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**TGS Reports First Quarter 2008 Results**

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**Buenos Aires, Argentina - Transportadora de Gas del Sur S.A.** (“TGS” or “the Company”) (NYSE: TGS, Merval: TGSU2) today reported a Ps. 80.7 million net income, or Ps. 0.102 per share (Ps. 0.508 per ADS), for the three-month period ended March 31, 2008, compared to the Ps. 66.4 million, or Ps. 0.084 per share (Ps. 0.418 per ADS), reported for the same 2007 period.

Net income increased mainly due to a higher operating income generated by the NGL Production and Commercialization business segment.

**First Quarter 2008 vs. First Quarter 2007**

In the three-month period ended March 31, 2008, TGS posted total net revenues of Ps. 464.1 million in comparison with Ps. 339.5 million earned in the first quarter of 2007.

Natural Gas Transportation revenue for the first quarter of 2008 was Ps. 127.3 million, compared to the Ps. 125.5 million earned in the same quarter of 2007. This increase primarily reflects additional revenue generated by the new firm transportation contracts that were signed with industrial and natural gas producer clients that became effective in March and May 2007.

The Natural Gas Transportation segment represented approximately 27% and 37% of the Company’s total revenue for the first quarter of 2008 and 2007, respectively. Natural Gas Transportation revenues are derived mainly from firm contracts, under which pipeline capacity is reserved and paid for regardless of actual usage by the shipper. TGS also provides interruptible transportation services subject to available pipeline capacity. This segment is subject to regulation by Ente Nacional Regulador del Gas (“ENARGAS”).

The Economic Emergency Law passed by the Argentine Congress on January 6, 2002, determined the “pesification” of regulated tariffs at an exchange rate of US\$ 1=Ps. 1, as well as the prohibition to apply variations to the local and international indexes, or any other price adjustment thereon. Since then, the tariff renegotiation process has been delayed and no significant progress has been made so far.

The NGL Production and Commercialization segment revenue increased to Ps. 320.4 million in the

three-month period ended March 31, 2008 from Ps. 182.5 million in the same period of 2007, representing a 76% variation. This increase is mainly due to higher international reference prices of propane, butane and natural gasoline, and secondly, to higher volumes sold.

NGL Production and Commercialization revenue accounted for approximately 69% and 54% of the total revenue for the first quarter of 2008 and 2007, respectively. NGL Production and Commercialization consists of natural gas processing activities, conducted at the Cerri Complex, located near the city of Bahía Blanca, which is connected to each of TGS's main pipelines, where ethane, propane, butane and natural gasoline are recovered. This segment also includes the commercialization of NGL for both the Company's own account and on behalf of its clients.

In the first quarter of 2008, Other Services revenues amounted to Ps. 16.4 million, a 48% decrease when compared to revenues of Ps. 31.5 million in the same period of 2007. This reduction was the result of lower sales generated by construction services rendered in 2008.

The Other Services segment mainly includes midstream and telecommunication activities. Its share in the Company's total revenue accounted for approximately 4% and 9% for the three-month periods ended March 31, 2008 and 2007, respectively. Midstream activities consist of gas treatment, separation, and removal of impurities from the natural gas stream and gas compression, rendered at wellhead, typically for gas producers. In addition, TGS provides services related to pipeline and compression plant construction and related operation and maintenance services. Telecommunication services are rendered through Telcosur S.A., a company controlled by TGS. Telcosur S.A. provides services as an independent carrier of carriers to leading telecommunication operators and corporate customers located in its service area.

Costs of sales and administrative and selling expenses for the first quarter of 2008 rose to Ps. 280.9 million from Ps. 188.4 million registered in the first quarter of 2007, mainly due to: (i) a Ps. 47.5 million increase in NGL production costs, and (ii) a Ps. 36.0 million rise in taxes on export due to the higher international reference prices and increase of rates (from 20% to 25% for propane and butane exports, and from 5% to 45% for gasoline exports).

Other (expense) / income, net registered a negative variation of Ps. 18.9 million in the three-month period ended March 31, 2008, compared to the same period of 2007. This variation is mainly due to the partial reversal (of Ps. 15.5 million) of an allowance established in connection with turnover tax claim made by the Province of Buenos Aires (with respect to NGL sales billed since 2002). This allowance reversal was recorded as the result of the confirmation made by the Tax Court of this province that ethane sales were within the scope of the turnover tax exemption.

Net financial expense decreased to Ps. 43.5 million in 2008 first quarter from Ps. 53.1 million reported in the same quarter of 2007. The positive variation of Ps. 9.6 million is mostly attributable to lower interest expenses generated by liabilities of Ps. 7.1 million (resulting from the 20% reduction in financial indebtedness) and a lower foreign exchange loss of Ps. 8.7 million. Both effects were partially offset by lower interest income generated by current investments.

