

TRANSPORTADORA DE GAS DEL NORTE S.A.

Unaudited Interim Financial Statements as of and for the three-month period ended March 31, 2010, presented in comparative form

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TRANSPORTADORA DE GAS DEL NORTE S.A.

In accordance with the terms of General Resolution 368/01 and its modifications issued by the National Securities Commission ("CNV"), we detail below an analysis of the results of the operations of Transportadora de Gas del Norte S.A.⁽¹⁾ ("TGN" or "the Company") and its financial situation, which should be read together with the attached financial statements.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION

* Net Result for the three-month period ended March 31, 2010

(in million of pesos)

	Three-month periods ended 03.31.		
	2010	2009	Variation \$
Net Revenues			
Gas carriage service	139.1	145.7	(6.6)
Allowances for disputed amounts	(25.6)	(21.5)	(4.1)
Discount as per Decrees No 292/1520/814	(0.4)	(0.4)	-
Subtotal Gas carriage service	113.1	123.8	(10.7)
Gas Pipeline O&M services	7.1	7.7	(0.6)
Management fees - Gas Trust Program	4.8	4.1	0.7
Subtotal Gas pipeline operation and maintenance service and other services	11.9	11.8	0.1
Net Revenues	125.0	135.6	(10.6)
Cost of services			
Operating and maintenance costs	(41.1)	(38.9)	(2.2)
Fixed assets depreciation	(31.4)	(30.7)	(0.7)
Subtotal	(72.5)	(69.6)	(2.9)
Gross Profit	52.5	66.0	(13.5)
Administrative and selling expenses	(18.7)	(20.7)	2.0
Operating Income	33.8	45.3	(11.5)
Gain from equity investments, net	(0.2)	0.5	(0.7)
Financial and holding results	(63.1)	(104.6)	41.5
Other income, net	10.4	1.2	9.2
Net loss before income tax	(19.1)	(57.6)	38.5
Income Tax	1.6	16.5	(14.9)
Net loss for the period	(17.5)	(41.1)	23.6
EBITDA(2)	78.1	79.0	(0.9)

(1) Company not encompassed by the Optional Statutory System of Public Offering for Mandatory Purchase.

(2) Income before financial and holding results, depreciation, income tax and charges for consumable goods not entailing outlays of funds.

(in million of pesos)

	03.31.10	12.31.09
Total Assets	2,905	2,878
Total Liabilities	1,696	1,651
Shareholders' Equity	1,209	1,227

The following paragraphs describe the reasons for the main variations in the results previously presented and some economic-financial indexes are disclosed in connection to the Company's equity.

TRANSPORTADORA DE GAS DEL NORTE S.A.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

*** Net Revenues**

Below is a summary of the TGN's net revenues by type of service:

(in million of pesos)

Type of service	Three-month periods ended 03.31.			
	2010	%	2009	%
Gas transportation	113.1	90.5	123.8	91.3
Gas Pipeline O&M services	11.9	9.5	11.8	8.7
Total net Revenues	125.0	100.0	135.6	100.0

- Gas carriage services

The net decrease of \$ 10.7 million results from the combined effect of the following main variations:

- i.* a \$ 5.0 million decrease due to the setting up of higher allowances for disputed receivables, related to the situation of export clients described in Notes 13.f), h), i) and m) to the Company's unaudited interim financial statements; partially compensated by higher allowances of \$ 0.9 million during 2009 first quarter related to fines;
- ii.* an increase of \$ 0.8 million in the export revenues due to the net effect of the decrease in the PPI (Producer Price Index) index applicable to the period and the variations in the exchange rate;
- iii.* a \$ 2.5 million decrease in interruptible services, interchange and displacement and sundry services invoiced;
- iv.* new carriage services invoiced during the period for \$ 0.8 million;
- v.* a \$ 5.7 million decrease due to an exporting agreement reached with a customer, according to what is mentioned in Note 13.n) to the Company's unaudited interim financial statements.

- Gas pipeline operation and maintenance and works management services

Revenues from these services remained steady between both periods. However, it is important to mention:

- i.* a \$ 0.7 million increase in the income accrued during the period related to works management fees under gas Trust Programs. These incomes are recognized according to the criteria stated in Note 3.p) of the Company's unaudited interim financial statements, and
- ii.* a \$ 0.6 million decrease corresponding to variations in the price of agreements in force.

TRANSPORTADORA DE GAS DEL NORTE S.A.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

*** Cost of services**

(in million of pesos)

	Three-month periods ended 03.31.		
	2010	2009	Variation \$
Fees for professional services	0.5	1.1	(0.6)
Salaries, wages and other personnel benefits and social security contributions	15.4	13.9	1.5
Fees for technical operator services	2.9	2.7	0.2
Foreign staff residence	0.7	0.5	0.2
Consumption of spare parts and materials	3.4	3.1	0.3
Gas imbalance	(1.4)	-	(1.4)
Maintenance and repair of fixed assets and third party services and supplies	10.7	10.1	0.6
Communications, freight and transportation, travel expenses	2.1	1.7	0.4
Insurance	1.3	1.3	-
Rentals and office supplies	0.6	0.5	0.1
Easements	2.4	2.8	(0.4)
Taxes, rates and contributions	0.2	0.1	0.1
Fixed assets depreciation	31.4	30.7	0.7
Materials and spare parts slow-moving and obsolescence	2.2	0.3	1.9
Others	0.1	0.8	(0.7)
Total	72.5	69.6	2.9
% of Costs of services on net revenues	58.0%	51.3%	

The most significant variations between both periods are presented below:

- i.* a \$ 1.5 million increase in salaries, wages and other personnel benefits and social security contributions as a result of pay increases, partially corresponding to inflation adjustment.
- ii.* \$ 1.4 million of lower costs in gas imbalance due to a more efficient gas usage as a result of the *swap* mechanism between basins.
- iii.* A higher cost of \$ 1.9 million corresponding to the allowance for *obsolete and slow-moving spare parts and consumption materials* due to the variations, in each period, in material items that have a lower turnover rate than that compatible with normal maintenance.

TRANSPORTADORA DE GAS DEL NORTE S.A.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

*** Administrative and Selling expenses**

(in million of pesos)

	Three-month periods ended 03.31.		
	2010	2009	Variation \$
Salaries, wages and other personnel benefits and social security contributions	6.6	5.6	1.0
Fixed assets depreciation	0.5	0.4	0.1
Fees for professional services	1.3	1.6	(0.3)
Taxes, rates and contributions	7.5	7.6	(0.1)
Communications, freight and transportation, travel expenses	0.3	0.3	-
Maintenance and repair of fixed assets and third party services and supplies	0.6	0.2	0.4
Rentals and office supplies	0.3	0.5	(0.2)
Doubtful accounts	0.8	0.3	0.5
Contingencies	1.0	3.6	(2.6)
Fees for technical-administrative services	0.3	0.1	0.2
Others	(0.5)	0.5	(1.0)
Total	18.7	20.7	(2.0)
% of Administrative and Selling expenses on net revenues	15.0%	15.3%	

The most significant variations between both periods are presented below:

- i. a \$ 1.0 million increase in salaries, wages and other personnel benefits and social security contributions as a result of pay increases, partially corresponding to inflation adjustment.
- ii. A decrease of \$ 2.6 million in Contingencies derived from the adjustment, to their current condition, of the balance of the provisions for contingencies related to claims and complaints filed against the Company.
- iii. A decrease of \$ 1.0 in Others, due to the recovery of excesses in expenses previously accrued.

TRANSPORTADORA DE GAS DEL NORTE S.A.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

*** Financial and Holding Results**

(in million of pesos)

	Three-month periods ended 03.31.		
	2010	2009	Variation \$
Interests and indexing generated by liabilities	(32.2)	(24.8)	(7.4)
Bank commissions, expenses and taxes on banking and financial operations	(1.3)	(1.5)	0.2
Subtotal financial result generated by liabilities before exchange rate differences	(33.5)	(26.3)	(7.2)
Interests, indexing and expenses generated by assets	2.7	1.2	1.5
Holding results generated by assets	1.2	1.7	(0.5)
Result of exchange rate risk hedging transactions	(3.6)	0.8	(4.4)
Loss on discounting of non-current and current assets	(6.0)	(7.6)	1.6
Subtotal financial result generated by assets before exchange rate differences	(5.7)	(3.9)	(1.8)
Exchange rate differences:			
Generated by liabilities	(30.4)	(95.7)	65.3
Generated by assets	6.5	21.3	(14.8)
Subtotal exchange rate differences	(23.9)	(74.4)	50.5
Total	(63.1)	(104.6)	41.5

The net variation between both periods was \$ 41.5 million of lower loss. This improvement of Financial and holding results is mainly explained by the following variations:

- i. Lower losses for \$ 65.3 million resulted from exchange rate differences generated by liabilities. The exchange rates were US\$ 1 = \$ 3.878 (as of March 31, 2010) and \$ 3.800 (as of December 31, 2009). In the comparative period, exchange rates had been US\$ 1 = 3.720 and \$ 3.453, respectively. This significant impact on the result of the period is produced in relation to debt balances that amounted to US\$ 386.6 million as of March 31, 2010 and US\$ 378.8 million as of December 31, 2009.
- ii. Higher interests and indexing charges generated by debt balances mentioned in the previous paragraph for \$ 7.4 million considering that Company's debt remains unpaid since December 2008, as explained in Note 10 to the Company's unaudited interim financial statements.
- iii. The asset US dollar positions produced a lower exchange profit of \$ 14.8 million.
- iv. TGN has conducted exchange rate risk hedging transactions to cover the exposure to funds in pesos. The cost of these transactions during 2010 first quarter amounted to \$ 3.6 million. The contracts in force until March 31, 2010 to protect against exposure to those potential fluctuations in the peso/US dollar exchange rate correspond to purchase transactions for US\$ 30 million.

TRANSPORTADORA DE GAS DEL NORTE S.A.

I) ANALYSIS OF RESULTS AND FINANCIAL SITUATION (Cont.)

*** Summary of the Statement of Cash Flows**

(in million of pesos)

	Three-month periods ended 03.31.	
	2010	2009
Net loss for the period	(17.5)	(41.1)
Adjustments to arrive to cash net flow arising from operating activities		
Net changes in assets and liabilities	116.4	146.4
Net changes in assets and liabilities	(94.1)	(32.2)
Net cash flows generated by operating activities	4.8	73.1
Purchase of fixed assets	(6.5)	(0.1)
Collection of cash dividends	1.1	-
Temporary investments granted as guarantee	(0.4)	(9.0)
Net cash flows used in investing activities	(5.8)	(9.1)
Increase in customer advances	3.5	-
Net cash generated by financing activities	3.5	-
Financial and holding result generated by cash and cash equivalents	6.1	11.5
Net increase in cash	8.6	75.5
Cash and cash equivalents as of beginning of the year	291.7	153.0
Cash and cash equivalents as of end of the period	300.3	228.5

(in million of pesos)

	As of 03.31.	
	2010	2009
Cash and cash equivalents		
Cash and banks	10.5	152.2
Time deposits in US\$	157.4	-
Time deposits in \$	49.5	26.5
Mutual funds in \$ ⁽¹⁾	40.6	23.4
Stock exchange securities	42.3	26.4
Cash and cash equivalents as of end of the period	300.3	228.5

⁽¹⁾ In 2010 includes \$ 10.1 million that have been granted as guarantee and consequently have not been considered as cash equivalents.

II) BUSINESS PROSPECTS

*** Financial aspects**

The postponement of payments of the financial debt and proposal for its restructuring

Refer to Note 10, 11 and 13.1) to the Company's unaudited interim financial statements as of March 31, 2010.

*** Commercial issues**

The main issues which impact on the future prospects of the TGN business and on which further information has been provided in the Notes to the March 31, 2010 unaudited interim financial statements of the Company are the following:

The Argentine economic context (Note 1.b)); the pending renegotiation of rates charged for TGN's regulated business (Note 1.c.iii)); the commercial situation with the customer AES Paraná (Note 13.c)); the redirecting of the gas carrying capacity (Note 13.f)); the decline of the export carriage service and the significant contractual disputes which include, among others: the commercial situation with the customer Eléctrica Santiago S.A. (Note 13.h)); with the customer YPF S.A. (Note 13.i)); with the customer Metrogas Chile S.A. (Note 13.m)) and the Compromise and Settlement with the customer Compañía Eléctrica San Isidro S.A. (Note 13.n)).

