

TELECOM ARGENTINA SA  
Form 6-K  
November 10, 2008

## **FORM 6-K**

### **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**of the Securities Exchange Act of 1934**

**For the month of November, 2008**

**Commission File Number: 001-13464**

## **Telecom Argentina S.A.**

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

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

**Buenos Aires, Argentina**

**(Address of principal executive offices)**

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

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Form 20-F  Form 40-F

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

Yes No

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

Yes No

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

Yes No

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

**Telecom Argentina S.A.**

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  3. English translation of letter to the Comisión Nacional de Valores (the Argentine National Securities Commission CNV ), dated November 3, 2008, regarding purchase Notes.

**FOR IMMEDIATE RELEASE**

**Market Cap: P\$5.3 billion**

**November 6, 2008**

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**TELECOM ARGENTINA S.A. ANNOUNCES CONSOLIDATED NINE-MONTH PERIOD**

**( 9M08 ) and THIRD QUARTER RESULTS FOR FISCAL YEAR 2008 ( 3Q08 )\***

Telecom Argentina Group continued with the expansion of its business in the nine-month period ended September 30, 2008. Net Revenues increased by \$1,274 million when compared to same period of the previous fiscal year ( 9M07 ), amounting to P\$7,789 million. Revenues generated by the Cellular business grew by 25% and the Internet business increased by 36%.

Cellular subscribers totaled 13.7 million (+18%), while broadband subscribers reached 976,000 (+44%). Fixed lines in service also increased by 3% to 4.3 million.

Operating Profit Before Depreciation and Amortization ( OPBDA ) reached P\$2,502 million (+11% vs. 9M07), equivalent to 32% of Net Revenues, mainly fueled by the growth in the cellular telephony. On the contrary, fixed line telephony profitability continued to weaken due to frozen tariffs of regulated services and the inflation effect on the cost structure.

Operating Profit amounted to P\$1,540 million (+28%), equivalent to 20% of Net Revenues (+134 bps. vs. 9M07).

Net Income reached P\$831 million (+35% vs. 9M07).

Investments (excluding materials) totaled P\$1,156 million during 9M08 (+41% vs. 9M07), where P\$581 million were allocated to fixed telephony (+32% vs. 9M07).

Net Financial Debt (before NPV effect) declined to P\$1,191 million (-P\$1,325 million vs. September 2007). The Net Financial Debt to OPBDA ratio declined from 0.8x as of the end of September 2007 to 0.4x as of the end of September 2008.

As of  
September-30

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|   | 2008   | 2007   | p       | p%   |
|---|--------|--------|---------|------|
| Consolidated Net Revenues (in MM P\$)                                     | 7.789  | 6.515  | 1.274   | 20%  |
| Voice, Data & Internet  | 2.683  | 2.420  | 263     | 11%  |
| Cellular  | 5.106  | 4.095  | 1.011   | 25%  |
| Operating Profit before D&A (in MM P\$)                                   | 2.502  | 2.252  | 250     | 11%  |
| Operating Profit (in MM P\$)  | 1.540  | 1.201  | 339     | 28%  |
| Net Income (in MM P\$)  | 831    | 614    | 217     | 35%  |
| Shareholder s equity (in MM P\$)  | 3.901  | 2.748  | 1.153   | 42%  |
| Net Financial Debt Before NPV effect (in MM P\$)                          | 1.191  | 2.516  | (1.325) | -53% |
| Net Financial Debt Book value (in MM P\$)                                 | 1.174  | 2.382  | (1.208) | -51% |
| CAPEX (in MM P\$)   | 1.156  | 818    | 338     | 41%  |
| Lines in service (Fixed lines in thousands)                               | 4.292  | 4.170  | 123     | 3%   |
| Cellular customers (in thousands)   | 13.759 | 11.665 | 2.094   | 18%  |
| Personal (Argentina)  | 11.941 | 10.161 | 1.780   | 18%  |
| Núcleo (Paraguay)   | 1.818  | 1.504  | 314     | 21%  |
| ADSL customers (in thousands)   | 976    | 677    | 299     | 44%  |
| Fixed line traffic (in MM minutes, Internet & Public Telephony not incl.) | 12.190 | 12.546 | (356)   | -3%  |
| Incoming/Outgoing cellular voice traffic in Arg.(in MM minutes)           | 8.523  | 7.147  | 1.376   | 19%  |
| Average Revenue per user (ARPU ) Fixed Telephony/voice (in P\$)           | 39     | 39     |         | 0%   |
| Average Revenue per user (ARPU ) Cellular Telephony Arg. (in P\$ )        | 41     | 38     | 3       | 8%   |

\* Non-audited Financial data

**Buenos Aires, November 6, 2008** Telecom Argentina (BASE: TECO2, NYSE: TEO), one of Argentina's leading telecommunications group, announced today a **Net Income** of **P\$831 million** for the nine-month period ended **September 30, 2008** or **+35%** when compared to same period of the previous year, which included **P\$102 million** that resulted from discontinued operations.

|                          | 9M<br>08 | 9M<br>07 | p     | p%  |
|--------------------------|----------|----------|-------|-----|
| Net Revenues (MM P\$)    | 7.789    | 6.515    | 1.274 | 20% |
| Net Income (MM P\$)      | 831      | 614      | 217   | 35% |
| Earnings per Share (P\$) | 0,84     | 0,62     | 0,22  |     |
| Earnings per ADR (P\$)   | 4,22     | 3,12     | 1,10  |     |
| OPBDA *                  | 32%      | 35%      |       |     |
| Operating Profit *       | 20%      | 18%      |       |     |
| Net Income *             | 11%      | 9%       |       |     |

\* As a percentage of Net Revenues

During **9M08**, Consolidated **Net Revenues** increased by **20%** (**+P\$1,274 million** vs. **9M07**) to **P\$7,789 million**, mainly fueled by the cellular and broadband businesses.

Moreover, **OPBDA** increased by **11%** (**+P\$250 million**) to **P\$2,502 million** (**32%** of Consolidated Net Revenues).

### Company Activities

#### **Consolidated Net Revenues**

The evolution in Consolidated **Net Revenues** by reportable segment was as follows:

#### **Voice, Data Transmission & Internet**

During the nine-month period of 2008, revenues generated by these services amounted to **P\$2,683 million**, **+11%** vs. **9M07**.

#### **Voice**

Total Revenues for this service reached **P\$2,002 million** (**+5%** vs. **9M07**). The results of this line of business are still affected by frozen tariffs of regulated services.

During **9M08**, Telecom continued marketing innovative handsets and value-added services, such as fixed SMS services and video calls. Other products that combine minutes for local calls and broadband internet access were also offered.

**Monthly Charges and Supplementary Services** increased by **P\$40 million**, or **7%** vs **9M07**, to **P\$595 million**, as a consequence of a higher number of lines in service (**+3%**), that reached **4.3 million** lines.

Revenues generated by **traffic** (**Local Measured Service, Domestic Long Distance** and **International Telephony**) totaled **P\$919 million**, an increase of **2%** vs. **9M07**, as a consequence of a stable pace of the national long distance and an increase in international traffic compensated partially by the substitution effect of the mobile service, that affected the local traffic volume.

**Interconnection revenues** amounted to **P\$287 million** (**+5%** vs **9M07**), mainly as a consequence of traffic originated in cellular lines but transported by and terminated in the Company's fixed-line network.

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Other revenues, including **public telephony** reached **P\$201 million (+14% vs. 9M07)**. This evolution is the consequence of an increase in billing and collection fees as well as in voice, data and internet equipment sales despite a decrease in Public Telephony revenues (**-P\$23 million**), that was affected by the development of the mobile service.

### **Data Transmission and Internet**

Revenues generated by **Data transmission** amounted to **P\$159 million (+26% vs. 9M07)**.

Related to SME's, during this period Telecom renewed its portfolio of services with two solutions that contemplated a high level of value added services: CRM On Demand and PABX 2.0. This reaffirms the position of Telecom as a technological partner for its clients.

