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Presentment Date: July 27, 2004

Proposed Attorneys for the Official Committee
of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re:	:	Chapter 11
	:	
RCN CORPORATION, <u>et al.</u> ,	:	Case No. 04-13638 (RDD)
	:	
Debtors.	:	(Jointly Administered)
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**APPLICATION FOR ORDER AUTHORIZING AND APPROVING
UNDER 11 U.S.C. §§ 328 AND 1103 AND FED.R. BANKR. P. 2014 AND
5002, AUTHORIZING AND APPROVING THE RETENTION OF
CHANIN CAPITAL PARTNERS, EFFECTIVE AS OF JUNE 14, 2004, AS
FINANCIAL ADVISOR 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 Chanin Capital Partners ("Chanin") as financial 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 Declaration of Russell Belinsky, a Senior Managing Director at Chanin, 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 Chanin to serve as financial 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 Chanin as its financial advisor in this chapter 11 case pursuant to Sections 328 and 1103 of the Bankruptcy Code and Rules 2014 and 5002 of the Bankruptcy Rules, to advise the Committee in all aspects the Debtors' reorganization, on the terms and subject to the conditions described below.

Chanin's Qualifications

5. The Committee has selected Chanin, which has offices located in New York as well as London and Los Angeles, as its financial advisor due to Chanin's extensive experience in distressed transactions, including its familiarity with and experience in chapter 11 cases and representation of creditors. The retention of Chanin 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 Chanin is well qualified to represent it in this case and to perform the services described below. The Committee knows of no reason why Chanin should not be retained and believes that the fees and disbursements Chanin will receive for its services in this chapter 11 case are reasonable and reflective of the competitive national market for financial advisory services.

Services to be Rendered

6. Chanin will provide such advisory services (the "Services") as Chanin 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' operations, business strategy, and competition in each of its relevant markets as well as an analysis of the industry dynamics affecting the Debtors;
- b. Analyze the Debtors' financial condition, business plans, capital spending budgets, operating forecasts, management, and the prospects for its future performance;

- c. Assist in the determination of an appropriate capital structure for the Debtors as part of its Plan of Reorganization;
- d. Determine a theoretical range of values for the Debtors on a going concern basis;
- e. Advise the Committee on tactics and strategies for negotiating with the Debtors and the holders of the existing senior debt obligations (the “Senior Lenders”) and other stakeholders, such as new financing sources, in the context of its Plan of Reorganization;
- f. Render financial advice to the Committee and participate in meetings or negotiations with the Debtors and other stakeholders in connection with any restructuring, modification or refinancing of the Debtors’ existing debt obligations; and
- g. Provide the Committee with other and further financial advisory services with respect to the Debtors and a Restructuring Transaction as may be requested by the Committee.

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. Chanin, 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, Chanin began work immediately upon selection and thus approval of this order effective as of June 14, 2004 is requested.

Disinterestedness of Chanin

8. Chanin has informed the Committee that the firm may have provided financial advisory 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 Chanin is employed by the Committee, it will not provide financial advisory services to any other entity in connection with this chapter 11 case.

9. Based upon the annexed Declaration of Russell Belinsky, a senior managing director of Chanin, dated June 28, 2004 (the “Belinsky Declaration”), and to the best of the Committee’s knowledge, Chanin 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 Chanin

10. Subject to this Court’s approval, Chanin will charge a fee of \$100,000 per month, plus reimbursement of all out-of-pocket expenses and the right to request a success fee. The fee structure set forth herein is consistent with Chanin’s typical fee for work of this nature. This fee is set at a level designed to compensate Chanin fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is Chanin’s policy to charge its clients for all reasonable disbursements and expenses incurred in the rendition of services.

