US$53,100,000

Compañía de Transporte de Energía Eléctrica en Alta Tensión TRANSENER S.A.

9.75% Senior Notes Series 2 due 2021

We are offering US$53,100,000 aggregate principal amount of our 9.75% senior notes due 2021 (the "Notes"). Interest on the Notes will accrue at a rate of 9.75% per year from August 2, 2011, and will be payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2012. The Notes will mature on August 15, 2021. The Notes will not be redeemable prior to maturity except as provided herein. We will pay principal and interest on the Notes in US dollars without reduction by amounts we may be required to withhold or deduct for Argentine withholding taxes, subject to certain limitations. Under certain circumstances, holders of the Notes will have the right to require us to repurchase the Notes. We may redeem the Notes, at our option, in whole but not in part, at any time on or after July 29, 2016, and prior to maturity, as set forth herein.

The Notes will constitute our direct, unconditional, unsecured and unsubordinated obligations and will rank at all times *pari passu* in right of payment with all our other existing and future unsecured and unsubordinated obligations (other than obligations preferred by statute or by operation of law). The Notes will be effectively subordinated to any of our secured obligations to the extent of the value of the assets securing such obligations. The Notes will be structurally subordinated to the obligations of our subsidiaries. The Notes will be issued only in minimum denominations of US$2,000 and any integral multiples of US$1,000.

We have applied to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market (the "Euro MTF") of the Luxembourg Stock Exchange. We have also applied to have the Notes listed on the Buenos Aires Stock Exchange (*Bolsa de Comercio de Buenos Aires* or "BCBA"). We expect that the Notes will be eligible for trading on the Open Electronic Market (*Mercado Abierto Electrónico S.A.* or the "MAE"). This offering memorandum can only be used for the purposes for which it was published. This offering memorandum constitutes a prospectus for the purposes of the Luxembourg law dated July 10, 2005, on prospectuses for securities.

Investing in the Notes involves a high degree of risk. For a discussion of certain risks you should consider in connection with your investment in the Notes, see "Risk Factors" beginning on page 18.

Issue Price: 95.405% plus accrued interest, if any, from August 2, 2011.

The Notes will not be convertible into shares and will qualify as negotiable obligations (*obligaciones negociables no convertibles en acciones*) under Argentine Law No. 23,576, as amended by Argentine Law No. 23,962 (the "Negotiable Obligations Law") and Joint Resolutions Nos. 470-1738/2004, 500-2222/2007 and 521-2352/2007, as amended (together, the "Joint Resolutions"), issued by the Argentine securities commission (*Comisión Nacional de Valores* or the "CNV") and the Argentine tax authority (*Administración Federal de Ingresos Públicos* or the "AFIP") and will be entitled to the benefits set forth in, and subject to the procedural requirements of, such law, resolution and Argentine Decree No. 677/01 (the "Transparency Decree").

The offering of the Notes has been authorized by the CNV pursuant to Resolution No. 15,523, dated November 30, 2006. The CNV authorization means only that the information contained in the Argentine Prospectus (as defined below) complies with the requirements of the CNV. The CNV has not rendered and will not render any opinion with respect to the accuracy of the information contained in this offering memorandum or the Argentine Prospectus. Transener's board of directors approved the issuance of the Notes at its meeting held on July 8, 2011.

The Notes have not been registered under the US Securities Act of 1933, as amended (the "Securities Act"). The Notes may not be offered or sold within the United States or to US persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act and to certain non-US persons in offshore transactions in reliance on Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "Plan of Distribution" and "Transfer Restrictions; Notice to Investors."

Any offer or sale of Notes in any member state of the European Economic Area (the "EEA") that has implemented Directive 2003/71/EC (the "Prospectus Directive") must be addressed to qualified investors (as defined in the Prospectus Directive).

The Notes in book-entry form were delivered through the Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on August 2, 2011.

Joint Book-Running Managers and Joint Lead Managers

Citi **Deutsche Bank Securities**

The date of this offering memorandum is August 4, 2011.

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GENERAL INFORMATION

This offering memorandum is intended solely for distribution and use outside of Argentina, and is being distributed or used by us and the Initial Purchasers (as defined below) solely outside of Argentina. In Argentina, the Notes are being offered to the public solely pursuant to a Spanish-language Argentine Prospectus dated July 5, 2011, a pricing supplement dated July 8, 2011, and an Argentine final terms notice (those three documents together, the "Argentine Prospectus"). This offering memorandum contains substantially the same information that is included in the Argentine Prospectus other than with respect to the description of US security and tax laws that are relevant to the Notes.

The program under which this issue of Notes is made was approved at our shareholders' meeting dated November 15, 2006, and its terms and conditions were set out by a resolution of our board of directors dated November 17, 2006. The extension of the expiration date of the program for a period of five years was approved at our shareholders' meeting dated April 13, 2011. Our board of directors approved this issuance of the Notes at its meeting held on July 8, 2011. With respect to the Notes represented by the Rule 144A Global Note (as defined herein), the CUSIP number is 20445RAB7 and the International Securities Identification Number ("ISIN") is US20445RAB78. With respect to the Notes represented by the Regulation S Global Note (as defined herein), the CUSIP number is P3058XAK1 and the ISIN is USP3058XAK11.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered by this offering memorandum by any person in any jurisdiction in which it is unlawful for that person to make an offer or solicitation. The delivery of this offering memorandum will not under any circumstances imply that there has been no change in our affairs or that the information set forth in this offering memorandum is correct as of any date subsequent to the date of this offering memorandum.

We have prepared this offering memorandum solely for use in connection with the offer of the Notes and take responsibility for its contents. No other person is responsible for its contents. We have furnished the information (including information from other sources we believe to be reliable) contained in this offering memorandum. Nothing contained in this offering memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future, and the opinions and intentions expressed in this offering memorandum with regard to us are honestly held, and have been reached after considering all relevant circumstances and are based on reasonable assumptions, and all reasonable inquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of notes. Accordingly any person making or intending to make any offer within the EEA of notes that are the subject of the offering contemplated in this offering memorandum should only do so in circumstances in which no obligation arises for Transener or any of the Initial Purchasers to produce a prospectus for such offer. Neither Transener nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final offer of the Notes contemplated in this offering memorandum.

Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (together, the "Initial Purchasers") are not making any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past, the present or future. The Initial Purchasers assume no responsibility for the accuracy or completeness of such information. Prospective purchasers should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum.

You acknowledge that (1) you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (2) you have not relied on us, the Initial Purchasers or any person affiliated with us or the Initial Purchasers in connection with your investigation of the accuracy of the information or your investment decision, and (3) no person has been authorized to give any information or to make

any representation concerning us or the Notes other than as contained in this offering memorandum. If given or made, that other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

In making an investment decision, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved. The Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is unlawful.

NEITHER THE US SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR ANY STATE SECURITIES COMMISSION NOR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES HAS APPROVED OR DISAPPROVED THE NOTES NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS IN THE UNITED STATES. THEREFORE, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON UNLESS THE OFFER OR SALE WOULD QUALIFY FOR A REGISTRATION EXEMPTION FROM THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT AND OUTSIDE THE UNITED STATES TO NON-US PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. PROSPECTIVE PURCHASERS OF THE NOTES IN THE UNITED STATES THAT ARE QIBS ARE HEREBY NOTIFIED THAT TRANSENER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

You must (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the Notes and (ii) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we, the Initial Purchasers nor any of our or their respective legal representatives shall have any responsibility therefor.

The Notes may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws. See "Plan of Distribution" and "Transfer Restrictions; Notice to Investors" for a description of the restrictions on transfer of the Notes. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Risk Factors" for a description of specified factors relating to an investment in the Notes. Neither we, the Initial Purchasers, nor any of our or their respective affiliates or legal representatives is making any representation to you regarding the legality of an investment by you under appropriate legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

In making your investment decision in respect of the Notes you must consider, if applicable, that the Argentine government (the "Government") has issued Decree No. 260/2002 establishing a local foreign exchange market system applicable to all transactions involving foreign currency exchanges taking place on or after February 11, 2002. Additionally, the Government, through Decree No. 616/2005, communications of the Argentine Central Bank (*Banco Central de la República Argentina* or the "Central Bank") and implementing rules, has regulated the applicable regime for remittance of foreign currencies and entry into the Argentine exchange market and any financing transaction carried out by any Argentine resident which may require a future payment in foreign currency to a non-resident of Argentina. See "Exchange Rates—Exchange Controls."

References herein to "we," "us," "our," "Transener" "the issuer" and the "Company" mean Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its consolidated subsidiary *Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Transba S.A.* ("Transba," and together with Transener, "Transener"), unless the context otherwise requires.

The Notes must not be offered or sold, directly or indirectly, to the public in the Grand Duchy of Luxembourg.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OF A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has not been approved as a prospectus by any competent authority within the EEA, and accordingly any offer to the public of the Notes pursuant to the exchange offer in any member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") may only be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any prospective investor who is located in a Relevant Member State may only participate in this offering to the extent it is a "qualified investor" as defined in the Prospectus Directive (provided that no such offer of Notes shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive).

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 Prospectus Directive Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 Prospectus Directive Amending Directive means Directive 2010/73/EU.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

The communication of the offering memorandum and any other documents or materials relating to the offering is not being made and such documents and/or materials have not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being to those persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (the "FSMA") (Financial Promotion) Order 2005 (the "Order")), or to persons to whom Article 43(2) of the Order applies, or to any other persons to whom it may otherwise lawfully be communicated in accordance with the Order.

NOTICE TO PROSPECTIVE INVESTORS IN AUSTRALIA

Offers of the Notes under this offering memorandum to investors in Australia are only made to those investors who are either:

- "sophisticated investors" under section 708(8) of the Corporations Act 2001 (Cth) (the "Australian Corporations Act"); or
- "professional investors" under section 708(11) of the Australian Corporations Act, and

who are also "wholesale clients" under section 761G of the Australian Corporations Act.

In addition, no person may distribute or publish this offering memorandum or any other offering material relating to the Notes in Australia unless the recipient satisfies the above conditions and such action complies with all applicable laws, regulations and directives (including the financial services licensing requirements of Chapter 7 of the Australian Corporations Act) and does not require any document to be lodged with the Australian Securities and Investments Commission ("ASIC"), ASX Limited or any other regulatory body or agency in Australia.

In addition to any restrictions on the offer for re-sale of Notes set out in this offering memorandum, there may also be legal restrictions on the offer for re-sale of any Notes in Australia for a period of 12 months after their issue. Because of these restrictions, investors are advised to consult legal counsel prior to making any offer for re-sale of Notes in Australia.

This offering memorandum does not constitute a disclosure document under Chapter 6D of the Australian Corporations Act. It is not required to, and does not, contain all the information which would be required in a disclosure document. The offering memorandum has not been lodged with ASIC. In addition, the persons referred to in this document may not hold Australian financial services licenses.

This offering memorandum has not been prepared specifically for Australian investors. It:

- contains references to dollar amounts which are not Australian dollars;
- may contain financial information which is not prepared in accordance with Australian law or practices;
- may not address risks associated with investment in foreign currency denominated investments; and
- does not address Australian tax issues.

AVAILABLE INFORMATION

Copies of the offering memorandum and the Argentine Prospectus, as applicable, the indenture between us, Deutsche Bank Trust Company Americas (the "Trustee,"), Deutsche Bank S.A. and Deutsche Bank Luxembourg S.A. dated December 15, 2006 (the "Program Indenture"), and the second supplemental indenture between us, the Trustee (which includes any successor as trustee under the Program Indenture) as Co-Registrar, Paying Agent and Transfer Agent, Deutsche Bank S.A.-Argentina as Registrar, Paying Agent and Representative of the Trustee in Argentina, and Deutsche Bank Luxembourg S.A. as Paying Agent and Representative of the Trustee in Luxembourg dated August 2, 2011 (the "Second Supplemental Indenture"), which supplements, amends and restates the Program Indenture with respect to the Notes offered hereby, and the other documents referred to in this offering memorandum, will be available at our offices at Avda. Paseo Colón 728, 6th Floor, Ciudad Autónoma de Buenos Aires, (C1063ACU), Argentina, and at the offices of the Citicorp Capital Markets S.A. and Deutsche Bank S.A. as the Argentine Placement Agents, and will be available free of charge in Luxembourg from the Luxembourg Listing, Paying and Transfer Agent. Copies of the Argentine Prospectus related to the Notes may be obtained on the CNV's website (www.cnv.gob.ar).

To permit compliance with Rule 144A in connection with resales of Notes that are "restricted securities," we will furnish, upon the request of a holder of a note or a prospective purchaser designated by such holder, the information required to be delivered by Rule 144A(d)(A) under the Securities Act unless, at the time of such request, we are either a reporting company under Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or are furnishing to the SEC information required by Rule 12g3-2(b) under the Exchange Act.

The Second Supplemental Indenture further requires that we furnish to the Trustee all notices of meetings of the holders of Notes and other reports and communications that are generally made available to holders of the Notes. At our request, the Trustee will be required under the Second Supplemental Indenture to mail these notices, reports and communications received by it from us to all record holders of the Notes promptly upon receipt.

We will make available to the holders of the Notes, at the corporate trust office of the Trustee at no cost, copies of the Second Supplemental Indenture as well as this offering memorandum, and our Audited Annual Financial Statements and Unaudited Interim Financial Statements (each as defined below) in English, which were prepared in accordance with generally accepted accounting principles in Argentina consistently applied as adopted by the Professional Council on Economic Sciences of the Autonomous City of Buenos Aires (*Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires* or "CPCECABA") ("Argentine GAAP") and the accounting regulations of the CNV.

In making an investment decision, all investors, including any Argentine investors who may acquire Notes from time to time, must rely on their own review and examination of Transener.

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK SECURITIES INC. OR ITS AFFILIATES (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTIONS. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE COMPANY RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. STABILIZATION TRANSACTIONS IN ARGENTINA SHALL BE PERFORMED IN ACCORDANCE WITH BOOK 6, CHAPTER XXI.7.4, SECTION 30, OF THE CNV'S REGULATIONS.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains certain "forward-looking statements" within the meaning of Section 21E of the Exchange Act. This offering memorandum contains certain information that is forward-looking, including but not limited to:

- our expectations for future changes in our tariffs pursuant to the Definitive Agreement and the Full Tariff Review (each as defined below);
- our expectations for our future performance, revenues, income, earnings per share, capital expenditures, dividends, liquidity and capital structure; and
- the impact of inflation and currency volatility on our financial condition and results of operations.

Forward-looking statements may also be identified by words such as "may," "will," "continue" "believe," "expect," "anticipate," "project," "intend," "should," "seek," "estimate," "future" or similar expressions. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other forward-looking information. Forward-looking statements are subject to various risks and uncertainties. When considering forward-looking statements, you should keep in mind the factors described in "Risk Factors" and other cautionary statements in this offering memorandum. These "Risk Factors" and other statements describe circumstances that could cause results to differ materially from those contained in any forward-looking statement.

The risks and uncertainties include, but are not limited to:

- uncertainties relating to political and economic conditions in Argentina;
- inflation and exchange rate risks, including a devaluation of the peso;
- general political, economic, social, demographic and business conditions in Argentina and particularly in the geographic market we serve;
- the global financial crisis and its impact on liquidity and access to capital;
- the outcome and timing of the Full Tariff Review process (the "Full Tariff Review") we are to engage in with the Argentine National Electricity Regulatory (*Ente Nacional Regulador de la Electricidad* or the "ENRE") and, more generally, uncertainties relating to future Government approvals to increase or adjust our tariffs and those of our subsidiary;
- changes in the electricity regulatory framework;
- the impact of regulatory reform and changes in the regulatory environment in which we operate;
- the impact of the emergency laws enacted by the Government, which resulted in the amendment of Law No. 23,928 (the "Convertibility Law") and subsequent related laws and regulations enacted by the Government;
- the impact of each of Transener and Transba entering into a definitive agreement with the *Unidad de Renegociación y Análisis de Contratos de Servicios Públicos* ("UNIREN") dated as of May 17, 2005 (the "Transener Definitive Agreement" and the "Transba Definitive Agreement," respectively, and together, the "Definitive Agreements"), and an instrumental agreement in respect of the Definitive Agreements with the ENRE and the Secretariat of Energy dated as of December 21, 2010 (the "Instrumental Agreements");
- restrictions on the ability to exchange pesos into foreign currencies or to transfer funds abroad;
- the impact of actions taken by third parties, including courts and other governmental authorities;
- the outcome of certain legal proceedings;
- the revocation or amendment of our concession by the granting authority;
- our expectations about the Notes;

- our expectations about the use of proceeds of the Notes to refinance some of our outstanding debt; and
- additional matters identified in "Risk Factors."

Our actual results may differ materially from the results discussed in these forward-looking statements because such statements, by their nature, involve estimates, assumptions and uncertainties. The forward-looking statements contained in this offering memorandum speak only as of the date of this offering memorandum, and we do not undertake any obligation to update any forward-looking statement or other information to reflect events or circumstances occurring after the date of this offering memorandum or to reflect the occurrence of unanticipated events.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

We are incorporated under the laws of Argentina. Substantially all of our assets are located outside the United States. All of our directors and all our officers and certain advisors named herein reside in Argentina. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against them or us in United States courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

In addition, a substantial portion of our assets is not subject to attachment or foreclosure, as they are essential to the public service we provide. In accordance with Argentine law, as interpreted by the Argentine courts, assets that are necessary to the provision of an essential public service may not be attached, whether preliminarily or in aid of execution.

We have been advised by our Argentine counsel, Errecondo, Salaverri, Dellatorre, González & Burgio, that judgments of United States courts for civil liabilities based upon the federal securities laws of the United States could be enforced in Argentina, provided that the requirements of Articles 517 through 519 of the Federal Civil and Commercial Procedure Code Law No. 24,871 (if enforcement is sought before federal courts or courts with jurisdiction in commercial matters of the city of Buenos Aires) are met as follows: (i) the judgment, which must be final in the jurisdiction where rendered, was issued by a competent court in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an *in rem* action with respect to personal property if such was transferred to Argentine territory during or after the prosecution of the foreign action, (ii) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action, (iii) the judgment is valid in the jurisdiction where rendered and meets authenticity requirements under Argentine law, (iv) the judgment does not violate the principles of public policy of Argentine law, and (v) (a) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court, (b) in respect of any document in a language other than Spanish (including, without limitation, the foreign judgment and other documents related thereto), a duly legalized translation by a sworn public translator into the Spanish language shall be submitted to the relevant court, (c) the filing of claims with the Argentine judicial system shall be subject to the payment of a court tax to be paid by the person filing a claim and which tax rates vary from one jurisdiction to another (the current court tax in the courts sitting in the city of Buenos Aires is levied at a rate of 3% of the amount claimed in conformity with Article 2 of Argentine Law No. 23,898), and (d) pursuant to Argentine Law No. 26,589 (as amended), certain mediation procedures must be exhausted prior to the initiation of lawsuits in Argentina (with the exception, among others, of bankruptcy and executory proceedings, which executory proceedings include the enforcement of foreign judgments, in which case mediation procedures remain optional for the plaintiff).

Subject to compliance with Article 517 of the Federal Civil and Commercial Procedure Code described above, a judgment against us or the persons described above obtained outside Argentina would be enforceable in Argentina without reconsideration of the merits.

We have been further advised by our Argentine counsel that:

- there is doubt as to the enforceability in Argentine courts of judgments of United States courts obtained actions based upon the civil liability provisions of the federal securities laws of the United States or the laws of other jurisdictions; and

- the ability of a judgment creditor or the other persons named above to satisfy a judgment by attaching certain of our assets is limited by provisions of Argentine law.

A plaintiff (whether Argentine or non-Argentine) residing outside Argentina during the course of litigation in Argentina must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Argentina that could secure such payment. The bond must have a value sufficient to satisfy the payment of court fees and defendant's attorney fees, as determined by the Argentine judge. This requirement does not apply to the enforcement of foreign judgments. See "Risk Factors—Risks Relating to the Notes—Holders of the Notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons."

PRESENTATION OF FINANCIAL INFORMATION

This offering memorandum includes our audited consolidated financial statements as of December 31, 2010 and 2009, and for the three years ended December 31, 2010 (the "Audited Annual Financial Statements"), and our unaudited consolidated interim financial statements as of March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010 (the "Unaudited Interim Financial Statements" and, together with the Audited Annual Financial Statements, the "Financial Statements").

Our Audited Annual Financial Statements have been audited by Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina, member firm of the PricewaterhouseCoopers network, independent accountants, whose report is included herein. The report of our independent accountants to our Audited Annual Financial Statements, dated March 4, 2011, and included herein, contains a qualified opinion due to the uncertainties of the outcome of the tariff renegotiation process with the Government and impact of this situation on our Financial Statements. As mentioned in Note 4.7(r) to our Audited Annual Financial Statements, we have prepared our projections in order to determine the recoverable value of our non-current assets under the framework of Law No. 24,065 (the "Electricity Law"). Actual results could differ from those estimates.

Our Unaudited Interim Financial Statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results of operations for the interim period covered by them in accordance with Argentine GAAP and CNV Regulations. The results of operations for the three-month period ended March 31, 2011, are not necessarily indicative of the results of operations for the fiscal year ended December 31, 2011, or any other interim period or fiscal year.

Our consolidated results of operations for the year ended December 31, 2010, and for the three-month period ended March 31, 2011, did not include the results of operations of our subsidiary in Brazil, *Transener Internacional Limitada* ("Transener Brazil"), all of which were included in our consolidated results of operations for the three-month period ended March 31, 2010, and the years ended December 31, 2009 and 2008. As a result, our consolidated financial statements for the year ended December 31, 2010, and the three-month period ended March 31, 2011, are not fully comparable with our consolidated financial statements for the years ended December 31, 2009 and 2008, and the three-month period ended March 31, 2010, respectively. See "Business—Non-Consolidated Subsidiaries."

In this offering memorandum, when we refer to "peso," "pesos," and "Ps." we mean Argentine pesos; when we refer to "dollars," "US dollars" or "US$" we mean United States dollars.

We maintain our financial books and records and prepare our Financial Statements in pesos and in conformity with Argentine GAAP and in accordance with the accounting regulations of the CNV, which differ in certain significant respects from the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB") and from accounting principles generally accepted in the United States of America ("US GAAP"). Such differences may involve methods of measuring the amounts shown in the Financial Statements as well as additional disclosures required by IFRS and/or US GAAP. A reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences. See "Risk Factors—Risks Relating to Us—We prepare our financial statements under Argentine GAAP, which differs from US GAAP and IFRS, and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences" and "Annex 1—Certain Significant Differences Between Argentine GAAP and IFRS."

Because the Notes have not been registered and will not be registered with the SEC, our Financial Statements included elsewhere in this offering memorandum do not and are not required to comply with the applicable registration requirements, rules and regulations adopted by the SEC, which would apply if the Notes had been registered with the SEC.

Our Financial Statements do not include a reconciliation of consolidated net income and shareholders' equity from Argentine GAAP to US GAAP or IFRS. In making an investment decision, investors must rely upon

their own examination of our Company, the terms of the offering and the financial information presented herein. Prospective purchasers should consult their own professional advisors for an understanding of the differences between Argentine GAAP, US GAAP and IFRS, and how those differences might affect the financial information set forth herein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Adoption of IFRS" and "Risk Factors—Risks Relating to Us—We prepare our financial statements under Argentine GAAP, which differs from US GAAP and IFRS, and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences" for a summary of the significant differences between Argentine GAAP and IFRS as they relate to our Company. Such summary does not attempt to identify or quantify the impact of any potential difference between Argentine GAAP and IFRS.

Under Argentine GAAP, we currently are not required to record the effects of inflation in our financial statements. However, because Argentina experienced a high rate of inflation in 2002, with the wholesale price index increasing by approximately 118%, we were required by Decree No. 1,269/2002 and CNV Resolution No. 415/2002 to re-measure our financial statements in constant pesos in accordance with Argentine GAAP. On March 25, 2003, Decree No. 664/2003 rescinded the requirement that financial statements be prepared in constant currency, effective for financial periods on or after March 1, 2003. As a result, we are not required to restate and have not restated our financial statements for inflation after February 28, 2003. See note 4.4 to our Audited Annual Financial Statements and note 3.5 to our Unaudited Interim Financial Statements included in this offering memorandum. No assurance can be made that in the future we will not be again required to record the effects of inflation in our financial statements (including those covered by the Financial Statements included in this offering memorandum) in constant pesos.

On March 20, 2009, the Argentine Federation of Professional Councils on Economic Sciences (*Federación Argentina de Consejos Profesionales de Ciencias Económicas* or the "FACPCE") approved Technical Resolution No. 26, requiring companies that are or become subject to the public offering regime in Argentina to adopt IFRS beginning on the fiscal years starting on January 1, 2011, and allowing early application for fiscal years commencing on or after January 1, 2010. The CNV issued Resolutions Nos. 562/09 and 576/10 on December 29, 2009, and July 8, 2010, respectively, which require that companies under the supervision of the CNV prepare their financial statements in accordance with IFRS for fiscal periods beginning on or after January 1, 2012, including comparative information for earlier periods. We are currently assessing the impact that these changes could have on our financial statements, and will continue to monitor the development of the implementation of IFRS. We have not quantified the effects that these changes in professional accounting standards could have on our financial condition or results of operations and therefore can give no assurance that these changes will not have an adverse effect on our financial condition (e.g., compliance with certain covenants, financial ratios and other commitments) or results of operations. See "Risk Factors—Risks Relating to the Us—The implementation of IFRS as well as the issuance of new accounting standards or interpretations or changes to existing standards or interpretations issued by the FACPCE may adversely affect our results of operations."

Presentation of Non-GAAP Information

The measurements of Adjusted EBITDA (as defined below) contained herein may not be comparable to those used by other companies. For purposes hereof, we calculate adjusted EBITDA as operating income plus depreciation, amortization and financial income from cash, temporary cash investments, other short-term investments and the interest portion of the cost variation index (*Índice de Variación de Costos*, or the "CVI") adjustment ("Adjusted EBITDA"). Accordingly, the measurements of Adjusted EBITDA contained herein may not be calculated in the same manner as similarly titled measurements used by other companies which may limit their usefulness as a comparative measurement. Because of these limitations, the measurements of Adjusted EBITDA contained herein should not be considered a measurement of discretionary cash available to us to invest in the growth of our business or as a measurement of cash that will be available to us to meet our obligations. Adjusted EBITDA is not a recognized financial measurement under Argentine GAAP, IFRS or US GAAP. Investors should, therefore, rely primarily on the results of operations of our Company contained in the Financial Statements prepared under Argentine GAAP and use the measurement of Adjusted EBITDA contained herein as a supplementary measurement only.

Adjusted EBITDA is provided for information purposes only and should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute of cash flows from operations or as a measure of liquidity. Adjusted EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain financial figures. Adjusted EBITDA and other non-Argentine GAAP or non-US GAAP financial measures included in this offering memorandum are not a substitute of Argentine GAAP or US GAAP measures of financial performance.

Industry and Market Data

Market data and other statistical information used throughout this offering is based on data collected by and available from CAMMESA (as defined herein). Certain data is also based on our estimates, which are derived from our review of internal surveys as well as independent sources. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness.

Rounding Information

Certain figures (including percentage amounts) included in this offering memorandum have been rounded for ease of presentation. Percentage figures and totals included in this offering memorandum have, in some cases, been calculated on the basis of such figures prior to rounding. For this reason, certain percentage and total amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our Audited Annual Financial Statements and our Unaudited Interim Financial Statements and figures shown as total in certain tables may not be an exact arithmetic aggregate of the other figures in such table.

Currency Information

Unless stated otherwise, the US dollar/peso exchange rates used in this offering memorandum for convenience translations for amounts as of December 31, 2010, and March 31, 2011, are the *Banco de la Nación Argentina* exchange rates (*tipo vendedor*) of Ps.3.976 per US$1.00 and Ps.4.054 per US$1.00, respectively. These translations should not be construed as a representation that the peso amounts represent, or have been or could be converted into, US dollars at that or any other rate. See "Exchange Rates."

For informational purposes, we have included columns in the tables appearing elsewhere in this offering memorandum expressing figures in US dollars. Refer to the appropriate footnotes for the applicable exchange rates.

RATINGS

Decree 656/1992 (as amended by Decree 749/2000 and supplemented by CNV regulations) sets forth general provisions on note ratings and Argentine rating agencies.

Decree 656/1992 sets forth that notes shall be rated in five (5) ratings, from A through E, each of which may include subcategories. Ratings from A through D apply to notes complying with information requirements under Argentine regulations; E ratings apply to notes not complying with such information requirements.

Specific rating standards for each rating are set in accordance with rating standards submitted by the respective rating agencies and authorized by the CNV.

Pursuant to Decree 749/2000 it is no longer required that notes issued and offered through a public offering be rated by two (2) independent Argentine rating agencies. If the issuer chooses to have the notes rated, such rating must be kept updated at all times after the issuance of the notes, unless otherwise unanimously decided by the noteholders at a noteholders' meeting.

The Notes have been rated by Standard & Poor's International Ratings LLC, Argentine Branch, located at Av. L. N. Alem 855, 3rd Floor (C1001AAD), City of Buenos Aires, Argentina, who assigned a local and international rating to the Notes of raBBB+ and B-, respectively.

Ratings may be modified, suspended or withdrawn at any time, subject to CNV regulations, and, in any case, may not be construed as advice for selling, holding or buying the Notes.

SUMMARY

The following summary is provided for your convenience. Although it highlights certain important information in this offering memorandum, it may not contain all of the information that is important to you in making a decision to invest in the Notes. We urge you to read and review carefully this entire offering memorandum, the section entitled "Risk Factors" and the Audited Annual Financial Statements and Unaudited Interim Financial Statements and accompanying notes included herein, in order to fully understand us and the terms of the Notes.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in any forward-looking statements as a result of various factors, including, without limitation, those set forth in "Forward-Looking Statements," "Risk Factors," "Selected Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operation."

Our Company

We are a company engaged in the transmission of electricity in Argentina. Our electricity transmission system consists of the two principal transmission networks in Argentina, as described below, which we operate pursuant to our Concession Agreements (as defined below). Substantially all of our revenues, income and cash flows are derived from our operations in this business. We are the largest electricity transmission company in Argentina based on approximately 17,491km of transmission lines with a voltage ranging from 66kV to 500kV, according to data compiled by the Wholesale Electricity Market Administration Company (*Compañía Administradora del Mercado Mayorista Eléctrico S.A.* or "CAMMESA") in June 2011.

We own, operate and maintain the leading high-voltage electricity transmission system in Argentina at the 500kV level (the "Transener Network"), which accounts for approximately 90% of the high-voltage transmission network in Argentina, under the concession agreement dated June 30, 1993, between us and the Government, represented by the Argentine Secretariat of Energy (the "Transener Concession Agreement"), which granted Transener the exclusive right to provide the public service of high-voltage electricity transmission throughout the Transener Network for a period of 95 years from July 17, 1993 (the "Transener Transfer Date"). See "Business—Our Concession Agreements—The Transener Concession Agreement." The Transener Network is comprised of approximately 11,400km of transmission lines and 43 substations.

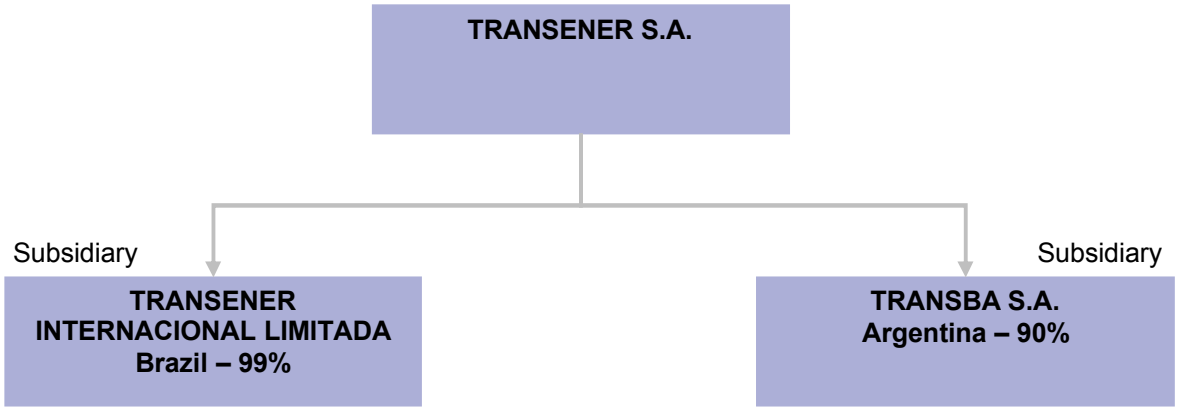
We also own, operate and maintain a system located within the Province of Buenos Aires (the "Transba Network" and, together with the Transener Network, the "Networks") under the concession agreement dated July 31, 1997, between Transba and the Government, represented by the Argentine Secretariat of Energy (the "Transba Concession Agreement" and, together with the Transener Concession Agreement, the "Concession Agreements"), which granted us the exclusive right to provide the public service of electricity transmission in the Province of Buenos Aires via trunk lines throughout the Transba Network for a period of 95 years from August 5, 1997 (the "Transba Transfer Date"). See "Business—Our Concession Agreements—The Transba Concession Agreement." The Transba Network is one of six regional transmission networks in Argentina and consists of approximately 6,100km of transmission lines with a voltage ranging from 66kV to 220kV and 91 substations containing power transformers supplying 537 connections via trunk lines.

Our consolidated net revenues were Ps.155.2 million and Ps.140.6 million for the three-month periods ended March 31, 2011 and 2010, respectively, and Ps.583.8 million, Ps.582.5 million and Ps.457.0 million for the years ended December 31, 2010, 2009 and 2008, respectively. Our consolidated total assets were Ps.1,943.2 million as of March 31, 2011, and Ps.1,966.8 million as of December 31, 2010. Transba's regulated revenue represented 29.4% and 29.2% of our consolidated regulated revenue during the three-month periods ended March 31, 2011 and 2010, respectively, and 29.1%, 29.0% and 29.1% of our consolidated regulated revenue for the years ended December 31, 2010, 2009 and 2008, respectively. Transba's assets accounted for 25.1% of our consolidated total assets as of March 31, 2011, and 25.2% as of December 31, 2010.

As of the date of this offering memorandum, we also conduct operations in Brazil through our subsidiary Transener Brazil. Due to the uncertainty in respect of our ability to fully recover our investment in Transener Brazil,

the book value of our investment in Transener Brazil, which represented less than 1% of our consolidated total assets, has been impaired. As a result and pursuant to Argentine GAAP, the financial statements of Transener Brazil as of and for the three months ended March 31, 2011, and as of and for the year ended December 31, 2010, have not been consolidated in our consolidated financial statements for such periods. See "Business—Non-Consolidated Subsidiaries."

As of the date of this offering memorandum, the following chart depicts the organizational structure through which we conduct our operations. This chart reflects only those subsidiaries through which we currently conduct operations.



Our History

As part of the Government's program to privatize state-owned companies, Transener was formed by the Government on May 31, 1993, to own and operate the Transener Network. On July 17, 1993, the controlling stake in Transener was awarded to Citelec Electric Transmission Investment Company (*Compañía Inversora en Transmisión Eléctrica Citelec S.A.*, or "Citelec"). For more information about our shareholders, see "Principal Shareholders." We assumed control of the Transener Network on the Transener Transfer Date.

On July 30, 1997, the Province of Buenos Aires privatized Transba, which was formed by the Province of Buenos Aires in March 1996 and subsequently purchased by Transener to own and operate the Transba Network. We acquired 100% of Transba's share capital on the Transba Transfer Date, including ownership of property, plant and equipment valued for accounting purposes at Ps.230.2 million as of the Transba Transfer Date. As of the date of this offering memorandum, we hold 90% of Transba's capital stock, with the remaining 10% transferred to an employee stock ownership plan for employees of Transba in exchange for rights to future dividends of Transba on such shares.

Our Industry

The electricity industry in Argentina is principally governed by the Electricity Law and Decrees Nos. 634/91 and 1,398/92, which established a framework for electric power services and approved the Electricity Law, respectively. The regulatory framework divides generation, transmission and distribution of electricity into separate lines of business, each subject to its own set of regulations. The ultimate objective of the regulatory scheme is to encourage competition, improve the quality of services, protect consumers' rights and reduce prices paid by consumers.

The Argentine Secretariat of Energy (the "Secretariat of Energy"), which reports to the Ministry of Federal Planning, Public Investment and Services, is the principal federal government authority responsible for the regulation of the Argentine electricity industry. Under the Electricity Law, the Secretariat of Energy's main duty is to establish the rules applicable to the electricity industry and to regulate the Wholesale Electricity Market (the "WEM").

The ENRE is an independent agency, responsible for the general supervision of the electricity industry in Argentina including, without limitation, the implementation of the Electricity Law and monitoring compliance by private companies with their concession agreements.

The creation of the WEM made it necessary to create an entity in charge of the management of the WEM and the dispatch of electricity into the NIS. These duties were entrusted to CAMMESA, a non-profit private company created for the purpose of managing the WEM. See "Argentine Electricity Industry and Regulatory Framework—The WEM."

Regulatory Environment

Our activities are regulated by our Concession Agreements. The Concession Agreements establish, among other things, the tariff revenue to be paid to us by CAMMESA for making our transmission assets available to the national interconnected system (the "NIS"). Such tariff revenue consists of three components (i) electricity transmission revenue, (ii) transmission capacity revenue, and (iii) connection revenue. Prior to the enactment of the Emergency Law (as defined below), pursuant to our Concession Agreements, such tariff revenues were calculated in US dollars and converted into pesos based on the exchange rate applicable at the time of invoicing. In addition, the Concession Agreements provide for electricity transmission revenue to be revised every five years by the ENRE (such five-year periods under either of the Concession Agreements, as applicable, a "Tariff Period") and for the tariff revenue payable to us for capacity and connection to be revised by the ENRE at the end of each of the management periods under our Concession Agreement (each a "Transener Management Period" or a "Transba Management Period," as applicable).

On January 6, 2002, the Argentine congress enacted Law No. 25,561 (the "Emergency Law"), which declared an economic, social, administrative, financial and foreign currency exchange emergency. Pursuant to the Emergency Law, all prices and tariffs under public works and public service concession agreements (including ours) were converted into pesos at a rate of Ps.1.00 per US$1.00 and adjustments related to the US Consumer Price Index (the "CPI") and the US Producer Price Index (the "PPI") provided for under the terms of the Concession Agreements were disallowed. The Emergency Law has been extended until December 31, 2011. See "Business—Our Concession Agreements—Emergency Law and Renegotiation of Concession Agreements," "Business—Legal Proceedings—Other Claims" and "Risk Factors—Risks Relating to Argentina."

The Emergency Law required us to renegotiate our Concession Agreements with UNIREN, an entity created by the Emergency Law for this purpose. As a result of the renegotiation process with UNIREN, Transener and Transba entered into the Transener Definitive Agreement and the Transba Definitive Agreement, respectively, with UNIREN in 2005. The Definitive Agreements provide, among other things, (i) rules applicable to each of Transener and Transba, as applicable (the "Transition Period Rules"), until the completion of the Full Tariff Review (the "Transition Period") and (ii) rules for the implementation of the Full Tariff Review. Although the ENRE has passed certain resolutions providing for adjustments to Transener's and Transba's tariffs, these adjustments have not accounted for the full amount of our cost variations since we entered into the Definitive Agreements. As a result of the delay in the implementation of cost adjustments as set forth in the Definitive Agreements, Transener and Transba entered into certain financing agreements with CAMMESA. Through these agreements, CAMMESA advances funds to Transener and Transba, which are used to offset their increased costs and which advances are repaid with certain tariff revenue increases to be granted through the recognition of the CVI. In addition, Transener and Transba entered into the Instrumental Agreements with the ENRE and the Secretariat of Energy to, among other things, recognize cost variations incurred between June 2005 and November 2010. See "Business—Regulatory Environment", "Business—Our Concession Agreements," "Business—CAMMESA Financing" and "Business—The Instrumental Agreements."

As of the date of this offering memorandum and despite our efforts and full compliance with regulatory requirements, the Full Tariff Review has not been completed and no new tariff system has been established. See "Business—Regulatory Environment" and "Risk Factors—Risks Relating to Us—We may not be able to adjust our tariffs to reflect increases in our transmission costs in a timely manner, or at all, which may have a material adverse effect on our results of operations."

Our Strategy

Our strategy is to continue to deliver value to our shareholders by efficiently operating our Networks and gradually improving our profitability.

- *Maintain the sound financial condition of the Company in the face of an uncertain regulatory environment.* We continue our efforts to maintain the sound financial condition of the Company and improve the regulatory environment in Argentina, including our efforts to preserve our Concession Agreements and our involvement in the negotiation of the new tariff scheme in order to permit us to achieve greater profitability and to regain the ability to make predictable estimates of our future costs and revenues. Although the Full Tariff Review has been delayed since 2006, we remain fully committed to working with the Government to negotiate a new tariff system that will enable us to regain our ability to achieve an adequate return on our invested capital.

- *Achieve greater efficiency in the operation of the Networks*. With the benefit of our highly experienced management team, which has a strong track record of operational success, we plan to achieve greater efficiency, principally by reducing operating costs, including failure-related costs, and to increase productivity. We reduced the level of failures from 1.48 faults per 100km of line/year at the beginning of the term of the Transener Concession Agreement in 1993 to 0.24 faults for the 12-month period ended March 31, 2011. We reduced the level of failures from 3.66 faults per 100km of line/year at the beginning of the term of the Transba Concession Agreement in 1997 to 1.20 faults for the 12-month period ended March 31, 2011. Our cost reduction efforts have included, among other things, initiatives to improve our processes, the development of systems designed to predict possible faults and the constant introduction of new technologies. Although Transener and Transba are separate entities, we continue to seek to create synergies between our two companies to achieve greater efficiency and profitability.

- *Pursue growth opportunities in the electricity industry in Argentina.* In Argentina, we intend to continue pursuing opportunities to engage in non-regulated business through our participation in the expansion of the NIS. We are the largest electricity transmission company in Argentina based on approximately 17,491km of transmission lines with a voltage ranging from 66kV to 500kV, according to data compiled by CAMMESA in June 2011, which accounts for approximately 90% of the high-voltage tranmission network in Argentina. Our NIS-related operations include services for contractors of new lines and generation, the supervision, operation and maintenance of lines owned by others and the provision of engineering services. Currently, approximately 2,350km of new 500kV lines are under construction, and an additional 2,670km of 500kV lines are expected to be under construction over the next two years. These expansions are expected to substantially increase the size of the network under our operation and maintenance.

Concurrent Offers

Concurrently with this offering, we are inviting holders of our outstanding 8.875% Senior Notes due 2016 (the "Series 1 Notes") to exchange their Series 1 Notes for Notes (the "Concurrent Exchange Offer"), or sell their Series 1 Notes for a US dollar amount of cash financed through the issuance of the Notes (the "Concurrent Tender Offer," and together with the Concurrent Exchange Offer, the "Concurrent Offers"). We are also undertaking a consent solicitation (the "Consent Solicitation") to solicit proxies (the "Proxies") in order to amend certain terms and conditions of the the first supplemental indenture between us, the Trustee, Deutsche Bank S.A. and Deutsche Bank Luxembourg S.A. dated December 15, 2006, governing the terms of the Series 1 Notes. The Concurrent Offers are conditioned on our issuance of at least US$100 million aggregate principal amount of Notes (excluding any principal amount of Notes acquired by us or our affiliates in the Concurrent Exchange Offer) in this offering and in the Concurrent Exchange Offer. We may waive this condition, which could result in the Notes being issued in an aggregate principal amount of less than US$100 million. See "The Offering—Concurrent Exchange Offer."

Our Contact Information

Our principal executive offices are located at Avda. Paseo Colón 728, 6th Floor, Ciudad Autónoma de Buenos Aires, (C1063ACU), Argentina. Our telephone number is +54 11 5167 9200. Our fax number is +54 11 5167 9269. Our email address is info@transx.com.ar and our website is located at www.transener.com.ar.

THE OFFERING

The following is a summary of the terms and conditions of the Notes being offered hereunder. For a more complete description of the terms of the Notes, see "Description of the Notes."

Issuer	Compañía de Transporte de Energía Eléctrica en Alta Tensión TRANSENER S.A.
Notes	US$53,100,000 aggregate principal amount of 9.75% Senior Notes due 2021.
Ranking	The Notes will be our senior unsecured obligations, will be equal in right of payment to all of our existing and future senior unsecured and unsubordinated obligations and will rank senior in right of payment to all of our existing and future subordinated and unsecured indebtedness (other than obligations preferred by statute or by operation of law).
Issue Price	95.405% of the aggregate principal amount.
Final Maturity	August 15, 2021.
Interest	The Notes will bear interest at a rate of 9.75% per year from August 2, 2011, payable in US dollars on February 15 and August 15 of each year, beginning on February 15, 2012.
Optional Redemption	We may redeem the Notes, at our option, upon not less than 30 days nor more than 60 days' notice, at any time on or after July 29, 2016, and prior to maturity, in whole but not in part, at certain redemption prices listed in the table below, expressed as percentages of the principal amount of the Notes outstanding, if redeemed during the twelve-month period beginning on July 29, 2016, of the year set forth in the table below, plus, in each case, any accrued and unpaid interest, and Additional Amounts, if any.

Year	Percentage
2016	104.875%
2017	102.4375%
2018	101.21875%
2019 and thereafter	100%

Additional Amounts	Subject to certain conditions, as more fully described in "Description of the Notes," all payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account, of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Argentina or by or within any political subdivision thereof or any authority therein or thereof having power to tax ("Local Taxes") as set forth under "Argentine Taxation," unless such withholding or deduction is required by law. In the event of any such withholding or deduction, the Company shall pay to holders of the Notes in US dollars such additional amounts ("Additional Amounts") as will result in the payment to such holder of the US dollar amount that would otherwise have been receivable by such holder in the absence of such withholding or deduction. The Company is required to maintain a Paying Agent in a European Union member state that is not obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC.
Optional Tax Redemption	We may redeem the Notes at our election, in whole, but not in part, by the giving of notice as provided in the Second Supplemental Indenture, at a price in US dollars equal to the outstanding principal amount thereof,

	together with accrued and unpaid interest and any Additional Amounts to the Redemption Date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) or treaties of Argentina or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations, rulings or treaties in Argentina, we have or will become obligated to pay Additional Amounts on the Notes, if such change or amendment is announced on or after the Closing Date and such obligation cannot be avoided by our taking reasonable measures available to it; *provided*, *however*, that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which we would be obligated to pay such Additional Amounts, were a payment in respect of the Notes then due.
Repurchase at the Option of Holders Upon a Change of Control	Upon a Change of Control, each Holder (as defined in "Description of the Notes") of the Notes will have the right to require us to repurchase or any part (equal to US$2,000 or integral multiples of US$1,000) of that Holder's Notes at 101% of the aggregate principal amount plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to the date of purchase pursuant to an offer made by the Company on terms set forth in the Second Supplemental Indenture. See "Description of the Notes—Repurchases at the Option of the Holders of the Notes Upon Change of Control."
Restrictive Covenants	We issued the Notes pursuant to the Second Supplemental Indenture. The Second Supplemental Indenture will, among other things, restrict our ability and the ability of our Restricted Subsidiaries (as defined in "Description of the Notes") to: • incur or guarantee additional indebtedness; • pay dividends or make distributions on, or redeem or repurchase, our share capital or subordinated obligations; • make other restricted payments, including investments; • create liens and engage in sale and leaseback transactions; • sell or otherwise dispose of assets, including share capital of subsidiaries; • enter into arrangements that restrict dividends from subsidiaries; • enter into transactions with affiliates; and • enter into merger or consolidation transactions. These covenants are subject to a number of important exceptions. See "Description of the Notes—Restrictive Covenants" and "Risk Factors—Risks Relating to the Notes."

Release of Covenants	Many of the restrictive covenants set forth in the Second Supplemental Indenture will be suspended as described in "Description of the Notes—Release of Covenants if, following the closing date, the Notes are assigned an investment grade rating by any Rating Agency (as defined in "Description of the Notes") or we achieve a total debt to EBITDA ratio (as certified by our accountants) equal to or less than 2.25:1. If, subsequently, the Notes cease to have an Investment Grade Rating by at least one Rating Agency and the total debt to EBITDA ratio shall be greater than 2.25:1, then the suspended covenants will thereafter be reinstated and be applicable pursuant to the terms of the Second Supplemental Indenture. Neither we nor any of our Restricted Subsidiaries will bear any liability (whether during the period when the suspended covenants were suspended or thereafter) for, any actions taken or events occurring after a suspension of the suspended covenants pursuant to the foregoing and before any reinstatement of such suspension of the suspended covenants. See "Description of the Notes—Release of Covenants."
Events of Default	The Second Supplemental Indenture will also contain certain Events of Default, the occurrence of which (subject to certain grace periods) will enable the Holders of not less than 25% of the Notes to accelerate the Notes and declare the then outstanding aggregate principal amount of the Notes immediately due and payable. For a more complete explanation of the events of default and the exceptions thereto, see "Description of the Notes—Events of Default."
Modification and Waiver	The Second Supplemental Indenture and the terms and conditions of the Notes may be modified by the affirmative vote of the Holders of a majority in aggregate nominal amount of the Notes present or represented at a meeting of such Holders at which a quorum is present; provided, however, that the unanimous consent of all Holders of the outstanding Notes affected thereby shall be required to adopt a valid decision regarding certain changes. See "Description of the Notes—Meeting of Holders, Modifications, Waivers and Amendments—Modification and Waiver." In order to establish a quorum at a meeting of Holders convened to modify the terms and conditions of the Second Supplemental Indenture governing the Notes (except for such proposed modifications where the Second Supplemental Indenture requires the unanimous consent of all holders of the Notes affected thereby, as the case may be), at least 60.0% of the outstanding aggregate nominal amount of the Notes must be present. In the event that a quorum is not established, a Holders' meeting may be adjourned and reconvened at a later date. Under the terms of the Second Supplemental Indenture governing the Notes, a reconvened Holders' meeting would require only a minimum of 30.0% in outstanding aggregate nominal amount of the Notes to be present in order to meet the quorum requirements. Except for such proposed modifications where the Second Supplemental Indenture requires the unanimous consent of all holders of the Notes affected thereby, a majority affirmative vote of the holders of the Notes present at a meeting where a quorum was established would be necessary to adopt a valid decision to modify or waive the terms and conditions of the Program Indenture and the Notes. Under the modification and waiver provisions of the Second Supplemental Indenture, the terms and conditions of the Notes could be modified upon approval by the holders of less than a majority of the outstanding aggregate principal amount of the Notes. Except as described above, any modifications, amendments or waivers to the terms and conditions of the Notes will be conclusive and binding on all holders of Notes whether or not they have

given such consent or were present at any meeting, and whether or not notation of such modifications, amendments or waivers is made upon the Notes if duly passed at a meeting convened and held in accordance with the provisions of the Negotiable Obligations Law. See "Description of the Notes—Meeting of Holders, Modifications, Waivers and Amendments—Modification and Waiver."

Form; Denomination of the Notes ..... Any Notes sold pursuant to Rule 144A under the Securities Act were issued in fully registered form in denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. Any Notes sold outside the United States to non-US persons in reliance on Regulation S under the Securities Act will be in fully registered form and only in denominations of US$2,000 and in integral multiples of US$1,000 in excess thereof. The Notes initially will be evidenced by one or more Global Notes and will be deposited with the custodian for and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC acts as depositary for Euroclear and Clearstream, Luxembourg. See "Description of the Notes—Form, Denomination and Title."

Concurrent Offers ..... Concurrently with this offering of Notes, we are undertaking the Concurrent Offers. We are also undertaking a Consent Solicitation to solicit Proxies from holders our Series 1 Notes in order to amend certain terms and conditions of the first supplemental indenture governing the terms of the Series 1 Notes.

We will pay holders of Series 1 Notes who validly tender Series 1 Notes in the Concurrent Exchange Offer and deliver their Proxies in the Consent Solicitation, and whose tender and delivery of Proxies we accept, in exchange for each US$1,000 principal amount of Series 1 Notes exchanged, an original principal amount of Notes equal to:

- in the case of Series 1 Notes tendered and Proxies delivered before 5:00 PM New York City time on July 25, 2011 (the "Early Participation Deadline"), US$1,000 principal amount of Notes, plus an early exchange payment in an amount equal to US$30 that we will pay only for Series 1 Notes tendered and Proxies delivered at or before the Early Participation Deadline and not validly withdrawn; and
- in the case of Series 1 Notes tendered after the Early Participation Deadline, but on or before 9:00 AM New York City time on August 9, 2011 (the "Expiration Time"), US$1,000 principal amount of Notes.

We will pay holders of Series 1 Notes who validly tender Series 1 Notes in the Concurrent Tender Offer and deliver their Proxies in the Consent Solicitation, and whose tender and delivery of proxies we accept, for each US$1,000 principal amount of Series 1 Notes tendered, an amount in cash in US dollars equal to:

- in the case of Series 1 Notes tendered and Proxies delivered before the Early Participation Deadline, US$1,000 cash, consisting of (i) a tender consideration in an amount equal to US$910, plus (ii) an early tender payment in an amount equal to US$90 that we will pay only for Series 1 Notes tendered and Proxies delivered at or prior to the Early Participation Deadline and not validly withdrawn; and
- in the case of Series 1 Notes tendered after the Early Participation Deadline, but on or before the Expiration Time, an amount equal to US$910.

	Payment for all Series 1 Notes validly tendered in the Concurrent Tender Offer prior to the Early Participation Deadline and accepted by the Company and all Series 1 Notes validly tendered in the Concurrent Exchange Offer prior to the Early Participation Deadline and accepted by the Company will be made on the tenth Business Day following the Early Participation Deadline (the "Early Settlement Date"). The Concurrent Offers are conditioned on our issuance of at least US$100 million aggregate principal amount of Notes in this offering and in the Concurrent Exchange Offer (excluding any principal amount of Notes acquired by us or our affiliates in the Concurrent Exchange Offer) on the Early Settlement Date. We may waive this condition, which could result in the Notes being issued in an aggregate principal amount of less than US$100 million.
Use of Proceeds	We will receive estimated net proceeds from the sale of the Notes in this offering of approximately US$50,341,455 million, after payment of the Initial Purchasers' commissions. We will apply the net cash proceeds of this offering to refinance a portion of our indebtedness, including, if permitted by Argentine law, the application of US$46,187,050 (which includes amounts allocated to us in connection with the Series 1 Notes tendered by us in the Concurrent Tender Offer) to repurchase US$50,755,000 (which includes US$29.1 million of Series 1 Notes held by us and Transba tendered in the Concurrent Tender Offer) of our outstanding 8.875% Series 1 Senior Notes due 2016 that are validly tendered in the Concurrent Tender Offer, for working capital purposes in Argentina, for capital expenditures for physical assets located in Argentina, and for capital contributions to our subsidiaries or affiliates, provided that such capital contributions are used for the purposes specified above. See "Use of Proceeds" and "Capitalization."
Transfer Restrictions	The Notes have not been registered under the Securities Act or under any state or foreign securities laws, and, unless so registered under the Securites Act, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions; Notice to Investors."
Listing	Application has been made for the Notes to be listed on the BCBA and for the Notes to be traded on the MAE. Application has also been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF.
Governing Law	The Negotiable Obligations Law, as amended, governs (i) the requirements for the Notes to qualify as *obligaciones negociables* thereunder and (ii) together with Argentine Commercial Companies Law No. 19,550, as amended (the "Companies Law"), and other applicable Argentine laws and regulations, govern our capacity and corporate authorization to execute and deliver the Notes, the Second Supplemental Indenture and CNV authorization for the public offering of the Notes in Argentina. As to all other matters, the Notes and the Second Supplemental Indenture will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to applicable conflicts of laws principles.
Trustee, Co-Registrar, Paying Agent and Transfer Agent	Deutsche Bank Trust Company Americas is the trustee, co-registrar, paying agent and transfer agent in respect of the Notes. The address of the trustee, co-registrar, paying agent and transfer agent is set forth elsewhere in this offering memorandum.

Luxembourg Paying Agent	Deutsche Bank Luxembourg S.A. will be the Luxembourg paying agent and Luxembourg transfer agent in respect of the Notes. The address of the Luxembourg paying agent and Luxembourg transfer agent is set forth elsewhere in this offering memorandum.

SUMMARY FINANCIAL AND OPERATING DATA

The financial data as of December 31, 2010 and 2009, and for the three years ended December 31, 2010, are derived from our Audited Annual Financial Statements included elsewhere in this offering memorandum. The financial data as of March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010, are derived from our Unaudited Interim Financial Statements included elsewhere in this offering memorandum.

Our Audited Annual Financial Statements have been audited by Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina, member firm of the PricewaterhouseCoopers network, independent accountants, whose report is included herein. The report of our independent accountants to our Audited Annual Financial Statements, dated March 4, 2011, and included herein, contains a qualified opinion due to the uncertainties of the outcome of the tariff renegotiation process with the Government and impact of this situation on our Financial Statements. As mentioned in Note 4.7(r) to our Audited Annual Financial Statements, we have prepared our projections in order to determine the recoverable value of our non-current assets under the framework of the Electricity Law. Actual results could differ from those estimates.

You should read the information below together with our Audited Annual Financial Statements and Unaudited Interim Financial Statements, and the related notes, as well as the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this offering memorandum.

Information as of March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010, includes all adjustments, consisting only of normal recurring adjustments necessary to present fairly such information for these interim periods in accordance with Argentine GAAP and CNV regulations. All financial data as of March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010, included in this offering memorandum is unaudited. Results of operations for the three-month period ended March 31, 2011, are not necessarily indicative of results of operations to be expected for the full year 2011 or any other period.

Our consolidated results of operations for the year ended December 31, 2010, and for the three-month period ended March 31, 2011, did not include the results of operations of our subsidiary in Brazil, Transener Brazil, all of which were included in our consolidated results of operations for the three-month period ended March 31, 2010, and the years ended December 31, 2009 and 2008. As a result, our consolidated financial statements for the year ended December 31, 2010, and the three-month period ended March 31, 2011, are not fully comparable with our consolidated financial statements for the years ended December 31, 2009 and 2008, and the three-month period ended March 31, 2010, respectively. See "Business—Non-Consolidated Subsidiaries."

In this offering memorandum, when we refer to "peso," "pesos," and "Ps." we mean Argentine pesos; when we refer to "dollars," "US dollars" or "US$" we mean United States dollars.

We maintain our financial books and records and prepare our Financial Statements in Argentine pesos and in conformity with Argentine GAAP and in accordance with the accounting regulations of the CNV, which differ in certain significant respects from IFRS and US GAAP. Such differences may involve methods of measuring the amounts shown in the Financial Statements as well as additional disclosures required by IFRS and/or US GAAP and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences. See "Risk Factors—Risks Relating to Us—We prepare our financial statements under Argentine GAAP, which differs from US GAAP and IFRS, and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences" and "Annex 1—Certain Significant Differences Between Argentine GAAP and IFRS."

Because the Notes have not been registered and will not be registered with the SEC, our Financial Statements included elsewhere in this offering memorandum do not and are not required to comply with the applicable registration requirements, rules and regulations adopted by the SEC, which would apply if the Notes had been registered with the SEC.

Our Financial Statements do not include a reconciliation of consolidated net income and shareholders' equity from Argentine GAAP to US GAAP or IFRS. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the offering and the financial information presented herein. Prospective purchasers should consult their own professional advisors for an understanding of the differences between Argentine GAAP, US GAAP and IFRS, and how those differences might affect the financial information set forth herein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Adoption of IFRS" and "Risk Factors—Risks Relating to Us—We prepare our financial statements under Argentine GAAP, which differs from US GAAP and IFRS, and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences" for a summary of the significant differences between Argentine GAAP and IFRS as they relate to our Company. Such summary does not attempt to identify or quantify the impact of any potential difference between Argentine GAAP and IFRS.

Under Argentine GAAP, we currently are not required to record the effects of inflation in our financial statements. However, because Argentina experienced a high rate of inflation in 2002, with the wholesale price index increasing by approximately 118%, we were required by Decree No. 1,269/2002 and CNV Resolution No. 415/2002 to remeasure our financial statements in constant pesos in accordance with Argentine GAAP. On March 25, 2003, Decree No. 664/2003 rescinded the requirement that financial statements be prepared in constant currency, effective for financial periods on or after March 1, 2003. As a result, we are not required to restate and have not restated our financial statements for inflation after February 28, 2003. See note 4.4 to our Audited Annual Financial Statements and note 3.5 to our Unaudited Interim Financial Statements included in this offering memorandum. No assurance can be made that in the future we will not be again required to record the effects of inflation in our financial statements (including those covered by the Financial Statements included in this offering memorandum) in constant pesos.

On March 20, 2009, the FACPCE approved Technical Resolution No. 26, requiring companies that are or become subject to the public offering regime in Argentina to adopt IFRS beginning on the fiscal years starting on January 1, 2011, and allowing early application for fiscal years commencing on or after January 1, 2010. The CNV issued Resolutions Nos. 562/09 and 576/10 on December 29, 2009, and July 8, 2010, respectively, which require that companies under the supervision of the CNV prepare their financial statements in accordance with IFRS for fiscal periods beginning on or after January 1, 2012, including comparative information for earlier periods. We are currently assessing the impact that these changes could have on our financial statements, and will continue to monitor the development of the implementation of IFRS. We have not quantified the effects that these changes in professional accounting standards could have on our financial condition or results of operations and therefore can give no assurance that these changes will not have an adverse effect on our financial condition (e.g., compliance with certain covenants, financial ratios and other commitments) or results of operations. See "Risk Factors—Risks Relating to the Us—The implementation of IFRS as well as the issuance of new accounting standards or interpretations or changes to existing standards or interpretations issued by the FACPCE may adversely affect our results of operations."

Rounding Information

Certain figures (including percentage amounts) included in this offering memorandum have been rounded for ease of presentation. Percentage figures and totals included in this offering memorandum have, in some cases, been calculated on the basis of such figures prior to rounding. For this reason, certain percentage and total amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our Audited Annual Financial Statements and our Unaudited Interim Financial Statements and figures shown as total in certain tables may not be an exact arithmetic aggregate of the other figures in such table.

Currency Information

Unless stated otherwise, the US dollar/peso exchange rates used in this offering memorandum for convenience translations for amounts as of December 31, 2010, and March 31, 2011, are the *Banco de la Nación Argentina* exchange rates (*tipo vendedor*) of Ps.3.976 per US$1.00 and Ps.4.054 per US$1.00, respectively. These translations should not be construed as a representation that the peso amounts represent, or have been or could be converted into, US dollars at that or any other rate. See "Exchange Rates."

For informational purposes, we have included columns in the following tables expressing figures in US dollars. Refer to the appropriate footnotes for the applicable exchange rates.

	Year ended December 31,				Three months ended March 31,		
	2010[1] [2]	2010[2]	2009	2008	2011[1] [2]	2011[2]	2010
			(Audited)			(Unaudited)	
	(in millions of US$)	(in millions of pesos)			(in millions of US$)	(in millions of pesos)	
Income Statement Data:							
Net revenues	US$ 146.8	Ps. 583.8	Ps. 582.5	Ps. 457.0	US$ 38.3	Ps. 155.2	Ps. 140.6
Operating expenses	(101.2)	(402.5)	(447.3)	(361.8)	(25.9)	(105.0)	(110.6)
Gross profit	45.6	181.3	135.3	95.2	12.4	50.2	29.9
Administrative expenses	(22.7)	(90.2)	(76.1)	(60.1)	(5.2)	(21.2)	(19.4)
Operating income	22.9	91.1	59.2	35.2	7.1	28.9	10.5
Impairment of investment in subsidiary	(3.2)	(12.6)	-	-	-	-	-
Financial results, net	(1.7)	(6.6)	0.4	(98.0)	(5.7)	(23.1)	(26.0)
Other income and expenses, net	1.3	5.2	9.7	19.6	0.2	0.8	0.9
Minority interest	(0.2)	(0.8)	(3.4)	0.9	0.1	0.3	(0.1)
Net income (loss) before taxes	19.2	76.3	65.9	(42.3)	1.7	6.9	(14.6)
Income tax expense	(13.4)	(53.1)	(19.1)	(23.6)	(1.7)	(6.9)	(1.4)
Net gain (loss) for the year/period	US$ 5.8	Ps. 23.2	Ps. 46.8	Ps. (65.9)	US$ 0.0	Ps. 0.0	Ps. (15.9)

	As of and for December 31,				As of and for March 31,		
	2010[1][2]	2010[2]	2009	2008	2011[1][2]	2011[2]	2010
			(Audited)			(Unaudited)	
	(in millions of US$)	(in millions of pesos)			(in millions of US$)	(in millions of pesos)	
Balance Sheet Data:							
Assets							
Total current assets	US$ 63.9	Ps. 253.9	Ps. 187.0	Ps. 158.2	US$ 62.2	Ps. 252.2	Ps. 204.2
Total non-current assets	430.8	1,712.9	1,824.8	1,871.6	417.1	1,691.0	1,810.7
Total assets	494.7	1,966.8	2,011.9	2,029.8	479.3	1,943.2	2,014.9
Liabilities							
Total current liabilities	49.9	198.4	219.0	130.0	45.2	183.3	239.7
Total non-current liabilities	161.6	642.5	688.6	839.1	156.4	634.2	686.9
Total liabilities	211.5	840.9	907.6	969.1	201.7	817.6	926.6
Minority interest	10.9	43.5	45.0	48.2	10.7	43.2	45.0
Shareholders' equity							
Total shareholders' contributions	208.7	829.6	829.6	829.6	204.6	829.6	829.6
Total reserves	10.4	41.5	39.1	39.1	10.2	41.5	39.1
Total retained earnings/ accumulated deficit	53.2	211.4	190.5	143.7	52.1	211.4	174.6
Total shareholders' equity	272.3	1,082.5	1,059.3	1,012.5	267.0	1,082.5	1,043.3
Total liabilities, minority interest and shareholders' equity	US$ 494.7	Ps. 1,966.8	Ps. 2,011.9	Ps. 2,029.8	US$ 479.3	Ps. 1,943.2	Ps. 2,014.9

	As of and for December 31,				As of and for March 31,		
	2010[1][2]	2010[2]	2009	2008	2011[1][2]	2011[2]	2010
			(Audited)			(Unaudited)	
	(in millions of US$, except ratios)	(in millions of pesos, except ratios)			(in millions of US$, except ratios)	(in millions of pesos, except ratios)	
Other Financial and Operating Data							
Liquidity (current assets/ current liabilities)	1.28	1.28	0.85	1.22	1.38	1.38	0.85
Solvency (shareholders' equity/total liabilities)	1.29	1.29	1.17	1.04	1.32	1.32	1.13
Immobilized capital (non-current assets/total assets)	0.87	0.87	0.91	0.92	0.87	0.87	0.90
Indebtedness (total liabilities/shareholders' equity)	0.78	0.78	0.86	0.96	0.96	0.76	0.89
Profitability (net income (loss)/average shareholders' equity)	0.02	0.02	0.05	(0.05)	0.00	0.00	(0.02)
Adjusted EBITDA[3]	US$ 74.5	Ps. 296.1	Ps. 184.9	Ps. 153.2	US$ 16.0	Ps. 65.0	Ps. 42.0
Ratio of earnings to fixed charges[4]	(2.03)	(2.03)	(1.91)	(0.39)	(1.34)	(1.34)	(0.20)
Ratio of forced outages per 100km of line/year[5]	0.35	0.35	0.62	0.53	0.24	0.24	0.63

(1) Amounts as of and for the respective year and period ended December 31, 2010, and March 31, 2011, were translated into US dollars at the *Banco de la Nación Argentina* exchange rates (*tipo vendedor*) of Ps.3.976 per US$1.00 as of December 31, 2010, and Ps.4.054 per US$1.00 as of March 31, 2011. These translations should not be construed as a representation that the peso amounts represent, or have been or could be converted into, US dollars at that or any other rate.

(2) The assets, liabilities and results of operations of Transener Brazil are not consolidated for this period or year, as applicable.

(3) Adjusted EBITDA is calculated as operating income plus depreciation, amortization and financial income from cash, temporary cash investments, other short-term investments and the interest portion of the CVI adjustment. See "Presentation of Financial Information—Presentation of Non-GAAP Information."

(4) For purposes of computing this ratio, "earnings" consist of net income before income taxes and fixed charges. "Fixed charges" consist of gross interest expense.

(5) The ratio of forced outages per 100km of line per year represents the quality of the service provided by Transener.

RISK FACTORS

Prior to investing in the Notes, you should carefully consider the risks described below, in addition to the other information contained in this offering memorandum. We also may face additional risks and uncertainties that are not presently known to us, or that as of the date of this offering memorandum we deem immaterial, which may impair our business. In general, you take more risk when you invest in the securities of issuers in emerging markets such as Argentina than when you invest in the securities of issuers in the United States and other developed markets. The information in this Risk Factors section includes forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including those described in "Forward-Looking Statements."

Risks Relating to Us

Our business and prospects depend on our ability to negotiate further improvements to our tariff structure, including increases in our transmission margin

As required by the Definitive Agreements, the ENRE is to carry out the Full Tariff Review. The goal of the Full Tariff Review is to achieve a comprehensive revision of our tariff structure for the next Tariff Period for each of Transener and Transba based on projected costs and investments and an adequate return on our asset base over the period, taking into account periodic adjustments based on our cost variations. Although we believe the Full Tariff Review will result in a new tariff structure, no assurance can be made that the Full Tariff Review will conclude in a timely manner or at all, or that any new tariff structure will effectively cover all of our costs or provide us with an adequate return on our asset base. Moreover, the Full Tariff Review could result in the adoption of an entirely new regulatory framework for our business, with additional terms and restrictions on our operations and the imposition of mandatory investments. We cannot predict whether a new regulatory framework will be implemented and what terms or restrictions could be imposed on our operations. If we are not successful in achieving a satisfactory renegotiation of our tariff structure, our business, financial condition and results of operations may be adversely affected, which could have an adverse effect on our ability to repay our debt, including our ability to repay the Notes.

We may not be able to adjust our tariffs to reflect increases in our transmission costs in a timely manner, or at all, which may have a material adverse effect on our results of operations.

The Definitive Agreements contemplate a cost adjustment mechanism, the CVI, for the Transition Period during which the Full Tariff Review is being conducted. The CVI is calculated on a semiannual basis and contemplates a mechanism by which, if the CVI changes by 5% or more, the ENRE should adjust our tariffs accordingly in order to keep our actual income unchanged. In addition, we may request that the ENRE perform a cost review if the CVI changes more than 10% during any period. However, no assurance can be made that the ENRE will approve adjustments that are sufficient to cover our actual incremental costs, or that such adjustments will be made in a timely manner.

As a result of the delay in the implementation of cost adjustments as set forth in the Definitive Agreements, CAMMESA granted the CAMMESA Financing to offset our increased costs with certain tariff revenue increases to be granted through the recognition of cost variation adjustments (see "Business—CAMMESA Financing"). In addition, on December 21, 2010, we entered into the Instrumental Agreements with the Secretariat of Energy and the ENRE, which provided for the recognition of cost variations between June 2005 and November 2010 and agreed on a mechanism by which variations from December 2010 to December 2011 will be recognized. Such mechanism did not increase or modify the tariff rates paid. See "Business—Our Concession Agreements—Renegotiation of the Transener Concession Agreement" and "Business—Our Concession Agreements—Renegotiation of the Transba Concession Agreement." No assurance can be made that we will receive adjustments to amounts that have already been recognized, that we will receive all amounts recognized for cost variations already incurred, that we will receive further disbursements in respect of the CVI or that the ENRE will take the CVI into account in making tariff adjustments after December 2011.

In addition, further distributions received pursuant to the CAMMESA Financing Agreements are subject to the amount of funding available to CAMMESA. No assurances can be made that distributions will continue to be

made under the CAMMESA Financing Agreements. In addition, no assurances can be made that any future distributions received under the CAMMESA Financing will continue to fully offset changes in the CVI.

If we are not able to recover all incremental costs incurred, if we do not receive distributions pursuant to the CAMMESA Financing Agreements or if there is a significant lag in time between when we incur the incremental costs and when we receive increased revenues to cover such costs, our business, ability to comply with our investment plans, financial condition and results of operations may be adversely affected, which could have an effect on our ability to repay our debts, including our ability to repay the Notes.

Our level of leverage may impair us from servicing our indebtedness, including the Notes.

As of March 31, 2011, our total consolidated bank and financial indebtedness, denominated in US dollars and pesos amounted to the equivalent of approximately Ps.598.9 million (approximately US$147.7 million), including accrued interest and the effect of the discount to net present value applied to the restructured debt under Argentine GAAP. Our leverage may impair our ability to service our indebtedness, including the Notes, and to obtain additional financing in the future, to withstand competitive pressure and adverse economic conditions or to take advantage of significant business opportunities that may arise. In addition, changes in the value of the peso relative to the US dollar could adversely affect our financial condition and ability to service our indebtedness, including the Notes. For more information regarding our foreign exchange currency risk, see "—We currently are not able to effectively hedge our currency risk in full and, as a result, a devaluation of the peso may have a material effect on our results of operations and financial condition."

The ENRE may reject our request to reconsider its determination of our revenues resulting from expansions of the NIS as a result of its pesification.

The Emergency Law has affected the revenues we receive in connection with our expansions of the NIS. In particular, the income from the approximately 1,300km of 500kV lines, approximately 2,550 high-voltage towers and the expansion of the Piedra del Águila, Choele Choel, Bahía Blanca, Olavarría and Abasto substations (together, the "Fourth Line" and the construction, operation and maintenance of such assets, the "Fourth Line Project") was converted into pesos at a rate of Ps.1.00 per US$1.00 and then adjusted in accordance with the monthly adjustment to our Net Fourth Line Revenue (as defined below) established by the ENRE pursuant to the Stabilization Coefficient (*Coeficiente de Estabilización de Referencia*, or the "CER Index"). We have asked the ENRE, in its capacity as the main party to the construction, operation and maintenance agreement (the "COM Contract") relating to our construction of the Fourth Line (the "Fourth Line COM Contract"), to redetermine this revenue. See "Business—Our Concession Agreements—Emergency Law and Renegotiation of Concession Agreements" and "Business—Revenue Related to the Fourth Line Project."

On December 3, 2008, the ENRE passed Resolution No. 653/08, setting out a new calculation methodology for the determination of the Fourth Line tariff, and establishing a new annual Fourth Line tariff of Ps.75.9 million as of October 2008. Since the new Fourth Line tariff does not contemplate annual updates, we filed a claim with the ENRE asking that it adopt a schedule similar to that established in the Transener Definitive Agreement until the end of the Fourth Line COM Contract, so that the redetermination of our operation and maintenance charges would take into account the current Fourth Line tariff, which had not been resolved by the regulatory authority. Without prejudice to our claim, on March 30, 2011, the ENRE passed Resolution No. 150/2011, approving as of July 2010 a new annual Fourth Line tariff of Ps.95.9 million, and instructing CAMMESA to make the corresponding adjustments. As of the date of this offering memorandum, this is the tariff amount that is in effect. On April 7, 2011, we filed a claim against Resolution No. 150/2011, as it did not include that the retroactive payment should be made in addition to late interest payments. No assurance can be made that the ENRE will comply with our requests to adjust our revenues resulting from expansions in the future or that we will be successful in our claim against Resolution No. 150/2011. If retroactive payments are not received or the ENRE rejects our requests to adjust our revenues resulting from expansions in the future, it could have an adverse effect on our results of operations and financial condition, which could in turn have an adverse effect on our ability to repay our debt, including our ability to repay the Notes.

Our transmission capacity may be disrupted, which could result in material penalties being imposed on us.

Our business depends on our ability to transmit electricity over long distances through the Networks. Our financial condition and results of operation would be adversely affected if a natural disaster, accident, terrorist activity or other disruption were to cause a material curtailment of our transmission capacity. Argentina's transmission system has evolved in a radial pattern which, unlike a fully integrated transmission grid system, connects areas of generation to areas of demand by a single transmission line or, in some cases, two or more transmission lines in parallel. Accordingly, the outage of any single line could totally disconnect entire sections of the NIS. The Concession Agreements establish a system of penalties, which we may incur if defined parts of the Networks are not available to transmit electricity, including in cases of *force majeure*. We do not maintain business interruption insurance and no assurance can be made that any future disruption in our transmission capacity would not result in the imposition of material penalties that could have a material adverse effect on our financial condition and results of operations.

Our electricity transmission facilities may not operate as planned as a result of events or actions caused by WEM participants.

Our electricity transmission system is interconnected with the facilities of (i) distributors, (ii) generators, (iii) other electricity transmission companies, and (iv) large users. The actions of these WEM participants could have a negative impact on our electricity transmission facilities that are directly interconnected with such WEM participants' facilities. In some cases events or actions caused by WEM participants could cause service interruptions and unavailability of transmission equipment, which would result in fines to us. The Definitive Agreements provide that during the Transition Period no penalties will be applied to Transener or Transba resulting from service interruptions or the unavailability of transmission equipment that are not caused by Transener or Transba. However, if we cannot demonstrate that such service interruptions or unavailability of transmission equipment is caused by or due to another WEM participant or, if after the Full Tariff Review, the ENRE decides to change this position or its regulatory criteria in respect of the establishment of penalties, such actions could have a negative impact on our results of operations and financial condition, including on our ability to repay the Notes or make other payments or distributions.

We may face increasing competition in our non-regulated businesses.

Our non-regulated and other revenues consist of our Net Fourth Line Revenue and Net Other Revenues (each as defined herein). Our non-regulated and other revenues are derived from (i) the construction and installation of electrical assets and equipment, (ii) non-Network line operation and maintenance, (iii) supervision of expansions of the NIS undertaken by other companies, (iv) supervision of independent transmitters' operation and maintenance, and (v) other services. As of the date of this offering memorandum, in addition to the items listed above, Net Fourth Line Revenue includes compensation for the construction, operation and maintenance of the Fourth Line Project (the "Net Fourth Line Revenue") paid to us in equal and consecutive monthly installments for a duration of 15 years from December 1999 until December 2014 (the "Fourth Line Payment Period"). As of January 1, 2015, we will no longer receive Net Fourth Line Revenue. After January 1, 2015, we do expect to continue to receive revenue in connection with the operation and maintenance of the Fourth Line Project. We expect that this revenue will be significantly less than the revenue currently received in connection with the Fourth Line Project, and that all or a portion of such revenue will be accounted for as regulated revenue. We also receive other revenues derived from services provided to third parties and from assets not included in the Networks (such revenues, net of penalties received, the "Net Other Revenues"). Net Fourth Line Revenue and Net Other Revenues represented 23.6% and 26.9%, respectively of our total net revenue for the three months ended March 31, 2011. We believe that our non-regulated and other revenue will continue to be an increasingly important part of our business. Historically, we have not experienced significant competition in these areas of service (excluding construction). However, we cannot ensure that competition will not substantially increase in the future or that such competition will not adversely affect our financial condition and results of operation and our ability to repay the Notes.

Our ability to collect non-regulated and other revenue is subject to numerous commercial risks.

Although in the past we have been generally successful in limiting the amount of our past due receivables and in collecting Net Fourth Line Revenue and Net Other Revenues, we have occasionally been unsuccessful in

doing so and, as a result, such revenue has been adversely affected. See "Business—Revenue Related to the Fourth Line Project" and "Business—Net Other Revenues." Additionally, our ability to collect Net Other Revenues depends principally on the financial condition of our account obligors, and no assurance can be made that our account obligors will continue to be able to pay us. As of March 31, 2011, our past due receivables aggregated approximately Ps.30.9 million. As of March 31, 2011, our financial statements included a provision of Ps.1.9 million for past due receivables. Failure to collect non-regulated and other revenue in the future could have an adverse effect on our results of operations and financial condition, which in turn could have an adverse effect on our ability to repay our debt, including our ability to repay the Notes.

We have not completed the legal transfer and registration of title of all of the properties transferred to us pursuant to the Concession Agreements.

Under the Concession Agreements we became the owners of a large number of separate properties, including land and buildings associated with the substations, transformers, and other installations, previously owned or occupied by the networks and operators that were formed into Transener and Transba. We are in the process of finalizing certain formalities to legally perfect the transfer of title to these properties to us. Following the Transener Transfer Date and the Transba Transfer Date, we have completed the legal transfer of and have registered title to approximately 87% and 65%, respectively of these properties as of March 31, 2011. Many of the outstanding properties have complications surrounding their registration or valuation, which we are trying to resolve in order to complete the transfers of title. In the case of those properties that are currently occupied by third parties, we have initiated the appropriate legal proceedings to obtain legal title. We are taking steps to establish and/or record legal title to the remaining properties. Although the Concession Agreements contain representations by the predecessor owners of Transener and Transba that they possessed good and valid title to all such properties, if we discover any defects in title during such process, we will be liable for any payments required to cure such defects because the predecessor owners no longer exist. No assurance can be made that any such defect in title, or the costs associated with curing such defect, will not adversely affect our financial condition or results of operations and our ability to repay the Notes.

Our rights of way and real property rights may be challenged.

Significant portions of the Networks are located on lands over or through which we acquired rights pursuant to easements and license agreements. Although we believe that all easements and licenses were prepared, obtained and recorded materially in accordance with applicable laws, legal challenges may be brought with respect to the form, content, priority or recording of such documents, or to our compliance with the terms of such easements and license agreements. In addition, we are involved in a number of proceedings concerning the imposition of rights of way that have been commenced in the normal course of business. No assurance can be made that these proceedings will not be settled unfavorably to us, which could have an adverse affect on our financial condition and results of operations, including on our ability to repay the Notes.

Our Concession Agreements could be terminated if we are forced into bankruptcy.

The Concession Agreements give Transener and Transba an exclusive right to transmit electricity within and own their respective Networks for a period of 95 years, until July 17, 2088, and August 5, 2092, respectively. The Concession Agreements may only be terminated by the Government if Transener or Transba, as the case may be, were to become bankrupt or, at the option of Transener or Transba, as the case may be, if the Government were to breach the relevant Concession Agreement. Termination of the either of the Concession Agreements would materially impair our ability to repay principal and interest on and otherwise comply with our obligations under the Notes. In addition, in such an event, the Government could enforce any of the Transener Pledge and the Transba Pledge (each as defined below). Enforcement of either the Transener Pledge or the Transba Pledge by the Government could have a material adverse effect on our results of operations and financial condition and our ability to repay the Notes. See "—Upon the occurrence of certain circumstances, the Government could enforce the Transner Pledge and the Transba Pledge."

Upon the occurrence of certain circumstances, the Government could enforce the Transener Pledge and the Transba Pledge.

On the Transener Transfer Date, Citelec created a pledge (the "Transener Pledge") in favor of the Government over the Class A shares (as defined below) it owned in us, constituting a controlling stake (the "Transener Controlling Stake"). Upon the occurrence of any specified default in the Transener Concession Agreement including, among others, if: (i) penalties in any 12-month period exceed 15% of Transener's total revenues during such 12-month period; (ii) a transmission line or connection equipment is out of service in excess of 30 days; or (iii) the Transener Network has on average, more than 2.5 forced outages per 100km over a 12-month period, the Government may enforce the Transener Pledge and Citelec may lose its Class A shares and, as a consequence, control of Transener. See "Principal Shareholders—Pledge Over Our Class A Shares." The Government also has a pledge (the "Transba Pledge") over the shares of Transba held by us and may foreclose on the Transba Pledge upon the occurrence of any specified default (including, among others, if (i) penalties in any 12-month period exceed 15% of Transba's total revenues, (ii) a transmission line is out of service for more or connection equipment is out of service for more than 30 days, (iii) or the Transba Network has on average, more than 7 forced outages per 100km over a 12-month period) in the Transba Concession Agreement as well. See "Principal Shareholders—Pledge Over Transba's Class A shares." For both Transener and Transba, the Government may foreclose on the shares pledged by selling the pledged shares pursuant to a bidding process, or may retain the pledged shares for itself. Enforcement of either the Transener Pledge or the Transba Pledge by the Government could have a material adverse effect on our results of operations and financial condition and our ability to repay the Notes. See "Risks Relating to Our Industry—We could face expropriation, nationalization or similar risks in the countries in which we operate."

Our insurance may not be sufficient to cover certain losses.

We are insured for loss or damages to property, including damage due to electrical malfunction, tornadoes, hurricanes and earthquakes covering, in the case of Transener, amounts up to approximately US$1,842.0 million, subject to a limit of US$25.0 million per loss, and in the case of Transba, amounts up to approximately US$452.8 million subject to a limit of US$10.0 million per loss. As is standard practice in the industry, our towers and transmission lines are excluded from this coverage, although we have separate tower and transmission coverage with a US$1.0 million limit. No assurance can be made that serious damage to the towers and transmission lines and their consequent cost of replacement by us would not have a material adverse effect on our financial condition. We are not fully insured as required by environmental regulations, but such insurance is not currently available on the Argentine market. No assurance can be made that we will not incur penalties for lack of such required insurance, or that such insurance will become available to us in the future. See "Business—Insurance."

We are subject to various environmental laws, regulations and authorizations that affect our operations and may expose us to significant costs, liabilities, obligations or restrictions.

We are subject to various environmental laws, regulations and authorizations governing, among other things, the generation, use, transportation, management and disposal of hazardous materials, the emission and discharge of hazardous materials into the ground, air or water, and human health and safety. Failure to comply with these environmental requirements, including the terms of our Concession Agreements, could result in our being subject to litigation, fines or other sanctions. We could also incur significant capital or other compliance costs relating to such requirements. We could also be held responsible for contamination, human exposure to hazardous materials or other environmental damage related to our operations. Environmental claims may be asserted against us in the future. We currently have insurance coverage for these matters although the environmental laws require additional insurance that is not currently available in the Argentine market.

These environmental requirements, and the enforcement and interpretation thereof, change frequently and have tended to become more stringent over time. In addition, we are subject to certain environmental restrictions that we are unable to presently comply with due to market factors beyond our control. See "Business—Environmental Regulation." Future environmental laws, regulations and authorizations may require us to incur additional costs in order to bring our transmission systems into, and maintain, compliance. Particularly with respect to our infrastructure situated close to or in urban areas, our ability to expand our infrastructure and meet increased demand could be limited by such future requirements.

Our costs, liabilities, obligations and restrictions relating to environmental matters could have a material adverse effect on our business, results of operations and financial condition and our ability to repay the Notes.

We currently are not able to effectively hedge our currency risk in full and, as a result, a devaluation of the peso may have a material adverse effect on our results of operations and financial condition.

Our revenues are collected in pesos pursuant to tariffs that are not indexed to the US dollar, while a significant portion of our existing financial indebtedness is denominated in US dollars, which exposes us to the risk of loss from a devaluation of the peso. We currently hedge this risk in part by converting a portion of our excess cash denominated in pesos into US dollars and investing those funds outside Argentina, as permitted by applicable Central Bank regulations and entering in forward currency contracts, but we continue to have substantial exposure to the US dollar. Although we may also seek to enter into further hedging transactions to cover all or a part of our remaining exposure, we have not been able to hedge all of our exposure to the US dollar on terms we consider viable for our Company. If we continue to be unable to effectively hedge all or a significant portion of our currency risk exposure, a devaluation of the peso may significantly increase our debt service burden, which, in turn, may have a material adverse effect on our financial condition and results of operations, as well as our ability to repay the Notes.

We employ a largely unionized labor force and could be subject to an organized labor action.

Labor conflicts, particularly between unions and employers and/or the Government, have generally increased in Argentina since the recent crisis, and particularly over the past year. As of December 31, 2010, approximately 76% of Transener's and 70% of Transba's employees were union members, under agreements with have had in place with the three unions since 1995. Although our relations with unions are stable, the unions with which we have agreements cover the entire sector, which may lead to work stoppages that are caused by factors other than factors related to our Company. No assurance can be made that situations will not occur in the future which could have a material adverse effect on our business and revenues, particularly given social tensions in Argentina as a result of the economic crisis and the upcoming presidential elections. No assurance can be made that we will be able to negotiate agreements with the unions on the same terms as the current collective bargaining agreements, or that we will not experience work stoppages, sabotage or strikes during the negotiation process. If we are unable to reach agreements with the unions over the terms of the collective bargaining agreements or if there are certain other events in the sector that cause work stoppages, this could have a adverse effect on our operations, which could result in an adverse effect on our ability to repay our debt, including our ability to repay the Notes.

We are exposed to the risk of non-performance by our subcontractors. We are dependent upon third-party providers of outsourced operation and maintenance services of our facilities.

We subcontract services that are necessary for certain of our operations. The failure, inability or unwillingness of these third parties or subcontractors to provide us with services on a timely basis in accordance with contractual specifications and obligations could cause us to be in default under our certain agreements and have a material adverse effect on us. Also, we could incur extra costs in replacing the services provided by them in order to comply with our obligations, which could in turn have an adverse effect on our financial condition and results of operations, including on our ability to repay the Notes.

Adverse decisions in lawsuits and other proceedings to which we are a party may adversely impact our business and affect our results of operations and financial condition.

We are party to a number of judicial and administrative proceedings that, either alone or in combination with other proceedings, could, if resolved in whole or in part adversely to us, result in the imposition of material costs, fines, judgments or other losses. While we believe that we have provisioned such risks appropriately based on the opinions and advice of our external legal advisors and in accordance with applicable accounting rules, certain loss contingencies, particularly those relating to environmental matters, are subject to change as new information develops and it is possible that losses resulting from such risks, if proceedings are decided in whole or in part in an adverse manner, could significantly exceed any provisions we may have established.

We prepare our financial statements under Argentine GAAP, which differs from US GAAP and IFRS, and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences.

We prepare our financial statements in accordance with generally accepted accounting principles in Argentina consistently applied as adopted by the CPCECABA and in accordance with the accounting regulations of the CNV, which differ in certain respects from US GAAP and IFRS. Thus, the reported earnings and presentation of our financial statements as presented are different from what they would have been had such financial statements been prepared in accordance with US GAAP or IFRS. We are not required to provide, and as such we do not provide, US GAAP financial information nor any reconciliation of our financial statements prepared in accordance with Argentine GAAP to US GAAP. If such reconciliation were prepared by Transener, it could show significant quantitative differences between the amounts presented under Argentine GAAP compared to amounts presented under US GAAP or IFRS. See "—The implementation of IFRS as well as the issuance of new accounting standards or interpretations or changes to existing standards or interpretations issued by the FACPCE may adversely affect our results of operations."

