

UNAUDITED INTERIM FINANCIAL STATEMENTS

AT SEPTEMBER 30, 2007

PRESENTED IN COMPARATIVE FORMAT



PAMPA HOLDING S.A.

DIRECTORS

President Marcos Marcelo Mindlin

Vicepresident Damián Miguel Mindlin

Full Directors Gustavo Mariani
Ricardo Alejandro Torres
Diana Mondino
Brian Henderson
Miguel Miguel
Alfredo Mac Laughlin
Diego Salaverri

Alternate Directors Pablo Díaz
Alejandro Mindlin
Rogelio Pagano
Javier Douer
Gabriel Cohen
Carlos Tovagliari
Damián Tabakman

SURVEILLANCE COMMITTEE

Surveillance Committee José Daniel Abelovich
Javier Errecondo
Damián Burgio
Marcelo Héctor Fuxman
Baruki Gonzalez
Saturnino Funes

AUDIT COMMITTEE

Full Members Diana Mondino
Alfredo Mac Laughlin
Damián Miguel Mindlin
Miguel Kiguel

PAMPA HOLDING S.A.

**UNAUDITED FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2007
PRESENTED IN COMPARATIVE FORMAT**

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PAMPA HOLDING S.A.

Unaudited Financial Statements as of September 30, 2007

For the nine-month period commenced on January 1, 2007

Presented in comparative format

Company's main line of business: Investments in undertakings and in companies of any nature on the Company's own behalf or on behalf of third parties or of third parties' associates in Argentina and abroad.

Dates of registration with the Public Registry of Commerce:

– By-laws: February 21, 1945

– Latest amendments to By-laws: September 5, 2006

Date of expiration of By-laws or Incorporation agreement: June 30, 2044

Type of shares	CAPITAL STATUS (Note 5 to the Unaudited parent-only Financial Statements)		
	Shares		
	Number of shares authorized to list for trading in a public offering	Subscribed \$	Paid-in \$
Ordinary book-entry, entitled to 1 vote each	1,526,194,242	1,526,194,242	1,526,194,242

PAMPA HOLDING S.A.

Consolidated Balance Sheets as of September 30, 2007 (unaudited) and December 31, 2006

Amounts in pesos - Note 2.3 to the Unaudited parent-only Financial Statements

	09.30.07	12.31.06		09.30.07	12.31.06
<u>ASSETS</u>			<u>LIABILITIES</u>		
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash and banks	133,653,481	23,142,888	Accounts payable (Note 3 h))	406,022,368	42,378,326
Short-term investments (Note 3 a))	986,093,533	182,670,957	Financial debts (Note 3 j))	57,862,005	6,496,379
Trade receivables (Note 3 b))	504,846,579	78,395,136	Salaries and social security payable	70,800,696	10,276,649
Other receivables (Note 3 c))	113,677,896	28,243,461	Taxes payable (Note 3 i))	133,925,745	23,997,556
Materials and spare parts	22,702,671	-	Other debts (Note 3 k))	94,114,537	19,268,601
Inventories	3,132,270	3,009,120	Provisions	36,615,000	-
Other assets	43,010	43,010	Total Current Liabilities	799,340,351	102,417,511
Total Current Assets	1,764,149,440	315,504,572			
<u>NON-CURRENT ASSETS</u>			<u>NON-CURRENT LIABILITIES</u>		
Trade receivables (Note 3 b))	201,823,769	62,349,285	Accounts payable (Note 3 h))	80,273,454	50,797,686
Long-term investments	518,530	66,678	Financial debts (Note 3 j))	1,698,645,023	358,952,956
Other receivables (Note 3 c))	205,041,667	27,403,529	Salaries and social security payable	30,037,577	-
Materials and spare parts	22,652,901	-	Taxes payable (Note 3 i))	564,919,233	146,104,967
Inventories	8,326,361	9,329,890	Other debts (Note 3 k))	276,715,064	49,079,955
Fixed assets (Note 3 d))	4,798,393,435	776,298,365	Provisions	45,701,230	-
Intangible assets (Note 3 e))	371,886,634	330,661,176	Total Non-current Liabilities	2,696,291,581	604,935,564
Other assets (Note 3 f))	171,165,070	188,214,225	Total Liabilities	3,495,631,932	707,353,075
Subtotal Non-current Assets	5,779,808,367	1,394,323,148			
Goodwill (Note 3 g))	607,414,538	(11,763,365)	MINORITY INTEREST	1,488,039,861	490,710,315
Total Non-current Assets	6,387,222,905	1,382,559,783	SHAREHOLDERS' EQUITY	3,167,700,552	500,000,965
Total Assets	8,151,372,345	1,698,064,355	Total Liabilities, Minority interest and Shareholders' Equity	8,151,372,345	1,698,064,355

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

PAMPA HOLDING S.A.

Unaudited Consolidated Statement of Income

For the nine-month period
ended September 30, 2007

Amounts in pesos - Note 2.3 to the Unaudited parent-only Financial Statements

	09.30.07
Sales (Note 3.I))	716,521,689
Holding results of shares	23,877,282
Cost of sales (Note 3 m))	(557,044,286)
Gross income	183,354,685
Selling expenses (Exhibit H)	(5,091,833)
Administrative expenses (Exhibit H)	(49,909,981)
Goodwill amortization	(1,985,824)
Operating income	126,367,047
Financial and holding results	
Generated by assets:	
Interest income	49,221,438
Bank taxes and charges	(4,854,256)
Foreign currency exchange difference	48,199,194
Translation gains	3,689,288
Result of receivables measurement at present value	(3,898,256)
Holding results of securities and mutual funds	(7,727,339)
Sundry	1,094,295
Generated by liabilities:	
Interest on loans	(34,270,868)
Foreign currency exchange difference	(13,329,118)
Result of measurement of liabilities at present value	(6,991,383)
Result of financial debt restructuring	(691,490)
Sundry	(647,451)
Total financial and holding results	29,794,054
Other expenses, net	(4,031,858)
Income before taxes and minority interest in subsidiaries	152,129,243
Income tax (Note 4)	(8,741,537)
Minority interest in subsidiaries	(26,724,370)
Net income for the period	116,663,336
Basic earnings per share	0.1216
Diluted earnings per share	0.1122

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

PAMPA HOLDING S.A.

Unaudited Consolidated Statement of Cash Flows

For the nine-month period

ended September 30, 2007

Amounts in pesos – Note 2.3 to the Unaudited parent-only Financial Statements

	09.30.07
CHANGES IN CASH AND CASH EQUIVALENTS	
Cash and cash equivalents at the beginning of year	77,555,254
Cash and cash equivalents at the end of period	1,026,985,306
Net increase in cash and cash equivalents	949,430,052
REASONS FOR CHANGES IN CASH	
OPERATING ACTIVITIES	
Net income for the period	116,663,336
Income tax	8,741,537
Accrued interest	32,158,817
Adjustments to arrive at the net cash flows provided by operating activities:	
Depreciation of fixed assets	37,511,023
Amortization of concession contracts	13,971,363
Depreciation of other assets	17,049,155
Goodwill amortization	1,985,824
Reserve for Directors' options	8,825,003
Financial debt restructuring	691,490
Foreign currency exchange difference and other holding results	6,463,477
Holding result of short-term investments	(13,798,545)
Minority interest in subsidiaries	26,724,370
Result for sale of fixed assets and intangible assets	2,593,409
Changes in operating assets and liabilities	
Increase in trade receivables	(79,122,853)
Increase in other receivables	(22,026,065)
Increase in materials and spare parts	(12,253,925)
Decrease in inventories	1,005,339
Increase in accounts payable	39,334,189
Increase in salaries and social security payable	768,228
Decrease in taxes payable	(6,334,468)
Increase in other debts	2,535,940
Increase in provisions	143,895
Net cash flow provided for operating activities	183,630,539
INVESTMENT ACTIVITIES	
Payment for acquisition of companies net of funds obtained	(57,954,598)
Collection from temporary investments	77,465,619
Increase in investments (guarantee deposits)	(28,170,191)
Payment for acquisition of fixed assets	(458,846,586)
Collection from the sale of fixed assets	589,443
Net cash flow used in investment activities	(466,916,313)
FINANCING ACTIVITIES	
Shareholders' contributions	1,288,904,276
Variation in minority interest	(236,071)
Payment of bank and financial debt	(55,952,379)
Net cash flow provided by financing activities	1,232,715,826
NET INCREASE IN CASH AND CASH EQUIVALENTS	949,430,052

The Company considers all highly liquid investments with an original maturity on three month or less to be cash equivalents

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

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

At September 30, 2007 and December 31, 2006

Amounts in pesos – Note 2.3 to the unaudited parent-only Financial Statements

NOTE 1: CONSOLIDATION OF FINANCIAL STATEMENTS

In accordance with General Resolutions Nos. 368/01 and 372/01 of the National Securities Commission, the consolidated financial statements must precede the individual financial statements of the issuing entity. This regulation only implies changing the order of disclosure of the consolidated information, without altering the nature of the parent-only financial statements as the principal information and the consolidated financial statements as complementary information, in accordance with Commercial Companies Law No. 19550 and professional standards. Consequently, for the purpose of their correct interpretation, these consolidated financial statements must be read in conjunction with the Company's parent-only financial statements which are presented after the consolidated information.

Basis of consolidation

The unaudited consolidated financial statements of Pampa Holding S.A. ("the Company") include Transelec Argentina S.A. ("Transelec"), Inversora Nihuales S.A. ("Inversora Nihuales") and Inversora Diamante S.A. ("Inversora Diamante"), Dilurey S.A. ("Dilurey"), Pampa Energía S.A. ("Pampa Energía"), Corporación Independiente de Energía S.A. ("CIESA"), IPC Operation Limited ("IPC"), Dolphin Energía S.A. ("DESA"), and IEASA S.A. ("IEASA") according to the line by line consolidation method established by Technical Pronouncement No. 21 of the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE") and Inversora Ingentis S.A. ("Inversora Ingentis") according to the proportionally consolidation method.

Data reflecting corporate control are as follows:

Company	Percentage of interest held in capital stock and possible voting rights
	09.30.07
Transelec	89.76 (*)
Inversora Nihuales	90.27
Inversora Diamante	91.60
Dilurey	100.00
Pampa Energía	99.99
IPC	100.00
CIESA	100.00
DESA	100.00
IEASA	100.00

Data reflecting joint corporate control is as follows:

Company	Percentage of interest held in capital stock and possible voting rights
	09.30.07
Inversora Ingentis	50.00

(*) See Note 8 to the unaudited parent-only financial statements.

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 1: (Contd.)

In addition, the financial statements of Transelec are proportionally consolidated to those of Compañía Inversora en Transmisión Eléctrica Citelec S.A. ("Citelec") as a result of the joint control of 50% of the shares in this company, which also consolidates the financial information of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. ("Transener"), as it holds 52.65% of its shares.

The financial statements of Powerco S.A. are consolidated line by line with those of Central Térmica Güemes ("CTG"), given the holding of 60% of voting common stock in this company (see Note 9 to the unaudited parent-only financial statements).

The financial statements of CIESA are consolidated line by line with those of Central Piedra Buena S.A. ("CPB"), given the holding of 99.99% of the shares in this company.

The financial statements of DESA and IEASA are consolidated line by line with those of Electricidad Argentina S.A. (EASA), given the holding of 95.1175% and 4.8825%, respectively of the shares in that company. The financial statements of EASA are consolidated line by line with those of the financial statements of Empresa Distribuidora y Comercializadora Norte S.A. (EDENOR), given the holding of 51% of the shares in this company.

The financial statements of the subsidiaries used for consolidation purposes were prepared at the same closing date as that of the consolidated financial statements, covering the same periods, except for the financial statements of CIESA and IPC which cover the period from the date of acquisition to period end, and have been prepared following accounting criteria similar to those applied by the Company in preparing its financial statements, which are detailed in Note 3 to the unaudited parent-only financial statements. Furthermore, the financial statements of DESA and IEASA used for consolidation purposes do not include results, since those companies were acquired on September 28, 2007 (see Note 13 to the unaudited parent-only financial statements).

NOTE 2: REGULATORY FRAMEWORK FOR SUBSIDIARIES

2.1 Transener and Transba

Transener was organized on May 31, 1993 under laws Nos. 23696 and 24065 and Decree 2743/92. The privatization of Transener took place on July 17, 1993, when it took control of networks under a Contract with Transener entered into by the Government and Citelec, the majority shareholder of Transener.

On July 30, 1997, the province of Buenos Aires privatized Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires S.A. ("Transba"), a company organized in March 1996 as the holder and operator of the regional transmission of electric energy through trunk distribution in the province of Buenos Aires. Transener acquired 90% of the capital stock of Transba on August 5, 1997.

Transener S.A. is the leading company in extra-high voltage electricity transmission utility services in Argentina. Transener operates and maintains an electricity generation network under a concession contract which grants it the exclusive right to provide the public extra-high voltage (mainly 500 kW) utility, through its network of approximately 9,300 kilometers

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 2: (Contd.)

for a term of 95 years. It is also the holder and operator of the Transba network under the Transba Concession Contract which grants it the exclusive right to provide the public electricity transmission utility service in the Province of Buenos Aires through 5,991 km (66 kW to 220 kW) trunk lines throughout the Transba Network for a term of 95 years.

Under the concession contracts of Transener and Transba, the companies receive revenues for the operation and maintenance of the networks. The National Electricity Regulatory Entity ("ENRE") controls revenues received by the companies under the terms of the concession contracts and applicable laws, such revenues being subject to deductions for fines for unavailability of the network equipment that are calculated based on a formula established in the concession contracts and applicable regulations. The Company rates have three compensation components: i) revenue for electricity transmission, (ii) charges for capacity, and (iii) charges for connection. Originally, the concession contracts had set forth that these revenues were to be calculated in US dollars and converted to pesos at the exchange rate applicable at the billing date. The concession contracts establish a semi-annual rate adjustment based on a United States IPC and IPP formula. Pursuant to the Law on Public Emergency, the rates charged by Transener and Transba were converted to pesos at the exchange rate of Ps. 1.00 per US dollar, the adjustments according to the United States IPC and IPP were forbidden, and the obligation to renegotiate the contracts while the service continued to be provided was established; this process had not yet concluded at the date these financial statements were submitted.

2.2 Hidroeléctrica Nihuales e Hidroeléctrica Diamante

Inversora Nihuales is a holding company that owns Class A and Class B shares, representative of 31% and 20%, respectively, of the capital stock and voting rights of Hidroeléctrica Nihuales, an electricity generating company situated in the province of Mendoza, with an installed capacity of 265 MW which has been awarded (i) a provincial concession for the use of hydroelectric energy of the Atuel river, situated in the district of San Rafael, province of Mendoza, approximately 1,100 km southwest of Buenos Aires, (ii) a national concession for the generation and sale of hydraulic energy through its hydroelectric system, and (iii) shares representative of 4.9% of Termoeléctrica José de San Martín S.A. and shares representative of 4.9% of Termoeléctrica Manuel Belgrano S.A.

Inversora Diamante is a holding company that owns 59% of the capital stock and voting rights of Hidroeléctrica Diamante, an electricity generating company situated in the province of Mendoza, with an installed capacity of 388.4 MW, which has been awarded (i) a provincial concession for the use of hydroelectric energy of the Diamante river, located in the district of San Rafael, province of Mendoza, approximately 1,100 km southwest of Buenos Aires, (ii) a national concession for the generation and sale of hydraulic energy through its hydroelectric system, and (iii) shares representative of 2.5% of Termoeléctrica José de San Martín S.A. and shares representative of 2.5% of Termoeléctrica Manuel Belgrano S.A.

The main corporate purpose of Hidroeléctrica Nihuales and Hidroeléctrica Diamante is the generation, marketing and sale of block electricity by operating the hydroelectric plant systems under the terms and conditions of the following concession contracts:

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 2: (Contd.)

