

Corporate Governance Practices; New York Stock Exchange Requirements

Our corporate governance practices are governed by applicable Argentine law (particularly, the Commercial Companies Law), Decree No. 677/01, the standards of the CNV and our By-laws. We have securities that are registered with the SEC and listed on the New York Stock Exchange (the “NYSE”) and, consequently, we are subject to the rules and regulations of the NYSE.

On November 4, 2003, the NYSE established new corporate governance standards (“NYSE Standards”) that are applicable to NYSE-listed companies, including non-U.S. companies. Under these standards, non-U.S. companies are permitted, in general, to follow their home country corporate governance practices in lieu of most of the new NYSE corporate governance requirements codified in Section 303A of the NYSE’s Listed Company Manual (the “NYSE Sections”). However, non-U.S. companies must comply with NYSE Sections 303A.06, 303A.11 and 303A.12(b) and (c). Non-U.S. companies must have been in compliance with Section 303A.06 prior to July 31, 2005. Section 303A.11 requires that non-U.S. companies disclose any significant ways in which their corporate governance practices differ from those followed by U.S. companies under NYSE listing standards. Specifically, a non-U.S. company is required to provide a brief, general summary of the significant differences by means of (i) the company’s website (in English) and/or (ii) the company’s annual report distributed to its investors in the United States.

Pursuant to the requirements of Section 303A.11, the following table summarizes the significant differences between Argentine corporate governance standards and those required of U.S. companies in accordance with the NYSE Sections:

NYSE Section	Requirement of NYSE Section	Argentine Requirements and Our Practice as provided by Argentine law (including Commercial Companies Law and Decree No. 677/01 issued by Executive Branch), CNV regulation requirements and our By-laws
<i>Director Independence</i>		
303A.01	Listed companies must have a majority of independent directors on their Board of Directors.	Companies are not required to have a majority of independent directors on their boards of directors. At our Annual Shareholders’ Meeting, held on April 10, 2008 our shareholders appointed three independent directors (together with one alternate independent director) out of nine directors of whom the Board of Directors is composed.
303A.02	Establishes general standards to evaluate directors’ independence (no director qualifies as “independent” unless the Board of Directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company), and emphasizes that the director is independent from management. The Board of Directors is also required to express an opinion with regard to the independence or lack of independence, of each individual director.	To qualify as an “independent” or “non-independent” director, CNV standards (General Resolution No. 400/02) are substantially similar to the NYSE standards. CNV standards provide that independence is required with respect to a company and to its controlling shareholders or to shareholders with material holdings (35% or more) and that, for any person to be appointed as an independent director, such person must not perform executive functions within the company. Close relatives of any persons who would not qualify as “independent directors” would also not be considered “independent.” When directors are appointed, each shareholder that nominates a director is required to report at the meeting whether or not such director is independent.

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303A.03	The non-management directors of each listed company must meet at regularly scheduled executive sessions without management.	<p>None of Argentine law, the CNV rules or our By-laws requires that any such meetings be held.</p> <p>Under Argentine law, a Board of Directors must meet at least once every three months.</p> <p>Under our By-laws, our Board of Directors must meet at least every three months.</p>
<i>Nominating/Corporate Governance Committee</i>		
303A.04	Listed companies must have a nominating/corporate governance committee composed entirely of independent directors, with a written charter that addresses the committee's purpose and responsibilities and an annual performance evaluation of the committee.	<p>None of Argentine law, the CNV rules or our By-laws requires the establishment of a nominating/corporate governance committee.</p> <p>The right to nominate directors is vested in the shareholders and nominations are made at our annual shareholders' meeting. Pursuant to CNV standards, the person who nominates a director is required to report at the shareholders' meeting whether or not the nominee is an "independent person" based on criteria established by the CNV (which are substantially similar to NYSE standards).</p>
<i>Management Resources and Compensation Committee</i>		
303A.05	Listed companies must have a compensation committee composed entirely of independent directors, with a written charter that addresses the committee's purpose and responsibilities and an annual performance evaluation of the committee.	<p>None of Argentine law, the CNV regulations or our By-laws requires the establishment of a compensation committee.</p> <p>However, our Audit Committee is required to give an opinion about the reasonableness of directors' and executive officers compensation and stock option plans (if applicable), as proposed our Board of Directors. The compensation of members of our Board of Directors is approved by our Shareholders at their Annual Meeting.</p>
<i>Audit Committee</i>		
303A.06	Listed companies must have an " Audit Committee " that satisfies the requirements of Rule 10A-3 under the Exchange Act.	<p>According to Decree No. 677/01 audit committees must have a majority of independent members. Our Audit Committee is composed of three members of the Board of Directors who qualifies as independent as defined in Section 301 of the Sarbanes Oxley Act and CNV Resolution No. 368/02.</p> <p>Our Audit Committee satisfies the requirements of Rule 10A-3 under the Exchange Act of 1934.</p>

