



Cablevisión Holding S.A.

Annual Report and Consolidated Financial Statements

For the Irregular Eight-month fiscal year Beginning May 1, 2017
and ended December 31, 2017

CABLEVISIÓN HOLDING S.A.

2017 ANNUAL REPORT

To the Shareholders of

Cablevisión Holding S.A.

We hereby submit for your consideration the Annual Report and Exhibit, the Consolidated Company Balance Sheet, the Consolidated Company Comprehensive Statement of Income, the Consolidated Company Statement of Changes in Shareholders' Equity and the Consolidated Company Statement of Cash Flows and Notes of Cablevisión Holding S.A. (hereinafter, "the Company", "Cablevisión Holding" or "CVH") for the eight-month fiscal year No. 1 ended December 31, 2017.

The main subsidiary of the Company is Cablevisión S.A. (hereinafter, "Cablevisión" or "CVSA"), a telecommunication operator.

2017 MACROECONOMIC ENVIRONMENT

During 2017, the performance of the Argentine economy was marked by, on the one hand, the gradual progress in its normalization process, and, on the other hand, the typical political conditionings of an election year. This dichotomy contributed to the partial accomplishment, during this second year of administration, of the results originally envisaged.

A glimpse at the events that took place during 2017 shows that the economy made headway with the disinflationary process and grew again, avoiding the exacerbated growth of primary public spending in an election year.

In order to achieve the foregoing, the large fiscal gap in Argentine pesos was financed with external indebtedness. This scenario, far from being innocuous, generated a slide of the Ps./USD exchange rate lower than the inflation rate, which, even though it served as an anchor, it did so at the expense of triggering a marked deterioration of the external front.

The performance of the price index at national level surveyed by the INDEC throughout the year represents the extent of the progress made in that disinflationary process. In fact, the price index closed the year at 24.8%, which represents a clear decrease compared to the 36.6% recorded in 2016. However, that percentage outstripped the upper level of the target established by the Government (15% with +/-2 percentage points), which brought to light both the difficulties to meet the targets adjusting relative prices (basically public utilities tariffs), and the limited scope of the Central Bank's reference rate to sterilize the monetization of the fiscal deficit and achieve the targeted inflation levels.

During 2017, amid this disinflationary path achieved under a scenario marked by high interest rates in Argentine Pesos, the GDP grew 2.9% compared to 2016. Said figure, slightly lower than the projected level of 3.5%, reverses the 2.2% decline recorded last year. This was influenced by a certain level of recovery of the purchasing power of salaries and pensions and the resurgence of bank lending. The key role played by gross domestic investment -it grew slightly over three times as much as the level recorded by the GDP- provided sustainability and partially explains the growth prospects for 2018.

The gradual recovery allowed the Government, for the first time since 2004, to maintain the growth rate of primary spending lower than that of the revenues, thus reducing tax pressure and primary spending as a percentage of the GDP. As a result, Argentina's primary fiscal and financial imbalances closed the year at around 3.9% and 6.1% of the GDP. The first of these figures, which does not include the imbalances of the provinces or the quasi-fiscal deficit of the Argentine Central Bank, was 0.4 percentage points below the 4.3% level recorded in 2016

(which incorporated the extraordinary revenues from the tax regularization scheme for ~1,3% of the Gross Product.) However, and as a result of larger interest payments derived from the growing indebtedness, the total fiscal deficit closed the year with a year-on-year increase of 0.2 percentage points.

On the other hand, the level of public debt continued to show an upward trend, reaching by the end of the year approximately USD 320.0 Bn, accounting for 58% of the GDP (28.5% when considering only the net debt with third parties). The level of indebtedness of the Argentine Central Bank, as a result of the issuance of Bills, followed this trend and closed the year at almost Ps. 1.2 Bn (~11% of the GDP and +66% above the level recorded by the end of 2016).

The high fiscal imbalance had a significant impact on the external front, which showed a premature deterioration in this early stage of recovery mainly as a result of the delay in the adjustment of the Ps./USD exchange rate. This deterioration was due to the lack of dynamism of exports, the exponential surge of imports, the higher interest payments on sovereign debt and the strong demand for foreign currency for savings and tourism purposes. In this sense, the trade balance showed a sharp and premature reversal, from a surplus of almost USD 2.0 Bn to a deficit of USD 8.5 Bn from one year to the other. The above worsened the current account deficit, which closed the year at around USD 28.0 Bn (4.5% of the GDP.)

The above suggests that the unwinding of many of the existing imbalances will take more time than expected. Therefore, two relevant considerations concerning the current strategy should not be overlooked. First, it should be noted that the current cycle of indebtedness (which, if naturalized, could be dangerous) only delays the unavoidable adaptation of the economy to its ability of genuinely generating foreign exchange and its necessary fiscal balance.

Secondly, it should be noted that even though the possibility of leveraging the economy allows the country to spread over time the adjustment of relative prices, the convergence towards a balanced position in public accounts is essential to make sustainable progress along a foreseeable path of disinflation. In fact, as history shows, the mere presence of high and sustained levels of fiscal deficits, whatever its source of financing, always represents a potential source of imbalances for the rest of the economic fundamental variables.

Perspectives for the Upcoming Year

Argentina still has to face significant challenges to make headway in its normalization process. In addition, apart from the above-mentioned progress (including the favorable results of the election), Argentina can benefit from the impetus from the Brazilian economy, which is expected to consolidate the slight recovery achieved during the year, with a projected growth of around 3% (the highest of the last five years.)

The main challenge for the economy in 2018 will be to make headway in the scheduled reduction of the primary fiscal deficit by one point of the GDP, trying to preserve the economy within the virtuous lane of growth, disinflation and generation of genuine employment, while preventing the Ps./USD exchange rate from continuing to part from its balance.

The projected unwinding of the fiscal imbalance seeks to achieve in 2018 a primary fiscal deficit of around 3.2% of the GDP (almost a percentage point below the level estimated for 2017.) This fiscal effort, partially offset with higher interest payments, would drive the fiscal imbalance to 5.5% of the GDP (0.6 percentage points below the level recorded in 2017.)

In this sense, it should be noted that this overspending above revenues involves financing needs for approximately USD 30.0 Bn (including direct aid from the Central Bank to the National Treasury for Ps. 140.0 Bn.) On the other hand, the public debt/GDP ratio is expected to stabilize by 2020, according to official estimates. It would grow again coming close to 60% of the GDP for the first time since 2007 (~31% corresponding to third parties.)

In order to meet this fiscal target, the rate at which primary public spending grows must remain below that of the revenues. According to the Government, this would be achieved with the scheduled cutting of economic subsidies (as from this year, the Government introduced a reduction in transport subsidies in the city of Buenos Aires), such as the impact of the recently enacted social security reform.

The Government will have to sustain in time the growth of the GDP in order to boost revenues and gradually reduce the high level of participation of primary spending in the economy. In retrospect, it should be noted that, even when the last monthly market expectations survey developed by the Argentine Central Bank anticipates an increase that would be more moderate than official projections, GDP growth will represent, for the second consecutive year, a turning point in the behavior pattern observed from 2011 to date, of exacerbated increases in election years followed by subsequent downturns as a result of the need to adjust those excesses in non-election years.

Lastly, it should be noted that almost by the end of the year under review, the Government decided to loosen up inflation targets for the following three years 2018-2020, so as to bring them into line with the projected path of tax convergence and their own private expectations. The target set for 2018 in particular is 15% and even when it is 5 percentage points above the previous figure of 10% (+/- 2 percentage points), the Government still faces the challenge of maintaining inflation levels above those expected by the private sector.

This redesign of the inflationary path expected for the following years suggests the government's decision to gradually redirect the course of the economy towards a new balance that will be less restrictive as far as domestic interest rates are concerned and more competitive in terms of the exchange rate.

2017 REGULATORY FRAMEWORK

Decree No. 267/15, issued on December 29, 2015 and published in the Official Gazette on January 4, 2016, created the National Communications Agency (ENACOM, for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications and vests the new agency with authority to enforce Laws Nos. 26,522 and 27,078, as amended and regulated.

Accordingly, the licenses for physical link and for radio-electric link subscription television services held by Cablevisión and its subsidiaries that had been granted under Laws Nos. 22,285 and 26,522 are now called "Registrations" of a Licencia Única Argentina Digital.

As established by this amendment (Section 7 of Decree No. 267 which amends, among others, Section 10 of Law No. 27,078), all the services exploited by cable operators (such as Cablevisión) are now governed by the Digital Argentina Act.

Subsequently, the ENACOM issued Resolution No. 1,394/16 which approved the new General Rules for Physical Link Subscription Television Services and/or Radio-electric Link Subscription Television Services. The new General Rules order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area.

The Executive Branch issued Decree No. 1,340/16 on December 30, 2016 and published it on the Official Gazette on January 2, 2017. Among other things, the Decree:

- Provides for the protection for fifteen years of last mile fixed NGN for broadband Internet services that may be deployed by the licensees of TIC services.
- Orders the issuance of regulations for the following purposes:
 - To call for a Public Bid for the allocation of new frequency bands for mobile services;

- To ensure the re-allocation of radio-electric spectrum frequencies with economic compensation to render mobile services or fixed wireless services with LTE or higher technologies;
 - To allocate radio electric spectrum frequencies on demand, imposing compensation, deployment and coverage obligations on the current local or regional providers of TIC services and on the current providers of mobile communication services.
- Sets forth that the persons restricted under Decree No. 267/15 from rendering physical or radio-electric link subscription television services may request the corresponding registration and begin to provide those services in certain areas as from January 1st, 2018.
 - Recognizes that the holders of satellite link subscription television service licenses that as of December 29, 2015 rendered TIC services may maintain the ownership of both services.
 - Orders the Ministry of Communications to guarantee the interconnection principles provided under the applicable legislation in order to ensure the impartiality, non-discrimination and fair competition among providers of mobile services.

Supply Law

The effects of Resolution No. 50/2010 of the Secretariat of Domestic Trade and subsequent resolutions issued in connection thereto, which arbitrarily and discriminatorily sought to impose a limit on Cablevisión S.A.'s monthly basic subscription price, are still suspended by the decision rendered by the Federal Court of the City of Mar del Plata in response to a claim filed by the Argentine Cable Television Association.

ENACOM Resolution No. 5644-E/2017

On December 22, 2017, the Board of the ENACOM granted the administrative approval of the transfer of the licenses of Cablevisión S.A. (subsidiary of CVH) to Telecom within the framework of the merger process between both companies.

The ENACOM held that both companies together exceed the radio electric spectrum limit established under effective regulations. Therefore, the merged company must return said excess.

That agency also held that in locations with less than 80,000 inhabitants where it provides television services, the merged company may not offer integrated services packages.

In addition, it requested the new company to open its networks in different geographical areas. And it held that the merged company may not provide services in locations with less than 80,000 inhabitants. If it already provides services in said locations, it may not offer integrated services packages until January 1, 2019.

THE COMPANY. ORIGIN, EVOLUTION AND PROFILE

Cablevisión Holding is the first Argentine Holding engaged in the development of infrastructure and delivery of convergent telecommunications services, focused on Argentina and the region. CVH was created on May 1, 2017 as a result of the spin-off process of Grupo Clarín S.A. that began in September 2016 to promote the specialization of the assets of each company and its subsidiaries, allowing for the implementation of differentiated growth strategies and goals for each segment.

At the time of its creation, the company was the holder of 60% of the capital stock of Cablevisión S.A., a telecommunications operator which is the main provider subscription television and broadband Internet services.

CVH focuses its investments on the telecommunications sector through the distribution of video, voice and data under the global technological convergence process, which tends towards the integrated provision of TIC services.

Cablevisión Holding S.A. focuses, through its subsidiaries, on investing in technology, developing convergent networks and providing competitive high quality integrated services, which will increasingly provide universal access to knowledge society. The companies, products and brands of Cablevisión Holding are benchmark providers in the telecommunications and content distribution industries.

Cablevisión Holding's controlling shareholders are Argentine. It competes with major local and international players, providing quality services across all the segments in which it operates.

On August 30, 2017, CVH obtained authorization for admission to the public offering regime and the listing of its shares on the Buenos Aires Stock Exchange. On February 21, 2018, CVH's global depository shares (GDSs) represented by global depository receipts were admitted to the official list of the United Kingdom Listing Authority ("UKLA") to be traded on the main market of the London Stock Exchange.

RELEVANT EVENTS

During 2017, Cablevisión S.A., a subsidiary of Cablevisión Holding, was absorbed by Telecom Argentina S.A. under a merger by acquisition process.

On June 30, 2017, the directors of both companies approved the pre-merger commitment. The transaction sought to be in line with the global convergence process in the provision of fixed and mobile telecommunication services and the distribution of video and Internet, known as quadruple play. The combination of both companies will boost the investment in a more modern mobile technology infrastructure, as well as the deployment of a high-speed fiber optic network.

The transaction was consummated through the absorption of Cablevisión S.A. by Telecom Argentina S.A., which continued with the operations of both companies, under a merger by acquisition process. The terms of the merger were based on the valuation of both companies. Telecom Argentina S.A. (TEO) was valued in USD 5.000 billion and Cablevisión was valued in USD 6.111 billion. Therefore, CVH, which at the time of the merger was the holder of 60% of the capital stock of Cablevisión, retained 33% of the merged company.

In addition, Cablevisión Holding S.A. executed a shareholder agreement with Fintech Advisory Inc. -and its subsidiaries- (shareholders of Telecom Argentina S.A.), whereby it is entitled to appoint the majority of the members of Telecom Argentina S.A.'s Board of Directors. In addition, on July 7, 2017 it executed a share call option agreement (with Fintech) for 6.08% of Telecom Argentina S.A. after the merger. Said option was exercised on December 27, 2017. As a result, CVH holds a 39.1% equity interest in Telecom Argentina S.A. as from the effective date of the merger, January 1, 2018.

On September 25, 2017, the Company executed a loan agreement with Citibank, N.A., Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, Itaú Unibanco S.A., Nassau Branch for USD 750,000,000. The funds from the loan were used for the payment of the Exercise Price under the Option Agreement signed by the Company, Fintech Advisory Inc and its subsidiaries –Fintech Telecom LLC and Fintech Media LLC-. The maturity date shall be the earlier of 18 months counted as from the date of

disbursement or the date on which the loan becomes due and payable pursuant to acceleration events provided under the loan offer, whichever occurs first.

On December 22, 2017, the ENACOM authorized the transfer to Telecom Argentina S.A. of the licenses and frequencies of subscription television, broadband Internet and mobile telecommunications held by Cablevisión and approved the change of control in Telecom Argentina.

CABLEVISIÓN HOLDING AND ITS BUSINESS AREAS IN 2017

2017 was the first fiscal year of CVH. It was an irregular year of only eight months. During that period, the Company focused its businesses on the subscription television, Internet access and IDEN Telephony sectors, through the operations of its subsidiary Cablevisión. The business segments in which the Company operated are:

- a. Cable television and Internet access.
- b. IDEN Telephony Services.
- c. Other (income and expense of CVH as a holding company)

Consolidated net sales stood at Ps. 28.399 billion and the consolidated gross financial indebtedness of CVH (including sellers financing, accrued interest and fair value adjustments) stood at Ps. 24.648 billion.

Telecommunications

As of December 31, 2017, Cablevisión Holding held among its assets Cablevisión S.A. (subsequently merged into Telecom Argentina S.A.), one of the main regional cable television and broadband systems. This company's revenues mainly derived from monthly subscriptions to cable television service and high-speed Internet access, through Fibertel. Its revenues also derived from connection and advertising charges, sales of premium and pay-per-view programming, digital packages, DVR, HD, VOD (Video On Demand) services, the recently launched Flow services, and the magazine.

During 2016, Cablevisión acquired Nextel, a mobile telephony operator. Nextel is now a subsidiary of Cablevisión.

As of December 31, 2017, Cablevisión network passed through approximately 7.9 million households and provided a bi-directional broadband capacity of more than 750 MHz at approximately 80% of cabled households. Through these networks, it not only offers cable and broadband Internet access services, but also value-added products and services.

Cablevisión has cable networks in the metropolitan area of Buenos Aires, a unit that includes the City of Buenos Aires, suburban areas and that, together with the City of La Plata, make up the "AMBA Region". In addition, it operates in other cities of the provinces of Buenos Aires, Santa Fe, Entre Ríos, Córdoba, Corrientes, Formosa, Misiones, Salta, Chaco, Neuquén and Río Negro. Through its subsidiary Telemás S.A., the Company provides services in Uruguay.

As of December 31, 2017, Cablevisión had 3,91 million customers in Argentina (2,19 million customers received broadband services, and 3,52 million, cable television), and 142,600 in Uruguay.

Cable Television, Internet and Mobile Telephony Services

Cablevisión offers a basic service that includes the main signals of the programming grid and premium packages. These packages offer additional signals, with exclusive contents not available for the basic service, differentiated by genre. Cablevisión's programming comes from more than 50 providers and transmits broadcast television stations of the different locations where it operates.

Cablevisión also offers its subscribers a basic digital package, a High Definition (HD) package and a Video On Demand (VOD) package. Cablevisión provides digital services in the AMBA region, in the City of La Plata and in the main locations of the provinces. This service enables to broaden the signal offering and features an on-screen programming guide.

Since November 2016, Cablevisión has been operating a new on line content service, Flow. The distribution of contents is based on IP infrastructure and QAM Digital TV with the possibility of using new functionalities such as linear streaming, Start Over, Reverse EPG, Cloud DVR and access to VOD contents, among others. Its programming is supported from a new user interface supplemented with advanced search and recommendation systems available in any type of device. It is the first platform of this kind in Latin America and required heavy investments, not only for its development, but also for the adjustments made to the company's networks.

In 2017, Cablevisión participated for the first time in the co-production of audiovisual contents, with the series *La Fragilidad de los Cuerpos* and *El Maestro* with Turner, Polka and ARTEAR, and *Un Gallo para Esculapio* with Turner, Telefé and Underground. The first episodes were premiered in traditional broadcast linear TV and, at the end of those first episodes, Cablevisión offered the full seasons in its on-demand platforms.

Cablevisión has been offering high-speed cable modem Internet access through its networks under the Fibertel brand since September 1997. Cablevisión's Internet access products provide specific solutions, virtual private network (VPN), traditional Internet Protocol (IP) connections and corporate products. Currently, its subscribers have access to its network at average speeds of 17 megabytes. During 2017, it massively launched the 100-mega connection product. In addition, the company launched a mass upgrade campaign called *Duplicate*, which allowed customers to multiply browsing speed permanently and for free.

In 2010, the Company created FiberCorp, Fibertel's corporate business unit that provides comprehensive telecommunications solutions to large, medium-sized and small-sized companies. It has a broad communication network for data, voice and video transport. This enables it to provide dedicated Internet access solutions, dynamic connections, symmetric access, and IP video surveillance, among other services.

Until 2017, CVH provided mobile telecommunications services exclusively through Nextel Communications Argentina, a subsidiary of Cablevisión. Nextel uses, to render its Radio Electric Trunking ("SRECE", for its Spanish acronym), iDEN technology (Integrated Dispatch Enhanced Network) developed by Motorola. This allows the company to unify in only one equipment Direct Connection services (two-way digital radio), telephone interconnection, messaging, and data transmission. As of December 31, 2017, Nextel had 0.5 million postpaid mobile customers.

On June 22, 2016, Nextel acquired, together with Cablevisión, 100% of Fibercomm S.A. and Gridley Investments S.A., owners of Trixco S.A., holder of the radio-electric spectrum 900Mhz bands. They also acquired all the capital stock of WX Telecommunications LCC and Greenmax Telecommunications LCC, which through its subsidiaries rendered wireless telecommunication services and radio-electric spectrum services in 2.5 Ghz bands. These transactions allow Nextel to enhance its current services and incorporate new value-added services. In 2017, they were absorbed by Nextel.

Commercialization and Customer Service

Cablevisión uses several market positioning mechanisms. These include promotions, customer service center locations, newsletters about the company, institutional information and programming through its websites. It advertises its services in the print, audiovisual and digital media and over its own broadcasting signals. In addition, it publishes a monthly magazine called “Miradas”, which is sold to a portion of its subscribers.

Customer service is provided through an integrated Contact Center that offers round-the-clock support. Customers can contact the Company by phone, email and chat through Cablevisión’s website. Subscribers may also post their comments via social networks, mainly Twitter and Facebook. Cablevisión is certified under the model of the COPC (Customer Operations Performance Center) standards, which foster improvements in the processing of customer’s inquiries.

The satisfaction indicators remained above the target of 85%, according to Top Two Box. Its customer service is an attribute that differentiates Cablevisión from its competitors and is highly valued by customers.

CORPORATE SOCIAL RESPONSIBILITY, SUSTAINABILITY AND HUMAN RESOURCES

CVH, through its subsidiary Cablevisión, established certain policies on social corporate responsibility and sustainability. During 2017, it continued with the implementation of those policies. CVH believes in taking an active role in the contribution that the telecommunications industry can make to the sustainable development of Argentina, meeting the expectations of the different stakeholders.

In addition, CVH believes in providing quality and up-to-date information to its investors and to the financial market. Through its daily activities, it actively promotes transparency policies and ethical standards.

In 2016, Cablevisión formalized its Sustainability Policy. This Policy defines sustainability as a management model that promotes respect for people, communities and the environment, ensuring that the development of its business contributes to the construction of a fairer, more inclusive and sustainable society. In addition, the Company focuses on the capacity of people, organizations and networks to boost the creation of shared value through solid, dynamic and sustainable connections.

In this framework, and together with the approval of the United Nations Sustainable Development Goals, Cablevisión designed “Connections that transform”, its 2016-2020 Sustainability Strategy. This commitment is undertaken in 3 ecosystems:

1. Economic → NODE: Promote employment and productive development.
2. Social → LAB: Promote digital inclusion and social innovation.
3. Environmental → BIO: Manage the infrastructure and environmental aspects, boosting positive impacts and mitigating negative impacts.

Cablevisión adhered to the Global Compact and has been incorporated to the Global Compact Argentine Network, thus committing to its 10 fundamental principles. It has also maintained its participation in the Argentine Business Council for Sustainable Development (CEADS, for its Spanish acronym), the AmCham CSR Committee, the IDEA CSR Committee and is a founding member of Red de Empresas por la Diversidad (R.E.D.).

During 2017, Cablevisión published its first sustainability report, within the framework of its CSR strategy and the economic, social and environmental performance of the company in its operations in Argentina and Uruguay. The report was prepared under strict international standards: G4 Guide of the Global Reporting Initiative - GRI), the “Core” conformity option, and the Media Sector Supplement, United Nations Sustainable Development Goals 2015/2013 and the 10 principles of the United Nations Global Compact.

NODE - Employment and Productive Development

Cablevisión promotes the development of its employees as active drivers of the Company’s performance. To this end, the Company offers training opportunities and access to new jobs with a view to their professional development and the alignment of their personal goals with those of the organization.

During 2016 and 2017, the Company worked on the implementation and improvement of a tool called Smart (management tool). This tool is used to conduct several work processes and procedures, such as performance management, succession, vacation logs, obtaining information about structures, applying for internal job postings, learning about news reported by the Company, etc. It may be accessed from any device connected to the Internet.

As to the composition and diversity of Cablevisión’s payroll, it should be noted that the percentage of employees by sex and age follows the usual parameters of companies in the industry.

Employees by sex Number of employees

Female employees	2,425
Male employees	9,193
Total	11,618

Employees by type of employment Number of employees

Part-time	460
Full-time	11,158
Total	11,618

Employees by type of contract Number of employees

Permanent employment contract	11,342
Fixed-term employment contract	255
Temporary employment Contract	21
Total	11,618

Sustainability Goals

Cablevisión has set “Sustainability Goals in Human Resources Management” that seek to improve the quality of employment and the development of the employees strengthening in this way business management and the quality of the service provided to its customers. The focus of these goals is threefold: Promoting the inclusion of diversity; generating a work environment that allows for achieving a balance between the employees’ personal and working life and fostering and consolidating a culture that promotes values and transparency within Cablevisión.

Unions and Collective Bargaining Agreements

Cablevisión promotes an open dialog with union representatives, recommending and empowering all levels of supervision to maintain periodic meetings with internal union commissions, fostering mutual understanding and addressing complaints and grievances as fast and as close to the source as possible. Since 2013, the training programs for heads and supervisors include training sessions about the development of a relationship with unions. The Company also provided customized workshops aimed at areas that have specific issues. Cablevisión takes an active role in meetings with unions called by the Argentine Cable Television Association, in the understanding that a transparent and straightforward communication is necessary to favor cooperation between the unions and the Company.

Cablevisión's employees exercise freely their right to join unions. They are currently represented by the Argentine Union of Television, Audiovisual, Interactive and Data Services, the Argentine Association of Announcers, the Press Association of Santa Fe and first-degree press unions represented by the Argentine Federation of Press Workers and the Argentine Federation of Telephone Companies Workers and Employees (NEXTEL).

Occupational Health, Safety and Assistance

Cablevisión has an occupational safety and health policy where it undertakes the commitment to ensuring safe and healthy work environments, focusing its best efforts on preventing occupational accidents, injuries and diseases.

It develops and offers on a regular basis information, campaigns and actions aimed at employees with an integration and cross-sector approach, seeking to ensure a good working environment.

In addition, the Company has a Joint Health and Safety Committee made up of representatives of occupational safety of Cablevisión, referents of Human Resources and Labor Relations and union representatives.

On the other hand, Cablevisión conducts annual medical exams to detect and prevent potential health problems. The Company also develops and implements workplace quality life promotion and protection programs; addiction prevention programs; vaccination campaigns; fire and emergency brigades; among others.

Training

During 2017, Cablevisión implemented corporate training programs related to different competences: Professional and learning skills, staff management and development, integrity, effective communication, change management, results-oriented, strategic thinking, negotiation, productive creativity, effective management, customer satisfaction and commitment to the team. The Company developed programs at several universities: UADE, San Andrés, Di Tella, Palermo, IAE and Universidad Austral targeted at different hierarchical levels of the company.

In line with modern and inclusive training models, the Company put in place a virtual campus where employees can have access to online training on several subjects irrespective of their position. These training sessions are available at any time so that each employee may manage his/her own training according to his/her needs and the time available for self-training.

LAB - Digital inclusion and social innovation

Puente Digital – Digital Inclusion Policy

Since 2007, *Puente Digital* has been the policy that provides for free cable TV and Internet services to schools, hospitals and community organizations, whereby Cablevisión seeks to contribute to digital inclusion and social innovation, providing access to technology to face social and environmental challenges, in alliance with local, provincial and national governments, civil society organizations, universities and other companies. The actions carried out by Cablevisión in connection with this program include comprehensive design and donation of connectivity, development of cloud technology to face education, health, emergency and citizenship challenges, digital training and literacy so that women and girls can have access to technology and young people can have access to employment opportunities. Currently, Cablevisión provides 14,386 free connections under the program *Puente Digital*.

BIO - The Environment

Environmental Management Systems and Policy

Cablevisión has in place an Environmental Policy, which establishes its commitment to manage its operations within a framework of environmental preservation and protection, strengthening the sustainability of its actions as a telecommunications company in the provision of cable television and Internet services, setting action pillars that support its policy, environmental management and strategic goals. For many years now, Cablevisión has been gathering information related to environmental management indicators in line with the voluntary reporting guidelines of the Global Reporting Initiative (GRI).

It should be noted that Cablevisión passed the audit regarding the re-certification of the ISO 14001:2015 standard in Rosario operations, a certification obtained in 2014. In addition, the Company is working on an environmental awareness program through training and campaigns with the participation of all the employees of Cablevisión.

Consumption of Resources

Cablevisión's consumption of resources is closely related to the provision of its services - and are therefore extremely heterogeneous - from the materials used in the offices to the materials that make it possible for customers to have access to Internet and cable TV services. Among the main materials consumed, the most remarkable in terms of volume and strategic relevance for the provision of services are:

Material consumed	Consumption in kg.
Cable - Non-renewable	3,367,515
Customer-provided equipment (CPEs) - Non-renewable	2,047,616
Paper - Renewable	30,771

Cablevisión has processes in place to reduce the consumption of set-top units nationwide, developing mechanisms to recover set-top units delivered to subscribers under gratuitous bailment agreements.

The control on consumption and the management of energy use are key to minimize the carbon footprint and the impact derived from climate change. At its main warehouse, the Company replaced its traditional lighting equipment with LED equipment.

At facilities located in the City of Buenos Aires, Mar del Plata and the Provinces of Córdoba, Buenos Aires, Santa Fe and Salta, the Company implemented the sorting at source of household-like waste. Currently, 60% of the employees nationwide separates waste at source. The Company will continue with this course of action until it has been implemented in all of the Company's facilities. The Company works on waste management together with the cooperatives Madreselva, Alelí, Recolectores Urbanos del Oeste, El Álamo, El Amanecer de los Cartoneros and Cartoneros del Sur in the City of Buenos Aires, Crece in the Province of Córdoba.

Cablevisión donates technological equipment to institutions that receive free Fibertel connection seeking to make another contribution towards citizenship connectivity and to contribute to environmental care by reusing equipment. Since 2002, the Company has been providing its support to Fundación Garrahan's Recycling Program. In 2017, the Company donated 10,929 kg of paper, which avoided the felling of 220 medium-sized trees and 120 kg of plastic tops.

TRANSPARENCY AND ETHICS

Cablevisión Holding believes that one of the pillars of a good management is transparency. Therefore, through its communication it seeks to make available as much information as possible about its operations and businesses. In addition, it establishes ethical standards for the development of its operations.

The Company has a policy called Code of Ethics and Conduct, which, among other things, seeks to avoid potential conflicts between the Company's -and its subsidiaries'- interests and the personal interests of its directors and employees and their respective direct relatives. The code describes objective scenarios where a conflict of interest may arise and provides a non-exhaustive list of examples that standardize conflicts.

The Code of Ethics and Conduct deals with the handling of confidential information by the Company's officers, where confidential information is understood as all such information that has not become publicly known and that may be important for an investor to make a buy, sell or hold decision concerning any of the Company's securities. The Code prohibits the use of such information by the Company's officers for their own benefit or for the benefit of a third party.

Cablevisión Holding makes available to its investors and shareholders all the relevant information about its performance. CVH has employees who are in charge of the relationship with investors and shareholders, answering their inquiries and providing financial and operating information. The Company issues and distributes quarterly reports and holds periodic conference calls during which the information provided is discussed. All the reports are subsequently uploaded to the corporate website.

The Company maintains communication channels with the minority shareholders through the disclosure of relevant information in the stock exchanges where its shares and GDSs are listed and through information disclosed in the Company's web site.

RISK FACTORS

As an Argentine corporation whose only significant assets currently are shares of Telecom S.A. ("Telecom"), another Argentine corporation into which Cablevisión S.A. was merged effective January 1, 2018, Cablevisión Holding S.A. is exposed to a wide range of risks related to the country and to its operations. The Company relies on a strong internal control system and its control of Telecom, which is the result of its ownership interest and the provisions of a shareholders agreement that entitles the Company to designate a majority of the members of the board of directors of Telecom. The identification of risk and its assessment is part of Telecom's business plans, and is also addressed by a corporate based control department and by the Company's board on a regular basis.

Risks Relating to Argentina

Overview

A substantial majority of Telecom's property, operations and customers are located in Argentina, and a portion of its assets and liabilities are denominated in foreign currencies. Accordingly, our financial condition, results of operations and cash flows depend to a significant extent on economic and political conditions prevailing in Argentina and on the exchange rates between the peso and foreign currencies. In the recent past, Argentina has experienced severe recessions, political crises, periods of high inflation and significant currency devaluation. Argentina experienced economic growth in the last decade, although according to INDEC's official figures, the Argentine economy contracted in 2016 and recovered in 2017. Uncertainty remains as to whether the growth is sustainable, as well as how several factors would impact the Argentine economy, including among others, inflation rates, exchange rates, commodity prices, level of BCRA reserves, public debt, tax pressures and healthy trade and fiscal balances.

Devaluation of the peso may adversely affect our results of operations, our capital expenditure program and the ability to service our liabilities and transfer funds abroad.

Since we generate a substantial portion of our revenues in pesos (our functional currency), any devaluation may negatively affect the U.S. dollar value of our earnings while increasing, in peso terms, our expenses and capital expenditures denominated in foreign currency. A depreciation of the Argentine Peso against major foreign currencies may also have an adverse impact on our capital expenditure program and increase the peso amount of our trade liabilities and financial debt denominated in foreign currencies. Telecom seeks to manage the risk of devaluation of the peso by entering from time to time into certain NDF agreements to partially or completely hedge its exposure to foreign currency fluctuations caused by its liabilities denominated in foreign currencies (mainly U.S. dollars). Telecom also has financial assets denominated in U.S. dollars that contribute to reduce the exposure to liabilities denominated in foreign currencies, as well as international operations in the U.S., Uruguay and Paraguay that generate profits in foreign currencies.

The Argentine Peso has been subject to significant devaluation against the U.S. dollar in the past and may be subject to fluctuations in the future. According to the exchange rate published by the Banco de la Nación Argentina, in the year ended December 31, 2017 the devaluation of the peso against the U.S. dollar was 17.1% (compared to 21.9% and 52.5% in the years ended December 31, 2016 and 2015, respectively). The Peso lost 7.1% of its value against the U.S. dollar in the first two months of 2018.

On December 17, 2015, the current administration lifted many of the restrictions to access the foreign exchange markets ("FX Markets") and the multiple exchange rate system was unified into a floating rate regime. This measure permitted a practically complete replacement of the multiple exchange rate system applicable at that time for commercial and financial transactions in Argentina and the unification of the foreign exchange market under a single market-driven exchange rate.

Given the economic and political conditions in Argentina, we cannot predict whether, and to what extent, the value of the peso may depreciate or appreciate against the U.S. dollar, the euro or other foreign currencies. We cannot predict how these conditions will affect the consumption of services provided by Telecom or our ability to meet our liabilities denominated in currencies other than the . Moreover, we cannot predict whether the Argentine government will further modify its monetary, fiscal, and exchange rate policy. If any of these changes takes place we cannot anticipate the impact these could have on the value of the peso and, accordingly, on our financial condition, results of operations and cash flows, and on our ability to transfer funds abroad in order to comply with commercial or financial obligations or dividend payments to shareholders located abroad.

Inflation could accelerate, causing adverse effects on the economy and negatively impacting Telecom's margins.

In the past, Argentina has experienced periods of high inflation. Inflation has increased since 2005 and has remained relatively high since then. There can be no assurance that inflation rates will not be higher in the future.

On January 2014, a new consumer price index, the National Urban Consumer Price Index (Indice de Precios al Consumidor Nacional Urbano, or "IPCNU") was published with the aim of improving the accuracy of measurements of the evolution of prices in the Argentine economy. The IPCNU integrates a set of price indexes which allows for the monitoring of the change in several prices in the economy (wholesale, commodities and construction costs, among others) by considering the price information from all the provinces in Argentina. The IPCNU increased by 11.9% over the period from January to October 2015 (according to last available data); and by 23.9% in 2014. During the last few years there had been a substantial disparity between the inflation indexes published by the INDEC and the higher inflation indexes estimated by private consulting firms. The INDEC estimated that the Argentine wholesale price index increased by 13.1% in 2012, 14.8% in 2013, 28.3% in 2014 and 10.6% in the period of January to October 2015 (according to the last available data because INDEC has not yet disclosed figures for November and December 2015). The INDEC resumed publication of the wholesale price index beginning in 2016. The Argentine WPI increased by 34.6% in 2016 and 18.8% in 2017.

On January 8, 2016, the current administration issued Decree No. 55/2016 declaring a state of administrative emergency with respect to the national statistical system and the INDEC until December 31, 2016. During this state of emergency, the INDEC had suspended publication of certain statistical data (regarding prices, poverty, unemployment and GDP) until it completed a reorganization of its technical and administrative structure capable of producing sufficient and reliable statistical information. As of the date of this Annual Report, INDEC has resumed publication of mentioned statistical data, although for some indicators it has not disclosed or provided reestimated figures for certain time periods.

As a consequence of the mentioned events, the full year 2015 inflation measure for IPCNU index was not disclosed, and according to last available data (from October 2015) the IPCNU registered an increase of 11.9% over the January to October 2015 period. As alternative guidance to IPCNU, the authorities suggested that other measures should be observed, such as those published by the statistical entity of the Buenos Aires City (IPC CABA) and the San Luis Province that registered an annual increase of 26.9% and 31.6% in 2015, respectively. IPCNU publication was resumed in June 2016 disclosing May 2016 monthly inflation figures, while data for the months in the period January to April 2016 remains unavailable. Taking this into account, IPCNU variation from May to December 2016 was 16.9% and, as alternative guidance, the indexes published by the Province of San Luis and the City of Buenos Aires from January to April 2016 represented an increase of 13.9% and 19.2%, respectively. During 2017, the INDEC

published monthly IPC index regularly, registering an increase of 24.8% on a year-over-year comparison.

The Argentine government continued implementing several actions to monitor and control prices for the most relevant goods and services. Despite such actions, the Argentine economy continues to experience high levels of inflation. If the value of the peso cannot be stabilized through fiscal and monetary policies, an increase in inflation rates could be expected.

Since the majority of our revenues are denominated in pesos, any further increase in the rate of inflation not accompanied by a parallel increase in our prices would decrease our revenues in real terms and adversely affect our results of operations.

Also, higher inflation leads to a reduction in purchasing power, thus increasing the risk of a lower level of service consumption from our fixed and mobile customers in Argentina.

Future policies of the Argentine government may affect the economy as well as the operations of the telecommunications industry, including Telecom Argentina.

The Argentine government has historically exercised significant influence over the economy, and telecommunications companies in particular have operated in a highly regulated environment. In the past, the Argentine government promulgated numerous, far-reaching regulations affecting the economy and telecommunications companies in particular. Regulations such as SC Resolution No. 5/13 regarding the quality of telecommunication services could further increase penalties imposed by the regulatory authorities. In addition, local municipalities in the regions where Telecom operates have also introduced regulations and proposed various taxes and fees for the installation of infrastructure, equipment and expansion of fixed line and mobile networks. For example, municipalities usually restrict areas where antennas may be deployed; causing negative impact for the mobile service coverage, which in turn affects our quality of services. Provinces have increased their tax rates, particularly the turnover tax rates, resulting in the highest rates in Argentine history and such increases may continue. Municipal and provincial tax authorities have also brought an increasing number of claims against Telecom. Telecom disagrees with these proceedings and is contesting them.

If claims against us are not resolved in Telecom's favor, and changes to the existing laws and regulations lead to adverse consequences for Telecom, our business, financial condition, results of operations and cash flows may be adversely affected.

Since assuming office on December 10, 2015, President Macri has undertaken several economic and policy reforms. As of the date of this Annual Report, the long-term impact that certain of these measures and any future measures taken by the current administration will have on the Argentine economy as a whole and the telecommunication sector in particular cannot be predicted. We believe that the effect of the planned liberalization of the economy, the reduction of the poverty and the integration of Argentina to international markets, will be positive for our business by stimulating economic activity. However, it is not possible to predict such effect with certainty and such liberalization could also be disruptive to the economy and fail to benefit or harm the Argentine economy and our business in particular.

We cannot assure you that the Argentine government will not adopt other policies that could adversely affect the Argentine economy or our business, financial condition or results of operations. In addition, we cannot assure you that future economic, regulatory, social and political developments in Argentina will not impair our business, financial condition or results of operations, or cause the market value of our common shares to decline.

The Argentine government may exercise greater intervention in private sector companies, including Telecom.

In November 2008, through Law No. 26,425, Argentina nationalized its private pension and retirement system, which had been previously administered by the AFJP, and appointed ANSES as its administrator. Argentina's nationalization of its pension and retirement system constituted a significant change in the Argentine government's approach towards Argentina's main publicly traded companies. A significant portion of the public float of these companies was owned by the AFJP and is currently held by ANSES-FGS, such as the case of Telecom. The Argentine government could exercise influence over corporate governance decisions of companies in which it owns shares by combining its ability to exercise its shareholder voting rights to designate board and supervisory committee members with its ability to dictate tax and regulatory matters. Additionally, since the AFJP were significant institutional investors and active market traders in Argentina, the nationalization of the private pension and retirement system affected the access to financing in capital markets for publicly traded companies as well as liquidity within the market.

In addition, prior administrations took several steps to re-nationalize the concessions and utilities that were privatized during the 1990s. We cannot predict whether current or future administrations will take similar or further measures, including nationalization, expropriation and/or increased Argentine governmental intervention in companies.

The matters described above could create uncertainties for some investors in public companies in Argentina, including the Company.

Argentina's economy may contract in the future due to international and domestic conditions which may adversely affect our operations.

The effects of the global economic and financial crisis in recent years and the general weakness in the global economy may negatively affect emerging economies like Argentina's. Global financial instability may impact the Argentine economy and cause a slowdown in Argentina's growth rate or could lead to a recession with consequences in the trade and fiscal balances and in the unemployment level.

Moreover, Argentine economic growth might be negatively affected by several domestic factors such as an appreciation of the real exchange rate which could affect its competitiveness and continued negative trade balances, which, combined with capital outflows could reduce the levels of consumption and investment resulting in greater exchange rate pressure. Additionally, abrupt changes in monetary and fiscal policies or the foreign exchange regime could rapidly affect local economic output, while lack of appropriate levels of investment in certain economy sectors could reduce long term growth. Access to the international financial markets could be limited. Consequently, continued public spending not correlated with an increase in public revenues could affect the Argentina's fiscal results and generate uncertainties that might affect the economy's level of growth.

If international and domestic economic conditions for Argentina were to worsen, the Argentine economy could be negatively affected as a result of lower international demand and lower prices for its products and services, higher international interest rates, lower capital inflows and higher risk aversion, which may also adversely affect our business, results of operations, financial condition and cash flows.

Substantially all of our operations, properties and customers are located in Argentina, and, as a result, our business is, to a large extent, dependent upon economic and legal conditions prevailing in Argentina. If economic and legal conditions in Argentina were to deteriorate, they could have an adverse effect on our financial condition, results of operations and cash flows.

Economic and legal conditions in Argentina remain uncertain which may affect our financial condition, results of operations and cash flows.

Although general economic conditions have shown improvement in the last decade, and political protests and social disturbances have diminished considerably since the economic crisis of 2001 and 2002, the nature of the changes in the Argentine political, economic and legal environment over the past several years has given rise to uncertainties about the country's business environment.