CRM On Demand is a solution where SME's can benefit from Customer Relationship Management solutions, with an innovative model and lower start up investment and maintenance costs. Therefore, now customers can access to a solution that was originally only available for the corporate market.

PABX2.0 is an innovative solution for professionals and SME's that integrates voice and broadband in the same equipment. The benefit of this solution is the easy way clients can program the equipment. Moreover, the integration of all the communication services in the same equipment allows cost savings.

Revenues related to **Internet** reached **P\$522 million (+36% vs. 9M07)**, mainly due to the substantial expansion of the broadband service, driven by a better network coverage, commercial promotions and innovation of the service portfolio.

During this quarter, Telecom continued promoting **Arnet Go**, the first broadband service that combines ADSL technology for the home internet access using a Wi-Fi modem, and the mobile internet access through Telecom Personal's 3G networks.

Telecom's broadband subscribers reached **976,000** as of **September 30, 2008 (+44% vs. 9M07)**. Therefore, lines with these type of connections represent approximately **23%** of Telecom's fixed-lines in service.

#### **Cellular Telephony**

Cellular Telephony continues with its expansion, increasing its participation in the Group's total revenues (**66%** vs. **63%** in **9M07**). During **9M08**, this business generated revenues of **P\$5,106 million (+25% vs. 9M07)**. As of the end of **September 2008** total subscribers reached **13.7 million** representing an increase in **0.6 million** subscribers when compare to the first half of 2008.

#### **Telecom Personal in Argentina**

As of the end of **September 2008**, Personal's subscribers reached **11.9 million** in Argentina (**+1.7 million** or **+18%** vs. **9M07**). In **3Q08** the subscriber base increased by **0.6 million**.

Approximately **66%** of the overall subscriber base is prepaid and **34%** is postpaid.

**Total voice traffic** increased by **19%** vs. **9M07** while outgoing **SMS traffic** increased from a monthly average of **839 million** messages in **9M07** to **1,239 million (+48%)** in **9M08**. Because of this enhancement in traffic and the incremental use of value-added services, the Average Monthly Revenue per User ( **ARPU** ) increased to **P\$41** in **9M08**, compared to **P\$38** in **9M07**. Meanwhile, the **ARPU** in **3Q08** amounted to **P\$42 vs. P\$39** registered in **3Q07**.



Revenues totaled **P\$4,780 million (+P\$981 million or +26% vs. 9M07)**. Service revenues increased by **P\$859 million or 25% vs. 9M07**, reaching **P\$4,257 million**; furthermore, value-added services totaled **P\$1,257 million (+P\$384 million or 44%, vs. 9M07)**, **30%** of service revenues. Additionally, handset sales grew by **P\$122 million (+30%)** compared to **9M07**, reaching **P\$523 million**.

During **3Q08**, Personal continued developing its commercial efforts focusing on different segments. That is how it launched the first SMS prepaid card with an innovative and flexible format to respond the demand of youth segments.

Accompanying the evolution of smartphones demand, Personal launched two exclusive models: HTC Touch Cruise and BlackBerry Bold, globally recognized by their quality and service capacity. Personal implemented a campaign to expand customized plans with an all inclusive monthly charge to stimulate the usage of value-added services of these smartphones.

The fidelity program **Club Personal**, highlighted Mother's Day celebrations with a limited edition card with an offer of special benefits.

Furthermore, in network infrastructure, Personal continued to expand the 3G network coverage. During this quarter, Personal launched 3G services in more cities in the interior of the country such as: Tucuman, Mendoza, Santa Fe, Paraná and Mar del Plata. Moreover, Personal expanded its commercial offices opening new customer centers in Bariloche, Ushuaia and Comodoro Rivadavia.

In International Roaming, Personal, promoted **Tarifa Plana Mundial** or **World Flat Tariff**, a new model of rates that simplifies the tariff program by dividing the world in five areas. This service offers a unique regional tariff with a competitive price in international calls for selected cities.

#### **Núcleo**

Personal's controlled subsidiary that operates in Paraguay generated **revenues** equivalent to **P\$326 million** during **9M08 (+10% vs. 9M07)**.

By the end of September 2008, the subscriber base reached approximately **1.8 million, +21% vs. 9M07**. Prepaid and Postpaid customers represented **90%** and **10%**, respectively.

#### **Consolidated Operating Costs**

The **Cost of Services Provided, Administrative Expenses and Selling Expenses** totaled **P\$6,249 million** in **9M08**, which represents an increase of **P\$935 million, or +18%, vs. 9M07**. This was partially as a consequence of the inflationary effect on the costs structure.

The cost breakdown is as follows:

- **Salaries and Social Security Contributions:** totaled **P\$872 million (+22% vs. 9M07)**, affected by increases in salaries and in personnel (**+405 employees vs. 9M07**) that accompanied the evolution of the cellular business and the absorption of **53 employees** from Cubecorp S.A.

- **Taxes:** reached **P\$613 million (+31% vs. 9M07)**, influenced mainly by a higher rates in income tax and additional charges related to Universal Service.
- **Maintenance, materials and supplies** reached **P\$387 million (+26% vs. 9M07)** due mostly to an increase in costs that followed inflation.
- **Network access cost (includes TLRD, Roaming, Interconnection costs, cost of international outbound costs and lease of circuits):** amounted to **P\$1,006 million (+22% vs. 9M07)** generated by higher traffic between cellular operators that accompany the increase in revenues.
- **Fees for services:** reached **P\$271 million (+10% vs. 9M07)**, originated principally by the evolution of prices that followed inflation.
- **Agents and prepaid card commissions and other commissions:** were **P\$672 million (+13% vs. 9M07)**, mainly due to the increase in commissions paid to the commercial agents, and card distribution, due to a higher volume of revenues.
- **Advertising:** amounted **P\$290 million (+46% vs. 9M07)** oriented to support the commercial activity in the cellular telephony and Internet, and strengthen the brand positioning, such as the sponsorship of Argentina Olympic Mission.
- **Cost of handsets sold:** totaled **P\$731 million (+20% vs. 9M07)** mainly due to an increase in the number of terminals sold. Despite this, handset subsidies were less than in **9M07** and represented **P\$173 million (-P\$19 million vs. 9M07)**.
- **Others Costs:** totaled **P\$445 million (+30% vs. 9M07)**. This increase was due to the inflationary effects on related services.
- **Depreciation of Fixed and Intangible Assets:** reached **P\$ 962 million (-8% vs. 9M07)**. Fixed-line telephony totaled **P\$606 million (-3%)** and Cellular telephony **P\$356 million (-16%)**, as TDMA technology depreciation charges ended in **June 2008**.

#### **Consolidated Financial and Holding Results**

**Financial and Holding Results** resulted in a loss of **P\$112 million, (-P\$211 million vs. 9M07)**. Such improvement was due to the positive effect of foreign currency exchange generated by liabilities and a reduction in net interest expense.

Moreover, during **3Q08** there was a loss of **P\$59 million**, due to the adverse evolution of FX in the period.

#### **Consolidated Net Financial Debt**

As of **September 30, 2008**, **Net Financial Debt** (Loans before the effect of NPV valuation, minus Cash, Cash Equivalents and Other credits from derivative Investments) amounted to **P\$1,191 million**, a reduction of **P\$1,325 million** as compared to **September 2007**.

#### **Consolidated Capital Expenditures**

During **9M08**, the Company invested **P\$1,156 million** (excluding materials), in fixed and intangibles assets. This amount was allocated to the Voice, Data and Internet businesses (**P\$581 million**) and the cellular business (**P\$575 million**).

Main capex projects are related to the expansion of broadband services and to the upgrade of the network for next generation services (NGN), the improvement of the network (capacity, coverage and 3G), and the launch of new and innovative value-added services.

In relative terms, capex reached **15%** of the revenues, levels within industry standards.

