



GRUPO CLARÍN S.A. 2011 ANNUAL REPORT

To the Shareholders of
Grupo Clarín S.A.

We hereby submit for your consideration the Annual Report and Exhibit, the Balance Sheet, the Statement of Income, the Statement of Changes in Shareholders' Equity and the Statement of Cash Flows, Notes and Exhibits of Grupo Clarín S.A. (hereinafter, "the Company" or "Grupo Clarín") for fiscal year No. 13 ended December 31, 2011 and the Consolidated Financial Statements as of December 31, 2011.

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

2011 MACROECONOMIC ENVIRONMENT

In a year marked by global uncertainty, the world was undoubtedly distinguished by the dynamics emerging economies managed to sustain under a complex environment of ongoing crises of different kind that hit the developed countries (with peripheral Europe at the epicenter).

In fact, while during the year under analysis half of the world represented by the developed countries experienced, at best, anemic GDP growth in spite of the several incentives granted to them; the other half - the block of emerging countries led by China - preserved their dynamics which, on average, tripled that of the former. The world has continued to see growth at two different paces of structural trend, reflecting the operation of the new global accumulation mechanism focused on emerging economies.

In this context, the Argentine economy managed to sustain growth in its productive activity in 2011, in line with virtually all emerging countries. Such performance was driven by the vigorous terms of trade in the external arena, along with the typical expansionist bias of the economic policy in an electoral year and the favorable weather conditions for the agricultural sector on the domestic front.

However, unlike other emerging countries, this increase in productive activity was again paired with high inflation rates that prevented the country from fully capitalizing on the proceeds from such growth and from improving their distribution. In 2011, the Argentine economy experienced growth with inflation again. This fact, coupled with the currency board strategy implemented in order to moderate the inflationary impact of the strong drive generated by public policies, resulted in a new deterioration of the pillars that supported the recovery process after the 2001-2002 crisis.

In addition to this, the Argentine economy is operating under certain disturbing conditions, such as, increased primarization, a shortage of reproductive investments (noticeable mainly in the capital depletion of key strategic sectors) and the low level of foreign direct investment in relation to other countries in the region.

Therefore, in spite of its remarkable growth cycle, Argentina has yet to show any clear progress in its development. Poverty, which has remained almost unchanged since early 2007 and which, according to private estimates, still affects 9 million Argentine people, clearly reflects the latter.

According to private sources, Argentina's real GDP is estimated to have increased by approximately 7%, slightly below the 2010's figure; whereas inflation remained at virtually the same level as the previous year (around 23%). The Argentine economy continues to register an inflation rate three percentage points higher than the growth rate, a unique phenomenon in the region, except for Venezuela.

The three pillars that supported the economic recovery *after* the 2001-2002 crisis deteriorated in the year under analysis. The nominal exchange rate, which operates as an inflation buffer together with the virtually frozen utility tariff rates, did depreciate with respect to the US dollar throughout the year, but at a substantially lower rate than the price increases (slightly over 8% vs. 23% mentioned above). The significant adjustment of the real exchange rate that led to this gap continued to accelerate the loss of competitiveness.

The currency depreciation, coupled with the strong dynamics of the economic activity, exacerbated the growth of imports which, at the end of 2011, were higher than exports, thus deteriorating the balance of trade surplus (which showed an 11% decrease, from USD11.6 billion to USD10.3 million in absolute values).

For the first time in more than two decades, at the end of the year, Argentina's energy industry will have showed a negative trade balance (estimated in over USD2.5 billion). For the purposes of assessing the energy self-sufficiency loss, only four years ago, this sector's balance of trade showed surplus (approximately USD2.5 billion) and accounted for more than one quarter of the total external surplus.

The lower generation of foreign currency was worsened by a capital flight from the private sector which, in the year under analysis, almost doubled the previous year's figure and stood somewhere in the neighborhood of 2008's record high (USD23.8 billion). This resulted in a decrease in the Central Bank's international reserves which, by the end of the year, stood at almost USD6 billion below the USD52.1 billion recorded in December, 2010, in spite of stronger exchange controls.

Thus, deterioration on the fiscal front was more significant than on the external front. The national public sector showed a financial deficit in the year under analysis (as a result of the debt service) which jumped to almost two and a half point of GDP. In absolute values, this deficit (estimated in over Ps. 50 billion, without counting revenue distributions received from the BCRA and revenues of the ANSES derived from the ownership of government-issued securities) almost doubled that of 2010 and has become the most significant one since 2003 onwards. This deterioration, mostly funded by the issue of currency and intra-governmental indebtedness, took place in spite of record-high tax pressure (approximately 35% of GDP).

Perspectives for the Upcoming Year

During the last weeks, the growing uncertainty over the recovery pace of the developed countries' economic activity and employment resulted in overall downward growth perspectives for 2012.

The virtual stagnation or expansion below potential experienced by these countries, in general, and peripheral Europe, in particular, became an actual threat to the world's economy, where one of the key concerns is the extent of the impact of this external shock on the current emerging catalysts.

In the light of this new international crisis, the Argentine economy has less scope for action. In fact and unlike 2008, the Argentine economy no longer has fiscal, exchange or energy buffers. Actually, unlike the last years, the local economy lacks strong dollar reserves.

In perspective, the energetic situation is seen as the main responsible for the deterioration of the external and fiscal accounts. Accordingly, the growing public expenditure to sustain tariff rates and import energy compromised public accounts so badly that it accounts for a significant portion of the last years' fiscal deterioration. The scheduled elimination of subsidies seeks to streamline a structure that was unequal and that could no longer be genuinely funded.

In addition, the macro and microeconomic consequences of the recently implemented controls on imports to preserve the trade surplus are difficult to foresee as of the date of this annual report.

The truth is that insofar as the government continues to pretend to use the exchange rate to anchor inflation by minimizing the Argentine currency nominal devaluation rate, the expansive economic policies - so far focused on boosting GDP growth and import growth indirectly - will be clearly limited in their scope.

The implementation of measures to moderate the growth pace of variables, such as, public spending, salaries and monetary aggregates, shall be understood within the framework of this growth moderating strategy adopted in the face of a certainly less favorable environment.

To make matters worse in this already complex environment, the drought caused by “La Niña” compelled to dramatically reduce agricultural projections (which stood somewhere in the neighborhood of 110 million tons and have been now cut to approximately 100 million tons) and, therefore, the sector's exports (by approximately 10% compared to 2011).

As a result of all the above mentioned, the Argentine economy's growth rate would slow down significantly in 2012. However, inflation would remain at current levels, since the increases in the utility tariff rates resulting from the overall elimination of subsidies are expected to considerably offset the lower dynamics of aggregate demand. Thus, high inflation would continue to hinder significant improvements in social indicators and in the distribution of income among the Argentine people.

The conditions described above clearly show that Argentina has less macroeconomic tools to face this new international crisis. In spite of its dynamics and low indebtedness level, the current economy systematically expels local capital and repels foreign capital. In other words, the current *modus operandi* of the local economy does not provide a reasonable level of confidence to the Argentine people (who prefer to invest their savings abroad, rather than domestically) as well as to foreigners (who channel a low level of their regional productive investments in our country).

THE YEAR 2011 AND THE MEDIA SECTOR IN ARGENTINA

In 2011, the global media industry - undoubtedly, one of the most seriously hit by the 2009's financial crisis, experienced certain weakening in its business volume, as a result of the sudden slowdown of the global economic activity and, particularly, of the developed countries. As a matter of fact and due to their inherent differences, the slowdown was not homogenous at all among countries, segments and companies.

The uncertainty over the pace of recovery of consumption, productive activity and employment in the developed countries represented an additional risk focus for this industry, which was already facing several challenges arising from the ongoing emergence of new technologies and the changes in the new generations' media consumption patterns.

However, such uncertainty did not affect at all the migration of audiences, content and advertisers towards the digital ecosystem. This main trend the industry has been developing over the last years managed to preserve its carryover effect, primarily supported by the broadband revolution.

2011 was a year of genuine growth for the economy and the local media industry. In fact, according to estimates, GDP and consumption would have increased by around 7% by the end of the year, driven by the expansionist bias of the economic policy and the prevailing favorable terms of trade. However, this strong expansion of local productive activity was again accompanied by an inflationary upsurge that prevented the country from fully capitalizing on the fruits of growth and improving their distribution.

Even so, the re-emergence of aggregate demand along with certain specific events, such as the presidential elections, paved the way for a macroeconomic environment favorable to the industry. A good example of this is the good performance of the industry's main sources of financing.

In fact, advertising investment increased again this year by slightly more than 20%, mostly driven by government's advertising spending in an electoral year, oriented to finance a matrix with a greater share of publicly-owned media. Concerning consumer prices, the increase in the consolidated advertising pie of the several industry segments was virtually similar to the annual 22-23% inflation rate estimated by the public sector. This shows that even though advertising is growing, it does so at lower pace than the economy as a whole (measured in GDP terms), which in 2001 increased by more than 30% in nominal values. Therefore, the traditional multiplier effect it used to have some years ago seems to have vanished.

Unlike most countries in the region, newspapers continued to attract the largest share of advertising in the local market, followed by broadcast TV. The paid television and Internet segments, which in 2010 recovered from the stagnated levels in 2009, expanded again in 2011 in accordance with their potential, even though Argentina's penetration rates are among the highest in the region.

Thus, during 2011 the paid television subscriber base grew at a rate of almost 5%, slightly less than the previous year, reaching approximately 7.6 million users at year-end. Leverage in the growing penetration of additional services (incorporation of high-definition signals to the grid and VOD, among others), which permitted a high level of investment in the expansion of network capacity, had a key role in such performance. It is worth noting that the government's launch of Digital Terrestrial Television did not have a significant impact on the annual net capture of this industry.

Broadband demand grew for the second consecutive year at rates of approximately 20%, becoming increasingly ubiquitous. In fact, by year-end, residential fixed broadband Internet access reached a new record high of over 5 million subscribers in a fiercely competitive environment noted for the promotional offers of its main market players. At the same time, the existence of more than 1.3 million mobile broadband subscribers and the implementation of combined voice and data subscriptions by cell phone companies evidence the complementariness that this technology provides to the market.

In this regard, an emerging and curious phenomenon is the users' ongoing demand for higher speed, mostly as a result of the predominance of video traffic over other traffic and, to a lesser extent, as a result of the increasing number of devices connected to the Internet at home. Naturally, this increased demand for bandwidth per client compels providers to add new capabilities to their networks on an ongoing basis, thus putting the current business models under pressure.

The new media consumption patterns continue to gain ground as new technologies are adopted much faster than projected. In fact, the number of visits to websites with content development continued to increase, particularly news sites, with the newspapers in the top ranks. As a logical consequence, the increased number of readers of digital newspapers, together with the increased offering of news signals on television, helped to reinforce the downward structural trend in the volume of newspaper copies in paper format, also showing that demand for content remains strong, unlike preference for paper format newspapers.

Notwithstanding the above, it is worth noting the current exponential growth of and massive access to social networks, not only as sources of entertainment, but also as sources of multimedia content and recommended information.

Regulatory framework and conditions for the journalistic and media activity during 2011

In addition to the aforementioned and to the comments under Note 15 to the Parent Company Only Financial Statements, during 2011 private media in general and Grupo Clarín in particular continued to face an escalating level of harassment. Such harassment was executed through the official and para-official apparatus, with the clear intention of damaging the media's reputation and directly and indirectly limiting its journalistic activities.

In the framework of this escalation, the government reinforced certain actions that threaten and distort the full effectiveness of freedom of speech and information, such as the exponential increase and discriminatory distribution of official advertising used to create and sustain like-minded media; the discretionary use of public funds and media to generate content and programs related to political propaganda; and the several obstacles and discriminatory conduct in the access to public information.

This discrediting and defamatory strategy was painfully reflected in street banner and graffiti campaigns, banners, balloons, packaging and clothing, in persecution, espionage and phone-tapping actions against media, editors and journalists, and went so far as to include the financing of soccer hooligans arranging banners against the media and members of the judicial branch to be displayed in soccer stadiums and the advertising to be broadcast during the games.

Other tools to exert editorial pressure consisted of abuse of bureaucratic controls or controls by public agencies which took the form of administrative persecutions, groundless arbitrary resolutions, disproportionate tax controls and recurring audits. In this scenario, the government did

not hesitate to exert pressure on entities such as the National Antitrust Commission, AFSCA, the Argentine Securities Commission and the Financial Information Unit.

In the audiovisual sector, this offensive against the media (against both, its editorial freedom and its economic sustainability, which guarantees its independence) had as its utmost expression the enactment of the controversial Audiovisual Communication Services Law and its increasingly challenged implementing regulations which clearly exceed the regulatory framework, since they grant powers to the regulatory agency which are not provided for by the law. Some examples of this are: i) the power to intervene in the affairs of the audiovisual broadcasting services on a discretionary basis: whether by revoking licenses or through simple summary proceedings, and ii) by ruling the organization and mandatory content of the programming grid of subscription cable TV services, whereby Cablevisión was imposed over 500 penalties throughout 2011 which are now suspended by a court decision.

The law that gave rise to this unconstitutional implementing regulation continues to be challenged by the judiciary, condemned for infringing constitutional rights, granting broad and discretionary powers over media and content to the Executive Branch, favoring official voices and affecting the sustainability of private media, promoting the elimination of independent signals and establishing dangerous indirect censorship criteria through the arbitrary granting of licenses and the application of penalties, among other controversial aspects.

Since its enactment in October 2009, several court decisions upheld preliminary injunctions which are currently effective, providing for the suspension of the main sections of the broadcasting law; including, but not limited to, section 161 which refers to the conforming regime that sets forth the mandatory divestiture in the term of one year. In spite of the existence and full effectiveness of said court decisions against the law, the government sought to move forward with the implementation thereof in an authoritarian and overwhelming manner. This ratifies all the warnings about the potential danger of editorial control by an enforcement authority that is not independent.

On the other hand, and concerning SECOM's administrative resolution issued in 2010 whereby Fibertel's license was revoked, there are two effective preliminary injunctions that suspend the application of the resolution and challenge its legality.

At the same time, in 2011, the offensive against independent media and free journalism continued to take very diverse forms, including the measures adopted by trade unions related to the government, which repeatedly tried to prevent newspaper and magazine distribution by blockading printing facilities. Several official agencies also sought to control paper, the basic input for newspaper production.

The government's attempt to gain control of the paper industry has intensified, through several administrative and legislative measures that systematically sought to hinder the management of Papel Prensa (Papel Prensa supplies approximately 95% of the Argentine newspapers and the Company indirectly holds a 49% equity interest in that company). The government has tried to interfere with Papel Prensa's business practices and bring legal and administrative actions against it in a threatening and violent environment.

For example, the government filed several motions with the CNV to have Papel Prensa's resolutions declared void for administrative purposes. The CNV also brought several summary proceedings against the Company, its directors and members of the supervisory committee.

On the legislative front, the Congress enacted Law 26,736 which declared a matter of public interest the production and sale of newsprint, violating several constitutional rights and guarantees. The bill was drafted by the National Government with the clear intent of controlling the production and import of this key input for the press, as pointed out and stated by national and regional journalistic associations, opposition leaders and several business sectors. Among other things, the Law created a registry where all newsprint producers, sellers and buyers shall be registered and set limits and established conditions applicable to Papel Prensa for the production and sale of newsprint. This law also contains a series of temporary clauses, specifically and exclusively addressed to Papel Prensa, whereby Papel Prensa is forced to make investments to meet the total national newsprint demand – excluding from this requirement the other existing

company that operates in the country with installed capacity to produce this input. The Law also provides for the capitalization of the funds eventually contributed by the Government to finance these investments, contravening public order regulations contained in the Argentine Business Associations Law (Law 19,550), in order to dilute the equity interest of Papel Prensa's private shareholders.

These and other deplorable actions that are not in line with the expected attitude of a democratic government towards the press were part of the challenging scenario in which private and independent media operated in 2011.

THE COMPANY. ORIGIN, EVOLUTION AND PROFILE

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

Grupo Clarín and its subsidiaries have 17,200 employees and, by the end of 2011, reached annual consolidated revenues of Ps. 9,753 million.

Grupo Clarín's history dates back to 1945, the year in which Roberto Noble founded the newspaper Clarín of Buenos Aires ("Diario Clarín"), with the goal of becoming a mass-distribution and quality newspaper, privileging information and committing to the comprehensive development of the country. Since 1969, Diario Clarín has been led by his wife, Ernestina Herrera de Noble. It became the flagship national newspaper and has consolidated its position throughout the years thanks to the work of its journalists and the loyalty of its readers. Diario Clarín is now one of the Spanish-language newspapers with the highest circulation in the world.

Grupo Clarín has been one of the main actors in the changes undergone by the media worldwide. It has incorporated new and varied printing activities and decided to embrace technological developments, investing to reach its audiences through new platforms and channels and through new audiovisual and digital languages.

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

Grupo Clarín also publishes Olé, the first and only sports daily in Argentina; the free newspaper *La Razón* and the magazines *Ñ*, *Genios*, *Jardín de Genios*, *Pymes* and *Elle*, among other publications. Through CIMECO, the Company holds equity interests in the newspapers *La Voz del Interior*, *Día a Día* and *Los Andes*, in a market of approximately 200 regional and local newspapers. The Company also holds an equity interest in a national news agency (DyN). In the audiovisual arena, the Company also produces one of the 5 cable news signals (Todo Noticias), and the cable television networks *Volver* and *Magazine*, among others, sports channels and events (TyC Sports), television series and motion pictures (through Pol-ka, Ideas del Sur and Patagonik).

Another strength lies in its strategic stake in the content distribution sector, through cable television and Internet access. Since the beginning of Multicanal's operations in 1992 and after the recent acquisition of a majority interest in Cablevisión, Grupo Clarín has created one of the largest cable television systems in Latin America in terms of subscribers. In Argentina, Cablevisión is the first among 700 operators and always competes with other cable or satellite options. Also, through Fibertel, it provides high-speed Internet services and has one of the largest subscriber bases in a

highly competitive market. In line with the global trend, Grupo Clarín has committed itself to expanding digital content production. Grupo Clarín's Internet portals and sites receive more than half of the visits to Argentine websites.

In 1999 Grupo Clarín was incorporated as an Argentine *sociedad anónima*, a corporation with limited liability. It gradually opened its capital to other participants and, since October 2007, it is listed on the Buenos Aires Stock Exchange and on the London Stock Exchange. It takes pride in having grown in Argentina, in being a source of influence on a local level in an increasingly transnational market with a size that enables it to compete without losing strength among large international players.

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

In relation to its mission and values, since its foundation, Grupo Clarín has undertaken intense community activities. Grupo Clarín, together with the Noble Foundation, which was established in 1966, organizes and sponsors several programs and activities, particularly focused on education, culture and citizen participation. Furthermore, as an indication of its social responsibility throughout its history, Grupo Clarín focuses on the ongoing improvement of its processes and develops initiatives that arise from discussions with different stakeholders.

GRUPO CLARÍN AND ITS BUSINESS SEGMENTS IN 2011

In terms of results, Grupo Clarín and its business segments grew again in 2011 in a highly challenging context. During this year the Company consolidated the positive economic and financial performance trends of the previous years.

Net consolidated sales increased by 27.8%, from Ps. 7,632 million to Ps. 9,753 million. The growth in cable modem Internet access subscribers played a key role in the performance of subscription revenues. Sales of the remainder of the Company's products and services also increased.

By the end of 2011, Grupo Clarín's gross consolidated financial debt (including sellers financing, accrued interest and fair value adjustments) was approximately Ps. 3,217.8 million, while net consolidated debt was approximately Ps. 2,306.4 million, representing an increase of 34.1% and 31.2%, respectively.

The following is a description of the most significant events related to the situation and management of each of Grupo Clarín's business segments during 2011.

CABLE TELEVISION AND INTERNET ACCESS

Grupo Clarín operates, through Cablevisión, one of the main regional integrated cable television and broadband systems. This segment's revenues mainly derive from monthly subscriptions to basic cable television service and high-speed Internet access. To a lesser extent, its revenues also derive from connection and advertising charges, sales of premium and pay-per-view programming, digital packages, DVR, and high definition signal packages (HD) and sales of the magazine "Miradas".

Out of Grupo Clarín's total sales in 2011, the Cable television and Internet access segment was the Company's main revenue driver, with sales of Ps. 6,337 million, taking into consideration intersegment sales.

Regarding the geographic availability of Grupo Clarín's services, by the end of 2011, its network reached approximately 7.3 million Argentine households. Grupo Clarín provides services in the City of Buenos Aires and suburban areas, as well as in the provinces of Buenos Aires, Santa Fe,

Entre Ríos, Córdoba, Corrientes, Formosa, Misiones, Salta, Chaco, Neuquén and Río Negro. Regionally, Grupo Clarín also operates in Uruguay and Paraguay.

In terms of subscribers, by the end of the year, the Company's cable television systems had approximately 3,490,300 subscribers in Argentina, Paraguay and Uruguay, and 1,351,107 Internet service subscribers in Argentina and abroad.

Cablevisión's network's backbone consists entirely of fiber optic cable. The bi-directional service network's architecture and the new networks rely on a fiber to service area ("FSA") design, which combines cable network fiber trunks with coaxial cable extensions and permits bi-directional transmission.

By the end of 2011, most of the total homes in Cablevisión's network were passed by its 750Mhz bi-directional broadband. Cablevisión's 750MHz networks enable it to offer services and products that generate additional revenues, such as access to Internet, digital services and premium channels.

Programming, Cable Television and Internet Services

Cablevisión offers subscribers a basic service plan which includes the main programming signals, depending on the capacity of the local network. It offers basic and premium programming from more than 25 providers and broadcast television stations of the City of Buenos Aires. Most of the programming contracts include pricing terms denominated in Argentine Pesos generally linked to the number of subscribers.

By paying an additional fee and renting a digital set-top box, Cablevisión subscribers receive premium packages and *pay-per-view* programming that include additional movie channels and adult programming, among other products.

Cablevisión is also offering digital services to its subscribers that include a basic digital package, as well as Premium and High Definition (HD) services. Such products are offered in the City of Buenos Aires and its surrounding areas (the "AMBA Region"), in the province of Buenos Aires, Córdoba, Rosario, Mar del Plata, Santa Fe and other cities in the provinces.

Cablevisión has recently launched a high definition signal package (HD) as well as Cablevisión Max HD, state-of-the-art digital set-top units with digital video recorder (DVR). By the end of 2011, Cablevisión had 24 HD signals comprising different genres in order to enhance this product's offering.

In order to increase its brand equity, move forward with innovation and content production to meet client's demands and continue with the development of the digital products launched during 2007, Cablevisión is developing a VOD (Video On Demand) product that allows subscribers to access several content from their TV on demand that features video functions (pause, fast-forward, rewind).

As of December 31, 2011, there were approximately 1,982,400 digital set-top units for Premium service in all of Cablevisión's operational regions (including Uruguay and Paraguay), resulting in a penetration rate of approximately 31% of all subscribers to its basic cable service provided through its digital network. Cablevisión also offers Cablevisión Flex, an optional social service of digital paid television with a reduced subscription, to approximately 500,000 inhabitants of low income neighborhoods.

As to Internet access services, Cablevisión offers products specially designed to meet the needs of both residential and corporate users. The products offered comprise high-speed cable modem Internet access through its 750 MHz network under the Fibertel brand, and ADSL, dial-up and telephony services under the brands Flash, Datamarkets and Vontel.

Fibertel is undoubtedly the broadband service that offers the highest speed in the market widely and at competitive prices. One of the main differentiating features of Fibertel's connectivity service

lies in the great broadband potential of its services compared to the more limited ADSL connectivity service offered by its main competitors. In September 2011, it launched the 30-mega downstream and 3 mega upstream speed product, Fibertel Evolution, becoming the first Internet provider in the country in selling a product of the new Wideband generation: a new technology that allows clients to surf the web at substantially higher speeds.

As of December 31, 2011, Cablevisión had 1,100,700 subscribers to cable modem Internet access in Argentina and abroad through its own networks, 9,300 subscribers to the dial-up system and 1,600 subscribers to other broadband technologies. Even though Cablevisión has these 3 technologies, its main focus and differentiating feature is cable modem, in which market it has a leading position under the brand Fibertel, being a clear benchmark in its category.

Commercialization and Customer Service

Cablevisión uses several market positioning mechanisms, including promotions, customer service centre locations, newsletters about the company, institutional information and programming through its websites. It advertises in the printing media and over its own broadcasting signals. Cablevisión also publishes a free monthly guide distributed to most of its cable television service subscribers and a monthly magazine called "Miradas", which is sold to a portion of its subscriber base.

Customer service is provided through an integrated service center offering round-the-clock support, with the aim of optimizing the customer relationship. In this regard, it launched *Sucursal Virtual*, a website that enables its subscribers to interact with the company to follow procedures that were previously carried out through a telephone call or even in person. During 2011, it launched the mobile version allowing access from several web-enabled devices which do not require a PC. This new tool is available in the AMBA region and will become available in new locations in 2012.

Subscriber base turnover rate for the year ended December 31, 2011 was 15.1%, compared to 14.3% recorded in the previous year. During the year ended December 31, 2011, Cablevisión added 132,400 subscribers to its base compared to 164,900 added in 2010.

Competition

Cablevisión competes in the cable television segment against other cable television operators and providers of other television services, including direct, satellite and broadcast services. Given the fact that licenses are granted on a non-exclusive basis, Cablevisión's systems have been frequently subject to overlapping of one or multiple competing cable networks; in addition to the satellite service which is available throughout its extent. Free broadcasting services are currently available to Argentina; in the AMBA region, these services primarily include four private television signals (one of them is controlled by Grupo Clarín) and its local subsidiaries and a national state-owned television signal. Additionally, under a project aimed at implementing the Argentine Terrestrial Digital TV System, the National Government handed out digital set-top units among certain sectors of society that allow free access to certain signals.

The Argentine cable television industry has more than 700 operators. The most significant competitors are Telecentro S.A located in the AMBA region and DIRECTV (DTH technology). Both companies compete against Cablevisión nationwide.

Cablevisión can effectively compete against other providers of cable television services on the basis of a competitive price, a higher number of quality programs and the customer service it renders through its call-center. It also seeks to capture and retain subscribers through customer-service oriented policies.

Two major competitors (Arnet and Speedy) are identified in the high-speed Internet access segment; each of them related to one of the country's two fixed telephony providers. These companies also render 3G services through their brands Personal and Movistar, respectively. Claro, which had already been selling 3G technology, started to offer high-speed Internet services

through fiber optics. Therefore, the Internet access segment faces fierce competition comprised by several providers in an ever-growing market.

Strategy

The long-term business strategy for the cable television and Internet access segment involves an expansion of the cable television and Internet broadband connectivity subscriber base, focusing on maintaining the highest speed in the market and stressing customer service and the brand. This strategy also involves improvements in technology, and broader investments intended to streamline a flexible network architecture serving as a platform for developing additional video Internet and voice services to realize the potential provided by technology convergence.

PRINTING AND PUBLISHING

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

Out of Grupo Clarín's total sales in 2011, the printing and publishing segment accounted for Ps. 2,159 million, taking into consideration intersegment sales. This segment derives revenues primarily from the sale of advertising, copies of newspapers and magazines and optional products.

Arte Gráfico Editorial Argentino

AGEA publishes Clarín, the flagship Argentine newspaper and one of the most important in terms of circulation in the Spanish-speaking world, *Olé*, founded in 1996, the first and only sports newspaper of its kind in the Argentine market, the free newspaper *La Razón* and the newspaper *MUY* launched in 2011. It also publishes the magazines *Genios* and *Jardín de Genios* with a high penetration rate in the schoolchildren's segment; the magazine *Elle*; *Ñ*, a cultural magazine that reflects all cultural news and trends; *Revista Pymes*, aimed at small and medium-sized entrepreneurs; and *Diario de Arquitectura*, aimed at the construction sector, architects and designers.

Through Artes Gráficas Rioplatense S.A. ("AGR"), Grupo Clarín is also engaged in color printing, publishing and distribution activities. AGR prints *Viva*, Clarín's Sunday magazine, and carries out other production activities for AGEA and for third parties, including installment books, telephone directories and flyers.

AGEA leads the online classified advertising market through its vertical sites: *Autos*, *Inmuebles*, *Empleos*, and has a leading position in the Internet content market through its websites *Clarín.com*, *Olé.com.ar*, *revistaenie.clarín.com*, and *ieco.com*, among others. Through its subsidiary and controlled company, *Tinta Fresca Ediciones S.A.*, the Company is engaged in the textbook editorial market.

Diario Clarín

With a long-standing journalistic and commercial leadership consolidated in its 65-year track-record, Clarín is the most prominent Argentine newspaper in terms of outreach, influence, circulation and advertising.

The success of its prestigious editorial line lies in its identification with the needs and emotions of its audience through a plural and independent journalistic style that enables the most diverse opinions. Clarín's approach to reality is in tune with its audience, supporting this bond with the responsibility and credibility that characterizes its journalists. Its extensive and thorough investigations, approaches and analyses are conveyed in clear and direct language, providing its readers with easy access to the different sections and issues.

During 2011, its daily circulation reached almost 288,000 copies, a volume 1.7 times higher than its closest competitor. On Sundays, over 595,000 copies are sold, which places it among the major Sunday newspapers of the world. According to the Newspaper and Magazine Circulation Verification Institute ("IVC"), in 2011, Clarín had a 44% share of the newspaper market in the City

of Buenos Aires and the province of Buenos Aires and an 11% share in the provinces. On a national level, it had a 27% market share.

Given its broad circulation and reach to all social classes, Dario Clarín leads the print media market. It is ranked first in terms of advertising revenues, sold advertising space and also leads in all advertising categories (display, special section and classified ads). In 2011 Diario Clarín's advertising sales reached Ps. 858 million, a 10% increase compared to the previous year.

From an editorial perspective, Clarín reaffirmed its long-standing journalistic leadership. Its in-depth coverage of this year's most outstanding news revealed once again the production quality of its reports and the depth of its approaches and insights. The work of the paper's investigation team, the constant proposal of new editorial products and the launch of new publications continue to reflect the work of the greatest team of journalists in Argentina.

Also this year, Grupo Clarín's journalists and media once again received prestigious awards and acknowledgments. In 2011, Clarín.com received again the *Rey de España* award, the most important recognition to the Spanish-speaking press. In the category "best approach over the Internet", in the same way as in 2010 Clarín.com won the *Rey de España* award for "Ruta 66", a multimedia special production by Maria Arce and Paula Lugones, this year the price was awarded to an interactive infographic on the historical trial referred to as *Juicio a las Juntas* (the legal action brought against the first three military junta). A team led by Pablo Loscri, from Clarín's Arts and Infographics Department, did an amazing job in reconstructing each and every instance of the historical trial against the military junta in a multimedia special site at Clarín.com.

In 2011, Diario Clarín offered outstanding promotions that increased interaction with readers, among them, the sixth edition of the game "El Gran DT". With over 8 million unique users, more than 40 million visits, almost 500 million page views, an average time on site of 10:21 minutes and visits from over 140 countries, www.grandt.com.ar continues to be a massive and one of the most important pieces of entertainment in Argentina. Among the year's milestones, in April 2011, the economic supplement *iEco* launched the second optional "Series Pocket Mentor", a collectible product, jointly with the Harvard Business Review. *Diario de Arquitectura* continued to launch high-quality collectible products, such as, "Nueva Arquitectura Argentina" and "Maquetas de Arquitectura". During the year, Clarín announced the latest winners of the ARQ award which recognizes the best Argentine architectural work of the last five years on a regional basis. The contest awards the best architectural projects in each region and will have a final winner nationwide.

The Company continued to offer 10 regional supplements which are published every Thursday at an additional per copy price of Ps. 0.50, with almost full coverage in the Province of Buenos Aires. The Company also published two regional supplements on a monthly basis (Pilar and Moreno-Luján-Gral. Rodríguez) distributed for free. In December, the company launched "Anuario 2011", a special edition featuring the most important events of the year in the regional newspapers. In April 2011, the Company introduced the sports regional supplements *Norte*, *Oeste* and *Sur* which are published on a weekly basis.

As to sports, in addition to the game El Gran DT, in 2011 special supplements were published covering prominent events such as the Dakar Rally, the America Cup, the Davis Cup, the ATP de Buenos Aires Tournament and the Rugby World Cup in New Zealand. Diario Clarín also published the traditional products and special football tournament guides. Diario Clarín's newsroom continued to work closely with the newsroom of Clarín.com Deportes, producing multimedia content and sharing knowledge, which enriched news coverage and content.

Diario Clarín also continued to build upon the achievements attained by the cultural magazine *Ñ*, reaching average sales of 41,000 copies per issue. During the year, several initiatives were carried out, aimed at engaging readers through the launching of collectible products, the creation and sponsorship of forums comprising different cultural issues and involvement in and sponsorship of major cultural events. "Biblioteca Patricia Highsmith", "El boom antes del boom" and "Grandes maestros del jazz" are the most outstanding collectible products. On June 25, *Revista Ñ* distributed "Sábado textual" together with its monthly issue. This is a free supplement which, on

occasion of the newspaper's 100th anniversary, makes a historical account of its lines of thought, through columns, articles and interviews published at Clarín throughout the decades.

In its seventh year, *Revista Pymes*, continued to strengthen its growth. During 2012, it published the collectible product "Comunicación y ventas".