In the event of any economic, social or political crisis, companies operating in Argentina may face the risk of strikes, expropriation, nationalization, forced modification of existing contracts, and changes in taxation policies including tax increases and retroactive tax claims. In addition, Argentine courts have issued rulings changing the existing case law on labor matters and requiring companies to assume greater responsibility for, and assumption of costs and risks associated with, sub-contracted labor and the calculation of salaries, severance payments and social security contributions. Since we operate in a context in which the governing law and applicable regulations change frequently, it is difficult to predict if and how our activities will be affected by such changes.

Argentina's ability to obtain financing from international markets is limited, which could affect its capacity to implement reforms and sustain economic growth.

After Argentina's default on certain debt payments in 2001, the government successfully restructured 92% of the debt through two debt exchange offers in 2005 and 2010. Commencing in 2002, holdout creditors filed numerous lawsuits against Argentina in several jurisdictions, including the United States, Italy, Germany and Japan. These lawsuits generally assert that Argentina failed to make timely payments of interest and/or principal on their bonds, and seek judgments for the face value of and/or accrued interest on those bonds. Judgments have been issued in numerous proceedings in the United States, and Germany and Japan. As of the date of this Annual Report, creditors with favorable judgments have not succeeded, with a few minor exceptions, in executing on those judgments.

In 2014, the New York courts enjoined Argentina from making payments on its bonds issued in the 2005 and 2010 exchange offers unless it satisfied amounts due to the holders of defaulted bonds. The Argentine government took a number of steps intended to continue servicing the bonds issued in the 2005 and 2010 exchange offers, which had limited success. Holdout creditors continued to litigate expanding the scope of issues, aiming to include payment by the Argentine government on debt other than the 2005 and 2010 exchange bonds and disputed, albeit unsuccessfully, the independence of the BCRA.

The Macri administration submitted a settlement proposal to engaged in negotiations with holders of defaulted bonds in December 2015 with a view to bringing closure to fifteen years of litigation. Between February and April 2016, the Argentine government entered into an agreements in principle to settle with certain holders of defaulted debt and put forward a proposal to other holders of defaulted debt, including those with pending claims in U.S. courts. On April 22, 2016, Argentina issued government bonds for US\$16.5 billion, of which US\$9.3 billion were applied to satisfy payments under the settlement agreements reached with holders

of defaulted debt. Since then, substantially all of the remaining claims under defaulted bonds have been settled.

As of the date of this Annual Report, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues, although the size of the claims involved has decreased significantly.

In addition, since 2001 foreign shareholders of some Argentine companies have initiated claims for substantial amounts before the International Centre for Settlement of Investment Disputes ("ICSID") against Argentina, pursuant to the arbitration rules of the United Nations Commission on International Trade Law. Claimants allege that certain measures of the Argentine government issued during the economic crisis of 2001 and 2002 were inconsistent with the norms or standards set forth in several bilateral investment treaties by which Argentina was bound at the time. To date, several of these disputes have been settled, and a significant number of cases are in process or have been temporarily suspended due to the agreement of the parties.

Notwithstanding that the lifting in 2016 following the settlements with holdout bondholders of the injunction affecting payments to precautionary measures for bondholders that participated in the debt exchange offers of 2005 and 2010 eliminated an important obstacle for the country's access to international capital markets, there can be no assurance that litigation initiated by non-accepting bondholders as well as pending claims before the ICSID could not result in legal procedures against the Argentine government and this could entail embargoes/seizures or precautionary measures in relation to Argentine assets that the Argentine government allocated to other uses. As a result, the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. Likewise, Argentina's inability to obtain credit in international markets could have a direct impact on the Company's ability to access those markets to finance its operations and its growth, including the financing of capital investments, which would negatively affect our financial condition, results of operations and cash flows. In addition, we have investments in Argentine sovereign bonds amounting to P\$3,041.0 million as of December 31, 2017. Any new event of default by the Argentine government could negatively affect the valuation and repayment terms of those bonds.

The Argentine banking system may be subject to instability which may affect our operations.

The Argentine banking system has experienced several crisis in the past. Among those, the Argentine banking system collapsed in 2001 and 2002, when the Argentine government restricted bank withdrawals and required mandatory conversion of dollar deposits to pesos. From 2005 to 2007, a period of economic growth coupled with relative stability of the country's exchange rate and inflation resulted in the restoration of public confidence, a gradual accumulation of deposits in Argentine financial institutions, and improved liquidity of the financial system. However, since 2008 certain events such as internal conflicts with certain sectors of the Argentine economy, the international financial crisis and the increased regulation on the FX Market, have decreased depositors' confidence. In recent years, the Argentine financial system grew significantly with a marked increase in loans and private deposits, showing a recovery of credit activity. In spite of the fact that the financial system's deposits continue to grow, they are mostly short-term deposits and the sources of medium and long-term funding for financial institutions are currently limited. Loans in foreign currency (composed mainly by corporate loans) showed dynamism also in 2017.

Despite the strong liquidity currently prevailing in Argentina's financial system, a new crisis or the consequent instability of one or more of the larger banks, public or private, could have a material adverse effect on the prospects for economic growth in Argentina, resulting in a loss of consumer confidence, lower disposable income and fewer financing alternatives for consumers. These conditions would have a material adverse effect on us by resulting in lower usage of our services, lower sales of devices and the possibility of a higher level of uncollectible accounts or increase the credit risk of the counterparties regarding the Company investments in local financial institutions.

Exchange controls and restrictions on transfers abroad and capital inflows have limited, and could continue limiting, the availability of international credit.

Risks Relating to the Company and its Operations

Our Consolidated Financial Statements and the selected financial data included in this

Annual Report may not be indicative of, and may differ materially from, our future results of operations after the Merger.

Our Consolidated Financial Statements and the selected financial data incorporated in this Annual Report have been prepared on a consolidated basis using Cablevisión's historical accounting records and represent our historical operations prior to the Merger. As a result, Cablevisión's historical financial data incorporated in this Annual Report is not indicative of our future operating results, cash flows or financial position upon consummation of the Merger on January 1, 2018. Our Consolidated Financial Statements do not reflect future events that may occur, including the costs related to a potential integration and any future nonrecurring charges resulting from the Merger. Further, the market price our common shares may be affected by factors other than those that affected the independent results of operations of each of Telecom and Cablevision.

Current or future regulatory policies could affect the operations of the telecommunications industry, including Telecom.

In Argentina, telecommunications markets developed within a regulated framework in recent years.

Regulators imposed increasing burdens and new regulations on companies, including the imposition of increasing penalties for breaches of the regulatory framework.

For example, SC Resolution No. 5/13 regarding the quality of telecommunication services, increased the penalties imposed by the regulators by setting higher compliance standards that exceeds the then prevailing international standards, especially considering the difficulties in obtaining municipal authorization to install antennas in the mobile business. Telecom Argentina, Personal and other telecommunications operators have submitted technical comments for a review of the standards. On March 3, 2017, SECTIC Resolution No. 3-E/17 was issued declaring the opening of the consultation procedure regarding the quality of services of ICT networks, with the aim of ruling a new quality of service framework.

If technical comments are not taken into account or changes in the parameters of Resolution No.5/13 do not occur, compliance with the current standards could be overly burdensome or impracticable which may result in penalties for telecommunications operators, including

affecting our ability to execute our business plan since such penalties could impose increased operation costs, among other effects.

Additionally, according to the Auction Terms and Conditions for the awarding of frequency bands approved by SC Resolution No. 38/14 for mobile operators, repeated or persistent breaches of obligations related to quality indicators of services provided under the terms of the Regulation for the Quality of Telecommunications Services approved by SC Resolution No. 5/13, qualifies as one of the circumstances under which the authorization to use radio electric spectrum (as defined in the Auction) could be revoked.

Furthermore, the LAD, which became effective on December 19, 2014 and regulates ICT services, incorporated numerous modifications to the regulatory framework applicable to telecommunications services in Argentina. Since the law requires the enactment of new regulations most of which have not been issued to date, there is uncertainty regarding how certain aspects, such as the sanctions regime, the provision of infrastructure to other providers and the asymmetries that may be imposed on the dominant operator, among others, will be regulated as well as uncertainty regarding the impact that any new regulations may have on Telecom. Recently, some public consultation document procedures were opened with the aim to rule new standards, such as SECTIC Resolution No. 2-E/17 which opened the consultation document related to the project for the interconnection and access regime, whose provisions could negatively effect the Company's operations. See "Item 4—Information on the Company—Regulatory and Legal Framework—Regulatory Framework—Other Regulations."

Article 28 of Decree No. 267/15 created the Commission for the Development of the Draft Bill for the Reform, Update and Unification of Laws No. 26,522 and No. 27,078 within the Ministry of Communications. This commission could further modify the regulatory framework for ICT services in Argentina, causing uncertainty as to the impact any potential modifications might have on the development of Telecom Argentina's and Personal's business and operations, as well as that of its competitors, in the coming years.

Additionally, the LAD (as amended by Decree No. 267/15), under Article 48 of Title VI, established that licensees of ICT services may set their prices which shall be fair and reasonable, to offset the costs of exploitation and to tend to the efficient supply and reasonable margin of operation. However, the Regulatory Authority is entitled to [intervene in] the prices set by the Company if it understands that such prices do not comply with Article 48 of the LAD. If the LAD intervenes in our prices, our operating margins may be negatively affected.

Compliance with conditions in our license and related regulations and laws may be affected by events or circumstances outside of our control, and therefore we cannot predict whether such events or circumstances will occur and if any do occur, this could result in an adverse effect on our financial condition, our operations and cash flows.

We operate in a competitive environment that may result in a reduction in our market share in the future.

We compete with licensed provider groups, composed of, among others, independent fixed line service providers, mobile and cable operators, as well as individual licensees, some of which are affiliated with major service providers outside Argentina.

Internet and mobile services, which we expect will continue to account for an increasing percentage of our revenues in the future, are characterized by rapidly changing technology, evolving industry standards, changes in customer preferences and the frequent introduction of new services and products. To remain competitive in the fixed telecommunications market, we must invest in our fixed-line network and information technology. Specifically, in the Internet services market, we must constantly upgrade our access technology and software in order to increase the speed of our network and improve the commercial offers and the user experience.

Also, to remain competitive in the mobile telecommunications market, we must continue to enhance our mobile networks by expanding our 3G network and deploying our 4G network.

Future technological developments may result in decreased customer demand for certain of our services or even render them obsolete. In addition, as new technologies develop, equipment may need to be replaced or upgraded or network facilities (in particular, mobile and Internet network facilities) may need to be rebuilt in whole or in part, at substantial cost, to remain competitive. These enhancements and the implementation of new technologies will continue requiring increased capital expenditures.

We also anticipate that we will have to devote significant resources to the refurbishment and maintenance of our existing network infrastructure to comply with regulatory obligations and to remain competitive with respect to the quality of our services. In addition, we must comply with the obligations arising from the acquisition of the 4G spectrum. We also expect to continue to devote resources to customer retention and loyalty in such segments.

The deployment of our wireless network requires authorizations from municipalities to enable the installation of new sites throughout the country, which if not obtained in a timely manner and form, limit the growth of our business and affect the quality of services provided under the brand Personal. If we are not successful in obtaining those permits and if our competitors do obtain them, this could result in a competitive disadvantage.

The macroeconomic situation in Argentina may adversely affect our ability to successfully invest in, and implement, new technologies, coverage and services in a timely fashion. Accordingly, we cannot assure you that we will have the ability to make needed capital expenditures and operating expenses. If we are unable to make these capital expenditures, or if our competitors are able to invest in their businesses to a greater degree and/or faster than we are, our competitive position will be adversely impacted.

Moreover, the products and services that we offer may fail to generate revenues or attract and retain customers. If our competitors present similar or better responsiveness, functionality, services, speed, plans or features, our customer base and our revenues may be materially affected. Competitiveness is and will continue to be affected by our competitors' business strategies and alliances. We may face additional pressure on the prices that we charge for our services or experience a loss of market share of fixed and mobile services. In addition, the general business and economic climate in Argentina may affect us and our competitors differently; thus our ability to compete in the market could be adversely affected.

Additionally, on April 10, 2018 a bill was submitted to Congress that, if passed, would allow licensees of ICT services to register and provide subscription broadcasting service by satellite link. Although it would mean that Telecom can provide the service under this modality and enter areas where it currently does not provide subscription broadcasting service, it will surely also ease the entry of new competitors into said market. As a result, we may face additional pressure with respect to prices we charge for our services or experience a loss of participation in the subscription broadcasting market.

Even though Telecom grew and developed in recent years in a highly competitive market, because of the range of regulatory, business and economic uncertainties we face, it is difficult for us to predict with precision and accuracy our future market share in relevant geographic areas and customer segments, the possible drop in our customer's consumption that could result in a reduction of our revenue market share, the speed with which such change in our market share or prevailing prices for services may occur or the effects of competition. Those effects could be material and adverse to our overall financial condition, results of operations and cash flows.

The Auction Terms and Conditions approved by Resolution SC No. 38/14 established strict coverage and network deployment commitments that will require significant capital expenditures on the part of Telecom in the near future.

The Auction Terms and Conditions approved by Resolution SC No. 38/14 established strict coverage and network deployment commitments that will require significant capital expenditures with respect to the mobile telephone business. Additionally, many municipal governments have issued regulations that exceed their authority, many of which limit, hinder or restrict the installation of the infrastructure required to comply with such commitments. Therefore, such legislation negatively impacts on the obligations of our mobile telephone business and our competitors assumed pursuant to the requirements set out in Resolution SC No. 5/13 and related regulations (Regulation for the Quality of Telecommunications Services).

Similarly, Resolution SC No. 25/15 passed on June 11, 2015 awarded Personal the SCMA 713-723 MHz and 768-778 MHz frequency bands that make up Lot 8 and that were previously pending assignment by the SC. These frequency bands were partially occupied by third parties. Pursuant to Decree No. 1,340/16 the term of authorizations for the use of all the frequencies that make up Lot 8 for the provision of SCMA, as well as the corresponding deployment obligations, shall be computed since the effective migration of services currently operating in these bands in the scope of Area II, defined according to the provisions of Decree No 1,461/93 and its amendments.

The Merger is subject to Argentine antitrust laws and regulations

As a consequence of the Merger, Telecom's radio spectrum currently exceeds the legal cap set forth by Section 5 of Resolution No. 171-E/17, issued by the Ministry of Communications. Therefore, pursuant to Decree 764/2000 and the re-farming agreement executed by Nextel and the ENACOM, Telecom must submit a proposal to conform to that legal cap by no later than a year following approval of the Merger by the National Commission of Defense of Competition (which we refer to herein as "CNDC" for its acronym in Spanish). ENACOM may accept or reject said proposal and/or request further information, as necessary.

The CNDC has, as of the date of this Annual Report, not yet made a pronouncement regarding the Merger.

Telecom may fail to integrate its business with Cablevisión as planned and, as a result, the combined company may not realize all of the anticipated benefits of the Merger.

Telecom and Cablevisión entered into the Merger agreement with the expectation that the Merger will result in various benefits, including, among other things, the ability to become a successful quadruple-play services provider in Argentina. The success of the Merger will depend, in part, on the ability of the combined company to realize such anticipated benefits from combining the businesses of Telecom and Cablevisión and the implementation of certain regulatory changes in the telecommunications sector that began in January 2018. The past financial performance of each of Telecom and Cablevisión may not be indicative of their future financial performance as a combined company. The anticipated benefits and cost savings of the Merger may not be realized fully, or at all, or may take longer to realize than expected. Failure to achieve anticipated benefits could result in increased costs and decreases in the amounts of expected revenues or results of the combined company. Additionally, the accounting treatment

of Merger under IFRS 3 may have a significant impact on our financial position and the results of operations

Telecom and Cablevisión have operated independently until the completion of the Merger. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures or policies that adversely affect the combined company's ability to maintain relationship with customers and employees or to achieve the anticipated benefits of the Merger.

The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the Merger.

Following the Merger, the size of the business of the combined company will increase significantly beyond the previous size of either Telecom's or Cablevisión's business. The combined company's future success depends, in part, upon its ability to manage this expanded business, which could pose substantial challenges for management. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the Merger.

The Merger could generate risks not evaluated at the time of analysis of the operations.

Although both Telecom and Cablevisión made detailed assessments of the potential impacts of the Merger in order to properly manage the process, obtain all the necessary regulatory authorizations, minimize impacts on the operation and ensure continuity and quality in the provision of services to its customers, we cannot ensure that unforeseen issues may arise and generate operational, compliance, technology and / or service provision risks, which in turn could affect our operation, our profitability and / or damage our image.

Telecom may fail to realize the synergies and benefits anticipated from the merger of Personal into Telecom.

The merger of Personal into Telecom in 2017 may not achieve the synergies and benefits that the companies anticipated. Telecom may face operational challenges as a result of the reorganization, including difficulties integrating and developing Personal's technology platform. If Telecom experiences significant disruptions in its technology platform as a result of new technology acquired, Telecom's business, results of operations and financial condition could be adversely affected. In addition, higher than expected overhead, operating and administrative expenses or an inability to eliminate duplicative overhead and administrative functions could cause Telecom not to realize the expected cost savings and synergies and leave Telecom's business less profitable

Restrictive covenants in Telecom’s outstanding debt may restrict its ability to pursue its business strategies.

Telecom has outstanding financial debt (including but not limited to Cablevisión’s existing notes to which Telecom became a successor by virtue of the Merger) that contains a number of restrictive covenants that impose operating and financial restrictions on it and may limit Telecom’s ability to engage in acts that may be in its long term best interests. These agreements governing its indebtedness include covenants restricting, among other things, Telecom’s ability to:

- incur or guarantee additional debt;
- create liens on its assets to secure debt; and
- merge or consolidate with another person or sell or otherwise dispose of all or substantially all of its assets.

A breach of any covenant contained in one instrument of the indentures governing Telecom’s notes or any of Telecom’s other indebtedness could result in a default under the indenture or any other instrument of indebtedness. If any such default occurs, the holders of the relevant debt notes may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding amounts, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. If a default occurs under one debt instrument, the holders of Telecom’s other debt may elect to accelerate such other debt. If any of Telecom’s debt, including its notes, were to be accelerated, its assets may not be sufficient to repay in full that debt or any other debt that may become due as a result of that acceleration.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage.

The effects of, and any damage caused by, exposure to an electromagnetic field were and are the subject of careful evaluations by the international scientific community, but until now there is no scientific evidence of harmful effects on health. We cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets will not be identified as a health risk in the future.

Telecom complies with the international security standards established by the World Health Organization and Argentine regulations, which are similar and mandatory, for all Argentine mobile operators. Our mobile business may be harmed as a result of any future alleged health risk. For example, the perception of these health risks could result in a lower number of customers, reduced usage per customer or potential consumer liability.

Our operations and financial condition could be affected by union negotiations.

In Argentina, labor organizations have substantial support and considerable political influence. In recent years, the demands of our labor organizations have increased mainly as a result of the increase in the cost of living, which was affected by increased inflation, higher tax pressure over salaries and the consequent decline in the population’s purchasing power.

If labor organization claims continue or are sustained, this could result in increased costs, greater conflict in the negotiation process and strikes (including general strikes and strikes by the Company’s employees and the contractors and subcontractors’ employees) that may adversely affect our operations.

In addition, certain telecommunication unions have initiated claims to the Company alleging non-compliance of certain conditions provided for in the collective bargaining agreements that could allow them to negotiate the inclusion of some suppliers' employees in their collective bargaining agreements.

We are involved in various legal proceedings which could result in unfavorable decisions and financial penalties for us.

We are party to a number of legal proceedings, including legal proceedings initiated against Cablevisión prior to the Merger, some of which have been pending for several years. We cannot be certain that these claims will be resolved in our favor. Responding to the demands of litigation may divert management's time, attention and financial resources. As of December 31, 2017, each of Telecom and Cablevisión recorded provisions that they estimated were sufficient to cover those contingencies considered probable.

The treatment of employment matters under Argentine law incentivizes individuals to pursue employment-related litigation.

Telecom is also exposed to claims of employees of suppliers, contractors and commercial agents claiming direct or indirect responsibility of Telecom based on a broad interpretation of the rules of labor law.

Also, Telecom is subject to various lawsuits initiated by some employees and former employees who claim wage differences. Certain judicial rulings have created a negative precedent in these matters and could increase our labor costs.

Personal (absorbed by Telecom Argentina) was and is subject to claims by former representatives (commercial agents) who end their business relationship by making claims for reasons that are not always justified by contractual terms.

Customers and consumers' trade unions brought up different claims against Personal regarding improperly billed charges. Although Personal has taken certain actions in order to reduce risks in connection with these claims, we cannot assure that new claims will not be filed in the future.

Telecom has sanctions imposed by the regulators for technical reasons, mainly related to the delay in repairing defective lines, installing new lines and/or service failures. Telecom has recorded provisions for the amounts of sanctions that it estimates are probable. Although sanctions are appealed in the administrative stage, if the appeals are not resolved in our favor in administrative or judicial stage or if they are resolved for amounts larger than those recorded, it could have an adverse effect on our financial situation, results of our operations and cash flows.

As of the date of this Annual Report there are still pending administrative appeals filed by Telecom Argentina in 2012 against several resolutions that rendered deductions in the payments to the Universal Service ("SU") ineffective with reference to several programs provided by Telecom Argentina in the "play" mode of the SU.

In October 2016, the Company modified the criteria used for the statement of some of its commercial plans ("Abono fijo") for purposes of paying the radioelectric spectrum fees (derecho de uso de espectro radioeléctrico or "DER"), taking into account certain changes in such plans' composition. This meant a reduction in the amount of fees paid. In March 2017, the ENACOM demanded Personal to rectify its statements, requiring that such plan's statements continue to be prepared based on previous criteria. Management believes that it has solid legal arguments to defend its position. However, it cannot be assured that such arguments will be accepted by the ENACOM.

Certain content providers filed administrative and judicial claims against Personal requesting that contracts be considered under the interconnection regulation. Notwithstanding the request made by the content providers, the ENACOM through Resolution No. 2017-1122-APN-ENACOM # MCO, established specific rules stating that: (i) mobile operators may receive, for every service they provide, a percentage that should not exceed 40% of the services invoiced by the content providers and (ii) the application of the same rules for providers of audiotext and mass calling value added services. On March 22, 2017, Personal filed an appeal requiring that ENACOM revoke Resolution No. 2017-1122-APN-ENACOM # MCO which is still pending resolution. However, if the recourse is not successful, Telecom's revenues could be negatively impacted. If this occurs, we cannot guarantee that it will not have an adverse effect on our results of operations, financial condition and cash flows

In 2009, the Argentine national environmental agency (Secretaría de Medioambiente y Desarrollo Sustentable) required that Telecom register before the National Registry of Generators and Operators of Hazardous Waste as a result of alleged problems with our liquid drainage in an underground chamber. Such registration would require Telecom Argentina to pay an annual fee calculated in accordance with a formula that takes into consideration the hazard's extent effect and the quantity of the waste. Telecom filed a request for administrative review seeking the rejection of the environmental agency's order. We cannot guarantee that the order will be left without effect. In addition, changes in environmental legislation or the evolution of products and services we offer could require Telecom to be registered in the National Registry of Generators and Operators of Hazardous Waste. In that case or if the order of the environmental agency is not left without effect, Telecom would face increased costs which may include retroactive fees.

Telecom may face increased risk of employment, commercial, regulatory, tax, consumer trade union and customers' proceedings, among others. If this occurs, we cannot guarantee that those proceedings will not have an adverse effect on our results of operations, financial condition and cash flows, despite the provisions that the Company has recorded to cover these matters.

The enforcement of the Law for the Promotion of Registered Labor and Prevention of Labor Fraud may have a material adverse effect on us.

On June 2, 2014 Law No. 26,940 for the Promotion of Registered Labor and Prevention of Labor Fraud (Ley de Promoción del Trabajo Registrado y Prevención del Fraude Laboral) was published in the Official Gazette. This law, among other things, establishes a Public Record of Employers subject to Labor Sanctions ("Repsal") and defines a series of labor and social security infringements as a result of which an employer shall be included in the Repsal.

Employers subject to the Repsal are subject to sanctions, such as: the inability to access public programs, benefits, subsidies or credit from state-owned banks, the inability to enter into contracts and licenses of property owned by the Argentine government, or the inability to participate in the awarding of concessions of public services and licenses. Employers that commit the same infringement within a 3-year period after the final first decision imposing sanctions, shall not be able to deduct from the Income Tax the expenses related to their employees while the employers are included in the Repsal. This new regulation applies both to Telecom and its contractors and subcontractors, whose employees could initiate claims to Telecom for direct or indirect responsibility.

As of the date of this Annual Report, Telecom has no sanctions registered in the Repsal, however if sanctions are applied in the future it could have a significant impact on the Telecom Group's financial position, result of operations and cash flows.

The BCRA has imposed restrictions on the transfer of funds outside of Argentina in the past; some restrictions may be reimposed in the future, which could prevent us from making payments on dividends and liabilities.

In the past, the Argentine government imposed a number of monetary and currency exchange control measures, including temporary restrictions on the free availability of funds deposited with banks and restrictions or limitations on the access to foreign exchange markets and transfers of funds abroad for purposes of paying principal and interest on debt, trade liabilities to foreign suppliers and dividend payments to foreign shareholders. Between the end of 2001 and 2002, the Argentine government implemented a unified exchange market (Mercado Único y Libre de Cambios or “MULC”) with significant regulations and restrictions for the purchase and transfer of foreign currency.

Between 2011 and 2015, the Argentine government implemented a series of measures aimed to increase procedures and controls on the foreign trade and capital flows. To that effect, certain measures were implemented to control and limit the purchase of foreign currency, such as the prior approval of the AFIP for any purchase of foreign currency made by private companies and individuals for saving purposes among others. In addition, the BCRA expanded the controls and measures to make payments abroad accessing the local foreign exchange market, regarding trade payables and financial debt, and also established demanding procedures that must be met to pay certain trade payables with related parties. Although no regulations prohibited making dividend payments to foreign shareholders, in practice authorities substantially limited any purchase of foreign currency to pay dividends during the 2011 through 2015 period.

Macri’s administration eliminated all the substantial exchange restrictions that were implemented by the previous administration. Notwithstanding the measures adopted by the current government, there can be no assurance that the BCRA or other government agencies will not increase in the future controls and restrictions for making payments to foreign creditors or dividend payments to foreign shareholders, which would limit our ability to comply in a timely manner with payments related to our liabilities to foreign creditors or non-resident shareholders.

Operational risks could adversely affect our reputation and our profitability.

Telecom faces operational risks inherent to its business, including those resulting from inadequate internal processes; fraud; employee errors or misconduct; failure to comply with applicable laws and regulations; failure to document transactions properly; systems failures; inadequate maintenance of posts or its electrification by proximity to the electric network; inadequate environmental management including reverse logistics of goods and materials in disuse that could become hazardous waste; incomplete or inappropriate municipal habilitations resulting of changes in operations or changes in regulations; failure to preserve the secrecy and content of telecommunications required by law; weaknesses in data centers’ energy scheme; launching of IoT products and services without proper security measures; excessive dependence on certain providers with which a large number of operations are concentrated due to the exclusivity of the technology or service they provide, economic convenience or for strategic reasons; among others. In addition, cyber-attacks or unauthorized accesses to Telecom’s information systems or institutional sites could cause the loss or improper use of confidential information, unauthorized changes in Telecom’s information and network systems or alterations to the information that Telecom publishes on these sites. Moreover, certain of Telecom’s assets could be damaged by acts of vandalism or theft of components or by works of third parties on public thoroughfare that damage infrastructure that do not have a second safety path to provide the service. These events could result in direct or indirect losses, inaccurate information for decision making, adverse legal and regulatory proceedings, technical failures in

Telecom's ability to provide its services, damages to third parties, and harm our reputation and operational effectiveness, among others.

Telecom maintains insurance policies to cover its main assets, particularly its properties. If economic and financial conditions in Argentina were to deteriorate (i.e. devaluation, inflation, etc.), the insurance coverage may not be representative of the market value of the properties which could result in losses for the Company.

Telecom's suppliers of goods and services are contractually obliged to comply with laws and regulations (including tax, labor, social security, anti-corruption, money laundering standards, etc.). Additionally, our suppliers shall comply with a set of conduct standards, such as the Code of Ethics, established by the Telecom Group and must require similar compliance by their employees and subcontractors. Despite these legal safeguards and monitoring efforts made in the Telecom group in relation to its suppliers, we cannot ensure that they will comply with all applicable standards. As a result, Telecom could be adversely affected in a monetary, criminal or reputational way, despite our contractual rights to claim for compensations for damages that they could cause to us.

Telecom has risk management practices at the highest levels including a Risk Management Committee designed to detect, manage and monitor the evolution of operational risks.

However, the Company can give no assurances that these measures will be successful in effectively mitigating the operational risks that Telecom faces and such failures could have a material adverse effect on its results of operations and could harm its reputation.

A cyberattack, could adversely affect our business, balance sheet, results of operations and cash flow.

In general, information security risks have increased in recent years as a result of the proliferation of new and more sophisticated technologies and also due to cyberattack activities.

As part of Telecom's development and initiatives, more equipment and systems have been connected to the Internet. Telecom also relies on digital technology including information systems to process financial and operational information. Due to the nature of our business and the greater accessibility allowed through Internet connection, we could face an increased risk of cyberattacks. In the event of a cyberattack, we could experience an interruption of our commercial operations, material damage, the leakage of customer information, reputational loss, a substantial loss of income, suffering response costs, litigation and other economic losses. A cyberattack could adversely affect Telecom's business, results of operations and financial situation

We and/or our management are subject to environmental and safety regulations whose non-compliance could result in increased costs and/or penalties for the Company's and/or its officers.

Some of the goods and facilities used in our operation are subject to federal, state and municipal environmental and safety regulations. If such rules are not adequately complied they could result in fines, potential delays or inability to obtain authorization for our facilities and operations which could have an adverse effect in our business, but also could result in penalties for the our officers. In addition, consistent with global trends, new and stricter standards may be issued, or authorities may enforce or construe existing laws and regulations in a more restrictive manner, which may require us to make expenditures or to incur increased costs to comply with such new rules.

Risks Relating to the Cablevisión Business Industry

Following the Merger and the integration of Cablevisión business and operations, we face substantial and increasing competition in the Argentine cable television and data cable transmission industry (the “Cablevisión Business”).

The cable television and data transmission business in Argentina is very competitive. Cable operators are not given exclusive territorial broadcasting licenses, and Argentina’s regional telephone companies are allowed to provide data transmission services and pursue this market. To the extent telephone companies are given the right to provide cable television services, we may lose a portion of our market share within this industry due to increased competition. In order to confront competition, we may consider transactions that result in a further consolidation of the industry and convergence with the telecommunications industry, which may create additional risks and adversely impact our financial condition and results of operations. See “—Risk Factors— Risks Relating to the Cablevisión Business Industry— the Cablevisión Business may become subject to burdensome government regulations and legal uncertainties affecting its Internet/digital content services which could adversely affect its operations.”

We compete with other cable television operators that have built networks in the areas in which we operate, providers of other pay television services, including direct broadcasting, direct to home satellite and multi channel multi point distribution system services, licensed suppliers of basic telephone services and cooperative entities providing utility services and also with free broadcasting services which are currently available to the Argentine population in certain areas from four privately owned television networks (including one owned by Grupo Clarín) and their local affiliates and one state owned national public television network. We expect competition to increase in the future due to a number of factors, including the development of new technologies.

Technological innovation relating to cable transmission of cable television and data increases the level of competition that the Cablevisión Business faces and requires us to make frequent investments to develop new and innovative programming services and products to attract and retain cable television subscribers. We cannot assure you that the Cablevisión Business will be able to make investments necessary to remain competitive, or that the Cablevisión Business will be able to attract new subscribers and retain its current subscribers. A substantial loss of the Cablevisión Business’ subscribers to competitors would have a material adverse effect on Cablevisión’s business results of operations.

The Cablevisión Business also faces competition from other broadband service providers, including large competitors associated with Argentine’s regional telephone companies that provide fixed telephony services in the country. Certain competitors of the Cablevisión Business have well established name recognition, larger customer bases, and significant financial, technical and marketing resources. This may allow them to devote greater resources than the Cablevisión Business to the development and promotion of their business. These competitors may also engage in more extensive research and development, adopt more aggressive pricing policies and make more attractive offers to advertisers. Competitors may develop products and services that are equal or superior to the Cablevisión Business’ offers or that achieve greater market acceptance. As a result, competition may have a material adverse effect on the Cablevisión Business’ operations.

We cannot assure you that Cablevisión Business will expand broadband service to other areas or continue to provide it in the areas in which it is currently offered, or that Cablevisión Business’ will be able to compete successfully with other broadband providers.

We face substantial and increasing competition in the Argentine mobile services industry.

The Cablevisión Business industry now faces highly consolidated competitors in the mobile services market with high penetration rates. Well established regional mobile telephone companies such as Telefónica de Argentina S.A. (“Telefónica”) and América Móvil have a larger customer base and significant financial, technical and marketing resources. Thus, other companies in the industry may be able to devote more resources to develop and promote their business through the adoption of more aggressive commercial promotions in order to attract new mobile services customers or retain existing ones. We expect competition to increase in the future due to a number of factors, including the development of new technologies. Technological innovation relating to mobile services will require participants in the Cablevisión Business to make frequent investments to remain competitive. However, we cannot assure you that we will be able to make the investments necessary to remain competitive, or that we will be able to attract new customers and win subscribers away from our competitors. The inability to retain or attract customers could have a material adverse effect on our financial condition and results of operations relating to the Cablevisión Business.

The Cablevisión Business’ revenues are cyclical and depend upon the condition of the Argentine economy.

Revenues generated by the Cablevisión Business’ cable television and internet access operations have proven cyclical and depend on general economic conditions. In the past, a general economic downturn in Argentina has had, and would be expected to have in the future, a negative effect on the Cablevisión Business’ revenues and a material adverse effect on its results of operations. Historically, increases in losses of cable television subscribers have corresponded with general economic downturns and regional and local economic recessions. In particular, the 2001 2002 Argentine economic crisis had a material adverse effect on the Cablevisión Business’ cable television revenues. Moreover, most of the Cablevisión Business’ revenues are denominated in Pesos, exposing us to risks related with fluctuations in the value of the Peso.

The Cablevisión Business may become subject to burdensome government regulations and legal uncertainties affecting its Internet/digital content services which could adversely affect its operations.

Activities in the Cablevisión Business are subject to risks associated with the adoption and implementation of governmental regulations that reflect changing governmental policies over time. After the deregulation of Argentina’s telecommunications and media industries in 1990, the Broadcasting Law (as defined below), the Digital Argentina Law and their implementing regulations have been amended on a number of occasions, modifying requirements to hold or transfer broadcasting licenses. In addition, the Cablevisión Business is subject to the regulations of certain other governmental entities, including the SCI, which has issued resolutions requiring Argentine cable television operators to apply a formula to calculate their customers’ monthly subscription prices. Although Cablevisión contested such SCI regulations, we can offer no assurances that it will not be subject to similar regulations in the future, which could force us to modify the prices of subscription services and have a material adverse effect on the revenues generated by our activities relating to the Cablevisión Business.

New regulations may be adopted to limit the Cablevisión Business' ability to operate or to permit new competitors to enter the cable television industry.

The Cablevisión Business may also be subject to additional and unanticipated governmental regulations in the future.

Technological advances and replacement of the Cablevisión Business's equipment may require us to make significant expenditures to maintain and improve the competitiveness of the services we offer.

The cable and broadband industries are subject to significant changes in technology and the introduction of new products and services. We cannot predict the effect of technological changes on the Cablevisión Business. New services and technological advances related to the Cablevisión Business are likely to offer additional opportunities to compete against us on the basis of cost, quality or functionality. It may not be practicable or cost-effective for the Cablevisión Business to replace or upgrade its installed technologies in response to its competitors' actions. Responding to such change may require the Cablevisión Business to devote substantial capital to the development, procurement or implementation of new technologies, and may depend on the final cost in local currency of imported technology and our ability to obtain additional financing. No assurance can be given that we will have the funds to make the capital expenditures to improve our systems, compete with others in the market or replace equipment used in connection with the Cablevisión Business.

The media industry is a dynamic and evolving industry, and if it does not develop and expand as we currently expect, our results and operations relating to the Cablevisión Business may suffer.

We expect to derive an increasing amount of revenues from our activities in the Cablevisión Business, but we may not do so if these non-traditional media operations do not develop and expand as we currently expect. The role of cable television in Argentina became increasingly important in the past. More recently, non-traditional technologies, including "Over-The-Top" services (which are services provided by a telecommunications provider through IP networks not necessarily owned by the provider, including communications, content and cloud-based offerings), such as Netflix or HBO, have come to play a larger role in the Argentine telecommunications industry. These companies take advantage of the deregulation of the sector to bring their services through third-party networks without paying any fee or right to use it. These technology and new services areas are in the early stages of development, and growth may be inhibited for a number of reasons, including:

- the cost of connectivity;
- concerns about security, reliability, and privacy;
- unexpected changes in the regulatory framework;
- the appearance of technological innovations;
- the ease of use; and
- the quality of service.

Our business, financial condition and results of operations relating to the Cablevisión Business will be materially and adversely affected if these markets do not continue to grow or grow more slowly than we anticipate.

In addition, unlike the Argentine cable television industry, which has traditionally been dominated by companies located in Argentina, competitors in the Cablevision Business may be based outside of Argentina and enjoy certain competitive advantages such as scale and access to financial resources on terms that are better than those available to us.

We may not be able to renew programming contracts on favorable terms.

We purchase basic and premium programming from approximately 52 programming suppliers. Several programming suppliers agreed to offer it volume discount pricing structures because of its growth and market share. Following Argentina's economic crisis in 2002, participants in the Cablevisión Business renegotiated the terms of a majority of the respective programming contracts that had originally been denominated in U.S. Dollars to provide for Peso-denominated pricing formulas that were generally linked to the number of subscribers. As a result of the renegotiation, contract terms were generally shortened and pricing provisions were adjusted in order to transfer the benefit of increases in the monthly fee for basic cable television services to the programming companies. The new contracts also provided for automatic termination upon the occurrence of major macroeconomic disruptions. We cannot assure you that our activities in the Cablevisión Business will continue to be able to regularly negotiate renewals of its programming contracts at current cost levels, particularly since many of its suppliers have U.S. Dollar-based costs. Additionally, suppliers are expected to seek price increases as a reflection of improved economic conditions in Argentina. There can similarly be no assurances that we will be able to obtain volume discounts in the future.

We may not be able to renew some leases of the facilities for the installation of Cablevision's cable system.

Cable programming is distributed through wire networks installed in facilities leased from third parties, either through the lease of space on roofs or on utility poles. We regularly renegotiate the renewal of its short-term lease contracts for the use of poles in different areas of the country in the ordinary course of its business. If we are not able to renew some of those lease contracts related to the Cablevisión Business, its operations in such areas may be suspended if alternative third party facilities are not promptly obtained on a cost-efficient basis. Underground distribution of the Cablevisión Business's wire network would require additional governmental authorizations and significant capital expenditures that it may not be able to afford or that it may be restricted from making pursuant to the terms and conditions of its indebtedness and its existing covenants. There can be no assurance that such renewals of lease contracts will be granted.

Our activities relating to the Cablevisión Business may not be in compliance with local ordinances

Prior to the Merger, Cablevisión was initially required to bring its cable systems fully into compliance with municipal regulations prohibiting above-ground cables in Mar del Plata by November 2001, although pursuant to a modification in municipal regulations in February 2005, the deadline was extended to December 2007. We will seek to continue to upgrade our existing

cable systems, including any network upgrades or modifications required by regulatory or local authorities if we have sufficient cash flow and financing is available at commercially attractive rates. The applicable ordinance provides that certain penalties may be imposed, including the suspension of the right to use the air space; however the city generally has not imposed penalties on non-compliant cable systems. As of the date of this Annual Report, no fines have been imposed in relation to this matter.

Our revenues relating to the Cablevision Business may be adversely affected by an increase in churn rates

Our revenues relating to the Cablevision Business will depend partially on its ability to retain customers by limiting churn rates. The churn rate is determined by calculating the total number of disconnected customers over a given period as a percentage of the initial number of customers for the same period. We seek to enforce a strict disconnection policy, which provides for the disconnection of cable television services after a three-month period of non-payment and delivery of a notice of disconnection. With respect to broadband, we disconnect services after a two-month period of non-payment and delivery of a corresponding notice of disconnection. For the year ended December 31, 2017, Cablevisión's cable customer churn rate was 14.6% and its broadband customer churn rate was 17.7%. Any substantial increase in churn rates may have a material adverse effect on our revenues and results of operations.

Risks Relating to Telecom Argentina's Shares and ADSs

No Liquid Market

The Class B shares of the Company are listed on the BCBA and on the London Stock Exchange in the form of ADSs. We cannot assure you as to the liquidity of any markets that may develop for the shares or the price at which the shares may be sold. Also, the liquidity and the market for the Company's shares may be affected by a number of factors including variations in exchange and interest rates, the deterioration and volatility of the markets for similar securities and any changes in the Company's liquidity, financial condition, creditworthiness, results and profitability. As a result, the trading prices of the Company's shares following the split from Grupo Clarin S.A. in August 2017 may not be indicative of future trading prices.

Historical Performance not Indicative of Future Performance

The Company's historical performance may not be representative of its performance as a separate company from Grupo Clarín S.A. Its historical performance might have been different had it been a separate entity from Grupo Clarín S.A.,. Changes will occur in the Company's cost structure, funding and operations as a result of its separation from Grupo Clarín S.A., including increased costs associated with reduced economies of scale, and increased costs associated with being a publicly traded, stand-alone company. All of these, and other changes that may not have been foreseeable at the moment of the split from Grupo Clarín S.A., may affect the

performance of our stock differently than those affecting performance of the Grupo Clarín S.A. shares and DSs

Fluctuations in our share price depend on various factors, some of which are outside of our control.

The market price of our shares is subject to change due to various factors which are outside of our control such as: (i) changes in market expectations; (ii) changes in the economic, financial and political situation in Argentina; (iii) the way the ANSES exercises its corporate, political, and economic rights and manages its share ownership in us and Telecom; and (iv) changes in measures used by investors or analysts to value our stock or market trends unrelated to our performance and operations. We cannot predict when such external factors will affect our stock price or whether their effects will be positive or negative.

In addition, currency fluctuations as well as sales of our and/or Telecom's shares could impact the value of an investment in us and in Telecom.

We cannot assure you that the price of our shares and ADSs would recover from any such decline in value.

