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Attorneys for RCN Corporation, et al.,  
Reorganized Debtors

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

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In re: : Chapter 11  
: Case No. 04-13638 (RDD)  
RCN CORPORATION, et al., : Jointly Administered  
: Reorganized Debtors.:  
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**STIPULATION AND CONSENT ORDER BETWEEN RCN  
CORPORATION AND EDWARD T. JOYCE, INDIVIDUALLY  
AND AS 21<sup>ST</sup> CENTURY TELECOM GROUP, INC.  
SHAREHOLDER REPRESENTATIVE, RELATING TO  
PROOFS OF CLAIM NOS. 1509 AND 1510**

This Stipulation and Consent Order (the "Stipulation")  
is entered into by and between RCN Corporation ("RCN"), one of  
the reorganized debtors in the above-captioned cases, and Edward  
T. Joyce, individually and as 21<sup>st</sup> Century Telecom Group, Inc.  
Shareholder Representative ("Joyce" or the "Claimant" and,  
together with RCN, the "Parties").

WHEREAS, commencing on May 27, 2004 (the "Petition  
Date") and periodically thereafter, RCN and certain of its  
affiliates each filed a voluntary petition for relief under  
chapter 11 of title 11 of the United States Code, 11 U.S.C. §§

101-1330 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), which chapter 11 cases were procedurally consolidated for administrative purposes only; and

WHEREAS, prior to the Petition Date, on or about May 13, 2002, Joyce commenced an action against RCN and one of its non-debtor affiliates in the Delaware Court of Chancery (the "Delaware Action"), in which Joyce seeks reformation of an alleged mistake in the Agreement and Plan of Merger among RCN, 21<sup>st</sup> Century Holding Corp. and 21<sup>st</sup> Century Telecom Group, Inc., dated December 12, 1999 (the "M&A Agreement"), which resulted in alleged damages to Joyce of approximately \$20 million; and

WHEREAS, on August 12, 2004, Joyce filed proof of claim number 1509 ("Claim 1509") against RCN in the amount of \$20 million plus unliquidated damages, interest, attorney's fees and costs based upon the Delaware Action; and

WHEREAS, on August 12, 2004, Joyce filed proof of claim number 1510 ("Claim 1510," and together with Claim 1509, the "Claims"), in the amount of \$38 million plus unliquidated damages, interest, attorney's fees and costs, alleging, among other things, breach of contract and fraud by RCN in connection with the M&A Agreement; and

WHEREAS, on October 7, 2004, the Debtors filed their Second Omnibus Objection Pursuant To 11 U.S.C. §§ 502(b) And

510(b) And Fed. R. Bankr. P. 3003 And 3007 To Claims (the "Second Omnibus Objection") (Docket No. 281), pursuant to which the Debtors objected to the Claims as being subject to mandatory subordination under section 510(b) of the Bankruptcy Code; and

WHEREAS, on November 12, 2004, Joyce filed the Response of Edward T. Joyce To Debtors' Second Omnibus Objection Pursuant To 11 U.S.C. §§ 502(b) And 510(b) And Fed. R. Bankr. P. 3003 And 3007 To Claims (the "Joyce Response") (Docket No. 346), asserting that his Claims are not subject to subordination under section 510(b) of the Bankruptcy Code and, in the event that the Claims may be subordinated under Bankruptcy Code section 510(b), the Claims must be treated *pari passu* with the interests of RCN common shareholders; and

WHEREAS, on November 17, 2004, this Court entered the Order With Respect To Debtors' Second Omnibus Objection Pursuant To 11 U.S.C. §§ 502(b) And 510(b) And Fed. R. Bankr. P. 3003 And 3007 To Claims (the "Second Omnibus Objection Order") (Docket No. 391), in which the resolution of the Claims was continued to an indefinite date; and

WHEREAS, on December 8, 2004, this Court confirmed the Joint Plan Of Reorganization Of RCN Corporation And Certain Subsidiaries, dated October 12, 2004 (the "Plan") and entered the Findings Of Fact And Conclusions Of Law Relating To And Order Under 11 U.S.C. § 1129(a) And (b) And Fed. R. Bankr. P.

3020 Confirming The Joint Plan Of Reorganization Of RCN Corporation And Certain Subsidiaries, dated December 8, 2004 (the "Confirmation Order") (Docket No. 483); and

WHEREAS, this Stipulation reflects the terms agreed to by the Parties with respect to the Claims, the Second Omnibus Objection and certain other matters related thereto.

**NOW, THEREFORE,** in consideration of the mutual covenants and agreements set forth in this Stipulation, in an effort to avoid expenses and delay of litigation, and with the intent to be legally bound, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by and between the Parties as follows:

1. Claim 1509. Upon entry of this Stipulation on the docket of the Bankruptcy Court, in full and complete satisfaction of Claim 1509, Joyce shall be deemed the holder of 5,019,833 shares of Common Stock,<sup>1</sup> to be classified and entitled to distributions of New Warrants as Class 8 Equity Interests under the Plan.