The implementation of IFRS as well as the issuance of new accounting standards or interpretations or changes to existing standards or interpretations issued by the FACPCE may adversely affect our results of operations.

On March 20, 2009, the FACPCE approved Resolution No. 26 adopting IFRS and establishing that:

- entities that participate in the public offering system under Law No. 17,811 are required to apply IFRS in the preparation of their financial statements. Entities that do not participate in the public offering system or operating under an exception thereto may apply IFRS or other professional accounting standards issued by the FACPCE;

- IFRS must be applied to financial statements prepared as of January 1, 2012, and to interim periods thereafter. Additionally, entities required to apply IFRS should include a note in their financial statements as of January 1, 2010, regarding the impact of IFRS on their financial statements; and

- the FACPCE's professional advisors must implement Resolution No. 26 and rules for the transition to IFRS. On April 15, 2009, the CPCECABA adopted Technical Resolution No. 26. The CNV issued General Resolutions Nos. 562/09 and 567/10, requiring us to present a specific implementation plan for IFRS by April 30, 2010. Our board of directors approved the plan on April 22, 2010, and it was filed with the CNV and the BCBA on April 23, 2010. As of March 4, 2011, our board of directors had not received any indication that modifications would need to be made to the plan or that changes would need to be made to the objectives or timeline established therein.

The switch to IFRS has had an effect throughout our business. In this respect, and without regard to the procedural delay of our implementation plan's approval as mentioned above, which has caused a considerable change to the contemplated schedule, we are continuing to deal with the new requirements in order to prepare our employees to deal with the switch and how to calculate its impact.

In addition, the implementation of IFRS and the effective adoption of new accounting standards or interpretations, as well as changes to existing accounting standards or interpretations by FACPCE may adversely affect our financial statements and our accounting results, and may also adversely affect our compliance with financial ratios relating to financing agreements. The Company has taken certain actions to address and manage certain possible effects of the implementation of IFRS. See "Management's Discussion and Analysis of Financial Condition and Operating Results—Adoption of IFRS" and "Annex 1—Summary of Certain Significant Differences Between Argentine GAAP and International Financial Reporting Standards (IFRS)."

We are dependent on our management for their knowledge and expertise and the loss of competent management may adversely affect our business, financial condition and results of operations.

Our current and future business and performance depends significantly on the continuous contribution of our managers, senior management and our highly skilled team of engineers and other key employees. It is also dependent on our ability to attract, train, motivate and retain key management and commercial and technical personnel with the necessary skills and experience.

We cannot guarantee that we will have the same group of executives in the future, or that in the event that new executives are hired to replace the former executives, they will have the same knowledge and experience. There is no guarantee that we will be successful in retaining and attracting key personnel and the replacement of any key personnel who were to leave could be difficult and time consuming. The loss of competent management and the experience and services of key personnel or the inability to recruit suitable replacements or additional staff could have a material adverse effect on our business, financial condition and/or results of operations and our ability to repay the Notes.

We depend on information and processing systems to operate our business, the failure of which could adversely affect our financial condition and results of operations.

Information and processing systems are vital our ability to monitor our transmission facilities and network performance, have an adequate generation of invoices to customers, achieve operating efficiencies and meet our service targets and standards. The future failures of any of these information and processing systems to operate properly could have a material adverse effect on our financial and operation condition and results of operations and our ability to repay the Notes.

Exposure to multiple provincial and municipal jurisdictions could adversely affect our business.

Argentina has 23 provinces and one autonomous city (the city of Buenos Aires), each of which, under the Argentine National Constitution, has full power to enact legislation concerning taxes, environmental matters and the use of public space. Likewise, within each province, municipal governments have broad powers to regulate such matters. Although we provide a public service that is subject to federal legislation enacted by the Argentine government, due to the fact that our transmission facilities are laid throughout different provinces, we are also subject to provincial and municipal legislation. We have not experienced any material adverse effects from our exposure to the jurisdiction of multiple provinces and municipalities. However, no assurance can be made that future developments in the provinces and municipalities concerning taxes (including sales, security and health and general services taxes), environmental matters, the use of public space or other matters will not affect our business or results of operations and our ability to repay the Notes. See "Business—Legal Proceedings."

Risks Relating to Our Industry

We could be held responsible for losses and damages caused to third parties as a result of failures in our electricity transmission lines as well as interruptions or disturbances that may not be attributed to any identifiable third party.

Pursuant to the rules and regulations or contracts governing the provision of our electricity transmission services in the countries where we operate, we could be held responsible for:

- losses and damages caused to third parties as a result of failures in the operation of our equipment or transmission facilities, which can cause interruptions or disturbances in the distribution and/or transmission systems of such third parties; and

- interruptions or disturbances that cannot be attributed to a specific participant in the interconnected systems of the countries in which we operate.

Although under the current regulatory framework and pursuant to our Concession Agreements, we are not responsible for disruptions or interruptions that may cause damages to end-users caused by energy shortages, electricity distributors may from time to time bring claims against us for damages originating from claims brought against such distributors by end-users. While we maintain insurance against civil liabilities resulting from such events, to the extent and in the amounts that we believe are reasonable, it might not be sufficient in all cases to cover all the losses or liabilities resulting from such events, and these events could have a material adverse effect on our business, results of operations, financial condition, and thus our ability to pay dividends or make other distributions would be adversely affected.

We have been subject to, and may continue to be subject to, adverse tariff adjustments and other regulatory developments.

We operate in a highly regulated industry and, accordingly, our results of operations depend on the applicable regulatory framework and the interpretation and application of such framework by the ENRE, the agency of the Government created to regulate electricity companies. The ENRE's interpretation and application of the regulatory framework and the Definitive Agreements has been adverse to our business on a number of occasions. For example, in February 2006, the ENRE suspended the public hearings required as part of our Full Tariff Review and has yet to schedule them. No assurance can be made that future ENRE interpretations and applications of the regulatory framework and the Definitive Agreements and Instrumental Agreements (for example, in respect of our level of compliance with our investment plans, which affects our ability to use surplus funds to distribute dividends and pay debt, including payments on the Notes) will not continue to materially adversely impact our financial condition and results of operations and our ability to repay the Notes. See "—Risks Relating to Us—We may not be able to adjust our tariffs to reflect increases in our transmission costs in a timely manner, or at all, which may have a material adverse effect on our results of operations."

Our revenues may be adversely affected by our inability to collect amounts due to us from CAMMESA and other customers.

Our regulated revenue is paid to us by CAMMESA, which in turn collects revenue from other WEM agents.

We receive a material part of our revenue from a stabilization fund (the "Stabilization Fund") created by the Secretariat of Energy to cover the difference between the spot price and the price resulting from a stabilized pricing system of spot prices of electricity, which is referred to as the seasonal price. See "Argentine Electricity Industry and Regulatory Framework—The WEM." Due to lack of updates to the seasonal price by the Secretariat of Energy and the increased costs of supplying energy (due primarily to higher use of fuel and imports of energy from Brazil) over the last seven years, the Stabilization Fund has recorded a permanent deficit, which has been sustained by federal subsidies. The deficit in the Stabilization Fund was approximately Ps.37.0 billion as of December 31, 2010, and continues to increase.

Given the significant deficit in the Stabilization Fund, in 2003 the Secretariat of Energy established an order of priority for payments owed to creditors of the WEM (including us) for sales and other transactions made in the WEM. We currently have priority over the majority of the electricity generation companies in such system. However, it is not clear when, if ever, CAMMESA will be able to repay these outstanding advances or if the Government will continue to make additional loans to finance the Stabilization Fund's future deficits. If the Government fails to continue to provide financial support to the Stabilization Fund or if we lose our payment priority with respect to such funds, the revenues we receive from CAMMESA could be materially and adversely affected.

The economic crisis in Argentina and our poor financial condition have caused the deferral of routine maintenance programs and certain necessary capital expenditures.

In recent years, the condition of the Argentine electricity market has provided little incentive to generation, distribution and transmission companies to further invest in increasing capacity, which would require material long-term financial commitments, and which has resulted in a very high use ratio of networks and all grid components. As a result of this, as well as the increase in equipment and materials costs, we have not been able to complete

certain planned capital expenditure investments. As a result of such factors, as well as a result of the significant growth in the demand for electricity over the last two decades, the additional intensive utilization of the NIS, the delay in necessary expansions of the NIS by users and the lack of alternative transmission circuits, the NIS currently operates at its full capacity, a condition that causes faster deterioration of the Networks and their related assets. Unless we make significant investments and perform necessary maintenance, the Networks may not be able to keep up with the ongoing growth in demand, which may result in unplanned outages, which would result in a loss of revenue and in penalties. Furthermore, because the NIS is operating at its full capacity, it is more difficult to schedule required maintenance without disrupting service. As a result, CAMMESA has postponed program maintenance requests, again increasing the risk of an unplanned outage, which would result in penalties to us. No assurance can be made that any such outages would not have a material adverse effect on our financial condition and results of operations and our ability to repay the Notes.

Our exclusive right to transmit electricity may be adversely affected by technological or other changes in the energy transmission industry.

Although our Concession Agreements grant us the exclusive right to transmit electricity within our service areas, this exclusivity may be terminated in whole or in part if technological changes make it possible for the energy transmission industry to evolve from its present condition (one which the Concession Agreements define as a natural monopoly) into a competitive business. Although, to our knowledge, there are no current projects to introduce new technologies in the medium or long-term that could reasonably be expected to modify the composition of the transmission business, no assurance can be made that future developments will not introduce competition which would adversely affect our exclusivity right granted by the Concession Agreements. Any total or partial loss of our exclusive right to transmit electricity within our service area would have a material adverse effect on our financial condition, results of operations and prospects.

The Government has intervened in the electricity transmission industry in the past, and is likely to continue intervening.

To address the Argentine economic crisis in 2001 and 2002, the Government adopted the Emergency Law and other resolutions, which made a number of material changes affecting the economy and the electricity transmission industry in particular to the regulatory framework applicable to the electricity sector. Examples of such changes included the freezing of transmission margins and the revocation of adjustment and inflation indexation mechanisms, which significantly affected electricity transmission companies. In addition, the WEM's price-setting mechanism has been modified, which had a significant impact on electricity generators and has led to significant price mismatches between participants in our market and a deficit in the Stabilization Fund that has led the Government to consistently lend money to the Stabilization Fund. The Government continues to exercise significant influence in the electricity sector, including creating specific charges to raise funds that are transferred to Government-managed trust funds that finance investments in distribution infrastructure and mandating investments for the construction of new generation plants and the expansion of existing transmission and distribution networks. No assurance can be made that these or other measures that may be adopted by the Government will not have a material adverse effect on our business and results of operations or that the Government will not adopt emergency legislation similar to the Emergency Law, or other similar resolutions, in the future that may further increase our regulatory obligations, including increased taxes, unfavorable alterations to our tariff structures and other regulatory obligations, compliance with which would increase our costs and have a direct negative impact on our results of operations and ability to repay our debt, including our ability to repay the Notes, among other consequences.

We could face expropriation, nationalization or similar risks.

Substantially all our assets are located in Argentina and as such we are subject to political, economic and other uncertainties, including expropriation, nationalization, renegotiation or nullification of existing contracts, currency exchange restrictions and international monetary fluctuations. No assurance can be made that our business, financial condition and operating results will not be affected by the occurrence of any such events and that, as a result, our ability to repay the Notes and make other payments or distributions will not be adversely affected.

Risks Relating to Argentina

Substantially all of our revenues are earned in Argentina and, thus, we are highly dependent on economic and political conditions in Argentina.

We are a corporation (*sociedad anónima*) incorporated under the laws of Argentina and most of our revenues are earned in Argentina and substantially all of our operations, facilities, and customers are located in Argentina. Accordingly, our financial condition and results of operations depend to a significant extent on macroeconomic and political conditions prevailing in Argentina.

Government actions concerning the economy, including decisions with respect to inflation, interest rates, price controls, foreign exchange controls and taxes, have had and could continue to have a material adverse effect on private sector entities, including us. To address Argentina's economic crisis in 2001 and 2002, for example, the Government took measures, such as the freezing of electricity transmission margins and pesification of our tariffs, which had a severe effect on our financial condition and led us to suspend payments on our financial debt. No assurance can be made as to whether the Government will adopt other policies that could adversely affect the economy or our business. In addition, no assurance can be made that future economic, social and political developments in Argentina, over which we have no control, will not impair our business, financial condition, results of operations or ability to repay our debts, including our ability to repay the Notes.

The global financial crisis and unfavorable credit and market conditions that commenced in 2007 have affected and could continue to negatively affect the Argentine economy and may negatively affect our liquidity, business, and results of operations, as well as our ability to repay our debts, including our ability to repay the Notes.

The ongoing effects of the global credit crisis and related turmoil in the global financial system may have a negative impact on our business, financial condition and results of operations, an impact that is likely to be more severe on an emerging market economy, such as Argentina. The effect of this economic crisis on us cannot be predicted. In addition, our ability to access the credit or capital markets may be restricted at a time when we would need financing, which could have an impact on our flexibility to react to changing economic and business conditions. For these reasons, any of the foregoing factors or a combination of these factors could have an adverse effect on our liquidity, results of operations and financial condition, which could have an adverse effect on our ability to repay our debts, including our ability to repay the Notes.

Argentina's economic recovery since the 2001 economic crisis may not be sustainable in light of current economic conditions, and any significant decline could adversely affect our financial condition.

During 2001 and 2002, Argentina went through a period of severe political, economic and social crisis. Although the economy has recovered significantly since the 2001 crisis, uncertainty remains as to the sustainability of economic growth and stability. After the marked deceleration of the Argentine economy in 2009, which began in the last quarter of 2008 and lasted during the majority of 2009 (due to the effects of the worst global economic crisis in decades, as well as adverse domestic conditions), in 2010 the economy grew 9.2%, according to provisional official estimates. However, doubts about the sustainability of this expansion remain. Sustainable economic growth is dependent on a variety of factors, including but not limited to international demand for Argentine exports, the stability and competitiveness of the peso against foreign currencies, confidence among consumers and foreign and domestic investors and a stable and relatively low rate of inflation.

The Argentine economy remains fragile, as reflected by the following economic conditions:

- unemployment remains high;
- the availability of long-term fixed rate credit is scarce;
- investment as a percentage of gross domestic product ("GDP") remains low relative to that needed to support the rate of growth recorded in the last several years;

- the current fiscal surplus is dropping and is at risk of becoming a fiscal deficit;
- due dates for the country's public debt have begun to grow (since the post-default normalization), and international financing is not assured;
- inflation has risen recently and threatens to accelerate to levels dangerous for economic stability;
- the regulatory framework continues to be uncertain;
- the recovery has depended to some extent on high commodity prices, which, despite long-term favorable trends, are volatile in the short-term and beyond the control of the Government; and
- the trade surplus (and the fiscal surplus, to a more limited extent) depends in large part on the production of grains and soy, which harvests can be materially affected by droughts such as the one that occurred during 2008 and 2009.

As in the recent past, Argentina's economy may suffer if political and social pressures inhibit the implementation by the Government of policies designed to maintain price stability, generate growth and enhance consumer and investor confidence. This, in turn, could have a material adverse effect on our financial condition, results of operations and ability to repay our debts, including our ability to repay the Notes. Furthermore, as it has done in the past, the Government could respond to a lack of economic growth or stability by adopting measures that affect private sector enterprises, including the tariff restrictions imposed on public utility companies such as us.

In addition, the Government's ability to subsidize the Stabilization Fund depends on the continued availability of federal funds. If the fiscal surplus is adversely affected due to negative economic factors, the energy sector could be affected, which could in turn have an adverse effect on our financial condition and results of operations, including on our ability to repay the Notes. No assurance can be made that the decline in economic growth or increased economic instability, developments over which we have no control, will not have an adverse effect on the country's debt, the value of the peso or our business, financial condition (including our ability to repay the Notes) or results of operations.

A high inflationary environment may have adverse effects on the Argentine economy, which could, in turn, have a material adverse effect on our results of operations.

According to data published by the National Statistics and Census Institute (*Instituto Nacional de Estadística y Censos*, or "INDEC"), the rate of inflation reached 9.7% for the twelve months ended March 31, 2011, 10.9%, 7.7% and 7.2% in the years ended December 31, 2010, 2009 and 2008, respectively. Over the course of the past several years, the Government has implemented several programs to control inflation and monitor prices for most relevant goods and services. These Government actions included price support arrangements agreed to by the Government and private sector companies in several industries and markets.

Uncertainty surrounding future inflation and the current economic situation could slow economic recovery. In the past, inflation has materially undermined the Argentine economy and the Government's ability to create conditions that permit growth. A high inflationary environment would also undermine Argentina's foreign competitiveness by diluting the effects of the peso devaluation, with the same negative effects on the level of economic activity. In turn, a portion of the Argentine debt is adjusted by the CER Index, a currency index that is strongly related to inflation. Therefore, any significant increase in inflation would cause an increase in the external debt and consequently in Argentina's financial obligations, which could further exacerbate the stress on the Argentine economy. A high inflation environment could also temporarily undermine our results of operations as a result of a lag in cost adjustments, and the likelihood that we may be unable to adjust our tariffs accordingly. In addition, a return to high inflation would undermine the confidence in Argentina's banking system in general, which would further limit the availability of domestic and international credit to businesses, which could adversely affect our ability to finance our working capital and other needs on favorable terms. A high rate of inflation could have an adverse effect on the Argentine economy and its financial system, which could adversely affect our results of operations and our ability to repay our debts, including our ability to repay the Notes.

The credibility of several Argentine economic indices has been called into question, which may lead to a lack of confidence in the Argentine economy and may in turn limit our ability to access the credit and capital markets.

In January 2007, INDEC modified its methodology used to calculate the Argentine CPI, which is calculated as the monthly average of a weighted basket of consumer goods and services that reflects the pattern of consumption of Argentine households. At the same time, the Government replaced several key members of INDEC's personnel, which action prompted complaints from INDEC technical staff, which, in turn, has led to the initiation of several judicial investigations involving members of the Government aimed at determining whether there was a breach of classified statistical information relating to the collection of data used in the calculation of the Argentine CPI. These events have affected the credibility of the Argentine CPI index published by INDEC, as well as other indices published by INDEC that require the Argentine CPI for their own calculation, including the poverty index, the unemployment index, the CER Index and the calculation of GDP. As a result, private estimates of the Argentine rate of inflation and other indices calculated by INDEC are substantially higher than indicated in official reports. If these investigations result in a finding that the methodologies used to calculate the Argentine CPI or other INDEC indices derived from the Argentine CPI were manipulated by the Government, or if it is determined that it is necessary to correct the Argentine CPI and the other INDEC indices derived from the Argentine CPI as a result of the methodology used by INDEC, there could be a significant decrease in confidence in the Argentine economy and an increase in the country's debt due to the CER Index. With credit to emerging market nations already tenuous as a result of the global economic crisis, our ability to access credit and capital markets to finance our operations and growth in the future could be further limited by the uncertainty relating to the accuracy of the economic indices in question, which could adversely affect our results of operations and financial conditions, including our ability to repay the Notes.

Argentina's ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth, and consequently, may affect our business, results of operations and prospects for growth.

Argentina has very limited access to foreign financing. As of December 31, 2001, Argentina's total public debt amounted to US$144.5 billion. In 2002, Argentina defaulted on over US$81.8 billion in external debt to bondholders. In addition, since 2002, Argentina has suspended payments on over US$15.7 billion in debt to multilateral financial institutions (such as the International Monetary Fund and the Paris Club) and other financial institutions. In 2006, Argentina cancelled all its outstanding debt with the International Monetary Fund, totaling approximately US$9.5 billion, and through various exchange offers made to bondholders between 2004 and 2010, restructured over US$74 billion of the defaulted debt. As of December 31, 2010, the Government was still in default in respect of over US$11.2 billion of debt to bondholders. As of such date, Argentina's total public debt amounted to US$164.3 billion (excluding the debt in default to bondholders). Argentina is currently negotiating the cancellation of all its outstanding debt with the Paris Club, which amounted to US$6.2 billion as of December 31, 2010.

In May 2009, a group of US Congress members introduced legislation that would bar access to the US capital markets for sovereign states that have outstanding judgments owed to US creditors totaling more than US$100 million for a period of more than two years, as is the case for Argentina. Although the US Congress has not taken any action to adopt this legislation, no assurance can be made that it will not be passed, or that similar legislation would not be passed that would restrict Argentina's access to the US capital markets.

Due to the lack of access to the international capital markets, the Government continues to use the foreign-currency reserves of the Argentine Central Bank (*Banco Central de la República Argentina*) for the payment of Argentina's current debt, which could result in additional attachments or injunctions relating to assets of the Central Bank or Argentina. In addition, the reduction of the Central Bank's reserves may weaken Argentina's ability to overcome economic deterioration in the future. Without access to international private financing, Argentina may not be able to finance its obligations, and financing from multilateral financial institutions may be limited or not available. This could also inhibit the ability of the Central Bank to adopt measures to curb inflation and could adversely affect Argentina's economic growth and public finances, which could, in turn, adversely affect our operations, our financial condition and results of operations, including our ability to repay the Notes.

Significant fluctuations in the value of the peso against the US dollar may adversely affect the Argentine economy, which could, in turn adversely affect our results of operations, as well as our ability to repay the Notes.

The value of the peso against the US dollar has fluctuated significantly in the past, and could continue to fluctuate in the future.

Despite the positive effects the depreciation of the peso in 2002 had on the export-oriented sectors of the Argentine economy, the depreciation has also had a negative effect on a range of businesses and on individuals. For example, among other things, the devaluation affected the ability of the Government and Argentine business to repay their foreign currency-denominated debts and contributed to an increase in inflation. High rates of inflation reduced buying power of salaries, which had an adverse effect on those activities that depend on local demand. In the event that the peso has a new significant devaluation, this would have adverse effects on the Argentine economy, which could have a negative effect on our operations, as well as our ability to repay our debts, including our ability to repay the Notes.

On the other hand, a significant increase in the value of the peso against the dollar could also have risks for the Argentine economy, given that this could affect the competitiveness of Argentine exports, with corresponding effects on the domestic economy. A significant reduction in exports would have a negative effect on economic growth and employment and reduce the Argentine public sector's revenues by reducing tax collection in real terms, all of which could have a material adverse effect on our business, including on our ability to repay the Notes, as a result of the weakening of the Argentine economy in general.

Government measures to address social unrest may adversely affect the Argentine economy and thereby affect our business and results of operations.

During the economic crisis in 2001 and 2002, Argentina experienced social and political turmoil, including civil unrest, riots, looting, nationwide protests, strikes and street demonstrations. Despite the economic recovery and relative stability since 2002, social and political tensions and high levels of poverty and unemployment continue. Future government policies to preempt, or respond to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors' rights and shareholders' rights, new taxation policies, including royalty and tax increases and retroactive tax claims, and changes in laws, regulations and policies affecting foreign trade and investment. These policies could destabilize the country, both socially and politically, and adversely affect, directly or indirectly, the Argentine economy.

In March 2008, the Ministry of Economy and Production announced the adoption of new taxes on a number of agricultural exports. Such taxes were to be calculated at incremental rates as the price for the exported products increased, and represented a significant increase in taxes on exports by the agricultural sector in Argentina. The adoption of these taxes met significant opposition from various political and economic groups with ties to the Argentine agricultural sector, including strikes by agricultural producers around the country, roadblocks to prevent the circulation of agricultural goods within Argentina and massive demonstrations in the city of Buenos Aires and other major Argentine cities. Although these measures did not pass the Argentine congress, no assurance can be made that the Government will not seek to reintroduce the export taxes or adopt other measures affecting this or other sectors of the economy (including the electricity sector) to mitigate the revenues lost as a result of the failure of such taxes to pass. These uncertainties could lead to further social unrest that could adversely affect the Argentine economy, which in turn may have a material adverse effect on our financial condition and results of operations, as well as our ability to repay our debt, including our ability to repay the Notes.

Exchange controls, transfer restrictions and other policies of the Government have limited and can be expected to continue to limit the availability of international and local credit or otherwise adversely affect our business, as well as our ability to repay the Notes.

In 2001 and the first half of 2002, Argentina experienced a significant withdrawal of deposits from the Argentine financial system in a short period of time, which precipitated a liquidity crisis within the Argentine financial system and prompted the Government to impose exchange controls and restrictions on the ability of depositors to withdraw their deposits. Although the situation of the financial system has improved and many of

these restrictions have been significantly eased, no assurance can be made that certain economic circumstances will not set off another run on the banks, creating problems of liquidity and solvency for financial entities and creating the need for similar measures or other changes that could create new political and social tensions.

In June 2005 the Government adopted various other rules and regulations that established restrictive controls on capital inflows. Among the 2005 restrictions is a requirement that for certain funds remitted into Argentina an amount equal to 30% of the funds in US dollars be deposited into an account with a local financial institution, without such deposit being posted as collateral for any transaction. See "Exchange Rates—Exchange Controls."

The Government could impose further exchange controls or restrictions on the movement of capital and take other measures that could limit our ability to access international capital markets, impair our ability to make interest or principal payments abroad (including payments related to the Notes) or otherwise affect our business and results of operations.

In addition, exchange controls in an economic environment in which access to the local capital markets is restricted could have an adverse effect on the economy and our business, particularly on our ability to make payments on principal and interest on foreign-currency debt. This could have an adverse effect on our financial condition and our business and on our ability to repay the Notes.

Certain measures taken by the Government, as well as claims from our employees and/or their unions, could create pressure to increase employee salaries and/or benefits, which could increase our operating costs.

In the past the Government has passed regulations requiring private sector businesses to maintain certain salary and benefit levels for their employees. This intensified pressures applied by employees and unions on private and public sector businesses to increase employee salaries and benefits and adopt collective bargaining agreements.

It is possible that the Government may adopt new measures that require us to increase employee salaries and/or benefits if our employees and/or their unions request it, and that these increases would not be recognized quickly in our tariffs, which could have a material adverse effect on our financial condition and our ability to repay the Notes. See "Business—Employees and Labor Relations."

The Argentine economy could be adversely affected by economic developments in other global markets.

Financial and securities markets in Argentina are influenced, to varying degrees, by economic and market conditions in other global markets. Although economic conditions vary from country to country, investors' perception of the events occurring in one country may substantially affect capital flows into and securities from issuers in other countries, including Argentina. The Argentine economy was adversely impacted by the political and economic events that occurred in several emerging economies in the 1990s, including Mexico in 1994, the collapse of several Asian economies between 1997 and 1998, the economic crisis in Russia in 1998 and the Brazilian devaluation of its currency in January 1999. Currently, Argentina could be affected by events in the economies of its major regional partners, including, for example, currency devaluations.

Furthermore, the Argentine economy may be affected by events in developed economies that are trading partners or that impact the global economy. Economic conditions and credit availability in Argentina were affected by the economic and banking crisis in the United States in 2008 and 2009 caused by subprime mortgage loans and other event that affected the global financial system and developed economies. When the crisis began, major financial institutions suffered considerable losses, investor confidence in the global financial system was shaken and various financial institutions required government bailouts or ceased operations altogether. Moreover, in recent months several European Union members have been obliged to reduce their public expenditures due to their high indebtedness rates, which has negatively impacted the European economy.

For example, as a result of Greece's recent financial difficulties, the EU has put Greek accounts under supervision. Principally due to concerns that the Greek crisis would spread to other EU members and lead to a drastic drop in the ratings of EU sovereign public debt, the EU and the IMF developed a plan to assist Greece that

included contributions of approximately 110 billion Euro. This contribution was authorized as part of an adjustment plan approved by the EU for Greece, which included salary cuts for government employees, reduction in pensions and retirement and a significant increase in taxes. The measures resulted in riots in the streets and protests from all those involved in the Greek economy. Spain, Portugal, Germany and the United Kingdom have also made adjustments in all sectors in order to avoid higher deterioration of their accounts. More recently, Ireland has also joined the plan.

Without regard to these measures, it is unknown what effect it would have on the global financial system if any country or any of the most important global entities became insolvent, nor what effects such an event would have on the rest of the global financial system. Additionally, the financial crisis is developing in the context of a general global economic slowdown. In this context, an increased credit contraction should not be ignored, which could result in an even more pronounced slowdown of central economies. This global situation will have significant long-term effects in Latin American and Argentina, principally due to the lack of access to international credit, lower demand for Argentine exports and significant reductions in foreign direct investment. The deterioration in any area of the global economy, as well as the economic conditions in our principal regional partners, including the members of Mercosur, could have an adverse material effect on the Argentine economy, which could have a material adverse effect on our business, financial condition and results of operations, as well as our ability to repay our debt, including our ability to repay the Notes.

The elimination of the private retirement system could affect the obtaining of financing from the local capital markets.

In November 2008 the Argentine congress approved Law No. 26,425, which, among other measures, nationalized and unified the country's pension system, which is now financed through a consolidated distribution system. Funds accumulated in private pension funds over the last 14 years from voluntary and mandatory employee, employer and independent contractor contributions are now administered by the National Social Security Administration (*Administración Nacional de la Seguridad Social*, or "ANSES").

In recent years a significant portion of the local demand for debt of Argentine companies has come from the Argentine private pension funds. In response to the global financial crisis, in November 2008, the Argentine congress passed a law unifying the Argentine pension and retirement system into a system publicly administered by ANSES and eliminating the retirement savings system previously administered by private pension funds. In accordance with the new law, private pension funds transferred all of the assets administered by them under the retirement savings system to ANSES. It is difficult to evaluate the real impact of this measure, but after these changes the demand for local debt in Argentina has decreased. A significant decrease in the demand for local debt could have an adverse impact on our ability to raise capital to refinance our indebtedness or finance capital expenditures, which may adversely affect the market value of the Notes. As a result of the changes to the pension system, the Government became a significant shareholder in many of the country's public companies. ANSES currently owns shares representing approximately 19% of our capital stock.

More recently, in April 2011, the executive branch of the Government, removed certain restrictions pursuant to which ANSES was prevented from exercising more than 5% of any company's voting rights (regardless of its share participation in any such company). ANSES has publicly disclosed its intention of exercising its voting rights to appoint directors in the various publicly listed companies in which it owns an interest, such as us. ANSES' interests may differ from the interests of other investors and, as such, if ANSES pursues a more active role in Argentine publicly listed companies in which it owns an interest, such as our Company, ANSES' participation may negatively affect such companies, include ours, and, to an extent, the domestic financial markets.

The effect of these measures has been a change in the dynamics of the Argentine capital markets, primarily because the investor role that had been occupied by Argentine private pension funds is now managed exclusively by ANSES. As of the date of this offering memorandum it is not known how this or any similar measures the Government may take in the future will affect the Argentine capital markets in the future, or how it may affect the national economy or our business.

Significant capital expenditure on the part of the Government is required in energy infrastructure.

During the course of the last few years, domestic demand for natural gas and electricity has increased substantially. The Government has also established a policy of maintaining low energy prices in comparison with prices in other markets. These factors, combined with the economic crisis, have resulted in insufficient investments in the energy sector throughout Argentina. Pursuant to our Concession Agreements and the Electricity Law, we are not required to carry out expansions of the Networks. In accordance with Secretariat of Energy Resolution No. 1, approved as of January 2, 2003, certain capital expenditures in the Networks are being carried out by the Government in coordination with the Company. If the Government fails to invest in a timely manner in certain areas of energy infrastructure, it is possible that Argentina would suffer a damaging shortage of energy and the current forecasted growth could not be maintained. It is likely that any such adverse effect on economic growth would diminish government surpluses, which in turn would adversely affect government expenditures on infrastructure and other infrastructure projects of the Argentine federal government or provincial governments, adversely affecting the construction business.

Publicly available information about public companies in Argentina is generally less detailed and not as frequently updated as the information that is regularly published by or about listed companies in the United States.

Publicly available information on the issuers of securities listed on the BCBA provides less detail in certain respects than the information that is regularly published by or about listed companies in the United States and certain other countries. In addition, regulations governing the Argentine securities market are not as extensive as those in effect in the United States and other major world markets.

Risks Relating to the Notes

There is no established trading market for the Notes and the market value of the Notes is uncertain.

Although application may be made to list the Notes on the BCBA and to trade the Notes on the MAE and the Official List of the Luxembourg Stock Exchange, the Notes will be new issues of securities with no established trading market or prior trading history. No assurance can be made that a market for the Notes will develop or, if one does develop, that it will be maintained. Furthermore, the market value and liquidity of, and trading markets for, the Notes may be materially and adversely affected by changes in interest rates and declines and volatility in the markets for similar securities and in the overall economy, as well as by any changes in our financial condition or results of operations. No assurance can be made that the future trading price of the Notes will not be lower than their initial trading price, whether for reasons related to us or for other unrelated reasons.

EU Savings Tax Directive may prevent holders of the Notes from receiving interest on the Notes in full.

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), each member state has been required, since July 1, 2005, to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other member state. However, Austria and Luxembourg are required instead to apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period commenced on July 1, 2005, and terminates at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding in respect of Switzerland) with effect from the same date.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a member state which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Company nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result

of the imposition of such withholding tax. The Company is required to maintain a paying agent in a member state that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Covenants in the Notes and other indebtedness could adversely restrict our financial and operating flexibility

The Notes may contain, and some of our current credit facilities contain, affirmative and restrictive covenants that limit its ability to create liens, incur additional debt, dispose of its assets or consolidate, merge or sell part of its business. See "Description of the Notes." These restrictions may limit our ability to operate our business and may prohibit or limit our ability to enhance operations or take advantage of potential business opportunities as they arise. The breach of any of these covenants or the failure to meet any of such conditions could result in a default under the Notes or the credit facilities. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions and the renegotiation of concessions and licenses used in our business.

Our assumptions and estimates may prove to be inaccurate, and we may be unable to pay interest or principal on the Notes.

We continue to operate in an unstable and uncertain political, economic and regulatory environment. Factors that have already materially and adversely affected our results of operations and financial condition, including, among others, the pesification of our tariffs, the elimination of tariff adjustments, inflation and the devaluation of the peso, may continue to place significant strains on our results of operations and liquidity. Our future ability to service our debt obligations will depend upon the accuracy of certain assumptions about macroeconomic, commercial and regulatory factors (most of which are beyond our control) that will affect our business, including, without limitation:

- the exchange rate of pesos for US dollars during the term of the Notes;
- rates of inflation for the term of our Notes;
- the outcome of the Full Tariff Review (see "Business—Our Concession Agreements—Emergency Law and Renegotiation of Concession Agreements");
- any significant decrease in the amount of cash received from CAMMESA; and
- any change to the electricity regulatory framework that is adverse to us.

If any of these assumptions prove to be incorrect or these factors deteriorate, if unforeseen events occur that materially and adversely affect our operations or if there are restrictions on our ability to transfer funds abroad, we may not be able to make payments of interest or principal due on the Notes.

The Notes are not registered securities in the United States, and they will be subject to transfer restrictions that may adversely affect the value of the Notes.

The Notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. The Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions; Notice to Investors" for a more detailed explanation of such restrictions.

If we entered into a bankruptcy, liquidation, restructuring or pre-bankruptcy proceeding or an out-of-court proceeding under Argentine law, subordinated and unsubordinated debt would be given the same priority.

In a bankruptcy, liquidation or restructuring proceeding under Argentine law, subordination agreements could be disregarded. In such case, subordinated and unsubordinated creditors including holders of Notes would have the same priority.

Additionally, in the event of pre-bankruptcy proceedings, out-of-court reorganization agreements or similar proceedings related to us, the laws and regulations applicable to the Notes (including, without limitation, the provisions of the Negotiable Obligations Law) and the terms and conditions of the Notes shall be subject to the provisions of the Argentine bankruptcy law No. 24,522, as amended (the "Bankruptcy Law") and all other laws and regulations applicable to business reorganization and, consequently certain terms of the Notes may not apply.

The Bankruptcy Law provides for a voting procedure different from the one applicable to other unsecured creditors as to the calculation of the required majority which, as set forth pursuant to the Bankruptcy Law, shall be the absolute majority of creditors representing two-thirds of the unsecured principal amount. Based on this system, the negotiation power of the noteholders may be significantly reduced as compared to our other creditors.

Specifically, the Bankruptcy Law establishes that in case of securities issued in series, such as the Notes, the holders thereof shall participate in the voting made to obtain the necessary consent to approve an agreement with creditors or the restructure of our debts subject to a procedure for the calculation of majorities different from those required with respect to other unsecured creditors (i.e., unanimous approval of holders to amend certain provisions of the Notes). Under said procedure: (1) a meeting of holders shall be called by the trustee or the competent judge, as applicable; (2) the holders present in said meeting shall vote in favor or against the proposed restructure plan indicating the selected option, in case the plan is approved; (3) the plan will be considered approved or rejected based on the aggregate principal amount voting in favor and the aggregate principal amount voting against the proposal; (4) the decision shall be stated for the record by the trustee or the person appointed to that effect by the meeting and evidenced by the meeting minutes; (5) a meeting of holders may not be called if the trust or the applicable laws or regulations permit a different method for obtaining the consent of creditors satisfactory to the judge; (6) in the event the trustee is considered a creditor pursuant to the relevant proof of claims, as established in section 32, it may divide its vote, voting in favor of the proposed plan with respect of the principal amount held by the beneficiary holders instructing it to accept the same as established in the trust or the applicable law and against it with respect to those instructing it to reject it. The proposal shall be considered accepted or rejected based on the majority vote; (7) the preceding provisions shall also apply in case of proxies representing several holders duly admitted under section 32 of the Bankruptcy Law; (8) in all cases, the judge may order specific measures to ensure the participation of the creditors and the legality of the voting procedure.

In addition, noteholders not present at the meeting or abstaining from voting shall not be considered when calculating the required majority. As a consequence of the mechanism by the majority is calculated, in event of pre-bankruptcy or a restructure of our indebtedness, the negotiation power of the noteholders may be reduced as compared to other creditors.

The Notes will not be guaranteed and are structurally subordinated in right of payment to the indebtedness of our subsidiaries and the remaining assets of such subsidiaries may not be sufficient to make any payments on the Notes.

Because the Notes will not be guaranteed by any of our subsidiaries, the Notes will be effectively junior and structurally subordinated to all debt and other liabilities of our subsidiaries. Generally, claims of creditors of a subsidiary, including trade creditors, if any, of such subsidiary will have priority with respect to the assets and earnings of such subsidiary over the claims of the creditors of its parent company as a shareholder, except to the extent the parent is a creditor of such subsidiary. Consequently, in the event of a liquidation, winding up, bankruptcy reorganization or similar proceeding relating to us or any of our subsidiaries, the assets of the relevant subsidiary will be available to satisfy claims of creditors of the subsidiary before they are available or distributed to us. As of March 31, 2011, our subsidiary Transba had total outstanding liabilities of Ps.54.5 million (including trade creditors and excluding intercompany obligations). See "Description of the Notes—Restrictive Covenants" for information about our ability to incur additional debt.

Holders of the Notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons.

We are organized under the laws of Argentina and our principal place of business (*domicilio social*) is in the city of Buenos Aires, Argentina. Most of our directors, officers and controlling persons as well as certain of the experts named in this offering memorandum reside outside of the United States. In addition, all or a substantial portion of our assets and their assets are located outside of the United States. As a result, it may be difficult for holders of the Notes to effect service of process within the United States on such persons or to enforce judgments against us or them, including any action based on civil liabilities under the US federal securities laws. Based on the opinion of our Argentine counsel, there is doubt as to the enforceability against us and such persons in original actions in Argentine courts, of liabilities predicated solely upon the federal securities laws of the United States and as to the enforceability in Argentine courts of judgments of United States courts obtained in actions predicated upon the civil liability provisions of the federal securities laws of the United States or the laws of other jurisdictions. See "Enforcement of Judgments Against Foreign Persons."

Restrictions to the transfer of funds abroad may limit the ability of non-resident noteholders to transfer funds abroad.

Non-resident investors that acquire the Notes in the Argentine primary or secondary markets will only have access to the Argentine free exchange marker and thereafter sell the Notes to repatriate funds for up to a monthly amount of US$500,000, provided that such funds have remained in Argentina for a minimum term of 365 days. We cannot guarantee that no additional exchange controls will be established in the future or that different assessment criteria regarding the applicable current regulations be established, resulting in further restrictions to the non-resident noteholders when transferring funds abroad.

Holders of the Notes may be limited from enforcing foreign judgments or attaching our assets.

We are a corporation, or *sociedad anónima*, organized under the laws of Argentina. Substantially all or a substantial portion of our assets are located in Argentina.

Under Argentine law, foreign judgments are enforced provided that the requirements of Articles 517 through 519 of the Federal Code of Civil and Commercial Procedure are met. Additionally, Argentine courts will not enforce any attachment with respect to property that is located in Argentina and determined by the court to be dedicated to the provision of public services. A substantial portion of our assets may be considered to be dedicated to the provision of public services. If an Argentine court were to make such a determination with respect to any of our assets or consider that the requirements for the enforcement of foreign judgments are not met, such assets would not be subject to attachment, execution or other legal process, and those judgments would not be enforceable and our creditors would not be able to realize a judgment against those assets. See "Enforcement of Judgments Against Foreign Persons."

If the approval condition for the Concurrent Offers and Consent Solicitation is not satisfied, the issuance of the Notes will not occur.

Under Argentine law, the Company requires shareholder approval and approval from the board of directors in order to issue the Notes and consummate the Concurrent Offers and Consent Solicitation. If such approvals are not obtained prior to the Early Participation Deadline, the Concurrent Offers and Consent Solicitation will be terminated.

USE OF PROCEEDS

We will receive estimated net proceeds from the sale of the Notes in this offering of approximately US$50,341,455 million, after payment of the Initial Purchasers' commissions. We will apply the net cash proceeds of this offering to refinance a portion of our indebtedness, including, if permitted by Argentine law, the application of US$46,187,050 (which includes amounts allocated to us in connection with the Series 1 Notes tendered by us in the Concurrent Tender Offer) to repurchase US$50,775,000 (which includes US$29.1 million of Series 1 Notes held by us and Transaba tendered in the Concurrent Tender Offer) of our outstanding 8.875% Series 1 Senior Notes due 2016 that are validly tendered in the Concurrent Tender Offer, for working capital purposes in Argentina, for capital expenditures for physical assets located in Argentina, and for capital contributions to our subsidiaries or affiliates, provided that such capital contributions are used for the purposes specified above. See "Capitalization."

EXCHANGE RATES

From April 1, 1991, until the end of 2001, the Convertibility Law established a fixed exchange rate under which the Central Bank was obliged to sell US dollars at a fixed rate of one peso per US dollar. On January 6, 2002, the Argentine Congress enacted the Emergency Law, formally putting an end to the regime of the Convertibility Law and abandoning over 10 years of US dollar-peso parity. The Emergency Law grants the Executive Branch of the Government (the "Executive Branch") authorizing the Executive Branch to implement a foreign exchange system and enact exchange regulations. The Emergency Law has been extended until December 31, 2011. For a brief period following the end of the convertibility regime, the Emergency Law established a temporary dual exchange rate system. Since February 2002, the peso has been allowed to float freely against other currencies.

The following table sets forth the annual high, low, average and period-end exchange rates for US dollars for the periods indicated, expressed in pesos per US dollar at the purchasing exchange rate and not adjusted for inflation. When preparing our financial statements, we utilize the exchange rates (*tipo vendedor*) for US dollars quoted by *Banco de la Nación Argentina* to translate our US dollar-denominated assets and liabilities into pesos. The Federal Reserve Bank of New York does not report a noon buying rate for pesos.

	Low	High	Average	Period End
		(pesos per US dollar)		
2011				
January	3.99	4.02	4.00[(1)]	4.01
February	4.03	4.05	4.04[(1)]	4.05
March	4.05	4.07	4.06[(1)]	4.07
April	4.07	4.10	4.08[(1)]	4.10
May	4.07	4.08	4.08[(1)]	4.08
June	4.13	4.12	4.13[(1)]	4.13
July	4.13[(2)]	4.15[(2)]	4.14[(1)(2)]	4.15[(2)]
Year ended December 31,				
2008	3.04	3.47	3.18[(3)]	3.46
2009	3.46	3.86	3.74[(3)]	3.82
2010	3.82	4.00	3.93[(3)]	4.00

Source: *Banco de la Nación Argentina*

(1) Represents the average of the lowest and highest daily rates in the month.

(2) Represents the corresponding exchange rates from July 1 through July 8, 2011.

(3) Represents the average of the exchange rates on the last day of each month during the period.

Exchange Controls

In January 2002, the Emergency Law was passed, declaring a social, economic, administrative, financial and foreign exchange emergency, and authorizing the Executive Branch, among other things, to implement a foreign exchange system and to enact foreign exchange regulations. Within this context, on February 8, 2002, under Decree No. 260/2002, the Executive Branch (i) created a local exchange market (*Mercado Único y Libre de Cambios* or "MULC") through which all transactions involving the exchange of foreign currency would be made, and (ii) established that all foreign exchange transactions shall be made at the freely agreed exchange rate and in compliance with the requirements and regulations of the Central Bank (the main aspects of which are described below).

On June 9, 2005, by means of Decree No. 616/2005, the Executive Branch, established that (a) all inflows of funds into the domestic foreign exchange market arising from foreign debts incurred by individuals or entities of the private financial and non-financial sector, excluding export-import financings, account balances of authorized exchange institutions, as long as such account balances do not constitute financial credit facilities, and primary issues of debt securities sold through public offering and traded in self-regulated markets; (b) currency remittances made by non-residents into the domestic foreign exchange market for the following purposes: holdings of Argentine currency, purchases of any kind of financial assets or liabilities of the financial or non financial private sector, excluding direct foreign investments and primary issues of debt securities and shares sold through public offering

and traded in self-regulated markets; and investments in public sector securities purchased in secondary markets, shall meet the following requirements: (i) currency remittances into the domestic foreign currency market shall only be transferred abroad upon the lapse of 365 calendar days computed as from the date of entry; (ii) the proceeds of the exchange of the funds so remitted shall be deposited into an account in the local banking system; (iii) an amount equal to 30% of the relevant amount shall be deposited in a registered and non-transferable account for 365 calendar days, under the conditions established in the applicable regulation (the "Deposit"); and (iv) said Deposit shall be made in dollars with Argentine financial institutions, it shall not accrue any interest or other profit and shall not be used as security or collateral for any kind of credit transaction. It should be noted that there are several exemptions to the requirements of Decree No. 616/2005, including, without limitation, those described below.

The following is a description of the main aspects of the Central Bank regulations relating to inflows and outflow of funds into and from Argentina.

Inflows

Income and Current Transfers

Income received by Argentine residents from assets located abroad are not required to go through the MULC, except for companies that acquire direct investment foreign assets totally or partially funded with foreign debt if, due to the amount of the investment, the prior authorization of the Central Bank was required to access the MULC. Before entering the local foreign exchange market to repay such debt, said companies shall provide evidence that the proceeds of the investments funded with foreign debt have been settled through the local foreign exchange market (Communication "A" 4634).

Capital

Foreign debt incurred by the private non-financial and financial sector in connection with bonds, financial loans (including repos) and foreign financial credit facilities shall be settled through the MULC (Communications "A" 3712, "A" 3972 and "A"4359).

Any issuance of debt securities by the private financial and non-financial sector denominated in foreign currency with principal and interest services not exclusively payable in pesos in Argentina shall be subscribed in foreign currency and the proceeds thereof shall be settled through the local foreign exchange market (Communications "A" 3820 and "C" 46971) within 365 calendar days as from the date of disbursement of the funds. The regulations in force as of the date of settlement of the foreign currency through the MULC shall apply (Communication "A" 4643).

Any new financial debt settled through the Argentine foreign exchange market and any renewal of foreign debt by financial and non financial private sector residents shall be arranged and maintained for a minimum term of 365 calendar days and shall not be repaid before the expiration of such term, notwithstanding the cancellation terms and whether or not such cancellation is made by entering the local foreign exchange market (Communication "A" 4359). This provision shall not apply to export-import financings, account balances of authorized exchange entities, as long as such account balances do not constitute financial credit facilities, and primary issues of debt securities sold through public offering and traded on self-regulated markets.

In addition, pursuant to the provisions of Decree No. 616/2005, Communication "A" 4359 regulated the mandatory dollar Deposit equal to 30% of the equivalent amount in dollars of the aggregate amount of the transaction originating such Deposit setting forth that it shall apply in case of inflow of foreign currency into the local foreign exchange market corresponding to: (a) financial debt of the financial and private non financial sector, except for primary issues of debts securities sold through public offering and traded on self-regulated markets; (b) primary issues of shares of Argentine companies not sold through public offering or traded on self-regulated markets, to the extent they are not foreign direct investment; (c) portfolio investments by non-Argentine residents with the following purposes: holding of Argentine currency, purchase of financial assets or liabilities of the financial or private non financial sector, excluding direct foreign investments and primary issues of debt securities and shares sold through public offering and traded in self-regulated markets, and/or the primary subscription of shares of

Argentine companies sold through public offering and traded in self-regulated markets; (d) portfolio investments by non-Argentine residents for the secondary market acquisition of any interest on securities issued by the public sector. Also, pursuant to the provisions of Resolution No. 365/2005 of the Ministry of Economy and Production, Communication "A" 4377 added the following transactions to the above mentioned list, effective as of June 29, 2005: (e) portfolio investments by non-Argentine residents for the primary subscription of securities issued by the Central Bank; (f) the proceeds of the sale of foreign assets of private sector residents entering the Argentine exchange market, exceeding the equivalent of US$2,000,000 per calendar month, considering all the authorized institutions that operate in the exchange market. In addition Resolution No. 637/2005 of the Ministry of Economy and Production, effective as of November 17, 2005, included: (g) any inflow of funds into the Argentine exchange market to be allocated to the primary subscription of securities, bonds or other equity interest issued by the trustee under a trust, whether sold by public offering or not and traded on self-regulated markets or not, to the extent the above mentioned requirements are applicable to the purchase of any of the trust assets. In case of inflows of funds in foreign currencies other than the dollar, the amount of the mandatory Deposit shall be calculated at the exchange rate informed by *Banco de la Nación Argentina* as of the closing of business on the business day immediately preceding the date of creation of such Deposit.

The following transactions are the main exceptions to the Deposit: (1) foreign exchange transactions made by residents in connection with loans denominated in foreign currency granted by the operating Argentine financial institutions; (2) inflows of foreign currencies into the Argentine foreign exchange market arising from direct investments in Argentina (i.e., investments in real estate or representing at least 10% of the share capital or voting rights of an Argentine company) and sales of interest in Argentine companies to foreign direct investors, to the extent the institution involved produces the documentation required in Communication "A" 4933; (3) credits extended by multilateral agencies, bilateral credit institutions and official credit agencies (listed in the Annex to Communication "A" 4662, as amended), directly or through their related agencies (Communication "A" 4377); (4) foreign financial debt incurred by the financial and private non financial sector, to the extent that, simultaneously, all the proceeds of the foreign exchange transaction are allocated by the operating institution, net of taxes and expenses; to (i) the purchase of foreign currency for the repayment of the principal of foreign debt and/or (ii) the acquisition of long term foreign assets (Communication "A" 4377); (5) foreign financial debt incurred by the non financial private sector, to the extent incurred and repaid at least in an average term of two years, including all principal and interest payments and allocated to investments in non financial assets (Communication "A" 4377); (6) the proceeds of the sale of foreign assets by legal companies used to purchase non financial assets included in the lists of permitted acquisitions of Communications "C" 42303, 42884, 44670 and 46394 (Communication "A" 4711); and (7) the proceeds of the sale of foreign assets by resident individuals or companies used to make additional capital contributions to resident companies to the extent the company receiving the same allocates the funds to the purchase of non financial assets included in the lists of Communications "C" 42303, 42884, 44670 and 46394 (Communication "A" 4711).

Outflows

Payment for Services

There is no restriction on the outflow of funds to pay for services rendered by non-residents (freight, insurance, royalties, technical advice, fees, etc.) (Communication "A" 3826).

Payment of income (interest, profits, dividends)

Access to the MULC is admitted for payment of interest in the private non-financial and financial sector (Communication "A" 4177). Pursuant to a temporary regulation currently in place until August 31, 2011, local companies have access to the MULC in order to purchase foreign currency in excess of the US$2.0 million monthly threshold, provided the excess funds are applied within 30 days towards certain specific purposes, one of which is the payment of dividends.

Access to the MULC for the payment of interest on debt shall be permitted in connection with the interest accrued as from the date of the exchange of the foreign currency in the Argentine exchange market or the actual borrowing date, if the funds are deposited in correspondent accounts with institutions authorized to settle them through the MULC, within 48 business hours of the disbursement (Communication "A" 4643).

Before proceeding to pay any interest on foreign debts, the relevant institutions shall verify that the borrower has duly filed the statement of debt required by Communication "A" 3602 dated May 7, 2002, and comply with all the other requirements of item 4 of Communication "A" 4177.

Profits and dividends can be paid through the MULC to the extent they correspond to closed balance sheets duly audited by independent accountants (Communication "A" 3859) in the following terms: (1) up to 15 calendar days prior to the maturity date of each interest payment; (2) accrued at any time during the then current interest period; and (3) as from the date of disbursement of the funds abroad and until settlement thereof through the MULC, access to the MULC is granted exclusively for the difference between the interest due and the profits from the funds deposited abroad.

Repayment of principal

The repayment of principal of foreign financial debts incurred by residents of the financial sector and the private non-financial sector (except repayment of principal on primary issues of debt securities sold through public offering and traded in self-regulated markets) shall only be permitted upon the elapse of 365 calendar days as from the date of the exchange of the funds in the Argentine market or any other applicable term.

Access to the MULC for the prepayment of principal under foreign financial indebtedness by residents of the private non-financial sector is allowed, as established by Communication "A" 4177 and related regulations: (1) at any time within 30 days prior to the relevant maturity date, to the extent the applicable minimum stay-period has elapsed; (2) more than 30 days in advance, to the extent the applicable minimum stay-period has elapsed and any of the following conditions has been satisfied: (i) the amount of foreign currency applied to the prepayment of the foreign debt shall not exceed the current value of the portion of the debt being prepaid or (ii) if the payment is financed, in whole or in part, with new debt or is made under a debt restructuring agreement with foreign creditors, the new terms and conditions of the debt and the net cash payment made shall not imply an increase in the current value of the debt; and (3) with the advance necessary to pay, when due, all principal installments payable upon the satisfaction of specific conditions contemplated in the foreign debt refinancing agreements executed with foreign creditors as of February 11, 2002, the date on which the MULC commenced operations.

Other Regulations

Sale of foreign currency to non-Argentine residents

Communication "A" 4662 (as amended by Communications "A" 4692, "A" 4832, "A" 5011 and "A" 5163) provides for the amendment and addition of new regulations governing access to the MULC by non-residents (as defined in the IMF Balance of Payments Manual – fifth edition, chapter IV-).

Such Communications establish that no prior consent from the Central Bank shall be required, to the extent the applicable requirements are met, in connection with the following transactions made by non-residents: (1) purchase of foreign currency for transfer abroad, to the extent the documentation required in the above mentioned regulations is produced, in the following cases corresponding to transactions related or corresponding to the collection, in the country, of (i) financial debt arising from foreign loans extended by non-residents; (ii) collection of credits as a result of Argentine bankruptcy proceedings and collection of debts from debtors under pre-bankruptcy proceedings, to the extent the non-resident client was the holder of the claim as established by final judgment rendered in the relevant bankruptcy or pre-bankruptcy proceedings; (iii) repatriation of direct investments in private non financial sectors companies that are not controlling companies of Argentine financial institutions, to the extent the investments has remained in Argentina for at least 365 calendar days, in connection with: (A) the sale of the direct investment; (B) the final settlement of the direct investment; (C) a capital reduction resolved by the Argentine company; (D) the return of irrevocable contributions by the Argentine company; (iv) collection of service payments or the proceeds of the sale of other portfolio investment (and any income therefrom) to the extent (A) the beneficiary is not reached by the provisions of section I of Communication "A" 4940 and (B) such payments or proceeds do not exceed, in the aggregate, US$500.000 per calendar month per individual or company, considering all the authorized institutions for dealing in foreign exchange. The repatriation of portfolio investments include, without limitation: investments in shares and other equity interest in Argentine companies, investments in mutual funds and Argentine trusts, purchase of loan portfolios extended to residents by Argentine banks, purchase of invoices and promissory

Notes issued in connection with Argentine business transactions, investments in Argentine bonds issued in pesos and in foreign currency payable in the country and purchase of other internal credits; (v) indemnifications payable to non-residents as ordered by Argentine courts and (vi) payments of Argentine imports; (2) purchase of foreign currency not exceeding US$5,000 per calendar month, considering all the authorized institutions for dealing in foreign exchange; and (3) purchase of foreign currency by an operational organization and institutions acting as official export credit agencies as per Communication "A" 4662, as amended.

Those transactions not satisfying the above requirements, or governed by other specific regulation, shall require the prior consent of the Central Bank.

Purchase of foreign assets by residents

Argentine resident individuals and entities, certain trusts and other estates incorporated in Argentina, and Argentine governments, may access the MULC in order to purchase foreign assets as long as certain conditions established for each different case by Communication "A" 5126, as amended, are met.

Purchases of foreign assets that do not fit any scenario regulated by Central Bank rules, shall be previously authorized by the Central Bank before the authorized exchange institution grants the client access to the MULC.

Access to the MULC is allowed for the purchase of off-shore assets with a specific application to local assets for the following transactions:

1. Purchases of foreign currency by resident individuals and legal entities, certain trusts and other estates domiciled in Argentina for its simultaneous application to the primary subscription in foreign currency of Argentine government-issued securities.

2. Purchases of foreign currency bills by local governments for their deposits in local accounts held in financial institutions in accordance with the conditions imposed on disbursements of loans granted by International Agencies.

3. Purchases of foreign currency bills for their deposit in local bank accounts immediately upon receiving the proceeds from the financings contemplated in Communications "A" 4785 and "A" 4970 and subject to the compliance of the conditions set forth therein.

4. Purchases of foreign currency bills by state-owned companies and companies under the control of the government and trusts set up with Argentine public sector funds acquired for their deposit in local accounts used as collateral, in order to guarantee letters of credit or other bank guarantees to secure imports of goods into Argentina and in so far as the funds used for the purchase have been contributed by the Argentine Treasury and the remaining conditions laid down in Paragraph 2.4 of Communication "A" 5126 have been met.

5. Purchases of foreign currency bills for deposit in local accounts by companies in the non-financial private sector, which carry overdue unpaid debts to foreign creditors and that as of the date of access to the MULC have submitted a debt refinancing proposal to their foreign creditors. The acquired amounts must not exceed the amount of the debt principal and interest services overdue according to the original repayment schedule or 75% of any cash payments included in the refinancing proposal and the remaining conditions set forth in paragraph 2.5 of Communication "A" 5126 must have been met as well.

6. Purchases of foreign currency bills by mutual funds to pay, in Argentina, for the redemption of shares held by clients outside the scope of paragraph 1.b. of Communication "A" 4377 and to the extent that foreign currency for the same amount has been received to that end.

7. Purchases of foreign currency bills by stock exchange agents in Argentina who comply with the conditions set forth in paragraph 2.7. of Communication "A" 5126 and that are applied to the payment of securities issued by non-residents and listed in Argentina and abroad purchased from clients outside the scope of paragraph 1.b. of Communication "A" 4377.

8. Purchasers of foreign currency by resident companies made until August 31, 2011 in excess of US$2.0 million per calendar month, provided (a) the amounts in excess of such amount are applied within 30 days towards the payment of (i) principal and interest payments under financial cross-border loans, (ii) Argentine imports, (iii) dividends, or (iv) Argentine direct investments abroad; and (b) the requirements relating to maximum amounts set forth under Communication "A" 5085 (as amended by Communications "A" 5126 and "A" 5198) are met.

When it comes to the formation of off-shore assets by residents without a mandatory specific subsequent application, the following are permitted:

1. Purchases of foreign currency, subject to a monthly limit of US$2.0 million in the aggregate of the entities authorized to deal in foreign exchange, by trusts set up with contributions by the Argentine public sector, and by resident individuals and legal entities organized in Argentina, excluding the entities authorized to operate in foreign exchange and legal entities not registered as such with the Public Registry of Commerce, for the aggregate of the following items: real estate investments abroad, loans granted to non-residents, contributions pertaining to direct investments abroad by residents, portfolio investments abroad by individuals, other investments abroad by residents, portfolio investments abroad by corporations, purchases of foreign currency bills to be held in Argentina, purchases of traveler's checks and donations, in compliance with the following requirements: (i) the purchased foreign currency–denominated funds are not applied to purchases in the secondary market of securities issued by residents or ADRs (or similar securities), or issued by non-residents and traded in Argentina; (ii) when purchases in the calendar month exceed US$5,000 and the amount acquired throughout the calendar year exceeds the equivalent of US$250,000, the entity involved must verify that the amounts acquired are consistent with the assets as reported by the client to the tax authorities, or, if applicable, the existence of subsequent events that evidence the sale of assets generated by the funds applied to the acquisition of foreign currency, or that the client has an income during the calendar year that justifies the existence of the funds used; and (iii) a statement by the client that it has no overdue and unpaid debts to creditors abroad for principal and interest services of any type of debts. This requirement does not apply to the purchases of bills and traveler checks for amounts not in excess of the equivalent of US$10,000 per calendar month, in the aggregate of the entities authorized to operate with foreign exchange.

In addition, the institutions authorized to operate in foreign exchange may only give way to foreign exchange transactions related to sales of foreign currency to residents destined for portfolio investments abroad, provided that the foreign currency is transferred to an account of the client's who conducts the foreign exchange transaction, opened at (a) foreign banks organized in OECD member countries, whose sovereign debt has been awarded an international rating not below "BBB", or banks that consolidate their financial statements in the country with a local banking institution, or (b) in banks outside the country of permanent residence of individuals who are authorized to reside in Argentina as "temporary residents" in the terms prescribed by section 23 of Migrations Law No. 25,871, or (c) in financial institutions that habitually carry out investment banking transactions and that have been organized in OECD member countries, whose sovereign debt has been awarded an international rating not below "BBB". The foreign institution where the account is held, together with the client's bank account number, must be entered in the relevant foreign exchange transaction ticket.

In the case of purchases of foreign currency bills and foreign currency for the aforementioned items, which in the aggregate exceed, in any given calendar month, the equivalent of US$20,000 in the aggregate of the institutions authorized to operate in foreign exchange, the purchase of the excess funds must be conducted by debiting the funds from a sight bank account in the name of the client, or transferred through any electronic payment medium (MEP) in favor of the participating entity from the client's sight bank accounts or paid by a check drawn from the client's bank account.

The entities involved should also have a sworn statement by the client declaring that the foreign exchange transaction to be executed with the entity complies with the applicable monthly thresholds set forth by the regulations and that at the date of accessing the MULC the client has complied with all reporting requirements due

within the previous 10 business days regarding foreign indebtedness (as set forth by Communication "A" 3602) and direct investments (as set forth by Communication "A" 4237).

Capital Market

Payments corresponding to securities traded on stock exchanges and self-regulated markets shall be made as follows: (a) in pesos using any permitted payment mechanism, or (b) in foreign currency, by transfer from and into demand accounts held with Argentine financial institutions, or (c) by wire transfer from and into foreign accounts. The settlement of securities purchase and sale transactions in foreign currency or by deposit of the relevant amount into escrow accounts or third party accounts is not permitted (Communication "A" 4308).

Report of Issues of Securities and Foreign Debt of the financial and non financial private sector

Communication "A" 3602 dated May 7, 2002 provides for the implementation of a Report of Issues of Securities and Foreign Debt based on the debt statements as of the end of each calendar quarter made by individuals and companies of the private financial and non financial sector that have incurred foreign indebtedness. Debtors are responsible for reporting their debts by filing the relevant statements with the financial institutions involved. Such statements shall be executed under oath. Transactions which are issued and fully repaid within a three-month period shall not be declared.

Direct Investments Report

Communication "A" 4237 dated November 10, 2004 provides for the implementation of a Report of Direct Investments in Argentina (made by non-residents) and abroad (made by residents). Direct investment means an investment representing the long term interest of a person residing in one country (the direct investor) in a company residing in a different country (the directly invested company), including, without limitation, an interest in the share capital or voting rights of at least 10%. The above mentioned Communication "A" 4237 establishes semiannual reporting requirements.

CAPITALIZATION

The table below sets forth our consolidated cash and cash equivalents, short-term debt and capitalization determined in accordance with Argentine GAAP as of March 31, 2011, (i) on an actual basis and (ii) as adjusted to the issuance and sale of the Notes and the use of proceeds therefrom in connection with the Concurrent Tender Offer. This information should be read in conjunction with our Unaudited Interim Financial Statements included elsewhere in this offering memorandum and the respective notes thereto and with the information under "Selected Financial and Operating Data" and with "Management's Discussion and Analysis of Financial Condition and Results of Operations." For purposes of this offering memorandum, we calculate our total consolidated capitalization as the sum of our total long-term debt plus total shareholders' equity. Our authorized and issued share capital as of March 31, 2011, amounted to Ps.444.7 million (US$109.7 million). Our authorized and issued share capital has been paid in full. Except as disclosed in this offering memorandum, there has been no material change in our capitalization since March 31, 2011, with the exception of accrued interest and effects of exchange rate differences.

	As of March 31, 2011 (Unaudited)			
	Actual		As Adjusted	
	(in millions of pesos)[1]	(in millions of US$)[2]	(in millions of pesos)[1]	(in millions of US$)[2]
Cash, cash equivalents and banks and current investments:				
Cash and cash equivalents	Ps. 61.9	US$ 15.3	Ps. 177.1	US$ 43.7
Current investments	43.1[3]	10.6[3]	43.1	10.6
Total cash, cash equivalents and current investments[4]	105.0	25.9	220.2	54.3
Short-term debt:				
Short-term debt[5]	68.4	16.9	66.2	16.3
Total short-term debt	68.4	16.9	66.2	16.3
Long-term debt:				
Long-term debt	530.5[3]	130.9[3]	657.9	162.3
Accounts payable[6]	49.0	12.1	49.0	12.1
Total long-term debt	579.5	143.0	706.9	174.4
Total debt	Ps. 647.9	US$ 159.8	Ps. 773.1	US$ 190.7
Shareholders' Equity:				
Common Stock[7]	444.7	109.7	444.7	109.7
Inflation adjustment of Common Stock	353.0	87.1	353.0	87.1
Premium	32.0	7.9	32.0	7.9
Legal Reserve	41.5	10.2	41.5	10.2
Retained earnings/Accumulated deficit[8]	211.4	52.1	201.3	49.7
Total shareholders' equity	1,082.5	267.0	1,072.5	264.6
Total capitalization[9]	Ps. 1,662.0	US$ 410.0	Ps. 1,779.4	US$ 439.0

(1) As stated in our Unaudited Interim Financial Statements.

(2) Translated into US dollars at the *Banco de la Nación Argentina* exchange rate (*tipo vendedor*) of Ps.4.054 per US$1.00 as of March 31, 2011. This translation should not be construed as a representation that the peso amounts represent, or have been or could be converted into, US dollars at that or any other rate.

(3) Excludes US$29.1 million of Series 1 Notes owned by Transener and Transba that would be tendered by the Company in the Concurrent Tender Offer.

(4) As stated in note 5(l) to our Unaudited Interim Financial Statements.

(5) Includes Ps.24.9 million of current portion of long-term debt.

(6) Consists of payments received over the course of the Fourth Line construction period, as established in the Fourth Line COM Contract. See "Business—Revenue Related to the Fourth Line Project."

(7) As of March 31, 2011, our common stock consisted of 444,673,795 ordinary registered shares of Ps.1 nominal value, consisting of 226,783,648 Class A shares and 217,890,147 Class B shares (as defined below).

(8) Includes the difference between the book value of and the actual price to be paid for the Series 1 Notes that will be repurchased in the Concurrent Tender Offer with the proceeds from the issuance of the Notes.

(9) Total capitalization consists of total long-term debt and shareholders' equity.

SELECTED FINANCIAL AND OPERATING DATA

The financial data as of December 31, 2010 and 2009, and for the three years ended December 31, 2010, are derived from our Audited Annual Financial Statements included elsewhere in this offering memorandum. The financial data as of March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010, are derived from our Unaudited Interim Financial Statements included elsewhere in this offering memorandum.

Our Audited Annual Financial Statements have been audited by Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina, member firm of the PricewaterhouseCoopers network, independent accountants, whose report is included herein. The report of our independent accountants to our Audited Annual Financial Statements, dated March 4, 2011, and included herein, contains a qualified opinion due to the uncertainties of the outcome of the tariff renegotiation process with the Government and impact of this situation on our Financial Statements. As mentioned in Note 4.7(r) to our Audited Annual Financial Statements, we have prepared our projections in order to determine the recoverable value of our non-current assets under the framework of the Electricity Law. Actual results could differ from those estimates.

You should read the information below together with our Audited Annual Financial Statements and Unaudited Interim Financial Statements, and the related notes, as well as the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this offering memorandum.

Information as of March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010, includes all adjustments, consisting only of normal recurring adjustments necessary to present fairly such information for these interim periods in accordance with Argentine GAAP and CNV regulations. All financial data as of March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010, included in this offering memorandum is unaudited. Results of operations for the three-month period ended March 31, 2011, are not necessarily indicative of results of operations to be expected for the full year 2011 or any other period.

Our consolidated results of operations for the year ended December 31, 2010, and for the three-month period ended March 31, 2011, did not include the results of operations of our subsidiary in Brazil, Transener Brazil, all of which were included in our consolidated results of operations for the three-month period ended March 31, 2010, and the years ended December 31, 2009 and 2008. As a result, our consolidated financial statements for the year ended December 31, 2010, and the three-month period ended March 31, 2011, are not fully comparable with our consolidated financial statements for the years ended December 31, 2009 and 2008, and the three-month period ended March 31, 2010, respectively. See "Business—Non-Consolidated Subsidiaries."

In this offering memorandum, when we refer to "peso," "pesos," and "Ps." we mean Argentine pesos; when we refer to "dollars," "US dollars" or "US$" we mean United States dollars.

We maintain our financial books and records and prepare our Financial Statements in Argentine pesos and in conformity with Argentine GAAP and in accordance with the accounting regulations of the CNV, which differ in certain significant respects from IFRS and US GAAP. Such differences may involve methods of measuring the amounts shown in the Financial Statements as well as additional disclosures required by IFRS and/or US GAAP and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences. See "Risk Factors—Risks Relating to Us—We prepare our financial statements under Argentine GAAP, which differs from US GAAP and IFRS, and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences" and "Annex 1—Certain Significant Differences Between Argentine GAAP and IFRS."

Because the Notes have not been registered and will not be registered with the SEC, our Financial Statements included elsewhere in this offering memorandum do not and are not required to comply with the applicable requirements of the Securities Act and the related rules and regulations adopted by the SEC, which would apply if the Notes were being registered with the SEC.

Our Financial Statements do not include a reconciliation of consolidated net income and shareholders' equity from Argentine GAAP to US GAAP or IFRS. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the offering and the financial information presented herein. Prospective purchasers should consult their own professional advisors for an understanding of the differences between Argentine GAAP, US GAAP and IFRS, and how those differences might affect the financial information set forth herein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Adoption of IFRS" and "Risk Factors—Risks Relating to Us—We prepare our financial statements under Argentine GAAP, which differs from US GAAP and IFRS, and a reconciliation of our Argentine GAAP financial statements to US GAAP or IFRS could show significant quantitative differences" for a summary of the significant differences between Argentine GAAP and IFRS as they relate to our Company. Such summary does not attempt to identify or quantify the impact of any potential difference between Argentine GAAP and IFRS. See "Risks Related to the Adoption of IFRS."

Under Argentine GAAP, we currently are not required to record the effects of inflation in our financial statements. However, because Argentina experienced a high rate of inflation in 2002, with the wholesale price index increasing by approximately 118%, we were required by Decree No. 1,269/2002 and CNV Resolution No. 415/2002 to remeasure our financial statements in constant pesos in accordance with Argentine GAAP. On March 25, 2003, Decree No. 664/2003 rescinded the requirement that financial statements be prepared in constant currency, effective for financial periods on or after March 1, 2003. As a result, we are not required to restate and have not restated our financial statements for inflation after February 28, 2003. See note 4.4 to our Audited Annual Financial Statements and note 3.5 to our Unaudited Interim Financial Statements included in this offering memorandum. No assurance can be made that in the future we will not be again required to record the effects of inflation in our financial statements (including those covered by the Financial Statements included in this offering memorandum) in constant pesos.

On March 20, 2009, the FACPCE approved Technical Resolution No. 26, requiring companies that are or become subject to the public offering regime in Argentina to adopt IFRS beginning on the fiscal years starting on January 1, 2011, and allowing early application for fiscal years commencing on or after January 1, 2010. The CNV issued Resolutions Nos. 562/09 and 576/10 on December 29, 2009, and July 8, 2010, respectively, which require that companies under the supervision of the CNV prepare their financial statements in accordance with IFRS for fiscal periods beginning on or after January 1, 2012, including comparative information for earlier periods. We are currently assessing the impact that these changes could have on our financial statements, and will continue to monitor the development of the implementation of IFRS. We have not quantified the effects that these changes in professional accounting standards could have on our financial condition or results of operations and therefore can give no assurance that these changes will not have an adverse effect on our financial condition (e.g., compliance with certain covenants, financial ratios and other commitments) or results of operations. See "Risk Factors—Risks Relating to the Us—The implementation of IFRS as well as the issuance of new accounting standards or interpretations or changes to existing standards or interpretations issued by the FACPCE may adversely affect our results of operations."

Presentation of Non-GAAP Information

The measurements of Adjusted EBITDA contained herein may not be comparable to those used by other companies. For purposes hereof, we calculate Adjusted EBITDA as operating income plus depreciation, amortization and financial income from cash, temporary cash investments, other short-term investments and the interest portion of the CVI adjustment. Accordingly, the measurements of Adjusted EBITDA contained herein may not be calculated in the same manner as similarly titled measurements used by other companies which may limit their usefulness as a comparative measurement. Because of these limitations, the measurements of Adjusted EBITDA contained herein should not be considered a measurement of discretionary cash available to us to invest in the growth of our business or as a measurement of cash that will be available to us to meet our obligations. Adjusted EBITDA is not a recognized financial measurement under Argentine GAAP, IFRS or US GAAP. Investors should, therefore, rely primarily on the results of operations of our Company contained in the Financial Statements prepared under Argentine GAAP and use the measurement of Adjusted EBITDA contained herein as a supplementary measurement only.

Adjusted EBITDA is provided for information purposes only and should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute of cash flows from operations or as a measure of liquidity. Adjusted EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain financial figures. Adjusted EBITDA and other non-Argentine GAAP or non-US GAAP financial measures included in this offering memorandum are not a substitute of Argentine GAAP or US GAAP measures of financial performance.

Rounding Information

Certain figures (including percentage amounts) included in this offering memorandum have been rounded for ease of presentation. Percentage figures and totals included in this offering memorandum have, in some cases, been calculated on the basis of such figures prior to rounding. For this reason, certain percentage and total amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our Audited Annual Financial Statements and our Unaudited Interim Financial Statements and figures shown as total in certain tables may not be an exact arithmetic aggregate of the other figures in such table.

Currency Information

Unless stated otherwise, the US dollar/peso exchange rates used in this offering memorandum for convenience translations for amounts as of December 31, 2010, and March 31, 2011, are the *Banco de la Nación Argentina* exchange rates (*tipo vendedor*) of Ps.3.976 per US$1.00 and Ps.4.054 per US$1.00, respectively. These translations should not be construed as a representation that the peso amounts represent, or have been or could be converted into, US dollars at that or any other rate. See "Exchange Rates."

For informational purposes, we have included columns in the following tables expressing figures in US dollars. Refer to the appropriate footnotes for the applicable exchange rates.

	Year ended December 31,				Three months ended March 31,		
	2010[1][2]	2010[2]	2009	2008	2011[1][2]	2011[2]	2010
			(Audited)			(Unaudited)	
	(in millions of US$)	(in millions of pesos)			(in millions of US$)	(in millions of pesos)	
Income Statement Data:							
Net revenues	US$ 146.8	Ps. 583.8	Ps. 582.5	Ps. 457.0	US$ 38.3	Ps. 155.2	Ps. 140.6
Operating expenses	(101.2)	(402.5)	(447.3)	(361.8)	(25.9)	(105.0)	(110.6)
Gross profit	45.6	181.3	135.3	95.2	12.4	50.2	29.9
Administrative expenses	(22.7)	(90.2)	(76.1)	(60.1)	(5.2)	(21.2)	(19.4)
Operating income	22.9	91.1	59.2	35.2	7.1	28.9	10.5
Impairment of investment in subsidiary	(3.2)	(12.6)	-	-	-	-	-
Financial results, net	(1.7)	(6.6)	0.4	(98.0)	(5.7)	(23.1)	(26.0)
Other income and expenses, net	1.3	5.2	9.7	19.6	0.2	0.8	0.9
Minority interest	(0.2)	(0.8)	(3.4)	0.9	0.1	0.3	(0.1)
Net income (loss) before taxes	19.2	76.3	65.9	(42.3)	1.7	6.9	(14.6)
Income tax expense	(13.4)	(53.1)	(19.1)	(23.6)	(1.7)	(6.9)	(1.4)
Net gain (loss) for the year/period	US$ 5.8	Ps. 23.2	Ps. 46.8	Ps. (65.9)	US$ 0.0	Ps. 0.0	Ps. (15.9)

	As of and for December 31,				As of and for March 31,		
	2010[1] [2]	2010[2]	2009	2008	2011[1] [2]	2011[2]	2010
			(Audited)			(Unaudited)	
	(in millions of US$)	(in millions of pesos)			(in millions of US$)	(in millions of pesos)	
Balance Sheet Data:							
Assets							
Total current assets	US$ 63.9	Ps. 253.9	Ps. 187.0	Ps. 158.2	US$ 62.2	Ps. 252.2	Ps. 204.2
Total non-current assets	430.8	1,712.9	1,824.8	1,871.6	417.1	1,691.0	1,810.7
Total assets	494.7	1,966.8	2,011.9	2,029.8	479.3	1,943.2	2,014.9
Liabilities							
Total current liabilities	49.9	198.4	219.0	130.0	45.2	183.3	239.7
Total non-current liabilities	161.6	642.5	688.6	839.1	156.4	634.2	686.9
Total liabilities	211.5	840.9	907.6	969.1	201.7	817.6	926.6
Minority interest	10.9	43.5	45.0	48.2	10.7	43.2	45.0
Shareholders' equity							
Total shareholders' contributions	208.7	829.6	829.6	829.6	204.6	829.6	829.6
Total reserves	10.4	41.5	39.1	39.1	10.2	41.5	39.1
Total retained earnings/ accumulated deficit	53.2	211.4	190.5	143.7	52.1	211.4	174.6
Total shareholders' equity	272.3	1,082.5	1,059.3	1,012.5	267.0	1,082.5	1,043.3
Total liabilities, minority interest and shareholders' equity	US$ 494.7	Ps. 1,966.8	Ps. 2,011.9	Ps. 2,029.8	US$ 479.3	Ps. 1,943.2	Ps. 2,014.9

	As of and for December 31,				As of and for March 31,		
	2010[1][2]	2010[2]	2009	2008	2011[1][2]	2011[2]	2010
			(Audited)			(Unaudited)	
	(in millions of US$, except ratios)	(in millions of pesos, except ratios)			(in millions of US$, except ratios)	(in millions of pesos, except ratios)	
Other Financial and Operating Data							
Liquidity (current assets/ current liabilities)	1.28	1.28	0.85	1.22	1.38	1.38	0.85
Solvency (shareholders' equity/total liabilities)	1.29	1.29	1.17	1.04	1.32	1.32	1.13
Immobilized capital (non-current assets/total assets)	0.87	0.87	0.91	0.92	0.87	0.87	0.90
Indebtedness (total liabilities/shareholders' equity)	0.78	0.78	0.86	0.96	0.96	0.76	0.89
Profitability (net income (loss)/average shareholders' equity)	0.02	0.02	0.05	(0.05)	0.00	0.00	(0.02)
Adjusted EBITDA[3]	US$ 74.5	Ps. 296.1	Ps. 184.9	Ps. 153.2	US$ 16.0	Ps. 65.0	Ps. 42.0
Ratio of earnings to fixed charges[4]	(2.03)	(2.03)	(1.91)	(0.39)	(1.34)	(1.34)	(0.20)
Ratio of forced outages per 100km of line/year[5]	0.35	0.35	0.62	0.53	0.24	0.24	0.63

(1) Amounts as of and for the respective year and period ended December 31, 2010, and March 31, 2011, were translated into US dollars at the *Banco de la Nación Argentina* exchange rates (*tipo vendedor*) of Ps.3.976 per US$1.00 as of December 31, 2010, and Ps.4.054 per US$1.00 as of March 31, 2011. These translations should not be construed as a representation that the peso amounts represent, or have been or could be converted into, US dollars at that or any other rate.

(2) The assets, liabilities and results of operations of Transener Brazil are not consolidated for this period or year, as applicable.

(3) Adjusted EBITDA is calculated as operating income plus depreciation, amortization and financial income from cash, temporary cash investments, other short-term investments and the interest portion of the CVI adjustment. See "Presentation of Financial Information—Presentation of Non-GAAP Information."

(4) For purposes of computing this ratio, "earnings" consist of net income before income taxes and fixed charges. "Fixed charges" consist of gross interest expense.

(5) The ratio of forced outages per 100km of line per year represents the quality of the service provided by Transener.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our Audited Annual Financial Statements and our Unaudited Interim Financial Statements, which are included elsewhere in this offering memorandum. Our financial statements have been prepared in accordance with Argentine GAAP, which differ in certain significant respects from US GAAP and IFRS. See "Summary Financial and Operating Data."

This discussion includes forward-looking statements that involve risks and uncertainties. For more information on forward-looking statements, see "Forward-Looking Statements." Because of the history of political and economic instability in Argentina, the following discussion may not be indicative of our future results of operations, liquidity or capital resources and may not contain all of the necessary information to help compare the information contained in this discussion with results from previous or future periods. Accordingly, the following discussion should be read in conjunction with, and is qualified in its entirety by, the Risk Factors described in this offering memorandum.

Overview

We are a company engaged in the transmission of electricity in Argentina. Substantially all of our revenues, income and cash flows are derived from our operations in this business. We are the largest electricity transmission company in Argentina based on approximately 17,491km of transmission lines with a voltage ranging from 66kV to 500kV, according to data compiled by CAMMESA in June 2011. Our electricity transmission system consists of the two principal transmission networks in Argentina, (i) the Transener Network and (ii) the Transba Network, which we operate pursuant to our Concession Agreements. See "Business—Our Transmission System."

Our principal sources of revenue are regulated revenues that we receive for the availability of our transmission assets to the NIS and for connection and other services provided with our transmission assets and equipment and non-regulated and other revenue we derive from, among other things, the construction, operation and maintenance of certain assets connected to the Networks, including the Fourth Line, and from construction and consulting services provided to third parties.

Our consolidated results of operations for the year ended December 31, 2010, and for the three-month period ended March 31, 2011, did not include the results of operations of our subsidiary in Brazil, Transener Brazil, all of which were included in our consolidated results of operations for the three-month period ended March 31, 2010, and the years ended December 31, 2009 and 2008. As a result, our consolidated financial statements for the year ended December 31, 2010, and the three-month period ended March 31, 2011, are not fully comparable with our consolidated financial statements for the years ended December 31, 2009 and 2008, and the three-month period ended March 31, 2010, respectively. See "Business—Non-Consolidated Subsidiaries."

Our Operating Revenue

Our operating revenue is derived principally from three sources: (i) Net Regulated Revenue (as defined below), (ii) Net Fourth Line Revenue and (iii) Net Other Revenues. These sources are either regulated revenue or non-regulated and other revenue. Our Net Regulated Revenue consists of the tariff revenue paid to us by CAMMESA on a monthly basis for making our transmission assets available to the NIS. Net Regulated Revenue includes (a) electricity transmission revenue (for transmitting electricity through the Networks), (b) transmission capacity revenue (for operating and maintaining the transmission equipment comprising the Networks), (c) connection revenue (for operating and maintaining the connection and transformation equipment, which permits the transfer of electricity through, to and from the Networks), (d) reactive equipment revenue (due to the Definitive Agreements a new compensation system for Transener was implemented as of June 2005, which consists of a payment on reactive power equipment made of synchronic compensators), (e) without duplication, any CVI adjustment (including the recognition of our cost variations incurred between June 2005 and November 2010, as per the Definitive Agreements and the Instrumental Agreements. See "Business—Our Concession Agreements—The Instrumental Agreements"), (f) other regulated revenue and (g) revenue derived from rewards, net of penalties (collectively, "Net Regulated Revenue"). For the year ended December 31, 2010, and for the three-month period

ended March 31, 2011, our Net Regulated Revenue was Ps.347.1 million and Ps.76.9 million, respectively, representing 59.5% and 49.5% of our consolidated net revenues for such periods. See "Business—Regulated Revenue."

Net Fourth Line Revenue includes the reimbursement of certain amounts paid to us in equal and consecutive monthly installments over the course of the Fourth Line Payment Period as compensation for the construction, operation and maintenance of the Fourth Line Project. Originally, our Net Fourth Line Revenue was dollar-denominated; however, such fees were pesified under the Emergency Law at the rate of Ps.1.00 per US$1.00. The ENRE subsequently issued Resolution No. 428/02 and amendments thereto pesifying our Net Fourth Line Revenue and established a monthly adjustment to our Net Fourth Line Revenue pursuant to the CER Index. On December 3, 2008, the ENRE passed Resolution No. 653/08, setting out a new calculation methodology for the determination of the Fourth Line tariff, and establishing a new annual Fourth Line tariff of Ps.75.9 million as of October 2008. Since the new Fourth Line tariff does not contemplate annual updates, we filed a claim with the ENRE asking that it adopt a schedule similar to that established in the Transener Definitive Agreement until the end of the Fourth Line COM Contract, so that the redetermination of our operation and maintenance charges would take into account the current Fourth Line tariff. On March 30, 2011, the ENRE passed Resolution No. 150/2011, approving as of July 2010 a new annual Fourth Line tariff of Ps.95.9 million, and instructing CAMMESA to make the corresponding adjustments in the amounts allocated to us by CAMMESA on account of the Net Fourth Line Revenue. As of the date of this offering memorandum, this is the tariff amount that is in effect. On April 7, 2011, we filed a claim against Resolution No. 150/2011, as it did not include that the retroactive payment should be made in addition to late interest payments. As of the date of this offering memorandum, the resolution of this claim is still pending. See "Business—Revenue Related to the Fourth Line Project."

We also receive other revenues derived from services provided to third parties and from assets not included in the Networks. These Net Other Revenues are derived from (i) the construction and installation of electrical assets and equipment, (ii) non-network line operation and maintenance, (iii) supervision of the expansions of the NIS, (iv) supervision of independent transmitters' operations and maintenance and (v) other services. Our Net Other Revenues and the expenses related thereto are credited to revenue or charged to costs on an accrual basis. Revenues derived from the construction and installation of electrical assets and equipment are credited to costs on the basis of progress of work. Our Net Other Revenues for the year ended December 31, 2010, and the three months ended March 31, 2011, were Ps.150.1 million and Ps.41.7 million, respectively, representing 25.7% and 26.9% of our consolidated net revenues for such periods. See "Business—Net Other Revenues."

Principal Factors Affecting Our Results of Operations

Our results of operations have been affected and will continue to be affected by a variety of factors, including the factors described below.

Tariff Review and Increased Costs

Our revenues and operating margins are substantially dependent on the composition, amount and receipt of tariffs under the Transener Concession Agreement and the Transba Concession Agreement. The revenue we receive pursuant to the Concession Agreements is periodically reviewed by the ENRE in accordance with the Concession Agreements and the Electricity Law.

The Emergency Law required that the Executive Branch renegotiate concession agreements for those companies that provide public services, including us and Transba. As a result of the renegotiation of our Concession Agreements, we entered into the Definitive Agreements, which were ratified by Executive Branch Decrees Nos. 1,460 and 1,462 on November 28, 2005. The Definitive Agreements provide, among other things, (i) Transition Period Rules, which increased Transener's tariffs by an average of 31% and Transba's tariffs by an average of 25%, with retroactive effect from June 1, 2005, and (ii) rules for the implementation of the Full Tariff Review, as described above. As of the date of this offering memorandum, there has been no administrative action taken to schedule the Full Tariff Review, or to address the tariff proposals we have submitted at the ENRE's request.

Taking into account the guidelines set forth in the Definitive Agreements, in order to expedite the implementation of the Full Tariff Review that was to be carried out by the ENRE in 2005 to establish new tariff

systems for Transener and Transba, on August 26, 2005, we and Transba submitted to the ENRE our tariff proposals. The ENRE, through Resolution No. 51/2006, called a public hearing to be held on February 23, 2006, to analyze these tariff proposals. However, this public hearing was postponed by the ENRE through Resolution No. 60/2006, and a new date for such hearing has not been established as of the date of this offering memorandum. On the grounds that ENRE Resolution No. 60/2006 violates our rights and Transba's rights and constitutes a breach of obligations assumed on behalf of the Government in the Definitive Agreements, we submitted an administrative appeal against the Secretariat of Energy in connection with this resolution, which as of the date of this offering memorandum has not been settled by the competent authorities. Due to this delay, we filed a judicial claim, requesting that the ENRE explain the causes of the delay in carrying out the Full Tariff Review and that it set a date for the Full Tariff Review and for a new tariff system to go into effect. See "Risk Factors—Risks Relating to Us—We may not be able to adjust our tariffs to reflect increases in our transmission costs in a timely manner, or at all, which may have a material adverse effect on our results of operations."

Because the Full Tariff Review was postponed by the ENRE, in May 2006 the ENRE issued Resolutions Nos. 423 and 424/2006, which extended the application of the charges for connection, transmission capacity and electricity transmission that had been established by Resolutions Nos. 908 and 909/2005 beginning February 1, 2006, and May 1, 2006, for us and Transba, respectively, until the conclusion of the Full Tariff Review. See "Business—Full Tariff Review," "Business—Our Concession Agreements—Renegotiation of the Transener Concession Agreement," and "Business—Our Concession Agreements—Renegotiation of the Transba Concession Agreement."