11. The terms of Chanin’s engagement also include the provision that Debtor will indemnify and hold harmless Chanin and its affiliates from and against any losses, claims, damages, judgments, assessments, costs and other liabilities, whether they be joint or several, and will reimburse Chanin and its affiliates for all fees and expenses (including the reasonable fees and expenses of counsel) arising out of or in connection with advice or services rendered or to be rendered by Chanin on behalf of the Committee, the transactions contemplated in connection with these chapter 11 cases or any indemnified person’s actions or inactions in connection with any such advice, services or transactions. The Debtor will not be obligated to indemnify against losses or pay expenses that are determined by a final judgment of a court of competent jurisdiction, which judgment is no longer subject to appeal or further review, to have resulted from an indemnified person’s gross negligence or willful misconduct. In the event that

such indemnification is unavailable, the indemnification provides that the Debtor will contribute to the losses or expenses payable by the indemnified party. Chanin and its affiliates will be liable in respect of the services to be rendered to the Committee only to the extent that any losses and expenses resulted solely from the gross negligence or willful misconduct of Chanin or such affiliate.

12. Chanin 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 Chanin will be payable to Chanin in compliance with the above rules and orders of this Court.

13. As set forth in the Belinsky Declaration, it is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys. However, Chanin'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.

14. Additionally, apart from the time recording practices described above, Chanin's restructuring personnel do not maintain their time records on a "project category" basis. To have Chanin 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 Chanin as financial advisors for the Committee, Chanin be authorized to file fee applications in accordance with the foregoing time recording practices, and that such requirements be waived accordingly.

15. As set forth in the Belinsky Declaration, Chanin 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 Chanin or a Chanin affiliate, as permitted by § 504 of the Bankruptcy Code.

16. The Committee requests that the Court authorize the Committee to retain Chanin 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.

17. The Belinsky Declaration, executed on behalf of Chanin 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 Belinsky Declaration.

Notice

18. 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

19. 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

20. 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 Chanin as financial 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 7, 2004

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS

By /s/ Darryl 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

Belinsky Declaration

**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

**DECLARATION AND DISCLOSURE STATEMENT OF RUSSELL
BELINSKY IN SUPPORT OF THE APPLICATION FOR AN ORDER
AUTHORIZING THE RETENTION, EFFECTIVE AS OF JUNE 14,
2004, OF CHANIN CAPITAL PARTNERS AS FINANCIAL ADVISOR
TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

STATE OF CALIFORNIA)
) SS.:
COUNTY OF LOS ANGELES)

Russell Belinsky, being duly sworn, deposes and says:

1. I am a Senior Managing Director of Chanin Capital Partners (“Chanin”), an investment banking firm and am duly authorized to execute this declaration on behalf of Chanin. Chanin maintains domestic offices in New York at 330 Madison Avenue, 11th Floor, New York, New York 10017, and Los Angeles at 11150 Santa Monica Boulevard, 6th Floor, Los Angeles, CA 90025.

2. Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein and, if called as a witness, I would competently testify thereto. Certain of the disclosures set forth herein relate to matters within the knowledge of other employees at Chanin and are based on information provided by them.

3. I am submitting this Declaration in support of the application (“Application”) of the Official Committee of Unsecured Creditors (the “Committee”) of RCN

Corporation and its affiliated debtors and debtors-in-possession (collectively, “RCN” or “Debtors”) for an order authorizing the retention of Chanin, effective as of June 14, 2004, as financial advisor to the Committee, pursuant to Sections 328(a) and 1103 of Title 11 of the United States Code (the “Bankruptcy Code”), and to provide the disclosure required under Rules 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). Capitalized terms and phrases not otherwise defined herein shall have the meanings ascribed to such terms in the Application.

Qualifications of Professionals

4. Chanin is a nationally-recognized boutique investment banking firm that provides the following financial services: financial restructurings, mergers and acquisitions, corporate finance and private placements, valuations and fairness and solvency opinions. With over 45 professionals, Chanin has one of the largest dedicated restructuring practices in the country. Since its founding in 1990, the professionals of Chanin have completed over \$90 billion in financial restructuring transactions, consummated over \$40 billion in merger and acquisitions transactions, privately placed over \$5 billion in debt and equity securities and provided hundreds of companies with valuations and fairness and solvency opinions.

