

EDENOR S.A.

Balance Sheets as of March 31, 2008 and December 31, 2007
Statements of Income for the three-month periods ended March 31, 2008 and 2007
Statements of Changes in Shareholders' Equity for the three-month periods
ended March 31, 2008 and 2007
Statements of Cash Flows for the three-month periods ended March 31, 2008 and 2007
Notes to the Financial Statements as of March 31, 2008 and 2007

Shareholders and public in general who are interested in learning more about the report related to the Financial Statements as of March 31, 2008, to be published in the electronic database of the Securities and Exchange Commission (SEC), please visit the Edenor website at www.edenor.com.

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

BOARD OF DIRECTORS

CHAIRMAN: Alejandro Macfarlane

VICE CHAIRMAN: Marcos Marcelo Mindlin

DIRECTORS: Damián Miguel Mindlin
Gustavo Mariani
Luis Pablo Rogelio Pagano
Maximiliano Alejandro Fernandez
Alfredo Mac Laughlin (until April 15, 2008)
Ricardo Torres (since April 15, 2008)
Diego Martín Salaverri
Edgardo Alberto Volosín
Ignacio Raúl Chojo Ortiz
Rafael Mancuso

ALTERNATE DIRECTORS: Jorge Grecco
Javier Douer
Pablo Díaz
Ariel Schapira
Brian Henderson
Ricardo Sericano
Maia Chmielewski
Gabriel Cohen
Eduardo Maggi
Alejandro Mindlin
Carlos Florencio Correa Urquiza

SUPERVISORY COMMITTEE

MEMBERS: Javier Errecondo
José Daniel Abelovich
Marcelo Javier Ruiz

ALTERNATE MEMBERS: Santiago Dellatorre
Marcelo Héctor Fuxman
Roberto Daniel Murmis

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

Legal address: 1025 Azopardo Street – Autonomous City of Buenos Aires

FISCAL YEAR No. 17 BEGINNING ON JANUARY 1, 2008**FINANCIAL STATEMENTS AS OF MARCH 31, 2008**

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 (Note 1).

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: Through August 3, 2087

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

CAPITAL STRUCTURE**AS OF MARCH 31, 2008**

(Note 16.a)

(amounts stated in pesos)

<u>Class of shares</u>	<u>Subscribed and paid-in</u>
Common, book-entry shares, face value 1 and 1 vote per share	
Class A	462,292,111
Class B	442,210,385
Class C	<u>1,952,604</u>
	<u>906,455,100</u>

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

(English translation of the financial statements originally issued in Spanish - Note 25)

BALANCE SHEETS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

(stated in thousands of pesos)

	2008	2007		2008	2007
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks	8,222	3,459	Trade accounts payable (Note 6)	274,564	316,152
Investments (Exhibit D)	108,805	97,739	Loans (Note 7)	70,759	29,290
Trade receivables (Note 4)	350,301	345,979	Salaries and social security taxes (Note 8)	50,400	59,904
Other receivables (Note 5)	26,504	25,990	Taxes (Note 9)	94,644	84,641
Supplies	16,339	23,174	Other liabilities (Note 10)	6,854	9,710
Total Current Assets	510,171	496,341	Accrued litigation (Exhibit E)	40,623	39,868
			Total Current Liabilities	537,844	539,565
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES		
Trade receivables (Note 4)	91,998	100,300	Trade accounts payable (Note 6)	36,562	35,466
Other receivables (Note 5)	133,657	144,107	Loans (Note 7)	955,170	949,062
Investments in other companies (Exhibit C)	390	390	Salaries and social security taxes (Note 8)	26,898	24,694
Supplies	14,050	13,759	Other liabilities (Note 10)	291,989	281,395
Property, plant and equipment (Exhibit A)	3,135,177	3,092,709	Accrued litigation (Exhibit E)	43,401	42,843
Total Non-Current Assets	3,375,272	3,351,265	Total Non-Current Liabilities	1,354,020	1,333,460
			Total Liabilities	1,891,864	1,873,025
Total Assets	3,885,443	3,847,606	SHAREHOLDERS' EQUITY (as per related statements)	1,993,579	1,974,581
			Total Liabilities and Shareholders' Equity	3,885,443	3,847,606

The accompanying notes 1 through 25 and supplemental exhibits A, C, D, E, G and H are an integral part of these financial statements

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)
--

(English translation of the financial statements originally issued in Spanish - Note 25)

STATEMENTS OF INCOME**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2008 AND 2007**

(stated in thousands of pesos)

	2008	2007
Net sales (Note 11)	455,673	628,364
Electric power purchases	(214,871)	(214,331)
Gross margin	240,802	414,033
Transmission and distribution expenses (Exhibit H)	(117,411)	(98,879)
Selling expenses (Exhibit H)	(27,508)	(20,504)
Administrative expenses (Exhibit H)	(31,732)	(26,282)
Net operating income	64,151	268,368
Financial income (expense) and holding gains (losses)		
Generated by assets		
Exchange difference	984	67
Interest	2,524	1,541
Holding results	(107)	28
Generated by liabilities		
Financial expenses (*)	(2,213)	(11,569)
Exchange difference	(6,873)	(14,765)
Interest (**)	(18,891)	(11,261)
Adjustment to present value of the retroactive tariff increase arising from the application of the new electricity rate schedule and of the Payment Plan Agreement with the Province of Bs.As. (Notes 13 and 17.b)	3,778	(41,212)
Adjustment to present value of notes (Note 3.j)	(166)	(15,062)
Other income (expense), net (Note 12)	(6,639)	(6,393)
Income before taxes	36,548	169,742
Income tax (Note 3.m)	(17,550)	(62,973)
Net income for the period	18,998	106,769
Earnings per common share	0.021	0.128

(*) The breakdown of financial expenses is as follows:

Expense related to the public offering of capital stock (Note 1)	0	(7,098)
Financial assistance Electricidad Argentina S.A. (Note 15)	(1,579)	(1,598)
Withholding income tax and others financial expenses	(634)	(2,873)
Total	(2,213)	(11,569)

(**) Includes 2,152 as of March 31, 2008 for adjustment of penalties (Note 17.b)

The accompanying notes 1 through 25 and supplemental exhibits A, C, D, E, G and H are an integral part of these financial statements

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

(English translation of the financial statements originally issued in Spanish - Note 25)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2008 AND 2007

(stated in thousands of pesos)

	2008							2007
	Shareholders' contributions				Retained earnings			Total
	Nominal Value (Note 16.a)	Adjustment to Capital	Additional Paid-in Capital	Total	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	
Legal Reserve					Accumulated Deficit			
Balance at beginning of year	906,455	996,489	106,928	2,009,872	53,320	(88,611)	1,974,581	1,670,350
Net income for the period	-	-	-	-	-	18,998	18,998	106,769
Balance at end of period	906,455	996,489	106,928	2,009,872	53,320	(69,613)	1,993,579	1,777,119

The accompanying notes 1 through 25 and supplemental exhibits A, C, D, E, G and H are an integral part of these financial statements

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)
--

(English translation of the financial statements originally issued in Spanish - Note 25)

STATEMENTS OF CASH FLOWS**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2008 AND 2007**

(stated in thousands of pesos)

	2008	2007
Changes in cash and cash equivalents		
Cash and cash equivalents at beginning of year (Note 18.a)	101,198	32,673
Cash and cash equivalents at end of period (Note 18.a)	117,027	40,496
Net increase in cash and cash equivalents	15,829	7,823
Reasons for changes in cash and cash equivalents		
Cash flows from operating activities		
Net income for the period	18,998	106,769
Adjustments to reconcile net income to net cash flows provided by operating activities		
Depreciation of property, plant and equipment (Exhibit A)	41,665	44,444
Retirement of property, plant and equipment (Exhibit A)	0	122
Adjustment to present value of notes (Note 3.j)	166	15,062
Exchange difference, interest and penalties on loans	15,755	25,201
Income tax (Note 3.m)	17,550	62,973
Increase in trade receivables due to the unbilled portion of the retroactive tariff increase	0	(211,396)
Adjustment to present value of the retroactive tariff increase arising from the application of the new electricity rate schedule and of the Payment Plan Agreement with the Province of Bs.As. (Notes 13 and 17.b)	(3,778)	41,212
Changes in assets and liabilities:		
Decrease (Increase) in trade receivables (net of the unbilled portion of the retroactive tariff increase)	7,159	(8,616)
Net (increase) decrease in other receivables	(7,614)	3,841
Decrease (Increase) in supplies	6,544	(1,075)
Decrease in trade accounts payable	(40,492)	(40,711)
Decrease in salaries and social security taxes	(7,300)	(8,558)
Increase in taxes	10,003	16,688
Increase in other liabilities	7,738	1,479
Net increase in accrued litigation	1,313	2,635
Financial interest collected (Note 18.b)	599	755
Net cash flows provided by operating activities	68,306	50,825
Cash flows from investing activities		
Additions of property, plant and equipment	(84,133)	(43,002)
Net cash flows (used) in investing activities	(84,133)	(43,002)
Cash flows from financing activities		
Increase in loans (Note 7)	31,656	0
Net cash flows provided by financing activities	31,656	0
Net Increase in Cash and Cash Equivalents	15,829	7,823

The accompanying notes 1 through 25 and supplemental exhibits A, C, D, E, G and H are an integral part of these financial statements

**EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A.
(EDENOR S.A.)**

NOTES TO THE FINANCIAL STATEMENTS

AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

(amounts stated in thousands of Argentine pesos)

1. ORGANIZATION AND START UP OF THE COMPANY

In compliance with Law No. 24,065 and in agreement with the reform process of the Argentine Federal Government and the privatization program of Argentine state-owned companies, the entire business of generation, transportation, distribution and sale of electric power carried out by Servicios Eléctricos del Gran Buenos Aires S.A. (SEGBA) was declared to be subject to privatization; the operation was divided into seven business units: three for the distribution and four for the generation of electric power.

On May 14, 1992, the Ministry of Economy and Public Works and Utilities, by Resolution No. 591/92, approved the Bidding Terms and Conditions (Bid Package) of the International Public Bidding for the sale of the Class "A" shares, representing 51% of the capital stock of Empresa Distribuidora Norte S.A. (hereinafter, "EDENOR" or "the Company") and Empresa Distribuidora Sur S.A. (EDESUR S.A.), two of the three electric power distribution companies into which SEGBA had been divided.

EDF International (EDF S.A.), Empresa Nacional Hidroeléctrica del Ribagorzana, S.A. (ENHER), Astra Compañía Argentina de Petróleo S.A. (ASTRA), Société D'Amenagement Urbain et Rural (SAUR), Empresa Nacional de Electricidad S.A. (ENDESA) and J.P. Morgan International Capital Corporation formed Electricidad Argentina S.A. (EASA) to bid for the Class "A" shares of EDENOR, a company organized on July 21, 1992 by Decree No. 714/92 of the Federal Government.

EASA was awarded the Class "A" shares of EDENOR based on a bid of US\$ 427,973,000 (equivalent to the same amount in Argentine pesos as of such date). The corresponding contract for the transfer of 51% of EDENOR's capital stock was executed on August 6, 1992. The award as well as the transfer contract was approved on August 24, 1992 by Decree No. 1,507/92 of the Federal Government. Finally, on September 1, 1992, EASA took over the operations of EDENOR.

In accordance with the provisions of Decree No. 282/93 of the Federal Government, dated February 22, 1993, the recorded values of assets, liabilities and net capital arising from the transfer of SEGBA, were determined on the basis of the price actually paid for 51% of EDENOR's capital stock (represented by the totality of Class "A" shares). This price was also used as the basis to determine the value of the remaining 49% of the capital stock. In order to determine the value of the assets transferred from SEGBA, the amount of liabilities assumed was added to the value of the total capital stock of 831,610, determined as indicated above. Management estimates that the amounts of the assets transferred from SEGBA represented their fair values as of the date of the privatization.

The corporate purpose of EDENOR is to engage in the distribution and sale of electricity within the concession area. Furthermore, the Company may subscribe or acquire shares of other electricity distribution companies, subject to the approval of the regulatory agency, lease 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 or through subsidiaries or related companies. In addition, the Company may act as trustee of trusts created under Argentine laws, including extending secured credit facilities to service vendors and suppliers acting in the distribution and sale of electricity, who have been granted guarantees by reciprocal guarantee companies owned by the Company.

On June 12, 1996, the Extraordinary Shareholders' Meeting approved the change of the Company's name to Empresa Distribuidora y Comercializadora Norte S.A. (EDENOR S.A.) so that the new name would reflect the description of the Company's core business. The amendment to the Company's by-laws as a consequence of the change of name was approved by the National Regulatory Authority for the Distribution of Electricity (ENRE - *Ente Nacional Regulador de la Electricidad*), through Resolution No. 417/97 and registered with the Public Registry of Commerce on August 7, 1997.

On May 4 and June 29, 2001, EDF International S.A. (a wholly-owned subsidiary of EDF) acquired all the shares of EASA and EDENOR held by ENDESA Internacional, YPF S.A. (surviving company of ASTRA) and SAUR. Therefore, the direct and indirect interest of EDF International S.A. (EDFI) in EDENOR increased to 90%.

On June 29, 2005, the Board of Directors of EDF approved a draft agreement with Dolphin Energía S.A. (Dolphin) pursuant to which it would assign 65% of EDENOR's capital stock (held by EDFI) through the transfer of all Class "A" common shares held by EASA and 14% of the Class "B" common shares. In this manner, EDFI would retain a 25% interest in EDENOR. The remaining 10% would be kept by the employees according to the Employee Stock Ownership Program (ESOP). The closing of the agreement took place upon its approval by the corresponding French and Argentine governmental authorities.

On September 15, 2005, by virtue of the stock purchase-sale agreement entered into by EDFI and Dolphin and Dolphin's subsequent partial assignments of its interest in EASA and EDENOR to IEASA S.A. (IEASA) and New Equity Ventures LLC (NEV), the formal take over by Dolphin took place, together with the change in the Company's indirect control through the acquisition of 100% of the capital stock of EASA, which is the controlling company of EDENOR, by Dolphin (90%) and IEASA (10%) (See last paragraph of this Note). Furthermore, as a result of the aforementioned agreement, the ownership of the Company's Class "B" common shares (representing 39% of its capital stock) changed with 14% of the Company's capital stock now being held by NEV and the remaining 25% being kept by EDFI.

On April 28, 2006, the Company's Board of Directors decided to initiate the public offering of part of the Company's capital stock in local and international markets, including, but not limited to the trading of its shares in the Buenos Aires Stock Exchange (BCBA) and the New York Stock Exchange (NYSE), United States of America.

On June 7, 2006, the Ordinary and Extraordinary Shareholders' Meeting resolved to increase capital stock up to ten percent (10%), request authorization for the public offering from both the National Securities Commission (CNV) and the Securities and Exchange Commission (SEC) of the United States of America, as well as authorization to trade from both the Buenos Aires Stock Exchange and the New York Stock Exchange, entrusting the Board of Directors with the task of taking the necessary steps to implement such resolutions.

Additionally, it was decided that an American Depositary Receipts (ADRs) program, represented by American Depositary Shares (ADSs) would be created and that it would be the responsibility of the Board of Directors to determine the terms and conditions and the scope of the program.

On June 14, 2007, the Board of Directors held a meeting in which a final report was presented on Edenor's capital increase and public offering process, which ended on May 7, 2007 at 3 p.m., date on which the preferential subscription period established for the Company's shareholders expired. As a result of the above-mentioned process, the Company's Class B shares and American Depositary Shares ("ADSs"), representing Class B shares, are currently traded on the Buenos Aires Stock Exchange and the New York Stock Exchange, respectively. The final capital increase, as resolved by the above-mentioned Board of Directors' meeting, amounted to nine percent (9%) which is represented by 74,844,900 (seventy-four million eight hundred forty-four thousand nine hundred) new shares subscribed at the international primary offering, fully placed as 3,742,245 ADS. It was also reported that a secondary international offering was made on this date of 207,902,540 Class B shares. .

The aforementioned issuance was carried out at a price of 2.62 per share. Taking into account that the nominal value of each share is 1.00, an additional paid-in capital, amounting to 121,249, was recorded.