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303A.07 (a)	An Audit Committee shall consist of at least three members. All of its members shall be financially literate or must acquire such financial knowledge within a reasonable period and at least one of its members shall have expertise in accounting or financial management.	<p>Argentine law requires an Audit Committee to be comprised of at least three members. Pursuant to CNV standards, Audit Committee members are required to be conversant in business, financial or accounting matters and issues. In addition, CNV standards require the training of an Audit Committee’s members in the practice areas that would permit them to carry out their duties on the Audit Committee.</p> <p>One of our Audit Committee members qualifies as a “financial expert” within the meaning of Item 16A of the Form 20-F. See “Item 16A. Audit Committee Financial Expert.”</p>
303A.07 (a)	If a member of the Audit Committee is simultaneously a member of the Audit Committee of more than three public companies, and the listed company does not limit the number of Audit Committees on which its members may serve, then, in each case the Board of Directors shall determine whether the simultaneous service would prevent such members from effectively serving on the listed company’s Audit Committee, and shall disclose its decision in the annual proxy statement of the company or in the company’s annual report on Form 10-K, which is filed with the SEC.	No comparable provision, relating to an Audit Committee member’s simultaneous membership on the Audit Committee of other public companies, exists under Argentine law, CNV standards or our By-laws.
303A.07 (c)	An Audit Committee shall have a written charter addressing (i) the committee’s purpose; (ii) an annual performance evaluation of the committee, and (iii) the duties and responsibilities of the committee, including, at a minimum, those required by Section 10A-3(b)(2-5) of the Exchange Act.	<p>Local regulations do not require an annual performance evaluation of the audit committee.</p> <p>We have established a written charter governing our Audit Committee, which charter complies with the standards set by the CNV. The functions and responsibilities of our Audit Committee are described in “Item 6. Directors, Senior Management and Employees—C. Board Practices—Audit Committee.”</p>
303A.07(d)	Provides that each company must have an internal audit function to provide management and the Audit Committee with ongoing assessments of the company’s risk management processes and system of internal control.	<p>Under local regulations, an internal audit function is not required, nonetheless we have outsourced that function.</p> <p>Internal audit reports are addressed to the Audit Committee and the Board of Directors.</p>

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<i>Equity Compensation Plans</i>		
303A.08	Shareholders must be given the opportunity to vote on equity-compensation plans and material revisions thereto, with limited exemptions set forth in the NYSE standards.	<p>We do not have any stock option programs for our executive officers or senior management. See “Item 6. Directors, Senior Management and Employees—B. Compensation.”</p> <p>Our audit committee has to give an opinion about the reasonableness of compensation and stock option plans, as approved by the Board of Directors.</p> <p>As noted above, the determination of whether to compensate a director is made at a shareholders’ meeting.</p>
<i>Corporate Governance Guidelines</i>		
303A.09	Listed companies must adopt and disclose corporate governance guidelines.	Decree No. 677/01 lists additional information that issuers must include in their annual reports, such as information relating to the company’s decision-making organizational structure (corporate governance), internal control system, directors’ and officers’ compensation, stock-options, and any other compensation system applicable to the members of a company’s Board of Directors and managers. Decree No. 677/01 does not address the remaining issues included in NYSE Section 303A.09.
<i>Code of Ethics for Directors, Officers and Employees</i>		
303A.10	Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.	We have not adopted a code of ethics because Argentine public companies are not required to do so. However, in October 2005, our Board of Directors approved a “ Code of Conduct ” (replacing the previous Code of Conduct approved in March 2004, with the purpose of introducing SEC rules applicable to foreign registrants that apply to all Board of Directors’ members, Audit Committee members, Senior Management, and employees, with no exceptions. Our Code of Conduct is available to the public on our website and as an Exhibit to this Annual Report.
303A.12 (b)	The CEO shall notify the NYSE in writing whenever any executive officer of the company becomes aware of any material non-compliance with any applicable provision under NYSE Section 303A.	No comparable provision exists under Argentine law, the CNV standards or our By-laws.