

Exchange Rates

The following tables show, for the periods indicated, certain information regarding the exchange rates for U.S. dollars, expressed in nominal Pesos per dollar (ask price published by Banco de la Nación Argentina). See "Item 10—Additional Information—Foreign Investment and Exchange Controls in Argentina."

	Average(1)	End of Period
Year Ended December 31, 2016	14.99	15.89
Year Ended December 31, 2017	16.73	18.65
Year Ended December 31, 2018	29.26	37.70
Year Ended December 31, 2019	49.31	59.89
March 2020 (through March 12, 2020)	-	62.82

(1) Yearly data reflect average of month-end rates.

Sources: Banco de la Nación Argentina

Capitalization and Indebtedness

Not applicable.

Reasons for the Offer and Use of Proceeds

Not applicable.

Risk Factors

This section is intended to be a summary of more detailed discussions contained elsewhere in this Annual Report. The risks described below are not the only ones that we face. Additional risks that we do not presently consider material, or of which we are not currently aware, may also affect us. Our business, results of operations, financial condition and cash flows could be materially and adversely affected if any of these risks materialize and, as a result, the market price of our shares and our ADSs could decline. You should carefully consider these risks with respect to an investment in Telecom Argentina.

Risks Relating to Argentina

Overview

A substantial majority of our property, operations and customers are located in Argentina, and a portion of our assets and liabilities are denominated in foreign currencies. Accordingly, our financial condition, results of operations and cash flows depend to a significant extent on economic and political conditions prevailing in Argentina and on the exchange rates between the Argentine Peso and foreign currencies. In the recent past, Argentina has experienced severe recessions, political crises, periods of high inflation and significant currency devaluation. The Argentine economy has been volatile since 2011, with years of economic growth and others with recession. For example, Argentina's economy grew in 2017, but contracted in 2018 and 2019. Several factors have impacted negatively the Argentine economy in the recent past, and may continue to impact it in the future, including among others, inflation rates, exchange rates, commodity prices, level of BCRA reserves, public debt, tax pressures, trade and fiscal balances, government policy and the international context.

Devaluation of the Argentine Peso and restrictions on the exchange of Argentine Pesos into foreign currencies may adversely affect our results of operations, our capital expenditures and our ability to service our liabilities and pay dividends.

Since we generate a substantial portion of our revenues in Argentine Pesos (functional currency of Telecom Argentina), any devaluation may negatively affect the U.S. dollar value of our earnings while increasing, in Peso terms, our expenses and capital expenditures denominated in foreign currency. The Argentine Peso has been subject to significant devaluation against the U.S. dollar in the past and may be subject to fluctuations in the future. A depreciation of the Argentine Peso against major foreign currencies may also have an adverse impact on our capital expenditure program and increase the Argentine Peso amount of our trade liabilities and financial debt denominated in foreign currencies. As of December 31, 2019, approximately 63% of our liabilities were denominated in foreign currencies.

Though Telecom seeks to manage the risk of devaluation of the Argentine Peso by entering from time to time into certain NDF agreements to hedge some of its exposure to foreign currency fluctuations caused by its liabilities denominated in foreign currencies (mainly U.S. dollars), Telecom remains highly exposed to risks associated with the fluctuation of the Argentine Peso. The Company also has financial assets denominated in U.S. dollars, as well as international operations that generate profits in foreign currencies, that help, to a certain extent, reduce the exposure to liabilities denominated in foreign currencies. See “Item 11—Quantitative and Qualitative Disclosures About Market Risk” and Note 28 to our Consolidated Financial Statements.

In 2019, the Argentine Peso continued its rapid devaluation against the U.S. dollar and other major foreign currencies. According to the exchange rate information published by the Banco de la Nación Argentina, the Argentine Peso depreciated by 58.9% against the U.S. dollar during the year ended December 31, 2019 (compared to 102.2%, 17.4% and 21.9% in the years ended December 31, 2018, 2017 and 2016, respectively). As a result of the Argentine Peso’s increased volatility, the Argentine government and the BCRA implemented several measures to restore market confidence and stabilize the value of the Peso. Such measures included, among others, a US\$55.7 billion stand-by credit agreement (“SBA”) with the International Monetary Fund (“IMF”), from which, as of the date of this Annual Report, Argentina has drawn the equivalent of US\$44 billion, measures intended to control money supply during 2018 and the first half of 2019 that have been since relaxed, an increase of short term interest rates and the sale by the BCRA of foreign currency reserves.

In addition, in September 2019, in light of the economic instability and the significant devaluation that followed the primary elections as described below, the Argentine government and the BCRA adopted a series of measures reinstating foreign exchange controls, which apply with respect to access to the foreign exchange market by residents for savings and investment purposes abroad, the payment of external financial debts, the payment of dividends in foreign currency abroad, payments of goods and services in foreign currencies, payments of imports of goods and services, and the obligation to repatriate and settle for pesos the proceeds from exports of goods and services, among others. Other financial transactions such as derivatives and securities related operations, were also covered by the new foreign exchange regime. Following the change in government, the new administration extended the validity of such measures, which were originally in effect until December 31, 2019, and established further restrictions by means of the recently enacted Productive Reactivation Law (as defined below), including a new tax on certain transactions involving the purchase of foreign currency by both Argentine individuals and entities. Although the official exchange rate has stabilized since the adoption of the foreign exchange controls, we cannot assure you that the official exchange rate will not fluctuate significantly in the future. There can be no assurances regarding future modifications to exchange controls. Exchange controls could adversely affect our financial condition or results of operations and our ability to meet our foreign currency obligations and execute our financing plans.

The success of these measures is subject to uncertainty and any further depreciation of the Argentine Peso or our inability to acquire foreign currency could have a material adverse effect on our financial condition and results of operations. We cannot predict the effectiveness of these measures. We cannot predict whether, and to what extent, the value of the Argentine Peso may depreciate or appreciate against the U.S. dollar or other foreign currencies, and how these uncertainties will affect demand for the fixed and mobile telephony services, Internet services and cable television services we provide. Furthermore, no assurance can be given that, in the future, no additional currency or foreign exchange restrictions or controls will be imposed. Existing and future measures may negatively affect Argentina’s international competitiveness, discouraging foreign investments and lending by foreign investors or increasing foreign capital outflow which could have an adverse effect on economic activity in Argentina, and which in turn could adversely affect our business and results of operations. We cannot predict how these conditions will affect the consumption of services provided by Telecom Argentina or our ability to meet our liabilities denominated in currencies other than the Argentine Peso. Any restrictions on transferring funds abroad imposed by the government could undermine our ability to pay dividends on our ADSs or make payments (of principal or interest) under our outstanding indebtedness in U.S. dollars, as well as to comply with any other obligation denominated in foreign currency. See “Item 10—Additional Information—Foreign Investment and Exchange Controls in Argentina.”

Economic and political developments in Argentina, and future policies of the Argentine government may affect the economy as well as the operations of the telecommunications industry, including Telecom Argentina.

The Argentine government has historically exercised significant influence over the economy, and telecommunications companies in particular have operated in a highly regulated environment. The Argentine government may promulgate numerous, far-reaching regulations affecting the economy and telecommunications companies in particular. On August 11, 2019, mandatory primary elections were held in Argentina. As a consequence of the results of primary elections in Argentina, which indicated that President Macri could not be reelected and by replaced by the opposition candidate Alberto Fernández, the political and economic environment became subject to uncertainty. Between August 12 and August 30, 2019, the Peso lost approximately 32% of its value with respect to the U.S. dollar and BCRA’s international reserves decreased by approximately US\$11.6 billion. During the same period, the BYMA index lost approximately 10.6% of its value.

In response to the rapid decline in the value of the Argentine Peso and continued market uncertainty following the results of the primary elections, the BCRA announced several monetary and exchange risk management measures to contain the volatility of the exchange market. See “Devaluation of the Argentine Peso and restrictions on the exchange of Argentine Pesos into foreign currencies may adversely affect our results of operations, our capital expenditures and our ability to service our liabilities and pay dividends.”