For the year ended December 31, 2007, expenses incurred by the Company in relation to this process amounted to 14,321, which have been offset against the aforementioned additional paid-in capital, in accordance with the provisions of section No. 202 of the Argentine Business Organizations Law No. 19,550. Therefore, the balance of the additional paid-in capital, net of expenses, as of that date amounts to 106,928.

As of March 31, 2007, expenses incurred by the Company had amounted to 7,098, which, as indicated in the preceding paragraph, were subsequently offset against the additional paid-in capital.

The Class "B" shareholders NEV and EDFI sold at the secondary international offering 49,401,480 and 179,049,520 Class "B" shares, respectively. Additionally, on May 1, 2007, the shareholders NEV and EDFI sold 57,706,040 Class "B" shares at the secondary international offering when the international underwriters fully exercised the over-allotment option (green shoe) contemplated in the prospectus for the public offering and section 2 of the underwriting agreement.

With regard to the Company's Class "C" shares held by the Employee Stock Ownership Program (ESOP), on April 29, 2007 the ESOP was partially cancelled in advance in conformity with a procedure set forth by the Federal Government, and on April 30, 2007, an amount of 81,208,416 shares, which had been converted into Class "B" shares on April 27, 2007, was sold at the domestic secondary offering. As of the date of issuance of these financial statements, an amount of 1,952,604 Class "C" shares, representing 0.22% of the Company's capital stock, remains outstanding.

Furthermore, Dolphin and IEASA contributed 38,170,909 Class "B" shares of the Company that had been transferred to them by NEV to EASA, which is the controlling company. On April 27, 2007, the contributed shares were converted into Class "A" shares to ensure that EASA continues to hold 51% of all the Class "A" shares outstanding. On April 30, 2007, the Company requested that Caja de Valores S.A. register the new Class "A" shares and extend thereto the regulatory pledge in favor of the Argentine Government, in compliance with the Bidding Terms and Conditions of the International Public Bidding, the provisions of the Concession Agreement of Edenor S.A., and the terms of the related pledge agreements signed on August 31, 1992 and July 14, 1994 which, in accordance with their second clause, EASA was required to extend the first-priority preferred security interest to any Class "A" Shares of the Company that EASA would acquire on a date subsequent to those of said Agreements.

Moreover, section 19 of the Adjustment Agreement entered into by the Company and the Argentine Government, which was ratified by Decree No. 1957/2006, stipulates that the pledge on the Company's shares in favor of the Argentine Government granted as security for the performance of the Concession Agreement will be extended to include the performance of the obligations assumed by the Company in this Adjustment Agreement.

The Company was notified that on June 22, 2007, the shareholders of Dolphin Energía S.A. and IEASA S.A. (that own 100% of the stock of Electricidad Argentina S.A., the controlling company of Edenor S.A.) and Pampa Holding S.A. entered into a memorandum of understanding whereby it was agreed that the totality of the capital stock of Dolphin Energía S.A. and IEASA S.A. would be exchanged for common shares of Pampa Holding S.A.

Furthermore, the Company received a notice from EASA whereby it was informed that the exchange for shares described in the preceding paragraph had formally been agreed-upon on September 28, 2007 under a Stock Subscription Agreement was entered into by Pampa Holding S.A., Marcos Marcelo Mindlin, Damián Miguel Mindlin, Gustavo Mariani, Latin American Energy LLC, New Equity Ventures LLC and Deutsche Bank AG, London Branch. Moreover, on such date, Pampa Holding S.A. acquired 100% of the capital stock of Dolphin Energía S.A. and IEASA S.A., which together own 100% of the capital stock of EASA.

Consequently, as of March 31, 2008, the Company's capital stock, represented by 906,455,100 shares is held as follows (Note 16.a):

- a) 51% of the Company's capital stock is held by EASA, represented by 462,292,111 Class "A" shares, which have been pledged in favor of the Argentine Government as evidenced by the certificate issued by Caja de Valores.
- b) 48.78% of the Company's capital stock, represented by 442,210,356 Class "B" shares is traded in the market,
- c) 0.22% of the Company's capital stock, represented by 1,952,604 Class "C" shares is held by Banco Nación as trustee of the Employee Stock Ownership Program, and
- d) 19 and 10 Class "B" shares are held by NEV and EDFI, respectively.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

Financial statements presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the Autonomous City of Buenos Aires, Argentina (hereinafter "Argentine GAAP") and the criteria established by the National Securities Commission (CNV), taking into account that which is mentioned in the following paragraphs.

The amounts of these financial statements are stated in thousands of Argentina pesos.

As from January 1, 2003 and as required by General Resolution No. 434/03 of the CNV, the Company reports the results of its operations, determines the values of its assets and liabilities and determines its profit and loss in conformity with the provisions of Technical Resolutions (TR) Nos. 8, 9 and 16 through 18 (amended text June 2003). As from January 1, 2004, the Company has applied the provisions of TR No. 21 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires (CPCECABA), with specific few exceptions and clarifications introduced by General Resolution No. 459/04 of the CNV.

The CNV through its General Resolutions Nos. 485/05 and 487/06 decided to implement certain changes in the Argentine GAAP effective for fiscal years or interim periods beginning as from January 1, 2006, by requiring the application of TR Nos. 6, 8, 9, 11, 14, 16, 17, 18, 21, and 22 and Interpretations 1, 2, 3, and 4, of the FACPCE with the amendments introduced by such Federation through April 1, 2005 (Resolution No. 312/05) and adopted by the CPCECABA (Resolution CD No. 93/05) with certain amendments and clarifications.

Among the aforementioned changes the following can be noted: i) the comparison between the values of certain assets and their recoverable values, using discounted cash-flows; ii) the consideration of the difference between the accounting and tax values resulting from the adjustment for inflation included in non-monetary assets, as a temporary difference, allowing the Company to either recognize a deferred tax liability or to disclose the effect of such accounting change in a note to the financial statements and (iii) the capitalization of interest cost on certain assets (only those assets that require an extended period of time to be produced or acquired would qualify) during the term of their construction and until they are in condition to be used.

The Company has completed its analysis of the impact of the application of the change mentioned in the preceding paragraph under (i) on its property, plant and equipment and has determined that said change does not have a significant impact on the Company's financial position or net income for the period ended March 31, 2008, given that the fair value (defined as the discounted value of net cash flows arising from both the use of the assets and their final disposal) exceeds their recorded value (Note 3.g).

With regard to item (ii), the Company has decided to disclose said effect in a note to the financial statements. Had the Company chosen to recognize the effect of the adjustment for inflation of its property, plant and equipment as a temporary difference, as of March 31, 2008 and 2007 a deferred tax liability of approximately 431,653 and 461,611 respectively would have been recorded. As a result, a debit to prior year adjustment (unappropriated retained earnings - accumulated deficit) amounting to 438,873 and 469,710; and a credit to net income for the period, under the income tax account, amounting to 7,220 and 8,099, respectively would have been recorded as of those dates.

Additionally, had the Company elected to recognize a deferred tax liability, and excluding the effects of the allowance for impairment of value of deferred tax assets in subsequent years, the Company would have recorded an income tax expense that would have been lower than the income tax expense that will be recorded as a result of maintaining the criterion applied up to the moment, whose distribution in subsequent years has been estimated as follows:

Year	Effect on deferred tax result Nominal value
2008 (nine months)	20,656
2009	26,396
2010	25,011
2011	24,084
2012 – 2016	106,866
2017 – 2021	88,058
Remainder	<u>140,582</u>
Total	<u>431,653</u>

Consideration of the effects of inflation

The financial statements fully reflect the effects of the changes in the purchasing power of the currency through August 31, 1995. As from such date, and in accordance with Argentine GAAP and the requirements of control authorities, the restatement of the financial statements to reflect the effects of inflation was discontinued until December 31, 2001. As from January 1, 2002, and in accordance with Argentine GAAP, it was established that inflation adjustment be reinstated and that the accounting basis restated as a result of the change in the purchasing power of the currency through August 31, 1995, as well as transactions with original date as from such date through December 31, 2001, be considered as restated as of the latter date. The financial statements have been restated to reflect the effects of inflation based on the variations of the Domestic Wholesale Price Index.

On March 25, 2003, the Federal Government issued Decree No. 664 establishing that financial statements for fiscal years ending as from such date had to be prepared in nominal currency. Consequently, and in accordance with Resolution No. 441 of the CNV, the Company discontinued the restatement of its financial statements as from March 1, 2003. This criterion does not agree with Argentine GAAP which establishes that financial statements were to be restated through September 30, 2003. The Company has estimated that the effect of not having restated the financial statements through September 30, 2003 is not significant to the financial statements.

Changes in Argentine GAAP

On May 24, 2006 the Board of the CPCECABA approved TR No. 23 "Argentine GAAP – Employee benefits upon termination of labor relationship and other long-term benefits". This TR is in effect for the Company's financial statements for fiscal years or interim periods beginning as from January 1, 2007. The amounts corresponding to the personnel benefits plan (pension plan) implemented by the Company are as follow (Notes 3.o and 8):

The periodical components of the personnel benefits plan for the periods ended March 31, 2008 and 2007, which are disclosed in Other income (expense), net under Voluntary retirements – terminations (Note 12), are as follow:

	2008	2007
Cost	327	281
Interest	995	719
Amortization of recognized net actuarial loss	<u>190</u>	<u>190</u>
	<u>1,512</u>	<u>1,190</u>

The detail of the variations in the Company's payment commitments under the personnel benefits plan as of March 31, 2008 and December 31, 2007, is as follows:

	2008	2007
Payment commitments under the personnel benefits plan at the beginning of the year	19,083	15,352
Cost	327	1,125
Interest	995	2,874
Actuarial loss	0	761
Benefits paid to participating employees	<u>(59)</u>	<u>(1,029)</u>
Payment commitments under the personnel benefits plan at the end of the period/year	<u>20,346</u>	<u>19,083</u>
Payment commitments under the personnel benefits plan at the end of the period/year	20,346	19,083
Unrecognized net actuarial loss	<u>(5,526)</u>	<u>(5,716)</u>
Total personnel benefits plan (pension plan) (Note 8)	<u>14,820</u>	<u>13,367</u>

Future payment commitments required under the personnel benefits plan are as follow:

Years of retirement	
2008	2,421
2009	2,553
2010	3,054
2011	3,389
2012	4,070
2013-2017	14,787

Payment commitments under the personnel benefits plan projected for the 2008 fiscal year are as follow:

	2008
Cost	1,306
Interest	3,977
Amortization of recognized net actuarial loss	761
	6,044

The following information shows the effect of increasing/decreasing by 1% the discount rate used for the year's projections:

Payment commitments under the personnel benefits plan at the end of the period	19,083
Effect of 1% increase	18,050
Effect of 1% decrease	20,261

Actuarial assumptions used were the following:

	2008
Discount rate	21%
Salary increase	20%
Inflation	14%

The actuarial method used by the Company is the "Projected Unit Credit Method".

As of March 31, 2008 and December 31, 2007, the Company does not have any assets related to the personnel benefit plan (pension plan).

3. VALUATION CRITERIA

The main valuation criteria used in the preparation of the financial statements are as follow:

a) Cash and banks:

- In local currency: at nominal value.
- In foreign currency: at the exchange rate in effect as of the end of the period/year. The corresponding detail is disclosed in Exhibit G.

b) Current investments:

Current investments include:

- Time deposits, which include the portion of interest income accrued through the end of the period/year; those denominated in foreign currency have been valued at the rate of exchange in effect as of the end of the period/year,
- Money market funds, which have been valued at the prevailing market price as of the end of the period/year, and
- Notes receivable (Commercial Paper), which have been valued at the prevailing market price as of the end of the period/year translated into pesos at the rate of exchange in effect as of the end of the period/year.

c) Trade receivables:

- Services rendered and billed but not collected, and services rendered but unbilled as of the end of the period/year, at nominal value, except for those indicated in the following paragraph;
- Services rendered but unbilled as of the end of the period ended March 31, 2008, arising from the retroactive increase deriving from the application of the new electricity rate schedule (Note 17.b) have been valued on the basis of the best estimate of the amount to be collected, discounted at a 10.5% annual nominal rate, which, in accordance with the Company's criterion, reasonably reflects market assessments of the time value of money and risks specific to the receivable. A similar procedure was followed with the amount included in the payment plan agreement signed with the Province of Buenos Aires under the Framework Agreement (Note 13).

The amounts thus determined:

1. are net of an allowance for doubtful accounts, as described in more detail in paragraph h) of this Note.
2. consider the effects of that which is stated in Note 13.

d) Other receivables and liabilities (excluding loans):

- In local currency: at nominal value.
- In foreign currency: at the exchange rate in effect as of the end of the period/year (Exhibit G).

Other receivables and liabilities have been valued at their nominal value including, if any, interest income or expense accrued as of the end of the period/year. The values thus obtained do not differ significantly from those that would have been obtained if the Argentine GAAP had been applied, inasmuch as they establish that other receivables and liabilities must be valued on the basis of the best estimate amount to be collected and paid, respectively, discounted at a rate that reflects the time value of money and the risks specific to the transaction estimated at the time of their being recorded in assets and liabilities, respectively.

Trade accounts payable have been valued at nominal value including, if any, interest expense accrued as of the end of the period/year. The values thus obtained do not differ significantly from those that would have been obtained if the Argentine GAAP had been applied, inasmuch as they establish that trade accounts payable must be valued at their estimated cash price at the time of the transaction, plus interest and implicit financing components accrued on the basis of the internal rate of return determined at such opportunity.

e) Supplies:

Supplies were valued at acquisition cost restated to reflect the effects of inflation as indicated in Note 2. The consumption of supplies has been valued based on the average cost method.

The Company has classified supplies into current and non-current depending on whether they will be used for maintenance or capital expenditures.

The carrying value of supplies, taken as a whole, does not exceed their recoverable value.

f) Non-current investments:

This represents the 50% interest held in the related company SACME S.A. (a company organized by means of equal contributions by distribution companies EDENOR S.A. and EDESUR S.A. in accordance with the Bid Package). SACME S.A. is in charge of monitoring the electric power supplied to the aforementioned distributors. As of March 31, 2008 and December 31, 2007, the investment in SACME has been recorded at its equity value (Exhibit C).

In order to determine the equity value, the audited financial statements of SACME S.A. as of December 31, 2007 have been used. The Company is not aware of any events that occurred in SACME as of March 31, 2008 that could significantly modify that company's financial position or its results. The accounting principles used by SACME are similar to those applied by EDENOR for the preparation of its financial statements.

g) Property, plant and equipment:

Property, plant and equipment transferred by SEGBA on September 1, 1992 were valued as of the privatization date as described below, and restated to reflect the effects of inflation as indicated in Note 2. The total value of the assets transferred from SEGBA was allocated to individual assets accounts on the basis of engineering studies conducted by the Company.

The total value of property, plant and equipment has been determined based on the US\$ 427 million price actually paid by EASA for the acquisition of 51% of the Company's capital stock at acquisition date. Such price was used to value the entire capital stock of EDENOR at 832 million pesos, which, when added to the fair value of the debts assumed by the Company under the SEGBA Privatization Bid Package for 139.2 million less the fair value of certain assets received from SEGBA for 103.2 million, valued property plant and equipment at 868 million.

SEGBA neither prepared separate financial statements nor maintained financial information or records with respect to its distribution operations or the operations in which the assets transferred to EDENOR were used. Accordingly, it was not possible to determine the historical cost of transferred assets.

Additions subsequent to such date have been valued at acquisition cost restated to reflect the effects of inflation as indicated in Note 2, net of the related accumulated depreciation. Depreciation has been calculated by applying the straight-line method over the estimated useful life of the assets which was determined on the basis of the above-mentioned 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 TR No. 17, financial costs in relation to any given asset may 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 a 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. The Company capitalized financial costs on property, plant and equipment from 1997 to 2001, in 2006, 2007 and during the three-month period ended March 31, 2008. Financial costs capitalized for the three-month periods ended March 31, 2008 and 2007 amounted to 8,973 and 2,641, respectively.

