

TELECOM ARGENTINA SA  
Form 6-K  
June 17, 2015  
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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934**

**For the month of June 2015**

**Commission File Number: 001-13464**

**Telecom Argentina S.A.**

**(Translation of registrant's name into English)**

**Alicia Moreau de Justo, No. 50, 1107**

**Buenos Aires, Argentina**

**(Address of principal executive offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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(In millions of Argentine pesos or as expressly indicated)

**1. General considerations**

As required by CNV regulations, the Company has prepared its consolidated financial statements as of March 31, 2015 under IFRS. Additional information is given in Note 1 to the consolidated financial statements.

**2. Telecom Group's activities for the three-month periods ended March 31, 2015 ( 1Q15 ) and 2014 ( 1Q14 )**

Total revenues and other income for 1Q15 amounted to \$8,879 (+18.8% vs. 1Q14), operating costs including depreciations, amortizations and gain on disposal of PP&E and impairment of PP&E amounted to \$7,199 (+18.0% vs. 1Q14), operating income before depreciation and amortization amounted to \$2,634 (+24.7% vs. 1Q14) representing 29.7% of consolidated revenues, operating income amounted to \$1,680 (+22.0% vs. 1Q14) and net income amounted to \$1,041 (+14.9% vs. 1Q14). Net income attributable to Telecom Argentina amounted to \$1,028 in 1Q15 (+15.6% vs. 1Q14).

	1Q15	1Q14	Variation	
			\$	%
Revenues	8,872	7,466	1,406	18.8
Other income	7	10	(3)	(30.0)
Operating costs without depreciation and amortization	(6,245)	(5,364)	(881)	16.4
<b>Operating income before depreciation and amortization</b>	<b>2,634</b>	<b>2,112</b>	<b>522</b>	<b>24.7</b>
Depreciation and amortization	(957)	(739)	(218)	29.5
Gain on disposal of PP&E and impairment of PP&E	3	4	(1)	(25.0)
<b>Operating income</b>	<b>1,680</b>	<b>1,377</b>	<b>303</b>	<b>22.0</b>
Financial results, net	(89)	(32)	(57)	178.1
<b>Income before income tax expense</b>	<b>1,591</b>	<b>1,345</b>	<b>246</b>	<b>18.3</b>
Income tax expense	(550)	(439)	(111)	25.3
<b>Net income</b>	<b>1,041</b>	<b>906</b>	<b>135</b>	<b>14.9</b>

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Telecom Argentina (Controlling Company)	1,028	889	139	15.6
Non-controlling interest	13	17	(4)	(23.5)
	<b>1,041</b>	<b>906</b>	<b>135</b>	<b>14.9</b>

<b>Basic and diluted earnings per share attributable to Telecom Argentina (in pesos)</b>	<b>1.06</b>	<b>0.92</b>
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**Total revenues and other income**

During 1Q15 consolidated total revenues increased 18.8% (+\$1,406 vs. 1Q14) amounting to \$8,872 mainly fueled by the mobile, Broadband and data transmission businesses.

	1Q15	1Q14	Variation	
			\$	%
<b><u>Services</u></b>				
Retail Voice				
Monthly Charges	312	295	17	5.8
Measured Services	409	359	50	13.9
Others	24	28	(4)	(14.3)
Wholesale Voice				
Fixed and mobile interconnection	155	149	6	4.0
Others	80	76	4	5.3
Data	407	319	88	27.6
Internet	973	726	247	34.0
<b>Subtotal Fixed Services</b>	<b>2,360</b>	<b>1,952</b>	<b>408</b>	<b>20.9</b>
Retail Voice				
Monthly Charges	954	697	257	36.9
Measured Services	535	473	62	13.1
Roaming	85	95	(10)	(10.5)
Others	128	80	48	60.0
Wholesale Voice				
Interconnection	392	396	(4)	(1.0)
Roaming	79	82	(3)	(3.7)
Mobile leases	10	10		
Data	1,845	1,787	58	3.2
Internet	1,188	644	544	84.5
<b>Subtotal Mobile Services - Personal</b>	<b>5,216</b>	<b>4,264</b>	<b>952</b>	<b>22.3</b>

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	1Q15	1Q14	Variation	
			\$	%
<b>Retail Voice</b>				
Monthly Charges	51	49	2	4.1
Measured Services	77	68	9	13.2
Roaming	3	2	1	50.0
Others	17	7	10	142.9
<b>Wholesale Voice</b>				
Interconnection	20	26	(6)	(23.1)
Roaming	4		4	n/a
Others	2	1	1	100.0
Data	80	85	(5)	(5.9)
Internet	129	105	24	22.9
<b>Subtotal Mobile Services Núcleo</b>	<b>383</b>	<b>343</b>	<b>40</b>	<b>11.7</b>
<b>Revenue from services</b>	<b>7,959</b>	<b>6,559</b>	<b>1,400</b>	<b>21.3</b>
<b><i>Equipment</i></b>				
Fixed Services	10	13	(3)	(23.1)
Mobile Services- Personal	881	879	2	0.2
Mobile Services Núcleo	22	15	7	46.7
<b>Revenue from equipment sales</b>	<b>913</b>	<b>907</b>	<b>6</b>	<b>0.7</b>
<b>Total Revenues</b>	<b>8,872</b>	<b>7,466</b>	<b>1,406</b>	<b>18.8</b>

Services revenues amounted to \$7,959 (+21.3% vs. 1Q14) and represented 89.7 % of consolidated revenues (vs. 87.9% in 1Q14). Equipment revenues increased 0.7%, amounting to \$913 and represented 10.3% of consolidated revenues (vs. 12.1% in 1Q14).

**Fixed Services**

During 1Q15, services revenues generated by this segment amounted to \$2,360 (+\$408 or 20.9% vs. 1Q14), where Internet revenues have grown the most (+\$247 or +34.0% vs. 1Q14), followed by data transmission services (+\$88 or +27.6% vs. 1Q14) and voice retail services (+\$63 or +9.2% vs. 1Q14).

**Voice**

Voice retail revenues reached \$745 in 1Q15 (+9.2% vs. 1Q14). These revenues are still affected by frozen tariffs of regulated services since 2002. Revenues from regulated services reached approximately 26% of the segment services revenues in 1Q15 (vs. 30% in 1Q14).

Monthly Charges and Supplementary Services increased \$17 or +5.8% vs. 1Q14, reaching \$312, as a consequence of an increase in supplementary services (not regulated), mainly due to an increase of their prices and, to a lesser extent, to the increase in the subscriber base.

Revenues generated by measured services (Local Measured Service, Domestic Long Distance and International Long Distance services) amounted to \$409 (+\$50 or 13.9% vs. 1Q14), mainly due to the increase in customers and plans prices (both in local and long national distance). According to this, local measured service revenues increased 20.3% vs. 1Q14 and DLD revenues increased 11.7% vs. 1Q14. The Average Monthly Revenue per User ( ARBU ) amounted to \$60.5 pesos per month in 1Q15 vs. \$54.6 pesos per month amounted in 1Q14, representing an increase of 10.8%. The remaining retail voice revenues amounted to \$24 in 1Q15 (-14.3% vs. 1Q14). The decrease was mainly due to a decrease in consumption and customers of public telecommunication services and a decrease in rehabilitation charges.

Voice wholesale revenues (including fixed and mobile interconnection revenues and lease of circuits, together with the revenues generated by the subsidiary Telecom USA amounting to \$29) amounted to \$235 in 1Q15 (+4.4% vs. 1Q14). Interconnection fixed and mobile revenues amounted to \$155 and the other wholesale revenues amounted to \$80 in 1Q15 (+5.3% vs. 1Q14), mainly due to higher prices related to cell sites rentals due to the variation of the \$/US\$ exchange rate.

**Data**

Data revenues (including the revenues generated by the subsidiary Telecom USA amounted to \$1) amounted to \$407 (+\$88 vs. 1Q14). These revenues were generated focusing on the Company's position as an integrated TICs provider (Datacenter, VPN, among others) for wholesale and government segments. The increase was primarily due to higher prices of these services related to the variation of the \$/US\$ exchange rate and to the increase in the number of customers of these services.

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**Internet**

Internet revenues amounted to \$973 (+\$247 or +34.0% vs. 1Q14) mainly due to the expansion of the Broadband service (+3.2% of customers vs. 1Q14) and an increase in average prices resulting in an improvement in the Average Monthly Revenue per User ( ARPU ), that amounted to \$178.5 pesos per month in 1Q15 vs. \$138.0 pesos per month in 1Q14 (+29.4% vs. 1Q14). As of March 31, 2015, Telecom Argentina reached approximately 1,768,000 ADSL customers. These connections represent approximately 43.4% of Telecom Argentina's fixed lines in service (vs. 41.7% in 1Q14).

Internet revenues represent 11.0% of consolidated revenues (vs. 9.7% 1Q14) and 41.2% of Fixed Services segment revenues (vs. 37.2% in 1Q14).

**Personal Mobile Services**

During 1Q15, total services revenues amounted to \$5,216 (+\$952 or 22.3% vs. 1Q14), being the principal business segment in revenues terms (65.5 % and 65.0% of services consolidated revenues in 1Q15 and 1Q14, respectively). Personal reached 19.3 million subscribers in Argentina (-2.9% vs. 1Q14). Approximately 68% of the subscriber base is prepaid subscribers and 32% is postpaid subscribers (including Cuentas claras plans and Mobile Internet dongles). The churn rate per month amounted to 3.3% in 1Q15 (vs. 3.0% in 1Q14).

**Voice**

Voice retail revenues amounted to \$1,702 in 1Q15 (+26.5% vs. 1Q14). The increase was mainly due to the increase in monthly charges prices in the postpaid and Cuentas claras subscriber base and prepaid services, offset by the net variation of the subscriber base showing an increase in Cuentas claras and a decrease in postpaid and prepaid subscribers as compared to 1Q14.

Voice wholesale revenues amounted to \$481 in 1Q15 (-1.4% vs. 1Q14), mainly due to the decrease in roaming revenues with other operators and interconnection services.

**Data**

Mobile data services revenues amounted to \$1,845 (+\$58 or +3.2% vs. 1Q14). This increase was mainly due to the constant SMS with contents sales increase as a result of several campaigns launched by Personal, which represented an inter-annual increase of \$217. This increase was reflected both in Cuentas claras customers and prepaid subscribers. However, the main component of VAS revenues are SMS consumption, which decreased \$148 or -12.8% vs. 1Q14, and experiencing a decrease in TOU (-44.6% vs. 1Q14).

**Internet**

Mobile Internet revenues amounted to \$1,188 (+\$544 or +84.5% vs. 1Q14). This increase is mainly explained by the increase in browsing services consumption of Personal s subscribers, which was mainly fueled by the increase in the offer of services, plans and packs (including VAS) launched by Personal. This growth was fueled by new subscribers, the migration of the existing ones to higher-value plans and the increase of subscribers that acquired 3G handsets, which facilitate Internet browsing. Internet flat rate services revenues have decreased mainly due to the decrease of Mobile Internet dongles subscribers (-38% vs. 1Q14).

As a consequence of the increase in VAS use (Internet and data), ARPU increased to \$86.2 pesos per month in 1Q15 (vs. \$68.3 pesos per month in 1Q14), which represents an increase of 26.1%.

VAS revenues (data and Internet) amounted to \$3,033 (+24.8% vs. 1Q14) and represented 58.1% of Personal Mobile Services s services revenues (vs. 57.0% in 1Q14).

### **Núcleo Mobile Services**

This segment generated services revenues equivalent to \$383 during 1Q15 (+\$40 or 11.7% vs. 1Q14) mainly due to the Internet revenues increase (+22.9% vs. 1Q14), mainly related to the increase of browsing generated by subscribers with mobile equipment prepared for that purpose. As of March 31, 2015, Núcleo s subscriber base reached 2.5 million customers. Prepaid and postpaid subscribers (including Plan Control s subscribers and mobile Internet subscribers) represented 81% and 19% in 1Q15, respectively.

VAS revenues (data and Internet) amounted to \$209 (+10.0% vs. 1Q14) and represented 54.6% of Núcleo Mobile Services segment services revenues (vs. 55.4% in 1Q14).

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### **III**

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Revenues from equipment amounted to \$913, +\$6 or +0.7% vs. 1Q14. This increase is mainly related to the Núcleo Mobile Services segment with an increase of \$7 vs. 1Q14. In the Personal Mobile Services segment the inter-annual increase amounted to \$2, due to lower handsets sold (-40% vs. 1Q14) partially offset by an increase in handset s average sale prices (+67% vs. 1Q14), resulting in a higher operating margin of handsets (+\$141 or +106.8% vs. 1Q14).

**Operating costs**

Consolidated operating costs including depreciations, amortizations and gain on disposal of PP&E and impairment of PP&E totaled \$7,199 in 1Q15, which represents an increase of \$1,100 or +18.0% vs. 1Q14. The increase in costs is mainly a consequence of a higher revenues, higher expenses related to competition in mobile and Internet businesses, higher direct and indirect labor costs on the cost structure of the Telecom Group in Argentina, the increase in fees for services related to higher supplier prices, the increase in taxes and fees with the Regulatory Matters, the increase of VAS costs, the increase in bad debt expenses, higher provisions costs and an increase of \$67 in agent commissions capitalized as SAC, which together with the decrease in the cost of equipment and handsets of \$135 partially mitigated the increase in operating costs.

	1Q15	1Q14	Variation		Variation in \$ by segment		
			\$	%	Fixed Serv.	M. Serv.	Núcleo M. Serv.
Employee benefit expenses and severance payments	(1,543)	(1,183)	(360)	30.4	(289)	(66)	(5)
Interconnection costs and other telecommunication charges	(500)	(515)	15	(2.9)	2	4	9
Fees for services, maintenance, materials and supplies	(889)	(755)	(134)	17.7	(50)	(79)	(5)
Taxes and fees with the Regulatory Authority	(873)	(755)	(118)	15.6	(18)	(99)	(1)
Commissions	(823)	(674)	(149)	22.1	(13)	(121)	(15)
Agent commissions capitalized as SAC	200	133	67	50.4	7	57	3
Cost of equipment and handsets	(660)	(806)	146	(18.1)	(4)	164	(14)
Cost of equipment and handsets capitalized as SAC	20	31	(11)	(35.5)		(17)	6
Advertising	(191)	(164)	(27)	16.5	21	(47)	(1)
Cost of VAS	(293)	(191)	(102)	53.4	(2)	(91)	(9)
Provisions	(93)	(37)	(56)	151.4	(12)	(44)	

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Bad debt expenses	(183)	(118)	(65)	55.1	(23)	(40)	(2)
Other operating expenses	(417)	(330)	(87)	26.4	(39)	(43)	(5)
<b>Subtotal</b>	<b>(6,245)</b>	<b>(5,364)</b>	<b>(881)</b>	<b>16.4</b>	<b>(420)</b>	<b>(422)</b>	<b>(39)</b>
Depreciation of PP&E	(677)	(538)	(139)	25.8	(49)	(79)	(11)
Amortization of SAC and service connection charges	(216)	(195)	(21)	10.8	(9)	(8)	(4)
Amortization of other intangible assets	(64)	(6)	(58)	966.7		(59)	1
Gain on disposal of PP&E and impairment of PP&E	3	4	(1)	(25.0)	5	(6)	
<b>Total operating costs</b>	<b>(7,199)</b>	<b>(6,099)</b>	<b>(1,100)</b>	<b>18.0</b>	<b>(473)</b>	<b>(574)</b>	<b>(53)</b>

The costs breakdown is as follows:

**Employee benefit expenses and severance payments**

Employee benefit expenses and severance payments amounted to \$1,543 (+\$360 or +30.4% vs. 1Q14). The increase was mainly due to increases in salaries agreed by Telecom Argentina with several trade unions for the unionized employees and also to non-unionized employees, together with related social security charges. With a total headcount of 16,358 by the end of 1Q15, (vs. 16,523 employees in 1Q14), lines in service per employee reached 370 in the Fixed Services segment (slightly lower than 1Q14), subscribers per employee reached 3,909 in the Personal Mobile Services segment and subscribers per employee reached 6,229 (+8.1% vs. 1Q14) in the Núcleo Mobile Services segment.

**Interconnection costs and other telecommunication charges**

Interconnection costs and other telecommunication charges (including charges for TLRD, Roaming, Interconnection costs, cost of international outbound calls and lease of circuits) amounted to \$500 (-\$15 or -2.9% vs. 1Q14). The decrease was mainly due to a lower traffic volume in roaming vs. 1Q14.

**Fees for services, maintenance, materials and supplies**

Fees for services, maintenance, materials and supplies amounted to \$889, +\$134 or +17.7% vs. 1Q14. The increase was mainly due to higher maintenance costs of radio bases and buildings in the mobile services segments, as a result of the variation in the \$/US\$ exchange rate, an increase in technical assistance cost of radio bases, higher system licenses maintenance costs, higher costs of building maintenance, higher costs of sites location and storage costs.

There were also increases in other maintenance costs and fees for services, mainly due to higher costs recognized to suppliers in all segments.

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**Taxes and fees with the Regulatory Authority**

Taxes and fees with the Regulatory Authority (including turnover tax, fees with the Regulatory Authority, IDC, municipal and other taxes) amounted to \$873 (+15.6% vs. 1Q14), influenced mainly by the increase in revenues of fixed and mobile services and by the increase of the IDC related to higher collections and payments to suppliers in 1Q15 vs. 1Q14.

