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Pampa Energía and Edenor 4Q 2012 Conference Call

Presenting:

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. As we did last conference call, 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 fourth 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 until now, last month we agreed to sell to Servicios Eléctricos Norte owned by Miguel Mendoza our subsidiary Eden, company that distributes electricity in the north and center of the Province of Buenos Aires. The price was determined to be paid in Edenor's 2022 or 2017 bonds which currently represents approximately US\$80 million dollars of face value. Such delivery will be totally guaranteed by the purchaser through the contribution to a trust of AR\$300 million pesos in Argentine's sovereign debt bonds. Moreover, the purchaser has already transferred to Edenor US\$3 million dollars cash as guarantee of their obligations.

Also related to the sale of assets, last November we ended the spin-off process of Emdersa, allowing us to close the sales already agreed of Edesal, which is the distribution company of the Province of San Luis; Edesa, the distribution company of the Province of Salta; and the thermal plant Piquirenda, a 30 MW plant located also in Salta, which was acquired by our holding company Pampa Energía. So this leaves us only with Edelar, the distribution company of the Province of La Rioja.

In that matter, last December the Province of la Rioja passed a Provincial Law declaring the emergency state of the electricity system of La Rioja, which allows the Provincial Executive Power to pass the necessary measures in order to guarantee the supply of electricity power to the population of La Rioja. At this point, we are working together with the authorities to find a reasonable solution for the parties involved.

Another main event that took place last quarter was the creation by the National Electricity Regulator, or ENRE, of a trust to which a new charge was imposed to every client of Edenor, representing the first increase in many years. The funds are to be used for capex and maintenance, and will represent for Edenor approximately AR\$500 million pesos per year. That amount will add to the capex already being done by Edenor, adding a

total investment plan for 2013 of around AR\$1 billion pesos, which will significantly improve the quality of the service given by Edenor.

As an update to the situation with CAMMESA, the entity in charge of the administration of the Wholesale Electricity Market, as you know since October of last year we have begun financing our operating deficit through that entity. As of February 2013, 17 distribution companies in the country owed to CAMMESA a total of around AR\$3 billion pesos, of which AR\$347 million corresponded to Edenor. We expect this situation to be temporary, until the economic and financial equation of Edenor is restored.

Finally, in relation to the negotiations with the Unions for 2012, the Company was required to include in salaries a fixed amount of two thousand four hundred and ten pesos (AR\$2,410) since January 2013. In addition, in February this year, the Company, the National Authorities and the Electric Light and Power Labor Union entered into a salary agreement for a term of eighteen months which establishes for the first year an 18% increase as from January 2013, a 5% non-cumulative increase as from June 2013 and another 7% cumulative increase will be added as from January 2014.

Going to the results of Edenor of the fourth 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 fourth quarter of 2011. So whenever you see 2011 figures, they have been restated to comply with International Standards.

So going now to the results of Edenor on a stand-alone basis, in the fourth quarter of 2012 net sales reached 810 million pesos, compared to 560 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, to the additional charge set by the resolution 347 issued by the government in November 2012, that I explained before, and an increase in the volume of electricity and capacity sold of 4.0% in comparison to the previous year.

Operating expenses also increased 36%, mainly due to a rise in labor costs.

Edenor had a net operating loss of 215 million pesos in the fourth quarter of 2012, compared to the 130 million pesos loss in the same period of 2011. This increase in losses is basically caused by higher expenses mainly related to salaries, not compensated by revenues, and due to an increase in other expenses which include the allowance of other receivables for 37 million pesos.

Finally, and taking into account higher losses due to increased exchange differences, accrued interests related to CAMMESA debt and the impairment of EDELAR assets, Edenor reported a net loss of 390 million pesos in the fourth quarter of 2012, compared to a net loss of 419 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 fourth quarter of 2012 we

retained under PUREE concept 122 million pesos, 23 million pesos more than the 99 million pesos registered in the fourth quarter of 2011.

Regarding Edenor's capital expenditures, during the fourth quarter of 2012 it reached 198 million pesos versus 201 million pesos in the same period of 2011.

Finally, in relation to Edenor's subsidiary Eden, it presented a positive EBITDA in the fourth quarter of 2012 of 19 million pesos, 50% lower than the 38 million pesos of the same quarter of 2011, basically due to increases in costs partially offset by 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 fourth quarter of 2012 it reached a loss of 1 million pesos compared to a gain of 13 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.