During the three-month periods ended March 31, 2008 and 2007, direct and indirect costs capitalized amounted to 8,649 and 6,959 respectively.

The recorded value of property, plant and equipment, taken as a whole, does not exceed their recoverable value.

h) Allowances (Exhibit E):

- Deducted from current assets:

- for doubtful accounts: it has been recorded to adjust the valuation of trade receivables and other receivables up to their estimated recoverable value. The amount of the allowance has been determined based on the historical series of collections for services billed through the end of the period/year and collections subsequent thereto. Additionally, for purposes of calculating the amount of the allowance, the Company has considered a detailed analysis of accounts receivable in litigation.

- Deducted from non-current assets:

- for impairment of value of deferred tax assets: as of December 31, 2007 the Company had partially impaired the deferred tax asset with a valuation allowance. (Note 3.m), whereas as of March 31, 2008 the allowance was used to offset the deferred tax asset due to the fact that the tax loss generated in the 2002 fiscal year became statute-barred.

i) Accrued litigation:

Amounts have been accrued for several contingencies.

- 1) The Company is a party to certain lawsuits and administrative proceedings in several courts and government agencies, including certain tax contingencies arising from the ordinary course of business. The Argentine tax authority ("AFIP") has challenged certain income tax deductions related to allowances for doubtful accounts made by the Company on its income tax returns for fiscal years 1996, 1997 and 1998, and has assessed additional taxes for approximately 9,300. Tax related contingencies are subject to interest charges and, in some cases, to fines. This matter is currently on appeal to the tax court. During the appeal process, payment of such claim has been suspended.

- 2) The Company is also a party to civil and labor lawsuits in the ordinary course of business. At the end of each period/year, management evaluates these contingencies and records an accrual for related potential losses when: (i) payment thereof is probable, and (ii) the amount can be reasonably estimated. The Company estimates that any loss in excess of amounts accrued in relation to the above matters will not have a material adverse effect on the Company's result of operations or its financial position.

The evolution and balances of the accrued litigation account has been disclosed in Exhibit E.

j) Loans:

As of March 31, 2008 and December 31, 2007, the notes resulting from the restructuring process (Note 14) have been valued on the basis of the best estimate of the amount to be paid, discounted at a 10.5% annual nominal rate, which, in accordance with the Company's criterion, reasonably reflects market assessments of the time value of money and specific debt risks as of each of those dates.

Under Argentine GAAP, the exchange of debt instruments under substantially different conditions is considered as an extinguishment of the former debt (i.e., debt before restructuring).

The adjustment to present value of future cash flows of the notes, at the applicable market rate in effect, generated a loss of 166 and 15,062 as of March 31, 2008 and 2007, respectively.

During the year ended December 31, 2007, as a result of both the issuance of medium-term corporate notes due in 2017 for US\$ 220,000 (Note 14.b), and the public offering process described in Note 1, the Company, as required in the trust agreement for the issuance of corporate notes, purchased and redeemed at market prices and in successive operations all "discount notes" and part of the "fixed rate par notes" for a nominal value of US\$ 240,000 thousand and US\$ 43,726 thousand, respectively. After the aforementioned purchase and redemption, the principal outstanding balance of the notes resulting from the restructuring process amounts to US\$ 92,704 thousand (Note 14.a).

k) Shareholders' equity accounts:

These accounts have been restated to reflect the effects of inflation as indicated in Note 2, except for the "Shareholders' Contributions - Nominal value" and "Additional Paid-in Capital" accounts which have been maintained at their nominal value. The excess of the adjusted value of Capital Stock over its nominal value has been included in the "Shareholders' Contributions – Adjustment to Capital" account.

l) Statement of income accounts:

- The accounts that accumulate monetary transactions have been disclosed at their nominal values.
- The charges for non-monetary assets consumed have been valued at cost restated to reflect the effects of inflation on the basis of the date of acquisition of such assets, as indicated in Note 2.
- Financial income (expense) and holding gains (losses) have been disclosed separately under income (expense) generated by assets and by liabilities.
- The adjustment to present value of the notes is stated at nominal value.
- The adjustment to present value of trade receivables related to both the application of the retroactive tariff increase agreed upon in the Adjustment Agreement and the payment plan agreement signed with the Province of Buenos Aires for amounts deriving from the Framework Agreement is stated at nominal value.

m) Income tax and tax on minimum presumed income:

The Argentine GAAP requires the application of the deferred tax method to account for income tax. This method consists of recognizing deferred tax assets and liabilities when temporary differences arise from the valuation of assets and liabilities for accounting and tax purposes. Regarding the restatement of property, plant and equipment to reflect the effects of inflation, the Company has applied Resolution MD (the Board) No. 11/03 of the CPCECABA and General Resolution No. 487/06 of the CNV (see Note 2 – Changes in Argentine GAAP).

As of March 31, 2008, the allowance for impairment of value of deferred tax assets was entirely used to offset the tax loss generated in 2002 which became statute-barred on December 31, 2007.

The reconciliation between the income tax as charge to the statement of income for the periods ended March 31, 2008 and 2007, and the amount that would result from applying the tax rate in effect (35%) to the income before taxes for each period, is as follows:

	<u>2008</u>	<u>2007</u>
Income for the period before taxes	36,548	169,742
Applicable tax rate	35%	35%
Income for the period at the applicable tax rate	12,792	59,410
Permanent differences		
Adjustment for inflation of property, plant and equipment	7,220	8,099
Accruals and other	<u>(2,462)</u>	<u>(3,997)</u>
Total income tax charge for the period before the allowance for impairment of value of deferred tax assets	17,550	63,512
Increase (Decrease) in the allowance for impairment of value of deferred tax assets	0	(539)
Total income tax charge for the period	17,550	62,973
Variation between deferred assets(liabilities) charged to income	<u>4,311</u>	<u>(62,973)</u>
Income tax for the period	<u>21,861</u>	<u>0</u>

Allowance for impairment of value of deferred tax assets		
Balance at beginning of year	34,482	32,261
Use of the allowance	(34,482)	0
Increase (Decrease) in the allowance for impairment of value of deferred tax assets	<u>0</u>	<u>(539)</u>
Balance at end of period	<u>0</u>	<u>31,722</u>

Additionally, the breakdown of deferred tax assets and liabilities as of March 31, 2008 and December 31, 2007 is as follows:

	2008	2007
Non-current deferred tax assets		
Tax-loss carry forward	8,316	42,798
Allowance for doubtful accounts	13,711	12,906
Accruals	47,901	45,926
Adjustment to present value of the retroactive tariff increase arising from the application of the new electricity rate schedule and other trade receivables	9,044	10,366
Supplies valuation	<u>34</u>	<u>50</u>
	<u>79,006</u>	<u>112,046</u>
Non-current deferred tax liabilities		
Current investments	0	(250)
Other current receivables	(4,036)	0
Property, plant and equipment	(16,045)	(22,642)
Adjustment to present value of the notes	<u>(12,417)</u>	<u>(12,475)</u>
	<u>(32,498)</u>	<u>(35,367)</u>
Net deferred tax assets before allowance for impairment of value of deferred tax assets	<u>46,508</u>	<u>76,679</u>
Allowance for impairment of value of net deferred tax assets	<u>0</u>	<u>(34,482)</u>
Net deferred tax assets	<u>46,508</u>	<u>42,197</u>

The tax loss to be carried forward as of March 31, 2008 is as follow:

	Amount	Tax rate	Year
Tax loss carry forward 2005	23,761	35%	expiring 2010

As tax losses become statute-barred within five years, the aforementioned tax loss may be applied to offset any future taxable income that may arise within this five-year term.

Additionally, the Company determines the tax on minimum presumed income by applying the current rate of 1% on the Company's taxable assets as of the end of the period/year. The tax on minimum presumed income and the income tax complement each other. The Company's tax obligation for a given year will be equal to the higher of these taxes. However, should the tax on minimum presumed income exceed income tax in any given fiscal year, such excess will be eligible for credit against a partial payment of any excess of the income tax over the tax on minimum presumed income that may arise in any of the ten subsequent fiscal years.

For the three-month period ended March 31, 2008 the Company has estimated and recorded a minimum presumed income tax charge of 7,100, whereas for the year ended December 31, 2007 the recorded charge amounted to 15,879. The corresponding outstanding tax credits as of the end of each period/year have been included in Other non-current receivables.

n) Operating leases:

As lessee, EDENOR has lease contracts (buildings) which classify as operating leases.

Common characteristics of these lease contracts are that lease payments (installments) are established as fixed amounts; there are neither purchase option clauses nor renewal term clauses (except for the Handling and Energy Transformation Center contract 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 lease contracts have cancelable terms and lease periods of two or three to thirteen years.

Buildings are for commercial offices, the warehouse, the headquarters building (comprised of administration, commercial and technical offices), the Handling and Energy Transformation 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 March 31, 2008 and December 31, 2007, future minimum lease payments with respect to operating leases are as follow:

	<u>2008</u>	<u>2007</u>
2008	3,589	2,052
2009	3,981	179
2010	4,645	147
2011	1,731	147
2012	147	147
2013	<u>147</u>	<u>147</u>
Total minimum lease payments	<u>14,240</u>	<u>2,819</u>

Total rental expenses for all operating leases for the three-month periods ended March 31, 2008 and 2007 are as follow:

	<u>2008</u>	<u>2007</u>
Total lease expenses	1,054	714

As lessor, Edenor has entered into several operating lease contracts with certain cable television companies granting them the right to use poles of the Company's network. Most of such lease contracts include automatic renewal clauses.

As of March 31, 2008 and December 31, 2007, future minimum lease collections with respect to operating leases are as follow:

	<u>2008</u>	<u>2007</u>
2008	7,780	9,680
2009	7,655	7,577
2010	14	14
2011	9	9
2012	<u>9</u>	<u>9</u>
Total minimum lease collections	<u>15,467</u>	<u>17,289</u>

Total rental income for all operating leases for the three-month periods ended March 31, 2008 and 2007, is as follows:

	2008	2007
Total lease income (Note 11)	2,846	2,532

o) Labor cost liabilities and early retirements payable:

They include the following charges:

- for supplementary benefits of leaves of absence derived from accumulated vacation,
- for seniority-based bonus to be granted to employees with a specified number of years of employment, as stipulated in collective bargaining agreements in effect (as of March 31, 2008 and December 31, 2007, the accrual for such bonuses amounted to 5,924 and 5,684 respectively), and
- for other personnel benefits (pension plan) to be granted to employees upon retirement, as stipulated in collective bargaining agreements in effect (as of March 31, 2008 and December 31, 2007, the accrual for these benefits amounted to 14,820 and 13,367 respectively).

Liabilities related to the above-mentioned seniority-based bonus and other personnel benefits (pension plans) to be granted to employees, have been determined taking into account all rights accrued by the beneficiaries of both plans as of March 31, 2008 and December 31, 2007, respectively, on the basis of an actuarial study conducted by an independent actuary as of December 31, 2007. Such liabilities have been disclosed under the “Salaries and social security taxes” account as seniority-based bonus and other personnel benefits, respectively (Note 8).

Early retirements payable corresponds 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 March 31, 2008 and December 31, 2007 amount to 2,399 and 2,394 (current) and 6,154 and 5,643 (non-current), respectively (Note 8).

p) Customer deposits and contributions:

Customer deposits:

Under the Concession Agreement, the Company is allowed to receive customer deposits in the following cases:

1. When the power supply is requested and the user is unable to provide evidence of his legal ownership of the premises;
2. When service has been suspended more than once in one-year period;
3. When the power supply is reconnected and the Company is able to verify the illegal use of the service (fraud).
4. 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 called “reference” rate.

When a customer requests that the supply service be disconnected, the customer’s deposit is credited (principal amount plus any interest accrued up to the date of reimbursement). Any balance outstanding at the time of requesting the disconnection of the supply service is deducted from the amount so credited. Similar procedures are followed when the supply service is disconnected due to a lack of customer payment. Consequently, the Company recovers, either fully or partially, any amount owed for electric power consumption.

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.

Customer contributions:

The Company receives advances from certain customers for services to be provided based on individual agreements. Such advances are stated at nominal value as of the end of the period/year.

q) Revenue recognition:

Revenues from operations are recognized on an accrual basis and derive mainly from electricity distribution. Such revenues include electricity supplied, whether billed or unbilled, at the end of each period/year and have been valued on the basis of applicable tariffs.

The Company also recognizes revenues from other concepts included in distribution services, such as new connections, pole rental, transportation of electricity to other distribution companies, etc.

All revenues are recognized when the Company's revenue earning process has been substantially completed, the amount of revenues may be reasonably measured and the economic benefits associated with the transaction flow to the Company.

During the year ended December 31, 2007, the Company recognized revenues from the retroactive tariff increase deriving from the application of the new electricity rate schedule to non-residential consumption for the period of November 2005 through January 31, 2007 (Note 17.b) as it was during this fiscal year that the new electricity rate schedule was approved by Resolution No. 51/2007 of the ENRE and applied as from February 1, 2007.

On October 4, 2007 the *Official Gazette* published Resolution No. 1037/2007 of the National Energy Secretariat. Said resolution establishes that the amounts paid by the Company for the Quarterly Adjustment Coefficient (CAT) implemented by Section 1 of Law No. 25,957, as well as the amounts corresponding to the Cost Monitoring Mechanism (MMC) for the period May 2006 through April 2007 (Note 17 b and c) be deducted from the funds resulting from the difference between surcharges billed and discounts made to customers, deriving from the implementation of the Program for the Rational Use of Electric Power (PUREE), until their transfer to the tariff is granted by the regulatory authority. The resolution also establishes that the MMC adjustment for the period May 2006 through April 2007, applicable as from May 1, 2007, amounts to 9.63 %.

Additionally, on October 25, 2007 the ENRE issued Resolution No. 710/2007 which approves the MMC compensation mechanism established in the aforementioned Resolution No. 1037/2007 of the National Energy Secretariat.

r) Estimates:

The preparation of the financial statements in accordance with Argentine GAAP requires the Company's Board of Directors and Management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results and amounts may differ from the estimates used in the preparation of the financial statements.

s) Earnings per common share:

It has been computed on the basis of the number of shares outstanding as of March 31, 2008, which amounts to 906,455,100, and March 31, 2007 which amounted to 831,610,200 shares. There is no earning (loss) per share dilution, as the Company has issued neither preferred shares nor corporate notes convertible into common shares.

t) Segment information:

In accordance with the provisions of TR No. 18, the Company is required to disclose segment information provided certain requirements are met. This Resolution establishes the criterion to be followed for reporting information on operating segments in annual financial statements, and requires the reporting of selective information on operating segments in interim financial reports. Operating segments are those components of a company's activity about which different financial information may be obtained, whether for the allocation of resources or the determination of an asset's performance. TR No. 18 also establishes the criterion to be applied by a company to disclose its products and services, geographical areas and major customers.

The Company is a natural monopoly that operates in a single business segment, electricity distribution and sale in a specific urban geographical area, pursuant to the terms of the concession agreement that governs the provision of this public service. The Company's activities have similar economic characteristics and are similar as to the nature of their products and services and the electricity distribution process, the type or category of customers, the geographical area and the methods of distribution. Management evaluates the Company's performance based on net income. Accordingly, the disclosure of information as described above is not necessary.

u) Risk management:

The Company operates mainly in Argentina. Its business may be affected by inflation, currency devaluation, regulations, interest rates, price controls, changes in governmental economic policies, taxes and other political and economic-related issues affecting the country. The majority of the Company's assets are either non-monetary or denominated in Argentine pesos, whereas the majority of its liabilities are denominated in U.S. dollars. As of March 31, 2008, a minimum portion of the Company's debts accrues interest at floating rates; consequently the Company's exposure to interest rate risk is limited.

As of March 31, 2008 and December 31, 2007, the Company has not entered into any foreign currency forward contracts or floating interest rate forward contracts.

v) Concentration risks:

Related to customers

The Company's accounts receivable derive primarily from the sale of electric power.

No single customer accounted for more than 10% of sales for the three-month periods ended March 31, 2008 and 2007. The collectibility of trade receivables balances related to the Framework Agreement, which amount to 4,579 as of March 31, 2008 and December 31, 2007, as disclosed in Notes 4 and 13, is subject to compliance with the terms of such Framework Agreement.

