To the Board of Directors of Petrobras Argentina S.A.
Maipú 1, Federal Capital, Argentina

Dear Sirs,

In accordance with our proposal for professional services and Description of Services dated May 24, 2016 and the conversations held, we are pleased to submit to Petrobras Argentina S.A. (hereinafter also referred to as "PESA", the "Company" or the "Client") this report with the results of our work on the estimate of the fair market price range for Petrobras Argentina S.A.’s share as of May 20, 2016 (hereinafter, the "Report"), consistently with the provisions of Title III, Chapter II, Articles I and II of CNV General Resolution 622/2013 (hereinafter the "Implementing Rule").

1 – Context and Purpose of the Work Performed

1.1 Context of the work performed

Petrobras Argentina SA is a corporation (sociedad anónima) organized in the Republic of Argentina under the Argentine laws. It is an integrated power company engaged in oil and gas exploration and production, refining and distribution, petrochemical, electricity generation and distribution, and hydrocarbon commercialization and transportation.

On May 20, 2016, Pampa Energía S.A. presented a Mandatory Tender Offer (hereinafter the "MTO") to take over the Company. It represents 67.2% of the Company’s capital stock (hereinafter the "Transaction"). The remaining shares are held by equity investors.

Within the framework of this Transaction, PESA’s Management has requested our services to assist them in the fairness analysis for the price offered in the MTO, in accordance with the provisions of Article I, Section 3 of CNV General Resolution 622/2013. This analysis was prepared on the basis of the Client’s request and in accordance with the Implementing Rule (particularly, the application and weighing of the methods set forth in Title III, Chapter II, Article I, Section 5 of the aforesaid rule), which reads as follows: “When a public tender offer is made, the following must be weighed in order to determine the offer price: (a) the equity value of the shares; (b) the value of the Company calculated using the discounted cash flow method and/or indicators applicable to companies with comparable businesses; (c) the average trading price during the six month period immediately prior to the offer. To that effect, the opinions of two independent appraisers must be filed with the CNV together with the Tender Offer application, and they must be made available to investors at the Financial Information Highway, and where applicable, in the regular information
systems of the stock exchange where the stock is traded” (hereinafter, the Implementing Rule).

In this context, we will provide an estimate of the fair price range for the Company as of May 20, 2016 to be filed with the pertinent regulatory authorities (CNV).

1.2 Purpose of our work

Based on the foregoing, the purpose of our work was to assist the Client in estimating the fair market price range for PESA’s share as of May 20, 2016, within the context of the Mandatory Tender Offer (MTO) received from Pampa Energía S.A. (hereinafter "Pampa" or the "Buyer") and in accordance with the provisions of CNV General Resolution 622/2013, Title III, Chapter II, Articles I and II.

2 – Scope of Our Work

2.1 Scope of our work

Our work was limited to being advisors; therefore we did not make decisions of any kind. This work was done, at all times, in accordance with the instructions given by the Client and keeping it permanently informed about the development and results and submitting for its consideration and approval any matter involving the making of decisions of any kind.

The scope of our work included the following activities:

Phase I: Data gathering and analysis

- Interviews with PESA’s management to clearly understand the nature and history of the Company's business.
- Interviews with representatives of each business line to have a clear understanding of the perspectives that the Company has included in its plans.
- Analysis of industry, competition and economic environment in which PESA operates, as well as its position and performance in the market compared to competitors or similar companies.
- Analysis of the performance of the trading price of PESA’s share during the six-month period immediately prior to the offer.
- Analysis of the information provided by the Client, which mainly consisted of:
  - Audited annual financial statements of PESA for the years ended December 31, 2013, 2014 and 2015.
  - Audited interim financial statements of PESA as of March 31, 2016.
  - Financial projections and estimates of future performance of PESA for the period 2016-2036 for the Exploration and Production business (the date coincides with the expiration of the concessions and/or the useful life of the exploited areas) and the period 2016-2021 for the other business units, as well as a description of the assumptions on which the estimates made in April 2016 were based.
• Certain market information that was useful to have a clear understanding of the trends in expected future business activity levels estimated by PESA’s Management.
• Evaluation of the global internal consistency of the assumptions used and verification that the factors that may affect the business in the future have been properly considered.

Phase II: Identification, selection and application of the valuation method

• Identification, consideration and weighing of the methods to estimate the price of the share based on the guidelines defined in the Implementing Rule.
• Use of finance-mathematical models in accordance with the valuation methods considered and used. This stage consisted in using financial and mathematical models in the process for estimating the price range of PESA´s share. These models have the necessary flexibility to estimate and assess the sensitivity of the fair market price of the share and are consistent with the practices generally used in the financial valuation of companies.
• Performance of a sensitivity analysis of the price of PESA’s share in accordance with the behavior of the principal variables used in the financial projections.
• Estimation of the fair market price range for PESA’s share, based on the valuation methods used.