As a result of the postponement of the Full Tariff Review by the ENRE, in July 2008, the Secretariat of Energy extended the Transition Period for both us and Transba until February 2009. Although we and Transba have complied with all information requests from the ENRE, as of the date of this offering memorandum the Full Tariff Review has still not taken place. As of the date of this offering memorandum, the ENRE has neither scheduled the public hearing, responded to our requests for the Full Tariff Review nor addressed the tariff proposals we have submitted at the ENRE's request. See "Business—Our Concession Agreements—Full Tariff Review" and "Risk Factors—Risks Relating to Us—We may not be able to adjust our tariffs to reflect increases in our transmission costs in a timely manner, or at all, which may have a material adverse effect on our results of operations."

After the Definitive Agreements went into effect, on July 29, 2008, the Secretariat of Energy instructed the ENRE to comply with the Definitive Agreements by providing a tariff adjustment to offset certain increased costs, which resulted in the enactment by the ENRE of Resolutions Nos. 328/08 and 327/08, adjusting our and Transba's tariffs under the Concession Agreements by 23% and 28%, respectively, as of July 1, 2008. These tariff adjustments offset Transener and Transba's increased costs only partially, as the related tariff adjustments did not account for the full amount of the CVI for such periods.

On December 3, 2008, the ENRE passed Resolution No. 653/08, setting out a new calculation methodology for the determination of the Fourth Line tariff, and establishing a new annual Fourth Line tariff of Ps.75.9 million as of October 2008. Since the new Fourth Line tariff does not contemplate annual updates, we filed a claim with the ENRE asking that it adopt a schedule similar to that established in the Transener Definitive Agreement until the end of the Fourth Line COM Contract, so that the redetermination of our operation and maintenance charges would take into account the current Fourth Line tariff. On March 30, 2011, the ENRE passed Resolution No. 150/2011, approving as of July 2010 a new annual Fourth Line tariff of Ps.95.9 million, and instructing CAMMESA to make the corresponding adjustments in the amounts allocated to us by CAMMESA on account of the Net Fourth Line Revenue. As of the date of this offering memorandum, this is the tariff amount that is in effect. On April 7, 2011, we filed a claim against Resolution No. 150/2011, as it did not include that the retroactive payment should be made in addition to late interest payments. As of the date of this offering memorandum, the resolution of this claim is still pending.

CAMMESA Financing Agreements and the Instrumental Agreements

Due to the delay in the implementation of the cost adjustments as set forth in the Definitive Agreements, on May 12, 2009, and pursuant to Secretariat of Energy Resolution No. 146/2002, we entered into a financing agreement with CAMMESA for up to Ps.59.7 million and Ps.30.7 million for Transener and Transba, respectively (the "Initial CAMMESA Agreement"). On December 30, 2009, we and CAMMESA executed an amendment to the

Initial CAMMESA Agreement (the "Mutual Fund Amendment," and together with the Initial Agreement, the "CAMMESA Financing"), pursuant to which the available financing amount to be provided by CAMMESA was increased to up to Ps.107.7 million and Ps.42.7 million for Transener and Transba, respectively. The CAMMESA Financing provides for prepayment if during the term of the financing the ENRE increases our revenues in order to compensate us for changes in the CVI. The loan repayment has a 12-month grace period computed from the latest disbursement date thereunder. Amounts disbursed under the CAMMESA Financing are repaid in 18 equal monthly installments. As of March 31, 2011, Transener and Transba had collectively received disbursements amounting to Ps.145.6 million, which is less than the Ps.150.4 million initially requested by us. This difference was accounted for in the new CAMMESA agreement providing for additional financing executed on May 2, 2011 (the "New CAMMESA Financing").

On December 21, 2010, we entered into the Instrumental Agreements with the ENRE and the Secretariat of Energy in respect of the Definitive Agreements, which provide for:

- the recognition of an account receivable recorded in connection with our cost variations incurred between June 2005 and November 2010;
- the mandatory repayment of the outstanding amount of the CAMMESA Financing by offsetting such amounts against the transfer of the account receivable recorded in connection with the recognition of our cost variations (see "Business—Our Concession Agreements—CAMMESA Financing");
- a mechanism for the payment of outstanding balances;
- the recognition of an additional amount to be received from CAMMESA for capital expenditures that we are required to make in connection with investments in our transmission system in the amount of Ps.34.0 million in Transener and Ps.18.4 million in Transba;
- a procedure for the recognition and payment of cost variations incurred from December 1, 2010, to December 31, 2011, calculated biannually; and
- that we withdraw our judicial claims for delay against the ENRE requesting the recognition of the increased costs and the public hearing in order to complete the Full Tariff Review.

CAMMESA estimated that amounts owed to us due to variations in costs incurred during the period between June 2005 and November 2010, including interest, calculated as of January 17, 2011, totaled approximately Ps.294.1 million and Ps.119.1 million for Transener and Transba, respectively.

On May 2, 2011, we and CAMMESA executed the New CAMMESA Financing, which provides that, in accordance with the Instrumental Agreements, (i) all amounts received from the CAMMESA Financing by Transener and Transba as of January 17, 2011, would be canceled, (ii) new loans in the amount of Ps.289.7 million and Ps.134.1 million for Transener and Transba, respectively, would be granted and (iii) all amounts owed to us under the Instrumental Agreements would serve as a guarantee for the New CAMMESA Financing. The proceeds from the New CAMMESA Financing will be used to fund operations and maintenance and investments related to our 2011 investment plans, and will be disbursed to us in installments as funds become available to CAMMESA as instructed by the Secretariat of Energy. For further information about the effects of cost increases on our tariffs and the availability of financing from CAMMESA, see "Risk Factors—Risks Relating to Us—We may not be able to adjust our tariffs to reflect increases in our transmission costs in a timely manner, or at all, which may have a material adverse effect on our results of operations," "Business—Our Concession Agreements—CAMMESA Financing" and "—Accounting for the CAMMESA Financing and the Instrumental Agreements."

Inflation

The changes introduced in Argentina over the past several years triggered significant inflation, although such inflation slowed in 2008, 2009 and 2010. The increase in the Argentine CPI was 10.9% in 2010, 7.7% in 2009

and 7.2% in 2008. The Argentine Wholesale Price Index (the "WPI") increased by 14.6% in 2010, 10.3% in 2009 and 8.8% in 2008, as reported by INDEC. For the three months ended March 31, 2011, the increase in the Argentine CPI was 9.7%, and the increase in the WPI was 12.95%, as reported by INDEC. Our costs increase primarily as a result of inflation; however, our revenue increases primarily as a result of increases in our tariff. Such tariff increases may not be in line with the increase of inflation nor will they be increased at the same time as the inflation increase occurs. Therefore, there may be a lag between our cost increases resulting from inflation and our increases in revenue. For more information on the effects of inflation on our results of operations, see "Risk Factors—Risks Relating to Argentina—A high inflationary environment may have adverse effects on the Argentine economy, which could, in turn, have a material adverse effect on our results of operations" and "Risk Factors—Risks Relating to Argentina—The credibility of several Argentine economic indices has been called into question, which may lead to a lack of confidence in the Argentine economy and may in turn limit our ability to access the credit and capital markets."

Critical Accounting Policies

Our Financial Statements are prepared in accordance with Argentine GAAP. Under Argentine GAAP, the preparation of these Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. Management makes estimates in order to be able to calculate at any given time, for example, depreciation and amortization, the recoverable value of our assets, income tax charges, asset taxes and provisions for contingencies and penalties. Management continually evaluates its estimates and judgments based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ, perhaps significantly, from these estimates under different assumptions or conditions.

Our accounting polices are more fully described in the notes to our Audited Annual Financial Statements and Unaudited Interim Financial Statements, particularly note 4. Management believes that the following are some of the most critical judgment areas in the application of accounting policies that currently affect our financial condition and results of operations. See note 4.7 to our Audited Annual Financial Statements for a description of our significant accounting policies.

Impairment of Long-Lived Assets

Argentine GAAP requires us to evaluate whether the carrying value of a long-lived asset will exceed its recoverable value, understood as the greater of actual net value and value over the useful life of the asset. The methodology used to estimate recoverable value is generally the cash flows from operations discounted at a rate that reflects the average cost of funds invested in the asset. The estimate of capital cost is specific to each asset as a result of the currency fluctuations and associated risks, including risks associated with Argentina. An impairment charge must be taken against the asset when the expected discounted cash flows from operations separately identified with the asset are less than its carrying value. In such event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value recoverable on the asset.

We have analyzed the recoverability of the carrying values of our property, plant and equipment and other non-current assets using the methodology required by Argentine GAAP and have determined that the value of our assets is recoverable. The cash flows referred to were estimated taking into consideration the current tariff guidelines we have presented to the ENRE and that are mentioned in note 2 to our Audited Annual Financial Statements as of December 31, 2010, and the guidelines established by the Electricity Law regulating the negotiation process that is currently underway. Consequently, changes in our current expectations and operating assumptions, including changes in tariffs and other market conditions, could significantly impact these judgments and require future adjustments to recorded assets.

Revenue Recognition

Our operating revenue is derived principally from three sources: (i) Net Regulated Revenue, (ii) Net Fourth Line Revenue and (iii) Net Other Revenues. These sources are either regulated revenue or non-regulated and other revenue. Our Net Regulated Revenue consists of the tariff revenue paid to us by CAMMESA on a monthly basis for making our transmission assets available to the NIS. Net Regulated Revenue includes (a) electricity transmission

revenue (for transmitting electricity through the Networks), (b) transmission capacity revenue (for operating and maintaining the transmission equipment comprising the Networks), (c) connection revenue (for operating and maintaining the connection and transformation equipment, which permits the transfer of electricity through, to and from the Networks), (d) reactive equipment revenue (due to the Definitive Agreements a new compensation system for Transener was implemented as of June 2005, which consists of a payment on reactive power equipment made of synchronic compensators), (e) without duplication, any CVI adjustment (including the recognition of our cost variations incurred between June 2005 and November 2010, as per the Definitive Agreements and the Instrumental Agreements. See "Business—Our Concession Agreements—The Instrumental Agreements"), (f) other regulated revenue and (g) revenue derived from rewards, net of penalties. Electricity transmission revenue, transmission capacity revenue, connection revenue and reactive equipment revenue are recognized as the services are provided. The CVI, as revenue related to the Instrumental Agreements, is recognized in income as it is received. The Transener Concession Agreement provides for rewards paid by customers when certain quality thresholds are met. Rewards are recognized in income when earned.

Net Fourth Line Revenue includes the reimbursement of certain amounts paid to us over the course of the Fourth Line Payment Period as compensation for the construction, operation and maintenance of the Fourth Line Project. In addition, we received up-front payments totaling US$80 million upon completion of the construction of the Fourth Line in 1999 from funds managed by CAMMESA, which have been recognized as "customers' prepayments" within the non-current portion of accounts payable in the accompanying consolidated balance sheets. These payments are being recognized in income on a straight-line basis over 15 years. See "Business—Revenue Related to the Fourth Line Project."

We also receive Net Other Revenues derived from services provided to third parties from assets not included in the Networks. These Net Other Revenues are derived from (i) the construction and installation of electrical assets and equipment, (ii) non-network line operation and maintenance, (iii) supervision of the expansions of the NIS, (iv) supervision of independent transmitters' operations and maintenance and (v) other services. Our Net Other Revenues and the expenses related thereto are credited to revenue or charged to costs on an accrual basis. Revenues derived from the construction and installation of electrical assets and equipment are credited to costs on the basis of progress of work. See "Business—Net Other Revenues."

Adoption of IFRS

On December 29, 2009, the CNV issued Resolution No. 562 "Adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (the IASB)" ("Resolution No. 562") which requires that companies under the supervision of the CNV, such as us, prepare their financial statements in accordance with IFRS as published by the IASB for fiscal periods beginning on or after January 1, 2012 including comparative information for earlier periods.

IFRS 1, First Time Adoption of International Financial Reporting Standards, is the guidance that is applied during preparation of a company's first IFRS-based financial statements. IFRS 1 was created to help companies transition to IFRS and provides practical accommodations intended to make first-time adoption cost-effective. It also provides application guidance for addressing difficult conversion topics.

The key principle of IFRS 1 is full retrospective application of all IFRS standards that are effective as of the closing balance sheet or reporting date of the first IFRS financial statements. IFRS 1 requires companies to (i) identify the first IFRS financial statements; (ii) prepare an opening balance sheet at the date of transition to IFRS; (iii) select accounting policies that comply with IFRS and to apply those policies retrospectively to all of the periods presented in the first IFRS financial statements; (iv) consider whether to apply any of the optional exemptions from retrospective application; (v) apply the mandatory exceptions from retrospective application; and (vi) make extensive disclosures to explain the transition to IFRS. Exemptions provide limited relief for first-time adopters, mainly in areas where the information needed to apply IFRS retrospectively may be most challenging to obtain.

In addition, on July 1, 2010, the CNV issued Resolution No. 576, which provides corrections, additional guidance and further explanation of those aspects concerning Resolution No. 562 about which the issuers of financial statements had raised objections or asked for clarification.

At our board of directors' meeting held on April 22, 2010, the IFRS Specific Implementation Plan (the "SIP") was approved.

In 2010 we hired a consultant specializing in IFRS implementation to assist us in the assessment of the potential impacts of IFRS on our Financial Statements and results of operations.

At our board of directors' meeting held on April 27, 2011, the board was informed of the progress achieved in the implementation schedule of the SIP. We anticipate that our board will continue to assess the impact that this change would have on our Financial Statements, to expand the training of responsible personnel in relevant areas of our Company and to continue assessing the impact on our administrative and accounting system, operating procedures and administrative policies.

In accordance with CNV General Resolutions Nos. 562/09 and 576/10, and based on the state of progress in the implementation schedule of the SIP, as of the date of this offering memorandum our board of directors is not aware of any circumstance that may require modifications to the SIP or that may indicate a possible deviation from the established objectives and implementation date.

At our shareholders' meeting held on April 13, 2011, a reserve in the amount of Ps.210.2 million was approved as a provision for expenses in respect of the implementation of IFRS. For more information in respect of the implementation of IFRS, see "Annex 1—Summary of Certain Significant Differences Between Argentine GAAP and IFRS."

Accounting for the CAMMESA Financing and the Instrumental Agreements

The amounts disbursed to us as a result of the CAMMESA Financing is recorded under "other liabilities" in our Financial Statements. In addition, the amounts resulting from the recognition of variation of costs by the Secretariat of Energy and the ENRE through the Instrumental Agreements, up to the amounts received under the CAMMESA Financing, are recognized as accounts receivable and offset against the amount recorded under the "other liabilities" in our Financial Statements. The income recognized in our Financial Statements is recorded under "CVI revenues" and "interest income generated by assets," according to their respective proportions.

The outstanding balances under the CAMMESA Financing are repaid through the mechanism set forth in the Instrumental Agreements. See "—CAMMESA Financing Agreements and the Instrumental Agreements." For additional information regarding our accounting policies in respect of the CAMMESA Financing, see notes 2 and 15 to our Audited Annual Financial Statements.

Non-Consolidated Subsidiaries

As of the date of this offering memorandum, we also conduct operations in Brazil through our subsidiary Transener Brazil. Due to the uncertainty in respect of our ability to fully recover our investment in Transener Brazil, the book value of our investment in Transener Brazil, which represented less than 1% of our total assets, has been impaired. As a result and pursuant to Argentine GAAP, the financial statements of Transener Brazil as of and for the three months ended March 31, 2011, and as of and for the year ended December 31, 2010, have not been consolidated in our consolidated financial statements for such periods. For the years ended December 31, 2009 and 2008, our revenues from Transener Brazil were Ps.35.6 million and Ps.16.4 million, respectively, representing 6.1% and 3.6%, respectively, of our consolidated net revenues for such periods. For the three-month period ended March 31, 2010, our revenues from Transener Brazil were Ps.10.5 million, representing 7.4% of our consolidated net revenues for such period. See "—Impairment of Investment in Subsidiary" and "Business—Non-Consolidated Subsidiaries."

Results of operations for the three months ended March 31, 2011, compared to the three months ended March 31, 2010

Net Revenue

Our net revenue increased by 10.4% to Ps.155.2 million for the three months ended March 31, 2011, compared to Ps.140.6 million for the three months ended March 31, 2010.

A detailed composition of our net revenue for the three-month periods ended March 31, 2011 and 2010, is shown in the following table.

	Three months ended March 31,		
	2011	2010	
	(Unaudited) (in millions of pesos)		% change
Energy transmission revenue	Ps. 11.0	Ps. 11.0	0.0
Transmission capacity revenue	31.0	31.0	0.3
Connection revenue	29.6	29.2	1.5
Reactive equipment revenue	1.0	1.0	(4.9)
CVI Revenue	3.5	-	-
Other	0.9	0.9	(1.6)
Gross Regulated Revenue	77.0	73.1	5.4
Rewards	0.0	0.0	0.0
Penalties	(0.2)	(0.4)	60.0
Net Regulated Revenue	76.9	72.7	5.8
Net Fourth Line Revenue	36.6	21.9	67.1
Net Other Revenues	41.7	46.0	(9.2)
Net Revenue	Ps. 155.2	Ps. 140.6	10.4

Net Regulated Revenue

Our Net Regulated Revenue increased by 5.8% to Ps.76.9 million for the three months ended March 31, 2011, compared to Ps.72.7 million for the three months ended March 31, 2010, primarily due to the recognition of Ps.3.5 million in additional Net Regulated Revenue following the execution of the Instrumental Agreements on December 21, 2010, which provided for the recognition of a CVI adjustment, which we recorded as an account receivable on our balance sheet. See "—Tariff Review and Increased Costs."

Net Fourth Line Revenue

Our Net Fourth Line Revenue increased by 67.1% to Ps.36.6 million for the three months ended March 31, 2011, compared to Ps.21.9 million for the three months ended March 31, 2010, primarily due to the recognition of an increase in the Fourth Line tariff, which reflects the recognition of an increase of Ps.15.0 million in the Fourth Line tariff allocated to us with retroactive effect from July 2010, as ratified by the ENRE through Resolution No. 150/2011. See "Business—Revenue Related to the Fourth Line Project."

Net Other Revenues

Net Other Revenues decreased by 9.2% to Ps.41.7 million for the three months ended March 31, 2011, compared to Ps.46.0 million for the three months ended March 31, 2010, primarily due to a loss of Ps.10.5 million in revenue from our subsidiary Transener Brazil as a result of its deconsolidation, which was partially offset by an increase of Ps.6.2 million in our and our subsidiary Transba's non-regulated and other revenue. See "Business—Net Other Revenues."

Operating Expenses

Our operating expenses are related only to the operations of our business and include (i) fixed costs, principally consisting of salaries and social security charges, depreciation of property, plant and equipment and amortization of intangible assets (including the Fourth Line) and (ii) variable costs, mainly consisting of cost of materials and services associated with Network maintenance and other non-regulated activities.

Our operating expenses decreased by 5.0% to Ps.105.0 million for the three months ended March 31, 2011, compared to Ps.110.6 million for the three months ended March 31, 2010, primarily due to a decrease of Ps.13.2 million in provisions due primarily to the reversal of a provision for costs related to a claim made by the ENRE that was adjudicated in our favor, which was partially offset by the recording of a provision of Ps.7.1 million for an uncollectible loan granted during this period to our subsidiary Transener Brazil in order to finance its operations and an increase of Ps.1.1 million in salaries and social security contributions.

Gross Profit

Our gross profit increased by 67.6% to Ps.50.2 million for the three months ended March 31, 2011, compared to Ps.29.9 million for the three months ended March 31, 2010, primarily due to the increase in our net revenue. As a result, gross margin for the three months ended March 31, 2011, was 32.3%, compared to 21.3% for the three months ended March 31, 2010.

Administrative Expenses

Our administrative expenses include (i) fixed costs, principally consisting of salaries and social security charges, amortization of intangible assets, depreciation of property, plant and equipment and insurance costs and (ii) variable costs, mainly consisting of professional fees.

Our administrative expenses increased by 9.4% to Ps.21.2 million for the three months ended March 31, 2011, compared to Ps.19.4 million for the three months ended March 31, 2010, primarily due to an increase of (i) Ps.0.8 million in salaries and social security contributions, (ii) Ps.0.7 million in taxes, rates and contributions and (iii) Ps.0.4 million in insurance expenses. Some of these increases were a result of an increase in inflation during this period.

Operating Income

Our operating income increased by 174.9% to Ps.28.9 million for the three months ended March 31, 2011, compared to Ps.10.5 million for the three months ended March 31, 2010. As a consequence, our net margin increased by 18.6% for the three months ended March 31, 2011, as compared to 7.5% for the three months ended March 31, 2010, primarily due to the factors described above.

Impairment of Investment in Subsidiary

As of the date of this offering memorandum, we also conduct operations in Brazil through our subsidiary Transener Brazil. Due to the uncertainty in respect of our ability to fully recover our investment in Transener Brazil, the book value of our investment in Transener Brazil, which represented less than 1% of our total assets, has been impaired. As a result and pursuant to Argentine GAAP, the financial statements of Transener Brazil for the three months ended March 31, 2011, have not been consolidated in our consolidated financial statements for such period. For the three-month period ended March 31, 2010, our revenues from Transener Brazil were Ps.10.5 million, representing 7.4% of our consolidated net revenues for such period.

Financial Results, Net

Our loss from financial results, net, decreased by 10.9% to Ps.23.1 million for the three months ended March 31, 2011, compared to a financial loss of Ps.26.0 million for the three months ended March 31, 2010, primarily due to an increase of Ps.5.5 million in interest earned on assets, primarily due to the recognition of

financial income due to the recognition of interest on the CVI adjustment amounting to Ps.4.3 million and a decrease of Ps.2.6 million in loss from net changes in the exchange rate, partially offset by decrease of Ps.3.1 million in earnings due to the repurchase of debt and an increase of Ps.2.1 million in interest on liabilities.

Other Income and Expenses, Net

Our profit from other income and expenses, net, decreased by 14.2% to Ps.0.8 million for the three months ended March 31, 2011, compared to a profit of Ps.0.9 million for the three months ended March 31, 2010.

Net Income (Loss) Before Taxes

As a result of the reasons described above, our net income before taxes amounted to Ps.6.9 million for the three months ended March 31, 2011, compared to a loss of Ps.14.6 million for the three months ended March 31, 2010.

Income Tax Expense

Our expenses related to income tax increased by 403.6% to Ps.6.9 million for the three months ended March 31, 2011, compared to Ps.1.4 million for the three months ended March 31, 2010, primarily due to an increase of Ps.5.5 million in income tax payable, resulting from higher taxable income over the period. The income tax rate remained stable for the three-month periods ended March 31, 2011 and 2010.

Net Gain (Loss) for the Period

As a result of the reasons described above, we recorded a net gain of Ps.0.0 million for the three months ended March 31, 2011, compared to a net loss of Ps.15.9 million for the three months ended March 31, 2010.

Results of operations for the year ended December 31, 2010, compared to the year ended December 31, 2009, and the year ended December 31, 2009, compared to the year ended December 31, 2008

Net Revenue

Our net revenue increased by 0.2% to Ps.583.8 million for the year ended December 31, 2010, compared to Ps.582.5 million for the year ended December 31, 2009.

Our net revenue increased by 27.5% to Ps.582.5 million for the year ended December 31, 2009, compared to Ps.457.0 million for the year ended December 31, 2008.

A detailed composition of our net revenue for the years ended December 31, 2010, 2009 and 2008, is shown in the following table.

	Year Ended December 31,				
	2010	2009	2008	2010	2009
		(Audited) (in millions of pesos)		% change	% change
Energy transmission revenue	Ps. 44.0	Ps. 44.0	Ps. 44.0	(0.1)	0.2
Transmission capacity revenue	125.4	125.7	109.8	(0.3)	14.5
Connection revenue	118.9	116.3	101.6	2.3	14.4
Reactive equipment revenue	3.8	3.8	3.4	0.9	12.5
CVI Revenue	61.8	-	-	-	-
Other	4.4	2.9	3.2	48.5	(9.0)
Gross Regulated Revenue	358.3	292.7	262.0	22.4	11.7
Rewards	7.6	9.5	1.6	(19.9)	496.7
Penalties	(18.8)	(7.2)	(2.1)	162.2	234.4
Net Regulated Revenue	347.1	295.1	261.4	17.6	12.9
Net Fourth Line Revenue	86.5	85.9	73.9	0.8	16.2
Net Other Revenues	150.1	201.6	121.7	(25.6)	65.7
Net Revenue	Ps. 583.8	Ps. 582.5	Ps. 457.0	0.2	27.5

Net Regulated Revenue

Our Net Regulated Revenue increased by 17.6% to Ps.347.1 million for the year ended December 31, 2010, compared to Ps.295.1 million for the year ended December 31, 2009, primarily due to the recognition of Ps.61.8 million in additional Net Regulated Revenue following the execution of the Instrumental Agreements on December 21, 2010, which provided for the recognition of a CVI adjustment, which we recorded as an account receivable on our balance sheet. See "—Tariff Review and Increased Costs."

Our Net Regulated Revenue increased by 12.9% to Ps.295.1 million for the year ended December 31, 2009, compared to Ps.261.4 million for the year ended December 31, 2008, primarily due to an increase in the regulated tariff received by Transener and Transba pursuant to ENRE Resolutions Nos. 328/08 and 327/08, which became effective in July 2008.

Net Fourth Line Revenue

Our Net Fourth Line Revenue increased by 0.8% to Ps.86.5 million for the year ended December 31, 2010, compared to Ps.85.9 million for the year ended December 31, 2009, primarily due to a decrease in penalties incurred during this year by Ps.0.7 million.

Our Net Fourth Line Revenue increased by 16.2% to Ps.85.9 million for the year ended December 31, 2009, compared to Ps.73.9 million for the year ended December 31, 2008, primarily due to the effects of ENRE Resolution No. 653/08, which reset the annual tariffs as of October 2008. See "Business—Revenue Related to the Fourth Line Project."

Net Other Revenues

Our Net Other Revenues decreased by 25.6% to Ps.150.1 million for the year ended December 31, 2010, compared to Ps.201.6 million for the year ended December 31, 2009, primarily due to a decrease of Ps.48.0 million due to the completion of various projects, including the installation of reactors at the Bahía Blanca and the Chocón substations.

Our Net Other Revenues increased by 65.7% to Ps.201.6 million for the year ended December 31, 2009, compared to Ps.121.7 million for the year ended December 31, 2008, primarily due to an increase of (i) Ps.32.1 million from work performed in 2009 related to the expansion of the Network and various of the construction projects and revenues derived from ongoing construction projects, (ii) Ps.18.1 million in revenues from various operation and maintenance contracts entered into during that period, (iii) Ps.14.7 million from revenues from a variety of supervision, maintenance and construction contracts and service fees and (iv) Ps.16.9 million from our non-regulated and other revenue from our subsidiaries Transba and Transener Brazil. See "Business—Net Other Revenues."

Operating Expenses

Our operating expenses decreased by 10.0% to Ps.402.5 million for the year ended December 31, 2010, compared to Ps.447.3 million for the year ended December 31, 2009, primarily due to a decrease of Ps.49.0 million in costs related to non-regulated activities due to the completion of various projects, including the installation of reactors at the Bahía Blanca and the Chocón substations. See "Net Other Revenues."

Our operating expenses increased by 23.6% to Ps.447.3 million for the year ended December 31, 2009, compared to Ps.361.8 million for the year ended December 31, 2008, primarily due to an increase of (i) Ps.36.4 million in salaries and subcontracting for non-regulated operations, (ii) Ps.25.7 million in costs of materials related to the increase in non-regulated activities, (iii) Ps.7.7 million in depreciation expenses and (iv) Ps.5.2 million for general maintenance and equipment maintenance.

Gross Profit

Our gross profit increased by 34.0% to Ps.181.3 million for the year ended December 31, 2010, compared to Ps.135.3 million for the year ended December 31, 2009, primarily due to a decrease in operating expenses. As a result, the gross margin increased to 31.1% as of December 31, 2010, compared to 23.2% as of December 31, 2009.

Our gross profit increased by 42.1% to Ps.135.3 million for the year ended December 31, 2009, compared to Ps.95.2 million for the year ended December 31, 2008, primarily due to the increase in non-regulated activities. As a consequence, the gross margin increased to 23.2% as of December 31, 2009, from 20.8% as of December 31, 2008.

Administrative Expenses

Our administrative expenses increased by 18.5% to Ps.90.2 million for the year ended December 31, 2010, compared to Ps.76.1 million for the year ended December 31, 2009. This increase was primarily due to an increase of (i) Ps.6.0 million in salaries and social security contributions, (ii) Ps.4.0 million in provisions for an unrecoverable loan granted during this period to our subsidiary Transener Brazil in order to finance its operations and (iii) Ps.3.6 million in insurance expenses. Some of these increases were a result of an increase in inflation during 2010.

Our administrative expenses increased by 26.7% to Ps.76.1 million for the year ended December 31, 2009, compared to Ps.60.1 million for the year ended December 31, 2008. This increase was primarily due to an increase of (i) Ps.6.8 million in salaries and social security contributions and (ii) Ps.6.0 million in insurance expenses. Some of these increases were a result of an increase in inflation during 2009.

Operating Income

Our operating income increased by 53.9% to Ps.91.1 million for the year ended December 31, 2010, compared to Ps.59.2 million for the year ended December 31, 2009, primarily due to an increase in our net revenues. As a consequence, our operating margin increased to 15.6% as of December 31, 2010, from 10.2% as of December 31, 2009.

Our operating income increased by 68.4% to Ps.59.2 million for the year ended December 31, 2009, compared to Ps.35.2 million for the year ended December 31, 2008. As a consequence our operating margin increased to 10.2% as of December 31, 2009, from 7.7% as of December 31, 2009.

Impairment of Investment in Subsidiary

The impairment of our investment in our subsidiary Transener Brazil represented a loss of Ps.12.6 million, mainly due to the write-off of the total amount of the investment in Transener Brazil due to its current adverse situation. Due to the uncertainty in respect of our ability to fully recover our investment in Transener Brazil, the book value of our investment in Transener Brazil, which represented less than 1% of our total assets, has been impaired. As a result and pursuant to Argentine GAAP, the financial statements of Transener Brazil for the for the year ended December 31, 2010, have not been consolidated in our consolidated financial statements for such year.

For the years ended December 31, 2009 and 2008, our revenues from Transener Brazil were Ps.35.6 million and Ps.16.4 million, respectively, representing 6.1% and 3.6%, respectively, of our consolidated net revenues for such years. See "Business—Non-Consolidated Subsidiaries."

Financial Results, Net

Our loss from financial results, net, amounted to Ps.6.6 million for the year ended December 31, 2010, compared to a financial profit of Ps.0.4 million for the year ended December 31, 2009, primarily due to a decrease of Ps.123.7 million in the gain from repurchase of debt and a decrease of Ps.3.0 million in the exchange rate gains, net, from Transener Brazil, partially offset by a decrease of Ps.50.9 million in loss from net changes in exchange rate and an increase of Ps.72.6 million in interest earned on assets, primarily due to the recognition of interest on the CVI adjustment amounting to Ps.80.7 million.

Our profit from financial results, net, amounted to Ps.0.4 million for the year ended December 31, 2009, compared to a financial loss of Ps.98.0 million for the year ended December 31, 2008, primarily due to an increase of Ps.94.1 million in gain from repurchase of debt.

Other Income and Expenses, Net

Our profit from other income and expenses, net, decreased by 46.7% to Ps.5.2 million for the year ended December 31, 2010, compared to a profit of Ps.9.7 million for the year ended December 31, 2009, primarily due to a decrease in insurance recovery collected during 2010.

Our profit from expenses related to other income and expenses, net, decreased by 50.4% to Ps.9.7 million for the year ended December 31, 2009, compared to a profit of Ps.19.6 million for the year ended December 31, 2008, primarily due to (i) results of the indemnification collected by Transener Brazil in 2008 for the termination of its contracts with Transmisora Sudeste Nordeste – TSN, Novatrans Energía and Grupo Plena, and the sale of certain property, plant and equipment substantially related to those contracts and (ii) a Ps.10.3 million insurance recovery collected by Transener in 2008 related to a fire that occurred at the Ezeiza substation on May 17, 2007, damaging three 800 MVA transformer banks and the synchronic compensators related to each of the banks and resulting in service disruptions for several days and diminished transmission capacity until the damaged equipment was replaced in two of the Ezeiza-Henderson 500kv transmission lines.

Net Income (Loss) Before Taxes

As a result of the reasons described above, our net income before taxes increased by 15.7% to Ps.76.3 million for the year ended December 31, 2010, compared to Ps.65.9 million for the year ended December 31, 2009.

As result of the reasons described above, our net income before taxes amounted to Ps.65.9 million for the year ended December 31, 2009, compared to a loss of Ps.42.3 million for the year ended December 31, 2008.

Income Tax Expense

Our expenses related to income tax increased by 177.5% to Ps.53.1 million for the year ended December 31, 2010, compared to an expense of Ps.19.1 million for the year ended December 31, 2009, primarily due to an increase of Ps.15.9 million in income tax payable, as a result of higher taxable income generated by Transba during 2010 and an increase of Ps.18.0 million in deferred tax liabilities.

Our expenses related to income tax decreased by 18.8% to Ps.19.1 million for the year ended December 31, 2009, compared to an expense of Ps.23.6 million for the year ended December 31, 2008, primarily due to a decrease of Ps.23.4 million in the variation of deferred tax liabilities, partially offset by an increase of Ps.19.0 million in income tax payable primarily due to Transba's taxable income during 2009.

The income tax rate remained stable for the years ended December 31, 2010, 2009 and 2008.

Net Gain (Loss) for the Year

As a result of the reasons described above, we recorded a gain of Ps.23.2 million for the year ended December 31, 2010, compared to net gain of Ps.46.8 million for the year ended December 31, 2009.

As a result of the reasons described above, we recorded a gain of Ps.46.8 million for the year ended December 31, 2009, compared to a net loss of Ps.65.9 million for the year ended December 31, 2008.

Liquidity and Capital Resources

Our capital requirements are primarily for the following purposes: operating and maintenance costs related to our electricity transmission assets; capital expenditures related to the construction of new electricity transmission assets or improvement of our existing assets; debt service payments; and technical assistances fees and other fees payable to our shareholders. Our primary sources for liquidity and capital resources are funds generated by our electricity transmission business, financial income from the investment of our cash and available funds, disbursements from CAMMESA in connection with the CAMMESA Financing and access to local and international debt capital markets and bank financing.

Debt—Historical

As of March 31, 2011, we had the equivalent of Ps.598.9 million of consolidated outstanding debt (the equivalent of approximately US$147.7 million) which consisted of:

	As of March 31, 2011 (Unaudited)			
	(in millions of pesos)		(in millions of US$)[1]	
Short-Term Debt:				
Nordic Investment Bank		0.3		0.1
Series 1 Notes[2]		13.0		3.2
Banco de la Nación Argentina		11.7		2.9
Advances to Current Accounts		43.4		10.7
Total Short-Term Debt	Ps.	68.4	US$	16.9
Long-term debt:				
Nordic Investment Bank		19.8		4.9
Series 1 Notes[2]		495.8		122.3
Banco de la Nación Argentina		18.3		4.5
Net present value adjustment to Notes		(3.4)		(0.8)
Total non-current portion of long-term debt:	Ps.	530.5	US$	130.9
Total debt	Ps.	598.9	US$	147.7

(1) Translated into US dollars at the *Banco de la Nación Argentina* exchange rate (*tipo vendedor*) as of March 31, 2011, of Ps.4.054 per US$1.00. This translation should not be construed as a representation that the peso amounts represent, or have been or could be converted into, US dollars at that or any other rate.

(2) The Series 1 Notes will be refinanced with proceeds from the offering.

Series 1 Notes

During 2006, we issued the Series 1 Notes. The Series 1 Notes accrue an annual interest rate of 8.875% and will be amortized in four equal payments on December 15 of years 2013, 2014, 2015 and 2016.

As of March 31, 2011, the remaining outstanding balance of the Series 1 Notes was US$151.4 million, which included US$29.1 million that we purchased in the open market, was held by us on our consolidated balance sheet and had not been canceled. Additionally, since 2008 we have purchased US$68.6 million of Series 1 Notes in the open market that we have canceled. We expect to tender the Series 1 Notes that we hold in the Concurrent Offers.

The Series 1 Notes were authorized for public offering in Argentina in accordance with Resolution No. 15,523 issued on November 30, 2006, by the CNV. Additionally, the Series 1 Notes have been authorized (i) for listing on the BCBA and in the Luxembourg Stock Exchange and (ii) for trading on the MAE.

The Series 1 Notes will be refinanced with proceeds from the offering.

Loans

On September 30, 2010, we requested a line of credit from the *Banco de la Ciudad de Buenos Aires* of Ps.43.0 million. This loan accrues interest at an annual rate of 13.9% and matures on September 30, 2011.

On February 8, 2011, we requested a loan from the *Banco de la Nación Argentina* for Ps.30.0 million. This line of credit has a annual variable interest rate of BADLAR + 400 basis points (4.0%) and will be repaid in 18 monthly installments beginning in September 2011.

Cash Flow Discussion

The table below reflects our consolidated cash and cash equivalents as of the periods indicated and the net cash provided by (used in) operating, investing and financing activities during such periods.

	Three months ended March 31,		Year ended December 31,		
	(Unaudited)		(Audited)		
			(in millions of pesos)		
	2011	2010	2010	2009	2008
Cash and cash equivalents as of the beginning of the year/period	Ps. 104.8	Ps. 60.1	Ps. 60.1	Ps. 19.7	Ps. 67.1
Net cash provided by operating activities	21.0	25.9	93.5	217.3	157.3
Net cash used in investing activities	(19.8)	(17.0)	(52.8)	(75.3)	(102.1)
Net cash provided by (used in) financing activities	(1.0)	9.6	4.1	(101.6)	(102.7)
Cash and cash equivalents as of the end of the year/period	Ps. 105.0	Ps. 78.6	Ps. 104.8	Ps. 60.1	Ps. 19.7

Cash and Cash Equivalents

We consider all bank deposits and current investments with original maturities of three months or less to be cash equivalents.

Cash and cash equivalents increased by Ps.0.2 million during the three months ended March 31, 2011, compared to an increase of Ps.18.5 million during the three months ended March 31, 2010, primarily due to a decrease of Ps.4.9 million between the periods in net cash provided by operating activities, an increase of Ps.2.8 million between the periods in net cash used in investing activities and a decrease of Ps.10.6 million between the periods in net cash provided by financing activities.

Cash and cash equivalents increased by Ps.44.7 million during the year ended December 31, 2010, compared to an increase of Ps.40.4 million during the year ended December 31, 2009, primarily due to a decrease of Ps.123.8 million between the years in net cash provided by operating activities, a decrease of Ps.22.5 million between the periods in net cash used in investing activities and a decrease of Ps.105.7 million between the years in net cash used in financing activities.

Cash and cash equivalents increased by Ps.40.4 million during the year ended December 31, 2009, compared to a decrease of Ps.47.5 million during the year ended December 31, 2008, primarily due to an increase of Ps.60.0 million between the years in net cash provided by operating activities, a decrease of Ps.26.8 million between the years in net cash used in investing activities and a decrease of Ps.1.1 million between the years in net cash used in financing activities.

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by 18.9% to Ps.21.0 million for the three months ended March 31, 2011, compared to Ps.25.9 million for the three months ended March 31, 2010, primarily due to an increase of Ps.6.9 million in our cash operating inflows prior to giving effect to changes in working capital and a decrease in cash flows of Ps.11.8 million due to changes in certain assets and liabilities (primarily due to a decrease of Ps.7.2 million in salaries and social security payable and of a decrease of Ps.3.6 million in taxes payable).

Net cash provided by operating activities decreased by 57.0% to Ps.93.5 million for the year ended December 31, 2010, compared to Ps.217.3 million for the year ended December 31, 2009, primarily due to a decrease of Ps.69.5 million in our cash operating inflows prior to giving effect to changes in working capital and a decrease in cash of Ps.54.3 million due to changes in certain assets and liabilities (primarily due to a decrease of

Ps.4.2 million in salaries and social security payable and a decrease of Ps.48.7 million in taxes payable). Net cash provided by operating activities increased by 38.2% to Ps.217.3 million for the year ended December 31, 2009, compared to Ps.157.3 million for the year ended December 31, 2008, primarily due to an increase of Ps.31.0 million in our cash operating inflows prior to giving effect to changes in working capital and an increase in cash of Ps.29.1 million due to changes in certain assets and liabilities (primarily due to a decrease of Ps.27.2 million in accounts receivable).

Net Cash Used in Investing Activities

Net cash used in investing activities increased by 16.7% to Ps.19.8 million for the three months ended March 31, 2011, from Ps.17.0 million for the three months ended March 31, 2010, primarily due to a decrease of Ps.4.1 million in payments for acquisition of property, plant and equipment and an increase of Ps.6.9 million in cash used for a loan granted to our subsidiary Transener Brazil.

Net cash used in investing activities decreased by 29.8% to Ps.52.8 million for the year ended December 31, 2010, compared to Ps.75.3 million for the year ended December 31, 2009, primarily due to a decrease of Ps.28.7 million in payments for acquisition of property, plant and equipment. Net cash used in investing activities decreased by 26.2% to Ps.75.3 million for the year ended December 31, 2009, from Ps.102.1 million for the year ended December 31, 2008, primarily due to a decrease of Ps.32.1 million in payments for acquisition of property, plant and equipment.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by (used in) financing activities represented an outflow of Ps.1.0 million for the three months ended March 31, 2011, compared to an inflow of Ps.9.6 million for the three months ended March 31, 2010, primarily due to an increase of Ps.5.6 million in the proceeds from bonds and other indebtedness, a decrease of Ps.8.0 million in the proceeds from other non-current liabilities (as a result of disbursements in respect of the CAMMESA Financing) and an increase of Ps.8.3 million in the payment of bonds and other indebtedness.

Net cash provided by (used in) financing activities represented an inflow of Ps.4.1 million for the year ended December 31, 2010, compared to an outflow of Ps.101.6 million for the year ended December 31, 2009, primarily due to a decrease of Ps.35.0 million in the proceeds from bonds and other indebtedness, an increase of Ps.54.5 million in the proceeds from other non-current liabilities (as a result of disbursements as a result of the CAMMESA Financing) and a decrease of Ps.86.4 million in the payment of bonds and other indebtedness. Net cash provided by (used in) financing activities represented an outflow of Ps.101.6 million for the year ended December 31, 2009, compared to an outflow of Ps.102.7 million for the year ended December 31, 2008, primarily due to an increase of Ps.69.0 million in the proceeds from bonds and other indebtedness, an increase of Ps.39.6 million in the proceeds from other non-current liabilities (as a result of disbursements in respect of the Initial CAMMESA Agreement, see "—Accounting for the CAMMESA Financing and the Instrumental Agreements") and an increase of Ps.107.7 million the payment of bonds and other indebtedness.

Dividends

We did not pay dividends in the three-month period ended March 31 2011, nor in the years ended December 31, 2010, 2009 and 2008. Pursuant to the terms of our Series 1 Notes, we are not permitted to distribute dividends (a) when our leverage ratio is less than 2.0 or (b) when our leverage ratio is greater than 3.75. For more information regarding restrictions on our payment of dividends, see "Business—Our Concession Agreements—Transition Period Rules."

As a shareholder of Transba, we receive dividends from Transba. During the three months ended March 31, 2011, and the year ended December 31, 2009, we did not receive dividends from Transba. During the years ended December 31, 2010 and 2008, we received dividends from Transba amounting to Ps.19.7 million and Ps.0.9 million, respectively.

At Transba's ordinary shareholders meeting held on April 13, 2011, the payment of dividends in cash or in kind for the total amount of Ps.7.8 million during the year 2011 was approved, and the authority to determine the date of payment was delegated to the board of directors.

As a shareholder of Transener Brazil, we receive dividends from Transener Brazil. During the three months ended March 31, 2011, and the years ended December 31, 2010 and 2009, we did not receive dividends from Transener Brazil. During the year ended December 31, 2008, we received dividends from Transener Brazil amounting to Ps.13.6 million. Due to the uncertainty in respect of our ability to fully recover our investment in Transener Brazil, the book value of our investment in Transener Brazil, which represented less than 1% of our total assets, has been impaired. Although dividends received from Transener Brazil exceeded our capital contributions, we do not expect to receive further dividends from Transener Brazil.

The Companies Law, our bylaws and CNV Resolution No. 368/01 require us to transfer to our legal reserve no less than 5% of our actual liquid assets from any economic period, less adjustments for prior periods, until the legal reserve reaches 20% of our capital. The declaration and payment of dividends on common stock is determined by a vote of the majority of shareholders voting in classes. This determination generally follows the annual recommendation of our board of directors. Given that Class A shareholders control the majority of the board, those shareholders have the ability to approve or disapprove of the declaration, amount and payment of dividends.

Capital Expenditures

For the three-month periods ended March 31, 2011 and 2010, our total investments were Ps.12.7 million and Ps.16.8 million, respectively. These capital expenditures involved investments made for the purpose of maintaining the networks.

For each of the years ended December 31, 2010, 2009 and 2008, our total investments were Ps.46.9 million, Ps.75.6 million and Ps.107.7 million, respectively. These capital expenditures involved investments made for the purpose of maintaining the Networks, repairs to our equipment made in order to extend its useful life, replacement of equipment, purchases of spare parts and vehicles and improvements to our environmental and public safety standards.

In 2011 we expect to invest approximately Ps.79.6 million and Ps.27.2 million in Transener and Transba, respectively, subject to the disbursement in full of the amounts committed to be disbursed to us under the New CAMMESA Financing. In 2012 we expect to invest Ps.40.0 million in Transener and Transba for the purpose of maintaining our Networks in good operating condition, as required by the Electricity Law and our Concession Agreements. No assurance can be made that these investments will be made. See "Business—Investments—Capital Expenditures."

Contractual Commitments

The following table summarizes the estimated maturity of our liabilities as of March 31, 2011, including both loans and financings obligations and other relevant contractual commitments.

	Payments Due by Period			
	Total	**Less than 1 year**	**1 to 2 years**	**More than 2 years**
		(in millions of Pesos)		
Accounts Payable	92.5	43.5	17.1	31.9
Loans	46.7	12.0	18.3	16.4
Bank Lines of Credit	43.4	43.4	-	-
Series 1 Notes[(1)]	508.8	13.0	-	495.8
Payroll and Social Security Payable	37.8	17.1	-	20.7
Other Unsecured Obligations[(2)]	88.4	54.3	1.2	32.9
Total	**817.6**	183.3	36.6	597.7

(1) The Series 1 Notes will be refinanced with proceeds from the offering.
(2) Includes taxes payable, provisions and other liabilities.

As of March 31, 2011 and 2010, we had Ps.108.9 million and Ps.146.6 million, respectively, of consolidated current commercial debt and other obligations outstanding (which include accounts payable, salaries and social security payable, taxes payable, including obligations to any federal, provincial or municipal tax authority, and provisions, including operating fees payable, a provision for penalties, rewards receivable and a provision for contingencies). As of December 31, 2010, 2009 and 2008, we had consolidated current commercial debt and other obligations of Ps.139.2 million, Ps.160.7 million and Ps.125.1 million, respectively. We have met our commercial obligations out of our current cash flow in pesos and we expect to be able to continue to do so. Our ability to meet these obligations will depend on the generation of sufficient cash flow and, in the case of commercial obligations denominated in currencies other than pesos, our ability to transfer funds outside of Argentina, a stable exchange rate between the applicable currency and the peso and the availability of foreign exchange.

Amounts Owed to Related Parties

Fees for operating services totaled Ps.1.4 million for each of the three-month periods ended March 31, 2011 and 2010, respectively, and Ps.6.9 million, Ps.5.5 million and Ps.4.9 million for the years ended December 31, 2010, 2009 and 2008, respectively. As of March 31, 2011 and 2010, under the Transener Technical Assistance Agreement (as defined herein) we had operating fees payable of Ps.2.9 million and Ps.1.4 million, respectively. As of December 31, 2010, 2009 and 2008, we had operating fees payable of Ps.2.7 million, Ps.1.4 million and Ps.1.4 million, respectively. See "Principal Shareholders" and "Related Party Transactions—The Transener Technical Assistance Agreement."

Reimbursement of Taxes

We have requested that our minority shareholders reimburse us Ps.1.1 million for each of the years ended December 31, 2010, 2009 and 2008, which we paid as personal property taxes as a substitute taxpayer, which were levied on the shareholders' ownership interests in our Company.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk, including changes in foreign exchange rates and interest rates, in the normal course of our business. In order to hedge the risks associated with changes in foreign exchange rates and interest rates, we have used derivative financial instruments in the past and currently use such instruments. We do not hold or issue derivative financial instruments for trading purposes. See "Risk Factors—Risks Relating to Us—We

currently are not able to effectively hedge our currency risk in full and, as a result, a devaluation of the peso may have a material adverse effect on our results of operations and financial condition."

Our use of derivative instruments ensures economic and financing coverage of amounts in foreign currencies that we owe in upcoming interest payments on our 2010 debt (on the Series 1 Notes), in case of exchange rate fluctuations. We have not formally designated these operations as coverage instruments.

Our exposure to market risk for changes in interest rates relates primarily to our debt obligations. We currently have long-term debt with fixed rates.

Prior to the devaluation of the peso in 2002, we had entered into foreign currency swap contracts in order to hedge the risk of fluctuations in foreign currency exchange rates associated with certain loans and long-term debt that are denominated in foreign currencies other than the US dollar. Any foreign exchange contracts related to such loans and long-term debt had the same maturity as the relevant underlying debt.

Interest Rate Exposure. As of March 31, 2011, approximately 87.8% of our consolidated debt obligations were issued at a fixed interest rate. The remainder of our unpaid debt has variable interest rates, principally based on BAIBOR.

Exchange Rate Exposure. Since the Convertibility Law pegged the peso at a value of Ps.1.00 per US$1.00 in 1991, exchange rate risks have been mainly related to changes in the value of the US dollar in comparison with currencies other than the Argentine peso. In January 2002, the Government devalued the peso and, currently, the peso/US dollar exchange rate is determined by the free market with certain exchange controls. See "Exchange Rates—Exchange Controls." While the Convertibility Law was in effect, we used derivative financial instruments to partially hedge our exposure to foreign exchange rate fluctuations related to our indebtedness not denominated in US dollars. We terminated all of our outstanding currency and interest rate swap arrangements in 2002.

Our results of operations are very susceptible to changes in the peso/dollar exchange rates because our primary assets and revenues are denominated in pesos while a significant part of our liabilities are denominated in dollars. As of March 31, 2011, approximately 87.8% of our financial debt was issued in US dollars and approximately 12.2% was issued in Argentine pesos. In addition, a significant portion of our operating expenses are denominated in or calculated by reference to the US dollar or other foreign currencies.

We estimate, based on the composition of our balance sheet as of March 31, 2011, that every variation in the exchange rate of Ps.0.1 against the US dollar would result in a variation of approximately Ps.13.0 million of our consolidated indebtedness.

Research and Development, Patents, Licenses

As of the date of this offering memorandum, we have no relevant accounting provisions for research and development, patents or licenses.

Off-Balance Sheet Arrangements

The Company has no material off-balance sheet arrangements as of the date of this offering memorandum.

ARGENTINE ELECTRICITY INDUSTRY AND REGULATORY FRAMEWORK

The following is a summary of certain matters relating to the electricity industry in Argentina, as well as provisions of Argentine laws and regulations applicable to the electricity industry, including us.

Argentine Electricity Industry

Historical Background

Electricity was first made available in Argentina in 1887 with the first public street lighting in Buenos Aires. The Government's involvement in the electricity sector began in 1946 with the creation of the General Directorate of Electric Power Plants of the State (*Dirección General de Centrales Eléctricas del Estado*) to construct and operate electricity generation plants. In 1947, the Government created Water and Electricity (*Agua y Energía Eléctrica S.A.* or "AyEE") to develop a system of hydroelectric generation, transmission and distribution for Argentina.

In 1961, the Government granted a concession to the Italian-Argentine Electricity Company (*Compañía Italo Argentina de Electricidad*, or "CIADE") for the distribution of electricity in a part of the city of Buenos Aires. In 1962, the Government granted a concession formerly held by Electricity Services of Greater Buenos Aires (*Servicios Eléctricos del Gran Buenos Aires*, or SEGBA), our predecessor, for the generation and distribution of electricity to parts of Buenos Aires. In 1967, the Government granted a concession to Hidronor (*Hidroeléctrica Norpatagónica S.A.*) to build and operate a series of hydroelectric generation facilities. In 1978, CIADE transferred all of its assets to the Government, following which CIADE's business became Government-owned and operated.

By 1990, virtually all of the electricity supply in Argentina was controlled by the public sector (97% of total generation). The Government had assumed responsibility for the regulation of the industry at the national level and controlled all of the national electricity companies, AyEE, SEGBA and Hidronor. The Government also represented Argentine interests in generation facilities developed or operated jointly with Uruguay, Paraguay and Brazil. In addition, several of the Argentine provinces operated their own electricity companies. Inefficient management and inadequate capital spending, which prevailed under national and provincial government control, were in large measure responsible for the deterioration of physical equipment, decline in quality of service and proliferation of financial losses that occurred during this period.

In 1991, as part of the economic plan adopted by former President Carlos Menem, the Government undertook an extensive privatization program of all major state-owned industries, including within the electricity generation, transmission and distribution sectors. In January 1992, the Argentine federal congress adopted the Electricity Law, which along with its amendments and complementary regulations, established a regulatory framework of guidelines for the restructuring and privatization of the electricity sector. The Electricity Law, which continues to provide the framework for regulation of the electricity sector since the privatization of this sector, divided generation, transmission and distribution of electricity into separate businesses and subjected each to appropriate regulation.

The ultimate objective of the privatization process was to achieve a reduction in rates paid by users and improve quality of service through competition. The privatization process commenced in February 1992 with the sale of several large thermal generation facilities formerly operated by SEGBA, and continued with the sale of transmission and distribution facilities (including those currently operated by our Company) and additional thermoelectric and hydroelectric generation facilities.

Key Legislation During the Privatization Process

The Federal Reform Law No. 23,696 passed in 1989 (the "Federal Reform Law"), authorized the Government to reorganize and privatize public companies. Decree No. 634/91, issued in 1991 by the Executive Branch, established rules for the implementation of the Federal Reform Law and guidelines for the decentralization of the electricity industry and for the participation of private generation, transmission, distribution and administration. This decree defined the rights and obligations for each type of service provider, created a new

regulatory entity for the industry, the WEM and the Wholesale Patagonia Electric Market including a spot market, and delineated the timeline and plan for the privatization of the industry.

The Electricity Law

The Electricity Law was key for industry reform and privatization. The objective of the Electricity Law and its amendments and complementary regulations was to modernize the electricity industry through the promotion of efficiency, competition, improvement of services and private investment. These regulations restructured and reorganized the sector, and provided for the privatization of practically all commercial activity that had been carried out by state agencies. This law also established the base for the creation of the ENRE and other institutional authorities for the industry, including the administration of the WEM, setting of the spot price, establishment of tariffs in regulated areas and the criteria for the valuation of assets to be privatized. The Electricity Law also had a profound, although indirect, impact at the province level, as virtually all of the provinces followed the federal regulatory guidelines and established the same institutions.

Additionally, the Electricity Law divided generation, transport and distribution into separate subsectors, each subject to different regulations. The new structure also recognized large users as new actors in the electric market.

In accordance with the Electricity Law, distribution and transmission are considered public services, and defined as natural monopolies. These activities are completely regulated by the Government and require authorization by concession. Although distributors' concession agreements do not contain specific requirements for investments, distributors have an obligation to connect new clients and to satisfy any increase in demand for electricity. There are no restrictions on the expansion of existing transport installations in these concession agreements.

Generation, on the other hand, is considered a public interest operation and is thus supervised by the ENRE and CAMMESA. Generation is not considered to be a monopoly sector, and is subject to competition by new entrants into the market. Hydroelectric operations require a concession from the Government. Various provincial governments that followed the federal privatization have created their own regulatory entities, which are independently financed at the province level. Before privatization, the same public service companies had a fundamental role in the creation of industry policies and the establishment of new tariffs applicable in the provinces.

The ultimate objective of the privatization had two purposes: first, to reduce tariffs and improve service quality through free competition in the market, and second, to avoid the concentration of control of each of the three subsectors of the market in a small group of participants in order to avoid price-fixing. In order to reach this balance, at the time of the deregulation and the segmentation of the industry, separate limitations and restrictions for each subsector were imposed.

Limits and Restrictions

Restrictions imposed on the electricity sector are divided into vertical and horizontal restrictions as a function of their divisions in the above-mentioned subsectors. The ENRE, as the competent authority, sets the scope of these restrictions.

Vertical Restrictions

The vertical restrictions apply to companies that intend to participate simultaneously in different sub-sectors of the electricity market. These vertical restrictions were imposed by the Electricity Law, and apply differently depending on each sub-sector as follows:

Generation

- under Section 31 of the Electricity Law, neither a generation company, nor any of its controlled companies or its controlling company, can be an owner or a majority shareholder of a transmission company or the controlling entity of a transmission company. In accordance with various ENRE rulings, a controlled company or a controlling company of a transmission company is a company that owns more than 51% of the shares of the controlled company and exercises majority control; and

- under Section 9 of Decree No. 1,398/1992, since a distribution company cannot own generation units, a holder of generation units cannot own distribution concessions. However, the shareholders of an electricity generation company may own an entity that holds distribution units, either as shareholders of the generator or through any other entity created with the purpose of owning or controlling distribution units.

Transmission

- under Section 31 of the Electricity Law, neither a transmission company nor any of its controlled companies nor its controlling entity (in accordance with various ENRE rulings, which refer to those companies that own more than 51% of the shares of a transmission company and exercise majority shareholder control) can be owner or majority shareholder or the controlling company of a generation company;

- under Section 31 of the Electricity Law, neither a transmission company, any company controlled by a transmission company nor any company controlling a transmission company can own or be the majority shareholder or the controlling company of a distribution company; and

- under Section 30 of the Electricity Law, transmission companies cannot buy or sell electricity.

Distribution

- under provision 31 of the Electricity Law, neither a distribution company, nor any of its controlled companies or its controlling company, can be owner or majority shareholder or the controlling company of a transmission company; and

- under Section 9 of Decree No. 1,398/1992, a distribution company cannot own generation units. However, the shareholders of the electricity distributor may own generation units, either directly or through any other entity created with the purpose of owning or controlling generation units.

Definition of Control

The term "control" referred to in Section 31 of the Electricity Law (which establishes vertical restrictions) is not defined in the Electricity Law, nor in Decree No. 1,398/92, which complements it. Section 33 of the Companies Law states that "companies are considered as controlled by others when the holding company, either directly or through another company: (1) holds an interest, under any circumstance, that grants the necessary votes to control the corporate will in board meetings or ordinary shareholders' meetings; or (2) exercises a dominant influence as a consequence of holding shares, quotas or equity interest or due to special linkage between the companies." We cannot assure you, however, that the electricity regulators will apply this standard of control in implementing the restrictions described above.

Horizontal Restrictions

In addition to the vertical restrictions described above, distribution and transmission companies are subject to horizontal restrictions, as described below:

Generation

- there are no horizontal restrictions on electricity generation.

Transmission

- according to Section 32 of the Electricity Law, two or more transmission companies can merge or be part of the same economic group only if they obtain an express approval from the ENRE. Such approval is also necessary when a transmission company intends to acquire shares of another electricity transmission company;

- pursuant to the concession agreements that govern the services rendered by private companies operating transmission lines above 132kV and below 140kV, the service is rendered by the concessionaire on an exclusive basis over certain areas indicated in the concession agreement; and

- pursuant to the concession agreements that govern the services rendered by the private company operating the high-tension transmission services equal to or higher than 220kV, the company must render the service on an exclusive basis and is entitled to render the service throughout the entire country, without territorial limitations.

Distribution

- two or more distribution companies can merge or be part of the same economic group only if they obtain express approval from the ENRE. Such approval is necessary when a distribution company intends to acquire shares of another electricity transmission or distribution company; and

- pursuant to the concession agreements that govern the services rendered by private companies operating distribution networks, the service is rendered by the concessionaire on an exclusive basis over certain areas indicated in the concession agreement.

Regulated Entities

The main regulated entities in the Argentine electrical sector are the Secretariat of Energy and the ENRE.

Secretariat of Energy

The Secretariat of Energy, which reports to the Ministry of Federal Planning, Public Investment and Services, is the principal national Government authority responsible for the Argentine electricity industry. The Secretariat's main duties are to set the national energy policy and establish rules applicable to the electricity industry. The role of the Secretariat of Energy is defined in the Electricity Law and Decree No. 27/2003.

The ENRE

The ENRE is an independent agency under the Secretariat of Energy, created pursuant to the Electricity Law, and responsible for regulating the electricity industry and monitoring compliance by companies (generators, transporters and distributors under federal jurisdiction) with rules, regulations and their concession agreements.

The ENRE's main purpose is to take the necessary measures to fulfill national objectives regarding supply, transport and distribution of electricity.

The ENRE is managed by a board of directors composed of five members who are appointed by a panel of experts selected by the Government, two of whom are appointed by the Federal Advisory Board of Electrical Energy. Each member serves for a term of five years, and can be reelected for an unlimited amount of terms.

The ENRE's duties include the following:

- monitoring compliance with the Regulated Electricity Plan and supplements thereto;
- controlling the provision of electricity services and monitoring concession agreements;
- adopting rules applicable to generators, transporters, distributors, users of electricity and other parties related to security, regulations and technical procedures, measurement and invoicing of electricity consumption, supply interruptions and reconnections, third-party access to buildings and property related to the electricity industry and quality of service;
- preventing anticompetitive conduct, monopolies and discrimination among industry participants;
- establishing tariffs for transport and distribution concession agreements under national jurisdiction;
- imposing sanctions for non-compliance with concession agreements or related rules; and
- arbitrating conflicts between industry participants.

In addition, pursuant to Resolution No. 2,000, issued on December 12, 2005, by the Ministry of Federal Planning, Public Investment and Services, any decision issued by the ENRE which might affect directly or indirectly the settlement, determination, adjustment, increase or reduction of prices, tariffs, taxes, compensation, grant, fees, subsidies and/or charges, shall be previously considered and analyzed by the Undersecretary for Coordination and Management Control, an agency of the ministry prior to its issuance.

The WEM

Overview

The Secretariat of Energy created the WEM in August 1991 in order to permit generators, transmitters, distributors and other industry participants to buy and sell electricity on the spot market or through long-term supply contracts, at prices determined by supply and demand.

The WEM consists of:

- a term market in which generators, distributors and large users enter into long-term agreements on quantities, prices and conditions;
- a spot market, in which prices are established on an hourly basis as a function of economic production costs, represented by the short-term marginal cost of production measured at the Ezeiza 500kV substation, the system's load center, and demand; and
- a Stabilization Fund, managed by CAMMESA, which absorbs the differences between purchases by distributors at seasonal prices and payments to generators for energy sales at the spot price.

Operation of the WEM

The WEM operates under the administration of CAMMESA.

CAMMESA

The creation of the WEM made it necessary to create an entity in charge of the management of the WEM and the dispatch of electricity into the NIS. These duties were entrusted to CAMMESA, a non-profit private company created for this purpose.

CAMMESA is in charge of:

- the dispatch of electricity into the NIS, maximizing the NIS's safety and the quality of electricity supplied and minimizing wholesale prices in the Spot Market (see "—Electricity Distribution");
- planning energy capacity needs and optimizing energy use in accordance with the rules set out from time to time by the Secretariat of Energy;
- monitoring the operation of the Term Market and administering the technical dispatch of electricity under agreements entered into in that market;
- carrying out the duties entrusted to it in connection with the electricity industry, including billing and collecting payments for transactions between WEM agents;
- purchasing and/or selling electric power from abroad or to other countries by performing the relevant import/export transactions; and
- providing consulting and other related services.

CAMMESA's share capital is divided equally between the Government (represented by the Ministry of Federal Planning, Public Investment and Services), and associations representing generation companies, transmission companies, distribution companies and large users.

CAMMESA is managed by a board formed by representatives of its shareholders. The board of CAMMESA is composed of ten regular and ten alternate directors. Each of the associations is entitled to appoint two regular and two alternate directors of CAMMESA. The other directors of CAMMESA are the Minister of Federal Planning, who is the board chairman, and an independent member, who acts as vice chairman. The decisions adopted by the board of directors require the affirmative vote of the board chairman. As of the date of this offering memorandum, the Minister of Federal Planning had delegated the presidency of CAMMESA to the Subsecretary of Electrical Energy.

CAMMESA's operating costs are financed through mandatory contributions by the WEM agents.

WEM Participants

The main WEM participants are generation, transmission and distribution businesses. Large users and intermediaries also participate in the WEM, although to a lesser extent.

In 1995, the Executive Branch issued Decree No. 186/95 to expand participation and stimulate investment in the WEM. Decree No. 186/95 defines which entities are permitted to participate in the WEM. These WEM participants include:

- companies obtaining authorization to trade electricity from international interconnections and bi-national undertakings;
- companies that are not WEM agents but which nevertheless sell electricity in bulk; and
- companies that are not WEM agents but which nevertheless operate certain facilities to transport electricity.

Further regulations issued by the Secretariat of Energy defining WEM participants also allow the participation of traders, trading provinces and foreign companies in the WEM. Traders may deal with generation, demand, import, export and royalties. The traders' function in the WEM is to buy and sell electricity produced and consumed by third parties, whether in the term market and/or in the spot market.

Electricity Generation

The electricity generation centers in Argentina include steam, gas, combined cycle, nuclear, and reservoir and pumping hydroelectric generators. Electricity generators compete with one another to supply power to the market. There is unrestricted entry to the electricity generation market by any party interested in generating energy for sale, without any centralized planning or indicative scheduling. However, any electricity generator that wants to add a new unit or station to the WEM is required to submit an application to the Secretariat of Energy, comply with the technical operating standards, and operate its facilities in a way that does not imply a threat to the public health and the environment.

Electricity generators derive revenue from sales made in the Spot Market and in the Term Market through the term contracts entered into with distribution companies or large users. In both cases, they are required to pay to the transmission companies and, eventually, to distribution companies, the relevant charges for the use of their networks to place the energy sold in the WEM.

Electricity Distribution

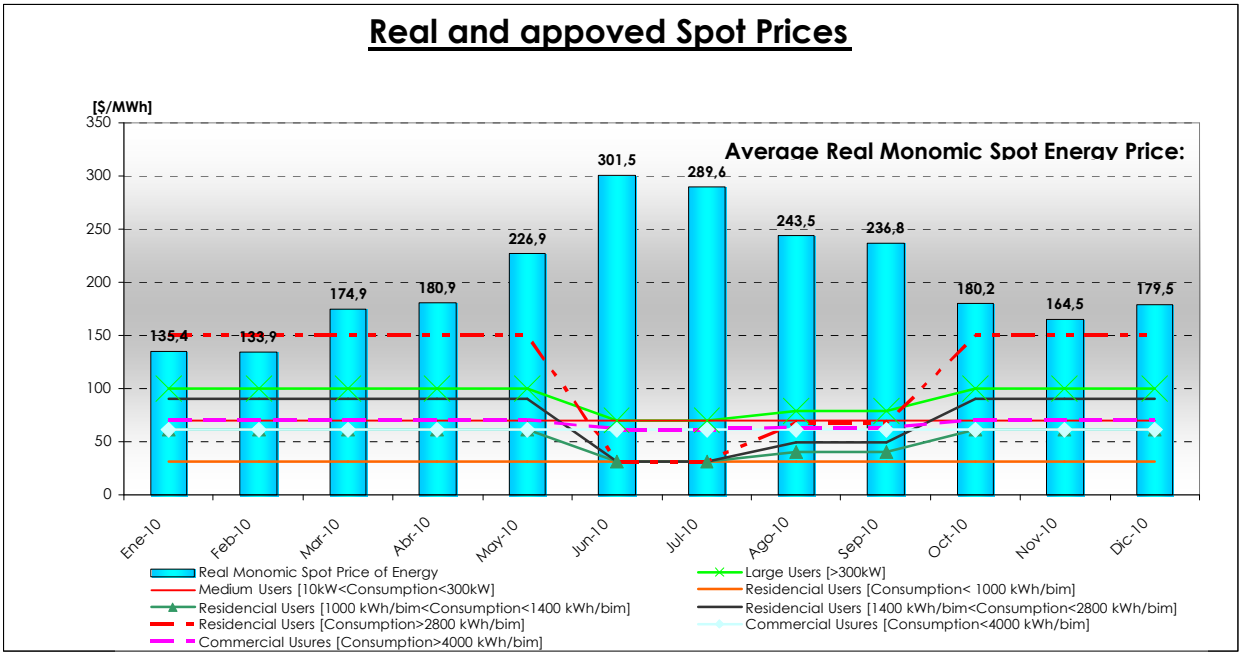
Each distribution company operates under a concession agreement granted by the federal or a provincial government, as the case may be, that establishes, among other things, its concession area, the quality of service it is required to provide, the tariffs which it is permitted to charge and its obligation to satisfy demand. The ENRE or the provisional regulator, as the case may be, monitors compliance by the distribution companies subject to the Electricity Law with the provisions of their respective concession agreements and with the Electricity Law or provincial laws, as the case may be, and provides a mechanism for public hearings at which complaints against distribution companies can be heard and resolved.

Distributors' tariffs provide for costs associated with operation and maintenance of networks and costs of energy purchased on the market and a return on their asset bases.

The ENRE or a provincial regulator is responsible for fixing tariff schedules for distributors, including the value added for distribution, which represents costs of operations, investment in the networks and a return on the distributor's asset base, while the Secretariat of Energy is charged with establishing the price of energy distributors may charge to end-users.

The actual price paid by distributors for the purchase of electricity must be established by the Secretariat of Energy in a biannual, forward-looking system calculated as a function of projections of supply and demand of electricity made by CAMMESA. However, these values were fixed by Secretariat of Energy Resolutions Nos. 1169/08, 652/09 and 347/10 and broken up by categories of consumption, and has remained the same since 2008.

The chart below shows the evolution of the actual and approved spot price calculated by CAMMESA for 2010 that is paid by end-users:



The difference between the seasonal price of energy charged to end-users and the spot price applied to generators by the Stabilization Fund administered by CAMMESA is currently absorbed by the Government through subsidies.

Stabilization Fund: Post-Crisis Regulations and Legislation

The Stabilization Fund was formed in order to absorb the difference between purchases made by distributors at seasonal prices and payments to generators for energy sales at spot prices. When the spot price is lower than the seasonal price, the Stabilization Fund grows, whereas when the seasonal price is lower than the spot price, the Stabilization Fund gets smaller. The outstanding payment balance of the fund at any time reflects the accumulated differentiation between the seasonal price and the price of energy per hour on the spot market. The Stabilization Fund must maintain a minimum amount in order to cover payments made by generators when the spot market prices during a particular quarter are higher than the seasonal price.

As mentioned above, the Government has implemented some important changes to the WEM's regulatory framework. The purpose of these changes is in order to implement price controls on the spot market while maximizing the capacity to supply energy in order to satisfy increasing demand, in a special situation of insufficient natural gas to supply domestic demand.

To this end, the Secretariat of Energy issued Resolution No. 240/2003, which establishes criteria that are used to fix the spot price on the WEM paid to electricity generation companies, without modifying seasonal prices paid by end-users. As an example, among the results of Resolution No. 240/2003 are the following:

- the denomination in pesos of the spot price paid by generation companies;
- the implementation of price ceilings on the spot market paid to generation companies, at Ps.120 per Mwh; and
- the failure to update tariffs for the public service of distribution of electricity, which results in lower seasonal prices as compared to the price on the electricity spot market.

In connection with this, the Stabilization Fund was negatively affected by modifications to the seasonal price and spot price introduced by the Emergency Law and Resolution No. 240/2003, which created substantial deficits. As of December 31, 2010, the Stabilization Fund deficit was approximately Ps.37 billion. This deficit was financed by the Government through loans to CAMMESA, but continues to be insufficient to cover the differences between the spot price and seasonal price.

As mentioned above, the difference between the seasonal price charged to end-users and the spot price charged to generation companies is absorbed by the Government through subsidies to the Stabilization Fund. As a result of the deficit in the Stabilization Fund, the Government, through Secretariat of Energy Resolution No. 406/2003, established an order of priority of payment in order for CAMMESA to distribute funds charged for the electricity sales to end-users.

The order of priority of payment established by Resolution No. 406/2003 pays first to certain WEM funds created by CAMMESA, as described in such resolution. After such payments, the order of priority of payment is the following:

1. amounts corresponding to energy produced and supplied to the spot market valued at operating costs as a function of variable cost of production plus total transmission charges. We provide transmission services, and as a result have priority of payment over other services;

2. amounts corresponding to power and services provided to the WEM; and

3. amounts corresponding to credits to WEM agents (in this case, the margin between variable cost of production and the spot market) receive the remaining balance.

Large Users

The WEM classifies large users into three categories: major large users, minor large users and individual large users, each of which may freely agree upon the prices of their supply contracts with generators. Their transactions in the spot market are billed by CAMMESA.

Export and Import of Electricity

The WEM is defined as an open market having boundaries through which energy may be exchanged with countries that are interconnected by means of the NIS. Pursuant to the Electricity Law, the export and import of electricity must be approved by the Secretariat of Energy.

The Secretariat of Energy issued regulations to assure the transparency of transactions involving the import or export of electricity and minimum reciprocity standards and certain symmetry between the WEM and the electric market of the bordering country. These conditions include, among others, (a) an electricity dispatch system based on economic costs, (b) open access to remaining transmission capacity, and (c) non-discriminatory conditions for purchasers or sellers of both countries.

Independent generation agents, co-generators or traders dealing in electricity generation can be the selling party of an export agreement in the Term Market and may also conduct spot export transactions. Distribution agents, large users or electricity traders may be the purchasing party of a Term Market import agreement. Traders may conduct spot import transactions.

Import and export transactions are made through the International Interconnection Transmission System owned and operated by an international interconnection transmission company, which was granted a new concession. We do not participate in the operation of an international interconnection transmission service.

Any import or export transactions made in the Term Market require authorization from the Secretariat of Energy and CAMMESA.

Electricity Transmission

Electricity is transmitted from power generation facilities to distributors through the transmission system owned and operated by various transmission companies. Transmission companies are charged with the operation and maintenance of their networks. Transmission companies engage in high-voltage power transmission to customers via trunk lines and neither purchase nor sell power. Electricity transmission is defined as a public service and transmission companies' services are regulated by the Electricity Law, their concession agreements, and related regulations issued by the Secretariat of Energy and the ENRE. Under the regulatory plan, transmission companies must provide unrestricted access to their transmission systems.

Electricity transmission is divided into:

- the high-voltage transmission system (owned and operated by Transener) consisting of high-voltage facilities of 500kV linking regions around the country;

- the trunk link distribution transmission system, which operates high-voltage transmission lines within a region (including the regional system owned and operated by Transba in the Province of Buenos Aires); and

- the international interconnection transmission system, which transmits electricity outside the NIF to other countries.

Transmission companies and any company holding any controlling interest in a transmission company are prohibited from selling or buying electricity. Similarly, electricity generators, distributors and large users are prohibited from, directly or indirectly, holding a controlling interest in transmission companies.

Additionally, any merger or acquisition by a transmission or distribution company of shares in another transmission or distribution company operating in Argentina requires ENRE approval. The approval process requires public hearings and the approval will be granted only if the proposed merger or acquisition of shares does not conflict with the Electricity Law and the public interest and relevant services are not affected.

Tariffs

The Electricity Law requires that tariffs be fair and reasonable to allow for the recovery of reasonable operating costs, taxes and asset depreciation and for the efficient operation of the transmission companies. Tariffs should also allow for a reasonable rate of return, similar to a rate obtainable by other businesses in comparable situations either locally or abroad. Moreover, pursuant to the Electricity Law, tariffs should be subject to adjustments to reflect any variation in the costs of transmission companies that are beyond their control.

Our Concession Agreement originally provided that tariff rates be calculated in US dollars and denominated in pesos upon invoicing and also provided for semiannual adjustments of tariffs pursuant to the US CPI and the US PPI. The Emergency Law converted all transmission companies' tariffs into pesos at an exchange rate of one Ps.1.00 per US$1.00. The Emergency Law also imposed upon public utility concessionaires (including us), the requirement to renegotiate existing concession agreements without discontinuing any services to customers.

In the Definitive Agreements approved by Decrees Nos. 1,462/2005 and 1,460/2005, a tariff system for the Transition Period was established, which increased Transener's tariffs by an average of 31% and Transba's tariffs by an average of 25%, with retroactive effect from June 1, 2005, consistent with the application of a tariff system under our Concession Agreements as modified by the Emergency Law and the Definitive Agreements, and rules for the implementation of the Full Tariff Review were established. After the Definitive Agreements went into effect, on July 29, 2008, the Secretariat of Energy instructed the ENRE to comply with the Definitive Agreements by providing a tariff adjustment to offset certain increased costs, which resulted in the enactment by the ENRE of Resolutions Nos. 328/08 and 327/08, adjusting our and Transba's tariffs under the Concession Agreements by 23% and 28%, respectively, as of July 1, 2008. These tariff adjustments offset Transener and Transba's increased costs only partially, as the related tariff adjustments did not account for the full amount of the CVI for such periods.

Since 2006, Transener has requested that the ENRE take the necessary actions to comply with the Definitive Agreement, noting the ENRE's noncompliance with the Definitive Agreement, the serious situation created by such noncompliance, and Transener's willingness to move forward with the process of the Full Tariff Review, which process will allow the parties to fulfill the rest of their obligations to each other, and to establish the new tariff system. Transba presented the ENRE with similar requests to those of Transener, with the necessary modifications regarding time periods and investments to be made as per its Definitive Agreement.

With Resolutions Nos. 869/08 and 870/08, the Secretariat of Energy extended the Transition Period for both Transener and Transba, respectively, until February 2009.

Transener and Transba have presented their tariff proposals as required by the Definitive Agreements and in accordance with Article 45 of the Electricity Law, requesting a public hearing and the establishment of a new tariff system.

Despite these efforts, as of the date of this offering memorandum, the ENRE has neither scheduled the public hearing nor responded to Transener and Transba's requests for the Full Tariff Review.

Additionally, in order to deal with increased labor costs resulting from the passage of Executive Branch Decree No. 392/04 and supplemental decrees, and increased costs that have occurred since 2005, Transener and Transba have credited their cost variations each quarter, and presented to the ENRE their respective claims in order to have their regulated revenue adjusted as per the terms of the Definitive Agreements.

Transener and Transba have requested without success that the ENRE take the administrative actions necessary in order to recognize in the tariff system those increased costs incurred after the Definitive Agreements went into effect, which led to the initiation of judicial claims.

UNIREN has indicated that these adjustments for increases in costs to maintain service quality were anticipated up until the Full Tariff Review took place, and the fact that this process has been delayed will neither be attributed to Transener or Transba nor affect their rights to recover the increase in costs.

Due to the delay in the implementation of the cost adjustments as set forth in the Definitive Agreements, on May 12, 2009, and pursuant to Secretariat of Energy Resolution No. 146/2002, we entered into the Initial CAMMESA Agreement with CAMMESA for up to Ps.59.7 million and Ps.30.7 million for Transener and Transba, respectively. On December 30, 2009, we and CAMMESA executed the Mutual Fund Amendment to the Initial CAMMESA Agreement, pursuant to which the available financing amount to be provided by CAMMESA was increased to up to Ps.107.7 million and Ps.42.7 million for Transener and Transba, respectively. The CAMMESA Financing provides for prepayment if during the term of the financing the ENRE increases our revenues in order to compensate us for changes in the CVI. The loan repayment has a 12-month grace period computed from the latest disbursement date thereunder. Amounts disbursed under the CAMMESA Financing are repaid in 18 equal monthly installments. As of March 31, 2011, Transener and Transba had collectively received disbursements amounting to Ps.145.6 million, which is less than the Ps.150.4 million initially requested by us. This difference was accounted for in the New CAMMESA Financing. See "Business—Our Concession Agreements—CAMMESA Financing."

On December 21, 2010, we entered into the Instrumental Agreements with the ENRE and the Secretariat of Energy in respect of the Definitive Agreements, which provide for:

- the recognition of an account receivable recorded in connection with our cost variations incurred between June 2005 and November 2010;

- the mandatory repayment of the outstanding amount of the CAMMESA Financing by offsetting such amounts against the transfer of the account receivable recorded in connection with the recognition of our cost variations (see "Business—Our Concession Agreements—CAMMESA Financing");

- a mechanism for the payment of outstanding balances;

- the recognition of an additional amount to be received from CAMMESA for capital expenditures that we are required to make in connection with investments in our transmission system in the amount of Ps.34.0 million in Transener and Ps.18.4 million in Transba;

- a procedure for the recognition and payment of cost variations incurred from December 1, 2010, to December 31, 2011, calculated biannually; and

- that we withdraw our judicial claims for delay against the ENRE requesting the recognition of the increased costs and the public hearing in order to complete the Full Tariff Review.

CAMMESA estimated that amounts owed to us due to variations in costs incurred during the period between June 2005 and November 2010, including interest, calculated as of January 17, 2011, totaled approximately Ps.294.1 million and Ps.119.1 million for Transener and Transba, respectively.

On May 2, 2011, we and CAMMESA executed the New CAMMESA Financing, which provides that, in accordance with the Instrumental Agreements, (i) all amounts received from the CAMMESA Financing by Transener and Transba as of January 17, 2011, would be canceled, (ii) new loans in the amount of Ps.289.7 million and Ps.134.1 million for Transener and Transba, respectively, would be granted and (iii) all amounts owed to us under the Instrumental Agreements would serve as a guarantee for the New CAMMESA Financing. The proceeds from the New CAMMESA Financing will be used to fund operations and maintenance and investments related to our 2011 investment plans, and will be disbursed to us in installments as funds become available to CAMMESA as instructed by the Secretariat of Energy. See "Business—Our Concession Agreements—CAMMESA Financing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting for the CAMMESA Financing and the Instrumental Agreements."

Investment—Capital Expenditures

In accordance with the Electricity Law and our Concession Agreements, we are not required as transmitters to make specific investments in system expansion. However, we are obligated to maintain our Networks in good operating condition in order to avoid penalties under our Concession Agreements.

As a result, our investments are directed principally toward:

- continuous renovation of our assets through equipment replacement or recycling;

- implementation of improved technologies throughout the Networks; and

- maintaining a fleet of vehicles and spare parts in order to be able to provide a rapid response in the case of equipment failure throughout the Networks.

Federal Plan for Electricity Transmission

The transmission system has not expanded in line with demand for energy. In order to undertake expansion projects that exceed WEM agents ' capacity, the Government has designed and created the Federal Plan.

This plan proposes a group of projects in order to expand the transmission system. To finance these projects, the Government created a trust fund, which includes:

- payments for purchasers of electricity on the WEM;

- resources from the Federal Treasury and the provinces;

- loans authorized by the Inter-American Development Bank, the Andina Growth Corporation, etc.; and

- other funding sources.

The trust fund is administered by the Fund Administration Committee (the "CAF"), which is composed of representatives of the Secretariat of Energy and the Federal Board of Electric Energy. The projects will be awarded to the bidder who receives the technical approval of CAF, the ENRE and our Company.

As of the date of this offering memorandum, the expansion projects currently under construction are:

- Interconnection NEA-NOA (completion expected by September 2011);

- Interconnection Comahue-Cuyo (completion expected by June 2011); and

- Interconnection Pico Truncado-Río Turbio-Río Gallegos (completion expected by September 2012).

In accordance with the Federal Plan, we will supervise the construction of expansion projects being completed by independent contractors and we will receive income for these services equivalent to 3% of the amount of the entire project during its construction phase.

BUSINESS

History

As part of the Government's program to privatize state-owned companies, Transener was formed by the Government on May 31, 1993, to own and operate the Transener Network. On July 17, 1993, the controlling stake in Transener was awarded to Citelec. For a description of our shareholders, see "Principal Shareholders." We own, operate and maintain the Transener Network, the leading high-voltage electricity transmission system in Argentina at the 500kV level, which accounts for approximately 90% of the high-voltage tranmission network in Argentina, under the Transener Concession Agreement dated June 30, 1993, between us and the Government, represented by the Secretariat of Energy, which granted Transener the exclusive right to provide the public service of high-voltage electricity transmission throughout the Transener Network for a period of 95 years from the Transener Transfer Date. See "—Our Concession Agreements—The Transener Concession Agreement." We assumed control of the Transener Network on the Transener Transfer Date. The Transener Network is comprised of approximately 11,400km of transmission lines and 43 substations.

On July 30, 1997, the Province of Buenos Aires privatized Transba, which was formed by the Province of Buenos Aires in March 1996 and subsequently purchased by Transener to own and operate the Transba Network. The Transba Network is one of six regional transmission networks in Argentina and consists of approximately 6,100km of transmission lines with a voltage ranging from 66kV to 220kV and 91 substations containing power transformers supplying 537 connections via trunk lines. We acquired 100% of Transba's share capital on the Transba Transfer Date, including ownership of property, plant and equipment valued for accounting purposes at Ps.230.2 million as of the Transba Transfer Date. See "—Our Concession Agreements—The Transba Concession Agreement." As of the date of this offering memorandum, we hold 90% of Transba's capital stock, with the remaining 10% transferred to an employee stock ownership plan for employees of Transba, in exchange for rights to future dividends of Transba on such shares.

Our Company

The name of our corporation is Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. It was constituted and operates under the laws of Argentina and is a corporation in the terms of Section V of the Companies Law. Its articles of incorporation were registered with the Superintendence of Corporations (*Inspección General de Justicia*, or "IGJ") on July 8, 1993, under No. 6,070, Book 113, Volume "A" of Corporations. The last modification of our articles of incorporation was approved at the extraordinary shareholders' meeting on June 25, 2008. As of the date of this offering memorandum, this modification has not been approved by the ENRE.

Our headquarters are located at Avda. Paseo Colon 728, 6th Floor, Ciudad Autónoma de Buenos Aires, (C1063ACU), Argentina, and our period of duration is 95 years from the date of our inscription in the IGJ. Our telephone number is +54 11 5167 9200, our fax number is +54 11 5167 9269, our email address is info@transx.com.ar and our website is located at www.transener.com.ar.

Overview

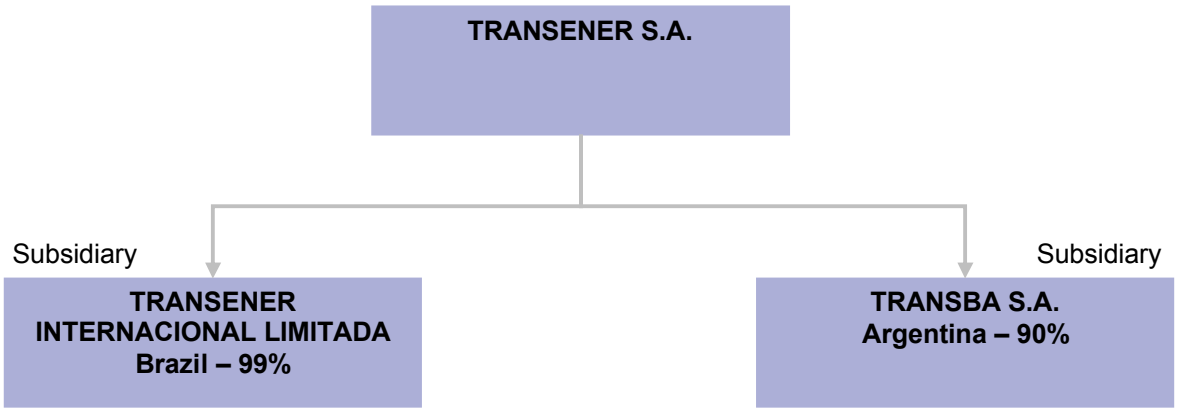
Our electricity transmission system consists of the two principal transmission networks in Argentina, (i) the Transener Network, and (ii) the Transba Network, which we operate pursuant to our Concession Agreements. See "—Our Transmission System." Our principal sources of revenue are regulated revenues we receive in consideration for the availability of our transmission assets to the NIS and for connection and other services provided with our transmission assets and equipment. We also derive additional non-regulated and other revenue from, among other things, the construction, operation and maintenance of certain assets connected to the Networks, including the Fourth Line (approximately 1,300km of 500kV lines, approximately 2,550 high-voltage towers and the expansion of the Piedra del Águila, Choele Choel, Bahía Blanca, Olavarría and Abasto substations) and from construction and consulting services provided to third parties.

We own, operate and maintain the Transener Network under the Transener Concession Agreement, which grants Transener the exclusive right to provide the public service of high-voltage (500kV) electricity transmission throughout the Transener Network for a period of 95 years from the Transener Transfer Date. See "—Our Concession Agreements—The Transener Concession Agreement." Certain small portions of the Transener Network operate at voltages other than 500kV. We also own, operate and maintain the Transba Network under the Transba Concession Agreement which grants us the exclusive right to provide the public service of electricity transmission in the Province of Buenos Aires (66kV to 220kV) via trunk lines throughout the Transba Network for a period of 95 years from the Transba Transfer Date. See "—Our Concession Agreements—The Transba Concession Agreement."

Under the Transener Concession Agreement and the Transba Concession Agreement, we receive tariffs earned from operating and maintaining the networks. The revenue we receive is reviewed by the ENRE in accordance with the Concession Agreements and the Electricity Law and is subject to deductions for penalties for the non-availability of network equipment calculated pursuant to a formula set forth in the Concession Agreements and applicable regulations.

Our consolidated net revenues were Ps.155.2 million and Ps.140.6 million for the three-month periods ended March 31, 2011 and 2010, respectively, and Ps.583.8 million, Ps.582.5 million and Ps.457.0 million for the years ended December 31, 2010, 2009 and 2008, respectively. Our consolidated total assets were Ps.1,943.2 million as of March 31, 2011, and Ps.1,966.8 million as of December 31, 2010. Transba's regulated revenue represented 29.4% and 29.2% of our consolidated regulated revenue during the three-month periods ended March 31, 2011 and 2010, respectively, and 29.1%, 29.0% and 29.1% of our consolidated regulated revenue for the years ended December 31, 2010, 2009 and 2008, respectively. Transba's assets accounted for 25.1% of our consolidated total assets as of March 31, 2011, and 25.2% as of December 31, 2010.