In addition, the aforementioned Framework Agreement expired on December 31, 2006. As from such date the Company has been negotiating the renewal of such agreement with the Government of the Province of Buenos Aires and the Federal Government. However, the Company has continued supplying electricity to low income areas and shantytowns.

Related to employees who are union members

As of March 31, 2008, approximately 78% of the Company's employees were union members. Although the relationship with unions is currently stable, the Company may not ensure that there will be no work disruptions or strikes in the future, which could have a material adverse effect on the Company's business and the results of operations. Furthermore, collective bargaining agreements signed with unions expired at the end of the 2007 fiscal year. There is no guarantee that the Company will be able to negotiate new collective bargaining agreements under the same terms as those currently in place or that there will be no strikes before or during the negotiation process.

The Bid Package sets forth the responsibilities of both SEGBA and the Company in relation to the personnel transferred by SEGBA through Resolution No. 26/92 of the Energy Secretariat. According to the Bid Package, SEGBA will be fully liable for any labor and social security obligations accrued or originated in events occurred before the take-over date, as well as for any other obligations deriving from lawsuits in process at such date.

In December 1998, new collective bargaining agreements were signed with the *Sindicato de Luz y Fuerza de la Capital Federal* and the *Asociación de Personal Superior de Empresas de Energía*. These agreements would be in effect for a term of five years to commence as from the date of approval and until the signing of a new agreement. The Ministry of Labor and Social Security approved the agreements signed with both the *Sindicato de Luz y Fuerza de la Capital Federal* and the *Asociación de Personal Superior de Empresas de Energía* on March 11, 1999 (through Resolution No. 31) and October 15, 1999 (through Resolution No. 318/99), respectively.

During 2005, two new collective bargaining agreements were signed with the *Sindicato de Luz y Fuerza de la Capital Federal* and the *Asociación de Personal Superior de Empresas de Energía*, which expired on December 31, 2007 and October 31, 2007, respectively. These agreements were approved by the Ministry of Labor and Social Security on November 17, 2006 and October 5, 2006, respectively.

As of the date of issuance of these financial statements, meetings aimed at negotiating the renewal terms of both collective bargaining agreements are being held with the above-mentioned unions.

w) Foreign currency translation/ transactions:

The Company accounts for foreign currency denominated assets and liabilities and related transactions as follows:

The accounting measurements of purchases, sales, payments, collections, other transactions and outstanding balances denominated in foreign currency are translated into pesos using the exchange rates described below. Thus, the resulting amount in pesos represents the amount collected or to be collected, paid or to be paid.

For conversion purposes, the following exchange rates are used:

- a) the exchange rate in effect at the date of the transaction, for payments, collections and other transactions denominated in foreign currency; and
- b) the exchange rate in effect at the date of the financial statements, for assets and liabilities denominated in foreign currency.

For transactions and balances denominated in foreign currency, the bid price is used for assets, and the offer price is used for liabilities.

The effect of such transaction has been included in the Statements of Income as “Exchange difference” under “Financial income (expense) and Holding gains (losses)”.

4. TRADE RECEIVABLES

The detail of trade receivables as of March 31, 2008 and December 31, 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Current:		
Receivables from sales of electricity:		
Billed	184,137	177,263
Unbilled		
Sales of electricity	124,618	123,641
Retroactive tariff increase arising from the application of the new electricity rate schedule (Note 17.b item d)	42,864	44,101
Adjustment to present value of the retroactive tariff increase arising from the application of the new electricity rate schedule (Note 3.c)	(2,531)	(2,526)
Framework Agreement (Notes 3.c and 13)	4,579	4,579
Framework Agreement - Payment plan agreement with the Province of Bs. As. (Note 13)	13,557	13,557
Adjustment to present value of the Framework Agreement - Payment plan agreement with the Province of Bs. As. (Note 3.c)	(50)	(212)
National Fund of Electricity (Note 17.a)	3,299	3,036
Specific fee payable for the expansion of the network, transportation and others (Note 17.b)	12,571	12,628
In litigation	<u>9,177</u>	<u>9,918</u>
Subtotal	392,221	385,985
Less:		
Allowance for doubtful accounts (Exhibit E)	<u>(41,920)</u>	<u>(40,006)</u>
	<u>350,301</u>	<u>345,979</u>
	<u>2008</u>	<u>2007</u>
Non-Current:		
Receivables from sales of electricity:		
Unbilled		
Retroactive tariff increase arising from the application of the new electricity rate schedule (Note 17.b item d)	115,257	127,180
Adjustment to present value of the retroactive tariff increase arising from the application of the new electricity rate schedule (Note 3.c)	<u>(23,259)</u>	<u>(26,880)</u>
	<u>91,998</u>	<u>100,300</u>

5. OTHER RECEIVABLES

The detail of other receivables as of March 31, 2008 and December 31, 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Current:		
Prepaid expenses (1)	1,756	1,910
Advances to suppliers	1,467	224
Advances to personnel	3,454	685
Related parties (Note 15)	448	448
Prepaid Technical Assistance Services (2)	11,642	15,182
Preliminary attachments - ENRE - (Note 17.a)	59	59
Other debtors (3)	7,262	7,271
Allowance for other doubtful accounts (Exhibit E)	(2,573)	(2,900)
Other	<u>2,989</u>	<u>3,111</u>
	<u>26,504</u>	<u>25,990</u>
Non-current:		
Tax credit on minimum presumed income (Note 3.m) (4)	87,149	101,910
Net deferred tax assets (Note 3.m)	46,508	76,679
Allowance for impairment of value of deferred tax assets (Exhibit E)	<u>0</u>	<u>(34,482)</u>
	<u>133,657</u>	<u>144,107</u>

- (1) Includes 103 in foreign currency (Exhibit G) as of March 31, 2008.
- (2) In foreign currency (Exhibit G).
- (3) Includes 777 and 769 in foreign currency (Exhibit G) as of March 31, 2008 and December 31, 2007, respectively.
- (4) Net of the income tax for the period (Note 3.m) for 21,861 as of March 31, 2008.

6. TRADE ACCOUNTS PAYABLE

The detail of trade accounts payable as of March 31, 2008 and December 31, 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Current:		
Payables for purchase of electricity and other purchases (1)	185,398	221,098
Unbilled electric power purchases	76,722	82,191
Customer contributions (Note 3.p)	11,165	11,759
Other	<u>1,279</u>	<u>1,104</u>
	<u>274,564</u>	<u>316,152</u>
Non-Current:		
Customer deposits (Note 3.p)	<u>36,562</u>	<u>35,466</u>

- (1) Includes 17,606 and 34,633 in foreign currency (Exhibit G) as of March 31, 2008 and December 31, 2007, respectively. Also, includes balances with SACME S.A. for 681 and 757 as of March 31, 2008 and December 31, 2007, respectively; balances with Errecondo, Salaverri, Dellatorre, Gonzalez & Burgio for 74 as of December 31, 2007, and balances with Electricidad Argentina S.A. for 22 as of March 31, 2008 (Note 15).

7. LOANS

The detail of loans as of March 31, 2008 and December 31, 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Current:		
Financial loans:		
Principal (1)	31,656	12,200
Interest (2)	303	16
Subtotal	<u>31,959</u>	<u>12,216</u>
Corporate Notes:		
In foreign currency (Exhibit G and Note 14)		
Interest (Note 14)	<u>38,800</u>	<u>17,074</u>
	<u>70,759</u>	<u>29,290</u>
	<u>2008</u>	<u>2007</u>
Non-current:		
Corporate Notes:		
In foreign currency (Exhibit G and Note 14)		
Fixed Rate Notes – Class 7	696,960	692,779
Fixed and Incremental Rate Par Notes – Class A	229,640	228,262
Fixed and Incremental Rate Par Notes – Class B	23,953	23,810
Floating Rate Par Notes – Class A	<u>40,094</u>	<u>39,854</u>
Subtotal	990,647	<u>984,705</u>
Adjustment to present value of notes (Note 3.j)	<u>(35,477)</u>	<u>(35,643)</u>
Corporate Notes at present value	<u>955,170</u>	<u>949,062</u>

(1) Includes 1,656 in foreign currency (Exhibit G) as of March 31, 2008.

(2) Includes 20 in foreign currency (Exhibit G) as of March 31, 2008.

8. SALARIES AND SOCIAL SECURITY TAXES

The detail of salaries and social security taxes as of March 31, 2008 and December 31, 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Current:		
Salaries payable and accruals	39,776	51,870
Social Security (ANSES)	8,225	5,640
Early retirements payable (Note 3.o)	<u>2,399</u>	<u>2,394</u>
	<u>50,400</u>	<u>59,904</u>
Non-Current (Note 3.o):		
Other personnel benefits (Note 2)	14,820	13,367
Seniority-based bonus	5,924	5,684
Early retirements payable	<u>6,154</u>	<u>5,643</u>
	<u>26,898</u>	<u>24,694</u>

9. TAXES

The detail of taxes as of March 31, 2008 and December 31, 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Current:		
Provincial, municipal and federal contributions and taxes	27,612	25,212
Value Added Tax (VAT)	28,060	22,411
Tax on minimum presumed income	9,037	6,786
Withholdings	4,166	5,077
Municipal taxes	21,243	20,823
Other	<u>4,526</u>	<u>4,332</u>
	<u>94,644</u>	<u>84,641</u>

10. OTHER LIABILITIES

The detail of other liabilities as of March 31, 2008 and December 31, 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Current:		
Capital expenditures fund – CAMMESA (Note 17.b)	1,660	1,931
Fees related to the initial public offering of capital stock (1)	0	818
Fees related to the issuance of Corporate Notes (2) (Exhibit G and Note 14.b)	1,446	4,176
Program for the rational use of electric power (PUREE)	91	91
Other (3)	<u>3,657</u>	<u>2,694</u>
	<u>6,854</u>	<u>9,710</u>
Non-current:		
ENRE penalties (Note 17 a and b)	<u>291,989</u>	<u>281,395</u>

(1) In foreign currency (Exhibit G).

(2) In foreign currency (Exhibit G). Includes balances with Errecondo, Salaverri, Dellatorre, Gonzalez & Burgio for 315 and 628 as of March 31, 2008 and December 31, 2007, respectively (Note 15).

(3) Includes 3,164 and 1,855 in foreign currency (Exhibit G) as of March 31, 2008 and December 31, 2007, respectively.

11. NET SALES

The breakdown of net sales for the three-month periods ended March 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Sales of electricity (1)	447,547	620,526
Late payment charges	3,908	4,269
Pole leases (Note 3.n)	2,846	2,532
Connection charges	1,031	757
Reconnection charges	<u>341</u>	<u>280</u>
	<u>455,673</u>	<u>628,364</u>

(1) Net of ENRE penalties for 7,460 and 4,980 for the three-month periods ended March 31, 2008 and 2007, respectively (Note 17). As of March 31, 2007 and 2008, includes 218,591 related to the retroactive tariff increase arising from the application of the new electricity rate schedule (Note 17.b. item d).

12. OTHER INCOME (EXPENSE) – NET

The breakdown of other income (expense), net for the three-month periods ended March 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Non-operating income	157	87
Commissions on municipal taxes collection	450	422
Net expense from technical services	(1,104)	(329)
Voluntary retirements and terminations	(2,131)	(2,085)
Severance paid	(1,644)	(1,326)
Accrued litigation	(3,000)	(3,000)
Disposal of property, plant and equipment	0	(122)
Other	<u>633</u>	<u>(40)</u>
	<u>(6,639)</u>	<u>(6,393)</u>

13. FRAMEWORK AGREEMENT

On January 10, 1994, the Company, together with EDESUR S.A., the Argentine Federal Government and the Government of the Province of Buenos Aires signed a Framework Agreement aimed at resolving the issue of supplying electricity to low-income areas and shantytowns. Pursuant to such Framework Agreement, the Company is entitled to receive compensation from a Special Fund for any non-payments of electricity supplied to low-income areas and shantytowns. The ENRE approved this Framework Agreement through Resolution No. 6 dated January 20, 1994, which was then ratified by both the Federal Government through Decree No. 584 dated April 22, 1994 and the Government of the Province of Buenos Aires through Decree No. 1,445 dated June 2, 1994.

In accordance with section 5 of the above-mentioned Agreement, the Company waived its right to any claims and/or collection of bills, adjustments, surcharges and interest arising or accrued from September 1, 1992 through January 31, 1994, as a result of direct connections, power theft, unrecorded consumption or any other form of misappropriation of electricity or illegal use thereof. The economic value assigned to the above-mentioned waiver amounted to 20,000, for which purpose a Special Fund was set up. The cost of this Special Fund was borne by the Argentine Federal Government and the Province of Buenos Aires which contributed a percentage of the bills effectively collected from users in low-income areas and shantytowns. The four-year duration of this Special Fund, which commenced as from the date on which the Framework Agreement went into effect, ended on June 30, 1998. The Company has been fully compensated for the economic effect derived from the above-mentioned waiver.

As permitted by section 13 of the Agreement, which stipulates that the terms and conditions of the Agreement may be subject to review and/or adjustments under certain circumstances, and taking into account that not all of the objectives of the Agreement could be completely fulfilled within the originally stipulated period, although most of them had been accomplished, and considering also that new shantytowns had appeared which had to be recognized, the parties agreed to extend the term of the Agreement for an additional fifty-month period ending August 31, 2002. During such additional period the original provisions of the Framework Agreement and the Regulations continued to be in effect. Furthermore, a new population census was conducted so as to identify those shantytowns which up to then had not been recognized. Said census has been completed and approved by the regulatory agency. Furthermore, the above-mentioned extension of the Framework Agreement was approved by the Argentine Federal Government through Decree No. 93 dated January 25, 2001.

As from the expiration date of the above-mentioned Agreement, the Company continues supplying electricity to low-income areas and shantytowns.

On October 6, 2003, the Company signed a new Framework Agreement with the Argentine Federal Government and the Government of the Province of Buenos Aires for a term of four years, which retroactively covered all the services provided as from September 1, 2002. This Agreement may be renewed for another four-year term should the parties so agree.

The new Agreement, whose terms and conditions are similar to those of the previous agreement, was ratified by both the Federal Executive Power and the Government of the Province of Buenos Aires through Decree No. 1972 dated December 29, 2004 (published in the *Official Gazette* on January 5, 2005) and Decree No. 617 dated April 5, 2005 (published in the *Official Gazette* on May 23, 2005), respectively.

Receivables under the new Agreement as of March 31, 2008 and December 31, 2007 amounted to 4,579 (Note 4).

On October 26, 2006, the Company entered into a Payment Plan Agreement with the Government of the Province of Buenos Aires which establishes the conditions according to which the Province of Buenos Aires will honor its obligation to the Company under the Framework Agreement expired on December 31, 2006. In such agreement, the Company claims a debt amounting to 27,114, for the period September 2002 through June 2006, which the Province agrees to verify in accordance with the provisions of chapter VI -section 13 and related sections- of the Fund Regulations of the new Agreement. Furthermore, the Province agrees to pay the debt resulting from the aforementioned verification, in 18 equal, consecutive and monthly installments.

As of March 31, 2008 and December 31, 2007, the balance for this concept amounts to 13,557 (Note 4).

The aforementioned payment plan agreement stipulates that together with the payment of the first six installments, the Province of Buenos Aires must pay the amounts resulting from the electricity provided to low-income areas and shantytowns during the last semester of 2006, which amounted to 5,815.

The Company waived its right to interest accrued from the date on which the New Framework Agreement went into effect through the commencement of the agreed-upon installment plan. The aforementioned waiver is subject to the compliance of the Government of the Province of Buenos Aires with the agreed-upon installment plan.

The aforementioned agreement was approved by the Company's Board of Directors on November 7, 2006 and published in the *Official Gazette* of the Province of Buenos Aires on May 29, 2007.

During the year ended December 31, 2007, the Company received payments for a total of 18,587, which the Province of Buenos Aires made on account of the total debt arising from the Framework Agreement. Furthermore, on April 3, 2008, the Company received a payment of 4,518 from the Provincial Government.