Services to be Rendered

5. The Committee has asked Chanin to provide general financial advisory services in connection with reorganization of the Debtors. In consultation with the Committee and its counsel, in performance of these services Chanin may be requested to:

- a. Analyze the Debtors’ operations, business strategy, and competition in each of its relevant markets as well as an analysis of the industry dynamics affecting the Debtors;
- b. Analyze the Debtors’ financial condition, business plans, capital spending budgets, operating forecasts, management, and the prospects for its future performance;

- c. Assist in the determination of an appropriate capital structure for the Debtors as part of its Plan of Reorganization;
- d. Determine a theoretical range of values for the Debtors on a going concern basis;
- e. Advise the Committee on tactics and strategies for negotiating with the Debtors and the holders of the existing senior debt obligations (the “Senior Lenders”) and other stakeholders, such as new financing sources, in the context of its Plan of Reorganization;
- f. Render financial advice to the Committee and participate in meetings or negotiations with the Debtors and other stakeholders in connection with any restructuring, modification or refinancing of the Debtors’ existing debt obligations; and
- g. Provide the Committee with other and further financial advisory services with respect to the Debtors and a Restructuring Transaction as may be requested by the Committee.

6. Subject to this Court’s approval of the Application, Chanin is willing to serve as the Committee’s financial advisor and to perform the services described above.

Staffing and Connections with Debtors and Other Parties In Interest

7. Chanin’s senior engagement team would be staffed principally by the following professionals, each of whose background is described below:

Russell A. Belinsky – Senior Managing Director

Mr. Belinsky is a Senior Managing Director and co-founder of Chanin Capital Partners. Mr. Belinsky has extensive experience in all phases of domestic and international financial restructurings and recapitalizations, including: mergers and acquisitions; corporate financings; and expert testimony. Mr. Belinsky is a member of the Los Angeles Bankruptcy Forum; the American Bar Association; and the California Bar Association. Prior to co-founding Chanin Capital Partners in 1990, Mr. Belinsky was associated with Skadden, Arps, Slate, Meagher & Flom, specializing in corporate finance, mergers and acquisitions, and restructuring transactions. Mr. Belinsky earned his J.D., *cum laude*, from Georgetown University Law Center (and served as The Topics Editor to The Tax Lawyer). He earned his Bachelor of Science degree in Business Administration, *magna cum laude*, from Wayne State University.

Sanjay K. Jindal – Director

Mr. Jindal leads the Telecommunications & Technology group at Chanin Capital Partners. Mr. Jindal specializes in the communications sector and combines his start-up

experiences with investment banking experiences in restructurings, capital raising, mergers and acquisitions and valuations. Prior to joining Chanin Capital Partners, Mr. Jindal managed the Communications Services Group at Houlihan Lokey Howard & Zukin. While at Houlihan Lokey, Mr. Jindal worked on a number of transactions including the Pre-IPO valuation of Global Crossing in April of 1998. Prior to joining Houlihan Lokey, Mr. Jindal worked as an inventor and director of business development for Walker Digital, a start-up marketing think-tank where he filed as co-inventor 15 patent applications with the US Patent office and worked as a start-up team member of PriceLine.Com. Mr. Jindal also worked as a strategic marketing manager for the telecommunications business of GE Capital's Vendor Finance Services which owns Northern Telecom Financial Services (NTFC). Mr. Jindal earned a BS in Mechanical Engineering and an MS in Materials Science with a minor in Microelectronics focusing on design, development and manufacturing of VLSI (Very Large Scale Integrated Circuits) from the University of Texas at Austin and an MBA from the International Institute of Management Development (IMEDE) in Lausanne, Switzerland.

