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Pampa Energía and Edenor 3Q 2012 Conference Call

Presenting for Pampa Energía and Edenor:

Leandro Montero, CFO of Edenor

Mariano Batistella, IRO of Pampa Energía

Leandro Montero: Thank you very much. Good morning everyone and thanks for joining us on this joint conference call of Pampa Energía and Edenor. This time, Ricardo Torres will not be presenting as announced, but instead myself Leandro Montero will be presenting for Edenor first, and then Mariano Batistella will present for Pampa Energía.

As usually, we will focus first on the main events that took place in the last couple of months and then briefly review the results of the third quarter of 2012. As you know, you can always call anybody of our team for more details on the results of the period or any doubts you might have.

So going to the relevant events of Edenor for the quarter, first of all I will focus on the situation going on with CAMMESA, entity in charge of the administration of the Wholesale Electricity Market. As you know, at least since the beginning of this year distribution companies have been financing their operative deficits through CAMMESA. Today, 14 distribution companies owe to CAMMESA a total of around 1.2 billion pesos. That list includes the biggest distribution companies in Argentina: Edesur since July, Edelap since March and now also Edenor since October. We expect this situation to be temporary until a new regulatory model is implemented by the National Authorities, in order to restore the economic and financial equation of the Concession Agreement.

Moving on to Edenor's subsidiary Emdersa, as you know the company is going through a spin-off process, by which each of the operating companies will be controlled by a separate holding company. Remember that Emdersa is a holding company which currently controls the distribution companies of Salta, San Luis and La Rioja, and also a 30 MW thermal plant called Piquirenda. In this matter, the spin-off has been approved by the Argentine Commercial Registry and its listing by the local Securities and Exchange Commission known as CNV. So in the next few days we'll be able to conclude the spin-off, which is important for Edenor so that we can close the sales of Salta, San Luis and also the reorganization of Piquirenda which will be controlled directly by Pampa along with the rest of the generation companies. In terms of fund flows, it doesn't involve any new income for Edenor in the near short term. Nevertheless, remember that Edenor still has 12 million dollars to collect from the sales of Edesa and Piquirenda, which will be collected in accordance with the respective sale agreement.

Finally, to end up with the relevant events of the quarter and as you probably read in the news, around the end of August the National Authorities had a meeting with members of the electricity industry in which he specified that his team would work on a new economic model for the electricity system, which would recognize costs and a reasonable margin for the capital invested, what could be called a cost plus system. In this sense, for the past

months we have provided all the requested information by the Government, and we remain optimistic that the Government will provide very soon a solution for the electricity system as a whole.

Going to the results of Edenor of the third quarter of 2012, remember first that we are presenting figures under the International Financial Reporting Standards (IFRS). And because of that, we are restating the comparative figures of the third quarter of 2011. So whenever you see 2011 figures, they have been restated to comply with International Standards. Also, please have in mind that because Emdersa is under a sale and spin-off process, as I explained previously, since March 31, 2012 we are no longer including Emdersa's results.

So going now to the results of Edenor on a stand-alone basis, in the third quarter of 2012 net sales reached 732 million pesos, compared to 594 million pesos in the same period of 2011. This variation is mainly due to an increase in the electricity price caused by the cut in subsidies to certain clients, and an increase in the electricity volume of 3.7%.

Edenor's gross margin decreased 16% to 255 million pesos, due to increases in costs, which includes the effects of the increase in price of non-recognized energy losses and the cost set for mobile generators put in service. The cost increase of mobile generators, which is charged since June 2012, is not allowed to pass-through to the customers, something that we are claiming to the regulator. We estimate the cost of mobile generation to be around 150 million pesos per year.

Operating expenses also increased 37%, mainly due to a rise in labor costs.

Edenor had a net operating loss without including results from subsidiaries of 240 million pesos in the third quarter of 2012, compared to the 58 million pesos loss in the same period of 2011. This reduction is basically caused by a higher increase in expenses, not compensated by revenues.

Finally, Edenor reported a net loss without including subsidiaries of 293 million pesos in the third quarter of 2012, compared to a net loss of 66 million pesos in the same period of 2011.

Nevertheless, remember that part of the costs increases of Edenor are offset by the PUREE funds, which are not accounted as revenues. During the third quarter of 2012 we retained under PUREE concept 84 million pesos, 5 million pesos more than the 79 million pesos registered in the third quarter of 2011.

Regarding Edenor's capital expenditures, during the third quarter of 2012 it reached 130 million pesos versus 102 million pesos in the same period of 2011.

Finally, in relation to Edenor's subsidiary Eden, it presented a positive EBITDA in the third quarter of 2012 of 42 million pesos, 15% higher than the 36 million pesos of the same quarter of 2011, basically due to a 9% tariff increase granted by the Government of the Province of Buenos Aires in July, 2012, representing a 15% increase in VAD.

