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**MEGA CABLE, S.A. DE C.V., and
MCM HOLDING, S.A. DE C.V.**

VS

RCN INTERNATIONAL HOLDINGS, INC.

ARBITRATION PETITION



**GENERAL SECRETARY OF THE INTERNATIONAL COURT OF ARBITRATION OF THE
INTERNATIONAL CHAMBER OF COMMERCE
P R E S E N T.**

RODOLFO MORALES DE LA GARZA on behalf of **MEGA CABLE, SOCIEDAD ANONIMA
DE CAPITAL VARIABLE** ("MEGA CABLE, S.A. DE C.V."); and

ALEJANDRO M. HERNANDEZ BRINGAS on behalf of **MCM HOLDING, SOCIEDAD
ANONIMA DE CAPITAL VARIABLE** ("MCM HOLDING, S.A. DE C.V.");

Attesting herein our respective powers of attorneys and legal capacity duly evidenced with the public deeds attached hereto as "**Exhibit 1**" and "**Exhibit 2**", jointly conforming among **MEGA CABLE, S.A. DE C.V.** and **MCM HOLDING, S.A. DE C.V.** (*litis consorcio activo*) "**The Plaintiffs**" of this arbitration proceeding (hereinafter jointly referred to as "**Megacable**" or as otherwise specifically named hereunder by each of their names).

All of the Plaintiffs are hereby represented by their attorneys dully authorized to practice law in México Messrs. Ricardo Ríos Ferrer and/or David Guillén Llarena, whom are hereby

expressly authorized and fully empowered by Plaintiffs to act on their name and behalf within the arbitration process including all the necessary powers and capacity to file documents, petitions, motions, promote and request any evidence, appear in any hearing and express any argument in the benefit of Plaintiffs claims. Likewise, for purpose of authorizing the assistance in the arbitration process, Plaintiffs hereby grant sufficient authority to Messrs. Julio Gutierrez Morales, Jorge Torres Martínez and/or Roberto Ríos Artigas, in order to assist in any arbitration proceeding or receive any notice related thereto.

Plaintiffs hereby designate as domicile to hear and receive notices, Avenida Insurgentes Sur número 1605, 12th floor, "Torre Mural", Col. San José Insurgentes, C.P. 03900, in this city, telephones 5662-6348, telefax 5662-6350, e-mail rrios@riosferrer.com.mx and dguillen@riosferrer.com.mx.

Based on Article 4 of the Rules of Arbitration of the International Chamber of Commerce, (hereinafter "**The Rules of Arbitration of the ICC**") we hereby submit an **ARBITRATION PETITION** against the company **RCN INTERNATIONAL, INC.** to whom the Private Shareholders make the following claims:

1.- The formal declaration of rescission and termination of all the Transaction Documents (as defined below).

2. The enforcement of RCN Int.'s (as defined below) withdrawal ("retiro") from Megacable's (as defined below) capital pursuant to Megacable's By-laws and Articles 213 and 220 of the General Business Corporations Law ("*Ley General de Sociedades Mercantiles*"); for this redemption purpose, the value of RCN Int.'s shares in Megacable is their book value as set forth in the fifth paragraph, insert (ii), Article 13th., of Megacable's By-Laws. "**Exhibit 3**"

Pursuant Section 3 of Article 4 above-mentioned Rules, we hereby submit the following information:

a) NAME IN FULL, DESCRIPTION AND ADDRESS OF EACH OF THE PARTIES.

THE PLAINTIFFS:

A.

Megacable, S.A. de C.V., and

B.

MCM Holding, S.A. de C.V.

THE DEFENDANT:

RCN INTERNATIONAL HOLDINGS, INC., domiciled in Presidents Plaza, Building One, 196 Van Buren Street, Suite 300, Herndon, VA. 20170, or 105 Carnegie Center, Princeton, New Jersey 08540., and

JOINING PLAINTIFFS:

It is also hereby announced to this Court that the following individuals attempts to file and adhere to this claim, in their capacity of Shareholders of Mega Cable, S.A. de C.V. and MCM Holding (herein referred as the "**Private Shareholders**"):

1. Ildefonso Fernández Salido
2. Julián Aguilera Campoy
3. Julián Aguilera Urrea
4. Ángel Ramón de Jesús Robinson Bours Urrea
5. Marina Guadalupe Robinsón Bours Ruy Sánchez de Alvarado
6. Martha Guadalupe Robinsón Bours Ruy Sánchez de Larraguibel
7. Lucia Margarita Bours Ruy Sánchez de Valenzuela

8. Beatriz Marina Bours Muñoz
9. Rossana Robinson Bours Muñoz
10. Anabella Robinson Bours Muñoz
11. Jesús Rodolfo Robinson Bours Muñoz
12. Mónica Robinson Bours Muñoz
13. Jesús Enrique Robinson Bours Muñoz
14. Manuel Urquijo Beltrán
15. Gloria Griffith Anduro
16. Javier Robinson Bours Almada
17. Francisco Javier R. Bours Castelo
18. Juan Robinson Bours Almada
19. Ernesto Fernando Echavarria Salazar
20. Trigio Cañedo Urías
21. Daniel Fernando Ramos Cabello
22. Enrique Yamuni Robles, and,
23. Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, División Fiduciaria.

b) DESCRIPTION OF THE NATURE AND CIRCUMSTANCES OF THE DISPUTE GIVING RISE TO THE CLAIM

1.- The controversy consists in the following:

- 1.1. Megacable and the Private Shareholders dispute RCN Int'l's manifestation purporting to comply with all the Transaction Documents (as defined below);
- 1.2. Megacable and the Private Shareholders dispute RCN Int.'s manifestations purporting to continue participating in Megacable's corporate governance and capital.

- 1.3. Megacable and the Private Shareholders maintain the Support and Guaranty Agreement was breached or terminated on or about December 8, 2004 pursuant to the terms of the RCN Corp. Plan of Reorganization, as confirmed by order of the United States Bankruptcy Court for the Southern District of New York.
- 1.4. Megacable and the Private Shareholders maintain that as a consequence of the actions mentioned in 1.1 through 1.3 above Megacable is that there was a material breach of the Transaction Documents, including without limitation, the Subscription Agreement, which gives rise to: (i) the rescission and termination of all the Transaction Documents, and (ii) the withdrawal of RCN Int.'s Relevant Shares (as defined hereunder) from Megacable's capital.