TRANSPORTADORA DE GAS DEL NORTE S.A.

II) BUSINESS PROSPECTS (Cont.)

*** Regulatory matters**

Refer to Note 1.c) to the Company's unaudited interim financial statements.

III) COMPARATIVE BALANCE SHEET STRUCTURE AT MARCH 31, 2010, 2009, 2008, 2007 and 2006

(in million of pesos)

	As of 03.31.				
	2010	2009	2008	2007	2006
Current Assets	480	337	225	221	630
Non-current Assets	2,425	2,392	2,409	2,460	2,521
Total	2,905	2,729	2,634	2,681	3,151
Current Liabilities	1,637	1,437	215	215	1,599
Non-current liabilities	59	55	1,098	1,190	718
Subtotal	1,696	1,492	1,313	1,405	2,317
Shareholders' Equity	1,209	1,237	1,321	1,276	834
Total	2,905	2,729	2,634	2,681	3,151

IV) COMPARATIVE STRUCTURE OF RESULTS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2010, 2009, 2008, 2007 and 2006

(in millions of pesos)

	Three-month periods ended 03.31.				
	2010	2009	2008	2007	2006
Ordinary operating income	33.8	45.3	50.5	47.6	54.7
Financial and holding results, net	(63.1)	(104.6)	(30.1)	(41.7)	(74.5)
Gain from equity investments, net	(0.2)	0.5	0.6	0.6	0.1
Gain on debt restructuring	-	-	-	-	0.5
Other income (expenses), net	10.4	1.2	(0.5)	0.7	(0.8)
Income before income tax	(19.1)	(57.6)	20.5	7.2	(20.0)
Income Tax charge	1.6	16.5	(10.9)	(8.7)	2.0
Net (loss) income for the period	(17.5)	(41.1)	9.6	(1.5)	(18.0)

V) COMPARATIVE STATISTICAL DATA CORRESPONDING TO THE THREE-MONTH PERIODS ENDED MARCH 31, 2010, 2009, 2008, 2007 and 2006

Volume dispatched in million of cubic meters:

According to the type of carriage agreement

	Three-month periods ended 03.31.				
	2010	2009	2008	2007	2006
Firm carriage	3,050	3,221	3,628	3,818	4,155
Interruptible carriage and exchange and shifting	1,143	1,327	927	701	523
Total	4,193	4,548	4,555	4,519	4,678

According to the type of source

	Three-month periods ended 03.31.				
	2010	2009	2008	2007	2006
Norte Gas pipeline	1,788	1,760	1,829	1,834	1,906
Centro-Oeste Gas pipeline	2,405	2,788	2,726	2,685	2,772
Total	4,193	4,548	4,555	4,519	4,678

TRANSPORTADORA DE GAS DEL NORTE S.A.

VI) COMPARATIVE INDICATORS AT MARCH 31, 2010, 2009, 2008, 2007 and 2006

	Three-month periods ended 03.31.				
	2010	2009	2008	2007	2006
Current liquidity (1)	0.29	0.23	1.05	1.03	0.39
Solvency (2)	0.71	0.83	1.01	0.91	0.36
Freezing Capital (3)	0.83	0.88	0.91	0.92	0.80

- (1) Current assets over current liabilities
(2) Shareholders' Equity over total liabilities
(3) Non-current assets over total assets

VII) PROGRESS IN THE IFRS (International Financial Reporting Standards) IMPLEMENTATION PLAN (not covered by the Limited Review Report)

No circumstances have been identified requiring modifications to the plan or indicating any departure from the accomplishment of the established objectives and deadlines as a result of the monitoring by the Board of Directors of the IFRS implementation plan.

Autonomous City of Buenos Aires, May 6, 2010

The Board of Directors
Eduardo Ojea Quintana

TRANSPORTADORA DE GAS DEL NORTE S.A.

Balance Sheets as of March 31, 2010
 compared with the year ended on December 31, 2009
 (in thousands of Argentine Pesos, except for per share amounts)

	March 31, 2010	December 31, 2009
ASSETS		
Current Assets		
Cash and banks	\$ 10,519	\$ 22,935
Short-term investments (Note 18.(c))	302,824	281,357
Accounts receivables, net (Note 4.a))	67,024	57,738
Other receivables, net (Note 4.b))	85,014	84,966
Materials and spare parts, net (Note 4.c))	15,014	15,014
Total Current Assets	480,395	462,010
Non-current Assets		
Accounts receivables, net (Note 4.a))	119,033	93,305
Other receivables, net (Note 4.b))	198,295	191,970
Materials and spare parts, net (Note 4.c))	37,990	36,732
Fixed Assets, net (Note 18.(a))	2,041,001	2,066,353
Investments (Note 18.(b))	2,444	2,379
Other assets	25,953	25,351
Total Non-Current Assets	2,424,716	2,416,090
Total Assets	2,905,111	2,878,100
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable (Note 4.d))	50,596	63,266
Debt (Note 10)	1,499,442	1,439,317
Salaries and social security payable	23,020	24,924
Taxes payable (Note 4.e))	20,872	27,619
Customer advances	3,735	197
Others (Note 4.f))	6,058	5,567
Subtotal	1,603,723	1,560,890
Contingencies (Note 13 and 18.(d))	32,897	32,767
Total Current Liabilities	1,636,620	1,593,657
Non-Current Liabilities		
Others (Note 4.f))	21,303	20,521
Subtotal	21,303	20,521
Contingencies (Note 13 and 18.(d))	38,004	37,240
Total Non-Current Liabilities	59,307	57,761
Total Liabilities	1,695,927	1,651,418
Shareholders' Equity	1,209,184	1,226,682
Total Liabilities and Shareholders' Equity	\$ 2,905,111	\$ 2,878,100

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

**Statements of Operations for three-month periods
ended March 31, 2010 and 2009**

(in thousands of Argentine Pesos, except for per share amounts)

		March 31, 2010		March 31, 2009
Net revenues (Note 4.g)	\$	124,987	\$	135,608
Cost of services (Note 18.(f))		(72,463)		(69,652)
Gross Profit		52,524		65,956
Selling expenses (Note 18.(f))		(5,422)		(5,554)
Administrative expenses (Note 18.(f))		(13,266)		(15,115)
Operating income		33,836		45,287
Gain from equity investments, net		(242)		547
Financial and holding results, net				
Generated by assets:				
Interest and indexing		2,854		1,208
Exchange rate differences		6,513		21,298
Other financial and holding results (Note 4.h))		(8,626)		(5,299)
Subtotal		741		17,207
Generated by liabilities:				
Interest and indexing		(32,209)		(24,845)
Exchange rate differences		(30,370)		(95,708)
Other financial and holding results (Note 4.h))		(1,307)		(1,281)
Subtotal		(63,886)		(121,834)
Other incomes, net (Notes 4.i) and 13.n))		10,450		1,200
Net loss before income tax		(19,101)		(57,593)
Income tax charge (Note 7)		1,603		16,534
Net loss for the period	\$	(17,498)	\$	(41,059)
Loss per share in pesos (Note 6)		(0.0398)		(0.0934)

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

**Statements of Changes in Shareholders' Equity
for three-month periods ended March 31, 2010 and 2009**
(in thousands of Argentine Pesos, except for per share amounts)

	Shareholders' contributions			Legal reserve	Voluntary reserve for future dividends	Retained earnings	Total shareholders' equity
	Common stock	Inflation adjustment of common stock	Total				
Balances as of December 31, 2008	439,374	506,053	945,427	57,216	309,119	(33,534)	1,278,228
Net loss for the period	-	-	-	-	-	(41,059)	(41,059)
Balances as of March 31, 2009	439,374	506,053	945,427	57,216	309,119	(74,593)	1,237,169
Resolution adopted by the Ordinary Meeting of Shareholders held on April 28, 2009: Allocation to the voluntary reserve for future dividend distributions	-	-	-	-	(33,534)	33,534	-
Complementary loss for the nine-month period up to December 31, 2009	-	-	-	-	-	(10,487)	(10,487)
Balances as of December 31, 2009	439,374	506,053	945,427	57,216	275,585	(51,546)	1,226,682
Net loss for the period	-	-	-	-	-	(17,498)	(17,498)
Balances as of March 31, 2010	439,374	506,053	945,427	57,216	275,585	(69,044)	1,209,184

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

**Statements of Cash Flows for the three-month periods
ended March 31, 2010 and 2009**

(in thousands of Argentine Pesos, except for per share amounts)

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Cash and cash equivalents as of beginning of the year.	\$ 291,748	\$ 152,961
Cash and cash equivalents as of end of the period (Note 4.j))	<u>300,297</u>	<u>228,501</u>
Net increase in cash	<u>8,549</u>	<u>75,540</u>
Cash flows from operating activities		
Net loss of the period	(17,498)	(41,059)
Adjustments to arrive to cash net flow arising from operating activities:		
Income tax	(1,603)	(16,534)
Depreciation of fixed assets	31,829	31,216
Net book value of fixed assets written off	74	363
Increase in allowances and provisions, net	32,356	26,977
Financial and holding results generated by liabilities	32,209	24,845
Exchange rate differences and other financial results, net	21,298	80,060
Loss (gain) on equity investments	242	(547)
Net changes in assets and liabilities:		
Increase in accounts receivable	(64,184)	(36,620)
Increase in other receivables	(6,270)	(6,155)
(Increase) decrease in materials and spare parts and other assets	(3,552)	1,102
(Decrease) increase in accounts payable	(12,670)	3,841
Decrease in salaries and social security payable	(1,904)	(1,856)
(Decrease) increase in taxes payable	(6,747)	5,389
Increase in other payables	1,273	2,080
Decrease in contingencies	(90)	-
Net cash flows generated by operating activities	<u>4,763</u>	<u>73,102</u>
Cash flows from investing activities		
Purchase of fixed assets	(6,551)	(115)
Short-term investments granted as guarantee	(398)	(8,973)
Collection of cash dividends	<u>1,145</u>	<u>-</u>
Net cash used in investing activities	<u>(5,804)</u>	<u>(9,088)</u>
Cash flows from financing activities		
Increase in customer advances	<u>3,538</u>	<u>-</u>
Net cash generated by financing activities	<u>3,538</u>	<u>-</u>
Financial and holding results generated by cash and cash equivalents		
Interests, exchange rate differences and other financial results	<u>6,052</u>	<u>11,526</u>
Total financial and holding results generated by cash	<u>6,052</u>	<u>11,526</u>
Net increase in cash and cash equivalents	\$ <u>8,549</u>	\$ <u>75,540</u>

The accompanying notes are an integral part of these financial statements

TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the three-month period ended March 31, 2010 presented in comparative form
(In thousands of Argentine Pesos, except for per share amounts)

1. Situation of the Company and regulatory framework

(a) Formation of the Company

Transportadora de Gas del Norte S.A. ("the Company" or "TGN") was organized on November 24, 1992 as a result of the enactment of Laws Nos. 23,696 and 24,076 ("Law on Gas") and the issuance of National Executive Branch ("PEN") Decree No. 1,189/92, whereby the privatization of the natural gas carriage and distribution services and the setting up of the companies that would receive the licenses to operate those services were established.

The Company was granted a license (the "License") pursuant to which TGN is authorized to provide the public service of gas carriage through the exclusive utilization of two former Gas del Estado S.E. ("GdE") pipelines in the northern and central-western regions of Argentina.

(b) Argentine economic context, energy crisis and its impact on the economic and financial position of the Company

In view of the major changes in the main macroeconomic variables Argentina has recorded since the end of 2001, as from January 2002 the National Government issued laws, executive orders and regulations that involved a profound change to the then prevailing economic model, which produced the material effects on the Company's economic and financial equation, its business and the regulatory framework. The most significant changes are mentioned below:

- (i) The Public Emergency Law ("LEP") established the pesification of the rates of carriage of natural gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the Producer Price Index ("PPI"). Furthermore, this law authorized the National Executive Branch to renegotiate the public works and services contracts and rates. At the date of issuance of these financial statements, and considering the transitory agreement mentioned in section c.iii) of this Note, no substantial progress has been made regarding rates renegotiation.