**Commissions**

Commissions (including Agent, distribution of prepaid cards and other commissions) amounted to \$623 (+\$82 or +15.2% vs. 1Q14). The increase was mainly due to the increase in Agents' commissions (associated to higher revenues) as a result of higher customer's acquisition and retention costs recognized to them and the increase of outsourced sales commissions and collection commissions.

On the other hand, agent commissions capitalized as SAC amounted to \$200, +\$67 or +50.4% vs. 1Q14, and it is directly related to the increase in the Cuentas claras subscribers' base in the Personal Mobile Services segment and the increase in the commissions prices.

**Cost of equipment and handsets**

Cost of equipments and handsets amounted to \$640 (-\$135 or -17.4% vs. 1Q14) mainly due to a decrease in the units of handsets sold (-39.8% vs. 1Q14), partially offset by an increase in the average unit cost of sales (+28.9% vs. 1Q14) in the Personal Mobile Services segment.

On the other hand, SAC deferred costs from handsets sold amounted to \$20, -\$11 or -35.5% vs. 1Q14. The lower capitalized amount was mainly due to the significant reduction of subsidies provided to customers in the Personal Mobile Services segment, especially in the Cuentas claras segment.

**Advertising**

Advertising amounted to \$191 (+\$27 or +16.5% vs. 1Q14), mainly due to higher commercial campaigns of Personal related to the launching of the 4G services throughout the whole country as compared to 1Q14.

**Cost of VAS**

Cost of VAS amounted to \$293 (+\$102 or +53.4% vs. 1Q14). The increase was mainly due to the increase of VAS sales in the Personal Mobile Services segment, especially the SMS with content service, which grew as a consequence of several campaigns launched by Personal.

**Provisions**



Provisions amounted to \$93, +\$56 or +151.4% vs. 1Q14. The increase was mainly due to higher labor claims (+\$31 vs. 1Q14) and higher civil and commercial claims (+\$29 vs. 1Q14), partially offset by lower regulatory and municipal claims (-\$4 vs. 1Q14).

**Bad debt expenses**

Bad debt expenses amounted to \$183 (+\$65 or +55.1% vs. 1Q14), representing approximately 2.1% and 1.6% of the consolidated revenues in 1Q15 and 1Q14, respectively. The major increase is observed in the Personal Mobile Services segment by \$40 as a consequence of higher aging of the accounts receivables and higher incidence of handsets sales directly financed by Personal to its postpaid and Cuentas claras subscribers. These charges have also increased in Telecom Argentina by \$23 in the Government and Corporate segment affected by the collection delay from some governmental entities.

**Other operating costs**

Other operating costs amounted to \$417 (+\$87 or +26.4% vs. 1Q14). The increase was mainly due to higher prices on related services, especially in transportation, freight and travel expenses (+\$19 or +15.3% vs. 1Q14), among others, in the operations in Argentina; the increase of rent prices (+\$31 or +34.1% vs. 1Q14), as a result of new agreements and the renegotiation of some of the existing ones and the increase of the consumption of electricity (+\$21 or +32.8% vs. 1Q14).

**Operating income before depreciation and amortization**

Operating income before depreciation and amortization amounted to \$2,634 (+\$522 or 24.7% vs. 1Q14), representing 29.7% of consolidated revenues in 1Q15 (vs. 28.3% in 1Q14). This growth was mainly fueled by the Fixed Services segment (+\$118 or +23.3% vs. 1Q14) and Personal Mobile Services segment (+\$398 or +27.2% vs. 1Q14).

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Operating income before depreciation and amortization generated by equipment and handset sales (including SAC capitalization) amounted to \$273 in 1Q15 vs. \$132 in 1Q14 (+\$141 or 106.8% vs. 1Q14), while operating income before depreciation and amortization generated by services sales amounted to \$2,361 in 1Q15 vs. \$1,980 in 1Q14 (+\$381 or +19.2% vs. 1Q14).

**Depreciation and amortization**

Depreciation and amortization amounted to \$957 (+\$218 or +29.5% vs. 1Q14). The increase in depreciation and amortization includes \$139 from PP&E depreciation, \$58 from amortization of intangible assets without SAC (3G/4G licenses which start their amortization in December 2014 and generated \$59 in 1Q15) and \$21 from amortization of SAC and service connection costs. The increase in depreciation and amortization corresponds 27% to the Fixed Services segment and 73% to the mobile services segments.

**Gain on disposal of PP&E and impairment of PP&E**

Gain on disposal of PP&E and impairment of PP&E amounted to \$3 and \$4 in 1Q15 and 1Q14, respectively, and was mainly related to the Fixed Services segment.

**Operating income**

Operating income amounted to \$1,680 in 1Q15 (+\$303 or 22.0% vs. 1Q14). The margin over consolidated revenues represented 18.9% in 1Q15 (vs. 18.4% in 1Q14). This growth was mainly fueled by the Personal Mobile Services segment (+\$246 or +22.6% vs. 1Q14) and the Fixed Services segment (+\$65 or +28.5% vs. 1Q14).

**Financial results, net**

Financial results, net resulted in a net loss of \$89, representing an increase of \$57 vs. 1Q14. The increase was mainly due to higher interests on provisions (+\$22 vs. 1Q14), higher interests on loans amounting to \$38, lower net gains on NDF (+\$45 vs. 1Q14) and lower financial interest on time deposits and other investments (-\$194 vs. 1Q14), partially offset by higher interests on receivables (+\$6 vs. 1Q14) and lower net foreign currency exchange losses (+\$237 vs. 1Q14, the devaluation \$/US\$ was 6.9% in 1Q15 vs. 22.7% in 1Q14).

**Net income**

Telecom Argentina reached a net income of \$1,041 in 1Q15, +\$135 or +14.9% as compared to 1Q14, representing 11.7% of the consolidated revenues in 1Q15 (vs. 12.1% in 1Q14). Net income attributable to Telecom Argentina amounted to \$1,028 in 1Q15, +\$139 or +15.6% as compared to 1Q14.

**Net financial assets**

As of March 31, 2015, net financial assets (Cash and Cash Equivalents plus financial investments minus Financial debt) amounted to \$521, showing a decrease of \$4,559 as compared to March 31, 2014 (amounting to \$5,080). This variation was mainly due to a decrease in the generation of cash from operating activities of the Telecom Group, mainly by higher CAPEX which include the acquisition of the 3G/4G licenses amounting to \$3,530 in December 2014-, higher income tax payments and cash dividends paid to its shareholders for a total amount of \$1,255 (including tax withholding on cash dividends). The Fixed Services segment has a financial asset of \$260 and the Personal Mobile Services segment has a financial asset of \$502, while the Núcleo Mobile Services segment has a net financial debt of \$241.

**Capital expenditures (CAPEX)**

CAPEX composition for 1Q15 and 1Q14 is as follows:

	In millions of \$		% of participation		Variation	
	1Q15	1Q14	1Q15	1Q14	\$	%
Fixed Services	336	396	39%	37%	(60)	(15)
Personal Mobile Services	469	612	54%	58%	(143)	(23)
Núcleo Mobile Services	59	54	7%	5%	5	9
<b>Total CAPEX</b>	<b>864</b>	<b>1,062</b>	<b>100%</b>	<b>100%</b>	<b>(198)</b>	<b>(19)</b>

***OPERATING AND FINANCIAL REVIEW AND PROSPECTS AS OF MARCH 31, 2015***

**Table of Contents****TELECOM ARGENTINA S.A.**

PP&E CAPEX amounted to \$623 and intangible assets CAPEX amounted to \$241 in 1Q15, while in 1Q14 amounted to \$880 and \$182, respectively. The reduction in PP&E CAPEX was influenced by the detailed planning of the deployment of 4G network and the upgrade of 3G network, as well as the evaluation of the results of the bidding process launched in 4Q14 by Personal in order to select the most suitable technical and financial offers for the development of its major mobile infrastructure deployment plan for FY15 and future years.

In relative terms, CAPEX represented 9.7% of consolidated revenues in 1Q15 (14.2% in 1Q14), and were intended mainly for the external wiring and network access equipment, to the initial deployment of the new 4G network, transmission and switching equipment, computer equipment and SAC.

PP&E and intangible assets additions (CAPEX plus materials additions) for 1Q15 and 1Q14 are as follows:

	In millions of \$		% of participation		Variation	
	1Q15	1Q14	1Q15	1Q14	\$	%
Fixed Services	404	511	40%	43%	(107)	(21)
Personal Mobile Services	522	618	53%	52%	(96)	(16)
Núcleo Mobile Services	68	58	7%	5%	10	17
<b>Total additions</b>	<b>994</b>	<b>1,187</b>	<b>100%</b>	<b>100%</b>	<b>(193)</b>	<b>(16)</b>

Main PP&E CAPEX projects are related to the expansion of fixed broadband services in order to improve transmission and speed offered to customers; deployment of 3G and 4G services to support the growth of mobile Internet, improvement of the quality service together with the launch of innovative VAS services and the expansion of transmission and transport networks to meet the growing demand of services of our fixed and mobile customers.

### 3. Summary of comparative consolidated statements of financial position

	March 31,				
	2015	2014	2013	2012	2011
Current assets	7,094	9,408	7,486	5,826	4,119
Non-current assets	19,877	14,555	11,126	9,989	8,760
<b>Total assets</b>	<b>26,971</b>	<b>23,963</b>	<b>18,612</b>	<b>15,815</b>	<b>12,879</b>
Current liabilities	8,405	8,814	5,830	5,259	4,487
Non-current liabilities	2,777	2,038	1,781	1,681	1,194

<b>Total liabilities</b>	<b>11,182</b>	<b>10,852</b>	<b>7,611</b>	<b>6,940</b>	<b>5,681</b>
Equity attributable to Telecom Argentina (Controlling Company)	15,446	12,806	10,801	8,736	7,070
Equity attributable non-controlling interest	343	305	200	139	128
<b>Total Equity</b>	<b>15,789</b>	<b>13,111</b>	<b>11,001</b>	<b>8,875</b>	<b>7,198</b>
<b>Total liabilities and equity</b>	<b>26,971</b>	<b>23,963</b>	<b>18,612</b>	<b>15,815</b>	<b>12,879</b>

#### 4. Summary of comparative consolidated income statements

	<b>1Q15</b>	<b>1Q14</b>	<b>1Q13</b>	<b>1Q12</b>	<b>1Q11</b>
Revenues and other income	8,879	7,476	6,073	5,130	4,149
Operating costs	(7,199)	(6,099)	(4,958)	(4,097)	(3,191)
<b>Operating income</b>	<b>1,680</b>	<b>1,377</b>	<b>1,115</b>	<b>1,033</b>	<b>958</b>
Financial results, net	(89)	(32)	135	61	19
<b>Income before income tax expense</b>	<b>1,591</b>	<b>1,345</b>	<b>1,250</b>	<b>1,094</b>	<b>977</b>
Income tax expense	(550)	(439)	(437)	(386)	(337)
<b>Net income</b>	<b>1,041</b>	<b>906</b>	<b>813</b>	<b>708</b>	<b>640</b>
Other comprehensive income, net of tax		206	63	25	47
<b>Total comprehensive income</b>	<b>1,041</b>	<b>1,112</b>	<b>876</b>	<b>733</b>	<b>687</b>
Attributable to Telecom Argentina (Controlling Company)	1,028	1,023	842	715	666
Attributable to non-controlling interest	13	89	34	18	21

### **OPERATING AND FINANCIAL REVIEW AND PROSPECTS AS OF MARCH 31, 2015**

**Table of Contents****TELECOM ARGENTINA S.A.****5. Statistical data (in physical units)****Fixed services*****Voice and data services (in thousands, except for lines in service per inhabitants and employees)***

	1Q15		1Q14		1Q13		1Q12		1Q11	
	Accumulat	Quarter	accumulat	Quarter	accumulat	Quarter	accumulat	Quarter	accumulat	Quarter
Equipment lines	3,551	13	3,528	(8)	3,808	2	3,800	3	3,801	(35)
NGN lines	1,277	52	1,176	12	1,092	47	955	(41)	880	27
<b>Installed lines (a)</b>	<b>4,828</b>	<b>65</b>	<b>4,704</b>	<b>4</b>	<b>4,900</b>	<b>49</b>	<b>4,755</b>	<b>(38)</b>	<b>4,681</b>	<b>(8)</b>
Lines in service (b)	4,077	(16)	4,108	(16)	4,109	(19)	4,138	(3)	4,110	3
Customers lines (c)	4,001	(15)	4,028	(16)	4,027	(18)	4,054	(3)	4,024	5
Public phones installed	29	(1)	33	(1)	36	(1)	39	(1)	43	(2)
Lines in service per 100 inhabitants (d)	19		20	1	20		21	1	21	1
Lines in service per employee (e)	370		373	(2)	371	1	370	(3)	377	(2)

a) Reflects total number of lines available in Switches, considered independently of its technology (TDM or NGN).

b) Includes customers lines, own lines, public telephones and DDE and ISDN channels.

c) The number of customers is measured in relation to the physical occupation of network resources.

d) Corresponding to the Northern Region of Argentina.

e) Defined as lines in service / number of actual employees.

***Internet (in thousands)***

	1Q15		1Q14		1Q13		1Q12		1Q11	
	Accumulat	Quarter	accumulat	Quarter	accumulat	Quarter	accumulat	Quarter	accumulat	Quarter
<b>Total ADSL subscribers</b>	<b>1,768</b>	<b>(3)</b>	<b>1,714</b>	<b>7</b>	<b>1,626</b>	<b>(3)</b>	<b>1,566</b>	<b>16</b>	<b>1,407</b>	<b>27</b>

**Mobile services**

*Personal (in thousands, except for subscriber per employee disclosed in units)*

	1Q15		1Q14		1Q13		1Q12		1Q11	
	Accumulate	Quarter	Accumulate	Quarter	Accumulate	Quarter	Accumulate	Quarter	Accumulate	Quarter
Post-paid subscribers (i)	2,033	(122)	2,365	(52)	2,415	29	2,226	48	1,886	81
Cuentas claras plans (i)	3,938	(55)	3,856	(23)	3,583	106	3,176	37	2,814	18
Prepaid subscribers (ii)	13,217	(45)	13,461	(79)	12,763	43	12,672	258	11,841	415
Dongles (iii)	144	(31)	231	(21)	353	(39)	473	11	341	35
<b>Total subscribers</b>	<b>19,332</b>	<b>(253)</b>	<b>19,913</b>	<b>(175)</b>	<b>19,114</b>	<b>139</b>	<b>18,547</b>	<b>354</b>	<b>16,882</b>	<b>549</b>
<b>Lines per employee</b>	<b>3,909</b>		<b>3,911</b>		<b>3,642</b>		<b>3,734</b>		<b>3,831</b>	

*Núcleo (in thousands, except for subscriber per employee disclosed in units)*

	1Q15		1Q14		1Q13		1Q12		1Q11	
	Accumulate	Quarter	Accumulate	Quarter	Accumulate	Quarter	Accumulate	Quarter	Accumulate	Quarter
Post-paid subscribers (i)	28	(1)	28	(1)	29	(1)	30	1	26	1
Plan control subscribers (i)	332	13	304	7	270	9	227	7	199	8
Prepaid subscribers (ii)	2,021	22	1,929	(7)	1,888	16	1,829	37	1,604	
Dongles (iii)	123	(6)	147	(6)	142	10	110	10	63	15
<b>Subtotal mobile</b>	<b>2,504</b>	<b>28</b>	<b>2,408</b>	<b>(7)</b>	<b>2,329</b>	<b>34</b>	<b>2,196</b>	<b>55</b>	<b>1,892</b>	<b>24</b>
Internet subscribers - Wimax	5		5		6		7	(1)	9	(1)
<b>Total subscribers</b>	<b>2,509</b>	<b>28</b>	<b>2,413</b>	<b>(7)</b>	<b>2,335</b>	<b>34</b>	<b>2,203</b>	<b>54</b>	<b>1,901</b>	<b>23</b>
<b>Lines per employee (iv)</b>	<b>6,229</b>		<b>5,761</b>		<b>5,354</b>		<b>5,119</b>		<b>4,581</b>	

(i) Lines which are paid through customer billing.

(ii) Prepaid lines which were refilled at least once in the last 13 months.

(iii) Corresponds to mobile Internet subscribers with post-paid, Cuentas claras, Plan control and prepaid contracts.

(iv) Internet Wimax subscribers are not included.

## 6. Consolidated ratios

	<b>1Q15</b>	<b>1Q14</b>	<b>1Q13</b>	<b>1Q12</b>	<b>1Q11</b>
Liquidity (1)	0.84	1.07	1.28	1.11	0.92
Solvency (2)	1.41	1.21	1.45	1.28	1.27
Locked-up capital (3)	0.74	0.61	0.60	0.63	0.68

(1) Current assets/Current liabilities.

(2) Total equity/Total liabilities.

(3) Non-current assets/Total assets.

***OPERATING AND FINANCIAL REVIEW AND PROSPECTS AS OF MARCH 31, 2015***

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**TELECOM ARGENTINA S.A.**

**7. Outlook**

In 2015, the evolution of the fixed services segment is expected to continue in line with the trend experienced over the past years and shall be influenced by the level of maturity of the market with focus on increasing the value of the customers base. In the Broadband business, Arnet continued capturing the growth opportunities the market offers, extending the offer of services with higher speeds and with proposals of overall integrated offers for customers (Internet, the fixed services segment and cellular mobile calls).