As of the date of this offering memorandum, the following chart depicts the organizational structure through which we conduct our operations. This chart reflects only those subsidiaries through which we currently conduct operations.



Non-Consolidated Subsidiaries

As of the date of this offering memorandum, we also conduct operations in Brazil through our subsidiary Transener Brazil. Due to the uncertainty in respect of our ability to fully recover our investment in Transener Brazil, the book value of our investment in Transener Brazil, which represented less than 1% of our total assets, has been impaired. As a result and pursuant to Argentine GAAP, the financial statements of Transener Brazil as of and for the three months ended March 31, 2011, and as of and for the year ended December 31, 2010, have not been consolidated in our consolidated financial statements for such periods. The financial statements of Transener Brazil as of and for the three-month period ended March 31, 2010, have been consolidated in our consolidated financial statements for such period. The financial statements of Transener Brazil as of and for the years ended December 31, 2009 and 2008 have been consolidated in our consolidated financial statements for such years. As a result, our consolidated financial statements for the year ended December 31, 2010, and the three-month period ended March

31, 2011, are not fully comparable with our consolidated financial statements for the years ended December 31, 2009 and 2008, and the three-month period ended March 31, 2010, respectively.

Regulatory Environment

Our activities are regulated by our Concession Agreements, which establish, among other things, the tariff revenue to be paid to us for making our transmission assets available to the NIS. Our Net Regulated Revenue initially had three main components: (i) electricity transmission revenue, (ii) transmission capacity revenue and (iii) connection revenue. Originally, pursuant to our Concession Agreements, our revenues were calculated in US dollars and converted into pesos based on the exchange rate applicable at the time of invoicing. The Concession Agreements provided for a biannual adjustment based on a formula linked to the US CPI and the US PPI. The Concession Agreements also provided for electricity transmission revenue to be revised every five years by the ENRE at the end of each Tariff Period and for the revenue payable to us for capacity and connection to be revised by the ENRE at the end of each Transener Management Period and Transba Management Period, as applicable, under our Concession Agreement. However, on January 6, 2002, the Argentine congress enacted the Emergency Law, which declared an economic, social, administrative, financial and foreign currency exchange emergency. Pursuant to the Emergency Law, all prices and tariffs under public works and public service concession agreements (including ours) were converted into pesos at a rate of Ps.1.00 per US$1.00 and adjustments to the US CPI and the US PPI provided for under the terms of the Concession Agreements were disallowed. The Emergency Law has been extended until December 31, 2011. Transener completed its first tariff review process in 1998, but a further consequence of the Emergency Law was the elimination of Transener's second and Transba's first tariff review due to the fact that the tariffs became subject to the renegotiation process under the Emergency Law. See "—Our Concession Agreements—Emergency Law and Renegotiation of Concession Agreements," "—Legal Proceedings—Other Claims" and "Risk Factors—Risks Relating to Us."

Concession Agreements and Full Tariff Review

The Emergency Law required us to renegotiate our Concession Agreements with UNIREN, an entity created by the Emergency Law for this purpose. On February 2, 2005, each of Transener and Transba signed a letter of understanding with UNIREN with respect to the renegotiation of its respective Concession Agreement (respectively, the "Transener LOU" and the "Transba LOU"). As a result of the renegotiation processes with UNIREN, on May 17, 2005, each of Transener and Transba entered into its respective Definitive Agreement with UNIREN. Each of the Definitive Agreements was ratified on November 28, 2005, by the Executive Branch pursuant to Decrees Nos. 1,460/2005 and 1,462/2005, respectively, which were published in the Official Gazette on December 2, 2005. The Definitive Agreements provided Transition Period Rules applicable to each of Transener and Transba, as applicable, which, among other things, (i) raised Transener's and Transba's tariffs by an average of 31% and 25%, respectively, (ii) requires the ENRE to calculate the CVI; (iii) provides that each of Transener and Transba shall receive compensation for the operation and maintenance of reactive power and other equipment; (iv) allows Transener and Transba to apply any quality of service penalties under the Concession Agreements that may be payable by each of them to investments included in the Full Tariff Review provided that certain minimum quality of service thresholds are met; (v) required that Transener make certain investments of Ps.32.0 million within one year of entering into the Transener Definitive Agreement and that Transba make certain investments of Ps.6.0 million in 2005-2006; (vi) increases by 50% the rewards for service quality Transener may receive; (vii) imposes certain regulations related to expansion; and (viii) imposes certain limitations on the payment of dividends. Pursuant to the Definitive Agreements, the Transition Period Rules apply retroactively as of June 1, 2005, and until completion of the Full Tariff Review, which was expected in February 2006, and which Transition Period was subsequently extended to February 2009 for each of Transener and Transba, pursuant to Secretariat of Energy Resolution Nos. 869/2008 and 870/08. In addition, the Definitive Agreements establish rules for the implementation of the Full Tariff Review to be conducted by the ENRE in accordance with Chapter X (Tariffs) of the Electricity Law of each of Transener and Transba, as applicable. As of the date of this offering memorandum, no administrative action has been taken to schedule the Full Tariff Review, or to address the tariff proposals we have submitted at the ENRE's request.

Due to the postponement of the Full Tariff Review by the ENRE, in May 2006 the ENRE issued Resolutions Nos. 423 and 424/2006, which extended the application of the charges for connection, transmission capacity and electricity transmission that had been established by Resolutions Nos. 908 and 909/2005 beginning

February 1, 2006, and May 1, 2006, for us and Transba, respectively, until the conclusion of the Full Tariff Review. See "—Full Tariff Review," "—Renegotiation of the Transener Concession Agreement," and "—Renegotiation of the Transba Concession Agreement."

After the Definitive Agreements went into effect, on July 29, 2008, the Secretariat of Energy instructed the ENRE to comply with the Definitive Agreements by providing a tariff adjustment to offset certain increased costs, which resulted in the enactment by the ENRE of Resolutions Nos. 328/08 and 327/08, adjusting our and Transba's tariffs under the Concession Agreements by 23% and 28%, respectively, as of July 1, 2008. These tariff adjustments offset Transener and Transba's increased costs only partially, as the related tariff adjustments did not account for the full amount of the CVI for such periods.

CAMMESA Financing Agreements and the Instrumental Agreements

Due to the delay in the implementation of the cost adjustments as set forth in the Definitive Agreements, on May 12, 2009, and pursuant to Secretariat of Energy Resolution No. 146/2002, we entered into the Initial CAMMESA Agreement with CAMMESA for up to Ps.59.7 million and Ps.30.7 million for Transener and Transba, respectively. On December 30, 2009, we and CAMMESA executed the Mutual Fund Amendment to the Initial CAMMESA Agreement, pursuant to which the available financing amount to be provided by CAMMESA was increased to up to Ps.107.7 million and Ps.42.7 million for Transener and Transba, respectively. The CAMMESA Financing provides for prepayment if during the term of the financing the ENRE increases our revenues in order to compensate us for changes in the CVI. The loan repayment has a 12-month grace period computed from the latest disbursement date thereunder. Amounts disbursed under the CAMMESA Financing are repaid in 18 equal monthly installments. As of March 31, 2011, Transener and Transba had collectively received disbursements amounting to Ps.145.6 million, which is less than the Ps.150.4 million initially requested by us. This difference was accounted for in the New CAMMESA Financing. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting for the CAMMESA Financing and the Instrumental Agreements."

On October 16, 2009, we filed a judicial claim in federal court requesting that the ENRE explain the causes of the delay in conducting the Full Tariff Review and set a date by which to establish the new tariff system. On April 27, 2010, a judgment was issued by a federal court requiring the ENRE to respond to our requests. The ENRE appealed the judgment.

On December 21, 2010, while an appeal by ENRE was pending, Transener and Transba separately entered into the Instrumental Agreements in respect of the Definitive Agreements with the ENRE and the Secretariat of Energy. The Instrumental Agreements provide for (i) the recognition of an account receivable recovered in connection with for our cost variations incurred between June 2005 and November 2010, (ii) the mandatory repayment of the outstanding amount of the CAMMESA Financing by offsetting such amounts against the transfer of the account receivable recorded in connection with the recognition of our cost variations (see "Business—Our Concession Agreements—CAMMESA Financing"), (iii) a mechanism for the payment of outstanding balances, (iv) the recognition of an additional amount to be received from CAMMESA for capital expenditures that we are required to make in connection with investments in our transmission system in the amount of Ps.34.0 million for Transener and Ps.18.4 million for Transba, (v) a procedure for the recognition and payment of cost variations incurred from December 1, 2010, to December 31, 2011, calculated biannually and (vi) that we withdraw our judicial claims for delay against the ENRE requesting the recognition of the increased costs and the public hearing in order to complete the Full Tariff Review.

CAMMESA estimated that amounts owed to us due to variations in costs incurred during the period between June 2005 and November 2010, including interest, calculated as of January 17, 2011, totaled approximately Ps.294.1 million and Ps.119.1 million for Transener and Transba, respectively.

On May 2, 2011, we and CAMMESA executed the New CAMMESA Financing, which provides that, in accordance with the Instrumental Agreements, (i) all amounts received from the CAMMESA Financing by Transener and Transba as of January 17, 2011, would be canceled, (ii) new loans in the amount of Ps.289.7 million and Ps.134.1 million for Transener and Transba, respectively, would be granted and (iii) all amounts owed to us under the Instrumental Agreements would serve as a guarantee for the New CAMMESA Financing. The proceeds from the New CAMMESA Financing will be used to fund operations and maintenance and investments related to

our 2011 investment plans, and will be disbursed to us in installments as funds become available to CAMMESA as instructed by the Secretariat of Energy. See "—Our Concession Agreements—CAMMESA Financing" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting for the CAMMESA Financing and the Instrumental Agreements."

Our Strategy

Our strategy is to continue to deliver value to our shareholders by efficiently operating our Networks and gradually improving our profitability.

- *Maintain the sound financial condition of the Company in the face of an uncertain regulatory environment.* We continue our efforts to maintain the sound financial condition of the Company and improve the regulatory environment in Argentina, including our efforts to preserve our Concession Agreements and our involvement in the negotiation of the new tariff scheme in order to permit us to achieve greater profitability and to regain the ability to make predictable estimates of our future costs and revenues. Although the Full Tariff Review has been delayed since 2006, we remain fully committed to working with the Government to negotiate a new tariff system that will enable us to regain our ability to achieve an adequate return on our invested capital.

- *Achieve greater efficiency in the operation of the Networks*. With the benefit of our highly experienced management team, which has a strong track record of operational success, we plan to achieve greater efficiency principally by reducing operating costs, including failure-related costs, and to increase productivity. We reduced the level of failures from 1.48 faults per 100km of line/year at the beginning of the term of the Transener Concession Agreement in 1993 to 0.24 faults for the 12-month period ended March 31, 2011. We reduced the level of failures from 3.66 faults per 100km of line/year at the beginning of the term of the Transba Concession Agreement in 1997 to 1.20 faults for the 12-month period ended March 31, 2011. Our cost reduction efforts have included, among other things, initiatives to improve our processes, the development of systems designed to predict possible faults and the constant introduction of new technologies. Although Transener and Transba are separate entities, we continue to seek to create synergies between our two companies to achieve greater efficiency and profitability.

- *Pursue growth opportunities in the electricity industry in Argentina.* In Argentina, we intend to continue pursuing opportunities to engage in non-regulated business through our participation in the expansion of the NIS. We are the largest electricity transmission company in Argentina based on approximately 17,491km of transmission lines with a voltage ranging from 66kV to 500kV, according to data compiled by CAMMESA in June 2011, which accounts for approximately 90% of the high-voltage tranmission network in Argentina. Our NIS-related operations include services for contractors of new lines and generation, the supervision, operation and maintenance of lines owned by others and the provision of engineering services. Currently, approximately 2,350km of new 500kV lines are under construction, and an additional 2,670km of 500kV lines are expected to be under construction over the next two years. These expansions are expected to substantially increase the size of the network under our operation and maintenance.

Our Transmission System

System Components

Our Networks include the Transener Network and the Transba Network. As of December 31, 2010, the Transener Network spanned 18 provinces of Argentina and consisted of approximately 10,036km of 500kV transmission lines and 568km of 220kV transmission lines, including the Fourth Line, which are supported by approximately 23,000 transmission towers. The transmission towers in the northern region of the Transener Network are predominantly self-supported steel structures and those in the southern region are guided steel towers.

Note: Includes Fourth Line Project

Other major components of the Transener Network include 38 substations, which contain transformers, circuit-breakers and associated switching equipment. These substations connect the different parts of the Transener Network and provide the entry and exit points at which generators, subtransmitters, independent transmission companies, distributors and large users are connected to the Transener Network. We also operate and maintain third party network components through our non-regulated business, as detailed in the following chart:

	Our Network Components	Third-Party Network Components
500 kV Lines	10,036	579
220 KV Lines	568	210
Substations	38	5
Transformers [MVA]	12,800	1,550
Reactors [MVAr]	9.910	320
Series Capacitors [units]	12	0
Shunt Capacitors [MVAr]	345	0
Synchronic Compensators [MVAr]	1,470	0
Systems DAG-DAD	4	0

The Transba Network, which extends throughout the Province of Buenos Aires, uses the following equipment:

Equipment	Quantity
◆ 220, 132 and 66kV Transmission Lines (in km)	6,110
◆ Substations	91
◆ Transformers (MVA)	5,277
◆ Connections	561

The Transba Network is connected to the Transener Network at the 500kV Bahía Blanca, Olavarría and Campana substations as well as at the 220kV Henderson substation.

The Transener Network has a control center in the city of Perez (Province of Santa Fe). This control center was built in 1994 and it was linked in 1999 to an older control center located in the city of Marcos Paz (Province of Buenos Aires). The control center in Perez included the installation of a new unified control system including a Supervisory Control and Data Acquisition ("SCADA") system equipped with remote terminal units at each substation in the Transener Network. The Transener Network has four regional maintenance centers located in the cities of Colonia Valentina (Province of Neuquén), Marcos Paz, Almafuerte (Province of Córdoba), and Perez. The Transener Network also has a back-up control center.

The Transba Network has a control center in the city of Marcos Paz. This control center was built in 1999 and included the installation of a new unified control system including a SCADA system equipped with remote terminal units at each substation in the Transba Network. The Transba Network has three regional maintenance centers located in the cities of Bahía Blanca, Necochea, and San Nicolás.

The control center of the Transener Network can serve as a back-up control center for the Transba Network in the event that the Transba Network control center is unavailable for any reason. In the same way, the Transba Network control center can serve as a back-up control center for the Transener Network in the event that the Transener Network is unavailable for any reason.

In recent years, the condition of the Argentine electricity market has provided little incentive to generator and transmission companies to further invest in increasing capacity, which would require material long-term

financial commitments. As a result of this, as well as the increase in equipment and materials costs, we have not been able to complete certain planned capital expenditure investments and have delayed expansions of the NIS. As a result of such factors, as well as a result of the significant growth in the demand for electricity over the last two decades, the additional intensive utilization of the NIS, the delay in necessary expansions of the NIS by users and the lack of alternative transmission circuits, the NIS currently operates at its full capacity, a condition which causes faster deterioration of the Networks and their related assets. Furthermore, because the NIS is operating at its full capacity, it is more difficult to schedule required maintenance without disrupting service. As a result, CAMMESA has postponed program maintenance requests, again increasing the risk of an unplanned outage, which would result in penalties to us. See "Risk Factors—Risks Relating to Our Industry—The economic crisis in Argentina and our poor financial condition have caused the deferral of routine maintenance programs and certain necessary capital expenditures."

Private investment in the NIS has been limited to development of existing capacity, which entails the development of complex systems of protections and controls involving heavier use of the system (for example, automatic disconnection systems). Although we have taken the initiative to request various capacity expansions from the ENRE for the most critical points of the NIS, such as the installation of new 500/132kV transformers in the Ramallo, Rosario Oeste, Almafuerte and Campana substations, which new transformers are now in service, we cannot guarantee that the agents of the WEM will continue to undertake the various capacity expansion projects that the system requires. See "Risk Factors—Risks Relating to Our Industry—The Government has intervened in the electricity transmission industry in the past, and is likely to continue intervening."

The Secretariat of Energy's federal plan, through which it has proposed a collection of projects to expand the transport system, has received the necessary funding for its completion, and the following projects are currently underway: the NEA-NOA connection (1,200km and five substations), the Comahue-Cuyo connection (700km and one substation) and the Pico Truncado—Río Turbio—Río Gallegos connection (560km and two substations). Once these connections are completed, they will mitigate the radial condition of the system. See "Risk Factors—Risks Relating to Us—Our transmission capacity may be disrupted, which could result in material penalties being imposed on us."

System Configuration

Argentina's transmission system has evolved in a radial pattern which, unlike a fully integrated transmission grid system, connects areas of generation to areas of demand by a single transmission line or, in some cases, two or more parallel transmission lines. In a fully integrated grid system, there are multiple connections that provide a number of alternative routes through which electricity can be transmitted. Security and stability, two principal operating concerns for every transmission system, are particularly problematic for radial systems because the outage of any line may totally disconnect entire sections of the system. System instability occurs when instantaneous demand (or load) is greater than the available generating capacity. Corrective measures must be triggered by protective devices to reduce the load, thus restoring the balance. In addition, the outage of a line may isolate an area with large amounts of generation and not enough load. In these situations, protective devices must act to restore the generation-load balance, by automatically cutting off generation. Both fully integrated and radial systems may experience problems when the capacity of a line is insufficient to carry the necessary load. The capacity of a line is limited by its thermal rating and, if this is exceeded, generation or load, or both, may have to be reduced. We are not responsible, except in circumstances of a system emergency which arises when the generation-load balance is seriously disrupted, for controlling the supply of electricity generated by power stations into the NIS. Problems associated with capacity can be reduced by constructing additional transmission lines to transmit greater amounts of electricity.

Our operations are currently organized in three operating regions: North, South and Metropolitan, with headquarters located in the Provinces of Santa Fe, Neuquén and Buenos Aires, respectively. The difference in location of the majority of the electricity generation centers as compared to the largest electricity consumption areas in Argentina presents natural difficulties in maintaining the reliability of electricity supply throughout the country. As of March 31, 2011, Argentina had approximately 28,695MW of generation throughout the country. Approximately 38% consists of hydroelectric facilities located principally in the southwest and northeast areas of the Transener Network, 58% consists of steam and gas turbines and combined cycle, and the remaining 4% is from two nuclear power plants in Embalse Río Tercero and Atucha. The primary load consumption, or demand in the

country, is the greater Buenos Aires area, located in the eastern section of the NIS, which accounts for 50% of maximum capacity.

As a result, the Transener Network has four major 500kV lines connecting the southwest to the greater Buenos Aires area. These four lines run parallel to each other, with no more than 200km separating them at any point. This configuration increases the risk of a major event, such as a tornado, affecting all four lines at the same time, thus reducing the supply available to the greater Buenos Aires area and increasing the probability that we will have to pay penalties. The major threat to system availability is tornadoes. Additional threats to system availability arise as a result of (i) attacks on the system by third parties and (ii) fires under the pathway of the lines, especially fires set to burn sugar cane fields in the northwest area of the Transener Network. We are working to limit the risk from fire by enforcing our right-of-way clearance agreements and requiring the other parties to keep the applicable areas clear of foliage and other flammable material. See "Risk Factors—Risks Relating to Us."

Physical Assets

Under the Concession Agreements we became the owners of a large number of separate properties, including land and buildings associated with the substations, transformers, and other installations previously owned by the predecessor owners of Transener and Transba. We are in the process of finalizing certain formalities to legally perfect the transfer of these properties to us. Since the Transener and Transba Transfer Dates, we have completed the legal transfer of and have registered title to the great majority of these properties as of March 31, 2011. We are taking steps to establish and/or record legal title to the remaining properties. See "—Property, Plant and Equipment" and "Risk Factors—Risks Relating to Us—Our rights of way and real property rights may be challenged."

Our Concession Agreements

The Transener Concession Agreement

The Transener Concession Agreement was entered into by Transener and the Secretariat of Energy (on behalf of the Executive Branch) on June 30, 1993, and grants us the exclusive right (subject to certain limitations as described below) to provide the public service of high-voltage electricity transmission throughout the Transener Network until July 17, 2088. An extension, at no cost, of the Transener Concession Agreement for up to 10 years may be granted by the Government if requested by us, at least 18 months before the end of the concession. If such extension is granted, the Government may terminate the exclusivity of the concession.

Under the Transener Concession Agreement, we have certain obligations relating to, among other things, transmitting high-voltage electricity in compliance with certain quality standards, providing access to existing transmission capacity in the Transener Network to WEM agents, complying with social security and environmental regulations and operating and maintaining the transmission system in compliance with required quality standards. In addition, the Transener Concession Agreement requires us to monitor expansions of the Transener Network, inform CAMMESA of any new connections to the Transener Network, provide CAMMESA with information required for the administration of the WEM and process any request for expansion to the Transener Network.

The 95-year term of the Transener Concession Agreement is divided into nine Transener Management Periods. The first Transener Management Period, which began in 1993, has a 15-year term and each subsequent Transener Management Period lasts 10 years. At least six months prior to the commencement of each 10-year Transener Management Period, the ENRE is required to call for bids for the purchase of the Transener Controlling Stake. The then current owner(s) of the Transener Controlling Stake may submit, in a sealed envelope, their valuation of the Transener Controlling Stake and, if their valuation is greater than or equal to the amount of the highest bid submitted by other parties, the owner(s) will retain ownership of the Transener Controlling Stake without any payment being made to the Government. Consequently, if the owner(s) of the Transener Controlling Stake wish to retain control of us at the end of a Transener Management Period, they may submit, or bid, an amount which will ensure their continued control without incurring any additional cost as a result of such bid. In the event another bid exceeds that of the then current owners, the party submitting such bid would receive the Transener Controlling Stake in consideration for the amount of the bid which would be paid to the then current owner(s) of the Transener Controlling Stake. Our rights and obligations under the Concession Agreements will not be affected by any change

in the ownership of the Transener Controlling Stake. As of the date of this offering memorandum, the Transener Concession Agreement is in its second Transener Management Period, which is scheduled to end in July 2018, although we have requested that the ENRE extend the first Transener Management Period for five years after the completion of the Full Tariff Review in accordance with the Transener Definitive Agreement. See "Risk Factors—Risks Relating to Us—Under the occurrence of certain circumstances, the Government could enforce the Transener Pledge and the Transba Pledge."

The transmission service provided by Transener is granted on an exclusive basis because it is considered a natural monopoly. Should technological innovations make the provision of such service under competitive conditions practicable, under the Transener Concession Agreement the Government reserves the right to terminate the exclusivity of the Transener Concession Agreement. See "Risk Factors—Risks Relating to Our Industry—Our exclusive right to transmit electricity may be adversely affected by technological and other changes in the energy transmission industry." This right may only be exercised at the beginning of each Transener Management Period provided notice of such exercise is given to the holder of the Transener Controlling Stake at least six months prior to the commencement of the following Transener Management Period.

The Transener Concession Agreement may only be terminated by the Government if Transener becomes bankrupt or by Transener if the Government breaches the Transener Concession Agreement. See "Risk Factors—Risks Relating to Us." In addition, the Transener Concession Agreement provides for the Transener Pledge in favor of the Government of all our Class A shares which constitute the Transener Controlling Stake. Upon the occurrence of certain events of default specified in the Transener Concession Agreement (including, among others, if (i) penalties in any 12-month period exceed 15% of our total regulated revenue during such 12-month period, (ii) a transmission line or connection equipment is out of service for more than 30 days, (iii) the Transener Network has on average, more than 2.5 forced outages per 100km over a 12-month period or (iv) a transformer is out of service for more than 30 days) the Government may enforce the Transener Pledge on our Class A shares, and sell the Transener Controlling Stake in a public bidding in which the holders of the Transener Controlling Stake will not be allowed to participate. The Government may retain the Transener Controlling Stake for itself. However, the enforcement of the Transener Pledge does not cause the termination of the Transener Concession Agreement. See "Risk Factors—Risks Relating to Us—Under the occurrence of certain circumstances, the Government could enforce the Transener Pledge and the Transba Pledge."

The Transba Concession Agreement

The Transba Concession Agreement, which is similar in form and substance to the Transener Concession Agreement, was signed by Transba and the Secretariat of Energy (on behalf of the Executive Branch) on July 31, 1997, and gives Transba an exclusive right to provide the public service of electricity transmission throughout the Transba Network until August 1, 2092. An extension, at no cost, of the Transba Concession Agreement for up to 10 years may be granted by the Government if requested by us at least 18 months before the end of the concession period. If such extension is granted, the Government may terminate the exclusivity of the concession.

Under the Transba Concession Agreement, we have certain obligations relating to, among other things, the transmission of electricity via trunk lines in compliance with certain quality standards, the provision of access to existing transmission capacity in the Transba Network to WEM agents and the maintenance of the Transba Network to ensure continued provision of the services. In addition, the Transba Concession Agreement requires us to monitor connections to the Transba Network, inform CAMMESA of any new connections to the Transba Network, provide CAMMESA with information required for the administration of the WEM and process any request for expansion in the transmission capacity of the Transba Network.

The Transba Concession Agreement is also similar in other material respects to the Transener Concession Agreement and provides for, among other things, nine Transba Management Periods of 10 years each (or, in the case of the first such management period, 15 years) commencing on the date of the Transba Concession Agreement, a bid procedure with respect to the controlling stake in Transba and termination provisions similar to those included in the Transener Concession Agreement. In addition, the Transba Concession Agreement also provides for the Transba Pledge in favor of the Government of all of Transba Class A shares which are held by us, which constitute the controlling stake in Transba. Upon the occurrence of certain events of default, specified in the Transba Concession Agreement (including, among others, if (i) penalties in any 12-month period exceed 15% of Transba's total

revenues, (ii) a transmission line or connection equipment is out of service for more than 30 days, (iii) the Transba Network has on average, more than 7 forced outages per 100km over a 12-month period or (iv) a transformer is out of service for more than 45 days) the Government may enforce the Transba Pledge on the Class A shares of Transba which are held by us, and sell such shares in a public bidding, in which case we would lose our controlling stake of Transba. The Government may retain the shares for itself. See "Risk Factors—Risks Relating to Us—Under the occurrence of certain circumstances, the Government could enforce the Transener Pledge and the Transba Pledge."

Emergency Law and Renegotiation of Concession Agreements

The following description relates to the various aspects of our regulated revenue prior to the enactment of the Emergency Law. The Concession Agreements were materially changed by the Emergency Law. The Emergency Law declared a social, economic, administrative and financial emergency and converted to pesos all prices and tariffs under public works and public service concession agreements (including ours) at the exchange rate of Ps.1.00 per US$1.00, and announced the prohibition of adjustment or indexation of such prices and tariffs as originally enacted by the Convertibility Law. The Emergency Law has been extended until December 31, 2011. The Emergency Law has had a material and adverse effect on many aspects of the regulatory system that were established to ensure that we receive an amount of regulated revenue that is fair and reasonable and sufficient to cover our operational costs, taxes and depreciation and provide us with a reasonable rate of return. We have renegotiated the Concession Agreements as described below.

According to our Concession Agreements, our revenues were originally calculated in dollars and converted to pesos at the applicable exchange rate at the time of invoicing. The Concession Agreements provided for a biannual adjustment based on a formula related to the US CPI and the US PPI. The Concession Agreements also provided for electricity transmission revenue to be revised every five years by the ENRE and for the revenue payable to us for capacity and connection to be revised by the ENRE at the end of each Transener Management Period and Transba Management Period.

However, the Emergency Law converted our revenues into pesos at a rate of Ps.1.00 per US$1.00 and adjustments to the US CPI and the US PPI provided for under the terms of the Concession Agreements were disallowed.

The Emergency Law authorized the Government to renegotiate all concession agreements for public works and services (including ours), with the renegotiation process to account for:

- the impact of tariffs on economic competition and the distribution of revenues;
- the quality of service and our investment plans, as applicable;
- the impact on end-users and access to services;
- system security; and
- the profitability of the business.

Transener completed its first tariff review process in 1998, but a further consequence of the Emergency Law was the elimination of Transener's second and Transba's first tariff review due to the fact that the tariffs became subject to the renegotiation process under the Emergency Law. See "—Legal Proceedings—Other Claims" and "Risk Factors—Risks Relating to Us."

On July 4, 2003, UNIREN was created by Decree No. 311/03 of the Executive Branch. The main purpose of UNIREN is to provide advice and assistance to the Executive Branch in the concession agreement renegotiation process and to execute comprehensive or partial agreements with the concessionaires. UNIREN is the successor to the Committee for the Renegotiation of Public Works and Public Service Agreements and is overseen by the Ministries of Economy and Federal Planning of Public Investments and Services.

Renegotiation of the Transener Concession Agreement

On February 2, 2005, Transener signed the Transener LOU with UNIREN with respect to the renegotiation of the Transener Concession Agreement. In order to comply with a condition precedent of the Transener LOU, on February 10, 2005, we presented to UNIREN a resolution approved by two-thirds of our shareholders waiving any current claims we had at the time related to the Emergency Law.

As a result of this renegotiation, Transener and UNIREN entered into the Transener Definitive Agreement on May 17, 2005, which was ratified on November 28, 2005, by the Executive Branch pursuant to Decree No. 1,462/2005, which was published in the Official Gazette on December 2, 2005. The Transener Definitive Agreement provided (i) Transition Period Rules applicable to Transener during the Transition Period, with retroactive effect to June 1, 2005, until the completion of the Full Tariff Review, which period was subsequently extended to February 2009, pursuant to Secretariat of Energy Resolution No. 869/2008, and (ii) rules for the implementation of the Full Tariff Review to be conducted by the ENRE in accordance with Chapter X (Tariffs) of the Electricity Law and the Transener Definitive Agreement. In February 2006, ENRE Resolution No. 60 suspended the public hearing required by the Full Tariff Review. Transener has submitted all required information to the ENRE in order for it to carry out the Full Tariff Review. As of the date of this offering memorandum, there has been no administrative action taken to schedule the Full Tariff Review, or to address the tariff proposals Transener has submitted at the ENRE's request. See "Argentine Electricity Industry and Regulatory Framework—Tariffs."

The Transener Definitive Agreement contains economic and financial projections for 2005 based on information that we submitted to the ENRE, including operating costs, investments, amortizations, taxes, fees and cash balance estimations. The tariff must be adjusted by the ENRE during the Transition Period depending on cost variations over costs reflected in the projections. The ENRE must also adjust the tariffs during the Transition Period to reflect changes in our actual costs in relation to those costs reflected in the projections. We must report to the ENRE on the fulfillment of the projections on a quarterly basis. We have complied with these obligations.

Renegotiation of the Transba Concession Agreement

On February 2, 2005, Transba signed the Transba LOU with UNIREN with respect to the renegotiation of the Transba Concession Agreement. In order to comply with a condition precedent of the Transba LOU, on February 10, 2005, Transba presented to UNIREN a resolution approved by two-thirds of its shareholders waiving any current claims we had at the time related to the Emergency Law.

As a result of this renegotiation, Transba and UNIREN entered into the Transba Definitive Agreement on May 17, 2005, which was ratified on November 28, 2005, by the Executive Branch pursuant to Decree No. 1,460/2005, which was published in the Official Gazette on December 2, 2005. The Transba Definitive Agreement provided (i) Transition Period Rules applicable to Transba during the Transition Period, with retroactive effect to June 1, 2005, until the completion of the Full Tariff Review, which period was subsequently extended to February 2009, pursuant to Secretariat of Energy Resolution No. 870/2008, and (ii) rules for the implementation of the Full Tariff Review to be conducted by the ENRE in accordance with Chapter X (Tariffs) of the Electricity Law and the Transba Definitive Agreement. In February 2006, ENRE Resolution No. 60 suspended the public hearing required by the Full Tariff Review. Transba has submitted all required information to the ENRE in order for it to carry out the Full Tariff Review. As of the date of this offering memorandum, there has been no administrative action taken to schedule the Full Tariff Review, or to address the tariff proposals we have submitted at the ENRE's request. See "Argentine Electricity Industry and Regulatory Framework—Tariffs."

The Transba Definitive Agreement contains economic and financial projections for 2006 based on information that Transba submitted to the ENRE, including operating costs, investments, amortizations, taxes, fees and cash balance estimations. The tariff must be adjusted by the ENRE during the Transition Period depending on cost variations over costs reflected in the projections. The ENRE must also adjust the tariffs during the Transition Period to reflect changes in Transba's actual costs in relation to those costs reflected in the projections. Transba must report to the ENRE on the fulfillment of the projections on a quarterly basis. Transba has complied with these obligations.

Transition Period Rules

The following is a summary of certain key points set forth in the Definitive Agreements, including the Transition Period Rules applicable to each of Transener and Transba:

- *Tariffs*. The tariffs of each of Transener and Transba are based on the tariff chart set forth in its respective Concession Agreement, but with an average tariff increase of 31% and 25%, respectively, with retroactive effect from June 1, 2005, with respect to the tariffs in effect as of the dates that the Transener LOU and the Transba LOU, as applicable, went into effect. These increases were applied only to the fixed charges established in the Concession Agreements.

- *Increased Costs*. As set forth in the Definitive Agreements, every six months the ENRE must calculate the CVI, which consists of an evaluation of the variation of operating costs and costs associated with our investment plans, adjusted by official indices. We believe such calculations will have a negative impact on our revenues.

- *Compensation for operation and maintenance of other equipment*. The connection charges provided for in the Concession Agreements currently include compensation for the operation and maintenance of reactive power and other specific equipment.

- *Penalty System*. As of June 2005, quality of service penalties under the Concession Agreements, which otherwise would be payable by Transener or Transba, as applicable, instead may be applied by Transener or Transba, as applicable, to investments included in the Full Tariff Review, provided that each of Transener or Transba, as applicable, has reached a bi-annual minimum target quality of service threshold as set forth in the Definitive Agreements. Additionally, the Definitive Agreements provide that no penalties shall be applied to Transener or Transba resulting from certain outages not attributable to Transener or Transba, as applicable.

- *Investments*. The Transener Definitive Agreement required investments of Ps.32.0 million to be made by Transener within one year of entering into the Transener Definitive Agreement and the Transba Definitive Agreement required investments of Ps.6.0 million to be made by Transba in 2005-2006. These investment commitments were fully complied with by Transener and Transba. The ENRE has not required additional investments, since the Full Tariff Review has not been completed.

- *Rewards*. If Transener reaches the level of service quality provided for in the Transener Definitive Agreement in any given six-month period, Transener will receive an increase of approximately 50% over the current amount of rewards to be received for such period. See "—Reward System."

- *Regulations related to expansion*. In conformity with Secretariat of Energy Resolutions Nos. 965/2005 and 1,068/2005, planned system expansions will be transferred to Transener and Transba, as applicable, for operation and maintenance. Once the assets comprising the system expansion begin commercial operation, Transener and Transba, as applicable, will be compensated at a rate of 60% of the regulated tariff for operation and maintenance until the next Tariff Period begins (at the completion of the Full Tariff Review), and at a rate of 100% of such regulated tariff thereafter.

- *Dividends and Debt*. The Definitive Agreements provide that each of Transener and Transba, as applicable, may use surplus funds to distribute dividends and pay debt if they are in compliance with their respective investment plans for any given year. We must report to the ENRE monthly and quarterly on investments made under such investment plans. The ENRE has 60 days to object to any annual distribution of dividends.

Full Tariff Review

The Full Tariff Review is based on the Electricity Law and the Definitive Agreements, determining tariffs in accordance with costs, necessary investments, tariff-adjustment mechanisms, the impact on our business of non-regulated activities, rate of return and our base capital (which accounts for activities that are necessary to operate our business efficiently and prudently). The analysis will be similar to any analysis conducted before the beginning of a new Tariff Period. See "The Argentine Electric Industry—Tariffs," "—Overview" and "—Our Concession Agreements."

The Full Tariff Review is to establish a new tariff system for the next Transener Management Period and Transba Management Period, respectively, with the goal of balancing the quality of service that we are required to provide with our operating costs and required investments, and also establishing our responsibilities for the provision of services and a reasonable margin of profitability in order to allow us to comply with the tariff principles established by the Electricity Law and reiterated in the Definitive Agreements.

On April 15, 2005, the ENRE requested through Note No. 59,340 that we provide it with the necessary information to begin the Full Tariff Review process. We timely responded to this request on August 26, 2005, providing the required relevant information as per the parameters established in the Definitive Agreements, including submitting our tariff proposals to the ENRE.

The ENRE, through Resolution No. 51/2006, called a public hearing to be held on February 23, 2006, to analyze these tariff proposals. However, this public hearing was postponed by the ENRE, without establishing a new date, through Resolution No. 60/2006, which was passed on January 13, 2006. Considering that ENRE Resolution No. 60/2006 violates our rights and Transba's rights and constitutes a breach of obligations assumed in the Definitive Agreement on behalf of the Government, we submitted, in due time and manner, an administrative appeal against the Secretariat of Energy in connection with this resolution, which to date has not been settled by the authorities.

Due to the postponement of the Full Tariff Review by the ENRE, in May 2006 the ENRE issued Resolutions Nos. 423/2006 and 424/2006, which extended the application of the charges for connection, transmission capacity and electricity transmission that had been established by Resolutions Nos. 908/2005 and 909/2005 beginning February 1, 2006, and May 1, 2006, for us and Transba, respectively, until the conclusion of the Full Tariff Review. Resolutions Nos. 908/2005 and 909/2005 also instructed CAMMESA to adjust relevant payments that were already invoiced and paid to the WEM retroactively from June 1, 2005.

On June 6, 2007, through Note No. 74,919, the ENRE again requested that we present it with our tariff proposal as established in the Definitive Agreements and Article 45 of the Electricity Law. We responded to this request on September 7, 2007, at which time we requested that the ENRE set the new tariff system that would take effect on February 1, 2008.

Subsequently, through Resolutions Nos. 869/08 and 870/08, the Secretariat of Energy established a new Transition Period, with retroactive effect to January 6, 2002, until February 2009, after which the new tariff system resulting from the Full Tariff Review was to have taken effect, and required the ENRE to take measures to reach that goal.

After the Definitive Agreements went into effect, on July 29, 2008, the Secretariat of Energy instructed the ENRE to comply with the Definitive Agreements by providing a tariff adjustment to offset certain increased costs, which resulted in the enactment by the ENRE of Resolutions Nos. 328/08 and 327/08, adjusting our and Transba's tariffs under the Concession Agreements by 23% and 28%, respectively, as of July 1, 2008. These tariff adjustments offset Transener and Transba's increased costs only partially, as the related tariff adjustments did not account for the full amount of the CVI for such periods.

On November 7, 2008, the ENRE again requested that we provide it with our tariff proposal and the information necessary to evaluate our expenses, capital base and rate of profitability rate in order to determine the new tariffs by February 2009. We presented the required information.

After the February 2009 deadline was missed, the public hearing required by the Full Tariff Review process was scheduled by the ENRE for its open meeting on September 16, 2009. However, the hearing was not held on that date. Given that we have a right to a new tariff system under Articles 13 and 14 of the Definitive Agreements and Article 2 of Resolutions Nos. 869/08 and 870/08, which correspond to the Electricity Law, on October 16, 2009, we filed a judicial claim in federal court, requesting that the ENRE explain the causes of the delay in carrying out the Full Tariff Review and that it set a date for the Full Tariff Review and for a new tariff system to go into effect. See "—The Instrumental Agreements."

On April 27, 2010, a judgment was issued by a federal court requiring the ENRE to respond to our requests, using the information we filed on December 3, 2008, within 20 days. The ENRE appealed the judgment. On December 21, 2010, while the appeal was still pending, we entered into the Instrumental Agreements with the ENRE. As a result of the execution of the Instrumental Agreements, we dropped our claim against the ENRE.

As per the provisions regarding cost variations in the Definitive Agreement, we have requested that the ENRE adjust our compensation in order to take into account our increased labor costs caused by Executive Decree No. 392/04 and subsequent decrees relating thereto, as well as the higher operating costs we have experienced since 2005. We have credited these costs on a quarterly basis and filed the appropriate claims with the ENRE to request that the ENRE make these adjustments.

UNIREN has indicated that these adjustments for increases in costs to maintain service quality were anticipated up until the Full Tariff Reviews took place, and the fact that this process has been delayed will neither be attributed to Transener or Transba nor affect their rights to recover the increase in costs.

We have presented our tariff proposals as required by the Definitive Agreements and in accordance with Article 45 of the Electricity Law, and requested a public hearing and the establishment of a new tariff system. Despite our efforts, as of the date of this offering memorandum, the ENRE has neither scheduled the public hearing nor responded to our requests for the Full Tariff Review. The failure to promptly and favorably complete the Full Tariff Review process will have a material adverse impact on our future financial condition and results of operations. See "Risk Factors—Risks Relating to Us—Our business and prospects depend on our ability to negotiate further improvements to our tariff structure, including increases in our transmission margin" and "Risk Factors—Risks Relating to Us—We may not be able to adjust our tariffs to reflect increases in our transmission costs in a timely manner, or at all, which may have a material adverse effect on our results of operations."

The Instrumental Agreements

On December 21, 2010, we entered into the Instrumental Agreements with the ENRE and the Secretariat of Energy in respect of the Definitive Agreements, which provide for:

- the recognition of an account receivable recorded in connection with our cost variations incurred between June 2005 and November 2010;
- the mandatory repayment of the outstanding amount of the CAMMESA Financing by offsetting such amounts against the transfer of the account receivable recorded in connection with the recognition of our cost variations (see "—CAMMESA Financing");
- a mechanism for the payment of outstanding balances;
- the recognition of an additional amount to be received from CAMMESA for capital expenditures that we are required to make in connection with investments in our transmission system in the amount of Ps.34.0 million in Transener and Ps.18.4 million in Transba;

- a procedure for the recognition and payment of cost variations incurred from December 1, 2010, to December 31, 2011, calculated biannually; and

- that we withdraw our judicial claims for delay against the ENRE requesting the recognition of the increased costs and the public hearing in order to complete the Full Tariff Review.

CAMMESA Financing

Due to the delay in the implementation of the cost adjustments as set forth in the Definitive Agreements, on May 12, 2009, and pursuant to Secretariat of Energy Resolution No. 146/2002, we entered into the Initial CAMMESA Agreement with CAMMESA for up to Ps.59.7 million and Ps.30.7 million for Transener and Transba, respectively. On December 30, 2009, we and CAMMESA executed the Mutual Fund Amendment to the Initial CAMMESA Agreement, pursuant to which the available financing amount to be provided by CAMMESA was increased to up to Ps.107.7 million and Ps.42.7 million for Transener and Transba, respectively. The CAMMESA Financing provides for prepayment if during the term of the financing the ENRE increases our revenues in order to compensate us for changes in the CVI. The loan repayment has a 12-month grace period computed from the latest disbursement date thereunder. Amounts disbursed under the CAMMESA Financing are repaid in 18 equal monthly installments. As of March 31, 2011, Transener and Transba had collectively received disbursements amounting to Ps.145.6 million, which is less than the Ps.150.4 million initially requested by us. This difference was accounted for in the New CAMMESA Financing.

CAMMESA estimated that amounts owed to us due to variations in costs incurred during the period between June 2005 and November 2010, including interest, calculated as of January 17, 2011, totaled approximately Ps.294.1 million and Ps.119.1 million for Transener and Transba, respectively.

On May 2, 2011, we and CAMMESA executed the New CAMMESA Financing, which provides that, in accordance with the Instrumental Agreements, (i) all amounts received from the CAMMESA Financing by Transener and Transba as of January 17, 2011, would be canceled, (ii) new loans in the amount of Ps.289.7 million and Ps.134.1 million for Transener and Transba, respectively, would be granted and (iii) all amounts owed to us under the Instrumental Agreements would serve as a guarantee for the New CAMMESA Financing. The proceeds from the New CAMMESA Financing will be used to fund operations and maintenance and investments related to our 2011 investment plans, and will be disbursed to us in installments as funds become available to CAMMESA as instructed by the Secretariat of Energy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting for the CAMMESA Financing and the Instrumental Agreements."

The funds from the new loans will be used for operation and maintenance and such investment plans, and will be paid in installments as funds become available to CAMMESA as instructed by the Secretariat of Energy.

Regulated Revenue

The system under which we are compensated for operating the Transener Network and the Transba Network is set out in the Electricity Law, the Concession Agreements and Resolution No. 137/92 of the Secretariat of Energy, as amended. We receive regulated revenue for operating the Networks consisting of:

- electricity transmission revenue;

- transmission capacity revenue; and

- connection revenue.

According to the Electricity Law, tariffs should be fair and reasonable and should provide us with the opportunity to obtain sufficient income to cover our operational costs, taxes, amortization and provide us with a reasonable rate of return.

Regulated revenue also consists of reactive equipment revenue, CVI revenue, other regulated revenue and rewards, and is subject to deductions for penalties for the non-availability of defined parts of the Networks. See "— Penalty System."

Electricity Transmission Revenue

We receive electricity transmission revenue for transmitting electricity through the Networks. Such payments are funded with the proceeds of charges levied by CAMMESA on WEM agents based on the difference between the value of electricity at a receiving node and at a sending node. Pursuant to the Concession Agreements, electricity transmission revenues are fixed by the ENRE for each Tariff Period and are determined as an annual amount which is paid even in the event of unavailability of equipment.

According to the Concession Agreements, in order to calculate this annual amount, CAMMESA must take into account:

- new transmission lines expected to become functional during the next Tariff Period;
- changes in energy flows in existing transmission lines;
- levels of transmission system losses;
- changes in nodal factors; and
- forecasts of future energy prices.

Transener. Electricity transmission revenue was initially fixed at Ps.55.0 million per year, computed as of May 1993, for the first Transener Tariff Period, and at Ps.33.2 million per year for the second Transener Tariff Period, which began in July 1998, subject, in both cases, to semi-annual adjustment for inflation based on inflation indexes in other countries, which has currently been prohibited by the Emergency Law. Transener's first tariff review resulted in the enactment of ENRE Resolution No. 1,650/98. The review for the third Transener Tariff Period was scheduled to take place in 2003. The enactment of the Emergency Law and the requirement to renegotiate the Transener Concession Agreement effectively suspended the review process for the third Transener Tariff Period. However, as a result of the renegotiation process, Transener and UNIREN entered into the Transener Definitive Agreement, which, among other things, set rules that would govern a Full Tariff Review. The authorized increases did not affect the completed tariff reviews. The Full Tariff Review has been suspended, and the Government has not informed us of a date when discussions will recommence. See "Our Concession Agreements— Full Tariff Review." For each of the three-month periods ended March 31, 2011 and 2010, electricity transmission revenue was Ps.9.1 million, representing 5.8% and 6.5%, respectively, of our consolidated net revenues for such periods. For the years ended December 31, 2010, 2009 and 2008, Transener's electricity transmission revenue was Ps.36.3 million, Ps.36.3 million and Ps.36.3 million, respectively, representing 6.2%, 6.2% and 7.9%, respectively, of our consolidated net revenues for such years.

Transba. Electricity transmission revenue was initially fixed for the first Transba Tariff Period at Ps.6.95 million per year, calculated as of May 1, 1997, subject to semi-annual adjustment for inflation, based on inflation indexes of other countries, which has currently been prohibited by the Emergency Law. Adjustments to this payment (which have been suspended pursuant to the Emergency Law and the Transba tariff renegotiation) are effected in the same manner as adjustments to the electricity transmission revenue for Transener. As with Transener, the Emergency Law and the requirement to renegotiate the Concession Agreements effectively suspended the review process, the Full Tariff Review that was to take place pursuant to the Definitive Agreements has been suspended, and the Government has not informed us of a date when the Full Tariff Review will resume. The suspended tariff review was not taken into account in the Transba Definitive Agreement. For each of the three-month periods ended March 31, 2011 and 2010, Transba's electricity transmission revenue was Ps.1.9 million, representing 1.2% and 1.4%, respectively, of our net consolidated revenues for such periods. For the years ended December 31, 2010, 2009 and 2008, Transba's electricity transmission revenue was Ps.7.7 million, Ps.7.7 million,

and Ps.7.7 million, respectively, representing 1.3%, 1.3% and 1.7%, respectively, of our consolidated net revenues for such years.

Transmission Capacity Revenue

We receive transmission capacity revenue for operating and maintaining the transmission equipment comprising our Networks, such as transmission lines and reactors. Such payments are funded with the proceeds of charges levied by the ENRE on WEM agents. These payments are a function of the length and voltage of the transmission lines over which electricity is transported. Tariffs under this system are adjusted semiannually with respect to the inflation indexes of other countries, and in the case of Transener, were adjusted by the tariff review in 1998. The Emergency Law eliminated the adjustment with respect to the inflation indexes of other countries. After 2002, amounts received as a result of the inflation index adjustment were adjusted by the Definitive Agreements. With respect to Transener, rates for 500kV and 220kV transmission lines are fixed at rates of Ps.117.179/100km/available hour and Ps.97.649/100km/available hour. With respect to Transba, rates for 220kV and 132kV transmission lines are fixed at rates of Ps.96.407/100km/available hour and Ps.92.123/100km/available hour.

The Concession Agreements for Transener and Transba require that, beginning with the respective second Tariff Periods, transmission capacity revenue be annually reduced by a coefficient determined by the ENRE (the "Efficiency Coefficient"). The Efficiency Coefficient must be less than or equal to 1% per annum; *provided*, that the aggregate cumulative Efficiency Coefficient for the last 10 years of the first 15-year Transener Management Period may not exceed 5%, or, in the case of Transba, 10%. Pursuant to Resolution No. 1,319/98, the ENRE approved an Efficiency Coefficient of approximately 0.5% per year applicable to the second Transener Tariff Period**.** Due to the suspension of Transba's tariff review process as a result of the Emergency Law, neither Transener nor Transba has had its Efficiency Coefficient determined.

For the three months ended March 31, 2011 and 2010, Transener's transmission capacity revenue was Ps.18.9 million and Ps.18.8 million, respectively, representing 12.2% and 13.4%, respectively, of our consolidated net revenues for such periods. For the years ended December 31, 2010, 2009 and 2008, Transener's transmission capacity revenue was Ps.76.4 million, Ps.76.7 million and Ps.66.7 million respectively, representing 13.1%, 13.2% and 14.6%, respectively, of our consolidated net revenues for such years.

For the three months ended March 31, 2011 and 2010, Transba's transmission capacity revenue was Ps.12.1 million and Ps.12.1 million, respectively, representing 7.8% and 8.6%, respectively, of our consolidated net revenues for such periods. For the years ended December 31, 2010, 2009 and 2008, Transba's transmission capacity revenue was Ps.49.0 million, Ps.49.0 million and Ps.43.1 million respectively, representing 8.4%, 8.4% and 9.4%, respectively, of our consolidated net revenues for such years.

Connection Revenue

We receive connection revenue for operating and maintaining the connection and transformation equipment such as switches, circuit breakers, protective devices and transformers that permit the transfer of electricity to and from our Networks. To the extent that additional connections to our Networks are added, revenue in respect of connection payments will increase. Such payments are funded with the proceeds of charges levied by CAMMESA on WEM agents. The amount of the charges paid by WEM agents to CAMMESA in respect of each connection to our Networks is expressed as an hourly rate determined by reference to the voltage to which the WEM agents are connected.

Connection revenue is set under the Transener Concession Agreement for each Transener Management Period. Tariffs under this system are adjusted semiannually with respect to the inflation indexes of other countries, and in the case of Transener, were adjusted by the tariff review completed in 1998. See "—Electricity Transmission Revenue." The Emergency Law eliminated the adjustment with respect to the inflation indexes of other countries. After 2002, amounts received as a result of the inflation index adjustment were adjusted by the Definitive Agreements.

Transener's connection revenue was fixed at Ps.63.9/hour, Ps.57.6/hour, and Ps.51.1/hour in respect of 500kV, 220kV and 132kV connections, respectively, and Ps.0.322/hour/MVA with respect to transformers. For the three-month periods ended March 31, 2011 and 2010, Transener's connection revenue was Ps.21.9 million and Ps.21.7 million, respectively, representing 14.1% and 15.4%, respectively, of our consolidated net revenues for such periods. For the years ended December 31, 2010, 2009 and 2008, Transener's connection revenue was Ps.88.2 million, Ps.86.7 million and Ps.75.7 million, respectively, representing 15.1%, 14.9% and 16.6%, respectively, of our consolidated net revenues for such years.

Transba's connection revenue was originally fixed for the first Transba Tariff Period at Ps.2.12/hour and Ps.1.59/hour with respect to 132kV or 66kV and 33kV or 13.2kV connections, respectively, and Ps.0.16/hour/MVA with respect to transformers. In accordance with the Transba Definitive Agreement, charges are currently fixed at Ps.4.285/hour and Ps.3.214/hour with respect to 132kV or 66kV and 33kV or 132kV connections, respectively, and Ps.0.322/hour/MVA with respect to transformers. Pursuant to the Concession Agreement, after the first Transba Tariff Period, increases in connection revenue are to be annually reduced by the Efficiency Coefficient applicable to Transba for adjustments of transmission capacity revenue. However, as noted above, due to the suspension of Transba's tariff review, no Efficiency Coefficient has yet been set. For the three-month periods ended March 31, 2011 and 2010, Transba's connection revenue was Ps.7.8 million and Ps.7.5 million, respectively, representing 5.0% and 5.3%, respectively, of our consolidated net revenues for such respective periods. For the years ended December 31, 2010, 2009 and 2008, Transba's connection revenue was Ps.30.6 million, Ps.29.5 million and Ps.25.9 million, respectively, representing 5.3%, 5.1% and 5.7%, respectively, of our consolidated net revenues for such respective years.

Revenue Related to the Fourth Line Project

The following description relates to the various aspects of the Fourth Line COM Contract and the revenue we were entitled to receive thereunder, prior to the enactment of the Emergency Law. Our revenues under the Fourth Line COM Contract were materially changed by the Emergency Law and these changes have had a material and adverse effect on us. The Fourth Line COM Contract was not part of the renegotiation process with UNIREN and is not dealt with by the Transener Definitive Agreement.

On October 27, 1997, we were awarded a contract by several generators in the Comahue region for the construction, operation and maintenance of the Fourth Line Project. We completed the Fourth Line in 1999, but we are entitled to receive a total of US$367.5 million over the course of the Fourth Line Payment Period for our expenses incurred in respect of the construction of the Fourth Line. After the termination of the Fourth Line Payment Period and until the expiration of the Fourth Line Contract, in July 2088, we will be paid at the tariff rates then applicable for the operation of our Network for operation and maintenance of the Fourth Line.

The Fourth Line Project is the most important expansion of the NIS since our privatization because it reinforces the link between the generators in Comahue region in southwest Argentina and the greater Buenos Aires area, the most important region of electricity consumption in Argentina. The award of the Fourth Line Project ensured that the technology and equipment used in its construction, to the extent possible, is compatible with our Networks and reinforced our position as the leading provider of high-voltage electricity transmission services in Argentina.

The Fourth Line Project consisted of the construction of approximately 1,300km of 500kV lines, the installation of approximately 2,550 high-voltage towers and the expansion of the Fourth Line. The Fourth Line has been fully operational since December 20, 1999.

On March 9, 2001, we entered into an agreement whereby we settled certain cross claims, among others, in respect of quality of service, delays and easements under the relevant construction agreement with Fourth Line contractors SADE Ingeniería y Construcciones S.A. and CPC S.A., who agreed to indemnify us from certain claims that may arise from the construction of the Fourth Line Project.

The Fourth Line COM Contract also establishes the compensation to be paid to us. The compensation consisted of: (i) US$80 million payable by CAMMESA from a sub-account (SALEX) during the construction period; and (ii) the Fourth Line Revenue, payable to us in monthly and equal installments, during the Fourth Line

Payment Period, which began on the date of provisional acceptance in December 1999. The amounts that comprise the Fourth Line Revenue are collected by CAMMESA from the beneficiaries and paid to Transener. From the end of the Fourth Line Payment Period, in December 2014, until the expiration of the Fourth Line COM Contract, in July 2088, we will be paid in the same manner and at the then applicable tariff rates for the operation of the existing parts of the Transener Network.

As a consequence of the enactment of the Emergency Law, our revenues under the Fourth Line Project, originally denominated in US dollars, were pesified at a ratio of Ps.1.00 to US$1.00.

On March 7, 2002, we requested that the ENRE adjust our annual Fourth Line Revenue with retroactive effect to the date of enactment of the Emergency Law based on the negative financial effect of the pesification on the Fourth Line Project and its financing costs. In response to our request, the ENRE asked for, and Transener submitted, information on the cost of the Fourth Line Project with details in respect of (i) the domestic and foreign expenses incurred, (ii) materials and other non-current assets used in the construction of the Fourth Line Project, (iii) labor force, (iv) equipment and spare parts, (v) other relevant elements or assets used in the construction and (vi) the financing of the Fourth Line Project and its related documents.

Through Resolution No. 428/02 on September 18, 2002, the ENRE instructed CAMMESA to apply the CER Index with retroactive effect to February 4, 2001. During January, February and March 2003, the ENRE solicited from various users of the Fourth Line their position on the redetermination of the Fourth Line annual tariff and many of them were opposed to it. After several administrative proceedings before the Secretariat of Energy in order to determine whether the ENRE was the competent authority to decide the issue and the criteria to redetermine the annual tariff, on April 1, 2005, we informed the ENRE that the annual tariff for the Fourth Line Payment Period should be as follows: (i) Ps.67.2 million for the construction of the Fourth Line, plus (ii) the tariff as indicated by the chart for the operation and maintenance of the Fourth Line.

On May 24, 2005 we submitted an administrative claim in order to close the proceedings before the ENRE because of its failure to respond, and on July 8, 2005, asked the ENRE to send the administrative file to the Secretariat of Energy. The ENRE rejected such petition on July 25, 2005, and we filed a new administrative claim on August 2, 2005.

Given the ENRE's failure to respond to our request, in November 2006 we filed a direct claim with the Appellate Court of Federal Administrative Litigation.

On October 23, 2008, the court ordered the ENRE to respond to our claim within 30 days of receiving the order.

On December 3, 2008, the ENRE passed Resolution No. 653/08, setting out a new calculation methodology for the determination of the Fourth Line tariff, and establishing a new annual Fourth Line tariff of Ps.75.9 million as of October 2008. Since the new Fourth Line tariff does not contemplate annual updates, we filed a claim with the ENRE asking that it adopt a schedule similar to that established in the Transener Definitive Agreement until the end of the Fourth Line COM Contract, so that the redetermination of our operation and maintenance charges would take into account the current Fourth Line tariff, which had not been resolved by the regulatory authority. On March 30, 2011, the ENRE passed Resolution No. 150/2011, approving as of July 2010 a new annual Fourth Line tariff of Ps.95.9 million, and instructing CAMMESA to make the corresponding adjustments in the amounts allocated to us as a result of the Net Fourth Line Revenue. As of the date of this offering memorandum, this is the tariff amount that is in effect. On April 7, 2011, we filed a claim against Resolution No. 150/2011, as it did not include that the retroactive payment should be made in addition to late interest payments.

For the three-month periods ended March 31, 2011 and 2010, our Net Fourth Line Revenue was Ps.36.6 million and Ps.21.9 million, respectively, representing 23.6% and 15.6%, respectively, of our consolidated net revenues for such periods. For the years ended December 31, 2010, 2009 and 2008, our Net Fourth Line Revenue was Ps.86.5 million, Ps.85.9 million and Ps.73.9 million, respectively, representing 14.8%, 14.7% and16.2%, respectively, of our consolidated net revenues for such respective years.

In addition, under the Fourth Line COM Contract, we have agreed to indemnify and hold harmless the ENRE for any damages caused to the generators in the Comahue region who awarded us the contract, the ENRE or any third party arising from our performance of the Fourth Line COM Contract, any taxes, customer fees or any other costs and for our non-compliance with applicable laws and regulations. Any amounts related to these indemnity obligations may be deducted from our Fourth Line Revenue. We have also undertaken the obligation to make all necessary investments to operate the Fourth Line in accordance with the Fourth Line COM Contract.

Net Other Revenues

Our Net Other Revenues are mostly derived from services provided to third parties and from assets not covered by the Concession Agreements. Our Net Other Revenues are derived from:

- our participation in NIS expansion projects (other than the Fourth Line and any other expansion project that we may undertake directly in the future) under COM Contracts;
- supervision of independent transmission companies that are performing construction, operation and maintenance operations relating to NIS expansion;
- the operation and maintenance of certain specific assets of the Transener Network;
- operation and maintenance services provided to third parties, who are not independent transmission companies;
- non-network line operation and maintenance;
- our international operations; and
- other services (which include, among others, technical assistance, engineering services, equipment installation and training).

The additional revenue and the expenses related thereto are credited or charged to income on an accrual basis. Income derived from the construction and installation of electrical assets and equipment is credited to income on the basis of progress of work.

On a consolidated basis, our total net Net Other Revenues for the three-month periods ended March 31, 2011 and 2010, were Ps.41.7 million and Ps.46.0 million, respectively. Our total Net Other Revenues for the years ended December 31, 2010, 2009 and 2008, were Ps.150.1 million, Ps.201.6 million and Ps.121.7 million, respectively.

Of our total net Net Other Revenues, for the three-month periods ended March 31, 2011 and 2010, and the years ended December 31, 2010, 2009 and 2008:

- Transener accounted for Ps.35.1 million, Ps.31.7 million, Ps.130.9 million, Ps.155.5 million and Ps.92.5 million, respectively, which accounted for 22.6%, 22.6%, 22.4%, 26.8% and 20.2%, respectively, of our consolidated net revenues for such respective periods;
- Transba accounted for Ps.6.6 million, Ps.3.8 million, Ps.19.2 million, Ps.10.5 million and Ps.12.9 million, respectively, which accounted for 4.2%, 2.7%, 3.3%, 1.7% and 2.8% of our consolidated net revenues for such respective periods; and
- taking into account its exclusion from our consolidated financial statements as of 2010, Transener Brazil accounted for Ps.10.5 million, Ps.35.6 million and Ps.16.4 million for the three months ended March 31, 2010, and the years ended December 31, 2009 and 2008, respectively, from operation and maintenance agreements for various Brazilian high-voltage lines, which accounted

for 7.4%, 6.1% and 3.6%, respectively, of our consolidated net revenues for such respective periods.

Penalty System

The Concession Agreements establish a system of penalties that we and Transba may incur if defined parts of the Networks are not available to transmit electricity. Non-availability is divided into two types: scheduled and forced. Scheduled outages, which typically result from planned maintenance, incur a reduced penalty of 10% of the rate for forced outages described below.

Penalties for forced outages are proportional to the connection and capacity revenues for the equipment involved, taking into account the following considerations: (i) duration of the outage in hours; (ii) number of previous forced outages during such year; and (iii) increase in electricity costs caused by restrictions in the transmission system. The minimum amount of penalties levied for a forced outage of a transmission line is that corresponding to an outage of a 100km transmission line, in the case, of Transener and of a 25km transmission line, in the case of Transba.

The penalties which we or Transba may be required to pay in respect of any calendar month cannot exceed 50% of our or Transba's non-consolidated monthly regulated revenue related to electricity transmission revenue, transmission capacity revenue and connection revenue (as determined by dividing annual regulated revenue by twelve), respectively, and, in respect of any twelve-month period, 10% of such annual regulated revenue, respectively. It is our policy to establish a reasonable provision for penalties based on information regarding the duration of an outage and our estimate of the penalty that will be imposed.

Penalties are levied by the ENRE by reference to rates which vary depending on the category of asset and the period for which such assets are unavailable. Transmission lines are divided into three asset categories based on their relative importance within the Networks. Category A assets are the most critical to the operation of the system as a whole; category B assets are somewhat less critical but nevertheless important; and category C assets are those without material impact on the total capability of the system.

In the case of Transener, for the first five hours during which lines are not available (unless the unavailability lasts less than 10 minutes), we would be subject to penalties at multiples of 200, 60 and 20 times the hourly amount of transmission capacity revenue for each 100km of line length for categories A, B and C, respectively. For non-availability of more than 5 hours, the multiples applied are 20, 6 and 2 times such hourly amount, respectively. In the case of Transba, we would be subject to penalties at multiples of 150, 50 and 10 times such hourly amount for the first three hours of non-availability, and at multiples of 15, 5 and 1 after three hours for categories A, B and C, respectively.

Scheduled outages of transmission lines incur a reduced penalty of 10% of the rate for forced outages, applicable after the fifth hour, in the case of Transener, or the third hour, in the case of Transba, such that the applicable multiples would be, in the case of Transener, 2.0, 0.6 and 0.2, and in the case of Transba, 1.5, 0.5 and 0.1, respectively.

Under the Transener Concession Agreement, connections are divided into three categories: 500kV, 220kV and 132kV connections. For the number of hours connections are out of service, we would be subject to penalties at multiples of 200, 100 and 40 times the hourly amount of the relevant connection payments, respectively.

Under the Transba Concession Agreement, connections are divided into five categories: 220kV, 132kV, 66kV, 33kV and 13.2kV connections. For the number of hours connections are out of service, Transba would be subject to penalties at multiples of 60, 50, 50, 50 and 40 times the hourly amount of the relevant connection payments, respectively.

We are penalized for unavailable transformers, depending on the existence of demand that cannot be supplied in case of unavailability, at a multiple of, in the case of Transener, 200 times, and, in the case of Transba,

60 times the hourly amount of the relevant connection revenue, for as many hours as such transformers are unavailable.

We are also subject to penalties for the unavailability of reactive power equipment. The penalties with respect to this equipment are calculated in the same manner as with respect to transformers, except the penalty is calculated at a multiple of 20 times the hourly amount for both Transener and Transba. Both Transener and Transba may also be penalized for partial limitations in transmission line capacity as a result of outages of associated equipment.

In addition, in our capacity of supervision and maintenance we are penalized for any outages occurring on transmission lines operated by independent transmission companies. The amount of such penalties are reimbursed to us by deducting the amounts from payments we owe to the relevant independent transmission companies, (although, in the case of Yacylec S.A., penalties are reimbursed to us only after a final ruling is made on the penalty), and such ruling is not subject to further appeals.

Regardless of the actual duration of an outage, one hour is automatically added to the duration of the outage for the calculation of all penalties.

Under the Concession Agreements, both Transener and Transba may have penalties imposed on them even if outages are caused by *force majeure* events. However, pursuant to Resolutions Nos. 142/94 and 313/01, the ENRE has approved special treatment for outages resulting from third-party criminal acts and extreme climatic events, in which case we are allowed an extended period of time to restore the damaged assets to service. During this prescribed period, the ENRE imposes a lower penalty than under the regular regime.

Interest accrues on penalties commencing on the 39th day after the last day of the month in which the event that resulted in the assessment of penalties occurred, until the date the penalty amount is withheld by CAMMESA from its payments of regulated revenue to us. This interest is calculated at a fluctuating daily rate published by *Banco de la Nación Argentina* and set in accordance with regulations issued by the Secretariat of Energy, and is the same rate applicable to all debts owed by WEM agents. Interest that accrues on penalties is accounted for by us as penalties (not as an interest expense) and such interest is included in the amount of the provision which we make for any given penalty.

As set forth in the Instrumental Agreements, penalties related to service quality under the Transener Concession Agreement may be applied by UNIREN as of June 2005 to additional investments, provided that we have met our service quality goals every six months as established by the Transener Definitive Agreement. This penalty provision will remain in effect during the Transition Period.

CAMMESA is responsible for monitoring the availability of the Networks, recording all incidents of non-availability and deducting penalties from our revenues. Outages detected by the SCADA system are communicated to both Transener's control center in Rosario, or to Transba's control center in Marcos Paz, as the case may be, and their respective adjacent facilities of CAMMESA. In addition, we are required to inform CAMMESA as soon as we are aware that any asset within the Networks is unavailable. Prior to the fifth day of each month, CAMMESA sends us a report setting out incidents of non-availability for the prior month called the Quality Transmission Service Temporary Document. Based on this document, our observations, and CAMMESA's analysis of these observations, CAMMESA issues the Quality Transmission Service Final Document. The ENRE calculates the penalty that should be paid for each monthly period based on the Quality Transmission Service Final Document and charges us accordingly. We may appeal the final charges with the ENRE, after which the ENRE makes the final decision on the penalty amount that must be paid by us. We have the right to appeal any penalty to the ENRE and/or to the Secretariat of Energy and to appeal the resolutions of the ENRE and/or the Secretariat of Energy to Argentina's Federal Courts of Appeals. In addition, under the Concession Agreements, the Concession Agreements could be revoked if penalties in any year exceed 15% of the annual regulated revenue of Transener or Transba, respectively for such year.

We have never incurred penalties at a level that would allow the Government to enforce the Transener Pledge or the Transba Pledge over our shares. See "Risk Factors—Risk Relating to Us—Under the occurrence of certain circumstances, the Government could enforce the Transener Pledge and the Transba Pledge."

Reward System

In accordance with the penalty system, as of the second tariff review in July 1998, the ENRE established, through resolution No. 1,319/98, a monthly rewards system as an incentive to improve the quality of service we provide. Rewards are determined after applying any monthly sanctions under the penalty system, and taking into account the level of service quality in the first Transener Tariff Period.

If Transener reaches the level of service quality established in the Transener Definitive Agreement for any given six-month period, Transener will receive an increase of approximately 50% over the current amount of rewards to be received for such period. The Transener Definitive Agreement provides that if service rates are above the average applicable rate of service quality during the period from 2000 to 2004, Transener is entitled to such increase.

As such, for each type of equipment (transmission lines, reactors, transformers and connection points), the transmission company receives a reward proportional to equipment availability and the monthly rate of faults as compared to the average registered in the first Transener Tariff Period.

Maintenance of the Networks

Under the Concession Agreements, we are responsible for maintaining the Networks. Before beginning any maintenance, we must provide a six-month maintenance schedule to CAMMESA in order to program outages in a way that minimizes the impact of such outages on CAMMESA's planned dispatch of electricity into the NIS. As noted above in "—Our Transmission System—System Components," CAMMESA has postponed many of our scheduled maintenance requests because the system is operating at capacity, making it more difficult to avoid disruptions. The postponement of these maintenance projects increases the risk of forced outages and penalties. In addition, CAMMESA is requesting that we conduct maintenance works on weekends or at night which increases our maintenance costs. See "Risk Factors—Risks Relating to Us." We are committed to meeting the entire planned maintenance schedule requested by CAMMESA, and our employees are working night shifts and weekends to complete required maintenance. The current maintenance compliance ratio is approximately 93% for Transener and 97% for Transba. We also conduct our own maintenance as needed, indicated by internal systems. This is prioritized by category (A, B and C).

The network and all the grid components are being used at a very high ratio. Therefore, the life of the assets could be affected if the operational condition is not changed in the future. In that case the future capital expenditures that we have to invest could be higher than in previous years.

Investments—Capital Expenditures

In accordance with the Electricity Law and our Concession Agreement, we are not required as a transmission company to make specific investments in system expansions. However, we are obligated to maintain our Networks in good operating condition in order to avoid penalties under our Concession Agreements. As a result, our investments in capital expenditures are directed principally toward:

- continuous renovation of our assets through equipment replacement or recycling;
- implementation of improved technologies throughout the NIS; and
- maintaining a fleet of vehicles and spare parts in order to be able to provide a rapid response in the case of equipment failure throughout the Networks.

We prioritize the improvement of our Networks and equipment in order to reduce costs and the frequency of faults.

The current regulatory framework does not facilitate the expansion of system infrastructure on the part of end-users. As a consequence, the Secretariat of Energy has issued various resolutions by which it established

mechanisms and funds to finance inter-province projects through the NIS. Investments made through these initiatives are meant to satisfy the increased demand in areas in which the WEM agents do not make investments.

We expect that future capital expenditure investments will be made to maintain our Networks in good operating condition, as required by the Electricity Law and our Concession Agreements, rather than for expansion purposes.

In accordance with ENRE Resolution No. 1,650/98, which approved the revision of Transener's tariffs, we are required to make investments in order to operate and maintain the Transener Network, including the replacement of assets once they have outlived their useful lives, our tariffs should be fixed at a rate that permits us to make these investments. This resolution also establishes that our tariffs should be fixed at a rate that permits us to make these investments.

For the three-month periods ended March 31, 2011 and 2010, our total investments were Ps.12.7 million and Ps.16.8 million, respectively. These investments involved distributions for the purpose of maintaining the networks.

For each of the years ended December 31, 2010, 2009 and 2008, our total investments were Ps.46.9 million, Ps.75.6 million and Ps.107.7 million, respectively. These investments involved distributions for the purpose of maintaining the networks.

The postponement of the Full Tariff Review has made it impossible for us to make all investments proposed by the ENRE and, as a result, some of our planned investments have been postponed. Our capacity to begin making investments again will depend upon the result of the Full Tariff Review. See "—Our Concession Agreements—Emergency Law and Renegotiation of Concession Agreements."

Insurance

We consider our insurance coverage to be adequate and in accordance with the standards prevailing for the electricity industry. We are insured for loss or damage to property, including damage due to electrical malfunction, tornadoes, hurricanes and earthquakes covering, in the case of Transener, amounts up to approximately US$1,842.0 million, subject to a limit of US$25.0 million per loss with deductibles between US$25.0 million and US$1.0 million, depending on the type of equipment damaged, and in the case of Transba, amounts up to approximately US$452.8 million, subject to a limit of US$10.0 million per loss with deductibles between US$0.1 million and US$0.3 million, depending on the type of equipment damaged. As per standard industry practices, our towers and transmission lines are excluded from coverage. On August 31, 2008, we independently added tower and transmission line coverage, subject to a maximum annual limit of US$1.0 million with deductibles of US$0.2 million per event. We do not have business interruption insurance. Transener has a US$5.0 million and Transba has a US$10.0 million comprehensive general liability insurance policy which does cover, among other things, any damages to third parties caused by damaged lines and towers. In addition, we maintain directors' and officers' liability insurance, workmen's compensation, automobile, life and theft/burglary insurance policies subject to customary deductibles and limitations. Mandatory life insurance is maintained in accordance with Argentine law. We have appointed Marsh S.A. as our insurance broker.

We are currently evaluating the scope of our insurance policies in order to evaluate whether additional insurance, including environmental insurance as required by Article 22 of the General Environmental Law No. 25,675, is required. We are not fully insured as required by environmental regulations, but such insurance is not currently available on the Argentine market. See "Risk Factors—Risks Relating to Us—Our insurance may not be sufficient to cover certain losses."

Environmental Regulation

We believe we are in compliance with all international applicable environmental standards and are either in compliance, or in the process of complying, with rules and regulations established by the ENRE, the Secretariat of Energy and Argentine federal and provincial authorities. We also believe that our international operations are in

compliance in all material respects with local and federal environmental regulations in each of their respective countries.

After the Transener Transfer Date, Transener conducted an environmental audit of its operations to evaluate which aspects of those operations have an impact on the environment and to determine appropriate measures to comply with Transener's policy to develop pollution prevention and emergency response plans. The audit provided the basis for the development of a prevention and improvement program.

In 2000, we completed a program that disposed of all of our equipment known to contain polychlorinated biphenyl ("PCB"). As of the date of this offering memorandum, all of our equipment complies with Argentine regulations related to PCB levels. All of the transformers that we operate use standard insulating oil and, in accordance with our environmental risk analysis and management policies, when necessary we construct primary containment walls, separate secondary holding tanks and measuring points for the control and prevention of possible hydrocarbon (insulating oil) leaks for transformers and reactors at transformer sites.

In order to detect PCB contamination, and in accordance with new Argentine regulations, we test the oil our transformers contain. In accordance with Argentine regulations, our policies include a decontamination plan in the event that any contamination is detected. New regulations require us to have PCB-free equipment as of January 2010. At the national level, our equipment may not contain PCB levels higher than 0.0050% (50 ppm), and in the Province of Buenos Aires, 0.0002% (2 ppm).

On October 7, 2009, and June 17, 2009, Transener and Transba, respectively, finalized PCB decontamination programs for transformers in compliance with the national standard.

With respect to the environmental standard for the Province of Buenos Aires, on December 29, 2009, the Provincial Authority for the Sustainable Development of the Province of Buenos Aires (the "PASD") passed Resolution No. 17/2009, modifying the timeframe for completion of PCB elimination programs to December 31, 2010, for systems with concentrations between 2 ppm and 50 ppm.

On February 7, 2011, we requested that the PASD grant us an extension to comply with Resolution No. 17/2009. As of the date of this offering memorandum, a decision has not yet been made.

Our transmission facilities are open to inspection and audit by the ENRE, which allows the ENRE to ensure that such facilities are being operated in a safe manner and in accordance with environmental standards and safety regulations issued by the Secretariat of Energy. The cost of compliance with present environmental standards, rules and regulations in Argentina, including the measures described above, is not expected to have a material adverse effect on our financial condition or results of operations.

In November 2010, we passed the external audits necessary to maintain our ISO 9001:2008 Quality Certifications and the ISO 14001:2004 International Certification of Environmental Management Systems. Since then we have successfully completed all external audits made by external auditor Bureau Veritas Certifications, a leading international provider of independent environmental auditing services.

We are subject to certain environmental standards under our Concession Agreements and Secretariat of Energy Resolution No. 77/1998. As of the date of this offering memorandum, we are in compliance with such standards.

Information Systems

The real time operation of the Transener Network is centralized and performed through the Perez Operation Control Center, uses a SCADA system known as RANGER. Our control system allows remote operation of all Substations connected by different links. At the same time, it supervises and detects faults and potential faults within our control and distribution system. These functions permit the quick detection of the origin and extent of a fault in order to improve efficiency in restoring services.

In addition to the Perez center, we have a data center in our Transener headquarters and a third at an undisclosed location. This data center concentrates the necessary information for the day-to-day work of the employees of Transener, Transba and Transener Brazil. It operates on Intel equipment and Microsoft platforms and it allows the integration and synchronization of people, information and business processes.

We use SAP version 6.0, resource planning software, which assists in accounting, administration and finance management. This system carries out numerous daily processes, multiple commercial transactions and relevant business operations.

Furthermore, to facilitate efficient maintenance, and specifically to reduce the frequency and duration of service outages, Transener has a preventive maintenance and corrective system supported by the MPX-MANTEC System. We have also developed a predictive maintenance system that monitors current equipment data in order to detect abnormal activity and provide us with an early alert for system faults.

We have also developed a maintenance scorecard with indices and graphics to provide us with information on equipment failures, causes and maintenance.

Human Resources management is supported by Meta4's eMind on the same information and technology platform.

The Command Decision Scorecard includes managing indicators consolidated from the above mentioned systems, thus providing necessary information to our board of directors and management team.

These applications, along with others we use, succeed in maximizing the acknowledged potential of the business, rendering real support to business and increasing productivity and allowing our organization to function more effectively and competitively.

Legal Proceedings

Labor and Easement Claims

As of March 31, 2011, we were defendants in 29 labor actions. 40% of these legal actions were filed by former employees, and 60% were filed by employees of contractor companies hired by us to perform activities related to our business. As of March 31, 2011, we have made a provision in the amount of Ps.3.7 million to cover these claims. The majority of these actions involve claims for salary differences and severance payments.

As of March 31, 2011, we were the plaintiff in 61 easement claims and were subject to claims or counterclaims in three lawsuits, mostly related to the Fourth Line Project. It is not possible to determine the total aggregate amount of compensation to be paid by us to the respective landlords in connection with such easements, as it depends on diverse factors, such as principal and interest rates claimed by each landlord and on land market value and evidence filed on trial. As of March 31, 2011, we have set aside reserves of Ps.4.8 million to cover these claims.

Although no assurance can be made as to the outcome of these proceedings, our management and internal legal counsel believe that the final outcomes of these proceedings are not likely, either individually or in the aggregate, to have a material adverse effect on our financial position and results of operations. See "Risk Factors—Risks Relating to Us—Adverse decisions in lawsuits and other proceedings to which we are a party may adversely impact our business and affect our results of operations and financial condition."

Other Claims

We are parties to several other administrative, civil, tax (including sales taxes, and provincial and municipal tax claims in respect of security, health and general services) and commercial proceedings and claims that have arisen in the ordinary course of business, including certain claims brought against us by energy distributors for damages originating from claims brought against such distributors by end-users due to energy shortages.

Notwithstanding the foregoing, electricity distributors may from time to time bring claims against us for damages originating from claims brought against such distributors by end-users (see "Risk Factors—Risks Relating to Us—Energy shortages could result in distributor claims and penalties") and certain claims by generators in the Comahue region. As of March 31, 2011, we had established reserves in the aggregate amount of approximately Ps.5.9 million to cover potential losses related to such claims or any claims of the type described above in "—Labor and Easement Claims." Although no assurance can be made as to the outcome of these proceedings, we believe our current reserve levels are adequate to cover any such potential losses.

Property, Plant and Equipment

Our main physical property consists of transmission lines. These lines are located throughout Argentina, in 18 provinces. For the three-month periods ended March 31, 2011 and 2010, transmission lines represented approximately 38.0% and 38.9%, respectively, of the net book value of our total property, plant and equipment; substations and related works represented approximately 37.2% and 36.4%, respectively; work in progress represented approximately 9.5% and 8.3%, respectively; spare parts represented approximately 4.6% and 4.3%, respectively; buildings represented approximately 3.9% and 3.8%, respectively; and other property, plant and equipment represented approximately 6.8% and 8.3%, respectively. For the years ended December 31, 2010, 2009 and 2008, transmission lines represented approximately 38.3%, 39.3% and 41.2%, respectively, of the net book value of our total property, plant and equipment; substations and related works represented approximately 37.5%, 36.5% and 37.2%, respectively; work in progress represented approximately 9.0%, 7.7% and 5.1%, respectively; spare parts represented approximately 4.5%, 4.3% and 4.4%, respectively; buildings represented approximately 4.0%, 3.9% and 3.9%, respectively; and other property, plant and equipment represented approximately 6.7%, 8.3% and 8.1%, respectively. As of March 31, 2011, substantially all our consolidated total property, plant and equipment are located in Argentina. We believe that our property, plant and equipment are adequate and suitable for their respective uses.

Our current major suppliers of equipment are ABB S.A., Areva S.A., Siemens S.A. and Autotrol S.A.

Employees and Labor Relations

General

As of December 31, 2010, 2009 and 2008, we had a total of 1,132, 1,107 and 1,080, employees, respectively, with 789, 773 and 756 employed by Transener and 343, 334 and 324 employed by Transba, respectively.

As of March 31, 2011, we had a total of 1,136 employees, with 785 working for Transener and 351 working for Transba.

The following table shows how our employees are distributed among our various areas of employment as of March 31, 2011:

Area of Employment	Transener	Transba
General Management	16	2
General Submanagement	6	-
Engineering Management	39	10
Project Management	37	-
Technical Direction	4	-
Maintenance Management	534	294
Operations Management	58	23
Regulatory Engineering Management	12	5
Administration and Finance Management	41	10
Human Resources	26	3
Union Permits	12	4
Total	785	351

Labor Union Relations

As of December 31, 2010, approximately 76% of Transener's and 70% of Transba's employees were represented by one of the following three unions:

- the Argentine Electricity Union (*Federación Argentina Trabajadores de Luz y Fuerza* or "FATLYF")
- University Personnel Union (*Asociación Personal Universitario del Agua y la Energía* or "APUAYE")
- Supervisory Personnel Union (*Asociación del Personal Jerárquico del Agua y la Energía* or "APJAE")

The following table shows how many employees are represented by each trade union as of March 31, 2011:

	TRANSENER	TRANSBA
FATLYF	398	242
APUAYE	128	-
APJAE	73	-
Outside Unions	187	109

All these agreements establish working conditions (hours, breaks, shifts, leaves), salaries, overtime payments, safety conditions, holidays, union representatives, annual bonuses, and variable salaries. Renegotiations are expected in 2011 on similar terms.

We have implemented new work practices designed to improve performance and productivity. We believe these new work practices will allow us to use compensation methods that are tied to performance and productivity. These practices are reflected in the collective bargaining agreements and supplemental agreements.

Transba maintains a collective bargaining agreement and supplemental agreements with FATLYF that permit it to improve performance and productivity.

Senior management and certain key personnel are not unionized.

Employee Benefits

Transener and Transba are required by law to contribute an amount equivalent to 6% of employees' salaries to plans administered by the relevant unions to provide health benefits to the employees and their families. Under the social security and pension system currently in force in Argentina, we must contribute an amount equivalent to 21% of employees' salaries to the social security system that includes pension plans, unemployment salaries and family allowances.

In 2002, we redesigned our pension fund program as an addition to our retirement fund for managers and key employees. Under this program, participating employees whose salary does not exceed Ps.10,119.08 per month contribute 2% of the amount of their monthly salary. Employees whose salaries are higher than Ps.10,119.08 per month must contribute 8% of their monthly salaries. We make equal contributions on behalf of the participating employees. This additional pension fund is managed by BNP Paribas, an international pension fund manager.

In order to comply with Law No. 23,696 and the related Decree No. 584/93, we set up a profit participation program for all of our and CAMMESA's employees, consisting of the issuance of participation bonds paying 0.5%, as required by Law No. 23,696, of our yearly net profit. Participation in the program is determined and distributed by certain factors, such as salary, number of years with us and family allowances. The first payments were made in June 1995 and additional payments have been made in each year in which we made a net profit.

DESCRIPTION OF OUR BYLAWS

Holders of Class A shares have the right to appoint five directors and five alternate directors. Holders of Class B shares are entitled to elect four directors and four alternate directors of the nine directors and alternate directors.

Transfer Restrictions

Class A shares cannot be transferred to third parties or among shareholders of the same class without the ENRE's prior authorization. If the ENRE fails to respond within 90 days of the submission of a transfer request, it is deemed to have consented to such transfer.

All Class A shares are subject to the Transener Pledge in favor of the Government as security for the performance of the terms of the Transener Concession Agreement. In the event of a sale or transfer of Transener's Class A shares, the purchaser must agree that the shares so acquired will remain pledged in favor of the Government. In addition, any Class A shares of Transener that may be issued in the future shall also become subject to the Transener Pledge under the same terms as the Class A shares currently outstanding.

Capital Increases and Reductions

Our shareholders may vote to increase our share capital without any limitation and without needing to amend our bylaws. However, any issue of shares resulting from a capital increase must be made in the following proportions: 51% of Class A shares and 49% of Class B shares. Any decision to change this proportion would require an amendment of our bylaws to reflect the new capital stock, which amendment would require the ENRE's prior consent and would have to be registered with IGJ, through CNV.

The board of directors may carry out a new issuance, upon delegation of the power to do so by the shareholders' meeting, on one or more occasions within two years following the date of the shareholders' meeting.

The Government may, inter alia, enforce the Transener Pledge on the Class A shares if, at the shareholders' meeting, an amendment to our bylaws is approved, or new shares are issued, without the ENRE's prior consent, in such a way as to reduce the existing proportion of our share capitaland votes represented by Class A shares to below 51%.

Capital reductions may be voluntary or mandatory. Voluntary capital reductions require the approval of an extraordinary shareholders' meeting and unless the relevant reduction is made out of net retained earnings or available reserves, it may only be made after the publication of notices announcing such circumstance and after creditors are given the chance to obtain payment of their claims or obtain an attachment or other security. Capital reductions are mandatory whenever losses exceed the reserves and more than 50% of the adjusted capital.

Preemptive Rights

Section 6 of our bylaws grants Class A and B shareholders preemptive and accretion rights for the subscription of any new shares issued by us, within their same class and in proportion to their respective shareholdings. The remaining unsubscribed shares may be offered to third parties.

Under Section 197 of the Companies Law, in certain specific and exceptional cases, whenever so required to protect the company's interests, the shareholders' preemptive and accretion rights may be limited or suspended. Such limitation or suspension must be adopted at an extraordinary shareholders' meeting for which the matter is duly included on the agenda by vote of the majority of the voting shares (both at first and second call), and the shares to be issued must be paid for with contributions in kind or delivered in payment of the company's preexisting obligations. In addition, according to our bylaws and the Companies Law, when a shareholders' meeting adopts a resolution that affects rights of a particular class of shares, the consent or ratification of such class at a special shareholders' meeting is required.

Shareholders' Liability

A shareholder's liability for losses of a company is limited to the value of his or her shareholding in the company. However, under Argentine law, the shareholders who voted in favor of a resolution that is subsequently declared void by a court for being contrary to the Argentine laws or the company's bylaws or regulations may be held jointly and severally liable for the damages caused to the company, other shareholders or third parties as a result of the referred resolution.

Shareholders' Meetings

Shareholders' meetings may be ordinary or extraordinary. Transener is required to convene and hold an ordinary shareholders' meeting within four months of the close of each fiscal year to consider the matters set forth in the first two paragraphs of Section 234 of the Companies Law including, but not limited to: (i) approval of our financial statements; (ii) allocation of net income for such fiscal year; (iii) approval of the annual report of the board of directors, (iv) approval of the report of the statutory supervisory committee; and (v) appointment and compensation of directors and members of the supervisory committee. Other matters that may be discussed at an ordinary shareholders' meeting convened and held at any time include liability of directors and members of the supervisory committee, capital increases and the issuance of certain corporate bonds.

Extraordinary shareholders' meetings may be convened at any time to discuss any matters that are not within the authority of the ordinary shareholders' meeting, including amendments to the bylaws, issuance of debentures and bonds in general, early dissolution, merger, spin-off, reduction of common stock, redemption of shares, transformation from one type of corporate entity to another and limitation of the shareholders' preemptive rights.

An ordinary or extraordinary shareholders' meeting may only deal with the items included in the agenda, unless shareholders representing all the outstanding shares are present at the meeting and resolutions are adopted by unanimous votes of such shares.

Moreover, any amendment to the bylaws requires the prior consent of the ENRE or of the Argentine Secretariat of Energy. The relevant shareholders' meeting shall discuss and approve the amendment ad referendum the approval of such agency. If within a term of ninety days no notice is given of the approval of the ENRE or the Secretariat of Energy, the application shall be deemed approved. For as long as the referred approval is not obtained, the resolution adopted by the shareholders' meeting shall not be enforceable vis-à-vis Transener, the shareholders and/or third parties.