John Garcia – Vice President

John Garcia is a Vice President at Chanin Capital Partners. Mr. Garcia has extensive experience in all aspects of restructurings and reorganizations, including structuring new securities, financings, mergers and acquisitions, valuation, and other advisory services. Mr. Garcia also has executed recapitalizations by exchange offers, pre-packaged Chapter 11s and Chapter 11 reorganizations. Recent and current engagements include: Dictaphone Corporation, GC Companies, Inc., Loews Cineplex Entertainment Group, Pacific Gas and Electric Company, Regal Cinemas, Venture Holdings and Weirton Steel. Mr. Garcia returned to Chanin after working as a Vice President for Pilgrim Investments' High Yield Bond Group. While at Pilgrim, Mr. Garcia was responsible for monitoring a \$700 million high yield bond portfolio, making industry weighting and buy/sell recommendations, and maintaining Wall Street contacts with the sales & trading desks and analysts. The High Yield Bond Group managed approximately \$2.5 billion in high yield bond mutual funds and collateralized debt obligations. Prior to joining Chanin, Mr. Garcia worked in Los Angeles as a senior analyst at Ernst & Young LLP's Special Services Group and Senior Consultant at KPMG Peat Marwick LLP's Corporate Transactions Group. Mr. Garcia has extensive business valuation experience and has valued over 100 companies for SEC, financial reporting, strategic planning, restructuring & reorganization, and merger & acquisition purposes.

William Pearson – Senior Advisor

Mr. Pearson is a Senior Advisor to Chanin Capital Partners and has 20 years experience in telecoms; fixed, mobile and cable TV/telecoms. From 1997 through 2001, Mr. Pearson co-founded CompleTel, a local fiber-based CLEC in France, Germany, and the UK, and initially served as President and COO. Mr. Pearson also co-founded SPD CableTel, the predecessor of CompleTel, which focused on acquiring and upgrading US cable TV systems. Between 1980 and 1994, Mr. Pearson held a variety of senior management positions with USWest Inc. Beginning in 1989 until 1992, Mr. Pearson relocated to the United Kingdom, and served as Senior Vice-President of Marketing and Planning for TeleWest. He was responsible

for the development of UK cable telecoms triple play including strategy, interconnection negotiations, and marketing programs.

Anurag Kapur – Senior Associate

Mr. Kapur is a Senior Associate at Chanin Capital Partners, and has an extensive background in telecommunications and cable financings and merger & acquisition advisory work in Europe and the US. He also worked as a management consultant, where he focused on strategic issues of senior management at Fortune 500 companies. Recent and current engagements include Adelphia Communications Corp., iPCS, Leap Wireless and Venture Holdings. Prior to joining Chanin Capital Partners, Mr. Kapur worked in the Los Angeles office of The Boston Consulting Group, where he worked on formulating strategy, realigning operations and improving profitability for clients in the consumer goods and telecommunications industries. Previously, Mr. Kapur worked with Bear Stearns, in their London and New York offices. He focused on European telecom and cable acquisitions as well as financings for competitive wireless and wireline operators in the US. Mr. Kapur earned his Bachelor of Science degree in Applied Mathematics and Economics from Yale University, and an MBA in Finance and Strategic Management from the Wharton School, University of Pennsylvania.

Mark Schelbert – Associate

Mr. Schelbert is an Associate at Chanin Capital Partners, and assists in the corporate restructuring and investment activities of Chanin. Mr. Schelbert specializes in the technology, media and telecommunications industries. He combines his entrepreneurial and investment banking experience in capital raising, valuations, restructurings, and arbitration bringing both financial and management skills to the firm. Recent and current deals include: ITC^DeltaCom, Inc.; McLeodUSA, Inc.; Venture Holdings Company, LLC; Global Crossing Ltd.; and Nextel International, Inc. Mr. Schelbert is an investment banker and an entrepreneur. Prior to joining Chanin Capital Partners, Mr. Schelbert founded eBility, Inc., an online portal for people with disabilities, marketing pharmaceutical drugs and home medical equipment, where he served as Chairman and Executive Vice President of Technology. Mr. Schelbert has also been involved in a variety of consulting engagements specializing in Internet technologies. Mr. Schelbert received his Bachelor of Arts degree in economics from the University California of Santa Barbara, where he organized the pilot program for the development of the Center for Entrepreneurship and Engineering Management (CEEM).

