# UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

**As of March 31, 2009 and December 31, 2008, and**
**for the three-month periods ended March 31, 2009 and 2008**

# PAMPA ENERGIA S.A.

## CONSOLIDATED BALANCE SHEET
## As of March 31, 2009 and December 31, 2008

(In Argentine Pesos ("Ps.") – unless otherwise stated)

| | As of March 31, 2009 (Unaudited) | As of December 31, 2008 (Audited) |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and Banks | 121,215,619 | 121,685,278 |
| Short-term investments | 380,765,561 | 478,466,922 |
| Trade receivables, net | 708,437,407 | 756,469,713 |
| Other receivables, net | 244,292,372 | 229,965,112 |
| Materials and spare parts | 26,080,462 | 22,657,834 |
| Inventories | 23,510,298 | 22,215,885 |
| Other assets | - | 162,850 |
| **Total Current Assets** | 1,504,301,719 | 1,631,623,594 |
| **Non-Current Assets** | | |
| Trade receivables, net | 213,703,175 | 191,133,395 |
| Long-term investments | 478,931,580 | 504,008,009 |
| Other receivables, net | 194,245,257 | 220,787,932 |
| Materials and spare parts | 27,633,547 | 16,808,927 |
| Inventories | 1,507,373 | 3,594,560 |
| Fixed assets, net | 5,788,957,850 | 5,504,672,088 |
| Intangible assets, net | 314,628,845 | 317,118,396 |
| Other assets, net | 138,287,022 | 135,750,887 |
| Goodwill, net | 583,318,121 | 612,680,752 |
| **Total Non- Current Assets** | 7,741,212,770 | 7,506,554,946 |
| **Total Assets** | 9,245,514,489 | 9,138,178,540 |
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts Payable | 541,219,393 | 579,635,012 |
| Financial debt | 275,984,745 | 167,033,039 |
| Salaries and social security payable | 110,414,569 | 128,469,107 |
| Taxes payable | 191,768,832 | 161,338,682 |
| Other liabilities | 119,900,214 | 86,710,525 |
| Provisions | 55,025,000 | 52,756,000 |
| **Total Current Liabilities** | 1,294,312,753 | 1,175,942,365 |
| **Non- Current Liabilities** | | |
| Accounts payable | 81,055,049 | 78,275,344 |
| Financial debt | 1,945,489,952 | 2,031,000,665 |
| Salaries and social security payable | 54,354,926 | 52,228,145 |
| Taxes payable | 572,326,030 | 591,947,883 |
| Other liabilities | 330,524,228 | 332,007,293 |
| Provisions | 52,328,702 | 51,710,559 |
| **Total Non-Current Liabilities** | 3,036,078,887 | 3,137,169,889 |
| **Total Liabilities** | 4,330,391,640 | 4,313,112,254 |
| **Minority Interest** | 1,713,076,683 | 1,613,784,221 |
| **Shareholders´ Equity** | 3,202,046,166 | 3,211,282,065 |
| **Total Liabilities and Shareholders´ Equity** | 9,245,514,489 | 9,138,178,540 |

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

# PAMPA ENERGIA S.A.

## UNAUDITED CONSOLIDATED STATEMENT OF INCOME
## For the three-month periods ended March 31, 2009 and 2008

(In Argentine Pesos ("Ps.") – unless otherwise stated)

| | For the three-month periods ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Sales | 1,064,346,152 | 980,158,502 |
| Cost of sales | (788,406,528) | (743,551,788) |
| **Gross profit** | 275,939,624 | 236,606,714 |
| Selling expenses | (45,722,140) | (33,146,337) |
| Administrative expenses | (67,919,058) | (56,377,117) |
| Goodwill amortization | (4,991,367) | (4,959,528) |
| **Operating income** | 157,307,059 | 142,123,732 |
| Financial and holding results | | |
| *Generated by assets* | | |
| Interest income | 12,405,268 | 10,715,374 |
| Taxes and bank commissions | (2,118,520) | (631,231) |
| Foreign currency exchange difference | 58,852,871 | 24,764,290 |
| Impairment of fixed assets | (16,625,672) | - |
| Result of receivables measured at present value | 1,509,386 | (4,439,285) |
| Holding results on short-term investments | 29,904,697 | 2,332,850 |
| Other financial results | (206,782) | (1,595,436) |
| *Generated by liabilities* | | |
| Interest expense | (54,375,236) | (36,953,059) |
| Foreign currency exchange difference | (136,823,193) | (11,599,488) |
| Result from repurchase of financial debt | 122,654,606 | - |
| Commissions and other expenses | (13,514,224) | (2,126,909) |
| Other financial results | (3,606,313) | 3,002,789 |
| Total financial and holding results, net | (1,943,112) | (16,530,105) |
| Other expense, net | (3,471,279) | (6,056,694) |
| **Income before taxes and minority interest in subsidiaries** | 151,892,668 | 119,536,933 |
| Income tax and tax on assets | (53,977,786) | (51,655,970) |
| Minority interest | (39,817,462) | (18,707,928) |
| **Net income for the period** | 58,097,420 | 49,173,035 |
| Earnings per share (Note 3): | | |
| Basic | 0.0428 | 0.0322 |
| Diluted | 0.0428 | 0.0313 |

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

# PAMPA ENERGIA S.A.

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
## For the three-month periods ended March 31, 2009 and 2008 (Unaudited)

(In Argentine Pesos ("Ps.") – unless otherwise stated)

| | Common Stock | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-In Capital | Treasury Stock | Total | Reserve for Directors' options | Legal Reserve | Voluntary Reserve | Retained earnings | Total Shareholders' Equity |
| **Balance at December 31, 2007 (Audited)** | 1,526,194,242 | 1,526,194,242 | 1,507,437,729 | - | 3,033,631,971 | 14,708,338 | 896,129 | 5,163,169 | 167,738,076 | 3,222,137,683 |
| Reserve for Directors' options | - | - | - | - | - | 2,941,668 | - | - | - | 2,941,668 |
| Net income for the period | - | - | - | - | - | - | - | - | 49,173,035 | 49,173,035 |
| **Balance at March 31, 2008** | 1,526,194,242 | 1,526,194,242 | 1,507,437,729 | - | 3,033,631,971 | 17,650,006 | 896,129 | 5,163,169 | 216,911,111 | 3,274,252,386 |
| Setting up of reserves | - | - | - | - | - | - | 10,012,637 | - | (10,012,637) | - |
| Distribution of dividends in advance | - | - | - | - | - | - | - | - | (16,797,217) | (16,797,217) |
| Reserve for Directors' options | - | - | - | - | - | 8,825,004 | - | - | - | 8,825,004 |
| Acquisition of Company´s own shares | (126,426,196) | (126,426,196) | - | 126,426,196 | - | - | - | - | (120,848,801) | (120,848,801) |
| Net income for the nine-month period | - | - | - | - | - | - | - | - | 65,850,693 | 65,850,693 |
| **Balance at December 31, 2008 (Audited)** | 1,399,768,046 | 1,399,768,046 | 1,507,437,729 | 126,426,196 | 3,033,631,971 | 26,475,010 | 10,908,766 | 5,163,169 | 135,103,149 | 3,211,282,065 |
| Reserve for Directors' options | - | - | - | - | - | 2,941,668 | - | - | - | 2,941,668 |
| Acquisition of Company´s own shares | (72,034,328) | (72,034,328) | - | 72,034,328 | - | - | - | - | (70,274,987) | (70,274,987) |
| Net income for the period | - | - | - | - | - | - | - | - | 58,097,420 | 58,097,420 |
| **Balance at March 31, 2009** | 1,327,733,718 | 1,327,733,718 | 1,507,437,729 | 198,460,524 | 3,033,631,971 | 29,416,678 | 10,908,766 | 5,163,169 | 122,925,582 | 3,202,046,166 |

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

# PAMPA ENERGIA S.A.

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
## For the three-month periods ended March 31, 2009 and 2008

(In Argentine Pesos ("Ps.") – unless otherwise stated)

| | For the three-month periods ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| **OPERATING ACTIVITIES** | | |
| Net income for the period | 58,097,420 | 49,173,035 |
| Income tax and tax on assets | 53,977,786 | 51,655,970 |
| Interests accrued | 36,634,932 | 28,165,669 |
| **Adjustments to reconcile net income to cash flows provided by operating activities** | | |
| Depreciation of fixed assets | 68,431,237 | 63,285,413 |
| Amortization of intangible assets | 5,708,690 | 5,959,841 |
| Depreciation of other assets | 5,683,052 | 5,683,051 |
| Amortization of goodwill | 4,991,367 | 4,959,528 |
| Reserve for Directors' options | 2,941,668 | 2,941,668 |
| Setting up of provisions | 11,070,143 | (2,654,194) |
| Result from repurchase of financial debt | (122,654,606) | - |
| Foreign currency exchange differences and other financial results | 108,789,667 | (7,224,733) |
| Minority interest | 39,817,462 | 18,707,928 |
| Impairment of fixed assets | 16,625,672 | - |
| Result by sale of fixed assets | 426,176 | 905,484 |
| Result by sale of short-term investments | - | (1,549,845) |
| **Changes in operating assets and liabilities** | | |
| Decrease (Increase) in trade receivables | 87,709,754 | (113,176,158) |
| (Increase) in other receivables | (45,978,254) | (28,867,635) |
| (Increase) Decrease in materials and spare parts | (8,774,705) | 6,499,411 |
| Decrease in inventories | 776,690 | 26,136,124 |
| (Increase) in other assets | (36,120) | (5,647) |
| (Decrease) in accounts payable | (100,135,684) | (94,500,913) |
| (Decrease) in salaries and social security payable | (16,325,712) | (10,566,248) |
| (Decrease) in taxes payable | (4,708,608) | (3,142,796) |
| Increase in other liabilities | 54,431,590 | 18,267,855 |
| Increase in provisions | 2,828,000 | 1,313,000 |
| Dividend payments to third parties by subsidiaries | - | (998,115) |
| **Net cash provided by operating activities** | 260,327,617 | 20,967,693 |
| **INVESTING ACTIVITIES** | | |
| Payment for acquisition of companies, net of cash acquired | 10,310,519 | (41,886,911) |
| Collection from short-term investments | 27,521,402 | 11,848,580 |
| Payment for acquisition of investments | (88,977,318) | - |
| Increase in restricted cash | 82,127,314 | - |
| Payment for the acquisition of fixed assets | (219,843,980) | (200,673,090) |
| Proceeds from the sale of fixed assets | 419,451 | 28,563,669 |
| Capital contributions | - | (36,603,577) |
| **Net cash used in investing activities** | (188,442,612) | (238,751,329) |
| **FINANCING ACTIVITIES** | | |
| Dividends paid | (16,797,217) | (18,314,331) |
| Bank and financial borrowings | 91,502,116 | 61,167,343 |
| Payment of bank and financial debt | (98,129,691) | (8,574,239) |
| Third parties contributions | - | 26,942,111 |
| Acquisition of Company´s own shares | (70,274,987) | - |
| **Net cash (used in) provided by financing activities** | (93,699,779) | 61,220,884 |
| **Net decrease in cash and cash equivalents** | (21,814,774) | (156,562,752) |
| Cash and cash equivalents at the beginning of the year | 395,209,631 | 721,211,541 |
| Cash and cash equivalents at the end of the period | 373,394,857 | 564,648,789 |

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

# PAMPA ENERGIA S.A.
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(in Argentine Pesos (“Ps.”) – unless otherwise stated)

**NOTE 1. BUSINESS OF THE COMPANY**

Pampa Energía S.A. (“the Company”) is an integrated electricity company which, through its subsidiaries, has a share of the electricity generation, transmission and distribution market in Argentina.

In the generation business, the Company has an installed capacity of approximately 2,003 MW, which accounts for approximately 8% of the installed capacity in Argentina. The Company is working on projects for expansion of its installed capacity by more than 200 MW.

In the transmission business, the Company through Compañía de Transporte de Energía Eléctrica de Alta Tensión Transener S.A. (“Transener”) joint-controls the operation and maintenance of the high-tension transmission network in Argentina which covers some 9,300 km of lines of its own, as well as 6,000 km of high-tension lines belonging to Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad Anónima Transba S.A. (“Transba”). Transener carries 95% of the electricity in Argentina.

In the distribution business, through Empresa Distribuidora y Comercializadora Norte S.A (“Edenor”), the Company distributes electricity among over 2.5 million customers throughout the northern region of Buenos Aires and the Greater Buenos Aires, which is covered by the concession.

The Company shares are listed for trading on the Buenos Aires Stock Exchange and form part of the Merval Index. Global Depository Shares (GDSs) representative of shares in the Company are also listed for trading on the Luxemburg Stock Exchange and on the Euro MTF Market.

On February 25, 2008, the Company’s Ordinary and Extraordinary Shareholders' Meeting resolved to amend the Company's corporate name to “Pampa Energía S.A.” and the respective amendment to the bylaws. On September 4, 2008, this amendment was registered with the respective enforcement agencies.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These unaudited consolidated financial statements are stated in Argentine pesos (“PS.”), and have been prepared in accordance with generally accepted accounting principles used in Argentina (“Argentine GAAP”) and the regulations of the *Comisión Nacional de Valores* (the Argentine National Securities Commission or “*CNV*”).

**Basis of consolidation**

The unaudited consolidated financial statements include the accounts of the Company and Inversora Nihuiles S.A. (“Inversora Nihuiles”), Inversora Diamante S.A. (“Inversora Diamante”), Dilurey S.A. (“Dilurey”), Powerco S.A. (“Powerco”), Corporación Independiente de Energía S.A. (“CIESA”), Central Térmica Loma de la Lata S.A. (“Loma de la Lata”), Transelec Argentina S.A. (“Transelec”), Dolphin Energía S.A. (“DESA”), IEASA S.A. (“IEASA”), Inversora Güemes (“Inversora Güemes”), Pampa Real Estate S.A. (“PRESA”), Pampa Participaciones S.A. (“Pampa Participaciones”), Pampa Participaciones II S.A. (“Pampa Participaciones II”), Pampa Generación S.A. (“Pampa Generación”), Petrolera Pampa S.A. (“Petrolera Pampa”), Central Hidroeléctrica Lago Escondido S.A. (“Lago Escondido”) and Inversora Ingentis S.A. (“Inversora Ingentis”) over which the Company has effective control. As of December 31, 2008, the consolidated financial statements proportionally consolidated the accounts of Inversora Ingentis over which the Company exercised joint control (see Note 5). All significant intercompany balances and transactions have been eliminated in consolidation.

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of consolidation (Continued)**

Data reflecting corporate control are as follows:

| Companies under direct control | Ownership interest and voting stock percentage | | Companies under indirect control / Companies jointly controlled | Ownership interest and voting stock percentage | |
|---|---|---|---|---|---|
| | **03.31.09** | **12.31.08** | | **03.31.09** | **12.31.08** |
| **Generation** | | | | | |
| Inversora Nihuiles | 90.27 | 90.27 | Hidroeléctrica Los Nihuiles S.A. | 51.00 | 51.00 |
| Inversora Diamante | 91.60 | 91.60 | Hidroeléctrica Diamante S.A. | 59.00 (4) | 59.00 |
| Loma de la Lata / Powerco (1) | 100.00 | 100.00 | Central Térmica Güemes S.A. | 89.68 (5) | 89.68 (5) |
| CIESA | 98.00 | 98.00 | Central Piedra Buena S.A. | 100.00 | 100.00 |
| Loma de la Lata | 99.99 | 99.99 | Energía Distribuida S.A. | 100.00 (6) | 99.95 (6) |
| Inversora Ingentis | 100.00 | 50.00 (7) | Ingentis S.A. | 61.00 | 61.00 |
| **Transportation** | | | | | |
| Transelec (2) | 100.00 | 100.00 | Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. | 52.65 (8) | 52.65 |
| **Distribution** | | | | | |
| DESA (3) | 98.00 | 98.00 | Empresa Distribuidora y Comercializadora Norte S.A. | 51.54 (9) | 51.54 |
| IEASA (3) | 98.00 | 98.00 | | | |
| **Holding** | | | | | |
| Dilurey | 100.00 | 100.00 | | | |
| PRESA | 99.99 | 99.99 | | | |
| Pampa Participaciones | 99.99 | 99.99 | | | |
| Pampa Participaciones II | 99.20 | 99.20 | | | |
| Pampa Generación | 98.00 | 98.00 | | | |
| Inversora Güemes | 99.43 | 99.43 | | | |
| Petrolera Pampa | 98.00 | -- | | | |
| Lago Escondido | 98.00 | -- | | | |

(1) Loma de la Lata has control over Central Térmica Güemes S.A. ("CTG") as a result of its 74.20% ownership interest in its capital and voting stock. Powerco, a fully owned subsidiary of the Company, carries an additional 15.48% interest in such company.