Notice of Shareholders' Meetings

Ordinary or extraordinary shareholders' meetings may be convened at any time by the board of directors or the statutory supervisory committee, whenever required by law, or whenever deemed necessary by them, or whenever required by any class of shareholders representing at least 5% of our outstanding common stock. According to the Transparency Decree, shareholders' meetings must be called by publications – in the official gazette, in a general circulation newspaper and in the publications of Argentine exchanges or securities markets in which the company's shares are traded – for a period of five days at least 20 days in advance and not more than 45 days in advance of the date of the meeting, counting from date of the publication. Shareholders' meetings held at second call upon failure to hold them at first call shall be held within 30 days of the date scheduled for the first call, and notice thereof shall be given at least eight days in advance. In the case of ordinary shareholders' meetings the second call may be made simultaneously with the first call, with an interval of at least one hour if both meetings are scheduled for the same day. If a shareholders' meeting is going to adopt resolutions that may affect the rights of a specific class of shares or bonds, such class shall give its consent or ratification at a special meeting of such class, governed by the rules applicable to ordinary shareholders' meetings.

Quorum and Majorities

Ordinary shareholders' meetings held at first call require the attendance of shareholders representing the majority of the voting shares. At second call, shareholders' meetings shall be deemed organized irrespective of the number of voting shares present or represented. In both cases, resolutions shall be adopted by an absolute majority of the votes present that may be cast in connection with the relevant decision.

According to our by-laws the quorum for extraordinary shareholders' meetings on first call is 70% of the voting shares and 35% in the case of second call meetings. In both cases, resolutions are adopted by absolute majority of the votes present, except in the following cases: (i) extension, continuation, delisting or withdrawal of the shares from public offering, (ii) total or partial reimbursement of capital, (iii) our merger or spin-off (even if it is the surviving company), (iv) rescission or termination of the Transener Concession Agreement, or (v) hiring of operating, management or similar services in consideration of a price or fee which in the course of any fiscal year exceeds 2.75% of the total annual revenues from energy transmission (pursuant to Sub-Exhibit II C of the Transener Concession Agreement) in which both at first and second call, the favorable vote of 80% of the voting shares is required, whether or not such shares are present at the meeting, without applying plurality of votes, if any.

Pursuant to Section 250 of the Companies Law, when a shareholders' meeting is to adopt resolutions that affect the rights of a specific class of shares, the consent or ratification of such class shall be required. Such consent shall be given at a special shareholders' meeting governed by the rules of our bylaws applicable to ordinary shareholders' meetings.

Appraisal Rights

If Transener's shareholders' meeting approves matters including its merger or spin-off (whenever Transener is not the surviving company), transformation, material change in its corporate purpose, transfer of domicile abroad, delisting of its shares, full or partial reimbursement of capital, redemption of shares or liquidation, any shareholder who voted against the decision or who was absent may exercise its appraisal rights, and will have the right to have its shares bought back by Transener at their book value, which is calculated on the basis of the latest balance sheet prepared in accordance with Argentine laws and regulations; provided that the shareholder exercises its appraisal right within five days from the date the shareholders' meeting that adopted such decision if the shareholder shall have voted against the resolution, or within fifteen days after the date of the shareholders' meeting if the shareholder was not present at the meeting and is able to prove its capacity as shareholder as of such date. In the case of a merger or spin-off of a company authorized to offer its shares to the public, the appraisal right cannot be exercised if the shares to be received as a result of the relevant transaction are publicly listed. The appraisal right shall terminate if the resolution that gave rise to such rights is revoked at another shareholders' meeting held within 60 days following the shareholders' meeting that adopted the resolution in question. Payment of the shares may be made within one year following the date of the shareholders' meeting that adopted the resolution, except in the event the resolution in question was the delisting of Transener's ordinary shares, in which case the term of payment will be reduced to 60 days following the date of the resolution.

Balance Sheet and Dividends

Under Argentine law and our by-laws, declaration and payment of annual dividends, to the extent permitted by law, will be determined by the holders of our common stock, generally but not necessarily on the annual recommendation of the board of directors. Since Class A shareholders control a majority of the board of directors, Class A shareholders in practice have the power to approve or disapprove the declaration, amount and payment of dividends paid by us.

Our fiscal year ends on December 31 of each year. Net and realized profits are distributed as follows: a) no less than 5% until reaching at least 20% of the subscribed capital, to the legal reserve fund; b) up to a maximum of 25% of the profits to fees of the board of directors members and to fees of the supervisory committee members; c) 0.5% of our net profits to employees holding Participation Bonds issued in accordance with our bylaws (see "Business—Employees and Labor Relations—Employee Benefits"); d) to voluntary or contingency reserves decided to be set up by the shareholders' meeting; e) the remaining balance shall be distributed as dividends to the shareholders, irrespective of their class. Dividends shall be paid to the shareholders pro rata their respective paid-in

amounts, within the term set forth in the applicable laws. Cash dividends approved by the shareholders' meeting but not collected are forfeited in favor of Transener once three years have elapsed from the date they were made available. In such case, they shall form a special reserve, the allocation of which shall be resolved upon by the board of directors.

The Definitive Agreements provide that each of Transener and Transba, as applicable, may only use surplus funds to distribute dividends and pay debt if they are in compliance with their respective investment plans. We must report to the ENRE monthly and quarterly on investments made under such investment plans. The ENRE has 60 days to object to any annual distribution of dividends. See "Risk Factors—Risks Relating to Our Industry—We have been subject to, and may continue to be subject to, adverse tariff adjustments and other regulatory developments."

Liquidation

Transener's liquidation for any reason shall be governed by the provisions of Chapter I, Article XIII, Sections 101 to 112 of the Companies Law and implementing regulations. The liquidation shall be carried out by the board of directors or the liquidators appointed by the shareholders' meeting, under the supervision of the supervisory committee. Once the liabilities have been discharged, including liquidation expenses, the balance shall be distributed among all the shareholders without distinction of classes or categories, pro rata their respective holdings.

Incorporation Data and Registered Office

The name of our corporation is Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. It was constituted and operates under the laws of Argentina and is a corporation in the terms of Section V of the Companies Law. Its articles of incorporation were registered with the Superintendence of Corporations (*Inspección General de Justicia*, or "IGJ") on July 8, 1993, under No. 6,070, Book 113, Volume "A" of Corporations. The last modification of our articles of incorporation was approved at the extraordinary shareholders' meeting on June 25, 2008. As of the date of this offering memorandum, this modification has not been approved by the ENRE.

Our and Transba's registered office is located at Avda. Paseo Colón 728, 6th Floor, Ciudad Autónoma de Buenos Aires, (C1063ACU), Argentina, and our term of duration is 95 years from the date of our incorporation with the IGJ. Our telephone number is (05411) 5167-9100 and our website is www.transener.com.ar.

Corporate Purpose

According to Section 4 of our bylaws, Transener's corporate purpose is the supply of the electricity high-voltage and trunk distribution transmission service under the terms of the relevant concession agreements that regulate such public utilities. In addition, subject to the ENRE's prior consent, Transener may acquire title to the shares of other companies engaged in electricity transmission in Argentina or abroad, and render operating, maintenance, advisory and accessory and related services to third parties engaged in the electricity transmission business. Since 2006, Transener may provide communications services, based on Resolution No. 325/05 of the Secretariat of Communications. In all cases, Transener is required to maintain a separate accounting structure in connection with any company or activity in which it takes part.

Composition Of Our Share Capital During The Last Three Years

As of December 31, 2010, 2009 and 2008, the composition of our share capital was the following:

	Percentage of share capital	Class of shares	Number of shares
Compañía Inversora en Transmisión Eléctrica Citelec S.A.	51.00%	A	226,783,648
Compañía Inversora en Transmisión Eléctrica Citelec S.A.	1.65%	B	7,345,584
Public Offer	47.06%	B	209,242,338
Banco de la Nación Argentina (as trustee for the benefit of the Share Ownership Program)	0.29%	B	1,302,225
Total Share Capital[(1)]	100.00%		444,673,795

(1) As of the date of this offering memorandum and pursuant to ordinary shareholders' meetings held on April 7, 2010, and April 13, 2011, this includes an approximately 19% share held by ANSES.

MANAGEMENT

Board of Directors

Our board of directors consists of nine directors and nine alternate directors. Three directors and one alternate director are independent pursuant to the criteria set forth by CNV regulations. Directors are elected by shareholders for a period of one fiscal year, but must remain in office until new directors are appointed in a subsequent shareholders' meeting. Directors and alternates are elected separately by each class of shares. Class A shareholders elect five directors and five alternate directors and Class B shareholders elect four directors and four alternate directors.

Our board of directors must convene at least once every month. They must also meet whenever the Chairman of the board deems it necessary or at the request of any acting director or of the supervisory committee. Quorum for a meeting of the board of directors requires the presence of a simple majority of members, and the affirmative vote of a simple majority of members attending the meeting is necessary to adopt resolutions.

Our directors and alternate directors as of the date of this offering memorandum are as follows:

Name	Position	Director Class Designation	Date of Appointment	Independence	Address
Osvaldo Acosta	Chairman	Class A	April 13, 2011	Non Independent	Lavalle 462, 5th Floor, City of Buenos Aires
Marcos Marcelo Mindlin	Vice Chairman	Class A	April 13, 2011	Non Independent	Ortiz de Ocampo 3302 – Building 4, City of Buenos Aires
Brian Henderson	Director	Class A	April 13, 2011	Non Independent	Ortiz de Ocampo 3302 – Building 4, City of Buenos Aires
Gabriel Cohen	Director	Class A	April 13, 2011	Non Independent	Ortiz de Ocampo 3302 – Building 4, City of Buenos Aires
Rubén E. Fernández Rienzi	Director	Class A	April 13, 2011	Independent	Av. Córdoba 807, 10th Floor "B", City of Buenos Aires
Juan Manuel Madero	Director	Class B	April 13, 2011	Independent	Talcahuano 452, 10th Floor, City of Buenos Aires
Santiago Pierro	Director	Class B	April 13, 2011	Non Independent	Av. Paseo Colón 728, 5th Floor, City of Buenos Aires
Gonzalo Venancio	Director	Class B	April 13, 2011	Independent	San Martín 344, 22nd Floor, City of Buenos Aires
Leopoldo Elíes	Director	Class B	April 13, 2011	Non Independent	Lavalle 462, 5th Floor, City of Buenos Aires
Gerardo Ferreyra	Alternate Director	Class A	April 13, 2011	Non Independent	Lavalle 462, 5th Floor, City of Buenos Aires
Gustavo Mariani	Alternate Director	Class A	April 13, 2011	Non Independent	Ortiz de Ocampo 3302 – Building 4, City of Buenos Aires
Damián Mindlin	Alternate Director	Class A	April 13, 2011	Non Independent	Ramsay 1945, 13th Floor "L", City of Buenos Aires
Pablo Díaz	Alternate Director	Class A	April 13, 2011	Non Independent	Calle 133 N° 398, Citybell, Province of Buenos Aires
Héctor Hugo Nordio	Alternate Director	Class A	April 13, 2011	Non Independent	Av. del Libertador 1068, 2nd Floor, City of Buenos Aires
Ricardo Torres	Alternate Director	Class B	April 13, 2011	Non Independent	Ortiz de Ocampo 3302 – Building 4, City of Buenos Aires
Jorge Neira	Alternate Director	Class B	April 13, 2011	Non Independent	Lavalle 462, 5th Floor, City of Buenos Aires
Luis A. Vitullo	Alternate Director	Class B	April 13, 2011	Non Independent	Río de Janeiro No. 9, 3rd Floor, Suite "D", City of Buenos Aires
Atilio Lassig	Alternate Director	Class B	April 13, 2011	Non Independent	Lavalle 462, 5th Floor, City of Buenos Aires

The appointment of our current directors and alternate directors expires on December 31, 2011, notwithstanding that they must remain in office until the appointment of new directors.

Set forth below are brief biographical descriptions of our directors:

Osvaldo Acosta was born on July 18, 1950, and is an engineer who graduated from the National University of Córdoba. He has been a member of our board since 2007 and currently serves as a director of Electroingeniería, Integración Eléctrica Sur Argentina S.A. ("Intesar"), Bienes Inmuebles S.A., Citelec, Construcciones Argentinas S.A., Fundación Electroingeniería S.A., Construcciones Térmicas S.A., Duraznal S.A.; Fundo San Juan S.A., Parque Empresarial Aeropuerto S.A., Refugio del Indio S.A., Samaecon S.A., Timers S.A., Yabunal S.A., Yacylec S.A. y Vialco S.A., and as an alternate director of Transba, Don Oreste S.A. y Fruvex S.A. He does not have an employment contract with our Company.

Marcos Marcelo Mindlin was born on January 19, 1964, and is an economist who graduated from the University of Buenos Aires and holds an MBA from the Argentine Center for Macroeconomic Studies. He has been a member of our board since 2004 and currently serves as a director of Empresa Distribuidora Norte S.A. ("Edenor"), Grupo Dolphin S.A., Dolphin Energía S.A., Electricidad Argentina S.A., IEASA S.A. ("IESA"), Citelec, Transba, Pampa, Hidroeléctrica Los Nihuiles S.A., Hidroeléctrica Diamante S.A., Transelec S.A., Central Térmica Loma de La Lata S.A., Comunicaciones y Consumos S.A., Préstamos y Servicios S.A., Powerco S.A., Central Térmica Güemes S.A., Inversora Diamante S.A., Inversora Nihuiles S.A., Dolphin Créditos S.A., Dolphin Créditos Holding S.A., Dolphin Inversora S.A., Dolphin Finance SA, CAM SA, Compañía de Inversiones de Energía SA, Grupo ST S.A., Inversora Ingestis S.A., Central Piedra Buena S.A., Corporación Independiente de Energía S.A., Petrolera Pampa S.A., Pampa Participaciones II S.A., Energía Distribuida S.A., Pampa Generación S.A., Central Hidroeléctrica Lago Escondido S.A., Pampa Participaciones S.A., Bodega Loma de la Lata S.A., Pampa Real Estate S.A., Enron Pipeline Company Argentina S.A. and Ingentis S.A. He does not have an employment contract with our Company.

Brian Henderson was born September 23, 1945, and is an engineer who graduated from the University of Heburn in the United Kingdom. He has been a member of our board since 1997 and currently serves as a director of Citelec and as an alternate director of Inversora Nihuiles S.A., Pampa Energía S.A., Energia Distribuida S.A., Hidroelectrica Diamante S.A. e Hidroelectrica los Nihuiles S.A., Ingentis S.A., Inversora Ingentis S.A., Inversora Diamante SA, Edenor, Powerco S.A., Transba, Pampa Participaciones II S.A., Pampa Generación S.A., Transenlec Argentina SA, Bodega Loma de la Lata S.A. and Central Hidroelectrica Lago Escondido S.A. He does not have an employment contract with our Company.

Gabriel Cohen was born on September 11, 1964, and has a degree in business administration from the University of Buenos Aires. He has been a member of our board since 2007 and currently serves as a director of Citelec, and Corporación Independiente de Energía SA, as an alternate director of Transba, Hidroelectrica Diamante S.A., Hidroelectrica Los Nihuiles S.A., Electricidad Argentina S.A., IEASA S.A., Inversora Diamante S.A., Inversora Nihuiles S.A., Central Térmica Güemes S.A., Dolphin Energia SA, Pampa Energía SA, Bodega Loma de la Lata SA, Powerco SA, Pampa Participaciones SA, Pampa Participaciones II SA, Pampa Real Estate S.A.,Transelec Argentina SA, Energía Distribuida S.A., Ingentis S.A., Inversora Ingentis S.A., Pampa Generación S.A., Central Hidroeléctrica Lago Escondido S.A., Grupo ST S.A., ST Inversiones S.A. and Préstamos y Servicios S.A. He does not have an employment contract with our Company.

Rubén E. Fernández Rienzi was born on October 27, 1946, and is an electrical engineer who graduated from the National Technological University. He has been a member of our board since 2007 and currently serves as a director of Egan S.A., Verdearroyo S.A. and C.I.G.R.E. He does not have an employment contract with our Company.

Gonzalo Venancio was born on September 15, 1960, and is a stock broker. He has served as director of Raymond James. He is partner of Solfin Sociedad de Bolsa S.A. y Allaria Fondos. He has been a member of our board since 2006. He does not have an employment contract with our Company.

Juan Manuel Madero was born on April 11, 1935, and holds a doctorate in economic sciences from the National University of La Plata. He has been a member of our board since 2008 and currently serves as a director of Anken S.A. and Printex S.A. He does not have an employment contract with our Company.

Santiago Pierro was born on January 22, 1958, and is an engineer who graduated from the University of Buenos Aires. He has been a member of our board since 2007 and currently serves as a director of Transba. He does not have an employment contract with our Company.

Leopoldo Elíes was born on March 26, 1940, and is an electrical mechanical engineer who graduated from the National University of Cordoba. He has been a member of our board since 2007. He does not have an employment contract with our Company.

Gerardo Ferreyra was born on September 6, 1950, and is an electronic electrical engineer who graduated from CEMA University. He has been a member of our board since 2007 and currently serves as a director of Electroingenieria S.A., Citelec, Cosofi S.A., Construcciones Argentinas S.A., Fundación Electroingenieria S.A., Transba, Construcciones Térmicas S.A., Generación Nuclear S.A. and Yacylec S.A.. He does not have an employment contract with our Company.

Gustavo Mariani was born on September 9, 1970, and is a licensed economist who graduated from the Argentine Center for Macroeconomic Studies. He has been an alternate member of our board since 2004 and currently serves as a director of Grupo Dolphin S.A., Dolphin Energía S.A., Dolphin Finance S.A, Electricidad Argentina S.A., Edenor, Pampa Energía S.A., Hidroeléctrica Los Nihuiles S.A., Hidroeléctrica Diamante S.A., Inversora Nihuiles S.A, Inversora Diamante SA, Enron Pipeline Company Argentina S.A., Transportadora de Gas del Sur S.A., Compañía de Inversiones de Energía S.A., Powerco SA, Central Térmica Güemes S.A., IEASA S.A., CAM SA, Transelec Argentina S.A., Central Térmica Loma de la Lata S.A., Pampa Participaciones S.A., Pampa Real Estate S.A., Comunicaciones y Consumos S.A., Compañía Buenos Aires S.A., Dolphin Créditos S.A., Dolphin Créditos Holding S.A., Dolphin Inversora S.A., Inversora Ingentis S.A., Ingentis S.A., Central Piedra Buena S.A., Corporación Independiente de Energía S.A., Petrolera Pampa S.A., Pampa Participaciones II S.A., Energía Distribuida S.A., Pampa Generación S.A., Central Hidroeléctrica Lago Escondido S.A., and Bodega Loma de la Lata S.A., and as an alternate director of Citelec, Transba, Préstamos y Servicios S.A. and Grupo ST S.A. He does not have an employment contract with our Company.

Damián Mindlin was born on January 3, 1966, and is a financial analyst. He has been a senior investment manager since 1991. He has been an alternate member of our board since 2004 and currently serves as a director of Edenor, Grupo Dolphin S.A., Dolphin Energía S.A., Inversora Ingentis SA, Dolphin Finance S.A., Electricidad Argentina S.A., IEASA, CAM S.A., Pampa Energía S.A., Hidroeléctrica Los Nihuiles S.A., Hidroeléctrica Diamante S.A., Transelec Argentina S.A., Pampa Participaciones S.A., Pampa Real Estate S.A., Comunicaciones y Consumos S.A., Préstamos y Servicios S.A., Powerco S.A., Central Térmica Güemes S.A., Inversora Diamante S.A., Inversora Nihuiles S.A., Central Piedra Buena S.A., Corporación Independiente de Energía S.A., Compañía Buenos Aires S.A., Dolphin Créditos S.A., Dolphin Créditos Holding.S.A., Dolphin Inversora S.A., Ingentis S.A., Petrolera Pampa S.A, Pampa Participaciones II S.A., Energía Distribuida S.A., Pampa Generación S.A., Pampa Inversiones S.A., Emdersa S.A., Empresa Distribuidora de Salta S.A., Empresa Distribuidora de La Rioja S.A.,Enron Pipeline Company Argentina SA, Empresa Distribuidora de San Luis S.A., Esed S.A., Bodega Loma de la Lata S.A. and Central Hidroeléctrica Lago Escondido S.A.. He is also a senior financial director of Grupo Dolphin S.A. He does not have an employment contract with our Company.

Pablo Díaz was born on June 26, 1957, and is an entrepreneur. He has acted as an advisor of the Secretary of Energy, and as member of the presidency of the Electrical Control Board of Buenos Aires and of Centrales de la Costa SA. He has been a member of our board since 2004, and currently serves as a director of Inversora Ingentis S.A. and Transba, and as an alternate director of Inversoras Nihuiles S.A., Inversora Diamante S.A., Ingentis S.A., Central Hidroeléctrica Lago Escondido S.A., Central Piedra Buena S.A., Central Térmica Güemes S.A., Corporación Independiente de Energía S.A., Hidroeléctrica Diamante S.A., Hidroeléctrica Los Nihuiles S.A., Pampa Participaciones II S.A., Pampa Participaciones, Pampa Energía SA, Petrolera Pampa S.A., Pampa Real Estate SA, Transelec Argentina S.A., Central Térmica Loma de la Lata, Dolphin Energía SA, IEASA and Citelec. He does not have an employment contract with our Company.

Héctor Hugo Nordio was born on August 3, 1943, and is a mechanical electrical engineer who graduated from the National University of Córdoba. He has been a member of our board since 2007, and currently serves as a director of Vientos de la Patagonia S.A. and ENARSA Servicios S.A. He does not have an employment contract with our Company.

Ricardo Torres was born on March 26, 1958, and is a national public accountant who graduated from the University of Buenos Aires, and holds a master in Companies Direction from Austral University. He has been a member of our board since 2008, and currently serves as a director of Pampa Energía S.A., Pampa Real Estate S.A., Pampa Participaciones II S.A., Hidroeléctrica Los Nihuiles S.A., Hidroeléctrica Diamante S.A., Inversora Nihuiles S.A, Inversora Diamante S.A, Darwin Chile Inversora Inmobiliaria S.A., Veredit S.A., Edenor, Central Térmica Güemes S.A., Powerco S.A. Darwin Chile II Inversora Inmobiliaria S.A., Central Térmica Loma de la Lata S.A., Central Piedra Buena S.A., Corporación Independiente de Energía S.A., Dolphin Energía S.A, IEASA S.A, Inversora Ingentis S.A., Ingentis SA, Energía Distribuidora S.A., Pampa Generación, Petrolera Pampa S.A., Pampa Participaciones S.A., Pampa Inversiones SA, Central Hidroeléctrica Lago Escondido S.A., Empresa Distribuidora de Salta S.A., Empresa Distribuidora de La Rioja S.A., Empresa Distribuidora de San Luis SA, Esed S.A., Emdersa Generación Salta SA, EMDERSA SA, Enron Pipeline Company Argentina SA and Bodega Loma de la Lata S.A., and as an alternate director of Citelec, Transba and Transener. He does not have an employment contract with our Company.

Jorge Neira was born on February 14, 1952, and is an electrical engineer who graduated from the National Technological University. He has been a member of our board since 2007, and currently serves as a director of Sistranyac S.A., Electroingeniería División Nuclear S.A., Generación Nuclear S.A., Construcciones Argentina S.A., Samarcon S.A., Refugio del Indio S.A., Timens S.A., Vialco S.A., and Yabunal S.A., and as an alternate director of Citelec, Construcciones Térmicas S.A., Intesar, Soluciones Energéticas S.A., Vial III S.A. and Yacylec S.A. He does not have an employment contract with our Company.

Luis A. Vitullo was born on February 21, 1974, and holds a degree in international business from the National University of Luján. He has been a member of our board since 2009, and currently serves as an alternate director of Transba and Transener. He does not have an employment contract with our Company.

Atilio Lassig was born on December 7, 1973, and is an electrical engineer who graduated from the National Technological University. He currently serves as an alternate director of Atlántico C.V S.A., Vial III S.A., Sistranyac S.A., Yacylec S.A. and Transener. He does not have an employment contract with our Company.

Senior Management

Our senior managers as of March 31, 2011, are the following:

Name	Position	Date of Appointment
Carlos García Pereira	Chief Executive Officer	December 14, 2007
Antonio Caro	Vice Chief Executive Officer	December 14, 2007
Marcelo Rodríguez Ponti	Chief Financial Officer	March 22, 2011
Eduardo Nitardi	Technical Director	July 1, 2000
José Luis Baliña	Human Resources Director	January 1, 2011
Armando Lenguitti	Regulatory Engineering Director	December 17, 2007

The address of each of our Senior Managers is the address for our registered office listed on the back cover of this offering memorandum. Set forth below are brief biographical descriptions of our senior managers:

Carlos A. García Pereira was born on May 14, 1948, and is an engineer who graduated from the University of Buenos Aires. He served as our Regulatory Engineering Director from July 2000 to December 2007, and has been our Chief Executive Officer since December 2007. He has served as Director at CAMMESA. He has also worked at Sade Ingeniería y Construcciones S.A., Agua y Energía Eléctrica SE and Ercole Marelli Arg. S.A.

Antonio Caro was born on March 26, 1947, and is an engineer who graduated from the National University of Rosario. He has been our Vice Chief Executive Officer since December 2007 and has also worked at EDEMSA and EPE Santa FE, and has served as a Director of Distrocuyo and CAMMESA.

Marcelo Rodríguez Ponti was born on January 15, 1967, and is an accountant who graduated from the University of Buenos Aires. He has been our Chief Financial Officer since March 2011 and has also worked at

Pampa Energía S.A., Cencosud, A.C.E.C Argentina S.A.C. e I, Compañía Naviera Perez Companc, Johnson & Higgins S.A., and Banco Supervielle Societe Generale.

Eduardo Nitardi was born on July 18, 1955, and is an engineer who graduated from the National University of Córdoba. He has been our Technical Director since July 2000 and has also worked for Sade Ingeniería y Construcciones S.A. and ELENET S.A.

José Luis Baliña was born on October 10, 1962, and is an accountant who graduated from the University of Lomas de Zamora. He has been our Human Resources Director since January 2011, and has also worked for Kalpakian Hnos, Grupo Neo Plax, and Laboratorios Phoenix.

Armando Lenguitti was born on February 18, 1955, and is an engineer who graduated from the National Technical University at Campana. He has been our Regulatory Engineering Director since December 2007, and has also worked for Transba, Eseba, Deba and Agua y Energía Eléctrica SE. He is also a Director at CAMMESA.

Supervisory Committee

Our supervisory committee's duties include, among other things, examination of our corporate books and accounts, supervision of our compliance with applicable law, our bylaws and decisions adopted by our shareholders. The supervisory committee also must investigate any complaint set out in writing by shareholders representing at least 2% of our total capital stock.

Our supervisory committee consists of three members and three alternate members who are elected by our shareholders for a period of one year. Class A shareholders elect two members and two alternate members; the third member and alternate member are elected by Class B shareholders. Our supervisory committee meets at least once every month and must also meet at the request of any of its members at any time, within five days from the date of such request.

Quorum for a meeting of the supervisory committee requires the presence of all three members and resolutions are adopted with the affirmative vote of a simple majority, notwithstanding any right granted by applicable law to any dissenting member.

The members and alternate members of our supervisory committee as of March 31, 2011, are:

Name	Position	Profession	Date of Appointment
Rodolfo Felipe O'Reilly	Member	Lawyer	April 13, 2011
José Daniel Abelovich	Member	Accountant	April 13, 2011
Norma Vicente Soutullo	Member	Lawyer	April 13, 2011
Javier Elgueta	Alternate Member	Lawyer	April 13, 2011
Marcelo Héctor Fuxman	Alternate Member	Accountant	April 13, 2011
Celia Elena Yannuzzi	Alternate Member	Lawyer	April 13, 2011

Set forth below are brief biographical descriptions of our members of the supervisory committee:

Rodolfo Felipe O´Reilly was born on March 12, 1939, and is an attorney who graduated from the University of Buenos Aires. He has been a member of our audit committee since 2009.

José Daniel Abelovich was born on July 20, 1956, and is an accountant who graduated from the University of Buenos Aires. He has been a member of our audit committee since 2004. He currently serves as a member of BHH Sociedad de Inversión S.A., Compañía Buenos Aires S.A., Dolphin Créditos Holding S.A., Dolphin Créditos S.A., Energía Distribuida S.A., Powerco S.A., Electricidad Argentina S.A., Hidroelectrica Diamante S.A., Hidrolectrica Los Niuiles S.A., Pampa Generación S.A.,Ingentis S.A., Pampa Participaciones II S.A., Pampa Real Estate S.A., Petrolera Pampa S.A., Agropoly S.A., Agropecuaria Cervera S.A., Alto Palermo S.A., BHN Seguros Generales S.A., BHN Vida S.A., Cactus Argentina S.A., Comercializadora Los Altos S.A., Cresud SACIF y A,

Cyrsa S.A., Dolphin Inversora S.A., E-Commerce Latina S.A., Empalme S.A., Emprendimiento Recoleta S.A., Exportaciones Agroindustriales Argentinas S.A., Fibesa S.A., Futuros y opciones.com S.A., FYO Trading S.A., Grupo Dolphin S.A., Hexagon Argentina S.A. Sociedad de BCBA, Inversiones Ganaderas S.A., Inversora Bolívar S.A., IRSA Inversiones y Representaciones S.A., Llao – Llao resorts S.A., Mendoza Plaza Shopping S.A., Nuevas Fronteras S.A., Palermo Invest S.A., Panamerican Mall S.A., Patagonian Investment S.A., Pereiraola S.A.I.C., Quality Invest S.A., Rummaala S.A., Alto Palermo S.A. (SAPSA), Shopping Neuquén S.A., Solares de Santa María S.A. and Tarshop S.A.

Norma Vicente Soutullo was born on May 11, 1957, and is an attorney who graduated from the University of Buenos Aires. She has been a member of our audit committee since April 2010. She currently serves as a member of CITELEC SA, Hidroeléctrica Piedra del Aguila SA y Emprendimientos Energéticos Binacionales SA and Síndico Suplente de Empresa de Transporte de Energía Eléctrica por Distribución Troncal TRANSBA SA.

Javier Elgueta was born on November 23, 1951, and is an attorney who graduated from the National University of Córdoba. He has been an alternate member of our audit committee since December 2007. He currently serves as a member of Agropecuaria Los Molinos S.A., Caminos del Atlántico S.A., Construcciones Argentina S.A., Construcciones Térmicas S.A., Electroingenieria División Nuclear S.A., Fruvex S.A., Generación Nuclear S.A., Electroingeniería, Intesar, Refugio del Indio S.A., Samarcom S.A., Soluciones Energéticas S.A., Sistranyac S.A., Timens S.A., Vial III S.A., Vialco S.A., Viñas del Bermejo S.A., Yabunal S.A. and Yacylec S.A.

Marcelo Héctor Fuxman was born on November 30, 1955, and is an accountant who graduated from the University of Buenos Aires. He has been an alternate member of our audit committee since 2004. He currently serves as on the audit committee of Agro Investment S.A. and as member of BHN Sociedad de Inversión S.A., Agropoly S.A., Agropecuaria Cervera S.A., BHN Seguros Generales S.A., BHN Vida S.A., Comercializadora Los Altos S.A., Credud SACIF y A, Cyrsa S.A., E-Commerce Latina S.A., Empalme S.A., Emprendimiento Recoleta S.A., Fibesa S.A., Financel Communications S.A., Futuros y Opciones.Com S.A., FYO Trading S.A., Inversiones Ganaderas S.A., Inversora Bolívar S.A., IRSA Inversiones y Reparaciones S.A., Llao-Llao Resorts S.A., Nuevas Fronteras S.A., Palermo Invest S.A., Panamerican Mall S.A., Patagonian Investment S.A., Pereiraola S.A.I.C., Quality Invest S.A., Shopping Alto Palermo S.A., Shopping Neuquén S.A., Solares de Santa María S.A. and Tarshop S.A. and as an alternate member of Compañía Buenos Aires S.A., Dolphin Créditos S.A., Dolphin Créditos Holding S.A., Myland S.A., Pampa Generación S.A., Pampa Participaciones S.A., Pampa Real Estate S.A., Petrolera Pampa S.A., Alto Palermo S.A., Cactus Argentina S.A., Dolphin Inversora S.A., Grupo Dolphin S.A., Hexagon Argentina S.A. Sociedad de BCBA, Mendoza Plaza Shopping S.A., Rummaala S.A. and S.R.K. Italia Hotel S.A.

Celia Elena Yannuzzi was born on September 29, 1947, and is an attorney who graduated from the Argentine Catholic University. She has been an alternate member of our audit committee since March 2009. She currently serves as a member of Enarsa (as defined below), Enarsa PDVSA, Enarsa Servicios, INTEA S.A. and Emdersa S.A, as an alternate member of Transener and Correo Oficial de la República Argentina S.A., and as a board member of Fabricaciones Militares.

Compensation

The total compensation paid by us to the members and alternate members of our board of directors, members of the supervisory committee and our senior management as a group was Ps.7.8 million during the fiscal year ended December 31, 2010. The members of our board of directors received Ps.1.2 million for their services as directors during the fiscal year ended December 31, 2010. The members of our supervisory committee received a total of Ps.0.4 million during the fiscal year ended December 31, 2010. Our senior managers received a total of Ps.6.2 million in salaries during the fiscal year ended December 31, 2010.

Transener has a retirement plan for its senior management. This retirement plan is in addition to the plan set forth by law, consisting of fixed contributions set by salary. Under this program, participating employees whose salary does not exceed Ps.10,119.08 per month contribute 2% of the amount of their monthly salary. If the salary exceeds Ps.10,119.08 the employee must contribute 8% of any amount over Ps.10,119.08. In all cases, Transener matches each amount contributed by the employee.

Board Practices

Our board of directors' duties and responsibilities are set forth in Argentine law and our bylaws.

Under Argentine law, directors have the obligation to perform their duties with loyalty and the diligence of a prudent business person. Directors are prohibited from engaging in activities in competition with their company without express authorization of a shareholders' meeting. Certain transactions between directors and their company are subject to ratification procedures established by Argentine law.

On May 22, 2001, the Government enacted the Transparency Decree with the aim of moving towards the creation of an adequate legal framework that would strengthen the level of protection of investors in the market. Other objectives of the Transparency Decree were to promote the development, liquidity, stability, solvency and transparency of the market, generating procedures to guarantee the efficient direction of savings towards investment and good practices in the management of corporations.

The Transparency Decree has vested in the members of the board of directors:

- the duty to disclose certain events, such as any fact or situation which is capable of affecting the value of the securities or the course of their negotiation;
- the duty of loyalty and diligence;
- the duty of confidentiality; and
- the duty to consider the general interests of all shareholders over the interest of the controlling shareholder.

Three directors and one alternate director of the members of our board of directors are independent as defined by CNV regulations. The rest of the members of our board of directors are not independent.

The CNV regulation sets forth the following criteria under which a member of the board does not qualify as an "independent director":

- the board member is also a member of the board or an employee of any of our shareholders having "significant participation" in us, as defined below, or a member of the board or employee of another corporation in which our shareholders have a direct or indirect significant participation or influence;
- the board member is our employee, or has been our employee during the last three years;
- the board member is our advisor, counselor, accountant or auditor or belongs to a firm that maintains professional relationships with us, or receives payments for his professional services or fees (different from those earned as a director) from us or from any of our shareholders with a direct or indirect significant participation or influence or from corporations in which those shareholders may have a direct or indirect significant participation or influence;
- the board member holds directly or indirectly a significant participation in us or in a corporation that has a significant participation or influence in us;
- the board member sells or provides goods or services directly or indirectly to us or to any of our shareholders with a direct or indirect significant participation or influence in us, for an outstanding amount materially higher than his compensation as a member of the board; or
- the board member is a spouse, relative until the fourth degree of consanguinity or second degree in kin of individuals that would not qualify as independent directors according to CNV regulations.

In all the cases described above, references to a "significant participation" means any individual or corporation that holds a stake that represents at least 35% of the company's outstanding capital, or a lesser stake if such individual or corporation has the right to appoint one or more directors per class of shares or is part of a shareholders' agreement related to the government and management of the company or its controlling company. "Significant influence" means the power to take part in the financial and political decisions of a company without having control of it. Significant influence, directly or indirectly, exists if a company has more than 20% of the voting rights of another company.

There are no agreements between us and the members of our board of directors that set forth special benefits upon termination of their designation as directors.

Audit Committee

The Transparency Decree also provides that companies whose shares are publicly offered shall create an audit committee to be formed by three or more members of their board of directors. The majority of the members of the audit committee must be independent in accordance with the criteria set forth by CNV regulations.

The duties of the audit committee are, among others:

- reviewing the independence, plans and performance of external auditors;
- reviewing the plans and performance of internal auditors;
- reviewing internal control systems, including the performance of the administrative accounting system;
- monitoring compliance with risk-management policies;
- reviewing compliance with applicable Company rules of conduct;
- reviewing compliance with applicable Company rules of conduct;
- reviewing the accuracy of information presented to the CNV and other regulatory authorities, as applicable (including stock exchanges and the corresponding markets); and
- issuing, as applicable, opinions in respect of:
    - the reasonableness of the board of directors' proposals in respect of compensation and stock options for directors and management;
    - the arm's-length nature of material transactions with related parties; and
    - conflicts of interest.

Our shareholders, at the extraordinary shareholders' meeting held on April 28, 2004, approved the inclusion of new Section 31 in our bylaws, pursuant to which an audit committee was created. Our audit committee is composed of three members who remain in office for one fiscal year. In the event of a vacancy on the audit committee, the board of directors must immediately appoint a replacement, maintaining the majority of independent members in accordance with CNV regulations. Our audit committee meets at least once every three months.

Our audit committee is presently composed of Rubén Fernández Rienzi (independent), Gonzalo Venancio (independent) and Juan Manuel Madero (independent).

Our audit committee has internal bylaws that define its functions, duties, and responsibilities in compliance with the Transparency Decree and CNV regulations.

Share Ownership by Directors, Executive Officers, and Supervisory Committee Members

As of March 31, 2011, our directors, senior management, and members of our supervisory committee did not directly or beneficially hold shares of Transener.

PRINCIPAL SHAREHOLDERS

Citelec is our controlling shareholder, and owns 52.652% of our outstanding share capital. The remaining 47.348% of our share capital is publicly held and is listed and traded on the BCBA. ANSES is the holder of approximately 19% of our total share capital.

The following is a brief description of Citelec's current shareholders and their respective shareholdings in Citelec:

- Transelec Argentina S.A. ("Transelec"), which owns 50% of the share capital of Citelec, is a corporation (*sociedad anónima*) organized under the laws of Argentina, whose main business consists of investment and investment management activities. Transelec is controlled by Pampa Energia S.A., an Argentine corporation that is controlled directly and indirectly by legal entities under common control with Grupo Dolphin. "Grupo Dolphin" refers to Grupo Dolphin S.A. and the investment funds and affiliates controlled by Marcos Marcelo Mindlin, including Transelec. Pampa Energía S.A. is the largest electricity company in Argentina, controlling 2,200MW of electricity generation capacity installed in Argentina (representing approximately 8% of the market) and an electricity distribution company with over 3.5 million end-users (representing 26% of the distribution market). Pampa Energía S.A. also co-controls the Networks, which represent almost 95% of Argentina's electricity transmission capacity. Pampa Energía S.A. also conducts operations in other energy markets, such as oil and gas, among other activities.

- Electroingeniería S.A. ("Electroingeniería"), which own 25% of the share capital of Citelec, is an Argentine corporation (*sociedad anónima*) controlled by Osvaldo Acosta.

- Energía Argentina S.A. ("Enarsa"), which owns 25% of the share capital of Citelec, is an Argentine corporation (*sociedad anónima*) controlled by the Government through the Ministry of Federal Planning, Public Investment and Services under Law No. 25,943.

Our share capital is divided into Class A registered non-endorsable ordinary shares ("Class A") representing 51% of our total share capital and Class B book-entry ordinary shares ("Class B") representing 49% of our total share capital. Each share has a nominal value of one peso and is entitled to one vote. Citelec is our controlling shareholder and owns 52.652% of our total share capital, holding all outstanding Class A shares and Class B shares, representing 1.652% of our total share capital. The remaining Class B shares are publicly held and are listed and traded on the BCBA.

On June 25, 2008, at an extraordinary meeting of our shareholders it was resolved, pending approval by the ENRE, among other things, to cancel the Class C shares. As of the date of this offering memorandum, these modifications to our bylaws have not been approved by the ENRE. As of the date of this offering memorandum, no Class C shares are outstanding.

Pursuant to the Concession Agreements and our bylaws, and subject to the Transener Pledge, any change in ownership of Class A shares requires the prior approval of the ENRE. See "—Pledge Over Our Class A Shares." According to our bylaws, any issuance of new shares must result in the following proportions: 51% of Class A shares and 49% of Class B shares. The following table sets out our shareholders and their respective percentage shareholdings, as well as their actual shareholdings as of March 31, 2011.

	Percentage of share capital	Class of shares	Number of shares
Compañía Inversora en Transmisión Eléctrica Citelec S.A.	51.00%	A	226,783,648
Compañía Inversora en Transmisión Eléctrica Citelec S.A.	1.65%	B	7,345,584
Public Offer	47.06%	B	209,242,338
Banco de la Nación Argentina (as trustee for the benefit of the Share Ownership Program)	0.29%	B	1,302,225
Total Share Capital[(1)]	100.00%		444,673,795

(1) As of the date of this offering memorandum and pursuant to ordinary shareholders' meetings held on April 7, 2010, and April 13, 2011, this includes an approximately 19% share held by ANSES.

The relationship among Citelec's shareholders is governed by a shareholders' agreement. We are not a party to this agreement, which requires, among other things, that:

- Transelec and Electroingeniería each have a preferential right to supply construction and/or engineering components and other goods and services to us and/or Citelec, directly or through their affiliates or related companies, either in consortium with third parties or not, at competitive prices and similar conditions, provided that the decision to award or not to award the order for the acquisition of goods and services shall be made by the shareholder who is not seeking to supply such goods and services and the decision is based on our best interests and/or the best interests of Citelec; and

- five out of the nine of our directors and alternate directors are appointed or elected by Citelec upon the proposal of Citelec shareholders as follows:

  - one Class A director is to be proposed by Transelec or by Electroingeniería and Enarsa in successive turns;

  - two Class A directors are to be proposed by Transelec; and

  - two Class A directors are to be proposed by Electroingeniería and Enarsa.

Class B Shares

Our Class B shares that were previously held by the Government were sold in a public offering in Argentina in August 2000. Class B shares are currently held by shareholders whose ownership records are maintained by *Caja de Valores*. Our Class B shares are listed on the BCBA. Citelec is the holder of 7,345,584 Class B shares, which represent approximately 1.65% of our total share capital.

Pledge Over Our Class A Shares

On Transener's Transfer Date as part of the grant of the Transener Concession Agreement, Citelec was required to create the Transener Pledge. The Transener Pledge covers all of our Class A shares that were issued subsequent to Transener's Transfer Date and is valid until the termination of Transener's Concession Agreement (unless foreclosed upon sooner). Class A shares will continue to be subject to the Transener Pledge, irrespective of any change in ownership, and any new Class A shares issued in the future will be subject to the Transener Pledge. Under the Transener Pledge, the Government may foreclose on the pledged shares upon the occurrence of certain events of default as established in Transener's Concession Agreement, including, but not limited to (i) penalties in any 12-month period in excess of 15% of Transener's total revenue for that 12-month period; (ii) a transmission line out of service for more than 30 days; or (iii) an average of more than 2.5 forced outages every 100km in the Transener Network during a 12-month period.

Forced outages resulting from *force majeure* events such as tornadoes and sabotage are excluded from the determination of whether these limits have been exceeded.

The Government may foreclose on the shares pledged under the Transener Pledge by selling the pledged shares pursuant a bidding process, or may retain the pledged shares for itself. The holders of our Class A shares will receive the proceeds of the sale, less a deduction and withholding of 30%, 20% or 10%, applied by the Government subject to whether the sale takes place within the first, second or third part of any Transener Management Period as well as any other amount that we may owe the Government at the time of the sale. Citelec cannot participate in this bidding process. See "Risk Factors—Risks Relating to Us—Under the occurrence of certain circumstances, the Government could enforce the Transener Pledge and the Transba Pledge."

Pledge Over Transba's Class A Shares

On Transba's Transfer Date, through the Transba Pledge, Transener pledged all Transba's Class A shares to be issued subsequent to Transba's Transfer Date to the Government, until the termination of Transba's Concession Agreement (unless foreclosed upon sooner). Transba's Class A shares shall continue to be subject to the Transba Pledge, irrespective of any change in ownership thereof and any new Class A shares issued in the future will be subject to the Transba Pledge. The Transba Pledge may be foreclosed upon the occurrence of certain events of default as established in Transba's Concession Agreement, including, but not limited to: (i) penalties in any 12-month period in excess of 15% of Transba's total revenues for that 12-month period; (ii) a transmission line out of service for more than 30 days; or (iii) an average of more than seven forced outages every 100km in Transba's Network during a 12-month period. Forced outages resulting from *force majeure* events such as tornadoes and sabotage are excluded from the determination of whether these limits have been exceeded. The other 10% of Transba shares are held by employees under a share ownership program.

The Government may foreclose on the shares pledged under the Transba Pledge by selling the pledged shares pursuant to a bidding process, or may retain the pledged shares for itself. The holders of Transba's Class A shares shall receive the proceeds of the sale less a deduction and withholding of 30%, 20% or 10%, applied by the Government (subject to whether the sale takes place within the first, second or third part of the Transba Management Period) as well as any other amount that Transba may owe the Government at the time of the sale. We cannot participate in this bidding process. See "Risk Factors—Risks Relating to Us—Under the occurrence of certain circumstances, the Government could enforce the Transener Pledge and the Transba Pledge."

RELATED PARTY TRANSACTIONS

The Transener Technical Assistance Agreement

On November 9, 1994, Transener entered into a technical assistance agreement (the "Transener Technical Assistance Agreement") with the five largest original shareholders of Citelec, pursuant to which such shareholders agreed to provide technical assistance, expertise and know-how with respect to the range of activities conducted by Transener. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Amounts Owed to Related Parties." On June 11, 1997, in connection with the reorganization of Citelec, the Transener Technical Assistance Agreement was amended to reduce the number of technical assistance providers to two, National Grid and Perez Companc S.A. On October 11, 2000, Citelec was notified that Perez Companc S.A. had changed its name to Pecom Energía S.A. and on June 30, 2003, Pecom Energía S.A. changed its corporate name to Petrobras. On August 18, 2004, National Grid transferred ownership of a 42.486% equity interest in Citelec to Dolphin Fund Management S.A. and a 0.007% equity interest in Citelec to Petrobras. In December 2007, Petrobras sold its shares in Citelec to Enarsa and Electroingeniería, and also assigned Transener's rights and obligations under the Transener Technical Assistance Agreement to Enarsa and Electroingeniería. Dolphin Fund Management S.A. subsequently changed its corporate name to Grupo Dolphin S.A.

As part of a corporate reorganization process, a spin-off of Grupo Dolphin S.A. changed its corporate name to Transelec and two separate corporations, Dolphin Inversora S.A. and Grupo Dolphin S.A., were established. Citelec is owned equally by Electroingeniería and Enarsa and Transelec (the "Operators"). See "Principal Shareholders." The responsibilities of the Operators include providing advice and coordination in areas such as human resources, general administration, cost management, information systems, quality control, consulting and engineering. Pursuant to Transener's bylaws and the current arrangement under the Transener Technical Assistance Agreement, we pay, on a quarterly basis, the Operators' annual fees equal to 2.75% of our annual revenues and the insurance costs of the Operators directly related with the provision of the services under the Transener Technical Assistance Agreement. Also, pursuant to the Transener Technical Assistance Agreement, the Operators have joint and several responsibility for their obligations thereunder. We will indemnify the Operators against any liability from the performance of their duties as Operators under the Transener Technical Assistance Agreement.

The Transener Technical Assistance Agreement provides for automatic renewal, subject to the right of Transener or the Operators to terminate the agreement at the end of any five-year term on 180 days' prior notice. The Transener Technical Assistance Agreement may be terminated at any time in the event of a breach by Transener or the Operators or due to the termination of the Transener Concession Agreement.

As a consequence of the economic and financial condition of Transener due to the application of the Emergency Law and related pesification of tariffs for public services in Argentina, Transener had suspended all payments to the Operators since the fourth quarter of 2002. After the restructuring of the financial debt, we paid these suspended payments to the Operators together with related interest amounting to Ps.1.7 million.

In December 2006, Transelec transferred its rights and obligations under the Transener Technical Assistance Agreement to Pampa Holding S.A. In July 2008, Pampa Holding S.A. changed its name to Pampa Energía S.A. In November 2009, Pampa Energía S.A. transferred its rights and obligations under the Transener Technical Assistance Agreement to its affiliate Pampa Generación S.A. In November 2010 Electroingeniería transferred its rights and obligations under the Transener Technical Assistance Agreement to Grupo Eling S.A.

For the three-month period ended March 31, 2011, pursuant to the Transener Technical Assistance Agreement, Transener accrued costs of Ps.0.7 million, Ps.0.4 million, and Ps.0.4 million for Pampa Generación S.A., Enarsa and Electroingenería, respectively. For the year ended December 31, 2010, pursuant to the Transener Technical Assistance Agreement, Transener accrued costs of Ps.3.4 million, Ps.1.7 million, Ps.1.1 million and Ps.0.7 million for Pampa Generación S.A., Enarsa, Electroingenería and Grupo Eling S.A., respectively. For the year ended December 31, 2009, pursuant to the Transener Technical Assistance Agreement, Transener accrued costs of Ps.2.3 million, Ps.0.5 million, Ps.1.4 million and Ps.1.4 million for Pampa Energía S.A., Pampa Generación S.A., Enarsa and Electroingeniería, respectively. For the year ended December 31, 2008, pursuant to the Transener Technical Assistance Agreement, Transener accrued costs of Ps.2.4 million, Ps.1.2 million and Ps.1.2 million for Pampa Energía S.A., Enarsa and Electroingeniería, respectively.

As of March 31, 2011 and 2010, Transener had, under the Transener Technical Assistance Agreement, operating fees payable of Ps.2.9 million and Ps.1.4 million, respectively. As of December 31, 2010, 2009 and 2008, under the Transener Technical Assistance Agreement, Transener had operating fees payable of Ps.2.7 million, Ps.1.4 million and Ps.1.4 million, respectively.

Transba Technical Assistance Agreement

On August 5, 1997, Transba entered into a technical assistance agreement (the "Transba Technical Assistance Agreement") with Transener, pursuant to which Transener has agreed to provide technical assistance, expertise and know-how with respect to the range of activities conducted by Transba. The responsibilities of Transener include providing advice and coordination in areas such as human resources, general administration, cost management, information systems, quality control and engineering. Transba will indemnify Transener against any liability not arising from the performance of its duties as operator under the Transba Technical Assistance Agreement.

Transener's total annual cumulative liability on claims made by Transba under the Transba Technical Assistance Agreement cannot exceed an amount equal to all fees payable to Transener during a calendar year.

The Transba Technical Assistance Agreement is automatically renewable for additional five year terms. The Transba Technical Assistance Agreement may be terminated at any time in the event of a breach by Transba or Transener of the Transba Technical Assistance Agreement or termination of the Transba Concession Agreement. Transener is entitled to receive an annual operating fee equal to 5% of Transba's total annual energy transmission payments from CAMMESA, payable quarterly, as well as reimbursement for all of its insurance costs directly related to the provision of services under the Transba Technical Assistance Agreement. The amounts accrued under such agreement totaled Ps.0.1 million for each of the three-month periods ended March 31, 2011 and 2010, respectively, and Ps.0.4 million for each of the years ended December 31, 2010, 2009 and 2008, respectively.

Other Transactions

In the ordinary course of our business, we have entered into agreements with related parties under which we operate and maintain transmission lines and provide engineering services, among other services. The aggregate value of services we provided to such related parties (without taking into account services performed under the Transba Technical Assistance Agreement), totaled Ps.12.6 million and Ps.11.3 million for each of the three-month periods ended March 31, 2011 and 2010, respectively, and Ps.52.1 million, Ps.25.7 million and Ps.25.9 million for each of the years ended December 31, 2010, 2009 and 2008, respectively.

DESCRIPTION OF THE NOTES

The following is a description of the material terms and conditions of the Notes. For purposes of this "Description of the Notes," the term "the Company" means Compañía de Transporte de Energía Eléctrica en Alta Tensión TRANSENER S.A. and its successors under the Indenture, in each case excluding its Subsidiaries. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Indenture. Certain terms are defined as set forth below under "—Certain Definitions." The Holders of the Notes are entitled to the benefits of, are bound by, and are deemed to have notice of, all the provisions of the Indenture, which is incorporated herein by reference. Copies of the Indenture and specimens of the Notes will be available free of charge for inspection at the offices of the Company upon request. See "Available Information."

General Overview

The Company's 9.75% senior notes due 2021, Series 2 (the "Notes") will be issued under its existing US$300.0 million senior medium-term note program (the "Program") in an aggregate principal amount of up to US$53,100,000 and will be governed by the Indenture. The Program has not been approved by the Luxembourg Stock Exchange.

The creation of the Program for the issuance of the Notes was authorized by a shareholders' meeting of the Company held on November 15, 2006. The CNV approved the creation of the Program by Resolution No. 15,523 dated November 30, 2006 for an amount of up to US$300.0 million. The Program will expire on November 15, 2016. The Program was last updated on July 5, 2011, which update was approved by the CNV and published on the Buenos Aires Stock Exchange on July 7, 2011. The Notes will qualify as negotiable obligations (*obligaciones negociables*) under, and will be issued pursuant to and in compliance with all the requirements of, the Negotiable Obligations Law and other applicable Argentine regulations.

The public offering of the Notes in Argentina has been authorized by the CNV. The Company has applied to have all of the Notes listed on the Buenos Aires Stock Exchange, admitted to trading on *Mercado Abierto Electrónico S.A*., listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

Basic Terms of the Notes

The Notes will:

- provide that interest will be payable semi-annually in arrears on February 15, 2012, and on each February 15 and August 15 thereafter, to the person in whose name a Note is registered at the close of business on the preceding February 1 and August 1, respectively (each a "Record Date");
- provide that interest on the outstanding principal amount will accrue beginning on the date of issuance, at a rate per annum of 9.75% per year from August 2, 2011;
- provide that interest on overdue interest will be payable at a rate of 2% per annum over the otherwise applicable rate per annum;
- provide that interest will be computed on the basis of a 360-day year of twelve 30-day months; and
- mature on August 15, 2021, at a price of 100% of the outstanding principal amount of the Notes, unless the Company redeems the Notes prior to that date.

Further Issues

The Company may in connection with the Concurrent Exchange Offer and from time to time, without the consent of the Holders of the Notes, subject to the authorization of the CNV, the limitations described under

"Limitation on Indebtedness" below and other provisions of the Indenture, create and issue additional notes having terms and conditions the same as those of the Notes (the "Additional Notes"), except for the payment of interest accruing prior to the issue date of such Additional Notes and, in some cases, except for the first payment of interest following the issue date of such Additional Notes, which Additional Notes may be consolidated and form a single series with the outstanding Notes. To the extent any Additional Notes are part of the same series as the Notes that the Company is currently offering, such Additional Notes will be entitled to vote on all matters on which the Holders of the Notes are entitled to vote.

Ranking

The Notes will be the Company's senior unsecured obligations ranking *pari passu* with all of the Company's other senior unsecured and unsubordinated obligations (except those obligations preferred by operation of law).

As of March 31, 2011, after giving pro forma effect to this offering and the use of proceeds hereof, the outstanding Indebtedness of the Company's consolidated subsidiaries would have been zero.

Optional Redemption

The Company may redeem the Notes, at any time on or after July 29, 2016, at its option, in whole but not in part, at the following redemption prices, expressed as percentages of the principal amount of the Notes outstanding, if redeemed during the twelve-month period beginning on July 29, 2016, of the year set forth below, plus, in each case, any accrued and unpaid interest, and Additional Amounts, if any. Notice of such redemption to each Holder of Notes must be mailed and published in accordance with the provisions set out under "Notices," not less than 30 days nor more than 60 days prior to the redemption date.

Year	Percentage
2016	104.875%
2017	102.4375%
2018	101.21875%
2019 and thereafter	100.0%

Optional Tax Redemption

The Notes may be redeemed at the Company's election, in whole, but not in part, by the giving of notice as provided in the Indenture, at a price in US dollars equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to the redemption date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) or treaties of Argentina or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations, rulings or treaties in Argentina, the Company has or will become obligated to pay Additional Amounts on the Notes, if such change or amendment is announced on or after the Closing Date and such obligation cannot be avoided by the Company taking reasonable measures available to it; *provided, however*, that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts, were a payment in respect of the Notes then due.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed.

Prior to the giving of notice of redemption of such Notes pursuant to the Indenture, the Company will deliver to the Trustee an Officers' Certificate and a written opinion of recognized Argentine counsel, independent of the Company, to the effect that all governmental approvals necessary for the Company to effect such redemption have been or at the time of redemption will be obtained and in full force and effect and that the Company is entitled to effect such a redemption pursuant to the Indenture, and setting forth, in reasonable detail, the circumstances giving rise to such right of redemption.

Unless the Company defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the Notes.

Restrictive Covenants

Limitation on Restricted Payments

(1) The Company will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(a) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any Subsidiary of the Company) or similar payment to the holders of its Capital Stock except dividends or distributions payable solely in the form of its Capital Stock (other than Disqualified Stock) and except dividends or distributions or similar payments payable to the Company or any Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Company or any other Restricted Subsidiary, to its other shareholders on a pro rata basis);

(b) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company held by Persons other than the Company or a Restricted Subsidiary (other than a purchase, redemption, retirement or other acquisition for value that would constitute a Permitted Investment);

(c) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than (x) the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Obligations made in anticipation of satisfying a sinking fund obligation, a principal installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or (y) any intercompany Indebtedness between or among the Company and any of the Restricted Subsidiaries); or

(d) make any Investment in any Person;

(the actions described in clauses (a) through (d) above being herein referred to as "Restricted Payments" and each, a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(i) an Event of Default has occurred and is continuing;

(ii) after giving pro forma effect to the Restricted Payment as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, the Company's Interest Coverage Ratio would be less than 2.0:1 and the Total Debt to EBITDA Ratio would be greater than 3.75:1; or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments, excluding Restricted Payments permitted by sub-clauses (a), (b), (c), (d), (e), (f), (h) or (i) of clause (2) below, declared or made subsequent to the Closing Date would exceed the sum of, without duplication:

(A) 100% of Consolidated Net Income accrued during the period (treated as one accounting period) from March 31, 2011, to the end of the most recent fiscal quarter for which financial statements are available prior to the date of such Restricted Payment (or, in case such Consolidated Net Income will be a deficit, minus 100% of such deficit); plus

(B) the aggregate Net Cash Proceeds, and the Fair Market Value of any property, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) or other capital contributions subsequent to the Closing Date (other than Net Cash Proceeds received from an issuance or sale of such Capital Stock to a Restricted Subsidiary of the Company or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary except to the extent such loans have been repaid with cash on or prior to the date of determination); plus

(C) the amount of a Guarantee of the Company or any Restricted Subsidiary upon the unconditional release in full of the Company or such Restricted Subsidiary from such Guarantee if such Guarantee was previously treated as a Restricted Payment; and

(1) in the event that the Company or any Restricted Subsidiary makes an Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Company's or such Restricted Subsidiary's existing Investment in such Person;

provided that any amount added pursuant to clauses (1) and (2) of this clause (C) shall not exceed the amount of such Guarantee or Investment, respectively, previously made and treated as a Restricted Payment and not previously added pursuant to this clause (iii); and *provided*, *however*, that no amount will be included under this clause (C) to the extent it is already included in determining the Consolidated Net Income included in clause (A) above; *plus*

(D) to the extent that any Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary, the lesser of (i) the Fair Market Value of the Company's direct or indirect Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary; plus

(E) 100% of any dividends or distributions received by the Company or any Restricted Subsidiary from an Unrestricted Subsidiary, to the extent such amounts were not otherwise included in determining the Consolidated Net Income included in clause (A) above; plus

(F) the issuance and sale subsequent to the Closing Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness of the Company or any Restricted Subsidiary that has been converted into or exchanged for Capital Stock (other than Disqualified Capital Stock) of the Company; plus

(G) to the extent that any Investment (other than a Permitted Investment) that was made after the date of the Closing Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (1) the cash return of capital with respect to such Investment (less the cost of disposition, if any) and (2) the initial amount of such Investment, to the extent such amount was not otherwise included in determining the Consolidated Net Income included in clause (A) above.

(2) The provisions of clause (1) above will not prohibit:

(a) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value or reduction of Capital Stock or Subordinated Obligations of the Company, or any dividend, distribution or other payment, or the making of any Investment, in each case made or paid by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Restricted Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Restricted Subsidiaries to the extent that such sale to an employee stock ownership plan or other trust was financed by loans from or Guaranteed by the Company or a Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination); provided, however, that (x) such purchase, repurchase, redemption, defeasance, acquisition or retirement or reduction, or such dividend, distribution or other payment, or such Investment, will be excluded in subsequent calculations of the amount of Restricted Payments and (y) the Net Cash Proceeds from such sale of Capital Stock, to the extent such Net Cash Proceeds are used for such purchase, repurchase, redemption, defeasance, acquisition or retirement or reduction, or such dividend, distribution or other payment, or such Investment, will be excluded from clause (1)(d)(iii)(B) of this covenant;

(b) repurchases by the Company of Capital Stock of the Company or options exercisable or convertible into Capital Stock of the Company from any current or former employees, officers, directors or consultants of the Company or any of its Subsidiaries to the extent such securities or options were issued pursuant to the Company's employee stock ownership plan and such securities or options were outstanding on the Closing Date (or in the case of securities issued after the Closing Date pursuant to such options, such options were outstanding on the Closing Date); and other repurchases by the Company of Capital Stock of the Company or options, warrants or other securities exercisable or convertible into Capital Stock of the Company from any current or former employees, officers, directors or consultants of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of such employees, officers or directors, or the termination of retention of any such consultants, in an amount not to exceed US$0.5 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over into succeeding calendar years up to a maximum of US$3.5 million);

(c) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represents a portion of the exercise price of those stock options or warrants;

(d) any purchase, repurchase, redemption, defeasance or other acquisition or retirement or reduction for value of Subordinated Obligations of the Company made or paid by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of the Company that is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" below; provided, however, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value will be excluded in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(e) so long as no Default or Event of Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations at a purchase price of up to 101% of the principal amount thereof (together with accrued and unpaid interest) in the event of the occurrence of a Change of Control; provided, however, that prior to such purchase or redemption, the Company (or a third party to the extent permitted by the Indenture) has made the Change of Control Offer described under "—Repurchases at the Option of the Holders of the Notes Upon Change of Control" and has purchased all Notes validly

tendered and not withdrawn pursuant thereto; and provided further that any such purchase shall be excluded in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(f) dividends paid in accordance with applicable law after the date of declaration thereof if at such date of declaration such dividend would have complied with this covenant; provided, however, that the payment or declaration, but not both the payment and the declaration, of such dividend will be included in the calculation of the amount of Restricted Payments pursuant to clause (1)(d)(iii) above;

(g) so long as no Default or Event of Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations from Net Available Cash to the extent permitted by the covenant described under "—Limitation on Sales of Assets;" provided, however, that such purchase or redemption shall be included in the calculation of the amount of Restricted Payments;

(h) if no Default or Event of Default shall have occurred and be continuing, other Restricted Payments in an aggregate amount not to exceed US$20.0 million since the Closing Date; and

(i) the making of any Permitted Investment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred, issued, purchased, repurchased, redeemed, retired, defeased or otherwise acquired by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount. The fair market value of any non-cash Restricted Payment shall be determined by the management of the Company; *provided* that if such Restricted Payment or related series of Restricted Payments involves aggregate consideration in excess of US$5.0 million, as initially determined by the management of the Company, the Board of Directors of the Company shall make a final determination of such fair market value; *provided further*, that if such Restricted Payment or related series of Restricted Payments involves aggregate consideration in excess of US$20.0 million, as determined by the Board of Directors of the Company pursuant to the foregoing, such final determination of the Board of Directors of the Company shall be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of international standing or any well recognized Argentine bank or advisory firm with members of its senior staff having at least 3 years of experience in international investment banking or financial advisory services firms.

Notwithstanding any other provision of this covenant, the maximum amount of any Restricted Payment or other Investment by the Company or any Restricted Subsidiary will not be deemed to be in violation of this covenant solely as a result of fluctuations in the exchange rates or currency values.

Limitation on Indebtedness

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness; provided, however, that the Company may Incur Indebtedness if:

(a) on the date of such Incurrence and after giving effect thereto and the application of the proceeds therefrom, the Interest Coverage Ratio would be no less than 2.0:1 and the Total Debt to EBITDA Ratio would be no greater than 3.75:1, determined on a pro forma basis as if such Indebtedness had been Incurred at the beginning of the applicable four-quarter period; and

(b) no Event of Default shall have occurred and be continuing at the time of such Incurrence.

(2) Notwithstanding clause (1) above, the Company or any Restricted Subsidiary may Incur the following Indebtedness:

(a) intercompany Indebtedness between or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries; provided, however, that any subsequent issuance or transfer of Capital Stock or any other event that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person that is neither the Company nor a Restricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, on the date of such issuance or transfer that was not permitted by this clause (a);

(b) (i) Indebtedness represented by the Notes (other than any Additional Notes); and

(ii) Indebtedness outstanding on the Closing Date;

(c) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Subsidiary of, or was otherwise acquired by, the Company); provided, however, that on the date that such Restricted Subsidiary is acquired by the Company, the Company would have been able to Incur US$1.00 of additional Indebtedness pursuant to clause (1) above after giving pro forma effect to the Incurrence of such Indebtedness pursuant to this clause (c);

(d) Indebtedness in respect of bankers' acceptances, deposits, promissory notes, letters of credit, self insurance obligations, performance, surety, appeal or similar bonds and Guarantees provided by the Company or any Restricted Subsidiary in the ordinary course of its business and any Indebtedness under letters of credit supporting any such bonds and Guarantees provided in the ordinary course of business;

(e) Hedging Obligations of the Company or any Restricted Subsidiary in the ordinary course of business or directly related to the Notes or other Indebtedness permitted to be Incurred by the Company or any Restricted Subsidiary pursuant to the Indenture for the purpose of fixing or hedging interest rate risk or currency fluctuations, and, in each case, not for speculative purposes; provided that to the extent such Hedging Obligations increase the Indebtedness of the Company or any Restricted Subsidiary outstanding at any time other than as a result of fluctuations in foreign currency exchange rates or interest rates such increased amount of Indebtedness shall be Indebtedness which is not permitted to be incurred pursuant to this clause (e);

(f) Indebtedness of another Person Incurred and outstanding on or prior to the date on which such Person consolidates with or merges with or into the Company or a Restricted Subsidiary (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Person consolidates with or merges with or into the Company or a Restricted Subsidiary); provided, however, that on the date that such transaction is consummated, the Company would have been able to Incur US$1.00 of additional Indebtedness pursuant to clause (1) above after giving pro forma effect to the Incurrence of such Indebtedness pursuant to this clause (f);

(g) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case Incurred or assumed in connection with the disposition of a business, assets or Capital Stock of a Restricted Subsidiary;

provided that, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness will at no time exceed the gross proceeds actually received by the Company or such Restricted Subsidiary in connection with such disposition;

(h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(i) customer deposits and advance payments received from customers for the sale, lease or license of goods and services in the ordinary course of business;

(j) Permitted Shareholder Loans;

(k) Indebtedness of the Company and its Restricted Subsidiaries in an aggregate principal amount at any time outstanding not to exceed US$30.0 million; provided, however, that Indebtedness of Restricted Subsidiaries permitted to be Incurred under this clause (k) shall not exceed US$10.0 million at any time outstanding;

(l) Regulatory Indebtedness;

(m) Indebtedness Incurred for purposes of, and substantially all of the proceeds of which are applied to, finance Regulatory Capital Expenditures;

(n) the Guarantees of any Indebtedness permitted to be incurred by another provision of the foregoing provisions of this covenant;

(o) Purchase Money Obligations in an aggregate principal amount at any time outstanding not to exceed US$10.0 million; and

(p) Indebtedness consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness (including Refinancing Indebtedness) Incurred by the Company or a Restricted Subsidiary pursuant to this clause (2) or clause (1) above.

(3) Notwithstanding the foregoing, neither the Company nor any Restricted Subsidiary may Incur any Indebtedness pursuant to clause (2) above if the proceeds thereof are used, directly or indirectly, to repay, prepay, redeem, defease, retire, refund or refinance any Subordinated Obligations, unless 100% of such Indebtedness will be subordinated to the Notes to at least the same extent as such Subordinated Obligations being repaid. Unsecured Indebtedness shall not be deemed subordinated to secured Indebtedness solely by virtue of its being unsecured.

(4) For purposes of determining compliance with this covenant:

(a) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including clause (1) above, the Company, in its sole discretion, may classify, and from time to time may reclassify, such item of Indebtedness in one or more of the above clauses; and

(b) the Company will be entitled to divide and classify, and from time to time may reclassify, an item of Indebtedness in more than one of the types of Indebtedness described above, including clause (1) above.

Accrual of interest, accrual of dividends, the accretion or amortization of accreted value or original issue discount, the capitalization of interest or the payment of interest in the form of additional Indebtedness and the

payment of dividends in the form of additional shares of Disqualified Stock, as the case may be, will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant.

Notwithstanding any other provision of this covenant, neither the Company nor any Restricted Subsidiary shall, with respect to any outstanding Indebtedness Incurred, be deemed to be in violation of this covenant solely as a result of fluctuations in the exchange rates of currencies.

In addition, the Company will not permit any Unrestricted Subsidiary to Incur any Indebtedness or issue any shares of Disqualified Stock, other than Non-Recourse Debt. If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this covenant, the Company shall be in Default of this covenant as of such date).

For purposes of determining compliance with any US dollar denominated restriction on the Incurrence of Indebtedness, the US dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate determined as the average daily observed currency exchange rates available to sellers of the foreign currency as reported by *Banco de la Nación Argentina* for the trailing 30 calendar day period, including the date of Incurrence, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness.

Limitation on Liens

(1) The Company covenants and agrees that neither it nor any Restricted Subsidiary will issue, assume or Guarantee any Indebtedness secured by a Lien (the "Initial Lien") upon any property or assets of the Company or any Restricted Subsidiary without effectively providing that the Notes (together with, if the Company so determines, any other Indebtedness or obligation then existing or thereafter created) shall be secured equally and ratably with (or prior to) such Indebtedness so long as such Indebtedness shall be so secured (provided, however, that any Lien created for the benefit of the Holders of the Notes (and, if applicable, holders of such other Indebtedness or obligation) pursuant to the foregoing shall provide by its terms that such Lien will be automatically and unconditionally released and discharged upon release and discharge of the Initial Lien), except that the foregoing provisions shall not apply to (without duplication):

(a) (i) Liens which secure only Indebtedness owing by any Restricted Subsidiary to the Company and/or by the Company to one or more Restricted Subsidiaries, if any; and (ii) Liens which secure Indebtedness owing by any Restricted Subsidiary and not guaranteed by the Company, provided that (A) the aggregate outstanding principal amount of such Indebtedness of Restricted Subsidiaries, if any, which would otherwise be subject to the foregoing restriction (not including Indebtedness permitted to be secured under sub-clause (i) of this clause (a), under clause (b) through (p) below or under the immediately succeeding paragraph below) at any time outstanding does not exceed US$10.0 million and (B) the value of the assets which are subject to such Lien at the time the relevant Lien is granted (as such value at such time is reasonably determined by the management of the relevant Restricted Subsidiary), without regard to subsequent fluctuations in value and without regard to subsequent prepayments or repayments of such Indebtedness, shall not exceed the amount of the Indebtedness Incurred by the relevant Restricted Subsidiary and secured thereby (or, in the case of unfunded commitments, shall not exceed the maximum amount of such commitments for the Indebtedness to be secured thereby);

(b) Liens which do not secure Indebtedness;

(c) Liens on any property or assets acquired from a Person which is merged with or into the Company or any Restricted Subsidiary, or any Liens on the property or assets of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in

connection with or in anticipation of any such transaction; provided that any such Lien created to secure or provide for the payment of any part of the purchase price of such Person shall not be permitted by this covenant; provided further that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(d) any Lien on any property or assets existing at the time of acquisition thereof and which is not created as a result of or in connection with or in anticipation of such acquisition; provided that any such Lien created to secure or provide for the payment of any part of the purchase price of such property or assets shall not be permitted by this covenant; provided further that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(e) any Lien on the Capital Stock of an Unrestricted Subsidiary;

(f) Liens for taxes, assessments, governmental charges, levies or claims which are not yet due or thereafter can be paid without penalty or are being contested in good faith by appropriate proceedings or the period within which such proceedings may be initiated has not expired;

(g) pledges or deposits in connection with worker's compensation laws, unemployment insurance laws, social security laws or similar legislation, or good faith deposits, letters of credit and bid performance, surety, appeal or similar bonds in connection with bids, tenders, contracts (other than for payment of Indebtedness) or leases to which the Company or any Restricted Subsidiary is a party, or deposits for the payment of rent, in each case incurred in the ordinary course of business;

(h) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's, laborers', employees', suppliers' and landlord's Liens and other similar Liens, on the property or assets of the Company or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are not yet delinquent or are being contested in good faith by negotiations or appropriate proceedings;

(i) Liens on the property or assets of the Company or any Restricted Subsidiary Incurred in the ordinary course of business to secure performance of obligations with respect to performance or return-of-money bonds, surety bonds or other obligations of a like nature and Incurred in a manner consistent with industry practice, in each case, which are not Incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property or assets in the operation of the business of the Company and the Restricted Subsidiaries, if any, taken as a whole;

(j) easements, rights of way, restrictions, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of the Company;

(k) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided, however, that such deposit account is not a dedicated cash collateral account and is not intended by the Company or any Restricted Subsidiary to provide collateral to such depository institution;

(l) Liens arising by reason of any judgment, decree or order of any court, so long as such Lien is being contested in good faith and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(m) Liens in existence on the Closing Date and any renewals or extensions thereof, so long as (A) such renewal or extension Lien does not extend to any property other than that originally subject to the Liens being renewed or extended and (B) the principal amount of the Indebtedness secured by such Lien is not increased;

(n) Liens on assets securing Attributable Debt under any Sale and Leaseback Transaction permitted to be incurred or assumed pursuant to such covenant, provided that any such Lien does not encumber any property other than the assets that are the subject of any such transaction; and Liens on assets securing Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations and permitted to be incurred or assumed under the covenant "Limitation on Indebtedness" above (including any interest or title of a lessor under any lease the obligations under which are Capital Lease Obligations and covering only the assets acquired with such Indebtedness);

(o) Liens securing Hedging Obligations permitted to be incurred under the covenant "Limitation on Indebtedness" above;

(p) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the clauses (a) through (o) above or of any Indebtedness secured thereby; provided that the principal amount of Indebtedness so secured shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement (plus premiums, interest and reasonable expenses incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed or replaced (plus improvements on or additions to such property);

(q) Liens on any debt securities of the Company or a Restricted Subsidiary repurchased by us and securing Indebtedness, the proceeds of which are used exclusively for the repurchase of debt securities of the Company or a Restricted Subsidiary; and

(r) Liens securing Regulatory Indebtedness.

(2) Notwithstanding the foregoing provisions of this covenant, the Company and one or more Restricted Subsidiaries, if any, may issue, assume or Guarantee Indebtedness secured by Liens which would otherwise be subject to the foregoing restrictions in an aggregate principal amount which, together with the aggregate outstanding principal amount of all other Indebtedness of the Company and the Restricted Subsidiaries, if any, which would otherwise be subject to the foregoing restriction (not including Indebtedness permitted to be secured under clauses (a) through (p) above) in existence at such time, does not at the time of issuance, assumption, or Guarantee thereof exceed US$20.0 million.

(3) Liens or deposits required by any contract or statute or other regulatory requirements in order to permit the Company or a Restricted Subsidiary to perform any contract or subcontract made by it with or at the request of a governmental entity or any department, agency or instrumentality thereof, or to secure partial progress, advance or any other payments to the Company or any Restricted Subsidiary by a governmental entity or any department, agency or instrumentality thereof pursuant to the provisions of any contract or statute shall not be deemed to create Indebtedness secured by Liens.

Limitation on Sales of Assets

(1) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:

(a) the Company or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and/or assets subject to such Asset Disposition;

(b) at least 75% of the consideration thereof received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents; provided that the following will be deemed to be cash for purposes of this clause (b):

(i) the amount of any liabilities (as shown on the Company's, or such Restricted Subsidiary's, most recent balance sheet or in the notes thereto) of the Company or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets; and

(ii) the amount of any securities received by the Company or such Restricted Subsidiary from such transferee that is converted by the Company or such Restricted Subsidiary into cash (to the extent of the cash received) within 120 days following the closing of such Asset Disposition; and

(iii) the Fair Market Value of any Capital Stock of a Person engaged in a Related Business that will become, upon purchase, a Restricted Subsidiary or assets (other than current assets as determined in accordance with Argentine GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business;

provided, that amounts received pursuant to clauses (i) and (iii) shall not be deemed to constitute Net Cash Proceeds for purposes of making an Asset Sale Offer; and the amounts received pursuant to clause (ii) shall be deemed to constitute Net Cash Proceeds only to the extent of the Net Cash Proceeds actually received by the Company or a Restricted Subsidiary upon the conversion of such securities by the Company or such Restricted Subsidiary.

(2) The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(a) purchase any Notes in the market or to repay any Senior Indebtedness (including, through optional or mandatory prepayments, redemptions, buy backs and market purchases, so long as such repaid Indebtedness is immediately extinguished);

(b) make capital expenditures in a Related Business;

(c) reinvest in or purchase Additional Assets (including by means of an investment in or purchase of Additional Assets by any Restricted Subsidiary with cash in an amount equal to the amount of Net Available Cash or Capital Stock to be used by the Company or any Restricted Subsidiary in a Related Business;

(d) enter into a binding commitment with a Person, other than the Company and its Restricted Subsidiaries, to apply such Net Cash Proceeds pursuant to clause (b) or (c) above, provided that such binding commitments shall be subject only to customary conditions and the applicable purchase shall be consummated within 180 days following the expiration of the aforementioned 365-day period; or

(e) any combination of (a), (b), (c) or (d) above.

(3) To the extent all or a portion of the Excess Net Cash Proceeds (as defined below) of any Asset Sale are not applied within the 365 days of the Asset Sale resulting in Excess Net Cash Proceeds,

as described in clause (a) through (e) of the immediately preceding paragraph, the Company will make an offer to purchase Notes (the "Asset Sale Offer"), at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest thereon, to the date of purchase (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a pro rata basis, and, at the Company's option, on a pro rata basis with the Holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such unapplied Excess Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Excess Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

(4) The purchase of Notes pursuant to an Asset Sale Offer will occur not less than 20 business days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale (except in the case of clause (d) in which case such period shall be extended for 180 days). The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales in excess of US$20.0 million. At that time, the amount of unapplied Net Cash Proceeds in excess of US$20.0 million ("Excess Net Cash Proceeds") will be applied as required pursuant to this covenant. Pending application in accordance with this covenant, such amount of unapplied Excess Net Cash Proceeds may be applied to temporarily reduce revolving credit borrowings or invested in Cash Equivalents or Temporary Cash Investments. Net Cash Proceeds below the Excess Net Cash Proceeds threshold may be used for general corporate purposes.

(5) Each notice of an Asset Sale Offer will be mailed first class, postage prepaid, to the record Holders as shown on the register of Holders within 20 days following such 365th day, with a copy to the Trustee offering to purchase the Notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in amounts of US$2,000 or in integral multiples of US$1,000 in excess thereof in exchange for cash.

(6) On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(a) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer;

(b) deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered; and

(c) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

(7) To the extent Holders of Notes and Holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the Notes and the other Senior Indebtedness on a pro rata basis (based on amounts tendered). If only a portion of a note is purchased pursuant to an Asset Sale Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

(8) The Company will comply with the requirements of Rule 14c-1 under the Exchange Act and any other applicable securities laws in connection with the purchase of Notes pursuant to an Asset Sale offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

(9) Following the application of such Asset Sale Offer pursuant to the above, the amount of Net Available Cash shall be reset at zero and the Company shall be entitled to use any remaining proceeds for any corporate purposes to the extent not prohibited under the Indenture.

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(a) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary, taken as a whole, than those that reasonably would have been obtained in a comparable arm's-length transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate or, if such transaction is not one that by its nature could reasonably be obtained from a Person that is not an Affiliate, is on fair and reasonable terms and was negotiated in good faith; and

(b) the Company delivers to the Trustee:

(i) with respect of any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million, a resolution of the Board of Directors, set forth in an Officers' Certificate, stating that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the Board of Directors; and

(ii) with respect of any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$20.0 million, an opinion as to the fairness to the Company or the relevant Restricted Subsidiary, taken as a whole, of such Affiliate Transaction from a financial point of view issued by an investment banking firm of international standing, or any well recognized Argentine bank or advisory firm with members of its senior staff having at least 3 years of experience in international investment banking or financial advisory services firms.

(2) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(a) transactions between or among the Company and any of its Restricted Subsidiaries or between two or more Restricted Subsidiaries;

(b) any payment of reasonable and customary fees paid to, and indemnities provided on behalf of, officers, directors, employees or consultants of the Company or any Restricted Subsidiary;

(c) the payment of compensation (including amounts paid pursuant to employee benefit plans), indemnification, reimbursement or advancement of out-of-pocket expenses and provisions of liability insurance to officers, directors and employees of the Company or any Restricted Subsidiary, so long as the Board of Directors of the Company or such Restricted Subsidiary, as the case may be, in good faith shall have approved the terms thereof and deemed the services theretofore or thereafter to be performed for such compensation to be fair consideration therefor;

(d) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise, pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors of the Company or any Restricted Subsidiary, as the case may be;

(e) transactions or payments required under Argentine laws and regulations;

(f) Restricted Payments that are permitted by the provisions of the covenant described under "—Limitation on Restricted Payments" above;

(g) aggregate payments relating to technical services, assistance with specified projects undertaken at the request of the Company's Board of Directors and services of highly qualified personnel (including, without limitation, under the Technical Assistance Agreement, dated November 9, 1994, as amended and in effect as of the date of this offering memorandum; provided, that if the terms of such payments are modified or amended following the Closing Date, such modification or amendment will be approved by the Company's Board of Directors in good faith);

(h) sales of Capital Stock (other than Disqualified Stock) of the Company to Affiliates of the Company and the Incurrence of Permitted Shareholder Loans; and

(i) any transaction of the Company or any Restricted Subsidiary with a Person that is not an Affiliate and that is merged with or into the Company, any Restricted Subsidiary or any Affiliate of the Company or any Restricted Subsidiary, any transaction of the Company or any Restricted Subsidiary with a Person that is not an Affiliate existing at the time such Person becomes a Subsidiary of the Company, any Restricted Subsidiary or any Affiliate of the Company or any Restricted Subsidiary and, in any such case, such transaction is not entered into as a result of or in connection with or in anticipation of such merger or such Person becoming a Subsidiary of the Company, any Restricted Subsidiary or any Affiliate of the Company or any Restricted Subsidiary.

Limitation on Sale and Lease-Back Transactions

The Company covenants and agrees that neither the Company nor any Restricted Subsidiary will enter into any Sale and Lease-Back Transaction unless the Company or such Restricted Subsidiary would be entitled: (1) pursuant to the provisions of the covenant described under "—Limitation on Indebtedness" above to Incur Indebtedness in a principal amount equal to or exceeding the Attributable Debt of such Sale and Lease-Back Transaction; and (2) pursuant to the provisions of the covenant described under "—Limitation on Liens" above to Incur a Lien to secure such Indebtedness.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits;

(b) pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(c) make loans or advances to the Company or any Restricted Subsidiary; or

(d) transfer any of its properties or assets to the Company or any Restricted Subsidiary.

(2) However, the preceding restrictions will not apply to encumbrances or restrictions:

(a) existing under the Indenture;

(b) existing under or by reason of applicable law or governmental rule, regulation or order;

(c) on any property or assets acquired from a Person which is merged with or into the Company or any Restricted Subsidiary, or by reason of any Liens on the property or assets, or relating to the Indebtedness, of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary, or restriction relating to Indebtedness of any such Person and, in any such case, is not created as a result of or in connection with or in anticipation of any such transaction; provided that any such Lien created to secure or provide for the payment of any part of the purchase price of such Person shall not be permitted by this covenant; provided further that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(d) on any property or assets existing at the time of acquisition thereof and which are not created as a result of or in connection with or in anticipation of such acquisition; provided that any such encumbrance or restriction created to secure or provide for the payment of any part of the purchase price of such Person shall not be permitted by this covenant; provided further, that such encumbrances and restrictions may not extend to any other property owned by the Company or any Restricted Subsidiary;

(e) the terms of any Indebtedness outstanding on the Closing Date, and any amendment, modification, restatement, renewal, restructuring, replacement or refinancing thereof; provided, however, that any amendment, modification, restatement, renewal, restructuring, replacement or refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Closing Date;

(f) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under the Indenture;

(g) in the case of clause (1)(d) above:

(i) that exist by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture;

(ii) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the

assignment or transfer of any such lease, license or other contract or contractual right;

(iii) contained in mortgages, pledges or other security agreements permitted under the Indenture securing Indebtedness of the Company or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

(iv) imposed by Purchase Money Obligations for property acquired in the ordinary course of business or by Capitalized Lease Obligations permitted under the Indenture on the property so acquired, but only to the extent that such encumbrances or restrictions restrict the transfer of the property.

(h) by reason of Liens that secure Indebtedness otherwise permitted to be incurred under the provisions of the covenant described under "—Limitation on Liens" above and that limit the right of the debtor to dispose of the assets subject to such Liens;

(i) imposed with respect to a Restricted Subsidiary pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;

(j) resulting from restrictions on cash or other deposits or other customary requirements imposed by customers or suppliers under contracts entered into in the ordinary course of business; and

(k) under an agreement effecting a Refinancing of Indebtedness otherwise permitted by the Indenture and Incurred pursuant to an agreement referred to in clause (c) or (d) above or this clause (k) or contained in any amendment to an agreement referred to in clause (c) or (d) above or this clause (k); provided, however, that the restrictions with respect to such Restricted Subsidiary contained in any such Refinancing agreement or amendment shall be no less favorable, taken as a whole, to the Company than the restrictions with respect to such Restricted Subsidiary contained in the agreement being Refinanced or amended.

Consolidation, Merger, Conveyance, Sale or Lease

(1) The Company will not enter into any merger or consolidation with any Person or convey, transfer (including by way of a spin-off or reorganization) or lease the Company's properties and assets substantially as an entirety to any Person, whether by one transaction or a series of transactions, unless:

(a) either the Company is the surviving entity or the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the Company's properties and assets substantially as an entirety is a Person (the "Successor Company") organized and existing under the laws of Argentina or the United States, any State thereof or the District of Columbia, and expressly assumes, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Notes and the performance of every covenant of the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction no Default or Event of Default shall have occurred and be continuing;

(c) immediately after giving pro forma effect to such transaction, the Successor Company could Incur at least an additional US$1.00 of Indebtedness under clause (1) of the covenant described under "—Limitation on Indebtedness" above;

(d) the Company or the Successor Company has delivered to the Trustee an Officers' Certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the Indenture and that all conditions precedent therein relating to such transaction have been complied with; and

(e) the Company or the Successor Company shall have delivered to the Trustee an opinion of counsel to the effect that the Holders of the Notes will not recognize income, gain or loss for US Federal income tax purposes as a result of such transaction and will be subject to US Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred.

The Successor Company will succeed to, and be substituted for, the Company under the Indenture, and thereupon the Company will automatically be released and discharged from its obligations under the Indenture and the Notes.

(2) The provisions of clause (a) above will not apply to:

(a) any transfer of the properties or assets of one or more Restricted Subsidiaries to the Company or to one or more Restricted Subsidiaries or any other person that, upon consummation of such transfer, will become a Restricted Subsidiary;

(b) any merger or consolidation of a Restricted Subsidiary into the Company; or

(c) any merger or consolidation of the Company into a Wholly-Owned Subsidiary of the Company created for the purpose of holding the Capital Stock of the Company, so long as clauses (1)(b) and (1)(c) above are satisfied;

so long as, in each case, the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, transfer, convey, sell, lease or otherwise dispose of any Voting Stock of any Restricted Subsidiary or to issue any Voting Stock of any Restricted Subsidiary (other than, if necessary, shares of its Voting Stock constituting directors' qualifying shares) to any Person except: (1) to the Company or a Restricted Subsidiary; or (2) in compliance with the covenant described under "—Limitation on Sales of Assets" above and immediately after giving effect to such transfer, conveyance, sale, lease, other disposal or issuance, such Restricted Subsidiary either continues to be a Restricted Subsidiary or if such Restricted Subsidiary would no longer be a Restricted Subsidiary, then the Investment of the Company in such Person (after giving effect to such transfer, conveyance, sale, lease, other disposal or issuance) would have been permitted to be made under the covenant described under "—Limitation on Restricted Payments" above as if made on the date of such transfer, conveyance, sale, lease, other disposal or issuance.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any Restricted Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; *provided*, *however*, that either:

(a) the Subsidiary to be so designated has total consolidated assets of US$1,000 or less; or

(b) if such Subsidiary has consolidated assets greater than US$1,000, then such Investment and designation would be permitted under "—Restrictive Covenants—Limitation on Restricted Payments."

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, *however*, that immediately after giving effect to such designation:

(a) such designation shall be deemed an Incurrence of Indebtedness by a Restricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under "—Restrictive Covenants—Limitation on Indebtedness;" and

(b) no Event of Default shall have occurred and be continuing.

Any such designation of a Subsidiary as a Restricted Subsidiary, and any such designation of a Subsidiary as an Unrestricted Subsidiary, by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

Other Covenants

Payment

The Company will pay when due any principal, interest and any other amounts payable under any Notes in accordance with their terms.

Notification

The Company will give prompt notice to the Trustee of the occurrence of any Event of Default (as defined herein) or an event that would give rise to an Event of Default upon the giving of notice or the lapse of time or both, accompanied by a certificate specifying the nature of such Event of Default or other such event, the period of existence thereof and the action that we have taken or propose to take with respect thereto.