The aforementioned Framework Agreement expired on December 31, 2006. As from such date the Company has been negotiating the renewal of such agreement with the Government of the Province of Buenos Aires and the Federal Government. However, the Company has continued supplying electricity to low-income areas and shantytowns.

14. CORPORATE NOTES PROGRAM

a) RESTRUCTURING OF FINANCIAL DEBT

On January 19, 2006, the Board of Directors approved the launching of a solicitation of consent for the restructuring of the Company's financial debt through the exchange of such debt for a combination of cash and notes (the Restructuring) pursuant to a voluntary exchange offer (the Voluntary Exchange Offer) and/or an out-of-court reorganization agreement (*Acuerdo Preventivo Extrajudicial*) (the APE).

Furthermore, the holders of Gain Trust Notes due in 2005, which represented an interest in the private corporate note issued by the Company and held by a financial trust, were offered to directly participate in the Restructuring by exchanging their Gain Trust Notes for Floating Rate Notes due in 2006, and then exchanging such Notes for the consideration offered in the Restructuring.

The Restructuring

The Company made an exchange offer and launched a solicitation of consent to execute an APE with eligible holders of its outstanding financial debt. An APE is an insolvency procedure available to debtors under the Argentine Bankruptcy Law (LCQ) consisting of an out-of-court reorganization agreement between a debtor and creditors holding at least two thirds of unsecured debt, which is subject to judicial confirmation. Upon judicial confirmation, the APE becomes binding on all unsecured and non-preferred creditors, including non-consenting creditors, whether or not such creditors have participated in the negotiation or execution of the APE.

Creditors holding more than 65% of the Company's outstanding financial debt (including accrued and unpaid interest and applicable penalties, if any) have committed, by signing support agreements with the Company to tender their debt in the Voluntary Exchange Offer and give their consent to the APE should this procedure be initiated.

The Company could carry out the Restructuring in accordance with one of the following three alternatives:

- If creditors holding at least 66% but less than 93% of the aggregate outstanding amount give their consent to the Restructuring, the Company, the Supporting Creditors and the APE Representative, on behalf of Consenting Creditors, will promptly execute the Restructuring Agreement, and the Company may, at its own option, either proceed with a Mandatory Exchange through the APE or an In-APE Exchange on the Consummation Date or on the In-APE Exchange Date, respectively, subject in each case to the fulfillment of the Conditions to the APE Restructuring Alternatives;
- If creditors holding at least 93% but less than 98% of the aggregate outstanding amount give their consent to the Restructuring, the Company may, at its own option, either proceed with an In-APE Exchange (subject to the fulfillment of the Conditions to the APE Restructuring Alternatives) on the In-APE Exchange Date or carry out the Voluntary Exchange Offer (subject to the fulfillment of the Conditions to the Voluntary Exchange Offer) on the Voluntary Exchange Date; or
- If creditors holding at least 98% of the aggregate outstanding amount give their consent to the Restructuring, the Company will carry out the Voluntary Exchange Offer (subject to the fulfillment of the Conditions to the Voluntary Exchange Offer) on the Voluntary Exchange Date.

Each of these alternatives was subject to the fulfillment of certain conditions, including all necessary regulatory approvals.

On February 22, 2006, the Company reported that creditors holding 100% of the Company's outstanding financial debt (including accrued and unpaid interest and applicable penalties) had accepted the restructuring process of the financial debt, either by directly giving their consent and/or signing support agreements with the Company. Consequently, in accordance with the degree of acceptance received, the Company carried out the Restructuring following the third alternative mentioned above.

The Company moved ahead with the Restructuring through the exchange of the outstanding financial debt held by consenting creditors, at such creditors' option, subject to proration and reallocation, for one or a combination of the following alternatives, which include the issuance of notes under the current corporate notes program:

- The Fixed Rate Par Option: For each US\$ 1,000 principal amount of outstanding financial debt, creditors received Fixed Rate Par Notes for a nominal value of US\$ 1,000. The amount of Fixed Rate Par Notes issued under the Restructuring was not subject to a maximum amount. Interest on Fixed Rate Par Notes will be payable semiannually in arrears at an annual fixed rate, as detailed in the table below, and principal will be due and payable in semiannual installments based on the amortization schedule detailed in the table below:

Year	Annual Interest Rate on Fixed Rate Par Notes	Annually Scheduled Amortization
1	3.0%	0.0%
2	4.0%	0.0%
3	5.0%	0.0%
4	6.0%	0.0%
5	8.0%	0.0%
6	9.0%	10.0%
7	9.5%	10.0%
8 through 11	10.0%	10.0%, 10.0%, 10.0%, 50.0%

An amount of US\$ 123.8 million in notes, comprised of two classes (Class “A” amounting to US\$ 73.5 million and Class “B” amounting to US\$ 50.3 million), was issued under this option.

- The Floating Rate Par Option: For each US\$ 1,000 principal amount of outstanding financial debt, creditors received Floating Rate Par Notes for a nominal value equal to (i) US\$ 1,000 plus (ii) any accrued and unpaid interest as of December 31, 2005 (excluding penalty interest and additional amounts, if any) in respect of such US\$ 1,000 principal amount of outstanding financial debt (or, in the case of Gain Trust Notes, any accrued and unpaid interest as of December 31, 2005 (excluding any penalty interest and additional amounts, if any) in respect of such US\$ 1,000 principal amount of Gain Trust Notes). A maximum of US\$ 50 million principal amount of outstanding financial debt could be exchanged under this option. Interest on Floating Rate Par Notes will be payable semiannually in arrears at an annual rate equal to LIBOR plus a spread, and principal will be due and payable in semiannual installments based on the amortization schedule detailed in the table below:

Year	Annual Spread Floating Rate Par Notes	Annually Scheduled Amortization
1	0.0%	0.0%
2	0.0%	0.0%
3	1.0%	0.0%
4 through 6	1.5%	0.0%, 0.0%, 5.0%
7 through 14	2.0%	5.0%, 5.0%, 5.0%, 5.0%, 5.0% 10.0%, 10.0%, 50.0%

An amount of US\$ 12.7 million in notes was issued under this option.

- The Combination Option: For each US\$ 1,000 principal amount of outstanding financial debt, creditors received (i) a cash payment of US\$ 283 and (ii) Discount Notes for a nominal value of US\$ 667. A fixed amount of US\$ 360 million principal amount of outstanding financial debt could be exchanged under this option. Interest on Discount Notes will be payable semiannually in arrears at an annual fixed rate, and principal will be due and payable in semiannual installments based on the amortization schedule detailed in the table below:

Year	Discount Applicable to Annual Interest Rate	Annually Scheduled Amortization
1	3.0%	0.0%
2	3.5%	0.0%
3	10.0%	5.0%
4	11.0%	5.0%
5 through 9	12.0%	5.0%, 5.0%, 10.0%, 10.0%, 60.0%

An amount of US\$ 240 million in notes, comprised of two classes (Class “A” amounting to US\$ 152.3 million and Class “B” amounting to US\$ 87.7 million), was issued under this option.

The Company did not make any payment or capitalize any accrued and unpaid interest or any other accrued and unpaid additional amount on any outstanding debt exchanged under the restructuring, other than as set forth in the above options.

Finally, on April 24, 2006, the Company made a cash payment of US\$ 102,000,000 to those creditors who had chosen the Combination Option and an additional payment of US\$ 4,736,000 to those creditors who had validly given their consent and tendered their outstanding financial debt, pursuant to the terms of the restructuring proposal. The latter amount represents interest accrued on the original debt principal amount at the interest rate applicable to the notes for the period extending from January 1, 2006 to the date of issuance of the Corporate notes, which was April 24, 2006.

Furthermore, in conformity with the options selected by the financial creditors and after applying the pro-rata and allocation mechanism, EDENOR issued the notes under the Corporate Notes Program.

As a result of the restructuring process, the defaulted debt prior to the restructuring, which amounted to US\$ 540.9 million as of February 22, 2006, was reduced to US\$ 376.4 million, with an average term of more than 8 years, at an average cost of 8% and final maturity in 2019.

During the year ended December 31, 2007, as a result of both the issuance of medium-term corporate notes due in 2017 for US\$ 220,000 thousand (Note 14.b), and the public offering process described in Note 1, the Company, as required in the trust agreement for the issuance of corporate notes, purchased and redeemed at market prices and in successive operations, all “discount notes” and part of the “fixed rate par notes” for a nominal value of US\$ 283,726 thousand. After the aforementioned purchase and redemption, the principal outstanding balance of the financial debt amounts to US\$ 92,704 thousand.

Therefore, the Company’s post-restructuring and post-purchase and redemption debt structure as of March 31, 2008 was comprised of the following Notes:

Type	Class	Debt structure in thousands of us\$	Debt purchase and redemption in thousands of us\$	Post-purchase and redemption debt structure in thousands of us\$	Balance as of March 31, 2008 (Note 7) in thousands of pesos
Fixed Rate Par Note	A	73,485	(998)	72,487	229,640
	B	50,289	(42,728)	7,561	23,953
Floating Rate Par Note	A	12,656	0	12,656	40,094
Discount Note	A	152,322	(152,322)	0	0
	B	87,678	(87,678)	0	0
Total		376,430	(283,726)	92,704	293,687

The principal amortization schedule broken down by year of total debt, including the aforementioned repurchases and without considering possible adjustments, prepayments, redemptions or cancellations is detailed in the table below:

<u>Year</u>	<u>Amount in thousands of US\$</u>
2011	8,638
2012	8,638
2013	8,638
2014	8,638
2015	8,638
2016	40,654
2017	1,266
2018	1,266
2019	<u>6,328</u>
	<u>92,704</u>

b) CORPORATE NOTES PROGRAM

The Annual General Meeting held on February 23, 2006, approved the extension of the Global Medium-Term Corporate Notes Issuance Program for a Maximum Amount (outstanding at any time) of up to US\$ 600,000,000 (or its equivalent in any other currency). Said extension was also approved by the CNV through Resolution No. 15,359 issued by the CNV's Board of Directors on March 23, 2006.

On June 14, 2007, the Company's Board of Directors approved the updating of the Trust Agreement for the issuance of corporate notes that had been duly approved by the CNV, as required by section 76 of Chapter VI of the CNV's Regulations. On June 1, 2007, the Company filed with the CNV a new version of the trust agreement together with accounting and financial information as well as other relevant data on the Company as of March 31, 2007.

On June 28, 2007, the Company's Board of Directors approved the issuance and public offering, within the framework of the Program and under the terms of Law No. 23,576 as amended, of fixed rate Corporate Notes for a nominal value of up to US\$ 250,000,000 with maximum maturity in 2017. On October 9, 2007, the Company issued and carried out the public offering of Class 7 Corporate Notes for US\$ 220,000,000. The 10-year term Corporate Notes were issued at an issue price of 100% of the principal amount, and accrue interest as from the date of issuance at a fixed rate of 10.5% per annum, payable on April 9 and October 9 of each year, with the first interest payment maturing on April 9, 2008. The principal will be amortized by a lump sum payment at maturity date on October 9, 2017. The Company has requested authorization for the trading of the Corporate Notes on the Buenos Aires Stock Exchange, the Mercado Abierto Electrónico S.A. (the OTC market of Argentina), the Luxembourg Stock Exchange, and the Euro MTF Market, which is the alternative market of the Luxembourg Stock Exchange. Furthermore, the Company may request authorization for the listing of the Corporate Notes on the PORTAL Market as well as authorization for their trading and/or negotiation on any other stock exchange and/or self-regulated market of Argentina and/or abroad.

Most of the net proceeds from the sale of the Corporate Notes were used for the purchase, payment or redemption of the Company's outstanding Discount Corporate Notes due in 2014 (Note 14).

Main Covenants:

1) Negative Covenants

The terms and conditions of the Corporate Notes include a series 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 parties;
- making certain payments (including, among others, dividends, purchases of Edenor's common shares or payments on subordinated debt).

2) Suspension of Covenants

Certain negative covenants stipulated in the trust agreement will be suspended or adjusted if:

- (a) The Company's long-term debt rating is raised to Investment Grade, or
- (b) 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.

However, the reinstatement of the covenants will not affect those acts which the Company may have performed during the suspension of such covenants.

3) Registration Rights

In accordance with the Registration Rights Agreement, the Company agreed to file with the Securities and Exchange Commission (SEC), within a period of 300 days from the original date of issuance of the Corporate Notes, an application requesting authorization for an authorized exchange offer of the Corporate Notes for new notes of the same class registered with the SEC in accordance with the Securities Act, representing the same outstanding debt and subject to similar terms and conditions.

The exchanged corporate notes would have no restrictions concerning their transfer and would be freely transferable after the authorized exchange offer by those Corporate Notes holders who are not related parties of the Company.

15. BALANCES AND TRANSACTIONS WITH COMPANIES ART. 33 LAW N°19550 AND RELATED PARTIES

In the normal course of business, the Company carries out transactions with related parties. As of March 31, 2008 and December 31, 2007, the outstanding balances with companies Art. 33 Law N°19550 and related parties are as follow:

	<u>2008</u>	<u>2007</u>
<u>Other receivables</u> (Note 5)		
SACME S.A.	448	448
Total	<u>448</u>	<u>448</u>
<u>Trade accounts payable</u> (Note 6)		
Electricidad Argentina S.A.	(22)	0
Errecondo, Salaverri, Dellatorre, Gonzalez & Burgio	0	(74)
SACME S.A.	(681)	(757)
Total	<u>(703)</u>	<u>(831)</u>
<u>Other liabilities</u> (Note 10)		
Errecondo, Salaverri, Dellatorre, Gonzalez & Burgio	(315)	(628)
Total	<u>(315)</u>	<u>(628)</u>

Transactions carried out with companies Art. 33, Law N° 19550 and related parties for the three-month periods ended March 31, 2008 and 2007 are as follow:

	<u>2008</u>	<u>2007</u>
<u>Other income</u>		
Electricidad Argentina S.A.	2	3
Total	<u>2</u>	<u>3</u>
<u>Expenses from services</u>		
SACME S.A.	(1,020)	(762))
Electricidad Argentina S.A.	(54)	0
Errecondo, Salaverri, Dellatorre, Gonzalez & Burgio	(22)	0
Total	<u>(1,096)</u>	<u>(762)</u>
<u>Financial expenses, interest and penalties</u>		
Electricidad Argentina S.A.	(1,579)	(1,598)
Errecondo, Salaverri, Dellatorre, Gonzalez & Burgio	(160)	(1,406)
Total	<u>(1,739)</u>	<u>(3,004)</u>

Operating and Technical Assistance Agreements

In compliance with the provisions of both the Bid Package and the Transfer Contract, the Company has entered into an Operating Agreement with EDF International and ENHER, pursuant to which EDF International and ENHER would provide technical advisory services concerning the distribution and sale of electricity and would commit their experience and know-how to the achievement of an efficient and competitive management.

On July 16, 1999, ENHER assigned its rights and obligations arising from the above mentioned Operating Agreement to its controlling company ENDESA S.A.

On May 4, 2001, in compliance with that mentioned in Note 1, ENDESA S.A. assigned its rights and obligations under the Operating Agreement to EDF International, thus leaving EDF International as the sole operator.

This Operating Agreement had an initial 10-year term as from September 1, 1992, which was extended until August 31, 2007.

The Company has registered said extension in the National Institute of Copyright (INPI) - Technology Transfer Division under number 9894.

On September 15, 2005, EDF International transferred the shares held in EASA (the controlling company of Edenor) and 14% of EDENOR's shares to Dolphin. In connection with such transfer, the parties agreed to terminate the aforementioned Agreement and reduce the amount owed to EDF International for unpaid fees which amounted to 25,852.

However, since the Company still wished to have access to EDF S.A.'s know-how, experience and technical knowledge in the field of electricity distribution and sale, the Company and EDF S.A. entered into a new Technical Assistance Agreement for a period of 5 years or for such period during which Dolphin continued to be the controlling company of Electricidad Argentina S.A. In accordance with the terms of the Technical Assistance Agreement, EDENOR would pay EDF S.A. an amount of US\$ 10,000,000 as technical assistance fees in five equal annual installments of US\$ 2,000,000. The first annual payment was made on January 9, 2006 and the second payment was made on December 14, 2006.

