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TRANSENER S.A. REPORTS FIRST QUARTER YEAR 2004 RESULTS

BUENOS AIRES – May 7, 2004 – Transener (BASE: TRAN), Argentina's leading electric power transmitter, today reported its results for the three-month period ended March 31, 2004. As of that date, the accumulated accounting loss corresponding to foreign exchange results net of inflation, generated by liabilities in foreign currency, was reduced to Pesos 224.3 million. This was the result of consolidated net profit of Pesos 8.1 million principally generated by the foreign exchange results originated by the effect of the peso revaluation on liabilities in foreign currency, which resulted in an accounting profit of Pesos 34.4 million. As of December 31, 2003, Transener had registered an accumulated loss of Pesos 258.7 million, originated by the effect of the peso devaluation.

Under Law N° 25.790 (Official Bulletin, October 22, 2003), an amendment to the Public Emergency and Exchange Rate Revised Law (N° 25.561) was approved in which the term of the renegotiation of Public Services Agreements is extended to December 31, 2004 and fully powers regarding such process are granted to the Executive.

Throughout December 2003, Transener, along with other Public Services Companies of the electric market, was called by the members of the Unit of Renegotiation and Analysis of Public Services Contracts (UNIREN) in order to be informed about the schedule of activities in relation with the renegotiation process to be accomplished during 2004.

Up to now, the Company has complied with the information requested by the UNIREN, and goes on actively working with the purpose to advance positively with the schedule.

Even though the renegotiation process has been reinitiated, the perspective is still uncertain reducing the capability of the Company of planning its activities and results in the mid and long term. The Company will carefully follow the evolution of said negotiations and the macroeconomic conditions in Argentina.

In that sense, it will be crucial the renegotiation of the Concession Agreement in accordance with the parameters established in the Law N° 24.065 and preexisting work contracts, in order to achieve a sustainable economic equation.

Transener is highly committed to perform all the instruments needed in order to achieve the contractual recomposition and will not disclaim either of its rights or legal actions that could be exercised according to the express resolutions of the Regulatory Framework. Said rights will be kept and exercised in the whole administrative and judicial instance to which Transener appeals for such purpose, even within the renegotiation process referred to in Law N° 25.561.

In accordance with the public declaration made on April 22, 2002, reporting the suspension of the principal and interest payments of all of its financial indebtedness, Transener continued orientating its efforts in order to preserve the quality of the service that is in charge of. As a consequence of that, at present Transener fulfills satisfactorily with all indexes of quality of service stated in its Concession Agreement.

Within the framework of a very low previsibility, Transener goes on actively working looking forward to the restructuring of its financial indebtedness, maintaining a fluid communication with its financial creditors, with the purpose of achieving a proper resolution.

In that sense, a reasonable progress has been achieved in the renegotiation with the Steering Committee, which was formed on September 3, 2002.

Notwithstanding that, and such as it was reported on September 11, 2003, Transener was informed about a bankruptcy petition placed by a supposed private bondholder of Series A Corporate Bonds for an amount of capital and interests of US Dollars 0.1 million. Transener has requested the dismissal of the bankruptcy petition and for that purpose it has implemented the corresponding defense for the protection of its rights.

It is important to point out that during the current quarter, Transener's financial creditors, mostly financial entities, have transferred their rights to international investment funds, which hold these kind of credit. Such transactions have been notified to Transener and the new debt holders have been involved into the constant activities in relation to the restructuring process.

On January 5, 2004, the Company was notified by its controlling Company Citelec S.A. that it was registered in the share book of that Company the transfer of shares representing 7.514 % of its capital and votes of Citelec S.A. property of The Argentine Investment Company to Dolphin Fund Management S.A.

On March 17, 2004 a contract was signed between Dolphin Fund Management S.A. and National Grid Finance B.V. for the sale of the 42.493% of Citelec S.A.'s shares.