Trading of our shares in the Argentine securities markets is limited and could experience further illiquidity and price volatility.

Argentine securities markets are substantially smaller, less liquid and more volatile than major securities markets in the U.S. In addition, Argentine securities markets may be materially affected by developments in other emerging markets, particularly other countries in Latin America. Our shares underlying ADSs are less actively traded than securities in more developed countries and, consequently, an ADS holder may have a limited ability to sell the shares underlying ADSs upon withdrawal from the ADSs facility in the amount and at the price and time that it may desire. This limited trading market may also increase the price volatility of our shares underlying the ADSs.

Holders of ADSs may be adversely affected by currency devaluations and foreign exchange fluctuations.

If the peso exchange rate falls relative to the U.S. dollar, the value of the ADSs and any distributions made thereon from the depositary could be adversely affected. Cash distributions made in respect of the ADSs may be received by the depositary (represented by the custodian bank in Argentina) in pesos, which will be converted into U.S. dollars and distributed by the depositary to the holders of the American Depositary Receipts ("ADRs") evidencing those ADSs if in the judgment of the depositary such amounts may be converted on a reasonable basis into U.S. dollars and transferred to the United States on a reasonable basis, subject to such distribution being impermissible or impracticable with respect to certain ADR holders. In addition, the depositary will incur foreign currency conversion costs (to be borne by the holders of the ADRs) in connection with the foreign currency conversion and subsequent distribution of dividends or other payments with respect to the ADSs.

The relative volatility and illiquidity of the Argentine securities markets may substantially limit your ability to sell the shares underlying the ADSs on the BYMA at the price and time desired by the shareholder.

Investing in securities that trade in emerging markets, such as Argentina, often involves greater risk than investing in securities of issuers in the United States, and such investments are generally considered to be more speculative in nature. The Argentine securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets in the United States, and is not as highly regulated or supervised as some of these other markets. There is also significantly greater concentration in the Argentine securities market than in major securities markets in the United States. The ten largest companies in terms of market capitalization represented approximately 81% of the aggregate market capitalization of the BYMA as of December 31, 2017. Accordingly, although shareholders are entitled to withdraw the shares underlying the ADSs from the depository at any time, the ability to sell such shares on the BYMA at a price and time shareholders might elect may be substantially limited.

We are traded on more than one market and this may result in price variations; in addition, investors may not be able to easily move shares for trading between such markets.

Trading in the shares underlying ADSs or ADSs in London and Argentina, respectively, will use different currencies and take place at different times (resulting from different trading platforms, different time zones, different trading days and different public holidays in the United Kingdom and Argentina). The trading prices of the shares underlying ADSs on these two markets may differ due to these and other factors. Any decrease in the price of the shares underlying ADSs on the BYMA could cause a decrease in the trading price of the ADSs on the LSE. Investors could seek to sell or buy the shares underlying ADSs to take advantage of any price differences between the markets through a practice referred to as “arbitrage.” Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the ADSs available for trading on the other exchange. In addition, holders of ADSs will not be immediately able to surrender their ADSs and withdraw the underlying shares for trading on the other market without effecting necessary procedures with the depository. This could result in time delays and additional cost for holders of ADSs.

If we do not file or maintain a registration statement and no exemption from the Securities Act of 1933 (“Securities Act”) registration is available, U.S. holders of ADSs may be unable to exercise preemptive rights granted to our holders of shares underlying ADSs.

Under the GCL, if we issue new shares as part of a capital increase, our shareholders may have the right to subscribe to a proportional number of shares of the same class to maintain their existing ownership percentage. Rights to subscribe for shares in these circumstances are known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed shares remaining at the end of a preemptive rights offering on a pro rata basis, known as accretion rights.

Upon the occurrence of any future increase in our class B shares, U.S. persons (as defined in Regulation S under the Securities Act) holding our shares underlying ADSs or ADSs may be unable to exercise preemptive and accretion rights granted to our holders of shares underlying ADSs in connection with any future issuance of our shares underlying ADSs unless a registration statement under the Securities Act is effective with respect to both the preemptive rights and the new shares underlying ADSs, or an exemption from the registration requirements of the Securities Act is available.

We are not obligated to file or maintain a registration statement relating to any preemptive rights offerings with respect to our shares underlying ADSs, and we cannot assure that we will file or maintain any such registration statement or that an exemption from registration will be available. Unless those shares underlying ADSs or ADSs are registered or an exemption from registration

applies, a U.S. holder of our shares underlying ADSs or ADSs may receive only the net proceeds from those preemptive rights and accretion rights if those rights can be assigned by the ADS depository. If the rights cannot be sold, they will be allowed to lapse. Furthermore, the equity interest of holders of shares or ADSs located in the U.S. may be diluted proportionately upon future capital increases.

Changes in Argentine tax laws may adversely affect the tax treatment of our shares underlying ADSs or ADSs and transactions made until December 31, 2017.

On September 23, 2013, the Argentine income tax law (the “Argentine Income Tax Law”) was amended by Law 26,893. The Argentine Income Tax Law provides that the sale, exchange or other transfer of shares and other securities is subject to a capital gains tax at a rate of 15% for Argentine resident individuals and foreign beneficiaries. Until the enactment of Law 27,430, in force since fiscal year 2018, there was an exemption for Argentine resident individuals if certain requirements were met. However, there was no such exemption for non-Argentine residents. For transactions made until December 31, 2017, many aspects of the Argentine Income Tax Law still remain unclear and are subject to further regulation and interpretation, which may adversely affect the tax treatment of our shares underlying ADSs and/or ADSs. The income tax treatment of income derived from the sale of ADSs or exchanges of shares from the ADS facility may not be uniform under the revised Argentine Income Tax Law. The possibly varying treatment of source income could impact both Argentine resident holders as well as non-Argentine resident holders.

Law 27,430 requires the capital gains tax to be paid for transactions carried out between September 2013 (when taxation on the sale of shares for nonresidents was introduced) and the effective date of the tax reform. No tax, however, will be due for stock exchange transactions as long as the tax has not yet been paid and the stock exchange agents have not withheld or collected it. Further regulations are expected to be published.

Consequently, holders of our shares, including in the form of ADSs, are encouraged to consult their tax advisors as to the particular Argentine income tax consequences under their specific facts.

We are organized under the laws of Argentina and holders of the ADSs may find it difficult to enforce civil liability claims against us, our directors, officers and certain experts.

We are organized under the laws of Argentina. A significant portion of our and our subsidiaries’ assets are located in Argentina. Furthermore, almost all of our directors, officers and advisors reside in Argentina. Investors may not be able to effect service of process within the U.S. upon such persons or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the U.S. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the U.S., including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in an Argentine court predicated upon the civil liability provisions of the U.S. federal securities laws against us or these persons.

Prior to any enforcement in Argentina, a judgment issued by a U.S. court will be subject to the requirements of Article 517 through 519 of the Argentine Federal Civil and Commercial Procedure Code if enforcement is sought before federal courts or courts with jurisdiction in commercial matters of the City of Buenos Aires. Those requirements are: (1) the judgment,

which must be valid and final in the jurisdiction where rendered, was issued by a competent court in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an in rem action with respect to personal property which was transferred to Argentine territory during or after the prosecution of the foreign action; (2) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action; (3) the judgment must be valid in the jurisdiction where rendered, and its authenticity must be established in accordance with the requirements of Argentine law; (4) the judgment does not violate the principles of public policy of Argentine law; and (5) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court. Any document in a language other than Spanish, including, without limitation, the foreign judgment and other documents related thereto, requires filing with the relevant court of a duly legalized translation by a sworn public translator into the Spanish language.

CORPORATE GOVERNANCE, ORGANIZATION AND INTERNAL CONTROL SYSTEM

Cablevisión Holding S.A.'s Board of Directors is responsible for the Company's management and approves its policies and overall strategies. Pursuant to the By-laws, the Board of Directors is comprised by ten permanent directors and ten alternate directors who are elected at the Ordinary Shareholders' Meeting on an annual basis. Four of them (two permanent and two alternate members) are required to be independent directors, appointed in accordance with the requirements provided under the CNV rules.

Members of the Board of Directors

Cablevisión Holding's Board of Directors is comprised by the following members, appointed at the Annual Ordinary Shareholders' Meeting and Special Meeting per Class of Shares, held on September 28, 2016:

Urricelqui, Alejandro Alberto	Chairman
Cassino, Damián Fabio	Vice Chairman
Bardengo, Sebastián	Permanent Director
Novoa, Nicolás Sergio	Permanent Director
Sáenz Valiente, Ignacio José María	Permanent Director
Acevedo, Francisco Iván	Permanent Director
Salaber, Sebastián ¹	Permanent Director
Blaquier, Gonzalo ¹	Permanent Director
Whamond, Alan ¹	Permanent Director
Pozzoli, Nelson Damián ¹	Permanent Director
Romero, María Lucila	Alternate Director
Ostergaard, Claudia Irene	Alternate Director
Paez, María de los Milagros	Alternate Director
Gomez Sabaini, Patricio ¹	Alternate Director
Rio, Alejandro ¹	Alternate Director
Colombres, Gervasio ¹	Alternate Director
Saravia, Francisco ¹	Alternate Director

¹ *Independent members of the Board of Directors.*

² *Upon the resignation of Pablo C. Casey, Marcelo A. Trivarelli and Hernán P. Verdaguer, there are three vacancies.*

Cablevisión Holding also has a Supervisory Committee comprised of 3 permanent members and 2 alternate members, who are also appointed on an annual basis at the Ordinary Shareholders' Meeting. The Board of Directors, through an Audit Committee, is in charge of the ongoing oversight of all matters related to control information systems and risk management, and issues an annual report on these topics. The members of the Company's Audit Committee may be nominated by any member of the Board of Directors and a majority of its members must meet the independence requirement provided under CNV rules.

Supervisory Committee

Cablevisión Holding's Supervisory Committee is comprised by the following members, appointed at the Annual Ordinary Shareholders' Meeting and Special Meeting per Class of Shares, held on September 28, 2016:

Carlos A. P. Di Candia ¹	Permanent Member
Hugo Ernesto López ¹	Permanent Member
Pablo San Martín ¹	Permanent Member
Rubén Suárez ¹	Alternate Member
Miguel Ángel Mazzei ¹	Alternate Member

¹ *Independent members of the Supervisory Committee*

² *Upon the resignation of Raúl A. Morán, the position of the third alternate member of the Supervisory Committee is vacant.*

Audit Committee

The Audit Committee is comprised as follows:

Bardengo, Sebastián	Chairman
Whamond, Alan	Vice Chairman
Pozzoli, Néstor Damián	Permanent Member
Río, Alejandro	Alternate Member
Gomez Sabaini, Patricio	Alternate Member

The overall criteria used to appoint Cablevisión Holding S.A.'s management are based on the background and experience in the position and the industry, companies they have worked for, age, professional and moral aptitude, among other factors.

In order to identify opportunities and streamline structures and systems with the aim of improving processes and making informed decisions, Cablevisión Holding S.A. sets forth several procedures and policies for controlling the Company's operations. The areas responsible for the Company's internal controls, both at the Company level and at the level of its subsidiaries and affiliates, contribute to the safeguarding of shareholders' equity, the reliability of financial information and the compliance with laws and regulations.

Compensation of the Members of the Board of Directors and Senior Management

Compensation of the members of the Board of Directors is decided at the Shareholders' Meeting after the close of each fiscal year, considering the cap established by Section 261 of Law No. 19,550 and related regulations of the CNV.

Cablevisión Holding will have compensation arrangements with all of its officers in executive and managerial positions, which contemplate a fixed and variable remuneration scheme. Fixed

compensation is tied to the level of responsibility attached to each position, prevailing market salaries and performance. The annual variable component is tied to performance during the fiscal year based on the objectives set at the beginning of the year.

During 2017, CVH did not have any employees, only through its subsidiary. As from January, the Company has its own employees.

In addition, the parameters used in fixing compensations as from January 2018 are in line with market practices, using market surveys issued by prestigious consultancy firms and the evaluation of the positions based on the size of the company and the complexity of the assigned tasks.

Dividend Policy

CVH does not have a formal dividend policy governing the amount and payment of dividends or other distributions. According to its By-laws and the Argentine Corporate Law, CVH may lawfully pay and make declarations of dividends only out of the retained earnings stated in the Company's annual Financial Statements prepared in accordance with Argentine GAAP and CNV regulations and approved at the Shareholders' Meeting. In such case, dividends must be paid on a pro rata basis to all holders of shares of common stock as of the relevant record date.

Set-up of reserves

Pursuant to the Argentine Corporate Law and CNV resolutions, CVH is required to set up a legal reserve of no less than 5% of each year's retained earnings until such reserve reaches 20% of its outstanding capital stock plus the corresponding adjustment. The legal reserve is not available for distribution to shareholders.

Code of Corporate Governance

In addition to the aforementioned and in conformity with the CNV's decisions concerning the filing of the report about compliance with the Code of Corporate Governance (Resolution No. 606/12), Cablevisión Holding prepared the report for the year under analysis, which is attached as an exhibit to this annual report.

BUSINESS PROJECTIONS AND PLANNING

Cablevisión Holding seeks to consolidate its role as leading holding company engaged in investing in convergent telecommunications, focused on Argentina and the region.

Its subsidiary will strive to seize opportunities, seeking to reinforce, improve and expand the range of products and services offered; reach new customers and promote permanent innovations in all of its activities.

Cablevisión Holding will continue to optimize even more the productivity and efficiency levels in all of the areas of CVH and its subsidiary. It will seek to develop and apply best practices in each of its processes.

At a corporate level, it will continue to focus on the main processes that allow sustainable, healthy and efficient growth from different perspectives: Financial structure, management control and business strategy. Cablevisión Holding will continue to analyze alternative new ventures related to its mission and strategic objectives both in Argentina and abroad, as long as they add value to shareholders and are feasible and viable under the prevailing economic environment.

Cablevisión Holding was created as result of Grupo Clarín's corporate spin-off, which sought to deepen the specialization of each of the organizations. In this way, each company was able to adjust even further its strategic, financial and operational focus with the global demands of each of these markets, allowing them to enhance their competitiveness.

Cablevisión Holding renews its sustained commitment to regulatory compliance, the customers of its subsidiary and the country.

PROPOSAL OF THE BOARD OF DIRECTORS

The financial statements of the Company as of December 31, 2017 recorded a net profit of Ps. 781,846,087. Retained Earnings as of that date amounted to Ps. 1,616,204,146 of which Ps. 834,358,059 are derived from the Retained Earnings under the spin-off.

Cablevisión Holding is a holding company. Its results derive mainly from the operations of its subsidiaries. Therefore, its liquidity position depends, among other things, on the distribution of dividends of its subsidiaries -which have to meet their investment and interest payments needs-, the contributions required by its subsidiaries and the expected future cash flows from operating and financing activities. In addition, in accordance with the terms of the acceptance by Citibank, N.A., Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, Itaú Unibanco S.A., Nassau Branch of the loan offer for USD 750 million (the "Loan"), CVH has to apply the dividends collected from its subsidiaries to the mandatory prepayments.

Telecom Argentina S.A., surviving company of Cablevision S.A., reversed reserves to pay dividends in two installments. On February 15, 2018, Cablevisión Holding and its subsidiary VLG received the first installment of dividends for an aggregate amount of Ps. 5.083 billion. The payment of the second installment for Ps. 2.683 billion is scheduled to be made on April 30, 2018, being the Board empowered to make such payment on an earlier date if it deems it convenient.

As of to date, in view of the prepayments made, the outstanding balance of the Loan amounts to USD 349.9 million.

In view of the above, the Board of Directors believes that it would be prudent and reasonable to propose to the Shareholders that net income for the year in the amount of Ps. 1,616,204,146 be appropriated to the creation of an Optional Reserve for financial obligations.

The Board of Directors of CVH and its subsidiaries would like to thank its customers, suppliers, banking and financial institutions and other stakeholders, who are the key players in achieving the results obtained this fiscal year by the Company's management.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the consolidated financial statements included with this annual report, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- this annual report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board of Directors

CABLEVISIÓN HOLDING S.A.

EXHIBIT I - REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

PRINCIPLE I. REVEAL THE RELATIONSHIP BETWEEN THE ISSUER AND THE ECONOMIC GROUP IT LEADS AND/OR BELONGS TO AND ITS RELATED PARTIES

The corporate governance framework shall:

Recommendation I.1. Ensure disclosure by the Board of Directors of the policies applicable to the relationship between the Issuer and the economic group it leads and/or belongs to and its related parties.

Answer whether or not:

The Issuer has an internal rule or policy governing the authorization of transactions between related parties pursuant to Section 73 of Law No. 17,811, operations carried out with shareholders and members of the Board of Directors, first-line managers and statutory auditors and/or members of the supervisory committee within the economic group it leads and/or belongs to. Specify the main guidelines of the internal rule or policy.

Full compliance.

The Company has a policy on transactions with related parties in place, in accordance with effective regulations.

Recommendation I.2. Ensure that policies and procedures are in place to prevent conflicts of interests.

Answer whether or not:

The Issuer has, notwithstanding the effective regulations, clear and specific policies and procedures to identify, handle and solve potential conflicts of interests arising from the relationship between members of the Board of Directors, first-line managers and statutory auditors and/or members of the supervisory committee and the Issuer or its related parties. Describe the relevant aspects of such policies and procedures.

Full compliance.

The Company has a Code of Ethics and Conduct in place, which, among other things, seeks to avoid potential conflicts between the Company's interests and the personal interests of its directors and employees and their respective direct relatives. The code describes objective scenarios where a conflict of interest may arise and provides a non-exhaustive list of examples that standardize conflicts.

Recommendation I.3. Prevent the misuse of privileged information.

Answer whether or not:

The Issuer has, notwithstanding the effective regulations, achievable policies and procedures to prevent the misuse of privileged information by members of the Board of Directors, first-line managers, statutory auditors and/or members of the supervisory committee, controlling

shareholders or shareholders that exert significant influence on the Company, professionals involved and the other persons listed in Sections 7 and 33 of Decree No. 677/01. Describe the relevant aspects of such policies and procedures.

Full compliance.

The Code of Ethics and Conduct referred to in Item I.2. deals with the handling of confidential information by the Company's officers, where confidential information is understood as all such information that has not become publicly known and that may be important for an investor to make a buy, sell or hold decision concerning any of the Company's securities. The Code prohibits the use of such information by the Company's officers for their own benefit or for the benefit of a third party. The Company also has mechanisms in place to restrict the access to and internal distribution of information that supplement the measures implemented to prevent the use or disclosure of confidential information.

PRINCIPLE II. LAY THE FOUNDATIONS FOR THE ISSUER TO HAVE A STRONG MANAGEMENT AND SUPERVISION

The corporate governance framework shall:

Recommendation II.1. Ensure that Issuer's management and supervision and its strategic orientation are under the charge of the Board of Directors.

The Board of Directors of Cablevisión Holding S.A., pursuant to legal and statutory provisions, is responsible for the Company's management. The Company's main corporate purposes are investment and finance. Its main investment is the direct and indirect interest in its controlled company Cablevisión S.A.

Answer whether or not:

II.1.1. The Board of Directors is in charge of approving:

II.1.1.1. The Company's strategic or business plan, as well as the management goals and annual budgets;

Full compliance.

The Company's Board of Directors reviews the business plan on an annual basis. That plan includes management goals and their respective budgets.

II.1.1.2. The investment policy (in financial assets and capital expenditures) and the financing policy;

Full compliance.

The investment and financing policy is an integral part of the Company's business plan as described in Item II.1.1.1.

II.1.1.3. The corporate governance policy (compliance with the Corporate Governance Code);

Full compliance.

As established by the effective regulations, the Board of Directors has approved the content of the report on the degree of compliance with the Corporate Governance Code, as a separate exhibit to the Annual Report.

II.1.1.4. The policy on selection, assessment and compensation of Top Management;

II.1.1.5. The policy on allocation of responsibilities among first-line managers;

II.1.1.6. The oversight of first-line managers' succession planning;

Non-compliance.

The Company has a small number of employees (currently six.) Therefore, the Board of Directors believes it is not necessary to approve a policy on selection, assessment and compensation of top management, or allocation of responsibilities, or oversight of succession planning.

II.1.1.7. The Corporate Social Responsibility policy;

Partial compliance.

The Board of Directors has not formalized the approval of the Company's Corporate Social Responsibility policy. However, it does have in place Sustainability Guidelines that require the Subsidiaries that have significant operations and scale to develop policies and procedures for the responsible management of their impacts, promoting positive ones, mitigating negative ones and disclosing on an ongoing basis its performance in this regard pursuant to relevant globally accepted standards and in line with the expectations of their stakeholders.

II.1.1.8. The policies on comprehensive risk and internal control management and fraud prevention;

Partial compliance.

The Board of Directors has not formalized the approval of the policy on comprehensive risk and internal control management and fraud prevention. Notwithstanding the foregoing, the supervision of its application is carried out by the Audit Committee.

II.1.1.9. The policy on ongoing training for members of the Board of Directors and first-line managers.

Non-compliance.

The Company's Board of Directors has not formalized the approval of the policy for the training for members of the Board of Directors and first-line managers.

II.1.2. If deemed relevant, add any other policy applied by the Board of Directors that has not been mentioned before, detailing its significant aspects.

The Company has other policies in place that are related to and supplement the above mentioned ones, such as: Authorization of transactions per amount and nature of the transaction; Procurement and Contracting, Register of Proxies, Register of Signatures, Information Security and Insurance.

II.1.3. The Issuer has a policy in place to ensure the availability of the information necessary for the Board of Directors to make decisions and a direct channel to make inquiries to line managers in a symmetric and fair way for all of its members (external and independent executives), with sufficient time ahead to adequately analyze its content. Specify.

Full compliance.

The Company's information flow procedures allow all of the Board members to receive relevant information on the issues submitted to their consideration, with sufficient time ahead to allow for a comprehensive analysis that facilitates the decision-making process. The Company's Management is also available to answer any question the directors may have in that regard.

II.1.4. The issues submitted to the consideration of the Board of Directors are supported by an analysis of the risks inherent to the decisions that may be adopted, taking into account the enterprise risk level the Issuer has defined as acceptable. Specify.

Full compliance.

Any decision submitted to the Board's consideration is supported by the relevant background, including the potential associated risks.

Recommendation II.2. Ensure the effective Control of Issuer's Management

Answer whether or not:

The Board of Directors is in charge of verifying:

II.2.1 Compliance with the annual budget and the business plan;

Full compliance.

The Board of Directors verifies compliance with the Company's annual budget and business plan.

II.2.2. Top Management performance and their compliance with their respective goals (expected level of profits versus actual profits, financial rating, accounting reporting quality, market share, etc.).

Full compliance.

The Board of Directors verifies compliance with the above items, through the fulfillment of the annual budget. Moreover, the Audit Committee assesses the financial reporting reliability. See Item II.2.1

Describe the relevant aspects of Issuer's Management Control policy, detailing the methods employed by the Board of Directors and the monitoring frequency.

The Company's management prepares a monthly report comparing the month's actual results and the year-to-date results against the budgeted results. This report also provides an explanation of the differences between budgeted and actual data, taking into account the changes between the expected activities and the actually executed activities. The Board of Directors takes note of said information on an ongoing basis.

Recommendation II.3. Disclose the Board of Directors' performance assessment process and its related impact.

Answer whether or not:

II.3.1. Each member of the Board of Directors complies with the By-Laws and, where applicable, with the Board of Directors' Rules of Operation. Specify the main guidelines of these rules. Specify the degree of compliance with the By-Laws and the Rules of Operation.

Full compliance.

All members of the Board of Directors comply with the effective regulations of the Argentine General Business Associations Law No. 19,550, the Argentine Securities Commission (CNV) and the Buenos Aires Stock Exchange (BCBA), as well as with all the provisions of the Company's By-laws.

II.3.2. The Board of Directors reports the results of its management activities based on the goals set at the beginning of the year so that shareholders may assess the degree of compliance with such goals, which entail financial as well as non-financial aspects. The Board of Directors also presents a diagnosis of the degree of compliance with the policies referred to in Recommendation II, Items II.1.1 and II.1.2.

Specify the main aspects of the assessment made at the General Shareholders' Meeting on the Board of Directors' degree of compliance with the goals set and the policies referred to in Recommendation II, Items II.1.1 and II.1.2, indicating the date of the meeting in which the assessment was presented.

Partial compliance.

Pursuant to the Argentine General Business Associations Law No. 19,550, the Board of Directors discloses the results of its management activities in the Annual Report, which is approved by the shareholders at the Annual Ordinary Shareholders' Meeting. Therefore, the Board of Directors considers that the assessment of its own management activities is embedded in that assessment. Said disclosure does not include specifically the diagnosis of the degree of compliance with the policies referred to in Items II.1.1 and II.1.2, although those issues are naturally addressed in general in the Annual Report.

Recommendation II.4. That external and independent members account for a significant portion of the members of the Issuer's Board of Directors.

Answer whether or not:

II.4.1. The proportion of the Board of Directors' external and independent executive members (independent members as defined by the CNV's regulations) bears a relationship with the Issuer's capital structure. Specify.

Full compliance.

The Company's Board of Directors is comprised by members who are also managers of the Company, non-independent directors without executive responsibilities and independent directors. The distribution of directors bears relationship with the Company's capital structure, as provided by the effective legislation and the By-Laws.

II.4.2. During the current year, at a General Shareholders' Meeting, the shareholders agreed to a policy aimed at maintaining at least 20% of independent members in the total number of Board of Directors' members. Describe the relevant aspects of such policy and of any other shareholders' agreement to understand how and for how long the members of the Board are appointed. Indicate if the independence of the Board members was challenged at any time during the year and if there was any abstention as a result of a conflict of interest.

Full compliance.

Even though the Company does not have in place a specific policy establishing the number of independent directors, at the Shareholders' Meeting the shareholders appointed independent directors that represent over 20% of the total members of the Company's Board of Directors. During the year, there were no abstentions as a result of a conflict of interest or any objections questioning directors' independence.

Recommendation II.5. Require that the Issuer implement rules and procedures for the selection and proposal of members of the Board of Directors and first-line managers.

Answer whether or not:

II.5.1. The Issuer has an Appointments Committee in place:

II.5.1.1. comprised by at least three members of the Board of Directors, most of them independent directors;

II.5.1.2. presided over by an independent member of the Board of Directors;

II.5.1.3. comprised by members with proven expertise and experience in human capital policies;

II.5.1.4. which holds at least two meetings per year;

II.5.1.5. which decisions in connection with the selection of Board members are not necessarily binding but rather consultative at General Shareholders' Meetings.

II.5.2. If there is a Appointments Committee in place, answer whether or not:

II.5.2.1. it verifies the annual review and assessment of its rules of operation and suggests amendments for the Board of Director's approval;

II.5.2.2. it proposes the development of criteria (qualification, experience, professional reputation and ethics, among others) for the selection of new members of the Board of Directors and first-line managers;

II.5.2.3. it identifies potential candidates to the Board of Directors to be proposed by the Committee at the General Shareholders' Meeting;

II.5.2.4. it proposes the Board of Directors' members that should be part of the several Board of Director's committees, based on their respective backgrounds;

II.5.2.5. it deems advisable that the positions of Board of Directors' Chairman and General Manager be held by different persons;

II.5.2.6. it ensures that the resumes of the Board members and the first-line managers are available at the Issuer's website, specifying the Board members' term of office;

II.5.2.7. it verifies that a Board member and first-line manager succession plan is in place.

II.5.3. If deemed relevant, add any policy implemented by the Issuer's Appointments Committee that has not been mentioned in the above item.

Non-compliance

The Company does not have an Appointments Committee in place. Notwithstanding the fact that, pursuant to the Argentine Business Associations Law No. 19,550, the above mentioned functions concerning the appointment of Board members shall be exclusively carried out at the Shareholders' Meeting, for the time being the Company does not see a need for implementing said Committee.

Recommendation II.6 Assess the convenience of the Board members and/or statutory auditors and/or members of the supervisory committee performing functions at several Issuers.

Answer whether or not:

The Issuer sets limits on Board members and/or statutory auditors and/or members of the supervisory committee in connection with the performance of functions at entities other than the economic group the Issuer leads and/or belongs to. Specify said limit and whether it was violated or not at any time during the year.

Non-compliance

Certain members of the Board of Directors and the Supervisory Committee carry out functions in other companies. In practice, the performance of such other functions, particularly in companies that are not related to the Company, has not been found to cause inconveniences in the due compliance with the functions of such bodies. Should any inconvenience occur, the respective member of the Board or Supervisory Committee would not be reappointed. The Board does not deem it necessary to set that limit in light of the current circumstances.

Recommendation II.7. Ensure the training and development of the Issuer's Board members and first-line managers.

Answer whether or not:

II.7.1. The Issuer has ongoing Training Programs in place addressed to Board members and first-line managers that are related to the Issuer's current needs, and include training on their respective roles and responsibilities, comprehensive enterprise risk management, know-how on the business and its regulations, corporate governance dynamics and corporate social responsibility, as well as international accounting standards, auditing and internal control standards and capital market regulations for members of the Audit Committee. Describe the programs developed during the year and the degree of compliance.

Partial compliance.

The Company provides executive training programs delivered at prestigious educational institutions, which are supplemented with in-house training programs. Furthermore, every year the Company organizes information and discussion sessions to deal with the issues that concern senior management. These sessions are led by prestigious local and international specialists in the field. The members of the Audit Committee receive specific training on their incumbent issues, delivered by prestigious auditing firms in the market.

II.7.2. The Issuer employs other means not specified in Item II.7.1 to encourage members of the Board of Directors and first-line managers to pursue ongoing training supplementing their education level in order to add value to the Issuer. Specify how.

Non-compliance

The Company considers that the actions mentioned in Item II.7.1 are sufficient to engage directors and managers in the training process.

PRINCIPLE III. SUPPORT AN EFFECTIVE ENTERPRISE RISK IDENTIFICATION, MEASUREMENT, MANAGEMENT AND DISCLOSURE POLICY

The corporate governance framework:

Recommendation III. The Board of Directors shall have a comprehensive enterprise risk management policy in place and monitor its adequate implementation.

Answer whether or not:

III.1. The Issuer has comprehensive enterprise risk management policies (risk of compliance with strategic goals, operating risks, financial risks, accounting reporting risks and regulatory risks, among others). Describe the relevant aspects of such policies.

Partial compliance.

The policy referred to in Item II.1.1.8 seeks to cover risks inherent to: (i) operational effectiveness and efficiency, (ii) financial reporting reliability, (iii) asset protection, and (iv) regulatory compliance. The Company employs the following tools: (i) the policy governing the authorization of transactions referred to in Item II.1.2, (ii) the monthly management reports referred to in Item II.2, (iii) external audits, (iv) internal audits, and (v) other policies referred to in Item II.1.2. The Company takes into account the COSO model to design its control system.

III.2. There is a Risk Management Committee at the core of the Board of Directors or Senior Management. Report on the existence of manuals of procedures, specifying the main risk factors specific to the Issuer or its business and the implemented mitigation actions. In the absence of such Committee, describe the oversight role performed by the Audit Committee concerning risk management. Specify the interaction level between the Board of Directors or its Committees with Issuer's Senior Management in terms of comprehensive enterprise risk management.

Partial compliance.

The Company prepares a monthly management report to monitor the Company's operational risks. The Audit Committee carries out the following tasks on that report: (i) analyzing the methodology used to prepare the above mentioned reports; (ii) discussing with the Control Department the process to identify and assess risks, mitigate them and implement solutions; (iii) considering to which extent the risks are adequately reported according to applicable legal and accounting standards; and (iv) reporting on monitoring completion in its annual report. In particular, that Committee assesses the risks of misstatements in the financial statements and other information made available to third parties.

III.3. There is an independent function within Issuer's Senior Management that implements the comprehensive enterprise risk management policies (function of the Risk Management Officer or its equivalent). Specify.

Non-compliance.

Given the small structure of the Company, the Board of Directors believes it is not necessary to have in place a risk management officer.

III.4. The comprehensive enterprise risk management policies are updated on an ongoing basis, according to related widely used recommendations and methodologies. Specify which.

Partial compliance.

See Item III.1.

III.5. The Board of Directors reports the results of the risk management supervisory activities carried out jointly with Senior Management in the financial statements and the Annual Report. Specify the main aspects of the disclosures.

Partial compliance.

In reviewing the financial statements, the Board of Directors supervises the note on financial risk management.

PRINCIPLE IV. SAFEGUARD FINANCIAL INFORMATION INTEGRITY THROUGH INDEPENDENT AUDITS

The corporate governance framework shall:

Recommendation IV. Ensure the independence and transparency of the functions entrusted to the Audit Committee and the External Auditor.

Answer whether or not:

IV.1. In selecting the members of the Audit Committee, the Board of Directors assesses the convenience of appointing an independent member as Chairman, taking into consideration that most members must be independent.

Non-compliance

The Chairman of the Company's Audit Committee appointed by the members of that Committee on July 5, 2017 is not an independent member.

IV.2. There is an internal audit function that reports to the Audit Committee or the Board of Directors' Chairman and that is responsible for assessing the internal control system. Specify whether or not the Audit Committee or the Board of Directors perform an annual assessment on the performance of the Internal Audit Department and the degree of independence in the conduct of its professional practice; which means assessing whether the professionals in charge of that function are independent from other operating areas and whether they meet the independent requirements concerning controlling shareholders or related parties exerting significant influence on the Issuer. Also specify if the Internal Audit function carries out its activities in accordance with international auditing standards issued by the Institute of Internal Auditors (IIA).

Non-compliance.

The Board of Directors has deemed it unnecessary to have an internal audit function on a permanent basis, given the small structure of the Company and given the fact that investing is its corporate purpose. Notwithstanding the foregoing, the Company has hired internal audit services to verify the performance of critical controls.

IV.3. The members of the Audit Committee annually review the know-how, independence and performance of the External Auditors appointed at the Shareholders' Meeting. Describe the relevant aspects of the procedures used to perform the assessment.

Full compliance.

The Audit Committee periodically evaluates external auditors in terms of independence, know-how and performance, among other issues. To this end, the Audit Committee reviews the following: (i) the auditors' professional and personal suitability (considering the experience and background of the partner in charge of the audit, analysis of the work methodology employed, the auditing firm's independence and quality control practices, the affidavits required by effective regulations); (ii) contracted services; (iii) audit plan; (iv) auditor's reports and internal control recommendations; and (v) discussion with Company's officers concerning the above mentioned items.

IV.4. The Issuer has a policy in place on the rotation of Supervisory Committee members and/or the External Auditor, and specifically in the case of the latter, whether such rotation includes the external auditing firm or its individual members only.

Non-compliance.

In the Board of Directors' view, it is not necessary to adopt a specific policy providing for the rotation of the Supervisory Committee members and the External Auditor.

PRINCIPLE V. RESPECT SHAREHOLDER RIGHTS

The corporate governance framework shall:

Recommendation V.1. Ensure that shareholders have access to Issuer's information.

Answer whether or not:

V.1.1. The Board of Directors holds periodical informational meetings with the shareholders upon the presentation of the interim financial statements. Specify the number and frequency of the meetings held during the year.

Full compliance.

The Company communicates with its investors through its executives in charge of market relations and through regular informational meetings and conferences, in order to present the quarterly financial statements. The Company maintains communication channels with the minority shareholders through the disclosure of relevant information in the stock exchanges where its shares and GDSs are listed and through information disclosed in the Company's web site.

V.1.2. The Issuer has mechanisms in place to keep investors informed and a special area dedicated to answering their questions. It also has a web site accessible to shareholders and other investors that serves as a channel to communicate with each other. Specify.

Full compliance.

The Company's management is in charge of the relationship with investors and shareholders and addresses their questions and concerns. It also provides public financial and operating information, provided such disclosure conforms to the law and does not affect the Company's strategy and forward-looking plans. Management issues quarterly reports and holds regular conference calls to discuss further information requested by investors and shareholders. These reports and files can be found on the Company's web site.

Recommendation V.2. Foster shareholders' active involvement.

Answer whether or not:

V.2.1. The Board of Directors takes actions that foster the involvement of all shareholders at General Shareholders' Meetings. Specify which, distinguishing actions required by law from the Issuer's voluntary actions.

Full compliance.

The Company encourages the participation of all shareholders at the meetings. It calls the meeting and distributes the agenda with sufficient anticipation, translated into English for shareholders domiciled abroad, through the GDS's depository institution. The Company also complies with the publication requirements set forth under current legislation (publication in the Official Gazette, a newspaper with high circulation, the bulletin of the Buenos Aires Stock Exchange and the Financial Information Highway of the CNV) and with publication on the Company's web site.

V.2.2. The General Shareholders' Meeting has rules of operation in place to ensure that the information is available to all shareholders with sufficient anticipation to make decisions. Describe the main guidelines of such rules.

Partial compliance.

Besides the rules established in its Bylaws, the Company has not deemed it necessary to have formal rules of operations concerning General Shareholders' Meetings. Naturally, it ensures that the information is available to shareholders with sufficient anticipation to make decisions as stated in Items V.1. and V.2.1.

V.2.3. The mechanisms implemented by the Issuer are applicable in order for minority shareholders to raise issues to be discussed at the General Shareholders' Meeting, in accordance with effective regulations. Specify the outcomes.

Full compliance.

The Company conforms to the effective regulations in connection with the minority shareholders' ability to raise issues for discussion at the General Shareholders' Meeting. Therefore, the issues raised by the shareholders present at the meeting are registered in the respective minutes, pursuant to the applicable mechanisms.

V.2.4. The Issuer has policies in place to encourage the involvement of major shareholders, such as, institutional investors. Specify.

Full compliance.

See Item V.2.1.

V.2.5. At Shareholders' Meetings where candidates to members of the Board of Directors are discussed, the following are disclosed prior to voting: (i) the position of each candidate as to the adoption or not of a Corporate Governance Code; and (ii) the rationale for such position.

Non-compliance.

The members of the Board of Directors have not stated their respective individual positions as to the adoption or not of a Corporate Governance Code. As members of the Board of Directors, they have adopted the recommendations addressed and the policies advised as rules and within the scope described herein and apply them diligently. In that sense, the Company is committed to the highest standards of ethics and transparency in its corporate governance structure. On the other hand, as mentioned under II.1.1.3 and as established by the effective regulations, the Board of Directors has approved the content of the report on the degree of compliance with the Corporate Governance Code, as a separate exhibit to the Annual Report of the fiscal year.

Recommendation V.3. Ensure the one-share-one-vote principle.

Answer whether or not:

The Issuer has a policy in place that fosters the one-share-one-vote principle. Describe the changes in the breakdown of outstanding shares per class over the last three years.

Full compliance.

Pursuant to Section 216 of the Argentine Business Associations Law No. 19,550, the Company may not issue shares with privileged voting rights after the authorization of the initial public offering of its shares. The Company strictly complies with the effective regulations.

Recommendation V.4. Establish mechanisms to protect all shareholders from takeovers.

Answer whether or not:

The Issuer abides by the mandatory tender offer rules. Otherwise, specify if there are other alternative statutory mechanisms, such as, the tag-along rights or others.

Partial compliance

As contemplated in the Company's By-laws, the Company opted out of the mandatory tender offer rules (as established by Decree No. 677/01). Section 90 of Capital Markets Law No. 26,831 provides that: "The tender offer rules regulated in this chapter and the residual interest regime regulated in the following chapter comprise all listed companies, including those which under the previous regime may have opted out of its application".

Notwithstanding the foregoing, the By-laws set forth mechanisms to protect the minority shareholders' interests against certain scenarios involving the acquisition of the Company's shares.

Recommendation V.5. Encourage the dispersed ownership of the Issuer's shares.

Answer whether or not:

Ownership of at least 20% of the Issuer's common shares is dispersed. Otherwise, indicate if the Issuer has a policy in place to increase dispersed ownership in the market. Specify dispersed ownership as a % of the Company's share capital and its evolution over the last three years.

Full compliance.

Ownership of more than 20% of the Company's shares is dispersed. Such dispersed ownership has not changed significantly during the year.

Recommendation V.6. Ensure that a transparent dividend policy is in place.

Answer whether or not:

V.6.1. The Issuer has a dividend distribution policy stated in its By-Laws and approved at the Shareholders' Meeting setting forth the conditions to distribute dividends in cash or in kind. If such policy is in place, specify the criteria, frequency and conditions to be met for dividend payment.

Non-compliance

The Company's Bylaws does not establish a stringent dividend policy. The Shareholders' Meetings determine in each fiscal year the amount and payment of the corresponding dividends.

V.6.2. The Issuer has documented processes in place to propose the allocation of Issuer's accumulated income to set up legal, statutory or voluntary reserves, to be carried over to the next fiscal year and/or to pay dividends. Detail these processes specifying the minutes of Shareholders' Meetings in which the dividend distribution (in cash or in kind) was approved or not, if not provided for in the By-Laws.

Full compliance.

In the light of the Company's Business Plan, the Board of Directors prepares a retained earnings appropriation proposal that is included in the Annual Report. This proposal is then reviewed at the Shareholders' Meeting, according to the Argentine Business Associations Law.

PRINCIPLE VI. KEEP A DIRECT AND RESPONSIBLE BOND WITH THE COMMUNITY

The corporate governance framework shall:

Recommendation VI. Disclose to the community the issues concerning the Issuer and provide a direct communication channel with the company.

Answer whether or not:

VI.1. The Issuer has an updated public website which provides relevant information about the Company (such as, by-laws, economic group, structure of the Board of Directors, financial statements, Annual Report, etc.) and which also gathers users' concerns in general.

Full compliance.

The Company has a website with sufficient and updated information, which may be easily accessed from multiple channels. The available data includes relevant information on the

Company (such as, by-laws, economic group, structure of the Board of Directors, annual and quarterly financial statements, Annual Report, etc.). The website includes contact information as well as several forms and mechanisms to gather concerns from the various users.

VI.2. The Issuer issues an annual Statement of Social and Environmental Responsibility, verified by an independent External Auditor. If so, specify the legal and geographical scope or coverage of such statement and where it is available. Specify which standards or initiatives have been adopted to implement the Corporate Social Responsibility policy (Global Reporting Initiative and/or the United Nations Global Compact, ISO 26000, SA 8000, the Millennium Development Goals, the Forética's SGE standard, AA 1000, Ecuador's Principles, among others).

Partial compliance

The Company provides information on its performance and that of its subsidiaries in terms of sustainability; however, it does not have a specific audited statement. Through its Sustainability Guidelines, the Company promotes among its subsidiaries the issuance of annual sustainability reports, the certification of their activities pursuant to several standards, the adoption of the IO 26000 standard as a reference for its Social Responsibility Management, as well as the implementation of performance management programs with parameters such as those of the Global Reporting Initiative (GRI), the principles of the United Nations Global Compact, the Sustainable Development Goals (SDG); WEP principles of UN Women, etc.

