



◆ ANNUAL REPORT 2014

 **Edenor**

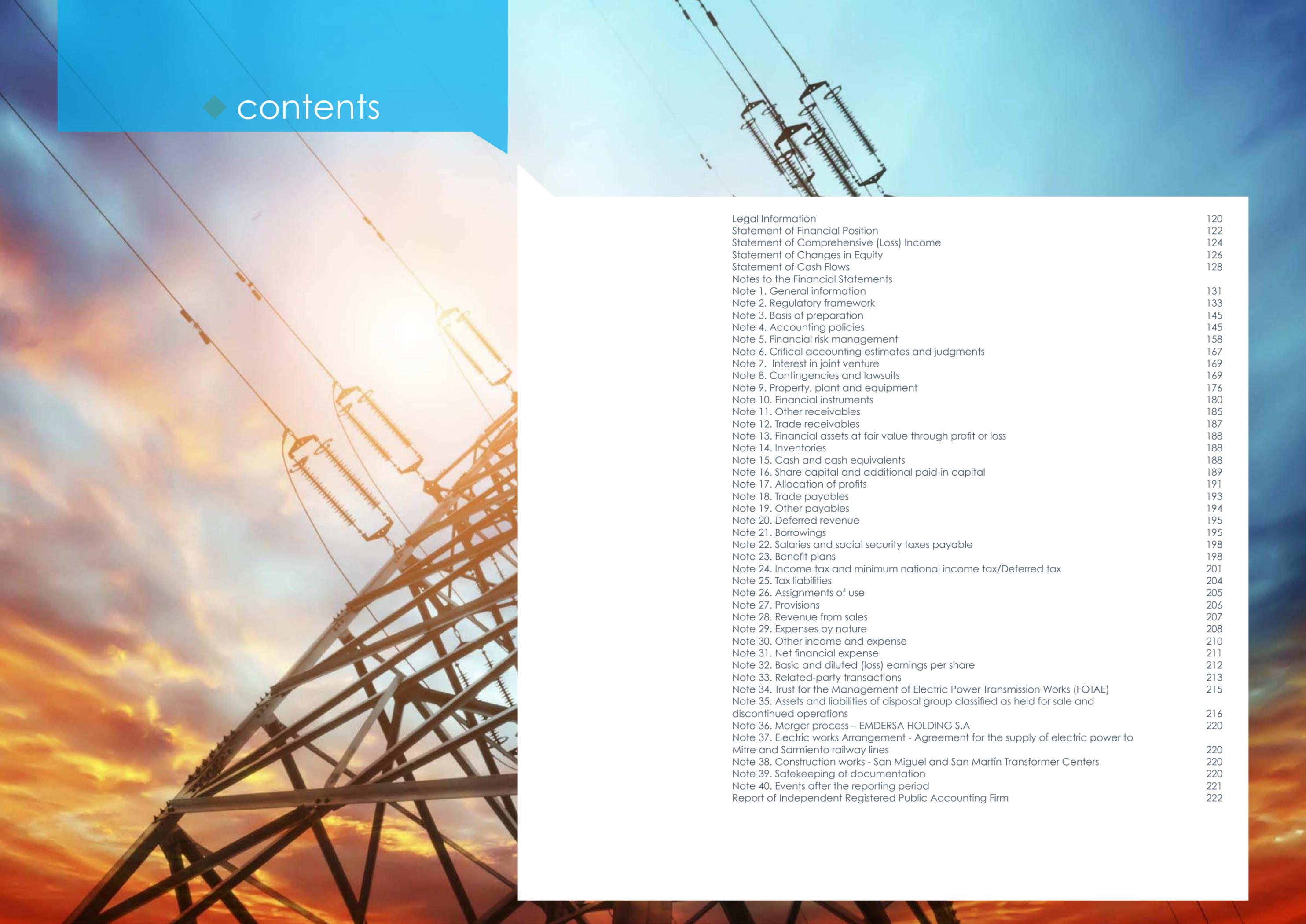


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Introduction

CONCESSION AREA

Empresa Distribuidora y Comercializadora Norte S.A. ("Edenor S.A." or the "Company") exclusively renders distribution and marketing services of electrical energy to all users connected to the power supply network in the following area: In the City of Buenos Aires: the area defined by Dock "D", street with no name, drawing of the future Coast Highway, which is an extension of Pueyrredón avenue, Córdoba avenue, San Martín railroad, General San Martín avenue, Zamudio, Tinogasta, General Paz avenue and Río de la Plata avenue. In the Province of Buenos Aires, it comprises the Districts of Belén de Escobar, General Las Heras, General Rodríguez, former General Sarmiento (which now includes San Miguel, Malvinas Argentinas and José C. Paz), La Matanza, Marcos Paz, Merlo, Moreno, former Morón (which now includes Morón, Hurlingham and Ituzaingó), Pilar, San Fernando, San Isidro, San Martín, Tigre, Tres de Febrero and Vicente López.

SUPERVISORY AND ADMINISTRATION BODIES – 2014 FISCAL YEAR

Board of Directors

All Edenor S.A.-related decisions are taken by the Board of Directors which, pursuant to the Company's By-laws, is composed of 12 regular directors and 12 alternate



directors. The term of office of all directors is of one year and they may be re-elected for consecutive periods.

In turn, the Board of Directors assigns specific duties to an Executive Board and to the Audit Committee, both solely composed of members of the Board and the Audit Committee fully composed of independent members in compliance with the criteria set forth in the Argentine Securities and Exchange Commission (Comisión Nacional de Valores, "CNV") and Sarbanes-Oxley Act ("SOX").

At the meeting held on May 8, 2014, the Company's Board of Directors approved the continuance of Mr. Ricardo Torres as Chairman of the Board of Directors.

Composition of the Board of Directors composition for the 2014 Fiscal Year is as follows:

Name	Position	Independence
Ricardo Torres	Chairman	Non independent
Gustavo Mariani	Regular Director	Non independent
Edgardo Alberto Volosín	Regular Director	Non independent
Marcos Marcelo Mindlin	Vice-chairman	Non independent
Pablo Alejandro Díaz	Regular Director	Non independent
Maximiliano Fernández *	Regular Director	Independent
Eduardo Luis Llanos*	Regular Director	Independent
Emmanuel Antonio Álvarez Agis	Regular Director	Independent
Eduardo Setti	Regular Director	Independent
Juan Cuattromo*	Regular Director	Independent
Eduardo Endeiza	Regular Director	Independent
Santiago Durán Cassiet	Regular Director	Independent
Diego Martín Salaverri	Alternate Director	Non independent
Jaime Javier Barba**	Alternate Director	Non independent
Damián Miguel Mindlin	Alternate Director	Non independent
Name	Position	Independence
Leandro Carlos Montero	Alternate Director	Non independent
Daniel Eduardo Flaks	Alternate Director	Non independent
Mariano Batistella	Alternate Director	Non independent
Diana Mondino	Alternate Director	Independent
Haroldo Montagu	Alternate Director	Independent
Gastón Ghioni	Alternate Director	Independent
Esteban Serrani	Alternate Director	Independent

(*) Members of the Audit Committee.

(**) He tendered his resignation as Alternate Director on August 21, 2014, which was accepted by the Board of Directors' Meeting held on September 22, 2014.

Supervisory Committee

The Company's Bylaws set forth that its supervision shall be entrusted to a Supervisory Committee composed of 3 Regular Auditors and 3 Alternate Auditors, all of whom shall be elected by the shareholders and shall have a term of office of one (1) fiscal year.

Their main duty is to control the lawfulness of the Board of Directors' compliance with the regulations under the Argentine Companies' Act (Ley de Sociedades Comerciales), the Company's Bylaws and, if any, the Shareholders' Meeting's decisions.

Name	Position	Independence
Damián Burgio	Regular Auditor	Non independent
José Daniel Abelovich	Regular Auditor	Independent
Jorge Roberto Pardo	Regular Auditor	Independent
Santiago Dellatorre	Alternate Auditor	Non independent
Marcelo Héctor Fuxman	Alternate Auditor	Independent
Fernando Sánchez	Alternate Auditor	Independent

Letter from the chairman

TO THE SHAREHOLDERS:

I submit for your consideration the Annual Report, Financial Statements and other documentation for the fiscal year ended December 31, 2014, which are presented by the Board of Directors to be considered by the Company's Annual Regular Shareholders' Meeting.

Such documentation discloses the Company's course of business during its twenty-third fiscal year, characterized by worsening of economic and financial difficulties which, as warned in previous years, are the result of a rate scheme freezing and uninterrupted increase in costs, which continue adversely affecting our activity. The period under analysis disclosed an accounting loss of AR\$780 million, and operating deficit before recognition of higher costs for the striking amount of AR\$2,525 billion and funding needs in excess of AR\$3,450 billion.

Since May 2013, the Energy Secretariat provided for the recognition of a reduced portion (approximately one third) of the actual increase owed to the Company as a result of partial application of the Cost

Monitoring Mechanism (Mecanismo de Monitoreo de Costos, MMC) under the Memorandum of Agreement of the 2007 Concession Agreement Renegotiation, as it was not duly applied to rates. Said action was taken based on the passing and application of ES Resolution 250/13 and its subsequent extension, which provided for the offset of such recognition with the Company's debts under the Program for the Rational Use of Electric (PUREE) and with CAMMESA under energy purchases. This recognition, that in 2014 amounted to AR\$2,272 billion, prevented the Company from losing all its net worth and from being dissolved with consequences difficult to foresee due to their weight. However, it did not prevent fiscal year losses from consuming, as of December 31, 2014, all the Company's reserves and more than fifty percent of the capital stock. Accordingly, upcoming Shareholders' Meeting will have to resolve, at its extraordinary meeting, on the mandatory capital reduction, in compliance with the provisions of section 206 of the Argentine Companies' Law No. 19550.

As a result of the operating deficit borne by the Company and the deeper disparity between income and expenses as a result of rate freezing and increase in exploitation and investment costs, as from October 2012, Edenor was forced to postpone payments to CAMMESA for energy purchased at WEM; this situation was worsened during 2014 fiscal year, with virtually all payments postponed. As a consequence thereof, by 2014 closing date, debt with CAMMESA totals AR\$2,257 billion, including interest and after considering the above mentioned offset based on cost recognition. However, even this radical measure proved to be insufficient to cover financial deficit.

To that end, and to address the overwhelming impact of salary increases, the Company was forced to resort to other financing sources not contemplated under the regulatory framework in force. In May, the Company was notified of Labor Secretariat

Resolution No. 836/2014 of the Ministry of Work, Employment and Social Security, which provides that energy distribution and generation companies, should apply to their employees represented by the union Sindicato de Luzy Fuerza de Capital Federal, an increase equal to fifteen percent (15%) on salary amounts effective as of April 2014, and an additional increase of ten percent (10%) as from July 2014; and these increases further apply to the Company's contractors whose employees are subject to collective bargaining agreements of said union and also subsequently applicable to employees represented by Asociación del Personal Superior de Empresas de Energía ("APSEE") as set forth in Labor Secretariat Resolution No. 1928 passed in October. It should be mentioned that, considering these increases and the new calculation of higher payments based on seniority and certain new working forms, in addition to the 7% salary increase approved in January 2014 also by a Ministry of Work resolution, increase in salary costs reached up to 44% with a devastating impact on 2014 fiscal year, including own staff and contractors, of approximately AR\$527 million, representing an annual cost of AR\$719 million. The Company filed the relevant motions with the administrative authorities and requested ENRE its recognition in earnings as set forth in the Regulatory Framework.

In that respect and as the Company had no sufficient resources to afford the new increases, the Energy Secretariat instructed CAMMESA to grant the Company a financing to cover its underfunding by executing a loan for consumption, which may be extended based on the Company's and its contractors' monthly needs and, as guarantee thereof, the Company assigned and transferred to CAMMESA receivables that, for any reason, were held by it at WEM up to the amount effectively disbursed by CAMMESA. Said loan was executed in July 2014 and is in full force and effect as of the date hereof. Such financing, presently accruing interest in favor of CAMMESA at the market rate, and with a still uncertain

repayment source, increases debts, losses and determines the Company's changes in its equity.

In September 2014, the Energy Secretariat passed Resolution No. 65/2014, providing that temporary insufficiency of income from "Fondo para Obras de Consolidación y Expansión de Distribución Eléctrica" (FOCEDE) relevant to the Company, be covered through CAMMESA, at the expense of the Unified Fund, as set forth in section 3 of ES Resolution No. 2.022/2005. To that end, the Secretariat provided that a loan be granted to the Company by executing a new loan for consumption and collateral assignment of claims agreement, with positive balance in favor of the Stabilization Fund, which was signed on September 30, 2014 and that as of the date hereof has been twice extended in its amount, currently totaling AR\$1,700 billion to partially cover the 2014-2017 investment plan, and in relation to which only AR\$200 million were disbursed by 2014 fiscal year closing.

As of the date hereof, the Company is unable to give any assurances as regards its capacity to repay such debts in the future, nor in relation to the continuity and sufficiency of these financing sources to afford its financial deficit.

Notwithstanding the above, and in line with the decision made by the Board of Directors in 2012, throughout 2014 fiscal year, and despite the serious situation experienced by the Company, priority continued to be given to the execution of those works necessary to preserve the licensed utility quality standard and facilities safety, beyond any business-related contingences, and to cover any increase in demand. In that sense, investments made during the fiscal year totaled AR\$1,702 billion, exceeding those made in 2013 fiscal year, which amounted to AR\$1,092 billion. This increase, higher than 56%, was caused by the execution of the investment plan created by Edenor, partially financed through the Fondo para Obras de Consolidación y Expansión de la Energía

Eléctrica (FOCEDE), and it was largely used to expand structures of facilities, to reinforce existing facilities and to new connections, as well as major investments were made for the sake of environmental protection and safety in public thoroughfare, all entailing benefits for users. Nevertheless, works pace and progress are conditioned upon the foresight and availability of funds, which depend on the possibility of obtaining the relevant approvals by the Ente Regulador, Comisión de Ejecución del Fideicomiso Financiero y de Administración (Financial Trust Execution and Management Commission) of the FOCEDE created under Res. 347/2012, and the Energy Secretariat, and the resulting execution of the loans for consumption extension with CAMMESA. Being aware that this concept may be deemed repetitive, financial charges and the uncertain repayment capacity due to the complete lack of real resources, will continue impacting on the Company's results and net worth in the near future.

As the Company's Board of Directors is fully aware of its major responsibility as governing body of a national energy distribution utility licensee, since Edenor's economic-financial distress prevents it from having true funding sources at its disposal, then postponement of payments owed to CAMMESA and execution of loans for consumption as mentioned above allowed it to have available funds enough to execute the investment plan, as well as to afford increasing network operation and maintenance costs, and also to timely make all payments under its financial debt. And always seeking not to jeopardize the continuance, quality and safety of the utility service Edenor provides its users while remaining loyal to our mission and vision.

However and for the reasons described above, that largely depends on CAMMESA not claiming repayment of its debt, a fact that the Company cannot rule out for certain, as in April 2014, CAMMESA repeatedly claimed payment of Edenor's debt. Said claim, which is inconsistent with

the loans granted as described above, was timely answered, stating that cash deficit preventing the Company from repaying that debt is a force majeure event as Edenor is unable to approve its own rate, but it depends on the Regulatory Authority to have earnings enough to repay such debt while still prioritizing the service rendering with the highest quality and safety standards, as explained. In that respect, it should be noted that in case of an adverse turnaround of this situation and if it cannot be reversed with a rate scheme adjustment or other type of earnings, in the short term, Edenor's cash flow problems will become worse. In the same sense, in the absence of new solutions devised by the Concession Power, Edenor's net worth will be negative in upcoming quarters, bringing about unforeseeable consequences as to the service rendering in the future and as to the Company, and its presence at Buenos Aires and New York stock exchanges.

In connection with the financial debt, net of liquid assets and financial assets, in 2014 fiscal year it increased by nearly 21% as compared to the prior fiscal year mainly as a consequence of the exchange rate effect, as virtually all Edenor S.A.'s financial debt is denominated in U.S. dollars. In the economic scenario of the Company's business, it is not possible to foresee future performance of the exchange rate neither that of other Argentine economy factors that may have an impact on the Company's economic and financial condition. During 2014, financial debt interest services were timely paid up. However, if the Company's income-expenditure structure is not changed, during 2015, the Company will find it difficult to continue meeting those commitments without postponing compliance with other obligations qualified as core by the Board of Directors.

All statements above, in reference to the Company's unstable situation and its capacity to afford the increasing service costs, are not reflected, as it might be expected, in service quality indicators. This

is possible thanks to the constant effort made by all the Company's employees, who beyond the uncertainties described above, strive hard day after day to do business in an unforeseeable and constantly changing environment, while keeping our client's satisfaction and service quality standards ranking first among Argentine top utility companies. However we are aware that though all service quality indicators are kept at reasonable levels, their gradual deterioration is being noticed. This analysis cannot be isolated from the fact that upon lack of price signals, residential demand continued growing, with the resulting impact on the Company's facilities and the level of breakdowns and claims.

Besides, and following the Company's Board of Directors' instructions given to its legal representatives in June 2013 to proceed with the remedies timely sought to protect Edenor's rights under the Memorandum of Agreement of the Concession Agreement Renegotiation and for the purposes of obtaining full recognition of those rights that were not honored by ES Resolution 250/2013, as well as obtaining compensation for damages suffered by the Company as a consequence of the breach of obligations under said Memorandum of Agreement, in February 2014, a motion for preliminary injunction was filed with the National Courts claiming the Argentine Government, in its capacity as Concession Power, to financially assist Edenor S.A. Notwithstanding the fact that such motion was dismissed by the trial and appeal courts, the Company will continue filing all administrative and court claims it may deem necessary to protect Edenor's rights, the licensed utility and its directors and managers, furthering the main goal of a safe service rendering to users at all times.

During 2014, environment and occupational health continued to be Edenor's priority. During such fiscal year, the Company worked on receiving its Comprehensive Management System re-certification,

which was granted in early 2015 by IRAM and IQNet in connection with IRAM-ISO 9001:2008 quality management systems ISO 14001:2005 environmental management system and OHSAS 18001:2007 occupational safety and health management systems. These certifications guarantee that Edenor continues applying the world's highest standards to its operations.

As regards technological innovations, during 2014 fiscal year, the "EDENOR 2.0" project was implemented. With this new platform, to which Edenor users have access with their smart phones, they may check information on their accounts, submit any claims, perform measurement readings, search for the Company's commercial offices, among other features. This application is also a new communication channel between users and the Company, and it is expected to build up more features enabling a better relation with our clients and their needs and requirements.

In the same sense, the Company is working on the deployment of the Technical Project, which is mainly focused on achieving better efficiency in case of emergencies, improved productivity and quality of works done, and a proper follow-up and management of assets that are part of the distribution network. This project consists in implementing an asset management system and a workforce management system. These projects cause Edenor to once again lead the way in the world in terms of technological advances applied to the energy distribution service. The project will give the Company the possibility to arrange its activities, schedule works, prevent faults, learn about its facilities condition and the workforce available in the most efficient and faster manner by using artificial intelligence, geo localization and state-of-the-art communication resources. One of the most important benefits expected by implementing this project is achieving agents efficiency, repetitions and failed attempts reduction, greater efficiency in the field workforce, by reducing times between

works and increased shift and crew works, efficient use of mobile units, fuels, spare parts and improved levels of technical and commercial service.

In summary, at present, the Company has true funding from its rate income to cover less than a fourth of its real financial needs to maintain the licensed utility and perform the works necessary to preserve facilities quality and safety, as well as to satisfy any increases in demand. Then it is up to the relevant authorities to authorize and allow CAMMESA to make any necessary funds available to the Company, whether by putting off collection of energy purchase invoices and/or in the form of loans to pay investment and salaries. The situation is clearly unstable but, as of the date hereof, we managed to obtain the funds, though in some cases not for the total amounts applied for, which ultimately enabled us to attain the goals described above. We will not cease performing at our best until the authorities respond to our claims and we will constructively offer our suggestions for the purposes of overcoming difficulties and confirming, day after day, our willingness to cooperate with all the sector members in the relentless search for solutions.

Finally, I would like to thank the Board of Directors of Edenor, the Statutory Audit Committee as well as the Shareholders for their permanent support in 2014 fiscal year; as regards our users, ratify them this Board's and all Edenor's employees' commitment to provide a service meeting the highest quality and safety standards, and despite the financial and economic scenarios we must confront, aware of the inconveniences of any energy outage. I would like to make a special mention and recognition to all Company personnel whose efforts, commitment and professionalism allowed reaching satisfactory operating efficiency indexes notwithstanding all circumstances, the uncertainties characterizing our activity and the result of the operating deficit disclosed in the documentation that we submit for the Shareholders' consideration. Said commitment and dedication to service

that I emphasize in this thank-you letter, permitted the Company to prove, once again, that it is able to thread its way through such a challenging occasion, affirming its calling to serve and commitment towards its Mission.


Ricardo Tortes
Chairman





01

Economic context and regulatory framework

In a year characterized by certain disparity in the development of top global economies, based on the International Monetary Fund's estimates, global growth rate would be of around 3,3%, similar to that of previous years. While the United States' 2.5% p.a. growth rate was largely surprising, Europe and Japan are at a standstill, and emerging countries grew by 4.1%, revealing certain slowdown process.

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01

Economic context and regulatory framework

ARGENTINA MACROECONOMIC CONTEXT

In a year characterized by certain disparity in the development of top global economies, based on the International Monetary Fund's estimates, global growth rate would be of around 3.3%, similar to that of previous years. While the United States' 2.5% p.a. growth rate was largely surprising, Europe and Japan are at a standstill, and emerging countries grew by 4.1%, revealing certain slowdown process.

In 2014, Argentina economy is undergoing a slowdown process, aggravated by a less favorable outside context, particularly when paying close attention to the remaining countries of the region. Officially-released estimates report a 0% variation for 2014. This figure falls under the growth experienced in 2013 of 2.9%, mainly due to year-on-year decreases in wholesale and retail business (-3.1%), households with staff (-2.6%), construction (-1.4%) and manufacturing industry (-.0%), offset by the increase recorded in 2013 in financial intermediation (+12.8%), education (+2.7%), social services and health (+2.6%) and hotels and restaurants (+2.1%).

As released by the National Institute of Statistics and Census in Argentina (Instituto Nacional de Estadísticas y Censos, INDEC), during 2014, the general consumer price index aggregately rose by 23.9%.

Miscellaneous goods and services recorded the sharpest increase in 2004, by as much as 31.6% compared with 2013. The other two items most significantly weighting in the index, with a 48% share in the index, are foods and beverages and recreation, which had year-on-year increases of 19.7% and 27.2% respectively. Increases in the Company's costs, mostly represented by salaries and social security contributions, and outsourced services, recorded important increases by as much as 45%.

By year-end close, tax revenue grew by 36.2% compared with 2013, totaling AR\$1,170 billion. This revenue rise is mainly due to an increase of AR\$331 billion in VAT, AR\$297 billion from the social security system and AR\$267 billion from the income tax.

In turn, government spending accounts report a primary deficit in the national government sector of AR\$38 billion, and AR\$110 billion after repaying interest on public debt. Based on INDEC data, exports in 2014 decreased to a lesser extent than imports, in a year-on-year 11.9% reaching US\$71,935 billion, while imports dropped by 12.8%, to U.S.\$65,249 billion. This resulted in a decrease in trade balance surplus of 16.5% compared with 2013, amounting to U.S.\$6,686 billion.

In the exchange market, U.S. dollar exchange rate closed at AR\$8.551/U.S.\$, and accumulated a 31.1% climb compared with December 2013.

Argentine Central Bank (Banco Central de la República Argentina, BCRA) reserves stock recorded an increase from U.S.\$30,599 billion in December 2013 to US\$31,443 billion in December 2014, as a result of trade surplus, but mainly due to the swaps implemented with the China Central Bank.



ENERGY SECTOR

In the energy generation sector, operative costs and, consequently, monomial market price (see figure below) have increased at an average 35% as compared to those recorded during the previous year, mostly due to an increased rate of gasoil (GO) and imported liquefied natural gas (LNG) volume, with a hydroelectric supply similar to that of prior years and a slightest component of nuclear energy due to the continual development of Atucha II, with a reduced rate of production in Central de Embalse. Based on these conditions, fuel oil consumption was 2.72 MMTn, GO consumption reached 1.79 MMTn and natural gas and LNG recorded 14.29 MMTn.

Gas demand for the energy sector was greater than prior year consumption, registering a use 9% higher than that of the previous year, thus it is still insufficient to satisfy the demand increase from coal-fired power stations in winter time. As a result of the reduction in internal natural gas supply for energy generation, imports from Bolivia and of LNG increased.

Oil price recorded a slightly rising trend since 2013 towards late June, with an average cost of U.S.\$101 per barrel for the West Texas Intermediate (WTI) in the first six months, exceeding the average cost recorded in the last five years, with a top record of U.S.\$107. In the third quarter, a slight downward trend is identified, reaching an average value of U.S.\$97. Finally, in the last quarter, the downward trend is largely noticeable, with a quarterly average value of U.S.\$74 and a minimum value of U.S.\$54.

As happened in the past, funding of the Wholesale Electric Market (WEM) was basically fed off by contributions made by the Argentine Government to the Unified Fund to pay off negative balance of accounts, which reached AR\$29,554 billion in 2014. It should be noted that this figure resulted from Argentine National Treasury contributions that caused the total accumulated amount to be reduced.

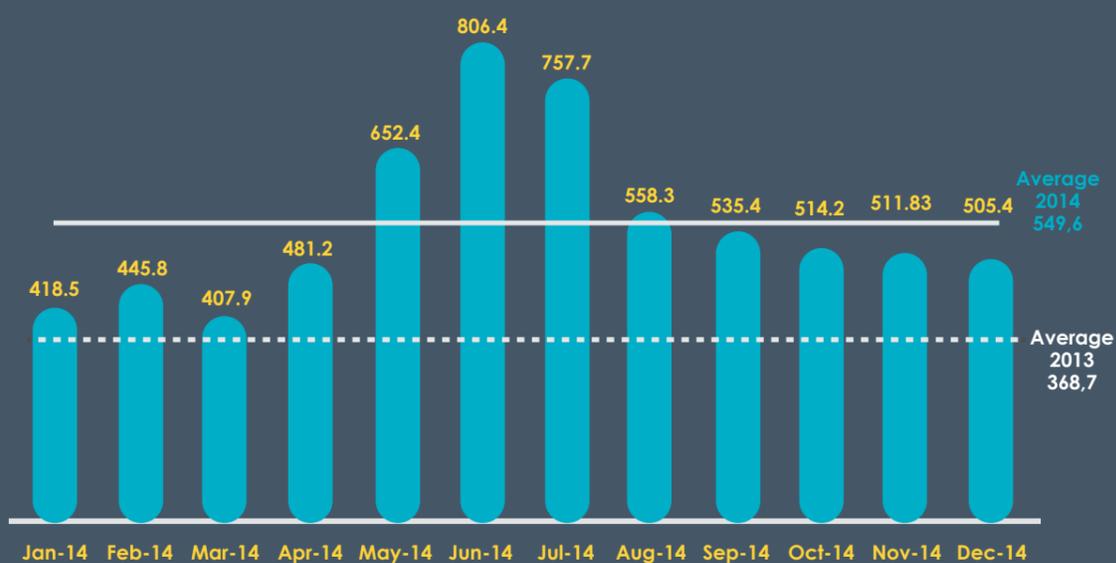
As regards fixing of energy prices for generation agents, as from February 2014, Energy Secretariat (ES) Resolution No. 529/2014 was in effect, which provided for an increase in prices of fixed costs, variable costs (other than fuels) and additional compensation, formerly fixed by SE Resolution No. 95/2013.

During 2014, not many new “Sourcing Agreements” between Compañía Administradora del Mercado Mayorista Eléctrico (CAMMESA) and several companies were signed. It is worth mentioning those agreements executed with certain renewable energy power stations, both photovoltaic and wind energy, with low power modules. Also for small gas turbine-type power stations (TG). These higher costs continued as non-reflected in the demand but accumulated in the relevant accounts that the Argentine Government paid off with subsidies.

Besides, but under the “Mobile Energy Generation” mode, Energía Argentina S.A. (ENARSA) also connected generator groups

of a lower module at certain points of the distribution network of the different energy providers in the country. As opposed to the Distributed Energy Generation mode, as from June 2012, based on Energy Secretariat note No. 3547, higher costs were transferred to distribution companies.

Contribution from the new generation supply continued, a phase dating back to 2008, and 1285 MW were added in 2014. The most important sources in terms of the delivery of energy to the Sistema Argentino de Interconexión (SADI) network, include as from June, Atucha II Nuclear Power Station (Dr. Néstor Kirchner) 745 MW, and as from November Vuelta de Obligado Combined Cycle Power Station with the commissioning of two TG of 270 MW, though by year-end closing they had no operation authorization and were not formally incorporated to the WEM total installed capacity. Four small diesel power stations in Santiago del Estero where authorized to operate with a total of 28.4 MW and a small hydroelectric project, 1,7 MW “La Lujanita” in Mendoza.



REGULATION AND CONTROL

Act No. 25.561, Public Emergency and Amendment to the Exchange Regime Act (Ley de Emergencia Pública y Reforma del Régimen Cambiario), which was passed and enacted in early January 2002, was subject to several extensions of the emergency declaration effective date and its consequences until December 31, 2015 (Act No. 26,896)

During 2009, Edenor S.A. presented the rates proposal requested by the National Regulatory Entity of Energy (Ente Nacional Regulador de la Electricidad, ENRE) under Resolution No. 467/08 (Program for the Comprehensive Rates Revision of Federal Distribution Companies [Programa para la Revisión Tarifaria Integral de las Distribuidoras Federales]) in accordance with the provisions of the Memorandum of Agreement entered into by and between Edenor S.A. and the Renegotiation and Analysis of Utilities Agreements Unit (Unidad de Renegociación y Análisis de Contratos de Servicios Públicos, UNIREN) ratified by Executive Branch decree No. 1957/06 and Energy Secretariat Resolution No. 865/08. During 2010, Edenor S.A. complied with requests for more information from the ENRE on such rate proposal filed by the Company. During 2014, no progress was yet made on this matter, only with Edenor S.A. administrative and court filings claiming ENRE’s progress on this matter.

On November 7, 2011, the Energy Secretariat passed resolution No. 1301/11 establishing the seasonal scheduling for summer time, removing subsidies for certain economic activities that, pursuant to the resolution, are able to deal with real costs to be incurred in order to supply their electric energy demand. This resolution has been extended, and being applied to residential users, classifying them based on their geographical location and types of residence. The modification exclusively dealt with energy purchase prices at the Wholesale Market, thus the Distribution

Value Added cost (Valor Agregado de Distribución, VAD) of the Company was virtually unchanged. During 2014, no progress was made on this matter.

On November 23, 2012, the ENRE issued Resolution 347 authorizing companies to apply a fixed amount different for each category of users, based on the application of Section 4.2 of the Memorandum of Agreement. It further provides that such amounts be exclusively used in the execution of infrastructure works and maintenance of facilities of each Concession Holder. Funds raised thereunder are deposited in a special account administered by a trust.

As with previous years Energy Secretariat resolution No. 1037/07 remained in full force and effect, having been ratified by Energy Secretariat note No. 1383/08 modifying the allocation of funds derived from the implementation of the Program for a Reasonable Energy Use (Programa de Uso Racional de la Energía Eléctrica, PUREE). Deductions may be made of such funds of: a) any amount Edenor S.A. shall pay as Quarterly Adjustment Coefficient (Coeficiente de Adecuación Trimestral, CAT) established as per section 1 of Act No. 25,957, for the purpose of the estimation used to determine the total value of the National Fund of Electrical Energy (Fondo Nacional de la Energía Eléctrica, FNEE), and b) any amount deriving from the rates adjustment resulting from applying the Cost Monitoring Mechanism (Mecanismo de Monitoreo de Costos, MMC) under the Memorandum of Agreement, until one or the other item effective passing to rate is recognized, as appropriate.

On May 7, 2013, the Energy Secretariat issued resolution No. 250 allowing the setoff, until February 2013, of receivables deriving from the MMC adjustment application (only polinomial adjustment application) with amounts due by Edenor S. A. under PUREE and with a portion of the Company’s debts payable to CAMMESA. By means of note No. 6852 dated November 6, 2013, setoffs

were extended by the Energy Secretariat to September 2013. With Energy Secretariat note N° 1136 dated December 18, 2014, the Energy Secretariat extended the set off period to December 31, 2014.

The Master Agreement, entered into by and between the Argentine Government, the Province of Buenos Aires and Edenor S.A., which sets forth the parties economic contributions to allow Energy Distribution Companies to provide electrical energy to squatter settlements (Category A and B), continued in full force and effect and was renewed for an additional 4-year term as from January 1, 2011. Such renewal was ratified by resolution 247/12 of the Ministry of Federal Planning, Public Investment and Services and by decree No. 507/12 of the Executive Branch of the Province of Buenos Aires. It expired in December 2014.

Enforcement of collateral and eminent domain

As provided for in sections 37 and 38 of the Concession, the Argentine Executive Branch may, notwithstanding any other rights it may have thereunder, enforce the collateral furnished by the guarantor (holders of the majority shareholding, Class A shares), that is to say, assume the political rights of those shares and it may immediately sell the shares pledged or sell the majority shareholding, in the following circumstances:

- a) Non-compliance with the provisions of sections 14 and 15 of the Concession Agreement (corporate and operation regime).
- b) In case the Distributor repeatedly breaches its material obligations under the Agreement and after being requested by ENRE to comply with those obligations in a fixed term, it fails to do so.
- c) If the accumulated value of penalties imposed on EDENOR S.A. in the previous period of one (1) year exceeds twenty percent (20%) of its net annual invoicing of taxes and rates.

- d) If guarantors levy or permit a levy on the shares pledged and fail to cancel the levy in the period of time fixed by ENRE.
- e) If the Distributor or guarantors hinder in any manner the sale in an International Public Bidding of the majority shareholding, in the cases set forth in the Concession Agreement.
- f) If any Shareholders' Meeting of the Distributor approves, with no participation by ENRE, an amendment to the Company's By-laws or an issue of shares that changes or permits to change the interest of fifty one percent (51%) in the total capital stock represented by Class "A" shares or their voting rights.

Notwithstanding the provisions above, as Concession Power, it is entitled, based on the "hecho del príncipe" theory, to decide on the eminent domain of the company, which shall be declared by a national act in compliance with the provisions of Act 21499.





02

Analysis of economic-financial operations and results

In the fiscal year ended December 31, 2014, Total Assets increased 18.9% from AR\$7,258 to AR\$8.630 billion. This net increase was due to a significant increase in Property, Plant and Equipment.

◆ ANNUAL REPORT 2014

 **Edenor**

02

Analysis of economic-financial operations and results



RELEVANT DATA

Values adjusted by inflation in thousands of Argentine Pesos

	31 Dec. '09	31 Dec. '10	31 Dec. '11	31 Dec. '12	31 Dec. '13	31 Dec. '14
Total assets (thousand of AR\$)	4,370,741	5,031,730	5,585,499	5,973,782	7,258,096	8,630,069
Total liabilities (thousand of AR\$)	2,188,532	2,923,552	4,154,114	5,555,601	6,081,794	8,245,068
Shareholders' equity (thousand of AR\$)	2,182,209	2,108,178	1,431,385	418,181	1,176,302	385,001
Property, plants and equipment investments (thousand of AR\$)	404,310	388,770	430,637	544,308	1,092,342	1,701,773
Energy sales (in GWh)	18,220	19,292	20,098	20,760	21,674	21,292
Energy sales (in GWh) - excluding tolls	14,599	15,401	15,941	16,499	17,300	17,080
Energy purchases (in GWh)	20,676	22,053	23,004	23,934	24,902	24,860
Energy losses	11.88%	12.52%	12.63%	13.26%	12.96%	14.35%
Total clients	2,601,643	2,659,215	2,691,331	2,725,641	2,772,893	2,801,121
Total employees (own staff)	2,691	2,687	2,836	2,966	3,563	4,314
Energy sales (thousand of AR\$)	2,094,345	2,205,396	2,273,260	2,937,625	3,393,759	3,536,147
Energy sales (thousand of AR\$) - excluding tolls	1,959,054	2,063,867	2,159,803	2,721,967	3,231,464	3,373,588
Net income/(loss)(thousand of AR\$)	90,643	(74,031)	(304,057)	(1,016,470)	771,739	(779,716)
Average sale price (AR\$/KWh)	0.1149	0.1143	0.1150	0.1389	0.1566	0.1661
Average sale price (AR\$/KWh) - excluding tolls	0.1342	0.1340	0.1355	0.1650	0.1868	0.1975
Average gross margin (AR\$/KWh)	0.0605	0.0593	0.0589	0.0512	0.0620	0.0782

NOTE: monetary figures are denominated in constant currency as provided for by CNV Standards

ANALYSIS OF THE FINANCIAL AND EQUITY CONDITION

Edenor S.A.'s comparative assets and liabilities structure for fiscal years ended December 31, 2014 and 2013 is as follows (amounts in AR\$ million):

	2014	2013
Current assets	1,641	1,869
Non-current assets	6,989	5,389
Total Assets	8,630	7,258
Current liabilities	4,333	3,283
Non-current liabilities	3,912	2,799
Total Liabilities	8,245	6,082
Shareholders' equity	385	1,176
Total Liabilities and Shareholders' equity	8,630	7,258

In the fiscal year ended December 31, 2014, Total Assets increased 18.9% from AR\$7,258 to AR\$8,630 billion. This net increase was due to a significant increase in Property, Plant and Equipment.

Investments made during fiscal year ended December 31, 2014 totaled AR\$1,701.8 billion, exceeding investments made in 2013, which totaled AR\$1,092.3 billion. This increase results from the enforcement of the investment plan established by Edenor S.A. through the Fund for Consolidation and Expansion Works of Energy (Fondo para Obras de Consolidación y Expansión de la Energía Eléctrica, FOCEDA) and Extraordinary FOCEDA.

An increase of 35.56%, from AR\$6,082.555 to AR\$8,245 billion, in Liabilities was recorded. The leading causes of such increase were a significant increase in trade debts and an increase in other debts and loans.

The comparative fundraising or fund allocation structure for 2014 and 2013 fiscal years is as follows (amounts in AR\$ million):

	2014	2013
Funds raised through operational activities	1,548	1,437
Funds allocated through investment activities	(1,462)	(1,109)
Funds allocated through funding activities	(156)	(177)
Total funds raised (allocated) during fiscal year	(70)	151

In the fiscal year under analysis, a decrease in cash flows (Cash + Investments not exceeding three months), net of any exchange difference, of AR\$70 million was recorded. Such decrease was mainly derived from cash flows used in investment activities, offset with the increase in funds raised through operational and funding activities.

INVESTMENT

Investment made during 2014 reached AR\$1,701.8 billion, as the Board of Directors expressly provided that their execution be prioritized over other expenditures in an effort to maintain the licensed utility rendering in safe conditions.

It is worth noting that recovery at the investment level remained constant as compared to those years subsequent to 2002 crisis, even considering that during the year, restrictions on availability of resources, as a consequence of the freeze on rates and the increase in costs, continued to be applicable.

Energy demand fell by 0.17% (24,860 GWh in 2014 compared with 24,902 GWh in 2013) and maximum energy demand reduced by 3.64% (4,574.8 MW in 2014 compared with 4,747.7 MW in 2013) To meet demand, most of the investment

was applied to the enhancement of facilities structure, existing installations reinforcement and to the connection of new supplies. Edenor S.A. continued using its best efforts to keep fraud and delinquency indicators at efficient levels and the quality standard of service and products. Besides, important investments were made to protect environment and ensure safety in public thoroughfare.

From a comparative viewpoint, it is noticed an increase in the level of investments in 2014,

with respect to investments made in 2013, for an amount equal to AR\$609.4 billion, as a result of the application of funds managed by the FOCEDA created under resolution 347/12 and by additional credit lines agreed by EDENOR and CAMMESA following Energy Secretariat's instructions. Said investments are described in the relevant paragraphs.

Amounts of investments made are specified in the following charts. They are broken down based on allocation and activity:

Item	Amounts in AR\$ million	
Distribution	969,6	56.97%
Transfers	492,4	28.93%
Computers, transportation and office equipment/tools	154,2	9.06%
Replacement-specific materials	85,6	5.03%
Total	1,701.8	

Investments by activity:

Item	Amounts in AR\$ million	%
New Supplies	93,1	5.47%
Network Structure	1,111,8	65.33%
Network Improvement	134,3	7.89%
Energy Recovery	32,6	1.92%
Legal Requirements	23,9	1.40%
Telemonitoring and Telecommunication	66,3	3.90%
Systems, real property, office equipment/tools, etc.	154,2	9.06%
Replacement-specific materials	85,6	5.03%
Total	1,701.8	

The most significant works performed during 2014 were the following:

New Supplies:

New supply requests were connected, and power increase requested by the customers was further provided

Transmission Structure

The following works were performed:

- Continuation of enlargement works in Rodriguez Substation 220/132 kV 2 x 300 MVA
- Continuation of works for new 132 kV electroducts in Rodriguez Substation – Malvinas Substation and Rodriguez Substation – Pilar Substation. Phase 1 Start-up and connection of one of the electroducts from Malvinas Substation to the new Manzone Substation.
- Start of renewal works of 132kV electroducts in Nuevo Puerto Substation–Libertador Substation–Vicente López Substation
- Start of 132 kV electroduct Suárez Substation–Villa Adelina Substation.

Sub-transmission Structure

The following works were performed:

- New 132/13,2 kV – 2x40 MVA San Alberto Substation. Assembly of second 132/13,2 kV transformer and new 13,2 kV board.
- New 132/13,2 kV 2 x 40 MVA Manzone Substation.
- Enlargement of Benavidez Substation from 132/13,2 kV 2 x 40 MVA to 3 x 40 MVA.
- Enlargement of 33/13,2 kV Malvinas Substation– from 2x20 MVA to 3x20 MVA.
- Enlargement of 132/13,2 kV Matheu Substation from 1 x 40 MVA to 2 x 40 MVA.
- Enlargement of 132/13,2 kV Colegiales Substation from 3 x 40 MVA to 4 x 40 MVA.
- Continuation of enlargement works in 132/13,2 kV Ciudadela Substation from 2 x 40 MVA to 2 x 80 MVA. Replacement of one of the 40 MVA transformers with 80 MVA transformer.
- Continuation of enlargement works in 132/13,2 kV Tortuguitas Substation from 2 x 40 MVA to 2 x 80 MVA. Replacement of one of 40 MVA transformer with 80 MVA transformer.
- Start of 132 kV electroduct in Colegiales Substation–Urquiza Substation–Agronomía Substation.
- Start of enlargement works in 132/13,2 kV

Morón Substation from 3 x 40 MVA to 1 x 80 + 2 x 40 MVA. Replacement of Medium Voltage Board.

Distribution Structure

The following works were performed, among others:

- 68 new feeders in new and existing Substations and Reduction Centers: Benavidez, Luzuriaga, Pantanosa, Altos, Paso del Rey, Pontevedra, San Alberto, San Justo, Agronomía, Saavedra, Colegiales, Ciudadela, Melo, Rotonda, Migueletes, Suarez, Bancalari, Maschwitz, Nogues, Nordelta, San Fernando, Del Viso, Manzone, Jose C. Paz, Catonas, Tortuguitas, Malvinas, Pilar, Oro Verde RC, Cazador RC, Escobar RC.
- Sealings between Medium Voltage feeders in various substations
- 537 new medium/low voltage conversion centers and 926 power increases in existing centers which increase the installed power to 398 MVA.

Network Improvement

Improvement was made in all voltage levels, and the most significant ones are described below:

- **High Voltage:** Switches of 132 kV and 220 kV were replaced. Medium voltage board protections were fitted in different Substations and 132 kV wire protections were replaced.
- **Medium Voltage:** An important replacement of outdated technology underground network was made, medium/low voltage transformers were replaced as well as equipment in medium voltage centers.
- **Low Voltage:** Underground and air networks were replaced. Network which had product quality problems was also reinforced.

FINANCIAL DEBT

As of December 31, 2014, the Company's total financial debt was equal to AR\$1,632.4 billion, including AR\$34 million as unpaid accrued interest.

As compared to the previous year, financial debt, net of current investment and financial assets, increased by AR\$308.3 million (34.61%), mainly as a result of the exchange rate impact.

Current debt profile has an average term of approximately 5.3 years and an average estimated rate of 10.19%. Virtually all Edenor S.A.'s financial debt is denominated in U.S. dollars, thus the Company is exposed to any changes in exchange rate, with the resulting impact on income and cash flows.

After December 31, 2014, in the economic scenario of the Company's business, it is not possible to foresee future performance of the exchange rate neither that of other Argentine economy factors that may have an impact on the Company's economic and financial condition, as explained in Note 1 to the Company's Financial Statements.

Deterioration of cash flows results from the delay in updating rates and an uninterrupted increase in costs and the need for greater investments to satisfy the demand steady growth in recent years. Despite the fact that, in 2014 fiscal year, recognition under MMC retroactively applicable to the October 2013 - December 2014 period had a favorable impact on the Company's operating profit, it did not entail an increase in cash flow neither did it help offset all the operating deficit of the fiscal year, but only a partial reduction in the debt payable to CAMMESA. This situation and the results have an adverse impact on the Company's financial ratios

Recovery of the economic equation of the Company basically depends on the possibility to obtain rate increases or other mechanisms the regulatory authority may develop, which recognize real variation in costs arising out of the Licensed Utility rendering.

Considering that fulfillment of actions designed to reverse the negative trend experienced in 2014 fiscal year depends on the occurrence of certain events beyond the Company's control, the Board of Directors believes that there is a high degree of uncertainty as regards the Company's financial capacity to comply with the obligations inherent to its ordinary course of business.

Repurchase of Notes

In 2014 fiscal year, the Company purchased, in different transactions, at market prices, Class 9 Notes due 2022, for a nominal value of U.S.\$ 17,7 million.

As of 2014 year-end, the outstanding principal of the financial debt denominated in U.S. dollars, reached U.S.\$ 191,4 million.

Funding Sources

2014 fiscal year, just as the last two fiscal years, was characterized by a sharp limit on access to borrowings, for the energy sector in general, and for the Company in particular,

mainly due to the economic-financial situation and deterioration of its financial ratios as mentioned above.

However, despite the situation described above, the Company has complied with all its financial obligations, repaying its Notes at their maturity dates.

Company's Risk Rating

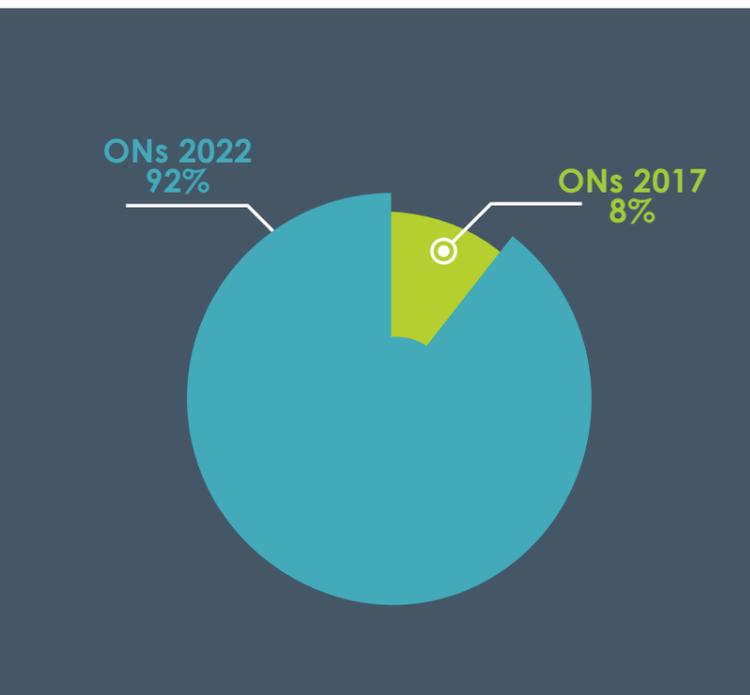
On December 19, 2014, Standard & Poors Ratings Services affirmed the ratings of the Global Notes Program of up to US\$600,000,000 with final maturity in 2016, of the Notes for US\$220,000,000 with final maturity in 2017 and of Notes for US\$300,000,000 with final maturity in 2022 of Edenor S.A. in CCC – in global scale and raCCC+ in national scale, upkeeping the downward trend.