Furthermore, due to careful management of capex, Telecom reached a ratio of operating profit to net investment capital of **36%** for **9M08**.

#### **Other Initiatives**

Telecom, as Official Sponsor of Argentine Olympic Mission in Beijing 2008, provided communication and network technology that accompanied the Argentine Olympic team. This technology not only assisted the members in logistic issues related to the games (check in,

medical schedule

requirements, meeting schedules, among others) but also permitted athletes to be closer to their families, receiving their support which was key to their physical preparation and performance.

Moreover, as part of the CSR (Corporate Social Responsibility) program, Telecom promoted an ambitious educational project **Senti2 Conecta2** or **Connected Senses** where the principal aim to integrate the ICT (Information and Communication Technology) and school content, in order to reduce the distance between systematic learning and extracurricular activities of students.

This project is totally free for schools that want to participate and is geared towards students between 10 and 15 years old. More than 9,300 teachers from the cities of Buenos Aires, Tucumán, Rosario and Santa Fe have entered the program, and 70% of them are working on the content.

Related to the corporate market, during **3Q08**, Telecom continued enhancing its position as integrated provider of innovative ICT solutions, conceived to satisfy specific needs of each business segments, such as the medium and large companies and oriented to contribute to the improvement of government administration at the different national, provincial and municipal levels.

During this quarter, Telecom Argentina was selected by the INTA (the Argentine Agricultural Technology Institute) as provider of its data network that will interconnect the main agricultural stations located throughout the country, where research projects are performed. Such projects allow developments in technology and an increase in competitiveness of the agricultural, forest and agro industry sector throughout the country.

In addition, Telecom continued to strengthen its market position in datacenters with multisite solutions. During this period, Telecom was distinguished by BDO Becher & Associates with a certification that endorses the fulfillment of Communication A 4609 to be presented to the Superintendence of Financial and Exchange Entities of the Argentinean Central Bank.

#### **Recent Relevant Matters**

In October 2008, Telecom Argentina made a principal payment of Notes in the equivalent to **55%** outstanding of the principal amortization payment scheduled for October 2011.

Within this payment, Telecom canceled the whole of Series B of its debt, with original maturity on October 15, 2011.

Since October 16, 2008, Telecom Argentina and Telecom Personal purchased Notes pursuant to market purchase transactions. In the case of Telecom Argentina, it has acquired an aggregate principal nominal amount of Euros 32,349,000.00 of Telecom's Series A Regulation S Euro Notes Due 2014 (equivalent to an outstanding amount of Euros 13,314,848.00). In the case of Telecom Personal, it has acquired an aggregate principal amount of US\$ 39,298,000.00 of Personal's Series 3 Medium Term Notes due 2010. The Notes acquired will be cancelled according with the terms and conditions of the respective Indentures.

Standard & Poor's Ratings Services announced yesterday that it has downgraded to **B** from **B+** and placed on CreditWatch Negative the foreign-currency ratings on Telecom Argentina and Telecom Personal. The actions follow a change in credit rating of Argentina to **B-** from **B+**. Additionally, Standard & Poor's has also placed the local currency ratings **B+** for both companies on CreditWatch, pending their review of the impact of other country risk factors.

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Telecom is the parent company of a leading telecommunications group in Argentina, where it offers directly or through its controlled subsidiaries local and long distance fixed-line telephony, cellular, data transmission and Internet services, among other services. Additionally, through a controlled subsidiary, the Telecom Group offers cellular services in Paraguay. The Company commenced operations on November 8, 1990, upon the Argentine government's transfer of the telecommunications system in the northern region of Argentina.

**Nortel Inversora S.A.** (Nortel), which acquired the majority of the Company from the Argentine government, holds **54.74%** of Telecom's common stock. Nortel is a holding company where the common stock (approximately **68%** of capital stock) is owned by Sofora Telecomunicaciones S.A. Additionally, Nortel capital stock is comprised of preferred shares that are held by minority shareholders.

As of **September 30, 2008**, Telecom had **984,380,978** shares outstanding.

**(\*) Employee Stock Ownership Program**

**For more information, please contact the Investor Relations Department:**

|                                    |                              |                           |                        |
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**For information about Telecom Group services, visit:**

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**Disclaimer**

This document may contain statements that could constitute forward-looking statements, including, but not limited to, the Company's expectations for its future performance, revenues, income, earnings per share, capital expenditures, dividends, liquidity and capital structure; the effects of its debt restructuring process; the impact of emergency laws enacted by the Argentine Government; and the impact of rate changes and competition on the Company's future financial performance. Forward-looking statements may be identified by words such as believes, expects, anticipates, projects, intends, should, seeks, estimates, future or other similar expressions. Forward-looking statements involve risks and uncertainties that could significantly affect the Company's expected results. The risks and uncertainties include, but are not limited to, the impact of emergency laws enacted by the Argentine government that have resulted in the repeal of Argentina's Convertibility law, devaluation of the peso, various changes in restrictions on the ability to exchange pesos into foreign currencies, and currency transfer policy generally, the pesification of tariffs charged for public services, the elimination of indexes to adjust rates charged for public services and the Executive branch announcement to renegotiate the terms of the concessions granted to public service providers, including Telecom. Due to extensive changes in laws and economic and business conditions in Argentina, it is difficult to predict the impact of these changes on the Company's financial condition. Other factors may include, but are not limited to, the evolution of the economy in Argentina, growing inflationary pressure and evolution in consumer spending and the outcome of certain legal proceedings. Readers are cautioned not to place undue reliance on

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forward-looking statements, which speak only as the date of this document. The Company undertakes no obligation to release publicly the results of any revisions to forward-looking statements which may be made to reflect events and circumstances after the date of this press release, including, without limitation, changes in the Company's business or to reflect the occurrence of unanticipated events. Readers are encouraged to consult the Company's Annual Report on Form 20-F, as well as periodic filings made on Form 6-K, which are filed with or furnished to the United States Securities and Exchange Commission for further information concerning risks and uncertainties faced by Telecom.

(Financial tables follow)

\*\*\*\*\*

**Enrique Garrido**

**Chairman**

\*\*\*\*\*

## Consolidated information

NINE MONTH PERIOD AND THIRD QUARTER- FISCAL YEAR 2008(In millions of Argentine pesos, except statistical data )1- Consolidated Balance Sheet

|                                      | Sep-30<br>2008 | Dec-31<br>2007 | p\$          | p%          |
|--------------------------------------|----------------|----------------|--------------|-------------|
| Cash, equivalents and investments    | 1.125          | 992            | 133          | 13%         |
| Trade receivables                    | 916            | 898            | 18           | 2%          |
| Other current assets                 | 641            | 494            | 147          | 30%         |
| <b>TOTAL CURRENT ASSETS</b>          | <b>2.682</b>   | <b>2.384</b>   | <b>298</b>   | <b>13%</b>  |
| Fixed & Intangible assets            | 6.897          | 6.498          | 399          | 6%          |
| Other non-current assets             | 79             | 289            | (210)        | -73%        |
| <b>TOTAL NON-CURRENT ASSETS</b>      | <b>6.976</b>   | <b>6.787</b>   | <b>189</b>   | <b>3%</b>   |
| <b>TOTAL ASSETS</b>                  | <b>9.658</b>   | <b>9.171</b>   | <b>487</b>   | <b>5%</b>   |
| Accounts payable                     | 1.668          | 1.640          | 28           | 2%          |
| Loans                                | 713            | 1.474          | (761)        | -52%        |
| Reserves                             | 46             | 49             | (3)          | -6%         |
| Other current liabilities            | 802            | 480            | 322          | 67%         |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>3.229</b>   | <b>3.643</b>   | <b>(414)</b> | <b>-11%</b> |
| Loans                                | 1.758          | 1.724          | 34           | 2%          |
| Reserves                             | 280            | 243            | 37           | 15%         |
| Other non-current liabilities        | 402            | 452            | (50)         | -11%        |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>2.440</b>   | <b>2.419</b>   | <b>21</b>    | <b>1%</b>   |
| <b>TOTAL LIABILITIES</b>             | <b>5.669</b>   | <b>6.062</b>   | <b>(393)</b> | <b>-6%</b>  |
| Minority Interest                    | 88             | 79             | 9            | 11%         |
| Shareholders equity                  | 3.901          | 3.030          | 871          | 29%         |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>9.658</b>   | <b>9.171</b>   | <b>487</b>   | <b>5%</b>   |