In October 2019 Alberto Fernández was elected president of Argentina with approximately 48.24% of the votes and took office on December 10, 2019. President Alberto Fernández announced and implemented a wide range of economic and policy reforms. On December 21, 2019, the Argentine Congress adopted the Law of Social Solidarity and Productive Reactivation (*Ley de Solidaridad Social y Reactivación Productiva en el Marco de la Emergencia Pública*, or the “Productive Reactivation Law”). The Productive Reactivation Law covers a wide range of political and economic areas and adopts measures that will significantly impact the Argentine economy, including the declaration of the public emergency in economic, financial, fiscal, administrative, pension, tariffs, energy, sanitary and social matters, and the delegation to the PEN of certain powers normally reserved to Congress or otherwise not within the purview of the PEN (including the ability to make determinations in the renegotiation of public tariffs, establish pension increases, among others). The Productive Reactivation Law also significantly increased certain taxes applicable in Argentina while also providing tax incentives for production and tax benefits to the most impoverished sectors. The Fernández Administration indicated its intention to pursue a sovereign debt restructuring designed to render Argentina’s debt sustainable. To that effect, legislation was enacted by Congress empowering the PEN to conduct such transactions.

As of the date of this Annual Report, the long-term impact of these measures and any future measures taken by the current administration on the Argentine economy as a whole and the telecommunication sector in particular remains uncertain. It is not possible to predict the effect of such reforms with certainty and they could be disruptive to the economy and fail to benefit or adversely affect the Argentine economy and the telecommunications industry, and in turn, our business, results of operations and financial condition. We are also unable to predict the measures that the Argentine government may adopt in the future, and how they will impact on the Argentine economy and our results of operations and financial condition.

In the event of any economic, social or political crisis, companies operating in Argentina may face the risk of strikes, expropriation, nationalization, mandatory amendment of existing contracts, and changes in taxation policies including tax increases and retroactive tax claims. In addition, Argentine courts have sanctioned modifications on rules related to labor matters, requiring companies to assume greater responsibility for the assumption of costs and risks associated with subcontracted labor and the calculation of salaries, severance payments and social security contributions. Since we operate in a context in which the governing law and applicable regulations change frequently, also as a result of changes in government administrations, it is difficult to predict if and how our activities will be affected by such changes.

We cannot assure you that future economic, regulatory, social and political developments in Argentina will not adversely affect our business, financial condition or results of operations, or cause the decrease of the market value of our securities.

Inflation could accelerate, causing adverse effects on the economy and negatively impacting Telecom’s margins and/or ratios.

Argentina has experienced repeatedly, including in recent years, periods of high inflation. Inflation has increased since 2005 and has remained relatively high since then. There can be no assurance that inflation rates will not be higher in the future. Furthermore, the INDEC experienced in the past periods of political interventionism that raised serious concerns about the reliability of the data published by the agency. Future political intervention in the INDEC could jeopardize the agency’s autonomy and therefore affect the reliability of the statistics it publishes.

The National CPI variation was of 53.8% in 2019 and 47.6% in 2018. Efforts made by the Argentine government to contain and reduce inflation have not achieved the desired results and inflation remains a significant problem for the Argentine economy. If the value of the Argentine Peso cannot be stabilized through fiscal and monetary policies, an increase in inflation rates could be expected. For additional information, see Note 1.e) to the Consolidated Financial Statements.

Because the majority of our revenues are denominated in Pesos, any further increase in the rate of inflation not accompanied by a parallel increase in our prices would decrease our revenues in real terms and adversely affect our results of operations. Further, higher inflation rates generally lead to a reduction in the purchasing power, thus increasing the likelihood of a lower level of demand for our fixed and mobile telecommunications, cable television and Internet services in Argentina.

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

In November 2008, Argentina nationalized its private pension and retirement system, which had been previously administered by the AFJPs, and appointed ANSES as its administrator. Argentina's nationalization of its pension and retirement system constituted a significant change in the Argentine government's approach towards Argentina's main publicly traded companies. A significant portion of the public float of certain Argentine publicly traded companies is currently owned by the Argentine government through ANSES-FGS, including Telecom. See "Item 7-Major Shareholders and Related Party Transactions." The Argentine government exercised in the past, and may exercise in the future, influence over corporate governance decisions of companies in which it owns shares by combining its ability to exercise its shareholder voting rights to designate board and supervisory committee members with its ability to dictate tax and regulatory matters. Additionally, since the AFJPs were significant institutional investors and active market traders in Argentina, the nationalization of the private pension and retirement system affected the access to financing in capital markets for publicly traded companies as well as the liquidity of their securities within the market.

In addition, prior administrations took several steps to re-nationalize the concessions and utilities that were privatized during the 1990s. We cannot predict whether the Fernández administration or future administrations will take similar or further measures, including nationalization, expropriation and/or increased Argentine governmental intervention in companies. Government intervention in the industries in which we operate could create uncertainties for investors in public companies in Argentina, including Telecom Argentina, as well as have a material adverse effect on our business, financial condition and results of operations. See "Economic and political developments in Argentina, and future policies of the Argentine government, may affect the economy as well as the operations of the telecommunications industry, including Telecom Argentina."

Argentina's economy contracted in 2019 and 2018 and may contract in the future due to international and domestic conditions which may adversely affect our operations.

The Argentine economy has experienced significant volatility in the past few years and recent decades, characterized by periods of low or negative GDP growth, high and variable levels of inflation and currency devaluation. Argentina's economy contracted during 2019 and 2018 and the country's economy remains unstable notwithstanding the efforts by the Argentine government to address inflation and foreign exchange instability. Substantially all of our operations, properties and customers are located in Argentina, and, as a result, our business is, to a large extent, dependent upon economic and legal conditions prevailing in Argentina. If economic conditions in Argentina were to further deteriorate, they could have an adverse effect on our results of operations, financial condition and cash flows.

Global economic and financial crises, and the general weakness of the global economy, tend to negatively affect emerging economies like Argentina's economy. Global financial instability or increasing interest rates in the United States and other developed countries may impact the Argentine economy and prevent Argentina to be put back on track to growth or could aggravate the current recession with consequences in the trade and fiscal balances and in the unemployment rate.

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

In recent years, several trading partners of Argentina (such as Brazil, Europe and China) have experienced significant slowdowns or recession periods in their economies. If such slowdowns or recessions were to recur, this may impact the demand for products coming from Argentina and hence affect its economy. Additionally, there is uncertainty as to how the trade relationship between the Mercosur member States will unfold, in particular between Argentina and Brazil. We cannot predict the effect on the Argentine economy and our operations if trade disputes arise between Argentina and Brazil, or in case either country decided to exit the Mercosur.

In addition, the global macroeconomic environment is facing challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Iran, Ukraine, Syria and North Korea. Moreover, political and social crises arose in several countries of Latin America during 2019, as the economy in much of the region has slowed down after almost a decade of sustained growth, among other factors. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes, and the possibility of a trade war between the United States and China. In addition, United Kingdom exited the European Union ("Brexit") on January 31, 2020, and is currently undergoing a transition period ending on December 31, 2020, the long-term effects of which remain uncertain. The medium and long term implications of Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. Finally, the novel coronavirus has caused significant social and market disruption in recent months, which are also expected to have an adverse impact in Argentina's economy. See "–The novel coronavirus could have an adverse effect on our business operations."

During 2019, the Argentine economy was adversely affected by some of aforementioned factors. If international and domestic conditions for Argentina were to worsen, the Argentine economy could be negatively affected as a result of lower international demand and lower prices for its products and services, higher international interest rates, lower capital inflows and higher risk aversion, which may also adversely affect our business, results of operations, financial condition and cash flows.

The novel coronavirus could have an adverse effect on our business operations.