Edenor S.A.'s "raCCC+" ratings mostly incorporate the high regulatory risk in Argentina, the Company's limited flexibility, exposure to any risk currency mismatch (as its financial debt is denominated in U.S.dollars while funds are domestically generated in Argentine pesos) and high investment levels required to satisfy the ever increasing energy demand. Increases in operating costs related to salaries and compensations and third parties' services in a rate freezing scenario, lead to a significant degree of uncertainty as regards the Company's financial capacity to meet its financial obligations in due time.

Previously, on October 17, 2014, Moody's Latin America maintained for Edenor S.A. in Caa3 rating in global scale and in Caa3.ar rating in national scale, both with a negative outlook, to all series issued by the Company. In addition, it maintained shares rating in category 4.

Grounds for negative ratings were increase in operating costs during the second quarter in 2014, plus related drop in margins and weakened cash generation capacity. A sign that Edenor S.A. has succeeded in meeting everyday cash needs only by cutting back its energy payments to CAMMESA. Furthermore,

it should be noted that the Company has received additional funds from CAMMESA, to cover higher salary costs. Though the company has no critical debt maturities in the short term, as its debt mostly matures in 2022, at this point, it is highly uncertain to ascertain if the company will manage to meet its future debt services. If Edenor S.A.'s margins and cash generation continue with their downward trend, and if additional cost pressures are not dealt with by increasing or adjusting rates, ratings might most likely be further downgraded.



ANALYSIS OF FINANCIAL RESULTS

Comparative income/loss structure of fiscal years ended December 31, 2014 and 2013 is as follows (amounts in AR\$ million):

	2014	2013
Ordinary operational income/(loss)	13	1,396
Financial and holding income/(loss)	(681)	(491)
Other income and expenditure	(266)	(81)
Ordinary net income/(loss)	(934)	824
Income tax	154	44
Discontinued transactions	--	(95)
Third parties' interest	--	(1)
Net income/(loss)	(780)	772

Regarding fiscal year ended December 31, 2014, Net Income/Loss was significantly worsened, from AR\$824 million profit in 2013 to AR\$934 million loss in 2014. Said worsening was caused by the continuous increase in operation costs necessary to keep the same level of utility rendering and delay in obtaining rate increases and/or recognition of their higher costs.

From an operational standpoint, it is worth noting the particular progress of certain line items:

- As explained below, energy purchases, in physical units, have decreased by 0.17% as compared to the previous year.
- As explained below, energy losses have slightly increased compared to the level recorded in the previous year (14,27 % in 2014 versus 12.96% in 2013) according to TAM.
- Delinquency level expressed as days equal to invoicing increased from de 11,06 days to 13,98 days.

Regarding financial results, they experienced a significant increase, from a loss of AR\$491 million during 2013 fiscal year to an AR\$681

million loss in the year under analysis. This variation is mainly explained by the exchange rate difference income/(loss) derived from assets and liabilities and increase in lost commercial interest, partially offset with the recognition of earned financial interest accruing on MMC and PUREE offset.

Net loss recorded during the 2014 fiscal year was AR\$780 million, mainly influenced by increase in operation costs necessary to keep the same level of utility rendering and delay in obtaining rate increases and/or recognition of higher costs.



MAIN ECONOMIC RATIOS

The following scheme reflects the Company main economic ratios as compared to the previous year and their estimation formula:

RATIOS		12.31.14	12.31.13
Liquidity	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.38	0.57
Creditworthiness	$\frac{\text{Net worth}}{\text{Total Liabilities}}$	0.05	0.19
Long-term capital investments	$\frac{\text{Non-current Assts}}{\text{Total Assets}}$	0.81	0.74
Profitability before taxes	$\frac{\text{Profit/ (Loss) before taxes}}{\text{Net worth excluding fiscal year results}}$	(80.20) %	203.62%

If the rate-related situation existing at the time of preparing this Annual Report continues, together with the increase in costs related to the actual rendering of the Utility Service under Concession, the Board of Directors believes that the economic and financial situation will continue worsening, and that it would be reasonable to expect a deterioration in economic and financial ratios for the future fiscal year.

ALLOCATION OF INCOME (LOSS) FOR THE YEAR

Item	Amount in AR\$ million
2014 fiscal year loss	(780)
Unappropriated Retained Earnings for 2014 fiscal year	(780)

The Board of Directors' compensation shall be fixed by the Shareholders' Ordinary General Meeting that approves this Annual Report and Financial Statements.

RATES

During 2014, the Public Emergency and Exchange Regime Reform Act No. 25,561 (Ley de Emergencia Pública y Reforma del Régimen Cambiario, Ley N° 25.561) enacted on January 6, 2002 was extended again, rendering unenforceable any dollar-based adjustment covenants and the indexing provisions set forth in Edenor S.A.'s Concession Agreement.

In 2014, an approximate average of 281,000 customers continued to be exempted from the rate scheme enforced by ENRE resolution 628/08. These beneficiaries had to pay the rate schemes in force immediately before those mentioned above. i.e., those approved by ENRE resolution No. 324/08.

During 2014, Energy Secretariat resolution 1301/2011 was applied by Edenor S.A. to clients with no subsidies, who paid an average monomial price of Argentine Pesos three hundred and twenty megawatts/hour (AR\$320/MWh).

Application of said Resolution did not change the effects on the Company's VAD (Distribution Added Value).

During 2004, and continuing with the mechanism originally created by ES resolution 250/13, the amounts owed to Edenor S.A as MMC (including interest) and debts incurred by Edenor S.A. under PUREE (including interest) were assessed by means of ENRE notes 112.606/14, ES 0486/14 and ES 1136/14, both up to December 2014.

In addition, said resolutions instructed CAMMESA to prepare sale settlements with maturity date to be fixed for an amount equal to the MMC receivable surplus less PUREE debt (including interest), and authorizes CAMMESA to receive said sale settlements with maturity date to be fixed as partial repayment of Edenor S.A.'s debt with CAMMESA up to the date of the resolutions.

As of the date of this Annual Report, CAMMESA has prepared no sale settlement.

On May 23, 2014, Edenor filed a request for approval with ENRE regarding the application of MMC16 pursuant to Exhibit I of the Memorandum of Agreement, for the November 2013-April 2014 period, for a value of 14.12% that should have been applied since May 1, 2014.

In 2014, and as opposed to the last five years, ENRE did not authorize application of winter rate schemes by Edenor S.A. to clients with subsidies. This change in rate schemes had no effect on the Company's VAD.

On November 25, 2014, Edenor S.A. filed a request for approval with ENRE regarding the application of MMC17 pursuant to Exhibit I of the Memorandum of Agreement, for the May 2014-October 2014 period, for a value of 11.182% that should have been applied since November 1, 2014.

During 2014, ENRE resolution 347/12 continued to be enforced, which applies a fixed amount different for each rate category, to be separately reflected in the users invoices, only except for those clients exempted to pay the rate scheme approved by ENRE resolution 628/08.

These amounts continued to be deposited in a special account and are exclusively used in the performance of infrastructure and maintenance works in the Company's concession area and administered by the FOCEDA.

Since 2003, performance of average rate, consumer and wholesale price index, salary variation ratio and the VAD were subject to the following variations:

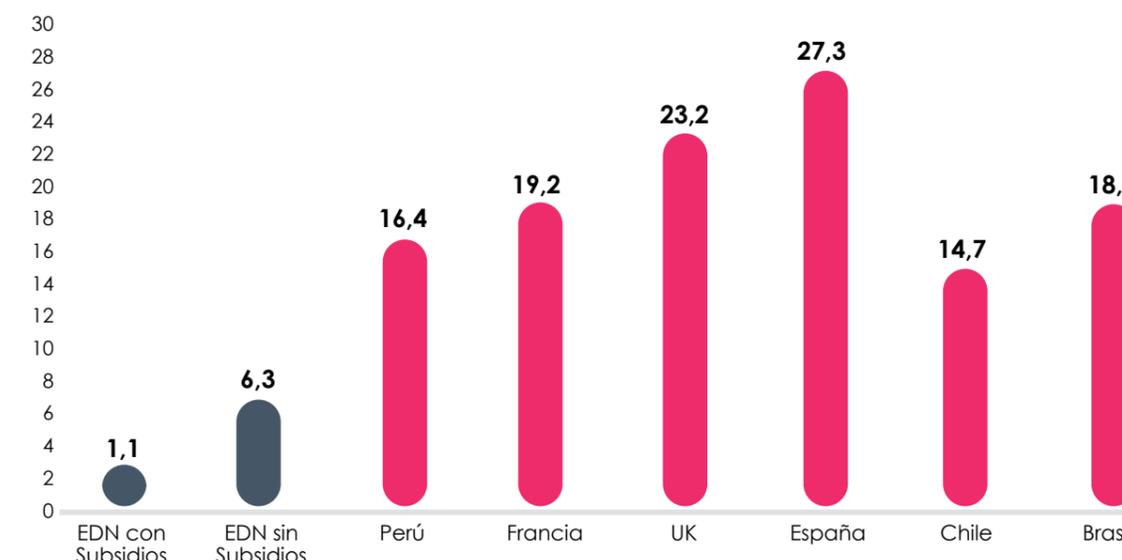
	dec-03	dec-14	Variation %
Average rate (AR\$/MWh)	68.9	133.6	94%
National Urban Consumer Price Index (IPCNU) (INDEC)	37.3	113.4	204%
Wholesale Domestic Price Index (IPIM) (INDEC)	222.7	841.7	278%
Salary Variation Ratio (INDEC)	20.3	194.0	855%
		VAD	64%

In the same period, monthly operating expenses by client increased from AR\$7.18 in 2003 to AR\$100.2 in 2014.

The following charts picture a comparison of Edenor S.A.'s residential and industrial rate, with and without subsidies, with the energy rate applicable by other countries:

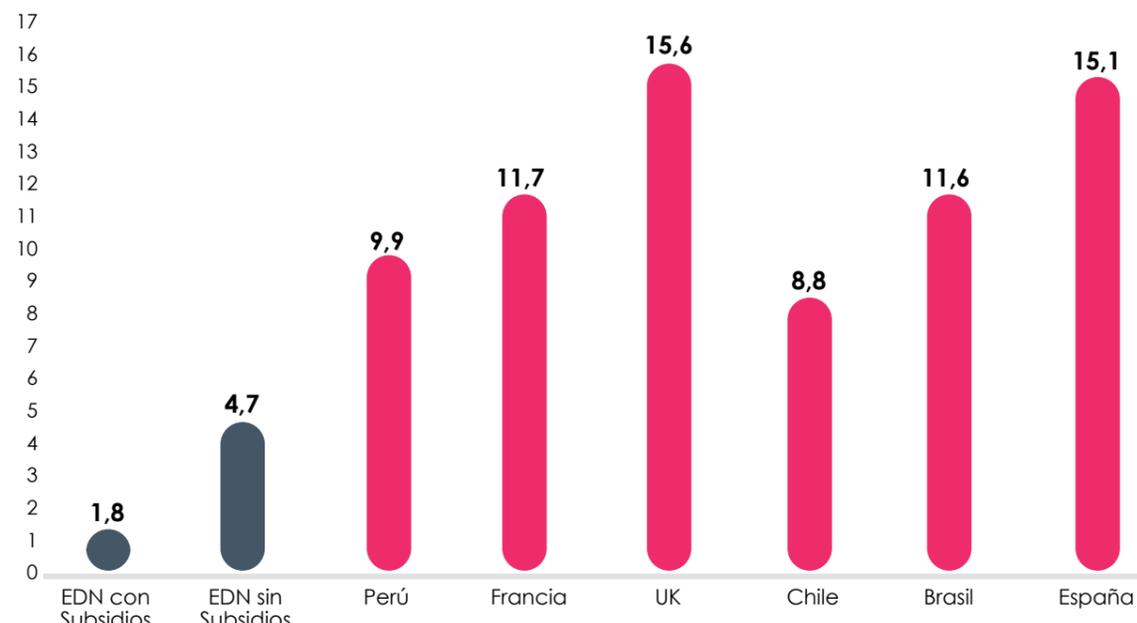


EDENOR RESIDENTIAL RATE SHARE IN THE INTERNATIONAL MARKET
Consumption 275 kWh/month:



Edenor rates applicable December 2014
Values include all taxes
U.S.\$ Cents/kWh. Exchange rate used U.S.\$1 = AR\$8.552

EDENOR INDUSTRIAL RATE SHARE IN THE INTERNATIONAL MARKET
Consumption: 1095 MWh/month Maximum demand 2.5 MW in MV



Edenor rates applicable at December 2014
 Values include taxes, except for VAT
 U.S.\$ Cents/kWh. Exchange rate used U.S.\$1 = AR\$8.552

Although the Company has, on several occasions, requested the administrative authorities for the application of the MMC and the start-up of the Comprehensive Rate Review process (proceso de Revisión Tarifaria Integral, RTI), both processes are delayed. This results in the delay in the restoration of economic and financial equation of the Concession Agreement. In the event those delays continue as regards the rate redefinition, plus the higher costs inherent to the economic circumstances of the utility service under concession, the Board of Directors believes that the situation would lead to expect negative cash flows and operation results as well as deterioration in financial ratios for the future fiscal year.

Notwithstanding the paragraph above, and though recovery of the economic equation of the Company basically depends on the possibility to obtain the rate increases contemplated in the Memorandum of Agreement, until then, coverage of

operation expenses and compliance with the investment plan will depend on the actions the Company may implement to obtain the necessary financial resources.

As described in the Notes to the Financial Statements, due to the delay in executing the Comprehensive Rate Review provided for in the Memorandum of Agreement of the Concession Agreement Renegotiation signed in February 2006 and ratified by Executive Branch Decree No. 1957/2006, which is intended to restore the financial economic equation of the concession, the Company lacks the conditions necessary to gain access to the Financial Market so as to settle the deficit in its operations and the investment plans required to upkeep the same quality and safety standards of the service under its concession. For the purposes of addressing this adverse situation, the Company has obtained from the National Government several measures as that provided for in ENRE Res. 347/12 creating the FOCEDA, ES Res.

250/13, authorizing offset of receivable accumulated under MMC with PUREE debts and energy purchases at WEM, and ES Res. 65/14, recognizing the temporary insufficiency of income from FOCEDA to carry out and execute the works under the so-called Extraordinary Investment Plan and which provided that the deficit would be covered through CAMMESA, at the expense of the Unified Fund as set forth in Section 3 of Resolution No. 2.022 dated December 22, 2005, by executing loans for consumption with the Distribution Company.

Accordingly, in September 2014, the Company executed with CAMMESA a loan for consumption and collateral assignment of claims agreement for a total amount of AR\$500 million to fund said Extraordinary Investment Plan which, as instructed by the Energy Secretariat to CAMMESA was extended on December 18, 2014 for an additional amount of AR\$159,4 million and, following its closing, it was extended once again on January 13, 2015 for AR\$1,042,1 billion.

Furthermore, in an attempt to afford higher salary costs imposed on the Company as a result of the Labor Secretariat passing Resolutions No. 836/2014 and 1928/2014, on June 24, 2014, the Energy Secretariat, by Note 4012/14, instructed CAMMESA to execute with the Company another loan for consumption and collateral assignment of claims agreement, to cover those higher salary costs, and such agreement was signed on July 10, 2014.

Besides and seeking for recognition of resources under the Memorandum of Agreement, the Company filed administrative resources before the ENRE, the Energy Secretariat and the Ministry of Federal Planning, Public Investment and Services which were only resolved in part by ES resolution 250/13. As a consequence of this partial resolution with responses expected to the countless steps and many filings made with the administrative

and court authorities, claiming due compliance by the Concession Power with the Memorandum of Agreement of the Concession Agreement Renegotiation, the Company's Board of Directors decided to claim its compliance at court by filing a contract compliance complaint after exhausting all administrative claims. A precautionary measure was also filed claiming an expedite restructuring of revenue, allowing to ensure the licensed utility while the contract compliance lawsuit is pending, which was denied both by the trial and appeal courts. On February 3, 2015, the hearing Judge ordered the complaint be served during the statutory period of time, which order was satisfied as of the date hereof.

ENERGY PURCHASE

During 2014, energy purchase for Edenor S.A.'s own customers, including large users, reached 24,860 GWh, representing -0,17% decrease in demand as compared to 2013. It should be highlighted that this is the third decrease in demand in historic annual records, as occurred in 2002 and 2009.

Energy Secretariat resolution 2016/12, approved the Seasonal Scheduling for the November 2012- May 2013 period and modified all provisions related to the application of energy and power prices to distribution companies purchasing at a seasonal prices, setting aside once again now in 2014 the structuring of energy prices based on the different segments of demand, power charges and the consideration of a differentiated price increased by losses in excess of those recognized in the relevant Concession Agreement, and replacing it with a single monomial price system providing for the breakdown based on price and losses categories in effect in October 2012.

As opposed to 2013, no Energy Secretariat resolutions were passed in 2014, providing that energy seasonal prices to be paid under demands satisfied by Edenor must be

reduced in winter period, and compatible with the payment capacity of the different sectors in society in the residential category of the Company's rate schemes and, to that end, unlike 2013, the energy prices fixed by ES resolution 2016/12 (AR\$83.98/MWh) were maintained in every month in the year.

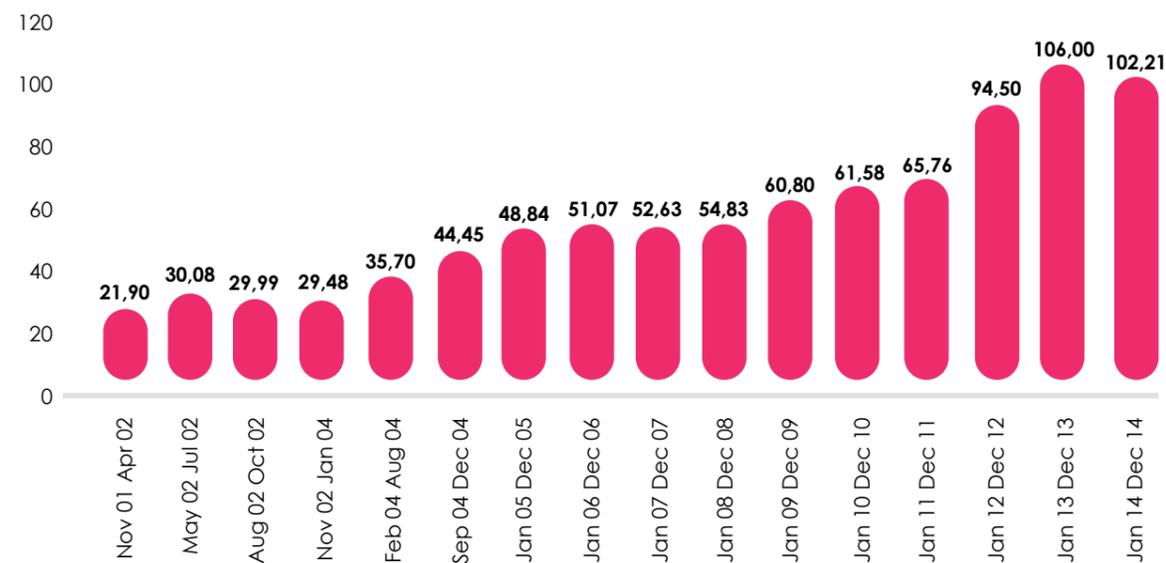
Due to the lack of rate resources, it was impossible for the Company to pay the energy purchase turnover in full, thus incurring in a debt with CAMMESA which, as of December 31, 2014, totaled AR\$4,787,3 not including surcharges nor interest.

Edenor S.A. purchased all the energy at the market at an average annual monomial price of AR\$102.21/ MWh.

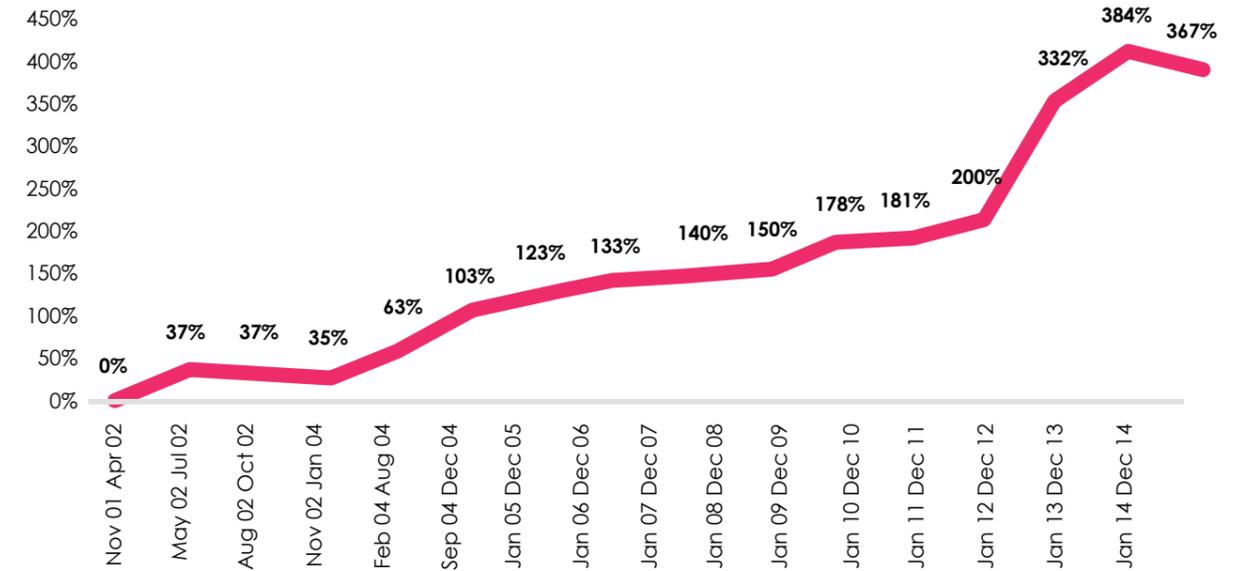
The following chart shows the average purchase price variation for Edenor S.A. since 2001:



AVERAGE PURCHASE PRICE [AR\$/MWh]



AVERAGE PURCHASE PRICE GROWTH [%]



ENERGY LOSSES

As regards the energy recovery reduced plan proposed for 2014, it should be noted that a smaller number of actions planned for R1, R2 and R3 were carried out in four concession areas. Overall plan achievement was only 48%.

Consequently, the Floating Annual Rate (Tasa Anual Móvil, TAM) of total losses (technical and non-technical) in 2014 reached 14.27%, i.e., 1.31% above that of 2013 (12.96%).

In winter, several types of home-manufactured appliances used for heating and supplying hot water continued to be used in deprived homes and with no access to the natural gas network. The massive and simultaneous use of such appliances during winter causes a greater energy demand to the network.

Particularly in areas such as Morón and Pilar, new deprived homes were noted as well as the expansion of existing ones. Energy theft by these deprived homes was

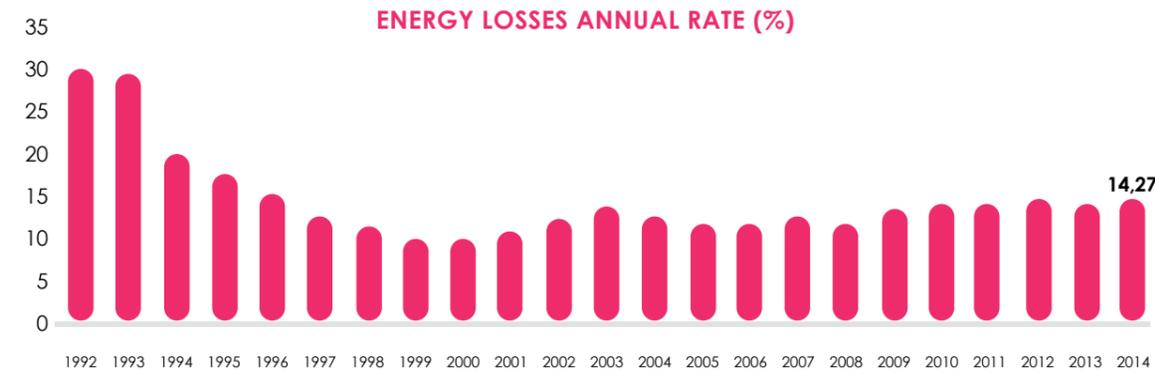
the most important factor in the increase of total losses. In second place, the reduced number of actions, conflicts with unions held over time and some problems caused by the change in the commercial system, adversely influenced the target sought

Throughout 2014, the Company continued working closely with its legal advisors to criminally report the most significant fraud cases by non-deprived clients and to re-define new technological criteria to reduce the facilities vulnerability. New prepaid meters and other with reading and remote cut-off meters were developed. Field tests were satisfactory.

Regarding energy recovery, 907 clandestine customers and 3,632 inactive customers were standardized, representing a decrease of 1,809 standardized clients as compared to 2013. In addition, 58,918 R1 meters inspections were conducted with 50% effectiveness resulting in 14,768 small dwellings being shielded and made suitable, and networks and connections being standardized.

Certain anti-fraud inspections were carried out in deprived neighborhoods and malls.

The following figure depicts the annual rate progress of energy losses since the beginning of Edenor S.A.'s management



DELINQUENCY MANAGEMENT

During 2014, delinquency balance expressed in equivalent invoicing days increased from 11.06 days to 13.98 days.

During 2004, the delinquency balance was adversely affected by the preliminary injunction served on Edenor S.A. in January 2009 in legal action No. 15/2009 filed by Ombudsman. Such injunction prevents Edenor S.A. from taking delinquency-related actions based on the interruption of supply to those residential customers (R1) with a consumption exceeding 1,000 kWh on a bi-monthly basis and with a delinquency status for being reluctant to pay rate increases.

The appeal for constitutional protection (acción de amparo) was denied by the Trial Court on August 20, 2013, and such ruling was fully ratified by the Federal Administration Appeal National Court on May 20, 2014. The Ombudsman filed against the appeal ruling an Extraordinary Appeal, which was rendered inadmissible. Consequently and at Edenor S.A.'s request,

the hearing Court formally declared the preliminary injunction of no force and effect whatsoever, which ruling was made final on November 25, 2014 when Courtroom IV of said court resolved that the preliminary injunction has definitely expired. As regards this ruling, the Ombudsman also filed an Extraordinary Appeal against it, which is still pending; notwithstanding that, the preliminary injunction continues to be declared expired.

During 2004, a comprehensive plan continued aimed at dealing with any rise in delinquency cases with alternative actions which did not interfere with said preliminary injunction:

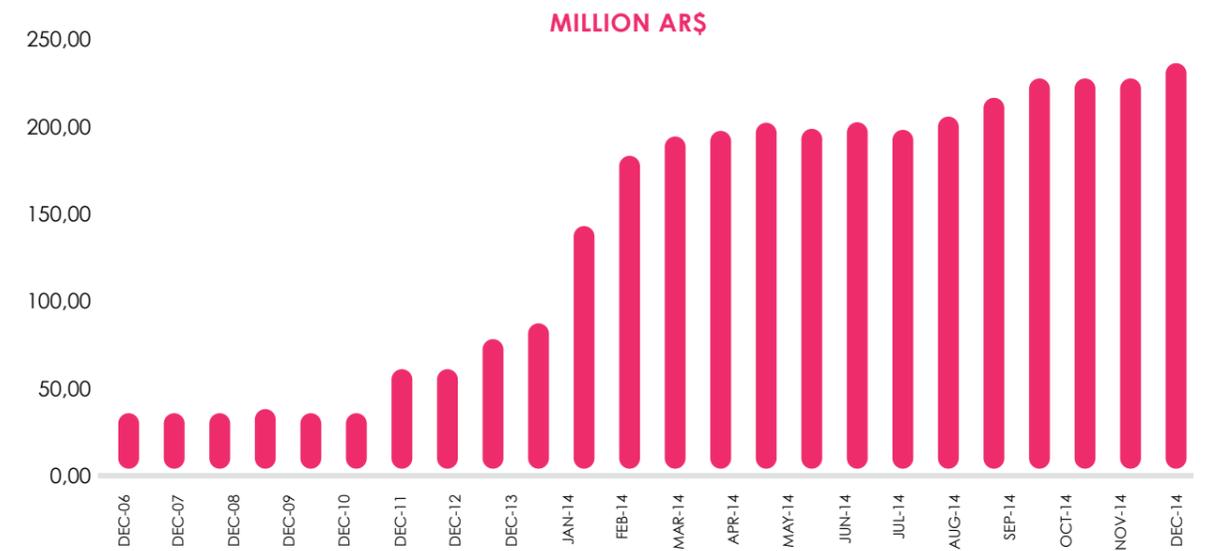
Such actions included:

- Special payment reminders to encourage delinquent customers to pay.
- Customized telephone calls to negotiate and encourage delinquent customers to pay.
- Specific electric actions (though only a 21% of historic actions)
- Rate re-categorizations resulting from in situ Inquiries

Throughout 2014, Municipal account balance resulting from monthly offsetting, was regularized and kept current.

Different events on the network that resulted in the implementation of the Emergency Operation Plan (Plan Operativo de Emergencia, POE), prevented any decrease in the delinquency balance, by using any and all resources so as to maintain clients' energy provision.

Delinquency balance as of December was AR\$229,269,872.



TECHNICAL MANAGEMENT

During the period, the following technical operative actions were carried out:

ACTIONS		CONCEPT		AMOUNTS
MT-BT Preventive Maintenance	Reviews	Eye reviews	Platforms (u)	12,237
			Conductors and posts (km)	47,620
			Eye review corner box, mailbox/wall-like cabinet, connection wires (u)	10,014
	Thermo graphics	Conductors (km)	332	
		Terminals, Platforms and Chambers (u)	3,640	
	Adjustments	Posts, Protection/handling elements (u)	24,669	
Changes in conductors (mt.)		48,191		
Tree pruning (u)		140,369		
MT-BT Remedial Maintenance	Claims in air and underground network (u)		368,706	
	Changes in posts (u)		28,522	
	Connections and repair of terminals in underground networks (u)		10,385	
	Change in protection and handling equipment in chambers and platforms (u)		6,650	
	Tree pruning (u)		3,321	
	Change in transformers (u)		1,194	
Energy Recovery	Inspections T1, T2 and T3 (u)		79,455	
Investments	Projects (u)		9,130	

From late December 2013 towards the end of January, the largest POE ever since Edenor S.A.'s creation was deployed, in response to the heat wave that lasted from late December to nearly every single day in January 2014.

Once again, the operation management measured up to the occasion with a timely and efficient response to the service demands.

In addition, the following audits for certification, as regards Distribution, were

successfully passed, to wit:

- Emergency Operation Plan (Plan Operativo de Emergencia, NG3-POE);
- Public Security System (ENRE resolution No. 421/22)
- Comprehensive Management Systems (Sistemas de Gestión Integrada) (Quality, Safety Occupational Health and Environment)

Implementation of "Planning in Electrical Management" (Planificación en Gestión Eléctrica, PGE) was completed so as to optimize technical processes focused on enhancing efficiency in every productive activity.

In the high voltage area, improvements were made in the development of tasks, among which the following stand out:

In addition to the automatic notices in 2012 (by means of e-mails from the Supervisory Control and Data Acquisition (SCADA) software of the control center of forced affectation cases, alarms of "protection failures" of medium voltage equipment and alarm of "open battery"), the following notices were added: "ventilation failure" and action alarms sent by secondary switches of high and medium voltage transformers of "maximal operation" and "arch detector operation". In addition, with the change in technology in cell phones, these notices were included and received by department heads. During 2014, some of these alarms were further received by Supervisors and CES Operators.

During 2014, developments were created and specified with the Qlik View tool, which will improve the analysis and control of certain variables and alarms of the AT system. These developments are in process of being completed and they are expected to be used in 2015. They address three aspects: pressure control in high voltage OF wires and their conformity to the development of their loads, control of any gases dissolved in transformer oils, and control of normal operation of high voltage and medium voltage protections.

Documents necessary for the Accreditation of the Dielectric Test Lab for Protection Elements used in voltage tasks with the Argentine Accreditation Agency (Organismo Argentino de Acreditación, OAA) were prepared. Such accreditation will be finally granted during 2015.

132/13.2 kV transformers bushings continued to be replaced, which recorded high values in loss tangent.

Aiming at having more control on proper use of power equipment and resources under the Transmission Management's responsibility, new indexes continued to be followed-up, which allowed for measurement of performance and availability (downtime of high voltage transformers, lines, wires and capacity power) and response time of the different areas to failures (interruption time in case of medium voltage driving interruption).

In the Control Center area:

- Technical applications used to manage service interruptions continued to be improved, adding new features and powering IT equipment.
- Procedures prioritizing dispatches and treatment of interruptions and breakdowns were consolidated.
- Operation capacity of the low voltage control center continued to be expanded.
- Operation and handling equipment of the medium voltage distribution network continued to be adjusted, from old-dated technology, for their telecontrol.
- A telecontrol plan of medium voltage network for telemonitoring and telecommanding in transformation centers and medium voltage equipment was continued.
- The telemonitoring plan of voltage short-circuit indicators in the medium voltage network was continued.

In Operation areas:

The following actions were carried out:

MORON

- Two new medium voltage outlets were added in Matanza Substation and in Pantanosa Substation to improve the service quality.
- Five new closures and load rearrangements were performed between feeders in Morón, Pontevedra, González Catán and Luzuriaga Substations.
- An API-type cable with dry connection was renewed in San Justo Substation.
- Agroindustrias Baires S.A (1,905 kW) R3 client was connected.
- Works were carried out in Barrio Roberto Arlt.
- Two new medium voltage feeders in Paso del Rey Substation, 2 in San Alberto and 1 in Matanza (totaling 13.2 km of LAMT and 10.8 km of CSMT), two feeders with closure and load rearrangement (totaling 2.2 km of CSMT), renewal of four feeders with API-type cable with dry connection (totaling 3.1 km of CSMT) and connection of R3 clients such as AySARichieri (1,900 kW), Coto (2294 kW), Aysa Palomar (5369 kW), Lácteos Barraza (2266 kW).
- 32 new conversion centers were added, increasing installed power by 7900 kVA for troubleshooting of Service Quality and Product Quality. Power installed in existing 16 conversion centers was increased, representing a 3090 kVA increase. In addition, 28.17 km of low voltage network in poor condition or of improper section were renewed for troubleshooting of Service Quality and Product Quality and 109 new outlets were performed to solve saturation-related problems, further contributing to reduce energy technical losses. Medium voltage network was laid in approx. 4.12 km.
- In turn, 27 conversion centers are being assembled, leading to an increase of 6,335 kVA, for troubleshooting of Service

Quality and Product Quality. In addition, eight centers power will be increased for a total of 1,415 kVA, 96 new outlets will be executed and 10.84 km of low voltage network and 2,64 km of Medium Voltage network will be renewed.

- Supply requests were received from new clients: Logística Marplatense for 500 kW, Inssjyp for 1.695 kW, Est. De Servicio Federal for 320 kW, Galeno for 2.450 kW, Tecno Filter Internacional for 250 kW, Fund. Daniel Gomez for kW, Tegnial for 585 kW and Hospital Italiano for 765 kW.
- Power increase requests were received from new clients: Imsa for 3.700 kW, Amex for 650 kW, RonaPlast for 700 kW, RefresNaw for 6.600 kW, Frigorífico La Pompeya for 1.500 kW and Siderar for 800 kW.
- New networks continued to be developed for neighborhoods under the Federal Housing Plan (Plan Federal de Viviendas) located in the districts of Merlo, Morón, Marcos Paz, Las Heras and La Matanza.
- Projects to supply energy to PRO.CRE. AR plans (Laferrere, Haedo, Morón, El Palomar, Ciudad Evita, Ituzaingó, Castelar, Hurlingham and Merlo) are in process of being analyzed and developed.

NORTE

In 2014, several investments were made aimed at improving service and product quality, complying with the Thoroughfare Safety Plan, expanding Medium Voltage and Low Voltage Network, satisfying new connections requests and demand growth. A short description of those investments is included below

- 3,493 low voltage posts were replaced in the Municipalities of 3 de Febrero and San Martín.
- In the City of Buenos Aires, 8 handling and leveling protection boxes were replaced by mailbox-type boxes, and 244 connection centers were replaced in a similar number of handling and leveling protection boxes.

- In an effort to improve service reset times, 45 short-circuit indicators were installed in medium voltage network, 28 were replaced and 53 were adjusted.
- 33,312 covers in meter containment and 581 locks in conversion centers were adjusted or replaced.
- In connection with the Telecontrol Plan, 90 medium voltage handling equipment were motorized.
- to prevent flooding, pooling works were carried out in 37 underground conversion centers as well as cable obstruction and sealing works in 62 conversion centers.
- In compliance with the Rules, and with the Thoroughfare Safety Plan, 16 conversion centers were refurbished, located inside buildings, by installing fireguard equipment to physically isolate both rooms in the event of fire.
- 3,078 projects for New Supply, structure and upgrading of medium voltage and low voltage networks works were performed, including: 501 conversion centers, 130 km of medium voltage underground wire, 459 km of low voltage underground wire and 27 km of low voltage air line.
- 459 New Supplies were connected with the following associated installation:
 - 37 new conversion centers with a 29 MVA voltage.
 - 148 low voltage feeders; composed of 17.5 km of underground wire and 5 km of air line.
 - 5.4 km of medium voltage wire.

OLIVOS

- 119 new conversion centers were assembled and installed in the area of Olivos.
- Works intended to connect clients in Barrio San Gabriel, Barrio San Rafael, Complejo Puertos del Lago, Mondelez, Denver Farma, Sherwood, Arsat, Senderos de Nordelta, Grupo Errebe and Náutico San Fernando were carried out and completed.
- Installations were relocated as a consequence of the civil works carried out in Munro shopping area and in Route No. 9 in Benavidez.

- 10 new medium voltage feeders were built in Escobar, Munro and Tigre.
- 23 km of medium voltage wire were renewed in Munro, Vicente López, San Isidro, Martínez, Escobar, El Talar, Victoria and Tigre.
- 53 conversion centers were automated, motorizing 107 handling points.
- 2 new 13.2 kV feeders were put into service from the new reduction center 33/13,2 kV in El Cazador in the district of Escobar.
- Medium voltage outlets were connected and rearranged for the new high voltage transformer in Benavidez Substation.

PILAR

- Manzone substation was put into service, mainly to discharge the LAAT feeding Derqui, Pilar and Parque Substations and Pilar Distribution Center.
- New works were started in the new Corralón Distribution Center, which will replace existing Valeria.
- Works started in the new Gaona Substation, which is expected to be in full operation by 2016. This Substation will help, among other things, feed the area of Routes 24 and 25, where an important industrial area is being settled. Further, the premises for a new Substation are being negotiated in the area of Acceso Norte Ramal Pilar, Calle Caamaño and railroads, where a large shopping area is being set up. That area is currently supplied by Matheu and Derqui Substations, which will be discharged with the new Substation.
- The first high voltage tranche was put into service (made up of line and wire) which joins Malvinas Substation with Manzone Substation. The work is expected to be completed by mid-2015, joining said Substations with Parque Substation.
- 12 new medium voltage feeders were added. One in Paso del Rey Substation to mainly discharge in Moreno downtown, one feeder in Nogues Substation to discharge in Muñiz Substation and another in Matheu Substation that improves service quality in the area,

- mainly in Los Pilares, Los Sauces and La Lomada neighborhoods. In turn, three new feeders were laid in Catonas Substation, 2 in J.C.Paz Substation and one in Tortuguitas Substation. Finally, three out of the seven feeders planned in the first stage of Manzone Substation were put into service. These feeders discharge in Pilar Distribution Center (Pilar downtown and outskirts), Derqui Substation and the area of Carabassa.
- Restructuring of 11.5 km of medium voltage underground wire was conducted, particularly 16.326 and 16.328 feeders supplying, among other areas, Moreno downtown, and the 25.114 feeder supplying the area of Del Viso. The work also cover feeders in Morón Substation (6.705, 6.706, 6.722 and 6.724 A) headed to San Miguel.
- Some of the most important customers are Plaza Logística SRL with 1.7 MW, Inc. S.A. Malvinas (1.6 MW in medium voltage + 1.2 MW in low voltage), Agco S.A. 1.4 MW, Yamaha Arg. S.A. 1.2 MW, Bilseil S.A. 1 MW and Fideicomiso del Pilar 1.8 MW. It is also worth mentioning the ongoing growth of Pilar del Este neighborhood. In addition to the neighborhood already put into service in 2103/2014 (San Alfonso, San Eduardo and Santa Guadalupe I and II), in the 2015/ 2017 period, San Ramiro, San Ramón, Santa Elena, Santa Lucía, Casas del Este and Casas de Santa Guadalupe neighborhoods will be added (new projection is 15 MW). Furthermore, for the first six months in 2015, PIBA II (3,8 MW) and PIEM I (4 MW) industrial parks are expected to be put into service. Finally, projects PIEM II (3 MW), Desarrollos Productivos Moreno (4 MW), Extension of Parque Pilarica (4 MW), Dellacha in Pilar (8,2 MW), and the San Agustín neighborhood (3 MW), located in front of SE Manzone are under feasibility requests.
- 157 medium and low voltage conversion centers were built and the power module was increased in other 2016 centers, thus power installed in transformers was increased by 91 MVA (49 MVA new and 42 MVA by increases).

- 7.3 km of medium voltage air line and 23 km of underground line were laid. As regards low voltage, 175 km of overhead network and 36 km of underground network were built.
- Two facilities in Moreno District were regularized by installing Self-managed meters, 320 meters in Barrio Haras Trujuy and 875 in Barrio Villanueva.
- 455 clandestinely connected customers with poor feeding were regularized.
- 31,400 meters of regular LABT were replaced with lape and 4,300 meters of naked LAMT with protected conductive lines.
- 10,634 wood posts in low voltage and 279 in medium voltage.
- 113 H°A° columns were installed replacing wood posts.
- 39 wood platforms were replaced with H°A°.

SERVICE QUALITY

Continuity indicators series for high voltage (alta tensión, "AT") and medium voltage (media tensión, "MT") levels, Medium Interruption Frequency with installed kVA (Frecuencia Media de Interrupción por kVA instalado, "FMIK") and Total Interruption Time with kVA (Tiempo Total de Interrupción por kVA, "TTIK") for the last 6 years are the following:

FMIK (times)	2009	2010	2011	2012	2013	2014 (*)
External AT	0.00	0.02	0.01	0.01	0.01	0.15
Own AT	0.05	0.30	0.28	0.79	0.46	0.46
Own MT	4.36	4.79	4.44	7.14	6.66	7.85
Total Own Network	4.41	5.09	4.72	7.93	7.13	8.31
Observed by Customer	4.42	5.12	4.73	7.94	7.14	8.45

TTIK (Hours)	2009	2010	2011	2012	2013	2014 (*)
External AT	0.00	0.06	0.02	0.07	0.07	0.03
Own AT	0.01	0.18	0.14	0.71	0.18	0.45
Own MT	8.78	10.36	11.55	20.26	17.95	22.59
Total Own Network	8.79	10.54	11.69	20.97	18.13	23.04
Observed by Customer	8.79	10.62	11.71	21.04	18.20	23.07

(*) estimated

These indicators represent the average number of outages and downtime for each kVA of the transformers with medium/ low voltage and the contracted powers of medium/high voltage customers, i.e., the sole performance of medium and high voltage networks.

Together with the continuity indicators FMIK and TTIK, the international indicators System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") are also reported, as recommended by the Guide for Electric Power Distribution

Reliability Indices IEEE 1366/2012.

These indicators include the component of low voltage network and are analogous to FMIK and TTIK; however, the estimation base is currently the number of customers instead of kVA with medium/low voltage. They offer the advantage of enabling a global network vision, but at the same time the importance of the affected facilities weighting is lost, as a residential customer with low voltage has the same indicator weight as a large customer with high voltage. Continuity indicators, SAIDI and SAIFI series for the last 6 years were the following:

SAIFI (Times)	2009	2010	2011	2012	2013	2014 (*)
External AT	0.00	0.01	0.01	0.00	0.01	0.15
Own AT	0.05	0.25	0.26	0.73	0.51	0.43
Own MT	4.44	4.81	4.29	6.86	6.67	7.91
Own BT	1.18	1.34	1.01	1.02	0.81	0.66
Total Own Network	5.66	6.40	5.56	8.61	7.99	8.99
Observed by Customer	5.66	6.41	5.57	8.61	8.00	9.14

SAIDI (Hours)	2009	2010	2011	2012	2013	2014 (*)
External AT	0.00	0.03	0.01	0.02	0.03	0.03
Own AT	0.03	0.14	0.14	0.68	0.19	0.36
Own MT	8.54	9.80	11.01	19.60	17.50	21.95
Own BT	4.47	7.10	8.54	11.25	9.99	9.26
Total Own Network	13.04	17.04	19.97	31.53	27.68	31.57
Observed by Customer	13.04	17.07	19.98	31.55	27.71	31.60

(*) estimated

During 2014, effects caused by all kind of weather conditions had a significant impact on quality indicators once again, both due to their extent, frequency and/or a combination of both.

In this sense, in summer time, it should be noted that the extraordinary weather emergency dating back to December 2013, that broke any and all historic records, with apparent temperature records above 40 °C and which lasted until early January 2014, was immediately followed by an extremely large-scale storm. Another storm occurred by late February.

In autumn months, no relevant weather events took place, however, in the first days of winter and, in particular during July, intense cold periods occurred (though of a relatively short extent) leading to overloads in some installations.

In subsequent months, August and September, periods with temperatures noticeably high for that time in the year, lasting several days in the first month but brief in the second month, led to sharp drops in temperature with a particularly low apparent temperature, coupled with storms dumping heavy rainfalls, hails and storm-force winds.

Two strong storms occurred in the first days of November, together with breakdown in network associated to significant weather variations even though maximum temperatures did not reach usual records for this month.

Finally, also in the first days of December, a heavy storm battered the city, revealing that both storms, and sharp changes in temperature and/or periods with unusual temperatures have been, except for a few months, factors repeatedly occurring along the year.

PRODUCT QUALITY

When it comes to voltage and disruptions control campaigns as requested by ENRE resolution 184/00, the required number of measurements were made during 2014, as well as the calibration and certification of the recording equipment park.

In accordance with the updating and replacement policy of disruptions control equipment, in 2014, 4 new Flicker control equipment and one for harmonic control (all nationally manufactured) were purchased. Recording equipment to control disruptions will continued to be

purchased, to replace the oldest ones, as the latter are manufactured abroad and their models import will then be interrupted, thus making purchase of spare parts difficult. Electrical parameters controlled by network disruptions recording equipment are being reviewed, emphasizing the early detection of potential diversions.

In such network points where punishable deviations were recorded in relation to the quality of the delivered technical product, systematic reports are issued to optimize investment focused on enhancing the quality of the product delivered.