As regards pricing in the Fixed Services segment, the Company will continue the proceedings before the national authorities in the light of the new rules proposed by the LAD to reach the readjustment of the prices of the regulated services, and with them, of the economic-financial equation of Telecom Argentina. The growing pressures over the cost structure of the Company and its investment plans seeking to modernize its infrastructure to provide next-generation services emphasize this need.

During fiscal year 2015, Personal's leadership strengths will consolidate by means of new added value added services especially in mobile broadband, based on the deployment of the new 4G networks which multiply tenfold the speed of mobile Internet speed in mobility. In this way, as the LTE infrastructure deploys on a national level, it is expected that our customers increase their access to content, among others, of the Personal Play platform (music, games and videos), the latter being one of the highest factors for revenue growth.

At the same time, and following with the commitment with quality, the Company expects to continue working to optimize the experience of customers who use the 3G/HSPA+ network, by means of improvements in the network infrastructure made possible as from December 2014 with the acquisition of additional spectrum. In this way, the third generation services will also expand, continuing with the technological reconversion and extension of the capacity of the network.

The infrastructure improvements and the availability of a wide portfolio of advanced devices within the offer will continue to be drivers of higher revenues based on innovative and convenient commercial proposals for those who choose Personal as mobile operator. This assumes favorable conditions for foreign trading, access to the exchange market and financing of LTE equipment, 4G handsets, hardware and software by the Telecom Group and its technological suppliers.

It is foreseen that the expansion of the subscribers base will develop at lower rates due to the level of maturity and the high penetration of mobile services in the market.

The strategy implemented by the Management of the Company lays out the basic necessary fundamentals for the Telecom Group to pursue its objectives of continuous improvement of the quality of its services, to strengthen its market position and to improve its operating efficiency in order to satisfy the growing needs of the dynamic telecommunications market, all in compliance with the correspondent laws and regulations. The ambitious investment plans of the Telecom Group are based on this forward-looking vision and on the commitment of the Telecom Group with our country and its people.

**Oscar Cristianci**  
**Chairman of the Board of Directors**

***OPERATING AND FINANCIAL REVIEW AND PROSPECTS AS OF MARCH 31, 2015***

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Table of Contents**TELECOM ARGENTINA S.A.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(In millions of Argentine pesos)

	Note	March 31, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	1,266	825
Investments	2	66	53
Trade receivables	2	4,385	4,124
Other receivables	2	658	670
Inventories	2	719	721
<b>Total current assets</b>		<b>7,094</b>	<b>6,393</b>
<b>Non-Current Assets</b>			
Trade receivables	2	82	143
Deferred income tax assets	2	190	140
Other receivables	2	198	200
Investments	2	309	301
Property, plant and equipment ( PP&E )	2	13,806	13,809
Intangible assets	2	5,292	5,331
<b>Total non-current assets</b>		<b>19,877</b>	<b>19,924</b>
<b>TOTAL ASSETS</b>		<b>26,971</b>	<b>26,317</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	2	4,621	6,072
Deferred revenues	2	521	507
Financial debt	2	540	179
Salaries and social security payables	2	965	1,022
Income tax payables	2	573	247
Other taxes payables	2	866	824
Dividends payables	2	21	
Other liabilities	2	39	47
Provisions	6	259	199

<b>Total current liabilities</b>		<b>8,405</b>	<b>9,097</b>
<b>Non-Current Liabilities</b>			
Deferred revenues	2	466	465
Financial debt	2	579	254
Salaries and social security payables	2	148	150
Deferred income tax liabilities	2	337	417
Income tax payables	2	8	9
Other liabilities	2	84	76
Provisions	6	1,155	1,080
<b>Total non-current liabilities</b>		<b>2,777</b>	<b>2,451</b>
<b>TOTAL LIABILITIES</b>		<b>11,182</b>	<b>11,548</b>
<b>EQUITY</b> (see Unaudited Condensed Consolidated Statement of Changes in Equity)			
Equity attributable to Telecom Argentina (Controlling Company)		<b>15,446</b>	<b>14,418</b>
Equity attributable to non-controlling interest		<b>343</b>	<b>351</b>
<b>TOTAL EQUITY</b>	<b>7</b>	<b>15,789</b>	<b>14,769</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>26,971</b>	<b>26,317</b>

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

**Adrián Calaza**  
**Chief Financial Officer**

**Oscar Cristianci**  
**Chairman of the Board of Directors**

Table of Contents**TELECOM ARGENTINA S.A.****UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

(In millions of Argentine pesos, except per share data in Argentine pesos)

		<b>Three-month periods ended March 31,</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
Revenues	2	8,872	7,466
Other income	2	7	10
<b>Total revenues and other income</b>		<b>8,879</b>	<b>7,476</b>
Employee benefit expenses and severance payments	2	(1,543)	(1,183)
Interconnection costs and other telecommunication charges	2	(500)	(515)
Fees for services, maintenance, materials and supplies	2	(889)	(755)
Taxes and fees with the Regulatory Authority	2	(873)	(755)
Commissions	2	(623)	(541)
Cost of equipments and handsets	2	(640)	(775)
Advertising	2	(191)	(164)
Cost of VAS	2	(293)	(191)
Provisions	6	(93)	(37)
Bad debt expenses	2	(183)	(118)
Other operating expenses	2	(417)	(330)
Depreciation and amortization	2	(957)	(739)
Gain on disposal of PP&E and impairment of PP&E	2	3	4
<b>Operating income</b>		<b>1,680</b>	<b>1,377</b>
Finance income	2	105	799
Finance expenses	2	(194)	(831)
<b>Income before income tax expense</b>		<b>1,591</b>	<b>1,345</b>
Income tax expense	2	(550)	(439)
<b>Net income for the period</b>		<b>1,041</b>	<b>906</b>
<b>Attributable to:</b>			
Telecom Argentina (Controlling Company)		1,028	889
Non-controlling interest		13	17

1,041 906

<b>Earnings per share attributable to Telecom Argentina</b>	<b>basic and diluted</b>	<b>1.d</b>	<b>1.06</b>	<b>0.92</b>
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The accompanying notes are an integral part of these consolidated financial statements.

**Adrián Calaza**  
**Chief Financial Officer**

**Oscar Cristianci**  
**Chairman of the Board of Directors**

Table of Contents**TELECOM ARGENTINA S.A.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In millions of Argentine pesos)

	<b>Three-month periods ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Net income for the period</b>	<b>1,041</b>	<b>906</b>
<b>Other components of the Statements of Comprehensive Income</b>		
<u>Will be reclassified subsequently to profit or loss</u>		
Currency translation adjustments (non-taxable)		206
<b>Other components of the comprehensive income, net of tax</b>		<b>206</b>
<b>Total comprehensive income for the period</b>	<b>1,041</b>	<b>1,112</b>
<b>Attributable to:</b>		
Telecom Argentina (Controlling Company)	1,028	1,023
Non-controlling interest	13	89
	<b>1,041</b>	<b>1,112</b>

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

**Adrián Calaza**  
**Chief Financial Officer**

**Oscar Cristianci**  
**Chairman of the Board of Directors**

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## TELECOM ARGENTINA S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Argentine pesos)

	Equity attributable to Telecom Argentina (Controlling Company)												Equity attributable to non- controlling Total	Equity
	Owners Contribution													
	Outstanding shares	Treasury shares	Capital nominal value (1)	Inflation adjustment (2)	Treasury shares acquisition cost (2)	Special reserve Legal reserves (2)	Voluntary reserve for IFRS complementations (2)	Voluntary reserve for investments (2)	Deferred results (2)	Retained earnings (2)	Total	interest		
Balances as of January 1, 2014	969	2,646	15	42	(461)	725	351	1,200	2,904	190	3,202	11,783	268	12,051
Dividends from núcleo (3)													(52)	(52)
Comprehensive income:														
Net income for the period											889	889	17	906
Other comprehensive income										134		134	72	206
Total Comprehensive income										134	889	1,023	89	1,112
Balances as of March 31, 2014	969	2,646	15	42	(461)	725	351	1,200	2,904	324	4,091	12,806	305	13,111
Balances as of January 1, 2015	969	2,646	15	42	(461)	734	351	3,191	2,904	354	3,673	14,418	351	14,769
Dividends from núcleo (4)													(21)	(21)



Comprehensive  
Income:

Net income for the period											1,028	1,028	13	1,041
Other comprehensive income														

**Total  
Comprehensive  
Income**

											<b>1,028</b>	<b>1,028</b>	<b>13</b>	<b>1,041</b>
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**Balances as of**

<b>March 31, 2015</b>	<b>969</b>	<b>2,646</b>	<b>15</b>	<b>42</b>	<b>(461)</b>	<b>734</b>	<b>351</b>	<b>3,191</b>	<b>2,904</b>	<b>354</b>	<b>4,701</b>	<b>15,446</b>	<b>343</b>	<b>15,789</b>
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- (1) As of March 31, 2015 and 2014, total shares (984,380,978), of \$1 Argentine peso of nominal value each, were issued and fully paid. As of March 31, 2015 and 2014, 15,221,373 were treasury shares.
- (2) Corresponds to 15,221,373 shares of \$1 Argentine peso of nominal value each, equivalent to 1.55% of total capital. The treasury shares acquisition costs amounted to 461. See Note 7 Equity to the consolidated financial statements.
- (3) As approved by the Ordinary Shareholders Meeting of Núcleo held on March 28, 2014.
- (4) As approved by the Ordinary Shareholders Meeting of Núcleo held on March 26, 2015.
- The accompanying notes are an integral part of these consolidated financial statements.

**Adrián Calaza**  
**Chief Financial Officer**

**Oscar Cristianci**  
**Chairman of the Board of Directors**

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## TELECOM ARGENTINA S.A.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Argentine pesos)

	Note	Three-month periods ended March 31,	
		2015	2014
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net income for the period		1,041	906
<b>Adjustments to reconcile net income to net cash flows provided by operating activities</b>			
Bad debt expenses and other allowances		195	152
Depreciation of PP&E	2	677	538
Amortization of intangible assets	2	280	201
Consumption of materials	2	68	46
Gain on disposal of PP&E	2	(6)	(4)
Impairment of PP&E	2	3	
Provisions	6	146	68
Interest and other financial losses		28	(171)
Income tax expense	2	550	439
Income tax paid	3	(352)	(379)
Net increase in assets	3	(393)	(519)
Net decrease in liabilities	3	(1,081)	(70)
<b>Total cash flows provided by operating activities</b>	<b>3</b>	<b>1,156</b>	<b>1,207</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
PP&E acquisitions	3	(1,089)	(1,450)
Intangible assets acquisitions	3	(264)	(213)
Proceeds from the sale of PP&E		5	4
Investments not considered as cash and cash equivalents	3	(13)	(590)
<b>Total cash flows used in investing activities</b>		<b>(1,361)</b>	<b>(2,249)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from financial debt	3	353	
Payment of financial debt	3	(9)	(3)
Payment of interest and related costs	3	(53)	(10)
Payment of cash dividends and related withholding tax	3		(44)

<b>Total cash flows provided by (used in) financing activities</b>	<b>291</b>	<b>(57)</b>
<b><u>NET FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</u></b>		
	<b>5</b>	<b>344</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>91</b>	<b>(755)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>684</b>	<b>5,224</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>775</b>	<b>4,469</b>

See Note 3 for additional information on the consolidated statements of cash flows.

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

**Adrián Calaza**  
**Chief Financial Officer**

**Oscar Cristianci**  
**Chairman of the Board of Directors**

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**TELECOM ARGENTINA S.A.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2015 AND 2014**

(In millions of Argentine pesos, except as otherwise indicated)

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**GLOSSARY OF TERMS**

The following explanations are not intended as technical definitions, but to assist the general reader to understand certain terms as used in these unaudited consolidated financial statements.

*AMBA (Área Metropolitana de Buenos Aires):* the Metropolitan Area of Buenos Aires.

*ADS:* Telecom Argentina's American Depositary Share, listed on the New York Stock Exchange, each representing 5 Class B Shares.

*ADSL (Asymmetric Digital Subscriber Line):* A type of digital subscriber line technology (DSL); a data communications technology that enables faster data transmission over copper lines than a conventional voiceband modem can provide.

*ARSAT (Empresa Argentina de Soluciones Satelitales S.A.):* a state-owned company.

*BCBA (Bolsa de Comercio de Buenos Aires):* The Buenos Aires Stock Exchange.

*CNC (Comisión Nacional de Comunicaciones):* The Argentine National Communications Commission.

*CNDC (Comisión Nacional de Defensa de la Competencia):* Argentine Antitrust Commission.

*CNV (Comisión Nacional de Valores):* The Argentine National Securities Commission.

*Company or Telecom Argentina:* Telecom Argentina S.A.

*CONATEL (Comisión Nacional de Telecomunicaciones del Paraguay):* The Regulatory Authority of Paraguay.

*CPCECABA (Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires):* The Professional Council of Economic Sciences of the City of Buenos Aires.

*CPP:* Calling Party Pays.

*Cuentas claras :* Under the *Cuentas claras* plans, a subscriber pays a set monthly bill and, once the contract minutes per month have been used, the subscriber can obtain additional credit by recharging the phone card through the prepaid system.

*D&A:* Depreciation and amortization.

*DLD:* Domestic long-distance.

*ENARD (Ente Nacional de Alto Rendimiento Deportivo):* National High Sport Performance Organization.

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*FACPCE (Federación Argentina de Consejos Profesionales en Ciencias Económicas):* Argentine Federation of Professional Councils of Economic Sciences.

*IAS:* International Accounting Standards.

*IASB:* International Accounting Standards Board.

*IDC (Impuesto a los débitos y créditos bancarios):* Tax on deposits to and withdrawals from bank accounts.

*IFRS:* International Financial Reporting Standards, as issued by the International Accounting Standards Board.

*LSC (Ley de Sociedades Comerciales):* Argentine Corporations Law.

*Micro Sistemas:* Micro Sistemas S.A.

*NDF:* Non-Deliverable Forward.

*Nortel:* Nortel Inversora S.A., the parent company of the Company.

*Núcleo:* Núcleo S.A.

*NYSE:* New York Stock Exchange.

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*Personal:* Telecom Personal S.A.

*PP&E:* Property, plant and equipment.

*Regulatory Bodies:* Collectively, the SC and the CNC.

*Roaming:* a function that enables mobile subscribers to use the service on networks of operators other than the one with which they signed their initial contract. The roaming service is active when a mobile device is used in a foreign country (included in the GSM network).

*RT:* Technical resolutions issued by the FACPCE.

*RT 26:* Technical resolution No, 26 issued by the FACPCE, amended by RT29.

*SAC:* Subscriber Acquisition Costs.

*SBT (Servicio básico telefónico):* Basic telephone service.

*SC (Secretaría de Comunicaciones):* The Argentine Secretary of Communications.

*SEC:* Securities and Exchange Commission of the United States of America.

*SMS:* Short message systems.

*Sofora:* Sofora Telecomunicaciones S.A. Nortel's controlling company.

*SU:* The availability of Basic telephone service, or access to the public telephone network via different alternatives, at an affordable price to all persons within a country or specified area.

*Telecom Group/Group:* Telecom Argentina and its consolidated subsidiaries.

*Telecom Italia Group:* Telecom Italia S.p.A and its consolidated subsidiaries, except where referring to the Telecom Italia Group as Telecom Argentina's operator in which case it means Telecom Italia S.p.A and Telecom Italia International, N.V.

*Telecom USA:* Telecom Argentina USA Inc.

*Telefónica:* Telefónica de Argentina S.A.

*TLRD (Terminación Llamada Red Destino):* Termination charges from third parties' wireless networks.

*VAS (Value-Added Services)*: Services that provide additional functionality to the basic transmission services offered by a telecommunications network such as SMS, Video streaming, Personal Video, Personal Cloud, M2M (Communication Machine to Machine), Social networks, Personal Messenger, Contents and Entertainment (content and text subscriptions, games, music ringtones, wallpaper, screensavers, etc), MMS (Mobile Multimedia Services) and Voice Mail, among others.



**Table of Contents****TELECOM ARGENTINA S.A.****NOTE 1 BASIS OF PREPARATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES****a) Basis of preparation and significant accounting policies**

As required by the CNV for most of public companies, these consolidated financial statements have been prepared in accordance with RT 26 of FACPCE (as amended by RT 29) and in accordance with IFRS as issued by the IASB, as adopted by the CPCECABA.

For the preparation of these consolidated financial statements, the Company has elected to make use of the option provided by IAS 34, so, these consolidated financial statements do not include all the information required in an annual financial statement, and must be read jointly with the 2014 annual consolidated financial statements which can be consulted at the Company's website ([www.telecom.com.ar/inversores](http://www.telecom.com.ar/inversores)).

As of March 31, 2015, entities included in the consolidation process and the respective equity interest owned by Telecom Argentina is presented as follows:

<b>Subsidiaries</b>	<b>Percentage of capital stock owned and voting rights (i)</b>	<b>Indirect control through</b>	<b>Date of acquisition</b>	<b>Segment that consolidates (Note 4)</b>
Telecom USA	100.00%		09.12.00	Fixed Services
Micro Sistemas (ii)	99.99%		12.31.97	Fixed Services
Personal	99.99%		07.06.94	Personal Mobile Services
Núcleo (iii)	67.50%	Personal	02.03.98	Núcleo Mobile Services
Personal Envíos (iii)	67.50%	Núcleo	07.24.14	Núcleo Mobile Services

- (i) Percentage of equity interest owned has been rounded.
- (ii) Dormant entity as of March 31, 2015 and December 31, 2014 and for the three-month periods ended March 31, 2015 and 2014.
- (iii) Non-controlling interest of 32.50% is owned by the Paraguayan company ABC Telecomunicaciones S.A. For the preparation of these consolidated financial statements, the Company followed the same accounting policies applied in the most recent annual financial statements except for Government bonds acquired during 1Q15 which are valued at fair value (Note 2.b)).