PRINCIPLE VII. PAY FAIR AND RESPONSIBLE COMPENSATION

The corporate governance framework shall:

Recommendation VII. Set clear policies on the compensation of the Issuer's Board members and first-line managers, with special emphasis on conventional or statutory restrictions, based on whether the Issuer has made a profit or not.

Answer whether or not:

VII.1. The Issuer has a Compensation Committee in place:

VII.1.1. comprised by at least three members of the Board of Directors, most of them independent directors;

VII.1.2. presided over by an independent member of the Board of Directors;

VII.1.3. comprised by members with proven expertise and experience in human capital policies;

VII.1.4. which holds at least two meetings per year;

VII.1.5. which decisions in connection with the compensation of Board's members are not necessarily binding but rather consultative at General Shareholders' Meetings.

VII.2. If there is a Compensation Committee in place, answer whether or not:

VII.2.1. it ensures that the performance of the key employees bears a clear relationship with their fixed and variable compensation, taking into account the risks assumed and the management thereof;

VII.2.2. it supervises that the variable portion of the Board members' and first-line managers' compensation is linked to the Issuer's medium-term and long-term performance;

VII.2.3. it reviews the competitive position of Issuer's policies and practices in terms of compensation and benefits granted by comparable companies and recommends changes, where necessary;

VII.2.4. it defines and communicates the policy on retention, promotion, dismissal and suspension of key employees;

VII.2.5. it informs the guidelines to be followed in determining the retirement plans of the Issuer's Board members and first-line managers;

VII.2.6. it regularly reports to the Board of Directors and the Shareholders' Meeting on the actions carried out and the issues discussed at the meetings held;

VII.2.7. it guarantees the presence of the Compensation Committee's Chairman at the General Shareholders' Meeting where the Board of Directors' fees are approved in order to explain the Issuer's policy concerning the compensation of Board members and first-line managers.

VII.3. If deemed relevant, add any policy implemented by the Issuer's Compensation Committee that has not been mentioned in the above item.

VII.4. If there is no Compensation Committee in place, please explain how the functions described in Item VII.2 are performed within the Board of Directors.

Non-compliance

Pursuant to the Argentine General Business Associations Law No. 19,550, the determination and approval of the Board members' fees shall be exclusively handled by the shareholders at the Shareholders' Meeting. For the time being, the Shareholders have not deemed it necessary to implement said Committee.

PRINCIPLE VIII. ENCOURAGE CORPORATE ETHICS

The corporate governance framework shall:

Recommendation VIII. Ensure the Issuer's ethical conduct.

Answer whether or not:

VIII.1. The Issuer has a Code of Corporate Conduct. Specify the main guidelines of the Code and whether or not it is publicly known. Said Code is signed by, at least, the Board members and the first-line managers. Specify if suppliers and clients are encouraged to implement the code.

Full compliance.

As mentioned in Item I.2, the Company has a Code of Ethics and Conduct which deals with issues, such as, conflicts of interests, relations with the personnel, political and governmental relationships, corporate asset protection, disclosure of confidential information, opinion on public issues or disloyalty to the Company. This Code is signed by the Company's executives, but it is not disclosed to third parties.

VIII.2. The Company has mechanisms in place to report any unlawful or unethical conduct, either in person or by electronic means, securing the highest confidentiality and integrity standards concerning the reported information, as well as information recording and conservation. Specify if the reception and assessment of whistleblower reports are handled by the Company's employees or by external and independent professionals to further protect the whistle-blowers.

Full compliance.

The Company has a whistle-blower hot line through which whistle-blowers may report unlawful conducts anonymously and the information can be handled confidentially. Said line is managed by its own staff.

VIII.3 The Issuer has policies, processes and systems in place to handle and address the whistle-blower reports mentioned in Item VIII.2. Describe the most relevant aspects of said policies, processes and systems and the degree of involvement of the Audit Committee in addressing whistle-blower reports, particularly those concerning internal control issues for accounting reporting and conducts of the Board members and first-line managers.

Full compliance.

The Company has a protocol to handle the anonymous reporting process. Said protocol embraces aspects related to: confidentiality, data management, notice to the Audit Committee, follow-up to prevent retaliation and adequate communication.

PRINCIPLE IX: EXPAND THE SCOPE OF THE CODE

The corporate governance framework shall:

Recommendation IX. Encourage the inclusion of provisions inherent to good corporate governance practices in the By-Laws

Answer whether or not:

The Board of Directors assesses whether or not the provisions of the Corporate Governance Code should be totally or partially reflected in the By-Laws, including the Board of Directors' general and specific responsibilities. Specify which provisions have been actually included in the By-Laws from the Code's effective date up to the present.

Non-compliance.

The Company's By-laws include the corporate governance provisions required by effective legislation (such as the audit committee and the public offering regime). The Board of Directors is responsible for the adoption of general policies and strategies, which are updated based on the evolution of local and international trends. No provision included in the Company's By-laws contradicts the existing recommendations on corporate governance.

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Cablevisión Holding S.A.

Registration number with the IGJ: 1,908,463

Consolidated Financial Statements for the irregular eight-month fiscal year beginning May 1, 2017 and ended December 31, 2017

GLOSSARY OF SELECTED TERMS

AEDBA	Association of Newspaper Publishers of the City of Buenos Aires
AFIP	<i>Administración Federal de Ingresos Públicos</i> (Argentine Federal Revenue Service)
AFSCA	<i>Autoridad Federal de Servicios de Comunicación Audiovisual</i> (Audiovisual Communication Services Law Federal Enforcement Authority)
AFTIC.....	Information and Communications Technology Federal Enforcement Authority
APE	<i>Acuerdo preventivo extrajudicial</i> (pre-packaged insolvency plan)
ATVC	<i>Asociación de Televisión por Cable</i> (Argentine Cable Television Association)
BCBA	<i>Bolsa de Comercio de Buenos Aires</i> (Buenos Aires Stock Exchange).
Cablevisión.....	Cablevisión S.A.
Cablevisión Holding or the Company.....	Cablevisión Holding S.A.
CNDC.....	<i>Comisión Nacional de Defensa de la Competencia</i> (National Antitrust Commission);
CNV.....	<i>Comisión Nacional de Valores</i> (Argentine Securities Commission)
CPCECABA	<i>Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires</i> (Professional Council in Economic Sciences of the City of Buenos Aires)
COMFER.....	<i>Comité Federal de Radiodifusión</i> (Federal Broadcasting Committee)
ENACOM.....	<i>Ente Nacional de Comunicaciones</i> (National Communications Agency “ENACOM”, for its Spanish acronym)
FACPCE.....	<i>Federación Argentina de Consejos Profesionales de Ciencias Económicas</i> (Argentine Federation of Professional Councils in Economic Sciences)
Fintech	Fintech Advisory, Inc. together with its affiliates
GCSA Equity.....	GCSA Equity, LLC
GDS	Global Depositary Shares
Gestión Compartida.....	GC Gestión Compartida S.A.
Grupo Clarín.....	Grupo Clarín S.A.
IASB.....	International Accounting Standards Board
IFRIC or CINIIF.....	International Financial Reporting Interpretations Committee
IFRS.....	International Financial Reporting Standards
IGJ	<i>Inspección General de Justicia</i> (Argentine Superintendency of Legal Entities)
VAT.....	Value Added Tax
Antitrust Law.....	Law No. 25,156, as amended
Audiovisual Communication Services Law.....	Law No. 26,522 and its regulations
LSE.....	London Stock Exchange
Multicanal.....	Multicanal S.A.
IAS.....	International Accounting Standards
PEM.....	PEM S.A.
PRIMA	Primera Red Interactiva de Medios Argentinos (PRIMA) S.A.
NEXTEL.....	NEXTEL Communications Argentina S.R.L.
SCI.....	<i>Secretaría de Comercio Interior</i> (Secretariat of Domestic Trade)
SECOM	<i>Secretaría de Comunicaciones</i> (Argentine Secretariat of Communications)
Supercanal	Supercanal Holding S.A.
Telecom or Telecom Argentina.....	Telecom Argentina S.A.
Teledigital.....	Teledigital Cable S.A.
UIF.....	Financial Information Unit
VLG.....	VLG Argentina, LLC

Cablevisión Holding S.A.

Registration number with the IGJ: 1,908,463

Consolidated Financial Statements as of December 31, 2017 and for the irregular eight-month fiscal year beginning May 1, 2017 and ended December 31, 2017

In Argentine Pesos (Ps.) – Notes 2.1 and 2.11 to the consolidated financial statements and Notes 2.1.

Registered office: Tacuarí 1842, Floor 4, Buenos Aires, Argentina

Main corporate business: Investing and financing

Date of incorporation: December 1, 2016

Date of registration with the Public Registry of Commerce:

- Of the by-laws: April 27, 2017

Business start date: May 1, 2017

Registration number with the IGJ: 1,908,463

Expiration of articles of incorporation: April 27, 2116

Information on Parent company:

Name: GC Dominio S.A.

Registered office: Piedras 1743, Buenos Aires, Argentina

Information on the subsidiaries in Note 2.4 to the consolidated financial statement.

CAPITAL STOCK STRUCTURE (See Note 11.1)

Type	Number of votes per share	Outstanding Shares	Treasury Stock	Total Subscribed, Registered and Paid-in Capital
Class "A" Common shares, Ps.1 par value	5	47,753,621	-	47,753,621
Class "B" Common shares, Ps.1 par value	1	121,104,504	1,578	121,106,082
Class "C" Common shares, Ps.1 par value	1	11,782,877	-	11,782,877
Total as of December 31, 2017		180,641,002	1,578	180,642,580

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE IRREGULAR EIGHT-MONTH FISCAL YEAR BEGINNING MAY 1, 2017
AND ENDED DECEMBER 31, 2017
(In Argentine Pesos)

	Notes	Irregular eight-month fiscal year ended 12.31.2017
Revenues	6.1	28,399,728,510
Cost of Sales ⁽¹⁾	6.2	<u>(13,468,412,972)</u>
Gross income		14,931,315,538
Selling Expenses ⁽¹⁾	6.3	(4,200,797,027)
Administrative Expenses ⁽¹⁾	6.3	(3,292,797,473)
Other Income and Expenses, net		18,981,403
Financial Costs	6.4	(3,363,337,211)
Other Financial Results, net	6.5	<u>(356,922,547)</u>
Financial Results		(3,720,259,758)
Equity in Earnings from Associates	6.6	<u>115,146,085</u>
Income before Income Tax and Tax on Assets		3,851,588,768
Income Tax and Tax on Assets	8	<u>(1,624,542,957)</u>
Net Income for the Year		<u>2,227,045,811</u>
Other Comprehensive Income		
Items that can be reclassified to net income		
Variation in Translation Differences of Foreign Operations		413,752,409
Total Comprehensive Income for the Year		<u>2,640,798,220</u>
Net Income attributable to:		
Shareholders of the Controlling Company		781,846,087
Non-Controlling Interest		1,445,199,724
Total Comprehensive Income Attributable to:		
Shareholders of the Controlling Company		980,224,555
Non-Controlling Interest		1,660,573,665
Basic and Diluted Earnings per Share (See Note 12)		4.33

⁽¹⁾ Includes Amortization of Intangible Assets and Depreciation of Property, Plant and Equipment for Ps. 2,743,936,192.

The accompanying notes are an integral part of these consolidated financial statements.

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2017
(In Argentine Pesos)

	Notes	December 31, 2017
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	7.1	22,067,606,191
Intangible Assets	7.2	2,353,447,525
Goodwill	7.3	3,583,758,710
Investments in Associates and Other Companies	7.5	11,201,178,897
Deferred Tax Assets	8	51,142,603
Other Receivables	7.6	236,933,052
Total Non-Current Assets		39,494,066,978
CURRENT ASSETS		
Inventories	7.8	83,252,437
Other Assets	7.10.2	377,510,288
Other Receivables	7.6	956,152,259
Trade Receivables	7.7	1,753,086,921
Investments	7.4	109,796,025
Cash and Cash Equivalents	7.9	4,879,099,136
Total Current Assets		8,158,897,066
Total Assets		47,652,964,044
EQUITY (as per the corresponding statement)		
Attributable to Shareholders of the Parent Company		
Shareholders' Contributions		1,263,686,300
Other Items		944,214,897
Accumulated Income		5,382,855,936
Total Attributable to Shareholders of the Parent Company		7,590,757,133
Attributable to Non-Controlling Interests	14	4,659,914,397
Total Shareholders' Equity		12,250,671,530
LIABILITIES		
NON-CURRENT LIABILITIES		
Bank and Financial Debt	7.10	20,935,858,689
Deferred Tax Liabilities	8	266,095,297
Provisions and Other Charges	7.11	1,091,885,130
Taxes Payable	7.12	2,947,817
Other Liabilities	7.13	134,499,011
Total Non-Current Liabilities		22,431,285,944
CURRENT LIABILITIES		
Bank and Financial Debt	7.10	3,712,141,565
Taxes Payable	7.12	1,887,342,089
Other Liabilities	7.13	1,734,338,409
Trade and other payables	7.14	5,637,184,507
Total Current Liabilities		12,971,006,570
Total Liabilities		35,402,292,514
Total Equity and Liabilities		47,652,964,044

The accompanying notes are an integral part of these consolidated financial statements.

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE IRREGULAR EIGHT-MONTH FISCAL YEAR BEGINNING MAY 1, 2017 AND ENDED DECEMBER 31, 2017
(In Argentine Pesos)

Equity attributable to Shareholders of the Parent Company

	Shareholders' Contributions				Other Items		Accumulated Income			Total Equity of Controlling Interests	Equity Attributable to Non-Controlling Interests	Total Equity
	Capital Stock	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Translation of Foreign Operations	Other Reserves	Legal Reserve	Optional reserves (2)	Retained Earnings			
Balances as of May 1, 2017	180,642,580	194,762,882	888,280,838	1,263,686,300	749,470,539	(3,203,262)	75,081,092	3,691,570,698	834,358,059	6,610,963,426	4,625,189,831	11,236,153,257
Exchange of Shares - Payment of fractions in cash (see Note 11.1)	-	-	-	-	-	(430,848)	-	-	-	(430,848)	-	(430,848)
Dividends and Other Movements of Non-Controlling Interest (Note 11.2)	-	-	-	-	-	-	-	-	-	-	(1,625,849,099)	(1,625,849,099)
Net Income for the Year	-	-	-	-	-	-	-	-	781,846,087	781,846,087	1,445,199,724	2,227,045,811
Other Comprehensive Income:												
Variation in Translation Differences of Foreign Operations	-	-	-	-	198,378,468	-	-	-	-	198,378,468	215,373,941	413,752,409
Balances as of December 31, 2017	⁽¹⁾ 180,642,580	194,762,882	888,280,838	1,263,686,300	947,849,007	(3,634,110)	75,081,092	3,691,570,698	1,616,204,146	7,590,757,133	4,659,914,397	12,250,671,530

(1) Includes 1,578 treasury shares.

(2) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,813,178,108; (ii) Optional reserve to ensure the liquidity of the Company and its subsidiaries of Ps. 659,951,291, (iii) Optional reserve for illiquidity of results of Ps. 436,412,739, and (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 782,028,560.

The accompanying notes are an integral part of these consolidated financial statements.

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE IRREGULAR EIGHT-MONTH FISCAL YEAR BEGINNING MAY 1, 2017 AND ENDED DECEMBER 31, 2017
(In Argentine Pesos)

	Irregular Eight-month fiscal year ended 12.31.2017
CASH PROVIDED BY OPERATING ACTIVITIES	
Net Income for the Year	2,227,045,811
Income Tax and Tax on Assets	1,624,542,957
Adjustments to reconcile net income for the year to cash provided by operating activities	
Equity in Earnings for the year from Associates	(115,146,085)
Depreciation of Property, Plant and Equipment	2,732,007,796
Amortization of Intangible Assets	11,928,396
Obsolescence of Materials	15,494,606
Provisions	610,807,196
Income from Sale of Property, Plant and Equipment	(5,501,379)
Accrued Interest, net	702,363,362
Other Financial Results	2,510,350,941
Other Income and Expenses, net	437,909
Net Decrease of Property, Plant and Equipment	498,445,815
Changes in Assets and Liabilities	
Trade Receivables	62,586,309
Other Receivables	374,606,599
Inventories	74,891,997
Trade and other payables	1,499,721,999
Taxes Payable	54,856,259
Other Payables and Provisions	(176,583,369)
Change in Currency Translation of Foreign Operations	186,364,450
Collections of Interest	165,177,323
Income Tax Paid	(2,472,646,291)
Net Cash Provided by Operating Activities	<u>10,581,752,601</u>
CASH USED IN INVESTMENT ACTIVITIES	
Acquisition of Companies	(19,663,984)
Increase in Intangible Assets	(20,296)
Changes in Notes and Bonds, Net	158,976,756
Payment for call option	(10,945,425,056)
Dividends collected	53,307,979
Collection of repayment of bonds and other financial instruments	532,591,226
Proceeds from Sale of Property, Plant and Equipment	5,501,379
Increase in Property, Plant and Equipment	(8,019,366,600)
CASH USED IN INVESTMENT ACTIVITIES	<u>(18,234,098,596)</u>
CASH PROVIDED BY FINANCING ACTIVITIES	
Payment of Dividends to Non-Controlling Interests (Note 11.1)	(800,000,000)
Collection of Financial Instruments	10,108,100
Increase in loans, net of application fees	13,235,771,367
Payment of Interest	(906,514,898)
Reserve set-up	(358,951,997)
Payment of Fractions of Shares	(430,848)
Repayment of Loan Principal and Issuing Expenses of new loan	(687,831,635)
Cash Provided by Financing Activities	<u>10,492,150,089</u>
Net Increase in Cash Flow	2,839,804,094
Cash as of May 1, 2017	2,002,522,766
Effect of the variation of the exchange rate on cash and cash equivalents	35,197,315
Cash from Acquisition of Companies (See Note 4.e)	1,574,961
Cash at the end of the year (See Notes 2.22 and 7.9)	<u><u>4,879,099,136</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

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CABLEVISIÓN HOLDING S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE IRREGULAR EIGHT-MONTH FISCAL YEAR BEGINNING MAY 1, 2017
AND ENDED DECEMBER 31, 2017
(In Argentine Pesos)

NOTE 1 – GENERAL INFORMATION

Cablevisión Holding S.A. is a holding company that operates in the telecommunications industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

The Company has been incorporated as a spun-off company from Grupo Clarín S.A. At the Extraordinary Shareholders' Meeting held on September 28, 2016, the shareholders of Grupo Clarín approved a corporate reorganization that consisted in (i) the merger of Southtel S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A. and CV B Holding S.A. into Grupo Clarín and (ii) the subsequent partial spin-off of Grupo Clarín to create Cablevisión Holding S.A.

The corporate reorganization was registered with the IGJ on April 27, 2017. In view of the above and taking into consideration that, under the terms of the spin-off, the effective date of the Spin-off (the "Effective Date of the Spin-off") would be the first day of the month following the date on which the latest of the following registrations has been completed: (i) the registration of the Corporate Reorganization with the IGJ, or (ii) the registration of the incorporation of Cablevisión Holding S.A. with the IGJ, the Effective Date of the Spin-off is May 1, 2017. As from that date, Cablevisión Holding S.A. began its operations, the accounting and tax effects of the Spin-off became effective, and Grupo Clarín transferred to Cablevisión Holding S.A. the operations, risks and benefits.

As a result of the spin-off, Grupo Clarín transferred to the Company mainly the direct and indirect equity interests it held in Cablevisión S.A. and in GCSA Equity, LLC. In this way, the Company became the direct and indirect holder of approximately 60% of the capital stock and votes of Cablevisión and of 100% of the capital stock of GCSA Equity.

Its operations include the provision of cable television and Internet access and telephony services, with operations in Argentina and in some neighboring countries, through its subsidiary Cablevisión. That company is the largest cable television operator in Latin America in terms of subscribers. This company also provides high-speed Internet access under the trademark Fibertel and telephony services through Nextel. Cablevisión's reorganization process is described under Note 4.d) to these consolidated financial statements.

NOTE 2 - BASIS FOR THE PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

2.1. Basis for the preparation

Through General Resolutions No. 562/09 and No. 576/10, the Argentine Securities Commission ("CNV", for its Spanish acronym) provided for the application of Technical Resolutions ("TR") No. 26 and No. 29 issued by the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", for its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") for entities subject to the public offering regime governed by Law No. 26,831, whether on account of their equity or their notes, or which have requested authorization to be subject to such regime. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

These consolidated financial statements of the Company for the irregular eight-month fiscal year beginning May 1, 2017 and ended December 31, 2017 have been prepared under International Financial Reporting Standards ("IFRS"). Some additional matters were included as required by the Argentine General Associations Law and/or

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CNV regulations, including the supplementary information provided by the last paragraph of Section 1, Chapter III, Title IV of General Resolution No. 622/13. That information is included in the Notes to these consolidated financial statements, as provided under IFRS and CNV rules. The accounting policies are based on IFRS issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

In preparing these consolidated financial statements for the irregular eight-month fiscal year ending December 31, 2017, and for the purposes of presentation to the London Stock Exchange (LSE), the Company has followed accounting policies that are in accordance with IFRS.

As mentioned in Note 1, Cablevisión Holding S.A. was created as a consequence of the spin-off of Grupo Clarín S.A. Consequently, the Company's Board of Directors has used as a general rule for the initial valuation of the assets received by the Company the valuation of those assets and liabilities as of the Effective Date of the Spin-off conducted by Grupo Clarín S.A. ("Predecessor Basis of Accounting"), which issues its financial statements under IFRS.

These consolidated financial statements have been prepared based on historical cost except for the fair value measurement of certain non-current assets and financial instruments (including derivatives). In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet closing date of the reporting year and details a series of factors that may indicate that an economy is hyperinflationary. Pursuant to the guidelines of IAS 29, there is not enough evidence to conclude that Argentina was a hyperinflationary economy and, therefore, the Company did not apply the restatement criteria to the financial information for the irregular year reported as established under IAS 29.

The Company began operating on May 1, 2017. Therefore, these financial statements are not presented on a comparative basis.

The attached consolidated information, approved by the Board of Directors of the Company at the meeting held on March 8, 2018, is presented in Argentine Pesos (Ps.), the Argentine legal tender, and arises from accounting records kept by Cablevisión Holding S.A. and its subsidiaries.

2.2. Standards and Interpretations issued but not adopted to date

The Company has not adopted the IFRS or revisions of IFRS issued, as per the detail below, since their application is not required for the year ended December 31, 2017:

- IFRS 9 "Financial Instruments": Issued in November 2009 and amended in October 2010 and July 2014, IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities and for their derecognition. This standard is applicable to years beginning on or after January 1st, 2018.

Upon conducting an analysis of the accounting standard, the Group identified that the main impact would be on the accounting policy concerning the allowance for doubtful trade receivables from the Cable Television, Internet Access and IDEN Telephony segments, as a result of the application of the model called "expected credit losses". The estimated effect of the initial application of the standard as of January 1, 2018 is an increase in the amount of the allowance for approximately Ps. 70.5 million.

- IFRS 15 "Revenue from ordinary activities under contracts with customers": issued in May 2014 and applicable to fiscal years beginning on or after January 1, 2018. This standard specifies how and when revenue will be recognized, as well as the additional information to be disclosed by the Company in the financial statements. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

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Upon conducting an analysis of the accounting standard, the Group has not identified significant impacts on the recognition of revenues from contracts with customers.

- IFRS 16 "Leases": Issued in January 2016. It establishes the principles for the recognition, measurement, presentation and disclosure of leases. Said standard applies to years beginning January 1, 2019. As of the date of these financial statements, the Company cannot estimate its quantitative and qualitative impact because it is analyzing the corresponding accounting effects.

2.3. Standards and Interpretations issued and adopted to date

As of the date of these consolidated financial statements, no new standards have been issued that apply to the Company for this year.

2.4. Basis for Consolidation

These consolidated financial statements incorporate the financial statements of Cablevisión Holding and of the subsidiaries and joint ventures controlled by it as "joint operations". Control is presumed to exist when the Company has a right to variable returns from its interest in a subsidiary and has the ability to affect those returns through its power over the subsidiary. This power is presumed to exist when it is evidenced by the voting rights, be it that the Company has the majority of voting rights or potential voting rights that are currently exercisable.

For consolidation purposes, the intercompany transactions and the balances between the Company and the consolidated subsidiaries have been eliminated. Unrealized income has also been eliminated. Below is a detail of the most significant consolidated subsidiaries, together with the interest percentages held directly or indirectly in each subsidiary's capital stock and votes as of December 31, 2017:

Subsidiary	Country	Interest in capital stock and votes
		December 31, 2017
Cablevisión	Argentina	60%
Nextel ⁽²⁾	Argentina	-
GCSA Equity ⁽¹⁾	USA	-

(1) Company dissolved on December 27, 2017.

(2) Company absorbed by Cablevisión on October 1, 2017 (See Note. 4.a)).

The financial statements of the consolidated companies and other financial information required for the preparation of the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows were prepared with the same closing date as that of the consolidated financial statements. The above-mentioned information has been prepared using exactly the same valuation criteria as those used by the Company, described in the notes to the financial statements or, where appropriate, significant adjustments were made as applicable.

The Company considers those transactions executed with non-controlling companies that do not result in a loss of control as transactions among shareholders. A change in the equity interests held by the Company is considered as an adjustment in the book value of controlling interests and non-controlling interests to reflect the changes in its relative interests. The differences between the amount for which non-controlling interests are adjusted and the fair value of the consideration paid or received and attributed to the shareholders of the controlling company will be directly recognized in equity under a specific reserve in the equity attributed to the parent company.

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2.4.1. Consolidation of Special Purpose Entities

The subsidiary Cablevisión, through one of its subsidiaries, has executed certain agreements with other companies for the purpose of rendering on behalf of and by order of such companies certain selling and installation services, collections, administration of subscribers, marketing and technical assistance, financial and general business advising, with respect to cable television services in Uruguay. In accordance with IFRS 10 “Consolidated Financial Statements”, these consolidated financial statements include the assets, liabilities and results of these companies. Since the Company does not hold an equity interest in these companies, the offsetting entry of the net effect of the consolidation of the assets, liabilities and results of these companies is disclosed under the line items “Equity attributable to non-controlling interests” and “Net Income attributable to non-controlling interests.”

2.5. Business Combinations

The Company applies the acquisition method of accounting for business combinations. The consideration for each acquisition is measured at fair value (on the date of exchange) of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by the Company in exchange for the control of the acquired company. The costs related to the acquisition are expensed as incurred.

The consideration for the acquisition, if any, includes any asset or liability arising from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes to such fair value, identified during the measurement period, are adjusted against the acquisition cost.

The measurement period is the effective period that begins on the acquisition date and ends on the date on which the Company obtains all the information about the facts and circumstances existing on the acquisition date, which may not extend beyond one year after the acquisition date. All other changes in the fair value of the contingent consideration classified as assets or liabilities, outside the measurement period, are recognized in the statement of income. The changes in the fair value of the contingent consideration classified as equity are not recognized.

In the cases of business combinations conducted in stages, the Company’s equity interest in the acquiree is remeasured at fair value on its acquisition date (i.e., the date on which the Company obtained control) and the resulting gain or loss, if any, is recognized in the statement of income or in other comprehensive income, as appropriate according to the source of the variation.

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 (2008) are recognized at fair value at the acquisition date, except for certain particular cases provided by such standard.

Any excess of the acquisition cost, be it incurred by the surviving company in the case of equity interests received at the time of the creation of the Company or by the Company in subsequent acquisitions (including the interest previously held, if any, and the non-controlling interest) over the Company's share in the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill.

Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in the statement of income.

The acquisition cost comprises the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, if any.

The Company initially recognizes any non-controlling interest as per its share in the amounts recognized for the net identifiable assets of the acquired company.

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2.6. Investments in Associates and Other Companies

An associate is an entity over which the Company has significant influence without exercising control.

The associates' net income and the assets and liabilities are disclosed in the financial statements using the equity method. Under the equity method, the investment in an associate is to be initially recorded at cost and the book value will be increased or decreased to recognize the investor's share in the statement of income for the year or in other comprehensive income obtained by the associate, after the acquisition date. The distributions received from the associate will reduce the book value of the investment. The Company's investments in associates includes the goodwill identified at the time of the acquisition, net of any impairment losses.

Any excess of the acquisition cost over the Company's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Goodwill is included in the book value of the investment and tested for impairment as part of the investment. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in the statement of income.

Unrealized gains or losses on transactions between the Company (and its subsidiaries) and the associates are eliminated considering the Company's interest in the associates.

Adjustments were made, where necessary, to the associates' financial statements so that their accounting policies are in line with those used by the Company.

Investments in companies in which the company does not have control or significant influence have been valued at cost, which does not differ significantly from its fair value.

The Company will record those transactions executed with non-controlling companies that do not result in a loss of control as equity transactions, i.e. as transactions with shareholders in their capacity as such. The difference between the fair value of the consideration paid and the relevant share acquired of the book value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any interest retained in the entity is re-measured to its fair value at the date when control is lost, and the change in the book value is recognized in the statement of income. The fair value is the initial amount for the purposes of its subsequent accounting of the interest retained as associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. Consequently, the amounts previously recognized in Other Comprehensive Income may be reclassified to the statement of income.

As of December 31, 2017, the Company included the acquisition cost of the shares acquired to be received from VLG Argentina, LLC, as a result of the exercise of the irrevocable call option described under Note 4.d) to these consolidated financial statements.

2.7. Interests in Joint Operations

A joint operation is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, i.e., when the financial strategy and the operating decisions related to the company's activities require the unanimous consent of the parties sharing control.

In the cases of joint business arrangements executed through *Uniones Transitorias de Empresas* ("UTE"), considered joint operations under IFRS 11, the Company recognizes in its financial statements on a line-by-line basis the assets, liabilities and net income subject to joint control in proportion to its share in such arrangements. Cablevisión indirectly holds a 50% share in the UTE Ertach – Prima.

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2.8. Goodwill

Goodwill arises from the acquisition of subsidiaries and refers to the excess of the cost of acquisition over the net fair value at the date of acquisition of the identifiable assets acquired and liabilities assumed. The Company initially recognizes any non-controlling interest as per its share in the amounts recognized for the net identifiable assets of the acquired company.

If, after the fair value measurement, the Company's share in the fair value of the net identifiable assets of the acquiree exceeds the amount of the transferred consideration, the amount of any non-controlling interest in such company and the fair value of the interest previously held by the acquirer in the acquiree (if any), that excess is immediately recognized in the statement of comprehensive income as income from purchase in very profitable terms.

Goodwill is not amortized, but tested for impairment on an annual basis. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to render benefits from the synergies of the respective business combination. Those cash-generating units to which goodwill is allocated are tested for impairment on an annual basis, or more frequently, when there is any evidence of impairment. If the recoverable value of the cash-generating unit, i.e. the higher of the value in use or the fair value net of selling expenses, is lower than the value of the net assets allocated to that unit, including goodwill, the impairment loss is first allocated to reduce the goodwill allocated to the unit and then to the other assets of the unit, on a pro rata basis, based on the valuation of each asset in the unit. The impairment loss recognized against the valuation of goodwill is not reversed under any circumstance.

In case of a loss of control in a subsidiary, the amount attributable to goodwill is included in the calculation of the gain or loss for retirement.

As of December 31, 2017, goodwill has not suffered any impairment.

2.9. Revenue Recognition

Sales of subscription for cable television, Internet, IDEN telephony or other services subscriptions are recognized as revenues for the year in which the services are rendered.

Revenues from the installation of these services are accrued over the average term during which clients maintain their subscription to the service. Advertising sales revenues are recognized in the period in which advertising is published or broadcast.

Revenues from transactions that include more than one item have been recognized separately to the extent they have commercial substance on their own. The amount of revenues allocated to each item is based on its fair value, which is assessed or estimated at market value.

Revenues from the sale of assets are recognized only when the risks and benefits arising from the use of the disposed assets have been transferred, the amount of revenues may be fairly estimated, and it is probable that the Company will obtain economic benefits.

Installment sales are recognized at the value of future income discounted at a market rate assessed at the beginning of the transaction.

2.10. Leases

Leases are classified as financial leases when the terms of the lease transfer to the lessee substantially all the risks and benefits inherent to the property. All other leases are classified as operating leases.

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The assets held under financial leases are recognized at the lower of the fair value of the Company's leased assets at the beginning of the lease term, or the present value of the minimum lease payments. The liability held with the lessor is included in the consolidated balance sheet as an obligation under financial leases recorded under "Bank and Financial Debt".

Lease payments are apportioned between the finance charge and the reduction of the liabilities under the lease so as to achieve a constant interest rate on the outstanding balance. The finance charge is expensed over the lease term.

The assets held under financial leases are depreciated over the shorter of the useful life of the assets or the lease term.

Rentals under operating leases are charged to income on a straight line basis over the corresponding lease term.

2.11. Foreign Currency and Functional Currency

The parent company only financial statements of each of the entities consolidated by the Company are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the net income and the financial position of each entity are stated in Argentine Pesos (Argentina's legal tender for all companies domiciled in Argentina), which is the Company's functional currency, and the reporting currency of the consolidated financial statements. The functional currencies of the Uruguayan and Paraguayan companies are the Uruguayan Peso and the Guarani, respectively.

In preparing the financial statements of the individual entities, the transactions in currencies other than the entity's functional currency (foreign currency) are recorded at the exchange rates prevailing on the dates on which transactions are carried out. At the end of each reporting year, the monetary items denominated in foreign currency are retranslated at the exchange rates prevailing on such date. The exchange differences were charged to income for the year in which they were generated.

In preparing the Company's consolidated financial statements, asset and liability balances of the entities with functional currencies other than the Argentine peso, expressed in their own functional currency (Uruguayan Peso and Guarani) are translated to Argentine pesos at the exchange rate prevailing at the end of the year, while the net income is translated at the exchange rate prevailing on the transaction date. Translation differences are recognized in other comprehensive income as "Variation in Translation Differences of Foreign Operations" and in the consolidated Statement of Changes in Equity as "Translation of Foreign Operations".

2.12. Current and Deferred Income Tax

The income tax charge reflects the sum of current income tax and deferred income tax.

Current and deferred taxes are recognized as expense or income for the year, except when they are related to entries debited or credited to other comprehensive income or equity, in which cases taxes are also recognized in other comprehensive income or directly in equity, respectively. In the case of a business combination, the tax effect is taken into consideration in the calculation of goodwill or in the determination of the excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Current tax payable is based on the taxable income recorded during the year. Taxable income and net income reported in the consolidated statement of comprehensive income differ due to revenue or expense items that are taxable or deductible in other fiscal years and items that are never taxable or deductible. The Company's current tax liability is calculated using the tax rate in effect as of the date of these financial statements. Current tax charge is calculated based on the tax rules effective in the countries in which the consolidated entities operate.

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Deferred tax is recognized on temporary differences between the book value of the assets and liabilities included in the financial statements and the corresponding tax basis used to determine taxable income. Deferred tax liabilities are generally recognized for all temporary fiscal differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which those deductible temporary differences can be charged. These assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

The book value of a deferred tax asset is reviewed at each reporting year and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow for the recovery of all or part of the asset.

Deferred tax is recognized on temporary differences arising from investments in subsidiaries and associates, except in the case of deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable in the year in which the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting year, to recover or settle the book value of its assets and liabilities.

Deferred tax assets are offset against deferred tax liabilities if the Company has a legally enforceable right to offset, before the tax authorities, the amounts recognized in those items, and if the deferred tax assets and liabilities arise from income taxes levied by the same tax authority and the Company intends to settle its assets and liabilities on a net basis.

Under the IFRS, deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.12.1 Tax on assets

In Argentina, the tax on assets (*impuesto a la ganancia mínima presunta*) is supplementary to income tax. The Company assesses this tax at the effective rate of 1% on the taxable assets at year-end. The Company's tax liability for each year will be equal to the higher of the tax on assets assessment or the income tax liability assessed at the legally effective rate on the estimated taxable income for the year. However, if the tax on assets exceeds the income tax liability in any given fiscal year, the excess may be creditable against any excess of income tax liability over the tax on assets in any of the following ten fiscal years.

The tax on assets balance has been capitalized in the consolidated financial statements for the amounts paid and to be paid for this tax estimated to be recoverable within the statute of limitations, based on the current business plans of the Company and the subsidiaries.

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2.12.2. Tax Reform and Tax Consensus - Laws No. 27,429, No. 27,430 and No. 27,432

2.12.2.1. Tax Reform

On December 29, 2017, the Executive Branch enacted Law No. 27,430, which establishes a comprehensive reform of the tax system effective as from 2018.

The Law introduces, among other things, changes to income tax (both corporate and personal), Value Added Tax (“VAT”), excise taxes, employer’ social security contributions, the tax procedure regime and the criminal tax regime.

The main changes that have an impact on corporate income tax are the following:

2.12.2.1.1. Income Tax

Changes to corporate income tax rate and withholding on distributed dividends

The Law reduces the corporate income tax rate from 35% to 30% for fiscal years beginning on or after January 1, 2018 up to and including December 31, 2019, and to 25% for fiscal years beginning on or after January 1, 2020.

In addition, the Law establishes a withholding tax regime on distributed dividends at a rate of 7% for distributions of profits generated during fiscal years beginning on or after January 1, 2018 up to and including December 31, 2019, and at a rate of 13% for distributions of profits generated during fiscal years beginning on or after January 1, 2020.

Profits generated during fiscal years ended until December 31, 2017 will not be subject to withholding at the time of their distribution.

The new withholding rates apply only to distributions made to shareholders who are Argentine resident individuals and to nonresident shareholders.

Additionally, the Law repeals the “equalization tax” (i.e., 35% withholding on dividend distributions exceeding accumulated taxable income) for distributions of profits generated during fiscal years beginning on or after January 1, 2018.

Gain/Loss on purchase-sale of shares.

The Law maintains the 15% capital gains tax rate for Argentine resident individuals or foreign beneficiaries (in the case of foreign beneficiaries, it is calculated on the presumed net gain equal to 90% of the sale price). In the case of local legal entities, the Law establishes a general rate of 30% for fiscal years 2018 and 2019, and 25% for the following years.

In the case of individuals residing in Argentina, however, the results derived from transfers of shares are exempted from income tax to the extent that it the transfer consists in a public placement authorized by the CNV or that the transactions were carried out in markets authorized by that agency under segments that guarantee price/time priority and by crossing of offers (such as the shares of Cablevisión Holding) or carried out through a public tender offering and/or exchange authorized by the CNV.

The foregoing exemption will also be applicable to foreign beneficiaries to the extent that said beneficiaries do not reside in, and the funds do not come from, non-cooperative jurisdictions. In the case of foreign beneficiaries, the exemption will also be applicable, among other things, to income from depositary receipts or certificates issued abroad representing shares, such as American Depositary Receipts (“ADRs”), provided that the underlying shares have been issued by entities domiciled in Argentina.

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Optional asset revaluation regime for tax purposes.

The Law established, on a general basis, the adjustment for inflation of the cost of several assets -in case of transfers- and the adjustment for inflation of the depreciation of property, plant and equipment, for all the acquisitions or investments made as from January 1, 2018 based on the variation of the Domestic Wholesale Price Index ("IPIM", for its Spanish acronym) as from that date.

In addition, the Law established an optional regime for the revaluation for tax purposes of assets located in Argentina that generate taxable income. In the case of the Company, the revaluation option is applicable to assets existing as of December 31, 2017. Pursuant to the Law, the new tax value of the assets will be determined by applying a "revaluation factor," set forth in the Law, according to the calendar year of the asset's acquisition or construction, to the tax value originally assessed, each year or period since the asset's acquisition or construction. In the case of real or personal property subject to amortization, the value may be assessed by an appraiser under certain conditions.

The Law imposes a one-time special tax on the amount of the revaluation. Such tax is not deductible from income tax. The applicable rate will vary depending on the type of assets:

- Real property (qualifying as property, plant and equipment) 8%;
- Real property (qualifying as inventories): 15%;
- Shares, membership interests and other participations owned by resident individuals: 5%;
- All other assets: 10%.

The taxpayer that opts for the special revaluation regime must do so for all the assets that belong to the same category. Once the taxpayer has opted for the special revaluation regime, it is entitled to calculate its amortization or costs, for income tax purposes, based on the revalued value of the assets. In addition, revalued values will be adjusted for inflation based on the variations of the IPIM as from January 1, 2018.

The Law requires taxpayers that opt for the special asset revaluation regime to waive any judicial or administrative claims for the purpose of requesting the application, for tax purposes, of adjustments of any kind, with respect to the period of the option. Any taxpayers that have filed such claims with respect to fiscal years closed before the Law becomes effective are required to withdraw such claims and rights invoked.

2.12.2.1.2. Excise Taxes and Tax Collection at Source for the benefit of the *Ente Nacional de Alto Rendimiento Deportivo* (National Board of High Performance Sports, ENARD, for its Spanish acronym)

The Law also provides for an increase in the effective excise tax rate applicable to mobile telephony services, from 4.16% to 5.26%. In addition, the Law repeals the collection at source of the charge imposed for the benefit of the ENARD.

In addition, pursuant to Decree No. 979/2017, as from November 15, 2017, the effective excise tax rate on the sale of imported mobile phones and other wireless network equipment is reduced from 20.48% to 11.73%. Said rate, pursuant to Law No. 27,430, will decrease gradually until its complete phase out as from January 1, 2024. In the case of goods manufactured in Tierra del Fuego, the rate is set at 0% as from November 15, 2017.

2.12.2.1.3. Tax on Bank Credit and Debits

Pursuant to Law No. 27,432, the National Executive Branch may establish that the percentage of the tax rate on bank credit and debits that to date may not be creditable against income tax, be gradually reduced by up to 20% per year as from January 1, 2018. The Executive Branch may provide that, by 2022, it be fully creditable against income tax.

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2.12.2.1.4. Social Security

The Law gradually reduces the percentage of employers' social security contributions paid by large companies from 21% to 19.5% by 2022.

The Law establishes a non-taxable base for calculating employers' social security contributions of Ps. 2,400 for 2018, which will increase to Ps. 12,000 by 2022. The Law gradually phases out employers' social security contributions that are creditable against VAT.