Note 1.c) details several issues relating to the rates, the License and the implications of the amendments introduced by the LEP within the Company's regulatory framework.

- (ii) As from 2004 the Argentine Government adopted a series of measures to redistribute in the short term the effects of the energy sector crisis derived from a natural gas and electricity shortage. The Energy Secretariat, the Fuel Undersecretariat and the National Gas Regulatory Entity ("ENARGAS") have issued a number of rules establishing precautionary measures to prevent a shortfall in domestic natural gas supply and its effects on the wholesale electricity supply, including measures severely restricting exports of natural gas to first ensure the supply of domestic consumption. The creation of a trust fund was established to finance investments in the expansion of the capacity of the natural gas carriage and distribution systems and other charge aimed to finance gas imports.

TGN considers that these government measures have produced negative results regarding its gas carriage agreements.

In this way, several contractual disputes with significant impacts regarding export customers presented below in Notes 13.f), h), i), m) and n) have been generated by the described situations.

- (iii) In April 2004, the National Executive Branch established the creation of the Gas Electronic Market ("MEG") with a view to improving assignment efficiency in the gas industry. Consequently, the spot sales of natural gas and the remaining carrying capacity are to be made through this market. Effective May 2005 the MEG started to administer the resale of capacity and services provided by gas distributors. Until March 31, 2010 no effects have been produced on the revenues from sales recognized by TGN.

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1. Situation of the Company and regulatory framework (Continued)

(b) Argentine economic context, energy crisis and its impact on the economic and financial position of the Company (Continued)

- (iv) As indicated in Note 1.c.vi) and in Note 10, on December 22, 2008 the Board of Directors of the Company decided to postpone the payment of the principal and interest installments on the Negotiable Obligations that fell due in December 2008 and 2009 maturities. Furthermore, on December 29, 2008, through Resolution I/587 the ENARGAS established an intervention in TGN for 120 days, as well as a comprehensive audit in charge of the intervener. Upon expiration of such term, the intervention was repeatedly extended by ENARGAS resolutions but with a much restricted scope, as explained in Note 1.c.vi). The intervention of this agency would continue in force until mid June, 2010, according to ENARGAS Resolution I/1151, dated April 26, 2010.
- (v) The change in the economic environment and the legal and regulatory conditions in which the Company is currently operating and the current status of the renegotiation of the License, give rise to uncertainty as to the future net cash that will enable it to recover non-current assets, re-payment of the financial debts, the future development of its business and the normal continuity of the Company's operations.

The impact generated by all the measures adopted so far by the National Government on the balance sheet and financial position of the Company as of March 31, 2010 was calculated on the basis of evaluations and estimates made by the Company's Board of Directors at the date its financial statements were prepared.

The future development of the economic crisis might require that the Government modify some measures adopted or issue additional regulations. However, it is important to remark that actual future results could differ from the evaluations and estimates made at the date preparing these financial statements and these differences could be significant.

(c) Regulatory framework

c.i) General

The Law on Gas and its regulations, together with the License, the Transfer Agreement, the Bidding Terms and Conditions for the privatization of GdE and the resolutions adopted by the ENARGAS establish the legal framework within which the Company carries out its business activities.

The License was granted for an original term of thirty five years, that expires in December 2027. However, the Natural Gas Act and the License provide that TGN may apply to ENARGAS for a renewal of the License for an additional ten-year term. ENARGAS is required at that time to evaluate the Company's performance and make a recommendation to the Executive Branch of the Argentine Government.

c.ii) Regulation of carriage rates

The regulatory regime applicable to gas carriage companies is established under the Natural Gas Act and the License. Rates are regulated by ENARGAS. The Law on Gas establishes that rates must cover reasonable operating costs, taxes and amortization charges, enable obtaining reasonable profit margins similar to those derived from other comparable or equivalent risky activities and must be related to the degree of efficiency in the providing of the services.

In accordance with the original conditions of the License, rates were subject to the following until expiration thereof:

- (i) Adjustments for the five-yearly review of rates by the ENARGAS, which affect as far as possible the "X" efficiency factor and "K" investment factor, where "X" reduces the rate as a counterpart for increased efficiency and "K" increases rates to encourage unprofitable investments;

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1. Situation of the Company and regulatory framework (Continued)

(c) Regulatory framework (Continued)

c.ii) Regulation of carriage rates (Continued)

- (ii) Semi-annual adjustments to reflect PPI variations,
- (iii) Non-recurring adjustments to reflect the variations in the costs resulting from changes in tax regulations (except in the case of variations in income tax), and
- (iv) Unplanned adjustments for other objective and justifiable reasons at the discretion of the ENARGAS.

Regarding the rate setting mechanism, as mentioned in Note 1.b), the LEP on Public Emergency established the pesification of the rates of carriage of natural gas destined for the domestic market and the repeal of the semi-annual adjustment mechanism based on the PPI.

c.iii) License

Under the provisions of LEP, the Argentine Government is entitled to renegotiate the terms of the licenses granted for the provision of public services based on the following criteria:

- The impact of the rates on the competitiveness of the economy and the distribution of people's income;
- The quality of the services and the investment plans, as contractually agreed;
- The customers' interests and accessibility to the services;
- The safety of the systems; and
- The profitability of the companies.

At present, the Unit for the Renegotiation and Analysis of Public Utility Services Contracts ("UNIREN") is responsible for the renegotiation process. This Unit was created in July 2003 within the jurisdiction of the Ministries of Economy and Production ("MEP") and Federal Planning, Public Investment and Services ("MPFIPyS"). Law No. 25,790 dated October 2003 established that the decisions to be made by the PEN throughout the renegotiation process would not be limited to or conditioned by the stipulations contained in the regulatory frameworks for the concession or license contracts involving the respective public utility services.

As from March 2005 various public hearings were called to deal with the adaptation proposals formulated by the UNIREN or the preliminary agreements reached between the companies and the UNIREN, as the case may be. The hearing attended by TGN was held on May 18, 2005, at which only a unilateral proposal that had been formulated by the UNIREN in July 2004 and that TGN considers unsatisfactory was analyzed. So far, the Company has not been able to negotiate or reach any agreement with the UNIREN considered reasonable for TGN.

TGN considers that the main obstacle to reach a complete renegotiation agreement is the National State's insistence that an indemnity provision be added for its benefit, under which the effects of judgments or arbitration awards requiring Argentina to pay indemnifications supported by the LEP on the License would be transferred to TGN.

On September 16, 2008, the Company received from UNIREN a proposal for a temporary agreement ("Temporary Agreement") envisaging a transition tariff regime as from September 1, 2008 on which a 20% increase is applied to the remuneration of the ruled domestic activity of TGN in force at August 31, 2008.

The proposal has been approved by the Board of Directors of TGN and the Temporary Agreement has been subscribed by TGN on October 7, 2008, ad referendum of the Extraordinary Shareholders' Meeting, which ratified the subscription on December 4, 2008.

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1. Situation of the Company and regulatory framework (Continued)

(c) Regulatory framework (Continued)

c.iii) License (Continued)

The Temporary Agreement establishes that TGN will assign the rights of the resulting incremental revenue to a specific fund that will be set up as a trust for the payment of works and/or tasks detailed in a document attached to the Temporary Agreement.

The Temporary Agreement assumed that at December 31, 2008, Law 25,561 would no longer be effective, which did not occur since the that law will actually be in force until December 31, 2011. Consequently, by that date the parties should have agreed on the methodology, term and time of the execution of an Overall Contractual Renegotiation Minute. Otherwise, the Executive Branch, if it deems it convenient, would rule on the enforcement of the Temporary Agreement and, in turn, UNIREN would make the necessary recommendations to the Executive Branch pursuant to section 1 subsection e) of Decree No. 311/03 and section 11 of the Joint Resolution No. 188/03 and No. 44/03 of the Ministries of Economy and Planning.

Although the Temporary Agreement was ratified by the National Executive Branch through Decree N° 458 of April 5, 2010, the rate increase shall not be invoiced by TGN until the ENARGAS approves the new rate schedules. However, TGN performed the foreseen works at its expense. At March 31, 2010, no economic effects were noted in relation to the Temporary Agreement.

At the date of issue of these unaudited interim financial statements no significant progress had been made to ensure compliance with the objective to sign a comprehensive agreement in the short term. Furthermore, it cannot be assured that the final outcome of the renegotiation will effectively restore the balance of the License and award a fair and reasonable rate in order to redress TGN for the damage suffered as a result of the LEP.

c.iv) Technical assistance agreement

Within its regulatory framework, TGN receives auditing assistance and technical assistance from its shareholders and their related companies. Such assistance covers issues relating to system performance, security, environment, preventive maintenance, in-house procedures, training, information technology systems and compliance with certain international standards governing the gas carriage industry.

The contract for Auditing and Technical Assistance currently in force, with the latest amendment made in February 2006, will expire on December 31, 2017. In consideration for the services under the contract, an annual compensation is envisaged, which shall be the higher of (i) US\$ 3,000,000 or (ii) 7% of EBIT for each year. During the current period, the corresponding portion of the US\$ 3,000,000 minimum compensation has been accrued.

In consideration of the decision to postpone the due dates of TGN financial debt adopted on December 22, 2008, the Board of Directors resolved to temporarily suspend effective December 31, 2008 the payments of fees envisaged in the Contract for Technical Assistance and Assistance to the Audit Area.

c.v) Decrease in revenues from carriage of gas for export

Effective February 2004, the Argentine government adopted a series of measures which still apply, to ensure a natural gas supply sufficient to satisfy domestic demand. These measures, which involve restrictions on exports of gas, have increasingly limited the sales of gas abroad. Consequently, the use of the firm carrying capacity hired by loaders for export has gradually decreased.

Dispatched export volume has systematically decreased from 2006 to 2009.

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1. Situation of the Company and regulatory framework (Continued)

(c) Regulatory framework (Continued)

c.v) Decrease in revenues from carriage of gas for export (Continued)

In that context, there are loaders that paid under protest (Gasoducto Norandino S.A.), ceased to pay and initiated administrative and judicial actions to obtain the rescission without negligence of the gas carriage contracts in effect (such as Eléctrica Santiago S.A. or "ESSA" and YPF S.A. or "YPF"), attempted to unilaterally rescinded the agreement and claimed compensation (Metrogás S.A. Chile or "Metrogas") or announced their intention of correcting agreement's conditions (Colbun S.A.) or celebrated new agreements replacing those previously in force (Compañía Eléctrica San Isidro S.A.)

Without prejudice to these loaders' contractual obligation to pay for the reservation of firm carrying capacity until expiration of the contract, the behaviors exhibited, in addition to the decline in exportable balances of natural gas, generate uncertainty as to the future collectability of export customer balances.

ESSA, YPF and Metrogas carry outstanding balances of \$ 84.4 million, \$ 219.7 million and \$ 35.8 million, respectively, as of March 31, 2010, so the Company has set up an allowance for \$ 169.9 million to cover the uncollectible amounts due for the carriage service. Customer Colbún S.A. registers unpaid balances corresponding to firm transportation service since September 2009 for \$ 18 million.

Disputes with these customers are fully described in Note 13.

Opening of a liquefied natural gas plant in Quintero (Chile):

This fiscal year 2009, the facilities of the liquefied natural gas regasification terminal situated in Bahía de Quintero, Chile, became operative. As a result, both Santiago and the Fifth Region can be supplied with natural gas, as an alternative to the gas imported from Argentina. In the future, the opening of the regasification plant could lead to more disputes in relation to the export contracts entered into with Chilean customers as they have already objected to the terms and conditions thereof in view of the restrictions on exports imposed by the Argentine authorities.

Notwithstanding this, the natural gas carriage contracts TGN has signed with Chilean customers remain in full force and effect, which is independent of the natural gas supply at the pipe intake.

c.vi) Debt payments postponement and intervention established by the ENARGAS

As explained in Note 10, on December 22, 2008, the Board of Directors of TGN decided that it was necessary for TGN to postpone the principal and interest payments that fell due since that date (December 2008, year 2009 and first quarter of 2010 maturities).