(2) Transelec owns 50% of Compañía Inversora en Transmisión Eléctrica Citelec S.A. ("Citelec"), which in turn controls Transener with a 52,65% ownership interest in its capital and voting stock. Consequently, the Company effectively owns an indirect equity interest in Transener of 26.325%. The unaudited consolidated financial statements proportionally consolidate the accounts of Citelec.

(3) DESA and IEASA control Edenor through Electricidad Argentina S.A. ("EASA") as a result of its 100% ownership interest in its capital and voting stock.

(4) As of March 31, 2009, additionally to the 59% equity interest in Hidroeléctrica Diamante S.A. through Inversora Diamante, the Company carries a direct 2% interest in such company.

(5) As of March 31, 2009, in adittion the Company holds a direct 2.58% interest in CTG. See Note 5 for more detail.

(6) Energía Distribuida S.A. ("Energía Distribuida") is a company controlled by CTG with 100.00% of its equity and votes.

(7) As of December 31, 2008, the Company held the co-control of Inversora Ingentis. Based on Note 5 as of March 31, 2009, the Company held 100% of such company.

((8) Additionally, the subsidiary CPB holds an additional 3.96% ownership interest.

(9) Additionally, the Company holds an additional 2.22% direct interest as indicated in Note 5.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of consolidation (Continued)**

In accordance with Argentine GAAP, the presentation of the parent company’s individual financial statements is mandatory. Consolidated financial statements are to be included as supplementary information to the individual financial statements. For the purpose of these financial statements, parent company’s individual financial statements have been omitted.

In preparing the consolidated financial statements as of March 31, 2009 (unaudited) and December 31, 2008 the Company used financial statements of its subsidiaries covering the period between the acquisition or incorporation date and the date of these consolidated financial statements.

**Presentation of consolidated financial statements in constant Argentine Pesos**

The unaudited consolidated financial statements have been prepared in constant monetary units, reflecting the overall effects of inflation through August 31, 1995. As from that date, in accordance with Argentine GAAP and the requirements of the control authorities, restatement of the financial statements was discontinued until December 31, 2001. As from January 1, 2002, in accordance with Argentine GAAP recognition of the effects of inflation has been resumed.

In accordance with CNV Resolution 441/03, inflation accounting was discontinued as from March 1, 2003.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting standards requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the recorded amounts of revenues and expenses during the reported periods. Significant estimates include those required for the accounting of depreciation and amortization, the recoverable value of assets, the income tax charge and provisions for contingencies. Actual results could differ from those estimates.

**Cash and cash equivalents**

Cash has been stated at its face value.

The Company considers all highly liquid temporary investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

*Short-term*

Time deposits have been valued at cost plus accrued interest at each year-end. Investments in corporate and government securities and mutual funds with an active market have been valued at their market price at each period / year-end. Other corporate and public securities have been valued at their face value plus accrued interests at each reporting date.

Financial trusts: Valued based on the listed period-end price of securities held by the trustee, converted at the exchange rate effective at the period-end.

*Long-term*

Investments in which the Company has the ability to exercise significant influence but no control (between 20% to 50% of interest in the investee), are accounted for using the equity method. The Company evaluates its equity method investments for impairment whenever event or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. The difference between the carrying value of the equity method investment and its fair value is recognized as an impairment when the loss in value is deemed other than temporary. Currently, the Company does not have any investments accounted for under the equity method.

Investments in equity securities in which the Company does not exercise control or significant influence (less than 20%) are accounted for at cost.

**Receivables and liabilities**

Accounts receivable and payable are stated at their nominal value plus financial results accrued at each balance sheet date. Non-current trade receivables include receivables from the generation and distribution segments which, according to its contractual terms, are expected to be realized beyond one year.

Financial receivables and debt have been valued at the amount deposited or collected, respectively, plus accrued interest based on the interest rate estimated at the time of the transaction.

Non-current financial receivables and debt have been stated at their nominal value plus financial results accrued at period or year end, if applicable. The values thus obtained do not significantly differ from those that would result from application of the prevailing accounting standards, which establish that they must be valued at the amount receivable and payable, respectively, discounted applying a rate reflecting the time value of money and the risks specific to the transaction estimated at the time of their addition to assets and liabilities, respectively.

**Inventories, materials and spare parts**

Inventories, materials and spare parts are stated at its replacement cost, which does not exceed their net realizable value at period / year end. Where necessary, an allowance is made for obsolete, slow moving or defective inventory.

Land acquired for their development and subsequent sale and fuel oil stocks were classified as inventories.

The Company classified inventories as current or non-current on the basis of the management estimate of when they will be sold or consummed.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed assets**

Fixed assets have been valued at cost less accumulated depreciation. Depreciation charges are generally computed under the straight-line method over the estimated useful lives assigned to the assets. Depreciation of Central Térmica Güemes and Loma de la Lata turbines and related equipment are calculated following the unit of production method. Depreciation of certain Transener assets have been calculated using technical formulas other than the straight-line method.

The cost of maintenance and repairs is charged to expense as incurred. The cost of significant renewals and improvements are added to the carrying amount of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of income.

Financial costs generated by building, assembling and finishing fixed assets, when such processes extend over time are capitalized as asset cost. Capitalizing financial costs generated by third-parties´ capital duringthe three-month periods ended March 31, 2009 and 2008, amounted to Ps. 38,436,651 and Ps. 8,973,000, respectively, mainly related to works to expand the electric power generation plant located in Loma de la Lata and Edenor's works in progress.

**Intangible assets**

Preoperating and organization costs: corresponds to general administrative costs, studies, valuations and other costs incurred in connection with Ingentis project. These costs will be amortized as from the start-up of the corresponding electricity generation plant.

Concession contract: corresponds to the total value assigned to the concessions of Hidroeléctrica Los Nihuiles S.A. ("HINISA") and Hidroeléctrica Diamante S.A. ("HIDISA") and they are amortized under the straight-line method based on the duration of the concession agreement. Concession agreements are recognized as intangible assets upon being purchased, irrespective of the goodwill that could be identified, when the intangible asset has been previously recognized by the acquired company.

Other intangible assets: corresponds to the intangible assets identified in the acquisition of companies of the distribution segment which are amortized under the straight-line method over the period the benefits derived from each asset are obtained.

**Non- current other assets**

Costs incurred in relation with Transener "Fourth Line" project are included under other non-current assets. These costs are amortized under the straight-line method over the term of the operating contract, consisting in 15 years.

**Goodwill**

Goodwill represents the excess or shortfall in the fair value of identifiable net assets acquired compared with their acquisition cost. Positive goodwill amortization charges are calculated on a regular basis throughout their useful life, representing the best estimate for the period during which the Company expects to receive economic benefits from them. Negative goodwill is amortized on a regular basis throughout a period equal to the weighted average remaining useful life of the issuer's assets subject to depreciation and amortization.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of long-lived assets**

The Company periodically evaluates the carrying value of its long-lived assets and certain intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying value of a long-lived asset is considered impaired by the Company when the expected cash flows, discounted and without interest cost, from such an asset, is less than its carrying value. In that event, a loss would be recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Previously recognized impairment loss should only be reversed when there is a subsequent change in estimates used to compute the fair value of the asset. In that event, the new carrying amount of the asset should be the lower of its fair value or the net carrying amount the asset would have had if no impairment had been recognized.

**Foreign currency assets and liabilities**

Assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rates at year-end. Transactions denominated in foreign currencies are translated into local currency at the prevailing exchange rates on the date of transaction settlement.

**Derivative financial instruments**

The Company uses derivative financial instruments in the form of foreign currency forward exchange contracts to manage foreign currency risks. The Company used U.S. dollars forward exchange contracts to offset changes in the amount of future cash flows associated with the mature of payment of interests on Corporate Bonds Class No. 7 of its subsidiary Edenor expected to occur within the next two interest maturity dates. The Company recognizes the fair value of all derivative instruments as either assets or liabilities at fair value on its balance sheet. Changes in fair value are reported in the financial and holding results in the consolidated statement of income.

**Allowances and provisions**

The Company provides for losses relating to accounts receivable. The allowance for losses is recognized when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the terms of the agreements.

The Company has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated.

**Taxes**

*Income tax*

The Company records income taxes using the liability method, thus recognizing the effects of temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be reversed and settled, considering the regulations in effect at the time of issuance of these financial statements.

The Company recognizes tax assets on its balance sheet only when their realization is deemed to be probable. A valuation allowance is recognized for that component of net deferred tax asset which is not recoverable.

*Tax on assets*

The Company calculates tax on assets by applying the current 1% rate on computable assets at the end of the year. This tax complements income tax. The Company's tax obligation for each year will agree with the higher of the two taxes. If in a fiscal year, however, tax on asset obligation exceeds income tax liability, the surplus will be computable as a down payment of income tax through the next ten years.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Shareholders´ Equity**

The account “Treasury stock” represents the face value of Company´s own shares acquired, which, as of March 31, 2009, and December 31, 2008, amounted to 198,460,524 and 126,426,196 Class A shares with a face value of Ps. 1, respectively. The acquisition cost of such shares amounted to Ps. 70,274,987 and Ps. 120,848,801 as of March 31, 2009, and December 31, 2008, respectively and it is disclosed by adjusting retained earnings (see Note 11).

**Revenue recognition**

Revenue is recognized when it is realized or realizable and earned when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered; the prices are fixed or determinable; and collectability is reasonably assured.

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

*Generation*

Revenues from generation are recognized under the accrual method.

*Transmission*

Revenues from transmission services include the following items: (i) connection to the system, (ii) energy transmission and (iii) transmission capacity. Revenue is recognized in income as services are provided. As stated in the concession agreements, Transener and Transba receive bonus payments when certain quality thresholds are met. Bonusses are recognized on income when earned. The Company derives additional revenues related to the transmission services from the supervision of the construction and operation of certain assets and other services provided to third parties. These revenues are recognized in income as services are rendered.

*Distribution*

Revenues for distribution services include electricity supplied, whether billed or unbilled. Unbilled revenue is determined based on electricity effectively delivered to customers and valued on basis of applicable tariffs. Unbilled revenue is classified as current trade receivables. The Company also recognizes revenues from other concepts included in distribution services, such as new connections, pole rental and transportation of electricity to other distribution companies. All revenues are recognized when the Company’s revenue earning process has been substantially completed, the amount of revenues may be reasonably measured, and the economic benefits associated with the transaction will flow to the Company.

*Holding*

Revenues from land sales are recognized when the Company has transferred to the buyer the risk of ownership.

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**NOTE 3. EARNINGS PER SHARE**

The Company has calculated basic earnings per share on the basis of the weighted average amount of outstanding common stock at March 31, 2009 and 2008, as follows:

| | For the three-month periods ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Net income for the period | 58,097,420 | 49,173,035 |
| Weighted average amount of outstanding shares | 1,356,853,182 | 1,529,194,242 |
| Basic earnings per share | 0.0428 | 0.0322 |

Furthermore, the Company has calculated diluted earnings per share on the basis of the possible dilutive effect of the options granted, as described in Note 9. Whether the dilutive effect increases the earnings per share, such dilutions will not be considered in calculations.

| | For the three-month periods ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Net income for the period | 58,097,420 | 49,173,035 |
| Weighted average amount of outstanding shares | 1,356,853,182 | 1,572,526,412 |
| Diluted earnings per share | 0.0428 | 0.0313 |

The reconciliation of the weighted average number of outstanding shares for basic and diluted earnings per share is as follows.

| | For the three-month periods ended March 31, | |
|---|---|---|
| | **2009** | **2008** |
| Weighted average amount of outstanding shares for basic earnings per share | 1,356,853,182 | 1,529,194,242 |
| Number of shares the Company will be required to issue if all the options granted are exercised | - | 43,332,170 |
| Weighted average amount of outstanding shares for diluted earnings per share | 1,356,853,182 | 1,572,526,412 |

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**NOTE 4. BREAKDOWN OF CERTAIN BALANCE SHEET ACCOUNTS**

| | As of March 31, 2009 (Unaudited) | As of December 31, 2008 (Audited) |
|---|---|---|
| **Trade receivables, net** | | |
| *Current* | | |
| Receivables from energy distribution | 465,815,000 | 469,105,000 |
| Receivable from Argentine Wholesale Electric Market | 86,159,009 | 102,297,362 |
| CAMMESA (1) - Generation | 93,441,821 | 118,324,172 |
| CAMMESA - Transmission | 42,054,984 | 42,899,205 |
| FONINVEMEM (2) consolidated receivable | 38,616,880 | 34,168,145 |
| Debtors in litigation | 14,941,354 | 14,799,354 |
| Related parties | 493,737 | 346,336 |
| Other | 13,251,251 | 13,777,768 |
| Subtotal | 754,774,036 | 795,717,342 |
| Allowance for doubtful accounts | (46,336,629) | (39,247,629) |
| | 708,437,407 | 756,469,713 |
| *Non-current* | | |
| Receivables from energy distribution | 67,565,000 | 65,839,000 |
| CAMMESA - Generation | 616,084 | 616,084 |
| FONINVEMEM consolidated receivable | 145,515,904 | 124,794,701 |
| Other | 410,982 | 288,405 |
| Subtotal | 214,107,970 | 191,538,190 |
| Allowance for doubtful accounts | (404,795) | (404,795) |
| | 213,703,175 | 191,133,395 |
| **Other receivables, net** | | |
| *Current* | | |
| Tax credits | 116,886,212 | 124,348,712 |
| Advances to suppliers | 29,842,006 | 31,105,146 |
| Legal embargo | 238,542 | 581,713 |
| Guarantee deposits | 22,005,292 | 12,441,922 |
| Related parties | 923,888 | 4,685,606 |
| Prepaid expenses | 14,217,249 | 12,708,135 |
| Advances to employees | 9,382,593 | 8,756,991 |
| Financial advances | 30,220,249 | 10,252,289 |
| Other | 28,137,111 | 30,038,368 |
| Subtotal | 251,853,142 | 234,918,882 |
| Allowance for doubtful accounts | (7,560,770) | (4,953,770) |
| | 244,292,372 | 229,965,112 |

[1] Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("*CAMMESA*").
[2] Fondo para Inversiones Necesarias que permitan incrementar la Oferta de Energía Eléctrica en el Mercado Eléctrico Mayorista ("*FONINVEMEM*"), Fund for Investments required to increase the electric power supply in the WEM.