Disinterestedness of Chanin

8. Except as otherwise set forth herein, to the best of my knowledge, Chanin does not have any connection with the Debtors, the Debtors' creditors, their respective attorneys and accountants or any party-in-interest (as reasonably known to us) and (b) pursuant to section

1103(b) of the Bankruptcy Code, does not provide advisory services to any other entity having an adverse interest in connection with these cases.

9. In connection with its proposed retention by the Committee, Chanin researched its client database to determine whether it had any relationships with the following entities: (a) the Debtors and their affiliates; (b) the members of the Committee; and (c) other known significant parties-in-interest in the Debtors' cases, including the entities listed on Exhibit "A" to this Declaration. Chanin's search reflected the following relationships or connections with the parties-in-interest in these cases:

<u>Matched Entity</u>	<u>Relationship to Debtors</u>	<u>Relationship to Chanin</u>
Milbank, Tweed, Hadley & McCloy LLP	Counsel to the Committee	Working with and against on other engagements in wholly unrelated matter(s).
Cable & Wireless USA	Creditor	Worked as advisor to unsecured creditors committee in wholly unrelated matter.
Deutsche Bank	Creditor	Member of committee in wholly unrelated matter for which Chanin acted as financial advisor.
Deutsche Bank AG	Creditor and Proposed Exit Finance Lender	Member of committee in wholly unrelated matter for which Chanin acted as financial advisor.
Focal Communications	Creditor	Worked as advisor to unsecured creditors committee in wholly unrelated matter.
Global Crossing	Creditor	Worked as advisor to unsecured creditors committee in wholly unrelated matter.
Hicks, Muse, Tate and Furst Live Wire Investors, LLC	Shareholder	Worked in the past for Hicks Muse portfolio companies in wholly unrelated matters
Pacific Gas and Electric Company	Creditor	Worked as advisor to California Public Utilities Commission in wholly unrelated matter.
TV Guide Networks, Inc.	Creditor	Previously did work for

		Gemstar-TV Guide in a wholly unrelated matter, but no current engagement.
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10. As part of its diverse global activities, Chanin is involved in numerous cases, proceedings and transactions involving many different professionals, attorneys, accountants and financial consultants, some of which may represent claimants and parties-in-interest in the Debtors' chapter 11 cases. Further, Chanin has in the past, and may in the future, be represented by several attorneys and law firms, some of which may be involved in these cases. In addition, Chanin has in the past, and may in the future, be working with or against other professionals and creditor committee members involved in these cases in matters wholly unrelated to these cases. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these business relationships constitutes an interest materially adverse to the Debtors herein in matters upon which Chanin is to be employed, and none are in connection with these cases.

11. Neither Chanin, nor to the best of my knowledge, any employee of Chanin is or was a creditor or equity holder of the Debtors.

12. Neither Chanin nor to the best of my knowledge any employee of Chanin is or was, within two (2) years before the commencement of these cases, an investment banker for the Debtors in connection with the offer, sales or issuance of a security of the Debtors.

13. The Debtors have numerous relationships with third parties and creditors. Consequently, although every reasonable effort has been made to discover and eliminate the possibility of any conflict, including the efforts outlined above, Chanin is unable to state with certainty whether one of its clients or an affiliate of one of its clients holds a claim or otherwise is a party-in-interest in these chapter 11 cases. If Chanin discovers any information that is

contrary to or pertinent to the disclosures made herein, Chanin will promptly disclose such information to this Court, to the Debtors' creditors and to the Office of the United States Trustee.

14. Chanin 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").

15. Prior to being selected as financial advisor to the Committee, in October 2003, Chanin was selected to be the financial advisor to an ad hoc committee of holders of certain of the Notes (the "Ad Hoc Committee").