In order to continue to add value to its readers, Diario Clarín constantly keeps up to date and offers a wide range of editorial products together with the core product, addressing the need to satisfy an increasing segmentation among the diverse demographic groups. It was an intense year in terms of collectible and optional products, consolidating Grupo Clarín as one of the major book editors of Argentina.

The highlights were: *Aventuras de Películas de Disney; Superman; Los secretos del gran asador 2011; Libros bilingües Inglés –Español; Prehistoria; Enciclopedia Clarín del Estudiante Mundo Actual; El gran libro Clarín del Tejido; Libros Imprescindibles para el colegio; Grandes Fotógrafos de National Geographic; Historia de las elecciones Argentinas; Grandes pinturas del Museo Nacional de Bellas Artes; Enciclopedia de los animales y la naturaleza National Geographic; Activity Disney; Novela Gráfica; Colección Messi; El gran libro Clarín de la Moda; El gran libro Clarín de las Pizzas; Crochet; El gran Libro Clarín del Embarazo; El Gran Libro de la Belleza Clarín 2011; Viaje al corazón y viaje al cerebro; Cocina familiar rica y divertida por Jimena Monteverde; Las aventuras de Hijitus; Animales en acción; Grandes Museos de Europa; El Gran libro Clarín de la Decoración 2011; Guía para conocerte más y mejor.*

Clarín's products continued to set trends, and brand loyalty activities contributed to the consolidation of readers' strong relationship with the brand. Further efforts were channeled into strengthening the bond with advertisers, bringing together new sectors and identifying their needs.

Clarín organized new editions of its renowned Clarín Awards, honoring its strong commitment to the promotion of Argentina's best in the cultural and sports fields. To this effect, the 13th consecutive "Premio Clarín de Novela" ceremony was held, where Luis Lozano was awarded for his novel "Lloverá sobre nosotros". The novel was published by Clarín-Alfaguara and the author won Ps. 150,000.

Clarín.com is a news and opinion portal with updates in real time and free access on a 365/24/7 basis, which has been online since 1996. In addition to the full version of the printed newspaper and its archive, Clarín.com features ongoing updates of news produced and published by its own journalists. During 2011, Clarín.com received a total of 138 million unique visits, with a monthly average of 11.5 million. During 2011, Ole.com received an average of 7.7million unique visits

Other Newspapers

La Razón, the first-ever free distribution newspaper, is distributed in all subway and train lines in the City of Buenos Aires, as well as in bars and in highway tollbooths within Buenos Aires. Building upon the concept that "La Razón is a travelling companion", as it does every summer, the newspaper sent copies throughout the season to Mar del Plata, Pinamar and Villa Gesell.

After thirteen years of existence and with an average daily circulation of 45,000 copies, *Olé*, the first and only Argentine sports newspaper, continues to consolidate its market positioning. It is the fourth largest newspaper in Buenos Aires in terms of circulation. Since its inception, it has revolutionized reading habits and managed to attract not only sports fans, but also a new generation of young readers, offering advertisers an opportunity to reach a specific market.

During 2011, *La Razón* discontinued Neuquén's and Saturday's editions. It also launched the 8-page weekly supplement "Suplemento Semanal Cultural de la Ciudad".

In May, Clarín launched *MUY*, a dynamic, visually designed and entertaining newspaper, which features news in addition to regional pages and sports and show business sections. With a "TV-format" design, the newspaper summarizes the most resounding police cases and breaking news on soccer clubs and celebrities.

Magazines

In 2011 the Company continued to issue the magazine *Genios*, which has 13 years in the Argentine market. With the children and school in mind, this magazine was created with the aim of integrating content for children, parents, school and society, combining education with entertainment. Since it was launched in March 1998, it has led the children's magazine segment. Its editorial offering is always updated at the beginning of each academic year, presenting new sections, updated school materials and collectible books prepared by experts. During 2011, *Genios* consolidated its efforts in the website genios.com.ar and collectible products, such as, *Mis proyectos escolares* and *Aventuras de película de Disney*, among others.

Jardín de Genios is the monthly publication aimed not only at pre-school children and those attending the first years of primary school, but also at parents and teachers. In its annual launch, it published the magazine "Edición de Oro", with more pages and a square-shaped spine, and the supplement "Guía para Padres", that came with a free kindergarten backpack. The magazine also presented the first book of the new collectible "La Casa de Mickey Mouse", which became a best-seller.

During 2011, "Tiki Tiki", a magazine aimed at children aged 8 through 14 and adolescents, continued to strengthen its position. In April, the magazine launched special editions, such as, *Soy leyenda*, *XL del fútbol Argentino con anteojos 3D* and collectible products, such as, *Figus Virtuales* and *Tikifigus*, among others.

The magazine *Elle* reaffirmed its leadership in the high-end advertisers segment. In 2011, its circulation reached a monthly average of 32,000 copies. In May and October, the company also published the magazine *Elle Decoración*.

The bi-monthly magazine *Clarín Rural Revista* continued to strengthen its position as a management tool for the productive sector with all the solutions and technologies aimed at agricultural businesses.

Also in 2011 the company continued to publish the monthly magazine-catalogue, *Shop & Co*, which includes discount coupons on important brands.

Tinta Fresca

Tinta Fresca Ediciones S.A. ("Tinta Fresca") is an Argentine publishing company engaged in textbook publishing for the different stages of the Argentine education system. Tinta Fresca looks to place books as central elements of the teaching and learning processes and proposes to use books as effective and updated tools for teachers and students. Its strength is to provide access to textbooks to the largest number of students possible, at competitive prices, relying on a sales force capable of promoting its products by visiting teachers throughout the country and with points of sale nationwide.

In 2011, Tinta Fresca continued to improve its market position. Tinta Fresca strengthened its editorial offering with the launch of the series "Colorín Colorado 1, 2 y 3"; and the series "Matemática 1, 2, 3 y 7" featuring Sendra's drawings, which completed the series "Matemática 4, 5 y 6" launched in 2008. In line with school manuals, Tinta Fresca launched the series "Quiero aprender 4, 5 y 6" which features the character Gaturro created by caricaturist Nik. It also launched collectible products, such as, "Efemérides" and "El gran libro de la práctica docente", among several other value added projects.

As an outstanding and special contribution to society, the Company made available at Clarín.com a digital and free version of "Diccionario integral del español de la Argentina", released in April 2011. Users may easily check the full educational and cultural quality content of the dictionary.

Artes Gráficas Rioplantense

AGR meets certain special printing needs of Clarín and Olé (magazines, optional and collectible products, among others), and also publishes large volumes of graphic material for third parties. It is the leading printing services company in Argentina.

In 2011, AGR retained its leading position in the sector with net sales of Ps. 266 million. The company continued to exploit one of its main strengths: its participation in the entire value chain of the printing industry, which enables it to offer comprehensive customer service, including drafting, prepress, variable printing, offset printing, finishing and distribution. AGR strengthened its presence in the foreign market, where sales reached Ps. 6.5 million.

In May 2000, AGR entered into an agreement with the Techint Group, acquiring 50% of Impripost Tecnologías S.A. ("Impripost"). Impripost is mainly engaged in the overall production and printing of invoices, advertising brochures, forms, labels and cards. It also provides envelope-stuffing services for mass mailing.

UNIR S.A. ("Unir") is a company engaged in wholesale mail reception, classification, transportation, distribution and delivery services. As from August 25, 2008, AGEA holds a 93.41 % direct controlling interest in Unir. In 2011, Unir totaled sales of Ps. 60 million, a 39% increase compared to the previous year.

During the year and as stated in Note 9.1.f to the Financial Statements, the Company acquired an equity interest in Cúspide Libros S.A. through AGR. Through this acquisition, it launched Librocity.com, the on-line book store of Grupo Clarín, in partnership with the retail bookstore chain Cúspide. The book store features a broad and assorted catalogue and an advanced search engine. The site offers several payment methods and payment against delivery.

CIMECO

Compañía Inversora en Medios de Comunicación S.A. ("CIMECO") was organized in 1997 with the aim of acquiring equity interests in Argentine and foreign newspapers, seeking to preserve the regional journalism industry, blending experience, synergy and economies of scale. To date, CIMECO holds a majority interest in two of the three largest regional newspapers in Argentina: *La Voz del Interior* (Córdoba) and *Los Andes* (Mendoza).

Diario Los Andes was able to maintain its leadership in the province with special publications, events and special supplements. It continued to develop its loyalty program *Los Andes Pass*, retaining a 62% of the province's newspaper circulation and gaining a 42% share in the total advertising market of the province.

La Voz del Interior, a 106-year old newspaper, has a strong presence in the province of Cordoba. Its circulation levels remained steady during 2011, with a remarkable increase in the sale of optional products and very good revenues performance in the Internet and other digital businesses. Also during the year, CIMECO launched "La Voz 365", a subscription and loyalty plan that offers a reward card for subscribers. In editorial terms, CIMECO continued to move forward with the convergence process started in 2008. The progress made translated into a significant increase in the number of unique users in *La Voz* network, which by the end of 2011 exceeded the 3 million mark per month, whereas the site *VOS.com.ar* hit the 1 million users mark in January 2012. The opening to social networks and, in general terms, to a dialogue with the audiences were other important highlights.

During 2011, Comercializadora De Medios Del Interior SA (CMI), a subsidiary engaged in the sale of advertising, consolidated its digital business units and increased to 24 the number of commercialized web sites and strengthened its share in the total advertising pie.

After more than eight years in the market, the magazine *Rumbos* has remained the Sunday's magazine with strongest presence in the provinces and is distributed together with the main newspapers, including, *La Voz del Interior*, *Diario Los Andes*, *El Diario de Paraná*, *Época de Corrientes* and *El Liberal de Santiago del Estero*.

Papel Prensa

Papel Prensa is the first producer of newsprint that is wholly owned by Argentine capital. It began its operations in 1978 and is currently the largest Argentine producer of newsprint, with an annual production capacity of approximately 170,000 tons. As of December 31, 2011, the shareholders of Papel Prensa were AGEA (37%), CIMECO (12%), S.A. La Nación (22.5%), the Argentine federal government (27.5%), and other minor investors (1%).

Papel Prensa has implemented production policies based on the procurement of strategic inputs without contributing to the depletion of natural resources. To this end, the paper mill recovers raw materials from the recycling of returned newspapers, instead of using virgin fiber. In 2011, Papel Prensa sold 167,265 tons of newsprint.

Ferias y Exposiciones Argentinas

One of the main activities of Ferias y Exposiciones Argentinas is the organization of *Caminos y Sabores*, an exhibition intended to foster Argentina's gastronomy and handicrafts and promoting the region's most important tourist destinations. In 2011, *Caminos y Sabores* partnered with 80 small producers from different regions of the country who introduced their products in the city of Mar del Plata, thus becoming the first exhibition held out of the city Buenos Aires. This achievement coupled with the results from previous editions encouraged the company to double the site surface where the traditional exhibition is held in Buenos Aires to 18,000 square meters, with 400 expositors and 100,000 visitors. After the 5-day event held in September, *Caminos y Sabores* consolidated as Argentina's largest fair exhibiting typical food, crafts and tourism.

In 2010, the Company also held the seminar ADMITE in Venado Tuerto, province of Santa Fe, and offered courses given by renowned professors of the agricultural sector, with training in technology and machinery.

In 2007, AGEA entered into an agreement with S.A. La Nación for the organization of Expoagro, a new agro-industrial fair, improving the results that had been obtained until then by Feriagro, and achieving a record-high number of exhibitors. In 2011, the exhibition, held from March 2 through March 5 in Corredor Productivo Baradero – San Pedro, was a success and received more than 123,000 visitors.

BROADCASTING AND PROGRAMMING

Grupo Clarín is also the leading company in the audiovisual broadcasting and programming segment. Through Artear, it holds the license to broadcast Canal Trece, one of the two largest broadcast television channels in Argentina, and leads the segment in terms of advertising share and prime-time audience share. It also has a presence in broadcast television stations in Córdoba (Telecor), Bahía Blanca (Telba), Bariloche (Bariloche TV), and Río Negro (Radio Televisión Río Negro). Grupo Clarín also produces and sells some of the most popular cable television networks.

Its audiovisual broadcasting and programming array includes agreements and equity interests in the main television and film producers, such as Pol-ka Producciones, Ideas del Sur and Patagonik Film Group. Grupo Clarín also owns prominent radio stations, such as Mitre AM 790, La 100 (FM 99.9), both in Buenos Aires, and, more recently, Mitre AM 810 in the province of Córdoba.

Grupo Clarín also has a strong stake in sports commercialization and broadcasting rights, mainly soccer and motor racing, directly and through joint ventures.

Out of Grupo Clarín's total sales in 2011, the broadcasting and programming segment accounted for Ps. 1,464 million, taking into consideration intersegment sales.

Artear

Amidst a scenario marked by industry challenges and strong competition, Artear was able to achieve its goals in 2011. Its share of the traditional advertising market of broadcast television reached 33%.

In 2011, Canal Trece was the leading channel overall in broadcast TV. Since 2006 Canal Trece had been leading only the Prime Time, where most advertising revenues are concentrated. It achieved such leadership with 10.5 rating points from Monday through Sunday from 12:00 PM through 12:00 AM, against 9.5 rating points achieved by its closest competitor. Canal Trece had an overall average of 16% and a share of over 40% at Prime Time. Its professionalism, artistic quality, innovative proposals and technological developments continue to distinguish it as the most prominent audiovisual medium in the market.

As far as its programming is concerned, during 2011 Canal Trece combined fiction, information and entertainment in a diversified offering which places it not only as the general audience leader, but also as leader at high and middle socioeconomic levels, allowing it to reach highly demanded targets and, therefore, to lead the advertising market.

"Herederos de una Venganza", "Show Match", "Los Unicos" and "El Puntero" led audience ratings. As regards news programs, "Arriba Argentinos" continued to consolidate its morning audience rating. Canal Trece's news programs -"El Noticiero de Santo", "Telenoche" and "En Síntesis"- further validated their already existing recognition and credibility with audience ratings that led their respective time slots.

With respect to cable television channels, TN achieved the highest audience share throughout the year across all time slots. On several occasions, it outperformed broadcast stations. Several talk shows stood out, such as "El Juego Limpio", "Palabras más, Palabras menos", "Código Político", "Desde el Llano", "Argentina para Armar", "Otro tema" and "A Dos Voces".

Artear further strengthened its TV slots, seeking to offer diverse options in terms of information and entertainment. The Spanish language music channel "Quiero Música en mi Idioma" was quick to lead audience ratings in the music genre. "Volver" continued to offer the best of classic and vintage Argentine films and television shows and reaffirmed its role as a 100% national channel that preserves our history with the highest technology. Magazine and Metro, general interest cable channels, continued to develop their programming criteria through thematic modules and standardized broadcasting. Canal Trece Satelital, Canal Trece de Buenos Aires channel, continued to focus on local productions and on including a significant number of in-house national productions in its programming.

During 2011, the most prominent show business and general interest events were broadcast, such as, U2, Alejandro Sanz, Shakira, Joaquín Sabina, Justin Bieber and Rod Stewart concerts, among others; as well as the 20th edition of the traditional campaign "*Un Sol para los chicos*", aimed at raising funds for UNICEF, held at Luna Park.

Committed to being always at the frontline and with a view to permanently improve quality image, on May 16, 2011, *Canal Trece* started to broadcast in High Definition through "El Trece HD" (Signal 619 in Cablevisión's grid), and has since become the first broadcast signal in producing all of its content in High Definition. This success is the result of intensive investment in equipment and professional training. *El Trece* had been the first signal in piloting a high-definition system since September 25, 1998 and used it uninterruptedly since 2000 through 2009.

Artear continued to produce fictional content for TV series and motion pictures through Pol-Ka, Ideas del Sur and Patagonik Film Group. "Herederos de una Venganza", "Los únicos" and "El puntero" are the highlights in fiction production that led audience rating. Pol-ka became the first national producer in producing all of its programming in high definition (HD).

In addition, the Company focused significant efforts aimed at developing activities related to the commercialization, organization and broadcast of sports events through TyC Sports, mainly football and motor racing.

Radio Mitre

In 2011, AM Mitre 790 reaffirmed its track record and consolidated its second place in the ranking of audience share during the entire year, reaching an audience share of 18 points.

The radio talk show “Primera Mañana”, hosted by Nelson Castro with a group of prestigious columnists, stood out among Radio Mitre’s programming. “Hola Chiche”, hosted by Chiche Gelblung, continued to renew the morning slot with a lineup that combines journalism, general news coverage and enjoyable and smart humor.

In the afternoon slot, Radio Mitre continued with programs that have strong journalistic content, such as “El Club de la tarde” hosted by Ernesto Tenenbaum, “La Otra Pata”, hosted by Marcelo Zlotogwiazda, and “Lo que queda del día”, hosted by Horacio Caride.

La 100 consolidates its leadership in the FM radio segment, with an entertaining, smart and innovative proposal based on programs led by famous artists and good music. By year-end, La 100 led the audience share with growth in almost all of its programs. In 2011, the shows “El Show de la Noticia”, hosted by Roberto Pettinato in his eighth season, and “Lalo por hecho”, hosted by Lalo Mir, stood out once again. To further consolidate its bond with listeners, the radio station continued to organize acoustic concerts and on-location broadcasts from its mobile studio, featuring highly-acclaimed national and international artists.

Finally, of remarkable note is the growth experienced by Cienradios.com.ar, a site that was conceived as an extension of our brands to the web that now stand on their own. It entails the development of an infinite concept of the dial and is unique in Latin America. The user may choose among a wide offering of broadcast radio stations and other stations, specially designed for the Internet with segmentations of singers, bands, music from different decades, the music presented by the FM radio station hosts, folklore, tango, romantic music and other rhythms.

During 2011, the presence of Mitre AM 810 was also consolidated in the province of Córdoba as the second radio with the highest audience share. With a permanent staff in the city and its own news service, Mitre AM 810 developed comprehensive coverage of news comprising Córdoba, Argentina and the world.

DIGITAL CONTENT AND OTHER

Revenues in this segment are derived from the sale of advertising on Internet web sites and portals and the provision of administrative and corporate services by Grupo Clarín and its subsidiary GC Gestión Compartida S.A. (“GCGC”) to third parties and other subsidiaries. They also include digital content production through Contenidos de Medios Digitales (“CMD”).

Out of Grupo Clarín’s total sales in 2011, this segment accounted for Ps. 283 million, taking into consideration intersegment sales.

Digital Content

Grupo Clarín is the leading producer of digital content. Through CMD and Clarín Global, the Company developed the broadest network of portals and digital content in Argentina, covering news, entertainment, sports, classified advertisements, e-commerce, digital photography, video, blogs, chat rooms, music, mobile content (ringtones, SMS and games) and a browser. This network seeks to replicate on the Internet the presence and relevance of Grupo Clarín’s several offline media.

Given the fact that, in line with the corporate strategy, the exploitation of Clarín and Ole websites that were previously operated by Grupo Clarín was transferred to another company, goals have been redefined in order to strengthen the positioning of other sites, such as, Todo Noticias, Cienradios, Ciudad and EltreceTV in terms of traffic and revenues.

TN.com.ar, the website of Todo Noticias developed by CMD, registered amazing audience share growth at year-end. The site consolidated as the most visited website related to a TV signal and was also the news site that experienced strongest growth. One of the turning points was the overall redesign of the site in May 2011.

During the year, Interpatagonia SA, a company where CMD holds an 80% equity interest, managed to consolidate its website Welcomeargentina.com, winner of the Mate.ar golden award to the best website in 2011.

At the same time, Club Cupón, the on-line discount site completed its first year of operation. The Company also operated other e-business sites, such as, Confronte and Mas Oportunidades, and contextual advertising sites under the iAvisos brand.

Also in 2011, through Clawi SA, a company where CMD holds a 51% equity interest, Grupo Clarín managed to enter the Spanish market with the on-line game Mundo Gaturro, and moved forward with its international expansion process. Mundo Gaturro already has 3 million registered users.

Concerning launches, CMD entered the direct sale market through its brand Mr. Sale and experienced sustained growth throughout the year, both in terms of variety of items for sale and sales volume. Through its brand Yuisy, CMD launched Rolling Ranch, the first videogame fully developed by CMD that features 80 levels and HD imaging, and is supported by Iphone, Ipad and Ipod. CMD also launched the videogame Halloween Hunter, available for all Apple mobile devices.

Other Services

Through GCGC, Grupo Clarín renders specialized-process outsourcing services to medium and large companies. The services rendered, which include payroll management and processing and implementation of related processes, as well as human resources management, are oriented to optimize quality and provide innovative management tools.

During 2011, total sales increased by 20% compared to the previous year. The company continues to bolster the services offered, increasingly focusing on a customer-driven approach, as well as on strengthening improvement processes.

GRUPO CLARÍN AND ITS CORPORATE SOCIAL RESPONSIBILITY

OUR COMMITMENT

Since its foundation, Grupo Clarín has been aware of its social responsibility as a company and as a member of the media, and has strived to assume such responsibility abiding by the laws, honoring its active and sustained social and community involvement and, especially, fulfilling its duty to inform with honesty and accuracy.

Commitment to society is an inherent and essential part of Grupo Clarín's vision and mission statement. The Company attaches special importance to the relationship with its different audiences, which acknowledge and validate its activities each day and, over time, have established multiple communication and interaction channels with Clarín's stakeholders.

From the standpoint of its audiences, readers and society in general, Grupo Clarín's media and journalists work day after day towards respecting and consolidating the people's right to information; combining high credibility with a comprehensive journalistic and entertainment offering based on a deep knowledge of the audience.

TRANSPARENCY, STANDARDS AND GUIDELINES

Through its commitment to the *Global Compact* proposed by the United Nations, Grupo Clarín seeks to intensify and, to a greater extent, systematically embody the values and principles that guide the Company's daily work, particularly those concerning labor, sustainable development, and human rights.

Grupo Clarín also participates in several groups and organizations, which gather other Argentine, Latin-American and global media players and stakeholders to share experiences, identify best practices, and foster cooperation on the specific issues that media companies address as part of their social responsibility strategies. During 2011, the Noble Foundation renewed its presence in

the “*Grupo de Fundaciones y Empresas*”, a space to share knowledge and set standards in the field of strategic social investment.

During the period of 2009-2012, Grupo Clarín committed its participation and contributed to the multi-stakeholder development of the Media Sector Supplement for the Global Reporting Initiative. The GRI guidelines act as a reference for an extensive process, currently underway at the Company, to further consolidate, identify and report relevant information regarding the environmental and social impacts, while establishing new goals to strengthen its related initiatives and strategy.

Grupo Clarín’s observance to the principles included in all those guidelines is also outlined in the Company’s Code of Ethics and “*Guía para la Acción*”, a document which proposes models for management, organization and roles, while outlining Grupo Clarín’s policies and procedures concerning labor, the environment and human rights.

Freedom of expression and transparency are values which are indispensable to the Company and its professionals. Both principles are particularly relevant in areas linked to news services. At Grupo Clarín, each company commits to the quality, rigor and transparency of its information and content. News coverage and programs aim to be plural and fair, reflecting the journalists’ efforts to inform on facts and events in a balanced manner, while allowing opinion regarding the parties involved.

Style guides, ethics manuals, news coverage guidelines -including some for kidnapping and hostage situations- and several other self-regulations and commitments guide the different activities of news and entertainment oriented companies. This does not mean that every issue, especially regarding content and editorial view, is addressed as expected. For that reason Grupo Clarín’s media companies are continuously designing new means to engage with its readers and audiences.

As the previous years, 2011 proved to be a specially challenging year for freedom of expression in Argentina. The Company supported numerous initiatives to create awareness on the subject and demonstrated its sustained commitment to defending and promoting it.

Presently, most media in Argentina are either state-owned or a significant portion of their income directly depends on the increasing government advertising expenditure. Those are adverse conditions that can often pose a threat for journalistic independence, freedom of expression, access to information and plurality of voices, all vital conditions for a sustainable and democratic society. Therefore, the Company pays special attention to guaranteeing its economic independence by pursuing a sustainable business model with diversified sources of income.

During this period, as historically, Grupo Clarín’s revenues from government advertising have only represented around 1% of the Company’s total income.

In furtherance of transparency, the following table, included in the Company’s 4Q & 2011 Earnings Release, shows the sales breakdown by source of revenue as a total figure and by business segment.

Sales breakdown by source of revenue – December 2011

(In millions of Ps.)

	Cable TV & Internet Access	Printing & Publishing	Broadcasting & Programming	Digital Content & Others	Eliminations	Total	%
Advertising	77.6	1,184.3	978.8	21.6	(129.5)	2,132.8	21.9%
Circulation	-	650.5	-	-	-	650.5	6.7%
Printing	-	249.7	-	-	(35.9)	213.8	2.2%
Video	4,478.9	-	-	-	-	4,478.9	45.9%
Subscriptions Internet	1,364.4	-	-	-	(3.2)	1,361.2	14.0%
Subscriptions Programming	-	-	355.0	-	(128.0)	227.0	2.3%
Other Sales	416.0	74.2	129.9	261.4	(193.1)	688.5	7.1%
Total Sales	6,336.9	2,158.7	1,463.7	283.0	(489.8)	9,752.5	100.0%

PEOPLE'S VOICES

The proliferation of new media, Internet based networks and the web 2.0 phenomenon, started a revolution in journalism and in terms of how people consume news and other types of content. This requires a serious assessment on how to face the challenges of the digital era, adapting the Company's business models to satisfy Grupo Clarín's audiences, and at the same time sustaining the Company's leadership position.

Grupo Clarín's media companies have a long history of audiences' and readers' engagement. The ability to anticipate trends together with a profound knowledge of media consumers and the ability to interpret their needs and meet their demands, explain the Company's sustained leadership and favored place amongst consumers' preferences.

The pace of change calls for new and creative means of interaction. Clarín's newspaper segments such as "*El juicio final*", "*Cartas al país*" and daily readers' surveys, all traditional means of engaging readers, are complemented by more recent initiatives to accompany peoples' needs to participate in the news process. Over the last few years, the Company has launched a growing number of new blogs, and generated greater interaction not only with journalists, but also between our users. Interactivity opens space for informative content deriving from readers, listeners and web users. '*TN y la gente*' is a web-based tool developed by the Company's news channel, where audiences send photos or video footage captured from personal and mobile cameras, as another way of introducing citizen journalism and increasing end-user participation in our media.

The Company also pays special attention to giving voice to small or underserved communities and providing for the development of local content. Cablevisión and Artear are working together to gradually renew local TV channels and newscasts in several cities in Argentina. The program takes into consideration access to local information and culture, while providing them with state-of-the-art technology and training.

SOCIAL AND SUSTAINABILITY COVERAGE

To better assess the influence the media can have on different audiences, Grupo Clarín establishes goals to ensure the quality and pluralism of its content. Grupo Clarín's newspapers and television newscasts have a long and highly praised record in investigative reporting, and provide comprehensive news coverage and insightful pieces on relevant social and environmental issues. Reflecting the diversity of society through its news coverage and entertainment content lies in the core of its unique capacity to engage with audiences and readers.

Special supplements, expert and academic voices and editorials, onsite coverage and skilled journalists and infographics complete an extensive offering on topics that vary from health, consumption and development to science, education and conservation. Weekly TV Programs such as '*TN Ecología*' and '*TN Ciencia*', in *Todo Noticias*, Grupo Clarín's 24 hour news channel and the leading cable channel in Argentina, have become leaders in their fields.

During 2011, the Company's media paid special attention to issues related to climate change and the environment.

Radio Mitre, its main broadcasting radio station, combined 24 hour coverage of these issues through an environment specialized journalist and a campaign to promote people's involvement.

The newspaper La Razón launched the monthly supplement *Gestión Sustentable* (Sustainable Management) to promote awareness about the most prominent issues of the sustainable development global agenda and to report on social and environmental responsibility actions carried out by companies and organizations of the civil society.

Among the most significant initiatives, the Company started to work in association with Vida Silvestre, Farn, Greenpeace and other 7 environmental organizations from Argentina or with active presence in the country to develop a collectible named *Salvemos Nuestra Tierra* (Let's save our planet) published together with Diario Clarín in March 2012. The product seeks to raise

awareness on major environmental issues and their potential solutions, while offering a guide to learn how to help the planet and activities to work at school or at home.

The Company also continued to draw attention to weblogs that create social awareness within Clarín.com. Some examples are “¿Estás?” in association with Red Solidaria, “Espacio Positivo”, with Fundación Huésped and “El Otro, el Mismo”, with Universidad Católica Argentina and social organizations engaged in fostering the inclusion of people with disabilities. Moreover, the “Calendario del Compromiso con la Comunidad” (Calendar of Commitment to the Community) was published in *Revista Viva* for the sixth consecutive year.

Education is deeply rooted in the Noble Foundation’s mission and history of community involvement since its origin, and is also one of the key social issues frequently addressed by Grupo Clarín’s editorial coverage. During the last few years, third party, academic and the company’s own monitoring processes have all registered a gradual, yet sustained increase in social topics coverage.

During 2011, NGO Periodismo Social and Austral University produced an independent report on television news coverage regarding childhood in Argentina. Telenoche, the Company’s main newscast and leader in terms of audience, was identified as the one that allocated more space to news and information regarding children and youth, reaching 32,4% of their total coverage. Also, the report concluded that more than 54% of the sources referred were children and their families.

This relates to an initiative that the Company launched in 2009 by which is breaking new ground in Argentina: an ambitious training program oriented to audiovisual journalists, that seeks to achieve excellence and raise awareness of the particular features of the main social topics in order to promote responsible coverage in the news. In its initial stages, the project involved training for journalists who work on newscasts related to Cablevisión and Artear, mainly in the interior of the country and reaching most coverage areas.

Recognizing the importance of reflecting diversity, promoting social justice, protecting youth, encouraging minority recognition and preventing racial and gender discrimination, the company is already moving ahead in its goal for the next period to continue to offer training for its journalists. During the first semester of 2012, several workshops are being held directed at journalists, editors, anchors, cameramen and other television professionals from the Company’s main air and cable TV channels to improve coverage and create awareness on these issues.

PROMOTING INVOLVEMENT

Still, there is much to be done. In this regard, Grupo Clarín aims to continuously enhance its role in promoting public debate, encouraging individual involvement by better and further portraying the challenges of society under social, economic and environmental aspects with a plural view.

Grupo Clarín’s different media companies also endorse several initiatives promoting people’s involvement in democracy and responsible citizen control of their representatives’ acts and decisions.

Through Artear, the Company set out once more to promote values such as solidarity and community involvement. Thus, it created “Abanderados de la Argentina Solidaria”, an award that recognizes the otherwise silent labor of social entrepreneurs and community leaders, by divulging valuable and replicable initiatives that advance social transformation. The initiative is supported by Ashoka and a remarkable panel comprised by outstanding people from the social, academic and cultural sectors. In its second edition in 2011, the award was granted to Leila Abdala, president of Minka foundation, an organization dedicated to the inclusion of people with disabilities in the province of Tucumán. Also, during the year, special news reports and tributes were aired regarding late Sigfrido Moroder, a catholic priest that transformed the lives of the aboriginal community of Quebrada del Toro, in the province of Salta, and that had won the first award.

In 2011, Clarín supported the first edition of Expo Solidaria, an event that under the motto “helping the helpers” convened more than 170 NGOs from different regions of the country, and showed the

public the daily efforts made by thousands of persons committed to helping children and teenagers.

In May, *Genios* magazine launched “Te Abrigo”, its first institutional campaign aimed at restoring the value of collective construction. The magazine invited families and homes from the country to knit square woolen pieces that were then assembled by Red Solidaria volunteers and distributed among the homeless. The families donated more than 60,000 woolen squares that were used to make 1,400 blankets.

During 2011, Clarín renewed its partnership with Missing Children and Red Solidaria to publish photographs of missing children in *La Razón* newspaper and raise awareness about the role of the community in dealing with this problem. The Company also helped to broadcast the events held to remember and create awareness in relation to the anniversary of the terrorist bombing of the AMIA.

Grupo Clarín also provided renewed support to the traditional campaign “*Un sol para los chicos*”, together with Artear and UNICEF. The campaign reached in 2011 its 20th edition, and promotes private social investment –still lower in Argentina and Latin America compared to the US and Europe- and is one of the key sources of income for UNICEF in the country.

COMMUNITY ENGAGEMENT AND SOCIAL ADVERTISING

Grupo Clarín’s impact and relation with communities and individuals exceed those of its editorial coverage. Support for vulnerable communities, mentoring education projects, campaigning for disaster affected regions and different types of donations and expertise are only some examples of the many initiatives organized and fostered jointly or separately by Grupo Clarín’s different media companies.

In terms of social advertising, during 2011, through the Noble Foundation and several of its media companies, Grupo Clarín contributed with advertising time and space to promote social, civic and environment related causes, through its own programs or within strategic alliances with renowned NGOs. During 2011, the amount of air time in broadcast television and radio donated reached 278 thousand seconds, which represents a figure of more than Ps.15 million.

The impact made by these and other specific contributions to projects and campaigns by other subsidiaries can be added to the 2.2 million pesos budget of the Noble Foundation for the 10/11 period, and the 3,2 million pesos represented by the donations of connectivity services. Nevertheless, the total figure cannot be yet estimated at a group level since information collection systems are being set in place to be able to provide detail.

As well as contributing with its own funding, knowhow and expertise, Grupo Clarín aims to leverage support from others by seeking matching funding and regular donations from individuals and partner organizations for supported initiatives.