The origin of the controversy arises under, and is related to the group of contracts entered into among Megacable, C-TEC Corporation, C-TEC International Inc., and the Private Shareholders, consisting in: i) "The Subscription Agreement", **"Exhibit 4"**; ii) "The Support & Guarantee Agreement" both executed as of 19th of January of 1995, **"Exhibit 5"**; iii) "The Shareholders Agreement", executed as of 24th of January 1995, **"Exhibit 6"**; and iv) the Megacable By-Laws as amended on December 16th., 1994 (in the case of Megacable) and on December 11, 2001 (in the case of MCM Holding and Megacable Telecomunicaciones, S.A. de C.V.), **"Exhibits 7"**. All these documents were included in the definition "Transaction Documents" contained in Article I of the Subscription Agreement (hereinafter collectively denominated the "Transaction Documents"). C-TEC Corp. was succeeded by RCN Corporation. (hereinafter "RCN Corp."), and C-TEC Int.'s corporate name was changed to RCN International Holdings, Inc. (hereinafter "RCN Int.").

Pursuant to the Subscription Agreement and to the Shareholders Meeting minutes of Megacable dated December 16th., 1994, RCN Int., initially subscribed a total of 37'000,000 shares, divided as follows: 9'250,000 are Series "B" common shares; 27'750,000 are limited voting Series "D" shares; that in turn are distributed as follows: 13,875,000 pertain to Subseries "D-1" and 13'875,000 pertain to Subseries "D-2" (defined in the Subscription

Agreement as the "Initial Shares"). In the case of MCM Holding, RCN Int. subscribed a total of 45'258,066 shares. All of the Initial Shares represent 40% of Megacable's and 48.93% of MCM Holding outstanding capital, respectively, as of the date of this petition. All of these Megacable and MCM Holdings' shares issued to RCN Int. are subject to the legal effects of this arbitration petition (hereinafter referred to as the "Relevant Shares"), and exclude any other share acquired by RCN from any shareholder, including shares acquired in proportion to these particular shares by reason of capital increases subsequent to such acquisition.

2.- The Transaction Documents, have common purposes: to allow RCN Int. to become a Megacable shareholder and the regulation of the legal and economic relations of the Private Shareholders, of RCN Int., and of RCN Corp., within Megacable, as well as the commercial activity and corporate governance of the latter. The Transaction Documents are subject to one same condition: that RCN Int. remains as shareholder of Megacable with the support of RCN Corp. The Private Shareholders and Megacable's consent to allow RCN Int. to become a Megacable shareholder was also made subject to the continuing existence and performance of all the Transaction Documents. Additionally, the Transaction Documents were executed on or about the same date; and by the same parties or by parties closely related amongst them. The Transaction Documents were executed as part of a single integrated transaction and no individual Transaction Document would have been executed but for the execution of all of the Transaction Documents.

RCN Int.'s entry as a shareholder of Megacable was consented by Megacable through the Subscription Agreement and pursuant to it and to the rest of the Transaction Documents the Private Shareholders granted their waiver to subscribe the capital increase of the Relevant Shares that were subscribed by RCN Int., as evidenced by Megacable's Shareholders Meeting minutes dated December 16th, 1994. The Private Shareholders' consent in the capital increase, and Megacable's consent in the Subscription Agreement, was predicated on the premise that RCN Int.'s ownership to the Relevant Shares is conditioned to the continuing performance of all the Transaction Documents. Therefore,

RCN Int.'s title over the Relevant Shares is not free and clear; it is encumbered by the condition that it is interdependent with the continuing obligations of all parties to the Transaction Documents'. Pursuant to the express words of the Transaction Documents, Megacable and the Private Shareholders consented to RCN Int.'s entry in Megacable's capital, upon the condition that the Transaction Documents were executed and remained honored, otherwise, all of the shareholders of Megacable, including RCN Int., would become deprived of the material protections and obligations that were bargained by all parties in the Transaction Documents to their benefit and to the benefit of Megacable itself. Clearly, the intent of all parties was to subject RCN Int.'s continuing title over the Relevant Shares to the fate of the Transaction Documents; conversely, the continuing existence of the Transaction Documents are subject to RCN Int.'s continuing title over the Relevant Shares.

3. As discussed below, pursuant to the Plan of Reorganization and the Confirmation Order, RCN Corp. was required to either expressly assume the Support and Guaranty Agreement pursuant to the provisions of the Bankruptcy Code (Exhibit 9, Art. VII.A) or was required to expressly except its pre-bankruptcy obligations under the Support and Guaranty Agreement from the discharge provisions of the Plan and the Bankruptcy Code (Exhibit 9, Atr XIV). RCN Corp. did neither, resulting in a breach of the Support and Guaranty Agreement and /or a release of all of RCN Corp.'s obligations under the Support and Guaranty Agreement. Pursuant to the Transaction Documents this rejection, breach or termination of the Support & Guarantee Agreement by RCN Corp. constitutes a sufficient and unequivocal evidence of a rejection, breach or the termination of all of the Transaction Documents, including the Subscription Agreement, as well as of RCN Int.'s ownership of the Relevant Shares.¹ However, under Mexican Law and pursuant to Megacable's By-Laws RCN Int.'s redemption

¹ The Disclosure Statement in Support of Joint Plan of Reorganization, dated October 12, 2004. "Exhibit 8".
Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries, dated the 12th of October, 2004. "Exhibit 9".
Plan Supplement with Respect to Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries, dated the 19th of November, 2004. "Exhibit 10".
The Motion For an Order Approving the Assumption of Certain Executory Contracts, dated November 30, 2004. "Exhibit 11".


of the Relevant Shares has to meet certain formalities. The Private Shareholders and Megacable hereby claim the full performance of, and compliance with, these formalities.

A necessary consequence of the rejection, breach or termination of the Support & Guarantee Agreement and, thus, of the rest of the Transaction Documents is RCN Int.'s withdrawal or redemption of its Relevant Shares from Megacable.²

The withdrawal formalities are hereby petitioned to be fully performed by RCN Int. Megacable is willing to redeem RCN Int's Relevant Shares pursuant to such requirements and at the value specifically stated in Megacable's By-Laws to apply in that particular case.