2- Consolidated Loans

|                            | Sep-30<br>2008 | Dec-31<br>2007 | p\$          | p%          |
|----------------------------|----------------|----------------|--------------|-------------|
| Corporate Bonds            | 542            | 1.372          | (830)        | -60%        |
| Banks and others           | 116            | 69             | 47           | 68%         |
| Accrued interest           | 55             | 30             | 25           | 83%         |
| Derivatives                |                | 3              | (3)          | -100%       |
| <b>TOTAL CURRENT LOANS</b> | <b>713</b>     | <b>1.474</b>   | <b>(761)</b> | <b>-52%</b> |

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|  |              |              |              |             |
|--|--------------|--------------|--------------|-------------|
| Corporate Bonds  | 1,749        | 1,781        | (32)         | -2%         |
| Banks and others   | 1            | 5            | (4)          | -80%        |
| Net Present Value  | (17)         | (62)         | 45           | -73%        |
| <b>TOTAL NON-CURRENT LOANS</b>                           | <b>1,733</b> | <b>1,724</b> | <b>9</b>     | <b>1%</b>   |
| <b>TOTAL LOANS</b>                                       | <b>2,446</b> | <b>3,198</b> | <b>(752)</b> | <b>-24%</b> |
| Derivatives valuation effect (Other Current Credits)     | 142          | 212          | (70)         | -33%        |
| Cash and cash equivalents                                | 1,130        | 993          | 137          | 14%         |
| <b>NET FINANCIAL DEBT (without NPV effect)</b>           | <b>1,191</b> | <b>2,055</b> | <b>(864)</b> | <b>-42%</b> |
|  | Sep-30       | Sep-30       |              |             |
|  | 2008         | 2007         | p\$          | p%          |
| <b><u>Financial and Holding results</u></b>              |              |              |              |             |
| <b><u>Financial results generated by assets</u></b>      |              |              |              |             |
| Interest on short term investments                       | 68           | 71           | (3)          | -4%         |
| Foreign currency exchange gains                          | (1)          | 23           | (24)         | -104%       |
| Holding results generated by inventories                 | (30)         | (46)         | 16           | -35%        |
| Other financial results                                  | 2            | 1            | 1            | 100%        |
| <b>Total Financial results generated by assets</b>       | <b>39</b>    | <b>49</b>    | <b>(10)</b>  | <b>-20%</b> |
| <b><u>Financial results generated by liabilities</u></b> |              |              |              |             |
| Interest   | (180)        | (222)        | 42           | -19%        |
| Foreign currency exchange losses                         | 27           | (150)        | 177          | -118%       |
| Others   | 2            |              | 2            |             |
| <b>Total Financial results generated by liabilities</b>  | <b>(151)</b> | <b>(372)</b> | <b>221</b>   | <b>-59%</b> |
| <b>TOTAL FINANCIAL AND HOLDING RESULTS</b>               | <b>(112)</b> | <b>(323)</b> | <b>211</b>   | <b>-65%</b> |



3- Consolidated Income Statement  
Nine-Months Comparison

|  | Sep-30<br>2008 | Sep-30<br>2007 | p\$          | p%           |
|--|----------------|----------------|--------------|--------------|
| Net revenues                                     | 7.789          | 6.515          | 1.274        | 20%          |
| Cost of services provided                        | (4.104)        | (3.554)        | (550)        | 15%          |
| <b>GROSS PROFIT</b>                              | <b>3.685</b>   | <b>2.961</b>   | <b>724</b>   | <b>24%</b>   |
| Administrative expenses                          | (282)          | (229)          | (53)         | 23%          |
| Selling expenses                                 | (1.863)        | (1.531)        | (332)        | 22%          |
| <b>OPERATING PROFIT</b>                          | <b>1.540</b>   | <b>1.201</b>   | <b>339</b>   | <b>28%</b>   |
| Financial and holding results                    | (112)          | (323)          | 211          | -65%         |
| Other expenses, net                              | (141)          | (76)           | (65)         | 86%          |
| <b>RESULTS FROM ORDINARY OPERATIONS</b>          | <b>1.287</b>   | <b>802</b>     | <b>485</b>   | <b>60%</b>   |
| Taxes on income                                  | (446)          | (275)          | (171)        | 62%          |
| Minority interest                                | (10)           | (15)           | 5            | -33%         |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b> | <b>831</b>     | <b>512</b>     | <b>319</b>   | <b>62%</b>   |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>      |                | <b>102</b>     | <b>(102)</b> | <b>-100%</b> |
| <b>NET INCOME</b>                                | <b>831</b>     | <b>614</b>     | <b>217</b>   | <b>35%</b>   |
| <b>OPERATING (LOSS)/PROFIT BEFORE D&amp;A</b>    | <b>2.502</b>   | <b>2.252</b>   | <b>250</b>   | <b>11%</b>   |
| <i>As a % of Net Revenues</i>                    | <i>32,1%</i>   | <i>34,6%</i>   |              |              |

4- Consolidated Income Statement  
Three-Months Comparison

|   | Sep-30<br>2008 | Sep-30<br>2007 | p\$         | p%         |
|---|----------------|----------------|-------------|------------|
| Net revenues                            | 2.738          | 2.313          | 425         | 18%        |
| Cost of services provided               | (1.470)        | (1.236)        | (234)       | 19%        |
| <b>GROSS PROFIT</b>                     | <b>1.268</b>   | <b>1.077</b>   | <b>191</b>  | <b>18%</b> |
| Administrative expenses                 | (103)          | (68)           | (35)        | 51%        |
| Selling expenses                        | (674)          | (535)          | (139)       | 26%        |
| <b>OPERATING PROFIT</b>                 | <b>491</b>     | <b>474</b>     | <b>17</b>   | <b>4%</b>  |
| Financial and holding results           | (104)          | (105)          | 1           | -1%        |
| Other expenses, net                     | (50)           | (18)           | (32)        | 178%       |
| <b>RESULTS FROM ORDINARY OPERATIONS</b> | <b>337</b>     | <b>351</b>     | <b>(14)</b> | <b>-4%</b> |

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|  |              |              |             |             |
|--|--------------|--------------|-------------|-------------|
| <b>Taxes on income</b>                           | <b>(118)</b> | <b>(117)</b> | <b>(1)</b>  | <b>1%</b>   |
| <b>Minority interest</b>                         | <b>(1)</b>   | <b>(7)</b>   | <b>6</b>    | <b>-86%</b> |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b> | <b>218</b>   | <b>227</b>   | <b>(9)</b>  | <b>-4%</b>  |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>      |              |              |             |             |
| <b>NET INCOME</b>                                | <b>218</b>   | <b>227</b>   | <b>(9)</b>  | <b>-4%</b>  |
| <b>OPERATING (LOSS)/PROFIT BEFORE D&amp;A</b>    | <b>815</b>   | <b>838</b>   | <b>(23)</b> | <b>-3%</b>  |
| <i>As a % of Net Revenues</i>                    | <b>30%</b>   | <b>36%</b>   |             |             |