- Concession Contracts to operate in provincial jurisdictions awarded by the provincial government under similar terms and conditions and at the expense of each company for the hydroelectric exploitation of the Atuel River by Hidroeléctrica Nihuales and Diamante River by Hidroeléctrica Diamante. These concessions were awarded under Provincial Law No. 6088, dated December 21, 1993 and similar provisions.

- Concession contracts to operate in national jurisdictions awarded by the Government under similar terms and conditions, at the expense and for account of each company for the generation of hydraulic energy through the respective hydroelectric plant systems of Hydroelectric Nihuales and Hidroeléctrica Diamante. These concessions were awarded under Laws Nos. 15336, 23696 and 24065 and related provisions.

The Concession Contracts provide the awarding of the concessions for a term of 30 years, commencing on June 1, 1994 for Hidroeléctrica Nihuales and on October 19, 1994 for Hidroeléctrica Diamante.

By means of Resolution 712/2004 of the Energy Secretariat, the Government created the Fund for stimulating investments to increase electricity supply in the Wholesale Electricity Market (known as FONINVEMEM) to be allocated to investments in power generation, to increase supply of energy. This Fund is administered by Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("CAMMESA").

Pursuant to Resolution 1371 dated October 27, 2005, the Energy Secretariat accepted the participation of Hidroeléctrica Nihuales S.A. and Hidroeléctrica Diamante S.A. in the final agreement for the construction, operation and maintenance of the two power plants, by contributing the minimum percentage established (65% of sales computations with a due date to be defined until December 31, 2006, and 50% as from January 1, 2007).

2.3 EDENOR

EDENOR is the holder of the concession to distribute electricity for a term of 95 years counted as from August 5, 1992 exclusively in the Northern-Western region of the Greater Buenos Aires and in the northern region of the City of Buenos Aires, which covers a surface of 4,637 square kilometers and has a population of approximately seven million inhabitants.

Its rates and other concession terms are subject to regulation by the Argentine Government, acting through the Energy Secretariat and the National Electricity Regulatory Entity, or ENRE. In general, EDENOR passes on to its customers the cost of its purchases of energy and charges them a regulated distribution margin or added distribution value (VAD), with a view to covering the Company's distribution costs (including depreciation charges and taxes) and providing it with adequate returns on its asset base.

On September 21, 2005, EDENOR signed a memorandum of agreement with the National Government relating to the adjustment and renegotiation of its concession terms entitled Memorandum of Agreement on the Amendment to the Concession Contract for the Public Service involving the Distribution and Sale of Electric Energy ("Memorandum of Agreement"). Subsequently, EDENOR signed the Memorandum of Agreement with the

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 2: (Contd.)

National Government again on February 13, 2006 under the same terms and subject to the same conditions as those originally agreed. The Memorandum of Agreement was fully ratified by the National Government in January 2007.

The Memorandum of Agreement contemplates a method for the adjustment of the costs of Company's rates, known as Cost Monitoring Method ("MMC"). According to this method, the ENRE reviews the Company's distribution costs every six months (in May and November of each year). If the variation between the Company's actual distribution costs and those recognized at that time (as initially set forth in the Memorandum of Agreement or, if adjusted according to any subsequent MMC, the latest distribution cost established by the MMC) is 5% or higher, the ENRE will adjust the Company's distribution margin to reflect its actual distribution cost. The Company may also request that the MMC be used at any time in which the variation between the Company's actual distribution costs and its distribution costs recognized at that time is at least 10%.

The rate increases already granted and any subsequent increases to be granted according to the MMC, shall remain in force until a new rate regime is approved by the ENRE based on a Comprehensive Rate Review ("RTI") process, as set forth in the Memorandum of Agreement. The Memorandum of Agreement provides that the general parameters of the RTI, including a review on the part of the ENRE of actual costs, quality standards and the value of its asset base, with the aim of providing the Company with an adequate rate of return on its asset base through a new rate regime. In this regard, under the Memorandum of Agreement the ENRE is required to determine the value of the Company's asset base taking into account the historical cost of its assets, adjusted following a fair and reasonable criterion to reflect the actual value of its assets.

The Comprehensive Rate Review process had not yet concluded at the date of issue these unaudited financial statements.

NOTE 3: DETAIL OF BALANCE SHEET ACCOUNTS

Consolidated Balance Sheets at September 30, 2007 (unaudited) and December 31, 2006

a) Investments

<u>Current</u>	<u>09.30.07</u>	<u>12.31.06</u>
Time deposits	237,288,553	54,412,366
Investments in shares and bonds	748,804,980	128,258,591
	<u>986,093,533</u>	<u>182,670,957</u>

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 3: (Contd.)

b) Trade receivables

	<u>09.30.07</u>	<u>12.31.06</u>
<u>Current</u>		
Trade receivables – Electricity distribution	345,862,000	-
CAMMESA	108,259,366	49,220,194
Consolidated receivables Res. 406/03 – Secretariat of Energy	22,124,200	11,090,022
Trade receivables - Wholesale Electric Market	38,223,536	10,311,905
Debtors in litigation	14,148,946	-
Intercompanies and related companies	447,597	658,250
Other	16,494,083	7,528,398
Allowance for bad debts	<u>(40,713,149)</u>	<u>(413,633)</u>
	<u>504,846,579</u>	<u>78,395,136</u>
<u>Non-current</u>		
Trade receivables – Electricity distribution	109,583,000	-
FONINVEMEM consolidated receivable – Secretary of Energy	133,065,387	100,116,479
CAMMESA	618,431	-
Other	378,136	232,000
Adjustment to FONINVEMEM trade receivables at discounted value	<u>(41,821,185)</u>	<u>(37,999,194)</u>
	<u>201,823,769</u>	<u>62,349,285</u>
c) Other receivables		
<u>Current</u>		
Tax credits	24,578,850	5,872,451
Advances to suppliers	47,947,290	3,217,072
Directors and syndics' fee advances	1,690,585	602,081
Legal attachments	1,498,120	5,763,429
Guarantee deposits	4,240,744	5,578,412
Intercompanies and related companies	8,101,671	275,922
Pre-paid expenses	8,345,477	3,758,604
Other debtors	13,630,000	-
Sundry	6,475,159	3,175,490
Allowance for uncollectibility risk	<u>(2,830,000)</u>	<u>-</u>
	<u>113,677,896</u>	<u>28,243,461</u>
<u>Non-current</u>		
Tax credits	130,857,038	20,504,966
Equity interest program for the personnel	5,449,560	5,612,419
Deferred income tax credit	68,441,981	1,166,434
Sundry	293,088	119,710
	<u>205,041,667</u>	<u>27,403,529</u>

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 3: (Contd.)

d) Fixed assets

Main account	Original values	Accumulated depreciation	Net book value at 09.30.07	Net book value at 12.31.2006
Land	8,951,373	-	8,951,373	894,025
Properties	168,366,094	(3,031,708)	165,334,386	25,689,595
High-voltage lines	292,892,064	-	292,892,064	-
Medium-voltage lines	556,412,580	-	556,412,580	-
Low-voltage lines	851,819,336	-	851,819,336	-
Substations	664,494,091	-	664,494,091	-
Transformer chambers and platforms	349,670,599	-	349,670,599	-
Meters	347,339,000	-	347,339,000	-
High-voltage lines	351,759,893	(11,939,575)	339,820,318	325,243,944
Electricity equipment	254,810,211	(9,624,675)	245,185,536	251,385,916
Aerial and semi-heavy equipment	6,840,103	(252,998)	6,587,105	3,713,080
Laboratory and maintenance	2,122,957	(122,031)	2,000,926	1,833,309
Generation equipment and machinery	325,844,972	(11,487,785)	314,357,187	11,373,565
Vehicles	11,484,941	(1,693,624)	9,791,317	6,251,274
Furniture and fixtures	13,698,843	(323,961)	13,374,882	1,120,873
Computer and software equipment	3,508,876	(1,284,630)	2,224,246	1,472,085
Telecommunication equipments	61,390,588	(1,902,228)	59,488,360	28,120,946
Spare parts	43,443,844	-	43,443,844	36,295,791
Tools and machines	7,417,208	(1,447,517)	5,969,691	2,083,518
Work in progress	298,050,034	-	298,050,034	68,222,307
Work and compulsory work performed	7,693,757	(713,662)	6,980,095	7,500,164
Sundry	-	-	-	3,393,819
Advances to suppliers	214,206,465	-	214,206,465	1,704,154
Total at 09.30.07	<u>4,842,217,829</u>	<u>(43,824,394)</u>	<u>4,798,393,435</u>	
Total at 12.31.06	<u>784,415,375</u>	<u>(8,117,010)</u>		<u>776,298,365</u>

e) Intangible Assets

Main account	Original values	Accumulated depreciation	Net book value at 09.30.2007	Net book value at 12.31.2006
Concession contract for the generation of electricity	335,368,055	(18,827,522)	316,540,533	330,661,176
Intangibles identifiable in Distribution acquired	55,346,101	-	55,346,101	-
Total at 09.30.2007	<u>390,714,156</u>	<u>(18,827,522)</u>	<u>371,886,634</u>	
Total at 12.31.2006	<u>335,368,057</u>	<u>(4,706,881)</u>		<u>330,661,176</u>

f) Other Assets – Non-current

Main account	Original values	Accumulated depreciation	Net book value at 09.30.2007	Net book value at 12.31.2006
Cuarta Línea Project	173,072,966	(21,056,402)	152,016,564	167,808,866
Exchange difference capitalization	13,825,384	(1,675,804)	12,149,580	13,406,433
Frigorífico La Pampa Building	6,998,926	-	6,998,926	6,998,926
Total at 09.30.2007	<u>193,897,276</u>	<u>(22,732,206)</u>	<u>171,165,070</u>	
Total at 12.31.2006	<u>193,897,276</u>	<u>(5,683,051)</u>		<u>188,214,225</u>

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 3: (Contd.)

g) Goodwill

Main account	Original values	Accumulated depreciation	Net book value at 09.30.2007	Net book value at 12.31.2006
Transelec (1)	(15,350,242)	1,050,108	(14,300,134)	(21,735,914)
Inversora Nihuales (2)	(745,689)	42,646	(703,043)	(735,036)
Inversora Diamante (2)	10,859,826	(607,546)	10,252,280	10,707,585
Dilurey (3)	4,732,712	(205,974)	4,526,738	-
Powerco (3)	906,787	(39,465)	867,322	-
Central Piedra Buena (4)	157,818,545	(1,955,871)	155,862,674	-
EDENOR (5)	450,908,701	-	450,908,701	-
Total at 09.30.2007	<u>609,130,640</u>	<u>(1,716,102)</u>	<u>607,414,538</u>	
Total at 12.31.2006	<u>(12,033,087)</u>	<u>269,722</u>		<u>(11,763,365)</u>

(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 useful life of the concession contracts of HINISA and HIDISA, subsidiaries of INNISA and INDISA, 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.

(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.

	<u>09.30.07</u>	<u>12.31.06</u>
h) Accounts payable		
Current		
Suppliers for the purchase of electricity	280,959,370	-
Suppliers for the purchase of fuels	53,096,921	-
Suppliers for the purchase of goods and services	31,866,738	20,499,865
CAMMESA	14,306,944	8,513,210
Fees and royalties	3,618,483	5,258,526
Technical operator fees	-	1,014,195
Intercompanies and related parties	506,540	656,638
Deferred income	7,246,346	6,298,231
Advances to customers	14,421,026	137,661
	<u>406,022,368</u>	<u>42,378,326</u>
Non-current		
Deferred income	3,592,897	4,060,808
Advances to customers	76,680,557	46,736,878
	<u>80,273,454</u>	<u>50,797,686</u>

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 3: (Contd.)

	09.30.07	12.31.06
i) Taxes payable		
<u>Current</u>		
Provision for income tax	34,138,412	23,084,000
Asset tax provision	6,834,712	261,281
Income tax withholdings and pre-payments	(15,536,462)	(15,407,355)
Provision for VAT debit	44,843,278	2,541,057
Municipal Contributions	27,816,553	-
Tax related to energy	27,247,959	6,261,011
Income tax withholdings to be deposited	4,436,599	-
Sundry	4,144,694	7,257,562
	<u>133,925,745</u>	<u>23,997,556</u>
<u>Non-current</u>		
Deferred tax liabilities	543,600,304	131,100,365
Tax debit on consolidated credit	21,318,929	15,004,602
	<u>564,919,233</u>	<u>146,104,967</u>
	09.30.07	12.31.06
j) Financial debts		
<u>Current</u>		
Financial loans	16,404,983	-
Negotiable obligations	26,137,014	6,525,659
Interest	16,397,817	-
Adjustment to financial debt at discounted value	(1,077,809)	(29,280)
	<u>57,862,005</u>	<u>6,496,379</u>
<u>Non-current</u>		
Financial loans	9,077,153	-
Negotiable obligations	1,739,815,308	367,424,767
Interest	581,000	-
Adjustment to financial debt at discounted value	(50,828,438)	(8,471,811)
	<u>1,698,645,023</u>	<u>358,952,956</u>
k) Other debts		
<u>Current</u>		
Purchase option for Transelec shares – Note 8 to the parent-only financial statements	40,781,879	-
CAMMESA investment fund	12,755,000	-
Program of rational use of energy	8,483,000	-
Fees for the public offering process	818,000	-
Fees for the issue of negotiable obligations	4,531,000	-
Subsidiaries and related parties	350,179	-
Provision for directors and syndics' fees	1,731,680	640,443
Provisions	21,889,131	17,603,856
Sundry	2,774,668	1,024,302
	<u>94,114,537</u>	<u>19,268,601</u>

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 3: (Contd.)

	09.30.07	12.31.06
k) Other debts		
Non-current		
ENRE fines and bonuses	260,180,000	-
Debt for purchase of Subsidiaries	15,914,543	15,095,056
Purchase option of shares in Transelec - Note 8 to the parent-only financial statements	-	33,984,899
Subsidiaries and related parties	105,139	-
Sundry	515,382	-
	276,715,064	49,079,955

Unaudited consolidated statement of income for the nine-month period ended September 30, 2007

	09.30.07
l) Sales	
Generation	527,050,161
Transport	186,958,330
Other	2,513,198
	716,521,689
m) Cost of sales	
Purchases of energy	77,746,158
Cost of generation/transmission – Consolidated Exhibit H	478,294,599
Cost of sales of inventories	1,003,529
	557,044,286

NOTE 4: INCOME TAX AND DEFERRED TAX METHOD

The table below shows the breakdown of net consolidated deferred tax liabilities at September 30, 2007:

	09.30.07
Tax loss-carry forwards	257,859,763
Accounts receivables	17,262,386
Fixed assets and intangible assets	(580,384,822)
Liabilities	25,344,804
Other	(2,951,516)
Subtotal	(282,869,385)
Valuation allowance of tax loss carryforwards	(192,288,938)
Net deferred tax liabilities	(475,158,323)

Below is a reconciliation between consolidated income tax charged to results for the nine-month period ended September 30, 2007 and that which would result if the statutory tax rate were to be applied to the income before taxes:

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 4: (Contd.)

	09.30.07
Income tax calculated at the current tax rate (35%) on the income before income tax	(53,245,235)
Permanent differences:	
Directors' options	(3,088,751)
Capital increase expenses	12,768,384
Income from exempted investments	21,188,986
Dividends collected	688,338
Tax on equity interests in companies	(812,264)
Amortization of goodwill	(695,038)
Other	(4,464,705)
Subtotal	(27,660,285)
Recognition of deferred tax assets resulting from the discount of FONINVEMEM receivables at current value	13,299,718
Variation of the valuation allowance of tax loss carryforwards	5,619,030
Income tax expense	(8,741,537)

NOTE 5: SEGMENT REPORTING

The Company's business is mainly focused on the electricity sector, with a participation in the electricity transmission and generation segments distributed among the different legal entities in which the Company has an equity interest. The following business segments have been identified by means of its subsidiaries and based on the nature, customers and risks involved:

Electricity Transmission: Made up of the indirect equity interest in Transener S.A. and its subsidiaries.