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's Management to use certain critical accounting estimates. Actual results could differ from those estimates.

These consolidated financial statements (except for cash flow information) are prepared on an accrual basis of accounting. Under this basis, the effects of transactions and other events are recognized when they occur. Therefore

income and expenses are recognized at fair value on an accrual basis regardless of when they are perceived or paid. When significant, the difference between the fair value and the nominal amount of income and expenses is recognized as finance income or expense using the effective interest method over the relevant period.

These consolidated financial statements have also been prepared on a going concern basis, as there is a reasonable expectation that Telecom Argentina and its subsidiaries will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

Publication of these consolidated financial statements for the period ended March 31, 2015 was approved by resolution of the Board of Directors meeting held on May 4, 2015.

**b) Financial statement formats**

The financial statement formats adopted are consistent with IAS 1, In particular:

the consolidated statements of financial position have been prepared by classifying assets and liabilities according to current and non-current criterion. Current assets and liabilities are those that are expected to be realized within twelve months after the period-end;

the consolidated income statements have been prepared by classifying operating expenses by nature of expense as this form of presentation is considered more appropriate and representative of the specific business of the Telecom Group as evaluated by the Management, and are in line with the industrial sector of telecommunications;

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the consolidated statements of comprehensive income include the profit or (loss) for the period as shown in the consolidated income statement and all components of other comprehensive income;

the consolidated statements of changes in equity have been prepared showing separately (i) profit (loss) for the period, (ii) other comprehensive income (loss) for the period, and (iii) transactions with shareholders (controlling and non-controlling);

the consolidated statements of cash flows have been prepared by presenting cash flows from operating activities according to the indirect method, as permitted by IAS 7.

These consolidated financial statements contain all material disclosures required under IAS 34. Some additional disclosures required by the LSC and/or by the CNV have been also included, among them, complementary information required in the last paragraph of Article 1 Chapter III Title IV of the CNV General Resolution No. 622/13. Such information is disclosed in Notes 2 and 6 to these consolidated financial statements, as admitted by IFRS.

Also, some reclassifications to the 2014 comparative figures of the consolidated statements of cash flows have been included in the lines total cash flows provided by operating activities (-\$45), total cash flows used in investing activities (-\$114) and net foreign exchange differences on cash and cash equivalents (+\$159) with the purpose of improving the information comparability.

**c) Segment reporting**

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose financial information is available, held separately, and evaluated regularly by the Telecom Group's Chief Executive Officer ( CEO ).

Operating segments are reported in a consistent manner with the internal reporting provided to the CEO, who is responsible for allocating resources and assessing performance of the operating segments at the net income (loss) level and under the accounting principles effective (IFRS as issued by the IASB) at each time for reporting to the Regulatory Bodies. The accounting policies applied for segment information are the same for all operating segments.

Information regarding segment reporting is included in Note 4.

**d) Net income per share**

The Company computes net income per common share by dividing net income for the period attributable to Telecom Argentina (Controlling Company) by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing the net income for the period by the weighted average number

of common and dilutive potential common shares then outstanding during the period. Since the Company has no dilutive potential common stock outstanding, there are no dilutive earnings per share amounts.

For the three-month periods ended March 31, 2015 and 2014, the weighted average number of shares outstanding totaled 969,159,605 shares, respectively.

## NOTE 2 BREAKDOWN OF THE MAIN ACCOUNTS

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2015	December 31, 2014
<b>CURRENT ASSETS</b>		
<b>a) Cash and cash equivalents</b>		
Cash	16	14
Banks	109	370
Banks Specific use (*)	441	
Time deposits	77	1
Mutual funds	623	440
(*) Includes 353 corresponding to the funds from the bank loan described in Note 10.a)	<b>1,266</b>	<b>825</b>
<b>b) Investments</b>		
Government bonds at fair value (Note 10.d)	60	
Government bonds at amortized cost	1	1
Provincial government bonds at amortized cost	5	24
Argentine companies notes		28
	<b>66</b>	<b>53</b>

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	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>c) Trade receivables</b>		
Fixed Services	1,216	1,220
Personal Mobile Services	3,407	3,076
Núcleo Mobile Services	123	120
<b>Subtotal</b>	<b>4,746</b>	<b>4,416</b>
Allowance for doubtful accounts	(361)	(292)
	<b>4,385</b>	<b>4,124</b>

Movements in the allowance for current doubtful accounts are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>(292)</b>	<b>(239)</b>
Additions bad debt expenses	(180)	(421)
Uses	111	370
Currency translation adjustments		(2)
<b>At the end of the period/year</b>	<b>(361)</b>	<b>(292)</b>

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>d) Other receivables</b>		
Prepaid expenses	396	331
Prepaid expenses related parties (Note 5.c)	48	52
Insurance company (handsets) related party (Note 5.c)	48	46
Tax credits	43	108
Restricted funds	23	21
Advertisement reimbursement	21	40
Tax on personal property on behalf of shareholders	16	12
Receivables for suppliers indemnities	3	6
Other	86	77

<b>Subtotal</b>	<b>684</b>	<b>693</b>
Allowance for other receivables	(26)	(23)
	<b>658</b>	<b>670</b>

Movements in the allowance for other receivables are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>(23)</b>	<b>(18)</b>
Additions Bad debt expenses	(3)	(6)
Uses		1
<b>At the end of the period/year</b>	<b>(26)</b>	<b>(23)</b>

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>e) Inventories</b>		
Mobile handsets	776	781
Fixed telephones and equipment	18	13
<b>Subtotal</b>	<b>794</b>	<b>794</b>
Allowance for obsolescence of inventories	(75)	(73)
	<b>719</b>	<b>721</b>

Movements in the allowance for obsolescence of inventories are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>(73)</b>	<b>(85)</b>
Additions Fees for services, maintenance and materials	(5)	(81)
Uses	3	94
Currency translation adjustments		(1)
<b>At the end of the period/year</b>	<b>(75)</b>	<b>(73)</b>

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Sale and cost of equipment and handsets by business segment is as follows:

		<b>Three-month periods ended March 31,</b>	
		<b>2015</b>	<b>2014</b>
		<b>Profit (loss)</b>	
Sales of equipment and handsets	Fixed Services	10	13
Cost of equipment and handsets	Fixed Services	(19)	(15)
<b>Total equipment loss</b>	<b>Fixed Services</b>	<b>(9)</b>	<b>(2)</b>
Sales of equipment and handsets	Personal Mobile Services	881	879
Cost of equipment and handsets	Personal Mobile Services (net of SAC capitalization)	(593)	(740)
<b>Total equipment income</b>	<b>Personal Mobile Services</b>	<b>288</b>	<b>139</b>
Sales of equipment and handsets	Núcleo Mobile Services	22	15
Cost of equipment and handsets	Núcleo Mobile Services (net of SAC capitalization)	(28)	(20)
<b>Total equipment loss</b>	<b>Núcleo Mobile Services</b>	<b>(6)</b>	<b>(5)</b>
<b>Total equipment and handsets sale</b>		<b>913</b>	<b>907</b>
<b>Total cost of equipment and handsets (net of SAC capitalization)</b>		<b>(640)</b>	<b>(775)</b>
<b>Total income for sale of equipment and handsets</b>		<b>273</b>	<b>132</b>
		<b>March 31,</b>	<b>December 31,</b>
		<b>2015</b>	<b>2014</b>
<b>NON-CURRENT ASSETS</b>			
<b>f) Trade receivables</b>			
Fixed Services		20	22
Personal Mobile Services		19	88
Núcleo Mobile Services		43	33
		<b>82</b>	<b>143</b>



<b>g) Other receivables</b>		
Prepaid expenses	116	101
Prepaid expenses related parties (Note 5.c)	27	36
Credit on SC Resolution No. 41/07 and IDC	84	85
Restricted funds	25	28
Tax on personal property on behalf of shareholders	18	18
Tax credits	2	9
Guarantee deposits	9	8
Other	19	18
<b>Subtotal</b>	<b>300</b>	<b>303</b>
Allowance for regulatory matters	(84)	(85)
Allowance for doubtful accounts (tax on personal property)	(18)	(18)
	<b>198</b>	<b>200</b>

Movements in the allowance for regulatory matters are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>(85)</b>	<b>(85)</b>
Uses	1	
<b>At the end of the period/year</b>	<b>(84)</b>	<b>(85)</b>

Movements in the allowance for doubtful accounts (tax on personal property) are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>(18)</b>	<b>(17)</b>
Additions		(1)
<b>At the end of the period/year</b>	<b>(18)</b>	<b>(18)</b>

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>h) Investments</b>		
Government bonds at amortized cost	264	257
Provincial and municipal government bonds at amortized cost	44	43
2003 Telecommunications Fund	1	1
	<b>309</b>	<b>301</b>

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	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>i) PP&amp;E</b>		
Land, buildings and installations	1,044	1,045
Computer equipment and software	1,431	1,558
Switching and transmission equipment (i)	3,516	3,585
Mobile network access and external wiring	4,385	4,273
Construction in progress	2,235	2,184
Other tangible assets	392	416
<b>Subtotal PP&amp;E</b>	<b>13,003</b>	<b>13,061</b>
Materials	934	872
Valuation allowance for materials	(28)	(24)
Impairment of PP&E	(103)	(100)
<b>Total PP&amp;E</b>	<b>13,806</b>	<b>13,809</b>

(i) Includes tower and pole, transmission equipment, switching equipment, power equipment, equipment lent to customers at no cost and handsets lent to customers at no cost.

Movements in PP&E (without allowance for materials and impairment of PP&E) are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>13,933</b>	<b>11,403</b>
CAPEX	623	4,304
Materials	130	590
<b>Total PP&amp;E additions</b>	<b>753</b>	<b>4,894</b>
Currency translation adjustments	(3)	315
Consumption of materials	(68)	(227)
Decrease	(1)	(62)
Depreciation of the period/year	(677)	(2,390)
<b>At the end of the period/year</b>	<b>13,937</b>	<b>13,933</b>

Movements in the valuation allowance for materials are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>(24)</b>	<b>(21)</b>
Additions - Fees for services, maintenance, and materials	(4)	(6)
Uses		3
<b>At the end of the period/year</b>	<b>(28)</b>	<b>(24)</b>

Movements in the impairment of PP&E are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>(100)</b>	<b>(156)</b>
Additions - Impairment of PP&E	(3)	(25)
Depreciation		1
Uses		80
<b>At the end of the period/year</b>	<b>(103)</b>	<b>(100)</b>

	March 31, 2015	December 31, 2014
<b>j) <u>Intangible assets</u></b>		
3G/4G licenses	3,452	3,511
Other licenses	588	588
SAC mobile services	846	820
SAC fixed services	93	93
Rights of use and exclusivity	213	218
Service connection or habilitation charges	98	99
Other intangible assets	2	2
	<b>5,292</b>	<b>5,331</b>

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Movements in Intangible assets are as follows:

	<b>March 31, 2015 (3 months)</b>	<b>December 31, 2014 (12 months)</b>
<b>At the beginning of the year</b>	<b>5,331</b>	<b>1,519</b>
CAPEX	241	4,653
Currency translation adjustments		13
Amortization of the period/year	(280)	(854)
<b>At the end of the period/year</b>	<b>5,292</b>	<b>5,331</b>

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>CURRENT LIABILITIES</b>		
<b>k) Trade payables</b>		
For the acquisition of PP&E	1,821	1,964
For the acquisition of other assets and services	1,786	1,966
For the acquisition of inventory	694	1,734
<b>Subtotal suppliers</b>	<b>4,301</b>	<b>5,664</b>
NDF		90
Agent commissions	320	318
	<b>4,621</b>	<b>6,072</b>
<b>l) Deferred revenues</b>		
On prepaid calling cards	341	339
On international capacity rental	56	55
On connection fees Fixed Services	40	33
On customer loyalty programs	80	76
From CONATEL Núcleo Mobile Services	4	4
	<b>521</b>	<b>507</b>
<b>m) Financial debt Núcleo</b>		
Bank overdrafts principal (Personal)	488	140
Bank overdrafts accrued interests (Personal)	3	1

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Bank loans	accrued interests (Personal)	6	
Bank loans	principal (Núcleo)	41	32
Bank loans	accrued interest (Núcleo)	2	6
		<b>540</b>	<b>179</b>

**n) Salaries and social security payables**

	Annual complementary salaries, vacation and bonuses	682	690
	Social security payables	196	255
	Termination benefits	87	77
		<b>965</b>	<b>1,022</b>

**o) Income tax payables**

	Income tax payables	2,449	1,769
	Income tax retentions and payments in advance	(1,879)	(1,525)
	Law No. 26,476 Tax Regularization Regime	3	3
		<b>573</b>	<b>247</b>

**p) Other taxes payables**

	VAT, net	354	316
	Tax withholdings	121	132
	Tax on SU	99	97
	Internal taxes	97	86
	Turnover tax	70	68
	Regulatory fees	69	67
	Municipal taxes	23	31
	Perception Decree No.583/10 ENARD	18	15
	Tax on personal property on behalf of shareholders	15	12
		<b>866</b>	<b>824</b>

**q) Dividends payables**

	Related parties (Notes 5.c) and 10.e))	21	
		<b>21</b>	

**r) Other liabilities**

	Compensation for directors and members of the Supervisory Committee	25	28
	Guarantees received	10	11
	Other	4	8
		<b>39</b>	<b>47</b>





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	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>NON-CURRENT LIABILITIES</b>		
<b>s) Deferred revenues</b>		
On international capacity rental	304	307
On connection fees Fixed Services	69	67
On customer loyalty programs	86	82
From CONATEL Núcleo Mobile Services	7	9
	<b>466</b>	<b>465</b>
<b>t) Financial debt - Núcleo</b>		
Bank loans principal (Personal Note 10.a)	344	
Bank loans principal (Núcleo)	235	254
	<b>579</b>	<b>254</b>
<b>u) Salaries and social security payables</b>		
Termination benefits	115	122
Bonuses	33	28
	<b>148</b>	<b>150</b>
<b>v) Income tax payables</b>		
Law No. 26,476 Tax Regularization Regime	8	9
	<b>8</b>	<b>9</b>
<b>w) Other liabilities</b>		
Pension benefits	76	68
Legal fees	5	5
Suppliers guarantees on third parties claims	1	2
Other	2	1
	<b>84</b>	<b>76</b>

**x) Deferred income tax asset and liability**

Telecom Group's deferred income tax asset and liability consist of the following:

	Deferred tax assets			Deferred tax liabilities		
	Telecom Argentina	Núcleo	Telecom USA	Total	Personal	Total
<b>As of March 31, 2015</b>						
Allowance for doubtful accounts	(66)	(6)	(1)	(73)	(110)	(110)
Provisions	(330)			(330)	(150)	(150)
PP&E		(20)		(20)		
Inventory					(61)	(61)
Termination benefits	(63)			(63)		
Deferred revenues	(63)			(63)		
Pension benefits	(27)			(27)		
Other deferred tax assets, net	(66)			(66)	(2)	(2)
<b>Total deferred tax assets</b>	<b>(615)</b>	<b>(26)</b>	<b>(1)</b>	<b>(642)</b>	<b>(323)</b>	<b>(323)</b>
PP&E	372		1	373	169	169
Intangible assets	74			74	355	355
Cash dividends from foreign companies		5		5	93	93
Investments					43	43
<b>Total deferred tax liabilities</b>	<b>446</b>	<b>5</b>	<b>1</b>	<b>452</b>	<b>660</b>	<b>660</b>
<b>Total</b>	<b>(169)</b>	<b>(21)</b>		<b>(190)</b>	<b>337</b>	<b>337</b>

	Deferred tax assets			Deferred tax liabilities		
	Telecom Argentina	Núcleo	Telecom USA	Total	Personal	Total
<b>As of December 31, 2014</b>						
Allowance for doubtful accounts	(53)	(6)	(1)	(60)	(70)	(70)
Provisions	(313)			(313)	(122)	(122)
PP&E		(17)		(17)		
Inventory					(61)	(61)
Termination benefits	(64)			(64)		
Deferred revenues	(61)			(61)		
Pension benefits	(24)			(24)		
Other deferred tax assets, net	(63)			(63)		
<b>Total deferred tax assets</b>	<b>(578)</b>	<b>(23)</b>	<b>(1)</b>	<b>(602)</b>	<b>(253)</b>	<b>(253)</b>
PP&E	382		1	383	189	189
Intangible assets	74			74	348	348
Cash dividends from foreign companies		5		5	87	87
Investments					37	37
Other deferred tax liabilities, net					9	9
<b>Total deferred tax liabilities</b>	<b>456</b>	<b>5</b>	<b>1</b>	<b>462</b>	<b>670</b>	<b>670</b>
<b>Total</b>	<b>(122)</b>	<b>(18)</b>		<b>(140)</b>	<b>417</b>	<b>417</b>



Table of Contents**TELECOM ARGENTINA S.A.****y) Aging of assets and liabilities as of March 31, 2015**

Date due	Cash and cash equivalents	Investments	Trade receivables	Deferred income	
				tax assets	Other receivables
<b>Total due</b>			<b>(c) 795</b>		
<b>Not due</b>					
Second quarter 2015	1,266	3	2,938		398
Third quarter 2015		61	310		111
Fourth quarter 2015		1	223		85
First quarter 2016		1	119		64
April 2016 thru March 2017		90	70		117
April 2017 thru March 2018		14	7		36
April 2018 and thereafter		204	5		36
Not date due established		1		190	9
<b>Total not due</b>	<b>1,266</b>	<b>375</b>	<b>3,672</b>	<b>190</b>	<b>856</b>
<b>Total</b>	<b>1,266</b>	<b>375</b>	<b>4,467</b>	<b>190</b>	<b>856</b>
<b>Balances bearing interest</b>	700	374	799		
<b>Balances not bearing interest</b>	566	1	3,668	190	856
<b>Total</b>	<b>1,266</b>	<b>375</b>	<b>4,467</b>	<b>190</b>	<b>856</b>

**Average annual interest rate**

(%)	(a)	(b)	(d)
-----	-----	-----	-----

- (a) 623 are assets in Argentine pesos bearing interests between 19.91% and 22.9% and 77 are assets in foreign currency bearing interests between 0.19% and 0.22%.
- (b) 314 are assets in Argentine pesos (9 bearing interests between 15% and 20.7% and 305 are dollar-linked bonds bearing interests between 1.75% and 2.4%) and 60 are assets in foreign currency bearing 7%.
- (c) From due trade receivables 71 bear 50% over the Banco de la Nación Argentina 30-day interest rate paid by banks, 353 bear 50% over the Banco de la Nación Argentina notes payable discount rate, 11 bear 8.3%, 277 bear 37.5% and 26 bear 36%.
- (d) From not due trade receivables 14 bear 37% and 47 are assets in foreign currency bearing 8.3%.