Regarding customers' claims measurements, ENRE requires all measurements to last seven days, instead of former 3-day measurements, recording on a daily basis via Internet claims filed by clients in connection with product quality. The independent contractor in charge of the measurement campaigns of Product Quality added 50 single-phase pieces of equipment for voltage control, all nationally-manufactured, to replace out-of-service equipment and to meet applicable requirements.

BUSINESS MANAGEMENT

Energy sales, in physical units, had a year-over-year decrease of -1.7 % during 2014.

Residential demand, with its significant share in the demand total volume (42.8%), remained virtually unchanged in a value equal to +0.02 %.

Large demands, with a share similar to that of residential demands (35.9%) recorded a -2.4 % decrease.

Increase/decrease in demand of the main activities of large demands was as follows:

Activity	Demand %
Basic utilities (Electricity, natural gas and water).	+1.6%

Food, beverage and tobacco products	-2.5%
Non-metallic mineral products	-2.3%
Metallic products, equipment and machinery	-9.0%
Trade	-0.6%
Community, social and personal services	+1.5%
Transport, storage and communications	-0.1%
Chemicals	-2.9%
Paper and paper-derived products	-5.2%
Basic metallic industries	-8.9%
Wood and wood products	-8.1%
Textile products	-4.4%

Small demands for general use up to 10 kW (T1G) recorded a -3.7% downward trend. This segment has a relatively low share in total demand (8.1%), therefore its contribution to the increase of such segment is noticeably lower than that of large and residential customers.

Medium demands between 10 kW and 50 kW (T2) reflected a -6.4% drop. This segment also has a share in total demand equal to that of small demands (8.0%).

In 2014, emergency squatter settlements, with an aggregate demand share of 2.0%, recorded a growth rate of 3.4%.

Energy volume distributed in Edenor S.A.'s area, including energy sales and tolls, was 21,292 GWh, while energy purchases to supply such demand totaled 24,859 GWh, representing a -0,2% decrease as compared to the previous year.

During 2014, 45,464 new customers were connected, representing a contracted

power increase of 376.7 MW. This power was distributed according to the following chart:

Rate	Customers	Power (MW)
R1 Small demands	44,833	313.4
R2 Medium demands	456	10.3
R3 Large demands	175	53.0
Total (as of September)	45,464	376.7

In addition to text messages ("SMS") used to make questions and technical claims that continued as an important contact channel used by user clients, the application "edenor 2.0" launched in May 2014 for cell phones and Web sites began to be used. With this application, users may have access to information on their most recent invoice, display and print it and then pay it at any authorized payment office, submit online claims based on lack of supply and geolocate business offices and authorized payment offices and receive notices and information on accounts selected in their application.

With more than 47,000 downloads as of December 31, 2014, edenor 2.0 has a superb growth potential, that will result in a larger-scale and better service to our clients. Stage two of the project is expected to be completed by 2015, by including a larger number of procedures as well as payment with credit cards.

As for the last 20 years, the Company again conducted the study on overall satisfaction.

In 2014, consolidated customer satisfaction was of 72.8% (R1) with the electric energy service ranking fourth with respect to other utility services. It should be noted that despite context-related problems and

events occurring in particular during the 2013/2014 summer and tough it is inferior to that of 2013, satisfaction ranks at very high level. In addition, the CIER survey was conducted for residential customers, which compares Edenor S.A. with more than 70 distribution companies in South and Central America, including Distribution Company in Mexico (CFE – 28 million of residential customers) and with other companies in Brazil, Colombia, Ecuador, Peru, Uruguay, Chile, Dominican Republic, Costa Rica, etc. with a Consumer Approval Index (Índice de Aprobación del Consumidor, IAC) – Satisfaction before evaluation) of 74.1%, above the average CIER (73.5%) and of 73.8% of the General Satisfaction Index (ISG, Índice de Satisfacción General) resulting from the survey, slightly below the average CIER (76.7%).

In addition, a Study of Customer Care and Service Quality by Commercial Offices was conducted with the MysteryShopper technique, with results of 8.8 (out of 10), revealing a very positive result, irrespective of factors influencing consumers' responses on their satisfaction perception.

The new CC&B business system which was first run on November 1, 2012, upon completion of its implementation and adjustment, is working with high level of performance and results.

During 2014, 40 short range remote control meters in the District of La Matanza. In the six trial months, 47 disruption and restoration tasks were deployed in 22 clients. A 43 % cost reduction was noted in comparison with manual tasks.

Use of remote control meters is a practical solution for those clients unable to access the meter or with repeated delinquent behavior. It significantly reduces the time required for field actions and avoids new visits due to unfulfilled actions.

In addition, distance reading pilot tests were performed in single-phased and

three-phased Rate 1 meters installed in three buildings in the City of Buenos Aires.

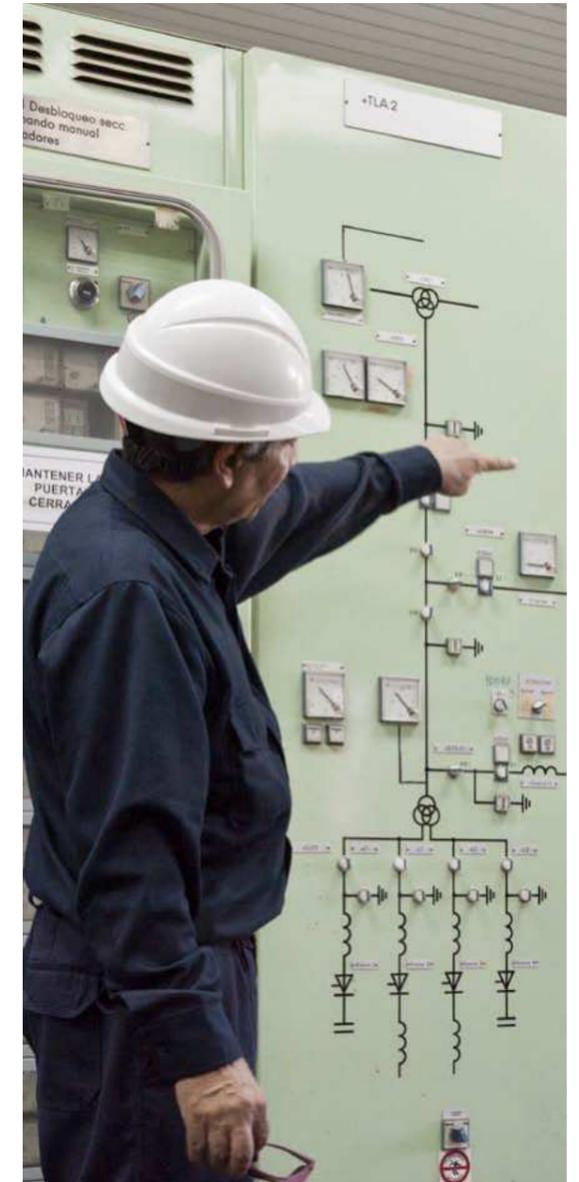
The trial test offered experiences from the technological viewpoint as regards problems and issues arising out of the communication with meters and their location. Furthermore, it was concluded that remote reading is a solution to be considered for those buildings with access restrictions. However, due to the current cost adverse situation, this is a non-profitable and unfeasible solution.

Reading trial and remote control tests will continue in AMI meters, as this is a technology being used by top companies in the globe.

Also during 2014, sale experience with demand self-managed meters was extended in regularized facilities in the Municipality of Moreno.

Furthermore, an energy pre-paid virtual load sale system, similar to that used for mobile phones, was implemented which allows for a larger number of points of sale.

The following chart describes the number of installed meters and meters pending installation as well as the investment made as of the date hereof.



Neighborhood/District	Installed Meters	Meters Installation	Pending Investment
HarasTrujui III-IV/Moreno	372	0	\$ 1,488,000
Villanueva Municipio / Moreno	685	5	\$ 2,740,000
Villanueva Edenor /Moreno	189	561	\$ 756,000
Expansion Merlo	0	150	\$ 0
Juan Perón / Moreno	0	250	\$ 0
18 de Julio / Moreno	0	1,500	\$ 0
Los Hornos / Moreno	0	300	\$ 0
Independencia / San Martín	0	2,000	\$ 0
Total	1,246	4,766	\$ 4,984,000



LARGE CUSTOMERS

As mentioned above, in 2014, large demand recorded a 0.8% decrease in invoiced energy. This outcome derives from an increase in R3 demand of energy of 2.64% and a decrease in toll demand of energy of 3.4%. During 2014, 173 R3 customers and 2 large users were connected to service. Delinquency was equal to 3.66 days of invoicing.

During 2014, services were sold to large customers for an amount of AR\$6,990,000 in the following line items:

- Projects and works: AR\$4,900,000
- Maintenance: AR\$360,000
- Advice and other: AR\$1,730,000

According to measurements conducted, large customers' satisfaction decreased from a positive result of 70.7% in 2013 to 67.2% in 2014.

The following chart shows the progress of Edenor S.A.'s open market with respect to large users and marketed energy volume:

	Guma		Gume and Gupas		Share in energy sales
	N° Clients	GWh	N° Clients	GWh	
1995	72	681	118	150	8.5%
1996	87	1366	204	536	18.0%
1997	109	1749	312	708	21.4%
1998	124	2072	563	953	24.7%
1999	124	2082	575	1160	25.0%
2000	121	2118	516	1153	24.0%
2001	114	2009	650	1131	22.9%
2002	79	1552	627	1022	19.8%
2003	71	1440	232	909	17.0%
2004	71	1459	313	641	14.3%
2005	80	1707	624	1268	19.0%
2006	81	1887	426	1315	19.3%
2007	93	1964	477	1147	17.4%
2008	98	2334	526	1360	20.0%
2009	100	2262	534	1361	19.9%
2010	100	2459	541	1432	20.2%
2011	100	2536	580	1620	20.7%
2012	101	2561	603	1713	20.7%
2013	102	2584	617	1775	21.1%
2014	104	2573	606	1639	19.8%



03

Human resources - corporate social responsibility

In 2014, 865 new employees were hired, in part from the hiring of employees of contractor companies and in part from the Company's own employees.

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03

Human resources - corporate social responsibility

NEW HIRES

In 2014, 865 new employees were hired, in part from the hiring of employees of contractor companies and in part from the Company's own employees.

During 2014, the Young Engineers Program continued to be implemented, with the hiring of 65 professionals with different specializations in the engineering career. The purpose of said program is that new hires be fully specialized in electricity distribution management and be trained, in the short term, as working teams supervisors so as to strengthen supervision level. During March and June, two new groups were hired.

Immediately following the hiring, the new employees began with the three-month training at Universidad Tecnológica Nacional Facultad Regional General Pacheco in Energy Distribution Companies Management.

Twenty six university students were hired into the Internship Program, so as to further the internship program in the different areas of the Company related to their careers. More than 90% of them are studying engineering.

JOBS

For the purposes of developing corporate presence in the labor market, Edenor S.A.



attends different conferences and/or tradeshows held for leading companies to retain new talents.

During 2014, the Company attended the Engineers and Technician Week arranged by Bumeran and Expo Zonajobs in May and September, respectively. Said tradeshows consist in virtual employment fairs where companies have an interactive stand. The purpose is capturing the most talented students and professionals from different careers interested in applying for jobs and growing professionally. Edenor S.A. also attended Engineering and Work Workshops organized by Worktek, where engineering professionals and students from everywhere in the country gather to learn about the most important companies' job offers and to have direct contact with candidates and vice versa.

SCHOLARSHIP PLAN

In 2014, the Company continued with the scholarship program addressed to university students and which is in effect for more than 18 years in a row.

Furthermore, relationship with Universities continued to be consolidated, by renewing or executing new Master Agreements with the most important education entities, thus

contributing to the labor and professional growth of students and graduates through ongoing sharing with the educational community.

The Company carries out an ongoing and close follow-up of interns to be fully aware of the internship and the academic situation progress, as many of them are hired as own staff during the internship and upon its completion, thus capitalizing the experience and knowledge gained during it.

2014 ANNUAL TRAINING PLAN

The 2014 Annual Training Plan consisted in training activities focused on gaining, updating and developing knowledge, skills and behaviors for proper performance by every person in Edenor S.A.

The growing number of new technical staff and supervisors hired gave rise to the need to design specific programs simplifying the hiring process and related challenges.

Throughout the year, 4,035 participants attended 152 courses divided into 555 activities, totaling 77,593 training hours. The number of persons receiving training (with no repetitions) was 2,237.

Most relevant activities of the plan are outlined below:

Young Engineers Program – Energy Distribution Companies Management

In 2014, this important program continued which is addressed to new engineers graduated or to be graduated from different specialties as well as to a reduced group of engineers already working in the company. Its purpose is to offer training on comprehensive management of any energy distribution company. It was a full time 3-month training program delivered at UTN regional Pacheco.

The course included, in addition to technical and safety-related issues, which are key management aspects, management tools provided by IDEA escuela de negocios. To

supplement training, residencies were made in operating areas, followed by the final work.

During this year, 79 professional attended this course. Three courses were delivered in total. One began in 2013 and ended this year and two new groups were delivered during 2014.

During 2014, 36,835 training hours were delivered, with a total of 47,235 training hours considering the three courses as a whole during 2013/2014.

Results were largely satisfactory, as all the attendees had a very good performance both during the course and in their final tests. In addition, interviews and follow-up meetings were held to test the incorporation process to their jobs, as well as to assess the training effectiveness. The entire group was shortly incorporated to the supervisions positions in the Company's operating areas.

Sustainable Development and Safety

Year after year, the Sustainable Development and Safety Management Area devises a plan of activities cross cutting the whole Company aimed at training, raising awareness and updating certain groups, in connection with issues related to Safety, Public Thoroughfare Safety, Environment and Quality.

As regards Safety, two key courses continued to be delivered: "Safety at Work-Electric Risk", and "Operation Methods for High-Rise Works", with 946 attendees and 6 collaborators, totaling 5,726 training hours.

Other important courses were delivered, including "Safe Use of Forklifts", "Safe Operation of Hydro Forklifts in Live Works", "Emergency Plan and Building Evacuation Plan", "First Steps in case of Fire Source" and "CPR and First Aid".

With the implementation of the 5 S methodology, which sets forth standards to set every working area and place in order, so as to efficiently carry out every task, in 2014, awareness and training were delivered

to leaders, as well as to personnel of the different facilities of the Company. Lectures were given and a video was available at the Training platform. A total of 458 collaborators were trained on those issues.

The 2014 Integrated Management System plan was significantly more inclusive than in prior years, due to the hiring of technical staff and supervisors, totaling 12,547 training hours.

Launching of the training platform

This tool is a learning Cyberspace implemented during 2014. It offers a virtual training experience, which is time- and cost-effective as opposed to classroom learning.

The Platform allows for the creation of various spaces o “virtual classrooms” hosting different training choices (courses, tutorials, etc.) as well as files sharing, creation and participation in blogs, forum and chats.

Initially, a group of sites was generated, which will be subsequently developed and updated with different contents based on every year needs.

The platform structure is composed of courses blocks, as the induction course block and other general courses block addressing different topics.

A special space was also hosted for the Young Engineers Program, offered as pedagogic resource in addition to the classroom training, where participants were able to download course materials and literature, as well as to interact in Cyber-classrooms to prepare a group final assignment.

In addition, Microsoft courses were tested as trial and a series of courses with different levels were introduced, replacing classroom training related to the Office Pack.

Though courses at the platform were implemented in a stepwise fashion, 600 persons attended these courses, highlighting “edenor 2.0” and “5 S Methodology” courses for their attendance level.

Technical Training

Several technical courses, mostly given by in-house facilitators, are delivered each year to keep technical staff up-to-date with new developments.

As an innovation in 2014, the course “Work Supervision” was launched, intended to balance and update general knowledge of the personnel of Distribution Works area. The courses consisted of a special section on safety and other technical section on field theory and practices. During 2014, the first course section was delivered, and the technical section will be given in 2015, with the attendance of 22 supervisors, totaling 72 training hours.

Additionally, regular training courses on maintenance and recycling continued to be delivered to personnel in the Transmission area, totaling 2,800 training hours.

Seven courses of “Medium Voltage Section. Network Operation” were given and attended by 114 technicians of the Operations area totaling 5,448 training hours.

Corporate Systems Training

In recent years, different new technologies were introduced and updated, thus requiring personnel to master those systems they use every day. During 2014, support courses focused on proper operation in CC&B Utilities, Loyal and SAP continued.

Further, in line with the launching of the tool to handle information Qlik View, different training courses were delivered to users, as regards system browsing as well as more advanced design and programming courses for experts, with the attendance of 91 persons.

Skills Updating Courses for Professionals

The plan comprises several in-company courses and external training targeted at the Company’s analysts, professionals and

middle managers. Its purpose is to broaden knowledge and improve skills in response to specialization and better performance demands.

During 2014, in-company courses on crosscutting topics were arranged as well as updates, conferences and congresses. A total of 7,196 training hours were taught.

2014 CIDEL congress was one of the most important events in 2014, both due to the number of attendees (42 persons) and to the level of participation as regards lectures delivered. One of the lectures delivered by Edenor S.A., on optimizing field works to repair high power transformers, received a special recognition by the congress authorities.

PGE Project

The “Planning of Electric Management” project launched in 2013 successfully completed its last implementation stage

during the first six months in 2014, requiring several workshops to be given to assistant managers and head of areas involved. Those workshops were intended to inform and share knowledge on the project progress and goals achieved. A total of 177 persons attended those workshops with 796 training hours.

Training to Community

Training to community addressed the different needs identified by the operating areas in certain municipalities or entities related to Edenor S.A. In 2014, courses were given at Colegio de Técnicos de la Provincia de Buenos Aires, training 125 technicians on Pillars for single-phased and three-phased energy supply.

Furthermore, a course on safe pruning was delivered as specially requested by the Municipality of Vicente López. Edenor S.A.’s facilitators were responsible for delivering this course to the pruning team of the municipality.

Total Training Hours	67,593
Operative Training Hours	64,961
Master and Postgraduate Hours	2,632
“Young Engineers Program” Training Hours	36,835
Comprehensive Management System (Safety, Quality and Environment) Training Hours	12,546
Hours/Man	16
Activities Given (without repetitions)	152
Trained Staff (without repetitions)	2,237

EDENOR 2020

This is an organizational cultural management initiative involving all our personnel and in which Edenor S.A. sets itself the goal of redefining the shared view,

values, management methods and general policies and human resources recognition policies for “the new Edenor coming” in the next years.

Edenor 2020 design phase had a first stage from December 2013 to January 2014, with interviews to Directors and Managers, for the purposes of reflecting main characteristics of Edenor S.A.'s culture, values and current management from the management team's viewpoint. This "photograph" allowed us to identify the starting point and, from this point, propose, in a second stage, seven workshops on changes towards a new organizational culture embracing all of us.

This project promoted by senior Management required a series of workshops addressed to the management team. Their purpose was working on and exploring specific issues identified from the close analysis made in the first phase of the project. Seven workshops were delivered: Values, Service, Planning, Behavior I y II. Human Capital and the People's and the client's voice.

Initiatives were endorsed by the Management committee and they finally resulted in a master plan of 19 projects, and the team responsible for each project was then appointed, thus starting the implementation stage of Edenor 2020.

MASTER AND POSTGRADUATE DEGREES

As every year, in 2014, the Company continued encouraging participation in higher studies, awarding scholarships.

In 2014, five professionals joined the Master and Postgraduate Program, totaling 12 collaborators, considering the seven professionals from 2013.

INTERNAL COMMUNICATIONS

As regards Internal Communications, tools used to inform personnel on the Company's news were the magazine Revista A toda luz, the Weekly Newsflash, the corporate Intranet and notice boards.

As regards Integration Events, Football, Bowling, Play Station and Truco Tournaments were arranged, to share special moments in a relaxed atmosphere with co-

workers, positively impacting on the work environment. Attendance reached 500 employees. Also, 300 children took part of a drawing and painting competition. Winners were rewarded with art kits and books and art courses for children at Museo Sívori.

Also in connection with integration events, from June 12 to July 13, a personnel-dedicated game was played in relation to the 2014 Football World Cup, in which each employee played with his forecasts on each game result. The interactive contest was first promoted with flyers with the game rules and then informed through the different internal communication media, flash, notice boards, e-mailing. A total of 1700 employees played this game.

Furthermore, as regards Benefits for personnel, 2400 gift cards were given to purchase toys for the Children Days to the employees' children aged 0 months to 12 years.

The Company also has Bonus, a Benefits Programs for personnel aimed at building and achieving a closer, more dynamic and different identification, strengthening the communication channel with employees.

RESEARCH AND DEVELOPMENT

The company continued working under the agreement with Universidad Tecnológica Nacional – Facultad Regional General Pacheco on the following research and development projects:

LOCALIZATION OF PARTIAL DISCHARGES IN SUBSTATIONS

The Universidad Tecnológica Nacional - Facultad Regional General Pacheco was asked to develop a research and development project together with TRANSENER, consisting in the application of a partial discharges localization system to Edenor S.A.'s Substations, developed by TRANSENER.

TRANSPORTABLE MODULAR HOMES

The Universidad Tecnológica Nacional - Facultad Regional General Pacheco

was asked to develop a design project of a transportable housing unit (módulo habitacional transportable, MHT), with energy efficiency, meeting the specific requirements set by Edenor S.A.

PROJECTS INTRODUCED AT CONGRESSES

Edenor S.A. actively participates in international congresses, related to its business, by introducing projects on improvements and new developments implemented by it.

ICOLIM 2014 – Budapest, Hungary (International Conference on Live Maintenance)

Edenor S.A. submitted the following papers:

- "Cell Sites Installation on medium voltage energized power lines". This paper was awarded the distinction as TheBestPaperAward. This paper describes the experience of installing cell phone antennas (Cell sites) on towers of medium voltage lines. This allows for a reduction in areas occupied by antennas installation; reduction of visual impact; decrease in working and managing times; optimize resources in general.

- "How to avoid failures on tools and equipment used in LW? Preventive Control"

CIDEL Argentina 2014 (International Congress of Energy Distribution)

Edenor submitted the following papers:

- "Change in Handling Elements for their Incorporation to Telecontrol"

This paper was widely received and awakened, thanks to its original nature, a true interest among the participants of the Congress.

- "Optimization of Field Works to Repair High Power Transformers: Case Study"

This paper received a special recognition from the Congress authorities.

- "Distribution in Islands"
- "Partial Discharges" This paper was jointly submitted with Universidad Tecnológica Nacional.

TRANSFORM AMERICAS – SIGAT CIER 2014 SEMINAR– Cartagena, Colombia

Edenor was invited to deliver a lecture on the state-of-the-art status currently achieved, on use of power transformers.

FONPI (Foro para una Nueva Política Industrial) (Forum for a new Industrial Policy)

Edenor was asked to be a member of the Honor committee of the Forum held at the Argentine Chamber of Deputies in September 2014. This forum convened representatives of different sectors and was endorsed by the Argentine Chamber of Deputies and the Argentine Ministry of Science, Technology and Productive Innovation.

HUMAN RESOURCES

In 2014, the PGE project was finally implemented, which was basically aimed at improving the scheduling and performance of works executed by the Company's own staff. To achieve this, a management model using as basic source the continuous improvement methods and aligned with Edenor S.A.'s strategic view was applied together with "ABS Consultoría"

This project implementation implied working on different core concepts (action targets), simultaneously acting on:

- Attitude (and personnel's commitment), through organizational change meetings held to share methods with all parties involved (supervisors, heads, assistant managers and managers).

- Procedure (or how activities are carried out) seeking simplification of tasks

(distinguishing tasks adding value from those that do not).

- System (or method); introducing checkpoints in processes, generating ratios to measure their performance, analyzing their progress and taking remedial actions.

In addition to these three core concepts, certain continuous improvement groups were formed (with their tools) to work along with the changes resulting from the project, to wit:

- Start-up Group: it explored the most effective use of time by mobile equipment to minimize start-up times (task assignment, material and tool loading and unloading, vehicular inspection and missing items replacement).
- Supervision Routine Group: it designed the overall plan for Supervisor's every-day tasks to be used as a guideline focusing on the Company's targets and management model.
- 5S Group: Implementation of methods in Guzmán building (trial project). Then it assessed its reproduction in other buildings.

This project was implemented in DD&C for Operations and Transmission areas (impact on 3100 collaborators) and lasted for approximately 70 weeks. Nowadays, this method is internalized in the Company and a coworker team was created which continues applying and adjusting it to the Management's needs.

04

It and telecommunications

During 2014, the IT and Telecommunications Management designed its 2015 – 2018 Plan, defining identity and position criteria of the area and a new organization chart.

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04

It and telecommunications

During 2014, the IT and Telecommunications Management designed its 2015 – 2018 Plan, defining identity and position criteria of the area and a new organization chart.

- IT Management was divided into Applications Management, responsible for the applications development and maintenance processes and into the new Technology Management, in charge of the infrastructure, user support and operations.
- The Special Projects Management was created, responsible for managing and implementing large scale projects.
- Safety Assistant Manager now reports directly to the Management.
- Governance Staff position was created and entrusted with budget management and project follow-up.

APPLICATIONS

- In May, the App Mobile edenor 2.0 for Android, IOS and Windows Phone was deployed.

Once again, Edenor leads the way in driving this type of initiative, as it is the first utility in the region implementing this customer service app.



Main features are:

- Check invoicing information and print a copy of the invoice
- Submit a claim for power outage
- Receive notices from Edenor
- Enter internal meters readings
- Search for closest commercial offices
- As regards Nexus system, focus was on new features and better performance through the following projects:
 - Better association between maneuvers and affected sources
 - High Voltage and Medium Voltage networks separated in the system
 - Automatic retrieval of claims
 - Conducting of outgoing calls and automatic re-calls campaigns
 - Improvements in Service Quality and Product Quality modules
 - Online information for ENRE and Ministry of Planning

- Migration to a new Operating System (Linux)
- Upgrade of database version
- As regards CC&B system, many improvements were made to the business process:
 - New module to process collections from banks
 - New module to control delivery of collections at commercial offices
 - New Portal to calculate the Stabilization Factor and an invoicing simulator
 - Better division of tasks
 - New module of customer service at commercial offices
 - Portal to check inactive customer's fines.
 - Remote cut-offs over the phone
- In connection with the SAP system, new modules were implemented as well as significant improvements for the Company's administrative management:
 - New Portal for suppliers' self-management
 - New financial planning and consolidation module (BPC)
 - Improvements to biddings and contracting management (SRM)
 - New process for purchase approval
- In Business Intelligence tool, important management reports were developed, among them:
 - Addressing of non-technical losses
 - Customer Service at commercial offices
- Claims follow-up
- Invoicing, delinquency and collection management
- Works monitoring
- Fleet management
- As regards HR, the Company collaborated with:
 - Replacement of employees payroll services provider
 - Preparation of bidding terms and selection of the Time Management tool, expected to be deployed by the first six months in 2015
- Bidding and awarding of the new Quality Management system were completed. The winning product was iWeb y and it is expected to be deployed during the second six months in 2015.

SPECIAL PROJECTS

Special Projects Management, created in 2014, is responsible for the Technical Project, which is intended to improve the Company's operating management based on the implementation of a comprehensive management software for assets that are part of the facilities and workforce.

This new technology will allow the Company to reach a threshold, even higher, of customer service, as it will provide it deeper knowledge of its facilities and a more efficient planning of maintenance actions, to be then qualified to sharply reduce failure rates. It will also enable it to efficiently deal with emerging tasks, which are common in technical and commercial operations, thanks to a better scheduling, task dispatch, work planning and outage reduction.

For this implementation, two industry leader world-class software packs were selected: (i) ClickSoftware, a product made in

Israel, which singles itself out by its mobile technology, relying on the state-of-the-art cell phones in the market and ii) SAP, a tool implemented in Edenor S.A. since 1995, which will be extended to our assets maintenance and management.

The team driving this project was formed by selecting excellent experts from all areas in the Company, and it will conduct its tasks in an especially built-up place in the district of San Martín.

TECHNOLOGY

The most significant Technology changes include, among others:

- Migration of infrastructure to cutting-edge equipment, significantly improving performance
- Upgrading of network infrastructure of data centers, with the resulting faster speed and stability
- Restructuring of the IT HelpDesk, improving users support processes.
- Implementation of new IT Operations processes for better management purposes
- Deployment of a new backup solution in virtual tapes, resulting in a processing time saving

TELECOMMUNICATIONS

- Technological renewal of the Corporate Network for Substations and Commercial Offices
- Initial implementation of Wi-Fi in our facilities, providing wireless access to employees and customers
- Upgrading of networks for new IP Telephone service, covering 2000 Telephones
- Extension of the Call Center capacity

- Installation of a new state-of-the-art access control and video surveillance system in 10 Substations: Matanza, Morón, Rodríguez, Malaver, Agronomía, Las Heras, Matheu, Puerto Nuevo, El Pino and San Miguel
- Communications were established for telemeasurement system of medium voltage network and large customers
- Installation of a new mobile digital communication system in the area of Delta to cover operating communication of 2° and 3° Section
- Telecommunication works in Substations and New Buildings:
 - Substation Manzone, Azcuénaga Building, Iturri, Loma Hermosa, Tigre Commercial Office, Tigre Sector, G. Catán and adjustment of Ex Rasello site.
 - New connectivity with fiber optic to several substations.
 - Telecontrol works in 10 conversion centers.



05

Related parties

Edenor S.A. is a company under Pampa Energía S.A.'s control, the largest integrated energy company in Argentina.

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05

Related parties

DESCRIPTION OF THE ECONOMIC GROUP

Edenor S.A. is a company under Pampa Energía S.A.'s control, the largest integrated energy company in Argentina. Pampa Energía S.A. is an open-end privately-held utility company whose 100% shares are listed on the Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires) (BCBA: PAMP) and on the New York Stock Exchange (NYSE: PAM). Its executive officers have outstanding track record and experience in energy investments in Argentina since 2005.

Through its subsidiaries, Pampa Energía S.A. participates in the generation, transport and distribution of electricity:

In generation, it has interests in:

- Nihules Hydroelectric Power Station
- Diamante Hydroelectric Power Station
- Güemes Steam Power Station
- Piedra Buena Steam Power Station
- Loma de la Lata Steam Power Station
- Central Térmica Piquirenda

In transmission, it has interests in:

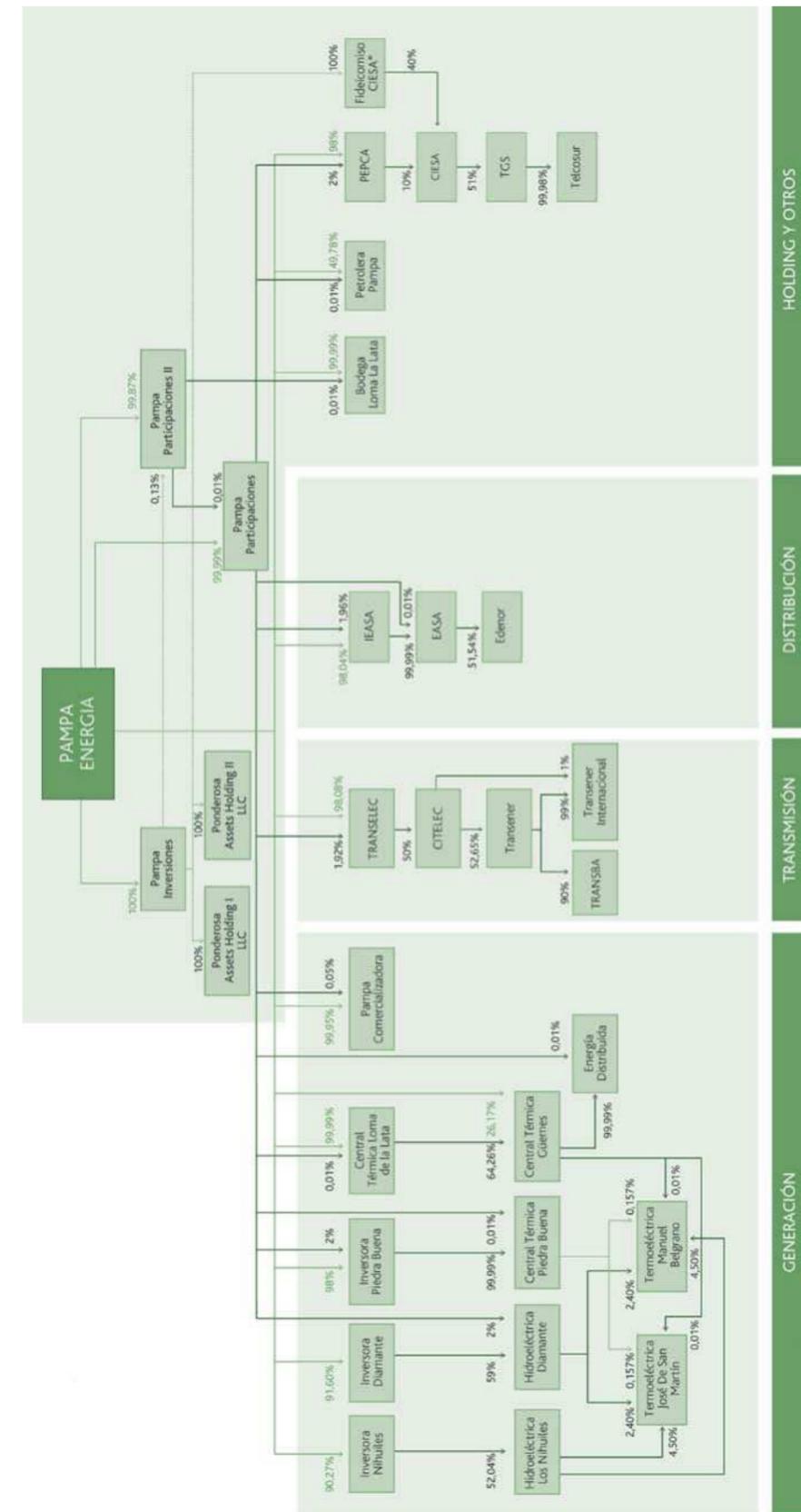
- Transener
- Transba

In distribution, it has interest in:

- Edenor



Pampa Group Organization Chart



* Pampa Inversiones es el beneficiario y fideicomisario del Fideicomiso CIESA.

MOST SIGNIFICANT OPERATIONS WITH RELATED PARTIES**Financial Services Agreement with EASA**

On April 4, 2006, the Company signed a Financial Services Agreement with Electricidad Argentina S.A. (EASA), under which EASA renders advisory services, as well as services related to the potential development of new business lines consistent with the corporate purposes of the Company. Services to be developed by EASA include assistance and advice regarding financial return; group of financial generation and decision making process; commitment by financial advisory companies and development of new financial products; restructuring of the Company's commercial and financial debt and the feasibility, profitability and implementation of new businesses, derivative hedging and strategies; relation with local and foreign financial entities; financial aspects of the process of rate renegotiation; and concession contract and annual budget of the Company.

Originally, the agreement effective term was five years as from September 2005, and any of the parties could terminate it at any time without any cause with notice given at least 60 days in advance. The consideration to be received by EASA is of US\$2 million per year, plus VAT.

In April 2008, the Company's Board of Directors approved an amendment to the agreement, by means of which the amount to be paid by the Company as consideration for the services rendered by EASA was increased to US\$2.5 million, plus VAT, payable retroactively from January 1, 2008.

Moreover, on August 26, 2010, a new amendment to the originally-executed agreement was signed, extending its term by five years as from September 19, 2010. Said amendment was approved by the Company's Board of Directors at the meeting held on August 31, 2010.

Agreement with Comunicaciones y Consumos S.A.

On March 14, 2007, the Company executed an agreement with Comunicaciones y Consumos S.A. (CYCSA), according to which it granted CYCSA the exclusive right to render telecommunication services to the Company's customers through the use of its web site, in accordance with Decree 764/2000 of the Argentine Executive Branch, which contemplates the integration of voice communication services, the transmission of information and images through the existing infrastructure of energy distribution companies like the Company. Under the provisions of said agreement, CYCSA shall be responsible for all expenses related to the maintenance and adjustment of the Company's web site to be used in the rendering of its telecommunication services. The agreement would be valid for a term of ten years from the date the license for the rendering of CYCSA telecommunication services is approved. The agreement also contemplates its automatic renewal at the expiration of each term for subsequent 5-year periods, unless any of the parties notifies otherwise with at least 120 days prior to the expiration of the relevant period. Pursuant to the agreement, CYCSA shall make periodic requests to access the Company's web site, which the Company shall evaluate and authorize depending on the capacity available in its web site. In exchange for the use of its web site, CYCSA shall give the Company 2% of its annual charges to the customers, before taxes, as well as 10% of income obtained from the rendering of its services. Also, CYCSA shall hold the Company harmless from any liability arising out of the rendering of its services through its web site. The contract was executed subject to the condition that CYCSA had to obtain the telecommunication license in a term of 180 days from its execution, which were provided to be subject to extension. In this respect, at its meetings held on November 7, 2007 and May 7, 2008, the Board of Directors authorized such term extensions to obtain the license referred to,

which was eventually granted by resolution 179/2008 of the Argentine Communications Secretary.

Furthermore, on October 27, 2008 the first exhibit to the contract of Granting of Permission for the Use of the Energy Distribution Web was executed, by means of which the Company granted CYCSA the right to use posts and airline towers of high, medium and low voltage and ducts and/or triple ducts that accompany the pipes of high, medium and low voltage for the installation of optical fiber belonging to CYCSA, subject to the condition that said optical fiber does not affect the normal rendering of the utility by Edenor. Also, such exhibit grants the Company the right to use part of the capacity of the optical fiber to be installed. It is worth noting that the Company's Board of Directors resolved to approve the above mentioned exhibit in its meeting held on November 5, 2008.

Likewise, at its meeting held on December 18, 2008, the Board of Directors approved the execution of the second exhibit to the contract, also dated November 2008, extending the term of validity from ten to twenty years, with the understanding that said extension makes the project development feasible, providing greater reasonability in terms of size and importance of the investments required by said project, but not entailing any changes in the essence and key covenants of the original contract.

Agreement with Préstamos y Servicios S.A.

On March 16, 2007, the Company executed an agreement with Préstamos y Servicios S.A. ("PYSSA"), a financial services company, under which it agreed to grant PYSSA the exclusive right to render its direct and marketing services through the use of its facilities and mail services. As part of this agreement, the Company agreed to establish special modules in some of their offices through which PYSSA shall offer its financial services and lending services to

the Company's customers. Furthermore, the Company agreed to include marketing material for PYSSA in the mail sent to its customers, including bills. The agreement shall be valid for five years and its validity shall be automatically renewed by subsequent periods of five years, subject to the right of the Company and of PYSSA to terminate the agreement by means of a notice given at least 120 days prior to the expiration of the relevant period. Under the provisions of the agreement, PYSSA shall pay the Company the 2% of its monthly charges to the customers, before taxes, as well as 10% of income obtained from its services. Also, PYSSA has agreed to hold the Company harmless against any liability arising out of the rendering of its services. The agreement provided that its validity was subject to the authorization of the ENRE, which rendered a favorable decision by means of its resolution 381/07.

The activities linked to the mentioned contract are temporarily suspended in the Company's offices.



06

Sustainable development and safety-environmental management - relations with community

The management of Industrial Safety is conducted as part of the Integrated Management system, and in what is specifically related to security, the system is certified under OHSAS Rule 18,001 since 2004.

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06

Sustainable development and safety-environmental management-relations with community



INDUSTRIAL SAFETY

Certification of Management under OHSAS Rule 18.001

The management of Industrial Safety is conducted as part of the Integrated Management system, and in what is specifically related to security, the system is certified under OHSAS Rule 18,001 since 2004.

In November 2014, the Company received the re-certification audit by the Argentine Institute of Standardization and Certification (Instituto Argentino de Normalización y Certificación, IRAM) with satisfactory results, thus maintaining the three-year certification.

Safety and Occupational Health and Public Security Management Program

The 2013 Scheme for Identification of Dangers and Risk Evaluation, inspections of works and building and accident ratios laid the basis to define the objectives and goals for 2014, which were included in the Integrated Management Program. The following goals should be highlighted, among others:

- Reduction by 5% of accident frequency ratio for own staff.
- Reduction by 5% of accident frequency

- ratio for contractors staff.
- Reduction by 5 % of the accident severity ratio for own staff.
- Reduction by 5% of accident frequency ratio for own staff.
- Reduction of the number of deviations related to the use of Personal Protection Elements (PPE) and Collective Safety Elements (CSE) with respect to the 2013 goal.
- Continued implementation of IRAM No. 3625 standard on working in confined spaces.
- Reduction by 2.0% of the rate of absenteeism due to personal illness for own staff.
- Maintain certification of IRAM No. 3926 standard on safety of lifting equipment in hydro-lifts.
- Achieve firefighting protection in 100% jobs in specific buildings (Iturri, Loma Hermosa and Depósito Garín).
- Installation of Automatic Systems of Fire Detection in commercial offices.
- Adjustment of conditions in Edenor S.A.'s premises to customers' expectations.
- Incorporation of new safety technologies and procedures.
- Analysis, updating and improvement of the Comprehensive Management System.
- Inform Edenor S.A.'s personnel and all

the community of actions proposed to reduce energy consumption.

Delivery of Fireproof Working Clothes

During 2014, Edenor S.A. continued using the fireproof fabric technology in working clothes provided to employees exposed to electric risks, for the purposes of minimizing any possible electric accident.

Training

• Personnel Qualification

During 2014, Industrial Safety Area, together with the Training Area, delivered several courses on electric risk prevention. Courses were addressed to all employees working with the grid in Edenor S.A.'s concession area and employees had to pass them as a condition to work with the medium and low voltage network. Furthermore, said training and qualification were supplemented with several medical, physical and psychological tests and area technical approval tests. Upon satisfying all requirements above, the personnel qualification is issued, confirming the employee's capability to prevent risks while working with the grid.

High-rise Works, Hydro Lift Safe Operation

Personnel was trained on safe high-rise rescue and work methods, which apply to low and medium voltage network works in public thoroughfare.

Training courses on safe use and operation of hydro lifts were also given.

• Other Training Courses

During 2014, in addition to the training courses mentioned above, the following courses were given:

- Medium voltage module – network operation.
- Electric protections.

- 132 KV remote method for Live Maintenance
- Substations Protections.
- Live Works - MV (chambers).
- Live Works - MV (remote).
- Live work protection elements tests management
- Young Engineers Program – energy distribution companies' management-safety module.
- First steps in case of a fire source.
- CPR and First Aids.
- Safe operation of overhead cranes.
- Emergency plan and facilities evacuation plan.
- Safety concepts for Garín warehouse personnel.
- Land scheduled walkthrough– SVP.
- OHSAS 18001
- Load manual handling and transport.

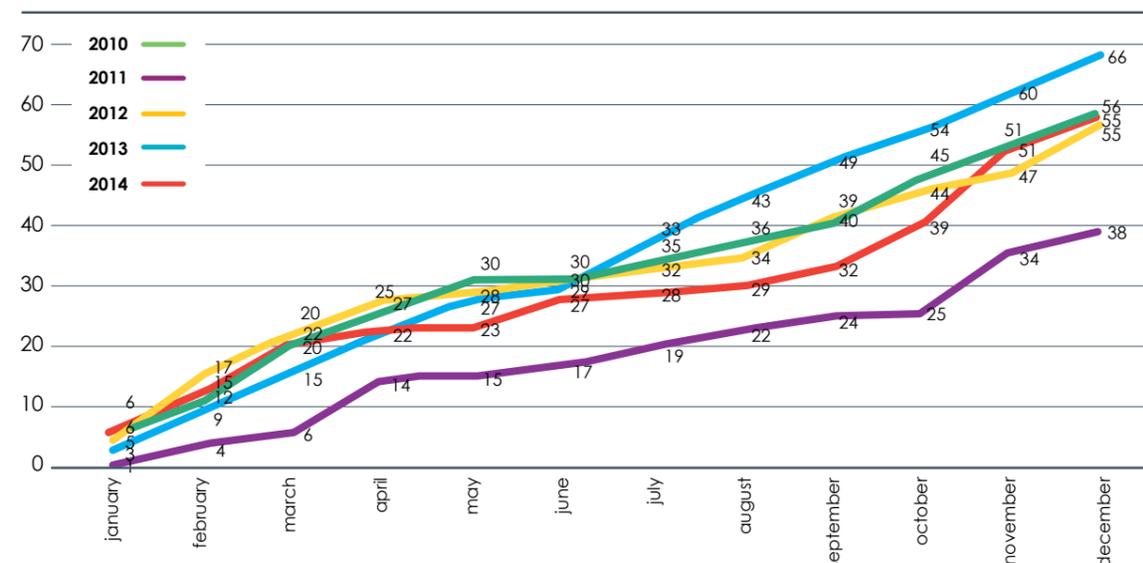
PUBLIC SAFETY

Third Party Accidents in Public Thoroughfare

Throughout 2014, 56 third-party accidents occurred in relation to safety in public thoroughfare involving Edenor S.A.'s facilities, representing a 18% drop in ratios compared to 2013.

Out of the total number of these accidents, it should be noted that ten of them occurred inside homes and due to failures in customers' internal household installations. Though this type of accidents did not take place in public thoroughfare, nor are they under the Company's responsibility, they are recorded and reported in compliance with ENRE resolution 421/2011.

NUMBER OF ACCIDENTS 2010-2014



After analyzing accidents recorded in 2014, it is concluded that 80% of them were caused by vandalism and negligent actions by third parties. The latter case consists in actions by users, other utility companies and municipalities or their contractors carried out in the Company's facilities.

Furthermore, out of the accidents resulting from third parties' negligent actions, 63% were caused by client's actions, then in second

place accidents caused by municipal workers and a reduced percentage of them by construction works in progress and utility companies.

Relation with Customers

Tips addressed to the public on Public Safety were posted on different media and on the Company's web.

During the last six months in 2014, a media campaign on Public Safety tips was launched by means of two-fold brochures delivered with the electricity utility bill.

The Company continued its contacts with the general public through two Education Programs:

- "Conexión al Futuro": ("Connection with the Future"): approximately 21,200 visitors of our stand at Tecnópolis attended the different lectures on electricity general aspects, rational use of energy and public thoroughfare safety; and
- "100 Libros para mi escuela" ("One hundred books for my school"): inviting elementary schools to participate in a posters and mockup contest on several safety-related and energy-related issues, with the attendance of 8,000 students and winning schools receive a library with more than one hundred books each.

Training

In 2004, the Public Safety Department together with the Training Area delivered several courses on Public Safety mainly focused on safety conditions in works carried out on the thoroughfare area and on identifying and correcting any abnormalities in electrical installations.

Certification

During 2014, IRAM annual Audit of the Public Safety System was successfully conducted as per ENRE resolution 421/01. The Company maintained the certification of its Public Safety System.

QUALITY MANAGEMENT

Quality Management System

As part of the Integrated Management System, the Quality Management System is certified under ISO 9001:2008 standard, first implemented and certified in 1999. In

November 2014, the Company obtained the re-certification, by successfully passing the external audit of the Comprehensive Management System, conducted by an independent entity (IRAM) accredited before the Argentine Accreditation Agency (Organismo Argentino de Acreditación, OAA), revealing Edenor S.A.'s commitment towards doing business with the highest quality standards

Participation in IRAM Quality Management Committee, whose Secretariat is under Edenor's charge, continued.

The Company participates in Sub-Committees of: Concepts and Terminology (SC1), Quality Management Systems (SC2), and Supporting Technologies (SC3). It also participates in IRAM in different Commissions. Furthermore, it actively collaborates with Asociación Electrotécnica Argentina (AEA).

Those Sub-Committees analyze the different documents of International Standards Organization (ISO) international agenda, where Argentina has to share its technical opinion and cast its vote, emphasizing the ongoing contribution to by the new ISO Standard 9001:2015, which is being reviewed, and its publication is expected by September 2015.