4.- Each Transaction Document has mixed and specific purposes, that are part of a single transaction described above. Therefore RCN Int's continuing interest in Megacable is dependent upon the continued performance by all parties of all obligations under the Transaction Documents (*contratos coaligados*).

4.1. Subscription Agreement. Governed by Mexican law, the Subscription Agreement, is a complex contract because it has different purposes. On one part, it regulates the subscription of the Relevant Shares issued by Megacable in favor of RCN Int. On the other, it contains continuing obligations that remain in effect after the subscription above mentioned, and subsist while RCN Int. remains as shareholder of Megacable.



4.2. Shareholders Agreement. Governed by Mexican law, the several purposes of the Shareholders Agreement are the regulation of the management and corporate governance of Megacable; and the restrictions imposed on the transfer of shares, among others.

² The memorandum of Law in Support of Confirmation of the Plan, dated December 6, 2004. "Exhibit 12".
The Findings of Fact and Conclusions of Law and Order Confirming the Plan, dated December 8, 2004. "Exhibit 13".
The January 5, 2005, transcript of a Bankruptcy Court hearing concerning the assumption of executory contracts.
"Exhibit 14".



4.3. Support & Guarantee Agreement. Governed by New York law, the Support & Guarantee Agreement, is also a complex contract having different purposes. On one part, RCN Corp. as indirect parent of RCN Int., guaranteed to Megacable and to the Private Shareholders, that RCN Int. would have the necessary resources to pay for the subscription of the Relevant Shares issued by Megacable pursuant to the Subscription Agreement. On the other, RCN Corp. assumed certain negative obligations (*obligaciones de no hacer*) before Megacable and the Private Shareholders, such as (i) to remain as controlling shareholder of RCN Int. (Section 2.1.); (ii) not to allow any transfer of shares issued by Megacable and owned by RCN Int. (Article 2.2.); (iii) not to compete, in any way or through any vehicle, whether directly or indirectly, with the Megacable business (Section 2.4.); and (ii) not to enter into Conflicting Agreements, as such term is defined in the Shareholders Agreement (Section 1.1).

4.4. Megacable By-Laws ("*Estatutos*"). Governed by Mexican law, the By-Laws of each of Megacable and MCM Holding regulate primarily the corporate governance of each company; however, it may only achieve such purpose if supplemented by the Transaction Documents. The Subscription Agreement required Megacable's By-Laws to be modified in order to reflect the corporate rights of RCN Int. agreed in the Shareholders Agreement. The Private Shareholders, again, granted their consent at the shareholders' meeting that resolved upon the modifications to Megacable's By-laws, pursuant to the terms of the Transaction Documents. As a result, these By-Laws were amended and restated by the Private Shareholders as part of the covenants contained in the Subscription Agreement and in the Shareholders Agreement. Therefore, the Private Shareholders' consent to such modifications and the resulting amendments are an inextricable part of the Subscription and of the Shareholders Agreement, and consequently, integrate a material part of the Transaction Documents taken as a single contractual relationship.

5.- The Transaction Documents as a whole implement the transaction described above. The economic and objective connections among them (*contratos coaligados*), include, the regulation of the commercial and corporate activities of Megacable and RCN Int.'s entry as a Megacable shareholder; with the support of RCN Corp. These common purposes may be achieved only with the fulfillment of the obligations that each party assumed under each Transaction Document.

Among all of the Transaction Documents, there is an interdependent coordination relationship, and none of them are subordinated to the other because the obligations that each contain are bilateral, reciprocal and are driven by the same common purposes noted above, subject to the same condition: that RCN Int. remains as shareholder of Megacable. Conversely, RCN Int.'s interest in the Relevant Shares is subject to the existence and performance of all the Transaction Documents.

Moreover, the rejection or termination of the Support and Guarantee Agreement, as part of the Transaction Documents, is a material breach of the Transaction Documents. Megacable relied upon RCN Corp.'s continuing obligations under the Support and Guarantee Agreement to induce Megacable and the Private Shareholders to execute the rest of the Transaction Documents.

6. The interdependence of the Transaction Documents arises not only from an objective connection. It derives too from the intent and will of the parties who expressly agreed to act in pursuit of accomplishing a single transaction. Following is an illustrative list of provisions from each Transaction Document, that evidences the foregoing:

6.1.- Recital A of the Subscription Agreement states that RCN Corporation Inc, is a corporation organized under the laws of Pennsylvania, and that directly or indirectly owns 100% of the capital stock of RCN Int.



6.2. Recital C of the Subscription Agreement states that the intent of the parties is to enter this and other agreements with the purpose of establishing a long-term cooperation agreement.

6.3. Section 8.11, "Integration", of the Subscription Agreement states that this contract, as well as its Annexes and Exhibits (that include each of the Transaction Documents), constitute the complete and integrated agreement of the parties.

6.4. Article V of the Subscription Agreement conditions the parties obligations thereunder to the execution and delivery of the Support & Guarantee Agreement and of the Shareholders Agreement; moreover, also as a condition precedent, the By-Laws of Megacable had to be amended and restated to read in their entirety substantially as set forth in Exhibit A-1 to the Shareholders Agreement.

6.5.- Section 1 of the Subscription Agreement, "Definitions", defined as "Transaction Documents", each of the following agreements; the Subscription Agreement, the Shareholders Agreement, the Control Trust Agreement, the Support and Guarantee Agreement and any certificate or instrument delivered pursuant to the Subscription Agreement (including Megacable's By-Laws).

6.6.- Clause 8.1, paragraph 4, states that the Subscription Agreement may be terminated at any time prior to the subscription closing, upon notice given by Megacable if RCN Corp., breaches any material covenant or agreement in any Transaction Document or if any representation or warranty made by the RCN Int., or RCN Corp., pursuant to any Transaction Document is false in any material respect when made. In this way the parties expressly stated that the effects of a breach under any Transaction Document, would cause a cross default under all other Transaction Documents, thus, all would be terminated prior to that closing. It should be noted that this section is cited herein with the exclusive purpose of evidencing the intent of the



parties in that they purported to group all Transaction Documents and to link them by their purpose and legal effects.

