

TERM SHEET

RCN Corporation/The Kemper Insurance Companies

I. Parties

RCN Corporation and each of its subsidiaries and affiliates (collectively the "RCN Companies").

- The Kemper Insurance Companies – NATLSCO, Inc (n/k/a Broadspire Services, Inc.), American Motorists Insurance Company, Lumbermens Mutual Casualty Company, American Protection Insurance Company, and American Manufacturing Mutual Company, and each of its and their parent corporations, subsidiaries, affiliates, legal successors and assigns (collectively "Kemper").

II. The Fund

The RCN Companies shall pay \$4.9 million into a third party trust account (the "Fund"), which amount the parties agree is at least equal to 175% of the total amount currently estimated to be owed by any and/or all of the RCN Companies under any policies, agreements or other contracts between Kemper and any and/or all of the RCN Companies (collectively the "Insurance Policies").

- The amount in the Fund shall be subject to the adjustment set forth below.
- Kemper shall be entitled to payment from the Fund and only from the Fund as to any and all amounts that come due under the Insurance Policies at any time, as set forth below.
- Kemper and the RCN Companies shall adjust the Fund annually, as set forth below.

III. Releases

Kemper and the RCN Companies shall execute releases consistent with the terms of this Term Sheet.

- Kemper shall retain only a contingent, unliquidated non-recourse claim against RCN Corporation to be satisfied solely against any amounts held in the Fund at the time that the claim becomes noncontingent and liquidated as set forth herein.
- Kemper shall withdraw all claims against any of the RCN Companies, filed in any of the bankruptcy cases of the RCN Companies except the claim against RCN Corporation set forth above.

- To the extent that Kemper has any claims against the subsidiaries and/or affiliates of RCN, such claims may be satisfied solely against any amounts held in the Fund.
- Other than the Fund provided for in this Term Sheet, all accounts, letters of credit and other forms of security (collectively, the "Additional Security") in connection with the Insurance Policies shall be terminated and/or released. All Additional Security, other than the Fund, shall be returned to the RCN Companies and/or otherwise released.

IV. Payments under the Insurance Policies

- In accordance with the Insurance Policies, Kemper will continue to invoice RCN on a monthly basis for any amounts due under the Insurance Policies (such amounts, hereinafter, the "Monthly Payments").

In accordance with the Insurance Policies, RCN will continue to pay Kemper the Monthly Payments.

- In the event that RCN does not pay an invoice, Kemper shall be entitled to payment from the Fund in the amount of that invoice in accordance with the Insurance Policies.
- In the event that RCN pays the Monthly Payment, RCN shall be entitled to payment from the Fund in the amount of the Monthly Payment.


V. Adjustments to the Fund

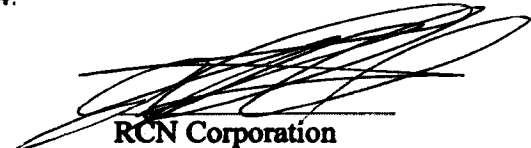
- Beginning on a date that is approximately one year after the effective date (the "Effective Date") of the agreement (the "Agreement") incorporating the terms of this Term Sheet, the parties will undertake a standard collateral review to determine an amount that represents the projected amounts owed under the Insurance Policies by the RCN Companies.
- The parties agree that the Fund shall be no more than 175% of such amount.
- To the extent that 175 % of such amount exceeds the amount of the Fund, the amount of the Fund shall not increase.
- To the extent that 175% of such amount is less than the amount of the Fund, the Fund shall be reduced to 175% of such amount and the difference shall be returned to the RCN Companies.

VI. Other Terms

- On a date that is approximately two (2) years from the Effective Date, the parties shall meet in an attempt to determine an amount that represents the remaining amounts owed by the RCN Companies under the Insurance Policies. The parties will agree upon a formula and process for determining a "buy out" amount. At that time, the agreed upon "buy out" amount will be paid from the Fund to Kemper and any excess funds from the Fund will be returned to the RCN Companies.
- In the event that the parties are unable to agree upon a suitable "buy-out" amount, the parties agree to meet prior to the date that is two (2) years and six (6) months after the Effective Date to conduct a standard collateral review.
- If at such meeting, the parties are unable to agree upon a suitable "buy-out" amount, the parties agree to undertake the dispute resolution procedures set forth in the Insurance Policies. The parties further agree to be bound by any decision reached after such dispute resolution procedures with respect to the "buy-out" amount.
- Notwithstanding the foregoing, nothing herein shall preclude the parties from agreeing, at any time prior to the two year anniversary of the Effective Date, upon a suitable "buy-out" amount and from having such agreed upon "buy-out" amount paid from the Fund to Kemper, with any excess funds from the Fund returned to the RCN Companies at such time.
- Except as set forth in this Term Sheet, the parties agree that the terms and conditions of the Insurance Policies will remain in effect.

Agreed to this day of November, 2004.


The Kemper Insurance Companies
By **John N. M. Greber**
Assistant General Counsel


RCN Corporation
By: **John S. Dubel**
Chief Restructuring Officer