In response to civil society organizations growing communication needs and demands, Grupo Clarín launched a multiple approach program that combines spreading and raising active awareness of public and social interest topics through advertising, design and communication services for NGOs and the development of web based blogs and sites.

During 2011, the Company strived to further contribute to the improvement of social advertising and communication skills in civil society organizations. One of the ways to engage this issue involved increasing the scale and impact of “*Segundos para Todos*”, an advertising contest for NGOs organized by Cablevisión, which combined broadcasting spots with coaching sessions in Buenos Aires, Córdoba, Santa Fe, Salta and Neuquén. During 2011, the company continued to invest in the TV program “*Segundos para todos TV*”, that reflected their outreach to the community and focused on public interest topics.

An additional issue in which Grupo Clarín has a sustained and strategic commitment is in reducing the digital divide and promoting digital inclusion. This is addressed by raising awareness through news coverage and TV programs in different media outlets. Also during 2011, Cablevisión

extended its free cable TV and Internet access connections program to a growing number of schools, hospitals and other institutions, reaching almost 19 thousand connections by the end of the year. This represents an annual contribution of approximately Ps.3.2 million, and is completed with specific programs such as a “social fee” for low income neighborhoods.

FOSTERING EDUCATION AND CULTURE

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

Also, the company created Voz Activa, a publishing house that recently launched the first Dictionary ever published that is entirely focused in the Spanish language spoken in Argentina. This historic contribution to culture and education was widely acknowledged by academics and society in general.

For the eleventh consecutive year, the Company successfully organized the campaign entitled “*Digamos Presente*”, an initiative focused on education involvement and rural education, together with APAER, Red Solidaria, Cimientos Foundation and in alliance with Telecom.

Among the main alliances are specific initiatives such as the public-private project entitled “*Escuelas del Bicentenario*” (Bicentennial Schools). This project seeks to assist public elementary schools to which children in vulnerable social circumstances attend throughout the country, and to contribute to public policy, by developing scalable, sustainable and replicable school improvement mechanisms. Another alliance is the program “Potenciar Comunidades Rurales” (Empowering Rural Communities) carried out to support several local development projects in certain provincial communities.

One of the most important initiatives generated from a collective effort is the “*Premio Clarín-Zurich a la Educación*” (Education Awards). The third edition recognized the best projects aimed at improving the quality of natural sciences teaching. For the next period it will select the best project in the field of mathematics.

During this period, through the Noble Foundation, the Company continued to offer donations of bibliographical material, and renewed its long time support of several schools which carry the name of the Clarín’s founder, Roberto Noble (‘Escuelas Roberto Noble’).

Noble Foundations’ educational donations

	2011	2010	2009	YoY
Books	53,406	63,542	40,589	-15.95%
Magazines	6,625	4,160	7,066	59.25%
Booklets	260	550	837	-52.73%

Again this year, the Company sponsored the annual Maratón de Lectura (Reading Marathon) initiative, organized by Fundación Leer with the participation of 3,500,000 children. The event received the donation of books published by Clarín and the initiative was promoted through a wide range advertising campaign.

Likewise, the cultural commitment was renewed through several sponsorships, reaffirming Grupo Clarín and its subsidiaries’ presence in important events, such as the National Book Fair, Expo Trastiendas, Arte Clásica, Fundación PROA, Arte BA, Teatro Colón, Festival de Otoño, Usuahia’s Festival of classical music, the World Tango Festival, the Mozart Fest and Festivalito, among others. Grupo Clarín also supported the presentations of Iñaki Urlezaga and Trío Argentino, the theater performance of “Arturo Illia”, a play starred by Luis Brandoni, as well as the launch of Teatro Maipo’s season presenting “El último tour” by Eleonora Cassano and the play “The War of the Roses” and motion pictures such as “El gato desaparece”, “Viudas” and “Vaquero”.

The Company also supported the annual award “Premio Clarín de Novela” and “Premio Clarín de Cuentos” and the first edition of the literature program “Primavera Independiente” at Victoria Ocampo's residence in San Isidro.

Through its cable and broadcasting channels, the Company also makes significant efforts to promote the most important cultural, cinema and sports events, and makes an increasing contribution in the field of cultural diversity and local identity. Noteworthy are initiatives such as “Volver”, a cable channel that preserves the most complete Argentine programming archive, or the “Word Archive” at Radio Mitre, which offers an online record of some of the country's most valuable audio heritage.

MEDIA LITERACY AND PROTECTION OF YOUNG AUDIENCES

Media has an increasing role in society and especially in the lives of young people. Through several programs, the Company encourages them to develop tools to access media through critical analysis and to take advantage of opportunities presented by media to explore their identities, creatively express their thoughts and opinions, and amplify their voices.

Media Literacy is generally defined as the ability to access, analyze, critically respond and benefit from the different type of media. Grupo Clarín's main tool for fostering media literacy is “Los medios de comunicación y la educación” (‘Education and Media’), a leading and recognized program that has been in place for nearly 30 years. One of the main activities of the Noble Foundation in 2011 was that of renewing the program, which consists of workshops and booklets for teachers and students to promote a critical approach to the media and to utilize them as complementary resources in education.

“Education and the Media” Program

	2011	2010	2009	YoY
Teachers' workshops:	100	169	111	-40.83%
Students' workshops:	525	581	553	-9.64%

These programs are supplemented through other initiatives regarding the promotion of responsible content consumption. Through the Noble Foundation, Grupo Clarín renewed the presence and coordination of the media section at the “Museo de los Niños” (Children's Museum), and continued to promote visits to its printing facilities. During 2011, 13,452 people (mainly students) had the opportunity to see firsthand what goes on behind the news production and distribution process.

Within its Cable TV and Internet access segment, the Company contributes with the protection of young vulnerable audiences, providing tools for parents to keep children from accessing sensitive or age inappropriate programming. This includes several parental control options in Cable TV service and equipment, in addition to guidance tips, awareness campaigns and tools for web access restrictions.

On the other side of the screen, children artistic participation in television and films also requires a responsible approach. The Company complies with all regulations and self-imposed guidelines by setting limited time schedules and engaging with parents and tutors.

EXCELLENCE IN JOURNALISM

Reaffirming its commitment to journalistic excellence, the Noble Foundation also carried out activities to consolidate the training and excellence of current and future communicators.

Among them is the support provided to the Masters Degree in Journalism, an international graduate course with the highest academic level, organized by Grupo Clarín and the University of San Andrés, with the participation of the School of Journalism at Columbia University and the University of Bologna, and led by renowned national and international journalists and academics.

In this sense, the Company sponsored the achievements (both at the institutional level and through journalistic content) of the Graduate Course in Scientific, Medical and Environmental

Communication. This program is organized by the University Pompeu Fabra in Barcelona, together with the Leloir Institute and the cable station Todo Noticias (TN).

Another highlight in this area was the launch during 2011 of the Graduate Program in Digital Journalism organized by the University Pompeu Fabra and TN.com.ar.

OUR PEOPLE

Grupo Clarín's success and leadership is mostly the result of the efforts, talent, professionalism and creativity of its people.

It is no coincidence that Grupo Clarín's media companies are amongst the most preferred working places by communication professionals. The Company strives to offer better opportunities, incentives and tools to sustain and strengthen the firm commitment of the professionals that believe in Grupo Clarín's project.

Total Employees	2011	2010	2009	YoY
	17,200	16,277	15,522	5.67%
Distribution of company employees by category:	2011	2010	2009	YoY
Management	248	280	246	-11.43%
Middle management	2,403	2,132	2,075	12.71%
Junior management, administration and commercial	2,513	3,706	3,538	-32.19%*
Qualified technical personnel	6,988	6,782	6,174	3.04%
Journalists	1,357	N/A*	N/A*	N/A*
Others	3,691	3,377	3,489	N/A*

*Note: 2011 figures reflect a new employee category breakdown, identifying journalists as a specific part of the total workforce. Therefore, comparative analysis with previous years -that included a different breakdown- cannot be shown.

The Company possesses a special make-up in terms of age and gender diversity among its employees. When it comes to gender, the higher proportion of male employees is significantly explained by the large number of technical personnel, which in Argentina is predominantly male, working in the printing facilities and in the Cable TV and Internet access segment. The gender composition in other companies of the Group is balanced, especially regarding content related activities, such as journalism and audiovisual production, where the workforce is diverse.

Employees by sex	2011	2010	2009	YoY
Men	13,375	12,698	11,554	5.33%
Women	3,825	3,579	3,968	6.87%
Employees by groups of age	2011	2010	2009	YoY
<30	5,442	4,875	4,350	11.63%
31-50	9,920	9,464	9,558	4.93%
>51	2,038	1,938	1,614	5.16%

In 2011, employee turnover remained at 8%. This figure shows the number of employees that left the Company or its subsidiaries voluntarily or due to dismissal, retirement or death.

Turnover by Sex and Age (As a percentage of total employees)

	2011	2010	2009	YoY
Men	5.32%	5.42%	5.33%	-0.10%
Women	2.63%	2.64%	2.44%	-0.01%
<30	3.47%	3.68%	3.43%	-0.21%
31-50	3.64%	3.50%	3.18%	0.14%
>51	0.84%	0.88%	1.16%	-0.04%

In addition to strictly abiding by the laws, the Company sets higher than standard conditions for its employees. Of Grupo Clarín's total workforce, more than 76% of employees are covered by collective agreements. For those who are not, the Company's policy is to apply the conditions established by the best existing agreement.

Taking care of the work environment and conditions, health and job safety and offering training to improve employees' professional skills and techniques are some of the actions aimed at consolidating the sense of integration and achievement of organizational goals. One of the key ways of obtaining feedback on the Company's performance is via the global staff survey, carried out every two years.

In 2011, the Company created and launched the in-house Volunteer Program of Grupo Clarín and its subsidiaries. Named "Vos también" (You Too), the program included the design and implementation of several actions to engage volunteers with the community. The program was implemented in 9 business units, including the corporate area, with impact on 12 provinces. According to its main indicators, volunteers dedicated 5,373 hours of work (3,354 during working hours), with a global engagement rate of 13.35%, representing 1,466 volunteers. Work was done in association with social organizations; 35 entities that have partnered the several initiatives that helped 1,656 people.

Through these initiatives, volunteers had an opportunity to help in a variety of areas, including building emergency homes, organizing employability workshops, collecting toys and food and organizing blood donation efforts, among others. The program had a high satisfaction level among participants: 97% of them stated that they would participate again.

Grupo Clarín has paid special attention to the multiple internal communication tools, such as the magazine *Nuestro Medio*, the Corporate Intranet with participation spaces and forums, the digital newsletter *Nuestro Resumen*, and the digital newsletters of the Corporate Training Program and the Company Climate Management Program, as well as internal communication spaces and notice boards. Year after year, Grupo Clarín increases its efforts to implement and streamline the information channels on benefit programs, policies and relevant organizational changes, and news concerning the daily development of activities.

Benefits and career development

Although most benefits are common to the whole Company, each business unit integrates additional benefits that vary in nature according to tasks. Since the last quarter of 2007, the Company, together with its subsidiaries, began to implement a Long Term Savings Plan for directors and managers, which became effective in 2008.

During 2011, corporate and business units' human resources departments have continued to implement different programs to identify internal talent for career development. Also, Grupo Clarín's and Cablevision's Young Professionals Program was renewed, creating opportunities for professionals that are taking their first steps in their career paths.

In order to develop new skills and build up existing strengths, people need encouragement and support. In addition to increasing the number and variety of training options, during 2011, the Company continued efforts to extend and enhance the employee performance appraisal program in different categories.

Grupo Clarín's employees and professionals can update and expand their knowledge and skills through several training programs, ranging from seminars and courses to graduate degrees and MBAs. Human Resources departments are in the process of consolidating individual training records and training hour's information

One of the main initiatives in this respect is the 'Corporate Training Program' which includes a wide variety of courses. A relevant aspect among current training options is that the Company pays special attention to training on new tools and technology developments, in order to properly prepare its workforce for the challenges the media sector is facing.

In addition, throughout the business units, there have been seminars and programs on quitting smoking, diseases, and other relevant topics, as well as special action campaigns regarding health and medical check-ups, with special focus on the preemptive measures against seasonal deceases. Also, the Group carries out several different activities designed to prevent job related accidents.

Grupo Clarín continued to explore alternatives of interaction or joint approach to common interest issues at the various levels of its value chain. Grupo Clarín focused on the implementation of systems and procedures aimed at the application of best practices for purchases, hiring, and contracting with suppliers, within a framework of supervision and transparency.

ENVIRONMENT

It is widely recognized that the media industry has a lower impact than most other industrial processes. Within the framework of an environmental management policy aimed at improving eco-efficiency, the Company and its subsidiaries primarily consume energy, wood, newsprint, cable and water and generate waste.

During 2011, the Company continued to take steps towards the measurement, planning and improvement of manufacturing processes to optimize results and address possible impacts. Progress was made in achieving the period's goals by introducing sustainable methods to obtain and use resources; implementing policies for investment in equipment and raising awareness for the adequate use of technology.

The United Nations Global Compact, signed by Grupo Clarín in 2004, also sets principles regarding environmental protection. Businesses are asked to:

(Principle 7) support a precautionary approach to environmental challenges;
(Principle 8) undertake initiatives to promote greater environmental responsibility;
(Principle 9) and encourages the development and diffusion of environmentally friendly technologies.

The present report reflects the global impact of the different subsidiaries where the Group has controlling or minority stakes, while indicating some specific effects with regards to the nature of the different business activities.

Consumption. Wood, Newsprint and Energy

A company that publishes newspapers and magazines with an integrated structure achieves a comprehensive view of product's life cycles. Through its subsidiaries and related companies, Grupo Clarín participates in the production of newsprint, which is then used as a raw material by some of its subsidiaries. Printed products can subsequently be recovered and reused via recycling processes to generate more newsprint.

The principal raw materials for the production of newsprint are fresh fiber from round wood and recovered paper.

In 2011, Papel Prensa, the paper mill in which Grupo Clarín owns a minority stake, consumed 340.076 tons of fresh fiber and 13.725 tons of recovered paper. The figure for recovered paper was significantly increased in over 55% in relation to the amount reported in 2010. The type of fiber source (Poplar, and Willow) depends upon the availability of materials, as well as economic considerations such as the minimization of transport distances and costs, which is a relevant economic and environmental consideration.

Nevertheless, it is important to mention that fresh fiber comes entirely from sustainable plantations. This means that no native forests are involved or endangered. This is combined with continuing research on Salicaceae, related to their genetic improvement and also to ecologic and silvicultural aspects, done by means of agreements made with universities, research centers and

experts, with the objective of increasing productivity, reducing costs and assuring the sustainability of the ecosystem.

The forestry division undertakes its activities with a sustainability strategy that involves the protection of biodiversity. Protected forestry areas and the banning of hunting activities have led to a sustained increase in bird fauna. These conditions allows for the development of several R&D programs, also in collaboration with universities, which include the introduction, protection and reproduction of certain endangered deer species for their proper and secure development.

Most of the other Company activities are undertaken in urban areas with no relation to natural areas, and complying with urban planning standards in force.

At the printing plants, paper and ink constitute the main material consumed. Most of the newsprint supply comes from Papel Prensa. The Company also follows established guidelines to ensure the provision of other materials, such as inks and other specific inputs, at quality levels compatible with international standards. In terms of types of inks used, although different printed products require different resources, as an example, the main printing plant usage of vegetable oil based coldset ink reaches almost 60%. Vegetable oil based coldest is environmentally friendlier than other types of ink and allows reducing ink usage by approximately 10% or 15%. This can also be achieved by printing techniques; at the Company's printing sites the stochastic printing style introduced in 2008 continues to be applied as a way of optimizing ink usage.

	2011	2010	2009	YoY
Paper	112,290 Tn	111,656 Tn	112,400 Tn	0.57%
Ink	2,735 Tn	2,412 Tn	2,335 Tn	13.39%
Aluminum plates	236 Tn	272 Tn	233 Tn	-13.24%

Company qualified teams continuously strive to reduce consumption by identifying and adopting increasingly eco-efficient processes. During this period, the paper consumption increased partially due to higher circulation figures related to new products. The introduction of adjustments on the dimensions of newspapers made in previous years continues to shows its benefits in the use of paper and other materials.

The percentage of polybagging in the Company's newspapers and magazines continues to be of minor significance, although the use of polypropylene in some parts of the dispatching process is regularly assessed.

The primary resource used by Grupo Clarín and its subsidiaries is energy. Grupo Clarín's consumption comes from both direct and indirect sources; the indirect consumption comes from electricity taken from the grid.

Direct and Indirect energy consumption by primary source:

	2011	2010	2009	YoY
Electricity	431,326 MWh	419.563 MWh	442,670 MWh	2.80%
Natural Gas	25,825,636 m3	29.898426 m3	33,688,892 m3	-13.62%
Gasoline	29,399 GJ	24.676 GJ	20,550 GJ	19,14%
Fuel Oil	159,091 GJ	172.219 GJ	84,593 GJ	-7,62%
Gasoil	64,509 GJ	76.043 GJ	72,387 GJ	-15.17%
LP Gas	2,449 GJ	2563 GJ	2,887 GJ	-4.45%

Energy consumption is significant in the paper related and printing activities and, to a lesser extent, in the business units which operate with technology, such as cable television and Internet services, broadcasting, etc. In this area, some initiatives developed by Arter include the introduction of cold lighting in all new and renovated television studios, in order to obtain 5 times less than the regular consumption. During this period, the company continued to invest in equipment -manufactured within environmentally friendly parameters- in order to meet the needs of the generation and distribution of content in High Definition. Also, in addition to reaching the goal of replacing 100% of Arter's live unit vehicles for low consumption vehicles, thus

considerable reducing emissions, this business unit focused on a multiple stage scheme to replace other lighting materials.

Emissions and discharges

In terms of emissions, the main contributors to the Company's carbon footprint are print sites and the paper mill. Nevertheless, Grupo Clarín's indicators include other emissions such as those arising from transport and the daily use of its facilities. The Company is constantly exploring alternatives to improve processes and efficiency in these areas, and to continue to enhance the analysis and inventory of Co2 emissions generated by Grupo Clarín's activities.

	2011	2010	2009	YoY
CO2 direct emissions	70,090 Tn	79,954 Tn	79,866 Tn	-12.34%

Indirect emissions arising from electricity usage can only be calculated based on Argentina's energy matrix.

The primary strategies available to reduce greenhouse gas emissions are reducing the consumption or changing the energy sources. Increased use of renewable forms of fuel and bioenergy is a positive strategy. During 2009, Papel Prensa purchased a bark boiler allowing the Company to set a goal of making additional savings in GHG emissions, while better managing waste.

Each Grupo Clarín subsidiary and related company identifies and manages waste production and disposal. In 2011, this management included the recycling of 13,725 tons of recuperated paper and cardboard, 14.9 tons of ink and the reuse of nearly 235 thousand cable modem units.

Contrary to the production of white paper, the newsprint manufacturing process does not involve the use of chlorine for bleaching. This results in a significantly lower chemical impact.

As part of the treatment of industrial waste from the printing process, the Company collects and separates other waste materials (ink, oils, greases and solvents), which are shipped to certified third parties for recycling and reuse. Aluminum plates used in printing can be 100% reused.

Hazardous waste is carefully handled and handed over to authorized waste management companies. During 2011 the Company reduced the amount of this type of waste by nearly 21%

	2011	2010	2009	YoY
Urban or non-hazardous waste	54,291 Tn	53,219 Tn	54,115 Tn	2.01%
Hazardous waste	492.3 Tn	622 Tn	619 Tn	-20.85%

Special care is also maintained regarding the handling of liquid effluents resulting from development processes, subjecting them to rigorous treatments and measurements before disposal. The main water usage, recycling and discharges are related to the paper mill. Since the beginning of its operations in 1978, Papel Prensa's investments have allowed it to reduce its water usage in more than 40%. Strict procedures are set in place to permanently assess and manage the quality of discharges. Routine testing validates compliance with nationwide regulation in terms of toxicity of the discharges.

In addition, Grupo Clarín continued to increase the contribution to the *Garrahan Foundation* through an office paper recycling program. This was combined with programs for reducing the use of paper in Company offices while seeking to optimize printing techniques, and renewed efforts to raise employee awareness regarding sustainability issues.

BUSINESS PROJECTIONS AND PLANNING

In the forthcoming years and as part of Argentina's challenge to achieve growth, Grupo Clarín seeks to maintain and consolidate its presence in the local market, both in the production and in the distribution of content.

Grupo Clarín's business units, along with the development of its core activities, will continue to work in order to seize opportunities, seeking to reinforce, improve and expand the range of products and services offered; increase market share; reach new audiences and promote permanent innovations.

Grupo Clarín will continue to focus on further optimizing the productivity and efficiency levels in all of its areas and companies, seeking to develop and apply the best practices related to each of these processes.

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

Grupo Clarín will continue to strengthen its consolidated commitment to traditional media, with a growing focus on the area of digital media and connectivity. To such end, the Company will leverage its strong presence in distribution networks, brand strength and, fundamentally, its broad experience in the production of content, recognized by the Spanish-speaking market for its quality, credibility and prestige.

In the hostile environment created by the current government towards the media, Grupo Clarín ratifies its determination to bring the necessary legal and administrative actions to safeguard its rights and those of its shareholders, while reinforcing once again its commitment towards its readers, audiences and the country. In its daily work, Grupo Clarín undertakes to assume with strength and responsibility the role the media are called to play through independent journalism and through the defense and promotion of universal and fundamental rights, such as freedom of speech, since these are pillars that extol the quality of democracy and the welfare of the Argentine society as a whole.

RISKS FACTORS

As an Argentine multimedia company, Grupo Clarín is exposed to a wide range of risks, related to the country and also to its operations. Nevertheless, one of the Company's strengths lies in its strategic diversification to help spread possible risks.

The Company relies on strong internal control and risk management systems. The identification of risk and its assessment is part of each unit's business plans, and is also addressed by a corporate based control department and by the Board on a regular basis.

Argentina's economic environment

Substantially all of our operations are conducted in Argentina, and are therefore affected by changes in Argentina's economic environment. After six years of sustained economic growth, the Argentine economy slowed down in the second half of 2008 and throughout 2009, affected by the international crisis as well as internal political developments. Although the trend was later again reversed, Argentina's growth may not be sustainable in the future. Sustainable economic growth depends on a variety of factors, including international demand for Argentine commodities, stability and competitiveness of the Peso against foreign currencies, confidence of consumers and local and foreign investors and a low rate of inflation. A downturn in economic activity is likely to result in increased subscriber churn as well as decreased advertising revenues.

We seek to address the cycles affecting the Argentine economy by diversifying the scope of our business and managing our foreign currency liabilities.

Political and Economic Uncertainties

Our financial condition and results of operations depend to a significant extent on macroeconomic and political conditions prevailing in Argentina. The Argentine government's actions impacting the economy, including those in connection with inflation, interest rates, price control, exchange control and taxes, have affected and could continue to affect Argentine companies like ours.

Inflation, which stood at 9.5% for 2011 (INDEC information, although private estimates of inflation rates largely exceed those published by the INDEC) may continue to rise. A recent rise in public expenditure could further accelerate inflation, as could an adjustment of public service and utility rates. This may affect adversely the Argentine long-term credit markets as well as the Argentine economy generally. A contraction of the economy would also adversely affect our financial condition and results of operations.

The country's economy may be adversely and lengthily affected by economic developments in other markets. Furthermore, to date Argentina's ability to obtain financing from international markets remains limited.

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

Legislation and Regulation

In October 2009, the Argentine Congress passed a new Audiovisual Communication Services Law that is intended to replace the general legal framework under which the audiovisual media industry operated in Argentina for practically three decades. The new Audiovisual Communication Services Law has been challenged by us and other parties in interest on several grounds, including its encroachment upon constitutional rights, the broad and discretionary powers over media and content granted to the Executive Branch, for favoring state-owned and sponsored media and affecting the sustainability of privately-owned media, promoting the elimination of independent signals and enabling a pervasive and questionable censorship system anchored upon the discretionary power to grant licenses and the application of penalties, among other controversial aspects. Since its enactment in October, 2009, several court rulings have been issued enjoining the application of the statute in its entirety in certain cases, or of certain of its provisions, in other cases. Some of these rulings have been reversed by the Supreme Court of Argentina and a court of appeals, but injunctions that suspend specific sections of the law are still in effect.

If ultimately upheld by the judiciary, the application of the new legal and regulatory environment to our cable television, telecommunications and Internet and digital content operations may be disadvantageous to us, and will affect the manner in which we operate our business. Failure or delay in renewing our licenses or obtaining regulatory approvals may also influence the availability of our services to our customers.

In addition, since 2009 the Argentine government took measures intended to rescind the authorization granted unanimously by the National Antitrust Commission in 2007 to the purchase by the Company and Fintech of shares representing Cablevision's capital stock, and Cablevision's purchase of interests in certain of our subsidiaries. The Argentine government has also taken measures to revoke the license under which Cablevision's renders internet services, and to set the price of its pay-television service according to a pricing formula, among others. Such measures, which we have challenged judicially, if upheld would materially adversely affect our business. We have obtained preliminary injunctions that have enjoined the government action, and will continue to make every effort to defend ourselves by taking all actions necessary to safeguard our rights. However, we cannot assure that such efforts ultimately will prove successful.

In Argentina, the legal system, including the Constitution, shields journalistic activities from regulation with the purpose of protecting the independence of the free press. As a media company, we are vigilant as to the menaces that might arise in this respect and widely cooperate with journalistic associations and other NGOs that advocate for the protection of fundamental constitutional rights such as freedom of speech and freedom of the press.

Sector Development and Competition

The media industry is dynamic and undergoing significant developments, at a pace that may differ from our current expectations affecting our growth. Increased competition through new technological developments may adversely affect our business if we are not able to adapt readily our operations. Also some of our activities cater to maturing markets.

While our analysis may not always be accurate, the Company devotes significant resources to analyzing emerging trends and has vast experience and a solid track record in reading consumer demands and successfully developing new products and services, adapting its business model in time.

Programming and Personnel

We may not be able to renew our rights to certain programming and our results of operations may be adversely affected by the loss of key personnel. In addition, under the new Audiovisual Communication Services Law we may be forced to divest or cease to broadcast certain signals.

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

Liquidity and Funding

We have financial debt outstanding, a significant portion of which is denominated in foreign currency. Financial markets remain practically closed for Argentine companies, and we must rely primarily on our cash flow generation to service our debt.

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

CORPORATE GOVERNANCE, ORGANIZATION AND INTERNAL CONTROL SYSTEM

Grupo Clarín's Board of Directors is responsible for the Company's management and approves its policies and overall strategies. According to the Company's By-laws, the Board has ten permanent members and ten alternate members, appointed on an annual basis at the Regular Shareholders' Meeting. The By-laws also provide for the appointment of four independent directors, two permanent members and two alternate members, appointed in accordance with the requirements of National Securities Commission ("CNV").

Day-to-day decisions relating to Grupo Clarín's businesses are taken by an Executive Committee formed by three members, appointed and supervised by the Board of Directors.

Members of the Board of Directors

At year-end, the Board of Directors of Grupo Clarín S.A. was comprised as follows:

Héctor Horacio Magnetto	Chairman
José Antonio Aranda	Vice Chairman
Lucio Rafael Pagliaro	Director
Alejandro Alberto Urricelqui	Director
Jorge Carlos Rendo	Director
Pablo César Casey	Director
Muneer Satter	Director
David Castelblanco	Director
Lorenzo Calcagno	Independent Director
Alberto César José Menzani	Independent Director

Subsequent to year-end, the Company was notified of and accepted the resignation to the position of Permanent Director designated by Class C shareholders of Mr. Muneer Satter and Mr. David

Castelblanco, as well as the resignation of Mr. Luis María Blaquier. The Board of Directors decided to call for an Extraordinary Class C Shareholder's Meeting to be held on March 26, 2012, in order to appoint a Permanent Director and two Alternate Directors and a Permanent and an Alternate Member of the Supervisory Committee. The meeting was not held due to lack of a quorum, therefore the Directors and Members for the mentioned positions were elected by the Annual General Meeting on April 26, 2012.

Executive Committee

Héctor Horacio Magnetto; José Antonio Aranda; Lucio Rafael Pagliaro.

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

Audit Committee

At year-end, the Audit Committee was comprised as follows:

Lorenzo Calcagno	Independent Director
Alberto César José Menzani	Independent Director
Alejandro Alberto Urricelqui	Director

Supervisory Committee

At year-end, the Supervisory Committee was comprised as follows:

Raúl Antonio Morán	Independent Permanent Member
Carlos A. P. Di Candia	Independent Permanent Member
Alberto López Carnabucci	Independent Permanent Member
Hugo Ernesto López	Independent Alternate Member
Martín Guillermo Ríos	Alternate Member
Pablo Tonina	Independent Alternate Member

Subsequent to year-end, the Company was notified of and accepted the resignation to the position of Permanent and Alternate Member of the Supervisory Committee designated by Class C shareholders of Mr. Alberto López Carnabucci and Mr. Pablo Tonina. As mentioned above, the Board of Directors decided to call for an Extraordinary Class C Shareholder's Meeting in order to appoint a Permanent Director and two Alternate Directors and a Permanent and an Alternate Member of the Supervisory Committee. The meeting was not held due to lack of a quorum, therefore the Directors and Members for the mentioned positions were elected by the Annual General Meeting on April 26, 2012.

To assist the Executive Committee in their daily duties, Grupo Clarín organizes its activities under an executive structure comprising: External Relations Division; Corporate Finance Division; Corporate Control Division; Corporate Strategy Division; Audiovisual Content Division; Corporate Human Resources Division; Corporate Affairs Division; Digital Content Division.

The overall criteria used to appoint managers are based on the background and experience in the position and the industry, companies they have worked for, age, professional and moral aptitude, etc. The professional experience and background of the main managers are disclosed to the general public upon their appointment.

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

Compensation of the members of the Board of Directors and senior management

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

Grupo Clarín has compensation arrangements with all of its officers in executive and managerial positions, which contemplate a fixed and variable remuneration scheme. Fixed compensation is tied to the level of responsibility attached to each position and prevailing market salaries. The variable component is tied to performance during the fiscal year based on the objectives set at the beginning of the year. Grupo Clarín does not have any stock option plans in place for its personnel.

As mentioned in Note 13 to the parent company only Financial Statements, on January 1, 2008 Grupo Clarín began to implement a Long-term Savings Plan ("PALP") for certain executives of Grupo Clarín and its subsidiaries. Executives who adhere to such plan will contribute regularly a portion of their salary to a fund that will allow them to increase their income at the retirement age. Furthermore, each company matches the sum contributed by such executives. This matching contribution will be added to the fund raised by the employees. Under certain conditions, employees may access such fund upon retirement or upon termination of their jobs with Grupo Clarín.

Stock Information and Shareholder Structure

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

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

GCLA (BCBA)
Price per share, December 30, 2011
Ps. 8.90

GCLA (LSE)
Price per GDS, December 30, 2011
US\$ 5.00

Total Shares 287.418.584
Total GDS 143.709.292

Shareholder Structure
70.99% Controlling Shareholders
19.90% Free float
9.11% Goldman Sachs

Annual Shareholders' Meeting

On April 28, 2011, Grupo Clarín held the fourth Annual Regular Shareholders' Meeting since the Initial Public Offering of its shares. On this occasion, the shareholders reviewed and approved the accounting records for fiscal year No. 12 ended on December 31, 2010 and the performance and compensation of the members of the Board of Directors, the Supervisory Committee and the Audit Committee. Among other things, they reelected the permanent members and alternate members of the Board of Directors and said committees for the year 2011. The Company distributed dividends for an aggregate amount of Ps. 120 million, representing 41.751% of its nominal capital and Ps. 0.41751 per share.

Dividend Policy

Grupo Clarín does not have a formal dividend policy governing the amount and payment of dividends or other distributions. According to its By-laws and the Argentine Business Associations

Law, Grupo Clarín may lawfully pay and make declarations of dividends only out of the retained earnings stated in the Company's annual Financial Statements prepared in accordance with Argentine GAAP and CNV regulations and approved at the annual ordinary shareholders' meeting. In such case, dividends must be paid on a pro rata basis to all holders of shares of common stock as of the relevant record date.

Code of Corporate Governance

In addition to the aforementioned and in conformity with the CNV's decisions concerning the filing of the Code of Corporate Governance report (Resolution No. 516/07), Grupo Clarín prepared the report for the year under analysis, which is attached as an exhibit to this annual report.

Supplementary Financial Information

The information included in the Supplementary Financial Information is an integral part of this Annual Report and, therefore, should be read in conjunction with same.

SETTING UP OF RESERVES

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

FINANCIAL POSITION AND RESULTS OF ITS OPERATIONS

During this year, the main changes in the Company's financial position and results of its operations were the following:

Working capital (current assets minus current liabilities) at year-end increased by Ps. 33.1 million compared to the previous year, from (negative) Ps. 79.4 million to (negative) Ps. 46.3 million. This increase is basically evidenced in the Ps 16.1 million increase in the Company's funds (the items Cash and Banks and Other Current Investments), and in the increase in Other receivables from related parties, net of the increase in current liabilities, mainly generated by new borrowings.

With respect to non-current items, the most significant variation was recorded under Investments, due to the results obtained by Grupo Clarín's subsidiaries, mainly Cablevisión S.A. (indirectly), Arte Gráfico Editorial Argentino S.A. and Arte Radiotelevisivo Argentino S.A.

