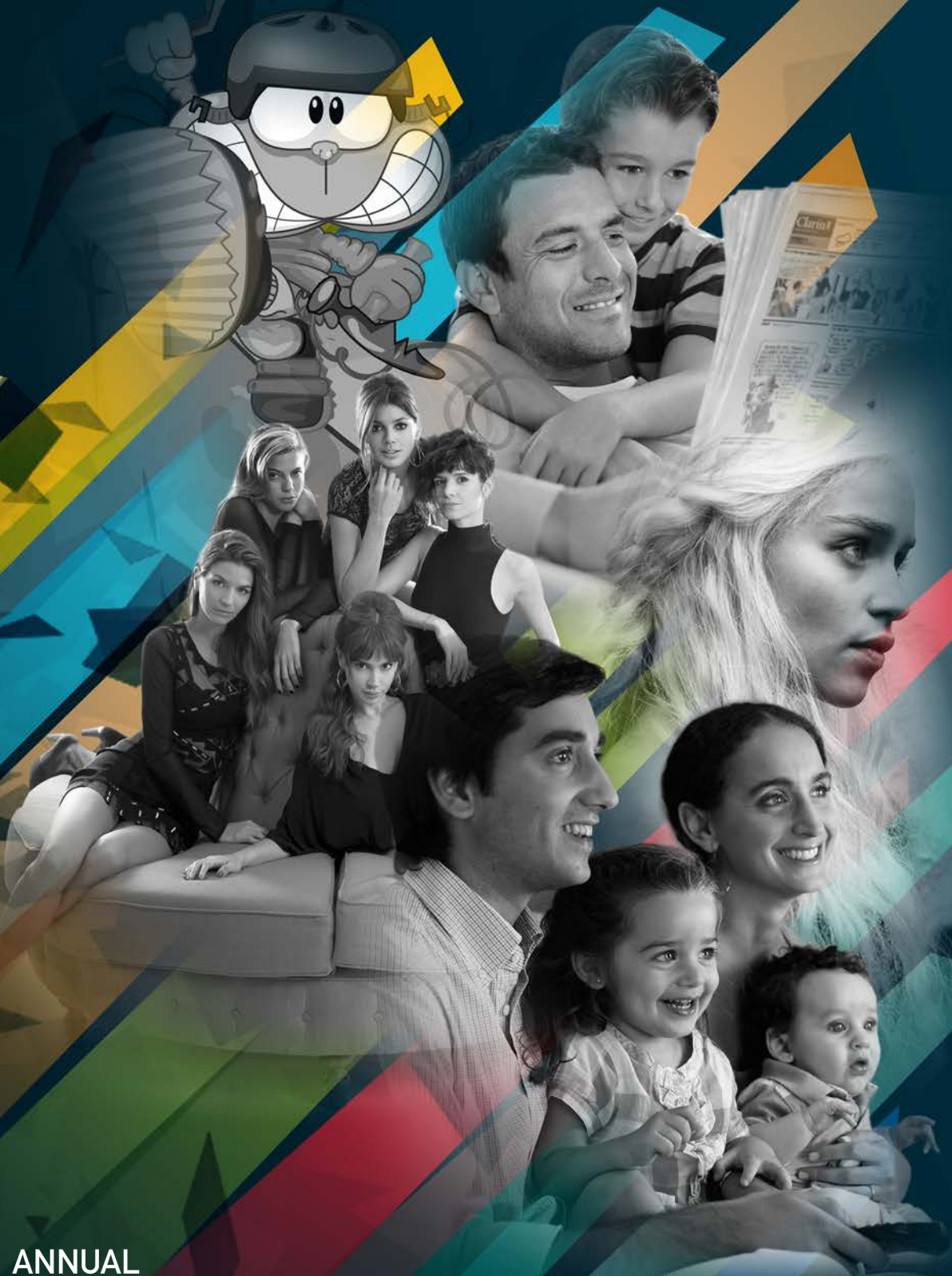




Grupo Clarín



ANNUAL  
REPORT 2016

To the Shareholders of Grupo Clarín S.A.

We hereby submit for your consideration the Annual Report and Exhibit, the Parent Company Only Balance Sheet, the Parent Company Only Comprehensive Statement of Income, the Parent Company Only Statement of Changes in Shareholders' Equity and the Parent Company Only Statement of Cash Flows and Notes of Grupo Clarín S.A. (hereinafter, "the Company" or "Grupo Clarín") for fiscal year No. 18 ended December 31, 2016 and the Consolidated Financial Statements as of December 31, 2016.

The main subsidiaries in which Grupo Clarín S.A. has a direct or indirect controlling interest are: Arte Gráfico Editorial Argentino S.A. (AGEA), Artes Gráficas Rioplatense S.A. (AGR), Compañía Inversora en Medios de Comunicación S.A. (CIMECO), Cablevisión S.A. (Cablevisión), Primera Red Interactiva de Medios Argentinos S.A. (PRIMA), Compañía de Medios Digitales S.A. (CMD), Arte Radiotelevisivo Argentino S.A. (ARTEAR), GC Gestión Compartida S.A., Inversora de Eventos S.A. (IESA) and Radio Mitre S.A., among others.

#### Disclaimer

Some of the information in this Annual Report (the "Annual Report") may contain projections or other forward-looking statements regarding future events or the future financial performance of Grupo Clarín. You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. Grupo Clarín does not intend to or undertake any obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in Grupo Clarín's projections or forward-looking statements, including, among others, general economic conditions, Grupo Clarín's competitive environment, risks associated with operating in Argentina, a rapid technological and market change, and other factors specifically related to Grupo Clarín and its operations.

The Annual Report and certain boxes and charts that include highlighted information for illustrative purposes throughout this publication, include financial information as of and for the fiscal years ended December 31, 2016 and 2015, which was extracted from the Consolidated and the Parent Only Financial Statements as of December 31, 2016, presented on a comparative basis, and their related notes. The Annual Report and the Highlights should be read in conjunction with such financial statements and related notes, the report of Grupo Clarín's independent accountants, Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina (a member firm of PriceWaterhouseCoopers) relating to such financial statements, and the report of Grupo Clarín's Supervisory Committee.

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# 2016

41,178.1

## NET SALES 2016

## FINANCIAL HIGHLIGHTS

| (in million of ps.)                   | 2016     | 2015     | YOY    |
|---------------------------------------|----------|----------|--------|
| Net Sales                             | 41,178.1 | 27,791.5 | 48.2%  |
| Adjusted EBITDA <sup>(1)</sup>        | 11,896.6 | 8,360.8  | 42.3%  |
| Adjusted EBITDA Margin <sup>(2)</sup> | 28.9%    | 30.1%    | (4.0%) |
| Income for the period                 | 4,179.6  | 2,915.9  | 43.3%  |

(1) We define Adjusted EBITDA as net sales minus cost of sales (excluding depreciation and amortization) and selling and administrative expenses (excluding depreciation and amortization). We believe that Adjusted EBITDA is a meaningful measure of our performance. It is commonly used to analyze and compare media companies on the basis of operating performance, leverage and liquidity. Nonetheless, Adjusted EBITDA is not a measure of net income or cash flow from operations and should not be considered as an alternative to net income, an indication of our financial performance, an alternative to cash flow from operating activities or a measure of liquidity. Other companies may compute Adjusted EBITDA in a different manner; therefore, Adjusted EBITDA as reported by other companies may not be comparable to Adjusted EBITDA as we report it.

(2) We define Adjusted EBITDA Margin as Adjusted EBITDA over Net Sales.



# 3,912.2

## UNIQUE SUBSCRIBERS 2016<sup>(1)</sup>

### OPERATING RESULTS

| (in million of ps.)                          | 2016           | 2015           | YOY           |
|--|----------------|----------------|---------------|
| <b>Unique Subscribers<sup>(1)</sup></b>      | <b>3,912.2</b> | <b>3,873.7</b> | <b>1.0%</b>   |
| <b>Cable TV</b>                              |                |                |               |
| - Consolidated Subscribers <sup>(2)(4)</sup> | 3,527.7        | 3,532.6        | (0.1%)        |
| - Total Internet Subscribers <sup>(2)</sup>  | 2,182.6        | 2,025.9        | 7.7%          |
| <b>Circulation<sup>(2)</sup></b>             | <b>237.1</b>   | <b>261.7</b>   | <b>(9.4%)</b> |
| <b>Audience Share %<sup>(3)</sup></b>        |                |                |               |
| - Prime Time                                 | 34.8%          | 37.3%          | (6.8%)        |
| - Total Time                                 | 32.0%          | 30.4%          | 5.0%          |

(1) Cable TV and Internet access.

(2) Figures in thousands.

(3) Share of broadcast TV audience according to IBOPE for AMBA. Prime Time is defined as Monday through Friday from 8 pm to 12 am. Total Time is defined as Monday through Sunday from 12 pm to 12 am.

(4) Total subscribers consolidated following the same consolidation methods used in the financial statements as of each year end.

# 11,896.6

## TOTAL EBITDA 2016

### ADJUSTED EBITDA

| (in million of ps.)                            | 2016            | 2015           | YOY             |
|--|-----------------|----------------|-----------------|
| <b>Cable TV, Internet access and Telephony</b> | <b>10,930.9</b> | <b>7,294.7</b> | <b>49.8%</b>    |
| <b>Printing and Publishing</b>                 | <b>(104.7)</b>  | <b>112.6</b>   | <b>(193.1%)</b> |
| <b>Broadcasting and Programming</b>            | <b>1,201.6</b>  | <b>952.3</b>   | <b>26.2%</b>    |
| <b>Digital Content and Others</b>              | <b>(131.1)</b>  | <b>1.3</b>     | <b>NA</b>       |
| <b>Subtotal</b>                                | <b>11,896.6</b> | <b>8,360.8</b> | <b>42.3%</b>    |
| <b>Eliminations</b>                            | <b>-</b>        | <b>-</b>       | <b>NA</b>       |
| <b>Total</b>                                   | <b>11,896.6</b> | <b>8,360.8</b> | <b>42.3%</b>    |

## 2016 MACROECONOMIC ENVIRONMENT

The Argentine economy closed the year 2016 with advances in its normalization process but it also exhibited the costs associated with the measures implemented by the current Administration.

This was coupled with an external scenario that was less favorable than that of previous years. As a result, the goals set by the economic policy were only partially met in the first year of the current Administration.

A brief overview of the events that took place on the economic front shows that the period was conditioned by the decision to normalize at an early stage certain strategic fronts. Consequently, the current Administration's decision to rapidly lift foreign currency restrictions and eliminate the export taxes on agricultural goods and mining in December 2015, laid the ground for certain recovery of the country's external competitiveness. In turn, the settlement of the claims with almost all of the holdouts that had not participated in any of the previous debt restructurings offered by Argentina, gave the country access to the international capital markets. The country still has to face the challenge of gradually unwinding its fiscal imbalance. The current Administration also made progress in the reduction of the energy and transportation subsidies (which in 2015 represented more than 3 percentage points of the GDP) through the partial reversion of the delay in the adjustment to the price of these utilities.

The impact on prices as a result of the unification of the exchange rate and the adjustment to the price of utilities was significant and brought about a reduction in the level of consumption, activity and employment. Inflation accelerated until reaching over 45% year-on-year by mid-year and ended the year with a 35%-40% rise in the different provinces despite the anti-inflationary trend of the Central Bank's monetary policy, the partial adjustment to the prices of public utilities and the lower slide of the Ps./USD exchange rate. It should be noted that even though the annual measurement showed a significant acceleration against the average 28% recorded in 2015, the rates of the last months of 2016 reflect a clear progress made in the disinflationary process.

On the other hand, the contraction of economic activity already recorded in the last quarter of 2015 worsened and caused the GDP to shrink during the year by slightly more than 2%. The overall decline in GDP aggregates such as private consumption and gross domestic investment show how challenging the efforts to unwind the economy are.

In this complex environment, the country's primary fiscal deficit closed the year around 4.6% of GDP (excluding the revenues collected from the Central Bank / ANSES and the interest payments on the country's sovereign debt). Said figure includes the extraordinary fiscal revenues generated by the tax amnesty regime (which provides for the disclosure of previously unreported assets) accounting for 1.3% of the Product, which offset the lower revenue collection as a result of the drop in certain taxes for approximately the same amount, and also as a result of the recession and the higher expenses from subsidies and other social items.

The above-mentioned suggests that in view of its magnitude, the unwinding of many of the imbalances brewed in the preceding years will take more time than expected. The following should be taken into consideration: In the first place, choosing external indebtedness as the main source of financing to bridge the fiscal gap involves risks amid a less favorable international scenario, and also entails side effects such as the circumstantial appreciation of currency. On the external front, it should be noted that this indebtedness delays the adaptation of the economy to its lower real foreign currency generation capacity.

Secondly, even though the possibility of leveraging the economy allows the country to limit and spread over time the adjustment of relative prices, the gradual convergence towards a balanced position in public accounts is key to make sustainable progress along a path of disinflation, which may provide some predictability. As history shows, the 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 and threatens any improvements achieved.





## PERSPECTIVES FOR THE UPCOMING YEAR

Argentina still has to face significant challenges to turn the economy around, beyond the foundations that the current Administration began to lay in 2016. The forthcoming mid-term elections suggest that public policies will be focused on recovering, as soon as possible, the dynamics of economic activity and the generation of employment, preserving the disinflation process underway.

In this sense, according to the latest review conducted by the Central Bank, the baseline scenario for 2017 shows a recovery of the GDP (+3.0%) and a significant inflationary deceleration (from the above-mentioned 35 -40% range to 21%), which even if it exceeds the 12-17% range projected by the Central Bank, in year-on-year terms it would be almost halved compared to the figure observed in 2016.

The factors that could mark a reversal of the cycle include:

- a. The increase in the sown area, which would be reflected in a record-high harvest above 120 million tons, i.e. 10 million tons more than in 2016;
- b. The recovery of the salaries purchasing power derived from a series of changes made to the income tax regime for full time employees and the very same inflationary deceleration;
- c. The incorporation of almost 1 million pensioners to a regime for the adjustment of underpaid pensions under a historic reparation law;
- d. The impetus from the Brazilian economy, which is expected to experience a slight recovery after its stagnation in 2014 and its significant downturn in 2015 and 2016.

This domestic scenario, which is expected to be more favorable than that observed in 2016, contrasts with an international scenario that is starting to show additional restrictions on emerging countries similar to Argentina. As a result, the government has suggested that it would seek to make progress in the reduction of both the extremely high fiscal imbalance and the tax pressure and in the improvement of the quality of public spending.

Meeting the new projected target for the country's primary fiscal deficit (4.2% of GDP, lower than 4.6% in 2016, though higher than the expected 3.3%) amid an election year will represent a key indicator to assess the consistency in the medium term of the economic program underway.

## THE YEAR 2016 AND THE MEDIA SECTOR IN ARGENTINA AND THE WORLD

The total revenues of the global communication, media and entertainment sector will grow over the next five years at an annual growth rate of 4.4%, according to the Global Entertainment and Media Outlook issued by Price Waterhouse & Co., which analyses the current and projected situation of the main segments of this sector in 54 countries.

The high dynamics expected for the consumption of digital media will continue to play a significant role in the evolution of this sector worldwide. Consequently, the businesses related to the digital ecosystem, such as advertising and connectivity, will continue to expand at a rate significantly above average. In this sense, consolidated digital advertising, which currently accounts for almost 30% of the total global advertising pie and which was already higher than that of the TV segment during the year under review, is expected to be the segment with the fastest growth rate worldwide over the next five years, at a rate slightly above 11%.

Said Global Entertainment and Media Outlook identifies a series of changes that are reshaping this sector worldwide, among which the following stand out:

a. The strong correlation in demographic terms between the relative size of the under-35 population and the growth of spending in this sector. The figures reveal that those countries with the largest under-35 population grow up to three times more rapidly than the oldest countries. Young consumers are the main drivers of this sector's global growth.

b. The growing adoption of the integrated offering packages developed by traditional and by OTT (over the top) service operators. These offerings, which enrich customer experience by allowing consumers to have access to linear on-demand streaming from multiple devices at any time, have had an exponential impact on the demand for broadband, turning Internet infrastructure into a critical resource;

c. The emergence of a new and broad variety of "hybrid" companies built upon the disruptive forces derived from digital transformation. In this sense, while traditional content generation companies are seeking to add technological capabilities and knowledge, there is a large number of technology companies that are, conversely, gradually beginning to generate their own contents.

The above-mentioned shows that the recurring emergence of new technologies continues to transform society and to provide opportunities both to digitally native companies and to traditional companies, which gradually continue to adapt to new media consumption patterns. These opportunities entail huge challenges: those media companies that are able to provide services and contents with the best combination of user experience, quality, access flexibility and customized contents and an intuitive interaction with social networks will have the greatest growth potential in the future.

On the domestic front, the year 2016 was marked by a restructuring of the industry, conditioned by the above-mentioned macroeconomic complex scenario. However, the degree of penetration of broadband Internet (fixed and mobile), higher than the regional average, allowed the businesses

related to the digital ecosystem, mainly advertising and connectivity, to experience genuine growth.

Other key aspects of the domestic scenario were the changes made to the regulatory framework derived from the amendments of the laws that govern audiovisual communication and telecommunications services. These included the creation of the National Communications Agency (ENACOM, for its Spanish acronym) which replaced the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym) and the Information and Communications Technology Federal Enforcement Authority (AFTIC, for its Spanish acronym). Some of the main goals of the ENACOM are to drive the technological convergence process, to promote competition and to guarantee the access to quality Internet, fixed and mobile telephony, radio and television services.

Amid this scenario, the performance of the industry in the year under review was marked basically by three movements, two of them were structural (the significant growth of broadband consumption, mainly mobile and video streaming, and the growing share of digital revenues in the advertising pie) and one was circumstantial (the shrinkage of the advertising investments which, in percentage terms, grew during the year below the inflation rate).





## REGULATORY FRAMEWORK 2016

During 2016, the regulatory framework that governs the Company's activities underwent several changes.

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) and vested the new agency with authority to enforce Laws Nos. 26,522 and 27,078, as amended and regulated.

In the recitals, Decree No. 267/15 seeks to promote the conversion of networks and services, in order to generate further competition, promote the development of infrastructure and improve the quality of communication services.

The decree, subsequently ratified by the Argentine Congress, provides that physical link television service providers (cableoperators) will be governed by the telecommunications law, and, therefore, they become holders of a sole telecommunications license. It also changed other aspects of the above-mentioned laws, such as the incompatibility to render in the same location broadcast television services and subscription television services; the limit of 10 licenses for radio-electric link television services and 24 licenses for physical link subscription television services; and lifted the restriction to provide these services to more than 35% of all inhabitants or subscribers nationwide.

With a focus on convergence, Decree No. 267/15 establishes guidelines for providers of basic telephony services to render physical link television services. Prior to this Decree, they were originally banned from rendering those services under the former Entel bidding terms. The term for rendering those services was set at two years, with an option to extend it for an additional year.

Subsequently, the Executive Branch issued Decree No. 1,340/16 on December 30, 2016 and published it on the Official Gazette on January 2, 2017. This Decree orders that a Public Bid shall be called for the allocation of new frequency bands for rendering mobile services; establishes the terms for the reallocation of radio electric frequency bands that had been previously allocated to other services (ordering that there shall be an economic compensation and shared use of frequencies), and allocate them to providers of ITC Services that request to reuse them to render services with LTE

or higher technologies. In addition, the Decree imposes deployment obligations on service providers. Pursuant to this Decree, fixed and mobile telephony service providers may use LTE frequencies for uses other than those for which they were already allowed.

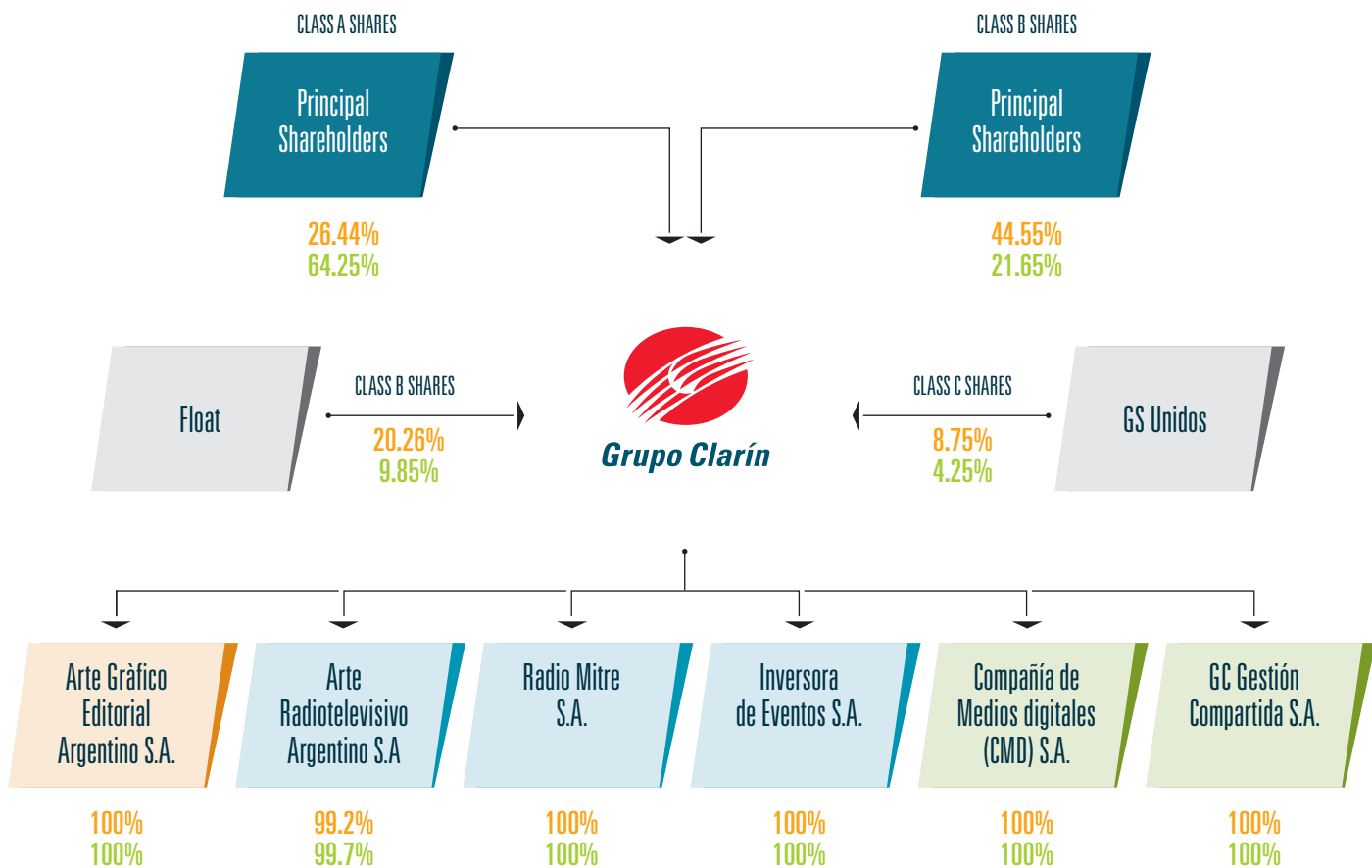
In addition, it orders that telephony companies may begin to effectively provide cable television services as from January 1st, 2018 in highly populated cities. And it recognizes that satellite television companies that as of December 29, 2015 rendered ITC services may maintain the ownership of both services.

Within the administrative proceedings filed by the Company and its subsidiaries before agencies of the National Government, it should be noted that, pursuant to the powers vested on the ENACOM and under the new legal framework, this agency formalized the shareholder structure of ARTEAR, Radio Mitre and other subsidiaries of Grupo Clarín, rendering without effect the procedures carried out to conform to the provisions of Law No. 26,522 and revoking the resolution that had annulled the merger between Cablevisión and Multicanal. In this sense, the Decree also ratified the ownership of Fibertel's license by Cablevisión.

Upon the acquisition by Nextel of the ITC Service licensees: Fibercomm S.A., Trixco S.A., Callbi S.A., Infotel S.A., Skyonline de Argentina S.A., Netizen S.A. and Eritown Corporation Argentina S.A., the ENACOM approved said transfer of control and authorized the new allocation of 900 Mhz and 2.5 Ghz bands owned by them to provide 4G services with economic compensation, return of the spectrum and coverage obligations beyond those proposed by the company. All of those conditions are included in an agreement to be executed between the Company and that agency.

In February 2014, the Supreme Court of Argentina rendered a decision on the Claim for the protection of constitutional rights (acción de amparo) brought by Arte Radiotelevisivo Argentino S.A. requesting the fairer allocation of official advertising, whereby it ordered that official advertising should be allocated on a pro rata and fair basis. In 2016, the Secretariat of Public Communication, through Resolution No. 247, regulated the allocation of official advertising, establishing certain criteria which were positively recognized by organizations focused on freedom of expression and access to information.





## THE COMPANY. ORIGIN, EVOLUTION AND PROFILE

Grupo Clarín is Argentina's most prominent and diversified media group and one of the most important in the Spanish-speaking world. The Company is organized and operates in Argentina and its controlling shareholders and management are Argentine. Grupo Clarín is present in the Argentine printed media, radio, broadcast and cable television, audiovisual production, and in the printing industry. Its leadership in the different media is a competitive advantage that enables Grupo Clarín to generate significant synergies and expand into new markets. Substantially all of Grupo Clarín's assets, operations and clients are located in Argentina, where it generates most of its revenues. The Company also carries out operations at a regional level. Today, Grupo Clarín employs around 18,000 people. This makes Grupo Clarín one of the largest employers of Argentina.

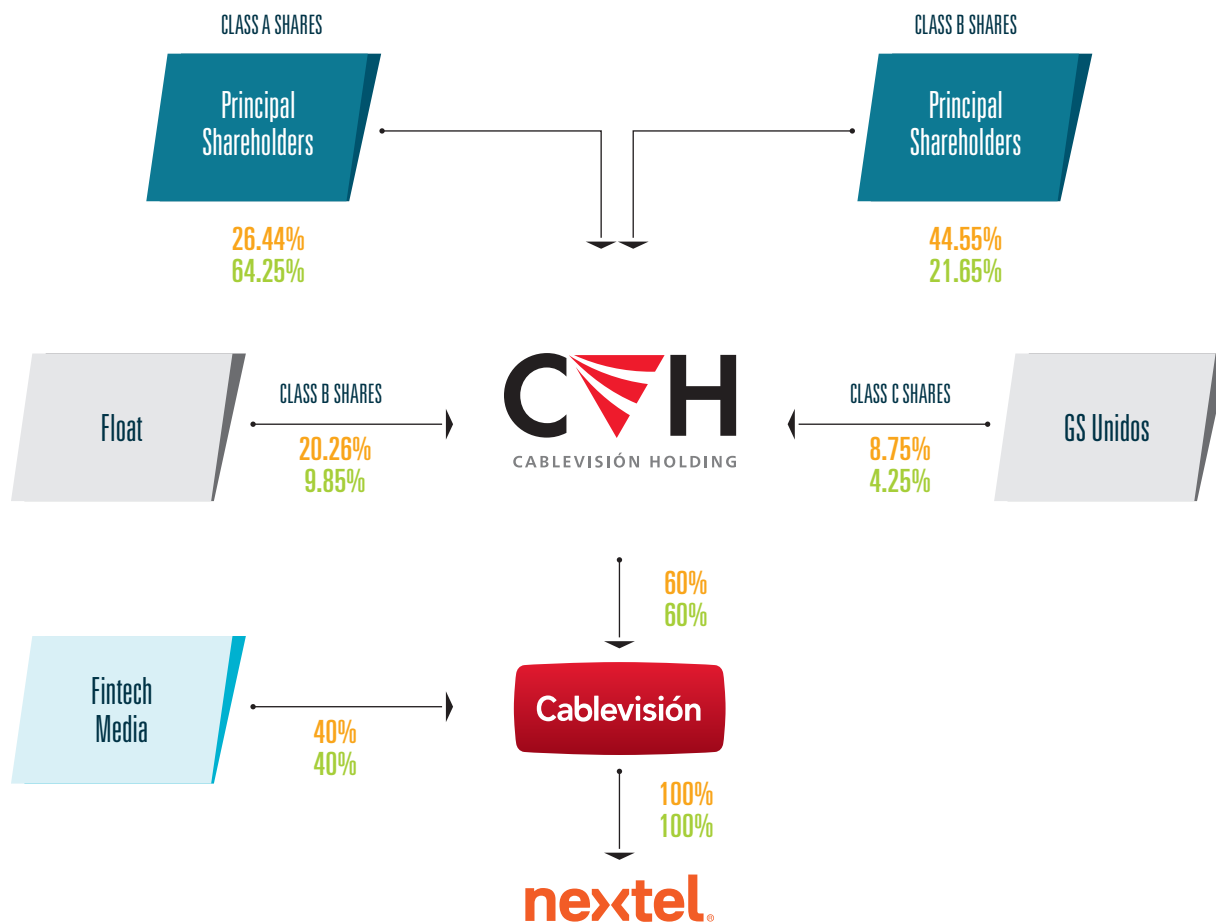
Grupo Clarín's history dates back to 1945, the year in which Roberto Noble founded the newspaper Clarín of Buenos Aires ("Diario Clarín"), with the goal of becoming a mass distribution and quality newspaper, privileging information and committing to the comprehensive development of the country. Since 1969, Diario Clarín has been led by his wife, Ernestina Herrera de Noble. It

became the flagship national newspaper and has consolidated its position throughout the years thanks to the work of its journalists and the loyalty of its readers. Diario Clarín is now one of the Spanish-language newspapers with the highest circulation in the world. In 2016, Diario Clarín became the most widely-read digital newspaper in the Spanish-speaking world. Over the years, Grupo Clarín has been one of the main actors in the changes undergone by the media worldwide. It incorporated new and varied printing activities and decided to embrace technological developments, investing to reach its audiences through new platforms and channels and through new audiovisual and digital languages.

In this way, Grupo Clarín entered the radio and television sectors. Today, it is the owner of one of the two leading broadcast television channels in Argentina (ARTEAR/El Trece) and of AM/FM broadcast radio stations. Along with the newspaper, these media are recognized as the most credible and considered leaders of Argentine journalism in one of the most diverse media markets in the world. For example, in Buenos Aires, the Company's media compete in a market that has 5 broadcast television stations, 550 radios, and 12 national newspapers.

Grupo Clarín also publishes Olé, the first and only sports newspaper in Argentina; the free newspaper La Razón and the magazines Ñ, Genios, Jardín de Genios, Pymes and Elle, among other publications. Through CIMECO, the Company holds equity interests in the newspapers La Voz del Interior, Día a Día and Los Andes, in a market of approximately 200 regional and local newspapers. The Company also holds an equity interest in a national news agency (DyN). In the audiovisual front, it also produces 5 cable signals. A news signal, (Todo Noticias), and the signals Volver, Magazine and Quiero Música en mi Idioma. It also produces sports channels and events (TyC Sports), television contents and motion pictures (Pol-ka and Patagonik Film Group).

Another one of its strengths lies in the strategic focus on communications. Since the beginning of Multicanal's operations in 1992 and after the recent acquisition of a majority interest in Cablevisión, Grupo Clarín has created one of the largest cable television systems in Latin America in terms of subscribers. Cablevisión is the first cable operator in Argentina among 700 operators and always competes with other cable or satellite options. Through Fibertel, it also provides high-speed Internet services and has one of the largest



subscriber bases in a highly competitive market.

In 2016, through Cablevisión, the Company acquired NEXTEL, which seeks to consolidate as the fourth telephony and mobile Internet services in Argentina.

In line with the global trend, Grupo Clarín has committed itself to expanding digital content production. Grupo Clarín's Internet portals and sites receive more than half of the visits to Argentine websites. The Group's digital media are benchmarks of journalistic quality and have the best credibility rates of Argentina. Its social media accounts have the largest number of followers and generate significant interaction. Over the last years, the Group's media and journalists have received many awards for their ventures in different digital platforms. Recently, at the WAN-IFRA LATAM Digital Media Awards, Grupo Clarín's media received three awards. It also received many awards from the Inter-American Press Association and other international agencies.

In 1999, Grupo Clarín was incorporated as an Argentine sociedad anónima, a corporation with limited liability. It gradually opened its capital to other participants and, since October 2007, it is listed on the Buenos Aires Stock Exchange and

on the London Stock Exchange. It takes pride in having grown in Argentina, in being a source of influence on a local level in an increasingly transnational market with a size that enables it to compete without losing strength among large international players.

Grupo Clarín's investments in Argentina in the last 20 years have been very significant, always with the same central focus: Journalism, the media, production and distribution of contents and communications. Its activities have contributed to the creation of an important Argentine cultural industry and generate qualified and genuine employment. Its vision and business model focus on investing, producing, informing and entertaining, preserving Argentine values and identity, and preserving business independence in order to ensure journalistic independence.

In addition, since its foundation, Grupo Clarín has undertaken intense community activities. Grupo Clarín, together with the Noble Foundation, which was established in 1966, organizes and sponsors several programs and activities, particularly focused on education, culture and citizen participation. Furthermore, as an indication of its social responsibility, Grupo Clarín focuses

on the ongoing improvement of its processes, develops initiatives that arise from discussions with different stakeholders, and works for sustainability.

In 2016, the Board of Directors proposed, and the Shareholders' Meeting approved, the spin-off of its cable and telecommunications operations into a new company that will be called Cablevisión Holding S.A.

As a result, there will be two sociedades anónimas (corporations with limited liability), Grupo Clarín S.A. and Cablevisión Holding S.A. The shareholders of the current Grupo Clarín S.A. will maintain the same interest in both companies. Grupo Clarín S.A.'s structure will retain the journalistic media and content production. This includes AGEA, ARTEAR, Radio Mitre, IESA and CMD, among others. Cablevisión Holding S.A. will hold the interest that Grupo Clarín holds in Cablevisión and its subsidiaries, including Nextel. The transaction is aimed at boosting the growth of its media and telecommunications segments, having more appropriate and flexible structures to face the challenges and investments required by each of them, and boosting their value for the audiences, customers and shareholders.

## GRUPO CLARÍN AND ITS BUSINESS SEGMENTS IN 2016

Grupo Clarín and its business segments grew again in 2016 in a highly challenging context. During this year, the Company consolidated the positive economic and financial performance trends of the previous years.

Grupo Clarín's net consolidated sales (including continuing and discontinued operations) increased by 48%, from Ps. 27,791.5 to Ps. 41,178.1 billion. The growth in cable modem Internet access subscribers played a key role in the performance of subscription revenues. Sales of the remainder

of the Company's products and services also increased.

By the end of 2016, Grupo Clarín's gross consolidated financial indebtedness (including sellers financing, accrued interest and fair value adjustments) was approximately Ps. 10,014 billion, while net consolidated indebtedness was approximately Ps. 6,663 billion, representing an increase of 44.4% and 57.5%, respectively. This arose mainly from the USD 500 million bond issued by Cablevisión, the fact that approximately 95% of

the Company's indebtedness as of December 31, 2016 is denominated in US dollars and that the Argentine Peso depreciated by 18% in 2015, from Ps. 13.04 = USD 1 as of December 31, 2015 to Ps. 15.89 = USD 1 as of December 31, 2016.

The following is a description of the most significant events related to the situation and management of each of Grupo Clarín's business segments during 2016.

## SALES BREAKDOWN BY SOURCE OF REVENUE - DECEMBER 2016 VS. DECEMBER 2015

| (in million of ps.)    | CABLE TV, INTERNET ACCESS & TELEPHONY |                 | PRINTING & PUBLISHING |                | BROADCASTING & PROGRAMMING |                | DIGITAL CONTENT & OTHERS |              | ELIMINATIONS <sup>(1)</sup> |                | TOTAL           |                 | %             |               |
|------------------------|---------------------------------------|-----------------|-----------------------|----------------|----------------------------|----------------|--------------------------|--------------|-----------------------------|----------------|-----------------|-----------------|---------------|---------------|
|                        | 2016                                  | 2015            | 2016                  | 2015           | 2016                       | 2015           | 2016                     | 2015         | 2016                        | 2015           | 2016            | 2015            | 2016          | 2015          |
| Advertising            | 111.6                                 | 118.9           | 2,374.8               | 1,744.6        | 3,513.1                    | 2,622.7        | 103.9                    | 80.3         | (269.1)                     | (216.4)        | 5,834.3         | 4,349.9         | 14.2%         | 15.7%         |
| Circulation            | -                                     | -               | 2,548.3               | 1,995.5        | -                          | -              | -                        | -            | (183.5)                     | (0.1)          | 2,364.8         | 1,995.4         | 5.7%          | 7.2%          |
| Printing               | -                                     | -               | 361.5                 | 322.5          | -                          | -              | -                        | -            | (56.4)                      | (43.6)         | 305.1           | 278.9           | 0.7%          | 1.0%          |
| Video Subscriptions    | 18,750.4                              | 14,430.0        | -                     | -              | -                          | -              | -                        | -            | -                           | -              | 18,750.4        | 14,430.0        | 45.5%         | 51.9%         |
| Internet Subscriptions | 7,697.5                               | 4,818.0         | -                     | -              | -                          | -              | -                        | -            | (29.3)                      | (16.4)         | 7,668.2         | 4,801.6         | 18.6%         | 17.3%         |
| Programming            | -                                     | -               | -                     | -              | 942.5                      | 395.6          | -                        | -            | (216.5)                     | (166.0)        | 726.0           | 229.6           | 1.8%          | 0.8%          |
| IDEN Telecommun.       | 2,804.4                               | -               | -                     | -              | -                          | -              | -                        | -            | -                           | -              | 2,804.4         | -               | 6.8%          | 0.0%          |
| Other Sales            | 1,207.3                               | 758.4           | 491.1                 | 240.9          | 444.3                      | 583.1          | 1,164.1                  | 680.7        | (582.0)                     | (557.1)        | 2,724.8         | 1,706.0         | 6.6%          | 6.1%          |
| <b>Total Sales</b>     | <b>30,571.2</b>                       | <b>20,125.4</b> | <b>5,775.8</b>        | <b>4,303.4</b> | <b>4,899.9</b>             | <b>3,601.4</b> | <b>1,268.0</b>           | <b>761.0</b> | <b>(1,336.7)</b>            | <b>(999.6)</b> | <b>41,178.1</b> | <b>27,791.5</b> | <b>100.0%</b> | <b>100.0%</b> |

## ADJUSTED EBITDA

| (in million of ps.)                     | 2016            | 2015           | YOY          |
|---|-----------------|----------------|--------------|
| Cable TV, Internet access and Telephony | 10,930.9        | 7,294.7        | 49.8%        |
| Printing and Publishing                 | (104.7)         | 112.6          | (193.1%)     |
| Broadcasting and Programming            | 1,201.6         | 952.3          | 26.2%        |
| Digital Content and Others              | (131.1)         | 1.3            | NA           |
| Subtotal                                | 11,896.6        | 8,360.8        | 42.3%        |
| Eliminations                            | -               | -              | NA           |
| <b>Total</b>                            | <b>11,896.6</b> | <b>8,360.8</b> | <b>42.3%</b> |

### Cost of sales (Excluding Depreciation and Amortization)

Reached Ps. 18,227.7 million, an increase of 48.7% from Ps. 12,258.7 million reported for 2015 due to higher costs across all business segments, mainly in Cable TV and Internet access and Telephony because of the consolidation of the Mobile Argentine operations (Nextel Argentina).

### Selling and Administrative Expenses (Excluding Depreciation and Amortization)

Reached Ps. 11,053.8 million, an increase of 54.1% from Ps. 7,172.0 million in 2015. This increase was mainly due to higher costs and the consolidation of Nextel in the Cable TV, Internet access and Telephony segment.

### Adjusted EBITDA

Reached Ps. 11,896.6 million, an increase of 42.3% from Ps. 8,360.8 million reported for 2015, driven by higher sales in Cable TV, Internet access and Telephony and to a lesser extent, to higher EBITDA in the Broadcasting and Programming segment.

### Financial results net

totalled Ps. (2,857.2) million compared to Ps. (3,064.4) million for 2015. The decrease of the negative result was mainly due to lower peso depreciation during 2016, which went from Ps 13.04 per dollar at the end of December 2015, to Ps 15.89 per dollar as of December 31th, 2016; compared with the 2015 with went from Ps 8.55 per dollar at the end of December 2014 to Ps. 13.04 per dollar as of December 31th, 2015.

### Equity in earnings from unconsolidated affiliates

in 2016 totalled Ps. 160.2 million, compared to Ps. 544.6 million for 2015.

### Other Income (expenses), net

Ps. 158.1 million, compared to Ps. 99.9 million in 2015.

### Income tax as

of December 2016 reached Ps. (2,333.7) million, from Ps. (1,229.5) million in December 2015.

### Income for the period

totalled Ps. 4,179.6 million, an increase of 43.3% from Ps. 2,915.9 million reported for 2015. This was mainly a consequence of higher EBITDA in the Cable TV, Internet access and Telephony and Broadcasting and Programming segments, and it was partially offset by negative EBITDA in the Printing and Publishing segment. The Equity Shareholders Income for the period amounted to Ps.2,530.0 million, an increase of 34.2% compared with December 2015.

### Cash used in acquisitions of property, plant and equipment (CAPEX)

totalled Ps. 9,024.0 million in 2016, an increase of 109.5% from Ps. 4,306.5 million reported for 2015. Out of the total CAPEX in 2016, 96.5% was allocated to the Cable TV, Internet access and Telephony segment, 2.2% to the Broadcasting and Programming segment and the remaining 1.2% to other activities. Capex in the Cable TV, Internet access and Telephony segment pertains to subscriber growth, network upgrades and digitalization.

### Debt profile<sup>(1)</sup>:

Debt coverage ratio for the period ended December 31th, 2016 was .84x and the Net Debt at the end of this period totalled Ps. 6,711.1 million.

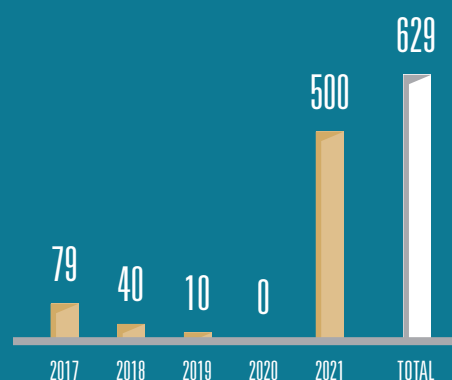
(1) Debt Coverage Ratio is defined as Total Financial Debt divided by Adjusted EBITDA (Last Quarter Annualized). Total Financial debt is defined as financial loans and debt for acquisitions, including accrued interest.

## DEBT AND LIQUIDITY

| (In million of Ps.)                        | Dec 16          | Dec 15         | % Change       | Sep 15         | % Change      |
|--|-----------------|----------------|----------------|----------------|---------------|
| <b>SHORT TERM AND LONG TERM DEBT</b>       |                 |                |                |                |               |
| <b>CURRENT FINANCIAL DEBT</b>              | <b>1,300.9</b>  | <b>2,897.8</b> | <b>(55.1%)</b> | <b>1,357.6</b> | <b>(4.2%)</b> |
| Financial loans                            | 239.8           | 532.8          | (55.0%)        | 220.1          | 8.9%          |
| Negotiable obligations                     | -               | 1,661.5        | (100.0%)       | -              | NA            |
| Accrued interest                           | 44.7            | 196.0          | (77.2%)        | 166.2          | (73.1%)       |
| Acquisition of equipment                   | 795.1           | 389.9          | 103.9%         | 755.0          | 5.3%          |
| Sellers Financing Capital                  | 14.3            | 1.9            | 660.7%         | 16.3           | (12.5%)       |
| Sellers Financing accrued interest         | -               | -              | NA             | -              | NA            |
| Related Parties Capital                    | 8.4             | 21.0           | (60.1%)        | 3.4            | 147.1%        |
| Related Parties accrued interest           | 0.2             | 1.7            | (88.8%)        | 0.1            | 115.7%        |
| Bank overdraft                             | 198.6           | 93.0           | 113.5%         | 196.5          | 1.1%          |
| <b>NON-CURRENT FINANCIAL DEBT</b>          | <b>8,760.9</b>  | <b>4,071.9</b> | <b>115.2%</b>  | <b>8,577.8</b> | <b>2.1%</b>   |
| Financial loans                            | 83.4            | 149.5          | (44.2%)        | 108.2          | (22.9%)       |
| Negotiable obligations                     | 7,945.0         | 3,321.7        | 139.2%         | 7,655.0        | 3.8%          |
| Accrued interest                           | -               | -              | NA             | -              | NA            |
| Acquisition of equipment                   | 723.0           | 591.4          | 22.3%          | 805.8          | (10.3%)       |
| Sellers Financing Capital                  | -               | -              | NA             | -              | NA            |
| Sellers Financing accrued interest         | -               | -              | NA             | -              | NA            |
| Related Parties Capital                    | 9.4             | 9.2            | 2.6%           | 8.8            | 6.8%          |
| Related Parties accrued interest           | -               | -              | NA             | -              | NA            |
| Bank overdraft                             | -               | -              | NA             | -              | NA            |
| <b>TOTAL FINANCIAL DEBT<sup>(A)</sup></b>  | <b>10,061.8</b> | <b>6,969.7</b> | <b>44.4%</b>   | <b>9,935.4</b> | <b>1.3%</b>   |
| Measurement at fair Value                  | (47.9)          | (32.7)         | (46.6%)        | (47.3)         | (1.3%)        |
| <b>TOTAL SHORT TERM AND LONG TERM DEBT</b> | <b>10,013.9</b> | <b>6,937.0</b> | <b>44.4%</b>   | <b>9,888.1</b> | <b>1.3%</b>   |
| Cash and Cash Equivalents <sup>(B)</sup>   | 3,350.7         | 2,705.6        | 23.8%          | 3,311.4        | 1.2%          |
| Net Debt <sup>(A) - (B)</sup>              | 6,711.1         | 4,264.1        | 57.4%          | 6,624.0        | 1.3%          |
| Net Debt/Adjusted EBITDA <sup>(1)</sup>    | 0.56x           | 0.55x          | 2.2%           | 0.52x          | 6.6%          |
| % USD Debt                                 | 95.1%           | 88.3%          | 7.6%           | 95.1%          | (0.0%)        |
| % Ar. Ps. Debt                             | 4.9%            | 11.7%          | (57.8%)        | 4.9%           | 0.0%          |

## DEBT PROFILE AS OF DECEMBER 31<sup>TH</sup>, 2016

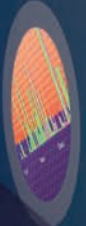
US\$ MM, Balance Sheet







Grupo Celsa



**CORPORATE  
GOVERNANCE,  
ORGANIZATION AND  
INTERNAL CONTROL  
SYSTEM**

ANNUAL  
REPORT 2015



Grupo Clarín'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 (Comisión Nacional de Valores) rules.

### MEMBERS OF THE BOARD OF DIRECTORS

Grupo Clarín'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 April 25, 2016:

|                              |                      |
|------------------------------|----------------------|
| Jorge Carlos Rendo           | Chairman             |
| Alejandro Alberto Urricelqui | Vice Chairman        |
| Pablo César Casey            | Director             |
| Horacio E. Quirós            | Director             |
| Hector Mario Aranda          | Director             |
| Ignacio R. Driollet          | Director             |
| Lorenzo Calcagno             | Independent Director |
| Alberto César José Menzani   | Independent Director |
| Gonzalo Blaquier             | Director             |
| Sebastián Salaber            | Director             |
| Martín Gonzalo Etchevers     | Alternate Director   |
| Hernán Pablo Verdaguer       | Alternate Director   |
| Juan Ignacio Giglio          | Alternate Director   |
| Francisco Iván Acevedo       | Alternate Director   |
| Sebastián Bardengo           | Alternate Director   |
| Marcelo Alejandro Trivarelli | Alternate Director   |
| Gervasio Colombres           | Alternate Director   |
| Carlos Rebay                 | Alternate Director   |
| Luis Germán Fernández        | Alternate Director   |
| Francisco Saravia            | Alternate Director   |

Grupo Clarín also has a Supervisory Committee comprised of 3 permanent members and 3 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

Grupo Clarín'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 April 25, 2016:

|                                     |                  |
|-------------------------------------|------------------|
| Raúl Antonio Morán <sup>1</sup>     | Member           |
| Carlos A. P. Di Candia <sup>1</sup> | Member           |
| Pablo San Martín <sup>1</sup>       | Member           |
| Hugo Ernesto López <sup>1</sup>     | Alternate Member |
| Rubén Suárez <sup>1</sup>           | Alternate Member |
| Miguel Ángel Mazzei <sup>1</sup>    | Alternate Member |

### AUDIT COMMITTEE

The Audit Committee is comprised as follows:

|                              |                  |
|------------------------------|------------------|
| Alberto César José Menzani   | Chairman         |
| Lorenzo Calcagno             | Vice Chairman    |
| Alejandro Alberto Urricelqui | Member           |
| Pablo César Casey            | Alternate Member |
| Carlos Rebay                 | Alternate Member |
| Luis Germán Fernández        | Alternate Member |

Grupo Clarín organizes its activities under an executive structure comprising: External Relations Department; Corporate Finance Department; Corporate Control Department; Corporate Strategy Department; Audiovisual Content Department; Corporate Human Resources Department; Corporate Affairs Department; Digital Content Department.

The overall criteria used to appoint managers 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, Grupo Clarín 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.

<sup>1</sup>) Independent members of the Supervisory Committee.

## 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.

All of Grupo Clarín's subsidiaries have compensation arrangements with all of their 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. Grupo Clarín does not have any stock option plans in place for its personnel.

As mentioned in Note 20 to the Consolidated Financial Statements, on January 1, 2008 Grupo Clarín began to implement a long-term savings plan for certain executives of Grupo Clarín and its subsidiaries. Executives who adhere to such plan will contribute regularly a limited portion of their salary to a fund that will allow them to increase their income at the retirement age. Furthermore, each company matches the sum contributed by such executives. This matching contribution will be added to the fund raised by the employees. Under certain conditions, employees may access such fund upon retirement or upon termination of their jobs with Grupo Clarín. This long-term benefit has a strong withholding component and is considered as an integral part of the employee's total compensation for comparative purposes with

prevailing market salaries. 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 the company were essentially maintained.

The parameters used in fixing compensations are in line with customary market practices followed by companies of the scale of Grupo Clarín. To this end, the Company assesses the relative weight of the several positions within the company, as well as the performance of the employee that holds the position. In order to assess positions and compare



## STOCK INFORMATION AND SHAREHOLDER STRUCTURE

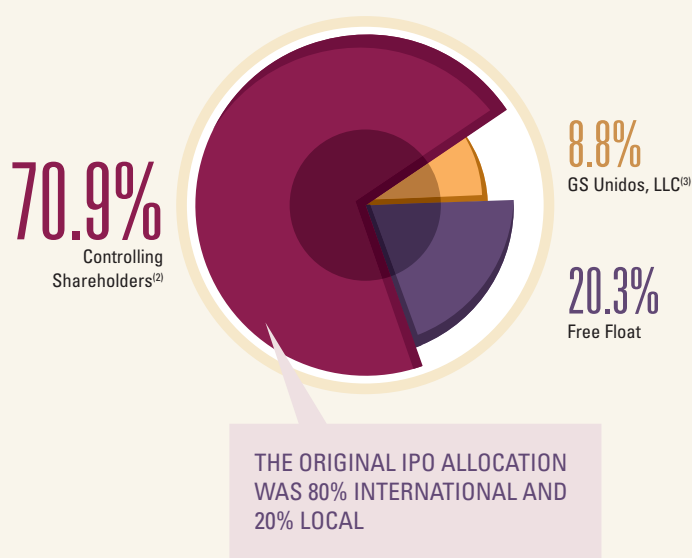
Grupo Clarín is listed in the Buenos Aires Stock Exchange where it trades its shares, and in the London Stock Exchanges, where it trades its shares in the form of GDS.

|  |      |
|--|------|
| London Stock Exchange (LSE) - Ticker:              | GCLA |
| Bolsa de Comercio de Buenos Aires (BCBA) - Ticker: | GCLA |

|  |            |
|--|------------|
| GCLA (BCBA) Price per share, December 31, 2016 | Ps. 199.95 |
| GCLA (LSE) Price per GDS, December 31, 2016    | USD 22.60  |

|              |             |
|--------------|-------------|
| Total Shares | 287,418,584 |
| Total GDS    | 143,709,292 |

## EQUITY PARTICIPATION AT IPO<sup>(1)</sup>



## SHAREHOLDER STRUCTURE

Numbers of Shares<sup>(4)</sup>

|                          |                    |
|--------------------------|--------------------|
| Controlling Shareholders | 204,030,277        |
| GS Unidos, LLC (RB)      | 25,156,869         |
| Free Float               | 58,231,488         |
| - International          | 29,460,064 (51%)   |
| - Local                  | 28,771,424 (49%)   |
| <b>TOTAL</b>             | <b>287,418,584</b> |

(1) Since the IPO, our shareholders and management acquired approximately 7.8 MM shares (13.7% of the free float).

(2) Controlling Shareholders: Ernestina H. de Noble, Héctor H. Magnetto, José Antonio Aranda and Lucio Rafael Pagliaro.

(3) GS Unidos, LLC, a company under the indirect control of The 1999 Ernestina Laura Herrera de Noble New York Trust, HHM Media New York Trust, The LRP New York Trust and José Antonio Aranda.

(4) As of March 9th, 2016.

salaries in different markets, the Company uses the services and reports of prestigious HR companies at the national and international level.

### ANNUAL SHAREHOLDERS' MEETING

Grupo Clarín held its Annual Ordinary Shareholders' Meeting on April 25, 2016. On this occasion, the shareholders reviewed and approved the accounting records for fiscal year No. 17 ended on December 31, 2015 and the performance and compensation of the members of the Board of Directors and the Supervisory Committee. Among other things, they elected the permanent members and alternate members of the Board of Directors and the Supervisory Committee for the year 2016. In addition, said Shareholders' Meeting approved the distribution of dividends in the amount of Ps. 300,000,000, payable as from May 12, 2016.

### DIVIDEND POLICY

Grupo Clarín 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, Grupo Clarín 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, Grupo Clarín 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), Grupo Clarín prepared the report for the year under analysis, which is attached as an exhibit to this annual report.





**CABLE TELEVISION,  
INTERNET ACCESS  
& TELEPHONY**

Grupo Clarín operates, through Cablevisión, one of the main regional cable television and broadband systems. This segment's revenues mainly derive from monthly subscriptions to cable television service and high-speed Internet access, through Fibertel. Its revenues also derive from connection and advertising charges, sales of premium and pay-per-view programming, digital packages, DVR, high definition (HD) signal packages, VOD (Video On Demand) services, the recently launched Flow services, and the magazine.

During 2016, Cablevisión acquired the mobile telephony operator Nextel, the fourth operator in terms of the number of customers in the Argentine market. Nextel is now a subsidiary of Cablevisión.

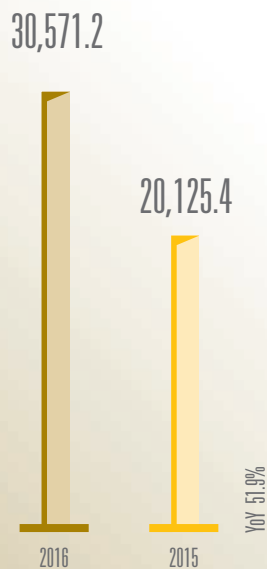
Out of Grupo Clarín's total sales in 2016, the Cable TV and Internet access segment was the Company's main revenue driver, with sales of Ps. 30,571 billion, considering intersegment sales.

## ADJUSTED EBITDA

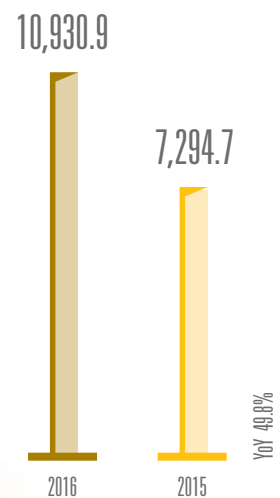
(In millions of Ps.)

## NET SALES

(In millions of Ps.)

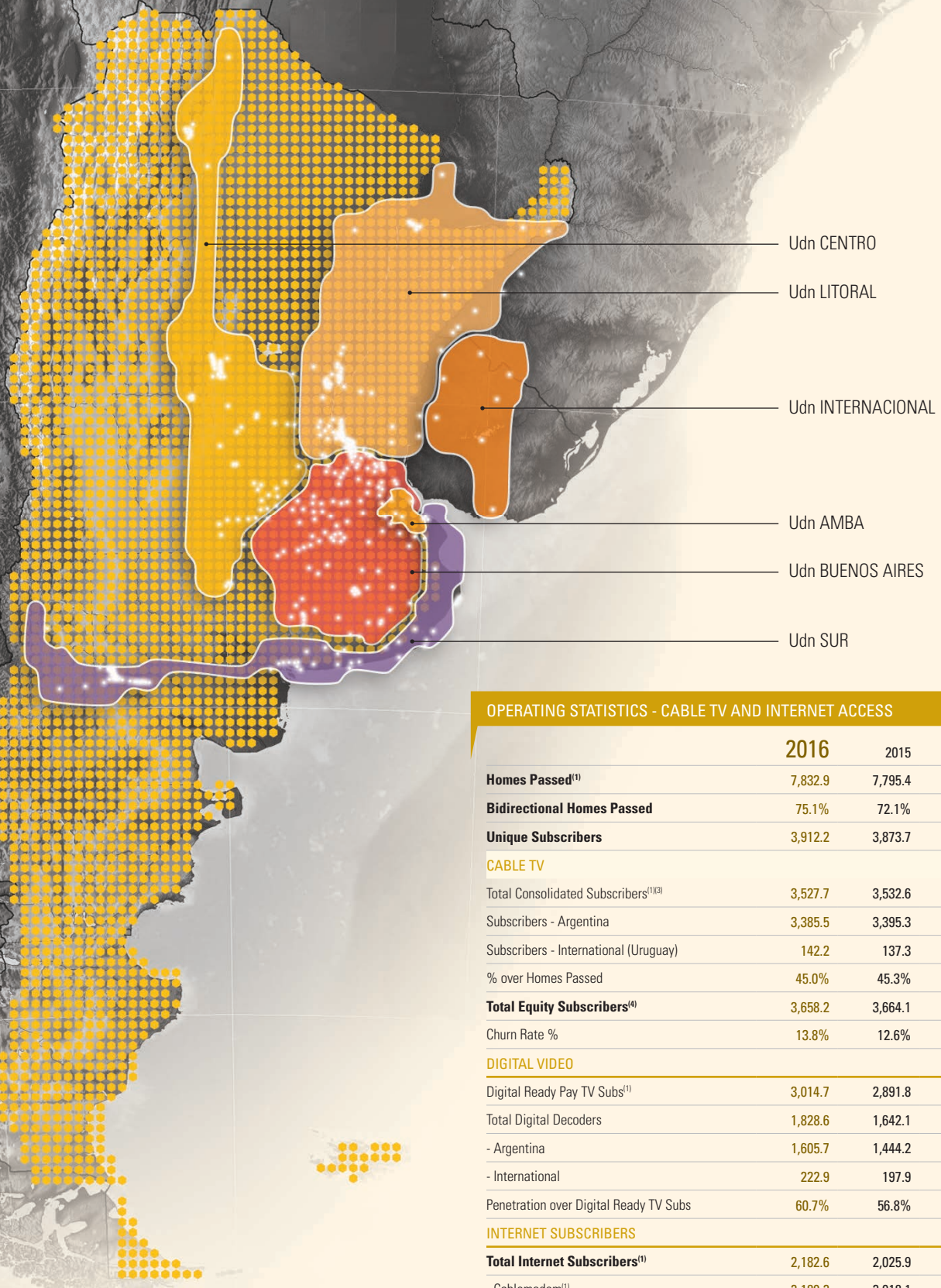


CABLE TELEVISION, INTERNET ACCESS AND TELEPHONY



CABLE TELEVISION, INTERNET ACCESS AND TELEPHONY





Udn CENTRO  
 Udn LITORAL  
 Udn INTERNACIONAL  
 Udn AMBA  
 Udn BUENOS AIRES  
 Udn SUR

**OPERATING STATISTICS - CABLE TV AND INTERNET ACCESS**

|  | 2016    | 2015    | YoY     |
|--|---------|---------|---------|
| <b>Homes Passed<sup>(1)</sup></b>                | 7,832.9 | 7,795.4 | 0.5%    |
| <b>Bidirectional Homes Passed</b>                | 75.1%   | 72.1%   | 4.2%    |
| <b>Unique Subscribers</b>                        | 3,912.2 | 3,873.7 | 1.0%    |
| <b>CABLE TV</b>                                  |         |         |         |
| Total Consolidated Subscribers <sup>(1)(3)</sup> | 3,527.7 | 3,532.6 | (0.1%)  |
| Subscribers - Argentina                          | 3,385.5 | 3,395.3 | (0.3%)  |
| Subscribers - International (Uruguay)            | 142.2   | 137.3   | 3.6%    |
| % over Homes Passed                              | 45.0%   | 45.3%   | (0.6%)  |
| <b>Total Equity Subscribers<sup>(4)</sup></b>    | 3,658.2 | 3,664.1 | (0.2%)  |
| Churn Rate %                                     | 13.8%   | 12.6%   | 9.1%    |
| <b>DIGITAL VIDEO</b>                             |         |         |         |
| Digital Ready Pay TV Subs <sup>(1)</sup>         | 3,014.7 | 2,891.8 | 4.2%    |
| Total Digital Decoders                           | 1,828.6 | 1,642.1 | 11.4%   |
| - Argentina                                      | 1,605.7 | 1,444.2 | 11.2%   |
| - International                                  | 222.9   | 197.9   | 12.6%   |
| Penetration over Digital Ready TV Subs           | 60.7%   | 56.8%   | 6.8%    |
| <b>INTERNET SUBSCRIBERS</b>                      |         |         |         |
| <b>Total Internet Subscribers<sup>(1)</sup></b>  | 2,182.6 | 2,025.9 | 7.7%    |
| - Cablemodem <sup>(1)</sup>                      | 2,180.2 | 2,018.1 | 8.0%    |
| - ADSL <sup>(1)</sup>                            | 2.42    | 3.3     | (26.7%) |
| - Dial Up <sup>(1)</sup>                         | 0.0     | 4.5     | (99.8%) |
| % over Bidirectional Homes Passed                | 36.0%   | 34.9%   | 3.2%    |
| <b>TOTAL ARPU<sup>(2)</sup></b>                  | 643.5   | 477.6   | 34.8%   |

**TELEPHONY**

|   | 2016  | 4Q16    | 3Q16  | QoQ    |
|---|-------|---------|-------|--------|
| <b>Mobile Postpaid Subs<sup>(1)</sup></b> | 730.9 | 7,795.4 | 807.5 | (9.5%) |
| <b>Postpaid ARPU<sup>(2)</sup></b>        | 243.0 | 72.1%   | 251.3 | 4.4%   |

(1) Figures in thousands.  
 (2) Net Sales / Average Pay TV Subscribers.  
 (3) Total subscribers consolidated following the same consolidation methods used in the financial statements as of each year end.  
 (4) Total subscribers considering the equity share in each subsidiary.



### CABLE TELEVISION AND INTERNET SERVICES

As of December 31, 2016, Cablevisión cable network passed through approximately 7.8 million households and provided a bi-directional broadband capacity of more than 750 MHz at approximately 77% of cabled households. Through these networks, it offers not only 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. In addition, through its subsidiary Telemás S.A., the Company provides services in Uruguay.

As of December 31, 2016, Cablevisión had 3,91 million customers in Argentina (2,19 million customers received broadband services, and 3,52 million, cable television), and 142,200 in Uruguay.

Cablevisión offers different services: A basic service that includes the main signals of the programming grid and also 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 offers the 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. In addition, as from 2015 and through its HD platform, Cablevisión has issued 3D events for the Premium HD service subscribers.

In November 2016, Cablevisión launched a new online 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. There functionalities are

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 strong investments, not only to develop the product, but also to adequate the Company's networks.

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 6-12 megabytes.

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.





## 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 printed 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 its customers.



## COMPETITION

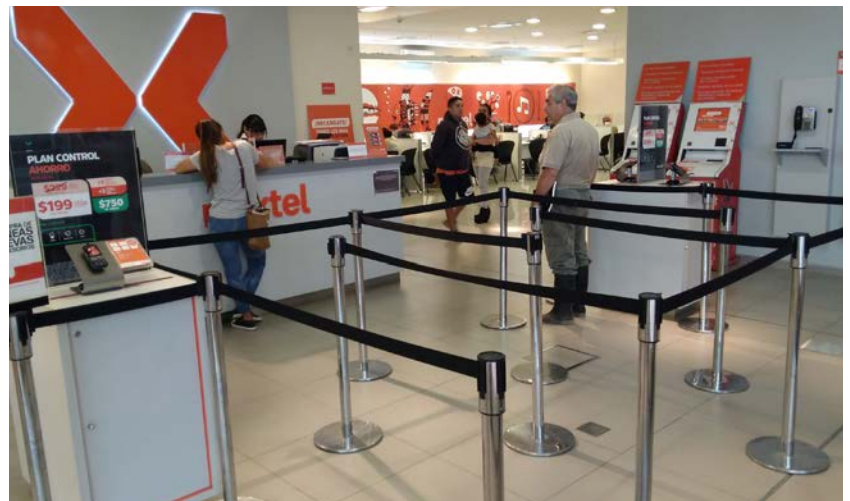
Cablevisión competes in the cable television segment against other cable television operators and providers of other television services. These services include direct, satellite and broadcast transmission. Given the fact that licenses are granted on a non-exclusive basis, Cablevisión's systems are frequently subject to overlapping of one or multiple competing cable networks, in addition to the satellite service that is available throughout the company's entire coverage area. It also competes with the free broadcasting services available in Argentina. In the AMBA region, these services primarily include four private television signals (one of them is controlled by Grupo Clarín) and their local affiliates and a national and public television signal. Additionally, with the aim of implementing the Argentine Terrestrial Digital TV System, the National Government handed out digital set-top units that allow free access to certain signals.

The Argentine cable television industry has more than 700 operators. The most significant competitors are Telecentro S.A. located in the AMBA region and DIRECTV that compete against Cablevisión nationwide. Cablevisión competes against Internet video streaming systems (Netflix, Arnet play and On Video), among others.

Cablevisión competes based on competitive prices, higher number of quality programs, a wide range of additional services, technological leadership and high customer service standards through its Contact Center.

Two other major competitors (Arnet and Speedy) in Argentina in the high-speed Internet access segment, is owned by one of the country's two fixed-telephony providers. These companies also render 3G and 4G services through their brands Personal and Movistar, respectively. Claro - which also provides 3G and 4G technology, offers high-speed Internet services through optical fiber in certain areas of the country.

As from January 1, 2018, all the operators will be able to compete freely in the 4 main businesses: Cable TV, broadband, fixed and mobile telephony services. In this way, the level of competitiveness will become more stringent and will provide new opportunities for Cablevisión and Nextel to increase the number of customers and its revenues.



## TELEPHONY

Grupo Clarín provides mobile telecommunications services 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, 2016, Nextel had a total of 1.1 million customers between the postpaid and prepaid segments.

Nextel is based in the City of Buenos Aires and has regional offices in the main cities of the country. Its coverage area includes the cities of Buenos Aires, Mar del Plata, Bahía Blanca, Córdoba, Rosario, San Luis, Santa Fe, San Juan and Mendoza, as well as the corridors among those cities and surroundings.

On September 11, 2015, Cablevisión acquired 49% of the capital stock of Nextel. On January 27, 2016, Cablevisión completed the acquisition of the remaining 51% of the membership interests of Nextel. On March 7, 2016, the ENACOM authorized the change of control of Nextel in favor of Cablevisión.

On June 22, 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 will allow Nextel to enhance its current services and incorporate new value-added services, such as wireless Internet with 4G technology.



**BROADCASTING  
AND PROGRAMMING**



Grupo Clarín is the leading company in the audiovisual broadcasting and programming segment. Through ARTEAR, it holds the license (LS85 TV Canal 13 Buenos Aires) to El Trece, one of the two largest broadcast television channels in Argentina, in terms of advertising share and audience share. It also has a presence in broadcast television stations in Córdoba (Telecor), Bahía Blanca (Telba), and Bariloche (Bariloche TV). Grupo Clarín also produces cable television signals.

Its audiovisual broadcasting and programming array includes agreements and equity interests

in the main television and film producers, such as Pol-ka Producciones, and Patagonik Film Group. Grupo Clarín also owns prominent radio stations, such as Mitre AM 790, La 100 (FM 99.9), both in Buenos Aires, and Mitre AM 810 in the province of Córdoba. Grupo Clarín also has a strong stake in sports commercialization and broadcasting rights, directly and through joint ventures.

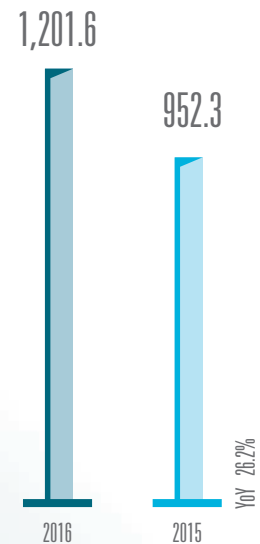
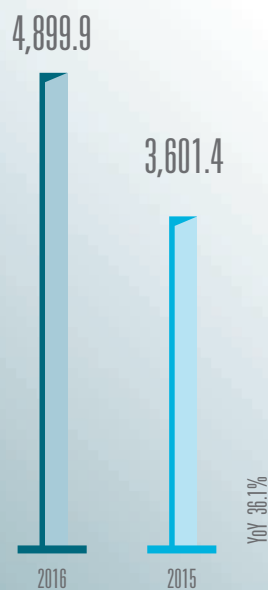
Out of Grupo Clarín's total sales in 2016, the Broadcasting and Programming segment accounted for Ps. 4,900 billion, taking into account intersegment sales.

## ADJUSTED EBITDA

(In millions of Ps.)

## NET SALES

(In millions of Ps.)



BROADCASTING AND PROGRAMMING

## ARTEAR

In a scenario marked by industry challenges and strong competition, ARTEAR was able to achieve its goals in 2016.

Total audience share for the year 2016 stood at 0.8% up on the previous year reaching 52.2 rating points. Cable TV drove that improvement with a 3.6% increase. Broadcast TV decreased by 3.9%. In terms of audience share, between broadcast television and cable television, the latter exceeds 50% with a current consumption of 51.6 rating points, 4.2% higher than the figures observed in 2015.

Telefe led audience ratings during 2016 in the Mondays through Sundays audience shares from 12 AM through 12 PM, with an annual average of 8,9 rating, El Trece followed its competitor close behind with 8,5 rating points, but leading prime time.

During 2016, El Trece combined news, fiction and entertainment programs. The highlights in terms of audience share were: ShowMatch (17.0), Periodismo para Todos (14.4) and Los ricos no piden permiso (13.3). In addition, football stood out as the event with the highest audience ratings of broadcast television.

The Company continued to produce journalistic contents. El Trece airs four daily news programs Mondays through Fridays: Arriba Argentinos,

Noticiero Trece, Telenoche and Síntesis. For many years now, they all stand out for their journalistic rigor and for the quality of its productions. Jorge Lanata and his team continued with Periodismo Para Todos, a weekly program that produces investigative journalism.

As to entertainment shows, the following stood out: the show ShowMatch, the fiction Los ricos no piden permiso produced by Pol-Ka, and Lunch and Dinner with Mirtha Legrand.

The signal TN, ARTEAR's news signal, once again lead audience ratings with an average of 2,56 rating points, thus reaching its maximum historic record high. The signal introduced several changes to its programming but without compromising the quality of its productions. The highlights were A Dos Voces, co-hosted by Edgardo Alfano and Marcelo Bonelli; Desde el Llano, hosted by Joaquín Morales Solá; Juego Limpio, hosted by Nelson Castro; TN Central; and Odisea Argentina, hosted by Carlos Pagni.

ARTEAR has informative and entertainment signals. The Spanish language music "Quiero Música en mi Idioma", was quick to lead audience ratings in the music genre. "Volver" offers the best of classic and vintage Argentine films and television shows. Magazine offers its in-house programs with broadcast TV technology.







**OPERATING STATISTICS - BROADCASTING AND PROGRAMMING**

|                                    | 2016  | 2015  | YoY    |
|------------------------------------|-------|-------|--------|
| Advertising Share % <sup>(1)</sup> | 39.5% | 32.0% | 1.3%   |
| Audience Share % <sup>(2)</sup>    |       |       |        |
| Prime Time                         | 34.8% | 37.3% | (6.8%) |
| Total Time                         | 32.0% | 30.4% | 5.0%   |

(1) Company estimate, over ad spend in Ps. In broadcast TV for AMBA region.

(2) Share of broadcast TV audience according to IBOPE for AMBA. PrimeTime is defined as Monday through Friday from 8 pm to 12 am.

Total Time is defined as Monday through Sunday from 12 pm to 12 am.





The sites El Trece, TN, Ciudad.com and FashionTV lead each of the categories to which they belong and its mobile applications, which offer multimedia contents, are the most downloaded applications in their respective categories. The social media accounts of ARTEAR's media are the most active ones, with the largest number of followers and with the highest interaction in the industry. TN news are read by more than 5 million people every day on its networks and more than 1 million users interact day after day through the respective profiles in the social networks of Ciudad.com. During 2016, the Company consolidated the migration of contents to mobile services and social media. Facebook became the main traffic driver. In addition, TN platforms were redesigned (web, web mobile and apps) with new advertising formats, rankings, and performance. ARTEAR also developed the first application of a Latin American TV channel for Apple TV.

The highlight of the year in terms of technology was the construction of a new production center. It is the most ambitious infrastructure project in the history of ARTEAR. This space adds 2,600 m2 to the building, with a 9-m height, over 300 m2 of glass walls, more than 200 workplaces, including video edit bays, conference rooms and common spaces. In addition, it extended the size of the

studios with a series of refurbishment projects. In this extended area, ARTEAR installed new sets. In 2016, Pol-Ka produced the daily fiction Los ricos no piden permiso for El Trece's prime time, starring Luciano Castro, Araceli González and Juan Darthés. More than 200 episodes were produced. It also produced the weekly single episodes Silencios de Familia starring Adrián Suar, Julieta Díaz and Florencia Bertotti, among others. ARTEAR launched the first of four fictions aimed at children and teens under an agreement of a co-production with Televisa Internacional, ARTEAR Love, Divina, which will be launched worldwide at the beginning of 2017.

Pol-Ka has set important goals to increase its leading position among the largest producers of the region.

ARTEAR controls Canal 12 of Córdoba, 6 of Bariloche and 7 of Bahía Blanca. All of those signals invest heavily in journalistic and entertainment contents. They have solid audience shares and a good outlook.

During 2016, Inversora de Eventos S.A. (IESA) exploited its two main businesses. On the one hand, the distribution of the signals El Trece Satelital, Quiero Música en mi Idioma, Magazine

and Volver, all of them until October 1, 2016. On the other hand, it continued with its activity related to the sports audiovisual contents through its companies Tele Red Imagen (holder of the signal TyC Sports), Television Satelital Codificada SA and Auto Sports S.A./ Carburando SA (motor racing). On August 19, 2016, IESA and ARTEAR executed a pre-spin-off-merger commitment whereby ARTEAR absorbed certain assets spun off from IESA's equity - the signals Quiero Música en Mi Idioma, Volver, Magazine and El Trece Satelital.





## RADIO MITRE

Mitre AM 790 focuses its programming on strong journalistic productions supported by the high credibility and professionalism of its team.

The first morning radio talk show is hosted by Marcelo Longobardi and the team of Cada Mañana from 6 AM through 10 AM. It has maintained its leadership since the first day and reached unprecedented peaks in audience share of more than 50 points, a record high for Radio Mitre. After that show, Radio Mitre airs Lanata sin Filtro from 10 AM through 2 PM, hosted by Jorge Lanata, Diego Leuco and a large team of specialists, which lead audience shares. The show can also be watched in high-definition at mitrehd.com.ar. In addition, in the afternoon slot (from 2 pm to 5 pm), Encendidos en tarde, hosted by María Isabel Sánchez, Rolo Villar and Tato Young, is a fun afternoon show that combines information, humor and interviews.

From 5 PM to 7 PM, Alfredo Leuco hosts Le Doy Mi Palabra. His editorials are very popular and his show achieved high audience levels during the year. Pensándolo Bien, hosted by Jorge Fernández Díaz, begins at 8 PM. It stands out for his committed editorials and a thorough analysis of reality.

On December 26, La 100 changed the programming of the morning slots. Santiago del Moro began hosting from 6 AM through 9 AM El Club del Moro, co-hosted by Maju Lozano.

La 100 closed the year 2016 leading audience shares. It combines famous artists and an ideal

mix of music and constant innovation. During the year, Guido Kaczka and Claudia Fontán continued to host the show No está todo dicho in the first slot. In the second morning slot, Lalo Mir continued to host his show Lalo por Hecho, from 9 am to 1 pm, co-hosted by Maju Lozano. Ronnie Arias hosts Sarasa, from 1 pm to 5 pm, a casual radio magazine with a fresh style. Afterwards, Sergio Lapegüe hosts Atardecer de un día agitado. The show Románticos, aired from 8 PM to 12 AM, ranked first or second in audience ratings within its time. In addition, La 100 hosts acoustic concerts with the most renowned musicians.

Cienradios is the most prominent on-line radio content platform in Latin America. It offers 500 playlists of all the singers and genres. Users can choose their favorite music and receive recommendations related to their preferences. It offers broadcast radio stations and has alliances with third parties.

Mitre AM 810 has consolidated itself in the province of Córdoba as the radio with the second highest audience share. With a permanent team in the city and its own news service, Mitre informa primero, Mitre AM 810 develops comprehensive coverage of news comprising Córdoba, Argentina and the world. Its programming includes hosts, such as, Jorge "Petete" Martínez, Rebeca Bortoletto, and Juan A. Mateyko.





**PRINTING &  
PUBLISHING**



Grupo Clarín, through Arte Gráfico Editorial Argentino S.A. ("AGEA"), is the main newspaper publisher in Argentina and one of the most prominent editorial content producers in Latin America.

Out of Grupo Clarín's total sales in 2016, the Printing and Publishing segment accounted for Ps. 5,776 billion, considering intersegment sales. This segment derives revenues primarily from the sale of advertising, newspaper copies and magazines and optional products.