Although this decision was made to explicitly maintain the safe and reliable provision by TGN of the public utility natural gas carriage service, as called for by the Gas Law and Section 10 of the LEP, on December 29, 2008, through Resolution I/587 the ENARGAS established the intervention in TGN for 120 days and designated an intervener "with powers of co-administration, surveillance and control of all the usual acts of administration and disposition that may affect the normal provision of the public utility gas carriage service by TGN under the License". By this resolution, the ENARGAS also established that a comprehensive audit should be conducted at TGN.

TGN considered that Resolution I/587 was partly illegal on the grounds that the ENARGAS does not have powers to designate an intervener/co-administrator of the licensee companies regulated and controlled by it and subject to Law N° 24,076. TGN also considers that Resolution I/587 is unfounded inasmuch as the decision to postpone the payment of financial obligations does not pose a risk to the provision of the public utility service by the Company. For those reasons, TGN filed a direct

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1. Situation of the Company and regulatory framework (Continued)

(c) Regulatory framework (Continued)

c.vi) Debt payments postponement and intervention established by the ENARGAS (Continued)

appeal against the said resolution with the Federal Court of Appeals on administrative litigation, and requested interim relief from that judicial authority. In this regard, on March 26, 2009 TGN was served notice of the ruling issued by Panel I of that Appellate Court, which resolved: (i) to stay the effects of ENARGAS Resolution I/587 which had established an intervention in TGN and appointed an intervener with powers of company co-administration; (ii) to maintain the control and superintending powers vested in the officer appointed by the ENARGAS with respect to all the acts that may reasonably affect the normal provision of the public utility service by TGN; and (iii) to order the ENARGAS to return to TGN the meeting minutes books that had been withdrawn by the intervener from TGN principal place of business.

Resolution I/587 was successively extended until mid June 2010, term over which TGN will continue to be subject only to surveillance and control of the usual acts of administration and disposition that may affect the normal provision of the gas carriage public utility service under its charge.

2. Preparation of financial statements

(a) Purpose of these financial statements

The financial statements have been translated from the original Financial Statements for the period ended March 31, 2010 including the summary of information required by General Resolution N° 368/01 prepared in Spanish originally issued in Argentina. The translation into English has been made solely for the convenience of English - speaking readers, and certain notes have been rephrased to facilitate the understanding of legislation and the local economic environment. The additional information to the notes to the financial statements required by section 68 of the Buenos Aires Stock Exchange Regulations for local purpose has not been included.

(b) Basis of preparation and presentation

These financial statements are stated in thousands of pesos, and were prepared in accordance with accounting disclosure and valuation standards contained in Technical Pronouncements issued by the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE"), as approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires ("CPCECABA"), and with CNV resolutions.

Furthermore, the provisions of ENARGAS Resolution No. 1,660/00 (as amended by Resolution No. 1,903/00) regulating certain valuation and disclosure criteria for the regulated natural gas carriage and distribution activity have been applied. These criteria are similar to those established by professional accounting standards in force.

A limited review was performed on the financial statements corresponding to the three-month periods ended March 31, 2010 and 2009. The Company's Board of Directors estimates that they include all the necessary adjustments to reasonably disclose the results for each period. The results of the three-month periods ended March 31, 2010 and 2009 do not necessarily reflect the proportion of the results of the Company for the complete financial years.

(c) Presentation of financial statements in constant Argentine Pesos

The financial statements have been prepared in constant currency recognizing the overall effects of inflation through August 31, 1995. Restatement of financial statements was discontinued from that date to December 31, 2001, according to accounting standards. From January 1, 2002 to March 1, 2003 the effects of inflation were recognized due to the existence of an inflationary period. As from that date, restatement of financial statements was discontinued again. The

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2. Preparation of financial statements (Continued)

(c) Presentation of financial statements in constant Argentine Pesos (Continued)

criterion required by the CNV differs from that previously required by professional accounting standards in force, under which financial statements were to be restated until September 30, 2003. Nevertheless, at March 31, 2010 this deviation has not had a significant impact on the financial statements of TGN.

The rate used for restatement of items for the pertinent year was the internal wholesale price index, issued by Instituto Nacional de Estadísticas y Censos.

(d) Use of estimates

The preparation of these financial statements requires the Board of Directors of the Company to make estimates that affect the amounts of contingent assets and liabilities disclosed at the date of issuance of these financial statements, as well as the revenues and expenses recorded in the pertinent period.

The Company's Board of Directors makes estimates to be able to calculate at a given time the allowance for doubtful accounts, depreciation charges, the recoverable value of assets, the income tax charge and provisions for contingencies. Future actual results may significantly differ from those estimates and assessments made at the date these financial statements were prepared.

The changes in the economic environment, the legal and regulatory framework in which the Company is currently operating, the current status of the renegotiation of the License and the consequences of the gas supply shortage (mentioned in Note 1) affect Board of Directors' estimates. There can be no assurance as to the future net cash inflows sufficient to recover the net book value of non-current assets, the payment of the financial liabilities, the future development of its business and the normal continuity of the Company's operations.

(e) Comparative Information

The figures at March 31, 2009 and at December 31, 2009 that are disclosed in these financial statements for comparative purposes arise from financial statements at those dates.

Also, certain reclassifications of the comparative information have been made to conform to the current period presentation.

(f) New accounting pronouncements

The CNV has established the application of Technical Pronouncement N° 26 of the FACPCE which adopted, for all the entities encompassed by the public offering regime of Law N°17,811, whether because of their capital or corporate bonds, or because those entities have requested authorization to be encompassed by this regime, the international financial reporting standards ("IFRS") issued by the IASB ("International Accounting Standards Board"). Application of those standards shall be mandatory for the Company as from the fiscal year commencing January 1, 2012.

On March 4, 2010 TGN Board approved the IFRS Implementation Plan, as called for by CNV Resolution N° 562.

3. Summary of significant accounting policies

Below is a detail of the most important accounting standards and policies used by the Company in preparing these financial statements, which have been applied consistently with those as of March 31, 2009 and December 31, 2009.

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3. Summary of significant accounting policies (Continued)

(a) Cash and banks

Cash and banks are stated at nominal value.

(b) Foreign currency assets and liabilities

Foreign currency assets and liabilities have been valued at period / year end exchange rates.

(c) Short-term investments

Short-term investments in mutual funds have been valued at the prices of units at the end of each period / year. Government securities and Stock Exchange securities have been valued at estimated net realizable value. Time deposits have been valued considering nominal invested capital plus accrued interests up to the end of the period / year.

(d) Accounts receivables, net and Accounts payable

Non-current trade receivables, related to doubtful customer balances mentioned in Note 1.c.v), have been valued on the basis of the best estimate of the amount to be collected, discounted at a discount rate to reflect the time value of money and the specific risks associated with the transaction estimated at the time of its addition to assets and considering the estimated collection term.

The rest of the accounts receivables and the accounts payable have been stated at nominal value. The values thus obtained do not differ significantly from those that would have been obtained if they have been valued at the cash price estimated at the transaction date plus interest and implicit financial components accrued at the internal rate of return determined at that time.

(e) Other receivables, net and other liabilities

Other non-current receivables have been valued on the basis of the best estimate of the sum to be used, discounted at a rate reflecting the time value of money and the specific risks attaching to the transaction estimated at the date of their addition to assets. The assets and liabilities derived from deferred tax and minimum presumed income tax have been stated at nominal value.

Other sundry receivables and liabilities have been stated at nominal value plus financial results accrued at period end, where applicable. The values thus obtained do not differ significantly from those that would have been obtained if they have been valued based on the best estimate of the amount receivable and payable, respectively, discounted at a rate reflecting the time value of money and the specific risks attaching to the transaction estimated at the date of their addition to assets and liabilities.

(f) Investments

The investments in the foreign related companies Comgás Andina S.A. ("COMGAS") and Companhia Operadora de Rio Grande do Sul ("COPERG") have been valued according to the equity method of accounting, on the basis of the financial statements of those companies as of March 31, 2010 and December 31, 2009 (Note 18.(b)).

The professional accounting standards used by those foreign related companies in the preparation of their financial statements are similar in all material respects to those used by the Company.

The Company has decided to fully cover with an allowance its investment in the Brazilian company COPERG because that business fell short of expectations. This company had been originally established to provide operation and maintenance services involving the gas pipeline that would extend from Uruguayana to Porto Alegre. The construction of this pipeline has been postponed and the possibility of this infrastructure work being actually performed is unknown. At present, the service provided by COPERG is limited to a region adjoining the Brazilian-Argentine border. Consequently, it is estimated that the reduced level of activity of that company will not allow recovering the value of the investment in it.

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3. Summary of significant accounting policies (Continued)

(g) Materials and spare parts, net

Materials and spare parts are stated at replacement cost. Where necessary, provision is made for obsolete, slow moving or defective inventory. Materials and spare parts have been broken down into current and non-current on the basis of the estimated consumption plan approved by the Company's Board of Directors.

Considering the economic and financial projections prepared by the Company based on their best estimates as pointed out in Note 2.d), and the resolution of the uncertainties mentioned in Notes 1.b) and 1.c), the book value of materials and spare parts does not exceed their recoverable value.

(h) Fixed assets, net

Fixed assets received from GdE have been valued at their transfer price stated in the Transfer Agreement. The assets acquired or built after the takeover date have been valued at acquisition or construction cost, including the costs of materials, labor and overheads.

The Company has considered as elements forming part of the value of addition to assets of fixed assets the net costs of financing investment works with third parties' capital, the construction of which extends over time, until they are placed into service.

All amounts have been restated for inflation in accordance with applicable regulations (see Note 2.c)), and are disclosed net of their accumulated depreciation.

Accounting and tax depreciation charges are calculated according to the straight line method at annual rates sufficient to extinguish the original values at the end of their useful lives. In determining the useful life, the ENARGAS regulations have been considered, among other parameters.

Furthermore, from 2005 to March 31, 2010 a pipeline recoating campaign was carried out over a length of 253.8 km. In accordance with ENARGAS Resolutions Nos. 1,660/00 and 1,903/00, \$ 87.2 million were capitalized and were included in the "Recoating" line (Note 18.a)), becoming part of the Company's Essential Fixed Assets and, consequently, of its Tariff Base. In addition, in the quarter ended March 31, 2010 further investments for approximately \$ 6.0 million were made in materials necessary to continue with the works over an additional length of about 11 Km. At period end, the investments for the quarter were included in additions of Works in Progress (Exhibit A) until completion of the physical recoating works.

Considering the economic and financial projections prepared by the Company on the basis of the best estimate in accordance with the guidelines stated in Note 2.d) and the resolution of the uncertain situations mentioned in Notes 1.b) and 1.c), the aggregate fixed asset book value does not exceed recoverable value. In this regard, the Company regularly monitors the performance of the variables considered in those projections to analyze the impact they may have on the recoverability of essential fixed assets.

(i) Other assets-Gas stored

Gas stored in pipelines is stated at replacement value plus the average carriage cost, which does not exceed its recoverable value.

(j) Debt

Under professional accounting standards, loans are to be valued on the basis of the best estimate of the amounts payable discounted at the internal rates of return determined at the beginning of the transaction.

In view of the circumstances described in Note 10, at March 31, 2010 and December 31, 2009, loans have been stated at nominal value of principal, interests and penalties accrued calculated at the contractual rates.

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3. Summary of significant accounting policies (Continued)

(k) Income tax

The Company has recognized the income tax charge according to the deferred tax method, thus considering the timing differences between measurements of accounting and taxable assets and liabilities. The main timing differences stem from the provisions for contingencies, the allowance for doubtful accounts, disputed amounts and the materials and spare parts obsolescence allowance, and from the valuation and useful life of fixed assets.

For purposes of determining the deferred assets and liabilities, the tax rate that is expected to be in force at the moment of their reversal or use has been applied to the timing differences identified and tax loss carry-forwards, under the legal regulations enacted at the date of issue of these financial statements.

(l) Minimum presumed income tax (MPIT)

The Company is subject to a tax on minimum presumed income. This tax is supplementary to income tax. The tax is calculated by applying the effective tax rate of 1% on certain production assets valued according to the tax regulations in effect as of the end of each year. The Company's tax liabilities will be the higher of these two taxes. However, if the tax on minimum presumed income exceeds income tax during one fiscal year, such excess may be computed as a prepayment of any income tax excess over the tax on minimum presumed income that may arise in the next ten fiscal years.