For the first quarter of 2008, the Company reported a Ps. 55.9 million income tax expense, compared to Ps. 47.6 million for the same quarter of 2007. This increase, of Ps. 8.3 million, is due to higher net income before income tax reported in the first quarter of 2008.

## **Liquidity and Capital Resources**

Cash flow from operating activities for the three-month period ended March 31, 2008 amounted to Ps. 216.4 million, which were allocated to increase its cash position. For detailed information on the Company's cash flow refer to Exhibit IV.

Please see the attached tables for additional financial and operating information.

*TGS, with a current firm contracted capacity of approximately 73.3 MMm<sup>3</sup>/d, or 2.6 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 holds approximately 55.3% of the Company's common stock. CIESA is currently owned 50% by Petrobras Energía S.A. and a subsidiary, 40% by a trust, and 10% by a subsidiary of Enron Corp.*

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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.

**Exhibit I**

**Transportadora de Gas del Sur S.A.**  
**Financial and Operating Data for the three-month periods ended March 31, 2008 and 2007**  
(In millions of Argentine pesos)

<i>Consolidated Statements of Income</i>	<b>1st. Quarter</b>	
	<b>2008</b>	<b>2007</b>
<b>Net revenues</b>	<b>464.1</b>	<b>339.5</b>
Natural gas transportation	127.3	125.5
NGL production and commercialization	320.4	182.5
Other services	16.4	31.5
<b>Cost of sales</b>	<b>(213.9)</b>	<b>(153.8)</b>
Operating expenses	(164.4)	(105.9)
Depreciation and amortization expenses	(49.5)	(47.9)
<b>Gross operating profit</b>	<b>250.2</b>	<b>185.7</b>
Administrative and selling expenses	(67.0)	(34.6)
<b>Operating income</b>	<b>183.2</b>	<b>151.1</b>
Other (expense) / income, net	(3.5)	15.4
Gain on related companies	0.4	0.6
Net financial expense	(43.5)	(53.1)
<b>Net income before income tax</b>	<b>136.6</b>	<b>114.0</b>
Income tax	(55.9)	(47.6)
<b>Net income</b>	<b>80.7</b>	<b>66.4</b>
<b>Earnings per share</b>	<b>0.102</b>	<b>0.084</b>
<b>Earnings per ADS</b>	<b>0.508</b>	<b>0.418</b>

*Operating Data*

**Gas transportation volumes (million of cf/d)**

Average firm contracted capacity	2,586.9	2,525.0
Average deliveries	2,069.0	2,012.9

**NGL sales (thousand of short tons)**

Ethane	106.6	102.2
Propane and butane	179.9	145.0
Natural gasoline	28.4	29.3

## Transportadora de Gas del Sur S.A.

**Consolidated Business Segment Information for the three-month periods ended****March 31, 2008 and 2007**

(In millions of Argentine pesos)

<b><u>Three-month period ended</u></b>	<b><u>NGL Production and</u></b>				<b><u>Total</u></b>
	<b><u>Gas</u></b>	<b><u>Commercialization</u></b>	<b><u>Other Services</u></b>	<b><u>Corporate</u></b>	
<b><u>March 31, 2008</u></b>					
Net revenues	127.3	320.4	16.4	-	464.1
Operating income / (loss)	54.6	140.1	(0.7)	(10.8)	183.2
Depreciation of PP&E	37.1	8.8	3.6	0.4	49.9
Additions to PP&E	15.4	6.5	4.1	2.0	28.0
Identifiable assets	3,740.3	525.2	171.4	703.6	5,140.5
Identifiable liabilities	226.0	106.5	8.4	1,789.7	2,130.6
<b><u>Three-month period ended</u></b>					
<b><u>March 31, 2007</u></b>					
Net revenues	125.5	182.5	31.5	-	339.5
Operating income / (loss)	55.9	88.7	17.9	(11.4)	151.1
Depreciation of PP&E	36.6	7.8	3.4	0.5	48.3
Additions to PP&E	37.8	8.6	2.4	3.4	52.2
<b><u>Year ended December 31, 2007</u></b>					
Identifiable assets	3,737.5	474.6	174.2	615.3	5,001.6
Identifiable liabilities	249.5	59.5	9.3	1,753.8	2,072.1

**Breakdown of Net Financial Expense for the three-month periods ended****March 31, 2008 and 2007**

(In millions of Argentine pesos)