Phase III: Results

• Issuance of the Valuation Report detailing the results from the process of estimation of the fair market price of PESA share.

3 – Valuation Methods

In relation to Mandatory Tender Offers (MTO), CNV General Resolution 622/2013 establishes in Title III, Chapter II, Article I, Section 5 that when a PTO is made, for the determination of the offer price, opinions on the market price of the share must be obtained from two independent appraisers and filed with the CNV together with the Tender Offer application, and they must be made available to investors at the Argentine Exchange Commission (CNV) and, where applicable, in the regular information systems of the stock exchange where the stock is traded. It also establishes that the following valuation criteria or methods must be considered and weighed in estimating the market price of the share:

• The equity value of the shares.

• The value of the company calculated using the discounted cash flow method and/or indicators applicable to companies with comparable businesses.

• The average trading price during the six month period immediately prior to the offer.
As regards the weight assigned to the above mentioned methods, the Implementing Rule establishes that these criteria shall be taken into account either separately or on a joint basis and their respective relevance must be explained at the time the offer is made and duly grounded in the offer prospectus.

### 3.1 Equity value of the shares

This method established in the Implementing Rule proposes that the price of the share of a company be determined based on the ratio between 1) the shareholders' equity of a company (i.e. the accounting value of equity in accordance with the accounting rules in force and 2) total number of issued and outstanding shares (net of treasury shares, if any).

The method based on the accounting equity value of a company reflects the individual value of each asset and liability resulting from the application of the referenced accounting standards in force in each market. It is a static method that does not adequately contemplate the ability to generate future economic benefits from the net operating assets of a company operating in an assembled manner and whose value depends on, and may significantly vary from company to company according to, the profile of the company, its corporate strategy and the efficient management of its net assets.

Based on the foregoing and in an ongoing business scenario, the principal limitations and potential distortions of this method are summarized as follows:

1) From a conceptual standpoint, in a company/industry not subject to capital regulations:
   - The shareholders’ equity at book value does not intend to accurately reflect the company’s ability to generate future economic benefits.
   - The shareholders’ equity at book value does not necessarily reflect the activity level of the company and the risk profile of its net operating assets.

2) From the methodological standpoint, this method does not capture in most cases:
   - the value of the internally developed intangible assets not reflected in the financial statements.
   - the market value of Fixed Assets, an issue that is magnified in countries with high rates of inflation and no restatement of financial statements for inflation.
   - The value generated by strategic assets not owned by the company (e.g.: leased fixed operating assets).
   - The value of the existing geological reserves classified as Probable, Possible and Resources.
3) From the empirical standpoint:

- The empirical comparison of the market capitalization and the book value of multi-business segment companies shows that both amounts rarely coincide.

Finally, we point out that if the values resulting from this method are to be considered as "minimum" benchmark values in an asset liquidation scenario, in our experience, the base price of assets is significantly reduced by the discount in value of such assets when forced sales are made in a liquidation scenario, and the deduction of the company’s close down costs associated with the company’s decision to discontinue its business.

3.2 Discounted cash flows

The income approach is based on the projection of future cash flows to be received by the shareholders of a company during its remaining useful life, and on the determination of the economic value thereof as the present value of such flows, discounted at a rate established in accordance with its risk.

Within the income approach, there are various methods based on discounted cash flows. The most widely known are described below:

Method based on cash flow to equity (Cash Flow to Equity or FTE)

This method consists in discounting the cash flow to equity at a discount rate that reflects the opportunity cost and the risk assumed by the shareholder (cost of equity or Ke).

The cash flow considered in this case is the cash flow available to shareholders after all debts have been paid, including interest and principal payment.

Method based on free cash flow to the firm (Free Cash Flow to the Firm or FCF)

The cash flow considered in this case is the cash flow available to the company’s capital suppliers (financial creditors, shareholders, etc.) after considering the necessary investment (in net operating assets) to achieve the projected return.

The discount rate applied in this method is known as WACC (Weighted Average Cost of Capital) and is the weighted average of the return rates required by the company’s capital suppliers. Therefore, the impact of the financial debt is reflected in the discount rate.