On December 7, 2005, the Company registered the new agreement in the National Institute of Copyright (INPI) - Technology Transfer Division under number 11,197.

On December 27, 2007, the Company and EDF S.A. signed an amendment to the aforementioned Agreement, pursuant to which the parties agreed that, due to circumstances beyond their control, during 2006 and 2007 the amount of services required by the Company and provided by EDF S.A. within the scope of the Technical Assistance Agreement had been significantly lower than that originally expected by the parties. On the contrary, during 2008, EDF S.A. will be required to provide a greater amount of services relating to the Revision of the Company Tariff Structure process, the changes made to the Company's commercial and invoicing system and the broadening of the Company's investment plan. Consequently, the Company requested and EDF S.A. granted the following: (i) that EDF S.A. recognize a rebate of US\$ 2,100, equivalent to 6,613, in relation to the US\$ 4,000 already paid in accordance with the Technical Assistance Agreement, and (ii) that during 2008 EDF S.A. continue to provide services under the terms and conditions of the aforementioned Agreement, whose expiration date was fixed for December 31, 2008.

Based on the significant amount of work that is expected, the Company agreed to pay EDF S.A. an amount of US\$ 6,000. From such amount, the Company deducted a total of US\$ 4,600, equivalent to 14,485, which is comprised of: (i) the aforementioned rebate for US\$ 2,100 thousand, and (ii) a receivable for US\$ 2,500, recognized by EDF International in favor of the Company as a reimbursement of the expenses incurred during the year ended December 31, 2006 in relation to the initial public offering of the Company's capital stock. In accordance with the agreement signed by the parties, IPO expenses may be offset against services rendered by any affiliate of EDF International. Accordingly, after having made such deductions, on December 28, 2007, the Company paid EDF S.A. the amount of US\$ 1,400.

Agreement with Electricidad Argentina S.A. (controlling company)

On April 4, 2006, the Company and EASA entered into an agreement pursuant to which EASA will provide technical advisory services on financial matters as from September 19, 2005 and for a term of five years. In consideration of these services, EDENOR will pay EASA an annual amount of US\$ 2,000,000 plus VAT. 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.

On April 22, 2008, the Company's Board of Directors approved the addenda to the aforementioned agreement (Note 24.b).

Agreement with Comunicaciones y Consumos S.A.

On March 16, 2007, the Company and Comunicaciones y Consumos S.A. (CYCSA) entered into an agreement 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 No. 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. 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 will be ten years to commence from the date on which CYCSA is granted the license to render telecommunications services. The agreement will be automatically renewed upon expiration date for subsequent periods of five years, unless notice to the contrary is given by any of the parties no less than 120 days prior to the expiration of the corresponding period. In accordance with the agreement, CYCSA shall periodically request access to the Company's network. Such request will be evaluated by the Company and access will be granted based on the available capacity of the network. In consideration of the use of the network, CYCSA will grant the Company 2% of the annual charges collected from customers, before taxes, as well as 10% of the profits obtained from provision of services. Furthermore, CYCSA will indemnify the Company for any obligation arising from the rendering of the services through the Company's network. The agreement was signed on condition that CYCSA was to obtain the telecommunications license within a period of 180 days from the signing thereof, period which, in accordance with the terms of the agreement, could be extended. In line with that, the Board of Directors' meetings held on November 7, 2007 and **May 7, 2008** authorized the extension of the period for obtaining the aforementioned license which, nevertheless, continues to be a condition in order for the agreement to be valid and go into effect.

Agreement with Préstamos y Servicios S.A.

On March 16, 2007, the Company entered into an agreement with Préstamos y Servicios S.A. (PYSSA), a company engaged in the rendering of financial services, pursuant to which the Company granted PYSSA the exclusive right to conduct its direct and marketing services through the use of the Company's facilities and mailing services. As part of the agreement, the Company agreed to provide physical space in some of its offices so that PYSSA was able to offer financial and loan services to Company customers. Furthermore, the Company agreed to include PYSSA marketing material in the mail sent to customers, including the invoices. The term of the agreement is 5 years, which will be automatically renewed for subsequent periods of five years, unless any of the parties gives notice to the other of his intention to terminate the agreement no less than 120 days prior to the expiration of the corresponding period. In accordance with the terms of the agreement, PYSSA will pay the Company 2% of the monthly charges collected from customers, before taxes, as well as 10% of the profits obtained from its services. Furthermore, PYSSA agreed to indemnify the Company for any obligation arising from the rendering of its services. The agreement established that its term was subject to the authorization of the ENRE, which favorably approved this through Resolution No. 381/2007.

On February 28, 2008, PYSSA informed the Company that the physical space to be provided by EDENOR in its commercial offices would be used by personnel of the firm Credilogros Compañía Financiera S.A., which would offer services of financial assistance and the granting of personal loans and credit cards.

16. CAPITAL STOCK

a) **General**

As of March 31, 2008 and December 31, 2007, the Company's capital stock amounts to 906,455,100 shares, represented by 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. Each and every share maintains the same voting rights, i.e. one vote per share. There are no preferred shares of any kind, dividends and/or preferences in the event of liquidation, privileged participation rights, prices and dates, or unusual voting rights. Moreover, there are no significant terms of contracts allowing for either the issuance of additional shares or any commitment of a similar nature. The capital increase of 74,844,900 shares resolved by the Board of Directors in the meeting held on June 14, 2007, as per the powers granted by the Shareholders' Meeting held on June 7, 2006, was registered with the pertinent regulatory authorities on September 18, 2007 (Note 1).

b) **Restriction on the transfer of the Company's common shares**

The Company's 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 Company's 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 Company's by-laws.

In addition, Class "A" shares are pledged during the entire term of the concession as security for the performance of the obligations assumed under the Concession Agreement.

Additionally, in connection with the issuance of Class 2 Corporate Notes, EASA is required to be the beneficial owner and owner of record of not less than 51% of EDENOR's issued, voting and outstanding shares.

Section ten of the Adjustment Agreement signed with the Grantor of the Concession and ratified through Decree No. 1957/06, 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.

c) **Employee Stock Ownership Program (ESOP)**

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 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 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. As of 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 each case 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 preliminary injunctions against the Guarantee and Repurchase Fund on Class C shares and funds 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 course of the legal actions.

No accrual has been recorded in the financial statements in connection with the legal actions brought against the Company as the Company's management believes that EDENOR 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 March 31, 2008, 1,952,604 Class C shares, representing 0.22% of the Company's capital stock are outstanding (Note 16.a).

17. REGULATORY FRAMEWORK

a) General

The Company's business is regulated by Law No. 24,065, which created the ENRE. In this connection, the Company is subject to the regulatory framework provided under the aforementioned Law and the regulations issued by the ENRE.

The ENRE is empowered to: a) approve and control tariffs, and b) control the quality of both the service and the technical product, as established in the Concession Agreement. Failure to comply with the provisions of such Agreement and the rules and regulations governing the Company's business will make the Company liable to penalties that may include the forfeiture of the concession.

As from September 1, 1996, there has been a change in the methods applied to control the quality of both the product and the service provided by the Company. Within this new framework, compensation between areas and circuits of different quality is not allowed, instead, the specific quality provided to individual customers, rather than an average customer value must be measured. As a result, fines will be credited to users affected by service deficiencies in future bills. Penalties are imposed in connection with the following major issues:

1. Deviation from quality levels of technical product, as measured by voltage levels and network variations;
2. Deviation from quality levels of technical service, as measured by the average interruption frequency per Kilovattios (KVA) and total interruption time per KVA;
3. Deviation from quality levels of commercial service, as measured by the number of claims and complaints made by customers, service connection times, the number of estimated bills and billing mistakes;
4. Failure to comply with information gathering and processing requirements so as to evaluate the quality of both the technical product and the technical service;
5. Failure to comply with public safety regulations.

As of March 31, 2008 and December 31, 2007, the Company has accrued penalties for resolutions not yet issued by the ENRE corresponding to the six-month control periods elapsed over these periods. As of March 31, 2008 and December 31, 2007, the Company has applied the adjustment contemplated in the Temporary Tariff Regime (TTR) (Note 17.b item vii).

As of March 31, 2008 and December 31, 2007, liabilities for penalties amounting to 291,989 and 281,395, respectively, have been included in non-current liabilities (Note 10).

In addition, as of March 31, 2008, the Company's management has considered that the ENRE has complied with the obligation to suspend lawsuits aimed at collecting penalties.

Furthermore, the Company has been notified of certain preliminary attachments levied on funds deposited in its bank accounts as a consequence of the executory proceedings brought by the ENRE against the Company for imposed and unpaid penalties in the amount of 59 as of March 31, 2008 and December 31, 2007 (Note 5). Additionally, after March 31, 2008 and until the date of issuance of these financial statements, the Company has not been notified of any other attachments.

Moreover, on July 12, 2006 the National Energy Secretariat issued Resolution No. 942/2006 which modifies the allocation of any excess funds resulting from the difference between surcharges billed and discounts made to customers, deriving from the implementation of the Program for the Rational Use of Electric Power (PUREE), which provides for the application of both tariff incentives and penalties aimed at encouraging customers to reduce consumption. As from July 1, 2006, such excess funds may be applied against the amounts receivable that the Company maintains in the Trade receivables account as Unbilled –National Fund of Electricity, for “Quarterly Adjustment Coefficient of the National Fund of Electricity” (section 1 of Law No. 25,957) for 3,299 and 3,036 as of March 31, 2008 and December 31, 2007, respectively. On August 10, 2006 the ENRE issued Resolution No. 597/2006 which regulates the aforementioned Resolution No. 942/2006 of the National Energy Secretariat and establishes the compensation mechanism to be used.

On October 4, 2007 the *Official Gazette* published Resolution No. 1037/2007 of the National Energy Secretariat. Said resolution establishes that the amounts paid by the Company for the Quarterly Adjustment Coefficient (CAT) implemented by Section 1 of Law No. 25,957, as well as the amounts corresponding to the Cost Monitoring Mechanism (MMC) for the period May 2006 through April 2007 (items b and c of this note) be deducted from the funds resulting from the difference between surcharges billed and discounts made to customers, resulting from the implementation of the Program for the Rational Use of Electric Power (PUREE), until their transfer to the tariff is granted by the regulatory authority. The resolution also establishes that the MMC adjustment for the period May 2006 through April 2007, applicable as from May 1, 2007, amounts to 9.63 %.

Additionally, on October 25, 2007 the ENRE issued Resolution No. 710/2007 which approves the MMC compensation mechanism established in the aforementioned Resolution No. 1037/2007 of the National Energy Secretariat.

b) Concession

The term of the concession is 95 years and 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. At the end of each management period, the Class "A" shares representing 51% of EDENOR's capital stock, currently held by EASA, must be offered for sale through a public bidding. If EASA makes the highest bid, it will continue to own 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 must pay EASA the amount of the bid in accordance with the conditions of the public bidding. The proceeds from the sale of Class "A" shares will be delivered to EASA after deducting any amounts receivable to which the Grantor of the concession may be entitled.

In accordance with the provisions of the Concession Agreement, the Company shall take the necessary measures to guarantee the supply and availability of electricity so as to meet demand in due time and in accordance with stipulated quality levels, for which purpose the Company shall be required to guarantee sources of supply.

For such purpose, 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 Electric Power Wholesale Market (MEM), thus being obliged to supply all the electric power that may be required. In addition, the Company shall 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 denominated in US dollars or any other foreign currencies, indexation clauses based on price indexes from other countries, 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 requirements into account.

In accordance with the provisions of Laws Nos. 25,972, 26,077 and 26,204, both the declaration of economic emergency and the period to renegotiate public utility contracts were extended through December 31, 2005, 2006 and 2007, respectively.

As a part of the renegotiation process, the Unit of Renegotiation and Analysis of Public Utility Contracts (UNIREN) proposed the signing of an Adjustment Agreement that would be the basis of a comprehensive renegotiation agreement of the Concession Agreement. The Company satisfied the regulatory agency's requirements; provided an answer to the proposal and attended the public hearing convened for such purpose, rejecting in principle the proposal on the grounds that it did not properly address the need to redefine the terms of the agreement as contemplated by the law. Nevertheless, the Company ratified its willingness to reach an understanding that would restore the financial and economic equation of the concession agreement. On September 21, 2005, the Company signed the Adjustment Agreement within the framework of the process of renegotiation of the Concession Agreement set forth in Law No. 25,561 and supplementary regulations. Due to the appointment of a new Economy and Production Minister, on February 13, 2006 a new copy of the Adjustment Agreement was signed under the same terms as those stipulated in the agreement signed on September 21, 2005.

The Adjustment Agreement establishes the following:

- i) the implementation of a Temporary Tariff Regime (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 tariff of more than 15%, and an additional 5% average increase in the value added distribution (VAD), allocated to certain specified capital expenditures;

- ii) the requirement that during the term of said temporary tariff regime, 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 the Company and its shareholders in national or foreign courts due to the effects caused by the Economic Emergency Law;
- v) the carrying out of a Revision of the Company Tariff Structure (RTI) which will result in a new tariff regime 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 National Electric Power Regulatory Authority 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 during 2006, plus an additional investment of 25.5 million should it be required (item f below);
- 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;
- viii) the waiver of the penalties imposed by the ENRE that are payable to the Argentine 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;
- ix) the payment of the penalties imposed by the ENRE, which are described in paragraph vii above, 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.

Said agreement was ratified by the Federal Executive Power through Decree No. 1957/06, signed by the President of Argentina on December 28, 2006 and published in the *Official Gazette* on January 8, 2007. This 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 electric power distribution and sale within the federal jurisdiction, between the Federal Executive Power and the Company.

Additionally, on February 5, 2007 the *Official Gazette* published Resolution No. 51/2007 of the ENRE which approves the Company’s new electricity rate schedule applicable for consumption recorded as from February 1, 2007. This document provides for the following:

- a) A 23% average increase in distribution costs, service connection costs and service reconnection costs in effect which the Company collects as the holder of the concession of the public service of electric power distribution, except for the residential tariffs;
- b) Implementation of an additional 5% average increase in distribution costs, to be applied to the execution of the works and infrastructure plan detailed in Appendix II of the Adjustment Agreement. In this regard, the Company has set up the required fund, which as of March 31, 2008 amounts to 16,224. This amount is net of the amounts transferred to CAMMESA for 26,676;
- c) Implementation of the Cost Monitoring Mechanism (MMC) contemplated in Appendix I of the Adjustment Agreement, which for the six-month period beginning November 1, 2005 and ending 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;
- d) 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 (items i) and ii) above) and from May 1, 2006 through January 31, 2007 (item iii) above);
- e) Invoicing of the differences corresponding to deviations between foreseen physical transactions and those effectively carried out and of other concepts related to the Wholesale Electric Power Market (MEM), such as the Specific fee payable for the Expansion of the Network, Transportation and Others, included in Trade Receivables under Receivables from sales of electricity as Unbilled (Note 4);
- f) 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.

The Company has recorded the adjustment of the penalties described in paragraphs a) and c) of this note, for amounts of 2,152, 18,084 and 46,972 as of March 31, 2008, December 31, 2007 and December 31, 2006, respectively.

Revenues from the retroactive tariff increase deriving from the implementation of the new electricity rate schedule applicable to non-residential consumption for the period of November 1, 2005 through January 31, 2007 have been fully recognized in the financial statements for the period ended March 31, 2008. Such amount, which totals 218,591, is being invoiced in 55 equal and consecutive monthly installments, as described in item d) of paragraph b) of this note. As of March 31, 2008, the installments corresponding to the months of February 2007 through March 2008 for a total of 60,469 have already been billed.

On April 30, 2007, the *Official Gazette* published Resolution No. 434/2007 of the Energy Secretariat which adjusts the time periods set forth in the Adjustment Agreement signed by the Company and the Grantor of the Concession and ratified by Decree No. 1957 of the Federal Government dated December 28, 2006.

In this regard, the aforementioned Resolution provides that the contractual transition period established in the Adjustment Agreement will be in effect from January 6, 2002 to the date on which the Revision of the Company Tariff Structure (RTI) established in the aforementioned Adjustment Agreement goes into effect.