Date due	Trade payables	Deferred revenues	Financial debt	Salaries and social security payables	Income tax payables	Deferred income tax liabilities	Other tax payables	Dividends payable	Other liabilities
<b>Total due</b>	<b>(e) 403</b>								
<b>Not due</b>									
Second quarter 2015	4,218	380	503	553	566		866	21	29
Third quarter 2015		46	14	131	1				
Fourth quarter 2015		44	5	116	1				
First quarter 2016		51	18	165	5				10
April 2016 thru March 2017		147	76	75	3				18
April 2017 thru March 2018		61	503	35	3				4
April 2018 and thereafter		258		38	2				62
Not date due established						337			
<b>Total not due</b>	<b>4,218</b>	<b>987</b>	<b>1,119</b>	<b>1,113</b>	<b>581</b>	<b>337</b>	<b>866</b>	<b>21</b>	<b>123</b>
<b>Total</b>	<b>4,621</b>	<b>987</b>	<b>1,119</b>	<b>1,113</b>	<b>581</b>	<b>337</b>	<b>866</b>	<b>21</b>	<b>123</b>
<b>Balances bearing interest</b>									
			1,119		15				
<b>Balances not bearing interest</b>									
	4,621	987		1,113	566	337	866	21	123
<b>Total</b>	<b>4,621</b>	<b>987</b>	<b>1,119</b>	<b>1,113</b>	<b>581</b>	<b>337</b>	<b>866</b>	<b>21</b>	<b>123</b>
<b>Average annual interest rate (%)</b>									
			(f)		9.00%				

(e) From due trade payables 256 corresponds to foreign suppliers. As of the date of these consolidated financial statements, 135 were cancelled.

(f) 491 are liabilities in Argentine pesos bearing 23%, 350 are liabilities in foreign currency bearing three-month LIBOR plus 8.25% and 278 are liabilities in guaraníes bearing 9.3%.

#### **z) Foreign currency assets and liabilities**

The following table shows a breakdown of Telecom Group's net assessed financial position exposure to currency risk as of March 31, 2015 and December 31, 2014.

	03.31.15	
Amount of foreign currency (i)	Exchange rate	Amount in local currency (ii)
<b>Assets</b>		

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US\$	51	8.722	(iii) 455
G	173,416	0.002	314
EURO	1	9.355	14
<b>Total assets</b>			<b>783</b>
<b>Liabilities</b>			
US\$	(315)	8.822	(2,770)
G	(287,020)	0.002	(522)
EURO	(10)	9.485	(91)
SDR		12.170	(5)
<b>Total liabilities</b>			<b>(3,388)</b>
<b>Net liabilities</b>			<b>(2,605)</b>

(i) US\$ = United States dollar; G= Guaraníes; SDR = Special Drawing Rights.

(ii) As foreign currency figures and their amount in Argentine pesos are in millions, the calculation of the amount of the foreign currency by its exchange rate could not be exact.

(iii) Includes 60 corresponding to Government bonds valued at fair value (equivalent to US\$ 5 million).

In order to partially reduce this net liability position in foreign currency the Telecom Group, as of March 31, 2015, holds investments adjustable to the variation of the US\$/\$ exchange rate (dollar linked) by 305 and mutual funds whose main underlying asset are financial assets dollar linked for a total amount of 381. So, the net liability position in foreign currency amounted to 1,919 as of March 31, 2015 (equivalent to US\$218 million). Additionally, the Group has entered into several NDF contracts to purchase a total amount of US\$45 million (Note 10.d) and the portion of the net liability position in foreign currency not covered amounted to US\$173 million as of March 31, 2015.

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	12.31.14		
Amount of foreign currency (i)		Exchange rate	Amount in local currency (ii)
<b>Assets</b>			
US\$	67	8.451	567
G	141,182	0.002	256
EURO	1	10.265	13
<b>Total assets</b>			<b>836</b>
<b>Liabilities</b>			
US\$	(436)	8.551	(3,725)
G	(276,621)	0.002	(503)
EURO	(9)	10.407	(97)
SDR	(1)	12.240	(8)
<b>Total liabilities</b>			<b>(4,333)</b>
<b>Net liabilities</b>			<b>(3,497)</b>

(i) US\$ = United States dollar; G= Guaraníes; SDR = Special Drawing Rights.

(ii) As foreign currency figures and their amount in Argentine pesos are in millions, the calculation of the amount of the foreign currency by its exchange rate could not be exact.

In order to partially reduce this net liability position in foreign currency the Telecom Group, as of December 31, 2014, holds investments adjustable to the variation of the US\$/\$ exchange rate (dollar linked) by 332 and mutual funds whose main underlying asset are financial assets dollar linked for a total amount of 359. So, the net liability position in foreign currency amounted to 1,532 as of December 31, 2014 (equivalent to US\$179 million). Additionally, the Group has entered into several NDF contracts to purchase a total amount of US\$149 million (Note 10.d) and the portion of the net liability position in foreign currency not covered amounted to US\$30 million as of December 31, 2014.

**aa) Information on the fair value of investments in Government bonds and Argentine companies notes valued at amortized cost**

Below are shown the investments in Government bonds and Argentine companies notes valued at amortized cost and their respective fair value as of March 31, 2015 and December 31, 2014:

Investments	As of March 31, 2015 Book value	As of December 31, 2014 Book value
-------------	------------------------------------	---------------------------------------

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		Fair value (*)		Fair value (*)
Government bonds (dollar linked)	265	295	258	258
Provincial government bonds in pesos	9	9	11	11
Provincial and municipal government bonds (dollar linked)	40	40	56	51
Argentine companies notes in pesos			10	10
Argentine companies notes (dollar linked)			18	18
<b>Total</b>	<b>314</b>	<b>344</b>	<b>353</b>	<b>348</b>

(\*) According to IFRS selling costs are not deducted.

**ab) Offsetting of financial assets and financial liabilities**

The information required by the amendment to IFRS 7 as of March 31, 2015 and December 31, 2014 is as follows:

	As of March 31, 2015			
	Trade receivables	Other receivables (1)	Trade payables	Other liabilities (1)
Current and non-current assets (liabilities) - Gross value	5,910	193	(6,064)	(80)
Compensation	(1,443)	(33)	1,443	33
<b>Current and non-current assets (liabilities) Book value</b>	<b>4,467</b>	<b>160</b>	<b>(4,621)</b>	<b>(47)</b>

	As of December 31, 2014			
	Trade receivables	Other receivables (1)	Trade payables	Other liabilities (1)
Current and non-current assets (liabilities) - Gross value	5,524	182	(7,329)	(65)
Compensation	(1,257)	(10)	1,257	10
<b>Current and non-current assets (liabilities) Book value</b>	<b>4,267</b>	<b>172</b>	<b>(6,072)</b>	<b>(55)</b>

(1) Only includes financial assets and financial liabilities according to IFRS 7.





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## TELECOM ARGENTINA S.A.

CONSOLIDATED INCOME STATEMENTS	Three-month periods ended March 31,	
	2015	2014
<b>ac) Total revenues and other income</b>	<b>Profit (loss)</b>	
<b><u>Services</u></b>		
Voice Retail	745	682
Voice Wholesale	235	225
Internet	973	726
Data	407	319
<b>Subtotal Fixed Services</b>	<b>2,360</b>	<b>1,952</b>
Voice Retail	1,702	1,345
Voice Wholesale	481	488
Internet	1,188	644
Data	1,845	1,787
<b>Subtotal Personal Mobile Services</b>	<b>5,216</b>	<b>4,264</b>
Voice Retail	148	126
Voice Wholesale	26	27
Internet	129	105
Data	80	85
<b>Subtotal Núcleo Mobile Services</b>	<b>383</b>	<b>343</b>
<b>Total service revenues (a)</b>	<b>7,959</b>	<b>6,559</b>
<b><u>Equipment</u></b>		
Fixed Services	10	13
Personal Mobile Services	881	879
Núcleo Mobile Services	22	15
<b>Total equipment revenues (b)</b>	<b>913</b>	<b>907</b>
<b>Total revenues (a) + (b)</b>	<b>8,872</b>	<b>7,466</b>
<b><u>Other income</u></b>		
Fixed Services	4	9
Personal Mobile Services	3	1
<b>Total other income (c)</b>	<b>7</b>	<b>10</b>

**Total revenues and other income (a)+(b)+(c)** **8,879** **7,476**

Telecom Group's service revenues by type of service (regardless of the segment originates) are as follows:

	<b>Three-month periods ended March 31,</b>			
	<b>2015</b>	<b>%</b>	<b>2014</b>	<b>%</b>
Voice Retail	2,595	33	2,154	33
Voice Wholesale	742	9	739	11
<b>Total Voice</b>	<b>3,337</b>	<b>42</b>	<b>2,893</b>	<b>44</b>
Internet	2,290	29	1,475	23
Data	2,332	29	2,191	33
<b>Total service revenues</b>	<b>7,959</b>	<b>100</b>	<b>6,559</b>	<b>100</b>

**ad) Operating costs**

Operating expenses disclosed by nature of expense amounted to \$7,199 and \$6,099 for the three-month periods ended March 31, 2015 and 2014, respectively.

The main components of the operating expenses are the following:

	<b>Three-month periods ended March 31, 2015      2014</b>	
	<b>Profit (loss)</b>	
<b><u>Employee benefit expenses and severance payments</u></b>		
Salaries	(1,107)	(829)
Social security expenses	(346)	(260)
Severance indemnities and termination benefits	(63)	(76)
Other employee benefits	(27)	(18)
	<b>(1,543)</b>	<b>(1,183)</b>
<b><u>Interconnection costs and other telecommunication charges</u></b>		
Fixed telephony interconnection costs	(75)	(65)
Cost of international outbound calls	(40)	(54)
Lease of circuits and use of public network	(79)	(66)
Mobile services - charges for roaming	(104)	(133)
Mobile services - charges for TLRD	(202)	(197)
	<b>(500)</b>	<b>(515)</b>

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	<b>Three-month periods ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>Profit (loss)</b>	
<b><u>Fees for services, maintenance, materials and supplies</u></b>		
Maintenance of hardware and software	(72)	(103)
Technical maintenance	(189)	(170)
Service connection fees for fixed lines and Internet lines	(42)	(48)
Service connection fees capitalized as SAC	2	1
Service connection fees capitalized as Intangible assets	6	7
Other maintenance costs	(81)	(67)
Obsolescence of inventories – Personal Mobile Services	(5)	(32)
Call center fees	(304)	(219)
Other fees for services	(196)	(117)
Compensation for Directors and Supervisory Committee members	(8)	(7)
	<b>(889)</b>	<b>(755)</b>
<b><u>Taxes and fees with the Regulatory Authority</u></b>		
Turnover tax	(475)	(407)
Taxes with the Regulatory Authority	(211)	(170)
Tax on deposits to and withdrawals from bank accounts	(89)	(80)
Municipal taxes	(60)	(53)
Other taxes	(38)	(45)
	<b>(873)</b>	<b>(755)</b>
<b><u>Commissions</u></b>		
Agent commissions	(482)	(377)
Agent commissions capitalized as SAC	200	133
Distribution of prepaid cards commissions	(158)	(142)
Collection commissions	(159)	(131)
Other commissions	(24)	(24)
	<b>(623)</b>	<b>(541)</b>
<b><u>Cost of equipments and handsets</u></b>		
Inventory balance at the beginning of the period/year	(794)	(857)
Plus:		
Purchases	(670)	(1,135)
Deferred costs from SAC	20	31

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Decreases from allowance for obsolescence	3	22
Mobile handsets lent to customers at no cost	6	7
Decreases not charged to material cost	1	3
Less:		
Inventory balance at period end	794	1,154
	<b>(640)</b>	<b>(775)</b>
<b><u>Advertising</u></b>		
Media advertising	(110)	(81)
Fairs and exhibitions	(49)	(48)
Other advertising costs	(32)	(35)
	<b>(191)</b>	<b>(164)</b>
<b><u>Cost of VAS</u></b>		
Cost of mobile VAS	(287)	(187)
Cost of fixed VAS	(6)	(4)
	<b>(293)</b>	<b>(191)</b>
<b><u>Other operating costs</u></b>		
Transportation, freight and travel expenses	(143)	(124)
Delivery costs capitalized as SAC	14	10
Rent of buildings and cell sites	(122)	(91)
Energy, water and others	(131)	(93)
International and satellite connectivity	(35)	(32)
	<b>(417)</b>	<b>(330)</b>
<b><u>D&amp;A</u></b>		
Depreciation of PP&E	(677)	(538)
Amortization of SAC and service connection charges	(216)	(195)
Amortization of 3G/4G licenses	(59)	
Amortization of other intangible assets	(5)	(6)
	<b>(957)</b>	<b>(739)</b>
<b><u>Gain on disposal of PP&amp;E and impairment of PP&amp;E</u></b>		
Gain on disposal of PP&E	6	4
Impairment of PP&E	(3)	
	<b>3</b>	<b>4</b>



Table of Contents**TELECOM ARGENTINA S.A.**

The operating expenses disclosed by function are as follows:

	<b>Three-month periods ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>Profit (loss)</b>	
Operating costs	(4,224)	(3,744)
Administration costs	(388)	(297)
Commercialization costs	(2,497)	(2,025)
Other expenses provisions	(93)	(37)
Gain on disposal of PP&E and impairment of PP&E	3	4
	<b>(7,199)</b>	<b>(6,099)</b>
<b>ae) Financial results</b>		
<b>Finance income</b>		
Interest on time deposits		157
Gains on investments (Argentine companies notes and governments bonds)	11	43
Gains on Mutual Funds	31	36
Interest on receivables	42	36
Foreign currency exchange gains	20	482
Gain on NDF		45
Other	1	
<b>Total finance income</b>	<b>105</b>	<b>799</b>
<b>Finance expenses</b>		
Interest on loans	(44)	(6)
Interest on salaries and social security payable, other taxes payables and accounts payable	(4)	(9)
Interest on provisions	(53)	(31)
Present value effect of salaries and social security payable, other taxes payables and other liabilities	(1)	(1)
Foreign currency exchange losses (*)	(63)	(762)
Interest on pension benefits	(7)	
Losses on NDF (Note 10.d)	(22)	(22)
Other		
<b>Total finance expenses</b>	<b>(194)</b>	<b>(831)</b>



(89) (32)

(\*) Includes (159) of foreign currency exchange losses generated by the acquisition of US\$60 million of Government bonds in the three-month period ended March 31, 2014.

**af) Income taxes**

Income tax expense for the three-month periods ended March 31, 2015 and 2014 consists of the following:

	Profit (loss)				
	The	Telecom			
	Company	USA	Personal	Núcleo	Total
Current tax expense	(150)	(1)	(522)	(7)	(680)
Deferred tax benefit	47		80	3	130
<b>Income tax expense as of March 31, 2015</b>	<b>(103)</b>	<b>(1)</b>	<b>(442)</b>	<b>(4)</b>	<b>(550)</b>
Current tax expense	(151)	(1)	(456)	(8)	(616)
Deferred tax benefit	39		136	2	177
<b>Income tax expense as of March 31, 2014</b>	<b>(112)</b>	<b>(1)</b>	<b>(320)</b>	<b>(6)</b>	<b>(439)</b>

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Income tax expense for the periods differed from the amounts computed by applying the Company's statutory income tax rate to pre-tax income as a result of the following:

	In Argentina	Abroad Profit (loss)	Total
Pre-tax income on a separate return basis	2,401	48	<b>2,449</b>
Non taxable items    Income from investments	(857)	(1)	<b>(858)</b>
Non taxable items    Other	(3)	(19)	<b>(22)</b>
<b>Subtotal</b>	<b>1,541</b>	<b>28</b>	<b>1,569</b>
Weighted statutory income tax rate	35%	(*)	
<b>Income tax expense at weighted statutory tax rate</b>	<b>(539)</b>	<b>(5)</b>	<b>(544)</b>
Income tax on dividends from foreign companies	(6)		<b>(6)</b>
<b>Income tax expense as of March 31, 2015</b>	<b>(545)</b>	<b>(5)</b>	<b>(550)</b>

(\*) Effective income tax rate based on weighted statutory income tax rate in the different countries where the Telecom Group has operations. For the period presented, the statutory tax rate in Argentina was 35%, in Paraguay was 10% plus an additional rate of 5% in case of payment of dividends and in the USA the effective tax rate was 39.5%.