Electricity Generation: Made up of the direct equity interest in Pampa Energía, the indirect equity interests in Hidroeléctrica Nihuiles, Hidroeléctrica Diamante and Central Térmica Güemes and investments in shares in other companies related to the electricity generation sector.

Electricity Distribution: Made up of the indirect equity interest in EDENOR.

Holding: Made up of own operations, such as advisory services and financial investments.

Other: Made up of investments in real estate and other companies not related to the electricity sector.

Below is a table with the information for each segment identified by the Company at September 30, 2007 and December 31, 2006, except for Electricity Distribution, since no results have been generated at the date of issue of these unaudited financial statements (see Note 13 to the unaudited parent-only financial statements):

PAMPA HOLDING S.A.

Notes to the unaudited consolidated financial statements

NOTE 5: SEGMENT REPORTING (Contd.)

	<u>Transmission</u>	<u>Generation</u>	<u>Distribution</u>	<u>Holding</u>	<u>Other</u>	<u>Deletions</u>	<u>Consolidated</u>
Unaudited Consolidated Income Statement Information at 09.30.2007							
Transmission sales	186,958,330	-	-	-	-	-	186,958,330
Generation sales	-	527,050,161	-	-	-	-	527,050,161
Holding result of shares	-	20,421,773	-	-	3,455,509	-	23,877,282
Other sales	-	-	-	4,315,406	1,563,641	(3,365,849)	2,513,198
Total sales	186,958,330	547,471,934	-	4,315,406	5,019,150	(3,365,849)	740,398,971
Cost of sales	(100,563,012)	(390,400,235)	-	-	(1,003,529)	792,356	(491,174,420)
Subtotal	86,395,318	157,071,699	-	4,315,406	4,015,621	(2,573,493)	249,224,551
Administrative expenses excluding depreciation and amortization charges	(16,083,937)	(14,275,385)	-	(10,138,343)	-	1,801,445	(38,696,220)
Selling expenses excluding depreciation and amortization charges	-	(3,741,117)	-	(813,769)	(1,036,078)	772,048	(4,818,916)
Subtotal	70,311,381	139,055,197	-	(6,636,706)	2,979,543	-	205,709,415
Reserve for director's options	-	-	-	(8,825,003)	-	-	(8,825,003)
Fixed assets depreciation (1)	(22,453,880)	(15,030,718)	-	(26,425)	-	-	(37,511,023)
Intangible assets amortization (1)	149,280	(14,120,643)	-	-	-	-	(13,971,363)
Other assets amortization(1)	(17,049,155)	-	-	-	-	-	(17,049,155)
Amortization of goodwill	638,798	(2,624,622)	-	-	-	-	(1,985,824)
Operating results	31,596,424	107,279,214	-	(15,488,134)	2,979,543	-	126,367,047
Financial and holding results							
Generated by assets	6,230,726	17,893,710	-	61,599,928	-	-	85,724,364
Generated by liabilities	(39,600,729)	(16,037,899)	-	-	(291,682)	-	(55,930,310)
Other income and expenses, net	799,817	(2,801,958)	-	(2,158,912)	129,195	-	(4,031,858)
(Loss) Income before income tax and minority interest in subsidiaries	(973,762)	106,333,067	-	43,952,882	2,817,056	-	152,129,243
Income Tax	(2,348,517)	(11,483,119)	-	5,090,099	-	-	(8,741,537)
Minority interest in subsidiaries	3,212,154	(29,936,524)	-	-	-	-	(26,724,370)
Net Income (Loss) for the period	(110,125)	64,913,424	-	49,042,981	2,817,056	-	116,663,336
 (1) Charged to:							
Costs of sales	(37,162,193)	(28,707,673)	-	-	-	-	(65,869,866)
Selling expenses	-	(272,917)	-	-	-	-	(272,917)
Administrative expenses	(2,191,562)	(170,771)	-	(26,425)	-	-	(2,388,758)
Total Assets	1,023,050,498	2,060,619,844	4,715,919,496	585,307,257	48,562,014	(282,086,764)	8,151,372,345
Total Liabilities	832,940,094	863,035,557	3,460,155,420	102,315,970	7,311,516	(282,086,764)	4,983,671,793

Consolidated Information at 09.30.2007

Fixed assets acquisitions

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 6: SUBSIDIARY FINANCING STRUCTURE

6.1 Transener

In October 2006 Transener started a process for refinancing its financial debt which consisted of an offer to purchase Class 6 and Class 8 Negotiable Obligations at Par in cash, and to fully redeem Class 7 and Class 9 Negotiable Obligations at a Discount, outstanding at that date, the purchase of approximately 76% of the total securities offered having been accepted.

Furthermore, as part of this refinancing, Transener summoned Bondholders' meetings for Class 6 and Class 8 Negotiable Obligations at Par to submit to their consideration an amendment to the Trust Agreement (Indenture) so as to substantially eliminate all the negative covenants and events of default contained in the terms and conditions of those Negotiable Obligations. The bondholders' meetings were held on December 14, 2006 at which the holders of Class 6 and Class 8 Negotiable Obligations at Par approved the amendment under the terms proposed by Transener.

To finance the purchase offer and the redemption of the above bonds, Class 1 negotiable Obligations for US\$ 220,0 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 amortized in four equal services on December 15, 2013, 2014, 2015 and 2016.

Class 1 Negotiable Obligations have been authorized for public offering in Argentina pursuant to the provisions of CNV Resolution No. 15523 dated November 30 2006. Furthermore, those marketable securities have been authorized to list for trading on the Buenos Aires and Luxemburg Stock Exchanges, according to authorizations granted by those entities, and to list for trading in Mercado Abierto Electrónico S.A.

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

Under the refinancing terms, Transener and its restricted subsidiaries are subject to compliance with a series of restrictions. At the date of issue of these financial statements Transener and its subsidiaries had fulfilled these obligations.

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 6: (Contd.)

6.2 EDENOR

At September 30, 2007, the debt for EDENOR negotiable obligations is the following :

Negotiable obligation	Class	Debt structure in thousands of US\$	At September 30, 2007 (in thousands of pesos)
At par – At a fixed rate	A	73,485	231,476
	B	39,685	125,008
At par – At variable rates	A	12,656	39,867
	B	65,666	206,850
Discount option	A	138,334	435,751
	B	65,666	206,850
Total		329,826	1,038,952

The debt amortization schedule for future years is detailed below:

Years	Amount in thousands of US\$
2008	10,200
2009	10,200
2010	10,200
2011	22,150
2012	32,350
2013	32,350
2014	134,348
2015	11,950
2016	57,218
2017	1,266
2018	1,266
2019	6,328
	329,826

The average cost of negotiable obligations is 8% per annum.

At the date of issue of these financial statements, EDENOR was in compliance with its obligations as established in the trust agreement in relation to the negotiable obligations issued upon completion of the financial debt restructuring.

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 6: (Contd.)

6.3 EASA

At September 30, 2007 EASA debt for negotiable obligations was as follows:

<u>Negotiable obligation</u>	<u>Class</u>	<u>Amount in US\$</u>
At par – At a fixed rate	-	12,874,441
At a discount – At a fixed rate	Class A	67,025,141
At a discount – At a fixed rate	Class B	5,969,160
Falling due in 2004	-	<u>60,000</u>
Total		85,928,742

The average cost of the negotiable obligations is 7.9%, with final maturity in 2016 and 2017.

At the date of issue of these financial statements, EASA was in compliance with its obligations under the trust agreement in relation to the negotiable obligations issued upon completion of the financial debt restructuring.

6.4 CTG

On June 12, 2007 CTG publicly launched an offer to exchange all outstanding Series A Negotiable Obligations for US\$ 31,668,600 accruing interest at 2% and falling due in 2013 and Series B Negotiable Obligations for US\$ 21,931,400 accruing interest at 2% and falling due in 2013. the exchange offer was authorized by resolutions adopted by the Unanimous Ordinary Meetings of Shareholders held on June 28, 2007 and by the Board Meetings held on June 12, 2007, June 21, 2007 and June 28, 2007.

The above-mentioned meeting of shareholders approved the issuance of ordinary unsecured unsubordinated US dollar-denominated Negotiable Obligations, not convertible for shares, for up to US\$ 34,840,000, their issuance being subject to the actual launch of the exchange offer and to compliance with other terms and conditions established for it.

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 6: (Contd.)

On July 20, 2007, date of expiration of the exchange offer, 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, proceeded to:

- Issue and deliver ordinary Negotiable Obligations accruing interest at a rate of 10.5%, falling due on September 11, 2017 for a nominal value of US\$ 22,030,320.
- Pay US\$ 8,864,635 in cash to the holders that exercised this option.
- Pay creditors which accepted the offer in advance US\$ 335,566 in cash for unpaid interest accrued until the exchange date, plus a cash payment for US\$ 72,770.

The public offering of the new Negotiable Obligations was authorized in Argentina pursuant to Certificate No. 329 issued by the Argentine Securities Commission on July 11, 2007. Furthermore, those marketable securities have been authorized to list for trading on the Buenos Aires Stock Exchange, and for trading in Mercado Abierto Electrónico S.A.

At September 30 2007, the indebtedness held by CTG considering the new securities issued and the outstanding balance of the holders which did not participate in the exchange amounted to \$ 89.5 million.

NOTE 7: **RESTRICTED ASSETS, LIMITATION ON THE TRANSFERABILITY OF SHARES AND OBLIGATIONS ASSUMED**

7.1 Transener and Transba

7.1.1 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.

7.1.2 Limitation on the transferability of Transener and Transba 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"

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 7: (Contd.)

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.

7.2 EDENOR

7.2.1 Limitation on the transferability of EDENOR 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 Negotiable Obligations 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.

7.2.2. Restrictions on the distribution of retained earnings

As from the restructuring of the financial debt mentioned in Note 6.2, EDENOR may not distribute dividends until the earlier of 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.

7.3. 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. At September 30, 2007, the Government of the Province of Mendoza had not performed any

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 7: (Contd.)

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 Nihuales 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.

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 1651/07 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 Nihuales S.A., as established by Decree 334/06 and ratified by Law 7541.

NOTE 8: **SUBSEQUENT EVENTS**

a) EDENOR – Negotiable Obligation Issue Program

Within the framework of a Global medium-term Negotiable Obligation Issue Program for up to US\$ 600,000,000 outstanding at any time (or its equivalent in other currencies), on October 9 2007 Edenor issued through a public offering Class No. 7 of Negotiable Obligations for US\$ 220,000,000, for a term of ten years, at an issue price of 100% of the principal amount, bearing interest as from the issue date at an annual fixed rate of 10.5%, payable on April 9 and October 9 of each year. The first service will be due on April 9, 2008, principal being amortized in a sole payment upon maturity on October 9, 2017. EDENOR applied for the listing of its Negotiable Obligations on the Buenos Aires Stock Exchange, its admission to the trading regime on Mercado Abierto Electrónico S.A., the listing of its shares on the Luxemburg Stock Exchange, and sought acceptance for trading on the Euro Market MTF, the alternative market of the Luxemburg Stock Exchange. Furthermore, the Company may apply for admission to the trading regime on the PORTAL Market and authorization to list and/or trade the Negotiable Obligations in any other self-regulating stock exchange or market in Argentina and/or abroad.

EDENOR shall destine most of the net funds it receives from the sale of the Negotiable obligations through this offering to defray the repurchase, payment or redemption of its outstanding Negotiable Obligations at a Discount, falling due in 2014.

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 8: (Contd.)

Main commitments:

1) Negative covenants

The terms and conditions of the Negotiable Obligations include a series of negative covenants pursuant to which EDENOR shall not:

- create or permit to create liens on its property or assets;
- incur indebtedness, in certain cases;
- sell its assets;
- enter into transactions with shareholders or related companies;
- make certain payments (including dividends, purchases of shares in Edenor or payments of subordinated debt).

2) Suspension of commitments:

Certain negative covenants under the Negotiable Obligations shall be suspended or modified if:

EDENOR obtains an Investment Grade Rating of its long-term debt, or if its Indebtedness Ratio is equal to or lower than 2.5.

If EDENOR's Investment Grade Rating is subsequently downgraded, or its Indebtedness Ratio is in excess of 2.5, where applicable, the suspended negative covenants shall start to apply again.

However, the suspended covenants shall have no effect regarding acts performed by EDENOR during the suspension of those covenants.

b) EDENOR – Repurchase of Negotiable Obligations

As required under the contract for the issue of negotiable obligations, from October 1, 2007 to the date of submission of these financial statements, EDENOR partially repurchased in successive operations at market prices the “negotiable obligations at a discount” and “at par at a fixed rate”, for an amount of US\$ 125.7 million (nominal value).

c) EDENOR – Regulatory framework

On October 4, 2007 Resolution 1037/2007 of the Energy Secretariat of the Nation was published in the Official Gazette, which established that from the funds arising from the difference between the collection of additional charges derived from the implementation of the Program for the Streamlined Use of Electric Energy (PUREE) and the payment of rebates granted to users under that program, are to be deducted the sums EDENOR pays for the Quarterly Index-adjustment Coefficient (CAT) implemented by article 1 of Law No. 25957 and the amounts according to the Cost Monitoring Method (MMC) (Note 11 b and c), until their actual passing on to the rate is recognized.

PAMPA HOLDING S.A.
Notes to the unaudited consolidated financial statements

NOTE 8: (Contd.)

Furthermore, it established an adjustment of 9.63% according to the MMC for the period from May 2006 to April 2007, applicable as from May 1, 2007.

Additionally, ENRE Resolution No. 710/2007 was adopted on October 25, 2007, approving the MMC compensating procedure established by Resolution No.1037/2007 of the Energy Secretariat of the Nation.

PAMPA HOLDING S.A.

Unaudited Consolidated information required by section 64 subsect. b) of Law No. 19550

For the nine-month period ended September 30, 2007

Amounts in pesos – Note 2.3 to the unaudited parent-only financial statements

Exhibit H

Items	Expenses			Total at 09.30.07
	Administrative	Selling	Generation/ transmission	
Salaries and social security payables	13,196,025	1,673,301	52,659,892	67,529,218
Fees and compensation for services	7,278,501	317,747	8,956,623	16,552,871
Directors and syndics' salaries	4,099,644	-	-	4,099,644
Reserve for directors' options	8,825,003	-	-	8,825,003
Depreciation of fixed assets	2,388,758	272,917	34,849,348	37,511,023
Amortization of the concession contract	-	-	13,971,363	13,971,363
Amortization of other assets	-	-	17,049,155	17,049,155
Royalties and fees	-	-	17,353,467	17,353,467
Maintenance	426,163	-	10,389,143	10,815,306
Transport and per diem	1,291,146	42,508	3,715,644	5,049,298
Rental and insurance	3,502,517	524,858	4,504,286	8,531,661
Surveillance and security	7,133	69,092	1,444,667	1,520,892
Fuel consumption	142,224	-	264,245,990	264,388,214
Materials consumption	-	-	31,060,176	31,060,176
Taxes, rates and contributions	4,028,176	1,778,953	3,358,194	9,165,323
Communication	426,057	29,473	2,034,663	2,490,193
Advertising and promotion	667,175	208,252	-	875,427
Contingencies	125,361	-	-	125,361
Office expenses	776,999	38,625	292,601	1,108,225
Other expenses	2,729,099	136,107	12,409,387	15,274,593
Total at 09.30.07	49,909,981	5,091,833	478,294,599	533,296,413

PAMPA HOLDING S.A.

