



RCN Corporation
2008 Reconciliation of Non-GAAP Information

(1) Pro Forma for Neon Operations

The following tables reconcile RCN's pro forma results for the year ended and three months ended December 31, 2007 to the reported results for the year and three months ended December, 31, 2007.

(\$ in thousands)	For the year ended December 31, 2007		
	NEON Proforma ⁽¹⁾	RCN As Reported	Pro forma RCN Consolidated
Revenue	\$ 64,316	\$ 636,096	\$ 700,412
Direct Cost	25,259	224,769	250,028
Sales, General & Administrative ⁽³⁾	24,369	255,217	279,586
EBITDA	\$ 14,688	\$ 156,110	\$ 170,798
Capital Expenditures	\$ 13,683	\$ 118,898	\$ 132,581

(\$ in thousands)	For the three months ended December 31, 2007		
	NEON Proforma ⁽²⁾	RCN As Reported	Pro forma RCN Consolidated
Revenue	\$ 9,133	\$ 167,906	\$ 177,039
Direct Cost	3,697	61,467	65,164
Sales, General & Administrative ⁽³⁾	2,834	65,664	68,498
EBITDA	\$ 2,602	\$ 40,775	\$ 43,377
Capital Expenditures	\$ 2,187	\$ 26,482	\$ 28,669

(1) NEON pro forma 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) NEON pro forma includes (i) an estimated \$0.4M reduction in deferred revenue related to purchase price accounting, and (ii) a \$3.2M reduction in SG&A expenses to exclude deal related costs and stock-based compensation.

(3) Excludes stock-based compensation.

(2) EBITDA

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, 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.

CONSOLIDATED

(\$ in thousands)	For the three months ended				For the year ended
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	December 31, 2008
Net loss	\$ (26,204)	\$ (16,651)	\$ (14,725)	\$ (13,146)	\$ (70,726)
Other income (loss), net	122	(31)	217	(127)	181
Interest expense	14,468	12,516	12,560	13,757	53,301
Investment income	(1,109)	(953)	(466)	(352)	(2,880)
Depreciation and amortization	51,957	47,115	49,333	50,329	198,734
Non-cash stock-based compensation expense	4,642	4,284	2,616	1,793	13,335
Exit costs & restructuring charges, net of recoveries	(210)	763	848	913	2,314
EBITDA	\$ 43,666	\$ 47,043	\$ 50,383	\$ 53,167	\$ 194,259
EBITDA Margin	24.3%	25.5%	26.9%	28.3%	26.3%

(3) SEGMENT EBITDA

Segment EBITDA is defined as operating income before depreciation and amortization, stock-based compensation, exit costs and restructuring charges. This measure eliminates the significant level of non-cash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations, as well as non-cash stock-based compensation and other special items such as exit costs and other restructuring charges. We use this measure to evaluate our consolidated operating performance and the performance of our operating segments, and to allocate resources and capital. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure may not be directly comparable to similar measures used by other companies. Because we use this metric to measure our segment profit or loss, we reconcile it to operating income, the most directly comparable financial measure calculated and presented in accordance with GAAP. Segment EBITDA should not be considered as a substitute for operating income (loss), net income (loss), net cash provided by operating activities, or other measures of performance or liquidity we have reported in accordance with

RESIDENTIAL / SMALL BUSINESS SEGMENT

(\$ in thousands)	For the three months ended				For the year ended
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	December 31, 2008
Operating loss	\$ (11,884)	\$ (9,820)	\$ (7,835)	\$ (4,361)	\$ (33,900)
Depreciation and amortization	42,005	41,285	42,080	41,985	167,355
Non-cash stock-based compensation expense	3,630	3,318	2,017	1,399	10,364
Exit costs & restructuring charges, net of recoveries	(210)	558	486	768	1,602
EBITDA	\$ 33,541	\$ 35,341	\$ 36,748	\$ 39,791	\$ 145,421
EBITDA Margin	24.1%	24.9%	25.6%	27.8%	25.6%

RCN METRO OPTICAL NETWORKS

(\$ in thousands)	For the three months ended				For the year ended
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	December 31, 2008
Operating (loss) income	\$ (839)	\$ 4,701	\$ 5,421	\$ 4,493	\$ 13,776
Depreciation and amortization	9,952	5,830	7,253	8,344	31,379
Non-cash stock-based compensation expense	1,012	965	599	395	2,971
Exit costs & restructuring charges, net of recoveries	-	205	362	145	712
EBITDA	\$ 10,125	\$ 11,701	\$ 13,635	\$ 13,377	\$ 48,838
EBITDA Margin	25.0%	27.6%	31.5%	29.8%	28.5%



RCN Corporation
2008 Reconciliation of Non-GAAP Information

(4) ARPC

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, reciprocal compensation and web hosting revenue) 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 three months ended				For the year ended
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	December 31, 2008
(\$ in thousands)					
Total Revenue	\$ 179,815	\$ 184,352	\$ 187,054	\$ 188,022	\$ 739,243
Less: Commercial Revenue	(40,568)	(42,464)	(43,355)	(44,923)	(171,311)
Less: Other Residential Revenue	(2,895)	(2,879)	(2,586)	(1,724)	(10,084)
Customer Revenues	136,352	139,009	141,113	141,375	557,849
ARPC	\$ 109	\$ 110	\$ 111	\$ 110	\$ 110

(5) Debt to EBITDA

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 three months ended			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
(\$ in thousands)				
Total Debt	\$ 743,112	\$ 741,277	\$ 739,442	\$ 742,607
Divided by trailing 12 months Pro Forma RCN Consolidated EBITDA	\$ 175,914	\$ 177,306	\$ 184,731	
Divided by trailing 12 months RCN Consolidated EBITDA				\$ 194,259
Ratio of total debt to EBITDA	4.2x	4.2x	4.0x	3.8x

(4) Net Debt to EBITDA

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.

	For the three months ended			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
(\$ in thousands)				
Total Debt	\$ 743,112	\$ 741,277	\$ 739,442	\$ 742,607
Less: Cash & cash equivalents and Short term investments	(64,130)	(61,896)	(58,636)	(63,684)
Net debt	678,982	679,381	680,806	678,923
Divided by trailing 12 months Pro Forma RCN Consolidated EBITDA	\$ 175,914	\$ 177,306	\$ 184,731	
Divided by trailing 12 months RCN Consolidated EBITDA				\$ 194,259
Ratio of net debt to EBITDA	3.9x	3.8x	3.7x	3.5x

(6) Free Cash Flow

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 contained in our statements of cash flows.

	For the three months ended				For the year ended
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	December 31, 2008
(\$ in thousands)					
Net cash provided by operating activities	\$ 27,399	\$ 32,208	\$ 42,309	\$ 38,055	\$ 139,971
Unrealized appreciation (depreciation) on investments	4	(119)	(28)	(4)	(147)
Net cash (used in) provided by investing activities	(30,074)	5,394	(68,178)	(45,792)	(138,650)
Proceeds from sale of discontinued operations and other assets	(193)	(2,775)	(925)	(457)	(4,350)
Increase (decrease) in short-term investments	3,012	(34,897)	24,189	14,840	7,144
(Decrease) Increase in restricted investments	(7,103)	(356)	18	45	(7,396)
Free Cash Flow	\$ (6,955)	\$ (545)	\$ (2,615)	\$ 6,687	\$ (3,428)