6.7. Clause 8.3, (e) of the Subscription Agreement; Clause 9.2 (e) of the Shareholders Agreement and Clause 4.4. (e) of the Support and Guarantee Agreement, state in identical terms in each case, that the arbitration tribunal may consolidate an arbitration proceeding under that agreement, with any other arbitration proceeding under any other Transaction Document. That controversies arising under different Transaction Documents may be consolidated by the arbitration tribunal into a single arbitration proceeding is an express agreement to consider all the Transaction Documents as a single contractual relationship.

6.8.- Recital A of the Shareholders Agreement, states that RCN Int., has subscribed the Initial Shares issued to it by Megacable pursuant to the Subscription Agreement. To reach this point, the Subscription Agreement and the Support and Guarantee Agreement had been executed and delivered.

6.9.- Recital C of the Shareholders Agreement states that the By-Laws of Megacable were amended to adapt them pursuant to the agreements entered under the Transaction Documents.

6.10.- Clause 7.4 (g) of the Shareholders Agreement states that in case RCN Int., or RCN Corp., breaches any of their respective and material obligations under any of the Transaction Documents, both will lose their rights regarding the corporate governance deadlock provisions ("Impasse", as such term is defined in this agreement).

6.11.- Recital A of the Support and Guarantee Agreement states that RCN Corp. directly or indirectly owns all of the issued and outstanding capital stock of RCN Int.

6.12.- Recital B of the Support and Guarantee Agreement states that in connection with the closing of the Subscription Agreement, RCN Int. and the Private Shareholders agreed to enter into a Shareholders Agreement to regulate the management of Megacable, the restrictions on the transfer of shares and other matters related to that company.

6.13. The NOW THEREFORE paragraph of the Support and Guarantee Agreement, states that the purpose of this contract is to induce Megacable to enter into the Subscription Agreement and Megacable and the Private Shareholders to enter into the Shareholders Agreement. This statement expressly links all of these contracts since the time of their execution and until RCN Int. ceases to be a shareholder of Megacable.

6.14. Article One of the transitory provisions of Megacable's By-Laws state that these will be valid until RCN Int. ceases to hold the "Required Percentage" in Megacable's capital, as such term is defined in the Shareholders Agreement (this cross-reference is made by the By-Laws), at which time these transitory provisions will cease to have any further legal effect and shall be deemed to have been stricken from Megacable's By-Laws.

6.15. The Shareholders Meeting minutes of Megacable, dated December 16th, 1994, generally contain the following: (i) the amendment of Megacable's By-Laws to conform to the Subscription and to the Shareholders Agreement requirements, (ii) issue of the Initial Shares and their subscription by C-TEC Int., and (iii) the authorization to execute the Transaction Documents. Item Three of these minutes states that the shareholders were informed by the meeting's Chairman that the Board of Directors resolved upon the establishment of an strategic alliance through the subscription of the Initial Shares, with the purpose of obtaining from such new partner not just fresh capital, but also successful experience in other countries as well as technical capacity to support the development of Megacable's activities. These objectives became the purposes of the Transaction Documents and reflect the original intent of the Plaintiffs (motivo

determinante de la voluntad) to have a continuing relationship governed by all of the Transaction Documents, including Megacable's By-Laws. The foregoing makes evident the interdependence among (i) the consent to amend Megacable's By-Laws; (ii) the waiver to subscribe the Initial Shares; (iii) the authorization to execute the rest of the Transaction Documents; and (iv) the subscription of the Initial Shares by RCN Int., with the rest of the Transaction Documents.

6.16. Note that as described above:

1. A condition precedent to the execution of the Shareholders Agreement was the execution of the Support & Guarantee Agreement and of the Subscription Agreement;
2. In turn, the Support & Guarantee Agreement was executed to induce the Plaintiffs to execute the Subscription and the Shareholders Agreement;
3. The Shareholders Meeting of Megacable, dated December 16th., 1994, took the following actions:
 - i. Amendments to the Megacable By-laws that were justified by the Chairman of Megacable to the Private Shareholders, based on the Transaction Documents that allowed RCN Int.'s entry in Megacable's capital with the purpose of sharing its business expertise;
 - ii. The consent of the Private Shareholders to the subscription of the Relevant Shares by RCN Int., evidenced by their waiver to subscribe such shares, was based also on the purposes of the Transaction Documents;
 - iii. The grant of special powers of attorney by the Shareholders Meeting of Megacable to the signatories of the Transaction Documents was predicated on the objectives and purposes of allowing RCN Int. to become a shareholder of Megacable.

4. Finally, the Subscription Agreement grouped all of these documents and as Exhibits and defined them all as Transaction Documents; in turn the Shareholders Agreement enclosed as an Exhibit a pro-forma model of By-Laws that had to be used by the Shareholders Meeting of Megacable to restate its own By-Laws.

The parties intent was to execute (i) the Support & Guarantee Agreement first; (ii) then the Subscription Agreement; (iii) followed by the amendments to Megacable's By-Laws, (iv) the subscription of the Relevant Shares; (v) and finally the Shareholders Agreement.

Since the formation of the Transaction Documents, the order of their execution and the interdependence amongst them, as expressly stated in each, clearly manifests the parties intention to subject the existence and performance of each Transaction Document to the rest including RCN Int.'s title over the Relevant Shares.

7.- As discussed above, the Transaction Documents were inextricably linked as part of a single transaction pursuant to the express accord of all the parties thereunder, through reciprocal and bilateral obligations, with cross-effects among them. The breach, rescission or termination of any one contract has a legal effect on all the other related contracts and on RCN Int.'s continuing capacity as a Megacable shareholder. That is, the breach of one of the linked contracts, gives rise to a breach of the other contracts which, under the circumstances hereunder results in claim to request the termination or rescission not only of such contract, but also of all the rest that have been breached as a result. Such a claim would include a claim to request RCN's withdrawal ("*retiro*") of the Relevant Shares from Megacable's capital as a necessary implication of such events. If RCN Int. remains as a Megacable shareholder without the existence of the Support and Guaranty Agreement or the other Transaction

Documents, then RCN Int. and the Private Shareholders will cease to have the corporate and economic rights each bargained for in all of the Transaction Documents.

8.- The legal relationships and obligations under the Transaction Documents survived RCN Int.'s acquisition of its interest in Megacable (*tracto sucesivo*) as evidenced by the affirmative and negative obligations (*obligaciones de no hacer*) burdening and benefiting each of the parties in each of the Transaction Documents and Megacable's By-Laws until such time as RCN Int. maintains its ownership of its Relevant Shares.