The Company has recognized the notional minimum income tax accrued during the period ended March 31, 2010 and the tax paid in previous years as a credit, due to the fact that it estimates that in future fiscal years it may be able to record it as a payment on account of income tax. The aforementioned credit has been recorded at its nominal value.

(m) Allowances and provisions

- Allowance for doubtful accounts (charged to Selling Expenses): set up on the basis of an individual analysis of the recoverability of the receivables portfolio.

- Allowance for disputed amounts (charged to Net Revenues): set up on the basis of an individual analysis of the recoverability of the receivables portfolio.

- Allowance for slow-moving and obsolete spare parts and materials (charged to Cost of Services) has been set up in accordance with TGN policies on those materials and other items which remain in stock of inventories for security and regular maintenance purposes, and have recorded no turnover over a period of time.

- Provision for contingencies (charged to Administrative Expenses and Selling Expenses, according to their nature): set up to cover possible payments claimed from the Company under lawsuits to which it is a defendant.

(n) Shareholders' equity accounts

The account "Common stock" is shown at its historical nominal value. The difference between common stock stated in constant currency and the historical nominal capital stock is shown under "Inflation Adjustments of common stock", making up the shareholders' equity.

The voluntary reserve for future dividends and retained earnings (accumulated deficit) have been restated in accordance with the guidelines indicated in Note 2.c).

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3. Summary of significant accounting policies (Continued)

(o) Profit and loss accounts

Statements of operation accounts have been stated in nominal currency except for: (i) charges for used assets (fixed assets depreciation and disposals), calculated according to the values of those assets; (ii) results from equity investments, calculated by the equity method of accounting and (iii) the use of inventories and the charge for spare parts, slow-moving and obsolete consumption materials determined based on the value of those assets.

(p) Revenue recognition

Firm carriage revenues are recognized based on the accrued contracted capacity reserved regardless of actual usage. For interruptible carriage service contracts, revenues are recognized upon the delivery of natural gas. For operating and maintenance service contracts, revenues are recognized when services are provided.

Decreces No. 292/95, 1,520/98 and 814/01 of the Argentine Government provided for a reduction in certain social security benefits paid by companies. However, Resolution 234/95 of ENARGAS stated that gas carriage companies should pass this benefit through their customers via a reduction in their monthly billings. The benefits passed by the Company on to the customers have been disclosed under a net revenues line adjustment account.

The Company records an allowance for differences between the total amount invoiced and the estimate of the recoverability of certain balances in contractual and regulatory dispute, such as the cases described in Note 13.f), h), i) and m) and Note 1.c.v) to these financial statements. These allowances are recorded adjusting the net revenues line.

Total turnover tax charge is included in selling expenses for all periods indicated. Following ENARGAS resolutions, the effect of gross revenue tax rates are passed through the customers via an increase in the monthly billings for regulated services.

Revenues from Management Contract fees relating to gas trust programs (as described in Note 15.b)) have been recognized on the basis of the expenses incurred by the Company.

(q) Balances and transactions with related parties

Intercompany receivables and liabilities arising from sundry transactions with the controlling shareholder, foreign related parties and other related parties have been valued according to the conditions agreed by the parties involved.

As for the information presented in Note 5, foreign related parties' shareholders (see Note 3.f)), TGN's shareholders, shareholders of Gasinvest S.A. (TGN's controlling shareholder) and Transportadora de Gas del Mercosur S.A. have been considered as related parties. Additionally, directors and syndics have been considered as "Personnel who play a key role in Company's management".

r) Derivative instruments

TGN has conducted exchange rate risk hedging transactions to cover the exposure to funds in pesos. The cost of these transactions during 2010 first quarter amounted to \$ 3.6 million. The contracts in force until March 31, 2010 to protect against exposure to those potential fluctuations in the peso/US dollar exchange rate correspond to purchase transactions for US\$ 30 million.

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4. Breakdown of the main accounts

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
a) Accounts receivable, net		
Current		
Gas carriage services		
Billed		
Distributors	\$ 15,137	\$ 14,975
Industrial	7,448	8,625
Generators	23,564	15,267
Unbilled	28,942	27,628
Subtotal	<u>75,091</u>	<u>66,495</u>
Other services		
Billed	5,832	4,266
Unbilled	2,372	2,308
Subtotal	<u>8,204</u>	<u>6,574</u>
Allowance for doubtful accounts (Note 18.(d))	(4,772)	(4,002)
Allowance for disputed amounts (Note 18.(d))	(11,499)	(11,329)
Total	\$ <u>67,024</u>	\$ <u>57,738</u>
Non Current		
Gas carriage services		
Billed		
Distributors	\$ 25,396	\$ 9,057
Industrial	179,776	152,776
Generators	69,140	58,740
Unbilled	14,646	14,427
Subtotal	<u>288,958</u>	<u>235,000</u>
Allowance for disputed amounts (Note 18.(d))	(169,925)	(141,695)
Total	\$ <u>119,033</u>	\$ <u>93,305</u>
b) Other receivables, net		
Current		
Gas carriage services		
Court attachments and deposits	\$ 32,118	\$ 32,118
VAT, net	164	947
Tax credits - withholdings and perceptions	216	4,565
Income tax prepayments	-	5,275
Directors' and management fees (Note 5)	1,627	1,372
Prepaid expenses	8,280	1,578
Fees and expenses - debt restructuring	21,784	19,946
Receivables from transactions on behalf of third parties and sundry	6,282	7,518
Subtotal	<u>70,471</u>	<u>73,319</u>
Other services		
Management contract fees - Gas Trust Program (Note 15.a) and b))	\$ 2,869	\$ 859
Receivable with controlling shareholder (Note 5)	8	8
Foreign related parties (Note 5)	436	1,814
Other related parties (Note 5)	492	322
Receivables from transactions on behalf of third parties	2,275	2,316
Advances to employees	948	1,024
Receivables from sundry sales	8,511	6,309
Subtotal	<u>15,539</u>	<u>12,652</u>
Allowance for doubtful accounts (Note 18.(d))	(996)	(1,005)
Total	\$ <u>85,014</u>	\$ <u>84,966</u>

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4. Breakdown of the main accounts (Continued)

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
b) Other receivables, net		
Non Current		
Gas carriage services		
Deferred tax asset, net (Note 7)	\$ 77,803	\$ 76,200
Minimum presumed income tax (Note 7)	112,888	108,502
Turnover tax withholdings	113	113
Deposit in escrow and disputed tax payments	7,635	7,575
Guarantee deposits	628	633
Allowance for deposit in escrow and disputed tax payments (Note 18.(d))	(7,635)	(7,575)
Subtotal	<u>191,432</u>	<u>185,448</u>
Other services		
Management contract fees relating to gas trust programs (Note 15.b))	6,618	6,197
Sundry	245	325
Subtotal	<u>6,863</u>	<u>6,522</u>
Total	<u>\$ 198,295</u>	<u>\$ 191,970</u>
c) Materials and spare parts, net		
Current		
Materials and spare parts	\$ 15,014	\$ 15,014
Total	<u>15,014</u>	<u>15,014</u>
Non-current		
Materials and spare parts	121,466	118,057
Allowance for slow-moving and obsolescence (Note 18.(d))	(83,476)	(81,325)
Total	<u>\$ 37,990</u>	<u>\$ 36,732</u>
d) Accounts payable		
Gas carriage services		
Suppliers	\$ 4,584	\$ 5,368
Importation of natural gas administration trust (Note 16)	289	1,745
Others related parties (Note 5)	19,698	16,190
Unbilled services	26,025	39,963
Total	<u>50,596</u>	<u>63,266</u>
e) Taxes payable		
Turnover tax	\$ 52	\$ -
Minimum presumed income tax	8,903	16,864
VAT withholdings and perceptions	808	1,203
Income tax withholdings	10,899	9,268
Turnover tax withholdings and perceptions	210	284
Total	<u>\$ 20,872</u>	<u>\$ 27,619</u>
f) Others		
Current		
Easements	\$ 4,170	\$ 4,013
Directors' and management fees (Note 5)	1,715	1,385
Customer's warrants and others	173	169
Total	<u>6,058</u>	<u>5,567</u>
Non-current		
Easements	21,303	20,521
Total	<u>\$ 21,303</u>	<u>\$ 20,521</u>

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4. Breakdown of the main accounts (Continued)

	March 31, 2010	March 31, 2009
g) Net revenues		
Gas carriage services		
Gas carriage services	\$ 139,051	\$ 145,710
Discounts as per Decrees No. 292/95, 1520/98, 814/01 (Note 3.(p))	(378)	(378)
Allowance for disputed amounts (Note 3.(p))	(25,550)	(21,550)
Subtotal	113,123	123,782
Other services		
Pipeline O&M services	\$ 7,111	\$ 7,672
Management fees - Gas Trust Program (Note 15.b))	4,753	4,154
Subtotal	11,864	11,826
Total	\$ 124,987	\$ 135,608
h) Other financial and holding results, net:		
Generated by assets:		
Bank commissions and expenses	\$ (244)	\$ (185)
Holding results	1,225	1,673
Result of exchange rate risk hedging transactions (Note 3.(r))	(3,631)	765
Loss on discounting of non-current and current assets	(5,976)	(7,552)
Total	\$ (8,626)	\$ (5,299)
Generated by liabilities:		
Bank commissions, expenses and taxes on banking and financial operations	\$ (1,272)	\$ (1,296)
Result on discounting of non-current and current liabilities	(48)	5
Discounts	13	10
Total	\$ (1,307)	\$ (1,281)
i) Other incomes, net		
Result of disposal of fixed assets	\$ (70)	\$ 1,197
Net income from sundry sales and others	298	-
Net income from service projects sales	630	-
Recovery of damages	-	3
Net income from indemnifications (Note 13.n))	9,592	-
Total	\$ 10,450	\$ 1,200
j) Cash and cash equivalents:		
Cash and banks	\$ 10,519	\$ 152,196
Mutual funds in \$ (1)	40,601	23,361
Time deposits in \$	49,484	26,500
Time deposits in US\$	157,371	-
Stock exchange securities in \$	42,322	26,444
Cash and cash equivalents as shown in the statements of Cash flows	\$ 300,297	\$ 228,501

(1) In 2010 does not include \$ 10.1 million that have been granted as guarantee and thus, have not been considered as cash equivalents.

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5. Balances and transactions with related parties

Balances with related parties

	March 31, 2010	December 31, 2009
Accounts receivable:		
Current:		
Other related parties	\$ 4,887	\$ 3,818
Other receivables:		
Current:		
Receivable with controlling shareholder (Note 4.b) ..	8	8
Foreign related parties (Note 4.b)	436	1,814
Other related parties (Note 4.b)	492	322
Directors' and management fees (Note 4.b)	1,627	1,372
Accounts payable:		
Other related parties (Note 4.d)	19,698	16,190
Others:		
Directors' and management fees (Note 4.f)	1,715	1,385

Transactions with related parties

	March 31, 2010	March 31, 2009
Controlling shareholder:		
Other income	\$ 6	\$ 6
Foreign related parties:		
Net revenues	16	2
Cost of services	-	(16)
Other related parties:		
Net revenues	822	761
Cost of services	(3,571)	(3,187)
Full expenses by third party account	129	112
Directors' and management fees:		
Fees for Directory and the Committee of Syndics (Note 18.(f))	(330)	(115)
Professional fees	-	(248)

6. Income per share

Income per ordinary share have been calculated as the quotient obtained by dividing the results for the periods ended March 31, 2010 and 2009, by the weighed average of outstanding ordinary shares, which made a total of 439,373,939 shares at those dates.

At March 31, 2010 and 2009 there are no debt securities convertible into shares, so no diluted earnings per share have been disclosed.