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

17. During its engagement as financial advisor to the Ad Hoc Committee, Chanin received from RCN pursuant to a written engagement letter, fees in the amount of \$1,350,000 and expenses in the amount of \$98,873.33, which amounts include one month's post-petition fees (\$100,000) paid in advance and a balance of \$6,580.96 remaining of a \$10,000 retainer, a portion of which was applied towards pre-petition expenses. These payments were for services provided prior to the commencement of these cases (other than certain advance payments noted above) and include full payment for all pre-petition fees. Accordingly, Chanin does not believe it is a pre-petition creditor of Debtors.

18. In addition, as noted above Chanin received a retainer against pre-petition expenses in the amount of \$10,000 of which it still holds \$6,580.96 for application to post-petition expenses.

19. Chanin also serves or has served as financial 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.

Compensation

20. As of the date of this Declaration, Chanin has received no compensation for its work on behalf of the Committee.

21. Subject to the Court's approval and to the filing of appropriate fee applications as described below, Chanin shall seek to receive a monthly fee of \$100,000 ("Monthly Fee") and the right to request a Success Fee ("Success Fee"). In addition, Chanin shall seek reimbursement of all reasonable and documented out-of-pocket expenses incurred in connection with the services rendered to the Committee, which expenses will include, but not be limited to, the fees and disbursements of Chanin's travel and lodging expenses, document processing charges, telephone and telecopier charges, mail and other delivery costs, duplicating services, computer usage, computerized research and other customary expenditures.

22. The Monthly Fee set forth herein is consistent with Chanin's typical fee for work of this nature. This fee is set at a level designed to compensate Chanin fairly for the work of its professionals and assistants and to cover fixed and routine overhead expenses. It is Chanin's policy to charge its clients for all reasonable disbursements and expenses incurred in the rendition of services.

23. A Success Fee is consistent with fees of this nature requested by financial advisors in similar assignments.

24. As set forth on Exhibit 1 attached hereto and incorporated herein by this reference, the Debtor will indemnify and hold harmless Chanin and its affiliates from and against any losses, claims, damages, judgments, assessments, costs and other liabilities, whether they be joint or several, and will reimburse Chanin and its affiliates for all fees and expenses (including the reasonable fees and expenses of counsel) arising out of or in connection with advice or services rendered or to be rendered to the Committee, the transactions contemplated in these chapter 11 cases or any indemnified person's actions or inactions in connection with any such advice, services or transactions. The Debtor will not be obligated to indemnify against losses or pay expenses that are determined by a final judgment of a court of competent jurisdiction, which judgment is no longer subject to appeal or further review, to have resulted from an indemnified person's gross negligence or willful misconduct. In the event that such indemnification is unavailable, the Debtors will contribute to the losses or expenses payable by the indemnified party. Chanin and its affiliates will be liable in respect of the services to be rendered to the Committee only to the extent that any losses and expenses resulted solely from the gross negligence or willful misconduct of Chanin or such affiliate.

25. Chanin intends to apply to the Court for payment of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules of this Court, and pursuant to any additional procedures that have been or may be established by the Court in this Case.

26. It is not the general practice of investment banking firms to keep detailed time records similar to those customarily kept by attorneys. Chanin's restructuring professionals

do as a practice, and in this Chapter 11 case will as a practice, keep time records detailing and describing their daily activities, the identity of persons who performed such tasks and the amount of time expended on a daily basis.

27. In addition, apart from the time recording practices described above, Chanin's restructuring personnel do not maintain their time records on a "project category" basis. To have Chanin recreate the time entries for its restructuring personnel would be unduly burdensome and time-consuming. Consequently, pursuant to the Application, the Committee is requesting that Chanin be authorized to file fee applications in accordance with the foregoing time recording practices, and that such information requirements be waived accordingly.

28. Other than as set forth above, there is no proposed arrangement between the Committee and Chanin for compensation to be paid in these Chapter 11 cases. Chanin has no agreement with any other entity to share any compensation received, nor will any be made, except as permitted under section 504(b)(1) of the Bankruptcy Code.

29. Chanin has instituted and is carrying on further inquiries of its employees with respect to the matters contained herein. Chanin will file supplemental declarations regarding this retention if any additional relevant information comes to its attention.