On April 1, 2004 Petrobras Energía S.A. announced to National Grid Finance B.V. the exercise of its preferred right to buy part of the shares on sale by National Grid Finance B.V. This right was exercised for 17.406 Class "A" , common, registered shares, representing the 0.007% of Citelec S.A.'s capital stock.

This operation is subject to the approval by the National Government and the Regulator Authority.

First quarter ended March 31, 2004

Consolidated net revenues for the three-month period ended March 31, 2004 amounted to Pesos 65.7 million, 1.8 percent lower than the Pesos 66.9 million for the same period last year.

Consolidated operating profit for the three-month period ended March 31, 2004 amounted to Pesos 6.3 million, 38.1 percent lower than the Pesos 10.2 million for the same period last year. This decrease was primarily due to the increase in the operating costs, which amounted to Pesos 59.4 million for the three-month period ended March 31, 2004, compared to the Pesos 56.7 million for the same period last year, principally due to the increase in salaries and social security charges, mainly as a consequence of the application of Decrees N° 392/03 and 1.347/03 issued by the Executive.

Consolidated financial results, net for the three-month period ended March 31, 2004 resulted in a net profit of Pesos 4.3 million, generated principally by the foreign exchange results originated by the effect of the peso revaluation on liabilities in foreign currency, which resulted in an accounting profit of Pesos 34.4 million, less the interest generated by liabilities and other financial results that represented a net loss of Pesos 30.1 million. During the same period last year, financial results represented a net profit of Pesos 122.9 million.

Income tax charge for the three-month period ended March 31, 2004 amounted to Pesos 2.5 million compared to Pesos 4.3 million for the same period last year, due to the variation in the deferred tax liability during the period.

RECENT DEVELOPMENTS

International activities:

-Brazil

To the two operation and maintenance contracts in progress, it must be added, since June, the installations corresponding to the Itumbiara-Matimbondo HVL which comprises 212 km of lines in 500 kV and two substations' extensions. Therefore, the operation of Transener in Brazil will constitute a total of 1.857 km of lines in 500 kV, four complete substations and the extension of six substations. Notwithstanding, the Company goes on searching opportunities in order to expand its activities in that country.

-Perú

The works for the Coordination of the Protections of the National Electric Interconnected System (SIEN), Economical Operation of the System Committee (COES), are still in progress. These studies comprise the adjustment of nearly 3.000 protections.

The works are supposed to be finished towards mid 2005.

The amount of the contract amounts to approximately US Dollars 1.0 million.

-Paraguay, Yaciretá – Ayolas

The commissioning and start-up of the installations were finished successfully, and there are still under execution some minor pending issues and the obtention of the provisory reception.

It constitutes the first work in 500 kV executed in the Paraguayan Transmission System, financed by the BID and awarded to Transener through an International Public Bid. It

comprises a line of 15 km, which link the Yacyretá Hydraulic Dam with the Ayolas substation, crossing the Añá Cuá's arm of the Paraná's river, a yard in 500 kV and the extension of the section in 220 kV of the substation.

Due to ANDE's (National Administration of Energy) problems, the work was started up in a transitory and partial way, operating in 220 kV.

Local activities:

-Federal Plan of 500 kV Electric Energy Transmission-Patagonic Line

It was awarded to INTESAR Consortium the construction, operation and maintenance of the Choele Choele – Puerto Madryn Interconnection, known as Patagonic Line, which will link the Patagonic System to the National Interconnected System. Transener is the nominated subcontractor for the operation and maintenance of the line.

Transener will have to supervise the construction, collecting the corresponding remuneration of Pesos 6.1 million, which will be collected during the execution of the work, estimated in 20 months. After the start-up, apart from the remuneration set in the operation and maintenance contract, Transener will collect a regulated connection charge for the operation and maintenance of the yard to be built in the Choele Choele substation.

-Expansion of the Choele Choele and Olavarría Substations Capacitor Banks

The execution of this extension was awarded to ABB, which subcontracted Transener for the works of mounting, tests and start-up. The works will begin as soon as the equipment arrives.

