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TGS Reports Fourth Quarter and Year-ended December 31, 2001**Earnings*¹****FOR IMMEDIATE RELEASE:**

Monday, March 4, 2002 - Buenos Aires, Argentina - Transportadora de Gas del Sur S.A. ("TGS" or "the Company") NYSE: TGS, Merval:TGSU2, Argentina's leading transporter of natural gas, today announced results for the fourth quarter and year ended December 31, 2001. The Company reported net income for the fourth quarter of 2001 of Ps. 2.0 million or Ps. 0.003 per share (Ps. 0.013 per ADR) which compares to Ps. 35.0 million or Ps. 0.044 per share (Ps. 0.220 per ADR) reported for the same period of 2000. For the year-ended December 31, 2001, TGS reported net income of Ps. 108.4 million or Ps. 0.136 per share (Ps. 0.682 per ADR) as compared to Ps. 126.3 million or Ps. 0.159 per share (Ps. 0.795 per ADR) reported in the previous year.

"While the Company's overall internal performance for the year 2001 met our business expectations, the gas transportation revenues for both the fourth quarter and the year ended December 31, 2001, did not meet our initial estimates, as a result of external circumstances. Considering the recently issued law and Decrees affecting the natural gas regulatory framework, TGS's Board of Directors has decided to reverse the accrued US Producer Price Index ("US PPI") tariffs adjustments recorded during 2001 and 2000, as stipulated in the License. Still, this reversal does not under any circumstances imply any waiver of our rights", said Eduardo Ojea Quintana, Chief Executive Officer for TGS. "For the future, we believe that the difficult economic conditions in Argentina will continue to negatively impact our Company, due not only to the material changes introduced by the new economic legislation but also to the regulatory framework that governs the natural gas industry. Nonetheless, we believe that a final agreement will be reached

¹ All figures included in this press release are unaudited.

between the Argentine Government and the gas licensee companies,” Mr. Ojea Quintana added.

Financial information for the fourth quarter and year ended December 31, 2001 has been prepared considering an exchange rate of Ps. 1 = US\$ 1, as provided by Resolutions issued both by the Buenos Aires Professional Councils in Economic Sciences and Argentine Securities Commission (“CNV”). However, the new “Public Emergency and Amendment to Foreign Currency Regime” Law, passed in early January 2002, introduced material changes to the economic rules and regulatory framework, significantly affecting TGS’s business. Changes brought about by the Law include the amendment of the Convertibility Law and the abandonment of the fixed exchange rate of Ps. 1 = US\$ 1, the conversion into pesos of gas transportation tariffs, at the mentioned rate which were dollar-denominated according to the License, and the prohibition to adjust tariffs according to the US PPI. As a preliminary result of such new rules, TGS’s revenue stream is peso-denominated, while almost all of its financial agreements are dollar-denominated. As of March 1, 2002 the rate of exchange between pesos and dollars was Ps. 2.10 for US\$ 1. This situation may adversely and significantly impact on the Company’s future financial condition and operational results.

The Company is currently assessing the impacts on its financial condition associated to the new legal framework, including the effects of the devaluation occurred subsequent to the end of the year, the need for a tariff renegotiation and the negotiations with third parties. As a result of the changes above, and their impact on TGS’s audited financial statements, TGS has requested from the Argentine CNV and the Buenos Aires Stock Exchange an extension of time for the filing of its annual financial statements as of December 31, 2001. Consequently, the information contained in this press release only refers to the results of its operations for the fourth quarter and year ended December 31, 2001. Once the Company concludes the assessment process mentioned above, TGS’ Board of Directors will approve the financial statements for the year ended December 31, 2001.

Fourth Quarter Ended December 31, 2001 vs. 2000

Net revenues for the fourth quarter of 2001 decreased by 21.0% to Ps. 95.0 million, reflecting lower gas transportation revenues. This segment reported net revenues of Ps. 67.3 million, which compares to Ps. 96.7 million for the same quarter of 2000. As a result of the changes in the economic and regulatory environment, the Company’s Board of Directors decided to reverse the US PPI adjustments accrued to its revenues during the first nine months of 2001, which amounted to approximately Ps. 30 million. This effect was partially mitigated by a rise in average gas transportation contracted capacity, which increased from 58.1 million cubic meters per day (“MMm³/d”) (2.0 billion cubic feet per day (“Bcf/d”)) for the fourth quarter of 2000, to 61.7 MMm³/d (2.2 Bcf/d) during the current quarter. Such increase in the Company’s firm contracted capacity is primarily due to a major system expansion completed at the beginning of June 2001.

The natural gas liquids (“NGL”) production and commercialization segment reported a Ps. 5.1 million net revenue increase, reflecting the effects of an important business restructuring through which TGS achieved partial ownership of the Cerri Complex’s production. However, NGL volumes declined as a result of gas with lower liquid content, arrived at the Cerri Complex mainly attributable to the start-up of the MEGA project at the beginning of 2001.