2.12.2.2. Tax Consensus

On January 2, 2018, Law No. 27,429 - "Tax Consensus" was published in the Official Gazette. Said Law approves the Tax Consensus entered into among the National Executive Branch and the representatives of the Provinces and the Autonomous City of Buenos Aires.

The Tax Consensus seeks to harmonize the tax structures of the different jurisdictions to promote employment, investment and economic growth and to promote uniform policies. For such purpose, the National Government, the Provinces and the Autonomous City of Buenos Aires agreed to fulfill certain commitments. Among the commitments undertaken by the Provinces, the most relevant are, with respect to Gross Turnover Tax, the immediate elimination of differential treatments based on the place of business or the location of the taxpayer's establishment or the location where goods are manufactured and the establishment of exemptions and the application of tax rates that shall not exceed those set forth for each activity and period in the Annex to the Consensus (in the case of communications 5% in 2018, which will decrease to 3% by 2022, and in the case of mobile telephony 7% in 2018, which will decrease to 5% by 2022.) With respect to stamp tax rates, for certain activities and contracts, the establishment of a maximum stamp tax rate of 0.75% as from January 1, 2019, with a gradual decrease until its complete phase out as from January 1, 2022, as well as the repeal of all taxes affecting payroll.

2.13. Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is recognized on a straight-line basis over its estimated useful life.

The estimated useful life, residual value and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated.

Works in process are recorded at cost less any recognized impairment loss. Depreciation of these assets, as well as in the case of other property, begins when the assets are ready for their use.

Repair and maintenance expenses are expensed as incurred.

Borrowing costs attributable to the acquisition or construction of certain capital assets are capitalized as part of the cost of these assets until they are ready for their intended use or sale, under IAS 23 ("Borrowing Costs"). The assets in respect of which borrowing costs are capitalized are those that necessarily take a substantial period of time to get ready for their intended use.

The gain or loss arising from the retirement or disposal of an asset is calculated as the difference between income from the sale of the asset and the asset's book value, and recognized under "Other Income and Expenses, Net" in the Statement of Comprehensive Income.

The residual value of an asset is written down to its recoverable value, if the asset's residual value exceeds its estimated recoverable value (see Note 2.15).

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The value of property, plant and equipment does not exceed its recoverable value estimated at the end of the year.

2.14. Intangible Assets

Intangible assets include trademarks, software and other rights, the purchase value of the subscriber portfolio, radio electric trunking (“SRCE”, for its Spanish acronym) service license, public network links, radio-electric spectrum and other intangible assets. The accounting policies regarding the recognition and measurement of such intangible assets are described below.

2.14.1. Intangible Assets Acquired Separately

Intangible assets acquired separately are valued at cost, net of the corresponding accumulated amortization and impairment losses. Amortization is calculated on a straight line basis over the estimated useful life of the intangible assets. The Company reviews the useful lives applied, the residual value and the amortization method at each year-end, and accounts the effect of any changes in estimates on a prospective basis.

2.14.2. Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination (subscriber portfolio, SRCE license, public network links and radio-electric spectrum) are identified and recognized separately regarding goodwill when they meet the definition of intangible assets and their fair value can be measured reliably. Such intangible assets are recognized at fair value at acquisition date.

After the initial recognition, intangible assets acquired in a business combination are valued at cost net of accumulated amortization and impairment losses, with the same basis as intangible assets acquired separately. Amortization is calculated on a straight line basis to allocate the cost over the estimated useful life.

2.14.3. Information Systems Projects

Costs related to the development or maintenance of computer software are generally recorded as expenses as incurred. However, the costs directly related to the development, acquisition and implementation of the information systems are recorded as intangible assets when certain conditions are met, among them, the technical feasibility to complete the development of the intangible asset, the intent of the Company to complete the development of that asset and the way in which the intangible asset will generate probable economic benefits in the future.

After the initial recognition, internally developed intangible assets are valued at cost net of accumulated amortization and impairment losses, with the same basis as intangible assets acquired separately.

Those assets are included under the column “software.” See Note 7.2.

2.15. Impairment of Non-Financial Assets, Except Goodwill

At the end of each financial statement, the Company reviews the book value of its non-financial assets with definite useful life to determine the existence of any evidence indicating that these assets could be impaired. If there is any evidence of impairment, the recoverable value of these assets is estimated for the purposes of determining the amount of the impairment loss (in case the recoverable value is lower than the book value). Where it is not possible to estimate the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit (“CGU”) to which such asset belongs. Where a consistent and reasonable allocation base can be identified, corporate assets are also allocated to an individual cash-generating unit or, otherwise, to the smallest group of cash-generating units for which a consistent allocation base can be identified.

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The recoverable value of an asset is the higher of the fair value less selling expenses or its value in use.

In measuring value in use, estimated future cash flows are discounted at their present value using a pre-tax discount rate, which reflects the current market assessments of the time value of money and, if any, the risks specific to the asset for which estimated future cash flows have not been adjusted.

Assets with an indefinite useful life (for example, non-financial assets unavailable for use) are not amortized, but are tested for impairment on an annual basis. No impairment losses have been recorded for the year.

Non-financial assets, except for goodwill, for which an impairment loss was recorded, are reviewed at each closing date for a possible reversal of the impairment loss.

2.16. Inventories

Inventories have been valued at acquisition cost under regular purchase conditions for the Company, net of the allowance for impairment. That allowance is calculated based on the recoverability analysis conducted by the Company at the end of the year, comparing to such end its valuation at cost with its net realizable value, which represents the cash selling price estimated in the ordinary course of business less the costs necessary to make such sale. The cost of inventories is determined under the weighted average price method. The value of inventories does not exceed its recoverable value at the end of the year.

2.17. Other Assets

The assets included in this item have been valued at acquisition cost.

Investments denominated in foreign currency subject to restrictions on disposition under financial covenants have been valued at face value plus interest accrued as of year-end.

2.18. Provisions and Other Charges

Provisions for Lawsuits and Contingencies and the Accrual for Asset Retirement are recognized when the Company has a present obligation (be it legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting year, taking into consideration the corresponding risks and uncertainties. Where a provision is measured using the estimated cash flow to settle the present obligation, its book value represents the present value of such cash flow.

If some or all of the expenditure required to settle a provision is expected to be reimbursed, a receivable should be recognized under Assets, when it is virtually certain that the reimbursement will be received and the amount of the receivable is reliably measurable.

In estimating its obligations, the Company takes into consideration the opinion of its legal advisors.

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2.19. Financial Instruments

2.19.1. Financial Assets

Purchases and sales of financial assets (including derivatives) are recognized at the transaction date when the Company undertakes to purchase or sell the asset, and is initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value with changes in the statement of income, which are initially measured at fair value.

2.19.1.1. Classification of Financial Assets

Financial assets are classified within the following specific categories: “financial assets at fair value with changes in net income” and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

2.19.1.2. Recognition and Measurement of Financial Assets

2.19.1.2.1. Financial Assets at Fair Value with Changes in Net Income

Financial assets at fair value with changes in net income (mainly mutual funds) are recorded at fair value, recognizing any gain or loss arising from the measurement in the consolidated statement of comprehensive income. The net gain or loss recognized in the statement of income includes any gain or loss generated by the financial asset and is included under the item financial income or costs, as appropriate, in the consolidated statement of comprehensive income. Derivatives are included in this category unless they are designated as a hedging instrument.

The assets in this category are classified as current if they are expected to be realized within 12 months; otherwise, they are classified as non-current.

The fair value of the financial instruments traded in active markets is calculated based on the current quoted market price of these instruments.

The fair value of financial instruments that are not traded in active markets is calculated using valuation techniques.

2.19.1.2.2. Loans and Receivables

Loans and trade receivables with fixed or determinable payments not traded in an active market are classified as “trade receivables and other”. Trade receivables and other (except for derivatives) are initially measured at fair value plus transaction costs, and subsequently measured at amortized cost using the effective interest rate method, less any impairment, if any. Interest income is recognized using the effective interest rate method, except for short-term balances for which the recognition of interest is not significant.

Loans and receivables are classified as current, except for those with maturities beyond 12 months as from the closing date.

In the case of balances in foreign currency, they were translated at the exchange rate effective as of the date on which the Company began operating for the settlement of these transactions. The exchange differences were charged to income for the year in which they were generated.

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2.19.1.3. Impairment of Financial Assets

The Company tests financial assets or a group of assets for impairment at each closing date of the financial statements to assess if there is any objective evidence of impairment. The value of a financial asset or a group of assets is impaired, and an impairment loss is recognized, where there is objective evidence of the impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event or events have an impact on the estimated future cash flows of the financial asset or a group of assets, which may be reliably measured.

The objective evidence of impairment may include, among others, significant financial difficulties of the issuer or obligor, or breach of contractual terms, such as default or delinquency in interest or principal payments.

For certain categories of financial assets, such as accounts receivable and other receivables, the assets that are not impaired on an individual basis are tested for impairment on a collective basis. The objective evidence of impairment of a receivables portfolio includes the Company’s past collection experience, an increase in the number of delinquent payments in the receivables portfolio, as well as observable changes in the local economic situation affecting the recoverability of receivables.

Where there is objective evidence of an impairment loss in the value of loans granted, receivables or held-to-maturity investments recorded at amortized cost, the loss amount is measured as the difference between the book value and the present value of estimated future cash flows (without including future non-incurred losses), discounted at the original effective interest rate of the financial asset. The asset’s book value is written down under a contra asset account. The loss amount is recognized in the statement of income for the year.

If, in subsequent periods, the impairment loss amount decreases and such decrease can be objectively related to an event occurring after the impairment has been recognized (such as an improvement in the debtor’s credit rating), the previously recognized impairment loss is reversed. A loss reversal can only be recorded to the extent the financial asset’s book value does not exceed the amortized cost that would have been determined if the impairment loss had not been recorded at the reversal date. The reversal amount is recognized in the statement of income for the year.

2.19.1.4. Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows of such assets expire or when it transfers the financial asset and, therefore, all the risks and benefits inherent to the ownership of the financial asset are transferred to another entity. If the Company retains substantially all the risks and benefits inherent to the ownership of the transferred asset, it will continue to recognize it and will recognize a liability for the amounts received.

2.19.2. Financial Liabilities

Financial liabilities, except for derivatives, are valued at amortized cost using the effective interest rate method.

2.19.2.1 Bank and Financial Debt

Bank and Financial Debt is initially valued at fair value net of the transaction costs incurred, and subsequently valued at amortized cost using the effective interest rate method. Any difference between the initial value net of the transaction costs and the settlement value is recognized in the income statement over the term of the loan using the effective interest rate method. Interest expense has been allocated to “Financial Costs” in the consolidated statement of comprehensive income, except for the portion allocated to the cost of works under construction recorded under “Property, Plant and Equipment” in the Consolidated Balance Sheet.

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2.19.2.2. Trade and other payables

Trade payables with fixed or determinable payments not traded in an active market are classified as “Trade and other payables”. Trade and other payables are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Interest expense is recognized using the effective interest rate method, except for short-term balances for which the recognition of interest is not significant.

Trade and other payables are classified as current, except for those with maturities beyond 12 months from the closing date.

Trade and other payables in foreign currency have been valued as mentioned above, at the exchange rates effective at the closing of each year. The exchange differences were charged to income for each year.

2.19.2.3. Derecognition of Financial Liabilities

The Company shall derecognize a financial liability (or part of it) when it has been extinguished, i.e., when the obligation specified in the corresponding agreement is discharged, canceled or expires.

2.19.3 Derivatives and Hedge Accounting

The Company executes certain financial instruments to manage its exposure to exchange risks.

Derivatives are initially recognized at fair value at the date of execution of the related contract and subsequently measured at fair value at the end of the reporting year. The resulting gain or loss is immediately recognized in the statement of income unless the derivative is designated as a hedging instrument, in which case the timing for its recognition will depend on the nature of the hedging relationship. The Company uses certain derivatives to hedge the fair value of its recognized liabilities (fair value hedge).

The Company documents at the beginning of the transaction the existing relationship between the hedging instruments and the hedged items, as well as its objectives to manage risk and the strategy to carry out hedge transactions. The Company also documents its assessment, both at the beginning and on an ongoing basis, of the high effectiveness of its hedging transactions to offset the changes in the fair value of the hedged items.

The fair value of hedging derivatives is fully classified as a non-current asset or liability if the hedged item matures in more than 12 months, and as a current asset or liability if the hedged item matures within 12 months.

Fair Value Hedge

Changes in the fair value of derivatives designated and classified as fair value hedges are charged to the statement of income, together with any change in the fair value of a hedged liability attributable to the hedged risk. The Company only applies fair value hedge accounting to cover the exchange rate fluctuations of a portion of the liabilities the Company holds in foreign currency. The gain or loss relating to the effective portion of foreign currency agreements is charged to the statement of income under Financial Costs. The loss or gain related to the ineffective portion, if any, is charged to the statement of income under Other Income and Expenses, net. Changes in the fair value of the Company’s hedged liabilities denominated in foreign currency, attributable to the risk detailed above, are charged to the statement of income under Financial Costs.

2.19.4 Debt Refinancing - Restructuring

Liabilities arising from the restructuring of Cablevisión's financial debt have been initially valued at fair value and will be subsequently measured at amortized cost using the effective interest rate method.

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2.20 Other Liabilities

They have been valued at nominal value.

2.21 Dividend Distribution

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements for the year in which the distribution of dividends is approved at the Shareholders' Meeting.

2.22 Consolidated Statement of Cash Flows

For the purposes of preparing the statement of cash flows, the item "Cash and Cash Equivalents" includes cash and bank balances, certain high liquidity short-term investments (with original maturities shorter than 90 days). Bank overdrafts payable on demand are deducted to the extent they are part of the Company's cash management.

Bank overdraft is classified under "Bank and Financial Debt" in the Consolidated Balance Sheet.

In the irregular eight-month fiscal year ended December 31, 2017, the following transactions were carried out, which did not have an impact on cash and cash equivalents:

	Irregular eight-month fiscal year ended 12.31.2017
Settlement of dividends payable with debts with Companies under Section 33 of General Associations Law No, 19,550, as amended	8,400,000
	<u>8,400,000</u>

NOTE 3 - ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the accounting policies of the Company which are described in Note 2, the Company has to make judgments and prepare accounting estimates of the value of the assets and liabilities that may not be otherwise obtained. The estimates and related assumptions are based on historical experience and other pertinent factors. Actual results may differ from these estimates.

The underlying estimates and assumptions are continually reviewed. The effects of the reviews of accounting estimates are recognized for the period in which estimates are reviewed.

These estimates basically refer to:

Measurement of the fair value of certain financial instruments

The fair value of a financial instrument is the amount at which the instrument could be purchased or sold between knowledgeable, willing parties in an arm's length transaction. If there is a quoted market price available for an instrument in an active market, the fair value is calculated based on that price.

If there is not a quoted market price available for a financial instrument, its fair value is estimated based on the price established in recent transactions involving the same or similar instruments and, if not, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and

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makes assumptions based on market conditions at closing.

The method used to measure the fair value of certain financial instruments is described in further detail in Note 2.19.

Allowance for Doubtful Receivables

The Company calculates the allowance for doubtful receivables for debt instruments that are not valued at fair value, taking into account the uncollectibility history and other circumstances known at the time of calculation.

Impairment losses of certain assets other than accounts receivable (including property, plant and equipment and intangible assets)

Certain assets, including property, plant and equipment and intangible assets are subject to impairment testing. The Company records impairment losses when it estimates that there is objective evidence of such losses or when the cost of such losses will not be recovered through future cash flows. The evaluation of what constitutes impairment is a matter of significant judgment. The impairment of non-financial assets is dealt with in more depth in Note 2.15.

Recognition and Measurement of Deferred Tax Items

As disclosed in Note 2.12, deferred tax assets are only recognized for temporary differences to the extent that it is probable that each entity, on an individual basis, will have enough future taxable income against which the deferred tax assets can be used. Deferred tax assets from unused tax loss carryforwards are only recognized when it is probable that each entity will have enough future taxable income against which they can be used.

Pursuant to effective regulations, the use of the subsidiaries' tax credits is based on a projection analysis of future income.

The Company examines the recoverable value of deferred tax assets based on its business plans and books a valuation allowance, if appropriate, so that the net position of the deferred tax asset will reflect the probable recoverable value.

Impairment of Goodwill

The Company assesses goodwill for impairment on an annual basis. In determining if there is impairment of goodwill, the Company calculates the value in use of the cash generating units to which it has been allocated. The calculation of the value in use requires the determination by the entity of the future cash flows that should arise from the cash generating units and an appropriate discount rate to calculate the present value. No impairment losses have been recorded for goodwill at year-end.

Provisions for Lawsuits and Contingencies

The elements taken into consideration for the calculation of the Provision for Lawsuits and Contingencies are determined based on the present value of the estimated costs arising from the lawsuits brought against the Company.

In estimating its obligations, the Company takes into consideration the opinion of its legal advisors.

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Determination of the Useful Lives of Property, Plant and Equipment and Intangible Assets

The Company reviews the reasonableness of the estimated useful life of property, plant and equipment and intangible assets at each year-end.

Measurement of the fair value of assets acquired in business combinations

See the accounting policies described in Note 2.5.

NOTE 4 – ACQUISITION OF COMPANIES AND CORPORATE REORGANIZATION PROCESSES

- a) On March 31, 2017, Cablevisión's Board of Directors approved the Pre-Merger Commitment executed among Cablevisión, Nextel, Greenmax Telecommunications S.A.U., WX Telecommunications S.A.U., Gridley Investments S.A., Trixco S.A., Fibercomm S.A., Netizen S.A., Eritown Corporation Argentina S.A., Skyonline de Argentina S.A., Infotel Argentina S.A., Nextwave Argentina S.A. and Callbi S.A., whereby, as of the merger date, Cablevisión, in its capacity as absorbing company, will continue with the operations of Nextel, Greenmax Telecommunications S.A.U., WX Telecommunications S.A.U., Gridley Investments S.A., Trixco S.A., Fibercomm S.A., Netizen S.A., Eritown Corporation Argentina S.A., Skyonline de Argentina S.A., Infotel Argentina S.A., Nextwave Argentina S.A. and Callbi S.A. (the “Absorbed Companies”) thus generating the corresponding operating, accounting and tax effects. That merger was approved by the shareholders of Cablevisión at the Extraordinary Shareholders’ Meeting held on May 17, 2017. On July 11, 2017, the public deed related to the merger was issued.

On September 18, 2017, the ENACOM authorized, under Resolution No. 2017-1734 APN ENACOM# MM, the transfer of the registrations, numbering and sign-posting resources, authorizations and frequency use permits granted to Nextel, Trixco S.A., Callbi S.A., Infotel Argentina S.A., Skyonline de Argentina S.A., Netizen S.A. and Eritown Corporation Argentina S.A. in favor of Cablevisión.

As a result of the above-mentioned corporate reorganization process, the Absorbed Companies were dissolved without liquidation and Cablevisión assumed all the activities, receivables, property and all the rights and obligations of the above-mentioned companies, existing as of the first day of October 2017 (“Effective Date of the Merger”), or any that may exist or arise due to previous or subsequent acts or activities.

On December 1, 2017, the CNV issued Resolution RESFC-2017-19134-APN-DIR#CNV, whereby it granted the administrative approval of the above-mentioned merger and the File is currently pending before the Public Registry of Commerce of the City of Buenos Aires for the issuance of the certification stamps concerning the dissolution of the Absorbed Companies and the merger of Cablevisión.

On February 23, 2018, the merger was registered with the IGJ under No. 3,469, Book 88, Volume - Stock Companies.

- b) On August 16, 2016, the Board of Directors of Cablevisión approved the Pre-Merger Commitment executed between Cablevisión, Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Primera Red Interactiva de Medios Argentinos (PRIMA) S.A. (“Prima”), Cable Video Sur S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A., whereby, on the effective date of the merger -October 1, 2016- (“Effective Date of the Merger”), Cablevisión, as absorbing company, continued with the operations of Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Prima, Cable Video Sur S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A. (the “Absorbed Companies”), thus generating the corresponding operating, accounting and tax effects. As a result of the above-mentioned corporate reorganization process, the Absorbed Companies were dissolved without liquidation. That merger was approved by the shareholders of Cablevisión at the Extraordinary Shareholders’

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Meeting held on September 27, 2016, and on April 20, 2017 it was registered with the Public Registry of Commerce.

In addition, at Cablevisión's Extraordinary Shareholders' Meeting held on September 27, 2016, the shareholders also unanimously approved: (i) the amendment of Article Three of the Bylaws in order to conform the core business of Cablevisión to the new regulatory framework under Laws Nos. 27,078 and 26,522, and (ii) the amendment of Articles Nine and Ten of the Bylaws in order to eliminate the Executive Committee. Both amendments of the Bylaws were registered with the Public Registry of Commerce.

In view of the above, Cablevisión made a filing with the ENACOM in order to inform that Agency of the corporate reorganization to be implemented, so that it would consequently register under the name of the absorbing company, the "Area Authorizations" required to exploit Cable Television Services corresponding to Copetonas Video Cable S.A., Dorrego Televisión S.A., Indio Rico Cable Color S.A., Cable Video Sur S.A., and Tres Arroyos Televisora Color S.A. The license for Wolves Televisión S.A. was abandoned because Cablevisión already has an Area Authorization in the jurisdiction where Wolves Televisión S.A. exploited the cable television service.

In addition, Prima and Cablevisión made a filing with the ENACOM in order to request that Agency to register the license that had been granted to Prima in favor of Cablevisión as a consequence of the corporate reorganization process. On August 25, 2017, the ENACOM authorized, under Resolution No. 2017-339 APN ENACOM# MM, the transfer of the registration of national and international long-distance telephony services, as well as the numbering and sign-posting resources, radioelectric frequencies and authorizations granted to Prima in favor of Cablevisión.

- c) On December 22, 2016, Adesol S.A., a subsidiary of Cablevisión, entered into a call option agreement (the "Call Option Agreement") with the majority shareholder of the special purpose entities (see Note 2.4.1), whereby, Adesol has the right to exercise, until December 31, 2021, the irrevocable call option on the shares of those companies (the "Call Option"). If it exercises the Call Option, the purchase price has been preliminarily established in the amount of Ps. 127,600,002, subject to adjustment in case certain circumstances provided under the Call Option Agreement occur.

In addition to the execution of the Call Option Agreement, Adesol S.A. paid to the grantor an option premium under the Call Option in the amount of Ps. 44,660,000. If Adesol S.A. does not exercise the Call Option, the seller shall irrevocably retain the amount paid by Adesol S.A., and the agreement will be terminated.

If it exercises the Call Option, the assignment, sale and transfer of the shares in favor of Adesol S.A. shall be subject, as condition precedent, to the approval by the Communication Services Regulatory Agency of the Republic of Uruguay.

On December 28, 2017, the parties executed an amendment to the Option Agreement and the Seller sent a notice to Adesol S.A., whereby: (i) the Call Option Period was extended for two additional years, thus the expiration date is now December 31, 2023; (ii) the Purchase Price of the Shares was set precisely and definitively at five million eleven thousand seven hundred forty-seven US dollars (USD 5,011,747) and forty-four million, six hundred sixty thousand Argentine pesos (Ps. 44,660,000); (iii) Adesol S.A. undertook to pay, within ten (10) business days as from December 30, 2017, a Supplement to the Option Premium in the amount of USD 4,500,000; and (iv) in the event that Adesol S.A. has paid the Seller the Supplement to the Option Premium and Adesol S.A. does not exercise the Call Option within the Call Option Period, the Seller undertakes to return to Adesol S.A., within ten business days as from the expiration of the Call Option Period, the amount of USD 2,500,000 received as partial payment of the Supplement to the Call Option Premium. In view of the above, on January 16, 2018, Adesol S.A. paid to the Seller the Supplement to the Call Option Premium.

- d) On June 30, 2017, the Boards of Directors of Telecom Argentina S.A. and Cablevisión S.A., respectively approved a pre-merger commitment whereby Telecom Argentina S.A., a company organized and existing

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under the laws of Argentina with shares currently listed in the stock markets of New York and Buenos Aires (NYSE: TEO, BCBA: TECO2), in its capacity as absorbing company, absorbed Cablevisión, which was dissolved without liquidation as of the effective date of the merger, pursuant to the provisions of Sections 82 and 83 of the General Associations Law No. 19,550 (the "Merger").

The purpose of the Merger is for Telecom Argentina S.A., in its capacity as merged company ("Merged Company"), to offer in an efficient manner, in line with the national and international trend, technological products for media and telecommunications that converge the different separate or independent modalities in which voice, data, sound and video transmission wired and wireless services are provided, into a single product or a series of products to be provided to users as a whole for the benefit of the users and consumers of those multiple individual services. Both companies understood that their respective operating and technical structures were highly complementary and could be optimized through a structural consolidation, achieving synergies and efficiencies in the development of convergence products along with the demand of the market.

The effective date of the Merger (the "Effective Date of the Merger") was established as from 0.00 hours of the day on which the Chairmen of the Boards of Directors of Telecom Argentina S.A. and Cablevisión signed the minutes regarding the transfer of operations, stating that: (i) Telecom Argentina S.A. had adjusted its technical-operative systems to undertake the operations and activities of Cablevisión S.A.; and (ii) the transfer of the operations and activities of Cablevisión to Telecom Argentina S.A. took effect on that Effective Date of the Merger because every and each of the following conditions precedent to which the Merger was subject had been fulfilled: 1) execution of the final merger agreement; and 2) authorization of the operation by ENACOM.

On January 1, 2018, since the conditions precedent to which the Merger was subject had been fulfilled, the Chairmen of the Boards of Directors of both companies signed the minutes regarding the transfer of operations, marking the occurrence of the Effective Date of the Merger.

As from the above-mentioned Effective Date of the Merger, (i) all the assets and liabilities, including the assets subject to registration, licenses, rights and obligations that belong to Cablevisión S.A. will be deemed to have been incorporated to the equity of Telecom Argentina S.A., (ii) Telecom Argentina S.A. continues with the operations of Cablevisión S.A., thus generating the corresponding operating, accounting and tax effects, (iii) the management and representation of Cablevisión S.A. was taken over by the management and representatives of Telecom Argentina S.A.

Pursuant to Section 83, subsection c) of the Argentine General Associations Law No. 19,550, the parties have set the following exchange ratio: 1 common share of Cablevisión S.A. (either a Class A Share of Cablevisión S.A. or a Class B Share of Cablevisión) for each 9,871.07005 new shares of Telecom Argentina S.A. (the "Exchange Ratio"). This Exchange Ratio was deemed reasonable, from a financial standpoint, by the independent professional appraiser Lion Tree Advisors LLC.

On June 30, 2017, the Boards of Directors of Telecom Argentina S.A. and Cablevisión S.A., respectively, decided to call an Ordinary and Extraordinary Shareholders' Meeting in the case of Telecom Argentina S.A., and an Extraordinary Shareholders' Meeting in the case of Cablevisión S.A., to be held on August 31, 2017 to consider the pre-merger commitment and, with regard to Cablevisión, its consequent dissolution and with regard to Telecom Argentina S.A., the amendment of the Bylaws and the increase of its capital stock.

On August 31, 2017, the shareholders of Telecom Argentina and Cablevisión held their respective Shareholders' Meetings and, after making the publications required by law- since no oppositions to the above-mentioned corporate reorganization process were filed-, on October 31, 2017, they executed the final Merger Agreement which was cast onto Public Deed No. 2,142, transcribed to page No. 12,398 of Notarial Record Book No. 15 of Capital Federal ("Final Merger Agreement").

Pursuant to the Pre-Merger Commitment and the Final Merger Commitment, on September 6, 2017, Telecom Argentina S.A. and Cablevisión made a joint filing with the ENACOM in order to request the authorization of

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the change of control, transfer of registrations and spectrum held by Cablevisión S.A. Consequently, after filing all the requested documentation, on December 22, 2017, Telecom Argentina S.A. and Cablevisión S.A. were served with ENACOM Resolution No. 5,644-E/2017, whereby that agency decided, among other things, to authorize Cablevisión S.A. to transfer in favor of Telecom Argentina: (i) the Registration of physical and/or radio electric link broadcasting services, including permits/frequencies required to provide radio electric link subscription broadcasting services, as well as area authorizations to provide those services (via physical and radio electric link), which may operate in Area II, as defined under Decree No. 1,461/93, as amended, and the city of Rosario, Province of Santa Fe, and the city of Córdoba, Province of Córdoba, as from January 1, 2018, as provided under Article 5 of National Decree No. 1,340/2016, and in the rest of the areas authorized, on the dates and in the modalities provided under ENACOM Resolution No. 5,641/2017 dated December 20, 2017; (ii) the Registration of the Radio Electric Trunking Service (SRCE); and (iii) the authorizations and frequency use permits and allocations of numbering and sign-posting resources to provide the above-mentioned services held by Cablevisión, pursuant to effective regulations (Annex IV of Decree No. 764/2000), and the agreement executed by Nextel on April 12, 2017 (IF-2017-08818737-APN-ENACOM#MCO), whereby Telecom Argentina S.A., in its capacity as absorbing company of Cablevisión, shall within a term of two years as from the date the merger is approved by the National Antitrust Commission and the ENACOM or by any agency that may substitute them in the future, return the radio electric spectrum that exceeds the limit set under Section 5 of Resolution No. 171-E/17 issued by the Ministry of Communications and/or any regulation that may replace it in the future. To that effect, Telecom Argentina shall file with the ENACOM, no later than one year prior to the expiration of the two-year term, a proposal to conform to that limit. The ENACOM may accept the proposal, reject it and/or request a new filing with any changes it may deem appropriate. In addition, through that Resolution, the ENACOM authorized the change of corporate control (as defined under Article 33 of the General Companies Law No. 19,550) of Telecom Argentina that will occur once the merger becomes effective and the shareholders agreement dated July 7, 2017 enters into effect, as a result of which Cablevisión Holding S.A. would become the controlling company of Telecom Argentina S.A. as surviving company of Cablevisión.

In connection with the above-mentioned transaction, on July 7, 2017, the Company, together with VLG Argentina LLC (“VLG”), Fintech Media LLC, Fintech Advisory Inc., GC Dominio S.A. and Fintech Telecom LLC executed a shareholders’ agreement that governs the exercise of the rights of the shareholders of Telecom Argentina S.A. (the “Agreement”) once the merger process between Telecom Argentina S.A. and Cablevisión S.A. is concluded and has become effective. Under such Agreement, the parties have provided for:

- the representation in the corporate bodies establishing that, subject to the fulfillment of certain conditions established therein and provided Cablevisión Holding S.A. complies with certain minimum participation requirements in the Merged Company, it may appoint the majority of the members of the Board of Directors, the Executive Committee, the Audit Committee and the Supervisory Committee; and
- a scheme of special majority requirements for the approval by the Board of Directors and/or the Shareholders, as applicable, of certain issues, such as: i) the Business Plan and the Annual Budget of the Merged Company, ii) the amendment of the bylaws, iii) the change of external auditors, iv) the creation of committees of the Board of Directors, v) the hiring of Key Employees, as defined in the Agreement, vi) the merger or consolidation of Telecom or any Controlled Company, vii) acquisitions of certain assets, viii) sales of certain assets, ix) increases of capital stock, x) incurring indebtedness above certain limits, xi) capital investments in infrastructure, plant and equipment above certain amounts, xii) related party transactions, xiii) contracts that impose restrictions on the distribution of dividends, xiv) new lines of business or the discontinuation of existing ones, and xv) actions to be taken in insolvency situations, among others.

In addition, pursuant to the Agreement, (a) Fintech Telecom LLC and Cablevisión Holding (i) will each contribute certain shares of Telecom to a voting trust (the “Voting Trust”) which, once the shares in Telecom Argentina held by Cablevisión Holding are incorporated, will exceed fifty percent (50%) of the outstanding shares after the merger becomes effective, and (ii) will each appoint a co-trustee who will vote the shares pursuant to the terms of the voting trust to be executed by certain parties of the Agreement. The shares under

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the Voting Trust shall be voted as per the instructions of the co-trustee appointed by Cablevisión Holding, except in the case of certain issues subject to veto under the Agreement, in which case the co-trustee of Fintech Telecom LLC will determine the vote with respect to the post-Merger shares under the Voting Trust, and (b) subject to the fulfillment by Cablevisión Holding and Fintech Telecom LLC of certain ownership thresholds regarding the shares of Telecom Argentina S.A., Cablevisión Holding will be entitled to appoint the general manager and other key employees of Telecom Argentina S.A. and Fintech Telecom LLC will be entitled to appoint the chief financial officer and the internal auditor.

On the same date, Cablevisión Holding S.A. accepted an offer for an irrevocable call option granted by Fintech Advisory Inc. and its subsidiaries Fintech Telecom LLC and Fintech Media LLC for the acquisition of an equity interest of 13.51% in Telecom Argentina (which represents approximately 6% of Telecom Argentina's capital stock once the Merger becomes effective) for USD 634,275,282 (the "Option"). The maximum term to exercise the Option is one year as from July 7, 2017. Cablevisión Holding had to pay to Fintech Advisory Inc., within a term of thirty days as from July 7, 2017, an option premium of USD 3,000,000, which was settled on July 2017.

On October 5, 2017, the Company made a prepayment of the aggregate exercise price under the Option for USD 634,275,282. Within the framework of the clauses established under the Option, once the prepayment had been made, Cablevisión Holding could only receive in consideration of said prepayment an equity interest equivalent to 13.51% in Telecom Argentina, even if Cablevisión Holding did not exercise the Option prior to its expiration date. The only thing pending was the election of the company through which the above-mentioned interest in Telecom Argentina would be acquired. As guarantee for the above-mentioned prepayment, Fintech Media LLC pledged in favor of the Company a 21.55% interest in VLG.

On December 27, 2017, the Company exercised the Option. As a result, it decided to receive an additional equity interest in VLG of 21.55% (which represents an indirect interest of approximately 6% in Telecom's capital stock once the Merger becomes effective). In addition, within the framework of the option agreement, its price was finally established at USD 628,008,363. As a result of exercising said option, Fintech Media LLC became the holder of 28.45% of the capital stock of VLG and Cablevisión Holding S.A. became the holder of 71.55% of the capital stock of VLG. As of December 31, 2017, the only thing pending was the formal delivery of the shares, whereby the Company became the holder for all purposes of 71.55% of VLG's capital stock.

Within the framework of the merger whereby Telecom Argentina S.A. absorbed Cablevisión S.A., Fintech Media LLC and Cablevisión Holding S.A. undertook to carry out certain corporate reorganization processes and to separate and split the whole capital stock of VLG between Fintech Media LLC and Cablevisión Holding S.A., in proportion to their respective holdings in VLG after the exercise an Option in favor of Cablevisión Holding S.A.

In view of the above, VLG started a corporate reorganization process whereby it spun off, in proportion to the respective holdings of its shareholders Fintech Media LLC (28.45%) and Cablevisión Holding (71.55%), a portion of its equity to create a new company called "VLG Argentina Escindida LLC", effective as of the Effective Date of the Merger. As a result of the above-mentioned spin-off process, Cablevisión Holding became the holder of 100% of VLG, which became the holder of 44,059 Class A shares of Cablevisión S.A.; and Fintech Media LLC became the holder of 100% of VLG Argentina Escindida LLC, which became the holder of 17,522 Class A shares of Cablevisión S.A.; in both cases together with all the rights inherent to those shares, including (i) the right to collect the dividends approved by the Board of Directors of Cablevisión S.A. on December 18, 2017, which resulted in VLG being entitled to collect Ps. 1,497,194,601 and VLG Argentina Escindida LLC being entitled to collect Ps. 595,425,311, and (ii) as a result of the exchange ratio approved by the shareholders of Cablevisión S.A. at the Extraordinary Shareholders' Meeting held on August 31, 2017, the right to receive new shares to be issued by Telecom Argentina S.A. at the Exchange Ratio provided under the Pre-Merger Commitment and the Final Merger Agreement, i.e.: VLG received 434,909,475 Class D common, book-entry shares with nominal value of Ps. 1 each and entitled to 1 vote per share of Telecom Argentina S.A., representing 20.2% of the capital stock of said company, and VLG Argentina Escindida LLC received

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172,960,890 Class A common, book-entry shares with nominal value of Ps. 1 each and entitled to 1 vote per share of Telecom Argentina S.A., representing 8.0% of the capital stock of that company.

As a result of the transactions described above, as from January 1, 2018, Cablevisión Holding S.A. became the holder of a 39.08% equity interest in Telecom Argentina S.A. after the Merger became effective.

In accordance with the Pre-Merger Commitment and the Final Merger Agreement, on January 1, 2018, Telecom Argentina S.A. increased its capital stock in the amount of Ps. 1,184,528,406, through the issuance of 1,184,528,406 common book-entry shares, with nominal value of ARS 1 each and entitled to one vote per share. The shareholders of Cablevisión S.A. received these new shares in exchange for the shares they held of that company, in the form of Class “A” or “D” Shares of Telecom Argentina S.A., as applicable, according to the Exchange Ratio.

As from January 1, 2018, (i) all the assets and liabilities, including the assets subject to registration, licenses, rights and obligations that belong to Cablevisión S.A. are deemed incorporated to the equity of Telecom Argentina S.A., (ii) Telecom Argentina S.A. will continue with the operations of Cablevisión S.A., thus generating the corresponding operating, accounting and tax effects, (iii) the management and representation of Cablevisión S.A. is taken over by the management and representatives of Telecom Argentina S.A., and (iv) Cablevisión Holding is the legal controlling company of Telecom Argentina.

Telecom recorded the Merger following the acquisition method, as described under IFRS 3. In the case of business combinations executed through an exchange of equity interests, IFRS 3 requires the consideration of all relevant facts and circumstances when identifying the acquirer. Pursuant to the terms of the Pre-Merger Commitment, Cablevisión S.A. (the company that is legally absorbed) must be considered the acquirer for accounting purposes and Telecom Argentina S.A. (the surviving company) must be considered the acquiree for accounting purposes. Therefore, this transaction qualifies as a “reverse acquisition” under IFRS. The grounds used to determine that Cablevisión S.A. is to be considered the acquirer for accounting purposes in the Merger were the following:

- 1) Relative voting rights in the surviving company (55% for the shareholders of Cablevisión S.A. before the Effective Date of the Merger and 45% for the shareholders of Telecom Argentina S.A. before the Effective Date of the Merger, both percentages considered before the Effective Date of the Merger),
- 2) the composition of the Board of Directors of the surviving company and other committees (Audit Committee, Supervisory Committee and Executive Committee),
- 3) The relative fair value allocated to Telecom Argentina S.A. and Cablevisión S.A. and
- 4) The composition of the key senior management of the surviving company.

Consequently, the assets and liabilities of Cablevisión S.A. were recognized and measured in the financial statements at book value before the Merger, while the identifiable assets and liabilities of Telecom Argentina S.A. were recognized at fair value as of the Effective Date of the Merger. The goodwill obtained under the acquisition method was measured as the excess of the fair value of the consideration paid over the net fair value of the identifiable assets and liabilities of Telecom Argentina S.A. The accumulated results and other balances of shareholders’ equity recognized in the financial statements of the combined entity are the sum of the respective balances of the individual financial statements of Telecom Argentina S.A. and Cablevisión S.A. immediately before the merger.

IFRS 3 “Business Combinations”, in paragraphs 59 through 63, provides that when a significant business combination is executed between the closing date of the financial statements and their date of issuance, they must include certain disclosures regarding the transaction. The merger by acquisition between Telecom Argentina S.A. and Cablevisión that took place on January 1, 2018 qualifies as a business combination under IFRS 3. Therefore, the following information is disclosed to comply with said standard.

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The figures disclosed below represent the best estimate made by Telecom based on information available to date. If the Company obtains new information about the events and circumstances existing on the date of acquisition, it will introduce changes reassessing the fair value of the net assets already identified and/or identifying any additional assets or liabilities during the measurement period, which will not exceed one year as from the date of acquisition as provided under paragraph 45 of IFRS 3.

Due to the fact that the Merger between Telecom Argentina S.A. and Cablevisión was a business combination carried out through an exchange of equity interests, the consideration is determined based on the fair value of the shares of Telecom as of the effective date of the Merger. The consideration amounted to Ps. 132 Bn, calculated based on the market price of the ADR of Telecom Argentina S.A. on the New York Stock Exchange (NYSE) on the effective date of the transaction (January 1, 2018.)

Pursuant to IFRS 3, the acquired net identifiable assets were measured at fair value, which estimated value amounted to Ps. 74 Bn. Among those net identifiable assets, the following stand out: Property, Plant and Equipment, with an estimated fair value of Ps. 63 Bn and Intangible Assets, with an estimated fair value of Ps. 40 Bn (which include the recognition of the Customer Portfolio for Ps. 10 Bn, Brands for Ps. 9 Bn and Licenses for Ps. 21 Bn.) In addition, the Company recognized a deferred income tax liability due to the higher value allocated to the net identifiable assets which, added to the book value as of the effective date of the transaction, amounted to Ps. 17 Bn.

Telecom recognized a non-controlling interest estimated at Ps. 1 Bn, measuring the net identifiable assets pursuant to the equity method. The allocation of the purchase price of the acquired net assets generated a goodwill with an estimated value of Ps. 59 Bn.

Goodwill represents the future economic benefits that are not individually identified or recognized separately. It represents the excess of the consideration and the non-controlling interest over the fair value of the net identifiable assets acquired under the business combination. Goodwill is not amortized. It shall be tested for impairment at least once a year as required under IAS 38.

As a result of the business combination described in the previous paragraphs, as from January 1, 2018, Cablevisión Holding S.A. will prepare its consolidated financial statements incorporating the balances and transactions that arise from the financial information of Telecom Argentina.

On December 28, 2017, Cablevisión offered to acquire one hundred percent (100%) of the capital stock of Inter Radios S.A., an Argentine *sociedad anónima*, a corporation with limited liability, incorporated under the laws of the Argentine Republic, the core business of which is the installation and exploitation of broadcasting services. The offer amounted to USD 1,024,166 and was accepted on December 28, 2017. As a result, Cablevisión became the owner of one hundred percent (100%) of the capital stock of that company.

- e) On October 2, 2017, the Company made a capital contribution in GCSA Equity for approximately USD 23.2 million, which was used by that company to repay liabilities. In addition, on December 27, 2017, GCSA Equity was dissolved.

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NOTE 5 – SEGMENT INFORMATION

The Company is mainly engaged in the cable television, Internet access and IDEN Telephony business which requires the development of several activities distributed among the companies in which it holds equity interests. Based on the nature, clients, and risks involved, the following business segments have been identified, which are directly related to the way in which the Company assesses its business performance:

- a. Cable television and Internet access, mainly comprised by its own operations through its equity interests in its subsidiaries.
- b. IDEN telephony services through its interest in Nextel.