The discounted cash flow method is the method most commonly used by financial analysts, scholars and valuation experts to estimate the market price of companies, shares and/or individual assets and liabilities, since, based on a prospective approach, it reflects the ability of such companies and/or assets to generate future economic benefits, considering in the measurement of value, the business risk and the time value of money.
3.3 Indicators applicable to companies with comparable businesses

This approach establishes the value of a company or an asset based on the prices at which recent transactions, offers or agreements involving similar or comparable assets were made ("comparative transaction method") or the market prices of similar or comparable listed companies ("comparative company method").

Under the comparative transaction method, the market price of a company or an asset is estimated based on the prices at which purchase and sale transactions of other companies or assets were made. The process consists in analyzing the prices paid for recently sold companies or assets similar to those of the company to be valued. In this particular case, this method is not useful as there is no information of similar transactions in the last years in the Argentine market.

Under the comparative company method, the market price of a company is estimated by comparison with the market price of listed companies that operate in the same field as the company to be valued. This method consists in selecting comparable companies, analyzing their business profile (e.g.: products, customer profile, markets served) and their financial economic profile (size and profile of assets, sales volume, profitability margins, etc.) in order to determine their relative similarity. Once these similarities and differences are determined and the pertinent adjustments are made, the multiples of price or total value of invested capital of the selected companies are calculated. These multiples are then applied to the operating results of the company to be valued.

Due to the difficulties arising in estimating and supporting the adjustments aimed at assimilating the comparable companies/assets to the company or asset under analysis, we only use this method to cross-check the price obtained using the principal methods selected.

3.4 Average trading price of the share during the six month period immediately prior to the offer

The market price estimated using the quoted price in an active market provides a good reference of its fair market price, always provided such quoted prices are available. However, the use of this method requires the existence of an active market, which is defined as a market in which transactions for the quoted assets take place with sufficient frequency and volume to provide pricing information on an ongoing business basis.

Likewise, this method loses relevance and/or calls for adjustments when the quoted price in an active market does not represent the fair price on the measurement date or period. This would be the case if, for example, significant events (such as significant transactions and/or announcements that affect the expected financial performance of the asset under analysis) take place before the measurement date or period.

3.5 Methods selected

Based on the foregoing description and analysis of the valuation methods defined in the Implementing Rule and taking into account the characteristics and nature of
PESA’s business, the following is the weight assigned to the analyzed methods in order to calculate the estimated fair price range of PESA’s share:

<table>
<thead>
<tr>
<th>Approach</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income approach – Discounted cash flow method</td>
<td>80%</td>
</tr>
<tr>
<td>Market approach – Average daily trading price of Petrobras Argentina S.A.’s share during the six-month period prior to May 20, 2016</td>
<td>15%</td>
</tr>
<tr>
<td>Equity value</td>
<td>5%</td>
</tr>
</tbody>
</table>

4. Estimate of Fair Market Price Range

For the purposes of our report, fair market price means:

"the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique".

4.1 Income Approach – Discounted Cash Flow Method

In order to estimate the price of PESA´s share using the discounted cash flow method, we were provided with projected information prepared by the Company. According to what was informed, the projection was made on the key assumption of an extension of certain concessions that would expire in 2023, 2025 and 2027. As informed by the Company, on the issuance date of this report, such renewals were at an advanced stage of negotiation.

In this regard, although the process of signing the concession extensions is highly advanced, it has not been completed yet. For that reason, we made our analysis considering two possible scenarios: 1) without the extension of the concessions and 2) with the extension of the concessions.

Based on the discounted cash flow method described in section 3.2. above, and the assumptions defined and provided by the Client’s Manager, we have estimated the following market price ranges for PESA´s share as of May 20, 2016 for the scenarios under analysis:

<table>
<thead>
<tr>
<th>Approach</th>
<th>Alternative 1</th>
<th>Alternative 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total reserves without exploration and extension</td>
<td>Total reserves without exploration with extension</td>
</tr>
<tr>
<td>Income Approach - Discounted Cash Flow Method</td>
<td>Min</td>
<td>Base</td>
</tr>
</tbody>
</table>
As it follows from the above table, and in connection with the price range estimated using the discounted cash flow method, we point out that, in order to assess the impact that changes in certain identified key variables could have on the fair market price range for PESA’s share, we conducted a sensitivity analysis on these variables by defining alternative scenarios for their evolution.

According to the results obtained in the sensitivity analysis conducted, the market price range for PESA’s share is sensitive to changes in the projected evolution of the identified key variables.

Therefore, it is important to take into account that the changes or deviations that may occur in such variables with respect to the projections used in the underlying scenario could significantly modify our conclusions regarding the fair market price range for PESA’s share.

4.2 Market Approach – Method based on the average trading price of the share during the six-month period immediately prior to the offer

In our analysis of the price of PESA’s share, we conducted the following tests in order to assess the concepts of Active Market and occurrence of Significant Events mentioned in section 3.4. above.