## PAMPA ENERGIA S.A.
### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**NOTE 4. BREAKDOWN OF CERTAIN BALANCE SHEET ACCOUNTS (CONTINUED)**

| | As of March 31, 2009 (Unaudited) | As of December 31, 2008 (Audited) |
|---|---|---|
| **Other receivables, net (continued)** | | |
| *Non-current* | | |
| Tax credits | 37,730,284 | 42,367,715 |
| Tax on assets | 39,426,390 | 55,804,158 |
| Advances to suppliers | 3,653,335 | 3,653,335 |
| Employee stock ownership programme | 5,973,393 | 5,867,230 |
| Deferred income tax asset | 107,698,441 | 113,668,182 |
| Prepaid expenses | 2,065,962 | 1,680,000 |
| Other | 1,350,787 | 1,400,647 |
| Subtotal | 197,898,592 | 224,441,267 |
| Allowance for doubtful accounts | (3,653,335) | (3,653,335) |
| | 194,245,257 | 220,787,932 |
| **Other assets** | | |
| *Current* | | |
| Other | - | 162,850 |
| | - | 162,850 |
| *Non-current* | | |
| Properties available for sale | 8,219,187 | - |
| "Fourth Line" Project | 130,067,835 | 135,750,887 |
| | 138,287,022 | 135,750,887 |
| **Accounts payable** | | |
| *Current* | | |
| Suppliers | 499,282,493 | 536,188,252 |
| CAMMESA | 2,945,983 | - |
| Fees and royalties | 3,049,280 | 6,068,040 |
| Related parties | - | 604,394 |
| Deferred income | 4,028,558 | 5,326,559 |
| Customer advances | 31,913,079 | 31,447,767 |
| | 541,219,393 | 579,635,012 |
| *Non-current* | | |
| Deferred income | 3,069,675 | 3,115,990 |
| Customer advances | 77,985,374 | 75,159,354 |
| | 81,055,049 | 78,275,344 |
| **Financial debt** | | |
| *Current* | | |
| Financial loans | 131,643,814 | 22,351,184 |
| Bank overdrafts | 104,472,704 | 119,608,288 |
| Corporate bonds | 153,491 | 484,163 |
| Accrued interest | 39,714,736 | 24,589,404 |
| | 275,984,745 | 167,033,039 |
| *Non-current* | | |
| Financial Loans | 82,993,608 | 63,742,777 |
| Corporate bonds | 1,854,360,168 | 1,955,058,896 |
| Accrued interest | 8,136,176 | 12,198,992 |
| | 1,945,489,952 | 2,031,000,665 |

# PAMPA ENERGIA S.A.
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(in Argentine Pesos (“Ps.”) – unless otherwise stated)

**NOTE 4. BREAKDOWN OF CERTAIN BALANCE SHEET ACCOUNTS (CONTINUED)**

| | As of March 31, 2009 (Unaudited) | As of December 31, 2008 (Audited) |
|---|---|---|
| **Taxes payable** | | |
| *Current* | | |
| Provision for income tax | 46,125,551 | 52,696,772 |
| Provision for tax on assets | 37,530,482 | 25,799,742 |
| Prepayments and advances for income tax | (2,775,535) | (28,865,900) |
| Prepayments and advances for tax on assets | 3,125,021 | 3,237,824 |
| Value added tax | 41,486,462 | 41,228,362 |
| Municipal contributions | 25,415,109 | 23,927,956 |
| Tax related to energy | 22,392,001 | 28,876,750 |
| Income tax withholdings to be deposited | 9,993,345 | 6,989,114 |
| Other | 8,476,396 | 7,448,062 |
| | 191,768,832 | 161,338,682 |
| *Non-current* | | |
| Deferred tax liabilities | 538,788,002 | 563,435,160 |
| Value added tax debit | 33,538,028 | 28,512,723 |
| | 572,326,030 | 591,947,883 |
| **Other liabilities** | | |
| *Current* | | |
| CAMMESA investment fund | 80,064,000 | - |
| Provision for expenses | 24,874,284 | 24,204,451 |
| Programme of rational use of energy | - | 33,494,000 |
| Related parties | - | 748,202 |
| Provision for Directors and Syndics' fees | 407,119 | 602,609 |
| Dividends payable | - | 16,797,217 |
| Other | 14,554,811 | 10,864,046 |
| | 119,900,214 | 86,710,525 |
| *Non-current* | | |
| ENRE fines and bonuses (1) | 330,337,000 | 331,613,000 |
| Other | 187,228 | 394,293 |
| | 330,524,228 | 332,007,293 |

(1) Corresponds to sanctions imposed by the regulator in the Company’s distribution business due to non-compliance of certain service quality indexes established by the respective concession contract.

**NOTE 5. ACQUISITION OF BUSINESSES**

*Acquisition of Transelec*

On September 15, 2006, the Company acquired 89.76% of Transelec, a company holding 50% of the shares of Citelec, from Dolphin Opportunity LLC for a total consideration of US$ 48.5 million. On the same date, a written put and a call option were signed with Marcelo Mindlin, Damian Mindlin and Gustavo Mariani, Transelec minority shareholders, comprising the remaining 10.24% interest.

On January 2, 2008 the minority shareholders of Transelec decided to exercise the option to sell 7,807,262 ordinary shares in Transelec under the terms provided for in the agreement for the merger and granting of purchase and sale options respectively.

On January 23, 2008, the Company settled its obligation with the minority shareholders of Transelec and paid the amount of approximately US$ 12.3 million.

Citelec is the controlling company of 52.65% of Transener. Transener is the leading company in extra-high voltage electricity transmission utility services in Argentina and owns the extra high voltage electricity transmission national network, consisting of almost 9,300 kilometers of transmission lines plus approximately 5,500 kilometers of lines of its subsidiary network, Transba; therefore it operates 95% of the high-voltage lines in Argentina.

*Exchange of Central Térmica Güemes´ preferred shares*

On September 18, 2007, CTG increased its capital stock for a total amount of Ps.208,000,040, issuing 180,869,600 non-voting preferred stock with a face value of Ps. 1 each, at a price of Ps. 1.15 per share for purposes of financing the expansion of its generation capacity. Preferred shares were fully subscribed by Central Loma de la Lata, one of the Company's subsidiaries. In turn, Loma de La Lata executed a call option agreement in favor of the National Government by which, if this option is exercised, it shall transfer to the National Government 54,260,880 shares of preferred stock of its interest in CTG, representing 30% Loma de La Lata's shares of preferred stock of CTG's capital stock. The National Government did not exercise its option to acquire such CTG preferred shares from Loma de La Lata during the term agreed.

Consequently and as provided by issuance conditions, on September 19, 2008, Loma de La Lata advised CTG of its decision to convert each one of its shares of preferred stock into one Class "A" share of common stock. On that date CTG's Board of Directors was informed of this decision. Based on the above, as of September 30, 2008, the Company's interest in CTG's capital stock and votes, through its subsidiaries, Loma de La Lata and Powerco, amounts to 89.68% related to total Class "A" shares of common stock.

On June 5, 2008, the Ministry of Economy issued Resolution No. 72 which approved the early settlement of the CTG's Employee Stock Ownership Plan. On October 3, 2008, the Company executed with Personnel adhering to the CTG's Employee Stock Ownership Plan a share purchase agreement, by which the Company acquired 6,290,600 Class "C" book-entry shares of common stock of CTG representing 2.58% of the capital stock and votes for total amount of Ps. 9,513,900. Under the terms and conditions of the previously mentioned agreement, the Class "C" shares acquired are converted into Class "B" shares, freely transferable to third parties.

*Acquisition of controlling interest in Edenor*

On September 28, 2007, the Company purchased 100% of the capital stock of DESA and IEASA – companies that jointly hold 100% of the capital stock of EASA, a company holding 51% of the capital stock and voting rights of Edenor, issuing 480,194,242 shares of common stock with Ps. 1 face value at Ps. 2.61 (US$ 0.83) per share.

As part of the agreement, each of DESA and IEASA selling shareholders agreed not to sell, directly or indirectly, more than 10% per month of the Company's shares received as a result of the transaction during 120 days after its closing. The selling shareholders might also have the right to partly or fully sell the Company's shares received as a result of the transaction, together with future share issues by the Company, and request the Company's support to place those shares through a public or private offering, provided that in both cases the selling shareholders sell at least 60 million shares in the Company.

**NOTE 5. ACQUISITION OF BUSINESSES (CONTINUED)**

*Incorporation of Inversora Ingentis*

On August 6, 2007 the Company signed an agreement with Emgasud S.A. ("Emgasud") for the construction of a combined cycle power plant of approximately 400 MW fueled by natural gas and a wind farm of approximately 100 MW. This project will be carried out by Ingentis whose capital will comprise as follows: (i) 39% by the Province of Chubut and (ii) 61% by Inversora Ingentis.

Inversora Ingentis signed an agreement with GE Package Power Inc. and General Electric International Inc., Argentine Branch, for the acquisition of two natural gas turbine-generators of 102.3 MW of power each.

Inversora Ingentis Shareholders' Meeting held on October 11, 2007 increased the capital stock of Inversora Ingentis to Ps. 125,020,000, represented by 12,510,000 class A common stock held by Emgasud, 12,510,000 class B common stock held by the Company and 100,000,000 non-voting preferred stock held by the Company.

On May 13, 2008, the Ordinary Shareholders' Meeting of Inversora Ingentis S.A. approved a capital increase of Ps. 62,500,000, by issuing 31,250,000 Class "A" of common stock subscribed by Emgasud S.A. and 31,250,000 Class "B" shares of common stock subscribed by the Company.

On October 2, 2008, the Company and its subsidiary, Dilurey, executed a share purchase agreement by which they would transfered and sold to Emgasud all their shares (the "Shares") in Inversora Ingentis for a price of US$ 51,000,000 (the "Price"), with all the rights and obligations that holding such shares implied, as well as the rights to receive shares from Inversora Ingentis, or any asset, money or right, resulting from capitalizing, converting or returning revocable or irrevocable contributions, loans or any type of capital contribution in cash or in kind, made by the Company or Dilurey (the "Purchase Agreement"). To secure compliance with their obligations, the parties executed a trust and security deposit agreement (the "Trust Agreement") with Deutsche Bank S.A. (the "Trustee") transferring the trust property of all its shares in Inversora Ingentis. Likewise, Emgasud transferred as a deposit to the Trustee a promissory note issued in favor of the Company for US$ 3,000,000 (the "Promissory Note"). As established in the Trust Agreement the parties should have complied with their respective obligations under the Purchase agreement by January 5, 2009, (the "Closing Date"). However, Emgasud did not pay the price of the Shares as provided in the Purchase Agreement, the Trustee: (i) transferred Inversora Ingentis shares held by Emgasud to the Company, (ii) transferred the Shares to the Company, and (iii) delivered the Promissory Note to the Company.

Consequently, the Company directly and indirectly controls 100% of the capital stock of Inversora Ingentis S.A., which own 61% of the shares of Ingentis, hence the Province of Chubut is the owner of the remaining 39%.

For this transaction and considering that the acquisition cost was lower than the amount of net assets identified upon the purchase, the Company recognized a negative goodwill of Ps. 24,357,076 related to the portion attributable to identified nonmonetary assets. Likewise, the Company has discontinued the consolidation proportional to the investment in such company to consolidate it line by line in its consolidated financial statements.

*Interest of Edenor's ordinary shares and ADRs*

As of March 31, 2009, the Company holds 496,593 ADRs and 10 million ordinary class B shares issued by Edenor, acquired in various market transactions, equivalent to 2.22% interest in its common stock. The Company has considered such interest as current temporary investments and consequently it was classified as short-term investments in the consolidated balance sheet.

**NOTE 6. REGULATORY FRAMEWORK**

The relevant regulations that affect the Company's operations, classified by segment, are described below.

**Generation**

The Company and its subsidiaries generate energy which, through the SADI (interconnected system) is directly sold to the Wholesale Electric Market (WEM) at the prices approved by CAMMESA. Such prices arise from supplying the WEM's electric demand with electric supply whose variable production cost is related to the less efficient machine that is currently generating power with natural gas. Revenues from the sale of power result from the sales on the WEM's spot market and sales to large client on the WEM's Forward Market through agreements executed by the parties and in accordance with the regulations established by the Energy Secretariat (ES).

*Restrictions on spot prices  Energy Secretariat Resolution 240/2003*

By means of this resolution the ES amends the methodology to set the prices on the WEM and determines that the maximum variable production cost (CVP) recognized to set the prices is that of the most inefficient unit operating or available using natural gas. The difference between the CVP and the Node Price of the thermal machine in operation is included as Temporary Dispatch over cost (Stabilization FundSub-account). Additionally, in case of restrictions to the demand, the maximum Spot Price recognized is Ps. 120 per MW.

As the seasonal price had not followed the evolution of the WEM's spot price approved by CAMMESA, the resources from the Stabilization Fund were used to meet production costs, for which during the last few years this fund underwent an ongoing definancing.

*Receivables from WEM generators*

In September 2003, the ES issued Resolution No. 406/03 by which it was established that, based on the depletion of available resources in the WEM's Stabilization Fund, amounts pending payments in each month are consolidated, accruing interest at an interest rate equivalent to the mean monthly yield obtained by OED-CAMMESA (agency in charge of dispatch) in its financial placements, to be paid when the Fund will have sufficient funds according to a priority order of payment to agents.

This situation directly affects the Company's financial position and its subsidiaries as they carry consolidated receivables documented by CAMMESA, under LVFVD (Sales Settlements with Due Date to be Defined).

*Fund for Investments required to increase the electric power supply in the WEM (FONINVEMEM)*

ES Resolution No. 712/04 created the FONINVEMEM to increase the available electric generation by investments in thermal generation.

By means of resolutions No. 826/04, 1427/04, 622/05 and 633/05, the Energy Secretariat invited all WEM agents creditors with LVFVD to express their decision to convert (or not) 65% of their receivables accumulated from January 2004 and through December 2006, in an interest in a combined cycle project, payable once all new combined cycles to be built with the financing of FONINVEMEM are operational.

The portion of LVFVD contributed to FONINVEMEM will be converted into US$ and will have an annual yield at LIBO + 1% and will be received in 120 equal, monthly and consecutive installments as from the commercial authorization of the combined cycle of electric plants, expected for the first quarter to 2010.

**NOTE 6. REGULATORY FRAMEWORK (CONTINUED)**

**Generation (continued)**

Consequently, on December 13, 2005, the agreements to organize the generating companies "Sociedad Termoeléctrica Manuel Belgrano S.A." and "Sociedad Termoeléctrica José de San Martín S.A." were executed. Both companies with the object to produce electric power and its commercialization in block and specifically, the management to purchase the equipment, construction, operation and maintenance of a thermal power station. The Company through some of its subsidiaries executed the respective minutes accepting the subscription of shares for both generating companies. Both generators were cleared to operate in open cycle during 2008.

Likewise and in regards to receivables generated during 2007, on May 31, 2007, the ES issued Resolution No. 564, convoking again those private MEM creditors to extend their interest in the FONINVEMEM by contributing 50% of such receivables. Although such resolution establishes various alternatives to recover funds contributed to FONINVEMEM, the Company and its generation subsidiaries chose to allocate such receivables to alternative projects to invest in new electric generation equipment. Therefore, the required conditions were duly complied with: (a) the investment should be equivalent to three times the value of the receivables; (b) the project should consist of a contribution of a new generating plant or the installation of new generating unit within an already-existing plant; and (c) power and reserved capacity should be sold on the forward market (including Energía Plus) while exports are not allowed for the first 10 years.

Based on the investment projects presented, on June 20, 2008 by means of Brief No. 615, the ES considered verified the Company's proposal and instructed the OED to pay the 2007 LVFVD, which as of December 31, 2008, had been duly collected.

On July 24, 2008, the ES issued Resolution No. 724/08 by which it authorized the execution of MEM Committed Supply Agreements (the Agreements) with generating agents, related to the repair and or repowering of generation groups and/or related equipment. This applies to those MEM generation agents filing plans to repair and/or repower their generating equipment whose cost exceeds 50% (fifty percent) of revenues expected to receive by the Generation Agent on the "Spot" market during the life of such agreement, related to compensating items subject to subsection (c), Section 4, ES Resolution No. 406/03.

The procedure will consist in the ES evaluating the proposals filed, instructing CAMMESA as to those authorized to enter into a contract, even indicating, if convenient, the granting of loans to the Generation Agent in the event they are required to finance the disbursement to be made to meet the cost of repairs exceeding the compensation to be received for the agreement.

Under this resolution, Central Piedra Buena and Loma de La Lata have executed agreements that will allow them to recover consolidated receivables from subsection (c), ES Resolution No. 406/03, either of their own or from third parties, by applying them to improvement or expansion works for up to a maximum 50% of their costs.

As of the issuance date of these consolidated financial statements, the Company and its subsidiaries were evaluating the possible alternative related to enforcement of this Resolution, which were considered to carry out the best estimate as to the collection possibilities of receivables generated during fiscal 2008 and the three-month period ended March, 31, 2009.

The future evolution of this situation could call for the Government to modify some of the measures adopted or issue additional regulations. Impacts generated by the measures adopted to date by the Federal Government on the Company's, and its subsidiaries´ economic and financial situation as of March 31, 2009, were calculated according to evaluations and estimates carried out by management when preparing these consolidated financial statements and should be read considering such circumstances.

**NOTE 6. REGULATORY FRAMEWORK (CONTINUED)**

**Generation (continued)**

*Energy Plus - ES Resolution No. 1281/06*

The Energy Secretariat approved Resolution No. 1281/06, in which it is established that the existing energy commercialized in the Spot market will have the following priorities: (1) Demands below 300 KW; (2) Demands over 300 KW with contracts; and (3) Demands over 300 KW without contracts.

It also establishes certain restrictions to the commercialization of electricity, and implements the Energy Plus service, which consist in the offering of additional generation availability by the generating agents. These measures imply the following:
- Hydroelectric and thermal generators without fuel contracts are not allowed to execute any new contract.
- Large Users with a demand over 300 KW ("LU300") will be only allowed to contract their energy demand in the forward market for the electrical consumption made during the year 2005 ("Base Demand") with the thermoelectric plants existing in the WEM.
- The new energy consumed by LU300 over the Base Demand must be contracted with new generation at a price freely negotiated between the parties (Energy Plus).
- The New Agents joining the system must contract their whole demand under the Energy Plus service.
- For the new generation plants to be included within the Energy Plus service, they must have fuel supply and transportation contracts.