### ARTE GRÁFICO EDITORIAL ARGENTINO

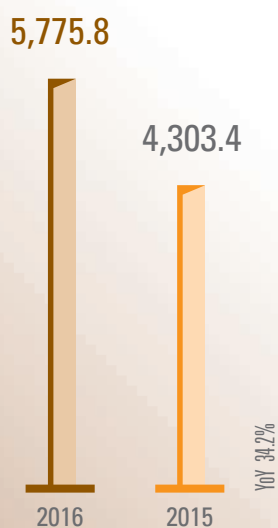
Arte Gráfico Editorial Argentino S.A. (AGEA) publishes three national newspapers. In the first place, AGEA publishes Clarín, the flagship Argentine newspaper and one of the most important in terms of circulation in the Spanish-

speaking world. Olé, founded in 1996, the first and only sports newspaper of its kind in the Argentine market. And Diario La Razón, a pioneer in the free newspaper segment. It also publishes regional newspapers. In addition, it publishes Genios, a very popular magazine among schoolchildren; Jardín de Genios, aimed at children between 2 and 5 years of age that comes with a supplement for parents; Ñ, a cultural magazine; Revista Pymes, aimed at small- and medium-sized businesses; and Diario de Arquitectura, aimed at the construction world, architects, designers and building contractors, and Revista Rural aimed at the agricultural sector, among other products.

AGEA has a strong presence in the on-line classified ads segment through vertical sites, including Autos, Inmuebles y Empleos and in the Internet content market through its websites clarin.com, ole.com.ar and entremujeres.com.

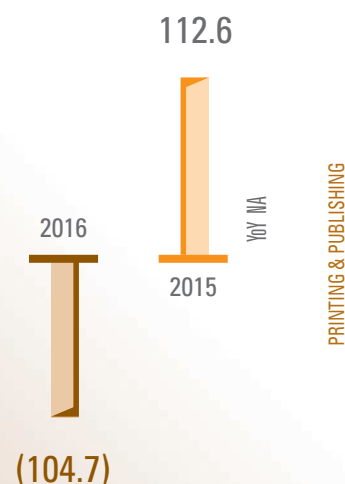
## NET SALES

(In millions of Ps.)



## ADJUSTED EBITDA

(In millions of Ps.)



## DIARIO CLARÍN

With a long-standing journalistic and commercial leadership consolidated over its 72-year track record, Clarín is the most prominent Argentine newspaper in terms of outreach to its readers, circulation and advertising.

The success of its prestigious editorial line lies in its identification with the interests, needs and emotions of its audience through a plural and independent journalistic style.







During 2016, Clarín engaged in a significant redesign of its printed newspaper. It created a new section called Spot published from Mondays through Fridays with show business, culture and trends news. The Sunday edition offers the new Economic supplement. Clarín created a multi-platform newsroom that works simultaneously for the different versions of the newspaper -printed version, mobile and web-. All of its journalists work for all the platforms, seeking to maintain its leadership in the printing, digital and mobile markets.

During the year, Diario Clarín's daily average sales stood at 209,000 copies. Its circulation is 1.5 higher than its closest competitor, while Sunday's sales stood at 480,000 daily copies. This places Clarín among the major Sunday newspapers of the world. Clarín has a 40.9% share of the newspaper market in the City of Buenos Aires and the Greater Buenos Aires area, and a 24.9% share at a national level. Having its own printing facilities is a very important competitive advantage.

The Zepita facility, located in the City of Buenos

Aires, has a surface area of 35,000 m2 and capacity to store 12,000 tons of newsprint. It has five Goss Metrocolor rotary offset printing presses that enable it to print 300,000 copies of 80 full-color pages per hour. AGL's printing facility, located in the province of Santa Fe, has a surface area of 3,000 m2 and has a Goss Uniliner rotary offset printing press which enables it to print 40,000 copies per hour. The entire production process is developed in accordance with leading industrial criteria -such as computer to plate (CTP)- and environment preservation standards, such as, ISO 14001.

Clarín 365, is a readers club created in 2010 to build loyalty among readers and to reinforce its close bond with them, as well as to retain circulation. 397,000 subscribers enjoy a program that offers discounts, promotions and benefits in more than 1,200 brands and 5.2 thousand stores nationwide. The year 2016 was pivotal for Clarín 365: It became the leading benefits program both in terms of the use of the card and in terms of the number of subscribers.



| OPERATING STATISTICS - PRINTING AND PUBLISHING |       |       |        |
|--|-------|-------|--------|
|  | 2016  | 2015  | YoY    |
| Circulation <sup>(1)</sup>                     | 237.1 | 261.7 | (9.4%) |
| Circulation share % <sup>(2)</sup>             | 40.9% | 39.4% | 3.7%   |
| Advertising share % <sup>(3)</sup>             | 52.6% | 51.2% | 2.8%   |

(1) Average number of copies according to IVC (including Diario Clarín and Olé)  
 (2) Share in Buenos Aires and Greater Buenos Aires Area (AMBA) Diario Clarín. Source: AGEA and IVC.  
 (3) Share in Buenos Aires and Greater Buenos Aires Area (AMBA) Diario Clarín. Source: Monitor de Medios Publicitarios S.A.



## PRODUCTS

The basic offer of the newspaper is comprised by the main body and its Spot, Sports and Classified ads supplements. Weekly supplements, such as, Rural, Countries, Económico, Autos, Viajes and New York Times, make Diario Clarín one of the most comprehensive newspapers in the market.

As from January 28, the Company reorganized the structure of the regional newspapers, from 9 to 8 weekly newspapers. La Matanza regional newspaper is now part of the Morón / Ituzaingó / Hurlingham regional newspaper. These regional newspapers maintain the concept of proximity and symmetry with their readers. The product continues to support, in terms of circulation, the Thursdays' edition of the newspaper in several locations of the surrounding areas of the City of Buenos Aires.

In 2016, Diario Clarín's sports section covered both in the print and in the digital formats the most prominent sports events.

Diario Clarín's Economic Supplement offers its readers a thorough analysis of the economy, the secrets of leading companies, personal finances, marketing and labor market with valuable information, easy-reading texts and the opinion of national and international prestigious columnists. The Rural supplement is a management tool for the production sector. It offers all the information about agricultural businesses. It is published once a week and has a digital platform. The Company was present in 2016 Expoagro, the agro-industrial fair which is held every year in March.

Clarín constantly keeps up to date and offers a wide range of editorial products together with the core product. The following are among the most prominent collectible products for the period: "Las 100 mejores obras de pintura", "Tejidos", "Running II", "Bodegones", "Jardinería", "Neurociencia", "Ingles", "Mandalas", "Matemática en casa", "Tolkien", "Sandro", "Paul Auster", among others.







## MAGAZINES

During 2016, the cultural Magazine Ñ, together with Clarín, was the sponsor and main supporter of the Buenos Aires Book Fair. With a stand that renewed its stake, it offered cultural contents, artistic events, reading spaces, talks, debates and workshops. Along the year, it sponsored and supported several cultural events in the country. Through the Premio Clarín Novela, Magazine Ñ promotes the production and publishing of literary fiction in Spanish language.

Since 2002, Diario de Arquitectura has been published every Tuesday and offers professionals a benchmark editorial product. It develops optional supplements, which are highly valued by its readers. It covers the most important events such as Casa Foa and the Ibero-American Biennial of Architecture. This year, it launched products such as “MAS Casas de verano”, “MAS Hoteles” and “DNI”.

Revista ELLE is a high-end magazine for women focused on fashion and beauty. It was incorporated in 1994 to AGEA's product portfolio and in 2016 it sold more than 25,000 copies per month countrywide.

Tiki Tiki, published every other week, has an empathetic approach and provides all the relevant information for children. It is aimed at children aged 7 through 14 and offers information, fun and entertainment.

The graphic characteristics and appearance of the Magazine Shop & Co make it one of the top-of-the-line women magazines with the features of a consumption magazine. It offers several productions to guide and facilitate monthly purchase decisions regarding several items such

as clothing, makeup and beauty, technology, automobiles, leisure and decoration.

The magazine Genios, published once a week, continued to provide education and entertainment for children with a clear and up-to-date language. In 2016, its average sales exceeded 36,000 copies. The monthly edition of Jardín de Genios maintained its leadership in the category children's magazine with over 52,000 copies sold. The magazine Clarín Rural -published every two months- offers all the necessary keys to embark on agricultural projects. It publishes thorough articles, advice from specialists, training offerings and innovation for the agricultural sector, as well as contents related to livestock, dairy, machinery and technology applied to the production in the countryside.

## OTHER NEWSPAPERS

The newspaper La Razón is the first ever free newspaper. It is mainly distributed in the public transportation network of the City of Buenos Aires. It is also distributed in more than 200 locations including universities, hotels, coffee shops and through an exclusive mailing to opinion leaders.

Diario Olé is the first and only sports newspaper in Argentina. Since its launch in 1996, it has been a benchmark in sports information. Its editorial offering provides the most comprehensive and full coverage of football and other sports like tennis, basketball, rugby and motor racing. In 2016, Olé celebrated its 20th anniversary, with an annual sales average of 25,000 daily copies and consolidating itself as a leader in its digital version -[www.ole.com.ar](http://www.ole.com.ar)- and applications for mobile devices.





## INTERNET BUSINESS

Clarín has a strong share in every large social platform and all of its products follow an innovative communication strategy. In this way, it has achieved a leading position in social media journalism.

Clarín.com addresses the significant changes derived from the Internet in the way people consume news and information. The website, with a large display of images, sections and a structure that reconfigures the traditional news categories, is constantly updated through an integrated newsroom. In addition, Clarín.com has several versions for mobile devices through web applications that allow users of mobile phones and tablets, with any operating system, to access the site.

During 2016, Clarín continued to work on the access to the web version through a user registration system in order to provide a better service and generate greater interaction with the reader. As of November 2016, the number of people registered reached 1.1 million. Clarín.com

is still the news site with the highest market share in Latin America with 31 million unique visitors and more than 394 million page views per month.

The Electronic Edition faithfully reproduces the design of the printed newspaper, with the same design, photos, infographics and ads, exploiting the benefits of digital technology. The service is offered under a subscription program through its web site.

With its sites "Deautos", "Argenprop" and "Empleos Clarín"; the company has a strong presence in the on-line classified ads for cars, real estate and jobs.

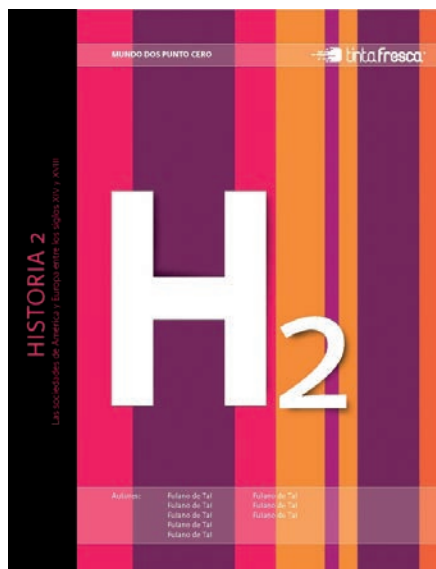
On the other hand, Entremujeres.com had over 3.8 million unique users, thus becoming the most visited website aimed at women, with a leading position in its segment.

Extrashow! was created with the redesign of Clarín.com, with a new way of working and generating an average of over 30 million page views in 2016. It offers contents focused on its users so that they may enjoy the best information related to show business.

todoviajes.com ended the year with over 1.2 million unique visits over the last months.

El Gran DT is the most popular game in Argentina and has engaged 5.5 million people in its 17 editions. Each on-line edition engages more than 500,000 participants who have the chance to build their fantasy teams and win prizes.





### TINTA FRESCA

Tinta Fresca Ediciones S.A. is an Argentine publishing company that was founded in 2004 and is engaged in textbook publishing for all stages of the Argentine education system. Tinta Fresca seeks to place books at the heart of the teaching and learning processes and have teachers and students use them as an effective and updated learning tool. In addition, apart from textbooks, the editorial offers a broad range of publications aimed at teachers and learners, such as children and youth literature, dictionaries and reference books. Since its foundation, Tinta Fresca has published more than 390 titles.

The Digital Development Unit, created in 2011, seeks to engage in the several modalities in which Information Technology and Communications will be introduced in the classrooms and in the education system in general. This allowed for the development and launch of the first digital books for secondary education. They are sold at Bajalibros.com. The Company has also developed a new on-line sale channel.

Ríos de Tinta, founded in Mexico in 2007, in association with the Mexican group MILENIO, offered 14 titles for public schools and 16 titles for private schools during 2016. During 2016, the company strove to increase the number of titles for private schools with language books.

### ARTES GRÁFICAS RIOPLATENSE

Artes Gráficas Rioplatense S.A. (AGR) is a comprehensive printing production company that was founded in 1976. During its first three decades, it increased its production capacity and, through investments in modern technologies, it widened the variety of products it prints. Over the last ten years, upon the huge changes in consumption patterns derived from the emergence of new technologies, AGR's traditional business has shrunk while the variable printing, distribution and logistics segments have grown and have higher future prospects.

AGR complies with international quality and services standards and achieved ISO 9000, 14000 and FSC (Forest Stewardship Council) certifications.

During 2016, and in line with a lower level of economic activity as a whole, deliveries showed a generalized drop in all of AGR's product lines. The traditional graphic sector has been competing for many years now with the new technologies and means of communication (digital platforms), for which the large print runs are being replaced by more segmented and specific publications.

Therefore, and due to the strong reconfiguration of the commercial printing sector, a global phenomenon that also takes place in Argentina, at the beginning of 2017 AGR had to restructure its activities. On January 16, AGR announced that it had ceased to operate its printing facility located in the neighborhood of Pompeya, which was engaged in the mass commercial printing business.

Over the last years, AGR has unsuccessfully attempted to explore new ways of mitigating the effects of the drop in mass commercial printing, and preserve, at least partially, the sustainability of the Pompeya facility. Unfortunately, the huge challenge entailed by this change in the industry (now focused on segmented, personalized and distributed printing) was not supported by the delegates internal commission, which systematically rejected all the proposals made by that company.

In the morning of January 16, a group of approximately 40 people, including the members of said internal commission, broke into the Pompeya facility, breaking entrance doors, windows, furniture and security cameras, and violently removed the employees that were inside the facility. As of the date of issuance of this Annual Report, many of them were still at the facility, although the great majority of the employees (80%) had already agreed on their redundancy and collected their severance payments.



## IMPRIPOST

Impripost Tecnologías S.A. is a company mainly engaged in production and variable printing, including invoices, advertising brochures, forms, labels and cards. It also provides envelope-stuffing services. Today, it is one of the main companies in the market of variable data printing and finishing in large volumes.

During 2016, Impripost gained new customers with different needs and proposals. It also continued to render document digitalization services with very good results and a growing customer base.

## CÚSPIDE

CÚSPIDE is a company engaged in the distribution of books. Today, it has two business areas: A retail business area, with 30 branches located throughout the country; and a wholesale distribution business area. The wholesale area serves more than 1,500 customers. Cuspide.com leads the on-line bookstore market in Argentina.

During 2016, it opened a new branch in the city of Santiago del Estero and launched two new ventures in the summer season in the cities of Mar del Plata and Cariló. By mid-December, that company opened the first Cúspide franchise in the City of La Plata.

## UNIR

UNIR S.A. is a company engaged in mail reception, classification, scheduling, transportation, warehouse, logistics, distribution, and delivery services throughout the country, in all product categories.

UNIR has its own distribution network in the City of Buenos Aires and its surrounding areas. The rest of the country is served through agreements with other companies.

It works together with Artes Gráficas Rioplatense and Impripost, both subsidiaries of Grupo Clarín, which allows UNIR to complete the process ranging from the printing of invoices and brochures to the delivery to the final consumer. During this year, the logistics unit has increased its share in the general business.

During 2016, UNIR increased its total sales by 86%. During this year, UNIR S.A. increased its storage capacity by incorporating a 2,500 m2 warehouse in the City of Córdoba.

## CIMECO

CIMECO S.A. was organized in 1997 with the aim of acquiring equity interests in Argentine and foreign newspapers, seeking to preserve the

regional journalism industry, blending experience, synergy and economies of scale, and preserving its editorial principles. CIMECO holds a majority interest in two of the three largest regional newspapers in Argentina: La Voz del Interior (Córdoba) and Los Andes (Mendoza).

La Voz del Interior S.A. leads the printed and digital market in the central region of the country. Its two printed newspapers, La Voz del Interior and Día a Día, have a significant market share in the province of Córdoba.

During this year, CIMECO focused on redesigning all of its editorial products. It has been the most significant change of format for La Voz del Interior since it was founded in 1904. It used to be a broadsheet newspaper and now it is a long tabloid. The change was well received among its readers.

The redesign was more than just a cosmetic one: The goal was a change of focus giving more depth to the contents and supplement those contents with the information published in other journalistic platforms. In addition, La Voz made a comprehensive redesign of its news sites. This was very well received by its readers and there was a 12% growth in the traffic from desktop computers and 30% from mobile sites, with higher figures in social networks.

Club La Voz, the benefit and subscription sales club, recorded a strong growth. 35% of the total newspaper sales during 2016 were sold through this subscription system.

Los Andes newspaper has been reporting Mendoza's news since 1882. In that year, the Calle family founded one of the oldest journalistic companies in the country. Los Andes is a benchmark brand in its market.

During 2016, Los Andes also worked on the redesign of its printed version, which was well received among its readers. Los Andes Pass, the newspaper's loyalty program, recorded a 18.7% increase as compared to 2015. In addition, the newspaper participated actively in all the important provincial events and focused on the growth of its on-line version and on increasing the value-added products that are sold with the newspaper.





### COMERCIALIZADORA DE MEDIOS DEL INTERIOR S.A.

During 2016, Comercializadora de Medios del Interior S.A. (CMI) continued to consolidate itself as the major advertising selling network in the interior of the country. During this year, the Company intensified the adaptation of its traditional businesses to the new technologies preserving its profitability model.

The site Rumbos, a little more than three years after being launched, had more than 580,000 unique visitors, registering an 81% increase in the last twelve months. Revenues from CMI's digital activities accounted for 16% of its aggregate advertising revenues. Rumbos magazine, which celebrated its 13th anniversary in the market, is one of its remarkable products, and consolidated as the leading Sunday magazine in the provinces in terms of the volume and quality of units sold.

### PAPEL PRENSA

Papel Prensa S.A.I.C.F. y de M. is the first producer of newsprint that is wholly owned by Argentine capital. It started its operations in 1978 and is currently Argentina's major producer. As of December 31, 2016, the shareholders of Papel Prensa were AGEA (37%), CIMECO (12%), S.A. La Nación (22.5%), the Argentine federal government (27.5%), and other minor investors (1%).





DIGITAL CONTENT  
& OTHERS

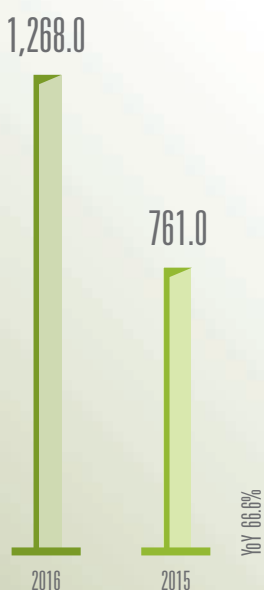
Revenues in this segment are derived from the sale of advertising on some Internet web sites and portals and the provision of administrative and corporate services by Grupo Clarín and its subsidiary GC Gestión Compartida S.A. ("GCGC") to third parties and other subsidiaries. They

also include digital content production through Compañía de Medios Digitales S.A. ("CMD").

Out of Grupo Clarín's total sales in 2016, this segment accounted for Ps. 1,268 billion, taking into account intersegment sales.

### NET SALES

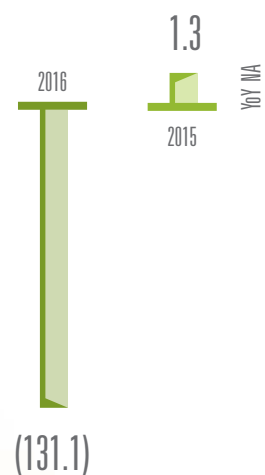
(In millions of Ps.)



BROADCASTING AND PROGRAMMING

### ADJUSTED EBITDA

(In millions of Ps.)



BROADCASTING AND PROGRAMMING





## DIGITAL CONTENT

CMD holds a 93.32% equity interest in Interwa S.A., a company dedicated to the creation and maintenance of tourism web sites. In addition, through its 51% interest in Clawi S.A., it develops Mundo Gaturro, a successful on-line game, which has become the largest on-line community of children in Argentine history with more than 12 million registered users and more than 1.3 million children playing each month. It continued with its expansion process to other countries and increased traffic in Chile, Peru, Mexico, Colombia and Spain. During 2015, the company launched Mundo Gaturro App, which allows users to switch

from their computers to their mobile devices. This project was fully developed in-company.

Tecdia S.A., in which CMD holds a 97.93% interest, is fully engaged in e-business development, with a special focus on tourism platforms and on the digital photo development business.

QB9 S.A. is a leading company engaged in the development of casual video games in Latin America, with a team of professionals that design and produce on-line games, as well as desktop, PSP and iOS games.

Electropuntonet S.A. is the first Argentine company that sells 100% of its home appliance products online (Pure Player). Its website offers its customers mechanisms to purchase, securely pay and receive their products. In addition, Electropuntonet acquired in 2016 certain assets of Meroli S.A., a renowned chain of the province of Córdoba specialized in the off-line sale of home appliances. This allows it to manage and consolidate the exploitation and engage in a change of scale in that business niche.

### OPERATING STATISTICS - DIGITAL CONTENT AND OTHERS

|                                | 2016  | 2015  | YoY    |
|--------------------------------|-------|-------|--------|
| Page Views <sup>(1)</sup>      | 895.8 | 783.9 | 14.3%  |
| Unique Visitors <sup>(1)</sup> | 64.5  | 65.1  | (0.9%) |

(1) In millions. Average. Source IAB and Company Estimates.



- ArgenProp
- Buscainmueble
- Canal 13
- Clasificados
- Clarín.com
- Cienradios
- Ciudad
- Clarín Blogs
- ClubCupón
- Confronte
- De Autos
- De Motos
- Entremujeres
- Espectáculos
- Genios
- Guía de la Industria
- Grupo Clarín
- iEco
- Imagená
- Interpatagonia
- La Razón
- Más Oportunidades
- Mundo Gaturro
- Nimbuzz
- Mublet
- Olé
- Quieromimúsica
- Revista Ñ
- Shop1
- Tangocity
- Tipete
- TN
- TN y la Gente
- Toda Pasión
- T&C Sports
- Ubbi
- Vía Restó
- Yuisy
- VXV
- Welcome Argentina











### OTHER SERVICES

Gestión Compartida is a company engaged in providing comprehensive solutions to meet the management and operational needs of companies, which allows its customers to focus their efforts and resources on the activities that represent their core business. Each area has professional and technological resources and operates in Argentina and several countries of South America, with a working team of more than 500 professionals.

The company has internal quality and process areas focused on systematically identifying opportunities for improvement in the services we provide.

### FERIAS Y EXPOSICIONES ARGENTINAS

Ferias y Exposiciones Argentinas S.A. (FEASA) is mainly engaged in the organization of events, conferences and fairs. Since 2007, Ferias y Exposiciones Argentinas has been mainly engaged in the organization of Caminos y Sabores, a fair intended to foster Argentina's gastronomy and handicrafts and to promote the region's major tourist destinations. Caminos y Sabores has consolidated itself as one of the fastest growing

fairs. This year, the twelfth edition was held in July at La Rural, with the participation of more than 400 stands and 70,000 visitors.

In 2012, FEASA executed an agreement with S.A. La Nación for the creation of a joint venture (UTE, for its Spanish acronym) to organize Expoagro, the annual outdoor agro-industrial fair, gathering agricultural producers from Latin America and highlights the production potential of Argentina. Hundreds of agricultural state-of-the-art machines and equipment are tested at the fair. In 2016, the 10th edition of this fair was organized in the City of Ramallo revalidating its position as the main Argentine agricultural exhibition in a natural environment.

Created in 2015, Exponenciar S.A.'s main shareholders are Ferias y Exposiciones Argentinas S.A. and Publirevistas S.A., with equal equity interests, and it is mainly engaged in the organization of Expoagro. The fair will be held once a year in the City of San Nicolás at a fixed location for 15 years.







**CORPORATE  
RESPONSIBILITY AND  
SUSTAINABILITY**

## OUR COMMITMENT

Since our foundation, Grupo Clarín has been aware of its social responsibility as a company and as media. Its commitment to society is an inherent part of Grupo Clarín's activities and is reflected in its vision and statement of principles.

Grupo Clarín's media and journalists work day after day towards fulfilling and consolidating the citizens' right to information, fulfilling its duty to inform with honesty and accuracy and combining high credibility with a comprehensive journalistic and entertainment offering, based on a deep knowledge of the audience. The Company has established multiple channels for communicating and interacting with its different stakeholders in order to respond to their expectations and boost the positive impacts of its initiatives.

### TRANSPARENCY, STANDARDS AND GUIDELINES

Grupo Clarín's values and principles are outlined in the Company's Code of Ethics and in the Guía para la Acción, a document that proposes models for management, organization and roles, and outlines Grupo Clarín's policies and procedures concerning labor, the environment and human rights.

Style guides, ethics manuals and news coverage guidelines, including internal rules and commitments to journalistic quality and journalist responsibility,

are the guiding principles of the several activities developed by news and entertainment companies.

During 2016, the Company implemented the main pillars of its Social Corporate Responsibility and Sustainability Policy in order to extend best practices and set common goals within the organization and its subsidiaries.

Since 2004, the Company has adhered to the United Nations Global Compact in order to systematically address the 10 guiding principles to sustainable management.

In 2016, the Company issued its first Sustainability Report. This was the first report issued by a journalistic company in Argentina, which gives Grupo Clarín a leading position in its sector. The report reflects the Group's environmental, social and economic performance and followed the guidelines of the Global Compact, the Global Reporting Initiative (GRI) G4 Guide and its Media Sector Supplement. The Company identified its contribution to the 17 Sustainable Development Goals set by the United Nations and used the ISO 26,000 Social Responsibility International Standard to integrate social responsibility into its management. In order to identify the most relevant issues to its business and to its stakeholders, it followed the AccountAbility 1000:AA1000SES Stakeholder Engagement Standard. The material indicators were verified by an external independent auditor.





## INDEPENDENCE AND TRANSPARENCY

Independence is at the core of Grupo Clarín as a guarantee of the freedom to exercise the journalistic role of its media in the Argentine democracy. Independence is also an assumed responsibility, a way of exercising and guaranteeing rights and a view of sustainability from the Company's standpoint.

Independence requires transparency. Hence, the information about Grupo Clarín and its subsidiaries, media, shareholders, activities, revenues and investments is public and is available at its web site, at the web site of the Argentine Securities Commission (Comisión Nacional de Valores), and at the diverse communication channels with the public, audiences and readers. In this regard, the Company stands out in an environment where most Argentine media companies fail to publicly disclose their financial statements, the sources of their revenues, and in some cases, fail to reveal the identity of their respective owners.

Advertising is one of the sources of revenues of the media. Historically, due to the scale and diversity of Grupo Clarín's revenues, the relative significance of official advertising revenues and individual advertisers has always been limited with respect to the Company's total sales. This contributes to generate conditions that allowed the Company to inform without any conditioning factors.

Business and editorial functions are clearly separated at Grupo Clarín's media. Special emphasis is placed on the fact that journalists are completely detached from the sale of advertising so as to allow for the exercise of journalism, free of any conditioning factor. In addition, Grupo Clarín's media specifically focus on the distinction between advertising and editorial space.



## INFORMATION ON SUSTAINABILITY

In line with its Social Corporate Responsibility and Sustainability Policy, Grupo Clarín identifies the material aspects of its activities following international social responsibility standards applicable to the media, particularly, the GRI's guidelines, and in accordance with the expectations of its multiple stakeholders.

As to the scope of the information provided in this section, labor indicators include all of Grupo Clarín's subsidiaries, pursuant to the accounting criteria followed in the financial statements presented together with this Annual Report, with the addition of Trisa S.A. Environmental performance refers to production or scale operations in which disclosing this kind

of information is material. Those indicators may present differences against previous periods, since the current year includes NEXTEL's operations. Similarly, some content-related indicators are exclusively applied to subsidiaries engaged in journalistic or entertainment broadcasting and programming activities. As to other indicators, for instance, those related to certain community engagement programs of Grupo Clarín or its subsidiaries that require comprehensive and detailed impact assessments, the information provided is mostly related to the core of the activities inherent to the Metropolitan Area of Buenos Aires, due to the complexity and extension of the processes involved in reviewing and verifying periodic information.

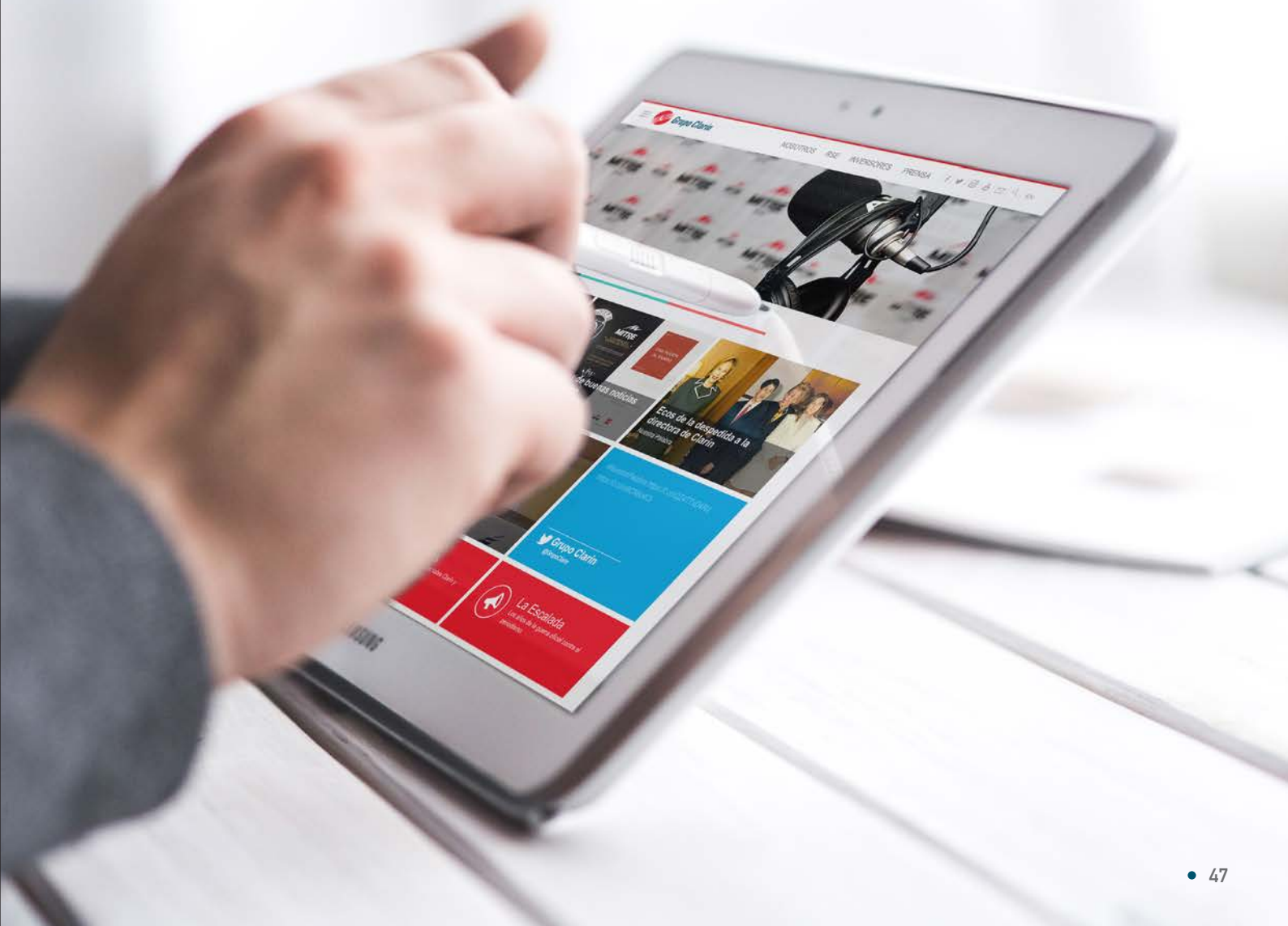
## THE VOICE OF THE PEOPLE

Grupo Clarín's media companies have assumed a long-standing commitment to audiences and readers. Grupo Clarín's sustained leadership and the privileged position of its products as the people's preferred choice are attributable to its ability to anticipate trends and its vast knowledge of media consumption trends, paired with its capacity to understand their needs and meet their requirements.

Grupo Clarín's media foster the interaction with its public and audiences, enhancing listening and discussion channels and tools. Applications, social networks, letters from the readers, surveys, contests, spaces for opinion, suggestions and comments are expressed through multiple open spaces for content created by the people and for the free expression of the entire diverse and plural society.

During this period, at a corporate level, Grupo Clarín also offered multiple communication and interaction channels to discuss specific institutional issues, such as weekly newsletters and websites and social networks, in order to share the latest updates with accuracy and transparency.

Grupo Clarín also intends to give a voice to small communities and to foster the development of local content. Through the program Somos, Cablevisión and ARTEAR have been working together in order to take part in the gradual renewal of TV signals and local news programs in many locations of Argentina. To date, the program has 37 Somos signals. The program is based on the concepts of access to information and cultural proximity with the people, and introduces state-of-the-art technology and ongoing training to improve local coverage and develop local talents.







## SOCIAL AND SUSTAINABILITY COVERAGE

Grupo Clarín sets goals to guarantee the quality and pluralism of its contents. Grupo Clarín's newspapers and news programs offer comprehensive coverage of news and relevant social and environmental issues. They also have a long-standing and respected reputation for journalistic research.

Special supplements, experts' and scholars' opinions, on-site news coverage, journalistic talent and the quality of the images and infographics complete the broad variety of issues addressed by Grupo Clarín. These include health, consumption and development, science, education and preservation.

Acknowledging the importance of reflecting diversity, fostering social justice, protecting the youth, encouraging minority recognition and avoiding discrimination on the basis of race and gender are key actions to create content in the media in a responsible fashion.

An example of this commitment is the value provided to the coverage of social issues, such as the program aired during 2016, *Esta es mi villa*,

by Todo Noticias. Clarín.com promoted *El Otro, el Mismo*, a blog aimed at the inclusion of people with disabilities, developed in association with the Universidad Católica Argentina and social organizations.

Also during this period, Grupo Clarín published the supplement *Gestión Sustentable* (Sustainable Management), together with *Diario La Razón*, to make readers think about the most prominent issues of the sustainable development global agenda and to report on social and environmental responsibility actions carried out by companies and organizations of the civil society.

In this regard, the *Calendario del Compromiso con la Comunidad* (Calendar of Commitment to the Community) was published for the eleventh consecutive year in *Revista Viva*. This is a weekly section sponsored by Clarín, the Noble Foundation and *Red Solidaria* that provides an overview of the social challenges Argentina currently faces, with an emphasis on the potential positive effect that contributions made by individuals and the organizations of the civil society may have in addressing such challenges.



## CIVIC INVOLVEMENT AND CONTRIBUTION TO DEVELOPMENT

Grupo Clarín seeks permanently to improve its role in the promotion of the public debate by fostering individual involvement and further describing the social, economic and environmental challenges faced by society with diversity of opinion.

During each day of September 2016, as an initiative of Fundación Noble, Diario Clarín published *Hay un solo camino, la educación*, a page solely dedicated to the analysis and debate of the main challenges faced by the Argentine education system. The proposal sought to raise awareness and create reviews to address all aspects of education.

In addition, the Company held the *Innovación educativa para la sociedad del conocimiento* conference with over 300 attendees and presentations made by six ministers of education, international experts and local referents.

During 2016, the Company also focused on the contributions to sustainability made by the country and the region building upon social innovation and the promotion of entrepreneurs. In November, Diario Clarín issued a special supplement in

alliance with the Inter-American Development Bank. The supplement covered the project contests made at the event *Idear Soluciones para Mejorar Vidas*, hosted at La Usina del Arte. It reflected innovative solutions to address persistent issues in the region in the health, water and sanitation areas. In addition, the Company promoted *We Exchange*, an initiative that seeks to empower female entrepreneurs.

The Company also sought to foster values, such as solidarity and community commitment. Through ARTEAR, in 2016 the Company launched a new edition of *Abanderados de la Argentina Solidaria*, an award that recognizes the work— that would otherwise go unnoticed— done by social entrepreneurs and community leaders, by communicating valuable initiatives, that foster social transformation and may be replicated. The initiative is supported by Ashoka and Fundación Navarro Viola and a panel of outstanding people from the social, academic and cultural sectors. Alicia Félix received the *Abanderada del Año* Award, thanks to votes from the public and obtained a Ps. 250,000 prize for her work *Hospice La Piedad*.

Grupo Clarín also renewed its support for the traditional campaign *Un sol para los chicos*, together with ARTEAR and UNICEF. In 2016, the Company held the 25th edition and raised Ps. 52,827,793 among contributions made by individuals, companies and others, to be used in education and social programs aimed at children and young people. The campaign is one of UNICEF's main sources of revenues in the country and seeks to boost individual donations to social causes in Argentina.





## COMMUNITY ENGAGEMENT AND SOCIAL ADVERTISING

Grupo Clarín's impact on and relationship with the community and people goes beyond the boundaries of its editorial coverage. The support to vulnerable communities, the coordination of educational projects, and the organization of campaigns to address social issues or to help areas that were hit by natural disasters, paired with Grupo Clarín's sustained commitment evidenced by several types of donations and knowledge transfer, are just some examples of the initiatives organized and fostered by Grupo Clarín's media companies, either jointly or individually.

With respect to social advertising, during 2016, Grupo Clarín, through several of its media companies, donated a significant amount of advertising time and space to foster causes related to social, civic and environmental issues. The Company achieved this through its own social investment programs or within the framework of strategic alliances with organizations of the civil society.

Within this framework, Cablevisión organized the program Segundos para Todos in order to donate free advertising time to organizations of the civil society. In 2016, this initiative donated 117,733 advertising seconds to broadcast public adds.

The estimated impact of these in-kind contributions allocated to public welfare messages accounts

for the equivalent to a social investment of Ps. 124,470,476.

Grupo Clarín has also undertaken a sustained and strategic commitment to bridging the digital gap and promoting the responsible use of the Internet, through Cablevisión and Fibertel. 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.

Within the digital ecosystem, one of the main programs is called Puente Digital, which provides free cable TV and Internet services to schools, hospitals and community organizations, whereby Cablevisión seeks to contribute to digital inclusion and social innovation. The actions carried out 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. In 2016, Cablevisión installed 20,707 free connections, of which 14,386 belong to the program Puente Digital. This represents Ps. 81,752,726 of cable TV and Internet services donated by Cablevisión. This was supplemented with specific programs such as the service Cablevisión Flex, which offers social reduced prices for low-income areas, which reached 168,579 connections in 2016.

The impact of donated advertising space and free connectivity services may be added to the Noble Foundation's budget and special projects which reached Ps. 5 million in 2016, and to the amount set aside for other sustainability programs in several subsidiaries, which, in-kind and in cash, reached Ps. 93,292,131 million in 2016. Hence, the total cash and in-kind contributions represent in the aggregate a contribution of approximately Ps 222,762 million.

In addition to providing financing, resources, capacity and experience in the promotion of socially valuable initiatives, Grupo Clarín also relies upon third parties to secure regular sponsorships and donations within the framework of strategic alliances related to the sponsored initiatives.



| ADVERTISING SPACE DONATED IN 2016 ON GRUPO CLARÍN'S |                 |
|---|-----------------|
| Radio and Broadcast and Cable TV                    | 608,429 seconds |
| Pages in newspapers and magazines                   | 195.06 pages    |

THE ESTIMATED IMPACT OF THESE IN-KIND CONTRIBUTIONS ALLOCATED TO PUBLIC ADDS ACCOUNTS FOR THE EQUIVALENT TO A SOCIAL INVESTMENT OF APPROXIMATELY PS. 125 MILLION.

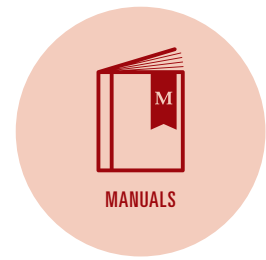
\* The figures of the indicators in this Report may defer from those reported in the Sustainability Report 2015 due to changes in the method of calculation.



BOOKS



MAGAZINES



MANUALS

## NOBLE FOUNDATION'S DONATIONS OF EDUCATIONAL MATERIAL

|                  | 2016          | 2015   | 2014   |
|------------------|---------------|--------|--------|
| <b>Books</b>     | <b>39,022</b> | 43,391 | 49,603 |
| <b>Magazines</b> | <b>9,325</b>  | 7,212  | 4,177  |
| <b>Manuals</b>   | <b>1,250</b>  | 420    | 310    |

## FOSTERING EDUCATION AND CULTURE

As part of its initiatives in support of education, Grupo Clarín used its cross-segment position and its ability to communicate with society to raise awareness of the importance of education as a right and as a critical element in Argentina's future social development. In this sense, it tried to foster equal opportunities in education through its publishing company Tinta Fresca with the generation of updated, affordable and quality educational materials for students, teachers and schools throughout the country.

The Company has renewed its support for the 8th Educational Quality Forum, under the motto "Learning and Innovation". The forum is a massive event organized by the civil association Educar 2050. This entity combines the field work related to training delivered to principals of schools attended by low-income children with extensive public policy advocacy activities.

One of the most prominent initiatives resulting from a collective effort is the award "Premio Clarín-Zúrich a la Educación". The eighth edition recognized the best projects of "reading, writing and oral work" as learning practices for all the subjects of secondary school. The first prize consisted of Ps. 230,000 and was granted to a public school to develop its project. In addition, there were three honorable mentions which received Ps. 70,000 each. During this period, through the Noble Foundation, the Company continued to donate bibliographical material, and renewed its long-standing support of Escuelas Roberto Noble, named after the founder of Diario Clarín, Roberto Noble.

Again this year, the Company sponsored the annual Maratón de Lectura (Readathon) initiative, organized by Fundación Leer with the participation of over 4 million children. The event received the donation of 22,000 books published by Clarín

and the initiative was promoted through a broad advertising campaign.

Grupo Clarín and its subsidiaries have renewed their commitment to culture through several sponsorships to important events and entities, such as, Feria del Libro (Book Fair), Faena Art Center and Teatro Colón. The Company sponsored the 2016 season of Teatro Maipo, the presentations in Argentina of Les Luthiers, and the campaign Vení al teatro organized by Asociación Argentina de Empresarios Teatrales (AADET, for its Spanish acronym), aimed at developing, promoting and reinforcing the emotional bond between the public and the theatre. The Company also sponsored the movie El Ciudadano Ilustre directed by Gastón Duprat and Mariano Cohn, an Argentine dramatic comedy which received several awards at international festivals. The Company also sponsored the movie Gilda directed by Lorena Muñoz, starring Natalia Oreiro. For the first time, the Company participated in the master classes given by Al Pacino and Gerard Depardieu. In 2016, Clarín held a new annual edition of Premio Clarín de Novela, awarded to Carlos Bernatek, for his book El Canario, a story about the scars caused in the darkest years of recent Argentine history. The winner received Ps. 300,000 and got his book published. Grupo Clarín also sponsored a series of concerts organized by Buenos Aires Lírica Foundation and the V International Ballet Gala and Centro Histórico Teatro Colón.

Through its cable and broadcast TV signals, Grupo Clarín's companies make significant efforts to promote the most relevant cultural, motion picture and sports events. Such efforts are an increasing contribution to cultural diversity and local identity. Of particular note are initiatives such as Volver, the cable TV signal that keeps Argentina's most complete programming archive.





## MEDIA LITERACY AND PROTECTION OF YOUNG AUDIENCES

Through several programs, Grupo Clarín encourages children and young people to develop media access tools through critical thinking and to leverage the opportunities provided by the media and technology to explore their identity, creatively express their ideas and make their voices heard. Media literacy is generally defined as the ability to access to, analyze, respond with critical thinking and benefit from, the media. Grupo Clarín's main tool to foster media literacy is its support of *Los medios de comunicación y la educación*, (Education and the Media), a pioneer program recognized internationally, that has been developed for more than 30 years by the Noble Foundation. The program consists of classroom workshops and special educational content suited to the needs of teachers and students oriented to foster a critical approach to the media and their use as resources that supplement formal education. In 2016, over 7,200 students and over 800 teachers participated in the workshops.

In 2016, the Noble Foundation celebrated its 50-year anniversary. For its celebration, the Foundation decided to boost the scope and impact of its teacher training programs. To this end, it designed a virtual training platform which enhanced its coverage to include all the country and the world. To such end, the Foundation reconfigured the number of face-to-face workshops, as compared to previous periods, to extend the scope of this new platform. The program consists of six-week courses for different education levels. There were seven editions around three themes: "Planificar un medio digital", "Narrar en Ciencias Sociales" and "Aprender a Convivir". The training themes were targeted at teachers, technical-educational teams and social agents related to education. There

were 340 participants in the interchange forums enriched with the involvement of the coaches.

These initiatives program are supplemented through other initiatives related to the promotion of responsible content consumption. Within the Cable Television and Internet Access segment, the Company helps to protect vulnerable audiences by providing parents with the tools to make decisions about the content their children are allowed to access.

This includes several parental control options. For cable TV services, the on-screen guide allows parents to easily block content that is not suitable for children by introducing a PIN. The Video On Demand platform includes the identification of adults-only services with access control systems that may be enabled by the subscribers. Cablevisión Flow also developed a profile system so that each member of the family can have his own profile.

In terms of protection of audiences in Internet, the Company developed Fibertel Security. With this

tool, users may filter the access to certain web sites deemed inappropriate and customize the protection level for each family member, among other things.

These tools are provided with information and criteria on how to use Internet. Cablevisión developed the *Compás para el uso de Internet* in partnership with UNICEF and Chicos.net. This project, specifically addressed to families and teachers, is intended to provide proposals to teach children and teens about the proactive, responsible and safe use of technology.

The Company also addresses responsibly children's artistic participation in the television and film industry; a category that was embraced by the ILO as a valid form of participation in labor activities by children in these age categories. To such end, special emphasis is placed on compliance with the applicable standards in force, while adhering to internal guidelines that set limited activity schedules, protection and promotion of school education and active involvement of parents and tutors.



| THE PROGRAM "LA EDUCACIÓN Y LOS MEDIOS DE COMUNICACIÓN" |      |      |      |
|---|------|------|------|
|   | 2016 | 2015 | 2014 |
| Workshops for teachers                                  | 37   | 100  | 102  |
| Workshops for students                                  | 207  | 294  | 233  |



### EXCELLENCE IN JOURNALISTIC TRAINING

In order to reaffirm the commitment to journalistic excellence, Grupo Clarín also carried out activities aimed at consolidating the training and excellence of current and future communicators.

In this sense, the Company created the Masters Degree in Journalism, an international graduate course with the highest academic level, organized by Grupo Clarín and the University of San Andrés, with the participation of the School of Journalism at Columbia University and the University of Bologna. It is led by renowned national and international journalists and academics.

The Company sponsored the Graduate Program in Digital Journalism organized by Universitat Pompeu Fabra, TN.com.ar and Google. This reinforces our commitment to enhance the quality of professionals in the 2.0 world.

In connection with journalistic training and within the framework of the program Somos channels, developed by ARTEAR and Cablevisión, during 2016, Grupo Clarín offered regional training sessions. Training sessions focus on the journalistic and technical training of professionals from regional signals nationwide, to improve local coverage and align them with national signals.

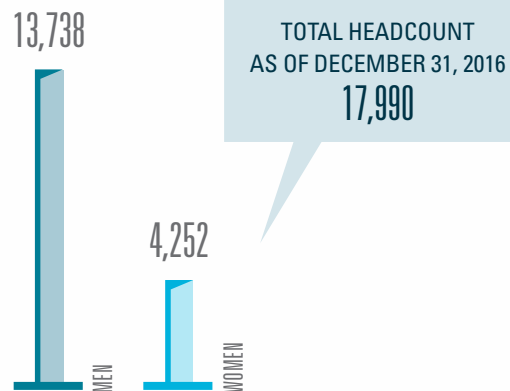




## OUR PEOPLE

Grupo Clarín's success and leadership are mostly the result of the efforts, talent, professionalism and creativity of its employees. Grupo Clarín's media companies are among the preferred workplaces of most communication professionals.

## EMPLOYEES BROKEN DOWN BY GENDER 2016



### EMPLOYEES BROKEN DOWN BY AGE GROUPS AND SEX

|                             |       |
|-----------------------------|-------|
| Up to 30 years old          |       |
| Women                       | 941   |
| Men                         | 2,517 |
| Between 30 and 50 years old |       |
| Women                       | 2,869 |
| Men                         | 9,147 |
| Over 50 years old           |       |
| Women                       | 442   |
| Men                         | 2,074 |

TURNOVER RATE 2016\* 11.28%\*

### EMPLOYEE DISTRIBUTION BY CATEGORY 2016\*

|                                   |       |
|-----------------------------------|-------|
| Managerial Positions              | 263   |
| Middle Management                 | 2,568 |
| Analysts and Administrative Staff | 6,551 |
| Technical Staff                   | 6,993 |
| Other (for example, journalists)  | 1,615 |

\* The year-on-year percentage difference arises from a methodological change in the way this indicator is calculated.





In order to work in line with the identity and diversity of the subsidiaries of Grupo Clarín, in 2016, the Company consolidated the concept of the Multicultural Social Ecosystem (ESM, for its Spanish acronym), driven by the human resources community. This program seeks to align the actions and practices, knowledge and experiences of all the subsidiaries of Grupo Clarín, creating 25 cross-cutting projects. Among them, the following stand out: the development of a leadership model, optimization of benefits, talent, remuneration, and quality of work life, among others.

The new leadership talent model was the result of a long process with the engagement of directors and managers between the years 2013 and 2016. They were faced with the challenge posed by new generations, the changes in consumption habits and the digital challenge in the ways things are done and in the way people live.

Another key project, with the aim of facing the digital challenge, was the installation of the human resources Big Data. To this end, 10 companies are migrating to a state-of-the-art Human Resources Management System called Success Factors. This system follows the parameters prevailing in digital businesses: social, mobile, analytical potential and cloud storage. In this way, management has received a great boost, and its implementation will end in 2018.

The Company has its own structure in terms of the age and gender diversity of its employees. With respect to gender, there is a noticeably higher proportion of male employees, mostly on account of the high number of employees required in the technical areas of printing facilities and of the cable TV and Internet access segment. In Argentina, technical specialties are predominantly elected by men, and that pattern is reflected in the payroll of this type of industry.

The gender structure in the rest of the business segments of Grupo Clarín is well-balanced considering the total workforce, with a deficit in managerial positions, which are still mainly occupied by men. However, the Company has attained excellent results in content-related activities, particularly in the areas related to journalism and audiovisual production, where the workforce is more diverse.

During 2016, the Company created a Diversity Committee, which is working on active policies, new proposals and processes that may further the path towards a workforce increasingly proportionate and representative of the genre diversity existing in the community.

On the other hand, the Company continued to work on promoting the incorporation of age groups that find it difficult to enter the labor market: first-time

job seekers and people in the upper age group.

Employee turnover is among the market's average rates, although the digital disruption has required the adaptation of our staffing and change of profiles to suit this new stage of news production.

The Company has an open dialog with union representatives to facilitate mutual understanding and conflict resolution. Employees freely exercise their right to unionize and are currently represented by several unions related to each of the activities developed by Grupo Clarín and its subsidiaries. Out of Grupo Clarín's total employees 72% is covered by collective bargaining agreements.

Taking care of the work environment and conditions, health and job safety and employee training to enhance their professional skills are some of the actions aimed at consolidating the sense of integration and achievement of organizational goals. During the year, the Company created a safety and health committee.

The Internal Opinion Survey (EIO) was conducted once again in 2016. It has been conducted every other year since 1994 uninterruptedly. This process focuses on management in order to identify opportunities for improvement on the internal environment and sustained commitment. In 2016, the response rate reached 93%, above



the market average for companies of equivalent sizes, which shows the trust this tool has gained and the soundness of the process for improvement that the Company has been undertaking.

Our corporate volunteer program called Vos también continued during 2016, with actions conducted by each of the Company's subsidiaries. They develop valuable initiatives for employees' solidarity actions in which the volunteers had the chance to participate in programs with different themes.

The main projects carried out during the year were the following: Blood drives, a project that seeks to foster solidarity in the area of health; volunteer actions to help people affected by floods, repairs at schools, awareness actions about the Animal Day, among others. A cross-cutting action was proposed to all of Grupo Clarín's business units: Fin de año en Familia, a family support program that consists of delivering Christmas gift boxes to low income families. The program Vos También had a very high satisfaction level among participants: 99% of the participants found it rewarding or very rewarding and a similar percentage stated that they would participate again.



#### "VOS TAMBIÉN" VOLUNTEER PROGRAM IN 2016\*

|                                    |      |
|------------------------------------|------|
| Volunteers                         | 1340 |
| Participating social organizations | 22   |
| Direct beneficiaries               | 1496 |
| Hours of volunteer work            | 3326 |
| Employee's engagement              | 7%   |
| Provinces included                 | 11   |



## BENEFITS AND CAREER DEVELOPMENT

Even though a large number of benefits are common to all employees, each Business Unit grants additional benefits, which may differ based on their respective activities. During 2016, the Company made progress with the subscription of its executive management to the long-term savings plan, effective since 2008.

During 2016, the Company continued to offer “Nuestros Beneficios”, a benefit platform aimed at all the employees of Grupo Clarín. It combines proposals from its business units to offer benefits and discounts.

In order to encourage a greater commitment and identity with the Company, it provided the 365 Plus card together with Diario Clarín.

In addition, the Company enhanced the scope of its performance management program Crecimiento de la Efectividad Laboral (CEL, for its Spanish acronym) to include more business units. Of particular note is the case of La Voz del Interior, which achieved an 80% participation of its employees.

Grupo Clarín focuses on investing in the training and development of its employees with two kinds of programs: On the one hand, the training programs of each Business Unit, focusing on the specific needs of each activity, whereby Grupo Clarín employees and professional staff can update and enhance their knowledge and skills through seminars, courses, graduate studies and master's degrees.

On the other hand, Grupo Clarín offers the Corporate Training Program (PCF, for its Spanish acronym), which includes a wide range of training proposals. During 2016, the Company offered new alternatives to improve the performance of the analysts and middle management of all the companies of Grupo Clarín. During the year, 570 employees participated in the 28 courses given as part of the Corporate Training Program.

Training is focused on new tools and technological developments in order to adequately train employees on how to face the challenges imposed by the changes in the media industry. During this period, the Company offered more sessions of the course Inducción a la Era Digital, which seeks to



shed light on the way in which technology has changed the world of business, generating big opportunities and challenges for the companies. In this sense, two other proposals stood out: One was conducted in association with Universidad de Palermo: Negocios del Mundo Digital and Modelos de Innovación en Negocios Digitales, given to managers and directors of the Group in association with Universidad de San Andrés.

In order to train middle management and upper management and promote their key managerial competences and skills, in 2016, once again the Company offered the Management Development Program, at UADE Business School. Over 200 leaders of the Group's subsidiaries have graduated over 7 years. It offers knowledge and tools to improve management performance and strengthens the sharing of practices among company leaders. The Company also organized several training sessions, breakfast and lunch meetings and integration activities among different areas of the Company that work together in order to strengthen internal communication and knowledge. In addition, during the period, the Company continued with the foreign language training program. In addition, different groups were created to provide group classes in a dynamic and easy fashion so that participants may share their knowledge, grow together and boost their development.

In order to promote transparency in the filling of vacancies and promote the development of our employees, the Company implemented a program called Open In-House Job posting. This allows us to stimulate in-house motility among the subsidiaries of the Group, providing equity and transparency during the process for all participants.

As to the quality of work life, Grupo Clarín offered seminars and training programs about health issues and the prevention of illnesses and accidents, as well as other relevant topics, which supplemented the campaigns about health issues and medical check-ups. Several initiatives were implemented to promote safety and healthy lifestyle habits: Influenza vaccination and blood drives, meditation and yoga workshops, placement of bicycle racks and locker rooms, soccer tournaments, evacuation drills, healthy menus and talks about first aid. In addition, during

2016, six subsidiaries of Grupo Clarín provided their employees free annual medical check-ups.

In order to contribute to the personal safety of our employees, 40% of our subsidiaries - such as AGEA, Autosports, the corporate areas and Cablevisión-, provide to their employees a transportation service to the main access points of public transportation.

During 2016, the Company held for the first time the Grupo Clarín Olympic Games, an event attended by more than 400 employees from different subsidiaries.

### WORK-LIFE BALANCE

In order to continue developing work flexibility actions, during 2016, the Company implemented as a benefit for employees the Flexible Friday in the corporate areas. This is added to the five subsidiaries of the Group that already include similar time compensation schemes. Other eight companies offer the possibility of doing teleworking. This is a growing trend and is being increasingly used by the companies. The goal of this modality is to strengthen the bond between the employees and the Company.

During 2016, the Company promoted the implementation of spaces for breastfeeding at the corporate offices. This is a key step in our goals regarding diversity and work-life balance. These initiatives allow the development of women at work and also promote the creation of a diverse workforce, apart from having a positive impact on the health of babies and in family bonds. Diversity provides for a combination of skills and intellectual, technical and emotional competences that have proved to be essential to boost the results achieved by organizations.

The goal is to open every year a new space for breastfeeding and reach 100% of our subsidiaries. In addition, this issue is reflected in the contents of our media, through campaigns and journalistic coverage. In this sense, this initiative follows our policy of the responsible management of contents which, together with the development of the positive effect of the social impact of communication, make up the key pillars of Grupo Clarín's sustainability strategy.

### RELATIONSHIP WITH THE VALUE CHAIN

Grupo Clarín's social responsibility management is embedded in its value chain. During 2016, the Company continued to explore alternatives of interaction or joint approach to common-interest issues at the various levels of relationship with its suppliers.

During the year, the Company implemented a new procurement policy with sustainability criteria. Grupo Clarín focused on the implementation of systems and procedures aimed at the application of best practices for purchases, employee hiring, and contracting with suppliers within a framework of supervision and transparency.

Through Gestión Compartida, a subsidiary engaged in managing the relationship with most of the Company's suppliers, the Company continued with the requirement for 100% of the new suppliers to undertake a commitment to the sustainability of their operations, with a focus on respect for human rights, the environment and compliance with effective regulations. This was combined with the development of a pilot program of joint efforts with protected workshops for the assembly of an input used by Cablevisión. These workshops encourage the social and economic autonomy of disabled workers.







# ENVIRONMENT

During 2016, the Company continued to implement measures to identify, plan for and improve production processes in order to optimize results and react to potential impacts. Progress was made in achieving the period's goals by introducing sustainable methods to obtain and use resources, developing equipment investment policies, raising active awareness on the appropriate use of supplies and technologies and promoting the adoption and certification of environmental standards.

Since 2004, Grupo Clarín has adhered to the United Nations Global Compact that sets forth several environmental protection standards. In addition, Grupo Clarín's Social Corporate Responsibility and Sustainability Policy serves as a management guideline and drives the definition of goals for its subsidiaries. This is reflected in the environmental policies adopted by its subsidiaries, such as the one implemented by AGEA in 2012, which combines the improvement of environmental management with ISO 14001 certification and implementation for its production processes. Cablevisión also sets environmental management goals at the different stages of its activities. During 2016, it maintained its ISO 14001 certification at its facilities located in Rosario.

#### CONSUMPTION OF MATERIALS

Within the framework of an environmental management policy oriented to eco-efficiency, the Company and its subsidiaries mainly use energy, newsprint, cable and other technology-related elements.

#### CONSUMPTION IN 2016

|   |                |
|---|----------------|
| Paper related to the production of newspapers | 42,961.05 Tons |
| Office paper                                  | 85.15 Tons     |
| Ink   | 885.49 Tons    |
| Aluminum plates                               | 161.52 Tons    |
| Residential connection cables                 | 2984.04 Tons   |
| CPE (Set-top units and customer's equipment)  | 1491.74 Tons   |

\* The figures of the indicators in this Report may defer from those reported in the Sustainability Report 2015 due to changes in the method of calculation.





At the printing plants, the Company followed established guidelines to ensure the provision of materials at quality levels compatible with international standards for newsprint, inks and other specific inputs.

Papel Prensa, a subsidiary in which Grupo Clarín owns an indirect minority interest, supplies most of the newsprint used in newspaper printing.

Papel Prensa has put in place production policies based on the procurement of strategic inputs without depleting natural resources. Fiber comes from sustainable plantations. This is combined with ongoing research studies conducted concerning genetic enhancement of tree species in order to boost productivity, cut costs and guarantee ecosystem sustainability. As part of the sustainable process, the quantity of virgin raw materials is reduced through the recycling of returned newspapers and recovered paper acquired locally and regionally.

As to the types of inks used at the printing facilities, the diverse variety of printed products requires a varied approach from the perspective of resources. For instance, the use of vegetable-based coldset ink at the Company's main printing facility, accounts for 84.4% of total use of the input. This type of ink, which can be used in bond paper, is environmentally friendlier due to its vegetable components and its efficiency in terms of the amount of ink required to print, which may be 10%-15% lower than other inks.

On the other hand, the newspaper size adjustments introduced in previous years continue to reduce the use of newsprint and other materials.

The Cable Television and Internet Access segment is engaged in service activities, which essentially do not require the use of raw materials. Nevertheless, given the scale of operations, Grupo Clarín's companies use certain materials produced by their respective value chains, such as the cable for residential services installed, top-set units delivered under loan for use and poles used as part of the distribution network.

Power is the main additional resource used by Grupo Clarín and its subsidiaries. Grupo Clarín uses power from direct and indirect sources. Even though the Company has alternative power generators in place for offices and industrial facilities that require fuel, the main indirect consumption is the electricity provided by the power supply network.

The subsidiaries engaged in printing activities are the heaviest users of power, followed by the business units that use technology in their operations, such as the cable TV and Internet access distribution services and audiovisual programming.

During 2016, within the framework of the joint efforts of the Environmental Committee, the Company conducted a systematic assessment to identify opportunities for improvement and reduction of consumption. It also analyzed alternatives to incorporate renewable sources of energy.

At the main subsidiaries, such as ARTEAR, Cablevisión and AGEA, the Company conducted building refurbishments taking into consideration energy-consumption reduction factors, such as insulation materials, better use of natural light, use of cold lighting systems and replacing halogen lighting with LED systems.

**DIRECT AND INDIRECT USE OF POWER BY PRIMARY SOURCE IN 2016:**

|             |                  |
|-------------|------------------|
| Electricity | 1,072,826.87 MWh |
| Natural gas | 87,729.95 GJ     |
| Gasoline    | 82,243.22 GJ     |
| Gas oil     | 114,355.97 GJ    |
| CNG         | 146.92 GJ        |
| LP gas      | 0 GJ             |

## WASTE AND EMISSIONS

Grupo Clarín's subsidiaries develop most of their activities in urban areas that are not in contact with natural areas and that meet effective urban planning standards.

As to emissions, printing activities have the most significant impact on the carbon footprint among other services rendered by the Company. Therefore, the Company is exploring alternatives to improve processes and efficiency in these areas. In addition, the Company is further deepening its analysis and inventory of CO<sub>2</sub> emissions generated by the activities developed by its subsidiaries, especially those related to logistics and transportation.

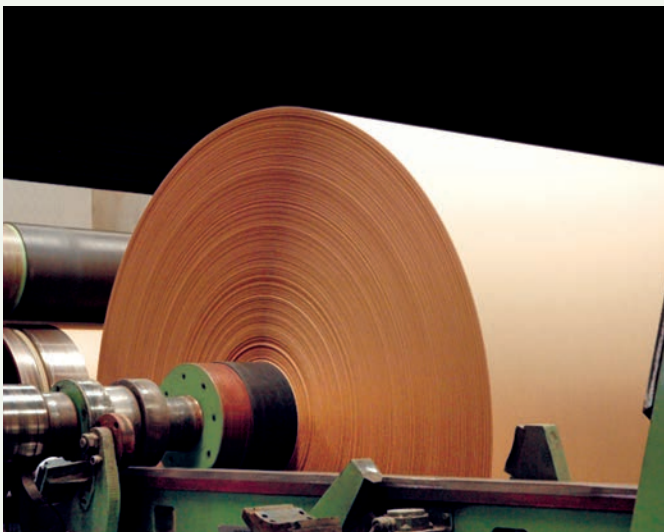
Each subsidiary of Grupo Clarín identifies and manages waste production and disposal.

As part of the treatment of industrial waste from printing processes, the Company's subsidiaries collect and separate certain waste materials, such as ink, oil, grease and solvents, that are sent to third party facilities for their recycling, reuse or safe final disposal. Hazardous waste is subject to a rigorous treatment handled by licensed waste management companies. Fully reusable materials are used in the printing process, such as aluminum plates. At the same time, the Company continues to develop strategies to reduce hazardous waste, with measured goals and progress.

In the Cable TV and Internet access segment, waste is separated at origin in order to add social or environmental value, where practicable. With respect to recycling, the Company keeps strict control of the recovery of equipment delivered to subscribers under loans for use, such as top-set

units and remote controls, in order to reuse them or ensure its safe final disposal, and also to reduce the consumption of this type of equipment.

Effluents resulting from the printing facilities' development processes are subject to rigorous treatments and measurements before disposal. A water re-usage system was put in place at AGEA's Printing facility. Under its Environmental Management System, the Company significantly reduced effluents, which are only discharged in exceptional cases. At La Voz del Interior's printing facilities, waste water is subject to treatment and is then reused for irrigation at the Company's facilities. The figures in cubic meters disclosed below are mostly attributable to processed water that can be safely used for irrigation. The Company's office buildings and other facilities only discharge domestic waste water.



### TOTAL GREENHOUSE GAS EMISSIONS BY WEIGHT IN 2016

|                    |                                  |
|--------------------|----------------------------------|
| Direct emissions   | 18,321.47 Tn of CO <sub>2</sub>  |
| Indirect emissions | 570,845.08 Tn of CO <sub>2</sub> |
| Total emissions    | 589,166.55 Tn of CO <sub>2</sub> |

### TOTAL WASTE WEIGHT BY TYPE IN 2016

|                              |             |
|------------------------------|-------------|
| Urban or non-hazardous waste | 493.68 Tn   |
| Hazardous waste              | 8,870.22 Tn |

### TOTAL WASTE WATER DISCHARGE

|                                |                          |
|--------------------------------|--------------------------|
| at printing facilities in 2016 | 13,909.62 m <sup>3</sup> |
|--------------------------------|--------------------------|





## RISK FACTORS



As an Argentine multimedia company, Grupo Clarín 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. The identification of risk and its assessment is part of each unit's business plans, and is also addressed by a corporate based control department and by the Board on a regular basis.

#### ARGENTINA'S ECONOMIC ENVIRONMENT

Substantially all of our operations are conducted in Argentina and are therefore affected by changes in Argentina's economic environment.

Sustainable economic growth depends on a variety of factors, including international demand for Argentine export commodities and their prevailing prices, stability and competitiveness of the Peso against foreign currencies, confidence of consumers and local and foreign investors and a low rate of inflation.

The Argentine economy might be adversely affected by the following factors:

- exchange rate volatility;
- increase in current inflation affecting competitiveness and economic growth;
- recession, low economic growth or economic uncertainties affecting Argentina's main trading partners;
- insufficient levels of investment;
- poor development of the Argentine credit market and limited ability to obtain financing from international markets;
- a reduction of the payment capacity of the Argentine public sector and the possibilities of procuring international financing;
- increase in current public expenditure affecting fiscal accounts;
- possible reduction or reversal in the trade balance due to significant decrease in agricultural prices in general and soy in particular or adverse climatic conditions affecting the production of agricultural commodities;
- government imposed restrictions on imports or exports;

- wage, price and foreign exchange controls;
- political and social tensions;
- continued instability of the financial systems of the main developed economies;
- abrupt changes in the monetary and fiscal policies of the main economies worldwide; and
- reversal of capital flows due to domestic and international uncertainty.

A downturn in economic activity is likely to result in increased subscriber churn and bad debt, subscriber losses as well as decreased advertising revenues. We seek to address the cycles affecting the Argentine economy by diversifying the scope of our business and managing our foreign currency liabilities.

#### POLITICAL AND ECONOMIC UNCERTAINTIES

On November 22, 2015, Mr. Mauricio Macri was elected President of Argentina, signaling the first change in the political party in charge of the country's administration in twelve years.

Since assuming office on December 10, 2015, the Macri administration has adopted several significant economic and policy reforms.

- INDEC reforms. On January 8, 2016, the Argentine government issued Decree No. 55/2016, declaring a state of administrative emergency on the national statistical system and on the official agency in charge of the system, the INDEC, until December 31, 2016. The INDEC implemented methodological reforms and adjusted macroeconomic statistics on the basis of these reforms. On June 29, 2016, the INDEC published its first INDEC Report, including revised GDP data for the years 2004 through 2015. On August 31, 2016, the IMF Executive Board met to consider the progress made by Argentina in improving the quality of official GDP and CPI data. The IMF Executive Board noted the important progress made in strengthening the accuracy of Argentina's statistics. On November 10, 2016, the IMF lifted the existing censure on Argentina. See "Inflation," below.

- Agreement with holdout creditors. The Macri administration has reached agreements with a large majority of holdout creditors (in terms of claims) and has regained access to the



international financial markets for the country. For more information on these agreements, see “Sovereign litigation,” below.

- **Foreign exchange reforms.** In addition, the current administration eliminated substantially all foreign exchange restrictions, including certain currency controls that were imposed under the Kirchner administration. On August 9, 2016, through the issuance of Communication “A” 6037, the Central Bank substantially changed the existing legal framework and eliminated certain restrictions limiting the access to the MULC (as defined below). As a result of the elimination of these restrictions, on December 17, 2015, the Peso depreciated against the U.S. dollar.

- **Foreign trade reforms.** The Kirchner and Fernández de Kirchner administrations imposed export duties and other restrictions on several sectors, particularly the agricultural sector. The Argentine government eliminated export duties on wheat, corn, beef and regional products, and reduced the duty on soybeans exports from 35% to 30%. Further, a 5% export duty on most industrial exports was eliminated. With respect to payments for imports of goods and services, the Macri administration eliminated the restrictions on access to the MULC.

- **National electricity state of emergency and reforms.** Following years of very limited investment in the energy sector, as well as the continued freeze on electricity and natural gas tariffs since the 2001-2002 economic crisis, Argentina began to experience energy shortages in 2011. In response to the growing energy crisis, the Macri administration declared a state of emergency with respect to the national electricity system, which will remain in effect until December 31, 2017. The state of emergency enables the Government to take actions designed to ensure the supply of electricity to the country. In addition, through Resolution No. 6/2016 of the Ministry of Energy and Mining and Resolution No. 1/2016 of the National Electricity Regulatory Agency (Ente Nacional Regulador de la Electricidad), the Macri administration announced the elimination of a portion of energy subsidies currently in effect and a substantial increase in electricity rates. As a result, average electricity prices have already increased and could increase further. By correcting tariffs, modifying the regulatory framework and reducing the Government’s role as an active market participant, the Macri administration aims to correct distortions in the energy sector and

stimulate investment. However, certain of the Government’s initiatives have been challenged in the Argentine courts and resulted in judicial injunctions or rulings limiting the Government’s initiatives.

**Tariff increases.** With the aim of encouraging companies to invest and improve the services they offer and enabling the Government to assist those in need, the Macri administration has begun updating the tariffs for electricity, transportation, gas and water services. Each of the announced tariff increases contemplates a *tarifa social* (social tariff), which is designed to provide support to vulnerable groups. Subsequent modifications to these announced tariff increases were made to reduce the application of the increases to certain sectors. On August 18, 2016, the Supreme Court of Argentina confirmed lower court injunctions suspending end user gas tariff increases sanctioned as of April 1, 2016 and instructed the Ministry of Energy and Mining to conduct a non-binding public hearing prior to sanctioning any such increases. On September 16, 2016 the Ministry of Energy and Mining conducted a non-binding public hearing. Pursuant to the holding by the Supreme Court, the Gas Regulatory Entity (“Enargas”) issued Resolution No. 3960 and 3961 ordering the reestablishment of the prior tariff scheme as of March 31, 2016, and implemented an installment regime for the payment of overdue bills.

- **Tax Amnesty Law:** On June 29, 2016, the Régimen de Sinceramiento Fiscal (Tax Amnesty Law) was introduced to promote the voluntary declaration of assets by Argentine residents (the “Tax Amnesty Law”). The law allows Argentine tax residents holding undeclared funds or assets located in Argentina or abroad to (i) declare such property until March 31, 2017 without facing prosecution for tax evasion or being required to pay outstanding tax liabilities on the assets, if they can provide evidence that the assets were held by certain specified cut off dates, and (ii) keep the declared property outside Argentina and not repatriate such property to Argentina.

- **Retiree Programs:** On June 29, 2016, Congress passed a bill approving the Ley de Reparación Histórica a los Jubilados (Historical Reparations Program for Retirees and Pensioners), which took effect upon its publication in the official gazette. The main aspects of this program, which is designed to conform government social security policies to Supreme Court rulings. The Historical

Reparations Program for Retirees and Pensioners will give retroactive compensation to retirees in an aggregate amount of more than Ps. 47.0 billion and involve expenses of an estimated Ps. 75.0 billion adjusted per annum, to cover adjusted pensions going forward for all potential beneficiaries.

- **Fiscal policy:** The Macri administration took steps to anchor the fiscal accounts, reducing the primary fiscal deficit through the cut of some subsidies and reorganization of certain expenditures and the generation of increased revenue through the tax admisty. The Macri andministratin’s aim is to achieve a balanced primary budget by 2019.

- **Correction of monetary imbalances:** The Macri administration announced the adoption of an inflation targeting regime in parallel with the floating exchange rate regime and set inflation targets through 2019. The inflation rate target for 2016 was in the range of 20% to 25%. The INDEC did not publish annual inflation statistics, because it began to measure prices under its new methodology in May 2016 with respect to April 2016. However, the Government of the City of Buenos Aires published that the local increase in consumer prices for 2016 had been of 41%. The Central Bank has increased sterilisation efforts to reduce excess monetary imbalances and reduced Peso interest rates to offset inflationary pressure. In October 2016 the Central Bank announced its intention to use the seven-day repo reference rate as the anchor of its inflation targeting regime beginning in January 2017. Short term notes issued by the CB (LEBAC) would be used to manage liquidity.

In January 2017, following the resignation of Mr. Alfonso Prat Gay as Minister of Treasury and Public Finance as of December 31, 2016, the Ministry of Treasury and Public Finances was split into the Ministry of Treasury and the Ministry of Public Finances, conducted by Nicolás Dujovne and Luis Caputo, respectively.

As of the date of this Annual Report, the impact that these measures and any future measures taken by the Macri administration will have on the Argentine economy as a whole and the financial sector in particular cannot be predicted.

Political parties opposed to the Macri administration retained a majority in the Argentine Congress in the recent elections. This will require the Macri administration to seek political support from the opposition for its economic proposals

and creates further uncertainty about the ability of the Macri administration to pass any law that may be necessary to implement its intended policies.

Our financial condition and results of operations depend to a significant extent on macroeconomic and political conditions prevailing in Argentina. Measures adopted by the Argentine government that impact upon the economy, including those measures related to monetary policy, inflation, interest rates, price controls, exchange controls and taxes, have affected and could continue to affect Argentine companies like ours. Uncertainty about the possible success or failure of the measures to be adopted by the new administration could lead to volatility in the market prices of securities of Argentine companies, including companies in the media sector, such as ours. We have also been the target of legislation passed to regulate the Media Industry and capital markets, which has also affected our activities in recent years.

#### a. Economic Growth

After recovering significantly from the 2001 2002 crisis, the pace of growth of Argentina's economy diminished, suggesting uncertainty as to whether the growth experienced between 2003 and 2011 was sustainable. Economic growth was initially fueled by a significant devaluation of the Peso, the availability of excess production capacity resulting from a long period of deep recession and high commodity prices. In spite of the growth following the 2001 2002 crisis, the economy has suffered a sustained erosion of direct investment and capital investment. The global economic crisis of 2008 led to a sudden economic decline in Argentina during 2009, accompanied by inflationary pressures, depreciation of the Peso and a drop in consumer and investor confidence.

The Argentine economy has experienced significant volatility in recent decades, with periods of low or negative growth, high inflation and currency devaluation. After six years of sustained economic growth, the Argentine economy slowed down in the second half of 2008 and throughout 2009, affected by the international crisis as well as internal political developments. According to the revised calculation of the 2004 GDP published by INDEC on June 24, 2016, in 2010 and 2011, GDP grew 10.1% and 6.0%, respectively and decreased 1.0% in 2012. GDP grew 2.4% in 2013, contracted 2.5% in 2014 and grew 2.5% in 2015. Additionally, on December 22, 2016, the INDEC published preliminary estimates for the level of economic activity during the third

quarter of 2016, noting that real GDP contracted by 2.4% during the nine month period ended September 30, 2016, compared to a growth of 2.6% during the same period in 2015.

A decline in international demand for Argentine products, a lack of stability and competitiveness of the Peso against other currencies, a decline in confidence among consumers and foreign and domestic investors, a higher rate of inflation and future political uncertainties, among other factors, may affect the development of the Argentine economy, which could lead to reduced demand for our services and adversely affect our business, financial condition and results of operations.

#### b. Inflation

Argentina has confronted inflationary pressures since 2007, evidenced by significantly higher fuel, energy and food prices, among other indicators. According to inflation data published by the INDEC, from 2010 to 2014 the Argentine consumer price index increased by 10.9%, 9.5%, 10.8%, 10.9%, 23.9%, respectively, and increased by 11.9% in the ten month period ended October 31, 2015, after which measurements were temporarily unavailable.

The Macri administration has released an alternative CPI index based on data from the City of Buenos Aires and the Province of San Luis while INDEC worked on a new inflation index.

According to the publicly available information based on data from the City of Buenos Aires, CPI grew 26.6% in 2013, 38.0% in 2014, 26.9% in 2015, and 39.3% during the eleventh month period ended November 30, 2016, while according to the Province of San Luis, CPI grew 31.9% in 2013, 39.0% in 2014, 31.6% in 2015, and 41% in 2016.