9.- On the 30th of September of 1997, RCN Corporation Inc., transmitted to its own shareholders the shares it owned from RCN Corporation Inc. (hereinafter "**RCN Corp**"), who in turn remained as the direct wholly parent of RCN Int. This change was consented by Megacable and the Private Shareholders, and as result these accepted RCN Corporation, Inc. to assume the rights and obligations of RCN Corp. under the Transaction Documents.

10. On April 16th 1997, the State Secretary of the State of Delaware, certified the change of denomination of RCN International Inc. to RCN International Holdings, Inc. (hereinafter "**RCN Int.**")

11. On December 11, 2001, all the shareholders of Megacable, S.A. de C.V. resolved upon a spin-off (*escisión*), that resulted in the creation of MCM Holding, S.A. de C.V and Megacable Telecomunicaciones, S.A. de C.V. The purpose of this spin-off was to leave at Megacable Telecomunicaciones, S.A. de C.V. and Megacable the cable TV business through its own subsidiaries (on March 31, 2003 these companies were merged surviving Mega Cable, S.A. de C.V.); whereas MCM Holding, S.A. de C.V. would assume the telecommunications business through its own subsidiaries; the By-Laws of MCM Holding, S.A. de C.V. are essentially the same as the original By-Laws of Megacable, S.A. de C.V. in order to comply with the requirements of the rest of the Transaction Documents. Furthermore, MCM Holding, S.A. de C.V. and Megacable Telecomunicaciones, S.A. de C.V. became a party to the Transaction Documents at the time it assumed the rights and

obligations under the Transaction Documents that originally pertained exclusively to Megacable, S.A. de C.V. and RCN Int. consented to this assumption **Exhibit 15**.



12.- On May 27, 2004, RCN Corp. and certain affiliated entities (but not RCN Int) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York.

13.- Pursuant to the Chapter 11 procedure RCN Corp. filed a Joint Plan of Reorganization (the "**Plan**") as confirmed on 8th of December 2004 by order of the Bankruptcy Court.

14. The Joint Plan of Reorganization, did not expressly provide for the assumption of the Support & Guarantee Agreement as required therein. Article VII.A of the Plan provides:

Except as otherwise ordered by the Bankruptcy Court or provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date each Debtor shall be deemed to have rejected each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed or rejected by the Debtor, (ii) previously expired or terminated pursuant to its own terms, (iii) is listed on the schedule of contracts to be assumed attached hereto as Exhibit D or (iv) is the subject of a motion to assume filed on or before the deadline for voting to accept or reject the Plan.

Exhibit D to the Plan reflects those executory agreements (including guarantee agreements) which the Debtors intended to assume under the Plan. (Exhibit D is annexed as part of Appendix A). None of the Transaction Documents, including the Support & Guarantee Agreement, were listed. In addition, prior to the voting deadline of November 30, 2004, the Debtors filed the Assumption Motion identifying certain additional contracts which they intended to assume. Again, none of the Transaction Documents were listed. An affidavit, dated December 5, 2004 of RCN Chief Restructuring Officer annexed to the memo of Law (which are included herein as an Exhibit), was submitted in support of confirmation. This affidavit provides, in pertinent ~~part~~:



20. The Debtors, with significant input and assistance from the Creditors' Committee and its advisors, have engaged in an exhaustive and thorough review of their executory contracts and unexpired leases. This review was undertaken by numerous employees of the Debtors under the supervision of temporary employees of the Debtors provided by AlixPartners. This review entailed not only analysis of each contract and lease, but also numerous meetings and discussions about such contracts and leases and whether each one fit into the Debtors' restructuring strategy. The Creditors' Committee's financial advisor, Capital & Technology Advisors LLC, was intimately involved in the review of these matters.

21. As a general matter, the Plan provides for the rejection of all executory contracts and unexpired leases not otherwise identified for assumption in Exhibit D to the Plan. Exhibit D identifies numerous contracts and unexpired leases that the Debtors have determined to assume. The Debtors engaged in a lengthy process of reviewing each executory contract and unexpired lease to determine which contracts and leases are desirable and beneficial going forward and which are not. In particular, the Debtors considered which executory contracts and unexpired leases were consistent with their business plan and necessary for the operations of the Reorganized Debtors. . . .

Finally, at a hearing held before the Bankruptcy Court on January 5, 2005, Debtors' counsel confirmed:

MR. MATZ: With respect to the motion to assume the executory contract itself, that motion was filed on November 30th. And as you may recall, the plan provided that all executory contracts that weren't expressly assumed were deemed to be rejected on the date of confirmation

January 5 Transcript at p.6. (included herein as an Exhibit).


Pursuant to the laws of the United States relevant to the United States Bankruptcy Code, the fact that the Support & Guarantee Agreement was not assumed pursuant to the Plan and Confirmation Order constitutes a rejection of the Support and Guaranty Agreement. Such a rejection is the same as a breach of the Support and Guaranty Agreement as of the commencement of the Bankruptcy Cases. Furthermore, under applicable United States laws, the time for RCN Corp. to amend or modify its Plan to now assume the Support and Guaranty Agreement has passed.

In addition, under applicable United States law, pursuant to the Plan and the Confirmation Order, RCN Corp. was discharged and released from all pre-bankruptcy


obligations which were not expressly reaffirmed prior to the confirmation of the Plan. RCN Corp did not expressly reaffirm its post confirmation continuing obligations under the Support and Guaranty Agreement. To the contrary, the Plan provides that all pre-petition obligations are discharged. Pursuant to applicable law, the time for RCN Corp. to seek to reaffirm, under the Bankruptcy Code, its obligations under the Support and Guaranty Agreement has passed.

15.- Furthermore, in recent interviews among certain Private Shareholders (Javier Bours Castelo, CEO of Megacable, and Sergio Mazón Rubio, a Board Member of Megacable) and certain RCN Corp's officers (Peter Aquino, CEO of RCN Corp.) (the latest held in Phoenix, Arizona, U.S.A. on November 7, 2005), RCN Corp. specifically manifested that RCN Corp. was contemplating to file a petition to the Bankruptcy Court, to seek a reaffirmation or assumption of the Support & Guarantee Agreement, regardless of the Plaintiffs opinion. Again, RCN Corp.'s bad faith is event by virtue of the fact that having decided to reject the Support & Guarantee Agreement, and now by manifesting the possibility to seek its reaffirmation, shows the arbitrary way in which the original contractual terms of the Transaction Documents are being manipulated at RCN Corp.'s discretion without the Plaintiffs concurrence.

