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**TGS Announces that the Shareholders of its Controlling Company
have entered into a Master Settlement and Mutual Release
Agreement**

FOR IMMEDIATE RELEASE: Buenos Aires, April 16, 2004.

Buenos Aires, Argentina – Transportadora de Gas del Sur S.A. (TGS or “the Company”); (NYSE: TGS, Merval: TGSU2), announced today that the shareholders of Compañía de Inversiones de Energía S.A. (“**CIESA**”), the controlling shareholder of the Company, have entered into a Master Settlement and Mutual Release Agreement (the “**Settlement Agreement**”). The shares of CIESA are currently held 50% by Petrobras Energía Participaciones S.A. through its subsidiaries Petrobras Energía S.A. (“**PESA**”) and Petrobras Hispano Argentina S.A. (together with PESA, the “Petrobras Parties”) and 50% by Enron Pipeline Company Argentina S.A. (“**EPCA**”) and Enron Argentina CIESA Holding S.A. (“**EACH**”), both indirect subsidiaries of Enron Corp. (the “**Enron Parties**”).

The Settlement Agreement provides for the transfer, in two stages, of certain shares issued by TGS and by CIESA. In the first stage: (a) the Enron Parties will jointly transfer 40% of the outstanding share capital of CIESA to a trust to be formed or to an alternative entity; and (b) the Petrobras Parties will transfer their TGS class “B” common shares (representing 7.35% of the outstanding share capital of TGS) to the Enron Parties. In the second stage, the Enron Parties will transfer their remaining outstanding share capital of CIESA to the trust mentioned above or to an alternative entity, subject to the simultaneous transfer of the TGS class “B” common shares held by CIESA (representing approximately 4.3% of the

outstanding shares of TGS) to the Enron Parties. It is expected that these transactions will contribute to the divestiture process of the Enron Parties from CIESA and will provide the flexibility necessary to progress with the restructuring of CIESA's financial debt.

CIESA's Shareholders Agreement will be terminated and replaced by a new Shareholders Agreement addressing the ownership change following consummation of the first stage. At no time will the Petrobras Parties hold, directly or indirectly, more than their current 50% shareholding in CIESA or hold a controlling interest in CIESA.

The Settlement Agreement also provides that the Petrobras Parties and their respective affiliates and the Enron Parties and their respective affiliates, will each grant the other releases from any and all claims under or arising from or in connection with certain agreements entered into by such parties in connection with their investment in CIESA and TGS and certain other related documents. Such releases will not be given by, but will be extend to, Transwestern Pipeline Company, a member of the Enron Economic Group.

The Settlement Agreement is subject to the entry of a final and non-appeal able order, approving the Settlement Agreement, by the bankruptcy court having jurisdiction over the bankruptcy of Enron. In addition, the transfers referred to above are subject to several conditions, one of which is the approval from Ente Nacional Regulador del Gas ("ENARGAS").

TGS, with a current delivery capacity of approximately 62,5 MMm³/d or 2,2 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 liquids. TGS is quoted on both the New York and Buenos Aires stock exchanges under the ticket symbols TGS and TGSU2, respectively. TGS's controlling shareholders is Compañía de Inversiones de Energía S.A. ("CIESA"), with together with Petrobras Energía S.A. and a subsidiary and Enron Corp. subsidiaries, hold approximately 70% of the company's common stock. CIESA is currently owned 50% by Petrobras Energía S.A. and a subsidiary, and 50% by subsidiaries of Enron Corp.