Active Market: We conducted a liquidity test to verify compliance with the sufficient frequency and volume requirements to be considered an active market. The following conclusions are drawn from the observable market data: 1) PESA share has an acceptable liquidity as it is included in Panel Merval 25, i.e. the 25 most traded shares on the Buenos Aires Stock Exchange. 2) On the other hand, PESA’s share has an acceptable liquidity level according to the benchmarks commonly used by financial analysts.

Analysis of Significant Events: We conducted an analysis of the price of the share to identify if there were significant events that should be considered in cases where they affected investors’ expectations and could have generated speculative behaviors of investors that can distort the market price of shares. The following events were identified:

- January 20, 2016    Announcement of the possible sale of Petrobras Argentina SA by Petroleo Brasileiro S.A. - Petrobras
- March 04, 2016     Announcement of the approval of the exclusive negotiations between Petroleo Brasileiro S.A. - Petrobras and Pampa Energía SA for the sale of Petrobras Argentina SA

Taking into account the share performance in light of these events, there is no sign of significant distortion in PESA’s share.

The following is the average trading price of PESA’s share during the 6-month period prior to the effective date of our valuation report (May 20, 2016), using the average price of the share during the aforesaid period:
### 4.3 Equity value of the shares

The application of this method should not be assimilated to the cost approach or asset approach, as they require the determination of the market price of the principal assets and the consideration of adjustment indexes that exceed the requirements set forth in the Implementing Rule.

The following are the results obtained using this method:

<table>
<thead>
<tr>
<th>Equity value of PESA’s shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>In millions of Argentine pesos except for per share amount and number of shares</td>
</tr>
<tr>
<td>Capital Stock</td>
</tr>
<tr>
<td>Other Equity items</td>
</tr>
<tr>
<td>Reserves income</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Unappropriated retained earnings (includes period results)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
</tr>
<tr>
<td>Shareholders’ Equity as of March 31, 2016</td>
</tr>
<tr>
<td>Outstanding shares</td>
</tr>
<tr>
<td>Equity value of the share</td>
</tr>
</tbody>
</table>

### 5 - Conclusions

Based on the scope requested and the procedures conducted for the purposes of our work, the business performance assumptions for PESA defined and provided by the Client’s Management, and taking into account the relevant aspects regarding the interpretation of the available information and the results of our work, we conclude that in the context of the MTO and after having taken into account, on a joint basis, the criteria indicated in Title III, Chapter II, Article I, Section 5 of the CNV Implementing Rule (restated text 2013) on the Regime for Tender Offers, the price of Petrobras Argentina S.A.’s share as of May 20, 2016 is within the price ranges indicated in the following tables, depending on the alternative that is finally realized:
6 – Important aspects to be considered in connection with the performance and the results of our work

6.1 Information used as basis for our work

Our work was mainly based on information provided by the Client’s Management, consisting of both historical information of PESA and assumptions and hypothesis about the financial economic performance of PESA estimated by the Client, and on market data from private consultants provided by the Client.

Our analysis for estimating the price range consisted in applying certain valuation methods to the information provided by the Client, which we understand was previously defined and approved by the Client’s Management. Such information is not fully audited, as part of it is managerial, historical and projected information prepared by the Client.

This report is based on and limited to our knowledge and experience in valuation and other matters included herein. We have not performed any audit, review or compilation of the historical or projected financial information contained in this report. We do not express an opinion or offer any assurance in relation to said information. This report does not constitute an advice for investors or a legal advice. This report is not intended to be used to avoid sanctions that might be imposed under the applicable national, provincial or municipal tax laws, and cannot be used by you or any taxpayer to that end.

We have not examined the title to the company or the assets subject matter of this report. We relied on the Client’s representations and assumed with respect to PESA’s companies and assets that (i) the title to the assets and companies is good and marketable, (ii) the companies and the assets are free of liens and attachments, (iii) they comply with all federal, state and local laws and regulations (including, without limitation, those related to the use of the property, environment, zoning issues and other requirements) and (iv) all licenses, occupation certificates, legislative or administrative permits and authorizations from federal, state or local authorities or government agencies, entities or private organizations required for any use of the property related in any manner with this report or the underlying services, have been
obtained or can be obtained or renewed. We do not assume any liability for the legal description of the property.

We were provided with verbal, written and electronic information of the company or the assets reviewed by us. In preparing this report, we have relied on that information and we are not required to independently verify its accuracy or completeness. We do not assume any responsibility for the accuracy or completeness of the information furnished by other persons, including the Client’s Management.