	<b><u>2008</u></b>	<b><u>2007</u></b>
<b><u>Generated by Assets</u></b>		
Interest	5.4	11.4
Foreign exchange gain	1.0	5.5
<b><u>Subtotal</u></b>	<b><u>6.4</u></b>	<b><u>16.9</u></b>
<b><u>Generated by Liabilities</u></b>		
Interest expense	(35.3)	(42.3)
Foreign exchange loss	(9.8)	(23.0)
Others	(4.8)	(4.7)
<b><u>Subtotal</u></b>	<b><u>(49.9)</u></b>	<b><u>(70.0)</u></b>
<b><u>Total</u></b>	<b><u>(43.5)</u></b>	<b><u>(53.1)</u></b>

**Transportadora de Gas del Sur S.A.**  
**Consolidated Balance Sheets as of March 31, 2008 and December 31, 2007**  
(in millions of Argentine pesos)

	<u>3/31/2008</u>	<u>12/31/2007</u>
<b>Current assets</b>		
Cash and deposits in banks	125.4	2.8
Investments, net	476.4	421.1
Trade receivables, net	242.3	165.1
Other receivables	55.4	77.6
Inventories	3.0	16.5
<b>Total current assets</b>	<u><b>902.5</b></u>	<u><b>683.1</b></u>
<b>Non current assets</b>		
Trade receivables	12.3	13.4
Other receivables	72.1	123.2
Investments, net	1.5	1.1
Property, plant and equipment, net	4,142.3	4,170.6
Intangible assets, net	9.8	10.2
<b>Total non current assets</b>	<u><b>4,238.0</b></u>	<u><b>4,318.5</b></u>
<b>Total assets</b>	<u><b>5,140.5</b></u>	<u><b>5,001.6</b></u>
<b>Current liabilities</b>		
Accounts payable	193.0	163.6
Loans	47.6	16.5
Payroll and social security taxes payable	13.5	22.8
Taxes payable	34.9	34.3
Advances from customers	15.5	15.4
Other liabilities	12.9	12.0
Provisions for contingencies	49.9	48.1
<b>Total current liabilities</b>	<u><b>367.3</b></u>	<u><b>312.7</b></u>
<b>Non current liabilities</b>		
Loans	1,584.0	1,574.5
Taxes payable	56.2	57.4
Advances from customers	123.1	127.5
<b>Total non current liabilities</b>	<u><b>1,763.3</b></u>	<u><b>1,759.4</b></u>
<b>Total liabilities</b>	<u><b>2,130.6</b></u>	<u><b>2,072.1</b></u>
<b>Shareholders' equity</b>	<u><b>3,009.9</b></u>	<u><b>2,929.5</b></u>
<b>Total liabilities and shareholders' equity</b>	<u><b>5,140.5</b></u>	<u><b>5,001.6</b></u>

**Exhibit IV**

**Transportadora de Gas del Sur S.A.**  
**Consolidated Statements of Cash Flows for the**  
**three-month periods ended March 31, 2008 and 2007**

(In millions of Argentine pesos)

	<u>2008</u>	<u>2007</u>
<b>Cash flows provided by operating activities</b>		
Net income for the period	80.7	66.4
<b>Reconciliation of net income to cash flows provided by operating activities:</b>		
Depreciation of property, plant and equipment	49.9	48.3
Amortization of intangible assets	0.4	0.1
Consumption of materials	6.3	4.2
Increase / (reversal) in allowances and provisions	1.8	(15.5)
Gain on related companies	(0.4)	(0.6)
Interest expense accrual	35.2	42.3
Interest expense paid	-	(37.4)
Income tax accrued	55.9	47.6
Income tax and asset tax paid	(0.1)	(5.7)
Foreign exchange loss	9.6	19.6
<b>Changes in assets and liabilities:</b>		
Investments other than cash and cash equivalents	1.5	-
Trade receivables	(74.8)	(33.9)
Other receivables	22.4	0.8
Inventories	13.5	3.4
Accounts payable	36.0	(14.0)
Payroll and social security taxes	(9.3)	(3.3)
Taxes payable	(5.5)	14.7
Advances from customers	(7.7)	-
Other liabilities	1.0	(0.4)
<b>Cash flows provided by operating activities</b>	<u><b>216.4</b></u>	<u><b>136.6</b></u>
<b>Cash flows used in investing activities</b>		
Additions to property, plant and equipment	(36.3)	(82.8)
<b>Cash flows used in investing activities</b>	<u><b>(36.3)</b></u>	<u><b>(82.8)</b></u>
<b>Cash flows (used in) / provided by financing activities</b>		
Advances from customers	-	75.0
Payment of loans	(0.7)	(23.0)
<b>Cash flows (used in) / provided by financing activities</b>	<u><b>(0.7)</b></u>	<u><b>52.0</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>179.4</b>	<b>105.8</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<u><b>391.3</b></u>	<u><b>478.3</b></u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>570.7</b></u>	<u><b>584.1</b></u>