In late December 2019 a notice of pneumonia originating from Wuhan, Hubei province (COVID-19, caused by a novel coronavirus) was reported to the World Health Organization, with cases soon confirmed in multiple provinces in China, as well as in other countries. Several measures have been undertaken by the Argentine government and other governments around the globe, including the use of quarantine, screening at airports and other transport hubs, travel restrictions, suspension of visas, nation-wide lockdowns, closing of public and private institutions, suspension of sport events, restrictions to museums and tourist attractions and extension of holidays, among many others. However, the virus continues to spread globally and, as of the date of this Annual Report, has affected more than 150 countries and territories around the world, including Argentina, Paraguay, Uruguay and the United States. To date, the outbreak of the novel coronavirus has caused significant social and market disruption. For example, the Dow Jones declined by about 28% between February 11 and March 12, 2020. The long-term effects to the global economy and the Company of epidemics and other public health crises, such as the on-going novel coronavirus, are difficult to assess or predict, and may include a further decline in the market prices of our Class B Shares and ADSs, risks to employee health and safety, risks for the deployment of our services (including by limiting our customer support and domiciliary service repairs and installations, among others effects resulting from government measures) and reduced sales in geographic locations impacted. Any prolonged restrictive measures put in place in order to control an outbreak of a contagious disease or other adverse public health development in any of our targeted markets may have a material and adverse effect on our business operations. Moreover, considering that some of our strategic suppliers are located in China, the delivery of equipment and fixed assets that are material to us may be impacted, which would have an adverse effect on our business operations. We may also be affected by a decline in the demand of our products, or the need to implement policies limiting the efficiency and effectiveness of our operations, including home office policies. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Additionally, we cannot predict how the disease will evolve (and potentially, spread) in Argentina, nor anticipate what additional restrictions the Argentine government may impose.

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

After Argentina's default on certain debt payments in 2001, the government successfully restructured 92% of the debt through two debt exchange offers in 2005 and 2010. Nevertheless, holdout creditors filed numerous lawsuits against Argentina in several jurisdictions, including the United States, Italy, Germany and Japan, asserting that Argentina failed to make timely payments of interest and/or principal on their bonds, and seeking judgments for the face value of and/or accrued interest on those bonds. Judgments were issued in numerous proceedings in the United States, Germany and Japan. Although creditors with favorable judgments did not succeed, with a few minor exceptions, in enforcing on those judgments, as a result of decisions adopted by the New York courts in support of those creditors in 2014, Argentina was enjoined from making payments on its bonds issued in the 2005 and 2010 exchange offers unless it satisfied amounts due to the holders of defaulted bonds. The Argentine government took a number of steps intended to continue servicing the bonds issued in the 2005 and 2010 exchange offers, which had limited success. Holdout creditors continued to litigate and succeeded in preventing the Argentine government from regaining market access.

Between February and April 2016, the Argentine government entered into agreements in principle with certain holders of defaulted debt and put forward a proposal to other holders of defaulted debt, including those with pending claims in U.S. courts, which resulted in the settlement of substantially all remaining disputes and closure to 15 years of litigation. On April 22, 2016, Argentina issued bonds for US\$16.5 billion, and applied US\$9.3 billion of the proceeds to satisfy payments under the settlement agreements reached with holders of defaulted debt. Since then, substantially all of the remaining claims under defaulted bonds have been settled.

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

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

Between 2016 and early 2018, Argentina regained access to the market and incurred approximately in US\$96.3 billion of additional debt. However, as a result of various external and internal factors, during the first half of 2018, access to the market became increasingly onerous. On May 8, 2018, the Macri administration announced that the Argentine government would initiate negotiations with the IMF with a view to entering into a stand-by credit facility that would give Argentina access to financing by the IMF. On June 7, 2018, the Argentine government and the IMF staff reached an understanding on the terms of the SBA for disbursements totaling approximately US\$50 billion, which was approved by the IMF's Executive Board on June 20, 2018. The SBA was intended to provide support to the Macri administration's economic program, helping build confidence, reduce uncertainties and strengthen Argentina's economic prospects. On June 22, 2018 the Argentine government made a first drawing of approximately US\$15 billion under the SBA. Argentina has received disbursements under the SBA for US\$44 billion. Notwithstanding the foregoing, the current administration has publicly announced that they will refrain from requesting additional disbursements under the agreement, and instead vowed to renegotiate its terms and conditions in good faith.

Following the execution of the SBA, in August 2018, Argentina faced an unexpected bout of volatility affecting emerging markets generally. In September 2018, the Macri administration discussed with the IMF staff further measures of support in the face of renewed financial volatility and a challenging economic environment. On October 26, 2018, in light of the adjustments to fiscal and monetary policies announced by the Argentine government and the BCRA, the IMF's Executive Board allowed the Argentine government to draw the equivalent of US\$5.7 billion, bringing total disbursements since June 2018 to approximately US\$20.6 billion, approved an augmentation of the SBA increasing total assets to approximately US\$57.1 billion for the duration of the program through 2021 and the front loading of the disbursements. Under the revised SBA, IMF resources for Argentina in 2018-19 increased by US\$18.9 billion. IMF disbursements for the remainder of 2018 more than doubled compared to the original IMF-supported program, to a total of US\$13.4 billion (in addition to the US\$15 billion disbursed in June 2018). Disbursements in 2019 were also nearly doubled, to US\$22.8 billion, with US\$5.9 billion planned for 2020-21.

On August 28, 2019, the Macri administration issued a decree deferring the scheduled payment date for 85% of the amounts due on short-term notes maturing in the fourth quarter of 2019, governed by Argentine law and held by institutional investors. Of the deferred amounts, 30% will be repaid 90 days after the original payment date and the remaining 70% will be repaid 180 days after the original payment date, except for payments under Lecaps due 2020 held domestically, which will be repaid entirely 90 days after the original payment date. Amounts due on short-term notes held by individual investors will be paid as originally scheduled. In December 2019, the Fernández administration further extended payments of a series of short term notes denominated in U.S. dollars until the end of August 2020, which were held by institutional investors.

Moreover, in December 2019, the Fernández administration further extended by decree payments of a series of short term Argentine-law governed treasury notes denominated in U.S. dollars held by institutional investors through August 2020. Additionally, on February 11, 2020, the Argentine government decreed the extension of maturity to September 30, 2020 of a dollar-linked treasury note governed by Argentine law, which had been originally subscribed to a large extent with U.S. dollar remittances, to avoid a payment with Argentine pesos that would have required significant sterilization efforts by the monetary authority. Also in February 2020, the Argentine Congress enacted a law enabling the government to take all necessary steps toward rendering the Argentine sovereign debt governed by foreign law sustainable. According to a timetable published by the Argentine government, a restructuring offer to private creditors would be launched during the second week of March 2020, which would expire by the end of March 2020. Additionally, an IMF team visited Buenos Aires in February, 2020 to discuss the recent macroeconomic developments and learn more about the Argentine authorities' economic plans and policies. On February 19, 2020 the IMF staff issued a statement concluding that in light of recent developments and the materialization of certain risks to debt sustainability that were considered during the previous Debt Sustainability Analysis (DSA) published in July 2019, the IMF staff assesses Argentina's debt to be unsustainable. Accordingly, the IMF staff stated that "a definitive debt operation—yielding a meaningful contribution from private creditors—is required to help restore debt sustainability with high probability".

Without renewed access to the financial market the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. Likewise, Argentina's inability to obtain credit in international markets could have a direct impact on the Company's ability to access those markets to finance its operations and its growth, including the financing of capital investments, which would negatively affect our financial condition, results of operations and cash flows. In addition, we cannot predict the outcome of any future restructuring of Argentine sovereign debt. We have investments in Argentine sovereign bonds amounting to P\$1,178 million as of December 31, 2019. Any new event of default by the Argentine government could negatively affect their valuation and repayment terms, as well as have a material adverse effect on the Argentine economy and, consequently, our business and results of operations.

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

In recent years, the Argentine financial system grew significantly with a marked increase in loans and private deposits, showing a recovery of credit activity. In spite of the fact that the financial system's deposits continue to grow in nominal terms, they are mostly short-term deposits and the sources of medium and long-term funding for financial institutions are currently limited. In 2019, although nominal private deposits in pesos increased 36% year-over-year (fueled by the growth of savings and current accounts with a 46% increase) and nominal time deposits increased 25% year-over-year, such nominal increases did not match inflation for the period. Peso-denominated loans increased at a slightly higher pace than that of 2018. During the same period, loans in foreign currency (composed mainly of corporate loans) evidenced a decrease of 33% at the end of 2019. In 2019, private deposits in U.S. dollars declined by 33%.