Under such standard, CTG increased its generation capacity by 98.8 MW ISO upon starting up the new LMS 100 generation unit. CTG is the first WEM generator that is in a position of providing the service to Energía Plus. For such purpose, service agreements were executed with Energía Plus for the entire Net Effective Power of the extension with various agents from the Forward Market (MAT).

*ES Resolutions No. 599/07 and 1070/08: Natural gas supply*

Resolution No. 599/07, dated June 14, 2007, approves the proposal for the agreement with the producers of Natural Gas 2007 - 2011, aiming at supplying the domestic demand of that fuel.

Each of the signing producers undertakes to make available to the gas consumers, whose consumptions are a part of the Agreement Demand, the daily volumes which are set forth for said Signing Producer, which have been calculated according to established proportions. The Agreement Demand has been established on the basis of the gas consumption of the natural gas Internal Market of Argentina during 2006.

For the purposes of supplying the Priority Demand and performing a useful and efficient contracting of the corresponding part of the Agreement Volumes, the Signing Producers must satisfy at least the consumption profile verified in each of the supply arrangements to be renewed and corresponding to the consumption of each month of 2006.

Additionally, on October 1, 2008, the ES issued resolution No. 1070/08 setting forth a supplementary agreement with natural gas producers, and which purpose was to establish a contribution by the producers to the trust fund for subsidizing residential liquefied gas consumptions, created by Law No. 26,020. This agreement brought about new benchmark prices for natural gas for the energy sectors including that of generating electricity.

**NOTE 6. REGULATORY FRAMEWORK (CONTINUED)**

**Generation (Continued)**

*Recognition of variable costs*

On October 29, 2007 the National Energy Secretariat informed that the current variable cost to be recognized to the generators of Ps.7.96/MW, shall be increased in accordance with the consumed liquid fuel, by:

- Gas-oil/Diesel Oil Generation: Ps. 8.61/MW
- Fuel Oil Generation: Ps.5.00/MW

In addition, if a thermal unit generated with natural gas of the company's own receives a remuneration in which the difference between the maximum recognized variable production cost and the node price is below 5 Ps./MW, the latter value must be recognized.

*Benchmark fuel oil price*

By means of Brief No. 483/08, the ES instructed CAMMESA to recognize to generators a maximum price of 60.50 US$/barrel plus a 10% related to administrative cost plus freight, for purchases of fuel oil of national origin to generate electric power as from April 24, 2008.

Afterwards, and due to significant variations in the International fuel market as regards to listed prices of crude and its derivatives, the ES issued Brief No. 1381/08 in October 2008, instructing CAMMESA to recognize as from November 1, 2008, to generators acquiring fuel oil with proprietary resources, a weekly price resulting from considering the average of 10 listed prices (based on the benchmark listed price of Base Platts as defined in the resolution) prior to the calculation closing date, less a differential of 2.50 US$/barrel, under FOB La Plata plus 10% of the total purchase cost of fuel, for administrative and financial expenses plus freight cost.

In the case that listed prices on the International market increase, the maximum benchmark price to be recognized will be 60.50 US$/barrel plus 10% (ten percent) of the total purchase cost of fuel for administrative costs plus the freight cost.

**Transmission**

*Tariff situation*

Within the framework of the renegotiation of Utility contracts, in May 2005 Transener and Transba signed the Agreement Minutes with the Renegotiation and Analysis of Utility Contracts Unit ("UNIREN"), including the terms and conditions to adjust the Concession Contracts, which were ratified by Decrees 1460/05 and 1462/05 of the Executive Branch dated November 28, 2005.

Based on the guidelines established in the above Agreement Minutes, a Comprehensive Tariff Review was scheduled to be performed to determine a new tariff system for Transener and Transba. However, the ENRE continued with the suspension of the Public Hearing to deal with the tariff proposals submitted by both Companies, which should have become effective for Transener and Transba in February 2006 and May 2006, respectively.

On December 26, 2006 Transener requested the ENRE fulfillment of the obligations assumed in the Agreement Minutes, stating its decision to continue with the Comprehensive Tariff Review during 2007, provided that the remaining obligations assumed by the parties continue to be in force and the new system resulting from the Comprehensive Tariff Review process becomes effective as from February 1, 2008. On December 28, 2006 Transba submitted a note to the ENRE similar to that submitted by Transener, although adapted to the provisions of its Agreement Minutes as regards the terms and investments to be made.

**NOTE 6. REGULATORY FRAMEWORK (CONTINUED)**

**Transmission (Continued)**

On April 9, 2007 Transener made a new presentation to the ENRE, stating non-fulfillment of the obligations assumed in the Agreement Minutes by the latter and the serious situation arising from such non-fulfillment. Furthermore, the ENRE was requested to immediately regularize the Comprehensive Tariff Review process, and issue administrative acts aimed at recognizing in the tariff the cost increases occurred after the signing of the Agreement Minutes. In the case of Transba, on April 10, 2007 a note similar to that submitted by Transener was presented to the ENRE, which was subsequently submitted on May 28, 2007.

On June 29, 2007, the ENRE formally requested Transener and Transba to submit their tariff proposals based on the terms outlined in the respective Agreement Minutes and section 45 of Law No. 24065 and related provisions. Therefore, in September, both companies submitted their tariff and regulatory proposals to the ENRE for the five-year period 2008/2012, updating the information submitted in August 2005.

In spite of this, ENRE did addressed the requested tariff requirements by Transener SA. And Transba S.A. under the RTI (integral tariff review).

In turn, by means of Resolutions Nos. 869/08 and 870/08 of July 30, 2008, the ES extended the contractual transition period of Transener S.A. and Transba S.A., respectively, through the actual effective date of the tariff schedule resulting from the RTI, establishing also such date for February 2009. In December 2008, both companies filed the information regarding the rate requirements requested by ENRE in notes 83,199 and 83,200 to be analyzed and to define in the new rate schedule prior to holding the Public Hearing.

However, as of March 31, 2009, ENRE had not yet summoned any Public Hearing as instructed by ES by Resolution Nos. 869/08 and 870/08, by which a new rate schedule had to be issued in February 2009. Consequently, a new claim was made with such Department and UNIREN, stating the lack of determination of the new rate schedule.

Lastly, as a result of the increase in labor costs arising from the application of Decree 392/04 of the Executive Branch and subsequent decrees, which have been translated into higher operating costs as from 2004, during 2007 Transener and Transba continued filing the corresponding claims with the ENRE to proceed to readjust remuneration Regulated of both companies.

In this connection in march 2008, ENRE was requested to provide a speedy resolution and proceed to recognize the increased costs that Transener S.A. and Transba S.A., respectively, had to bear. It should be noted that on april 21, 2008 and on may 5, 2008, UNIREN has stated by means of a brief that the mechanism to monitor costs and the service quality system was stated when the RTIs of Transener S.A. and Transba S.A., respectively, became effective and that upon defining such process it may not be attributed to Concessionaires and could derive in an impairment of their rights.

Likewise, Transener S.A. and Transba S.A. requested the Energy Secretariat that i) it instructed ENRE to apply a rate increase equal to the cost variation index in the Memorandum of Understanding , ii) ENRE determined the actual impact of the increased costs of the operation and investments to provide the respective adjustments retroactively as provided in the Memorandum of Understanding.

In that sense, by means of ES brief 897 of july 29, 2008, the Energy Secretariat instructed ENRE to enforce covenants 4.2, 4.3 and 11.1 of the Memorandum of Understanding even partially issuing ENRE the Resolutions Nos. 327/08 and 328/08 adapting Transener's and Transba's compensation by about 23 and 28%, respectively, effective as from july 1, 2008.

Since these tariff increases did not reflect for both companies the recognition of the highest current costs from 2004 to date, Transener and Transba have filed claims with ENRE, due to disagreements about the implementation of the previously mentioned resolutions as they contract the instruction issued by the Energy Secretariat which instructed ENRE to implement increases of 39.2 % and 43.03 % on regulated compensations effective as of June 30, 2008 for both companies, respectively.

**NOTE 6. REGULATORY FRAMEWORK (CONTINUED)**

**Distribution**

*Tariff situation*

The Executive Branch, in the exercise of the powers granted by Section 99 of the Argentine Constitution and Law No. 25561 and yours modify and complementary, proceeded to ratify the Agreement Minutes signed on February 13, 2006 within the framework of the renegotiation of the Utility contracts through Decree No. 1957/06 published in the Official Gazette on January 8, 2007.

The above Agreement Minutes contain the terms and conditions which, once the other procedures provided for in that instrument has been performed, constitute the basis that will allow the Comprehensive Renegotiation of the Concession Utility Contract between the Executive Branch and this concessionaire for the distribution and selling of electricity in federal jurisdiction.

The execution of the agreement begins the process of adjustment of the concession agreement as a means of overcoming the effects of the public emergency status, freezing and "pesification" of tariffs established by Law No. 25561. The Agreement establishes a transitional period and the later comprehensive renegotiation of the agreement through a Comprehensive Tariff Review process. The agreement contemplates in the immediate, within the transitional period: 1) an increase of the added distribution value (VAD) of 23%, retroactive at November 1, 2005, which will not apply to household customers; 2) an additional amount of 5% destined to certain works; 3) a system of installment settlement of unpaid fines; 4) the beginning of the Comprehensive Tariff Review process, in charge of the ENRE. This review will be the one that finally restructures the Concession Contract of Edenor; 5) the coming into force of a differential service quality regime for the duration of the transitional period; 6) the suspension of the claims filed before the International Centre for Settlement of Investment Disputes (ICSID) during the "transitional period" and the final waiving of these once the comprehensive tariff review is finished. This suspension also includes that of any proceedings before national or international courts, filed by the company and/or its shareholders against the Argentine National Government as a consequence of the public emergency declared by Law No. 25561, as well as the commitment not to start any proceedings before national or foreign courts against the National Government as a consequence of that emergency. Regarding EASA, it establishes the obligation to extend the surety for the foreclosure of the pledge to the class A shares it has in Edenor in favor of the National Government for any non-fulfillment of the Agreement Minutes by EASA or by Edenor itself.

The new tariff system resulting from the comprehensive tariff review process will be effective for five years and its final determination will be the responsibility of the ENRE pursuant to the provisions of Law No. 24065.

On April 30, 2007, Resolution No. 434/07 of the Secretariat of Energy was published in the Official Gazette, through which a new contract transition period was established under the terms of the Renegotiation Agreement Minutes signed on February 13, 2006. This period covers from January 6, 2002 and the date the tariff schedule resulting from the Comprehensive Tariff Review becomes effective.

On July 30, 2008, the ES issued Resolution No. 865/08 amending Resolution No. 434/07 designating February 2009 as the date on which the tariff schedule resulting from the RTI (integral tariff review) shall become effective. As of the issuance date of these financial statements, there has been no definition as to when the tariff schedule resulting from the RTI would become effective, scheduled for February 1, 2009.

On October 4, 2007, Resolution No. 1,037/2007 of the Secretariat of Energy was published in the Official Gazette, which establishes that the amounts paid by EDENOR for the Quarterly Adjustment Index (CAT) sets forth by Section 1 of Law No. 25,957 and the amounts corresponding to the Cost Monitoring Mechanism (MMC) be deducted from the funds resulting from the difference between collection of the additional charges derived from the application of the Good Use of Electricity Programme (PUREE) and the payment of bonuses to users under such Programme, until their transfer to the tariff is approved. In addition, the above Resolution sets forth that the adjustment for the MMC for the May 2006 – April 2007 period effective as from May 1, 2007 amounts to 9.63%.

Additionally, on October 25, 2007, Resolution No. 710/07 of the ENRE was passed, which approves the MMC compensatory procedure sets forth by Resolution No. 1,037/07.

The MMC (cost monitoring system) rate adjustment related to the period May 2006 through April 2007 together with that related to period May 2007 through October 2007 became effective as from July 1, 2008 as provided by Resolution No. 324/08.

**NOTE 6. REGULATORY FRAMEWORK (CONTINUED)**

**Distribution (continued)**

By means of Brief No. 1383 of November 26, 2008, the ED instructed ENRE to consider using funds pending recognition from applying the MMCfor the enforcement period May 2007 through October 2007, and to allow that they be deducted from surplus funds derived from applying the Programa de Uso Racional de la Energía Eléctrica (PUREE) (rational electric power use program), as previously regulated by Resolution ES No. 1037/07. The adjustment by MMC for the period May 2007 through October 2007, applicable as from November 1, 2007 is 7.56%.

On the other hand, on July 31, 2007, the ENRE issued Resolution No. 324/08 approving the values of Edenor's new tariff schedule that contemplates the partial enforcement of adjustments by MMC and passing them on to the rates. Such tariff schedule increases the distribution added value of such company by 17.9% has been applied to consumption as from July 1, 2008.

As described above, on average, tariffs for final users, depending on their consumption, will be increased by percentages ranging from 0% to 30%.

Likewise, on October 31, 2008, the ED issued Resolution No. 1169/08 approving the new seasonal benchmark prices for energy and power on the Wholesale Electric Market (MEM). Consquently, ENRE issued Resolution No. 628/08 approving the rate schedule values to be enforced as from October 1, 2008. Apart from the new seasonal benchmark prices for energy and power, the previously mentioned rate schedule established passing the ex-post pending adjustments as well as the other items related to MEM. The increase provided by this Resolution is aimed at reducing the Federal State subsidies to the electric sector, and not at increasing Edenor's value added of distribution.

Regarding those resolutions that implemented the new rate schedule as from October 1, 2008, the Argentine Ombudsman sponsored a claim against them and against enforcing the PUREE. Consequently, on January 27, 2009, ENRE notified Edenor of a precautionary measure issued by the court hearing the case, by which it is ordered to refrain from disrupting the electric power supply as a result from failure to pay bills issued with the rate increase challenged by the Argentine Ombudsman, until a definitive ruling is passed in this case. The measure has been appealed by Edenor and the Federal Government and it is pending resolution. As of the date of issuance of these consolidated financial statements, Edenor has not been formally notified of the claim that is the substance of the previously mentioned trial.

**NOTE 7. FINANCING STRUCTURE**

The indebtedness structure of our subsidiaries as of March 31, 2009 is mainly made up of the following corporate bonds, before giving effect to the repurchases mentioned in the following paragraph:

| Subsidiary company | Corporate Bonds | Issuance date | Amount in Thousands US$ | Agreed rate | Final maturity |
|---|---|---|---|---|---|
| Transener | At par at fixed rate | Dec-20-2006 | 220,000 | 8.875% | 2016 |
| Edenor | At par at variable rate | Apr-24-2006 | 12,656 | Libor + 0% to 2% (incremental) | 2019 |
| | At par at fixed rate | Apr-24-2006 | 80,048 | 3% to 10% (incremental) | 2016 |
| | At par at fixed rate | Oct-9-2007 | 220,000 | 10.5% | 2017 |
| EASA | At par at fixed rate | Jul-19-2006 | 12,874 | 3% to 5% (incremental) | 2017 |
| | At a discount at fixed rate | Jul-19-2006 | 73,957 | 2.125% to 7% (incremental) | 2016 |
| CTG | At par at fixed rate | Oct-3-2003 | 6,069 | 2% | 2013 |
| | At par at fixed rate | Jul-20-2007 | 22,030 | 10.5% | 2017 |
| Loma de la Lata | At a discount at fixed rate | Sep-8-2008 | 178,000 | 11.25% | 2015 |

During the three-month period ended March 31, 2009, the Company and its subsidiaries acquired corporate bonds of various subsidiaries at their respective market value for a total face value of US$ 92 million. Due to these debt-repurchase transactions, the Company and its subsidiaries posted consolidated income of Ps. 122,654,606 disclosed in the line "Results of repurchase of financial debt" in financial and holding results generated by liabilities. As of March 31, 2009, the Company and its subsidiaries held own corporate bonds for a total face value of US$ 226.4 million.

Below are describe the main characteristics of the indebtedness of each of the subsidiaries:

**NOTE 7. FINANCING STRUCTURE (CONTINUED)**

*Transener*

In October 2006 Transener started a process for refinancing its outstanding financial debt, offering to the bondholders the repurchase of Class 6 and Class 8 Corporate Bonds at par value in cash, and to fully redeem Class 7 and Class 9 Corporate Bonds issued at a discount, obtaining the approval of approximately 76% of them.

To finance the purchase offer and the redemption of the mentioned bonds, Class 1 Corporate Bonds for US$ 220 million were issued. These new securities with a final maturity on December 15, 2016 bear interest at an annual rate of 8.875% and shall be repaid in four equal installments on December 15, 2013, 2014, 2015 and 2016. Class 1 Corporate Bonds have been authorized for public offering in Argentina pursuant to the provisions of CNV Resolution No. 15,523 dated November 30 2006.