5- Consolidated Revenues Breakdown  
Nine-Months Comparison

|   | Sep-30<br>2008 | Sep-30<br>2007 | p\$          | p%          |
|---|----------------|----------------|--------------|-------------|
| <b>Fixed Telephony</b>                  | <b>1.805</b>   | <b>1.716</b>   | <b>89</b>    | <b>5%</b>   |
| <b>Measured service Local</b>           | <b>346</b>     | <b>346</b>     |              | <b>0%</b>   |
| <b>Measured service DLD</b>             | <b>376</b>     | <b>365</b>     | <b>11</b>    | <b>3%</b>   |
| <b>Monthly charges</b>                  | <b>595</b>     | <b>555</b>     | <b>40</b>    | <b>7%</b>   |
| <b>Public telephones</b>                | <b>66</b>      | <b>89</b>      | <b>(23)</b>  | <b>-26%</b> |
| <b>Interconnection</b>                  | <b>287</b>     | <b>273</b>     | <b>14</b>    | <b>5%</b>   |
| <b>Others</b>                           | <b>135</b>     | <b>88</b>      | <b>47</b>    | <b>53%</b>  |
| <b>International Telephony</b>          | <b>197</b>     | <b>194</b>     | <b>3</b>     | <b>2%</b>   |
| <b>Data transmission &amp; Internet</b> | <b>681</b>     | <b>510</b>     | <b>171</b>   | <b>34%</b>  |
| <b>Data</b>                             | <b>159</b>     | <b>126</b>     | <b>33</b>    | <b>26%</b>  |
| <b>Internet</b>                         | <b>522</b>     | <b>384</b>     | <b>138</b>   | <b>36%</b>  |
| <b>Measured service</b>                 | <b>40</b>      | <b>47</b>      | <b>(7)</b>   | <b>-15%</b> |
| <b>Monthly charges</b>                  | <b>479</b>     | <b>334</b>     | <b>145</b>   | <b>43%</b>  |
| <b>Modems</b>                           | <b>3</b>       | <b>3</b>       |              | <b>0%</b>   |
| <b>Cellular Telephony</b>               | <b>5.106</b>   | <b>4.095</b>   | <b>1.011</b> | <b>25%</b>  |
| <b>Telecom Personal</b>                 | <b>4.780</b>   | <b>3.799</b>   | <b>981</b>   | <b>26%</b>  |
| <b>Monthly fee and measured service</b> | <b>1.047</b>   | <b>868</b>     | <b>179</b>   | <b>21%</b>  |
| <b>Pre-paid card</b>                    | <b>689</b>     | <b>580</b>     | <b>109</b>   | <b>19%</b>  |
| <b>Calling Party Pays</b>               | <b>413</b>     | <b>407</b>     | <b>6</b>     | <b>1%</b>   |
| <b>TLRD *</b>                           | <b>577</b>     | <b>426</b>     | <b>151</b>   | <b>35%</b>  |
| <b>VAS</b>                              | <b>1.257</b>   | <b>873</b>     | <b>384</b>   | <b>44%</b>  |
| <b>Handset sales</b>                    | <b>523</b>     | <b>401</b>     | <b>122</b>   | <b>30%</b>  |
| <b>Others</b>                           | <b>274</b>     | <b>244</b>     | <b>30</b>    | <b>12%</b>  |
| <b>Núcleo</b>                           | <b>326</b>     | <b>296</b>     | <b>30</b>    | <b>10%</b>  |
| <b>Monthly fee and measured service</b> | <b>43</b>      | <b>47</b>      | <b>(4)</b>   | <b>-9%</b>  |
| <b>Pre-paid card</b>                    | <b>186</b>     | <b>161</b>     | <b>25</b>    | <b>16%</b>  |
| <b>Calling Party Pays</b>               | <b>20</b>      | <b>30</b>      | <b>(10)</b>  | <b>-33%</b> |
| <b>TLRD *</b>                           | <b>41</b>      | <b>38</b>      | <b>3</b>     | <b>8%</b>   |
| <b>VAS</b>                              | <b>6</b>       | <b>3</b>       | <b>3</b>     | <b>100%</b> |
| <b>Handset sales</b>                    | <b>6</b>       | <b>5</b>       | <b>1</b>     | <b>20%</b>  |
| <b>Others</b>                           | <b>24</b>      | <b>12</b>      | <b>12</b>    | <b>100%</b> |
| <b>TOTAL NET REVENUES</b>               | <b>7.789</b>   | <b>6.515</b>   | <b>1.274</b> | <b>20%</b>  |

\* Charges for the termination of calls of the cellular operators.

**6- Consolidated Revenues Breakdown****Three-Months Comparison**

|   | Sep-30<br>2008 | Sep-30<br>2007 | p\$        | p%          |
|---|----------------|----------------|------------|-------------|
| <b>Fixed Telephony</b>                  | <b>612</b>     | <b>586</b>     | <b>26</b>  | <b>4%</b>   |
| <b>Measured service</b>                 | <b>246</b>     | <b>241</b>     | <b>5</b>   | <b>2%</b>   |
| <b>Local</b>                            | <b>120</b>     | <b>119</b>     | <b>1</b>   | <b>1%</b>   |
| <b>DLD</b>                              | <b>126</b>     | <b>122</b>     | <b>4</b>   | <b>3%</b>   |
| <b>Monthly charges</b>                  | <b>202</b>     | <b>189</b>     | <b>13</b>  | <b>7%</b>   |
| <b>Public telephones</b>                | <b>20</b>      | <b>28</b>      | <b>(8)</b> | <b>-29%</b> |
| <b>Interconnection</b>                  | <b>97</b>      | <b>99</b>      | <b>(2)</b> | <b>-2%</b>  |
| <b>Others</b>                           | <b>47</b>      | <b>29</b>      | <b>18</b>  | <b>62%</b>  |
| <b>International Telephony</b>          | <b>68</b>      | <b>66</b>      | <b>2</b>   | <b>3%</b>   |
| <b>Data transmission &amp; Internet</b> | <b>239</b>     | <b>179</b>     | <b>60</b>  | <b>34%</b>  |
| <b>Data</b>                             | <b>56</b>      | <b>45</b>      | <b>11</b>  | <b>24%</b>  |
| <b>Internet</b>                         | <b>183</b>     | <b>134</b>     | <b>49</b>  | <b>37%</b>  |
| <b>Measured service</b>                 | <b>13</b>      | <b>14</b>      | <b>(1)</b> | <b>-7%</b>  |
| <b>Monthly charges</b>                  | <b>169</b>     | <b>119</b>     | <b>50</b>  | <b>42%</b>  |
| <b>Modems</b>                           | <b>1</b>       | <b>1</b>       |            | <b>0%</b>   |
| <b>Cellular Telephony</b>               | <b>1.819</b>   | <b>1.482</b>   | <b>337</b> | <b>23%</b>  |
| <b>Telecom Personal</b>                 | <b>1.708</b>   | <b>1.363</b>   | <b>345</b> | <b>25%</b>  |
| <b>Monthly fee and measured service</b> | <b>370</b>     | <b>327</b>     | <b>43</b>  | <b>13%</b>  |
| <b>Pre-paid card</b>                    | <b>246</b>     | <b>214</b>     | <b>32</b>  | <b>15%</b>  |
| <b>Calling Party Pays</b>               | <b>142</b>     | <b>142</b>     |            | <b>0%</b>   |
| <b>TLRD *</b>                           | <b>199</b>     | <b>159</b>     | <b>40</b>  | <b>25%</b>  |
| <b>VAS</b>                              | <b>467</b>     | <b>332</b>     | <b>135</b> | <b>41%</b>  |
| <b>Handset sales</b>                    | <b>200</b>     | <b>134</b>     | <b>66</b>  | <b>49%</b>  |
| <b>Others</b>                           | <b>84</b>      | <b>55</b>      | <b>29</b>  | <b>53%</b>  |
| <b>Núcleo</b>                           | <b>111</b>     | <b>119</b>     | <b>(8)</b> | <b>-7%</b>  |
| <b>Monthly fee and measured service</b> | <b>13</b>      | <b>17</b>      | <b>(4)</b> | <b>-24%</b> |
| <b>Pre-paid card</b>                    | <b>66</b>      | <b>66</b>      |            | <b>0%</b>   |
| <b>Calling Party Pays</b>               | <b>5</b>       | <b>11</b>      | <b>(6)</b> | <b>-55%</b> |
| <b>TLRD *</b>                           | <b>14</b>      | <b>15</b>      | <b>(1)</b> | <b>-7%</b>  |
| <b>VAS</b>                              | <b>2</b>       | <b>1</b>       | <b>1</b>   | <b>100%</b> |
| <b>Handset sales</b>                    | <b>2</b>       | <b>2</b>       |            | <b>0%</b>   |
| <b>Others</b>                           | <b>9</b>       | <b>7</b>       | <b>2</b>   |             |
| <b>TOTAL NET REVENUES</b>               | <b>2.738</b>   | <b>2.313</b>   | <b>425</b> | <b>18%</b>  |

\* Charges for the termination of calls of the cellular operators.