Financial institutions are particularly subject to significant regulation from multiple regulatory authorities, all of whom may, among other things, establish limits on commissions and impose sanctions on the financial institutions. The lack of a stable regulatory framework, or changes to such regulatory framework by the government, could impose significant limitations on the activities of the financial institutions and could induce uncertainty with respect to the financial system stability.

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

Exchange controls and restrictions on transfers abroad and capital inflows limit the availability of international credit.

We are subject to Argentine and international anti-corruption, anti-bribery and anti-money laundering laws. Our failure to comply with these laws could result in penalties, which could harm our reputation and have an adverse effect on our business, financial condition and results of operations.

The United States Foreign Corrupt Practices Act of 1977, the Organization for Economic Co-Operation and Development Anti-Bribery Convention, the Argentine Anti-Money Laundering Law (*Ley de Prevención del Lavado de Activos*), the Argentine Corporate Criminal Liability Law (*Ley de Responsabilidad Penal Empresaria*) and other applicable anti-corruption laws prohibit companies and their intermediaries from offering or making improper payments (or giving anything of value) to government officials and/or persons in the private sector for the purpose of influencing them or obtaining or retaining business and require companies to keep accurate books and records and maintain appropriate internal controls. In particular, the Argentine Corporate Criminal Liability Law provides for the criminal liability of corporate entities for criminal offences against public administration and transnational bribery committed by, among others, its attorneys-in-fact, directors, managers, employees, or representatives. In this sense, a company may be held liable and subject to fines and/or suspension of its activities if such offences were committed, directly or indirectly, in its name, behalf or interest, the company obtained or may have obtained a benefit therefrom, and the offence resulted from a company's ineffective control.

It may be possible that, in the future, there may emerge in the press allegations of instances of misbehavior on the part of former agents, current or former employees or others acting on our behalf or on the part of public officials or other third parties doing or considering business with us. We will endeavor to monitor such press reports and investigate matters which we believe warrant an investigation in keeping with the requirements of compliance programs, and, if necessary make disclosure and notify the relevant authorities. However, any adverse publicity that such allegations attract may have a negative impact on our reputation and lead to increased regulatory scrutiny of our business practices.

If we or individuals or entities that are or were related to us are found to be liable for violations of applicable anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we or other individuals or entities could face civil and criminal penalties or other sanctions, which in turn could have a material adverse impact on our reputation, business, financial condition and results of operations.

Risks Relating to Telecom and its operations

We face substantial and increasing competition in the Argentine fixed and mobile telephony, cable television and Internet businesses.

The fixed and mobile telephony, cable television and Internet businesses in Argentina are competitive. Our competitors may consummate transactions that result in a further consolidation and convergence. Therefore, we may lose a portion of our market share which may create additional risks and adversely impact our financial condition and results of operations. See “—We may become subject to burdensome government regulations, ordinances and laws affecting the services we offer which could adversely affect our operations.”

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

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

Technological innovation relating to fixed and mobile telephony, cable television and Internet transmission increases the level of competition that we face and requires us to make frequent investments to develop new and innovative programming services and products to attract and retain fixed and mobile telephony, cable television and Internet customers. We cannot assure you that we will be able to make the investments necessary to remain competitive, or that we will be able to attract new and retain our current customers. A substantial loss of customers to competitors would have a material adverse effect on our business and results of operations.

Additionally, our ability to successfully invest in, and implement, new technologies, coverage and our wireless network may be impaired if we fail to obtain certain municipal authorizations, as well as by an adverse macroeconomic condition in Argentina. If we are not successful in making such investments, the growth of our business and quality of our services would be adversely affected. Further, if we are unable to make these capital expenditures, or if our competitors are able to invest in their businesses to a greater degree and/or faster than we are, our competitive position will be adversely impacted.

We also face competition from other cable television and Internet service providers. Certain competitors of the cable television and Internet business have well-established name recognition, larger customer bases, and significant financial, technical and marketing resources. This may allow them to devote significant resources to the development and promotion of their business. These competitors may also engage in more extensive research and development, adopt more aggressive pricing policies and make more attractive offers to advertisers. Competitors may develop products and services that are equal or superior to our offers or that achieve greater market acceptance. As a result, competition may have a material adverse effect on our operations.

Moreover, the products and services that we offer may fail to generate revenues or attract and retain customers. If our competitors present similar or better responsiveness, functionality, services, speed, plans or features, our customer base and our revenues may be materially affected.

Competitiveness is and will continue to be affected by the business strategies and alliances deployed by our competitors. We may face additional pressure on the prices that we charge for our services or experience a loss of market share in the services we provide. In addition, the general business and economic climate in Argentina may affect us and our competitors differently; thus our ability to compete in the market could be adversely affected.

Additionally, if in the future licensees of ICT services are allowed to register and provide subscription broadcasting service by satellite link, it will ease the entry of new competitors into the market. As a result, we may face additional pressure with respect to prices we charge for our services or experience a loss of participation in the subscription broadcasting market.

Given the range of regulatory, business and economic uncertainties we face, it is difficult to predict with precision and accuracy our future market share in relevant geographic areas and customer segments, or to anticipate a decrease in demand for the products we offer that could result in a reduction of our revenues and market share, or the speed with which such change in our market share or prevailing prices for services may occur or the effects of competition. Those effects could be material and adverse to our overall financial condition, results of operations and cash flows.

Our revenues are cyclical and depend upon the condition of the Argentine economy.

Revenues generated by our fixed and mobile telephony, cable television and Internet operations have proven cyclical and depend on general economic conditions. In the past, a general economic downturn in Argentina has had, and would be expected to have in the future, a negative effect on our revenues and a material adverse effect on our results of operations. Historically, for example, increases in losses of cable television subscribers have corresponded with general economic downturns and regional and local economic recessions. In particular, the 2001-2002 Argentine economic crisis had a material adverse effect on our revenues.

We may become subject to burdensome regulations, ordinances and laws affecting the services we offer which could adversely affect our operations.

Activities in the fixed and mobile telephony, cable television and Internet businesses are subject to risks associated with the adoption and implementation of laws and governmental regulations that reflect changing governmental policies over time. The Argentine government has historically exercised significant influence over the economy, and telecommunications companies in particular have operated in a highly regulated environment. In the past, the Argentine government promulgated numerous, far-reaching regulations affecting the economy and telecommunications companies in particular. Existing regulations could further increase penalties that may be imposed by the regulatory authorities. In addition, local municipalities in the regions where we operate have also introduced regulations and proposed various taxes and fees for the installation of infrastructure, equipment and expansion of fixed line and mobile networks. For example, municipalities usually restrict areas where antennas may be deployed, negatively impacting our mobile service coverage, which in turn affects the quality of our services. Municipal and provincial tax authorities have also brought an increasing number of claims against us, which we are replying. If changes to existing laws and regulations lead to negative consequences for the Company, our business, financial condition, results of operations and cash flows may be adversely affected.

After the deregulation of Argentina's telecommunications and media industries, the Broadcasting Law (as defined below), the LAD and their implementing regulations have been amended on a number of occasions, modifying requirements to hold or transfer broadcasting licenses. In addition, we are subject to the regulations of certain other governmental entities, including the SCI, which has issued resolutions requiring Argentine cable television operators to apply a formula to calculate their customers' monthly subscription prices. We can offer no assurances that we will not be subject to similar regulations in the future, which could force us to modify the prices of subscription services and have a material adverse effect on the revenues generated by our activities relating to the cable television and Internet businesses.

The regulatory authorities have imposed increasing burdens and new regulations on companies that could increase the penalties they can impose for breaches of the regulatory framework.

Additionally, the LAD established that licensees of ICT services may freely set their prices which shall be fair and reasonable, to offset the costs of exploitation and to tend to the efficient supply and reasonable margin of operation. If prices are deemed unreasonable, and the ENACOM consequently imposes restrictions on our prices, our operating margins may be adversely affected. Our ability to comply with the conditions in our license, as well as the relevant provisions in applicable regulations and laws, may be affected by events or circumstances outside of our control, and therefore we cannot predict whether such events or circumstances result in an adverse effect on our financial condition, our operations and cash flows.