Unaudited Parent-only Financial Statements
At September 30, 2007
presented in comparative format

PAMPA HOLDING S.A.

Balance Sheets as of September 30, 2007 (unaudited) and December 31, 2006

Amounts in pesos - Note 2.3

	09.30.07	12.31.06		09.30.07	12.31.06
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 4 a))	55,663,162	17,540,875	Accounts payable (Note 4 f))	3,797,104	2,376,928
Short-term investments (Exhibits C and D)	434,451,798	151,542,745	Salaries and social security payable	515,636	365,331
Trade receivables (Note 4 b))	1,478,097	1,704,534	Taxes payable (Note 4 g))	7,255,321	6,915,999
Other receivables (Note 4 c))	86,559,193	5,199,547	Other debts (Note 4 h))	98,059,425	100,000
Inventories (Note 4 d))	3,009,120	3,009,120	Total Current Liabilities	109,627,486	9,758,258
Total Current Assets	581,161,370	178,996,821			
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Trade receivables (Note 4 b))	378,136	232,000	Taxes payable (Note 4 g))	-	701,196
Other receivables (Note 4 c))	7,723,960	2,259,478	Other debts (Note 4 h))	15,914,543	49,079,955
Inventories (Note 4 d))	8,326,361	9,329,890	Total Non-current Liabilities	15,914,543	49,781,151
Long-term investments (Exhibits C)	2,688,202,899	361,637,137	Total Liabilities	125,542,029	59,539,409
Other assets (Note 4 e))	6,998,926	6,998,926			
Fixed assets (Exhibit A)	450,929	86,122	SHAREHOLDERS' EQUITY		
Total Non-current Assets	2,712,081,211	380,543,553	(per related statement)	3,167,700,552	500,000,965
Total Assets	3,293,242,581	559,540,374	Total Liabilities and Shareholders' Equity	3,293,242,581	559,540,374

The accompanying notes and exhibits are an integral part of these financial statements.

PAMPA HOLDING S.A.
Unaudited Statements of Income

For the nine-month period ended September 30, 2007
presented in comparative format ⁽¹⁾

Amounts in pesos - Note 2.3

	09.30.07	09.30.06
Holding results of shares (Exhibit C)	13,798,545	(73,372)
Result of investment in subsidiaries (Note 4 i)	59,334,606	-
Goodwill amortization	(1,985,824)	-
Income from sales and services	5,879,047	-
Cost of sales (Exhibit F)	(1,003,529)	-
Gross Income/ loss	76,022,845	(73,372)
Selling expenses (Exhibit H)	(1,849,847)	(402,885)
Administrative expenses (Exhibit H)	(18,989,771)	(2,389,009)
Operating result	55,183,227	(2,865,266)
Financial and holding results		
-Generated by assets		
- Interest income	32,979,374	1,399,826
- Bank charges	(1,273,597)	-
-Tax on financial transactions	(2,372,112)	-
- Foreign currency exchange difference	40,204,937	455,225
- Holding result of bonds and mutual funds	(8,501,173)	-
- Other financial results	562,499	-
-Generated by liabilities		
- Interest expense	(595,488)	(175)
- Tax interest	(291,682)	(140,667)
- Foreign currency exchange difference	(2,293,031)	-
Total financial and holding results	58,419,727	1,714,209
Other income , net	(2,029,717)	-
Income (loss) before taxes	111,573,237	(1,151,057)
Income tax (Note 4.j)	5,090,099	535,588
Net income/loss for the period	116,663,336	(615,469)
Basic earnings per share (Note 3 l)	0,1216	0,0035
Diluted earnings per share (Note 3 l)	0,1122	0,0035

The accompanying notes and exhibits are an integral part of these financial statements.

(1) See Note 2.5

PAMPA HOLDING S.A.

Unaudited Statements of Changes in Shareholders' Equity

For the nine-month period ended September 30, 2007

presented in comparative format ⁽¹⁾

amounts in pesos – Noe 2.3

	SHAREHOLDERS' CONTRIBUTIONS			Reserve for directors' options (Note 12)	Legal Reserve	Discretionary Reserve	(Accumulated deficit) retained earnings	Total at 09.30.07	Total at 09.30.06
	Common stock (Note 5)	Paid-in capital	Total						
Balances at beginning of year	446,000,000	45,000,000	491,000,000	2,941,667	-	-	6,059,298	500,000,965	144,701,915
Capital increase – Meeting held on June 16, 2006 and January 24, 2006– Note 1	600,000,000	688,904,276	1,288,904,276	-	-	-	-	1,288,904,276	345,000,000
Setting up of reserves – Note 7	-	-	-	-	896,129	5,163,169	(6,059,298)	-	-
Capital increase – Meeting held on August 30, 2007 – Notes 1 and 13	480,194,242	773,112,730	1,253,306,972	-	-	-	-	1,253,306,972	-
Reserve for directors' options – Note 12 – Note 13	-	-	-	8,825,003	-	-	-	8,825,003	-
Net income/loss for the period	-	-	-	-	-	-	116,663,336	116,663,336	(615,469)
Balances at 09.30.07	1,526,194,242	1,507,017,006	3,033,211,248	11,766,670	896,129	5,163,169	116,663,336	3,167,700,552	
Balances at 09.30.06	446,000,000	45,000,000	491,000,000	-	-	-	(1,913,554)		489,086,446

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

(1) See Note 2.5

PAMPA HOLDING S.A.

Unaudited Statements of Cash Flows

For the nine-month period ended September 30, 2007

presented in comparative format ⁽¹⁾

amounts in pesos – Note 2.3

	09.30.07	09.30.06
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of year	40,825,029	8,124,703
Cash and cash equivalents at the end of period	466,434,618	184,880,870
Net increase in cash and cash equivalents	425,609,589	176,756,167
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	116,663,336	(615,469)
Income tax and asset tax	(5,090,099)	(535,588)
Accrued interest	887,170	-
Adjustments to reconcile net income for the period to net cash flows provided by (used in) operating activities:		
Depreciation of fixed assets	26,425	5,438
Amortization of intangible assets	-	2,505
Amortization of goodwill	1,985,824	-
Exchange difference generated by other debts	2,293,031	(455,225)
Interest and index-adjustment of tax payable	-	140,667
Result from investments in subsidiaries	(59,334,606)	-
Short-term investments holding results	(13,798,545)	567,117
Reserve for Directors' options	8,825,003	-
Changes in operating assets and liabilities		
Decrease in trade receivables	80,301	93,846
Increase in other receivables	(1,635,006)	(1,618,234)
Decrease (Increase) in inventories	1,003,529	(47,023)
Increase in accounts payable	1,420,176	1,345,671
Increase in salaries and social security payable	150,305	31,797
Increase in taxes payable	1,058,760	686,216
(Decrease)increase in other debts	(506,846)	47,001
Minimum notional income tax payments	(1,032,120)	-
Net cash flow provided by / (used in) operating activities	52,996,638	(351,281)
CASH USED IN INVESTMENT ACTIVITIES		
Purchase of companies	(318,765,428)	-
Contributions in subsidiaries	(634,732,240)	-
Collection of short-term investments	77,465,619	-
(Decrease)Increase in investments not equivalent to cash	64,591,517	(162,427,452)
Payments of investments on behalf of subsidiaries	(80,779,219)	-
Increase of investments on behalf of subsidiaries	(23,680,342)	(5,434,040)
Net fixed asset additions	(391,232)	(31,060)
Net cash flow used in investment activities	(916,291,325)	(167,892,552)
CASH PROVIDED BY FINANCING ACTIVITIES		
Capital increase paid up	1,288,904,276	345,000,000
Net cash flow provided by financing activities	1,288,904,276	345,000,000
NET INCREASE IN CASH	425,609,589	176,756,167
Significant transactions not representing variation in funds:		
Acquisition of subsidiary financed through the issue of Company shares	1,253,306,972	-

Cash and banks plus highly liquid investments (original maturities of three months or less) were considered cash.

The accompanying notes and exhibits are an integral part of these financial statements.

(1) See Note 2.5

PAMPA HOLDING S.A.

Notes to the unaudited financial statements

At September 30, 2007 and 2006 and

December 31, 2006

Amounts in pesos – Note 2.3

NOTE 1: DESCRIPTION OF BUSINESS

Pampa Holding S. A. 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 1,900 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 450 MW. In the transmission business, the Company controls operation and maintenance of the high-tension transmission network in Argentina which covers some 9,600 km of lines of its own, as well as 6,000 km of high-tension lines belonging to Transba. Transener carries 95% of electricity in Argentina. In the distribution business, through EDENOR, the Company distributes electricity among over 2,400,000 customers throughout the northern region of the Federal Capital 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. GDSs (Global Depository Shares) representative of shares in the Company are also listed for trading on the Luxemburg Stock Exchange and on the Euro MTF Market.

The Extraordinary Meeting of Shareholders held on January 24, 2006 approved a capital increase for up to \$140,000,000, taking the corporate capital to \$146,000,000.

In addition, the General Extraordinary Meeting of Shareholders of September 16, 2006 approved a new capital increase for up to \$ 900,000,000 (nine hundred million pesos face value), increasing capital from \$ 146,000,000 to \$ 1,046,000,000 by means of the issue of up to 900,000,000 of new ordinary, book-entry shares of 1 vote each and of \$ 1 face value each, delegating timing and amount of each issue to the Board of Directors. Under this new capital increase, in September 2006 a capital increase for 300,000,000 ordinary, book-entry, non-callable shares of 1 vote each and of \$ 1 face value each was subscribed and paid up at \$ 1.15 each.

On January 15, 2007 the Board of Directors approved the issue of 600,000,000 shares at \$2.23 each. That process concluded on February 22, 2007, the Company recording net income for \$1,288, 904,276.

The Extraordinary Meeting of Shareholders held on August 30, 2007 approved the issue of 480,194,242 shares of common stock entitled to one vote each, with an additional paid-in capital of \$1.61 per share, that is, an issue price of \$2.61 per each share of common stock in the Company, to be paid up in kind by means of a transfer to the Company of the indirect shareholdings in Empresa Distribuidora y Comercializadora Norte S.A. This transaction was in the end consummated on September 28, 2007 (see Note 13).

PAMPA HOLDING S.A.

NOTE 2: BASIS OF PRESENTATION

2.1 Financial statement preparation and presentation

These unaudited financial statements are stated in Argentine pesos, and were prepared in accordance with generally accepted accounting principles issued by the FACPCE, as approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA") with certain modifications, and the regulations of the National Securities Commission ("CNV").

The Company's unaudited parent-only financial statements have been prepared including the information required by current legal and professional accounting standards. The Company's Management recommends the reading of the parent-only financial statements together with the unaudited consolidated financial statements, which are presented at the beginning and are an integral part of the unaudited parent-only financial statements, for an adequate interpretation of the financial position and the changes in the results of the Company and its subsidiaries.

The financial Statements for the nine-month periods ended September 30, 2007 and 2006 have not been audited. The Company's management estimates that they include all the adjustments necessary to present fairly the results for each period. The results for the nine-month periods ended September 30, 2007 and 2006, do not necessarily reflect the proportion of the Company's results for the full years.

Certain reclassifications have been made to prior period financial statements to present it in comparative format with this period information.

2.2. New accounting standards

On August 10, 2005, through Resolution CD No. 93/2005, the CPCECABA approved the unification within its jurisdiction of professional accounting standards with those issued by the FACPCE. Application of Technical Pronouncements Nos. 6, 7, 8, 9, 11, 14, 15, 16, 17, 18, 21 and 22 of the FACPCE shall be mandatory within the jurisdiction of the Autonomous City of Buenos Aires, with the amendments introduced by that body until January 1, 2005.

The standards approved shall come into force for fiscal years commencing as from January 1, 2006, their early application being admitted.

On December 29, 2005, through Resolutions Nos. 485 and 487, the CNV adopted the CPCECABA standards with certain modifications.

The main change derived from the unification of accounting standards is the treatment of the adjustment for inflation of the deferred tax calculation, which allows recognizing such liability as a temporary or permanent difference for fiscal years commencing as from January 1, 2006, the application of this standard in advance being optional. At present, the adjustment for inflation is considered as a permanent difference in the calculation of deferred tax.

As established by the new accounting standards, the Company has decided not to recognize the deferred liability derived from the adjustment for inflation of fixed and other non-monetary assets. The effect is included in Note 4 j).

PAMPA HOLDING S.A.

NOTE 2: (Contd.)

2.3. Presentation of financial statements in constant Argentine pesos

The 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 professional accounting standards 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 professional accounting standards recognition of the effects of inflation has been resumed, considering that the accounting measurements restated due to the change in the purchasing power of the currency up to August 31, 1995 and those originating between that date and December 31, 2001 have been stated in the currency value of the latter date.

On March 25, 2003, the National Executive Branch issued Decree 664 establishing that the financial statements for fiscal years ending as from that date be stated in nominal currency. Consequently, in accordance with CNV Resolution No. 441/03, the Company discontinued the restatement of its financial statements as from March 1, 2003. This criterion is not in accordance with prevailing professional accounting standards, which establish that financial statements are to be restated until September 30, 2003. Nevertheless, given the very low rates of inflation applicable between March and September 2003, this departure has not had a significant impact on the financial statements taken as a whole.

The index used in restating the items contained in these financial statements until February 28, 2003 is the domestic wholesale price index published by the National Statistics and Census Institute.

2.4. 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 income and expenses recorded for the period. 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.

2.5. Comparative information

In view of the change in the closing date approved by the Ordinary and Extraordinary Shareholders' Meeting of October 11, 2006, the amounts in the statement of income and in the notes and exhibits relating to the amounts in that statement, included in the financial statements for the nine-month period ended September 30, 2007, cannot be compared with the financial information included in the financial statements for period ended September 30, 2006, presented in comparative format.

PAMPA HOLDING S.A.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

a. Cash and banks

In local currency: At nominal value.

In foreign currency: Translated at the exchange rate at the end of each period or year applied to settle these operations, detailed in Exhibit G. Exchange differences were allocated to the results for each period or year, respectively.

b. Investments

- Short-term

Time deposit balances have been stated at their respective fair value plus interest accrued at the end of each period or year as per the clauses specific to each transaction.

Share and mutual fund balances have been valued at their net realizable value at the end of each period or year.

The balances of government securities have been stated at their quotation value, plus accrued interest at period or year end.

The balances of government and private securities in foreign currency have been stated at their quotation value converted at the exchange rate at the end of each period or year applied to settle these operations plus interest accrued at the end of each year, and they have been detailed in Exhibit G. Exchange differences were allocated to the results for each period or year.

- Long-term – Minority interest and goodwill

Long-term investments in subsidiaries have been accounted for under the equity method in accordance with Technical Pronouncement No. 21 of the FACPCE. The Company has used the financial statements of its subsidiaries for the nine-month period ended September 30, 2007. At December 31, 2006 the Company used the financial statements of its subsidiaries for the six-month period ended on that date, considering the dates in which effective control was assumed.

Those companies have prepared their financial statements applying similar accounting standards to those applied by the Company.

Goodwill represents the excess or shortfall in the fair value of identifiable net assets purchased 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.

The Company assesses on a regular basis the recoverability of goodwill on the basis of future cash flows and other information available at the date of issue of these financial statements. The value of goodwill does not exceed its estimated recoverable value.

PAMPA HOLDING S.A.

NOTE 3: (Contd.)

c. Receivables and liabilities

In local currency: 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.

In foreign currency: Valued as mentioned above, considering the exchange rates in force at the end of each period or year, detailed in Exhibit G. Exchange differences were allocated to the results for each period or year.

d. Inventories

Land acquired for their development and subsequent sale have been classified as inventories.

Inventories have been valued at acquisition cost. This caption includes expenses incurred in the acquisition of the land and its preparation for sale before the notarizing act.