7- Consolidated Income Statement by segmentsNine Month Period FY 2008

(In million of Argentine pesos )

|   | Segments                 |                    |              | Variation vs 9M07 |              |
|---|--------------------------|--------------------|--------------|-------------------|--------------|
|   | Voice, Data and Internet | Cellular Telephony | Consolidated | p\$               | p%           |
| <b>NET REVENUES</b>                                   | <b>2.683</b>             | <b>5.106</b>       | <b>7.789</b> | <b>1.274</b>      | <b>20%</b>   |
| Salaries and social security contributions            | (664)                    | (208)              | (872)        | (160)             | 22%          |
| Taxes   | (170)                    | (443)              | (613)        | (146)             | 31%          |
| Materials and supplies                                | (267)                    | (120)              | (387)        | (80)              | 26%          |
| Doubtful accounts                                     | (7)                      | (43)               | (50)         | 9                 | -15%         |
| Interconnection cost                                  | (119)                    |                    | (119)        | (6)               | 5%           |
| Settlement charges                                    | (108)                    |                    | (108)        | (7)               | 7%           |
| Lease of lines and circuits                           | (47)                     | (35)               | (82)         | (16)              | 24%          |
| Service fees  | (126)                    | (145)              | (271)        | (61)              | 29%          |
| Advertising   | (97)                     | (193)              | (290)        | (91)              | 46%          |
| Agent, Prepaid card commissions and other commissions | (67)                     | (605)              | (672)        | (77)              | 13%          |
| Cost of voice, data and cellular handsets             | (29)                     | (702)              | (731)        | (124)             | 20%          |
| Roaming and TLRD                                      |                          | (697)              | (697)        | (153)             | 28%          |
| Others  | (187)                    | (208)              | (395)        | (112)             | 40%          |
| <b>Operating Profit before D&amp;A</b>                | <b>795</b>               | <b>1.707</b>       | <b>2.502</b> | <b>250</b>        | <b>11%</b>   |
| <i>Operating Profit before D&amp;A Margin</i>         | <i>30%</i>               | <i>33%</i>         | <i>32%</i>   | <i>-2%</i>        | <i>-7%</i>   |
| Depreciation of fixed assets                          | (594)                    | (352)              | (946)        | 73                | -7%          |
| Amortization of intangible assets                     | (12)                     | (4)                | (16)         | 16                | -50%         |
| <b>OPERATING RESULTS</b>                              | <b>189</b>               | <b>1.351</b>       | <b>1.540</b> | <b>339</b>        | <b>28%</b>   |
| <b>FINANCIAL AND HOLDING INCOME</b>                   | <b>(63)</b>              | <b>(49)</b>        | <b>(112)</b> | <b>211</b>        | <b>-65%</b>  |
| <b>OTHER EXPENSES, NET</b>                            | <b>(103)</b>             | <b>(38)</b>        | <b>(141)</b> | <b>(65)</b>       | <b>86%</b>   |
| <b>INCOME FROM ORDINARY OPERATIONS</b>                | <b>23</b>                | <b>1.264</b>       | <b>1.287</b> | <b>485</b>        | <b>60%</b>   |
| Taxes on income                                       | (144)                    | (302)              | (446)        | (171)             | 62%          |
| Minority interest                                     |                          | (10)               | (10)         | 5                 | -33%         |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b>      | <b>(121)</b>             | <b>952</b>         | <b>831</b>   | <b>319</b>        | <b>62%</b>   |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>           |                          |                    |              | <b>(102)</b>      | <b>-100%</b> |
| <b>NET INCOME</b>                                     | <b>(121)</b>             | <b>952</b>         | <b>831</b>   | <b>217</b>        | <b>35%</b>   |

8- Consolidated Income Statement by segmentsNine Month Period FY 2007

(In million of Argentine pesos )

|  | Segments                 |                    |              |
|--|--------------------------|--------------------|--------------|
|  | Voice, Data and Internet | Cellular Telephony | Consolidated |

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|   |              |              |              |
|---|--------------|--------------|--------------|
| <b>NET REVENUES</b>                                   | <b>2.420</b> | <b>4.095</b> | <b>6.515</b> |
| Salaries and social security contributions            | (557)        | (155)        | (712)        |
| Taxes   | (143)        | (324)        | (467)        |
| Materials and supplies                                | (213)        | (94)         | (307)        |
| Doubtful accounts                                     | (12)         | (47)         | (59)         |
| Interconnection cost                                  | (113)        |              | (113)        |
| Settlement charges                                    | (101)        |              | (101)        |
| Lease of lines and circuits                           | (40)         | (26)         | (66)         |
| Service fees  | (97)         | (113)        | (210)        |
| Advertising   | (51)         | (148)        | (199)        |
| Agent, Prepaid card commissions and other commissions | (52)         | (543)        | (595)        |
| Cost of voice, data and cellular handsets             | (10)         | (597)        | (607)        |
| Roaming and TLRD                                      |              | (544)        | (544)        |
| Others  | (131)        | (152)        | (283)        |
| <b>Operating Profit before D&amp;A</b>                | <b>900</b>   | <b>1.352</b> | <b>2.252</b> |
| <i>Operating Profit before D&amp;A Margin</i>         | <i>37%</i>   | <i>33%</i>   | <i>35%</i>   |
| Depreciation of fixed assets                          | (616)        | (403)        | (1,019)      |
| Amortization of intangible assets                     | (10)         | (22)         | (32)         |
| <b>OPERATING RESULTS</b>                              | <b>274</b>   | <b>927</b>   | <b>1.201</b> |
| <b>FINANCIAL AND HOLDING INCOME</b>                   | <b>(172)</b> | <b>(151)</b> | <b>(323)</b> |
| Other expenses, Net                                   | (60)         | (16)         | (76)         |
| <b>INCOME FROM ORDINARY OPERATIONS</b>                | <b>42</b>    | <b>760</b>   | <b>802</b>   |
| Taxes on income                                       | (103)        | (172)        | (275)        |
| Minority interest                                     |              | (15)         | (15)         |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b>      | <b>(61)</b>  | <b>573</b>   | <b>512</b>   |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>           | <b>102</b>   |              | <b>102</b>   |
| <b>NET INCOME</b>                                     | <b>41</b>    | <b>573</b>   | <b>614</b>   |