The settlement of the purchase offer in cash of the Class 6 and Class 8 Corporate Bonds at Par, the full redemption of the Class 7 and Class 9 Corporate Bonds at a discount, and the issuance of the new Class 1 Corporate Bonds took place on December 20, 2006.

Under the refinancing terms, Transener and its restricted subsidiaries are subject to complying with a series of restrictions, among which we may highlight limitations to indebtedness, sale of assets, transactions with shareholders and subsidiaries and making control change in under certain circumstances. At the date of issuance of these financial statements Transener and its subsidiaries had fulfilled these obligations.

*Edenor*

Corporate Bonds Programme

On October 9, 2007, Class 7 Corporate Bonds for US$ 220 million were issued under the public offering regime for a term of ten years, at par value, accruing interest at an annual fixed rate of 10.5%, payable on April 9 and October 9 of each year, the first service of which was on April 9, 2008, the principal being amortized in a down payment on October 9, 2017.

Proceeds from the issuance of these Corporate Bonds were used to repaid existing outstanding Corporate Bonds with maturity in 2014.

Derivative financial instruments

During the three-month period ended March 31, 2009, Edenor executed transactions with derivative financial instruments to ensure the exchange rate of cash flows related to three maturities of interest on financial debt, Corporate Bonds at par at variable interest rate and Corporate Bonds Class No. 7, for US$ 4.8 million and US$ 23.1 million, respectively, through December 2009.

As of March 31, 2009 Edenor helds financial instruments to be hedge against the fluctuation of exchange rate in connection with US$ financial obligations mentioned above. Additionally, Edenor has executed forward transactions to use them as hedging instruments to mitigate the risk generated by the fluctuations of the US dollar exchange rate.

Since these transactions have not been designated as hedge instruments, Edenor has accounted for these derivative instruments at their net realizable value or cancelation value, depending if it relates to assets or liabilities with changes in the financial results, in the statement of income.

*EASA*

Financial debt renegotiation – Main obligations

As established in the issuance prospectus of its corporate bonds, the main obligations assumed by EASA consist in limitations to: (i) indebtedness; (ii) certain transactions with shareholders; (iii) level of operating expenses; and, (iv) restricted payments (among others, payments of dividends, fees to shareholders, banned investments).

At the date of the issuance of the Company's financial statements, EASA complies with its obligations as established in the trust agreement relating to the Corporate Bonds issued after having completed the restructuring process of its financial debt.

On the dates provided in the issuance conditions, EASA paid interest related to the New Corporate Bonds, capitalizing the portion of interest accrued from the coupon in kind. Considering such interest capitalization, debt amounts as of March 31, 2009, are as indicated in this note.

**NOTE 7. FINANCING STRUCTURE (CONTINUED)**

*Central Térmica Güemes*

Exchange of Corporate Bonds

On June 12, 2007 CTG launched an exchange offer of all outstanding Series A Corporate Bonds amounting to US$ 31.7 million and Series B Corporate Bonds amounting to US$ 21.9 million with maturity in 2013 ("Bonds 2013"). The exchange offer was authorized by resolutions adopted by the Shareholders´ Meeting held on June 28, 2007 and by the Board of Directors Meetings held on June 12, 2007, June 21, 2007 and June 28, 2007.

The above mentioned Shareholders´ Meeting approved the issuance of unsecured and unsubordinated non-convetible US dollar-denominated Corporate Bonds up to US$ 34.8 million.

On July 20, 2007, date of expiration of the exchange offers, CTG received the acceptance of 88.7% of the holders of the total debt subject to restructuring. The exchange took place on July 25, 2007, date on which CTG, under the conditions offered to and accepted by the participating bondholders:

- Issued US$ 22.0 million Corporate Bonds accruing interest at a rate of 10.5%, falling due on September 11, 2017 ("Bonds 2017);

- Paid US$ 8.9 million in cash to the holders that exercised this option; and

- Paid US$ 0.3 million in cash of accrued and unpaid interest at the date of the exchange, plus a cash payment of US$ 0.1 million for holders that accepted the offering in advance.

The Corporate Bonds were authorized by the CNV on July 11, 2007 in conformity with the certificate Nº 329. Corporate Bonds have been also authorized for trading on the Buenos Aires Stock Exchange and the Mercado Abierto Electrónico.

Amendments to covenants of Corporate Bonds

On December 23, 2008, and on January 20, 2009, GTG completed the process to amend certain restrictive covenants of its Bonds 2007 and Bonds 2013, respectively. The main objective of these approved amendments is to change certain restrictive covenants to reflect the current financial position and business prospects of CTG and grant CTG the ability of assuming debt and encumbrances that are reasonable considering its EBITDA and its debt service capacity.

The approved amendments allow CTG, among others to:
- Incur in additional debt for up to US$ 30 million for any purpose, irrespective of its indebtness.
- Incur in additional debt as long as the debt ratio of its outstantding debt and EBITDA does not exceed the 3 to 1 ratio (excluding up to US$ 30 million of additional permitted debt).
- Incur in additional debt or guarantee incurred debt to finance or refinance the acquisition, construction, improvement or development of any other asset, including the new generation unit at CTG.

Global programme of securities representing short–term debt

On July 21, 2008, the Ordinary and Extraordinary Shareholders' Meeting of CTG approved the creation of a Global Programme of securities representing short-term debt up to a maximum amount outstanding at any time that may not exceed Ps. 200 million or the equivalent amount in other currencies, under which CTG may issue corporate bonds in various classes and/or series, each one of them with an amortization term of up to 365 days or a shorter or longer term that in the future applicable regulations may contemplate. Such Meeting delegated to CTG's Board of Directors the power to establish certain conditions of the Programme and the opportunity of issuance and other terms and conditions of each class and/or series of corporate bonds to be issued under the Programme.

As of March 31, 2009, CTG has not issued any class and/or series of corporate bonds under this Programme.

**NOTE 7. FINANCING STRUCTURE (CONTINUED)**

*Central Piedra Buena S.A.*

On June 18, 2008, the Ordinary and Extraordinary Shareholders’ Meeting of CPB approved the creation of a global programme for the issuance of securities representing short–term debt (the “VCP”) in the form of simple corporate bonds non-convertible into shares, denominated in pesos, US dollars or any other currency with or without guarantee, either subordinated or not, for a maximum outstanding amount at any time that may not exceed Ps. 200 million, with an amortization term of up to 365 days, or at a longer term that applicable rules may contemplate (the “Programme”). Such Meeting delegated to CPB’s Board of Directors the power to establish certain conditions of the Programme and the opportunity to issue and other terms and conditions of each class and/or series of corporate bonds to be issued under the Programme.

Additionally, on February 26, 2009, the General Ordinary and Extraordinay Shareholders’ Meeting of CPB approved an amendment to the Programme in order to give CPB the alternative of issuing VCPs under the form of serial promissory notes, giving more flexibility for the placement of VCP among institutional investors in the corporate debt market.

After period-end, CPB issued VCPs under the Programme described in Note 18.

*Loma de La Lata*

Financing for Loma de La Lata s’ Project

On May 30, 2008, Loma de la Lata entered into two facility agreements with ABN AMRO Bank N.V. and Standard Bank Plc., as lenders, and ABN AMRO Bank N.V., Argentine Branch, for financing a part of the costs to be incurred in connection with Loma de la Lata’s current expansion project (converting such plant’s existing generation units into a combined cycle-gas fired power plant which has a total cost of approximately US$ 205 millions). The facility agreements provided for the issuance of letters of credit for an aggregate amount of US$ 88.2 million (in addition to other fully collateralized letters of credits issued by ABN AMRO Bank N.V. for an aggregate amount of US$ 66.5 million), and set forth the financial commitments granted by such banks to make loans in favor of Loma de la Lata for an aggregate amount of up to US$ 80 million, which loans would mature in March 2013 (except as extended pursuant to the terms of the facility agreements).

Fees on such letters of credit accrue at an annual rate ranging from 2% to 2.5% (this fee was reduced since Loma de La Lata collateralized such letters of credit with funds from de issuance of corporate bonds, as defined below).

Due to the issuance of the corporate bonds, Loma de La Lata has made guaranteed deposit securing the funds to be disbursed under the previously mentioned letters of credit (and their related payable fees), thus replacing the obligation of making reimbursements by joint arrangers under the financing agreements and reducing, among others, the fees payables under such letters of credit.

Authorization for the issuance of Corporate Bonds of Loma de La Lata

Loma de la Lata approved by means of the Extraordinary Shareholders’ Meeting held on June 24, 2008 and the Ordinary and Extraordinary Shareholders’ Meeting held on July 24, 2008, the issuance of corporate bonds up to the amount of US$ 200 million (the “Corporate Bonds”) for, among other purposes, finance the Project, replacing the disbursement of the joint organizers, under the financing agreements. Such Meetings also approved the admission of Loma de La Lata into the public offering system and the application to the CNV of the respective public offering authorization of Corporate Bonds.

On September 8, 2008, Loma de Lata issued simple Corporate Bonds for a face value of US$ 178,000,000 at 11.25%, maturing in 2015 and with a subscription price of 93.34% implying a yield through maturity of 12.95%. The capital will be amortized in five semiannual consecutive payments, the first of which will be sixty months as from the issuance and settlement date. The first four amortization payments will be for an amount equivalent to 12.5% of capital, while the fifth and last amortization payment and full settlement will be made upon maturity for an amount equivalent to 50% of the issued capital. Interest will accrue on the outstanding capital as from the issuance and settlement date and until settling all the amounts owed under the Corporate Bonds at a fixed rate equivalent to a nominal 11.25% interest rate. The interest rate will be comprised of (i) one fixed interest rate portion equivalent to a fixed nominal rate of 5% and (ii) an interest portion capitalizable at a nominal fixed 6.25% (the "Capitalizable Interest Portion”).

**NOTE 7. FINANCING STRUCTURE (CONTINUED)**

*Loma de La Lata (Continued)*

Authorization for the issuance of Corporate Bonds of Loma de La Lata (continued)

Loma de La Lata is obliged to cancel the amounts related to all interest, however it is stated that: (i) the Capitalizable Interest Portion related to interest payable on the first two Interest Payment Date (as defined in the Prospectus for the issuance of Corporate Bonds) will be automatically capitalizable, and (ii) provided no Event of Default occurred for failing to pay any amount owed under the Corporate Bonds or they were declared to due and payable either fully or partially, Loma de La Lata may choose, at its sole discretion, to defer paying interest exclusively as regards the Portion of Capitalizable Interest and capitalize accrued interest related to such portion payable on the following three Interest Payment Dates (the "Option to Capitalize"). The Option to Capitalize may be exercised by Loma de La Lata only on the third, fourth and/or fifth Interest Payment Date. The option to capitalize interest could only be exercised by Loma de la Lata in the first four semiannual interest payments.

The Corporate Bonds are guaranteed by credit rights against such company and fiduciary assignment of: (a) rights to receive payments and/or claim damages arising from (i) sales of electricity (energy and/or power) resulting from the additional capacity arising from the extension project, (ii) agreements to supply natural gas, (iii) project agreements, and (iv) insurance agreements; and (b) funds deposited in guarantee to cover the amount of the fixed interes portion until the provisional reception date of the expansion works. Additionally, the corporate bonds issued are secured by PESA (shareholder controlling Loma de La Lata) as direct and main obligor.

On December 29, 2008, Dilurey executed an option agreement by which it grants an irrevocable put option on the corporate bonds issued by Loma de la Lata for US$ 10 million, and such option may be exercised within 30 days as from September 8, 2011.

**NOTE 8. SEGMENT INFORMATION**

The Company is engaged on the electricity sector, with a participation in the electricity generation, transmission and distribution segments through different legal entities. Operating segments are revenue-producing components of the enterprise for which separate financial information is produced internally for management. Accordingly, the following business segments have been identified by means of its subsidiaries and based on the nature, customers and risks involved:

*Generation:* Made up of the direct and indirect equity interest in Loma de la Lata, Hidroeléctrica Los Nihuiles, Hidroeléctrica Diamante, Powerco, Central Térmica Güemes, Central Piedra Buena, Ingentis and investments in shares in other companies related to the electricity generation sector.

*Transmission:* Made up of the indirect equity interest in Transener and its subsidiaries.

*Distribution:* Made up of the indirect equity interest in Edenor.

*Holding:* Made up of own operations, such as advisory services and financial investments, and investments in real estate and other companies not related to the electricity sector.

The Company manages its segments to the net income (loss) level of reporting.

Below is a table with the information for each segment identified by the Company as of and for the three-month periods ended March 31, 2009 and 2008:

# PAMPA ENERGIA S.A.
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(in Argentine Pesos ("Ps.") – unless otherwise stated)

### NOTE 8. SEGMENT INFORMATION (CONTINUED)

**Consolidated Statement of Income information at March 31, 2009**

| | Generation | Transmission | Distribution | Holding | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| Sales | 431,159,524 | 77,530,090 | 551,924,000 | 3,333,348 | - | 1,063,946,962 |
| Other Sales | 3,443,442 | - | - | 9,548,211 | (12,592,463) | 399,190 |
| Total sales | 434,602,966 | 77,530,090 | 551,924,000 | 12,881,559 | (12,592,463) | 1,064,346,152 |
| Cost of sales (1) | (306,639,292) | (46,267,588) | (351,888,720) | (9,501,777) | 2,055,248 | (712,242,129) |
| Subtotal (1) | 127,963,674 | 31,262,502 | 200,035,280 | 3,379,782 | (10,537,215) | 352,104,023 |
| Selling expenses (1) | (1,938,363) | - | (42,633,000) | (320,894) | - | (44,892,257) |
| Administrative expenses (1) | (12,429,761) | (7,426,160) | (40,129,000) | (12,642,230) | 10,478,458 | (62,148,693) |
| Subtotal (1) | 113,595,550 | 23,836,342 | 117,273,280 | (9,583,342) | (58,757) | 245,063,073 |
| Reserve for Director's options (2) | - | - | - | (2,941,668) | - | (2,941,668) |
| Depreciation of fixed assets (3) | (11,420,742) | (9,487,977) | (47,209,070) | (313,448) | - | (68,431,237) |
| Amortization of intangible assets | (4,695,966) | - | (1,012,724) | - | - | (5,708,690) |
| Amortization of other assets | - | (5,683,052) | - | - | - | (5,683,052) |
| Amortization of goodwill | (3,738,859) | 200,139 | (1,383,989) | (68,658) | - | (4,991,367) |
| Operating results | 93,739,983 | 8,865,452 | 67,667,497 | (12,907,116) | (58,757) | 157,307,059 |
| Financial and holding results | | | | | | |
| Generated by assets | 47,019,837 | 2,010,449 | 18,968,000 | 19,775,457 | (4,052,495) | 83,721,248 |
| Generated by liabilities | (71,442,137) | 8,628,138 | (57,601,580) | 30,698,724 | 4,052,495 | (85,664,360) |
| Other income and expenses, net | 1,822,403 | 49,672 | (5,384,000) | 40,646 | - | (3,471,279) |
| Income before taxes and minority interest in subsidiaries | 71,140,086 | 19,553,711 | 23,649,917 | 37,607,711 | (58,757) | 151,892,668 |
| Income tax and tax on assets | (29,845,986) | 867,281 | (23,010,060) | (1,989,021) | - | (53,977,786) |
| Minority interest in subsidiaries | (16,072,717) | (9,155,745) | (14,589,000) | - | - | (39,817,462) |
| Net income (loss) for the period | 25,221,383 | 11,265,247 | (13,949,143) | 35,618,690 | (58,757) | 58,097,420 |

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**NOTE 8. SEGMENT INFORMATION (CONTINUED)**

| | Generation | Transmission | Distribution | Holding | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| [1] Net of deprecietion and amortization | | | | | | |
| [2] Allocated to administrative expenses | | | | | | |
| [3] Charges to: | | | | | | |
| Cost of sales | (15,693,888) | (14,231,556) | (46,152,794) | (86,161) | - | (76,164,399) |
| Selling expenses | (109,883) | - | (720,000) | - | - | (829,883) |
| Administrative expenses | (312,937) | (939,473) | (1,349,000) | (227,287) | - | (2,828,697) |
| Total Assets | 3,283,289,370 | 994,021,151 | 5,026,636,072 | 744,222,170 | (802,654,274) | 9,245,514,489 |
| Total Liabilities | 1,605,522,850 | 530,869,074 | 2,681,685,213 | 314,968,777 | (802,654,274) | 4,330,391,640 |

(in Argentine Pesos ("Ps.") – unless otherwise stated)

