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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matter

of

Case No.

04-13638

RCN CORPORATION,

Debtors.

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December 2, 2004
United States Custom House
One Bowling Green
New York, New York 10004

Debtors' Third Omnibus Objection to Claims;
Notice of Debtors' Fourth Omnibus Objection to
Claims; Debtors' Fifth Omnibus Objection to Claims;
Notice of Agenda of Matters Scheduled for Hearing
On December 2, 2004.

B E F O R E:

HON. ROBERT D. DRAIN,
U.S. Bankruptcy Judge.

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

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BY: DAVID C. McGRAIL, ESQ.

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A P P E A R A N C E S (Continued):

KASOWITZ, BENSON, TORRES & FRIEDMAN LLP
Special Conflicts Counsel
for the Debtors
1633 Broadway
New York, New York 10019

BY: ROBERT M. NOVICK, ESQ.

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

THE COURT: Please be seated. RCN.

MR. MATZ: Good morning, your Honor. Thomas Matz from Skadden Arps on behalf of the RCN debtors. I have two or three matters to speak to this morning, and conflicts counsel is here to speak to a couple as well.

THE COURT: As I understand it, these are all unopposed?

MR. MATZ: They are. They are here if it's necessary, otherwise.

THE COURT: All right.

MR. MATZ: The third, fourth and fifth omnibus objections, as well as a couple of matters from the last day; the debtors' objection to the proof of claim filed by Kemper Insurance, and the four responses that were outstanding with respect to the second omnibus objection.

If I can move to the second omnibus first. There were four responses filed, one was by Edward Joyce at the November 23rd hearing. That matter was adjourned to a date to be determined. With respect to two other responses, Old Dominion Freight Lines and Kraftison, those are in

1 RCN CORPORATION

2 discussions right now. We anticipate that they
3 will be resolved, and we are asking those the court
4 to reschedule those as well to a date to be
5 determined.

6 THE COURT: Okay. Do we have an
7 omnibus date in January?

8 MR. MATZ: We have a couple of
9 matters down for Thursday, January -- I want to say
10 6th, I don't have my calendar in front of me.

11 THE COURT: Is that too early for
12 these?

13 MR. MATZ: No, that would be okay.

14 THE COURT: Okay, why don't we
15 adjourn it until then.

16 MR. MATZ: Fine.

17 THE COURT: Well, if it's not 6th,
18 whatever that date is in the first week of January.

19 MR. MATZ: Yes. I don't have the
20 calendar in front of me.

21 THE COURT: They keep taking them
22 away downstairs.

23 MR. MATZ: Fine. Thank you very
24 much.

25 With respect to the fourth response

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2 that was filed with respect to that second omnibus
3 objection that was filed on behalf of Ms. Smith
4 Brown. And her counsel advised me yesterday that
5 we could advise the court that they were
6 withdrawing that response, and accordingly that
7 objection can stand and we will submit an order to
8 the court.

9 THE COURT: Okay.

10 My clerk is telling me it's January
11 5th, so those other objections will be adjourned
12 again, although it sounds like it's just a holding
13 date, since there is a settlement with at least two
14 of them.

15 MR. MATZ: Thank you. With respect
16 to the objection to the Kemper Insurance claims,
17 you will recall that that objection was originally
18 scheduled for hearing on the 16th. We adjourned to
19 it 23rd, as there was an agreement of principle
20 that had been reached. I'm happy to advise the
21 court that the term sheet has now been signed that
22 outlines the resolution of that matter. And what
23 the parties have asked is that we can bump that to
24 December the 8th in order to prevent a stipulation
25 be finalized and it be filing and entered.

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2 THE COURT: That's fine.

3 MR. MATZ: If I can take one matter
4 out of order then, the fourth omni. You have the
5 third, the fourth, and fifth before you. The
6 fourth omnibus objection is an objection that my
7 firm is responsible for. It was filed on October
8 21st. It dealt with various claims that were being
9 disputed for various reasons, claims against the
10 non debtor subsidiary, claims on account of
11 ownership of RCN's common stock, and certain claims
12 that lack sufficient documentation to permit the
13 debtors to evaluate it.

14 No objections were either received
15 or filed. Accordingly, I would ask that that order
16 be entered, as requested, disallowing those
17 requests.

18 THE COURT: All right. In light of
19 there being no objections and the notice that was
20 given, I'll grant that motion.