The Statement of Operations as of December 31, 2011 recorded a net income of Ps. 522.3 million. Such income is basically derived from earnings of Ps. 556.9 million resulting from equity investments in affiliates and subsidiaries.

Grupo Clarín S. A. is still controlled by GC Dominio S.A., which holds 64.2% of its voting rights. Balances and transactions with subsidiaries and affiliates are detailed in Note 4 to the Parent Company Only Financial Statements.

BOARD OF DIRECTORS' PROPOSAL

On November 1, 2011, the CNV issued Resolution No. 593, which provides that shareholders' meetings considering financial statements must expressly decide whether to distribute retained earnings as dividends, to capitalize them and issue shares, appropriate them to set up reserves other than legal reserves, or a combination of the above. As of December 31, 2011, Retained Earnings, including net income for the year, amounted to Ps. 1,540,313,089. Therefore, the Board of Directors proposes at the Ordinary Shareholders' Meeting that the total balance of Retained Earnings (including Ps. 522,279,377 attributable to net income for the year) be distributed as follows:

To the Legal Reserve
To the Court-Ordered Reserve for the Distribution of

Ps. 23,912,434

Future Dividends	Ps. 387,028,756
Distribution of Cash Dividends	Ps. 135,000,000
To the Optional Reserve for Future Dividends	Ps. 300,000,000
To the Optional Reserve for Illiquidity of Results	<u>Ps. 694,371,899</u>
Total	Ps.1,540,313,089

Below is a summary of the main criteria on which the above allocation proposed by the Board of Directors is based:

- **Legal reserve:** the legal reserve was estimated according to Section 70 of Law No. 19,550 and the CNV's resolutions, considering 5% of the net income for the year, minus previous years' adjustments until reaching 20% of the capital stock, plus the balance of the Inflation Adjustment on Capital Stock account.
- **Court-Ordered Reserve for the Distribution of Future Dividends:** as mentioned in Note 11.2 to the parent company only financial statements, on September 1, 2011 the Company was served with a preliminary injunction in re "National Social Security Administration v/ Grupo Clarín S.A. on/ ordinary" whereby the Company may not in any way dispose, in part or in whole, of the Ps. 387,028,756 currently recorded under the retained earnings account, other than to distribute dividends to the shareholders. Therefore, the Board of Directors proposes that the amount established in the above indicated preliminary injunction be appropriated to a Court-Ordered Reserve for the Distribution of Future Dividends.
- **Optional Reserve for Future Dividends:** this proposal is based on the estimated liquidity available for the Company, considering the distribution of dividends proposed by each Board of Directors of Grupo Clarín's subsidiaries and the expected future cash flows from operating and financing activities. Therefore, the proposal to set up this reserve is reasonable from every point of view in furtherance of a prudent management.
- **Optional Reserve for Illiquidity of Results:** given the fact that Grupo Clarín is a holding company where individual operations, as disclosed in the Statement of Cash Flows included in the Company's financial statements, do not generate but rather use funds, the liquidity of results depends on the distribution of cash dividends generated by investments and/or on the eventual funding such investments may purport to the Company, after meeting its financial commitments, among other things. Given the fact that the companies in which Grupo Clarín has equity interests invested heavily in their respective operations and, like the Company, applied funds to settle their financial commitments, the Company is unlike to have remaining liquidity to distribute additional dividends, other than those already paid and/or proposed. Therefore, the Board of Directors proposes that a Reserve for Illiquidity of Results be set up until such results become liquid and a decision is made as to the allocation of such results to purposes other than those set forth in Law No. 19,550 at a Shareholder's Meeting. Therefore, in the light of its nature, setting up this reserve is a reasonable decision in furtherance of a prudent management

Subsequently to the end of the period, on April 26, 2012, Grupo Clarín held its fifth General Annual Ordinary Shareholders Meeting. On that occasion, the shareholders considered and approved the 2011 Financial Statements and other related documentation and the performance and compensation of Directors, Supervisory Committee and Audit Committee. Also, they elected members of the Board of Directors and mentioned committees for fiscal year 2012, along with an external auditor. The Shareholders Meeting also approved the distribution of Ps.135 million as dividend paymen (equivalent to Ps 0.47 per share or to Ps 0.94 per GDS).

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the consolidated financial statements included with this annual report, prepared in accordance with US GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- this annual report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board,

Alejandro Urricelqui
Chief Financial Officer
Grupo Clarín

Grupo Clarín S.A.

Exhibit to the Annual Report for fiscal year ended December 31, 2011. General Resolution No. 516/07 issued by the “Comisión Nacional de Valores” (“CNV”, the Argentine Securities Commission) - Code of Corporate Governance.

This exhibit to the Annual Report outlines the corporate governance practices that Grupo Clarín S.A. (“the Company”) maintains or has adopted, in line with its commitment to transparency towards investors and shareholders.

In the following sections, the Board of Directors explains its views and, in some cases, the views of the Company’s main shareholders on several aspects of corporate governance. It is the Board of Directors’ intention that the Company’s corporate governance practices not only meet legal requirements, but also conform to corporate governance recommendations that seek to combine effectively the desire to achieve results with compliance with the corporate governance guidelines set by the Board.

For ease of interpretation and analysis of this exhibit, it is recommended that the order set forth under the abovementioned Resolution be followed.

Scope of application of the Code

1) Grupo Clarín S.A. does not customarily carry out transactions with the Company’s shareholders or directors. The transactions carried out with affiliates, related companies, shareholders and directors are disclosed on the quarterly and annual financial statements, in accordance with accounting standards in force.

2) The Company’s By-laws include the corporate governance provisions required by effective legislation (such as the audit committee and the public offering regime). The Board of Directors is responsible for the adoption of general policies and strategies, which are updated based on the evolution of local and international trends. No provision included in the Company’s By-laws contradicts the existing recommendations on corporate governance. Regarding conflicts of interest, the Company fully conforms to the Argentine Business Associations Law and other applicable legislation.

General Information About the Board of Directors

3), 4) and 5) The Board of Directors is responsible for the Company’s management and approves its overall policies and strategies. The daily decisions related to the Company’s businesses, including the approval of specific policies set forth by General Resolution No. 516/07 and the verification of the implementation thereof, are the responsibility of an Executive Committee comprised of three members appointed by the Board from among its own members. The Executive Committee acts under the oversight of the Board of Directors.

The Board of Directors, through its Audit Committee, is in charge of the ongoing oversight of all matters related to control information systems and risk management, and issues an annual report on these topics. The Executive Committee oversees the control tasks carried out by the Corporate Control Division, an area in charge of the independent control of the Company’s operating management.

6) The members of the Company’s Audit Committee may be nominated by any member of the Board of Directors and a majority of its members must meet the independence requirement set forth by the CNV. The members of the Audit Committee have experience in finance and operating management.

7) The Company’s By-laws provide for the election of ten permanent directors and ten alternate directors. The main shareholders have considered that this number is adequate considering the Company’s size, the structure of its capital stock and the complexity inherent in its decision-making processes. According to the By-laws, four independent directors, two permanent directors and two alternate directors shall be included in the Audit committee to guarantee compliance with

applicable legislation. However, the Company's directors and main shareholders regularly review the number of independent directors and the creation of committees in addition to the Audit and the Executive Committees. To date, there is no plan in place to change the Board's structure in the short term. If the Board of Directors decides to increase the number of Board committees, the Company will take precautions to include the necessary number of independent directors.

8) In the Board of Directors' view, it is not particularly convenient for the Company to include former executives among its members, though the Company's main shareholders regularly review this alternative.

9) Certain members of the Board of Directors and the Supervisory Committee carry out functions in other companies. In practice, the performance of such other functions, particularly in companies which are not related to the Company, has not been found to cause inconveniences in the due compliance with the functions of such bodies. Should any inconvenience occur, the respective member of the Board or Supervisory Committee would not be reelected.

10) Given that the Board of Directors discloses its main activities and in view of the information made available to the shareholders on a regular basis, the Board considers that shareholders have all the elements necessary to approve or reject its performance at the meetings held on an informed basis, with no additional written self-assessment being necessary.

11) The Company's Human Resources Division, at the request of the Board, plans for and manages the training activities for the Board's members that also carry out executive functions in the Company, as well as the training activities for the top tier managers. Such training includes the attendance by these officers to conferences and lectures related to the Company's businesses.

Directors' Independence

12) The Company has four independent directors, two permanent directors and two alternate directors, appointed in compliance with the CNV's rules and regulations. At the time of appointment of such directors at the Shareholders' Meeting, the Board established compliance with the legal requirements, without the need for additional statements or representations by the proponents.

13) The overall criteria used to appoint managers are based on the background and experience in the position and the industry, companies they have worked for, age, professional and moral aptitude, etc. The professional experience and background of the main managers are disclosed to the general public upon their appointment.

14) According to the By-laws, two permanent directors and two alternate directors must meet the independence requirements set forth by the CNV to guarantee that the majority of the Audit committee is comprised of independent directors. Independent directors are identified at the time of their appointment and on subsequent communications from the Company. In appointing directors at the Shareholder's Meeting, it should be indicated whether they are executives or not.

15) Independent directors may hold exclusive meetings during the exercise of their functions in the Audit committee. To date, the Board of Directors has not delegated the preparation of the agenda to an independent member.

Relationship with Shareholders

16) The Company maintains communication channels with the minority shareholders through the disclosure of relevant information in the stock exchanges where its shares and GDSs are listed and through information disclosed in the Company's web site. The Company also communicates with its investors through its executives in charge of market relations and through regular informational meetings and conferences. The Company calls for shareholders' meetings, as set forth by the Argentine Business Associations Law.

17) The Company's management is in charge of the relationship with investors and shareholders and addresses their questions and concerns. It also provides public financial and operating

information, provided such disclosure conforms to the law and does not affect the Company's strategy and forward-looking plans. Management issues quarterly reports and holds regular conference calls to discuss further information requested by investors and shareholders. These reports and files can be found on the Company's web site.

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

19) As contemplated in the Company's By-laws, the Company opted out of the mandatory tender offer rules set forth in Decree No. 677/01. However, the By-laws set forth mechanisms to protect the minority shareholders' interests against certain scenarios involving the acquisition of the Company's shares. The Company also abides by current legislation in the event of a voluntary delisting or tender offer.

20) The Company has not adopted a fixed dividend policy establishing the amount and payment of dividends or other distributions. Four months after each year-end, the Company's Board of Directors submits the financial statements for approval at the Annual Shareholders' Meeting, where the allocation of the net income for the year is decided upon.

Relationship with the Community

21) The Company has a website with sufficient and updated information, which may be easily accessed from multiple channels. The website includes contact information as well as several forms and mechanisms to gather concerns from the various users.

22) The Company's website guarantees the confidentiality and integrity of the information contained therein. The site is hosted by the Company's own and exclusive Windows-based server, with restricted access. It has a 24-hour monitored firewall and the information integrity is secured through the safest measures available and through regular safety updates and audits. Content updates are made through a secured application with restricted access to authorized and trained personnel.

Committees

23) In the Board's view, the president of the Audit committee does not necessarily have to be an independent director to secure compliance with the goals to be achieved by such committee. According to effective legislation and the Company's By-laws, a majority of the Audit Committee's members must be independent, even if the president of the committee is not. Therefore, the independent directors may make all relevant decisions.

24) In the Company's view, it is not necessary to have a specific policy in place concerning the rotation of the Supervisory Committee's members. As regards the rotation of the partner of the external audit firm, the Company follows the CNV's guidelines. In line with international practices, the Board of Directors does not require the rotation of the external audit firms. The Audit Committee periodically evaluates external auditors in terms of independence, know-how and performance, among other issues.

25) The members of the Company's Supervisory Committee are not involved in the external audit and do not belong to the firm rendering these services.

26) Certain members of the Board of Directors who also carry out managerial functions, along with the Company's executives, set forth the Company's compensation and benefit policies, following criteria in line with the expected results and goals, as well as conventional and legal limitations.

27) The Company's main shareholders regularly review the convenience of creating an Appointment and Corporate Governance Committee. The shareholders particularly review the

extent to which the implementation of such committee would lead to a more favorable opinion on the Company's governance from the investors' standpoint, since its creation would entail a significant change in the current way of operating.

28) In line with its policies, the Company ensured that the appointment of the Board's members was free of any form of discrimination.



GRUPO CLARIN S.A.

**CONSOLIDATED
FINANCIAL STATEMENTS**

**As of and for the years ended
December 31, 2011 and 2010**

**GRUPO CLARIN S.A. consolidated financial statements
as of and for the years ended December 31, 2011 and 2010**

GLOSSARY OF SELECTED TERMS

AFA	<i>Asociación del Fútbol Argentino</i> (Argentine Football Association)
AFIP	<i>Administración Federal de Ingresos Públicos</i> (Argentine Federal Revenue Service)
AFSCA	<i>Autoridad Federal de Servicios de Comunicación Audiovisual</i> (Audiovisual Communication Services Law Federal Enforcement Authority)
AGEA	Arte Gráfico Editorial Argentino S.A.
AGR	Artes Gráficas Rioplatense S.A.
ANA	<i>Administración Nacional de Aduanas</i> (National Customs Administration)
Antitrust Law.....	Law No. 25,156, as amended
APE	Acuerdo preventivo extrajudicial (out-of-court restructuring agreement)
Argentine GAAP	Accounting principles generally accepted in Argentina
ARTEAR.....	Arte Radiotelevisivo Argentino S.A.
ASC.....	Accounting Standards Codification
Auto Sports.....	Auto Sports S.A
Bariloche TV.....	Bariloche TV S.A.
BCBA.....	<i>Bolsa de Comercio de Buenos Aires</i> (Buenos Aires Stock Exchange)
Broadcasting Law.....	Law No. 22,285 and its regulations
Cablevisión.....	Cablevisión S.A.
CER.....	<i>Coefficiente de Estabilización de Referencia</i> (Reference Stabilization Coefficient, a consumer price inflation coefficient)
CIMECO.....	Compañía Inversora en Medios de Comunicación (CIMECO) S.A.
Clarín Global	Clarín Global S.A.
CMD	Compañía de Medios Digitales S.A. (former PRIMA Internacional)
CNDC.....	<i>Comisión Nacional de Defensa de la Competencia</i> (National Antitrust Commission)
CNV.....	<i>Comisión Nacional de Valores</i> (Argentine Securities Commission)
COMFER.....	<i>Comité Federal de Radiodifusión</i> (Federal Broadcasting Committee)
CPGB	Comercializadora de Produtos Gráficos Brasileiros Ltda.
CUSPIDE	Cúspide Libros S.A.
Dineromail	Dineromail, LLC
Editorial Atlántida	Editorial Atlántida S.A.
FACPCE.....	<i>Federación Argentina de Consejos Profesionales de Ciencias Económicas</i> (Argentine Federation of Professional Councils in Economic Sciences)
FADRA	<i>Fundación de Automovilismo Deportivo de la República Argentina</i> (Argentine Motor Racing Foundation)
FASB.....	Financial Accounting Standards Board
Fintech.....	Fintech Advisory, Inc, together with its affiliates
GCGC.....	GC Gestión Compartida S.A.
GCSA Investments	GCSA Investments, LLC
GC Services	Grupo Clarín Services, LLC
GDS	Global Depository Shares
Grupo Carburando	Carburando S.A.P.I.C.A.F.I., Mundo Show S.A. and Mundo Show TV S.A.
Grupo Clarín, or the Company	Grupo Clarín S.A.
Holding Teledigital.....	Holding Teledigital Cable S.A.
IASB	International Accounting Standards Board
Ideas del Sur	Ideas del Sur S.A.
IESA	Inversora de Eventos S.A.
IFRS	International Financial Reporting Standards
IGJ.....	<i>Inspección General de Justicia</i> (Argentine Superintendency of Legal Entities)
Imripost	Imripost Tecnologías S.A.
JPM	JP Morgan Chase Bank, N.A.
LSE	London Stock Exchange
Multicanal	Multicanal S.A.
OSA.....	Oportunidades S.A.
PALP	Long-Term Savings Plan
Papel Prensa.....	Papel Prensa S.A.I.C.F. y de M.
Pol-Ka.....	Pol-Ka Producciones S.A.
PRIMA.....	Primera Red Interactiva de Medios Argentinos (PRIMA) S.A.
PRIMA Internacional	Primera Red Interactiva de Medios Americanos (PRIMA) Internacional S.A. (now CMD)
Ps.	Argentine Pesos
Radio Mitre	Radio Mitre S.A.
Raven	Raven Media Investments, LLC
SCI	<i>Secretaría de Comercio Interior</i> (Secretariat of Domestic Trade)

GRUPO CLARIN S.A. consolidated financial statements
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SECOM	Secretaría de Comunicaciones (Argentine Secretariat of Communications)
SMC	Secretaría de Medios de Comunicación (Media Secretariat)
Supercanal	Supercanal Holding S.A.
TATC	Tres Arroyos Televisora Color S.A.
Telba	Teledifusora Bahiense S.A.
Telecor	Telecor S.A.C.I.
Teledigital	Teledigital Cable S.A.
TFN	Tribunal Fiscal de la Nación (National Tax Court)
Tinta Fresca	Tinta Fresca Ediciones S.A.
TPO	Televisora Privada del Oeste S.A.
TRISA	Tele Red Imagen S.A.
TSC	Televisión Satelital Codificada S.A.
TSMA	Teledifusora San Miguel Arcángel S.A.
US GAAP	Accounting principles generally accepted in the United States of America
VAT	Value Added Tax
Vistone	Vistone S.A.
VLG	VLG Argentina, LLC

**GRUPO CLARIN S.A. consolidated financial statements
as of and for the years ended December 31, 2011 and 2010**

**CONSOLIDATED BALANCE SHEETS
(In Ps. – unless otherwise stated)**

	As of December 31,	
	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	865,580,054	585,948,351
Trade receivables, net	1,186,206,943	957,538,754
Other receivables, net	336,279,332	369,370,665
Inventories	422,103,893	282,085,402
Other assets	27,385,577	25,299,003
Total Current assets	2,837,555,799	2,220,242,175
Trade receivables, net	122,595,188	1,102,833
Other receivables, net	255,877,531	209,362,087
Inventories	13,139,000	26,065,016
Investments in unconsolidated affiliates	342,872,741	295,867,137
Other long-term investments	1,049,798	1,117,346
Property, plant and equipment, net	3,675,669,101	2,765,294,270
Intangible assets, net	344,937,267	377,183,503
Other assets	10,949,792	11,547,172
Goodwill	3,187,555,200	3,169,526,536
Total Assets	10,792,201,417	9,077,308,075
LIABILITIES		
Current liabilities		
Accounts payable	1,157,926,875	827,672,365
Short-term debt and current portion of long-term debt	456,905,383	298,338,081
Salaries and social security payable	506,268,656	381,891,769
Taxes payable	298,723,299	475,773,369
Sellers financing	9,004,254	3,796,354
Other liabilities	113,709,513	93,736,432
Total Current liabilities	2,542,537,980	2,081,208,370
Accounts payable	16,338,136	20,742,671
Non current portion of long-term debt	2,849,729,598	2,265,017,994
Salaries and social security payable	1,750,705	-
Taxes payable	123,424,010	138,604,900
Sellers financing	816,854	1,127,017
Other liabilities	202,942,175	195,367,878
Provisions	184,197,419	151,347,261
Commitments and contingencies (Note 12)		
Total liabilities	5,921,736,877	4,853,416,091
Shareholders' Equity		
<i>Common shares</i>		
Class A common shares Ps.1 par value per share, 75,980,304 shares authorized, issued and outstanding. Class B common shares Ps.1 par value per share, 186,281,411 shares authorized, issued and outstanding. Class C common shares Ps.1 par value per share, 25,156,869 shares authorized, issued and outstanding.	287,418,584	287,418,584
Additional paid-in capital	1,351,996,746	1,358,001,994
Retained earnings	1,543,871,812	1,105,103,548
Accumulated other comprehensive income	81,180,403	44,436,344
Total Grupo Clarín's shareholders' Equity	3,264,467,545	2,794,960,470
Equity attributable to non-controlling interests	1,605,996,995	1,428,931,514
Total Shareholders' Equity	4,870,464,540	4,223,891,984
Total Liabilities and Shareholders' Equity	10,792,201,417	9,077,308,075

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

**GRUPO CLARIN S.A. consolidated financial statements
as of and for the years ended December 31, 2011 and 2010**

**CONSOLIDATED STATEMENTS OF INCOME
(In Ps. – unless otherwise stated)**

	For the years ended December 31,	
	2011	2010
Net sales	9,616,980,737	7,503,164,238
Cost of sales (excluding depreciation and amortization)	(4,781,862,653)	(3,516,989,821)
Selling expenses (excluding depreciation and amortization)	(1,069,440,654)	(744,821,383)
Administrative expenses (excluding depreciation and amortization)	(1,187,898,051)	(910,285,752)
Depreciation of property, plant, equipment and other investments	(636,249,583)	(477,011,240)
Amortization of intangible assets and other assets	(92,548,012)	(81,503,464)
Goodwill impairment	(12,053,573)	-
Other results, net	16,852,192	(477,034)
Operating income	1,853,780,403	1,772,075,544
Financial results, net	(515,839,315)	(379,718,039)
Equity in earnings from unconsolidated affiliates	39,718,601	21,585,742
Income before income tax, tax on assets and non-controlling interests	1,377,659,689	1,413,943,247
Income tax and tax on assets	(498,035,445)	(522,667,398)
Net income before allocation to non-controlling interests	879,624,244	891,275,849
Less: Net income attributable to non-controlling interests	(320,855,980)	(323,197,428)
Net income attributable to Grupo Clarín's common shareholders	<u>558,768,264</u>	<u>568,078,421</u>
Net income per common share:		
Basic	1.94	1.98
Weighted average number of common shares outstanding:		
Basic	287,418,584	287,418,584
Comprehensive income:		
Net income	879,624,244	891,275,849
Other comprehensive income (Foreign currency translation adjustments)	<u>78,548,570</u>	<u>20,853,010</u>
Total Comprehensive income	958,172,814	912,128,859
Less: Comprehensive income attributable to non-controlling interests	<u>(362,660,491)</u>	<u>(330,801,546)</u>
Comprehensive income attributable to Grupo Clarín's common shareholders	<u>595,512,323</u>	<u>581,327,313</u>

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

**GRUPO CLARIN S.A. consolidated financial statements
as of and for the years ended December 31, 2011 and 2010**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Ps. – unless otherwise stated)**

	For the years ended December 31,	
	2011	2010
Operating activities:		
Net income before allocation to non-controlling interests	879,624,244	891,275,849
Adjustments for non-cash and non-operating items:		
Income tax and tax on assets	498,035,445	522,667,398
Accrued interest	159,267,372	118,980,862
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation of property, plant, equipment and other investments	636,249,583	477,011,240
Amortization of intangible assets and other assets	92,548,012	81,503,464
Goodwill impairment	12,053,573	-
Allowances for doubtful accounts	41,834,618	10,770,424
Setting up of provision for contingencies	51,270,883	56,520,051
Equity in earnings from unconsolidated affiliates	(39,718,601)	(21,585,742)
Other financial results	194,278,769	158,131,212
(Gain) Loss on sale of property, plant and equipment	(10,194,877)	477,034
Gain on sales of subsidiaries, net	(6,657,315)	-
Changes in assets and liabilities		
Trade receivables	(411,737,912)	(239,818,332)
Other receivables	(86,219,417)	71,627,170
Inventories	(127,092,475)	(76,009,197)
Other assets	(1,757,033)	(2,158,852)
Accounts payable	346,582,434	178,512,889
Salaries and social security payable	126,596,107	77,817,057
Taxes payable	(57,768,603)	(152,644,887)
Other liabilities	(38,241,704)	29,404,403
Provisions	(23,614,010)	(23,278,763)
Payments of interest	(140,695,776)	(215,082,373)
Collections of dividends	7,591,703	15,144,411
Income tax and tax on assets payments	(615,368,962)	(369,753,864)
Cash provided by operating activities	1,486,866,058	1,589,511,454
Investing activities:		
Payments for the acquisition of property, plant and equipment	(1,524,829,729)	(977,464,636)
Payments for the acquisition of subsidiaries and unconsolidated affiliates, net of cash acquired	(9,484,184)	-
Payments for the acquisition of intangible assets	(56,867,453)	(27,114,442)
Proceeds from sale of property, plant and equipment and other investments	16,081,665	47,682
Proceeds from sale of subsidiaries	14,470,615	-
Certificates of deposit	(10,000,000)	-
Capital contributions in equity investees	(11,266,737)	(2,190,000)
Cash used in investing activities	(1,581,895,823)	(1,006,721,396)
Financing activities:		
Loans obtained	859,406,102	83,272,121
Repayment of loans – Principal	(261,895,110)	(290,374,011)
Payments of financial instruments	41,790,297	(6,038,542)
Payments of sellers financing	(748,725)	(120,701,718)
Payments of dividends	(120,000,000)	-
Payments of dividends to non-controlling interests	(185,354,774)	(71,856,228)
Cash provided by (used in) financing activities	333,197,790	(405,698,378)
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS	41,463,678	24,733,919
Increase in cash and cash equivalents	279,631,703	201,825,599
Cash and cash equivalents at the beginning of the year	585,948,351	384,122,752
Cash and cash equivalents at the end of the year	865,580,054	585,948,351

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

**GRUPO CLARIN S.A. consolidated financial statements
as of and for the years ended December 31, 2011 and 2010**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Ps. – unless otherwise stated)**

	For the years ended December 31,	
	2011	2010
Supplemental cash flow information		
Acquisition of subsidiaries (see Note 6)		
Trade receivables	8,395,309	-
Other receivables	6,718,710	-
Inventories	4,662,982	-
Property, plant and equipment	733,147	-
Accounts payable	(29,024,943)	-
Borrowings	(1,284,667)	-
Salaries and social security payable	(690,708)	-
Taxes payable	(388,589)	-
Other liabilities	(552,155)	-
Provisions	(4,379,652)	-
Minority interest	(2,748,158)	-
	(18,558,724)	-
Net value of assets and liabilities consolidated	(18,558,724)	-
Investments in unconsolidated affiliates	940,445	-
Goodwill / Additional Paid-In Capital	27,102,463	-
	9,484,184	-
Payment for the acquisition of subsidiaries, net of cash acquired	9,484,184	-
 Significant non-cash investing and financing activities		
Financed acquisitions of property, plant and equipment	-	4,943,750
Dividends collected through debt settlement	295,708	9,205,411

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND
OTHER COMPREHENSIVE INCOME**
(In Ps. – unless otherwise stated)

	<u>Common Shares</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Grupo Clarín's Shareholders' Equity</u>	<u>Non-controlling interests</u>	<u>Total shareholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>						
Balance at December 31, 2009	287,418,584	287,418,584	1,358,001,994	537,025,127	31,187,452	2,213,633,157	1,131,083,268	3,344,716,425
Dividends to non-controlling interests	-	-	-	-	-	-	(71,856,228)	(71,856,228)
Foreign currency translation adjustments	-	-	-	-	13,248,892	13,248,892	7,604,118	20,853,010
Increase in non-controlling interests	-	-	-	-	-	-	38,902,928	38,902,928
Net income for the year	-	-	-	568,078,421	-	568,078,421	323,197,428	891,275,849
Balance at December 31, 2010	287,418,584	287,418,584	1,358,001,994	1,105,103,548	44,436,344	2,794,960,470	1,428,931,514	4,223,891,984
Dividends	-	-	-	(120,000,000)	-	(120,000,000)	-	(120,000,000)
Dividends to non-controlling interests	-	-	-	-	-	-	(185,354,774)	(185,354,774)
Foreign currency translation adjustments	-	-	-	-	36,744,059	36,744,059	41,804,511	78,548,570
Increase (decrease) in non-controlling interests	-	-	(6,005,248)	-	-	(6,005,248)	(240,236)	(6,245,484)
Net income for the year	-	-	-	558,768,264	-	558,768,264	320,855,980	879,624,244
Balance at December 31, 2011	287,418,584	287,418,584	1,351,996,746	1,543,871,812	81,180,403	3,264,467,545	1,605,996,995	4,870,464,540

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in Ps. – unless otherwise stated)**

NOTE 1. DESCRIPTION OF THE BUSINESS

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

Its operations include cable television and Internet access services, newspaper and other printing, publishing and advertising activities, broadcast television, radio operations and television content production, on-line and new media services, and other media-related activities. A substantial portion of its revenues is generated in Argentina. Through its controlled companies and equity investees, it is engaged primarily in the following business segments: a) Cable television and Internet access, b) Printing and publishing, c) Broadcasting and programming and d) Digital content and others.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

In preparing these consolidated financial statements, the Company has followed accounting policies that are in accordance with US GAAP.

US GAAP differs in certain respects from Argentine generally accepted accounting principles applied by the Company in its statutory consolidated financial statements prepared in accordance with Argentine GAAP and in accordance with the rules and regulations of the CNV.

The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses and cash flows of Grupo Clarín and all entities in which the Company has a controlling voting interest (“subsidiaries”) required to be consolidated in accordance with US GAAP. When Grupo Clarín consolidates entities, the ownership interests of any minority parties are reflected as non-controlling interests, and investment in entities in which the Company has 20% to 50% ownership, but not a controlling interest, are accounted for under the equity method. Intercompany accounts and transactions between consolidated entities have been eliminated in consolidation. The following chart includes the most significant consolidated subsidiaries as of each closing date (percentages show direct and indirect interest held by the Company).

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Cablevisión ⁽¹⁾	59.9%	59.9%
PRIMA	59.9%	59.9%
AGEA	100.0%	100.0%
AGR	100.0%	100.0%
CIMECO	100.0%	100.0%
ARTEAR ⁽²⁾	99.2%	99.2%
Pol-Ka	55.0%	55.0%
IESA	100.0%	100.0%
Radio Mitre	100.0%	100.0%
GCGC	100.0%	100.0%
CMD	100.0%	100.0%
GC Services	100.0%	100.0%
GCSA Investments	100.0%	100.0%

⁽¹⁾ Includes Multicanal and Teledigital, which were merged into Cablevisión effective as of October 1, 2008 (see Note 12.2.c).

⁽²⁾ % in votes amounts to 99.7%.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in Ps. – unless otherwise stated)**

As a result of the situation described in Note 12.7.a), among other things, as of the date of these consolidated financial statements Papel Prensa has not issued its annual financial statements as of December 31, 2011. To calculate the equity value of its investment in Papel Prensa, the Company has relied on the latest financial statements as of September 30, 2011 approved by Papel Prensa's Board of Directors and on AGEA's estimate of the October-December 2011 results for that company. However, the Company considers that any deviation between its estimates and the financial statements as of December 31, 2011 ultimately approved by Papel Prensa's Board of Directors will not have a material effect on these consolidated financial statements.

Non-controlling Interests in Consolidated Financial Statements

On January 1, 2009, the Company adopted a new accounting guidance for non-controlling interests in subsidiaries as issued by the FASB. The new accounting guidance establishes accounting and reporting standards for the non-controlling interests in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interests in a subsidiary, which is sometimes referred to as a minority interest, is a third-party ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. Among other requirements, the new guidance requires the consolidated statement of income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. The guidance also requires disclosure on the face of the consolidated statement of income of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. The Company's consolidated financial statements were updated to reflect the reporting and disclosure requirements.

Consolidated Variable Interest Entities

The Company, through one of its indirect subsidiaries, has executed agreements with other non-related companies, for the purposes of rendering on behalf of and by order of such companies subscriber selling and installation services, collections, administration of subscribers, marketing and financial technical advising, and general business advising, with respect to cable television and Internet access activities in Uruguay. In accordance with ASC 810-10, these consolidated financial statements as of December, 31, 2011 and 2010 include the assets, liabilities and results of these companies, disclosing the net effect in the items "Equity attributable to non-controlling interests", and "Net income attributable to non-controlling interests".

Use of estimates

US GAAP requires management to make estimates that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses. The Company evaluates its estimates, including those related to tangible and intangible assets, doubtful accounts, inventories, provisions and income taxes, on an ongoing basis. The Company bases its estimates on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in Ps. – unless otherwise stated)**

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Cash in foreign currency is converted into Ps. at the exchange rate prevailing as of each year end.

Concentration of cash and credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, cash equivalents, accounts receivable, and short-term investments. The Company maintains cash and cash equivalents and other financial investments with various high credit quality financial institutions, in order to mitigate the amount of credit exposure to any one institution. The Company has not experienced any significant losses in such accounts. The Company does not depend on any single customer.

The Company maintains reserves for potential credit losses based on impaired accounts, historical charge-off patterns and management judgment; historically such losses have not been significant and have been within management's expectations.

Allowance for doubtful accounts

The Company reviews its doubtful accounts on a monthly basis for estimated losses resulting from the inability of its customers to make required payments. The customer base in the cable television and Internet access segment is primarily residential in nature while the customer base of the publishing, printing and broadcast television operations involves a wide range of companies and, to a lesser extent, individuals.

The Company invoices most of its cable television and Internet access subscribers in advance. A majority of Argentine cable television subscribers pay their invoices in cash, and it encourages them to pay their monthly invoices by automatic credit card or bank account debits. The Company enforces a strict disconnection policy.

In determining the adequacy of allowances for doubtful accounts, the Company analyzes, among other things, historic bad debt experience, customer credit worthiness, current economic trends in Argentina and customer payment history.