In certain municipalities, regulations have been adopted requiring us to upgrade and/or modify our cable television systems. We will seek to continue to upgrade our existing cable systems, including any network upgrades or modifications required by regulatory or local authorities if we have sufficient cash flow and financing is available at commercially attractive rates. Although currently applicable local ordinances provide that certain penalties may be imposed, including the suspension of the right to use the air space, municipalities have generally not imposed penalties on non-compliant cable systems operators. As of the date of this Annual Report, no fines have been imposed to us in relation to this matter.

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

We may also be subject to additional and unexpected governmental regulations in the future. For more information on the regulatory framework, see "Item 4-Information on the Company-Regulatory Authorities and Framework."

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

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

Moreover, Internet, cable television and mobile telephony services, which we expect to account for an increasing percentage of our revenues in the future, are characterized by rapidly changing technology, evolving industry standards, changes in customer preferences and the frequent introduction of new services and products. To remain competitive, we must invest in network, constantly upgrade our access technology and software for the internet service market, improve the commercial offers and the user experience and continue to enhance our mobile networks by expanding our network. See "Item 4 – Information on the Company–The Business." Future technological developments may result in decreased customer demand for certain of our services or even render them obsolete. In addition, as new technologies develop, equipment may need to be replaced or upgraded or network facilities (in particular, mobile and Internet network facilities) may need to be rebuilt in whole or in part, at substantial cost, to remain competitive. These enhancements and the implementation of new technologies will continue requiring increased capital expenditures.

The media industry is a dynamic and evolving industry, and if it does not develop and expand as we currently expect, our results and operations relating to our cable television and Internet businesses may suffer.

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

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

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

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

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

We purchase basic and premium programming from approximately 52 programming suppliers. Several programming suppliers agreed to offer volume discount pricing structures because of the growth and market share shown by our cable television operations. Participants in the cable television industry negotiate the terms of a majority of the respective programming contracts that had originally been denominated in U.S. dollars to provide for Peso-denominated pricing formulas generally linked to the number of subscribers and without minimum purchase requirements. As a consequence, contract terms are generally shortened and pricing provisions are adjusted in order to transfer the benefit of increases in the monthly fee for basic cable television services to the programming companies. The new contracts also provide for automatic termination upon the occurrence of major macroeconomic disruptions. We cannot assure you that we will be able to regularly negotiate renewals of our programming contracts at current cost levels, particularly since many of our suppliers have U.S. dollar-based costs. Additionally, suppliers are expected to seek price increases as a reflection of economic conditions in Argentina. There can similarly be no assurances that we will be able to obtain volume discounts in the future.

We may not be able to renew some leases of the facilities for the installation of our fixed and mobile telephony, cable television and Internet systems.

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

Our revenues may be adversely affected by an increase in churn rates, with respect to mobile telephony, cable television and Internet services, or reductions in fixed telephony lines in service, with respect to fixed telephony services.

Our revenues depend significantly on our ability to retain customers by limiting churn rates, with respect to mobile telephony, cable television and Internet services, or net reductions in fixed telephony lines in service, with respect to fixed telephony services. Any substantial increase in churn rates, with respect to mobile telephony, cable television and Internet services, or reductions in lines in service, with respect to fixed telephony services, may have a material adverse effect on our revenues and results of operations. For further information about churn rates see "Item 4—Management of Churn" and "Item 5—Operating and Financial Review and Prospects—Consolidated Results of Operations—(A.1) 2019 Compared to 2018."

Our revenues relating to our cable television services are subject to uncertainty due to, and may be adversely affected by, the formula set forth in Resolution No. 50/10 to estimate monthly fees paid by cable television subscribers.

SCI Resolution No. 50/10 approved certain rules governing pay television services. These rules provide that cable television operators must apply a formula to calculate their monthly subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty ("Dirección de Lealtad Comercial"), requiring cable television operators to adjust such amount semi-annually and inform the result of such adjustment to that Office. The Company challenged Resolution No. 50/10 and requested the suspension of its effects and its nullity.

A decision issued on August 1, 2011 in re "LA CAPITAL CABLE S.A. v. Ministerio de Economía-Secretaría de Comercio Interior de la Nación", by the Federal Court of Appeals of the City of Mar del Plata ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association ("ATVC"), including us. The injunction was notified to the SCI and the Ministry of Economy on September 12, 2011 and became fully effective. The PEN filed an appeal against the decision issued by the Court of Appeals of Mar del Plata. Such appeal was dismissed, for which the PEN filed a direct appeal to the Supreme Court, which was also dismissed.

Notwithstanding the foregoing, between March 2011 and October 2014 certain resolutions were adopted based on Resolution No. 50/10 regulating the prices that Cablevision should charge for such months to its customers. These resolutions were challenged and suspended as a result of the aforementioned injunction. However, each Resolution had a valid period of three to six months, with the last one expiring in October 2014.

In September 2014, a decision was rendered in a case brought by the Municipality of Berazategui against Cablevisión ordering the submission of all cases relating to these resolutions to the jurisdiction of the Federal Courts of Mar del Plata, which had issued the decision on the class action in favor of ATVC.

In April 2019, La Capital Cable S.A. was served with notice of the resolution issued by the Federal Court of First Instance No. 2 of Mar del Plata declaring the unconstitutionality of certain sections of a law on which the SCI had found the legal basis for the issuance of Resolution No. 50/10 and the successive resolutions. The declaration of unconstitutionality implied that these resolutions are not applicable to the companies grouped by ATVC, including Telecom. However, the PEN filed an appeal against that resolution.

On December 26, 2019, the Federal Court of Appeals of Mar del Plata rejected the grievances of the Argentine government and confirmed the decision rendered by the Court of Mar del Plata which declared the unconstitutionality of the sections of the law on which the SCI issued Resolution No. 50/10 and the subsequent resolutions were based. The Argentine government may file an appeal against the decision issued by the Court of Mar del Plata.

The Company's Management, with the assistance of its legal advisors, considers that it has strong arguments for its defense. However, an adverse outcome in the above mentioned cases, which we cannot exclude, would have an adverse effect on our results of operations and financial condition.

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

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

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

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

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

In addition, in the absence of a union agreement concerning convergent services, if we are unable to reach an agreement with the unions on work conditions, or in case of a lack of recognition among union associations, we may be adversely affected by individual labor claims, class actions, higher union contributions expenses, impacts to our operations, impairment of services due to inefficient processes, union conflicts, direct action measures and social impacts which may also affect the quality and continuity of our services to our customers and our reputation.

Certain labor unions have initiated claims against the Company alleging non-compliance of certain conditions provided for in the collective bargaining agreements that could allow them to negotiate the inclusion of some suppliers' employees in their collective bargaining agreements. If labor organization claims continue or are sustained, this could result in increased costs, greater conflict in the negotiation process and strikes (including general strikes and strikes by the Company's employees and the contractors and subcontractors' employees) that may adversely affect our operations. See "Item 6-Directors, Senior Management and Employees-Employees and Labor Relations."

In addition, certain telecommunication unions have initiated claims against the Company alleging non-compliance of certain conditions provided for in the collective bargaining agreements that could allow them to negotiate the inclusion of some suppliers' employees in their collective bargaining agreements. See Note 20 to our Consolidate Financial Statements.

Moreover, the Argentine government has enacted laws and regulations requiring private sector companies to maintain certain salary levels and provide their employees with additional benefits. On December 13, 2019, the Fernández Administration declared a labor emergency for a 180-day term. In this context, during the labor emergency period, payments for severances without cause double the amounts contemplated in the labor code for such severance in normal circumstances.

We are or may be involved in legal and regulatory proceedings that could result in unfavorable decisions and financial penalties for us.

We are party to a number of legal and regulatory proceedings, some of which have been pending for several years. We cannot be certain that these claims will be resolved in our favor. Responding to the demands of litigation claims and responding to, or initiating proceedings against, regulatory bodies may divert management's time attention and financial resources.