21 MR. MATZ: Before I turn --

22 THE COURT: That objection.

23 MR. MATZ: Thank you. Before I turn
24 the podium over to Mr. Robert Novick of the
25 Kasowitz firm with respect to the third omnibus

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2 objection, I noticed on the calendar that the Tahas
3 motion --

4 THE COURT: I understand that has
5 been withdrawn.

6 MR. MATZ: Yes, it has.

7 THE COURT: It was that was wrapped
8 into the resolution.

9 MR. MATZ: It was subsumed by the
10 November 23rd order.

11 THE COURT: Right.

12 MR. MATZ: Thank you, your Honor.

13 THE COURT: You gave us an order on
14 the third one, right? The third omnibus.

15 MR. MATZ: Yes, it's here.

16 MR. NOVICK: I have it, your Honor.

17 THE COURT: All right.

18 MR. NOVICK: Good morning, your
19 Honor. Robert Novick from Kasowitz, Benson, Torres
20 and Friedman, special conflicts counsel to RCN
21 Corporation and its affiliated debtors. We acted
22 as counsel for purposes of the third omnibus
23 objection to claims. There is an affidavit of
24 service detailing notice on file with the court.

25 We received one formal objection,

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2 and that came from Nortel. The business people
3 spoke after they filed the objection and the matter
4 was resolved yesterday. Nortel filed a notice
5 withdrawing their objection; they consent to the
6 relief here today.

7 There were two other parties we
8 heard from, one was American Home Assurance
9 Company. And after providing them with some
10 information, their counsel, Bob Allen, authorized
11 us to inform the court that they consent to the
12 relief sought in the motion expunging their claim.

13 And the third party with whom we
14 were in discussions with was Verizon. Verizon
15 filed four largely duplicative claims for about 7
16 and a half million dollars and change each, and a
17 fifth claim for 114 million dollars. Documents
18 were informally exchanged by both sides, and with
19 respect to the first four claims totalling
20 approximately 30 million dollars, Verizon consents
21 to the relief requested. With respect to the fifth
22 claim for 114 thousand --

23 THE COURT: 14 thousand or million?

24 MR. NOVICK: 114 thousand -- excuse
25 me?

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2 THE COURT: I thought you said
3 million the first time.

4 MR. NOVICK: I'm sorry. The fifth
5 claim was 114 thousand.

6 THE COURT: Okay.

7 MR. NOVICK: Verizon was unable to
8 document approximately 25 thousand dollars of that
9 claim. Some 6 thousand dollars of that claim was
10 already paid. Most of the balance was determined
11 by both parties not to be debts of any of the
12 debtors. That left a balance of approximately 10
13 thousand dollars, which we rounded to 10 thousand
14 dollars, which will be allowed. So the first four
15 Verizon's claims are to be expunged. The fifth
16 claim is to be reduced from 114 thousand dollars to
17 10 thousand dollars.

18 And I should also add that the
19 agreement from which that remaining 10 thousand
20 dollar claim arose is on the debtors' list of
21 assumed executory contracts. So the 10 thousand
22 dollars is also going to be agreed upon as the cure
23 payment, and we are thereby also resolving a
24 potential Verizon objection to confirmation, as
25 well as these claims, a limited objection with

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2 respect to the cure payment. So their counsel,
3 Frank White, is satisfied with the resolution with
4 his statement on the court. And with that said, we
5 have no other pending objections or comments to the
6 third omnibus objection.

7 We have an order and a disk to hand
8 up, if we can approach. It is essentially the same
9 order as was filed with the motion except that the
10 Verizon claim for 114 thousand dollars, is being
11 allowed at 10 thousand dollars.

12 THE COURT: Okay. Does anyone have
13 anything to say on this one?

14 In light of the recitations you just
15 went through, as well as their being no objections
16 by anyone else to the relief sought, I'll grant the
17 objection.

18 MR. NOVICK: Thank you. May I
19 approach with this?

20 THE COURT: Yes.

21 MR. NOVICK: Thank you, your Honor.

22 MR. McGRAIL: Good morning, your
23 Honor. David McGrail from Dechert LLP, special
24 conflicts counsel for the debtors.

25 We filed a fifth objection also on

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2 the 21st to three proofs of claim. The basis for
3 the objection included the claims that were against
4 non debtor subsidiaries that they had already been
5 paid and/or that they weren't reflected on the
6 debtors' books and records. There were -- an
7 objection was served and noticed an on all of those
8 claimants and we did not receive any responses.
9 Accordingly, we request the court enter an order
10 expunging and disallowing those claims.

11 THE COURT: Okay. Does anyone have
12 anything to say on this one?

13 In light of their being no
14 objections and the motion papers themselves, I'll
15 approve this objection.

16 MR. McGRAIL: Thank you, your Honor.
17 May I approach with a copy of the order?

18 THE COURT: Yes. Mr. Matz, do you
19 have your order?

20 MR. MATZ: Yes, I do, your Honor.
21 If I may?

22 THE COURT: Yes. Okay, I guess I'll
23 see you all next week then.

24 MS. SULLIVAN: Thank you, your
25 Honor.

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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

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