The Company's Board of Directors, the main operating decisions maker, uses adjusted EBITDA to measure the performance of the operating segments. Adjusted EBITDA is defined as revenues less cost of sales and selling and administrative expenses (excluding depreciation and amortization). The Company believes that adjusted EBITDA is a significant performance measure of its businesses, since it is commonly used in the industry to analyze and compare media companies based on operating performance, indebtedness and liquidity. However, adjusted EBITDA does not measure net income or cash flows generated by operations and should not be considered as an alternative to net income, an indication of the Company's financial performance, an alternative to cash flows generated by operating activities or a measure of liquidity.

Since adjusted EBITDA is not defined by IFRS, it is possible that other companies may calculate it differently. Therefore, the EBITDA reported by other companies may not be comparable to the Company's adjusted EBITDA.

Note 1 to these consolidated financial statements includes additional information about the Company's businesses.

The following tables include the information for the irregular eight-month fiscal year beginning May 1, 2017 and ended December 31, 2017, prepared under IFRS, for the business segments identified by the Company.

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	<u>Cable Television and Internet Access (1)</u>	<u>IDEN Telephony</u>	<u>Other (2)</u>	<u>Eliminations / Adjustments (3)</u>	<u>Consolidated</u>
Information arising from the Consolidated Statement of Comprehensive Income For the Eight-month fiscal year ended 12.31.2017					
Sales of services and goods to third parties	26,592,987,405	1,793,264,759	-	13,476,346	28,399,728,510
Intersegment Sales	1,055,922	15,869,431	60,800,000	(77,725,353)	-
Total Sales	<u>26,594,043,327</u>	<u>1,809,134,190</u>	<u>60,800,000</u>	<u>(64,249,007)</u>	<u>28,399,728,510</u>
Cost of sales (excluding depreciation and amortization)	(9,843,179,192)	(1,058,790,409)	-	(72,777,141)	(10,974,746,742)
Expenses - excluding depreciation and amortization:					
Selling Expenses	(3,460,952,941)	(646,388,282)	-	-	(4,107,341,223)
Administrative Expenses	(2,831,492,690)	(214,222,796)	(90,267,829)	-	(3,135,983,315)
Intersegment Costs and Expenses	(76,669,431)	(1,055,922)	-	77,725,353	-
Adjusted EBITDA	<u>10,381,749,073</u>	<u>(111,323,219)</u>	<u>(29,467,829)</u>	<u>(59,300,795)</u>	<u>10,181,657,230</u>
Depreciation of Property, Plant and Equipment					(2,732,007,796)
Amortization of Intangible Assets					(11,928,396)
Other Income and Expenses, net					18,981,403
Financial Results					(3,720,259,758)
Equity in Earnings from Associates					115,146,085
Income Tax and Tax on Assets					(1,624,542,957)
Net Income for the Year					<u><u>2,227,045,811</u></u>
Total Assets	42,697,546,639	4,517,459,861	2,378,853,686	(1,940,896,142)	47,652,964,044
Additional Consolidated Information as of December 31, 2017					
Acquisition of Property, Plant and Equipment	8,019,366,600	-	-	-	8,019,366,600
Acquisition of Intangible Assets	20,296	-	-	-	20,296
Acquisition of Companies	19,663,984	-	-	-	19,663,984
Ordinary Income from Foreign Subsidiaries	739,556,668	-	-	-	739,556,668
Non-Current Assets excluding deferred tax and financial assets in foreign subsidiaries	961,358,015	-	-	-	961,358,015

(1) It arises from internal information reviewed by the Board of Directors.

(2) It corresponds to the results of the group that do not qualify as a reportable segment.

(3) The eliminations and adjustments correspond to operations between the Company and its subsidiaries and to different valuation criteria applied related to the recognition of revenues from cable TV and Internet installation services and transactions including separate items.

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NOTE 6 - BREAKDOWN OF THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**6.1 – Revenues**

	Eight-month fiscal year ended 12.31.2017
Cable Television Services	17,043,131,166
Mobile Telephony Services	1,576,037,709
Internet Services	9,185,890,676
Sale of Goods	86,984,385
Other	507,684,574
Total	28,399,728,510

6.2. - Cost of Sales

	Irregular eight- month fiscal year ended 12.31.2017
Inventories as of May 1, 2017	203,251,482
Purchases for the year, net	141,203,023
Cost of services provided (Note 6.3)	13,239,535,319
Inventories at year-end	(115,576,852)
Total Cost of Sales	13,468,412,972

6.3 – Cost of services provided, selling and administrative expenses

	Cost of services provided	Selling Expenses	Administrative Expenses	Total for the irregular eight- month fiscal year ended 12.31.2017
Salaries, Social Security and Benefits to Personnel ⁽¹⁾	3,175,262,513	876,573,882	819,353,671	4,871,190,066
Programming Costs	3,994,207,656	-	-	3,994,207,656
Severance Payments	65,872,285	55,865,523	63,417,993	185,155,801
Public Utilities, Charges and Taxes	638,389,192	1,407,694,385	25,811,963	2,071,895,540
Maintenance of Property, Plant and Equipment	1,368,620,257	145,835,688	442,627,645	1,957,083,590
Leases	382,771,972	38,893,562	49,413,388	471,078,922
Depreciation of Property, Plant and Equipment	2,481,737,834	93,455,804	156,814,158	2,732,007,796
Fees for services	23,291,360	302,855,477	978,719,703	1,304,866,540
Advertising and Promotion	-	628,662,873	406,160	629,069,033
Data Transfer Costs	582,487,803	-	964,559	583,452,362
Bad Debts	-	384,262,312	-	384,262,312
Collection Expenses and Commissions	4,783,495	43,884,716	673,897,582	722,565,793
Obsolescence of Materials	60,601,654	-	-	60,601,654
Lawsuits and Contingencies	104,687,914	95,495,264	(18,745,342)	181,437,836
Amortization of Intangible Assets	11,928,396	-	-	11,928,396
Miscellaneous	344,892,988	127,317,541	100,115,993	572,326,522
Total	13,239,535,319	4,200,797,027	3,292,797,473	20,733,129,819

(1) In accordance with the decision rendered by Chamber II of the Court of Appeals on Federal Administrative Matters, as from September 2015, Cablevisión began calculating employer's contributions as tax credit on VAT. The amount calculated for the eight-month period ended December 31, 2017 was approximately Ps. 696 million.

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6.4 - Financial Costs

	Irregular eight-month fiscal year ended 12.31.2017
Interest	(715,860,550)
Exchange Differences	(2,686,174,674)
Financial Discounts on Debt	12,091,820
Other Financial Results Related to the Financial Debt	26,606,193
Total	<u>(3,363,337,211)</u>

6.5 – Other Financial Results, net

	Irregular eight-month fiscal year ended 12.31.2017
Interest	24,426,939
Other Taxes and Expenses	(364,733,698)
Exchange Differences	(69,285,488)
Financial Discounts on Assets, debt and Other	22,835,429
Results from Operations with Notes and Bonds	4,306,471
Income from Changes in the Fair Value of Financial Instruments	25,527,800
Total	<u>(356,922,547)</u>

6.6 - Equity in Earnings from Associates

	Irregular eight-month fiscal year ended 12.31.2017
La Capital Cable S.A.	18,469,950
Teledifusora San Miguel Arcángel S.A.	28,882,166
Ver TV S.A.	66,999,304
Other	794,665
Total	<u>115,146,085</u>

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NOTE 7 - BREAKDOWN OF THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET

7.1 - Property, Plant and Equipment

Cost or deemed cost and accumulated depreciation

	Buildings and Land	Improvements in Leased Buildings	Facilities, Machinery and Equipment	Furniture and Fixtures	Vehicles	Tools	Cables, Cable Laying and Assets under Loan for Use	Works-In-Progress	Materials	Telecommunications	Allowance for Obsolescence of Materials	Total
Average Useful Life (in years)	50	3	10	10	5	5	15-3	-	-	10	-	
Cost or deemed cost	512,054,356	27,741,814	1,729,454,832	65,596,112	409,917,429	204,648,264	11,206,378,182	3,562,650,885	4,218,074,377	529,239,354	(46,026,122)	22,419,729,483
Accumulated Depreciation	(104,509,909)	(21,428,622)	(870,340,139)	(45,698,344)	(201,875,741)	(159,574,914)	(3,507,307,339)	-	-	(373,829,276)	-	(5,284,564,284)
Residual Value as of May 1, 2017	407,544,447	6,313,192	859,114,693	19,897,768	208,041,688	45,073,350	7,699,070,843	3,562,650,885	4,218,074,377	155,410,078	(46,026,122)	17,135,165,199
Variation due to Translation Differences (Cost)	2,667,022	-	3,783,217	5,775,246	1,590,122	1,769,522	171,758,007	4,090,048	9,690,588	-	(300,315)	200,823,457
Increases	145,783,925	242,553	299,625,838	1,903,318	13,282,348	7,201,076	2,192,086,455	1,009,252,161	4,431,779,506	-	(1,700,323)	8,099,456,857
Decreases	(584,571)	-	(409,157,443)	(15,550,629)	(6,346,549)	-	(1,702,327,834)	(40,428,285)	(442,411,231)	(335,991,465)	-	(2,952,798,007)
Transfers	7,411,428	-	183,291,915	1,048,969	999,354	45,134,582	3,151,951,765	740,639,089	(4,100,220,555)	(30,256,547)	-	-
Addition of balances from acquired companies (Note 4.e)	230,182	-	91,210	83,669	48,212	76,320	46,112,810	514,811	1,049,732	-	(9,843,477)	38,363,469
Accumulated Depreciation of Decreases	196,000	-	408,883,031	15,501,214	5,961,095	-	1,667,036,496	-	-	335,991,465	-	2,433,569,301
Variation due to Translation Differences (Depreciation)	(1,660,982)	-	(3,482,750)	(5,022,027)	(1,489,461)	(1,221,632)	(115,755,186)	-	-	-	-	(128,632,038)
Addition of balances from acquired companies (Note 4.e)	(229,760)	-	(91,210)	(80,534)	(48,212)	(72,407)	(25,812,128)	-	-	-	-	(26,334,251)
Depreciation	(12,976,917)	(4,602,107)	(282,987,812)	(3,240,291)	(41,936,228)	(33,199,148)	(2,353,065,293)	-	-	-	-	(2,732,007,796)
Subtotal	548,380,774	1,953,638	1,059,070,689	20,316,703	180,102,369	64,761,663	10,731,055,935	5,276,718,709	4,117,962,417	125,153,531	(57,870,237)	22,067,606,191
Total as of December 31, 2017												
Cost or deemed cost	667,562,342	27,984,367	1,807,089,569	58,856,685	419,490,916	258,829,764	15,065,959,385	5,276,718,709	4,117,962,417	162,991,342	(57,870,237)	27,805,575,259
Accumulated Depreciation	(119,181,568)	(26,030,729)	(748,018,880)	(38,539,982)	(239,388,547)	(194,068,101)	(4,334,903,450)	-	-	(37,837,811)	-	(5,737,969,068)
Residual value as of December 31, 2017	548,380,774	1,953,638	1,059,070,689	20,316,703	180,102,369	64,761,663	10,731,055,935	5,276,718,709	4,117,962,417	125,153,531	(57,870,237)	22,067,606,191

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7.1.2 – Impairment losses for the year

During 2017, the Company reviewed the recoverable amount of its property, plant and equipment in connection with the obsolescence of materials. As a result of said review, it was necessary to recognize an additional impairment loss of Ps. 1,700,323 in the eight-month period ended December 31, 2017.

The evolution of the Allowance for Obsolescence of Materials is disclosed under Note 7.15.

7.2 - Intangible Assets

Cost or deemed cost, accumulated depreciation

	SRCE License (1)	Public Network Links	Radio-Electric Spectrum	Software	Other	Total
Average Useful Life (in years)	3	3	15 ⁽²⁾	5		
Cost or deemed cost	517,527,295	3,998,211	1,860,549,580	175,821,257	44,346,502	2,602,242,845
Accumulated Amortization	(39,287,080)	(3,998,211)	-	(150,239,328)	(44,113,180)	(237,637,799)
Residual Value as of May 1, 2017	478,240,215	-	1,860,549,580	25,581,929	233,322	2,364,605,046
Variation due to Translation Differences (Cost)	-	-	-	-	114,775	114,775
Increases	-	-	-	20,296	-	20,296
Decreases	(699)	699	-	-	-	-
Addition of balances from acquired companies (Note 4.e)	-	-	-	-	739,544	739,544
Amortization	-	-	-	(11,777,414)	(150,982)	(11,928,396)
Amortization of Decreases	699	(699)	-	-	-	-
Variation due to Translation Differences (amortization)	-	-	-	-	(103,740)	(103,740)
Subtotal	478,240,215	-	1,860,549,580	13,824,811	832,919	2,353,447,525
Total as of December 31, 2017						
Cost or deemed cost	517,526,596	3,998,910	1,860,549,580	175,841,553	45,200,821	2,603,117,463
Accumulated Amortization	(39,286,381)	(3,998,910)	-	(162,016,742)	(44,367,902)	(249,669,935)
Residual Value as of December 31, 2017	478,240,215	-	1,860,549,580	13,824,811	832,919	2,353,447,525

(1) Radio Electric Trunking Service License

(2) The term of its useful life is calculated as from the beginning of the provision of the Advanced Mobile Communication Services or upon expiration of the 18-month term provided under Section 10.1, subsection a), Annex I, Decree No. 764/2000 for the beginning of the provision of the Advanced Mobile Communication Services, whatever occurs first (See Note 9.4.3.3.)

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7.3 – Goodwill

	December 31, 2017
<u>Cost</u>	
Cablevisión Businesses	3,583,758,710
Total	3,583,758,710

Allocation of Goodwill to CGUs

In order to assess its impairment, goodwill was allocated to the following groups of CGUs:

	December 31, 2017
Uruguay Operation	15,578,824
Argentina Operation	3,568,179,886
Total	3,583,758,710

The Company assesses the recoverability of goodwill considering each country where the Company has a subsidiary for which it records goodwill as a different cash generating unit (“CGU”) group.

Cablevisión established that the UGE group with the most significant amount of goodwill, compared to the total goodwill as of December 31, 2017, was Argentina, which represents 99.6% of the total goodwill as of that date.

The recoverable amount of each group of CGU has been determined as per its value in use, calculated based on operating cash flows estimated in the financial budgets approved by Management, which comprise a one-year period. Cash flows not included in that period are projected using a growth rate, assessed based on statistical data and historical indicators of Argentina, which does not exceed the long-term average growth of each business.

The discount rate used in each case for the calculation of the value in use allocated to each group of CGU takes into account the risk-free rate, the country risk premium and the premium for risks specific to each business, and the indebtedness structure of each group of CGU. In particular, the annual discount rate applied to the projections of cash flows of Cablevisión's operations in Argentina is of approximately 7%.

Cablevisión's main source of revenues are its cable TV subscribers. The main premises are the evolution of its subscription prices and of its subscribers. In order to determine the key assumptions, Cablevisión relies on external sources of information and on Management's judgment based on previous experiences.

7.4 - Investments

	December 31, 2017
Current	
Mutual Funds	73,545,910
Notes and Bonds	36,250,115
Total	109,796,025

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7.5 - Investments in Associates and Other Companies

Companies	Main business activity	Country	Interest in Capital and Votes	Valuation as of 12.31.2017
Ver T.V. S.A. ⁽¹⁾	Cable Television Station	Argentina	49.00	140,655,455
Teledifusora San Miguel Arcángel S.A. ⁽¹⁾⁽³⁾	Cable Television Station	Argentina	50.10	60,477,311
La Capital Cable S.A.	Closed-Circuit Television	Argentina	50.00	43,111,426
Televisora Privada del Oeste S.A.	Closed-Circuit Television	Argentina	47.00	11,417,804
Other investments valued under the equity method				91,845
VLG – Acquired shares to be received (Note 4.d) ⁽²⁾				10,945,425,056
Total				<u>11,201,178,897</u>

⁽¹⁾ The data about these associates arise from non-accounting information.⁽²⁾ As of December 31, 2017, the only thing pending was the formal delivery of the shares, whereby the Company became the holder for all purposes of 71.55% of VLG's capital stock.⁽³⁾ Even though the Company has an interest of more than 50%, it does not exert control in accordance with the requirements of IFRS.

The following is a detail of certain supplementary information required by IFRS about interests in associates.

	December 31, 2017
Dividends received ⁽¹⁾	153,248,470
<u>Summarized financial information:</u>	
Non-current assets	718,665,435
Current assets	345,063,453
Non-current liabilities	(17,236,279)
Current liabilities	(540,625,689)
Sales ⁽¹⁾	1,265,740,758
Income from Continuing Operations ⁽¹⁾	232,680,426
Total Comprehensive Income ⁽¹⁾	232,680,426

⁽¹⁾ Information for the eight-month period ended December 31, 2017

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7.6 – Other Receivables

	December 31, 2017
Non-Current	
Tax Credits	40,010,975
Advances to Suppliers	165,292,563
Prepaid Expenses	29,818,396
Other	1,811,118
Total	236,933,052
	December 31, 2017
Current	
Tax Credits	98,324,651
Prepaid Expenses	407,622,665
Court-ordered and Guarantee Deposits	94,239,231
Companies under Section 33 of General Associations Law No. 19,550, as amended, and related laws (Note 16)	26,416,037
Advances	37,054,807
Dividend Receivable (Note 16)	91,540,491
Sundry Receivables	144,064,539
Other	56,889,838
Total	956,152,259

7.7 – Trade Receivables

	December 31, 2017
Current	
Trade Receivables	2,196,681,368
Companies under Section 33 of General Associations Law No. 19,550, as amended, and related laws (Note 16)	39,725,649
Allowance for Doubtful Receivables (Note 7.15)	(483,320,096)
Total	1,753,086,921

7.8 – Inventories

	December 31, 2017
Current	
Radio Equipment and Accessories	76,078,452
Spare Parts	39,498,400
Subtotal	115,576,852
Allowance for Impairment of Inventories	(32,324,415)
Total	83,252,437

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7.9 - Cash and Cash Equivalents

	December 31, 2017
Cash in Local Currency	6,029,760
Cash in Foreign Currency	1,770,423
Cash at banks in Local Currency	567,722,005
Cash at banks in Foreign Currency	2,896,925,042
To be deposited	23,782,252
Fixed-Term Deposits	357,450,519
Mutual Funds	948,010,924
Other Placements	77,408,211
Total	<u>4,879,099,136</u>

7.10 – Bank and Financial Debt

The following table details the changes in loans and indebtedness between May 1, 2017 and December 31, 2017:

	2017
Balance as of May 1	9,534,458,321
New Loans and Financing ⁽¹⁾	13,235,771,367
Interest	715,842,506
Effect of exchange rate variation	2,686,174,669
Offsetting of financial debt with other receivables	(8,400,000)
Payment of Interest	(786,512,820)
Repayment of Principal and Issuance Expenses	(687,831,635)
Other	(29,410,334)
Financial debt measured at present value and debt issuance expenses	(12,091,820)
Balances as of December 31	<u>24,648,000,254</u>

⁽¹⁾ Includes the loan taken by the Company (see Note 7.10.2). Includes loans, taken by Cablevisión, to settle financial debts and to purchase capital assets and inventories.

The following is a breakdown of the Company's loans and indebtedness:

	December 31, 2017
Non-Current	
Notes issued by Cablevisión - principal	9,324,500,000
For Acquisition of equipment– principal	504,969,949
Bank Loans - principal	11,363,911,512
Financial debt measured at present value	(257,522,772)
Total	<u>20,935,858,689</u>
Current	
For Acquisition of equipment– principal	836,981,830
Accrued interest	40,101,147
Loans with companies under Section 33 of General Associations Law No. 19,550, as amended, and related laws – principal ⁽¹⁾	4,000,000
Financial debt measured at present value	4,337,042
Bank Loans - principal	2,826,721,546
Total	<u>3,712,141,565</u>

⁽¹⁾ As of December 31, 2017, it accrues interest at an average fixed rate of 20.00%.

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The following is a detail of bank and financial debt maturities:

As of 12.31.2017	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Total
Bank	2,826,721,547	11,284,476,172	43,654,132	23,854,138	11,927,069	14,190,633,058
Notes	-	-	-	9,324,500,000	-	9,324,500,000
For Acquisition of equipment	836,981,830	379,028,194	121,499,499	2,387,501	2,054,755	1,341,951,779
Accrued interest	40,101,147	-	-	-	-	40,101,147
Companies under Section 33 of General Associations Law No. 19,550 and related laws	4,000,000	-	-	-	-	4,000,000
Financial debt measured at present value	(187,858,687)	(33,954,187)	(27,077,423)	(4,295,433)	-	(253,185,730)
	3,519,945,837	11,629,550,179	138,076,208	9,346,446,206	13,981,824	24,648,000,254

7.10.1 – Cablevisión

The following are the main terms of the bank loans for the year:

Date Issued	Bank	Currency	Principal Amount	Final Maturity	Interest Rate Fixed
September 2016	Banco Itaú Argentina S.A.	USD	3.5 (2)	September 2017 (1)	5.00%
January 2017	ICBC	USD	5.1 (2)	January 2022	6.00%
February 2017	Banco Itaú BBA International PLC	USD	5.3 (2)	February 2020	5.00%

(1) Repaid at maturity.

(2) Funds used to fulfill the investment plan.

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, the shareholders of Cablevisión approved, among other matters: i) the extension of the authorization of the Global Program [for the Issuance of] Notes, which had been granted at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión on April 28, 2014, increasing the maximum amount of the outstanding notes that may be issued under this Program from a nominal value outstanding at any time of USD 500,000,000 (or its equivalent in other currencies) to USD 1,000,000,000 (or its equivalent in other currencies). The Shareholders' Meeting renewed the delegation on the Board of Directors of the broadest powers in connection with the Program. The Board of Directors may subdelegate all or some powers interchangeably to one or more directors or managers of the Company; and ii) the extension of the authorization of the Short-Term Debt Securities ("VCPs", for its Spanish acronym) program under the terms that had been originally approved.

On June 1, 2016, pursuant to its delegated powers, the Board of Directors of Cablevisión authorized the issuance of Class A Notes for a nominal value of USD 500,000,000 (the "Class A Notes"), at a fixed annual nominal interest rate of 6.50%, payable semi-annually as from June 2016, with final maturity in June 2021. Proceeds will be used for:

- (i) The settlement of the outstanding debt as of that date;
- (ii) The investment in fixed assets and other capital expenditures with the balance of the net proceeds (approximately USD 89,100,000).

On October 30, 2017, within the framework of the merger between Cablevisión and Telecom Argentina S.A., Cablevisión called for an Extraordinary Noteholders' Meeting in order to request its holders of Class A Notes, the amendment and/or removal of certain clauses (or parts thereof) of such Notes and the Indenture Agreement executed on June 15, 2016 between Cablevisión, Deutsche Bank Trust Company Americas, Deutsche Bank S.A. and Deutsche Bank Luxembourg S.A.

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On December 11, 2017, the holders of Class “A” Notes held an Extraordinary Noteholders’ Meeting with a quorum of 81.8621626 % of the total capital and votes under the Notes. At that Shareholders’ Meeting, the noteholders unanimously decided to approve the amendment and/or removal of certain clauses (or parts thereof) of such Notes and the Indenture.

As a result of the amendment of such Notes and the Indenture referred to in the previous paragraph, the covenants undertaken by Cablevisión under its Notes include: (i) limitation on the issuance of guarantees by Cablevisión and its subsidiaries; (ii) merger by acquisition and consolidation, (iii) limitation on incurring debt above certain approved ratios, and (iv) limitation on the issuance and sale of significant subsidiaries’ shares with certain exceptions, among others. Certain clauses that restricted sales of assets under certain conditions, certain payments and related party transactions under certain circumstances and the distribution of dividends, were eliminated.

During the year covered by these consolidated financial statements, the Company has complied with all applicable covenants.

7.10.2 – Cablevisión Holding S.A.

On September 24, 2017, the Company submitted to CITIBANK, N.A., GOLDMAN SACHS BANK USA, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH, ITAÚ UNIBANCO S.A., NASSAU BRANCH (the “Lenders”), CITIBANK, N.A. and the branch of Citibank N.A. established in Argentina (the “Arrangers, Collateral Agents”) and CITIBANK, N.A. (the “Administrative Agent”) a Loan Offer for an aggregate principal amount of Seven Hundred Fifty Million United States Dollars (USD 750,000,000). On September 25, 2017, the Company received communications from each of the Lenders, the Arrangers, the Collateral Agents and the Administrative Agent stating that they had accepted the Loan Offer, which disbursement was made on September 28, 2017.

The loan accrues compensatory interest on the outstanding balances and until its effective cancellation, at a rate equal to LIBOR plus an applicable margin; of: (a) 3.5% per annum during the first six months as from the date of the first disbursement; or (b) 4% per annum during the period that begins on the day immediately following the sixth month after the date of the first disbursement and ends 12 months after such date; or (c) 4.5% per annum during the period that begins on the day immediately following the first anniversary of the first disbursement date and ends on the Maturity Date.

Interest under the loan shall be paid in arrears on the last business day of each interest period: The maturity date shall be the earlier of 18 months counted as from the date of disbursement or the date on which the loan becomes due and payable pursuant to acceleration events provided under the loan offer, whichever occurs first. That loan provides for covenants and negative covenants and representations and guarantees, which are usual for this type of financing.

Of the loan amount, USD 18.1 million were allocated to a reserve account, under the terms of the agreement. The Company shall maintain in that account, as of any given calculation date, an amount of cash that may not be lower than the aggregate amount of interest payable under the loan during the following six-month period. As of December 31, 2017, the balance of said reserve account included under the item “Other Assets” amounted to USD 20.3 million.

The funds from the loan were used, among other things, for the payment of the Exercise Price under the Option Agreement mentioned in Note 4.d) to these consolidated financial statements.

In addition, for as long as the Loan is outstanding, the Company undertakes to create and maintain guarantees for an amount equivalent to 2.5 times the amount of the Loan. On September 27, 2017, the Company created a first priority pledge on 30,123 Class “A” book-entry common shares of nominal value Ps. 10,000 each and entitled to one vote per share, held by the Company in Cablevisión S.A., in favor of the Collateral Agent, acting for the benefit of the Lenders, Citibank, N.A. as Offshore Collateral Agent and the branch of Citibank N.A. established in Argentina as Onshore Collateral Agent, under the loan agreement. Subsequently, as a result of the merger between Telecom and Cablevisión mentioned in Note 4.d) to these consolidated financial statements, the Company approved the creation of a pledge on

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297,346,243 shares of Telecom Argentina S.A. which, according to the exchange Ratio, are equivalent to 30,123 Class A book-entry common shares of Cablevisión S.A. As of the date of these consolidated financial statements, the Lenders maintain a pledge on 199,518,894 shares of Telecom Argentina S.A. held by the Company.

Among the main financial obligations undertaken under the loan is the obligation to apply (i) the net proceeds from any sale of material assets, (ii) the dividends received from its subsidiaries -after deducting any amount necessary to pay taxes and up to USD 10 million for current expenses-, (iii) the net proceeds from any public offering and (iv) the net proceeds from any debt issue; to the prepayment of the obligations under the loan. The Company undertakes to maintain certain consolidated debt ratios of its own and of Cablevisión and to guarantee a minimum amount to pay dividends from its subsidiary Cablevisión.

On January 11, 2018 and on February 21, 2018, the Company made partial prepayments of principal and interest in the amount of USD 148.6 million and USD 253.8 million, respectively, pursuant to the terms and conditions of the Loan, which set out that the collections of dividends by the Company shall be applied to the prepayment of the Loan (see Note 11.2) The amount of principal paid on January 11, 2018 was classified under Current Bank and Financial Debt, due to the fact that the approval of the distribution of dividends of Cablevisión was made in December 2017. As of the date of these consolidated financial statements, the outstanding principal amount of the Loan amounts to USD 349.9 million.

During the year covered by these consolidated financial statements, the Company has complied with all applicable covenants.

7.11 – Provisions and Other Charges

	December 31, 2017
Non-Current	
Accrual for Asset Retirement	236,384,958
Provisions for Lawsuits and Contingencies	855,500,172
Total	1,091,885,130

The evolution of the allowances and other charges is disclosed under Note 7.15.

7.12 - Taxes Payable

	December 31, 2017
Non-Current	
National Taxes	2,947,817
Total	2,947,817
Current	
National Taxes	1,788,309,697
Provincial Taxes	22,832,414
Municipal Taxes	76,199,978
Total	1,887,342,089

7.13 – Other Liabilities

	December 31, 2017
Non-Current	
Revenues to be accrued	134,499,011
Total	134,499,011

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	December 31, 2017
Current	
Dividends Payable	1,632,995,102
Revenues to be accrued	98,691,240
Other	2,652,067
Total	<u>1,734,338,409</u>

7.14 - Trade and other payables

	December 31, 2017
Current	
Suppliers and Trade Provisions	3,585,279,475
Companies under Section 33 of General Associations Law No. 19,500, as amended, and related laws (Note 16)	300,508,025
Employer's Contributions	1,751,397,007
Total	<u>5,637,184,507</u>

LONG-TERM SAVINGS PLAN FOR EMPLOYEES

During the last quarter of 2007, Cablevisión, together with its subsidiaries, began to implement a long-term savings plan for certain executives (directors and managers comprising the "executive payroll"), which became effective in January 2008. Executives who adhere to such plan undertake to contribute regularly a portion of their salary (variable within a certain range, at the employee's option) to a fund that will allow them to strengthen their savings capacity. Each company where those executives render services will match the sum contributed by such executives. This matching contribution will be added to the fund raised by the employees. Under certain conditions, the employees may access such funds upon termination of their participation in the long-term savings plan.

Said plan provides for certain special conditions for those managers who were in the "executive payroll" before January 1st, 2007. Such conditions consist of supplementary contributions made by each company to the plan related to the executive's years of service with the Company. As of December 31, 2017, such supplementary contributions made by the Company on a consolidated basis amount to approximately Ps. 2 million, and the charge to income is deferred until the retirement of each executive.

During 2013, certain changes were made to the savings system, although its operation mechanism and the main characteristics with regard to the obligations undertaken by Cablevisión were essentially maintained.

Pursuant to IAS No. 19, the above-mentioned savings plan qualifies as a Defined Contribution Plan, which means that the companies' contributions shall be charged to income on a monthly basis as from the date the plan becomes effective.

7.15 – Allowances

	For doubtful trade receivables	Valuation Allowance for Deferred Tax Assets	For impairment of inventories	For obsolescence of materials
Deducted from Assets				
Balance as of May 1, 2017	426,599,844	6,131,926	-	46,026,122
Addition of balances from acquired companies (Note 4.e)	1,041,195	-	40,106,006	9,843,477
Increases / reclassifications	⁽¹⁾ 384,262,312	-	5,001,042	2,000,638
Decreases	⁽⁵⁾ (328,583,255)	⁽²⁾ (5,804,335)	(12,782,633)	-
Balances as of December 31, 2017	<u>483,320,096</u>	<u>327,591</u>	<u>32,324,415</u>	<u>57,870,237</u>

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	For Lawsuits and Contingencies	For retirement of assets
Included in liabilities		
Balance as of May 1, 2017	740,046,753	232,206,313
Increases / reclassifications	⁽³⁾ 220,028,486	4,178,645
Decreases	⁽⁴⁾ (104,575,067)	-
Balances as of December 31, 2017	855,500,172	236,384,958

⁽¹⁾ Charged to bad debts, see Note 6.3.⁽²⁾ Charged to Income Tax and Tax on Assets⁽³⁾ Ps. 181,437,836 charged to "Lawsuits and Contingencies" in Note 6.3 and Ps. 38,590,650 of interest charged to "Other financial income, net".⁽⁴⁾ Corresponds to payments and allocations made during the irregular year.⁽⁵⁾ Includes the translation of foreign operations**NOTE 8 - INCOME TAX**

	December 31, 2017
Income before Income Tax	3,851,588,768
Tax rate (35% income tax)	35%
Income Tax Assessed at the Current Tax Rate on Income before Income Tax	1,348,056,069
Permanent Differences:	
Equity in Earnings from Associates	(40,301,130)
Difference in effective tax rates in foreign subsidiaries	(1,863,521)
Change in income tax rate (1)	(154,659,789)
Other Results, net	32,589,346
Subtotal	1,183,820,975
(Recovery) / Valuation allowance for net deferred tax assets and tax loss not recognized as deferred tax asset	424,554,686
Expired Tax Loss Carryforwards	13,766,206
Total income tax charge recognized in the statement of comprehensive income	1,622,141,867
Deferred Income Tax	(45,073,941)
Current Income Tax	1,667,215,808
Total	1,622,141,867
Tax on assets	(1,246,405)
Valuation Allowance	3,647,495
	1,624,542,957

(1) The changes in the income tax rates, as per the tax reform detailed in Note 2.12., must be applied to deferred tax assets and liabilities according to the year in which they are expected to be realized.

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The balance of the item net deferred income tax is broken down as follows:

	May 1, 2017	Addition of balances from acquired companies (Note 4.e)	Net charge	Variation in Translation Differences	December 31, 2017
Trade Receivables and Other	188,438,990	609,571	(8,218,222)	2,608,106	183,438,445
Taxes Payable	3,201,233	-	(2,821,941)	-	379,292
Provisions and Other Charges	333,060,847	-	(65,160,194)	-	267,900,653
Trade and other payables	12,740,415	-	(1,808,728)	-	10,931,687
Amount of Tax Loss Carryforward	6,020,391	3,143,966	(5,692,722)	-	3,471,635
Bank and Financial Debt	(198,327)	-	(16,530,030)	-	(16,728,357)
Other Liabilities	86,707,543	-	(23,313,093)	2,076,762	65,471,212
Other Temporary Differences	(22,130,595)	44,846	45,551,461	318,639	23,784,351
Property, Plant and Equipment and Intangible Assets, Net	(864,800,981)	(732,608)	114,945,653	(2,686,085)	(753,274,021)
Valuation Allowance for Net Deferred Tax Assets	(6,131,926)	-	5,804,335	-	(327,591)
Total Net Deferred Tax Liabilities	(263,092,410)	3,065,775	42,756,519	2,317,422	(214,952,694)

Deferred tax assets from unused tax loss carryforwards are recognized to the extent their realization is probable against future taxable profits. The Company did not recognize deferred tax assets corresponding to tax loss carryforwards for Ps. 1,229,597,205, which may be offset against future taxable profits. Those tax losses may be used until 2022.

As of December 31, 2017, the Company's accumulated tax loss carryforwards amounted to approximately Ps. 10,074,991, which calculated at the tax rate that will be effective at the time the Company estimates such tax loss carryforwards will be reversed, represent deferred tax assets in the amount of approximately Ps. 3,471,635.

The following is a detail of the expiration dates corresponding to the estimated tax losses:

Year in which the tax loss was generated	Amount of the tax loss as of 12.31.2017	Expiration year
2015	7,523,653	2020
2016	1,092,230	2021
2017	1,231,056,313	2022
	1,239,672,196	

NOTE 9 – REGULATORY FRAMEWORK**9.1. Audiovisual Communication Services Law**

Cablevisión is the holder of licenses for the exploitation of subscription television services that were originally granted under Law No. 22,285. The COMFER was the enforcement authority established by that law. Under Law No. 22,285 subscription television companies in Argentina required a non-exclusive license from the COMFER in order to operate. Other approvals were also required, including, for some services, authorization by municipal agencies.

The Audiovisual Communication Services Law (Law No. 26,522) was passed and enacted on October 10, 2009, with strong criticism about its content and enactment procedure. Even though the new Law became effective on October 19, 2009, not all of the implementing regulations provided by the law were issued. That vacuum resulted in the continued application of Law No. 22,285 with respect to the matters that had not been regulated.

Law No. 26,522 provided for the replacement of the COMFER by the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Executive Branch, and vests the new agency with authority to enforce the law.

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Through Emergency Decree No. 267/15 (the "Emergency Decree") issued on December 29, 2015, the Executive Branch created the ENACOM as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications (currently under the jurisdiction of the Ministry of Modernization.) Among other powers, the ENACOM has all the same powers and competences that Law No. 26,522 had vested in AFSCA (See Note 9.3).

9.2. Telecommunication Services

The regulatory framework of the Argentine telecommunications sector is undergoing a process of change. In December 2014, the Argentine Congress passed Law No. 27,078, known as the "Digital Argentina Act", which partially repealed National Telecommunications Law No. 19,798. The new law subjects the effectiveness of Decree No. 764/00, which deregulated the telecommunications market, to the enactment of four new sets of rules that will govern the License, Interconnection, Universal Service and Radio-electric Spectrum regimes.

Law No. 27,078 maintained the single country-wide license scheme and the individual registration of the services to be rendered, but replaced the name telecommunication services with Information and Communications Technology Services ("TIC Services", for their Spanish acronym). Notwithstanding this, the scope of the licenses originally granted to Cablevisión, its merged companies and/or subsidiaries and related companies that exploited telecommunication licenses and their respective registrations of services, remained unaltered.

The license was named "*Licencia Única Argentina Digital*" and allows licensees to render any telecommunication services to the public, be they fixed or mobile, wired or wireless, national or international, with or without the licensee's own infrastructure.

The TIC Services registered with the Argentine Secretariat of Communications under the name of Cablevisión, its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses are the following: Data Transmission, Paging, Videoconference, Community Retransmission, Transport of Broadcast Signals, Value-Added, Radio-Electric Trunking, Internet Access, Public Telephony, Local Telephony and National and International Long-Distance Telephony.

Law No. 27,078 created a new enforcement and oversight Authority as a decentralized agency under the jurisdiction of the Executive Branch, the AFTIC.

Said law also maintained the obligation to contribute 1% of telecommunication service revenues, net of taxes and charges, to be used for Universal Service investments (this obligation had been imposed by Decree No. 764/00 on all service providers as from January 1, 2001), but the Universal Service Trust Fund was placed under State control. Until August 2015, the manager of such trust fund was Banco Itaú Argentina S.A., which received the joinder requests filed by Cablevisión and its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses to join the Trust Agreement.

The Argentine Secretariat of Communications has yet to decide on the approval of the Project submitted by Cablevisión on June 21, 2011, within the framework of SECOM Resolution No. 9/2011 which created the program "Infrastructure and Equipment", whereby telecommunication service providers were allowed to submit projects aimed at developing new infrastructure, updating existing infrastructure and/or acquiring equipment for areas without coverage or with unmet needs, in order to meet the obligation to make contributions to the Universal Service Trust Fund for the amounts accrued as from January 2001 until the entry into force of Decree No. 558/08.

Another innovation of Law No. 27,078 was the creation of a new public service under the name "Public and Strategic Infrastructure Access and Use Service for and among Providers". The right of access included "providers having to make available to other providers their network elements, associated facilities or services to render TIC services, even when such elements are used to render audiovisual content services." Under this scheme, the government seeks to make private companies that were created and developed in competition share their networks with other companies that had not made any investments.

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The foregoing applied to any provider that had its own infrastructure or networks, because the term “Associated facilities” is defined as physical infrastructures, systems, devices, associated services or other facilities or elements associated with a telecommunications network or with TIC Services that enable or support the provision of services using that network or service, or that have the potential to do so; and will include, inter alia, buildings or building entrances, building wiring, antennas, towers and other supporting constructions, ducts, masts, manholes, and cabinets (See Note 9.3.).

As of the date of these consolidated financial statements, Law No. 27,078 has been partially regulated.

9.3. Emergency Decree No. 267/15. Convergence

Emergency Decree No. 267/15, issued on December 29, 2015 and published in the Official Gazette on January 4, 2016, creates the ENACOM as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications (currently under the jurisdiction of the Ministry of Modernization) and vests the new agency with authority to enforce Laws Nos. 26,522 and 27,078, as amended and regulated. The ENACOM has all the same powers and competences that had been vested in AFSCA and AFTIC by Laws Nos. 26,522 and 27,078, respectively.

Among the main amendments introduced by the Emergency Decree with respect to both laws, the most remarkable is the repeal of Section 161 of Law No. 26,522, which set forth the obligation to comply with the limits established under this law with respect to ownership conditions and number of licenses. Section 45 of Law No. 26,522, which establishes the multiple license regime, has been significantly amended. As a result, Cablevisión and the subsidiaries that are licensees and/or owners of audiovisual communication services already comply with the new regulatory framework.

Under the new regulatory framework, the licenses for physical link and for radio-electric link subscription television services held by Cablevisión and its subsidiaries that had been granted under Laws Nos. 22,285 and 26,522 are now called “Registrations” for the exploitation of physical link and radio-electric link subscription television services of a *Licencia Única Argentina Digital*.

Pursuant to this amendment (Section 7 of the Emergency Decree, which amends, among others, Section 10 of Law No. 27,078), all the services exploited by Cablevisión and some of its subsidiaries and related companies are now governed by the Digital Argentina Act. The only license held by the Company that could be considered to be subject to the LSCA is the registered title of the signal METRO, since this signal is broadcast through other services that acquire it for that purpose, and, therefore, it has a registration number issued by AFSCA which must be renewed on an annual basis.

Insofar as Cablevisión and its subsidiaries are concerned, Decree No. 267/15 eliminates:

- i) The incompatibility to render in the same location broadcast television services and subscription television services. When subscription television services are exploited through physical or radio-electric link, they will be subject to the Digital Argentina Act pursuant to Section 7 of the Emergency Decree which amends, among others, Section 10 of Law No. 27,078;
- ii) The limit of 10 licenses for radio-electric link subscription television services and 24 licenses for physical link subscription television services, which are considered to be TIC services as from January 4, 2016, date on which the decree became effective; and
- iii) The limit that provided that physical link and radio-electric link subscription television services may not reach more than 35% of all subscribers.

As far as Cablevisión is concerned, the Emergency Decree repeals Section 15 of Law No. 27,078, which created a new public service under the name “Public and Strategic Infrastructure Access and Use Service for and among Providers”. The right of access included “providers having to make available to other providers their network elements, associated facilities or services to render TIC services, even when such elements were used to render audiovisual content services.”