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7. Income tax and MPIT

A breakdown of the Company's deferred tax assets and liabilities as of March 31, 2010 and December 31, 2009 are presented below:

	March 31, 2010	December 31, 2009
Deferred tax assets and liabilities:		
Short-term investments	\$ (315)	\$ -
Accounts receivable	28,786	27,181
Other receivables	13,359	11,748
Fixed assets	(21,415)	(22,171)
Materials and spare parts	29,217	28,464
Other assets	(7,431)	(7,221)
Accounts payable and other payables	6,685	5,536
Debt and expenses related to debt restructuring	1,858	2,533
Contingencies	19,976	19,642
Directors' fees	600	415
Tax loss carryforward	6,483	10,073
Net deferred tax asset	\$ 77,803	\$ 76,200

According to General Resolution No. 487/06 of the CNV, and by the application of the professional accounting standards in force as from 2006 (CD Resolution No. 93/05 of the C.P.C.E.C.A.B.A.), the Company chose to recognize the inflation adjustment contained in the accounting valuation of the fixed assets as a permanent difference.

Had there been recognized the inflation adjustment as a temporary difference, the deferred liability would have increased by approximately \$ 328.4 million, and its reversal would have taken place in a total approximate term of 18 years, according to the following annual detail:

Year	Inflation adjustment that would be reversed	Effect on the income tax charge
	Million \$ (projected figures - not audited)	
2010 (three quarters)	29.5	10.3
2011	51.7	18.1
2012	51.2	17.9
2013	50.3	17.6
2014	50.2	17.6
2015	49.9	17.5
2016	49.3	17.3
2017	48.8	17.1
2018	43.2	15.1
2019	42.7	14.9
2020	41.1	14.4
2021	40.2	14.1
2022	39.4	13.8
2023	33.1	11.6
2024	29.0	10.2
2025	27.3	9.6
2026	23.0	8.1
2027	238.7	83.2
Total	938.6	328.4

A reconciliation between current income tax expense and the amounts obtained by applying the Company's statutory income tax rate to pre-tax income is presented below:

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7. Income tax and MPIT (Continued)

	March 31, 2010	March 31, 2009
Net loss before income tax	\$ (19,101)	\$ (57,593)
Income tax rate	35%	35%
Income tax charge at statutory tax rate	6,685	20,158
Permanent differences:		
Inflation adjustment	(4,557)	(4,618)
Non-deductible expenses	(12)	-
Gain from equity investments, net	(85)	191
Others	(428)	803
Income tax charge	\$ 1,603	\$ 16,534
Current income tax charge	-	-
Deferred income tax charge	1,603	16,534
Income tax charge	\$ 1,603	\$ 16,534

Below is a reconciliation between the charge to earnings of the period for income tax, and the assessed tax for the period for fiscal purposes:

	03.31.10	03.31.09
Recorded income tax	1,603	16,534
Temporary differences:		
Variation in valuation for doubtful accounts	(3,216)	(11,083)
Variation in valuation of fixed assets	(756)	(313)
Variation of the provision for contingencies	(334)	(1,275)
Variation of debt and expenses relating to debt restructuring ..	675	655
Variation of the provision for inventories	(753)	(119)
Variation of tax loss carryforwards	3,590	(3,888)
Other net temporary differences	(809)	(511)
Total tax assessed for fiscal purposes (estimated)	-	-

As of March 31, 2010 income tax calculation results in an estimated tax loss carryforward of \$ 18.5 million.

On the other hand, below is a detail of the breakdown of the credit for the minimum presumed income tax accumulated at March 31, 2010:

Year	Amount	Expires in
2002	12,959	2012
2003	14,097	2013
2004	15,366	2014
2005	16,295	2015
2006	12,362	2016
2007	13,426	2017
2008	6,797	2018
2009	17,086	2019
2010 (estimated - proportioned to first quarter)	4,500	2020
Balance at the closing of the period (Note 4.b)	112,888	

There have been taken into consideration for the calculation of the deferred tax, the projections of future taxable income. The projections have been built on the basis of the best estimate, in accordance with the guidelines pointed out in Note 2.d), and taking into consideration the resolution of the uncertainties mentioned in Notes 1.b) and 1.c), referring to the modifications of the Argentine economic context and of the legal and contractual framework in which the Company operates. On the basis of said projections, the book value of the assets for deferred tax and for minimum presumed income tax does not exceed its recoverable value.

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8. Segment information

The following table shows additional information about the income statements and the main balance sheet captions of the Company at March 31, 2010 and December 31, 2009 segregated by business segment:

For the three-month period ended March 31, 2010	Gas carriage services		Others	Total
	Domestic	Exports		
Net revenues	\$ 67,605	45,518	11,864	124,987
Cost of services, administrative and selling expenses (before depreciation)	(46,125)	(9,222)	(3,975)	(59,322)
Depreciation	(26,960)	(4,850)	(19)	(31,829)
Other incomes, net	726	9,723	1	10,450
Gain from equity investments, net	-	-	(242)	(242)
Financial and holding results, net	(53,484)	(9,623)	(38)	(63,145)
Income tax	4,890	(2,649)	(638)	1,603
Net income for the period	\$ (53,348)	28,897	6,953	(17,498)

As of March 31, 2010	Gas carriage services		Others	Total
	Domestic	Exports		
Fixed assets, net	\$ 1,728,727	311,048	1,226	2,041,001
Accounts receivable, net	29,477	148,376	8,204	186,057
Debt	1,270,027	228,515	900	1,499,442
Other net assets	407,887	73,391	290	481,568
Shareholders' equity	896,064	304,300	8,820	1,209,184
Purchase of fixed assets	5,549	998	4	6,551

For the three-month period ended March 31, 2009	Gas carriage services		Others	Total
	Domestic	Exports		
Net revenues	\$ 68,844	54,938	11,826	135,608
Cost of services, administrative and selling expenses (before depreciation and amortization)	(44,457)	(8,889)	(5,759)	(59,105)
Depreciation and amortization	(26,442)	(4,755)	(19)	(31,216)
Other income, net	1,016	183	1	1,200
Gain from equity investments, net	-	-	547	547
Financial and holding results, net	(88,620)	(15,945)	(62)	(104,627)
Income tax	25,740	(7,329)	(1,877)	16,534
Net income for the period	\$ (63,919)	18,203	4,657	(41,059)

As of December 31, 2009	Gas carriage services		Others	Total
	Domestic	Exports		
Fixed assets, net	\$ 1,750,201	314,912	1,240	2,066,353
Accounts receivable, net	36,212	108,258	6,573	151,043
Debt	1,219,101	219,352	864	1,439,317
Other net assets	379,967	68,367	269	448,603
Shareholders' equity	947,279	272,185	7,218	1,226,682
Purchase of fixed assets	65,877	11,853	47	77,777

Net sales and accounts receivable were allocated on the basis of the market of destination. Cost of services, selling and administrative expenses (before depreciation) were allocated according to the volume of contracted capacity for geographically defined regions. Income tax was apportioned based on the net income or loss of each segment. Shareholders' equity resulted from the algebraic difference of assets and liabilities. When fixed assets were identified with a geographical region they were apportioned on the basis of the volume of contracted capacity for that region. If no such identification existed, they were apportioned to fixed assets of a similar nature. The other items have been allocated following the fixed asset criterion.

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9. Restricted assets

Certain restrictions with respect to Essential Assets

- (i) A substantial portion of the assets transferred by GdE (mainly pipelines, high-pressure branch lines, compressor plants and high-pressure control and measurement stations), has been defined in the License as "Essential Assets" for the performance of the licensed service. Pursuant to the License, the Company is required to segregate and maintain the Essential Assets, together with any future improvements, in accordance with certain standards defined in License. The Company may not, for any reason, dispose of, encumber, lease, sublease or lend Essential Assets for purposes other than the provision of the licensed service without ENARGAS' prior authorization.
- (ii) The Company has granted short-term investments for \$ 11.8 million as guarantee of certain derivative instruments arranged during the period in order to shorten Argentine peso - US dollar exchange rate fluctuations (Note 3.r) and Note 18.(c)).
- (iii) As a result of the postponement of the payments of its financial debt (Note 10), at the date of issuance of these unaudited interim financial statements 22 executory proceedings and 4 notified petitions for bankruptcy are pending against TGN before the commercial courts, under which there are funds subject to court attachments for approximately US\$ 8.3 million at the balance sheet date.

10. Debt

The Negotiable Obligations issued by the Company, in force as of December 22, 2008, have the following characteristics:

	Ordinary non-convertible Class A negotiable obligations	Ordinary non-convertible Class B negotiable obligations
Amount	VN US\$ 250.0 million	VN US\$ 203.6 million
Due date	December 31, 2012	December 31, 2012
Amortization	They are amortized every six month: at 9% in 2005, 12% during 2006 and 2007, 13.5% in 2008 and 2009, 15% in 2010 and 2011, and 10% in 2012	In a one-off payment
Interest	They accrue interest at an annual rate of 6.0% during 2005, at 6.5% between 2006 and 2010, and at 7.5% during 2011 and 2012, payable quarterly on March 31, June 30, September 30 and December 31 of each year.	They accrue interest at an annual rate of 7.0% during 2005, 7.5% during 2006 y 2007, 8.0% during 2008 y 2009, 9.0% during 2010, 9.5% during 2011 y 10% during 2012, payable quarterly on March 31, June 30, September 30 and December 31 of each year.

The terms and conditions and the main restrictions under the indebtedness agreements are detailed in the pertinent Offering Circular under the Negotiable Obligation issue program, which was published at the CNV on September 14, 2006.

Postponement of December 2008 debt payments

In view of the continuous deterioration of the Company's economic and financial equation due to the effect of the depreciation of the peso on the domestic rates that have remained unchanged, combined with a fall in revenues from gas carriage for export as a result of the restrictions on gas exports, as mentioned in Note 1.c.v), and with the widespread peso and US dollar cost increases, on December 22, 2008, it was necessary for the Board of Directors of TGN to administer its resources in order to: (i) prioritize the safe and reliable provision by TGN of the public utility natural gas carriage service; (ii) adhere to the going concern principle; and (iii) ensure the equal treatment of all its financial creditors.

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10. Debt (Continued)

Postponement of December 2008 debt payments (Continued)

In this context, for exogenous reasons and for the purpose mentioned above, it has been necessary for the Board of Directors of TGN to postpone, after their due date, the principal and interest payments on the Series A and B Corporate Bonds. At March 31, 2010 the past due principal installments amounted to US\$ 47.5 million. Total debt as of March 31, 2010 amounts to US\$ 386.6 million, which is formed by US\$ 344.9 million of principal, US\$ 38.7 million of past-due contractual interests and US\$ 3.0 million of punitive interests.

Breakdown of debt balances as of March 31, 2010 and December 31, 2009

	03.31.10	12.31.09
	Thousands of \$	
Ordinary non-convertible Class A		
Principal	547,884	536,864
Interests	53,419	43,620
Punitive	5,664	3,721
Ordinary non-convertible Class B		
Principal	789,678	773,794
Interests	96,736	77,380
Punitive	6,061	3,938
Total current	1,499,442	1,439,317
Total Debt	1,499,442	1,439,317

According to accounting standards currently in force and to the International Accounting Standard 1 ("IAS 1") (supplementary to Argentina's accounting standards), defaulted obligations with acceleration clauses are disclosed under current liabilities. In this way, the Company classifies the complete financial debt balances into current liabilities since according to the Trust Agreement regulating the terms and conditions of the restructured Negotiable Obligations, the attempt to obtain the approval from our creditors of an out-of-court reorganization agreement by any means, automatically accelerates the maturity of the principal on all the Negotiable Obligations to be restructured, plus unpaid accrued interest, which have fallen due and become claimable.

Creation of a Global Program for the Issuance of Ordinary Negotiable Obligations, Not Convertible for Shares

Resolutions adopted by the Board of Directors of TGN on December 11, 2007 and by the Ordinary Meeting of Shareholders held on January 22, 2008 established the creation of a new global program for the issuance of ordinary Negotiable Obligations not convertible for shares, which qualify as Negotiable Obligations under the terms of Law No. 23,576 (text pursuant to Law No. 23,962), for a nominal value of up to US\$ 400 million or its equivalent in other currencies at any time.

The duration of this Global Program shall be five years counted as from the date of its approval by the Argentine Securities Commission.

On July 17, 2008, CNV's resolution N° 15,928 approved the creation of the abovementioned program.