Aggregate inventory value does not exceed their recoverable value.

The Company has classified inventories as current and non-current based on Management estimated date of sale.

e. Other assets

The Frigorifico La Pampa building, located in Avenida Don Pedro de Mendoza, Autonomous City of Buenos Aires, no longer in use since the beginning of 2003, has been valued at acquisition cost restated as mentioned in Note 2.3 and amortized until that time.

During the fiscal year ended June 30, 2003 the Company recognized an impairment allowance of \$ 3,225,000 for that building, because the book value recorded was in excess of the recoverable value estimated at that date. The Company has reversed that impairment allowance in subsequent periods; no allowance having been recorded at the end of these financial statements (See Note 12).

The Company has classified other assets as non-current, on the basis of the management estimate of when they will be sold.

Their aggregate value does not exceed their recoverable value.

f. Fixed assets

Fixed assets have been valued at acquisition cost restated as mentioned in Note 2.3, net of accumulated depreciation and impairment allowance, where applicable.

Depreciation charges are computed under the straight-line method over the estimated

PAMPA HOLDING S.A.

NOTE 3: (Contd.)

useful lives assigned to the assets, considering the full addition month criterion.

The evolution of this caption is detailed in Exhibit A.

Aggregate asset value does not exceed their recoverable value.

g. Income tax

The Company has recognized the income tax charge using the deferred tax method, thus recognizing the 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 recorded and settled, considering the regulations in effect at the time of issue of these financial statements.

The Company recognizes tax assets on its balance sheet only when their realization is deemed to be probable.

h. Asset tax

The Company calculates asset tax by applying the current 1% rate on computable assets at the end of the period. 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, asset tax obligation exceeds income tax liability, the surplus will be computable as a down payment of income tax through the next ten years.

i. Shareholders' equity

The shareholders' equity accounts have been restated in constant monetary units through February 28, 2003 as mentioned in Note 2.3. Subsequent activity has been stated at nominal value.

j. Income statement accounts

The income statement accounts have been disclosed at nominal value, except for the charges for assets consumed (fixed asset depreciation, intangible asset amortization and costs of sales), which amounts were determined on the basis of the asset values recorded, restated as mentioned in Note 2.3.

k. Revenue recognition

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

Holding results include income from the valuation of shares at year end as well as dividends paid.

Revenues from equity interests in other companies are recognized according to the equity method of accounting, as established by Technical Pronouncement No. 21 of the FACPCE.

PAMPA HOLDING S.A.

NOTE 3: (Contd.)

I. Earnings per share

1. Basic earnings per share

The Company has calculated basic earnings per share on the basis of the average weighted amount of outstanding shares at September 30, 2007 and 2006:

	2007	2006
Net income for the period	116,663,336	4,413,250
Average weighted amount of outstanding shares	959,535,293	37,054,996
Earnings per share	0,1216	0,1191

2. Diluted earnings per share

Furthermore, the Company has calculated diluted earnings per share on the basis of the possible diluted effect of the purchase options of shares described in Note 13.

	2007	2006
Net income for the period	116,663,336	4,413,250
Average weighted amount of outstanding shares	1,039,826,889	37,054,996
Earnings per share	0,1122	0,1191

3. Reconciliation of the average number of outstanding and diluted shares:

	2007	2006
Weighted average of average outstanding shares	959,535,293	-
Number of shares the Company will be required to issue if all the options issued to subscribe capital are exercised	80,291,596	-
Weighted average of diluted shares	1,039,826,889	-

NOTE 4: DETAIL OF BALANCE SHEET ACCOUNTS

The main financial statement captions are broken down as follows:

Balance Sheet at September 30, 2007 (unaudited) and December 31, 2006

	09.30.07	12.31.06
a) Cash and banks		
Cash in local currency	20,021	3,973
Cash in foreign currency (Exhibit G)	12,429	1,475
Banks in local currency	7,065,306	2,267,289
Banks in foreign currency (Exhibit G)	48,565,406	15,268,138
	<u>55,663,162</u>	<u>17,540,875</u>

PAMPA HOLDING S.A.

NOTE 4: (Contd.)

b) Trade receivables

	09.30.07	12.31.06
<u>Current</u>		
Ordinary in foreign currency (Exhibit G)	463,024	149,261
Intercompany and related companies (Note 6)	1,015,073	1,555,273
	1,478,097	1,704,534

Non-Current

Ordinary in foreign currency (Exhibit G)	378,136	232,000
	378,136	232,000

c) Other receivables

Current

Tax credits	3,725,679	838,825
Expenses related to the issue of capital	-	1,353,651
Advances to directors	386,003	154,200
Intercompany and related companies (Note 6)	1,705,678	300,941
Intercompany and related companies -Note 6 and Exhibit G	79,663,173	-
Guarantees granted (Note 11)	888,994	2,433,994
Other	189,666	117,936
	86,559,193	5,199,547

Non-current

Deferred income tax credits (Note 4.j)	4,388,903	-
Tax credits	3,081,185	2,139,768
Expenses related to the purchase of companies	-	119,710
Guarantee deposits (Exhibit G)	207,872	-
Other	46,000	-
	7,723,960	2,259,478

d) Inventories

Current

“Estancia Benquerencia” plots of land	3,009,120	3,009,120
	3,009,120	3,009,120

Non-current

“Estancia Benquerencia” plots of land	8,326,361	9,329,890
	8,326,361	9,329,890

e) Other assets

Frigorifico La Pampa building	6,998,926	6,998,926
	6,998,926	6,998,926

PAMPA HOLDING S.A.

NOTE 4: (Contd.)

f) Accounts payable

	09.30.07	12.31.06
Provisions in local currency	64,001	500,620
Provisions in foreign currency (Exhibit G)	2,178,151	1,049,461
Intercompany and related companies (Note 6)	199,710	391,221
Suppliers in local currency	390,915	75,340
Suppliers in foreign currency (Exhibit G)	-	20,056
Provision for Directors' fees	385,301	202,569
Advances to customers (Exhibit G)	579,026	137,661
	3,797,104	2,376,928

g) Taxes payable

Current

Municipal Contributions (Note 11)	6,732,490	6,261,011
Asset tax provision	312,044	261,281
Income tax withholdings to be deposited	146,641	218,880
Provision on turnover tax	64,146	174,827
	7,255,321	6,915,999

Non-Current

Deferred income tax liabilities (Note 4.j)	-	701,196
	-	701,196

h) Other debts

Current

Debt for share subscription – Intercompany – Note 6	44,361,710	-
Debt for share subscription – Intercompany – Note 6 and Exhibit G	12,915,000	-
Stock option Transelec – Note 8	40,781,879	-
Others	836	100,000
	98,059,425	100,000

Non-Current

Debt for purchase of Subsidiaries (Exhibit G)	15,914,543	15,095,056
Purchase option of shares in Transelec (Note 8)	-	33,984,899
	15,914,543	49,079,955

PAMPA HOLDING S.A.

NOTE 4: (Contd.)

Unaudited Statements of Income

i) Result of investment in subsidiaries and related companies

	09.30.07	09.30.06
Transelect	(748,923)	-
Inversora Nihuales	15,321,372	-
Inversora Diamante	13,416,193	-
Pampa Energía	13,531,477	-
Dilurey	17,927,595	-
Powerco	398,095	-
CIESA	(577,779)	-
IPC	66,576	-
	59,334,606	-

j) Income tax – Deferred tax

The evolution and breakdown of deferred tax assets and liabilities are as follows:

Items	09.30.07	12.31.06
Investments	(682,925)	(3.150.424)
Fixed assets	(212,038)	(214.575)
Debts	118,759	118.759
Tax loss carry-forwards	5,165,107	2.545.044
Net deferred tax assets	4.388.903	(701.196)

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

Items	09.30.07	09.30.06
Income tax calculated at the tax rate in force (35%) of the accounting result before income tax	(39,050,633)	402,870
Permanent differences:		
Result of equity interests in controlled and related companies	20,767,112	-
Amortization of goodwill on investments	(695,038)	-
Reserve for Directors options	(3,088,751)	-
Expenses related to capital increase	12,768,384	-
Holding result of external bonds	14,318,925	-
Dividends earned	688,338	149,519
Tax on equity interests in companies	(812,264)	-
Others	2,155	(16,801)
Tax losses:		
Excess tax loss recorded for the previous year	191,871	-
(Expense) benefit	5,090,099	535,588

As mentioned in Note 2.2, had the inflation adjustment of assets been recognized as a temporary difference, the deferred tax asset would have increased by \$ 1,225,604. As this deferred liability arose from the adjustment for inflation of the property originally reversed from the Company's specific activity (see Note 11), and consequently it has not been depreciated, it will be reversed at the date of its disposal.

PAMPA HOLDING S.A.

NOTE 5: SHAREHOLDERS' EQUITY

At September 30, 2007, the Company had 1,526,194,242 book-entry shares with a par value of \$ 1 each and entitled to 1 vote per share. At December 31, 2006 capital stock was made up of 446,000,000 book-entry shares with a par value of \$ 1 each and entitled to 1 vote per share.

NOTE 6: BALANCES AND TRANSACTIONS WITH SUBSIDIARIES AND RELATED COMPANIES

Below is a detail of the operations carried out by the Company with related parties for the nine and three-month periods and the year ended September 30, 2007 and 2006, respectively, and the balances of those operations at September 30, 2007 and December 31, 2006, respectively:

Name	Caption / Operation	Operations		Balances	
		09.30.07	09.30.06	09.30.07	12.31.06
<u>Directors/Shareholders:</u>					
Errecondo, Salaverri & Otros	Accounts payable – advisory services received	(504,205)	(660,000)	(199,710)	(314,705)
Shareholders	Other receivables – expenses to be recovered	-	-	119,500	119,500
	Interest on loans	-	70,710	-	-
	Exchange of DESA and IEASA share (Note 13)	1,253,306,972	-	-	-
<u>Subsidiaries:</u>					
Dilurey S.A.	Other receivables – expenses to be recovered	-	-	17,644	-
	Other debts – debt for subscription of capital	(164,686,450)	-	(12,915,000)	-
	Inversiones- Venta de inversiones corrientes	68,643,974	-	-	-
Transelec S.A.	Other receivables – expenses to be recovered	-	-	226,966	12,231
Inversora Nihules S.A.	Other receivables – expenses to be recovered	-	-	13,548	12,788
Inversora Diamante S.A.	Other receivables – expenses to be recovered	-	-	832	-
Transener S.A.	Trade receivables – advisory services provided	1,584,713	-	654,083	672,854
Hidroeléctrica Nihules S.A.	Trade receivables – advisory services provided	1,379,952	-	199,197	493,375
Hidroeléctrica Diamante S.A.	Trade receivables – advisory services provided	1,193,541	-	161,793	389,044
Central Térmica Güemes S.A.	Investments – purchase of negotiable obligations	(23,160,213)	-	-	-
	Investments – Sale of negotiable obligations	30,665,809	-	-	-
	Assistance services rendered	157,200	-	-	-
	Other receivables – expenses to be recovered	-	-	14,661	-
Pampa Energia S.A.	Other debts – debt for capital subscription	(470,093,290)	-	(44,354,210)	-
	Other receivables – contributions to be capitalized	(80,918,217)	-	80,779,219	-
	Other receivables - expenses to be recovered	-	-	61,342	-
Corporación Independiente de Energía S.A.	Other receivables – expenses to be recovered	-	-	1,050	-
Inversora Ingentis S.A.	Other debts – debts for capital subscription	(5,000)	-	(7,500)	-
	Other receivables – expenses to be recovered	-	-	68,931	-
<u>Other related companies:</u>					
Pampa Holding LLC	Other receivables – expenses to be recovered	-	-	-	123,409
Dolphin Finance S.A.	Other receivables – expenses to be recovered	-	-	19,949	4,144
Pampa Advisors S.A.	Other receivables– expenses to be recovered	-	-	38,684	27,248
Pampa Participaciones S.A.	Other receivables– expenses to be recovered	-	-	5,068	163
Grupo Dolphin S.A.	Investments – acquisition of short-term investments	10,822,224	-	-	-
	Other receivables– expenses to be recovered	-	-	1,457	1,458
	Accounts payable – Rental, condominium expenses and expense recovery	(399,322)	(80,366)	-	(76,516)

PAMPA HOLDING S.A.

NOTE 7: RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

1. Dividends

In accordance with Law No. 25063, 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.

2. Legal reserve

In accordance with the Commercial Companies Law, 5 % of the net profit arising from the financial statements for the year must be appropriated to a legal reserve until such reserve equals 20% of the Company's outstanding capital, after the rebuilding of the Legal Reserve used by the Company for the absorption of accumulated losses for \$624,383 as per the Shareholders' Meeting decision of October 16, 1998.

On April 16, 2007 the Ordinary Meeting of Shareholders of the Company resolved the following distribution of profits for the irregular fiscal year ended December 31, 2006:

- Recovery of legal reserve destined for the absorption of losses	\$ 624,383 ⁽¹⁾
- Legal reserve 5%	\$ 271,746
- Discretionary reserve	<u>\$ 5,163,169</u>
Retained earnings/(accumulated deficit) balance at December 31, 2006	\$ 6,059,298

(1) This amount corresponds to historical figures; for this reason, when the next meeting of shareholders is held for the approval of the year-end financial statements, those amounts will be duly restated computing the periods in which the adjustment for inflation applied. Furthermore, the allocation of 5% of the result for the year ended December 31, 2006 will be reconsidered, after the recovery of the legal reserve destined for the absorption of accumulated losses.

NOTE 8: PURCHASE AND SALE OPTIONS OF TRANSELEC SHARES

On September 21, 2006 the Company acquired from Dolphin Oportunity LLC, a related party, 89,76% of the shares in Transelec, a company holding 50% of the shares in Citelec, for US\$ 48,465,000, Citelec is the controlling company of Transener, holding 52,65% of the shares.

On September 15, 2006 a merger and granting of Transelec shares purchase and sale options commitment was signed between the Company and Transelec minority shareholders for the remaining 10.24% of the Transelec, The Company has recognized the obligation resulting from the sale option granted as non-current liabilities under "Other Debts" in these financial statements, which has been valued in accordance with the contractual terms.

PAMPA HOLDING S.A.

NOTE 8: (Contd.)

Therefore, these financial statements reflect the economic impact of the purchase of all outstanding shares in Transelec.

NOTE 9: ACQUISITION OF CENTRAL TERMICA GÜEMES / CAPITAL INCREASE

1, Acquisition

On January 4, 2007, the purchase of the shares in Dilurey and Powerco under the sale agreements originally signed with the sellers became effective.

Consequently, the Company holds (i) shares representative of 100% of Dilurey capital stock (which holds 90% of Powerco capital stock) and (ii) shares representative of 8% of Powerco capital stock, holding 60% of Central Térmica Güemes S.A. (see point 2 Capital increase of this Note).

Furthermore, the Company signed a share purchase and sale commitment representative of 2% of the remaining shares in Powerco. At the date of these financial statements the resulting contractual obligation has been met.

These transactions enabled the Company to obtain indirect control of Central Térmica Güemes, holding 60% of the capital and votes.

The purchase of the above shares led the Company to make an investment of \$52,531,007 for all items.

On May 17, 2007, the Department of Internal Trade of the Ministry of Economy and Production resolved to authorize the operation in view of the favorable opinion issued by the National Committee for the Defense of Competition.

2. Capital increase

On September 18, 2007, the Extraordinary Shareholders' Meeting of Central Térmica Güemes resolved to increase its capital stock to \$ 208,000,040, through the issue of 180,869,600 non-voting book-entry preferred stock of \$ 1 face value each, establishing an additional paid-in capital of \$ 27,130,440 at a rate of \$ 0.15 per share to provide the funds necessary to carry out the project to expand its plant capacity. The project for the generation of thermoelectricity will have a nominal power of 98,8 MW ISO and will be carried out at Central Térmica Güemes facilities, directly connected to the Argentine Interconnection System through the SE 132 KV Güemes.