9- Consolidated Income Statement by segmentsThird Quarter FY 2008

(In million of Argentine pesos )

|  | Voice, Data<br>and<br>Internet | Segments              |              | Variation<br>vs 3Q07 |             |
|--|--------------------------------|-----------------------|--------------|----------------------|-------------|
|  |                                | Cellular<br>Telephony | Consolidated | p\$                  | p%          |
| <b>NET REVENUES</b>                                  | <b>919</b>                     | <b>1.819</b>          | <b>2.738</b> | <b>425</b>           | <b>18%</b>  |
| Salaries and social security contributions           | (231)                          | (78)                  | (309)        | (60)                 | 24%         |
| Taxes  | (55)                           | (156)                 | (211)        | (65)                 | 45%         |
| Materials and supplies                               | (109)                          | (32)                  | (141)        | (29)                 | 26%         |
| Doubtful accounts                                    | (7)                            | (14)                  | (21)         |                      | 0%          |
| Interconnection cost                                 | (41)                           |                       | (41)         | (4)                  | 11%         |
| Settlement charges                                   | (41)                           |                       | (41)         | (1)                  | 3%          |
| Lease of lines and circuits                          | (19)                           | (9)                   | (28)         | (14)                 | 100%        |
| Service fees   | (47)                           | (51)                  | (98)         | (20)                 | 26%         |
| Advertising  | (38)                           | (62)                  | (100)        | (29)                 | 41%         |
| Agent, Prepaid card commissions and other comissions | (25)                           | (224)                 | (249)        | 6                    | -2%         |
| Cost of cellular handsets                            | (11)                           | (272)                 | (283)        | (86)                 | 44%         |
| Roaming and TLRD                                     |                                | (248)                 | (248)        | (51)                 | 26%         |
| Others   | (64)                           | (89)                  | (153)        | (95)                 | 164%        |
| <b>Operating Profit before D&amp;A</b>               | <b>231</b>                     | <b>584</b>            | <b>815</b>   | <b>(23)</b>          | <b>-3%</b>  |
| <i>Operating Profit before D&amp;A Margin</i>        | <i>25%</i>                     | <i>32%</i>            | <i>30%</i>   | <i>-6%</i>           | <i>-18%</i> |
| Depreciation of fixed assets                         | (211)                          | (108)                 | (319)        | 35                   | -10%        |
| Amortization of intangible assets                    | (4)                            | (1)                   | (5)          | 5                    | -50%        |
| <b>OPERATING RESULTS</b>                             | <b>16</b>                      | <b>475</b>            | <b>491</b>   | <b>17</b>            | <b>4%</b>   |
| <b>FINANCIAL AND HOLDING INCOME</b>                  | <b>(50)</b>                    | <b>(54)</b>           | <b>(104)</b> | <b>1</b>             | <b>-1%</b>  |
| Other expenses, net                                  | (35)                           | (15)                  | (50)         | (32)                 | 178%        |
| <b>INCOME FROM ORDINARY OPERATIONS</b>               | <b>(69)</b>                    | <b>406</b>            | <b>337</b>   | <b>(14)</b>          | <b>-4%</b>  |
| Taxes on income                                      | (27)                           | (91)                  | (118)        | (1)                  | 1%          |
| Minority interest                                    |                                | (1)                   | (1)          | 6                    | -86%        |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b>     | <b>(96)</b>                    | <b>314</b>            | <b>218</b>   | <b>(9)</b>           | <b>-4%</b>  |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>          |                                |                       |              |                      | <b>0%</b>   |
| <b>NET INCOME</b>                                    | <b>(96)</b>                    | <b>314</b>            | <b>218</b>   | <b>(9)</b>           | <b>-4%</b>  |

10- Consolidated Income Statement by SegmentsThird Quarter FY 2007

(In million of Argentine pesos)

Segments

Consolidated

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|  | Voice, Data<br>and<br>Internet | Cellular<br>Telephony |              |
|--|--------------------------------|-----------------------|--------------|
| <b>NET REVENUES</b>                                  | <b>831</b>                     | <b>1.482</b>          | <b>2.313</b> |
| Salaries and social security contributions           | (193)                          | (56)                  | (249)        |
| Taxes  | (47)                           | (99)                  | (146)        |
| Materials and supplies                               | (75)                           | (37)                  | (112)        |
| Doubtful accounts                                    | (3)                            | (18)                  | (21)         |
| Interconnection cost                                 | (37)                           |                       | (37)         |
| Settlement charges                                   | (40)                           |                       | (40)         |
| Lease of lines and circuits                          | (14)                           |                       | (14)         |
| Service fees   | (37)                           | (41)                  | (78)         |
| Advertising  | (16)                           | (55)                  | (71)         |
| Agent, Prepaid card commissions and other comissions | (40)                           | (215)                 | (255)        |
| Cost of cellular handsets                            | (4)                            | (193)                 | (197)        |
| Roaming and TLRD                                     |                                | (197)                 | (197)        |
| Others   | (29)                           | (29)                  | (58)         |
| <b>Operating Profit before D&amp;A</b>               | <b>296</b>                     | <b>542</b>            | <b>838</b>   |
| <i>Operating Profit before D&amp;A Margin</i>        | <i>36%</i>                     | <i>37%</i>            | <i>36%</i>   |
| Depreciation of fixed assets                         | (203)                          | (151)                 | (354)        |
| Amortization of intangible assets                    | (4)                            | (6)                   | (10)         |
| <b>OPERATING RESULTS</b>                             | <b>89</b>                      | <b>385</b>            | <b>474</b>   |
| <b>FINANCIAL AND HOLDING INCOME</b>                  | <b>(48)</b>                    | <b>(57)</b>           | <b>(105)</b> |
| Other expenses, Net                                  | (15)                           | (3)                   | (18)         |
| <b>INCOME FROM ORDINARY OPERATIONS</b>               | <b>26</b>                      | <b>325</b>            | <b>351</b>   |
| Taxes on income                                      | (40)                           | (77)                  | (117)        |
| Minority interest                                    |                                | (7)                   | (7)          |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b>     | <b>(14)</b>                    | <b>241</b>            | <b>227</b>   |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>          |                                |                       |              |
| <b>NET INCOME</b>                                    | <b>(14)</b>                    | <b>241</b>            | <b>227</b>   |



**TELECOM ARGENTINA S.A.****Unconsolidated Information****NINE MONTH PERIOD AND THIRD QUARTER FISCAL YEAR 2008**

(In millions of Argentine pesos)

**11- Balance Sheet**

|  | Sep-30<br>2008 | Dec-31<br>2007 | p\$          | p%          |
|--|----------------|----------------|--------------|-------------|
| Cash, equivalents and investments        | 644            | 755            | (111)        | -15%        |
| Trade receivables                        | 462            | 438            | 24           | 5%          |
| Other current assets                     | 253            | 283            | (30)         | -11%        |
| <b>TOTAL CURRENT ASSETS</b>              | <b>1.359</b>   | <b>1.476</b>   | <b>(117)</b> | <b>-8%</b>  |
| Other Trade receivables                  | 41             | 258            | (217)        | -84%        |
| Fixed & Intangible assets                | 4.039          | 4.073          | (34)         | -1%         |
| Investments                              | 1.675          | 1.192          | 483          | 41%         |
| Other non-current assets                 | 2              | 5              | (3)          | -60%        |
| <b>TOTAL NON-CURRENT ASSETS</b>          | <b>5.757</b>   | <b>5.528</b>   | <b>229</b>   | <b>4%</b>   |
| <b>TOTAL ASSETS</b>                      | <b>7.116</b>   | <b>7.004</b>   | <b>112</b>   | <b>2%</b>   |
| Accounts payable                         | 739            | 761            | (22)         | -3%         |
| Loans                                    | 538            | 1.360          | (822)        | -60%        |
| Reserves                                 | 34             | 39             | (5)          | -13%        |
| Other current liabilities                | 264            | 226            | 38           | 17%         |
| <b>TOTAL CURRENT LIABILITIES</b>         | <b>1.575</b>   | <b>2.386</b>   | <b>(811)</b> | <b>-34%</b> |
| Accounts payable                         | 25             | 25             |              |             |
| Loans                                    | 1.000          | 967            | 33           | 3%          |
| Compensation and social benefits payable | 54             | 43             | 11           | 26%         |
| Taxes Payable                            | 245            | 283            | (38)         | -13%        |
| Others liabilities                       | 94             | 99             | (5)          | -5%         |
| Reserves                                 | 222            | 196            | 26           | 13%         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>     | <b>1.640</b>   | <b>1.588</b>   | <b>52</b>    | <b>3%</b>   |
| <b>TOTAL LIABILITIES</b>                 | <b>3.215</b>   | <b>3.974</b>   | <b>(759)</b> | <b>-19%</b> |
| Shareholders equity                      | 3.901          | 3.030          | 871          | 29%         |
| <b>TOTAL LIABILITIES AND EQUITY</b>      | <b>7.116</b>   | <b>7.004</b>   | <b>112</b>   | <b>2%</b>   |