Maintenance of Existence

The Company will (1) maintain in effect its corporate existence and all registrations necessary therefor and (2) take all reasonable actions to maintain all rights, privileges, titles to property, franchises and the like necessary in the normal conduct of its business, activities or operations and (3) keep all our property in good working order or condition; *provided*, *however*, that this covenant shall not require the Company to maintain any such right, privilege, title to property or franchise or to preserve the corporate existence of any Subsidiary, if the Company's Board of Directors shall determine in good faith that the maintenance or preservation thereof is no longer desirable in the conduct of the Company's business, and that the loss thereof is not, and will not be, adverse in any material respect to the Company.

Compliance with Laws and Other Agreements

The Company will comply with (1) all applicable laws, rules, regulations, orders and directions of any Governmental Agency having jurisdiction over it or its business or property and (2) all covenants and other obligations contained in any agreements to which it is a party, in each case except where the failure to so comply would not, as determined in good faith by the Company's Board of Directors, have a material adverse effect on our condition, financial or otherwise, or on our earnings, operations, business affairs or business prospects. As used herein, the term "Governmental Agency" shall mean any public legal entity or public agency, whether created by

federal, state or local government, or any other legal entity now existing or hereafter created, or now or hereafter owned or controlled, directly or indirectly, by any public legal entity or public agency.

Maintenance of Books and Records

The Company will maintain books, accounts and records in accordance with generally accepted accounting principles as applied in Argentina.

Insurance

The Company will maintain insurance with financially sound, responsible and reputable insurance companies in such amounts and covering such risks as the Company's Board of Directors determines, in its reasonable discretion, is usually carried by companies engaged in similar businesses and owning and/or operating properties similar to those owned and/or operated by it, in the same general areas in which it owns and/or operates its properties or will provide for self-insurance and related reserves as it determines, in its reasonable discretion, in lieu of such third party insurance covering such amounts and risks, in whole or in part.

Further Assurances

The Company will, at its own cost and expense, execute and deliver to the Trustee all such other documents, instruments and agreements and do all such other acts and things as may be reasonably required, in the opinion of the Trustee, to enable the Trustee to exercise and enforce its rights under the Indenture and under the documents, instruments and agreements required under the Indenture and to carry out the intent of the Indenture.

Release of Covenants

If on any date following the Closing Date:

(1) the Notes have been assigned an Investment Grade Rating by any Rating Agency or the Company has achieved a Total Debt to EBITDA Ratio (as certified by the Company's auditors) equal to or less than 2.25:1; and

(2) no Default or Event of Default shall have occurred and be continuing on that day,

then, beginning on that day and subject to the provisions of the following two paragraphs, the covenants specifically listed under the following captions will automatically, without any notice of any kind, be suspended (and the Company and its Subsidiaries will have no obligation or liability whatsoever with respect to such covenants):

(a) "—Limitation on Restricted Payments";

(b) "—Limitation on Indebtedness";

(c) "—Limitation on Sales of Assets";

(d) "—Limitation on Transactions with Affiliates";

(e) "—Limitation on Sale and Lease-Back Transactions";

(f) "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries"; and

(g) "—Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries."

Clauses (a) through (g) above are collectively referred to as the "Suspended Covenants."

During any period in which the Suspended Covenants are suspended, the Company's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the second paragraph of the definition of "Unrestricted Subsidiary."

If, during any period in which the Suspended Covenants are suspended, the Notes cease to have an Investment Grade Rating by at least one Rating Agency and the Total Debt to EBITDA Ratio shall be greater than 2.25:1, then the Suspended Covenants will thereafter be reinstated and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain an Investment Grade Rating by at least one Rating Agency or the Company subsequently achieves a Total Debt to EBITDA Ratio equal to or less than 2.25:1 (as certified by the Company's auditors) (in which event the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Rating by at least one Rating Agency or the Company maintains a Total Debt to EBITDA Ratio equal to or less than 2.25:1); *provided*, *however*, that no Default or breach or violation of any kind will be deemed to exist under the Indenture or the Notes with respect to the Suspended Covenants (whether during the period when the Suspended Covenants were suspended or thereafter) based on, and none of the Company or any of its Restricted Subsidiaries will bear any liability (whether during the period when the Suspended Covenants were suspended or thereafter) for, any actions taken or events occurring after a suspension of the Suspended Covenants pursuant to the foregoing and before any reinstatement of such suspension of the Suspended Covenants as provided above, or any actions taken at any time (whether during the period when the Suspended Covenants were suspended or thereafter) pursuant to any legal or contractual obligation arising prior to the reinstatement, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period.

Repurchases at the Option of the Holders of the Notes Upon Change of Control

If a Change of Control occurs, each Holder of Notes will have the right to require the Company to repurchase all or any part (equal to US$2,000 or integral multiples of US$1,000) of that Holder's Notes pursuant to a Change of Control Offer (as defined below) on the terms set forth in the Indenture. No such purchase in part shall reduce the outstanding principal amount at maturity of the Notes held by any Holder to below US$1,000. In the Change of Control Offer, the Company will offer a "Change of Control Payment" in US dollars equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased, to the date of purchase (subject to the right of the Holders of record on the relevant Record Date to receive interest and Additional Amounts, if any, on the relevant interest payment date).

Within 45 days following any Change of Control, the Company will make a "Change of Control Offer" by notice to each Holder of Notes by mailing and publishing such notice in accordance with the provision set out under "—Notices" below, describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date specified in the notice (the "Change of Control Payment Date"), which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount in US dollars equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new note will be in a principal amount of US$2,000 or an integral multiple of US$1,000. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements, set forth in the Indenture, that are applicable to a Change of Control Offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under the Change of Control Offer.

Events of Default

An "Event of Default" with respect to the Notes is defined in the Indenture as being a:

(1) default for 30 days in payment of any interest or Additional Amounts on the Notes when the same becomes due and payable;

(2) default in payment of principal of or premium, if any, on the Notes when the same becomes due and payable, upon optional redemption, upon required purchase, upon declaration of acceleration or otherwise;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described under "—Restrictive Covenants—Consolidation, Merger, Conveyance, Sale or Lease," "—Restrictive Covenants—Limitation on Restricted Payments," "—Restrictive Covenants—Limitation on Indebtedness," "—Restrictive Covenants—Limitation on Sales of Assets," "—Restrictive Covenants—Limitation on Liens," "—Restrictive Covenants—Limitation on Sale and Lease-Back Transactions" or "—Repurchases at the Option of the Holders of the Notes Upon Change of Control" and continuance of such non-compliance for a period of 30 consecutive days after written notice specifying such non-compliance is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes;

(4) default in the performance, or breach, of any other covenant or obligation of the Company or any Restricted Subsidiary in the Indenture and continuance of such default or breach for a period of 60 consecutive days after written notice specifying such default or breach is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness by the Company or any Restricted Subsidiary (or the payment of which is Guaranteed by the Company or any Restricted Subsidiary) whether such Indebtedness or Guarantee now exists, or is created after the Closing Date, if that default: is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness within

any applicable grace period (a "Payment Default"); or results in the acceleration of such Indebtedness prior to its Stated Maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US$15.0 million or more in the case of a default by the Company, and US$10.0 million or more in the case of a default by any Restricted Subsidiary; and

(6) certain events of bankruptcy, insolvency or reorganization of the Company or any Significant Subsidiary.

The Company will deliver to the Trustee, within ten Business Days after a Responsible Officer of the Company obtains actual knowledge thereof, written notice of any Default or Event of Default that has occurred and is still continuing, its status and what action the Company is taking or proposing to take in respect thereof. The Indenture provides that the Trustee may withhold notice to the Holders of the Notes of any Default or Event of Default (except in each case in payment of principal of, or interest or premium (and Additional Amounts), if any, on the Notes) if the Trustee in good faith determines that it is in the interest of the Holders of the Notes to do so. The Indenture provides that, if an Event of Default (other than an Event of Default involving a bankruptcy, insolvency or similar event in respect of the Company) with respect to the Notes specified therein shall have happened and be continuing, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes may declare the principal amount of (and interest on) all the Notes to be due and payable immediately. The Indenture provides that if an Event of Default involving a bankruptcy, insolvency or other similar event in respect of the Company shall have happened, the principal amount of all the Notes will be immediately due and payable without notice or any other act on the part of the Trustee or any Holder of the Notes. However, if all Defaults (except the nonpayment of principal of and accrued interest or premium, if any, (and Additional Amounts, if any,) on the Notes at maturity or which shall have become due solely by acceleration) have been cured or waived, such declaration may be rescinded by the Holders of not less than a majority in aggregate principal amount of the Notes. In addition, past Defaults and Events of Default with respect to the Notes may be waived by the Holders of not less than a majority in aggregate principal amount of the Notes except (i) a Default in the payment of principal of (or premium, if any) or interest (and Additional Amounts), if any, on any Note or (ii) in respect of a covenant or provision of the Indenture which by its terms cannot be modified or amended without the consent of the Holder of each outstanding Note.

Subject to the provisions of the Indenture relating to the duties of the Trustee (and except for obligations set forth by Sections 13 of the Negotiable Obligations Law), the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders of the Notes, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it. Subject to such provision for indemnification, the Holders of a majority in principal amount of the Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Notes, *provided* that the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine that the action so directed conflicts with any law or the provisions of the Indenture if the Trustee shall determine that such action would be prejudicial to Holders of the Notes not taking part in such direction.

No Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes;

(2) the Holders of not less than 25% in principal amount of the outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee thereunder;

(3) such Holder or Holders have offered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the outstanding Notes,

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all such Holders.

Notwithstanding any other provision of the Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and interest (and Additional Amounts), if any, on such Note and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Additional Amounts

All payments by the Company of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account, of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Argentina or by or within any political subdivision thereof or any authority therein or thereof having power to tax ("Local Taxes"), unless such withholding or deduction is required or compelled by law. In the event of any such withholding or deduction, the Company shall pay to Holders of the Notes in US dollars such additional amounts ("Additional Amounts") as will result in the payment to such Holder of the US dollar amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable:

(1) in respect of any Local Taxes that would not have been so withheld or deducted but for the existence of any present or former connection, including a permanent establishment, between the Holder or beneficial owner of the Note or any payment in respect of such Note (or, if the Holder or beneficial owner is an estate, nominee, trust, partnership or corporation, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder or beneficial owner) in Argentina, other than the mere receipt of such payment or the mere holding or ownership of such Note or beneficial interest;

(2) in respect of any Local Taxes that would not have been so withheld or deducted if the Note had been presented for payment within 30 days after the Relevant Date (as defined below);

(3) in respect of any Local Taxes that would not have been so withheld or deducted but for the failure by the Holder, the beneficial owner of the Note or the Trustee to (a) make a declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (b) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or any reasonable connection with Argentina, including without limitation, pursuant to any applicable law, statute, treaty or regulation of Argentina or written administrative instruction of the AFIP;

(4) if the Company is required or compelled by law to make any withholding or deduction for or on account of, or is obligated to act as "substitute obligor" for, the Personal Assets Tax under Argentine tax law (Section 26 Law 25,721, as amended);

(5) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;

(6) in respect of any Local Taxes payable other than by withholding or deduction;

(7) in respect of any payment to a Holder of a Note that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note;

(8) in respect of any withholding or deduction imposed on a payment to an individual that is required to be made pursuant to the European Union Directive on the taxation of savings income (the "Directive") implementing the conclusions of the European Council of Economic and Finance Ministers (ECOFIN) meeting on June 3, 2003, or any law implementing or complying with, or introduced in order to conform to, such Directive;

(9) in respect of any taxes imposed in connection with a Note presented for payment by or on behalf of a Holder thereof who would have been able to avoid such tax by presenting the relevant Note to another paying agent in a member state of the European Union if the Holder of the Note is a resident of the European Union for tax purposes; or

(10) in respect of any combination of (1) through (9) above.

"Relevant Date" means, with respect to any payment due from the Company, whichever is the later of (1) the date on which such payment first becomes due and (2) if the full amount payable has not been received in New York City, New York by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Holders of the Notes in accordance with the Indenture.

All references to principal and interest in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable as set forth in the Indenture or in the Notes.

At least ten Business Days prior to the first Interest Payment Date (and at least ten Business Days prior to each succeeding Interest Payment Date if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate), the Company will furnish to the Trustee and the Paying Agent an Officers' Certificate instructing the Trustee and such Paying Agent whether payments of principal of or interest on the Notes due on such interest payment date shall be without deduction or withholding for or on account of any Local Taxes. If any such deduction or withholding shall be required, prior to such interest payment date, the Company will furnish the Trustee and such Paying Agent with an Officers' Certificate which specifies the amount, if any, required to be withheld on such payment to Holders of the Notes and certifies that the Company shall pay such withholding or deduction. Any Officers' Certificate required by the Indenture to be provided to the Trustee and the Paying Agent for these purposes shall be deemed to be duly provided if telecopied to the Trustee and the Paying Agent.

The Company shall promptly pay when due any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Argentina and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of Notes.

Purchase of Notes by the Company

The Company or any of its Affiliates may, to the extent permitted by applicable law, at any time or from time to time purchase Notes in the open market, on an exchange, or by tender or by private agreement at any price. Any purchase of the Notes by tender shall be made available to all Holders of the Notes alike. Any Note so purchased may be held by, or for the account of, the Company or any of its Affiliates and may be surrendered to the Trustee for cancellation; *provided, however*, that for purposes of determining whether the Holders of the requisite nominal amount of outstanding Notes are present at a meeting of Holders for quorum purposes or have consented to

or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment or modification under the Indenture, Notes owned by the Company or any of its Affiliates shall be disregarded and deemed not to be outstanding.

Luxembourg Listing Agent, Luxembourg Paying Agent and Luxembourg Transfer Agent

Deutsche Bank Luxembourg, S.A. is the Luxembourg Listing Agent and Deutsche Bank Luxembourg, S.A. will be the Luxembourg Paying Agent and Luxembourg Transfer Agent in respect of the Notes. The Company will maintain such agencies so long as the Notes are listed on the Luxembourg Stock Exchange. The address of the Luxembourg Listing Agent, the Luxembourg Paying Agent and the Luxembourg Transfer Agent are set forth on the inside back cover of this Offering Memorandum.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(a) all Notes that have not been delivered to the Trustee for cancellation have become due and payable and the Company or any Restricted Subsidiary has irrevocably deposited or caused to be deposited with the Trustee as funds in trust solely for the benefit of the Holders, cash in US dollars, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound;

(3) the Company or any Restricted Subsidiary has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Defeasance

The Company, at its option:

(1) will be discharged from any and all obligations in respect of the Notes (except in each case for certain obligations, including to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold moneys for payment in trust), or

(2) need not comply with certain covenants of the Indenture if the Company irrevocably deposits with the Trustee, in trust:

(a) money, or

(b) in certain cases, US Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount, or

(c) a combination thereof,

in each case, sufficient, in the opinion of an independent firm of certified public accountants, to pay and discharge each installment of principal of and interest, if any, on the outstanding Notes on the dates such payments are due, in accordance with the terms of the Notes, to and including the redemption date irrevocably designated by the Company pursuant to the final sentence of this section on the day on which payments are due and payable in accordance with the terms of the Indenture and of the Notes; and no Default or Event of Default (including by reason of such deposit) shall have occurred and be continuing on the date of such deposit or during the period ending on the 91st day after such date.

To exercise any such option, the Company is required to deliver to the Trustee:

(a) an opinion of recognized US counsel independent of the Company to the effect: that the Holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge of certain obligations, which in the case of clause (1) above must be based on a change in law or a ruling by the US Internal Revenue Service; and that the defeasance trust is not required to register as an investment company under the Investment Company Act of 1940; and

(b) an opinion of counsel and an Officers' Certificate as to compliance with all conditions precedent provided for in the Indenture relating to the satisfaction and discharge of the Notes.

If the Company has deposited or caused to be deposited money or US Government Obligations to pay or discharge the principal of (and premium, if any) and interest, if any, on the outstanding Notes to and including a redemption date on which all of the outstanding Notes are to be redeemed, such redemption date shall be irrevocably designated by a resolution of the Board of Directors of the Company delivered to the Trustee on or prior to the date of deposit of such money or US Government Obligations, and such resolution shall be accompanied by an irrevocable Company request that the Trustee give notice of such redemption in the name and at the expense of the Company not less than 30 nor more than 60 days prior to such redemption date in accordance with the Indenture.

Reports to Holders and the Trustee

(1) The Company shall provide the Trustee and, upon request, the Holders of the Notes:

(a) within 120 days following the end of each of our fiscal years after the Closing Date, its annual consolidated financial statements (including the notes thereto) prepared in accordance with Argentine GAAP and presented in the English language and a report thereon by our certified independent accountants; and

(b) within 75 days following the end of the first three fiscal quarters in each of our fiscal years beginning with the quarter ending after the Closing Date, all quarterly consolidated financial statements (including the notes thereto), prepared in accordance with Argentine GAAP and presented in the English language.

(2) In addition, the Company will furnish to the Holders of the Notes and to prospective investors, upon request of such Holders or investors, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely tradable under the Securities Act.

(3) For so long as any of the Notes are outstanding, the above information will be made available at the specified offices of each paying agent. For so long as the Notes are listed on the Luxembourg Stock Exchange or Buenos Aires Stock Exchange, the above information will also be made available in Luxembourg and Buenos Aires through the offices of the Luxembourg Paying Agent and the Argentine Paying Agent.

Meeting of Holders, Modifications, Waivers and Amendments

Meetings of Holders

The Trustee or the Company shall, upon the request of the Holders of at least 5.0% in aggregate nominal amount of the Notes at the time outstanding, or the Company or the Trustee at its discretion, may, call a meeting of the Holders at any time and from time to time, to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Notes to be made, given or taken by the Holders of such Notes. The meetings will be held in the City of Buenos Aires. In any case, meetings shall be held at such time and at such place in any such city as the Company or the Trustee shall determine. Subject as aforesaid, any resolution duly passed will be binding on all Holders or all Holders of Notes, as the case may be (whether or not they were present at the meeting at which such resolution was passed). If a meeting is being held pursuant to a request of Holders, the agenda for the meeting shall be as determined in the request and such meeting shall be convened within 40 days from the date such request is received by the Trustee or the Company, as the case may be. Notice of any meeting of Holders (which shall include the date, place and time of the meeting, the agenda therefor and the requirements to attend) shall be given not less than 10 days nor more than 30 days prior to the date fixed for the meeting in the Official Gazette of Argentina, in one other newspaper of general circulation in Argentina (which is expected to be La Nación) and in a newspaper published in the English language and of general circulation in the City of New York, and also in the manner provided under Notices and any publication thereof shall be for five consecutive business days in each place of publication.

Modification and Waiver

Decisions shall be made by the affirmative vote of the Holders of a majority in aggregate nominal amount of the Notes, present or represented at a meeting of such Holders at which a quorum is present; provided, however, that the unanimous consent of all Holders of the outstanding affected thereby, shall be required to adopt a valid decision to modify "materially" the terms and conditions of the Notes. "Material" modification is defined hereunder as:

(1) changing the stated maturity of the principal of or any installments of interest on any Note;

(2) reducing or canceling the principal amount of or interest payable with respect to any Note;

(3) changing any obligation we have to pay Additional Amounts in respect of any Note;

(4) reducing the amount of principal of a Note that is an Original Issue Discount Note that would be due and payable upon a declaration of acceleration of the maturity thereof;

(5) changing the redemption provisions of any Note;

(6) materially adversely affecting any right of repayment at the option of the Holder of any Note;

(7) impairing the right to institute suit for the enforcement of any such payment on or after the Maturity Date thereof or any Optional Redemption Date;

(8) altering the currency of payment of any Note;

(9) reducing the percentage in nominal amount of outstanding Notes, the consent of the Holders of which is required for the adoption of a resolution or the quorum required at any meeting of

Holders at which a resolution is adopted or the percentage in nominal amount of outstanding Notes, the Holders of which are entitled to request the calling of a Holders' meeting; and

(10) any other modification that the CNV may deem a "substantial" modification.

For those purposes, Notes actually known to a Responsible Officer of the Trustee to be held for the Company's account, or any Affiliate of the Company shall not be considered outstanding. The quorum at any meeting called to adopt a resolution will be Persons holding or representing at least 60.0% in aggregate principal amount of the Notes at the time outstanding; *provided*, *however*, that at any such reconvened meeting adjourned for lack of the requisite quorum, the quorum will be Persons holding or representing at least 30.0% in aggregate principal amount of the Notes at the time outstanding. Except as provided above, any modifications, amendments or waivers to the terms and conditions of the Notes will be conclusive and binding on all Holders of Notes whether or not they have given such consent or were present at any meeting, and whether or not notation of such modifications, amendments or waivers is made upon the Notes if duly passed at a meeting convened and held in accordance with the provisions of the Negotiable Obligations Law. Any noteholder may attend the meeting either personally or by proxy. Holders who intend to attend the noteholders' meeting must notify the Co-Registrar of their intention to do so at least three Business Days prior to the Date of such meeting. Such notification will entitle such Holder to attend the meeting. For purposes of any meeting of the Holders, each US$1.00 of face value of the Notes of will entitle the Holder to one vote. Notes actually known to a Responsible Officer of the Trustee to be held for our account of the account of any Affiliate of ours will not be considered outstanding and such Holder(s) will not participate in taking any actions under the terms of the Notes.

Amendments Without the Consent of Holders

Modification and amendment of the Indenture and the Notes may be made by the Company and the Trustee, without the consent of any Holder, for any of the following purposes:

(1) to evidence the succession of another Person to the Company as obligor under the Indenture;

(2) to add to the Company's covenants for the benefit of the Holders of the Notes;

(3) to add Events of Default for the benefit of the Holders of the Notes;

(4) to change or eliminate any provisions of the Indenture;

(5) to establish the form or terms of the Notes including, if permitted by applicable law, any Notes to be issued in bearer form and to add or change any of the provisions of the Indenture to the extent necessary to permit or facilitate the issuance of Notes in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

(6) to secure the Notes;

(7) to provide for the acceptance of appointment by a successor Trustee, Registrar, Co-Registrar, Paying Agent or Transfer Agent and to add or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts thereunder by more than one Trustee;

(8) to amend the Indenture with respect to the authentication and delivery of Additional Notes;

(9) to cure any ambiguity, defect or inconsistency in the Indenture or the Notes;

(10) to modify the restrictions on the Notes, and the procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or provide alternative procedures in compliance with applicable law and practices relating to the resale or other transfer of restricted securities generally; and

(11) to amend or supplement any provision contained in the Indenture or the Notes or in any amendment thereto for any other purpose that the Company may deem necessary or desirable; provided in the case of clauses (4), (9) and (11) that any such change, elimination, modification or amendment does not adversely affect the interests of Holders of Notes in any material respect as evidenced by an Opinion of Counsel.

Replacement of Notes

If any Note shall become mutilated or defaced or be destroyed, lost or stolen, the Company may execute and the Trustee may, upon the Holder of such Note agreeing to provide such indemnity as shall be required in the next paragraph and in the absence of notice to us or the Trustee that such Note has been acquired by a protected purchaser (as defined in Section 8-303 of the New York Uniform Commercial Code, as amended), authenticate and deliver a new Note on such terms as the Company and the Trustee may require, in exchange and substitution for the mutilated or defaced Note or in lieu of and in substitution for the destroyed, lost or stolen Note. Each Note authenticated and delivered for, or in lieu of, any such Note shall carry all the rights to interest accrued and unpaid and to accrue which were carried by such Note before such mutilation or defacement, or destruction, loss or theft.

In the case of a mutilated, defaced, destroyed, lost or stolen Note, an indemnity in favor of the Trustee and the Company, satisfactory to the Trustee and us will be required of the owner of such Note and evidence to the satisfaction of the Trustee and the Company of the destruction, loss or theft of such Note and of the ownership thereof before a replacement Note will be issued. In the case of mutilation or defacement of a Note, the Holder shall surrender to the Trustee the Note so mutilated or defaced. In addition, prior to the issuance of any Note in substitution for the mutilated, defaced, destroyed, lost or stolen Note, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Trustee and its counsel and our counsel) connected therewith. If any Note that has matured or will mature within 30 days shall become mutilated or defaced or be apparently destroyed, lost or stolen, the Company may pay, in its sole discretion, or authorize payment of the same without issuing a substitute Note.

Governing Law; Waiver of Jury Trial

The Negotiable Obligation Law governs the requirements for the Notes to qualify as obligaciones negociables thereunder while such law, together with Argentine Law No. 19,550, as amended, and other applicable Argentine laws and regulations, govern the Company's capacity and corporate authorizations to execute and deliver the Notes and the authorization of the CNV for the establishment of the Program and the public offering of the Notes in Argentina. As to all other matters, the Indenture and the Notes are governed by, and shall be construed in accordance with, the law of the State of New York, United States of America, without regard to the conflicts of laws provisions thereof. Pursuant to the Indenture, we and the Trustee will waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Indenture, the Notes or the transactions contemplated thereby.

Prescription

Claims filed in Argentine courts for payment of principal in respect of the Notes (including Additional Amounts) shall be prescribed unless made within ten years of the due date for payment of such principal. Claims for the payment of interest shall be prescribed unless made within four years of the due date for payment of such interest. Claims filed in the courts of the State of New York will be subject to the applicable statute of limitations for such claims, which currently is six years.

Descriptive Headings

The descriptive headings appearing in this "Description of the Notes" are for convenience of reference only and shall not alter, limit or define the provisions hereof.

Notices

The Company is required to give notice to the Trustee of any event which requires notice to be given to the Holders in sufficient time for the Trustee to provide such notice to the Holders in the manner provided in the Indenture. All notices regarding the Notes shall be given by the Trustee. All notices to Holders will be deemed to have been duly given upon the mailing by United States first class mail, postage prepaid, of such notices to each such Holder at its address as it appears in the Register, in each case not earlier than the earliest date and not later than the latest date prescribed in the Indenture for the giving of such notice. Any notice so mailed shall be deemed to have been given on the date of its reception. In case, by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event to Holders of Notes when such notice is required to be given pursuant to the Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed sufficient giving of such notice for every purpose hereunder. In addition, notices to noteholders will be published as follows: (1) in a leading newspaper having general circulation in the City of Buenos Aires (which is expected to be *La Nación*) and, to the extent required by law, in the Official Gazette of Argentina; (2) in a leading newspaper of general circulation in the City of New York, published in the English language; (3) as long as any Notes are listed on any Stock Exchange, as required by the Rules of such Stock Exchange; (4) otherwise in accordance with the provisions of the Negotiable Obligations Law; and (5) as long as any Notes are listed on the Luxembourg Stock Exchange, notices will be published in a leading newspaper having general circulation in Luxembourg and may also be published on the website of the Luxembourg Stock Exchange at www.bourse.lu. Notice to be given by any Holder shall be in writing and given by forwarding the same, together with the related Note or Notes, to the Trustee or any Paying Agent. While any Notes are represented by a Global Note, such notice may be given by any Holder of an interest in such Global Note to the Trustee or any such Paying Agent via DTC, Euroclear and/or Clearstream, Luxembourg in such manner as the Trustee or Paying Agent, as the case may be, and DTC, Euroclear and/or Clearstream, Luxembourg may approve for such purpose. The Trustee, the Registrar, the Co-Registrar, any Paying Agent, any Transfer Agent or any agent of any of such entities may conclusively rely on the records of DTC, Euroclear or Clearstream, Luxembourg, as applicable, as to the identity of owners of beneficial interests in each Global Note and the nominal amounts beneficially owned.

Consent to Service of Process; Jurisdiction

The Company will to the non-exclusive jurisdiction of the courts of the State of New York and the United States courts located in the Borough of Manhattan, New York City, New York with respect to any action that may be brought in connection with the Indenture or the Notes and has irrevocably appointed CT Corporation Systems as agent for service of process. Any suit, action or proceeding against us or any of our property, assets or revenues with respect to any note may be brought on a nonexclusive basis before the Ordinary Courts in commercial matters sitting in the City of Buenos Aires or the Permanent Arbitral Tribunal of the Buenos Aires Stock Exchange under the provision of Section 38 of the Annex to the Transparency Decree.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the Holder of a note from US dollars into another currency, we have agreed, and each Holder by holding such note will be deemed to have agreed, to the fullest extent that we and they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures such Holder could purchase US dollars with such other currency in New York City, New York on the day two Business Days preceding the day on which final judgment is given.

The sole currency of account and payment for all sums payable by us under or in connection with the Notes, including damages, is US dollars. Any amount received or recovered in a currency other than such currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of us or otherwise) by any Holder of a note in respect of any sum expressed to be due to it from the Company shall be discharged only to the extent that on the Business Day following receipt by the Holder of such note of any sum adjudged to be so due in such currency, the Holder of such note may, in accordance with normal banking procedures, purchase US dollars with such currency; if the amount of the US dollars so purchased is less than the sum originally due to the Holder of such note in such currency (determined in the manner set forth in the preceding paragraph), the Company agrees, as a separate obligation and notwithstanding any enforcement, judgment, order of court or otherwise, to indemnify the Holder of such note against such loss, and if the amount of the US dollars so purchased exceeds the sum originally due to the Holder of such note, such Holder agrees to remit

to us such excess, provided that such Holder shall have no obligation to remit any such excess as long as we shall have failed to pay such Holder any obligations due and payable under such Note, in which case such excess may be applied to our obligations under such note in accordance with the terms thereof.

Form, Denomination and Title

Notes sold in reliance on Rule 144A ("Rule 144A") under the United States Securities Act of 1933, as amended (the "Securities Act") to qualified institutional buyers (as defined in Rule 144A under the Securities Act) ("qualified institutional buyers" or "QIBs") will be represented by a permanent restricted global note in fully registered form without interest coupons attached (each, a "Rule 144A Global Note"), which will be deposited with a custodian for and registered in the name of Cede & Co. ("Cede"), as nominee of The Depository Trust Company ("DTC") and its direct and indirect participants, including depositaries for Euroclear and Clearstream, Luxembourg. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S") will be represented by a global note in fully registered form without interest coupons attached (such global note is referred to herein as a "Regulation S Global Note" and together with the Rule 144A Global Note the "Global Notes") which will be deposited with a custodian for, and registered in the name of Cede, as nominee of DTC, for the accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream, Luxembourg. Purchasers of beneficial interests in a Regulation S Global Note will be required to certify that such beneficial owner is not a US Person within the meaning of Rule 902 of the Securities Act or is a US Person who purchased its interest in a transaction that did not require registration under the Securities Act. Beneficial interests in Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including depositaries for Euroclear and Clearstream, Luxembourg.

The Notes have been accepted for clearance and settlement through DTC and its direct and indirect participants, including depositaries for Euroclear and Clearstream, Luxembourg.. With respect to the Notes represented by the Rule 144A Global Note, the CUSIP number is 20445RAB7 and the ISIN is US20445RAB78. With respect to the Notes represented by the Regulation S Global Note, the CUSIP number is P3058XAK1 and the ISIN is USP3058XAK11.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Company, the relevant Dealer(s) and the Trustee.

Each Note will be numbered serially with an identifying number that will be recorded in the register (the "Register") to be kept by the Registrar. Title to Notes will pass only by registration of transfer in the Register. In this Description of Notes, "Holder" means, with respect to a Note, the person in whose name a Note is registered in the Register. The Holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not such Note is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss), and no person will be liable for so treating the Holder.

The Notes will be issued in the following specified denominations: (i) subject to applicable law, Notes resold pursuant to Rule 144A will be in denominations of US$2,000 and integral multiples of US$1,000 in excess thereof; and (ii) subject to applicable law, Notes sold pursuant to Regulation S will be in denominations of US$2,000 and integral multiples of US$1,000 in excess thereof; subject, in each case, to the fulfillment of all legal and regulatory requirements (the "Specified Denominations").

Global Notes

The statements set forth herein include summaries of certain rules and operating procedures of DTC, Euroclear and Clearstream, Luxembourg, which affect transfers of interests in the Global Notes.

Except as set forth below, a Global Note may be transferred, in whole or part, only to DTC, another nominee of DTC or a successor of DTC or its nominee.

Beneficial interests in the Global Notes will be represented, and transfers of such beneficial interests will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Subject to the minimum denominations described above, such beneficial interests will be in denominations of US$1,000 and integral multiples thereof. Investors may hold Notes directly through DTC, Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream, Luxembourg hold securities on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn hold such securities in customers' securities accounts in the depositaries' names on the books of DTC.

A beneficial interest in Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note only upon receipt by the Trustee of a written certification from the transferor (in the applicable form provided in the Indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, only upon receipt by the Trustee of a written certification from the transferor (in the applicable form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or that the Note being transferred is not a "restricted security" within the meaning of Rule 144 under the Securities Act. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

DTC has advised the Company that it is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants (each, a "DTC Participant") and to facilitate the clearance and settlement of securities transactions among the DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of which and/or their representatives own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Persons who are not DTC Participants may beneficially own securities held by DTC only through DTC Participants.

Upon the issuance of the Global Notes, DTC will credit, on its book-entry registration and transfer system, the respective nominal amounts of the Notes represented by such Global Notes to the accounts of the DTC Participants designated by the relevant Dealer or Dealers.

Persons who are not DTC Participants may beneficially own Notes held by DTC only through direct or indirect DTC Participants (including Euroclear and Clearstream, Luxembourg). So long as Cede, as the nominee of DTC, is registered owner of the Global Notes, Cede for all purposes will be considered the sole Holder represented by the Global Notes under the Indenture and the Notes. Except as provided below, owners of beneficial interests in the Global Notes will not be entitled to have Notes represented thereby registered in their names, will not receive or be entitled to receive physical delivery of such Notes in definitive form and will not be considered the Holders thereof under the Indenture or the Notes. Accordingly, any person owning a beneficial interest in either of the Global Notes must rely on the procedures of DTC and, to the extent relevant, Euroclear or Clearstream, Luxembourg, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a Holder represented thereby. The Company understands that, under existing industry practice, in the event that any owner of a beneficial interest in a Global Note desires to take any action that Cede, as the Holder of such Global Note, is entitled to take, Cede would authorize the DTC Participants to take such action, and the DTC Participants would authorize beneficial owners owning through such DTC Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

DTC may grant proxies or otherwise authorize DTC Participants (or persons holding beneficial interests in the Notes through such DTC Participants) to exercise any rights of a Holder or take any other actions which a Holder is entitled to take under the Indenture or the Notes. Under its usual procedures, DTC would mail an omnibus proxy to the Company assigning Cede's consenting or voting rights to those DTC Participants to whose accounts the Notes are credited on a record date as soon as possible after such record date. Euroclear or Clearstream, Luxembourg, as the case may be, will take any action permitted to be taken by a Holder under the Indenture or the Notes on behalf of a Euroclear participant or Clearstream, Luxembourg participant only in accordance with its relevant rules and procedures and subject to its depositary's ability to effect such actions on its behalf through DTC. In order to attend meetings of Holders, Holders must notify the Co-Registrar of their intention to do so at least three business days prior to the date of such meeting, such notice entitling such Holder to attend the meeting.

The Global Notes will not be exchangeable for Definitive Notes, except as provided below.

Transfer of Notes and Issuance and Transfer of Definitive Notes

The transfer of Notes and issuance and transfer of Definitive Notes shall be as follows:

A Note may be transferred in whole or in part in a Specified Denomination. Transferees of interests in one Note may take delivery in the form of interests in another Note, subject to the certification requirements set forth in the Indenture.

The Holder of Notes in certificated, fully registered form without interest coupons attached ("Definitive Notes") may transfer such Notes by surrendering them at the office or agency maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the Trustee, or at the office of any Transfer Agent. Upon the transfer, exchange or replacement of Definitive Notes bearing a restrictive legend, or upon specific request for removal of such legend, the Company will deliver only Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Company such satisfactory evidence, which may include an Opinion of Counsel, as may reasonably be required by the Company that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

If DTC or any successor depositary is at any time unwilling or unable to continue as a depositary for a Global Note or ceases to be a "clearing agency" registered under the Exchange Act and a successor depositary is not appointed by us within 90 days after the Company receives notice from such depositary or the Trustee to that effect, or after the Company becomes aware that DTC is no longer so registered, or the Trustee has instituted or has been directed to institute any judicial proceedings in a court to enforce the rights of noteholders under the Notes and the Trustee has been advised by an Opinion of Counsel in connection with such proceedings that it is necessary or appropriate for the Trustee to obtain possession of the Notes or an Event of Default has occurred and is continuing with respect to the Notes, the Trustee will complete, authenticate and deliver Notes in certificated registered form duly executed by the Company and deposited with the Trustee on the Issue Date in exchange for such Global Note. The Company may also determine that any Global Note will be exchanged for Definitive Notes. In the case of Definitive Notes issued in exchange for a Rule 144A Global Note, such certificates will bear, and be subject to, the legend referred to under "Transfer Restrictions; Notice to Investors."

The Holder of Definitive Notes may transfer such Notes by surrendering them, together with any relevant information required for the transfer, at the office or agency maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the Trustee, or at the office of any Transfer Agent. Upon the transfer, exchange or replacement of Definitive Notes bearing a restrictive legend, or upon specific request for removal of such legend, the Company will deliver only Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Company such satisfactory evidence, which may include an Opinion of Counsel, as may reasonably be required by the Company, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the Registrar nor the Co-Registrar nor any Transfer Agent shall register the transfer of, or exchange of, a Definitive Note during the period commencing on the 15th day prior to the due date for any payment of

principal of or interest on such Note and ending on such due date for any payment of principal of or interest on such Note or register the transfer or exchange of any Notes previously called for redemption.

Certain Definitions

Set out below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms as well as any other capitalized terms used herein for which no definition is provided. Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it under and in accordance with Argentine GAAP.

"Additional Amounts" has the meaning given to it under "—Additional Amounts."

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Related Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clause (2) or (3) above is primarily engaged in a Related Business.

"Additional Notes" has the meaning given to it under "—Further Issues."

"Affiliates" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of the provisions described under "—Restrictive Covenants—Limitation on Transactions with Affiliates" only, "Control" of any Person shall also mean any beneficial owner of shares representing 10% or more of the total voting power of the Voting Stock (on a fully diluted basis including all rights or warrants to purchase such Voting Stock (whether or not currently exercisable)) of such Person and any Person known to such Person who would be an Affiliate of any such beneficial owner pursuant to this sentence or the first sentence hereof.

"Affiliate Transaction" has the meaning given to it under "—Restrictive Covenants—Limitation on Transactions with Affiliates."

"Argentine GAAP" means generally accepted accounting principles in Argentina as in effect from time to time.

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of the Company or any Restricted Subsidiary; or

(3) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary;

provided, *however*, that Asset Disposition will not include:

(a) a disposition by a Restricted Subsidiary to the Company or another Restricted Subsidiary or by the Company to a Restricted Subsidiary, including to a Person that is or will become a Restricted Subsidiary immediately after the disposition;

(b) for purposes of the provisions described under "—Restrictive Covenants—Limitation on Sales of Assets" only, a Restricted Payment or any Permitted Investment;

(c) a disposition of assets with a Fair Market Value of less than US$5.0 million;

(d) an expenditure of cash or liquidation of Cash Equivalents or disposition of Temporary Cash Investments or other marketable securities disposed of in the open market or goods held for sale and assets sold in the ordinary course of business;

(e) (i) a disposition of obsolete equipment or other obsolete assets or other property which is uneconomical and no longer useful for the Company or any Restricted Subsidiary in the ordinary course of business consistent with past practice; or (ii) a disposition of assets that are exchanged for or are otherwise replaced by Additional Assets within a reasonable period of time;

(f) the disposition of all or substantially all of the assets of the Company in a manner permitted under the covenant described under "—Consolidation, Merger, Conveyance, Sale or Lease;"

(g) the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(h) the disposition of assets in a Sale-Leaseback Transaction, if permitted by the covenant described under "—Restrictive Covenants—Limitation on Sale and Lease-Back Transactions;"

(i) the Incurrence of any Lien permitted by the covenant described under "—Restrictive Covenants—Limitation on Liens; or

(j) the discounting or factoring of receivables in the ordinary course of business. "Asset Sale Offer" has the meaning set forth under "Certain Covenants—Limitation on Sales of Assets."

"Asset Sale Offer" has the meaning given to it under "—Restrictive Covenants—Limitation on Sales of Assets."

"Asset Sale Offer Amount" has the meaning given to it under "—Restrictive Covenants—Limitation on Sales of Assets."

"Attributable Debt" in respect of a Sale and Lease-Back Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Lease-Back Transaction (including any period for which such lease has been extended).

"Authorized Officer" means any officer, Director or attorney-in-fact of the Company as may be duly authorized to take actions under the Indenture and notified to the Trustee in writing by the Company.

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

(1) the sum of the products of the numbers of years (rounding to the nearest one-twelfth of one year) from the date of determination to the dates of each remaining scheduled principal payment (including the payment at final maturity) of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment, by

(2) the sum of all such payments.

"Board of Directors" means, with respect to any Person, the board of directors of such Person or any committee thereof duly authorized to act on behalf of the board of directors of such Person, or similar governing body of such Person, including any managing partner or similar entity of such Person.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock and partnership interests, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Cash and Cash Equivalents" means:

(1) any official currencies received or acquired in the ordinary course of business including, without limitation, Pesos, Euro, Dollars or any other currency of countries in which the Company or its Subsidiaries has operations;

(2) US Government Obligations or certificates representing an ownership interest in US Government Obligations, or securities issued directly and fully guaranteed or insured by any member of the European Union, or any agency or instrumentality thereof (*provided* that the full faith and credit of such member is pledged in support of those securities) or other sovereign debt obligations (other than those of Argentina) rated "A" or higher or such similar equivalent or higher rating by at least one nationally recognized statistical rating organization as contemplated in Rule 436 under the Securities Act, in each case with maturities not exceeding one year from the date of acquisition;

(3) Argentine Government Obligations (including those of the Central Bank), quasi-currencies issued by provinces of Argentina or certificates representing an ownership interest in Argentine Government Obligations (including those of the Central Bank) with maturities not exceeding one year from the date of acquisition;

(4) (a) demand deposits, (b) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (c) bankers' acceptance with maturities not exceeding one year from the date of acquisition, and (d) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of Argentina or any state thereof;

(5) (a) demand deposits, (b) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (c) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (d) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of the United States or any state thereof or under the laws of any member state of the European Union, or under the laws of any country in which the Company has operations in each case whose head office's senior short term debt is rated "BBB+" or higher or such similar equivalent or higher rating by at least one Rating Agency or

whose local national scale rating for senior short term debt is BBB+ or higher or such similar equivalent or higher rating; and *provided*, *further*, that in the event that no bank or trust company in such country has a local rating of BBB+ or higher or such similar equivalent or higher rating, then this clause shall apply to the three highest rated banks in the relevant country.

(6) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (5) above;

(7) commercial paper rated "BBB" or higher or such similar equivalent or higher rating by at least one nationally recognized statistical rating organization as contemplated in Rule 436 under the Securities Act and maturing within six months after the date of acquisition;

(8) money market funds at least 95% of the assets of which consist of investments of the type described in clauses (1) through (7) above; and

(9) substantially similar investments, of comparable credit quality, denominated in the currency of any jurisdiction in which the Company or its Subsidiaries conducts business.

"Cede" has the meaning given to it under "—Form, Denomination and Title."

"Central Bank" means the *Banco Central de la República Argentina*, the Argentine Central Bank.

"Change of Control" means the occurrence of an event or series of events which causes any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act), other than Compañía Inversora en Transmisión Eléctrica Citelec S.A., to become a direct holder or owner of (x) more than fifty percent (50%) of the Voting Stock of the Company or (y) a number of ordinary shares of the Company that affords such person or group the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the members of the Board of Directors; *provided*, *however*, that, notwithstanding the above, should the Argentine Government acquire more than 50% of the outstanding shares of the Voting Stock of the Company (directly or indirectly), such acquisition shall constitute a Change of Control.

"Change of Control Offer" has the meaning given to it under "—Repurchases at the Option of the Holders of the Notes Upon Change of Control."

"Change of Control Payment" has the meaning given to it under "—Repurchases at the Option of the Holders of the Notes Upon Change of Control."

"Change of Control Payment Date" has the meaning given to it under "—Repurchases at the Option of the Holders of the Notes Upon Change of Control."

"Clearstream" means Clearstream Banking, *société anonyme*, Luxembourg.

"Closing Date" means August 2, 2011.

"Company" has the meaning given to it in the first paragraph of this "Description of the Notes", until replaced as provided in the Indenture.

"Consolidated EBITDA" means, for any period, the aggregate of (i) Consolidated Operational Cash Flow plus (ii) Consolidated Financial Income plus (iii) cash received by the Company and any Restricted Subsidiary from Unrestricted Subsidiary and Equity Method Investees, if any.

"Consolidated Financial Income" means, for any period, income received by the Company and its consolidated Restricted Subsidiaries, if any, from cash, Temporary Cash Investments or other short-term investments, *plus*

without duplication, financial income related to the Company's regulated revenues (including, without limitation, the interest portion of CVI adjustment).

"Consolidated Interest Charges" means, for any period, the aggregate amount of consolidated interest charges of the Company and its consolidated Restricted Subsidiaries, if any, Incurred or accrued (including, but not limited to, any amount thereof capitalized) during such period, plus, to the extent not included in such interest charges:

(1) interest expense attributable to Capitalized Lease Obligations and the interest portion of rent expense associated with Attributable Debt in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalized lease in accordance with Argentine GAAP and the interest component of any deferred payment obligations;

(2) amortization of debt discount and debt issuance cost (provided that any amortization of bond premium will be credited to reduce Consolidated Interest Charges unless, pursuant to Argentine GAAP, such amortization of bond premium has otherwise reduced Consolidated Interest Charges);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(5) any interest expense on Indebtedness of another Person that is Guaranteed by the Company or any Restricted Subsidiary;

(6) costs associated with Hedging Obligations (including amortization of fees), *provided*, *however*, that if Hedging Obligations result in net benefits rather than costs, such benefits shall be credited to reduce Consolidated Interest Charges, and *provided further* that costs associated with Hedging Obligations relating to Hedging Agreements entered into in connection with the Notes or Refinancing Indebtedness with respect of the Notes shall not be included in Consolidated Interest Charges;

(7) the product of (a) all dividends paid or payable, in cash, Cash Equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of such Person or on Preferred Stock of any Restricted Subsidiary payable to a party other than the Company or a Restricted Subsidiary, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state, provincial and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with Argentine GAAP; and

(8) commissions, discounts, yield and other fees and charges Incurred in connection with any transaction pursuant to which the Company or any Restricted Subsidiary may sell, convey or otherwise transfer or grant a security interest in any accounts receivable or related assets

For the purpose of calculating the Interest Coverage Ratio in connection with the Incurrence of any Indebtedness described in the final paragraph of the definition of "Indebtedness," the calculation of Consolidated Interest Charges shall include all interest expense (including any amounts described in clauses (1) through (8) above) relating to any Indebtedness of the Company or any Restricted Subsidiary described in the final paragraph of the definition of "Indebtedness." Anything in the foregoing to the contrary notwithstanding, Consolidated Interest Charges shall exclude any interest expense or charge attributable to Regulatory Indebtedness.

"Consolidated Net Income" means, for any period, consolidated net income (loss) for such period of the Company and its consolidated Restricted Subsidiaries, if any; provided, however, that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that:

(a) subject to the limitations contained in clauses (3), (4), (5) and (6) below, the Company's equity in the net income of a Person in which it has an ownership interest lower than required for such Person to be consolidated for such period shall be included to reflect the Company's equity in such net income; but only to the extent that such Person actually distributes net income to the Company; and

(b) the Company's equity in the net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;

(2) any net income (or loss) of any Person acquired by the Company or a Restricted Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) any gain (or loss) realized upon the sale or other disposition of any asset of the Company or any Restricted Subsidiary (including pursuant to any Sale and Lease-Back Transaction) that is not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realized upon the sale or other disposition by the Company or any Restricted Subsidiary of any Capital Stock of any Person;

(4) any extraordinary or otherwise nonrecurring gain or loss;

(5) any gain or loss related to currency fluctuation;

(6) the cumulative effect of a change in accounting principles; and

(7) any net income (but not loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, except that:

(a) subject to the limitations contained in clauses (3), (4), (5) and (6) above, the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash that such Restricted Subsidiary actually distributes to the Company; and

(b) the Company's equity in a net loss of any such Restricted Subsidiary for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary.

"Consolidated Operational Cash Flow" means, for any period, the aggregate of (i) consolidated operating income of the Company and any Restricted Subsidiaries *plus* (ii) consolidated depreciation on property, plant and equipment of the Company and any Restricted Subsidiaries *plus* (iii) consolidated amortization of intangible assets of the Company and any Restricted Subsidiaries plus (iv) consolidated amortization of other non-current assets.

"Consolidated Total Indebtedness" means, for any period, consolidated Indebtedness of the Company and its consolidated Restricted Subsidiaries, if any, as set forth on the most recent consolidated quarterly balance sheet of the Company and its Restricted Subsidiaries, if any; provided that, notwithstanding the foregoing, Consolidated Total Indebtedness shall exclude Regulatory Indebtedness.

"Currency Agreement" means, with respect to any Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangement to which such Person is a party or of which it is a beneficiary.

"Default" means any event that is an Event of Default or which, after notice or passage of time or both, would be an Event of Default.

"Definitive Notes" has the meaning given to it under "—Form, Denomination and Title—Transfer of Notes and Issuance and Transfer of Definitive Notes."

"Directive" has the meaning given to it under "—Additional Amounts."

"Director" means any duly elected member of the Board of Directors of the Company as certified in an Officers' Certificate of the Company and delivered to the Trustee.

"Disqualified Stock" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or

(3) is redeemable at the option of the Holder thereof, in whole or in part,

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions of the covenant described under "—Restrictive Covenants—Limitation on Sales of Assets."

"DTC" has the meaning given to it under "—Form, Denomination and Title."

"DTC Participants" has the meaning given to it under "—Form, Denomination and Title—Global Notes."

"Equity Method Investees" means a Person in which the Company or a Restricted Subsidiary has an ownership interest lower than required for such Person to be consolidated with the Company or such Restricted Subsidiary, as the case may be.

"Euroclear" has the meaning given to it under "—Form, Denomination and Title."

"Event of Default" has the meaning given to it under "—Events of Default."

"Exchange Act" means the United States Securities and Exchange Act of 1934, as amended.

"Fair Market Value" of any property, asset, share of Capital Stock, other security, Investment or other item means, on any date, the fair market value of such property, asset, share of Capital Stock, other security, Investment or other item on that date as determined in good faith by the Board of Directors of the Company or any Restricted Subsidiary, as applicable, and evidenced by a resolution thereof set forth in an Officers' Certificate delivered to the Trustee.

"Fitch" means Fitch Ratings Ltd. and its successors.

"Funded Debt" means Indebtedness of the Company (including the Notes) or any Restricted Subsidiary maturing by the terms thereof more than one year after the original creation thereof.

"Global Notes" has the meaning given to it under "—Form, Denomination and Title."

"Governmental Agency" has the meaning given to it under "—Other Covenants—Compliance with Laws and Other Agreements."

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and any obligation, direct or indirect, contingent or otherwise, of any Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Hedging Agreement" means any Interest Rate Agreement or Currency Agreement.

"Hedging Obligations" of any Person means the obligations of such Person under any Hedging Agreement.

"Holder" has the meaning given to it under "—Form, Denomination and Title."

"Incur" means issue, assume, Guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person is merged or consolidated with the Company or becomes a Subsidiary of the Company (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time of such merger or consolidation or at the time it becomes a Subsidiary of the Company. The term "Incurrence" when used as a noun shall have a correlative meaning. Neither the accretion of principal of a non-interest bearing or other discount security nor the capitalization of interest on Indebtedness shall be deemed the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal amount (or, if less, the accreted value) in respect of indebtedness of such Person for borrowed money;

(2) the principal (or, if less, the accreted value) if any, in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except trade payables and contingent obligations to pay earn-outs), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(5) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect of any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of:

(a) the Fair Market Value of such asset at such date of determination; and

(b) the amount of such Indebtedness of such other Persons;

(8) to the extent not otherwise included in this definition, all Hedging Obligations of such Person, to the extent such Hedging Obligations appear is a liability on the balance sheet of such Person; and

(9) all obligations of the type referred to in clauses (1) through (8) above of other Persons for which such Person is responsible or liable, directly or indirectly, as Guarantor or otherwise, by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to any contingent obligations, the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of such contingent obligations at such date.

"Indenture" means the Second Supplemental Indenture to the Program Indenture, dated August 2, 2011, among the Company, Deutsche Bank Trust Company Americas, as Trustee (which term includes any successor as trustee under the Indenture), Co-Registrar, Paying Agent and Transfer Agent, and Deutsche Bank S.A.–Argentina as Registrar, Paying Agent and Representative of the Trustee in Argentina.

"Initial Lien" has the meaning given to it under "—Restrictive Covenants—Limitation on Liens."

"Interest Coverage Ratio" means, for any period of four consecutive fiscal quarters ending on or most recently prior to any date of determination of the Interest Coverage Ratio, (1) Consolidated EBITDA for such period divided by (2) Consolidated Interest Charges for such period; *provided*, *however*, that:

(a) if the Company or any Restricted Subsidiary has (x) Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Interest Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Charges for such period shall be calculated on a pro forma basis as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation will be deemed to be (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) or (y) repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Interest Coverage Ratio, Consolidated EBITDA and Consolidated Interest Charges for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Company or such Restricted Subsidiary has not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(b) if, since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the

Consolidated EBITDA (if negative) directly attributable thereto for such period; and Consolidated Interest Charges for such period shall be reduced by an amount equal to the Consolidated Interest Charges directly attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise discharged with respect to the Company and its continuing Restricted Subsidiaries, if any, in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Charges for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries, if any, are no longer liable for such Indebtedness after such sale);

(c) if, since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that becomes a Restricted Subsidiary or that is merged with or into the Company or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, Consolidated EBITDA and Consolidated Interest Charges for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period; any such pro forma calculation may include adjustments appropriate to reflect, without duplication, (x) any such acquisition to the extent such adjustments may be reflected in the preparation of pro forma financial information in accordance with the requirements of Argentine GAAP, (y) the annualized amount of operating expense reductions reasonably expected to be realized in the six months following any such acquisition made during any of the four fiscal quarters constituting the four-quarter reference period prior to the date of determination and (z) the annualized amount of operating expense reductions reasonably expected to be realized in the six months following any such acquisition made by the Company during either of the two fiscal quarters immediately preceding the four-quarter reference period prior to the date of determination; *provided* that in either case such adjustments are set forth in an Officers' Certificate that states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officers executing such Officers' Certificate at the time of such execution, and (iii) that any related Incurrence of Indebtedness is permitted pursuant to the Indenture; and

(d) if, since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (b) or (c) above if made by the Company or a Restricted Subsidiary during such period, Consolidated EBITDA and Consolidated Interest Charges for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

"Interest Payment Date" means February 15 and August 15 of each year, commencing on February 15, 2012.

"Interest Rate Agreement" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is a party or a beneficiary.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers or suppliers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the applicable lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "—Restrictive Covenants—Limitation on Restricted Payments":

(1) Investment shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that, upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Company's Investment in such Subsidiary at the time of such redesignation, *minus*

(b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"Investment Grade Rating" means a rating equal to or higher than (a) BBB-, by S&P or Fitch and (b) Baa3, by Moody's.

"Issue Date" means August 2, 2011.

"ISIN" has the meaning given to it under "—Form, Denomination and Title."

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Local Taxes" has the meaning given to it under "—Additional Amounts."

"Luxembourg Listing Agent" means Deutsche Bank Luxembourg, S.A. as Luxembourg listing agent under the Indenture.

"Mandatory Investments" means any Investment that the Company or any Restricted Subsidiary is required to make as a result of any law, regulation, rule or decree of any governmental body or any body responsible for the regulation of the electricity market in Argentina, including, but not limited to the Argentine Energy Secretariat, the ENRE and/or CAMMESA.

"Maturity Date" means August 15, 2021.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Available Cash" from an Asset Disposition means cash payments or Cash Equivalents received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case *minus*:

(1) all legal, accounting, investment banking, broker, consultant and advisory fees and expenses, title and recording tax expenses, commissions and other fees and expenses Incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability in accordance with Argentine GAAP, as a consequence of such Asset Disposition;

(2) all payments, including any prepayment premiums or penalties, made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its

terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition;

(4) appropriate amounts to be provided by the seller as a reserve, in accordance with Argentine GAAP, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition;

(5) taxes paid or payable in respect of Asset Dispositions; and

(6) repayment of Indebtedness secured by a Lien permitted under the Indenture required to be repaid in connection with the Asset Disposition.

"Net Cash Proceeds" with respect to any issuance or sale of Capital Stock or sale or other disposition of any Investment, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-Recourse Debt" means Indebtedness of a Person:

(1) as to which neither the Company nor any Restricted Subsidiary (a) provides any Guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise), in each case unless such Guarantee or credit support or such liability is an Investment in such Person which is permitted by the provisions of the covenant described under "—Limitation on Restricted Payments" above;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) the explicit terms of which provide there is no recourse against any of the assets of the Company or any Restricted Subsidiary.

"Notes" has the meaning given to under "—General Overview."

"Officers' Certificate" means a certificate signed by two Authorized Officers (as defined in the Indenture) or by an Authorized Officer and the Chief Financial Officer of the Company or any Restricted Subsidiary, as the case may be.

"Payment Default" has the meaning given to it under "—Events of Default."

"Permitted Investment" means:

(1) an Investment by the Company or any Restricted Subsidiary in the Company or any Restricted Subsidiary or a Person that will upon the making of such Investment become a Restricted Subsidiary; *provided*, *however*, the primary business of such Restricted Subsidiary is a Related Business;

(2) an Investment by the Company or any Restricted Subsidiary in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary or becomes a Restricted Subsidiary; *provided*, *however*, that such Person's primary business is a Related Business;

(3) Investments in Cash and Cash Equivalents and Temporary Cash Investments;

(4) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(5) any Investment acquired from a Person which is merged with or into the Company or any Restricted Subsidiary, or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction;

(6) any Investment in stocks, obligations or securities received in compromise, settlement or satisfaction of (or foreclosure with respect to) (A) debts created in the ordinary course of business (including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer) and owing to the Company or any Restricted Subsidiary or (B) judgments, litigation, arbitration or other disputes with Persons who are not Affiliates;

(7) any Investment existing on the Closing Date;

(8) Hedging Obligations to the extent permitted under clause (2)(e) of the covenant described under "—Restrictive Covenants—Limitation on Indebtedness;"

(9) Guarantees of Indebtedness permitted under the covenant described under "—Restrictive Covenants—Limitation on Indebtedness;"

(10) Investments to the extent made with Capital Stock of the Company (other than Disqualified Stock);

(11) any additional Investment having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (11) that are outstanding at the time of such additional Investment, not to exceed US$15.0 million at the time of such additional Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(12) Mandatory Investments;

(13) repurchases of Notes or Additional Notes or any other Indebtedness of the Company or any Restricted Subsidiary (provided that, with respect to repurchases of Subordinated Indebtedness, such repurchase is otherwise permitted by the provisions of the covenant described under "—Limitation on Restricted Payments" above);

(14) any Investment made as a result of the receipt of non-cash proceeds from an Asset Disposition that was made pursuant to and in compliance with the covenant described under "—Restrictive Covenants—Limitation on Sales of Assets;"

(15) loans or advances to employees made in the ordinary course of business of the Company or any Restricted Subsidiary; and

(16) security deposits, advance payments and trade credits extended by the Company or any of its Restricted Subsidiaries in the ordinary course of business, on usual and customary terms.

"Permitted Shareholder Loan" means Indebtedness of the Company to any direct or indirect holder of the Company's Capital Stock (1) the terms of which provide that, in the event that (a) an installment of interest with respect to such Indebtedness is not paid on the applicable interest payment date or (b) the principal of (or premium, if any, on) any such Indebtedness is not paid on the stated maturity or other date set for redemption thereof, then the failure to make such payment on such interest payment date, maturity date or other redemption date shall not be a default under such Indebtedness entitling the holder thereof to take enforcement action or exercise other remedies in respect thereof until after the maturity date of the Notes, (2) which Argentine law recognize as being subordinated in relation to the obligations of the Company under the Notes and (3) the terms of which provide that no payment of any kind, including payments of interest, principal and premium, may be made thereunder while the Notes are outstanding, unless such payment is permitted under clause 1 of "Limitation on Restricted Payments" above.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Program" has the meaning given to it under "—General Overview."

"Program Indenture" means the program indenture, dated as of December 15, 2006, among the Company, the Trustee, as trustee, co-registrar, and as paying agent and transfer agent, the Registrar, as registrar, paying agent, transfer agent and representative of the Trustee in Argentina and the Listing Agent, as listing agent, paying agent, and representative of the Trustee in Luxembourg.

"Purchase Money Obligations" means:

(1) Indebtedness consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed; and

(2) Indebtedness Incurred to finance the acquisition or cost of construction or improvement by the Company or a Restricted Subsidiary of an asset, including additions and improvements;

provided, *however*, that such Indebtedness is Incurred within 180 days before or after the acquisition, construction or improvement by the Company or such Restricted Subsidiary of such asset.

"QIBs" has the meaning given to it under "—Form, Denomination and Title."

"Rating Agency" means Fitch, Moody's, S&P or other nationally recognized statistical rating organizations as contemplated in Rule 436 under the Securities Act.

"Record Date" has the meaning given to it under "—Basic Terms of the Notes."

"Refinance" means, in respect of any Indebtedness, to refinance, extend (including pursuant to any defeasance or discharge mechanism), renew, restate, refund, repay, replace, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to Refinance any Indebtedness of the Company or any Restricted Subsidiary existing on the Closing Date or Incurred in compliance with the Indenture (including Indebtedness that Refinances Refinancing Indebtedness); *provided*, *however*, that:

(1) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced (plus accrued interest on such Indebtedness and the amount of all reasonable fees and expenses, including premiums, incurred in connection therewith); and

(3) if the Indebtedness being Refinanced is Subordinated Obligations, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Subordinated Obligations being Refinanced;

provided further, however, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Registrar" means Deutsche Bank S.A., or any successor thereof, as registrar under the Indenture.

"Register" has the meaning given to it under "—Form, Denomination and Title."

"Regulation S" has the meaning given to it under "—Form, Denomination and Title."

"Regulation S Global Note" has the meaning given to it under "—Form, Denomination and Title."

"Regulatory Capital Expenditures" means any capital expenditures required to be made by the Company or any of its Restricted Subsidiaries under any law, regulation, rule, decree, directive or resolution of any governmental body responsible for the regulation of the electricity market in Argentina, including, but not limited to the Argentine Secretary of Energy, ENRE and/or CAMMESA.

"Regulatory Indebtedness" means any Indebtedness owed to CAMMESA under the CAMMESA Financing Agreements or to any other governmental body responisble for the regulation of the electricty market in Argentina, including, but not limited to, the Argentine Secretariat of Energy and/or ENRE, on an unsecured basis or secured solely by the Company's rights, title and interest in and to any accounts receivable arising out of the recognition by the ENRE of tariff adjustments the repayment of which is contingent on the receipt by the Company of any such tariff adjustment.

"Related Business" means any business conducted by the Company and the Restricted Subsidiaries or permitted under the Company's by-laws as of the Closing Date (including, without limitation, electricity transmission in Argentina) and any business related, ancillary or complementary thereto.

"Relevant Date" has the meaning given to it under "—Additional Amounts."

"Restricted Payment" has the meaning given to it under "—Restrictive Covenants—Limitation on Restricted Payments."

"Rule 144A" has the meaning given to it under "—Form, Denomination and Title."

"Rule 144A Global Note" has the meaning given to it under "—Form, Denomination and Title."

"Responsible Officer" means, (x) when used with respect to the Trustee, any officer assigned to the Corporate Trust Office of the Trustee to administer corporate trust matters, and (y) when used with respect to the Company, means any executive officer of the Company or any member of the Board of Directors of the Company (other than independent Directors).

"Restricted Payment" has the meaning given to it under "—Restrictive Covenants—Limitation on Restricted Payments."

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Reversible Assets" means all tangible assets and properties of the Company directly or indirectly necessary for, or otherwise relating to, the provision of electricity distribution services by the Company pursuant to the terms of the Concession, and classified as "reversible assets" pursuant to Law No. 8,987 of February 13, 1995.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., and its successors.

"Sale and Lease-Back Transaction" means any arrangement with any Person (other than the Company or a Restricted Subsidiary), or to which any such Person is a party, providing for the leasing to the Company or a Restricted Subsidiary for a period of more than three years of any property or assets which property or assets have been or are to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person (other than the Company or a Restricted Subsidiary) to which funds have been or are to be advanced by such Person on the security of the leased property or assets.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" has the meaning given to it under "—Form, Denomination and Title."

"Senior Indebtedness" means all Indebtedness of the Company (including, for the avoidance of doubt, the Notes) or of any Restricted Subsidiary, whether outstanding on the Closing Date or Incurred thereafter, other than Subordinated Obligations.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"Specified Denominations" has the meaning given to it under "—Form, Denomination and Title."

"Stated Maturity" means, with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final payment of principal of such Indebtedness is due and payable, including, with respect to any principal amount which is then due and payable pursuant to any mandatory redemption provision, the date specified for the payment thereof (but excluding any provision providing for the repurchase of any such Indebtedness upon the happening of any contingency unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness that is subordinate or junior in right of payment to the Notes pursuant to a written agreement.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with Argentine GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity:

(1) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held; or

(2) that is, as of such date, otherwise controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Successor Company" has the meaning given to it under "—Consolidation, Merger, Conveyance, Sale or Lease."

"Suspended Covenants" has the meaning given to it under "—Release of Covenants."

"Temporary Cash Investments" means any of the following:

(1) any investment in direct obligations of the United States or any agency thereof or obligations Guaranteed by the United States or any agency thereof;

(2) investments in time deposit accounts, certificates of deposit and money market deposits (collectively, "Deposit Accounts") issued by a bank or trust company that is organized under the laws of the United States, any state thereof or any foreign country recognized by the United States (in all events not excluding Argentina) having capital, surplus and undivided profits aggregating in excess of US$50.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" (or such similar equivalent rating, including similar equivalent ratings in foreign countries) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of the United States or any state thereof or under the laws of any member state of the European Union, or under the laws of any country in which the Company has operations in each case whose head office's senior short term debt is rated "BBB+" or higher or such similar equivalent or higher rating by at least one Rating Agency or whose local national scale rating for senior short term debt is BBB+ or higher or such similar equivalent or higher rating; and *provided*, *further*, that in the event that no bank or trust company in such country has a local rating of BBB+ or higher or such similar equivalent or higher rating, then this clause shall apply to the three highest rated banks in the relevant country.

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;

(5) investments in commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States, Argentina or any other foreign country recognized by the United States with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P (or such similar equivalent rating, including similar equivalent ratings in foreign countries);

(6) investments in securities with maturities of six months or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's (or such similar equivalent rating);

(7) investments in securities with maturities of six months or less from the date of acquisition issued or fully Guaranteed by Argentina; and

(8) investments in money market funds substantially all the assets of which are comprised of investments of the types described in clauses (1) through (7) above.

"Total Debt to EBITDA Ratio" means at any date of determination (i) Consolidated Total Indebtedness divided by (ii) Consolidated EBITDA for the period of four consecutive fiscal quarters ending on or most recently prior to such date; *provided*, *however*, that:

(a) if the Company or any Restricted Subsidiary has (x) Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Total Debt to EBITDA Ratio is an Incurrence of Indebtedness, Indebtedness at the end of such period, Consolidated EBITDA and Consolidated Total Indebtedness for such period will be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation will be deemed to be (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) or (y) repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Total Debt to EBITDA Ratio, Consolidated EBITDA for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Company or such Restricted Subsidiary has not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(b) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, the Consolidated EBITDA for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto for such period, and Consolidated Total Indebtedness for such period shall be reduced by an amount equal to the Consolidated Total Indebtedness directly attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, redeemed, defeased or otherwise discharged with respect to the Company and its continuing Restricted Subsidiaries, if any, in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Total Indebtedness for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries, if any, are not longer liable for such Indebtedness after such sale);

(c) if since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that becomes a Restricted Subsidiary or that is merged with or into the Company or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period; any such pro forma calculation may include adjustments appropriate to reflect, without duplication, (x) any such acquisition to the extent such adjustments may be reflected in the preparation of pro forma financial information in accordance with the requirements of Argentine GAAP, (y) the annualized amount of operating expense reductions reasonably expected to be realized in the six months following any such acquisition made during any of the four fiscal quarters constituting the four-quarter reference period prior to the date of determination and (z) the annualized amount of operating expense reductions reasonably expected to be realized in the six months following any such acquisition made by the Company during either of the two fiscal quarters immediately

preceding the four-quarter reference period prior to the date of determination; *provided* that in either case such adjustments are set forth in an Officers' Certificate that states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officers executing such Officers' Certificate at the time of such execution and (iii) that any related Incurrence of Indebtedness is permitted pursuant to the Indenture; and

(d) if since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (b) or (c) above if made by the Company or a Restricted Subsidiary during such period

Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

"Trustee" means Deutsche Bank Trust Company Americas, as trustee under the Indenture, and any successor trustee thereof under the Indenture.

"United States" means United States of America.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided under "—Designation of Restricted and Unrestricted Subsidiaries"; and

(2) any Subsidiary of an Unrestricted Subsidiary.

With effect as of the Closing Date, the Company's Subsidiary "Transener Internacional Ltda." shall be an Unrestricted Subsidiary until such time as the Company may, in its discretion, designate it as a Restricted Subsidiary in the manner provided under "—Designation of Restricted and Unrestricted Subsidiaries."

"US Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States is pledged and that are not callable or redeemable at the issuer's option.

"Value" shall mean, with respect to a Sale and Lease-Back Transaction, as of any particular time, the amount equal to the greater of: (1) the net proceeds of the sale or transfer of the property leased pursuant to such Sale and Lease-Back Transaction or (2) the Fair Market Value of such property at the time of entering into such Sale and Lease-Back Transaction, in either case divided first by the number of full years of the term of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the directors of such Person.

TRANSFER RESTRICTIONS; NOTICE TO INVESTORS

The Notes may be subject to restrictions on transfer in certain jurisdictions, including, but not limited to, the United States, where Notes may be sold only pursuant to an exemption from the registration requirements of the Securities Act or pursuant to an effective registration statement under the Securities Act. In view of such restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any Notes.

Rule 144A Notes

Each purchaser of Notes within the United States purchasing the Notes pursuant to Rule 144A, by accepting delivery of this offering memorandum, will be deemed to have represented, agreed and acknowledged that:

1. it is (a) a QIB, (b) acquiring such Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A;

2. it understands that the Notes have not been registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) to us, (b) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (c) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States;

3. it understands that such Notes, unless we determine otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE;

4. it understands that we, the registrar, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

5. it understands that the Notes offered in reliance on Rule 144A will be represented by a Rule 144A Global Note. Before any interest in such Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the related

Restricted Regulation S Global Note or Unrestricted Regulation S Global Note, it will be required to provide the Trustee with a written certification (the form of which certificate can be obtained from the Trustee) as to compliance with applicable securities laws; and

6. (a) either (i) it is not, and is not acting on behalf of, an employee benefit plan (as defined in Section 3(3) of ERISA, as defined below) or other plan (as defined in Section 4975(e)(1) of the Code, as defined below) subject to the prohibited transaction provisions of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the United States Internal Revenue Code of 1986, as amended ("Code"), or any entity which may be deemed to hold assets of any such employee benefit plan or plan, or a governmental, church or non-US plan which is subject to any federal, state, local or non-US law that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, and no part of the assets to be used by it to purchase or hold the Notes or any interest therein constitutes the assets of any such employee benefit plan or plan, or (ii) its acquisition, holding and disposition of the Notes or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-US plan, a violation of any substantially similar federal, state, local or non-US law); and (b) it agrees not to sell or otherwise transfer any interest in the Notes otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition and holding of such Notes.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes by accepting delivery of this offering memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a US person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of us or a person acting on behalf of one of our affiliates;

2. it understands that such Notes have not been registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) to us, (b) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB, (c) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (d) if such Notes have been registered pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States;

3. it understands that such Notes, unless we determine otherwise in accordance with applicable law, will bear a legend to the following effect:

   THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT (A) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT;

4. it understands that we, the Registrar, the Initial Purchasers and our and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements;

5. it understands that the Notes offered in reliance on Regulation S will initially be represented by a Restricted Regulation S Global Note. Before any interest in the Restricted Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note, it will be required to provide the Trustee with a written certification (the form of which can be obtained from the Trustee) as to compliance with applicable securities laws; and

6. (a) either (i) it is not, and is not acting on behalf of, an employee benefit plan (as defined in Section 3(3) of ERISA) or other plan (as defined in Section 4975(e)(1) of the Code) subject to the prohibited transaction provisions of ERISA, or Section 4975 of the Code, or any entity which may be deemed to hold assets of any such employee benefit plan or plan, or a governmental, church or non-US plan which is subject to any federal, state, local or non-US law that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, and no part of the assets to be used by it to purchase or hold the Notes or any interest therein constitutes the assets of any such employee benefit plan or plan, or (ii) its acquisition, holding and disposition of the Notes or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-US plan, a violation of any substantially similar federal, state, local or non-US law); and (b) it agrees not to sell or otherwise transfer any interest in the Notes otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition and holding of such Notes.

WE AND THE INITIAL PURCHASERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS.

It is our intention to qualify all Notes issued under the Program (including those placed under Rule 144A and Regulation S) as publicly placed Notes in accordance with Law No. 17,811 and other applicable Argentine laws and regulations.

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by us to inform themselves about and to observe any such restrictions.

US TAXATION

US Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, holders of Notes or prospective purchasers are hereby notified that: (i) any discussion of US federal income tax issues contained or referred to in this offering memorandum or any document referred to herein is not intended or written to be used, and cannot be used or relied upon by holders of Notes for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code of 1986, as amended (the Code); (ii) such discussion was written solely for use in connection with the promotion or marketing, to the extent permitted by applicable law, of the Notes; and (iii) holders of Notes should seek advice based on their particular circumstances from an independent tax advisor.

General

The following is a general summary of certain principal US federal income tax consequences that may be relevant with respect to the acquisition, ownership or disposal of the Notes. This summary addresses only the US federal income tax considerations of holders that acquire the Notes at their original issuance pursuant to this offering memorandum and that will hold such Notes as a capital asset within the meaning of the Code.

This summary does not purport to address all US federal income tax matters that may be relevant to a particular holder of the Notes. In particular, this summary does not address tax considerations applicable to holders of the Notes that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in Notes, currencies or notional principal contracts; (iv) tax-exempt entities; (v) regulated investment companies; (vi) real estate investment trusts; (vii) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic Note" or other integrated transaction for US federal income tax purposes; (viii) persons whose "functional currency" is not the US dollar; (ix) persons that own (or are deemed to own) 10 percent or more of the voting shares (or interests treated as equity) of the Company; and (x) partnerships or other pass-through entities for US federal income tax purposes, or persons who hold Notes through such partnerships or other pass-through entities. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a holder of the Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdictions other than the federal income tax laws of the US federal government.

This summary is based on the Code, US Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this offering memorandum. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Prospective investors should consult their own tax advisors with respect to the US federal, state, local and foreign tax consequences of acquiring, owning or disposing of the Notes.

For the purposes of this summary, a **US Holder** is a beneficial owner of the Notes that is, for US federal income tax purposes:

(i) a citizen or individual resident of the United States;

(ii) a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);

(iii) an estate the income of which is subject to US federal income taxation regardless of its source; or

(iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons have the authority to control all of the substantial decisions of such trust. As provided in US Treasury Regulations, certain trusts that maintain a valid election to be treated as United States persons also are US Holders.

A **Non-US Holder** is a beneficial owner of the Notes that is not a US Holder. If a partnership holds the Notes, the US federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding the Notes should consult its tax advisor about its particular situation.

Taxation of US Holders

Original Issue Discount

In general, subject to a de minimis exception, the Notes will be treated as being issued with original issue discount ("OID") to the extent their "stated redemption price at maturity" exceeds their "issue price." The stated redemption price at maturity of a Note is the aggregate of all payments due to its holder under such Note at or prior to its maturity, other than interest payments that (among other requirements) are actually and unconditionally payable at least annually. Interest meeting these requirements is referred to as "qualified stated interest." The cash interest payable unconditionally twice annually at a fixed percentage of the principal amount of the Notes will be qualified stated interest. If a substantial amount of the Notes is issued for cash in this offering, the issue price of the Notes will be the first price at which a substantial amount of Notes is issued for cash. It is expected that a substantial amount of the Notes will be issued for cash in this offering. If a substantial amount of the Notes is not issued for cash in this offering, the issue price of the Notes will be determined under the rules applicable to debt instruments issued for property.

A Note will be considered to have de minimis OID if the difference between the Note's stated redemption price at maturity and its issue price is less than 0.25 percent of the stated redemption price at maturity multiplied by the number of complete years to maturity.

If the amount of the OID on the Notes equals or exceeds the de minimis amount, US Holders will be required to include OID on the Notes in income for US federal income tax purposes as it accrues on a constant yield to maturity basis, regardless of such holders' regular methods of accounting for US federal income tax purposes. The amount of OID includible in income will be the sum of the "daily portions" of OID with respect to the Notes for each day during the taxable year or portion of the taxable year in which a holder holds the Notes ("accrued OID"). The daily portion is determined by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (i) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amount of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules apply for calculating OID for an initial short accrual period. The adjusted issue price of the Notes at the beginning of any accrual period is equal to their issue price increased by the accrued OID for each prior accrual period previously includible in gross income and decreased by the amount of any payments previously made on the Notes (other than qualified stated interest payments). Under these rules, a US Holder must include in income increasingly greater amounts of OID in successive accrual periods.

A US Holder may elect to treat all interest on the Notes as OID and calculate the amount included in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, OID, de minimis OID, and unstated interest. The election is to be made for the taxable year in which the Notes are acquired and may not be revoked without the consent of the Internal Revenue Service. A US Holder should consult with its own tax advisors if it is considering this election.

Notwithstanding the above, a US Holder who purchases the Notes at less than par but at more than the "issue price" will not need to include the full amount of OID on the Notes in income for US federal income tax purposes. US Holders should consult their own tax advisors regarding the US federal income tax consequences of owning Notes issued with OID.

Stated Cash Interest on the Notes

Interest paid on the Notes, including the payment of any Additional Amounts, will be taxable to a US Holder as ordinary income at the time it is received or accrued, depending on the US Holder's method of accounting for US federal income tax purposes. Interest income on the Notes and payments of any Additional Amounts will be treated as foreign source income for US federal income tax purposes, which may be relevant in calculating a US Holder's foreign tax credit limitation for US federal income tax purposes. The US foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and US Holders should consult their own tax advisors regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Sale, Exchange, Redemption or Other Disposition of the Notes

Upon the disposition of a Note by sale, exchange, redemption or otherwise, a US Holder generally will recognize gain or loss equal to the difference between (i) the amount realized on the disposition and (ii) the holder's adjusted tax basis in the Note. A holder's adjusted tax basis in a Note generally will be the holder's purchase price of the Note, increased by any OID includable in income by the holder with respect to the Notes, and reduced by the amounts of any payments previously received by the holder (other than qualified stated interest). Except to the extent attributable to accrued but unpaid interest (which will be taxable as interest income to the extent not previously included in income), any gain or loss on the sale or other disposition of a Note will be capital gain or loss and will generally be treated as from US sources for purposes of the US foreign tax credit limitation. Such capital gain or loss will generally be long-term capital gain or loss if the holder held the Note for more than one year at the time of the disposition. Certain non-corporate US Holders (including individuals) are eligible for preferential rates of US federal income taxation in respect of long-term capital gains. The ability of a US Holder to deduct a capital loss is subject to limitations under the Code.

Taxation of Non-US Holders

Subject to the backup withholding discussion below, a Non-US Holder generally should not be subject to US federal income or withholding tax on any payments on the Notes and gain from the sale, exchange, redemption or other disposition of the Notes unless (i) that payment and/or gain is effectively connected with the conduct by that Non-US Holder of a trade or business in the United States; (ii) in the case of any gain realized by an individual Non-US Holder, that Non-US Holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met; or (iii) the Non-US Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates**. Non-US Holders should consult their own tax advisors regarding the US federal income tax considerations and other tax consequences of acquiring, owning or disposing of the Notes.**

Information Reporting and Backup Withholding

Backup withholding and information reporting requirements may apply to certain payments and accrued OID on the Notes, and of proceeds of the sale or other disposition of the Notes, made to US Holders. The Company, its agent, a broker or any paying agent, as the case may be, may be required to backup withhold tax from any payment if a US Holder fails (i) to furnish its US taxpayer identification number, (ii) to certify that it is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain US Holders are not subject to the backup withholding and information reporting requirements. Non-US Holders may be required to comply with applicable certification procedures to establish that they are not US Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally may be claimed as a credit against such holder's US federal income tax liability provided that the required information is timely furnished to the Internal Revenue Service.

In addition, recently enacted legislation may require certain US Holders to report to the Internal Revenue Service certain information with respect to their beneficial ownership of certain foreign financial assets, such as the Notes, if the aggregate value of all such assets exceeds US$50,000. The new requirement applies to US individuals and, if specified by the Internal Revenue Service, domestic entities formed (or availed of) for the purpose of holding,

directly or indirectly, specified types of foreign financial assets. Applicable US Holders who fail to report required information could be subject to substantial penalties and an extended statute of limitations. The new requirement applies to US individuals and, if specified by the Internal Revenue Service, domestic entities formed (or availed of) for purpose of holding, directly or indirectly, specified types of foreign financial assets. US Holders should consult their own tax advisors with respect to this and any other reporting requirement that may apply with respect to their acquisition of a Note.

ARGENTINE TAXATION

General

The following is a summary of certain Argentine tax matters that may be relevant with respect to the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors as to the Argentine, or other tax consequences of the acquisition, ownership and disposition of the Notes.

Argentine Taxation

The following summary is based upon tax laws of Argentina as in effect on the date of this offering memorandum and is subject to any change in Argentine law that may come into effect after such date. Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences under the tax laws of the country of which they are residents of an investment in the Notes, including, without limitation, the receipt of interest and the sale, redemption or any disposition of the Notes.

Income Tax

Except as described below, interest payments on the Notes (including original issue discount, if any) will be exempt from Argentine income tax, provided that the Notes are issued in accordance with the Negotiable Obligations Law, and qualify for tax exempt treatment under Article 36 of such law. Under Article 36, interest on the Notes shall be exempt if the following conditions (the "Article 36 Conditions") are satisfied:

(a) the Notes must be placed through a public offering authorized by the CNV in compliance with the Joint Resolutions issued by the CNV and the Argentine tax authority;

(b) the proceeds of the issue of such Notes must be applied, pursuant to corporate resolutions authorizing the offering, either to (i) investments in tangible assets located in Argentina, (ii) funding working capital to be used in Argentina, (iii) refinancing liabilities or (iv) funding capital contributions in companies owned by or affiliated with the issuer of such Notes, provided such companies use the proceeds of such contributions for the purposes specified in (i), (ii) or (iii) of this paragraph (b); and

(c) we must provide evidence to the CNV in the time and manner prescribed by regulations that the proceeds of the issue have been used for the purposes described in paragraph (b).

We have undertaken that each series of Notes issued by it will be issued in compliance with the Article 36 Conditions. After the issue of a series of Notes, we must file with the CNV the documents required by the Joint Resolution. Upon approval by the CNV of such filing, the Notes will qualify for the tax-exempt treatment set forth under Article 36 of the Negotiable Obligations Law, provided that the Article 36 Conditions are met. Under Article 38 of the Negotiable Obligations Law, if any issuer is subsequently found to have violated or not complied with the Article 36 Conditions, the responsibility for payment of such taxes from which the Holders of the Notes would otherwise have been exempt will rest with such issuer. Consequently, regardless of any violation or non-compliance by us with the Article 36 Conditions, Holders of the Notes will be entitled to receive the full amount due as if no withholding had been required under the conditions and to the extent set forth under "Terms and Conditions of the Notes—Additional Amounts."

Presidential Decree No. 1,076 of July l3, 1992, as amended by Decree No. 1,157 of July 15, 1992, both of which were ratified by Law No. 24,307 of December 30, 1993 (the "Decree") eliminated the exemption from Argentine income tax described above with respect to those taxpayers subject to the tax adjustment for inflation rules pursuant to Title VI of the Argentine income tax law (in general, entities organized or incorporated under Argentine law, local branches of foreign entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina).

As a result of the Decree, streams of income and gains derived by Holders that are subject to the tax adjustment for inflation rules (and thus cannot avail themselves of the Article 36 exemption) are subject to

Argentine income tax as prescribed by Argentine tax regulations. In this context, interest payments on the Notes are taxable to Argentine entities at a 35% withholding tax rate applicable upon each payment except, among others, when the holder is a financial entity. Such withholding is a payment on account of the Holder's yearly tax liability.

In general, any gain derived from the sale of notes by Argentine fiscal resident individuals shall not be subject to income tax. Certain exceptions may apply. In general, any gain derived by Argentine fiscal resident individuals from the sale or disposition of the Notes as well as the interest payments under the Notes will be exempt from Section 106 of the Federal Fiscal Procedure Law established that certain exceptions are not applicable to non-resident beneficiaries of interest paid in respect of the Notes. However, tax-exempt treatment under Article 36 of the Negotiable Obligations Law will be applicable, regardless of whether this benefit increases the taxable amount in another country.

Tax on Capital Gains

If the Article 36 Conditions are fully complied with, resident and non-resident individuals and foreign entities without a permanent establishment in Argentina are not subject to taxation on capital gains derived from the sale or other disposition of the Notes. Even if the Article 36 Conditions are not met, Decree No. 2,284/91, ratified by Law No. 24,307, provides that non-Argentine residents are not subject to tax on capital gains derived from the sale or other disposition of securities, such as the Notes.

As a result of the Decree, any gain resulting from the sale or disposition of the Notes by taxpayers subject to the tax adjustment for inflation rules of the Argentine Income Tax Law will be subject to corporate income tax at a 35% tax rate as prescribed by Argentine tax regulations. The tax exempt treatment under Article 36 of the Negotiable Obligations Law will be applicable, regardless of whether this benefit increases the taxable amount in another country.

Personal Assets Tax

Individuals and undivided estates must include securities such as the Notes in the determination of their liability for the Personal Assets Tax. This tax levies certain taxable assets held at December 31 of each year at the rate of 0.50% if such assets exceed Ps.305,000; 0.75% if such assets exceeds Ps.750,000 up to Ps.2,000,000; 1% if such assets exceed Ps.2,000,000 up to Ps.5,000,000; and 1.25% if such assets exceed Ps.5,000,000.

Although securities, such as the Notes, owned by individuals domiciled or undivided estates located outside Argentina would be technically subject to the PAT, according to the provisions of Decree No. 127/96, a procedure for the collection of such tax has not been established in respect of such securities. In respect of individuals domiciled outside of Argentina and undivided estates located outside Argentina, the Personal Assets Tax is not required to be paid if the amount of such tax is equal to or less than Ps.255.75. The tax is applied by reference to the market value of the Notes as on December 31 of each calendar year.

Although the Personal Assets Tax is levied only on those securities held by individuals or undivided estates, subject as described below, such tax establishes an irrefutable legal presumption that any securities issued by Argentine private issuers and which are directly owned ("*titularidad directa*") by a foreign legal entity that (a) is domiciled in a jurisdiction which does not require shares or private securities to be held in registered form, and (b) either (i) pursuant to its by-laws or the applicable regulatory regime, may only carry out investment activities outside the jurisdiction of its incorporation, or (ii) cannot carry out certain transactions authorized by its by-laws or the applicable regulatory regime in its jurisdiction of incorporation, are deemed to be owned by individuals domiciled in Argentina or undivided estates located in Argentina and thus such securities are subject to the Personal Assets Tax. In such case, the law imposes the obligation to pay the Personal Assets Tax at a rate of 1.5% on the issuer of the relevant securities (the "Substitute Obligor"). The Personal Asset Tax Law also authorizes the Substitute Obligor to seek recovery of the amount so paid, without limitation, by way of withholding or by foreclosing on the assets that gave rise to such payment.

The legal presumption described in the foregoing paragraph does not apply to the following foreign legal entities that directly own securities, such as the Notes: (a) insurance companies; (b) open-ended investment funds;

(c) pension funds, and; (d) banks or financial entities with a head office incorporated in a country whose Central Bank or equivalent authority has adopted the international standards of supervision established by the Basel Committee.

Further, Decree No. 812/96 dated July 24, 1996, establishes that the legal presumption described above shall not apply to shares and debt-related private securities such as the Notes, whose public offering has been authorized by the CNV and which are tradable on stock exchanges located in Argentina or abroad. In order to ensure that this legal presumption will not apply to the Notes and that we will not be liable as Substitute Obligor for the Personal Assets Tax, in accordance with Resolution Nº 2151/06 of the Argentine Tax Authority, we are required to retain a duly certified copy of the CNV resolution authorizing the public offering of the Notes and evidence verifying that such certificate or authorization was effective as of December 31 in the year in which the tax liability occurred.

Value Added Tax ("VAT")

Interest payments made in respect of the Notes will be exempt from any VAT to the extent that the Notes are issued pursuant to a public offering authorized by the CNV. Furthermore, so long as the Notes satisfy the Article 36 Conditions, any benefits relating to the offering, subscription, underwriting, transfer, amortization or cancellation of the Notes will be exempt from any VAT in Argentina.

Pursuant to the Value Added Tax Law, the transfer of the notes is not subject to VAT even if Article 36 Conditions are not fulfilled.

Tax on Minimum Presumed Income

The tax on minimum presumed income (the "PMIT") is levied on the value of assets such as the Notes held by corporations and other entities resident in Argentina. Corporations domiciled in Argentina, among others, are subject to the tax at the rate of 1.0% (0.20% in the case of local financial entities, leasing entities or insurance entities) so long as the aggregate value of such assets exceeds Ps.200,000. This tax is only payable if the income tax payable by any such taxpayer for any fiscal year does not equal or exceed the amount owed under the PMIT. Where PMIT is payable, only the difference between the charge to PMIT for the relevant fiscal year and the charge to income tax for the same fiscal year shall be payable. Any PMIT paid will be applied as a credit toward income tax owed in the following 10 fiscal years subject to certain limits.

