



**RCN Corporation**  
**2007 Reconciliation of Non-GAAP Information**

**For the year ended December 31, 2007**

(\$ in thousands)	NEON Proforma <sup>(1)</sup>	RCN Stand Alone	Proforma RCN Consolidated
Revenue	\$ 74,379	\$ 626,033	\$ 700,412
Direct Cost	36,199	221,060	257,259
Sales, General & Administrative <sup>(3)</sup>	20,188	252,167	272,355
<b>EBITDA</b>	<b>\$ 17,992</b>	<b>\$ 152,806</b>	<b>\$ 170,798</b>
<b>Capital Expenditures</b>	<b>\$ 14,769</b>	<b>\$ 117,816</b>	<b>\$ 132,585</b>

**For the year ended December 31, 2007**

(\$ in thousands)	Proforma RCN Consolidated	Adjustments <sup>(2)</sup>	2007 Baseline
Revenue	\$ 700,412	\$ (4,400)	\$ 696,012
Direct Cost	257,259	700	257,959
Sales, General & Administrative <sup>(3)</sup>	272,355	-	272,355
<b>EBITDA</b>	<b>\$ 170,798</b>	<b>\$ (5,100)</b>	<b>\$ 165,698</b>
<b>Capital Expenditures</b>	<b>\$ 132,585</b>	<b>\$ (8,983)</b>	<b>\$ 123,602</b>

(1) NEON proforma includes (i) an estimated \$2.0M reduction in deferred revenue related to purchase price accounting, and (ii) a \$5.4M reduction in SG&A expenses to exclude deal related costs and stock-based compensation. Capital Expenditure adjustment includes \$9M related to an IRU renewal.

(2) Adjustments include a \$4.4M revenue benefit related to a reciprocal compensation agreement, and a \$0.7M direct cost benefit related to the settlement of disputed network charges, both of which were reported during Q207. Capital Expenditure adjustment includes \$9M related to an IRU renewal.

(3) Excludes stock-based compensation.

EBITDA is defined as net income (loss) plus income (loss) from discontinued operations net of tax, gain on sale of discontinued operations net of tax, income tax benefit (expense), other (expense) income net, loss on early extinguishment of debt, (loss) gain on sale of assets, gain on sale of investment in unconsolidated entity, interest expense, investment income, depreciation and amortization, non-cash stock-based compensation and other special items including impairments, exit costs and other charges. EBITDA margin represents EBITDA divided by total revenues. We believe that EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses represent non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods.

EBITDA is a calculation commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the cable industry. EBITDA, as defined above, may not be similar to EBITDA measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations.

(\$ in thousands)	For the three months ended				For the year ended
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	December 31, 2007
Net loss	\$ (4,648)	\$ (79,765)	\$ (35,192)	\$ (32,432)	\$ (152,037)
Gain on sale of discontinued operations, net of tax	(15,744)	-	(45)	(132)	(15,921)
(Loss) income from discontinued operations, net of tax	(2,047)	260	305	(202)	(1,684)
Income tax benefit	(511)	-	-	(538)	(1,049)
Other expense (income), net	-	794	(337)	(6)	451
Loss on early extinguishment of debt	-	63,928	-	(133)	63,795
Loss on sale of assets	139	509	105	74	827
Interest expense	4,199	6,885	10,622	12,804	34,510
Investment income	(1,894)	(2,840)	(2,159)	(2,531)	(9,424)
Depreciation and amortization	47,074	47,522	49,983	50,660	195,239
Non-cash stock-based compensation expense	5,255	6,513	9,560	11,878	33,206
Exit costs & restructuring	4,293	(2,228)	4,797	1,332	8,194
<b>EBITDA</b>	<b>\$ 36,116</b>	<b>\$ 41,578</b>	<b>\$ 37,639</b>	<b>\$ 40,774</b>	<b>\$ 156,107</b>
<b>EBITDA Margin</b>	<b>23.6%</b>	<b>26.1%</b>	<b>24.2%</b>	<b>24.3%</b>	<b>24.5%</b>

period divided by the average number of customers during that period. We believe that ARPC provides useful information concerning the appeal of our service offerings and our rate plans. ARPC as defined above may not be similar to ARPC measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations.