Inventories

Inventories are valued at lower of cost (standards approximating the first-in, first out method) or market. Costs included in inventories are based on invoiced cost and/or production costs, as applicable. Included in production costs are material, direct labor and allocated overhead. The Company writes down inventories for the difference between the carrying value of the inventories and their estimated market value. If actual market conditions are less favorable than those projected by management, additional write-downs may be required.

Investments in unconsolidated affiliates

Investments in companies in which the Company has significant influence, but less than a controlling voting interest, are accounted for using the equity method. This is generally presumed to exist when the Company owns between 20% and 50% of the investee.

Property, plant and equipment, net

Property, plant and equipment are stated at cost. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses. Borrowing costs are capitalized as part of the cost of property, plant and equipment when the preparation of such assets for their intended use necessarily involves a substantial period of time. Other materials and equipment consisting mainly of networking infrastructure not

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in Ps. – unless otherwise stated)**

related to additions or improvements are charged to profit or loss as consumed. Property, plant and equipment are depreciated using straight-line methods over their estimated economic lives.

Goodwill and Intangible assets, net

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Such fair values are determined by using primarily internal valuations, including discounted cash flows, external market values and others. Goodwill is not subject to amortization, but is subject to at least an annual assessment for impairment, applying a fair-value based test.

The goodwill generated by recent acquisitions is a preliminary estimate until a final estimate is made of the fair market value of assets and liabilities identifiable at the time of acquisition. Therefore, these values may be modified in the future, as permitted by the prevailing accounting standards.

Intangible assets resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of assets received. Identifiable intangible assets are mainly comprised of acquired subscriber portfolio, which is amortized over its useful life determined on the basis of the churn rate of such acquired portfolio. These useful lives range from approximately 7 to 10 years.

Impairment of Long-Lived Assets and Goodwill

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired on this basis, the impairment loss to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Goodwill is reviewed at least annually for impairment. Impairment of goodwill is tested at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit. The fair values of the reporting units are estimated using a combination of the income or discounted cash flows approach and the market approach, which utilizes comparable companies' data. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a second step is performed to measure the amount of impairment loss, if any.

The book value of these assets does not exceed their estimated recoverable value. Nevertheless, as mentioned in Note 20, these estimations could be affected by the final outcome of the circumstances described in such note.

During 2011, the Company has accounted for an impairment of approximately Ps. 12 million of the carrying value of the goodwill related to Grupo Carburando, based on the situation described in Note 23.a.

Other assets

Deferred charges have been valued at the amounts actually disbursed.

The other assets included in this item have been valued at acquisition cost, except for those assets with an agreed-upon sale price fixed under a contract, which have been valued at net realizable value. Where applicable, the value of improvements has been added, net of the related accumulated depreciation calculated on a straight-line basis, considering the estimated useful life of the asset. The asset value does not exceed its estimated recoverable value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in Ps. – unless otherwise stated)**

Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, the fees are fixed or determinable, the product or service has been delivered and collectability is reasonably assured. The Company considers the terms of each arrangement to determine the appropriate accounting treatment.

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

- *Cable television and Internet access*

Subscriber fees and internet services are recognized as revenue in the period that the service is provided. Advertising revenues for cable television are recognized when the advertisement is aired and online advertising revenues are recognized over the period in which the advertisements are displayed.

Revenues from transactions that include multiple elements, in connection with the agreement described under Note 22, have been recognized separately to the extent they have commercial substance on their own. The amount of revenues allocated to each item is based on its fair value, which is assessed or estimated at market value.

Revenues from the sale of assets are recognized only when the risks and benefits arising from the use of the disposed assets have been transferred, when the amount of revenues may be fairly estimated, and when economic benefits are likely to be obtained.

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

- *Printing and Publishing*

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

Advertising sales from newspapers and magazines is recognized when the advertisements are published. Revenues from the sale of newspaper and magazines are recognized upon passing control to the buyer. The Company records the estimated impact of residual returns as a deduction from revenues. In determining the estimate of the sales to be returned as of the end of each fiscal year, the Company uses historical return trends to calculate the amount. Revenues from printing services are recognized upon completion of the services and delivery of the related product and customer acceptance.

- *Broadcasting and Programming*

Advertising revenues for television and radio stations are recognized when the advertisement is aired. Revenues from programming and distribution of television content for broadcast channels are recognized when the programming service is provided.

Barter transactions

The Company enters into transactions that either exchange advertising for advertising ("Advertising Barter") or advertising for other products and services ("Non-advertising Barter"). Advertising Barter transactions are recorded at the estimated fair value of the advertising given. Revenue from barter transactions is recognized when advertising is provided, and services received are charged to expense when used. Revenues for Non-advertising Barter transactions are recognized at the estimated fair value when the product is available for telecast and the advertising spots received under such contracts are either used or sold to third parties.

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Revenue from barter transactions is not material to the Company's consolidated statement of income for any of the fiscal years presented herein.

Advertising cost

Advertising costs are expensed as incurred. Advertising expenses in 2011 and 2010 totaled approximately Ps. 290.5 and Ps. 198.8 million, respectively.

Other Comprehensive Income

Other Comprehensive Income is reported on the accompanying consolidated statement of shareholders' equity and other comprehensive income and consists of income and other gains and losses affecting shareholders' equity that, under US GAAP, are excluded from net income. For the Company, such item includes the cumulative translation adjustment relating to the translation of the financial statements of the Company's foreign subsidiaries.

Fair value of financial instruments

The carrying amounts of cash, accounts receivable and short-term obligations approximate their fair values, because of the short-term maturities of these instruments.

The fair value of non-current long-term debt and sellers financing was estimated based on the current rates available to the Company for the debt of similar remaining maturities. Fair value of derivative financial instruments represents the estimated amount that would have been required to terminate the contracts. The estimated fair values of financial instruments (amounts stated in millions of Ps.) are as follows, except for those financial instruments noted above for which the carrying values approximate their fair values:

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	2,850	2,576	2,265	1,926
Sellers financing	1	1	1	1

Foreign currency translation

Management has determined that for all of the Company's foreign operations the local currency is their functional currency. Accordingly, these foreign subsidiaries translate assets and liabilities from their local currencies to Ps. using year end exchange rates while income and expense accounts are translated at the average rates in effect during the year. The resulting translation adjustment is recorded as part of Other Comprehensive Income, a component of shareholders' equity. Gains and losses resulting from transactions denominated in non-functional currencies are recognized in earnings. Net foreign currency transaction (losses) gains are included in the consolidated statements of income under the caption "Financial results, net" and amounted to Ps. (204.4) million and Ps. (126.9) million for the years ended December 31, 2011 and 2010, respectively.

Derivative financial instruments

The Company enters into derivative contracts for the sole purpose of securing the future cash flows of its fixed-rate and/or USD-denominated debt. Grupo Clarín does not enter into derivative contracts for speculative purposes. Refer to Note 16 for additional information.

Receivables and liabilities generated by derivatives have been valued at their estimated fair value. Changes in fair value have been recognized as result for the year.

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Fair value measurements

The following table shows the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2011, based on their fair value hierarchy:

	<u>Balances as of December 31, 2011</u>	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
<u>Assets</u>			
Cash and cash equivalents			
Money market funds	50,371,411	50,371,411	
<u>Liabilities</u>			
Other liabilities			
Derivatives	4,344,000		4,344,000

Financial assets are valued using quoted prices in active markets, for money market funds (Level 1). Financial liabilities are valued using readily-available pricing sources for comparable instruments, for foreign currency forward transactions (Level 2). As of December 31, 2011, the Company did not have any assets or liabilities without observable market values that would require a high level of judgment to determine fair value (Level 3).

Derivative financial instruments are valued using pricing models. Pricing models take into account the contract terms as well as multiple inputs where applicable, such as equity prices, interest rate yield curve, option volatility and currency rates.

As of December 31, 2011, the carrying value of the Company's cash and cash equivalents other than money market funds, which was held primarily in bank deposits, approximated their fair value. There were no financial liabilities measured at fair value. The Company held no direct investments in auction rate securities, collateralized debt obligations, structured investment vehicles or mortgage-backed securities.

Income tax and tax on assets

The Company accounts for income tax following the liability method of accounting which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets are also recognized for tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets or liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded when, based on the available evidence, it is more likely than not that all or a portion of the Company's deferred tax assets will not be realized. The Company's income tax expense consists of taxes currently payable, if any, plus the change during the period in the Company's deferred tax assets and liabilities.

Tax on assets is supplementary to income tax. While income tax is levied on the taxable income for the year, tax on assets is imposed on the potential income from certain productive assets at the rate of 1%. Therefore, the Company's tax liability shall be equal to the higher of both taxes. However, if tax on assets exceeds income tax in any given fiscal year, the excess may be creditable against any excess of income tax over tax on assets in any of the following ten years.

Tax on assets balance has been capitalized under the caption Other non-current receivables, since the Company has estimated, based on its current business plans, that the outstanding balance will be recoverable within the statute of limitations.

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Uncertainty in Income Taxes

As of December 31, 2011, income tax filings corresponding to fiscal years 2005 through 2009 could be subject to examination by the AFIP. The Company classifies interest and penalties in the consolidated statements of income in Other financial results.

Troubled debt restructurings

The Company accounts for debt restructurings in accordance with provisions related to troubled debt restructurings. US GAAP requires that a debtor should (a) recognize a gain or loss by reducing the carrying amount of the debt by the fair value of the assets or equity interest transferred, and (b) account for the remainder of the restructuring as a modification of debt terms. When the terms of a debt are adjusted in a troubled-debt restructuring, the total amount of the future cash payments should be determined. If the carrying amount of debt is less than the aggregate future cash payments required by the new debt term, the debtor should amortize the difference over the life of the new debt as interest expense using the effective interest method. No gain or loss is recognized in the period of extinguishments. If the carrying amount of debt is greater than the aggregate future cash payments required by the new debt term, the debtor should reduce the carrying value of debt to an amount equal to the total future cash payments and recognize the reduction an extraordinary gain. No interest expense should be recorded.

Recent Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." This update clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This update is effective on a prospective basis for annual and interim reporting periods beginning on January 1, 2012.

In September 2011, the FASB issued ASU No. 2011-08, an amendment to an existing accounting standard, which provides entities an option to perform a qualitative assessment to determine whether further impairment testing on goodwill is necessary. Specifically, an entity has the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. This standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011.

In December 2011, the FASB issued ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities (Topic 210)". The amendments in this Update affect all entities that have financial instruments and derivative instruments that are either (1) offset in accordance with either Section 210-20-45 or Section 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement. The requirements amend the disclosure requirements on offsetting in Section 210-20-50. The amendments in this Update require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented.

In December 2011, the FASB issued ASU No. 2011-12, "Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05". In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income". Both ASU's are effective for annual reporting periods beginning after December 15, 2011. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in equity. In

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addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. ASU 2011-12 defers the changes in ASU 2011-05 that pertain to how, when and where reclassification adjustments are presented.

NOTE 3. EARNINGS PER SHARE

Basic net income per share for the Company's common shares is computed by dividing Grupo Clarín's net income available to common shareholders attributable to common shares for the year by the weighted average number of common shares outstanding during the year.

Net income per common share for the years ended December 31, 2011 and 2010 is as follows:

	<u>Year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Net income attributable to Grupo Clarín available to common shareholders for Basic earnings per common share	558,768,264	568,078,421
Weighted average number of common shares outstanding for Basic earnings per common share	287,418,584	287,418,584
Basic net income per common share	1.94	1.98

For the years ended December 31, 2011 and 2010 there were no outstanding instruments that through conversion or exercise could result in an increase of common shares with either dilutive or anti-dilutive effect.

NOTE 4. BREAKDOWN OF CERTAIN BALANCE SHEET ACCOUNTS

Investments in unconsolidated affiliates

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
Papel Prensa	153,057,314	137,735,937
Impripost	12,197,798	10,574,747
Ideas del Sur	16,973,405	16,979,068
TRISA	54,905,505	46,761,939
TSC	5,172,979	4,988,625
Ver TV S.A.	15,656,651	15,656,651
TPO	10,822,223	10,822,223
TATC	6,722,931	5,847,539
TSMA	10,060,515	10,060,515
Other investments	57,303,420	36,439,893
	<u>342,872,741</u>	<u>295,867,137</u>

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Unconsolidated affiliates	Main activity	Interest in capital and votes	
		2011	2010
Papel Prensa	Paper manufacture	49.00%	49.00%
Impripost	Printer	50.00%	50.00%
Ideas del Sur	Production of television programmes	30.00%	30.00%
TRISA	Production and exploitation of sports events	50.00%	50.00%
TSC	Exploitation of transmission rights of sports events	50.00%	50.00%
Ver TV S.A.	Cable operator	49.00%	49.00%

Trade receivables, net

Trade receivables, net consist of:

	As of December 31,	
	2011	2010
Current		
Trade receivables	1,307,212,298	1,069,634,204
Less: Allowance for doubtful accounts	(121,005,355)	(112,095,450)
	1,186,206,943	957,538,754
Non Current		
Trade receivables	122,595,188	1,102,833
	122,595,188	1,102,833

Other receivables, net

Other receivables, net consist of:

	As of December 31,	
	2011	2010
Current		
Reserve account	-	71,436,282
Deferred tax assets	42,634,986	54,374,289
Tax credits	129,746,960	54,576,609
Court-ordered and guarantee deposits	11,595,055	9,522,069
Prepaid expenses	70,181,529	44,268,442
Advance payments	44,847,935	39,438,508
Related parties	4,630,211	17,694,948
Derivatives	-	37,348,003
Other receivables	14,478,776	12,013,634
Others	18,891,092	29,366,904
Subtotal	337,006,544	370,039,688
Less: Allowance for other doubtful accounts	(727,212)	(669,023)
	336,279,332	369,370,665
Non Current		
Deferred tax assets	136,608,674	144,210,634
Tax credits	27,909,661	21,600,642
Guarantee deposits	1,175,804	883,017
Prepaid expenses	61,425,011	10,265,611
Advances to personnel	1,130,127	1,966,694
Related parties	15,383,053	16,469,128
Others	12,245,201	13,966,361
	255,877,531	209,362,087

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Inventories

Inventories consist of:

	As of December 31,	
	2011	2010
Current		
Film products and rights	89,184,383	50,408,628
Finished goods	34,109,441	15,801,846
Products in process	973,397	2,161,336
Raw materials and supplies	247,644,540	182,733,010
Others	199,126	987,735
Subtotal	<u>372,110,887</u>	<u>252,092,555</u>
Advances to suppliers	49,993,006	29,992,847
	<u>422,103,893</u>	<u>282,085,402</u>
Non Current		
Film products and rights	13,139,000	21,340,016
Subtotal	<u>13,139,000</u>	<u>21,340,016</u>
Advances to suppliers	-	4,725,000
	<u>13,139,000</u>	<u>26,065,016</u>

Accounts payable

Accounts payable consist of:

	As of December 31,	
	2011	2010
Current		
Suppliers	1,041,069,494	751,440,453
Related parties	116,857,381	76,231,912
	<u>1,157,926,875</u>	<u>827,672,365</u>
Non Current		
Suppliers	16,338,136	20,742,671
	<u>16,338,136</u>	<u>20,742,671</u>

Other liabilities

Other liabilities consist of:

	As of December 31,	
	2011	2010
Current		
Advances from clients	48,197,919	44,662,302
Related parties	481,407	1,143,216
Dividends payable	3,765,361	2,008,066
Derivatives	4,344,000	-
Others	56,920,826	45,922,848
	<u>113,709,513</u>	<u>93,736,432</u>
Non Current		
Deferred tax liabilities	189,507,482	185,839,336
Related parties	-	438,782
Guarantee deposits	1,986,889	1,975,323
Others	11,447,804	7,114,437
	<u>202,942,175</u>	<u>195,367,878</u>

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NOTE 5. GOODWILL AND INTANGIBLE ASSETS, NET

The breakdown of Goodwill is as follows:

	<u>As of December 31, 2010</u>	<u>Acquisitions, dispositions and other adjustments</u>	<u>As of December 31, 2011</u>
Cablevisión ⁽¹⁾	2,878,450,306	8,957,135 ⁽²⁾	2,887,407,441
PRIMA	1,835,769	-	1,835,769
CIMECO and subsidiaries	234,169,393	-	234,169,393
CUSPIDE and subsidiaries	-	20,658,344 ⁽³⁾	20,658,344
Telecor	18,854,954	-	18,854,954
Grupo Carburando	12,053,573	(12,053,573) ⁽⁴⁾	-
Pol-ka	8,975,764	-	8,975,764
Telba	1,929,235	-	1,929,235
Bariloche TV	1,844,621	-	1,844,621
Others	11,412,921	466,758	11,879,679
	<u>3,169,526,536</u>	<u>18,028,664</u>	<u>3,187,555,200</u>

	<u>As of December 31, 2009</u>	<u>Acquisitions, dispositions and other adjustments</u>	<u>As of December 31, 2010</u>
Cablevisión ⁽¹⁾	2,875,684,208	2,766,098 ⁽²⁾	2,878,450,306
PRIMA	1,835,769	-	1,835,769
CIMECO and subsidiaries	234,169,393	-	234,169,393
Telecor	18,854,954	-	18,854,954
Grupo Carburando	12,053,573	-	12,053,573
Pol-ka	8,975,764	-	8,975,764
Telba	1,929,235	-	1,929,235
Bariloche TV	1,844,621	-	1,844,621
Others	11,305,681	107,240	11,412,921
	<u>3,166,653,198</u>	<u>2,873,338</u>	<u>3,169,526,536</u>

⁽¹⁾ Includes goodwill corresponding to Multicanal and Teledigital, companies merged into Cablevisión as of October 1, 2008 (see Note 12.2.c).

⁽²⁾ Impact to goodwill mainly from foreign currency translation adjustments on subsidiaries.

⁽³⁾ See Note 6.

⁽⁴⁾ See Note 2 "Impairment of Long-Lived Assets and Goodwill".

The components of Goodwill by segments are as follow:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
Cable television and Internet access	2,889,243,210	2,880,286,075
Printing and publishing	263,783,638	242,504,634
Broadcasting and programming	31,604,574	43,658,147
Digital content and others	2,923,778	3,077,680
	<u>3,187,555,200</u>	<u>3,169,526,536</u>

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The breakdown of Intangible assets, net is as follows:

	As of December 31, 2011		
	Gross	Accumulated amortization	Net
Editing / exploitation rights	57,688,815	(45,486,304)	12,202,511
Subscriber portfolio acquired	597,779,076	(374,244,386)	223,534,690
Trademarks and patents	17,767,301	(6,858,712)	10,908,589
Others	158,405,452	(60,113,975)	98,291,477
	831,640,644	(486,703,377)	344,937,267
	As of December 31, 2010		
	Gross	Accumulated amortization	Net
Editing / exploitation rights	55,619,300	(30,984,279)	24,635,021
Subscriber portfolio acquired	597,779,076	(309,056,758)	288,722,318
Trademarks and patents	17,020,739	(6,012,080)	11,008,659
Others	95,840,523	(43,023,018)	52,817,505
	766,259,638	(389,076,135)	377,183,503

The amortization expense is estimated in approximately Ps. 70.5, Ps. 68.4, Ps. 48.5, Ps. 39.2 and Ps. 29.5 for fiscal years 2012 through 2016, respectively.

NOTE 6. BUSINESS COMBINATIONS

CIMECO

During 2007, AGEA increased its interest in CIMECO from 33.3% to 50.0%, and executed call and put options on an additional interest in CIMECO's capital stock. During 2008, AGEA partially assigned the rights and obligations arising from such options to its subsidiary AGR and to the Company. Subsequently, in 2008, AGEA, AGR and the Company exercised such call option, increasing, directly and indirectly, the Company's equity interest in CIMECO and Papel Prensa to 100% and 49%, respectively.

On April 10, 2008, the Company and the parties to the above-mentioned transaction notified CNDC of such transaction and on May 12, 2008 filed form F-1. After such notice and as of the date of these financial statements, the Company submitted additional information requested by the CNDC. As of the date of these financial statements, the above transaction is subject to administrative approvals.

Other transactions

On January 11, 2008, IESA acquired the controlling interest of a group of companies mainly engaged in sports journalism, production and commercialization of shows, and the production of motor racing television broadcasting. The share purchase agreement sets forth certain objectives to be met by such group of companies. In case of breach of such provision, the sellers shall have to pay an indemnification. These transactions are subject to administrative approvals.

On September 2, 2008, ARTEAR increased its equity interest in Pol-Ka and SB Producciones S.A. to 55% of such companies' capital stock and votes, thus acquiring a controlling interest in both companies, in which it previously exercised joint control. These transactions are subject to administrative approvals.

On February 10, 2011, CMD sold to a third party all of its shares of Dinero Mail, for approximately USD 4.4 million in cash; part of the price was withheld as guarantee.

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On August 17, 2011, CMD executed a stock purchase agreement, whereby it increased by 20% its interest in Interpatagonia S.A., where it now holds 80% of the capital stock. CMD paid approximately Ps. 4.3 million in consideration for the shares.

On October 3, 2011 the Company's subsidiary AGR acquired 65.46% of the capital stock and votes of Cúspide Libros S.A. and 2.40% of the capital stock and votes of Librerías Fausto S.A.C.E.I. (controlled by Cúspide Libros S.A.). The transaction amounted to USD 2.8 million and Ps. 3.8 million.

Distribution of dividends of subsidiaries

On April 25, 2011, Cablevisión's Shareholders' Meeting decided to distribute dividends in the amount of Ps. 405 million, out of which approximately Ps. 162 million belong to the non-controlling interests in such company.

On April 23, 2012, Cablevisión's Shareholders' Meeting decided to distribute dividends in the amount of Ps. 217 million, out of which approximately Ps. 87 million belong to the non-controlling interests in such company.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT, NET

The breakdown of Property, plant and equipment, net is as follows:

	As of December 31,		Estimated useful lives (years)
	2011	2010	
Land and buildings	374,049,080	363,747,399	50
Furniture and fixture	70,146,745	61,143,203	10
Telecommunication, audio and video equipment	401,618,705	129,563,220	3
External network and broadcasting equipment	2,797,593,079	2,269,809,364	14
Computer equipment and software	429,707,191	384,497,298	4
Technical equipment	62,726,063	57,373,765	10
Workshop machinery	436,122,073	432,802,596	10
Tools	50,951,616	38,088,355	4
Spare parts	30,838,155	26,511,668	5
Installations	382,609,505	357,473,144	10
Vehicles	159,684,728	119,611,648	5
Plots	12,358,988	11,201,328	5
Leased assets	1,055,820	117,379	5
Leasehold improvements	25,018,027	20,938,806	3
Other materials and equipment	455,457,926	444,560,976	-
Construction in progress	494,665,296	163,388,342	-
Advances to suppliers	85,552,349	32,800,260	-
Subtotals	<u>6,270,155,346</u>	<u>4,913,628,751</u>	
Less accumulated depreciation	<u>(2,594,486,245)</u>	<u>(2,148,334,481)</u>	
	<u>3,675,669,101</u>	<u>2,765,294,270</u>	

NOTE 8. FINANCIAL RESULTS, NET

Financial results, net, consist of:

	Year ended December 31,	
	2011	2010
Interest income	23,741,725	17,869,658
Interest expense	(183,009,097)	(137,288,124)
Exchange differences	(204,394,855)	(126,949,054)
Others	(152,177,088)	(133,350,519)
	<u>(515,839,315)</u>	<u>(379,718,039)</u>

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NOTE 9. SEGMENT INFORMATION

US GAAP requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company is mainly engaged in media and entertainment activities, which are carried out through the companies in which it holds a participating interest. Therefore, the following business segments have been identified:

- Cable Television and Internet Access: basically comprised of the operations of its subsidiary Cablevisión and its subsidiaries, mainly PRIMA.
- Printing and publishing: basically comprised of the operations of its subsidiary AGEA and its subsidiaries AGR, Tinta Fresca and CIMECO and its subsidiaries, and its equity investment in Papel Prensa (see Note 2 “Basis of Presentation”).
- Broadcasting and programming: basically comprised of the operations of its subsidiaries ARTEAR, IESA and Radio Mitre, and their respective subsidiaries, including Telecor, Telba, Pol-ka, Auto Sports ⁽¹⁾, Grupo Carburando, and their equity investments in Ideas del Sur, TRISA and TSC.
- Digital Content and Others: basically comprised of the operations of its controlled companies CMD and subsidiaries, and OSA. Additionally, this segment includes the Company’s own operations (typical of a holding) and those carried out by its controlled company GCGC.

⁽¹⁾ During the year ended December 31, 2010, Automóviles Deportivos 2000 S.A. changed its corporate name to Auto Sports S.A.

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The following tables summarize the information as of December 31, 2011 and 2010 for each of the business segments identified by the Company:

	Cable television and Internet access	Printing and publishing	Broadcasting and programming	Digital content and others	Eliminations	Total
INFORMATION ARISING FROM CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011						
Net sales to third parties	6,372,302,822	1,978,282,728	1,159,692,253	106,702,934	-	9,616,980,737
Intersegment net sales	8,054,243	125,349,519	109,121,876	176,256,502	(418,782,140)	-
Net sales	6,380,357,065	2,103,632,247	1,268,814,129	282,959,436	(418,782,140)	9,616,980,737
Cost of sales (excluding depreciation and amortization)	(2,814,278,066)	(1,188,801,183)	(793,598,082)	(123,328,255)	138,142,933	(4,781,862,653)
Selling expenses (excluding depreciation and amortization)	(708,246,260)	(357,485,992)	(84,827,606)	(55,269,992)	136,389,196	(1,069,440,654)
Administrative expenses (excluding depreciation and amortization)	(773,449,886)	(300,929,884)	(138,369,794)	(119,398,498)	144,250,011	(1,187,898,051)
Depreciation of property, plant and equipment and other investments	(558,564,896)	(43,697,569)	(27,185,880)	(6,801,238)	-	(636,249,583)
Amortization of intangible assets and other assets	(68,480,444)	(5,432,604)	(14,702,373)	(3,932,591)	-	(92,548,012)
Goodwill impairment	-	-	(12,053,573)	-	-	(12,053,573)
Other results, net	5,671,964	4,678,084	(155,171)	6,657,315	-	16,852,192
Operating Income (loss)	1,463,009,477	211,963,099	197,921,650	(19,113,823)	-	1,853,780,403
Financial results, net	(397,049,473)	(70,166,336)	(36,070,923)	(12,552,583)	-	(515,839,315)
Equity in earnings (losses) from unconsolidated affiliates	8,951,042	14,572,779	16,152,062	42,718	-	39,718,601
Income (loss) before income tax and tax on assets	1,074,911,046	156,369,542	178,002,789	(31,623,688)	-	1,377,659,689
Income tax and tax on assets	(383,246,628)	(48,564,977)	(60,954,337)	(5,269,503)	-	(498,035,445)
Net income (loss) before allocation to non-controlling interests	691,664,418	107,804,565	117,048,452	(36,893,191)	-	879,624,244
Less: Net income attributable to non-controlling interests	(306,704,310)	(5,727,108)	(7,256,784)	(1,167,778)	-	(320,855,980)
Net income (loss) attributable to Grupo Clarin's shareholders	384,960,108	102,077,457	109,791,668	(38,060,969)	-	558,768,264
INFORMATION ARISING FROM CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2011						
Total Assets	7,845,668,076	1,680,944,595	1,046,161,419	418,493,600	(199,066,273)	10,792,201,417
Investments in unconsolidated affiliates	60,028,801	178,667,914	101,284,511	2,891,515	-	342,872,741
Total Liabilities	4,298,791,905	1,008,897,900	582,921,123	230,192,222	(199,066,273)	5,921,736,877
ADDITIONAL CONSOLIDATED INFORMATION AS OF DECEMBER 31, 2011						
Payments for the acquisition of property, plant and equipment	1,413,399,173	31,910,565	73,284,300	6,235,691	-	1,524,829,729
Payments for the acquisition of intangible assets	42,685,454	7,775,321	73,176	6,333,502	-	56,867,453

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	Cable television and Internet access	Printing and publishing	Broadcasting and programming	Digital content and others	Eliminations	Total
INFORMATION ARISING FROM CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2010						
Net sales to third parties	4,910,116,724	1,612,198,700	877,090,667	103,758,147	-	7,503,164,238
Intersegment net sales	<u>6,797,697</u>	<u>127,540,010</u>	<u>69,366,499</u>	<u>137,139,779</u>	<u>(340,843,985)</u>	-
Net sales	4,916,914,421	1,739,738,710	946,457,166	240,897,926	(340,843,985)	7,503,164,238
Cost of sales (excluding depreciation and amortization)	(2,014,481,316)	(920,542,693)	(582,008,517)	(92,157,679)	92,200,384	(3,516,989,821)
Selling expenses (excluding depreciation and amortization)	(498,347,799)	(284,764,395)	(38,800,145)	(57,777,740)	134,868,696	(744,821,383)
Administrative expenses (excluding depreciation and amortization)	(543,424,447)	(236,295,392)	(138,547,422)	(105,793,396)	113,774,905	(910,285,752)
Depreciation of property, plant and equipment and other investments	(403,072,359)	(42,808,147)	(23,050,697)	(8,080,037)	-	(477,011,240)
Amortization of intangible assets and other assets	(68,893,916)	(2,555,018)	(5,731,664)	(4,322,866)	-	(81,503,464)
Other results, net	-	-	(477,034)	-	-	(477,034)
Operating Income (loss)	1,388,694,584	252,773,065	157,841,687	(27,233,792)	-	1,772,075,544
Financial results, net	(298,796,891)	(42,017,506)	(22,711,727)	(16,191,915)	-	(379,718,039)
Equity in earnings (losses) from unconsolidated affiliates	<u>6,931,886</u>	<u>2,435,609</u>	<u>13,173,274</u>	<u>(955,027)</u>	-	<u>21,585,742</u>
Income (loss) before income tax and tax on assets	1,096,829,579	213,191,168	148,303,234	(44,380,734)	-	1,413,943,247
Income tax and tax on assets	<u>(393,894,861)</u>	<u>(76,829,370)</u>	<u>(49,076,073)</u>	<u>(2,867,094)</u>	-	<u>(522,667,398)</u>
Net income (loss) before allocation to non-controlling interests	702,934,718	136,361,798	99,227,161	(47,247,828)	-	891,275,849
Less: Net income attributable to non-controlling interests	<u>(311,691,252)</u>	<u>(4,912,631)</u>	<u>(6,060,435)</u>	<u>(533,110)</u>	-	<u>(323,197,428)</u>
Net income (loss) attributable to Grupo Clarin's shareholders	<u><u>391,243,466</u></u>	<u><u>131,449,167</u></u>	<u><u>93,166,726</u></u>	<u><u>(47,780,938)</u></u>	-	<u><u>568,078,421</u></u>

INFORMATION ARISING FROM CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2010

Total Assets	6,615,394,663	1,445,136,223	872,083,376	235,841,876	(91,148,063)	9,077,308,075
Investments in unconsolidated affiliates	50,703,913	161,451,800	81,457,461	2,253,963	-	295,867,137
Total Liabilities	3,418,798,177	815,398,293	488,452,164	221,915,520	(91,148,063)	4,853,416,091

ADDITIONAL CONSOLIDATED INFORMATION AS OF DECEMBER 31, 2010

Payments for the acquisition of property, plant and equipment	881,386,623	48,852,110	27,841,986	19,383,917	-	977,464,636
Payments for the acquisition of intangible assets	17,825,763	3,429,151	89,794	5,769,734	-	27,114,442

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NOTE 10. SHAREHOLDER'S EQUITY

Upon the Company's initial public offering in October 2007, the Company's capital stock was set at Ps. 287,418,584, represented by:

- 75,980,304 registered non-endorsable Class A common shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.
- 186,281,411 book-entry Class B common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.
- 25,156,869 registered non-endorsable Class C common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

On October 5 and 11, 2007, the CNV and BCBA, respectively, granted authorization for the Company's initial public offering of its capital stock. Said authorizations contemplated (i) the public offering of its Class B book-entry common shares, (ii) the listing of its Class B book-entry common shares, and (iii) the listing of its registered non-endorsable Class C common shares, which trading was suspended due to restrictions on transfers set forth in the Company's Bylaws. Also in the last quarter of 2007, the Company was granted authorization for the listing of its GDSs on the LSE. Each GDS represents two of the Company's Class B common shares.

NOTE 11. INCOME TAX

Current and deferred income taxes provided are as follows (amounts stated in thousands of Ps.):

	For the years ended December 31,	
	2011	2010
Current	(472,652)	(529,234)
Deferred	(23,010)	10,992
Income tax	(495,662)	(518,242)
Tax on assets	(2,373)	(4,425)
Total	<u>(498,035)</u>	<u>(522,667)</u>

The following table summarizes the reconciliation between the income tax charged to income for the years ended December 31, 2011 and 2010 and the income tax liability that would result from applying the current tax rate on income before income tax and tax on assets and the income tax liability assessed on income for each year (amounts stated in thousands of Ps.):

	For the years ended December 31,	
	2011	2010
Income tax assessed at the current tax rate (35%) on income before income taxes, tax on assets and non-controlling interests	(482,181)	(494,880)
Permanent differences:		
Equity in earnings from unconsolidated affiliates	13,902	7,555
Non-deductible expenses	(13,375)	(25,254)
Others	(5,075)	604
Effect of changes in the allowance of deferred tax asset and tax loss carryforward	(8,933)	(6,267)
Income tax	<u>(495,662)</u>	<u>(518,242)</u>

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The following table shows the breakdown of net deferred tax position as of December 31, 2011 and 2010, respectively (amounts stated in thousands of Ps.):

	As of December 31,	
	2011	2010
Deferred Assets (Liabilities)		
Tax loss carryforward	73,826	39,852
Trade receivables	(21,193)	42,800
Property, plant and equipment	(82,252)	(64,583)
Intangible assets	(34,915)	(103,659)
Other assets	(3,714)	(3,884)
Other investments	(2,098)	7,828
Short and long-term debt	23,240	67,539
Provisions	47,689	36,643
Others	20,222	16,964
Subtotal	20,805	39,500
Allowance for deferred tax asset	(31,069)	(26,754)
Net deferred tax position	(10,264)	12,746

As of December 31, 2011 and 2010, the Company presents current deferred tax assets of Ps. 42.6 million and Ps. 54.4 million, respectively and non-current deferred tax assets of Ps. 136.6 million and Ps. 144.2 million, respectively. The Company also presents non-current deferred tax liabilities of Ps. 189.5 million and Ps. 185.8 million as of December 31, 2011 and 2010, respectively.

