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TGS Reports First Quarter ended March 31, 2001 Earnings

FOR IMMEDIATE RELEASE: Thursday, April 26, 2001

Buenos Aires, Argentina - Transportadora de Gas del Sur S.A. ("TGS" or "the Company") (NYSE: TGS, Merval:TGSU2) today reported net income of Ps. 33.0 million or Ps. 0.042 per share (Ps. 0.208 per ADS) for the first quarter of 2001, as compared to Ps. 31.4 million or Ps. 0.040 per share (Ps. 0.198 per ADS), for the same quarter of 2000.

First Quarter ended March 31, 2001 vs. 2000

Net revenues for the first quarter of 2001 increased by 1.8% to Ps. 126.8 million due to increases in both the Gas Transportation and LPG Production and Commercialization segments, partially offset by lower Other Services revenues.

Gas transportation revenues rose by Ps. 7.7 million principally as a result of two consecutive U.S. Producer Price Index increases of 2.32% and a 4.01%, effective July, 1st, 2000 and January 1st, 2001, respectively. Gas transportation revenues also increased as a consequence of higher average firm contracted capacity coming from new gas transportation agreements. Firm contracted capacity rose from 57.2 million of cubic meters a day ("MMm³/d") or 2.02 Billion of cubic feet a day ("Bcf/d") for the first quarter of 2000 to 58.2 MMm³/d or 2.05 Bcf/d for the current quarter.

The LPG Production and Commercialization segment reported a Ps. 7.2 million revenue increase, reflecting the effects of this business restructuring, through which TGS achieved ownership of part of the Cerri Complex's production, thus resulting in a change in the customer billing process. This effect, coupled with increased market prices for LPG, contributed to partially offset the impact of lower production associated with the start-up of competitive projects.

Other Services revenues for the first quarter of 2001 declined by 13.8 million, primarily as a result of the one-time revenue associated with the construction of a connection pipeline from gas fields located in the Santa Cruz Province to TGS' main transportation system, reported in the same quarter of

2000.

Operating costs and administrative and selling expenses for the first quarter of 2001 reflect the application of the new accounting and presentation rules derived from the ENARGAS' resolution passed in early 2000. For comparative purposes, amounts for the first quarter of 2000 have been presented on the same basis. Operating costs and administrative and selling expenses for the current quarter declined by Ps. 0.1 million as compared to the same period of last year, mainly reflecting: (i) Ps. 6.6 million of increased costs associated to the LPG Production and Commercialization segment, (ii) Ps. 2.4 million of increased operational expenses, and (iii) Ps. 2.5 million basically including increases in depreciation and amortization expenses as well as higher administrative expenses. All increases were more than offset by the Ps. 13.1 million one-time cost associated with the pipeline construction reported during the first quarter of 2000.

Earnings before interest expense, income tax expense, depreciation and amortization ("EBITDA") increased by 4% to Ps. 94.1 million for the first quarter of 2001, mainly due to the Company's continuous operating margin improvement.

Net financial expense for the first quarter of 2001 decreased by Ps. 1.7 million, reflecting both an approximate 4% decline in the Company's average outstanding debt, and a decrease in the average all-in net cost of debt, which was 9.96% for the first quarter of 2001 versus 10.26% reported for same period of last year. In spite of the difficult financial market conditions in both Argentina and the region, on April 24, 2001 the Company successfully issued a five-year US\$ 200 million Floating Rate Note, mainly covered through a political risk insurance policy provided by OPIC. The terms of this transaction include a three-year grace period and an attractive interest rate. With this issuance, whose proceeds were applied to repay a US\$ 150 million Yankee Bond maturing in April and finance part of the Company's capital expenditure program for the year, TGS assured its refinancing needs for the full year 2001.

Income tax expense for the first quarter of 2001 increased by Ps. 2.6 million compared to the same quarter of 2000. The increase is mainly attributable to a rise both in the Company's taxable income and the effective tax rate for the current quarter.

TGS, with a current delivery capacity of approximately 58.9 MMm³/d or 2.1 Bcf/d is Argentina's leading transporter of natural gas. The Company is also Argentina's leading processor of natural gas and one of the largest marketers of natural gas liquids. TGS is quoted on both the New York and Buenos Aires stock exchanges under the ticker symbols TGS and TGSU2, respectively. TGS's controlling shareholder is Compañía de Inversiones de Energía S.A. ("CIESA"), which together with Pecom Energía and Enron Corp. subsidiaries, hold approximately 70% of the Company's common stock. CIESA is currently owned 50% by Pecom Energía S.A. (formerly Perez Companc S.A.) and a subsidiary, and 50% by subsidiaries of Enron Corp.

Please see attached tables for additional financial and operating information.

This press release includes forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended. Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks. Although the Company has made reasonable efforts to ensure that the information and assumptions on which these statements and projections are based are current, reasonable and complete, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations contained in this release. Neither the Company nor its management can guarantee that anticipated future results will be achieved. Investors should refer to the Company's filings with the U.S. Securities and Exchange Commission for a description of important factors that may affect actual results.