Furthermore, the Resolution establishes that the new electricity rate schedule resulting from the RTI will go into effect on February 1, 2008. It also stipulates that, in the event that the tariff resulting from the RTI is higher than the tariff established in section 4 of the Adjustment Agreement, the transfer of the increase to the tariff will be made in accordance with the provisions of section 13.2 of the Adjustment Agreement, which establish that the first adjustment will take effect as from February 1, 2008 and the second will take effect six months later, maintaining the percentages agreed-upon in the Adjustment Agreement.

As of the date of issuance of these financial statements, no resolution has been issued concerning the application of the electricity rate schedule resulting from the RTI which was expected to be in effect since February 1, 2008.

The aforementioned Resolution No. 434/2007 establishes that the Company must present an investment plan before May 1, 2007 (which has already been complied with), and 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 the Company and its shareholders to resume the claims suspended as a consequence of the Adjustment Agreement if the new electricity rate schedule does not go into effect in the aforementioned time period.

Furthermore, on July 7, 2007 the *Official Gazette* published Resolution No. 467/07 of the ENRE pursuant to which the first management period is extended for 5 years to commence as from the date on which the Revision of the Company Tariff Structure (RTI) goes into effect. Its original maturity would have taken place on August 31, 2007.

On September 19, 2007, the Energy Secretariat by Note No. 1006/07 requested that the Company comply with the provisions of Resolutions Nos. 1875 and 223/07 of the aforementioned Secretariat, dated December 5, 2005 and January 26, 2007, respectively.

In accordance with the aforementioned resolutions, the Company must transfer to CAMMESA, 61.96% of the total amount of the special fund set up in compliance with Clause 4.7 of the Adjustment Agreement, plus any interest accrued on the financial investments made by the Company with such funds. Such funds will be used for the execution of the works aimed at connecting Central Costanera and Central Puerto electricity generation plants with Malaver substation. As of March 31, 2008, the Company recorded 26,676 in Property, plant and equipment (Exhibit A) in the Construction in process account, and 1,660 in Other liabilities in the Capital Expenditures fund – CAMMESA account (Note 10).

c) 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 gratuitous bailment contract after demanding the performance by the Company of any pending obligation, in certain specified cases contemplated 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).

As of the date of issuance of these financial statements, the Company had acquired for an amount of 12,765, nine of these properties whose gratuitous bailment contracts had expired. The title deeds of eight of these properties have been executed at a price of 12,375. As for the remaining property, a down payment of 117 has been made while the outstanding amount of 273 will be payable upon the execution of the title deed on a date to be set by the Ministry of Economy.

18. CASH FLOW INFORMATION

a) Cash and cash equivalents:

For the preparation of the Statement of Cash Flows, the Company considers as cash equivalents all highly liquid investments with original maturities of three months or less.

	<u>As of March 31, 2008</u>	<u>As of December 31, 2007</u>	<u>As of March 31, 2007</u>
Cash and Banks	8,222	3,459	1,660
Time deposits	37,872	12,087	1,396
Money market funds		0	37,440
Notes receivable	70,933	85,652	0
Total cash and cash equivalents in the Statement of Cash Flows	<u>117,027</u>	<u>101,198</u>	<u>40,496</u>

b) Interest paid and collected:

	<u>For the three-month periods ended March 31,</u>	
	<u>2008</u>	<u>2007</u>
Interest paid during the period	0	0
Interest collected during the period	599	755

19. INSURANCE COVERAGE

As of March 31, 2008, the Company carries the following insurance policies for purposes of safeguarding its assets and commercial operations:

<u>Risk covered</u>		<u>Amount insured</u>
Comprehensive (1)	US\$	417,516,597
Mandatory life insurance	\$	17,570,250
Theft of securities	US\$	100,000
Vehicles (theft, third party liability and damages)	\$	8,083,500
Land freight	US\$	2,000,000
Imports freight	\$	2,250,000

- (1) Includes: fire, partial theft, tornado, hurricane, earthquake, earth tremors, flooding and debris removal from facilities on facilities providing actual service, except for high, medium and low voltage networks.

20. CLAIM OF THE PROVINCE OF BUENOS AIRES BOARD OF ELECTRIC POWER

On December 1, 2003, the Board of Electric Power of the Province of Buenos Aires (Board) filed a claim against EDENOR in the amount of 284,364 that includes surcharges and interest as of the date of the claim, and imposed penalties for an amount of 25,963, due to the Company's alleged failure to act as collecting agent of certain taxes established by Decrees-law Nos. 7290/67 and 9038/78 from July 1997 through June 2001.

On December 23, 2003, the Company appealed the Board's decision with the Tax Court of the Province of Buenos Aires, which had the effect of temporarily suspending the Company's obligation to pay. Such appeals were filed on the grounds that the Federal Supreme Court had declared that the regulations established by the aforementioned Decrees-law were unconstitutional, as they were incompatible with the Province of Buenos Aires' commitment not to levy any taxes on the transfer of electricity.

On March 20, 2007, the Board of Electric Power of the Province of Buenos Aires amended the original complaint to include an additional claim in the amount of 7,720 that includes surcharges and interest as of the date of the claim for the period of July 2001 through June 2002 –extending the claim to certain Company Directors.

On June 27, 2007, the Tax Court of the Province of Buenos Aires pronounced in favor of the appeal duly lodged by the Company.

Therefore, no accrual has been recorded for these claims as the Company's management believes that there exist solid arguments to support its position.

21. LEGAL ACTION FOR ALLEGED ENVIRONMENTAL POLLUTION

On May 24, 2005, three of EDENOR's employees were indicted on charges of polychlorinated biphenyl (PCB)-related environmental contamination. In connection with this alleged violation, the judge ordered a preliminary attachment on the Company's assets in the amount of 150 million pesos to cover the potential cost of damage repair, environmental restoration and court costs. On May 30, 2005, the Company filed appeals against both the charges brought against its employees and the attachment order. On December 15, 2005, the Federal Court of Appeals of San Martín dismissed the charges against all three defendants and, accordingly, revoked the attachment order against the Company's assets. The decision of the Court of Appeals was based on the fact that the existence of environmental pollution could not be proved, and, in consequence whereof, established that the Trial Judge should order the acquittal of two ENRE public officers who had been indicted on related charges. An appeal against this decision was filed in the *Tribunal de Casación* (the highest appellate body for this matter), which on April 5, 2006 ruled that the appeal was not admissible.

On July 16, 2007, the Company was notified that on July 11, 2007 the Trial Judge ruled the definitive acquittal of all Company officials and employees that had been indicted in the case, thus ordering the closing of the case. This decision could be appealed.

After the filing of an appeal, on March 25, 2008, the Federal Court of Appeals of San Martín confirmed the decision rendered by the court of original jurisdiction that had ordered the acquittal of Messrs. Daniel José Lello, Luciano Pironio, Julio Adalberto Márquez, Francisco Ponasso, Henri Lafontaine, Henri Marcel Roger Ducre and Christian Rolland Nadal, as well as the acquittal of ENRE officers, Mr. Juan Antonio Legisa and Mrs. María Cristina Massei.

In its decision, the appellate court, quoting the “Chazarreta” judgment as judicial precedent, stated that the right to defense at trial pursuant to due process, guaranteed by the Constitution, included the right to obtain a judgment that would put an end to the situation of uncertainty that implied criminal prosecution. Furthermore, the appellate court’s decision also stated that if the Prosecutor, after a thorough investigation, was unable to transfer the presumption of guilt to the degree of certainty required for a declaration of criminal liability, the status of innocence should prevail.

Based on the foregoing, and considering that the preliminary investigation phase had ended, the Federal Court of Appeals ordered the confirmation of the aforementioned resolution.

It is worth mentioning that the dismissal ordered by the judge of original jurisdiction was appealed by the Prosecutor, who cited the possible dismissal of criminal action for being beyond the statute of limitations, as a grievance, among other possibilities, caused by the decision of the court.

However, after the filing of the corresponding legal briefs by the Company, the appellate court confirmed the decision of the court of original jurisdiction based on the aforementioned resolution of the Appellate Court, according to which the existence of PCB-related environmental pollution had not been proven.

The decision (whose reversal may be requested by the Prosecution through an extraordinary appeal to the *Tribunal de Casación* within a period of 10 days as from notice thereof has been served), was in fact appealed by the Prosecuting Attorney’s Office.

As of the date of issuance of these financial statements there has been no news in connection with the case that is worth mentioning.

22. RESTRICTIONS ON THE DISTRIBUTION OF EARNINGS

In accordance with the provisions of Law No. 19,550, 5% of the net income for the year must be appropriated to the legal reserve, until such reserve equals 20% of capital stock. The Ordinary and Extraordinary Shareholder’s Meeting held on April 14, 2008, did not appropriate any amount to said legal reserve as of December 31, 2007, due to the existence of accumulated losses as of the end of that year (Note 24.a).

Moreover, 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 as of 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 and who will be subject to a lower tax rate. For income tax purposes, accumulated taxable income shall be the unappropriated retained earnings as of the end of the year immediately preceding the date on which the above-mentioned law went into effect, less dividends paid plus the taxable income determined as from such year and dividends or income from related companies in Argentina.

Since the restructuring of the Company’s financial debt referred to in Note 14, the Company is not allowed to distribute dividends until April 24, 2008 or until such time when the Company’s leverage ratio is lower than 2.5, whichever occurs first. As from this time, distribution of dividends will only be allowed under certain circumstances depending on the Company’s indebtedness ratio.

Certain restrictions on the distribution of dividends by the Company and the need for approval by the ENRE for any distribution have been disclosed in Note 17.b).

23. BREAKDOWN OF TEMPORARY INVESTMENTS, RECEIVABLES AND LIABILITIES BY COLLECTION AND PAYMENT TERMS

As required by the CNV's regulations, the balances of the accounts below as of March 31, 2008, are as follow:

<u>Term</u>	<u>Investments</u>	<u>Receivables</u> (1)	<u>Loans</u>	<u>Other payables</u> (2)
<u>With no explicit due date</u>	0	0	0	291,989
<u>With due date</u>				
Past due:				
Up to three months	0	58,586	0	0
From three to six months	0	6,236	0	0
From six to nine months	0	9,384	0	0
From nine to twelve months	0	5,509	0	0
Over one year	<u>0</u>	<u>99,112</u>	<u>0</u>	<u>0</u>
Total past due	<u>0</u>	<u>178,827</u>	<u>0</u>	<u>0</u>
To become due:				
Up to three months	108,805	234,669	70,759	402,758
From three to six months	0	3,894	0	14,408
From six to nine months	0	3,899	0	4,648
From nine to twelve months	0	9	0	4,648
Over one year	<u>0</u>	<u>225,655</u>	<u>955,170</u>	<u>63,460</u>
Total to become due	<u>108,805</u>	<u>468,126</u>	<u>1,025,929</u>	<u>489,922</u>
Total with due date	<u>108,805</u>	<u>646,953</u>	<u>1,025,929</u>	<u>489,922</u>
Total	<u>108,805</u>	<u>646,953</u>	<u>1,025,929</u>	<u>781,911</u>

(1) Excludes allowances

(2) Comprises total liabilities except accrued litigation and debt notes.

The financial debt mentioned in Note 14 accrues interest at floating and fixed rates, which amount to approximately 10.19% on average; only 4.05% of the debt accrues interest at a floating rate whereas the remaining accrues interest at a fixed rate.

24. SUBSEQUENT EVENTS

a) Absorption of accumulated deficit:

The Ordinary and Extraordinary Shareholders' Meeting held on April 14, 2008 resolved to absorb the accumulated deficit existing as of December 31, 2007 for 88,611. Taking into account the order of preference established by the regulations of the National Securities Commission, the Company absorbed the accumulated deficit with the Additional paid-in capital, which as of December 31, 2007 amounted to 106,928 and was sufficient to carry out the aforementioned absorption.

b) Agreement for the provision of technical advisory services with Electricidad Argentina S.A. (controlling company):

At the meeting held on April 22, 2008, the Board of Directors approved the addenda to the agreement for the provision of technical advisory services dated March 14, 2008.

The aforementioned addenda stipulate that the amount to be paid by the Company in consideration of the services provided by Electricidad Argentina S.A. has been increased to US\$ 2,500,000 plus VAT, payable retroactively as from January 1, 2008. The rest of the contractual terms have not been modified (Note 15).

25. FINANCIAL STATEMENTS TRANSLATION INTO ENGLISH LANGUAGE

These financial statements are the English translation of those originally prepared by the Company in Spanish and presented in accordance with accounting principles generally accepted in Argentina. The effects of the differences between the accounting principles generally accepted in Argentina and the accounting principles generally accepted in the countries in which the financial statements are to be used have not been quantified. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operation, shareholder's equity or cash flows in accordance with accounting principles generally accepted in the countries of users of the financial statements, other than Argentina.

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

(English translation of the financial statements originally issued in Spanish - Note 25)

FINANCIAL STATEMENTS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

EXHIBIT A

PROPERTY, PLANT AND EQUIPMENT

(stated in thousands of pesos)

MAIN ACCOUNT	Original value					Depreciation					Net book value 2008	Net book value 2007
	At beginning of year	Additions	Retirements	Transfers	At end of period	At beginning of year	Retirements	For the period	Annual rate	At end of period		
FACILITIES IN SERVICE												
Substations	872,565	0	0	843	873,408	310,167	0	6,529	3 - 4%	316,696	556,712	562,398
High voltage networks	381,906	0	0	0	381,906	133,599	0	2,779	3 - 4%	136,378	245,528	248,307
Medium voltage networks	773,928	0	0	4,155	778,083	299,515	0	6,089	3 - 4%	305,604	472,479	474,413
Low voltage networks	1,658,143	0	0	2,092	1,660,235	936,726	0	12,857	4 - 5%	949,583	710,652	721,417
Transformation chambers and platforms	491,159	0	0	3,268	494,427	191,191	0	4,003	3 - 4%	195,194	299,233	299,968
Meters	583,370	0	0	7,536	590,906	235,166	0	6,237	4 - 5%	241,403	349,503	348,204
Buildings	77,579	0	0	0	77,579	21,053	0	250	2 - 3%	21,303	56,276	56,526
Communications network and facilities	84,223	0	0	0	84,223	52,600	0	1,056	4 - 5%	53,656	30,567	31,623
Total facilities in service	4,922,873	0	0	17,894	4,940,767	2,180,017	0	39,800		2,219,817	2,720,950	2,742,856
FURNITURE, TOOLS AND EQUIPMENT												
Furniture, equipment and software projects	168,208	178	0	0	168,386	158,029	0	1,544	12 - 13%	159,573	8,813	10,179
Tools and other	45,179	14	0	0	45,193	42,448	0	190	10 - 11%	42,638	2,555	2,731
Transportation equipment	15,366	0	0	0	15,366	13,782	0	131	20%	13,913	1,453	1,584
Total furniture, tools and equipment	228,753	192	0	0	228,945	214,259	0	1,865		216,124	12,821	14,494
Total assets subject to depreciation	5,151,626	192	0	17,894	5,169,712	2,394,276	0	41,665		2,435,941	2,733,771	2,757,350
CONSTRUCTION IN PROCESS												
Transmission	152,578	24,216	0	(843)	175,951	0	0	0	-	0	175,951	152,578
Distribution and other	182,781	59,725	0	(17,051)	225,455	0	0	0	-	0	225,455	182,781
Total construction in process	335,359	83,941	0	(17,894)	401,406	0	0	0		0	401,406	335,359
Total 2008	5,486,985	84,133	0	0	5,571,118	2,394,276	0	41,665		2,435,941	3,135,177	-
Total 2007	5,146,176	342,749	(1,940)	0	5,486,985	2,220,754	(835)	174,357		2,394,276	-	3,092,709

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

(English translation of the financial statements originally issued in Spanish - Note 25)

FINANCIAL STATEMENTS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

EXHIBIT C

INVESTMENTS IN OTHER COMPANIES

(stated in thousands of pesos)