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	<b>In Argentina</b>	<b>Abroad</b>	<b>Total</b>
		<b>Profit (loss)</b>	
Pre-tax income on a separate return basis	1,994	62	<b>2,056</b>
Non taxable items    Income from investments	(711)		<b>(711)</b>
Non taxable items    Other	6	(18)	<b>(12)</b>
<b>Subtotal</b>	<b>1,289</b>	<b>44</b>	<b>1,333</b>
Weighted statutory income tax rate	35%	(*)	
<b>Income tax expense at weighted statutory tax rate</b>	<b>(451)</b>	<b>(7)</b>	<b>(458)</b>
Income tax on dividends from foreign companies	(8)		<b>(8)</b>
Other changes in tax assets and liabilities	27		<b>27</b>
<b>Income tax expense as of March 31, 2014</b>	<b>(432)</b>	<b>(7)</b>	<b>(439)</b>

(\*) Effective income tax rate based on weighted statutory income tax rate in the different countries where the Telecom Group has operations. For the period presented, the statutory tax rate in Argentina was 35%, in Paraguay was 10% plus an additional rate of 5% in case of payment of dividends and in the USA the effective tax rate was 39.5%.

**NOTE 3 SUPPLEMENTARY CASH FLOW INFORMATION**

For purposes of the statements of cash flows, cash and cash equivalents comprise cash, bank current accounts and short-term highly liquid investments (with a maturity of three months or less from the date of acquisition) and bank overdrafts (in the consolidated statements of financial position, bank overdrafts are included in current financial debt).

	<b>March 31,</b>	<b>March 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	1,266	4,469	825	5,224
Bank overdrafts (Note 2.m)	(491)		(141)	
<b>Total cash and cash equivalents</b>	<b>775</b>	<b>4,469</b>	<b>684</b>	<b>5,224</b>

Additional information on the breakdown of the net cash flow provided by operating activities is given below:

**Three-month periods  
ended March 31,**

	2015	2014
<b><u>Collections</u></b>		
Collections from customers	9,460	8,055
Interests from customers	42	38
Interests from time deposits	31	191
CPP collections	136	272
NDF		84
<b>Subtotal</b>	<b>9,669</b>	<b>8,640</b>
<b><u>Payments</u></b>		
For the acquisition of goods and services and others	(2,318)	(2,128)
For the acquisition of inventories	(1,404)	(1,189)
Salaries and social security payables and severance payments	(1,537)	(1,122)
NDF	(111)	(2)
CPP payments	(673)	(459)
Income taxes	(352)	(379)
Other taxes and taxes and fees with the Regulatory Authority	(2,028)	(1,630)
Foreign currency exchange differences related to the payments to suppliers	(90)	(524)
<i>Inventory suppliers</i>	<i>(70)</i>	<i>(237)</i>
<i>PP&amp;E suppliers</i>	<i>(12)</i>	<i>(216)</i>
<i>Other suppliers</i>	<i>(8)</i>	<i>(71)</i>
<b>Subtotal</b>	<b>(8,513)</b>	<b>(7,433)</b>
<b>Net cash flow provided by operating activities</b>	<b>1,156</b>	<b>1,207</b>

*Changes in assets/liabilities components:*

<b>Net (increase) decrease in assets</b>		
Investments	(8)	(105)
Trade receivables	(380)	(75)
Other receivables	4	(28)
Inventories	(9)	(311)
	<b>(393)</b>	<b>(519)</b>
<b>Net (decrease) increase in liabilities</b>		
Trade payables	(1,066)	(29)
Deferred revenues	16	27
Salaries and social security payables	(60)	(29)
Other taxes payables	39	(24)
Other liabilities	1	5
Provisions	(11)	(20)
	<b>(1,081)</b>	<b>(70)</b>

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Income tax paid consists of the following:

	<b>Three-month periods ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Tax returns and payments in advance	(307)	(337)
Other payments	(45)	(42)
	<b>(352)</b>	<b>(379)</b>

*Main non-cash operating transactions:*

SAC acquisitions offset with trade receivables	58	64
--	----	----

*Most significant investing activities:*

PP&E acquisitions include:

PP&E additions (Note 2.i)	(753)	(1,005)
Plus:		
Payments of trade payables originated in prior periods acquisitions	(862)	(1,185)
Less:		
Acquisition of PP&E through incurrence of trade payables	520	733
Mobile handsets lent to customers at no cost (i)	6	7
	<b>(1,089)</b>	<b>(1,450)</b>

- (i) Under certain circumstances, Personal and Núcleo lend handsets to customers at no cost pursuant to term agreements. Handsets remain the property of the companies and customers are generally obligated to return them at the end of the respective agreements.

Intangible assets acquisitions include:

Intangible assets additions (Note 2.j)	(241)	(182)
Plus:		
Payments of trade payables originated in prior periods acquisitions	(112)	(99)
SAC acquisitions offset with trade receivables	(58)	(64)
Less:		
Acquisition of intangible assets through incurrence of trade payables	147	132
	<b>(264)</b>	<b>(213)</b>

The following table presents the cash flows from purchases, sales and maturities of securities which were not considered cash equivalents in the statement of cash flows:

Investments over 90 days maturity	1	(30)
Argentine companies notes acquisition		(16)
Government bonds acquisition	(60)	(570)
Argentine companies notes collection	28	23
Government bonds collection	18	3
	<b>(13)</b>	<b>(590)</b>

**Financing activities components:**

The following table presents the financing activities components of the consolidated statements of cash flows:

Debt proceeds	Personal (Note 10.a)	353	
<b>Total financial debt proceeds</b>		<b>353</b>	
Payment of bank loans	Núcleo	(9)	(3)
<b>Total payment of financial debt</b>		<b>(9)</b>	<b>(3)</b>
Bank overdrafts	Personal	(31)	
Payment of related costs on bank loans	Personal (Note 10.a)	(12)	
Payment of interest on bank loans	Núcleo	(10)	(10)
<b>Total payment of interest and related costs</b>		<b>(53)</b>	<b>(10)</b>

**Cash dividends from Telecom Argentina**

During 1Q14 the Company paid \$44 related to withholdings on dividends paid to its shareholders by the end of 2013 in order to comply with its tax obligations. The amounts paid finally corresponded to: (i) income tax withholdings on dividends paid to its shareholders during December 2013 in the amount of \$17 and (ii) dividends paid to its shareholders in the amount of \$27.



Table of Contents**TELECOM ARGENTINA S.A.****NOTE 4 SEGMENT INFORMATION**

As of March 31, 2014, the Telecom Group carried out its activities through five companies, each identified as an operating segment. In July 2014 it was constituted in Paraguay a new company (Personal Envíos, controlled by Núcleo) which was included in the Núcleo Mobile Services segment. Therefore, as from March 31, 2015, the Telecom Group carries out its activities through six companies which were consolidated by the end of the three-month period ended March 31, 2015 (Note 1.a).

The Telecom Group has combined the operating segments into three reportable segments: Fixed Services, Personal Mobile Services and Núcleo Mobile Services based on the nature of products provided by the entities and taking into account the regulatory and economic framework in which each entity operates.

Segment financial information for the three-month periods ended March 31, 2015 and 2014 was as follows:

*For the three-month period ended March 31, 2015*Income statement

	<b>Fixed Services</b>	<b>Mobile Services</b>				
		<b>Personal</b>	<b>Núcleo</b>	<b>Subtotal</b>	<b>Eliminations</b>	<b>Total</b>
<b>Total revenues and other income (1)</b>	<b>2,883</b>	<b>6,136</b>	<b>407</b>	<b>6,543</b>	<b>(547)</b>	<b>8,879</b>
Employee benefit expenses and severance payments	(1,143)	(368)	(32)	(400)		(1,543)
Interconnection costs and other telecommunication charges	(163)	(698)	(38)	(736)	399	(500)
Fees for services, maintenance, materials and supplies	(378)	(575)	(36)	(611)	100	(889)
Taxes and fees with the Regulatory Authority	(183)	(678)	(12)	(690)		(873)
Commissions	(54)	(536)	(46)	(582)	13	(623)
Cost of equipments and handsets	(19)	(593)	(28)	(621)		(640)
Advertising	(16)	(158)	(17)	(175)		(191)
Cost of VAS	(6)	(265)	(22)	(287)		(293)
Provisions	(40)	(53)		(53)		(93)
Bad debt expenses	(49)	(129)	(5)	(134)		(183)
Other operating expenses	(207)	(221)	(24)	(245)	35	(417)
<b>Operating income before D&amp;A</b>	<b>625</b>	<b>1,862</b>	<b>147</b>	<b>2,009</b>		<b>2,634</b>
Depreciation of PP&E	(298)	(301)	(78)	(379)		(677)
Amortization of intangible assets	(42)	(222)	(16)	(238)		(280)

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Gain on disposal and impairment of PP&E	8	(5)	(5)	3
<b>Operating income</b>	<b>293</b>	<b>1,334</b>	<b>53</b>	<b>1,387</b>
Financial results, net	5	(85)	(9)	(89)
<b>Income before income tax expense</b>	<b>298</b>	<b>1,249</b>	<b>44</b>	<b>1,293</b>
Income tax expense, net	(104)	(442)	(4)	(550)
<b>Net income</b>	<b>194</b>	<b>807</b>	<b>40</b>	<b>847</b>
<b>Net income attributable to Telecom Argentina (Controlling Company)</b>	<b>194</b>	<b>807</b>	<b>27</b>	<b>834</b>
<b>Net income attributable to non-controlling interest</b>			<b>13</b>	<b>13</b>
	<b>194</b>	<b>807</b>	<b>40</b>	<b>847</b>

(1)

Service revenues	2,360	5,216	383	<b>5,599</b>	<b>7,959</b>
Equipment revenues	10	881	22	<b>903</b>	<b>913</b>
Other income	4	3		<b>3</b>	<b>7</b>
<b>Subtotal third party revenues</b>	<b>2,374</b>	<b>6,100</b>	<b>405</b>	<b>6,505</b>	<b>8,879</b>
Intersegment revenues	509	36	2	<b>38</b>	(547)
<b>Total revenues and other income</b>	<b>2,883</b>	<b>6,136</b>	<b>407</b>	<b>6,543</b>	<b>(547)</b>

.. Statement of financial position information

<b>PP&amp;E</b>	7,761	4,708	1,337	<b>6,045</b>	<b>13,806</b>
<b>Intangible assets, net</b>	389	4,840	64	<b>4,904</b>	(1) <b>5,292</b>
Capital expenditures on PP&E (a)	300	284	39	<b>323</b>	<b>623</b>
Capital expenditures on intangible assets (b)	36	185	20	<b>205</b>	<b>241</b>
<b>Total capital expenditures (a)+(b)</b>	<b>336</b>	<b>469</b>	<b>59</b>	<b>528</b>	<b>864</b>
<b>Total additions on PP&amp;E and intangible assets</b>	<b>404</b>	<b>522</b>	<b>68</b>	<b>590</b>	<b>994</b>
<b>Net financial asset (debt)</b>	260	502	(241)	<b>261</b>	<b>521</b>

.. Geographic information

	Total revenues and other income Breakdown by location of operations	Total non-current assets Breakdown by location of operations
<b>Argentina</b>	8,444	18,384
<b>Abroad</b>	435	1,493

<b>Total</b>	<b>8,879</b>	<b>8,879</b>	<b>19,877</b>
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## TELECOM ARGENTINA S.A.

*For the three-month period ended March 31, 2014*.. Income statement

	Fixed Services	Personal	Núcleo	Mobile Services Subtotal	Eliminations	Total
<b>Total revenues and other income (1)</b>	<b>2,336</b>	<b>5,171</b>	<b>361</b>	<b>5,532</b>	<b>(392)</b>	<b>7,476</b>
Employee benefit expenses and severance payments	(854)	(302)	(27)	(329)		(1,183)
Interconnection costs and other telecommunication charges	(162)	(597)	(46)	(643)	290	(515)
Fees for services, maintenance, materials and supplies	(322)	(459)	(31)	(490)	57	(755)
Taxes and fees with the Regulatory Authority	(165)	(579)	(11)	(590)		(755)
Commissions	(48)	(473)	(34)	(507)	14	(541)
Cost of equipments and handsets	(15)	(740)	(20)	(760)		(775)
Advertising	(37)	(111)	(16)	(127)		(164)
Cost of VAS	(4)	(174)	(13)	(187)		(191)
Provisions	(28)	(9)		(9)		(37)
Bad debt expenses	(26)	(89)	(3)	(92)		(118)
Other operating expenses	(168)	(174)	(19)	(193)	31	(330)
<b>Operating income before D&amp;A</b>	<b>507</b>	<b>1,464</b>	<b>141</b>	<b>1,605</b>		<b>2,112</b>
Depreciation of PP&E	(249)	(222)	(67)	(289)		(538)
Amortization of intangible assets	(33)	(155)	(13)	(168)		(201)
Gain on disposal of PP&E	3	1		1		4
<b>Operating income</b>	<b>228</b>	<b>1,088</b>	<b>61</b>	<b>1,149</b>		<b>1,377</b>
Financial results, net	93	(123)	(2)	(125)		(32)
<b>Income before income tax expense</b>	<b>321</b>	<b>965</b>	<b>59</b>	<b>1,024</b>		<b>1,345</b>
Income tax expense, net	(113)	(320)	(6)	(326)		(439)
<b>Net income</b>	<b>208</b>	<b>645</b>	<b>53</b>	<b>698</b>		<b>906</b>
<b>Net income attributable to Telecom Argentina (Controlling Company)</b>	<b>208</b>	<b>645</b>	<b>36</b>	<b>681</b>		<b>889</b>
			17	17		17

**Net income attributable to non-controlling interest**

	<b>208</b>	<b>645</b>	<b>53</b>	<b>698</b>		<b>906</b>
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**(1)**

Service revenues	1,952	4,264	343	<b>4,607</b>		<b>6,559</b>
Equipment revenues	13	879	15	<b>894</b>		<b>907</b>
Other income	9	1		<b>1</b>		<b>10</b>
<b>Subtotal third party revenues</b>	<b>1,974</b>	<b>5,144</b>	<b>358</b>	<b>5,502</b>		<b>7,476</b>
Intersegment revenues	362	27	3	<b>30</b>	(392)	
<b>Total revenues and other income</b>	<b>2,336</b>	<b>5,171</b>	<b>361</b>	<b>5,532</b>	(392)	<b>7,476</b>

.. Statement of financial position information

<b>PP&amp;E</b>	6,749	3,852	1,323	<b>5,175</b>		<b>11,924</b>
<b>Intangible assets, net</b>	371	1,086	57	<b>1,143</b>	(1)	<b>1,513</b>
Capital expenditures on PP&E (a)	368	469	43	<b>512</b>		<b>880</b>
Capital expenditures on intangible assets (b)	28	143	11	<b>154</b>		<b>182</b>
<b>Total capital expenditures (a)+(b)</b>	<b>396</b>	<b>612</b>	<b>54</b>	<b>666</b>		<b>1,062</b>
<b>Total additions on PP&amp;E and intangible assets</b>	511	618	58	<b>676</b>		<b>1,187</b>
<b>Net financial asset (debt)</b>	1,571	3,745	(236)	<b>3,509</b>		<b>5,080</b>

.. Geographic information

	<b>Total revenues and other income Breakdown by location of of operations</b>	<b>Breakdown by location of the Group's customers</b>	<b>Total non-current assets Breakdown by location of operations</b>
<b>Argentina</b>	7,096	7,019	13,136
<b>Abroad</b>	380	457	1,419
<b>Total</b>	<b>7,476</b>	<b>7,476</b>	<b>14,555</b>

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**TELECOM ARGENTINA S.A.**

**NOTE 5 RELATED PARTY BALANCES AND TRANSACTIONS**

**a) Controlling group**

Nortel, residing in A. Moreau de Justo 50 - 11th floor Ciudad Autónoma de Buenos Aires, holds 54.74% stake in the Company, meaning that exercises control of the Company in the terms of Art. 33 of Law No. 19,550. As of March 31, 2015, Nortel owns all of the Class A Preferred shares (51% of total shares of the Company) and 7.64% of the Class B Preferred shares (3.74% of total shares of the Company).

As a result of the Company's Treasury Shares Acquisition Process described in Note 7.b) Acquisition of Treasury Shares, as of March 31, 2015, Nortel's equity interest in Telecom Argentina amounts to 55.60% of the outstanding shares. Pursuant to Section 221 of the LSC, the rights of treasury shares shall be suspended until such shares are sold, and shall not be taken into account to determine the quorum or the majority of votes at the Shareholders' Meetings.

All of the common shares of Nortel belong to Sofora. As of March 31, 2015 these shares represent 78.38% of the capital stock of Nortel.