The taxable value of the Notes will be determined as follows: (i) if the Notes are listed on a stock exchange or public markets, on the basis of the latest quotation as at the closing date of the relevant fiscal year; and (ii) if the Notes are unlisted, on their cost, increased, if applicable, by the amount of interest and exchange differences accrued as at the closing date of the fiscal year.

Tax on Debits and Credits of Bank Account

Law No. 25,413 (published in the Official Gazette on March 26, 2001), as amended, establishes, with certain exceptions, a tax levied on debits and credits on checking accounts opened at financial institutions located in Argentina and on other transactions that are used as a substitute for the use of checking accounts. The general tax rate is 0.6% on each debit and credit (although, in certain cases, an increased rate of 1.2% and a reduced rate of 0.075% may apply). Pursuant to Decree No. 534/00 (published in the Official Gazette on May 3, 2004), 34% of the tax paid on credits levied at the 0.6% tax rate and 17% of the tax paid on transactions levied at the 1.2% tax rate may be utilized as a credit against Income Tax, PMIT and the Special Contribution on Corporate Capital.

There are certain exemptions on this tax related to the owner and the destiny of the banking accounts.

Debits and credits in banking accounts in accordance with Communication "A" 3250 of the Central Bank used by foreign entities for financial investments in Argentina are exempt from this tax.

Turnover Tax

Investors regularly engaged in activities, or presumed to be engaged in activities, in any jurisdiction where they receive revenues from interest arising from the Notes, or from their sale or conveyance, could be subject to the turnover tax at rates that vary according to the specific laws of each Argentine province, unless an exemption applies.

Some provincial jurisdictions such as City of Buenos Aires and Province of Buenos Aires establish that the income resulting from any transaction in respect of notes issued pursuant to the Negotiable Obligations Law is exempted from the turnover tax to the extent the exemption for income tax purposes is applicable.

Each potential Argentine resident investor should analyze the possible incidence of turnover tax considering the applicable regulations relevant upon their residence and economic activity.

Stamp and Transfer Taxes

No Argentine stamp taxes will be payable by Holders of the Notes in connection with resolutions, agreements and transactions related to the issuance, subscription, placement and transfer of the Notes (under Article 35 of the Negotiable Obligations Law). No Argentine transfer taxes are applicable on the sale or transfer of the Notes.

In the City of Buenos Aires all acts, contracts and operations related with the issuance, subscription, placement and transfer of notes issued pursuant to, and in accordance with, the Negotiable Obligations Law Section are exempt from stamp tax. The Tax Code of City of Buenos Aires has an exemption for agreements related to the negotiation of shares and other securities that are authorized by the CNV.

Also, acts, contracts and operations related to issuance of securities placed by means of public offering under of Argentine Law No. 17,811 by companies authorized by the CNV are exempt from stamp tax. This exemption applies if the authorization to place the security by public offering is filed within 90 calendar days from the execution of any such act, contracts and operations and if the placement of the securities is performed within 180 calendar days from the authorization to place such securities by public offering.

The Province of Buenos Aires also has exemptions for notes issued under Negotiable Obligations Laws and for securities placed by means of public offering. However, if any transfer of Notes is executed by means of a written agreement and that document is executed in certain Argentine provinces, such document could be subject to stamp tax.

Court Tax

In the event that it becomes necessary to institute enforcement proceedings in relation to the Notes in Argentina, a court tax (currently at a rate of 3.0%) will be imposed on the amount of any claim brought before the Argentine courts sitting in the city of Buenos Aires.

Other Taxes

At a provincial level, the Province of Buenos Aires established a Free Transmission of Goods Tax (Law N° 14.044 as amended) ("FTGT"), as from January 1, 2010, the main characteristics of which are:

- the FTGT levies enrichments from all free transmission of goods, including inheritance, legacies, donations, etc.;
- individuals and legal entities are subject to the FTGT;

- taxpayers domiciled in the Province of Buenos Aires are subject to the FTGT in respect of assets located in and outside the Province and taxpayers domiciled in other provinces are subject to the FTGT in respect of the free enrichment of assets located in the Province;

- assets will be deemed located in the Province, among other things: (i) when the securities are issued by entities domiciled in the Province: (ii) when the securities are held by individuals domiciled in the Province at the moment of the transmission, even if the securities were issued by entities domiciled in other jurisdiction; and (iii) up to the proportion of the assets of the issuer located in the Province, when the securities are held by individuals domiciled in other jurisdiction at the moment of the transmission of such securities and are issued by entities domiciled in other jurisdiction;

- transfers of goods are exempted from the FTGT when the total amount of goods transferred is equal or less than Ps.50,000 (excluding exemptions, deductions, etc.) or Ps.200,000 among parents, children and spouses; and

- the tax rates have been set between 4% al 21.925%.

Free transmissions of negotiable obligations might be subject to the FTGT if they are involved in free transmissions of goods higher than Ps.50,000 or Ps.200,000 among parents, children and spouses.

In relation to the existence of Free Transmission of Goods Tax in the rest of provincial jurisdictions the analysis should be made taking into consideration the applicable legislation of each province.

Public Offering and Tax Exemptions

On September 14, 2004, the Joint Resolutions were published in the Official Gazette. The Joint Resolutions provide, to a certain extent, an interpretation of the "public offering tax exemption." Although the interpretation of the Joint Resolutions is not free from doubt, many of the matters concerning the public offering tax exemption have since been regulated by it. The main aspects of the Joint Resolutions are the following:

- whether a securities offering is a "public offering placement" is to be construed exclusively under Argentine law (Section 16 of the Public Offering Law No. 17,811). Under Argentine Law, Notes offered to qualified institutional buyers under Rule 144A or offered pursuant to Regulation S may be considered a public offering placement;

- public offering efforts should be properly carried out and documentation of such efforts should be kept by the issuer. Notes will not be considered tax exempt by virtue of the mere authorization by the CNV of a public offering;

- public offering efforts should be made in Argentina and, as the case may be, abroad;

- offerings may be made to the "general public" or to a "specified group of investors" (such as qualified institutional buyers);

- the offering may be underwritten pursuant to an "underwriting agreement." The Notes placed pursuant to an underwriting agreement will be considered a public offering placement to the extent that the underwriter effectively carries out public offering efforts in accordance with Argentine law; and

- the refinancing of "bridge loans" is an accepted use of proceeds from the public offering.

Funds sourced in low or no tax countries

Executive Branch Decree No. 1,344/98, as amended, provides that the following countries, territories and regimes shall be deemed "low-or-no-tax-countries": Anguila (non-autonomous territory of the UK); Antigua and

Barbuda; the Netherlands Antilles; Aruba; Ascensión; Bahamas; Barbados; Belize; Bermudas (non-autonomous territory of the UK); Brunei; Darussalan; Campione D'Italia; Gibraltar; Commonwealth of Dominica (associated state); United Arab Emirates; Bahrain; Associated State of Granada (independent state); Puerto Rico; Kuwait; Qatar; Federation of San Cristóbal; Saint Kitts and Nevis; Rules applicable to holding corporations in Luxembourg; Greenland; Guam (non-autonomous territory of US); Hong Kong (territory of China); Azores Islands; Channel Islands (Guernsey, Jersey, Alderney, Island of Great Sark, Herm, Little Sark, Brechou, Jethou Lihou); the Cayman Islands; Christmas Island; Coconut Island or Keeling; Cook Islands; Isle of Man (Territory of the UK); Norfolk Island; Turks and Caicos (non-autonomous territory of UK); Pacific Islands; Salomon Islands; San Pedro and Miguelon Islands; Qeshm Island; British Virgin Islands; US Virgin Islands; Kiribati, Labuan; Macao; Madeira (Portugal); Montserrat (non-autonomous territory of the UK); Níue; Patau; Pitcairn; French Polynesia; Andorra; Liechtenstein; Monaco; Rules applicable to financial corporations (governed by Law No. 11,073 issued by Uruguay); Kingdom of Tonga; Jordania; Swazilandia Kingdom; Republic of Albany, Republic of Angola; Republic of Cabo Verde; Republic of Cyprus; Republic of Djibuti; Republic of Guyana; Republic of Panama; Republic of Trinidad & Tobago; Republic of Liberia; Republic of Seychelles; Republic of Mauricio; Republic of Tunecina; Republic of Maldives; Republic of Marshall Islands; Republic of Nauru; Republic of Sri Lanka; Republic of Vanuatu; Republic of Yemen; Republic of Malta; Santa Elena; Santa Lucia; San Vicente and the Grenadines: American Samoa (non-autonomous territory of US); Western Samoa; Republic of San Marino; Oman; Archipelago of Svalbard; Tuvalu; Tristan da Cunha; Trieste (Italy); Tokelau; Ostrava (city of Czech Republic).

Pursuant to article 18.1 of Law No. 11,683, any transfer of funds from an account in a low-or-no-tax country or from a bank account opened outside of a low-or-no-tax country but owned by an entity located in a low-or-no-tax country to a bank account located in Argentina or to a bank account opened outside of Argentina but owned by an Argentine tax resident will be taxed as follows:

- income tax at a 38.5% rate would be assessed upon the company on the 110% of the amount of the transfer; and

- VAT at a 21% rate would also be assessed upon the company on the 110% of the amount of the transfer.

Money Laundering

On April 13, 2000, the Argentine Congress passed Law No. 25,246 (the "Law of Money Laundering"), which establishes an administrative criminal system and supersedes various sections of the Argentine Penal Code relating to money laundering. This law defines money laundering as a crime, stating that a crime is committed whenever a person converts, transfers, manages, sells, encumbers, or otherwise uses money, or any other non-current assets, connected with a crime in which that person has not participated, with the possible result that the original or substituted assets may appear to be of a legitimate origin, provided the value of the assets exceeds Ps. 50,000, whether such amount results from one or more transactions.

In addition, the Law of Money Laundering created the Financial Information Unit, which is charged with the handling and the transmission of information in order to prevent the laundering of assets originating from:

- crimes related to illegal trafficking and commercialization of narcotics (Law No. 23,737);

- crimes related to arms trafficking (Law No. 22,415);

- crimes related to the activities of an illegal association as defined in Article 210 bis of the Penal Code;

- illegal acts committed by illegal associations (Article 210 of the Penal Code) organized to commit crimes for with political or racial objectives;

- crimes of fraud against the Public Administration (Article 174, Section 5 of the Penal Code);

- crime against the Public Administration under Chapters VI, VII, IX and IX bis of Title XI of Book Two of the Penal Code;

- crimes of underage prostitution and child pornography under Articles 125, 125 bis, 127 bis and 128 of the Penal Code; and

- Crimes related to terrorism financing (Article 213, quarter of the Penal Code).

Argentina's Law of Money Laundering, like other international money laundering laws, does not designate sole responsibility to the Government for the monitoring of these criminal activities, but rather also delegates certain obligations to various private sector entities such as banks, stockbrokers, stock market entities, and insurance companies. These obligations essentially consist of information gathering functions, such as:

- obtaining from clients documents that indisputably prove the identity, legal status, domicile and other information, to accomplish any type of activity intended;

- reporting any suspicious activity or operation; and

- keeping any monitoring activities in connection with a proceeding pursuant to the Money Laundering Law confidential from both clients and third parties.

In addition, Central Bank regulations require that Argentine banks undertake certain minimum procedures to prevent money laundering. CNV regulations also require that the issuers and traders of publicly traded securities in Argentina and those persons participating in financial trusts and common investment funds subject to the CNV's control comply with certain obligations and requirements relating to money laundering prevention and to the suppression of the financing of terrorism.

Following certain recommendations made by the GAFI with respect to the prevention of money laundering, on June 1, 2011, the Argentine Congress adopted law 26,683. Pursuant to such law, money laundering is now an autonomous crime and self-money laundering is also punished. The law also extended the reporting obligations to certain private sector parties not previously covered by the money laundering laws, and also extended from 30 to 150 days the lapse of time within which certain private entities are required to report suspicius activities or operations, in orther to permit those entities to analyze transactions and operations in more detail before reporting them to the relevant authorities.

CERTAIN ERISA CONSIDERATIONS

The Notes may be acquired and held by, or with the assets of, an employee benefit plan that is subject to Title I of ERISA, an individual retirement account or other plan, account or arrangement that is subject to Section 4975 of the Code or any entity which may be deemed to hold assets of any such plan, or a governmental, church or non-US plan that is subject to any federal, state, local or non-US law that is substantially similar to ERISA or the Code ("Similar Laws") (such plans are collectively referred to as "Plans").

Each prospective purchaser and subsequent transferee which is acquiring or holding the Notes with assets of a Plan (each a "Plan Investor") must determine that its acquisition, holding and subsequent disposition of the Notes (or any interest therein) will not result in a violation of ERISA, the Code or any applicable Similar Law. Without limiting the generality of the foregoing, each fiduciary of a Plan must determine that the acquisition, holding and subsequent disposition of the Notes (or any interest therein) is consistent with all applicable fiduciary duties under ERISA, the Code or Similar Laws. Each Plan Investor should determine that the acquisition, holding and subsequent disposition of the Notes (or any interest therein) will not result in a non-exempt prohibited transaction as defined in Section 406 of ERISA, Section 4975 of the Code or Similar Law.

By its acquisition, holding and subsequent disposition of the Notes (or any interest therein), each Plan Investor will be deemed to have represented that such acquisition, holding and subsequent disposition of the Notes (or any interest therein) (1) will not result in a violation of ERISA, the Code or any applicable Similar Law, (2) is consistent with all applicable fiduciary duties under ERISA, the Code or Similar Law, and (3) will not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law.

The sale of any Notes to any Plan Investor is in no respect a representation by us, the initial purchasers, or any of our or their affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plan Investors generally or any particular Plan Investor, or that such an investment is appropriate for Plan Investors generally or any particular Plan Investor.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing or holding the Notes on behalf of or with the assets of any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code or Similar Law to such investment.

PLAN OF DISTRIBUTION

We have offered the notes through the Initial Purchasers and the Argentine placement agents. Subject to the terms and conditions contained in a Purchase Agreement dated July 26, 2011, between Transener and the Initial Purchasers, the Initial Purchasers have severally agreed to purchase, as initial purchasers, from us, and we have agreed to sell to them, the following respective principal amounts of Notes listed opposite their name below at the initial offering price set forth on the cover page of this offering memorandum less discounts and commissions:

Initial Purchasers	Principal Amount of Notes
Citigroup Global Markets Inc.	US$26,550,000
Deutsche Bank Securities Inc.	US$26,550,000
Total	US$53,100,000

The Purchase Agreement provides that the obligations of the several Initial Purchasers to purchase the Notes offered hereby are subject to certain conditions precedent and, subject to such conditions, that the Initial Purchasers will purchase all of the Notes offered by this offering memorandum if any of these Notes are purchased.

After the initial offering, the Initial Purchasers may change the offering price and other selling terms.

We have agreed to indemnify the Initial Purchasers against some specified types of liabilities, including liabilities under the Securities Act, and to contribute to payments the Initial Purchasers may be required to make in respect of any of these liabilities.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the Purchase Agreement, such as the receipt by the initial purchasers of certain officers certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

New Issue of Notes

The Notes will be a new issuance of securities with no established trading market. The CNV has authorized the public offering of the Notes in Argentina. We have applied to have all of the Notes admitted to public offering in Argentina, and we have applied to have the Notes listed on the Buenos Aires Stock Exchange and admitted to trading on the Mercado Abierto Electrónico S.A., and listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange. However, no assurance can be given that the listing applications will be approved. We have been advised by each of the Initial Purchasers that it intends to make a market in the Notes, but neither Initial Purchaser is obligated to do so and each may discontinue any market-making activity at any time. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the US Securities Exchange Act of 1934, as amended (the "Exchange Act"). Moreover, the Initial Purchasers have informed us that none of them or their affiliates may undertake any market-making activity with respect to the Notes until expiration of the confirmation period in Argentina. Accordingly, no assurance can be made as to the liquidity of, or the development or continuation of trading markets for, the Notes. See "Risks Factors—Risks Relating to the Notes—There is no established trading market for the Notes and the market value of the Notes is uncertain."

We have agreed that we will not for a period of 30 days following the date of the Purchase Agreement, without the prior written consent of Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., offer, sell, contract to sell, pledge, otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by us or any of our affiliates or any person in privity with us or any of our affiliates, directly or indirectly, or announce the offering, of any debt securities issued or guaranteed by us (other than the Notes).

Selling Restrictions

The Notes have not been registered under the Securities Act. The Initial Purchasers have agreed that they will offer or sell the Notes only:

- in the United States to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act; or

- in offshore transactions in reliance on Regulation S under the Securities Act.

The Notes being offered and sold pursuant to Regulation S under the Securities Act may not be offered, sold or delivered in the United States to, or for the account or benefit of, any US person, unless the Notes are registered under the Securities Act or an exemption from the registration requirements thereof is available. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act. See "Transfer Restrictions; Notice to Investors."

The Initial Purchasers have agreed that, except as permitted by the Purchase Agreement, they will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the original issuance date of the Notes, within the United States or to, or for the account or benefit of, US persons, other than in accordance with Rule 144A, and they will send to each distributor, dealer or other person receiving a selling concession or similar fee to which they sell notes in reliance on Regulation S during such 40-day period, a confirmation or other notice detailing the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons. In addition, until the expiration of the 40-day restricted period referred to above, an offer or sale of notes within the United States by a dealer (whether or not it is participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The public offering in Argentina is regulated by CNV rules. Citicorp Capital Markets S.A., and Deutsche Bank S.A. will be acting as placement agents in Argentina.

United States. This offering memorandum been approved or disapproved by the SEC, or by any other US federal or any state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed or passed upon the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

Argentina. This offering of Notes will be made in Argentina by Citicorp Capital Markets S.A. and Deutsche Bank S.A. using the Argentine Prospectus, as amended or supplemented from time to time and other Argentine documents. The CNV will not issue an opinion with regard to the information contained in this offering memorandum or the Argentine Prospectus. However, the CNV's authorization means only that the information contained in the Argentine Prospectus complies with the CNV rules. The CNV has not rendered any opinion with respect to the accuracy of the information contained in this document.

Switzerland. This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution.

United Kingdom. This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This offering memorandum and its contents are confidential and should not be distributed,

published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

France. Neither this offering memorandum nor any other offering material relating to the Notes described in this offering memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the EEA and notified to the *Autorité des Marchés Financiers.* The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this offering memorandum nor any other offering material relating to the Notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or

- used in connection with any offer for subscription or sale of the Notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The Notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier.*

Uruguay. The offering of the Notes pursuant to the offering memorandum constitutes a private placement under Uruguayan law and the Notes are not and will not be registered with the Central Bank of Uruguay.

Israel. This offering of Notes does not constitute an "offer to the public" under the Israeli Securities Law, 5728-1968 (the "Israeli Securities Law"). Accordingly, the offering memorandum may only be distributed in Israel: (a) to selected investors interested in the offer of Notes and which are included in the categories of investors listed in the First Addendum to the Israeli Securities Law, primarily institutional-type investors such as joint investment mutual funds, provident funds, insurance companies, banking corporations, portfolio managers, investment advisors, members of the Tel-Aviv Stock Exchange, underwriters and venture capital funds (collectively, "Qualified Investors"); (b) to not more than 35 offerees (who are not Qualified Investors) resident in Israel during any given 12 month period; and/or (c) as otherwise may be permitted by the Israeli Securities Law and the regulations promulgated thereunder.

Qualified Investors may be required to submit written confirmation that they qualify to participate in the offering.

The Notes have not been registered under the Israeli Securities Law and this offering memorandum was not reviewed or approved or disapproved by the Israel Securities Authority. The Notes may not be sold, transferred or otherwise disposed of except in compliance, inter alia, with the Israeli Securities Law and any other applicable laws.

Belgium. This offering of Notes is not being made, directly or indirectly, to the public in Belgium. This offering memorandum has not been notified to the Belgian Banking, Finance and Insurance Commission

(*Commission bancaire, financiére et des assurances*) pursuant to Article 18 of the Belgian law of 22 April 2003 on the public offering of securities (the "Law on Public Offerings") nor has this offering memorandum or any other information circular, brochure or similar document relating to this offering of Notes been, nor will it be, approved by the Belgian Banking, Finance and Insurance Commission pursuant to Article 14 of the Law on Public Offerings. Accordingly, this offering memorandum may not be advertised and this offering memorandum and any other information circular, brochure or similar document relating to this offering of Notes may be distributed, directly or indirectly, in Belgium only to qualified investors referred to in Article 6, paragraph 3 of the Law of 1 April 2007 on public acquisitions, acting for their own account.

European Economic Area. In relation to each Relevant Member State of the EEA that has implemented the Prospectus Directive, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the relevant implementation date), this offering of Notes may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that Relevant Member State at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined below) subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of Notes described in this offering memorandum located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The sellers of the Notes have not authorized and do not authorize the making of any offer of Notes through any financial intermediary on their behalf, other than offers made by the Initial Purchasers with a view to the final placement of the Notes as contemplated in this offering memorandum. Accordingly, no purchaser of the Notes, other than the Initial Purchasers, is authorized to make any further offer of the Notes on behalf of the sellers or the Initial Purchasers.

Italy. None of this offering memorandum or any other document or materials relating to this offering of Notes have been submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian laws and regulations. This offering of Notes is being carried out in Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and article 35-bis, paragraph 3 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "Issuers' Regulation"). Accordingly, the Notes are not available to investors located in Italy that do not qualify as qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Financial

Services Act and Article 34-ter, paragraph 1, letter b) of the Issuers' Regulation ("Ineligible Italian Investors"). Ineligible Italian Investors may not tender Series 1 Notes in the Concurrent Tender Offer or tender Series 1 Notes for exchange in the Concurrent Exchange Offer, and neither this offering memorandum nor any other documents or materials relating to this offering of Notes or the Series 1 Notes may be distributed or made available to Ineligible Italian Investors. Holders or beneficial owners of the Series 1 Notes that are located in Italy and qualify as qualified investors (*investitori qualificati*) can tender Series 1 Notes for purchase or tender Series 1 Notes for exchange through authorized persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Luxembourg. The Notes that are the subject of the offering contemplated by this offering memorandum will not be offered to the public in the Grand Duchy of Luxembourg, except that Notes may be offered:

- in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the *Commission de surveillance du secteur financier* (the "CSSF"), as competent authority in Luxembourg or, where appropriate, approved in another Member State of the EEA that has implemented the Prospectus Directive and notified to the CSSF, all in accordance with the Prospectus Directive;
- at any time, to legal entities which are authorized or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorized or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and retirement funds and their management companies, commodity dealers as well as entities not so authorized or regulated whose corporate purpose is solely to invest in securities);
- at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations);
- at any time, to any legal entities which have two or more of (i) an average number of employees during the financial year of at least 250, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in their last annual or consolidated accounts;
- at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Prospectus Act 2005) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF;
- at any time, to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Act 2005) subject to obtaining the prior consent of the appropriate dealer nominated by Transener for any such offer; or
- at any time, in any other circumstances which do not require the publication by Transener of a prospectus pursuant to article 5 of the Prospectus Act 2005.

Austria. A prospectus admitted for publication by the CSSF will be notified to the Finanzmarktaufsicht ("FMA") in accordance with the prospectus recognition procedure pursuant to the Prospectus Directive. Upon the notification of the prospectus to the FMA and the publication of the prospectus in accordance with the requirements of Austrian law implementing the Prospectus Directive, the Notes will be offered to the public in Austria. Holders of Notes in Austria should review, and make their decision to participate in the offering solely on the basis of, and in accordance with, the procedures described in this offering memorandum.

Germany. In the Federal Republic of Germany, the Notes will only be available to, and this offering memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act (*Wertpapierprospektgesetz—WpPG*). Any offer, sale, or resale of the Notes in Germany may only be made in

accordance with the Securities Prospectus Act and other applicable laws. Transener has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht—BaFin*) or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz—WpPG*).

Hong Kong. The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore. This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Series 1 Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

- where no consideration is or will be given for the transfer; or

- where the transfer is by operation of law.

Australia. The offering of Notes referred to in this offering memorandum are only made to those investors in Australia who are either:

- "sophisticated investors" under section 708(8) of the Corporations Act 2001 (Cth) (the "Australian Corporations Act"); or

- "professional investors" under section 708(11) of the Australian Corporations Act, and

who are also "wholesale clients" under section 761G of the Australian Corporations Act.

In addition, no person may distribute or publish this offering memorandum or any other offering material relating to this offering of Notes in Australia unless the recipient satisfies the above conditions and such action complies with all applicable laws, regulations and directives (including the financial services licensing requirements of Chapter 7 of the Australian Corporations Act) and does not require any document to be lodged with the Australian Securities and Investments Commission ("ASIC"), ASX Limited or any other regulatory body or agency in Australia.

This offering memorandum does not constitute a disclosure document under Chapter 6D of the Australian Corporations Act. It is not required to, and does not, contain all the information which would be required in a disclosure document. The offering memorandum has not been lodged with ASIC. In addition, the persons referred to in this document may not hold Australian financial services licenses.

This offering memorandum has not been prepared specifically for Australian investors. It:

- contains references to dollar amounts which are not Australian dollars;

- may contain financial information which is not prepared in accordance with Australian law or practices;

- may not address risks associated with investment in foreign currency denominated investments; and

- does not address Australian tax issues.

Price Stabilization and Short Positions

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK SECURITIES INC. (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTIONS. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

In addition, in connection with this offering, the Initial Purchasers or the Argentine placement agents may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchasers or the Argentine placement agents may bid for and purchase Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. In addition, if the Initial Purchasers or the Argentine placement agents create a short position in the Notes in connection with the offering by selling more Notes than are listed on the cover page of this offering memorandum, then the Initial Purchasers or the Argentine placement agents may reduce that short position by purchasing Notes in the open market. The Initial Purchasers or the Argentine placement agents may also impose penalty bids, which would permit the Initial Purchasers or the Argentine placement agents to reclaim a selling concession from a dealer if the Notes originally sold by that dealer are purchased in a covering transaction to cover short positions. In general, purchases of a Note for the purpose of

stabilizing or reducing a short position could cause the price of that Note to be higher than it might otherwise have been in the absence of those purchases.

Stabilizing transactions in Argentina shall be performed in accordance with Chapter XX1.7.4, Section 30 of the CNV's regulations.

Neither we nor the Initial Purchasers or the Argentine placement agents make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the Initial Purchasers or the Argentine placement agents make any representation that anyone will engage in these transactions or that these transactions, if they are commenced, will not be discontinued without notice.

The Initial Purchasers or their affiliates may hold Series 1 Notes and if they tender those Series 1 Notes in the Concurrent Offers, a portion of the proceeds of the offering described in this offering memorandum will be received by the Initial Purchasers or their affiliates.

Other Relationships

Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. are joint dealer managers and global coordinators for the Concurrent Offers. In addition, the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us and our affiliates. They have received and may in the future receive customary fees and commissions for these transactions.

Settlement

Delivery of the Notes was effected on August 2, 2011, which was the fifth business day following the date of pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wished to trade notes on the date of pricing or the next succeeding business days would have been required, by virtue of the fact that the notes initially settled in five business days (T+5), to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wished to trade the notes on the pricing date or the next succeeding business day should consult their own advisors.

LEGAL MATTERS

The validity of the Notes and certain legal matters in connection with Argentine law will be passed upon for us by Errecondo, Salaverri, Dellatorre, González & Burgio, our Argentine legal counsel. Certain matters in connection with United States law and New York law in connection with the Notes will be passed upon by Allen & Overy LLP, New York, New York, our United States legal counsel. Legal matters will be passed upon for the Initial Purchasers by Chadbourne & Parke LLP, New York, New York, United States legal counsel to the Initial Purchasers, and Bruchou, Fernández Madero & Lombardi, Argentine legal counsel to and Initial Purchasers.

As to all matters of Argentine law, Allen & Overy LLP may rely on the opinion of Errecondo, Salaverri, Dellatorre, González & Burgio. As to all matters of United States law, Errecondo, Salaverri, Dellatorre, González & Burgio may rely on the opinion of Allen & Overy LLP.

As to all matters of Argentine law, Chadbourne & Parke LLP may rely on the opinion of Bruchou, Fernández Madero & Lombardi. As to all matters of United States Law, Bruchou, Fernández Madero & Lombardi may rely on the opinion of Chadbourne & Parke LLP.

INDEPENDENT ACCOUNTANTS

The financial statements of Transener as of December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, included in this offering memorandum, have been audited by Price Waterhouse & Co. S.R.L., member firm of the PricewaterhouseCoopers network, independent accountants, as stated in their report, which contains a qualification due to the uncertainties of the outcome of the tariff renegotiation process with the Government and the impact of this situation on the Company's financial statements, appearing herein.

With respect to the unaudited financial information of Transener for the three-month periods ended March 31, 2011 and 2010, included in this offering memorandum, Price Waterhouse & Co. S.R.L., member firm of the PricewaterhouseCoopers network, reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated May 9, 2011, which contains a qualification due to the uncertainties of the outcome of the tariff renegotiation process with the Government and the impact of this situation on the Company's financial statements, appearing herein states that they did not audit and they do not express an opinion on that unaudited consolidated financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

LISTING AND GENERAL INFORMATION

1. We have applied to have the Notes listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market of the Luxembourg Stock Exchange.

2. The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg. The CUSIP and ISIN numbers and Common Codes for the Notes are as follows:

	CUSIP Number	ISIN Number	Common Code
Restricted Global Notes.....	20445RAB7	US20445RAB78	065339463
Regulation S Global Notes.....	P3058XAK1	USP3058XAK11	065339471

3. We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes. Our board of directors approved this issuance of Notes at its meeting held on July 8, 2011.

4. Except as described in this offering memorandum, there are no pending actions, suits or proceeds against or affecting us or any of our properties, which, if determined adversely to us, would individually or in the aggregate have an adverse effect on our financial condition or would adversely affect our ability to perform our obligations under the Notes or which are otherwise material in the context of the issue of the Notes, and, to the best of our knowledge, no such actions, suits or proceedings are threatened.

5. Except as described in this offering memorandum, as of our Unaudited Interim Financial Statements dated March 31, 2011, there has been no change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) that is materially adverse to our financial condition.

6. For so long as of any Notes are outstanding and listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF, copies of the following items in English will be available free of charge from Deutsche Bank Luxembourg S.A., our listing agent, at its office at 2, Boulevard Konrad Adenauer, Luxembourg:

- our Audited Annual Financial Statements as of and for the years ended December 31, 2010, 2009 and 2008;
- our Unaudited Interim Financial Statements as of and for the three-month periods ended March 31, 2011 and 2010;
- any related Notes to these items; and
- our future audited annual consolidated financial statements.

During the same period, the Program Indenture and a copy of our articles of incorporation will be available for inspection at the offices of Deutsche Bank Luxembourg S.A. We will, for so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF, maintain a paying agent in New York as well as in Luxembourg.

7. We confirm that, having taken all reasonable care to ensure that such is the case:

- the information contained in this offering memorandum is true, to the best of our knowledge, and correct in all material respects and is not misleading;
- to the best of our knowledge, we have not omitted other material facts, the omission of which would make this offering memorandum as a whole misleading; and
- we accept responsibility for the information we have provided in this offering memorandum.

ANNEX 1

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN ARGENTINE GAAP AND IFRS

The Financial Statements included elsewhere in this offering memorandum are prepared and presented in accordance with Argentine GAAP. On December 29, 2009, the CNV issued Resolution No. 562 "Adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)" ("Resolution No. 562"), which requires that companies under the supervision of the CNV prepare their financial statements in accordance with IFRS as published by the IASB for fiscal periods beginning on or after January 1, 2012, including comparative information for earlier periods. Argentine GAAP differs in certain significant respects from IFRS, which might be material to the financial information included elsewhere in this Offering Memorandum.

The matters described below summarize only certain significant differences between Argentine GAAP and IFRS that may be material to us. There may be certain other important differences between Argentine GAAP and IFRS relating to the methods of measuring the amounts shown in financial statements, as well as additional disclosures required by IFRS, which may affect the preparation of financial statements. We have not prepared and will not prepare a complete quantitative reconciliation of our Financial Statements and related footnote disclosures between Argentine GAAP and IFRS. We are in the process of analyzing the potential differences between Argentine GAAP and IFRS as they relate to us. Accordingly, we give no assurance that the information contained in this section is complete.

In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information contained herein. Prospective purchasers should consult with their own professional advisors for an understanding of the differences between Argentine GAAP and IFRS, and how those differences might affect the financial information included elsewhere herein.

Adoption of IFRS

IFRS 1, First Time Adoption of International Financial Reporting Standards, is the guidance that is applied during preparation of a company's first IFRS-based financial statements. IFRS 1 was created to help companies in their transition to IFRS and provides practical accommodations intended to make first-time adoption cost-effective. It also provides application guidance for addressing difficult conversion topics. The key principle of IFRS 1 is full retrospective application of all IFRS standards that are effective as of the closing balance sheet date or reporting date of the first IFRS financial statements. IFRS 1 requires companies to (i) identify the first IFRS financial statements; (ii) prepare an opening balance sheet at the date of transition to IFRS; (iii) select accounting policies that comply with IFRS and apply those policies retrospectively to all of the periods presented in the first IFRS financial statements; (iv) consider whether to apply any of the optional exemptions from retrospective application; (v) apply the mandatory exceptions from retrospective application; and (vi) make extensive disclosures to explain the transition to IFRS. Exemptions provide limited relief for first-time adopters, mainly in areas where the information needed to apply IFRS retrospectively may be most challenging to obtain. Most companies will apply IFRS 1 when they transition from their previous GAAP to IFRS and prepare their first IFRS financial statements. These are the first financial statements to contain an explicit and unreserved statement of compliance with IFRS.

Our transition date as it is prescribed in Resolution 562/09 of the CNV, as supplemented by Resolution 576/10, is expected to be January 1, 2011. Some of the more significant differences between Argentine GAAP and IFRS of particular interest to consumer product companies are discussed below.

Service Concession Arrangements

Under Argentine GAAP there are no specific rules for accounting for service concession arrangements.

IFRS deals with certain public-to-private service concession arrangements in which the public sector body (the grantor) controls and/or regulates the services provided in respect of the infrastructure by the private sector entity (the operator). The regulation also addresses to whom the operator should provide the services and at what price. The grantor controls any significant residual interest in the infrastructure.

As the infrastructure is controlled by the grantor, the operator does not recognize the infrastructure as its property, plant and equipment; nor does the operator recognize a finance lease receivable for leasing the public service infrastructure to the grantor, regardless of the extent to which the operator bears the risk and rewards incidental to ownership of the assets. The operator recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash irrespective of the usage of the infrastructure.

The operator recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

Property, Plant and Equipment

Under Argentine GAAP, historical cost is the primary basis of accounting for property, plant and equipment except for inflation accounting. Argentine GAAP generally does not require the component approach for depreciation.

Under IFRS, an entity may elect to value property, plant and equipment using either the cost or revaluation model. Under the revaluation model, an entire class of property, plant and equipment is revalued at fair value regularly, if fair value can be measured reliably. The revalued amount is the fair value of the asset at the revaluation date less any accumulated depreciation and accumulated impairment charges. Revaluation increases are credited to equity and labeled revaluation surplus. However, if a revaluation decrease has been previously charged to income, then the revaluation increase would be charged to income to the extent of the previous revaluation loss and any additional amount would be credited to equity and labeled revaluation surplus. Revaluation losses are charged first against any revaluation surplus in equity related to the specific asset, and any excess charged to income. IFRS requires a component approach for depreciation where assets must be separated into individual components and depreciated over their useful lives. Each separate component may have a different depreciation rate.

Estimates of useful life and residual value and the method of depreciation are reviewed at least annually. The residual value may be adjusted up or down, and any changes that result in differences in expectations from previous estimates shall be accounted for as a change in an accounting estimate under IFRS. These changes also have a direct effect on the depreciation taken on the asset, as the higher values would result in higher depreciation and vice versa. Additionally, IFRS requires that the depreciation method applied to an asset be reviewed in each financial year.

Impairment

Argentine GAAP uses a one-step impairment test. The carrying amount of an asset is compared with the recoverable amount. The recoverable amount is the higher of (1) the asset's net realizable value or (2) the asset's value in use. Under Argentine GAAP, assets are tested either individually or at the level of a cash-generating activity. To determine cash-generating activities, entities should use the same criteria used to determine their reporting segments. Argentine GAAP allows for reversal of impairment with some exceptions for goodwill.

IFRS requires that goodwill and other indefinite-life intangibles be tested for impairment at least annually, or more frequently if an indicator is present. Other long-lived assets are reviewed at the end of each reporting period for any indication of impairment, and tested for impairment if necessary. IFRS requires impairment testing at the "cash-generating unit" (CGU) level, which is generally similar to the Argentine GAAP "asset group" level, but may result in a lower level of testing.

IFRS allows for reversal of impairment with the exception of goodwill. Long-lived asset impairment is also a one-step approach under IFRS and is assessed on the basis of recoverable amount, which is calculated as the higher of fair value less costs to sell or value in use (e.g. discounted cash flows). If impairment is indicated, assets are written down to the higher recoverable amount.

Revenue Recognition Concepts

Many concepts underlying revenue recognition are consistent under IFRS and Argentine GAAP.

Nevertheless, IFRS contains guidance in certain areas where Argentine GAAP is silent, and accordingly, differences may arise in practice.

Income Taxes

Under both Argentine GAAP and IFRS, the liability method is used to calculate the income tax provision. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recorded or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. Generally, companies may not consider forecast net income in assessing valuation allowance if they have had cumulative losses in recent years.

However, under Argentine GAAP, the differences between the price-level restated amounts of assets and liabilities and their historical basis are treated as permanent differences for deferred income tax calculation purposes. Under IFRS, these differences are treated as temporary differences in calculating deferred income taxes.

Under Argentine GAAP, the classification of deferred tax assets and deferred tax liabilities follows the classification of the related, non-tax asset or liability for financial reporting (as either current or non-current). If a deferred tax asset is not associated with an underlying asset or liability, it is classified based on the anticipated reversal periods.

Under IFRS, generally, deferred tax assets and liabilities are classified net (within individual tax jurisdictions) as non-current on the balance sheet. Supplemental note disclosures are included to describe the components of temporary differences as well as the recoverable amount bifurcated between amounts recoverable less than or greater than one year from the balance sheet date.

Derivatives and Hedging Activities

Under both Argentine GAAP and IFRS, all derivatives are recognized on the balance sheet as either financial assets or liabilities. They are initially measured at cost defined as the fair value on the acquisition date and include directly related transaction costs. Both Argentine GAAP and IFRS require subsequent measurement of all derivatives at their fair value, regardless of any hedge relationship that might exist. Changes in a derivative's value are recognized in the income statement as they arise, unless they satisfy the criteria for hedge accounting. Under Argentine GAAP and IFRS, detailed guidance is set out in the respective standards dealing with hedge accounting. For derivatives classified as fair value hedges, both Argentine GAAP and IFRS require that gains and losses on fair value hedges (for both the hedging instrument and the item being hedged) be recognized in the income statement. For derivatives classified as cash flow hedges, Argentine GAAP requires that gains and losses on the hedging instrument, where they are effective, be reported separately as a component of equity. Under both Argentine GAAP and IFRS, the ineffective portion is reported in the income statement.

However, IFRS embodies a significant volume of detailed implementation guidance. Although the hedging models under IFRS and Argentine GAAP are founded on similar principles, there are a number of application differences. Some of the differences result in IFRS being more restrictive than Argentine GAAP.

Areas where IFRS is more restrictive than Argentine GAAP include the nature, frequency and methods of measuring and assessing hedge effectiveness.

Certain Disclosure Differences

IFRS 7 requires companies to make disclosures about the significance of financial instruments to the company's financial position and performance, and the nature and extent of risks arising from those financial instruments. The disclosure about the significance of financial instruments includes the presentation of fair values for all financial instruments. The disclosure describing the nature and extent of risks includes identification of the

major risks and their description, and a detailed quantitative analysis of their impact on the financial statements. There is no such requirement under Argentine GAAP.

IFRS 8 requires that the segment information reported be that which the chief operating decision maker uses internally for evaluating the performance of segments of the business. Where this information is not prepared in accordance with IFRS companies must provide explanations and reconciliations of the differences.

Argentine GAAP requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. One set of segments is regarded as primary and the other as secondary. Argentine GAAP limits reportable segments to those that earn a majority of their revenue from sales to external parties and did not require the different stages of a vertically-integrated entity to be identified as separate segments. Argentine GAAP requires segment information to be prepared in conformity with the accounting policies adopted for the preparation and presentation of the consolidated financial statements.

INDEX TO FINANCIAL STATEMENTS

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Consolidated Financial Statements as of December 31, 2010 and 2009 and for each of the three years ended December 31, 2010

pwc

Report of Independent Accountants

To the Shareholders, President and Directors of
Compañía de Transporte de Energía
Eléctrica en Alta Tensión Transener S.A.

1. We have audited the accompanying consolidated balance sheets of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. ("Transener") and its subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, of changes in shareholders' equity and of cash flows for each of the three years ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

2. We conducted our audits in accordance with auditing standards generally accepted in Argentina. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and to form an opinion about the reasonableness of the relevant information contained in those financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

3. As mentioned in Note 2, the changes in Argentine economic conditions and the amendments made by the National Government, mainly the suspension of the original regime of tariff actualization, have significantly affected the economic and financial equation of the Company and its subsidiary *"Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad Anónima Transba S.A."* ("Transba"). In this scenario, the Argentine Government has called for a process to renegotiate the concession agreements of Transener and Transba, which is still in progress. As of the date of issuance of the accompanying consolidated financial statements it is not possible to predict the outcome of such renegotiation process.

   As mentioned in Note 4.7.r, the Company has prepared its projections in order to determine the recoverable value of its non-current assets under the framework of Law No. 24,065. Actual results could differ from those estimates.

4. In our opinion, subject to the resolution of the uncertainty described in paragraphs 3 above, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiaries at December 31, 2010 and 2009, and the results of their operations, the changes in shareholders' equity and their cash flows for each of the three years ended December 31, 2010 in conformity with accounting principles generally accepted in Argentina.

PRICE WATERHOUSE & Co. S.R.L.

by _____ (Partner)
Ruben O. Vega

Autonomous City of Buenos Aires, Argentina
March 4 , 2011

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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Consolidated Balance Sheets as of December 31, 2010 and 2009

(In Argentine Pesos, except as otherwise indicated)

	December 31, 2010	December 31, 2009
ASSETS	$	$
Current Assets		
Cash and banks (Note 5.a))	67,952,824	10,524,112
Investments (Note 18.c.)	39,643,569	51,823,663
Accounts receivable (Note 5.b))	121,333,422	97,826,652
Other receivables (Note 5.c))	25,006,716	26,871,817
Total current assets	253,936,531	187,046,244
Non-Current Assets		
Property, plant and equipment, net (Note 18.a.)	1,492,016,667	1,532,924,571
Other receivables (Note 5.d))	40,318,675	65,852,673
Other assets (Note 18.b.)	180,572,951	226,037,362
Total non-current assets	1,712,908,293	1,824,814,606
Total Assets	1,966,844,824	2,011,860,850
LIABILITIES		
Current Liabilities		
Accounts payable (Note 5.e))	44,975,897	35,345,552
Bonds and other indebtedness (Note 5.f))	52,565,777	51,736,842
Payroll and social securities taxes payable	35,614,399	34,965,731
Taxes payable	26,493,773	36,441,846
Provisions (Note 5.g))	32,101,110	53,932,303
Other liabilities (Note 5.h))	6,625,000	6,625,000
Total current liabilities	198,375,956	219,047,274
Non-Current Liabilities		
Accounts payable (Note 5.i))	52,038,626	64,140,657
Bonds and other indebtedness (Note 5.j))	534,491,699	548,280,891
Payroll and social securities taxes payable (Note 14.)	20,230,191	12,765,815
Taxes payable (Note 5.k))	34,574,641	22,319,613
Other liabilities	1,184,652	41,064,914
Total non-current liabilities	642,519,809	688,571,890
Total Liabilities	840,895,765	907,619,164
Minority interest	43,465,236	44,966,299
SHAREHOLDERS' EQUITY	1,082,483,823	1,059,275,387
Total Liabilities, Minority Interest and Sahreholders' Equity	1,966,844,824	2,011,860,850

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008

(In Argentine Pesos, except as otherwise indicated)

	December 31, 2010	December 31, 2009	December 31, 2008
	$	$	
Net revenues (Note 5.l))	583,759,512	582,548,420	457,045,833
Operating expenses (Note 18.f.)	(402,494,301)	(447,278,451)	(361,838,218)
Gross profit	181,265,211	135,269,969	95,207,615
Administrative expenses (Note 18.f.)	(90,163,979)	(76,070,235)	(60,050,884)
Operating income	91,101,232	59,199,734	35,156,731
Impairment of investment in subsidiary (Note 17)	(12,553,702)	0	0
Financial and holding results, net			
Generated by assets			
Interest income (Note 2.)	87,250,589	14,627,586	8,248,404
Result from receivables measured at fair value	(35,212)	1,883,577	1,154,431
Foreign currency exchange differences	1,405,494	426,444	(88,979)
Translation gains (loss), net	0	3,026,014	(969,744)
Generated by liabilities			
Interest and other related expenses	(74,239,709)	(72,480,875)	(69,322,993)
Foreign currency exchange differences	(23,193,514)	(73,157,969)	(67,753,218)
Gain from repurchase of notes	3,355,544	127,057,680	32,967,248
Result from liabilities measured at fair value	(1,152,331)	(980,082)	(2,236,882)
Total financial results, net	(6,609,139)	402,375	(98,001,733)
Other income, net	5,170,100	9,697,130	19,565,475
Minority interest	(819,769)	(3,382,165)	947,908
Net income (loss) before taxes	76,288,722	65,917,074	(42,331,619)
Income tax expense (Note 7.)	(53,080,286)	(19,130,656)	(23,551,146)
Net income (loss) for the year	23,208,436	46,786,418	(65,882,765)

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2010, 200

(In Argentine Pesos, except as otherwise indicated)

	Shareholders' contributions				
	Common stock	**Inflation adjustment on common stock**	**Paid in capital**	**Total**	**Legal reserve**
				$	
Balances at December 31, 2007	444,673,795	352,996,229	31,978,847	829,648,871	30,656,200
Approved by Shareholders' meeting held on April 22, 2008					
-Legal Reserve	0	0	0	0	8,472,513
Net loss for the year	0	0	0	0	0
Balances at December 31, 2008	444,673,795	352,996,229	31,978,847	829,648,871	39,128,713
Net income for the year	0	0	0	0	0
Balances at December 31, 2009	444,673,795	352,996,229	31,978,847	829,648,871	39,128,713
Approved by Shareholders' meeting held on April 7, 2010					
-Legal Reserve	0	0	0	0	2,339,321
Net income for the year	0	0	0	0	0
Balances at December 31, 2010	444,673,795	352,996,229	31,978,847	829,648,871	41,468,034

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008

(In Argentine Pesos, except as otherwise indicated)

	December 31, 2010 $	December 31, 2009 $	December 31, 2008
Changes in funds			
Cash and cash equivalents at the beginning of the year	60,079,423	19,654,400	67,129,095
Increase (Decrease) in cash and cash equivalents	44,710,955	40,425,023	(47,474,695)
Cash and cash equivalents at year end (Note 5.m))	104,790,378	60,079,423	19,654,400
Operating activities			
Net income (loss) for the year	23,208,436	46,786,418	(65,882,765)
Interest and exchange gains on bonds and other indebtedness and other liabilities accrued during the year	88,886,888	134,767,877	134,941,394
Interest accrued net	447,752	6,805,769	(2,519,047)
Gains from repurchase of notes	(3,355,544)	(127,057,680)	(32,967,248)
Income tax expense	53,080,286	19,130,656	23,551,146
Adjustments to reconcile net income to cash flows provided by operating activities:			
Depreciation of property, plant and equipment	76,574,074	77,261,854	68,706,115
Instrumental Agreement (Note 2.)	(142,571,338)	0	0
Amortization of other non-current assets	45,464,412	45,464,412	45,464,412
Allowance for irrecoverable receivables (Note 18.d.))	1,486,559	0	406,272
Allowance for loans to subsidiary (Note 18.d.))	3,999,666	0	0
Provisions	(12,012,635)	10,142,858	15,568,531
Gain from sale of property, plant and equipment	(230,000)	(657,015)	(2,170,190)
Retirements of property, plant and equipment	1,465,158	3,264,461	4,164,575
Advanced payments accrual	(11,731,524)	(11,731,524)	(11,731,524)
Impairment of investment in subsidiary	12,553,702	0	0
Minority interest	819,769	3,382,165	(947,908)
Changes in certain assets and liabilities, net of non-cash:			
(Increase) Decrease in accounts receivable	(30,429,170)	12,959,897	(14,256,907)
(Increase) Decrease in other receivables	20,370,392	(4,662,641)	(5,711,894)
Increase (Decrease) in accounts payable	11,998,474	(791,968)	(7,063,227)
Increase (Decrease) in payroll and social securities taxes payable	10,584,969	14,778,054	12,248,118
Increase (Decrease) in taxes payable	(48,433,288)	273,756	(4,759,961)
Increase (Decrease) in provisions	(8,690,818)	(12,810,571)	231,082
Net cash provided by operating activities	93,486,220	217,306,778	157,270,974
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	230,000	657,015	2,170,190
Payment for the acquisition of property, plant and equipment	(46,869,064)	(75,553,951)	(107,641,648)
(Increase) Decrease in investments	(6,198,456)	(391,388)	3,386,014
Net cash used in investing activities	(52,837,520)	(75,288,324)	(102,085,444)
Cash flows from financing activities			
Payments of dividends	0	0	(190,601)
Increase in bonds and other indebtedness	33,973,225	69,000,000	0
Increase in other liabilities	94,129,870	39,606,793	0
Payment of dividends	(264,362)	0	0
Payments and repurchase of bonds and other indebtedness - Principal	(67,535,834)	(145,663,173)	(37,956,142)
Payments and repurchase of bonds and other indebtedness - Interests	(56,240,644)	(64,537,051)	(64,513,482)
Net cash provided by (used in) financing activities	4,062,255	(101,593,431)	(102,660,225)
Increase (Decrease) in cash and cash equivalents	44,710,955	40,425,023	(47,474,695)
Significant non-cash transactions			
Payment of dividends in kind to minority interest	0	59,625,000	0
Decrease in other receivables	0	(59,625,000)	0
Dividends payment in kind to minority interest	(1,929,667)	0	0
Decrease in other receivables	1,929,667	0	0
	0	0	0

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

1. Organization and description of business

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. ("Transener" and together with its subsidiaries, the "Company") is a company incorporated under the laws of Argentina primarily engaged in the electricity transmission business.

Transener has a 90% ownership interest in Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad Anónima Transba S.A. ("Transba").

Transener and Transba under 95-year concession agreements entered into with the government in 1993 and 1997, respectively, operate the two main networks of the electricity transmission system in Argentina. Under the concession agreements, Transener and Transba have the exclusive right to provide high voltage and trunk-line electricity transmission services, respectively.

Transener also has the exclusive license to construct, operate and maintain the fourth line of the Comahue-Buenos Aires electricity transmission system (the "Fourth Line"). See Note 10. for details.

In August 2002, Transener formed Transener Internacional Ltda. ("Transener Brazil") to provide electricity transmission, operation and maintenance services as well as consulting and other related services in Brazil and other countries.

In May 2003, Transba formed Transba Internacional S.A. ("Transba Panama") to provide electricity transmission, operation and maintenance services as well as consulting and other related services in Panama and in other countries. At present, Transba Internacional S.A. is not carrying out economic activities, being under the liquidation process, for such purpose the Company has filed the documentation in the Public Registry.

2. Tariff Review

The Emergency Law No. 25,561, which fixed the prices and tariffs of the public services companies' contracts in Pesos at the exchange rate of 1 Peso for each US$1, has imposed the obligation to renegotiate the concession agreements with the National Government to those companies that provide public services, such as Transener and Transba, while continuing to render the service. This situation has significantly affected the economic and financial situation of the Company and its subsidiary Transba.

In May 2005, Transener and Transba entered into the Definitive Agreements with the representatives of the Unit for the Renegotiation and Analysis of Public Utility Contracts ("UNIREN"), which contain the terms and conditions for the renegotiation of the Concession Contracts, which had been ratified by National Executive Branch Decrees Nos. 1,462/05 and 1,460/05, respectively, on November 28, 2005.

According to the guidelines stated in the mentioned Definitive Agreements, the following was foreseen: i) to carry out a Full Tariff Review ("FTR") before the ENRE and to determine a new tariff regime for Transener and Transba, which should have come into force during the months of February 2006 and May 2006, respectively; and ii) the recognition of the major operating costs incurred in the interim period up to the moment in which the tariff regime comes into force as a consequence of the above-mentioned FTR.

Since 2006, Transener and Transba have communicated to the ENRE the need to fulfill of the commitments set forth in the Definitive Agreements, describing the breach of commitments established in those Agreements on behalf of said regulatory authority, the serious situation arising from such breaches, and their availability to continue with the FTR process, as long as the remaining commitments assumed by the parties continue in force, and the new tariff regime arising from the FTR process is resolved.

Through Resolutions SE Nos. 869/08 and 870/08 dated July 30, 2008, the Secretariat of Energy extended the contractual transition period for Transener and Transba, respectively, up to the effective enforcement of the regime resulting from the FTR, fixing such date for February 2009.

Transener and Transba submitted their respective tariff proposals in many opportunities, based on the terms stated in the Definitive Agreements, and also in accordance with the Law No. 24,065, for the purpose of dealing with the matter, calling for a Public Hearing and defining a new tariff regime.

In spite of that, as of December 31, 2010, the ENRE has not yet called for a Public Hearing and did not deal with the tariff requirements demanded by Transener and Transba within the FTR framework.

On the other hand, due to the increase in labor costs resulting from the application of National Executive Branch Decree No. 392/04 and subsequent decrees, and increased operating costs incurred from 2004 until now, Transener and Transba, every quarter went on certifying the costs variations incurred during each period, filing the respective claims before the ENRE, in order to readjust the Company's regulated remuneration according to the clauses established in the Definitive Agreements for such purpose.

Transener and Transba have unsuccessfully requested that the ENRE schedule the administrative acts for the recognition in the tariff of the cost increases incurred after the Definitive Agreements were entered into, which led to the initiation of judicial claims.

The UNIREN has stated that the mechanism of monitoring of costs and regime of service quality had been foreseen up to the enforcement of Transener and Transba's respective FTR and that the delay in the definition of said process is not attributable to the Concessionaires and could not impair their rights.

Finally, on December 21, 2010, the Instrumental Agreements (the Instrumental Agreements) related to the Definitive Agreements were entered into with the Secretariat of Energy and the ENRE, setting forth as follows:

- the recognition of Transener and Transba´s rights to collect the amounts resulting from the variations of costs during the period June 2005 – November 2010,
- the mandatory cancellation of the financing received from CAMMESA, through the cession of credits resulting from the recognition of the above-mentioned variations of costs,
- a mechanism of cancellation of the pending balances,
- an additional financing amount to be destined to investments in the transmission system for the amount of Pesos 34.0 million for Transener and Pesos 18.4 million for Transba, to be cancelled through the mechanism described in ii).

In February 2011, CAMMESA made an estimation of the amounts owed to Transener and Transba due to variations of costs occurred during the period June 2005 - November 2010. As of January 17, 2011 (date of updating), the mentioned amounts were as follows:

Differences for Connection and Capacity	Millions of Pesos		
	Transba	Transener	Total
Principal	75.9	189.3	265.2
Interests	43.2	104.8	148.0

The results arising from the recognition of the variations of costs on behalf of the Secretariat of Energy and the ENRE have been registered in the financial statements, up to the amounts received as of December 31, 2010, through the financing of CAMMESA. Consequently, net revenues for $ 61.9 million and interest income for $ 80.7 million, have been registered.

As of December 31, 2010, the Company initiated conversations with CAMMESA in order to carry out the Instrumental Agreements, through new addenda to the Financing Agreement entered into with this entity on May 12, 2009.

By virtue of the Instrumental Agreements and subject to their fulfillment, Transener and Transba abandoned the judicial claims for delay, asking for the recognition of major costs and the need of calling a Public Hearing in order to carry out the FTR.

3. Purpose of financial statements

These consolidated financial statements have been prepared solely for the purpose of being included in the Offering Memorandum prepared in connection with the process of offering of securities in Argentina and in international markets. These financial statements have been translated into English from the original financial statements filed in Argentina in the Spanish language excluding (i) the Summary of Information required by

General Resolution No. 368/01 and (ii) the Annual Report, both prepared originally in the Spanish language issued in conjunction with the financial statements. The translation into English has been made solely for the convenience of English-speakers readers and certain note have been rephrased to facilitate the understanding of legislation and local jargon.

In accordance with Argentine Generally Accepted Accounting Principles ("Argentine GAAP"), the presentation of the parent-only financial statements is mandatory. Consolidated financial statements are to be included as supplementary information to the parent-only financial statements. For purposes of this presentation the parent-only financial statements have been excluded. However, certain notes and other information included in the parent-only financial statements have been included in these consolidated financial statements for the benefit of the readers.

4. Summary of significant accounting policies

Below is listed a detail of the most significant accounting policies used by the Company to prepare its consolidated financial statements, which have been applied consistently with those for the previous years.

4.1. Basis of presentation

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

4.2.Basis of consolidation

The Company's consolidated financial statements include the accounts of Transener and its subsidiaries over which Transener has effective control. All significant intercompany balances and transactions have been eliminated in consolidation.

A description of the subsidiaries with their respective percentage of capital stock owned is presented as follows:

Subsidiaries	Percentage of capital stock owned as of	
	December 31, 2010	December 31, 2009
Transba S.A.	90.00%	90.00%
Transener Internacional Ltda., (Brazil) (1)	99.00%	99.00%

(1) The investment in the subsidiary Transener Internacional Ltda. has not been consolidated due to the fact that the book value of such investment has been fully impaired (See Note 17).

4.3 Application of International Financial Reporting Standards

The CNV, through Resolutions No. 562/09 and 576/10, has established the application of Technical Resolution No. 26 of the FACPCE which adopts, for the entities included in the public offer regime of Law No. 17,811, either for its capital or for its notes, or in case where the entity has asked for the authorization to be included in the above-mentioned regime, the International Financial Reporting Standards ("IFRS") issued by the IASB (International Accounting Standards Board). The application of such standards will be compulsory for the Company as from the year beginning in 2012.

On April 22, 2010, the Board of Directors approved the specific implementation plan.

4.4. Presentation of financial statements in constant pesos

The Company's financial statements have been prepared in constant currency recognizing the overall effects of inflation through August 31, 1995. In accordance with professional accounting standards and control authorities' requirements, restatement of financial statements was discontinued from that date to December 31, 2001 because this was a period of monetary stability. As from January 1, 2002 and up to March 1, 2003 the effects of inflation were recognized due to the existence of an inflationary process. As from that date, restatement of financial statements has been discontinued.

The rate used for restatement of items was the internal wholesale price index published by the National Institute of Statistics and Census.

4.5. Comparative information

The balances as of December 31, 2009 and for the years ended December 31, 2009, and 2008, which are presented for comparative purposes are derived from the consolidated financial statements as of that date.

4.6. Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates include those required for the accounting of depreciation, amortization, income taxes, contingencies and recoverability of non current assets. Actual results could differ from those estimates.

4.7. Basis of measurement and disclosure

a. Cash and banks

Cash and bank deposits have been valued at their face value.

b. Foreign currency assets and liabilities

Foreign currency assets and liabilities have been valued at the exchange rate prevailing at each year-end.

c. Capitalization of Exchange differences

As established by Resolution No. 3/02 issued by the CPCECABA and Resolution No. 398 issued by the CNV, exchange differences arising out of the devaluation of the Argentine currency as from January 6, 2002 and up to June 30, 2003 and other effects derived from that devaluation on liabilities stated in foreign currency that existed at that date should be allocated to the cost value of the assets acquired or constructed through such financing. These exchange differences charged to assets will be considered as a recognition in advance of changes in the purchasing power of the currency and will be included in the carrying values in constant monetary units. The remaining balance of exchange differences capitalized will be amortized over the remaining useful life of the related assets.

The Company has applied the above regulations, and, in this sense, has capitalized exchange differences, net of absorption of the adjustment for inflation recorded through February 28, 2003.

Due to the completion of the restructuring process of its financial debt, in the year ended December 31, 2005 the Company wrote-off a portion of the exchange differences capitalized, in proportion to the decrease

(In Argentine Pesos, except as otherwise indicated)

of the restructured financial debts that had led to their capitalization. This decrease has been charged to results and disclosed under the "Restructuring result" line at December 31, 2005.

The amounts of the capitalized exchange differences, net of the absorption of the adjustment for inflation, of the accumulated amortization and of the deletion referred to above, are the following:

	December 31, 2010	December 31, 2009
Other non-current assets (Note 18.b.)	13,406,434	16,758,042
Total	13,406,434	16,758,042

The exchange differences generated in the year have been charged to results and are disclosed within "Exchange difference" line.

d. Short-term investments

Short-term investments have been valued at their acquisition cost plus accrued financial results based on the internal rate of return determined at each year end.

Mutual funds have been valued at their net realizable value.

e. Receivables and payables

Receivables and payables have been valued at their nominal value. The values so obtained do not differ significantly from those that would have been obtained if accounting standards in force would had been applied, according to which they should be valued at the price estimated at the transaction date plus accrued interest and implicit financial components based on the internal rate of return determined at that date.

f. Bank and financial debts

Bank and financial debts arising from the restructuring process have been valued based on the best estimate of the sum payable discounted, applying a 10% nominal annual rate, which according to the Company's criterion reasonably reflects the market evaluation on the time value of money and the specific risk of the debt at the time of its initial recognition.

The remaining bank and financial debts have been valued at their nominal value plus interest accrued at each year-end. The values so obtained do not differ significantly from those that would have been obtained if accounting standards in force would had been applied, according to which they are to be valued based on the sum of money payable, net of transaction costs plus accrued financial results based on the internal rate of return estimated at the time of its initial recognition.

g. Other receivables and payables

The receivable with Transba related to Personnel Stock Ownership Program (See Note 12) has been valued based on the best estimate of the amount receivable discounted, applying a rate that reflects the value of money and the specific risks of the transaction estimated at the time of their addition to assets.

The Company has valued this receivable from ownership stock programe based on the best estimate of the amount receivable discounted at a 10% nominal annual rate.

Deferred tax assets and liabilities have been valued at their nominal value.

The remaining receivables and payables have been valued at their nominal value plus financial results accrued at year-end, where applicable. Values thus obtained do not differ significantly from those that would have been obtained if accounting standards in force had been applied, according to which they are to be valued on the basis of the best estimate of amounts payable and receivable, respectively, discounted applying

a rate that reflects the time value of money and the specific risks of the transaction estimated at the time of their addition to assets and liabilities, respectively.

h. Related parties

Balances with related parties arising from financial transactions and other sundry transactions have been valued in accordance with the conditions agreed upon by the parties.

i. Other non-current assets

Other non-current assets represent the costs and expenses directly related to the Fourth Line Project.

As established by CNV Resolution No. 398, capitalized exchange differences have been included within this caption (see Note 4.7.c).

These costs and expenses are amortized on a straight line basis, in 15 years (taking into consideration the collection period of the fee for construction, operation and maintenance mentioned in Note 10), since its commercial authorization has been granted.

The value of these assets does not exceed their expected recoverable value, which has been estimated as described in Note 4.7.r.

j. Property, plant and equipment, net

The value arising as a counterparty of the contributions and transferred liabilities has been considered as the global original value for transferred assets, restated in accordance with Note 4.4. Based on inventories and technical analysis, this global value has been distributed among each of the group's components.

The remaining assets have been valued at their acquisition cost restated following the guidelines indicated in Note 4.4., net of accumulated depreciation.

Fixed assets depreciation has been calculated based on the estimated useful life, applying non-linear technical formulas for transferred assets and the straight line method based on the useful life for the remaining assets, applying annual rates sufficient to extinguish their values at the end of their useful life.

The result of the sale of fixed assets is determined by comparing the sale price and the net carrying value of the asset and it is disclosed under other income and expenses in the income statement.

The value of these assets does not exceed their economic value to the business at year end, which has been estimated according to what it is mentioned in the Note 4.7.r.

k. Income tax

The company has recognized income tax by the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements.

To determine deferred assets and liabilities, the tax rate expected to be in effect at the time of reversal or use has been applied to temporary differences identified and tax loss carry-forwards, considering the legal regulations enacted at the date of issuance of these consolidated financial statements.

l. Long-term benefits

Benefits to employees subsequent to the termination of the employment relationship and other long-term benefits have been recognized in accordance with RT 23. This Standard requires that the Company

recognize a liability when an employee provides services in exchange for employee benefits to be paid in the future. Consequently, the accrued liability at the beginning of the year will be charged to results during the period in which the employees are expected to provide services.

In order to determine the estimated cost and liabilities of the benefits subsequent to the retirement granted to the employees, actuarial calculation methods have been used, making annual estimates as regards to demographic and financial variables. Moreover, these obligations are measured as a discounted basis.

In accordance with the above-mentioned Standard, as of December 31, 2010 the accrued liabilities not yet recognized amount to $ 13.6 million and the expenses accrued for the year amounted to $ 11.6 million (see Note 14.).

m. Tax on assets

The Company calculates tax on assets by applying the current 1% rate on computable assets at year end. This tax complements income tax. The Company's tax obligation in each year will coincide with the higher of the two taxes. However, if tax on assets exceeds income tax in a given period, that amount in excess will be computable as payment on account of the amount in excess that the income tax could result over the tax on assets, arising in any of the following ten years.

The value of these assets does not exceed their recoverable value to the business at year end, which has been estimated according to what it is mentioned in the Note 4.7.r.

n. Shareholders' equity accounts

Account activity in the shareholders' equity accounts have been restated following the guidelines detailed in Note 4.4..

The "common stock" account has been stated at its historical face value. The difference between the common stock stated in constant currency and the common stock stated at its historical face value has been disclosed under the "Inflation adjustment on common stock" account, in the shareholders' equity.

o. Revenue recognition

The Company primarily derives its revenues from Net Regulated Revenue. The Company's Net Regulated Revenue include the following items: (a) electricity transmission revenue (for transmitting electricity through the Networks), (b) transmission capacity revenue (for operating and maintaining the transmission equipment comprising the Networks), (c) connection revenue (for operating and maintaining the connection and transformation equipment, which permits the transfer of electricity through, to and from the Networks), (d) reactive equipment revenue (due to the Definitive Agreements a new compensation system for Transener was implemented as of June 2005, which consists of a payment on reactive power equipment made of synchronic compensators), (e) without duplication, any variations of costs adjustment (including the recognition of our cost variations incurred between June 2005 and November 2010, as per the Definitive Agreements and the Instrumental Agreements. See Note 2.), (f) other regulated revenue and (g) revenue derived from rewards, net of penalties.

Electricity transmission revenue, transmission capacity revenue, connection revenue, reactive equipment revenue and other regulated revenue are recognized as the services are provided. The CVI, as revenue related to the Instrumental Agreements, is recognized in income as it is received. The Transener Concession Agreement provides for rewards paid by customers when certain quality thresholds are met. Rewards are recognized in income when earned.

The Company also receives Net Fourth Line Revenue. In connection with the contract to construct, operate and maintain the fourth line of the Comahue-Buenos Aires electricity transmission system, the Company receives

monthly, equal and consecutive installments related to the fee payable by the government for a period of 15 years. In addition, the Company has received advance payments from funds management by Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("CAMMESA"), which have been recognized as "customers' prepayments" within the non-current portion of accounts payable in the accompanying consolidated balance sheets. These advance payments are being recognized in income on a straight-line basis over 15 years. Through Resolution No. 653/08, the ENRE redetermined the canon (see Note 10).

Additionally the Company also generates Net Other Revenue from the provision of external services for the construction and installation of electricity assets and equipment, operation of lines and maintenance, laboratory analysis, system studies, engineering, consultancy and training. Income earned from the construction and installation of electricity assets and equipment recognized according to the rate of progress of the project.

Significant implicit financial components included in income statement accounts have been adequately segregated.

p. Provision for penalties

Under the concession agreements, the Company is subject to penalties when certain assets within the Company's networks are not available to transmit electricity.

Penalties are imposed and determined by the ENRE based on the type of asset and the period of unavailability.

The Company's policy consists of recognizing a provision for penalties when the relevant outage occurs based on the amount of penalty that is expected to be assessed by the ENRE.

q. Derivatives

The Company uses derivatives to reduce its exposure in the US dollar exchange rate arising from financial debts incurred in that currency. The result of these derivatives is included in the financial results line, in the Statement of Income. As of December 31, 2010, the net result of the abovementioned operations and other transactions that were in effect during the year resulted in a loss of $ 1,496,600, which has been registered under "Exchange differences losses, net" generated by liabilities in the Consolidated Statement of Income.

The Company does not use derivative instruments for speculative purposes.

r. Recoverability of non current assets

Transener and Transba test recoverability of their non current assets periodically or when there are events or changes in the circumstances that indicate a potential evidence of impairment.

The methodology used in the estimation of the recoverable amount is in general the value in use calculated as from the cash flows of such assets discounted at a rate that reflects the average cost of the invested capital. The estimation of the cost of capital is specific for each asset depending on the currency of such flows and the associated risks, including the country risk.

The determination of the discounted cash flows involves a series of estimations and sensitive assumptions, such as future tariffs, inflation, exchange rate, operation and maintenance expenditures, investments and discount rate.

The cash flows are generally projected for a period that is the shorter of the remaining useful economic life of the non current assets or the term of the concession period.

The cash flows are estimated taking into account the tariff updating patterns which have been submitted to the ENRE, and which are mentioned in Note 2 to the present consolidated financial statements and according to the standards stated by Law No. 24,065 which rules the negotiation which is in progress. Consequently, cash flows and

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the future actual results can differ from the estimations and assessments made up to the date of preparation of the present financial statements.

s. Allowances

On the basis of an individual analysis of the portfolio of credits and investments at the year-end, an allowance of the irrecoverable credits and investments was made.

5. Breakdown of the main captions

	December 31, 2010	December 31, 2009
Assets	$	$
Current Assets		
a) Cash and banks		
Cash in local currency	764,842	701,401
Cash in foreign currency	83,695	128,335
Banks in local currency	2,441,864	8,105,837
Banks in foreign currency	64,662,423	1,588,539
	67,952,824	10,524,112
b) Accounts receivable		
CAMMESA	79,036,010	77,342,710
Other services	42,297,412	20,483,942
	121,333,422	97,826,652
c) Other receivables		
Guarantee deposits	4,868	3,364,638
Advances to suppliers	5,542,620	2,520,934
Prepaid expenses	11,540,296	11,961,742
Stock Ownership Program (Note 16.)	6,625,000	6,625,000
Tax credits	0	1,395,295
Reimbursements receivable	221,402	151,402
Others	1,072,530	852,806
	25,006,716	26,871,817
Non-Current Assets		
d) Other receivables		
Stock Ownership Program (Note 12.)	5,027,080	6,993,037
Tax on assets	35,291,595	56,983,260
Tax credits	0	1,876,376
	40,318,675	65,852,673
Liabilities		
Current Liabilities		
e) Accounts payable		
Suppliers	43,881,603	26,702,881
Billings in advance	1,094,294	8,642,671
	44,975,897	35,345,552
f) Bonds and other indebtedness		
Nordic Investment Bank	43,074	32,933
Par Notes	328,117	309,799
Leasing	0	127,143
Corporate Bonds 2016	2,014,166	2,047,958
Current accounts overdrafts	43,480,861	9,028,877
Banco Nación Argentina	6,708,060	40,191,301
Net present value adjustment to Notes	(8,501)	(1,169)
	52,565,777	51,736,842

(In Argentine Pesos, except as otherwise indicated)

	December 31, 2010	December 31, 2009
	$	$
g) Provisions		
Operating fees payable (Note 9.c))	2,709,399	1,381,024
Provision for contingencies	29,391,711	52,551,279
	32,101,110	53,932,303
h) Other liabilities		
Stock Ownership Program (Note 12.)	6,625,000	6,625,000
Cammesa Financing (Note 15.)	142,571,338	0
Instrumental Agreement (Note 2.)	(142,571,338)	0
	6,625,000	6,625,000
i) Trade accounts payable		
Billings in advance	5,490,966	5,861,473
Customers' prepayments	46,547,660	58,279,184
	52,038,626	64,140,657
j) Bonds and other indebtedness		
Nordic Investment Bank	19,383,000	18,525,000
Banco Nación Argentina	0	6,666,667
Leasing	0	0
Par Notes	9,781,086	9,623,555
Corporate Bonds 2016	510,497,236	519,529,832
Net present value adjustment to Notes	(5,169,623)	(6,064,163)
	534,491,699	548,280,891
k) Taxes payable		
Deferred tax (Note 7.)	34,574,641	21,005,815
Others	0	1,313,798
	34,574,641	22,319,613

Statements of Income	For the year ended December 31,		
	2010	2009	2008
l) Net revenues			
Net Regulated Revenue (Note 2.)	347,140,601	295,068,963	261,432,706
Net Fourth Line Revenue (Note 10.)	86,532,743	85,851,509	73,895,938
Net Other Revenue	150,086,168	201,627,948	121,717,189
	583,759,512	582,548,420	457,045,833
Statements of Cash Flows			
m) Cash and cash equivalents			
Cash and banks	67,952,824	10,524,112	8,415,851
Current investments	39,643,569	51,823,663	13,149,314
Less: investments with maturity dates after three months	(2,806,015)	(2,268,352)	(1,910,765)
Cash and cash equivalents as shown in the statements of cash flows	104,790,378	60,079,423	19,654,400

6. Segments of business information

The Company concentrates its businesses mainly on its primary and secondary activity. As the activity is basically carried out in Argentina, therefore, no segments by geographic area have been identified.

The business segments have been organized according to the following guidelines:

(In Argentine Pesos, except as otherwise indicated)

a) Main activity includes operations of high voltage electricity transportation and trunk distribution transmission, subject to regulation issued by the ENRE, and the construction, operation and maintenance of the Fourth Line (see Note 4.7.o.).

b) Other segments includes participation in operations whose rate has not been determined by the ENRE, including the activities undertaken abroad.

Assets, liabilities, income and expenses not directly attributable to a specific segment have been allocated to the more significant segment, as they are reported within the main business.

The applicable valuation criteria to report the information by business segment are described in Note 4.7. to these consolidated financial statements.

Below is the accounting information identified by each business segment:

Main Activity

Year ended December 31, 2010	Main activity	Other segments	Total 2010
	$		
Net revenues	433,673,344	150,086,168	583,759,512
Operating results	10,104,485	80,996,747	91,101,232
Total assets	1,934,877,545	31,967,279	1,966,844,824
Total liabilities	817,232,299	23,663,466	840,895,765
Acquisition of property, plant and equipment	46,880,141	0	46,880,141
Property, plant and equipment depreciation	76,574,074	0	76,574,074
Other non-current assets amortization	45,464,412	0	45,464,412

7. Income tax – Deferred tax

The deferred tax assets and liabilities are detailed below:

Deferred Tax Assets	December 31, 2010	December 31, 2009
	$	$
Accumulated tax loss carry forwards	0	12,110,592
Investments	1,399,883	0
Accounts receivable	142,195	142,195
Other receivables	520,296	0
Measurements of credits at present value	786,684	748,480
Payroll and social securities	7,080,567	4,468,035
Provisions	9,167,271	18,102,439
Total	19,096,896	35,571,741
Allowance for deferred tax assets (Note 18.d.)	0	(2,162,580)
Total deferred assets	19,096,896	33,409,161
Deferred Tax Liabilities		
Fixed assets	47,166,943	46,426,796
Other non-current assets	4,692,251	5,865,314
Measurements of bonds and other indebtedness at present value	1,812,343	2,122,866
Total deferred tax liabilities	53,671,537	54,414,976
Total deferred tax liabilities, net	34,574,641	21,005,815

(In Argentine Pesos, except as otherwise indicated)

Bellow is the reconciliation between income tax expenses and the amount resulting from the application of the corresponding tax rate in force to the accounting income (loss) before income tax:

	December 31, 2010	December 31, 2009	December 31, 2008
	$	$	
Net income (loss) before income taxes	76,288,722	65,917,074	(42,331,619)
Tax rate in force	35%	35%	35%
Income (loss) at the tax rate	26,701,053	23,070,976	(14,816,067)
Permanent differences			
- Inflation adjustment	18,331,804	18,345,221	17,125,706
- Translation result	0	(1,059,105)	339,410
- Minority interest	286,919	1,183,758	(331,768)
- Income (loss) from bonds held in the subsidiary´s portfolio	2,558,575	12,534,664	(15,178,890)
- Impairment of investment in subsidiary	4,393,796	0	0
- Other non-taxed and/or non-deductible items	808,139	(1,045,516)	350,833
- Expiration of tax loss carry-forwards	2,162,580	0	101,057,219
- Decrease in allowance for deferred tax assets (Note 18.d.)	(2,162,580)	(33,899,342)	(64,995,297)
Income tax	53,080,286	19,130,656	23,551,146
- Variation charged between deferred tax liabilities at the end and the beginning of the year	(13,568,826)	4,436,938	(18,937,752)
- Tax liability for the year	39,511,460	23,567,594	4,613,394

As a consequence of the unification of the accounting standards, the Company decided not to recognize deferred liabilities generated by the effect of the adjustment for inflation on fixed assets and other non-monetary assets. Consequently, below is the effect of that decision on these consolidated financial statements, in nominal values.

Item	December 31, 2010	December 31, 2009
	$	
Increase in deferred tax liabilities……	241,383,827	259,715,632
Decrease in Minority Interest……	(6,631,085)	(7,083,111)
Effect on retained earnings - loss …….....	234,752,742	252,632,521

The average useful life of the remaining non-monetary assets is approximately 26 years. This liability will be completely reversed in 2036.

Year	2011	2012	2013	2014	2015-2024	2025 onwards	Total
	$						
Reversal of liability - in nominal values	17,903,061	17,903,061	17,903,061	17,903,061	90,316,356	79,455,227	241,383,827

8. Restrictions on distribution of profits

The distribution of the earnings obtained by the Company is subject to the following restrictions:

a) In accordance with the Argentine Corporations Law and the Company's by-laws, not less than 5% of the net and realized profit for the year calculated in accordance with Argentine GAAP plus (less) prior year adjustments must be appropriated by resolution of shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital.

b) The Terms and Conditions of the outstanding Bonds that have not been restructured establish that neither Transener nor any subsidiary can make any restricted payment unless, after making said payment, default has not occurred or continues to exist. Restricted payment means (i) a dividend or other distribution for corporate stock of the Company (with the exception of dividends paid only in shares of its corporate capital as distinguished from preferred shares that can be redeemed in a mandatory manner) or (ii) an advanced payment for the purchase, redemption, repayment or

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acquisition of (a) shares in the Company's corporate capital, or (b) an option, purchase right, or any right to acquire shares in the Company's corporate capital (but without including capital payments, premiums –should there be any- or interest accrued according to the terms of convertible debt before the conversion).

c) The restrictions resulting from the restructuring and refinancing of the outstanding financial debt mentioned in Note 11.

9. Related parties

a) Transener has entered into an operating agreement under which Pampa Energía S.A. (formerly Pampa Holding S.A.), ENARSA S.A. and Electroingeniería S.A. provide services, expertise and know-how in connection with certain Company activities. In November 2009, Pampa Energía S.A. transferred its contract to Pampa Generación S.A. Electroingeniería S.A. gave notice in November of 2010 of the transfer of its contract to Grupo Eling S.A.

The responsibility of the Operators includes advisory and coordination services in the areas of human resources, general administration, information systems, quality control and consulting.

The operating fees are 2.75% of certain regulated revenues.

b) Balances and transactions with related parties

The transactions with respect to Companies Law No. 19,550 – Sect. 33 with other related parties during the years ended December 31, 2010 and 2009 are as follows:

Companies Law No. 19,550 – Sect. 33

	December 31, 2010	December 31, 2009	December 31, 2008
	$	$	
Sales of assets and services rendered to Electroingeniería S.A.	0	5,550	81,252
Sales of assets and services rendered to Pampa Energía S.A.	0	4,330	0
Sales of assets and services rendered to Enarsa S.A.	502,100	516,620	0
Fees for operating services			
* Pampa Energía S.A.	0	2,284,966	2,447,051
* Enarsa S.A.	1,723,845	1,374,276	1,223,525
* Electroingeniería S.A.	1,058,939	1,374,276	1,223,525
Rofex commission (Pampa Energía S.A.)	24,815	0	0
Interest generated by assets (Citelec S.A.)	447,663	357,588	206,866

Other related parties

Sales of assets and services rendered to Yacylec S.A.	5,325,603	4,491,526	3,450,857
Sales of assets and services rendered to Litsa S.A.	1,576,769	638,853	809,758
Sales of assets and services rendered to Central Térmica Güemes S.A.	75,465	113,230	545,975
Sales of assets and services rendered to Enecor S.A.	7,106,354	1,176,896	0
Sales of asstes and services rendered to Central Piedra Buena S.A.	908,263	742,050	456,887
Sales of assets and services rendered to Ingentis S.A.	0	186,277	788,630
Sales of assets and services rendered to Integración Eléctrica Sur S.A.	33,551,884	15,657,896	17,590,940
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	695,395	535,688	740,670
Fees for operating services			
* Pampa Generación S.A.	3,413,953	463,586	0
*Grupo Eling S.A.	698,644	0	0

c) The balances with Companies Law No.19,550 – Sect. 33 and other related parties as of December 31, 2010 and 2009 are as follows:

(In Argentine Pesos, except as otherwise indicated)

Companies Law No. 19,550 – Sect. 33

	December 31, 2010	December 31, 2009
Assets	$	$
Investments		
Loan Citelec S.A.	2,806,015	2,268,352
Loan Transener Internacional Ltda. (Note 18.c.))	3,999,666	0
Allowance for loans to subsidiary (Note 18.d.))	(3,999,666)	0
Total	2,806,015	2,268,352
Accounts receivable		
Electroingeniería S.A.	0	3,578
Total	0	3,578
Other receivables		
Transener Internacional Ltda.	1,486,559	942,477
Allowance for irrecoverable receivables (Note 18.d.))	(1,486,559)	0
Total	0	942,477

	December 31, 2010	December 31, 2009
	$	$
Liabilities		
Provisions		
Pampa Energía S.A.	0	226,926
Electroingeniería S.A.	0	345,256
Enarsa S.A.	680,996	345,256
Total	680,996	917,438

Other related parties

	December 31, 2010	December 31, 2009
Assets	$	$
Accounts receivable		
Enecor S.A.	1,735,113	156,212
Yacylec S.A.	855,472	1,066,372
Integración Eléctrica Sur S.A.	14,659,023	2,510,756
Litsa S.A.	109,478	85,877
CT. Loma de la Lata S.A.	77,440	49,550
Central Piedra Buena S.A.	0	875,393
Central Térmica Güemes S.A.	0	10,623
Total	17,436,526	4,754,783
Liabilities		
Accounts payable		
Enecor S.A.	0	6,807
Litsa S.A.	477,091	0
Total	477,091	6,807
Provisions		
Grupo Eling S.A.	679,437	0
Pampa Generación S.A.	1,348,966	463,586
Total	2,028,403	463,586
Bonds and other indebtedness		
Edenor S.A. Corporate Bonds - 2016 (1)	17,643,239	0
Pampa Inversiones S.A. ON 2016 (1)	4,390,851	0
Total	22,034,090	0

(1) The book value recorded by Edenor S.A. and Pampa Inversiones S.A., as of December 31, 2010 for the Corporate Bonds 2016 amounts to $ 17,413,133 and $ 4,390,851 and includes the fair value at that date. All transactions have been made under market conditions.

10. Fourth Line of the Comahue-Buenos Aires electricity transmission system

On October 27, 1997, Transener obtained the exclusive license to construct, maintain and operate the fourth line of the Comahue-Buenos Aires electricity transmission system pursuant to a contract entered into with the *Grupo de Generadores de Energía Eléctrica del Area del Comahue* (the "COM Contract"). The project involved the construction of approximately 1,300 km of 500kV electricity lines, the installation of approximately 2,550 high-tension towers and the expansion of 5 substations. The COM Contract was approved by ENRE in November 1997 and established a construction period of 23 months from that date.

The COM Contract establishes a fee to be paid to the Company in monthly equal and consecutive installments over 15 years, which started from the commissioning of the work, on December 20, 1999.

In addition, Transener S.A. has received all pre-payments as established in the COM Contract, arising from the surplus sub-account due to restrictions of the transmission capacity of the Comahue-Buenos Aires corridor, which constitute part of the remuneration of Transener S.A. These funds have been recognized as Customers' prepayments, under "Non-current accounts payable" and are recognized as net revenues on the basis of the 15 years agreement with the collection period of the canon.

Due to the pesification of the fee, stated by Law No. 25,561, the Company has requested that the ENRE in its capacity as Consignor of the Contract, redetermine the canon. Due to the fact that said petition was never resolved by the ENRE, in November 2006 the Company filed an appeal before the Federal Court of Appeals. It is important to highlight that through Resolution ENRE No. 428/02 and its amendments, the above-mentioned fee denominated in pesos is adjusted monthly by the CER Index (the reference stabilization coefficient).

On October 29, 2007, the ENRE replied to the request, asking for the rejection of the appeal; on December 19, 2007 Transener S.A. submitted a file rejecting the arguments stated by the ENRE and ratifying the source of the appeal submitted. On December 28, 2007 the Federal Court of Claims served notice of the principal file to the General Prosecutor, who formally admitted the appeal on February 22, 2008.

On October 23, 2008 the Federal Courts of Appeals Panel II determined to give back the requirements to the ENRE and to instruct the ENRE to give an answer to the claim submitted by Transener within thirty (30) days from the date of the corresponding notification.

On December 3, 2008, the ENRE issued Resolution No. 653/08, through which new calculations have been made for the recalculation of the canon. This resolution established a new annual canon of $ 75,867,458 plus VAT, as from the month of October 2008. Due to the fact that the new annual canon does not consider an update, a reconsideration appeal was submitted to the ENRE –and subsequently to the Secretariat of Energy- requesting an updating scheme to be applied up to the finalization of the COM contract, similar to the one stated in the UNIREN Agreement and the redetermination of the charge for operation and maintenance in accordance with Transener S.A. tariff in force. In addition, the ENRE was requested to recognize a new readjustment of the canon in relation to the imbalance occurred beginning in October 2008, following the calculations according to the updating method foreseen in the UNIREN Agreement.

Through Resolution No. 180/2010 dated March 31, 2010 the ENRE rejected the appeal for reconsideration, so the case was submitted before the Secretariat of Energy, for it to decide upon the administrative appeal.

Before that instance, on August 26, 2010, a new presentation was made to the ENRE claiming for the acknowledgement of the cost variations occurred since October 2008, making the calculation based on the same methodology used by the ENRE to determine the canon approved by the before mentioned Resolution No. 653/08.

On December 21, 2010 the Company, together with the Secretariat of Energy and the ENRE, entered into an Instrumental Agreement to the original Agreement entered into with the UNIREN which was ratified under Decree No. 1,462/2005, by virtue of which the ENRE reiterated its commitment to redetermine the canon of the IV Line COM Contract, within the framework of ENRE Resolution No. 653/08, and to issue the corresponding administrative action, thus proceeding to instruct CAMMESA to make the corresponding distributions.

11. Financing structure

11.1. Financial restructuring of the Company

On June 30, 2005, the restructuring process of Transener's outstanding financial indebtedness ended, obtaining an acceptance of 98.8% of the Outstanding Debt.

The above-mentioned restructuring process consisted of the exchange of the previous Outstanding Notes, Outstanding Loans and Outstanding Derivatives by a combination of cash payment, the issuance of new listed and unlisted notes issued under Series 6, Series 7, Series 8 and Series 9 and the issuance of the Company's new shares.

The payments in cash consisted of US$ 60 million for principal to the Creditors who had chosen the Cash Consideration Option and an additional payment of US$ 10 million as the initial payment of the Notes.

According to the terms and conditions of the Restructuring agreement, Series 8 Par Notes for a nominal value of US$ 6,000,000 were cancelled on June 30, 2005, due to the fact that a Creditor holding an Outstanding Loan elected to exchange the notes for a new Loan.

Nominal Series 6 Par Notes remaining as of December 31, 2010 amount to US$ 3,075,475 (see Note 11.2. Refinancing of the Financial Debt).

According to the terms and conditions of Class 6 Notes, on June 17, 2008 the Company paid a principal pre-payment in concept of Excess Cash for US$ 665,811.

Class 8 Notes have been completely cancelled (see Note 11.2. Refinancing of the Financial Debt).

Discount Notes (Class 7 and 9) have been re-purchased completely (see Note 11.2. Refinancing of the Financial Debt).

As a consequence of the process of Refinancing 2006, (see Note 11.2. Refinancing of the Financial Debt), from the above-mentioned restrictions, those detailed as follows remain in force:

(i) Limitations on assets sale, and
(ii) Limitations on changes in the control.

11.2. Refinancing of the Financial Debt ("Refinancing 2006")

Due to the excellent conditions seen in the capital markets during 2006 and the improvement of the credit rating of Transener, the Company decided to carry on the refinancing of its debt.

This process was initiated in October 2006 comprising a Cash Tender Offer of Par Series 6 and Series 8 Notes and the total repurchase of the Discount Series 7 and Series 9 Notes. At the closing of the above-mentioned tender offer, approximately 76% of total outstanding Par Series 6 Notes and Series 8 Notes were tendered.

Transener S.A., within the 2006 Refinancing plan, held a Bondholders' Meetings with the holders of Class "6" Par Listed Notes and Class "8" Par Unlisted Notes, for the purpose of considering an amendment to the Indenture to eliminate all restrictive commitments and events of nonfulfillment within the terms and

conditions of such notes. The meetings were held on December 14, 2006 and on such date the holders of Class "6" Par Listed Notes and Class "8" Par Unlisted Notes approved the amendment within the terms proposed by Transener.

In order to finance the tender offer and the above- mentioned repurchase of the notes, new Series 1 Notes were issued for an amount of US$ 220 million. These new Series 1 Notes with a final expiration date of December 15, 2016 accrue an annual interest rate of 8.875% and will be amortized in four equal payments on December 15 of years 2013, 2014, 2015 and 2016.

The remaining outstanding amount of the nominal Series 1 Notes as of December 31, 2010 was US$ 151,364,000 (See Note 11.3. Repurchase of notes).