For example, Argentine law incentivizes individuals to pursue employment-related litigation and certain judicial rulings have created a negative precedent in these matters and could increase our labor costs. The Company is also exposed to employment-related claims of employees of suppliers, contractors and commercial agents claiming direct or indirect responsibility of Telecom based on a broad interpretation of the rules of labor law.

Further, customers and consumers' trade unions have in the past initiated different claims against us regarding improperly billed charges. See Note 20 to our Consolidated Financial Statements. Although we have taken certain actions to reduce risks in connection with these claims, we cannot assure that new claims will not be filed against us in the future.

The Company has in the past been subject to technical sanctions from regulatory bodies, mainly related to the delay in repairing defective lines, installing new lines and/or service failures. Although sanctions are appealed in the administrative stage, if the appeals are not resolved in our favor in administrative or judicial stage or if they are resolved for amounts larger than those recorded, these proceedings could have an adverse effect on our financial condition, results of our operations and cash flows.

As of December 31, 2019, we recorded provisions that we estimate are sufficient to cover contingencies considered probable. However, we may face increased risk of employment, commercial, regulatory, tax, consumer trade union and customers' proceedings, among others. If this occurs, we cannot guarantee that those proceedings will not have an adverse effect on our results of operations and financial condition. See Note 20 to our Consolidated Financial Statements.

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

The Law for the Promotion of Registered Labor and Prevention of Labor Fraud (*Ley de Promoción del Trabajo Registrado y Prevención del Fraude Laboral*), among other things, establishes a Public Record of Employers subject to Labor Sanctions ("Repsal") and defines a series of labor and social security infringements as a result of which an employer shall be included in the Repsal.

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

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

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

In general, information security risks have increased in recent years as a result of the proliferation of new and more sophisticated technologies and also due to cyberattack activities. As part of our development and initiatives, more equipment and systems have been connected to the Internet. We also rely on digital technology including information systems to process financial and operational information. Due to the nature of our business and the greater accessibility allowed through the Internet connection, we could face an increased risk of cyberattacks. In the event of a cyberattack, we could experience an interruption of our commercial operations, material damage and loss of customer information; a substantial loss of income, suffering response costs and other economic losses; and it could subject us to more regulation and litigation, affecting our reputation. As a result, a cyberattack could adversely affect our business, results of operations and financial condition. As of the date of this Annual Report, our insurance policy does not cover damages caused by cyberattacks and other similar events.

Operational risks could adversely affect our reputation and our profitability.

Telecom faces operational risks inherent from its business, including those resulting from inadequate internal processes; fraud; employee errors or misconduct; failure to comply with applicable laws and regulations; failure to document transactions properly; systems failures (including our systems, the implementation of corporate systems as identified in “Item 4-Information Technology strategy” and cloud services); errors or failures not foreseen in the foundational projects that the Company is carrying out for updating its core systems; inadequate maintenance of posts or its electrification by proximity to the electric network; inadequate environmental management including reverse logistics of goods and materials in disuse that could become hazardous waste; incomplete or inadequate municipal authorizations and permissions resulting from changes in operations or changes in regulations; failure to preserve the secrecy and content of telecommunications required by law; weaknesses in datacenters’ energy scheme; the loss or improper use of confidential information, launching of “Internet of Things” products and services without proper security measures; excessive dependence on certain providers with which a large number of operations are concentrated due to the exclusivity of the technology or service they provide, economic convenience or for strategic reasons; among others. Moreover, certain assets of the Company could be damaged by acts of vandalism or theft of components or by works of third parties on public thoroughfare that damage infrastructure that do not have a second safety path to provide the service. These events could result in direct or indirect losses, inaccurate information for decision making, adverse legal and regulatory proceedings, technical failures in the Company’s ability to provide its services, damages to third parties, and harm our reputation and operational effectiveness, among others.

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

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

Telecom has risk management practices at the highest levels including a Risk Management Committee designed to detect, manage and monitor the evolution of operational risks. However, the Company can give no assurances that these measures will be successful for effectively mitigating the operational risks that Telecom faces and such failures could have a material adverse effect on its results of operations and could harm its reputation.

Any failure by a strategic supplier to comply with its legal and contractual obligations could adversely affect our operations and any action or restriction by a foreign government against a strategic supplier could adversely affect our reputation.

We rely on strategic suppliers of equipment and materials to provide us with equipment and materials that we need in order to expand and to operate our business. As a result, we are exposed to risks associated with these suppliers, including restrictions of production capacity for equipment and materials, availability of equipment and materials, delays in delivery of equipment, materials or services, and price increases. If these suppliers or vendors fail to provide equipment, materials or services to us on a timely basis or otherwise in compliance with the terms of our contracts with these suppliers, we could experience disruptions or declines in the quality of our services, which could have an adverse effect on our revenues and results of operations.

Telecom's suppliers of goods and services are contractually obliged to comply with applicable laws and regulations (including tax, labor, social security, anti-corruption, money laundering standards, etc.). Despite these legal safeguards, as well as monitoring efforts by Telecom, we cannot ensure that our suppliers will comply with all applicable standards. As a result, our financial condition and reputation could be adversely affected.

The U.S. Congress and certain regulatory agencies have raised concerns about American companies purchasing equipment and software from Chinese telecommunications companies such as Huawei, one of our strategic suppliers, including concerns relating to alleged violations of intellectual property rights and potential security risks. The U.S. Government is likewise urging other countries to avoid the operations of Chinese companies such as Huawei in their territory, citing concerns regarding potential use of the equipment for espionage. Our reputation could be adversely affected if such actions or restrictions were imposed on Huawei or if the equipment and materials we purchase from Huawei is thought to pose a security risk for our network. We cannot predict whether additional restrictions targeting Huawei, including restrictions that would prevent us from acquiring supplies from Huawei in the future, will be adopted directly.

We and/or our administrators are subject to environmental and safety regulations whose non-compliance could result in increased costs and/or penalties for our administrators.

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

Restrictive covenants in Telecom's outstanding indebtedness may restrict its ability to pursue its business strategies.

Telecom has outstanding financial debt that contain a number of restrictive covenants that impose significant operating and financial restrictions on it and may limit Telecom's ability to engage in acts that may be in its long-term best interests. These agreements governing its indebtedness include covenants restricting, among other things, Telecom's ability to:

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

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

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined or fluctuations in interest rates.

As of December 31, 2019, US\$1,316.7 million of our outstanding debt was indexed to the London Interbank Offered Rate ("LIBOR").

In 2017, the Financial Conduct Authority (the "FCA") announced its intention to phase out LIBOR by the end of 2021. It is not possible to predict the further effect of the rules of the FCA, any changes in the methods by which LIBOR is determined, or any other reforms to LIBOR that may be enacted in the United Kingdom, the European Union or elsewhere. Any such developments may cause LIBOR to perform differently than in the past, or cease to exist. In addition, any other legal or regulatory changes made by the FCA, ICE Benchmark Administration Limited, the European Money Markets Institute (formerly Euribor-EBF), the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method by which LIBOR is determined or the transition from LIBOR to a successor benchmark may result in, among other things, a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR, and changes in the rules or methodologies in LIBOR, which may discourage market participants from continuing to administer or to participate in LIBOR's determination, and, in certain situations, could result in LIBOR no longer being determined and published. If a published U.S. dollar LIBOR is unavailable after 2021, the interest rates on our debt which is indexed to LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. dollar LIBOR was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of U.S. dollar LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Any of these proposals or consequences could have a material adverse effect on our financing costs.

Additionally, we are exposed to the fluctuations of the interest rates applicable to our indebtedness indexed to variable interest rates. We may also incur additional variable-rate debt in the future. Increases in interest rates on variable-rate debt would increase the Company's interest expense, which would negatively affect our financial costs.

We may be unable to refinance our outstanding indebtedness, or the refinancing terms may be materially less favorable than their current terms, which would have a material adverse effect on our business, financial condition and results of operations.