Quality Management and Assurance

During 2014, improvements were made to ensure proper quality management based on the following goals set by the Sustainable Development and Safety in Public Thoroughfare Sub-Management, which were included in the Comprehensive Management System Program.

- Identify, analyze and reduce any pending delayed actions in the effective Corporate System by 30%.
- Comply with the Annual Audit conducted by the independent Certification Authority, to obtain the re-certification of international standards: Quality Management Systems ISO 9001:2008; Environmental Management

- Systems ISO 14001:2004; Occupational Health and Safety Management System OHSAS 18001:2007, of all processes
- Scheduling, execution and follow-up of the Three-Year Plan of Internal Audits of the Comprehensive Management System – 2014
- Analysis, update and improvement of the Comprehensive Management System
- Scheduling, update and follow-up of monthly results of the Comprehensive Management System Program and Monitoring
- Develop alert and warning automatic systems, via e-mails, of the expiration or upcoming expiration of documents review date, completion of contracts and calibration of monitoring and measurements devices
- Raise awareness in connection with the Comprehensive Management System among mid-level managers
- Share working practices, in relation to the international standards Quality Management Systems ISO 9001:2008; Environmental Management Systems ISO 14001:2004; Occupational Health and Safety Management System OHSAS 18001:2007
- Measure clients' General Satisfaction by rate segment and by processes (first and second level)

Quality Committee

The "Quality Committee", of the Comprehensive Management System was created, comprised of representatives of all the Company's Management Areas and the President, for the purposes of achieving representation and global vision. Its goals are:

- Analyze "Non-conformities", Preventive Actions, Incidents and Improvement Proposals pending in the corporate system in effect (Loyal) and decide on their continuance or not based on the compulsory nature and/or benefit expected for the Company's performance.
- Analyze issues related to the Comprehensive Management System tools.

- Prepare proposals for the Management's Annual Review.

In addition, the Quality Committee drafted procedure PQ-07 "Method for Classifying Actions", which defines a systematic review to assess actions, in an effort to prioritize, based on their importance, management and allocate any necessary resources.

After meetings held during 2004, delayed actions in the Corporate IT System were significantly reduced.

Action Reports of the Corporate System Module QMS

A report was prepared with follow-up indicators of monthly progress of Preventive Actions, Improvement Proposals, Non-conformities and Incidents, as requested by the Divisions, Management, Sub-management and Departments, in the IT system in effect (Loyal QMS), which allows for their timely and duly management.

5 "S" Project

In October 2014, upon completing the trial test at Guzmán Building, the Sustainable Development and Safety in Public Thoroughfare Management, through Quality Management and Assurance Sub-Management, arranged the implementation of 5 "S" Project in every area of the Company. On October 15, 2014, as part of the first stage, Centralized Leaders were trained at Libertador Building, on the application and benefits of this Quality tool, focused on continuous improvement and intended to improve and maintain organization, order and tidiness, and resulting in a more suitable workplace for every person. In November 2014, the promotion campaign was launched at the building, with banners, stickers, posters placed at public access places, causing every employee to be identified with the project and to remember, at all times, the project fundamentals. In the case of commercial offices and remaining buildings, training was delivered to all centralized

leaders in December. The implementation schedule continues to be followed with the by 5 "S" tool survey and promotion.

Procedure PQ-08 "Method for implementing 5 'S'" was drafted.



Comprehensive Management System and Programs and Monitoring Program

A significant improvement was made to the comprehensive system of metrics, out of the 2014 Comprehensive Management System Program, further including a strategically diagnosis broken-down in targets, goals and actions weighted with numbers based on monthly results, an independent file of each area of Sustainable Development and Safety in Public Thoroughfare, which avoids interferences when loading the status report on those areas information and, in addition, it provides safety required to prevent information from being involuntarily changed or modified.

Furthermore, an automatic reward system was created in connection with the status report of all targets and goals contemplated in the Comprehensive Management System Program, allowing the user to quickly view those indexes found in the compliance or non-compliance area.

Improvements were made to the traffic signaling system to the Comprehensive Management and Monitoring Program of the Sustainable Management and Safety in Public Thoroughfare Management that allows for an efficient traceability of achievement of Targets, Goals and Actions which, in turn, are aligned with the Company's vision and mission.

Automatic System of E-mail Alerts

An automatic system of e-mail alerts was created, which informs persons responsible for each area reporting to the Sustainable Management and Safety in Public Thoroughfare, on the first Monday of each month, of the expiration or upcoming expiration (3 months in advance) of:

- Documents review, as provided for in the procedure "Documents Control", PGSGI-05
- Termination date of contracts
- Calibration of follow-up and measurement devices.

This tool began to be applied in April 2014, with a significant impact on management times.

Scheduling, Execution and Follow-up of the Three-year Audit Plan

The Three-Year Plan of Internal Audits of the 2014/2016 Comprehensive Management System was prepared, with a total number of 19 audits scheduled for the 2014 period.

Live Works Lab

This Lab is in the process of certification under SRT Resolution 592/04, pursuant to IRAM 301 (ISO/IEC/17025), "General Requirements for scope of action of Testing and Calibration Labs" – 4th Edition – Sept/2005-.

The Quality Management and Assurance area conducted an internal audit of the Comprehensive Management System pursuant to said resolution in April 2013.

During 2014, a follow-up and consulting of the resolution of said audit were carried out as regards findings, by advising on the root cause analysis, remedial action planning and execution.

After conducting and closing all actions under the Corporate System, as a result of the above mentioned findings, a new internal audit of the "Testing Lab of Isolation of Protection Elements" is planned for March 2015, under the 2014-2016 Three-Year Plan of Internal Audits.

Update of Documents of the Comprehensive Management System

Documents of the Comprehensive Management System were reviewed as to their effectiveness and applicability, and they were updated as required:

- Comprehensive Management System Manual MSGI-01 (Rev. 6)
- Legal requirements PGSGI-01 (Rev. 3)
- Awareness PGSGI-03 (Rev. 3)
- Document control PGSGI-05 (Rev. 4)
- Management's review PGSGI-10 (Rev. 2)
- Remedial action, preventive action and improvement proposals PGSGI-11 (Rev. 5)
- Product control / non-compliant service PGSGI-12 (Rev. 0r replaces document Non-compliant Product Control PQ-04 - Rev. 1)
- Energy distribution and marketing processes PQ-01 (Rev. 3)
- Product purchases, preservation and verification PQ-02 (Rev. 2)
Design and development PQ-03 (Rev. 2)
- Measurement of customers' satisfaction and expectations PQ-05 (Rev. 3)
- Measurement equipment control PQ-06 (Rev. 2).

Consulting and Advice

Quality Management and Assurance Sub-Management, throughout 2014, provided consulting and advice on the Corporate System, actions and documents modules (QMS y DMS), related to the Comprehensive Management System, to the Company's

personnel so requiring. In July 2014, a record was prepared to define the time devoted to said task, which totaled 210 man-hours.

Training

During 2014, the following courses were delivered:

Course name	Purpose	Participants
5 "S" Methods	Understand the concepts of 5S methods, tools used in each stage and its importance as a continuous improvement action in every-day tasks, to proceed with its implementation	60 persons
Raising awareness on the Comprehensive Management System among new hires	Provide knowledge on the basic guidelines of the Comprehensive Management System	18 persons
Raising awareness on the Comprehensive Management System among surveillance personnel		10 persons
Application of methods to classify quality actions as per PQ-07	Application of all actions under the corporate system in effect.	35 persons
Loyal System Module QMS	Learn about the actions module of the Loyal system.	14 persons

ENVIRONMENTAL MANAGEMENT

Edenor S.A. is certified by ISO 14001 standard since 1999.

Environmental impact

In 2014, Edenor S.A. obtained the Public Need and Interest certificates (certificados de Necesidad y Conveniencia Pública) issued by ENRE for building and assembling liaison electroduct connecting Suarez Urquiza Substation with Villa Adelina Substation, as well as for assembling and building new Gaona Substation. Also, the Environmental Fitness Certificates issued by the Provincial Entity for Sustainable Development (Organismo Provincial para

el Desarrollo Sostenible) of the Province of Buenos Aires were granted, for the following works: construction of Gaona Substation (Gral. Rodriguez); 500 kV extension of Gral. Rodriguez Substation and Suarez/V. Adelina Electroduct. Further, as regards replacement of 132 kV No. 115/116 wire due to technological upgrading and replacement of 132 kV No. 158/159 wire due to technological upgrading, the Company received the Environment Fitness certificate issued by Agencia de Protección Ambiental (Environmental Protection Entity) of the City of Buenos Aires.

In addition, seeking to improve its customers'

quality of life at all times, the Company obtained the Special Fitness certificates for each of its warehouses, ensuring proper management of handling and final disposal of hazardous waste. Said certificates were granted by the Provincial Entity for Sustainable Development (Organismo Provincial para el Desarrollo Sostenible) of the Province of Buenos Aires.

Monitoring Program

For 2014, the Company was committed towards a monitoring program of those transformer centers with a power exceeding 1,000 installed kVA. 52 chambers were inspected, analyzing not only the regulatory compliance under Energy Secretariat resolution 77/98 but also considering the intended use of premises adjacent to the centers so as to identify any possible current or future influence of emissions of electromagnetic fields from electrical equipment.

Furthermore, 12 Substations and 18 high voltage lines/wires were inspected, with results deemed very good, largely meeting the limits fixed by regulations for this type of installations.

Electromagnetic Fields in Conversion Centers

Control of interactions of electromagnetic fields is particularly important for the Company. In this regard, a work team was created with staff from Environment, Distribution Engineering and Preventive Maintenance Departments of the Operation Areas.

This team analyses all the steps necessary to mitigate and/or remedy any deviations, i.e. control, monitoring and verification (Environment); analysis and design of adjustment in facilities (Distribution Engineering) and execution of remedial actions (Preventive Maintenance – Operation Areas) thus closing the circuit to effectively solve the problem.

During 2014, 13 conversion centers were adjusted with different tailored solutions,

considering the building and economic possibilities.

Easement on Conversion Centers

Upon commencing with the application for an administrative easement of the new conversion centers before ENRE, this agency added to the requirements for granting said easement, measurement of electromagnetic fields of the electric facilities involved. To meet such requirement, during 2014, the environmental parameter study was prepared for 131 cameras, both ground and underground.

Training

During 2014, training on four environment-related topics was delivered, for a total of 244 hours. Training courses were named "Workshop on Environmental Management Systems" attended by 20 participants; "Environmental Awareness" with 53 participants; "Recyclable Waste Management" with 12 participants and "PA-02 Waste Management" with 7 participants.

ENERGY EFFICIENCY

Coordinated Projects

Remote cut-offs

The trial test with residential electronic meters with remote cut-off feature was successfully completed. A meter model with relay commanded by radio frequency was developed, to allow operating personnel to carry out supply suspensions and reconnections in those clients unable to access the meter or with repeated delinquent behavior. The meter is operated up to one hundred fifty meter (150 m) distance. The equipment is a feasible solution, considerably reducing time required for field actions and avoiding new visits due to unfulfilled actions.

Meter reading concentrated in buildings

The trial test of the meter reading concentrator for Rate 1 clients was completed. This

project entailed the development of a data concentrator machine for residential electronic meters. It is installed inside the building and transmits reading data from up to forty meters to the public thoroughfare. The reader does not need to enter the client's premises to obtain invoicing data, thus speeding-up this tasks and the information quality. The continuity of the project will be analyzed to be applied to Rate 2 and Rate 3 clients.

"Galaxy" telemeasurement software

The "Galaxy" remote measurement server was finally put into service. By late 2014, fifty two meters were entered: 31 for Rate 3 clients, 20 in Substations. And 2 interruption collection points in Delta del Paraná. Changes in the commercial system are being validated so that invoicing data are directly read from Galaxy database.

General Packet Radio Service (GPRS) modem samples were successfully tested for "Alpha"-type meter telereading and the applicable Technical Specification was drafted to continue entering telemeasurement points in 2015.

Participation in Working Groups

Asociación Electrotécnica Argentina (AEA)

Edenor S.A. is party to the Presidency and Secretary of the Studies Committee 08 (CE08) of AEA, and is an institutional model in the development of the so-called "Intelligent Electric Networks". As a result of the increasing importance of energy generation from non-polluting sources, AEA decided to create a Study Entity on that issue. Edenor is also in charge of the Presidency and Secretary of that Entity.

FONARSEC - IRESUD

The project is intended to introduce new technologies related to electric grid interconnection into the country, in urban areas, of distributed photovoltaic solar systems, considering technical, economic,

legal and regulatory issues. This project is partially subsidized by the Ministry of Sciences, Technology and Productive Innovation and the IRESUD Private-public associative agreement was created for its implementation.

In 2014, 40 photovoltaic installations were completed in 16 provinces. In particular, the following installation should be mentioned: building annexed to the Congress, Energy Secretariat, ENRE, Centro Atómico Constituyentes. In 2015, a 1.5 kW installation in Edenor S.A. building is planned.

At Marambio base, Antártida Argentina, 1.5kW installation was made to prove feasibility of this type of technology in extreme weather conditions. Its performance and efficiency will be analyzed so as to plan larger installations resulting in a significant saving in fossil fuels and, mainly, in reducing CO2 emissions in the atmosphere.

Smart City Armstrong

Edenor S.A., through ADEERA, participates as advisor in "Smart City Armstrong". The project, sponsored by the Energy Secretariat, contemplates the installation of different technologies in intelligent networks and non-conventional energy generation in the city of Armstrong, Santa Fe. The first stage, which is being developed, consists in the installation of smart meters with remote communication. The second stage involves the telecontrol and telemonitoring of the medium voltage network and the medium voltage conversion station. Finally, a future stage will cover sun, wind and micro-hydraulic generation.

Energy storage research projects

Edenor S.A. was asked by the Ministry of Sciences, Technology and Productive Innovation to participate in the Energy Storage Implementation Table. Most relevant related issues were identified through a process conducted with public sector and private sector active members. This process is expected to provide an agenda with the most relevant issues

to begin with research, development, innovation and HR training actions, which are financed with MinCyT instruments.

EDUCATIONAL PROGRAMS

It is a set of activities intended for the youngest population as part of a long-term commitment policy with the community, as programs are being carried out for over 15 years.

For the purposes of infusing from the very beginning of life the importance of the rational use of energy, environment protection and safety at home and in the public though fare, among other concepts, during 2014, the Company coordinately continued with several educational activities addressed to elementary school students.

Specific goals were:

- Strengthen the link with the community.
- Promote a responsible and committed attitude towards energy consumption.
- Value energy as an essential resource for human development.
- Arousing curiosity in kids in relation to the surrounding world

Conexión al futuro

In 2014, the "Conexión al futuro" program was present at Tecnópolis. The initiative consisted in a play in a language accessible to everyone and particularly addressed to the youngest, explaining how electricity works, rational use of energy, its safe use at home, safety in the public though fare and other energy-related aspects.

The show was played by two actors, Professor Voltio, a scientific expert in electricity, and Luz, a restless student hungry for knowledge in that field. Also, a video was played with an amusing character, Amperito, performing as a link between actors and the audience.

The proposal turned out to be largely compelling, with a considerable number of visitors in the stand interested in becoming

familiar with the electricity world. More than 21,200 spectators were present at the different shows.

Cien libros para nuestra escuela

By means of this motion, "Cien libros para nuestra escuela", Edenor calls for State-run elementary schools within the area of concession to participate in a contest on several energy-related issues. In 2014, the Company coordinated the program with municipalities of Merlo, San Fernando and Tres de Febrero with the participation of more than 8,000 students.

This program encourages kids to submit their works as mockups or posters and the winning school will be awarded a library with more than one hundred books. In addition, used PCs in good operating order were awarded, out of the technological upgrading made in the Company.

This activity dates back to 1995 and since then, more than 91,000 books and around 345 computers were delivered under technological replacement.

ACTIONS WITH THE COMMUNITY

Outreach Campaigns

During 2014, Edenor continued posting outreach campaigns on the Company's institutional website to spread actions by different NGO related to issues of general interest for the community. One of the campaigns was also published in the back of invoices for Rate 1 clients.

Campaigns supported by Edenor S.A. were as follows:

- Fundación Cimientos, let's build from education, develops an awareness campaign aimed at stopping school leaving by secondary school low-income students.
- Fundación Avon and OSIM with the campaign "Alza la voz" ("Raise your Voice") furthering the campaign began in

2012 fostering prevention of genre-based violence. This campaign seeks to massively reach the population with its message of no genre violation and its terrible effects on physical and mental health of female victims.

Donations

In 2004, the Company made several donations to different entities located in the concession area; among them, donations of university chairs to Universidad Tecnológica Nacional (Facultad Regional General Pacheco) and disused TV sets and video players to Fundación Sí.

edenor 2.0

In 2014, the Company launched edenor 2.0, a powerful tool that encapsulates and fosters convergence towards the virtual world, bringing together the greatest number of administrative procedures for the sake of efficiency and closeness, with the client as the key addressee.

This new tool will allow more than 2.7 billion clients to make technical support claims, business diligences, and a wide range of online actions from any smart phone, tablet or PC. With this quality leap, Edenor positioned itself as leader of the utility companies group, by offering clients and users in general, a friendly tool enabling 24/365 two-way connection, from anywhere in the world and at one single place.

The client may download the application for free at Apple Store, Android Market, and Windows Phone Store, on any of his devices. It is also available at the special website www.edenor20.com. To do so, Edenor's client should sign up only once with a Gmail, Outlook or Yahoo! e-mail or Facebook or Twitter account and associate the account of the energy utility the client wishes to see.

With edenor 2.0 application, the client may check data of this most recent invoice, display, pay and print it. Client may submit online any claim based on lack of supply

or search for Commercial Offices and authorized payment offices. The client may also receive notices and information on accounts selected on his application.

Furthermore, a media campaign was carried out in connection with the launching of the App, in the form of ad units in the public thoroughfare, in digital newspapers, ads in Google and Facebook, presence at Commercial Offices, etc. And also more than 410,000 playbacks in YouTube.

Up to December 31, 2014, the app recorded 37283 downloads from the e-stores and more than 47,000 sign-ups both on the application and Internet.

En Contacto

As every year, in 2014, Rate 1 and rate 2 clients receive the brochure "En Contacto" attached to the electricity utility bill.

This newsletter allows the Company to have a communication channel to inform clients on different issues of interest.

In addition to those brochures (in the form of flyers), Commercial Offices have posters with the two-month period relevant issues, for clients doing diligences or payment thereof to be informed.

Data:

- 2,700,000 clients receive it every two months.
- Posters in 27 Commercial Offices.
- Online support on the Internet

Goals:

- Establish constant communication.
- Awake a positive attitude towards the Company/brand.
- Promote environmental awareness, energy safe and efficient use.
- Make the relationship of clients with the Company easier

Issues covered were:

- Safe electrical installations.

- Customer service: contact channels.
- Safety in public thoroughfare.
- edenor 2.0.
- Recommendations for winter time (tips on the efficient use of electricity).

Video cable Advertising

During 2014, Telecentro, by means of Channel 26, broadcasted, in different signals, an Edenor S.A.'s add, called "Evolution", so as to raise social awareness on the use of low energy consumption bulbs and edenor 2.0 ad promoting the new application for mobile phones developed by the Company.

07

Schedule I: Corporate
Governance Report. CNV
General Resolution 516/2007

Corporate Governance Report
CNV General Resolution 606/2012

Edenor, through its Board of Directors, has prepared this Corporate Governance report in compliance with General Resolution No. 606/2012 (which amends General Resolution No. 516/2007) passed by the Argentine Securities and Exchange Commission (Comisión Nacional de Valores, "CNV").

◆ ANNUAL REPORT 2014

 **Edenor**

07

Schedule I: Corporate Governance Report. CNV General Resolution 516/2007

Corporate Governance Report

CNV General Resolution 606/2012



INTRODUCTION

Edenor, through its Board of Directors, has prepared this Corporate Governance report in compliance with General Resolution No. 606/2012 (which amends General Resolution No. 516/2007) passed by the Argentine Securities and Exchange Commission (Comisión Nacional de Valores, "CNV"). As a result of the passage and enactment of the Stock Market Act

No. 26.831 (Ley de Mercado de Capitales, "LMC"), effective as from January 25, 2012, it shall be taken into account that the Public Offer Transparency Regime, Decree No. 677/01 (Régimen de Transparencia de la Oferta Pública, "RTOP"), was expressly repealed by said Act and that any reference herein to RTOP conforms to the new provisions set forth in the LMC.

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		

PRINCIPLE I. TO ENSURE THE TRANSPARENCY OF THE RELATION BETWEEN THE ISSUER, THE ECONOMIC GROUP IT LEADS AND/OR IN WHICH IT PARTICIPATES, AND THE RELATED PARTIES THEREOF

Recommendation I.1: To ensure the Governing Board's disclosure of policies applicable to the relation between the Issuer, the economic group it leads and/or in which it participates, and the related parties thereof.	X			The Company complies with the annual disclosure of its subsidiary and related companies through the Financial Information Superhighway, specifying the degree of control and the percentage of shares therein. In addition, as regards operations involving a relevant amount and that the Company intends to conduct with all those individuals and/or legal persons that, in line with the provisions of section 72 of Stock Market Act No. 26.831 (Ley de Mercado de Capitales, "LMC") (formerly section 73 of the RTOP), are considered "related parties", they are reported to the Audit Committee, which renders
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	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		

PRINCIPLE I. TO ENSURE THE TRANSPARENCY OF THE RELATION BETWEEN THE ISSUER, THE ECONOMIC GROUP IT LEADS AND/OR IN WHICH IT PARTICIPATES, AND THE RELATED PARTIES THEREOF

				an opinion thereon prior to the Board of Director's consideration of the particular issue and thus through the Rules of the Audit Committee it is intended to reasonably ensure that the operations with "related parties" are conducted under market conditions, and, to that end, they shall be subject to this specific procedure of prior opinion and control carried out under the Company's Legal Affairs Management's coordination and which involves both Edenor's Board of Directors and Audit Committee. The Company discloses the agreements entered into with related parties in the quarter and annual Financial Statements in line with the legal rules in force, and in compliance with the provisions of section 72 of the LMC, all operations involving a relevant amount conducted by the Company with its related parties are immediately reported as "relevant event" both to the CNV and to the markets where the Company's securities are listed.
Recommendation I.2: To ensure the existence of preventive mechanisms in case of conflicts of interests.	X			The Company has established internal policies which reinforce the guidelines of the Company's ethical behavior. In this way, both the "Code of Conduct" and "Edenor's Value System" are reflected in the procedures to be followed in case of Conflicts of Interests. The scope of these policies extends to all Edenor's personnel. These rules involve the relations with clients, suppliers and the Company's personnel, as well as the custody and protection of the property thereof, providing a general framework for the personnel's behavior as regards internal information, accounting records and reports.
Recommendation I.3: To prevent the improper use of confidential information.	X			Edenor has a Code of Conduct by which all of its employees must abide, with the purposes of ensuring, among others, the custody and protection of the Company's property, including tangible property as well as information and intellectual property, which shall only be used to carry out the Company's activities in the ordinary course of business and for the authorized purposes. The Company's information shall neither be used nor disclosed without the relevant authorization, and comprises strategic

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		
PRINCIPLE I. TO ENSURE THE TRANSPARENCY OF THE RELATION BETWEEN THE ISSUER, THE ECONOMIC GROUP IT LEADS AND/OR IN WHICH IT PARTICIPATES, AND THE RELATED PARTIES THEREOF				
				<p>procedures, commercial databases, financial plans, projects, designs and technical processes related to its activities, and personnel's information (for example, remuneration data). Failure to comply with these obligations shall be considered a serious fault, and it is subject to penalties as internally provided for, notwithstanding the application of other relevant legal rules.</p> <p>The Issuer has also established a Policy on the Operations Conducted with Edenor's Securities directed to its employees, Directors, employees of its related companies, and its contractors and other persons related to the Company. This internal policy provides information about the compliance with the Argentine and US laws and regulations by which the Company must abide, which prohibit the improper use of confidential information and regulate the operations conducted with the Company's securities in a controlled scenario, thus increasing the public's confidence level in the operations carried out with Edenor's securities.</p>

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		
PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING				
Recommendation II. 1: To ensure that the Governing Board takes responsibility for the Issuer's management and monitoring, and the strategic plans thereof.				
II.1.1 The Governing Board approves:				
II.1.1.1 The strategic or business plans, as well as the management goals and annual budgets	X			Edenor's Board of Directors actively participates in and is highly involved with the Company's Management and in preparing and approving policies, general strategies, and the annual budget, tailored to each particular moment of the Company. For the purposes of analyzing and adopting decisions related to those and other issues, the Company's Board of Directors holds

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PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING				
				<p>meeting on a monthly basis, and has established Internal Rules specifying the performance thereof.</p> <p>Although Edenor's Board of Directors used to approve strategic or business plans on a regular basis, based on the absence of a continuous regulatory normalization since 2001.</p>
II.1.1.2 The Governing Board approves the financing and investment policy (in financial assets and capital assets)	X			The Board of Directors annually approves the investment and financial budgets, providing a detail of the compliance therewith throughout each fiscal year. On a monthly basis, the Board of Directors is submitted a follow-up of the economic-financial budget and the estimations for the close of fiscal year.
II.1.1.3 The Governing Board approves the corporate governance policy (compliance with the Corporate Governance Code)	X			The Company's Board of Directors approves the Corporate Governance Code together with the annual report corresponding to each fiscal year, and adopts the best corporate practices suggested by the CNV, the Securities and Exchange Commission (SEC) and the self-regulated markets where the Company's securities are listed.
II.1.1.4 The Governing Board approves the policy on top managers' recruitment, evaluation, and remuneration		X		<p>The Company's Human Resources Area establishes recruitment, evaluation and remuneration guidelines tailored to each position. The appointment of Edenor's top managers is the outcome of a recruitment process jointly carried out by the Company's President, General Director, Executive Officers and Human Resources Area. The Company does not have any specific policy regulating the manager's recruitment process.</p> <p>In addition, the Company has implemented a process coordinated by the Human Resources Area whereby, on an annual basis, each and every employee (including managers) is evaluated in relation to the performance of their tasks and the compliance with the goals previously set by their hierarchical superiors.</p>
II.1.1.5 The Governing Board approves the policy on top managers' responsibility assignment		X		The Company's President, together with the General Director and the head of the Human Resources Area, are in charge of assigning responsibilities to top managers. The Company does not

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				have any specific policy regulating the assignment of responsibilities to top managers
II.1.1.6 The Governing Board approves the monitoring of the top managers' succession planning process		X		The Company's President, together with the General Director and the head of the Human Resources Area, develop top managers' succession planning processes. The Company does not have any specific strategy regulating managers' succession.
II.1.1.7 The Governing Board approves the policy on business corporate responsibility	X			Edenor has established certain policies in line with its Business Corporate Responsibility (Responsabilidad Social Empresaria, "RSE") commitment, such as the Code of Conduct ("P32"), the Patronage and Sponsorship Policy ("P56"), the Policy on Quality, Environment, Security, Occupational Health and Public Safety ("P57"), and the Integrated Management System Manual ("MSG01"), where Edenor's Strategic Approach is outlined. The purpose of the abovementioned policies is to design and implement programs aimed at strengthening the education and promoting the development of the communities where Edenor carries out its business.
II.1.1.8 The Governing Board approves the policies on comprehensive risk management and internal control, and on fraud prevention	X			Edenor has established a risk analysis policy which describes the Company's administrative process of strategic risks, as well as the methods used for the identification and continuous update thereof. In addition, the Company has a Policy related to the internal control system, which defines the components of its control system and the necessary duties for the proper operation thereof, thus establishing the "Internal Control - Comprehensive framework" document issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) as control framework. As regards fraud prevention, the Company has a Policy aim at making the report of alleged irregularities within the Company easier. These three policies are monitored by the General Management and approved by the Audit Committee.
II.1.1.9 The Governing Board approves the policy on constant training of members of the Governing Board		X		Edenor has developed an annual training plan for the purposes of supporting the professional and academic development, and enabling the management

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PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING				
and top managers				of programs to ease the interest, development and retention of its human resources. In addition, said training plan is designed to satisfy the needs identified during the annual information-gathering stage. The training plan further contemplates more than two hundred activities and courses oriented towards the improvement of skills in the job position, involving both operative and management tasks. These activities are offered through more than three hundred internal courses and two hundred and fifty courses which are given in-house or in different educational institutions and well-recognized organisms. Approval of the abovementioned annual training plan is among the powers and duties of the Company's Executive Committee. Further, the Training Plan for Directors members of the Audit Committee is implemented every year.
II.1.2 If considered appropriate, please add other policies applied by the Governing Board which have not been mentioned before, and detail the more relevant aspects thereof	X			In addition to the policies, processes and plans mentioned in this Report, Edenor has the Integrated Management System Manual mentioned in II.1.1.7 above, which describes the Integrated Management System in compliance with the standards ISO 9001, ISO 14001, OHSAS 18001 and applicable ENRE resolutions, for the purposes of establishing and outlining the Management System, so that it can be used as permanent reference to continuously improve the efficacy and effectiveness of the Company's management performance. The scope of the Integrated Management System extends to the organizational structure, duties, key and supporting processes, procedures and resources, as well as to the activities and operations related to Edenor's Distribution and Marketing service of energy.
II.1.3 The Issuer has a policy aimed at ensuring the availability of relevant information for the decision-making process conducted by the Governing Board and a process of direct communication with managers, in a way that guarantees equal treatment of all of its members (executive, external and independent members), timely in advance to enable the	X			The Company has established Internal Rules regulating the Board of Directors' performance. Meetings are held within the statutory terms, and all directors and auditors receive an email and hard copy informing them of the Calling, together with the Agenda of each meeting and the available information and documentation related to each of the issues to be dealt with, timely in advance to enable the proper analysis thereof. Directors can be consulted di-

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PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING

proper analysis of the content thereof. Please specify.				rectly, and the Company is in charge of preparing the reports requested in the inquiries raised. Furthermore, through the Company's Legal Affairs Management, any Director and/or Auditor may put forward to the Management any types of questions or inquiries deemed convenient regarding any of the matters to be submitted to the their consideration.
II.1.4 The issues submitted to the Governing Board's consideration are supported by an analysis of the risks associated to the decisions that may be subsequently adopted, taking into account the business risk level defined as acceptable by the Issuer. Please specify	X			The Company submits, together with the Agenda to be dealt with in each Board of Directors' meeting, not only the supporting material of every aspect to be discussed in the meeting, but also all the internally-prepared prior analyses (of risks and other matters) related to the issue in question.
Recommendation II.2: To ensure effective control of the company's management.				
II.2.1 Compliance with the annual budget and business plan	X			The management submits to the Board of Directors periodic reports on the compliance with, deviations from and/or adjustments to the annual budget and the Company's business plan, analyzing the progress thereof and proposing adjustments to be made based on the changes that have actually taken place.
II.2.2 Performance of top managers and compliance with the goals set for them (level of anticipated profits vs. earned profits, credit rating, accounting report quality, market share, etc.)	X			At the Board of Directors' meetings, the Financial Manager submits a summary of the monthly Management Report, which comprises the monthly income statement compared with the accumulated income statement corresponding to the current and prior fiscal years, and the cash flow statement. This information is supplemented with management data and indicators related to the development of energy net sales, gross margin, EBITDA and a detail of the main exploitation and investment expenses. In addition, a summary of the monthly relevant facts and of subsequent facts is submitted. As already explained in II.1.1.4 above, the Company has implemented a process coordinated by the Human Resources Area whereby, on an annual basis, each and every employee (including managers) is evaluated in relation to the performance of their tasks and the compliance with the goals previously set by their hierarchical superiors.

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PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING

Recommendation II.3: To disclose the evaluation process of the Governing Board's performance and the impact thereof.				
II.3.1 Each member of the Governing Board complies with the By-laws and, if appropriate, with the Governing Board's Rules. Please specify the main guidelines of the Rules. Please state the degree of compliance with the By-laws and Rules.	X			Each member of the Board of Directors fully complies with the Company's By-laws. The Board of Directors' Internal Rules describe the workplace orientation procedures for each new member, as well as the duties of the position as individual director and of the Board of Directors as a collective body, specifying how often meetings are held, how they are called, and which are the attendance procedures. The supply of information to directors and the Board of Directors' legal framework are also described.
II.3.2 The Governing Board discloses the results of its management taking into account the goals set at the beginning of the fiscal year, so that shareholders can evaluate the degree of compliance with those goals, which involve both financial and non-financial aspects. In addition, the Governing Board submits an analysis of the degree of compliance with the policies mentioned in Recommendation II, items II.1.1. and II.1.2.		X		The Company's management submits to the Board of Directors a monthly management report, wherein it details, among other aspects, management data and indicators, main exploitation expenses and investments. A copy of said report is kept at the Board of Directors' clerk's office. On an annual basis, the Board of Directors, when calling the Shareholders' Meeting, makes available to shareholders the annual financial statements and the annual report of the fiscal year to be approved, together with its voting recommendations. Each year, the Shareholders' Meeting evaluates the Board of Directors' performance, and the approval of the management of the directors who participated in the ended fiscal year is submitted to its consideration. The last Edenor's Shareholders' Meeting where the directors' management was approved was held on April 25, 2013. Taking into consideration that the Company's Management is responsible for ensuring compliance with the policies detailed in items II.1.1 and II.1.2, the Board of Directors does not perform an evaluation of the degree of compliance with these policies. The appropriateness of its performance will be analyzed in the future.
Recomendación II.4: Que el número de miembros externos e independientes constituyan una proporción significativa en el Órgano de Administración.				

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PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING

II.4.1 The number of executive, external and independent members (the latter defined according to the rules of this Commission) of the Governing Board is in line with the Issuer's capital structure. Please specify.	X			<p>The Board of Directors is composed of twelve regular directors and twelve alternate directors appointed by the Company's Shareholders' Meeting. The by-laws provide that, according to the laws in force, as long as Edenor makes public offers of its shares, it is required to have an Audit Committee composed of, at least, a majority of independent members, to be appointed by each class of shareholders. The same criterion is reflected in section I of the Internal Rules of the Audit Committee; however, such body is presently comprised of all independent members.</p> <p>At present, the Board of Directors has ten external regular directors, seven of which also hold the status of independent according to the criteria set forth by the CNV Rules and other applicable rules. Taking into account the structure of independent and external members mentioned in the item above, and based on the tasks performed by the Board of Directors and on the Company's flow of business, the Board of Directors considers that it has the appropriate number of directors to duly perform its duties in line with the Company's complex structure and the remarkable extent of the businesses carried out by it.</p>
II.4.2 During the current year, shareholders agreed, through a Shareholders' Meeting, on a policy aimed at maintaining at least 20% of independent members over the total number of members of the Governing Board. Please describe the relevant aspects of said policy and of any shareholders' agreements which allow understanding the process whereby the members of the Governing Board are appointed and the term of their office. Please indicate if the independent status of the members of the Governing Board was challenged throughout the year and if withholdings have taken place due to conflicts of interests.			X Not applicable	<p>As indicated in paragraph II.4.1 above, currently the number of independent directors well exceeds 20% of the total number of its regular members. Edenor abides itself by the Sarbanes-Oxley Act that requires that the Audit Committee must be fully comprised of independent directors. This means that the Company has to comply with a minimum standard regarding this issue.</p> <p>Compliance: Not applicable</p> <p>The term of the Directors' office as well as the process and requirement of independent status arise from Edenor's By-laws. In addition, it shall be noted that the independent status of the members of the Board of Director was not challenged during 2014 fiscal year and that no withholdings have taken place due to conflicts of interests.</p>
Recommendation II.5: The Company commits itself to maintaining rules and procedures inherent to the process of recruitment and proposal of members of the Governing Board and top managers.				

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PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING

II.5.1 The Issuer has an Appointment Committee.			X	The approval of the Company's organizational chart regarding directors of operations and the corresponding amendments thereto falls within the Executive Committee's powers and duties. The rest of the appointments correspond to the Company's management, jointly carried out with the Human Resources Area.
II.5.1.1			X Not applicable	
II.5.1.2			X Not applicable	
II.5.1.3			X Not applicable	
II.5.1.4			X Not applicable	
II.5.1.5			X Not applicable	
II.5.2 In case there is an Appointment Committee, it			X Not applicable as described in II.5.1	
II.5.2.1			X Not applicable	
II.5.2.2			X Not applicable	
II.5.2.3			X Not applicable	
II.5.2.4			X Not applicable	
II.5.2.5			X Not applicable	
II.5.2.6			X Not applicable	
II.5.2.7			X Not applicable	

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PRINCIPLE II. TO LAY THE FOUNDATIONS FOR THE ISSUER'S SOUND MANAGEMENT AND MONITORING

II.5.3 If considered relevant, please add policies implemented by the Issuer's Appointment Committee which have not been mentioned in the paragraph above.			X Not applicable as described in n II.5.1.	
Recommendation II.6: To evaluate if it is convenient that members of the Governing Board and/or auditors and/or members of the Supervisory Council perform duties in other Issuers			X	It is considered not necessary to limit the Company's Directors' and Auditors' participation in other companies where they may hold the same positions, since the existing legal limitations on this matter, along with the directors' and auditors' liability regime, are enough and ensure proper performance of the Company's directors' and auditors' duties.
Recommendation II.7: To ensure training and development of members of the Governing Board and top managers of the Issuer				
II.7.1 The Issuer has developed continuous Training Programs related to the Issuer's existing needs, for members of the Governing Board and top managers, which include issues related to their functions and duties, business risk integrative management, specific knowledge of the business and its rules and regulations, corporate governance dynamics, and business corporate responsibility. In the case of members of the Audit Committee, the training programs refer to international accounting standards, auditing rules, internal control rules, and specific regulations of the capital market		X		All members of the Company's Board of Directors are well-recognized businessmen and/or professionals who render services with the highest standards of professional quality. Notwithstanding that, the Company's Human Resources Department develops training plans throughout the year based on the different particular needs. As regards the specific training for members of the Audit Committee, it is contemplated in the Internal Rules and in the Annual Action Plan. In compliance with said plan, the Audit Committee approves the specific Training Plan for a one-year term. During 2014, said Training covering the issues dealt with in this recommendation was delivered.
II.7.2 The Issuer encourages members of the Governing Board and top managers, through other means not mentioned in II.7.1, to engage in constant training activities, so as to enhance their professional level and add value to the Issuer. Please indicate how this is done.	X			The Company considers that the director's training processes are complied with. Notwithstanding that, technical training courses are available, on a case-by-case basis, to those who consider them necessary or convenient in a particular moment for the purposes of improving the performance of their duties in the Company's Governing Board.

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PRINCIPLE III. TO SUPPORT AN EFFECTIVE IDENTIFICATION, MEASUREMENT, MANAGEMENT AND DISCLOSURE POLICY ON BUSINESS RISK

Recommendation III: The Governing Board must have a policy on business risk comprehensive management and monitor the proper implementation thereof.				
III.1 The Issuer has policies on business risk integrative management (compliance with the strategic, operative, financial, accounting, legal and regulatory goals, among others). Please describe the most relevant aspects thereof.	X			The Company has established an internal policy of "Risk Analysis" which describes Edenor's management process of strategic risks and explains the methods implemented for identifying and continuously updating the strategic risks that may affect the Company. In compliance with their duties, according to the provisions set forth by the laws in force and the Internal Rules, and in line with the annual action plan, the Audit Committee monitors the application of information policies in relation to the Company's risk management, providing information thereof in the annual report.
III.2 The Governing Board or the General Management comprise a Risk Management Committee. Please inform if there are manuals of procedure and detail the main risk factors which are specific to the Issuer or the activity it carries out and the mitigating actions implemented. If the Company does not have said Committee, please describe the monitoring role carried out by the Auditing Committee as regards risk management. In addition, please specify the interaction degree between the Governing Board or its Committees with the Issuer's General Management as regards corporate risk comprehensive management.		X		The Company's Board of Directors does not have a Risk Management Committee. These duties are performed by the Directors of Operations jointly with the Internal Audit Management and the monitoring of the Audit Committee. To that end, the Company has patterns and a mapping of significant business risks, which were prepared following the method established by the best practices as regards risk administration and management. In that context, the Company's Audit Committee is informed by the Internal Audit Management of the conclusions resulting from the application of this management model and the actions to be implemented in relation to the risks identified, monitoring the application of the information policies regarding the Company's risk management, as mentioned in the Recommendation III.1.
III.3 The Issuer's General Management carries out an independent function which consists in implementing the policies on risk comprehensive management (duty corresponding to the Risk Management Officer or equivalent). Please specify.		X		The Company's Internal Audit Management provides support to the directors to help them keep the strategic risk pattern updated, collaborating with the risk identification and evaluation, and the collection of the analyses of each of the risks identified in the Company, so that they can be submitted to the consideration of the President, General Director, the Audit Committee and/or the Board of Directors, and receive feedback and/or approval.

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PRINCIPLE III. TO SUPPORT AN EFFECTIVE IDENTIFICATION, MEASUREMENT, MANAGEMENT AND DISCLOSURE POLICY ON BUSINESS RISK				
III.4 The policies on comprehensive risk management are constantly updated in line with the recommendations and methods acknowledged in this field. Please specify which ones (Enterprise Risk Management, according to the conceptual framework of COSO – Committee of sponsoring organizations of the Treadway Commission –, ISO 31000, standard IRAM 17551, article 404 of the Sarbanes-Oxley Act, among others).	X			In compliance with the laws in force, the management has selected, as framework, the criteria established in the "Enterprise Risk Management – Integrative Framework" document issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report).
III.5 The Governing Board informs the results of the risk management monitoring jointly carried out with the General Management, in the financial statements and in the annual report. Please specify the main aspects of the information disclosed	X			The Company discloses, in its financial statements, the risks according to what is provided for in the Financial Information International Standards. In the notes to the financial statements, the Company includes the "Financial Risk Management", wherein the Company-related risks are detailed, stating in each case Edenor's position. In addition, a detailed analysis thereof is included in the annual report filed with the SEC through form 20F.

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	TOTAL	PARTIAL		
PRINCIPLE IV. TO PROTECT THE INTEGRITY OF THE FINANCIAL INFORMATION BY MEANS OF INDEPENDENT AUDITS				
Recommendation IV: To ensure the independency and transparency of the duties entrusted to the Audit Committee and the External Auditor.				
IV.1 The Governing Board, when appointing the members of the Audit Committee taking into account that most of them must hold the status of independent, evaluates if it is convenient that it be chaired by an independent member.	X			In compliance with the provisions of section 16, Section V, Chapter III "Governing and External Audit Oversight Boards" of the CNV Rules, as regards each appointment of directors, whenever candidates are put forward to be considered by the Shareholders' Meeting, the latter is informed, before this issue is voted on, of the status of independent or non-independent of each candidate. After the meeting is held, in compliance with the provisions of the CNV Rules, after 10 days following the appointment of directors, the CNV and the markets where the Company's securities are listed are informed of the personal data of each

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PRINCIPLE IV. TO PROTECT THE INTEGRITY OF THE FINANCIAL INFORMATION BY MEANS OF INDEPENDENT AUDITS				
				director and whether he holds the status of independent or non-independent (the non-independent status is evidenced by an affidavit signed by each director). In addition, Edenor has an Audit Committee fully comprised of independent directors in compliance with U.S. rules, including the Sarbanes-Oxley Act and related provisions required by the Securities Exchange Commission (SEC) to foreign issuers which securities are listed in the NYSE.
IV.2 There is an internal audit function reporting to the Audit Committee or the head of the Governing Board, in charge of assessing the internal control system. Outline whether the Audit Committee or the Governing Board make an annual assessment of the internal audit area performance and the independence level of their professional work, understanding that the professionals in charge of those tasks are independent from the remaining operating areas and also meet the independence requirements regarding controlling shareholders or related entities having significant influence over the Issuer. Also specify whether the internal audit function is performed pursuant to international standards applicable to the internal audit professional practice, as issued by the Institute of Internal Auditors (IIA).	X			In Edenor, there is an internal audit area directly reporting to the Audit Committee and administratively to the General Director. According to the "General Standard on Internal Audit", the purpose of the internal audit management is to provide an independent and objective assurance service and to perform consulting tasks designed to add value and improve Edenor's transactions. For that purpose, it cooperates in the compliance with organizational goals by contributing a systematic and disciplined approach to assess and improve the efficacy of risk management, control and governance processes. At the beginning of each fiscal year, Internal Audit must submit the audit annual plan proposal to the General Director and then submit it to the Audit Committee to be evaluated and approved. Every quarter, Internal Audit follows-up the compliance with the annual plan and submits a progress report to the Audit Committee and the General Director. Such report contains a summary of work done and main findings. Every year, the Audit Committee evaluates Internal Audit's level of independence and performance regarding the issues within its competence, disclosing its conclusion in the annual report. As the Company is a member of the Institute of Internal Auditors, it uses the standards that it deems reasonable and/or applicable without adhering expressly.

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PRINCIPLE IV. TO PROTECT THE INTEGRITY OF THE FINANCIAL INFORMATION BY MEANS OF INDEPENDENT AUDITS				
IV.3 Members of the Audit Committee conduct an annual assessment of the qualification, independence and performance of the external auditors appointed by the Shareholders' Meeting. Describe the significant aspects of the procedures used in the assessment.	X			In its annual report—which is issued upon presenting and publishing the Company's annual financial statements—the Company's Audit Committee assesses external auditors' performance and issues a well-grounded opinion in that regard, pursuant to section 18, Section V, Chapter III, CNV Standards and the Audit Committee's Internal Regulations.
IV.4 The Issuer has a policy regarding the rotation of Statutory Audit Committee members and/or the External Auditor; as to the latter, the policy states whether the rotation includes the external audit firm or only individuals.		X		The Company has no specific policy regarding the rotation of Statutory Audit Committee members and/or the External Auditor. However, as to the External Auditor's rotation, the Company is subject to the provisions under section 28.C.2), Section V, Chapter III, CNV Rules, whereby the term during which a partner of an audit firm or association may conduct audit tasks at the Company shall not exceed three (3) consecutive years.

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PRINCIPLE V. TO OBSERVE SHAREHOLDERS' RIGHTS				
Recommendation V.1: To ensure shareholders' access to Issuer's information.				
V.1.1 The Governing Board arranges periodic informative meetings with shareholders upon presentation of interim financial statements. Indicate number and frequency of meetings held during the year.	X			Every quarter and after the approval of financial statements by the Board of Directors, the Company arranges a telephone conference with all shareholders wishing to participate, in which complete information is provided as to the progress of corporate business for the fiscal year under analysis, and all questions or concerns from shareholders are answered. In addition, the Company has implemented inquiry assistance mechanisms through telephone calls or e-mails.
V.1.2 The Issuer has information mechanisms for investors and a specialized area for inquiry assistance. It also has a website to which shareholders and other investors may access, thus establishing an access channel to be in contact	X			The Company has procedures and a specific sector to assist the Company's shareholders regarding inquiries and concerns, which should not imply the disclosure of confidential information or information not previously disclosed to shareholders on an equitable basis.