These are the main terms and conditions of the preferred stock issue:

- Preferred stock will be non-voting, except in those issues included in the fourth paragraph of section 244 of Law No. 19550, in spite of attending the shareholders' meetings with speaking rights;
- The holders of preferred stock will have the right to receive dividends in proportion to their holdings in the company, just as common stock holders;

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NOTE 9: (Contd)

2. Capital increase (Contd)

- Before September 18, 2008, preferred shares could not be converted into common shares provided that (i) such conversion is requested unanimously by Class "A" and Class "B" shareholders and (ii) the proportion currently existing between holders of Class "A" (60%) and Class "B" (30%) Common Shares is not modified as a result of the conversion;
- After September 18, 2008, preferred shares could be converted into common shares at the request of the holder, When the conversion is decided by the shareholder Pampa Energía or by a third party who does not currently act in its capacity as shareholder, their preferred shares will be converted into Class "A" shares, The exchange ratio will be one common share per each preferred share,

By virtue of the assignment of preemptive subscription and accretion rights performed by Powerco S.A. in favor of Pampa Energía S.A., and of all the Class "C" and "B" shareholders' waiver of their right to exercise such rights, Pampa Energía S.A. subscribed all the preferred shares, in view of the execution of a shareholders' agreement and of a share purchase option agreement in favor of the National Government of up to 30% of preferred shares issued at par value determined in US dollars, plus an interest calculated at LIBOR plus 250 basic points.

At the date of issue of these financial statements, the capital increase has been fully paid up by means of (i) the in-kind contribution of contracts signed between Pampa Energía and GE Packaged Power Inc. and General Electric International Inc., Argentine Branch for the purchase of Natural Gas Turbo generator Equipment for US\$36,165,900, the price of which amounted to US\$ 19,008,004, equivalent to \$60,445,543, (i) the contribution of agreements accessory to that contract and those necessary for setting the project into motion at the price paid by Pampa Energía until the date of the contribution and (iii) the funds necessary to complete payment of the purchase price of the generator and carry out all expansion projects.

Below is the breakdown of the shares in Central Térmica Güemes at September 30, 2007:

Shareholders	Class of shares	Percentage of participation in	
		Capital	Votes
Pampa Energía	Preferred shares	74%	-
Powerco	Class A ordinary shares	15%	60%
National Government	Class B ordinary shares	8%	30%
PPP	Class C ordinary shares	3%	10%
Total		100%	100%

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NOTE 10: PAMPA ENERGÍA

1. Company organization / Capital increase

On January 4, 2007, Pampa Energía S.A. was organized with a capital of \$50,000, of which the Company subscribed 95% of the shares. The remaining shares were subscribed by Dilurey.

On September 11, 2007 the Extraordinary Meeting of Shareholders of Pampa Energía resolved to increase the corporate capital to \$ 214,350,000, with \$44,354,210 still pending payment.

2. Acquisition of Loma de la Lata

On December 4, 2006 the Company agreed with Sociedad Argentina de Electricidad S.A, ("SADESA"), a company that had acquired with Merrill Lynch, Pierce, Fenner & Smith Inc, a controlling interest in Central Puerto S.A. ("Central Puerto"), the purchase of 100% of the assets making up the Loma La Lata thermoelectric plant located in Loma de La Lata ("the assets"), Province of Neuquén, for a total of US\$ 60,000,000. That agreement included the labor agreements entered into with Central Puerto personnel engaged in the administration, operation and maintenance of Loma de La Lata; the agreements for its operation; all designs, lists of suppliers and materials, plans, terms of reference, quotations, draft contracts and any other information or documentation prepared by Central Puerto or at its request in relation to the project for closing of the open cycle of Loma de La Lata; and all the assets related to the operation of Loma de La Lata.

With this agreement, on December 4, 2006 the Company granted SADESA a purchase option over its shares in Central Puerto, representing 8.66% of the capital and votes at the closing date of these financial statements, which may be exercised on December 4, 2007, enabling the Company to sell those shares on the Buenos Aires Stock Exchange at any time through that date.

On March 7, 2007, the Company designated its subsidiary Pampa Energía to purchase the assets under the terms of the assets transfer contract entered into by and between Central Puerto S.A. and Pampa Holding S.A. on December 4, 2006, Pampa Energía thereafter gaining all the rights and assuming all the obligations arising out of that contract.

The transfer of assets was formalized on May 17, 2007.

On September 6, 2007 Pampa Energía signed two engineering supply and construction contracts with companies of the Spanish group Isolux Corsan S.A. for the conversion to Combined Cycle of its Loma de la Lata plant located in the Province of Neuquén, Argentina. Loma de la Lata currently has three 123 MW gas turbines, each of which has a total installed power of 369 MW.

This project will increase power to 180 MW. Total power will amount to 549 MW ISO once the project has been concluded.

The project consists mainly in the supply and installation of three recovery boilers and its execution depends on the final hiring of a Siemens steam turbine. The total amount of the project contracts is approximately US\$ 191,000,000. The estimated date for setting the project into motion is March 2010.

Furthermore, Pampa Energía is in advanced negotiation with consultancy firms specialized in the development, certification and trading of carbon credits to register the Project under the terms of section 12 of the Kyoto Protocol, to which Argentina is a signatory party.

PAMPA HOLDING S.A.

NOTE 11: MUNICIPAL CONTRIBUTIONS

In January 1997, the government of the Autonomous City of Buenos Aires ("GCBA") assessed the tax value of the building located on Avenida Pedro de Mendoza, at \$ 10,756,624. Based on this valuation, the bimonthly installments of the municipal contributions were determined at \$ 38,670.

On September 5, 2003 the Company filed a claim: i) challenging the tax value assessed, ii) requesting that this valuation be declared null and void and iii) requesting that a new valuation of the building be assessed by a court of law and applied retroactively to October 30, 2001, date on which the tax value assessed was challenged before the administrative authorities.

On December 11, 2006, the Company set up a guarantee deposit for \$ 888,994 at Court 12, Clerkship 24 of the Court of Appeals on Administrative and Tax Litigation Matters of the Autonomous City of Buenos Aires.

At the closing date of these financial statements, the Company has recognized under current liabilities an outstanding debt of \$ 6,393,179 plus \$ 339,311 for court costs.

On July 4, 2007, the court hearing the case resolved to sustain the complaint filed by the Company challenging the tax valuation and declared the resolution of the Revenue Bureau ("DGR") which established an assessed valuation of \$ 10,756,624.25 for the building located in Avenida Pedro de Mendoza null and void. Consequently, the DGR should determine a new historical assessed valuation and the corresponding real estate tax within 30 days since the ruling was consented or became final.

At the date of issue of these financial statements, the Company has not recognized the accounting effects of the situation described above because the resolution has not yet become firm and has been appealed by the GCBA.

NOTE 12: 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 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 dollars 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 date of issue, and they will maintain their validity for a period of fifteen years as from their date of issue. 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.

The CNV, through Resolution No. 15447 dated August 7, 2006, approved the Purchase Option public offering representing 20% of the Company's capital stock, conditioning that

PAMPA HOLDING S.A.

NOTE 12: (Contd.)

Authorization to certain actions that were fulfilled on October 9, 2006.

At September 30, 2007, the Company issued 111,500,000 purchase options, granting the right to subscribe: (i) 111,500,000 ordinary shares in the Company at an exercise price of US\$ 0.37 per share, and (ii) 150,000,000 ordinary shares at an exercise price of US\$ 0.72 per share, representative of 20% of the Company's capital stock, considering the number of shares that may be issued if all current purchase options are exercised, Based on the above, the purchase option for the shares may be exercised as from September 27, 2007, 2008 and 2009.

The Company has given accounting recognition to this transaction following the guidelines established by the International Financial Reporting Standards, valuing the purchase options issued at \$35,300,000, This amount will be posted to results with a balancing entry under a Shareholders' Equity reserve during the effective term of the Opportunities Assignment Agreement, considering the conditions of the contracts signed as from their assignment. At September 30, 2007, the Shareholders' Equity reserve for this operation amounts to \$11,766,670.

The Company has followed the Black-Scholes model to value the purchase options granted, based on a 27% annual volatility, a dividend rate of 3% and a risk-free interest rate of 4.63% in dollars. Based on the conditions prevailing at the date these contracts were signed, no value has been placed on the adjustment clauses.

The Extraordinary and Ordinary Shareholders Meeting held on August 30, 2007 approved the following amendments to the Contracts for the Issue of preferred shares Purchase Options to be issued by the Company and to the Opportunities Assignment Agreement which will be enforced as from the execution of the transaction described in Note 13:

- The executives thereafter waive the 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, consequently waiving their right to the adjustments envisaged in the Contracts for the Issue of Purchase Options, except for the adjustments made until September 28, 2007,
- 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 other executives in proportion to their respective participations in all the purchase options,

The Company signed with the executives the corresponding amendment agreements.

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NOTE 13: EXCHANGE OF SHARES WITH THE CONTROLLING SHAREHOLDERS OF EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (“EDENOR”)

On September 28, 2007, in compliance with the terms of the memorandum of understanding entered into on September 22, 2007 and the agreement for the subscription of shares entered into by the Company and Marcos Marcelo Mindlin, Damián Miguel Mindlin, Gustavo Mariani, Latin American Energy LLC, New Equity Ventures LLC and Deutsche Bank AG, London Branch (the “Contributing Shareholders”) on July 31, 2007: (i) the Company purchased 100% of the capital stock of DESA and IEASA –both companies jointly holding 100% of the capital stock of EASA, a company holding 51% of the capital stock and voting rights of Empresa Distribuidora y Comercializadora Norte S.A., and (ii) the Company issued 480,194,242 common stock of \$ 1 face value each with an additional paid-in capital \$ 1.61 per share for such purchase.

As part of the agreement, each Contributing Shareholder 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 Contributing 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 Contributing Shareholders sell at least 60 million shares in the Company.

The above transaction was approved by the Ordinary and Extraordinary Shareholders’ Meeting held on August 30, 2007.

According to the Company, the persons which received GDSs representative of common stock exceeding 5% of the Company’s capital stock are: (i) Deutsche Bank AG, London Branch, which received GDSs representative of 98,103,675 common stock, representing 6.43% of the capital stock; (ii) Marathon Special Opportunity Master Fund Ltd., which received GDSs representative of 185,883,175 common stock, representing 12.18% of the capital stock; and (iii) Turbic Inc., which received GDSs representative of 98,103,675 common stock, representing 6.43% of the capital stock.

NOTE 14: ACQUISITION OF CENTRAL PIEDRA BUENA

On July 26, 2007, the Company signed with Albanesi S.A. and certain subsidiaries controlled by Matlin Patterson a share purchase and sale agreement, whereby the Company acquired (i) 100% of the capital stock and voting rights of Corporación Independiente de Energía S.A., a company holding 99.99% of the capital stock and voting rights of Central Piedra Buena S.A. (“CPB”), and (ii) 100 % of the capital stock and voting rights of IPC Operation Limited, a company incorporated in the United Kingdom whose Argentine branch renders management services to CPB for approximately US\$85,000,000 (eighty five million US dollars).

CPB is a power plant located in Ingeniero White, Bahía Blanca, in the Province of Buenos Aires. It has a total installed capacity of 620 MW of power through two steam turbines of 310 MW, each of which with the flexibility to burn natural gas and fuel oil indiscriminately. The plant occupies 45 hectares and has two tanks with a combined storage capacity of 60,000 m³. Furthermore, CPB has been granted the exclusive right to use of a deep-water port for supply of fuel oil. The plant is connected to (i) the Argentine Interconnection System (SADI) through two

PAMPA HOLDING S.A.

NOTE 14: (Contd)

27-km 500-kW lines and (ii) Transportadora de Gas del Sur S.A. (TGS) through a 22-km gas pipeline of its own.

That transaction was closed on August 3, 2007.

The purchase of the above shareholdings involved an investment of US\$ 85,000,000 for the Company.

NOTE 15: PROJECT FOR THE CONSTRUCTION OF A POWER PLANT IN THE PROVINCE OF CHUBUT, ARGENTINA

On August 6, 2007 the Company signed an agreement with Emgasud S.A. ("Emgasud") to carry out a project 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 S.A., a company registered in the Province of Chubut, whose capital will be paid up as follows: (i) 39% by the Province of Chubut, and (ii) 61% by a special purpose vehicle, the shareholders of which will be Emgasud and the Company.

Inversora Ingentis S.A. signed an agreement with GE Package Power Inc. and General Electric International Inc., Argentine Branch, for US\$ 70,248,658 for the acquisition of two natural gas turbine-generators of 102.3 MW of power each.

NOTE 16: GUARANTEES GRANTED

As a result of the contract entered into between Pampa Energía and GE Packaged Power Inc. on June 21, 2007 for the acquisition of a natural gas turbogenerator of 98 MW of power, which further supplied by Pampa Energía to Central Térmica Güemes, the Company has requested on its own behalf from the Deutsche Bank S.A. the issue of a Stand By Letter of Credit ("SBLC") on behalf of Pampa Energía and in favor of GE Packaged Power Inc., for an amount of US\$ 7,226,680.

The obligations undertaken by the Company vis-à-vis the financial institution have been secured by a pledge on the Bonds issued by the Republic of Chile (Notes CPN 6.875%) and are disclosed under Short-term Investments for \$ 23,680,342.

NOTE 17: SUBSEQUENT EVENTS

Inversora Ingentis

On October 11, 2007, the Company and Emgasud S.A. resolved to amend the shareholders' agreement signed on August 6, 2007, establishing that the initial capital of the special purpose vehicle Inversora Ingentis S.A., through which the investment by the Company in the Ingentis Project will be channeled, will not

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NOTE 17: (Contd.)

Exceed US\$ 40 million, represented by 20% of voting common stock, held in equal parts by the Company and Emgasud S.A., and by 80% of non-voting preferred stock held in equal parts by the Company and Dilurey S.A., the latter being wholly owned by the Company.

Inversora Ingentis S.A. was incorporated with an initial capital of \$20,000 book-entry common stock of \$1 face value each and entitled to one vote per share, Based on this new agreement, at the Extraordinary and Ordinary Shareholders' Meeting held on October 11, 2007 Emgasud S.A. and the Company decided to increase the capital stock of Inversora Ingentis S.A. to \$ 125,020,000, represented by 12,510,000 class A common stock held by Emgasud S.A., 12,510,000 class B common stock held by the Company, 50,000,000 non-voting preferred stock held by the Company and 50,000,000 non-voting preferred stock held by Dilurey S.A.

In addition, as agreed on August 6, 2007, the right granted in favor of Emgasud S.A. to exercise an option to purchase 50% of the outstanding preferred stock in Inversora Ingentis S.A. held by Dilurey S.A. until December 31, 2011 has been maintained.

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Fixed assets

For the nine-month period ended September 30, 2007

presented in comparative format

Amounts in pesos – Note 2.3

Exhibit A

Principal account	Original values				Depreciation				Net book value at 09.30.07	Net book value at 12.31.06
	At the beginning of year	Additions	Deletions	At the End	At the beginning of year	For the period		At the end		
						Additions (1)	Deletions			
Software / Hardware	59,992	222,336	-	282,328	12,655	21,796	-	34,451	247,877	47,337
Furniture and fixtures	41,343	105,158	-	146,501	2,558	3,983	-	6,541	139,960	38,785
Installations	-	63,738	-	63,738	-	646	-	646	63,092	-
Advances to suppliers(2)	-	37,835,739	(37,835,739)	-	-	-	-	-	-	-
Total at 09.30.07	101,335	38,226,971	(37,835,739)	492,567	15,213	26,425	-	41,638	450,929	-
Total at 12.31.06	64,740	36,595	-	101,335	3,748	11,465	-	15,213	-	86,122

(1) Depreciation charges for the period have been disclosed in Exhibit H.