On June 15, 2016, the INDEC resumed publishing inflation rates, which had been suspended due to the state of administrative emergency on the national statistical system.

In the past, inflation has materially undermined the Argentine economy and Argentina's ability to create conditions that would permit growth. High inflation may also (i) undermine the competitiveness of Argentina's manufacturing and service industries producing, inter alia, an increase in unemployment levels and (ii) negatively impact the country's long-term credit markets. There can be no assurance that inflation rates will not continue to escalate in the future or that the measures adopted or that may be adopted by the Argentine government to control inflation will be effective or successful. Inflation remains a challenge for Argentina. Significant inflation could have a material adverse effect on Argentina's economy and in turn could increase our costs of operation, in particular labor costs and access to financing, and may negatively impact our financial condition and results of operations.





### c. Foreign Exchange Controls and Devaluation

During the second half of 2011 and in 2012, the Argentine government increased controls on the incurrence of foreign currency-denominated indebtedness, and the sale and acquisition of foreign currency by local residents. New regulations issued in 2012 subject foreign exchange transactions to prior approval by Argentine tax authorities. Formal and informal foreign exchange controls continued throughout until December 2015, practically closing the foreign exchange market to retail transactions. Until mid-December 2015, it was widely reported that the peso/U.S. dollar exchange rate in the unofficial market and in neighboring markets where the peso was traded differed substantially from the official foreign exchange.

In December 2015, the Government introduced additional flexibility to foreign exchange regulations, allowing the Argentine peso to float freely against other currencies. This resulted in a devaluation from Ps. 9.83 per U.S. dollar on December 16, 2015 to Ps.13.01 on December 31, 2015. Since then, the Argentine peso has continued to fluctuate. On December 31, 2016, the Argentine peso / U.S. dollar exchange rate was at Ps. 16.1 per U.S. dollar.

Notwithstanding the measures recently adopted by the Macri administration eliminating a significant portion of the foreign exchange restrictions that developed under the Kirchner administration, in the future the Argentine government or the Central Bank could reintroduce exchange controls and impose restrictions on capital transfers, such measures may negatively affect Argentina's international competitiveness, discouraging foreign investments and lending by foreign investors or increasing foreign capital outflow which could have an adverse effect on economic activity in Argentina.

Foreign exchange reforms could have a negative effect on the economy and on private sector companies, including our business and/or lead to volatility in the market prices of securities of Argentine companies.

### d. International Trade Restrictions

In 2012, the Argentine government introduced a procedure pursuant to which local authorities must pre-approve the import of products and services to Argentina as a pre-condition to permit such import and the consequent access to the

foreign exchange market for the payment of the imported products or services.

The Macri administration has announced that international trade restrictions shall be gradually reduced and/or eliminated. Some of these measures, such as the elimination export duties on wheat, corn, beef and regional products, and the reduction of the duty on soybeans from 35% to 30% have been already implemented. Further, a 5% export duty on most industrial exports was also eliminated. With respect to payments for imports and services to be performed abroad, the Government eliminated the restrictions on access to the MULC.

In the past, increased government control over foreign trade has resulted in a shortage of inputs and spare parts and in production disruptions. The continuation of these shortages may affect the growth of the economy and, consequently, could affect our business, financial condition and results of operations. We cannot assure that measures adopted by the new Government are permanent, that they will be pursued as announced nor that new trade restrictions to international commerce shall be implemented. Repeated complaints from other countries against import restrictions implemented by Argentina, suspension of export preferences or retaliations by trading partners may have an adverse effect on Argentine exports, affect the trade balance and, consequently, adversely impact Argentina's economy.

### e. Other forms of government intervention

It is widely reported by private economists that expropriations, price controls, exchange controls and other direct involvement by the Argentine government in the economy, particularly until December 2015, have had an adverse impact on the level of investment in Argentina, the access of Argentine companies to the international capital markets and Argentina's commercial and diplomatic relations with other countries. Further, actions taken by the Argentine government concerning the economy, including decisions with respect to interest rates, taxes, price controls, salary increases, provision of additional employee benefits foreign exchange controls and potential changes in the foreign exchange market, have had and could continue to have a material adverse effect on Argentina's economic growth and in turn affect our financial condition and results of operations. Moreover, any additional Argentine government policies established to preempt, or in response to,

social unrest could adversely and materially affect the economy, and therefore our business, result of operations and financial condition.

### f. Vulnerability to external shocks

Weak, flat or negative economic growth of any of Argentina's major trading partners, such as Brazil, could adversely affect Argentina's balance of payments and, consequently, economic growth.

The economy of Brazil, Argentina's largest export market and the principal source of imports, is currently experiencing heightened negative pressure due to the uncertainties stemming from the ongoing political crisis. The Brazilian economy contracted by 3.8% during 2015, mainly due to a 8.3% decrease in industrial production and an increase in inflation and unemployment. Additionally, the Brazilian currency devalued against the U.S. dollar by approximately 49.1% from January 2015 to February 2016, the steepest depreciation in over a decade, in its attempt to increase exports. Although the Brazilian currency appreciated between March 1, 2016, and December 31, 2016, a further deterioration of economic conditions in Brazil may reduce demand for Argentine exports and increase demand for Brazilian imports. While the impact of Brazil's downturn on Argentina or our operations cannot be predicted, we cannot exclude the possibility that the Brazilian political and economic crisis could have further negative impact on the Argentine economy and our operations.

The Argentine economy may be affected by "contagion" effects. International investors' reactions to events occurring in one developing country sometimes appear to follow a "contagion" pattern, in which an entire region or investment class is disfavored by international investors. In the past, the Argentine economy has been adversely affected by such contagion effects on a number of occasions, including the 1994 Mexican financial crisis, the 1997 Asian financial crisis, the 1998 Russian financial crisis, the 1999 devaluation of the Brazilian real, the 2001 collapse of Turkey's fixed exchange rate regime and the global financial crisis that began in 2008.

The Argentine economy may also be affected by conditions in developed economies, such as the United States, that are significant trading partners of Argentina or have influence over world economic cycles. On June 23, 2016, the United Kingdom voted in favor of the United Kingdom exiting the European Union ("Brexit"). The effects of the

Brexit vote and the perceptions as to the impact of the withdrawal of the United Kingdom from the European Union may adversely affect business activity and economic and market conditions in the United Kingdom, the Eurozone and globally, and could contribute to instability in global financial and foreign exchange markets. In addition, Brexit could lead to additional political, legal and economic instability in the European Union.

The Argentine economy and securities markets could be adversely affected by events in developed countries' economies or events in other emerging markets. A slowdown in economic activity in Argentina would adversely affect our business, financial condition and results of operations.

#### g. Government expenditure

During the last years of the Fernández de Kirchner administration, the Argentine government substantially increased public expenditure, resorting to the Central Bank and to the ANSES to source part of its funding requirements.

As of the date of this Annual Report, although the Macri administration is currently reviewing certain public sector contracts, there is uncertainty as to what actions the Macri administration will take with respect to public expenditure and its financing.

If the Macri administration were to seek to finance its deficit by increasing the exposure of local financial institutions to the public sector, their liquidity and assets quality could be affected, with a potential adverse impact on credit supply, and therefore on the growth of the Argentine economy and on our business.

#### h. Decline in commodity prices

Argentina's financial recovery from the 2001 2002 crisis occurred in a context of price increases for Argentina's commodity exports. High commodity prices contributed to the increase in Argentine exports since the third quarter of 2002 and to high government tax revenues from export withholdings. Consequently, the Argentine economy has remained relatively dependent on the price of its main agricultural products, primarily soy. This dependence, has rendered the Argentine economy more vulnerable to commodity price fluctuations. International commodity prices decreased during 2015.

A continuing decline in the international prices of commodities could have a negative impact

on the levels of government revenues and the government's ability to service its sovereign debt, and could either generate recessionary or inflationary pressures, depending on the government's reaction. Either of these results would adversely impact Argentina's economy and, therefore, our business, results of operations and financial condition. As of the date of this offering memorandum, the Macri administration has eliminated export taxes on many agricultural products and reduced the export taxes on soy from 35% to 30%. While the measure was intended to encourage exports, reductions in export taxes in the future, unless replaced with other sources of revenues, may negatively impact on the Republic's public finances.

#### i. Perceived institutional deterioration and corruption

A lack of a solid institutional framework and corruption have been identified as, and continue to be, a significant problem for Argentina. In Transparency International's 2015 Corruption Perceptions Index survey of 167 countries, Argentina was ranked 107, the same position that it held in 2014. In the World Bank's Doing Business 2016 report, Argentina ranked 121 out of 189 countries, up from 124 in 2015. Recognising that the failure to address these issues could increase the risk of political instability, distort decision making processes and adversely affect Argentina's international reputation and ability to attract foreign investment, the Macri administration has announced several measures aimed at strengthening Argentina's institutions and reducing corruption. These measures include the reduction of criminal sentences in exchange for cooperation with the Government in corruption investigations, increased access to public information, the seizing of assets from corrupt officials, increasing the powers of the Anticorruption Office (Oficina Anticorrupción) and the passing of a new public ethics law, among others. The Government's ability to implement these initiatives is uncertain as it would require the involvement of the judiciary branch, which is independent, as well as legislative support from opposition parties. There can be no assurances that the implementation of such measures will be successful.

#### j. Energy Sector Crisis

Economic policies since the 2001 2002 crisis have had an adverse effect on Argentina's energy sector. The failure to reverse the freeze on electricity and natural gas tariffs imposed during the 2001 2002 economic crisis created a disincentive for

investments in the energy sector. Instead, the Government sought to encourage investment by subsidising energy consumption. The policy proved ineffective and operated to further discourage investment in the energy sector and caused production of oil and gas and electricity generation, transmission and distribution to stagnate while consumption continued to rise. To address energy shortages starting in 2011, the Government engaged in increasing imports of energy, with adverse implications for the trade balance and the international reserves.

In response to the growing energy crisis, the Macri administration declared a state of emergency with respect to the national electricity system, which will be in effect until December 31, 2017. The Ministry of Energy and Mining issued Resolution No. 6/16 increasing the electricity tariff as of February 1, 2016. This Resolution was later complemented by Resolution No. 7/16 which, among other things, determined the requirements needed to be fulfilled in order to apply for a social tariff ("tarifa social").

As a result, average electricity prices are expected to increase by 500% or more. By correcting tariffs, modifying the regulatory framework and reducing government's role as an active market participant, the Macri administration aims to correct distortions in the energy sector and stimulate investment. In June 2016, a federal court in the city of La Plata suspended the increase in gas tariffs across the Province of Buenos Aires. In addition, on August 3, 2016, a federal court in San Martin suspended the increase in gas tariffs across the country until a public hearing to discuss the electricity tariffs increase is set. The case was brought before the Supreme Court of Argentina, and on August 18, 2016, the Supreme Court of Argentina confirmed the suspension of gas tariffs increase to residential customers. On October 7, 2016, ENARGAS and the Ministry of Energy and Mining issued a series of resolutions, including Resolution 212, approving and implementing the new tariff scheme.

The Macri administration has taken steps and announced measures to address the energy sector crisis while taking into consideration the implications of these price increases for the poorest segments of society, approving subsidised tariffs for qualifying users. Failing to address the negative effects on energy generation, transportation and distribution in Argentina with respect to both the residential and industrial



supply, resulting in part from the pricing policies of the prior administrations, could weaken confidence in and adversely affect the Argentine economy and financial condition, lead to social unrest and political instability, and adversely affect our results of operations. There can be no assurance that the measures adopted by the Macri administration to address the energy crisis will not continue to be challenged in the local courts and/or be sufficient to restore production of energy in Argentina within the short or medium term.

## LEGISLATION AND REGULATION OF THE MEDIA INDUSTRY

### a. New Regulatory Framework.

In Argentina, the legal system, including the Constitution, protects the independence of the free press. As a media company, we are vigilant as to the attempts to curtail freedom of speech and the free press that might arise and widely cooperate with journalistic associations and other NGOs that advocate for the protection of these and other fundamental constitutional rights.

From 2009 until December 2015, the government conducted an overt policy designed to restrict the activities of the free press. During 2013, 2014 and most of 2015, private media in general and Grupo Clarín in particular faced an escalating level of harassment, involving the use of official and para-official means and resources with the clear intention of damaging the private media's reputation and directly and indirectly limiting its journalistic activities.

Since December 2015, the new government under the Macri administration has made announcements in favor of an independent media and against censorship, passed legislation and improved communication channels with private media in general, which evidences major changes in media related governmental policies.

On December 29, 2015, the National Government issued Decree No. 267/2015 pursuant to which it intends, among other things, gradually to converge the audiovisual media and telecommunications industries under the same regulatory framework (the "New Media Decree"). Among other provisions, the New Media Decree (i) repealed Section 161 of the Audiovisual Communication Services Law, which required the filing by the Company and some of its subsidiaries of a reorganisation and divestment plan, (ii) amended the multiple license regime, (iii) amended the

35% limit applicable to total inhabitants for open services and the 35% total subscription limit for subscription television services, (iv) eliminated the restriction to provide open broadcasting television services and subscription television services in the same area, (v) expanded services to be provided and registered by Information and Communication Technology licensees to include pay broadcasting service by physical and/or by radio-electric link, i.e. cable operators such as Cablevisión and its subsidiaries; and, (vi) provides that telephone service operators with licenses granted under Decree No. 62/90 and Sections 5.1 and 5.2 of Decree No. 264/98 and mobile telephone service operators with licenses granted under Decree 1461/93 may render pay television services by means of physical and/or radio-electric link starting on or after January 1, 2018 (or January 1, 2019, if the waiting period is extended).

The New Media Decree affects the regulatory frameworks applicable to both audiovisual communication services and telecommunication services. The reversal of any decisions adopted by the Argentine government pursuant to the New Media Decree could materially affect the recoverability of the Company's relevant assets, its business, results of operations and financial condition.

### b. Other government action relating to the Company and the media industry.

Other government or para-official actions against the Company and media in general under the previous administration included: (i) an exponential increase and discriminatory allocation of official advertising, (ii) the use of public funds and media on a discretionary basis to generate content and shows that display political propaganda, (iii) an aggressive campaign to destroy non-partisan media by compromising their economic sustainability and credibility, (iv) abuse of bureaucratic controls or controls by public agencies in the form of administrative persecutions, groundless arbitrary resolutions, disproportionate tax controls and recurring audits, (v) blockades to printing facilities to prevent the distribution of certain newspapers and magazines, and (vi) government interference and regulation of the newsprint industry.

While both the political scenario and the regulation applicable to the media industry have changed positively since December 2015, we cannot assure that actions by the Government or the new political opposition will not continue.

Increased government action against the Company could materially affect our business, results of operations and financial condition.

## REORGANISATION OF THE COMPANY

On 28 September 2016, the Company held an Extraordinary Shareholders' Meeting at which the shareholders of the Company decided, among other things, to approve (a) the Board of Directors' proposal for the partial split-up of the Company pursuant to the terms of the Prospectus dated as of 14 September 2016 (the "Prospectus"); (b) the creation of Cablevisión Holding S.A., ("Cablevisión Holding"), a new company that would be formed by the direct (post merger) and indirect share participations in Cablevisión S.A. and other assets, liabilities, rights and obligations that the shareholders of the Company shall allocate to the spun off company, and (c) after the registration of both the split-up and the incorporation of Cablevisión Holding with the Inspección General de Justicia de la Ciudad Autónoma de Buenos Aires, and once authorization has been obtained for its admission to the public offering regime and the listing of the Class B and Class C shares and the trading of its Class B shares on the stock exchange and/or securities market, the Company will announce a share distribution date on which certain class A, class B and class C shares of the Company will be cancelled, and shares of Cablevisión Holding will be issued and delivered to the holders of the cancelled shares in accordance with the split-ratio announced by the Company.

The proposed spinoff has the following inherent risks, which were detailed in the Prospectus:

- a. the proposed spinoff may affect the price of the shares of the Company;
- b. there may not be a liquid market for the shares of Cablevisión Holding
- c. the historical performance of Cablevisión S.A. may not be representative of the performance of Cablevisión Holding S.A. as an independent entity
- d. Cablevisión Holding S.A. will be a new company that has never operated independently from the Company
- e. Cablevisión Holding S.A. may face difficulties to finance its operations and capital investment after the spinoff, which could have an adverse impact on its business and its results; and

f. the difficulties or impossibility of the subsidiaries of Cablevisión Holding S.A. to pay dividends or other distributions may adversely affect Cablevisión Holding S.A. and its ability to pay dividends to its shareholders.

#### CAPITAL MARKETS REGULATIONS

On November 29, 2012 Congress passed Capital Markets Law No. 26,831 (the “Capital Markets Law”), which became effective on January 28, 2013. The Capital Markets Law provides for a comprehensive amendment of the public offering regime, previously governed by Law No. 17,811 and, among other things, enhances the National Government’s oversight powers over publicly traded companies.

On July 29, 2013, the National Government issued Decree No. 1023/2013 to regulate partially the Capital Markets Law. Among other provisions, the Decree provides that the CNV may appoint an overseer with veto rights over the decisions made by the boards of directors of entities subject to the public offering regime, or otherwise remove the boards from such entities for up to 180 days until all deficiencies found by the CNV are solved, without prior judicial authorisation or control. The Decree also vests with the CNV the power to appoint the administrators or co-administrators that will hold office after a board of directors of an issuer is removed. The Company is of the view that the Decree amends the Law it seeks to regulate and, therefore, is not a valid implementing regulation.

The Macri administration has publicly stated that it intends to present a bill to Congress in 2017, with substantial amendments to the Capital Markets Law, including restrictions to the current powers of the CNV. However, in order to obtain the majorities necessary to amend the existing law, the Macri administration depends on the support of opposition parties.

Direct intervention of our management by the CNV could materially affect our business, results of operations and financial condition.

#### SECTOR DEVELOPMENT AND COMPETITION

The Company devotes significant resources to analyzing emerging trends and has vast experience and a solid track record in reading consumer demands and successfully developing new products and services, adapting its business model in time.

Among other provisions, the New Media Decree provides that telephone service operators with licenses granted under Decree No. 62/90 and Sections 5.1 and 5.2 of Decree No. 264/98 and mobile telephone service operators with licenses granted under Decree 1461/93 may provide pay television services by means of physical and/or radio-electric link starting on or after January 1, 2018 (or January 1, 2019, if the waiting period is extended). By means of decree No. 1340/16, the Argentine Government confirmed that fixed and mobile telephony companies could register as providers of pay television services and could start rendering such services in highly populated areas as from January 1, 2018 without extension of the waiting period. The entry of the large fixed and mobile telephony providers into the cable television market will lead to increased competition in that market, which may result in an increase in subscriber churn and adversely affect the Cable Television, Internet Access and Telephony Services segment.

In addition, the media industry and certain maturing markets to which our services are catered, are dynamic and constantly undergo significant developments at a pace that may differ from our current expectations affecting our growth. Increased competition through new technological developments may adversely affect our business if our analysis of industry trends is not accurate or if we are not able to adapt readily our operations.

#### PROGRAMMING AND PERSONNEL

We may not be able to renew our rights to certain programming and our results of operations may be adversely affected by the loss of key personnel.

The production of content is part of our strategy and we dedicate significant resources to the identification of market trends and new figures and matters of public interest, to preserve the position of leadership we have acquired in the market.

#### LIQUIDITY AND FUNDING

We have financial debt outstanding, a significant portion of which is denominated in foreign currency. Financial markets remain practically closed for Argentine companies, and we must rely primarily on our cash flow generation to service our debt. While we have been able to access the official foreign exchange market to make debt payments to date, we cannot exclude that foreign exchange controls could adversely affect

our ability to make payments on our debt on a timely basis.

We have engaged in an active liability management policy, and improved our debt to free cashflow ratio to limit our need to access the market as a means of repayment of our financial obligations.

Certain of our costs, including a significant portion of our financial expenses, are dollar denominated. Currency fluctuations, such as a considerable devaluation of the Peso against the U.S. dollar are likely to affect adversely the Argentine economy and will impact negatively on our financial condition.







**BUSINESS  
PROJECTIONS AND  
PLANNING**

Grupo Clarín seeks to maintain and consolidate its presence in the local and regional markets, focusing on the production of quality contents both in the traditional media and in new digital media.

All of the Group's business units will strive to seize opportunities, seeking to reinforce, improve and expand the range of products and services offered; increase market share; reach new audiences and promote permanent innovations in all of its activities.

Grupo Clarín will continue to optimize even more the productivity and efficiency levels in all of its areas and companies. 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, business strategy, human resources, innovation and corporate social responsibility. Grupo Clarín 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.

Grupo Clarín remains committed to traditional media, but with a growing focus on digital media, which are one of the largest strategic stakes of the Company. To this end, it will rely on the value and prestige of its brands, which have the largest rates of credibility and acceptance. The Company will use its broad experience in the creation of contents, recognized worldwide -especially in the Spanish-speaking world-, to boost the success of its new platforms.

The spin-off plans seek to deepen the specialization of each of the organizations. In this way, each company will be 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. The new structure will allow the Company to strengthen two teams of management highly focused on reaching the potential of its respective businesses, and will have capital structures more suited to their needs.

Grupo Clarín renews its sustained commitment to regulatory compliance, its readers, audiences and the country. In its daily work, Grupo Clarín seeks to assume with strength and responsibility the role that the media are called to play through independent journalism and through the defense and promotion of universal and fundamental rights, such as freedom of speech, because these are pillars that extol the quality of democracy and the welfare of Argentine society as a whole.



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2016

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## Glossary of Selected Terms

Consolidated Financial Statements as of December 31, 2016 Presented on a comparative basis

|   |   |
|---|---|
| ADIRA Association of Provincial Newspapers of the Republic of Argentina   | GCGC GC Gestión Compartida S.A.   |
| AEDBA Association of Newspaper Publishers of the City of Buenos Aires   | GCSA Investments GCSA Investments, LLC  |
| AFA Asociación del Fútbol Argentino (Argentine Football Association)  | GC Minor GC Minor S.A.  |
| AFIP Administración Federal de Ingresos Públicos (Argentine Federal Revenue Service)  | GC Services Grupo Clarín Services, LLC  |
| AFSCA Autoridad Federal de Servicios de Comunicación Audiovisual (Audiovisual Communication Services Law Federal Enforcement Authority)   | GDS Global Depositary Shares  |
| AGEA Arte Gráfico Editorial Argentino S.A.  | Grupo Carburando Carburando S.A.P.I.C.A.F.I., Mundo Show S.A. and Mundo Show TV S.A.                                  |
| AGR Artes Gráficas Rioplatense S.A.   | Grupo Clarín, or the Company Grupo Clarín S.A.  |
| ANA Administración Nacional de Aduanas (National Customs Administration)  | Grupo Radio Noticias Grupo Radio Noticias S.R.L.  |
| APE Acuerdo preventivo extrajudicial (pre-packaged insolvency plan)   | Holding Teledigital Holding Teledigital Cable S.A.  |
| ARPA Association of Argentine Private Broadcasters  | IASB International Accounting Standards Board   |
| ARTEAR Arte Radiotelevisivo Argentino S.A.  | Ideas del Sur Ideas del Sur S.A.  |
| Auto Sports Auto Sports S.A. (now Carburando S.A.)  | IESA Inversora de Eventos S.A.  |
| Bariloche TV Bariloche TV S.A.  | IFRIC International Financial Reporting Interpretations Committee   |
| BCBA Bolsa de Comercio de Buenos Aires (Buenos Aires Stock Exchange).   | IFRS International Financial Reporting Standards  |
| Cablevisión Cablevisión S.A.  | IGJ Inspección General de Justicia (Argentine Superintendency of Legal Entities)                                      |
| Canal Rural Canal Rural Satelital S.A.  | Impripost Impripost Tecnologías S.A.  |
| CER Coeficiente de Estabilización de Referencia (Reference Stabilization Coefficient, a consumer price inflation coefficient)   | VAT Value Added Tax   |
| CIMECO Compañía Inversora en Medios de Comunicación (CIMECO) S.A.   | La Razón Editorial La Razón S.A.  |
| CLC Compañía Latinoamericana de Cable S.A.  | La Capital Cable La Capital Cable S.A.  |
| CMD Compañía de Medios Digitales (CMD) S.A. (former PRIMA Internacional)  | Antitrust Law Law No. 25,156, as amended  |
| CMI Comercializadora de Medios del Interior S.A.  | Broadcasting Law Law No. 22,285 and its regulations   |
| CNDC Comisión Nacional de Defensa de la Competencia (National Antitrust Commission);  | Audiovisual Communication Services Law Law No. 26,522 and its regulations   |
| CNV Comisión Nacional de Valores (Argentine Securities Commission)  | LSE London Stock Exchange   |
| CPCECABA Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Professional Council in Economic Sciences of the City of Buenos Aires)   | Multicanal Multicanal S.A.  |
| COMFER Comité Federal de Radiodifusión (Federal Broadcasting Committee)   | IAS International Accounting Standards  |
| CSJN Supreme Court of Argentina   | NCP ARG Argentine Professional Accounting Standards, except for Technical Resolutions No. 26 and 29 which adopt IFRS. |
| CUSPIDE Cúspide Libros S.A.   | OSA Oportunidades S.A.  |
| CVB CV B Holding S.A.   | Papel Prensa Papel Prensa S.A.I.C.F. y de M.  |
| Dinero Mail Dinero Mail LLC   | Patagonik Patagonik Film Group S.A.   |
| Adjusted EBITDA Revenues less cost of sales and selling and administrative expenses (excluding depreciation and amortization). Additionally, the segment "Cable Television, Internet Access and Telephony Services" includes adjustments related to the recognition of revenues from installation services and transactions including separate items and the non-consolidation of special purpose entities. | Pol-Ka Pol-Ka Producciones S.A.   |
| Editorial Atlántida Editorial Atlántida S.A.  | PRIMA Primera Red Interactiva de Medios Argentinos (PRIMA) S.A.   |
| FACPE Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professional Councils in Economic Sciences)  | PRIMA Internacional Primera Red Interactiva de Medios Americanos (PRIMA) Internacional S.A. (now CMD)                 |
| FADRA Fundación de Automovilismo Deportivo de la República Argentina (Argentine Motor Racing Foundation)  | NEXTEL NEXTEL Communications Argentina S.R.L.   |
| Fintech Fintech Advisory, Inc. together with its affiliates   | Radio Mitre Radio Mitre S.A.  |
|   | SCI Secretaría de Comercio Interior (Secretariat of Domestic Trade)   |
|   | SECOM Secretaría de Comunicaciones (Argentine Secretariat of Communications)  |
|   | SHOSA Southtel Holdings S.A.  |
|   | SMC Secretaría de Medios de Comunicación (Media Secretariat)  |
|   | Supercanal Supercanal Holding S.A.  |
|   | TATC Tres Arroyos Televisora Color S.A.   |
|   | TCM TC Marketing S.A.   |
|   | Telba Teledifusora Bahiense S.A.  |
|   | Telecor Telecor S.A.C.I.  |
|   | Teledigital Teledigital Cable S.A.  |
|   | TFN Tribunal Fiscal de la Nación (National Tax Court)   |
|   | Tinta Fresca Tinta Fresca Ediciones S.A.  |
|   | TPO Televisora Privada del Oeste S.A.   |
|   | TRISA Tele Red Imagen S.A.  |
|   | TSC Televisión Satelital Codificada S.A.  |
|   | TSMA Teledifusora San Miguel Arcángel S.A.  |
|   | UNIR Unir S.A.  |
|   | Vistone Vistone S.A.  |
|   | VLG VLG Argentina, LLC  |

## Grupo Clarín S.A.

Consolidated Financial Statements  
as of December 31, 2016  
Presented on a comparative basis

In Argentine Pesos (Ps.) – Notes 2.1 and 2.12  
to the consolidated financial statements and  
Notes 2.1 and 2.8 to the parent company only  
financial statements.

Registered office:  
Piedras 1743,  
Buenos Aires, Argentina

Main corporate business:  
Investing and financing

Date of incorporation:  
July 16, 1999

Date of registration with the  
Public Registry of Commerce:  
- Of the by-laws: August 30, 1999  
- Of the latest amendment: October 10, 2007

Registration number with the IGJ:  
1,669,733

Expiration of articles of incorporation:  
August 29, 2098

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 statements  
and Note 4.3 to the parent company only  
financial statements.

### Capital structure

| Type   | Number of votes<br>per share | Subscribed, registered<br>and paid-in capital |
|--|------------------------------|---|
| Class "A" Common shares, with nominal value of Ps. 1 | 5                            | 75,980,304                                    |
| Class "B" Common shares, with nominal value of Ps. 1 | 1                            | 186,281,411                                   |
| Class "C" Common shares, with nominal value of Ps. 1 | 1                            | 25,156,869                                    |
| <b>Total as of December 31, 2016</b>                 |                              | <b>287,418,584</b>                            |
| <b>Total as of December 31, 2015</b>                 |                              | <b>287,418,584</b>                            |

Signed for identification purposes  
with the report dated March 10, 2017

See our report dated March 10, 2017  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (UBA)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman



## Consolidated Statement of Comprehensive Income

For the years ended  
December 31, 2016 and 2015  
In Argentine Pesos (Ps.)

|   | Notes | December 31, 2016    | December 31, 2015    |
|---|-------|----------------------|----------------------|
| Revenues  | 6.1   | 11,378,887,347       | 8,291,992,388        |
| Cost of Sales <sup>(1)</sup>  | 6.2   | (7,003,551,922)      | (4,926,694,896)      |
| Subtotal - Gross Profit   |       | 4,375,335,425        | 3,365,297,492        |
| Selling Expenses <sup>(1)</sup>   | 6.3   | (1,728,968,802)      | (1,202,643,174)      |
| Administrative Expenses <sup>(1)</sup>  | 6.3   | (1,864,144,211)      | (1,228,754,283)      |
| Other Income and Expenses, net  | 6.6   | 55,465,753           | 98,222,054           |
| Financial Costs   | 6.4   | (267,623,007)        | (150,123,485)        |
| Other Financial Results, net  | 6.5   | (130,553,073)        | 19,155,581           |
| Financial Results   |       | (398,176,080)        | (130,967,904)        |
| Equity in Earnings from Affiliates and Subsidiaries                                     | 5.4   | 48,725,499           | 61,298,581           |
| Income before Income Tax and Tax on Assets  |       | 488,237,584          | 962,452,766          |
| Income Tax and Tax on Assets  | 7     | (264,157,883)        | (354,574,614)        |
| Income for the period from continuing operations  |       | 224,079,701          | 607,878,152          |
| <b>Discontinued Operations</b>  |       |                      |                      |
| Net Income from Discontinued Operations   | 13    | 3,955,531,485        | 2,308,032,329        |
| <b>Net Income for the Year</b>  |       | <b>4,179,611,186</b> | <b>2,915,910,481</b> |
| <b>Other Comprehensive Income</b>   |       |                      |                      |
| <b>Items which may be reclassified to net income</b>                                    |       |                      |                      |
| Variation in Translation Differences of Foreign Operations from Continuing Operations   |       | 8,803,638            | 19,342,907           |
| Variation in Translation Differences of Foreign Operations from Discontinued Operations |       | 422,449,177          | 146,569,000          |
| Other Comprehensive Income for the Year   |       | 431,252,815          | 165,911,907          |
| <b>Total Comprehensive Income for the Year</b>  |       | <b>4,610,864,001</b> | <b>3,081,822,388</b> |
| Profit Attributable to:   |       |                      |                      |
| Shareholders of the Parent Company  |       | 2,530,041,832        | 1,884,929,369        |
| Non-Controlling Interests   |       | 1,649,569,354        | 1,030,981,112        |
| Total Comprehensive Income Attributable to:   |       |                      |                      |
| Shareholders of the Parent Company  |       | 2,748,667,739        | 2,003,372,380        |
| Non-Controlling Interests   |       | 1,862,196,262        | 1,078,450,008        |
| Basic and Diluted Earnings per Share from Continuing Operations                         |       | 0.82                 | 2.02                 |
| Basic and Diluted Earnings per Share from Discontinued Operations                       |       | 7.98                 | 4.54                 |
| Basic and Diluted Earnings per Share - Total  |       | 8.80                 | 6.56                 |

(1) Includes amortization of intangible assets and film library, and depreciation of property, plant and equipment in the amount of Ps. 183,484,509 and Ps. 132,219,465 for the years ended December 31, 2016 and 2015, respectively.

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

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**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman

## Consolidated Balance Sheet

As of December 31, 2016  
and 2015  
In Argentine Pesos (Ps.)

|  | Notes | December 31, 2016     | December 31, 2015     |
|--|-------|-----------------------|-----------------------|
| <b>Assets</b>  |       |                       |                       |
| <b>Non-Current Assets</b>                                |       |                       |                       |
| Property, Plant and Equipment                            | 5.1   | 780,775,774           | 9,026,866,357         |
| Intangible Assets  | 5.2   | 221,713,090           | 258,146,566           |
| Goodwill   | 5.3   | 270,923,529           | 2,907,928,844         |
| Deferred Tax Assets                                      | 7     | 532,896,812           | 374,890,670           |
| Investment in Unconsolidated Affiliates                  | 5.4   | 368,314,257           | 1,721,354,821         |
| Other Investments  | 5.5   | 7,412,878             | 458,789,781           |
| Inventories  | 5.6   | 15,805,039            | 23,626,229            |
| Other Assets   | 5.7   | 2,122,552             | 2,627,301             |
| Other Receivables  | 5.8   | 159,206,993           | 1,389,317,682         |
| Trade Receivables  | 5.9   | 99,857,137            | 82,905,052            |
| <b>Total Non-Current Assets</b>                          |       | <b>2,459,028,061</b>  | <b>16,246,453,303</b> |
| <b>Current Assets</b>                                    |       |                       |                       |
| Inventories  | 5.6   | 901,013,829           | 490,692,852           |
| Other Assets   | 5.7   | 11,838,743            | 11,456,124            |
| Other Receivables  | 5.8   | 486,550,805           | 949,442,104           |
| Trade Receivables  | 5.9   | 3,582,782,739         | 3,790,626,735         |
| Other Investments  | 5.5   | 328,346,695           | 1,186,552,013         |
| Cash and Banks   | 5.10  | 416,006,084           | 2,025,780,934         |
| <b>Total Current Assets</b>                              |       | <b>5,726,538,895</b>  | <b>8,454,550,762</b>  |
| Assets Held for Distribution to Shareholders             | 13    | 28,082,220,838        | -                     |
| <b>Total Assets</b>                                      |       | <b>36,267,787,794</b> | <b>24,701,004,065</b> |
| <b>Equity (as per the corresponding statement)</b>       |       |                       |                       |
| Attributable to Shareholders of the Parent Company       |       |                       |                       |
| Shareholders' Contributions                              |       | 2,010,638,503         | 2,010,638,503         |
| Other Items  |       | 755,638,189           | 592,243,638           |
| Accumulated Income                                       |       | 6,860,110,364         | 4,630,068,532         |
| Total Attributable to Shareholders of the Parent Company |       | 9,626,387,056         | 7,232,950,673         |
| Attributable to Non-Controlling Interests                |       | 4,416,373,963         | 3,175,288,997         |
| <b>Total Shareholders' Equity</b>                        |       | <b>14,042,761,019</b> | <b>10,408,239,670</b> |
| <b>Liabilities</b>                                       |       |                       |                       |
| <b>Non-Current Liabilities</b>                           |       |                       |                       |
| Provisions and Other                                     | 5.11  | 228,252,293           | 432,475,314           |
| Debt   | 5.12  | 469,172,621           | 4,033,351,896         |
| Deferred Tax Liabilities                                 | 7     | 209,849               | -                     |
| Taxes Payable  | 5.14  | 59,188,405            | 90,524,218            |
| Other Liabilities  | 5.15  | 61,662,068            | 142,185,237           |
| Trade Payables and Other                                 | 5.16  | 27,347,968            | 19,557,018            |
| <b>Total Non-Current Liabilities</b>                     |       | <b>845,833,204</b>    | <b>4,718,093,683</b>  |
| <b>Current Liabilities</b>                               |       |                       |                       |
| Debt   | 5.12  | 339,731,089           | 2,901,737,366         |
| Seller Financings  | 5.13  | 14,256,467            | 1,874,191             |
| Taxes Payable  | 5.14  | 296,868,894           | 1,152,994,701         |
| Other Liabilities  | 5.15  | 508,464,913           | 465,161,856           |
| Trade Payables and Other                                 | 5.16  | 2,958,209,807         | 5,052,902,598         |
| <b>Total Current Liabilities</b>                         |       | <b>4,117,531,170</b>  | <b>9,574,670,712</b>  |
| Liabilities Held for Distribution to Shareholders        | 13    | 17,261,662,401        | -                     |
| <b>Total Liabilities</b>                                 |       | <b>22,225,026,775</b> | <b>14,292,764,395</b> |
| <b>Total Equity and Liabilities</b>                      |       | <b>36,267,787,794</b> | <b>24,701,004,065</b> |

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

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C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

Alejandro A. Urricelqui  
Vice Chairman and acting Chairman



## Consolidated Statement of Changes in Equity

For the years ended  
December 31, 2016 and 2015  
In Argentine Pesos (Ps.)

|  | Shareholders' Contributions |   |                               |                      |
|--|-----------------------------|---|-------------------------------|----------------------|
|  | Capital Stock               | Inflation<br>Adjustment on<br>Capital Stock | Additional<br>Paid-in Capital | Subtotal             |
| Balances as of January 1st 2015  | 287,418,584                 | 309,885,253                                 | 1,413,334,666                 | 2,010,638,503        |
| Set-up of reserves   | -                           | -   | -                             | -                    |
| Dividend Distribution  | -                           | -   | -                             | -                    |
| Dividends and Other Movements<br>of Non-Controlling Interest                                 | -                           | -   | -                             | -                    |
| Changes in Reserves for<br>Acquisition of Investments  | -                           | -   | -                             | -                    |
| Net Income for the Year  | -                           | -   | -                             | -                    |
| Other Comprehensive Income:<br>Variation in Translation Differences<br>of Foreign Operations | -                           | -   | -                             | -                    |
| <b>Balances as of December 31, 2015</b>  | <b>287,418,584</b>          | <b>309,885,253</b>                          | <b>1,413,334,666</b>          | <b>2,010,638,503</b> |
| Set-up of Reserves (Note 14)   | -                           | -   | -                             | -                    |
| Dividend Distribution  | -                           | -   | -                             | -                    |
| Dividends and Other Movements<br>of Non-Controlling Interest                                 | -                           | -   | -                             | -                    |
| Changes in Reserves for<br>Acquisition of Investments  | -                           | -   | -                             | -                    |
| Net Income for the Year  | -                           | -   | -                             | -                    |
| Other Comprehensive Income:<br>Variation in Translation Differences<br>of Foreign Operations | -                           | -   | -                             | -                    |
| <b>Balances as of December 31, 2016</b>  | <b>287,418,584</b>          | <b>309,885,253</b>                          | <b>1,413,334,666</b>          | <b>2,010,638,503</b> |

(1) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,884,929,369; (ii) Judicial reserve for future dividend distribution of Ps. 387,028,756, (iii) Optional reserve for illiquidity of results of Ps. 694,371,899, and (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 1,244,277,741.

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

| Equity attributable to Shareholders of the Parent Company |                     |                    |                                     |                      |   |   |                       |
|---|---------------------|--------------------|-------------------------------------|----------------------|---|---|-----------------------|
| Translation<br>of Foreign<br>Operations                   | Other Items         | Accumulated Income |                                     |                      | Total Equity<br>of Controlling<br>Interests | Equity<br>Attributable to<br>Non-Controlling<br>Interests | Total Equity          |
|   | Other<br>Reserves   | Legal<br>Reserve   | <sup>(1)</sup> Optional<br>reserves | Retained<br>Earnings |   |   |                       |
| 477,454,394   | (209,686)           | 119,460,767        | 2,071,576,709                       | 804,101,687          | 5,483,022,374                               | 2,282,464,286   | 7,765,486,660         |
| -   | -                   | -                  | 554,101,687                         | (554,101,687)        | -   | -   | -                     |
| -   | -                   | -                  | -                                   | (250,000,000)        | (250,000,000)                               | -   | (250,000,000)         |
| -   | -                   | -                  | -                                   | -                    | -   | (185,625,297)   | (185,625,297)         |
| -   | (3,444,081)         | -                  | -                                   | -                    | (3,444,081)                                 | -   | (3,444,081)           |
| -   | -                   | -                  | -                                   | 1,884,929,369        | 1,884,929,369                               | 1,030,981,112   | 2,915,910,481         |
| 118,443,011   | -                   | -                  | -                                   | -                    | 118,443,011                                 | 47,468,896  | 165,911,907           |
| <b>595,897,405</b>  | <b>(3,653,767)</b>  | <b>119,460,767</b> | <b>2,625,678,396</b>                | <b>1,884,929,369</b> | <b>7,232,950,673</b>                        | <b>3,175,288,997</b>                                      | <b>10,408,239,670</b> |
| -   | -                   | -                  | 1,584,929,369                       | (1,584,929,369)      | -   | -   | -                     |
| -   | -                   | -                  | -                                   | (300,000,000)        | (300,000,000)                               | -   | (300,000,000)         |
| -   | -                   | -                  | -                                   | -                    | -   | (621,111,296)   | (621,111,296)         |
| -   | (55,231,356)        | -                  | -                                   | -                    | (55,231,356)                                | -   | (55,231,356)          |
| -   | -                   | -                  | -                                   | 2,530,041,832        | 2,530,041,832                               | 1,649,569,354   | 4,179,611,186         |
| 218,625,907   | -                   | -                  | -                                   | -                    | 218,625,907                                 | 212,626,908   | 431,252,815           |
| <b>814,523,312</b>  | <b>(58,885,123)</b> | <b>119,460,767</b> | <b>4,210,607,765</b>                | <b>2,530,041,832</b> | <b>9,626,387,056</b>                        | <b>4,416,373,963</b>                                      | <b>14,042,761,019</b> |

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**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman



## Consolidated Statement of Cash Flows

For the years ended  
December 31, 2016 and 2015  
In Argentine Pesos (Ps.)

|   | December 31, 2016    | December 31, 2015    |
|---|----------------------|----------------------|
| <b>Cash provided by Operating Activities</b>  |                      |                      |
| Net Income for the Year   | 4,179,611,186        | 2,915,910,481        |
| Income Tax and Tax on Assets  | 264,157,883          | 354,574,614          |
| Accrued Interest, net   | 183,031,249          | 138,146,998          |
| Adjustments to reconcile net income for the year<br>to cash provided by operating activities: |                      |                      |
| - Depreciation of Property, Plant and Equipment   | 118,227,554          | 85,290,931           |
| - Amortization of Intangible Assets and Film Library  | 65,256,955           | 46,928,534           |
| - Net allowances  | 159,793,058          | 82,658,340           |
| - Financial Income, except interest   | (68,031,076)         | (243,855,707)        |
| - Equity in Earnings from Affiliates and Subsidiaries   | (48,725,499)         | (61,298,581)         |
| - Other Income and Expenses   | (11,052,911)         | 11,377,021           |
| - Net Income from Discontinued Operations   | (3,955,531,485)      | (2,308,032,329)      |
| Changes in Assets and Liabilities:  |                      |                      |
| - Trade Receivables   | (983,842,991)        | (640,769,704)        |
| - Other Receivables   | (63,198,167)         | (108,973,297)        |
| - Inventories   | (414,465,667)        | (202,683,352)        |
| - Other Assets  | (631,805)            | (3,623,522)          |
| - Trade Payables and Other  | 442,781,306          | 573,251,146          |
| - Taxes Payable   | (39,095,491)         | (54,440,597)         |
| - Other Liabilities   | 221,036,747          | 67,334,101           |
| - Provisions  | (67,620,230)         | (41,651,137)         |
| Income Tax and Tax on Assets Payments   | (446,226,374)        | (218,835,839)        |
| Net Cash Flows Provided by Discontinued Operating Activities                                  | 9,967,706,300        | 6,236,946,107        |
| <b>Net Cash Flows Provided by Operating Activities</b>  | <b>9,503,180,542</b> | <b>6,605,500,166</b> |

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|   | December 31, 2016       | December 31, 2015      |
|---|-------------------------|------------------------|
| <b>Cash provided by Investment Activities</b>   |                         |                        |
| - Acquisition of Property, Plant and Equipment, net   | (311,359,194)           | (133,952,733)          |
| - Acquisition of Intangible Assets  | (144,909,009)           | (78,124,630)           |
| - Payments for Acquisition of Subsidiaries,   |                         |                        |
| - Net of Cash Acquired and Contributions in Associates  | (17,992,376)            | (18,098,189)           |
| - Proceeds from Sale of Property, Plant and Equipment   | 36,987,689              | 15,193,293             |
| - Dividends collected   | 35,625,464              | 44,409,345             |
| - Transactions with Securities, Bonds and<br>Other Financial Instruments, Net                   | 15,722,985              | 110,024,900            |
| - Collections of Certificates of Deposit  | 10,199,505              | 39,873,227             |
| - Net Cash Flows used in Discontinued Investment Activities                                     | (11,042,912,576)        | (5,586,586,087)        |
| <b>Net Cash Flows used in Investment Activities</b>   | <b>(11,418,637,512)</b> | <b>(5,607,260,874)</b> |
| <b>Cash provided by Financing Activities</b>  |                         |                        |
| - Loans Obtained  | 1,232,757,451           | 255,509,948            |
| - Repayment of Loans and Issue Expenses   | (755,903,702)           | (315,283,610)          |
| - Payment of Interest   | (177,912,086)           | (92,296,911)           |
| - Collections (Settlement) on Derivatives   | 59,303,370              | 7,996,820              |
| - Payment of Dividends  | (300,000,000)           | (250,000,000)          |
| - Payments to Non-Controlling Interests, net  | (14,501,085)            | (12,060,149)           |
| - Net Cash Flows used in Discontinued Financing Activities                                      | (532,001,955)           | (479,333,226)          |
| <b>Net Cash Flows used in Financing Activities</b>  | <b>(488,258,007)</b>    | <b>(885,467,128)</b>   |
| <b>Financing Results generated by Cash and Cash Equivalents<br/>for Continuing Operations</b>   | <b>89,775,694</b>       | <b>93,506,077</b>      |
| <b>Financing Results generated by Cash and Cash Equivalents<br/>for Discontinued Operations</b> | <b>905,840,410</b>      | <b>754,306,411</b>     |
| <b>Financing Results generated by Cash and Cash Equivalents</b>                                 | <b>995,616,104</b>      | <b>847,812,488</b>     |
| <b>(Decrease) / Increase in cash flow, net</b>  | <b>(1,408,098,873)</b>  | <b>960,584,652</b>     |
| Cash and Cash Equivalents<br>at the Beginning of the Year (Note 2.25)                           | 2,705,563,078           | 1,717,383,640          |
| Effect of Consolidation of Companies  | 2,053,223,080           | 27,594,786             |
| <b>Cash and Cash Equivalents<br/>at the Closing of the Year (Note 2.25)</b>                     | <b>3,350,687,285</b>    | <b>2,705,563,078</b>   |

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**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman



## Notes to the Consolidated Financial Statements

For the year ended  
December 31, 2016  
Presented on a comparative basis.  
In Argentine Pesos (Ps.)

### Note 1

#### General Information

Grupo Clarín is a holding company that operates in the Media industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

Its operations include cable television, Internet access and telephony services, newspaper and other printing, publishing and advertising activities, broadcast television, radio operations and television content production, on-line and new media services, and other media related activities. A substantial portion of its revenues is generated in Argentina. Through its subsidiaries, it is engaged primarily in the following business segments:

- Cable Television, Internet Access and Telephony Services, consisting of the largest cable network in Latin America in terms of subscribers, operated by its subsidiary Cablevisión (surviving company after its merger with Multicanal and Teledigital), with operations in Argentina and neighboring countries. This company also provides high-speed Internet access under the brands Fibertel and Flash.
- Printing and Publishing, consisting of national and regional newspapers, a sports daily, magazine publishing, editing and distribution, and commercial printing. Diario Clarín, the flagship national newspaper, is the newspaper with the second largest circulation in the Spanish-speaking world. The sports daily Olé is the only newspaper of its kind in the Argentine market. The newspaper La Razón is the first ever free newspaper in Argentina. The children's magazine Genios is the children's magazine with the highest circulation in Argentina. AGR is its printing company.
- Broadcasting and Programming, consisting of Canal 13, one of the two broadcast television stations with the highest audience share in Argentina, AM (Amplitude Modulation) /FM (Frequency Modulation) radio broadcast stations (Radio Mitre and La 100), and the production of television, film and radio programming content, including cable television signals and organization and broadcasting of sporting events.

- Digital Content and Other, consisting mainly of digital and Internet content, on-line classified ads and horizontal portals as well as its subsidiary GCGC, its shared service center.

Note 25 to these Consolidated Financial Statements describes the current merger-spin-off process of the Company and certain subsidiaries.

These consolidated financial statements present the financial position, the results of operations, the changes in equity and cash flows corresponding to the balances to be spun off to the new company, as provided under IFRS. See Notes 2.24 and 13.

### Note 2

#### Basis for the preparation and presentation of the consolidated financial statements

##### 2.1 Basis for the preparation

Pursuant to General Resolution No. 562 issued on December 29, 2009, entitled "Adoption of International Financial Reporting Standards" and General Resolution No. 576/10, the CNV provided for the application of Technical Resolutions No. 26 and 29 issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE, for its Spanish acronym). Since the Company is subject to the public offering regime governed by Law No. 26,831, it is required to apply such standards as from the year beginning January 1st, 2012. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

These consolidated financial statements of Grupo Clarín for the year ended December 31, 2016, presented on a comparative basis, have been prepared in accordance with IFRS. Certain additional matters were included as required by the Argentine Business Associations Law and/or CNV regulations, including the supplementary information provided under 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.

These consolidated financial statements have been prepared based on historical cost except for the valuation of financial instruments (see Note 2.21). In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") 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 period and details a series of factors that may indicate that an economy is hyperinflationary. Based on the guidelines of IAS 29, there is not enough evidence to conclude that Argentina was a hyperinflationary economy in 2016 and, therefore, the Company did not apply the restatement criteria to the financial information for the years reported as established under IAS 29.

Certain figures reported in the financial statements presented on a comparative basis were reclassified in order to maintain the consistency in the disclosure of the figures corresponding to this year.

The attached consolidated information, approved by the Board of Directors in the meeting held on March 10, 2017, is presented in Argentine Pesos (Ps.), the Argentine legal tender, and arises from accounting records kept by Grupo Clarín S.A. and its subsidiaries.

### **2.2 Standards and Interpretations issued but not adopted to date**

The Company has not adopted IFRS or revisions of IFRS issued as per the detail below, since their application is not required for the year ended December 31, 2016:

- 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.

- IFRS 15 "Revenue from 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. It provides a single, principles based five-step model to be applied to all contracts with customers.

- IFRS 16 "Leases": issued in January 2016 and applicable to fiscal years beginning on or after January 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases.

As of the date of these financial statements, the Company cannot estimate its quantitative 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 regulations have been issued that may be applicable to the Company for this year.

### **2.4 Basis for Consolidation**

These consolidated financial statements incorporate the financial statements of the Company and of the subsidiaries and joint ventures ("Interests in Joint Operations", Note 2.7) controlled by the Company. 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 evidenced by the votes, be it that the Company has the majority of voting rights or potential rights currently exercised. The subsidiaries are consolidated from the date on which the Company assumes control over them and are excluded from consolidation on the date control ceases. Additionally, these consolidated financial statements incorporate the companies mentioned in 2.4.1.

For consolidation purposes, the intercompany transactions and the balances between the Company and the consolidated companies have been eliminated. Unrealized income has also been eliminated.

Below is a detail of the most relevant consolidated subsidiaries, together with the interest percentages held directly or indirectly in each subsidiary's capital stock and votes, as of each date indicated below:



| Companies                      | Direct or Indirect Interest in the<br>Capital Stock and Votes (%) |                   |
|--------------------------------|---|-------------------|
|                                | December 31, 2016   | December 31, 2015 |
| Cablevisión <sup>(1) (3)</sup> | 60.0%   | 60.0%             |
| NEXTEL <sup>(3)</sup>          | 60.0%   | -                 |
| PRIMA <sup>(3)</sup>           | -   | 60.0%             |
| AGEA                           | 100.0%  | 100.0%            |
| AGR                            | 100.0%  | 100.0%            |
| CIMECO                         | 100.0%  | 100.0%            |
| ARTEAR <sup>(2)</sup>          | 99.3%   | 99.2%             |
| Pol-Ka                         | 54.6%   | 54.6%             |
| IESA                           | 100.0%  | 100.0%            |
| Radio Mitre                    | 100.0%  | 100.0%            |
| GCGC                           | 100.0%  | 100.0%            |
| CMD                            | 100.0%  | 100.0%            |
| GC Services                    | 100.0%  | 100.0%            |
| GCSA Investments               | 100.0%  | 100.0%            |

(1) Includes Multicanal and Teledigital, which were merged into Cablevisión effective as of October 1, 2008.

(2) Interest in votes amounts to 99.7%.

(3) See Note 13.

(4) This company was merged into Cablevisión effective as of October 1, 2016.

The subsidiaries' financial statements used for consolidation purposes bear the same closing date as these consolidated financial statements, comprise the same periods and have been prepared under exactly the same accounting policies as those used by the Company, which are described in the notes to the consolidated financial statements or, as the case may be, adjusted as applicable.

#### 2.4.1 Consolidation of Structured Entities

Cablevisión has executed certain agreements with other companies, for the purposes 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 and Internet access 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 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 items "Equity attributable to non-controlling interests" and "Net Income attributable to non-controlling interests" in these financial statements, as required by IFRS.

#### 2.4.2 Changes in the Company's Interests in Existing Subsidiaries

The changes in the Company's interests in subsidiaries that do not generate a loss of control are recorded under equity. The book value of the Company's interests and non-controlling interests is adjusted to reflect the changes in the relative interest in the subsidiary. Any difference between the amount for which non-controlling interests were adjusted and the fair value of the consideration paid or received is directly recognized in equity and attributed to the shareholders of the parent company.

In case of loss of control, any residual interest in the issuing company is measured at its fair value at the date on which control was lost, allocating the change in the recorded value with an impact on net income. The fair value is the initial amount recognized for such investments for the purposes of its subsequent valuation for the interest retained as associate, joint operation or financial instrument. Additionally any amount previously recognized in Other Comprehensive Income regarding such investments is recognized as if Grupo Clarín had disposed of the related assets and liabilities. Consequently, the amounts previously recognized in Other Comprehensive Income may be reclassified to net income.

## **2.5 Business Combinations**

The Company applies the acquisition method to account 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 company acquired. 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, verified within the measurement period, are adjusted against the acquisition cost.

The measurement period is the actual period that begins on the acquisition date and ends as soon as the Company receives all the information it was seeking about facts and circumstances that existed as of the acquisition date. The measurement period cannot exceed one year from 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 net income.

Changes in the fair value of the contingent consideration classified as equity are not recognized.

In the case of business combinations achieved in stages, the Company's equity interest in the company acquired is remeasured at fair value at the acquisition date (i.e., the date on which the Company acquired control) and the resulting gain or loss, if any, is recognized as income/expense or in other comprehensive income, depending on the origin of the variation. In the periods preceding the reporting periods, the Company may have recognized in other comprehensive income the changes in the value of the interest in the capital stock of the acquired company. In that case, the amount recognized in other comprehensive income is recognized on the same basis that would have been required if the Company had directly disposed of the previously-held equity interest.

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 (including the interest previously held, if any, and the non-controlling interest) over 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 net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost is immediately recognized in net 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.

## **2.6 Investment in Associates**

An associate is an entity over which the Company has significant influence, without exerting control, generally accompanied by equity holdings of between 20% and 50% of voting rights.

The associates' net income and the assets and liabilities are disclosed in the consolidated financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". 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 comprehensive 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.



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 net income.

Unrealized gains or losses on transactions between the Company (and 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 consistent 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, as established by IAS 39.

In the cases where non-controlling shareholders hold put options whereby they may force the Company to acquire shares of subsidiaries, and the Company reasonably estimates that such put options will be duly exercised, the Company discloses the present value of the corresponding future payments under Other Liabilities.

### **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.

Joint venture arrangements that entail the establishment of an independent entity in which each company holds an interest are called jointly controlled entities. The Company, in accordance with IFRS 11 "Joint Arrangements", has applied the equity method to measure its holding in the jointly controlled entity and discloses its holdings in such entities under Investment in unconsolidated affiliates.

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.

These consolidated financial statements include the balances of the UTEs, among them, Ertach S.A. – Prima S.A. Unión Transitoria de Empresas, FEASA – S.A. La Nación Unión Transitoria de Empresas and AGEA S.A. – S.A. La Nación – UTE, in which the Company and/or its subsidiaries hold an interest.

### **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, upon measurement at fair value, the Company's share in the fair value of net identifiable assets of the acquired company exceeds the amount of the consideration transferred, the amount of any non-controlling interest in such company and the fair value of the acquirer's previously held non-controlling interest in the acquiree (if any), such excess is immediately recognized in the statement of comprehensive income as a gain arising from a very advantageous acquisition.

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 indication 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 the subsidiary, the amount attributable to goodwill is included in the calculation of the corresponding gain or loss.

### **2.9 Revenue Recognition**

Revenues are recognized when the amount of revenues may be reliably estimated, when future economic benefits are likely to be obtained by the Company, and when specific criteria are met for each of Grupo Clarín's activities, as described below.

Revenues for each of the main business segments identified by the Company are recognized when the following conditions are met:

*- Cable Television, Internet Access and Telephony*  
Sales of cable or Internet services subscriptions are recognized as revenues for the period 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 the Company is likely to obtain economic benefits (see Note 19).

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

#### *- Printing and Publishing*

Advertising sales are determined by the prices achieved per single column centimeter and the number of advertising centimeters sold in the relevant period. Circulation sales include the price received from the sale of newspapers, magazines and other publications. Printing services sales consist mainly of fees received from the printing of magazines, books, brochures and related products.

Advertising sales from newspapers and magazines are recognized when advertising is published. Revenues from the sale of newspaper and magazines are recognized upon passing control to the buyers.

The Company records the estimated impact of returns, calculated based on historical trends, as a deduction from revenues. Revenues from printing services are recognized upon completion of the services, delivery of the related products and customer acceptance.

#### *- Broadcasting and Programming*

TV and radio advertising sales revenues are recognized when advertising is broadcast. Revenues from programming and distribution of television content are recognized when the programming services are provided.

### **2.10 Barter Transactions**

The Company, through its subsidiaries, sells a small portion of its advertising spaces in exchange for goods or services received. Revenues are recorded when the advertisement is made, valued at the fair value of the goods or services received, in the case of goods and other services advertising barter transactions, or delivered, in the case of advertising-for-advertising barter transactions. Goods or services are recorded at the time goods are received or services are rendered. The goods or services to be received in consideration for the advertisements made are recorded as Trade Receivables. The advertisements to be made in exchange for the goods and services received are recorded as Trade Payables and Other.



### **2.11 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.

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 balance sheet as an obligation under financial leases recorded under 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.

### **2.12 Foreign Currency and Functional Currency**

The 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 currency of the indirectly controlled 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.

Exchange differences are charged to net income as incurred.

In preparing the Company's consolidated financial statements, the assets and liabilities balances of the entities which functional currencies is not the Argentine Peso, stated 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".

### **2.13 Financial Costs**

Financial costs directly attributable to the acquisition, construction or production of assets that require a substantial period of time to prepare for their intended use or sale ("qualifying assets"), are capitalized as part of the cost of these assets until they are ready for their intended use or sale, according to IAS 23 ("Borrowing Costs").

The income, if any, on the temporary investment of the specific borrowings incurred to finance qualifying assets is deducted from the financial costs to be capitalized.

All other financial costs are charged to net income as incurred.

### **2.14 Taxes**

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

#### **2.14.1 Current and Deferred Income Tax for the year**

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.

#### **2.14.2 Current Income Tax**

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 current tax liability is calculated using the tax rate in effect as of the date of these consolidated financial statements. Current tax charge is calculated based on the tax rules effective in the countries in which the consolidated entities operate.

#### **2.14.3 Deferred Income Tax**

Deferred tax is recognized on temporary differences between the book value of the assets and liabilities included in these 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 likely 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 likely 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 foreign subsidiaries.

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 effective regulations allow 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 income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

#### **2.14.4 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 these consolidated financial statements for the amount estimated to be recoverable within the statute of limitations, based on the subsidiaries' current business plans.

#### **2.15 Property, Plant and Equipment**

Property, plant and equipment held for use in the production or supply of goods and services, or for administrative purposes, are recorded at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation of property, plant and equipment in use 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. The cost includes professional fees and, in the case of qualifying assets, capitalized financial costs in accordance with the Company's accounting policy (Note 2.13). Depreciation of these assets, as well as in the case of other property, plant and equipment, begins when the assets are ready for their use.

Assets held under financial leases are depreciated over the shorter of their estimated useful life, which is equal to the rest of the other similar assets, or over the lease term.

Repair and maintenance expenses are expensed as incurred.

The gain or loss arising from the retirement or disposal of an item of property, plant and equipment 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 2.17).

#### **2.16 Intangible Assets**

Intangible assets include trademarks and patents, exclusivity agreements, licenses, software and other rights, the purchase value of the subscriber portfolio, projects in-progress (mainly related to software development) and other intangible assets. The accounting policies regarding the recognition and measurement of such intangible assets are described below.

##### **2.16.1 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.

Assets held under financial leases are depreciated over the shorter of their estimated useful life, which is equal to the rest of the other similar assets, or over the lease term.

##### **2.16.2 Intangible Assets Acquired in a Business Combination**

Intangible assets acquired in a business combination 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.

##### **2.16.3 Internally Generated Intangible Assets**

Internally generated intangible assets arising from the development phase of an internal project are recognized if certain conditions are met, among them, technical feasibility to complete the development of the intangible asset and the intent to complete such development.

The amount initially recognized for internally generated intangible assets comprises all the expenses incurred as from the moment all the intangible assets meet the above-mentioned recognition criteria. Where it is not possible to recognize an internally generated intangible asset, the development expenses are recognized in the statement of comprehensive income in the year in which they are incurred.

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.

Such assets are included under software and projects in-progress.

##### **2.17 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 indication 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.

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.

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.

### **2.18 Inventories**

Inventories are valued at the lower of acquisition cost and/or production cost or the net realizable value. The cost is determined under the weighted average price method.

The production cost is determined under the cost absorption method, which comprises raw materials, labor and other costs directly related to the production of goods. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make such sale.

The criterion followed to expense each of these inventory items is as follows:

#### *– Film Rights (series, soap operas and films) and programs purchased:*

The cost of series, soap operas and programs purchased to be shown on broadcast television is mainly expensed against the cost of sales on the exhibition date or upon expiration of exhibition rights. Rights related to these programs acquired in perpetuity, if any, are amortized over their estimated useful life (eight years, with a grace period of three years and are subsequently amortized on a straight-line basis over the next five years).

Films are expensed against the cost of sales on a decreasing basis, based on the number of showings granted by the respective rights or upon expiration of exhibition rights.

Film rights acquired in perpetuity are amortized over their estimated useful life (seven years, with a grace period of four years. They are subsequently amortized on a decreasing basis over the next three years).

#### *– In-house production programs and co-productions:*

The cost of in-house production programs and co-productions is mainly expensed against the cost of sales after broadcasting of the chapter or program. Rights related to in-house production programs and co-productions acquired in perpetuity, if any, are amortized over their estimated useful life (eight years, with a grace period of three years and are subsequently amortized on a straight-line basis over the next five years).

#### *– Events:*

The cost of events is fully expensed against the cost of sales at the time of broadcasting.

The allowance for impairment is calculated based on the recoverability analysis conducted at the closing of each year. The values thus obtained do not exceed their respective recoverable values estimated at the closing of each year.

### **2.19 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 each year-end.

#### **2.20 Provisions and Other**

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 likely 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.

In estimating its obligations, the Company has taken into consideration the opinion of its legal advisors, if any.

#### **2.21 Financial Instruments**

##### **2.21.1 Financial Assets**

Purchases and sales of financial assets 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.

##### **2.21.1.1 Classification of Financial Assets**

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

##### **2.21.1.2 Recognition and Measurement of Financial Assets**

###### **2.21.1.2.1 Financial Assets at Fair Value with Changes in Net Income**

Financial assets at fair value with changes in net income 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 net income includes any gain or loss generated by the financial asset and is included under the item financial income and cost in the consolidated statement of comprehensive income.

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

The fair value of these assets is calculated based on the current quoted market price of these instruments.

##### **2.21.1.2.2 Held-to-maturity Investments**

Held-to-maturity investments are measured at amortized cost using the effective interest rate method less any impairment, if any.

The effective interest rate method calculates the amortized cost of a financial asset or liability and the allocation of financial income or cost over the whole corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net book value of the financial asset or liability on its initial recognition.

Balances in foreign currency were translated at the exchange rate prevailing at the closing of year for the settlement of these transactions. Foreign exchange differences were charged to net income for each year.

##### **2.21.1.2.3 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 are initially measured at fair value, 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 assets, except for the maturities exceeding 12 months from the closing date.

Loans in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year-end. Foreign exchange differences were charged to net income for each year.

#### **2.21.1.3 Impairment of Financial Assets**

The Company tests financial assets or a group of assets for impairment at each closing date 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 net 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 net income for the year.

#### **2.21.1.4 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.

#### **2.21.2 Financial Liabilities**

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

##### **2.21.2.1 Debt**

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”.

Debt maturing within the 12 months preceding the closing date is classified as current and those maturing within the 12 months following the closing date are classified as non-current.

Loans in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year-end. Foreign exchange differences were charged to net income for each year.



#### **2.21.2.2 Trade Payables and Other**

Trade payables with fixed or determinable payments not traded in an active market are classified as “Trade Payables and Other”. Trade Payables and Other 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 Payables and Other are classified as current, except for the maturities exceeding 12 months from the closing date.

Trade payables in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year end. Foreign exchange differences were charged to net income for each year.

#### **2.21.2.3 Derecognition of Financial Liabilities**

An entity 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, cancelled or expires.

#### **2.21.3 Derivatives and Hedge Accounting**

The Company executes certain financial instruments to manage its exposure to interest rate and exchange risks, including foreign currency hedges, interest rate swaps and currency swaps.

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 net 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 net 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 the liabilities it holds in foreign currency. The gain or loss relating to the effective portion of foreign currency forward contracts is charged to net income under Financial Costs. The loss or gain related to the ineffective portion, if any, is charged to net 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 net income under Financial Costs.

#### **2.21.4 Refinancing of Indebtedness**

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

#### **2.22 Other Receivables**

##### **2.22.1 Call Option**

The call option included under the item Other Receivables has been valued at its acquisition cost.

##### **2.23 Other Liabilities**

Advances from customers involving obligations to deliver assets that have not yet been produced have been valued at the higher of the amounts received or the share in the estimated value of the related assets.

The other liabilities have been valued at nominal value.

**2.24 Assets and Liabilities Held for Distribution to Shareholders**

Non-current assets and liabilities (or disposal groups) are classified as assets and liabilities held for distribution to shareholders when an entity undertakes to distribute them to its shareholders, to the extent such distribution is highly likely to occur and they are available for immediate distribution in their then current conditions.

**2.25 Consolidated Statement of Cash Flows**

For the purposes of preparing the consolidated 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, if any, are deducted to the extent they are part of the Company’s cash management.

Bank overdrafts are classified as “Debt” in the consolidated balance sheet.

Cash and cash equivalents at each year-end, as disclosed in the consolidated statement of cash flows, may be reconciled against the items related to the consolidated balance sheet as follows:

|   | December 31, 2016    | December 31, 2015    |
|---|----------------------|----------------------|
| Cash and Banks  | 416,006,084          | 2,025,780,934        |
| Short-Term Investments  | 305,789,321          | 679,782,144          |
| <b>Subtotal</b>   | <b>721,795,405</b>   | <b>2,705,563,078</b> |
| Cash and cash equivalents disclosed under “Assets held for distribution to shareholders”: |                      |                      |
| Cash and Banks  | 1,246,653,030        | -                    |
| Short-Term Investments  | 1,382,238,850        | -                    |
| <b>Subtotal</b>   | <b>3,350,687,285</b> | <b>2,705,563,078</b> |

In the years ended December 31, 2016 and 2015, the following significant transactions were carried out, which did not have an impact on cash and cash equivalents:

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Dividends collected through debt settlement | 17,000,000        | 12,000,000        |
| Interest settlement through reserve account | -                 | 1,100,400         |



### **2.26 Distribution of Dividends**

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.

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## **Note 3**

### **Accounting estimates and judgments**

In applying the accounting policies 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 year in which estimates are reviewed.

These estimates basically refer to:

#### **Allowance for Bad Debts**

The Company calculates the allowance for bad debts for debt instruments that are not valued at fair value, taking into account the uncollectibility history, the opinion of its legal advisors, if any, and other circumstances known at the time of calculation.

#### **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.

### **Recognition and Measurement of Deferred Income Tax Items**

Deferred tax assets are only recognized for temporary differences to the extent that it is likely that each entity, on an individual basis, will have enough future taxable income against which the deferred tax assets can be used. Tax loss carryforwards from prior years are only recognized when it is likely 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.

### **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, taking into consideration the opinion of its legal advisors.

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

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

### **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 no 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, otherwise, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and makes assumptions based on market conditions at closing.

**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 2.17.

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## Note 4

### Segment information

The Company is mainly engaged in media and entertainment activities, which are carried out through the companies in which it holds a participating interest. 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:

- Cable Television, Internet Access and Telephony Services, mainly comprised by the operations of its subsidiary Cablevisión and its subsidiaries, notably: NEXTEL and PRIMA (the latter was merged into Cablevisión effective October 1, 2016).
- Printing & Publishing: mainly comprises the operations of its subsidiary AGEA and its subsidiaries AGR, Cúspide, Tinta Fresca, CIMECO and their respective subsidiaries.
- Broadcasting and Programming: mainly comprises the operations of its subsidiaries ARTEAR, IESA and Radio Mitre, and their respective subsidiaries, including Telecor, Telba,

Pol-Ka, Auto Sports, Grupo Carburando.

- Digital Content and Other: mainly comprises the operations of its controlled companies CMD and subsidiaries, OSA, FEASA and AGEA S.A. – S.A. La Nación - UTE. Additionally, this segment includes the Company's own operations (typical of a holding company) and those carried out by its controlled company GCGC.

The Company has adopted IFRS 8 - Segment Information, which defines operating segments as those identified based on internal reports with respect to the components of the company regularly reviewed by the Board of Directors, the main operating decisions maker, to allocate resources and assess their performance. The Company uses adjusted EBITDA to measure its performance. 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 adjusted EBITDA reported by other companies may not be comparable to the Company's reported adjusted EBITDA.

The following tables include the information as of December 31, 2016 and 2015, prepared on the basis of IFRS, for the business segments identified by the Company. Note 1 to these consolidated financial statements includes additional information about the Company's businesses.

Notes 13 and 25 describe the effects of the corporate reorganization process of the Company and some of its subsidiaries and the corresponding impact on the consolidated financial information as of December 31, 2016.

|  | Cable Television,<br>Internet Access<br>and Telephony<br>Services | Printing<br>and<br>Publishing | Broadcasting<br>and<br>Programming | Digital Content<br>and Other | <sup>(1)</sup> Deletions | <sup>(2)</sup> Adjustments | Consolidated         |
|--|---|-------------------------------|------------------------------------|------------------------------|--------------------------|----------------------------|----------------------|
| <b>Information arising from consolidated income statements as of December 31, 2016</b> |   |                               |                                    |                              |                          |                            |                      |
| Net Sales to Third Parties <sup>(3)</sup>  | 30,791,419,604  | 5,266,195,937                 | 4,597,920,835                      | 769,256,193                  | -                        | (30,045,905,222)           | 11,378,887,347       |
| Intersegment Sales   | 26,460,997  | 509,565,048                   | 301,961,329                        | 498,714,756                  | (564,726,751)            | (771,975,379)              | -                    |
| Net Sales  | 30,817,880,601  | 5,775,760,985                 | 4,899,882,164                      | 1,267,970,949                | (564,726,751)            | (30,817,880,601)           | 11,378,887,347       |
| Cost of sales (excluding depreciation and amortization)                                | (11,540,010,475)  | (3,455,863,004)               | (2,731,032,522)                    | (796,478,203)                | 121,983,753              | 11,540,010,475             | (6,861,389,976)      |
| Subtotal   | 19,277,870,126  | 2,319,897,981                 | 2,168,849,642                      | 471,492,746                  | (442,742,998)            | (19,277,870,126)           | 4,517,497,371        |
| Expenses - excluding depreciation and amortization                                     |   |                               |                                    |                              |                          |                            |                      |
| - Selling Expenses   | (4,225,789,970)   | (1,402,377,946)               | (323,146,967)                      | (210,502,866)                | 218,826,869              | 4,225,789,970              | (1,717,200,910)      |
| - Administrative Expenses  | (3,565,513,567)   | (1,022,251,481)               | (644,145,679)                      | (392,108,509)                | 223,916,129              | 3,565,513,567              | (1,834,589,540)      |
| <b>Adjusted EBITDA</b>   | <b>11,486,566,589</b>   | <b>(104,731,446)</b>          | <b>1,201,556,996</b>               | <b>(131,118,629)</b>         | <b>-</b>                 | <b>(11,486,566,589)</b>    | <b>965,706,921</b>   |
| Depreciation of Property, Plant and Equipment  |   |                               |                                    |                              |                          |                            | (118,227,554)        |
| Amortization of Intangible Assets and Film Library <sup>(4)</sup>                      |   |                               |                                    |                              |                          |                            | (65,256,955)         |
| Financial Costs  |   |                               |                                    |                              |                          |                            | (267,623,007)        |
| Other Financial Results, net   |   |                               |                                    |                              |                          |                            | (130,553,073)        |
| Financial Results  |   |                               |                                    |                              |                          |                            | (398,176,080)        |
| Equity in Earnings from Affiliates and Subsidiaries                                    |   |                               |                                    |                              |                          |                            | 48,725,499           |
| Other Income and Expenses, net   |   |                               |                                    |                              |                          |                            | 55,465,753           |
| Income Tax and Tax on Assets   |   |                               |                                    |                              |                          |                            | (264,157,883)        |
| Income for the year from continuing operations   |   |                               |                                    |                              |                          |                            | 224,079,701          |
| Discontinued Operations  |   |                               |                                    |                              |                          |                            |                      |
| Net Income from Discontinued Operations  |   |                               |                                    |                              |                          |                            | 3,955,531,485        |
| <b>Net Income for the Year</b>   |   |                               |                                    |                              |                          |                            | <b>4,179,611,186</b> |
| <b>Additional consolidated information as of December 31, 2016</b>                     |   |                               |                                    |                              |                          |                            |                      |
| Acquisition of Property, Plant and Equipment   | 9,043,691,047   | 84,500,574                    | 202,719,986                        | 24,138,634                   | -                        | (9,043,691,047)            | 311,359,194          |
| Acquisition of Intangible Assets   | 23,338,586  | 66,929,956                    | 7,681,897                          | 70,297,156                   | -                        | (23,338,586)               | 144,909,009          |
| Ordinary Income from Foreign Operations  | 816,075,846   | -                             | -                                  | -                            | -                        | (816,075,846)              | -                    |
| Non-Current Assets Held Abroad   | 884,259,624   | 11,135,712                    | -                                  | -                            | -                        | (884,259,624)              | 11,135,712           |

(1) Deletions are related to Grupo Clarín's intercompany operations.

(2) Recognition of revenues from cable TV and Internet installation services and transactions including separate items, the non-consolidation of special purpose entities, and the results of discontinued operations (as disclosed in Notes 25 and 13) corresponding to the Cable Television, Internet Access and Telephony Services segment.

(3) Includes also sales to unconsolidated companies.

(4) Amortization of film rights acquired in perpetuity, mentioned in Note 2.18.



|  | Cable Television,<br>Internet Access<br>and Telephony<br>Services | Printing<br>and<br>Publishing | Broadcasting<br>and<br>Programming | Digital Content<br>and Other | <sup>(1)</sup> Deletions | <sup>(2)</sup> Adjustments | Consolidated         |
|--|---|-------------------------------|------------------------------------|------------------------------|--------------------------|----------------------------|----------------------|
| <b>Information arising from consolidated income statements as of December 31, 2015</b> |   |                               |                                    |                              |                          |                            |                      |
| Net Sales to Third Parties <sup>(3)</sup>  | 19,976,650,205  | 3,978,379,230                 | 3,352,809,655                      | 372,033,360                  | -                        | (19,387,880,062)           | 8,291,992,388        |
| Intersegment Sales   | 37,049,795  | 325,013,561                   | 248,551,251                        | 388,953,766                  | (373,748,434)            | (625,819,939)              | -                    |
| Net Sales  | 20,013,700,000  | 4,303,392,791                 | 3,601,360,906                      | 760,987,126                  | (373,748,434)            | (20,013,700,001)           | 8,291,992,388        |
| Cost of sales (excluding depreciation and amortization)                                | (7,475,270,224)   | (2,472,370,883)               | (2,007,924,864)                    | (397,856,279)                | 60,720,941               | 7,475,270,224              | (4,817,431,085)      |
| Subtotal   | 12,538,429,776  | 1,831,021,908                 | 1,593,436,042                      | 363,130,847                  | (313,027,493)            | (12,538,429,777)           | 3,474,561,303        |
| Expenses - excluding depreciation and amortization                                     |   |                               |                                    |                              |                          |                            |                      |
| - Selling Expenses   | (2,444,400,263)   | (1,031,676,498)               | (214,058,110)                      | (94,033,582)                 | 142,034,681              | 2,444,400,263              | (1,197,733,509)      |
| - Administrative Expenses  | (2,594,729,513)   | (686,794,683)                 | (427,087,164)                      | (267,819,259)                | 170,992,812              | 2,594,729,513              | (1,210,708,294)      |
| <b>Adjusted EBITDA</b>   | <b>7,499,300,000</b>  | <b>112,550,727</b>            | <b>952,290,768</b>                 | <b>1,278,006</b>             | <b>-</b>                 | <b>(7,499,300,001)</b>     | <b>1,066,119,500</b> |
| Depreciation of Property, Plant and Equipment  |   |                               |                                    |                              |                          |                            | (85,290,931)         |
| Amortization of Intangible Assets and Film Library <sup>(4)</sup>                      |   |                               |                                    |                              |                          |                            | (46,928,534)         |
| Financial Costs  |   |                               |                                    |                              |                          |                            | (150,123,485)        |
| Other Financial Results, net   |   |                               |                                    |                              |                          |                            | 19,155,581           |
| Financial Results  |   |                               |                                    |                              |                          |                            | (130,967,904)        |
| Equity in Earnings from Affiliates and Subsidiaries                                    |   |                               |                                    |                              |                          |                            | 61,298,581           |
| Other Income and Expenses, net   |   |                               |                                    |                              |                          |                            | 98,222,054           |
| Income Tax and Tax on Assets   |   |                               |                                    |                              |                          |                            | (354,574,614)        |
| Income for the year from continuing operations   |   |                               |                                    |                              |                          |                            | 607,878,152          |
| Discontinued Operations  |   |                               |                                    |                              |                          |                            |                      |
| Net Income from Discontinued Operations  |   |                               |                                    |                              |                          |                            | 2,308,032,329        |
| <b>Net Income for the Year</b>   |   |                               |                                    |                              |                          |                            | <b>2,915,910,481</b> |
| <b>Additional consolidated information as of December 31, 2015</b>                     |   |                               |                                    |                              |                          |                            |                      |
| Acquisition of Property, Plant and Equipment   | 4,342,609,987   | 52,719,081                    | 76,291,518                         | 4,942,134                    | -                        | (4,342,609,987)            | 133,952,733          |
| Acquisition of Intangible Assets   | 7,600,638   | 52,460,919                    | 9,012,238                          | 16,651,473                   | -                        | (7,600,638)                | 78,124,630           |
| Ordinary Income from Foreign Operations  | 718,406,183   | -                             | -                                  | -                            | -                        | (718,406,183)              | -                    |
| Non-Current Assets Held Abroad   | 616,527,051   | 11,872,296                    | -                                  | -                            | -                        | (616,527,051)              | 11,872,296           |

(1) Deletions are related to Grupo Clarín's intercompany operations.