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PRINCIPLE V. TO OBSERVE SHAREHOLDERS' RIGHTS				
with one another. Provide details.				The Company also has in its website www.edenor.com a special section, "Relaciones con el inversor" (Contact with investors), in which investors may have access to important public information on Edenor.
Recommendation V.2: Promote active participation of all shareholders.				
V.2.1 The Governing Board adopts measures to promote the participation of all shareholders in General Shareholders' Meetings. Specify, making a distinction between the measures required by law and those offered voluntarily by the Issuer to its shareholders.	X			The Board of Directors complies with all the measures required by law to call meetings and promote participation in order to ensure full exercise of their rights. Fulfillment of these formalities as regards meetings calls is effective and does not undermine shareholders' equal treatment principle.
V.2.2 The General Shareholders' Meeting is subject to Regulations in order to operate, which ensures information availability for shareholders sufficiently in advance to make decisions. Describe the main guidelines of Regulations.			X	Shareholders' information system prior to holding any meeting is already guaranteed because all applicable legal requirements are met in order to make all significant information available to shareholders sufficiently in advance and/or the information specifically required by any shareholder, so as to allow their proper analysis.
V.2.3 The mechanisms implemented by the Issuer are applicable to allow minority shareholders to propose issues to be debated at the General Shareholders' Meeting pursuant to current regulations. Specify the results.	X			There is no statutory or factual impediment for minority shareholders to propose issues to be analyzed at meetings. The Company's shareholders are called to participate in meetings through the methods established in Company's By-laws, Argentine Business Associations Law and the Stock Market Act. This means that shareholders are called through the publication of legal notices in the manner and subject to the terms established by current regulations. In addition, Edenor's by-laws state that all shareholders representing at least 5% of capital stock may require holding regular and/or extraordinary meetings, indicating in its request the issues to be treated. The Board of Directors or the Statutory Auditor shall call the meeting to be held within forty (40) days from request receipt. Should the Board of Directors or the Statutory Auditor fail to do so, meetings may be called by the enforcement authority or by court. To date, no group of shareholders has expressly requested to call a meeting or

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PRINCIPLE V. TO OBSERVE SHAREHOLDERS' RIGHTS				
				proposed any issues to be treated at any meeting.
V.2.4 The Issuer has policies to promote the participation of more important shareholders, such as institutional investors. Specify.			X	The Company considers that it is not necessary to have any special policies to promote the participation of more important shareholders as it complies with all statutory requirements aimed at guaranteeing the calling of meetings by any shareholder.
V.2.5 At the Shareholders' Meetings where Governing Board member appointments are proposed, the following information is made available prior to voting: (i) the opinion of each candidate regarding the potential adoption of a Corporate Governance Code; and (ii) the grounds for such opinion.			X	The Company does not inform the opinion of each candidate regarding the potential adoption of a Corporate Governance Code prior to voting
Recommendation V.3: Guarantee the principle of equality between shares and votes.	X			The Company encourages the principle of equality between shares and votes, as set forth in section 5 of the By-laws, whereby capital stock is represented by Class A shares, Class B shares and Class C shares, all of which are book-entry shares of common stock, with a face value of one Argentine peso (AR\$ 1) and entitled to one (1) vote each.
Recommendation V.4: Establish mechanisms to protect all shareholders in case of a take-over.	X			The Company is subject to the Public Offering System and operates in the Argentine stock market under CNV control and in the US market under SEC control. According to section 90, Law No. 26,831 (Capital Market Law), the acquisition public offering system and the residual interest system governed by such law, all companies making a public offering of their shares are included, among them, Edenor.
Recommendation V.5: Increase the percentage of outstanding shares over capital stock.	X			About 48.8% of the Company's shares are listed on the Buenos Aires Stock Exchange (BCBA) and the New York Stock Exchange (NYSE). Such percentage has not varied significantly in the last 3 years.
Recommendation V.6: Ensure the existence of a transparent dividend policy.				

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		
PRINCIPLE V. TO OBSERVE SHAREHOLDERS' RIGHTS				
V.6.1 The Issuer has a dividend distribution policy established by by-laws and approved by the Shareholders' Meeting, stating the conditions applicable to distribute dividends in cash or shares. Should such policy exist, indicate the criteria, frequency and conditions to be met for dividend payment.			X	Taking into account economic fluctuations in general and electric market variations in particular, we consider that it is advisable not to establish a specific policy for dividend payments. The Company's Board of Directors makes a conservative evaluation of the possibility of making a dividend distribution proposal to its shareholders in each fiscal year, taking into account legal, regulatory and contractual possibilities and limitations, as well as statutory provisions, analyzing each case in particular, paying special attention to the economic circumstances of the fiscal year, the results of operations, future capital requirements, financial conditions and available funds. Pursuant to the Memorandum of Agreement on Concession Agreement Renegotiation entered into between Edenor and the concession grantor and approved by Presidential Decree No. 1957/06, Edenor shall not pay any dividends without ENRE's previous authorization during the so-called Contractual Transition Period.
V.6.2 The Issuer has set documented processes in place to prepare a proposal for the use of the Issuer's retained earnings implying the creation of legal, statutory and voluntary reserves, carry-forward to the following year and/or payment of dividends. Explain those processes and specify the Shareholders' Meeting minutes in which the dividend distribution (in cash or in shares) was approved or disapproved, if not established in By-laws		X		Although the Company has no documented procedures for the Board of Directors to send retained earnings distribution proposal to the Shareholders' Meeting, applicable legal regulations are applied to earnings allocation to the relevant equity items established therein. At the General Regular and Extraordinary Shareholders' Meeting held on April 29, 2014, it was decided to keep the profit for the year amounting to AR\$771,738,649 in the "unappropriated retained earnings" account.

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		
PRINCIPLE VI. TO KEEP A DIRECT AND RESPONSIBLE RELATIONSHIP WITH THE COMMUNITY				
Recommendation VI: Disclose to the community the issues related to the Issuer and a direct communication channel with the company.				
VI.1 The Issuer has an updated website for public access not only to provide significant company information (by-laws, group of companies, Administration Body structure, financial statements, annual report, etc.) but also to collect inquiries from users in general.	X			The Company has the following website www.edenor.com. This website has free and easy access, is continuously updated, allows simple navigation, contains sufficient and complete information on the Company and its business and allows users to send their concerns and inquiries through this website, thus facilitating a continuous communication with the community. The system used by the Company for its website keeps and protects information and its reliability, has strong security mechanisms and meets data protection standards preventing unauthorized people from accessing, modifying and/or deleting, in general, the information provided. The information transmitted through electronic media is subject to the highest confidentiality and integrity standards, and information keeping and recording is encouraged.
VI.2 The Issuer issues a Corporate and Environmental Responsibility Report on an annual basis, with the verification of an independent external auditor. If so, indicate the scope or the legal or geographical coverage of such report and where it is available. Specify the standards or initiatives adopted to implement its business corporate responsibility policy (Global Reporting Initiative and/or United Nations Global Compact, ISO 26.000, SA8000, Millennium Development Goals, SGE 21-Foretica, AA 1000, Equator Principles, among others.)	X			Every two years, the Company prepares and publishes its Sustainability Report, the most recent one published dated January 2011-December 2012 (the report for January 2013 – December 2014 period is in the final stage of preparation), to reinforce the continuous improvement process, enhancing strengths and detecting improvement opportunities to achieve responsible management In order to guarantee information transparency and objectivity, we continued using the G3 Guidelines of the Global Reporting Initiative, which outline the steps to be followed to prepare Sustainable Reports through qualitative and quantitative indicators allowing measuring the Company's performance in an objective manner. To supplement, the sector indicator protocol for the electric power industry is used in order to ensure consistency with indicators and results obtained. Upon selecting issues and parameters to prepare the report, the guidelines and recommendations issued by the Argentine Business Council for Sustainable Development (Consejo Empresario Argentino para el Desarrollo Sostenible, CEADS) are followed, as stated in the local chapter

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		
PRINCIPLE VI. TO KEEP A DIRECT AND RESPONSIBLE RELATIONSHIP WITH THE COMMUNITY				
				of the World Business Council for Sustainable Development, the purpose of which is to promote the "business-sustainable development" relationship. In addition, the different chapters are related to the issues proposed by Global Compact principles and ISO 26000 Standard, to which Edenor adheres regarding concepts and grounds.
PRINCIPLE VII. TO COMPENSATE IN A FAIR AND RESPONSIBLE MANNER				
Recommendation VII: Establish clear compensation policies for Administration Body members and first-line managers, with special emphasis on conventional or statutory limitations based on the existence or absence of earnings.				
VII.1 The Issuer has a Compensation Committee:			X	The tasks to be performed by a Compensation Committee are currently performed by the Company's Human Resources Management. Thus, the functions described under VII.2 are fulfilled.
VII.1.1			Not applicable, as stated in VII.1 above	
VII.1.2			Not applicable, as stated in VII.1 above	
VII.1.3			Not applicable, as stated in VII.1 above	
VII.1.4			Not applicable, as stated in VII.1 above	
VII.1.5			Not applicable, as stated in VII.1 above	

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		
PRINCIPLE VII. TO COMPENSATE IN A FAIR AND RESPONSIBLE MANNER				
VII.2 Upon the existence of a Compensation Committee, it:				
VII.2.1			Not applicable, as stated in VII.1 above	
VII.2.2			Not applicable, as stated in VII.1 above	
VII.2.3			Not applicable, as stated in VII.1 above	
VII.2.4			Not applicable, as stated in VII.1 above	
VII.2.5			Not applicable, as stated in VII.1 above	
VII.2.6			Not applicable, as stated in VII.1 above	
VII.2.7			Not applicable, as stated in VII.1 above	

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		
PRINCIPLE VII. TO COMPENSATE IN A FAIR AND RESPONSIBLE MANNER				
VII.3 If deemed relevant, mention the policies applied by the Issuer's Compensation Committee not mentioned in the previous point.			Not applicable	
VII.4 In the absence of a Compensation Committee, explain how the functions described in VII.2 are performed within the Governing Board.				Section 5 of Edenor's Audit Committee Regulations sets forth —among other responsibilities— giving an opinion on the fairness of fee proposals and stock option plans offered by the Board of Directors regarding the Company's directors and managers. For that purpose, such Committee may perform inquiries —itself or through its advisors— from compensation specialists, so as to ensure that executives receive similar compensation to that of other individuals holding similar positions in Argentina, taking into account the contribution made by each executive and the Company's general financial position and results of operations. As to the remaining Company employees, as previously stated, the Human Resources Management, with the aid of the General Director, is in charge of developing and carrying out the relevant process to set compensation.
PRINCIPLE VIII. TO PROMOTE BUSINESS ETHICS				
Recommendation VIII: To guarantee ethical behavior at the Issuer.				
VIII.1 The Issuer has a Business Code of Conduct. Indicate the main guidelines and whether it is available to the public. Such Code is signed by at least Administration Body members and first-line managers. Indicate whether its enforcement is encouraged on providers and clients.	X			The Company has a Code of Conduct comprising the relationships with clients, providers and Company personnel; it also sets forth the guidelines and obligations related to the custody and protection of its assets, providing a general framework for personnel's behavior regarding internal information, accounting records and reports. The Code is disclosed and informed to each employee and provider rendering services to the Company, who abide by it. It is also published by including it in the annual report filed by the Company with the SEC through Form 20-F.

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		

PRINCIPLE VIII. TO PROMOTE BUSINESS ETHICS

<p>VIII.2 The Issuer has mechanisms to receive reports of any unlawful or unethical behavior, either in person or by electronic means, guaranteeing that the information provided is subject to the highest confidentiality and integrity standards, as well as information recording and keeping. Indicate whether the report receipt and assessment service is rendered by Issuer's personnel or external and independent professionals to provide more protection to accusers.</p>	X			<p>The Company has a "Policy to enable the report of presumed irregularities within the Company" and a "Procedure for report management"; both documents establish a receipt, management and resolution anonymous process. In addition, the abovementioned Code of Conduct makes reference to this issue.</p> <p>In July 2003, for the purposes of making improvements, the manager of the report channel was standardized with that of the controlling shareholder responsible for receiving reports through the anonymous line, which are later analyzed by Internal Audit.</p>
<p>VIII.3 The Issuer has policies, processes and systems to manage the resolution of the reports mentioned in point VIII.2. Describe the most significant aspects thereof and indicate the level of involvement of the Audit Committee in those resolutions, particularly the reports related to internal control for accounting reports and the behavior of Administration Body members and first-line managers.</p>	X			<p>The Company has the policy and procedure described in the previous point. Both documents describe the process to be followed from report receipt to research conclusion and enforcement of any applicable corrective action. At least every quarter, Internal Audit Management reports the cases received and the resolutions adopted to the Audit Committee. The Committee supervises channel operation and the resolution of reports regarding all issues within its competence.</p>

	COMPLIANCE		NON-COMPLIANCE	INFORM OR EXPLAIN
	TOTAL	PARTIAL		

PRINCIPLE IX: TO BROADEN THE CODE SCOPE

<p>Recommendation IX: Promote the incorporation of provisions contributing to good governance practices into the By-laws.</p>	X			<p>In addition, the Administration Body approves on an annual basis the Corporate Governance Code Report, which is prepared pursuant to current CNV regulations. However, the Company's Board of Directors considers that the provisions currently included in the Corporate Governance Code should not be reflected in by-laws in full. Taking into account that both by-laws and the report are available to the public through CNV's website, the capital market transparency principle is met.</p>
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08

Financial Statements

Financial Statements as of december 31, 2014 and 2013
Together with the Auditor's Report and the Supervisory
Committee's Report

◆ ANNUAL REPORT 2014

 **Edenor**

LEGAL INFORMATION

Corporate name: Empresa Distribuidora y Comercializadora Norte S.A.

Legal address: 6363 Del Libertador Ave., City of Buenos Aires

Main business: Distribution and sale of electricity in the area and under the terms of the concession agreement by which this public service is regulated.

Date of registration with the Public Registry of Commerce:

- of the Articles of Incorporation: August 3, 1992
- of the last amendment to the By-laws: May 28, 2007

Term of the Corporation: August 3, 2087

Registration number with the "Inspección General de Justicia" (the Argentine governmental regulatory agency of corporations): 1,559,940

Parent company: Electricidad Argentina S.A. (EASA)

Legal address: 3302 Ortiz de Ocampo, Building 4, City of Buenos Aires

Main business of the parent company: Investment in Edenor's Class "A" shares and rendering of technical advisory, management, sales, technology transfer and other services related to the distribution of electricity.

Interest held by the parent company in capital stock and votes: 51.54%

**CAPITAL STRUCTURE
AS OF DECEMBER 31, 2014**
(amounts stated in pesos)

Class of shares	Subscribed and paid-in (See Note 16)
Common, book-entry shares, face value 1 and 1 vote per share	
Class A	462,292,111
Class B (1)	442,210,385
Class C	1,952,604
	906,455,100

(1) Includes 9,412,500 treasury shares as of December 31, 2014 and 2013.

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PRICE WATERHOUSE & CO S.R.L.
C.P.C.E.C.A.B.A. Tº 1 - Fº 17


DANIEL ABELOVICH
por Comisión Fiscalizadora


ANDRÉS SUAREZ
Socio
Contador Público J.B.A.
C.P.C.E.C.A.B.A. Tº 245 - Fº 61


RICARDO TORRES
Presidente

Edenor S.A.

Statement of Financial Position as of December 31, 2014 and 2013
(Stated in thousands of pesos)

	Note	12.31.14	12.31.13
ASSETS			
Non-current assets			
Property, plant and equipment	9	6,652,482	5,189,307
Interest in joint ventures	7	432	427
Deferred tax asset	24	87,167	-
Other receivables	11	249,235	199,395
Total non-current assets		6,989,316	5,389,129
Current assets			
Inventories	14	73,970	83,853
Other receivables	11	250,307	522,112
Trade receivables	12	882,949	803,095
Financial assets at fair value through profit or loss	13	254,447	216,434
Cash and cash equivalents	15	179,080	243,473
Total current assets		1,640,753	1,868,967
TOTAL ASSETS		8,630,069	7,258,096

Edenor S.A.

Statement of Financial Position as of December 31, 2014 and 2013 (Continued)
(Stated in thousands of pesos)

	Note	12.31.14	12.31.13
EQUITY			
Share capital	16	897,043	897,043
Adjustment to share capital	16	397,716	397,716
Additional paid-in capital	16	3,452	3,452
Treasury stock	16	9,412	9,412
Adjustment to treasury stock	16	10,347	10,347
Other comprehensive loss		(39,862)	(28,277)
Accumulated losses		(893,107)	(113,391)
TOTAL EQUITY		385,001	1,176,302
LIABILITIES			
Non-current liabilities			
Trade payables	18	231,105	220,796
Other payables	19	1,644,587	944,718
Borrowings	21	1,598,442	1,309,949
Deferred revenue	20	109,089	33,666
Salaries and social security taxes payable	22	62,858	25,959
Benefit plans	23	150,355	102,691
Deferred tax liability	24	-	73,427
Tax liabilities	25	3,164	4,406
Provisions	27	112,095	83,121
Total non-current liabilities		3,911,695	2,798,733
Current liabilities			
Trade payables	18	3,299,891	2,481,308
Other payables	19	187,096	147,177
Borrowings	21	33,961	40,583
Derivative financial instruments		5,895	-
Deferred revenue	20	764	-
Salaries and social security taxes payable	22	610,649	420,857
Benefit plans	23	10,566	-
Tax liabilities	25	160,483	182,469
Provisions	27	24,068	10,667
Total current liabilities		4,333,373	3,283,061
TOTAL LIABILITIES		8,245,068	6,081,794
TOTAL LIABILITIES AND EQUITY		8,630,069	7,258,096

The accompanying notes are an integral part of the Financial Statements

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Edenor S.A.

Statement of Comprehensive (Loss) Income for the years ended December 31, 2014 and 2013
(Stated in thousands of pesos)

	Note	12.31.14	12.31.13
Continuing operations			
Revenue	28	3,598,376	3,440,691
Electric power purchases		(1,878,088)	(2,050,295)
Subtotal		1,720,288	1,390,396
Transmission and distribution expenses	29	(2,825,062)	(2,055,285)
Gross loss		(1,104,774)	(664,889)
Selling expenses	29	(657,909)	(548,256)
Administrative expenses	29	(496,762)	(324,768)
Other operating income	30	52,409	61,580
Other operating expense	30	(318,678)	(142,777)
Gain from interest in joint ventures		5	5
"Income from non-reimbursable customer contributions"		764	700
Operating loss before SE Resolution 250/13 and subsequent Notes		(2,524,945)	(1,618,405)
Higher costs recognition - SE Resolution 250/13 and subsequent Notes	2.c.III	2,271,927	2,933,052
Operating (loss) profit		(253,018)	1,314,647
Financial income	31	238,972	287,068
Financial expenses	31	(592,013)	(504,854)
Other financial results	31	(328,013)	(273,110)
Net financial expense (income)		(681,054)	(490,896)
(Loss) Profit before taxes		(934,072)	823,751
Income tax	24	154,356	44,116
(Loss) Profit for the year from continuing operations		(779,716)	867,867
Discontinued operations		-	(95,108)
(Loss) Profit for the year		(779,716)	772,759
(Loss) Profit for the year attributable to:			
Owners of the Company		(779,716)	771,739
Non-controlling interests		-	1,020
(Loss) Profit for the year		(779,716)	772,759
(Loss) Profit for the year attributable to the owners of the parent			
Continuing operations		(779,716)	867,867
Discontinued operations		-	(96,128)
		(779,716)	771,739

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Edenor S.A.

Statement of Comprehensive (Loss) Income for the years ended December 31, 2014 and 2013
(Continued)
(Stated in thousands of pesos)

	Note	12.31.14	12.31.13
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Results related to benefit plans	23	(17,823)	(20,951)
Tax effect of actuarial income on benefit plans	24	6,238	7,333
Total other comprehensive losses		(11,585)	(13,618)
Comprehensive income for the year attributable to:			
Owners of the parent		(791,301)	758,121
Non-controlling interests		-	1,020
Comprehensive income (loss) for the year		(791,301)	759,141
Comprehensive (loss) profit for the year attributable to the owners of the parent			
Continuing operations		(791,301)	757,101
Discontinued operations		-	1,020
		(791,301)	758,121
Basic and diluted (loss) earnings per share:			
Basic and diluted (loss) earnings per share from continuing operations	32	(0.87)	0.97
Basic and diluted (loss) earnings per share from discontinued operations	32	-	(0.11)

The accompanying notes are an integral part of the Financial Statements.

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Statement of Changes in Equity for the years ended December 31, 2014 and 2013
(Stated in thousands of pesos)

	Share capital	Adjustment to share capital	Treasury stock	Adjustment to treasury stock	Additional paid-in capital	Other comprehensive loss
Balance at December 31, 2012	897,043	397,716	9,412	10,347	3,452	(14,659)
Absorption of accumulated losses - Shareholders' Meeting of 04/25/2013	(89,704)	(397,716)	(941)	(10,347)	(3,452)	-
Reversion of absorption of accumulated losses - Shareholders' Meeting of 12/20/2013	89,704	397,716	941	10,347	3,452	-
Sale of subsidiaries	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	-	-	-	(13,618)
Balance at December 31, 2013	897,043	397,716	9,412	10,347	3,452	(28,277)
Loss for the year	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	-	-	-	(11,585)
Balance at December 31, 2014	897,043	397,716	9,412	10,347	3,452	(39,862)

The accompanying notes are an integral part of the Financial Statements.

Retained earnings / Accumulated deficit	Subtotal equity	Non-controlling interests	Total equity
(885,130)	418,181	71,107	489,288
502,160	-	-	-
(502,160)	-	-	-
-	-	(72,127)	(72,127)
771,739	771,739	1,020	772,759
-	(13,618)	-	(13,618)
(113,391)	1,176,302	-	1,176,302
(779,716)	(779,716)	-	(779,716)
-	(11,585)	-	(11,585)
(893,107)	385,001	-	385,001

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Edenor S.A.

Statement of Cash Flows for the years ended December 31, 2014 and 2013
(Stated in thousands of pesos)

	Note	12.31.14	12.31.13
Cash flows from operating activities			
(Loss) Profit for the year		(779,716)	772,759
Adjustments to reconcile net (loss) profit to net cash flows from operating activities:			
Depreciation of property, plant and equipment	9	237,639	212,148
Loss on disposals of property, plant and equipment	30	959	1,230
Net accrued interest		334,094	196,626
Exchange differences	31	427,896	365,759
Income tax	24	(154,356)	(44,116)
Allowance for the impairment of trade and other receivables, net of recovery	29 and 30	19,692	33,699
Adjustment to present value of receivables	31	(8,128)	(2,378)
Provision for contingencies	30	75,417	36,033
Other expenses - FOCEDA	30	97,701	-
Changes in fair value of financial assets	31	(67,591)	(16,097)
Accrual of benefit plans	23	51,425	22,540
Gain from interest in joint ventures		(5)	(5)
Higher costs recognition - SE Resolution 250/13 and subsequent Notes	2.c.III	(2,271,927)	(2,933,052)
Net gain from the repurchase of Corporate Bonds	31	(44,388)	(88,879)
Discontinued operations		-	168,628
Changes in operating assets and liabilities:			
Increase in trade receivables		(55,276)	(48,471)
Increase in other receivables		(127,832)	(111,942)
Decrease (increase) in inventories		9,883	(42,692)
Increase (decrease) in deferred revenue		76,187	(700)
Increase in trade payables		(528,353)	(87,028)
Increase in salaries and social security taxes payable		226,689	95,319
Decrease in benefit plans		(11,017)	(7,904)
Decrease in tax liabilities		(28,704)	(44,888)
Increase in other payables		162,316	262,007
Funds obtained from the program for the rational use of electric power (PUREE) (SE Resolution No. 1037/07)		482,929	491,947
Net decrease in provisions		(33,042)	(25,299)
Subtotal before variations of debts with Cammesa		(1,907,508)	(794,756)
Increase in account payable and loans with Cammesa		3,455,498	2,231,477
Net cash flows generated by operating activities		1,547,990	1,436,721

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Edenor S.A.

Statement of Cash Flows for the years ended December 31, 2014 and 2013 (Continued)
(Stated in thousands of pesos)

	Note	12.31.14	12.31.13
Cash flows from investing activities			
Acquisitions of property, plant and equipment	9	(1,400,140)	(892,431)
Net (payment for) collection of purchase / sale of financial assets at fair value		(64,625)	(97,399)
Collection of financial receivables with related companies		-	2,051
Collection of receivables from sale of subsidiaries - SIESA		2,976	2,940
Discontinued operations		-	(124,246)
Net cash flows used in investing activities		(1,461,789)	(1,109,085)
Cash flows from financing activities			
Repayment of principal on loans	21	(424)	(25,535)
Payment of interest on loans	21	(155,251)	(176,976)
Discontinued operations		-	25,388
Net cash flows used in financing activities		(155,675)	(177,123)
Net (decrease) / increase in cash and cash equivalents			
		(69,474)	150,513
Cash and cash equivalents at the beginning of year	15	243,473	71,108
Cash and cash equivalents at the beginning of year included in assets of disposal group classified as held for sale		-	11,154
Exchange differences in cash and cash equivalents		5,081	10,698
Net (decrease) / increase in cash and cash equivalents		(69,474)	150,513
Cash and cash equivalents at the end of year	15	179,080	243,473
Supplemental cash flows information			
Non-cash investing and financing activities			
Financial costs capitalized in property, plant and equipment	9	(123,861)	(24,532)
Acquisitions of property, plant and equipment through increased trade payables	9	(144,833)	(126,419)
Decrease from offsetting of PUREE-related liability against receivables (SE Resolution 250/13 and subsequent notes)	2.c.III	(574,010)	(1,661,105)
Decrease from offsetting of liability with CAMMESA for electricity purchases against receivables (SE Resolution 250/13 and subsequent notes)	2.c.III	(2,218,424)	(1,152,266)

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Edenor S.A.

Statement of Cash Flows for the years ended December 31, 2014 and 2013 (Continued)
(Stated in thousands of pesos)

	Note	12.31.14	12.31.13
Decrease in financial assets at fair value from repurchase of Corporate Bonds	21	91,638	165,085
Increase in financial assets at fair value from subsidiary sale		-	(334,340)
Decrease of other receivables for collection of receivables from related companies with corporate bonds		-	52,840
Net increase of trade receivables from sale of assets of disposal group classified as held for sale		-	(44,627)
Acquisitions of property, plant and equipment through increased FOTAE debt	34	(32,939)	(48,960)

The accompanying notes are an integral part of the Financial Statements.

1. General information

History and development of the Company

Empresa Distribuidora Norte S.A. (EDENOR S.A. or the Company) was organized on July 21, 1992 by Decree No. 714/92 in connection with the privatization and concession process of the distribution and sale of electric power carried out by Servicios Eléctricos del Gran Buenos Aires S.A. (SEGBA S.A.).

By means of an International Public Bidding, the Federal Government awarded 51% of the Company's capital stock, represented by the Class "A" shares, to the bid made by Electricidad Argentina S.A. (EASA), the parent company of Edenor S.A. The award as well as the transfer contract were approved on August 24, 1992 by Decree No. 1,507/92 of the Federal Government.

On September 1, 1992, EASA took over the operations of EDENOR S.A.

The corporate purpose of EDENOR S.A. is to engage in the distribution and sale of electricity within the concession area. Furthermore, among other activities, the Company may subscribe or acquire shares of other electricity distribution companies, subject to the approval of the regulatory agency, assign the use of the network to provide electricity transmission or other voice, data and image transmission services, and render advisory, training, maintenance, consulting, and management services and know-how related to the distribution of electricity both in Argentina and abroad. These activities may be conducted directly by EDENOR S.A. or through subsidiaries or related companies. In addition, the Company may act as trustee of trusts created under Argentine laws.

The Company's economic and financial situation

In fiscal years 2014, 2012 and 2011, the Company recorded negative operating and net results, and both its liquidity level and working capital, even in fiscal year 2013, were severely affected. This situation is due mainly to both the continuous increase of its operating costs that are necessary to maintain the level of the service, and the delay in obtaining rate increases and/or recognition of its real higher costs ("CMM"), as stipulated in Section 4 of the Adjustment Agreement, including the review procedure in the event of deviations exceeding 5%.

In spite of the above-mentioned situation, it is worth mentioning that, in general terms, the quality of the electricity distribution service has been maintained and the constant year-on-year increase in the demand for electricity that has accompanied the economic growth and the standard of living of the last years, has also been satisfied. Due to both the continuous increase recorded in the costs associated with the provision of the service and the need for additional investments to meet the increased demand, the Company has adopted a series of measures aimed at mitigating the negative effects of this situation on its financial structure, minimizing the impact on the sources of employment, the execution of the investment plan and the carrying out of the essential operation and maintenance works that are necessary to maintain the provision of the public service in a satisfactory manner in terms of quality and safety.

The Company has made a series of presentations before control agencies, regulatory authorities and courts in order to jointly instrument the necessary mechanisms

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RICARDO TORRES
Presidente


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to contribute to an efficient and safe provision of the distribution service, the maintenance of the level of investments and the compliance with the increased demand.

Although the partial recognition of higher costs (as stipulated in Section 4.2 of the Adjustment Agreement) for the period May 2007 through December 2014, implemented by SE Resolution 250/13 and SE Notes 6852/13, 4012/14, 486/14 and 1136/14 represented a significant step towards the recovery of the Company's economic and financial situation, the effects thereof do not allow for the absorption of neither operating nor investment costs or for the payment of financial services. The constant increase in the operating costs that are necessary to maintain the level of the service, and the delay in obtaining genuine rate increases will continue to deteriorate the Company's operating results, demonstrating that this recognition is insufficient to restore the balance that the economic and financial equation of the public service, object of the concession, requires.

As a consequence of what has been previously described, the Company has permanently a working capital deficit, inasmuch as it has neither the necessary nor the adequate conditions to come to the financial market to make up the deficit of both its operations and the investment plans necessary to maintain the quality of the service, object of the concession.

In view of the above, the Company has obtained from the Federal Government the granting of loans (mutuums) in order to be able to afford specific aspects, such as: a) the salary increases granted to Company employees represented by the Sindicato de Luz y Fuerza (Electric Light and Power Labor Union) as from May 1, 2014 and other benefits, applicable also to those contractors whose employees are included in the collective bargaining agreements of the aforementioned union (Note 5.b); and

b) the investment plan due to the temporary insufficiency of the funds obtained from the fixed charges established by Resolution 347/12 (Note 2.c.V).

If the above-described situation continues in the event of not obtaining a recomposition of revenue during fiscal year 2015, and considering the projection of results, the Company will be subject to compliance with the provisions of Section 94 sub-section 5 of Argentine Business Organizations Law No. 19,550, which provides for the dissolution of companies in the event of loss of capital stock. Furthermore, the negative results recorded by the Company as of December 31, 2014 consume 100% of the reserves and more than 50% of its share capital; therefore the Company is subject to compliance with the provisions of Section 206 of the Argentine Business Organizations Law which provides for the mandatory capital stock reduction.

In spite of what has been previously mentioned, the Company Board of Directors continues analyzing different scenarios and possibilities to mitigate or reduce the negative impact of the Company's situation on its operating cash flows and thereby present the shareholders with diverse courses of action, although the most relevant aspect continues to be the improvement of revenues so as to balance the economic and financial equation of the concession.

However, the outcome of the tariff structure review is uncertain as to both its timing and final formalization. Therefore, the uncertainties of the previous fiscal years in this regard continued during the year ended December 31, 2014; thus, if in the future: (i) the new electricity rate schedules are not issued by the ENRE; (ii) the Company is not granted other recognition or any other mechanism to compensate for cost increases, in addition to the revenue it obtains from the application of Resolution 347/12, the funds derived from the PUREE,

or the recognition of CMM values and the offsetting mechanism established by SE Resolution 250/13 and subsequent Notes, and/or; (iii) the Company does not obtain from the Federal Government other mechanism that provides it with financing for cost increases or recognition thereof in addition to those previously mentioned, it is likely that the Company will have insufficient liquidity and will therefore be obliged to continue implementing, and even deepening, measures similar to those applied until now in order to preserve cash and enhance its liquidity.

Given the fact that the realization of the necessary measures to revert the manifested negative trend depends, among other factors, on the occurrence of certain events that are not under the Company's control, such as the requested electricity rate increases, the recognition of higher costs, and/or the granting of new loans (mutuums) and assignments of secured receivables, the Board of Directors has raised a substantial doubt about the Company's ability to continue as a going concern in the term of the next fiscal year, being obliged to defer certain payment obligations, as previously mentioned, or unable to meet expectations for salary increases or the increases recorded in third-party costs.

Nevertheless, these financial statements have been prepared in accordance with the accounting principles applicable to a going concern, assuming that the Company will continue to operate normally. Therefore, they do not include the effects of the adjustments or reclassifications that might result from the outcome of this uncertainty.

2. Regulatory framework

a. General

The Company is subject to the regulatory framework provided under Law No. 24,065 and the regulations issued by the National

Regulatory Authority for the Distribution of Electricity (ENRE).

The ENRE is empowered to approve and control tariffs, and control the quality levels of the technical product and service, the commercial service and the compliance with public safety regulations, as established in the Concession Agreement. If the Distribution Company fails to comply with the obligations assumed, the ENRE will be entitled to apply the penalties stipulated in the Concession Agreement.

The Distribution Company's obligations are, among others, to make the necessary investments and carry out the necessary maintenance works in order to ensure that the quality levels established for the provision of the service in the concession area will be complied with and that electricity supply and availability will be sufficient to meet the demand in due time, securing the sources of supply.

If the Company repeatedly fails to comply with the obligations assumed in the Concession Agreement, the grantor of the concession will be entitled to foreclose on the collateral granted by the majority shareholders by means of the pledge of the Class A shares and sell them in a Public Bid. This, however, will not affect the continuity of the Holder of the concession. This situation may also occur if after the publication of the electricity rate schedule resulting from the Tariff Structure Review (RTI), the Company, the Company shareholders representing at least two thirds of the share capital, and/or the former Company shareholders do not submit their waivers to the rights to claim or abandon the actions filed as a consequence of Law 25,561, which in part depends on the decisions of third parties. At the date of issuance of these financial statements, there have been no events of non-compliance by the Company that could be regarded as included within the scope of this situation.

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Furthermore, the Concession Agreement may be rescinded in the event of the Distribution Company undergoing bankruptcy proceedings. Additionally, if the Grantor of the Concession fails to discharge his obligations in such a manner that the Distribution Company is prevented from providing the Service or the Service is severely affected on a permanent basis, the Distribution Company may request, after demanding the regularization of such situation in a term of 90 days, that the agreement be rescinded.

b. Concession

The term of the concession is 95 years, which may be extended for an additional maximum period of 10 years. The term of the concession is divided into management periods: a first period of 15 years and subsequent periods of 10 years each. At the end of each management period, the Class "A" shares representing 51% of the capital stock of EDENOR S.A., currently held by EASA, must be offered for sale through a public bidding. If EASA makes the highest bid, it will continue to hold the Class "A" shares, and no further disbursements will be necessary. On the contrary, if EASA is not the highest bidder, then the bidder who makes the highest bid shall pay EASA the amount of the bid in accordance with the conditions of the public bidding. The proceeds from the sale of the Class "A" shares will be delivered to EASA after deducting any amounts receivable to which the Grantor of the concession may be entitled.

On July 7, 2007 the Official Gazette published ENRE Resolution No. 467/07 pursuant to which the first management period is extended for 5 years to commence as from the date on which the Review of the Company Tariff Structure (RTI) goes into effect, which has not yet occurred. Its original maturity would have taken place on August 31, 2007.

Furthermore, in accordance with the provisions of ENRE Resolution No. 467/07, the commencement of the aforementioned process for the sale of the shares shall take place when the five-year tariff period beginning after the ending of the RTI comes to an end.

The Company has the exclusive right to render electric power distribution and sales services within the concession area to all users who are not authorized to obtain their power supply from the Wholesale Electricity Market (MEM), thus being obliged to supply all the electric power that may be required in due time and in accordance with the established quality levels. In addition, the Company must allow free access to its facilities to any MEM agents whenever required, under the terms of the Concession.

No specific fee must be paid by the Company under the Concession Agreement during the term of the concession.

On January 6, 2002, the Federal Executive Power passed Law No. 25,561 whereby adjustment clauses in US dollars, as well as any other indexation mechanisms stipulated in the contracts entered into by the Federal Government, including those related to public utilities, were declared null and void as from such date. The resulting prices and rates were converted into Argentine pesos at a rate of 1 peso per US dollar.

Furthermore, Law No. 25,561 authorized the Federal Executive Power to renegotiate public utility contracts taking certain criteria into account.

It is worth mentioning that both the declaration of economic emergency and the period to renegotiate public utility contracts were extended through December 31, 2015 by Law No. 26,896.

c. Electricity rate situation

I. Adjustment Agreement entered into between Edenor and the Federal Government

On September 21, 2005, Edenor S.A. signed an Adjustment Agreement within the framework of the process of renegotiation of the Concession Agreement set forth in Law No. 25,561 and supplementary regulations, which was ratified on February 13, 2006.

The Adjustment Agreement establishes the following:

- i) the implementation of a Temporary Tariff Structure ("RTT") effective as from November 1, 2005, including a 23% average increase in the distribution margin, which may not result in an increase in the average rate of more than 15%, and an additional 5% average increase in the distribution added value, allocated to certain specified capital expenditures;
- ii) the requirement that during the term of mentioned temporary tariff structure, dividend payment be subject to the approval of the regulatory authority;
- iii) the establishment of a "social tariff" for the needy and the levels of quality of the service to be rendered;
- iv) the suspension of the claims and legal actions filed by Edenor S.A. and its shareholders in national or foreign courts due to the effects caused by the Economic Emergency Law;
- v) the carrying out of a Tariff Structure Review ("RTI") which will result in a new tariff structure that will go into effect on a gradual basis and remain in effect for the following 5 years. In accordance

with the provisions of Law No. 24,065, the ENRE will be in charge of such review;

- vi) the implementation of a minimum investment plan in the electric network for an amount of \$ 178.8 million to be fulfilled by Edenor S.A. during 2006, plus an additional investment of \$ 25.5 million should it be required;
- vii) the adjustment of the penalties imposed by the ENRE that are payable to customers as discounts, which were notified by such regulatory agency prior to January 6, 2002 as well as of those that have been notified, or whose cause or origin has arisen in the period between January 6, 2002 and the date on which the Adjustment Agreement goes into effect through the date on which they are effectively paid, using, for such purpose, the average increase recorded in the Company's distribution costs as a result of the increases and adjustments granted at each date;
- viii) the waiver of the penalties imposed by the ENRE that are payable to the National State, which have been notified, or their cause or origin has arisen in the period between January 6, 2002 and the date on which the Adjustment Agreement goes into effect;

The payment term of the penalties imposed by the ENRE, which are described in paragraph vii above, is 180 days after the approval of the Tariff Structure Review (RTI) in fourteen semiannual installments, which represent approximately two-thirds of the penalties imposed by the ENRE before January 6, 2002 as well as of those that have been notified, or whose cause or origin has arisen in the period between January 6, 2002 and the date on which the Adjustment Agreement goes into effect, subject to compliance with certain requirements.

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The mentioned agreement was ratified by the Federal Executive Power through Decree No. 1,957/06, signed by the President of Argentina on December 28, 2006 and published in the Official Gazette on January 8, 2007. The aforementioned agreement stipulates the terms and conditions that, upon compliance with the other procedures required by the regulations, will be the fundamental basis of the Comprehensive Renegotiation of the Concession Agreement of the public service of electric power distribution and sale within the federal jurisdiction, between the Federal Executive Power and the holder of the concession.

Additionally, on February 5, 2007 the Official Gazette published ENRE Resolution No. 51/07 which approves the electricity rate schedule resulting from the RTT, applicable to consumption recorded as from February 1, 2007. This document provides for the following:

- i) A 23% average increase in distribution costs, service connection costs and service reconnection costs in effect, except for the residential tariffs;
- ii) An additional 5% average increase in distribution costs, to be applied to the execution of the works and infrastructure plan detailed in the Adjustment Agreement;
- iii) Implementation of the Cost Monitoring Mechanism ("CMM") contemplated in the Adjustment Agreement, which for the six-month period commenced November 1, 2005 and ended April 30, 2006, shows a percentage of 8.032%. This percentage will be applied to non-residential consumption recorded from May 1, 2006 through January 31, 2007;
- iv) Invoicing in 55 equal and consecutive monthly installments of the differences

arising from the application of the new electricity rate schedule for non-residential consumption recorded from November 1, 2005 through January 31, 2007 (paragraphs i) and ii) above) and from May 1, 2006 through January 31, 2007 (paragraph iii) above);

- v) Invoicing of the differences corresponding to deviations between foreseen physical transactions and those effectively carried out and of other concepts related to the MEM, such as the Specific fee payable for the Expansion of the Network, Transportation and Others;
- vi) Presentation, within a period of 45 calendar days from the issuance of this resolution, of an adjusted annual investment plan, in physical and monetary values, in compliance with the requirements of the Adjustment Agreement.

Resolution 434/2007 established, among other things, that the obligations and commitments set forth in section 22 of the Adjustment Agreement be extended until the date on which the electricity rate schedule resulting from the RTI goes into effect, allowing Edenor S.A. and its shareholders to resume the legal actions suspended as a consequence of the Adjustment Agreement if the new electricity rate schedule does not go into effect.

II. Tariff Structure Review (RTI)

On July 30, 2008, the Energy Secretariat issued Resolution 865/08 which modifies Resolution 434/07 and establishes that the electricity rate schedule resulting from the RTI will go into effect in February 2009. At the date of issuance of these financial statements, no resolution has been issued concerning the application of the electricity rate schedule resulting from such process.

The ENRE began the Tariff Structure Review Process with the issuance of Resolution 467/08. On November 12, 2009, the Company made its revenue request presentation for the new period, which included the grounds and criteria based on which the request was made. As from that moment, the Company has made successive and reiterated presentations aimed at ending the aforementioned process as well as obtaining the new electricity rate schedule. Among them, a Preliminary Administrative Action ("Reclamo Administrativo Previo") was filed before the Ministry of Federal Planning, Public Investment and Services in March 2012 and a petition for the immediate resolution thereof was made in October 2012. In the Company's opinion, this claim has come to an end due to the issuance of SE Resolution 250/13 dated May 2013.

Additionally, in June 2013, the Company filed a complaint against the Federal Government claiming full compliance with the Adjustment Agreement and compensation for damages due to the non-compliance of the commitments established therein. The complaint was amended so as to extend it in November 2013 (See Note 8.h). In February 2014 a petition for the granting of a precautionary measure was filed with the Federal Court requesting that the Federal Government be compelled to provide the Company with economic assistance during the course of litigation. The petition was rejected in both first and second instance in June and December 2014, respectively.

III. PUREE - CMM (Program for the Rational Use of Electric Power - Cost Monitoring Mechanism)

On May 7, 2013, the Energy Secretariat (SE) issued SE Resolution 250/13, whereby it:

- a) Authorized the values of the adjustments resulting from the Cost Monitoring Mechanism (CMM) for the period May

2007 through December 2014, determined in accordance with Section 4.2 of the Adjustment Agreement, but without initiating the review process contemplated in the event of variations exceeding 5%.

- b) Assessed the Company's debt as of December 31, 2014 deriving from the application of the Program for the Rational Use of Electric Power (PUREE) for the period May 2007 through December 2014.
- c) Authorized the Company to offset until December 2014 the debt indicated in paragraph b) against and up to the amount of the receivables established in paragraph a), including interest, if any, on both amounts.
- d) Instructed CAMMESA to issue Sale Settlements with Maturity Dates to be Determined (Liquidaciones de Venta con Fecha de Vencimiento a Definir - LVFVD) for the CMM surplus amounts after the offsetting process indicated in paragraph c) has been carried out.
- e) Authorized CAMMESA to receive LVFVD as part payment for the past due debts deriving from the economic transactions of the Wholesale Electricity Market (MEM).
- f) Instructed the Company to assign the credits from the surplus LVFVD, if there were any, after having complied with that established in the preceding paragraph, to the trust created under the terms of ENRE Resolution 347/12 (FOCEDE).

The Energy Secretariat, if deemed timely and suitable, may extend, either totally or partially, the application of the aforementioned resolution and amplifying note pursuant to the information provided by the ENRE and CAMMESA. In this regard, on November 6, 2013, October 9, 2014 and December 18, 2014 it issued SE Notes 6852/13, 4012/14, 486/14 and 1136/14 respectively.

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Additionally, and in accordance with sections 8 and 9 of SE Resolution 250/2013 –which recognize the Company's right to apply to the payment of its debts with the MEM the amount receivable deriving from the CMM for economic transactions, with charge to the Unified Fund– the Company proceed in lieu of payment of the trade liability it has with CAMMESA for energy purchases by applying the balance of the CMM receivable balance as of December 31, 2013 (not offset as of that date) recognized by the ENRE in the periods covered by SE Resolution 250 and the extensions thereof.

Moreover, SE Note 4012/14 not only states that

this measure is temporary and exceptional in nature but also establishes that the signing of an integral and instrumental agreement, or equivalent alternative, will be promoted in order to address the regulatory, economic, financial, quality-related and sustainability aspects of the public service, object of the concession, as well as the extension of the transitional period of the concession agreement until December 31, 2016. As of the date of issuance of these financial statements, this has not been instrumented.

The impact of SE Resolution 250/13 and subsequent Notes on the Statement of financial position is summarized below:

	2013			2014			Total	
	SE Res. 250/13	SE Note 6852/13	Subtotal	SE Note 4012/14	SE Note 486/14	SE Note 1136/14		
Other receivables								
Cost Monitoring Mechanism(1) a	2,254,953	723,629	2,978,582	735,534	833,660	702,733	2,271,927	5,250,509
Net interest CMM - PUREE	172,939	24,571	197,510	108,218	36,231	13,337	157,786	355,296
Other payables - Program for the rational use of electric power b	(1,387,037)	(274,068)	(1,661,105)	(168,426)	(187,665)	(217,919)	(574,010)	(2,235,115)
Trade payables - CAMMESA e	(678,134)	(474,132)	(1,152,266)	(1,038,047)	(682,226)	(498,151)	(2,218,424)	(3,370,690)
LVFVD to be issued	362,721	-	362,721	(362,721)	-	-	(362,721)	-

(1) Includes CMM amounts receivable recognized in prior fiscal years for \$ 45.5 million.

In view of the above, the Company challenged and rejected debit notes issued by CAMMESA for a cumulative total of \$ 866.2 million relating to compensatory and punitive interest, considering that the delays in the settlement of the amounts receivable are not attributable to the Company.

In the same way, the Company has not recognized the interest accrued in its favor on the recognition of CMM amounts for a value of \$ 652.2 million because in its opinion the respective offsetting operates with the issuance of the resolution and the successive amplifying notes.

IV. Electricity rate schedules

The Energy Secretariat issued Resolution 1169/08 which approved the new seasonal reference prices of power and energy in

the Wholesale Electricity Market ("MEM"). Consequently, the ENRE issued Resolution 628/08 which approved the values of the electricity rate schedule to be applied as from October 1, 2008. The aforementioned electricity rate schedule included the transfer of the increase in the seasonal energy price to tariffs, with the aim of reducing Federal Government grants to the electricity sector, without increasing the Company's distribution added value.

On June 15, 2012, the National Energy Secretariat established the Seasonal Prices to be paid by the customers served by the agents who provide the public service of electricity distribution of the MEM in order for them to be consistent with the situation existing in winter and compatible with payment capacity of the different social classes comprising the residential

customer category of the referred to agents' electricity rate schedules. For such purpose, the Energy Secretariat issued Resolution 255/12 which suspended the application of sections 6, 7, and 8 of SE Resolution 1169/08 from June 1, 2012 through September 30, 2012. Furthermore, it established the energy reference prices in the Market, applicable to the June 1-July 31, 2012 and the August 1-September 30, 2012 periods, for the different customer categories. Additionally, it established the application of SE Resolution 1301/11, and other complementary regulations and instructions, to all the customers falling within the scope thereof (section 8 of SE Resolution 255/12).