(2) Advances for the purchase of turbines and engines to increase the electricity generation capacity of the subsidiaries.

These advances have been transferred the controlled company Pampa Energía (See Note 10).

PAMPA HOLDING S.A.

Exhibit C

Investments in shares

For the nine-month period ended September 30, 2007

presented in comparative format

Amounts in pesos – Note 2.3

DENOMINATION AND ISSUER	Characteristics of the securities				09.30.07								
	Type	Face value	Amount	% (1)	Valuation				Results				
					Net realizable value	Value at the beginning of year	Value recorded at		Holding results		Dividends/ accrued interest	Total at	
							09.30.07	12.31.06	Not realized	Realized		09.30.07	09.30.06
Short-term investments													
Listed shares													
- Cerámica San Lorenzo I.C.S.A.	Ordinary	1	-		- 24,711,618	-	24,711,618	-	(40,003)	1,966,681	1,926,678	577,255	
- Distribuidora de Gas Cuyana S.A.	Ordinary	1	-		-	-	-	-	-	-	-	110,190	
- Central Puerto S.A.	Ordinary	1	-		- 21,382,055	-	21,382,055	-	10,077,390	-	10,077,390	(843,295)	
- Endesa Costanera S.A.	Ordinary	1	-		- 4,699,299	-	4,699,299	-	1,794,477	-	1,794,477	82,478	
Total					- 50,792,972	-	50,792,972	-	11,831,864	1,966,681	13,798,545	(73,372)	

(1) Percentage of participation in the capital stock of the issuer.

PAMPA HOLDING S.A.

Exhibit C

Investments in other companies

At September 30, 2007 and December 31, 2006

Amounts in pesos – Note 2.3

Denomination and characteristics of the securities	Type	Face value	Amount	Value recorded at 09.30.07	Value recorded at 12.31.06	Information on the issuer						
						Main activity	Financial statements	Capital stock	Result for the period	Shareholders' equity	% of possible votes	% of participation in capital stock
LONG-TERM INVESTMENTS												
Intercompany												
Subsidiaries:												
Transec Argentina S.A.	Ord. Goodwill	1	68,400,462	204,410,538 (14,300,134)	205,159,462 (21,735,914)	Inversora	09.30.07	76,207,725	(4,531,762)	281,040,021	89.76	89.76 ⁽¹⁾
Inversora Nihules S.A.	Ord. Goodwill	1	45,651,344	113,876,221 (703,043)	98,554,849 (735,036)	Inversora	09.30.07	50,572,000	15,993,794	148,241,677	90.27	90.27
Inversora Diamante S.A.	Ord. Goodwill	1	38,462,840	83,102,384 10,252,280	69,686,191 10,707,585	Inversora	09.30.07	41,990,000	13,304,848	121,683,609	91.60	91.60
Dilurey S.A.	Ord. Goodwill	1(2)	1.350.594.000	236,069,997 4,526,738	- -	Inversora	09.30.07	1,350,594,000	14,325,811	192,084,385	100.00	100.00
Pampa Energía S.A.	Ord.	1	514.397.500	527,928,977	-	Inversora	09.30.07	514,400,000	13,531,477	527,931,477	99.99	99.99
Powerco S.A.	Ord. Goodwill	1	1.000.000	5,087,302 867,322	- -	Inversora	09.30.07	10,000,000	1,767,803	48,659,873	100.00	100.00
Corporación Independiente de Energía S.A.	Ord. Goodwill	1	26.160	104,122,762 155,862,674	- -	Inversora	09.30.07	26,160	474,627	114,258,045	100.00	100.00
IPC Dolphin Energía S.A.	Ord. Preferred Goodwill	1	9.770.000 98.402.300	1.324.805 65,397,367 658,674,654 405,650,984	- - - -	Inversora	09.30.07 09.30.07	108,172,300	-	494,736,000	100.00 100.00	100.00 100.00
IEASA S.A.	Ord. Preferred Goodwill	1	1,130,000 10,938,580	7,563,872 73,219,482 45,257,717	- - -	Inversora	09.30.07	12,068,580	-	30,986,934	100.00	100.00
Inversora Ingentis	Ord.		20.000	10,000	-	Inversora	09.30.07	108,172,300	-	20,000	50.00	50.00
Total at 09.30.07				2,688,202,899	361,637,137							

(1) See note 8

(2) Uruguayan pesos

PAMPA HOLDING S.A.

Other investments

At September 30, 2007 and December 31, 2006

Amounts in pesos – Note 2.3

Exhibit D

Type of investment	Value recorded at 09.30.07	Value recorded at 12.31.06
<u>Short-term investments</u>		
<u>In local currency</u>		
Time deposits (1)	7,009,205	20,198,363
Mutual Funds	14,865,207	3,085,791
<u>In foreign currency (Exhibit G)</u>		
Government and private securities:		
- Bonds of the Government of Chile (2)	76,796,431	31,855,518
- Chile Negotiable Obligations	68,705,266	26,634,243
- Argentina Negotiable Obligations (3)	-	10,224,233
- Bonds of the Government of Austria	267,075,689	8,751,625
	434,451,798	100,749,773

- (1) Principal of \$ 7 million falling due between October and November 2007 at an average nominal rate of 8% p.a. at 09.30.07.
- (2) \$23,680,342 is pledged as security for the fulfillment of the obligations undertaken by the Company at 09.30.07 (see Note 16).
- (3) Corresponding to Central Térmica Güemes S.A. at 12.31.06 (controlled by Pampa Holding as from January 4, 2007).

PAMPA HOLDING S.A.

Cost of Sales

For the nine-month period ended September 30, 2007

presented in comparative format

Amounts in pesos – Note 2.3

Exhibit F

	09.30.07	09.30.06
Inventories at the beginning of year	12,339,010	12,584,983
Purchases for the period	-	-
Inventories at the end of period	(11,335,481)	(12,584,983)
Cost of sales	1,003,529	-

PAMPA HOLDING S.A.

Foreign currency assets and liabilities

At September 30, 2007 and December 31, 2006

Amounts in pesos – Note 2.3

Exhibit G

Items	Type	Amount in foreign currency	Exchange rate (1)	Total at 09.30.07 \$	Total at 12.31.06 \$
<u>ASSETS</u>					
<u>CURRENT ASSETS</u>					
Cash and banks:					
Cash	US\$	3,996	3.1100	12,429	1,475
Banks	US\$	14,414,095	3.1100	44,827,836	15,268,138
Banks	EUR	842,649	4.4355	3,737,570	-
Investments:					
Government and private securities	US\$	77,326,271	3.1100	240,484,703	77,465,619
Government and private securities	EUR	38,798,936	4.4355	172,092,683	-
Trade receivables:					
Ordinary	US\$	148,882	3.1100	463,024	149,261
Other receivables:					
Receivable pending capitalization	US\$	24,576,753	3.1500	77,416,773	-
Receivable pending capitalization	EUR	500,000	4.4928	2,246,400	-
Total Current Assets				541,281,418	92,884,493
<u>NON-CURRENT ASSETS</u>					
Trade receivables:					
Ordinary	US\$	121,587	3.1100	378,136	232,000
Other receivables:					
Guarantee deposits	US\$	66,840	3.1100	207,872	-
Total Non-Current Assets				586,008	232,000
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES</u>					
Accounts Payable:					
Advances to customers	US\$	183,818	3.1500	579,026	137,661
Suppliers	US\$	-	-	-	20,056
Accrual	US\$	691,476	3.1500	2,178,151	1,049,461
Other debts:					
Debt for subscription of shares	US\$	4,100,000	3.1500	12,915,000	-
Total Current Liabilities				15,672,177	1,207,178
<u>NON-CURRENT LIABILITIES</u>					
Other debts:					
Debt for purchase of subsidiaries	US\$	5,052,236	3.1500	15,914,543	15,095,056
Total Non-Current Liabilities				15,914,543	15,095,056

(1) Banco Nación exchange rate in force at 09.28.07 for US dollars and euros.

US\$: US dollars

EUR: Euros

PAMPA HOLDING S.A.

Unaudited Information required by section 64 subsect, b) of Law No. 19550

For the nine-month period ended September 30, 2007

presented in comparative format

Amounts in pesos – Note 2.3

Exhibit H

Items	Expenses		Total at 09.30.07	Total at 09.30.06
	Administrative	Selling		
Fees and compensation for services	2,315,172	96,463	2,411,635	446,096
Taxes, rates and utilities	-	621,391	621,391	395,534
Salaries and social security contributions	1,983,750	396,667	2,380,417	133,887
Services to personnel	118,058	-	118,058	-
Advertising and promotions	-	192,378	192,378	100,718
Rental expenses	521,946	428,214	950,160	185,159
Directors' salaries	3,351,201	-	3,351,201	1,188,771
Reserve for Directors options	8,825,003	-	8,825,003	-
Repair and maintenance	23,041	-	23,041	76,818
Subscriptions and Official Bodies Publications	462,635	15,874	478,509	41,816
General expenses	81,121	16,339	97,460	81,810
Surveillance services	-	69,092	69,092	22,630
Transport and per diem	1,001,060	959	1,002,019	77,741
Computer expenses	103,881	-	103,881	9,406
Electricity and telephone	125,336	-	125,336	8,655
Stationery and photocopies	51,142	-	51,142	9,365
Insurance	-	12,470	12,470	5,545
Depreciation of fixed assets	26,425	-	26,425	5,438
Amortization of intangible assets	-	-	-	2,505
Total at 09.30.07	18,989,771	1,849,847	20,839,618	
Total at 09.30.06	2,389,009	402,885		2,791,894

PAMPA HOLDING S.A.

Breakdown of receivables and debts according to due dates and interest rates accrued

At September 30, 2007 and December 31, 2006

Amounts in pesos – Note 2.3

Exhibit I

	09.30. 07						12.31.06					
	Trade receivables (1)	Other receivables (2)	Accounts payable (2)	Salaries and social security payable (2)	Tax payables (3)	Other debts (4)	Trade receivables (1)	Other receivables (2)	Accounts payable (2)	Salaries and social security payable (2)	Taxes payable (3)	Other debts (4)
No stated due date	-	10,319,489	-	-	339,310	-	-	3,757,455	-	-	1,094,903	-
Past due	8,744	-	-	-	6,393,180	-	-	-	-	6,261,011	-	-
Falling due												
Up to three months	1,131,119	83,203,508	3,411,803	515,636	210,787	57,277,546	1,563,491	3,436,845	2,174,359	365,331	-	100,000
From three to six months	74,597	-	385,301	-	-	40,781,879	133,249	264,725	202,569	-	261,281	-
From six to nine months	153,745	760,156	-	-	312,044	-	2,013	-	-	-	-	-
From nine to twelve months	109,892	-	-	-	-	-	5,781	-	-	-	-	-
More than 1 year	378,136	-	-	-	-	15,914,543	232,000	-	-	-	-	49,079,955
Total falling due	1,847,489	83,963,664	3,797,104	515,636	522,831	113,973,968	1,936,534	3,701,570	2,376,928	365,331	261,281	49,179,955
Total with due date	1,856,233	83,963,664	3,797,104	515,636	6,916,011	113,973,968	1,936,534	3,701,570	2,376,928	365,331	6,522,292	49,179,955
Total	1,856,233	94,283,153	3,797,104	515,636	7,255,321	113,973,968	1,936,534	7,459,025	2,376,928	365,331	7,617,195	49,179,955

(1) \$ 841,160 at September 30, 2007 and \$ 381,261 at December 31, 2006 accrue a nominal rate of 7% p.a.

(2) Non-interest bearing

(3) Includes index adjustment of Municipal Contributions debt

(4) \$15,914,543 at September 30, 2007 and \$ 15,095,056 at December 31, 2006 accrue a nominal rate of 3% p.a.

PAMPA HOLDING S.A.

Summary of Activities at September 30, 2007

1. Brief commentary on Company activities in the year, including references to relevant situations subsequent to the end of the year.

Capital Increase

On June 16, 2006, Pampa's Shareholders' Meeting approved a capital increase of up to 900 million shares, delegating to the Board the opportunity for and amount of each issuance.

In this context, on August 23, 2006, the Board approved the issuance of 300 million shares at a value of \$ 1.15 each, the subscription of which finished on September 28 with a \$ 345 million fund contribution to the Company.

On January 15, 2007, the Board approved the issuance of the remaining 600,000,000 shares, for which a price of \$ 2.23 per share was established. That process ended on February 22, 2007 and implied a net funds revenue of approximately \$ 1,288,904,276 for the Company.

The Extraordinary Meeting of Shareholders held on August 30, 2007 approved the issue of 480,194,242 shares of common stock entitled to one vote each, with an additional paid-in capital of \$ 1.61 per share, that is, an issue price of \$ 2.61 per each share of common stock in the Company, to be paid up in kind by means of a transfer to the Company of the indirect shareholdings in Empresa Distribuidora y Comercializadora Norte S.A. This transaction was in the end consummated on September 28, 2007 (see Note 13).

Central Térmica Güemes S.A.

1.2.1 Acquisition

On January 4, 2007, the Company obtained control of Central Térmica Güemes S.A. through the acquisition of 100% of the capital shares of Dilurey (owner of 90% of the capital of Powerco) and 8% of the capital shares of Powerco S.A. In addition, the Company entered into a call and put option agreement concerning the remaining 2% of Powerco's shares. Powerco is the majority shareholder of Central Térmica Güemes S.A., with 60% of its equity (see point 1.2.1.i Capital increase).

The acquisition of Central Térmica Güemes is strategic for Pampa Holding because, in addition to its existing production capability, it now has the possibility of expanding within the "Energía Plus" plan framework, adding an approximate 120 MW through an investment close to US\$ 100 million. For that purpose, on March 2, 2007 a Letter of Intent was executed between Pampa Holding, the Federal Planning, Public Investment and Services Ministry, the National Energy Secretariat, the Government of the Province of Salta, and Central Térmica Güemes S.A. In this Letter, the parties entered into mutual commitments regarding the development of the project for increasing the production capability of Central Térmica Güemes.

On May 17, 2007, the Department of Internal Trade of the Ministry of Economy and Production resolved to authorize the operation in view of the favorable opinion issued by the National Committee for the Defense of Competition.

i. Capital increase

On September 18, 2007, the Extraordinary Shareholders' Meeting of Central Térmica Güemes resolved to increase its capital stock to \$ 208,000,040, through the issue of 180,869,600 non-voting book-entry preferred stock of \$ 1 face value each, establishing an additional paid-in capital of \$ 27,130,440 at a rate of \$ 0.15 per share to provide the funds necessary to carry out the project to expand its plant capacity. The project for the generation of thermoelectricity will have a nominal power of 98.8 MW ISO and will be carried out at Central Térmica Güemes facilities, directly connected to the Argentine Interconnection System through the SE 132 KV Güemes.

By virtue of the assignment of preemptive subscription and accretion rights performed by Powerco S.A. in favor of Pampa Energía S.A., and of all the Class "C" and "B" shareholders' waiver of their right to exercise such rights, Pampa Energía S.A. subscribed all the preferred shares, in view of the execution of a shareholders' agreement and of a share purchase option agreement in favor of the National

PAMPA HOLDING S.A.

Summary of Activities at September 30, 2007 (Contd.)

Government of up to 30% of preferred shares issued at par value determined in US dollars, plus an interest calculated at LIBOR plus 250 basic points.

At the date of issue of these financial statements, the capital increase has been fully paid up.