(2) Recognition of revenues from cable TV and Internet installation services and transactions including separate items, the non-consolidation of special purpose entities, and the results of discontinued operations (as disclosed in Notes 25 and 13) corresponding to the Cable Television, Internet Access and Telephony Services segment.

(3) Includes also sales to unconsolidated companies.

(4) Amortization of film rights acquired in perpetuity, mentioned in Note 2.18.

## Note 5

### Breakdown of the main items of the Balance Sheet

#### 5.1 Property, Plant and Equipment

| Main Account  | Balance at the Beginning | Additions          | <sup>(1)</sup> Deconsolidation of Subsidiaries |                     |              | Retirements | Transfers            | Historical value Balances as of December 31, 2016 |
|---|--------------------------|--------------------|--|---------------------|--------------|-------------|----------------------|---|
|   |                          |                    |  |                     |              |             |                      |   |
| Real Property   | 662,762,575              | 154,429            | (218,733,586)                                  | (1,746,929)         | 82,113,229   |             | 524,549,718          |   |
| Furniture and Fixtures  | 125,229,077              | 10,386,479         | (53,447,675)                                   | (5,879)             | (398,544)    |             | 81,763,458           |   |
| Telecommunication, Audio and Video Equipment  | 262,713,516              | 18,788,213         | -  | -                   | 1,465,069    |             | 282,966,798          |   |
| External Network and Broadcasting Equipment   | 7,408,676,730            | -                  | (7,408,676,730)                                | -                   | -            |             | -                    |   |
| Computer Equipment  | 934,368,830              | 82,278,065         | (568,716,644)                                  | (3,592,915)         | 693,055      |             | 445,030,391          |   |
| Technical Equipment   | 124,380,673              | 7,436,523          | (72,925,334)                                   | -                   | (763,356)    |             | 58,128,506           |   |
| Workshop Machinery  | 624,638,701              | 23,319,899         | -  | (9,663,924)         | 16,471,377   |             | 654,766,053          |   |
| Tools   | 145,492,439              | 256,071            | (144,136,324)                                  | -                   | (21,908)     |             | 1,590,278            |   |
| Spare Parts   | 66,011,063               | 12,626,736         | -  | -                   | 140,016      |             | 78,777,815           |   |
| Installations   | 497,032,153              | 13,081,724         | (257,937,599)                                  | (2,795,291)         | (10,475,736) |             | 238,905,251          |   |
| Vehicles  | 325,426,977              | 3,610,565          | (310,082,463)                                  | (351,483)           | 36,798       |             | 18,640,394           |   |
| Plots   | 6,218,711                | -                  | (6,218,711)                                    | -                   | -            |             | -                    |   |
| Materials in Warehouse  | 1,615,863,948            | -                  | (1,615,863,948)                                | -                   | -            |             | -                    |   |
| Works-In-Progress   | 1,304,006,818            | 130,619,879        | (1,263,469,923)                                | (142,320)           | (95,938,771) |             | 75,075,683           |   |
| Leasehold Improvements  | 63,673,594               | 8,800,611          | (28,257,264)                                   | -                   | 6,678,771    |             | 50,895,712           |   |
| Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials | (22,701,624)             | -                  | 22,701,624                                     | -                   | -            |             | -                    |   |
| <b>Total as of December 31, 2016</b>  | <b>14,143,794,181</b>    | <b>311,359,194</b> | <b>(11,925,764,577)</b>                        | <b>(18,298,741)</b> | <b>-</b>     |             | <b>2,511,090,057</b> |   |

| Main Account  | <sup>(1)</sup> Deconsolidation |                        |                     | Accumulated Depreciation |                                  | Net Book Value as of December 31, 2016 |
|---|--------------------------------|------------------------|---------------------|--------------------------|----------------------------------|--|
|   | Balance at the Beginning       | of Subsidiaries        | Retirements         | For the year             | Balances as of December 31, 2016 |  |
| Real Property   | 260,620,740                    | (84,595,868)           | (1,383,664)         | 12,986,929               | 187,628,137                      | 336,921,581                            |
| Furniture and Fixtures  | 99,651,334                     | (37,706,811)           | (37,194)            | 2,492,951                | 64,400,280                       | 17,363,178                             |
| Telecommunication, Audio and Video Equipment  | 218,132,288                    | -                      | (3,795)             | 13,902,866               | 232,031,359                      | 50,935,439                             |
| External Network and Broadcasting Equipment   | 2,549,591,018                  | (2,549,591,018)        | -                   | -                        | -                                | -                                      |
| Computer Equipment  | 561,206,568                    | (242,393,763)          | (2,170,014)         | 39,017,641               | 355,660,432                      | 89,369,959                             |
| Technical Equipment   | 89,793,124                     | (49,537,223)           | -                   | 5,552,003                | 45,807,904                       | 12,320,602                             |
| Workshop Machinery  | 542,192,598                    | -                      | -                   | 9,245,700                | 551,438,298                      | 103,327,755                            |
| Tools   | 113,181,331                    | (111,929,013)          | -                   | 70,445                   | 1,322,763                        | 267,515                                |
| Spare Parts   | 51,912,088                     | -                      | -                   | 8,187,797                | 60,099,885                       | 18,677,930                             |
| Installations   | 412,419,635                    | (226,996,298)          | (11,832,383)        | 16,560,860               | 190,151,814                      | 48,753,437                             |
| Vehicles  | 165,002,734                    | (155,420,743)          | (247,136)           | 2,488,282                | 11,823,137                       | 6,817,257                              |
| Plots   | 5,724,612                      | (5,724,612)            | -                   | -                        | -                                | -                                      |
| Materials in Warehouse  | -                              | -                      | -                   | -                        | -                                | -                                      |
| Works-In-Progress   | 390,796                        | -                      | (390,796)           | -                        | -                                | 75,075,683                             |
| Leasehold Improvements  | 47,108,958                     | (24,880,764)           | -                   | 7,722,080                | 29,950,274                       | 20,945,438                             |
| Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials | -                              | -                      | -                   | -                        | -                                | -                                      |
| <b>Total as of December 31, 2016</b>  | <b>5,116,927,824</b>           | <b>(3,488,776,113)</b> | <b>(16,064,982)</b> | <b>118,227,554</b>       | <b>1,730,314,283</b>             | <b>780,775,774</b>                     |

(1) Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13.



| Main Account  |                          |                                   |                      |  |                        |                 | Historical value                 |
|---|--------------------------|-----------------------------------|----------------------|--|------------------------|-----------------|----------------------------------|
|   | Balance at the Beginning | Cumulative Translation Adjustment | Additions            | Consolidation of companies and acquisition of businesses | Retirements            | Transfers       | Balances as of December 31, 2015 |
| Real Property   | 658,057,475              | (952,276)                         | 5,417,803            | 3,154,230  | (16,828,964)           | 13,914,307      | 662,762,575                      |
| Furniture and Fixtures  | 121,382,067              | (2,689,468)                       | 6,809,267            | 1,321,404  | (2,081,515)            | 487,322         | 125,229,077                      |
| Telecommunication, Audio and Video Equipment  | 239,146,325              | -                                 | 20,723,835           | 3,053,766  | (210,410)              | -               | 262,713,516                      |
| External Network and Broadcasting Equipment   | 5,912,923,981            | (71,613,502)                      | 1,330,748,014        | -  | (878,842,497)          | 1,115,460,734   | 7,408,676,730                    |
| Computer Equipment  | 711,449,238              | (1,529,008)                       | 187,907,472          | 751,682  | (61,210,831)           | 97,000,277      | 934,368,830                      |
| Technical Equipment   | 105,035,192              | -                                 | 2,045,691            | 15,692,408   | -                      | 1,607,382       | 124,380,673                      |
| Workshop Machinery  | 610,359,802              | -                                 | 2,897,902            | 21,032,437   | (14,345,818)           | 4,694,378       | 624,638,701                      |
| Tools   | 112,637,714              | (529,849)                         | 1,841,558            | 740,909  | (768,148)              | 31,570,255      | 145,492,439                      |
| Spare Parts   | 58,122,179               | -                                 | 7,888,884            | -  | -                      | -               | 66,011,063                       |
| Installations   | 486,083,624              | -                                 | 7,442,351            | 650,167  | (11,195,142)           | 14,051,153      | 497,032,153                      |
| Vehicles  | 219,926,256              | (1,110,105)                       | 146,844,638          | 2,066,966  | (42,300,778)           | -               | 325,426,977                      |
| Plots   | 16,048,610               | -                                 | 277,887              | -  | (10,107,786)           | -               | 6,218,711                        |
| Materials in Warehouse  | 964,956,185              | (4,325,605)                       | 2,286,060,198        | -  | (169,389,977)          | (1,461,436,853) | 1,615,863,948                    |
| Works-In-Progress   | 667,424,627              | (3,199,421)                       | 458,745,305          | 305,989  | -                      | 180,730,318     | 1,304,006,818                    |
| Leasehold Improvements  | 54,125,246               | -                                 | 6,514,738            | 1,112,883  | -                      | 1,920,727       | 63,673,594                       |
| Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials | (17,799,368)             | 178,871                           | (5,338,639)          | -  | 257,512                | -               | (22,701,624)                     |
| <b>Total as of December 31, 2015</b>  | <b>10,919,879,153</b>    | <b>(85,770,363)</b>               | <b>4,466,826,904</b> | <b>49,882,841</b>  | <b>(1,207,024,354)</b> | <b>-</b>        | <b>14,143,794,181</b>            |

| Main Account  | Balance at the Beginning | Consolidation of companies and acquisition of businesses | Cumulative Translation Adjustment | Retirements            | Accumulated Depreciation |                                  | Net Book Value as of December 31, 2015 |
|---|--------------------------|--|-----------------------------------|------------------------|--------------------------|----------------------------------|--|
|   |                          |  |                                   |                        | For the year             | Balances as of December 31, 2015 |  |
| Real Property   | 262,815,838              | 405,995  | (449,388)                         | (15,706,777)           | 13,555,072               | 260,620,740                      | 402,141,835                            |
| Furniture and Fixtures  | 97,757,693               | 624,324  | (1,670,467)                       | (2,012,612)            | 4,952,396                | 99,651,334                       | 25,577,743                             |
| Telecommunication, Audio and Video Equipment  | 202,513,397              | 2,447,363  | -                                 | (172,632)              | 13,344,160               | 218,132,288                      | 44,581,228                             |
| External Network and Broadcasting Equipment   | 2,118,666,426            | -  | (48,316,661)                      | (878,470,923)          | 1,357,712,176            | 2,549,591,018                    | 4,859,085,712                          |
| Computer Equipment  | 519,991,413              | 473,312  | (1,458,724)                       | (61,164,097)           | 103,364,664              | 561,206,568                      | 373,162,262                            |
| Technical Equipment   | 71,449,559               | 9,782,642  | -                                 | -                      | 8,560,923                | 89,793,124                       | 34,587,549                             |
| Workshop Machinery  | 524,365,676              | 17,014,217   | -                                 | (9,061,401)            | 9,874,106                | 542,192,598                      | 82,446,103                             |
| Tools   | 87,563,295               | 654,000  | (315,059)                         | (508,170)              | 25,787,265               | 113,181,331                      | 32,311,108                             |
| Spare Parts   | 45,476,255               | -  | -                                 | -                      | 6,435,833                | 51,912,088                       | 14,098,975                             |
| Installations   | 395,122,707              | 421,684  | -                                 | (11,170,918)           | 28,046,162               | 412,419,635                      | 84,612,518                             |
| Vehicles  | 169,416,833              | 922,361  | (929,366)                         | (41,682,756)           | 37,275,662               | 165,002,734                      | 160,424,243                            |
| Plots   | 15,607,462               | -  | -                                 | (10,107,786)           | 224,936                  | 5,724,612                        | 494,099                                |
| Materials in Warehouse  | -                        | -  | -                                 | -                      | -                        | -                                | 1,615,863,948                          |
| Works-In-Progress   | 390,796                  | -  | -                                 | -                      | -                        | 390,796                          | 1,303,616,022                          |
| Leasehold Improvements  | 38,806,689               | 180,636  | 259,147                           | -                      | 7,862,486                | 47,108,958                       | 16,564,636                             |
| Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials | (257,512)                | -  | -                                 | 257,512                | -                        | -                                | (22,701,624)                           |
| <b>Total as of December 31, 2015</b>  | <b>4,549,686,527</b>     | <b>32,926,534</b>  | <b>(52,880,518)</b>               | <b>(1,029,800,560)</b> | <b>(1) 1,616,995,841</b> | <b>5,116,927,824</b>             | <b>9,026,866,357</b>                   |

(1) Includes Ps. 1,532 million corresponding to depreciation included under income/loss from discontinued operations (See Note 13).

The following table details the average years of useful life of the items comprising Property, Plant and Equipment:

| Item   | Average Useful Life<br>(in years) |
|--|-----------------------------------|
| Real Property                                | 50                                |
| Furniture and Fixtures                       | 10                                |
| Telecommunication, Audio and Video Equipment | between 3 and 4                   |
| External Network and Broadcasting Equipment  | between 3 and 20                  |
| Computer Equipment                           | 3                                 |
| Technical Equipment                          | between 4 and 10                  |
| Workshop Machinery                           | 10                                |
| Tools  | 5                                 |
| Spare Parts                                  | 5                                 |
| Installations                                | between 3 and 10                  |
| Vehicles                                     | 5                                 |
| Plots  | 5                                 |
| Leasehold Improvements                       | between 3 and 10                  |

## 5.2 Intangible Assets

| Main Account                                       | Balance at<br>the Beginning | Cumulative<br>Translation<br>Adjustment | Additions          | Acquisition of<br>Businesses | Retirements        | Transfers    | <sup>(1)</sup> Deconsolidation<br>of<br>Subsidiaries | Historical value                       |
|--|-----------------------------|---|--------------------|------------------------------|--------------------|--------------|--|--|
|  |                             |   |                    |                              |                    |              |  | Balances as of<br>December 31,<br>2016 |
| Exploitation<br>Rights and<br>Licenses             | 38,676,597                  | -                                       | 7,959,235          | -                            | -                  | -            | (11,103,492)   | 35,532,340                             |
| Exclusivity<br>Agreements                          | 17,091,041                  | -                                       | -                  | 2,755,171                    | -                  | -            | -  | 19,846,212                             |
| Other Rights                                       | 15,054,396                  | -                                       | -                  | -                            | (103,268)          | -            | (2,868,904)  | 12,082,224                             |
| Acquisition<br>Value of<br>Subscriber<br>Portfolio | 982,270,861                 | -                                       | -                  | -                            | -                  | -            | (981,417,111)  | 853,750                                |
| Software   | 321,717,712                 | -                                       | 37,701,086         | -                            | (333,794)          | 22,763,714   | (152,707,378)  | 229,141,340                            |
| Trademarks<br>and Patents                          | 13,476,443                  | 1,413,225                               | 53,907,415         | 2,202,146                    | (641,827)          | -            | -  | 70,357,402                             |
| Projects<br>in-Progress                            | 5,793,094                   | -                                       | 43,151,055         | -                            | (102,908)          | (22,763,714) | -  | 26,077,527                             |
| Other  | 128,187,395                 | -                                       | 2,190,218          | -                            | -                  | -            | (31,423,596)   | 98,954,017                             |
| <b>Total as of<br/>December 31,<br/>2016</b>       | <b>1,522,267,539</b>        | <b>1,413,225</b>                        | <b>144,909,009</b> | <b>4,957,317</b>             | <b>(1,181,797)</b> | <b>-</b>     | <b>(1,179,520,481)</b>                               | <b>492,844,812</b>                     |



| Main Account                              | Balance at the Beginning | Cumulative Translation Adjustment | Acquisition of Businesses | Retirements      | <sup>(1)</sup> Deconsolidation of Subsidiaries | Accumulated Amortization |                                  | Net Book Value as of December 31, 2016 |
|---|--------------------------|-----------------------------------|---------------------------|------------------|--|--------------------------|----------------------------------|--|
|   |                          |                                   |                           |                  |  | For the year             | Balances as of December 31, 2016 |  |
| Exploitation Rights and Licenses          | 31,165,711               | -                                 | -                         | -                | (11,043,257)                                   | 3,692,832                | 23,815,286                       | 11,717,054                             |
| Exclusivity Agreements                    | 12,163,793               | -                                 | 1,377,586                 | -                | -  | 1,263,902                | 14,805,281                       | 5,040,931                              |
| Other Rights                              | 13,864,757               | -                                 | -                         | -                | (2,868,512)                                    | 433,765                  | 11,430,010                       | 652,214                                |
| Acquisition Value of Subscriber Portfolio | 905,665,321              | -                                 | -                         | -                | (904,811,571)                                  | -                        | 853,750                          | -                                      |
| Software                                  | 196,424,857              | -                                 | -                         | (333,793)        | (105,923,040)                                  | 38,909,958               | 129,077,982                      | 100,063,358                            |
| Trademarks and Patents                    | 6,874,642                | 322,277                           | 201,864                   | -                | -  | 4,991,168                | 12,389,951                       | 57,967,451                             |
| Projects in-Progress                      | -                        | -                                 | -                         | -                | -  | -                        | -                                | 26,077,527                             |
| Other                                     | 97,961,892               | -                                 | -                         | -                | (31,058,090)                                   | 11,855,660               | 78,759,462                       | 20,194,555                             |
| <b>Total as of December 31, 2016</b>      | <b>1,264,120,973</b>     | <b>322,277</b>                    | <b>1,579,450</b>          | <b>(333,793)</b> | <b>(1,055,704,470)</b>                         | <b>61,147,285</b>        | <b>271,131,722</b>               | <b>221,713,090</b>                     |

(1) Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13.

| Main Account                              | Balance at the Beginning | Cumulative Translation Adjustment | Additions         | Consolidation of companies and acquisition of businesses | Retirements        | Transfers    | Historical value                 |
|---|--------------------------|-----------------------------------|-------------------|--|--------------------|--------------|----------------------------------|
|   |                          |                                   |                   |  |                    |              | Balances as of December 31, 2015 |
| Exploitation Rights and Licenses          | 33,898,031               | -                                 | 4,692,621         | 85,945   | -                  | -            | 38,676,597                       |
| Exclusivity Agreements                    | 17,091,041               | -                                 | -                 | -  | -                  | -            | 17,091,041                       |
| Other Rights                              | 15,054,396               | -                                 | -                 | -  | -                  | -            | 15,054,396                       |
| Acquisition Value of Subscriber Portfolio | 975,213,788              | -                                 | 7,053,073         | -  | -                  | 4,000        | 982,270,861                      |
| Software                                  | 255,545,612              | -                                 | 36,709,394        | 3,538,842  | (822,680)          | 26,746,544   | 321,717,712                      |
| Trademarks and Patents                    | 6,739,272                | 856,288                           | 5,868,093         | 12,790   | -                  | -            | 13,476,443                       |
| Projects in-Progress                      | 7,389,943                | -                                 | 25,149,695        | -  | -                  | (26,746,544) | 5,793,094                        |
| Other                                     | 80,536,694               | (54,315)                          | 4,483,223         | 43,609,087   | (383,294)          | (4,000)      | 128,187,395                      |
| <b>Total as of December 31, 2015</b>      | <b>1,391,468,777</b>     | <b>801,973</b>                    | <b>83,956,099</b> | <b>47,246,664</b>  | <b>(1,205,974)</b> | <b>-</b>     | <b>1,522,267,539</b>             |

| Main Account                              | Balance at the Beginning | Cumulative Translation Adjustment | <sup>(1)</sup> Consolidation of companies and acquisition of businesses | Retirements | Accumulated Amortization |                                  | Net Book Value as of December 31, 2015 |
|---|--------------------------|-----------------------------------|---|-------------|--------------------------|----------------------------------|--|
|   |                          |                                   |   |             | For the year             | Balances as of December 31, 2015 |  |
| Exploitation Rights and Licenses          | 28,327,861               | -                                 | 85,945  | -           | 2,751,905                | 31,165,711                       | 7,510,886                              |
| Exclusivity Agreements                    | 11,127,022               | -                                 | -   | -           | 1,036,771                | 12,163,793                       | 4,927,248                              |
| Other Rights                              | 13,345,820               | -                                 | -   | -           | 518,937                  | 13,864,757                       | 1,189,639                              |
| Acquisition Value of Subscriber Portfolio | 804,700,780              | -                                 | -   | -           | 100,964,541              | 905,665,321                      | 76,605,540                             |
| Software                                  | 138,643,183              | (722)                             | 918,024   | -           | 56,864,372               | 196,424,857                      | 125,292,855                            |
| Trademarks and Patents                    | 5,308,350                | 431,340                           | 7,501   | -           | 1,127,451                | 6,874,642                        | 6,601,801                              |
| Projects in-Progress                      | -                        | -                                 | -   | -           | -                        | -                                | 5,793,094                              |
| Other                                     | 59,401,630               | (30,779)                          | 27,243,867  | -           | 11,347,174               | 97,961,892                       | 30,225,503                             |
| <b>Total as of December 31, 2015</b>      | <b>1,060,854,646</b>     | <b>399,839</b>                    | <b>28,255,337</b>   | <b>-</b>    | <b>174,611,151</b>       | <b>1,264,120,973</b>             | <b>258,146,566</b>                     |

(1) Includes Ps. 132 million corresponding to amortization included under income/loss from discontinued operations (See Note 13).

The following is a detail of the average number of years over which intangible assets items are amortized:

| Item                                      | Amortization Period (in years) |
|---|--------------------------------|
| Exploitation Rights and Licenses          | between 2 and 20               |
| Exclusivity Agreements                    | between 5 and 15               |
| Other Rights                              | between 5 and 20               |
| Acquisition Value of Subscriber Portfolio | 10                             |
| Software                                  | between 3 and 5                |
| Trademarks and Patents                    | between 3 and 10               |
| Other                                     | between 3 and 20               |

### 5.3 Goodwill

Company assesses the recoverability of goodwill considering each company for which it records goodwill as a different cash generating unit ("CGU").

The recoverable amount of each 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 period ranging from one to three years. Cash flows not included in those periods 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 gross margin used in each case for the calculation of the value in use allocated to each CGU arises from budgets prepared by each business for the period under consideration, which are in line with the historical data and the expectations regarding market development and evolution of the respective businesses.

The discount rate used in each case for the calculation of the value in use allocated to each 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 CGU. In particular, the annual discount rate applied to the projections of Cablevisión's cash flows is of approximately 9%.

| Main Account                                    | Residual Value     | Allowance for Goodwill impairment | Net balances as of December 31, 2016 | Net balances as of December 31, 2015 |
|---|--------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Cablevisión and subsidiaries <sup>(1) (2)</sup> | -                  | -                                 | -                                    | 2,615,659,205                        |
| PRIMA <sup>(2)</sup>                            | -                  | -                                 | -                                    | 2,272,319                            |
| NEXTEL businesses <sup>(2)</sup>                | -                  | -                                 | -                                    | -                                    |
| CIMECO and related companies                    | 235,982,248        | (54,637,313)                      | 181,344,935                          | 181,344,935                          |
| Cúspide and subsidiaries                        | 19,059,775         | (19,059,775)                      | -                                    | 19,059,775                           |
| Grupo Carburando                                | 12,053,573         | (12,053,573)                      | -                                    | -                                    |
| Telecor   | 39,173,062         | -                                 | 39,173,062                           | 39,173,062                           |
| Pol-Ka  | 16,130,769         | (6,850,727)                       | 9,280,042                            | 9,280,042                            |
| Telba   | 3,774,071          | -                                 | 3,774,071                            | 3,774,071                            |
| Bariloche TV                                    | 1,844,621          | -                                 | 1,844,621                            | 1,844,621                            |
| Other   | 46,098,115         | (10,591,317)                      | 35,506,798                           | 35,520,814                           |
| <b>Total</b>                                    | <b>374,116,234</b> | <b>(103,192,705)</b>              | <b>270,923,529</b>                   | <b>2,907,928,844</b>                 |

(1) Includes goodwill of Multicanal and Teledigital, merged into Cablevisión (see Note 8.1.c).

(2) As of December 31, 2016, the balances under the goodwill of Cablevisión and its subsidiaries and

NEXTEL are disclosed under Assets held for distribution to shareholders for Ps. 2.715 million and Ps. 802 million, respectively. See Note 13.



#### 5.4. Investment in Unconsolidated Affiliates

|                                | Main business activity  | Country   | (1) Interest (%) | Value Recorded as of December 31, 2016 | Value Recorded as of December 31, 2015 |
|--------------------------------|---|-----------|------------------|--|--|
| <b>Included in assets</b>      |   |           |                  |  |  |
| Interest in Associates         |   |           |                  |  |  |
| NEXTEL (2)                     | Telecommunication Services  | Argentina | 49.00            | -                                      | 1,201,022,798                          |
| Papel Prensa                   | Manufacturing of Newsprint  | Argentina | 49.00            | 169,878,762                            | 184,597,852                            |
| Ver TV S.A. (2)                | Cable Television Station  | Argentina | 49.00            | -                                      | 102,895,887                            |
| TPO (2)                        | Closed-Circuit Television   | Argentina | 47.00            | -                                      | 10,822,223                             |
| TATC (2)                       | Cable Television Station  | Argentina | 49.99            | -                                      | 5,707,520                              |
| La Capital Cable (2)           | Closed-Circuit Television   | Argentina | 49.00            | -                                      | 20,523,128                             |
| TSMA (2)                       | Cable Television Station  | Argentina | 49.10            | -                                      | 31,760,343                             |
| Other Investments              |   |           |                  | 6,632,746                              | 6,601,046                              |
| Interests in Joint Operations  |   |           |                  |  |  |
| TSC                            |   |           |                  |  |  |
|                                | Exploitation of events television broadcasting rights   | Argentina | 50.00            | 9,091,465                              | 7,752,297                              |
| TRISA                          |   |           |                  |  |  |
|                                | Production and exploitation of sports events, advertising agency and financial and investing operations | Argentina | 50.00            | 109,356,908                            | 91,518,852                             |
| Canal Rural                    |   |           |                  |  |  |
|                                | Audiovisual production and sale of advertising  | Argentina | 64.99            | 14,351,137                             | 4,268,968                              |
| Impripost                      |   |           |                  |  |  |
|                                | Variable printing   | Argentina | 50.00            | 8,964,915                              | 10,605,383                             |
| AGL                            |   |           |                  |  |  |
|                                | Printing  | Argentina | 50.00            | 15,195,663                             | 14,188,981                             |
| Ríos de Tinta                  |   |           |                  |  |  |
|                                | Editorial activities  | Mexico    | 50.00            | 11,135,712                             | 11,872,296                             |
| Patagonik                      |   |           |                  |  |  |
|                                | Film producer   | Argentina | 33.33            | 23,706,949                             | 17,217,247                             |
|                                |   |           |                  | <b>368,314,257</b>                     | <b>1,721,354,821</b>                   |
| <b>Included in liabilities</b> |   |           |                  |  |  |
| Interests in Joint Operations  |   |           |                  |  |  |
| Other Investments              |   |           |                  |  |  |
|                                |   |           |                  | 1,234,644                              | 9,873,368                              |
|                                |   |           |                  | <b>1,234,644</b>                       | <b>9,873,368</b>                       |

(1) Interest in capital stock and votes

(2) Subsidiaries of Cablevisión. See Note 13.

#### Equity in Earnings from Affiliates and Subsidiaries

|                 | December 31, 2016 | December 31, 2015 |
|-----------------|-------------------|-------------------|
| Papel Prensa    | (14,719,089)      | 5,749,658         |
| TRISA           | 47,838,058        | 52,472,276        |
| AGL             | 1,006,681         | 1,704,193         |
| Canal Rural     | 5,762,220         | 1,942,356         |
| Ríos de Tinta   | (956,885)         | 522,298           |
| Impripost       | (1,640,468)       | (824,433)         |
| Other Companies | 11,434,982        | (267,767)         |
|                 | <b>48,725,499</b> | <b>61,298,581</b> |

The following is a detail of certain supplementary information required by IFRS about interests in associates (amounts stated in millions of Argentine pesos):

|                                       | December 31, 2016 | December 31, 2015 |
|---------------------------------------|-------------------|-------------------|
| Dividends received                    | 1                 | 44                |
| Summarized financial information:     |                   |                   |
| Current assets                        | 279               | 3,225             |
| Non-current assets                    | 436               | 1,617             |
| Current liabilities                   | 333               | 1,504             |
| Non-current liabilities               | 20                | 145               |
| Revenues                              | 1,074             | 2,925             |
| Net Income from Continuing Operations | (28)              | 404               |
| Total Comprehensive Income            | (28)              | 404               |

The following is a detail of certain supplementary information required by IFRS about interests in joint operations (amounts stated in millions of Argentine pesos):

|                                       | December 31, 2016 | December 31, 2015 |
|---------------------------------------|-------------------|-------------------|
| Dividends received                    | 33                | 44                |
| Summarized financial information:     |                   |                   |
| <b>Assets</b>                         |                   |                   |
| Cash and Cash Equivalents             | 390               | 221               |
| Other Current Assets                  | 617               | 432               |
| Current assets                        | 1,007             | 653               |
| Non-current assets                    | 176               | 123               |
| <b>Liabilities</b>                    |                   |                   |
| Current Debt                          | 46                | 52                |
| Other Current Liabilities             | 659               | 384               |
| Current liabilities                   | 705               | 436               |
| Non-Current Debt                      | 34                | -                 |
| Other Non-Current Liabilities         | 69                | 26                |
| Non-current liabilities               | 103               | 26                |
| Revenues                              | 2,111             | 1,371             |
| Depreciation and Amortization         | (24)              | (18)              |
| Interest Income                       | 14                | 13                |
| Interest Expense                      | (36)              | (20)              |
| Income Tax and Tax on Assets          | (66)              | (68)              |
| Net Income from Continuing Operations | 118               | 130               |
| Other Comprehensive Income            | -                 | 6                 |
| Total Comprehensive Income            | 118               | 136               |

**5.5 Other Investments**

|                       | December 31, 2016  | December 31, 2015    |
|-----------------------|--------------------|----------------------|
| Non-Current           |                    |                      |
| Financial Instruments | 7,412,878          | 458,789,781          |
|                       | <b>7,412,878</b>   | <b>458,789,781</b>   |
| Current               |                    |                      |
| Financial Instruments | 135,043,852        | 71,250,926           |
| Securities            | 7,382,019          | 156,069,384          |
| Mutual Funds          | 185,920,824        | 959,231,703          |
|                       | <b>328,346,695</b> | <b>1,186,552,013</b> |

**5.6 Inventories**

|   | December 31, 2016  | December 31, 2015  |
|---|--------------------|--------------------|
| Non-Current                                   |                    |                    |
| Film Products and Rights                      | 15,805,039         | 23,626,229         |
|   | <b>15,805,039</b>  | <b>23,626,229</b>  |
| Current                                       |                    |                    |
| Raw Materials and Supplies                    | 308,811,229        | 273,711,077        |
| Products-in-Process                           | 2,186,176          | 5,385,901          |
| Finished Goods                                | 201,340,358        | 91,747,645         |
| Film Products and Rights                      | 394,127,582        | 122,386,463        |
| Other   | 866,053            | 845,099            |
| Subtotal                                      | 907,331,398        | 494,076,185        |
| Less: Allowance for Impairment of Inventories | (6,317,569)        | (3,383,333)        |
|   | <b>901,013,829</b> | <b>490,692,852</b> |

**5.7 Other Assets**

|              | December 31, 2016 | December 31, 2015 |
|--------------|-------------------|-------------------|
| Non-Current  |                   |                   |
| Works of Art | 461,696           | 461,696           |
| Other        | 1,660,856         | 2,165,605         |
|              | <b>2,122,552</b>  | <b>2,627,301</b>  |
| Current      |                   |                   |
| Other        | 11,838,743        | 11,456,124        |
|              | <b>11,838,743</b> | <b>11,456,124</b> |



**5.8 Other Receivables**

|                                      | December 31, 2016  | December 31, 2015    |
|--------------------------------------|--------------------|----------------------|
| Non-Current                          |                    |                      |
| Tax Credits                          | 135,113,000        | 91,786,409           |
| Guarantee Deposits                   | 5,250,965          | 7,307,156            |
| Prepaid Expenses                     | -                  | 38,080,166           |
| Advances                             | 1,880,637          | 111,084,501          |
| Related Parties (Note 16)            | 9,453,296          | 9,212,575            |
| Call option – NEXTEL (Note 12.i)     | -                  | 1,103,673,966        |
| Other                                | 9,076,675          | 29,740,489           |
| Allowance for Other Bad Debts        | (1,567,580)        | (1,567,580)          |
|                                      | <b>159,206,993</b> | <b>1,389,317,682</b> |
| Current                              |                    |                      |
| Tax Credits                          | 200,003,480        | 231,318,592          |
| Court-ordered and Guarantee Deposits | 5,248,923          | 52,292,908           |
| Prepaid Expenses                     | 48,709,847         | 194,699,118          |
| Advances                             | 87,037,408         | 186,029,228          |
| Related Parties (Note 16)            | 45,386,440         | 22,304,023           |
| Derivatives (Note 22)                | -                  | 58,356,225           |
| Sundry Receivables                   | 22,469,157         | 50,114,718           |
| Other                                | 80,343,584         | 155,474,144          |
| Allowance for Other Bad Debts        | (2,648,034)        | (1,146,852)          |
|                                      | <b>486,550,805</b> | <b>949,442,104</b>   |

**5.9 Trade Receivables**

|                           | December 31, 2016    | December 31, 2015    |
|---------------------------|----------------------|----------------------|
| Non-Current               |                      |                      |
| Trade Receivables         | 99,857,137           | 82,905,052           |
|                           | <b>99,857,137</b>    | <b>82,905,052</b>    |
| Current                   |                      |                      |
| Trade Receivables         | 3,537,101,580        | 4,039,922,312        |
| Related Parties (Note 16) | 144,856,996          | 20,077,281           |
| Allowance for Bad Debts   | (99,175,837)         | (269,372,858)        |
|                           | <b>3,582,782,739</b> | <b>3,790,626,735</b> |

**5.10 Cash and Banks**

|                        | December 31, 2016  | December 31, 2015    |
|------------------------|--------------------|----------------------|
| Cash and Imprest Funds | 11,874,223         | 39,150,282           |
| Cash at Banks          | 404,131,861        | 1,986,630,652        |
|                        | <b>416,006,084</b> | <b>2,025,780,934</b> |

### 5.11. Provisions and Other

|   | December 31, 2016  | December 31, 2015  |
|---|--------------------|--------------------|
| Non-Current                               |                    |                    |
| Provisions for Lawsuits and Contingencies | 223,591,727        | 418,452,169        |
| Accrual for Asset Retirement              | 4,660,566          | 14,023,145         |
|   | <b>228,252,293</b> | <b>432,475,314</b> |

### 5.12 Debt

|                           | December 31, 2016  | December 31, 2015    |
|---------------------------|--------------------|----------------------|
| Non-Current               |                    |                      |
| Financial Loans           | 83,392,075         | 149,514,835          |
| Notes                     | -                  | 3,321,722,710        |
| Acquisition of equipment  | 8,518,437          | 591,437,651          |
| Related Parties (Note 16) | 377,262,109        | 9,212,575            |
| Measurement at Fair Value | -                  | (38,535,875)         |
|                           | <b>469,172,621</b> | <b>4,033,351,896</b> |
| Current                   |                    |                      |
| Bank Overdraft            | 198,586,266        | 92,993,428           |
| Financial Loans           | 134,063,965        | 532,754,534          |
| Notes                     | -                  | 1,661,477,099        |
| Acquisition of equipment  | 3,583,977          | 389,941,446          |
| Related Parties (Note 16) | -                  | 22,708,882           |
| Interest and Restatement  | 3,496,881          | 196,029,150          |
| Measurement at Fair Value | -                  | 5,832,827            |
|                           | <b>339,731,089</b> | <b>2,901,737,366</b> |

The following table details the changes in loans and indebtedness for the year ended December 31, 2016 and the prior year:

|  | 2016               | 2015                 |
|--|--------------------|----------------------|
| Balances as of January 1st                                       | 6,935,089,262      | 4,589,396,870        |
| New Loans and Indebtedness <sup>(1)</sup>                        | 1,232,757,451      | 1,526,831,692        |
| Accrued Interest   | 188,672,485        | 733,788,955          |
| Exchange rate fluctuations and other financial effects           | 7,110,615          | 2,091,856,064        |
| Consolidation of companies                                       | -                  | 16,998,266           |
| Liabilities Held for Distribution to Shareholders <sup>(2)</sup> | (6,621,169,498)    | -                    |
| Payment of Interest  | (177,652,903)      | (663,705,855)        |
| Payment of Principal   | (755,903,702)      | (1,360,076,730)      |
| <b>Balances as of December 31</b>                                | <b>808,903,710</b> | <b>6,935,089,262</b> |

(1) Mostly loans for the payment of debt with upcoming maturity, and for the purchase of capital assets and inventories.

(2) Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13

The following table summarizes the maturities of consolidated loans (undiscounted values) at year-end:

| Non-Current Debt                     | Due               |                   |                   |                    | Total Non-Current  |
|--------------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
|                                      | From 1 to 2 years | From 2 to 3 years | From 3 to 4 years | More than 5 years  |                    |
| Financial Loans                      | 80,364,336        | 3,027,739         | -                 | -                  | 83,392,075         |
| Acquisition of equipment             | 4,375,184         | 4,143,253         | -                 | -                  | 8,518,437          |
| Related Parties                      | -                 | -                 | -                 | 377,262,109        | 377,262,109        |
| <b>Total as of December 31, 2016</b> | <b>84,739,520</b> | <b>7,170,992</b>  | <b>-</b>          | <b>377,262,109</b> | <b>469,172,621</b> |

| Current Debt                         | Due                |                    |                    |                         | Total Current      |
|--------------------------------------|--------------------|--------------------|--------------------|-------------------------|--------------------|
|                                      | Up to 3 months     | From 3 to 6 months | From 6 to 9 months | From 9 months to 1 year |                    |
| Bank Overdraft                       | 198,586,266        | -                  | -                  | -                       | 198,586,266        |
| Financial Loans                      | 38,624,003         | 35,620,614         | 28,045,342         | 31,774,006              | 134,063,965        |
| Acquisition of equipment             | 828,014            | 874,174            | 917,804            | 963,985                 | 3,583,977          |
| Interest and Restatement             | 3,445,107          | 15,107             | -                  | 36,667                  | 3,496,881          |
| <b>Total as of December 31, 2016</b> | <b>241,483,390</b> | <b>36,509,895</b>  | <b>28,963,146</b>  | <b>32,774,658</b>       | <b>339,731,089</b> |

The following are the main items of the Company's debt:

#### 5.12.1 Cablevisión

The most significant bank and financial loans borrowed by Cablevisión and its subsidiaries are the following:

| Date Issued   | Borrower                   | Principal Amount    | Balances as of December 31, 2016 | Balances as of December 31, 2015 | Final Maturity | Interest Rate                |
|---------------|----------------------------|---------------------|----------------------------------|----------------------------------|----------------|------------------------------|
|               |                            |                     |                                  | In millions of USD               |                |                              |
| December 2003 | Multicanal                 | 80.3                | -                                | 80.3                             | July 2016      | <sup>(5)</sup> 3.5% to 4.5%  |
| February 2011 | <sup>(1)</sup> Cablevisión | 88.2                | -                                | 4.52                             | February 2018  | <sup>(5)</sup> 8.75%         |
| February 2011 | <sup>(1)</sup> Cablevisión | 71.3                | -                                | 2.75                             | February 2018  | <sup>(5)</sup> 9.375%        |
| February 2011 | <sup>(1)</sup> Cablevisión | 223.3               | -                                | 8.62                             | February 2018  | <sup>(5)</sup> 9.625%        |
| February 2011 | <sup>(2)</sup> Cablevisión | 17.2                | -                                | 0.67                             | February 2018  | <sup>(5)</sup> 9.375%        |
| January 2015  | <sup>(3)</sup> Cablevisión | <sup>(4)</sup> 80.9 | -                                | <sup>(4)</sup> 32.2              | August 2016    | Adjusted Badlar rate + 4.85% |
| February 2015 | <sup>(3)</sup> Cablevisión | 286.3               | -                                | 286.3                            | February 2018  | <sup>(5)</sup> 9.375%        |
| June 2016     | <sup>(6)</sup> Cablevisión | 500.0               | 500.0                            | -                                | June 2021      | <sup>(5)</sup> 6.50%         |

(1) Use of funds: Refinancing of Notes.

(2) Use of funds: Acquisition of non-financial assets and financing of imports.

(3) Use: Prepayment of loans and financing of working capital and capital expenditures.

(4) Loan in Argentine pesos converted into US dollars at the exchange rate prevailing on January 31, 2015 and December 31, 2015 respectively.

(5) Fixed rate.

(6) Use of funds: i) redemption of the aggregate amount of the outstanding principal under the Series V Notes, and unpaid interest plus an applicable surplus of 2%; ii) redemption of the aggregate amount of the outstanding principal under each of the Series I, II, III and IV Notes and unpaid interest; iii) early repayment of the Syndicated Loan and investment in fixed assets and other capital expenditures.



On February 9, 2015, pursuant to the powers delegated by the shareholders at the Annual General Extraordinary and Ordinary Shareholders' Meeting of Cablevisión held on April 28, 2014, the Board of Directors of Cablevisión approved the issuance, under the Global Program [for the Issuance of] Notes (the "Program"), of Class V notes for a nominal value of USD 286,377,785.96 (the "Class V Notes"), at a fixed annual nominal interest rate of 9.375%, payable semiannually as from August 2016, with final maturity in February 2018, which were used to refinance a portion of the debt represented by the outstanding Notes, which were refinanced, pursuant to the Trust Agreement executed between Cablevisión, as issuer, and Deutsche Bank Trust Company Americas as trustee, co-registrar and paying agent. As of the date of these financial statements, Cablevisión had repaid in full the outstanding principal and interest under the Class V Notes.

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 Program, which had been granted at the Annual General Ordinary and Extraordinary Shareholders' Meeting 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 Cablevisión; 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. 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 Cablevisión.

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 redemption of the aggregate amount of outstanding principal under the Class V Notes for USD 286,377,785.96, unpaid interest, plus an applicable surplus of 2%;
- ii) The redemption of the aggregate amount of the outstanding principal under each of the Series I, II, III and IV Notes for USD 12,355,552.00 plus unpaid interest;
- iii) The payment of the aggregate principal amount under the 10-year Notes for USD 80,325,000.00 on its maturity date, July 20, 2016;
- iv) The prepayment in full of the Syndicated Loan (as defined below);
- v) The investment in fixed assets and other capital expenditures with the balance of the net proceeds (approximately USD 89,100,000).

In connection with the Notes issued by Cablevisión, it has undertaken certain covenants, including: (i) limitation on the issuance of guarantees by Cablevisión and its subsidiaries; (ii) consolidations, mergers, and sale of assets under certain conditions, (iii) limitation on incurring debt above certain approved ratios, (iv) restrictions on certain payments and on transactions with shareholders and affiliates under certain conditions, (v) limitation on the issuance and sale of significant subsidiaries' shares with certain exceptions and (vi) the limitation on the distribution of dividends for an amount not exceeding USD 50.0 million for fiscal year 2016 and USD 15 million for the subsequent years or up to a maximum of 50% of consolidated net income of each fiscal year, among others.

During the years covered by these consolidated financial statements, Cablevisión complied with the commitments undertaken.

As described above, on June 16, 2016, Cablevisión redeemed all outstanding principal under the Class V Notes for USD 286,377,785.96, which accrued interest at a fixed annual rate of 9.375%, with maturity on February 11, 2018, at a redemption price equal to 100% of the outstanding principal and unpaid interest plus an applicable surplus of 2%; and the aggregate

amount of the outstanding principal under each of the Series I, II, III and IV Notes for USD 12,355,552.00 which accrued interest at an annual rate of 8.75%, 9.375%, 9.625% and 9.375%, respectively, with maturity on February 11, 2018, at a redemption price equal to 100% of the outstanding principal and accrued and unpaid interest without surplus, in compliance with the use of proceeds established in the pricing supplement of the Class A Notes.

On July 19, 2016, Cablevisión repaid in full the outstanding principal under the 10-year Notes for USD 80,325,000.00, which accrued interest at a fixed annual rate of 4.50%, in compliance with the use of funds established in the pricing supplement of the Class A Notes.

On January 30, 2015, Cablevisión executed a syndicated loan agreement with Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC"), Banco Itaú Argentina S.A. ("Itaú"), Banco de la Ciudad de Buenos Aires ("Banco Ciudad"), Banco Santander Río S.A. ("Santander") and Banco Macro S.A. ("Macro") for Ps. 700 million, at a variable interest rate of adjusted BADLAR (average interest rate for 30 to 35 day term deposits of more than Ps. 1 million in Buenos Aires) + 4.85% and with its final maturity in July 2016, for the purpose of making a prepayment of principal and interest owed to ICBC, Itaú and Banco Ciudad under the syndicated loan agreement executed on January 31, 2014, in order to finance working capital and capital investments. In June 2016, this loan was prepaid in compliance with the use of proceeds established in the pricing supplement of the Class A Notes.

On January 13, 2015, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 30 million at an annual fixed nominal interest rate of 29% with final maturity in July 2015, for the purpose of increasing its working capital to finance the development of its core business. As of December 31, 2015, this loan had been canceled.

On July 16, 2015, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 28% with final maturity in January 2016, for the purpose of increasing its working capital to finance the development of its core business. In January 2016, this loan was canceled.

On January 18, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 34% with final maturity in April 2016, for the purpose of increasing its working capital to finance the development of its core business. In April 2016, this loan was cancelled.

On April 19, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 34.25% with final maturity in July 2016, for the purpose of increasing its working capital to finance the development of its core business. In July 2016, this loan was cancelled.

On July 19, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 30.50% with final maturity in October 2016, for the purpose of increasing its working capital to finance the development of its core business. In October 2016, this loan was cancelled.

On October 18, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 27.5% with final maturity in January 2017, for the purpose of increasing its working capital to finance the development of its core business. In January 2017, this loan was canceled.

On January 19, 2017, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 27.5% with final maturity in April 2017, for the purpose of increasing its working capital to finance the development of its core business.

On September 20, 2016, NEXTEL executed a financial loan agreement with Banco Itaú Argentina S.A. for USD 3.5 million at an annual fixed nominal interest rate of 5% with final maturity in September 2017, for the purpose of increasing its working capital to finance the development of its core business.

On January 16, 2017, Cablevisión executed a loan agreement with Banco ICBC for USD 5.2 million payable in 60 monthly installments at an annual fixed nominal interest rate of 6%

with final maturity in January 2022 for the purpose of financing imports under its investment plan.

On February 6, 2017, Cablevisión executed a loan agreement with Banco ITAU BBA INTERNATIONAL PLC for USD 5.3 million payable in 36 monthly installments at an annual fixed nominal interest rate of 5% with final maturity in February 2020 for the purpose of financing imports under its investment plan.

#### **5.12.2 AGEA and subsidiaries**

As of December 31, 2016, AGR and Tinta Fresca had executed overdraft facility agreements with banks for a maximum of Ps. 77 million and Ps. 66 million, respectively.

During 2013, Banco Ciudad granted a loan to AGR in the amount of Ps. 20 million that accrues interest at an annual fixed rate of 15.25%. Principal was repaid on a quarterly basis as from February 2015, and interest was paid on a quarterly basis as from February 2014. During this year, this loan was cancelled.

During 2014, AGR executed two leasing agreements with Industrial and Commercial Bank of China (Argentina) S.A. for an aggregate Ps. 19.6 million (including Ps. 2 million of nationalization expenses that were subsequently added) to acquire machinery and equipment. During June 2014, when the Company conducted the startup of the above-mentioned machinery and equipment, it paid 30% of the total amount due under the agreements. The outstanding balance is payable in 61 monthly installments as from July 2014, plus an additional installment for the call option. The leasing agreements accrue interest at an annual rate of 15.25%, payable on a monthly basis as from the startup date.

#### **5.12.3 GCGC**

As of December 31, 2016, GCGC was the borrower under a loan with Banco de la Ciudad de Buenos Aires executed to finance the repair, recycling and improvement of the building for a principal amount of up to Ps. 30 million. Such loan will be repaid in 60 months, as from October 2012, with a 24-month grace period, i.e. in 36 monthly consecutive installments, accruing interest at the average Badlar rate for Private Banks plus 100 basic points. The aggregate amount of the loan was advanced to the company in several stages, after having

obtained the required professional certifications. As of the date of these financial statements, GCGC received the full amount of the loan for an aggregate Ps. 30 million. As of December 31, 2016, the outstanding principal under the loan executed with Banco de la Ciudad de Buenos Aires was Ps. 11 million.

In addition, on January 27, 2016, the Company executed a loan agreement with Banco Santander Rio S.A. for Ps. 6 million to purchase storage due to technological upgrading. The term of the loan is 36 months with a grace period of 12 months. Principal will be repaid in 9 (nine) equal quarterly installments as from the 12th month. That loan accrues interest at the average Badlar rate for Private Banks plus 4.5%. Interest is calculated on outstanding balances and is payable on a quarterly basis.

#### **5.12.4 ARTEAR**

On December 6, 2013, ARTEAR and Banco Itaú Argentina S.A. executed an agreement whereby ARTEAR is the borrower under a bilateral loan, within the framework of Communication "A" 5449 issued by the BCRA relating to Productive Investment Credit Facilities, for a principal amount of Ps. 12.9 million, payable within a term of 36 months in equal consecutive monthly installments. The first installment is due on month 12, counted as from origination. The funds were used to finance a project for the acquisition of capital assets and manpower to adapt the production and broadcasting of contents to the entertainment and news standards of the television industry. Principal accrues interest at an annual nominal fixed rate of 15.25% payable on a monthly basis as from the origination of the loan. On December 6, 2016, ARTEAR paid the last installment of the loan. As a result, there is no outstanding principal as of the date of these financial statements.

On December 20, 2013 ARTEAR executed a syndicated loan with Banco Itaú Argentina S.A. and the Industrial and Commercial Bank of China (Argentina) S.A. for a principal amount of Ps. 200 million to be repaid in 2 years in the following installments: Ps. 35 million due 12 months after disbursement, Ps. 35 million due 18 months after disbursement and Ps. 130 million due 24 months after disbursement. Each of the banks has a 50% pro rata participation in the loan. The funds were used to finance working capital, to make capital expenditures



and/or to distribute dividends. Principal accrued interest at a variable rate established based on the BADLAR rate for private banks, plus a 4.25% margin, payable on a monthly basis since the beginning of the loan period.

On June 22, 2015, the Company paid the second installment of Ps. 35 million on the outstanding principal under the syndicated loan. On December 21, 2015, the Company repaid such syndicated loan in full with the payment of the last installment in the amount of Ps. 130 million.

On December 17, 2015, ARTEAR and Banco Santander Río S.A. executed an agreement whereby ARTEAR is the borrower under a bilateral loan for a principal amount of Ps. 150 million, payable within a 3-year term in equal consecutive quarterly installments. The first installment is due on month 12, counted as from the origination of the loan. The funds will be used to finance working capital and investments. Principal accrues interest at a

variable annual rate established based on the BADLAR rate for private banks, plus a 4.50% margin, payable on a quarterly basis since the origination of the loan. On December 19, 2016, the Company paid Ps. 16.7 million for the first installment of the principal under this loan.

#### 5.12.5 IESA and Subsidiaries

On February 3, 2016, Auto Sports S.A., subsidiary of IESA, executed a loan agreement with Banco Santander Río S.A. for Ps. 20 million to be allocated to the purchase of goods. This loan has a term of 36 (thirty six) months with a grace period of 12 (twelve) months and accrues interest at an annual variable rate based on the Badlar rate for Private Banks, plus a 4.60% margin. Principal will be repaid in 9 (nine) equal quarterly installments as from the 12th (twelfth) month.

#### 5.13 Sellers Financing

The following table summarizes the consolidated debt maturities in connection with the acquisition of companies:

|                           | Without any<br>established<br>term | Up to 3<br>months | From 3 to 6<br>months | Due<br>From 6 to 9<br>months | Total as of<br>December 31,<br>2016 | Total as of<br>December 31,<br>2015 |
|---------------------------|------------------------------------|-------------------|-----------------------|------------------------------|-------------------------------------|-------------------------------------|
| Current Sellers Financing |                                    |                   |                       |                              |                                     |                                     |
| On Capital Stock          | -                                  | 1,030,987         | 980,985               | 12,244,495                   | 14,256,467                          | 1,874,191                           |

**5.14 Taxes Payable**

|                                     | December 31, 2016  | December 31, 2015    |
|-------------------------------------|--------------------|----------------------|
| Non-Current                         |                    |                      |
| Taxes Payable on a National Level   | 59,188,405         | 90,524,218           |
|                                     | <b>59,188,405</b>  | <b>90,524,218</b>    |
| Current                             |                    |                      |
| Taxes Payable on a National Level   | 288,590,887        | 1,086,577,290        |
| Taxes Payable on a Provincial Level | 5,777,723          | 37,706,212           |
| Taxes Payable on a Municipal Level  | 2,500,284          | 28,711,199           |
|                                     | <b>296,868,894</b> | <b>1,152,994,701</b> |

**5.15 Other Liabilities**

|  | December 31, 2016  | December 31, 2015  |
|--|--------------------|--------------------|
| Non-Current  |                    |                    |
| Guarantee Deposits                                 | 256,239            | 211,239            |
| Unearned Revenue                                   | -                  | 110,990,675        |
| Call Options (Note 10)                             | 47,670,000         | 1,775,255          |
| Investment in Unconsolidated Affiliates (Note 5.4) | 1,234,644          | 9,873,368          |
| Other  | 12,501,185         | 19,334,700         |
|  | <b>61,662,068</b>  | <b>142,185,237</b> |
| Current  |                    |                    |
| Advances from Customers                            | 307,477,354        | 107,589,942        |
| Dividends Payable                                  | 809,857            | 2,248,243          |
| Related Parties (Note 16)                          | 3,539,651          | 39,490             |
| Call Options (Note 10)                             | -                  | 39,120,000         |
| Unearned Revenue                                   | 119,754,967        | 225,745,016        |
| Other  | 76,883,084         | 90,419,165         |
|  | <b>508,464,913</b> | <b>465,161,856</b> |

**5.16 Trade Payables and Other**

|                                | December 31, 2016    | December 31, 2015    |
|--------------------------------|----------------------|----------------------|
| Non-Current                    |                      |                      |
| Suppliers and Trade Provisions | 1,193,880            | 1,692,559            |
| Employer's Contributions       | 26,154,088           | 17,864,459           |
|                                | <b>27,347,968</b>    | <b>19,557,018</b>    |
| Current                        |                      |                      |
| Suppliers and Trade Provisions | 1,928,047,164        | 3,309,897,561        |
| Related Parties (Note 16)      | 68,385,785           | 94,905,781           |
| Employer's Contributions       | 961,776,858          | 1,648,099,256        |
|                                | <b>2,958,209,807</b> | <b>5,052,902,598</b> |

## 5.17 Changes in provisions and allowances

| Items   | Balance at the Beginning | Increases                  | <sup>(6)</sup> Deconsolidation of companies | Decreases                   | Balances as of December 31, 2016 | Balances as of December 31, 2015 |
|---|--------------------------|----------------------------|---|-----------------------------|----------------------------------|----------------------------------|
| <b>Deducted from Assets</b>   |                          |                            |   |                             |                                  |                                  |
| Allowance for Bad Debts   | 272,087,290              | <sup>(1)</sup> 29,819,652  | (195,726,226)                               | <sup>(1)</sup> (2,789,265)  | 103,391,451                      | 272,087,290                      |
| Allowance for Impairment of Inventories   | 3,383,333                | <sup>(2)</sup> 3,002,255   | (68,019)                                    | -                           | 6,317,569                        | 3,383,333                        |
| Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials | 22,701,624               | -                          | (22,701,624)                                | -                           | -                                | 22,701,624                       |
| Allowance for Goodwill impairment   | 673,672,977              | 23,594,962                 | (594,075,234)                               | -                           | 103,192,705                      | 673,672,977                      |
| Valuation Allowance <sup>(5)</sup>  | 65,723,325               | <sup>(3)</sup> 69,972,510  | (543,727)                                   | (5,886,047)                 | 129,266,061                      | 65,723,325                       |
| <b>Total</b>  | <b>1,037,568,549</b>     | <b>126,389,379</b>         | <b>(813,114,830)</b>                        | <b>(8,675,312)</b>          | <b>342,167,786</b>               | <b>1,037,568,549</b>             |
| <b>Included in liabilities</b>  |                          |                            |   |                             |                                  |                                  |
| Provisions for Lawsuits and Contingencies   | 418,452,169              | <sup>(4)</sup> 150,519,012 | (271,389,526)                               | <sup>(4)</sup> (73,989,928) | 223,591,727                      | 418,452,169                      |
| Accrual for Asset Retirements   | 14,023,145               | <sup>(4)</sup> 1,151,708   | (10,514,287)                                | <sup>(4)</sup> -            | 4,660,566                        | 14,023,145                       |
| <b>Total</b>  | <b>432,475,314</b>       | <b>151,670,720</b>         | <b>(281,903,813)</b>                        | <b>(73,989,928)</b>         | <b>228,252,293</b>               | <b>432,475,314</b>               |

(1) Includes net increases of Ps. 33,914,214 which have been charged to Selling expenses (see Note 6.3).

(2) Includes Ps. 3,002,255 corresponding to net increases which have been charged to Impairment of Inventories and Obsolescence of Materials under Production Expenses (see Note 6.3).

(3) Charged to Income Tax and Tax on Assets

(4) Includes net increases in the amount of Ps. 122,876,589 which have been charged to

Contingencies (see Note 6.3) and Ps. 26,620,315 which have been charged to Other Financial Income, Net.

(5) Includes Valuation Allowance for Net Deferred Tax Assets and the Valuation Allowance for tax on assets.

(6) Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13.

## Note 6

### Breakdown of the main items of the statement of comprehensive income

#### 6.1 Revenues

|                             | December 31, 2016     | December 31, 2015    |
|-----------------------------|-----------------------|----------------------|
| Advertising Sales           | 5,790,418,652         | 4,292,814,678        |
| Circulation Sales           | 2,531,217,496         | 1,995,455,894        |
| Printing Services Sales     | 360,960,973           | 322,292,249          |
| TV Signals Sales            | 942,484,850           | 395,701,559          |
| Sale of Property            | 165,959,174           | 48,102,637           |
| Other Sales                 | 1,587,846,202         | 1,237,625,371        |
| <b>Total <sup>(1)</sup></b> | <b>11,378,887,347</b> | <b>8,291,992,388</b> |

(1) Includes sales executed through barter transactions as of December 31, 2016 and 2015 for Ps. 285.4 million and Ps. 169.3 million, respectively.



## 6.2 Cost of Sales

|  | December 31, 2016    | December 31, 2015    |
|--|----------------------|----------------------|
| Inventories at the beginning of the year       | 517,702,414          | 297,898,720          |
| Incorporation of companies                     | 1,827,136            | 23,385,923           |
| Deconsolidation of Subsidiaries <sup>(1)</sup> | (4,921,974)          | (7,493,019)          |
| Purchases for the year                         | 2,075,103,365        | 1,427,018,890        |
| Production and Services Expenses (Note 6.3)    | 5,336,977,418        | 3,698,664,822        |
| Less: Inventories at year-end                  | (923,136,437)        | (512,780,440)        |
| <b>Cost of Sales</b>                           | <b>7,003,551,922</b> | <b>4,926,694,896</b> |

(1) See Note 13.

## 6.3. Production and Services, Selling and Administrative Expenses

| Item   | Production and Services Expenses | Selling Expenses     | Administrative Expenses | Total as of December 31, 2016 | Total as of December 31, 2015 |
|--|----------------------------------|----------------------|-------------------------|-------------------------------|-------------------------------|
| Fees for Services  | 529,953,422                      | 171,603,494          | 329,300,939             | 1,030,857,855                 | 643,904,056                   |
| Salaries, Social Security and Benefits to Personnel <sup>(1)</sup> | 2,657,392,948                    | 414,973,209          | 1,040,407,562           | 4,112,773,719                 | 3,109,277,850                 |
| Advertising and Promotion Expenses                                 | -                                | 359,373,939          | 1,917,553               | 361,291,492                   | 231,556,392                   |
| Taxes, Duties and Contributions                                    | 111,646,838                      | 74,872,345           | 32,250,375              | 218,769,558                   | 156,159,020                   |
| Bad Debts  | -                                | 33,914,214           | -                       | 33,914,214                    | 27,649,368                    |
| Travel Expenses  | 136,625,997                      | 15,342,502           | 34,424,469              | 186,392,968                   | 132,885,733                   |
| Maintenance Expenses   | 187,170,109                      | 3,898,618            | 59,529,991              | 250,598,718                   | 157,310,615                   |
| Distribution Expenses  | 291,280,746                      | 457,545,383          | -                       | 748,826,129                   | 497,877,939                   |
| Communication Expenses   | 29,824,247                       | 12,032,124           | 12,188,245              | 54,044,616                    | 46,699,916                    |
| Contingencies  | 5,377,313                        | 889,831              | 116,609,445             | 122,876,589                   | 55,079,587                    |
| Stationery and Office Supplies                                     | 11,345,282                       | 2,988,159            | 8,775,061               | 23,108,502                    | 17,506,707                    |
| Commissions  | -                                | 54,255,976           | 1,033,941               | 55,289,917                    | 26,588,240                    |
| Productions and Co-Productions                                     | 404,209,588                      | -                    | -                       | 404,209,588                   | 321,976,482                   |
| Printing Expenses  | 9,209,175                        | -                    | -                       | 9,209,175                     | 32,341,816                    |
| Rights   | 114,059,186                      | -                    | -                       | 114,059,186                   | 21,737,120                    |
| Services and Satellites  | 102,513,527                      | 1,819,768            | 45,512,365              | 149,845,660                   | 94,339,961                    |
| Severance Payments   | 259,615,628                      | 63,660,785           | 90,024,647              | 413,301,060                   | 126,228,157                   |
| Non-Computable VAT   | 42,708,043                       | -                    | -                       | 42,708,043                    | 30,669,004                    |
| Rentals  | 168,818,828                      | 5,818,848            | 6,705,334               | 181,343,010                   | 132,359,942                   |
| Amortization of Intangible Assets                                  | 34,417,039                       | 7,972,019            | 18,758,227              | 61,147,285                    | 43,063,075                    |
| Amortization of Film Library                                       | 4,109,670                        | -                    | -                       | 4,109,670                     | 3,865,459                     |
| Depreciation of Property, Plant and Equipment                      | 103,635,237                      | 3,795,873            | 10,796,444              | 118,227,554                   | 85,290,931                    |
| Impairment of Inventories and Obsolescence of Materials            | 3,002,255                        | -                    | -                       | 3,002,255                     | (70,615)                      |
| Other Expenses   | 130,062,340                      | 44,211,715           | 55,909,613              | 230,183,668                   | 135,765,524                   |
| <b>Total as of December 31, 2016</b>                               | <b>5,336,977,418</b>             | <b>1,728,968,802</b> | <b>1,864,144,211</b>    | <b>8,930,090,431</b>          |                               |
| <b>Total as of December 31, 2015</b>                               | <b>3,698,664,822</b>             | <b>1,202,643,174</b> | <b>1,228,754,283</b>    |                               | <b>6,130,062,279</b>          |

(1) As of December 31, 2016, it includes a recovery of approximately Ps. 344 million from the calculation of employer's contributions as tax credit on VAT by certain subsidiaries (Decree No. 746/03 issued by the Executive Branch), as mentioned in Notes 8.3.h. and 8.3.i.

#### 6.4 Financial Costs

|                                    | December 31, 2016    | December 31, 2015    |
|------------------------------------|----------------------|----------------------|
| Financial Discounts on Liabilities | (1,525,079)          | -                    |
| Interest                           | (234,028,516)        | (147,916,180)        |
| Exchange Differences               | (30,652,537)         | (1,885,312)          |
| Other Financial Costs              | (1,416,875)          | (321,993)            |
| <b>Total</b>                       | <b>(267,623,007)</b> | <b>(150,123,485)</b> |

#### 6.5 Other Financial Results, net

|  | December 31, 2016    | December 31, 2015 |
|--|----------------------|-------------------|
| Exchange Differences   | (2,945,871)          | (9,826,705)       |
| Interest   | 50,997,267           | 9,769,182         |
| Financial Discounts on Assets and Liabilities                  | (11,710,971)         | (9,366,336)       |
| Other Taxes and Expenses                                       | (174,924,976)        | (145,263,491)     |
| Results from transactions with securities and bonds            | 242,085              | 130,082,609       |
| CER Restatement  | (218,402)            | (42,273)          |
| Income from Changes in the Fair Value of Financial Instruments | 8,007,795            | 43,802,595        |
| <b>Total</b>   | <b>(130,553,073)</b> | <b>19,155,581</b> |

#### 6.6 Other Income and Expenses, net

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Income from Sale of Property, Plant and Equipment | 37,036,971        | (10,723,613)      |
| Other <sup>(1)</sup>                              | 18,428,782        | 108,945,667       |
| <b>Total</b>                                      | <b>55,465,753</b> | <b>98,222,054</b> |

(1) For the year 2015, it includes the impact on results (income) of recognizing past-due trade receivables for approximately Ps. 95 million.

## Note 7

### Income tax

The following table shows the reconciliation between the consolidated income tax charged to net income for the years ended December 31, 2016 and 2015 and the income tax liability that would result from applying the current tax rate on consolidated income before income tax and tax on assets and the income tax liability assessed for each year (amounts stated in thousands of Argentine Pesos):

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Income before Income Tax  | 488,238           | 962,453           |
| Current Rate  | 35%               | 35%               |
| Income Tax Assessed at the Current Tax Rate on Income before Income Tax | (170,883)         | (336,858)         |
| Permanent Differences:  |                   |                   |
| Equity in Earnings from Affiliates and Subsidiaries                     | 17,054            | 21,455            |
| Non-Taxable Income  | (59,728)          | (7,414)           |
| Other   | 19,775            | 2,620             |
| Subtotal  | (193,782)         | (320,197)         |
| Expired Tax Loss Carryforwards  | (404)             | (1,274)           |
| Valuation Allowance for Net Deferred Tax Assets Charged to Income       | (64,067)          | (30,451)          |
| Total Income Tax  | (258,253)         | (351,922)         |
| Deferred Tax  | 192,770           | 52,832            |
| Current Tax   | (451,023)         | (404,754)         |
| Income Tax Assessed for the Year  | (258,253)         | (351,922)         |
| Tax on assets   | (5,905)           | (2,653)           |
| <b>Total</b>  | <b>(264,158)</b>  | <b>(354,575)</b>  |



Breakdown of Consolidated Deferred Tax (in thousands of Argentine pesos):

|  | December 31,<br>2016          | December 31,<br>2015 | Changes Year<br>2016          | Changes Year<br>2015 |
|--|-------------------------------|----------------------|-------------------------------|----------------------|
| <b>Deferred Assets</b>                                       |                               |                      |                               |                      |
| Tax Loss Carryforwards                                       | 424,137                       | 226,342              | 197,795                       | 13,814               |
| Inventories  | 33,557                        | 36,070               | (2,513)                       | 20,069               |
| Other Investments  | 20,381                        | 19,988               | 393                           | (4,907)              |
| Provisions and Other   | 66,613                        | 133,612              | (66,999)                      | 32,568               |
| Trade Receivables  | 64,239                        | 100,464              | (36,225)                      | 80,397               |
| Other Liabilities  | 50,919                        | 10,973               | 39,946                        | (419)                |
| Accounts Payable   | 9,611                         | 129,432              | (119,821)                     | 21,745               |
|  | 669,457                       | 656,881              | 12,576                        | 163,267              |
| <b>Deferred Tax Liabilities</b>                              |                               |                      |                               |                      |
| Property, Plant and Equipment                                | (31,818)                      | (221,992)            | 190,174                       | (59,671)             |
| Intangible Assets  | (1,443)                       | (27,279)             | 25,836                        | 34,411               |
| Other Assets   | (8,111)                       | (845)                | (7,266)                       | 626                  |
| Debt   | -                             | -                    | -                             | 12,765               |
| Subtotal   | (41,372)                      | (250,116)            | 208,744                       | (11,869)             |
| Valuation Allowance on<br>Tax Loss Carryforwards - (Charges) | (95,398)                      | (31,874)             | (63,524)                      | (19,501)             |
|  | (136,770)                     | (281,990)            | 145,220                       | (31,370)             |
| <b>Total Net Deferred Tax Assets / (Liabilities)</b>         | <sup>(1)</sup> <b>532,687</b> | <b>374,891</b>       | <sup>(2)</sup> <b>157,796</b> | <b>131,897</b>       |

(1) Comprises Deferred Tax Assets in the amount of Ps. 532,897 and Deferred Tax Liabilities in the amount of Ps. 210 as of December 31, 2016, disclosed in the Consolidated Balance Sheet.

(2) Includes Ps. 24 million as of December 31, 2016 under Assets Held for Distribution to Shareholders.

As of December 31, 2016, the Company's and its subsidiaries' accumulated consolidated tax loss carryforwards amounted to approximately Ps. 1,211,821 thousand, which calculated at the current tax rate, represent deferred tax assets in the amount of approximately Ps. 424,137 thousand. The following table shows the expiration date of the accumulated tax loss carryforwards pursuant to statutes of limitations (amounts stated in thousands of Argentine Pesos):

| Expiration year | Amount of Tax<br>Loss Carryforward |
|-----------------|------------------------------------|
| 2017            | 12,006                             |
| 2018            | 51,805                             |
| 2019            | 339,793                            |
| 2020            | 182,211                            |
| 2021            | 625,774                            |
| 2022            | 232                                |

The Company estimates that the tax loss carryforwards are recoverable for the net amounts disclosed.

## Note 8

### Provisions and other contingencies

#### 8.1 Regulatory Framework

a. SCI Resolution No. 50/10 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 financial statements the subsidiary 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 and/or some of its subsidiaries may be forced to modify the price of their pay television subscription, a situation that could significantly affect the revenues of their core business. This creates a general framework of uncertainty over the businesses of Cablevisión and/or some of its subsidiaries that could significantly affect the recoverability of their relevant assets and Grupo Clarín S.A.'s assets related to its investment in Cablevisión. Notwithstanding the foregoing, as of the date of these 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 Argentine Cable

Television Association ("ATVC", for its Spanish acronym). 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.

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. 36/2011, which falls within the framework of the former, is also suspended.

The claim filed by Cablevisión seeking the nullification of Resolution No. 50/2010 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 Nos. 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 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 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 No. 1 of the National Court of Appeals on Federal Civil and Commercial Matters confirmed the 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 light of the corporate reorganization of Cablevisión, both parties requested the suspension of the procedural periods for 180 days. The judge granted such request. Therefore, the procedural periods were 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 (“OMIC”, for its Spanish acronym) 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 “Application for judicial review brought by the defendant in the case Municipality of Berazategui v. Cablevisión S.A. on claim for the protection of constitutional rights (acción de amparo)” 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.

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 consolidated financial statements should be read in light of such uncertainty.

b. Pursuant to the Antitrust Law and to Broadcasting Law No. 22,285, the transactions carried out on September 26, 2006 that resulted in an increase in the indirect interest the Company held in Cablevisión to 60%, Cablevisión’s acquisition of 98.5% of Multicanal and 100% of Holding Teledigital, and Multicanal’s acquisition of PRIMA (from PRIMA Internacional (now CMD)), required the authorization of the CNDC (validated by the SCI), and the COMFER. On October 4, 2006, the Company, Vistone, Fintech, VLG and Cablevisión, as purchasers, and AMI CV Holdings LLC, AMI Cable Holdings Ltd. and HMTF-LA Teledigital Cable Partners LP, as sellers, filed for the approval of the acquisition. After several requests for information, the SCI issued Resolution No. 257/07, with a prior opinion of the CNDC in favor of the approval of the above-mentioned transactions and after consulting the COMFER and the SECOM, which did not raise any objections. The Company was served notice in this respect on December 7, 2007. Such Resolution was appealed by five entities. As of the date of these financial statements, the CNDC has dismissed the five appeals filed against the above-mentioned resolution. Four of those entities filed direct appeals before the judicial branch, but they were all dismissed.

On June 11, 2008, Cablevisión was served with a decision of the National Court of Appeals on Federal Civil and Commercial Matters revoking a decision rendered by the CNDC on September 13, 2007, whereby such agency had dismissed a claim filed by Gigacable S.A. prior to the December 7, 2007 decision referred to above. The Court of Appeals revoked CNDC’s decision only with respect to matters relating to the conduct of Cablevisión and Multicanal prior to CNDC’s authorization of the transactions on December 7, 2007, and ordered an investigation to determine whether a fine should be imposed on Cablevisión and Multicanal due to such conduct. As of the date of these financial statements, Cablevisión has filed its response, which is pending analysis by such agency.

c. On December 15, 2008, the shareholders of Cablevisión approved the merger of Multicanal,

Delta Cable S.A., Holding Teledigital, Teledigital, Televisora La Plata Sociedad Anónima, Pampa TV S.A., Construed S.A. and Cablepost S.A. into Cablevisión, whereby, effective as of October 1, 2008, Cablevisión, as surviving company, became the universal successor to all of the assets, rights and obligations of the merged companies.

That process was granted administrative approval by the CNV and was registered with the Argentine Superintendency of Legal Entities (IGJ) under No. 9,448, Book 79 Volume – Stock Companies on June 7, 2016.

On September 8, 2009, Multicanal was served with CNDC Resolution No. 106/09, dated September 4, 2009, whereby the CNDC ordered an audit to articulate and harmonize the several aspects of Resolution No. 577/09 issued by the COMFER, whereby it had rejected the merger of Cablevisión and Multicanal, with Resolution No. 257/07 issued by the Secretariat of Domestic Trade. Resolution No. 106/09 also sets forth that the notifying companies shall not, from the enactment thereof and until the end of the audit and / or resolution of the CNDC, be able to remove or replace physical or legal assets.

Notwithstanding the required filings made by Cablevisión and its shareholders on December 7, 2007 (date on which the SCI granted authorization) to prove that they were complying with the commitment agreed with the CNDC), on September 23, 2009, the SCI issued Resolution No. 641, whereby it ordered the CNDC to verify compliance with the parties' proposed commitment by visiting the parties' premises, requesting reports, reviewing documents and information and carrying out hearings, among other things.

On December 11, 2009, Cablevisión notified the CNDC of the completion and corresponding verification of the fulfillment of the voluntary undertakings made by Cablevisión at the time of the enactment of SCI Resolution No. 257/07. On December 15, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions" (case 10,506/09), partially acknowledging the preliminary injunction requested by Grupo Clarín, and instructing the

CNDC and the SCI to notify Grupo Clarín whenever their own verification of Cablevisión's fulfillment of its undertakings had been concluded, regardless of the result. Should such agencies have any observations, they should notify Grupo Clarín within a term of 10 days. On the same date, the CNDC issued Resolution No. 1,011/09 whereby it deemed Cablevisión's voluntary undertakings unfulfilled and declared the rescission of the authorization granted under Resolution No. 257/07.

On December 17, 2009, the National Court of Appeals on Federal Commercial-Criminal Matters, Chamber A, decided to suspend the term to appeal Resolution No. 1,011/09 until the main case was transferred back to the CNDC, considering it had been in such court since December 16, 2009.

On December 17, 2009, the CNDC notified Cablevisión of the initiation of the motion for execution of Resolution No. 1,011/09. On December 18, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued an injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", which suspended the effects of Resolution No. 1,011/09 until the notice set forth in the injunction of December 15, 2009 was served. Accordingly, the CNDC served notice to Cablevisión by means of Resolution No. 1,101/09.

On December 30, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", partially acknowledging Grupo Clarín's request and suspending the term for Grupo Clarín to respond to Resolution No. 1,101/09 until Grupo Clarín is granted access to the administrative proceedings related to the charges brought by the CNDC in its Opinion No. 770/09 (on which Resolution No. 1,011/09 was based).

On February 19, 2010, Cablevisión requested the nullification of the notice, and as a default argument, submitted the response requested under Resolution No. 1,101/09. On February 26, 2010, the National Court of Appeals on

Federal Commercial-Criminal Matters approved the recusation filed by Cablevisión and excluded the Secretariat of Domestic Trade from the proceedings.