Furthermore, on November 30, 2012, Edenor S.A. was notified of SE Resolution 2016 that approved the MEM Summer Scheduling for the November 1, 2012-April 30, 2013 period, calculated in accordance with the "Scheduling of Operation, Load Dispatch and Price Calculation Procedures". Additionally, it establishes the application as from November 1, 2012 of the Subsidized Seasonal Reference Prices defined in Appendix I for each Distribution Agent identified therein. It is also established that the Un-Subsidized Seasonal Reference Price in the MEM is kept at an annual average value of \$320 Mwh, and that the values to be transferred to final tariffs are in no case to exceed the Un-Subsidized Reference Prices established for each Distribution Agent.

The purpose of the Program for the Rational Use of Electric Power, PUREE, created by SE Resolution 415/04, is to work on the demand for electricity, promoting energy savings so as to generate surpluses that may be used by those users, like industries, whose energy needs increase as a consequence of the growth in the level of the economic activity.

As in previous years, SE Resolution 1037/07, ratified by SE Note 1383/08, continued to produce effects. The aforementioned

resolution modified the earmarking of the funds resulting from the application of the PUREE, being it possible to deduct therefrom a) the amounts paid by the Company as Quarterly Adjustment Coefficient ("CAT") implemented by Section 1 of Law No. 25,957, to calculate the total value of the National Fund of Electricity (FNEE); and b) the amounts corresponding to the electricity rates adjustments due to the application of the CMM established in the Adjustment Agreement, until the transfer to the tariff of either of the aforementioned concepts, as applicable, is recognized.

V. ENRE Resolution 347/12

On November 23, 2012, the ENRE issued Resolution 347 pursuant to which distribution companies were authorized, as from the issuance thereof, to include in the bills a fixed amount for small-demand (T1) customers and a variable amount for medium and large-demand (T2 and T3) customers, to be calculated on a percentage of power charges. Such amounts, which are clearly indicated in the bills sent to customers, constitute a special account, which is managed by a Trust, to be exclusively used for the execution of distribution infrastructure works and corrective maintenance of each distribution company's facilities. This Trust will be administered by an Implementation Committee comprised of 5 members: 1 from the Economy and Public Finance Ministry, 2 from the Ministry of Planning, 1 from CAMMESA and 1 from the ENRE.

As established in such Resolution, on November 29, 2012, the Company, in its capacity as Trustor, and Nación Fideicomisos S.A., as Trustee, entered into a private Financial and Management Trust Agreement, whereby the Company, as settlor of the trust, agreed to assign and transfer to the Trustee the fixed amounts set forth by Resolution 347 that are effectively collected, which will constitute the trust assets. Such agreement was ratified and

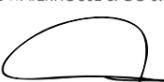
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approved by the Company Board of Directors on December 11, 2012.

On December 18, 2012, the Company and Nación Fideicomisos S.A., signed the respective Operating Manual, whose purpose is to implement, standardize, and enable the collection and management of the trust assets. On that date, the Company Board of Directors approved the Operating Manual and appointed its attorneys-in-fact to represent the Company before Nación Fideicomisos S.A. in issues related to the Trust and its Operating Manual.

On July 4, 2013, the Company and Nación Fideicomisos S.A. signed an Addendum to the private Financial and Management Trust Agreement entered into by the parties on November 29, 2012.

In the aforementioned Addendum it is agreed that Nación Fideicomisos S.A., in its capacity as trustee, will issue, in accordance with the public offering system authorized by the National Securities Commission (CNV), "Debt Securities" (VRD) to be offered to the market for a nominal value of up to \$ 312.5 million. The proceeds will be used to pay the Company's investment plan.

On July 4, 2013, VRDs for \$ 250 million were issued through a private placement. A subsequent public offering of these debt securities, with the possibility of being paid-in in kind is estimated. The VRD will accrue interest at the Private BADLAR rate plus a spread of 4% and will be amortized in 5 years with increasing installments.

In this regard, mentioned agreement stipulates that payment obligations under the VRD will be solely and exclusively the obligations of Nación Fideicomisos S.A. (to the extent that the trust assets are sufficient) and will not imply in any way whatsoever any guarantee or recourse against the Company, which in no case will be liable for the non-payment, whether total or partial,

of any amount owed under the VRD or any other concept contemplated by the Trust Agreement duly signed. Moreover, and in view of the fact that up to now the only income of resources of the trust derives from the Company's contributions and, also, that the VRD have accrued interest that will have to be paid with the trust assets, the Company has decided to record a provision for an amount equivalent to the trust's net financial charges, which has been recorded as other payables and charged to other operating expense.

Additionally, on January 3, 2014, by Resolution 3/2014 of the Ministry of Federal Planning, Public Investment and Services, it was established that the investments to be made with the funds of the Fund for Electric Power Distribution Expansion and Consolidation Works (Fondo para Obras de Consolidación y Expansión de Distribución Eléctrica - FOCEDA) will be decided by the Management Control and Coordination Undersecretariat, which will provide the necessary instructions for the carrying out of the works and investments under the FOCEDA to the Implementation Committee of the trust created by ENRE Resolution 347/12 as well as to electricity distribution companies Edenor S.A. and Edesur S.A.

By Resolution 266/14 dated January 24, 2014, a technical commission to participate and give advice to the Management Control and Coordination Undersecretariat on technical and economic matters as well as on other issues relating to the investments to be made with the FOCEDA funds was created. This commission will be comprised of one representative of the National Regulatory Authority for the Distribution of Electricity (ENRE), one representative of the Energy Secretariat, one representative of the Public Works Secretariat, both under the authority of the Ministry of Federal Planning, Public Investment and Services. The Economy and Public Finance Ministry

and the National Comptroller's Office (SIGEN) will also be invited to participate.

VI. Loans (mutuums) and assignments of secured receivables

As described in Note 1, due to the delay in obtaining the Tariff Structure Review, which would allow to restore the economic and financial equation of the concession, the Company lacks the necessary conditions to come to the financial market to address the deficit of both its operations and the investment plans necessary to maintain the quality of the service, object of the concession. In order to deal with this situation, the Company has obtained from the Federal Government a series of measures such as the issuance of ENRE Resolution 347/12 (Note 2.c.V) and SE Resolution 250 (Note 2.c.III), and the granting of loans (mutuums) to provide support with its cash needs for specific purposes.

The obligations deriving from this assistance are classified as Other payables and the relating costs as financial expenses, due to both the fact that they result from the lack of adjustment of the Electricity Rate Schedule, which depends exclusively on the Federal Government's resolution, and the fact that such assistance has been granted under these special circumstances. Therefore, such obligations do not constitute financing decisions made by the Company in the ordinary course of business.

The loans (mutuums) granted up to now are detailed below:

1) Extraordinary Investment Plan - Temporary insufficiency of the revenue deriving from the FOCEDA

Due to the fact that the funds of the FOCEDA are insufficient to cover the estimated disbursements of the Investment Plan, the Company has requested of the

respective authorities that it be provided with funding assistance, which has been called Extraordinary Investment Plan.

Consequently, on September 26, 2014, the Energy Secretariat, by Resolution 65/14, instructed CAMMESA to enter into a Loan (Mutuum) and assignment of secured receivables agreement with the Company for a total of \$500 million to cover the Extraordinary Investment Plan as a consequence of the temporary insufficiency of the revenue deriving from Resolution 347/12, mentioned in caption V of this note. The aforementioned agreement was entered into on September 30, 2014. On December 18, 2014, mentioned agreement was extended, as instructed by the Energy Secretariat to CAMMESA, for an additional amount of \$ 159.4 million. Subsequent to year-end, on January 13, 2015, a new extension for an additional amount of \$ 1.04 billion was signed.

As of December 31, 2014, the debt related to this concept amounts to \$ 208.8 million (comprised of \$ 200 million principal and \$ 8.8 million in accrued interest) which is disclosed in the Other non-current payables account.

Furthermore, as guarantee for the performance of the obligations assumed and the repayment of the funds granted, the Company agreed to assign and transfer in favor of CAMMESA, as from the end of the grace period that the Energy Secretariat would stipulate along with the methodology and terms for the reimbursement of the funds, the amounts receivable which the Company may have with the MEM (Wholesale Electricity Market) up to the actual amount of the funds granted. At the date of issuance of these financial statements, the Company does not have any amount receivable with the MEM.

2) Higher salary costs

On June 24, 2014, by Note 4012/14, the Energy Secretariat instructed CAMMESA to

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enter into a Loan (Mutuum) and assignment of secured receivables agreement with the Company in order to be able to pay the higher salary costs indicated in Note 5.2. The aforementioned agreement was entered into on July 10, 2014.

The agreement will be guaranteed by the Company with the assignment of the future surplus Sale Settlements with Maturity Dates to be Determined (Liquidaciones de Venta con Fecha de Vencimiento a Definir - LVFVD) to be issued, as a result of the application of SE Resolution 250/13, as described in Note 2.c.III. At the date of issuance of these financial statements, the Company does not have any surplus LVFVD.

As of December 31, 2014, the debt related to this concept amounts to \$ 298 million (comprised of \$ 280.6 million principal and \$ 17.4 million in accrued interest), which has been disclosed in the Other non-current payables account and it is considered as an advance of future recognitions of higher costs.

d. Framework agreement

On January 10, 1994, the Company, together with EDESUR S.A., the Federal Government and the Government of the Province of Buenos Aires entered into a Framework Agreement, whose purpose was to establish the guidelines under which the Company is to supply electricity to low-income areas and shantytowns.

On July 22, 2011, the Company, the Federal Government, and the Government of the Province of Buenos Aires entered into an Addendum for the renewal for a term of four years (from January 1, 2011 through December 31, 2014) of the New Framework Agreement that had been signed on October 6, 2003. Such extension was approved on September 21, 2012 by Resolution 248/12 issued by the ENRE and ratified by the Ministry of Federal Planning, Public Investment and Services through Resolution 247.

At the date of issuance of these financial statements, the aforementioned agreements have expired. Nevertheless, the Company believes they will be renewed and has therefore begun the corresponding negotiations.

With regard to the amount receivable the Company has with the Province of Buenos Aires, on October 18, 2012 the Company entered into an Agreement for the Settlement of Non-financial Obligations and Subscription of Buenos Aires Province Government Bonds, pursuant to which the Company agreed to receive an amount of \$ 0.3 million in cash and subscribe Series B Bonds for a residual nominal value of \$ 6.14 million, as settlement of the debt that as of December 31, 2010 such Province had with the Company for the electric power supplied to low-income areas.

As of December 31, 2014 and 2013, receivable balances with the Federal Government and the Government of the Province of Buenos Aires amount to \$ 75.8 million and \$ 56.9 million, respectively.

e. Penalties

i. General

The ENRE is empowered to control the quality levels of the technical product and service, the commercial service and the compliance with public safety regulations, as established in the Concession Agreement. If the Distribution Company fails to comply with the obligations assumed, the ENRE will be entitled to apply the penalties stipulated in the Concession Agreement.

As of December 31, 2014 and 2013, the Company has accrued the penalties for resolutions not yet issued by the ENRE relating to the control years elapsed as of those dates. Additionally, the Company has applied the adjustment set forth in the temporary tariff structure as well as the

adjustments established by the electricity rate schedules applied during fiscal year 2008, Resolutions 324/08 and 628/08.

The ENRE Penalties and Discounts included in the Adjustment Agreement are adjusted as stipulated in such agreement, whereas the penalties imposed subsequent to the Adjustment Agreement are adjusted as established in each of the resolutions pursuant to which such penalties are imposed.

Furthermore, as of December 31, 2014, the Company Management has considered that the ENRE has mostly complied with the obligation to suspend lawsuits aimed at collecting the penalties included in the Adjustment Agreement, without prejudice to maintaining an open discussion with the entity concerning the effective date of the Adjustment Agreement and, consequently, concerning the penalties included in the renegotiation and those subject to the criteria of the Transition Period.

As from March 2008, it was decided that the penalties imposed by the ENRE not be paid. These penalties are included in the abovementioned tariff renegotiation.

ii. Specific situations

Based on the provisions of ENRE Resolution 1/14, the definitive amount of the compensation payable to customers by way of discounts, as a consequence of the power cuts occurred during the period began on December 16, 2013 and ended on the date on which the service was fully restored, totaled \$ 85.7 million. As of December 31, 2014, an amount of \$ 59.1 million of such total has been reimbursed to Customers, based on consumption recorded.

Additionally, in May 2014, the Company and the Regulatory Authority entered into a payment plan agreement pursuant to which it was agreed that the penalties under

litigation for a total of \$ 8.7 million, plus interest for \$4 million, would be paid in twelve monthly installments maturing as from June 1, 2014. As of the date of issuance of these financial statements, the Company has already paid eight installments.

Furthermore, in November 2014, the Company also entered into another payment plan agreement with the Regulatory Authority, pursuant to which it was agreed that the penalties under litigation for a total of \$ 9.7 million, plus interest for \$ 2 million, would be paid in twelve monthly installments maturing as from February 2015.

Owing to the fees set in favor of ENRE professionals who acted in execution proceedings, the Company has entered into a payment plan agreement with seven attorneys-in-fact for a total of \$ 4.3 million payable in twelve monthly installments, maturing as from February 2015.

f. Restriction on the transfer of the Company's common shares

The by-laws provide that Class "A" shareholders may transfer their shares only with the prior approval of the ENRE. The ENRE must communicate its decision within 90 days upon submission of the request for such approval, otherwise the transfer will be deemed approved.

Furthermore, Caja de Valores S.A. (the Public Register Office), which keeps the Share Register of the shares, is entitled (as stated in the by-laws) to reject such entries which, at its criterion, do not comply with the rules for the transfer of common shares included in (i) the Argentine Business Organizations Law, (ii) the Concession Agreement and (iii) the by-laws.

In addition, the Class "A" shares will be pledged during the entire term of the concession as collateral to secure the performance of the obligations assumed under the Concession Agreement.

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Other restrictions:

- In connection with the issuance of Corporate Notes, during the term thereof, EASA is required to be the beneficial owner and owner of record of not less than 51% of the Company's issued, voting and outstanding shares.
- In connection with the Adjustment Agreement signed with the Grantor of the Concession and ratified by Decree 1957/06, Section ten stipulates that from the signing of the agreement through the end of the Contractual Transition Period, the majority shareholders may not modify their ownership interest nor sell their shares.
- In connection with the restructuring of the totality of EASA's financial debt, if EASA did not comply with its payment obligations under the new debt, its creditors could obtain an attachment order against the Company's Class A shares held by EASA, and, consequently, the Argentine Government would be entitled, as stipulated in the concession agreement, to foreclose on the pledged shares.

g. Concession of the use of real property

Pursuant to the Bid Package, SEGBA granted the Company the free use of real property for periods of 3, 5 and 95 years, with or without a purchase option, based on the characteristics of each asset, and the Company would be responsible for the payment of any taxes, charges and contributions levied on such properties and for the taking out of insurance against fire, property damage and third-party liability, to SEGBA's satisfaction.

The Company may make all kind of improvements to the properties, including new constructions, upon SEGBA's prior authorization, which will become the grantor's property when the concession period is over, and the Company will

not be entitled to any compensation whatsoever. SEGBA may terminate the loan for use contract after demanding the performance by the Company of any pending obligation, in certain specified cases set forth in the Bid Package. At present, as SEGBA's residual entity has been liquidated, these presentations and controls are made to the National Agency of Public Properties (ONABE).

h. Stabilization factor

By Note 2883 dated May 8, 2012 (reference Resolutions MEyFP 693/11 and MPFIPyS 1900/11), the National Energy Secretariat has implemented a mechanism whose objective is to keep the amounts billed to residential customers throughout the year stable, thereby minimizing the effects of the seasonal consumption of electricity.

This methodology applies to all residential customers, regardless of whether or not they receive Government grants on electricity rates, who may opt to adhere to this stabilization system.

Average consumption is determined based on the consumption recorded in the last six two-month periods. The stabilization factor arises from the difference between the aforementioned average consumption and the consumption recorded in the current two-month period. This value will be added to or subtracted from the two-month period charges, and the result obtained will be the amount to be paid before the corresponding taxes. The adjustments that are to be made in accordance with the differences between average consumption and recorded consumption will be reflected in the bill for the last two-month period of each calendar year.

The differences that arise as a consequence of comparing the annual average consumption to the consumption of the current two-month period will be recorded at the end of each

period in the trade receivables balance sheet account, crediting or debiting the account, as the case may be, if the annual average consumption is higher or lower than the consumption of the current two-month period.

3. Basis of preparation

The financial statements for the year ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), incorporated by the CNV.

The balances as of December 31, 2013, disclosed in these financial statements for comparative purposes, arise from the consolidated financial statements as of that date. Certain amounts of the consolidated financial statements presented for comparative purposes have been reclassified following the disclosure criteria used for the financial statements for the reporting year.

The financial statements are stated in thousands of Argentine pesos, unless specifically indicated otherwise.

These financial statements were approved for issue by the Company Board of Directors on March 9, 2015.

4) Accounting policies

The accounting policies used in the preparation of these financial statements are based on the IFRS (as issued by the IASB).

4.1) Changes in the accounting policies

4.1.1) New standards, amendments and interpretations mandatory for annual periods beginning January 1, 2014

The following standards, which are mandatory for the Company as from the current fiscal year, have had no significant impact on its financial position or the results of its operations.

IAS 32 "Financial instruments - Presentation". This standard modifies the application guidance on aspects relating to the offsetting of financial assets and liabilities. The application of such amendment has had no impact on the Company's financial position or the results of its operations, nor has it implied new disclosures.

IAS 36 (revised 2013) "Impairment of assets", issued in May 2013. This amended standard addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 39 "Financial Instruments - Recognition and Measurement". It establishes the continuation of hedge accounting (fair value and cash flows) in the event of novation to a central counterparty of a derivative designated as a hedging instrument as a consequence of laws or regulations. The application of such amendment has had no impact on the Company's financial position or the results of its operations, nor has it implied new disclosures.

IFRIC 21 "Levies", issued in May 2013. This standard provides guidance on when to recognize a liability for a levy imposed by the government, both for levies that are accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and those where the timing and amount of the levy is certain.

4.1.2) New standards, amendments and interpretations not effective and not early adopted by the Company

In December 2014, the IASB amended IAS 1 "Presentation of financial statements" introducing guidelines with regard to the

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presentation of financial statements. The amendment is effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The Company is currently analyzing the impact of the application of such amendment on disclosures.

In September 2014, the IASB published amendments to IFRS that are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The Company is currently analyzing the impact of the application of such amendments. However, it estimates that the application thereof will have no impact on the Company's financial position or the results of its operations.

IFRS 15 "Revenue from contracts with customers", issued in May 2014 and applicable to annual periods beginning on or after January 1, 2017. It specifies how and when revenue will be recognized, as well as the additional information the Company is required to present in the financial statements. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Company is currently analyzing the impact. Nevertheless, it estimates that the application of this standard will have no significant impact on the results of its operations or its financial position.

IFRS 9 "Financial Instruments", issued in July 2014. It brings together all the phases of the IASB's project to replace IAS 39 "Financial Instruments: recognition and measurement". Such phases are classification and measurement, impairment and hedge accounting. This version incorporates a new expected loss impairment model and some minor changes to the classification and measurement of financial assets. The new standard replaces all the previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company had early adopted the first phase of IFRS 9 at the date of transition to IFRS; however, it has

elected not to apply earlier phases 2 and 3 included in this final version.

4.2) Property, plant and equipment

Property, plant and equipment have been valued at acquisition cost, net of the related accumulated depreciation. Depreciation has been calculated by applying the straight-line method over the remaining useful life of the assets, which was determined on the basis of internal engineering studies. Furthermore, in order to improve the disclosure of the account, the Company has made certain changes in the classification of property, plant and equipment based on each technical process.

In accordance with the provisions of IAS 23, borrowing costs in relation to any given asset are to be capitalized when such asset is in the process of production, construction, assembly or completion, and such processes, due to their nature, take long periods of time; those processes are not interrupted; the period of production, construction, assembly or completion does not exceed the technically required period; the necessary activities to put the asset in condition to be used or sold are not substantially complete; and the asset is not in condition so as to be used in the production or start up of other assets, depending on the purpose pursued with its production, construction, assembly or completion.

Subsequent costs (major maintenance and reconstruction costs) are either included in the value of the assets or recognized as a separate asset, only if it is probable that the future benefits associated with the assets will flow to the Company, being it possible as well that the costs of the assets may be measured reliably and the investment will improve the condition of the asset beyond its original state. The other maintenance and repair expenses are recognized in

profit or loss in the year in which they are incurred.

Finally, and in accordance with the concession agreement, the Company may not pledge the assets used in the provision of the public service nor grant any other security interest thereon in favor of third parties, without prejudice to the Company's right to freely dispose of those assets which in the future may become inadequate or unnecessary for such purpose. This prohibition does not apply in the case of security interests granted over an asset at the time of its acquisition and/or construction as collateral for payment of the purchase and/or installation price.

The residual value and the remaining useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each fiscal year (reporting period).

Land is not depreciated.

Facilities in service: between 30 and 50 years

Furniture, tools and equipment: between 5 and 20 years

Construction in process is valued based on the degree of completion and is recorded at cost less any impairment loss, if applicable. Cost includes expenses attributable to the construction, including capitalized borrowing costs in accordance with IFRS and the Company's accounting policies, when they are part of the cost incurred for the purposes of acquisition, construction or production of property, plant and equipment which require considerable time until they are in condition to be used. Borrowing costs are no longer capitalized when the asset has been substantially finished or its development has been suspended. These assets begin to be depreciated when they are in economic condition to be used.

Gains and losses from the sale of property, plant and equipment are calculated by comparing the price collected with the carrying amount of the asset, and are recognized within Other operating expense or Other operating income in the statement of comprehensive (loss) income.

Impairment test

The Company analyzes the recoverability of its non-current assets on a periodical basis or when events or changes in circumstances indicate that the recoverable amount of assets, which is measured as the value in use at the end of the year, may be impaired. When the carrying amount of an asset is greater than its estimated recoverable amount, the asset's carrying amount is immediately reduced up to its recoverable amount.

The value in use is determined based on projected and discounted cash flows, using discount rates that reflect the time value of money and the specific risks of the assets considered.

Cash flows are prepared on the basis of estimates concerning the future performance of certain variables that are sensitive to the determination of the recoverable amount, among which the following can be noted: (i) nature, opportunity and modality of electricity rate increases and/or cost adjustment recognition; (ii) demand for electricity projections; (iii) evolution of the costs to be incurred, and; (iv) macroeconomic variables, such as growth rates, inflation rates and foreign currency exchange rates.

The future increase in electricity rates used by the Company to assess the recoverability of its long-lived assets as of December 31, 2014 is based on the rights to which the Company is entitled, as stipulated in the Concession Agreement and the agreements described in Note 2 to these

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financial statements. Furthermore, the actions taken to maintain and guarantee the provision of the public service, the presentations made before regulatory authorities, the status quo of the discussions that are being held with government representatives, the announcements made by government officials concerning possible changes in the sector's revenues to restore the economic and financial equation, and certain adopted measures, such as those described in Notes 2.c.III, V and VI to these financial statements, have also been considered. The Company Management estimates that it is reasonable to expect that new increases in revenues will be obtained as from 2016.

In spite of the current economic and financial situation described in Note 1 to these financial statements, the Company has made its projections under the assumption that the electricity rates will be improved according to the circumstances. However, the Company may not ensure that the future performance of the variables used to make its projections will be in line with what it has estimated. Therefore, significant differences may arise in relation to the estimates used and assessments made at the date of preparation of these financial statements.

In order to contemplate the estimation risk contained in the projections of the aforementioned variables, the Company has considered three different probability-weighted scenarios. Although in all of them it is estimated that the Company will succeed in reaching an acceptable agreement with the Government resulting in a gradual tariff increase, the Company has considered different timing and magnitude of an increase in the DAV (Distribution Added Value).

The scenarios that have been considered are the following:

a) Scenario called Pessimistic: in this scenario, the Company assumes modest electricity rate increases as from 2016. CAMMESA's funding assistance is maintained until 2017, when loans (mutuums) for both the Extraordinary Investment Plan and the salary increases would no longer be received. From 2017 to 2019, real higher past costs (not covered by the CMM) would be recognized, which would allow for the settlement of the accumulated debts with CAMMESA for energy purchases. Probability of occurrence assigned 20%.

b) Scenario called Intermediate: in this case, the Company assumes reasonable electricity rate increases as from 2016 as a result of the definitive implementation of an RTI. CAMMESA's funding assistance is maintained until 2017, when loans (mutuums) for both the Extraordinary Investment Plan and the salary increases would no longer be received and the debts for energy purchases generated as from that time would begin to be fully settled. In 2017, real higher past costs (not covered by the CMM) would be recognized, which would allow for the settlement of both the accumulated debts with CAMMESA for energy purchases and the balances of the loans (mutuums) for the Extraordinary Investment Plan and the salary increases recorded up to that time. Probability of occurrence assigned 65%.

c) Scenario called Optimistic: in this case, the Company assumes an increase of its remuneration, in addition to the one recognized in the Intermediate scenario, as a result of the definitive implementation of an RTI, assuming an electricity rate schedule in line with the Company's expectations. CAMMESA's funding assistance is maintained until 2017, when loans (mutuums) for both the Extraordinary Investment Plan and the salary increases would no longer be received and the debts for energy purchases generated as from

that time would begin to be fully settled. In 2017, real higher past costs (not covered by the CMM) would be recognized, which would allow for the settlement of both the accumulated debts with CAMMESA for energy purchases and the balances of the loans (mutuums) for the Extraordinary Investment Plan and the salary increases recorded up to that time. Probability of occurrence assigned 15%.

The Company has assigned to these three scenarios the previously described percentages of probability of occurrence based mainly on the experience with past delays in the tariff renegotiation process, the present economic and financial situation, the status quo of the conversations that are being held with the Federal Government and the need to maintain the public service, object of the concession, in operation.

An after tax discount rate (WACC) in pesos stated in nominal terms of 24.5% has been used in all the scenarios.

Sensitivity analysis:

The main factors that could result in impairment charges in future periods are: i) a distortion in the nature, opportunity and modality of the electricity rate increases and recognition of cost adjustments, and ii) the development of the costs to be incurred. These factors have been taken into account in the aforementioned weight of scenarios. Due to the inherent uncertainty involved in these assumptions, the Company estimates that any sensitivity analysis that considers changes in any of them considered individually could lead to distorting conclusions.

Based on the conclusions previously mentioned, the valuation of property, plant and equipment, taken as a whole, does not exceed its recoverable value, which is measured as the value in use as of December 31, 2014.

4.3) Interests in joint ventures

The Company has early adopted the application of IFRS 11 as from January 1, 2011, the main concepts of which are as follow:

- i. A joint arrangement takes place among two or more parties when they have joint control: joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
- ii. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Such parties are called joint venturers.
- iii. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators.

The Company accounts for its investment in joint ventures in accordance with the equity method. Under this method, the interest is initially recognized at cost and subsequently adjusted by recognizing the Company's share in the profit or loss obtained by the joint venture, after acquisition date. The Company recognizes in profit or loss its share of the joint venture's profit or loss and in other comprehensive income its share of the joint venture's other comprehensive income.

When the Company carries out transactions in the joint ventures, the unrealized gains and losses are eliminated in accordance with the percentage interest held by the Company in the jointly controlled entity.

The accounting policies of joint ventures have been modified, if applicable, to guarantee

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consistency with the policies adopted by the Company.

4.4) Revenue recognition

a. Revenue from sales

Revenue is measured at the fair value of the consideration collected or to be collected, taking into account the estimated amount of any discount, thus determining the net amounts.

Revenue from the electricity provided by the Company to low-income areas and shantytowns is recognized to the extent that the Framework Agreement has been renewed for the period in which the service was rendered.

Revenue from operations is recognized on an accrual basis and derives mainly from electricity distribution. Such revenue includes both the electricity supplied, whether billed or unbilled at the end of each year, which has been valued on the basis of applicable tariffs, and the charges resulting from the application of Resolution 347/12 (Note 2.c.V).

The Company also recognizes revenue from other concepts included in distribution services, such as new connections, reconnections, rights of use on poles, transportation of electricity to other distribution companies, etc.

The aforementioned revenue from operations was recognized when all of the following conditions were met:

1. the entity transferred to the buyer the significant risks and rewards;
2. the amount of revenue was measured reliably;
3. it is probable that the economic benefits

associated with the transaction will flow to the entity;

4. the costs incurred or to be incurred, in respect of the transaction, were measured reliably.

b. Interest income

Interest income is recognized by applying the effective interest rate method. Interest income is recorded in the accounting on a time basis by reference to the principal amount outstanding and the applicable effective rate.

Interest income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the transaction can be measured reliably.

4.5) Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors and used for making strategic decisions. Given the fact that the aggregation criteria established by IFRS 8 "Operating Segments" are met, the Company has one single reportable segment.

The Company manages its operating segment considering the net result. Due to the fact that the Company has one single reportable segment, segment information is consistent with the information presented in the statement of income.

4.6) Effects of the changes in foreign currency exchange rates

a. Functional and presentation currency

The information included in the financial statements is measured using the Company's functional currency, which is the currency of

the main economic environment in which the entity operates. The financial statements are measured in pesos (legal currency in Argentina), which is also the presentation currency.

b. Transactions and balances

Foreign currency denominated transactions and balances are translated into the functional and presentation currency using the rates of exchange prevailing at the date of the transactions or revaluation, respectively. The gains and losses generated by foreign currency exchange differences resulting from each transaction and from the translation of monetary items valued in foreign currency at the end of the year are recognized in the statement of income, except for the amounts that are capitalized.

The foreign currency exchange rates used are: the bid price for monetary assets, the offer price for monetary liabilities, the average exchange rate at the end of the year for balances with related parties and the specific exchange rate for foreign currency denominated transactions.

4.7) Trade and other receivables

a. Trade receivables

The receivables arising from services billed to customers but not collected as well as those arising from services rendered but unbilled at the closing date of each financial year are recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

The receivables from electricity supplied to low-income areas and shantytowns are recognized, also in line with revenue, when the Framework Agreement has been renewed for the period in which the service was provided.

The amounts thus determined are net of an allowance for the impairment of receivables. Any debt arising from the bills for electricity consumption that remain unpaid 13 working days after their due dates for small-demand (tariff 1) customers and 7 working days after due date for medium and large-demand (tariff 2 and 3) customers is considered a default balance. The uncollectibility rate is determined for each customer category based on the historical comparison of the balances that were written off as an expense against the default balances of each customer group.

Additionally, and faced with temporary and/or exceptional situations, the Company Management may redefine the amount of the allowance, specifying and supporting the criteria used in all the cases.

b. Other receivables

Other receivables are initially recognized at fair value (generally the original billing/settlement amount) and subsequently measured at amortized cost, using the effective interest rate method, and when significant, adjusted by the time value of money. The Company records impairment allowances when there is objective evidence that the Company will not be able to collect all the amounts owed to it in accordance with the original terms of the receivables.

The CMM amounts receivable, as well as the related income, are recognized to the extent that they have been approved by the ENRE and recognized by the Energy Secretariat by means of a Note or Resolution.

4.8) Inventories

Inventories are valued at the lower of acquisition cost and net realizable value.

They are valued based on the purchase price, import duties (if applicable), and other

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taxes (that are not subsequently recovered by tax authorities), transport, warehouse and other costs directly attributable to the acquisition of those assets.

Cost is determined by applying the weighted average price (WAP) method.

The Company has classified inventories into current and non-current depending on whether they will be used for maintenance or capital expenditures and on the period in which they are expected to be used. The non-current portion of inventories has been disclosed in the "Property, plant and equipment" account.

The valuation of inventories, taken as a whole, does not exceed their recoverable value at the end of each year.

4.9) Financial assets

The Company has adopted phase 1 of IFRS 9 as from the date of transition.

4.9.1) Classification

The Company classifies financial assets into the following categories: those measured at amortized cost and those subsequently measured at fair value. This classification depends on whether the financial asset is an investment in a debt or an equity instrument. In order for a financial asset to be measured at amortized cost, the two conditions described below must be met. All other financial assets are measured at fair value. IFRS 9 requires that all investments in equity instruments be measured at fair value.

a. Financial assets at amortized cost

Financial assets are measured at amortized cost if the following conditions are met:

- i. the objective of the Company's business model is to hold the assets to collect the contractual cash flows; and

- ii. the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal.

b. Financial assets at fair value

If any of the above-detailed conditions is not met, financial assets are measured at fair value through profit or loss.

All investments in equity instruments are measured at fair value. For those investments that are not held for trading, the Company may irrevocably elect at the time of their initial recognition to present the changes in the fair value in other comprehensive income. The Company's decision was to recognize the changes in fair value in profit or loss.

4.9.2) Recognition and measurement

The regular way purchase or sale of financial assets is recognized on the trade date, i.e. the date on which the Company agrees to acquire or sell the asset. Financial assets are derecognized when the rights to receive the cash flows from the investments have expired or been transferred and the Company has transferred substantially all the risks and rewards of the ownership of the assets.

Financial assets are initially recognized at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition thereof.

The gains or losses generated by investments in debt instruments that are subsequently measured at fair value and are not part of a hedging transaction are recognized in profit or loss. Those generated by investments in debt instruments that are subsequently measured at amortized cost and are not part of a hedging transaction are recognized in profit or loss when the

financial asset is derecognized or impaired and by means of the amortization process using the effective interest rate method.

The Company subsequently measures all the investments in equity instruments at fair value. When it elects to present the changes in fair value in other comprehensive income, such changes cannot be reclassified to profit or loss. Dividends arising from these investments are recognized in profit or loss to the extent that they represent a return on the investment.

The Company reclassifies financial assets if and only if its business model to manage financial assets is changed.

4.9.3) Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that the value of a financial asset or group of financial assets measured at amortized cost is impaired. The value of a financial asset or group of financial assets is impaired, and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

Impairment tests may include evidence that the debtors or group of debtors are undergoing significant financial difficulties, have defaulted on interest or principal payments or made them after they had come due, the probability that they will enter bankruptcy or other financial reorganization, and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment terms or in the economic conditions that correlate with defaults.

In the case of financial assets measured at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the impairment loss is recognized in the statement of income.

4.9.4) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.10) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the respective contract is signed. Subsequently to the initial recognition, they are remeasured at their fair value. The method for recognizing the resulting loss or gain depends on whether the derivative has been designated as a hedging instrument and, if that is the case, on the nature of the item being hedged. As of December 31, 2014 and 2013, the economic impact of these transactions has been recorded in the Other financial expense account of the Statement of comprehensive (loss) income.

"Derivative financial instruments" have been valued in accordance with the provisions of IFRS 9.

On September 30, 2014, with the aim of hedging the currency risk associated with the payment of the next interest coupon, the Company entered into futures contracts to buy US dollars for a nominal value of USD

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9.4 million, at the average rate of exchange of 9.977 pesos per US dollar, expiring in April 2015.

Those contracts are secured for a value of \$ 9.4 million and a hedge of the loss on exchange rate variations for \$ 5.9 million, disclosed in the Derivative financial instruments account.

As of December 31, 2014, the economic impact of these transactions resulted in a loss of \$ 5.9 million, which has been recorded in the Other financial expense account of the Statement of Comprehensive (Loss) Income.

4.11) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from their acquisition date, with significant low risk of change in value.

- Cash and banks in local currency: at nominal value.
- Cash and banks in foreign currency: at the exchange rates in effect at the end of each year.
- Time deposits, which include the portion of interest income accrued through the end of each year.
- Money market funds, which have been valued at the prevailing market price at the end of each year. Those that do not qualify as cash equivalents are disclosed in the Financial assets account at fair value through profit or loss.

4.12) Equity

Changes in this account have been accounted for in accordance with the corresponding

legal or statutory regulations and the decisions adopted by the shareholders' meetings.

a. Share capital

Share capital represents issued capital, which is comprised of the contributions committed and/or made by the shareholders, represented by shares, including outstanding shares at nominal value.

b. Treasury stock

The Treasury stock account represents the nominal value of the Company's own shares acquired by the Company.

c. Other comprehensive loss

Represents recognition, at the end of the year, of the actuarial gains (losses) associated with the Company's employee benefit plans.

d. Retained earnings / Accumulated deficit

Retained earnings / accumulated deficit are comprised of profits or accumulated losses with no specific appropriation. When positive, they may be distributed, if so decided by the Shareholders' Meeting, to the extent that they are not subject to legal restrictions. Retained earnings / accumulated deficit are comprised of previous year results that have not been distributed, amounts transferred from other comprehensive income and prior year adjustments due to the application of accounting standards.

4.13) Trade and other payables

a. Trade payables

Trade payables are payment obligations with suppliers for the purchase of goods and services in the ordinary course of business. Trade payables are classified

as current liabilities if payments fall due within one year or in a shorter period of time. Otherwise, they are classified as non-current liabilities.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

b. Customer deposits

Customer deposits are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

In accordance with the Concession Agreement, the Company is allowed to receive customer deposits in the following cases:

- When the power supply is requested and the user is unable to provide evidence of his legal ownership of the premises;
- When service has been suspended more than once in one-year period;
- When the power supply is reconnected and the Company is able to verify the illegal use of the service (fraud).
- When the customer is undergoing liquidated bankruptcy or reorganization proceedings.

The Company has decided not to request customer deposits from residential tariff customers.

Customer deposits may be either paid in cash or through the customer's bill and accrue monthly interest at a specific rate of Banco de la Nación Argentina for each customer category.

When the conditions for which the Company is allowed to receive customer deposits no

longer exist, the principal amount plus any interest accrued thereon are credited to the customer's account after deducting, if appropriate, any amounts receivable which the Company has with the customer.

c. Customer contributions

Refundable:

The Company receives assets or facilities (or the cash necessary to acquire or built them) from certain customers for services to be provided, based on individual agreements and the provisions of ENRE Resolution 215/2012. These contributions are initially recognized as trade payables at fair value against Property, plant and equipment, and are subsequently measured at amortized cost using the effective interest rate method.

d. Other payables

The recorded liabilities represent, mainly, the obligations relating to the Program for the Rational Use of Electric Power (PUREE), loans (mutuums) with CAMMESA (Note 2.c.VI), debt with FOCEDA (Note 2.c.V), and the penalties imposed by the ENRE (Note 2.e), which the Company Management estimates will be paid in the future, and are the best estimate, as of the date of these financial statements, of the settlement value of the present obligation.

The balances of ENRE Penalties and Discounts are adjusted in accordance with the regulatory framework applicable thereto, whereas the balances of the loans (mutuums) are adjusted by a rate equivalent to the monthly average yield obtained by CAMMESA from its short-term investments.

4.14) Borrowings

Borrowings are initially recognized at fair value, net of direct costs incurred in

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the transaction. Subsequently, they are measured at amortized cost; any difference between the funds obtained (net of direct costs incurred in the transaction) and the amount to be paid at maturity is recognized in profit or loss during the term of the borrowings using the effective interest rate method.

4.15) Deferred revenue

Non-refundable customer contributions: The Company receives assets or facilities (or the cash necessary to acquire or built them) from certain customers for services to be provided, based on individual agreements. In accordance with IFRIC 18, the assets received are recognized by the Company as Property, plant and equipment against in deferred revenue, the accrual of which depends on the nature of the identifiable services, in accordance with the following:

- Customer connection to the network: revenue is accrued until such connection is completed;
- Continuous provision of the electric power supply service: throughout the shorter of the useful life of the asset and the term for the provision of the service.

4.16) Employee benefits

Benefit plans

The Company operates various benefit plans. Usually, benefit plans establish the amount of the benefit the employee will receive at the time of retirement, generally based on one or more factors such as age, years of service and salary.

The liability recognized in the statement of financial position in respect of benefit plans is the present value of the benefit plan obligation at the closing date of the year, together with the adjustments for past

service costs and actuarial gains or losses. The benefit plan obligation is calculated annually by independent actuaries in accordance with the projected unit credit method. The present value of the benefit plan obligation is determined by discounting the estimated future cash outflows using actuarial assumptions about demographic and financial variables that affect the determination of the amount of such benefits. The benefit plans are not funded.

The group's accounting policy for benefit plans is as follow:

- Past service costs are recognized immediately in profit or loss, unless the changes to the benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortized on a straight-line basis over the vesting period.
- Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

4.17) Income tax and minimum national income tax

a. Deferred income tax

The income tax is recognized in profit or loss, other comprehensive income or in equity depending on the items from which it originates.

The deferred tax is recognized, in accordance with the liability method, on the temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the statement of financial position. However, no deferred tax liability is recognized if such difference

arises from the initial recognition of goodwill, or from the initial recognition of an asset or liability other than in a business combination, which at the time of the transaction affected neither the accounting nor the taxable profit.

The deferred tax is determined using the tax rate that is in effect at the date of the financial statements and is expected to apply when the deferred tax assets are realized or the deferred tax liabilities are settled.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to offset recognized amounts and when deferred tax assets and liabilities relate to income tax levied by the same tax authority on the same taxable entity. Deferred tax assets and liabilities are stated at their undiscounted value.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

b. Minimum national income tax

The Company determines the minimum national income tax by applying the current rate of 1% on its taxable assets at year-end. The minimum national income tax and the income tax complement each other. The Company's tax obligation for each year will be equal to the higher of these taxes. However, should the minimum national income tax exceed income tax in any given fiscal year, such excess may be computed as a payment on account of any excess of income tax that may arise in any of the ten subsequent fiscal years.

Minimum national income tax assets and liabilities have not been discounted.

The Company has recognized the minimum national income tax accrued in the year

and paid in previous years as a receivable, as it estimates that in future fiscal years it may be computed as a payment on account of the income tax.

4.18) Assignments of use

The assignments of use in which a significant portion of the risks and rewards of ownership is retained by the assignor are classified as operating. At present, the Company only has assignment of use contracts that are classified as operating.

a. As assignee

The payments with respect to operating assignments of use are recognized as operating expenses in the statement of comprehensive (loss) income on a straight-line basis throughout the term of the assignment.

b. As assignor

The assignments of use in which the Company does not transfer substantially all the risks and rewards of the ownership of the asset are classified as operating assignments of use.

The collections with respect to operating assignments of use are recognized as income in the statement of comprehensive (loss) income on a straight-line basis throughout the term of the assignment.

4.19) Provisions and contingencies

Provisions have been recognized in those cases in which the Company is faced with a present obligation, whether legal or constructive, that has arisen as a result of a past event, whose settlement is expected to result in an outflow of resources, and the amount can be estimated reliably.

The amount recognized as provisions was the best estimate of the expenditure required

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to settle the present obligation, at the end of the reporting year, taking into account the corresponding risks and uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, the carrying amount represents the present value of such cash flow. This present value is obtained by applying a pre-tax discount rate that reflects market conditions, the time value of money and the specific risks of the obligation.

The provisions included in liabilities have been recorded to face contingent situations that could result in future payment obligations. To estimate the amount of provisions and the likelihood of an outflow of resources, the opinion of the Company legal advisors has been taken into account.

4.20) Balances with related parties

Receivables and payables with related parties are initially recognized at fair value and subsequently measured at amortized cost in accordance with the terms agreed upon by the parties involved.

4.21) Higher costs recognition

The recognition of higher costs (Note 2.c.III) not transferred to the tariff falls within the scope of IAS 20 inasmuch as it implies a compensation for the expenses incurred by the Company in the past.

Their recognition is made at fair value when there is reasonable assurance that they will be collected and the conditions attached thereto have been complied with, to the extent that they have been approved by the ENRE (Note 2.c.III) and recognized by the Energy Secretariat by means of a Note or Resolution.

Such concept has been disclosed in the "Higher Costs Recognition - SE Resolution 250/13 and subsequent Notes" line item of the Statement of Comprehensive


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(Loss) Income as of December 31, 2014, recognizing the related tax effects. There are no unfulfilled conditions or any other related contingencies.

5) Financial risk management

5.1) Financial risk factors

The Company's activities and the market in which it operates expose it to a series of financial risks: market risk (including currency risk, cash flows interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The management of the financial risk is part of the Company's overall policies, which focus on the unpredictability of the financial markets and seek to minimize potential adverse effects on its financial performance. Financial risks are the risks derived from the financial instruments to which the Company is exposed during or at the end of each year. The Company uses derivative instruments to hedge exposure to certain risks whenever it deems appropriate in accordance with its internal risk management policy.

Risk management is controlled by the Finance and Control Department, which identifies, evaluates and hedges financial risks. Risk management policies and systems are periodically reviewed so that they can reflect the changes in the market's conditions and the Company's activities.

This section includes a description of the main risks and uncertainties that could have a material adverse effect on the Company's strategy, performance, results of operations and financial position.

a. Market risks

i. Currency risk

Currency risk is the risk of fluctuation in the fair value or future cash flows of a financial

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instrument due to changes in foreign currency exchange rates. The Company's exposure to currency risk relates to the collection of its revenue in pesos, in conformity with regulated electricity rates that are not indexed in relation to the US dollar, whereas a significant portion of its existing financial liabilities is denominated in US dollars. Therefore, the Company is exposed to the risk of a loss resulting from a devaluation of the peso. The Company may hedge its currency risk trying to enter into currency futures (forwards). Nevertheless, at the date of issuance of these financial statements, it has not been able to hedge its exposure to the US dollar under terms it may consider viable.

If the Company continued to be unable to effectively hedge all or a significant part of its exposure to currency risk, any devaluation of the peso could significantly increase its debt service burden, which, in turn, could have a substantial adverse effect on its financial and cash position (including its ability to repay its Corporate Notes) and the results of its operations. The exchange rates used as of December 31, 2014 and 2013 are \$ 8.551 and \$ 6.521 per US dollar, respectively.

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As of December 31, 2014 and 2013, the Company's balances in foreign currency are as follow:

	Currency	Amount in foreign currency	Exchange rate (1)	Total 12.31.2014	Total 12.31.2013
ASSETS					
NON-CURRENT ASSETS					
Other receivables	USD	332	8.451	2,807	2,150
TOTAL NON-CURRENT ASSETS		332		2,807	2,150
CURRENT ASSETS					
Other receivables	USD	-	8.451	-	3,793
	EUR	-	10.265	-	374
Financial assets at fair value through profit or loss	USD	3,077	8.4	26,002	74,338
Cash and cash equivalents	USD	756	8.451	6,392	23,977
	EUR	14	10.265	148	171
TOTAL CURRENT ASSETS		3,847		32,542	102,653
TOTAL ASSETS		4,179		35,349	104,803

LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	USD	186,930	8.551	1,598,442	1,309,949
TOTAL NON-CURRENT LIABILITIES		186,930		1,598,442	1,309,949
CURRENT LIABILITIES					
Trade payables	USD	8,947	8.551	76,502	111,795
	EUR	1,927	10.407	20,053	2,015
	CHF	30	8.653	262	223
	NOK	68	1.156	79	74
Borrowings	USD	3,972	8.551	33,961	40,153
TOTAL CURRENT LIABILITIES		14,944		130,857	154,260
TOTAL LIABILITIES		201,874		1,729,299	1,464,209

(1) The Exchange rates used are those of Banco Nación in effect as of December 31, 2014 for US Dollars (USD), Euros (EUR), Swiss Francs (CHF) and Norwegian Kronas (NOK). An average exchange rate is used for the balances with related parties.


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The table below shows the Company's exposure to currency risk resulting from the financial assets and liabilities denominated in a currency other than the Company's functional currency.

	12.31.14	12.31.13
Net position Assets/(Liabilities)		
US dollar	(1,673,704)	(1,357,639)
Euro	(19,905)	(1,470)
Norwegian krone	(79)	(74)
Swiss franc	(262)	(223)
Total	(1,693,950)	(1,359,406)

The Company estimates that a 10% devaluation of the Argentine peso with respect to the foreign currency, with all the other variables remaining constant, would give rise to the following decrease in the results of operations for the year:

	12.31.14	12.31.13
Net position Assets/(Liabilities)		
US dollar	(167,370)	(135,764)
Euro	(1,991)	(147)
Norwegian krone	(8)	(7)
Swiss franc	(26)	(22)
Decrease in the results of operations for the year	(169,395)	(135,940)

ii. Price risk

The Company's investments in listed equity instruments are susceptible to market price risk arising from the uncertainties concerning the future value of these instruments. Due to the low significance of the investments in equity instruments in relation to the net Asset/Liability position, the Company is not significantly exposed to the referred instruments price risk.