The Company has assessed the recoverability of its deferred tax assets as of December 31, 2011 and believes that it is more likely than not that the deferred tax assets, net of the valuation allowance, will be realized through future taxable income.

As of December 31, 2011, the Company's accumulated tax losses amount to approximately Ps. 210.9 million, which calculated at the current tax rate, represent deferred tax assets in the amount of approximately Ps. 73.8 million. The following table shows a breakdown of accumulated tax losses according to their respective year of expiration pursuant to applicable statutes of limitations (amounts stated in thousands of Ps.):

Year of expiration	Tax loss carryforward
2011	2,686
2012	16,349
2013	15,392
2014	30,391
2015	23,738
2016	122,375
	<u>210,931</u>

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NOTE 12. COMMITMENTS AND CONTINGENCIES

12.1 Restrictions, surety and guarantees

- a. In July 2009, the Company executed an agreement securing payment of GCSA Investments' obligations under its loan, as detailed in Note 14.
- b. Note 14 sets forth certain restrictions to which Cablevisión (by itself and as the surviving company and successor to Multicanal's operations after the merger), PRIMA, AGEA and IESA are subject under their respective financial obligations described in such note.
- c. All of TRISA's shares and 75% of Torneos y Competencias S.A.'s (Uruguay) shares are pledged as guarantee of the loan described in Note 14.

IESA is subject to contractual restrictions on the transfer of its equity interest in TRISA and Tele Net Image Corp.

- d. During the year 2009, AGR purchased a binding machine on credit. To secure the transaction, AGR granted the supplier a right of pledge over the machine. AGR granted joint and several guarantees for the loans granted by Banco de Inversión y Comercio Exterior and Standard Bank Argentina S.A. to Artes Gráficas del Litoral S.A.
- e. In October 2011, the Company executed agreements securing the payment of certain financing transactions of one of its subsidiaries in the amount of USD 2.9 million, effective from October 2011 to October 2013.

12.2 Regulatory framework

- a. Until the enactment of Audiovisual Communication Services Law No. 26,522, the exploitation of broadcasting services in Argentina was governed by Broadcasting Law No. 22,285. Under Law No. 22,285 cable television companies in Argentina required a non-exclusive license from the COMFER in order to operate. Broadcasting licenses were granted for an initial period of 15 years, allowing for a one-time extension of 10 years. The extension of the license was subject to the approval of the COMFER who would determine whether or not the licensee had met the terms and conditions under which the license had been granted. All of the Company's subsidiaries that exploit broadcasting licenses hold licenses granted by the COMFER under such law. Some of the licenses held by the Company's subsidiaries, including all the broadcast TV licenses, the radio license for the City of Buenos Aires, and the license originally granted to Cablevisión S.A. have already been extended for the above mentioned 10-year term.

On May 24, 2005, Decree 527/05 provided for a 10-year-suspension of the terms then effective of broadcasting licenses or their extensions. Calculation of the terms shall be automatically resumed upon expiration of the suspension term, subject to certain conditions. The Decree required that companies seeking to rely on the extension submit for the COMFER's approval, within two years of the date of the Decree, programming proposals contributing to the preservation of the national culture and the education of the population and a technology investment project to be implemented during the suspension term. COMFER's Resolution 214/07 regulated the obligations established by Decree 527/05 in order to benefit from such suspension.

All the broadcasting services licensee subsidiaries have submitted both projects in due time and form. ARTEAR and its subsidiaries Telecom, Telba and Bariloche TV, as well as Radio Mitre, Cablevisión and the licensees merged into Cablevisión, have obtained the COMFER's approval of their respective projects (see Note 20).

The Company's subsidiaries have requested the COMFER's approval of several transactions, including certain company reorganizations and share transfers. The approvals of said reorganization processes by

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the COMFER, except for the Cablevisión-Multicanal merger (see Note 12.2.c), are still pending as of the date of these financial statements.

The activities of the Company's subsidiaries concerning telecommunications services are governed by National Telecommunications Law No. 19,798 and by Decree 764/00, as amended and supplemented. Such decree ordered the deregulation of services and the opening of the telecommunications market in Argentina. Decree 764/00 approved the regulations that make up the effective regulatory framework: the Rules for Telecommunication Service Licenses, the National Interconnection Rules, the General Rules for Universal Services and the Rules for the Administration, Management and Control of the Radio Electric Spectrum.

The licensing regime is based on an Exclusive Telecommunications License that allows the licensee to render to the public any telecommunication services, be they fixed or mobile, wired or wireless, national or international, with or without own infrastructure.

Whatever their licenses, providers are required to register each of the telecommunication services to be rendered, without any limitation whatsoever as to the number and combination of services they may register. The following are the Telecommunication Services registered before the Argentine Secretariat of Communications on behalf of the Company's subsidiaries, merged companies and/or affiliates: Data Transmission, Paging, Videoconference, Community Signal, Signal Broadcasting, Added Value, Trunking, Internet Access, Public Telephony, Local Telephony, and National and International Long-Distance Telephony.

SECOM acts as the Enforcement Authority of the regulatory framework that governs the rendering of telecommunication services. In some cases, it acts together with the former Antitrust and Consumer Defense Secretariat, now the National Antitrust Commission (CNDC) and the Consumer Defense Secretariat, under the jurisdiction of the Secretariat of Domestic Trade. The rendering of telecommunication services is overseen by the Argentine Communications Commission (CNC), a decentralized agency regulated by Decree 1185/90, as amended.

The General Rules for Universal Services ("RGSU", for its Spanish acronym) approved by Decree 764/00, imposed the obligation on all providers to contribute one per cent (1%) of the total revenues accrued from telecommunication services, net of applicable taxes and charges, to the Universal Service Trust Fund ("FFSU", for its Spanish acronym). As a result, providers have been required to make this contribution since January 1, 2001. On November 30, 2010, a trust agreement was executed to govern the operation of the fund. The Company's subsidiaries, as well as its merged companies and/or affiliates, that render telecommunication services have carried out the necessary proceedings to comply with the obligation to make contributions to the FFSU managed by Banco Itaú Argentina S.A.

Finally, SECOM Resolution No. 9/2011 created the "Infrastructure and Equipment" Program, whereby telecommunication service providers may submit projects aimed at developing new infrastructure, updating the existing one and/or acquiring equipment for areas not covered or with unsatisfied needs, for the purposes of fulfilling the obligation to make contributions to the Universal Service Trust Fund for the amounts accrued since January 2001 and until Decree No. 558/08 came into effect. On June 21, 2011 the Company submitted projects aimed at developing new infrastructure in neighborhoods located in the cities of Posadas, Resistencia and Corrientes.

- b. Pursuant to the Antitrust Law and to Broadcasting Law No. 22,285, the transactions carried out on September 26, 2006 that resulted in an increase in the indirect interest the Company held in Cablevisión to 60%, Cablevisión's acquisition of 98.5% of Multicanal and 100% of Holding Teledigital and Multicanal's acquisition of PRIMA (from PRIMA Internacional (now CMD)) required the authorization of the CNDC (validated by the SCI), the COMFER and the SECOM. On October 4, 2006, the Company, Vistone, Fintech, VLG and Cablevisión, as purchasers, and AMI CV Holdings LLC, AMI Cable Holdings Ltd. and HMTF-LA Teledigital Cable Partners LP, as sellers, filed for the approval of the acquisition. After several requests for information, the SCI issued Resolution No. 257/07, with a prior opinion of the CNDC in favor of the approval of the above-mentioned transactions and after consulting the COMFER and the SECOM,

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which did not raise any objections. The Company was served notice in this respect on December 7, 2007. Such Resolution was appealed by five entities. As of the date of these financial statements, the CNDC has dismissed the five appeals filed against the above-mentioned resolution. Four of the entities filed direct appeals before the judicial branch. Three of such appeals were dismissed and one is still pending resolution.

Cablevisión believes that, if the CNDC acts as it did in the case of the three dismissed direct appeals, this appeal is unlikely to be admitted.

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

- c. On December 15, 2008, Cablevisión's shareholders approved the merger of Multicanal, Delta Cable S.A., Holding Teledigital, Teledigital, Televisora La Plata Sociedad Anónima, Pampa TV S.A., Construed S.A. and Cablepost S.A. into Cablevisión, whereby, effective as of October 1, 2008, Cablevisión, in its capacity as surviving company, became the universal successor to all of the assets, rights and obligations of the merged companies.

The merger commitment was executed on February 12, 2009 and has been filed with the CNV pursuant to applicable regulations that require administrative approval. As of the date of these financial statements, such merger is pending administrative approval by the CNV and registration with the IGJ.

On September 3, 2009, the COMFER issued Resolution 577/09, whereby it withheld approval of the Cablevisión-Multicanal merger and required Cablevisión to submit a conforming plan, holding that the relinquishment of licenses spontaneously reported by that Company to the COMFER was insufficient in the locations where it held multiple licenses.

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

On September 17, 2009 Judge Dr. Esteban Furnari from Federal Administrative Court in Administrative Litigation Matters No. 2, in re "Multicanal and Other v. Conadeco- Decree 527/05 and other on Proceeding leading to a declaratory judgment", ordered the suspension of the effects of Resolution No. 577/09 issued by the COMFER, of Resolution No. 106/09 issued by the CNDC, and other acts issued as a result thereof, until a final decision was rendered on these cases. The order was notified to the CNDC, the CNV, the BCBA, Caja de Valores S.A., the IGJ and all other public entities, state-owned or not, in charge of carrying out proceedings concerning the merger.

On October 23, 2009, the court decision providing for the suspension of COMFER Resolution No. 577/09 and CNDC Resolution No. 106/09 was revoked by the Federal Administrative Court of Appeals, Chamber No. 3 in re "Multicanal and Other v. Conadeco- Decree 527/05 and other on Proceeding leading to a declaratory judgment". Therefore, the calculation of the suspended terms was automatically resumed. On that basis, on December 1, 2009, Cablevisión ratified the filing it had made with the COMFER at the time of the merger, and specified the licenses to which it had decided to maintain title. On December 16, 2009, the Federal Administrative Court of Appeals, Chamber No. 3 in re "Multicanal and other v. Conadeco Decree 527/05 and other on Proceeding leading to a declaratory

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judgment" File No. 14,024/08, granted the appeal filed by Multicanal and Grupo Clarín against the decision rendered by that same court on October 23, 2009. With the granting of that appeal, Cablevisión's preliminary injunction regained full force and effect. Accordingly, on January 8, 2010 Cablevisión notified the COMFER in this regard.

Subsequently, on March 9, 2011, the Supreme Court of Argentina in re "Multicanal and Other v./ Conadeco - Decree 527/05 and other on Proceeding leading to a declaratory judgment", granted the appeal by application and the appeal by right filed before the Supreme Court by the National Government against the decision rendered by the Federal Administrative Court of Appeals, Chamber No. 3, that affirmed the preliminary injunction requested by Cablevisión in the first instance, revoking it. Notwithstanding the foregoing, Cablevisión believes that this matter does not have a material impact on the substantive issues.

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

On December 11, 2009, Cablevisión notified the CNDC of the completion and corresponding verification of the fulfillment of the voluntary undertakings made by Cablevisión at the time of the enactment of SCI Resolution No. 257/07, which had approved the acquisitions notified by the Company at that time. On December 15, 2009, the Federal Commercial and Civil Court of Appeals, Chamber No. 2, issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions" (case 10,506/09), partially acknowledging the preliminary injunction Grupo Clarín requested, and instructing the CNDC and the SCI to notify Grupo Clarín whenever their own verification of Cablevisión's fulfillment of its undertakings had been concluded, regardless of their result. Should such agencies have any observations, they should notify Grupo Clarín within a term of 10 days. On the same date, the CNDC issued Resolution No. 1011/09 whereby it deemed Cablevisión's voluntary undertakings unfulfilled and declared the rescission of the authorization granted under Resolution 257/07.

On December 17, 2009, the Federal Court of Appeals in Commercial-Criminal Matters, Chamber A, decided to suspend the term to appeal Resolution No. 1011/09 until the main case was transferred back to the CNDC, considering it had been in such court since December 16, 2009.

On December 17, 2009, the CNDC notified Cablevisión of the initiation of the motion for execution of Resolution No. 1011/09. On December 18, 2009 the Federal Commercial and Civil Court of Appeals, Chamber No. 2, issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", which suspended the effects of Resolution No. 1011/09 until the notice set forth in the preliminary injunction of December 15, 2009 was served. Accordingly, the CNDC served notice to Cablevisión by means of Resolution No. 1101/09.

On December 30, 2009, the Federal Commercial and Civil Court of Appeals, Chamber No. 2, issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", partially acknowledging Grupo Clarín's request and suspending the term for Grupo Clarín to respond to Resolution No. 1101/09 until Grupo Clarín is granted access to the administrative proceedings related to the charges brought by the CNDC in its Opinion No. 770/09 (on which Resolution 1011/09 was based).

On February 19, 2010, Cablevisión requested the nullification of the notice, and as a default argument, submitted the response requested under Resolution No. 1101/09. On February 26, the Federal Court of Appeals in Commercial-Criminal Matters approved the recusation filed by Cablevisión and excluded the Secretary of Domestic Trade from the proceedings.

On March 3, 2010, the Argentine Ministry of Economy and Public Finance issued Resolution No. 113 (subscribed by the Minister of Economy, Dr. Amado Boudou) rejecting the request for the nullification of

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Resolution No 1011/09, the request for abstention and excusation of certain officials, and all the evidence produced in connection with such request for nullification. The voluntary undertakings made by Cablevisión at the time of Resolution 257/07 were deemed unfulfilled, thus declaring the rescission of the authorization granted under such resolution. The parties involved were ordered to take all necessary actions within a term of six months to comply with such rescission and inform the CNDC about the progress made on a monthly basis. Such resolution was appealed in due time and form. The appeal was granted without staying the execution of judgment. Such appeal is currently pending before Chamber II of the Federal Civil and Commercial Court of Appeals in re “AMI CABLE HOLDING and other on/ Appeal of the National Antitrust Commission Resolution” (File 2054/2010).

On March 3, 2010, an action was brought seeking the nullification of COMFER Resolution No. 577/09. Upon being served with this action, COMFER filed an exception, which was responded by Cablevisión.

On April 20, 2010 the Federal Commercial and Civil Court of Appeals, Chamber No. 2, granted the appeal by right filed by Grupo Clarín S.A. in re “Grupo Clarín on delay in the remittance of the proceedings”, and decided that the appeal granted by the CNDC to the Company against Resolution No. 113/10 had the effect of staying such resolution.

The National Government filed an appeal asking that the Court of Appeals revoke its own decisions with respect to the effect granted to the April 20 decision, and that it decline its jurisdiction. It also filed an extraordinary appeal. Both appeals were dismissed. Chamber No. 2 requested the administrative file and the Court’s decision is pending. Cablevisión considers that it has strong grounds to have the effects of the above Resolution suspended and therefore has brought the relevant legal actions. However, it cannot assure that the outcome will be favorable.

Decisions made on the basis of these financial statements should consider the eventual impact that the above-mentioned resolutions might have on the Company’s subsidiary Cablevisión, and these financial statements should be read in light of such uncertainty.

- d. Cablevisión, by itself and as successor of Multicanal’s operations after the merger, is a party to several administrative proceedings under the Antitrust Law, facing charges of anticompetitive conduct, including territorial division of markets, price discrimination, abuse of dominant position, refusal to deal and predatory pricing, as well as a proceeding filed by the *Cámara de Cableoperadores Independientes* (Chamber of Independent Cable Operators), challenging the transactions consummated on September 26, 2006. While Cablevisión believes that its conduct and that of Multicanal have always been within the bounds of the Argentine Antitrust Law and regulations and that their positions in each of these proceedings are reasonably grounded, it can give no assurance that any of these cases will be resolved against it.
- e. On July 16, 2010, the SCI notified Cablevisión and Multicanal of the content of Resolution 219/2010, whereby the Secretary of Domestic Trade decided to declare both companies responsible for having agreed to divide among themselves the pay television market of the City of Santa Fe; imposing a joint fine of Ps. 2.5 million to each company. On July 26, 2010, Cablevisión and Multicanal appealed the resolution, presenting new arguments in connection with the application of statutes of limitation, which had already been alleged prior to the issuance of the appealed resolution.

On March 1, 2011, the SCI notified Cablevisión and Multicanal of the content of Resolution No. 19/2010, whereby the Secretary of Domestic Trade decided to declare Cablevisión and Multicanal liable for having agreed to divide among themselves the pay television market of the City of Paraná; imposing a joint and several fine of Ps. 2.5 million to each company. Cablevisión has filed an appeal in due time and form. Such appeal was rejected by the Federal Court of Appeals of Paraná. Cablevisión filed an appeal with the Supreme Court of Argentina. On November 4, 2011, the appeal filed by Cablevisión with the Supreme Court of Argentina regarding SCI Resolution No. 19/2010 was partially granted by the Federal Court of Appeals of Paraná.

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While Cablevisión believes that its conduct and that of Multicanal have always been within the bounds of the Argentine Antitrust Law and regulations and that their positions in each of these proceedings are reasonably grounded, it can give no assurance that any of these cases will be resolved in its favor.

- f. On January 22, 2010, Cablevisión was notified of CNDC Resolution No. 8/10 issued within the framework of file No. 0021390/2010 entitled "Official Investigation of Cable Television Subscriptions (C1321)". By means of such Resolution, Cablevisión and other companies were ordered to refrain from conducting collusive practices and, particularly, from increasing the price of cable television subscriptions for a term of 60 days, counted as from the date all required notices are certified as completed. According to said Resolution, companies which have already increased the price of the subscriptions shall return to the price applicable in November 2009 and maintain such price for the abovementioned term.

On February 2, 2010, by means of Resolution No. 13/10, the CNDC ordered Cablevisión to credit its subscribers the amount of any price increase made after the date of CNDC Resolution No. 8/10 on its March invoices.

Both resolutions were appealed in due time and form and their effects were suspended by a preliminary injunction granted by the Federal Commercial and Civil Court of Appeals, Chamber No. 2, at Cablevisión's request.

Finally, on October 4, 2011, the same Chamber granted the appeal, declaring that the claim based on CNDC Resolution No. 8/10 was moot and nullifying CNDC Resolution No. 13/10.

The National Government appealed such decision before the Supreme Court of Argentina, which shall grant or dismiss the appeal.

- g. On March 3, 2010, the SCI issued Resolution No. 50/2010, whereby it approved certain rules for the sale of cable television services. These rules provide that cable television operators must apply a formula to estimate the monthly subscription prices. The price arising from the application of the formula must be informed to the Office of Business Loyalty (*Dirección de Lealtad Comercial*) between March 8 and March 22, 2010. Cable television operators shall adjust such amount every six months and inform the result of such adjustment to said Office. Such formula, which the SCI seeks to impose as mandatory, is illegitimate, inconsistent with industry parameters, and flagrantly disregards constitutional rights.

Even though as of the date of these financial statements Cablevisión cannot assure the actual impact of the application of this formula, given the vagueness of the variables provided by the Resolution to calculate the monthly subscription prices, Cablevisión believes Resolution No. 50/10 is arbitrary and bluntly disregards freedom to contract, which is part of the freedom of industry and trade. Therefore, it has filed the pertinent administrative claims and will bring the necessary legal actions requesting the suspension of the Resolution's effects and ultimately requesting its nullification.

Even though Cablevisión, like other companies in the industry, have strong constitutional arguments to support their position, it cannot be assured that the final outcome of this issue will be favorable. Therefore, Cablevisión may be forced to modify the price of its cable television subscription, a situation that could significantly affect the revenues of its core business. This situation creates a general framework of uncertainty over the Cablevisión's business, which may significantly affect the recoverability of its significant assets. Notwithstanding the foregoing, as of the date of these financial statements, in accordance with the decision rendered on August 1, 2011 in re "LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretary of Domestic Trade", the Federal Court of Appeals of Mar del Plata has ordered the SCI to suspend the application of Resolution No. 50/2010 with respect to all cable television licensees represented by the Argentine Cable Television Association (ATVC, for its Spanish acronym). Such decision was served on the SCI and the Ministry of Economy on September 12, 2011, thereby becoming fully effective. Consequently, the SCI may not disregard it.

On June 1, 2010, the SCI imposed a Ps. 5 million fine on Cablevisión because it failed to comply with the information regime set forth by Resolution No. 50/2010, invoking the Antitrust Law to impose such

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penalty. The fine was appealed and submitted to the Federal Administrative Court of Appeals, Chamber V, which decided to reduce the fine to Ps. 300,000. Cablevisión appealed this decision by filing an extraordinary appeal with the Supreme Court of Argentina.

On March 10, 2011 SCI Resolution No. 36/2011 was published in the Official Gazette. This Resolution follows the guidelines of SCI Resolution 50/2010. Resolution No. 36/2011 sets forth the parameters to be applied to the services rendered by Cablevisión to its subscribers from January through April, 2011. These parameters are as follows: 1) the monthly basic subscription price shall be Ps. 109 for this period; 2) the price of other services currently rendered by Cablevisión shall remain unchanged as of the date of publication of this resolution; 3) as to the promotional benefits, existing rebates and/or discounts, the company shall maintain those already granted as of that same date. As mentioned in this resolution, Cablevisión shall reimburse the users for any amount collected above the price set for this period.

In connection with the above, Cablevisión believes that this resolution is illegal and arbitrary since it is grounded on Resolution 50/2010, which is absolutely null and void. Accordingly, Cablevisión requested the suspension of the effects of that Resolution and Resolution No. 50/2010.

Such request was resolved in Cablevisión's favor in re "CABLEVISION S.A. v/ National Government (Secretariat of Domestic Trade - Ministry of Economy and Public Finance) on/ Preliminary Injunction" (file No. 6-C-11) pending before Federal Court No. 1 of the City of Córdoba. The court suspended the effects of Resolutions No. 50/10 and 36/2011 with respect to CABLEVISION S.A., its branches and subsidiaries, ordering the Secretariat of Domestic Trade and the Ministry of Economy to refrain from executing and/or enforcing such resolutions. The injunction was appealed by the National Government and the Federal Court of Appeals of the City of Córdoba declared that it lacked territorial jurisdiction.

The case has been transferred to Federal Administrative Court No. 7, under Judge Cristina Carrión de Lorenzo. Cristina Carrión de Lorenzo declared that she lacked subject matter jurisdiction, and that the case should be heard by an economic criminal court. Such declaration was appealed by the National Government. Chamber IV of the Federal Administrative Court of Appeals decided that it had jurisdiction over this proceeding and revoked the injunction that had been effective up to that moment.

Notwithstanding the foregoing, an ordinary proceeding is currently pending before Federal Administrative Court No. 7 seeking the nullification of Resolution No. 50/2010.

On April 25, 2011, by virtue of a preliminary injunction requested by Mr. Gustavo Traverso (user of cable television services), the Federal Court of Junín ordered Cablevisión to rebill the service to this user for Ps.109, to reimburse any amount collected exceeding such amount in connection with such service and to refrain from interrupting or modifying the service until the court rules on the merits pursuant to Resolutions No. 50/2010 and 36/2011. Subsequently, since Cablevisión believes that the application of such Resolutions has been suspended with respect to such company, its branches and subsidiaries, on May 4, 2011 Cablevisión requested the reversal of such injunction and filed a subsidiary appeal.

On May 2, 2011 the SCI issued Resolution No. 65/2011 extending the effectiveness of Resolution No. 36/2011 for two months (May and June 2011). On June 30, 2011, the SCI issued Resolution No. 92/2011 extending the effectiveness of such resolution for the months of July and August, 2011. Additionally, on August 31, 2011 the SCI issued Resolution No. 123/2011 setting the price of the cable television subscription at Ps. 116 and extending such effectiveness for two additional months (September and October, 2011). On October 31, 2011, the SCI issued Resolution No. 141/2011 extending such effectiveness for two additional months (November and December, 2011). Finally, on December 29, 2011 the Secretariat of Domestic Trade issued Resolution No. 10/2011 extending such term for another three months (January, February and March 2012). Cablevisión believes, however, that given the terms under which the Federal Court No. 1 of the City of Córdoba granted the preliminary injunction, that is, ordering the SCI and the Ministry of Economy to refrain from executing and/or enforcing Resolutions No. 50/2010 and 36/2011, and also given the fact that Resolutions No. 65/2011, 92/2011 and 123/2011 merely extend

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the effectiveness of the latter, Cablevisión will continue to be protected by said preliminary injunction, and, therefore, its ordinary course of business will not be affected. See Note 23.d.

On October 28, 2011 Cablevisión was served with a preliminary injunction issued by the Federal Court of San Nicolás, ordering that company to stop charging Ps. 143 for the monthly fee, as provided under Resolution 50/2010. Cablevisión filed an appeal against such injunction in due time and form. See Note 23.b.

On July 14, 2011, in re “Asociación de Consumidores de Vicente López v./ Cablevisión S.A. on/ specially expedited summary proceeding” - which is pending before the Federal Court of First Instance in Civil, Commercial and Administrative Litigation Matters No.1 of San Martín, Clerk’s Office No. 3 – Cablevisión was served notice of an order to readjust the July and August monthly cable television subscription fee payable by the users domiciled in Vicente López to Ps. 109. Pursuant to the court’s decision, subscribers who have already paid their July bills should have all amounts paid in excess deducted from their August bills. Cablevisión filed an appeal in due time and form because it believes that the application of Resolutions No. 50/2010 and 36/2011 has been suspended by way of a preliminary injunction with respect to such company, its branches and subsidiaries. Such appeal is still pending resolution.

On July 18, 2011, Cablevisión was served notice of a collective injunction issued on June 24, 2011 by the Consumer and User Defense Administration of the City of Quilmes pursuant to Law No. 13,133. Such Administration ordered Cablevisión to cease immediately to charge and/or require payment of a basic subscription fee of more than Ps. 109 for its paid television services with respect to all users domiciled in Quilmes, regardless of the mechanism and amounts provided under Resolutions No. 50/2010, 36/2011 and 65/2011 issued by the SCI, or under any future resolution that may amend or replace them. The injunction also orders Cablevisión to refrain from altering the service conditions and to provide the means to secure the refund of any amount paid by the users in excess of Ps. 109. On July 28, 2011, Cablevisión requested the reversal of the injunction. In both cases, Cablevisión filed a subsidiary appeal, expressly requesting the suspension of the effects of the injunction, based on the fact that the application of Resolutions No. 50/2010 and 36/2011 has been provisionally suspended.

- h. On August 5, 2010, Cablevisión was served with CNC Resolution No. 2936/2010 within the framework of Administrative Proceeding File No. 2,940/2010, pursuant to which Cablevisión and/or any other individual or entity through which the services relating to the licenses and registrations granted to FIBERTEL S.A. (“Fibertel”) may be rendered shall refrain from adding new subscribers and from altering the conditions under which the services are currently rendered.

To decide as it did, the Argentine Communications Commission disregarded the corporate reorganization that was completed and registered before the IGJ, whereby Fibertel merged into Cablevisión effective as of April 1, 2003. By virtue of the merger, Cablevisión became the successor to all of the assets, rights and obligations of Fibertel as merged company, including the Exclusive License granted under SECOM Resolutions No. 100/96, 2375/97, 168/02 and 83/03. Therefore, Fibertel did not transfer or divest of its rights and obligations to third parties – among them, those derived from the above-mentioned Exclusive License. Fibertel continued to carry out its activities through Cablevisión as surviving company. In order to implement the above-mentioned corporate business reorganization, on March 5, 2003, the Argentine Communications Commission and the SECOM were notified of the corporate business reorganization for its acknowledgement. The technical and legal areas of the Argentine Communications Commission issued a favorable resolution with respect to the compliance with the requirements of current regulations to register Fibertel’s license under the name of Cablevisión. SECOM had a term of 60 days to decide on the corporate business reorganization. However, such agency failed to render a decision as required by the applicable regulations. Not until August 19, 2010 did SECOM issue Resolution No. 100/2010, revoking Fibertel’s license.

Cablevisión believes that the Resolution is arbitrary and that it flagrantly violates due process and its defense right. Therefore, Cablevisión has appealed such resolution. The appeal is still pending as of the date of these financial statements.

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- i. On August 19, 2010 the Media Secretariat issued Resolution No. 100/2010, whereby it revoked the license that had been granted to Fibertel. The Company believes that this Resolution is an absolutely null and void administrative act, which may not be cured, because it presents evident defects in its enactment procedure and with respect to jurisdiction, purpose, reasonableness, subject matter and cause. Its wording contradicts express provisions of the National Constitution, of Law No 19,550 (Argentine Business Associations Law), Decrees 1185/90 and 764/00 and Law No. 19,549 of Administrative Procedures, among others. The Resolution disregards the several filings made by Cablevisión with the Media Secretariat requesting such agency to issue an administrative act evidencing that Cablevisión S.A., pursuant to section 82 of the Argentine Business Associations Law, is the successor of Fibertel and, therefore, the holder of the exclusive telecommunication service license and of the registrations that had been previously granted to Fibertel. More than eight years after that request, in spite of the existence of a draft of a favorable decision in the case file, with a completely arbitrary attitude that contradicts other precedents of the same agency, and without prior notice that would have allowed Cablevisión to exercise its defense right, the SECOM ordered that the license be revoked and that the users migrate within 90 days of the resolution's notification. On August 26, 2010 Cablevisión filed an appeal requesting the reversal of the resolutions, and if such appeal is rejected, a subsidiary appeal against that Resolution before the highest administrative authority. The scope of the appeal was extended on September 7, 2010. The appeal was dismissed pursuant to SECOM Resolution No. 132/2010 dated October 7, 2010. However, since Cablevisión had filed a subsidiary appeal to have the case heard by the highest administrative authority; the file was submitted to the Ministry of Federal Planning, Public Investment and Utilities. As of the date of these financial statements, this appeal is pending resolution.

On December 22, 2010 the Federal Court of First Instance No. 1 of Córdoba in re "Soutullo, Torres María Florencia and others v. Cablevisión and others on Declaratory Judgment Action – File No. C/103-S-10", decided to: 1) issue an injunction to maintain the current legal and factual conditions under which Cablevisión provides and markets telecommunication, Internet and television services under the brands "FIBERTEL" and "CABLEVISIÓN"; 2) suspend the application and execution of Secom Resolution No. 100/2010 issued on August 19, 2010. Pursuant to the Federal Court's decision, the Secom shall refrain, itself and/or through any of its bodies and/or agencies, from disrupting the effective exploitation of the Exclusive Telecommunications License currently held by "CABLEVISIÓN" under the brand "FIBERTEL". Such license includes the commercialization of data transmission, paging, videoconference, community signal, signal broadcasting, added value, trunking, local telephony and public telephony services. The Federal Court's decision includes the suspension by the Audiovisual Communication Services Law Federal Enforcement Authority, with respect to Cablevisión and its subsidiaries, of the application of section 50, sub-section "Continuity of Service", Schedule I of Decree No. 1225/10; 3) take into account that under the network structure and modality of Internet and pay television services rendered by Cablevisión, the injunction considers the nationwide integration of the system. Notice of the injunction was served on the National Government – Argentine Media Secretariat (SECOM), Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA), the Argentine Communications Commission (CNC), and any other national, provincial or municipal body, so that they may refrain from preventing, hindering and/or hampering in any way the effective provision and commercialization of the services rendered by "CABLEVISIÓN" and/or "FIBERTEL". On July 21, 2011, the Federal Court of Appeals of Cordoba, Chamber A, revoked such preliminary injunction. Cablevisión filed an appeal with the Supreme Court of Argentina against this decision, but it was dismissed.

On February 24, 2011, the Federal Commercial and Civil Court of the City of Buenos Aires, Chamber No. 3, in re "ANTITRUST ASSOCIATION V. NATIONAL GOVERNMENT MEDIA SECRETARIAT ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS" confirmed the decision rendered in the first instance, stating that the National Government, Media Secretariat, shall refrain from disrupting or limiting in any way the rendering of Internet access services offered by Cablevisión. It also partially changed the above decision by broadening its effects, ordering the National Government to refrain from enforcing Resolution No. 100/2010, thus allowing new customers to subscribe to the Internet access services offered by Cablevisión.

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On December 16, 2011, Federal Commercial and Civil Court No. 3, Clerk's Office No. 5 issued a related injunction in re "CABLEVISION S.A. v. NATIONAL GOVERNMENT ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS", ordering the suspension of the effects of SECOM Resolution No. 100/2010 and also guaranteeing new subscribers the possibility to subscribe to the Internet Access service offered by Cablevisión.