On March 3, 2010, the Argentine Ministry of Economy and Public Finance issued Resolution No. 113 (subscribed by the Minister of Economy, Dr Amado Boudou) rejecting the request for the nullification of Resolution No. 1,011/09, the requests for abstention and excusation of certain officials, and all the evidence produced in connection with such request for nullification. The voluntary undertakings made by Cablevisión under Resolution No. 257/07 were deemed unfulfilled, thus declaring the rescission of the authorization granted under such resolution. The parties involved were ordered to take all necessary actions to comply with such rescission within a term of six months, and to inform the CNDC about the progress made in that respect on a monthly basis. Such resolution was appealed in due time and form. The appeal was granted without staying the execution of judgment.

On April 20, 2010, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters granted the appeal filed by Grupo Clarín S.A. in re “Grupo Clarín on delay in the appeal of the proceedings”, and decided that the appeal granted by the CNDC to Grupo Clarín S.A. against Resolution No. 113/10 had the effect of staying such resolution. The National Government filed an appeal asking that the Court of Appeals revoke its own decision with respect to the effect granted to the April 20 decision, and that it decline its jurisdiction. It also filed an appeal to have the case brought before the Supreme Court. Both appeals were dismissed. Chamber No. 2 requested the administrative file to consider the appeal and render its decision.

On September 17, 2015, the Court rendered a decision in favor of Cablevisión, revoking Resolution No. 113/10 in its entirety. Both parties were served with the decision on that same date.

The National Government - Ministry of Economy filed an appeal to have the case brought before the Supreme Court, which was substantiated in February 2016.

Subsequently, in March 2016, the appeal filed by the National Government - Ministry of Economy and Public Finance was dismissed. Therefore, SCI Resolution No. 257/07 and the effects of the authorization are in full force and effect to date.

On March 31, 2016, the National Government – Ministry of Economy and Public Finance filed a direct appeal before the Supreme Court of Argentina.

Subsequently, the National Government abandoned the Direct Appeal and the Supreme Court deemed it abandoned on June 7, 2016. Therefore, MECON Resolution No. 113/10 is considered to be null and void.

d. On May 31, 2012, Cablevisión was served notice of Resolution No. 16,819 dated May 23, 2012 whereby the Argentine Securities Commission (CNV, for its Spanish acronym) ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the grounds of a decision rendered by the Federal Court of Mendoza and the scope of the powers granted by that court to the co-administrator appointed in re “Supercanal S.A. v. Cablevisión S.A. on protection of constitutional rights”, in addition to the fact that other self-regulated authorities were allegedly not notified of the information furnished by Cablevisión. On June 25, 2012, Cablevisión filed a response requesting that its defenses be sustained and all charges dismissed. On February 6, 2014 Cablevisión submitted the legal brief for the purpose of discussing the evidence submitted under File No. 171/2012. Now the CNV’s Board of Directors has to render its decision. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión.

e. Pursuant to CNV Resolution No. 16,834 dated June 14, 2012 notified to the Company on June 27, 2012, the CNV ordered the



initiation of summary proceedings against the Company and the members of its Board of Directors, Supervisory Committee and Audit Committee in office at the time of the occurrence of the events that motivated the proceedings (September 19, 2008) for alleged failure to comply with the duty to inform. Under said Resolution, the CNV argues that the Company allegedly failed to comply with the duty to disclose the filing of a claim against it entitled “Consumidores Financieros Asociación Civil para su defensa and other v. Grupo Clarín on/Ordinary”, which the CNV considers relevant. On July 25, 2012, Cablevisión filed a response petitioning that its defenses be sustained and that all charges against it be dismissed. The legal brief on the evidence has been submitted. The Company and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, the Company cannot assure that the outcome of said summary proceedings will be favorable.

f. 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.

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. 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).

g. 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. 219/10 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.

h. 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.

i. Cablevisión, by itself and as successor of Multicanal's operations after the merger, is a party to several administrative proceedings under the Antitrust Law, facing charges of anticompetitive conduct, including territorial division of markets, price discrimination, abuse of dominant position, refusal to deal and predatory pricing, as well as a proceeding filed by the Cámara de Cableoperadores Independientes (Chamber of Independent Cable Operators), challenging the transactions consummated on September 26, 2006. 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.

j. 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.

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.

k. 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 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. 1280 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.

l. The litigation brought before the Civil, Commercial, Mining and Labor Court of the City of Concarán, Province of San Luis, in early 2007 in re “Grupo Radio Noticias SRL v. Cablevisión and others”, is still pending before the Federal Court in Administrative Matters No. 2.

The purpose of that claim was to challenge the share transfers mentioned in Note 8.1.c. and to request the revocation of Cablevisión’s broadcasting licenses. Cablevisión has responded to such claim and believes it is very unlikely that it will be admitted. The claimant has

abandoned the claim it had brought, and the claimant’s attorney must provide evidence of his attorney powers.

m. The Government of the City of Mar del Plata enacted Ordinance No. 9163, 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. Such ordinance is ready for discussion by legislators. Even though the ordinance provides for certain penalties that may be imposed, the City has not imposed such penalties to cable systems that are not in compliance with such ordinance.

n. 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 that SCI Resolution No. 50/10 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 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 revocation of the fine will be resolved in its favor.



o. 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 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.

p. On March 16, 2012, CNV issued Resolution No. 16,765 whereby it ordered the initiation of summary proceedings against Cablevisión, its directors and members of the Supervisory Committee for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the Decision rendered by the Supreme Court of Argentina in re “Application for judicial review brought by the National Government Ministry of Economy and Production of the case Multicanal S.A. and other v/CONADECO Decree No. 527/05” and other, and also considers that Cablevisión did not disclose certain issues related to the information required by the CNV in connection with its Class 1 and 2 Noteholders’ Extraordinary Meetings held on April 23, 2010. On April 04, 2012, that company filed a response requesting that its defenses be sustained and that all charges against it be dismissed. The discovery stage has been closed and the company submitted the legal brief. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of said summary proceedings will be favorable.

q. On August 28, 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation. The CNV considers that Cablevisión failed to comply with effective regulations because it filed certain documentation outside the regulatory term set by CNV rules (as restated in 2013, as amended). Cablevisión, as well as its directors, members of the Supervisory Committee and Head of Market Relations filed a response in due time and form requesting that its defenses be sustained and all charges dismissed. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión. On January 20, 2016, the preliminary hearing was held pursuant to Section 138 of Law No. 26,831 and Article 8, Subsection b.1. of Section II, Chapter II, Title XIII of the Regulations (T.R. 2013).

## **8.2 Claims and Disputes with Governmental Agencies**

a. In connection with the decisions made at the Company's Annual Ordinary Shareholders' Meeting held on April 28, 2011, on September 1, 2011 the Company was served with a preliminary injunction in re "National Social Security Administration v. Grupo Clarín S.A. re ordinary proceeding" whereby the Company may not in any way dispose, in part or in whole, of the Ps. 387,028,756 currently recorded under the retained earnings account, other than to distribute dividends to the shareholders.

On the same date, the Company was served with a claim brought by Argentina's National Social Security Administration requesting the nullity of the decision made on point 7 (Appropriation of Retained Earnings) of the agenda of the Annual Ordinary Shareholders' Meeting held on April 22, 2010. As of the date of these financial statements, the Company has duly answered the complaint, the parties have produced evidence and made allegations.

On November 1, 2011, the CNV issued Resolution No. 593, which provides that at shareholders' meetings in which financial statements are considered shareholders must expressly decide to, either distribute as dividends any retained earnings that are not subject to distribution restrictions and that may be disposed of pursuant to applicable law or capitalize such retained earnings and issue shares, or appropriate them to set up reserves other than legal reserves, or a combination of the above.

On July 12, 2013 the Company was served notice of Resolution No. 17,131; dated as of July 11, 2013 whereby the CNV declared that the administrative effects of the decisions adopted at the Annual General Ordinary Shareholders' Meeting held on April 25, 2013 were irregular and ineffective, based on allegations that are absolutely false and irrelevant. According to the Company and its legal advisors, Resolution No. 17,131 is, among other things, null and void, because it lacks sufficient grounds and its enactment is a clear abuse of authority and a further step in the National Government's attempt to intervene in the Company. On October 11, 2013 Chamber No. 5 of the National Court of Appeals on Federal Administrative Matters issued a

preliminary injunction in re "Grupo Clarín S.A. v. CNV – Resol No. 17.131/13 (File 737/13)" File No. 29,563/2013, whereby it suspended the effects of Resolution No. 17.131/2013 dated July 11, 2013 which had rendered irregular and with no effect for administrative purposes the Company's Annual Ordinary Shareholders' Meeting held on April 25, 2013. As of the date of these financial statements, the preliminary injunction is still in effect.

In August 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 28, 2011 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 2, 4 and 7 of that meeting's agenda, as well as the nullity of the decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

On September 17, 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 26, 2012 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 8 and 4 of that meeting's agenda, as well as the nullity of the decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

On March 21, 2014, the Company was served notice of a claim brought by Argentina's National Social Security Administration in re "National Social Security Administration v. GRUPO CLARÍN S.A. on Ordinary Proceeding" File No. 74,429, pending before the National Court of First Instance on Commercial Matters No. 17, Clerk's Office No. 34. This claim seeks to nullify and challenge the corporate decisions made at the Shareholders' Meeting held on April 25, 2013 and those made at the Board of Directors' Meeting held on April 26, 2013. As of the date of these financial statements, a response to the claim had been filed.

On September 16, 2014, the Company received a communication from its controlling shareholder, GC Dominio S.A., whereby that company informed that it had been summoned to court as a third party in re “National Social Security Administration v. Grupo Clarín S.A. on Ordinary Proceeding”, pending before the National Court of First Instance on Commercial Matters No. 17, Clerk’s Office No. 33. As of the date of these financial statements and as informed by GC Dominio S.A., that company has filed a response to the above-mentioned claim.

According to the Company and its legal advisors, the outstanding claims requesting the nullification of the Shareholders’ Meetings have no legal grounds. Therefore, they believe that the Company will not have to face adverse consequences in this regard.

b. The Argentine Federal Revenue Service (“AFIP”) served the subsidiary CIMECO with a notice challenging its income tax assessment for fiscal years 2000, 2001 and 2002. In such notice, the AFIP challenged mainly the deduction of interest and exchange differences in the tax returns filed for those years. If AFIP’s position prevails, CIMECO’s maximum contingency as of December 31, 2016 would amount to approximately Ps. 12.3 million for taxes and Ps. 42.7 million for interest.

CIMECO filed a response, which was dismissed by the tax authorities. The tax authorities issued their own official assessment and imposed penalties. CIMECO appealed the tax authorities’ resolution before the National Tax Court on August 15, 2007.

During the year ended December 31, 2010, CIMECO received a pro forma income tax assessment from the AFIP for fiscal periods 2003 through 2007, as a consequence of AFIP’s challenge to CIMECO’s income tax assessments for the periods 2000 through 2002 mentioned above. CIMECO filed a response before AFIP, rejecting such assessment and requesting the suspension of administrative proceedings until the Federal Tax Court renders its decision on the merits.

During 2011, the AFIP served CIMECO with a notice stating the income tax charges assessed for years 2003 through 2007 and ordering the

initiation of summary proceedings. The AFIP’s assessment shows a difference in its favor in the Income Tax liability for the periods indicated above for an amount in excess of the amount that had been estimated originally, as a result of the method used to calculate certain deductions. CIMECO responded to the assessment rejecting all of the adjustments and requesting that the proceedings be rendered without effect and filed, with no further actions to be taken.

On April 26, 2012, the AFIP issued a new official assessment comprising the fiscal years 2003 through 2007, in which it applied the same method for the calculation as that used for the administrative settlement, claiming a total liability of Ps. 120 million. On May 21, 2012, an appeal was filed with the Federal Tax Court.

CIMECO and its legal and tax advisors believe CIMECO has strong grounds to defend the criteria adopted in their tax returns and that AFIP’s challenges will not be admitted by the Federal Tax Court. Accordingly, CIMECO has not booked an allowance in connection with the effects such challenges may have.

c. On September 10, 2010, the AFIP served TRISA with a notice with objections to its income tax assessment, with respect to the application of the withholding regime set forth under the section following section 69 of the Income Tax law, for fiscal years 2004, 2005 and 2006. If AFIP’s position prevails, TRISA’s contingency would amount to approximately Ps. 28.9 million, out of which Ps. 9.3 million would correspond to taxes on dividend payments made during those years, Ps. 6.5 million to a 70% fine on the omitted tax, and Ps. 13.1 million to late-payment interest, calculated as of the date of the AFIP’s tax assessment.

TRISA filed a response, which was dismissed by the tax authorities. On December 20, the tax authorities issued their own official assessment and imposed penalties. TRISA appealed the tax authorities’ resolution before the National Tax Court on February 8, 2011.

TRISA and its legal and tax advisors believe that TRISA has strong grounds to defend its position and that AFIP’s challenges will not be admitted by the Federal Tax Court.



Accordingly, TRISA has not booked a provision in connection with the effects such challenges may have.

d. On August 13, 2012, the parent company GC Dominio S.A. was served notice of a claim brought by the Argentine Superintendency of Legal Entities (IGJ) whereby that agency seeks to annul the registration with the Public Registry of Commerce of the appointment of GC Dominio S.A.'s authorities, approved at the Shareholders' Meeting held on May 17, 2011. The claim is pending before the Federal Court of First Instance on Commercial Matters No. 25, Clerk's Office No. 49 ("Inspección General de Justicia v. Dominio S.A. on/Ordinary", File No. 58652). The claim brought by the IGJ seeks to annul the registration with IGJ of the appointment of GC Dominio S.A.'s authorities, approved at the Annual General Ordinary Shareholders' Meeting of GC Dominio held on May 17, 2011. The appointment was registered with the IGJ on April 23, 2012 under No. 7147, Book No. 59 of Share Companies. According to the IGJ and as the case file is said to show, GC Dominio has allegedly failed to comply with certain regulations applicable to foreign shareholders upon registration of the appointment of authorities. Also within the framework of this claim, the Court issued an injunction in favor of the IGJ ordering that the existence of this claim be duly noted. The Chamber has confirmed the decision to order that the existence of this claim be duly noted.

GC Dominio S.A.'s legal advisors have strong grounds to argue that the resolution of IGJ's claim seeking the de-registration of the appointment of authorities has serious defects and infringes the guarantees of reasonableness and due process; a principle that derives from the constitutional guarantee of defense in court, which entails the right to be heard and to produce evidence to contradict a claim. GC Dominio S.A. has appealed such injunction because it considers that the IGJ has not shown that its legal arguments are, at least, plausible.

e. As a result of a suspicious transaction report issued by the Argentine Federal Revenue Service ("AFIP") relating to transactions carried out between the Company and certain subsidiaries, the Financial Information Unit ("FIU") pressed criminal charges for alleged money laundering. The action is now pending before Federal Court

No. 9, under Dr. Luis Rodriguez. The FIU has pressed charges against the Company and its directors for alleged money laundering activities related to the trading of shares between the Company and some of its subsidiaries. The Company has appointed defense attorneys and has requested a copy of the file to understand the details of the charges. The FIU is acting as plaintiff in this case. One of the Company's directors made a spontaneous appearance and filed a response and produced documentary evidence. Certain charges pressed by Representative Di Tullio were also added to the case. In addition, the Prosecutor requested that the charges be investigated and that certain evidentiary measures be taken which have not yet been fulfilled as of the date of these financial statements.

In March 2014, the intervening prosecutor Miguel Angel Osorio broadened the request for evidence with regard to intercompany movements between Cablevisión and certain subsidiaries, all of which were regular and had been duly recorded.

The Company and its legal advisors consider that there are strong arguments in the Company's favor, and have gathered evidence that supports the lack of involvement of anyone in any such unlawful maneuvers. However, they cannot assure that the outcome of this action will be favorable.

f. By means of Resolution 16,364/2010, dated and notified to AGEA as of July 15, 2010, the CNV's Board of Directors decided to initiate summary proceedings against AGEA and certain current and past members of its board of directors and supervisory commission, for alleged infringement of the Argentine Business Associations Law, Decree No. 677/01 and Law No. 22,315. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses.

g. The subsidiary AGEA received several inspections from the AFIP aimed at verifying compliance with the so-called competitiveness plans implemented by the National Executive Branch. After several reports issued by the AFIP and the corresponding Resolutions issued by the Ministry of Economy, such agencies allege that

certain acts performed by AGEA during 2002 lead to the nullity of some of the benefits granted under said plans, including adjustments, for an estimated total amount of Ps. 65 million. In April 2013, AGEA was served with AFIP Resolution No. 03/13, whereby such agency decided to exclude AGEA from the Registry of Beneficiaries of the Competitiveness and Employment Generation Agreements under the Cultural Sector Agreement, as from March 4, 2002. The AFIP ordered the restatement of the tax returns and the remittance of the corresponding amounts. AGEA filed an appeal against such resolution. Notwithstanding the foregoing, in re “AEDBA and Other v. Ministry of Economy Resolution No. 58/10”, the Federal Court on Administrative Matters No. 6 issued an injunction ordering AFIP to refrain from initiating and/or continuing with the administrative proceeding/s and/or any act that would entail the enforcement of the amounts payable under Resolution No. 3/13, until a final decision is rendered. Notwithstanding the foregoing, AGEA cannot assure that the appeal will be resolved in its favor.

h. 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 that company 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.

i. Pursuant to Resolution No. 17,522 issued on September 18, 2014 and notified to AGEA on September 24, 2014, the Board of Directors of the CNV decided to initiate summary proceedings against AGEA, certain current and past members of its Board of Directors and supervisory commission –who occupied those positions between September 19, 2008 and the present date- and against that company’s Head of Market Relations, for an alleged failure to comply with the duty to inform that AGEA was a co-defendant in re “CONSUMIDORES FINANCIEROS ASOCIACION CIVIL PARA SU DEFENSA AND OTHER V. GRUPO CLARIN S.A. AND OTHER on EXPEDITED SUMMARY PROCEEDING” (File No. 065441/08). The summary proceeding is grounded on an alleged failure to comply with Article 5, subsection a), the first part of Article 6 and Article 8, subsection a) part V) of the

Annex to Decree No. 677/01; with Articles 1, 2 and 3, subsection . 9) of Chapter XXI of the REGULATIONS (T.R. 2001 as amended) –now Article 1 of Section I, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Articles 2 and 3 subsection . 9) of Section II, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Article 11 subsection a.12) of Chapter XXVI of the REGULATIONS (T.R. 2001 as amended) –now Article 11 subsection 13) of Section IV, Chapter I, Title XV of the REGULATIONS (T.R. 2013 as amended); with Article 99 and 100 of Law No. 26,831; and with Articles 59 and 294 subsection . 9) of Law No. 19,550. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses. On February 11, 2015, the preliminary hearing was held pursuant to Article 8, subsection b.1.), Title XIII, Chapter II, Section II of the Regulations (T.R. 2013, as amended). On August 19, 2015, the company submitted the legal brief for the discovery stage.

j. On February 27, 2013, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2008 and ordering the initiation of summary proceedings for alleged omitted taxes. The AFIP mainly challenged the deduction of certain expenses and fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection with such order, which is currently pending before the National Tax Court. The official assessment amounts to Ps. 1.4 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.8 million for tax differences and Ps. 1.8 million for late-payment interest, calculated as of December 31, 2016.

On October 21, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2009 and ordered the initiation of summary proceedings for alleged omitted taxes. In this case, the AFIP mainly challenged the deduction of fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection

thereto, which is currently pending before the National Tax Court. The official assessment amounts to Ps. 1.2 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.5 million for tax differences and Ps. 1.2 million for late-payment interest, calculated as of December 31, 2016.

IESA and its legal and tax advisors believe that it has strong arguments in its favor to defend the criterion adopted in its tax returns.

### **8.3 Other Claims and Disputes**

a. On June 22, 2007, TSC executed several documents with AFA, applicable from the 2007/2008 until the 2013/2014 soccer seasons, whereby TSC held all the broadcasting rights for ten of the Argentine soccer first division official tournament matches played each week.

On August 13, 2009 AFA notified TSC of its decision to terminate unilaterally the above-mentioned agreement. TSC challenged AFA's unilateral termination of the agreement and, in order to safeguard its rights, on June 15, 2010 it brought a legal action against AFA before a commercial court for contractual breach and damages.

AFA summoned the National Government as a third party, and the National Government was incorporated to the proceedings. The National Government requested that the case be submitted to the Court on Federal Administrative Matters. The request was dismissed by the Commercial Court of Appeals, which ratified the jurisdiction of the Commercial Court.

The National Government filed an appeal in connection with the jurisdictional conflict, with the Supreme Court of Argentina, which dismissed the appeal and ordered that the file be submitted to the Court of First Instance. On September 5, 2016, the judge ordered discovery proceedings, and established that the hearing provided under Section 360 of the Civil and Commercial Procedure Code of Argentina would be held on June 5, 2017.

b. On January 31, 2012, FADRA informed Grupo Carburando's subsidiary Mundo Show

S.A. of the unilateral rescission of the agreement executed in 2006 whereby FADRA assigned to that company the rights comprising image, sound and static advertising of motor racing at the road racing events Turismo Carretera and TC Pista until December 31, 2015. Mundo Show S.A. has challenged and rejected FADRA's unilateral rescission of the agreement. In light of the events, Mundo Show S.A. will not be able to sell or export the audiovisual and static advertising rights of the above-mentioned motor racing events. Therefore, in 2012 an allowance was set up for impairment of goodwill and other assets related to such agreement of approximately Ps. 17 million. On July 17, 2013, some of the Company's subsidiaries executed an agreement in order to settle the legal actions brought as a consequence of the termination of TV broadcasting rights and sponsorship agreements relating to the Turismo Carretera and TC Pista road racing events, whereby FADRA undertook to pay damages for an aggregate and final amount of Ps. 16.5 million in 23 monthly and consecutive installments. In addition, it assigned all of its equity interest in TCM, which represents 20% of its capital stock and votes. The parties also settled the claims brought against FADRA in re "Mundo Show v. FADRA on pending cash collection, File No. 10041/2012", whereby FADRA paid Ps. 1.5 million in exchange for the dismissal of the legal actions.

c. Pursuant to a notarial certificate issued on September 19, 2008, AGEA and the Company were served with a legal action brought by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders who claim to be allegedly affected by Multicanal's APE. The claim is grounded on a Consumer Defense Law that, in general terms, provides for an ambiguous procedure that is very strict against the defendant.

The Company, AGEA and certain directors and members of the supervisory committee and shareholders have been served with the claim. After rejecting certain preliminary defenses presented by the defendants, such as the application of statutes of limitation and the failure to comply with prior mediation procedures, the claim followed ordinary procedure and the above-mentioned persons duly filed their respective responses.



d. On September 16, 2010 the Company was served with a claim brought against it by Consumidores Financieros Asociación Civil para su Defensa. The plaintiff claims a reimbursement of the difference between the value of the shares of the Company purchased at their initial public offering and the value of the shares at the time a decision is rendered in the case. The Company has duly responded to the claim and the intervening Court has deemed the claim responded.

e. On April 25, 2013 Grupo Clarín S.A. held its Annual Ordinary Shareholders' Meeting. As a result of the issues raised at this Meeting, some of the permanent directors informed the Company that they had pressed criminal charges against the representatives of the shareholder ANSES and of the CNV (Messrs. Reposo, Kicillof, Moreno, Vanoli, Fardi and Helman) for making statements and intellectual constructions which, under the appearance of being included in the new regulations of the Argentine Capital Markets Law, only sought to discredit the Board of Directors and caricature its management, creating pretexts that may lead to an intervention of the Company without judicial control; pursuant to the new powers vested on the CNV by Capital Markets Law No. 26,831. On April 26, 2013, the Board of Directors decided to press charges on the same grounds.

Consequently, the Company sent a letter to the CNV, in which it clearly stated that what had happened at that Meeting could not be considered in any way as an acknowledgment of the legitimacy of the powers vested on the CNV by Law No. 26,831 and/or the regulations that may be issued in the future. The letter also stated that the Company reserved its right to file the pertinent legal actions at any time to request the declaration of the evident unconstitutionality of that law. It also requested the CNV to refrain from performing any act or issuing any resolution that would lead to the execution of the plan of which they had been accused before the courts.

f. On May 30, 2013, Pem S.A. was served notice of 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 the Company, 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 the Company'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.

g. In March 2012, ARTEAR brought a summary action for the protection of constitutional rights against the National Government (Chief of the Cabinet of Ministers and Secretariat of Public Communication) and against Messrs. Juan Manuel Abal Medina and Alfredo Scoccimarro, in order to request that the National Government cease in the arbitrary and discriminatory allocation of official advertising with respect to Arte Radiotelevisivo Argentino S.A. ARTEAR requested (i) that the court order the maintenance of a balanced allocation with respect to the amount of official advertising received in previous years, and in particular prior to 2008, and with respect to the amount of official advertising allocated to other broadcasters of similar characteristics, and (ii) that the conduct of the above-mentioned officials be declared illegitimate, on account of their having abusively exercised their discretionary power to manage public funds destined to official advertising, discriminating against Canal 13, which is owned by ARTEAR.

On February 11, 2014, the Supreme Court of Argentina decided in re "Arte Radiotelevisivo Argentino S.A. v. National Government - Chief of the Cabinet of Ministers and Media Secretariat on summary action for the protection of constitutional rights (acción de amparo) Law No. 16,980" to confirm the decision rendered in that respect by Chamber No. 4 of the National Court of Appeals on Federal Administrative Matters. This Court

admitted the summary action brought by ARTEAR and ordered the National Government to provide for the drafting and submission to the first instance court of a scheme for the allocation of official advertising that included the broadcasters with characteristics analogous to those of ARTEAR. Among those broadcasters, the Court of Appeals included América TV S.A. (Canal 2), Telearte S.A. (Canal 9), Televisión Federal S.A. (Canal 11), ARTEAR (Canal 13) and SNMP S.A. and RTA S.E. (Canal 7). The allocation scheme must faithfully conform to the guidelines of proportionality and equity set forth in the ruling. The term for submitting the allocation scheme was set at thirty days after that decision became final. After ARTEAR had filed several complaints denouncing non-compliance with the decision rendered by the Supreme Court, the judge of the National Court of First Instance on Federal Administrative Matters No. 12, Clerk's Office No. 23 admitted these complaints in June 2015. The judge held that the defendant had not complied with the Supreme Court's decision and ordered that it begin to comply going forward. As of the date of these financial statements, the National Government is complying with that decision.

h. The claimants representing media companies in re "AEDBA and Other v. National Government – Decree No. 746/03 – AFIP on Incidental Procedure" pending before the Court on Federal Administrative Matters No. 4 requested that media companies represented by the claimants be granted the right to have a differential VAT regime as undertaken by the National Government under Decree No. 746/03 and the rules and regulations issued in connection thereto.

On October 30, 2003, a preliminary injunction was issued in connection with the above-mentioned file, ordering the National Government to maintain the effectiveness of the benefit granted under Decree No. 746/03. The National Government filed an appeal against that decision and on November 6, 2008, the Court of Appeals granted the request to have the injunction revoked, among other things. On November 27, 2008, the claimants filed an appeal with the Supreme Court of Argentina requesting the suspension of the enforcement of such ruling.

On October 28, 2014, the Supreme Court of Argentina issued a ruling in connection with the above-mentioned file, whereby it declared the appeal formally admissible and thus confirmed the effectiveness of the above-mentioned preliminary injunction. In the recitals of its ruling, the Supreme Court stated that: (i) as of the date of the decision, the Executive Branch had not yet established any regime to replace the so-called competitiveness and employment generation agreements; (ii) the differential VAT regime provided under Law No. 26,982 was only applicable to small media companies, not to all media companies; (iii) the tax policy must not be biased and cannot be used as a way to curtail freedom of speech; (iv) the alternative solution that had to be sought ruled out, as a matter of principle, the application of the general regime; (v) even though the merits have not been decided upon (differential VAT regime), the injunction that had been issued in connection thereof shall remain effective until such a solution to the matter is reached; (vi) the legal entities that met the obligations within the scope of the injunction shall not be deemed delinquent; and (vii) the judge of the first instance court shall render an urgent decision on the merits.

On December 10, 2014, the Federal Court on Administrative Matters No. 4 rendered a decision on the merits in re AEDBA and other v. National Government Decree No. 746/03 and other on Proceeding leading to a declaratory judgment" ordering, among other things, that: The claimants (media companies) have the standing to sue; that the judge cannot legislate because only the Legislative Branch is empowered to do so; that, pursuant to the enactment of Law No. 26,982, the obligation undertaken by the Executive branch has already been met since the differential VAT rates have already been set and, therefore, the claim is moot; that, based on the decision rendered by the Supreme Court of Argentina, the companies cannot be deemed delinquent.

Given the fact that the above-mentioned decision opposes and contradicts the grounds stated by the Supreme Court, the claimants (AEDBA, ARPA, ADIRA, as well as other associations) filed an appeal against the decision rendered by the above-mentioned court of first instance with the corresponding Court of Appeals. On October 1, 2015, Chamber II of

the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer's contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

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, AGEA and some of its subsidiaries and Radio Mitre started to calculate employer's contributions as tax credit on VAT as from November 2014.

i. On October 3, 2014, ARTEAR and some of its subsidiaries submitted a request to join the Association of Argentine Private Broadcasters ("ARPA", for its Spanish acronym), which became effective as from June 2015. As a result of the above-mentioned incorporation, that company became eligible to enjoy the benefit, provided under Decree No. 746/03, of calculating employer's contributions as tax credit on VAT.

ARPA is a party to "Association of Newspaper Publishers of the City of Buenos Aires (AEDBA, for its Spanish acronym) and other –ADIRA, AAER, ATA AND ARPA- v. National Government - Decree No. 746/03 - AFIP on Autonomous Preliminary Injunction", in respect of which the Supreme Court of Argentina rendered a decision on October 28, 2014. These associations had requested a preliminary injunction ordering the Executive Branch to maintain the effectiveness of the benefit of calculating employer's contributions as tax credit on VAT, pursuant to Decree No. 746/03, for the companies that belong to these associations, or else, as a default argument, ordering the AFIP to refrain from claiming payment on the corresponding taxes. In addition, the Court confirmed the decision on the extended preliminary injunction stating that, notwithstanding the decision, the claimants shall not be deemed delinquent within the framework of the preliminary injunction. On

October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer's contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

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, ARTEAR and some of its subsidiaries started to calculate employer's contributions as tax credit on VAT as from July 2015.

j. 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. The amount calculated as of December 31, 2016 and 2015 was approximately Ps. 741.3 million and Ps. 237 million, respectively.

k. In February 2016, Radio Mitre was served with a claim seeking to extend to Radio Mitre the bankruptcy of one of its subsidiaries, Cadena País Producciones Publicitarias S.A., in connection with a case pending before one of the National Courts of First Instance on Commercial Matters of the City of Buenos Aires. Our legal advisors believe that that company has sufficient legal and factual grounds to support its position contrary to that claim and, therefore, they do not foresee any adverse effects that may be derived from this situation.

#### **8.4 Matters concerning Papel Prensa:**

I. Papel Prensa has several disputes pending before the Commercial Court of Appeals of the City of Buenos Aires as a consequence of CNV Resolution No. 16,222. Pursuant to said Resolution, the CNV declared that certain decisions of Papel Prensa's Board of Directors were irregular and with no effect for administrative purposes. The Resolution challenged the Board's fulfillment of the formalities required in the preparation, transcription and execution of meeting minutes on the relevant corporate books. On June 24, 2010, in File No. 75,479/09, the Commercial

Court of Appeals of the City of Buenos Aires, Chamber C, decided to nullify CNV Resolution No. 16,222. On the basis of Resolution No. 16,222, the CNV has questioned subsequent decisions of Papel Prensa's Board and of its Shareholders. In response, Papel Prensa has brought several administrative claims against the CNV, questioning its position. All of such claims were decided in Papel Prensa's favor by the Commercial Court of Appeals of the City of Buenos Aires. Consequently, the CNV's decisions were nullified. Furthermore, the Commercial Court of Appeals, Chamber C, dismissed the appeals filed by the CNV before the Supreme Court of Argentina against the Court of Appeals' decisions. The CNV filed a direct appeal before the Supreme Court.

As a consequence of the above, Papel Prensa has continued with the criminal proceedings brought against certain public officials.

On February 1 and 4, 2010, the Secretary of Domestic Trade, Mario G. Moreno, and the CNV, respectively, requested the judicial intervention of Papel Prensa before the commercial justice. Such claims were pending before the Federal Commercial Court of First Instance No. 2, Clerk's Office No. 4, temporarily under judge Dr. Eduardo Malde, who, on March 8, 2010, issued an injunction whereby he suspended certain decisions adopted at meetings of the Board of Directors and at Shareholders Meetings held on or after November 4, 2009. Judge Malde also appointed a co-administrator without removing the members of the previous corporate bodies. Papel Prensa filed an appeal, which the Commercial Court of Appeals, Chamber C, resolved in Papel Prensa's favor, by revoking the injunction on August 31, 2010. On December 7, 2010 the same Chamber C dismissed the appeals filed by the CNV and the National Government before the Supreme Court of Argentina against the Court of Appeals' decision. Both the CNV and the National Government filed direct appeals against such decision.

On March 26, 2014, the Supreme Court of Argentina dismissed the appeal that had been filed by the CNV. Therefore, the decision rendered by the Court of Appeals that nullified Resolution No. 16,222 became final, with full force and effect. Also on the same date, the Supreme Court of Argentina dismissed the

appeals brought by CNV and the National Government. Therefore, the decision rendered by the Court of Appeals that revoked the corporate intervention of Papel Prensa became final, with full force and effect.

None of the claims mentioned in the above paragraphs had a material effect on AGEA's financial and economic condition as of December 31, 2016.

II. On January 6, 2010, the SCI issued Resolution 1/2010, whereby certain business practices were imposed on Papel Prensa. Papel Prensa brought a legal action against such resolution on grounds of unconstitutionality before the Federal Court on Administrative Matters and requested an injunction which was granted by the intervening judge. Pursuant to the injunction, the effects of such Resolution were suspended. On May 7, 2010, the Federal Court on Administrative Matters revoked the injunction. Papel Prensa appealed such decision, which was affirmed by the Federal Court of Appeals on Administrative Matters. Papel Prensa filed an appeal against the Court of Appeals' decision. The appeal was denied and Papel Prensa was served notice of that denial on September 1, 2010. On June 2, 2015, the dismissal of the claim brought by Papel Prensa against the constitutionality of Resolution No. 1/2010 became final. The court held that the claim became moot upon the enactment of Law No. 26,736. The Company understands that the substantive claim is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736, currently pending before the Federal Civil and Commercial Court.

III. Papel Prensa suspended its operations with related parties between March 9 and April 21, 2010 pursuant to an injunction issued on March 8, 2010 by Judge Malde. In his ruling, Judge Malde decided to suspend the Board of Directors' resolution of December 23, 2009, which had approved the terms and conditions of transactions with related parties for the year 2010. On April 21, 2010, the Board of Directors of Papel Prensa, following a proposal made by the court-appointed supervisor (interventor) and co-administrator, approved the resumption of such company's transactions with related parties under provisional conditions for as long as the decision rendered by the

Board on December 23, 2009 remained suspended and/or until Papel Prensa's corporate bodies established a business practice to follow with related parties.

Such approval involved suspending the application of volume discounts in connection with purchases made by related parties, which could be recognized in their favor, subject to the court's decision on the appeal filed by Papel Prensa against Judge Malde's injunction of March 8, 2010. As from April 21, 2010, transactions with related parties were resumed under the provisional conditions approved by the Board on April 21, 2010.

At a meeting held on December 23, 2010, Papel Prensa's Board of Directors approved new conditions that must be fulfilled for the recognition and payment of volume discounts that may be applicable to related parties in connection with purchases of paper made as from April 21, 2010. These new conditions are as follows: (i) the lifting of the provisional suspension of the resolutions adopted by the Board at the meeting of December 23, 2009, as explained in the previous paragraph, and (ii) the resolution or end, by any means, of any state of uncertainty that may eventually exist about the conditions approved by Papel Prensa's Board in the first item of the agenda of the meeting held on April 21, 2010, as a consequence of the claim brought by the National Government in re "National Government – Secretariat of Domestic Trade – v./ Papel Prensa S.A.I.C.F. y de M. on/ Ordinary", File No. 97,564, currently pending before Federal Commercial Court of First Instance No. 26, Clerk's Office No. 52. Under this proceeding, the National Government seeks to obtain, among other things, a declaratory judgment of nullity of the provisional conditions for the resumption of transactions with related parties in connection with the purchase and sale of paper that was approved by the Board of Papel Prensa in the first item of the agenda of the above mentioned meeting held on April 21, 2010.

Furthermore, at this meeting held on December 23, 2010, Papel Prensa's Board decided to maintain the approved sales policy, but to subject the accrual and enforceability, and, consequently, the recognition and payment to the clients, of the eventual volume discounts

that may be applicable to them with respect to paper purchases made between January 1st, 2011 and December 31, 2011, to a final favorable ruling in the claim brought by Papel Prensa against the constitutionality of SCI Resolution No. 1/2010, or to the final nullification of such Resolution No. 1/2010 in any other way or by any other legal means, whichever occurs first. In view of the decisions rendered in this case, the substantive claim, in this aspect, is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736. With respect to related parties, the Board of Directors of Papel Prensa approved the same sales policy and conditions as those approved for the other customers in general.

In a meeting held on December 27, 2011, the Board of Directors of Papel Prensa decided to maintain for 2012 the same sales policy that had been approved for 2011 – under the same terms and conditions mentioned in the previous paragraph – for all of its customers in general (including related parties), which was maintained in subsequent years and, to date, no changes have been introduced.

The commercial policy approved by Papel Prensa was affected by Law 26,736 –effective as from January 5, 2012– which declared that the production, sale and distribution of wood pulp and newsprint were matters of public interest and set forth the regulatory framework to be adopted by the producers, sellers, distributors and buyers of such inputs. Among other things, the Law set limits and established conditions applicable to Papel Prensa for the production, distribution and sale of newsprint (including a formula to determine the price of paper), and created the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint where all producers, sellers, distributors and buyers shall be registered as a mandatory requirement in order to produce, sell, distribute, and/or purchase newsprint and wood pulp as from the enactment of the Law. It also contains a series of temporary clauses, specifically and exclusively addressed to Papel Prensa, whereby Papel Prensa is forced to make investments to meet the total national demand for newsprint – excluding from this requirement the other existing company that operates in the country with installed capacity to produce this input. The Law also provides for the

capitalization of the funds eventually contributed by the National Government to finance these investments for the purposes of increasing the equity interest and the political rights of the National Government in Papel Prensa, contravening public order regulations contained in Law 19,550 and disregarding several constitutional rights and guarantees of Papel Prensa and its private shareholders.

On February 10, 2012, AGEA registered with the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint (Record No. 63 in File No. S01:0052528/12), clearly stating that the decision to register shall not be construed as an acknowledgment or conformity with the legitimacy of Law 26,736, Resolution No. 9/2012 issued by the Ministry of Economy and Public Finance and SCI Resolution No. 4/2012 issued in connection with such Law and/or any other issued in the future, since they seriously affect several rights and guarantees of AGEA which are recognized and protected by the Argentine National Constitution.

IV. On September 12, 2011, the CNV issued Resolution No. 16,647 whereby it rendered irregular and with no effect for administrative purposes the decisions made by Papel Prensa's Board of Directors at the meetings held on July 20, 2011 and August 5, 2011. At those meetings, the Board of Directors had called two shareholders' meetings, to be held on September 27, 2011 and September 15, 2011, respectively. Notwithstanding the fact that Resolution No. 16,647 was appealed by Papel Prensa and is therefore not final, on September 15, 2011, Commercial Court No. 5, Clerk's Office No. 9, issued an injunction with respect to the Board of Directors' decisions to call the two shareholders' meetings. The injunction had been requested by the shareholders Arte Gráfico Editorial Argentino S.A., Compañía Inversora en Medios de Comunicación (CIMECO) S.A., and S.A. La Nación. Given that the issuance of the injunction validated Papel Prensa's decision to call the two shareholders' meetings, both were held as originally scheduled. Nevertheless, and based on the above Resolution No. 16,647, on October 13, 2011 the CNV issued Resolution No. 16,671 rendering irregular and with no effect for administrative purposes all of the decisions made at Papel Prensa's Shareholders' Meetings held on September 15,



2011 and September 27, 2011. Papel Prensa filed an appeal against Resolution No. 16,671, which is, therefore, not final. Also based on Resolution No. 16,647, on November 16, 2011, the CNV issued Resolution No. 16,691 whereby the CNV rendered irregular and with no effect for administrative purposes the decisions made at the Board of Directors' Meeting held on October 3, 2011 and the call for the Board of Directors' meeting on November 17, 2011. Such Resolution is not to be deemed final since Papel Prensa filed an appeal and requested its nullification. In this sense, of particular note is that: (i) at the hearing held before Federal Commercial Court No. 26 of First Instance, Clerk's Office No. 52, the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación agreed, among other things, on the composition of the company's corporate bodies, and in particular on the recognition of the authorities appointed by the private shareholders at Papel Prensa's Shareholders' meeting held on September 27, 2011, as well as on the agenda to be addressed at the meeting of Papel Prensa's Board of Directors of October 3, 2011, which had been the subject matter of Resolution No. 16,691; and (ii) at the hearing held in April 2012 before the same Commercial Court the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación, with the assistance of the Argentine Securities Commission, agreed to request the court to order a shareholders' meeting with an agenda substantially similar to that of Papel Prensa's Shareholders' Meeting held on September 27, 2011. The request was granted by the intervening judge and the meeting was scheduled for August 29, 2012. The meeting began on that date but, as a consequence of certain disturbances provoked by the representative of the National Government, the private shareholders that were present at the meeting decided to adjourn it for 48 hours without addressing the agenda. After that, and notwithstanding the resolution adopted at the meeting, on August 31, 2012 Judge O'Reilly decided to order that the adjourned meeting would resume on September 25, 2012. However, the meeting was not held because the Judge subsequently held that the appeals filed against other points of her decision

resulted in the suspension of every point of the decision she had rendered, including the new date scheduled for the meeting, even though all appellants had consented to that point.

On June 12, 2014, the Court of Appeals decided to postpone rendering a decision on the appeals filed until the court-convened shareholders' meeting that began on August 29, 2012 had been resumed and closed, ordering Judge O'Reilly to decide on the pending issues and to order the shareholders to resume that meeting. On December 4, 2014, the Judge called Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to a hearing to be held on May 6, 2015, in order to proceed as ordered by the Court of Appeals. In light of the above, the new date to resume that meeting may not be set until Judge O'Reilly has complied with the decision rendered by the Court of Appeals.

On April 29, 2015, the Judge suspended the hearing that was to be held on May 6, 2015 because the National Government failed to answer the notice served by the Judge requesting a statement identifying the officials that would attend the hearing with sufficient powers to reach a settlement pursuant to Decree No. 411/80 (T.R. Decree No. 1,265/87, as amended). The Judge set a new date for the hearing to be held on April 14, 2016, but it was subsequently postponed by the Court for June 9, 2016.

Subsequently, in March 2016, the Commercial Court of Appeals –Chamber C– summoned Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to attend a hearing to be held on April 7, 2016, solely for conciliatory purposes and with the aim of finding a comprehensive solution to the conflict. The hearing was held on that date and a new date was set to resume the hearing on June 2, 2016 for the same purposes and effects. It was subsequently postponed until June 3, 2016. At that hearing, held on June 3, 2016, Papel Prensa, the Company and the other shareholders present at the hearing (the National Government, S.A. La Nación and CIMECO) requested that the procedural periods remain suspended in connection with the claims pending before that

Court of Appeals, and also requested the court to order a shareholders' meeting of Papel Prensa to be held on September 20, 2016 to address, basically, the issues included under subsections 1, 2 and 3 of Section 234 of Law No. 19,550, as amended, corresponding to fiscal years ended December 31, 2010, 2011, 2012, 2013, 2014 and 2015. On September 5, 2016, the Court of Appeals called for a shareholders' meeting as requested at the hearing held on June 3, 2016, and at the request of Papel Prensa and the National Government –in view of the urgent and impending terms to make the required publications– on September 8, 2016 it postponed the date of the shareholders meeting until October 19, 2016.

On October 19, 2016, the shareholders of Papel Prensa duly held the court-convened Shareholders' Meeting of that company. At that Shareholders' Meeting, the shareholders approved the financial statements of Papel Prensa for the years ended December 31, 2010, 2011, 2012, 2013, 2014 and 2015 and other accounting documentation under subsection 1, Section 234 of Law No. 19,550, as amended, appointed directors, statutory auditors and members of the supervisory committee for the year 2016, approved the capitalization of the capital adjustment for Ps. 123,293,385, issued a decision on the approval and disapproval of the performance of certain directors, statutory auditors and members of the supervisory committee during the full fiscal years under consideration, and unanimously appointed external auditors engaged with issuing an opinion on the financial statements of Papel Prensa as of December 31, 2016 and March 31, 2017. In connection with the decisions made at the Shareholders' Meeting held on October 19, 2016 by the shareholders that are parties to judicial proceedings, the resumption of the court-convened Shareholders' Meeting of Papel Prensa that began on August 29, 2012 has become moot, and the Company understands that the great majority of the issues involving the conflict related to Papel Prensa have become or will become moot.

On February 14, 2017, the hearing provided under Section 360 of the Civil and Commercial Procedure Code in re "Arte Gráfico Editorial Argentino S.A. and other v. Argentine Securities Commission on ordinary" File 34,049/2011

took place. The purpose of that claim was to declare that the silence of the National Government be deemed a consent, given the government's obligation to grant or deny consent under Section 20 of the By-laws with respect to the appointment of an external auditor by the shareholders at the Shareholders' Meeting held on September 27, 2011. Papel Prensa, the shareholders of CIMECO, S.A. La Nación and the Company, the CNV and the National Government agreed that this claim had become moot as a result of the Shareholders' Meeting held on October 19, 2016.

V. On June 6, 2013, the Board of Directors of the CNV issued CNV Resolution No. 17,102, within the framework of the Administrative File No. 1032/10, whereby it required that: (i) certain members of Papel Prensa's Supervisory Committee and statutory auditors be imposed a fine of Ps. 150,000 each; and (ii) Papel Prensa, certain members of its Board of Directors, one member of its Supervisory Committee and the members of its Oversight Board (all of them representatives of Papel Prensa's private shareholders) be imposed a joint and several fine of Ps. 800,000. Papel Prensa and its other current and former officers appealed the fine in due time and form. In the same appeal, they requested an injunction to change the effect of their appeal and suspend the application of the fine. On October 11, 2013, Chamber No. 5 of the Federal Court on Administrative Matters denied this request, which was considered unnecessary in the light of the settlement of the fine by the claimants, as informed below. Notwithstanding the above, on June 19, 2013, the Company asked the CNV to suspend the application of the fine until a decision was rendered by the Court of Appeals with respect to the injunction. The request was denied. On June 28, 2013, the fine was paid under protest in order to prevent its coercive enforcement by the CNV; given that, under the new Capital Markets Law No. 26,831, appeals may be admitted without suspension of judgment.

VI. AGEA has not recorded any impact in connection with the foregoing, since its effects shall depend on the final outcome. Such effects are not expected to be material to these Financial Statements.

## Note 9

### Regulatory framework

#### 9.1 Audiovisual Communication Services Law.

The subsidiaries of Grupo Clarín that render audiovisual communication services are holders of licenses that were originally awarded under the regime established by Law No. 22,285. The COMFER was the enforcement authority established by that law. Under Law No. 22,285 audiovisual communication service 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. Broadcasting licenses were granted for an initial period of 15 years, allowing for a one-time extension of 10 years. The extension of the license was subject to the approval of the COMFER, which would determine whether or not the licensee had met the terms and conditions under which the license had been granted. Some of the licenses exploited by the subsidiaries have already been extended for the above-mentioned 10-year term.

On May 24, 2005, Decree No. 527/05 provided for a 10-year-suspension of the terms then effective of broadcasting licenses or their extensions. Calculation of the terms was automatically resumed upon expiration of the suspension term, subject to certain conditions. The Decree required that companies seeking to benefit from the extension submit to the COMFER's approval, within two years from the date of the Decree, programming proposals that would contribute to the preservation of the national culture and the education of the population and a technology investment project to be implemented during the suspension term. COMFER Resolution No. 214/07 regulated the obligations established by Decree No. 527/05 in order to benefit from such suspension. The proposals then submitted were approved and, accordingly, the terms of the licenses originally awarded to the subsidiaries of Grupo Clarín were suspended for ten (10) years.

The Audiovisual Communication Services Law (Law No. 26,522, LSCA, for its Spanish acronym) was passed and enacted on October 10, 2009, subject to strong concerns over 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 have been issued. Therefore, Law No. 22,285 still applies with respect to those matters that to date have not been regulated, until all terms and procedures for the regulation of the new law are defined.

The law provided for the replacement of the COMFER with 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 vested the new agency with authority to enforce the law.

Emergency Decree No. 267/15 issued on December 29, 2015, created the National Communications Agency ("ENACOM", for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications. 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.

The new law maintains the single country-wide license scheme and the individual registration of the services to be rendered, but replaces 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 the subsidiary Cablevisión, its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses and their respective registrations of services, remain unaltered.

The license will be called "Licencia Única Argentina Digital" and will allow 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.

The law created a new enforcement and oversight Authority as a decentralized agency under the jurisdiction of the Executive Branch, the Information and Communications Technology Federal Enforcement Authority ("AFTIC", for its Spanish acronym).

The new law 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 Projects submitted by Cablevisión and its subsidiaries that exploit telecommunication services, 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.

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 only partially regulated.

### **9.3. Emergency Decree No. 267/15. Convergence.**

Emergency Decree No. 267/15 (the "Emergency Decree"), 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 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 conform to the provisions of this law with respect to ownership conditions and the number of licenses. Section 45 of Law No. 26,522, which establishes the multiple

license regime, has been significantly amended. As a result, the Company and its subsidiaries that are licensees and/or owners of audiovisual communication services already conform to the new regulatory framework.

Under the new regulatory framework, the licenses for physical link subscription television services and for radio-electric link subscription television services held by certain subsidiaries that had been granted under Laws No. 22,285 and No. 26,522 are now called "Registrations" for the exploitation of physical link subscription television services 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 its subsidiaries are now governed by the Digital Argentina Act. The only license still exploited by Cablevisión that could be considered to be still 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 (now ENACOM) that must be renewed on an annual basis.

As far as the Company's subsidiaries are concerned, the Emergency Decree eliminates:

1. 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;
2. 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 Emergency Decree became effective; and the limit that provided that broadcast television services may not reach more than 35% of the total national population and 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."

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 cable television service 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 subsidiaries of Cablevisión have 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 certain subsidiaries of the Company will continue to be subject only to the fee regime

provided under Law No. 26,522. 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.

With regard to the term of the licenses for television and radio broadcast services, the Emergency Decree establishes two important changes:

- It provides for a new system of extensions for audiovisual communication service licenses whereby the licensee may request a first extension for five (5) years, which will be automatic. Upon expiration of this term, licensees may request subsequent extensions of ten (10) years complying in that case with the provisions of the Law and applicable regulations to be eligible for each extension. However, this system of subsequent extensions may be interrupted upon the expiration of the last extension if the Ministry of Communications decides to call for a public bid for new licensees, for reasons of public interest, for the introduction of new technologies or in compliance with international agreements. In this case, prior licensees shall have no acquired rights regarding their licenses.
- Section 20 of the Emergency Decree provides that the holders of licenses effective as of January 1, 2016 may request a ten (10) year extension, without it being necessary to wait until the expiration of the license that is currently effective. Such extension shall be considered as a first period that entitles the holder to the five (5) year automatic extension.

Taking into consideration the advantages provided under the new legal framework with regard to the terms of the licenses, the direct and indirect subsidiaries of the Company that exploit audiovisual communication services, i.e. ARTEAR, RADIO MITRE, TELECOR S.A.C.I., Teledifusora Bahiense S.A. and Bariloche TV S.A., made a filing with the ENACOM requesting the extension of the terms of their licenses pursuant to Section 20 of the Emergency Decree.

Cablevisión has completed 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.

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 for authorization of coverage area.

The new General Rules also order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area. In this respect, the subsidiary of the Company states that it already complies with all the obligations derived from this Resolution.

Pursuant to the Emergency Decree, the 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 after a term of two years counted as from January 1, 2016. That term may be extended for one more year.

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.

#### **9.4. Matters related to the regulatory situation of the Company and certain subsidiaries.**

##### **9.4.1. Proposal to conform to the provisions of Law No. 26,522.**

Pursuant to Resolution No. 17/ENACOM/2016 issued on February 01, 2016, the new enforcement authority recognized that all the files and/or administrative proceedings pending resolution containing requests made under the regime approved by Section 161 of Law No. 26,522, and its regulations, including the proposal submitted by the Company and its subsidiaries, comply with the limits relating to

multiplicity of licenses established by Section 45 of Law No. 26,522, as amended by Emergency Decree No. 267/2015. Therefore, they shall be deemed concluded and filed. In addition, in the same administrative act, that agency also repealed Resolution No. 1,121/AFSCA/2014, which had ordered the ex-officio divestiture procedure.

##### **9.4.2. Other Resolutions issued by AFSCA.**

We refer to Resolution No. 1,329/AFSCA/2014, which amends Resolution No. 1,047/AFSCA/2014, whereby the AFSCA approved the National Standard for Terrestrial and Broadcast Digital Television Audiovisual Communication Services, and to Decree No. 2,456/2014, which approves the National Digital Audiovisual Communication Services Plan. Both the Resolution and the Decree are manifestly contrary to Law No. 26,522, which has higher hierarchy, because they contradict the rights of the current licensees of broadcast television services, including ARTEAR and the subsidiaries that exploit broadcast television services.

This regulatory framework was subsequently supplemented by three resolutions. Through Resolution No. 24/AFSCA/2015, AFSCA approved the Technical Plan for Terrestrial Digital Television Frequencies for important areas of the national territory. Through Resolution No. 35/AFSCA/2015, AFSCA allocated a digital television station on a permanent basis to the current licensees of analog broadcast stations, among which are ARTEAR and its subsidiary TELECOR S.A.C.I. in order to develop their transition to digital technology. Finally, through Resolution No. 39/AFSCA/2015, AFSCA called for public bids for the award of digital television licenses according to the illegitimate categories created by the regulations of the LSCA. Through this regulatory framework, the rights of the current broadcast television licensees are infringed. These rights should be preserved intact as provided under Law No. 26,522, which has higher hierarchy. The main effect of these regulations, among their technical effects, is that the current broadcast television licensees that obtained their licenses pursuant to Law No. 22,285 will have to bear additional charges and obligations including, among other things, multiplexing and broadcasting under their own responsibility other broadcast television stations.

Since the changes introduced under this regulatory framework have an impact on the responsibilities and rights of the companies involved, ARTEAR and TELECOR S.A.C.I. filed a claim before AFSCA requesting the revocation of Resolutions No. 1,329/AFSCA/2014, 24/AFSCA/2015, 35/AFSCA/2015 and 39/AFSCA/2015 to preserve their rights intact as direct or indirect broadcast television service licensees. They also filed a claim before the National Executive Branch requesting the repeal of Decree No. 2,456/2014. As of the date of these financial statements, the claim filed before AFSCA was dismissed. Therefore, ARTEAR challenged before the courts that agency's decision to dismiss the claim. The claim filed before the National Executive Branch is still pending resolution.

#### **9.4.3. 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.

#### **9.4.4. NEXTEL.**

##### **9.4.4.1. 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, the Company and Nextel appeared before the ENACOM pursuant to Section 8 of Decree No. 267/15, which amends Section 13 of Law No. 27,078 in order to request authorization for the transfer 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 COMMUNICATIONS ARGENTINA S.R.L. in favor of Cablevisión S.A.

This transaction is subject to the corresponding administrative approval of the CNDC.

##### **9.4.4.2. 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 COMMUNICATIONS ARGENTINA S.R.L. 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.

#### **9.4.4.3. 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.
- Infortel 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;
- The approval of the registration requested by NEXTEL of the Advanced Mobile Telecommunications Service; and,
- The authorization of the change that allows for:
  - Changing 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,
  - Extending the allocation of the frequency bands and changing the and channeling from 2500 MHz to 2690 MHz to render advanced mobile communication services at national level with primary status.

By means of Resolution ENACOM No. 1033/2017, 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. 1034/2017, 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 ENACOM No. 1,299 /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 imposed two obligations that must be fulfilled prior to initiating the rendering of Advanced Mobile Communication Services: (i) the return of a portion of the radio-electric spectrum, as proposed by Nextel; and (ii) the creation of a guarantee issued in favor of and satisfactory to ENACOM for an amount equal to the value of the radioelectric 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 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.

**9.4.5. Other Matters Related to the Federal Broadcasting Committee (COMFER, for its Spanish acronym), subsequently Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA), now ENACOM (for its Spanish acronym).**

**CABLEVISION**

As from November 1, 2002 and until December 31, 2016, 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.

**ARTEAR.**

Certain payment agreements that had been delivered by AFSCA to ARTEAR were deemed to enter into effect as of July 2, 2015. That company was authorized to adhere to the payment plan relating to infringements committed between November 21, 2002 and

June 23, 2010, payable in sixty monthly installments starting on August 31, 2015. ARTEAR was also authorized to adhere to the applicable payment plan for infringements committed between June 24, 2010 and June 11, 2014, payable in thirty monthly installments starting on August 31, 2015.

**9.4.6. 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, paragraph 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 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 other things, Section 10 of Law No. 27,078 sets forth 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.

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.

#### **9.4.7. 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 the implementing regulations for this law within a 120-day term as from the day following the publication of this law in the Official Gazette. As of the date of the 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.

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, 55, 56 subsection 1, 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

### Call options

#### ARTEAR

Pursuant to ARTEAR's acquisition of 85.2% of its subsidiary Telecor's capital stock in 2000, Telecor's sellers have an irrevocable put option of the remaining 755,565 common, registered, non-endorsable shares, representing 14.8% of the capital stock and votes of Telecor, for a 16-year term as from March 16, 2010 at a price

of USD3 million and ARTEAR has an irrevocable call option for such shares for a term of 26 years as from March 16, 2000 at a price of approximately USD4.8 million, which will be adjusted at a 5% nominal annual rate as from April 16, 2016. Subsequently, under an addendum to the original agreements, the beginning of the effectiveness of the irrevocable put option was changed from March 16, 2010 to March 16, 2013. On March 15, 2013, on February 18, 2016 and on February 21, 2017, additional addenda to the agreement were signed, whereby the beginning of the effectiveness of the irrevocable put option was changed from March 16, 2013 to March 16, 2016, from such date to March 16, 2017, and from such date to March 16, 2021, respectively.

#### CMD

Pursuant to CMD's acquisition of 60.0% of Interpatagonia S.A.'s (now Interwa S.A.) capital stock in 2007, CMD and the sellers granted each other reciprocal call and put options on all of the shares owned by each of the parties, effective from August 1, 2011 to July 31, 2012.

In connection with the acquisitions mentioned in Note 12.e., CMD and the seller executed new agreements whereby they granted each other new reciprocal call and put options on all of the shares owned by each of the parties. The price of the shares varies depending on who exercises the option.

As of the date of these consolidated financial statements, as mentioned in Note 12.e, CMD holds a reciprocal call and put option for 6.66% of the shares of Interwa S.A., which is effective until December 2017. See Note 26.b.

The balances arising from the put options mentioned above are disclosed under the item Other Current and Non-Current Liabilities of the Balance Sheet, with an offsetting entry under Other Reserves and Non-Controlling Interest under Equity.

#### ADESOL

On December 22, 2016, Adesol S.A. executed a call option agreement (the "Call Option Agreement") with the majority shareholder of the special purpose entities, 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 an eventual 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.

|                                 | December 31, 2016 | December 31, 2015     |
|---------------------------------|-------------------|-----------------------|
| Loans <sup>(i)</sup>            | 809               | 6,935                 |
| Less: Cash and Cash Equivalents |                   |                       |
| Cash and Banks                  | (416)             | (2,026)               |
| Other Current Investments       | (306)             | (680)                 |
| Net Debt                        | 87                | 4,229                 |
| Adjusted EBITDA                 | 966               | <sup>(ii)</sup> 8,361 |
| Debt-to-Equity Ratio            | 0.09              | 0.51                  |

(i) Long-term and short-term loans, including derivatives and financial guarantee agreements.

(ii) Includes Ps. 7,295 million disclosed under Discontinued operations.

The debt-to-equity ratio is reasonable compared to other industry players and considering the particular situation of Argentina and of the companies that make up Grupo Clarín.

## Note 11

### Financial instruments

#### 11.1 Financial Risks Management<sup>(\*)</sup>

(\*) The amounts included in this note are stated in millions of Argentine pesos.

Grupo Clarín 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.

#### 11.1.1 Capital Risk Management

Grupo Clarín 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, Grupo Clarín 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 debt-to-equity ratio for the reporting years is as follows:

### 11.1.2 Categories of Financial Instruments

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| <b>Financial Assets</b>                                 |                   |                   |
| Loans and Receivables <sup>(1)</sup>                    |                   |                   |
| - Cash and Banks  | 416               | 2,026             |
| - Other Investments                                     | 30                | 501               |
| - Receivables <sup>(2)</sup>                            | 4,294             | 4,798             |
| At fair value with an impact on net income              |                   |                   |
| - Other Investments                                     | 306               | 1,144             |
| - Financial Instruments                                 | -                 | 58                |
| <b>Total Financial Assets</b>                           | <b>5,046</b>      | <b>8,527</b>      |
| <b>Financial Liabilities</b>                            |                   |                   |
| At amortized cost                                       |                   |                   |
| - Debt <sup>(3)</sup>                                   | 809               | 6,935             |
| - Accounts Payable and Other Liabilities <sup>(4)</sup> | 2,983             | 5,464             |
| <b>Total Financial Liabilities</b>                      | <b>3,792</b>      | <b>12,399</b>     |

(1) Net of the allowance for doubtful accounts of approximately Ps. 103 million and Ps. 272 million, respectively.

(2) Includes receivables with related parties of approximately Ps. 200 and Ps. 52 million, respectively.

(3) Includes loans with related parties of approximately Ps. 377 million and Ps. 32 million, respectively.

(4) Includes debts with related parties of approximately Ps. 72 million and Ps. 95 million, respectively.

### 11.1.3 Objectives of Financial Risk Management

Grupo Clarín 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.

Grupo Clarín does not enter into financial instruments for speculative purposes as common practice.

### 11.1.4 Exchange Risk Management

Grupo Clarín enters into certain foreign currency transactions; therefore, it is exposed to exchange rate fluctuations. During the year, certain subsidiaries of Grupo Clarín entered into foreign currency forward transactions.

The following table shows the monetary assets and liabilities denominated in US dollars, the main foreign currency involved in Grupo Clarín's transactions, at the closing of the years ended December 31, 2016 and 2015:

|                          | (in millions<br>of Argentine pesos)<br>December 31, 2016 | (in millions<br>of Argentine pesos)<br>December 31, 2015 |
|--------------------------|--|--|
| <b>Assets</b>            |  |  |
| Other Receivables        | 53   | 95   |
| Trade Receivables        | 176  | 626  |
| Other Investments        | 33   | 488  |
| Cash and Banks           | 143  | 1,501  |
| <b>Total Assets</b>      | <b>405</b>   | <b>2,710</b>   |
| <b>Liabilities</b>       |  |  |
| Debt                     | 368  | 6,092  |
| Seller financings        | 14   | 2  |
| Other Liabilities        | 14   | 70   |
| Trade Payables and Other | 407  | 667  |
| <b>Total Liabilities</b> | <b>803</b>   | <b>6,831</b>   |

Bid/offered exchange rates as of December 31, 2016 and 2015 were of Ps. 15.79 and Ps. 15.89 and Ps. 12.94 and Ps. 13.04; respectively.

#### 11.1.4.1 Foreign Exchange Sensitivity Analysis

Grupo Clarín is exposed to exchange risk, mainly with respect to the US dollar.

Taking into consideration the balances disclosed above, Grupo Clarín estimates that the impact of a 20% favorable/unfavorable fluctuation of the US dollar exchange rate would generate an income/loss before taxes of approximately Ps. 80 million and Ps. 824 million as of December 31, 2016 and 2015, respectively. 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 approximately Ps. 118 million as of December 31, 2015. As of December 31, 2016, the Company had not executed any foreign exchange agreements.

The sensitivity analysis presented above is hypothetical since the quantified impact is not necessarily an indicator of the actual impact, because exposure levels may vary over time.

Additionally, even though Grupo Clarín conducts its operations in Argentine pesos, an eventual devaluation of that currency may have an indirect impact on its operations, depending on the ability of the relevant suppliers to reflect that effect on their prices.

#### 11.1.5. Interest Rate Risk Management

As of December 31, 2016, Grupo Clarín was exposed to interest rate risk mainly through ARTEAR. This is due to the fact that this company has taken loans at fixed and variable interest rates and has not entered into hedge agreements to mitigate these risks. If interest rates had eventually been 100 basic points higher and all the variables had remained constant, the additional estimated loss before taxes would have been of approximately Ps. 1.7 million and Ps. 6.3 million as of December 31, 2016 and 2015, respectively.

#### 11.1.6. Equity Price Risk Management

Grupo Clarín is exposed to equity price risk in connection with its holdings of mutual funds, securities and bonds and foreign exchange agreements.

Its sensitivity to the variation in the price of these instruments is detailed below:

|  | December 31, 2016 | December 31, 2015 |
|--|-------------------|-------------------|
| Investments valued at quoted prices at closing (Level 1)       | 215               | 1,115             |
| Other receivables valued at quoted prices at closing (Level 2) | -                 | 58                |



The estimated impact of an eventual 10% favorable/unfavorable fluctuation of the quoted price of investments valued at closing, assuming that all the other variables remain constant, would generate an income/loss before taxes of approximately Ps. 20 million and Ps. 111 million as of December 31, 2016 and 2015, respectively. 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 approximately Ps. 118 million as of December 31, 2015. As of December 31, 2016, the Company had not executed any foreign exchange agreements.

A potential 10% favorable/unfavorable fluctuation of the quoted price of investments valued as Level 2 would generate an income/loss before taxes of approximately Ps. 9 million and Ps. 3 million as of December 31, 2016 and 2015, respectively.

#### **11.1.7 Credit Risk Management**

Credit risk is defined as the risk that one of the parties may breach its contractual obligations, generating an eventual financial loss for Grupo Clarín.

#### **Credits involving the Cable Television, Internet Access and Telephony Segment**

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, 2016 and 2015, non-impaired past due trade receivables amounted to approximately Ps. 454.8 million and Ps. 342.0 million, respectively. These receivables involve subscribers with no recent insolvency record.

As of the same dates, the allowance for bad debts amounted to Ps. 203.5 million and Ps. 131.1 million, respectively. This allowance for trade receivables is sufficient to cover the past due doubtful trade receivables.

#### **Credits of the Printing and Publishing Segment**

The companies that operate in this segment conduct an analysis of the clients' financial position at the beginning of the business relationship, through a credit risk report requested from several credit rating agencies. The credit amount granted to each client is monitored on a daily basis, with reports being submitted to the financial management.

The credit risk affects cash and cash equivalents, deposits held at banks and financial institutions, as well as credit granted to clients.

The maximum theoretical credit risk exposure of the companies operating in this segment is represented by the book value of net financial assets, disclosed in the consolidated balance sheet.

For the purposes of conducting an analysis of the suitability of the allowance for bad debts, these companies consider each client on a case by case basis, verifying, among other factors, if there is any record of delinquency, risk of bankruptcy, insolvency proceeding or other judicial proceeding. Trade receivables comprise a significant number of clients and are internally classified among the following categories: Advertising, Official, Distribution, Internet and Subscriptions, among others.

The companies that operate in this segment have recorded an allowance for doubtful accounts accounting for 4% of accounts receivable as of December 31, 2016 and 2015.

The companies that operate in this segment did not set up an allowance for bad debts for those amounts in which no significant change was recorded in the credit rating, considering such amounts as recoverable.

The companies that operate in this segment have a wide range of clients, including individuals, businesses - medium-and-large-sized companies - and governmental agencies. Therefore, these companies' receivables are not subject to credit risk concentration.

### Credits from the Broadcasting and Programming Segment

Credit risk represents for the companies that operate in this segment the risk of incurring in losses arising from possible breaches of the contractual obligations assumed by business or financial counterparties. This risk may be due to economic or financial factors, or to particular circumstances of the counterparty, or to other economic, commercial or administrative factors.

Credit risk affects cash and cash equivalents, deposits held at banks and financial institutions in a wide sense, and every form of credit granted to the companies that operate in this segment. The maximum exposure to credit risk is represented by the value of financial assets considered as a whole, recorded in the Consolidated Balance Sheet under Cash and Banks, Other Investments, Trade Receivables and Other Receivables.

Financial instruments are executed with creditworthy banks and financial institutions renowned in the market and for terms not longer than three months. In this sense, the companies that operate in this segment have a policy of diversifying their investments among different banks and financial institutions, thus reducing the concentration risk in only one counterparty.

As to the credit risk related to financial credit, the companies that operate in this segment evaluate the credit standing of the different counterparties to define their investment levels, based on their equity and credit rating. As to Trade Receivables, such companies have a wide range of clients, categorized depending on the type of business. These categories are:

Advertising, Signals, Programming and other. Within this classification, clients can also be classified as advertising agencies, direct advertisers, distributors of cable TV, broadcast TV stations and other, each of them of a different magnitude. Due to this diversity of clients, there is not a significant credit risk concentration in this respect.

The allowance for bad debts is set up upon conducting an analysis of the debtor portfolio, which is recorded as follows:

- In the case of individual risks identified (risks of bankruptcy, insolvency proceedings or judicial proceedings pending with the company), for its total value.
- The rest of the cases is decided based on the aging of the past due debt, the progress of the collection procedures, the solvency conditions and the variations observed in the clients' settlement periods.

#### 11.1.8. Liquidity Risk Management

Liquidity risk is the risk that Grupo Clarín may not be able to fulfill its financial obligations at maturity. Grupo Clarín 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.

##### 11.1.8.1 Interest Rate Risk and Liquidity Risk Table

The following table shows the breakdown of financial liabilities by relevant groups of maturities based on the remaining period as from the date of the balance sheet through the contractual maturity date. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest).

#### Information as of December 31, 2016:

| Maturities                   | Debt       | Other Debts  |
|------------------------------|------------|--------------|
| Matured                      | -          | 595          |
| Without any established term | -          | 209          |
| First Quarter 2017           | 249        | 1,937        |
| Second Quarter 2017          | 47         | 289          |
| Third Quarter 2017           | 49         | 33           |
| Fourth Quarter 2017          | 41         | 26           |
| More than 1 year             | 603        | 201          |
|                              | <b>989</b> | <b>3,290</b> |

**Information as of December 31, 2015:**

| Maturities                   | Debt         | Other Debts  |
|------------------------------|--------------|--------------|
| Matured                      | -            | 1,216        |
| Without any established term | 2            | 234          |
| First Quarter 2016           | 843          | 3,214        |
| Second Quarter 2016          | 397          | 409          |
| Third Quarter 2016           | 1,068        | 367          |
| Fourth Quarter 2016          | 1,201        | 27           |
| More than 1 year             | 4,478        | 197          |
|                              | <b>7,989</b> | <b>5,664</b> |

**11.1.9. Financial Instruments at Fair Value**

The following table shows Grupo Clarín's financial assets and liabilities measured at fair value at the closing of the reporting year:

|                     | December 31, 2016 | Quoted Prices<br>(Level 1) | Other Significant<br>Observable Items<br>(Level 2) |
|---------------------|-------------------|----------------------------|--|
| <b>Assets</b>       |                   |                            |  |
| Current Investments | 306               | 215                        | 91   |

|                       | December 31, 2015 | Quoted Prices<br>(Level 1) | Other Significant<br>Observable Items<br>(Level 2) |
|-----------------------|-------------------|----------------------------|--|
| <b>Assets</b>         |                   |                            |  |
| Current Investments   | 1,144             | 1,115                      | 29   |
| Financial Instruments | 58                | -                          | 58   |

Financial assets and liabilities are valued using quoted prices for identical assets and liabilities (Level 1), and the prices of similar instruments arising from sources of information available in the market (Level 2). At the closing of the reporting years, Grupo Clarín did not have any financial asset or liability for which a comparison had not been conducted against observable market data to determine their fair value (Level 3).

**11.1.10. 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.

The book value of receivables with estimated collection periods that extend through time, is measured considering the estimated collection period, the time value of money and the specific risks of the transaction at the time of measurement and, therefore, such book value approximates its fair value.

Non-current investments classified as loans and receivables have been measured at amortized cost, and their book value approximates 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 Grupo Clarín 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:

|                  | December 31, 2016 |            | December 31, 2015 |            |
|------------------|-------------------|------------|-------------------|------------|
|                  | Book Value        | Fair Value | Book Value        | Fair Value |
| Non-Current Debt | 469               | 443        | 4,033             | 3,903      |

## Note 12

### Interests in subsidiaries and affiliates

a. During 2007, AGEA increased its interest in CIMECO from 33.3% to 50.0%, and executed call and put options on an additional interest in CIMECO's capital stock. During 2008, AGEA partially assigned the rights and obligations arising from such options to its subsidiary AGR and to the Company. Subsequently, in 2008, AGEA, AGR and the Company exercised such call option, increasing, directly and indirectly, the Company's equity interest in CIMECO and Papel Prensa to 100% and 49%, respectively.

On April 10, 2008, the Company and the parties to the above-mentioned transaction notified CNDC of such transaction and on May 12, 2008 filed form F-1. After such notice and as of the date of these financial statements, the Company submitted additional information requested by the CNDC.

On February 3, 2017, the Company, AGEA and AGR were served with Resolution No. 75 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017, corresponding to CNDC Opinion No. 1,417 dated December 22, 2016, whereby it authorized the above-mentioned transaction.

b. On January 11, 2008, IESA acquired the controlling interest of a group of companies mainly engaged in sports journalism, production and commercialization of shows, and the production of motor racing television broadcasting. The share purchase agreement sets forth certain objectives to be met by such group of companies. In case of breach of such provision, the sellers shall have to pay an indemnification. On February 8, 2017, IESA was served with Resolution No. 59 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,407 dated December

15, 2016, whereby it authorized the above-mentioned transactions.

c. On September 2, 2008, ARTEAR increased its equity interest in Pol-Ka and SB Producciones S.A. to 55% of such companies' capital stock and votes, thus acquiring a controlling interest in both companies, in which it previously exercised common control. On February 8, 2017, ARTEAR was served with Resolution No. 73 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,406 dated December 15, 2016, whereby it authorized the above-mentioned transactions.

d. On February 10, 2011, CMD sold to a third party all of its shares of Dinero Mail, for approximately USD 4.4 million in cash; part of the price was withheld as guarantee.

e. On August 17, 2011, CMD executed a stock purchase agreement, whereby it increased by 20% its interest in Interpatagonia S.A. (now Interwa S.A.), where it now holds 80% of the capital stock. CMD paid approximately Ps. 4.3 million in consideration for the shares.

On November 25, 2014, one of the sellers of Interwa S.A.'s shares, as mentioned in Note 10 to these consolidated financial statements, exercised its put option for 6.66% of the shares of that company for approximately Ps. 1.5 million, payable in six monthly installments as from December 2014.

On January 8, 2015, CMD exercised the call option for an additional 6.66% of the equity interest in Interwa S.A. as mentioned under Note 10 to these consolidated financial statements, for approximately Ps. 1.5 million, payable in five monthly installments as from January 2015.

f. On September 30, 2015, ARTEAR and AGEA, together with other companies, created a company under the name “RPA Media Place S.A.,” engaged in advertising on digital websites, with an equity capital of Ps. 100,000. Each of ARTEAR and AGEA hold a 19% interest in RPA Media Place S.A. On November 14, 2015, that company was registered with the IGJ.

g. On August 20, 2015, FEASA together with Publirevistas S.A., created a company under the name “Exponenciar S.A.,” engaged in the organization, development and operation of fairs, exhibitions, seminars and conferences, with an equity capital of Ps. 100,000. FEASA holds a 50% interest in Exponenciar S.A. As of the date of these financial statements, the incorporation of that company is pending registration with the IGJ.

h. On October 8, 2015, CMD entered into a stock purchase agreement, whereby it increased its interest in Electro Punto Net S.A. by 26%. The amount of this transaction is of approximately Ps. 11.8 million. In December 2015, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 8 million, increasing CMD’s interest in the capital stock of Electro Punto Net S.A. to 54.3%. In December 2016, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 86 million, increasing CMD’s interest in the capital stock of Electro Punto Net S.A. to 65.6%.

i. On September 10, 2015, the Board of Directors of Cablevisión approved the assignment of the rights and obligations held by Grupo Clarín under an offer it had submitted to NII Mercosur Telecom, S.L.U. and NII Mercosur Móviles, S.L.U. (hereinafter, the “Sellers”) for the acquisition of 49% of the capital stock of NEXTEL COMMUNICATIONS ARGENTINA S.R.L. and an option to acquire, together with its subsidiary Televisión Dirigida S.A., subject to certain conditions -among them, the regulatory approvals- 51% of the remaining capital stock. The price of the transaction was USD 165 million (out of this amount, USD 80 million accounts for 49% and USD 85 million accounts for 51%) plus the right to collect an additional amount of up to USD 13 million subject to the fulfillment of certain conditions. The offer submitted by Grupo Clarín was subject to the acceptance of the Sellers. On September 11, 2015, the Sellers accepted the offer submitted

by Grupo Clarín and, on the same date, the Sellers accepted the assignment of the rights under such offer in favor of Cablevisión, offering Cablevisión the acquisition of 49 % of the capital stock of NEXTEL and the option to acquire the remaining 51%. In order to guarantee the rights and obligations under the offer, the capital stock owned by NII Mercosur Móviles, S.L.U was pledged (subject to registration with the Public Registry of Commerce). The transaction was completed on September 14, 2015, upon payment by Cablevisión and its subsidiary of an aggregate USD 159 million. The companies undertook to create a guarantee fund with the USD 6 million balance to cover any potential liabilities of NEXTEL (this fund was set up on October 7, 2015). In addition, upon the fulfillment of certain conditions precedent, on October 1, 2015, Cablevisión paid to the Sellers the additional amount of USD 12.73 million. On June 3, 2016, the assignment of 49% of the capital stock of NEXTEL in favor of Cablevisión was registered with the IGJ. Under the terms of the offer, NEXTEL would continue to be controlled and operated by the Sellers until the option to acquire the remaining 51% of the capital stock had been exercised.