Furthermore, the Company is not exposed to the commodities price risk.

iii. Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or cash flows of an instrument due to changes in market interest rates. The Company's exposure to interest rate risk arises mainly from its long-term debt obligations.


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Indebtedness at floating rates exposes the Company to interest rate risk on its cash flows. Indebtedness at fixed rates exposes the Company to interest rate risk on the fair value of its liabilities. As of December 31, 2014 and 2013 100% of the borrowings were obtained at fixed interest rates. The Company's policy is to keep the higher percentage of its indebtedness in instruments that accrue interest at fixed rates.

The Company analyzes its exposure to interest rate risk in a dynamic manner. Several scenarios are simulated taking into account the positions with respect to refinancing,

renewal of current positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit or loss of a specific change in interest rates. In each simulation, the same interest rate fluctuation is used for all the currencies. Scenarios are only simulated for liabilities that represent the most relevant interest-bearing positions.

The table below shows the breakdown of the Company's loans according to interest rate and the currency in which they are denominated:

	12.31.14	12.31.13
Fixed rate:		
Argentine peso	-	430
US dollar	1,632,403	1,350,102
Subtotal loans at fixed rates	1,632,403	1,350,532
Total loans	1,632,403	1,350,532

Due to the fact that all the borrowings accrued interest at a fixed rate, and, also, that none of the Company's indebtedness is valued at fair value, there is no interest rate sensitivity impact.

b. Credit risk

Credit risk is the risk of a financial loss as a consequence of a counterparty's failure to comply with the obligations assumed in a financial instrument or commercial contract. The Company's exposure to credit risk results from its operating (particularly from its commercial receivables) and financial activities, including deposits in financial entities and other instruments.

Credit risk arises from cash and cash equivalents, deposits with banks and financial entities and derivative financial instruments, as well as from credit exposure to

customers, included in outstanding balances of accounts receivable and committed transactions.

With regard to banks and financial entities, only those with high credit quality are accepted.

With regard to customers, if no independent credit risk ratings are available, the Finance Department evaluates the customers' credit quality, past experience and other factors.

Individual credit limits are established in accordance with the limits set by the Company CEO, on the basis of the internal or external ratings approved by the Finance and Control Department.

At each year-end, the Company analyzes whether the recording of an impairment is necessary. As of December 31, 2014 and

2013, default accounts receivable totaled approximately \$ 229.3 million and \$ 177.5 million, respectively. As of December 31, 2014 and 2013, the financial statements included allowances for \$ 84.6 million and \$ 73.2 million, respectively. The inability to collect the accounts receivable in the future could have an adverse effect on the Company's results of operations and its financial position, which, in turn, could have an adverse effect on the Company's ability to repay borrowings, including payment of the Corporate Notes.

The balances of the bills for electricity consumption that remain unpaid 13 and 7 working days after the bills' due dates for small-demand (tariff 1) and medium and large-demand (tariff 2 and 3) customers, respectively are considered default trade receivables. Additionally, the amounts relating to the Framework Agreement are not considered within default balances.

The Company's maximum exposure to credit risk is based on the book value of each financial asset in the financial statements, after deducting the corresponding allowances.

c. Liquidity risk

The Company monitors the risk of a deficit in cash flows on a periodical basis. The Finance Department supervises the updated projections of the Company's liquidity requirements in order to ensure that there is enough cash to meet its operational needs, permanently maintaining sufficient margin for undrawn credit lines so that the Company does not fail to comply with the indebtedness limits or covenants, if applicable, of any line of credit. Such projections give consideration to the Company's debt financing plans, compliance with covenants, with internal balance sheet financial ratios objectives and, if applicable, with external regulations and legal requirements, such as, restrictions on the use of foreign currency.

Cash surpluses held by the Company and the balances in excess of the amounts required to manage working capital are invested in Money Market Funds and/or time deposits that accrue interest, currency deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margin as determined in the aforementioned projections. As of December 31, 2014 and 2013, the Company's current financial assets at fair value amounts to \$ 254.4 million and \$ 216.4 million, respectively, which are expected to generate immediate cash inflows to manage the liquidity risk.

The table below includes an analysis of the Company's non-derivative financial assets and liabilities and derivative financial instruments, which have been classified into maturity groupings based on the remaining period between the statement of financial position date and the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

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DANIEL ABELOVICH
por Comisión Fiscalizadora


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	Less than 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
As of December 31, 2014						
Trade and other payables	3,278,287	120,587	129,233	207,515	-	3,735,622
Borrowings	-	102,202	102,202	406,315	1,775,152	2,385,871
Derivative financial instruments	-	5,895	-	-	-	5,895
Total	3,278,287	228,684	231,435	613,830	1,775,152	6,127,388

As of December 31, 2013						
Trade and other payables	2,347,975	161,513	110,794	110,002	-	2,730,284
Borrowings	-	181,337	181,337	688,517	2,343,519	3,394,710
Total	2,347,975	342,850	292,131	798,519	2,343,519	6,124,994

Should the conditions existing at the date of these financial statements continue, the Board of Directors believes that cash flows and operating results for the next year, and financial ratios, will continue to be negative. Furthermore, given the fact that the realization of the projected measures to revert the negative trend manifested in the fiscal year being reported depends, among other factors, on the occurrence of certain events that are not under the Company's control, such as the requested electricity rate increases, the Board of Directors has raised substantial doubt about the Company's ability to continue as a going concern in the term of the next fiscal year, being obliged to defer certain payment obligations.

5.2 Concentration risk factors

a. Related to customers

The Company's receivables derive primarily from the sale of electric power.

No single customer accounted for more than 10% of sales for the years ended December 31, 2014 and 2013. The collectibility of trade receivables balances related to the Framework Agreement, which amount to \$ 75.8 million and \$ 56.9 million as of

December 31, 2014 and 2013, respectively, as disclosed in Note 2 – Framework Agreement -is subject to compliance with the terms of such agreement.

b. Related to employees who are union members

On May 28 and October 16, 2014, the Secretariat of Labor (ST) issued ST Resolutions 836/14 and 1928/14 whereby the following is established:

- A salary increase for Company employees who are represented by the Sindicato de Luz y Fuerza de Capital Federal (Electric Light and Power Labor Union of the City of Buenos Aires -LyF-) and the Asociación del Personal Superior de Empresas de Energía (Association of Supervisory Personnel of Energy Companies -APSEE-) of 15% from May 1, 2014 and of a cumulative 10% from July 1, 2014.
- An increase, from May 1, 2014, of the percentage relating to employee seniority, which will amount to 2.12% of the basic salary, per year of seniority.
- A 10% to 18% increase, from May 1, 2014, of the percentage relating to the non-calendar week modality of work.

The aforementioned Resolution applies also to the contractors whose employees are included in the collective bargaining agreements of the above-mentioned union/association.

5.3 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (current and non-current) less cash and cash equivalents. Total capital is calculated as equity attributable to the owners as shown in the statement of financial position plus net debt.

As of December 31, 2014 and 2013, gearing ratios were as follow:

	12.31.14	12.31.13
Total liabilities	8,245,068	6,081,794
Less: cash and cash equivalents	(179,080)	(243,473)
Net debt	8,065,988	5,838,321
Total Equity	385,001	1,176,302
Total capital attributable to owners	8,450,989	7,014,623
Gearing ratio	95.44%	83.23%

See Note 16.

5.4 Fair value estimate

The Company classifies the measurements of financial instruments at fair value using a fair value hierarchy that reflects the relevance of the variables used to carry out such measurements. The fair value hierarchy has the following levels:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from the prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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The table below shows the Company's financial assets measured at fair value as of December 31, 2014 and 2013:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
At December 31, 2014				
Assets				
Cash and cash equivalents - Money market funds	135,537	-	-	135,537
Financial assets at fair value through profit or loss:				
Government bonds	21,150	-	-	21,150
Money market funds	233,297	-	-	233,297
Total assets	389,984	-	-	389,984
Liabilities				
Derivative financial instruments	-	5,895	-	5,895
Total liabilities	-	5,895	-	5,895
At December 31, 2013				
Assets				
Cash and cash equivalents - Money market funds	219,887	-	-	219,887
Financial assets at fair value through profit or loss:				
Government bonds	14,256	-	-	14,256
Government bonds - AESEBA trust	99,523	-	-	99,523
Money market funds	102,655	-	-	102,655
Total assets	436,321	-	-	436,321

The value of the financial instruments negotiated in active markets is based on the market quoted prices on the date of the statement of financial position. A market is considered active when the quoted prices are regularly available through a stock exchange, broker, sector-specific institution or regulatory body, and those prices reflect regular and current market transactions between parties that act in conditions of mutual independence. The market quotation price used for the financial assets held by the Company is the current offer price. These instruments are included in level 1.

The fair value of financial instruments that are not negotiated in active markets is

determined using valuation techniques. These valuation techniques maximize the use of market observable information, when available, and rely as little as possible on specific estimates of the Company. If all significant variables to establish the fair value of a financial instrument can be observed, the instrument is included in level 2. These derivative financial instruments arise from the variation between the market prices at year-end or sale and the time of negotiation.

If one or more variables used to determine the fair value cannot be observed in the market, the financial instrument is included in level 3. There are no financial instruments that are to be included in level 3.


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6. Critical accounting estimates and judgments

The preparation of the financial statements requires the Company management to make estimates and assessments concerning the future, exercise critical judgments and make assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities and revenues and expenses.

These estimates and judgments are permanently evaluated and are based upon past experience and other factors that are reasonable under the existing circumstances. Future actual results may differ from the estimates and assessments made at the date of preparation of these financial statements.

The estimates that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities within the next fiscal year are detailed below:

a. Allowances for the impairment of receivables

The Company is exposed to impairment losses of receivables. Management estimates the final collectibility of accounts receivable.

The allowance for the impairment of accounts receivable is assessed based on the historical level of both the balances written off as an expense and the default balances. Additionally, the Company Management records an allowance applying an uncollectibility rate for each customer category, tariff, customers included in the Framework Agreement, not included in the Framework Agreement, to the default balances of the reporting period.

b. Revenue recognition

Revenue is recognized on an accrual basis upon delivery to customers, which includes the estimated amount of unbilled

distribution of electricity at the end of each year. We consider our accounting policy for the recognition of estimated revenue critical because it depends on the amount of electricity effectively delivered to customers which is valued on the basis of applicable tariffs. Unbilled revenue is classified as current trade receivables.

c. Impairment of long-lived assets

Long-lived assets are tested for impairment at the lowest disaggregation level at which independent cash flows can be identified (cash generating units, or CGU).

For fiscal year 2013, the Company's subsidiaries constitute a cash generating unit as they have a concession area for the distribution of electricity. Consequently, each subsidiary represents the lowest asset disaggregation level that generates independent cash flows.

The Company analyzes the recoverability of its non-current assets as described in the Impairment test (Note 4.2).

Based on the aforementioned, the Company determined that the valuation of property, plant and equipment, taken as a whole, does not exceed its recoverable amount as of December 31, 2014.

d. Current and deferred income tax/ Minimum national income tax

In order to determine the income tax provision, it is necessary to make estimates inasmuch as the Company will have to evaluate, on an ongoing basis, the positions taken in tax returns in respect of those situations in which the applicable tax legislation is subject to interpretation. Whenever necessary, the Company is required to make provisions based on the amount expected to be paid to the tax authorities.

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When the final taxable result differs from the amounts initially recognized in the provision as a consequence of estimates, such differences will affect both income tax and the determination of deferred tax assets and liabilities.

A significant degree of judgment is required to determine the income tax provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for eventual tax claims based on estimates of whether additional taxes will be due in the future. When the final tax outcome of these matters differs from the amounts initially recognized, such differences will impact on current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are reviewed at each reporting date and reduced in accordance with the low probability that the sufficient taxable base will be available to allow for the total or partial recovery of these assets. Deferred tax assets and liabilities are not discounted. In assessing the realization of deferred tax assets, management considers that it is likely that a portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income in the periods in which these temporary differences become deductible. To make this assessment, Management takes into consideration the scheduled reversal of deferred tax liabilities, the projections of future taxable income and tax planning strategies.

e. Going concern

These financial statements have been prepared in accordance with the accounting principles applicable to a going concern, assuming that the Company will continue to operate normally. Therefore, they do

not include the effects of the adjustments or reclassifications, if there were any, that might be necessary to make if the situation described in Note 1 is not resolved.

f. Benefit plans

The liability recognized by the Company is the best estimate of the present value of the cash flows representing the benefit plan obligation at the closing date of the year together with the adjustments for past service costs and actuarial losses. Cash flows are discounted using a rate that contemplates actuarial assumptions about demographic and financial conditions that affect the determination of benefit plans. Such estimate is based on actuarial calculations made by independent professionals in accordance with the projected unit credit method.

g. ENRE penalties and discounts

The Company considers its accounting policy for the recognition of ENRE penalties and discounts critical because it depends on penalizable events, which are valued on the basis of management best estimate, at the date of these financial statements, of the expenditure required to settle the present obligation. The balances of ENRE penalties and discounts are adjusted in accordance with the regulatory framework applicable thereto.

h. Contingencies and provisions for lawsuits

The Company is a party to several complaints, lawsuits and other legal proceedings, including customer claims, in which a third party is seeking payment for alleged damages, reimbursement for losses or compensation. The Company's potential liability with respect to such claims, lawsuits and legal proceedings may not be accurately estimated. Management, with the assistance of its legal advisors (attorneys), periodically analyzes the status

of each significant lawsuit and evaluates the Company's potential financial exposure. If the loss deriving from a complaint or legal proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded.

Provisions for contingent losses represent a reasonable estimate of the losses that will be incurred, based on the information available to Management at the date of the financial statements preparation, taking

into account the Company's litigation and settlement strategies. These estimates are mainly made with the help of legal advisors. However, if the Management's estimates proved wrong, the current provisions could be inadequate and result in a charge to profits that could have a material adverse effect on the statements of financial position, comprehensive income, changes in equity and cash flows.

7. Interest in joint venture

	Percentage interest held in capital stock and votes	Equity attributable to the owners	
		12.31.14	12.31.13
SACME	50%	432	427

8. Contingencies and lawsuits

The Company has contingent liabilities and is a party to lawsuits that arise from the ordinary course of business. Based on the opinion of its legal advisors, Management estimates that the outcome of the current contingencies and lawsuits will not exceed the amounts of the recorded provisions nor will be significant with respect to the Company's financial position or the results of its operations.

Furthermore, it is worth mentioning that there exist contingent obligations and labor, civil and commercial complaints filed against the Company relating to legal actions for individual non-significant amounts for which a provision, which as of December 31, 2014 amounts to \$ 136.2 million, has been recorded.

The most significant legal actions in which the Company is a party involved are detailed below:

a. Legal action brought by the National Ombudsman

Purpose: presentation against the resolutions by which the new electricity rate schedule went into effect as from October 1, 2008 and the application of the Program for the Rational Use of Electric Power (PUREE).

Procedural stage of the proceedings: on December 7, 2009, the Company filed an appeal ("Queja por Recurso denegado") to the Federal Supreme Court concerning the precautionary measure granted to the plaintiff, which is currently being analyzed by the Supreme Court. The file was joined to "CARBONEL SILVIA CRISTINA vs FEDERAL GOVERNMENT – MINISTRY OF PLANNING – ENERGY SECRETARIAT RESOLUTION 1196/08 1170/08, ACTION FOR THE PROTECTION OF A RIGHT GUARANTEED BY THE CONSTITUTION (AMPARO) LAW 16,986", and treated as an Action for the protection of rights. On August 20, 2013, the Court in Contentious and Administrative Federal Matters No. 10 – Clerk's Office No. 20 rejected the aforementioned action. This decision, which was appealed by the plaintiff, was affirmed in all its terms by Division IV of the Court of

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Appeals in Contentious and Administrative Federal Matters on May 20, 2014. The National Ombudsman filed an extraordinary appeal ("Recurso Extraordinario Federal") that was declared inadmissible by the Appellate Court. Therefore, the National Ombudsman filed an appeal to the Federal Supreme Court. In view of the above, and at the Company's request, on September 29, 2014, the Court of Original Jurisdiction formally declared that the once granted precautionary measure was no longer in force, thus allowing the Company to issue the corresponding demand for payment notices and proceed in each case in accordance with the Electric Power Supply Regulations of the Concession Agreement.

However, by Note No. 114039 dated October 11, 2014, the Regulatory Agency instructed the Company to abstain from cutting the power supply for unpaid balances until information is provided on the number of affected users and the magnitude of the amount owed by them so that the Regulatory Agency can evaluate such information and issue a precise instruction.

Having this instruction been complied with, the court hearing the case decided that the precautionary measure granted in 2009 was no longer enforceable –decision which was ratified by the appellate court. Against this decision, the National Ombudsman filed an extraordinary appeal ("Recurso Extraordinario Federal"), whose resolution is still pending. Despite this, the precautionary measure is not in effect.

Amount: undetermined

Conclusion: no provision has been recorded for these claims in these financial statements as the Company believes, based on both what has been previously mentioned and the opinion of its legal advisors, that there exist solid arguments for them to be considered unfounded. It is estimated that this legal action will be definitively concluded in 2015.


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b. Legal action brought by "Consumidores Libres Coop. Ltda. de provisión de servicios de acción comunitaria"

Purpose:

- a) That all the last resolutions concerning electricity rates issued by the ENRE and the National Energy Secretariat be declared null and unconstitutional, and, in consequence whereof, that the amounts billed by virtue of these resolutions be refunded.
- b) That all the defendants be under the obligation to carry out the Tariff Structure Review (RTI).
- c) That the resolutions issued by the Energy Secretariat that extend the transition period of the Adjustment Agreement be declared null and unconstitutional.
- d) That the defendants be ordered to carry out the sale process, through an international public bidding, of the class "A" shares, due to the fact that the Management Period of the Concession Agreement is considered over.
- e) That the resolutions as well as any act performed by a governmental authority that modify contractual renegotiations be declared null and unconstitutional.
- f) That the resolutions that extend the management periods contemplated in the Concession Agreement be declared null and unconstitutional.
- g) Subsidiarily, should the main claim be rejected, that the defendants be ordered to bill all customers on a bimonthly basis.

Amount: undetermined

Procedural stage of the proceedings: The Company answered the complaint rejecting all its terms and requesting that a summons

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be served upon CAMMESA as a third-party defendant. The Court hearing the case sustained the request and CAMMESA answered the service of notice in due time and manner. The Federal Government has answered the complaint filed against it within the term granted for such purpose, filing a motion to dismiss for lack of standing to be sued ("falta de legitimación pasiva"). At present no resolution has been issued modifying the procedural stage of the proceedings; however, the proceedings have been made available to the Prosecutor.

Conclusion: no provision has been recorded for these claims in these financial statements as the Company believes, based on both what has been previously mentioned and the opinion of its legal advisors, that there exist solid arguments for them to be considered unfounded. It is estimated that this legal action will not be concluded in 2015.

c. Legal action brought by "Consumidores Financieros Asociación civil para su defensa"

Purpose:

- 1) Reimbursement of the VAT percentage paid on the illegally "widened" taxable basis due to the incorporation of a concept (National Fund of Electricity - FNEE) on which no VAT had been paid by the defendants when CAMMESA (the company in charge of the regulation and operation of the wholesale electricity market) invoiced them the electricity purchased for distribution purposes.
- 2) Reimbursement of part of the administrative surcharge on "second due date", in those cases in which payment was made within the time period authorized for such second deadline (14 days) but without distinguishing the effective day of payment.
- 3) Application of the "borrowing rate" in case of customer delay in complying with

payment obligation, in accordance with the provisions of Law No. 26,361.

Amount: undetermined

Procedural stage of the proceedings: On April 22, 2010, the Company answered the complaint and filed a motion to dismiss for lack of standing ("excepción de falta de legitimación"), requesting, at such opportunity, that a summons be served upon the Federal Government, the AFIP and the ENRE as third-party defendants. These pleadings were made available to the plaintiff. Although the plaintiff's opposition to the requested summons had not yet been resolved, the proceedings were brought to trial, in response to which EDENOR S.A. filed a motion for reversal with a supplementary appeal. The Court hearing the case granted the motion filed by EDENOR S.A. and ordered that the Federal Government, the AFIP and the ENRE be summoned as third-party defendants, which is currently taking place.

Conclusion: no provision has been recorded for these claims in these financial statements as the Company believes, based on both what has been previously mentioned and the opinion of its legal advisors, that there exist solid arguments for them to be considered unfounded. It is estimated that the proceedings will not be concluded in 2015.

d. Legal action brought by "Unión de Usuarios y Consumidores"

Purpose:

- a) that clause 4.6 and related clauses of Appendix I of the Adjustment Agreement be revoked, inasmuch as they establish that the rate increase will be retroactive;
- b) that Resolution No. 51/07 of the ENRE be nullified inasmuch as it authorizes the retroactive increase of rates in favor of the Company.

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c) that the Company be ordered to reimburse customers all the amounts paid as retroactive rate increase for the period of November 1, 2005 through January 31, 2007.

d) that the reimbursement be implemented through a credit in favor of customers.

Amount: undetermined

Procedural stage of the proceedings: By resolution issued on June 1, 2011, Division V of the Court of Appeals in Contentious and Administrative Federal Matters, supporting the Company's arguments, ordered that the lower court decision be nullified as to the merits of the case. Against such decision, the Unión de Usuarios y Consumidores filed an extraordinary appeal ("Recurso Extraordinario Federal") which was allowed on November 3, 2011. The proceedings have been taken to the Federal Supreme Court, which on October 1, 2013 rejected the appeal due to the lack of compliance with a Court resolution.

Conclusion: No provision is to be recorded in connection with this claim inasmuch as a final and conclusive judgment has been rendered in favor of EDENOR.

e. Legal action brought by the Company ("EDENOR S.A. VS ENRE RESOLUTION 32/11")

Purpose: The judicial annulment of ENRE Resolution that established the following:

- That the Company be fined in the amount of \$ 750,000 due to its failure to comply with the obligations arising from Section 25, sub-sections a, f and g, of the Concession Agreement and Section 27 of Law No. 24,065.
- That the Company be fined in the amount of \$ 375,000 due to its failure to comply with the obligations arising from Section 25 of the Concession Agreement and ENRE Resolution No. 905/1999.

- That Company customers be paid as compensation for the power cuts suffered the following amounts: \$ 180 to each small-demand residential customer (T1R) who suffered power cuts that lasted more than 12 continuous hours, \$ 350 to those who suffered power cuts that lasted more than 24 continuous hours, and \$ 450 to those who suffered power cuts that lasted more than 48 continuous hours. The resolution stated that such compensation did not include damages to customer facilities and/or appliances, which were to be dealt with in accordance with a specific procedure.

Amount: \$ 22.4 million.

Procedural stage of the proceedings: On July 8, 2011, the Company requested that notice of the substance of the case be served upon the ENRE, which has effectively taken place. The proceedings are "awaiting resolution" since the date on which the ENRE answered the notice served. Furthermore, on October 28, 2011, the Company filed an appeal ("recurso de queja por apelación denegada") to the Supreme Court concerning the provisional relief sought and not granted. On April 24, 2013, the Company was notified of Division I's decision dated March 21, 2013, pursuant to which the appeal filed by Edenor was declared formally inadmissible. On May 3, 2013, the Company filed an ordinary appeal ("Recurso Ordinario de Apelación") to the Supreme Court. Additionally, on May 13, 2013, an extraordinary appeal ("Recurso Extraordinario Federal") was also filed to the same Court. On November 7, 2014, it was notified to the Company that Division I had rejected the ordinary appeal but partially granted the extraordinary appeal, considering for the granting thereof the federal nature of the regulations being challenged and rejecting it in relation to the arbitrariness raised by EDENOR. Therefore, and within the procedural term granted for such purpose, the Company filed an appeal

requesting that the extraordinary appeal dismissed be sustained ("Recurso de Queja por Rec. Extraordinario Denegado"). As of the date of this report, no decision has yet been issued on this regard.

Conclusion: As of the closing date of the year ended December 31, 2014, the provision recorded by the Company for principal and interest accrued amounts to \$ 34.9 million. It is estimated that this legal action may be concluded in 2015.

f. Legal action brought by the Company ("EDENOR S.A. VS ENRE RESOLUTION No. 336/12")

Purpose: By this action, the Company challenges ENRE's resolution pursuant to which the Company is ordered to:

- determine the customers affected by the power cuts occurred as a consequence of failures between October 29 and November 14, 2012;
- determine the discounts to be recognized to each of the customers identified in accordance with the preceding caption;
- credit such discounts on account of the final discounts that will result from the evaluation of the Technical Service Quality relating to the six-month control period;
- pay a compensation to each small-demand residential customer (T1R) who has been affected by the power cuts occurred during the aforementioned period, the amount of which will depend on the electricity outage duration, provided, however, that such power cut lasted more than 12 continuous hours.

Amount: not specified in the complaint.

Procedural stage of the proceedings: This resolution has been contested by the

Company through a direct appeal ("Recurso Directo"), which is pending in Division IV of the Court of Appeals in Contentious and Administrative Federal Matters. Notice of the legal bases of the aforementioned appeal, which was filed on February 4, 2014, has not yet been served upon the ENRE. Due to the fact that the already requested administrative proceedings have not yet been sent, service upon the ENRE of the notice of the action has not yet been ordered.

Conclusion: It is estimated that this action will not be concluded in 2015.

g. Legal action brought by "ASOCIACIÓN DE DEFENSA DE DERECHOS DE USUARIOS Y CONSUMIDORES – ADDUC"

Purpose: that the Company be ordered to reduce or mitigate the default or late payment interest rates charged to customers who pay their bills after the first due date, inasmuch as they violate section 31 of Law No. 24,240, ordering both the non application of pacts or accords that stipulate the interest rates that are being applied to the users of electricity –their unconstitutional nature– as well as the reimbursement of interest amounts illegally collected from users of the service from August 15, 2008 through the date on which the defendant complies with the order to reduce interest. It is also requested that the value added tax (VAT) and any other taxes charged on the portion of the surcharge illegally collected be reimbursed.

Amount: undetermined

Procedural stage of the proceedings: On November 11, 2011, the Company answered the complaint and filed a motion to dismiss for both lack of standing to sue ("excepción de falta de legitimación activa") and the fact that the claims at issue were being litigated in another lawsuit ("excepción de litispendencia"), currently in process, requesting as well that a summons be

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served upon the ENRE as a third-party defendant. Notice of these pleadings was served upon the plaintiff. Prior to rendering a decision on the motion to dismiss, the Court ordered that the Court in Contentious and Administrative Federal Matters No. 2 – Clerk's Office No. 3 provide it with the proceedings "Consumidores Financieros Asociación Civil vs EDESUR and Other defendants, for breach of contract". At the date of issuance of these financial statements, the Court has received the requested file. On April 8, 2014, the Court in Civil and Commercial Federal Matters No. 9 – Clerk's Office No. 17 admitted the motion to dismiss due to the fact that the claims at issue were being litigated in another lawsuit ("excepción de litispendencia"), and ordered that the proceedings be sent to Federal Court No. 2 – Clerk's Office No. 3 to be dealt with thereat, thus joining them to the case entitled "finance consumers vs Edesur and other defendants, for breach of contract". Apart from the fact that the proceedings have been received in the court that currently hears the case, which continues in process, no significant events have occurred.

Conclusion: It is estimated that this action will not be concluded in 2015.

h. Legal action brought by the Company ("EDENOR S.A. VS FEDERAL GOVERNMENT – MINISTRY OF FEDERAL PLANNING / PROCEEDING FOR THE DETERMINATION OF A CLAIM AND MOTION TO LITIGATE IN FORMA PAUPERIS")

On June 28, 2013, the Company instituted these proceedings for the recognizance of a claim and the related leave to proceed in forma pauperis, both pending in the Federal Court of Original Jurisdiction in Contentious and Administrative Federal Matters No. 11 – Clerk's Office No. 22.

Purpose of the main proceedings:

To sue for breach of contract due to the Federal Government's failure to perform in accordance with the terms


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of the "Memorandum of Understanding concerning the Renegotiation of the Concession Agreement" ("Acta Acuerdo de Renegociación del Contrato de Concesion" – Adjustment Agreement) entered into with Edenor in 2006, and for damages caused as a result of such breach.

Procedural stage of the proceedings: On November 22, 2013, the Company amended the complaint so as to extend it and claim more damages as a consequence of the Federal Government's omission to perform the obligations under the aforementioned "Adjustment Agreement". On February 3, 2015, the court hearing the case ordered that notice of the complaint be served to be answered within the time limit prescribed by law, which at the date of issuance of these financial statements has already taken place.

Additionally, and in the same action, in February 2014, the Company applied for the immediate granting of a provisional remedy in order to maintain an efficient and safe service, requesting that until judgment is passed on the merits of the case, the Federal Government be compelled to provide the Company with economic assistance, whether by means of a temporary rate adjustment or through government grants. After notice was served upon and answered by the Federal Government – Ministry of Federal Planning, on May 27, 2014, the court hearing the case rejected the provisional remedy sought by the Company, decision which was confirmed by Division V of the Appellate Court and notified to Edenor on December 19, 2014.

Conclusion: It is estimated that this action will not be concluded in 2015.

i. Change of the interest rate applicable to historical lawsuit amounts

By Minutes 2601 of the Federal Court of Appeals in Labor Matters, dated May 21,

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2014, it was established that the lending rate of Banco Nación Argentina used for the granting of borrowings, which at present stands at 18.6% p.a., would be replaced by the nominal rate for personal borrowings of Banco Nación Argentina, currently at 36% p.a. This change applies to all amounts of lawsuits pending judgment within the jurisdiction of the City of Buenos Aires.

The effect of this change in the applicable rate generated a loss of \$ 31.6 million, which was recorded as of December 31, 2014.

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9. Property, plant and equipment

	Lands and buildings	Substations	High, medium and low voltage lines
At 12.31.13			
Cost	133,155	1,367,062	3,778,595
Accumulated depreciation	(37,052)	(501,649)	(1,872,408)
Net amount	96,103	865,413	1,906,187
Additions	-	-	-
Disposals	-	(62)	(622)
Transfers	29,037	81,682	310,166
Depreciation for the year	(7,769)	(39,061)	(92,274)
Net amount 12.31.14	117,371	907,972	2,123,457
At 12.31.14			
Cost	162,192	1,444,310	4,086,201
Accumulated depreciation	(44,821)	(536,338)	(1,962,744)
Net amount	117,371	907,972	2,123,457

Meters and Transformer chambers and platforms	Tools, Furniture, Vehicles, equipment and communications	Construction in process	Supplies and spare parts	Total
1,769,798	538,668	1,042,590	50,577	8,680,445
(713,878)	(366,151)	-	-	(3,491,138)
1,055,920	172,517	1,042,590	50,577	5,189,307
-	12,666	1,603,496	85,611	1,701,773
(273)	(2)	-	-	(959)
183,893	80,873	(685,651)	-	-
(59,499)	(39,036)	-	-	(237,639)
1,180,041	227,018	1,960,435	136,188	6,652,482
1,953,167	632,114	1,960,435	136,188	10,374,607
(773,126)	(405,096)	-	-	(3,722,125)
1,180,041	227,018	1,960,435	136,188	6,652,482

- During the year ended December 31, 2014, direct costs capitalized amounted to \$ 156 million.
- Financial costs capitalized for the year ended December 31, 2014 amounted to \$ 123.9 million.


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	Lands and buildings	Substations	High, medium and low voltage lines
At 12.31.12			
Cost	143.408	1.242.566	3.488.557
Accumulated depreciation	(38.061)	(466.295)	(1.784.028)
Net amount	105.347	776.271	1.704.529
Additions	-	-	-
Disposals	-	(346)	(800)
Transfers	10.970	125.391	291.712
Depreciation for the year	(4.491)	(35.903)	(89.254)
Discontinued operations	(15.723)	-	-
Net amount 12.31.13	96.103	865.413	1.906.187
At 12.31.13			
Cost	133.155	1.367.062	3.778.595
Accumulated depreciation	(37.052)	(501.649)	(1.872.408)
Net amount	96.103	865.413	1.906.187

Meters and Transformer chambers and platforms	Tools, Furniture, Vehicles, equipment and communications	Construction in process	Supplies and spare parts	Total
1.649.273	523.893	590.535	30.285	7.668.517
(658.220)	(377.314)	-	-	(3.323.918)
991.053	146.579	590.535	30.285	4.344.599
-	28.074	1.043.976	20.292	1.092.342
(83)	(1)	-	-	(1.230)
120.662	43.131	(591.866)	-	-
(55.712)	(26.788)	-	-	(212.148)
-	(18.478)	(55)	-	(34.256)
1.055.920	172.517	1.042.590	50.577	5.189.307
1.769.798	538.668	1.042.590	50.577	8.680.445
(713.878)	(366.151)	-	-	(3.491.138)
1.055.920	172.517	1.042.590	50.577	5.189.307

- During the year ended December 31, 2013, direct costs capitalized amounted to \$ 124.2 million.
- Financial costs capitalized for the year ended December 31, 2013 amounted to \$ 24.5 million.


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10. Financial instruments

10.1 Financial instruments by category

	Financial assets amortized cost	Financial assets at fair value through profit or loss	Non-financial assets	Total
As of December 31, 2014				
Assets				
Trade receivables	882,949	-	-	882,949
Other receivables	148,608	-	350,934	499,542
Cash and cash equivalents				
Cash and Banks	38,390	-	-	38,390
Checks to be deposited	301	-	-	301
Time deposits	4,852	-	-	4,852
Money market funds	-	135,537	-	135,537
Financial assets at fair value through profit or loss:				
Government bonds	-	21,150	-	21,150
Money market funds	-	233,297	-	233,297
Total	1,075,100	389,984	350,934	1,816,018

As of December 31, 2013				
Assets				
Trade receivables	803,095	-	-	803,095
Other receivables	481,519	-	239,988	721,507
Cash and cash equivalents				
Cash and Banks	19,775	-	-	19,775
Checks to be deposited	62	-	-	62
Time deposits	3,749	-	-	3,749
Money market funds	-	219,887	-	219,887
Financial assets at fair value through profit or loss:				
Government bonds	-	14,256	-	14,256
Government bonds - AESEBA trust	-	99,523	-	99,523
Money market funds	-	102,655	-	102,655
Total	1,308,200	436,321	239,988	1,984,509

	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Non-financial assets	Total
As of December 31, 2014				
Liabilities				
Trade and other payables	3,724,971	-	1,637,708	5,362,679
Borrowings	1,632,403	-	-	1,632,403
Derivative financial instruments	-	5,895	-	5,895
Total	5,357,374	5,895	1,637,708	7,000,977
As of December 31, 2013				
Liabilities				
Trade and other payables	2,761,622	-	1,032,377	3,793,999
Borrowings	1,350,532	-	-	1,350,532
Total	4,112,154	-	1,032,377	5,144,531


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Financial instruments categories have been determined based on IFRS 9.

The income, expenses, gains and losses resulting from each category of financial instruments are as follow:

	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Total
As of December 31, 2014			
Interest income	238,972	-	238,972
Exchange differences	25,514	-	25,514
Bank fees and expenses	(15,509)	-	(15,509)
Changes in fair value of financial assets	-	67,591	67,591
Adjustment to present value	8,128	-	8,128
Total	257,105	67,591	324,696
As of December 31, 2013			
Interest income	287,068	-	287,068
Exchange differences	29,410	-	29,410
Bank fees and expenses	(10,313)	-	(10,313)
Changes in fair value of financial assets	-	16,097	16,097
Adjustment to present value	2,378	-	2,378
Other	-	58	58
Total	308,543	16,155	324,698

	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Non-financial instruments	Total
As of December 31, 2014				
Interest expense	(553,798)	-	(22,706)	(576,504)
Other financial results	(20,224)	-	-	(20,224)
Exchange differences	(453,410)	-	-	(453,410)
Net gain from the repurchase of Corporate Notes	44,388	-	-	44,388
Total	(983,044)	-	(22,706)	(1,005,750)
As of December 31, 2013				
Interest expense	(481,184)	-	(13,357)	(494,541)
Other financial results	(14,763)	-	-	(14,763)
Exchange differences	(395,169)	-	-	(395,169)
Net gain from the repurchase of Corporate Notes	88,879	-	-	88,879
Total	(802,237)	-	(13,357)	(815,594)

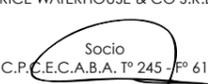

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10.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired may be assessed based on external credit ratings or historical information:

	12.31.14	12.31.13
Customers with no external credit rating:		
Group 1 (i)	359,024	338,982
Group 2 (ii)	179,364	217,722
Group 3 (iii)	91,525	88,025
Group 4 (iv)	253,036	158,366
Total trade receivables	882,949	803,095

- (i) Relates to customers with debt to become due.
- (ii) Relates to customers with up to 3 months past due debt.
- (iii) Relates to customers with 3 to 12 months past due debt.
- (iv) Relates to customers with more than 12 months past due debt.

At the Statement of financial position date, the maximum exposure to credit risk is the carrying amount of these financial assets.


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11. Other receivables

	12.31.14	12.31.13
Non-current:		
Receivable from minimum national income tax	168,588	127,386
Tax credits	2,089	1,107
Financial receivable	71,192	60,994
Related parties (Note 33)	7,366	7,279
Other	-	2,629
Total Non-current	249,235	199,395
Current:		
Prepaid expenses	3,198	2,751
Receivable from CMM (1)	-	362,721
Value added tax	167,207	81,214
Advances to suppliers	8,070	21,790
Advances to personnel	1,782	4,718
Security deposits	2,424	1,980
Financial receivable	6,658	2,925
Receivables from electric activities	48,581	52,238
Related parties (Note 33)	753	1,186
Guarantee deposits on derivative financial instruments	15,322	-
Allowance for the impairment of other receivables	(16,647)	(20,412)
Judicial deposits	11,900	1,786
Other	1,059	9,215
Total Current	250,307	522,112

(1) As of December 31, 2014 and 2013, the balance was used to offset the PUREE-related liability and make the transfer in lieu of payment with the trade payable with CAMMESA. See Notes 2, 18 and 19.

The carrying amount of the Company's other financial receivables approximates their fair value.


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The aging analysis of other receivables is as follows:

	12.31.14	12.31.13
Past due	25,980	13,200
Up to 3 months	17,270	33,238
From 3 to 6 months	177,238	90,776
From 6 to 9 months	6,476	378,251
From 9 to 12 months	23,343	6,647
More than 12 months	249,235	199,395
Total other receivables	499,542	721,507

The roll forward of the allowance for the impairment of other receivables is as follows:

	12.31.14	12.31.13
Balance at beginning of year	20,412	16,011
Increase	2,845	5,146
Decrease	(4,771)	(745)
Recovery	(1,839)	-
Balance at end of period	16,647	20,412

At the statement of financial position date, the maximum exposure to credit risk is the carrying amount of each class of other receivables.

The carrying amount of the Company's other receivables is denominated in the following currencies:

	12.31.14	12.31.13
Argentine pesos	496,735	715,190
US dollars	2,807	5,943
Euros	-	374
Total other receivables	499,542	721,507


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12. Trade receivables

	12.31.14	12.31.13
Current:		
Sales of electricity - Billed (1)	641,920	542,324
Sales of electricity - Unbilled	207,653	236,761
Framework Agreement	75,815	56,928
National Fund of Electricity	3,428	5,290
"Bonds from the cancellation of debts of the Province of Bs. As."	-	1,701
Fee payable for the expansion of the transportation and others	16,851	10,536
Receivables in litigation	21,844	22,740
Allowance for the impairment of trade receivables	(84,562)	(73,185)
Total Current	882,949	803,095

(1) Net of stabilization factor.

The carrying amount of the Company's trade receivables approximates their fair value.

The aging analysis of these trade receivables is as follows:

	12.31.14	12.31.13
Past due	523,925	464,113
Up to 3 months	359,024	338,982
Total trade receivables	882,949	803,095

The roll forward of the allowance for the impairment of trade receivables is as follows:

	12.31.14	12.31.13
Balance at beginning of year	73,185	63,265
Increase	18,686	32,871
Decrease	(7,309)	(410)
Discontinued operations	-	(22,541)
Balance at end of period	84,562	73,185

At the statement of financial position date, the maximum exposure to credit risk is the carrying amount of each class of trade receivables.


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The carrying amount of the Company's trade receivables is denominated in the following currencies:

	12.31.14	12.31.13
Argentine pesos	882,949	803,095
Total other receivables	882,949	803,095

13. Financial assets at fair value through profit or loss

	12.31.14	12.31.13
Current		
Government bonds	21,150	14,256
Government bonds - AESEBA trust	-	99,523
Money market funds	233,297	102,655
Total current	254,447	216,434

14. Inventories

	12.31.14	12.31.13
Current		
Supplies and spare-parts	73,970	83,853
Total inventories	73,970	83,853

15. Cash and cash equivalents

	12.31.14	12.31.13
Cash and banks	38,691	19,837
Time deposits	4,852	3,749
Money market funds	135,537	219,887
Total cash and cash equivalents	179,080	243,473


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16. Share capital and additional paid-in capital

	Number of shares (1)	Share capital (2)	Additional paid-in capital	Total
At December 31, 2012	906,455,100	1,314,518	3,452	1,317,970
Absorption of accumulated losses - Shareholders' Meeting of 04/25/2013	-	(498,708)	(3,452)	(502,160)
Reversal of the absorption of accumulated losses - Shareholders' Meeting of 12/20/2013	-	498,708	3,452	502,160
At December 31, 2013	906,455,100	1,314,518	3,452	1,317,970
At December 31, 2014	906,455,100	1,314,518	3,452	1,317,970

(1) Includes 9,412,500 treasury shares as of December 31, 2014 and 2013, respectively.

(2) Includes the nominal value of capital and treasury stock and the adjustment for inflation of both concepts.

On April 25, 2013, the Shareholders' Meeting approved the annual separate and consolidated Financial Statements as of December 31, 2012 and resolved to reduce capital stock, due to the fact that the Company had become subject to compliance with the mandatory capital stock reduction established in section 206 of the Argentine Business Organizations Law since losses consumed the totality of the reserves and 50% of capital stock. The approved reduction implied the decrease of the number of shares while maintaining shareholding proportions. On May 22, 2013, the Company filed the documentation with the National Securities Commission for its approval and subsequent registration.

With regard to the capital reduction mentioned in the preceding paragraph, the Company Extraordinary Shareholders' Meeting held on December 20, 2013 approved, as a consequence of the issuance of SE Resolution 250/13 and SE Note 6852/13 described in Note 2.c.III, the reversal of the mandatory capital stock reduction due to the fact that the causes that had led to the adoption of such decision had disappeared.

Furthermore, the effects of those regulations allowed the Company to overcome the situation concerning the grounds for corporate dissolution due to loss of capital stock to which it had been exposed at March 31, 2013.

As of December 31, 2014, the Company's share capital amounts to 906,455,100 shares, divided into 462,292,111 common, book-entry Class A shares with a par value of one peso each and the right to one vote per share; 442,210,385 common, book-entry Class B shares with a par value of one peso each and the right to one vote per share; and 1,952,604 common, book-entry Class C shares with a par value of one peso each and the right to one vote per share.

Section 206 - Argentine Business Organizations Law

The negative results recorded by the Company as of December 31, 2014, consume 100% of the reserves and more than 50% of its share capital. Section 206 of the Argentine Business Organizations Law provides for the mandatory capital stock reduction where

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this situation occurs. Therefore, the Company shareholders must analyze alternatives in conformity with the applicable regulations to rectify this situation.

Listing of the Company's shares

The Company's shares are listed on the Buenos Aires Stock Exchange and are part of the Merval Index.

Furthermore, on August 5, 2009 the Securities and Exchange Commission ("SEC") of the United States of America authorized the Company to trade American Depositary Shares ("ADSs"), each representing 20 common shares of the Company. As from October 9, 2009 the Company's ADSs are traded on the New York Stock Exchange ("NYSE").

The listing of ADSs on the NYSE is part of the Company's strategic plan to increase both its liquidity and the volume of its shares.

Acquisition of the Company's own shares

During fiscal year 2008, the Company acquired 9,412,500 Class B treasury shares with a nominal value of 1 peso. The amount disbursed to acquire these shares totaled \$ 6.13 million, which was deducted from undistributed retained earnings of the equity attributable to the owners of the Company at that date. At the date of these financial statements, these shares are held as "treasury stock". The Company is entitled to reissue these shares at a future date.

On November 18, 2014, the Company held the General Annual Meeting which resolved by majority of votes to extend for another 3 years the term for holding the treasury shares acquired within the framework of section 68 of Law No. 17,811 (text consolidated by Decree 677/01). All the shares issued have been fully paid-in.

The Company's Employee Stock Ownership Program

At the time of the privatization of SEGBA (the Company's predecessor), the Argentine Government assigned the Company's Class C shares, representing 10% of the Company's outstanding capital stock, for the creation of an Employee Stock Ownership Program ("ESOP") in compliance with the provisions of Law No. 23,696 and its regulatory decrees. Through this program, certain eligible employees (including former SEGBA employees who had been transferred to the Company) were entitled to receive a specified number of Class C shares, to be calculated on the basis of a formula that took into consideration a number of factors including employee salary, position and seniority. In order to implement the ESOP, a general transfer agreement, a voting trust agreement and a trust agreement were signed.

Pursuant to the general transfer agreement, participating employees were allowed to defer payment of the Class C shares over time. As security for the payment of the deferred purchase price, the Class C shares were pledged in favor of the Argentine government. This pledge was released on April 27, 2007 upon full payment to the Argentine Government of the deferred purchase price of all the Class C shares. Additionally, in accordance with the terms of the original trust agreement, the Class C shares were held in trust by Banco de la Nación Argentina, acting as trustee, for the benefit of the ESOP participating employees and the Argentine Government. Furthermore, in accordance with the voting trust agreement, all political rights of participating employees (including the right to vote at the Company's ordinary and extraordinary shareholders' meetings) were to be jointly exercised until full payment of the deferred purchase price and release of the pledge in favor of the Argentine Government. On April 27, 2007,

ESOP participating employees fully paid the deferred purchase price to the Argentine Government, accordingly, the pledge was released and the voting trust agreement was terminated.

In accordance with the regulations applicable to the ESOP, participating employees who retired before full payment of the deferred purchase price to the Argentine Government was made, were required to transfer their shares to the Guarantee and Repurchase Fund (Fondo de Garantía y Recompra) at a price to be calculated in accordance with a formula established in the general transfer agreement. At the date of payment of the deferred purchase price, the Guarantee and Repurchase Fund had not fully paid the amounts due to former ESOP participating employees for the transfer of their Class C shares.

A number of former employees of both SEGBA and the Company have brought legal actions against the Guarantee and Repurchase Fund, the Argentine Government and, in few cases, against the Company, in cases in relation to the administration of the Employee Stock Ownership Program. The plaintiffs who are former employees of SEGBA were not deemed eligible by the corresponding authorities to participate in the Employee Stock Ownership Program at the time of its creation. This decision is being disputed by the plaintiffs who are therefore seeking compensation. The plaintiffs who are former employees of the Company are claiming payment for the unpaid amounts owed to them by the Guarantee and Repurchase Fund either due to non-payment of the transfer of their shares upon retirement in favor of the Guarantee and Repurchase Fund or incorrect calculation of amounts paid to them by the Guarantee and Repurchase Fund. In several of these claims, the plaintiffs have obtained attachment orders or prohibitory injunctions against the

Guarantee and Repurchase Fund on Class C shares and the amounts deposited in such Fund. Due to the fact that the resolution of these legal proceedings is still pending, the Federal Government has instructed Banco de la Nación Argentina to create a Contingency Fund so that a portion of the proceeds of the offering of the Employee Stock Ownership Program Class C shares be kept during the pendency of the legal actions.