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Due to the fact that physical link and radio-electric link subscription television services are now subject to the Digital Argentina Act:

- i) These services no longer fall within the scope of Section 45 of the LSCA, which sets forth the new multiple license regime for Audiovisual Communication Services;
- ii) The registration of physical link subscription television services is no longer limited to a specific territorial area. The same is not the case with radio-electric link subscription television services because of the portion of the spectrum allocated to render these services;
- iii) Both registrations, for physical link subscription television services and for radio-electric link subscription television services, are no longer subject to expiration terms. However, the portions of the spectrum allocated to render radio-electric link subscription television services do have expiration terms. The duration of such services shall be the longest of the term provided under their original title, or 10 years as from January 1, 2016.

Notwithstanding point iii) above, ENACOM Resolution No. 427/2016 provides that licensees that hold only one license to provide a certain type of service and have requested an extension of its term but have not obtained an express decision in this respect must ratify their requests. Accordingly, some of the companies in which Cablevisión holds an equity interest made filings to such end.

However, it should be noted that pursuant to Section 21 of the Emergency Decree and until the enactment of a law that shall unify the fee regime provided under Laws Nos. 26,522 and 27,078, the physical link and radio-electric link subscription television services exploited by Cablevisión and/or its Subsidiaries will continue to be subject only to the fee regime provided under Law No. 26,522. Therefore, they shall not be subject to the investment contribution or the payment of the Control, Oversight and Verification Fee provided under Sections 22 and 49 of Law No. 27,078.

Cablevisión has duly complied with the procedure established under ENACOM Resolution No. 427/16 in order to report, using the online application provided by the ENACOM to such end, the territorial location of its services, indicating the original coverage area, the supplementary territorial units and/or area extensions in which it currently renders services.

Through Resolution No. 1,663/2017, the ENACOM registered under the name of Cablevisión all the area authorizations (formerly, under Law No. 22,285, broadcasting licenses) originally granted to Cablevisión and/or the companies merged into it to render physical and/or radio-electric link subscription television services and the radio electric frequencies allocated to the latter.

In addition, and pursuant to ENACOM Resolution No. 1.394/16, which approves the General Rules for Physical Link Subscription Television Services and/or Radio-Electric Link Subscription Television Services, in those cases in which Cablevisión and/or any of its Subsidiaries purchased bidding forms to apply for a new license when the term had expired or to apply for an area extension, the applicants amended their filings and converted them into a request an authorization of coverage area. Since then, several area authorizations have been registered under the name of Cablevisión.

The new General Rules also order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area. Cablevisión states that it complies with all the obligations set out under that Resolution.

Even though the General Rules approved under ENACOM Resolution No. 1,394/16 were repealed through Resolution No. E 697/2017 issued by the Ministry of Modernization, whereby such Ministry approved the new General Rules Governing Information and Communications Technology Services Licenses, the programming grid required under the repealed General Rules, as amended, is still in effect.

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We note that the Emergency Decree set a restriction for a term of two years counted as from January 1, 2016, which may be extended for an additional year, whereby providers of the Basic Telephone Service whose licenses were granted under the terms of Decree No. 62/90 and paragraphs 1 and 2 of Section 5 of Decree No. 264/98, as well as Mobile Telephone Service providers with a license granted pursuant to the list of bidding conditions approved by Resolution No. 575/93 of the then Ministry of Economy and Public Works and Services and ratified by Decree No. 1,461/93, shall only be able to provide subscription broadcasting services by means of physical or radio-electric link the expiration of the restriction.

The Emergency Decree was approved on April 6, 2016 by the Lower House of Congress. Therefore, it has full force and effect.

Finally, in order to enhance the convergence of networks and services under conditions of competition, promote the deployment of next generation networks and the penetration of broadband Internet access services across the national territory, the Executive Branch issued Decree No. 1,340/16 on December 30, 2016. Among other things, the Decree:

- Provides for the protection for fifteen years of last mile fixed NGN for broadband Internet services that may be deployed by the licensees of TIC services with respect to the rules for open access to broadband services.
- Orders the issuance of regulations for the following purposes:
 - To call for a Public Bid for the allocation of new frequency bands for mobile services.
 - To ensure the re-allocation of radio-electric spectrum frequencies with economic compensation and shared use to frequencies previously allocated to other services, and to allocate such frequencies to providers of TIC Services that request to reuse them to render mobile services or fixed wireless services with LTE or higher technologies.
 - To allocate radio electric spectrum frequencies on demand, imposing compensation, deployment and coverage obligations on the current local or regional providers of TIC services and on the current providers of mobile communication services.
- Sets forth that the persons restricted under Decree No. 267/15 from rendering physical or radio-electric link subscription television services may request the corresponding registration and begin to provide those services in certain areas as from January 1st, 2018.
- Recognizes that the holders of satellite link subscription television service licenses that as of December 29, 2015 rendered TIC services may maintain the ownership of both services.
- Orders the Ministry of Communications to guarantee the interconnection principles provided under the applicable legislation in order to ensure the impartiality, non-discrimination and fair competition among providers of mobile services, restricting the possibility of delaying or hindering the technical, interconnection, operational or any other conditions that may create barriers for other providers to enter the market.

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9.4. Matters related to the regulatory situation of Cablevisión and its subsidiaries

9.4.1. Fibertel License

The Ministry of Communications, as the highest government agency, replacing the MINPLAN with respect to this specific competence, issued Resolution No. 5/2016, which was notified on February 29, 2016, whereby it revoked SECOM Resolution No. 100/2010 for legitimacy reasons. This Resolution, which had been issued by the former Secretariat of Communications, had revoked the exclusive telecommunication service license held by Fibertel S.A., which was merged into Cablevisión S.A.

The ENACOM issued Resolution No. 1,359/16, whereby it authorized the transfer of ownership of the Exclusive Telecommunication Service License that had been granted to Fibertel S.A., which was merged into Cablevisión S.A. effective as of April 1, 2003.

9.4.2. Cablevisión's Shareholder Structure

Cablevisión has requested the ENACOM to acknowledge the change in its shareholder structure as a result of the corporate reorganization carried out by Grupo Clarín. In the understanding that the above-mentioned change has not implied a change of control, it does not require that agency's authorization.

9.4.3. NEXTEL

9.4.3.1 Regulatory Approval of the Acquisition of Nextel

On September 24, 2015, the Official Gazette published AFTIC Resolution No. 326/15, whereby that agency ordered Nextel to render without effect within a term of 30 days, the sale of a non-majority portion of its shares because it allegedly contravened effective legislation and could be sanctioned with the revocation of its license pursuant to the Communications and Information Technology Law.

On October 9, 2015, Grupo Clarín S.A. and Cablevisión filed the corresponding appeals against Resolution No. 326/2015, arguing that they had standing based on their acquisition of 49% of the licensee and stating that the change of control alleged by AFTIC had not occurred.

Nextel requested the suspension of the effects of Resolution No. 326/2015 and also filed an appeal against that administrative act.

On January 29, 2016, Cablevisión and Nextel made a filing before the ENACOM as established under Section 8 of Decree No. 267/15 which amends Section 13 of Law No. 27,078 in order to request authorization for the change of control in full compliance with the new legal framework.

On February 22, 2016, the ENACOM issued Resolution No. 133/2016, whereby it partially admitted the appeals that had been filed against AFTIC Resolution No. 326/2015 in order to consider the Company's request for approval of the transfer of control.

On March 7, 2016, the ENACOM issued Resolution No. 280/2016, whereby it authorized the change of control of NEXTEL in favor of Cablevisión.

On April 12, 2017, the CNDC notified Cablevisión of Resolution No. 293/2017 dated April 10, 2017, whereby the CNDC authorized the economic concentration operation consisting of the acquisition by Cablevisión and Televisión Dirigida of 100% of the shares of Nextel, which were owned by NII Mercosur Telecom SLU and NII Mercosur Móviles S.L.U.

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9.4.3.2 Status of the frequencies allocated to Nextel

Through Resolution No. 325/2015, AFTIC decided, abruptly and without prior notice of its decision, to dismiss the requests for extensions of certain frequencies allocated to NEXTEL, revoking them in that same act.

On October 9, 2015, Grupo Clarín and Cablevisión filed an appeal against Resolution No. 325/2015 grounding their legitimate interest on their acquisition of 49% of the licensee.

NEXTEL first requested the suspension of the effects of Resolution No. 325/2015 and then filed an appeal against that administrative act.

The ENACOM issued Resolution No. 134/2016, whereby it decided to grant partially the appeal filed by NEXTEL against AFTIC Resolution No. 325/2015. Even though this Resolution did not entail the automatic extension of the frequencies involved, the ENACOM ordered the corresponding areas to analyze each file to verify compliance with the requirements of the effective regulatory framework to be eligible for obtaining the requested extensions.

The ENACOM issued Resolution No. 281/16, whereby it authorized the extensions for a term of 10 years counted as from the original expiration of the authorizations for the use of the frequencies that had been dismissed and revoked through Resolution No. 325/2015.

9.4.3.3 Other requests for authorization filed with the ENACOM

On June 22, 2016, NEXTEL made a filing with the ENACOM in order to request authorization for direct and indirect share transfers that would imply a direct and/or indirect change of control in favor of NEXTEL, pursuant to Section 13 of Law No. 27,078 with respect to the licensees of telecommunication services listed below:

- Fibercomm S.A.
- Trixco S.A.
- Callbi S.A.
- Infotel S.A.
- Skyonline de Argentina S.A.
- Netizen S.A.
- Eritown Corporation Argentina S.A.

Within the required term, on January 6, 2017, the ENACOM issued Resolution No. 111/2017, which under section 1 authorizes the share transfers mentioned above.

The filing made on June 22, 2016 also included a request to change the allocation of a portion of the spectrum that corresponds to the licensees acquired by the Company in order to render 4G services, which was not addressed in ENACOM Resolution No. 111/2017.

Notwithstanding the foregoing, taking into consideration the new regulations provided under Decree No. 1,340/16 and Resolution No. 171/2017 issued by the Ministry of Communications, Nextel reformulated the original request in accordance with the new effective regulations, thus initiating a new administrative file. In this last filing, the Company finally requested:

- The beginning of a Refarming process with Economic Compensation as provided under Resolution No. 171/2017.
- The authorization of the agreements executed by NEXTEL with the licensees acquired by Cablevisión to operate the services registered by NEXTEL with the portion of the spectrum allocated to those licensees to render their respective services;

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- The approval of the registration requested by NEXTEL of the Advanced Mobile Telecommunications Service; and,
- The authorization of the change that would allow that company:
 - To change the allocation and channeling on a primary basis of the 905-915 MHz and 950-960 MHz bands to render advanced mobile communication services at national level with primary status; and,
 - To enhance the allocation of the frequency bands and change the channeling of the 2500 MHz band to the 2690 MHz band to render advanced mobile communication services at national level with primary status.

By means of Resolution ENACOM No. 1,033/2017, the ENACOM provided for the use of the frequency bands between 905 and 915 MHz and between 950 and 960 MHz for the rendering of the ADVANCED MOBILE COMMUNICATIONS SERVICE (“SCMA”), and by means of Resolution ENACOM No. 1,034/2017, the ENACOM provided for the use of the frequency band between 2500 and 2690 MHz for the provision of SCMA, in addition to the current services when their coexistence is possible.

On March 6, 2017, NEXTEL was served with Resolution No. 1,299/ENACOM/2017, which was published in the Official Gazette on March 7, 2017 and approves the project for Refarming with Economic Compensation, filed by that Company to provide Advanced Mobile Communication Services in the frequencies that had been subject to changes in allocation pursuant to ENACOM Resolutions No. 1,033 and 1,034/2017.

In addition, the ENACOM decided to register Nextel as provider of Advanced Mobile Communication Services in the Registry of Services; and to authorize the use of the above-mentioned frequencies.

In the same resolution and as part of the authorization, that agency imposed additional Coverage Obligations on Nextel.

It also imposes two obligations that must be fulfilled prior to initiating the rendering of Advanced Mobile Communication Services: (i) the return of the proposed radio-electric spectrum; and (ii) the creation of a guaranty issued in favor of and satisfactory to ENACOM for an amount equal to the value of the radio-electric spectrum that is subject to return.

The Resolution also orders that Nextel shall post a performance bond to guarantee the obligations and responsibilities undertaken by that company to be issued in favor and to the satisfaction of the ENACOM for the amount and under the terms that shall be set forth in the contract to be executed with the ENACOM. That contract shall establish, in addition to the economic compensation to be paid by Nextel, the terms, conditions, goals, obligations and other matters inherent to the rendering of the Advanced Mobile Communication Services authorized by that agency to which Nextel shall be bound

On April 12, 2017, Nextel and the ENACOM executed the agreement referred to in the previous paragraph. On April 28, 2017, pursuant to said Agreement, Nextel transferred to that agency the “economic compensation” of Ps. 478,240,214, established by the ENACOM on April 26, 2017.

Subsequently, in another agreement also executed on April 12, 2017, NEXTEL accepted and expressly consented to the authorization granted to the Chairman of the ENACOM to decide on, within a term of 2 years as from the date of the agreement, the replacement with economic compensation -to be paid by NEXTEL- of certain channels of the 2500-2690 MHz frequency bands for frequencies in other bands, as established under Article 7 of ENACOM Resolution No. 1,034/2017.

Also, on May 5, 2017, Nextel posted the performance bond provided under the agreement in order to guarantee: (i) compliance with the coverage obligations in the localities ordered by ENACOM; and (ii) the return of compromised radio spectrum.

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Through Resolution No. 3,909-E/2017 published on May 24, 2017, the ENACOM decided to record the agreements described in the previous paragraph.

On May 22, 2017, Cablevisión made a filing with the ENACOM in order to request the incorporation of the *Licencia Única Argentina Digital* held by Cablevisión to the records, resources, allocations, permits and authorizations held by Nextel, as well as those held by Trixco S.A., Callbi S.A., Infotel S.A., Skyonline de Argentina S.A., Netizen S.A., and Eritown Corporation Argentina S.A. as a result of the corporate reorganization process to be implemented whereby Cablevisión will absorb under a merger by acquisition process the above-mentioned licensees among which is Nextel, which will be dissolved without liquidation. (See Note 4.a)).

9.4.4. Programming Grid

AFSCA Resolution No. 296/2010, as amended and/or supplemented, provided guidelines for the organization of the programming grids that had to be followed by the owners of subscription television audiovisual services. This resolution regulated section 65, subsections a) and b) of the LSCA and supplemented the provisions of the regulations to the same section of Decree No. 1,225/2010.

In spite of Cablevisión's efforts to organize its programming grids in accordance with the provisions of section 65 of Law No. 26,522, AFSCA initiated multiple summary proceedings in connection with the cable television licenses of which Cablevisión is the lawful successor. AFSCA contended that Cablevisión had failed to comply with the regulations set forth by AFSCA Resolution No. 296/2010. Cablevisión submitted the responses set forth under section 1, Exhibit II of AFSCA Resolution No. 224/2010 in connection with such accusations. A decision has been rendered on some of the summary proceedings and, as a result, a fine was imposed on Cablevisión, while other proceedings are pending resolution. Cablevisión has appealed these decisions. Some of the appeals filed by Cablevisión have been decided against it and were appealed.

Insofar as Cablevisión is concerned, as of the date of these financial statements, an injunction issued in re "CABLEVISIÓN S.A. v. NATIONAL GOVERNMENT AND OTHERS ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS" by the Federal Court of Appeals of the City of Mar del Plata, whereby that Court revoked the decision rendered in the First Instance, remains in full force and effect. The decision rendered in the First Instance had ordered the dismissal of Cablevisión's request. The Court of Appeals ordered AFSCA to suspend – until a final decision was rendered on the matter – the application of the penalties derived from the alleged non-compliance with section 65 of Law No. 26,522 and Decree No. 1.225/2010. Therefore, it also suspended the application of section 6 of AFSCA Resolution No. 296/2010 on the grounds that Cablevisión's alleged serious non-compliance was not contemplated in the Law or in the Decree. The National Government filed an appeal with the Supreme Court against this decision. Such appeal was dismissed. Consequently, AFSCA filed a direct appeal with the Supreme Court, which is still pending resolution.

In re "AFSCA v. CABLEVISION SA Decree 1,225/10 – RES. 296/10 on/ Proceeding leading to a declaratory judgment" currently pending before the Federal Court of First Instance on Administrative Matters No. 9, on May 16, 2012 the Court granted an injunction that had been requested by AFSCA, ordering Cablevisión and/or the pay television audiovisual services it exploits, to conform to Section 65, subsection 3 b of Decree No. 1,225/2010 and Sections 1, 2, 3, 4 and 5 of AFSCA Resolution No. 296/2010, until a final judgment is rendered on the merits of the case. Cablevisión has appealed such injunction.

On August 6, 2012, Cablevisión was served notice of a decision rendered by the Federal Court of First Instance on Administrative Matters No. 9 of the City of Buenos Aires, whereby that court imposed a fine on Cablevisión of Ps. 20,000 per day for each day of delay in complying with the injunction that ordered Cablevisión to comply with Section 65 of Decree No. 1,225/2010 and AFSCA Resolution No. 296/2010. Cablevisión filed an appeal against that decision in due time and form. However, the Court of Appeals ignored the strong grounds asserted by Cablevisión; partially confirmed the decision rendered in the first instance; and reduced the fine to Ps. 2,000 per day for each day of delay, to be calculated as from the date the decision is deemed final. An appeal was filed with the Supreme Court of

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Argentina, which was dismissed by the intervening Chamber. Cablevisión filed an appeal against such decision, which was dismissed by the Supreme Court of Argentina.

On October 21, 2013 Cablevisión was served with new charges brought for alleged noncompliance with AFSCA Resolution No. 296/2010, clearly violating the preliminary injunction mentioned above. Accordingly, Cablevisión filed an appeal, but no decision has been rendered on the matter as of the date of these financial statements.

On December 23, 2013, Cablevisión informed AFSCA of its new programming grid in digital and analogical systems, expressly maintaining the reserves brought to continue challenging the legality and constitutionality of section 65 of Decree No. 1,225/2010 and AFSCA Resolution No. 296/2010, as amended.

Section 7 of the Emergency Decree which amends, among others, Section 10 of Law No. 27,078 provides that all the physical link and radio electric link subscription television services shall be governed by the Digital Argentina Act. Therefore, Cablevisión is no longer subject to Section 65 and its implementing regulations.

“As a result of the issuance of Decree No. 267/2015, which excludes the physical link or radio-electric link subscription television services from the scope of Law No. 26,522, the claim that had been brought by AFSCA against Cablevisión in re “AFSCA v. CABLEVISION-DECREE No. 1,225/10-RESOL 296/10 ON/PROCEEDING LEADING TO A DECLARATORY JUDGMENT”, pending before the National Court of First Instance on Federal Administrative Matters No. 9, has become moot because Cablevisión is no longer subject to Section 65 of Law No. 26,522, and is now subject to Law No. 27,078.”

The new General Rules approved by ENACOM Resolution No. 1,394/16 order providers of both types of services (physical and radio-electric link) to guarantee their compliance with a programming grid in each Coverage Area. Cablevisión states that it complies with all the obligations set out under that Resolution.

By means of Resolution No. 5,160/2017, the ENACOM provided that the inclusion of broadcast television signals within the coverage area by the holders of a physical link or radio electric link subscription television registration shall be subject to the conditions undertaken with the holder of the broadcast television service and its retransmission shall be mandatory only if they are delivered by its holders free of charge. In addition, the Resolution sets forth that the retransmission of cable news signals shall only be mandatory for 24-hour news signals provided that they broadcast live programming during 12 of those 24 hours.

9.5. Requests for authorization filed with the ENACOM relating to the merger of Telecom Argentina S.A. and Cablevisión S.A.

As a consequence of the corporate reorganization process described under Note 4.d), on September 6, 2017, Cablevisión and Telecom Argentina S.A. made a filing with the ENACOM requesting the authorization of:

- (i) The transfer and incorporation to the *Licencia Única Argentina Digital* held by Telecom of the registrations, resources, allocations and permits held by Cablevisión.
- (ii) The transfer in favor of Telecom of the authorizations for use and the resources allocated to provide the services registered under the name of Cablevisión and/or the companies merged into the latter, and
- (iii) The change of corporate control that will occur in Telecom Argentina S.A. once the above-mentioned authorization from the ENACOM has been obtained, the Merger becomes effective and the shareholders agreement dated July 7, 2017 enters into effect, which will result in Cablevisión Holding S.A. becoming the controlling company of Telecom Argentina S.A. as surviving company of Cablevisión.

On December 22, 2017, Telecom Argentina and Cablevisión were served with ENACOM Resolution No. 5,644-E/2017, whereby that agency decided, among other things, to authorize Cablevisión to transfer in favor of Telecom Argentina: (i) the Registration of physical and/or radio electric link subscription broadcasting services, including permits/frequencies required to provide radio electric link broadcasting services, as well as area authorizations to provide those services (via physical and radio electric link), which may operate in Area II, as defined under Decree No. 1,461/93, as amended, and the city of Rosario, Province of Santa Fe, and the city of Córdoba, Province of Córdoba,

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as from January 1, 2018, as provided under Article 5 of National Decree No. 1,340/2016, and in the rest of the areas authorized on the dates and in the modalities provided under ENACOM Resolution No. 5,641/2017 dated December 20, 2017; (ii) the Registration of the Radio Electric Trunking Service (SRCE); and (iii) the authorizations and frequency use permits and allocations of numbering and sign-posting resources to provide the above-mentioned services held by Cablevisión, pursuant to effective regulations (Annex IV of Decree No. 764/2000), and the agreement executed by NEXTEL COMMUNICATIONS ARGENTINA S.R.L. on April 12, 2017 (IF-2017-08818737-APN-ENACOM#MCO), whereby Telecom Argentina, in its capacity as absorbing company of Cablevisión, shall within a term of two years as from the date the merger is approved by the National Antitrust Commission and the ENACOM or by any agency that may substitute them in the future, return the radio electric spectrum that exceeds the limit set under Section 5 of Resolution No. 171-E/17 issued by the Ministry of Communications and/or any regulation that may replace it in the future. To that effect, Telecom Argentina shall file with the ENACOM, no later than one year prior to the expiration of the two-year term, a proposal to conform to that limit. The ENACOM may accept the proposal, reject it and/or request a new filing with any changes it may deem appropriate. In addition, through that Resolution, the ENACOM authorized the change of corporate control (as defined under Article 33 of the General Associations Law No. 19,550), of Telecom Argentina that occurred when the merger became effective and the shareholders agreement dated July 7, 2017 entered into effect, as a result of which Cablevisión Holding S.A. became the controlling company of Telecom Argentina as surviving company of Cablevisión.

9.6. Audiovisual Communications Law of the Republic of Uruguay

Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the “Audiovisual Communications Law”). Section 202 of this law provides that the Executive Branch shall issue its implementing regulations within a 120-day term, counted as from the day following publication of the Audiovisual Communications Law in the Official Gazette. As of the date of these consolidated financial statements, only Decree No. 45/015 has been issued, but the implementing regulations for most of the sections of this law are still pending. Such Decree provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years.

Section 54 of the Audiovisual Communications Law provides that an individual or legal entity cannot be allocated the full or partial ownership of more than 6 authorizations or licenses to render television services to subscribers throughout the national territory of Uruguay. Such limit is reduced to 3 if one of the authorizations or licenses includes the department of Montevideo. Section 189 of this law provides that in the cases where such limits were exceeded as of the entry into force of the Law, the owners of those audiovisual communication services shall transfer the necessary authorizations or licenses so as not to exceed the limits mentioned above within a term of 4 years as from the date of entry into force of the Audiovisual Communications Law.

The subsidiary Adesol S.A. is analyzing the possible impact on its business that could be derived from the change in the regulatory framework and the eventual legal actions it may bring to safeguard its rights and those of its shareholders. That company is also monitoring the different unconstitutionality claims filed by other companies against certain sections of the above-mentioned law to consider whether the decisions to be rendered by the Supreme Court in those proceedings may be favorable to the position of Adesol S.A. in the future. On April 7, 2016, 28 unconstitutionality claims were brought against the above mentioned law. To date, the Supreme Court has issued 28 decisions, whereby it declared the unconstitutionality of Sections 39 subsection 3, Section 55, 56 subsection 1, Section 60 point C, 98 subsection 2°, 117 subsection 2, 143 and 149 subsection 2 of Law No. 19,307. It is noteworthy that some of the decisions rendered in this respect by the Supreme Court dismissed the unconstitutionality claim filed by the claimant with respect to Section 54 of that Law.

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NOTE 10 – PROVISIONS AND OTHER CHARGES

10.1. Judicial, administrative and other proceedings

a) As from November 1, 2002 and until December 31, 2017, COMFER, then AFSCA, now ENACOM have initiated summary administrative proceedings against Cablevisión and Multicanal (merged into Cablevisión) for infringements of regulations relating to programming content. Accordingly, a provision has been set up in this regard.

b) The CNDC initiated three legal actions following complaints filed by other cable television companies under Law No. 25,156 alleging an improper refusal by Dayco Holdings Ltd. ("Dayco"), a subsidiary of Fintelco group, to sell rights to broadcast South American qualifying football matches for the Korea/Japan 2002 World Cup. On February 14, 2003, the CNDC served Cablevisión notice of the complaint in one of those legal actions to provide explanations.

Subsequently, the Technical Coordination Secretary of the Ministry of Economy and Production decided that the proceedings related to one of the actions above should be closed. Although Dayco timely submitted the answers required and Cablevisión did the same on March 10, 2003, the CNDC has not made any material decision.

On July 16, 2010, the SCI served notice to Cablevisión and Multicanal of Resolution No. 219/2010 whereby the Secretariat of Domestic Trade found that both companies had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and imposed a fine of Ps. 2,500,000 on each of them. On July 26, 2010, both companies appealed the resolution, presenting new arguments in connection with the application of statutes of limitation, which had already been alleged prior to the issuance of the appealed resolution.

On June 4, 2012, the Federal Court of Appeals of Rosario partially confirmed SCI Resolution No. 219/2010, whereby the Secretariat of Domestic Trade found that Cablevisión and Multicanal had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and reduced the fine imposed on each of the companies involved from Ps. 2.5 million to Ps. 2 million. However, this decision is not yet final, because Cablevisión and Multicanal and the Ministry of Economy filed appeals, which are still pending before that Court of Appeals. On October 21, 2014, the Argentine Supreme Court dismissed the appeals; therefore, Resolution No. 219/2010 became final. The case is currently pending with the Court of Appeals of Rosario, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

On March 1, 2011, the SCI served notice to Multicanal and Cablevisión of Resolution No. 19/11 whereby the Secretariat of Domestic Trade found that both companies had engaged in market sharing practices in connection with the paid-television service in the City of Paraná and imposed a fine of Ps. 2.5 million on each of them. Cablevisión filed an appeal in due time and form. This appeal was dismissed by the Federal Court of Appeals of Paraná. Therefore, Cablevisión filed an appeal with the Argentine Supreme Court. On November 4, 2011, the appeal of SCI Resolution No. 19/11 filed by Cablevisión with the Supreme Court was partially granted by the Federal Court of Appeals of Paraná.

On August 30, 2012, the Argentine Supreme Court dismissed the appeal filed by Cablevisión; therefore, Resolution No. 19/11 became final. The case is currently pending with the Court of Appeals of Paraná, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

The ongoing investigations of the CNDC and SCI may lead to the imposition of fines pursuant to Law No. 25,156, which would be appealable. The eventual fines would be graduated based on: (i) the loss incurred by the people affected by the allegedly prohibited activity; (ii) the benefit obtained by all the people involved in the prohibited activity and (iii) the value of the assets involved owned by the people indicated in item (ii) above at the time the alleged violation was committed. To date, there is not any standard criterion on the application of the above-mentioned parameters.

While Cablevisión believes that its conduct and that of Multicanal have always been within the bounds of the Argentine Antitrust Law and regulations and that their positions in each of these proceedings are reasonably grounded, it can give no assurance that any of these cases will be resolved in its favor.

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c) In 2003, ELP Investments filed a criminal complaint in Argentina against certain individuals related to the Hicks Muse Tate & Furst Group (“HMTF”), including some who were Directors of Cablevisión. That criminal complaint, which was filed by a person that is not a shareholder or creditor of Cablevisión, challenged certain operations undertaken by Cablevisión. Although Cablevisión believed that the party filing the complaint was not entitled to do so, and that the allegations by ELP Investments were false or wrongly presented, the court handling this case ordered searches at Cablevisión's offices, as well as the seizure of certain of Cablevisión's corporate books. On June 27, 2003, the criminal court appointed an agent to gather information at Cablevisión's offices regarding the case within a forty five-day period. On September 16, 2003, this period was extended for forty five additional days. Cablevisión and certain Directors of that company each denied the challenges alleged by ELP Investments and offered supporting evidence and Cablevisión appealed the court's appointment of the agent. On October 21, 2003, Chamber IV of the Criminal and Correctional Court of Appeals declared the nullity of all the decisions made and actions taken by the lower court judges. The litigation, however, continued through the filing of remedies before the highest criminal court of appeals (*Cámara de Casación*) and the Supreme Court of Argentina. The *Cámara de Casación* partially revoked the decision rendered by Chamber IV. The majority of the judges of this court of appeals upheld the principles and grounds held by Chamber IV. Notwithstanding the above-mentioned, the *Cámara de Casación* held that the proceedings related to the preliminary injunctions that are still pending should be resolved in the first place. It should be noted that, given the share transfers made in 2006, the companies represented by the parties involved in the above-mentioned case have ceased to be shareholders of Cablevisión. Cablevisión was never a party to the case. On July 3, 2009, Chamber IV of the Criminal Court of Appeals held that the intervention of Cablevisión was no longer in effect and, therefore, declared moot the claims that had been brought against that intervention.

On May 11, 2010, the Criminal Court of First Instance declared that the legal action had become barred by the statute of limitations and permanently acquitted the accused from all the criminal offenses claimed by ELP Investments. That decision was appealed by the acting Prosecutor and is now pending before Chamber IV of the Criminal and Correctional Court of Appeals. That Chamber suspended the application of the statutes of limitation to the criminal action. The suspension is due to the fact that the former claimant ELP Investments brought a new claim requesting to be a party to this proceeding. To date, Chamber IV of the Criminal and Correctional Court of Appeals has not allowed the former claimant ELP Investments to be a party to this proceeding. ELP Investments filed an appeal against this decision, which is still pending.

d) The Government of the City of Mar del Plata enacted Ordinance No. 9,163, governing the installation of cable television networks. Such ordinance was amended and restated by Ordinance No. 15,981 dated February 26, 2004, giving cable companies until December 31, 2007 to adapt their cable networks to the new municipal requirements. The ordinance sets forth that in those areas where street lighting has underground wiring, cable television networks are to be placed underground. In this sense, the Executive Department of the Municipality of General Pueyrredón has submitted to the Municipal Council a proposed ordinance extending the term provided until December 31, 2015. The term for legislators to discuss that proposed ordinance within the legislative period in which it was presented has expired. Even though the ordinance provides for certain penalties/ fines that may be imposed, the city has not imposed such penalties to cable systems that are not in compliance with such ordinance.

e) Multicanal has brought several legal actions requesting the nullification of: i) all the Ordinary Shareholders' Meetings of Supercanal Holding S.A. held from 2000 to date, and ii) the guarantees granted by Supercanal Holding S.A. on bank loans exclusively in favor of the group controlling Supercanal Holding S.A. (Grupo Uno S.A. and its affiliates). In addition, a claim for the dissolution and liquidation of Supercanal Holding S.A. was brought jointly with the action for the removal of all the members of the Board of Directors and the Supervisory Committee, and the dissolution of Supercanal Capital N.V. On March 29, 2000, Supercanal filed for insolvency proceedings before the National Court of First Instance on Commercial Matters No. 20, Clerk's Office No. 40, which was admitted by the Court on March 27, 2001. On December 26, 2007, the Court rendered a decision whereby it dismissed the claims and approved the settlement proposal. That approval was appealed by the pledgees. On October 30, 2009, the Court of Appeals, rendered a decision whereby it revoked the approval of the proposal and requested the debtor to provide certain explanations and clarifications about the submitted proposal and to provide guarantee to the pledgees on the shares of the original shareholders. Supercanal made a filing stating that it complied with both requirements and provided a Ps. 2 million escrow for the pledgees. On March 3, 2011, the Court of First Instance approved once again

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the insolvency proceeding. That decision was once again appealed by the pledgees. On December 28, 2011, Chamber A of the Court of Appeals partially revoked the decision rendered by the Court of First Instance upholding the approval of the proposal submitted by Supercanal Holding S.A. but ordering that the guarantee for the pledgees should be of USD 30 million.

On April 23, 2012, a decision was rendered on one of the claims brought by Multicanal against Supercanal ordering the nullification of the decisions made at Supercanal's Shareholders' Meeting held on January 25, 2000 in considering points 2, 4, 5 and 6 relating to: i) the capital reduction to Ps. 12,000; ii) the cancellation of the shares corresponding to the reduced capital; iii) the capital increase to Ps. 83,012,000; iv) the delegation to the Board of Directors of the fixing of the term for the subscription and payment of the increase and the cancellation and registration of outstanding shares; and v) the amendment of the by-laws in connection with the changes in the capital stock in a new shareholders' meeting.

Such decision was appealed by both parties and the appeal is pending before the Court of Appeals.

Upon the revocation of a preliminary injunction initially granted in favor of Multicanal in re "Multicanal S.A. v/ Supercanal Holding S.A. on summary proceedings" for the request for nullification of the Shareholders' Meeting of Supercanal Holding S.A. held on January 25, 2000 at which the shareholders of that company decided to reduce the capital stock of Supercanal Holding S.A. to Ps. 12,000 and to subsequently increase the capital stock to Ps. 83,012,000, Multicanal was served on December 12, 2001 with a claim filed by Supercanal Holding S.A. for damages caused by the above-mentioned preliminary injunction which was subsequently revoked. Supercanal Holding S.A. alleges that the suspension of the effects of its Shareholders' Meeting that had been held on January 25, 2000 caused its insolvency. Multicanal answered the claim denying any liability stating that the claimant's insolvency took place, as per the documentary evidence provided by the very same claimant, before the date of the Shareholders' Meeting, which effects were suspended by the preliminary injunction. On the other hand, the suspension of the effects of the Shareholders' Meeting did not preclude the capitalization of Cablevisión by other alternative means. Based on legal and factual precedents of the case, Cablevisión, as successor of Multicanal's operations, believes that the claim filed should be rejected in its entirety, and that the legal costs should be borne by the plaintiff. The proceeding is in the discovery stage. The Court of First Instance dismissed Supercanal Holding S.A.'s request that it be allowed to sue without paying court fees or costs. This decision has been ratified by the Federal Court of Appeals.

Cablevisión cannot assure that, as a result of the actions brought, it may obtain a favorable economic or equity outcome. Currently and due to the ancillary jurisdiction of the insolvency proceedings of Supercanal Holding S.A. all the claims brought are pending before the above-mentioned court.

f) Multicanal, which was merged into Cablevisión, has taken notice of a claim (with which it has not been served as of the date of these consolidated financial statements) brought against it by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders -individuals who are not investment professionals or consumers- who claim to be allegedly affected by Multicanal's APE. Since neither Multicanal nor Cablevisión, as successor of Multicanal, has been served with that claim, we cannot estimate the impact it will have on Cablevisión.

g) On January 22, 2010, Cablevisión was served notice of CNDC Resolution No. 8/10 issued within the framework of file No. 0021390/2010 entitled "Official Investigation of Cable Television Subscriptions (C1321)". Pursuant to this Resolution, Cablevisión, among other companies, was ordered to refrain from conducting collusive practices and, particularly, from increasing the price of cable television subscriptions for a term of 60 days, counted as from the date compliance with all required notices is certified in the records of the case. As established by that Resolution, companies that have already increased the price of the subscriptions shall return to the price applicable in November 2009 and maintain such price for the above-mentioned term.

On February 2, 2010, by means of Resolution No. 13/10, the CNDC ordered Cablevisión to refund to its subscribers in the March 2012 invoices the amount of any price increase made after the date of CNDC Resolution No. 8/10.

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Cablevisión appealed both resolutions in due time and form and their effects were suspended by an injunction issued by Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters at the request of Cablevisión. The National Government filed an appeal with the Supreme Court against this decision, and the appeal has been dismissed.

On October 4, 2011, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters granted the appeal filed against both decisions in re “Cablevisión and Other on Appeal against the Decision rendered by the National Antitrust Commission” (File 1,473/2010), declaring Resolution No. 8/10 moot and nullifying Resolution No. 13/10.

The National Government filed an appeal with the Supreme Court of Argentina against the decision rendered by Chamber No. 2, which was granted, but it was dismissed by the Supreme Court of Argentina.

h) The Secretariat of Domestic Trade issued Resolution No. 50/10, whereby it approved certain rules for the sale of pay television services. These rules provide that cable television operators must apply a formula to estimate their monthly subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty (*Dirección de Lealtad Comercial*) between March 8 and March 22, 2010. Cable television operators must adjust such amount semi-annually and inform the result of such adjustment to said Office.

Even though as of the date of these consolidated financial statements Cablevisión cannot assure the actual impact of the application of this formula, given the vagueness of the variables provided by the Resolution to calculate the monthly subscription prices, Cablevisión believes that Resolution No. 50/10 is arbitrary and bluntly disregards its freedom to contract, which is part of the right to freedom of industry and trade. Therefore, it has filed the pertinent administrative claims and has brought the necessary legal actions requesting the suspension of the Resolution’s effects and ultimately requesting its nullification.

Even though Cablevisión, like other companies in the industry, has strong constitutional arguments to support its position, it cannot be assured that the final outcome of this issue will be favorable. Therefore, Cablevisión may be forced to modify the price of its pay television subscription, a situation that could significantly affect the revenues of its core business. This situation generates uncertainties about Cablevisión’s business, which could significantly affect the recoverability of the Company’s relevant assets. Notwithstanding the foregoing, as of the date of these consolidated financial statements, in accordance with the decision rendered on August 1, 2011 in re “LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretariat of Domestic Trade”, the Federal Court of Appeals of the City of Mar del Plata has ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the ATVC. Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such decision became fully effective and may not be disregarded by the SCI. The National Government filed an appeal against the decision rendered by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court. Such appeal was dismissed and so the National Government filed a direct appeal with the Supreme Court, which was also dismissed.

On June 1, 2010, the SCI imposed a Ps. 5 million fine on Cablevisión alleging that it had failed to comply with the information regime set forth by Resolution No. 50/10, and invoking the Antitrust Law to impose such penalty. The fine was appealed and submitted to the National Court of Appeals on Federal Administrative Matters, Chamber No. 5, which decided to reduce the fine to Ps. 300,000. Cablevisión appealed this decision by filing an extraordinary appeal with the Supreme Court of Argentina.

On March 10, 2011 SCI Resolution No. 36/11 was published in the Official Gazette. This Resolution falls within the framework of SCI Resolution No. 50/10. Resolution No. 36/11 sets forth the parameters to be applied to the services rendered by Cablevisión to its subscribers from January through April 2011. These parameters are as follows: 1) the monthly basic subscription price shall be Ps. 109 for that period; 2) the price of other services rendered by Cablevisión should remain unchanged as of the date of publication of the resolution; and 3) the promotional benefits, existing rebates and/or discounts already granted as of that same date shall be maintained. The resolution also provides that Cablevisión shall reimburse users for any amount collected above the price set for that period.

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Cablevisión believes that Resolution No. 36/10 is illegal and arbitrary, since it is grounded on Resolution No. 50/10, which is absolutely null and void. Since the application of Resolution No. 50/10 has been suspended, the application of Resolution No. 36/11, which falls within the framework of the former, is also suspended.

The claim filed by Cablevisión seeking the nullification of Resolution No. 50/10 is currently pending before the Federal Administrative Court of First Instance No. 7 of the City of Buenos Aires. This claim was dismissed in view of the claim pending in the City of Mar del Plata.

Subsequently, the SCI issued Resolutions Nos. 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 pursuant to which the SCI extended the effectiveness of Resolution No. 36/11 up to and including September 2014, and adjusted the cable television subscription price to Ps. 152. Cablevisión believes, however, that given the terms under which the Federal Court of the City of Mar del Plata granted the preliminary injunction, that is, ordering the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by ATVC (among them, Cablevisión and its subsidiaries), and also given the fact that Resolutions No. 36/11, 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 merely apply Resolution No. 50/10, Cablevisión continues to be protected by said preliminary injunction, and, therefore, the ordinary course of its business will not be affected.

On April 23, 2013, Cablevisión was served notice of a decision rendered in re “Ombudsman of Buenos Aires v. Cablevisión S.A. on Complaint for the protection of constitutional rights Law 16,986 (Motion for Preliminary Injunction)” pending before Federal Court No. 2, Civil Clerk’s Office No. 4 of the City of La Plata in connection with the price of cable television subscriptions, whereby the court imposed on Cablevisión a cumulative daily fine of Ps. 100,000 per day on Cablevisión.

Cablevisión appealed the fine on the grounds that Resolution No. 50/10 issued by Mr. Moreno, as well as its extensions and/or amendments were suspended, as mentioned above, by an injunction with respect to Cablevisión and its branches and subsidiaries prior to the imposition of the fine; pursuant to the collective injunction issued by the Federal Court of the City of Mar del Plata on August 1, 2011 in re “La Capital Cable and Others v. National Government and Others on Preliminary Injunction”. That injunction suspended the application of all the criteria set by the Secretariat of Domestic Trade under Mr. Guillermo Moreno.

The Federal Court of Appeals of the City of La Plata reduced the fine to Ps. 10,000 per day. Cablevisión filed an appeal against that decision in due time and form. On October 16, 2013, the Court of Appeals dismissed the appeal filed by Cablevisión. As of the date of these consolidated financial statements, Cablevisión had settled the fine in the amount of Ps. 1,260,000 and compliance was recorded in the file.

On June 11, 2013, Cablevisión was served notice of a resolution rendered in the above-mentioned case; whereby the court ordered the appointment of an expert overseer (*perito interventor*) specialized in economic sciences to: (i) verify whether or not the invoices corresponding to the basic cable television subscription issued by Cablevisión to subscribers domiciled in the Province of Buenos Aires, are actually prepared at the headquarters located at Gral. Hornos 690, and/or at Cablevisión’s branch offices, precisely detailing that process, (ii) identify the individuals responsible for that area, (iii) determine whether or not the administrative actions tending towards the effective compliance with the injunction issued on that case are underway, and (iv) identify the senior staff of Cablevisión that must order the invoice issuance area to prepare the invoices as decided under that injunction.

Cablevisión timely appealed the appointment of said expert on the same grounds stated above. This appeal is also pending before the Federal Court of Appeals of the City of La Plata.