The logical conclusion of the rescission of the Transaction Documents is that RCN Int., must cease to remain a shareholder of Megacable. Megacable and the Private Shareholders agreed to allow RCN Int. to become a shareholder of Megacable based on the natural condition of continuing performance of all the Transaction Documents. The breach or termination of the Support & Guarantee Agreement, consequently breached the Transaction Documents. Under Mexican Law, any breach of contract gives rise to the right of the non-defaulting party to seek termination.



16. Under Mexican Law, the performance of a contract may not be left to the discretion of one party thereunder; in this case, RCN Corp. has rejected or terminated the Support &



Guarantee Agreement. Under Mexican Law, upon a default, the non-defaulting party may claim specific performance or the rescission of the contract, at its discretion. Through this petition Megacable and the Private Shareholders, as non-defaulting parties, have decided to seek the rescission of all the Transaction Documents

17. The effects of the breach or termination of the Support & Guarantee Agreement is that RCN Corp. no longer has continuing ("*tracto sucesivo*") negative covenants or obligations ("*obligaciones de no hacer*") before Megacable and the Private Shareholders, who are left without a material inducement ("*motivo determinante de la voluntad*") to honor the rest of the Transaction Documents. Consequently, for instance, there is no contractual obligation assumed by RCN Corp. that would prevent it from competing with the Megacable business; from transferring RCN Int.'s shares; from entering into "Conflicting Agreement", etc.

All of the above stated RCN Int. must be forced by the Arbitration Tribunal to totally withdraw ("*retiro*") its Relevant Shares from Megacable's capital pursuant to Article 13th, of Megacable's By-Laws; and Articles 213 and 220 of the General Business Corporations Law ("*Ley General de Sociedades Mercantiles*") of Mexico. RCN Int.'s capacity as shareholder of Megacable is inextricably conditioned and subject to the existence and performance of the Transaction Documents; conversely, the Transaction Documents' existence and performance are intrinsically conditioned and subject to RCN Int.'s continuing capacity as a Megacable shareholder. RCN Int.'s interest in Megacable is interdependent with the Transaction Documents' fate.

18. As noted before, Mexican Law governs the Subscription Agreement, the Shareholders Agreement Megacable's By-Laws. The fact that the Support & Guarantee Agreement is governed by New York Law is irrelevant. As all of the Transaction Documents were executed to effectuate a single transaction as described above, Mexican law resolves the issue with the following indication:



Federal Civil Code:

“Article 14. In the application of foreign law, the following will be observed:

V. When diverse aspects of the same legal relationship are regulated by diverse laws, these will be applied harmonically, purporting to give effect to the objectives pursued by each one of those laws. The difficulties caused by the simultaneous application of such laws, shall be resolved taking into consideration equity demands to the particular case.”

The laws of the United States of America are consistent with the interrelated transaction theory sustained by Mexican Courts and scholars.

Equity demands that the rejection of the Support & Guarantee Agreement must have the legal effects outlined above, because it was a substantial Transaction Document that induced the Private Shareholders and Megacable to execute the rest of such Transaction Documents.

c) STATEMENT OF THE RELIEF SOUGHT, AND INDICATION OF THE AMOUNT CLAIMED.

Considering the circumstances of the dispute described above Megacable and the Private Shareholders hereby request:

1.- The formal declaration of rescission and termination of all the Transaction Documents.

2. The enforcement of RCN Int.'s total withdrawal (“retiro”) of its Relevant Shares from Megacable's capital pursuant to Article 13th., of Megacable's By-laws and Articles 213 and 220 of the General Business Corporations Law (“*Ley General de Sociedades Mercantiles*”); for this redemption purpose, the value of RCN Int.'s Relevant Shares in Megacable is their

book value as set forth in the fifth paragraph, insert (ii), Article 13th, of Megacable's By-Laws.

3.- Estimated amount. The book value of RCN Int.'s Relevant Shares as of September 30. 2005 is:

A. In Megacable: \$1'468,747,398.00 Pesos.

B. In MCM Holding: \$107'325,819.00 Pesos

d) Relevant Agreements and Arbitration Agreements

Relevant Agreements

- The Subscription Agreement signed on January 19th, of 1995, between Megacable S.A. de C.V. and RCN International Inc.
- The Support & Guarantee Agreement signed on January 19th, of 1995, between Megacable S.A. de C.V., the Private Shareholders and RCN Corporation Inc.
- The Shareholder Agreement signed on January 24th, of 1995, between Megacable S.A. de C.V., the Private Shareholders and RCN International Inc.;
- Megacable's amended and restated By-Laws ("*Estatutos*")



Arbitration Agreements

2.- This claim is based on Section 9.2 of the Shareholder Agreement that contains an Arbitration Agreement. This Section is reproduced as follows:

“..9.2. Arbitration. (a) Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, validity or termination thereof shall be finally settled by arbitration under the rules of Arbitration of the International Chamber of Commerce in effect on the date hereof, except as modified herein or by mutual agreement of the parties. The arbitration shall be held in Mexico City; provided that the arbitrators may hold hearings in such other locations as the arbitrators determine to be most convenient and efficient for all the parties under the circumstances. All arbitrators shall be person who speak both Spanish and English. All arbitration proceedings shall be conducted in English but evidence may be presented in either Spanish or English.



(b) The arbitration shall be conducted by three arbitrators. The party initiating arbitration (the “Claimant”) shall appoint its arbitrator in its demand (the “Demand”). The other party (the “respondent”) shall appoint its arbitrator within 20 Business Days of receipt of the Demand and shall notify the Claimant of such appointment in writing. If the respondent fails to appoint an arbitrator within such period of 20 Business Days, the arbitrator named in the demand shall decide the controversy as a sole arbitrator. Otherwise, the two arbitrators appointed by the parties shall appoint a third arbitrator within 20 Business Days after the Respondent has notified the Claimant of the appointment of the Respondent’s arbitrator. When the arbitrators appointed by de Claimant and the Respondent have appointed a third arbitrator and the third arbitrator has accepted the appointment, the two arbitrators shall promptly notify the parties of the appointment of the third arbitrator.