It is possible that we have extracted some historical financial data used in our valuation from audited or unaudited financial statements that are the responsibility of the Target’s management. The financial statements can include explanatory notes under the generally accepted accounting principles. We have not independently verified the accuracy or completeness of that data and we do not express any opinion or offer any assurance regarding such data or the underlying financial statements.

We do not assume any responsibility for judgments regarding the presentation of financial and tax information, which are the responsibility of the management.

When the information used comes from another type of source and we base all or any part of our analysis on them, we assume that said information is reliable.

6.2 Significant aspects to be considered in interpreting the results of our work

Subject to the considerations and limitations set forth below, we are not aware of any fact that can lead us to suppose that the data and facts contained herein are not correct.

Our analysis assumes that on the Valuation Date, the Company and its assets will continue to operate as usual, i.e. we assume a normal ongoing business scenario.

In estimating the fair market price range for PESA’s share, we did not take into account any liquidity and/or control discount or premium, due to the absence of empirical studies to adequately support such premiums and discounts in our country.

It is assumed that it is the responsibility of PESA’s Management to ensure that the managements of both the Client and the Company are qualified to conduct business and that both companies comply with all laws and regulations in force.

No contingent lawsuits or claims were considered in the estimate of the fair market price range for PESA’s share.

For the purposes of our work, we assume, unless otherwise stated, that PESA complies with all necessary legal requirements to continue its normal operations.

Our estimate of the fair price range for PESA’s share does not necessarily represent the price at which such share can be purchased or sold since that price will result from the offer and potential free negotiation between the parties involving subjective elements such as expectations, market and business overview, and factors that were not taken into account in this work, such as for example, synergies or the strategic interest of the buyer, among others.
Our recommendations about the fair price are effective as of the effective date of the work expressly established in this Report. Changes in the market conditions can lead to variations substantially different from those indicated on the effective date of our work. We do not assume any responsibility for changes in the market conditions occurring after the effective date of our work and we are not required to update the report or our recommendations, analysis, conclusions or other documents related to our services after such date, for any reason whatsoever.

We do not assume any responsibility for the offeror’s impossibility to acquire the shares at the price established in this Report, nor for the considerations, evaluations and decisions made by the minority shareholders and the regulatory authorities based on such price.

The cash flow estimates are for exclusive use in the analysis of the stock value, and are not intended to be used as forecasts or projections of future operations. We do not make any examination or compilation or any work with agreed procedures with respect to cash flow data, therefore, we do not express an opinion nor offer any assurance as to the data or underlying assumptions. Besides, in general, there will be differences between the estimated results and the actual ones as, frequently, facts and circumstances do not occur as expected, and these differences can be significant.

We are not required to submit or provide additional works or services, or give testimony or appear before any court in connection with the company, the assets reviewed or this report.

We have not expressed an opinion as to whether there were violations or abuse of laws or regulations on fraud or other laws. We do not assume any responsibility to provide legal advice and we recommend that legal matters be consulted with your legal advisors.

Our Services do not constitute an audit, review or analysis of the financial statements of the Company or the projected financial statements in accordance with the generally accepted auditing standards or other applicable professional standards. Neither the Services nor the reports will constitute any kind of legal opinion or advice. We have not conducted any review in order to detect any fraud or illegal acts, and we will not issue an opinion on the reasonableness or the convenience of the transaction proposed or any other transactions.

In rendering the Services described herein or other services, we have not (i) acted as sales agent for securities, (ii) requested any potential purchaser or seller (including you) to perform a certain transaction, or (iii) acted as negotiator of a transaction.

We do not assume any responsibility for financial or tax statements or judgments, which are the responsibility of PESA’s Management. We understand that PESA’s Management accepts responsibility for the financial statements and tax matters, with respect to the assets covered by our analysis and for the final use of our analysis and report.

Our work constitutes an independent valuation and does not entail a recommendation to the Company’s shareholders for any decision related to the MTO or the convenience
to participate in it.

7 – Limitations to the use and distribution of the Report

The information contained in this Report is not intended to serve as a basis for the decisions of the Client’s Management or any other user of this report. They should conduct their own investigation and analysis.

It is understood that our fair market price range report is destined exclusively for internal use of the Client and it may only be disclosed to the Target and Argentine Exchange Commission of Buenos Aires in connection with the MTO mentioned in 1.2. above.

PHM cannot be held responsible for the decisions made and adopted by the Client based on the Report and by any other user of the report who had gained access to it. The Client and any other user of the report will be responsible for the correct understanding thereof and for conducting the necessary further studies and verifications, where applicable, before taking any decision analyzed through it.