Regarding Eden's Net Income during the third quarter of 2012 it reached 18 million pesos compared to a gain of 14 million pesos in the same period of 2011.

So this concludes my review on Edenor, I will now leave you with Mariano Batistella, investor relations officer of Pampa Energía, who will review other relevant events of the group, as well as the consolidated results. After that, we will be open for questions.

Mariano Batistella: Thank you Leandro, and good morning everyone. I'll begin first with the relevant events of the quarter of Pampa, other than the ones already mentioned by Leandro.

First of all, in relation to our thermal plant Loma de la Lata, last week we had a technical problem in the Steam Turbine unit of the combined cycle, which we believe could have been the consequence of an electrical storm in the area. Due to this, the Steam Turbine unit is temporarily out of service, and we are now making the analysis necessary to determine the causes of the technical problems and the actions to correct them. At this point, we don't have an estimate of the period of time which the Steam Turbine unit will be out of operation, although we expect that in the next couple of weeks we will have better information to provide to you.

Another issue that's also related to Loma, last month (October 2, 2012), the guarantee issued by Pampa Energía in favor of Loma's 2015 bond was extinct, in compliance with the conditions of said bond.

Finally, Petrolera Pampa, our oil and gas Exploration and Production Company, last month issued a short term note for 34 million pesos at Badlar plus 4.25% (remember that badlar is the interest paid in Argentina for deposits of over 1 million pesos), and we also issued 6.5 million dollars with a dollar link note at 4.25% of interest, both maturing bullet in 12 months.

Going to the consolidated results of Pampa Energía, first of all let me remind you that under International Standards we are no longer consolidating line by line 50% of Transener as we used to do under Argentine GAAP, and therefore participation in this business is shown all together in one line of the income statement called "Results for participation in joint businesses". Nevertheless, you will see that in the business breakdown by sector, we are including 50% of Transener in the transmission sector, as done previously under Argentine GAAP. And we are also including in our EBITDA calculation 50% of Transener.

Moreover, we are still not including TGS in our figures, given that we haven't been approved yet to co-control CIESA, which is pending an administrative stage at the antitrust authority.

So moving to the results, in the third quarter of 2012 we presented an adjusted EBITDA of 36 million pesos, 86% lower than the 260 million pesos for the same period of 2011. This was given by decreases of 66% or 18 million pesos in transmission and of 249 million pesos

in distribution, which were partially compensated by increases of 48% or 26 million pesos in generation and a higher gain in holding and others of 17 million pesos.

The higher adjusted EBITDA at our generation segment was given by a higher EBITDA of Loma de la Lata, which amounted to 79 million pesos in 2012 versus a loss of 9 million pesos in 2011, basically as a result of the beginning of commercial operations of the combined cycle. This was partially offset by lower EBITDAs in Piedrabuena, as a result of discontinued fuel oil activity and cost increases, and in Güemes, due to gas restrictions in the area which led to a lower generation in the quarter, and also cost increases. On top of that, lower capacity payments by CAMMESA are impacting our thermal units. Remember that in late 2010 the generation sector had reached an agreement with the Government by which capacity payment was increased from 12 pesos to between 35 to 42 pesos depending on the technology, and this agreement was suspended by the Energy Secretariat in January of this year. Around 33 million pesos would have been recorded in the third quarter of 2012 if this agreement would have still been in place.

The lower adjusted EBITDA at our transmission segment, which amounted to 9 million pesos in the third quarter of 2012 versus 27 million pesos in 2011, was affected mainly by the increased costs, especially labor costs, with no recognition on our tariff. Remember that the adjusted EBITDA includes 8 million pesos of collections from the Agreement reached with CAMMESA, by which Transener and Transba were recognized cost increases from June 2005 until November 2010, and also the income recorded as financial result related to the fourth line, for 10 million pesos. These amounts are slightly higher than the figures registered in the third quarter of 2011.

Moving on briefly to the distribution segment which was previously reviewed by Leandro, during the third quarter of 2012 the adjusted EBITDA decreased by 249 million pesos on a consolidated basis, mainly due to decreases in Edenor's stand-alone EBITDA for 174 million pesos and the de-consolidation of Emdersa's results that in the third quarter of 2011 amounted to 53 million pesos, partially offset by an increase in Eden's EBITDA of 5 million pesos.

Finally, the holding and others segment presented a higher adjusted EBITDA coming mainly from our operations in Petrolera Pampa, which reported an EBITDA of 9 million pesos in the third quarter of 2012 compared to 3 million pesos in 2011. This was thanks to the higher production of Petrolera Pampa coming from its agreement with Petrobras and Apache, and lower exploration expenses in this quarter.

To sum up, Pampa presented a consolidated loss of 347 million pesos in the third quarter of 2012, of which 234 million pesos correspond to the shareholders of the Company, compared to a loss of 88 million pesos in 2011.

So this concludes our review of Pampa and Edenor, we are now open for questions. Thank you.