

Buenos Aires, May 14th, 2015 (10 am Eastern Time)

Pampa Energía and Edenor Q1 2015 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 usual, we will focus first on the main events that lately took place and then briefly review the results of the first quarter of 2015. As you know, you can always call any member 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 during this quarter, in March 2015, the Secretary of Energy issued Resolution No. 32 granting us a temporary increase in income through funds provided by CAMMESA, applicable retroactively as from February 1, 2015, to pay for costs and investments associated with the regular provision of the public service of distribution of energy on account of the future Integral Tariff Revision.

The Additional Income results from the difference between the "theoretical" tariff schedules set forth in such resolution and the current tariff schedule in force for each category of users, according to calculations made by the Regulator, which are reported on a monthly basis to the Secretariat of Energy and CAMMESA. These funds are contributed by the Federal Government and transferred to the Company by CAMMESA. Indeed, this resolution implies no adjustments to the tariffs currently paid by our customers.

Further, the resolution established that as from February 1, 2015, the PUREE funds will be considered as part of Edenor's income and that we will be entitled to offset the debts for PUREE with claims arising from the calculation of CMM until that date, including the application of interest that could correspond to both concepts. In addition, CAMMESA was instructed to issue Sale Settlements credits for the amounts owed by the Company under the advanced payments granted for higher salary costs since May 2014.

Also, the Resolution set that we shall agree with CAMMESA a payments plan to cancel the obligations owed for the provision of electricity. Furthermore, the resolution establishes certain restrictions as not to use the additional income granted to cancel credit from financial institutions, financial debt restructuring, acquire other companies, extend credit, or perform other operations that are not strictly related to the cancellation of obligations with CAMMESA, payment of salaries, and payments to suppliers for goods or related to the provision of public electricity distribution services. To finish, it establishes that we should suspend under the terms of the Adjustment Agreement any administrative or judicial claims that may have been initiated against the Argentine government.

As of today, we are analyzing the full scope and impact on us of this provision, despite the fact that certain steps are being implemented.

As a consequence of these changes, in the first quarter of 2015 we received the last recognition for higher costs under Resolution 250, which amounted to AR\$187 million and applied just for the month of January 2015, since it was superseded by Resolution 32 as from February 1st.

Moving to Capital Expenditure financing, as we have informed previously, in September 2014, the Energy Secretariat instructed CAMMESA to enter into a Mutuum and Guarantee Assignment Agreement with the Company in order to provide the necessary financing to cover the Extraordinary Investment Plan as a consequence of the temporary insufficiency of the revenue deriving from Resolution 347 issued in 2012. This agreement was extended twice in December 2014 and March 2015, totalizing an available amount of AR\$2 billion as of today for certain capex during the period 2014-2017.

As of March 31, 2015, and taking into account the disbursements made under this Agreement, the debt amounts to AR\$715 million.

Finally, and moving to the financial statements for the first quarter, as of March 31, the Company presented an equity of AR\$855 million as a consequence of a net gain for the period of AR\$470 million. The positive results recorded by the Company in the first quarter reverse the mandatory stock reduction situation we entered in December 2014 when negative results consumed 100% of our reserves and more than 50% of our share capital; therefore the Company was subject to compliance with the provisions of Section 206 of the Argentine Business Organizations Law which provides for the mandatory capital stock reduction. In the shareholders meeting of April 28, 2015, it was decided to suspend the decision of reducing the capital stock in light of the results the Resolution 32 could have.

So going now to the results of Edenor in the first quarter of 2015, net sales increased about 7.6%, reaching AR\$969 million, compared to AR\$901 million in the same period of 2014. This variation was mainly due to an increase in volume of energy sold. This volume grew up about 6.9%, mainly due to an increase of 19.1% in sales to small commercial customers, a 7.7% increase for residential customers and 3.9% for industrial and wheeling system demand.

The electricity power purchases increased 18.9%, mainly as a consequence of the before-mentioned increased amount of energy sales, higher energy losses and, to a lesser extent, of an increase in costs related to mobile generation.

Operating expenses increased approximately AR\$202 million mainly due to the salaries raises and higher supplies consumption, amounting AR\$195 million approximately which represent about 97% of the total increase amount. This growth was partially offset by a reduction of AR\$43.3 million in fees and remunerations for services, representing a decrease of 15% in comparison with the same period of the year before, as a consequence of incorporating personnel from contractors to the Company's payroll and the subsequent reduce in fees for service costs.

In contrast with the operating losses accounted for during the latest quarters, Edenor's net operating income increased AR\$1,294 million amounting a gain of AR\$916 million in the first quarter of 2015 compared to a loss of AR\$378 million in the same period of 2014. This positive result was due to the income increase obtained through Resolution 32/15 of AR\$1,334 million, which is composed by AR\$708 million from the difference between the "theoretical" tariff schedule and the current tariff schedule, AR\$465 million corresponding to the offset of the debt arising from loans granted by CAMMESA in connection with the mandatory salary increases and AR\$161 million from the PUREE funds that will be considered as part of Edenor's income since first quarter. These results were impacted by higher operating expenses as explained before.