30. Pursuant to 28 U.S.C. § 1746, I declare, under the penalty of perjury, that the above statements are true and correct to the best of my knowledge and belief.

Dated: Los Angeles, California
June 28, 2004

By/s/ Russell Belinsky
Name:

Sworn to before me this
28th day of June, 2004

Constance Martinez
Notary Public

Commission No. 1286470
State of California
Los Angeles County
Expires January 1, 2005

Exhibit 1

Indemnification

RCN Corporation (together with its subsidiaries debtors, the "Debtors") shall indemnify and hold harmless Chanin Capital Partners L.L.C. ("Chanin") and its affiliates and their respective directors, officers, employees, attorneys and other agents appointed by any of the foregoing and each other person, if any, controlling Chanin or any of its affiliates (Chanin and each such person and entity being referred to as an "Indemnified Person"), from and against any finally determined losses, claims, damages, judgments, assessments, costs and other liabilities (collectively, "Liabilities"), and will reimburse each Indemnified Person for all fees and expenses (including the reasonable fees and expenses of counsel) (collectively, "Expenses") as they are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation, whether or not in connection with pending or threatened litigation and whether or not any Indemnified Person is a party (collectively, "Actions"), arising out of or in connection with advice or services rendered or to be rendered by an Indemnified Person pursuant to the Agreement, the transaction contemplated thereby or any Indemnified Persons' actions or inactions in connection with any such advice, services or transaction (the "Services"); provided that the Debtors will not be responsible for any Liabilities or Expenses of any Indemnified Person that have resulted from such Indemnified Person's gross negligence or willful misconduct in connection with any of the advice, actions, inactions or services referred to above. The Debtors shall also reimburse such Indemnified Person for all Expenses as they are incurred in connection with enforcing such Indemnified Persons' rights hereunder. Such Indemnified Person shall reasonably cooperate with the defense of any Actions.

Upon receipt by an Indemnified Person of actual notice of an Action against such Indemnified Person with respect to which indemnity may be sought hereunder, such Indemnified Person shall promptly notify the Debtors in writing; provided that failure to so notify the Debtors shall not relieve the Debtors from any liability which the Debtors or any other person may have on account of this indemnity or otherwise, except to the extent the Debtors shall have been materially prejudiced by such failure. The Debtors shall, upon receipt of notice, assume the defense of any such Action including the employment of counsel reasonably satisfactory to Chanin. Any Indemnified Person shall have the right to employ separate counsel in any Action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person, unless: (i) the Debtors fail promptly to assume the defense and employ counsel or (ii) the named parties to any such Action (including any impleaded parties) include such Indemnified Person and the Debtors, and such Indemnified Person shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Debtors; provided that the Debtors shall not in such event be responsible hereunder for the fees and expenses of more than one separate counsel in connection with any Action in the same jurisdiction, in addition to any local counsel. The Debtors shall not be liable for any settlement of any Action effected without its written consent. In addition, the Debtors will not, without prior written consent of Chanin (which shall not be unreasonably withheld), settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened Action in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Person is a party thereto) unless such settlement, compromise, consent or termination includes an unconditional release of such Indemnified Person from all liabilities arising out of such Action.

In the event that the foregoing indemnity is not available to an Indemnified Person in accordance hereunder pursuant to the requirements of applicable law, the Debtors shall contribute to the Liabilities and Expenses paid or payable by such Indemnified Person in such proportion as is appropriate to reflect (i) the relative benefits to the Debtors, on the one hand, and to Chanin, on the other hand, of the matters contemplated by the Agreement, or (ii) if the allocation provided by the immediately preceding clause is