Name and features of securities	Class	Face value	Number	Adjusted cost	Value on equity method	Net book value 2008	Information on the Issuer					Net book value 2007	
							Main activity	Last financial statements issued			% interest in capital stock		
								Date	Capital	Income for the year			Equity
NON-CURRENT INVESTMENTS													
Art. 33 Law No. 19,550 -Companies-													
Related Company: SACME S.A.	common non-endorsable	\$ 1	6,000	15	390	390	Electric power services	12/31/2007	28	24	780	50	390
Total						390							390

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)
--

(English translation of the financial statements originally issued in Spanish - Note 25)

FINANCIAL STATEMENTS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

EXHIBIT D

OTHER INVESTMENTS

(stated in thousands of pesos)

MAIN ACCOUNT	Net book value	
	2008	2007
CURRENT INVESTMENTS		
Time deposits		
. in foreign currency (Exhibit G)	15,649	0
. in local currency	22,223	12,087
Notes receivable (Commercial Paper)		
. in foreign currency (Exhibit G)	70,933	85,652
Total	108,805	97,739

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)
--

(English translation of the financial statements originally issued in Spanish - Note 25)

FINANCIAL STATEMENTS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007**EXHIBIT E****ALLOWANCES AND ACCRUALS**

(stated in thousands of pesos)

MAIN ACCOUNT	2008				2007
	At beginning of year	Additions	Retirements	At end of period	At end of year
Deducted from current assets					
For doubtful accounts	40,006	3,152	(1,238)	41,920	40,006
For other doubtful accounts	2,900	0	(327)	2,573	2,900
Deducted from non-current assets					
For impairment of value of deferred tax assets	34,482	0	(34,482)	0	34,482
Included in current liabilities					
Accrued litigation	39,868	3,000	(2,245)	40,623	39,868
Included in non-current liabilities					
Accrued litigation	42,843	558	0	43,401	42,843

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

(English translation of the financial statements originally issued in Spanish - Note 25)

FINANCIAL STATEMENTS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

EXHIBIT G

FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES

Account	2008			2007	
	Currency and amount (2)	Exchange rate (1)	Booked amount in thousands of pesos	Currency and amount (2)	Booked amount in thousands of pesos
Current Assets					
Cash and banks	US\$ 160,020	3.128	501	US\$ 158,237	492
	ECU 33,290	4.9454	165	ECU 30,649	140
Investments					
Time deposits	US\$ 5,002,877	3.128	15,649	US\$ 0	0
Notes receivable	US\$ 22,676,790	3.128	70,933	US\$ 27,549,541	85,652
Other receivables					
Prepaid expenses	US\$ 32,929	3.128	103	US\$ 0	0
Prepaid Technical Assistance Services	US\$ 3,721,725	3.128	11,642	US\$ 4,883,086	15,182
Other debtors	US\$ 248,351	3.128	777	US\$ 247,433	769
Total Current Assets			99,770		102,235
Total Assets			99,770		102,235
Current Liabilities					
Trade accounts payable	US\$ 5,557,488	3.168	17,606	US\$ 10,109,541	31,835
				ECU 604,106	2,798
Loans					
Notes	US\$ 12,247,622	3.168	38,800	US\$ 5,421,935	17,074
Financial	ECU 334,690	5.0089	1,676	ECU 0	0
Other liabilities					
Fees related to the initial public offering of capital stock	US\$ 0	3.168	0	US\$ 259,717	818
Fees related to the issuance of corporate notes	US\$ 456,439	3.168	1,446	US\$ 1,322,369	4,164
	ECU 0	5.0089	0	ECU 2,650	12
Other	US\$ 935,058	3.168	2,962	US\$ 397,527	1,252
	ECU 40,383	5.0089	202	ECU 130,117	603
Total Current Liabilities			62,692		58,556
Non-Current Liabilities					
Loans notes	US\$ 312,704,116	3.168	990,647	US\$ 312,704,116	984,705
Total Non-Current Liabilities			990,647		984,705
Total Liabilities			1,053,339		1,043,261

(1) Selling and buying exchange rate of Banco de la Nación Argentina in effect at the end of the period/year.

(2) US\$ = US Dollar; ECU = Euro

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

(English translation of the financial statements originally issued in Spanish - Note 25)

INFORMATION REQUIRED BY SECTION 64 CLAUSE b) OF LAW No. 19,550

EXHIBIT H

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2008 AND 2007

(stated in thousands of pesos)

Description	2008			2007	
	Transmission and Distribution Expenses	Selling Expenses	Administrative Expenses	Total	Total
Salaries and social security taxes	33,538	6,502	9,625	49,665	40,223
Postage and telephone	316	1,907	651	2,874	2,588
Bank commissions	0	1,912	0	1,912	1,812
Allowance for doubtful accounts	0	3,152	0	3,152	150
Supplies consumption	10,380	237	367	10,984	8,185
Work by third parties	25,434	8,231	4,403	38,068	23,046
Rent and insurance	637	169	599	1,405	1,357
Security service	1,098	35	185	1,318	1,081
Professional fees	516	34	991	1,541	910
Computer services	4	1,286	5,159	6,449	4,289
Advertising	0	0	575	575	4,113
Reimbursements to personnel	1,328	282	333	1,943	1,882
Temporary personnel	43	278	90	411	557
Depreciation of property, plant and equipment	40,268	530	867	41,665	44,444
Technical assistance	3,844	0	0	3,844	1,863
Directors and Supervisory Committee members' fees	0	0	718	718	252
Tax on financial transactions	0	0	6,379	6,379	5,532
Taxes and charges	0	2,951	491	3,442	2,948
Other	5	2	299	306	433
Total 2008	117,411	27,508	31,732	176,651	-
Total 2007	98,879	20,504	26,282	-	145,665

EMPRESA DISTRIBUIDORA Y COMERCIALIZADORA NORTE S.A. (EDENOR S.A.)

Legal address: 1025 Azopardo Street – Autonomous City of Buenos Aires

INFORMATIVE SUMMARY
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2008, 2007, 2006, 2005 AND 2004

1. General Comments

(Not covered by the Independent Auditors' Report)

(Figures stated in thousands of pesos as indicated in Note 2 to the financial statements)

In the three-month period ended March 31, 2008, the Company recorded a net income of 18,998. As of the end of the period, the Company's shareholders' equity amounts to 1,993,579.

Net operating income amounted to 64,151, which represents a significant decrease as compared to the net operating income of 268,368 recorded in the same period of the previous year. However, it must be mentioned that the net operating income recorded in the first quarter of 2007 was positively impacted by the retroactive increase deriving from the application of the new electricity rate schedule, which amounted to 218,591.

Excluding this impact, the net operating income for the first quarter of 2007 would have amounted to 49,777. Therefore, the three-month period ended March 31, 2008 shows a positive development which is due to the increase recorded in the gross margin (application of the Cost Monitoring Mechanism (MMC), increase in electricity demand, application of the new electricity rate schedule for the three months as opposed to the same period of the previous year during which it was applied as from February), partially offset by the increase recorded in operating costs.

The demand for electricity in the concession area recorded an accumulated increase of 4.2% as compared to the same period of 2007.

The investment in property, plant and equipment totaled 84,133. This amount was mainly allocated to increasing service quality levels and meeting current and new customer demand.

2. Comparative balance sheet structure

(figures stated in thousands of pesos as indicated in Note 2 to the financial statements)

ACCOUNTS	03.31.2008	03.31.2007	03.31.2006	03.31.2005	03.31.2004
Current Assets	510,171	393,192	629,341	509,291	464,671
Non-Current Assets	<u>3,375,272</u>	<u>3,260,036</u>	<u>3,180,714</u>	<u>3,011,673</u>	<u>3,028,933</u>
Total Assets	<u>3,885,443</u>	<u>3,653,228</u>	<u>3,810,055</u>	<u>3,520,964</u>	<u>3,493,604</u>
Current Liabilities	537,844	410,683	854,509	1,911,781	1,549,085
Non-Current Liabilities	<u>1,354,020</u>	<u>1,465,426</u>	<u>1,137,843</u>	<u>72,575</u>	<u>308,343</u>
Total Liabilities	<u>1,891,864</u>	<u>1,876,109</u>	<u>1,992,352</u>	<u>1,984,356</u>	<u>1,857,428</u>
Shareholders' Equity	<u>1,993,579</u>	<u>1,777,119</u>	<u>1,817,703</u>	<u>1,536,608</u>	<u>1,636,176</u>
Total Liabilities and Shareholders' Equity	<u>3,885,443</u>	<u>3,653,228</u>	<u>3,810,055</u>	<u>3,520,964</u>	<u>3,493,604</u>

3. Comparative income structure

(figures stated in thousands of pesos as indicated in Note 2 to the financial statements)

ACCOUNTS	03.31.2008	03.31.2007	03.31.2006	03.31.2005	03.31.2004
Net operating income	64,151	268,368	11,869	11,927	14,692
Financial income (expenses) and holding gains (losses)	(20,964)	(92,233)	232,458	1,927	6,830
Other income (expense), net	<u>(6,639)</u>	<u>(6,393)</u>	<u>2,584</u>	<u>(4,131)</u>	<u>(2,170)</u>
Income before taxes	36,548	169,742	246,911	9,723	19,352
Income tax	<u>(17,550)</u>	<u>(62,973)</u>	<u>193,508</u>	<u>0</u>	<u>0</u>
Net income for the period	<u>18,998</u>	<u>106,769</u>	<u>440,419</u>	<u>9,723</u>	<u>19,352</u>

4. Statistical data (in units of power)

(Not covered by the Independent Auditors' Report)

CONCEPT	UNIT	03.31.2008	03.31.2007	03.31.2006	03.31.2005	03.31.2004
Sales of electricity (1)	GWh	4,589	4,391	4,027	3,839	3,713
Electricity purchases (1)	GWh	5,049	4,845	4,465	4,267	4,149

(1) The related amounts include toll fees.

5. Ratios

	RATIOS	03.31.2008	03.31.2007	03.31.2006	03.31.2005	03.31.2004
Current	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.95	0.96	0.74	0.27	0.30
Solvency	$\frac{\text{Shareholders' Equity}}{\text{Total liabilities}}$	1.05	0.95	0.91	0.77	0.88
Fixed assets	$\frac{\text{Non-current assets}}{\text{Total assets}}$	0.87	0.89	0.83	0.86	0.87
Income (loss) before taxes	$\frac{\text{Income before taxes}}{\text{Shareholders' Equity excluding income for the period}}$	1.85%	10.16%	17.93%	0.64%	1.20%

6. Outlook

(Not covered by the Independent Auditors' Report)

During the first quarter of 2008, the Argentine economy continued increasing at a high rate.

Both tax collection and the international reserves of the Argentine Central Bank continued increasing, as it occurred during 2007.

With regard to the Revision of the Company Tariff Structure (RTI), Resolution No. 434/2007 of the Energy Secretariat, that was published in the *Official Gazette* on April 30, 2007, established that the new electricity rate schedule would go into effect on February 1, 2008.

Notwithstanding the foregoing, as of the date of issuance of these financial statements no resolution has been issued concerning the application of the electricity rate schedule resulting from the RTI as from February 1, 2008. Nevertheless, the Company expects that such resolution will be issued during the next months.

Buenos Aires, May 7, 2008

ALEJANDRO MACFARLANE
Chairman

LIMITED REVIEW REPORT

To the Shareholders, President and Directors of
Empresa Distribuidora y Comercializadora Norte
Sociedad Anónima (Edenor S.A.)
Legal Address: Azopardo 1025
Autonomous City of Buenos Aires
Tax Code No. 30-65511620-2

1. We have carried out a limited review of the balance sheet of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (Edenor S.A.) (hereinafter Edenor S.A.) at March 31, 2008, and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended with the complementary Notes 1 to 24 and Exhibits A, C, D, E, G and H. The preparation and issuance of these financial statements are the responsibility of the Company.
2. Our review was limited to the application of the procedures established by Technical Pronouncement No. 7 of the Argentine Federation of Professional Councils in Economic Sciences for limited reviews of financial statements for interim periods which consist mainly of the application of analytical procedures to the amounts disclosed in the financial statements and inquiries of Company staff responsible for the preparation of the information included in the financial statements and its subsequent analysis. This review is substantially less in scope than an audit, the purpose of which is to express an opinion on the financial statements under examination. Therefore, we do not express an opinion on the Company's financial position, the results of operations, the changes in the shareholders' equity and its cash flows.
3. The financial statements and the supplementary information detailed in point 1. are presented in comparative format with the information arising from: i) the financial statements and the supplementary information at December 31, 2007, on which another professional issued an unqualified audit report on February 26, 2008; and ii) the financial statements and the supplementary information at March 31, 2007 and for the three-month period then ended, on which another professional issued a limited review report without observations on May 9, 2007.
4. Based on our work and on the examination performed by another professional on the financial statements mentioned in point 3.i), we report that the financial statements of Edenor S.A. at March 31, 2008, detailed in point 1., prepared in accordance with accounting standards in force in the Autonomous City of Buenos Aires, consider all significant facts and circumstances of which we are aware, and we have no observations to make on them.

5. According to current legal regulations we inform that:

- a) The financial statements of Edenor S.A. are recorded in the “Inventory and Balance Sheet” book and comply, in matters within our field of competence, with the provisions of the Commercial Companies Law and the corresponding resolutions of the National Securities Commission;
- b) The financial statements of Edenor S.A. arise from accounting records carried in all formal respects in conformity with legal requirements, and maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- c) At March 31, 2008 the liabilities of Edenor S.A. accrued in favor of the Retirement and Survivors’ Benefit System according to the accounting records amounted to \$ 6,872,691, which were not yet due at that date.

Autonomous City of Buenos Aires, May 7, 2008

PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C.A.B.A T°1 – F°17
Daniel A. López Lado
Public Accountant (UBA)
C.P.C.E. Autonomous City of Buenos Aires
T° 148 – F° 91

Supervisory Committee's Report

To the Shareholders of

Empresa Distribuidora y Comercializadora Norte Sociedad Anónima

- 1 As required by section 294, subsection 5, of Law No. 19,550, the Regulations of the National Securities Commission and the Buenos Aires Stock Exchange Regulations, we have performed a limited review of the balance sheet of Empresa Distribuidora y Comercializadora Norte Sociedad Anónima (hereinafter, "EDENOR" or the "Company") as of March 31, 2008 and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended, with their notes 1 through 24 and supplemental exhibits A, C, D, E, G and H thereto. The preparation and issuance of the aforementioned financial statements are the responsibility of the Company's management.

- 2 We have performed our review in accordance with current regulations, which require the application of the procedures established in Technical Resolution No. 7 of the Argentine Federation of Professional Councils in Economic Sciences for the limited review of financial statements for interim periods and that such review include verification of the consistency of the documents subject to the review with the information on corporate decisions laid down in the minutes and whether such decisions comply with the law and the Company's by-laws as to their formal and documentary aspects. In conducting our review, we have examined the work performed by the external auditors, Price Waterhouse & Co. S.R.L., who issued their unqualified limited review report on May 7, 2008. A limited review consists principally of applying analytical procedures to financial data and of making inquiries to Company personnel responsible for the preparation of the information included in the financial statements and their subsequent analysis. A limited review is substantially less in scope than an audit, the objective of which is to express an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion. Our review did not include management, marketing or production criteria applied by the Company, which are the responsibility of the Board of Directors and the Shareholders' Meeting.

- 3 The balances as of December 31, 2007, which have been included in the financial statements of EDENOR, are presented for comparative purposes and were examined by this Supervisory Committee, which issued its report dated February 26, 2008 expressing an unqualified opinion.

- 4 The balances as of March 31, 2007, which have been included in the financial statements of EDENOR, are presented for comparative purposes and were examined by other Supervisory Committee, which issued its report dated May 9, 2007 expressing an unqualified opinion.

5. Based on our review, performed with the scope mentioned in paragraph 2, we are able to report that the financial statements of EDENOR as of March 31, 2008, which have been prepared in accordance with accounting principles generally accepted in the City of Buenos Aires, take into account all material facts and circumstances of which we have become aware, and that we have no observations to make in relation thereto.

6. The provisions of section 294 of Law No. 19,550 have been complied with.

City of Buenos Aires, May 7, 2008.

By Supervisory Committee

Dr. José Daniel Abelovich
Member