Therefore, Cablevisión is authorized to continue to render the telecommunication services granted to Fibertel.

Cablevisión will resort to all available administrative and judicial remedies available in order to have SECOM Resolution No. 100/2010 declared null and void. Even though Cablevisión has strong grounds that support its position, it cannot be assured that the final outcome of this issue will be favorable.

There are currently more than ten pending summary proceedings to protect constitutional guarantees brought by consumers and/or consumer associations demanding that Cablevisión continue to render the Internet service as it has done to date, and requesting that SECOM Resolution No. 100/2010 be declared unconstitutional. As of the date of these financial statements, two of these proceedings have been dismissed and the rest has not been decided upon yet.

On December 20, 2011, at the request of Cablevisión, a new preliminary injunction was issued in re "CABLEVISION S.A. v. National Government – Argentine Secretariat of Communications on COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS". On the basis of the above-mentioned precedent, and on the existing connection between the subject matters of both cases, as alleged by Cablevisión, the injunction ordered the suspension of the effects of SECOM Resolution No. 100/10.

- j. On September 10, 2010, the National Administration of Domestic Trade notified Cablevisión that a Ps. 5 million fine had been imposed for promoting the Fibertel service without being the holder of the license (section 7 of Law 24,240), consequently providing wrong information to the client (section 4 of Law 24,240) and for the impossibility of honoring the promotion by reason of not being the holder of Fibertel's license (section 19 of Law 24,240). Cablevisión has appealed that decision because it considers that there are sufficient arguments in favor of its position. The file was assigned No. 1276 and is pending before Chamber II of the Federal Administrative Court of Appeals. However, Cablevisión cannot assure that the outcome of the appeal will be favorable.
- k. On October 21, 2010, Cablevisión was served notice of a resolution from the National Administration of Domestic Trade, whereby (i) a Ps. 5 million fine was imposed for failure to comply with reporting obligations (section 41 of Law 24,240) on one of its promotional campaigns and (ii) a Ps. 500 thousand fine for failing to comply with Decree 1153/95 Section 2, c) of the regulations to Section 10 of Law 22,802. Cablevisión has appealed the fines because it believes it has strong arguments in favor of its position. The file was assigned No. 1281 and is pending before Chamber II of the Federal Administrative Court of Appeals. On October 4, 2011, the Chamber partially affirmed Resolution 739/10 and reduced the amount of the fine to Ps. 2.2 million, imposing 75% of the legal costs on Cablevisión. On October 13, 2011 Cablevisión filed a federal ordinary appeal, and on October 20, 2011 it filed a federal extraordinary appeal to have the case heard by the Supreme Court of Argentina in the event that the federal ordinary appeal may be dismissed. However, Cablevisión cannot assure that the outcome of the appeal will be favorable.
- l. On October 28, 2010, Cablevisión was served notice of the National Administration of Domestic Trade's resolutions imposing two fines of Ps. 5 million each, for allegedly failing to observe the typographic character requirements under applicable regulations (Resolution 906/98) when informing its subscribers of the increase in the price of their cable television subscriptions. On November 12, 2010 Cablevisión appealed these fines because it believes it has strong arguments in favor of its position. However, it cannot be assured that the outcome of the appeals will be favorable. One of the files was assigned No. 1280 and is pending before Chamber I of the Federal Administrative Court of Appeals, and the other one was assigned No. 1278 and is pending before Chamber V of the Federal Administrative Court of Appeals.

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- m. On May 23, 2011, Supercanal S.A. filed a claim for the protection of constitutional rights (*acción de amparo*) before the Federal Court of Mendoza against Cablevisión, Grupo Clarín and other co-defendants, requesting that they refrain from exercising alleged anti-competitive practices and that the assets, liabilities and businesses that used to belong to Multicanal and that were subsequently merged into Cablevisión (see Note 12.2.c) be separated from the other assets, liabilities and businesses of Cablevisión and transferred to third parties.

Together with the claim for the protection of constitutional rights, Supercanal requested a preliminary injunction – for the same purposes - which was granted on December 16, 2011. The injunction orders the separation of the assets, liabilities and businesses that used to belong to Multicanal and that were subsequently merged into Cablevisión within a term of 60 days. It also appoints, for a term of twelve months, a court-appointed supervisor (*interventor*) and co-administrator who shall enforce the injunction, order the changes to such company's management required for the effective enforcement of the duties to be fulfilled by the Board of Directors, and also report on a monthly basis to the court about his/her performance. Such court-appointed supervisor (*interventor*) and co-administrator shall have the obligation to conduct the necessary actions aimed at fulfilling the actions ordered pursuant to the injunction.

Cablevisión filed an appeal against such injunction and presented the grounds for its defense in due time and form. On April 26, 2012 the Federal Court of Appeals of Mendoza ratified the decision rendered on December 16, 2011 also extending the term for its enforcement to 120 days.

Additionally, the Federal Court of Appeals of Mendoza dismissed Cablevisión's request for the replacement of this injunction with a less burdensome one.

Cablevisión believes that it has strong grounds to defend its position. Therefore, it will file an appeal with the Supreme Court of Argentina against such decisions seeking the revocation of the injunction. Notwithstanding the foregoing, Cablevisión cannot assure the outcome of the appeals.

12.3 Other regulatory matters

- a. The litigation brought before the Civil, Commercial, Mining and Labor Court of the City of Concarán, Province of San Luis, in early 2007 in re "Grupo Radio Noticias SRL v. CableVisión and others", is still pending before the Federal Court in Administrative Litigation Matters No. 2.

The purpose of that claim was to challenge the share transfers mentioned in Note 12.2.b. and to request the revocation of Cablevisión's broadcasting licenses. Cablevisión has responded to such claim and believes it is very unlikely that it will be admitted.

- b. The Government of the City of Mar del Plata enacted Ordinance No. 9163, governing the installation of cable television networks. Such ordinance was amended and restated by Ordinance No. 15981 dated February 26, 2004, giving cable companies until December 31, 2007 to adapt their cable networks to the new municipal requirements. The ordinance sets forth that in those areas where street lighting has underground wiring, cable television networks are to be placed underground. In this sense, the Executive Department of the Municipality of General Pueyrredón has submitted to the Municipal Council a proposed ordinance extending the term provided until December 31, 2015. Such ordinance is ready for discussion by legislators. Even though the ordinance provides for certain penalties that may be imposed, the City has not imposed such penalties to cable systems that are not in compliance with such ordinance.
- c. On July 13, 2011 Uruguay's Executive Branch issued Decree No. 231/2011 revoking some of the broadcasting frequencies previously granted in 1993, 1994 and 2005 to two companies with which a subsidiary of Cablevisión has executed agreements. These frequencies are currently used by such companies to render digital and high-definition cable television services to subscribers. Such Decree awards both companies a lower number of new broadcasting frequencies accounting for a smaller portion of the radio electric spectrum. These changes in the award of frequencies, as established by such decree, shall be effective 18 months after the date on which the decree came into effect (December 13, 2012).

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On July 22, 2011, the two companies filed an appeal requesting that such decree be revoked. Since the administration has not rendered any decision on the appeal within 150 days of the date on which the appeal was filed, administrative remedies are deemed exhausted. Therefore, the companies are entitled to bring a judicial claim requesting nullification of the decree before the Administrative Court, together with the request for the suspension of such decree. See Note 23.e.

12.4 Claims brought by the COMFER

Cablevisión

As from November 1, 2002 and until December 31, 2011, the COMFER and AFSCA initiated summary administrative proceedings against Cablevisión and Multicanal (merged into Cablevisión) for infringements of regulations regarding the content of programming. Accordingly, a provision has been set up in this regard.

ARTEAR

As of December 31, 2011, Artear recorded a provision in the amount of approximately Ps. 7.4 million for fines imposed by the COMFER and AFSCA under the new penalties regime currently in effect, some of which have been appealed and are pending resolution.

12.5 Lawsuits and /or Claims

Cablevisión

On December 12, 2001, Supercanal filed a claim against Multicanal for damages as a result of the enforcement of a preliminary injunction brought by Multicanal against Supercanal. Multicanal responded to such claim denying any liability. Based on de jure and de facto records of the case, Cablevisión, as successor of Multicanal's operations, believes that the claim filed should be rejected in its entirety, and the legal costs should be borne by the plaintiff. As of the date of these financial statements, the proceeding is at the discovery stage. The court of first instance dismissed Supercanal's request that it be allowed to sue without paying court fees or costs. This decision was ratified by the Federal Court of Appeals.

CIMECO

The AFIP served CIMECO with a notice challenging its income tax assessment for the fiscal periods 2000, 2001 and 2002. In such notice, the AFIP challenged mainly the deduction of interest and exchange differences in the tax returns filed for those years. If AFIP's position prevails, CIMECO's contingency as of December 31, 2011 would amount to approximately Ps. 12.3 million principal amount and Ps. 20.8 million interest.

CIMECO filed a response, which was dismissed by the tax authorities. The tax authorities issued their own official assessment and imposed penalties. CIMECO appealed the tax authorities' resolution before the National Tax Court on August 15, 2007.

During the year ended December 31, 2010, CIMECO received a pro forma income tax assessment from the AFIP for fiscal periods 2003 through 2007, as a consequence of AFIP's challenge to CIMECO's income tax assessments for the periods 2000 through 2002 mentioned above. CIMECO filed a response before AFIP, rejecting such assessment and requesting the suspension of administrative proceedings until the Federal Tax Court renders its decision on the merits.

During this year, the AFIP served CIMECO with a notice stating the income tax charges assessed for the periods 2003 through 2007 and ordering the initiation of summary proceedings. The AFIP's assessment shows a difference in the Income Tax liability for the above indicated periods in its favor for an amount in excess of the amount that had been estimated originally, as a result of the method used to calculate certain deductions. CIMECO responded to the assessment rejecting all of the adjustments and requesting that the

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proceedings be rendered without effect and filed, with no further actions to be taken. As of the date of these financial statements, CIMECO has not received a response from the tax authorities.

CIMECO and its legal and tax advisors believe CIMECO has strong grounds to defend its position and that AFIP's challenges will not be admitted by the Federal Tax Court. Accordingly, CIMECO has not booked an allowance in connection with the effects such challenges may have.

ARTEAR

As from 2005, the ANA brought various claims against all holders of broadcast and cable television licenses for the payment of tariffs and customs taxes applicable to the importation of films documented between 2000 and 2005. According to ANA, television licensees are liable for customs duties, VAT, and income taxes over the customs value of the films' physical support, which value is increased by the contractually agreed value of each film's broadcasting rights. ARTEAR challenged such claims based on applicable international agreements, scholars' opinions and case law. Based on the criterion applied by ARTEAR, that company paid other taxes during the period covered by ANA's claim that would not have been payable had ANA's interpretation been applied. As of the date of these consolidated financial statements, ARTEAR has had to pay, in few specific cases, the differences claimed by ANA, because the appeals filed before the Federal Court of Appeals against the adverse decisions rendered by the National Tax Court do not have staying effect. In connection with the first adverse decision issued by the only chamber of the Federal Court of Appeals that issued a decision to date, and which was appealed by ARTEAR, the Supreme Court of Justice refrained from rendering a decision on the merits. This situation does not change the position of that company, which continues with the proceedings available for its defense. ARTEAR believes that its interpretation of customs legislation is reasonably grounded and that the arguments offered may change the tax authority's position. However, based on ARTEAR's and its legal advisors' expectations in this regard on certain cases, and taking into consideration the amounts temporarily remitted, ARTEAR has recorded a provision of Ps. 1.8 million. Nevertheless, ARTEAR believes that ANA's claims are contrary to the estoppel doctrine and the theory of the releasing effect of payment. Until 2005, ANA believed that customs duties should be paid on the value of the films' physical support without including the broadcasting rights paid abroad by that company.

TRISA

On September 10, 2010, AFIP served TRISA with a notice with objections to its income tax assessment, with respect to the application of the withholding regime set forth under the section following section 69 of the Income Tax law, for the fiscal periods 2004, 2005 and 2006. If AFIP's position prevails, TRISA's contingency would amount to approximately Ps. 28.9 million, out of which Ps. 9.3 million corresponds to taxes on dividend payments made during those years, Ps. 6.5 million corresponds to a 70% fine on the omitted tax, and Ps. 13.1 million corresponds to late-payment interest.

TRISA filed a response, which was dismissed by the tax authorities. The tax authorities issued their own official assessment and imposed penalties on December 20, 2010. TRISA appealed the tax authorities' resolution before the National Tax Court on February 8, 2011.

TRISA and its legal and tax advisors believe TRISA has strong grounds to defend its position and that AFIP's challenge will not be admitted by the Federal Tax Court. Accordingly, TRISA has not booked an allowance in connection with the effects such challenge may have.

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Grupo Clarín

Pursuant to a notarial certificate issued on September 19, 2008, AGEA and the Company were served with a legal action brought by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders who claim to be allegedly affected by Multicanal's APE. The claim is grounded on a Consumer Defense Law which, in general terms, provides for an ambiguous procedure that is very strict against the defendant.

The Company, AGEA, certain directors and members of the supervisory committee, and shareholders have been served notice of the claim. After rejecting certain preliminary defenses presented by the defendants, such as the application of statutes of limitation and the failure to comply with prior mediation procedures, the claim followed ordinary procedure and the above-mentioned persons duly filed their respective responses.

Additionally, on September 16, 2010 the Company was served notice of a legal action brought against it by *Consumidores Financieros Asociación Civil para su Defensa*. The plaintiff claims a reimbursement of the difference between the value of the shares of the Company purchased at their initial public offering and the value of the shares at the time a decision is rendered in the case. The Company has duly responded to the claim and the intervening Court has deemed the claim responded.

12.6 Other undertakings

ARTEAR

Pursuant to ARTEAR's acquisition of 85.2% of its subsidiary Telecor's capital stock in 2000, Telecor's sellers have an irrevocable put option of the remaining 755,565 common, registered, non-endorsable shares, representing 14.8% of the capital stock and votes of Telecor, for a 16-year term as from March 16, 2010 at a price of USD 3 million and ARTEAR has an irrevocable call option for such shares for a term of 26 years as from March 16, 2000 at a price of approximately USD 4.8 million, which will be adjusted at a 5% nominal annual rate as from April 16, 2016. Subsequently, under an addendum to the original agreements, the beginning of the effectiveness of the irrevocable put option was changed from March 16, 2010 to March 16, 2013.

CMD

Pursuant to CMD's acquisition of 60.0% of Interpatagonia S.A.'s capital stock in 2007, CMD and the sellers granted each other reciprocal call and put options on all of the shares owned by each of the parties, effective from August 1, 2011 to July 31, 2012.

Subsequently, in connection with the stock purchase mentioned in Note 6, on August 17, 2011, CMD and the seller executed a new agreement whereby they granted each other new reciprocal call and put options on all of the shares owned by each of the parties. The price of the shares varies depending on who exercises the option, which is effective from August 1, 2014 to December 31, 2014.

12.7 Administrative disputes

a) Matters concerning Papel Prensa:

I. Papel Prensa has several disputes pending before the Commercial Court of Appeals of the City of Buenos Aires as a consequence of CNV Resolution No. 16,222. Pursuant to said Resolution, the CNV declared that certain decisions of Papel Prensa's Board of Directors were irregular and with no effect for administrative purposes. The Resolution challenged the Board's fulfillment of the formalities required in the preparation, transcription and execution of meeting minutes on the relevant corporate books. On June 24, 2010, in File No. 75.479/09, the Commercial Court of Appeals of the City of Buenos Aires, Chamber C, decided to nullify CNV Resolution No. 16,222. On the basis of Resolution No. 16,222, the CNV has questioned subsequent decisions of Papel Prensa's Board and of its Shareholders. In response, Papel Prensa has brought several administrative claims against the CNV, questioning its position. All of such

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claims were decided in Papel Prensa's favor by the Commercial Court of Appeals of the City of Buenos Aires. Consequently, the CNV's decisions were nullified. Furthermore, the Commercial Court of Appeals, Chamber C, dismissed the appeals filed by the CNV before the Supreme Court of Argentina against the Court of Appeals' decisions. The CNV filed a direct appeal before the Supreme Court.

As a consequence of the above, Papel Prensa has continued with the criminal proceedings brought against certain public officials.

On February 1 and 4, 2010 the Secretary of Domestic Trade, Mario G. Moreno, and the CNV, respectively, requested the judicial intervention of Papel Prensa before the commercial justice. Such claims were pending before the Federal Commercial Court No. 2 of First Instance, Clerk's Office No. 4, temporarily under judge Dr. Eduardo Malde, who, on March 8, 2010, issued an injunction whereby he suspended certain decisions adopted at meetings of the Board of Directors and at Shareholders Meetings held on or after November 4, 2009. Judge Malde also appointed a co-administrator without removing the members of the previous corporate bodies. Papel Prensa filed an appeal, which the Commercial Court of Appeals, Chamber C, resolved in Papel Prensa's favor, by revoking the injunction on August 31, 2010. On December 7, 2010 the same Chamber C dismissed the appeals filed by the CNV and the National Government before the Supreme Court of Argentina against the Court of Appeals' decision. Both the CNV and the National Government filed direct appeals against such decision.

None of the claims mentioned in the above paragraphs had a material effect on AGEA's financial and economic condition as of December 31, 2011.

II. On January 6, 2010, the SCI issued Resolution 1/2010 whereby certain business practices were imposed on Papel Prensa. Papel Prensa brought a legal action against such resolution on grounds of unconstitutionality before the Federal Court in Administrative Litigation Matters and requested an injunction which was granted by the intervening judge. Pursuant to the injunction, the effects of such Resolution were suspended. On May 7, 2010, the Federal Court in Administrative Litigation Matters revoked the injunction. Papel Prensa appealed such decision, which was affirmed by the Federal Administrative Court of Appeals. Papel Prensa filed an appeal against the Court of Appeals' decision. The appeal was denied and Papel Prensa was served notice of that denial on September 1, 2010. Therefore, as from such date, SCI Resolution 1/2010 has become fully effective again on Papel Prensa.

III. Papel Prensa suspended its operations with related parties between March 9 and April 21, 2010 due to an injunction issued on March 8, 2010 by Judge Malde. In his ruling, he decided to suspend the Board of Directors' resolution of December 23, 2009, which had approved the conditions under which the operations with related parties for the year 2010 were carried out. On April 21, 2010, the Board of Directors of Papel Prensa, in accordance with a proposal made by the court-appointed supervisor (*interventor*) and co-administrator, approved the resumption of such company's operations with related parties under provisional conditions for as long as the decision rendered by the Board on December 23, 2009 remains suspended and/or until Papel Prensa's corporate bodies establish a business practice to follow with related parties. Such approval involved suspending the application of volume discounts in connection with purchases made by related parties, which could be recognized in their favor, subject to the court's decision on the appeal filed by Papel Prensa against Judge Malde's injunction of March 8, 2010. As from April 21, 2010 the operations with related parties were resumed under the provisional conditions approved by the Board on April 21, 2010.

At a meeting held on December 23, 2010, Papel Prensa's Board of Directors approved the new conditions for the recognition and payment of volume discounts that may be applicable to related parties in connection with purchases of paper made as from April 21, 2010. These new conditions are as follows: (i) to end the provisional suspension approved by the Board meeting of December 23, 2009, as explained in the previous paragraph, and (ii) to clarify and/or cease, by any means, any uncertainty that could eventually exist about the conditions approved by Papel Prensa's Board in the first item of the agenda of the above mentioned meeting held on April 21, 2010 in connection with the claim brought by the National Government in re "National Government – Secretariat of Domestic Trade – v./ Papel Prensa S.A.I.C.F. y de M. on/ Ordinary", File No. 97,564, currently pending before Federal Commercial Court No. 26 of First

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Instance, Clerk's Office No. 52. Under this proceeding, the National Government seeks to obtain, among other things, a declaratory judgment of nullity of the provisional conditions for the resumption of operations with related parties in connection with the purchase and sale of paper approved by Papel Prensa's Board in the first item of the agenda of the above mentioned meeting held on April 21, 2010.

Furthermore, at this meeting held on December 23, 2010, Papel Prensa's Board decided to maintain the business practice previously approved, subjecting the accrual and enforceability, and, consequently, the recognition and payment to the clients, of the eventual volume discounts that may be applicable to them as a result of paper purchases made during 2011, as from January 1, 2011 and until December 31, 2011, to a final favorable ruling in the action brought by Papel Prensa on grounds of unconstitutionality against SCI Resolution No. 1/2010, or to the final nullification of such Resolution No. 1/2010 in any other way or by any other legal means, whichever happens first. In connection with related parties, the Board approved the same business practice and conditions as those approved for the other clients in general.

In a meeting held on December 27, 2011 Papel Prensa's Board of Directors decided to maintain during 2012 the same business practice that had been approved for 2011 – under the same terms and conditions described in the preceding paragraph – for all of its customers in general (including related parties).

The business practice approved by Papel Prensa was affected by Law 26,736 –effective as from January 5, 2012– which declared a matter of public interest the production, sale and distribution of wood pulp and newsprint and set forth the regulatory framework that will apply to the producers, sellers, distributors and buyers of such inputs. Among other things, the Law set limits and established conditions applicable to Papel Prensa for the production, distribution and sale of newsprint (including a formula to determine the price of paper), and created the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint where all producers, sellers, distributors and buyers shall be registered as a mandatory requirement in order to produce, sell, distribute, and/or purchase newsprint and wood pulp as from the enactment of the Law. It also contains a series of temporary clauses, specifically and exclusively addressed to Papel Prensa, whereby Papel Prensa is forced to make investments to meet the total national newsprint demand – excluding from this requirement the other existing company that operates in the country with installed capacity to produce this input. The Law also provides for the capitalization of the funds eventually contributed by the National Government to finance these investments for the purposes of increasing the equity interest and the political rights of the National Government in Papel Prensa, contravening public order regulations contained in Law 19,550 and disregarding several constitutional rights and guarantees of Papel Prensa and its private shareholders.

On February 10, 2012 AGEA registered with the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint (Record No. 63 in File No. S01:0052528/12), clearly stating that the decision to register shall not be construed as an acknowledgment or conformity with the legitimacy of Law 26,736, Ministry of Economy and Public Finance Resolution No. 9/2012 or SCI Resolution No. 4/2012 issued in connection with that Law and/or any other issued in the future, since they seriously affect several rights and guarantees of AGEA which are recognized and protected by the Argentine National Constitution.

IV. On September 12, 2011, the CNV issued Resolution No. 16,647 whereby it rendered irregular and with no effect for administrative purposes the decisions made by Papel Prensa's Board of Directors at the meetings held on July 20, 2011 (Minute No. 981) and August 5, 2011 (Minute No. 982). At those meetings, the Board of Directors had called two shareholders' meetings, to be held on September 27, 2011 and September 15, 2011, respectively. Notwithstanding the fact that Resolution No. 16,647 was appealed by Papel Prensa and is therefore not final, the resolution was also limited in its effects by a decision rendered on September 15, 2011 by the judge in charge of Commercial Court No. 5, Clerk's Office No. 9, who granted an injunction with respect to the Board of Directors' decisions to call the two shareholders' meetings. The injunction had been requested by the shareholders Arte Gráfico Editorial Argentino S.A., Compañía Inversora en Medios de Comunicación (CIMECO) S.A., and S.A. La Nación. Given that the issuance of the injunction had validated Papel Prensa's decision to call the two shareholders' meetings, both were held as originally scheduled. Nevertheless, and based on the above Resolution No. 16,647, on October 13, 2011 the CNV issued Resolution No. 16,671 rendering irregular

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and with no effect for administrative purposes all of the decisions made at Papel Prensa's Shareholders' Meetings held on September 15, 2011 and September 27, 2011. Papel Prensa filed an appeal against Resolution No. 16,671, which is, therefore, not final. Also based on Resolution No. 16,647, on November 16, 2011, the CNV issued Resolution No. 16,691 whereby the CNV rendered irregular and with no effect for administrative purposes the decisions made at the Board of Directors' Meeting held on October 3, 2011 and the call for the Board of Directors' meeting on November 17, 2011. Such Resolution is not to be deemed final since Papel Prensa filed an appeal and requested its nullification. In that regard, on October 3, 2011 at the hearing held before the Federal Commercial Court No. 26 of First Instance, Clerk's Office No. 52, the National Government, Papel Prensa, AGEA and the other private shareholders agreed, among other things, on the composition of the company's corporate bodies, and in particular on the recognition of the authorities appointed by the private shareholders at Papel Prensa's Shareholders' meeting held on September 27, 2011, as well as on the agenda to be addressed at the meeting of Papel Prensa's Board of Directors of October 3, 2011, which had been the subject matter of Resolution No. 16,691.

V. AGEA has not recorded any impact in connection with the foregoing, since its effects shall depend on the final outcome. Such effects are not expected to be material to these consolidated financial statements as of December 31, 2011.

- b) By means of Resolution 16364/2010, dated and notified to AGEA as of July 15, 2010, the CNV's Board of Directors decided to initiate summary proceedings against AGEA and certain current and past members of its board of directors and supervisory commission, for alleged infringement to the Argentine Business Associations Law, Decree 677/01 and Law 22,315. AGEA, as well as the current and past members of the board of directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses.
- c) AGEA received several inspections from the AFIP aimed at verifying compliance with the so-called competitiveness plans implemented by the National Executive Branch. As a result of such inspections, after several reports issued by the AFIP and the corresponding Resolutions issued by the Ministry of Economy, such bodies allege that certain acts performed by AGEA during 2002 lead to the nullity of some of the benefits granted under said plans for an estimated amount of Ps. 44 million. AGEA and its legal counsel believe that there are sufficient arguments in favor of AGEA's position and, accordingly, no provision has been recorded. An ordinary legal action has been brought by AGEA against such Resolutions. As of the date of these financial statements, such legal action is pending resolution. However, AGEA cannot assure that the outcome will be favorable.

NOTE 13. RESTRICTIONS ON PROFIT DISTRIBUTIONS

The Company may declare dividends only out of the Company's retained earnings stated in the Company's financial statements, prepared in accordance with Argentine GAAP and CNV regulations and approved by the shareholders. As of December 31, 2010, the Company reported retained earnings of Ps. 1,540.3 million in its financial statements prepared in accordance with Argentine GAAP and CNV regulations.

As required by the Argentine Corporate Law and the Company's amended by-laws, realized and liquid profits shall be appropriated as follows: (i) 5% to the Company's legal reserve until such reserve equals 20% of the Company's capital stock; and (ii) the balance, in whole or in part, to the payment of the fees of the members of the Board of Directors and the Supervisory Committee, to dividends on common shares, or reserve accounts, or as otherwise determined by the Shareholders, among other situations.

At the Grupo Clarín's Annual Regular Shareholders' Meeting held on April 28, 2011, the shareholders decided, among other things, to appropriate the earnings for the year 2010, which at that time amounted to Ps. 533,714,480, as follows: (i) Ps. 26,685,724 to the legal reserve, (ii) Ps. 120,000,000 to dividend distribution, which has been paid as of the date of these financial statements, and (iii) Ps. 387,028,756 to retained earnings.

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On September 1, 2011 Grupo Clarín was served with a preliminary injunction in re “National Social Security Administration v/ Grupo Clarín S.A. on/ ordinary” whereby the Company may not in any way dispose, in part or in whole, of the Ps. 387,028,756 currently recorded under the retained earnings account, other than to distribute dividends to the shareholders.

On the same date, Grupo Clarín was served with a claim brought by Argentina’s National Social Security Administration requesting the nullity of the decision made on point 7 (Appropriation of Retained Earnings) of the agenda of the Annual Regular Shareholders’ Meeting held on April 22, 2010. As of the date of these financial statements, the Company has filed a response in due time and form.

On November 1, 2011, the CNV issued Resolution No. 593, which provides that shareholders’ meetings considering financial statements must, with respect to retained earnings that are not subject to restrictions on distribution and that may be dealt with pursuant to applicable law, expressly decide whether to distribute them as dividends, to capitalize them and issue shares, appropriate them to set up reserves other than legal reserves, or a combination of the above.

At the Grupo Clarín’s Annual Regular Shareholders’ Meeting held on April 26, 2012, the shareholders decided, among other things, to appropriate the retained earnings as of December 31, 2011, which amounted to Ps. 1,540,313,089, as follows: (i) Ps. 23,912,434 to the legal reserve, (ii) Ps. 135,000,000 to dividend distribution, (iii) Ps. 300,000,000 to the optional reserve for future dividends, (iv) Ps. 387,028,756 to the court-ordered reserve for the distribution of future dividends and (v) Ps. 694,371,899 to the optional reserve for illiquidity of results.

NOTE 14. BORROWINGS

	Weighted Average Interest Rate at December 31, 2011	Maturities	As of December 31,	
			2011	2010
Current				
Bank overdrafts	24.4%	2012	52,088,509	9,979,032
Financial loans	11.3%	2012	117,092,790	42,898,553
Negotiable obligations	8.2%	2012	132,935,489	137,238,587
Equipment purchases	4.9%	2012	40,266,383	33,555,473
Related parties	12.9%	2012	13,264,292	5,093,485
Accrued interests		2012	101,257,920	69,572,951
			456,905,383	298,338,081
Non Current				
Financial loans	11.3%	2013-2017	123,288,181	110,433,478
Negotiable obligations	8.2%	2013-2018	2,628,446,084	2,117,973,296
Equipment purchases	4.9%	2013-2015	90,419,726	31,452,148
Related parties	12.9%	2013-2014	5,717,866	5,083,272
Others			1,857,741	75,800
			2,849,729,598	2,265,017,994

Scheduled maturities of the long-term debt for the next years (excluding current portion), as of December 31, 2011, are as follows:

2013.....	374,472,108
2014.....	695,101,498
2015.....	509,297,557
2016	696,400,515
2017 – 2018	574,457,920
	2,849,729,598

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Financial loans

Grupo Clarín

In May 2004, JPM transferred to the Company a USD 40 million receivable it held with the Company's subsidiary Raven, for the payment of an equivalent amount.

Subsequently the Company, as the only shareholder of Raven, decided to wind up and liquidate that company at the Board meeting held on July 31, 2004.

The remaining balance of the USD 40 million price payable by the Company to JPM was refinanced through an agreement between both parties on May 3, 2004. Such refinancing was obtained at an interest rate of LIBOR plus a 2% spread, payable quarterly. Principal was to be cancelled in annual installments.

During 2006 and 2007, the Company executed two addenda to such refinancing agreement, rescheduling the repayment of outstanding principal. In March 2008, the Company executed another addendum whereby the interest rate to be accrued was changed to LIBOR plus a 3% margin as from March 17, 2008, and LIBOR plus a 4% margin as from March 17, 2009.

On February 22, 2010, the Company settled the last installment of the debt mentioned above, plus accrued interest, accounting for the full and final discharge of the commitments undertaken in connection with such debt.

GCSA Investments

As of December 31, 2011, GCSA Investments is the borrower under a loan with JP Morgan Chase Bank for a principal amount of USD 20 million, payable in two installments of USD 10 million each, due on December 30, 2012 and June 30, 2013. Interest under the loan accrues at a variable rate and is payable semi-annually. The loan agreement sets forth certain covenants and restrictions, including mainly restrictions on borrowings, creation of encumbrances, winding-up, liquidation and effective changes of control.

Cablevisión -Negotiable Obligations and financial restructuring process

Cablevisión

On April 7, 2011, Cablevisión cancelled the total outstanding balance of the Notes issued under its pre-packaged insolvency plan (APE). Cablevisión's APE had been judicially confirmed and deemed completed on October 28, 2009, pursuant to section 59 of Law No. 24,522. The cancelled Notes consisted of: a) USD 744,972 aggregate principal amount of short-term Notes and b) USD 11,898,272 aggregate principal amount of long-term Notes.

As of December 31, 2011, Cablevisión records only one loan borrowed from official banks for USD 2.5 million.

Multicanal

As of December 31, 2011, the only Notes issued by Multicanal (and assumed by Cablevisión) under the Multicanal APE - which was confirmed by the Argentine Commercial Court of Appeals, Chamber "A" on October 4, 2004 - that remain outstanding are USD 80,325,000 aggregate principal amount of Series A Step Up Notes ("10-Year Notes"). The 10-Year Notes accrue interest at a nominal rate of 2.5% per annum from December 10, 2003 to the fourth anniversary of their issue date, 3.5% from the fourth to the eighth anniversary, and 4.5% thereafter until maturity. On June 20, 2011, payment was made of the total outstanding balance of Series B Notes in the amount of USD 2,156,968 ("7-year fixed rate Notes").

As a result of the issue of the 10-Year Notes, Multicanal undertook certain covenants, including limitations on: (i) the issuance of guarantees by subsidiaries; (ii) mergers, consolidations, and sales of assets under certain

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conditions, (iii) incurring debt above certain approved ratios, (iv) capital expenditure exceeding certain amount, (v) transactions with shareholders and affiliates under certain conditions, (vi) the issuance and sale of significant subsidiaries' shares with certain exceptions.

Some of the covenants originally included in such Notes were amended at the respective extraordinary noteholders' meetings. The amendments proposed by Multicanal were approved at each such meeting.

On May 6, 2009, an extraordinary Noteholders' Meeting was held by the holders of 10-year Notes in which the noteholders granted a waiver of certain merger covenants of the 10-year Notes in connection with the Multicanal and Cablevisión merger.