Proposal of restructuring of the financial debt

On April 23, 2009 TGN announced the launch of a swap offer and the petition for an Out-of-court Reorganization Agreement ("APE") aimed at fully restructuring its financial liabilities. That offer was subsequently improved and modified by a new offer and petition for APE (launched September 8, 2009), which remained open until October 14, 2009 regarding the meeting considered in section 45 bis of the 24,522 law (the "Swap Offer"), as approved by the Board of Directors of the Company on September 8, 2009. The Proposal is to restructure: (i) the remaining principal

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10. Debt (Continued)

Proposal of restructuring of the financial debt (Continued)

for US\$ 141,279,932 on the Series A Corporate Bonds issued by the Company; (ii) the remaining principal for US\$ 203,630,111 on the Series B Corporate Bonds issued by the Company; and (iii) US\$ 2,386,014 for the unpaid principal balance owed to third party service providers, according to their respective commercial agreements (jointly referred to as the "Outstanding Debt").

In relation to the restructuration proposal, subject to compliance with certain conditions, each holder of Outstanding Debt will receive at its choice:

- Cash Option

A cash payment in US dollars at a purchase price of US\$ 400 per each US\$ 1,000 of principal on the Outstanding Debt assigned to the cash option, subject to proration and reassignment mechanisms. The maximum cash amount available to redeem Outstanding Debt pursuant to the Cash Option is US\$ 40 million, subject to increases under certain circumstances.

- Swap Option at Par

Principal for US\$ 1,000 on new Corporate Bonds at Par per each US\$ 1,000 of principal on the Outstanding Debt assigned to the Swap Option at Par, subject to proration and reassignment mechanisms. TGN will issue Corporate Bonds at par for up to US\$ 247.3 million.

The Corporate Bonds at Par shall be amortized over 7 years and accrue interest at a step-up rate ranging between 6.50% and 8.50% per annum, payable quarterly in arrears. Out of the total interest accrued in each period, TGN shall pay at least 3.5% in cash and may capitalize the difference if it does not have the necessary funds. Principal shall be amortized semi-annually starting as from the fifth year.

As a result of the statements made by the Bondholders of TGN at the bondholders' meeting held on October 14, 2009 (pursuant to Section 45 bis of Law N° 24,522), convened by the Court of Original Jurisdiction on Commercial Matters N° 2, Clerk's Office N° 4, in the case entitled "Transportadora de Gas del Norte S.A., Out-of-court Plan of Reorganization (*Acuerdo Preventivo Extrajudicial*)", TGN's plan of reorganization was approved by a majority of votes, representative of 87.95%, computed out of the total number of bondholders in attendance which cast their vote at the said meeting.

Considering the consents given by the creditors that did not attend said meeting (including late consents), the Swap Offer was accepted by 87.97% of creditors, computed based on the total liabilities subject to restructuring.

On October 26, 2009 the Court of Original Jurisdiction on Commercial Matters N° 2, Clerk's Office N° 4, ordered that the pertinent legal notices be published, as prescribed by Section 74 of the Bankruptcy and Insolvency Law, all pecuniary actions filed against TGN having been stayed, with the exceptions of the actions established by section 21 of that law.

On November 30, 2009 TGN was notified of the fact that, upon expiration of the time frame envisaged in Section 75 of the Bankruptcy and Insolvency Law, the APE subject to confirmation by the court had been contested by private creditors which as a whole represented approximately 2.4% of the total liabilities subject to restructuring.

On December 30, 2009 the Company was served notice of a resolution adopted by the Court of Original Jurisdiction on Commercial Matters N° 2, Clerk's Office N° 4, in the case entitled "Transportadora de Gas del Norte S.A., Out-of-court Plan of

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10. Debt (Continued)

Proposal of restructuring of the financial debt (Continued)

Reorganization", which provided as follows: (i) to sustain the preliminary injunction requested by ANSES, in its capacity as financial creditor, and preventatively stay the effects of the resolutions adopted at the bondholders' meetings held on October 14 and 16, 2009; (ii) to provisionally leave without effect the resolution adopted on October 26, 2009 which had ordered that all pecuniary actions filed against TGN were stayed; (iii) to suspend the treatment of the denunciations and objections to the APE and the issuance of the order confirming the plan; and (iv) to suspend all administrative formalities for the authorization of the public offering of the new corporate bonds.

After authorization was obtained to file action during the legal holiday, TGN appealed said preliminary injunction (the appeal was granted with the effect of appeal process in sending court file to appellate court, with no stay of decision) and obtained the reinstatement for thirty juridical days of the restriction on the disposition of the funds subject to court attachments in the executory proceedings.

On January 21, 2010, TGN was notified of a resolution adopted by the Legal Holiday Panel of the Commercial Court of Appeals, whereby the appeal lodged by TGN was sustained, partially revoking the preliminary injunction with the consequent reinstatement of the resolution adopted on October 26, 2009 which had ordered that all pecuniary actions against TGN were stayed. In addition, the Legal Holiday Panel established that the other issues appealed by TGN be resolved by the court hearing the case, which did not occur. At the balance sheet date, the confirmation of the out-of-court reorganization plan by the court is pending resolution.

Lastly, the Out-of-court Plan of Reorganization foresees certain grounds for automatic rescission of the plan of reorganization (APE, Section 10.1(a)), and other grounds which allow creditors that have already given their consent to the terms and conditions of the said plan the possibility of rescinding it at their exclusive discretion (APE, Section 10.1(b)).

11. Impact and possible implications of the postponement of the payment of the financial debt

Upon the decision adopted by the Board of Directors on December 22, 2008 to defer the payment of financial obligations (see Note 10), TGN prepared a sustainable debt schedule that led to the issuance of a swap offer.

In view of this, it is important to highlight that according to the Trust Agreement regulating the terms and conditions of the Negotiable Obligations to be rescheduled, the attempt to obtain the approval from our creditors of an out-of-court reorganization plan by any means, automatically accelerates the maturity of the principal on all the Negotiable Obligations to be restructured, plus unpaid accrued interest, which have fallen due and become claimable. Considering this and according to currently in force accounting standards and to the International Accounting Standard 1 ("IAS 1") (supplementary to Argentina's accounting standards), the Company classifies the complete financial debt balances into current liabilities.

As a result of the postponement of the payments of its financial debt, TGN faces petitions for bankruptcy and actions for executory collection, as described in Note 13.1), in view of which or of others that could hereafter be submitted or initiated the Company would have to file for protection under the Bankruptcy and Insolvency Law.

The Basic Rules of the License ("RBL") of TGN provide that the "declaration of bankruptcy" is a grounds for the forfeiture of the license and consequently for the transfer of the essential assets to a new concessionaire or to the National State, according to the mechanism foreseen for the termination of the license.

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11. Impact and possible implications of the postponement of the payment of the financial debt (Continued)

Nevertheless, in accordance with the RBL, TGN considers that this would cause no adverse immediate effect on its Gas Carriage License, because the mere petition for declaration of bankruptcy or insolvency is not a grounds for the declaration of the lapsing of the license (as set forth in section 10.6 of the RBL), which is supported by the provisions of article 1 of Decree No. 1,834/2002.

12. Shareholders' equity

(a) Common stock

Item	Date	Thousands of \$	Registration in the Superintendence of Corporations			
			Date	Nº	Book	Volume
Incorporation of the Company	11.24.92	12	12.01.92	11667	112	A
Capitalizations of	12.28.92	267,255	03.07.94	1894	114	A
irrevocable contributions:	03.25.94	84,232	06.09.94	5589	115	A
Issuance of new shares for capitalized loans	09.29.06	87,875	08.18.06	13005	32	-
Total		439,374				

(b) Limitation on the transferring of the Company's shares

Gasinvest, the controlling shareholder of the Company, and Gasinvest's shareholders, are restricted by the Pliego and the Transfer Agreement as to dispose of a portion of their interests in the Company and Gasinvest, respectively. Unless a prior regulatory approval from ENARGAS is obtained, Gasinvest is precluded from reducing its interest in the Company to less than 51%. Likewise, the shareholders of Gasinvest are precluded from reducing their interest in Gasinvest without prior regulatory approval. However, restrictions are not applicable where shares are transferred among related parties of each shareholder. ENARGAS may approve the transfer of shares provided that (i) the shares are transferred in whole but not in part, or the new acquirer purchases all of the outstanding Class A shares of common stock and (ii) the quality of the service is not affected.

(c) Restriction on the distribution of profits

Under the Argentine Commercial Law, the by-laws of the Company and rules and regulations of the CNV, a minimum of 5% of net income for the year calculated in accordance with Argentine GAAP must be appropriated by resolution of the shareholders to a legal reserve until such reserve reaches 20% of the outstanding capital.

Under the terms of the financial agreements currently in force, TGN shall not make dividend payments in the event of default or grounds for default in an adverse event period (as defined in the contract).

(d) Voluntary reserves for future dividends

The sums included in this item were set up by the Shareholders' Meetings that approved the respective annual financial statements.

Restrictions are presented in Note 12.c).

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13. Contingencies

The Company is a party to several civil, taxes, commercial and labor proceedings and claims that have arisen in the ordinary course of its business. Although there can be no assurance as to the ultimate disposition of these matters, it is the opinion of the Company's Board of Directors based upon the information available at this time and consultation with external and internal legal counsel, that the expected outcome of these claims and legal actions, individually or in the aggregate, will not have a material effect on the Company's financial position, cash flows or results of operations in excess of the reserves that the Company has established to cover for potential losses under these claims. However, the actual outcome of these claims could differ from the estimated recorded amounts.

Following is a summary of the most significant claims and legal actions, including those against TGN as well as those in which the Company acts as a claimer.

(a) Turnover Tax - Province of Salta

The Company has objected (in two different disputes) before the courts having jurisdiction in the Province of Salta to certain official assessments made by the Revenue Bureau of that province for the tax on the business activities for the market price of the so-called "retained gas". The Tax Authority claims payment of \$ 2.0 million for the tax, \$ 1.7 million for interest and \$ 1.0 million for fines, corresponding to the fiscal periods from January 1996 to March 2004.

TGN paid the tax amount claimed for \$ 2.0 million and interest for \$ 2.4 million (including, in addition to the \$ 1.7 million amount claimed by the Tax Authority, interest accrued between the official assessment date and the actual payment date).

In view of the uncertain outcome of this issue, reserving the pertinent rights, the Company paid the amounts claimed and has been paying the accrued tax since April 2004.

In July 2008, the Company was served notice of a negative ruling (ratifying the tax assessment) and as a result the Company filed an appeal before the local Supreme Court, which was appealed by the Company before the local Supreme Court. The appeal was rejected and the Company filed an extraordinary appeal with the Supreme Court of Justice.

(b) Fines imposed by the ENARGAS

At the date of issuance of these financial statements, the Company records twenty three fines applied by the ENARGAS for a total amount of \$ 9.9 million, of which thirteen have been appealed in the administrative orbit for \$ 4.9 million and ten for \$ 5.0 million have been appealed before the judicial courts. At the date of issuance of these financial statements resolution of these appeals are still in process.

(c) Rescission of firm gas carriage contract with AES Parana S.C.A.

In July 1999, AES Parana S.C.A. ("AESP") and the Company had entered into a firm gas carriage contract (the "AES-TGN Agreement"), whereby the Company committed to carry up to 1.81 MMm3/day of natural gas as from an agreed-upon date for a period of 20 years. The gas carriage rate set in the contract was the ENARGAS-regulated rate for Loma La Lata - Litoral zones and included an additional contribution equal to 5.6% of such regulated rate. The execution of the contract would create the need to substantially expand the carriage system. In view of the political and economic changes occurred in December 2001, which led to the pesification and freezing of the carriage rates in January 2002, in February 2003 the Company had the pressing need to request the ENARGAS to rescind the gas carriage contract because performance thereof would become too burdensome.

In the alternative, TGN had previously called for a stay of the effects of the contract because of force majeure that prevented it from fulfilling its

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13. Contingencies (Continued)

(c) Rescission of firm gas carriage contract with AES Parana S.C.A. (Continued)

obligations arising under that contract. AES Paraná answered the complaint in May 2003, objecting to its prosecution and claiming damages for non-compliance with the contract.