For the purposes of enforcing the injunction, the court issued letters rogatory to the competent judge of the City of Buenos Aires. Upon the initiation of that proceeding, both the National Court on Federal Administrative Matters and the National Court on Federal Civil and Commercial Matters declined jurisdiction to enforce the injunction ordered by the Federal Judge of La Plata. Cablevisión has appealed the decision in connection with the lack of jurisdiction in due time and form. Chamber 1 of the Federal Court of Appeals on Civil and Commercial Matters confirmed the

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appealed decision. Accordingly, Cablevisión will file an extraordinary appeal in due time and form to have the case decided by the Supreme Court of Argentina.

It should be noted that, in the light of the corporate reorganization and at the request of both parties, that company requested in the file to suspend the procedural terms for 180 days, which was granted by the judge. Therefore, the procedural terms have been suspended until December 11, 2014. Given the decision rendered by the Supreme Court of Argentina in re "Municipality of Berazategui v. Cablevisión" mentioned below, the procedural periods remain suspended until the Federal Court of Mar del Plata renders a decision thereon.

The file initiated by the Ombudsman before the Federal Court of La Plata, was sent to Mar del Plata, as established by the decision rendered in re Municipality of Berazategui v. Cablevisión referred to below, ordering that the preliminary injunction be revoked because it contradicts the injunction ordered in the proceeding initiated by ATVC.

After the Federal Court of the City of Mar del Plata issued its injunction, several Municipal Offices of Consumer Information and several individuals filed claims requesting that Cablevisión comply with Resolution No. 50/10 and the subsequent resolutions that extended its effectiveness. In some cases, preliminary injunctions were granted. In every case, Cablevisión appealed such preliminary injunctions alleging that Resolution No. 50/10, as amended, and/or the subsequent resolutions that extended its effectiveness, had been suspended with respect to Cablevisión, its branches and subsidiaries prior to the issuance of such preliminary injunctions.

On September 23, 2014, the Supreme Court of Argentina rendered a decision in re "Municipality of Berazategui v. Cablevisión" and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Mar del Plata that had issued the decision on the collective action in favor of ATVC.

Currently, all the claims related to this matter are pending before the Federal Courts of Mar del Plata. The judge has not yet ordered discovery proceedings in respect of the main claim, "La Capital Cable v. National Government on Ordinary Proceeding".

Decisions made on the basis of these consolidated financial statements should consider the eventual impact that the above-mentioned resolutions might have on Cablevisión and its subsidiaries, and the Company's financial statements should be read in light of such uncertainty.

i) On October 28, 2010, Cablevisión was served notice of the National Administration of Domestic Trade's resolutions imposing two fines of Ps. 5 million each, for allegedly failing to observe the typographic character requirements under applicable regulations (Resolution No. 906/98) when informing its subscribers of the increase in the price of their cable television subscriptions. Cablevisión appealed the fines on November 12, 2010 because it believes it has strong grounds in its favor. However, it cannot assure that the outcome will be favorable. One of the files was assigned No. 1,280 and is pending before Chamber No. 1 of the Federal Administrative Court of Appeals, and the other one was assigned No. 1,278 and is pending before Chamber No. 5 of the Federal Administrative Court of Appeals.

j) On January 13, 2012, the Secretariat of Domestic Trade issued Resolution No. 2/2012 granting Cablevisión 24 hours to resume service to those subscribers who had duly paid their subscription fee in the amount established by the National Government. In its sixth section, the Resolution provides that, if the company does not comply with its obligations thereunder, penalties may be imposed as provided by Law No. 20,680.

On February 10, 2012, Cablevisión received a fine of Ps. 1,000,000 for alleged non-compliance with such Resolution. Such fine has been appealed but no decision has been rendered on the matter yet.

k) On November 27, 2012 the National Administration of Domestic Trade served Cablevisión with Resolution No. 308/2012, whereby it imposed a Ps. 5 million fine on that company alleging that it had failed to comply with Section No. 4 of the Antitrust Law (increase in the subscription price of cable television services/wrongful information provided by Customer Service, which informed by mail SECOM Resolution No. 50 and the supplementing resolutions are suspended on grounds of unconstitutionality, when in fact they have been suspended by an injunction). On December 11, 2012 Cablevisión appealed Resolution No. 308/2012. The administrative file No. S01:0312056/2011

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was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 1 in re “Cablevisión SA v. DNCI Res. 308/12 and Other” (File 140/13). A decision has not been rendered yet.

Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the fine will be revoked.

l) On April 9, 2013, Cablevisión was served notice of AFIP Resolution No. 45/13 dated April 3, 2013, whereby such agency imposed penalties in a summary proceeding against Cablevisión with respect to compliance with General Resolution No. 3,260/12. Cablevisión filed an appeal, which has staying effects on the execution of those penalties.

m) On May 30, 2013, Pem S.A. was served with a claim in re “TELEVISORA PRIVADA DEL OESTE S.A. v. GRUPO CLARÍN S.A. AND OTHERS on ORDINARY” File No. 99078/2011, which is pending before the Federal Commercial Court No. 16 of First Instance, Clerk’s Office No. 32. The claim seeks damages resulting from certain decisions made with respect to Televisora Privada del Oeste S.A. Cablevisión and Grupo Clarín, among others, are defendants in such lawsuit. Cablevisión was served with the claim and filed a response in due time and form. Notice of the claim is being served on the other co-defendants. According to Cablevisión’s legal advisors, the chances of success of the claim are low because the damages claimed are clearly overstated, the actual damage invoked does not exist and the claim is procedurally inappropriate, on both a factual and legal basis. Pem S.A. filed a response and the proceeding is now in the discovery stage. In view of the level of conflict that has arisen among the parties and the length of time it is taking to reach a solution, Cablevisión cannot ascertain the outcome of this claim.

n) On July 5, 2013, the National Administration of Domestic Trade served notice to Cablevisión of Resolution No. 134/2013, whereby it imposed a fine of Ps. 500,000 for breach of Section 2 of Resolution ex S.I.C. y M. No. 789/98, which regulates the Business Loyalty Law No. 22,802. Cablevisión appealed that resolution on July 16, 2013. The administrative file was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 3 in re “Cablevisión SA v. DNCI Res. 134/13 and Other” (File 36044/13). On May 20, 2014, Chamber No. 3 partially granted the appeal filed by Cablevisión and reduced the fine to Ps. 300,000 and ordered that each party shall bear its own legal costs. On June 9, 2014, Cablevisión filed an appeal with the Argentine Supreme Court. On September 18, 2014, Cablevisión was served notice of the extraordinary appeal filed by the National Government and on October 2, 2014 that company filed a response. On October 9, 2014, the Chamber dismissed both appeals.

On October 08, 2010, the National Administration of Domestic Trade served notice to Cablevisión of Resolution No. 697/2010, whereby it imposed a fine of Ps. 500,000 for breach of Section 21 of the Business Loyalty Law No. 22,802. Cablevisión appealed that resolution on October 26, 2010. The administrative file was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 3 in re “Cablevisión SA v. DNCI Res. 697/2010 (File S01:80822/10) and Other” (File 1,277/2011). On December 29, 2011 the Court of Appeals dismissed the appeal filed by Cablevisión, and imposed court costs on Cablevisión. On February 22, 2012, Cablevisión filed an appeal with the Argentine Supreme Court. The appeal was dismissed by the Chamber on April 10, 2012. On April 26, 2012, Cablevisión filed an appeal against the above-mentioned dismissal. The Supreme Court of Argentina granted the appeal and revoked the decision against which Cablevisión had filed the appeal with legal costs to be borne by the National Administration of Domestic Trade, and ordered that the case be sent back to the court of first instance for it to render a new decision based on the precedent indicated in its ruling.

o) As a result of a report on suspicious activities reported by the Argentine Federal Revenue Service (“AFIP”) concerning transactions carried out between Grupo Clarín and some of its subsidiaries, the Financial Information Unit pressed criminal charges against Cablevisión and its officers in office in the corresponding fiscal year for alleged money laundering in connection with intercompany movements between Cablevisión and certain subsidiaries during fiscal period 2008. The action is now pending before Federal Court No. 9, under Dr. Luis Rodriguez.

During March 2014, the intervening prosecutor Dr. Miguel Angel Osorio broadened the request for evidence.

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Cablevisión and its legal advisors believe that there are strong arguments in the Company's favor, since the suspected movements were regular and had been duly recorded, and have gathered evidence that supports the non-existence of any such illegal maneuvers. However, they cannot assure that the outcome of this action will be favorable.

p) Cablevisión, together with its merged companies and ATVC, brought a claim requesting the Judicial Branch, through a final decision rendered in a contradictory trial, to declare: 1) that the National Government undertook the obligation to provide an alternative solution to the repeal of the regime established under Section 52 of Decree No. 1,387/01 for companies that render supplementary broadcasting services and cable television services, which shall contemplate the reasons for excluding these companies from the repeal of Decree No. 1,387/01 through Decree No. 746/03, and 2) that while the Government considers the situation of those companies to find such an alternative solution, it shall maintain the effectiveness of the regime established under Section 52 of Decree No. 1,387/01 (cfr. fs.2/12).

On October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters, in a single joint decision in re "AEDBA and other v. National Government - Decree No. 746/03 - AFIP on Incidental Procedure", decided that, among other things, even though ATVC was not among the claimants that had been granted an injunction in the other two above-mentioned related cases, the situation was also applicable to the sector encompassed by that association, therefore, the decision shall also apply to this association. Under these conditions, the claims brought by the claimants shall be admitted - in the joinder of the three claims - and the claimants and the companies represented by them are entitled to have a differential VAT regime applicable to the sectors involved which shall be created, enforced and regulated by the authorities duly empowered by the Constitution to such end. This regime shall guarantee the full exercise of the rights recognized under Section 14 of the National Constitution, as well as the maintenance of the exception provided under Section 2 of Decree N° 746/03 from the repeal of Section 52 of Decree No. 1,387/01. On December 3, 2015, the Supreme Court of Argentina dismissed the appeal filed by the Executive Branch. Therefore, the decision rendered by the Court of Appeals became firm and final.

As a result of the foregoing, Cablevisión and its subsidiaries started to calculate employer's contributions as tax credit on VAT as from September 2015.

q) On April 5, 2017, a subsidiary of the Cablevisión received a notification from the Under-Secretary of State for Taxation of the Treasury ("SET") of the Republic of Paraguay, whereby that subsidiary was informed that it had failed to determine the additional IRACIS rate on the accumulated results of the companies merged in 2014. The Company's subsidiary considers that it has solid arguments to support its position.

10.2. Re-allocation of Frequencies in Uruguay

The Executive Branch of Uruguay issued Decree No. 73/012, published in the Official Gazette on March 16, 2012, whereby it expressly repealed Decree No. 231/011, which had revoked certain signals' broadcast frequencies. However, the new decree ratified and repeated – virtually in identical terms - the decree that was being repealed, and added certain provisions that caused further detriment to the two affected companies with which a subsidiary of Cablevisión has contractual arrangements in place. Consequently, on March 23, 2012 the affected companies filed an appeal requesting that Decree No. 73/012 be revoked. The appeal is still pending resolution.

In May 2012, the aforesaid companies brought a legal action with the Court in Administrative Litigation Matters requesting the nullification of the resolution and the suspension of its execution. This motion to suspend the execution of the challenged resolution was brought as a separate case, and progressed through the corresponding instances. The Office of the Attorney General for Administrative Litigation Matters, in its opinion No. 412/013 advised the Court on Administrative Litigation Matters to grant the motion to suspend the execution of the challenged resolution for formal reasons, but the Court dismissed the motion of suspension. Notwithstanding the foregoing, as of the date of these financial statements, the governmental authorities have not yet enforced the decree.

On September 30, 2014, the Court on Administrative Litigation Matters through its decisions No. 416/2014 and No. 446/2014 revoked for formal reasons Decrees No. 73/012 and No. 231/011, respectively.

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On March 9, 2015, Decree No. 82/015 was published in the Official Gazette, whereby the Executive Branch 1) repealed Decree No. 73/012; 2) 16 common stations are awarded to be held in common (the same stations) by BERSABEL S.A. and VISION SATELITAL S.A. (companies related to Adesol S.A.) for a term of 15 years: Two of the 16 stations are awarded on a secondary basis, which means that they may be exposed to interferences and they do not have the right to bring any claim in connection thereto; 3) use of existing stations must cease within 18 months of their award to mobile service operators; 4) both companies are expressly authorized to increase the number of TV signals (stations) included in their respective services making use of digitization techniques; 5) both companies shall submit before the Communication Services Regulatory Agency (“URSEC”, for its Spanish acronym), within a fixed term of 60 calendar days as from the date of publication of the Decree, a technical plan for the migration and release of stations, which plan shall be assessed and approved by such agency (such plan was submitted on May 7, 2015); 6) the Bidding Terms governing the bid for frequency bands that were owned by both companies shall include an economic compensation mechanism for both companies to cover the expenses incurred in adapting their systems to the new stations awarded to them, in the amount of USD 7,000,000.

Even though both companies' request for the annulment of Decree No. 153/012 was granted for formal reasons (failure to serve prior notice) by the Court on Administrative Litigation Matters (decision 455 of June 11, 2015), this decision does not change prior considerations about the terms of Decree No. 82/015 with respect to both companies due to the fact that Decree No. 305/015 (which substituted Decree No. 153/012) confirmed the allocation of channels 21 through 36 (512 MHz - 608 MHz) and 38 through 41 (614 MHz - 638 MHz), of 6 MHz each, in the UHF band exclusively for rendering accessible, free, digital broadcast television services all over the country, except for channels 35 (596-602 MHz), 36 (602-608 MHz) and 38 through 41 (614-638 MHz) only in the geographic area for which BERSABEL S.A. and VISION SATELITAL S.A. had received authorization, which will be used solely for rendering television services to subscribers through the codified UHF system, as it had been previously and expressly stated in Section 5 of Decree No. 82/015 (which repealed and amended the language of Section 1 of the above-mentioned Decree No. 153/012).

On January 11, 2018, Decree No. 387/017 dated December 28, 2017 was published in the Official Gazette. Among other things, the Decree:

- i) provides that all subscription TV services provided through the Codified UHF System in the 512 MHz - 698 MHz band shall be migrated to the TDH Satellite system, without it entailing any changes to the original authorizations to operate or to the rest of the conditions established in the respective licenses. Such authorizations shall not undergo any changes in the authorized service areas;
- ii) sets a maximum term of 18 months counted as from the date the Decree was published, for the holders of subscription TV services licenses that use the UHF codified system to complete the migration to TDH systems. Upon expiration of said term, all the concessions for use and allocations to those holders of all the radio electric channels in the UHF band, shall cease;
- iii) entrusts the URSEC with the evaluation and approval of the technical migration plan that all the holders of subscriber TV services licenses that use UHF Codified systems must submit—within a term of 60 calendar days, counted as from the date the Decree was published—in connection with the migration from their UHF Codified system to the TDH system; and
- iv) maintains the effectiveness of the provision which establishes that Decrees Nos. 82/015 and 155/017 for all the aspects not expressly contemplated by the new Decree.

On February 9, 2018, BERSABEL S.A. and VISION SATELITAL S.A. filed the plan described under iii), above, with the URSEC.

NOTE 11 – CAPITAL STOCK, RESERVES, ACCUMULATED INCOME AND DIVIDENDS

11.1 Capital Stock

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The Company's capital stock as of May 1, 2017, date on which it started operating, was established at Ps. 180,642,580, represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.
- 117,077,867 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.
- 15,811,092 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

On March 21, 2017, the Company made a filing with the CNV in order to request admission to the public offering regime. On May 29, 2017, Cablevisión Holding requested the BCBA the listing of its Class B common shares.

On August 10, 2017, the CNV approved the prospectus for admission to the public offering regime filed by Cablevisión Holding and, consequently, the Company fulfilled the conditions detailed in Resolution No. CNV 18818. On August 11, 2017, the BCBA notified the Company of its admission to the public offering regime.

Having obtained all of the required regulatory authorizations, on August 30, 2017, Grupo Clarín and Cablevisión Holding exchanged their shares pursuant to the exchange ratio approved by Grupo Clarín's shareholders at the time of approval of the spin-off process. As a result of the exchange of shares and payment of fractions in cash, the Company holds 1,578 treasury shares as of December 31, 2017.

On September 26, 2017, the Company's Board of Directors approved, pursuant to Section five of the By-Laws, the conversion request submitted by the shareholder GS Unidos LLC of 4,028,215 Class C non-endorsable registered common shares with nominal value of Ps. 1 each and entitled to 1 vote per share for the same number of Class B book-entry common shares with nominal value of Ps. 1 each and entitled to 1 vote per share. Pursuant to the By-Laws, the Company informed the CNV and the BCBA of the conversion and: (i) on October 5, 2017, the CNV authorized, through Resolution No. DI 20178APN-G #CNV, the public transfer from the conversion of 4,028,215 Class C non-endorsable registered common shares and, (ii) on October 6, 2017, the BCBA informed the Company of the transfer of authorization for the listing of 4,028,215 non-endorsable registered common shares with nominal value of Ps. 1 each and entitled to 1 vote per share for the same number of Class B book-entry common shares with nominal value of Ps. 1 each and entitled to 1 vote per share.

On February 16, 2018, the United Kingdom Listing Authority ("UKLA") approved the prospectus related to the listing of the Company's Class B shares in the form of global depository shares (GDSs) to be traded on the London Stock Exchange. Those GDSs were admitted to the official list of the UKLA on February 21, 2018.

The Company's capital stock as of December 31, 2017 is of Ps. 180,642,580 and is represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.
- 121,106,082 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.
- 11,782,877 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

11.2 Reserves, accumulated income and dividends

December 31,

Balances as of May 1, 2017:

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Legal Reserve	75,081,092
Retained Earnings	834,358,059
Other Items	746,267,277
Optional Reserves	<u>3,691,570,698</u>
Total	5,347,277,126
Changes in Other Reserves	(430,848)
Variation in Translation Differences of Foreign Operations	198,378,468
Net Income Attributable to the Shareholders of the Controlling Company	<u>781,846,087</u>
Balance at the end of the year	<u>6,327,070,833</u>

1. Cablevisión

On March 30, 2017, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to appropriate the net income for the year ended December 31, 2016, which amounted to Ps. 4,045,337,263, as per the following detail: (i) Ps. 1,600,000,000 to the distribution of cash dividends payable to the shareholders in proportion to their equity interests in Argentine Pesos or US Dollars, in two installments, the first one to be paid within a term of thirty days as from the date of such Shareholders' Meeting and the second one to be paid on December 31, 2017 or earlier, as determined by the Board of Directors, and delegated on the Board of Directors the power to establish the time and payment method, (ii) Ps. 200,479,147 to the increase of the Legal reserve, and (iii) Ps. 2,244,858,116 to the Optional reserve to maintain Cablevisión's level of capital expenditures and its current solvency level". As of the date of these financial statements, Cablevisión paid all of the distributed dividends.

On December 18, 2017, the Shareholders of Cablevisión at the General Extraordinary Shareholders' Meeting decided: (i) to partially reverse the Optional reserve to maintain the Company's level of capital expenditures and its current solvency level in the amount of Ps. 4,000,000,000 and allocate such amount to increase the "Optional reserve for future dividend distribution" which, as a result, will amount to Ps. 4,151,000,000 and (ii) to delegate on the Board of Directors the power to reverse, totally or partially, the Optional reserve for future dividend distribution and distribute it as dividends in the manner (in cash or cash in periodic installments), amounts, currency, and on the dates to be established by the Board of Directors under the terms of applicable regulations provided that the Board of Directors of Telecom Argentina S.A. has previously approved the payment of dividends in advance of the Effective Date of the Merger and that the amount Cablevisión's Board of Directors decides to distribute is such that, taking into consideration the dividends approved by Telecom Argentina S.A., it will not be necessary to make changes to the Exchange Ratio.

On December 18, 2017, the Board of Directors of Cablevisión, pursuant to its delegated powers, approved the partial reversal of the Optional reserve for future dividend distribution in the amount of Ps. 4,077,790,056 for the distribution of dividends to shareholders in one or more installments within 30 days as from that date, which comprises (i) Ps. 77,790,056 which added to the Ps. 800,000,000 already distributed total USD 50,000,000 allowed under the Pre-Merger Commitment without making any changes to the Exchange Ratio; and (ii) Ps. 4,000,000,000, which equalize the relative proportions taken into consideration at the time the Exchange Ratio was set.

On January 8, 2018, Telecom Argentina S.A., surviving company of Cablevisión, effective as of January 1, 2018, settled all of Cablevisión's outstanding dividends owed to its shareholders in the amount of Ps. 4,077,790,056.

2. Telecom Argentina

On January 31, 2018, the shareholders of Telecom Argentina S.A. held a General Ordinary Shareholders' Meeting at which they approved the changes in the composition of the Board of Directors and the delegation of the powers vested in the Board of Directors to decide on the total or partial reversal of the "Reserve for future cash dividends" of Telecom Argentina as of December 31, 2017 and the distribution of the funds so reversed as cash dividends, in the amounts and on the dates to be established by the Board of Directors.

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On January 31, 2018, the Board of Directors of Telecom Argentina approved: (i) pursuant to the powers delegated by the shareholders at the General Ordinary Shareholders' Meeting mentioned above, the reversal of Ps. 9,729,418,019 of the "Reserve for future cash dividends" of Telecom Argentina as of December 31, 2017, and its distribution as cash dividends in two installments, the first one of Ps. 2,863,000,000 on February 15, 2018 and the second one of Ps. 6,866,418,019 on April 30, 2018, the Board being empowered to make such payment on an earlier date if it deemed it convenient in the future; (ii) the distribution of Ps. 5,640,728,444, paid on February 15, 2018, as interim cash dividends, corresponding to the net profit of the period between January 1, 2017 and September 30, 2017, as reflected in the Special-Purpose Unconsolidated Financial Statements of Telecom Argentina as of September 30, 2017; and (iii) the distribution of Ps. 4,502,777,155, paid on February 15, 2018, as distribution of interim cash dividends, corresponding to the net profit of the period between January 1, 2017 and September 30, 2017, as reflected in the Special-Purpose Unconsolidated Financial Statements of Cablevisión S.A.-absorbed by Telecom Argentina- as of September 30, 2017, which were audited by external auditors.

On February 15, 2018, Telecom paid dividends for Ps. 13,006,505,599, corresponding to the above-mentioned distributions. Of that amount, approximately Ps. 5,083 million belong to the Company on account of its direct and indirect interest in Telecom as of that date.

NOTE 12 – EARNINGS PER SHARE

The following table shows the net income and the weighted average of the number of common shares used in the calculation of basic earnings per share:

	Irregular eight- month fiscal year ended 12.31.2017
Net Income used in the Calculation of Basic Earnings per Share (gain):	
From Continuing Operations	781,846,087
	<u>781,846,087</u>
Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share	180,641,002
Earnings per Share	4.33

The weighted average of outstanding shares for the irregular eight-month fiscal year ended December 31, 2017 was 180,641,002. Since no debt securities convertible into shares were recorded, the same weighted average should be used for the calculation of diluted earnings per share.

	Irregular eight- month fiscal year ended 12.31.2017
Basic and Diluted Earnings per Share	4.33
Total Earnings per Share	4.33

NOTA 13 – FINANCIAL INSTRUMENTS

13.1. Financial Risks Management

Cablevisión Holding is a party to transactions involving financial instruments, which entail exposure to market, currency and interest rate risks. The management of these risks is based on the particular analysis of each situation, taking into account its own estimates and those made by third parties of the evolution of the respective factors.

13.1.1 Capital Risk Management

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Cablevisión Holding manages its capital structure seeking to ensure its ability to continue as an ongoing concern, while maximizing the return to its shareholders through the optimization of debt and equity balances.

As part of this process, Cablevisión Holding monitors its capital structure through the debt-to-equity ratio, which is equal to the quotient of its net debt (Debt less Cash and Cash Equivalents) divided by its adjusted EBITDA. The net debt-to-equity ratio over EBITDA (for the eight-month period) is of 1.94 as of December 31, 2017. In accordance with the commitments undertaken by the Company, this ratio must not exceed 2.25.

13.1.2 Financial Risk Management

Cablevisión Holding monitors and manages the financial risks related to its operations; these risks include market risk (including exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Cablevisión Holding does not enter into financial instruments for speculative purposes as common practice.

13.1.3 Exchange Risk Management

The Company carries out transactions denominated in foreign currency. Therefore, it is exposed to exchange rate fluctuations. A portion of the Company's debt is denominated in US dollars while its revenues are generated in the currency of the country where it operates.

Therefore, the Company entered into foreign currency forward transactions.

The following table shows the monetary assets and liabilities denominated in foreign currency (USD) as of December 31, 2017:

	December 31, 2017
	In Argentine pesos
ASSETS	
Other Assets	377,510,288
Other Receivables	239,256,244
Investments	37,947,374
Cash and Cash Equivalents	3,331,301,458
Total Assets	<u>3,986,015,364</u>
LIABILITIES	
Bank and Financial Debt	24,106,883,130
Provisions and Other Charges	145,264
Other Liabilities	1,213,920
Trade and other payables	827,008,573
Total Liabilities	<u>24,935,250,887</u>

Bid/offered exchange rates as of December 31, 2017 were of Ps. 18,549 and Ps. 18,649; respectively.

13.1.5. Interest Rate Risk Management

As of December 31, 2017, Cablevisión Holding is exposed to interest rate risk because the Company has taken a loan at a variable interest rate (see Note 7.10.2) and has not entered into hedge agreements to mitigate this risk. If interest rates had eventually been 100 basis points higher and all the variables had remained constant, the additional estimated loss before taxes would have been of approximately Ps. 36.5 million as of December 31, 2017.

13.1.6. Equity Price Risk Management

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Cablevisión Holding is exposed to equity price risk in connection with its holdings of mutual funds, notes and bonds and foreign exchange agreements.

The Company's sensitivity to the variation in the price of these instruments is detailed below:

	<u>December 31, 2017</u>
Investments valued at quoted prices at closing	1,055,859,512

The Company estimates that the impact of a 10% favorable/unfavorable fluctuation of the quoted price of mutual funds, assuming that all the other variables remain constant, would generate an income/loss before taxes of Ps. 112.8 million as of December 31, 2017. While income from foreign exchange agreements in case of a 20% favorable/unfavorable fluctuation of the US dollar exchange rate would generate a gain/loss before taxes of Ps. 166.7 million as of December 31, 2017.

13.1.7 Credit Risk Management

The credit risk affects cash and cash equivalents, deposits held at banks and financial institutions, as well as credit exposures with clients, including other remaining credits and transactions involved. The company actively monitors the credit worthiness of their treasury instruments and the counterparties related to derivatives in order to minimize credit risk. Upon expiration of invoices issued, if they are still outstanding, these companies file several claims for collection purposes.

Bank deposits are held in renowned institutions.

No significant credit risk concentration is observed concerning clients, due to the atomization of the subscriber base.

As of December 31, 2017, non-impaired past due trade receivables amounted to Ps. 1,029.6 million. These trade receivables are mainly from Cablevisión and they are in most cases up to 3 months overdue. These receivables involve subscribers with no recent insolvency record.

As of the same date, the allowance for bad debts amounted to Ps. 483.3 million. This allowance for trade receivables is sufficient to cover the past due doubtful trade receivables.

13.1.8 Liquidity Risk Management

Liquidity risk is the risk that Cablevisión Holding may not be able to fulfill its financial obligations at maturity. Cablevisión Holding manages liquidity risk through the management of its capital structure and if possible, the access to different capital markets. It also manages liquidity risk through a constant review of the estimated cash flows to ensure that it will have enough liquidity to fulfill its obligations.

The following table shows the breakdown of financial liabilities by relevant groups of maturities based on the remaining period of the liabilities as from the date of the balance sheet through the contractual maturity date. The amounts disclosed in this table are stated in millions of Argentine pesos and represent undiscounted cash flows (principal plus contractual interest accrued and to be accrued).

The Company believes that the cash flows generated by its operations and the access to financing sources will allow it to meet its financial obligations.

Maturities	Other Liabilities	Financial Debts	Total December 31, 2017
Matured	694	-	694
Without term	363	-	363

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First Quarter 2018	6,511	3,421	9,932
Second Quarter 2018	1,510	593	2,104
Third Quarter 2018	1	599	600
Fourth Quarter 2018	1,161	547	1,708
January 2019 onwards	3	22,838	22,841
	10,243	27,998	38,241

13.2. Categories of Financial Instruments

	December 31, 2017
Financial Assets	
Loans and Receivables	
Loans and Receivables ^{(1) (2)}	4,199,309,982
Cash and Cash Equivalents	3,859,674,562
Other Assets	377,510,288
At fair value with an impact on net income	
Current Investments	108,200,817
Investments considered as cash equivalents	1,019,424,574
	<u>9,564,120,223</u>
Financial Liabilities	
Amortized cost	
Debt	24,648,000,254
Accounts Payable and Other Liabilities ⁽³⁾	10,243,831,253
	<u>34,891,831,507</u>

(1) Net of Ps. 483,320,096 for the provision for doubtful receivables as of December 31, 2017.

(2) Includes Ps. 66,141,686 of loans with related parties as of December 31, 2017.

(3) Includes Ps. 300,508,025 of debt with related parties as of December 31, 2017.

13.3. Financial Instruments at Fair Value

The following table shows the Company's financial assets and liabilities measured at fair value as of December 31, 2017:

Assets	December 31, 2017	Quoted Prices (Level 1)	Other Significant Observable Items (Level 2)
Current Investments	108,200,817	108,200,817	-
Investments considered as cash equivalents	1,019,424,574	948,010,924	71,413,650

Financial assets are valued using quoted prices for identical assets and liabilities (Level 1), or the prices of similar instruments arising from sources of information available in the market (Level 2). If one or more significant inputs are not based on observable data, the instrument is included in Level 3.

13.4. Fair Value of Financial Instruments

The book value of cash, accounts receivable and current liabilities is similar to their fair value, due to the short-term maturities of these instruments. Non-current financial loans were executed on a date near the closing of the irregular year ended December 31, 2017. Therefore, their amortized cost approximates their fair value.

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Non-current investments classified as loans and receivables have been measured at amortized cost, and their book value approximates their fair value.

Derivatives are measured at their fair value.

The fair value of non-current financial liabilities (Level 2) is measured based on the future cash flows of those liabilities, discounted at a representative market rate available to Cablevisión Holding for liabilities with similar terms (currency and remaining term) prevailing at the time of measurement.

The following table shows the estimated fair value of non-current financial liabilities (amounts stated in thousands of Argentine pesos) are the following (in millions of Argentine pesos):

	December 31, 2017	
	Book Value	Fair Value
Non-Current Debt	20,936	20,984

NOTE 14 - NON-CONTROLLING INTEREST

	December 31, 2017
Balance at the beginning of the year:	4,625,189,831
Equity in the Earnings of Other Companies for the year	1,445,199,724
Variation in Translation Differences of Foreign Operations	215,373,941
Distribution of Dividends to Non-Controlling Interests	<u>(1,625,849,099)</u>
Balance at the end of the year	<u>4,659,914,397</u>

The following is a detail of certain supplementary information required by IFRS about the non-controlling interest in Cablevisión. The information corresponds to the subsidiary's identifiable assets and liabilities on which the Company values its investment. The amounts are stated in millions of pesos and do not take into consideration intercompany eliminations.

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	December 31, 2017
Country	Argentina
Non-controlling interest percentage	40.0%
Comprehensive income for the year allocated to non-controlling interest ⁽¹⁾	132
Accumulated non-controlling interest at year-end	4,093
<u>Summarized financial information:</u>	
Dividends distributed to Non-Controlling Interests (2)	1,631
Current assets	7,188
Non-current assets	28,541
Current liabilities	11,567
Non-current liabilities	11,402
Sales ⁽¹⁾	28,400
Net Income from Continuing Operations (1)	3,526
Other Comprehensive Income (1)	330
Total Comprehensive Income ⁽¹⁾	3,856
Cash and Cash Equivalents at Year-end	4,414

(1) For the eight-month period beginning May 1, 2017 and ended December 31, 2017.

(2) It corresponds to the participation in the dividends distributed by Cablevisión on December 18, 2017. In addition, see Note 11.

NOTE 15 – OPERATING LEASE AGREEMENTS**15.1. The Company as Lessee****15.1.1. Lease Agreements**

The Company's operating leases are related to leases of retail stores, warehouses, use of networks and machinery, with lease term ranging from 1 to 18 years. All the operating lease agreements with terms of more than 5 years have market reviews clauses every 5 years. The Company does not have the option to purchase the leased lands on the expiration date of the lease periods.

15.1.2. Commitments under non-cancellable operating leases

The amounts disclosed in this table are stated in millions of Argentine pesos:

	December 31, 2017
1 year	467
Between 1 and 5 years old	391
5 years or more	25
	883

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15.2. The Company as Lessor**15.2.1. Lease Agreements**

The Company leases, to telecommunication operators, its infrastructure available in lands or terraces for the installation of equipment owned by those operators, required for rendering the services for which they have an authorization.

15.2.2. Commitments under non-cancellable operating leases

The amounts disclosed in this table are stated in millions of Argentine pesos:

	December 31, 2017
1 year	<u>19</u>
Between 1 and 5 years old	<u>19</u>
	<u>38</u>

NOTE 16 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following table contains the outstanding balances with related parties:

	12.31.2017
Other Receivables	
Current	
Associates	26,386,566
Other Related Parties	<u>29,471</u>
	26,416,037
Dividends Receivable	
Associates	<u>91,540,491</u>
	91,540,491
Trade Receivables	
Current	
Other Related Parties	<u>39,725,649</u>
	39,725,649
	12.31.2017
Trade and other payables	
Current	
Associates	3,368,511
Other Related Parties	<u>297,139,514</u>
	300,508,025
Debt	
Current	
Associates	<u>4,338,356</u>
	4,338,356
Dividends Payable	
Current	
Other Related Parties	<u>1,631,200,976</u>
	1,631,200,976

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The following table shows the operations with related parties for the year ended December 31, 2017:

	Item	12.31.2017
Subsidiaries and Associates		
	Other Sales	22,359,215
	Interest Expense	(268,876)
	Other Purchases	(9,220,408)
Other Related Parties		
	Advertising Sales	30,049,204
	Other Sales	22,239,221
	Programming Costs	(698,772,816)
	Publishing and distribution of magazines	(166,053,095)
	Advisory Services	(129,001,209)
	Advertising and Promotion Expenses	(82,773,458)
	Other Purchases	(6,314,130)

The fees paid to the Board of Directors and the Upper Management of the Company for the year ended December 31, 2017 amounted to approximately Ps. 65 million.

NOTE 17 – AWARD OF A BID OF THE CITY OF BUENOS AIRES

On June 7, 2011, the Government of the City of Buenos Aires issued Decree No. 316, whereby it approved a public bidding process to contract comprehensive digital services for educational purposes for elementary school students in the City of Buenos Aires. Such services include, but are not limited to, the delivery of one netbook per student and one notebook per teacher under a gratuitous bailment agreement, connectivity, first and second level support, content access control, replacement in case of theft or damage and new license, both with certain limitations. The bid was awarded to PRIMA for a five-year term, which will start after certain requirements have been met. As consideration, PRIMA would receive an amount per student, teacher and school. As of December 31, 2011 the initial requirements had been met in order to bring the agreement into effect and to begin its billing. The contract expired on November 28, 2016. However, the parties agreed to a one-year extension.

NOTE 18 – SUBSEQUENT EVENTS

- a) Note 4 describes the main events that took place after December 31, 2017 relating to the acquisition of companies and corporate reorganization processes.
- b) Note 7.10 describes the main events that took place after December 31, 2017 relating to bank and financial indebtedness.
- c) Note 11 describes the main events that took place after December 31, 2017 related to the distributions of dividends.

NOTE 19 - APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Cablevisión Holding has approved these consolidated financial statements and authorized their issuance for March 8, 2018.

Independent auditor's report

To: the Board of Directors and Shareholders of Cablevisión Holding S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, Cablevisión Holding S.A.'s consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the irregular period of eight months beginning May 1, 2017 and ended December 31, 2017 in accordance with International Financial Reporting Standards.

What we have audited

Cablevisión Holding S.A.'s consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2017;
- the consolidated statement of comprehensive income for the eight-month period beginning May 1, 2017 and ended December 31, 2017;
- the consolidated statement of changes in equity for the eight-month period beginning May 1, 2017 and ended December 31, 2017;
- the consolidated statement of cash flows for the eight-month period beginning May 1, 2017 and ended December 31, 2017; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>✓ Goodwill impairment review</p> <p>Goodwill amounting to \$ 3,584 million in total is reported under the goodwill line item in the statement of financial position in the consolidated financial statements of Cablevisión Holding S.A. We focused on this area due to the significance of goodwill balance and because Management' assessment of the "value in use" of each Cash Generating Unit (CGU) involves judgement about the future results of the business and the discount rates applied to future cash flow forecasts.</p> <p>The accounting policies for goodwill is set out in Note 2.8. to the consolidated financial statements.</p> <p>Goodwill is tested for impairment annually by the Group on a Cash Generating Unit basis, using discounted cash flow (DCF) valuation technique to determine the value in use of the CGU.</p> <p>Based on historical performance, there are no impairment indicators noted. However this matter remains a key audit matter for our audit of the Group due the significant of the balance.</p>	<p>We obtained, understood and evaluated management's impairment models.</p> <p>Our audit procedures included a detailed evaluation of the Group's budgeting procedures (upon which forecasts are based) and an assessment of the principles of management's discounted cash flow models. We tested the mathematical accuracy of the calculations derived from each forecast model and assessed and challenged the key inputs in the calculations such as revenue growth, EBITDA, capital expenditures and discount rate.</p> <p>With respect to the appropriateness of the future cash inflows used in the calculation we satisfied ourselves, amongst other procedures, by agreeing this information with the current budget in the one-year plan adopted by Management and approved by the Board of Directors, as well as by comparison with general and sector-specific market expectations, including the country macro economical expectations.</p> <p>With the knowledge that even relatively small changes in the discount rate applied can have material effects on the value of goodwill calculated in this way, we also involved our own valuation experts and focused our testing on the parameters used to determine the discount rate applied, including the weighted average cost of capital, and reformed the calculations. We evaluated the competence, capabilities and objectivity of our</p>

Key audit matter	How our audit addressed the key audit matter
	<p>valuation expert, and the adequacy of the work performed.</p> <p>We also performed sensitivity analyses for Cablevision businesses CGU's (net book value compared to present value) and found that the respective goodwill was sufficiently covered by discounted future cash flows.</p> <p>As a result of the considered measurement inputs and assumptions used by Management to be in line with our expectations and that the valuations performed are reasonable.</p>
<p>✓ Business combination</p> <p>As described in Note 4.d. to the consolidated financial statements, during 2017 the Group, through Cablevisión S.A., entered into a merger agreement with Telecom Argentina S.A. pursuant to which, Cablevisión S.A. (the legally absorbed entity) would be merged into Telecom Argentina S.A. (the surviving entity). The merger effective date is January 1, 2018.</p> <p>Management has concluded that this business combination falls within the concept of a “reverse acquisition”, as outlined by IFRS 3, whereby, the accounting acquirer is Cablevisión S.A. and thus, the “purchase method” would be applied, at the acquisition date, over the assets and liabilities of Telecom Argentina S.A.</p> <p>The application of the acquisition method, as outlined by IFRS 3 <i>Business Combinations</i> requires management to exercise judgement in determining estimates and certain definitions</p>	<p>Our audit approach focused, among others, on the following areas:</p> <ul style="list-style-type: none"> ✓ We examined the agreements signed for the transaction and the related Minutes of Board and Minutes of Shareholders' meeting. ✓ We had meetings with management in order to understand the transaction and its accounting treatment. ✓ We examined the accounting treatment defined by the Company for the business combination and the steps followed by management in applying the acquisition method. ✓ We also assessed and corroborated the adequacy and appropriateness of the disclosures made in the consolidated financial statements. ✓ We examined, together with the participation of our valuation expert, the methodology used to determine the provisional fair value amounts of fixed and intangible assets (including goodwill). ✓ We evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of

Key audit matter	How our audit addressed the key audit matter
<p>for applying the method of accounting. The most significant are:</p> <ul style="list-style-type: none"> i) the identification of the acquirer; ii) the determination of the acquisition date; iii) the determination of the Purchase Price Allocation (“PPA”) Valuation; iv) the determination of the controlling shareholder of the merged entity. <p>In particular, the PPA require management to identify and calculate the fair value of the acquired assets, including tangible and intangible assets. These fair value calculations represent important estimates that require the use of valuation models and a significant level of management judgement. Management has engaged an independent valuer (“management’s expert”) to issue a valuation report on the fair values of the identified assets and liabilities at the acquisition date.</p> <p>Although the transaction will be registered in the accounting records in fiscal year 2018, in Note 4.d to the Consolidated Financial Statements the Company included all the information required by IFRS 3 for a business combination that occurred after the balance sheet date.</p> <p>At the date of this report, the initial accounting for the business combination is incomplete and will be finalised within the measurement period established by IFRS 3 and no later than one year from the acquisition date.</p> <p>Due to the significance of the acquired business, the complexity of the assessment process and the level of judgement and estimate involved, the disclosure and</p>	<p>the expert’s work as audit evidence for the relevant assertions.</p> <ul style="list-style-type: none"> ✓ We further engaged a valuation expert (“auditor’s expert”) to review the PPA reports and the reasonableness of the underlying key assumptions. We evaluated the competence, capabilities and objectivity of the auditor’s expert, and the adequacy of the work performed by the auditor’s expert. ✓ We evaluated, the analysis and assessment performed by the management, including the examination of a Shareholders’ Agreement between Cablevisión Holdings S.A. and Fintech Media Inc., to conclude about the indicators of control that Cablevisión Holding S.A. has over the merged company, as outlined by IFRS 10 <i>Consolidated Financial Statements</i>. <p>As a result of the work performed and the evidence obtained, we conclude that the accounting treatment for the acquisition transaction is appropriate. We also consider the disclosures related to the acquisitions to be appropriate.</p>

Key audit matter

How our audit addressed the key audit matter

prospective accounting for this business combination was identified as a key audit matter.

Emphasis of matter

We draw attention to Note 10.1.h. to the consolidated financial statements, which describes the situation related to the resolution issued by the regulator to calculate the monthly fee payable by the users of cable television services, whose decision cannot be foreseen to date. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not

a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current

period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carlos Pace.

*Price Waterhouse & Co. S.R.L.
Boucharard 557, Floor 8
Buenos Aires, Argentina
March 8, 2018*