As of December 31, 2015, the call option was not legally exercisable and uncertainties remained regarding the obtainment of the required regulatory authorization. As of December 31, 2015, Cablevisión did not have control over NEXTEL taking into consideration the elements provided under IFRS 10. Therefore, it did not consolidate NEXTEL as of such date. In January 2016, the regulatory framework changed and the regulatory authorization of the transaction was no longer necessary.

In addition, on January 27, 2016, Cablevisión and its subsidiary Televisión Dirigida S.A. decided to exercise the option to acquire the remaining 51% of the capital stock and votes of NEXTEL, and, consequently, Cablevisión became the holder of 51.4% of the capital stock and votes of NEXTEL and Televisión Dirigida S.A. became the holder of the remaining 48.6%. To such effect, on the same date, NEXTEL’s management took notice of the release of the pledge that had been set up to guarantee the rights and obligations under the offer. On July 26, 2016, the IGJ registered the assignment of the remaining 51% of the capital stock (see Note 9.4.4.).

On June 30, 2016, the controlled company Televisión Dirigida S.A. performed the transfer of: (i) 392,774,929 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 48.5% of the capital stock and votes of NEXTEL, in favor of Cablevisión; and (ii) 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL, in favor of PEM S.A. As a consequence of the above-mentioned assignments of membership interests, Cablevisión holds a 99.9% interest in the capital stock and votes of NEXTEL, and the remaining 0.1% is held by PEM S.A. Those transactions were registered with the IGJ on November 25, 2016.

On December 28, 2016, PEM S.A. transferred to Cablevisión 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL. As a result of the assignment of the membership interests described above, Cablevisión became the holder of 810,236,480 membership interests with nominal value of Ps.1 and entitled to one vote per membership interest, representing 100% of the capital stock and votes of NEXTEL. The

Company has filed with the IGJ the registration of the assignment of the membership interests, which, to date, is pending before that agency.

As of December 31, 2015, Cablevisión concluded the process of allocating the acquisition cost of 49% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 316.7 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to the equity interest acquired, exceeds the acquisition cost.

During this year, Cablevisión concluded the process of allocating the acquisition cost of 51% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 114.1 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to its equity interest exceeds the acquisition cost.

The following is a detail of the additional information required under IFRS with respect to business combinations corresponding to the transaction that resulted in Cablevisión's control over NEXTEL.

The assets and liabilities recognized as a result of the acquisition are the following (in millions of Ps.):

|  | As of Acquisition Date |
|--|------------------------|
| Cash and Banks                                       | 1,140.8                |
| Other Investments                                    | 928.7                  |
| Trade Receivables                                    | 386.9                  |
| Other Receivables                                    | 101.2                  |
| Inventories  | 222.2                  |
| Other Non-Current Receivables                        | 21.3                   |
| Deferred Tax Assets                                  | 167.2                  |
| Property, Plant and Equipment                        | 650.9                  |
| Intangible Assets                                    | 43.3                   |
| Trade Payables and Other                             | (484.2)                |
| Taxes Payable  | (176.9)                |
| Other Debts  | (144.2)                |
| Provisions and Other                                 | (387.8)                |
| Identifiable assets acquired, net                    | 2,469.4                |
| Less investment in associate as of December 31, 2015 | (1,201.0)              |
| Income from Acquisition of Associates                | (114.1)                |
| <b>Total consideration transferred</b>               | <b>(1) 1,154.3</b>     |

(1) Receivables from the call option.

j. In June 2016, Cablevisión, together with its subsidiary NEXTEL, acquired 100% (97% NEXTEL and 3% Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A. both owners of 100% of the capital stock of Trixco S.A., holder of licenses for the use of the radioelectric spectrum in the 900 Mhz bands. NEXTEL acquired 100% of the capital stock of WX Telecommunications LLC and Greenmax Telecommunications LLC, which are the controlling companies of Skyonline Argentina S.A., Netizen S.A., Infotel S.A. and Callbi S.A., among the most important subsidiaries. The latter render wireless telecommunications services and hold licenses for the use of the radioelectric spectrum in the 2.5 Ghz bands. The aggregate price for those transactions was USD 138.2 million, equivalent to Ps. 2,036 million.

During the year, Cablevisión concluded the process of allocating the acquisition cost of 100% (97% to NEXTEL and the remaining 3% to Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A., both owners of 100% of the capital stock of Trixco S.A., and calculated goodwill from this acquisition in the amount of Ps. 801.7 million.

The following is a detail of the additional information required under IFRS with respect to business combinations corresponding to the transaction that resulted in the acquisition of the above-mentioned companies.

The assets and liabilities recognized as a result of the acquisition are the following (in millions of Ps.):

|  | As of Acquisition Date |
|--|------------------------|
| Cash and Banks                         | 10.3                   |
| Other Investments                      | 2.1                    |
| Trade Receivables                      | 5.7                    |
| Other Receivables                      | 14.1                   |
| Other Non-Current Receivables          | 3.0                    |
| Property, Plant and Equipment          | 18.5                   |
| Intangible Assets                      | 1,860.6                |
| Trade Payables and Other               | (18.3)                 |
| Taxes Payable                          | (9.9)                  |
| Other Debts                            | (0.6)                  |
| Deferred Tax Liabilities               | (651.2)                |
| Identifiable assets acquired, net      | 1,234.3                |
| Goodwill                               | 801.7                  |
| <b>Total consideration transferred</b> | <b>2,036.0</b>         |

k. On June 30, 2016, the Company, as the sole shareholder, formed a new subsidiary, "GCSA Equity, LLC".

million is payable on the date of execution of the agreement and the rest is payable on the first anniversary of the execution date.

l. On August 8, 2016, a subsidiary of CMD, Electro Punto Net S.A., executed an asset transfer agreement, whereby it acquired from Meroli Hogar S.A. certain assets related to the business of online retail and sale of home appliances and electronic products in the Province of Córdoba. The transaction includes negative covenants to be fulfilled by the shareholders of Meroli Hogar S.A. The aggregate amount of these transactions is of USD 3.5 million, out of which USD 2.75

m. On August 16, 2016, the Board of Directors of Cablevisión approved the Pre-Merger Commitment executed between that Company, 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., 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, will continue with the operations of 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., 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 will be dissolved without liquidation and Cablevisión S.A. will assume all the activities, receivables, property and all the rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

At the Extraordinary Shareholders’ Meeting of Cablevisión held on September 27, 2016, the shareholders approved, among other issues: (i) the Special Parent Company Only Financial Statement and the Special Balance Sheet for Merger as of June 30, 2016, which were used as a basis for the execution of the Pre-Merger Commitment, and (ii) the Pre-Merger Commitment executed on August 16, 2016 between Cablevisión and the Absorbed Companies.

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.

In addition, at the 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 filed with the CNV for its approval.

n. On November 7, 2016, ARTEAR executed a share assignment, sale and transfer agreement for Ps. 8.7 million, whereby ARTEAR acquired 5,225,000 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 100% of the capital stock of Producciones YAQ S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.

o. On October 25, 2016, ARTEAR executed a share assignment, sale and transfer agreement for USD 500,000, whereby it acquired 51,699 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 40.0004% of the capital stock of Canal Rural Satelital S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.

## Note 13

### Assets and Liabilities held for distribution to Shareholders and discontinued operations

As described in Note 25 to the consolidated financial statements as of December 31, 2016, certain assets and liabilities have been classified as of that date as “Assets held for distribution to shareholders” and as “Liabilities held for

distribution to shareholders”, respectively, as required under IFRS.

The following is a detail of those consolidated assets and liabilities disclosed under “Assets held for distribution to shareholders” and “Liabilities held for distribution to shareholders” as of December 31, 2016 (in millions of Argentine Pesos):

|  | December 31, 2016 |
|--|-------------------|
| <b>Assets</b>  |                   |
| <b>Non-Current Assets</b>                                      |                   |
| Property, Plant and Equipment                                  | 15,365            |
| Intangible Assets  | 1,906             |
| Goodwill   | 3,516             |
| Deferred Tax Assets  | 82                |
| Investment in Unconsolidated Affiliates                        | 282               |
| Other Investments  | 817               |
| Other Receivables  | 290               |
| <b>Total Non-Current Assets</b>                                | <b>22,258</b>     |
| <b>Current Assets</b>  |                   |
| Inventories  | 267               |
| Other Receivables  | 633               |
| Trade Receivables  | 1,674             |
| Other Investments  | 2,003             |
| Cash and Banks   | 1,247             |
| <b>Total Current Assets</b>                                    | <b>5,824</b>      |
| <b>Total Assets Held for Distribution to Shareholders</b>      | <b>28,082</b>     |
| <b>Liabilities</b>   |                   |
| <b>Non-Current Liabilities</b>                                 |                   |
| Provisions and Other   | 955               |
| Deferred Tax Liabilities                                       | 375               |
| Debt   | 8,579             |
| Taxes Payable  | 4                 |
| Other Liabilities  | 110               |
| <b>Total Non-Current Liabilities</b>                           | <b>10,023</b>     |
| <b>Current Liabilities</b>                                     |                   |
| Debt   | 1,014             |
| Taxes Payable  | 1,621             |
| Other Liabilities  | 247               |
| Trade Payables and Other                                       | 4,357             |
| <b>Total Current Liabilities</b>                               | <b>7,239</b>      |
| <b>Total Liabilities Held for Distribution to Shareholders</b> | <b>17,262</b>     |

In connection with the same situations mentioned above, the following is a detail of the results for the years ended December 31, 2016 and 2015, classified as discontinued operations in these consolidated financial statements (in millions of Argentine Pesos):

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Revenues  | 30,571            | 20,125            |
| Cost of Sales <sup>(1)</sup>                        | (14,262)          | (9,341)           |
| Subtotal - Gross Profit                             | 16,309            | 10,784            |
| Selling Expenses <sup>(1)</sup>                     | (4,398)           | (2,525)           |
| Administrative Expenses <sup>(1)</sup>              | (3,641)           | (2,628)           |
| Income from Acquisition of Companies                | 114               | -                 |
| Other Income and Expenses, net                      | (11)              | 2                 |
| Financial Costs                                     | (2,586)           | (2,785)           |
| Other Financial Results                             | 127               | (147)             |
| Financial Results, net                              | (2,459)           | (2,932)           |
| Equity in Earnings from Affiliates and Subsidiaries | 111               | 482               |
| Income before Income Tax and Tax on Assets          | 6,025             | 3,183             |
| Income Tax and Tax on Assets                        | (2,069)           | (875)             |
| <b>Net Income from Discontinued Operations</b>      | <b>3,956</b>      | <b>2,308</b>      |

(1) Includes amortization of intangible assets, and depreciation of property, plant and equipment in the amount of Ps. 2.660 million and Ps. 1.662 million for the years ended December 31, 2016 and 2015, respectively.

In connection with the same situations mentioned above, the following is a detail of the cash flows for the years ended December 31, 2016 and 2015, classified as discontinued operations in these consolidated financial statements (in millions of Argentine Pesos):

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| <b>Cash Provided by Operating Activities</b>  |                   |                   |
| Net Income from Discontinued Operations   | 3,956             | 2,309             |
| Income Tax and Tax on Assets  | 2,069             | 875               |
| Accrued Interest, net   | 512               | 370               |
| Adjustments to reconcile net income for the period to cash provided by discontinued operations: |                   |                   |
| - Depreciation of Property, Plant and Equipment   | 2,519             | 1,531             |
| - Amortization of Intangible Assets and Film Library  | 141               | 131               |
| - Net allowances  | 519               | 312               |
| - Financial Income, except interest   | 1,220             | 1,526             |
| - Equity in Earnings from Affiliates and Subsidiaries   | (111)             | (483)             |
| - Income from Acquisition of Associates   | (114)             | -                 |
| - Other Income and Expenses   | (7)               | -                 |
| - Retirement of Property, Plant and Equipment, Net  | 331               | 170               |
| - Retirement of Intangible Assets, Net  | 3                 | 1                 |
| - Changes in Assets and Liabilities   | 276               | 244               |
| - Income Tax and Tax on Assets Payments   | (1,346)           | (749)             |
| <b>Net Cash Flows Provided by Discontinued Operating Activities</b>                             | <b>9,968</b>      | <b>6,237</b>      |
| <b>Net Provided by Investment Activities</b>  |                   |                   |
| - Acquisition of Property, Plant and Equipment, net   | (9,044)           | (4,343)           |
| - Acquisition of Intangible Assets  | (23)              | (8)               |
| - Payments for Acquisition of Subsidiaries,   |                   |                   |
| Net of Cash Acquired  | (2,032)           | (799)             |
| - Acquisition of Call Option  | -                 | (850)             |
| - Proceeds from Sale of Property, Plant and   |                   |                   |
| Equipment and other   | 8                 | 1                 |
| - Dividends collected   | 1                 | 32                |
| - Collections of Interest   | 19                | 3                 |
| - Collection of Certificates of Deposit   | 118               | 223-              |
| - Transactions with Securities, Bonds and   |                   |                   |
| - Other Financial Instruments, Net  | (90)              | 154               |
| <b>Net Cash Flows used in Discontinued Investment Activities</b>                                | <b>(11,043)</b>   | <b>(5,587)</b>    |
| <b>Cash Provided by Financing Activities</b>  |                   |                   |
| - Loans Obtained  | 7,500             | 1,271             |
| - Repayment of Loans and Issue Expenses   | (6,489)           | (1,032)           |
| - Payment of Interest   | (962)             | (587)             |
| - Collections on Derivatives  | 23                | 47                |
| - Payments to Non-Controlling Interests, net  | (604)             | (178)             |
| <b>Net Cash Flows used in Discontinued Financing Activities</b>                                 | <b>(532)</b>      | <b>(479)</b>      |



## Note 14

### Reserves, accumulated income and dividends

|  | December 31, 2016    | December 31, 2015    |
|--|----------------------|----------------------|
| Balances at the beginning of the year:             |                      |                      |
| Legal Reserve                                      | 119,460,767          | 119,460,767          |
| Retained Earnings                                  | 1,884,929,369        | 804,101,687          |
| Other Reserves                                     | (3,653,767)          | (209,686)            |
| Optional Reserves                                  | 2,625,678,396        | 2,071,576,709        |
| Total  | 4,626,414,765        | 2,994,929,477        |
| Net Income Attributable to the Parent Company      | 2,530,041,832        | 1,884,929,369        |
| Dividend Distribution                              | (300,000,000)        | (250,000,000)        |
| Changes in Reserves for Acquisition of Investments | (55,231,356)         | (3,444,081)          |
| <b>Balance at the end of the year</b>              | <b>6,801,225,241</b> | <b>4,626,414,765</b> |

#### a. Grupo Clarín

On April 25, 2016, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate the net income for the fiscal year 2015, which amounted to Ps. 1,884,929,369, as follows: (i) Ps. 300,000,000 to the distribution of dividends payable within 30 days as from the date of the Shareholders' Meeting and (ii) Ps. 1,584,929,369 to the reserve for future dividends.

#### b. Cablevisión

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 750 million, payable in Argentine Pesos or US Dollars within a term of thirty days as from the date of such Shareholders' Meeting and delegated on the Board of Directors of Cablevisión the power to establish the time and payment method. Of that amount, approximately Ps. 300.1 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, Cablevisión paid Ps. 749.7 million of distributed dividends.

Also, on June 30, 2016, at the General Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 749 million, payable within thirty days as from the date on which the Shareholders' Meeting was held. Of that amount,

approximately Ps. 299.6 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, all the dividends had been paid.

At the General Extraordinary Shareholders' Meeting held on January 12, 2016, the shareholders of Cablevisión decided, among other things, i) to cancel 207,157 Class B common book-entry treasury shares with a nominal value of Ps. 1 representing 0.1% of the capital stock and votes of that Company; and, consequently, to reduce the capital stock by Ps. 207,157, (ii) to ratify the amendment of Section 4 of the Bylaws approved by the shareholders at the Extraordinary Shareholders' Meeting held on June 30, 2014, which, among other things, had amended the nominal value of shares from Ps. 1 to Ps. 10,000, and (iii) to delegate on the Board of Directors the power to determine and establish the time, form and conditions of the shares representing the new capital stock to be issued, as well as the payment of the fractions, if any.

In light of the above, on June 29, 2016, the Board of Directors of Cablevisión completed the implementation process to pay fractions in cash and change the nominal value (of the company's shares) and change the nominal value (of the company's shares) and, therefore, the capital stock of Cablevisión is now of Ps. 197,300,000, represented by 19,730 shares, of which i) 15,785 are Class A book entry shares, with nominal value of Ps. 10,000 each and entitled to 1 vote per share, and ii) 3,945 are Class B book entry shares, with nominal value of

Ps. 10,000 each and entitled to 1 vote per share. At the same meeting of the Board of Directors new shares were issued.

Subsequently, at the General Extraordinary Shareholders' Meeting held on June 30, 2016, the shareholders decided to capitalize in full the following accounts: (i) Paid-in Capital, in the amount of Ps. 134,234,500, (ii) merger surplus, in the amount of Ps. 2,894,151 and (iii) the partial capitalization of the "Optional Reserve to

Maintain the Company's Level of Capital Expenditures and its Current Solvency Level" in the amount of Ps. 865,571,349, thus increasing the capital stock from Ps. 197,300,000 to Ps. 1,200,000,000 through the issuance of 100,270 new common book-entry shares with nominal value of Ps. 10,000 and entitled to 1 vote per share, of which 80,221 will be Class A common book-entry shares and 20,049 will be Class B common book-entry shares.

## Note 15

### Non-controlling interest

|  | December 31, 2016    | December 31, 2015    |
|--|----------------------|----------------------|
| Balances as of January 1st                                 | 3,175,288,997        | 2,282,464,286        |
| Equity in the Earnings of Other Companies for the year     | 1,649,569,354        | 1,030,981,112        |
| Dividends and Other Movements of Non-Controlling Interest  | (621,111,296)        | (185,625,297)        |
| Variation in Translation Differences of Foreign Operations | 212,626,908          | 47,468,896           |
| <b>Balance at the end of the year</b>                      | <b>4,416,373,963</b> | <b>3,175,288,997</b> |

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 deletions.

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Country   | Argentina         | Argentina         |
| Non-controlling interest percentage                                     | 40.0%             | 40.0%             |
| Comprehensive income for the year allocated to non-controlling interest | 1,739             | 1,034             |
| Accumulated non-controlling interest at year-end                        | 3,928             | 2,808             |
| Summarized financial information:                                       |                   |                   |
| - Dividends distributed to Non-Controlling Interests                    | 600               | 174               |
| - Current assets  | 5,822             | 4,436             |
| - Non-current assets  | 21,610            | 14,547            |
| - Current liabilities   | 7,203             | 6,489             |
| - Non-current liabilities   | 9,964             | 4,269             |
| - Revenues  | 30,571            | 20,125            |
| - Net Income from Continuing Operations                                 | 4,060             | 2,450             |
| - Other Comprehensive Income  | 422               | 147               |
| - Total Comprehensive Income  | 4,482             | 2,597             |
| - Cash and Cash Equivalents at Year-end                                 | 2,629             | 2,177             |

## Note 16

### Balances and transactions with related parties

The following table contains the outstanding balances with related parties:

|                                 | December 31, 2016 | December 31, 2015 |
|---------------------------------|-------------------|-------------------|
| <b>Other Receivables</b>        |                   |                   |
| Non-Current                     |                   |                   |
| Under Joint Control             | 9,449,096         | 9,212,575         |
| Other Related Parties           | 4,200             | -                 |
|                                 | 9,453,296         | 9,212,575         |
| Current                         |                   |                   |
| Under Joint Control             | 1,712,712         | 2,385,289         |
| Other Related Parties           | 43,673,728        | 19,918,734        |
|                                 | 45,386,440        | 22,304,023        |
| <b>Trade Receivables</b>        |                   |                   |
| Current                         |                   |                   |
| Under Joint Control             | 25,636,838        | 17,705,032        |
| Other Related Parties           | 119,220,158       | 2,372,249         |
|                                 | 144,856,996       | 20,077,281        |
| <b>Trade Payables and Other</b> |                   |                   |
| Current                         |                   |                   |
| Under Joint Control             | 16,533,444        | 77,149,743        |
| Other Related Parties           | 51,852,341        | 17,756,038        |
|                                 | 68,385,785        | 94,905,781        |
| <b>Debt</b>                     |                   |                   |
| Non-Current                     |                   |                   |
| Under Joint Control             | 9,449,096         | 9,212,575         |
| Other Related Parties           | 367,813,013       | -                 |
|                                 | 377,262,109       | 9,212,575         |
| Current                         |                   |                   |
| Other Related Parties           | -                 | 22,708,882        |
|                                 | -                 | 22,708,882        |
| <b>Other Liabilities</b>        |                   |                   |
| Current                         |                   |                   |
| Other Related Parties           | 3,539,651         | 39,490            |
|                                 | 3,539,651         | 39,490            |

The following table shows the operations with related parties for the years ended December 31, 2016 and 2015:

|                                    | Item                               | December 31, 2016 | December 31, 2015 |
|------------------------------------|------------------------------------|-------------------|-------------------|
| Under Joint Control                | Advertising Sales                  | 27,221,296        | 16,153,503        |
|                                    | Printing Services Sales            | (1,892,056)       | 1,590,846         |
|                                    | Other Sales                        | 96,769,444        | 63,758,750        |
|                                    | Fees for Services                  | 57,862            | (54,343)          |
|                                    | Productions and Co-Productions     | -                 | (2,005,651)       |
|                                    | Printing and Distribution Costs    | (32,250,670)      | (31,816,780)      |
|                                    | Interest Income                    | 2,386,521         | 2,380,000         |
|                                    | Interest Expense                   | (2,386,521)       | (2,380,000)       |
|                                    | Advertising and Promotion Expenses | (8,094,133)       | (4,726,829)       |
|                                    | Other Expenses                     | -                 | (18,029)          |
|                                    | Other Related Parties              | Advertising Sales | 96,282,881        |
| Printing Services Sales            |                                    | 55,274,765        | 43,425,538        |
| Circulation Sales                  |                                    | 30,079            | 15,217            |
| TV Signals Sales                   |                                    | 208,240,322       | 176,172,723       |
| Other Sales                        |                                    | 401,284,896       | 314,553,227       |
| Fees for Services                  |                                    | (2,413,443)       | (24,190,032)      |
| Printing and Distribution Expenses |                                    | (660,261)         | (589,939)         |
| Interest Income                    |                                    | -                 | 1,980,648         |
| Interest Expense                   |                                    | (2,342,563)       | (21,083,536)      |
| Services and Satellites Expenses   |                                    | (3,543,231)       | (5,683,371)       |
| Communication Expenses             |                                    | (13,631,693)      | (5,883,782)       |
| Advertising and Promotion Expenses |                                    | (7,358,940)       | (10,301,696)      |
| Other Purchases                    |                                    | (306,884,709)     | (281,408,575)     |
| Other Expenses                     |                                    | (8,249,554)       | (4,289,329)       |

The fees paid to the Board of Directors and the Upper Management of Grupo Clarín for the years ended December 31, 2016 and 2015 amounted to approximately Ps. 340 million and Ps. 450 million, respectively.



## Note 17

### 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:

|   | December 31, 2016    | December 31, 2015    |
|---|----------------------|----------------------|
| Net Income used in the Calculation of Basic Earnings per Share (gain):                              |                      |                      |
| From Continuing Operations  | 1,873,615,997        | 1,884,929,369        |
| From Discontinued Operations  | 656,425,835          | -                    |
|   | <b>2,530,041,832</b> | <b>1,884,929,369</b> |
| Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share | 287,418,584          | 287,418,584          |
| Earnings per Share  | 8.80                 | 6.56                 |

The weighted average of the number of outstanding shares was 287,418,584. Since no debt securities convertible into shares were recorded, the same weighted average should be used for the calculation of diluted earnings per share.

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| <b>Basic and Diluted Earnings per Share</b> |                   |                   |
| From Continuing Operations                  | 0.82              | 2.02              |
| From Discontinued Operations                | 7.98              | 4.54              |
| Total Earnings per Share                    | 8.80              | 6.56              |

Dividends paid in the year 2016 amounted to Ps. 300,000,000 (Ps. 1.04 per share).

## Note 18

### Covenants, sureties and guarantees provided

a. Note 5.12.1 sets forth certain restrictions to which Cablevisión (by itself and as the surviving company and successor of Multicanal and Prima as a result of the respective mergers) is subject pursuant to the financial obligations described in such note.

b. IESA is subject to contractual restrictions on the transfer of its equity interest in TRISA and Tele Net Image Corp.

c. During the year 2009, AGR purchased a binding machine on credit. To secure the transaction, AGR granted the supplier a pledge over the machine. AGR granted joint and several guarantees for the loans granted by Banco Comafi S.A. and Standard Bank Argentina S.A. to Artes Gráficas del Litoral S.A.

d. On September 25, 2012, GCGC executed a mortgage agreement on a building of its property securing the payment of the obligations under the loan with Banco de la Ciudad de Buenos Aires mentioned in Note 5.12.3. Grupo Clarín acts as guarantor of said financing.

e. During 2014, AGR financed the acquisition of machinery and equipment through leasing agreements mentioned in Note 5.12.2 to these consolidated financial statements. Grupo Clarín and AGEA are joint debtors of said financing.

f. On July 24, 2015, Grupo Clarín became the guarantor of certain financial obligations of AGEA, AGR and Cúspide with Banco Itaú Argentina S.A.

g. In April 2016, Grupo Clarín became the guarantor for up to Ps. 65 million to secure certain financial obligations of AGEA with Banco Ciudad de Buenos Aires.

h. During this year, the Company became the guarantor of a loan granted by Banco Santander Río S.A. to GCGC. The guarantee will be effective until January 2019.

i. During this year, the Company became the guarantor of a loan granted by Banco Santander Río S.A. to Auto Sport. The guarantee will be effective until February 2019.

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## Note 19

### **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 20

### **Long-term savings plan for employees**

During the last quarter of 2007, the Company, 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 of the Group 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 Group. As of December 31, 2016, such supplementary contributions made by the Company on a consolidated basis amount to approximately Ps. 49 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 the company 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.

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## Note 21

### Operating Leases

#### 21.1 The Company as Lessee

As of December 31, 2016 and 2015, the Company is a party to non-cancellable operating leases, which are currently effective and have different terms and renewal rights. The total amount of minimum future payments for non-cancellable operating leases is the following (in millions of Ps.):

|                           | December 31, 2016 | December 31, 2015 |
|---------------------------|-------------------|-------------------|
| 1 year                    | 85                | 269               |
| Between 1 and 5 years old | 246               | 505               |
| 5 years or more           | -                 | 59                |
|                           | <b>331</b>        | <b>833</b>        |

#### 21.2 The Company as Lessor

The total amount of minimum future collections for non-cancellable operating leases of certain property is the following (in millions of Ps.):

|                           | December 31, 2016 | December 31, 2015 |
|---------------------------|-------------------|-------------------|
| 1 year                    | 11                | -                 |
| Between 1 and 5 years old | 4                 | -                 |
|                           | <b>15</b>         | -                 |

## Note 22

### Derivatives

The following is a detail of the derivatives held by the Company (amounts stated in millions of Argentine pesos):

|   | December 31, 2016 |             | December 31, 2015 |             |
|---|-------------------|-------------|-------------------|-------------|
|   | Assets            | Liabilities | Assets            | Liabilities |
| Foreign Currency Forward Contracts - Fair Value Hedge | -                 | -           | 58.4              | -           |
| <b>Total</b>  | -                 | -           | <b>58.4</b>       | -           |
| Less non-current portion:                             |                   |             |                   |             |
| Foreign Currency Forward Contracts - Fair Value Hedge | -                 | -           | -                 | -           |
| <b>Total</b>  | -                 | -           | -                 | -           |
| <b>Current portion</b>                                | -                 | -           | <b>58.4</b>       | -           |

No ineffectiveness has been recorded in connection with fair value hedges.

## Note 23

### **Law No. 26,831 Capital Markets**

On December 28, 2012, Capital Markets Law No. 26,831 (the "Capital Markets Law"), passed on November 29, 2012 and enacted on December 27, 2012, was published in the Official Gazette. The Law provides for a comprehensive amendment of the public offering regime, previously governed by Law No. 17,811. Among other things, the new law enhances the National Government's oversight powers and changes the authorization, control and oversight mechanisms of all stages of the public offering process and the role of all the entities and individuals involved. The Law became effective on January 28, 2013.

On July 29, 2013, the National Government issued Decree No. 1023/2013 to regulate partially the Capital Markets Law that had been passed on November 29, 2012. Among other provisions, the Decree regulates Section 20 of said Law, pursuant to which the CNV may appoint an overseer with veto rights over the decisions made by the boards of directors of entities subject to the public offering regime, or otherwise remove the boards from such entities for up to 180 days until all deficiencies found by the CNV are solved. Said Emergency Decree amends the Law it seeks to regulate and, therefore, constitutes a regulatory abuse. Thus, whereas the Law vests on the CNV the power to appoint an overseer or to remove the board of directors, the Decree allows the CNV to exercise that power if the shareholders and/or noteholders with a two percent (2%) interest in the company's capital stock or outstanding debt securities claim that they have suffered actual and certain damages or if they believe their rights may be seriously jeopardized in the future. The Decree also vests on the CNV the power to appoint the administrators or co-administrators that will hold office as a

consequence of the removal of the boards of directors. Thus, the Decree amends the Law by granting the CNV powers that were not provided therein. By doing so, the Executive Branch is assuming strictly legislative functions in breach of constitutional provisions.

On September 5, 2013 within the framework of the Capital Markets Law and its Decree, the CNV issued Resolution No. 622/2013 (the "Rules"), whereby it approved the applicable Rules that repeal the Rules that had been effective until that date (as restated in 2001). The new Rules have introduced several changes in connection with CNV's powers over the companies under that agency's oversight, and also in connection with the information that these companies must disclose.

On August 20, 2013, at the request of Mr. Rubén Mario Szwarc, a minority shareholder of the Company, and by means of public deed number two hundred forty five, the Company was served notice of the decision rendered by Chamber A of the National Court of Appeals on Commercial Matters on August 12, 2013, in re "SZWARC, Rubén Mario v. National Government and Others on Preliminary Injunction" File No. 011419/2013. That Chamber decided, among other things, (i) to declare the unconstitutionality of Sections . 2, 4, 5, 9, 10, 11, 13, 15 and 16 of Law No. 26,854, and (ii) to order the provisional, injunctive suspension of Section 20, subsection a), second part, paragraphs I and II (or 1 and 2) of Law No. 26,831 and of all laws, rules or administrative acts issued or that may be issued pursuant to such legal provisions, with respect to Grupo Clarín S.A., until the judge that is finally declared competent to render a decision on the merits assumes full jurisdiction of the case and renders a final decision relating to the injunction.



## Note 24

### **Extinction of the notes issued by AGEA**

On January 28, 2014, AGEA repaid all of the USD 30.6 million aggregate principal amount outstanding and interest accrued as of such date on the Series C Notes issued by that company under the Global Program.

Pursuant to Article 16, Section V of Chapter I of Title III of the Restated Rules issued by the CNV, which governs the delisting due to non-existence of outstanding securities, upon the extinction of the Series C Notes, AGEA filed the required documentation with the CNV.

On August 5, 2014, the CNV served AGEA with a notice requesting the latter to submit information to prove the extinction of Series A, B and D Notes, issued by that company under the Global Program for the Issuance of Notes. On August 12, 2014, AGEA submitted the information requested by the CNV, providing evidence of the extinction of the notes.

On October 8, 2014, the CNV requested AGEA to make a filing in connection with the delisting. On October 16, 2014, AGEA submitted a Note to the CNV whereby it requested delisting due to the extinction of its notes.

On April 4, 2016, the CNV revoked the authorizations that had been granted to AGEA for the public offering of its Notes, which entails the delisting of that company.

Once the authorization for public offering is cancelled due to the non-existence of outstanding securities, AGEA shall no longer be subject to the applicable regulations and legislation issued by the CNV, and shall become subject to the jurisdiction of the IGJ, and, therefore, to that agency's regulations.

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## Note 25

### **The Company's corporate reorganization process**

On September 28, 2016, at the Company's Extraordinary Shareholders Meeting, the shareholders approved the execution of a corporate reorganization process to be implemented in two successive steps: a) first the merger of Southtel Holdings S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A. and CV B Holding S.A. (the "Absorbed Companies"), through which Grupo Clarín held a controlling interest in Cablevisión (the "Merger"), and, b) the subsequent partial spin-off of the Company to create a new company under the name Cablevisión Holding S.A. (the "Spin-off", and together with the Merger, the "Corporate Reorganization").

The purpose of the Corporate Reorganization is to enhance efficiency, synergy and streamlining of the Company's costs, processes and resources and to promote the specialization of the existing asset portfolio of Grupo Clarín and its subsidiaries. This will allow the Company to implement differentiated growth strategies and goals for, on the one hand, the telecommunications segment, and, on the other hand, the media business (print, TV, programming, radio etc.). Thus, each of those segments will be able to focus on its own markets, risks, organizational processes and capital structures.

As a result of the Merger, and since Grupo Clarín is the direct and indirect holder of 100% of the capital stock of the absorbed companies, Grupo Clarín's capital stock will not be increased. Therefore, it is not necessary to establish an exchange ratio. In addition, the absorbed companies will be dissolved early without liquidation and Grupo Clarín will assume, effective as from October 1, 2016 (the "Effective Date of the Merger"), the activities, receivables, property, rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

As part of the equity subject to spin-off, as provided under the Merger and Spin-off Prospectus filed with the CNV and published in the Financial Information Highway, the Company will transfer to Cablevisión Holding S.A. certain equity interests or participations held by Grupo Clarín, including the direct and indirect equity interests of Grupo Clarín in Cablevisión and in GCSA Equity, LLC. Consequently, once the Corporate Reorganization has been executed, Cablevisión Holding S.A. will become owner, directly or indirectly, of 60% of the capital stock and votes of Cablevisión and of 100% of the participations of GCSA Equity, LLC. Grupo Clarín will retain and continue with all the activities, operations, assets and liabilities that are not specifically allocated to Cablevisión Holding S.A.

The effective date of the Spin-off (the “Effective Date of the Spin-off”) will be the first day of the month following the date on which the latest of the following registrations is 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. As of the Effective Date of the Spin-off, Cablevisión Holding S.A. will begin its activities on its own account, the accounting effects of the Spin-off will become effective, and the operations, risks and benefits described in the Prospectus published by the Company will be transferred to Cablevisión Holding S.A.

As a result of the Spin-off of Grupo Clarín, its equity will be reduced pro rata and part of the Company’s Class A, Class B and Class C shares will be cancelled in exchange for a set of shares of the same class and with substantially the same rights to be distributed by Cablevisión Holding S.A. Grupo Clarín will continue to be subject to the public offering regime in Argentina and Cablevisión Holding S.A. will request authorization to be admitted to the above-mentioned public offering regime in Argentina.

The new company may also apply to have its shares listed on and admitted to trading on one or more local or foreign stock exchanges and/or markets.

The Corporate Reorganization detailed in this note is executed in compliance with applicable regulations of the General Associations Law and subject to obtaining the regulatory authorizations and/or intervention (as applicable) from the CNV, Merval, IGJ and Ente Nacional de Comunicaciones (National Communications Agency “ENACOM”).

The terms and conditions of the Corporate Reorganization were established by the Directors of the Company, who approved the Special Parent Company Only Financial Statement of Grupo Clarín as of June 30, 2016, the Special Balance Sheet for Merger and Spin-off as of the same date and the Merger -and Spin-off Prospectus at the Board of Directors’ Meeting held on August 16, 2016.

As of the date of these financial statements, the registration of the above-mentioned corporate reorganization process is pending before the CNV and the IGJ.

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## Note 26

### Subsequent events

- a. The events that took place subsequent to the closing of this year related to the regulatory framework applicable to the Company and its subsidiaries are described in Note 9.
- b. On February 7, CMD exercised the call option for 6.66% of the equity interest in Interwa S.A. for USD 100,000.
- c. Due to the strong reconfiguration of the commercial printing sector, a global phenomenon that also affects Argentina, at the beginning of 2017 AGR had to restructure its activities.

On January 16, 2017, AGR announced that it had ceased to operate its printing facility located in the neighborhood of Pompeya, which was engaged in the mass commercial printing business. At that facility, AGR used to print telephone directories and commercial catalogs, which are products that have been virtually discontinued.

Over the last years, AGR has unsuccessfully attempted to explore new ways of mitigating the effects of the drop in mass commercial printing, and preserve, at least partially, the sustainability of the Pompeya facility. Unfortunately, the huge challenge entailed by this change in the industry (now focused on segmented, personalized and distributed printing) was not supported by the internal commission of employee delegates, which systematically rejected all the proposals made by that company.

The decision to close that facility was aimed at preserving the sustainability of the rest of AGR's operations and at preventing the worsening of that company's financial position, in order to face the payment of severance payments to the personnel that used to work at that facility.

Notwithstanding the close-down of the Pompeya facility, AGR intends to continue operating at whatever scale the market may demand and, consequently, the matter was considered in these financial statements based on that premise.

In the morning of January 16, a group of approximately 40 people, including the members of said internal commission, broke into the Pompeya facility, damaging entrance doors, windows, furniture and security cameras, and violently removed the employees that were inside the facility. Many of them are still at the facility, although the great majority of the employees have already agreed on their redundancy and collected their severance payments for a total amount of approximately Ps. 200 million as of the date of these financial statements.

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## Note 27

### Approval of financial statements

Grupo Clarín's Board of Directors has approved the consolidated financial statements and authorized their issue for March 10, 2017.

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Signed for identification purposes  
with the report dated March 10, 2017

See our report dated March 10, 2017  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (UBA)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman



SUPPLEMENTARY  
FINANCIAL  
INFORMATION

339  
14,731,089  
296,868,467  
508,464,913  
2,958,209,807  
4,117,531,170  
17,261,662,401  
22,225,026,775  
267,787,794  
2,901,737,3  
1,874,7  
1,152,994,7  
465,16  
5,052,902  
574,570  
14,292,76  
24,701,0



## Supplementary Financial Information

As of December 31, 2016

### 1. Company activities

Grupo Clarín is the most prominent and diversified media group in Argentina and one of the most important in the Spanish-speaking world. It has presence in the printed media, radio, broadcast and cable television, audiovisual content production, the printing industry and Internet. Its leadership in the different media is a competitive advantage that enables Grupo Clarín to generate significant synergies and expand into new markets. Its activities are grouped into four main segments: Cable Television, Internet Access and Telephony Services, Printing and publishing, Broadcasting and Programming, and Digital content and other.

Among the main activities carried out during the year, the following were the most significant:

In the Printing and Publishing segment, during the year, the Company continued to publish its traditional newspapers and magazines, focusing on strengthening its editorial offering through the launch of new collectible and optional products. In June, *La Voz del Interior* relaunched its printed version with an innovative format, which is more reader-friendly. In addition, at the end of 2015, the Company launched *Muy.com.ar*. Its contents and editorial approach are targeted at popular audiences. In this segment, since the connection with the readers is better in digital format than in printed format, the Company decided to discontinue the printed format and devote its efforts to targeting an audience that will increasingly turn to digital mobile devices, which will be faster and more affordable.

In the Broadcasting and Programming Segment, *El Trece* maintained the highest audience share. This leading position is mostly attributable to the good performance of its programming grid both during the Prime Time, and at other times. During prime time, the most outstanding

features were the return of *Showmatch*, as well as fiction shows such as “*Los ricos no piden permiso*” and “*Silencios de Familia*” and the newscast *Telenoche*. *Noticiero Trece*, *El Diario de Mariana*, *Este es el Show* and *Esposa Joven* delivered good results in the afternoon. The show “*Periodismo para Todos*”, the lunches and dinners hosted by *Mirtha Legrand*, the general interest show “*MDQ Para todo el mundo*” and the return to *El Trece* of the Argentine soccer first division tournament matches contributed to a good performance during weekends.

In the Cable Television, Internet Access and Telephony Services segment, the Company focused on subscriber loyalty initiatives, as well as on boosting penetration of its premium services, such as, *Cablevisión HD*, *Pay Per View (PPV)*, *Video On Demand (VoD)* and *Digital Video Recording (DVR)* and expanding its broadband Internet access subscriber base. Progress was also made in the optimization of the reach of digital and premium services to cities and towns in the provinces.

In addition, in the Cable Television, Internet Access and Telephony Services segment, on September 10, 2015, the Board of Directors of *Cablevisión* approved the assignment of the rights and obligations held by *Grupo Clarín* under an offer it had submitted to *NII Mercosur Telecom, S.L.U.* and *NII Mercosur Móviles, S.L.U.* (hereinafter, the “*Sellers*”) for the acquisition of 49% of the capital stock of *NEXTEL COMMUNICATIONS ARGENTINA S.R.L.* and an option to acquire, together with the subsidiary of *Cablevisión*, *Televisión Dirigida S.A.*, subject to certain conditions -among them, the regulatory approvals-, 51% of the remaining capital stock. The price of the transaction was USD 165 million (out of this amount, USD 80 million accounts for 49% and USD 85 million accounts for 51%) plus the right to collect an additional

amount of up to USD 13 million subject to the fulfillment of certain conditions. The offer submitted by Grupo Clarín was subject to the acceptance of the Sellers. On September 11, 2015, the Sellers accepted the offer submitted by Grupo Clarín and, on the same date, the Sellers accepted the assignment of the rights under such offer in favor of Cablevisión, offering Cablevisión the acquisition of 49% of the capital stock of NEXTEL and the option to acquire the remaining 51%. In order to guarantee the rights and obligations under the offer, the capital stock owned by NII Mercosur Móviles, S.L.U was pledged (subject to registration with the Public Registry of Commerce). The transaction was completed on September 14, 2015 upon payment by Cablevisión and its subsidiary of an aggregate USD 159 million. The companies undertook to create a guarantee fund with the USD 6 million balance, to cover any potential liabilities of NEXTEL (this fund was set up on October 7, 2015). In addition, upon the fulfillment of certain conditions precedent, on October 1, 2015, Cablevisión paid to the Sellers the additional amount of USD 12.73 million. On June 3, 2016, the assignment of 49% of the capital stock of NEXTEL in favor of Cablevisión was registered with the IGJ. Under the terms of the offer, NEXTEL will continue to be controlled and operated by the Sellers until the option to acquire the remaining 51% of the capital stock has been exercised. On January 27, 2016, Cablevisión and its subsidiary Televisión Dirigida S.A. decided to exercise the option to acquire the remaining 51% of the capital stock and votes of NEXTEL, and, consequently, Cablevisión became the holder of 51.4% of the capital stock and votes of NEXTEL and Televisión Dirigida S.A. became the holder of the remaining 48.6%. To such effect, on the same date, NEXTEL's management took notice of the release of the pledge that had been set up to guarantee the rights and obligations under the offer. On July 26, 2016, the IGJ registered the assignment of the

remaining 51% of the capital stock. Through ENACOM Resolution No. 280/2016, served on Cablevisión on March 8, 2016, the Enforcement Authority authorized the changes in the equity interests of NEXTEL in favor of Cablevisión S.A. Therefore, these Financial Statements include the operations of NEXTEL.

On June 30, 2016, the controlled company Televisión Dirigida S.A. performed the transfer of: (i) 392,774,929 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 48.5% of the capital stock and votes of NEXTEL, in favor of Cablevisión; and (ii) 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL, in favor of PEM S.A. As a consequence of the above-mentioned assignments of membership interests, Cablevisión holds a 99.9% interest in the capital stock and votes of NEXTEL, and the remaining 0.1% is held by PEM S.A. These assignments have not yet been registered with the IGJ.

In June 2016, Cablevisión, together with its subsidiary NEXTEL, acquired 100% (97% NEXTEL and 3% Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A. both owners of 100% of the capital stock of Trixco S.A., holder of licenses for the use of the radioelectric spectrum in the 900 Mhz bands. NEXTEL acquired 100% of the capital stock of WX Telecommunications LLC and Greenmax Telecommunications LLC, which are the controlling companies of Skyonline Argentina S.A., Netizen S.A., Infotel S.A. and Callbi S.A., among the most relevant. The latter render wireless telecommunications services and hold licenses for the use of the radioelectric spectrum in the 2.5 Ghz bands. The aggregate price for those transactions was USD 138.2 million, equivalent to Ps. 2,036 million.

In addition, in June 2016, Cablevisión issued Notes (the “Notes”) subject to the public offering regime authorized by the CNV for USD 500 million, due 2021 at a fixed interest rate of 6.5%. The Notes aroused so much interest among investors that they were oversubscribed more than 6 times. Eighty per cent of the proceeds was used to refinance liabilities (lowering the average interest rate) and the remaining 20% is being used by the company for strategic investments, both in network quality and reach.

In November 2016, Cablevisión launched a new online 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. These functionalities are supported from a new user interface supplemented with advanced search and recommendation systems available in any type of device.

On September 28, the shareholders of Grupo Clarín decided to implement the merger

- spin-off process proposed by the Board of Directors during the month of August, mentioned in Note 25 to the consolidated financial statements. First, certain subsidiaries of Grupo Clarín will be merged into the Company, and the Company will subsequently spin off a portion of its equity to create a new company under the name Cablevisión Holding S.A. (CVH). Grupo Clarín will retain and continue with all the activities, operations, assets and liabilities that are not specifically allocated to CVH. The effective date of the Spin-off will be the first day of the month following the date on which the latest of the following registrations is completed: (i) the registration of the Corporate Reorganization with the IGJ, or (ii) the registration of the incorporation of CVH with the IGJ.

Grupo Clarín will continue to be subject to the public offering regime in Argentina and CVH will request authorization to be admitted to the above-mentioned public offering regime in Argentina. The new company may also apply to have its shares listed on and admitted to trading on one or more local or foreign stock exchanges and/or markets.

## 2. Consolidated financial structure

Note: the amounts are rounded and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table. Pursuant to CNV regulations, the following table shows the balances and results for the period, on a comparative basis with the prior periods, prepared under IFRS.

|  | December 31,<br>2016 | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 | December 31,<br>2012 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Non-current assets                                   | 2,459,028            | 16,246,453           | 10,801,158           | 9,512,026            | 8,303,639            |
| Current assets                                       | 5,726,538            | 8,454,551            | 6,366,440            | 4,872,758            | 3,699,980            |
| Assets held for sale                                 | 28,082,221           | -                    | 163,897              | -                    | -                    |
| <b>Total Assets</b>                                  | <b>36,267,788</b>    | <b>24,701,004</b>    | <b>17,331,495</b>    | <b>14,384,783</b>    | <b>12,003,619</b>    |
| Equity of the Parent Company                         | 9,626,387            | 7,232,951            | 5,483,022            | 4,729,908            | 4,090,030            |
| Equity of Non-Controlling Interests                  | 4,416,373            | 3,175,289            | 2,282,464            | 1,748,886            | 1,374,569            |
| <b>Total Equity</b>                                  | <b>14,042,761</b>    | <b>10,408,240</b>    | <b>7,765,487</b>     | <b>6,478,794</b>     | <b>5,464,599</b>     |
| Non-current liabilities                              | 845,833              | 4,718,094            | 3,520,126            | 3,451,464            | 3,378,694            |
| Current liabilities                                  | 4,117,531            | 9,574,671            | 6,045,882            | 4,454,526            | 3,160,327            |
| Liabilities Held for Distribution<br>to Shareholders | 17,261,662           | -                    | -                    | -                    | -                    |
| <b>Total Liabilities</b>                             | <b>22,225,027</b>    | <b>14,292,764</b>    | <b>9,566,008</b>     | <b>7,905,989</b>     | <b>6,539,020</b>     |
| <b>Total Equity and Liabilities</b>                  | <b>36,267,788</b>    | <b>24,701,004</b>    | <b>17,331,495</b>    | <b>14,384,783</b>    | <b>12,003,619</b>    |



### 3. Consolidated comprehensive income structure

Note: the amounts are rounded and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table. Pursuant to CNV regulations, the following table shows the balances and results for the period, on a comparative basis with the prior periods, prepared under IFRS.

|  | December 31,<br>2016 | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 | December 31,<br>2012 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating income/loss from continuing operations <sup>(1)</sup>            | 782,222              | 933,900              | 3,594,695            | 2,149,638            | 1,900,321            |
| Financial Results  | (398,176)            | (130,968)            | (1,730,425)          | (1,473,831)          | (916,154)            |
| Equity in Earnings from Affiliates and Subsidiaries                        | 48,725               | 61,299               | 71,895               | 99,483               | 13,683               |
| Other Income and Expenses, net   | 55,466               | 98,222               | (638)                | 69,534               | 639                  |
| Income/loss from continuing operations before income tax and tax on assets | 488,238              | 962,453              | 1,935,527            | 844,825              | 998,490              |
| Income tax and tax on assets   | (264,158)            | (354,575)            | (590,065)            | (97,924)             | (524,876)            |
| Income for the year from continuing operations                             | 224,080              | 607,878              | 1,345,462            | 746,900              | 473,614              |
| Net Income from Discontinued Operations                                    | 3,955,531            | 2,308,032            | -                    | 53,765               | 498,717              |
| Net Income for the Year  | 4,179,611            | 2,915,910            | 1,345,462            | 800,666              | 972,331              |
| Other Comprehensive Income for the Year                                    | 416,131              | 165,912              | 359,868              | 312,065              | 180,169              |
| <b>Total Comprehensive Income for the Year</b>                             | <b>4,595,742</b>     | <b>3,081,822</b>     | <b>1,705,330</b>     | <b>1,112,731</b>     | <b>1,152,500</b>     |

(1) Defined as net sales less cost of sales and expenses.

#### 4. Cash Flow Structure

Note: the amounts are rounded and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table. Pursuant to CNV regulations, the following table shows the balances and results for the period, on a comparative basis with the prior periods, prepared under IFRS.

|   | December 31,<br>2016 | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 | December 31,<br>2012 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Cash provided by (used in)                                  |                      |                      |                      |                      |                      |
| Operating Activities  | 9,503,181            | 6,605,500            | 4,455,564            | 2,608,347            | 2,291,944            |
| Cash provided by (used in)                                  |                      |                      |                      |                      |                      |
| Investment Activities                                       | (11,418,638)         | (5,607,261)          | (2,900,589)          | (2,038,304)          | (819,887)            |
| Cash provided by (used in)                                  |                      |                      |                      |                      |                      |
| Financing Activities  | (488,258)            | (885,467)            | (1,624,895)          | (412,863)            | (1,110,017)          |
| Total Cash provided (used) for the Year                     | (2,403,715)          | 112,772              | (69,921)             | 157,180              | 362,040              |
| Financial Results generated<br>by Cash And Cash Equivalents | 995,616              | 847,812              | 164,436              | 188,547              | 77,116               |
| <b>Total Changes in Cash</b>                                | <b>(1,408,099)</b>   | <b>960,585</b>       | <b>94,515</b>        | <b>345,727</b>       | <b>439,156</b>       |

## 5. Statistical data

|  | December 31,<br>2016 | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 | December 31,<br>2012 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Cable TV subscribers <sup>(1) (5)</sup>    | 3,527,674            | 3,532,577            | 3,491,068            | 3,492,480            | 3,404,698            |
| Cable TV homes passed <sup>(2) (5)</sup>   | 7,832,915            | 7,795,404            | 7,514,104            | 7,509,525            | 7,455,898            |
| Cable TV churn ratio                       | 13.8                 | 12.6                 | 13.6                 | 12.7                 | 12.8                 |
| Internet access subscribers <sup>(1)</sup> | 2,182,598            | 2,025,860            | 1,837,672            | 1,711,587            | 1,504,380            |
| Newspaper circulation <sup>(3)</sup>       | 237,116              | 261,699              | 276,466              | 296,704              | 311,699              |
| Canal 13 audience share                    |                      |                      |                      |                      |                      |
| Prime Time <sup>(4)</sup>                  | 34.8                 | 37.3                 | 33.3                 | 35.4                 | 35.9                 |
| Total Time <sup>(4)</sup>                  | 32.0                 | 30.4                 | 26.7                 | 28.0                 | 29.4                 |

(1) Includes companies controlled, directly and indirectly, by Cablevisión (Argentina, Uruguay and Paraguay).

(2) Contemplates the elimination of the overlapping of networks between Cablevisión and subsidiaries (including Multicanal and Teledigital).

(3) Average quantity of newspapers per day (Diario Clarín and Olé), pursuant to the Instituto Verificador de Circulaciones (this figure represents sales in Argentina and abroad).

(4) Share of prime time audience of broadcast television stations in the Metropolitan Area of Buenos Aires, as reported by IBOPE. Prime time is defined as 8:00 PM to 12:00 AM, Monday through Friday. Total time is defined as 12:00 PM to 12:00 AM, Monday through Sunday.

(5) As of December 31, 2016, 2015, 2014 and 2013 it does not include the data corresponding to Cablevisión's subsidiaries in Paraguay.

## 6. Ratios

|  | December 31,<br>2016 | December 31,<br>2015 | December 31,<br>2014 | December 31,<br>2013 | December 31,<br>2012 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Liquidity (current assets / current liabilities)                             | 1.39                 | 0.88                 | 1.05                 | 1.09                 | 1.17                 |
| Solvency (equity / total liabilities)  | 0.63                 | 0.73                 | 0.81                 | 0.82                 | 0.84                 |
| Capital assets<br>(non-current assets / total assets)                        | 0.07                 | 0.66                 | 0.62                 | 0.66                 | 0.69                 |
| Return on equity (net income for the year /<br>average shareholders' equity) | 0.34                 | 0.32                 | 0.19                 | 0.13                 | 0.19                 |

## 7. Outlook

The Company remains committed to informing with independence, to reaching all sectors of society and to supporting the quality and credibility values of its media.

Grupo Clarín's corporate strategy is aimed at maintaining and consolidating its presence in the production of contents, strengthening its presence in the traditional media, with a growing focus on digital media. The Company seeks to leverage its positioning and access to opportunities for growth in the Argentine and regional industry to strengthen and develop its current businesses.

The Company will keep focusing on the core processes that allow for a sustainable and efficient growth from different perspectives: financial structure, management control, business strategy, human resources, innovation and corporate social responsibility.

Signed for identification purposes  
with the report dated March 10, 2017

**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

See our report dated March 10, 2017  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (UBA)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman



## **Independent Auditor's Report**

Free translation from  
the original  
prepared in Spanish

**To the Shareholders, President  
and Directors of Grupo Clarín S.A.  
Legal domicile: Piedras 1743  
Autonomous City of Buenos Aires  
CUIT No 30-70700173-5**

### **Report on the Financial Statements**

We have audited the attached consolidated financial statements of Grupo Clarín S.A. and its controlled subsidiaries (the "Company") which comprise the consolidated balance sheet at December 31, 2016, the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2015 are an integral part of the audited financial statements mentioned above, therefore, they must be considered in connection with these financial statements.

### **Board of Directors' responsibility**

The Board of Directors of the Company is responsible for the reasonable preparation and presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) into its regulations, as adopted by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare consolidated financial statements free from material misstatements due to errors or irregularities.

**Auditor's responsibility**

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs), as adopted in Argentina by the FACPCE through Technical Resolutions No. 32 and its respective Adoption Communications. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the consolidated financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements mentioned in the first paragraph of this report present fairly, in all material respects, the consolidated financial position of Grupo Clarín S.A. and its subsidiaries as of December 31, 2016, its consolidated comprehensive income and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

**Emphasis of Matter paragraph**

Without qualifying our opinion, we would like to emphasize the information contained in Note 8.1.a., 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 decisions cannot be foreseen to date.

**Report on compliance with current regulations**

In accordance with current regulations in respect to Grupo Clarín S.A., we report that:

- a) the consolidated financial statements of Grupo Clarín S.A. have been transcribed to the "Inventory and Balance Sheet" book and comply with the General Associations Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters within our competence;
- b) the parent company only financial statements of Grupo Clarín S.A. arise from accounting records kept in all formal respects in conformity with legal regulations which maintain the security and integrity conditions on the basis of which they were authorized by the Argentine Securities Commission;

c) we have read the supplementary financial information, on which, as regards those matters that are within our competence, we have no observations to make;

d) at December 31, 2016 the debt accrued by Grupo Clarín S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records and calculation amounted to \$3,999,588.68, none of which was claimable at that date;

e) in accordance with the requirements of Article 21°, Subsection b), Chapter III, Section VI, Title II of the regulations of the Argentine Securities Commission, we report that the total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2016 represent:

e.1) 73% on the total fees for services invoiced to the Company for all concepts in that fiscal year;

e.2) 8% on the total fees for audit and related services invoiced to the Company, its parent companies, subsidiaries and affiliates in that fiscal year;

e.3) 6% on the total fees for services invoiced to the Company, its parent companies, subsidiaries and affiliates for all concepts in that fiscal year.

f) we have applied the procedures on prevention of asset laundering and terrorism funding set forth in the relevant professional rules issued by the Professional Council for Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires,  
March 10, 2017

Price Waterhouse & Co. S.R.L.

by **Carlos A. Pace** (Partner)



PARENT  
COMPANY ONLY  
FINANCIAL  
STATEMENTS

339,731,089  
14,256,467  
296,868,894  
508,464,913  
2,958,209,807  
4,117,531,170  
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9,574,670  
14,292,764  
24,701,000  
17,261,662,401  
22,225,026,775  
6,267,787,794



**Parent Company only  
Statement of  
Comprehensive  
Income**

For the years ended  
December 31, 2016 and 2015  
In Argentine Pesos (Ps.)

|   | Notes | December 31, 2016    | December 31, 2015    |
|---|-------|----------------------|----------------------|
| Equity in Earnings from Affiliates and Subsidiaries                                     | 4.3   | 2,061,762,606        | 1,858,636,177        |
| Management fees   |       | 181,950,000          | 162,560,000          |
| Administrative Expenses <sup>(1)</sup>  | 5.1   | (283,211,965)        | (198,684,409)        |
| Other Income and Expenses, net  |       | 8,231,363            | (24,054,643)         |
| Financial Costs   | 5.2   | (95,141,953)         | (87,424,976)         |
| Other Financial Results, net  | 5.3   | 4,741,348            | 44,656,460           |
| Financial Results   |       | (90,400,605)         | (42,768,516)         |
| Income before Income Tax and Tax on Assets  |       | 1,878,331,399        | 1,755,688,609        |
| Income Tax and Tax on Assets  | 6     | (4,715,402)          | (2,070,642)          |
| Net Income from Continuing Operations   |       | 1,873,615,997        | 1,753,617,967        |
| Net Income from Discontinued Operations   | 4.12  | 656,425,835          | 131,311,402          |
| <b>Net Income for the Year</b>  |       | <b>2,530,041,832</b> | <b>1,884,929,369</b> |
| <b>Other Comprehensive Income</b>   |       |                      |                      |
| <b>Items which may be reclassified to net income</b>                                    |       |                      |                      |
| Variation in Translation Differences of Foreign Operations from Continuing Operations   |       | 135,731,445          | 108,676,630          |
| Variation in Translation Differences of Foreign Operations from Discontinued Operations |       | 82,894,462           | 9,766,381            |
| Other Comprehensive Income for the Year   |       | 218,625,907          | 118,443,011          |
| <b>Total Comprehensive Income for the Year</b>  |       | <b>2,748,667,739</b> | <b>2,003,372,380</b> |

(1) Includes depreciation of property, plant and equipment and amortization of intangible assets in the amount of Ps. 1,410,809 and Ps. 821,139 for the years ended December 31, 2016 and 2015, respectively.

The notes are an integral part of these parent company only financial statements.

Signed for identification purposes  
with the report dated March 10, 2017

See our report dated March 10, 2017  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (UBA)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman

## Parent Company only Balance Sheet

As of December 31, 2016,  
and 2015  
In Argentine Pesos (Ps.)

|  | Notes | December 31, 2016     | December 31, 2015    |
|--|-------|-----------------------|----------------------|
| <b>Assets</b>                                      |       |                       |                      |
| <b>Non-Current Assets</b>                          |       |                       |                      |
| Property, Plant and Equipment                      | 4.1   | 6,364,387             | 1,258,776            |
| Intangible Assets                                  | 4.2   | 41,564                | 107,333              |
| Deferred Tax Assets                                | 6     | 21,723,720            | 31,599,563           |
| Investment in Unconsolidated Affiliates            | 4.3   | 3,311,592,293         | 7,613,659,094        |
| Other Receivables                                  | 4.4   | 30,000                | 30,000               |
| <b>Total Non-Current Assets</b>                    |       | <b>3,339,751,964</b>  | <b>7,646,654,766</b> |
| <b>Current Assets</b>                              |       |                       |                      |
| Other Receivables                                  | 4.4   | 157,656,503           | 154,514,369          |
| Other Investments                                  | 4.5   | 84,222,441            | 19,848,419           |
| Cash and Banks                                     | 4.6   | 34,438,063            | 12,193,114           |
| <b>Total Current Assets</b>                        |       | <b>276,317,007</b>    | <b>186,555,902</b>   |
| Assets Held for Distribution to Shareholders       | 4.12  | 6,816,875,217         | -                    |
| <b>Total Assets</b>                                |       | <b>10,432,944,188</b> | <b>7,833,210,668</b> |
| <b>Equity (as per the corresponding statement)</b> |       |                       |                      |
| Shareholders' Contributions                        |       | 2,010,638,503         | 2,010,638,503        |
| Other Items  |       | 755,638,189           | 592,243,638          |
| Accumulated Income                                 |       | 6,860,110,364         | 4,630,068,532        |
| <b>Total Equity</b>                                |       | <b>9,626,387,056</b>  | <b>7,232,950,673</b> |
| <b>Liabilities</b>                                 |       |                       |                      |
| <b>Non-Current Liabilities</b>                     |       |                       |                      |
| Other Liabilities                                  | 4.3   | -                     | 228,553,387          |
| Debt   | 4.7   | 367,813,013           | -                    |
| <b>Total Non-Current Liabilities</b>               |       | <b>367,813,013</b>    | <b>228,553,387</b>   |
| <b>Current Liabilities</b>                         |       |                       |                      |
| Debt   | 4.7   | 3,475,247             | 287,999,976          |
| Taxes Payable                                      | 4.8   | 9,056,387             | 11,239,631           |
| Other Liabilities                                  |       | 818,127               | 25,837,958           |
| Trade Payables and Other                           | 4.9   | 74,257,310            | 46,629,043           |
| <b>Total Current Liabilities</b>                   |       | <b>87,607,071</b>     | <b>371,706,608</b>   |
| Liabilities Held for Distribution to Shareholders  | 4.12  | 351,137,048           | -                    |
| <b>Total Liabilities</b>                           |       | <b>806,557,132</b>    | <b>600,259,995</b>   |
| <b>Total Equity and Liabilities</b>                |       | <b>10,432,944,188</b> | <b>7,833,210,668</b> |

The notes are an integral part of these parent company only financial statements.

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with the report dated March 10, 2017

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Carlos Alberto Pedro Di Candia  
Chairman of the Supervisory Committee

Dr. Carlos A. Pace (Partner)  
Certified Public Accountant (UBA)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

Alejandro A. Urricelqui  
Vice Chairman and acting Chairman

## Parent Company only Statement of Changes in Equity

For the years ended  
December 31, 2016 and 2015  
In Argentine Pesos (Ps.)

|  | Capital Stock      | Adjustment on<br>Capital Stock | Paid-in Capital      |
|--|--------------------|--------------------------------|----------------------|
| Balances as of January 1st 2015                            | 287,418,584        | 309,885,253                    | 1,413,334,666        |
| Set-up of reserves (Note 7.a)                              | -                  | -                              | -                    |
| Dividend Distribution (Note 7.a)                           | -                  | -                              | -                    |
| Changes in Reserves for Acquisition of Investments         | -                  | -                              | -                    |
| Net Income for the Year                                    | -                  | -                              | -                    |
| Other Comprehensive Income:                                |                    |                                |                      |
| Variation in Translation Differences of Foreign Operations | -                  | -                              | -                    |
| <b>Balances as of December 31, 2015</b>                    | <b>287,418,584</b> | <b>309,885,253</b>             | <b>1,413,334,666</b> |
| Set-up of reserves (Note 7.a)                              | -                  | -                              | -                    |
| Dividend Distribution (Note 7.a)                           | -                  | -                              | -                    |
| Changes in Reserves for Acquisition of Investments         | -                  | -                              | -                    |
| Net Income for the Year                                    | -                  | -                              | -                    |
| Other Comprehensive Income:                                |                    |                                |                      |
| Variation in Translation Differences of Foreign Operations | -                  | -                              | -                    |
| <b>Balances as of December 31, 2016</b>                    | <b>287,418,584</b> | <b>309,885,253</b>             | <b>1,413,334,666</b> |

(1) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,884,929,369; (ii) Judicial reserve for future dividend distribution of Ps. 387,028,756, (iii) Optional reserve for illiquidity of results of Ps. 694,371,899, and (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 1,244,277,741.

The notes are an integral part of these parent company only financial statements.

| Shareholders' Contributions | Other Items                       |                     |                    | Accumulated Income               |                      | Total Equity         |
|-----------------------------|-----------------------------------|---------------------|--------------------|----------------------------------|----------------------|----------------------|
|                             | Translation of Foreign Operations | Other Reserves      | Legal Reserve      | <sup>(1)</sup> Optional reserves | Retained Earnings    |                      |
| Subtotal                    |                                   |                     |                    |                                  |                      |                      |
| 2,010,638,503               | 477,454,394                       | (209,686)           | 119,460,767        | 2,071,576,709                    | 804,101,687          | 5,483,022,374        |
| -                           | -                                 | -                   | -                  | 554,101,687                      | (554,101,687)        | -                    |
| -                           | -                                 | -                   | -                  | -                                | (250,000,000)        | (250,000,000)        |
| -                           | -                                 | (3,444,081)         | -                  | -                                | -                    | (3,444,081)          |
| -                           | -                                 | -                   | -                  | -                                | 1,884,929,369        | 1,884,929,369        |
| -                           | 118,443,011                       | -                   | -                  | -                                | -                    | 118,443,011          |
| <b>2,010,638,503</b>        | <b>595,897,405</b>                | <b>(3,653,767)</b>  | <b>119,460,767</b> | <b>2,625,678,396</b>             | <b>1,884,929,369</b> | <b>7,232,950,673</b> |
| -                           | -                                 | -                   | -                  | 1,584,929,369                    | (1,584,929,369)      | -                    |
| -                           | -                                 | -                   | -                  | -                                | (300,000,000)        | (300,000,000)        |
| -                           | -                                 | (55,231,356)        | -                  | -                                | -                    | (55,231,356)         |
| -                           | -                                 | -                   | -                  | -                                | 2,530,041,832        | 2,530,041,832        |
| -                           | 218,625,907                       | -                   | -                  | -                                | -                    | 218,625,907          |
| <b>2,010,638,503</b>        | <b>814,523,312</b>                | <b>(58,885,123)</b> | <b>119,460,767</b> | <b>4,210,607,765</b>             | <b>2,530,041,832</b> | <b>9,626,387,056</b> |

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**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman



## Parent Company only Statements of Cash Flows

For the years ended  
December 31, 2016 and 2015  
In Argentine Pesos (Ps.)

|   | December 31, 2016    | December 31, 2015   |
|---|----------------------|---------------------|
| <b>Cash provided by Operating Activities</b>  |                      |                     |
| Net Income for the Year   | 2,530,041,832        | 1,884,929,369       |
| Income Tax and Tax on Assets  | 4,715,402            | 2,070,642           |
| Accrued Interest, net   | 16,593,740           | 1,687,928           |
| Adjustments to reconcile net income for the year<br>to cash used in operating activities: |                      |                     |
| - Depreciation of Property, Plant and Equipment and<br>Amortization of Intangible Assets  | 1,410,809            | 821,139             |
| - Financial Income, except interest   | 68,755,865           | 36,783,713          |
| - Equity in Earnings from Affiliates and Subsidiaries                                     | (2,061,762,606)      | (1,858,636,177)     |
| - Net Income from Discontinued Operations   | (656,425,835)        | (131,311,402)       |
| - Other Income and Expenses   | 115,853              | -                   |
| Changes in Assets and Liabilities:  |                      |                     |
| - Other Receivables   | (60,609,143)         | (46,675,753)        |
| - Trade Payables and Other  | 24,868,118           | 12,421,986          |
| - Taxes Payable   | (6,198,800)          | 11,536,970          |
| - Other Liabilities   | (24,712,147)         | 736,562             |
| Income Tax and Tax on Assets Payments   | (1,608,744)          | (2,414,702)         |
| <b>Net Cash Flows used in Operating Activities</b>  | <b>(164,815,656)</b> | <b>(88,049,725)</b> |
| <b>Cash provided by Investment Activities</b>   |                      |                     |
| Dividends collected   | 500,373,342          | 343,407,498         |
| Capital contributions in subsidiaries   | (775,789,200)        | (288,595,850)       |
| Payment for Acquisition of Investments  | (10,000)             | -                   |
| Acquisition of Property, Plant and Equipment, net   | (6,450,651)          | (567,690)           |
| Loans and interest collected  | 1,201,377            | 24,290,152          |
| Loans granted   | -                    | (22,300,000)        |
| Transactions with Securities, Bonds and<br>Other Financial Instruments, Net               | 107,499              | 32,201,214          |
| Collection of Certificates of Deposit   | -                    | 31,610,543          |
| <b>Net Cash Flows (used in) / provided by Investing Activities</b>                        | <b>(280,567,633)</b> | <b>120,045,867</b>  |

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|   | December 31, 2016  | December 31, 2015   |
|---|--------------------|---------------------|
| <b>Cash provided by Financing Activities</b>                                |                    |                     |
| - Loans Obtained  | 741,375,247        | 208,075,000         |
| - Payment of Debts  | -                  | (7,500,000)         |
| - Payment of Interest   | (600,626)          | (231,387)           |
| - Payment of Dividends  | (300,000,000)      | (250,000,000)       |
| <b>Net Cash Flows provided by / (used in) Financing Activities</b>          | <b>440,774,621</b> | <b>(49,656,387)</b> |
| <b>Financing Results generated by Cash and Cash Equivalents</b>             | <b>9,398,525</b>   | <b>14,725,546</b>   |
| Net Increase / (Decrease) in cash flow                                      | 4,789,857          | (2,934,699)         |
| Cash from Mergers   | 81,829,114         | -                   |
| Cash and Cash Equivalents at the Beginning of the Year<br>(Note 2.15)       | 32,041,533         | 34,976,232          |
| <b>Cash and Cash Equivalents at the Closing of the Year<br/>(Note 2.15)</b> | <b>118,660,504</b> | <b>32,041,533</b>   |

The notes are an integral part of these parent company only financial statements.

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Vice Chairman and acting Chairman

## Notes to the Parent Company only Financial Statements

For the year ended December 31, 2016  
Presented on a comparative basis  
In Argentine Pesos (Ps.)

### Note 1

#### General Information

Grupo Clarín is a holding company that operates in the Media industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

The operations of its subsidiaries include cable television, Internet access and telephony services, newspaper and other printing, publishing and advertising activities, broadcast television, radio operations and television content production, on-line and new media services, and other media related activities. A substantial portion of its revenues is generated in Argentina.

Note 20 to these Parent Company Only Financial Statements describes the current merger-spin-off process of the Company and certain subsidiaries.

### Note 2

#### Basis for the Preparation and Presentation of the Parent Company only Financial Statements

##### 2.1 Basis for the preparation

Pursuant to General Resolution No. 562 issued on December 29, 2009, entitled “Adoption of International Financial Reporting Standards” and General Resolution No. 576/10, the CNV provided for the application of Technical Resolutions (“TR”) No. 26 and 29 issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE, for its Spanish acronym). Since the Company is subject to the public offering regime governed by Law No. 26,831, it is required to apply such standards as from the year beginning January 1st, 2012. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

Technical Resolution No. 43 “Amendment of Technical Resolution No. 26”, effective for fiscal years beginning on or after January 1, 2016, sets out that parent company only financial statements shall be prepared fully in accordance with IFRS without applying any changes, i.e. complying with the full contents of those standards as issued by the IASB and with the mandatory or guiding provisions

established by IASB in each document. That Resolution provides that for its disclosure in parent company only financial statements of entities that are required to present consolidated financial statements, the investments in subsidiaries, joint ventures and associates shall be valued under the equity method as set out by IFRS.

In preparing these parent company only financial statements for the year ended December 31, 2016, presented on a comparative basis, the Company has followed the guidelines provided by TR 43, and, therefore, these financial statements have been prepared in accordance with IFRS. Certain additional matters were included as required by the Argentine Business Associations Law and/or CNV regulations, including the supplementary information provided under 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 parent company only financial statements, as provided under IFRS and CNV rules.

The interim condensed parent company only financial statements have been prepared based on historical cost, except for the measurement at fair value of certain non-current assets and financial instruments. In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

IAS 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) 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 period and details a series of factors that may indicate that an economy is hyperinflationary. Based on the guidelines of IAS 29, there is not enough evidence to conclude that Argentina was a hyperinflationary economy in 2016 and, therefore, the Company did not apply the restatement criteria to the financial information for the years reported as established under IAS 29.

Certain figures reported in the financial statements presented on a comparative basis were reclassified in order to maintain the consistency in the disclosure of the figures corresponding to this year.

The attached information, approved by the Board of Directors at the meeting held on March 10, 2017, is presented in Argentine Pesos (Ps.), the Argentine legal tender, and arises from accounting records kept by Grupo Clarín S.A.

## **2.2 Standards and Interpretations issued but not adopted to date**

The Company has not adopted IFRS or revisions of IFRS issued as per the detail below, since their application is not required for the year ended December 31, 2016:

- 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.

- IFRS 15 "Revenue from 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. It provides a single, principles based five-step model to be applied to all contracts with customers.

- IFRS 16 "Leases": issued in January 2016 and applicable to fiscal years beginning on or after January 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases.

As of the date of these financial statements, the Company cannot estimate its quantitative 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 regulations have been issued that may be applicable to the Company for this year.

## **2.4 Equity Interests**

The Company records the interest in its subsidiaries and associates using the equity method, as established by TR 26.

A subsidiary is an entity over which the Company exercises control. 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 evidenced by the votes, be it that the Company has the majority of voting rights or potential rights currently exercised.

An associate is an entity over which the Company has significant influence, without exerting control, generally accompanied by equity holdings of between 20% and 50% of voting rights.

The subsidiaries' and associates' net income and the assets and liabilities are disclosed in the financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, the investment in a subsidiary or 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 comprehensive income for the year or in other comprehensive income obtained by the subsidiary or associate, after the acquisition date. The distributions received from the subsidiary or associate will reduce the book value of the investment.

The losses incurred by an associate in excess of the Company's interest in such company are recognized to the extent the Company has undertaken any legal or implicit obligation or has made payments on behalf of the associate.

Any excess of the acquisition cost 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. 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 net income.

Unrealized gains or losses on transactions between the Company and its subsidiaries and



the associates are eliminated considering the Company's interest in those companies.

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

#### **2.4.1 Changes in the Company's Interests in Existing Subsidiaries**

The changes in the Company's interests in subsidiaries that do not generate a loss of control are recorded under equity. The book value of the Company's interests is adjusted to reflect the changes in the relative interest in the subsidiary. Any difference between the amount for which an additional investment is recorded and the fair value of the consideration paid or received is directly recognized in equity.

In case of loss of control and significant influence, any residual interest in the issuing company is measured at its fair value at such date, allocating the change in the recorded value with an impact on net income. The fair value is the initial amount recognized for such investments for the purposes of its subsequent valuation for the interest retained as associate, joint operation or financial instrument. Additionally any amount previously recognized in Other Comprehensive Income regarding such investments is recognized as if the Company had disposed of the related assets and liabilities. Consequently, the amounts previously recognized in Other Comprehensive Income may be reclassified to net income.

#### **2.5 Business Combinations**

The Company applies the acquisition method to account 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 company acquired. 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, verified within the measurement period, are adjusted against the acquisition cost.

The measurement period is the actual period that begins on the acquisition date and ends as soon as the Company receives all the information it was seeking about facts and circumstances that existed as of the acquisition date. The measurement period cannot exceed one year from 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 net income. Changes in the fair value of the contingent consideration classified as equity are not recognized.

In the case of business combinations achieved in stages, the Company's equity interest in the company acquired is remeasured at fair value at the acquisition date (i.e., the date on which the Company acquired control) and the resulting gain or loss, if any, is recognized as income/expense or in other comprehensive income, depending on the origin of the variation. In the periods preceding the reporting periods, the Company may have recognized in other comprehensive income the changes in the value of the interest in the capital stock of the acquired company. In that case, the amount recognized in other comprehensive income is recognized on the same basis that would have been required if the Company had directly disposed of the previously-held equity interest.

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 (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 net income.

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

## 2.6 Goodwill

Goodwill arises from the acquisition of subsidiaries and associates and refers to the excess of the sum of the consideration transferred, the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the interest acquired in the net amount of the fair value at the date of acquisition of the identifiable assets acquired and liabilities assumed.

If, upon measurement at fair value, the Company's share in the fair value of net identifiable assets of the acquired company exceeds the amount of the consideration transferred, the amount of any non-controlling interest in such company and the fair value of the acquirer's previous equity interest in the acquiree (if any), such excess is immediately recognized in the statement of comprehensive income as a gain arising from a very profitable acquisition.

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 indication 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 the subsidiary, the amount attributable to goodwill is included in the calculation of the corresponding gain or loss.

## 2.7 Revenue Recognition

Management fees are recognized when such services are rendered at the fair value of the consideration received or to be received.

## 2.8 Foreign Currency and Functional Currency

The financial statements of each of the Company's subsidiaries or associates are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the Company's Parent Company Only 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.

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.

Exchange differences are charged to net income as incurred.

In preparing the Company's parent company only financial statements, in order to measure, under the equity method, the Company's interest in the entities which functional currencies is different from the Argentine Peso, the assets and liabilities of such companies 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".

## 2.9 Taxes

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

### 2.9.1 Current and Deferred Income Tax for the year

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 directly to 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.

### **2.9.2 Current Income Tax**

Current tax payable is based on the taxable income recorded during the year. Taxable income and net income reported in the parent company only 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 current tax liability is calculated using the tax rate in effect as of the date of these parent company only financial statements.

### **2.9.3 Deferred Income Tax**

Deferred tax is recognized on temporary differences between the book value of the assets and liabilities included in these 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 likely 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 likely that sufficient taxable income will be available in the future to allow for the recovery of all or part of the asset.

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 effective regulations allow 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 income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

### **2.9.4 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 parent company only financial statements, net of a valuation allowance, based on the Company's current business plans.

### **2.10 Property, Plant and Equipment and Intangible Assets**

Property, plant and equipment held for use in the supply of services, or for administrative purposes, are recorded at cost less accumulated depreciation and any accumulated impairment loss.