(c) In addition to the authority conferred on the arbitration panel by the rules specified above, the arbitration panel shall have the authority to order such discovery and production of documents. Including the deposition of party witnesses, and to made such orders for interim relief, including injunctive relief, as it may deem just and equitable. A request for interim measures by a party to a court shall not be deemed incompatible with, or a waiver of, this agreement to arbitrate.



(d) *The forgoing agreement to arbitrate shall be specifically enforceable. Any award rendered by the arbitrators shall be in writing and shall be final and binding upon the parties, and may include an award of costs, including reasonable attorneys' Fees and disbursements. Judgment upon the arbitration award rendered may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of the award and an order of enforcement. The costs of the arbitration and the enforcement of the award shall be an issue determined by the arbitration panel.*

(e) *In order to facilitate the comprehensive resolution of related disputes, and upon request of any party to the arbitration proceeding, the arbitration tribunal may within 90 days of its appointment, consolidate the arbitration proceeding with any other arbitration proceeding involving any of the parties hereto relating to this Agreement and to any other Transaction Document. The arbitrators shall not consolidate such arbitrations unless they determine that (i) there are issues of fact or law common to the two proceedings so that a consolidated proceeding would be more efficient than separate proceedings, and (ii) no party hereto or to such other Transaction Document would be prejudiced as a result of such consolidation through undue delay, conflict of interest or otherwise. In the event of different rulings on this question by the arbitration tribunal constituted hereunder and the tribunal constituted under any other Transaction Document, the ruling of the panel under this Agreement shall control. In the case of a consolidated proceeding, the arbitrators in that proceeding shall be named in the manner set forth in Section 8.3(b) of the Subscription Agreement, except that in any such consolidated proceeding the Private Shareholders shall be deemed to constitute one party and shall jointly appoint a single arbitrator so long as neither the Company nor the Private Shareholders will be prejudiced as a result thereof and there is no conflict of interest between the Company and the Private Shareholders..."*





e) NUMBER OF ARBITRATORS, MANNER OF CHOICE, AND NOMINATION OF THE CLAIMANT'S ARBITRATOR.

Number of Arbitrators

1.- Pursuant to number b) of the arbitration clause transcribe above and pursuant to article 10 of the Rules of arbitration of the ICC, the present arbitration must be conducted by three arbitrators, one appointed by the whole claimants, other appointed, within 20 business days of the receipt of the petition, by the whole respondents, and a third appointed by the two other arbitrators previously appointed within 20 days after the day in which the respondent notified the claimant of the appointment of the respondent's arbitrator. It is also agreed in the arbitration clause that, if the respondent or respondents fail to appoint their arbitrator within the period mentioned, then the present arbitration proceeding must be conducted by a sole arbitrator, which would be the one appointed by the claimants, on the other hand, if the two arbitrators do not agreed in the nomination of the third one, then the third arbitrator shall be appointed by the Court according to articles 8.4 and 9.3 of the Rules of Arbitration of the ICC.

The relating part of the arbitration clause is the following:

"..(b) The arbitration shall be conducted by three arbitrators. The party initiating arbitration (the "Claimant") shall appoint its arbitrator in its demand (the "Demand"). The other party (the "respondent") shall appoint its arbitrator within 20 Business Days of receipt of the Demand and shall notify the Claimant of such appointment in writing. If the respondent fails to appoint an arbitrator within such period of 20 Business Days, the arbitrator named in the demand shall decide the controversy as a sole arbitrator. Otherwise, the two arbitrators appointed by the parties shall appoint a third arbitrator within 20 Business Days after the Respondent has notified the Claimant of the appointment of the Respondent's arbitrator. When the arbitrators



appointed by de Claimant and the Respondent have appointed a third arbitrator and the third arbitrator has accepted the appointment, the two arbitrators shall promptly notify the parties of the appointment of the third arbitrator..."


Manner of choice the arbitrators

2.- The only requirement to the arbitrators choice set forth in the arbitration clause is that their must be persons who speak and read both, English and Spanish. The relating part of the clause is the following:

"..All arbitrators shall be person who speak both Spanish and English. All arbitration proceedings shall be conducted in English but evidence may be presented in either Spanish or English..."

Nomination of the Claimant arbitrator.

3.- In connection to the nomination of the arbitrators agreed by the parties in letter b) of the arbitration clause, and in order to carry out with that clause and with article 4(e) of the Rules of Arbitration of the ICC, on behalf of the claimant we appoint as arbitrator Mr. Carlos Loperena Ruiz with domicile in Campeche No. 315, 3er. Piso, Colonia Hipódromo Condesa, Delegación Cuauhtémoc, C.P. 06170, México D.F., México; Mexico City phone 5286-9086 and 5286-3987; México City Fax 5286-7678, e-mail: cloperena@prdigy.net.mx, who pursuant to article 7 of the Rules of Arbitration of the ICC shall be notified of its appointment, and in case of confirmation of its nomination, shall sign the statement of independence and disclose to the Secretariat any facts or circumstances which might be of such a nature as to call into question its independence in the eyes of the parties.



f) COMMENTS CONCERNING THE PLACE OF ARBITRATION, THE APPLICABLE RULES OF LAW AND THE LANGUAGE OF THE ARBITRATION.

Place of arbitration

In letter a) of the arbitration clause, the parties set forth that the place of arbitration will be Mexico City, without prejudice that the arbitrators may hold hearings in such other locations as the arbitrators determine. The relating part of the clause is the following:

"..The arbitration shall be held in Mexico City; provided that the arbitrators may hold hearings in such other locations as the arbitrators determine to be most convenient and efficient for all the parties under the circumstances..."

Applicable Rules of Law

Procedure Law. Pursuant to the arbitration clause the applicable rules are the Rules of Arbitration of the ICC, and to supplement these, the rules contained in Title IV of the Fifth Chapter of the Mexican Commercial Code.

Substantive Law. The substantive law governing the Subscription and to the Shareholders Agreement is the law of the United Mexican States.