### NOTE 8. SEGMENT INFORMATION (CONTINUED)

**Consolidated Statement of Income information at March 31, 2008**

| | Generation | Transmission | Distribution | Holding | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| Sales | 470,014,781 | 55,174,270 | 455,673,000 | - | (1,155,000) | 979,707,051 |
| Other Sales | - | - | - | 1,741,310 | (1,289,859) | 451,451 |
| Total sales | 470,014,781 | 55,174,270 | 455,673,000 | 1,741,310 | (2,444,859) | 980,158,502 |
| Cost of sales (1) | (354,010,122) | (26,511,331) | (291,917,100) | (118,532) | 1,501,180 | (671,055,905) |
| Subtotal (1) | 116,004,659 | 28,662,939 | 163,755,900 | 1,622,778 | (943,679) | 309,102,597 |
| Selling expenses (1) | (4,699,974) | - | (27,027,000) | (843,338) | - | (32,570,312) |
| Administrative expenses (1) | (8,706,690) | (5,472,950) | (31,637,000) | (7,083,482) | 1,321,070 | (51,579,052) |
| Subtotal | 102,597,995 | 23,189,989 | 105,091,900 | (6,304,042) | 377,391 | 224,953,233 |
| Reserve for Director's options (2) | - | - | - | (2,941,668) | - | (2,941,668) |
| Depreciation of fixed assets (3) | (7,431,752) | (8,552,722) | (47,205,361) | (95,578) | - | (63,285,413) |
| Amortization of intangible assets | (4,706,880) | - | (1,252,961) | - | - | (5,959,841) |
| Amortization of other assets | - | (5,683,051) | - | - | - | (5,683,051) |
| Amortization of goodwill | (3,563,596) | 200,139 | (1,351,670) | (244,401) | - | (4,959,528) |
| Operating results | 86,895,767 | 9,154,355 | 55,281,908 | (9,585,689) | 377,391 | 142,123,732 |
| Financial and holding results | | | | | | |
| Generated by assets | 18,194,405 | 2,185,517 | 3,403,000 | 7,363,640 | - | 31,146,562 |
| Generated by liabilities | (3,759,750) | (12,700,727) | (30,784,000) | (432,190) | - | (47,676,667) |
| Other income and expenses, net | (79,922) | 2,028,993 | (5,909,401) | (1,718,973) | (377,391) | (6,056,694) |
| Income (loss) before taxes and minority interest in subsidiaries | 101,250,500 | 668,138 | 21,991,507 | (4,373,212) | - | 119,536,933 |
| Income tax and tax on assets | (38,186,986) | (1,322,842) | (13,736,314) | 1,590,172 | - | (51,655,970) |
| Minority interest in subsidiaries | (10,369,315) | 970,387 | (9,309,000) | - | - | (18,707,928) |
| Net income (loss) for the period | 52,694,199 | 315,683 | (1,053,807) | (2,783,040) | - | 49,173,035 |

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**NOTE 8. SEGMENT INFORMATION (CONTINUED)**

| | Generation | Transmission | Distribution | Holding | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| [1] Net of depreciation and amortization | | | | | | |
| [2] Allocated to administrative expenses | | | | | | |
| [3] Charged to: | | | | | | |
| Cost of sales | (12,038,713) | (13,395,848) | (40,268,000) | - | (6,793,322) | (72,495,883) |
| Selling expenses | (36,116) | - | (530,000) | (9,909) | - | (576,025) |
| Administrative expenses | (63,803) | (839,925) | (867,000) | (85,669) | - | (1,856,397) |
| Total Assets | 3,011,277,350 | 998,976,381 | 5,008,266,941 | 699,655,642 | (579,997,774) | 9,138,178,540 |
| Total Liabilities | 1,466,974,481 | 556,245,297 | 2,698,438,204 | 171,452,046 | (579,997,774) | 4,313,112,254 |

**NOTE 9. OPPORTUNITIES ASSIGNMENT AGREEMENT - PURCHASE OPTIONS**

As approved by the Shareholders' Meeting of September 16, 2006, on September 27, 2006 the Company signed an Opportunities Assignment Agreement, whereby certain executives were committed to provide the Company with potential business opportunities encompassed by the Company's investment guidelines, exceeding US$ 5,000,000. In consideration, the Company granted to those executives purchase options for up to 20% of capital, to be exercised at the same price per ordinary share in US$ that shareholders have subscribed at each capital increase, adjusted in accordance with the purchase option agreements.

The purchase options could be exercised in equal portions as from the expiration of the term of one, two or three years, respectively as from the issuance date, and they will maintain their validity for a period of fifteen years as from their issuance date. If the purchase options are not exercised, they will expire after the term for their validity. The number of options and the exercise price are to be adjusted in accordance with the purchase option agreements.

CNV, through Resolution No. 15,447 dated August 7, 2006, approved the issuance of the purchase options representing 20% of the Company's capital stock, conditioning that authorization to certain actions that were fulfilled on October 9, 2006.

At March 31, 2009, the Company issued 111,500,000 purchase options, granting the right to subscribe: (i) 111,500,000 shares at an exercise price of US$ 0.37 per share, (ii) 150,000,000 shares at an exercise price of US$ 0.72 per share, and (iii) 120,048,560 shares at an exercise price of US$ 0.83 per share, representative of 20% of the Company's capital stock on fully diluted basis. Option are exercisable as from September 27, 2007, 2008 and 2009.

The Company had valued the options granted at Ps. 35.3 million. A compensation expense is recognized ratably over the effective term of the Opportunities Assignment Agreement (consistent with the vesting period), with a credit to an equity reserve. As of March 31, 2009, the equity reserve amounts to Ps. 29.4 million.

The Shareholders Meeting held on August 30, 2007 approved certain amendments to the Opportunities Assignment and Purchase Option agreements, which are in force as from September 28, 2007:

- The beneficiaries of the purchase options waive their right to subscribe whenever the Company's capital is increased an additional number of common stock which allows them at any time hold 20% of the capital stock of the Company, as established in the purchase option agreements;

- The executives' purchase options other than purchase options that may be exercised at the date of death, absence or permanent disability shall be automatically reassigned to the remaining beneficiaries in proportion to their respective participations in all the purchase options.

After period-end, the Company signed a new agreement with its executives amending the Opportunities Assignment Agreement (See Note 18).

**NOTE 10 RESTRICTED ASSETS, LIMITATION ON THE TRANSFERABILITY OF SHARES AND OBLIGATIONS ASSUMED**

*Inversora Nihuiles*

Pursuant to point 12.13 of Chapter XII of the Terms and Conditions for the sale of 51% of Hidroeléctrica Nihuiles capital stock, Class B shares are of free availability and their transfer by public offering shall be mandatory once the Government of the Province of Mendoza has transferred its Class C shares to retail investors resident of the Province of Mendoza. The Government of the Province of Mendoza has not performed any transfer of the Class C shares to retail investors resident in the Province of Mendoza.

Furthermore, it is established that the concessionaire should take the necessary measures for the Company to list its securities on the Stock Exchange.

On March 9, 2006, the Provincial Executive Branch, through the Ministry of the Environment and Public Works, issued Decree No. 334, whereby it was agreed the sale of 37% of Hidroeléctrica Nihuiles capital stock, represented by Class C shares, to institutional minority investors of the Province of Mendoza, by means of a procedure guaranteeing that none of the purchasers of this class of shares could hold more than 5% of the capital stock and none of the holders of Class A shares could hold any other classes of shares. The same decree authorized the Ministry of the Environment and Public Works and Finance to carry out the pertinent formalities to confirm the irrevocable sales mandate granted by the holder of Class B shares to the Provincial Government.

**NOTE 10 RESTRICTED ASSETS, LIMITATION ON THE TRANSFERABILITY OF SHARES AND OBLIGATIONS ASSUMED (CONTINUED)**

*Inversora Nihuiles (Continued)*

On September 7, 2006, the legislature of the Province of Mendoza ratified Decree No. 334 dated March 9, 2006.

On July 5, 2007, through Decree No. 1,651/07 the Executive Branch of the Province of Mendoza instructed the Ministries of the Environment and Public Works and Finance of the Province to call a Public Bid for Stock Broker Companies, Stock Markets and Financial Institutions specialized in operations for the implementation and sale of shares in capital markets in order for them to submit a proposal for assisting the Province of Mendoza in the process that will be necessary to carry out to sell the Class C and, as the case may be, the Class B shares in Hidroeléctrica Los Nihuiles S.A., as established by Decree No. 334/06 and ratified by Law No. 7,541.

*Transener and Transba*

Restricted assets

The concession contract prohibits the concessionaire from placing a lien, mortgage or any other collateral in favor of third parties on assets destined to the rendering of the National High-Voltage Electricity Public Transmission Service in the case of Transener and the Provincial Electricity Public Transmission Service in the case of Transba, notwithstanding the free availability of those assets becoming unsuitable for that purpose in the future according to the ENRE criteria.

Limitation on the transferability of shares

Citelec may not modify its interest or sell its Class A shares in Transener without the prior authorization of the ENRE. Also, Transener may not modify or sell its interest in Transba without the prior authorization of that agency.

As set forth in the concession contract, Citelec with respect to Transener, and Transener with respect to Transba, have created a pledge in favor of the National State on all the Class A shares, as security for compliance with obligations assumed. The awardees Citelec and Transener shall increase the amount of the guarantee by creating a pledge on the Class A shares they purchase in the future as a result of new capital contributions made by them or the capitalization of profits and/or capital adjustment balances, and any successive transfers of the majority Class A shares shall be made with those pledges.

In addition, the corporate by-laws of those companies also forbids the creation of pledges or any other lien on those Class A shares, except in the cases mentioned in the concession contract.

*Edenor*

Limitation on the transferability of shares

In accordance with the corporate by-laws, the holders of Class A shares may transfer their shares with the prior approval of the ENRE, which will adopt a resolution within 90 days. Otherwise, the request will be deemed to have been approved.

Furthermore, Caja de Valores S.A., responsible for keeping a record of these shares, is entitled (as set forth in the corporate by-laws) to reject all such securities received as are not, at its discretion, in compliance with the regulations on transfers of ordinary shares included in (i) the Law on Commercial Companies, (ii) the concession contract and (iii) the corporate by-laws.

In turn, Class A shares shall be pledged over the life of the concession, as security for compliance with the obligations assumed under the concession contract.

In addition, the Company must be the beneficial owner of the Class 2 Corporate Bonds and, as stated in the register, of at least 51% of the voting and outstanding shares in Edenor.

Article ten of the Memorandum of Agreement executed with the Branch granting the Concession and ratified by Decree 1957/06 provides that from its effective date to the expiration of the Contractual Transition period, the shareholders who own the Majority Shares may not modify their equity interests or sell their shares.

**NOTE 10 RESTRICTED ASSETS, LIMITATION ON THE TRANSFERABILITY OF SHARES AND OBLIGATIONS ASSUMED (CONTINUED)**

*Edenor (Continued)*

Restrictions on the distribution of retained earnings

As from the restructuring of the financial debt, Edenor was not allowed to distribute dividends until April 24, 2008, or the Leverage Ratio is lower than 2.5. As from that moment, it may distribute dividends only in certain circumstances depending on its indebtedness ratio.

*Loma de La Lata*

Restricted assets

As of March 31, 2009 cash and banks and short-term and long-term investments balances include current bank accounts, time deposits, and Goverments bonds for a total amount of US$ 386.5 million which are restricted by virtue of certain guarantees given in favor of certain suppliers under the construction agreements in connection with the Project.

**NOTE 11. COMMON STOCK**

At March 31, 2009 the Company had 1,526,194,242 of book-entry shares with a par value of Ps. 1 each and entitled to 1 vote per share.

On September 8, 2008, the Company's Board of Directors resolved to establish the terms and conditions to acquire shares issued by the Company for up to US$ 30,000,000, for 120 running days, up to a maximum amount to be invested of 10% of the Company's common stock and at a price between Ps. 1.10 and Ps. 1.70 per share. The Company's Board of Directors considers that this transaction guards over the shareholders' best interests given the strong impact underwent by the listed price of local shares due to the international macroeconomic context, who by the repurchase will increase their interests in the Company's strategic assets.

Considering the approved OPAs, as of March 31, 2009, the Company acquired 198,460,524 Class A shares, with a face value of Ps. 1 per share, at an acquisition average cost of Ps. 0.96 per share totalizing Ps. 191,320,603, which is disclosed as a deduction of retained earnings. The market price of such shares as of the three month period-end amounted to Ps. 198,460,524.

Due to the previously mentioned acquisitions, the Company exceeded the limit of treasury stock, established at 10% of its capital stock as provided by Section 68, Law No. 17,811 (as revised by Decree No. 677/01). This limit has been temporarily suspended by CNV considering the gravity and exceptionality of the current situation upon issuing General Resolutions No. 535/08, 546/08, 550/09 and 553/09 until June 30, 2009. After March 31, 2009, a new repurchase process through market transactions (Note 18) was approved by the Board.

### NOTE 12. PROFIT DISTRIBUTIONS

*Dividends*

In accordance with Law No. 25,063, dividends distributed in cash or in kind, in excess of accumulated tax profits at the end of the year immediately before the date of payment or distribution, will be subject to a 35% income tax withholding in a single and final payment. The balance of accumulated accounting profits at December 31, 1997, less dividends paid plus tax profits calculated as from January 1, 1998 are considered accumulated tax profits for the purposes of this tax.

*Legal Reserve*

In accordance with the Argentine Commercial Companies Law, 5 % of the net profit for the year calculated in accordance with Argentine GAAP must be appropriated to a legal reserve until such reserve equals 20% of the Company's outstanding capital.

*Dividends in advance*

To preserve the Company's equity and mainly guard over the equitable treatment among shareholders, the Company has decided to implement a mechanism considered to be effective and efficient consisting in anticipating dividends which will compensate personal assets tax required to pay over tax authorities in its capacity of substitute taxpayer for such tax.

Under Argentine Personal Assets Tax Law No. 23,966, the Company shall pay over, as substitute taxpayer, personal assets tax for all the Company's shareholders subject to such tax, as of December 31, 2008. Under the substitute taxpayer system, once the tax amount is settled and paid over, the Company is entitled to be reimbursed the amount paid, which is hard to implement. In actual facts, companies bear this tax cost that negatively affects their results and generates no income tax deduction. Among the alternatives used by public companies to obtain reimbursement of amounts paid, the Company considers that the most efficient one consists in compensating the amounts paid with anticipated dividends.

Therefore, on December 22, 2008, the Company's Board of Directors resolved to anticipate dividends in cash under the terms of Argentine Commercial Companies Law for Ps. 18,314,331 (which net of dividends related to own shares amounted to Ps. 16,797,217), which is equivalent to 0.012% to the face value of each outstanding share and whose ratification will be subject to consideration by the upcoming Ordinary Shareholders' Meeting. Additionally, it was decided to pay early dividends through March 19, 2009, date on which the value obtained by the equity method will be known and based on which personal assets tax should be paid and provide Caja de Valores S.A. with the actions required to implement the decision adopted and comply with the sought-after equitable purpose.

These dividends were later approved by the Ordinary Shareholders' Meeting (See Note 18).

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**NOTE 13. INCOME TAX**

The breakdown of deferred tax assets and liabilities is as follows:

| | As of March 31, 2009 (Unaudited) | As of December 31, 2008 (Audited) |
|---|---|---|
| Tax loss-carryforwards | 68,678,054 | 82,032,726 |
| Trade receivables | (8,837,221) | (12,981,864) |
| Materials and spare parts | (643,032) | (609,032) |
| Inventories | (907,715) | (1,007,229) |
| Fixed and intangible assets | (576,114,476) | (576,001,256) |
| Other assets | (612,874) | (1,018,805) |
| Financial debt | (36,222,626) | (32,944,047) |
| Other liabilities and provisions | 116,111,585 | 94,594,431 |
| Other | 7,458,744 | (1,831,902) |
| Net deferred income tax liability | (431,089,561) | (449,766,978) |

Below is a reconciliation between income tax expense and the amount resulting from application of the tax rate on the income before taxes:

| | For the three-month periods ended March 31, 2009 | 2008 |
|---|---|---|
| Income before taxes and minority interest | 151,892,668 | 119,536,933 |
| Current tax rate | 35% | 35% |
| Result at the tax rate | (53,162,434) | (41,837,927) |
| **Permanent differences** | | |
| Goodwill amortization | (1,746,978) | (1,735,835) |
| Purchase options granted to Directors | (1,029,584) | (1,029,584) |
| Non-taxable income | 11,279,170 | 686,820 |
| Other | (4,703,235) | (7,739,444) |
| Subtotal | (49,363,061) | (51,655,970) |
| Expiration of tax loss-carryforwards | (461,887) | - |
| Change in valuation allowance for tax loss carryforwards | (4,152,838) | - |
| Total income tax expense | (53,977,786) | (51,655,970) |

**NOTE 14. RELATED PARTIES**

The following is a summary of the material transactions carried out with related parties during the reported periods:

*Opportunities assignment agreement – Purchase options*

On September 27, 2006 the Company signed an Opportunities Assignment Agreement, whereby certain executives were committed to provide the Company with potential business opportunities encompassed by the Company's investment guidelines, exceeding US$ 5,000,000. In consideration, the Company granted to those executives purchase options for up to 20% of capital, to be exercised at the same price per ordinary share in US$ that shareholders have subscribed at each capital increase, adjusted in accordance with the purchase option agreements. See Note 9 for further details.