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.

Repair and maintenance expenses are expensed as incurred.

The gain or loss arising from the retirement or disposal of an item of property, plant and equipment 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 parent company only 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 2.11).

Intangible assets comprise software and 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.

#### **2.11 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 indication 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.

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.

During this year, no impairment losses have been recorded for these assets.

## **2.12 Financial Instruments**

### **2.12.1 Financial Assets**

Purchases and sales of financial assets 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.

#### **2.12.1.1 Classification of Financial Assets**

Financial assets are classified within the following specific categories: "financial assets at fair value with changes in net income", "held-to-maturity investments" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

#### **2.12.1.2 Recognition and Measurement of Financial Assets**

##### **2.10.1.2.1 Financial Assets at Fair Value with Changes in Net Income**

Financial assets at fair value with changes in net income are recorded at fair value, recognizing any gain or loss arising from the measurement in the parent company only statement of comprehensive income. The net gain or loss recognized in net income includes any gain or loss generated by the financial asset and is included under the item financial income and cost in the parent company only statement of comprehensive income.

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

The fair value of these assets is calculated based on the current quoted market price of these securities.



#### **2.12.1.2.2 Held-to-maturity Investments**

Held-to-maturity investments are measured at amortized cost using the effective interest rate method less any impairment, if any.

The effective interest rate method calculates the amortized cost of a financial asset or liability and the allocation of financial income or cost over the whole corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net book value of the financial asset or liability on its initial recognition.

Balances in foreign currency were translated at the exchange rate prevailing at the closing of year for the settlement of these transactions. Foreign exchange differences were charged to net income for each year.

#### **2.12.1.2.3 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 are initially measured at fair value, 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 assets, except for the maturities exceeding 12 months from the closing date.

Loans in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year-end. Foreign exchange differences were charged to net income for each year.

#### **2.12.1.3 Impairment of Financial Assets**

The Company tests financial assets or a group of assets for impairment at each closing date 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.

The Company tests for impairment financial assets disclosed under Other Receivables on a case by case basis.

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 net 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 net income for the year.

#### **2.12.1.4 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.

#### **2.12.2 Financial Liabilities**

Financial liabilities are valued at amortized cost using the effective interest rate method.

### 2.12.2.1 Debts

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 charged to the parent company only statement of comprehensive income under "Financial Costs".

### 2.12.2.2 Trade Payables and Other

Trade payables with fixed or determinable payments not traded in an active market are classified as "Trade Payables and Other". Trade Payables and Other 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 Payables and Other are classified as current, except for the maturities exceeding 12 months from the closing date.

Trade payables in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year end. Foreign exchange differences were charged to net income for each year.

### 2.12.2.3 Derecognition of Financial Liabilities

An entity shall derecognize a financial liability (or part of it) when, and only when, it has been extinguished, i.e., when the obligation specified in the corresponding agreement is discharged, cancelled or expires.

### 2.13 Other Liabilities

The other liabilities have been valued at nominal value.

### 2.14 Assets and Liabilities Held for Distribution to Shareholders

Non-current assets and liabilities (or disposal groups) are classified as assets and liabilities held for distribution to shareholders when an entity undertakes to distribute them to its shareholders, to the extent such distribution is highly likely to occur and they are available for immediate distribution in their then current conditions.

### 2.15 Parent Company Only Statement of Cash Flows

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

Bank overdrafts are classified as "Debt" in the parent company only balance sheet.

Cash and cash equivalents at each year-end, as disclosed in the parent company only statement of cash flows, may be reconciled against the items related to the parent company only balance sheet as follows:

|                                  | December 31, 2016  | December 31, 2015 |
|----------------------------------|--------------------|-------------------|
| Cash and Banks                   | 34,438,063         | 12,193,114        |
| Short-Term Investments           | 84,222,441         | 19,848,419        |
| <b>Cash and Cash Equivalents</b> | <b>118,660,504</b> | <b>32,041,533</b> |

In the years ended December 31, 2016 and 2015, the following significant transactions were carried out, which did not have an impact on cash and cash equivalents:

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Capital contributions in subsidiaries through debt settlement | 55,176,000        | 8,000,000         |

### **2.16 Distribution of Dividends**

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 by the Shareholders.

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## **Note 3**

### **Accounting Estimates and Judgments**

In applying the accounting policies 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 year in which estimates are reviewed.

These estimates basically refer to:

#### **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.

During this year, no impairment losses have been recorded for goodwill.

### **Recognition and Measurement of Deferred Tax Items**

As disclosed in Note 2.9, deferred tax assets are only recognized for temporary differences to the extent that it is likely that the entity will have enough future taxable income against which the deferred tax assets can be used. Tax loss carryforwards from prior years are only recognized when it is likely that the entity will have enough future taxable income against which they can be used.

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.

### **Determination of the Useful Lives of Property, Plant and Equipment**

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

### **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 no 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, otherwise, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and makes assumptions based on market conditions at closing.

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## Note 4

### Breakdown of the Main Items of the Parent Company only Balance Sheet

#### 4.1 Property, Plant and Equipment

| Main Account                         |                          |                  |             | Historical value                 |
|--------------------------------------|--------------------------|------------------|-------------|----------------------------------|
|                                      | Balance at the Beginning | Additions        | Retirements | Balances as of December 31, 2016 |
| Furniture and Fixtures               | 574,796                  | 134,667          | -           | 709,463                          |
| Audio and Video Equipment            | 153,062                  | 60,146           | -           | 213,208                          |
| Telecommunication Equipment          | 284,337                  | 19,190           | -           | 303,527                          |
| Computer Equipment                   | 6,770,773                | 4,414,452        | -           | 11,185,225                       |
| Improvements in Third-Party Property | -                        | 1,822,196        | -           | 1,822,196                        |
| <b>Total as of December 31, 2016</b> | <b>7,782,968</b>         | <b>6,450,651</b> | <b>-</b>    | <b>14,233,619</b>                |

| Main Account                         | Useful Life (in years) |                          |             |                  | Depreciation                     | Net Book Value as of December 31, 2016 |
|--------------------------------------|------------------------|--------------------------|-------------|------------------|----------------------------------|--|
|                                      |                        | Balance at the Beginning | Retirements | For the year     | Balances as of December 31, 2016 |  |
| Furniture and Fixtures               | 10                     | 315,762                  | -           | 53,806           | 369,568                          | 339,895                                |
| Audio and Video Equipment            | 5                      | 120,247                  | -           | 15,796           | 136,043                          | 77,165                                 |
| Telecommunication Equipment          | 5                      | 167,935                  | -           | 39,359           | 207,294                          | 96,233                                 |
| Computer Equipment                   | 3                      | 5,920,248                | -           | 1,236,079        | 7,156,327                        | 4,028,898                              |
| Improvements in Third-Party Property | 10                     | -                        | -           | -                | -                                | 1,822,196                              |
| <b>Total as of December 31, 2016</b> |                        | <b>6,524,192</b>         | <b>-</b>    | <b>1,345,040</b> | <b>7,869,232</b>                 | <b>6,364,387</b>                       |



| Main Account                         | Balance at the Beginning | Additions      | Retirements | Historical value                 |
|--------------------------------------|--------------------------|----------------|-------------|----------------------------------|
|                                      |                          |                |             | Balances as of December 31, 2015 |
| Furniture and Fixtures               | 443,518                  | 131,279        | -           | 574,797                          |
| Audio and Video Equipment            | 122,179                  | 30,883         | -           | 153,062                          |
| Telecommunication Equipment          | 218,091                  | 66,245         | -           | 284,336                          |
| Computer Equipment                   | 6,431,490                | 339,283        | -           | 6,770,773                        |
| <b>Total as of December 31, 2015</b> | <b>7,215,278</b>         | <b>567,690</b> | <b>-</b>    | <b>7,782,968</b>                 |

| Main Account                         | Useful Life (in years) | Balance at the Beginning | Retirements | For the year   | Depreciation                     | Net Book Value as of December 31, 2015 |
|--------------------------------------|------------------------|--------------------------|-------------|----------------|----------------------------------|--|
|                                      |                        |                          |             |                | Balances as of December 31, 2015 |  |
| Furniture and Fixtures               | 10                     | 270,308                  | -           | 45,454         | 315,762                          | 259,035                                |
| Audio and Video Equipment            | 5                      | 114,692                  | -           | 5,555          | 120,247                          | 32,815                                 |
| Telecommunication Equipment          | 5                      | 137,894                  | -           | 30,041         | 167,935                          | 116,401                                |
| Computer Equipment                   | 3                      | 5,270,428                | -           | 649,820        | 5,920,248                        | 850,525                                |
| <b>Total as of December 31, 2015</b> |                        | <b>5,793,322</b>         | <b>-</b>    | <b>730,870</b> | <b>6,524,192</b>                 | <b>1,258,776</b>                       |

## 4.2 Intangible Assets

| Main Account                         | Balance at the Beginning | Additions | Retirements | Historical value                 |
|--------------------------------------|--------------------------|-----------|-------------|----------------------------------|
|                                      |                          |           |             | Balances as of December 31, 2016 |
| Software                             | 406,468                  | -         | -           | 406,468                          |
| <b>Total as of December 31, 2016</b> | <b>406,468</b>           | <b>-</b>  | <b>-</b>    | <b>406,468</b>                   |

| Main Account                         | Amortization Period (in years) | Balance at the Beginning | Retirements | For the year  | Amortization                     | Net Book                      |
|--------------------------------------|--------------------------------|--------------------------|-------------|---------------|----------------------------------|-------------------------------|
|                                      |                                |                          |             |               | Balances as of December 31, 2016 | Value as of December 31, 2016 |
| Software                             | 3                              | 299,135                  | -           | 65,769        | 364,904                          | 41,564                        |
| <b>Total as of December 31, 2016</b> |                                | <b>299,135</b>           | <b>-</b>    | <b>65,769</b> | <b>364,904</b>                   | <b>41,564</b>                 |

| Main Account                         | Balance at the Beginning | Additions | Retirements | Historical value                 |
|--------------------------------------|--------------------------|-----------|-------------|----------------------------------|
|                                      |                          |           |             | Balances as of December 31, 2015 |
| Software                             | 406,468                  | -         | -           | 406,468                          |
| <b>Total as of December 31, 2015</b> | <b>406,468</b>           | <b>-</b>  | <b>-</b>    | <b>406,468</b>                   |

| Main Account                         | Amortization Period (in years) | Balance at the Beginning | Retirements | For the year  | Amortization                     | Net Book                      |
|--------------------------------------|--------------------------------|--------------------------|-------------|---------------|----------------------------------|-------------------------------|
|                                      |                                |                          |             |               | Balances as of December 31, 2015 | Value as of December 31, 2015 |
| Software                             | 3                              | 208,866                  | -           | 90,269        | 299,135                          | 107,333                       |
| <b>Total as of December 31, 2015</b> |                                | <b>208,866</b>           | <b>-</b>    | <b>90,269</b> | <b>299,135</b>                   | <b>107,333</b>                |

### 4.3. Investment in Unconsolidated Affiliates

|                                      | Class  | Nominal Value | Number        | Value recorded as of December 31, 2016 <sup>(1)</sup> |
|--------------------------------------|--------|---------------|---------------|---|
| <b>Non-Current Investments</b>       |        |               |               |   |
| SHOSA <sup>(6)</sup>                 | -      | -             | -             | -   |
| - Goodwill                           |        |               |               | -   |
| Vistone <sup>(6)</sup>               | -      | -             | -             | -   |
| VLG <sup>(5)</sup>                   | -      | -             | -             | -   |
| - Goodwill                           |        |               |               | -   |
| CVB <sup>(6)</sup>                   | -      | -             | -             | -   |
| CLC <sup>(6)</sup>                   | -      | -             | -             | -   |
| Cablevisión <sup>(5)</sup>           | Common | Ps. 10,000    | 41,207        | -   |
| Pem S.A.                             | Common | Ps. 1         | 1             | 2   |
| AGEA                                 | Common | Ps. 1         | 1,397,974,126 | 1,401,922,086   |
| AGR                                  | Common | Ps. 1         | 68,630,128    | 33,892,206  |
| CIMECO                               | Common | Ps. 1         | 37,412,958    | 51,926,349  |
| - Goodwill                           |        |               |               | 58,837,707  |
| CMI                                  | Common | Ps. 1         | 98            | 370,572   |
| ARTEAR.                              | Common | Ps. 1         | 57,747,859    | 1,146,222,082   |
| IESA                                 | Common | Ps. 1         | 36,792,441    | 178,887,402   |
| Radio Mitre                          | Common | Ps. 1         | 63,555,121    | 153,489,032   |
| GC Services                          | -      | -             | -             | 36,131,665  |
| GCGC                                 | Common | Ps. 1         | 29,382,546    | 24,102,843  |
| CMD                                  | Common | Ps. 1         | 236,475,711   | 124,820,353   |
| GC Minor                             | Common | Ps. 1         | 44,878,808    | 59,675,143  |
| GCSA Investments                     | -      | -             | -             | 41,314,851  |
| <b>Total</b>                         |        |               |               | <b>3,311,592,293</b>                                  |
| <b>Other Non-Current Liabilities</b> |        |               |               |   |
| GCSA Equity <sup>(5)</sup>           | -      | -             | -             | -   |
| GCSA Investments                     | -      | -             | -             | -   |
| <b>Total</b>                         |        |               |               | <b>-</b>  |

(1) In certain cases, the equity value does not correspond to the related shareholders' equity due to: (i) the adjustment of the equity value to the Company's accounting policies, as required by professional accounting standards, (ii) the elimination of goodwill generated by transactions between companies under the Company's common control, (iii) the existence of irrevocable contributions, and (iv) adjustments to fair market value of net assets for acquisitions made by the Company.

(2) Interest in votes amounts to 98.6%.

(3) Companies through which an interest is held in Cablevisión S.A.

(4) Interest in votes amounts to 23.2%.

(5) See Notes 4.12 and 20.

(6) Companies merged into Grupo Clarín as of October 1, 2016.

See Note 20.

| Value recorded<br>as of<br>December 31,<br>2015 <sup>(1)</sup> | Information about the issuer - Latest financial statements  |            |               |               |                |                       |
|--|---|------------|---------------|---------------|----------------|-----------------------|
|  | Main business activity  | Date       | Capital Stock | Net Income    | Equity         | Interest (%)          |
| 2,096,242,048  |   |            |               |               |                |                       |
| 495,735,087  |   |            |               |               |                |                       |
| 1,812,180,848  |   |            |               |               |                |                       |
| 389,870,737  | Investing and financing   | 12.31.2016 | 4,312,088,966 | 2,047,880,779 | 5,829,944,341  | 50.00%                |
| 100,503,301  |   |            |               |               |                |                       |
| 417,745,017  |   |            |               |               |                |                       |
| 104,185,145  |   |            |               |               |                |                       |
| -  | Cable Television - Community<br>Antenna - Telecommunications<br>Services - Investment in<br>Unconsolidated Affiliates | 12.31.2016 | 1,200,000,000 | 4,045,337,263 | 11,281,523,267 | 34.34%                |
| 2  | Investing   | 12.31.2016 | 13,558,511    | 21,613,349    | 55,498,206     | 0.00%                 |
| 981,593,719  | Publishing and Printing   | 12.31.2016 | 1,441,374,151 | (291,468,599) | 1,445,311,611  | 96.99%                |
| 12,267,500   | Printing  | 12.31.2016 | 308,959,139   | (157,656,326) | 158,058,949    | 22.21%                |
| 47,749,185   | Investing and financing   | 12.31.2016 | 180,479,453   | 39,759,610    | 389,063,771    | <sup>(4)</sup> 20.70% |
| 58,837,707   |   |            |               |               |                |                       |
| 314,895  | Advertising   | 12.31.2016 | 12,000        | 6,817,481     | 45,376,064     | 0.80%                 |
| 671,142,681  | Broadcasting Services   | 12.31.2016 | 59,611,118    | 564,328,308   | 1,282,124,913  | <sup>(2)</sup> 96.87% |
| 178,927,125  | Investing and financing   | 12.31.2016 | 38,325,795    | 67,198,241    | 187,467,744    | 96.00%                |
| 87,636,324   | Broadcasting Services   | 12.31.2016 | 65,413,136    | 68,522,103    | 161,093,515    | 97.15%                |
| 29,610,115   | Investing and financing   | 12.31.2016 | 19,075,942    | 6,521,550     | 36,131,665     | 100%                  |
| 30,848,312   | Services  | 12.31.2016 | 30,291,285    | (6,413,148)   | 24,848,290     | 97.00%                |
| 63,576,405   | Investing and services  | 12.31.2016 | 236,475,711   | (78,183,460)  | 170,059,302    | 100%                  |
| 34,692,941   | Investing and financing   | 12.31.2016 | 47,237,879    | (2,753,577)   | 63,305,689     | 95.00%                |
| -  | Investing and financing   | 12.31.2016 | 10,692,306    | 268,551,560   | 31,198,693     | 100%                  |
| <b>7,613,659,094</b>   |   |            |               |               |                |                       |
| -  | Investing and financing   | 12.31.2016 | 1,504         | (351,138,552) | (351,137,048)  | 100%                  |
| 228,553,387  |   |            |               |               |                |                       |
| <b>228,553,387</b>   |   |            |               |               |                |                       |



Equity in Earnings from Affiliates and Subsidiaries

|                        | December 31, 2016    | December 31, 2015    |
|------------------------|----------------------|----------------------|
| SHOSA <sup>(1)</sup>   | 910,610,950          | 711,870,001          |
| Vistone <sup>(1)</sup> | 636,879,569          | 501,336,206          |
| CVB <sup>(1)</sup>     | 154,141,907          | 121,612,468          |
| CLC <sup>(1)</sup>     | 35,824,420           | 28,894,577           |
| AGEA                   | (272,523,761)        | (22,528,937)         |
| CIMECO                 | 7,549,067            | 8,680,083            |
| GCSA Investments       | (50,781,904)         | (108,649,310)        |
| ARTEAR.                | 551,172,125          | 500,638,600          |
| IESA                   | 65,229,860           | 73,204,432           |
| Radio Mitre            | 65,852,708           | 20,685,835           |
| GCGC                   | (6,583,239)          | 9,254,050            |
| CMD                    | (26,108,364)         | (3,562,368)          |
| GC Services            | 6,521,550            | 10,261,919           |
| Other                  | (16,022,282)         | 6,938,621            |
|                        | <b>2,061,762,606</b> | <b>1,858,636,177</b> |

(1) Equity in Earnings from these subsidiaries include the effect of the direct and indirect interests held by those subsidiaries in Cablevisión until September 30, 2016, as mentioned in Note 20.

4.4 Other Receivables

|                                       | December 31, 2016  | December 31, 2015  |
|---------------------------------------|--------------------|--------------------|
| Non-Current                           |                    |                    |
| Guarantee Deposits                    | 30,000             | 30,000             |
| Tax on assets                         | 33,853,449         | 33,849,411         |
| Valuation Allowance for Tax on Assets | (33,853,449)       | (33,849,411)       |
|                                       | <b>30,000</b>      | <b>30,000</b>      |
| Current                               |                    |                    |
| Related Parties (Note 8)              | 148,303,413        | 150,911,085        |
| Tax Credits                           | 2,554,573          | 2,430,910          |
| Advances                              | 3,887,337          | 758,609            |
| Dividend Receivable (Note 8)          | 2,160,068          | 11,311             |
| Judicial Liens                        | 482,017            | 272,600            |
| Other                                 | 269,095            | 129,854            |
|                                       | <b>157,656,503</b> | <b>154,514,369</b> |

On October 1, 2015, the Company executed a loan agreement for consideration with a related company for USD 2 million, at an annual rate of 9.375%, due in April 2016. On December 3, 2015, the related company prepaid in full principal and interest on the loan agreement for consideration.

#### 4.5 Other Investments

|              | December 31, 2016 | December 31, 2015 |
|--------------|-------------------|-------------------|
| Money Market | 24,883,519        | 19,848,419        |
| Mutual Funds | 59,338,922        | -                 |
|              | <b>84,222,441</b> | <b>19,848,419</b> |

#### 4.6 Cash and Banks

|                            | December 31, 2016 | December 31, 2015 |
|----------------------------|-------------------|-------------------|
| Cash and Imprest Funds     | 523,900           | 420,050           |
| Cash at Banks              | 3,914,163         | 11,773,064        |
| Securities to be deposited | 30,000,000        | -                 |
|                            | <b>34,438,063</b> | <b>12,193,114</b> |

#### 4.7 Debt

|                          | December 31, 2016  | December 31, 2015  |
|--------------------------|--------------------|--------------------|
| Non-Current              |                    |                    |
| Related Parties (Note 8) | 367,813,013        | -                  |
|                          | <b>367,813,013</b> | -                  |
| Current                  |                    |                    |
| Bank Overdraft           | 3,475,247          | -                  |
| Related Parties (Note 8) | -                  | 287,999,976        |
|                          | <b>3,475,247</b>   | <b>287,999,976</b> |

The following table details the changes in loans and indebtedness for the years ended December 31, 2016 and 2015:

|   | 2016               | 2015               |
|---|--------------------|--------------------|
| Balances as of January 1st                          | 287,999,976        | 231,387            |
| New Loans and Indebtedness                          | 741,375,247        | 208,075,000        |
| Accrued Interest                                    | 19,226,470         | 6,077,468          |
| Exchange Differences                                | 75,915,483         | 81,347,508         |
| Taxes   | 3,821,124          | -                  |
| Settlement of principal and interest <sup>(1)</sup> | (757,050,040)      | (7,731,387)        |
| <b>Balances as of December 31</b>                   | <b>371,288,260</b> | <b>287,999,976</b> |

(1) Includes Ps. 756,708,595 that was cancelled as a result of the reorganization process mentioned in Note 20.

As of December 31, 2016, the Company holds a loan with a related company for USD 23 million, due in June 2021. That loan accrues interest at an annual rate of 6.5%, which may be capitalized on a semi-annual basis in June and December of each year. The first capitalization will be in June 2017.

#### 4.8 Taxes Payable

|                                     | December 31, 2016 | December 31, 2015 |
|-------------------------------------|-------------------|-------------------|
| Current                             |                   |                   |
| Taxes Payable on a National Level   | 8,248,597         | 10,619,121        |
| Taxes Payable on a Provincial Level | 807,790           | 620,510           |
|                                     | <b>9,056,387</b>  | <b>11,239,631</b> |

#### 4.9 Trade Payables and Other

|                                | December 31, 2016 | December 31, 2015 |
|--------------------------------|-------------------|-------------------|
| Current                        |                   |                   |
| Suppliers and Trade Provisions | 16,686,264        | 13,470,749        |
| Related Parties (Note 8)       | 3,863,800         | 2,178,648         |
| Employer's Contributions       | 53,707,246        | 30,979,646        |
|                                | <b>74,257,310</b> | <b>46,629,043</b> |

#### 4.10 Assets and Liabilities in Foreign Currency

| Items                                | December 31, 2016                   |                          |                          | December 31, 2015                   |                          |
|--------------------------------------|-------------------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|
|                                      | Type and Amount of Foreign Currency | Prevailing Exchange Rate | Amount in Local Currency | Type and Amount of Foreign Currency | Amount in Local Currency |
| <b>Assets</b>                        |                                     |                          |                          |                                     |                          |
| <b>Current Assets</b>                |                                     |                          |                          |                                     |                          |
| Other Receivables                    | USD 1,090                           | 15.79                    | 17,211                   | USD 1,090                           | 14,105                   |
| Other Investments                    | USD 1,575,904                       | 15.79                    | 24,883,519               | USD 1,533,881                       | 19,848,419               |
| Cash and Banks                       | USD 79,049                          | 15.79                    | 1,248,190                | USD 101,142                         | 1,308,774                |
| <b>Total Current Assets</b>          |                                     |                          | <b>26,148,920</b>        |                                     | <b>21,171,298</b>        |
| <b>Total Assets</b>                  |                                     |                          | <b>26,148,920</b>        |                                     | <b>21,171,298</b>        |
| <b>Liabilities</b>                   |                                     |                          |                          |                                     |                          |
| <b>Non-Current Liabilities</b>       |                                     |                          |                          |                                     |                          |
| Debt                                 | USD 23,147,452                      | 15.89                    | 367,813,013              | -                                   | -                        |
| <b>Total Non-Current Liabilities</b> |                                     |                          | <b>367,813,013</b>       |                                     | <b>-</b>                 |
| <b>Current Liabilities</b>           |                                     |                          |                          |                                     |                          |
| Debt                                 | -                                   | -                        | -                        | USD 22,065,151                      | 287,729,565              |
| <b>Total Current Liabilities</b>     |                                     |                          |                          |                                     | <b>287,729,565</b>       |
| <b>Total Liabilities</b>             |                                     |                          | <b>367,813,013</b>       |                                     | <b>287,729,565</b>       |

USD - US Dollars

#### 4.11 Changes in Allowances

| Items   | Balance at the    |                           | Balances from |                             | Balances as of     | Balances as of    |
|---|-------------------|---------------------------|---------------|-----------------------------|--------------------|-------------------|
|   | Beginning         | Increases                 | Mergers       | Decreases                   | December 31, 2016  | December 31, 2015 |
| <b>Deducted from Assets</b>                     |                   |                           |               |                             |                    |                   |
| Valuation Allowance for Net Deferred Tax Assets | 26,761,408        | <sup>(1)</sup> 62,783,384 | -             | -                           | 89,544,792         | 26,761,408        |
| Valuation Allowance for Tax on Assets           | 33,849,411        | <sup>(1)</sup> 5,869,160  | 32,838        | (5,897,960)                 | 33,853,449         | 33,849,411        |
| Allowance for Goodwill Impairment               | 28,432,495        | -                         | -             | <sup>(2)</sup> (28,432,495) | -                  | 28,432,495        |
| <b>Total</b>                                    | <b>89,043,314</b> | <b>68,652,544</b>         | <b>32,838</b> | <b>(34,330,455)</b>         | <b>123,398,241</b> | <b>89,043,314</b> |

(1) Charged to Income Tax and Tax on Assets

(2) Reclassification as Assets Held for Distribution to Shareholders.

#### 4.12 Assets and liabilities held for distribution to shareholders and Discontinued operations

As described in Note 20 to the parent company only financial statements as of December 31, 2016, the Company's interest in Cablevisión, VLG and in GCSA Equity and certain assets and liabilities of the Company have been classified as of that date as "Assets held for distribution to shareholders" and as "Liabilities

held for distribution to shareholders", respectively, as required under IFRS.

The following is a detail of those assets and liabilities disclosed under "Assets held for distribution to shareholders" and "Liabilities held for distribution to shareholders" as of December 31, 2016 (in millions of Argentine Pesos):

|  | December 31, 2016 |
|--|-------------------|
| <b>Assets</b>  |                   |
| <b>Non-Current Assets</b>                                      |                   |
| Deferred Tax Assets  | 11                |
| Investments in Unconsolidated Affiliates <sup>(1)</sup>        | 6,806             |
| <b>Total Non-Current Assets</b>                                | <b>6,817</b>      |
| <b>Total Assets Held for Distribution to Shareholders</b>      | <b>6,817</b>      |
| <b>Liabilities</b>   |                   |
| <b>Non-Current Liabilities</b>                                 |                   |
| Other Liabilities <sup>(2)</sup>                               | 351               |
| <b>Total Non-Current Liabilities</b>                           | <b>351</b>        |
| <b>Total Liabilities Held for Distribution to Shareholders</b> | <b>351</b>        |

(1) Corresponds to the interest in VLG and Cablevisión.

(2) Corresponds to the interest in GCSA Equity.



In connection with the same situations mentioned above, the following is a detail of the results for the years ended December 31, 2016 and 2015, classified as discontinued

operations corresponding to Equity in earnings from Cablevisión, VLG and GCSA Equity (in millions of Argentine Pesos):

|  | December 31, 2016 | December 31, 2015 |
|--|-------------------|-------------------|
| Cablevisión                                    | 289               | -                 |
| VLG  | 398               | 131               |
| GCSA Equity                                    | (31)              | -                 |
| <b>Net Income from Discontinued Operations</b> | <b>656</b>        | <b>131</b>        |

## Note 5

### Breakdown of the Main Items of the Parent Company only Statement of Comprehensive Income

#### 5.1 Information Required under Section 64, Subsection b) of Law No. 19,550

| Item   | Administrative Expenses |                    |
|--|-------------------------|--------------------|
|  | December 31, 2016       | December 31, 2015  |
| Salaries, Social Security and Benefits to Personnel <sup>(1)</sup> | 163,789,784             | 109,277,845        |
| Supervisory Committee's fees                                       | 1,649,999               | 1,494,000          |
| Fees for services <sup>(2)</sup>                                   | 69,875,256              | 56,752,174         |
| Taxes, Duties and Contributions                                    | 9,517,973               | 8,522,305          |
| Other personnel expenses   | 5,256,285               | 2,578,722          |
| General expenses   | 367,069                 | 194,621            |
| IT expenses  | 1,613,278               | 1,674,750          |
| Maintenance Expenses   | 4,736,803               | 3,217,545          |
| Communication expenses   | 1,401,266               | 1,104,173          |
| Advertising expenses   | 1,917,553               | 1,436,447          |
| Travel Expenses  | 7,822,326               | 4,648,095          |
| Stationery and Office Supplies                                     | 658,369                 | 235,523            |
| Depreciation of Property, Plant and Equipment                      | 1,345,040               | 730,870            |
| Amortization of Intangible Assets                                  | 65,769                  | 90,269             |
| Other expenses   | 13,195,195              | 6,727,070          |
| <b>Total</b>   | <b>283,211,965</b>      | <b>198,684,409</b> |

(1) Includes fees for technical and administrative services to Directors in the amount of Ps. 28,896,154 as of December 31, 2016. Additionally, they include the effect of the long-term savings plan for employees mentioned in Note 13.

(2) Includes Directors' fees for the year 2016 in the amount Ps. 12,610,000.

#### 5.2 Financial Costs

|                      | December 31, 2016   | December 31, 2015   |
|----------------------|---------------------|---------------------|
| Exchange Differences | (75,915,483)        | (81,347,508)        |
| Interest             | (19,226,470)        | (6,077,468)         |
|                      | <b>(95,141,953)</b> | <b>(87,424,976)</b> |

### 5.3 Other Financial Results, net

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Exchange Differences and Other Financial Results    | 7,052,119         | 12,362,580        |
| Results from transactions with securities and bonds | 107,499           | 32,201,215        |
| Interest  | 2,632,730         | 4,389,540         |
| Other Taxes and Expenses                            | (5,051,000)       | (4,296,875)       |
|   | <b>4,741,348</b>  | <b>44,656,460</b> |

### Note 6

#### Income tax

The following table shows the breakdown of net deferred tax assets (amounts stated in thousands of Argentine Pesos):

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Assets                                      |                   |                   |
| Tax Loss Carryforwards                      | 89,545            | 26,761            |
| Other Investments                           | 19,093            | 24,249            |
| Employer's Contributions                    | 2,631             | 7,342             |
| Other                                       | -                 | 9                 |
| Subtotal                                    | 111,269           | 58,361            |
| Valuation Allowance for Deferred Tax Assets | (89,545)          | (26,761)          |
| <b>Net Deferred Tax Assets</b>              | <b>(1) 21,724</b> | <b>31,600</b>     |

(1) As of December 31, 2016, the Company recorded Ps. 11,050,528 as Assets held for distribution to shareholders. See Note 4.12.

The following table shows the reconciliation between the income tax and tax on assets charged to net income for the years ended December 31, 2016 and 2015 and the income tax liability that

would result from applying the current tax rate on income before income tax and tax on assets and the income tax liability assessed for each year (amounts stated in thousands of Argentine Pesos):

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Income Tax Assessed at the Current Tax Rate (35%) on Income before Income Tax | (657,416)         | (614,491)         |
| Permanent Differences:  |                   |                   |
| Gain/Loss on Investments in Subsidiaries                                      | 721,617           | 650,522           |
| Non-Taxable Income  | 176               | (8,647)           |
| Other   | (419)             | 121               |
| Subtotal  | 63,958            | 27,505            |
| Valuation Allowance for Net Deferred Tax Assets Charged to Income             | (62,783)          | (26,434)          |
| <b>Income Tax</b>   | <b>1,175</b>      | <b>1,071</b>      |
| Deferred Taxes for the Year   | 1,154             | 1,071             |
| Income Tax  | 1,154             | 1,071             |
| Tax on assets   | (5,869)           | (3,142)           |
| <b>Total</b>  | <b>(4,715)</b>    | <b>(2,071)</b>    |

As of December 31, 2016, the Company's accumulated tax loss carryforwards amounted to approximately Ps. 255.8 million, which calculated at the current tax rate, represent deferred tax assets in the amount of approximately Ps. 89.5 million. The following table shows the expiration date of the accumulated tax loss carryforwards pursuant to statutes of limitations (amounts stated in thousands of Argentine Pesos):

| Expiration year | Amount of Tax Loss Carryforward |
|-----------------|---------------------------------|
| 2018            | 1,102                           |
| 2020            | 75,225                          |
| 2021            | 179,515                         |
|                 | <b>255,842</b>                  |

## Note 7

### Reserves, Accumulated Income and Dividends

|  | December 31, 2016    | December 31, 2015    |
|--|----------------------|----------------------|
| Balances at the beginning of the year:             |                      |                      |
| Legal Reserve                                      | 119,460,767          | 119,460,767          |
| Retained Earnings                                  | 1,884,929,369        | 804,101,687          |
| Other Reserves                                     | (3,653,767)          | (209,686)            |
| Optional Reserves                                  | 2,625,678,396        | 2,071,576,709        |
| Total  | 4,626,414,765        | 2,994,929,477        |
| Net Income for the Year                            | 2,530,041,832        | 1,884,929,369        |
| Dividend Distribution                              | (300,000,000)        | (250,000,000)        |
| Changes in Reserves for Acquisition of Investments | (55,231,356)         | (3,444,081)          |
| <b>Balance at the end of the year</b>              | <b>6,801,225,241</b> | <b>4,626,414,765</b> |

#### a. Grupo Clarín

The Company's bylaws set forth that retained earnings shall be appropriated as follows: (i) 5% to the Company's legal reserve until such reserve equals 20% of the Company's capital stock; and (ii) the balance, in whole or in part, to the payment of the fees of the members of the Board of Directors and the Supervisory Committee, to dividends on common shares, or reserve accounts, or as otherwise determined by the Shareholders, among other situations.

On April 28, 2015, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate the net income for the fiscal year 2014, which amounted to Ps. 804,101,687, as follows: (i) Ps. 250,000,000 to the distribution of dividends payable in two installments of Ps. 125,000,000 each, the first one to be paid

within 30 days as from the date of the shareholders' Meeting and the second one to be paid on December 31, 2015 or on an earlier date as determined by Cablevisión's Board of Directors and (ii) Ps. 554,101,687 to an optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law.

On April 25, 2016, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate the net income for the fiscal year 2015, which amounted to Ps. 1,884,929,369, as follows: (i) Ps. 300,000,000 to the distribution of dividends payable within 30 days as from the date of the Shareholders' Meeting and (ii) Ps. 1,584,929,369 to the reserve for future dividends.

**b. Cablevisión**

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 750 million, payable in Argentine Pesos or US Dollars within a term of thirty days as from the date of such Shareholders' Meeting and delegated on the Board of Directors of Cablevisión the power to establish the time and payment method. Of that amount, approximately Ps. 300.1 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, Cablevisión paid Ps. 749.7 million of distributed dividends.

Also, on June 30, 2016, at the General Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 749 million, payable within thirty days as from the date on which the Shareholders' Meeting was held. Of that amount, approximately Ps. 299.6 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, all the dividends had been paid.

At the General Extraordinary Shareholders' Meeting held on January 12, 2016, the shareholders of Cablevisión decided, among other things, i) to cancel 207,157 Class B common book-entry treasury shares with a nominal value of Ps. 1 representing 0.1% of the capital stock and votes of that Company; and, consequently, to reduce the capital stock by Ps. 207,157, (ii) to ratify the amendment of Section 4 of the Bylaws approved by the shareholders at the Extraordinary Shareholders' Meeting held on June 30, 2014, which, among other things, had amended the nominal value of shares from Ps. 1 to Ps. 10,000, and (iii) to delegate on the Board of Directors the power to determine and establish the time, form and conditions of the shares representing the new capital stock to be issued, as well as the payment of the fractions, if any.

In light of the above, on June 29, 2016, the Board of Directors of Cablevisión completed the implementation process to pay fractions in cash and change the nominal value (of the company's shares) and change the nominal value (of the company's shares) and, therefore, the capital stock of Cablevisión is now of Ps. 197,300,000, represented by 19,730 shares, of which i) 15,785 are Class A book entry shares, with nominal value of Ps. 10,000 each and entitled to 1 vote per share, and ii) 3,945 are Class B book entry shares, with nominal value of Ps. 10,000 each and entitled to 1 vote per share. At the same meeting of the Board of Directors new shares were issued.

Subsequently, at the General Extraordinary Shareholders' Meeting held on June 30, 2016, the shareholders decided to capitalize in full the following accounts: (i) Paid-in Capital, in the amount of Ps. 134,234,500, (ii) merger surplus, in the amount of Ps. 2,894,151 and (iii) the partial capitalization of the "Optional Reserve to Maintain the Company's Level of Capital Expenditures and its Current Solvency Level" in the amount of Ps. 865,571,349, thus increasing the capital stock from Ps. 197,300,000 to Ps. 1,200,000,000 through the issuance of 100,270 new common book-entry shares with nominal value of Ps. 10,000 and entitled to 1 vote per share, of which 80,221 will be Class A common book-entry shares and 20,049 will be Class B common book-entry shares.

**c. Other companies**

During this year, the shareholders of ARTEAR decided to distribute cash dividends for a total of Ps. 110 million. As of the date of these financial statements, the Company collected all the dividends to which it was entitled based on its equity interest.

During this year, the shareholders of IESA decided to distribute cash dividends for a total of Ps. 35.3 million. As of December 31, 2016, the Company collected Ps. 31.7 million and had a balance of Ps. 2.2 million for dividends receivable, to which it is entitled due to its equity interest.



## Note 8

### Balances and Transactions with Related Parties

The following table shows the breakdown of the Company's balances with its related parties:

| Company                      | Item                     | December 31, 2016 | December 31, 2015 |
|------------------------------|--------------------------|-------------------|-------------------|
| <b>Subsidiaries</b>          |                          |                   |                   |
| SHOSA                        | Other Receivables        | -                 | 2,432             |
|                              | Debt                     | -                 | (170,189,828)     |
|                              | Trade Payables and Other | -                 | (56,786)          |
| VISTONE                      | Debt                     | -                 | (104,720,132)     |
| CVB                          | Debt                     | -                 | (13,090,016)      |
| CLC                          | Dividends Receivable     | -                 | 11,311            |
| AGEA                         | Other Receivables        | 125,271,186       | 104,018,497       |
|                              | Trade Payables and Other | (425,820)         | (561,949)         |
| ARTEAR.                      | Other Receivables        | 5,989,835         | 4,658,835         |
|                              | Trade Payables and Other | (67,343)          | (201,838)         |
| IESA                         | Dividends Receivable     | 2,160,068         | -                 |
| Radio Mitre                  | Other Receivables        | 1,876,323         | 669,635           |
| GCGC                         | Other Receivables        | 115,835           | 10,741            |
|                              | Trade Payables and Other | (36,830)          | (25,924)          |
| CMD                          | Other Receivables        | 2,449,031         | 2,952,480         |
|                              | Trade Payables and Other | (124,926)         | (114,674)         |
| GC MINOR                     | Other Receivables        | 50,000            | -                 |
| GC Services                  | Other Receivables        | 17,211            | 14,10             |
| <b>Indirectly controlled</b> |                          |                   |                   |
| Cablevisión                  | Trade Payables and Other | (1,251,819)       | (5,955)           |
|                              | Other Receivables        | 7,502,032         | -                 |
|                              | Debt                     | (367,813,013)     | -                 |
| PRIMA                        | Trade Payables and Other | -                 | (176,542)         |
| AGR                          | Other Receivables        | -                 | 36,300,000        |
|                              | Trade Payables and Other | (16,575)          | (2,673)           |
| UNIR                         | Other Receivables        | 3,396,157         | 1,158             |
|                              | Trade Payables and Other | (2,360)           | (2,360)           |
| Impipost                     | Other Receivables        | 1,635,675         | 2,283,074         |
| Ferías y                     |                          |                   |                   |
| Exposiciones S.A.            | Other Receivables        | 128               | 128               |
| TRISA                        | Trade Payables and Other | (1,938,127)       | (1,029,947)       |

The following table details the transactions carried out by the Company with related parties for the years ended December 31, 2016 and 2015:

| Company                      | Item             | December 31, 2016 | December 31, 2015 |
|------------------------------|------------------|-------------------|-------------------|
| <b>Subsidiaries</b>          |                  |                   |                   |
| AGEA                         | Management fees  | 18,000,000        | 18,000,000        |
|                              | Advertising      | (358,536)         | (164,759)         |
| ARTEAR.                      | Management fees  | 57,600,000        | 44,400,000        |
| Vistone                      | Interest Expense | (5,122,351)       | (400,132)         |
| CMD                          | Services         | -                 | (546,064)         |
|                              | Interest Income  | 539,837           | 54,021            |
| SHOSA                        | Interest Expense | (10,651,931)      | (5,627,320)       |
| Radio Mitre                  | Management fees  | 7,950,000         | 2,280,000         |
|                              | Interest Income  | -                 | 1,887,014         |
| CVB                          | Interest Expense | (768,181)         | (50,016)          |
| GCGC                         | Services         | (15,757,593)      | (12,026,182)      |
| <b>Indirectly controlled</b> |                  |                   |                   |
| Cablevisión                  | Management fees  | 74,400,000        | 77,120,000        |
|                              | Services         | (610,335)         | (141,584)         |
|                              | Interest Expense | (2,342,563)       | -                 |
|                              | Interest Income  | -                 | 311,170           |
| PRIMA                        | Services         | (758,031)         | (613,002)         |
| AGR                          | Management fees  | 15,600,000        | 19,200,000        |
|                              | Services         | (11,484)          | (8,234)           |
| Imripost                     | Management fees  | -                 | 1,560,000         |
| UNIR                         | Services         | -                 | (1,951)           |
|                              | Management fees  | 8,400,000         | -                 |

The fees paid to the Board of Directors and the Upper Management of the Company for the years ended December 31, 2016 and 2015 amounted to approximately Ps. 100 million and Ps. 70 million, respectively.

## Note 9

### Terms and Interest Rates of Investments, Receivables and Liabilities

|   | December 31, 2016  |
|---|--------------------|
| <b>Other Investments</b>                    |                    |
| Without any established term <sup>(1)</sup> | 84,222,441         |
|   | <b>84,222,441</b>  |
| <b>Receivables</b>                          |                    |
| Without any established term <sup>(2)</sup> | 150,102,249        |
| Due   |                    |
| Within three months <sup>(4)</sup>          | 6,872,843          |
| More than three months and up to six months | 711,411            |
|   | 7,584,254          |
|   | <b>157,686,503</b> |
| <b>Liabilities</b> <sup>(2)</sup>           |                    |
| Without any established term                | 5,310,702          |
| Due   |                    |
| Within three months                         | 73,846,523         |
| More than three months and up to six months | 4,974,599          |
|   | 78,221,122         |
|   | <b>84,131,824</b>  |
| <b>Debt</b>                                 |                    |
| Due   |                    |
| Within three months <sup>(3)</sup>          | 3,475,247          |
| More than four years and up to five years   | 367,813,013        |
|   | <b>371,288,260</b> |

(1) Bearing interest at floating rate.

(2) Non-interest bearing.

(3) Bearing interest at fixed rate.

(4) Includes Ps. 2.4 million which bears interest at a fixed rate, the remaining balance does not bear any interest.

## Note 10

### Provisions and Other Contingencies

#### 10.1 Regulatory Framework

a. SCI Resolution No. 50/10 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 financial statements the subsidiary 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 and/or some of its subsidiaries may be forced to modify the price of their pay television subscription, a situation that could significantly affect the revenues of their core business. This creates a general framework of uncertainty over the businesses of Cablevisión and/or some of its subsidiaries that could significantly affect the recoverability of their relevant assets and Grupo Clarín S.A.'s assets related to its investment in Cablevisión. Notwithstanding the foregoing, as of the date of these 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 Argentine Cable Television Association ("ATVC", for its Spanish acronym). 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.

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. 36/2011, which falls within the framework of the former, is also suspended.

The claim filed by Cablevisión seeking the nullification of Resolution No. 50/2010 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 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 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 No. 1 of the National Court of Appeals on Federal Civil and Commercial Matters confirmed the 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 light of the corporate reorganization of Cablevisión, both parties requested the suspension of the procedural periods for 180 days. The judge granted such request. Therefore, the procedural periods were 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 (“OMIC”, for its Spanish acronym) 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 “Application for judicial review brought by the defendant in the case Municipality of Berazategui v. Cablevisión S.A. on claim for the protection of constitutional rights (acción de amparo)” 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.

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 consolidated financial statements should be read in light of such uncertainty.

b. Pursuant to the Antitrust Law and to Broadcasting Law No. 22,285, the transactions carried out on September 26, 2006 that resulted in an increase in the indirect interest the Company held in Cablevisión to 60%, Cablevisión’s acquisition of 98.5% of Multicanal and 100% of Holding Teledigital, and Multicanal’s acquisition of PRIMA (from PRIMA Internacional (now CMD)), required the authorization of the CNDC (validated by the SCI), and the COMFER. On October 4, 2006, the Company, Vistone, Fintech, VLG and Cablevisión, as purchasers, and AMI CV Holdings LLC, AMI Cable Holdings Ltd. and HMTF-LA Teledigital Cable Partners LP, as sellers, filed for the approval of the acquisition. After several requests for information, the SCI issued Resolution No. 257/07, with a prior opinion of the CNDC in favor of the approval of the above-mentioned transactions and after consulting the COMFER and the SECOM, which did not raise any objections. The Company was served notice in this respect on December 7, 2007. Such Resolution was appealed by five entities. As of the date of these financial statements, the CNDC has dismissed the five appeals filed against the above-mentioned resolution. Four of those entities filed direct appeals before the judicial branch, but they were all dismissed.

On June 11, 2008, Cablevisión was served with a decision of the National Court of Appeals on Federal Civil and Commercial Matters revoking a decision rendered by the CNDC on September 13, 2007, whereby such agency had dismissed a claim filed by Gigacable S.A. prior to the December 7, 2007 decision referred to above. The Court of Appeals revoked CNDC’s decision only with respect to matters relating to the conduct of Cablevisión and Multicanal prior to CNDC’s authorization of the transactions on December 7, 2007, and ordered an investigation to determine whether a fine should be imposed on Cablevisión and Multicanal due to such conduct. As of the date of these financial statements, Cablevisión has filed its response, which is pending analysis by such agency.

c. On December 15, 2008, the shareholders of Cablevisión approved the merger of Multicanal, Delta Cable S.A., Holding Teledigital, Teledigital, Televisora La Plata Sociedad Anónima, Pampa TV S.A., Construed S.A. and Cablepost S.A. into Cablevisión, whereby, effective as of October 1, 2008, Cablevisión, as surviving company, became the universal successor to all of the assets, rights and obligations of the merged companies.

That process was granted administrative approval by the CNV and was registered with the Argentine Superintendency of Legal Entities (IGJ) under No. 9,448, Book 79 Volume – Stock Companies on June 7, 2016.

On September 8, 2009, Multicanal was served with CNDC Resolution No. 106/09, dated September 4, 2009, whereby the CNDC ordered an audit to articulate and harmonize the several aspects of Resolution No. 577/09 issued by the COMFER, whereby it had rejected the merger of Cablevisión and Multicanal, with Resolution No. 257/07 issued by the Secretariat of Domestic Trade. Resolution No. 106/09 also sets forth that the notifying companies shall not, from the enactment thereof and until the end of the audit and/or resolution of the CNDC, be able to remove or replace physical or legal assets.

Notwithstanding the required filings made by Cablevisión and its shareholders on December 7, 2007 (date on which the SCI granted authorization) to prove that they were complying with the commitment agreed with the CNDC, on September 23, 2009, the SCI issued Resolution No. 641, whereby it ordered the CNDC to verify compliance with the parties' proposed commitment by visiting the parties' premises, requesting reports, reviewing documents and information and carrying out hearings, among other things.

On December 11, 2009, Cablevisión notified the CNDC of the completion and corresponding verification of the fulfillment of the voluntary undertakings made by Cablevisión at the time of the enactment of SCI Resolution No. 257/07. On December 15, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on

preliminary injunctions" (case 10,506/09), partially acknowledging the preliminary injunction requested by Grupo Clarín, and instructing the CNDC and the SCI to notify Grupo Clarín whenever their own verification of Cablevisión's fulfillment of its undertakings had been concluded, regardless of the result. Should such agencies have any observations, they should notify Grupo Clarín within a term of 10 days. On the same date, the CNDC issued Resolution No. 1,011/09 whereby it deemed Cablevisión's voluntary undertakings unfulfilled and declared the rescission of the authorization granted under Resolution No. 257/07.

On December 17, 2009, the National Court of Appeals on Federal Commercial-Criminal Matters, Chamber A, decided to suspend the term to appeal Resolution No. 1,011/09 until the main case was transferred back to the CNDC, considering it had been in such court since December 16, 2009.

On December 17, 2009, the CNDC notified Cablevisión of the initiation of the motion for execution of Resolution No. 1,011/09. On December 18, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued an injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", which suspended the effects of Resolution No. 1,011/09 until the notice set forth in the injunction of December 15, 2009 was served. Accordingly, the CNDC served notice to Cablevisión by means of Resolution No. 1,101/09.

On December 30, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", partially acknowledging Grupo Clarín's request and suspending the term for Grupo Clarín to respond to Resolution No. 1,101/09 until Grupo Clarín is granted access to the administrative proceedings related to the charges brought by the CNDC in its Opinion No. 770/09 (on which Resolution No. 1,011/09 was based).

On February 19, 2010, Cablevisión requested the nullification of the notice, and as a default

argument, submitted the response requested under Resolution No. 1,101/09. On February 26, 2010, the National Court of Appeals on Federal Commercial-Criminal Matters approved the recusation filed by Cablevisión and excluded the Secretariat of Domestic Trade from the proceedings.

On March 3, 2010, the Argentine Ministry of Economy and Public Finance issued Resolution No. 113 (subscribed by the Minister of Economy, Dr Amado Boudou) rejecting the request for the nullification of Resolution No. 1,011/09, the requests for abstention and excusation of certain officials, and all the evidence produced in connection with such request for nullification. The voluntary undertakings made by Cablevisión under Resolution No. 257/07 were deemed unfulfilled, thus declaring the rescission of the authorization granted under such resolution. The parties involved were ordered to take all necessary actions to comply with such rescission within a term of six months, and to inform the CNDC about the progress made in that respect on a monthly basis. Such resolution was appealed in due time and form. The appeal was granted without staying the execution of judgment.

On April 20, 2010, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters granted the appeal filed by Grupo Clarín S.A. in re “Grupo Clarín on delay in the appeal of the proceedings”, and decided that the appeal granted by the CNDC to Grupo Clarín S.A. against Resolution No. 113/10 had the effect of staying such resolution. The National Government filed an appeal asking that the Court of Appeals revoke its own decision with respect to the effect granted to the April 20 decision, and that it decline its jurisdiction. It also filed an appeal to have the case brought before the Supreme Court. Both appeals were dismissed. Chamber No. 2 requested the administrative file to consider the appeal and render its decision.

On September 17, 2015, the Court rendered a decision in favor of Cablevisión, revoking Resolution No. 113/10 in its entirety. Both parties were served with the decision on that same date.

The National Government - Ministry of Economy filed an appeal to have the case

brought before the Supreme Court, which was substantiated in February 2016.

Subsequently, in March 2016, the appeal filed by the National Government - Ministry of Economy and Public Finance was dismissed. Therefore, SCI Resolution No. 257/07 and the effects of the authorization are in full force and effect to date.

On March 31, 2016, the National Government - Ministry of Economy and Public Finance filed a direct appeal before the Supreme Court of Argentina.

Subsequently, the National Government abandoned the Direct Appeal and the Supreme Court deemed it abandoned on June 7, 2016. Therefore, MECON Resolution No. 113/10 is considered to be null and void.

d. On May 31, 2012, Cablevisión was served notice of Resolution No. 16,819 dated May 23, 2012 whereby the Argentine Securities Commission (CNV, for its Spanish acronym) ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the grounds of a decision rendered by the Federal Court of Mendoza and the scope of the powers granted by that court to the co-administrator appointed in re “Supercanal S.A. v. Cablevisión S.A. on protection of constitutional rights”, in addition to the fact that other self-regulated authorities were allegedly not notified of the information furnished by Cablevisión. On June 25, 2012, Cablevisión filed a response requesting that its defenses be sustained and all charges dismissed. On February 6, 2014 Cablevisión submitted the legal brief for the purpose of discussing the evidence submitted under File No. 171/2012. Now the CNV’s Board of Directors has to render its decision. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión.



e. Pursuant to CNV Resolution No. 16,834 dated June 14, 2012 notified to the Company on June 27, 2012, the CNV ordered the initiation of summary proceedings against the Company and the members of its Board of Directors, Supervisory Committee and Audit Committee in office at the time of the occurrence of the events that motivated the proceedings (September 19, 2008) for alleged failure to comply with the duty to inform. Under said Resolution, the CNV argues that the Company allegedly failed to comply with the duty to disclose the filing of a claim against it entitled “Consumidores Financieros Asociación Civil para su defensa and other v. Grupo Clarín on/Ordinary”, which the CNV considers relevant. On July 25, 2012, Cablevisión filed a response petitioning that its defenses be sustained and that all charges against it be dismissed. The legal brief on the evidence has been submitted. The Company and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, the Company cannot assure that the outcome of said summary proceedings will be favorable.

f. 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.

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. 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).

g. 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. 219/10 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.

h. 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.

i. Cablevisión, by itself and as successor of Multicanal's operations after the merger, is a party to several administrative proceedings under the Antitrust Law, facing charges of anticompetitive conduct, including territorial division of markets, price discrimination, abuse of dominant position, refusal to deal and predatory pricing, as well as a proceeding filed by the Cámara de Cableoperadores Independientes (Chamber of Independent Cable Operators), challenging the transactions consummated on September 26, 2006. 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.

j. 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.

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.

k. 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 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. 1280 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.

l. The litigation brought before the Civil, Commercial, Mining and Labor Court of the City of Concarán, Province of San Luis, in early 2007 in re “Grupo Radio Noticias SRL v. Cablevisión and others”, is still pending before the Federal Court in Administrative Matters No. 2.

The purpose of that claim was to challenge the share transfers mentioned in Note 10.1.c. and to request the revocation of Cablevisión’s broadcasting licenses. Cablevisión has responded

to such claim and believes it is very unlikely that it will be admitted. The claimant has abandoned the claim it had brought, and the claimant’s attorney must provide evidence of his attorney powers.

m. The Government of the City of Mar del Plata enacted Ordinance No. 9163, 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. Such ordinance is ready for discussion by legislators. Even though the ordinance provides for certain penalties that may be imposed, the City has not imposed such penalties to cable systems that are not in compliance with such ordinance.

n. 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 that SCI Resolution No. 50/10 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 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 revocation of the fine will be resolved in its favor.

o. 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.

p. On March 16, 2012, CNV issued Resolution No. 16,765 whereby it ordered the initiation of summary proceedings against Cablevisión, its directors and members of the Supervisory Committee for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the Decision rendered by the Supreme Court of Argentina in re “Application for judicial review brought by the National Government Ministry of Economy and Production of the case Multicanal S.A. and other v/CONADECO Decree No. 527/05” and other, and also considers that Cablevisión did not disclose certain issues related to the information required by the CNV in connection with its Class 1 and 2 Noteholders’ Extraordinary Meetings held on April 23, 2010. On April 04, 2012, that company filed a response requesting that its defenses be sustained and that all charges against it be dismissed. The discovery stage has been closed and the company submitted the legal brief. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of said summary proceedings will be favorable.

q. On August 28, 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation. The CNV considers that Cablevisión failed to comply with effective regulations because it filed certain documentation outside the regulatory term set by CNV rules (as restated in 2013, as amended). Cablevisión, as well as its directors, members of the Supervisory Committee and Head of Market Relations filed a response in due time and form requesting that its defenses be sustained and all charges dismissed. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión. On January 20, 2016, the preliminary hearing was held pursuant to Section 138 of Law No. 26,831 and Article 8, Subsection b.1. of Section II, Chapter II, Title XIII of the Regulations (T.R. 2013).



## **10.2 Claims and Disputes with Governmental Agencies**

a. In connection with the decisions made at the Company's Annual Ordinary Shareholders' Meeting held on April 28, 2011, on September 1, 2011 the Company was served with a preliminary injunction in re "National Social Security Administration v. Grupo Clarín S.A. re ordinary proceeding" whereby the Company may not in any way dispose, in part or in whole, of the Ps. 387,028,756 currently recorded under the retained earnings account, other than to distribute dividends to the shareholders.

On the same date, the Company was served with a claim brought by Argentina's National Social Security Administration requesting the nullity of the decision made on point 7 (Appropriation of Retained Earnings) of the agenda of the Annual Ordinary Shareholders' Meeting held on April 22, 2010. As of the date of these financial statements, the Company has duly answered the complaint, the parties have produced evidence and made allegations.

On November 1, 2011, the CNV issued Resolution No. 593, which provides that at shareholders' meetings in which financial statements are considered shareholders must expressly decide to, either distribute as dividends any retained earnings that are not subject to distribution restrictions and that may be disposed of pursuant to applicable law or capitalize such retained earnings and issue shares, or appropriate them to set up reserves other than legal reserves, or a combination of the above.

On July 12, 2013 the Company was served notice of Resolution No. 17,131; dated as of July 11, 2013 whereby the CNV declared that the administrative effects of the decisions adopted at the Annual General Ordinary Shareholders' Meeting held on April 25, 2013 were irregular and ineffective, based on allegations that are absolutely false and irrelevant. According to the Company and its legal advisors, Resolution No. 17,131 is, among other things, null and void, because it lacks sufficient grounds and its enactment is a clear abuse of authority and a further step in the National Government's attempt to intervene in the Company. On October 11, 2013 Chamber No. 5 of the National Court of Appeals on Federal Administrative Matters issued a

preliminary injunction in re "Grupo Clarín S.A. v. CNV – Resol No. 17.131/13 (File 737/13)" File No. 29,563/2013, whereby it suspended the effects of Resolution No. 17.131/2013 dated July 11, 2013 which had rendered irregular and with no effect for administrative purposes the Company's Annual Ordinary Shareholders' Meeting held on April 25, 2013. As of the date of these financial statements, the preliminary injunction is still in effect.

In August 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 28, 2011 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 2, 4 and 7 of that meeting's agenda, as well as the nullity of the decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

On September 17, 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 26, 2012 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 8 and 4 of that meeting's agenda, as well as the nullity of the decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

On March 21, 2014, the Company was served notice of a claim brought by Argentina's National Social Security Administration in re "National Social Security Administration v. GRUPO CLARÍN S.A. on Ordinary Proceeding" File No. 74,429, pending before the National Court of First Instance on Commercial Matters No. 17, Clerk's Office No. 34. This claim seeks to nullify and challenge the corporate decisions made at the Shareholders' Meeting held on April 25, 2013 and those made at the Board of Directors' Meeting held on April 26, 2013. As of the date of these financial statements, a response to the claim had been filed.

On September 16, 2014, the Company received a communication from its controlling shareholder, GC Dominio S.A., whereby that company informed that it had been summoned to court as a third party in re “National Social Security Administration v. Grupo Clarín S.A. on Ordinary Proceeding”, pending before the National Court of First Instance on Commercial Matters No. 17, Clerk’s Office No. 33. As of the date of these financial statements and as informed by GC Dominio S.A., that company has filed a response to the above-mentioned claim.

According to the Company and its legal advisors, the outstanding claims requesting the nullification of the Shareholders’ Meetings have no legal grounds. Therefore, they believe that the Company will not have to face adverse consequences in this regard.

b. The Argentine Federal Revenue Service (“AFIP”) served the subsidiary CIMECO with a notice challenging its income tax assessment for fiscal years 2000, 2001 and 2002. In such notice, the AFIP challenged mainly the deduction of interest and exchange differences in the tax returns filed for those years. If AFIP’s position prevails, CIMECO’s maximum contingency as of December 31, 2016 would amount to approximately Ps. 12.3 million for taxes and Ps. 42.7 million for interest.

CIMECO filed a response, which was dismissed by the tax authorities. The tax authorities issued their own official assessment and imposed penalties. CIMECO appealed the tax authorities’ resolution before the National Tax Court on August 15, 2007.

During the year ended December 31, 2010, CIMECO received a pro forma income tax assessment from the AFIP for fiscal periods 2003 through 2007, as a consequence of AFIP’s challenge to CIMECO’s income tax assessments for the periods 2000 through 2002 mentioned above. CIMECO filed a response before AFIP, rejecting such assessment and requesting the suspension of administrative proceedings until the Federal Tax Court renders its decision on the merits.

During 2011, the AFIP served CIMECO with a notice stating the income tax charges assessed for years 2003 through 2007 and ordering the

initiation of summary proceedings. The AFIP’s assessment shows a difference in its favor in the Income Tax liability for the periods indicated above for an amount in excess of the amount that had been estimated originally, as a result of the method used to calculate certain deductions. CIMECO responded to the assessment rejecting all of the adjustments and requesting that the proceedings be rendered without effect and filed, with no further actions to be taken.

On April 26, 2012, the AFIP issued a new official assessment comprising the fiscal years 2003 through 2007, in which it applied the same method for the calculation as that used for the administrative settlement, claiming a total liability of Ps. 120 million. On May 21, 2012, an appeal was filed with the Federal Tax Court.

CIMECO and its legal and tax advisors believe CIMECO has strong grounds to defend the criteria adopted in their tax returns and that AFIP’s challenges will not be admitted by the Federal Tax Court. Accordingly, CIMECO has not booked an allowance in connection with the effects such challenges may have.

c. On September 10, 2010, the AFIP served TRISA with a notice with objections to its income tax assessment, with respect to the application of the withholding regime set forth under the section following section 69 of the Income Tax law, for fiscal years 2004, 2005 and 2006. If AFIP’s position prevails, TRISA’s contingency would amount to approximately Ps. 28.9 million, out of which Ps. 9.3 million would correspond to taxes on dividend payments made during those years, Ps. 6.5 million to a 70% fine on the omitted tax, and Ps. 13.1 million to late-payment interest, calculated as of the date of the AFIP’s tax assessment.

TRISA filed a response, which was dismissed by the tax authorities. On December 20, the tax authorities issued their own official assessment and imposed penalties. TRISA appealed the tax authorities’ resolution before the National Tax Court on February 8, 2011.

TRISA and its legal and tax advisors believe that TRISA has strong grounds to defend its position and that AFIP’s challenges will not be admitted by the Federal Tax Court. Accordingly, TRISA has not booked

a provision in connection with the effects such challenges may have.

d. On August 13, 2012, the parent company GC Dominio S.A. was served notice of a claim brought by the Argentine Superintendency of Legal Entities (IGJ) whereby that agency seeks to annul the registration with the Public Registry of Commerce of the appointment of GC Dominio S.A.'s authorities, approved at the Shareholders' Meeting held on May 17, 2011. The claim is pending before the Federal Court of First Instance on Commercial Matters No. 25, Clerk's Office No. 49 ("Inspección General de Justicia v. Dominio S.A. on/Ordinary", File No. 58652). The claim brought by the IGJ seeks to annul the registration with IGJ of the appointment of GC Dominio S.A.'s authorities, approved at the Annual General Ordinary Shareholders' Meeting of GC Dominio held on May 17, 2011. The appointment was registered with the IGJ on April 23, 2012 under No. 7147, Book No. 59 of Share Companies. According to the IGJ and as the case file is said to show, GC Dominio has allegedly failed to comply with certain regulations applicable to foreign shareholders upon registration of the appointment of authorities. Also within the framework of this claim, the Court issued an injunction in favor of the IGJ ordering that the existence of this claim be duly noted. The Chamber has confirmed the decision to order that the existence of this claim be duly noted.

GC Dominio S.A.'s legal advisors have strong grounds to argue that the resolution of IGJ's claim seeking the de-registration of the appointment of authorities has serious defects and infringes the guarantees of reasonableness and due process; a principle that derives from the constitutional guarantee of defense in court, which entails the right to be heard and to produce evidence to contradict a claim. GC Dominio S.A. has appealed such injunction because it considers that the IGJ has not shown that its legal arguments are, at least, plausible.

e. As a result of a suspicious transaction report issued by the Argentine Federal Revenue Service ("AFIP") relating to transactions carried out between the Company and certain subsidiaries, the Financial Information Unit ("FIU") pressed criminal charges for alleged money laundering. The action is now pending before Federal Court No. 9, under Dr. Luis Rodriguez. The FIU has

pressed charges against the Company and its directors for alleged money laundering activities related to the trading of shares between the Company and some of its subsidiaries. The Company has appointed defense attorneys and has requested a copy of the file to understand the details of the charges. The FIU is acting as plaintiff in this case. One of the Company's directors made a spontaneous appearance and filed a response and produced documentary evidence. Certain charges pressed by Representative Di Tullio were also added to the case. In addition, the Prosecutor requested that the charges be investigated and that certain evidentiary measures be taken which have not yet been fulfilled as of the date of these financial statements.

In March 2014, the intervening prosecutor Miguel Angel Osorio broadened the request for evidence with regard to intercompany movements between Cablevisión and certain subsidiaries, all of which were regular and had been duly recorded.

The Company and its legal advisors consider that there are strong arguments in the Company's favor, and have gathered evidence that supports the lack of involvement of anyone in any such unlawful maneuvers. However, they cannot assure that the outcome of this action will be favorable.

f. By means of Resolution 16,364/2010, dated and notified to AGEA as of July 15, 2010, the CNV's Board of Directors decided to initiate summary proceedings against AGEA and certain current and past members of its board of directors and supervisory commission, for alleged infringement of the Argentine Business Associations Law, Decree No. 677/01 and Law No. 22,315. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses.

g. The subsidiary AGEA received several inspections from the AFIP aimed at verifying compliance with the so-called competitiveness plans implemented by the National Executive Branch. After several reports issued by the AFIP and the corresponding Resolutions issued by the Ministry of Economy, such agencies allege that certain acts performed by AGEA

during 2002 lead to the nullity of some of the benefits granted under said plans, including adjustments, for an estimated total amount of Ps. 65 million. In April 2013, AGEA was served with AFIP Resolution No. 03/13, whereby such agency decided to exclude AGEA from the Registry of Beneficiaries of the Competitiveness and Employment Generation Agreements under the Cultural Sector Agreement, as from March 4, 2002. The AFIP ordered the restatement of the tax returns and the remittance of the corresponding amounts. AGEA filed an appeal against such resolution. Notwithstanding the foregoing, in re “AEDBA and Other v. Ministry of Economy Resolution No. 58/10”, the Federal Court on Administrative Matters No. 6 issued an injunction ordering AFIP to refrain from initiating and/or continuing with the administrative proceeding/s and/or any act that would entail the enforcement of the amounts payable under Resolution No. 3/13, until a final decision is rendered. Notwithstanding the foregoing, AGEA cannot assure that the appeal will be resolved in its favor.

h. 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 that company 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.

i. Pursuant to Resolution No. 17,522 issued on September 18, 2014 and notified to AGEA on September 24, 2014, the Board of Directors of the CNV decided to initiate summary proceedings against AGEA, certain current and past members of its Board of Directors and supervisory commission –who occupied those positions between September 19, 2008 and the present date- and against that company’s Head of Market Relations, for an alleged failure to comply with the duty to inform that AGEA was a co-defendant in re “CONSUMIDORES FINANCIEROS ASOCIACION CIVIL PARA SU DEFENSA AND OTHER V. GRUPO CLARIN S.A. AND OTHER ON EXPEDITED SUMMARY PROCEEDING” (File No. 065441/08). The summary proceeding is grounded on an alleged failure to comply with Article 5, subsection a), the first part of Article 6 and Article 8, subsection a) part V) of the Annex to Decree No. 677/01; with Articles

1, 2 and 3, subsection . 9) of Chapter XXI of the REGULATIONS (T.R. 2001 as amended) - now Article 1 of Section I, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Articles 2 and 3 subsection . 9) of Section II, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Article 11 subsection a.12) of Chapter XXVI of the REGULATIONS (T.R. 2001 as amended) –now Article 11 subsection 13) of Section IV, Chapter I, Title XV of the REGULATIONS (T.R. 2013 as amended); with Article 99 and 100 of Law No. 26,831; and with Articles 59 and 294 subsection . 9) of Law No. 19,550. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses. On February 11, 2015, the preliminary hearing was held pursuant to Article 8, subsection b.1.), Title XIII, Chapter II, Section II of the Regulations (T.R. 2013, as amended). On August 19, 2015, the company submitted the legal brief for the discovery stage.

j. On February 27, 2013, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2008 and ordering the initiation of summary proceedings for alleged omitted taxes. The AFIP mainly challenged the deduction of certain expenses and fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection with such order, which is currently pending before the National Tax Court. The official assessment amounts to P6. 1.4 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.8 million for tax differences and Ps. 1.8 million for late-payment interest, calculated as of December 31, 2016.

On October 21, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2009 and ordered the initiation of summary proceedings for alleged omitted taxes. In this case, the AFIP mainly challenged the deduction of fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection thereto, which is currently pending before the



National Tax Court. The official assessment amounts to Ps. 1.2 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.5 million for tax differences and Ps. 1.2 million for late-payment interest, calculated as of December 31, 2016.

IESA and its legal and tax advisors believe that it has strong arguments in its favor to defend the criterion adopted in its tax returns.

### **10.3 Other Claims and Disputes**

a. On June 22, 2007, TSC executed several documents with AFA, applicable from the 2007/2008 until the 2013/2014 soccer seasons, whereby TSC held all the broadcasting rights for ten of the Argentine soccer first division official tournament matches played each week.

On August 13, 2009 AFA notified TSC of its decision to terminate unilaterally the above-mentioned agreement. TSC challenged AFA's unilateral termination of the agreement and, in order to safeguard its rights, on June 15, 2010 it brought a legal action against AFA before a commercial court for contractual breach and damages.

AFA summoned the National Government as a third party, and the National Government was incorporated to the proceedings. The National Government requested that the case be submitted to the Court on Federal Administrative Matters. The request was dismissed by the Commercial Court of Appeals, which ratified the jurisdiction of the Commercial Court.

The National Government filed an appeal in connection with the jurisdictional conflict, with the Supreme Court of Argentina, which dismissed the appeal and ordered that the file be submitted to the Court of First Instance. On September 5, 2016, the judge ordered discovery proceedings, and established that the hearing provided under Section 360 of the Civil and Commercial Procedure Code of Argentina would be held on June 5, 2017.

b. On January 31, 2012, FADRA informed Grupo Carburando's subsidiary Mundo Show S.A. of the unilateral rescission of the

agreement executed in 2006 whereby FADRA assigned to that company the rights comprising image, sound and static advertising of motor racing at the road racing events Turismo Carretera and TC Pista until December 31, 2015. Mundo Show S.A. has challenged and rejected FADRA's unilateral rescission of the agreement. In light of the events, Mundo Show S.A. will not be able to sell or export the audiovisual and static advertising rights of the above-mentioned motor racing events. Therefore, in 2012 an allowance was set up for impairment of goodwill and other assets related to such agreement of approximately Ps. 17 million. On July 17, 2013, some of the Company's subsidiaries executed an agreement in order to settle the legal actions brought as a consequence of the termination of TV broadcasting rights and sponsorship agreements relating to the Turismo Carretera and TC Pista road racing events, whereby FADRA undertook to pay damages for an aggregate and final amount of Ps. 16.5 million in 23 monthly and consecutive installments. In addition, it assigned all of its equity interest in TCM, which represents 20% of its capital stock and votes. The parties also settled the claims brought against FADRA in re "Mundo Show v. FADRA on pending cash collection, File No. 10041/2012", whereby FADRA paid Ps. 1.5 million in exchange for the dismissal of the legal actions.

c. Pursuant to a notarial certificate issued on September 19, 2008, AGEA and the Company were served with a legal action brought by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders who claim to be allegedly affected by Multicanal's APE. The claim is grounded on a Consumer Defense Law that, in general terms, provides for an ambiguous procedure that is very strict against the defendant.

The Company, AGEA and certain directors and members of the supervisory committee and shareholders have been served with the claim. After rejecting certain preliminary defenses presented by the defendants, such as the application of statutes of limitation and the failure to comply with prior mediation procedures, the claim followed ordinary procedure and the above-mentioned persons duly filed their respective responses.

d. On September 16, 2010 the Company was served with a claim brought against it by Consumidores Financieros Asociación Civil para su Defensa. The plaintiff claims a reimbursement of the difference between the value of the shares of the Company purchased at their initial public offering and the value of the shares at the time a decision is rendered in the case. The Company has duly responded to the claim and the intervening Court has deemed the claim responded.

e. On April 25, 2013 Grupo Clarín S.A. held its Annual Ordinary Shareholders' Meeting. As a result of the issues raised at this Meeting, some of the permanent directors informed the Company that they had pressed criminal charges against the representatives of the shareholder ANSES and of the CNV (Messrs. Reposo, Kicillof, Moreno, Vanoli, Fardi and Helman) for making statements and intellectual constructions which, under the appearance of being included in the new regulations of the Argentine Capital Markets Law, only sought to discredit the Board of Directors and caricature its management, creating pretexts that may lead to an intervention of the Company without judicial control; pursuant to the new powers vested on the CNV by Capital Markets Law No. 26,831. On April 26, 2013, the Board of Directors decided to press charges on the same grounds.

Consequently, the Company sent a letter to the CNV, in which it clearly stated that what had happened at that Meeting could not be considered in any way as an acknowledgment of the legitimacy of the powers vested on the CNV by Law No. 26,831 and/or the regulations that may be issued in the future. The letter also stated that the Company reserved its right to file the pertinent legal actions at any time to request the declaration of the evident unconstitutionality of that law. It also requested the CNV to refrain from performing any act or issuing any resolution that would lead to the execution of the plan of which they had been accused before the courts.

f. On May 30, 2013, Pem S.A. was served notice of 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 the Company, 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 the Company'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.

g. In March 2012, ARTEAR brought a summary action for the protection of constitutional rights against the National Government (Chief of the Cabinet of Ministers and Secretariat of Public Communication) and against Messrs. Juan Manuel Abal Medina and Alfredo Scoccimarro, in order to request that the National Government cease in the arbitrary and discriminatory allocation of official advertising with respect to Arte Radiotelevisivo Argentino S.A. ARTEAR requested (i) that the court order the maintenance of a balanced allocation with respect to the amount of official advertising received in previous years, and in particular prior to 2008, and with respect to the amount of official advertising allocated to other broadcasters of similar characteristics, and (ii) that the conduct of the above-mentioned officials be declared illegitimate, on account of their having abusively exercised their discretionary power to manage public funds destined to official advertising, discriminating against Canal 13, which is owned by ARTEAR.

On February 11, 2014, the Supreme Court of Argentina decided in re "Arte Radiotelevisivo Argentino S.A. v. National Government - Chief of the Cabinet of Ministers and Media Secretariat on summary action for the protection of constitutional rights (acción de amparo) Law No. 16,980" to confirm the decision rendered in that respect by Chamber No. 4 of the National Court of Appeals on Federal Administrative Matters. This Court

admitted the summary action brought by ARTEAR and ordered the National Government to provide for the drafting and submission to the first instance court of a scheme for the allocation of official advertising that included the broadcasters with characteristics analogous to those of ARTEAR. Among those broadcasters, the Court of Appeals included América TV S.A. (Canal 2), Telearte S.A. (Canal 9), Televisión Federal S.A. (Canal 11), ARTEAR (Canal 13) and SNMP S.A. and RTA S.E. (Canal 7). The allocation scheme must faithfully conform to the guidelines of proportionality and equity set forth in the ruling. The term for submitting the allocation scheme was set at thirty days after that decision became final. After ARTEAR had filed several complaints denouncing non-compliance with the decision rendered by the Supreme Court, the judge of the National Court of First Instance on Federal Administrative Matters No. 12, Clerk's Office No. 23 admitted these complaints in June 2015. The judge held that the defendant had not complied with the Supreme Court's decision and ordered that it begin to comply going forward. As of the date of these financial statements, the National Government is complying with that decision.

h. The claimants representing media companies in re "AEDBA and Other v. National Government - Decree No. 746/03 - AFIP on Incidental Procedure" pending before the Court on Federal Administrative Matters No. 4 requested that media companies represented by the claimants be granted the right to have a differential VAT regime as undertaken by the National Government under Decree No. 746/03 and the rules and regulations issued in connection thereto.

On October 30, 2003, a preliminary injunction was issued in connection with the above-mentioned file, ordering the National Government to maintain the effectiveness of the benefit granted under Decree No. 746/03. The National Government filed an appeal against that decision and on November 6, 2008, the Court of Appeals granted the request to have the injunction revoked, among other things. On November 27, 2008, the claimants filed an appeal with the Supreme Court of Argentina requesting the suspension of the enforcement of such ruling.

On October 28, 2014, the Supreme Court of Argentina issued a ruling in connection with the above-mentioned file, whereby it declared the appeal formally admissible and thus confirmed the effectiveness of the above-mentioned preliminary injunction. In the recitals of its ruling, the Supreme Court stated that: (i) as of the date of the decision, the Executive Branch had not yet established any regime to replace the so-called competitiveness and employment generation agreements; (ii) the differential VAT regime provided under Law No. 26,982 was only applicable to small media companies, not to all media companies; (iii) the tax policy must not be biased and cannot be used as a way to curtail freedom of speech; (iv) the alternative solution that had to be sought ruled out, as a matter of principle, the application of the general regime; (v) even though the merits have not been decided upon (differential VAT regime), the injunction that had been issued in connection thereof shall remain effective until such a solution to the matter is reached; (vi) the legal entities that met the obligations within the scope of the injunction shall not be deemed delinquent; and (vii) the judge of the first instance court shall render an urgent decision on the merits.