**12- Income Statement  
Nine-Months Comparison**

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|  | Sep-30<br>2008 | Sep-30<br>2007 | p\$          | p%           |
|--|----------------|----------------|--------------|--------------|
| Net revenues   | 3,099          | 2,756          | 343          | 12%          |
| Cost of services provided                                      | (1,677)        | (1,497)        | (180)        | -12%         |
| <b>GROSS PROFIT</b>  | <b>1,422</b>   | <b>1,259</b>   | <b>163</b>   | <b>13%</b>   |
| Administrative expenses  | (162)          | (144)          | (18)         | -13%         |
| Selling expenses   | (661)          | (506)          | (155)        | -31%         |
| <b>OPERATING PROFIT</b>  | <b>599</b>     | <b>609</b>     | <b>(10)</b>  | <b>-2%</b>   |
| Equity income from related companies                           | 539            | 235            | 304          | 129%         |
| Financial & holding results                                    | (61)           | (170)          | 109          | 64%          |
| Other incomes & expenses net                                   | (102)          | (57)           | (45)         | -79%         |
| <b>RESULTS FROM ORDINARY OPERATIONS</b>                        | <b>975</b>     | <b>617</b>     | <b>358</b>   | <b>58%</b>   |
| Taxes on income  | (144)          | (103)          | (41)         | 40%          |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b>               | <b>831</b>     | <b>514</b>     | <b>317</b>   | <b>62%</b>   |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>                    |                | <b>100</b>     | <b>(100)</b> | <b>-100%</b> |
| <b>NET INCOME</b>  | <b>831</b>     | <b>614</b>     | <b>217</b>   | <b>35%</b>   |
| <b>Operating Profit before D&amp;A</b>                         | <b>1,202</b>   | <b>1,234</b>   | <b>(32)</b>  | <b>-3%</b>   |
| <i>As a % of Net Revenues</i>                                  | <i>39%</i>     | <i>45%</i>     |              |              |
|  | Sep-30<br>2008 | Sep-30<br>2007 | p\$          | p%           |
| <b><u>Financial and Holding results</u></b>                    |                |                |              |              |
| <b><u>Financial results generated by assets</u></b>            |                |                |              |              |
| Interest on short term investments                             | 47             | 57             | (10)         | -18%         |
| Foreign currency exchange gains                                | 2              | 17             | (15)         | -88%         |
| <b><u>Total Financial results generated by assets</u></b>      | <b>49</b>      | <b>74</b>      | <b>(25)</b>  | <b>-34%</b>  |
| <b><u>Financial results generated by liabilities</u></b>       |                |                |              |              |
| Interest   | (115)          | (134)          | 19           | -14%         |
| Others   | 5              | (110)          | 115          | -105%        |
| <b><u>Total Financial results generated by liabilities</u></b> | <b>(110)</b>   | <b>(244)</b>   | <b>134</b>   | <b>-55%</b>  |
| <b><u>TOTAL FINANCIAL AND HOLDING RESULTS</u></b>              | <b>(61)</b>    | <b>(170)</b>   | <b>109</b>   | <b>-64%</b>  |

**TELECOM ARGENTINA S.A.****Unconsolidated Information****NINE MONTH PERIOD AND THIRD QUARTER FISCAL YEAR 2008**

(In millions of Argentine pesos)

**13- Income Statement  
Three-Months Comparison**

|  | Sep-30<br>2008 | Sep-30<br>2007 | p\$          | p%          |
|--|----------------|----------------|--------------|-------------|
| Net revenues                                     | 1.064          | 946            | 118          | 12%         |
| Cost of services provided                        | (593)          | (519)          | (74)         | 14%         |
| <b>GROSS PROFIT</b>                              | <b>471</b>     | <b>427</b>     | <b>44</b>    | <b>10%</b>  |
| Administrative expenses                          | (64)           | (50)           | (14)         | 28%         |
| Selling expenses                                 | (246)          | (173)          | (73)         | 42%         |
| <b>OPERATING PROFIT</b>                          | <b>161</b>     | <b>204</b>     | <b>(43)</b>  | <b>-21%</b> |
| Equity income from related companies             | 169            | 122            | 47           | 39%         |
| Financial & holding results                      | (50)           | (46)           | (4)          | 9%          |
| Other incomes & expenses net                     | (35)           | (13)           | (22)         | 169%        |
| <b>RESULTS FROM ORDINARY OPERATIONS</b>          | <b>245</b>     | <b>267</b>     | <b>(22)</b>  | <b>-8%</b>  |
| Taxes on income                                  | (27)           | (40)           | 13           | -33%        |
| <b>NET INCOME BEFORE DISCONTINUED OPERATIONS</b> | <b>218</b>     | <b>227</b>     | <b>(9)</b>   | <b>-4%</b>  |
| <b>RESULTS FROM DISCONTINUED OPERATIONS</b>      |                |                |              |             |
| <b>NET INCOME</b>                                | <b>218</b>     | <b>227</b>     | <b>(9)</b>   | <b>-4%</b>  |
| <b>Operating Profit before D&amp;A</b>           | <b>374</b>     | <b>625</b>     | <b>(251)</b> | <b>-40%</b> |
| <i>As a % of Net Revenues</i>                    | <i>35%</i>     | <i>66%</i>     |              |             |

**FREE TRANSLATION**

**FOR IMMEDIATE RELEASE**

Buenos Aires, November 3, 2008

Mr. Chairman of the

*Comisión Nacional de Valores*

Dr. Eduardo Hecker

**RE.: Repurchase Notes in an aggregate principal nominal amount**

**of 17,000,000.00**

Dear Sir,

I am writing to you as **Responsible for Market Relations of Telecom Argentina S.A** ( Telecom Argentina or the Company ) to inform you that between last October 24 and October 31, Telecom Argentina purchased an aggregate principal nominal amount of 17,000,000.00 of Series A-1 Regulation S Euro Notes Due 2014 according with the terms and conditions of the Indenture.

The Notes acquired will be cancelled according with the terms and conditions of the Indenture. After the mentioned cancellation, the amount of Series A-1 Euro Notes Due 2014 will be:

Principal nominal amount: 476,015,827.-

Principal outstanding amount: 195,928,114.-

Yours sincerely,

**Telecom Argentina S.A.**

/s/ Pedro Gastón Insussarry  
Pedro Gastón Insussarry  
Responsible for Market Relations

**FREE TRANSLATION**

**FOR IMMEDIATE RELEASE**

Buenos Aires, November 3, 2008

Mr. Chairman of the

*Comisión Nacional de Valores*

Dr. Eduardo Hecker

**RE.: Repurchase Notes in an aggregate principal nominal amount**

**of 15,349,000.00**

Dear Sir,

I am writing to you as **Responsible for Market Relations of Telecom Argentina S.A** ( Telecom Argentina or the Company ) to inform you that in the last days, Telecom Argentina purchased an aggregate principal nominal amount of 15,349,000.00 of Series A-1 Regulation S Euro Notes Due 2014 (additionally amount as such already informed in a previous letter) according with the terms and conditions of the Indenture.

The Notes acquired will be cancelled according with the terms and conditions of the Indenture. After the mentioned cancellation, the amount of Series A-1 Euro Notes Due 2014 will be:

Principal nominal amount: 460,666,827.-

Principal outstanding amount: 189,610,466.-

Yours sincerely,

**Telecom Argentina S.A.**

/s/ Pedro Gastón Insussarry  
Pedro Gastón Insussarry  
Responsible for Market Relations

**SIGNATURES**

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

**Telecom Argentina S.A.**

Date: November 10, 2008

By: /s/ Enrique Garrido

Name: Enrique Garrido

Title: Chairman of the Board of Directors