Current quarter cost of sales and administrative and selling expenses increased by Ps. 11.1 million

compared to the same quarter of last year, mainly due to the following: (i) Ps. 7.0 million in costs incurred to achieve ownership of NGL production, (ii) an increase of Ps. 1.4 million in amortization and depreciation expenses, including increased intangible assets depreciation attributable to new accounting rules issued by ENARGAS, effective January 1, 2001, and (iii) an increase in other operational and administrative expenses. Cost of sales and administrative and selling expenses for the fourth quarter of 2001 reflect the application of the accounting and presentation rules derived from the ENARGAS resolution passed in early 2000. For comparative purposes, amounts for the third quarter of 2000 have been presented on the same basis.

Other expenses increased by almost Ps. 16.4 million, basically reflecting the aforementioned reversal of US PPI adjustments on gas transportation tariffs recorded during the year 2000, done as a consequence of changes introduced to the general economic and regulatory environment, as explained above.

Net interest expense for the fourth quarter of 2001 slightly increased by Ps. 0.2 million, compared to the same period of last year. Average outstanding indebtedness increased by 13% as compared to the same period of last year, incurred mainly to finance the Company's capital expenditure program. However this effect was almost completely offset by a decrease in the average all-in net cost of debt, which fell from 10.1% for the fourth quarter of 2000 to 8.9% for the current quarter. Reasons for the decline include, a drop in LIBOR and a successful long-term debt transaction completed in April 2001.

Income tax expense for the fourth quarter of 2001 decreased Ps. 19.3 million compared to the same quarter of 2000, as a consequence of lower taxable income attributable to the fourth quarter 2001 reversal of the US PPI adjustments on gas transportation tariffs mentioned above.

Year-Ended December 31, 2001 vs. 2000

Net revenues for the year ended December 31, 2001 increased by 4.5% to Ps. 501.2 million (see Exhibit II for detailed information on business segments). Gas transportation segment revenues totaled Ps. 382.3 million, representing a Ps. 1.8 million decline from Ps. 384.1 obtained in last year. The decrease is attributable to the reversal of the US PPI adjustments in 2001, as mentioned above, while 2000 figures include Ps. 17.5 million related to such adjustments. However, this effect was somewhat offset by higher average firm contracted capacity coming from additional gas transportation contracts. As a result, average firm contracted capacity increased from 57.9 MMm³/d (2.0 Bcf/d) during the year ended December 31, 2000, to 60.7 MMm³/d (2.1 Bcf/d) for the current year.

The NGL production and commercialization segment reported a Ps. 34.6 million revenue increase for the year ended December 31, 2001, from Ps. 68.3 million earned during last year. Such rise is principally due to the business restructuring explained above. However, NGL volumes declined as a result of gas with lower liquid content arrived at the Cerri Complex mainly attributable to the start-up of the Compañía MEGA S.A. project at the beginning of 2001.

Other services revenues for the year 2001 declined by Ps. 11.3 million, mainly 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's main transportation system, as reported in 2000. This was partially offset by construction and upstream revenues earned during the current year.

Cost of sales and administrative and selling expenses during 2001 increased by Ps. 39.1 million as compared to 2000, mainly reflecting the following: (i) Ps. 35.3 million incurred to achieve ownership of the NGL production, (ii) an increase of Ps. 8.7 million in depreciation and amortization expenses, including new accounting rules applicable to intangible assets issued by ENARGAS, and (iii) an increase in other operational expenses, including costs associated to construction services rendered to third parties. All these effects were partially offset by the Ps. 14.1 million one-time cost associated with the previously mentioned pipeline construction reported during the previous year. Cost of sales and administrative and selling expenses for the year ended December 31, 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 same period of 2000 have been presented on the same basis.

Other expenses increased by almost Ps. 15.3 million, basically reflecting the reversal of US PPI adjustments on gas transportation tariffs recorded during the year 2000 as explained above. This effect was partially mitigated by a one-time adjustment of differences in payments of provincial taxes recorded in 2000

Net interest expense during 2001 decreased by Ps. 6.8 million as compared to the last year. This decrease was basically due to lower all-in net cost of debt, which dropped from 10.13 % for the full year 2000 to 9.31% during 2001. In addition, the Company increased its interest capitalization as a result of higher capital expenditures incurred during fiscal year 2001. Both increases were partially offset by a 5% increase in the Company's average net indebtedness.

Income tax expense for fiscal year 2001 decreased by Ps. 8.2 million as compared to 2000, basically as a result of a lower taxable income associated with the reversal of the US PPI adjustments mentioned above. This impact was somewhat offset by a slight increase in the 2001 effective tax rate.

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 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 S.A. (formerly Perez Companc S.A.) and a subsidiary and Enron Corp. subsidiaries, hold approximately 70% of the Company's common stock. CIESA is currently owned 50% by Pecom Energía 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.