Transportadora de Gas del Sur S.A.
Consolidated Financial and Operating Data for the three month period ended March 31, 2001 and 2000
(In millions of Argentine pesos, except for per share and
per ADS information in pesos or where otherwise indicated)

<i>Income Statement Data</i>	<u>1st. Quarter</u>	
	<u>2001</u>	<u>2000</u>
Net Revenues	126.8	124.6
Gas transportation	101.3	93.6
GLP production and commercialization	22.5	15.3
Other services	3.0	15.7
Operating Costs	44.6	45.9
Operation and maintenance	26.7	29.3
Depreciation and amortization expenses	17.9	16.6
Gross Operating Profit	82.2	78.7
Administrative and Selling Expenses	7.7	6.5
Operating Income	74.5	72.2
Other Income, net	0.2	0.0
Net Interest Expense	22.6	24.3
Net Income before Income Tax	52.1	47.9
Income Tax Expense	19.1	16.5
Net Income	33.0	31.4
Earnings per share	0.042	0.040
Earnings per ADS	0.208	0.198

Selected Financial Information

Capital Expenditures	68.4	13.2
EBITDA	94.1	90.4

*Operating Data***Transmission Volumes (million of cf/d)**

Average firm contracted capacity	2,055.3	2,020.0
Average deliveries	1,529.1	1,546.8

Processing sales (thousands of short tons)

Ethane	85.5	80.2
Propane and Butane	107.6	174.8
Natural Gasoline	27.1	36.4

Exhibit II

Transportadora de Gas del Sur S.A.

**Business Segment Information at and for the first quarter ended
March 31, 2001 and 2000**

<u>First Quarter of 2001</u>	<u>Gas Transportation</u>	<u>LPG Production and Commercialization</u>	<u>Other Services</u>	<u>Corporate</u>	<u>Total</u>
Net revenues	101.3	22.5	3.0		126.8
Operating income (loss)	72.9	8.7	0.2	(7.3)	74.5
Depreciation of PP&E	13.2	2.7	0.8	1.4	18.1
Additions to PP&E	57.0	0.5	10.7	0.2	68.4
Identifiable assets	1,863.9	195.1	68.8	56.6	2,184.4
<u>First Quarter of 2000</u>					
Net revenues	93.6	15.3	15.7		124.6
Operating income (loss)	68.5	9.0	1.2	(6.5)	72.2
Depreciation of PP&E	12.8	2.8	0.8	1.5	17.9
Additions to PP&E	12.2	0.2	0.4	0.4	13.2
Identifiable assets	1,800.1	199.5	64.1	52.8	2,116.5

**Break Down of Net Interest Expense for the First Quarter Ended
March 31, 2001 and 2000**

	<u>First Quarter Ended March 31, 2001</u>	<u>First Quarter Ended March 31, 2000</u>
All-in interest expense	(23.6)	(25.6)
Interest on short term investments	<u>1.0</u>	<u>1.3</u>
All-in net interest expense	(22.6)	(24.3)
Average indebtedness	973.3	1,010.6
Average all-in net cost of debt	9.96%	10.26%

Transportadora de Gas del Sur S.A.
Consolidated Balance sheets as of March 31, 2001 and 2000

	<u>March 31,</u>	
	<u>2001</u>	<u>2000</u>
Current assets		
Cash	3.7	0.4
Investments	19.8	13.2
Trade receivables	63.3	79.5
Other receivables	11.0	11.4
Inventories	<u>2.8</u>	<u>1.8</u>
Total current assets	<u>100.6</u>	<u>106.3</u>
Non current assets		
Trade receivables	41.6	10.5
Other receivables	12.4	8.4
Property, plant and equipment, net	1,987.2	1,945.0
Intangible assets, net	<u>42.6</u>	<u>46.3</u>
Total non current assets	<u>2,083.8</u>	<u>2,010.2</u>
Total assets	<u>2,184.4</u>	<u>2,116.5</u>
Current liabilities		
Accounts payable	74.4	30.1
Loans	260.1	258.0
Payroll and social security taxes	2.5	2.4
Taxes payable	23.4	30.8
Other liabilities	<u>2.1</u>	<u>0.3</u>
Total current liabilities	<u>362.5</u>	<u>321.6</u>
Non current liabilities		
Loans	<u>746.0</u>	<u>758.4</u>
Total liabilities	<u>1,108.5</u>	<u>1,080.0</u>
Shareholders' equity	<u>1,075.9</u>	<u>1,036.5</u>
Total liabilities and shareholders' equity	<u>2,184.4</u>	<u>2,116.5</u>

Transportadora de Gas del Sur S.A.
Consolidated statements of cash flows for the three-month periods
ended March 31, 2001 and 2000
(In millions of Argentine pesos)

	Three-Month Period	
	ended March 31,	
	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Net income for the period	33.0	31.4
Reconciliation of net income to cash flows from operating activities:		
Depreciation of property, plant and equipment	18.1	17.9
Amortization of intangible assets	2.7	2.7
Consumption of materials	0.2	0.1
Allowances	0.7	-
Changes in assets and liabilities:		
Trade receivables	(11.0)	(26.8)
Other receivables	0.3	(1.7)
Inventories	(1.7)	0.3
Accounts payable	2.9	0.2
Payroll and social security taxes	(1.9)	(1.3)
Taxes payable	0.2	2.0
Other liabilities	0.6	(0.4)
Interest payable and others	<u>19.5</u>	<u>11.9</u>
Cash flows from operating activities	<u>63.6</u>	<u>36.3</u>
Cash flows used in investing activities		
Additions to property, plant and equipment	<u>(46.4)</u>	<u>(30.1)</u>
Cash flows used in investing activities	<u>(46.4)</u>	<u>(30.1)</u>
Cash flows used in financing activities		
Proceeds from loans	6.0	156.1
Payment of loans	(3.0)	(179.2)
Net increase in short term debt	29.1	20.8
Dividends paid	<u>(45.7)</u>	<u>(52.4)</u>
Cash flows used in financing activities	<u>(13.6)</u>	<u>(54.7)</u>
Net increase (decrease) in cash and cash equivalents	3.6	(48.5)
Cash and cash equivalents at the beginning of year	<u>19.9</u>	<u>62.1</u>
Cash and cash equivalents at the end of period	<u><u>23.5</u></u>	<u><u>13.6</u></u>