I'll begin first with debt operations done in the last months. First of all, our thermal plant Güemes refinanced almost AR\$80 million pesos through a syndicated loan, maturing in one year, and also issued two new bonds (i) one for AR\$37 million pesos, maturing in one year at Badlar plus 4%, and (ii) the other for almost US\$10 million dollars, under a dollar link note maturing in 2 years at a fixed interest rate of 3%.

Apart from this, a couple of weeks ago our thermal plant Loma de la Lata extended to September 2015 the payments maturing in this year, both of and capital. This refinancing is related to the technical problems we had last November in the Steam turbine unit of the combined cycle, which were given by the inadequate performance of certain systems of the turbine during an electrical storm in the area. Fortunately, we expect the turbine to be back in operations next month. Also related to this, we have already collected the first advanced payment of the insurance companies, for an amount of US\$4 million dollars.

On another matter, our thermal plant Piedra Buena agreed with CAMMESA a loan of AR\$33 million pesos, to be used for maintenance of the steam turbine units, which will be repaid in 18 installments at an interest rate equal to the one obtained by CAMMESA in its temporary investments. As of today, Piedra Buena has already received AR\$26 million pesos.

To end up with the main events of the quarter, last February our oil and gas company, Petrolera Pampa, signed an agreement with Petrobras to continue investing in El Mangrullo area, in the province of Neuquén, with the aim of obtained additional 400 thousand cubic meters per day of natural gas during a period of 4 years. For that end, Petrolera Pampa has committed to invest up to US\$22 million dollars in the drilling of 4 wells, in exchange of 43% of the natural gas obtained. This agreement will increase current production in El Mangrullo area to 800 thousand cubic meters per day, which are being sold under the Gas Plus Program, at around US\$5 dollars per million BTU.

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 fourth quarter of 2012 we presented an adjusted EBITDA of AR\$25 million pesos, 89% lower than for the same period of 2011, mainly due to decreases of AR\$67 million pesos in generation, AR\$11 million pesos in transmission, AR\$128 million pesos in distribution and AR\$2 million pesos in the holding sector.

The lower adjusted EBITDA at our generation segment was mainly given by a lower EBITDA of Loma de la Lata, which amounted to 20 million pesos in 2012 versus 61 million pesos in 2011, basically as a result of the accident in November 2012, already explained before. Additionally, all of our plants were also affected by increases in costs during the year, and also the lower capacity payment recognized by CAMMESA to 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 2012. Around 28 million pesos would have been recorded in the fourth quarter of 2012 if this agreement would have still been in place.

The lower adjusted EBITDA at our transmission segment, which was negative in 4 million pesos in the fourth quarter of 2012 versus a positive EBITDA of 7 million pesos in 2011, was affected mainly by the increases in costs, especially labor, with no recognition on our tariff. Remember also that the adjusted EBITDA includes 7 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 9 million pesos. These amounts are slightly higher than the figures registered in the fourth quarter of 2011.

Moving on briefly to the distribution segment which was previously reviewed by Leandro, during the fourth quarter of 2012 the adjusted EBITDA decreased by 128 million pesos on a consolidated basis, mainly due to decreases in Edenor's stand-alone EBITDA for 58 million pesos, the de-consolidation of Emdersa's results that in the fourth quarter of 2011 amounted to 52 million pesos, and a decrease in Eden's EBITDA of 19 million pesos.

The holding and others segment presented a slightly lower adjusted EBITDA than in 2011. This was given by a higher EBITDA at Petrolera Pampa of AR\$10 million pesos, thanks to the higher production coming from its agreement with Petrobras and Apache, which was compensated by higher costs at the holding and the reallocation of employees from the generation to the holding segment.

Finally, in terms of net income, Pampa presented a consolidated loss of AR\$433 million pesos in the fourth quarter of 2012, of which AR\$268 million pesos correspond to the shareholders of the Company, compared to a loss of AR\$968 million pesos in 2011, of which AR\$786 million pesos correspond to the shareholders of the Company. Remember nevertheless that in the fourth quarter of 2011 we had an impairment done in Pampa on our investment in Edenor of AR\$558 million pesos, which is not included in 2012.

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