Finally, the net income of the period shows an increase of AR\$1,208 million, amounting a gain of AR\$470 million in the first quarter of 2015, compared to a loss of AR\$739 million in the same period of 2014. This raise is mainly explained by an increase in income as a result of the recognition of additional and retroactive income of the Resolution 32.

Related to Edenor's adjusted EBITDA, it resulted in a gain of AR\$368 million in the first quarter of 2015, compared to a loss of AR\$201 million for the same quarter of 2014. This amount includes AR\$869 million of additional income under Resolution 32, due to revenues from the "theoretical" tariff scheme and PUREE funds.

Finally, regarding Edenor's capital expenditures, during the first quarter of 2015 our investments increased about 22% reaching AR\$334 million compared to AR\$275 million in the same period of 2014, mainly focused on grid enhancements, new connections and maintenance and improvements.

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 with the relevant events of Pampa since our last call on March.

First, let me start with the debt transactions made by our subsidiaries. Last month, Petrolera Pampa issued AR\$50 million at 27.25% interest rate for the first nine months and Badlar plus 4.5% for the remaining nine months, maturing bullet in 18 months. Also, Petrolera Pampa issued a 12 month note for AR\$137 million at a fixed interest rate of 28.5%. The proceeds are being used to refinance debt of Petrolera Pampa and basically to finance the company's investment plan. Remember that Petrolera Pampa has a US\$150 million capex plan under the agreement with YPF, of which US\$70 million correspond to 2015. In relation to said agreement, to date we have drilled 37 wells of which 27 are already in production, with around 800 thousand cubic meters per day of natural gas production coming from those wells.

Moving to another relevant event in the generation segment, remember that on last December 2014 we signed an agreement with the Secretariat of Energy aiming to increase the thermal generation capacity, by which we committed to add 115 MW in Loma de la Lata with a total investment of around AR\$930 million. The project will be mainly financed through a loan given by CAMMESA, which at our option can be cancelled either in cash or with credits that we have against CAMMESA, for approximately AR\$780 million, and the remaining will be financed with our own resources. As of today, we have already received AR\$577 million of CAMMESA financing. We estimate that the expansion will begin operating by the end of this year.

In Loma de la Lata, we are also carrying out a major maintenance in one of its gas turbines, which is also financed with a loan from CAMMESA for an amount of around US\$13 million plus VAT. The loan will be repaid with the Maintenance charge established in Resolution 529. To the date, Loma has received partial advances in the amount of AR\$64 million .

Moreover, under the financing from CAMMESA for the maintenance of our other thermal power plant Piedra Buena, to the date we have received AR\$182 million of the total agreed loan of US\$83 million plus taxes.

On the Transmission segment, on last March Transener and Transba were recognized AR\$433 million of higher costs for the period of June 2014 to November 2014. To the date, the balance for collection including previously recognized amounts is AR\$474 million. As you know, Transener and Transba have been financing part of their operations with the collection of these cost recognition credits but these funds are not part of their tariff scheme.

Regarding Pampas's consolidated results, first of all let me remind you that we are still not including TGS in our figures, given that we are still not co-controlling the company along with Petrobras.

So moving on to the results, in the first quarter of 2015 we presented an EBITDA of AR\$805 million, compared to an EBITDA of AR\$90 million in 2014, due to increases of AR\$108 million in generation, AR\$570 million in distribution and AR\$45 million in holding and others, partially offset by a decrease of AR\$9 million in transmission segment.

The higher EBITDA at our generation segment was mainly given by a higher EBITDA of our thermal plants given by (i) the effect of the peso devaluation on our US dollar denominated contracts through which we sell the energy to CAMMESA and under Energía Plus scheme, (ii) the higher prices paid thanks to the increase applied through Resolution 529, in effect as of February of last year, and finally (iii) the higher availability and dispatch at almost all of our generation units.

In the Transmission segment the AR\$9 million decrease in the EBITDA was mainly due to a lower difference between actual collected amounts versus accrued sales corresponding to the Renewal Agreements, which accounted for AR\$53 million in the first quarter of 2015 versus AR\$62 million in the same period of last year, partially offset with higher financial results related to the Fourth Line for AR\$24 million, versus AR\$19 million on the same period of last year.

Moving on briefly to the distribution segment which was previously reviewed by Leandro, during the first quarter of 2015 the EBITDA increased by AR\$570 million on a consolidated basis compared to the same period of 2014, mainly due to the application of Resolution 32.

The holding segment presented an EBITDA of AR\$85 million in the first quarter of 2015, compared to AR\$40 million in the same period of 2014. This increase was given by the higher EBITDA of Petrolera Pampa, thanks to a higher production of natural gas which was doubled versus the same period of last year, and as I mentioned before, it includes production coming from the agreement with YPF.

Finally, in terms of net income, Pampa presented a consolidated gain of AR\$1.2 billion in the first quarter of 2015, of which AR\$902 million corresponds to the shareholders of the Company, compared to a loss of AR\$390 million in the same period of 2014. As we have mentioned before. This quarter's results include the AR\$1.3 billion impact at Edenor's P&L thanks to Resolution 32 explained by Leandro.

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