On June 30, 2009, pursuant to certain merger covenants under Multicanal's 10-year and 7-year Fixed-Rate Notes, Cablevisión assumed Multicanal's obligations under such Notes as from October 1, 2008, subject to Multicanal's merger into Cablevisión becoming effective under Argentine law.

Issue of Class I, II, III and IV Notes

On January 14, 2011, Cablevisión's Regular Shareholders' Meeting authorized the issue of non-convertible notes for an aggregate principal amount of up to USD 600,000,000, to be privately placed and to be issued in one or more classes, pursuant to Negotiable Obligations Law No. 23,576, as amended, and its regulations (the "Negotiable Obligations Law").

On February 11, 2011 Cablevisión issued three classes of Notes to refinance certain financial indebtedness due within the next years (each of them, the "Class I Notes", the "Class II Notes" and the "Class III Notes") and to issue an additional class of Notes, the proceeds of which will be used to acquire non-financial assets, and to finance imports (the "Class IV Notes"). Such Notes were issued privately.

The financial indebtedness that was refinanced in exchange for the new Class I, II and III Notes amounted to USD 382,753,634 and include: (i) USD 88,238,393 aggregate principal amount of 7-year Fixed-Rate Notes originally issued by Multicanal; (ii) USD 71,292,197 aggregate principal amount of Short-Term Notes and (iii) USD 223,223,044 aggregate principal amount of Long-Term Notes, collectively ("Cablevisión's Notes Subject to Refinancing"). Interest accrued under Cablevisión's Notes Subject to Refinancing was settled in cash at the time of the exchange of such Notes for Class I, II and III Notes.

Below is a summary of the terms and conditions of the Notes:

The Class I, II, III and IV Notes were issued by Cablevisión on February 11, 2011, in its name and as universal successor to all the assets, rights and obligations of Multicanal and mature on February 11, 2018. They are payable in nine equal semiannual installments due in February and August of each year, starting in February 2014 and ending in February 2018. Interest and the permanence fee agreed with the bank will accrue on the outstanding principal of each class of Notes as from the date of issue until full repayment of the outstanding principal under each class of Notes. Interest and the permanence fee agreed with the bank (nominal fee of 0.2% per annum) shall be paid on a semiannual basis in August and February of each year. The first interest payment date was on August 11, 2011.

As a result of the issuance of Class I, II, III and IV Notes by Cablevisión, certain covenants were undertaken including limitations on: (i) the issuance of guarantees by subsidiaries; (ii) mergers, consolidations, and sale of assets under certain conditions, (iii) incurring debt above certain approved ratios, (iv) capital expenditure exceeding certain amount, (v) transactions with shareholders and affiliates under certain conditions, (vi) the issuance and sale of significant subsidiaries' shares with certain exceptions.

Terms and conditions governing each class of Notes.

- Class I Notes: (i) Aggregate principal amount: USD 88,238,393; (ii) Payment: exchange and transfer in favor of Cablevisión, of the 7-year Fixed-Rate Notes, at a rate of USD 1 face value of Class I Notes for each USD 1

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face value of the 7-year Fixed-Rate Notes; (iii) Interest rate: 8.75% nominal interest rate per annum and (iv) Use of proceeds: Refinancing of the indebtedness under the 7-year Fixed-Rate Notes.

- Class II Notes: (i) Aggregate principal amount: USD 71,292,197; (ii) Payment: exchange and transfer in favor of Cablevisión of the Short-Term Notes, at a rate of USD 1 face value of Class II Notes for each USD 1 face value of the Short-Term Notes; (iii) Interest rate: 9,375% nominal interest rate per annum and (iv) Use of proceeds: Refinancing of the indebtedness under the Short-Term Notes.

- Class III Notes: (i) Aggregate principal amount: USD 223,223,044; (ii) Payment: exchange and transfer in favor of Cablevisión of the Long-Term Notes, at a rate of USD 1 face value of Class III Notes for each USD 1 face value of the Long-Term Notes; (iii) Interest rate: 9,625% nominal interest rate per annum and (iv) Use of proceeds: Refinancing of the indebtedness under the Long-Term Notes.

- Class IV Notes: (i) Aggregate principal amount: USD 17,246,366; (ii) Payment: In cash; (iii) Interest rate: 9,375% nominal interest rate per annum and (iv) Use of proceeds: Acquisition of non-financial assets and financing of imports.

Issue of Class V Notes

On May 17, 2011, Cablevisión issued variable-rate Class V Notes due May 17, 2014. Principal on the variable-rate Class V Notes is payable in eight equal quarterly installments due in February, May, August and November of each year, starting in August 2012 and ending in May 2014. Interest and the permanence fee agreed with the bank (0.2% nominal interest rate per annum) will accrue on the outstanding principal as from the date of issue until full repayment. Interest and the permanence fee agreed with the bank shall be paid on a quarterly basis in February, May, August and November of each year. The first interest payment date was on August 17, 2011.

As a result of the issue of its variable-rate Class V Notes, Cablevisión has undertaken certain covenants similar to those of the Class I, II, III and IV Notes.

Terms of the issue of variable-rate Class V Notes: (i) Aggregate principal amount: USD 50,000,000; (ii) Payment: In cash; (iii) Interest rate: 3-month US Dollar Libor plus a 7.50% nominal interest rate per annum (iv) Use of proceeds: Acquisition of non-financial assets and financing of imports.

Issue of Floating Rate Notes by Primera Red Interactiva de Medios Argentina (PRIMA) S.A.

On May 17, 2011, PRIMA issued floating rate Notes due May 17, 2014. Principal on the floating rate Notes issued by PRIMA is payable in eight equal quarterly installments due in February, May, August and November of each year, starting in August 2012 and ending in May 2014. Interest and the permanence fee agreed with the bank (0.2% nominal interest rate per annum) will accrue on the outstanding principal of each class of Notes as from the date of issue until full repayment under each class of Notes. Interest and the permanence fee agreed with the bank shall be paid on a quarterly basis in February, May, August and November of each year. The first interest payment date was on August 17, 2011.

As a result of the issue of its floating rate Notes, PRIMA has undertaken certain covenants, including limitations to enter into transactions with shareholders and affiliates under certain conditions. Cablevisión is the guarantor of the issue and the obligor for the payment of PRIMA's Notes for up to USD 35,000,000 until March 31, 2012, and for up to USD 70,000,000 since April 1, 2012 and thereafter.

Terms of the issue of floating rate Notes by PRIMA: (i) Aggregate principal amount: USD 70,000,000; (ii) Payment: In cash; (iii) Interest rate: 3-month US Dollar Libor plus a 7.50% nominal interest rate per annum (iv) Use of proceeds: Acquisition of non-financial assets and financing of imports.

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AGEA

On January 28, 2004, AGEA issued USD 30.6 million aggregate principal amount Series C Notes due 2014, which accrue interest at an incremental fixed rate (2% from December 17, 2003 to January 28, 2008; 3% from January 29, 2008 to January 28, 2012; and 4% from January 29, 2012 to maturity), payable semiannually. Principal will be repaid in a lump sum on January 28, 2014.

On January 26, 2006, AGEA issued Ps. 300 million aggregate principal amount Series D Notes due 2014, which accrued interest at a variable rate equal to the CER variation for the period, plus a 4.25% margin, payable semiannually commencing on June 15, 2006. Principal was repaid in 8 equal and consecutive semiannual installments beginning on June 15, 2008.

As of December 31, 2011 AGEA has repaid in full principal under Series D Notes, plus interest accrued thereon.

The Series C Notes due 2014 include certain covenants and restrictions, including but not limited to, restrictions on borrowings, creation of encumbrances, mergers, disposition of significant assets, transactions with affiliates (including the Company) and payment of dividends or other payments to shareholders (including the payment of management fees to the Company), if certain ratios are not met or if certain amounts are exceeded.

Additionally, on July 15, 2011, AGEA executed a syndicated loan agreement in the amount of Ps. 45 million with Standard Bank Argentina S.A. and Banco Itaú Argentina S.A., which accrues interest at a fixed annual rate of 18.45% payable on a quarterly basis as from October 18, 2011. Principal will be repaid in five consecutive quarterly installments beginning on July 18, 2012.

ARTEAR

As of December 31, 2011, ARTEAR owed Ps. 20 million principal amount under a commercial loan with a local bank. Principal on the loan is payable in four equal installments due in October 2012 and January, April and July 2013. Interest accrues at a fixed rate and is payable on a quarterly basis, starting in October 2011 until the final maturity.

NOTE 15. SELLERS FINANCING

	Weighted Average Interest Rate at December 31, 2011	Maturities	As of December 31,	
			2011	2010
Current				
Principal	0.22%	2012	9,004,254	3,796,354
			<u>9,004,254</u>	<u>3,796,354</u>
Non Current				
Principal	0.22%	2013-2014	816,854	1,127,017
			<u>816,854</u>	<u>1,127,017</u>

Scheduled maturities of the sellers financing for the next years (excluding current portion), as of December 31, 2011, are as follows:

2013.....	530,190
2014.....	286,664
	<u>816,854</u>

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Grupo Clarín

In connection with the transactions carried out in September 2006 resulting in an increase in the Company's indirect interest in Cablevisión to 60%, the Company issued a USD 157.8 million promissory note, with original maturity on September 26, 2009, accruing interest at 6-month LIBOR plus a 3.50% spread payable on a semi-annual basis as from March 26, 2007. Such maturity could be extended until September 26, 2010 or September 26, 2011 if certain conditions were met.

During 2007 and 2008, Grupo Clarín prepaid principal amounts of USD 29 million and USD 27 million, respectively, plus interest thereon.

During June and October 2009, the Company agreed with the holder to execute amendments to the original promissory note, whereby the conditions to be met for such extensions were eliminated, modifying the maturity schedule and establishing a 5.75% margin applicable to the period running from September 27, 2011 through September 26, 2012.

During 2009 Grupo Clarín made debt prepayments for an aggregate principal amount of USD 71.8 million, plus interest thereon.

During 2010, the Company prepaid in full the outstanding amount to such date, fully discharging all commitments undertaken in connection with such indebtedness.

NOTE 16. DERIVATIVE FINANCIAL INSTRUMENTS

Under Other Liabilities, these consolidated financial statements include the amounts of foreign currency forward transactions, which were valued based on a nominal aggregate amount of USD 30 million, for the purpose of mitigating the adverse effects that future exchange rate fluctuations may eventually have on foreign currency liabilities and, therefore, on the Company's financial position. These contracts are due in February 2012, August 2012 and February 2013.

Under the consolidated item Other current receivables, these financial statements included as of December 31, 2010 Ps. 37.3 million of receivables generated by the prepayment of outstanding indebtedness held with financial entities under swap agreements. Such agreements consisted of interest rate and exchange rate swaps, whereby the net position resulting from swapping the obligation to pay interest and principal at a variable rate in pesos for the obligation to pay interest and principal at a fixed rate in US dollars was transferred to the financial entities that are party to such agreements. The swap agreements were executed in January 2006 and were effective until December 2011.

During the last quarter of 2008, certain amendments were executed to the swap agreements, which involved the prepayment of certain outstanding amounts denominated in USD due in the years 2010 and 2011 in the amount of USD 13.5 million.

The transactions related to derivatives generated a net loss of Ps. 5.9 million for the year ended December 31, 2011 and a net gain of Ps. 6.7 million for the year ended December 31, 2010.

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NOTE 17. RELATED PARTIES

The Company has entered into certain transactions in the ordinary course of business with unconsolidated affiliates accounted for under the equity method. These transactions have been executed on terms comparable to those of unrelated third parties and primarily include:

	Year ended December, 31	
	2011	2010
	Income (Expense)	
Advertising sales	51,075,136	38,870,899
Cable television signals sales	2,961,947	31,666,121
Other sales	14,037,308	11,979,989
Financial interest	1,844,632	1,866,210
	69,919,023	84,383,219
Cost of sales	(168,133,035)	(304,775,644)
Selling expenses	(5,704,652)	(4,501,742)
Administrative expenses	(39,105)	(124,228)
Financial interest	(634,596)	(779,352)
	(174,511,388)	(310,180,966)

NOTE 18. AGREEMENTS EXECUTED WITH THE ARGENTINE FOOTBALL ASSOCIATION

On June 22, 2007 TRISA and TSC executed several documents with AFA, applicable from the 2007/2008 until the 2013/2014 soccer seasons, governing the broadcasting by TRISA of all of the National “B” soccer tournament matches and by TSC of ten of the Argentine soccer first division official tournament matches played each week. Out of those ten matches, TRISA broadcast five through TyC Sports.

On August 12, 2009, the AFA notified TSC of its decision to terminate unilaterally the above-mentioned agreement. TSC has challenged AFA’s unilateral termination of the agreement and, in order to safeguard its rights, on June 15, 2010 it brought a legal action against the AFA for contractual breach and damages.

On July 27, 2011, AFA unilaterally terminated the agreement that bound AFA and TRISA until the 2013/2014 soccer season for the broadcasting of all Argentine National “B” soccer tournament matches. AFA’s decision was absolutely arbitrary and illegitimate. TRISA has not breached any provision of the agreement, which does not expressly allow voluntary unilateral termination by either party without cause. Therefore, TRISA has challenged AFA’s unilateral termination of the agreement.

In light of the events and until the situation is remedied, TRISA will not be able to broadcast the five weekly matches of the first division tournament or any of the National “B” soccer tournament matches that it used to broadcast on its signal TyC Sports.

The broadcasting rights for the matches of Metropolitan First B category are not governed by the above-mentioned agreements, but by an agreement that is in full force and effect as of the date of these financial statements.

The situation described had a significant impact on TRISA’s revenues and costs. Therefore, it had to adjust its signal to these new circumstances. Nevertheless, TRISA has recorded decreased revenues as from August 2009 and made another estimate in the last quarter recognizing decreased revenues for the previous period, based on the progress of negotiations with each client and the new content of the signal.

The total revenues recognized by TRISA during the years 2011 and 2010, subject to the final outcome of the negotiation process, which has not been concluded as of the date of these financial statements, account for approximately 56% and 47% of TRISA’s sales of 2011 and 2010, respectively.

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The final outcome of the negotiation process is uncertain and may, therefore, generate actual results different from TRISA's assessments and estimates as of the date of these financial statements.

NOTE 19. PALP

During the last quarter of 2007, the Company, together with its subsidiaries, began to implement a PALP for certain executives (directors and managers comprising the "executive payroll"), which became effective in January 2008. Executives who adhere to such plan will undertake to contribute regularly a portion of their salary (variable within a certain range, at the employee's option) to a fund that will allow them to strengthen their savings capacity. Furthermore, each company of the Group where such executives render services will match the sum contributed by such executives. This matching contribution will be added to the fund raised by the employees. Under certain conditions, the employees may access such funds upon retirement or upon termination of their jobs with the Group.

Likewise, the PALP provides for certain special conditions for those managers who were in the "executive payroll" before January 1, 2007. Such conditions consist of supplementary contributions made by each company to the PALP related to the executive's years of service with the Group. As of December 31, 2011, such supplementary contributions amount to approximately Ps. 36 million, and the charge to income is deferred until the retirement of each executive.

NOTE 20. REGULATORY FRAMEWORK FOR BROADCASTING SERVICES

The Audiovisual Communication Services Law (Law No. 26,522) was passed and enacted on October 10, 2009, subject to strong concerns over its content and enactment procedure. Even though the new Law became effective on October 19, 2009, not all of the implementing regulations provided by the law have been enacted. Therefore, Law No 22,285 still applies to those matters which have not been regulated to date, until all terms and procedures for the regulation of the new law have been defined.

The law provides for the replacement of the COMFER with the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym), as a decentralized and autocratic agency under the jurisdiction of the Executive Branch, and vests the new agency with authority to enforce the law. It may be argued that, as of the date of these financial statements, AFSCA has not yet been fully formed and, therefore, its functioning is still questionable.

The new law, which governs the audiovisual communication services activities conducted by the Company through its subsidiaries, establishes, among other things:

- a license award and review scheme that grants wide discretion to the Executive Branch and to an Enforcement Authority with questionable composition and powers;
- a 10-year limitation to the terms of licenses, with a one-time non-renewable extension;
- the non-transferability of authorizations and licenses, and a regulatory framework and registration requirements for signals, production companies and advertising agencies;
- a multiple license scheme which: i) restricts to 10 the number of Audiovisual Communication Services licenses plus a single broadcasting signal for radio, broadcast TV and subscription cable TV services that make use of the radio spectrum; ii) restricts the licensing of subscription broadcasting services rendered by means of a physical link (cable), limiting the number of licenses to 24; iii) sets forth a further restriction on these services, which may not be provided to more than 35% of all inhabitants or subscribers nationwide; iv) establishes that a broadcast TV signal and a cable TV signal may not be simultaneously exploited in the same location, and v) establishes that broadcast TV networks may only own one cable TV signal. The same applies to cable TV networks, which may only own the so-called "local channel", which is mandatory for every license;
- mandatory quotas for certain types of content.

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Also controversially, the law sets forth retroactive effects by requiring holders of current broadcasting licenses – which were legitimately acquired rights under Law No. 22,285 as amended - to conform to the new law within the term of one year counted as from the time certain mechanisms required for implementation are set in place.

It is publicly known that the main entities of the audiovisual media industry as well as industry players, legal scholars and experts have expressed several concerns about this law, since they consider that it has defects that render it unconstitutional; it seriously damages the development of the audiovisual industry and it restricts fundamental freedoms. Some of these industry players, such as provincial governments and political parties, as well as private entities including the Company and its main subsidiaries, have already made court filings in this sense. As of the date of these financial statements, insofar as the Company is concerned, two court decisions are in full force and effect providing for: (i) the provisional suspension of section 161 of the Audiovisual Communication Services Law with respect to Grupo Clarín and other subsidiaries, which has been confirmed by the Supreme Court of Argentina, and (ii) at the request of the Consumer Defense Committee, the suspension of the application of sections 45, 161 and 62 through 65 of such Law. Even though this decision has been partially revoked by the Federal Court of Appeals of Salta, the Court of Appeals' decision may be deemed not to be final since the affected party filed an extraordinary appeal, thereby restoring the effects of the decision rendered in the first instance.

Most sections of the Law No. 26,522 were regulated by means of Decree No 1,225/2010. However, there are still some issues that need to be clarified for the law's practical application.

The unreasonableness and arbitrariness of some of these measures may result in the declaration of unconstitutionality in the future. In fact, some industry chambers have already resorted to the courts to complain against the abuses in the regulation. These include: i) the provisions on required content and mandatory production quotas, ii) the mandatory national film screen and audiovisual art quota, iii) the prior authorization required to create programming networks, iv) the expensive access systems and the time granted for their implementation and v) some issues related to advertising sales and their quotas, among other important issues.

Also of note is the highly discretionary mandatory divestiture system provided for in the regulations to Section 50 of the Audiovisual Communication Services Law, which has evident confiscatory effects.

The Company's subsidiaries that exploit broadcasting services have duly followed all the procedures provided by the Enforcement Authority in spite of having challenged the validity or constitutionality of some regulations issued by the Enforcement Authority under Law 26,522 only in the event that such regulations may be considered valid, for the purposes of safeguarding their rights. Some of the procedures followed are:

- The procedure provided by AFSCA Resolution No. 1/2011, together with the Argentine Federal Revenue Service, regulating the tax applicable to broadcasting companies;
- The procedures provided by AFSCA Resolutions No. 2/2010, 3/2010 and 4/2010 whereby such agency: i) provided for a mandatory survey of all precarious and provisional licenses, authorizations and permits (Decree No. 1,357/89- Evidence of Request for "Re-registration") and of currently recognized (Resolution No. 753/COMFER/06 as amended) AM and FM radio stations and broadcast television stations within Argentina; ii) initiated a process aimed at reordering television services with limited reach; and iii) regulated the Registry of signals provided under Law 26,522 for the broadcasters to register signals to be broadcast in the Argentine territory;
- The procedure provided by AFSCA Resolution No. 173/2010 regarding the Audiovisual Communication Services Providers Information System;
- The procedures provided by Decree No. 904/2010 and AFSCA Resolution No. 175/2010 concerning the Signals and Production Companies Registry;
- The procedure provided by AFSCA Resolution No. 474/2010 ordering the creation of a schedule to comply with the minimum required content production quotas under section 65, subsection 2 of Law 26,522;
- The procedures provided by AFSCA Resolution No. 630/2010 which approved the Regulatory Framework for the Public Registry of Advertising Agencies and Producers. Such Resolution is aimed at regulating the

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sale of advertising spaces on broadcasting services encompassing both Agencies advertising on the services governed by Law 26,522, as well as companies acting as intermediaries for the sale of advertising on such services.

Even though the Company's subsidiaries that are subject to these resolutions have complied with the required procedures, they have done so only in the event that such requirements may be considered valid, for the purposes of safeguarding their rights and in the understanding that both the Law and its regulations are still suspended.

Of particular note is the procedure implemented by Cablevisión to comply with AFSCA Resolution No. 296/2010. On September 8, 2010, such Resolution was published in the Official Gazette. This resolution provides guidelines for the organization of the programming grid that must be followed by the owners of pay TV audiovisual services. The resolution regulates section 65, subsections a) and b) of Law No. 26,522 and supplements the provisions of the regulations to the same section of Decree No. 1,225/2010. Cablevisión believes that both the provisions of Decree No 1,225/2010 and AFSCA Resolution No. 296/2010 are regulatory abuses and violate the right to freedom of press, guaranteed by the National Constitution.

In spite of Cablevisión's efforts to organize its programming grids in accordance with the provisions of section 65 of Law 26,522, AFSCA, disregarding the effectiveness of several court decisions ordering the suspension of this law and its regulations, has initiated multiple summary proceedings in connection with the cable television licenses of which Cablevisión is the lawful successor. AFSCA contends that Cablevisión failed to comply with the regulations set forth by AFSCA Resolution No. 296/2010. Cablevisión submitted the responses set forth under section 1, Exhibit II of AFSCA Resolution No. 224/2010 in connection with such accusations. A decision has been rendered on some of the summary proceedings and, as a result, a fine was imposed on Cablevisión. Cablevisión has appealed these decisions. Some of the appeals filed by Cablevisión have been decided against it and have again been appealed. Notwithstanding the above, none of the decisions imposing penalties is yet final.

Notwithstanding the foregoing, AFSCA Resolution No. 296/2010 had virtually no effectiveness because, due to its arbitrariness, it was repeatedly suspended by several court decisions, some of them as a result of appeals filed by Cablevisión and others filed by other providers. To date, two court decisions that order the Resolution's inapplicability are still into effect, to wit: i) the injunction issued in re "CODELCO v. NATIONAL GOVERNMENT –EXECUTIVE BRANCH on PRELIMINARY INJUNCTION" pending before the Federal Court of Salta which suspended, among others, the application of section 65 of Law 26,522 and its regulations. Even though such decision was revoked by the Federal Court of Appeals of Salta, the Court of Appeals' decision may be deemed not to be final since the affected party filed an extraordinary appeal, thereby restoring the effects of the decision rendered in the first instance and ii) the injunction ordered in re "CABLEVISIÓN S.A. v. NATIONAL GOVERNMENT AND OTHERS ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS" by the Federal Court of Appeals of Mar del Plata, whereby the decision rendered in the First Instance was revoked. Such decision rendered in the First Instance had ordered the dismissal of Cablevisión's request, ordering AFSCA to suspend – until a final decision was rendered on the matter – the application of the penalties derived from the alleged non-compliance with section 65 of Law 26,522 and Decree No. 1225/2010 and the application of section 6 of AFSCA Resolution No. 296/2010 on the grounds that Cablevisión's alleged serious non-compliance was not contemplated in the Law or in the Decree. The National Government filed an appeal with the Supreme Court against this decision. Such appeal is still pending resolution.

Between September and October 2011, AFSCA brought 46 charges of delegation of the exploitation of several licenses of which Cablevisión is currently the legal successor. The charges were brought within the framework of COMFER file No. 2005/08, concerning the registration of the corporate reorganization whereby Multicanal and Teledigital Cable, among other subsidiaries, merged into Cablevisión. Cablevisión has submitted the appropriate responses on behalf of the merged licensees charged as indicated above, which to date have not been decided upon. Cablevisión believes it has strong grounds to reverse the charges brought by administrative and/or judicial means. As of the date of these financial statements, the responses submitted are still pending resolution.

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AFSCA issued Resolution No. 432/2011 whereby it approved new bidding terms and conditions for the granting of licenses.

The Company and its subsidiaries are evaluating the possible effects on their business of such questioned Audiovisual Communication Services Law, its implementing regulations and the matters mentioned above. Therefore, this situation creates a framework of uncertainty about the Company's business. Depending on several aspects, the Company and/or some of its subsidiaries could be forced to divest of certain services, which shall in turn depend on the choices made by the Company and/or some of its subsidiaries. All of the above could result in a reduction of the services the Company currently renders, the ownership and rights of which were acquired in compliance with Law 22,285. Therefore, at present this situation generates uncertainties about the business of the Company and its subsidiaries, which could significantly affect the recoverability of the Company's relevant assets (on a parent company only and consolidated basis). However, the recoverability of such assets could be unaffected if the Company's and other parties' main arguments were adopted to create a framework of increased rationality, either by the amendment, repeal or declaration of unconstitutionality of the new media law and/or its implementing regulations.

The Company and its legal advisors consider that this Audiovisual Communication Services law and its implementing regulations violate fundamental constitutional rights, such as, the property right and freedom of the press, among others. For this reason, it will bring the legal actions in each instance to safeguard its rights and those of its shareholders; as well as to protect the fundamental principles infringed by such law.

The decisions to be made based on these consolidated financial statements should contemplate the eventual impact these changes in the regulatory framework may have on the Company and its subsidiaries. These consolidated financial statements should be read in the light of this uncertain environment.

NOTE 21. APPLICATION OF THE IFRS

The CNV, through General Resolutions No. 562/09 and 576/10, has provided for the application of IFRS issued by the IASB for entities that are subject to the public offering regime governed by Law No. 17,811 due to the listing of their shares or notes, and for entities that have applied for authorization to be listed under said regime.

Application of these standards shall be mandatory for the Company as from the fiscal year beginning January 1, 2012. For the purposes of the migration to IFRS, the Company will consider as predecessor GAAP the Accounting principles generally accepted in Argentina, which were applied in preparing its local statutory financial statements.

The transition date for the adoption of the IFRS by the Company, as established in IFRS No.1 "First-time adoption of the IFRS", shall be January 1, 2011.

Therefore, the consolidated financial statements for the year ending December 31, 2012 will be prepared and presented in accordance with IFRS.

In its consolidated financial statements issued for statutory purposes in Argentina, the Company has presented a reconciliation of the figures disclosed in Shareholders' Equity reported under Argentine GAAP to the estimated figures disclosed in Shareholders' Equity reported under IFRS, which as of December 31, 2011 amounts to Ps. 4,697,787,886.

a) Optional exemptions from IFRS

IFRS No. 1 allows companies adopting IFRS for the first time to consider certain one-time exemptions from retrospective application of certain IFRS applicable to financial statements as of December 31, 2011. Such exemptions have been established by IASB in order to simplify the first application of such standards.

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The optional exemptions under IFRS No. 1 applicable to Grupo Clarín S.A. are detailed below:

1. **Deemed cost of Property, plant and equipment:** The cost of property, plant and equipment, adjusted for inflation in accordance with effective accounting standards in Argentine, has been considered as the deemed cost at the IFRS transition date, since it is similar to the cost or depreciated cost under IFRS, adjusted to reflect the changes of a general or specific price index.
2. **Accumulated translation differences of foreign operations:** Accumulated translation differences related to foreign operations were considered null at the IFRS transition date.
3. **Business combinations:** The Company has elected not to apply IFRS No. 3 “Business combinations” on a retrospective basis for business combinations that occurred prior to the IFRS transition date.

The Company has not used the other exemptions available under IFRS No. 1.

b) Mandatory exceptions to IFRS

The mandatory exceptions to IFRS No. 1 applicable to the Company are detailed below:

1. **Estimates:** The estimates made by the Company under IFRS at the IFRS transition date are consistent with the estimates made at the same date under Argentine Professional Accounting Standards (NCP ARG).
2. The other mandatory exceptions provided by IFRS No. 1 that have not been considered since they are not applicable to the Group are the following:
 - Derecognition of financial assets and liabilities.
 - Hedge accounting.
 - Non-controlling interests.
 - Embedded derivatives.

NOTE 22. AWARD UNDER THE PUBLIC BIDDING PROCESS CONDUCTED BY THE GOVERNMENT OF THE CITY OF BUENOS AIRES

On June 7, 2011, the Government of the City of Buenos Aires issued Decree No. 316 whereby it approved a public bidding process to contract comprehensive digital services for educational purposes for elementary school students in the City of Buenos Aires. Such services include, but are not limited to, the delivery of one netbook per student and one notebook per teacher under a loan for use, connectivity, first and second level support, content access control, replacement in case of theft or damage and new license, both with certain limitations. The bid was awarded to PRIMA (a subsidiary of Cablevision) for a five-year term, which will start after certain requirements have been met. As consideration, PRIMA would receive an amount per student, teacher and school.

As of December 31, 2011 the initial requirements have been met in order to bring the agreement into effect and for PRIMA to start billing thereunder.

NOTE 23. SUBSEQUENT EVENTS

- a. On January 31, 2012, FADRA informed Grupo Carburando’s subsidiary Mundo Show S.A. the unilateral rescission of the agreement executed in 2006 whereby FADRA assigned to that company the rights comprising image, sound and static advertising of motor racing at the road racing events Turismo Carretera and TC Pista until December 31, 2015. Mundo Show S.A. has challenged and rejected FADRA’s unilateral rescission of the agreement and is analyzing the legal actions it will bring to safeguard

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its rights. In light of the events and until the situation is remedied, Mundo Show S.A. will not be able to sell or export the audiovisual and static advertising rights of the above-mentioned motor racing events. Therefore, an allowance has been set up for impairment of goodwill and other assets related to such agreement in the amount of approximately Ps. 17 million.

- b. On January 13, 2012, the Secretariat of Domestic Trade issued Resolution No. 2/2012 granting Cablevisión 24 hours to resume service to those subscribers who had duly paid their subscription fee in the amount established by the National Government. In its sixth section, the Resolution provides that if the company does not comply with its obligations thereunder, penalties may be imposed as provided by Law 20,680. On February 10, 2012, Cablevisión received a fine of Ps. 1 million for alleged non-compliance with such Resolution. Such fine has been appealed but no decision has been rendered on the matter yet.
- c. On January 5, 2012, AFIP issued General Resolution No. 3252/12, establishing as from February 1, 2012 a prior disclosure regime applicable to all final destinations of imports for consumption implemented by means of a prior disclosure affidavit. This resolution was supplemented by General Resolutions No. 3255/12 and No. 3256/12, whereby a “Ventanilla Unica Electrónica del Comercio Exterior” (Foreign Trade Electronic Platform) was created. On February 9, 2012, AFIP issued General Resolution No. 3276/12 whereby it adds to the “Ventanilla Unica Electrónica del Comercio Exterior”, as from April 1, 2012, information related to services that involve payment of amounts above certain thresholds rendered by foreign companies to Argentine residents and services rendered by Argentine residents to foreign companies.
- d. On March 30, 2012 the SECI issued Resolution No. 25/2012 setting the price of the cable television subscription at Ps. 123 and extending the effectiveness of the above-mentioned Resolution No. 36/2011 for six additional months (April through October 2012).
- e. On March 8, 2012, Uruguay’s Executive Branch issued Decree No. N° 73/012, published in the Official Gazette on March 16, 2012, whereby it expressly repealed Decree No. 231/011. However, it ratified and repeated – virtually in identical terms - the previous decree, adding new decisions detrimental to the above-mentioned companies. Consequently, on March 23, 2012 the affected companies filed an appeal requesting that such decree be revoked, which is still pending resolution.

Report of Independent Auditors

To the board of directors and shareholders of
Grupo Clarín S.A.

We have audited the accompanying consolidated balance sheets of Grupo Clarín S.A. and its subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, of shareholders' equity and other comprehensive income and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We were unable to obtain audited financial statements supporting the Company's investment in Papel Prensa S.A.I.C.F. y M. stated at Ps. 153,057,314 as of December 31, 2011 or its equity in earnings of that affiliate of Ps. 15,321,377, which is included in net income for the year then ended as described in Note 2 to the consolidated financial statements; nor were we able to satisfy ourselves as to the carrying value of the investment or the equity in earnings by other auditing procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the investment and earnings in Papel Prensa, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Clarín S.A. and its subsidiaries at December 31, 2011 and 2010 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We draw attention to Notes 12, 20 and 23 to the consolidated financial statements, which describe the uncertainties related to the effects of the resolutions issued by several regulators on matters associated with the acquisition of Cablevisión S.A. and other companies and their subsequent merge with Multicanal S.A. and other companies; the revocation of the License that had been originally granted to FIBERTEL S.A.; the preliminary injunction granted to a third party ordering the separation of the assets, liabilities and businesses that used to belong of Multicanal S.A. and that were subsequently merged into Cablevision and the appointment of a court-appointed supervisor (interventor) and co-administrator; the effects of the change in the audiovisual communication services regulatory framework and the outcome of the legal actions being brought by the Company in this connection; and, the effects of resolution issued by the regulator to calculate the monthly fee payable by the users of cable television services. Our opinion is not qualified in respect to these matters.

City of Buenos Aires, Argentina

April 27, 2012

Price Waterhouse & Co. S.R.L.
Carlos Pace (Partner)