



# **PAMPA ENERGÍA S.A. DIVIDEND POLICY**

November 2018



## **1. Purpose.**

**1.1.** This Dividend Policy (the "Policy") is designed in accordance with laws and regulations in force in Argentina and the Bylaws of Pampa Energía S.A. ("Pampa"). It establishes a set of guidelines to be observed in order to keep an adequate balance between distributed amounts and Pampa's investment plans; aiming at establishing a clear, transparent and consistent practice which enables shareholders to make informed decisions. The Policy will be posted on the "*Investors*" section of Pampa's website.

## **2. Dividend Distribution Decision-Making.**

**2.1.** The decision to distribute a dividend is at the sole discretion of the Shareholders' Meeting, based upon the Board of Directors' recommendation. It is expressly set forth that **the Company is under no obligation to distribute profits**, and the Shareholders' Meeting will have sole discretion regarding the determination and timing of a dividend distribution.

**2.2.** The Shareholders' Meeting will determine the dividend amount to be distributed and it may establish the distribution method and timing. The Shareholders' Meeting may fix a maximum distributable amount in the year, and it may delegate to the Board the power to determine the distribution timing and method as deemed fit and suitable. In addition, it may create special reserves for future dividend distribution, which may be later reversed if distribution thereof is deemed to be appropriate.

**2.3.** The decision to distribute a dividend will be made in a manner consistent with a reasonable and prudent management practice.




### **3. Conditions under which a dividend will be paid. Regulations and internal requirements.**

**3.1.** Pursuant to Section 70 of the General Companies Law (*Ley General de Sociedades*) (the “GCL”), Pampa is required to allocate 5% (five percent) of its realized and liquid profits as reflected in the income statement for the year, up to 20% (twenty percent) of the capital stock, to a Statutory Reserve Account.

**3.2.** Pursuant to GCL Section 224 “A dividend distribution or payment of interest to the shareholders is lawful only if made out of realized and liquid profits reflected on a financial statement for the year which has been regularly prepared and approved.” In addition, Section 70 of such regulations establishes that in the event of a reduction in the statutory reserve for any reason whatsoever, no profits shall be distributed until such reserve is restored. Profits shall not be distributed either as long as losses from previous years are not covered, all in accordance with the provisions of GCL Section 71. Therefore, to distribute a dividend Pampa is required to have liquid and realized profits based on a financial statement approved by the General Ordinary Shareholders’ Meeting and in the event of a reduction in the statutory reserve, it shall be restored.

**3.3.** Additionally, upon determining a distribution of profits, any potential contract limitations on the Company shall be contemplated.

### **4. Eligible Shareholders.**



**4.1.** The list of shareholders eligible for a dividend is prepared on the basis of Pampa's register of shareholders kept by Caja de Valores S.A., domiciled at 25 de Mayo 362, City of Buenos Aires.

**4.2.** Any declared dividend will be payable to the holder of record as of the date to be reported.

**5. Dividend Payment Procedure.**

**5.1.** Pursuant to applicable laws and regulations, dividends shall be paid within thirty (30) calendar days of approval by the Shareholders' Meeting. In addition, Pampa must report to the Argentine Securities Commission that a dividend has been made available at least 5 (five) business days in advance.

**5.2.** If applicable, the relevant tax withholding will be made.

**6. Miscellaneous.**

**6.1.** This document will become effective on the date of approval by the Management Body.

**6.2.** If any amendments are made to the Laws or Pampa's Bylaws, any such changes will have effect on the relevant parties in the event of any inconsistency with this document.