Below is the breakdown of the shares in Central Térmica Güemes at September 30, 2007:

Shareholders	Class of shares	Percentage of participation in	
		Capital	Votes
Pampa Energía	Preferred shares	74%	-
Powerco	Class A ordinary shares	15%	60%
National	Class B ordinary shares	8%	30%
Government			
PPP	Class C ordinary shares	3%	10%
Total		100%	100%

ii. Renegotiation of the export agreement

On February 27, 2007, Central Térmica Güemes renegotiated its agreement for the export of electric energy for up to 150 MW with CEMSA, which will be in force from May 1, 2007 to September 30, 2009. The main terms of the agreement, to be revised with CEMSA every 6 months, are the following:

- CEMSA will pay a fixed charge of US\$ 1,600,000. This amount will grant CEMSA's foreign client the following rights:
 - It will pay up to 65% of the total monthly energy consumed at the Variable Production Cost (VPC) of the hourly units supporting the agreement.
 - The remaining total monthly energy required will be paid at a rate of US\$ 42/MWh.
 - If, on any given month, the foreign client should consume less than 65% of the total monthly energy available, the difference between the amount consumed and that 65% will be accumulated and may be consumed at the VPC in the following months. These accumulated differences will expire at each half-yearly renegotiation.
- In addition, CEMSA will pay a power charge equivalent to that in force in Argentina.

On April 24, 2007, the Energy Secretariat authorized CEMSA to export energy to the National Administration of Power Plants and Electrical Transmissions (UTE) of the Republic of Uruguay for a term of 30 months beginning May 1, 2007.

In view of the increasing demand on the domestic market, in May 2007 the Secretariat of Energy decided to impose restrictions on the exports of energy. For this reason, in May and June 2007 no exports of electric energy were made to Uruguay. During that period, the Company's total production was delivered on the domestic market.

1.3 PAMPA ENERGÍA

1.3.1 Company organization / Capital increase

On January 4, 2007, Pampa Energía S.A. was organized with a capital of \$50,000, of which the Company subscribed 95% of the shares. The remaining shares were subscribed by Dilurey.

On September 11, 2007 the Extraordinary Meeting of Shareholders of Pampa Energía resolved to increase the corporate capital to \$ 214,350,000, with \$44,354,210 still pending payment.

PAMPA HOLDING S.A.

Summary of Activities at September 30, 2007 (Contd.)

1.3.2. Acquisition of Loma de la Lata

On December 4, 2006 the Company agreed with Sociedad Argentina de Electricidad S.A. ("SADESA"), a company that had acquired with Merrill Lynch, Pierce, Fenner & Smith Inc. a controlling interest in Central Puerto S.A. ("Central Puerto"), the purchase of 100% of the assets making up the Loma La Lata thermoelectric plant located in Loma de La Lata ("the assets"), Province of Neuquén, for a total of US\$ 60,000,000. That agreement included the labor agreements entered into with Central Puerto personnel engaged in the administration, operation and maintenance of Loma de La Lata; the agreements for its operation; all designs, lists of suppliers and materials, plans, terms of reference, quotations, draft contracts and any other information or documentation prepared by Central Puerto or at its request in relation to the project for closing of the open cycle of Loma de La Lata; and all the assets related to the operation of Loma de La Lata.

With this agreement, on December 4, 2006 the Company granted SADESA a purchase option over its shares in Central Puerto, representing 8.66% of the capital and votes at the closing date of these financial statements, which may be exercised on December 4, 2007, enabling the Company to sell those shares on the Buenos Aires Stock Exchange at any time through that date.

On March 7, 2007, the Company designated its subsidiary Pampa Energía to purchase the assets under the terms of the assets transfer contract entered into by and between Central Puerto S.A. and Pampa Holding S.A. on December 4, 2006, Pampa Energía thereafter gaining all the rights and assuming all the obligations arising out of that contract.

The transfer of assets was formalized on May 17, 2007.

On September 6, 2007 Pampa Energía signed two engineering supply and construction contracts with companies of the Spanish group Isolux Corsan S.A. for the conversion to Combined Cycle of its Loma de la Lata plant located in the Province of Neuquén, Argentina. Loma de la Lata currently has three 123 MW gas turbines, each of which has a total installed power of 369 MW. This project will increase power to 180 MW. Total power will amount to 549 MW ISO once the project has been concluded.

The project consists mainly in the supply and installation of three recovery boilers and its execution will depend on the final hiring of a Siemens steam turbine. The total amount of the project contracts is approximately US\$ 191,000,000. The estimated date for setting the project into motion is March 2010.

Furthermore, Pampa Energía is in advanced negotiation with consultancy firms specialized in the development, certification and trading of carbon credits to register the Project under the terms of section 12 of the Kyoto Protocol, to which Argentina is a signatory party.

1.4 Acquisition of Central Piedra Buena S.A.

On July 26, 2007, the Company signed with Albanesi S.A. and certain subsidiaries controlled by Matlin Patterson a share purchase and sale agreement, whereby the Company acquired (i) 100% of the capital stock and voting rights of Corporación Independiente de Energía S.A., a company holding 99.99% of the capital stock and voting rights of Central Piedra Buena S.A ("CPB"), and (ii) 100 % of the capital stock and voting rights of IPC Operation Limited, a company incorporated in the United Kingdom whose Argentine branch renders management services to CPB for approximately US\$ 85,000,000 (eighty five million US dollars).

PAMPA HOLDING S.A.

Summary of Activities at September 30, 2007 (Contd.)

CPB is a power plant located in Ingeniero White, Bahía Blanca, in the Province of Buenos Aires. It has a total installed capacity of 620 MW of power through two steam turbines of 310 MW, each of which with the flexibility to burn natural gas and fuel oil indiscriminately. The plant occupies 45 hectares and has two tanks with a combined storage capacity of 60,000 m³. Furthermore, CPB has been granted the exclusive right to use of a deep-water port for supply of fuel oil. The plant is connected to (i) the Argentine Interconnection System (SADI) through two 27-km 500-kW lines and (ii) Transportadora de Gas del Sur S.A. (TGS) through a 22-km gas pipeline of its own.

That transaction was closed on August 3, 2007.

The purchase of the above shareholdings involved an investment of US\$ 85,000,000 for the Company.

1.5. Exchange of Shares with the Controlling Shareholders of “Edenor”

On September 28, 2007, in compliance with the terms of the memorandum of understanding entered into on September 22, 2007 and the agreement for the subscription of shares entered into by the Company and Marcos Marcelo Mindlin, Damián Miguel Mindlin, Gustavo Mariani, Latin American Energy LLC, New Equity Ventures LLC and Deutsche Bank AG, London Branch (the “Contributing Shareholders”) on July 31, 2007: (i) the Company purchased 100% of the capital stock of DESA and IEASA –both companies jointly holding 100% of the capital stock of EASA, a company holding 51% of the capital stock and voting rights of Empresa Distribuidora y Comercializadora Norte S.A., and (ii) the Company issued 480,194,242 common stock of \$ 1 face value each with an additional paid-in capital \$ 1.61 per share for such purchase.

The above transaction was approved by the Ordinary and Extraordinary Shareholders’ Meeting held on August 30, 2007.

According to the Company, the persons which received GDSs representative of common stock exceeding 5% of the Company’s capital stock are: (i) Deutsche Bank AG, London Branch, which received GDSs representative of 98,103,675 common stock, representing 6.43% of the capital stock; (ii) Marathon Special Opportunity Master Fund Ltd., which received GDSs representative of 185,883,175 common stock, representing 12.18% of the capital stock; and (iii) Turbic Inc., which received GDSs representative of 98,103,675 common stock, representing 6.43% of the capital stock.

Subsequent events

See Note 17 to the financial statements.

2. Summarized consolidated balance sheet figures as compared with the same period of the immediately preceding four fiscal years.

	09.30.07 \$	09.30.06 \$	09.30.05 \$ (1)	09.30.04 \$ (1)	09.30.03 \$ (1)
Current Assets	1,764,149,440	333,929,148	178,728	201,807	658,836
Non-current Assets	6,387,222,905	1,028,168,392	2,996,618	3,369,718	4,073,225
Total	<u>8,151,372,345</u>	<u>1,362,097,540</u>	<u>3,175,346</u>	<u>3,571,525</u>	<u>4,732,061</u>
Current Liabilities	799,340,351	90,046,275	3,703,675	3,434,900	3,273,803
Non-Current Liabilities	2,696,291,581	471,530,383	-	-	-
Subtotal	3,495,631,932	561,576,658	3,703,675	3,434,900	3,273,803
Minority shareholding	1,488,039,861	311,434,436	-	-	-
Shareholders’ equity	3,167,700,552	489,086,446	(528,329)	136,625	1,458,258
Total	<u>8,151,372,345</u>	<u>1,362,097,540</u>	<u>3,175,346</u>	<u>3,571,525</u>	<u>4,732,061</u>

PAMPA HOLDING S.A.

Summary of Activities at September 30, 2007 (Contd.)

3. Summarized consolidated income statement figures as compared with the same period of the immediately preceding four fiscal years.

	09.30.07 \$ (2)	09.30.06 \$ (3)	09.30.05 \$ (1)/(3)	09.30.04 \$ (1)/(3)	09.30.03 \$ (1)/(3)
Operating results	116,288,310	(2,865,266)	143,218	(146,603)	(287,559)
Financial and holding results, net	39,872,791	1,714,209	(150,983)	(17,790)	(13,537)
Other net income and expenses	<u>(4,031,858)</u>	-	-	-	-
Subtotal	152,129,243	(1,151,057)	(7,765)	(164,393)	(301,096)
Extraordinary results	-	-	-	-	-
Income tax / asset tax	(8,741,537)	535,588	(18,000)	(14,949)	(17,205)
Minority interest	<u>(26,724,370)</u>	-	-	-	-
Net income (loss) for the year	<u>116,663,336</u>	<u>(615,469)</u>	<u>(25,765)</u>	<u>(179,342)</u>	<u>(318,301)</u>

(1) Balances arising from financial statements and summaries of activities originally submitted. They do not include the adjustment to prior years' results arising from the recovery of the building impairment allowance, the reversal of depreciation charges, or the higher ABL debt.

(2) As a result of the change in the closing date mentioned in Note 2.5. to the parent-only financial statements, the amounts disclosed correspond to the nine-month period ended September 30, 2007.

(3) The amounts disclosed correspond to the full fiscal years ended in each date; therefore they cannot be compared to the amounts disclosed at September 30, 2007.

4. Statistics compared with the same period of the immediately preceding four fiscal years.

	09.30.07 \$	09.30.06 \$	09.30.05 \$	09.30.04 \$ (1)	09.30.03 \$ (1)
Drums (fruit juice)	-	-	-	-	2,284
Beef (Kilograms)	-	-	-	-	343,473
Sundry products (chilled products – Kilograms)	-	-	-	-	183,767
Estancia Benquerencia (Areas of land)	95	100	-	-	-

5. Ratios compared with the same period of the immediately preceding four fiscal years.

	09.30.07 \$	12.31.06 \$	06.30.06 \$ (1)	06.30.05 \$ (1)	06.30.04 \$ (1)
Liquidity					
Current Assets	1,764,149,440	315,504,572	39,378,562	132,584	284,711
Current Liabilities	799,340,351	102,417,511	9,868,289	4,779,690	3,424,562
Ratio	2.21	3.08	3.99	0.03	0.08
Creditworthiness					
Shareholders' equity	3,167,700,552	500,000,965	144,701,915	288,665	315,967
Total liabilities	3,495,631,932	707,353,072	9,868,289	6,125,515	3,424,562
Rate	0.91	0.71	14.66	0.05	0.09

PAMPA HOLDING S.A.**Summary of Activities at September 30, 2007** (Contd.)

	09.30.07 \$	12.31.06 \$	06.30.06 \$ (1)	06.30.05 \$ (1)	06.30.04 \$ (1)
Immobilization of capital					
Current Assets	6,387,222,905	1,382,559,783	115,191,642	6,281,596	3,455,818
Total Assets	<u>8,151,372,345</u>	<u>1,698,064,355</u>	<u>154,570,204</u>	<u>6,414,180</u>	<u>3,740,529</u>
Ratio	0.78	0.81	0.75	0.98	0.92
Yield					
Result for the period	116,663,336	3,142,733	4,413,250	510,863	(1,503,885)
Average shareholders' equity	<u>1,833,850,759</u>	<u>13,810,032</u>	<u>144,701,915</u>	<u>288,665</u>	<u>315,967</u>
Ratio	0.06	0.23	0.03	1.77	(4.76)

(1) Balances arising from financial statements and summaries of activities originally submitted. They do not include the adjustment to prior years' results arising from the recovery of the building impairment allowance, the reversal of depreciation charges, or the higher ABL debt.

6. Brief commentary on the outlook for the coming period.

See comments in Point 1.

LIMITED REVIEW REPORT

To the Shareholders, President and Directors of
Pampa Holding S.A.
Legal domicile: Hipólito Bouchard 547
Autonomous City of Buenos Aires
Tax Code No. 30-52655265-9

1. We have performed a limited review of the balance sheet of Pampa Holding S.A at September 30, 2007, and the related statements of income, of changes in shareholders' equity and of cash flows for the nine-month period ended September 30, 2007 and for the three-month period ended September 30, 2006 and complementary notes and exhibits. Additionally, we have performed a limited review of the consolidated balance sheet of Pampa Holding S.A. and its subsidiaries at September 30, 2007, and the related consolidated statements of income and cash flows for the nine-month period then ended, which are presented as supplementary information. The preparation and issue of these financial statements are the responsibility of the Company.
2. Our reviews were limited to the application of the procedures set forth by Technical Pronouncement No. 7 of the Argentine Federation of Professional Councils in Economic Sciences for limited reviews of financial statements for interim periods, which mainly consist in applying analytical procedures to the financial statement figures and making inquiries of the staff responsible for the preparation of the information included in the financial statements and its subsequent analysis. These limited reviews are substantially less in scope than an audit examination, the objective of which is to express an opinion on the financial statements under examination. Accordingly, we do not express an opinion on the Company's financial position, the results of its operations, the changes in its shareholders' equity and its cash flows, nor its consolidated financial statements.
3. Based on the work done and on our audit of the Company's financial statements for the year ended December 31, 2006 on which we issued a clean opinion, we report that:
 - a) the financial statements of Pampa Holding S.A. at September 30, 2007 for the nine-month period ended September 30, 2007 and for the three-month period ended September 30, 2006 and the consolidated financial statements at that date, described in paragraph 1, prepared in conformity with prevailing accounting standards in force in the Autonomous City of Buenos Aires, consider all significant facts and circumstances which are known to us and we have no observations to make;

- b) the comparative information included in the parent-only balance sheet and complementary notes and exhibits to the attached financial statements, derives from the Company's audit financial statements at December 31, 2006.

4. In compliance with current regulations, we report that:

- a) the financial statements of Pampa Holding S.A. and its consolidated financial statements have been transcribed to the "Inventory and Balance Sheet" book and, as regards those matters that are within our competence, comply with the Corporations Law and pertinent resolutions of the National Securities Commission;
- b) the financial statements of Pampa Holding S.A. arise from accounting records carried in all formal respects in accordance with legal requirements, which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) we have read the summary of activity and the additional information to the notes to the financial statements required by section 68 of the listing regulations of the Buenos Aires Stock Exchange, on which, as regards those matters that are within our competence, we have no observations to make.
- d) at September 30, 2007, the debt of Pampa Holding S.A. in favor of the Integrated Retirement and Survivors' Benefit System according to the Company's accounting records amounted to \$51,512, none of which was claimable at that date.

Autonomous City of Buenos Aires, November 9, 2007

PRICE WATERHOUSE & CO. S.R.L.

ABELOVICH, POLANO & ASOCIADOS

(Partner)

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C.P.C.E.C.A.B.A. T° 175 V° 65

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Registro de Asoc. de Prof. Universitarios
C.P.C.E.C.A.B.A. T° 1 V° 240