The Arbitral Tribunal or the Sole arbitrator have the right to determine which is the appropriate applicable rule of law to observe in the award, however, pursuant to article 17.1 of the Rules of Arbitration of ICC, that right must be based on the characteristics and connections presented in this case, as provided by article 1445 of the Mexican Commercial Commerce.

The characteristics and connections that must be observed to the application of Mexican Laws are the following:

- That the parties appointed the Mexican Law as the governing law in the Shareholders Agreement.
- That the parties appointed Mexico City as the forum of the arbitration.
- That the place of performance of the Subscription Agreement is Mexico, with respect to a Mexican company, namely, Megacable.
- That the place of performance of the Shareholders Agreement is Mexico, with respect to a Mexican company, namely, Megacable.
- That the effects of the Support & Guarantee Agreement will occur in Mexico, with respect to a Mexican company, namely, Megacable.
- That Megacable is a company incorporated under the laws of Mexico with its principal place of business in Mexico.

Language

Although in the arbitration clause the parties agreed that the arbitration procedure shall be conducted in English, evidence and documents may be presented in English and/or Spanish.

g) Procedure issues, costs and expenses and payment in advance of costs.

The arbitration costs, fees and expenses of the arbitrators, the fees of experts, in such case, plaintiff's legal fees and expenses, and any other fee or cost, must be paid by the defendant, given its breach of the Transaction Documents.

Advance of costs.

Pursuant to article 4.4. of the Rules of Arbitration of the ICC, enclosed herewith is the advance of administrative expenses in the ~~quantity~~ of US \$2,500.00 (TWO THOUSAND

FIVE HUNDRED 00/100 DOLLARS OF THE U.S.A.), according to Article 1.1 of the Appendix III of the Rules of Arbitration of the ICC.

EXHIBITS:

- 1) Power of Attorney granted by "MEGA CABLE, SOCIEDAD ANONIMA DE CAPITAL VARIABLE" ("Megacable") appointing Mr. Rodolfo Morales de la Garza as attorney-in-fact for lawsuits and collections. **"Exhibit 1"**.
- 2) Power of Attorney granted by MCM HOLDING, SOCIEDAD ANONIMA DE CAPITAL VARIABLE ("MCM Holding") appointing Mr. Alejandro Hernández Bringas as attorney-in-fact for lawsuits and collections. **"Exhibit 2"**.
- 3) MEGA CABLE, SOCIEDAD ANONIMA DE CAPITAL VARIABLE by-Laws and MCM HOLDING, SOCIEDAD ANONIMA DE CAPITAL VARIABLE by-Laws ("Estatutos") **"Exhibit 3"**.
- 4) The Subscription Agreement signed on January 19th, of 1995, between MEGA CABLE, SOCIEDAD ANONIMA DE CAPITAL VARIABLE and RCN International Inc. **"Exhibit 4"**.
- 5) The Support & Guarantee Agreement signed on January 19th, of 1995, between MEGA CABLE, SOCIEDAD ANONIMA DE CAPITAL VARIABLE, the Private Shareholders and RCN Corporation Inc. **"Exhibit 5"**.
- 6) The Shareholder Agreement signed on January 24th, of 1995, between MEGA CABLE, SOCIEDAD ANONIMA DE CAPITAL VARIABLE, the Private Shareholders and RCN International Inc. **"Exhibit 6"**.

7) Shareholders Meeting minutes of MEGA CABLE, SOCIEDAD ANONIMA DE CAPITAL VARIABLE , dated December 16th., 1994. **"Exhibit 7"**.

8) The Disclosure Statement in Support of Joint Plan of Reorganization, dated October 12, 2004. **"Exhibit 8"**.

9) Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries, dated the 12th of October, 2004. **"Exhibit 9"**.

10) Plan Supplement with Respect to Joint Plan of Reorganization of RCN Corporation and Certain Subsidiaries, dated the 19th of November, 2004. **"Exhibit 10"**.

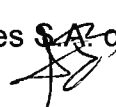
11) The Motion For an Order Approving the Assumption of Certain Executory Contracts, dated November 30, 2004. **"Exhibit 11"**.

12) The memorandum of Law in Support of Confirmation of the Plan, dated December 6, 2004. **"Exhibit 12"**.

13) The Findings of Fact and Conclusions of Law and Order Confirming the Plan, dated December 8, 2004. **"Exhibit 13"**.

14) The January 5, 2005, transcript of a Bankruptcy Court hearing concerning the assumption of executory contracts. **"Exhibit 14"**.

15) Letter undersigned by Michael A. Adams on behalf of RCN International Holdings INC., Enrique Yamuni Robles on behalf of Megacable, S.A. de C.V. , Francisco Delgado Zapico on behalf of Scotiabank Inverlat S.A. de C.V., and the Private Shareholders, regarding the spin-off of MC and the consequent incorporation of MCM Holding, S.A de C.V. and Megacable Telecomunicaciones S.A. de C.V. **"Exhibit 15"**.



16) Copy of the Certificate of Amendment of "RCN International, INC", changing its name form "RCN International, INC." to "RCN International Holdings, INC". **"Exhibit 16"**.

By Virtue of the Foregoing,

Respectfully before this INTERNATIONAL COURT OF ARBITRATION OF THE INTERNATIONAL CHAMBER OF COMMERCE, on behalf of the Plaintiffs we request:

FIRST.- To allow and entertain this arbitration petition pursuant to the foregoing facts and legal arguments, and to initiate the arbitration proceedings necessary to resolve the disputes submitted hereunder and to issue the corresponding arbitration award.

SECOND.- To accept the Exhibits pursuant to Article 3 of the Rules of Arbitration of the ICC, and to accept the advance payment established in Article 4.4 of the Rules above-mentioned.

THIRD.- To accept the Arbitrator appointed herein by the Plaintiffs; who should be given personal notice of the appointment for his confirmation and who should sign the statement of independence.

FOURTH.- To give personal notice to the Defendant at the above-mentioned designated domicile.

FIFTH.- To approve the arbitration agreement contained in Section 9.11 of the Shareholders Agreement, in all material respects.

SIXTH.- To determine the award of costs, fees and disbursements for the arbitration.

November 14, 2005.

MEGA CABLE, S. A. DE C. V.



MR. Rodolfo Morales de la Garza
Attorney-in-fact

MCM HOLDING, S.A. DE C.V.



Mr. Alejandro M. Hernández Bringas
Attorney-in-fact