Series 1 Notes have been authorized for public offering in Argentina in accordance with Resolution No. 15,523 of November 30, 2006 issued by the CNV. Additionally, the above-mentioned notes have been authorized: (i) for listing in the Buenos Aires Stock Exchange and in the Luxembourg Stock Exchange, in accordance with the opportune authorizations issued by said entities and (ii) for listing on the MAE.

The payment of the Cash Tender Offer of Par Series 6 and Series 8 Notes, the total repurchase of Discount Series 7 and Series 9 Notes and the issuance of the new Series 1 Notes took place on December 20, 2006.

11.2.1. Restrictions in relation to the Refinancing 2006

Transener and its Restricted Subsidiaries, according to the terms and conditions of the Refinancing 2006 are subject to a series of restrictions, which include among others the following:

(i) Limitations on indebtedness: under certain circumstances, Transener S.A. will not be allowed to incur new indebtedness in excess of US$ 30 million, with some exceptions;
(ii) Limitations on sale of assets;
(iii) Limitation on Sale and Leaseback transactions;
(iv) Limitation on Restricted Payments;
(v) Limitation on changes in control, under certain circumstances.

11.3. Repurchase of notes

During the year ended December 31, 2010, Transener and Transba repurchased and sold Series 1 Notes according to the following detail:

	Transener US$ Nominal Value	Transba US$ Nominal Value
Series 1 Notes held by the Company as of 31/12/2009	**22,358,000**	**12,708,000**
Repurchases during the period	10,960,000	0
Sales during de period	0	(2,850,000)
Voluntary reduction of Transba's capital stock	49,000	(49,000)
Dividends paid by Transba S.A.	5,734,000	(5,734,000)
Series 1 Notes cancelled	(20,200,000)	0
Series 1 Notes held by the Company as of 31/12/2010	**18,901,000**	**4,075,000**

11.4. Global Notes Issuance Program

On November 5, 2009, an Ordinary General Shareholders' Meeting approved the creation of a global program for the issuance of simple notes, non-convertible into shares, denominated in pesos or in any other currency, with ordinary, special, floating and/or any other guarantee, subordinated or not, for a maximum

amount, which in any moment, can´t exceed $ 200 million (two hundred million Pesos) or its equivalent in other currencies (the "Program").

The Program has been authorized for public offering in accordance with Resolution No. 16,244 of December 17, 2009 issued by the CNV. On July 5, 2010, an update of the Information Memorandum with the Financial Statements as of March 31, 2010 was submitted.

11.5. Excess Cash

In accordance with the terms stated in the Information Memorandum dated June 30, 2005, excess cash has been generated for the period July 1, 2010 – December 31, 2010. As a consequence, on April 1 2011, Transener will be obliged to pre-cancell all the remaining Class 6 Par Notes as of such date. As of the date of issuance of the financial statements, the remaining residual value of such notes amounts to US$ 2,5 million.

11.6. Leverage Ratio

In accordance with the terms stated in the Information Memorandum dated June 30, 2005 the consolidated "Leverage" ratio (Bonds and other financial indebtedness/EBITDA) as of December 31, 2010 is 2.94.

12. Stock Ownership Program

The bid documents determined that 10% of Transener S.A.'s subscribed capital, and 10% of Transba S.A.'s subscribed capital, represented by Class "C" shares, are subjected to the Employee Stock Ownership Regime and to the Personnel Stock Ownership Program, respectively.

Due to the increases in the capital arising from the financial restructuring and due to the fact that the Class C shareholders did not make use of the prefered and accretion subscription rights which were due March 2006, Transener S.A.'s Stock Ownership Program participation in the whole subscribed capital turned into 8.10%.

In the case of Transener S.A., the shares involved will be held by the Banco de la Nación Argentina as a Fiduciary entity, designated by the National Government until the cancellation of the price of said shares.

On June 26, 2007, Transener S.A.'s Stock Ownership Program Executive Committee notified the Company that the process of cancellation of the price of said shares had started.

Through Resolution No. 284 of Ministry of Economy and Production, dated October 10, 2007 the total anticipated cancellation of the balance of the price for the purchase of the Class "C" shares, owed to the employees under the Ownership Program Transener S.A. was approved.

Subsequently, on October 25, 2007, the CNV, trough Resolution No. 15,765, decided to transfer the authorization for public offering timely given to Transener S.A. by converting up to 36,019,882 ordinary Class "C" shares with a nominal value of $ 1 and one vote per share into the same amount of ordinary shares Class "B ".

On October 31, 2007, the Banco de la Nación Argentina made the total payment of the balance of the price of the shares, and asked for the redemption of the pledge on the 36,019,882 Class "C" shares, by virtue of the cancellation of the total balance of the debt prices that the Transener Ownership Program held with the National Government, transforming the said amount in Class "B" shares.

(In Argentine Pesos, except as otherwise indicated)

13. Restricted assets and limitation to the transfer of Transener and Transba shares

Restricted assets

Pursuant to the concession agreements, the Company may not pledge, mortgage, or grant any other lien or right in favor of third parties over the assets affected by the provision of the Company's electricity transmission services.

Limitation to the transfer of Transener and Transba shares

Compañía Inversora en Transmisión Eléctrica Citelec S.A. ("Citelec", the Company's primary shareholder) is not permitted to modify its ownership interest in Transener nor sell its Class A shares without prior approval by the ENRE. Transener may also not modify or sell its ownership interest in Transba without prior approval by the ENRE.

Under the concession agreements, Class A shares of both Transener and Transba have been pledged in favor of the Argentine government as a guarantee for the execution of the obligations assumed under such agreements. The Company must increase the guarantee in the event of newly issued shares as a result of capital contributions and/or capitalization of profits or inflation adjustment balances.

Pursuant to the Company's by-laws, Transener and Transba Class A shares may not be pledged or granted as a guarantee, except for the exceptions stated in the concession agreements.

14. Liabilities due to labor costs and commitments generating losses

Hereinafter is a detail of the cost and estimated liabilities of the benefits given to Transener and Transba 's employees after retirement. The benefits considered are as follows: a) a bonus for years of seniority to be paid to those workers within the framework of the collective bargaining agreement, which consists of paying one salary after 20 years of continued employment and for every 5 years up to 40 years; and b) a bonus for those workers who have credited years of service in order to obtain the Ordinary Pension. The amounts and conditions may vary according to each collective bargaining agreement and for those workers who are not included in them.

Assumptions

	December 31, 2010 $	December 31, 2009 $
Discount rate	25.08%	22.48%
Expected Life	15.82	15.73
Salary growth rate from the 2nd year onwards	1%	1%
Salary growth rate 1st year	15%	15%
Expected inflation rate during the year	15%	15%
Present Value of the Defined Benefits Obligations	46,531,562	32,835,746
Annual Normal Cost	2,254,259	1,634,853
Annual Expected Payments	5,300,725	3,531,199

(In Argentine Pesos, except as otherwise indicated)

Income Statement	December 31, 2010 $	December 31, 2009 $	December 31, 2008 $
Services Cost	2,002,286	1,796,285	1,133,955
Interest Cost	6,983,016	6,132,234	3,878,621
Profit and losses Amortization	1,454,103	(120,565)	1,274,596
Transitional Liability Amortization / Past Service Cost	1,170,992	1,170,992	1,170,998
Total	11,610,397	8,978,946	7,458,170
Present Value of the Defined Benefits Obligations	46,531,562	32,835,746	28,881,327
Unrecognized Transitional Liability	(13,598,545)	(14,769,537)	(15,940,523)
Unrecognized profits and losses	(12,702,826)	(5,300,394)	(5,832,016)
Recognized Defined Benefit Liability	20,230,191	12,765,815	7,108,788
Reconciliation			
Recognized Defined Benefit Liability ate the beginning	12,765,815	7,108,788	1,170,992
Income Statement	11,610,397	8,978,946	7,458,170
Payments	(4,146,021)	(3,321,919)	(1,520,374)
Final Recognized Defined Benefit Liability	20,230,191	12,765,815	7,108,788

15. CAMMESA Financing

On May 12, 2009, Transener and Transba entered into a Financing Agreement with CAMMESA, for an amount up to $ 59.7 million and $ 30.7 million, respectively. On January 5, 2010, an amendment to the agreement above-mentioned was entered into for up to the amount of $ 107.7 million and $ 42.7 million, for Transener and Transba, respectively.

The Financing Agreement contemplates the possibility of a pre-cancellation, in case the ENRE orders the retroactive payment owed to Transener and Transba,respect of variations of costs since 2005 up to date.

As of December 31, 2010, the financing amount requested by Transener and Transba amounted to $ 150.4 million, while the disbursements received amounted to $ 132.6 million. The interests owed up to said date amount to $ 10.0 million.

As described in Note 2, according to the Instrumental Agreement entered into on December 21, 2010, the Company will apply receivables recognized by the Secretariat of Energy and the ENRE due to variations of costs, as a pre-cancellation of the financing received from CAMMESA. The amounts disbursed to the Company as a result of the CAMMESA Financing is recorded under "other liabilities" in its Consolidated Financial Statements. In addition, the amounts resulting from the recognition of variation of costs by the Secretariat of Energy and the ENRE through the Instrumental Agreements, up to the amounts received under the CAMMESA Financing, are recognized as accounts receivable and offset against the amount recorded under the "other liabilities" as stated in Note 5.h to these Consolidated Financial Statements. The income recognized in our Financial Statements is recorded under "CVI revenues" and "interest income generated by assets," according to their respective proportions. See Note 4.7.o.

The outstanding balances under the CAMMESA Financing are repaid through the mechanism set forth in the Instrumental Agreements.

As of December 31, 2010, the Company initiated conversations with CAMMESA in order to carry out the instrumentation of the Instrumental Agreement, through an addenda to the Financing Agreement entered into on May 12, 2009.

On September 27, 2010, Transener entered into a new financing agreement with CAMMESA under the same terms and conditions for up to US$ 2.3 million, in order to pay works of maintenance in the 500 kV circuit breakers of the Alicurá substation. As of December 31, 2010, Transener certified $ 1.2 million, and CAMMESA made the total disbursement of such amount. By virtue of the mentioned Instrumental Agreement, CAMMESA is not expected to go on making disbursements, after the repayment of the amounts

received in eighteen installments as from January 2012, accruing an interest rate equivalent to the average yield obtained by CAMMESA in the financial investments of the WEM.

16. Increase and voluntary reduction of Transba's capital stock

On August 11, 2009, the Transba S.A. Board of Directors approved the call for the Extraordinary Shareholders' meeting at which a capital increase from $ 220,178,121 to $ 484,317,170 was approved, through the capitalization of the "Inflation adjustment on common stock" account balance recorded at March 31, 2009 and the voluntary reduction of the capital stock from $ 484,317,170 to $ 418,067,170.

On August 18, 2009 the corresponding authorization was requested of the ENRE, according to their corporate By-Laws.

Through Resolution N° 608/2009 of December 22, 2009, the ENRE:

1. Authorized the amendment of section 5° of Transba's Bylaw, for the capitalization of the account "Inflation adjustment on common stock" in the amount of $ 264,139,049, and the simultaneous voluntary reduction of capital in the amount of $ 66,250,000, resulting the subscribed capital in the amount of $ 418,067,170, and;

2. Regarding the voluntary reduction of capital in the amount of $ 66,250,000, resolved that the corresponding purchase of shares will be made as far as the payment be done in kind.

For such purpose, the repurchase consisted in the return to Transener of Class 1 Notes for a nominal value of US$ 18,707,000. As of June 30, 2010 the cancellation of an amount of $ 1,686 with Transener remained pending.

Furthermore, as of December 31, 2010 the cancellation of an amount of $ 6,625,000 with the Stock Ownership Program is pending.

On April 15, 2010, Transba completed the registration process corresponding to the increase and voluntary reduction of capital and the amendment to section 5 of the Company´s By –Laws under the IGJ (Superintendency of Corporations).

17. Investment in Transener Internacional Ltda.

Transener S.A. analyzes the possibility of recovering its long-lived assets periodically or when there are events or changes in the circumstances that indicate a potential impairment.

The methodology used in the estimation of the recoverable amount is in general the useful value calculated from the cash flow of such assets discounted at a rate which reflects the average cost of the invested capital. The estimation of the cost of the capital is specific for each asset depending on the currency of such flows and the associated risks, including the country risk.

The determination of the discounted cash flows involves a series of estimations and sensitive assumptions, such as future revenues, inflation, exchange rate, operative expenses, investments and discount rate.

For the purpose of analyzing the recovery value of the participation of Transener in Transener Internacional Ltda., cash flow was estimated taking into account the adverse conditions which the company is going through currently. Due the assumption of the non-recoverability of the investment, the book value of the investments in Transener in Transener Internacional Ltda. has been fully impaired.

18. Other financial statements information

The following tables present additional consolidated financial statement disclosures required under Argentine GAAP:

a. Property, plant and equipment, net
b. Other assets, net
c. Other investments
d. Allowances
e. Foreign currency assets and liabilities
f. Other expenses

(In Argentine Pesos, except as otherwise indicated)

18. Other financial statements information (continued)

a. Property, plant and equipment, net

Principal account	Original Value					Depreciation			A
	At the beginning of the year	Additions	Deductions	Reclassifications	At the end of the year	Accumulated at the beginning of the year	Decreases	Current period depreciation	
						$			
Land	3,857,279	7,000	0	0	3,864,279	0	0	0	
Vehicles	38,938,623	723,249	(7,606,759)	0	32,055,113	(27,293,993)	4,099,281	(3,481,490)	
Air and heavy equipment	21,711,117	62,502	0	424,120	22,197,739	(4,866,823)	0	(904,873)	
Furniture and fixtures	7,137,731	7,950	(552,874)	0	6,592,807	(4,195,728)	411,160	(372,073)	
Information systems	16,209,643	868,266	(746,870)	0	16,331,039	(14,995,243)	568,303	(885,137)	
Transmission lines	904,480,258	0	0	1,799,347	906,279,605	(302,200,816)	0	(32,420,854)	
Substations and related works	844,517,676	939,631	0	27,671,531	873,128,838	(284,681,087)	0	(29,294,176)	
Building and civil works	80,286,283	20,800	0	1,833,320	82,140,403	(21,043,159)	0	(2,012,578)	
Labs and maintenance	7,741,874	561,383	0	85,440	8,388,697	(3,225,543)	0	(592,154)	
Communication equipment	98,297,510	146,462	0	2,999,529	101,443,501	(40,124,453)	0	(5,224,118)	
Miscellaneous	21,771,631	539,156	(7,649,432)	246,503	14,907,858	(14,176,524)	2,300,934	(1,397,698)	
Work in progress	118,633,318	32,675,851	(561,479)	(16,914,527)	133,833,163	0	0	0	
Spare parts	65,219,115	5,953,461	(1,465,158)	(1,939,733)	67,767,685	0	0	0	
Advances to suppliers	20,925,882	4,374,430	0	(16,205,530)	9,094,782	0	0	0	
Total 2010	2,249,727,940	46,880,141	(18,582,572)	0	2,278,025,509	(716,803,369)	7,379,678	(76,585,151)	
Total 2009	2,178,677,463	75,556,637	(4,506,160)	0	2,249,727,940	(640,780,528)	1,241,699	(77,264,540)	

(In Argentine Pesos, except as otherwise indicated)

18. Other financial statements information (continued)

b. Other assets, net

Principal account	Original value		Amortization			Net carrying
	At the beginning of the year	At the end of the year	Accumulated at the beginning of the year	Current year	Accumulated at the end of the year	December 31, 2010
				Amount		
			$			
Fourth Line Project	629,404,711	629,404,711	(420,125,391)	(42,112,804)	(462,238,195)	167,166,517
Capitalization of Foreign Exchange Results	43,570,907	43,570,907	(26,812,865)	(3,351,608)	(30,164,473)	13,406,434
Total 2010	672,975,618	672,975,618	(446,938,256)	(45,464,412)	(492,402,668)	180,572,951
Total 2009	672,975,618	672,975,618	(401,473,844)	(45,464,412)	(446,938,256)	

(In Argentine Pesos, except as otherwise indicated)

18. Other financial statements information (continued)

c. Other investments

Captions	Adjusted value 2010	Recorded value 2010	Recorded value 2009
	$		
Current Investments			
Financial investments	16,658,705	16,658,705	45,274,487
Mutual Fund	20,178,849	20,178,849	4,280,824
Company Law No. 19,550 - Sect. 33	2,806,015	2,806,015	2,268,352
Total current Investments	39,643,569	39,643,569	51,823,663

(In Argentine Pesos, except as otherwise indicated)

18. Other financial statements information (continued)

d. Allowances

Captions	At the beginning of the year	Additions	Deductions	At the end of the year
	$			
Deducted from current assets				
Loans to subsidiary	0	3,999,666	0	3,999,666
Bad debtors	406,272	0	0	406,272
Other irrecoverable receivables	0	1,486,559	0	1,486,559
Total at December 31, 2010	406,272	5,486,225	0	5,892,497
Total at December 31, 2009	406,272	0	0	406,272
Deducted from non-current assets				
Tax loss carry forwards for deferred tax assets	2,162,580	0	(2,162,580)	0
Total at December 31, 2010	2,162,580	0	(2,162,580)	0
Total at December 31, 2009	36,061,922	0	(33,899,342)	2,162,580

(In Argentine Pesos, except as otherwise indicated)

18. Other financial statements information (continued)

e. Foreign currency assets and liabilities

Captions	2010			2009	
	Amount and class of foreign currency	Current exchange rate	Amount in local currency	Amount and class of foreign currency	Amount in local currency
			$		$
Assets					
Current assests					
Cash and banks	US$ 16,448,512	3.936	64,741,345	US$ 15,500	58,280
Cash and banks	R$ 2,000	2.386	4,773	R$ 768,081	1,658,594
Investments			0	US$ 10,547,402	39,658,232
Investments			0	US$ 3,195	6,900
Trade receivables			0	R$ 3,205,660	6,922,400
Other receivables			0	R$ 1,240,412	2,678,582
Total current assets			64,746,118		50,982,988
Non current assets					
Other receivables			0	R$ 868,922	1,876,376
Total non current assets			0		1,876,376
Total assets			64,746,118		52,859,364
Liabilities					
Current liabilities					
Account payable	US$ 2,547	3.976	10,127		0
Account payable			0	R$ 1,273,938	2,750,980
Bonds and other indebtedness (1)	US$ 599,939	3.976	2,385,357	US$ 629,129	2,390,690
Bonds and other indebtedness			0	US$ 58,878	127,143
Payroll payable			0	R$ 1,144,712	2,471,925
Taxes payable			0	R$ 475,239	1,026,245
Provisions			0	R$ 729,587	1,575,492
Total current liabilities			2,395,484		10,342,475
Non current liabilities					
Bonds and other indebtedness (1)	US$ 135,729,709	3.976	539,661,322	US$ 144,125,891	547,678,387
Taxes payable			0	R$ 608,400	1,313,798
Total non current liabilities			539,661,322		548,992,185
Total liabilities			542,056,806		559,334,660

(1) The amount corresponding to Bonds and other indebtedness corresponds to their nominal value and they do not include the adjustment to discounted value (see Note 5.f) and 5.j)).

US$: United States Dollars
R$: Real

(In Argentine Pesos, except as otherwise indicated)

18. Other financial statements information (continued)

f. Other expenses

Items	Expenses		Fiscal years ended December 31,		
	Operating	Administrative	2010	2009	2008
			$		
Salaries and social security charges	180,890,074	38,139,665	219,029,739	190,484,012	147,208,994
Other personnel costs	4,264,109	1,437,136	5,701,245	6,714,082	5,960,763
Fees for operating services	6,895,381	0	6,895,381	5,497,104	4,894,102
Professional fees	3,787,234	4,439,406	8,226,640	9,778,408	7,905,075
Equipment maintenance	2,756,987	0	2,756,987	4,620,483	3,032,620
Work for third-party materials	14,999,638	0	14,999,638	64,025,414	38,338,368
Fuel and lubricants	5,442,841	305,539	5,748,380	5,595,437	3,860,585
General Maintenance	20,008,907	628,351	20,637,258	19,683,957	14,439,679
Electricity	1,783,438	95,597	1,879,035	1,463,257	1,468,534
Depreciation of property, plant and equipment	68,929,430	7,644,644	76,574,074	77,261,854	68,706,115
Amortization of other assets	45,464,412	0	45,464,412	45,464,412	45,464,412
Administration expenses related to WEM	640,955	0	640,955	786,764	655,329
Regulatory fees	1,797,794	0	1,797,794	1,340,747	889,650
ATEERA membership fees	0	507,155	507,155	284,591	235,888
Communications	2,679,089	155,955	2,835,044	3,033,302	3,443,083
Transportation	2,860,528	11,912	2,872,440	2,295,839	1,797,123
Insurance	605,117	20,082,960	20,688,077	17,794,101	11,336,867
Rents	3,011,927	2,115,211	5,127,138	7,530,560	4,561,292
Travel and lodging expenses	13,445,965	695,092	14,141,057	13,579,703	10,372,084
Stationary and printing	629,325	1,609,472	2,238,797	2,267,590	1,771,632
Taxes and government contributions	7,034,647	1,986,596	9,021,243	9,179,178	9,951,771
Directors and syndics	0	2,903,345	2,903,345	2,596,530	2,404,798
Bank expenses	268,306	125,394	393,700	1,077,354	414,569
Security	8,341,069	6,441	8,347,510	6,132,767	4,843,725
Office and substation cleaning	4,187,449	339,088	4,526,537	4,259,136	3,323,556
Electroduct maintenance	3,987,694	0	3,987,694	2,815,393	3,120,866
Provisions	(12,012,635)	0	(12,012,635)	10,142,858	15,568,531
Bad debtors	1,486,559	0	1,486,559	0	406,272
Irrecoverable investments	0	3,999,666	3,999,666	0	0
Others	8,308,061	2,935,354	11,243,415	7,643,853	5,512,819
TOTAL 2010	402,494,301	90,163,979	492,658,280		
TOTAL 2009	447,278,451	76,070,235		523,348,686	
TOTAL 2008	361,838,218	60,050,884			421,889,102

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Unaudited Interim Consolidated Financial Statements as of March 31, 2011 and December 31, 2010 and for the three-month periods ended March 31, 2011 and 2010

pwc

Report of Independent Accountants

To the Shareholders, President and Directors of
Compañía de Transporte de Energía
Eléctrica en Alta Tensión Transener S.A.

1. We have reviewed the accompanying interim consolidated balance sheets of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. and its subsidiaries as of March 31, 2011, and the related interim consolidated statements of operations, of changes in shareholders' equity and of cash flows for the three-month periods ended March 31, 2011 and 2010. These interim consolidated financial statements are the responsibility of the Company's management.

2. We conducted our review in accordance with standards established by Technical Resolution No. 7 of the *Federación Argentina de Consejos Profesionales en Ciencias Económicas*. A review of interim financial information consists principally of applying analytical procedures and making inquires of personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

3. As mentioned in Note 2, the changes in Argentine economic conditions and the amendments made by the National Government, mainly the suspension of the original regime of tariff actualization, have significantly affected the economic and financial equation of the Company and its subsidiary *"Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad Anónima Transba S.A."* ("Transba"). In this scenario, the Argentine Government has called for a process to renegotiate the concession agreements of Transener and Transba, which is still in progress. As of the date of issuance of the accompanying interim consolidated financial statements it is not possible to predict the outcome of such renegotiation process.

   As mentioned in Note 4.7.r, the Company has prepared its projections in order to determine the recoverable value of its non current assets under the framework of Law No. 24,065. Actual results could differ from those estimates.

4. Based on our review and on our examination of the Company's consolidated financial statements for the years ended December 31, 2010 and 2009, on which we issued our report dated March 4, 2011 with qualifications due to the uncertainty described in paragraph 3., we report that:

   a) we are not aware of any material modification and/or observation, with the exceptions of the matters described in paragraph 3. above, that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting principles generally accepted in Argentina;

   b) the information included for comparative purposes as of December 31, 2010, derives from the audited Consolidated Financial Statements of Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. at such date.

PRICE WATERHOUSE & Co. S.R.L.

by _____ (Partner)
Carolina García Zúñiga

Autonomous City of Buenos Aires, Argentina
May 9, 2011

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Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Unaudited Interim Consolidated Balance Sheets as of March 31, 2011 and December 31, 2010

(In Argentine Pesos, except as otherwise indicated)

ASSETS	March 31, 2011 $ (Unaudited)	December 31, 2010 $ (Audited)
Current Assets		
Cash and banks (Note 5.a))	61,900,530	67,952,824
Investments (Note 19.c.)	46,035,350	39,643,569
Accounts receivable (Note 5.b))	129,777,909	121,333,422
Other receivables (Note 5.c))	14,511,210	25,006,716
Total current assets	252,224,999	253,936,531
Non-Current Assets		
Property, plant and equipment, net (Note 19.a.)	1,484,804,564	1,492,016,667
Other receivables (Note 5.d))	36,991,101	40,318,675
Other assets (Note 19.b.)	169,206,848	180,572,951
Total non-current assets	1,691,002,513	1,712,908,293
Total Assets	1,943,227,512	1,966,844,824
LIABILITIES		
Current Liabilities		
Accounts payable (Note 5.e))	43,524,294	44,975,897
Bonds and other indebtedness (Note 5.f))	68,376,076	52,565,777
Payroll and social securities taxes payable	17,085,463	35,614,399
Taxes payable	23,328,565	26,493,773
Provisions (Note 5.g))	24,971,330	32,101,110
Other liabilities (Note 5.h))	6,047,116	6,625,000
Total current liabilities	183,332,844	198,375,956
Non-Current Liabilities		
Accounts payable (Note 5.i))	49,013,119	52,038,626
Bonds and other indebtedness (Note 5.j))	530,511,652	534,491,699
Payroll and social securities taxes payable (Note 14.)	20,674,596	20,230,191
Taxes payable (Note 7)	32,807,871	34,574,641
Other liabilities (Note 15)	1,217,104	1,184,652
Total non-current liabilities	634,224,342	642,519,809
Total Liabilities	817,557,186	840,895,765
Minority interest	43,176,827	43,465,236
SHAREHOLDERS' EQUITY	1,082,493,499	1,082,483,823
Total Liabilities, Minority Interest and Sahreholders' Equity	1,943,227,512	1,966,844,824

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Unaudited Interim Consolidated Statements of Operations for the three-month periods ended March 31, 2011 and 2010

(In Argentine Pesos, except as otherwise indicated)

	March 31, 2011 $ (Unaudited)	March 31, 2010 $ (Unaudited)
Net revenues (Note 5.k))	155,212,883	140,553,507
Operating expenses (Note 19.f.)	(105,047,984)	(110,623,536)
Gross profit	50,164,899	29,929,971
Administrative expenses (Note 19.f.)	(21,242,481)	(19,408,421)
Operating income	28,922,418	10,521,550
Financial and holding results, net		
Generated by assets		
Interest income (Note 2.)	6,504,626	995,338
Result from receivables measured at fair value	1,502,239	36,952
Foreign currency exchange differences	2,848,940	306,869
Translation gains (loss), net	0	(26,198)
Generated by liabilities		
Interest and others related expenses	(20,212,569)	(18,160,770)
Foreign currency exchange differences	(11,850,204)	(11,910,702)
Gain from repurchase of notes	(23,880)	3,077,046
Result from liabilities measured at fair value	(1,907,689)	(275,759)
Total financial results, net	(23,138,537)	(25,957,224)
Other income, net	790,291	920,774
Minority interest	288,409	(56,744)
Net income (loss) before taxes	6,862,581	(14,571,644)
Income tax expense (Note 7)	(6,852,905)	(1,360,770)
Net income (loss) for the period	9,676	(15,932,414)

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity for the three-month period end

(In Argentine Pesos, except as otherwise indicated)

	Shareholders' contributions				
	Common stock	**Inflation adjustment on common stock**	**Paid in capital**	**Total**	**Legal reserve**
	(Unaudited)				
	$				
Balances at December 31, 2010	444,673,795	352,996,229	31,978,847	829,648,871	41,468,034
Net income for the period	0	0	0	0	0
Balances at March 31, 2011	444,673,795	352,996,229	31,978,847	829,648,871	41,468,034

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity for the three-month period end

(In Argentine Pesos, except as otherwise indicated)

	Shareholders' contributions					
	Common stock	**Inflation adjustment on common stock**	**Paid in capital**	**Total**	**Legal reserve**	
	(Unaudited)					
	$					
Balances at December 31, 2009	444,673,795	352,996,229	31,978,847	829,648,871	39,128,713	
Net loss for the period	0	0	0	0	0	
Balances at March 31, 2010	444,673,795	352,996,229	31,978,847	829,648,871	39,128,713	

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Unaudited Interim Consolidated Statements of Cash Flows for the three-month periods ended March 31, 2011 and 2010

(In Argentine Pesos, except as otherwise indicated)

	March 31, 2011 $ (Unaudited)	March 31, 2010 $ (Unaudited)
Changes in funds		
Cash and cash equivalents at the beginning of the period	104,790,378	60,079,423
Increase in cash and cash equivalents	183,439	18,528,850
Cash and cash equivalents at period end (Note 5.l))	104,973,817	78,608,273
Operating activities		
Net income (loss) for the period	9,676	(15,932,414)
Interest and exchange gains on bonds and other indebtedness and other liabilities accrued during the period	26,729,587	29,991,348
Interest accrued net	(461,539)	(416,647)
Gains from repurchase of notes	23,880	(3,077,046)
Income tax expense	6,852,905	1,360,770
Adjustments to reconcile net income to cash flows provided by operating activities:		
Depreciation of property, plant and equipment	19,485,893	19,625,579
Instrumental Agreement (Note 2.)	(7,838,283)	0
Amortization of other non-current assets	11,366,103	11,366,103
Allowance for loans to subsidiary (Note 19.d.)	7,095,943	0
Provisions	(8,596,958)	4,591,640
Retirements of property, plant and equipment	459,762	340,433
Advanced payments accrual	(2,932,880)	(2,932,881)
Minority interest	(288,409)	56,744
Changes in certain assets and liabilities, net of non-cash:		
(Increase) Decrease in accounts receivable	(8,444,487)	1,328,539
(Increase) Decrease in other receivables	7,198,968	(243,111)
Increase (Decrease) in accounts payable	(1,544,230)	(2,957,319)
Increase (Decrease) in payroll and social securities taxes payable	(18,084,531)	(10,916,944)
Increase (Decrease) in taxes payable	(11,784,883)	(8,208,547)
Increase (Decrease) in provisions	1,734,574	1,906,903
Net cash provided by operating activities	20,981,091	25,883,150
Cash flows from investing activities:		
Payment for the acquisition of property, plant and equipment	(12,733,552)	(16,845,366)
Loans to subsidiary	(6,901,800)	0
Increase in investments	(156,048)	(119,305)
Net cash used in investing activities	(19,791,400)	(16,964,671)
Cash flows from financing activities		
Increase in bonds and other indebtedness	30,000,000	24,378,000
Increase in other liabilities (Note 15)	13,000,000	20,959,872
Payment of reduction of capital stock	(888)	0
Payments and repurchase of bonds and other indebtedness - Principal	(41,399,733)	(32,760,538)
Payments and repurchase of bonds and other indebtedness - Interests	(2,605,631)	(2,966,963)
Net cash provided by (used in) financing activities	(1,006,252)	9,610,371
Increase in cash and cash equivalents	183,439	18,528,850
Significant non-cash transactions		
Decrease in bonds and other indebtedness	(6,624,112)	0
Decrease in other receivables	6,624,112	0
	0	0

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

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A.

Notes to the Unaudited Interim Consolidated Financial Statements

(In Argentine Pesos, except as otherwise indicated)

1. Organization and description of business

Compañía de Transporte de Energía Eléctrica en Alta Tensión Transener S.A. ("Transener" and together with its subsidiaries, the "Company") is a company incorporated under the laws of Argentina primarily engaged in the electricity transmission business.

Transener has a 90% ownership interest in Empresa de Transporte de Energía Eléctrica por Distribución Troncal de la Provincia de Buenos Aires Sociedad Anónima Transba S.A. ("Transba").

Transener and Transba under 95-year concession agreements entered into with the government in 1993 and 1997, respectively, operate the two main networks of the electricity transmission system in Argentina. Under the concession agreements, Transener and Transba have the exclusive right to provide high voltage and trunk-line electricity transmission services, respectively.

Transener also has the exclusive license to construct, operate and maintain the fourth line of the Comahue-Buenos Aires electricity transmission system (the "Fourth Line"). See Note 10. for details.

In August 2002, Transener formed Transener Internacional Ltda. ("Transener Brazil") to provide electricity transmission, operation and maintenance services as well as consulting and other related services in Brazil and other countries.

In May 2003, Transba formed Transba Internacional S.A. ("Transba Panama") to provide electricity transmission, operation and maintenance services as well as consulting and other related services in Panama and in other countries. At present, Transba Internacional S.A. is not carrying out economic activities, being under the liquidation process, for such purpose the Company has filed the documentation in the Public Registry.

2. Tariff Review

The Emergency Law No. 25,561, which fixed the prices and tariffs of the public services companies' contracts in Pesos at the exchange rate of 1 Peso 1 for each US$1, has imposed the obligation to renegotiate the concession agreements with the National Government to those companies that provide public services, such as Transener and Transba, while continuing to render the service. This situation has significantly affected the economic and financial situation of the Company and its subsidiary Transba.

In May 2005, Transener and Transba entered into the Definitive Agreements with the representatives of the Unit for the Renegotiation and Analysis of Public Utility Contracts ("UNIREN"), which contain the terms and conditions for the renegotiation of the Concession Contracts, which had been ratified by National Executive Branch Decrees Nos. 1,462/05 and 1,460/05, respectively, on November 28, 2005.

According to the guidelines stated in the mentioned Definitive Agreements, the following was foreseen: i) to carry out a Full Tariff Review ("FTR") before the ENRE and to determine a new tariff regime for Transener and Transba, which should have come into force during the months of February 2006 and May 2006, respectively; and ii) the recognition of the major operating costs incurred in the interim period up to the moment in which the tariff regime comes into force as a consequence of the above-mentioned FTR.

Since 2006 Transener and Transba have communicated to the ENRE the need to regularize the fulfillment of the commitments settled in the Definitive Agreement, describing the breach of commitments established in that Agreement on behalf of said regulatory authority, the serious situation arising from such breaches, and its availability to continue with the FTR process, as long as the remaining commitments assumed by the parties continue in force, and the new tariff regime arising from the FTR process is resolved. Transba has presented before the ENRE similar requirements to those of Transener's but adapted in terms of time and investment, as provided in the Definitive Agreement.

On July 30, 2008, through Resolutions SE No. 869/08 and 870/08, the SE extended the contractual transition period for Transener and Transba, respectively, up to the effective enforcement of the regime resulting from the FTR, thus fixing such date for February 2009.

Transener and Transba submitted their respective tariff proposals, based on the term stated in the Definitive Agreements, and also in accordance with the Law No. 24,065, for the purpose of dealing with the matter, calling for a Public Hearing and defining a new tariff regime.

In spite of that, as of March 31, 2011, the ENRE has not yet called for a Public Hearing and did not deal with the tariff requirements demanded by Transener and Transba within the FTR framework.

On the other hand, due to the increase in labor and operating costs incurred from 2004 until now, Transener and Transba, every quarter continued certifying the costs variations actually incurred, filing the respective claims before the ENRE, in order to readjust the Company's regulated remuneration according to the clauses established in the Definitive Agreements for such purpose.

Transener and Transba, have unsuccessfully requested the ENRE that schedule the administrative acts for the recognition in the tariff of the cost increases occurred after the Definitive Agreements have been entered into, which led to the initiation of judicial claims.

The UNIREN has stated that the mechanism of monitoring of costs and regime of service quality had been foreseen up to the enforcement of Transener and Transba's respective FTR and that the delay in the definition of said process is not attributable to the Concessionaires and could not impair their rights.

Finally, on December 21, 2010, an Instrumental Agreement (the "Instrumental Agreement") related to the Definitive Agreement was entered into with the SE and the ENRE, setting forth as follows:

(i) the recognition of Transener and Transba´s rights to collect the amounts resulting from the variations of costs during the period June 2005 – November 2010,
(ii) the mandatory cancellation of the financing received from Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("CAMMESA"), through the transfer of credits resulting from the recognition of the above-mentioned variations of costs,
(iii) a mechanism of cancellation of the pending balances,
(iv) the recognition of an additional amount to receive from CAMMESA for investments in the system, for an amount of $ 34.0 million for Transener and $ 18.4 million for Transba,
(v) a procedure for the updating and payment of the cost variations, arising from the sequence of the semesters already elapsed as from December 1, 2010 up to December 31, 2011.

In February 2011, CAMMESA made an estimation of the amounts owed to Transener and Transba due to variations of costs occurred during the period June 2005 - November 2010. As of January 17, 2011 (date of updating), the mentioned amounts were as follows:

Differences for Connection and Capacity	Millions of Pesos ($)		
	Transba	Transener	Total
Principal	75.9	189.3	265.2
Interests	43.2	104.8	148.0

As of March 31, 2011 Transener and Transba have recognized a credit of $ 150.4 million as a result of the recognition of the variations of costs on behalf of the SE and the ENRE, corresponding to the amounts received as of January 17, 2011, through the CAMMESA financing, as described in Note 15.

On May 2, 2011 new extensions of the Financing Agreements were entered into with CAMMESA, in which the following has been agreed: i) the cancellation of the amounts received as of January 17, 2011 by Transener and Transba by virtue of the loan granted by the Financing Agreements entered into on May 12, 2009, ii) the issuance of a new loan to Transener and Transba for the amount of $ 289.7 million and $ 134.1 million respectively, and iii) the transfer of the balance of credits recognized by major costs on November 30, 2010 according to the Instrumental Agreement, in order to guarantee the payment of the amounts to be received by the application of the new extensions entered into.

It must be pointed out that the funds that comprise the new loans will be destined to the operation and maintenance and to the 2011 investment plans; and will be paid through partial payments in advance according to the availability of funds on behalf of CAMMESA, according to the instructions of the SE.

In connection with the Instrumental Agreement and subject to its fulfillment, the judicial claims for delay, asking for the recognition of major costs and the need of calling a Public Hearing in order to carry out the FTR, have been abandoned by Transener and Transba.

3. Purpose of financial statements

These interim consolidated financial statements have been prepared solely for the purpose of being included in the Offering Memorandum prepared in connection with the process of offering of securities in Argentina and in international markets. These financial statements have been translated into English from the original financial statements filed in Argentina in the Spanish language excluding the Summary of Information required by General Resolution No. 368/01 prepared originally in the Spanish language issued in conjunction with the financial statements. The translation into English has been made solely for the convenience of English-speakers readers and certain note have been rephrased to facilitate the understanding of legislation and local jargon.

In accordance with argentine generally accepted accounting principles ("Argentine GAAP"), the presentation of the parent-only financial statements is mandatory. Consolidated financial statements are to be included as supplementary information to the parent-only financial statements. For purposes of this presentation the parent-only financial statements have been omitted. However, certain notes and other information included in the parent-only financial statements have been included in these consolidated financial statements for the benefit of the readers.

4. Summary of significant accounting policies

Below are some of the most relevant accounting standards used by the Company to prepare its financial statements, which have been applied consistently with those for the previous year.

4.1. Basis of presentation

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

1.2.Basis of consolidation

The Company's consolidated financial statements include the accounts of Transener and its subsidiaries over which Transener has effective control. All significant intercompany balances and transactions have been eliminated in consolidation.

A description of the subsidiaries with their respective percentage of capital stock owned is presented as follows:

Subsidiaries	Percentage of capital stock owned as of	
	March 31, 2011	December 31, 2010
Transba S.A.	90.00%	90.00%
Transener Internacional Ltda., (Brazil) (1)	99.00%	99.00%

(1)The investment in the subsidiary Transener Internacional Ltda. has not been consolidated since the book value of such investment has been fully impaired (See Note 17).

4.3 Application of International Financial Reporting Standards

The CNV, through Resolutions No. 562/09 and 576/10, has established the application of Technical Resolution No. 26 of the FACPCE, which adopts, for the entities included in the public offer regime of Law

No. 17,811, either for its capital or for its notes, or in cases where the entity has asked for the authorization to be included in the above-mentioned regime, the International Financial Reporting Standards ("IFRS") issued by the IASB (International Accounting Standards Board). The application of such standards will be compulsory for the Company as from the year beginning in 2012.

4.4. Presentation of financial statements in constant pesos

The Company's financial statements have been prepared in constant currency recognizing the overall effects of inflation through August 31, 1995. In accordance with professional accounting standards and control authorities' requirements, restatement of financial statements was discontinued from that date to December 31, 2001 because this was a period of monetary stability. As from January 1, 2002 and up to March 1, 2003 the effects of inflation were recognized due to the existence of an inflationary process. As from that date, restatement of financial statements has been discontinued.

The rate used for restatement of items was the internal wholesale price index published by the National Institute of Statistics and Census.

4.5. Comparative information

The balances as of March 31, 2010 and for the three-month period ended as of that date, which are presented for comparative purposes are derived from the consolidated financial statements as of that date.

4.6. Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates include those required for the accounting of depreciation, amortization, income taxes, contingencies and recoverability of non current assets. Actual results could differ from those estimates.

4.7. Basis of measurement and disclosure

a. Cash and banks

Cash and bank deposits have been valued at their face value.

b. Foreign currency assets and liabilities

Foreign currency assets and liabilities have been valued at the exchange rate prevailing at each period-end.

c. Capitalization of Exchange differences

As established by Resolution No. 3/02 issued by the CPCECABA and Resolution No. 398 issued by the CNV, exchange differences arising out of the devaluation of the Argentine currency as from January 6, 2002 and up to June 30, 2003 and other effects derived from that devaluation on liabilities stated in foreign currency that existed at that date should be allocated to the cost value of the assets acquired or constructed through such financing. These exchange differences charged to assets will be considered as a recognition in advance of changes in the purchasing power of the currency and will be included in the carrying values in constant monetary units. The remaining balance of exchange differences capitalized will be amortized over the remaining useful life of the related assets.

The Company has applied the above regulations, and, in this sense, has capitalized exchange differences, net of absorption of the adjustment for inflation recorded through February 28, 2003.

(In Argentine Pesos, except as otherwise indicated)

Due to the completion of the restructuring process of its financial debt, in the year ended December 31, 2005 the Company wrote off a portion of the exchange differences capitalized, in proportion to the decrease of the restructured financial debts that had led to their capitalization. This decrease has been charged to results and disclosed under the "Restructuring result" line at December 31, 2005.

The amounts of the capitalized exchange differences, net of the absorption of the adjustment for inflation, of the accumulated amortization and of the deletion referred to above, are the following:

	March 31, 2011	December 31, 2010
Other non-current assets (Note 19.b.)	12,568,532	13,406,434
Total	12,568,532	13,406,434

The exchange differences generated in the period have been charged to results and are disclosed under the "Exchange difference" line.

d. Short-term investments

Short-term investments have been valued at their acquisition cost plus accrued financial results based on the internal rate of return determined at the end of each period.

Mutual funds have been valued at their net realizable value.

e. Receivables and payables

Receivables and payables have been valued at their nominal value. The values so obtained do not differ significantly from those that would have been obtained if accounting standards in force would had been applied, according to which they should be valued at the price estimated at the transaction date plus accrued interest and implicit financial components based on the internal rate of return determined at that date.

f. Bank and financial debts

Bank and financial debts arising from the restructuring process have been valued based on the best estimate of the sum payable discounted, applying a 10% nominal annual rate, which according to the Company's criterion reasonably reflects the market evaluation on the time value of money and the specific risk of the debt at the time of its initial recognition.

The remaining bank and financial debts have been valued at their nominal value plus interest accrued at each period-end. The values so obtained do not differ significantly from those that would have been obtained if accounting standards in force would had been applied, according to which they are to be valued based on the sum of money payable, net of transaction costs plus accrued financial results based on the internal rate of return estimated at the time of its initial recognition.

g. Other receivables and payables

The receivable with Transba related to Personnel Stock Ownership Program (See Note 12) has been valued based on the best estimate of the amount receivable discounted, applying a rate that reflects the value of money and the specific risks of the transaction estimated at the time of their addition to assets.

The Company has valued this receivable from ownership stock programe based on the best estimate of the amount receivable discounted at a 10% nominal annual rate.

Deferred tax assets and liabilities have been valued at their nominal value.

The remaining sundry receivables and payables have been valued at their nominal value plus financial results accrued at period-end, where applicable. Values thus obtained do not differ significantly from those that would have been obtained if accounting standards in force had been applied, according to which they are to be valued on the basis of the best estimate of amounts payable and receivable, respectively, discounted

applying a rate that reflects the time value of money and the specific risks of the transaction estimated at the time of their addition to assets and liabilities, respectively.

h. Related parties

Balances with related parties arising from financial transactions and other sundry transactions have been valued in accordance with the conditions agreed upon by the parties.

i. Other non-current assets

Other non-current assets represent the costs and expenses directly related to the Fourth Line Project.

As established by CNV Resolution No. 398, capitalized exchange differences have been included in this item (see Note 4.7.c).

These costs and expenses are amortized on a straight line basis, in 15 years (taking into consideration the collection period of the fee for construction, operation and maintenance mentioned in Note 10), since its commercial authorization has been granted.

The value of these assets does not exceed their expected recoverable value, which has been estimated as described in Note 4.7.r.

j. Property, plant and equipment, net

The value arising as a counterparty of the contributions and transferred liabilities has been considered as the global original value for transferred assets, restated in accordance with Note 4.4. Based on inventories and technical analysis, this global value has been distributed among each of the group's components.

The remaining assets have been valued at their acquisition cost restated following the guidelines indicated in Note 4.4., net of accumulated depreciation.

Fixed assets depreciation has been calculated based on the estimated useful life, applying non-linear technical formulas for transferred assets and the straight line method based on the useful life for the remaining assets, applying annual rates sufficient to extinguish their values at the end of their useful life.

The result of the sale of fixed assets is determined by comparing the sale price and the net carrying value of the asset and it is disclosed under other income and expenses in the income statement.

The value of these assets does not exceed their economic value to the business at period-end, which has been estimated according to what it is mentioned in the Note 4.7.r.

k. Income tax

The company has recognized income tax by the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements.

To determine deferred assets and liabilities, the tax rate expected to be in effect at the time of reversal or use has been applied to temporary differences identified and tax loss carry-forwards, considering the legal regulations enacted at the date of issuance of these interim consolidated financial statements.

l. Long-term benefits

Benefits to employees subsequent to the termination of the employment relationship and other long-term benefits have been recognized in accordance with Technical Resolution No. 23. This Standard requires that the Company recognize a liability when an employee provides services in exchange for employee benefits to be paid in the future. Consequently, the accrued liability at the beginning of the year will be charged to results during the period in which the employees are expected to provide services.

In order to determine the estimated cost and liabilities of the benefits subsequent to the retirement granted to the employees, actuarial calculation methods have been used, making annual estimates as regards to demographic and financial variables. Moreover, these obligations are measured as a discounted basis.

In accordance with the above mentioned Standard, as of March 31, 2011 the accrued liabilities not yet recognized amount to $ 13.3 million and the expenses accrued for the period amounted to $ 3.7 million (see Note 14.).

m. Tax on assets

The Company calculates tax on assets by applying the current 1% rate on computable assets at year end. This tax complements income tax. The Company's tax obligation in each year will coincide with the higher of the two taxes. However, if tax on assets exceeds income tax in a given period, that amount in excess will be computable as payment on account of the amount in excess that the income tax could result over the tax on assets, arising in any of the following ten years.

The value of these assets does not exceed their recoverable value to the business at period-end, which has been estimated according to what it is mentioned in the Note 4.7.r.

n. Shareholders' equity accounts

Account activity in the shareholders' equity accounts have been restated following the guidelines detailed in Note 4.4..

The "capital stock" account has been stated at its historical face value. The difference between the capital stock stated in uniform currency and the capital stock stated at its historical face value has been disclosed under the "Capital Adjustment" account, in the shareholders' equity.

o. Revenue recognition

The Company primarily derives its revenues from Net Regulated Revenue. The Company's Net Regulated Revenue include the following items: (a) electricity transmission revenue (for transmitting electricity through the Networks), (b) transmission capacity revenue (for operating and maintaining the transmission equipment comprising the Networks), (c) connection revenue (for operating and maintaining the connection and transformation equipment, which permits the transfer of electricity through, to and from the Networks), (d) reactive equipment revenue (due to the Definitive Agreements a new compensation system for Transener was implemented as of June 2005, which consists of a payment on reactive power equipment made of synchronic compensators), (e) without duplication, any variations of costs adjustment (including the recognition of our cost variations incurred between June 2005 and November 2010, as per the Definitive Agreements and the Instrumental Agreements. See Note 2.), (f) other regulated revenue and (g) revenue derived from rewards, net of penalties.

Electricity transmission revenue, transmission capacity revenue, connection revenue, reactive equipment revenue and other regulated revenue are recognized as the services are provided. The CVI, as revenue related to the Instrumental Agreements, is recognized in income as it is received. The Transener Concession Agreement provides for rewards paid by customers when certain quality thresholds are met. Rewards are recognized in income when earned.

The Company also receives Net Fourth Line Revenue. In connection with the contract to construct, operate and maintain the fourth line of the Comahue-Buenos Aires electricity transmission system, the Company receives monthly, equal and consecutive installments related to the fee payable by the government for a period of 15 years. In addition, the Company has received advance payments from funds management by Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("CAMMESA"), which have been recognized as "customers' prepayments" within the non-current portion of accounts payable in the accompanying consolidated balance sheets. These

advance payments are being recognized in income on a straight-line basis over 15 years. Through Resolution No. 653/08, the ENRE redetermined the canon (see Note 10).

Additionally the Company also generates Net Other Revenue from the provision of external services for the construction and installation of electricity assets and equipment, operation of lines and maintenance, laboratory analysis, system studies, engineering, consultancy and training. Income earned from the construction and installation of electricity assets and equipment recognized according to the rate of progress of the project.

Significant implicit financial components included in income statement accounts have been adequately segregated.

p. Provision for penalties

Under the concession agreements, the Company is subject to penalties when certain assets within the Company's networks are not available to transmit electricity.

Penalties are imposed and determined by the ENRE based on the type of asset and the period of unavailability.

The Company's policy consists of recognizing a provision for penalties when the relevant outage occurs based on the amount of penalty that is expected to be assessed by the ENRE.

q. Derivatives

The Company uses derivatives to reduce its exposure in the US dollar exchange rate arising from financial debts incurred in that currency. The result of these derivatives is included in the financial results line, in the Statement of Income.

The Company has not used other derivative financial instruments to manage its exposure to fluctuations in exchange rates of foreign currencies and interest rates and therefore has no made transactions that create risks associated with such instruments.

The Company does not use derivative instruments for speculative purposes.

r. Recoverability of non current assets

Transener and Transba test recoverability of their non current assets periodically or when there are events or changes in the circumstances that indicate a potential evidence of impairment.

The methodology used in the estimation of the recoverable amount is in general the value in use calculated as from the cash flows of such assets discounted at a rate that reflects the average cost of the invested capital. The estimation of the cost of capital is specific for each asset depending on the currency of such flows and the associated risks, including the country risk.

The determination of the discounted cash flows involves a series of estimations and sensitive assumptions, such as future tariffs, inflation, exchange rate, operation and maintenance expenditures, investments and discount rate.

The cash flows are generally projected for a period that is the shorter ofthe remaining useful economic life of the non current assets or the term of the concession period.

The cash flows are estimated taking into account the tariff updating patterns which have been submitted to the ENRE, and which are mentioned in Note 2 to the present consolidated financial statements and according to the standards stated by Law No. 24,065 which rules the negotiation which is in progress. Consequently, cash flows and the future actual results can differ from the estimations and assessments made up to the date of preparation of the present financial statements.

(In Argentine Pesos, except as otherwise indicated)

s. Allowances

On the basis of an individual analysis of the portfolio of credits and investments at the period-end, an allowance of the irrecoverable credits and investments was made.

2. Breakdown of the main captions

	March 31, 2011	December 31, 2010
Assets	$	$
Current Assets	(Unaudited)	(Audited)
a) Cash and banks		
Cash in local currency	3,816,017	764,842
Cash in foreign currency	84,820	83,695
Banks in local currency	762,539	2,441,864
Banks in foreign currency	57,237,154	64,662,423
	61,900,530	67,952,824
b) Accounts receivable		
CAMMESA	91,300,181	79,036,010
Other services	38,477,728	42,297,412
	129,777,909	121,333,422
c) Other receivables		
Advances to suppliers	4,565,072	5,542,620
Prepaid expenses	7,479,152	11,540,296
Stock Ownership Program (Note 16.)	0	6,625,000
Reimbursements receivable	991,459	5,245
Loans to employees	1,094,787	972,039
Judicial seizure	221,402	221,402
Others	159,338	100,114
	14,511,210	25,006,716
Non-Current Assets		
d) Other receivables		
Stock Ownership Program (Note 12.)	6,529,319	5,027,080
Tax on assets	30,461,782	35,291,595
	36,991,101	40,318,675
Liabilities		
Current Liabilities		
e) Accounts payable		
Suppliers	41,245,426	43,881,603
Billings in advance	2,278,868	1,094,294
	43,524,294	44,975,897
f) Bonds and other indebtedness		
Nordic Investment Bank	290,959	43,074
Par Notes (1)	0	328,117
Corporate Bonds 2016	12,957,587	2,014,166
Current accounts overdrafts	43,448,277	43,480,861
Banco Nación Argentina	11,679,253	6,708,060
Net present value adjustment to Notes	0	(8,501)
	68,376,076	52,565,777

(In Argentine Pesos, except as otherwise indicated)

	March 31, 2011 $ (Unaudited)	December 31, 2010 $ (Audited)
g) Provisions		
Operating fees payable (Note 9.c))	2,941,378	2,709,399
Provision for contingencies	22,029,952	29,391,711
	24,971,330	32,101,110
h) Other liabilities		
Stock Ownership Program (Note 12.)	0	6,625,000
Cammesa Financing (Note 15.)	156,456,737	142,571,338
Instrumental Agreement (Note 2.)	(150,409,621)	(142,571,338)
	6,047,116	6,625,000
i) Trade accounts payable		
Billings in advance	5,398,339	5,490,966
Customers' prepayments	43,614,780	46,547,660
	49,013,119	52,038,626
j) Bonds and other indebtedness		
Nordic Investment Bank	19,763,250	19,383,000
Banco Nación Argentina	18,333,333	0
Par Notes (1)	0	9,781,086
Corporate Bonds 2016	495,785,735	510,497,236
Net present value adjustment to Notes	(3,370,666)	(5,169,623)
	530,511,652	534,491,699

Statements of Operations	March 31, 2011 $ (Unaudited)	March 31, 2010 $ (Unaudited)
k) Net revenues		
Net Regulated Revenue (Note 2.)	76,890,377	72,684,669
Net Fourth Line revenue (Note 10.)	36,602,574	21,899,745
Net Other Revenue	41,719,932	45,969,093
	155,212,883	140,553,507
Statements of Cash Flows		
l) Cash and cash equivalents		
Cash and banks	61,900,530	57,388,671
Current investments	46,035,350	23,607,259
Less: investments with maturity dates after three months	(2,962,063)	(2,387,657)
Cash and cash equivalents as shown in the statements of cash flows	104,973,817	78,608,273

(1) In accordance with the terms stated in the Indenture dated June 30, 2005, excess cash has been generated for the period July 1, 2010 – December 31, 2010. As a consequence, in April 2011, Transener pre-cancelled all the remaining Class 6 Par Notes.

6. Segments information

The Company concentrates its businesses mainly on its primary and secondary activity. As the activity is basically carried out in Argentina, therefore, no segments by geographic area have been identified.

The business segments have been organized according to the following guidelines:

(In Argentine Pesos, except as otherwise indicated)

a) Main activity includes operations of high voltage electricity transportation and trunk distribution transmission, subject to regulation issued by the ENRE, and the construction, operation and maintenance of the Fourth Line (see Note 4.7.o.).

b) Other includes participation in operations whose rate has not been determined by the ENRE, including the activities undertaken abroad.

Assets, liabilities, income and expenses not directly attributable to a specific segment have been allocated to the more significant segment, as they are reported within the main business.

The applicable valuation criteria to report the information by business segment are described in Note 4.7. to these interim consolidated financial statements.

Below is the accounting information identified by each business segment:

Main Activity

Three-month period ended March 31, 2011	Main activity	Other segments	Total 2011
		$	
Net revenues	113,492,951	41,719,932	155,212,883
Operating results	4,814,755	24,107,663	28,922,418
Total assets	1,908,534,890	34,692,622	1,943,227,512
Total liabilities	792,340,045	25,217,141	817,557,186
Acquisition of property, plant and equipment	12,733,552	0	12,733,552
Property, plant and equipment depreciation	19,485,893	0	19,485,893
Other non-current assets amortization	11,366,103	0	11,366,103

7. Income tax – Deferred tax

The deferred tax assets and liabilities are detailed below:

Deferred Tax Assets	March 31, 2011 $ (Unaudited)	December 31, 2010 $ (Audited)
Investments	3,883,463	1,399,883
Accounts receivable	142,195	142,195
Other receivables	520,296	520,296
Measurements of credits at present value	260,900	786,684
Payroll and social securities	7,236,108	7,080,567
Provisions	7,798,205	9,167,271
Total deferred tax assets	19,841,167	19,096,896
Deferred Tax Liabilities		
Fixed assets	47,070,320	47,166,943
Other non-current assets	4,398,985	4,692,251
Measurements of bonds and other indebtedness at present value	1,179,733	1,812,343
Total deferred tax liabilities	52,649,038	53,671,537
Total deferred tax liabilities, net	32,807,871	34,574,641

(In Argentine Pesos, except as otherwise indicated)

Bellow is the reconciliation between income tax expenses and the amount resulting from the application of the corresponding tax rate in force to the accounting income (loss) before income tax:

	March 31, 2011 $ (Unaudited)	March 31, 2010 $ (Unaudited)
Net income (loss) before income taxes	6,862,581	(14,571,644)
Tax rate in force	35%	35%
Income (loss) at the tax rate	2,401,903	(5,100,075)
Permanent differences		
- Inflation adjustment	4,598,074	4,571,155
- Translation result	0	9,169
- Minority interest	(100,943)	19,860
- Income from bonds held in the subsidiary´s portfolio	17,392	1,341,403
- Other non-taxed and/or non-deductible items	(63,521)	519,258
- Expiration of tax loss carry-forwards	0	2,162,580
- Decrease in allowance for deferred tax assets (Note 19.d.)	0	(2,162,580)
Income tax	6,852,905	1,360,770
- Variation charged between deferred tax liabilities at the end and the beginning of the period	1,766,770	847,128
- Tax liability for the period	8,619,675	2,207,898

As a consequence of the unification of the accounting standards, the Company decided not to recognize deferred liabilities generated by the effect of the adjustment for inflation on fixed assets and other non-monetary assets. Consequently, below is the effect of that decision on these interim consolidated financial statements, in nominal values.

Item	March 31, 2011 (Unaudited)	December 31, 2010
	$	
Increase in deferred tax liabilities……	236,785,752	241,383,827
Decrease in Minority Interest……..	(6,518,858)	(6,631,085)
Effect on retained earnings - loss …….....	230,266,894	234,752,742

The average useful life of the remaining non-monetary assets is approximately 25 years. This liability will be completely reversed in 2035.

Year	2012	2013	2014	2015	2016-2025	2026 onwards	Total
	$						
Reversal of liability - in nominal values	17,363,831	17,363,831	17,363,831	17,363,831	89,007,902	78,322,526	236,785,752

8. Restrictions on distribution of profits

The distribution of the earnings obtained by the Company is subject to the following restrictions:

a) In accordance with the Argentine Corporations Law and the Company's by-laws, not less than 5% of the net and realized profit for the year calculated in accordance with Argentine GAAP plus (less) prior year adjustments must be appropriated by resolution of shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital.

b) The Terms and Conditions of the outstanding Bonds that have not been restructured establish that neither Transener nor any subsidiary can make any restricted payment unless, after making said payment, default has not occurred or continues to exist. Restricted payment means (i) a dividend or

(In Argentine Pesos, except as otherwise indicated)

other distribution for corporate stock of the Company (with the exception of dividends paid only in shares of its corporate capital, as distinguished from preferred shares that can be redeemed in a mandatory manner) or (ii) an advanced payment for the purchase, redemption, repayment or acquisition of (a) shares in the Company's corporate capital, or (b) an option, purchase right, or any right to acquire shares in the Company's corporate capital (but without including capital payments, premiums –should there be any- or interest accrued according to the terms of convertible debt before the conversion).

c) The restrictions resulting from the restructuring and refinancing of the outstanding financial debt mentioned in Note 11.

9. Related parties

a) Transener has entered into an operating agreement under which Pampa Energía S.A. (formerly Pampa Holding S.A.), ENARSA S.A. and Electroingeniería S.A. provide services, expertise and know-how in connection with certain Company activities. In November 2009, Pampa Energía S.A. transferred its contract to Pampa Generación S.A. Electroingeniería S.A. gave noticed in the month of November of 2010 of the transfer of its contract to Grupo Eling S.A.

The responsibility of the Operators includes advisory and coordination services in the areas of human resources, general administration, information systems, quality control and consulting.

The operating fees are 2.75% of certain regulated revenues.

b) Balances and transactions with related parties

The transactions with Companies Law No. 19,550 – Sect. 33 and other related parties during the three-month periods ended March 31, 2011 and 2010 are as follows:

Companies Law No. 19,550 – Sect. 33

	March 31, 2011 $ (Unaudited)	March 31, 2010 $ (Unaudited)
Sales of assets and services rendered to Enarsa S.A.	223,780	485,700
Fees for operating services		
* Enarsa S.A.	369,047	354,123
* Electroingeniería S.A.	0	354,123
Rofex commission (Pampa Energía S.A.)	0	30,000
Interest generated by assets (Transener Internacional Ltda.)	194,143	0
Interest generated by assets (Citelec S.A.)	96,048	89,304

Other related parties

Sales of assets and services rendered to Yacylec S.A.	1,176,741	1,140,656
Sales of assets and services rendered to Litsa S.A.	216,132	160,872
Sales of assets and services rendered to Central Térmica Güemes S.A.	0	26,131
Sales of assets and services rendered to Enecor S.A.	423,319	305,044
Sales of asstes and services rendered to Central Piedra Buena S.A.	140,805	7,081
Sales of assets and services rendered to Integración Eléctrica Sur S.A.	9,649,648	8,497,898
Sales of assets and services rendered to C.T.Loma de la Lata S.A.	171,000	127,245
Fees for operating services		
* Pampa Generación S.A.	718,362	708,246
* Grupo Eling S.A.	359,181	0
Purchase of Corporate Bonds - 2016		
*Pampa Inversiones S.A. (1)	4,403,434	0

(1) All transactions have been made under market conditions.

(In Argentine Pesos, except as otherwise indicated)

c) The balances with Companies Law No.19,550 – Sect. 33 and other related parties as of March 31, 2011 and December 31, 2010 are as follows:

Companies Law No. 19,550 – Sect. 33

	March 31, 2011 $ (Unaudited)	December 31, 2010 $ (Audited)
Assets		
Investments		
Loan Citelec S.A. (Note 19.c)	2,962,063	2,806,015
Loan Transener Internacional Ltda	11,095,069	3,999,666
Allowance for loans to subsidiary (Note 19.d.)	(11,095,069)	(3,999,666)
Total	2,962,063	2,806,015
Accounts receivable		
Enarsa S.A.	270,998	0
Total	270,998	0
Other receivables		
Transener Internacional Ltda.	1,486,559	1,486,559
Allowance for irrecoverable receivables (Note 19.d)	(1,486,559)	(1,486,559)
Total	0	0
Liabilities		
Provisions		
Enarsa S.A.	1,036,131	680,996
Total	1,036,131	680,996

Other related parties

	March 31, 2011 $ (Unaudited)	December 31, 2010 $ (Audited)
Assets		
Accounts receivable		
Enecor S.A.	1,735,498	1,735,113
Yacylec S.A.	704,738	855,472
Integración Eléctrica Sur S.A.	9,758,140	14,659,023
Litsa S.A.	136,545	109,478
CT. Loma de la Lata S.A.	68,970	77,440
Total	12,403,891	17,436,526
Liabilities		
Accounts payable		
Enecor S.A.	6,807	0
Litsa S.A.	0	477,091
Total	6,807	477,091
Provisions		
Grupo Eling S.A.	690,664	679,437
Pampa Generación S.A.	1,214,583	1,348,966
Total	1,905,247	2,028,403
Bonds and other indebtedness		
Edenor S.A. Corporate Bonds - 2016 (1)	0	17,643,239
Pampa Inversiones S.A. ON 2016 (1)	0	4,390,851
Total	0	22,034,090

(1) The book value recorded by Edenor S.A. and Pampa Inversiones S.A., as of December 31, 2010 for the Corporate Bonds 2016 amounts to $ 17,413,133 and $ 4,317,453 and include the fair value at that date. All transactions have been made under market conditions.

10. Fourth Line of the Comahue-Buenos Aires electricity transmission system

On October 27, 1997, Transener obtained the exclusive license to construct, maintain and operate the fourth line of the Comahue-Buenos Aires electricity transmission system pursuant to a contract entered into with the *Grupo de Generadores de Energía Eléctrica del Area del Comahue* (the "COM Contract"). The project involved the construction of approximately 1,300 km of 500kV electricity lines, the installation of approximately 2,550 high-tension towers and the expansion of 5 substations. The COM Contract was approved by ENRE in November 1997 and established a construction period of 23 months from that date.

The COM Contract establishes a fee to be paid to the Company in monthly equal and consecutive installments over 15 years, which started from the commissioning of the work, on December 20, 1999.

In addition, Transener S.A. has received all pre-payments as established in the COM Contract, arising from the surplus sub-account due to restrictions of the transmission capacity of the Comahue-Buenos Aires corridor, which constitute part of the remuneration of Transener S.A. These funds have been recognized as Customers' prepayments, under "Non-current accounts payable" and are recognized as net revenues on the basis of the 15 year agreement with the collection period of the canon.

Due to the pesification of the fee, stated by Law No. 25,561, the Company has requested the ENRE that in its character of Consignor of the Contract, it redetermines the canon. Due to the fact that said petition was never resolved by the ENRE, in November 2006 the Company filed an appeal before the Federal Court of Appeals. It is important to highlight that through Resolution ENRE No. 428/02 and its amendments, the mentioned fee denominated in pesos is adjusted monthly by the CER index (the reference stabilization coefficient).

On October 29, 2007, the ENRE replied to the request, asking for the rejection of the appeal; on December 19, 2007 Transener S.A. submitted a file rejecting the arguments stated by the ENRE and ratifying the source of the appeal submitted. On December 28, 2007 the Federal Court of Claims served notice of the principal file to the General Prosecutor, who formally admitted the appeal on February 22, 2008.

On October 23, 2008 the Federal Courts of Appeals Panel II determined to give back the request to the ENRE and to instruct the ENRE to give an answer to the claim submitted by Transener, within a term of thirty (30) days, as from the date of the corresponding notification.

On December 3, 2008, the ENRE issued Resolution No. 653/08, through which new calculations have been made for the recalculation of the canon. This resolution established a new annual canon of $ 75,867,458 plus VAT, as from the month of October 2008. Due to the fact that the new annual canon does not consider an update, a reconsideration appeal was submitted to the ENRE –and subsidiarily to the Secretariat of Energy- requesting an updated scheme to be applied up to the finalization of the COM contract, similar to the one stated in the UNIREN Agreement and the redetermination of the charge for operation and maintenance in accordance with Transener S.A. tariff in force. In addition, the ENRE was requested to recognize a new readjustment of the canon in relation to the imbalance occurred beginning in October 2008, following the calculations according to the updating method foreseen in the UNIREN Agreement.

Through Resolution No. 180/2010 dated March 31, 2010, the ENRE rejected the appeal for reconsideration, so the case was submitted before the Secretariat of Energy, for it to decide upon the administrative appeal.

Before that instance, on August 26, 2010, a new presentation was made to the ENRE claiming an acknowledgement of the cost variations incurred since October 2008, making the calculation based on the same methodology used by the ENRE to determine the canon approved by the before mentioned Resolution No. 653/08.

On December 21, 2010 the Company, together with the Secretariat of Energy and the ENRE, entered into an Instrumental Agreement to the original Agreement entered into with the UNIREN which was ratified under Decree No. 1,462/2005, by virtue of which the ENRE ratified the fact that it is analyzing the

redetermination of the canon of the IV Line COM Contract, within the framework of ENRE Resolution No. 653/08, and it was committed to issuing the corresponding administrative action, thus proceeding to instruct CAMMESA to make the corresponding invoicing.

On March 30, 2011, the ENRE issued the Resolution No. 150/2011 which establishes a new annual canon of Pesos 95.9 million as from July 2010, and instructed CAMMESA to make the corresponding adjustments. A net revenue of Pesos 15.0 million has been recognized, which corresponds to the retroactive adjustment for the year 2010 and the first quarter of 2011.

On April 7, 2011, the Company filed an appeal against said Resolution because the interests which correspond to the delayed payment of the retroactive adjustment of the canon have been omitted. The resolution of this appeal is still pending.

11. Financing structure

11.1. Refinancing of the Financial Debt ("Refinancing 2006")

Due to the excellent conditions seen in the capital markets during 2006 and the improvement of the credit rating of Transener, the Company decided to carry on the refinancing of its debt.

This process was initiated in October 2006 comprising a Cash Tender Offer of Par Series 6 and Series 8 Notes and the total repurchase of the Discount Series 7 and Series 9 Notes. At the closing of the above-mentioned tender offer, approximately 76% of total outstanding Par Series 6 Notes and Series 8 Notes were tendered.

In addition, Transener S.A., within the 2006 Refinancing plan, held a Bondholders' Meeting with the holders of Class "6" Par Listed Notes and Class "8" Par Unlisted Notes, for the purpose of considering an amendment to the Indenture to eliminate all restrictive commitments and events of nonfulfillment within the terms and conditions of such notes. The meeting was held on December 14, 2006, and on such date the holders of Class "6" Par Listed Notes and Class "8" Par Unlisted Notes approved the amendment within the terms proposed by Transener.

In order to finance the tender offer and the above- mentioned repurchase of the notes, new Series 1 Notes were issued in the amount of US$ 220 million. These new Series 1 Notes with a final expiration date of December 15, 2016 accrue an annual interest rate of 8.875% and will be amortized in four equal services on December 15 of years 2013, 2014, 2015 and 2016.

The remaining outstanding amount of the nominal Series 1 Notes as of March 31, 2011 was US$ 151,364,000 (See Note 11.2. Repurchase of notes).

Series 1 Notes have been authorized for public offering in Argentina in accordance with Resolution No. 15,523 of November 30, 2006 issued by the CNV. Additionally, the above-mentioned notes have been authorized: (i) for listing in the Buenos Aires Stock Exchange and in the Luxembourg Stock Exchange, in accordance with the opportune authorizations issued by said entities and (ii) for listing on the MAE.

The payment of the Cash Tender Offer of Par Series 6 and Series 8 Notes, the total repurchase of Discount Series 7 and Series 9 Notes and the issuance of the new Series 1 Notes took place on December 20, 2006.

11.1.1. Restrictions in relation to the Refinancing 2006

Transener and its Restricted Subsidiaries, according to the terms and conditions of the Refinancing 2006, are subject to the compliance of a series of restrictions, which include among others the following:

(i) Limitations on indebtedness: under the verification of certain circumstances, Transener S.A. will not be allowed to incur new indebtedness, except for an indebtedness for an amount up to US$ 30 million, among other exceptions;
(ii) Limitations on sale of assets;
(iii) Limitation on Sale and Leaseback transactions;
(iv) Limitation on Restricted Payments;
(v) Limitation on changes in the control, under certain circumstances.

11.2. Repurchase of notes

During the three-month periods ended March 31, 2011, Transener and Transba repurchased and sold Series 1 Notes according to the following detail:

	Transener US$ Nominal Value	Transba US$ Nominal Value
Series 1 Notes held by the Company as of 31/12/2010	**18,901,000**	**4,075,000**
Repurchases during the period	6,100,000	0
Reduction of Transba's capital stock	1,655,000	(1,655,000)
Series 1 Notes held by the Company as of 31/03/2011	**26,656,000**	**2,420,000**

11.3. Global Notes Issuance Program

On November 5, 2009, an Ordinary General Shareholders' Meeting on November 5, 2009 decided the creation of a global program for the issuance of simple notes, non-convertible into shares, denominated in pesos or in any other currency, with ordinary, special, floating and/or any other guarantee, subordinated or not, for a maximum amount, which in any moment, can´t exceed $ 200 million (Pesos two hundred million) or its equivalent in other currencies (the "Program").

The Program has been authorized for public offering in accordance with Resolution No. 16,244 of December 17, 2009 issued by the CNV. On July 5, 2010, an update of the Information Memorandum with the Financial Statements as of March 31, 2010 was submitted.

12. Stock Ownership Program

The bid documents determined that 10% of Transener S.A.'s subscribed capital, and 10% of Transba S.A.'s subscribed capital, represented by Class "C" shares, are subject to the Employee Stock Ownership Regime and to the Personnel Stock Ownership Program, respectively.

Due to the increases in the capital arising from the financial restructuring and due to the fact that the Class C shareholders did not make use of the prefered and accretion subscription rights which were due March 2006, Transener S.A.'s Stock Ownership Program participation in the whole subscribed capital decreased to 8.10%.

In the case of Transener S.A., the shares involved will be held by the Banco de la Nación Argentina as a Fiduciary entity, designated by the National Government until the cancellation of the price of said shares.

On June 26, 2007, Transener S.A.'s Stock Ownership Program Executive Committee notified the Company that the process of cancellation of the price of said shares had started.

Through Resolution No. 284 of the Ministry of Economy and Production, dated October 10, 2007, the total anticipated cancellation of the balance of the price for the purchase of the Class "C" shares, owed to the employees under the Ownership Program Transener S.A., was approved.

Subsequently, on October 25, 2007, the CNV, through Resolution No. 15,765, decided to transfer the authorization for the public offering timely given to Transener S.A. by conversion up to 36,019,882 ordinary

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Class "C" with a nominal value of $ 1 and one vote per share into the same amount of ordinary shares Class "B ".

On October 31, 2007, the Banco de la Nación Argentina made the total payment of the balance of the price of the shares, and asked for the redemption of the pledge on the 36,019,882 Class "C" shares, by virtue of the cancellation of the total balance of the debt prices that the Transener's Ownership Program held with the National Government, transforming the said amount in Class "B" shares.

13. Restricted assets and limitation to the transfer of Transener and Transba shares

Restricted assets

Pursuant to the concession agreements, the Company may not pledge, mortgage, or grant any other lien or right in favor of third parties over the assets affected by the provision of the Company's electricity transmission services.

Limitation to the transfer of Transener and Transba shares

Compañía Inversora en Transmisión Eléctrica Citelec S.A. ("Citelec", the Company's primary shareholder) is not permitted to modify its ownership interest in Transener nor sell its Class A shares without prior approval by the ENRE. Transener may also not modify or sell its ownership interest in Transba without prior approval by the ENRE.

Under the concession agreements, Class A shares of both Transener and Transba have been pledged in favor of the Argentine government as a guarantee for the execution of the obligations assumed under such agreements. The Company must increase the guarantee in the event of newly issued shares as a result of capital contributions and/or capitalization of profits or inflation adjustment balances.

Pursuant to the Company's by-laws, Transener and Transba Class A shares may not be pledged or granted as a guarantee, except for the exceptions stated in the concession agreements.

14. Labor liabilities

Hereinafter is a detail of the cost and estimated liabilities of the benefits given to Transener and Transba's employees after retirement. The benefits considered are as follows: a) a bonus for years of seniority to be paid to those workers within the framework of the collective bargaining agreement, which consists of paying one salary after 20 years of continued employment and for every 5 years up to 40 years; and b) a bonus for those workers who have credited years of service in order to obtain the Ordinary Pension. The amounts and conditions may vary according to each collective bargaining agreement and for those workers, who are not included in them.

Assumptions

	March 31, 2011 $ (Unaudited)	December 31, 2010 $ (Audited)
Discount rate	25.08%	25.08%
Expected Life	15.82	15.82
Salary growth rate from the 2nd year onwards	1%	1%
Salary growth rate 1st year	15%	15%
Expected inflation rate during the year	15%	15%
Present Value of the Defined Benefits Obligations	46,683,219	46,531,562
Annual Normal Cost	2,254,259	2,254,259
Annual Expected Payments	5,300,725	5,300,725

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	March 31, 2011 $ (Unaudited)	December 31, 2010 $ (Audited)
Income Statement		
Services Cost	704,907	2,002,286
Interest Cost	2,751,351	6,983,016
Profit and losses Amortization	0	1,454,103
Transitional Liability Amortization / Past Service Cost	292,748	1,170,992
Total	3,749,006	11,610,397
Present Value of the Defined Benefits Obligations	46,683,219	46,531,562
Unrecognized Transitional Liability	(13,305,797)	(13,598,545)
Unrecognized profits and losses	(12,702,826)	(12,702,826)
Recognized Defined Benefit Liability	20,674,596	20,230,191
Reconciliation		
Recognized Defined Benefit Liability ate the beginning	20,230,191	12,765,815
Income Statement	3,749,006	11,610,397
Payments	(3,304,601)	(4,146,021)
Final Recognized Defined Benefit Liability	20,674,596	20,230,191

15. CAMMESA Financing

On May 12, 2009, Transener and Transba entered into a Financing Agreement with CAMMESA, for an amount up to $ 59.7 million and $ 30.7 million, respectively. On January 5, 2010, an extension of the agreement above- mentioned was subscribed for up to the amount of $ 107.7 million and $ 42.7 million, , respectively.

The Financing Agreement contemplates the possibility of a pre-cancellation, in case the ENRE orders the retroactive payment owed to Transener and Transba in respect of variations of costs since 2005 up to date.

As of March 31, 2011, the combined financing amount requested by Transener and Transba amounted to $ 150.4 million, while the disbursements received amounted to $ 145.6 million. The interests accrued at that date amounted to $ 11.0 million.

As described in Note 2, according to the Instrumental Agreement entered into on December 21, 2010, the Company will apply receivables recognized by the Secretariat of Energy and the ENRE due to variations of costs, as a pre-cancellation of the financing received from CAMMESA. The amounts disbursed to the Company as a result of the CAMMESA Financing is recorded under "other liabilities" in its Consolidated Financial Statements. In addition, the amounts resulting from the recognition of variation of costs by the Secretariat of Energy and the ENRE through the Instrumental Agreements, up to the amounts received under the CAMMESA Financing, are recognized as accounts receivable and offset against the amount recorded under the "other liabilities" as stated in Note 5.h to these Consolidated Financial Statements. The income recognized in our Financial Statements is recorded under "CVI revenues" and "interest income generated by assets," according to their respective proportions. See Note 4.7.o.

The outstanding balances under the CAMMESA Financing are repaid through the mechanism set forth in the Instrumental Agreements.

On May 2, 2011 new extensions of the Financing Agreements were entered into with CAMMESA, in which the following has been agreed: i) the cancellation of the amounts received as of January 17, 2011 by Transener and Transba by virtue of the loan granted by the Financing Agreements entered into on May 12, 2009, ii) the issuance of new loans to Transener and Transba, for the amount of $ 289.7 million and $ 134.1 million, respectively, and iii) the transfer of the balance of credits recognized by major costs on November 30,

2010 according to the Instrumental Agreement, in order to guarantee the payment of the amounts to be received by the application of the new extensions entered into.

In addition, on September 27, 2010, Transener entered into a new financing agreement with CAMMESA under the same terms and conditions for up to US$ 2.3 million, in order to pay works of maintenance in the 500 kV circuit breakers of the Alicurá substation. As of March 31, 2011, Transener certified $ 1.2 million, and CAMMESA made the total disbursement of such amount. By virtue of the above-mentioned Instrumental Agreement, CAMMESA is not expected to go on making disbursements, after the repayment of the amounts received in eighteen installments beginning January 2012, accruing an interest rate equivalent to the average yield obtained by CAMMESA in the financial investments of the WEM.

16. Increase and voluntary reduction of Transba's capital stock

On August 11, 2009, the Transba S.A. Board of Directors approved the call for the Extraordinary Shareholders' meeting at which a capital increase from $ 220,178,121 to $ 484,317,170 was approved, through the capitalization of the "Inflation adjustment on common stock" account balance recorded at March 31, 2009 and the voluntary reduction of the capital stock from $ 484,317,170 to $ 418,067,170.

On August 18, 2009 the corresponding authorization was required of the ENRE, according to its corporate By-Laws. Through Resolution N° 608/2009 of December 22, 2009, the ENRE:

1. Authorized the amendment of section 5° of Transba's Bylaw, for the capitalization of the account "Inflation adjustment on common stock" in the amount of $ 264,139,049, and the simultaneous voluntary reduction of capital in the amount of $ 66,250,000, resulting the subscribed capital in the amount of $ 418,067,170, and;

2. Regarding the voluntary reduction of capital in the amount of $ 66,250,000, resolved that the corresponding purchase of shares will be made as far as the payment be done in kind.

For such purpose, the repurchase consisted of the return to Transener of Class 1 Notes for a nominal value of US$ 18,707,000. As of June 30, 2010 the cancellation of an amount of $ 1,686 with Transener remained pending. Furthermore, as of December 31, 2010 there was pending the cancellation of an amount of $ 6,625,000 with the Stock Ownership Program. These amounts have been canceled during the month of March 2011, by transferring Class 1 Notes for a nominal value of US$ 1,655,000.

On April 15, 2010, Transba completed the registration process corresponding to the increase and voluntary reduction of capital and the amendment to section 5 of the Company´s By –Laws under the IGJ (Superintendency of Corporations).

17. Investment in Transener Internacional Ltda.

Transener Internacional Ltda. is undergoing operating and financing difficulties. As a consequence of that, and in order to support its operations, as of March 31, 2011, Transener has granted a loan to Transener Internacional Ltda. for the amount of US$2.7 million.

As of March 31, 2011, due to the uncertainty as to the Company ability to fully recover the above-mentioned loans and the investment in that subsidiary, the book value of such investments remains fully impaired.

Consequently, the operations of Transener Internacional Ltda. have been deconsolidated.

18. Subsequent events

The Transba's Ordinary Shareholders' meeting held on April 13, 2011, approved the payment of dividends in cash or in kind for the total amount of $ 7,787,806 during the year 2011, delegating to the Board of Directors the authority to determine the date of payment as per the availability of the Company.

19. Other financial statements information

The following tables present additional consolidated financial statement disclosures required under Argentine GAAP:

a. Property, plant and equipment, net
b. Other assets, net
c. Other investments
d. Allowances
e. Foreign currency assets and liabilities
f. Other expenses

(In Argentine Pesos, except as otherwise indicated)

19. Other financial statements information (continued)

a. Property, plant and equipment, net

Principal account	Original Value					Depreciation		
	At the beginning of the period	Additions	Deductions	Reclassifications	At the end of the period	Accumulated at the beginning of the period	Decreases	Current period depreciation
						$		
Land	3,864,279	0	0	0	3,864,279	0	0	
Vehicles	32,055,113	1,434,010	0	0	33,489,123	(26,676,202)	0	(853,28
Air and heavy equipment	22,197,739	0	0	0	22,197,739	(5,771,696)	0	(226,33
Furniture and fixtures	6,592,807	650	0	0	6,593,457	(4,156,641)	0	(90,79
Information systems	16,331,039	225,417	0	0	16,556,456	(15,312,077)	0	(192,47
Transmission lines	906,279,605	0	0	0	906,279,605	(334,621,670)	0	(8,098,53
Substations and related works	873,128,838	115,527	0	0	873,244,365	(313,975,263)	0	(7,639,82
Building and civil works	82,140,403	0	0	0	82,140,403	(23,055,737)	0	(507,72
Labs and maintenance	8,388,697	0	0	0	8,388,697	(3,817,697)	0	(152,38
Communication equipment	101,443,501	25,132	0	0	101,468,633	(45,348,571)	0	(1,385,04
Miscellaneous	14,907,858	109,267	0	0	15,017,125	(13,273,288)	0	(339,49
Work in progress	133,833,163	6,700,505	0	140,676	140,674,344	0	0	
Spare parts	67,767,685	1,612,904	(459,762)	(73,667)	68,847,160	0	0	
Advances to suppliers	9,094,782	2,510,140	0	(67,009)	11,537,913	0	0	
Total 2011	2,278,025,509	12,733,552	(459,762)	0	2,290,299,299	(786,008,842)	0	(19,485,89
Total 2010	2,249,727,940	46,880,141	(18,582,572)	0	2,278,025,509	(716,803,369)	7,379,678	(76,585,15

(In Argentine Pesos, except as otherwise indicated)

19. Other financial statements information (continued)

b. Other assets, net

Principal account	Original value		Amortization			Net carry
	At the beginning of the period	At the end of the period	Accumulated at the beginning of the period	Current period Amount	Accumulated at the end of the period	March 31, 2011
	$					
Fourth Line Project	629,404,712	629,404,712	(462,238,195)	(10,528,201)	(472,766,396)	156,638,3
Capitalization of Foreign Exchange Results	43,570,907	43,570,907	(30,164,473)	(837,902)	(31,002,375)	12,568,5
Total 2011	672,975,619	672,975,619	(492,402,668)	(11,366,103)	(503,768,771)	169,206,8
Total 2010	672,975,619	672,975,619	(446,938,256)	(45,464,412)	(492,402,668)	

(In Argentine Pesos, except as otherwise indicated)

19. Other financial statements information (continued)

c. Other investments

Captions	Adjusted value 2011	Recorded value 2011	Recorded value 2010
	$		
Current Investments			
Financial investments	28,764,442	28,764,442	16,658,705
Mutual Fund	14,308,845	14,308,845	20,178,849
Company Law No. 19,550 - Sect. 33	2,962,063	2,962,063	2,806,015
Total current Investments	46,035,350	46,035,350	39,643,569

(In Argentine Pesos, except as otherwise indicated)

19. Other financial statements information (continued)

d. Allowances

Captions	At the beginning of the period	Additions	Deductions	At the end of the period
	$			
Deducted from current assets				
Loans to subsidiary	3,999,666	7,095,943	0	11,095,609
Bad debtors	406,272	0	0	406,272
Other irrecoverable receivables	1,486,559	0	0	1,486,559
Total at March 31, 2011	5,892,497	7,095,943	0	12,988,440
Total at December 31, 2010	406,272	5,486,225	0	5,892,497
Deducted from non-current assets				
Tax loss carry forwards for deferred tax assets	0	0	0	0
Total at March 31, 2011	0	0	0	0
Total at December 31, 2010	2,162,580	0	(2,162,580)	0

(In Argentine Pesos, except as otherwise indicated)

19. Other financial statements information (continued)

e. Foreign currency assets and liabilities

Captions	March 31,2011			December 31, 2010	
	Amount and class of foreign currency	Current exchange rate	Amount in local currency	Amount and class of foreign currency	Amount in local currency
			$		$
Assets					
Current assests					
Cash and banks	US$ 14,279,284	4.014	57,317,045	US$ 16,448,512	64,741,345
Cash and banks	R$ 2,000	2.465	4,929	R$ 2,000	4,773
Total current assets			57,321,974		64,746,118
Total assets			57,321,974		64,746,118
Liabilities					
Current liabilities					
Account payable	US$ 9,828	4.054	39,844	US$ 2,547	10,127
Bonds and other indebtedness (1)	US$ 3,268,018	4.054	13,248,546	US$ 599,939	2,385,357
Total current liabilities			13,288,390		2,395,484
Non current liabilities					
Bonds and other indebtedness (1)	US$ 127,170,445	4.054	515,548,985	US$ 135,729,709	539,661,322
Total non current liabilities			515,548,985		539,661,322
Total liabilities			528,837,375		542,056,806

(1) The amount corresponding to Bonds and other indebtedness corresponds to their nominal value and they do not include the adjustment to discounted value (see Note 5.f) and 5.j)).

US$: United States Dollars
R$: Real

(In Argentine Pesos, except as otherwise indicated)

19. Other financial statements information (continued)

f. Other expenses

Items	Expenses		Three-month periods ended March 31,	
	Operating	Administrative	2011	2010
		$		
Salaries and social security charges	48,057,108	9,647,512	57,704,620	55,825,868
Other personnel costs	592,374	298,128	890,502	1,321,363
Fees for operating services	1,446,590	0	1,446,590	1,416,493
Professional fees	859,055	770,816	1,629,871	2,365,529
Equipment maintenance	661,290	0	661,290	470,697
Work for third-party materials	7,214,615	0	7,214,615	1,770,201
Fuel and lubricants	1,064,418	61,654	1,126,072	1,872,713
General Maintenance	4,420,253	160,030	4,580,283	4,630,410
Electricity	465,307	23,711	489,018	569,184
Depreciation of property, plant and equipment	17,537,304	1,948,589	19,485,893	19,625,579
Amortization of other assets	11,366,103	0	11,366,103	11,366,103
Administration expenses related to WEM	149,384	0	149,384	213,320
Regulatory fees	440,330	0	440,330	469,699
ATEERA membership fees	0	91,997	91,997	70,609
Communications	710,572	30,750	741,322	797,546
Transportation	906,746	1,131	907,877	707,706
Insurance	84,829	5,059,783	5,144,612	5,174,218
Rents	677,692	524,905	1,202,597	1,435,654
Travel and lodging expenses	2,767,441	114,981	2,882,422	3,202,393
Stationary and printing	93,001	520,916	613,917	610,617
Taxes and government contributions	1,885,599	688,157	2,573,756	1,360,219
Directors and syndics	0	606,384	606,384	541,241
Bank expenses	38,288	25,734	64,022	388,180
Security	2,145,822	2,236	2,148,058	1,944,198
Office and substation cleaning	1,266,851	99,485	1,366,336	1,128,350
Electroduct maintenance	341,923	0	341,923	602,360
Provisions	(8,596,958)	0	(8,596,958)	4,591,640
Loans to subsidiary	7,095,943	0	7,095,943	0
Others	1,356,104	565,582	1,921,686	5,559,867
TOTAL 2011	105,047,984	21,242,481	126,290,465	
TOTAL 2010	110,623,536	19,408,421		130,031,957

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