Notice: TGS' Annual and Fourth Quarter ended December 31, 2001 Conference Call date will be announced with the release of the audited financial information once the Board of Directors approves the Company's Financial Statements.

Exhibit I**Transportadora de Gas del Sur S.A.**

Consolidated Financial and Operating Data for the fourth quarters and the years ended December 31, 2001 and 2000

(In millions of Argentine pesos, except for per share and per ADS information in pesos or where otherwise indicated)

(Unaudited)

| <i>Income Statement Data</i> | <u>4th Quarter</u> | | <u>12 months</u> | |
|---|--------------------|--------------|------------------|--------------|
| | <u>2001</u> | <u>2000</u> | <u>2001</u> | <u>2000</u> |
| Net Revenues | 95.0 | 119.6 | 501.2 | 479.7 |
| Gas transportation | 67.3 | 96.7 | 382.3 | 384.1 |
| NGL Production and Commercialization | 24.1 | 19.0 | 102.9 | 68.3 |
| Other Services | 3.6 | 3.9 | 16.0 | 27.3 |
| Costs of Sales | 44.5 | 35.6 | 193.8 | 159.5 |
| Operation and maintenance | 25.7 | 18.2 | 117.6 | 92.0 |
| Depreciation and amortization expenses | 18.8 | 17.4 | 76.2 | 67.5 |
| Gross Operating Profit | 50.5 | 84.0 | 307.4 | 320.2 |
| Administrative and Selling Expenses | 8.7 | 6.5 | 29.6 | 24.8 |
| Operating Income | 41.8 | 77.5 | 277.8 | 295.4 |
| Other (Expense) Income, net | (15.8) | 0.6 | (17.5) | (2.2) |
| Net Interest Expense | 23.9 | 23.7 | 90.1 | 96.9 |
| Net Income before Income Tax | 2.1 | 54.4 | 170.2 | 196.3 |
| Income Tax Expense | 0.1 | 19.4 | 61.8 | 70.0 |
| Net Income | 2.0 | 35.0 | 108.4 | 126.3 |
| Earnings per share | 0.003 | 0.044 | 0.136 | 0.159 |
| Earnings per ADS | 0.013 | 0.220 | 0.682 | 0.795 |
| <i>Selected Financial Information</i> | | | | |
| Capital Expenditures | 24.9 | 33.7 | 192.4 | 61.1 |
| EBITDA | 46.4 | 96.8 | 341.7 | 366.9 |
| <i>Operating Data</i> | | | | |
| Transmission Volumes (million of cf/d) | | | | |
| Average firm contracted capacity | 2,178.9 | 2,051.8 | 2,143.6 | 2,044.7 |
| Average deliveries | 1,458.5 | 1,525.6 | 1,649.2 | 1,751.6 |
| Processing sales (thousands of short tons) | | | | |
| Ethane | 89.8 | 95.6 | 336.4 | 355.1 |
| Propane and Butane | 127.9 | 144.7 | 486.3 | 635.6 |
| Natural Gasoline | 24.6 | 26.3 | 92.7 | 120.6 |

Transportadora de Gas del Sur S.A.

**Consolidated Business Segment Information for the years ended
December 31, 2001 and 2000**

(In millions of Argentine Pesos)

(Unaudited)

| <u>Year ended</u> | <u>Gas</u> | <u>NGL Production</u> | <u>Other</u> | | |
|---------------------------------|------------------------------|---------------------------------|------------------------|-------------------------|---------------------|
| <u>December 31, 2001</u> | <u>Transportation</u> | <u>and</u> | <u>Services</u> | <u>Corporate</u> | <u>Total</u> |
| | | <u>Commercialization</u> | | | |
| Net revenues | 382.3 | 102.9 | 16.0 | — | 501.2 |
| Operating income (loss) | 265.1 | 39.7 | 2.5 | (29.5) | 277.8 |
| Depreciation of PP&E | 56.7 | 10.8 | 3.7 | 5.2 | 76.4 |
| | | | | | |
| <u>Year ended</u> | | | | | |
| <u>December 31, 2000</u> | | | | | |
| Net revenues | 384.1 | 68.3 | 27.3 | — | 479.7 |
| Operating income (loss) | 275.1 | 40.8 | 4.3 | (24.8) | 295.4 |
| Depreciation of PP&E | 52.2 | 10.6 | 3.6 | 6.2 | 72.6 |

**Breakdown of Net Interest Expense for the years ended
December 31, 2001 and 2000**

(Unaudited)

| | <u>Year ended</u> | <u>Year</u> |
|------------------------------------|---------------------------------|---------------------------------------|
| | <u>December 31, 2001</u> | <u>ended December 31, 2000</u> |
| All-in interest expense | (95.4) | (101.6) |
| Interest on investments | <u>5.3</u> | <u>4.7</u> |
| All-in net interest expense | (90.1) | (96.9) |
| Average net indebtedness | 1,030.7 | 982.7 |
| Average all-in net cost of debt | 9.31% | 10.13% |