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

*CTG tax dispute*

Pursuant to Decree No. 571/00, the Argentine government decreed that companies in the process of privatization would be exempt from the asset tax. Accordingly, a resolution by the Argentine tax authority was issued in favor of CTG recognizing that it was entitled to such exemption. However, on May 9, 2005, the Argentine tax authority revoked such resolution claiming that CTG was no longer in the process of privatization. On June 9, 2005, as per CTG's request, the relevant court in Argentina granted a suspension of the resolution revoking the exemption. Although the Argentine tax authority contested such suspension, the suspension of the revocation of CTG' tax exemption was upheld on November 9, 2005. On July 31, 2007, the Argentine tax authority issued a new decision rejecting Güemes's appeal and confirming the resolution of the revoking exemption. On August 22, 2007, CTG filed a judicial action challenging this tax resolution and requesting that the court suspend the resolution, thereby preventing the Argentine tax authority from carrying out any attachment or other executive measures until a final judgment has been entered. The Argentine tax authority has appealed such suspension and the litigation proceeding is still ongoing as of the date of this registration statement. In the event that this matter is resolved against CTG, CTG could be forced to pay the unpaid tax amounts claimed by the Argentine tax authority, plus accrued interest, penalties and other costs and expenses (including legal fees).

The Company based on its legal and tax advisors considers that there are solid grounds to defend its original position as to the exemption to pay asset tax. The Company has however decided to adhere to the new Tax Regularization System – Law No. 26,476, which will allow among other the following benefits: (i) rebating interest; (ii) remitting fines; (iii) exonerating from any criminal tax case that may derive from periods that have been settled; (iv) taking capital that has been settled for payments towards the next income tax return, reducing the financial tie-up, and; (v) deducting compensatory interest arising from adhering to the income tax amnesty related to the 2009 fiscal year.

Based on the above, as of March 31, 2009, the Company booked a asset tax accrual and interest payable for a total amount of Ps. 17 million, allocating Ps. 11.9 million as payment towards income tax and Ps. 5.2 million to income for the period –financial income (expense) and holding gains (losses) in interest.

*Transener legal proceedings*

On August 8, 2003, the Argentine Federal Tax Bureau notified Transener of an income tax assessment based on various intercompany loans made between 1998 and 2000, which assessment alleged that such loans included interest rates below standards established under income tax law. Transener appealed the assessment to the Argentine National Tax Court. The claim amounted to

Ps. 7 million, including principal, interest and penalties. No provision has been recognized for this contingency in the financial statements.

On May 17, 2007, a fire in the Ezeiza transformer station resulted in a disruption of the services provided by that station. The services were partially resumed shortly thereafter. In response to that disruption, the ENRE filed charges against Transener alleging certain violations of the quality standards applicable to the transmission services provided by Transener. In response to such charges, Transener has raised a force majeure event defense. Transener recognized a provision for contingencies of approximately Ps. 14.0 million to cover penalties that could derive from such charges. As of June 30, 2008, the service was totally restored.

*Edenor tax claims*

On December 1, 2003, the Provincial Board of Electric Power of the Province of Buenos Aires initiated a claim against Edenor in the amount of Ps. 51.2 million, which does not include surcharges, interest or penalties accrued in respect of this amount after the date of the claim. At December 31, 2003, the amount of surcharges and interest accrued on the claim, including applied penalties, was Ps. 310 million. In addition, on April 23, 2007, the Board notified Edenor of an additional claim for Ps. 4.0 million, without including surcharges, interest or penalties accrued. The claims are based on an alleged failure to collect, as collection agent, in respect of certain taxes established by Decree Nos. 7290/67 and 9038/78 between July 1997 and June 2001 and between July 2001 and June 2002, respectively. On December 23, 2003, Edenor filed an appeal of the Board's decision with the provincial Tax Court of Appeals of La Plata, and enforcement of the judgment was suspended pending the outcome of the appeal. On June 14, 2007, the Court granted Edenor's appeal and rejected the Board's tax claim against Edenor. On June 27, 2007 the provincial Tax Court of Appeals of Buenos Aires rendered a favorable decision in relation to Edenor's appeal. This decision reaffirms a recent decision by the Supreme Court of the Republic of Argentina in an unrelated case that held that the regulations were unconstitutional due to the commitment assumed by the Province of Buenos Aires to not tax the transfer of electric power. No provision has been recognized in this connection.

**NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Edenor tax claims (Continued)*

The Argentine federal tax authorities have challenged certain income tax deductions for allowance for doubtful accounts on Edenor's income tax returns for fiscal years 1996, 1997 and 1998, and have assessed additional taxes of approximately Ps. 9.3 million. Tax related contingencies are subject to interest charges and, in some cases, fines. Edenor has appealed the tax authorities' ruling before the Argentine federal tax court. During the appeal process payment for such claim is suspended. Edenor has established a provision for contingencies of Ps. 38.8 million, which includes principal and interest, in relation to this claim. However, after the period-end, Edenor decided to adhere to the new Tax Regularization System – Law No. 26,476, which would bring the debt amount as established by such system to Ps. 12.1 million.

*Edenor environmental claims*

On May 24, 2005, three of Edenor's employees were indicted on charges of PCB-related environmental contamination dangerous to human health, which is a crime under Argentine law. In connection with this alleged infraction, the judge sought a pre-judgment attachment of Edenor's assets in the amount of Ps. 150 million to cover the potential cost of environmental damages and estimated clean-up costs. On May 30, 2005, Edenor appealed the charges against its employees as well as the attachment order. On December 15, 2005, the court of appeals dismissed the charges against all three defendants for lack of evidence and, accordingly, vacated the attachment order. The decision by the court of appeals also stated that the trial judge should order the acquittal of two public officers of the ENRE, who had been indicted on related charges. This decision was appealed to the National Criminal Appellate Court (Tribunal de Casación), the highest appellate body for this matter, which on April 5, 2006 ruled that the appeal of the decision relating to Edenor's employees and Edenor was not admissible because decisions rendered on grounds of lack of evidence are not reviewable. On July 16, 2007, Edenor was notified that on July 11, 2007, the trial judge issued acquittals for all of the Edenor's officials and employees that had been indicted. On appeal on March 25, 2008, the First Court of the Federal Circuit of San Martín (Sala I de la Cámara Federal de San Martín) upheld the acquittals and confirmed the finding that there had been insufficient evidence to prove any PCB contamination. This decision was appealed on April 18, 2008 by the Attorney General (Ministerio Público) before the First Court of the Federal Circuit of San Martín. Edenor has not established any provision for contingencies in its financial statements for this claim.

*Proceedings challenging the renegotiation of Edenor's concession*

In November 2006, two Argentine consumer associations, Asociación Civil por la Igualdad y la Justicia (ACIJ) and Consumidores Libres Cooperativa Limitada de Provisión de Servicios de Acción Comunitaria, brought an action against Edenor and the Argentine government before a federal administrative court seeking to block the ratification of the Adjustment Agreement on the grounds that the approval mechanism was unconstitutional. On March 26, 2007, the federal administrative court dismissed these claims and ruled in Edenor's favor on the grounds that the adoption of Executive Decree No. 1957/06, which ratified the Adjustment Agreement, rendered the action moot. ACIJ appealed this decision on April 12, 2007, and the appeal was decided in Edenor's favor. However, on April 14, 2008, ACIJ filed another complaint challenging the procedures utilized by the Argentine Congress in approving the Adjustment Agreement. Specifically, the claim alleges that Article 4 of Law No. 24,790, which authorized the Congress to tacitly approve agreements negotiated between the Argentine government and public service companies, such as Edenor, violated the congressional procedures established in the Argentine Constitution. ACIJ has requested that the Adjustment

Agreement be renegotiated and submitted to Congress for its express approval. Edenor's response to this complaint is due on or before 2008. No provision has been accounted for in this connection as the possibility of loss is considered remote.

**NOTE 16. EDENOR`S FINANCIAL TRUST AGREEMENT**

On September 30, 2008, the indirectly controlled affiliate, Edenor, executed an irrevocable and discretional trust agreement with Macro Bank Limited. By organizing the trust, Edenor assigns the management of certain liquid assets for an initial amount of up to US$ 24 million, which will be subject to the trust. Such agreement was executed for 20 years.

By using the trust funds, it reported to have repurchased par corporate bonds maturing in 2016 issued by Edenor for a face value of US$ 23.9 million. Such amount is a portion of all corporate bonds repurchased as of March 31, 2009, mentioned in note 5.

On March 31, 2009, Macro Bank Limited reported that in its investments portfolio it held par corporate bond maturing in 2017 issued by Edenor for a face value of US$ 24.5 million.

**NOTE 17. ACQUISITION OF SHARES**

*Acquisition of own shares from Edenor*

During the last quarter of 2008 and as a result of the two own share acquisition processes, Edenor acquired 9,412,500 Class B shares with a face value of Ps. 1 per share, at an acquisition cost of Ps. 6.1 million. On March 17, 2009, concluded the process established to repurchase its own shares on the market under the terms and conditions filed by Edenor .

*Holding Transener shares by CPB*

On March 31, 2009, the subsidiary CPB held 17,600,000 shares of common stock of Transener acquired in various market transactions equivalent to a 3.96% interest in such company's equity. The Company has considered such interest as current temporary investments and, consequently, it was classified as short-term investments in the consolidated balance sheet.

**NOTE 18. SUBSEQUENT EVENTS**

*Repurchase of corporate bonds*

As from April 1, 2009 and through the issuance date of these consolidated financial statements, the Company and its subsidiaries have acquired its own corporate bonds or those corporate bonds issued by the certain subsidiaries, for about US$ 0.7 million, equivalent to US$ 1.5 million of face value.

*Issuance of VCP's (securities representing short-term debt) by Central Piedra Buena*

Under the Global Program for issuing securities representing short-term debt (VCP's) mentioned in note 4 (e), on April 15, 2009, CPB issued VCP's for a face value of Ps. 21,750,000 at a Private Badlar interest rate plus a 4.25% spread. Payment of principal and interest will be made 180, 210 and 240 days as from the issuance date.

Funds obtained by issuing these VCP's will be used primarily to refinance liabilities.

*Financing of the acquisition of participation in Inversora Nihuiles and Inversora Diamante*

In October 2006, the Company acquired shares of Inversora Nihuiles and Inversora Diamante, which were partially financed by the seller, Banco de Galicia y Buenos Aires S.A. ("Banco Galicia") for US$ 4,900,000. This loan accrues interest at 3% and matures on June 7, 2011.

Due to such financing, the Company created a first pledge in favor of Banco de Galicia on the shares Inversora Nihuiles and Inversora Diamante shares that were acquired from Banco de Galicia.

*Shareholders Meeting*

On April 8, 2009, at the Ordinary Shareholders Meeting of the Company, the shareholders approved: (i) the financial statements for the fiscal year ended December 31, 2008; (ii) the Ps. 18,314,331 dividend recommended by the Board of Directors; (iii) the Company's repurchase of shares for Ps. 120,848,801 as of December 31, 2008; (iv) the distribution of the income for the fiscal year ended December 31, 2008, which included the allocation of Ps. 5,751,186 to the legal reserve and Ps. 109,272,542 to retained earnings; and (v) the release of the existing voluntary reserve, which was Ps. 5,163,169 as of December 31, 2008.

In addition, the Shareholders Meeting approved certain amendments to the Opportunities Assignment Agreement and to the Warrants Agreements executed among the Company and certain executives of the Company.

**NOTE 18. SUBSEQUENT EVENTS (CONTINUED)**

*Amendment to the Opportunities Assignment Agreement and to the Warrants Agreements*

On April 16, 2009, in accordance with the resolution of the Ordinary and Extraordinary Shareholders Meeting of April 8, 2009 and the report of the Company's Audit Committee, the Company and certain of its executives executed an amendment to the Opportunities Assignment Agreement (described in Note 9), which extended the term of the Agreement by five years until September 27, 2014. In addition, the Company signed a Restated Warrant Agreement with each of the relevant executives amending certain terms of the Warrant Agreements, including the exercise date of the Warrants and the exercise price, which was set at U.S. $0.27 per warrant. In accordance with the amendment, one-fifth of each of the Series I, Series II and Series III Warrants may be exercised as from September 28th 2010, 2011, 2012, 2013 and 2014, and will remain in effect for fifteen years from the date of issuance.

*Edenor Debt Issuance*

On April 13, 2009, the Board of Directors of Edenor approved the issuance and listing of Floating Rates Notes due 2013 for a principal amount of up to Ps. 150 million, within the framework of the Global Medium Term Corporate Notes Issuance Program.

On May 7, 2009, Edenor issued Ps. 75.7 million Class No. 8 Notes, with a four year maturity, priced at 100% of principal, accruing interest as of the date of issuance at a floating rate equal to the BADLAR private rate plus a spread of 6.75% per annum. The Notes will pay interest quarterly, with the first interest payment date on August 7, 2009. The principal amount will be amortized in 13 consecutive quarterly installments, with the first principal payment date on May 7, 2010.

The Company requested the listing of the notes on the BCBA and its admission to negotiation on the Mercado Abierto Electronico S.A.

*Acquisition of own shares*

On April 15, 2009, the Company's Board of Directors resolved to establish the terms and conditions to acquire own shares issued by the Company by means of transactions on the market for up to Ps. 64 million and a maximum number of shares equivalent to the maximum amount to be invested. The price to be paid for the shares was established between Ps. 0.80 and Ps. 1.20 per share.

Consequently, the Company acquired after March 31, 2009 and until the issuance of these consolidated financial statements, 6,950,000 Class A shares with a face value of Ps. 1, issued by the Company at a total acquisition cost of Ps. 6,874,568.