On December 10, 2014, the Federal Court on Administrative Matters No. 4 rendered a decision on the merits in re AEDBA and other v. National Government Decree No. 746/03 and other on Proceeding leading to a declaratory judgment" ordering, among other things, that: The claimants (media companies) have the standing to sue; that the judge cannot legislate because only the Legislative Branch is empowered to do so; that, pursuant to the enactment of Law No. 26,982, the obligation undertaken by the Executive branch has already been met since the differential VAT rates have already been set and, therefore, the claim is moot; that, based on the decision rendered by the Supreme Court of Argentina, the companies cannot be deemed delinquent.

Given the fact that the above-mentioned decision opposes and contradicts the grounds stated by the Supreme Court, the claimants (AEDBA, ARPA, ADIRA, as well as other associations) filed an appeal against the decision rendered by the above-mentioned court of first instance with the corresponding Court of Appeals. On October 1, 2015, Chamber II of

the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer's contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

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, AGEA and some of its subsidiaries and Radio Mitre started to calculate employer's contributions as tax credit on VAT as from November 2014.

i. On October 3, 2014, ARTEAR and some of its subsidiaries submitted a request to join the Association of Argentine Private Broadcasters ("ARPA", for its Spanish acronym), which became effective as from June 2015. As a result of the above-mentioned incorporation, that company became eligible to enjoy the benefit, provided under Decree No. 746/03, of calculating employer's contributions as tax credit on VAT.

ARPA is a party to "Association of Newspaper Publishers of the City of Buenos Aires (AEDBA, for its Spanish acronym) and other - ADIRA, AAER, ATA AND ARPA- v. National Government - Decree No. 746/03 - AFIP on Autonomous Preliminary Injunction", in respect of which the Supreme Court of Argentina rendered a decision on October 28, 2014. These associations had requested a preliminary injunction ordering the Executive Branch to maintain the effectiveness of the benefit of calculating employer's contributions as tax credit on VAT, pursuant to Decree No. 746/03, for the companies that belong to these associations, or else, as a default argument, ordering the AFIP to refrain from claiming payment on the corresponding taxes. In addition, the Court confirmed the decision on the extended preliminary injunction stating that, notwithstanding the decision, the claimants shall not be deemed delinquent within the framework of the preliminary injunction. On

October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer's contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

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, ARTEAR and some of its subsidiaries started to calculate employer's contributions as tax credit on VAT as from July 2015.

j. 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 (cf. 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. The amount calculated as of December 31, 2016 and 2015 was approximately Ps. 741.3 million and Ps. 237 million, respectively.

k. In February 2016, Radio Mitre was served with a claim seeking to extend to Radio Mitre the bankruptcy of one of its subsidiaries, Cadena País Producciones Publicitarias S.A., in connection with a case pending before one of the National Courts of First Instance on Commercial Matters of the City of Buenos Aires. Our legal advisors believe that that company has sufficient legal and factual grounds to support its position contrary to that claim and, therefore, they do not foresee any adverse effects that may be derived from this situation.

#### **10.4 Matters concerning Papel Prensa:**

I. Papel Prensa has several disputes pending before the Commercial Court of Appeals of the City of Buenos Aires as a consequence of CNV Resolution No. 16,222. Pursuant to said Resolution, the CNV declared that certain decisions of Papel Prensa's Board of Directors were irregular and with no effect for administrative purposes. The Resolution challenged the Board's fulfillment of the formalities required in the preparation, transcription and execution of meeting minutes on the relevant corporate books. On June 24, 2010, in File No. 75,479/09, the Commercial Court of Appeals of the City of Buenos Aires,

Chamber C, decided to nullify CNV Resolution No. 16,222. On the basis of Resolution No. 16,222, the CNV has questioned subsequent decisions of Papel Prensa's Board and of its Shareholders. In response, Papel Prensa has brought several administrative claims against the CNV, questioning its position. All of such claims were decided in Papel Prensa's favor by the Commercial Court of Appeals of the City of Buenos Aires. Consequently, the CNV's decisions were nullified. Furthermore, the Commercial Court of Appeals, Chamber C, dismissed the appeals filed by the CNV before the Supreme Court of Argentina against the Court of Appeals' decisions. The CNV filed a direct appeal before the Supreme Court.

As a consequence of the above, Papel Prensa has continued with the criminal proceedings brought against certain public officials.

On February 1 and 4, 2010, the Secretary of Domestic Trade, Mario G. Moreno, and the CNV, respectively, requested the judicial intervention of Papel Prensa before the commercial justice. Such claims were pending before the Federal Commercial Court of First Instance No. 2, Clerk's Office No. 4, temporarily under judge Dr. Eduardo Malde, who, on March 8, 2010, issued an injunction whereby he suspended certain decisions adopted at meetings of the Board of Directors and at Shareholders Meetings held on or after November 4, 2009. Judge Malde also appointed a co-administrator without removing the members of the previous corporate bodies. Papel Prensa filed an appeal, which the Commercial Court of Appeals, Chamber C, resolved in Papel Prensa's favor, by revoking the injunction on August 31, 2010. On December 7, 2010 the same Chamber C dismissed the appeals filed by the CNV and the National Government before the Supreme Court of Argentina against the Court of Appeals' decision. Both the CNV and the National Government filed direct appeals against such decision.

On March 26, 2014, the Supreme Court of Argentina dismissed the appeal that had been filed by the CNV. Therefore, the decision rendered by the Court of Appeals that nullified Resolution No. 16,222 became final, with full force and effect. Also on the same date, the Supreme Court of Argentina dismissed the appeals brought by CNV and the National

Government. Therefore, the decision rendered by the Court of Appeals that revoked the corporate intervention of Papel Prensa became final, with full force and effect.

None of the claims mentioned in the above paragraphs had a material effect on AGEA's financial and economic condition as of December 31, 2016.

II. On January 6, 2010, the SCI issued Resolution 1/2010, whereby certain business practices were imposed on Papel Prensa. Papel Prensa brought a legal action against such resolution on grounds of unconstitutionality before the Federal Court on Administrative Matters and requested an injunction which was granted by the intervening judge. Pursuant to the injunction, the effects of such Resolution were suspended. On May 7, 2010, the Federal Court on Administrative Matters revoked the injunction. Papel Prensa appealed such decision, which was affirmed by the Federal Court of Appeals on Administrative Matters. Papel Prensa filed an appeal against the Court of Appeals' decision. The appeal was denied and Papel Prensa was served notice of that denial on September 1, 2010. On June 2, 2015, the dismissal of the claim brought by Papel Prensa against the constitutionality of Resolution No. 1/2010 became final. The court held that the claim became moot upon the enactment of Law No. 26,736. The Company understands that the substantive claim is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736, currently pending before the Federal Civil and Commercial Court.

III. Papel Prensa suspended its operations with related parties between March 9 and April 21, 2010 pursuant to an injunction issued on March 8, 2010 by Judge Malde. In his ruling, Judge Malde decided to suspend the Board of Directors' resolution of December 23, 2009, which had approved the terms and conditions of transactions with related parties for the year 2010. On April 21, 2010, the Board of Directors of Papel Prensa, following a proposal made by the court-appointed supervisor (interventor) and co-administrator, approved the resumption of such company's transactions with related parties under provisional conditions for as long as the decision rendered by the Board on December 23, 2009 remained suspended and/or

until Papel Prensa's corporate bodies established a business practice to follow with related parties.

Such approval involved suspending the application of volume discounts in connection with purchases made by related parties, which could be recognized in their favor, subject to the court's decision on the appeal filed by Papel Prensa against Judge Malde's injunction of March 8, 2010. As from April 21, 2010, transactions with related parties were resumed under the provisional conditions approved by the Board on April 21, 2010.

At a meeting held on December 23, 2010, Papel Prensa's Board of Directors approved new conditions that must be fulfilled for the recognition and payment of volume discounts that may be applicable to related parties in connection with purchases of paper made as from April 21, 2010. These new conditions are as follows: (i) the lifting of the provisional suspension of the resolutions adopted by the Board at the meeting of December 23, 2009, as explained in the previous paragraph, and (ii) the resolution or end, by any means, of any state of uncertainty that may eventually exist about the conditions approved by Papel Prensa's Board in the first item of the agenda of the meeting held on April 21, 2010, as a consequence of the claim brought by the National Government in re "National Government – Secretariat of Domestic Trade – v./ Papel Prensa S.A.I.C.F. y de M. on/ Ordinary", File No. 97,564, currently pending before Federal Commercial Court of First Instance No. 26, Clerk's Office No. 52. Under this proceeding, the National Government seeks to obtain, among other things, a declaratory judgment of nullity of the provisional conditions for the resumption of transactions with related parties in connection with the purchase and sale of paper that was approved by the Board of Papel Prensa in the first item of the agenda of the above mentioned meeting held on April 21, 2010.

Furthermore, at this meeting held on December 23, 2010, Papel Prensa's Board decided to maintain the approved sales policy, but to subject the accrual and enforceability, and, consequently, the recognition and payment to the clients, of the eventual volume discounts that may be applicable to them with respect to paper purchases made between January 1st, 2011 and December 31, 2011, to a final

favorable ruling in the claim brought by Papel Prensa against the constitutionality of SCI Resolution No. 1/2010, or to the final nullification of such Resolution No. 1/2010 in any other way or by any other legal means, whichever occurs first. In view of the decisions rendered in this case, the substantive claim, in this aspect, is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736. With respect to related parties, the Board of Directors of Papel Prensa approved the same sales policy and conditions as those approved for the other customers in general.

In a meeting held on December 27, 2011, the Board of Directors of Papel Prensa decided to maintain for 2012 the same sales policy that had been approved for 2011 – under the same terms and conditions mentioned in the previous paragraph – for all of its customers in general (including related parties), which was maintained in subsequent years and, to date, no changes have been introduced.

The commercial policy approved by Papel Prensa was affected by Law 26,736 –effective as from January 5, 2012– which declared that the production, sale and distribution of wood pulp and newsprint were matters of public interest and set forth the regulatory framework to be adopted by the producers, sellers, distributors and buyers of such inputs. Among other things, the Law set limits and established conditions applicable to Papel Prensa for the production, distribution and sale of newsprint (including a formula to determine the price of paper), and created the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint where all producers, sellers, distributors and buyers shall be registered as a mandatory requirement in order to produce, sell, distribute, and/or purchase newsprint and wood pulp as from the enactment of the Law. It also contains a series of temporary clauses, specifically and exclusively addressed to Papel Prensa, whereby Papel Prensa is forced to make investments to meet the total national demand for newsprint – excluding from this requirement the other existing company that operates in the country with installed capacity to produce this input. The Law also provides for the capitalization of the funds eventually contributed by the National Government to finance these investments for

the purposes of increasing the equity interest and the political rights of the National Government in Papel Prensa, contravening public order regulations contained in Law 19,550 and disregarding several constitutional rights and guarantees of Papel Prensa and its private shareholders.

On February 10, 2012, AGEA registered with the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint (Record No. 63 in File No. S01:0052528/12), clearly stating that the decision to register shall not be construed as an acknowledgment or conformity with the legitimacy of Law 26,736, Resolution No. 9/2012 issued by the Ministry of Economy and Public Finance and SCI Resolution No. 4/2012 issued in connection with such Law and/or any other issued in the future, since they seriously affect several rights and guarantees of AGEA which are recognized and protected by the Argentine National Constitution.

IV. On September 12, 2011, the CNV issued Resolution No. 16,647 whereby it rendered irregular and with no effect for administrative purposes the decisions made by Papel Prensa's Board of Directors at the meetings held on July 20, 2011 and August 5, 2011. At those meetings, the Board of Directors had called two shareholders' meetings, to be held on September 27, 2011 and September 15, 2011, respectively. Notwithstanding the fact that Resolution No. 16,647 was appealed by Papel Prensa and is therefore not final, on September 15, 2011, Commercial Court No. 5, Clerk's Office No. 9, issued an injunction with respect to the Board of Directors' decisions to call the two shareholders' meetings. The injunction had been requested by the shareholders Arte Gráfico Editorial Argentino S.A., Compañía Inversora en Medios de Comunicación (CIMECO) S.A., and S.A. La Nación. Given that the issuance of the injunction validated Papel Prensa's decision to call the two shareholders' meetings, both were held as originally scheduled. Nevertheless, and based on the above Resolution No. 16,647, on October 13, 2011 the CNV issued Resolution No. 16,671 rendering irregular and with no effect for administrative purposes all of the decisions made at Papel Prensa's Shareholders' Meetings held on September 15, 2011 and September 27, 2011. Papel Prensa filed an appeal against Resolution No. 16,671, which is, therefore, not final. Also

based on Resolution No. 16,647, on November 16, 2011, the CNV issued Resolution No. 16,691 whereby the CNV rendered irregular and with no effect for administrative purposes the decisions made at the Board of Directors' Meeting held on October 3, 2011 and the call for the Board of Directors' meeting on November 17, 2011. Such Resolution is not to be deemed final since Papel Prensa filed an appeal and requested its nullification. In this sense, of particular note is that: (i) at the hearing held before Federal Commercial Court No. 26 of First Instance, Clerk's Office No. 52, the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación agreed, among other things, on the composition of the company's corporate bodies, and in particular on the recognition of the authorities appointed by the private shareholders at Papel Prensa's Shareholders' meeting held on September 27, 2011, as well as on the agenda to be addressed at the meeting of Papel Prensa's Board of Directors of October 3, 2011, which had been the subject matter of Resolution No. 16,691; and (ii) at the hearing held in April 2012 before the same Commercial Court the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación, with the assistance of the Argentine Securities Commission, agreed to request the court to order a shareholders' meeting with an agenda substantially similar to that of Papel Prensa's Shareholders' Meeting held on September 27, 2011. The request was granted by the intervening judge and the meeting was scheduled for August 29, 2012. The meeting began on that date but, as a consequence of certain disturbances provoked by the representative of the National Government, the private shareholders that were present at the meeting decided to adjourn it for 48 hours without addressing the agenda. After that, and notwithstanding the resolution adopted at the meeting, on August 31, 2012 Judge O'Reilly decided to order that the adjourned meeting would resume on September 25, 2012. However, the meeting was not held because the Judge subsequently held that the appeals filed against other points of her decision resulted in the suspension of every point of the decision she had rendered, including the new date scheduled for the meeting, even though all appellants had consented to that point.

On June 12, 2014, the Court of Appeals decided to postpone rendering a decision on the appeals filed until the court-convened shareholders' meeting that began on August 29, 2012 had been resumed and closed, ordering Judge O'Reilly to decide on the pending issues and to order the shareholders to resume that meeting. On December 4, 2014, the Judge called Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to a hearing to be held on May 6, 2015, in order to proceed as ordered by the Court of Appeals. In light of the above, the new date to resume that meeting may not be set until Judge O'Reilly has complied with the decision rendered by the Court of Appeals.

On April 29, 2015, the Judge suspended the hearing that was to be held on May 6, 2015 because the National Government failed to answer the notice served by the Judge requesting a statement identifying the officials that would attend the hearing with sufficient powers to reach a settlement pursuant to Decree No. 411/80 (T.R. Decree No. 1,265/87, as amended). The Judge set a new date for the hearing to be held on April 14, 2016, but it was subsequently postponed by the Court for June 9, 2016.

Subsequently, in March 2016, the Commercial Court of Appeals –Chamber C– summoned Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to attend a hearing to be held on April 7, 2016, solely for conciliatory purposes and with the aim of finding a comprehensive solution to the conflict. The hearing was held on that date and a new date was set to resume the hearing on June 2, 2016 for the same purposes and effects. It was subsequently postponed until June 3, 2016. At that hearing, held on June 3, 2016, Papel Prensa, the Company and the other shareholders present at the hearing (the National Government, S.A. La Nación and CIMECO) requested that the procedural periods remain suspended in connection with the claims pending before that Court of Appeals, and also requested the court to order a shareholders' meeting of Papel Prensa to be held on September 20, 2016 to address, basically, the issues included under subsections 1, 2 and 3 of Section 234 of Law No. 19,550, as amended, corresponding to fiscal years ended



December 31, 2010, 2011, 2012, 2013, 2014 and 2015. On September 5, 2016, the Court of Appeals called for a shareholders' meeting as requested at the hearing held on June 3, 2016, and at the request of Papel Prensa and the National Government –in view of the urgent and impending terms to make the required publications– on September 8, 2016 it postponed the date of the shareholders meeting until October 19, 2016.

On October 19, 2016, the shareholders of Papel Prensa duly held the court-convened Shareholders' Meeting of that company. At that Shareholders' Meeting, the shareholders approved the financial statements of Papel Prensa for the years ended December 31, 2010, 2011, 2012, 2013, 2014 and 2015 and other accounting documentation under subsection 1, Section 234 of Law No. 19,550, as amended, appointed directors, statutory auditors and members of the supervisory committee for the year 2016, approved the capitalization of the capital adjustment for Ps. 123,293,385, issued a decision on the approval and disapproval of the performance of certain directors, statutory auditors and members of the supervisory committee during the full fiscal years under consideration, and unanimously appointed external auditors engaged with issuing an opinion on the financial statements of Papel Prensa as of December 31, 2016 and March 31, 2017. In connection with the decisions made at the Shareholders' Meeting held on October 19, 2016 by the shareholders that are parties to judicial proceedings, the resumption of the court-convened Shareholders' Meeting of Papel Prensa that began on August 29, 2012 has become moot, and the Company understands that the great majority of the issues involving the conflict related to Papel Prensa have become or will become moot.

On February 14, 2017, the hearing provided under Section 360 of the Civil and Commercial Procedure Code in re "Arte Gráfico Editorial Argentino S.A. and other v. Argentine Securities Commission on ordinary" File 34,049/2011 took place. The purpose of that claim was to declare that the silence of the National Government be deemed a consent, given the government's obligation to grant or deny consent under Section 20 of the By-laws with respect to the appointment of an external auditor by the shareholders at the Shareholders'

Meeting held on September 27, 2011. Papel Prensa, the shareholders of CIMECO, S.A. La Nación and the Company, the CNV and the National Government agreed that this claim had become moot as a result of the Shareholders' Meeting held on October 19, 2016.

V. On June 6, 2013, the Board of Directors of the CNV issued CNV Resolution No. 17,102, within the framework of the Administrative File No. 1032/10, whereby it required that: (i) certain members of Papel Prensa's Supervisory Committee and statutory auditors be imposed a fine of Ps. 150,000 each; and (ii) Papel Prensa, certain members of its Board of Directors, one member of its Supervisory Committee and the members of its Oversight Board (all of them representatives of Papel Prensa's private shareholders) be imposed a joint and several fine of Ps. 800,000. Papel Prensa and its other current and former officers appealed the fine in due time and form. In the same appeal, they requested an injunction to change the effect of their appeal and suspend the application of the fine. On October 11, 2013, Chamber No. 5 of the Federal Court on Administrative Matters denied this request, which was considered unnecessary in the light of the settlement of the fine by the claimants, as informed below. Notwithstanding the above, on June 19, 2013, the Company asked the CNV to suspend the application of the fine until a decision was rendered by the Court of Appeals with respect to the injunction. The request was denied. On June 28, 2013, the fine was paid under protest in order to prevent its coercive enforcement by the CNV; given that, under the new Capital Markets Law No. 26,831, appeals may be admitted without suspension of judgment.

VI. AGEA has not recorded any impact in connection with the foregoing, since its effects shall depend on the final outcome. Such effects are not expected to be material to these Financial Statements.

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## Note 11

### Regulatory Framework

#### 11.1. Audiovisual Communication Services Law.

The subsidiaries of Grupo Clarín that render audiovisual communication services are holders

of licenses that were originally awarded under the regime established by Law No. 22,285. The COMFER was the enforcement authority established by that law. Under Law No. 22,285 audiovisual communication service 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. Broadcasting licenses were granted for an initial period of 15 years, allowing for a one-time extension of 10 years. The extension of the license was subject to the approval of the COMFER, which would determine whether or not the licensee had met the terms and conditions under which the license had been granted. Some of the licenses exploited by the subsidiaries have already been extended for the above-mentioned 10-year term.

On May 24, 2005, Decree No. 527/05 provided for a 10-year-suspension of the terms then effective of broadcasting licenses or their extensions. Calculation of the terms was automatically resumed upon expiration of the suspension term, subject to certain conditions. The Decree required that companies seeking to benefit from the extension submit to the COMFER's approval, within two years from the date of the Decree, programming proposals that would contribute to the preservation of the national culture and the education of the population and a technology investment project to be implemented during the suspension term. COMFER Resolution No. 214/07 regulated the obligations established by Decree No. 527/05 in order to benefit from such suspension. The proposals then submitted were approved and, accordingly, the terms of the licenses originally awarded to the subsidiaries of Grupo Clarín were suspended for ten (10) years.

The Audiovisual Communication Services Law (Law No. 26,522, LSCA, for its Spanish acronym) was passed and enacted on October 10, 2009, subject to strong concerns over 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 have been issued. Therefore, Law No. 22,285 still applies with respect to those matters that to date have not been regulated, until all terms and procedures for the regulation of the new law are defined.

The law provided for the replacement of the COMFER with 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 vested the new agency with authority to enforce the law.

Emergency Decree No. 267/15 issued on December 29, 2015, created the National Communications Agency ("ENACOM", for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications. Among other powers, the ENACOM has all the same powers and competences that Law No. 26,522 had vested in AFSCA. See Note 11.3.

#### **11.2. 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.

The new law maintains the single country-wide license scheme and the individual registration of the services to be rendered, but replaces 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 the subsidiary Cablevisión, its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses and their respective registrations of services, remain unaltered.

The license will be called "Licencia Única Argentina Digital" and will allow 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.

The law created a new enforcement and oversight Authority as a decentralized agency under the jurisdiction of the Executive Branch, the Information and Communications Technology Federal Enforcement Authority (“AFTIC”, for its Spanish acronym).

The new law 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 Projects submitted by Cablevisión and its subsidiaries that exploit telecommunication services, 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.

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 11.3.).

As of the date of these financial statements, Law No. 27,078 has been only partially regulated.

**11.3. Emergency Decree No. 267/15. Convergence.** Emergency Decree No. 267/15 (the “Emergency Decree”), 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 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 conform to the provisions of this law with respect to ownership conditions and the number of licenses. Section 45 of Law No. 26,522, which establishes the multiple license regime, has been significantly amended. As a result, the Company and its subsidiaries that are licensees and/or owners of audiovisual communication services already conform to the new regulatory framework.

Under the new regulatory framework, the licenses for physical link subscription television services and for radio-electric link subscription television services held by certain subsidiaries that had been granted under Laws No. 22,285 and No. 26,522 are now called “Registrations” for the exploitation of physical link subscription television services 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 its subsidiaries are now governed by the Digital Argentina Act. The only license still exploited by Cablevisión that could be considered to be still 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 (now ENACOM) that must be renewed on an annual basis.

As far as the Company’s subsidiaries are concerned, the Emergency Decree eliminates:

1. 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;
2. 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 Emergency Decree became effective; and the limit that provided that broadcast television services may not reach more than 35% of the total national population and 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.”

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 cable television service 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 subsidiaries of Cablevisión have 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 certain subsidiaries of the Company will continue to be subject only to the fee regime provided under Law No. 26,522. 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.



With regard to the term of the licenses for television and radio broadcast services, the Emergency Decree establishes two important changes:

- It provides for a new system of extensions for audiovisual communication service licenses whereby the licensee may request a first extension for five (5) years, which will be automatic. Upon expiration of this term, licensees may request subsequent extensions of ten (10) years complying in that case with 'the provisions of the Law and applicable regulations to be eligible for each extension. However, this system of subsequent extensions may be interrupted upon the expiration of the last extension if the Ministry of Communications decides to call for a public bid for new licensees, for reasons of public interest, for the introduction of new technologies or in compliance with international agreements. In this case, prior licensees shall have no acquired rights regarding their licenses.
- Section 20 of the Emergency Decree provides that the holders of licenses effective as of January 1, 2016 may request a ten (10) year extension, without it being necessary to wait until the expiration of the license that is currently effective. Such extension shall be considered as a first period that entitles the holder to the five (5) year automatic extension.

Taking into consideration the advantages provided under the new legal framework with regard to the terms of the licenses, the direct and indirect subsidiaries of the Company that exploit audiovisual communication services, i.e. ARTEAR, RADIO MITRE, TELECOR S.A.C.I., Teledifusora Bahiense S.A. and Bariloche TV S.A., made a filing with the ENACOM requesting the extension of the terms of their licenses pursuant to Section 20 of the Emergency Decree.

Cablevisión has completed 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.

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 for authorization of coverage area.

The new General Rules also order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area. In this respect, the subsidiary of the Company states that it already complies with all the obligations derived from this Resolution.

Pursuant to the Emergency Decree, the 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 after a term of two years counted as from January 1, 2016. That term may be extended for one more year.

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.

**11.4. Matters related to the regulatory situation of the Company and certain subsidiaries.**

**11.4.1. Proposal to conform to the provisions of Law No. 26,522.**

Pursuant to Resolution No. 17/ENACOM/2016 issued on February 01, 2016, the new enforcement authority recognized that all the files and/or administrative proceedings pending resolution containing requests made under the regime approved by Section 161 of Law No. 26,522, and its regulations, including the proposal submitted by the Company and its subsidiaries, comply with the limits relating to multiplicity of licenses established by Section 45 of Law No. 26,522, as amended by Emergency Decree No. 267/2015. Therefore, they shall be deemed concluded and filed. In addition, in the same administrative act, that agency also repealed Resolution No. 1,121/AFSCA/2014, which had ordered the ex-officio divestiture procedure.

**11.4.2. Other Resolutions issued by AFSCA.**

We refer to Resolution No. 1,329/AFSCA/2014, which amends Resolution No. 1,047/AFSCA/2014, whereby the AFSCA approved the National Standard for Terrestrial and Broadcast Digital Television Audiovisual Communication Services, and to Decree No. 2,456/2014, which approves the National Digital Audiovisual Communication Services Plan. Both the Resolution and the Decree are manifestly contrary to Law No. 26,522, which has higher hierarchy, because they contradict the rights of the current licensees of broadcast television services, including ARTEAR and the subsidiaries that exploit broadcast television services.

This regulatory framework was subsequently supplemented by three resolutions. Through Resolution No. 24/AFSCA/2015, AFSCA approved the Technical Plan for Terrestrial Digital Television Frequencies for important areas of the national territory. Through Resolution No. 35/AFSCA/2015, AFSCA allocated a digital television station on a permanent basis to the current licensees of analog broadcast stations, among which are ARTEAR and its subsidiary TELECOR S.A.C.I. in order to develop their transition to digital technology. Finally, through Resolution No. 39/AFSCA/2015, AFSCA called for public bids for the award of digital television licenses according to the illegitimate categories created by the regulations of the LSCA. Through this regulatory framework, the rights of the current broadcast television licensees are infringed. These rights should be preserved intact as provided under Law No. 26,522, which has higher hierarchy. The main effect of these regulations, among their technical effects, is that the current broadcast television licensees that obtained their licenses pursuant to Law No. 22,285 will have to bear additional charges and obligations including, among other things, multiplexing and broadcasting under their own responsibility other broadcast television stations.

Since the changes introduced under this regulatory framework have an impact on the responsibilities and rights of the companies involved, ARTEAR and TELECOR S.A.C.I. filed a claim before AFSCA requesting the revocation of Resolutions No. 1,329/AFSCA/2014, 24/AFSCA/2015, 35/AFSCA/2015 and 39/AFSCA/2015 to preserve their rights intact as direct or indirect

broadcast television service licensees. They also filed a claim before the National Executive Branch requesting the repeal of Decree No. 2,456/2014. As of the date of these financial statements, the claim filed before AFSCA was dismissed. Therefore, ARTEAR challenged before the courts that agency's decision to dismiss the claim. The claim filed before the National Executive Branch is still pending resolution.

#### **11.4.3. 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.

#### **11.4.4. NEXTEL.**

##### **11.4.4.1. 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, the Company and Nextel appeared before the ENACOM pursuant to Section 8 of Decree No. 267/15, which amends Section 13 of Law No. 27,078 in order to request authorization for the transfer 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 COMMUNICATIONS ARGENTINA S.R.L. in favor of Cablevisión S.A.

This transaction is subject to the corresponding administrative approval of the CNDC.

##### **11.4.4.2. 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 COMMUNICATIONS ARGENTINA S.R.L. 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.

#### **11.4.4.3. 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;

- The approval of the registration requested by NEXTEL of the Advanced Mobile Telecommunications Service; and,
- The authorization of the change that allows for:
  - Changing 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,
  - Extending the allocation of the frequency bands and changing the and channeling from 2500 MHz to 2690 MHz to render advanced mobile communication services at national level with primary status.

By means of Resolution ENACOM No. 1033/2017, 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. 1034/2017, 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 ENACOM No. 1,299 /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 imposed two obligations that must be fulfilled prior to initiating the rendering of Advanced Mobile Communication Services:  
(i) the return of a portion of the radio-electric



spectrum, as proposed by Nextel; and (ii) the creation of a guarantee issued in favor of and satisfactory to ENACOM for an amount equal to the value of the radioelectric 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 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.

**11.4.5. Other Matters Related to the Federal Broadcasting Committee (COMFER, for its Spanish acronym), subsequently Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA), now ENACOM (for its Spanish acronym).**

**CABLEVISION**

As from November 1, 2002 and until December 31, 2016, 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.

**ARTEAR.**

Certain payment agreements that had been delivered by AFSCA to ARTEAR were deemed to enter into effect as of July 2, 2015. That company was authorized to adhere to the payment plan relating to infringements committed between November 21, 2002 and June 23, 2010, payable in sixty monthly installments starting on August 31, 2015. ARTEAR was also authorized to adhere to the applicable payment plan for infringements committed between June 24, 2010 and June 11, 2014, payable in thirty monthly installments starting on August 31, 2015.

**11.4.6. 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, paragraph 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 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 other things, Section 10 of Law No. 27,078 sets forth 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.

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.

#### **11.4.7. 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 the implementing regulations for this law within a 120-day term as from the day following the publication of this law in the Official Gazette. As of the date of the 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.

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, 55, 56 subsection 1, 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 12

#### Capital Stock Structure

Upon the Company's public offering during 2007, the capital stock amounted to Ps. 287,418,584, represented by:

- 75,980,304 Class A common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.
- 186,281,411 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.
- 25,156,869 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

On October 5 and 11, 2007, the CNV and BCBA, respectively, granted authorization for the Company's admission to the initial public offering of its capital stock. Said authorizations contemplated (i) the public offering of its Class B book-entry common shares, (ii) the listing of its Class B book-entry common shares, and (iii) the listing of its registered non-endorsable Class C common shares, trading of which was suspended due to restrictions on transfers set forth by the Bylaws. Also in the last quarter of 2007, the Company was granted authorization for the listing of its GDSs in the LSE. Each GDS represents two of the Company's Class B common shares.

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### Note 13

#### Long-Term Savings Plan for Employees

During the last quarter of 2007, the Company, 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 of the Group 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 Group. As of December 31, 2016, such supplementary contributions made by the Company on a parent company only basis amount to approximately Ps. 14 million, and the charge to income is deferred until the retirement of each executive.

During 2013, and in view of the current environment, certain changes were made to the savings system, though maintaining in its essence the operation mechanism and the main characteristics with regard to the obligations undertaken by the company.

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.

|                                 | December 31, 2016 | December 31, 2015 |
|---------------------------------|-------------------|-------------------|
| Loans (i)                       | 371,288,260       | 287,999,976       |
| Less: Cash and Cash Equivalents |                   |                   |
| Cash and Banks                  | (34,438,063)      | (12,193,114)      |
| Other Current Investments       | (84,222,441)      | (19,848,419)      |
| Net Debt                        | 252,627,756       | 255,958,443       |
| Equity                          | 9,626,387,056     | 7,232,950,673     |
| Debt-to-Equity Ratio            | 0.03              | 0.04              |

(i) Long-term and short-term loans, including derivatives and financial guarantee agreements.

Since Grupo Clarín is a holding company, the measurement of this ratio on the Company's parent company only balances is not relevant.

## Note 14

### Financial Instruments

#### 14.1 Financial Risks Management

Grupo Clarín 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.

#### 14.1.1 Capital Risk Management

Grupo Clarín 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, Grupo Clarín 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 shareholders' equity.

The debt-to-equity ratio for the years ended December 31, 2016 and 2015 is as follows:



#### 14.1.2 Categories of Financial Instruments

|   | December 31, 2016  | December 31, 2015  |
|---|--------------------|--------------------|
| <b>Financial Assets</b>                                 |                    |                    |
| Loans and Receivables <sup>(1)(2)</sup>                 |                    |                    |
| - Cash and Banks  | 34,438,063         | 12,193,114         |
| - Other Receivables                                     | 153,694,072        | 153,785,760        |
| At fair value with an impact on net income              |                    |                    |
| - Current Investments                                   | 84,222,441         | 19,848,419         |
| <b>Total Financial Assets</b>                           | <b>272,354,576</b> | <b>185,827,293</b> |
| <b>Financial Liabilities</b>                            |                    |                    |
| At amortized cost                                       |                    |                    |
| - Debt <sup>(3)</sup>                                   | 371,288,260        | 287,999,976        |
| - Accounts Payable and Other Liabilities <sup>(4)</sup> | 39,264,409         | 59,586,800         |
| <b>Total Financial Liabilities</b>                      | <b>410,552,669</b> | <b>347,586,776</b> |

(1) Net of the allowance for doubtful accounts of Ps. 33.9 million and Ps. 33.8 million, as of December 31, 2016 and 2015, respectively.

(2) Includes receivables with related parties of Ps. 150.4 million and Ps. 150.9 million, as of December 31, 2016 and 2015, respectively.

(3) Includes debts with related parties of Ps. 368 million and Ps. 288 million, respectively, as of December 31, 2016 and 2015.

(4) Includes debts with related parties of Ps. 3.9 million and Ps. 2.2 million, respectively, as of December 31, 2016 and 2015.

#### 14.1.3 Objectives of Financial Risk Management

Grupo Clarín 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.

Grupo Clarín does not enter into financial instruments for speculative purposes as common practice. As of December 31, 2016 and 2015, the Company was not a party to agreements involving derivatives.

#### 14.1.4 Exchange Risk Management

Grupo Clarín enters into foreign currency transactions; therefore, it is exposed to fluctuations of exchange rates.

The Company does not currently enter into foreign exchange hedging transactions to manage foreign currency fluctuation risk. In case the Company enters into such transactions, it cannot assure that those operations will protect its financial position from the eventual negative effect of exchange rate fluctuations.

The following table shows the monetary assets and liabilities denominated in foreign currency (US dollars) at the closing of the years ended December 31, 2016 and 2015:

|                                      | USD               | USD               |
|--------------------------------------|-------------------|-------------------|
|                                      | December 31, 2016 | December 31, 2015 |
| <b>Assets</b>                        |                   |                   |
| <b>Current Assets</b>                |                   |                   |
| Cash and Banks                       | 79,049            | 101,142           |
| Other Investments                    | 1,575,904         | 1,533,881         |
| Other Receivables                    | 1,090             | 1,090             |
| <b>Total Current Assets</b>          | <b>1,656,043</b>  | <b>1,636,113</b>  |
| <b>Total Assets</b>                  | <b>1,656,043</b>  | <b>1,636,113</b>  |
| <b>Liabilities</b>                   |                   |                   |
| <b>Current Liabilities</b>           |                   |                   |
| Debt                                 | -                 | 22,065,151        |
| <b>Total Current Liabilities</b>     | <b>-</b>          | <b>22,065,151</b> |
| <b>Non-Current Liabilities</b>       |                   |                   |
| Debt                                 | 23,147,452        | -                 |
| <b>Total Non-Current Liabilities</b> | <b>23,147,452</b> | <b>-</b>          |
| <b>Total Liabilities</b>             | <b>23,147,452</b> | <b>22,065,151</b> |

Bid/offered exchange rates as of December 31, 2016 and 2015 were of Ps. 15.79 and Ps. 15.89; and Ps. 12.94 and Ps. 13.04; respectively.

#### 14.1.4.1 Foreign Exchange Sensitivity Analysis

Grupo Clarín is exposed to exchange risk, mainly with respect to the US dollar.

The following table shows the Company's sensitivity to an increase in the exchange rate

of the US dollar. The sensitivity rate represents Management's assessment of the possible reasonable changes in exchange rates. The sensitivity analysis only includes the outstanding monetary items denominated in foreign currency and adjusts its translation at the end of the year with a 20% increase in the exchange rate, assuming that all the remaining variables remain constant.

|            | Effect in Ps.     | Effect in Ps.     |
|------------|-------------------|-------------------|
|            | December 31, 2016 | December 31, 2015 |
| Net Income | (68,332,818)      | (53,311,653)      |

The sensitivity analysis presented above is hypothetical since the quantified impact is not necessarily an indicator of the actual impact, because exposure levels may vary over time.

#### 14.1.5 Interest Rate Risk Management

At the closing of the year, the Company does not have any financial liabilities with variable interest rates. However, a substantial increase in interest rates may limit the Company's ability to access financing.

#### 14.1.6 Credit Risk Management

Credit risk is defined as the risk that one of the parties may breach its contractual obligations, generating an eventual financial loss for Grupo Clarín. The Company renders services solely to companies of the same economic group. The credit risk on liquid funds is limited due to the fact that the counterparties are banks with high credit ratings issued by credit rating agencies.

The following table details the maturities of the Company's financial assets as from the closing of the reporting year. The amounts disclosed in the table are the undiscounted contractual cash flows.

|   | December 31, 2016  | December 31, 2015  |
|---|--------------------|--------------------|
| Payable on Demand                             | 118,660,504        | 32,041,533         |
| Without any established term                  | 150,102,249        | 148,670,847        |
| Due   |                    |                    |
| - Up to three months                          | 2,880,412          | 5,114,913          |
| - More than three months and up to six months | 711,411            | -                  |
|   | <b>272,354,576</b> | <b>185,827,293</b> |

#### 14.1.7 Liquidity Risk Management

The Board of Directors is ultimately responsible for liquidity management. Accordingly, it has established an adequate framework to manage liquidity so that Management can meet short, medium and long-term financing requirements, as well as the Company's liquidity management. The Company manages liquidity risk maintaining an adequate level of reserves, financial facilities and loans, monitoring on an

ongoing basis projected cash flows against actual cash flows and reconciling the maturity profiles of financial assets and liabilities.

#### 14.1.8 Interest Rate Risk and Liquidity Risk Table

The following table details the maturities of the Company's financial liabilities as from the closing of the reporting year. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest):

|   | Debt               | Accounts Payable and Other Liabilities | Total as of December 31, 2016 |
|---|--------------------|--|-------------------------------|
| Without any established term                | -                  | 5,310,702                              | 5,310,702                     |
| Due   |                    |  |                               |
| Up to three months                          | 3,475,247          | 28,979,107                             | 32,454,354                    |
| More than three months and up to six months | -                  | 4,974,600                              | 4,974,600                     |
| More than four years and up to five years   | 489,097,427        | -                                      | 489,097,427                   |
|   | <b>492,572,674</b> | <b>39,264,409</b>                      | <b>531,837,083</b>            |

#### 14.1.9 Financial Instruments at Fair Value

The following table shows Grupo Clarín's financial assets and liabilities measured at fair value at the closing of the reporting year:

|                     | December 31, 2016 | Quoted Prices (Level 1) | Other Significant Observable Items (Level 2) |
|---------------------|-------------------|-------------------------|--|
| <b>Assets</b>       |                   |                         |  |
| Current Investments | 84,222,441        | 59,338,922              | 24,883,519                                   |

|                     | December 31, 2015 | Quoted Prices (Level 1) | Other Significant Observable Items (Level 2) |
|---------------------|-------------------|-------------------------|--|
| <b>Assets</b>       |                   |                         |  |
| Current Investments | 19,848,419        | -                       | 19,848,419                                   |

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). As of December 31, 2016 and 2015, the Company did not have any asset or liability for which a comparison had not been conducted against observable market data to determine their fair value (Level 3).

#### 1/14/2010. Fair Value of Financial Instruments

The book value of cash and banks, accounts receivable and short-term liabilities is similar to the fair value because these are instruments with short-term maturities.

As of December 31, 2016 and 2015, the Company did not have long-term financial liabilities.

### Note 15

#### Covenants, Sureties and Guarantees provided

a. Note 5.12.1 to the consolidated financial statements sets forth certain restrictions to which Cablevisión (by itself and as the surviving company and successor of Multicanal and Prima as a result of the mergers) is subject pursuant to the financial obligations described in such note.

b. IESA is subject to contractual restrictions on the transfer of its equity interest in TRISA and Tele Net Image Corp.

c. During the year 2009, AGR purchased a binding machine on credit. To secure the transaction, AGR granted the supplier a pledge over the machine. AGR granted joint and several guarantees for the loans granted by Banco Comafi S.A. and Standard Bank Argentina S.A. to Artes Gráficas del Litoral S.A.

d. On September 25, 2012, GCGC executed a mortgage agreement on a building of its property securing the payment of the obligations under the loan with Banco de la Ciudad de Buenos Aires mentioned in Note 5.12.3 consolidated financial statements. Grupo Clarín acts as guarantor of said financing.

e. During 2014, AGR financed the acquisition of machinery and equipment through leasing agreements mentioned in Note 5.12.2 to the consolidated financial statements. Grupo Clarín and AGEA are joint debtors of said financing.

f. On July 24, 2015, Grupo Clarín became the guarantor of certain financial obligations of AGEA, AGR and Cúspide with Banco Itaú Argentina S.A.

g. In April 2016, Grupo Clarín became the guarantor for up to Ps. 65 million to secure



certain financial obligations of AGEA with Banco Ciudad de Buenos Aires.

h. During this year, the Company became the guarantor of a loan granted by Banco Santander Rio S.A. to GCGC. The guarantee will be effective until January 2019.

i. During this year, the Company became the guarantor of a loan granted by Banco Santander Rio S.A. to Auto Sport. The guarantee will be effective until February 2019.

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## Note 16

### Changes in the Company's Interests

a. During 2007, AGEA increased its interest in CIMECO from 33.3% to 50.0%, and executed call and put options on an additional interest in CIMECO's capital stock. During 2008, AGEA partially assigned the rights and obligations arising from such options to its subsidiary AGR and to the Company. Subsequently, in 2008, AGEA, AGR and the Company exercised such call option, increasing, directly and indirectly, the Company's equity interest in CIMECO and Papel Prensa to 100% and 49%, respectively.

On April 10, 2008, the Company and the parties to the above-mentioned transaction notified CNDC of such transaction and on May 12, 2008 filed form F-1. After such notice and as of the date of these financial statements, the Company submitted additional information requested by the CNDC. As of the date of these financial statements, the above transaction is subject to administrative approvals.

On February 3, 2017, the Company, AGEA and AGR were served with Resolution No. 75 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,417 dated December 22, 2016, whereby it authorized the above-mentioned transaction.

b. On January 11, 2008, IESA acquired the controlling interest of a group of companies mainly engaged in sports journalism, production and commercialization of shows, and the production of motor racing television broadcasting. The share purchase agreement

sets forth certain objectives to be met by such group of companies. In case of breach of such provision, the sellers shall have to pay an indemnification. On February 8, 2017, IESA was served with Resolution No. 59 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,407 dated December 15, 2016, whereby it authorized the above-mentioned transactions.

c. On September 2, 2008, ARTEAR increased its equity interest in Pol-Ka and SB Producciones S.A. to 55% of such companies' capital stock and votes, thus acquiring a controlling interest in both companies, in which it previously exercised common control. On February 8, 2017, ARTEAR was served with Resolution No. 73 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,406 dated December 15, 2016, whereby it authorized the above-mentioned transactions.

d. On February 10, 2011, CMD sold to a third party all of its shares of Dinero Mail, for approximately USD 4.4 million in cash; part of the price was withheld as guarantee.

e. On August 17, 2011, CMD executed a stock purchase agreement, whereby it increased by 20% its interest in Interpatagonia S.A. (now Interwa S.A.), where it now holds 80% of the capital stock. CMD paid approximately Ps. 4.3 million in consideration for the shares.

On November 25, 2014, one of the sellers of Interwa S.A.'s shares, as mentioned in Note 10 to these consolidated financial statements, exercised its put option for 6.66% of the shares of that company for approximately Ps. 1.5 million, payable in six monthly installments as from December 2014.

On January 8, 2015, CMD exercised the call option for an additional 6.66% of the equity interest in Interwa S.A. as mentioned under Note 10 to these consolidated financial statements, for approximately Ps. 1.5 million, payable in five monthly installments as from January 2015.

f. On September 30, 2015, ARTEAR and AGEA, together with other companies, created a company under the name "RPA Media Place

S.A.,” engaged in advertising on digital websites, with an equity capital of Ps. 100,000. Each of ARTEAR and AGEA hold a 19% interest in RPA Media Place S.A. As of the date of these financial statements, the incorporation of that company is pending registration with the IGJ.

g. On August 20, 2015, FEASA together with Publirevistas S.A., created a company under the name “Exponenciar S.A.,” engaged in the organization, development and operation of fairs, exhibitions, seminars and conferences, with an equity capital of Ps. 100,000. FEASA holds a 50% interest in Exponenciar S.A. As of the date of these financial statements, the incorporation of that company is pending registration with the IGJ.

h. On October 8, 2015, CMD entered into a stock purchase agreement, whereby it increased its interest in Electro Punto Net S.A. by 26%. The amount of this transaction is of approximately Ps. 11.8 million. In December 2015, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 8 million, increasing CMD’s interest in the capital stock of Electro Punto Net S.A. to 54.3%. In December 2016, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 86 million, increasing CMD’s interest in the capital stock of Electro Punto Net S.A. to 65.6%.

i. On September 10, 2015, the Board of Directors of Cablevisión approved the assignment of the rights and obligations held by Grupo Clarín under an offer it had submitted to NII Mercosur Telecom, S.L.U. and NII Mercosur Móviles, S.L.U. (hereinafter, the “Sellers”) for the acquisition of 49% of the capital stock of NEXTEL COMMUNICATIONS ARGENTINA S.R.L. and an option to acquire, together with its subsidiary Televisión Dirigida S.A., subject to certain conditions -among them, the regulatory approvals- 51% of the remaining capital stock. The price of the transaction was USD 165 million (out of this amount, USD 80 million accounts for 49% and USD 85 million accounts for 51%) plus the right to collect an additional amount of up to USD 13 million subject to the fulfillment of certain conditions. The offer submitted by Grupo Clarín was subject to the acceptance of the Sellers. On September 11, 2015, the Sellers accepted the offer submitted by Grupo Clarín and, on the same date, the

Sellers accepted the assignment of the rights under such offer in favor of Cablevisión, offering Cablevisión the acquisition of 49 % of the capital stock of NEXTEL and the option to acquire the remaining 51%. In order to guarantee the rights and obligations under the offer, the capital stock owned by NII Mercosur Móviles, S.L.U. was pledged (subject to registration with the Public Registry of Commerce). The transaction was executed on September 14, 2015 with the aggregate payment by Cablevisión and its subsidiary of USD 159 million. The companies undertook to create an USD 6 million guarantee fund with the balance to cover any potential liabilities of NEXTEL (this fund was set up on October 7, 2015). In addition, upon the fulfillment of certain conditions precedent, on October 1, 2015, Cablevisión paid to the Sellers the additional amount of USD 12.73 million. On June 3, 2016, the assignment of 49% of the capital stock of NEXTEL in favor of Cablevisión was registered with the IGJ. Under the terms of the offer, NEXTEL would continue to be controlled and operated by the Sellers until the option to acquire the remaining 51% of the capital stock had been exercised.

As of December 31, 2015, the call option was not legally exercisable and uncertainties remained regarding the obtainment of the required regulatory authorization. As of December 31, 2015, Cablevisión did not have control over NEXTEL taking into consideration the elements provided under IFRS 10. Therefore, it did not consolidate NEXTEL as of such date. In January 2016, the regulatory framework changed and the regulatory authorization of the transaction was no longer necessary.

In addition, on January 27, 2016, Cablevisión and its subsidiary Televisión Dirigida S.A. decided to exercise the option to acquire the remaining 51% of the capital stock and votes of NEXTEL, and, consequently, Cablevisión became the holder of 51.4% of the capital stock and votes of NEXTEL and Televisión Dirigida S.A. became the holder of the remaining 48.6%. To such effect, on the same date, NEXTEL’s management took notice of the release of the pledge that had been set up to guarantee the rights and obligations under the offer. On July 26, 2016, the IGJ registered the assignment of the remaining 51% of the capital stock (see Note 11.4.4.).

On June 30, 2016, the controlled company Televisión Dirigida S.A. performed the transfer of: (i) 392,774,929 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 48.5% of the capital stock and votes of NEXTEL, in favor of Cablevisión; and (ii) 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL, in favor of PEM S.A. As a consequence of the above-mentioned assignments of membership interests, Cablevisión holds a 99.9% interest in the capital stock and votes of NEXTEL, and the remaining 0.1% is held by PEM S.A. Those transactions were registered with the IGJ on November 25, 2016.

On December 28, 2016, PEM S.A. transferred to Cablevisión 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL. As a result of the assignment of the membership interests described above, Cablevisión became the holder of 810,236,480 membership interests with nominal value of Ps.1 and entitled to one vote per membership interest, representing 100% of the capital stock and votes of NEXTEL. The Company has filed with the IGJ the registration of the assignment of the membership interests, which, to date, is pending before that agency.

As of December 31, 2015, Cablevisión concluded the process of allocating the acquisition cost of 49% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 316.7 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to its equity interest exceeds the acquisition cost.

During this year, Cablevisión concluded the process of allocating the acquisition cost of 51% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 114.1 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to its equity interest exceeds the acquisition cost.

j. In June 2016, Cablevisión, together with its subsidiary NEXTEL, acquired 100% (97% NEXTEL and 3% Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A. both owners of 100% of the capital stock of Trixco S.A., holder of licenses for the use of the radioelectric spectrum in the 900 Mhz bands. NEXTEL acquired 100% of the capital stock of WX Telecommunications LLC and Greenmax Telecommunications LLC, which are the controlling companies of Skyonline Argentina S.A., Netizen S.A., Infotel S.A. and Callbi S.A., among the most relevant. The latter render wireless telecommunications services and hold licenses for the use of the radioelectric spectrum in the 2.5 Ghz bands. The aggregate price for those transactions was USD 138.2 million, equivalent to Ps. 2,036 million.

During the year, Cablevisión concluded the process of allocating the acquisition cost of 100% (97% to NEXTEL and the remaining 3% to Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A., both owners of 100% of the capital stock of Trixco S.A., and calculated goodwill from this acquisition in the amount of Ps. 801.7 million.

k. On June 30, 2016, the Company executed an agreement with GC Minor for an assignment of shares, whereby it purchased for Ps. 10,000 the interest that GC Minor had in CLC, which accounted for 0.0005% of the capital stock and votes of that company.

l. During this year, GC Minor and the Company executed agreements for the purchase and sale of shares of GCGC. In connection with these operations, the Company holds a loan with GC Minor for Ps. 50,000 payable within 180 days as from December 30, 2016.

As of December 31, the Company holds a 97% interest in GCGC.

m. On June 30, 2016, the Company, as the sole shareholder, formed a new subsidiary, "GCSA Equity, LLC".

n. During 2016, the Company and CMD executed Agreements relating to Irrevocable Contributions on Account of Future Share Subscriptions whereby the Company made a Ps. 84.8 million contribution to CMD.

o. On August 8, 2016, a subsidiary of CMD, Electro Punto Net S.A., executed an asset transfer agreement, whereby it acquired from Meroli Hogar S.A. certain assets related to the business of online retail and sale of home appliances and electronic products in the Province of Córdoba. The transaction includes negative covenants to be fulfilled by the shareholders of Meroli Hogar S.A. The aggregate amount of these transactions is of USD 3.5 million, out of which USD 2.75 million is payable on the date of execution of the agreement and the rest is payable on the first anniversary of the execution date.

p. During 2016, the Company and AGEA executed Agreements relating to Irrevocable Contributions on Account of Future Share Subscriptions whereby the Company made an approximately Ps. 665.7 million contribution to AGEA.

q. During 2016, the Company and GC Minor executed Agreements relating to Irrevocable Contributions on Account of Future Share Subscriptions whereby the Company made an approximately Ps. 25.3 million contribution to GC Minor.

r. IESA and ARTEAR agreed to implement a corporate reorganization process whereby ARTEAR, as Absorbing Company, absorbed certain assets, liabilities, rights and obligations that were spun off IESA's equity, among which are the following cable television signals: "El Trece Satelital", "Quiero Música en mi Idioma", "Volver" and "Magazine". Thus, IESA transferred to ARTEAR all the rights and obligations that make up the Spun-off Equity of IESA. ARTEAR will continue with the activities related to IESA's Spun-off Equity, i.e., the exploitation of the above-mentioned cable television signals. The spin-off - merger was executed based on the equity position disclosed in the financial statements of those companies as of June 30, 2016. The spin-off - merger is effective as from October 1, 2016, inclusive, date on which ARTEAR continued with the operations of IESA's Spun-off Equity, thus generating the corresponding operating, accounting and tax effects. On September 20, 2016, the Extraordinary Shareholders' Meetings of both companies approved the Pre-Spin-off - Merger Commitment. In view of the above, both companies made a filing with the ENACOM

in order to request the registration of the signals "El Trece Satelital", "Magazine", "Quiero Música en mi idioma" and "Volver" held by ARTEAR. The ENACOM has already issued the corresponding certificates registering ARTEAR as the holder of those cable television signals.

s. On August 16, 2016, the Board of Directors of Cablevisión approved the Pre-Merger Commitment executed between that Company, 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., 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, will continue with the operations of 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., 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 will be dissolved without liquidation and Cablevisión S.A. will assume all the activities, receivables, property and all the rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

At the Extraordinary Shareholders' Meeting of Cablevisión held on September 27, 2016, the shareholders approved, among other issues: (i) the Special Parent Company Only Financial Statement and the Special Balance Sheet for Merger as of June 30, 2016, which were used as a basis for the execution of the Pre-Merger Commitment, and (ii) the Pre-Merger Commitment executed on August 16, 2016 between Cablevisión and the Absorbed Companies.

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.

In addition, at the 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 filed with the CNV for its approval.

t. On December 23, 2016, AGR's shareholders decided to increase its capital stock by approximately Ps. 136.9 million, through the capitalization of irrevocable contributions made by AGEA in AGR for Ps. 81.7 million and the capitalization of the loan held by Grupo Clarín with AGR for approximately Ps. 55.2 million. The registration of such capital increase is pending before the IGJ.

u. On November 7, 2016, ARTEAR executed a share assignment, sale and transfer agreement for Ps. 8.7 million, whereby ARTEAR acquired 5,225,000 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 100% of the capital stock of Producciones YAQ S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.

v. On October 25, 2016, ARTEAR executed a share assignment, sale and transfer agreement for USD 500,000, whereby it acquired 51,699 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 40.0004% of the

capital stock of Canal Rural Satelital S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.

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## Note 17

### Law No. 26,831 Capital Markets

On December 28, 2012, Capital Markets Law No. 26,831 (the "Capital Markets Law"), passed on November 29, 2012 and enacted on December 27, 2012, was published in the Official Gazette. The Law provides for a comprehensive amendment of the public offering regime, previously governed by Law No. 17,811. Among other things, the new law enhances the National Government's oversight powers and changes the authorization, control and oversight mechanisms of all stages of the public offering process and the role of all the entities and individuals involved. The Law became effective on January 28, 2013.

On July 29, 2013, the National Government issued Decree No. 1023/2013 to regulate partially the Capital Markets Law that had been passed on November 29, 2012. Among other provisions, the Decree regulates Section 20 of said Law, pursuant to which the CNV may appoint an overseer with veto rights over the decisions made by the boards of directors of entities subject to the public offering regime, or otherwise remove the boards from such entities for up to 180 days until all deficiencies found by the CNV are solved. Said Emergency Decree amends the Law it seeks to regulate and, therefore, constitutes a regulatory abuse. Thus, whereas the Law vests on the CNV the power to appoint an overseer or to remove the board of directors, the Decree allows the CNV to exercise that power if the shareholders and/or noteholders with a two percent (2%) interest in the company's capital stock or outstanding debt securities claim that they have suffered actual and certain damages or if they believe their rights may be seriously jeopardized in the future. The Decree also vests on the CNV the power to appoint the administrators or co-administrators that will hold office as a consequence of the removal of the boards of directors. Thus, the Decree amends the Law by granting the CNV powers that were not

provided therein. By doing so, the Executive Branch is assuming strictly legislative functions in breach of constitutional provisions.

On September 5, 2013 within the framework of the Capital Markets Law and its Decree, the CNV issued Resolution No. 622/2013 (the “Rules”), whereby it approved the applicable Rules that repeal the Rules that had been effective until that date (as restated in 2001). The new Rules have introduced several changes in connection with CNV’s powers over the companies under that agency’s oversight, and also in connection with the information that these companies must disclose.

On August 20, 2013, at the request of Mr. Rubén Mario Szwarc, a minority shareholder of the Company, and by means of public deed number two hundred forty five, the Company was served notice of the decision rendered by Chamber A of the National Court of Appeals on Commercial Matters on August 12, 2013, in re “SZWARC, Rubén Mario v. National Government and Others on Preliminary Injunction” File No. 011419/2013. That Chamber decided, among other things, (i) to declare the unconstitutionality of Sections . 2, 4, 5, 9, 10, 11, 13, 15 and 16 of Law No. 26,854, and (ii) to order the provisional, injunctive suspension of Section 20, subsection a), second part, paragraphs I and II (or 1 and 2) of Law No. 26,831 and of all laws, rules or administrative acts issued or that may be issued pursuant to such legal provisions, with respect to Grupo Clarín S.A., until the judge that is finally declared competent to render a decision on the merits assumes full jurisdiction of the case and renders a final decision relating to the injunction.

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## Note 18

### **Information required under CNV Resolution No. 629 - Record Keeping**

On August 14, 2014, the Argentine Securities Commission issued General Resolution No. 629, which provides for record keeping regulations.

The Company keeps certain supporting documentation related to the record of its

operations and economic-financial events at GCGC located at Patagones 2550, City of Buenos Aires, and at the warehouse located at Ruta 36 Km 31.500, Florencio Varela, of the supplier AdeA - Administración de Archivos S.A., during the periods established by effective laws.

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## Note 19

### **Extinction of the notes issued by AGEA**

On January 28, 2014, AGEA repaid all of the USD 30.6 million aggregate principal amount outstanding and interest accrued as of such date on the Series C Notes issued by that company under the Global Program.

Pursuant to Article 16, Section V of Chapter I of Title III of the Restated Rules issued by the CNV, which governs the delisting due to non-existence of outstanding securities, upon the extinction of the Series C Notes, AGEA filed the required documentation with the CNV.

On August 5, 2014, the CNV served AGEA with a notice requesting the latter to submit information to prove the extinction of Series A, B and D Notes, issued by that company under the Global Program for the Issuance of Notes. On August 12, 2014, AGEA submitted the information requested by the CNV, providing evidence of the extinction of the notes.

On October 8, 2014, the CNV requested AGEA to make a filing in connection with the delisting. On October 16, 2014, AGEA submitted a Note to the CNV whereby it requested delisting due to the extinction of its notes.

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## Note 20

### **The Company’s Corporate Reorganization Process**

On September 28, 2016, at the Company’s Extraordinary Shareholders Meeting, the shareholders approved the execution of a corporate reorganization process to be implemented in two successive steps: a) first the merger of Southtel Holdings S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A.

and CV B Holding S.A. (the “Absorbed Companies”), through which Grupo Clarín held a controlling interest in Cablevisión (the “Merger”), and, b) the subsequent partial spin-off of the Company to create a new company under the name Cablevisión Holding S.A. (the “Spin-off”, and together with the Merger, the “Corporate Reorganization”).

The purpose of the Corporate Reorganization is to enhance efficiency, synergy and streamlining of the Company’s costs, processes and resources and to promote the specialization of the existing asset portfolio of Grupo Clarín and its subsidiaries. This will allow the Company to implement differentiated growth strategies and goals for, on the one hand, the telecommunications segment, and, on the other hand, the media business (print, TV, programming, radio etc.). Thus, each of those segments will be able to focus on its own markets, risks, organizational processes and capital structures.

As a result of the Merger, and since Grupo Clarín is the direct and indirect holder of 100% of the capital stock of the absorbed companies, Grupo Clarín’s capital stock will not be increased. Therefore, it is not necessary to establish an exchange ratio. In addition, the absorbed companies will be dissolved early without liquidation and Grupo Clarín will assume, effective as from October 1, 2016 (the “Effective Date of the Merger”), the activities, receivables, property, rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

As part of the equity subject to spin-off, as provided under the Merger and Spin-off Prospectus filed with the CNV and published in the Financial Information Highway, the Company will transfer to Cablevisión Holding S.A. certain equity interests or participations held by Grupo Clarín, including the direct and indirect equity interests of Grupo Clarín in Cablevisión and in GCSA Equity, LLC. Consequently, once the Corporate Reorganization has been executed, Cablevisión Holding S.A. will become owner, directly or indirectly, of 60% of the capital stock and votes of Cablevisión and of 100% of the participations

of GCSA Equity, LLC. Grupo Clarín will retain and continue with all the activities, operations, assets and liabilities that are not specifically allocated to Cablevisión Holding S.A.

The effective date of the Spin-off (the “Effective Date of the Spin-off”) will be the first day of the month following the date on which the latest of the following registrations is 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. As of the Effective Date of the Spin-off, Cablevisión Holding S.A. will begin its activities on its own account, the accounting effects of the Spin-off will become effective, and the operations, risks and benefits described in the Prospectus published by the Company will be transferred to Cablevisión Holding S.A.

As a result of the Spin-off of Grupo Clarín, its equity will be reduced pro rata and part of the Company’s Class A, Class B and Class C shares will be cancelled in exchange for a set of shares of the same class and with substantially the same rights to be distributed by Cablevisión Holding S.A. Grupo Clarín will continue to be subject to the public offering regime in Argentina and Cablevisión Holding S.A. will request authorization to be admitted to the above-mentioned public offering regime in Argentina. The new company may also apply to have its shares listed on and admitted to trading on one or more local or foreign stock exchanges and/or markets.

The Corporate Reorganization detailed in this note is executed in compliance with applicable regulations of the General Associations Law and subject to obtaining the regulatory authorizations and/or intervention (as applicable) from the CNV, Merval, IGJ and Ente Nacional de Comunicaciones (National Communications Agency “ENACOM”).

The terms and conditions of the Corporate Reorganization were established by the Directors of the Company, who approved the Special Parent Company Only Financial Statement of Grupo Clarín as of June 30, 2016, the Special Balance Sheet for Merger and Spin-off as of the same date and the Merger -and Spin-off Prospectus at the Board of Directors’ Meeting held on August 16, 2016.

As of the date of these financial statements, the registration of the above-mentioned corporate reorganization process is pending before the CNV and the IGJ.

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## Note 21

### Subsequent Events

a. The events that took place subsequent to the closing of this year related to the regulatory framework applicable to the Company and its subsidiaries are described in Note 11.1.

b. Due to the strong reconfiguration of the commercial printing sector, a global phenomenon that also affects Argentina, at the beginning of 2017 AGR had to restructure its activities.

On January 16, 2017, AGR announced that it had ceased to operate its printing facility located in the neighborhood of Pompeya, which was engaged in the mass commercial printing business. At that facility, AGR used to print telephone directories and commercial catalogs, which are products that have been virtually discontinued.

Over the last years, AGR has unsuccessfully attempted to explore new ways of mitigating the effects of the drop in mass commercial printing, and preserve, at least partially, the sustainability of the Pompeya facility. Unfortunately, the huge challenge entailed by this change in the industry (now focused on segmented, personalized and distributed printing) was not supported by the internal commission employee delegates, which

systematically rejected all the proposals made by that company.

The decision to close that facility was aimed at preserving the sustainability of the rest of AGR's operations and at preventing the worsening of that company's financial position, in order to face the payment of severance payments to the personnel that used to work at that facility.

Notwithstanding the close-down of the Pompeya facility, AGR intends to continue operating at whatever scale the market may demand and, consequently, the matter was considered in these financial statements based on that premise.

In the morning of January 16, a group of approximately 40 people, including the members of said internal commission, broke into the Pompeya facility, damaging entrance doors, windows, furniture and security cameras, and violently removed the employees that were inside the facility. Many of them are still at the facility, although the great majority of the employees have already agreed on their redundancy and collected their severance payments for a total amount of approximately Ps. 200 million as of the date of these financial statements.

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## Note 22

### Approval of Parent Company only Financial Statements

The Board of Directors has approved the parent company only financial statements and authorized their issue for March 10, 2017.

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Signed for identification purposes  
with the report dated March 10, 2017

**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

See our report dated March 10, 2017  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (UBA)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman



**Additional Information to the Notes to the Financial Statements - Section No. 12 Title IV Chapter III of General Resolution No. 622/13 of the Argentine Securities Commission**

Balance Sheet as of December 31, 2016

1. There are no specific material regulatory regimes currently applicable to the Company that may entail the contingent loss or acquisition of legal benefits.
2. Note 20 to the parent Company Only Financial Statements describes the Company's current merger-spin-off process, whereby the Company merged with certain of its current subsidiaries and will subsequently spin off to a new company its direct and indirect interest in Cablevisión.
3. The classification of receivables and liabilities by maturity is detailed in Note 9 to the parent company only financial statements.

4. The classification of receivables and liabilities according to their related financial effects is detailed in Note 9 to the parent company only financial statements.

5. Equity interest under Section 33 of Law No. 19,550 is detailed in Note 4.3 of the parent company only financial statements. Accounts receivable from and payable to related parties are disclosed under Note 8 to the parent company only financial statements. The following table summarizes the breakdown of such accounts payable and receivable as per the above points 3) and 4).

|   | Receivables        | Liabilities            |
|---|--------------------|------------------------|
| Without any established term                  | (1) 148,530,532    | 3,863,800              |
| Due   |                    |                        |
| - Within three months                         | (2) 1,882,949      | -                      |
| - More than three months and up to six months | 50,000             | -                      |
| - More than four years and up to five years   | -                  | (3) 367,813,013        |
| <b>Total</b>                                  | <b>150,463,481</b> | <b>(1) 371,676,813</b> |

- (1) Balances are denominated in local currency and do not accrue any interest.
- (2) The balances are denominated in local currency and accrue interest at a fixed rate.
- (3) The balances are denominated in foreign currency and accrue interest at a fixed rate.

6. There are no trade receivables or loans to directors, members of the Supervisory Committee and their relatives up to, and including, the second degree of kinship and no such trade receivables or loans existed during the fiscal year.
7. The Company does not have any inventories.

8. The Company has used current values for the valuation of assets and liabilities acquired from Cablevisión, taking into account, mainly, the following criteria:

- Subscriber portfolio: valued based on, among other things, an analysis of the acquired subscriber portfolio's cash flow generation, considering the subscriber turnover of such portfolio, discounted at a market rate.

– Financial debt: since the acquired companies were not listed at the time of the acquisition, the financial debt was valued based on cash flow discounted at a market rate.

– Fixed assets: valued based on internal estimates made by the subsidiaries according to available information (kilometers and technical characteristics of the network, replacement value per kilometer and type of network based on business knowledge and purchase price of the resources needed, state of the network at the time of acquisition, real estate appraisals of the most significant real property, among others).

Similarly, the Company has recorded the net acquired assets of CIMECO at fair value.

9. The Company does not have any property, plant and equipment subject to appraisal write-up.

10. The Company does not have any obsolete property, plant and equipment.

11. The Company is not subject to the restrictions under section 31 of Law No. 19,550, since its main corporate purposes are investment and finance.

12. The Company assesses the recoverable value of its long-term investments each time it prepares its financial statements. In the case of investments for which the Company does not book goodwill with an indefinite useful life, it assesses their recoverable value when there is any indication of impairment. In the case of investments for which the Company books goodwill with an indefinite useful life, it assesses their recoverable value by comparing the book value with cash flows discounted at the corresponding discount rate, considering the weighted average capital cost, and taking into

consideration the projected performance of the main operating variables of the respective companies.

13. As of December 31, 2016, the Company does not have any relevant tangible property, plant and equipment requiring efficient insurance coverage.

14. Booked provisions for contingencies do not exceed, either individually or as a whole, two percent (2%) of the Company's shareholders' equity.

15. As of the date of these financial statements, the Company does not have any contingent situations, the financial effects of which, if any, have not been booked (see Note 11 to the parent company only financial statements).

16. The Company does not have any irrevocable contributions on account of future share subscriptions.

17. The Company does not have any unpaid cumulative dividends on preferred shares

18. In Notes 7.a. and 10.2.a to the parent company only financial statements reference is made to the treatment given to retained earnings.

Signed for identification purposes  
with the report dated March 10, 2017

See our report dated March 10, 2017  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (UBA)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106

**Alejandro A. Urricelqui**  
Vice Chairman and acting Chairman

## Independent Auditor's Report

Free translation from the original prepared in Spanish

**To the Shareholders, President and Directors of Grupo Clarín S.A.**  
**Legal domicile: Piedras 1743**  
**Autonomous City of Buenos Aires**  
**CUIT No 30-70700173-5**

### Report on the Financial Statements

We have audited the attached parent company only financial statements of Grupo Clarín S.A. (the "Company") which comprise the parent company only balance sheet at December 31, 2016, the parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2015 are an integral part of the audited financial statements mentioned above, therefore, they must be considered in connection with these financial statements.

### Board of Directors' responsibility

The Board of Directors of the Company is responsible for the reasonable preparation and presentation of the parent company only financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) into its regulations, as adopted by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare the parent company only financial statements free from material misstatements due to errors or irregularities.

### Auditor's responsibility

Our responsibility is to express an opinion on the accompanying parent company only financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs), as adopted in Argentina by the FACPCE through Technical Resolutions No. 32 and its respective Adoption Communications. Those standards require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the parent company only financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the parent company only financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the parent company only financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the parent company only financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the parent company only financial statements mentioned in the first paragraph of this report present fairly, in all material respects, the parent company only financial position of Grupo Clarín S.A. as of December 31, 2016, its the parent company only comprehensive income and parent company only cash flows for the year then ended, in accordance with International Financial Reporting Standards.

### Emphasis of Matter paragraph

Without qualifying our opinion, we would like to emphasize the information contained in Note 10.1.a., to the parent company only 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 decisions cannot be foreseen to date.

**Report on compliance with current regulations**

In accordance with current regulations in respect to Grupo Clarín S.A., we report that:

- a) the parent company only financial statements of Grupo Clarín S.A. have been transcribed to the “Inventory and Balance Sheet” book and comply with the General Associations Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters within our competence;
- b) the parent company only financial statements of Grupo Clarín S.A. arise from accounting records kept in all formal respects in conformity with legal regulations which maintain the security and integrity conditions on the basis of which they were authorized by the Argentine Securities Commission;
- c) we have read the additional information to the Notes to the parent company only financial statements required by section 68 of the listing regulations of the Buenos Aires Stock Exchange and Article 12°, Chapter III, Title IV of the regulations of the Argentine Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at December 31, 2016 the debt accrued by Grupo Clarín S.A. in favor of the Argentine Integrated Social Security System according to the Company’s accounting records and calculation amounted to \$3,999,588.68, none of which was claimable at that date;
- e) in accordance with the requirements of Article 21°, Subsection b), Chapter III, Section VI, Title II of the regulations of the Argentine Securities Commission, we report that the total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2016 represent:
  - e.1) 73% on the total fees for services invoiced to the Company for all concepts in that fiscal year;
  - e.2) 8% on the total fees for audit and related services invoiced to the Company, its parent companies, subsidiaries and affiliates in that fiscal year;

e.3) 6% on the total fees for services invoiced to the Company, its parent companies, subsidiaries and affiliates for all concepts in that fiscal year.

f) we have applied the procedures on prevention of asset laundering and terrorism funding set forth in the relevant professional rules issued by the Professional Council for Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires,  
March 10, 2017

Price Waterhouse & Co. S.R.L.

by **Carlos A. Pace** (Partner)

## Supervisory Committee's Report

Free translation from the  
original prepared in Spanish

**To the Shareholders of:  
Grupo Clarín S.A.  
TAX ID No. 30-70700173-5  
Registered office: Piedras 1743  
City of Buenos Aires**

### I. REPORT ON THE FINANCIAL STATEMENTS

In our capacity as members of Grupo Clarín S.A.'s Supervisory Committee and pursuant to Subsection 5, Section 294, of the Argentine General Associations Law (Law No. 19,550, as amended), the regulations of the Argentine Securities Commission ("CNV", for its Spanish acronym) and of the Buenos Aires Stock Exchange ("BCBA", for its Spanish acronym), we have performed a review of the documents mentioned below:

#### Documents subject to review:

- a) The attached Parent Company Only Financial Statements of Grupo Clarín S.A. comprising the Parent Company Only Balance Sheet as of December 31, 2016, the Parent Company Only Statement of Comprehensive Income, the Parent Company Only Statement of Changes in Equity and the Parent Company Only Statement of Cash Flows for the year then ended.
- b) The attached Consolidated Financial Statements of Grupo Clarín S.A. and its subsidiaries comprising the Consolidated Balance Sheet as of December 31, 2016, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended.
- c) A summary of the material accounting policies and other explanatory information.

The balances and other relevant information for the year 2015 are an integral part of the audited financial statements mentioned above and shall be considered in connection with said financial statements.

### II. RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

The Company's Board of Directors is responsible for the preparation and reasonable presentation of the Parent Company Only and Consolidated Financial Statements indicated in paragraph I. in accordance with the International Financial Reporting Standards (IFRS) adopted as Argentine professional accounting standards by the Argentine Federation of Professional Councils of Economic Sciences, FACPCE, for its Spanish acronym) and incorporated by the CNV to its regulations, as approved by the International Accounting Standards Board (IASB). The Board of Directors is also responsible for an adequate internal control as deemed necessary so that the consolidated and parent company only financial statements are free from material misstatements arising from errors or irregularities.

### III. RESPONSIBILITY OF THE SUPERVISORY COMMITTEE

Our responsibility is to report on the documents indicated in paragraph I. based on our statutory audit and the audit work carried out by the Company's external auditors. We conducted our review in accordance with Technical Resolution No. 15 issued by the FACPCE. Said standards require that the review of the financial statements be conducted in accordance with effective auditing standards for the review of financial statements; that the documents be checked for consistency with the information on corporate decisions stated in minutes and that such decisions conform to the law and the by-laws, in all formal and documentary aspects.



In order to conduct our professional work on the documents detailed in paragraph I. of this report, we have reviewed the work performed by the Company's external auditor Carlos A. Pace, a partner of Price Waterhouse & Co. S.R.L., who issued his audit reports on March 10, 2017. He conducted his audit in accordance with International Standards on Auditing (IAS). Our work included the review of the work plan, the nature, scope and timeliness of the procedures applied and the results of the audit carried out by the external auditor.

IAS were adopted as auditing standards in Argentina through Technical Resolution No. 32 issued by the FACPCE as approved by the International Auditing and Assurance Standards Board (IAASB) and require that the auditor comply with ethical requirements, plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain evidence supporting the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the financial statements due to fraud or error. In making those risk assessments, the auditor must consider the internal control related to the preparation and fair presentation by the Company of the financial statements, 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of significant estimates made by the Company's management, and the overall presentation of the financial statements.

We believe that our work and that of the Company's external auditors, detailed in their respective reports, provides a sufficient and appropriate basis to support our opinion. We have not performed any management control and, therefore, we have not assessed the business criteria and decisions on administrative, financing, commercialization and production matters, since these issues are the exclusive responsibility of the Company's Board of Directors.

#### IV. OPINION

Based on our review, within the scope described in Section III. of this report: (i) the parent company only financial statements mentioned in paragraph I., present fairly, in all material respects, the parent company only financial position of Grupo Clarín S.A. as of December 31, 2016, the results disclosed in the parent company only statement of comprehensive income and in the parent company only statement of cash flows for the year then ended, in accordance with the International Financial Reporting Standards; and (ii) the consolidated financial statements mentioned in paragraph I., present fairly, in all material respects, the consolidated financial position of Grupo Clarín S.A. and its subsidiaries as of December 31, 2016, and the results disclosed in the consolidated statement of comprehensive Income and in the consolidated statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards.

## V. EMPHASIS OF MATTER

Without qualifying our opinion, we would like to emphasize the information disclosed under Note 10.1.a. to the Parent Company Only Financial Statements and under Note 8.1.a. to the Consolidated Financial Statements, which describe the situations related to the resolution issued by the regulatory agency for the calculation of the monthly fee payable by the users of cable television services, whose decision cannot be foreseen to date.

## VI. REPORT ON COMPLIANCE WITH EFFECTIVE REGULATIONS

In accordance with effective regulations, we report with respect to Grupo Clarín S.A. that:

- a) The financial statements detailed in paragraph I. comply with the provisions of the Argentine General Associations Law (Law No. 19,550, as amended) and the regulations concerning accounting documentation issued by the CNV, and have been transcribed to the "Inventory and Balance Sheet" book and arise from the Company's accounting records kept, in all formal aspects, in accordance with effective legislation.
- b) We have reviewed the Inventory and the Board of Directors' Annual Report for the year ended December 31, 2016. In this regard, within the scope of our competence, we have no observations to make. The representations about future events included in the Annual Report are the Board of Directors' exclusive responsibility.
- c) Furthermore, we report that in exercise of the legality control within our field of competence,

during the year ended December 31, 2016, we have applied the procedures set forth in Section 294 of Argentine General Associations Law (Law No. 19,550, as amended), as deemed necessary based on the circumstances and we have no observations to make in that regard.

d) We have reviewed the information included in Exhibit I to the Annual Report about the degree of compliance with the Code of Corporate Governance required under CNV Regulations and we have no observations to make in that regard.

e) As required by CNV regulations, regarding the independence of the external auditors and the quality of the audit policies applied by them and the accounting policies applied by the Company, the above-mentioned external auditor's report includes the representation concerning the application of the auditing standards effective in Argentina which provide for independence requirements, and was issued without qualifications as to the application of such regulations or discrepancies as to the professional accounting standards applied.

f) We have applied the asset laundering and terrorist financing crimes prevention procedures provided under the professional standards issued by Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Professional Council in Economic Sciences of the City of Buenos Aires).

City of Buenos Aires,  
March 10, 2017

Supervisory Committee

**Carlos Alberto Pedro Di Candia**  
Chairman

**Grupo Clarín S.A.**  
Piedras 1743  
C1140ABK Ciudad de Buenos Aires  
Argentina  
[www.grupoclarin.com](http://www.grupoclarin.com)

### Investor Relations Team

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**Agustín  
Medina Manson**  
HEAD OF INVESTOR  
RELATIONS

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**Patricio  
Gentile**  
INVESTOR  
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