



RCN Corporation Reconciliation of Non-GAAP Information

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.

	For the year ended		
	December 31, 2005	December 31, 2006	December 31, 2007
(\$ in thousands)			
Net loss	\$ (136,112)	\$ (11,856)	\$ (152,037)
Gain on sale of discontinued operations, net of tax	-	-	(15,921)
Income from discontinued operations, net of tax	(19)	(2,464)	(1,684)
Income tax (benefit) expense	779	7,612	(1,049)
Reorganization income, net	(11,113)	-	-
Other (income) expense, net	(1,556)	(35)	451
Loss on early extinguishment of debt	-	19,287	63,795
(Gain) loss on sale of assets	(2,536)	2,119	827
Gain on sale of investment in unconsolidated entity	-	(125,370)	-
Interest expense	42,333	24,659	34,510
Investment income	(5,648)	(5,983)	(9,424)
Depreciation and amortization	184,568	192,964	195,239
Non-cash stock-based compensation expense	8,913	18,162	33,206
Impairments, exit costs & restructuring	5,130	6,702	8,194
EBITDA	\$ 84,739	\$ 125,797	\$ 156,107
Add: NEON EBITDA prior to acquisition ⁽¹⁾			14,691
Proforma Consolidated EBITDA			\$ 170,798

Average monthly revenue per customer, or ARPC, is an industry metric that measures revenues, excluding certain commercial and other residential revenue (consisting of dial-up and reciprocal compensation) per 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.

	For the year ended		
	December 31, 2005 ⁽³⁾	December 31, 2006	December 31, 2007
(\$ in thousands)			
Total Revenue	\$ 530,412	\$ 585,476	\$ 636,097
Less: Certain Commercial Revenue	(25,439)	(57,811)	(84,823)
Less: Other Residential Revenue	(25,809)	(17,787)	(16,844)
Customer Revenues	479,164	509,877	534,430
ARPC	\$ 101	\$ 107	\$ 109

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 statements.

	For the year ended		
	December 31, 2005	December 31, 2006	December 31, 2007
(\$ in thousands)			
Total Debt	\$ 492,097	\$ 202,792	\$ 744,945
Divided by trailing 12 months EBITDA ⁽²⁾	\$ 84,739	\$ 125,797	\$ 170,798
Ratio of total debt to EBITDA	5.8x	1.6x	4.4x



RCN Corporation Reconciliation of Non-GAAP Information

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 year ended		
	December 31, 2005	December 31, 2006	December 31, 2007
Total Debt	\$ 492,097	\$ 202,792	\$ 744,945
Less: Cash and temporary cash investments & Short-term investments	(143,017)	(124,515)	(67,692)
Net debt	\$ 349,080	\$ 78,277	\$ 677,253
Divided by trailing 12 months EBITDA ⁽²⁾	\$ 84,739	\$ 125,797	\$ 170,798
Ratio of net debt to EBITDA	4.1x	0.6x	4.0x

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

(\$ in thousands)	For the year ended		
	December 31, 2005	December 31, 2006	December 31, 2007
Net cash provided by operating activities	60,426	95,015	109,164
Unrealized appreciation (depreciation) on investments	127	(110)	(6)
Net cash (used in) provided by investing activities	(97,874)	194,626	(315,742)
Investment in acquisition	2,244	40,854	259,593
Net proceeds from sale of discontinued operations and other assets	-	-	(46,877)
Increase (decrease) in short-term investments	21,559	(13,828)	(12,268)
Proceeds from sale of assets	(6,259)	(999)	(1,955)
Proceeds from sale of investment in unconsolidated entity	-	(307,467)	-
Decrease in restricted investments	-	(1,537)	(754)
Decrease in investments restricted for debt service	(9,020)	-	-
Cash used in (provided by) discontinued operations	7,007	(1,342)	(233)
Costs included in Operating WC relating to CA operations	-	-	1,089
Free Cash Flow	\$ (21,790)	\$ 5,212	\$ (7,989)

(1) NEON EBITDA 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.

(2) 2007 calculated using Proforma Consolidated EBITDA

(3) As previously disclosed, RCN revised its customer and RGU reporting methodology effective January 1, 2006. The ARPC shown here for 2005 has been calculated under the previous methodology because actual customer and RGU counts under the new methodology are not available prior to January 1, 2006. Based on our estimates of customer and RGU counts under the new methodology for periods prior to January 1, 2006, we do not believe the methodology change would have a material impact on ARPC as previously reported.