During 2011, Telecom Italia International N.V. acquired 8% of all Nortel Preferred Class B Shares and Telecom Argentina Class B shares, representing 1.58 % of Telecom Argentina's capital stock, through Tierra Argentea S.A. (Tierra Argentea), its controlled company incorporated in Argentina.

On November 14, 2013, Telecom Italia S.p.A y Telecom Italia International N.V. (jointly, the Sellers) and Tierra Argentea (a company controlled by the Sellers) announced the acceptance of an offer by the Fintech Group to acquire the controlling stake held by the Telecom Italia Group in Telecom Argentina, owned by the Sellers, through its subsidiaries Sofora, Nortel and Tierra Argentea. Closing of the transfer of the Telecom Italia Group's shares in Sofora was subject to the prior obtaining of certain regulatory authorizations therefore required.

On December 10, 2013, Tierra Argentea transferred to the Fintech Group Telecom Argentina's Class B shares representing 1.58% of its capital stock and Nortel's ADRs representing 8% of the total Nortel's Preferred Class B Shares.

On October 25, 2014, Telecom Italia S.p.A. announced the acceptance of an offer by the Fintech Group to amend and restate the agreement announced on November 14, 2013. Within the frame of this amendment agreement: 1) on October 29, 2014 Telecom Italia International N.V. agreed the transfer of 17% of the capital stock of Sofora to the Fintech Group; 2) it was confirmed that the transfer of the 51% controlling interest in Sofora is subject to the prior regulatory approval of the SC and closing of the transaction will not occur until such approval is obtained. It is expected that the transfer of such controlling interest will take place within the next two and one-half years.

It was informed that the majority of the members of Sofora's Board of Directors will continue to be appointed by the Telecom Italia Group until the regulatory authorizations in Argentina are obtained and the transfer of the 51% controlling interest in Sofora is completed. No material changes in Sofora and its subsidiaries' corporate governance

are expected.

It was also informed that: *if the sale of 51% of Sofora to Fintech is not completed within two and one-half years, Telecom Italia may then elect to either (i) terminate the agreement with Fintech and receive a six-month call option to purchase (or designate a Telecom Italia Group company to purchase) the 17% minority interest in Sofora previously sold to Fintech pursuant to an agreed formulation or (ii) pursue a sale of its 51% controlling interest in Sofora to a third party purchaser, subject to applicable regulatory approval and as to which Fintech has agreed to guarantee that Telecom Italia will receive an overall amount of at least US\$ 630.6 million. After such third party sale is consummated, if the overall amount received in connection with such approved sale exceeds the purchase price amount guaranteed by Fintech, any excess will be allocated between the parties according to an agreed formula.*

*If it was not possible for Telecom Italia to sell to a third party within a period of two and one-half years, the agreement with Fintech will be terminated, Fintech will pay to Telecom Italia an amount of US\$ 175 million and Telecom Italia will have an option to purchase (or designate a Telecom Italia Group company to purchase) within a period of sixth months the 17% minority interest in Sofora previously transferred to Fintech, pursuant to a formula agreed by the parties.*

As of the date of issuance of these consolidated financial statements, Sofora's shares belong to Telecom Italia S.p.A. (32.5%), Telecom Italia International N.V. (18.5%); W de Argentina - Inversiones S.L. (32%) and Fintech Telecom LLC (17%). The economic rights of Telecom Italia Group in Telecom Argentina amounted to 14.5% as of March 31, 2015.

More information about the operation celebrated between the Telecom Italia Group and the Fintech Group is available in Relevant Facts section of the CNV at [www.cnv.gob.ar](http://www.cnv.gob.ar), and in Company filings search section (Telecom Italia S.p.A and Telecom Argentina) of the SEC in [www.sec.gov](http://www.sec.gov).

**Table of Contents****TELECOM ARGENTINA S.A.****b) Related parties**

For the purposes of these financial statements, related parties are those individuals or legal entities which are related (in terms of IAS 24) to the Telecom Italia Group or W de Argentina - Inversiones SL, except Nortel and companies under sect. 33 of Law No. 19,550 (subsidiaries or affiliates).

Under IAS 24, Telefónica, S.A. (of Spain) and its controlled companies, including Telefónica de Argentina S.A. and Telefónica Móviles de Argentina S.A. are not considered related parties. As of the date of these consolidated financial statements, such situation has been confirmed by the commitments assumed before the CNDC to ensure the separation and independence between the Telecom Italia Group and the Telecom Group, on one hand, and Telefónica S.A. (of Spain) and its controlled companies, on the other, with respect to their activities in the Argentine telecommunications market, such as it has been corroborated by the applicable authorities.

The Telecom Group has transactions in the normal course of business with certain related parties. For the periods presented, the Telecom Group has not conducted any transactions with executive officers and/or persons related to them.

**c) Balances with related parties**

<b>CURRENT ASSETS</b>	<b>Type of related party</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<b>Trade receivables</b>			
TIM Participacoes S.A. (a)	Other related party	4	5
Latin American Nautilus Argentina S.A. (a)	Other related party	4	3
Telecom Italia Sparkle S.p.A. (a)	Other related party	1	1
Telecom Italia S.p.A. (a)	Indirect parent company		1
		<b>9</b>	<b>10</b>
<b>Other receivables</b>			
Latin American Nautilus Ltd. (a) (c)	Other related party	48	52
Caja de Seguros S.A. (d)	Other related party	48	46
		<b>96</b>	<b>98</b>
<b>NON-CURRENT ASSETS</b>			
<b>Other receivables</b>			
Latin American Nautilus Ltd. (a) (c)	Other related party	27	36



27 36

**CURRENT LIABILITIES****Trade payables**

Italtel Group (a)	Other related party	36	61
Latin American Nautilus Ltd. (a)	Other related party	20	11
Telecom Italia S.p.A. (a)	Indirect parent company	25	16
Telecom Italia Sparkle S.p.A. (a)	Other related party	14	13
Latin American Nautilus USA Inc. (a)	Other related party	2	2
Latin American Nautilus Argentina S.A. (a)	Other related party	1	
TIM Participacoes S.A. (a)	Other related party	2	
Caja de Seguros S.A. (d)	Other related party	66	57
La Caja Aseguradora de Riesgos del Trabajo ART S.A. (e)	Other related party	8	8
		<b>174</b>	<b>168</b>

**Dividends payables**

ABC Telecomunicaciones S.A. (Note 10.e)	Other related party	21	
		<b>21</b>	

- (a) Such companies relate to Telecom Italia Group.
- (b) Such companies relate to W de Argentina - Inversiones S.L.
- (c) Corresponds to an agreement of lease-mode IP international capacity until December 2016. The Company paid approximately \$267.6 on February 2013 for this agreement.
- (d) Until March 30, 2015 this company related both to Telecom Italia Group and W de Argentina - Inversiones S.L. Since March 31, 2015 it relates to Telecom Italia Group.
- (e) Until March 30, 2015 this company related both to Telecom Italia Group and W de Argentina - Inversiones S.L. Since March 31, 2015 it relates to W de Argentina - Inversiones S.L.

**Table of Contents****TELECOM ARGENTINA S.A.****d) Transactions with related parties**

	<b>Transaction description</b>		<b>Type of related party</b>	<b>Three-month periods ended March 31,</b>	
				<b>2015</b>	<b>2014</b>
<b>Services rendered</b>				<b>Profit (loss)</b>	
Telecom Italia Sparkle S.p.A. (a)	Voice	Wholesale	Other related party	5	7
Latin American Nautilus Argentina S.A. (a)	Voice	Wholesale	Other related party	2	2
TIM Participacoes S.A. (a)	Voice	Wholesale	Other related party	2	2
Telecom Italia S.p.A. (a)	Voice	Wholesale	Indirect parent company		1
Caja de Seguros S.A. (b)	Voice	Retail	Other related party	59	31
Caja de Seguros S.A. (b)	Equipment		Other related party	55	64
<b>Total services rendered</b>				<b>123</b>	<b>107</b>

	<b>Transaction description</b>		<b>Type of related party</b>	<b>Three-month periods ended March 31,</b>	
				<b>2015</b>	<b>2014</b>
<b>Services received</b>				<b>Profit (loss)</b>	
Latin American Nautilus Ltd. (a)	International outbound calls and data		Other related party	(23)	(27)
Grupo Italtel (a)	Maintenance, materials and supplies		Other related party	(3)	(31)
Telecom Italia Sparkle S.p.A. (a)	International outbound calls and other		Other related party	(12)	(13)
TIM Participacoes S.A. (a)	Roaming		Other related party	(6)	(14)
Telecom Italia S.p.A. (a)	Fees for services and roaming		Indirect parent company	(3)	(1)
Latin American Nautilus Argentina S.A. (a)	International outbound calls		Other related party	(2)	(2)
Latin American Nautilus USA Inc. (a)	International outbound calls		Other related party	(2)	(2)
Caja de Seguros S.A. (b)	Insurance		Other related party	(9)	(6)
La Caja Aseguradora de Riesgos del Trabajo ART S.A. (c)	Salaries and social security		Other related party	(22)	(14)
	Insurance		Other related party	(2)	(2)

La Estrella Seguros de  
Retiro S.A. (c)

<b>Total services received</b>		<b>(84)</b>	<b>(112)</b>
<b>Purchases of PP&amp;E</b>			
Grupo Italtel (a)	Other related party	6	46
<b>Total purchases of PP&amp;E</b>		<b>6</b>	<b>46</b>

- (a) Such companies relate to Telecom Italia Group.  
(b) Until March 30, 2015 this company related both to Telecom Italia Group and W de Argentina - Inversiones S.L. Since March 31, 2015 it relates to Telecom Italia Group.  
(c) Until March 30, 2015 this company related both to Telecom Italia Group and W de Argentina - Inversiones S.L. Since March 31, 2015 it relates to W de Argentina - Inversiones S.L.

The transactions discussed above were made on terms no less favorable to the Telecom Group than would have been obtained from unaffiliated third parties. The Board of Directors approved transactions representing more than 1% of the total shareholders' equity of the Company, after being approved by the Audit Committee in compliance with Law No. 26,831.

#### e) Key Managers

Compensation for the Key Managers, including social security contribution, amounted to \$18 and \$26 for the three-month periods ended March 31, 2015 and 2014, respectively, and was recorded as expenses under the item line Employee benefits expenses and severance payments. The total expense remuneration is comprised as follows:

	<b>Three-month periods ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Salaries (*)	9	10
Variable compensation (*)	5	5
Social security contributions	4	4
Termination benefits		7
	<b>18</b>	<b>26</b>

(\*) Gross compensation. Social security and income tax retentions are in charge of the employee. As of March 31, 2015 and December 31, 2014, an amount of \$6 and \$8 remained unpaid, respectively.

As of March 31, 2015 and 2014, the Telecom Group has recorded a provision of \$5 and \$4, respectively, for the fees of its Board of Directors' members. The members and alternate members of the Board of Directors do not hold executive positions in the Company or Company's subsidiaries.



Table of Contents**TELECOM ARGENTINA S.A.****NOTE 6 COMMITMENTS AND CONTINGENCIES OF THE TELECOM GROUP****a) Purchase commitments**

The Telecom Group has entered into various purchase orders amounting in the aggregate to approximately \$5,364 as of March 31, 2015 (of which \$1,623 corresponds to PP&E commitments), primarily related to the supply of switching equipment, external wiring, infrastructure agreements, inventory and other service agreements.

**b) Contingencies**

The Telecom Group is a party to several civil, tax, commercial, labor and regulatory proceedings and claims that have arisen in the ordinary course of business. In order to determine the proper level of provisions, Management of the Company, based on the opinion of its internal and external legal counsel, assesses the likelihood of any adverse judgments or outcomes related to these matters as well as the range of probable losses that may result from the potential outcomes. A determination of the amount of provisions required, if any, is determined after an analysis of each individual case.

The determination of the required provisions may change in the future due to new developments or unknown facts at the time of the evaluation of the claims or changes as a matter of law or legal interpretation. Consequently, as of March 31, 2015, the Telecom Group has recorded provisions in an aggregate amount of \$1,498 to cover potential losses under these claims (\$84 for regulatory contingencies deducted from assets and \$1,414 included under provisions) and certain amounts deposited in the Company's bank accounts have been restricted as to their use due to some judicial proceedings. As of March 31, 2015, these restricted funds totaled \$48 (included under Other receivables item line in the consolidated statement of financial position).

Provisions consist of the following:

	Balances			Balances		
	as of	Additions		Decreases		as of
	December 31,	Capital Interest		Classified		March 31,
	2014	(i)	(ii)	Liabilities	Payments	2015
<b>Current</b>						
Provision for civil and commercial proceedings	71	34	18	7	(2)	128
Provision for labor claims	51			9	(8)	52
Provision for regulatory, tax and other matters claims	77			3	(1)	79

<b>Total current provisions</b>	<b>199</b>	<b>34</b>	<b>18</b>	<b>19</b>	<b>(11)</b>	<b>259</b>
<b>Non-current</b>						
Provision for civil and commercial proceedings	228	10	7	(7)		238
Provision for labor claims	288	24	16	(9)		319
Provision for regulatory, tax and other matters claims	441	25	9	(3)		472
Asset retirement obligations	123		3			126
<b>Total non-current provisions</b>	<b>1,080</b>	<b>59</b>	<b>35</b>	<b>(19)</b>		<b>1,155</b>
<b>Total provisions</b>	<b>1,279</b>	<b>93</b>	<b>53</b>		<b>(11)</b>	<b>1,414</b>

	Balances						Balances
	as of	Additions (reversals)	Interest	Decreases	Classified	Payments	as of
	December 31,	Capital	(ii) Reclassifications	Liability			March 31,
	2013						2014
<b>Current</b>							
Provision for civil and commercial proceedings	133			(22)	(47)	(4)	60
Provision for labor claims	44			13		(10)	47
Provision for regulatory, tax and other matters claims	47			13		(6)	54
<b>Total current provisions</b>	<b>224</b>			<b>4</b>	<b>(47)</b>	<b>(20)</b>	<b>161</b>
<b>Non-current</b>							
Provision for civil and commercial proceedings	139	15	9	22			185
Provision for labor claims	263	(7)	10	(13)			253
Provision for regulatory, tax and other matters claims	525	29	11	(13)			552
Asset retirement obligations	106	1	1				108
<b>Total non-current provisions</b>	<b>1,033</b>	<b>(iii) 38</b>	<b>31</b>	<b>(4)</b>			<b>1,098</b>
<b>Total provisions</b>	<b>1,257</b>	<b>38</b>	<b>31</b>		<b>(47)</b>	<b>(20)</b>	<b>1,259</b>

(i) Included in Provisions.

(ii) Included in Finance costs, in the line Interest on provisions

(iii) 37 included in Provisions and 1 included in currency translation adjustments.



**Table of Contents****TELECOM ARGENTINA S.A.****NOTE 7 EQUITY**

Equity includes:

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Equity attributable to Telecom Argentina (Controlling Company)	15,446	14,418
Equity attributable to non-controlling interest (ABC Telecomunicaciones S.A. Note 1.a)	343	351
<b>Total equity (*)</b>	<b>15,789</b>	<b>14,769</b>

(\*) Additional information is given in the consolidated statements of changes in equity.

**(a) Capital information**

The total capital stock of Telecom Argentina amounted to \$984,380,978, represented by an equal number of ordinary shares, of \$1 Argentine peso of nominal value and entitled to one vote per share. The capital stock is fully integrated and registered with the Public Registry of Commerce.

The Company's shares are authorized by the CNV, the BCBA and the NYSE for public trading. Only Class B shares are traded since Nortel owns all of the outstanding Class A shares; and Class C shares are dedicated to the employee stock ownership program, as described below.

Telecom Argentina's breakdown of capital stock as of March 31, 2015 is as following:

<b>Shares</b>	<b>Registered, subscribed and authorized for public offering</b>		<b>Total capital stock</b>
	<b>Outstanding shares</b>	<b>Treasury shares</b>	
Ordinary shares, \$1 Argentine peso of nominal value each			
Class A	502,034,299		502,034,299
Class B	466,858,524	15,221,373	482,079,897
Class C	266,782		266,782
<b>Total</b>	<b>969,159,605</b>	<b>15,221,373</b>	<b>984,380,978</b>



Each ADS represents 5 Class B shares and are traded on the NYSE under the ticker symbol TEO.

**(b) Acquisition of Treasury Shares**

The Company's Ordinary Shareholders' Meeting held on April 23, 2013, which was adjourned until May 21, 2013, approved at its second session of deliberations, the creation of a Voluntary Reserve for Capital Investments of \$1,200, granting powers to the Company's Board of Directors to decide its total or partial application, and to approve the methodology, terms and conditions of such investments.

In connection with the above mentioned, on May 22, 2013, the Board of Directors approved a Company's Treasury Shares Acquisition Program in the market in Argentine pesos (the Treasury Shares Acquisition Program) so as to avoid any possible damages to the Company and its shareholders derived from fluctuations and unbalances between the shares' price and the Company's solvency, for the following maximum amount and deadline:

Maximum amount to be invested: \$1,200.

Deadline for the acquisitions: until April 30, 2014.

According to the offer made on November 7, 2013 by the Fintech Group for the acquisition of the controlling interest of the Telecom Italia Group in Telecom Argentina (see Note 5.a to these consolidated financial statements), Telecom Argentina suspended the acquisition of treasury shares and its Board of Directors considered appropriate to request the opinion of the CNV on the applicability of the new provisions contained in the rules issued by that entity (Title II, Chapter I, Art.13 and concurring) with respect to the continuation of the Treasury Shares Acquisition Program.