not permitted by the applicable law, not only such relative benefits but also the relative fault of the Debtors, on the one hand, and Chanin, on the other hand, in connection with the matters as to which such Liabilities or Expenses relate, as well as any other relevant equitable considerations, provided that in no event shall the Debtors contribute less than the amount necessary to ensure that all Indemnified Persons, in the aggregate, are not liable for any Liabilities and Expenses in excess of the amount of fees actually received by Chanin in connection with its retention as financial advisor to the Official Committee of Unsecured Creditors (the "Committee"). For purposes of this paragraph, the relative benefits to the Debtors, on the one hand, and to Chanin, on the other hand, of the matters contemplated in connection with Chanin's retention as financial advisor to the Committee and the Debtors' chapter 11 cases shall be deemed to be in the same proportion as (a) the total value paid or received or contemplated to be paid or received by the Debtors in the transaction, whether or not any transaction is consummated, bears to (b) the fees paid or payable to Chanin in the Debtors' chapter 11 cases.

No Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Debtors or the Committee for or in connection with advice or services rendered or to be rendered by any Indemnified Person in connection with Chanin's retention as financial advisor to the Committee and the Debtors' chapter 11 cases, the transactions contemplated in the Debtors' chapter 11 cases or any Indemnified Person's actions or inactions in connection with any such advice, services or transactions except for Liabilities (and related Expenses) of the Debtors or the Committee that result from such Indemnified Person's gross negligence or willful misconduct in connection with any such advice, actions, inactions or services.

These indemnification, contribution and other provisions of this Exhibit I shall (i) remain operative and in full force and effect regardless of any termination of Chanin's retention as financial advisor to the Committee or completion of the engagement by Chanin; (ii) inure to the benefit of any successors, assigns, heirs or personal representative of any Indemnified Person; and (iii) be in addition to any other rights that any Indemnified Person may have.

If, before the earlier of (i) the entry of an order confirming a chapter 11 plan for the Debtors (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing the Debtors' chapter 11 cases, Chanin believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations hereunder, including without limitation the advancement of defense costs, Chanin will file an application therefor in the Bankruptcy Court and the Debtors shall not pay any such amounts to Chanin before the entry of a final order by the Bankruptcy Court approving the payment. This paragraph is intended only to specify the period of time under which the Bankruptcy Court shall have jurisdiction over any request for fees and expenses by Chanin for indemnification, contribution or reimbursement and is not a provision limiting the duration of the Debtors' obligation to indemnify Chanin.

Subject to the preceding paragraph, the Debtors shall indemnify Chanin, in accordance herewith for any claim arising from, related to, or in connection with the Services, but not for any claim arising from, related to, or in connection with Chanin's performance of any services other than the Services occurring following the commencement of chapter 11 proceedings over the Debtors unless such post-petition services and indemnification therefor are approved by the Bankruptcy Court.

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
CHANIN CAPITAL PARTNERS AS FINANCIAL 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 Chanin Capital Partners ("Chanin") to provide financial advisory services to it in these cases effective as of June 14, 2004, and upon the declaration of Russell Belinsky (the "Belinsky Declaration"), a Senior Managing Director of Chanin, dated June 28, 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 Belinsky Declaration establish just cause for the relief granted herein;

THE COURT HEREBY FINDS THAT:

A. The Application and the Belinsky Declaration 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. Chanin 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 Chanin 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 Belinsky Declaration that (a) the employment of Chanin is necessary and in the best interest of the Debtors' estate and creditors; (b) Chanin serves no interest adverse to the Debtors and their estate or the Committee and (c) Chanin 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 Chanin 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 financial 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 Chanin (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 Chanin as set forth on Exhibit 1 of the Belinsky Declaration is approved (the "Chanin Indemnification"), subject to the following conditions:

(a) all requests of Chanin for payment of indemnity, contribution or otherwise pursuant to the Chanin 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 Chanin 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 Chanin 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 Chanin 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, Chanin's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct, and

(c) in the event that Chanin seeks reimbursement for attorneys' fees from the Debtors pursuant to the indemnification as set forth in the Chanin Indemnification, the invoices and supporting time records from such attorneys shall be included in Chanin'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 Chanin 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 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).

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 Chanin in connection with these chapter 11 cases.

Dated: New York, New York
July _____, 2004

UNITED STATES BANKRUPTCY JUDGE