No provision has been recorded in these financial statements in connection with the legal actions brought against the Company as the Company management believes that EDENOR S.A. is not responsible for the above-mentioned claims.

In accordance with the agreements, laws and decrees that govern the Employee Stock Ownership Program, the Class C shares may only be held by personnel of the Company, therefore before the public offering of the Class C shares that had been separated from the Program, such shares were converted into Class B shares and sold. In conformity with the by-laws, the political rights previously attributable to Class C shares are at present jointly exercised with those attributable to Class B shares and the holders of the remaining Class C shares will vote jointly as a single class with the holders of Class B shares when electing directors and supervisory committee members. As of December 31, 2014 and 2013, 1,952,604 Class C shares, representing 0.22% of the Company's share capital in each case are outstanding.

17. Allocation of profits

Restrictions on the distribution of dividends

- i. In accordance with the provisions of Law No. 19,550, the General Annual Meeting held on April 29, 2014 resolved that the profit for the year ended December 31, 2013 be absorbed by the Retained Earnings account.

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- ii. In accordance with the provisions of Law No. 25,063, passed in December 1998, dividends to be distributed, whether in cash or in kind, in excess of accumulated taxable profits at the fiscal year-end immediately preceding the date of payment or distribution, shall be subject to a final 35% income tax withholding, except for those dividends distributed to shareholders who are residents of countries benefiting from conventions for the avoidance of double taxation who will be subject to a lower tax rate.
- iii. Additionally, as indicated in Note 2, and in accordance with the Adjustment Agreement entered into between Edenor S.A. and the Federal Government, there are certain restrictions on the distribution of dividends by the Company and the ENRE's approval for any distribution is necessary.
- iv. In accordance with the provisions of Argentine Business Organizations Law No. 19,550, not less than five percent (5%) of the net profit arising from the statement of income for the year must be allocated to the legal reserve, until it equals twenty percent (20%) of the share capital. No charge has been recorded for this concept in the year being reported.
- v. Recording of legal reserve for up to the amount absorbed, as resolved by the General Annual Meeting held on April 27, 2012.


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18. Trade payables

	12.31.14	12.31.13
Non-current		
Suppliers	364	794
Customer deposits	60,743	54,524
Customer contributions	118,298	113,778
Funding contributions - substations	51,700	51,700
Total Non-current	231,105	220,796
Current		
Payables for purchase of electricity - CAMMESA (1)	2,257,059	1,500,609
Provision for unbilled electricity purchases - CAMMESA	305,890	280,935
Suppliers	570,434	510,612
Customer contributions	148,076	176,800
Funding contributions - substations	18,432	12,352
Total Current	3,299,891	2,481,308

(1)As of December 31, 2014 and 2013, net of \$ 3.4 billion and \$ 1.2 billion, respectively, offset in accordance with the provisions of SE Resolution 250/13 and subsequent Notes. See Note 2

The fair values of non-current customer contributions as of December 31, 2014 and 2013 amount to \$ 109.93 million and \$ 98.7 million, respectively.

The carrying amount of the rest of the financial liabilities included in the Company's trade payables approximates their fair value.

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19. Other payables

	12.31.14	12.31.13
Non-current		
Program for the rational use of electric power (1)	-	108,603
Loans (mutuum) with CAMMESA (Note 2.c.VI)	506,753	-
ENRE penalties and discounts	1,032,193	836,115
Liability with FOTAE (Note 34)	105,641	-
Total Non-current	1,644,587	944,718
Current		
Program for the rational use of electric power (1)	17,522	-
ENRE penalties and discounts	70,589	87,658
Liability with FOCEDE (2) (Notes 2.c.V y VI)	85,386	4,237
Liability with FOTAE (Note 34)	-	48,960
Related parties (Note 33)	2,706	2,028
Advances for works to be performed	10,650	-
Other	243	4,294
Total Current	187,096	147,177

(1) As of December 31, 2014 and 2013, net of \$ 2.2 billion and \$ 1.7 billion, respectively, offset in accordance with the provisions of SE Resolution 250/13 and subsequent Notes. See Note 2.

(2) The net position held by the Company with FOCEDE is comprised of the following:

	12.31.14	12.31.13
Fixed charge Resolution 347/12 charged to customers and not transferred	6,105	4,237
Funds received in excess of the amount transferred to the FOCEDE for fixed charge Resolution 347/12	74,713	-
Receivable from funds pending collection for Extraordinary Investment Plan	(93,133)	-
Provision for FOCEDE expenses	97,701	-
	85,386	4,237

The carrying amount of the Company's other financial payables approximates their fair value.


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20. Deferred revenue

	12.31.14	12.31.13
Non-current		
Nonrefundable customer contributions	109,089	33,666
Total Non-current	109,089	33,666
Current		
Nonrefundable customer contributions	764	-
Total Current	764	-

21. Borrowings

	12.31.14	12.31.13
Non-current		
Corporate notes (1)	1,598,442	1,309,949
Total non-current	1,598,442	1,309,949
Current		
Financial loans	-	430
Interest	33,961	40,153
Total current	33,961	40,583

(1) Net of debt repurchase and issuance expenses.

The maturities of the Company's borrowings and their exposure to interest rates are as follow:

	12.31.14	12.31.13
Fixed rate		
Less than 1 year	33,961	40,583
From 2 to 4 years	126,213	-
More than 4 years	1,472,229	1,309,949
	1,632,403	1,350,532


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As of December 31, 2014 and 2013, the fair values of the Company's non-current borrowings (Corporate Notes) amount approximately to \$ 1.2 billion and 924.1 million, respectively. Such values were calculated on the basis of

the estimated market price of the Company's corporate notes at the end of each year.

The Company's borrowings are denominated in the following currencies:

	12.31.14	12.31.13
Argentine pesos	-	430
US dollars	1,632,403	1,350,102
	1,632,403	1,350,532

The roll forward of the Company's borrowings during the year was as follows:

Balance at 12.31.2012	1,453,843
Discontinued operations	(60,629)
Principal repaid	(25,535)
Interest paid	(176,976)
Repurchase of Corporate Notes	(165,085)
Repurchase of Corporate Notes from collection of receivables with related companies	(52,840)
Gain from the repurchase of Corporate Notes	(176,104)
Exchange difference and interest accrued	553,858
Balance at 12.31.2013	1,350,532
Principal repaid	(424)
Interest paid	(155,251)
Repurchase of Corporate Notes by the trust	(91,638)
Gain from the repurchase of Corporate Notes	(52,848)
Exchange difference and interest accrued	582,032
Balance at 12.31.2014	1,632,403

THE COMPANY'S BORROWINGS

Corporate notes programs

The Company is included in a Corporate Notes program, the relevant information of which is detailed below:

Debt issued in United States dollars

Corporate Notes	Class	Rate	Year of Maturity	Million of USD		Million of \$	
				Debt structure at 01-01-13	Debt repurchase (2)	Debt structure at 12-31-13	At 12-31-13
Fixed Rate Par Note	7	10.50	2017	14.76	-	14.76	126.21
Fixed Rate Par Note (1)	9	9.75	2022	186.12	(13.95)	172.17	1,472.23
Total				200.88	(13.95)	186.93	1,598.44

Corporate Notes	Class	Rate	Year of Maturity	Million of USD		Million of \$	
				Debt structure at 01-01-14	Debt repurchase (2)	Debt structure at 12-31-14	At 12-31-14
Fixed Rate Par Note	7	10.50	2017	24.76	(10.00)	14.76	96.25
Fixed Rate Par Note (1)	9	9.75	2022	247.43	(61.31)	186.12	1,213.70
Total				272.19	(71.31)	200.88	1,309.95

(1) Net of issuance expenses.

(2) Includes collection, through the trust, of proceeds from subsidiary sales and collection of financial receivables with related companies. On March 27, 2014, the repurchased Corporate Notes that the Company held in its portfolio were written off.

The main covenants are the following:

i. Negative Covenants

The terms and conditions of the Corporate Notes include a number of negative covenants that limit the Company's actions with regard to, among others, the following:

- encumbrance or authorization to encumber its property or assets;
- incurrence of indebtedness, in certain specified cases;
- sale of the Company's assets related to its main business;
- carrying out of transactions with shareholders or related companies;
- making certain payments (including, among others, dividends, purchases of Edenor's common shares or payments on subordinated debt).

ii. Suspension of Covenants:

Certain negative covenants stipulated in the terms and conditions of the Corporate Notes will be suspended or adapted if:

- The Company's long-term debt rating is raised to Investment Grade, or
- The Company's Level of Indebtedness is equal to or lower than 2.5.

If the Company subsequently loses its Investment Grade rating or its Level of Indebtedness is higher than 2.5, as applicable, the suspended negative covenants will be once again in effect.

At the date of issuance of these financial statements, the previously mentioned ratios have been complied with.

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22. Salaries and social security taxes

a. Salaries and social security taxes payable

	12.31.14	12.31.13
Non-current		
Early retirements payable	3,116	1,164
Seniority-based bonus	59,742	24,795
Total non-current	62,858	25,959
Current		
Salaries payable and provisions	543,564	383,096
Social security taxes payable	64,899	35,832
Early retirements payable	2,186	1,929
Total current	610,649	420,857

b. Salaries and social security taxes charged to profit or loss

	12.31.14	12.31.13
Salaries	1,414,922	892,679
Social security taxes	449,464	227,276
Total salaries and social security taxes	1,864,386	1,119,955

Early retirements payable correspond to individual optional agreements. After employees reach a specific age, the Company may offer them this option. The related accrued liability represents future payment obligations which as of December 31, 2014 and 2013 amount to \$ 2.2 million and \$ 1.9 million (current) and \$ 3.1 million and \$ 1.2 million (non-current), respectively.

As of December 31, 2014 and 2013, the provisions for the seniority-based bonus granted to employees amounted to \$ 59.7 million and \$ 24.8 million, respectively.

As of December 31, 2014 and 2013, the number of employees amounts to 4,314 and 3,563, respectively.

23. Benefit plans

A detail of the defined benefit plans granted to Company employees is provided below:

- a seniority-based bonus to be granted to personnel with a certain amount of years of service included in collective bargaining agreements in effect;
- a bonus for all those employees who have the necessary years of service and made the required contributions to retire under ordinary retirement plans.

The amounts and conditions vary in accordance with the collective bargaining agreement and for employees who are not union members.

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	12.31.14	12.31.13
Non-current	150,355	102,691
Current	10,566	-
Total Benefit plans	160,921	102,691

The detail of the benefit plan obligations as of December 31, 2014 and 2013 is as follows:

	12.31.14	12.31.13
Benefit payment obligations at beginning of year	102,691	112,404
Current service cost	8,080	3,678
Interest cost	43,345	18,862
Actuarial losses	17,823	20,951
Benefits paid to participating employees	(11,018)	(7,904)
Discontinued operations	-	(45,300)
Benefit payment obligations at year end	160,921	102,691

As of December 31, 2014 and 2013, the Company does not have any assets related to post-retirement benefit plans.

The detail of the charge recognized in the statement of comprehensive (loss) income is as follows:

	12.31.14	12.31.13
Cost	8,080	3,678
Interest	43,345	18,862
Actuarial results - Other comprehensive loss	17,823	20,951
	69,248	43,491

The main actuarial assumptions used by the Company were the following:

	12.31.14	12.31.13
Discount rate	6%	6%
Salary increase	2%	2%
Inflation	32%	25%

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The annual 6% real discount rate is reasonable considering the market rates for Argentine government bonds as of December 31, 2010. The IRR of Argentine government bonds has been significantly influenced, since mid-2011, by the global macroeconomic context, and the probability of default thereon they assumed is higher than the credit risk of

large corporations. Subsequently, the rates increased due to a significant increase of the risk of default, unrelated to the risk of well-established firms whose risk of default on their obligations has not changed in such proportion.

Sensitivity analysis:

	12.31.2014
Discount Rate: 5%	
Obligation	174,897
Variation	13,976
	8.68%
Discount Rate: 7%	
Obligation	148,894
Variation	(12,027)
	(7.47%)
Salary Increase : 1%	
Obligation	149,682
Variation	(11,239)
	(6.98%)
Salary Increase: 3%	
Obligation	173,767
Variation	12,846
	7.98%

The expected payments of benefits are as follow:

	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years
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At December 31, 2014

Benefit payment obligations	10,567	15,341	18,656	23,292	106,903
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Estimates based on actuarial techniques imply the use of statistical tools, such as the so-called demographic tables used in the actuarial valuation of Edenor S.A. active personnel.

age. Male and female mortality tables are elaborated separately inasmuch as men and women's mortality rates are substantially different.

In order to determine the mortality of Edenor active personnel, the "1971 Group Annuity Mortality" table has been used. In general, a mortality table shows for each age group the probability that a person in any such age group will die before reaching a predetermined

In order to estimate total and permanent disability due to any cause, 80% of the "1985 Pension Disability Study" table has been used.

In order to estimate the probability that the Company active personnel will leave the

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Company or stay therein, the "ESA 77" table has been used.

Liabilities related to the above-mentioned benefit plans have been determined contemplating all the rights accrued by the beneficiaries of the plans through the closing date of the year ended December 31, 2014.

These benefits do not apply to key management personnel.

24. Income tax and minimum national income tax / Deferred tax

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

	12.31.13	Charged to profit and loss	Charged to others comprehensive income	12.31.14
Deferred tax assets:				
Inventories	92	105	-	197
Derivative financial instruments	-	2,063	-	2,063
Trade receivables and other receivables	26,244	607	-	26,851
Trade payables and other payables	223,966	123,358	-	347,324
Salaries and social security taxes payable	4,318	16,617	-	20,935
Benefit plans	35,942	14,143	6,238	56,323
Tax liabilities	15,725	(1,832)	-	13,893
Provisions	32,826	14,831	-	47,657
Deferred tax asset	339,113	169,892	6,238	515,243
Deferred tax liabilities:				
Property, plant and equipment	(398,953)	(18,053)	-	(417,006)
Financial assets at fair value through profit or loss	(1,231)	1,231	-	-
Borrowings	(12,356)	1,286	-	(11,070)
Deferred tax liability	(412,540)	(15,536)	-	(428,076)
Net deferred tax (liabilities) assets	(73,427)	154,356	6,238	87,167

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	12.31.12	Charged to profit and loss	Charged to others comprehensive income	Discontinued operations	12.31.13
Deferred tax assets:					
Intangible assets	40,145	-	-	(40,145)	-
Inventories	52	39	-	1	92
Trade receivables and other receivables	40,817	(6,809)	-	(7,766)	26,244
Assets under construction	27,924	-	-	(27,924)	-
Trade payables and other payables	168,759	55,875	-	(668)	223,966
Salaries and social security taxes payable	17,709	(8,171)	-	(5,220)	4,318
Benefit plans	34,102	3,692	7,333	(9,185)	35,942
Tax liabilities	14,658	1,398	-	(331)	15,725
Provisions	29,183	6,253	-	(2,610)	32,826
Deferred tax asset	373,349	52,277	7,333	(93,848)	339,113
Deferred tax liabilities:					
Property, plant and equipment	(493,615)	(8,191)	-	102,853	(398,953)
Trade receivables and other receivables	(7,108)	-	-	7,108	-
Financial assets at fair value through profit or loss	-	(1,231)	-	-	(1,231)
Borrowings	(13,617)	1,261	-	-	(12,356)
Assets of disposal group classified as held for sale	(89,422)	-	-	89,422	-
Deferred tax liability	(603,762)	(8,161)	-	199,383	(412,540)
Net deferred tax (liabilities) assets	(230,413)	44,116	7,333	105,535	(73,427)

	12.31.14	12.31.13
Deferred tax assets:		
To be recover in less than 12 months	91,079	127,422
To be recover in more than 12 months	424,164	211,691
Deferred tax asset	515,243	339,113
Deferred tax liabilities:		
To be recover in less than 12 months	(22,004)	(16,718)
To be recover in more than 12 months	(406,072)	(395,822)
Deferred tax liability	(428,076)	(412,540)
Net deferred tax assets (liabilities)	87,167	(73,427)

The detail of the income tax expense is disclosed below:

	12.31.14	12.31.13
Deferred tax	(154,356)	(44,116)
Discontinued operations	-	(105,535)
Income tax expense	(154,356)	(149,651)

	12.31.14	12.31.13
(Loss) Profit before taxes	(934,072)	823,751
Applicable tax rate	35%	35%
Gain (Loss) Profit at the tax rate	(326,925)	288,313
Gain from interest in joint ventures	(2)	(2)
Discontinued operations	-	(56,456)
Other	25	4,338
Subtotal	(326,902)	236,193
Unrecognized net deferred tax assets/liabilities	183,067	(385,844)
Difference between provision and tax return	(10,521)	-
Total income tax expense:		
Continuing operations	(154,356)	(44,116)
Discontinued operations	-	(105,535)


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Tax loss carryforward	Year of expiration	Rate 35%	
		12.31.14	12.31.13
2009	2014	4,231	4,231
2010	2015	7,293	7,293
2012	2017	55,996	45,475
2014	2019	172,545	-
Total quebranto impositivo		240,065	56,999

Additionally, as of December 31, 2014, the minimum national income tax receivable of \$ 169 million has been disclosed in the Other non-current receivables account (Note 11).

The detail of the aforementioned receivable is as follows:

Minimum national income tax receivable	Amount	Year of expiration
Generated in fiscal year 2010	17,330	2020
Generated in fiscal year 2011	32,787	2021
Generated in fiscal year 2012	32,105	2022
Generated in fiscal year 2013	43,949	2023
Generated in fiscal year 2014	42,417	2024
	168,588	

25. Tax liabilities

	12.31.14	12.31.13
Non-current		
Tax regularization plan	3,164	4,406
Total Non-current	3,164	4,406
Current		
Tax on minimum national income tax payable	14,730	24,876
Provincial, municipal and federal contributions and taxes	67,999	53,620
Tax withholdings	34,625	25,761
SUSS (Social Security System) withholdings	1,485	1,582
Municipal taxes	39,870	36,170
Tax regularization plan	1,774	40,460
Total Current	160,483	182,469


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26. Assignments of use

- As assignee

The features that these assignments of use have in common are that payments (installments) are established as fixed amounts; there are neither purchase option clauses nor renewal term clauses (except for the assignment of use contract of the Energy Handling and Transformer Center that has an automatic renewal clause for the term thereof); and there are prohibitions such as: transferring or sub-leasing the building, changing its use and/or making any kind of modifications thereto. All operating assignment of use contracts have

cancelable terms and assignment periods of 2 to 13 years.

Among them the following can be mentioned: commercial offices, two warehouses, the headquarters building (comprised of administration, commercial and technical offices), the Energy Handling and Transformer Center (two buildings and a plot of land located within the perimeter of Central Nuevo Puerto and Puerto Nuevo) and Las Heras substation.

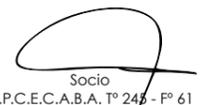
As of December 31, 2014 and 2013, future minimum payments with respect to operating assignments of use are as follow:

	12.31.14	12.31.13
2014	-	21,046
2015	26,123	10,998
2016	19,864	4,943
2017	15,740	4,752
2018	5,698	147
2019	4,310	147
2020	147	-
Total future minimum lease payments	71,883	42,033

Total expenses for operating assignments of use for the years ended December 31, 2014 and 2013 are as follow:

	12.31.14	12.31.13
Total lease expenses	31,043	19,786


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- As assignor

The Company has entered into operating assignment of use contracts with certain cable television companies granting them the right to use the poles of the Company's

network. Most of these contracts include automatic renewal clauses.

As of December 31, 2014 and 2013, future minimum collections with respect to operating assignments of use are as follow:

	12.31.14	12.31.13
2014	-	51,620
2015	72,922	48,023
2016	5,481	28
2017	200	-
2018	157	-
2019	-	-
2020	-	-
Total future minimum lease collections	78,760	99,671

Total income from operating assignments of use for the years ended December 31, 2014 and 2013 is as follows:

	12.31.14	12.31.13
Total lease income	57,463	41,538

27. Provisions

	Non-current liabilities	Current liabilities
	Contingencies	Contingencies
At 12.31.13	83,121	10,667
Increases	34,860	40,557
Decreases	(5,886)	(27,156)
At 12.31.14	112,095	24,068


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	Non-current liabilities	Current liabilities
	Contingencies	Contingencies
At 12.31.12	80,019	10,493
Increases	14,638	21,395
Decreases	(8,240)	(17,059)
Discontinued operations	(3,296)	(4,162)
At 12.31.13	83,121	10,667

28. Revenue from sales

	12.31.14	12.31.13
Sales of electricity (1)	3,536,147	3,393,759
Right of use on poles	57,463	41,538
Connection charges	3,929	4,218
Reconnection charges	837	1,176
Total Revenue from sales	3,598,376	3,440,691

(1) Includes revenue from the application of Resolution 347/12 for \$ 508.1 million and \$ 525.9 million for the years ended December 31, 2014 and 2013, respectively.


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29. Expenses by nature

The detail of expenses by nature is as follows:

Description	12.31.14			
	Transmission and distribution expenses	Selling expenses	Administrative expenses	Total
Salaries and social security taxes	1,373,247	249,037	242,102	1,864,386
Pension plans	37,878	6,869	6,678	51,425
Communications expenses	13,207	39,088	2,920	55,215
Allowance for the impairment of trade and other receivables	-	21,531	-	21,531
Supplies consumption	205,853	-	13,117	218,970
Leases and insurance	7,871	-	35,193	43,064
Security service	28,874	201	15,122	44,197
Fees and remuneration for services	714,258	262,845	148,134	1,125,237
Public relations and marketing	-	-	5,719	5,719
Advertising and sponsorship	-	-	2,946	2,946
Reimbursements to personnel	1,164	309	1,514	2,987
"Depreciation of property, plant and equipment "	208,483	18,377	10,779	237,639
Directors and Supervisory Committee members' fees	-	-	2,947	2,947
ENRE penalties	233,855	18,360	-	252,215
Taxes and charges	-	41,170	7,658	48,828
Other	372	122	1,933	2,427
12.31.14	2,825,062	657,909	496,762	3,979,733

The expenses included in the chart above are net of the Company's own expenses capitalized in property, plant and equipment as of December 31, 2014 for \$ 156 million.

Description	12.31.13			
	Transmission and distribution expenses	Selling expenses	Administrative expenses	Total
Salaries and social security taxes	790,667	179,355	149,933	1,119,955
Pension plans	14,748	3,728	4,064	22,540
Communications expenses	7,714	32,629	1,805	42,148
Allowance for the impairment of trade and other receivables	-	38,017	-	38,017
Supplies consumption	121,918	-	7,735	129,653
Leases and insurance	6,063	-	21,867	27,930
Security service	17,967	553	10,390	28,910
Fees and remuneration for services	665,136	198,458	103,421	967,015
Public relations and marketing	-	-	4,460	4,460
Advertising and sponsorship	-	-	2,298	2,298
Reimbursements to personnel	1,024	179	1,036	2,239
"Depreciation of property, plant and equipment "	194,815	9,105	8,228	212,148
Directors and Supervisory Committee members' fees	-	-	2,507	2,507
ENRE penalties	234,803	52,700	-	287,503
Taxes and charges	-	33,435	5,460	38,895
Other	430	97	1,564	2,091
12.31.13	2,055,285	548,256	324,768	2,928,309

The expenses included in the chart above are net of the Company's own expenses capitalized in property, plant and equipment as of December 31, 2013 for \$ 124.2 million.


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30. Other income and expense

	12.31.14	12.31.13
Other operating income		
Services provided to third parties	33,305	21,700
Commissions on municipal taxes collection	12,040	8,638
Other net income with Related Companies	5,020	3,857
Recovery of allowance of trade receivables and other receivables	1,839	4,318
Not refundable advance payments received for subsidiaries sale agreements	-	8,868
Others	205	14,199
Total other operating income	52,409	61,580
Other operating expense		
Net expense from technical services	(16,236)	(15,541)
Gratifications for services	(24,985)	(15,876)
Cost for services provided to third parties	(25,265)	(9,035)
Severance paid	(8,202)	(4,924)
Transaction costs	(64,720)	(55,548)
Other expenses - FOCEDA	(97,701)	-
Provision for contingencies	(75,417)	(36,033)
Disposals of property, plant and equipment	(959)	(1,230)
Related parties (Note 33)	(1,230)	(1,069)
Other	(3,963)	(3,521)
Total other operating expense	(318,678)	(142,777)

31. Net financial expense

	12.31.14	12.31.13
Financial income		
Late payment charges	43,265	45,383
Financial interest (1)	195,707	241,685
Total financial income	238,972	287,068
Financial expenses		
Interest and other (2)	(111,356)	(155,388)
Tax-related interest	(5,477)	(13,357)
Commercial interest	(459,671)	(325,796)
Bank fees and expenses	(15,509)	(10,313)
Total financial expenses	(592,013)	(504,854)
Other financial results		
Exchange differences	(427,896)	(365,759)
Adjustment to present value of receivables	8,128	2,378
Changes in fair value of financial assets	67,591	16,097
"Net gain from the repurchase of Corporate Notes"	44,388	88,879
Other financial expense	(20,224)	(14,705)
Total other financial expense	(328,013)	(273,110)
Total net financial expense	(681,054)	(490,896)

(1) Includes interest on cash equivalents as of December 31, 2014 and 2013 for \$ 3.4 million and \$ 2.9 million, respectively.

(2) Net of interest capitalized as of December 31, 2014 and 2013 for \$ 123.9 million and \$ 24.5 million, respectively.


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32. Basic and diluted (loss) earnings per share

Basic

The basic (loss) earnings per share are calculated by dividing the result attributable to the holders of the Company's equity instruments by the weighted average number of common shares outstanding as of December 31, 2014 and 2013, excluding common shares purchased by the Company and held as treasury shares.

The basic (loss) earnings per share coincide with the diluted (loss) earnings per share, inasmuch as the Company has not issued neither preferred shares nor corporate notes convertible into common shares.

	12.31.14		12.31.13	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
(Loss) Profit for the period attributable to the owners of the Company	(779,716)	-	867,867	(96,128)
Weighted average number of common shares outstanding	897,043	897,043	897,043	897,043
Basic and diluted (loss) earnings per share – in pesos	(0.87)	-	0.97	(0.11)


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33. Related-party transactions

- The following transactions were carried out with related parties:

a. Income

Company	Concept	12.31.14	12.31.13
CYCSA	Other income	5,018	3,857
PYSSA	Advertising on EDENOR bill	2	-
PESA	Interest	-	11,606
		5,020	15,463

b. Expense

Company	Concept	12.31.14	12.31.13
EASA	Technical advisory services on financial matters	(20,134)	(13,599)
SACME	Operation and oversight of the electric power transmission system	(19,605)	(14,745)
Salaverri, Dellatorre, Burgio y Wetzler	Legal fees	(1,230)	(1,069)
Malbran	Financial and granting of loan services to customers	(90)	(95)
PYSSA			
		(41,059)	(29,508)

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- The balances with related parties are as follow:

c. Receivables and payables

	12.31.14	12.31.13
Other receivables		
SACME	8,033	7,935
CYCSA	86	530
	8,119	8,465

	12.31.14	12.31.13
Trade and Other payables		
SACME	(2,706)	(2,027)
EASA	-	(1)
	(2,706)	(2,028)

d. Key management personnel's remuneration

	12.31.14	12.31.13
Salaries	54,853	40,539
	54,853	40,539

The other receivables with related parties are not secured and do not accrue interest. No allowances have been recorded for these concepts in any of the periods covered by these financial statements.

- The agreements entered into with related parties are detailed below:

(a) Agreement with Comunicaciones y Consumos S.A.

During 2007 and 2008, the Company and Comunicaciones y Consumos S.A. (CYCSA) entered into agreements pursuant to which the Company granted CYCSA the exclusive right to provide telecommunications services to the Company customers through the use

of the Company's network in accordance with the provisions of Decree 764/2000 of the Federal Government, which contemplates the integration of voice, data and image transmission services through the existing infrastructure of electricity distribution companies such as the Company's network, as well as the right to use the poles and towers of overhead lines under certain conditions. Additionally, the Company has the right to use part of the optical fiber capacity. In accordance with the terms of the agreement, CYCSA will be responsible for all maintenance expenses and expenses related to the adapting of the Company's network for the rendering of such telecommunications services. The term of the agreement, which was originally ten years to commence

from the date on which CYCSA's license to render telecommunications services were approved, was subsequently extended to 20 years by virtue of an addendum to the agreement. In consideration of the use of the network, CYCSA grants the Company 2% of the annual charges collected from customers, before taxes, as well as 10% of the profits obtained from provision of services.

(b) Agreement with Préstamos y Servicios S.A.

The agreement grants Préstamos y Servicios S.A. (PYSSA) the exclusive right to conduct its direct and marketing services through the use of the Company's mailing services. The agreement established that its term was subject to the authorization of the National Regulatory Authority for the Distribution of Electricity, which approved this through ENRE Resolution No. 381/07.

The activities related to the aforementioned agreement have been temporarily suspended in the Company's offices.

(c) Agreement with Electricidad Argentina S.A.

The agreement stipulates the provision to the Company of technical advisory services on financial matters as from September 19, 2005 for a term of five years, which has been extended for another 5 years until 2015. In consideration of these services, the Company pays EASA an annual amount of USD 2.5 million. Any of the parties may terminate the agreement at any time by giving 60 days' notice, without having to comply with any further obligations or paying any indemnification to the other party.

- The ultimate controlling company of Edenor is Pampa Energía S.A.

34. Trust for the Management of Electric Power Transmission Works (FOTAE)

Due to the constant increase recorded in the demand for electricity as a result of the

economic recovery, the Energy Secretariat, through Resolution 1875 dated December 5, 2005, established that the interconnection works through an underground power cable at two hundred and twenty kilovolts (220 kV) between Costanera and Puerto Nuevo Transformer Stations with Malaver Transformer Station were necessary. These works require not only the execution of expansion works but also new layout-designs of the high-voltage subsystems of Edenor and Edesur S.A.'s networks. In addition, it established that a fraction of the electricity rate increase granted to distribution companies by ENRE Resolution 51/07 (as mentioned in Note 2.c.I), would be used to finance up to 30% of the total execution cost of these works, with the remaining 70% of the total cost of the works being absorbed by the MEM's demand. Fund inflows and outflows relating to the aforementioned expansion works are managed by the Works Trust Fund Energy Secretariat Resolution 1/03, which will act as the link among CAMMESA, the Contracting Distribution Companies and the companies that would have been awarded the contracts for the provision of engineering services, supplies and main pieces of equipment as well as those for the execution of the works and provision of minor supplies.

The amount transferred to CAMMESA by the Company as from the commencement date of the project, through contributions in cash, supplies and services totaled \$ 45.8 million.

In accordance with the agreements entered into on August 16, 2007 by and between the Company and the National Energy Secretariat and on December 18, 2008 by and between the Company and Banco de Inversión y Comercio Exterior, in its capacity as Trustee of the Trust for the Management of Electric Power Transmission Works (FOTAE), the Company is responsible for the development of all the stages of the project, regardless of the oversight tasks to be performed by the Works Commission Energy Secretariat Resolution 1/03. The agreement stipulates

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that the Company will be in charge of the operation and the planned and reactive maintenance of the facilities comprising the expansion works, being entitled to receive as remuneration for the tasks and obligations undertaken 2% of the cost of major equipment and 3% of all the costs necessary for the carrying out of civil engineering and electromechanical assembly works relating to the MALAVER-COLEGIALES and MALAVER-COSTANERA electrical transmission lines, the expansion of Malaver Substation and the remaining expansion works of Puerto Nuevo Substation.

The works were developed in different stages, and the Company complied with its responsibility with regard to the development of each of them, as well as with the operation and the planned and reactive maintenance of the facilities comprising the expansion works. The final conclusion of the works occurred in fiscal year 2014.

Furthermore, subsequent to year-end, CAMMESA not only informed the Company of the amounts disbursed by the BICE and CAMMESA for the execution of the aforementioned works, but also requested that the Company carry out the pertinent actions to comply with the provisions of Resolution 1875/05. Consequently, at the date of issuance of these financial statements, the Company has begun to carry out actions aimed at coordinating and reaching agreement, with the different parties involved, on the steps to be followed to have this process finalized. This will make possible to subsequently define the Company's real situation in relation to the obligations that have been imposed to it by mentioned resolution.

As of December 31, 2014, the Company recognized as facilities in service in the Property, plant and equipment account its participation in the works for an estimated value of \$ 141.8 million, including financial charges, \$ 105.6 million of which have not yet been contributed, a debt which is disclosed

in the Other payables account of non-current liabilities.

35. Assets and liabilities of disposal group classified as held for sale and discontinued operations

Sale of EMDERSA/EDELAR

On September 17, 2013, the Company Board of Directors approved the sending to Energía Riojana S.A. (ERSA) and the Government of the Province of La Rioja of an irrevocable offer for (i) the sale of the indirect stake held by the Company in EMDERSA, the parent company of EDELAR, and (ii) the assignment for valuable consideration of certain receivables which the Company has with EMDERSA and EDELAR. On October 4, 2013, the Company received the acceptance of the Offer by ERSA and the Government of the Province of La Rioja in its capacity as controlling shareholder of the buyer. The transaction was closed and effectively carried out on October 30, 2013. The price agreed upon in the aforementioned agreement amounts to \$ 75.2 million and is payable in 120 monthly and consecutive installments, with a grace period of 24 months, to commence from the closing date of the transaction, for the payment of the first installment.

Furthermore, on August 5, 2013 the Company was notified of ENRE Resolution 216/2013, whereby the Regulatory agency declared that the procedure required by Section 32 of Law No. 24,065 with respect to the purchase of EMDERSA, AESEBA and their respective subsidiaries made by the Company in March 2011 had been complied with, formally authorizing the acquisition thereof.

The transaction was closed on October 30, 2013 together with the holding of the Ordinary Shareholders' Meeting that appointed new authorities and approved the actions taken by the outgoing Directors and Supervisory Committee members.

Sale of AESEBA/EDEN's assets

In February 2013 the Company received offers from two investment groups for the acquisition of the total number of shares of AESEBA, the parent company of EDEN. On February 27, 2013, the Company Board of Directors unanimously approved the acceptance of the Offer Letter sent by Servicios Eléctricos Norte BA S.L. (the "Buyer") for the acquisition of the shares representing 100% of AESEBA's capital stock and voting rights. The price offered by the buyer is payable through the delivery of Edenor debt securities for an amount equivalent, considering their quoted price at the date of the acceptance, to approximately USD 85 million of nominal value. Such price was fixed in Bonar 2013 sovereign debt bonds or similar bonds ("the Debt Securities") for a value equivalent to \$ 334.3 million at the closing of the transaction, considering the market value of such government bonds at that time.

In this regard, a Trust was set up in March 2013 by the Settlor (the Buyer), the Trustee (Equity Trust Company from Uruguay) and the Company.

At the closing date of the transaction, which took place on April 5, 2013, the buyer deposited in the Trust cash and Debt Securities for the equivalent of \$ 262 million pesos, considering the market value of those government bonds at the closing date, and, prior to December 31, 2013, the buyer will be required to deposit in the Trust Debt Securities for the equivalent of 8.5 million of nominal value divided by the average price of purchase thereof. At the closing of the transaction, the Company received the rights as beneficiary under the Trust. With the proceeds of the liquidation of the bonds received the Trust will purchase Edenor Class 9 and Class 7 Corporate Notes due in 2022 and 2017, respectively.

In this manner, as of December 31, 2013, the Company divested the AESEBA segment,

which resulted in a loss of \$ 96.5 million, included within the loss from discontinued operations, after tax-related effects and without considering the results of the repurchase of Corporate Notes, which were recognized by the Company when such transaction took place. At December 31, 2013, and due to the repurchases of the Company's own debt made by the Trust, the Company recorded a gain of \$ 71.7 million included in the "Other financial expense" line item of the Statement of Comprehensive (Loss) Income.

The Trust has purchased the totality of Edenor Corporate Notes due in 2017 and 2022 indicated in the respective trust agreement for USD 10 million and USD 68 million of nominal value, respectively. On March 27, 2014, these Corporate Notes were written off.

Due to the repurchases of the Company's own debt made by the Trust, as of December 31, 2014, the Company recorded a gain of \$ 44.4 million, which has been included in the "Other financial expense" line item of the Statement of Comprehensive (Loss) Income.

Additionally, on April 5, 2014, the Trust was terminated and liquidated.

EGSSA SALE

On October 11, 2011, the Company Board of Directors approved the offer received from its controlling shareholder Pampa Energía S.A. (PESA), for the acquisition through a conditioned purchase and sale transaction of 78.44% of the shares and votes of an investment company to be organized, which will be the holder of 99.99% of the shares and votes of EMDERSA Generación Salta S.A. ("EGSSA") together with 0.01% of EGSSA's capital stock held by the Company.

The total and final agreed-upon price for this transaction amounts to USD 10.85 million to be paid in two payments, the first of them for an amount of USD 2.2 million was made

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on October 31, 2011 as partial payment of the price, and the remaining balance, i.e. an amount of USD 8.7 million was paid on October 4, 2013 by an equivalent of \$ 53.3 million as principal and interest.

The aforementioned payment was made in cash for \$ 0.5 million and through the delivery of the Company's Class 9 Corporate Notes due 2022 for a nominal value of USD 10 million.


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Discontinued operations

The financial statements related to discontinued operations included in this financial statement are disclosed below:

a. Statements of comprehensive loss

	12.31.14	12.31.13
Revenue for services	-	399,619
Revenue from construction	-	9,028
Cost of sales	-	(164,241)
Cost of construction	-	(9,028)
Gross profit	-	235,378
Transmission and distribution expenses	-	(104,392)
Selling expenses	-	(56,439)
Administrative expenses	-	(36,855)
Other operating income	-	1,865
Other operating expense	-	(2,600)
Operating profit	-	36,957
Financial income	-	14,803
Financial expenses	-	(28,576)
Other financial results	-	(7,473)
Net financial expense	-	(21,246)
Profit before taxes	-	15,711
Income tax and minimum national income tax	-	(7,136)
Profit after taxes	-	8,575
Loss on subsidiary sale	-	(185,959)
Loss from assets made available for sale	-	(7,146)
Tax effect	-	89,422
Loss for the year	-	(95,108)
Gain (loss) for the year attributable to:		
Owners of the parent	-	(96,128)
Non-controlling interests	-	1,020
	-	(95,108)

b. Estados de Flujos de Efectivo

	31.12.14	31.12.13
Net cash flows generated by operating activities	-	168,628
Net cash flows used in investing activities	-	(124,246)
Net cash flows generated by financing activities	-	25,388
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	69,770


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36. Merger process – EMDERSA HOLDING S.A.

On December 20, 2013, the Company Extraordinary Shareholders' Meeting approved the merger of Emdersa Holding S.A. (as the acquired company, which will be dissolved without liquidation) with and into Edenor S.A. (as the acquiring and surviving company), as well as all the documentation and information required for such purpose by the applicable regulations. The effective reorganization date for legal, accounting and tax purposes is retroactive to October 1, 2013. At the date of issuance of these financial statements, the administrative approval thereof by the Inspección General de Justicia (Argentine governmental regulatory agency of corporations) is in process.

37. Electric works arrangement - Agreement for the supply of electric power to Mitre and Sarmiento railway lines

In September 2013, the Company and the Interior and Transport Ministry entered into a supply and financial contribution arrangement pursuant to which the Federal Government will finance the necessary electric works aimed at adequately meeting the greater power requirements of the Mitre and Sarmiento railway lines.

The total cost of the works amounts to \$ 114.3 million. The Federal Government will bear the costs of the so called "exclusive facilities", which amount to \$ 59.9 million, whereas the costs of the remaining works will be financed by the Federal Government and reimbursed by the Company.

The financed amount of \$ 54.4 million will be reimbursed by the Company in seventy-two monthly and consecutive installments, as from the first month immediately following the date on which the Works are authorized and brought into service.

During the fiscal year being reported, the Company received disbursements for \$ 79.2

million, relating to installments 1 through 4, in addition to the advance payment collected in fiscal year 2013 for \$ 20 million. As of December 31, 2014, the Company recorded \$ 52 million as Non-current deferred revenue and \$ 47.2 million as Non-current trade payables – Customer contributions.

38. Construction works - San Miguel and San Martín Transformer Centers

The Company carried out construction works of a 7.3 km-long electrical transmission line consisting of four 13.2 kV lines in trefoil formation to link Rotonda Substation with San Miguel Transformer Center, owned by ENARSA, necessary for the provision of electric power generation services; and a 6.2 km-long electrical transmission line consisting of a 13.2 kV line in trefoil formation to link Rotonda Substation with San Martín Transformer Center, owned by ENARSA.

The works were carried out by the Company with the contributions made by ENARSA. Negotiations are currently being held concerning the modality and conditions under which the ownership of the works will be assigned to Edenor S.A. with the signing of the respective agreements. As of December 31, 2014, the Company continues to recognize liabilities for this concept in the Deferred revenue account. The recordings made until now and described in this note will be adjusted based on the previously mentioned definitions.

39. Safekeeping of documentation

On August 14, 2014, the National Securities Commission (CNV) issued General Resolution No. 629 which introduced changes to its regulations concerning the safekeeping and preservation of corporate books, accounting books and commercial documentation. In this regard, it is informed that for safekeeping purposes the Company has sent its workpapers and non-sensitive information, whose periods for retention have not expired,

to the warehouses of the firm Iron Mountain Argentina S.A., located at:

- 1245 Azara St. – City of Buenos Aires
- 2163 Don Pedro de Mendoza Av. – City of Buenos Aires
- 2482 Amancio Alcorta Av. – City of Buenos Aires
- Tucumán St. on the corner of El Zonda, Carlos Spegazzini City, Ezeiza, Province of Buenos Aires

Furthermore, on February 5, 2014 a publicly known incident occurred in the warehouses of Iron Mountain S.A. located at 1245 Azara St. At the date of issuance of these financial statements, the Company has not been informed about whether the documentation stored thereat had been effectively affected by the fire or the condition thereof after the incident.

Nevertheless, in accordance with the internal survey carried out by the Company, the results of which were duly informed to the CNV on February 18, 2014, the fire affected between 20% and 30% of Edenor's documentation that Iron Mountain S.A. had in its warehouse and under its custody, which, it is estimated, does not affect the normal development of the business.

Furthermore, the detail of the documentation stored outside the Company's offices for safekeeping purposes, as well as the documentation referred to in section 5 subsection a.3) of Caption I of Chapter V of Title II of the REGULATIONS (Technical Rule 2013, as amended) is available at the Company's registered office.

40. Events after the reporting period**Exceptional recognition not regarded as a salary item**

On January 13, 2015, the Labor and Social Security Ministry issued Resolution No. 47/15 pursuant to which the Company is instructed

to pay, on a one-time and extraordinary basis, to its employees who are represented by the Sindicato de Luz y Fuerza an amount not regarded as a salary item (i.e. included in the salary but not subject to social security charges nor considered for the payment of the mid and year-end bonus) of \$ 8,000 that the Company paid in two payments of \$ 4,000 made on January 20 and February 20, 2015, respectively.

Moreover, it was the Management's decision to extend this measure to all Company employees.

GUSTAVO MARIANI
Vice Chairman

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Report of Independent Auditors

To the Board of Directors, President and Shareholders of
 Empresa Distribuidora y Comercializadora Norte
 Sociedad Anónima (Edenor S.A.)
 Legal address: Avenida del Libertador 6363
 Autonomous City of Buenos Aires
 Tax Code No. 30-65511620-2

Report on financial statements

We have audited the accompanying financial statements of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.) (hereinafter, Edenor S.A.), including the statement of financial position as of December 31, 2014, the related statements of comprehensive loss, of changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The amounts and other information related to fiscal year 2013 are an integral part of the audited financial statements mentioned above and therefore should be considered in relation to those financial statements.

Directors' responsibility

Company's Board of Directors is responsible for the preparation and reasonable presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as the applicable accounting framework, and incorporated by the National Securities Commission (CNV) to its regulations, as they were approved by the International Accounting Standards Board (IASB). Company's Board of Directors is also responsible for the existence of internal

control that it deems necessary to enable the preparation of financial statements free of material misstatement due to errors or irregularities. Our responsibility is to express an opinion on these financial statements based on our audit with the scope detailed in paragraph "Auditors' Responsibility".

Auditors' responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of FACPCE as were approved by the International Auditing and Assurance Standards Board (IAASB) and require that we comply with ethics requirements, as well as plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement in the financial statements due to fraud or error. In making this risk assessment, the auditor should take into account the internal control relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate, depending on the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies applied, the reasonableness of significant estimates made by Company's management and presentation of the financial statements as a whole.

We believe that the evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph of this report present fairly, in all material aspects, the financial position of Edenor S.A. as of December 31, 2014, its comprehensive loss and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter paragraph

We want to emphasize the situation detailed in Notes 1 and 2 to the financial statements, primarily regarding the delay in obtaining tariff increases and / or recognition of actual higher costs and the constant increase in operating costs needed to maintain the level of service, that made the Company has registered in the years ended December 31, 2014, 2012 and 2011 operating loss and net loss, and both their liquidity and working capital have been severely affected, even in the year 2013. These factors raise a substantial doubt about the Company's ability to continue operating as a going concern. The Company has prepared these financial statements using accounting principles applicable to a going concern. Therefore, these financial statements do not include the effects of possible adjustments and / or reclassifications, if any, that might be required if the situation described is not solved in favor of the continuance of Company's operations, and it would be forced to sell its assets and cancel its liabilities, including contingent ones, under conditions other than the normal course of business. Our conclusion contains no exceptions on this situation.

As indicated in Note 16 to the financial statements, as of December 31, 2014, the Company's accumulated deficit consumed

more than 50% of share capital and the reserves. Section 206 of the Argentine Business Organizations Law No. 19,550 establishes that the Company shall make a mandatory reduction of capital stock and therefore the shareholders of the Company shall take measures as deemed necessary to resolve this situation. Our conclusion contains no exceptions on this situation.

Report on compliance with current regulations

In compliance with regulations in force, we report that:

- a) the financial statements of Edenor S.A. have been transcribed into the "Inventory and Balance Sheet" book and, insofar as concerns our field of competence, are in compliance with the provisions of the Commercial Companies Law and pertinent resolutions of the National Securities Commission;
- b) the financial statements of Edenor S.A. arise from accounting records kept in all formal aspects in conformity with legal regulations, which maintain the security and integrity conditions on the basis of which they were authorized by the National Securities Commission;
- c) we have read the summary of activity and the additional information to the notes to the financial statements (presented separately from these financial statements) required by section 68 of the listing regulations of the Buenos Aires Stock Exchange and by Section 12, Chapter III, Title IV of CNV regulations, on which, as regards those matters that are within our competence, we have no observations to make;
- d) as of December 31, 2014 the liabilities accrued in favor of the Argentine Integrated Social Security System, according to the Company's accounting

records, amounted to \$ 28,552,701, which were not yet due at that date;

e) as required by Article 21, subsection e), Chapter III, Section VI, Title II of the regulations of the National Securities Commission, we report that total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2014 account for:

e.1) 99% of the total fees for services billed to the Company for all items during that fiscal year;

e.2) 28,8% of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;

e.3) 25,3% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

f) we have applied the anti-money laundering and anti-terrorist financing procedures foreseen in the professional standards issued by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires, March 9, 2015.

/s/ PRICE WATERHOUSE & CO. S.R.L.

Andrés Suarez (Partner)



 **Edenor**