**NOTE 19. OTHER FINANCIAL STATEMENT INFORMATION**

The following tables present additional financial statement disclosures:

a. Fixed assets, net

b. Short-term investments

c. Intangible assets, net

d. Goodwill, net

e. Allowances and provisions

f. Cost of sales

g. Foreign currency assets and liabilities

h. Other expenses

(in Argentine Pesos (“Ps.”) – unless otherwise stated)

**a. Fixed Assets, net**

| Account | Original values | | | | | | Depreciation | | | | | 03.31.09 | 12.31.08 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At the beginning of the year | Increases for the period | Increases for acquisition (1) | Disposals | Transfers | At the end of the period | At the beginning of the year | Amount for the period | % | Disposals | Accumulated at the end of the year | Net book value (Unaudited) | Net book value (Audited) |
| Land | 9,994,511 | - | - | - | - | 9,994,511 | - | - | - | - | - | 9,994,511 | 9,994,511 |
| Properties | 199,080,879 | - | - | (6,998,926) | 104,911 | 192,186,864 | (13,313,889) | (1,982,878) | 2-6.66% | - | (15,296,767) | 176,890,097 | 185,766,990 |
| High, Medium and Low voltage lines | 1,845,698,063 | - | - | (340,000) | 25,572,000 | 1,870,930,063 | (118,048,822) | (23,836,388) | 3-4-5% | 201,000 | (141,684,210) | 1,729,245,853 | 1,727,649,241 |
| Substations | 681,006,153 | - | - | - | 51,579,000 | 732,585,153 | (37,067,651) | (7,461,312) | 3-4% | - | (44,528,963) | 688,056,190 | 643,938,502 |
| Transformers chamber and platforms | 410,189,433 | - | - | - | 9,248,000 | 419,437,433 | (22,535,880) | (4,653,454) | 3-4% | - | (27,189,334) | 392,248,099 | 387,653,553 |
| Meters | 402,678,000 | - | - | - | 8,540,000 | 411,218,000 | (31,052,000) | (6,934,916) | 4-5% | - | (37,986,916) | 373,231,084 | 371,626,000 |
| High-voltage lines | 395,460,665 | 650,424 | - | - | - | 396,111,089 | (30,022,545) | (4,273,443) | 2.7-3.3% | - | (34,295,988) | 361,815,101 | 365,438,120 |
| Electricity equipment | 308,709,198 | 18,361 | - | - | 3,085 | 308,730,644 | (22,585,288) | (3,459,712) | 5-20% | - | (26,045,000) | 282,685,644 | 286,123,910 |
| Aerial and semi-heavy equipment | 10,144,714 | 343,109 | - | - | 62,380 | 10,550,203 | (2,022,729) | (106,667) | 3-4% | - | (2,129,396) | 8,420,807 | 8,121,985 |
| Laboratory and maintenance | 3,857,886 | 6,520 | - | - | 6,532 | 3,870,938 | (1,315,994) | (81,257) | 4-5% | - | (1,397,251) | 2,473,687 | 2,541,892 |
| Generation equipment and machinery | 525,947,429 | 3,389,528 | 303,655 | (1,417) | (1,278,643) | 528,360,552 | (49,166,315) | (8,874,574) | 3-4% | - | (58,040,889) | 470,319,663 | 476,781,114 |
| Vehicles | 14,889,461 | 507,209 | 69,262 | (43,684) | 132,167 | 15,554,415 | (2,980,917) | (1,100,589) | 20-50% | - | (4,081,506) | 11,472,909 | 11,908,544 |
| Furniture and fixtures | 43,713,828 | 1,916,200 | 103,364 | (169,136) | (16,331) | 45,547,925 | (15,384,216) | (3,527,613) | 12-20% | 36,039 | (18,875,790) | 26,672,135 | 28,329,612 |
| Computer and software equipment | 68,923,542 | - | - | - | 22,565 | 68,946,107 | (9,608,731) | (1,756,055) | 20% | - | (11,364,786) | 57,581,321 | 59,314,811 |
| Spare Parts | 56,996,449 | 4,165,679 | - | (1,692,835) | (689) | 59,468,604 | - | - | - | - | - | 59,468,604 | 56,996,449 |
| Tools and machines | 11,305,452 | 539,923 | - | - | 1,141,885 | 12,987,260 | (4,419,945) | (514,940) | 10-33% | - | (4,934,885) | 8,052,375 | 6,885,507 |
| Works in progress | 509,703,598 | 205,345,367 | 8,706,923 | (12,225,699) | (95,013,501) | 616,516,688 | - | - | - | - | - | 616,516,688 | 509,703,598 |
| Work and compulsory work performed | 7,533,912 | - | - | - | - | 7,533,912 | (1,119,872) | (103,787) | 4.5% | - | (1,223,659) | 6,310,253 | 6,414,040 |
| Advances to suppliers | 359,483,709 | 36,132,334 | 117,506,025 | (5,515,878) | (103,361) | 507,502,829 | - | - | - | - | - | 507,502,829 | 359,483,709 |
| **Total as of 03.31.09** | 5,865,316,882 | 253,014,654 | 126,689,229 | (26,987,575) | - | 6,218,033,190 | (360,644,794) | (68,667,585) | | 237,039 | (429,075,340) | 5,788,957,850 | |
| **Total as of 12.31.08** | 5,277,742,601 | 806,000,270 | - | (218,425,989) | - | 5,865,316,882 | (104,544,409) | (261,238,423) | | 5,138,038 | (360,644,794) | | 5,504,672,088 |

(1) C orresponds to increases of fixed assets for additionally acquisition of Inversora Ingentis and Endisa.

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**b. Short-term investments**

| | As of March 31, 2009 (Unaudited) | As of December 31, 2008 (Audited) |
|---|---|---|
| Time deposits and other securities | 53,035,407 | 140,645,853 |
| Government securities | 77,777,211 | 115,984,002 |
| Corporate securities | 38,488,685 | 16,555,295 |
| Mutual funds | 115,811,147 | 142,281,880 |
| Shares in other companies | 80,622,476 | 48,510,401 |
| Trusts | 15,030,635 | 14,489,491 |
| Total | 380,765,561 | 478,466,922 |

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**c. Intangible assets, net**

| | Original values | | | | | | Accumulated depreciation | | | 03.31.09 | 12.31.08 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Main Account | At the begining of the year | Increases for the period | Increases for acquisition (1) | Disposals | Transfers | At the end of the period | At the begining of the year | Amount for the period | At the end of the period | Net book value as of 03.31.09 (Unaudited) | Net book value as of 12.31.08 (Audited) |
| Concession contract | 335,368,056 | - | - | - | - | 335,368,056 | (42,275,447) | (4,685,263) | (46,960,710) | 288,407,346 | 293,092,609 |
| Organization expenses | 3,219,140 | - | 3,219,139 | - | - | 6,438,279 | - | (10,703) | (10,703) | 6,427,576 | 3,219,140 |
| Trademarks and patents | 5,000 | - | - | - | - | 5,000 | - | - | - | 5,000 | 5,000 |
| Intangibles identificable in distribution acquired | 24,524,452 | - | - | - | - | 24,524,452 | (3,722,805) | (1,012,724) | (4,735,529) | 19,788,923 | 20,801,647 |
| **Total as of 03.31.09** | 363,116,648 | - | 3,219,139 | - | - | 366,335,787 | (45,998,252) | (5,708,690) | (51,706,942) | 314,628,845 | |
| **Total as of 12.31.08** | 363,110,940 | 5,708 | - | - | - | 363,116,648 | (24,762,307) | (21,235,945) | (45,998,252) | | 317,118,396 |

(1) Corresponds to increases of fixed assets for additionally acquisition of Inversora Ingentis and Endisa.

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**d. Goodwill, net**

| Main account | Original values | Accumulated amortization | Net book value as of 03.31.09 | Net book value as of 12.31.08 |
|---|---|---|---|---|
| Transelec (1) | (17,369,690) | 2,225,926 | (15,143,764) | (15,343,903) |
| Inversora Nihuiles (2) | (745,689) | 106,609 | (639,080) | (649,742) |
| Inversora Diamante (2) | 10,859,826 | (1,518,854) | 9,340,972 | 9,492,859 |
| Dilurey (3) | 4,732,712 | (617,924) | 4,114,788 | 4,183,446 |
| Powerco (3) | 906,787 | (118,394) | 788,393 | 801,548 |
| CIESA (4) | 183,380,415 | (23,937,411) | 159,443,004 | 163,084,750 |
| DESA (5) | 444,667,068 | (8,036,154) | 436,630,914 | 437,970,273 |
| IEASA (5) | 22,784,530 | (411,772) | 22,372,758 | 22,441,388 |
| CTG (3) | (2,171,469) | 454,052 | (1,717,417) | (1,776,778) |
| HIDISA (2) | 139,289 | (10,472) | 128,817 | 130,911 |
| Edenor (5) | (7,654,000) | 24,000 | (7,630,000) | (7,654,000) |
| Ingentis (6) | (24,371,264) | - | (24,371,264) | - |
| Total as of 03.31.09 | 615,158,515 | (31,840,394) | 583,318,121 | |
| Total as of 12.31.08 | 639,529,779 | (26,849,027) | | 612,680,752 |

(1) Useful life has been estimated at 21 years based on the average weighted remaining useful life of the subsidiaries' assets subject to depreciation.

(2) Useful lives have been estimated at 17 years based on the remaining term of the concession contracts of Hidroeléctrica Los Nihuiles and Hidroeléctrica Diamante, subsidiaries of Inversora Nihuiles and Inversora Diamante, respectively.

(3) Useful life has been estimated at 17 years based on the average weighted remaining useful life of the assets subject to depreciation of CTG, subsidiary of Dilurey and Powerco at acquisition date.

(4) Useful life has been estimated at 13 years based on the average weighted remaining useful life of the assets subject to depreciation of Central Piedra Buena, CIESA's subsidiary.

(5) Useful life has been estimated at 83 years based on the remaining useful life of Edenor concession contract.

(6) A negative goodwill related to the portion attributable to identified nonmonetary assets has been recognized. It is not amortized.

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**e. Allowances and provisions**

| | 03.31.09 | | | |
|---|---|---|---|---|
| | **Balances at the beginning of the year** | **Increases** | **Decreases** | **Balances at the end of the period** |
| **Deducted from assets** | | | | |
| Allowance for doubtful accounts | 39,652,424 | 8,404,000 | (1,315,000) | 46,741,424 |
| Allowance for other receivables | 8,607,105 | 2,607,000 | - | 11,214,105 |
| **Total allowances deducted from assets** | 48,259,529 | 11,011,000 | (1,315,000) | 57,955,529 |
| | | | | |
| **Included in Liabilities** | | | | |
| Provision for contingencies | 104,466,559 | 3,618,143 | (731,000) | 107,353,702 |
| **Total provision included in liabilities** | 104,466,559 | 3,618,143 | (731,000) | 107,353,702 |
| **Total as of 03.31.09** | 152,726,088 | 14,629,143 | (2,046,000) | 165,309,231 |

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**f. Cost of sales**

| | For the three-month periods ended March 31, | |
|---|---|---|
| | 2009 | 2008 |
| Inventory at the beginning of the year | 25,810,445 | 41,905,190 |
| Purchase of fuel and energy | 342,438,490 | 251,646,403 |
| Expenses for generation, transmission and distribution | 445,220,269 | 465,769,261 |
| Holding gain on inventory | (45,005) | 3,581,453 |
| Inventory at the end of the period | (25,017,671) | (19,350,519) |
| Cost of sales | 788,406,528 | 743,551,788 |

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**g. Foreign currency assets and liabilities**

| | 03.31.09 (Unaudited) | | | | 12.31.08 (Audited) |
|---|---|---|---|---|---|
| | Foreign currency class and amounts | | Exchange rate | Amount in Ps. | Amount in Ps. |
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and banks | US$ | 24,341,564 | 3.680 | 89,576,956 | 104,581,952 |
| | EUR | 35,777 | 4.874 | 174,385 | 205,545 |
| | R$ | 842,043 | 1.590 | 1,338,849 | 1,306,934 |
| | US | 247,614 | 0.153 | 37,856 | 1,410 |
| Investments | US$ | 17,172,805 | 3.680 | 63,195,921 | 280,536,927 |
| | R$ | 1,598 | 1.590 | 2,540 | - |
| Trade receivables | US$ | 8,531,661 | 3.680 | 31,396,513 | 35,916,985 |
| | R$ | 1,082,029 | 1.590 | 1,719,881 | 1,664,453 |
| Other receivables | US$ | 3,755,735 | 3.680 | 13,821,105 | 68,765,687 |
| | EUR | 46,963 | 4.874 | 228,909 | 110,017 |
| | NOK | 294,202 | 0.544 | 160,000 | - |
| | R$ | 674,779 | 1.590 | 1,072,559 | 846,352 |
| | US | 3,241 | 0.153 | 495 | 176 |
| **Total current assets** | | | | **$ 202,725,969** | **$ 493,936,438** |
| **Non-current assets** | | | | | |
| Trade receivables | US$ | 111,680 | 3.680 | 410,982 | 288,405 |
| Other receivables | US$ | 10,800 | 3.680 | 39,744 | 36,426,660 |
| | R$ | 327,137 | 1.590 | 519,983 | 387,826 |
| Fixed assets | US$ | 28,023 | 3.680 | 103,124 | 95,642 |
| | EUR | - | - | - | 5,472,543 |
| Investments | US$ | 105,932,855 | 3.680 | 389,833,172 | 369,111,117 |
| **Total non-current assets** | | | | **$ 390,907,005** | **$ 411,782,193** |
| **Total assets** | | | | **$ 593,632,974** | **$ 905,718,631** |

US$: U.S. Dollars
EUR: Euros
R$: Brazilian Reais
NOK: Norwegian Krones
US: Uruguayan Pesos

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**g. Foreign currency assets and liabilities (continued)**

| | 03.31.09 (Unaudited) | | | | 12.31.08 (Audited) |
|---|---|---|---|---|---|
| | Foreign currency class and amounts | | Exchange rate | Amount in Ps. | Amount in Ps. |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable | US$ | 18,616,334 | 3.720 | 69,252,764 | 55,941,682 |
| | EUR | 418,042 | 4.928 | 2,059,901 | 3,916,138 |
| | CHF | - | - | - | 1,485,000 |
| | R$ | 196,632 | 1.590 | 312,546 | 143,037 |
| Financial debt | US$ | 19,823,877 | 3.720 | 73,744,823 | 32,010,816 |
| | EUR | - | - | - | 1,140,000 |
| Salaries and social security payable | US$ | 802 | 3.720 | 2,984 | 2,894 |
| | R$ | 397,505 | 1.590 | 631,832 | 542,765 |
| | US | 139,702 | 0.153 | 21,358 | 24,761 |
| Taxes payable | R$ | 56,780 | 1.590 | 90,252 | 100,039 |
| Other liabilities | US$ | 1,727,391 | 3.720 | 6,425,894 | 5,820,037 |
| | R$ | 459,998 | 1.590 | 731,165 | 962,942 |
| | US | 148,446 | 0.153 | 22,695 | 42,308 |
| **Total current liabilities** | | | | **$ 153,296,214** | **$ 102,132,419** |
| **Non-current liabilities** | | | | | |
| Accounts payable | US$ | - | - | - | 118,383 |
| Financial debt | US$ | 520,715,284 | 3.720 | 1,937,060,856 | 2,302,934,130 |
| Taxes payable | R$ | 59,248 | 1.590 | 94,175 | 86,422 |
| Other liabilities | US$ | 46,330 | 3.720 | 172,348 | - |
| Allowances | US$ | 64,063 | 3.720 | 238,313 | 238,313 |
| **Total non-current liabilities** | | | | **$ 1,937,565,692** | **$ 2,303,377,248** |
| **Total liabilities** | | | | **$ 2,090,861,906** | **$ 2,405,509,667** |

US$: U.S. Dollars
EUR: Euros
R$: Brazilian Reais
NOK: Norwegian Krones
US: Uruguayan Pesos

(in Argentine Pesos ("Ps.") – unless otherwise stated)

**h. Other expenses**

| | Administration | Selling | Generation/ Transmission/ Distribution | For the three-month periods ended March 31, 2009 | 2008 |
|---|---|---|---|---|---|
| Salaries and social security | 20,093,349 | 11,326,044 | 88,288,474 | 119,707,867 | 83,341,726 |
| Fees and compensation for services | 14,235,673 | 12,200,081 | 29,610,607 | 56,046,361 | 59,286,282 |
| Directors and Sindycs' fees | 3,055,262 | - | 700,231 | 3,755,493 | 2,829,406 |
| Reserve for Directors' options | 2,941,668 | - | - | 2,941,668 | 2,941,668 |
| Depreciation of fixed assets | 2,817,994 | 829,883 | 64,783,360 | 68,431,237 | 63,285,413 |
| Amortization of intangible assets | 10,703 | - | 5,697,987 | 5,708,690 | 5,959,841 |
| Amortization of other assets | - | - | 5,683,052 | 5,683,052 | 5,683,051 |
| Royalties and fees | - | - | 8,910,187 | 8,910,187 | 6,675,314 |
| Doubtful accounts | - | 11,011,000 | - | 11,011,000 | 3,355,136 |
| Maintenance | 830,229 | 24,322 | 5,459,843 | 6,314,394 | 5,607,667 |
| Transport and per diem | 421,347 | 15,056 | 1,432,150 | 1,868,553 | 1,950,265 |
| Rental and insurance | 4,268,615 | 193,000 | 5,164,474 | 9,626,089 | 5,377,300 |
| Surveillance and security | 417,046 | 10,000 | 1,401,482 | 1,828,528 | 1,840,101 |
| Fuel consumption | 41,056 | - | 197,131,368 | 197,172,424 | 262,621,144 |
| Material and spare parts consumption | 433,000 | 590,000 | 26,001,482 | 27,024,482 | 16,466,014 |
| Taxes, rates and contributions | 10,618,916 | 5,532,194 | 696,184 | 16,847,294 | 15,260,037 |
| Communication | 958,528 | 1,845,608 | 838,597 | 3,642,733 | 3,974,580 |
| Advertising and promotion | 3,914,723 | - | - | 3,914,723 | 879,292 |
| Office expenses | 383,421 | 2,016 | 98,908 | 484,345 | 390,488 |
| Other expenses | 2,477,528 | 2,142,936 | 3,321,883 | 7,942,347 | 7,567,990 |
| Total as of 03.31.09 | 67,919,058 | 45,722,140 | 445,220,269 | 558,861,467 | |
| Total as of 03.31.08 | 56,377,117 | 33,146,337 | 465,769,261 | | 555,292,715 |