Transener also maintains the role of supervision and the corresponding remuneration.

-Works of Resolution 1/03 of the Secretariat of Energy

The works of manufacturing and reception of major equipments are being carried out normally, and an advance of 80% has been achieved. The award of the civil works and the electromechanical mounting was initiated.

-Other works

Transener is in charge of the purchase and inspection of the repair of the transformer of the Bombeo Río Grande Dam, works that have been awarded to a domestic company.

SELECTED FINANCIAL INFORMATION

Consolidated Balance Sheet

	March 31, 2004 (in thousands of Argentine Pesos)	December 31, 2003
ASSETS		
<i>CURRENT ASSETS</i>		
Cash and cash equivalents	11.324	12.555
Investments	154.230	134.605
Trade receivables	56.643	63.732
Other receivables	18.248	20.033
<i>Total Current Assets</i>	<u>240.445</u>	<u>230.925</u>
<i>NON-CURRENT ASSETS</i>		
Property, plant and equipment, net	1.551.986	1.560.125
Intangible assets	3.637	4.077
Other receivables	16.222	16.222
Other assets	508.427	520.281
<i>Total Non-Current Assets</i>	<u>2.080.272</u>	<u>2.100.705</u>
TOTAL ASSETS	<u>2.320.717</u>	<u>2.331.630</u>
LIABILITIES		
<i>CURRENT LIABILITIES</i>		
Accounts payable	17.789	21.871
Bonds and other indebtedness	1.568.184	1.581.026
Payroll payable	8.794	9.326
Taxes payable	14.120	13.474
Provisions	21.369	19.792
<i>Total Current Liabilities</i>	<u>1.630.256</u>	<u>1.645.489</u>
<i>NON-CURRENT LIABILITIES</i>		
Vendor notes payable	125.735	128.668
Taxes payable	26.092	26.858
<i>Total Non-Current Liabilities</i>	<u>151.827</u>	<u>155.526</u>
TOTAL LIABILITIES	<u>1.782.083</u>	<u>1.801.015</u>
MINORITY INTEREST IN SUBSIDIARY	51.537	51.585
SHAREHOLDERS' EQUITY	487.097	479.030
TOTAL	<u>2.320.717</u>	<u>2.331.630</u>

Consolidated Income Statement

	Three months ended	
	March 31, 2004	March 31, 2003
	(in thousands of Argentine Pesos)	
Net sales	65.668	66.876
Operating costs	(51.464)	(48.986)
Gross profit	14.204	17.890
Administrative expenses	(7.903)	(7.710)
Operating profit	6.301	10.180
Operating profit per share	0,017	0,028
Other income and expenses	(29)	1.515
Financial results		
Generated by assets		
Interest income	949	5.515
Foreign exchange income, net of inflation	(2.508)	(9.656)
Results of exposure to inflation	0	(759)
Holding results on public bonds	0	524
Traslation result foreign investment	(44)	(101)
Generated by liabilities		
Interest expense and related taxes	(24.239)	(23.327)
Foreign exchange loss, net of inflation	34.382	153.557
Other financial expenses	(4.289)	(3.491)
Results of exposure to inflation	0	599
Total financial results	4.251	122.861
Minority Interest in Subsidiaries	48	(28)
Income / (Loss) before taxes	10.571	134.528
Income tax	(404)	(2.231)
Minimum notional income tax	(2.100)	(2.105)
Net Income / (Loss)	8.067	130.192
Net Income / (Loss) per share	0,022	0,361

Other Data

	Three months ended	
	March 31, 2004	March 31, 2003
	(in thousands of Argentine Pesos)	
Non-cash net sales (1)	2.933	2.933
Depreciation and Amortization	25.143	26.084
EBITDA	28.511	33.331
Capital Expenditure	5.308	3.970

(1) It refers to the accrual of the Fourth Line Prepayment