There is no assurance that we will be able to extend the maturity or otherwise refinance our outstanding indebtedness, or we may be required to agree to refinancing terms that may be materially less favorable than the terms of our current loans and notes. Any amendment to or refinancing of our indebtedness could result in higher interest rates and may require us to comply with more burdensome restrictive covenants, which may have a material adverse effect on our business, ability to meet our payment obligations, financial condition, and results of operations.

If we are unable to refinance our debt in favorable terms, we may be forced to reduce or delay capital expenditures or research and development expenditures, seek additional equity capital, restructure our debt, curtail or eliminate our cash dividend to stockholders, or sell assets. In addition, if we are unable to secure an extension or refinancing of our existing indebtedness, including our outstanding Class A Notes maturing in June 2021, we may not have sufficient liquid assets to repay our obligations thereunder. Non-payment of those obligations or any other default under any of our debt instruments could, in turn, result in a default and acceleration of our other outstanding debt obligations, which would have a further material adverse effect on our business, ability to meet our payment obligations, financial condition, and results of operations. See Note 14 and 28 to our Consolidated Financial Statements.

Risks Relating to Telecom Argentina's Shares and ADSs

The New York Stock Exchange ("NYSE") and/or the Buenos Aires Stock Exchange (by delegated authority of BYMA) may suspend trading and/or delist Telecom's ADSs and Class B common shares, respectively, upon occurrence of certain events relating to Telecom's financial situation.

The NYSE and/or the BYMA may suspend and/or cancel the listing of Telecom's ADSs and Class B common shares, respectively, in certain circumstances, including upon the occurrence of certain events relating to Telecom's financial situation. For example, the NYSE may decide such suspension or cancellation if Telecom's equity becomes negative.

The NYSE may in its sole discretion determine on an individual basis the suitability for continued listing of an issuer in the light of all pertinent facts. Some of the factors mentioned in the NYSE Listed Company Manual, which may subject a company to suspension and delisting procedures, include: "unsatisfactory financial conditions and/or operating results," "inability to meet current debt obligations or to adequately finance operations," and "any other event or condition which may exist or occur that makes further dealings or listing of the securities on the NYSE inadvisable or unwarranted in the opinion of NYSE."

We cannot assure you that the NYSE and/or BYMA will not commence any suspension or delisting procedures in light of Telecom's financial situation, including if Telecom's equity becomes negative. A delisting or suspension of trading of Telecom's ADSs or Class B common shares by the NYSE and/or BYMA, respectively, could adversely affect Telecom's results of operations and financial conditions and cause the market value of Telecom's ADSs and Class B common shares to decline.

Under Argentine corporate law, shareholder rights may be fewer or less well defined than in other jurisdictions.

Our corporate affairs are governed by our bylaws and by Argentine corporate law, which differ from the corporate regulatory framework that would apply if we were incorporated in a jurisdiction in the United States (such as Delaware or New York), or in other jurisdictions outside Argentina. Thus, your rights under Argentine corporate law to protect shareholders' interests relating to actions by our Board of Directors may be fewer and less well defined than under the laws of those other jurisdictions. Although insider trading and price manipulation are illegal under Argentine law, the Argentine securities markets may not be as highly regulated or supervised as the U.S. securities markets or markets in some of the other jurisdictions. In addition, rules and policies against self-dealing and regarding the preservation of shareholder interests may be less well defined and enforced in Argentina than in the United States, or other jurisdictions outside Argentina, putting holders of our Shares and ADSs at a potential disadvantage.

Changes in Argentine tax laws may adversely affect the tax treatment of our Shares and/or the ADSs.

In September, 2013, the Argentine income tax law was amended by the passage of Law No. 26,893 (the "Argentine Income Tax Law"). The Argentine Income Tax Law establishes that the sale, exchange or other transfer of shares and other securities is subject to a capital gain tax at a rate of 15% for Argentine resident individuals and foreign beneficiaries.

Until the enactment of Law No. 27,430, in force since fiscal year 2018, there was an exemption for Argentine resident individuals if certain requirements were met. However, there was no such exemption for non-Argentine residents. For transactions made until December 31, 2017, many aspects of the Argentine Income Tax Law as they apply to the holding and sale of ADSs still remain unclear and they were subject to further regulation and interpretation which may adversely affect the tax treatment of our Shares underlying ADSs and/or ADSs. The income tax treatment of income derived from the sale of ADSs or exchanges of shares from the ADS facility may not be uniform under the revised Argentine Income Tax Law. The possibly varying treatment of the source of income could impact both Argentine resident holders as well as non-Argentine resident holders.

Law No. 27,430 requires the capital gains tax to be paid for transactions carried out between September 2013 (when taxation on the sale of shares for nonresidents was introduced) and the effective date of the tax reform, providing that no tax, however, will be due for stock exchange transactions as long as the tax has not yet been paid due to the lack of regulations for the withholding or collection by the stock exchange agents or intermediaries.

Consequently, holders of our Class B Shares, including in the form of ADSs, are encouraged to consult their tax advisors as to the particular Argentine income tax consequences of owning our Shares or the ADSs.

Our shareholders may be subject to liability under Argentine law for certain votes of their securities.

Under Argentine law, a shareholder's liability for losses of a company is limited to the value of his or her shareholdings in the company. However, shareholders who have a conflict of interest with us and who do not abstain from voting at the respective shareholders' meeting may be liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to the law or our bylaws may be held jointly and severally liable for damages to us or to other third parties, including other shareholders.

The price of our Class B Shares and the ADSs may fluctuate substantially, and your investment may decline in value.

The trading price of our Class B Shares is likely to be highly volatile and may be subject to wide fluctuations in response to factors, many of which are beyond our control. The market price of our ADSs declined by 58% and 27% in 2018 and 2019, respectively. This decrease in value has been largely attributed to Argentina's most recent macroeconomic crisis. Other factors include:

- fluctuations in our periodic operating results;
- changes in financial estimates, recommendations or projections by securities analysts;
- changes in conditions or trends in our industry;
- events affecting equities markets in the countries in which we operate;
- legal or regulatory measures affecting our financial conditions;
- departures of management and key personnel; or
- potential litigation or the adverse resolution of pending litigation against us or our subsidiaries.

The stock markets in general have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies involved. We cannot assure you that trading prices and valuations will be sustained. These broad market and industry factors may materially adversely affect the market price of our Shares and the ADSs, regardless of our operating performance. Market fluctuations, as well as general political and economic conditions in the markets in which we operate, such as recession or currency exchange rate fluctuations, may also adversely affect the market price of our Shares and the ADSs. In particular, currency fluctuations could impact the value of an investment in Telecom Argentina. Although Telecom Argentina's ADSs listed on the New York Stock Exchange are U.S. dollar-denominated securities, they do not eliminate the currency risk associated with an investment in an Argentine company.

Future sales of substantial amounts of Telecom Argentina Class B Shares and ADSs, or the perception that such future sales may occur, may depress the price of Telecom Argentina Class B Shares and ADSs.

Following periods of volatility in the market price of a company's securities, that company may often be subject to securities class-action litigation. This kind of litigation may result in substantial costs and a diversion of management's attention and resources, which would have a material adverse effect on our business, results of operations and financial condition.

Restrictions on transfers of foreign exchange and the repatriation of capital from Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the Class B Shares underlying the ADSs.

After almost four years of unrestricted capital flows, the Argentine government recently reimposed restrictions on the conversion of Argentine currency into foreign currencies and on the remittance to foreign investors of proceeds from their investments in Argentina. Beginning in September 2019, the Argentine government implemented monetary and foreign exchange control measures that included restrictions on the transfer of funds abroad, including dividends, without prior approval by the BCRA or fulfillment of certain requirements. In such a case, the Depositary for the ADSs may hold the Argentine Pesos it cannot convert for the account of the ADS holders. In addition, any future adoption by the Argentine government of restrictions to the movement of capital out of Argentina may affect the ability of our foreign shareholders and holders of ADSs to obtain the full value of their Class B Shares and ADSs, and may adversely affect the market value of the ADSs.

Trading of Telecom Argentina's Class B Shares in the Argentine securities markets is limited and could experience further illiquidity and price volatility.