2. Withdrawal of Claim 1510. Effective upon entry of this Stipulation on the docket of the Bankruptcy Court, Joyce shall be deemed to have withdrawn Claim 1510, and Claim 1510 shall be expunged from RCN's claims register; provided, however,

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

that nothing herein, including the withdrawal and expungement of Claim 1510, shall prejudice Joyce, or effectuate a waiver or release, with respect to any claims Joyce may have against non-debtor third parties, including, without limitation, any insurance provider, and nothing herein shall operate as a waiver or release by Joyce of any right to seek to collect applicable insurance, if any.

3. Withdrawal of Second Omnibus Objection.

Effective upon entry of this Stipulation on the docket of the Bankruptcy Court, RCN shall be deemed to have withdrawn the Second Omnibus Objection with respect to Claim 1509.

4. Withdrawal of Joyce Response. Effective upon

entry of this Stipulation on the docket of the Bankruptcy Court, Joyce shall be deemed to have withdrawn the Joyce Response.

5. Plan Shall Remain in Full Force and Effect. All

provisions of the Plan, including, but not limited to, all provisions under Article XIV of the Plan, shall remain unaltered and in full force and effect.

6. No Admission of Liability. This Stipulation

represents a settlement and shall in no way represent any admission of liability for any acts or omissions arising from or related to the M&A Agreement and/or the allegations set forth in the Claims.

7. Authority and Representations. The Parties represent and warrant to each other that: (i) the signatories to this Stipulation are authorized to execute this Stipulation; (ii) each has full power and authority to enter into this Stipulation; and (iii) this Stipulation is duly executed and delivered, and constitutes a valid, binding agreement in accordance with its terms. Joyce hereby represents and warrants that, in his capacity as the 21<sup>st</sup> Century Telecom Group, Inc. shareholder representative, he is the sole lawful holder of Claim 1509 and Claim 1510 and has not transferred the Claims to any party.

8. The Parties further represent and agree that (a) they have each had the opportunity to consult with their respective attorneys regarding this Stipulation, (b) they have each carefully read and fully understand all the provisions of this Stipulation, (c) the Stipulation is entered into by each of them voluntarily, (d) the terms and provisions of the Stipulation are the product of arm's length negotiation and equal input by all Parties, such that they shall not be construed against any party as the drafter of the Stipulation.

9. Binding Nature. This Stipulation (i) shall inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns and (ii) shall be binding upon and enforceable against the Parties and their

respective successors and assigns upon the entry of this Stipulation on the docket of the Bankruptcy Court.

10. Bankruptcy Court Approval. This Stipulation is expressly subject to and contingent upon its approval by the Bankruptcy Court. If this Stipulation, or any portion hereof, is not approved by the Bankruptcy Court or if it is overturned or modified on appeal, this Stipulation shall be of no further force and effect, and, in such event, neither this Stipulation nor any negotiations and writings in connection with this Stipulation shall in any way be construed as or be deemed to be evidence of or an admission on behalf of any party hereto regarding any claim, interest or right that such party may have against any other party hereto.

11. Non-Severability. The provisions of this Stipulation are mutually interdependent, indivisible and non-severable.

12. Entire Agreement. This Stipulation constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, written and oral, between the Parties with respect to the subject matter hereof. This Stipulation may not be modified or amended except by a writing signed by all of the Parties. All representations, warranties, promises, inducements or statements of intention made by the Parties hereto are

embodied in this Stipulation, and no Party hereto shall be bound by, or liable for, any alleged representation, warranty, inducement or statement of intention that is not expressly embodied herein. The Parties represent and warrant that this Stipulation discloses all of the terms of the Parties' agreement with respect to the Claims and the matters related thereto.

13. Effective Date. This Stipulation may be executed in one or more counterparts and by facsimile, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to all Parties, and the Bankruptcy Court has entered the Stipulation on the docket of the Bankruptcy Court.

14. Retention of Jurisdiction. The Bankruptcy Court shall retain exclusive jurisdiction to interpret, implement and enforce the provisions of this Stipulation, and the Parties hereby consent to exclusive jurisdiction of the Bankruptcy Court with respect thereto. The Parties waive arguments of lack of personal jurisdiction or *forum non-conveniens* with respect to the Bankruptcy Court.

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IN WITNESS WHEREOF, the Parties have executed this  
Stipulation on March 30, 2005.

**MILBANK, TWEED, HADLEY & McCLOY LLP**

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Attorneys for Edward T. Joyce,  
individually and as 21<sup>st</sup> Century Telecom  
Group, Inc. Shareholder Representative.

SO ORDERED:

this 8th day of April 2005

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