The CNV did not answer the Company's request and the Telecom Argentina's Board of Directors, at its meeting held on May 8, 2014, decided to conclude the request considering that the Treasury Shares Acquisition Program finished on April 30, 2014, which had been approved by Telecom Argentina's Board of Directors Meeting held on May 22, 2013.

Telecom Argentina's Board of Directors, at its meeting held on June 27, 2014, decided to request a new opinion from the CNV to confirm whether Telecom Argentina is obliged to refrain from acquiring treasury shares in the market under Section 13, Chapter I, Title II of the CNV rules (NT 2013).

**Table of Contents****TELECOM ARGENTINA S.A.**

Pursuant to Section 67 of Law No. 26,831, the Company must sell its treasury shares within three years of the date of acquisition. Pursuant to Section 221 of the LSC, the rights of treasury shares shall be suspended until such shares are sold, and shall not be taken into account to determine the quorum or the majority of votes at the Shareholders Meetings. No restrictions apply to Retained Earnings as a result of the creation of a specific reserve for such purposes named Voluntary Reserve for Capital Investments .

As of the date of issuance of these consolidated financial statements, the Company owns 15,221,373 treasury shares, representing 1.55% of its total capital. The acquisition cost of these shares in the market amounted to \$461.

**NOTE 8 RESTRICTIONS ON DISTRIBUTION OF PROFITS**

The Company is subject to certain restrictions on the distribution of profits. Under the LSC, the by-laws of the Company and rules and regulations of the CNV, a minimum of 5% of net income for the year in accordance with the statutory books, plus/less previous years adjustments and accumulated losses, if any, must be appropriated by resolution of the shareholders to a legal reserve until such reserve reaches 20% of the outstanding capital (common stock plus inflation adjustment of common stock). On May 21, 2014, Telecom Argentina reached the maximum amount of its Legal Reserve according to LSC and CNV provisions previously disclosed.

**NOTE 9 SELECTED CONSOLIDATED QUARTERLY INFORMATION**

Quarter	Revenues	Operating income before D&A	Operating income	Financial results, net	Net income	Net income attributable to Telecom Argentina
<b>Fiscal year 2014:</b>						
March 31,	7,466	2,112	1,377	(32)	906	889
June 30,	8,119	2,007	1,241	186	930	916
September 30,	8,598	2,067	1,225	76	848	839
December 31,	9,158	2,516	1,600	23	1,045	1,029
	<b>33,341</b>	<b>8,702</b>	<b>5,443</b>	<b>253</b>	<b>3,729</b>	<b>3,673</b>
<b>Fiscal year 2015:</b>						
March 31,	8,872	2,634	1,680	(89)	1,041	1,028
	<b>8,872</b>	<b>2,634</b>	<b>1,680</b>	<b>(89)</b>	<b>1,041</b>	<b>1,028</b>

**NOTE 10 RECENT DEVELOPMENTS CORRESPONDING TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 FOR THE TELECOM GROUP**

**(a) Personal's bank loan**

On January 28, 2015, Personal entered into a loan with a foreign bank for a total amount of US\$ 40.8 million (equivalent to \$353 at that date). This new loan is a 27-months bullet loan with three-month interest payment at a weighted average rate of three-month LIBO plus 8.25% (a financial cost of 9.0031% in 1Q15). As of March 31, 2015, the outstanding balance amounts to \$350 (a principal of \$344 included in Non-current financial debt and accrued interests amounting to \$6 included in Current financial debt).

The terms and conditions of the loan include covenants and events of default that are usual for this type of transaction, among those the limitation that Personal will not incur new indebtedness other than the permitted indebtedness if, as a result of the incurrence thereof, its consolidated total leverage ratio (consolidated debt to consolidated operating profit/loss before depreciation and amortization, including gain/loss on disposal of PP&E and impairment of PP&E, as defined in the terms and conditions of the loan) is greater than 3.0 to 1.0 or its consolidated interest coverage ratio (consolidated operating profit/loss before depreciation and amortization, including gain/loss on disposal of PP&E and impairment of PP&E and impairment of PP&E, as defined in the terms and conditions of the loan, to consolidated net interest) is lower than 3.0 to 1.0.

The funds are to be used for the acquisition of the remaining 3G and 4G licenses and the acquisition of PP&E and inventories. As of the date of issuance of these consolidated financial statements, US\$35 million has been used for the payment of the acquisition of PP&E and inventories.

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**TELECOM ARGENTINA S.A.**

***(b) Profit sharing bonds***

On March 16, 2015, the Attorney General's Office issued an opinion in the *Ramollino Silvana v. Telecom Argentina S.A.*, case as a result of a complaint introduced by certain co-plaintiffs who were not part of the Share Ownership Plan (the PPP). The Labor Chamber of Appeals had rejected this action as it considered that such employees joined Telecom Argentina following the transfer of staff to the privatized entity and the only beneficiaries who could collect bonds were employees who participated in the PPP during the privatization.

The Attorney General's Office ruled that the co-plaintiffs are not included among the persons who have the right to participate in profit sharing programs created under Law No. 23,696, as such law only covers those individuals who were employed by the company to be privatized at the time they joined the program. He noted that *the legislative design of these programs does not constitute harm to the plaintiffs and cannot be considered discriminatory. The difference in treatment between those who joined the ex-Entel and employees of the entity once it was privatized seems a reasonable regulation of different situations.* As of the date of issuance of these consolidated financial statements, the Supreme Court has not issued a decision in this case.

These judicial precedents confirm the exclusion of employees not included in the PPP as individuals authorized to collect the profit sharing bond thus endorsing the criteria used by the Company and its legal advisors to estimate the provisions recorded for these claims.

***(c) Legal Procedures relating to the Definition of the Scope of Fixed and Mobile Telephone Services under Broadcasting Law No. 22,285, repealed by Law No. 26,522 of Audiovisual Communication Services***

Within the context of a claim filed by Supercanal S.A., on June 16, 2014 Telecom Argentina had filed before the Courts a request to terminate the injunction, arguing among other reasons that new Law No. 26,522 of Audiovisual Communication Services repealed the former law, under which the injunction had been ordered. Alternatively, Telecom Argentina had also requested that the injunction be adjusted between the limits of the new law, thus removing from it the VAS, Internet and/or video on demand services. In December 2014, Supercanal alleged that Telecom Argentina's request is based on unconstitutional grounds.

In March 2015, Telecom Argentina reported in the case the enactment of Law No. 27,078 *Ley Argentina Digital* and requested that it be considered at the time of the Judge's ruling. As of the date of issuance of these consolidated financial statements, the allegations of both parties are pending before the Courts.

***(d) Financial transactions to mitigate foreign exchange risk***

Due to the existence of commitments denominated in US Dollars as of March 31, 2015 Personal entered into several NDF agreements during 1Q15 to purchase a total amount of US\$45 million which will mature between February 2016 and March 2016. The purpose of these NDF is to eliminate the risks associated to the fluctuation of the future exchange rate and to align the payment currency of Personal's commitments (item covered) to its functional currency. As the effect of the fluctuation of the exchange rate over the hedged items is recognized in the Income Statement,

changes in the fair value of NDF (net gain of approximately \$0.3 million) have also been recognized in the Income Statement, within Finance income and expenses - NDF. The Telecom Group recognizes the hedging instruments results, distinguishing between gains and losses of such agreements that generate assets and liabilities, as appropriate, without offsetting balances with different counterparties.

During 2015, Personal realized the remaining NDF entered during 2014 for US\$149 million, recording a net loss of \$22 which was recognized in the Income Statement, within Finance income and expenses - NDF. The purpose of these NDF was also to eliminate the risks associated to the fluctuation of the future exchange rate and to align the payment currency of Personal's commercial commitments (item covered) to its functional currency.

As part of their financial risk management and reduction of exchange rate risk policies, during 1Q15 Telecom Argentina and Personal acquired Government bonds denominated in U.S. dollars (Bonar X 2017), at a cost of \$60, with an annual interest rate of 7%, also in U.S. dollars. These bonds were valued at fair value and generated a loss of \$0.4 million which was recognized in Finance expenses - Other .

**Table of Contents****TELECOM ARGENTINA S.A.*****(e) Núcleo s Dividends Distribution***

The Ordinary Shareholders Meeting of Núcleo held on March 26, 2015, approved the distribution of cash dividends for an amount equivalent to \$64, with the following schedule of payments:

<b>Dividend payment month</b>	<b>Dividends attributable to Personal</b>	<b>Dividends attributable to non-controlling interest</b>	<b>Total dividends paid</b>
May 2015	43	21	64
<b>Total (*)</b>	<b>43</b>	<b>(**) 21</b>	<b>64</b>

(\*) Corresponds to 35,000 million of Guaraníes approved by the Ordinary Shareholders Meeting of Núcleo, translated to Argentine pesos at the exchange rate of the date of its approval.

(\*\*) Recorded as Dividends payables as of March 31, 2015 in the consolidated statements of financial position and included as balances with related parties (Note 5.c).

The Ordinary Shareholders Meeting also delegate in Núcleo s Board of Directors the possibility and opportunity of distribution of a second cash dividends for an amount of up to 35,000 million of Guaraníes (equivalent to approximately \$64), subject to additional investments required by the eventual spectrum auction in the 1700 MHz Band to provide 4G services in the Republic of Paraguay, which is estimated that the CONATEL will launch in the rest of the FY15.

**NOTE 11 SUBSEQUENT EVENTS TO MARCH 31, 2015*****a) Resolutions of the Ordinary Annual Shareholders Meeting of the Company***

The Company s shareholders, at their meeting held on April 29, 2015, resolved, among other items:

- (a) the approval of Telecom Argentina s Annual Report and financial statements as of December 31, 2014;
- (b) a cash dividends payment amounting to \$804.4 (equivalent to \$0.83 peso per outstanding share) on May 11, 2015;
- (c) the constitution of a Reserve for future cash dividends amounting to \$2,868.1; and
- (d) to delegate to the Board of Directors the authority to the allocation and distribution of such reserve according to business performance, in one or more installments, of an amount up to \$649.3 to be distributed to the Shareholders as cash dividends during FY15.

***b) Resolutions of the Unanimous Ordinary and Extraordinary Annual Shareholders Meeting of Personal*** s shareholders, at their meeting held on April 15, 2015, approved, among other items, the Annual Report and financial statements as of December 31, 2014, to increase in an amount of \$248 the Legal Reserve until it reaches the 20% of the outstanding capital (common stock plus inflation adjustment of common stock) and the allocation of \$2,683 to the Reserve for future cash dividends (equivalent to the remaining Retained Earnings at December 31, 2014), delegating the authority in Personal s Board of Directors to determine the time, terms and conditions of the allocation and distribution of such reserve.

***c) Partial repayment of capital stock of Micro Sistemas***

At December 31, 2014, Micro Sistemas was included in the provisions of section 206 of the Argentine Corporation Law, which requires a mandatory reduction of capital stock to offset accumulated losses. Accordingly, a capital repayment amounting to \$0.4 million was approved to enable Micro Sistemas to partially absorb the accumulated deficit as of December 31, 2014 and comply with the requirements of section 206. This capital repayment was effective on April 24, 2015, in cash.

***d) Constitution and startup of activities of the Autoridad Federal de las Tecnologías de la Información y las Comunicaciones (the AFTIC )***

On April 29, 2015, Decree No. 677/2015 ( Decree No. 677/15 ) provided that the AFTIC which was created by section 77 of Law No. 27,078 ( Ley Argentina Digital or LAD ) - will begin its duties within 30 days from the date of publication. The AFTIC was created as a decentralized and autonomous agency in the scope of the National Executive Power.

As provided in the LAD, the AFTIC will be responsible for the regulation, control, supervision and verification concerning the ICT in general, of the telecommunications in particular, of the postal service and all those matters in its scope in accordance to the LAD and the applicable regulations and the policies set by the National Government. Decree No. 677/15 also regulates the procedure for the selection of AFTIC members and authorizes the SC to perform all necessary acts for the establishment and operation of the new body in the aforementioned period.



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**TELECOM ARGENTINA S.A.**

Moreover, Decree No. 677/15 establishes the framework for the SC and the CNC, having a transitional regime. According to it, and until the AFTIC is constituted and starts its functions, the regulations in force at the time of the enactment of the LAD will be applied so far as they were compatible with the law, temporarily maintaining the SC and the CNC their roles as Regulatory Body and Control Body, respectively.

Once established, the AFTIC may issue the new telecommunications regulatory framework. This will be because the LAD, among other things, provided for the repeal of Decree No. 764/00 (deregulation of telecommunications services) which remains in full force in all that is not opposed to the LAD for the time required to draw up the new regulation, as foreseen by section 92 of the LAD.

***e) Amendment of the Company's corporate purpose***

The Company's Board of Directors, at its meeting held on April 29, 2015, decided to convene an Ordinary and Extraordinary Shareholders Meeting to be held on June 22, 2015 in order to, among other items, change Telecom Argentina's corporate purpose, by adapting it to the LAD and including the possibility to provide Audiovisual Communication Services. The approval of the new corporate purpose by the Meeting will be conditional and subject to obtaining prior approval by the Regulatory Authority of the LAD.

**Adrián Calaza**  
**Chief Financial Officer**

**Oscar Cristianci**  
**Chairman of the Board of Directors**

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Free translation from the original in Spanish for publication in Argentina

**LIMITED REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

To the Shareholders, President and Directors of

Telecom Argentina S.A.

Legal address: Alicia Moreau de Justo 50

City of Buenos Aires

Tax Code No.: 30-63945373-8

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of Telecom Argentina S.A. and its subsidiaries ( Telecom or the Company ), which comprise the consolidated statement of financial position as of March 31, 2015, the consolidated statements of income and of comprehensive income for the three-month period ended March 31, 2015, the consolidated statements of changes in equity and of cash flows for the three-month period ended March 31, 2015 and selected explanatory notes.

The balances and other information for the fiscal year 2014 and interim periods are an integral part of the above-mentioned financial statements and therefore they should be considered in relation with those financial statements.

**Management Responsibility**

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, as approved by the International Accounting Standards Board (IASB), which have been adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated by the National Securities Commission (CNV) to its regulations and is therefore responsible for the preparation and presentation of the condensed interim consolidated financial statements mentioned in the first paragraph, in accordance with International Accounting Standard No. 34 Interim Financial Information (IAS 34).

**Scope of our review**

Our review was limited to the application of the procedures established under International Standards on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity approved by the International Auditing and Assurance Standards Board (IAASB) and adopted as a review standard in Argentina by Technical Pronouncement No. 33 of the FACPCE. A review of interim financial information consists of inquiries of Company personnel responsible for preparing the information included in the condensed interim consolidated financial statements and of analytical and other review procedures. This review is substantially less in scope than an audit performed in accordance with International Auditing Standards; consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that could be identified in an audit. Therefore, we do not express an opinion on the consolidated financial position, the consolidated

comprehensive income and the consolidated cash flow of the Company.

**Conclusion**

On the basis of our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with International Accounting Standard No. 34.

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**Report on compliance with current regulations**

In compliance with provisions currently in force, we inform, as regards Telecom, that:

- a) The condensed interim consolidated financial statements of Telecom are transcribed into the Inventory and Balance Sheet book and are in compliance, as regards matters within our field of competence, with the provisions of the Commercial Companies Law and pertinent resolutions of the National Securities Commission;
- b) The separate condensed interim financial statements are derived from accounting records kept in their formal respects in conformity with legal provisions;
- c) We have read the Operating and financial review and prospects, on which, as regards those matters that are within our competence, we have no observations to make;
- d) As of March 31, 2015, the debt of Telecom accrued in favor of the Argentine Integrated Social Security System, as shown by the Company's accounting records, amounted to \$94,497,387.05 and was not due at that date.  
City of Buenos Aires, May 4, 2015

PRICE WATERHOUSE & CO. S.R.L.

Carlos A. Pace (Partner)  
C.P.C.E.C.A.B.A. T° 1 F° 17  
Dr. Carlos A. Pace

Public Accountant (UBA)

C.P.C.E.C.A.B.A. T° 150 F° 106

**Table of Contents****CORPORATE INFORMATION****INDEPENDENT AUDITORS** Price Waterhouse & Co S.R.L. (member of PricewaterhouseCoopers)**STOCK MARKET INFORMATION** (Source: Bloomberg)**BCBA**

Quarter	Market quotation (\$/share)		Volume of shares traded (in millions)
	High	Low	
1Q14	38.40	28.00	4.7
2Q14	49.00	34.50	5.4
3Q14	62.10	42.00	5.6
4Q14	62.30	43.70	4.0
1Q15	63.00	45.15	3.1

**NYSE\***

Quarter	Market quotation (US\$/ADR*)		Volume of ADRs traded (in millions)
	High	Low	
1Q14	19.07	14.78	12.2
2Q14	23.86	17.77	12.4
3Q14	25.09	18.65	11.6
4Q14	23.18	19.13	7.9
1Q15	26.04	18.85	8.8

\* Calculated at 1 ADR = 5 shares

**INVESTOR RELATIONS** for information about Telecom Argentina S.A., please contact:**In Argentina**

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Investor Relations Division

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Telecom Argentina S.A.**

Date: June 17, 2015

By: /s/ Oscar Carlos Cristianci

Name: Oscar Carlos Cristianci

Title: Chairman of the Board of Directors