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

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

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

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

Investing in securities that trade in emerging markets, such as Argentina, often involves greater risk than investing in securities of issuers in the United States, and such investments are generally considered to be more speculative in nature. The Argentine securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets in the United States, and is not as highly regulated or supervised as some of these other markets. There is also significantly greater concentration in the Argentine securities market than in major securities markets in the United States. The ten largest companies in terms of market capitalization represented approximately 92% of the aggregate market capitalization of the BYMA as of December 31, 2019. Accordingly, although shareholders are entitled to withdraw the Class B Shares underlying the ADSs from the depositary at any time, the ability to sell such shares on the BYMA at a price and time shareholders might want may be substantially limited.

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

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

As a foreign private issuer, we will not be subject to U.S. proxy rules and will be exempt from filing certain reports under the Securities Exchange Act of 1934.

As a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act of 1934 (the “Exchange Act”) related to the furnishing and content of proxy statements, and our officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual and current reports and financial statements with the SEC as frequently or as promptly as domestic companies whose securities are registered under the Exchange Act, and we are generally exempt from filing quarterly reports with the SEC under the Exchange Act.

In addition, if a majority of our directors or executive officers are U.S. citizens or residents, we will lose our foreign private issuer status and we will fail to meet additional requirements necessary to avoid such loss. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory for us. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher for us. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We will have to present our financial statements under US GAAP and may also be required to modify certain of our policies to comply with corporate governance practices applicable to U.S. domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

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

Under the GCL, if we issue new shares as part of a capital increase, our shareholders may have the right to maintain their existing ownership percentage in the Company through the subscription of a proportional number of shares of the same class in case the capital increase is made in shares of all four of our classes of shares in their respective proportions, or through the subscription of a proportional number of the shares of the class being issued if the relative proportion among the four classes is not respected. Rights to subscribe for shares in these circumstances are known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed shares remaining at the end of a preemptive rights offering on a *pro rata* basis, known as accretion rights.

According to our Bylaws, in the case of a capital increase through the issuance of all four of our classes of common stock (Class A ordinary shares, Class B Shares, Class C ordinary shares and Class D ordinary shares), accretion rights of the holders of each class shall be limited to the shares of the same class for which there has been no subscription. Also if, after accretion rights have been exercised within the Class B and Class C shares, there are any unsubscribed shares, such unsubscribed Class B or Class C shares may be subscribed by the shareholders of the rest of our classes of common stock, with no distinction, in proportion to the shares of common stock for which such shareholder has subscribed on such occasion.

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

We are not obligated to file or maintain a registration statement relating to any preemptive rights offerings with respect to Telecom Argentina's Class B Shares underlying ADSs, and we cannot assure that we will file or maintain any such registration statement or that an exemption from registration will be available. Unless those Class B Shares underlying ADSs or ADSs are registered or an exemption from registration applies, a U.S. holder of Telecom Argentina's Class B Shares underlying ADSs or ADSs may receive only the net proceeds from those preemptive rights and accretion rights if those rights can be assigned by the ADS depository. If the rights cannot be sold, they will be allowed to lapse. Furthermore, the equity interest of holders of shares or ADSs located in the U.S. may be diluted proportionately upon future capital increases.

Our status as a foreign private issuer allows us to follow alternate standards to the corporate governance standards of the NYSE, which may limit the protections afforded to investors.

We are a "foreign private issuer" within the meaning of the NYSE corporate governance standards. Under NYSE rules, a foreign private issuer may elect to comply with the practices of its home country and not comply with certain corporate governance requirements applicable to U.S. companies with securities listed on the exchange. We currently follow certain Argentine practices concerning corporate governance and intend to continue to do so. For example, according to Argentine securities law, our audit committee, unlike the audit committee of a U.S. issuer, will only have an "advisory" and/or "supervisory" role, such as assisting our board of directors with the evaluation, the performance and independence of the external auditors and exercising the function of our internal control. Accordingly, holders of our ADSs will not have the same protections afforded to shareholders of U.S. companies that are subject to all of the NYSE corporate governance requirements.

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

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

In addition, a portion of our assets is not subject to attachment or foreclosure, as they are used for the performance of the public service we provide. In accordance with Argentine law, as interpreted by the Argentine courts, assets which are necessary for the provision for an essential public service may not be attached, whether preliminarily or in aid of execution.

Prior to any enforcement in Argentina, a judgment issued by a U.S. court will be subject to the requirements of 517 through 519 of the Argentine Federal Civil and Commercial Procedure Code if enforcement is sought before federal courts or courts with jurisdiction in commercial matters of the Autonomous City of Buenos Aires. Those requirements are: (1) the judgment, which must be valid and final in the jurisdiction where rendered, was issued by a competent court in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an in rem action with respect to personal property which was transferred to Argentine territory during or after the prosecution of the foreign action; (2) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action; (3) the judgment must be valid in the jurisdiction where rendered, and its authenticity must be established in accordance with the requirements of Argentine law; (4) the judgment does not violate the principles of public policy of Argentine law; and (5) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court. Any document in a language other than Spanish, including, without limitation, the foreign judgment and other documents related thereto, requires filing with the relevant court of a duly legalized translation by a sworn public translator into the Spanish language.

Cablevisión Holding S.A. ("CVH"), and through CVH, GC Dominio S.A. ("GC Dominio"), have the ability to determine the outcome of any shareholder decision relating to significant matters affecting us.

CVH owns Class D Shares representing 28.16% of Telecom Argentina's total capital stock –directly and indirectly through its wholly owned subsidiary VLG. GC Dominio owns 26.44% of the total capital stock of CVH, which represents in 64.24% of the voting stock and votes of CVH. Fintech Telecom LLC (Fintech or FTL) owns Class A Shares representing 20.83% of the total capital stock of Telecom Argentina, and additionally owns Class B Shares in the form of ADSs representing 9.2% of total stock of Telecom Argentina.

On April 15, 2019, FTL, CVH and VLG entered into the Voting Trust Agreement (as defined below) pursuant to which FTL and VLG contributed certain shares to the Voting Trust (as defined below). Except in respect of certain veto matters, the co-trustee appointed by CVH must vote all the shares contributed to the Voting Trust on all matters presented for vote generally to Telecom Argentina stockholders, in the same manner that CVH votes its shares in Telecom Argentina or as instructed by CVH. For more information about the Voting Trust, see "Item 7–Major Shareholders and Related Party Transactions–Major Shareholders –Telecom Shareholders' Agreement."

Through its ownership of Telecom Argentina Class D Shares and pursuant to the arrangements resulting from the Telecom Shareholders' Agreement and the Voting Trust, CVH, as a general matter, has the ability to determine the outcome of any action requiring our shareholders' approval. In addition, our bylaws provide Class A and Class D Shares, and the directors appointed by Class A and D Shares, with veto powers, with respect to certain matters relating to us. See "Item 7–Major Shareholders and Related Party Transactions–Major Shareholders–Telecom Shareholders' Agreement."

We conducted transactions with the shareholders of Nortel and/or Sofora, including Fintech and its affiliates in the past, and with CVH and its affiliates as from January 1, 2018. Certain decisions concerning our operations or financial structure may present conflicts between our interests and those of our shareholders.

Nevertheless, all of our related-party transactions are made on an arm's-length basis. Related-party transactions involving Telecom Argentina that exceed 1% of its shareholders' equity are subject to a prior approval process established by Law No. 26,831, Telecom's Bylaws and the Rules of the Executive Committee to verify that the agreement could reasonably be considered to be in accordance with normal and habitual market practice. See "Item 7–Major Shareholders and Related Party Transactions–Related Party Transactions."

The existence and outcome of any public tender offer for our Class B Shares and/or ADSs could affect the price of our Class B shares and ADSs.

On June 21, 2018, CVH informed the Company that it was promoting and formulating a mandatory public tender offer for all Class B Shares issued by Telecom Argentina due to the acquisition of control in Telecom Argentina. The mandatory public tender offer has been suspended by Argentine courts. See "Item 4–Information on the Company–Significant 2019 Events–Public Tender Offer due to change of control." The existence and outcome of any tender offer for our shares and/or ADSs would have an impact over the prices of our Class B shares and ADSs, which could result in a decline in the value of your investment.