(\$ in thousands)	For the three months ended				For the year ended
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	December 31, 2007
Total Revenue	\$ 153,337	\$ 159,153	\$ 155,701	\$ 167,906	\$ 636,097
Less: Certain Commercial Revenue	(17,810)	(18,813)	(19,009)	(29,191)	(84,823)
Less: Other Residential Revenue	(3,479)	(7,552)	(2,970)	(2,844)	(16,845)
Customer Revenues	132,048	132,788	133,722	135,871	534,429
<b>ARPC</b>	<b>\$ 108</b>	<b>\$ 109</b>	<b>\$ 109</b>	<b>\$ 109</b>	<b>\$ 109</b>



## RCN Corporation 2007 Reconciliation of Non-GAAP Information

The ratio of total debt to EBITDA is calculated by dividing our total debt at quarter end by EBITDA on a trailing 12 month basis. The ratio of total debt to EBITDA is a credit metric commonly used by investors and credit agencies as an indicator of financial risk, including our ability to repay or refinance our debt obligations. The ratio of total debt to EBITDA as defined above may not be similar to measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our financial

(\$ in thousands)	For the three months ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Total Debt	\$ 202,576	\$ 523,138	\$ 521,777	\$ 744,945
Divided by trailing 12 months EBITDA	\$ 136,303	\$ 143,356	\$ 147,586	
Divided by trailing 12 months Proforma RCN Consolidated EBITDA	\$ -	\$ -	\$ -	\$ 170,798
<b>Ratio of total debt to EBITDA</b>	<b>1.5x</b>	<b>3.6x</b>	<b>3.5x</b>	<b>4.4x</b>

The ratio of net debt to EBITDA is calculated by dividing our net debt at quarter end by EBITDA on a trailing 12 month basis. The ratio of net debt to EBITDA is a credit metric commonly used by investors and credit agencies as an indicator of financial risk, including our ability to repay or refinance our debt obligations. The ratio of net debt to EBITDA as defined above may not be similar to measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our financial statements.

(\$ in thousands)	For the three months ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Total Debt	\$ 202,576	\$ 523,138	\$ 521,777	\$ 744,945
Less: Cash and temporary cash investments & Short-term investments	(161,244)	(123,126)	(113,021)	(67,692)
Net debt	\$ 41,332	\$ 400,012	\$ 408,756	\$ 677,253
Divided by trailing 12 months EBITDA	\$ 136,303	\$ 143,356	\$ 147,586	
Divided by trailing 12 months Proforma RCN Consolidated EBITDA	\$ -	\$ -	\$ -	\$ 170,798
<b>Ratio of net debt to EBITDA</b>	<b>0.3x</b>	<b>2.8x</b>	<b>2.8x</b>	<b>4.0x</b>

The ratio of EBITDA to interest expense is calculated by dividing trailing 12 month EBITDA by trailing 12 month interest expense. The ratio of EBITDA to interest expense is a credit metric commonly used by investors and credit agencies as an indicator of company's ability to cover scheduled interest payments with funds generated from operations. The ratio of EBITDA to interest expense as defined above may not be similar to measures of other companies, are not measurements under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our financial statements.

(\$ in thousands)	For the three months ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Trailing 12 month EBITDA	\$ 136,303	\$ 143,356	\$ 147,586	\$ -
Divided by trailing 12 months Proforma RCN Consolidated EBITDA	\$ -	\$ -	\$ -	\$ 170,798
Trailing 12 months interest expense	\$ 17,754	\$ 19,694	\$ 26,021	\$ 34,510
<b>Ratio of EBITDA to interest expense</b>	<b>7.7x</b>	<b>7.3x</b>	<b>5.7x</b>	<b>4.9x</b>

Free cash flow represents EBITDA less capital expenditures, net interest paid and net changes in working capital. We believe that free cash flow provides useful information to investors, analysts and our management about the cash generated by our core operations after interest and our ability to fund scheduled debt maturities and other financing activities. Free cash flow, as defined, may not be similar to free cash flow measures of other companies, is not a measurement under accounting principles generally accepted in the United States, and should be considered in addition to but not as a substitute for the information

(\$ in thousands)	For the three months ended				For the year ended
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	December 31, 2007
Net cash provided by operating activities	\$ 17,506	\$ 35,891	27,760	28,007	109,164
Unrealized depreciation on investments	(9)	(14)	29	(12)	(6)
Net cash used in investing activities	(9,513)	(30,654)	(22,350)	(253,225)	(315,742)
Investment in Acquisition	-	-	-	259,593	259,593
Net proceeds from sale of discontinued operations and other assets	(43,840)	-	(3,839)	802	(46,877)
Increase (decrease) in short-term investments	31,027	349	(10,405)	(33,239)	(12,268)
Proceeds from sale of assets	-	(1,111)	(597)	(247)	(1,955)
Decrease in restricted investments	(1,220)	(92)	109	449	(754)
Cash (provided by) used in discontinued operations	(543)	1,363	(278)	(775)	(233)
Costs included in Operating WC relating to CA operations	-	-	-	1,089	1,089
<b>Free Cash Flow</b>	<b>\$ (6,592)</b>	<b>\$ 5,732</b>	<b>\$ (9,571)</b>	<b>\$ 2,442</b>	<b>\$ (7,989)</b>