In June 2006, both parties reached a transitory agreement by which they will: (i) suspend the prosecution of their respective claims and (ii) rescind the firm carriage contract if AES Parana obtains the providing of the carriage service of at least 1.5 MM m3/d (minimum volume) before December 1, 2008.

In 2008 AES Paraná notified TGN of the merger into AES Alicura S.A. ("AES"), the latter being the succeeding company.

In addition, since the commencement of the provision of the carriage service for the minimum volume and until December 2027, TGN shall pay a compensation amount equivalent to 36% of the Access and Use Charge ("CAU") applicable in each moment, calculated on the basis of the daily volume that remains available to AES upon completion of the enlargement works required for the provision of the carriage service. For the purpose of the calculation of the said compensation the volume may not be lower than the minimum volume. CAU is the monthly remuneration per daily cubic meter of reserved capacity that each loader shall pay TGN while the firm carriage service is provided for access to, use and availability of the said reserved capacity in favor of the loader.

Although the actual provision of the carriage service for the minimum volume had not started at December 1, 2008 and AES was empowered to terminate the agreement, in which case the parties would be free to continue with their respective actions, the temporary agreement was successively extended until March 1, 2010. At present negotiations with AES continue so as to achieve changes in terms of the agreement.

As of March 31, 2010, the allowance amount recorded to settle possible claims being made by AES.

(d) Tax assessments related to payments to note holders

In December 2004 TGN was notified of certain assessed adjustments made by the federal tax authorities to income tax and value added tax on the interest payments in favor of the holders of the negotiable obligations issued under a negotiable obligation program, pursuant to Law N° 23,576. These assessed income and value added tax adjustments with fines and interest amount to \$ 50.7 million and \$ 31.7 million, respectively. The computation included the taxes on the interest payments made to the International Finance Corporation ("IFC").

These assessments were made as a result of an audit to verify compliance with the requirements of Law N° 23,576, whereby interest paid to holders of negotiable obligations are entitled to certain tax benefits, provided that those requirements have been fulfilled.

On August 17, 2007, the Argentine Tax Authority decided to put an end to the income tax case in its entirety. Moreover, the Tax Authority partially dropped its value added tax claim on September 20, 2007. TGN ratified the settlement of the claim by the Tax Authority and the National Tax Tribunal resolved that the Argentine Tax Authority's claim (in the value added tax case) be considered to have been partially dropped in December 2007, and that the claim in the income tax case be considered to have been dropped in July 2008. As a result of the settlement of the tax authority's claim, the dispute with this authority is limited exclusively to value added tax on interest paid to the IFC for an amount of \$ 14.6 million.

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13. Contingencias (Continued)

(d) Tax assessments related to payments to note holders (Continued)

In December 2007, the Tax Authority gave the Company further notice of an assessment of interest and fines in respect of value added tax on the interest paid to the IFC under these programs (for the period from January to May 2002, which had not been included in the original assessment). The amount claimed was \$ 3.9 million. The Company has appealed this new computation before the National Tax Tribunal which is pending to be resolved at the date of issuance of these financial statements.

TGN estimates that the amount claimed is approximately \$ 21.5 million.

(e) Official assessments of the tax-purpose useful lives

In late December 2005 TGN was notified of two resolutions whereby the Argentine tax authorities assessed differences in income tax for the fiscal periods 1999 to 2002. The total amount claimed is \$ 21.1 million including interest at that date and a fine of 70% of the tax determined.

These adjustments are justified by the disallowance of the useful lives assigned by TGN to its Northern Gas Pipeline and all of its compressor plants, which are used in calculating their depreciation for income tax purposes, as in the opinion of the tax authorities useful lives higher than those adopted by the Company apply. The collection agency states that the useful lives must be 45 years, that is, equal to the original duration of the License granted to TGN to provide the public utility gas carriage service, plus an extension of 10 years. The Company understands that the useful lives objected to, which it has used to determine the tax and accounting depreciation, are technically adequate and are supported by a report issued by a consulting firm specialized in this matter.

On February 17, 2006 TGN challenged certain official assessments by filing the pertinent appeals with the National Tax Court, which are still pending resolution.

(f) Redirecting of the carrying capacity

In April 2004, the ENARGAS adopted a regulatory resolution establishing: (i) the reassignment to the distributor GasNea and the sub-distributor Redengás of certain firm carrying capacity volume which originally corresponded to the firm carriage contract entered into by and between TGN and YPF S.A. ("YPF") in 1998 for up to 2.8 MM m3/d to supply a power plant in Uruguayana, Brazil; (ii) that YPF would continue paying TGN the export rate for the total reserved transport capacity and (iii) YPF would charge GasNea and Redengás the rate for the portion of the reassigned volume.

In April 2006, at a request of YPF, the ENARGAS issued two resolutions establishing: (i) the extension the abovementioned reassignments for an additional year (ii) that GasNea and Redengas would pay TGN for the reassigned volume the peso rate as opposed to the US dollar rate applicable to the contract entered into by and between TGN and YPF; (iii) that GasNea and Redengás must pay TGN the peso rate for the capacity reassigned between April, 2004 and April, 2006, and (iv) obliging TGN to reimburse YPF for the proportional part of the transportation rate in US dollars collected by TGN from April, 2004 to April, 2006 for the reassigned volume. In relation to the latter point, the Company had been carrying an allowance of US\$ 3.5 million that has been reverted at the end of fiscal year 2008 since TGN considers that the right to collect that account has prescribed.

The motions for reconsideration of the two resolutions filed by TGN were dismissed by the ENARGAS in June 2007. TGN filed an appeal before a higher administrative authority as it considered that the ENARGAS lacks jurisdiction over the adoption of those resolutions, which also infringe the Company's vested rights.

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13. Contingencias (Continued)

(f) Redirecting of the carrying capacity (Continued)

In April 2007 the ENARGAS renewed for the term of one year, the redirectings of transport capacity to Gasnea and Redengas of a volume of firm carriage capacity equal to 0.770 MMm3/d.

In May 2007 the ENARGAS instructed TGN to apportion the reallocation of certain carrying capacity originally destined for various direct loaders (other than distributors) of the Central-Western Gas Pipeline, in favor of the distributor Ecogás Cuyo, for a term of one year counted as from the implementation of the measure, renewable at the discretion of the ENARGAS. TGN requested that the precautionary measure be reconsidered because it understands that the ENARGAS does not have jurisdiction to take that measure, as it affects the Company's vested rights and, in the alternative, that the ENARGAS dispenses with the application of the "useful disruption of supply" criterion.

In April 2008, ENARGAS issued a regulatory order -without resolving the claims filed by TGN- whereby it modified its prior decisions approving a criterion for flexible redirecting for the benefit of GasNea, Ecogás Cuyo and Redengás, according to which the uninterrupted demand from those entities which exceeds their firm capacity contracted with TGN shall be satisfied affecting the abovementioned YPF transportation contract or the export contracts with delivery in La Mora where necessary, as a result of the unavailable transportation in the system. The total volume awarded according to this mechanism from May 2008 to April 2009 was 1.575 MMm3/day. This mechanism was extended by ENARGAS until April 2010 for a volume of 2.246 MMm3/day.

The regulatory order establishes that payments YPF is to make to TGN by virtue of that mechanism shall include a deduction arising from the carrying capacity that might not be authorized for that loader because of the redirecting stipulated, and that the redirected volumes shall be invoiced to the companies using them at the applicable firm rate charged. It should be noted that from 2004 to the present, TGN did not have the need to redirect the carrying capacity hired by YPF, which had always been made available to the loader.

(g) Stamp duty - Salta - Operation and Maintenance Contract

Revenue Bureau of Salta Resolution No. 1,649 dated November 7, 2006 confirmed an official assessment for \$ 181.9 million including compensatory interest calculated until November 30, 2006 and imposed a fine on TGN for twice the amount assessed for \$ 262.5 million because of alleged commission of tax fraud. TGN considers that the assessment made by the tax authority is excessive as it has resulted from serious calculation errors.

The instrument object of this assessment was the contract for the operation and maintenance of the expansion works under the Gas Trust Agreement entered into by TGN, the National State (Secretariat of Energy) and Nación Fideicomisos S.A. in December 2004, within the framework of the Basic Gas Infrastructure Investment Regime established by Decree No. 180/04 and (MPFIPyS) Resolution No. 185/04 (Note 15.a)).

On November 29, 2006 TGN lodged a special appeal before the Governor, although holding Nación Fideicomisos S.A. liable for the damage the Company could suffer as a result of this legal proceeding. This appeal is in process of resolution at the date of issuance of these financial statements.

It should be borne in mind that the operation and maintenance contract contains a provision, which is valid between the parties but ineffective as against the Tax Authority, pursuant to which the final liability for payment of stamp duty, where applicable, should fall exclusively on the Trust.

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13. Contingencies (Continued)

(h) Controversy raised by Eléctrica Santiago S.A. ("ESSA")

In February 2008, the Chilean customer "ESSA" communicated to TGN its unilateral decision to terminate the firm carriage contract, arguing the alleged impossibility of fulfillment of the contractual purpose, and informed that it was thus ceasing to pay the applicable rate with effect as from January 1, 2008. TGN rejected this line of argument, and demanded compliance with the contract. TGN is still making the hired carrying capacity available to ESSA, and issuing invoices for the service rendered. Considering the rate in force as of December 31, 2009, the annual invoicing to ESSA for the firm carriage service amounts to US\$ 9.7 million.

In March 2008, the Company was notified of the claim filed by ESSA against TGN before the ENARGAS, invoking the jurisdictional powers of said entity under section 66 of Law No. 24,076. The purpose of the controversy is to request the ENARGAS to declare the termination of the firm carriage contract through no fault of any of the parties as from December 21, 2007, with the argument that the provision of the public service of gas carriage is impossible to fulfill, due - according to ESSA - to the unforeseeable extinction of their right to have natural gas liable to be exported from Argentina. In the alternative, ESSA alleges the frustration of the purpose of the contract, and requests that ENARGAS establish a special rate applicable to a reserve of carrying capacity that cannot be used due to lack of gas.

In May 2008, the Company answered the complaint requesting that ENARGAS be dismissed for lack of jurisdiction and requesting, in the alternative, that the complaint be rejected on the grounds that under applicable common law provisions, the regulatory framework, and the contract (i) none of the reasons for termination invoked by ESSA exist, and (ii) that gas supply is a risk run exclusively by the loader.

In October 2008, the ENARGAS sustained the motion filed by TGN and declared that does not have jurisdiction to mediate in the dispute raised by ESSA.

In December 2008, the Company filed legal action, before civil and commercial federal court, for collection of pesos, requesting that ESSA be ordered to pay US\$ 0.8 million, interest and court costs, for the January 2008 invoice, and reserving the right to lodge further complaints if unpaid invoices accumulate. In November 2009 further complaints were presented including the rest of 2008 invoices for an approximate amount of US\$ 9.2 million.

ESSA answered the complaint and requested that it be rejected alleging force majeure and the impossibility of complying with the purpose of the contract. Considering that there was doubt as to the filing of a counterclaim or not, and that the matter was successfully clarified by ESSA at the instigation of the Court, the latter ordered to suspend the proceedings until a mediation hearing was held, prior to filing the counterclaim. The mediation hearing took place in March 2010, but no agreement was reached. TGN has not yet been notified of any court resolution ordering that notice be served of the said counterclaim.

i) YPF S.A. debt for the provision of carriage services

In view of the carrying capacity redirecting established by the ENARGAS, YPF started to irregularly pay the invoices alleging a partial availability of capacity. In February 2007 YPF requested a thorough review of the carriage contract on the grounds that the measures adopted by the National Government in relation to gas exports had affected the economic and financial equation of the said contract in an unforeseen manner. TGN rejected these allegations and demanded compliance.

On February 9, 2009 TGN started the out-of-court mediation required by law, with an unsatisfactory outcome. On April 20, 2009 TGN filed legal action against YPF: (i) demanding compliance with the carriage contract signed with YPF; (ii)

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13. Contingencias (Continued)

i) YPF S.A. debt for the provision of carriage services (Continued)

claiming payment of US\$ 30.4 million from YPF, based on the invoices issued by TGN for services rendered between February 2007 and February 2009, both of them plus interest accrued at each respective date, plus interest to be accrued until the sums are repaid by YPF.

On September 3, 2009 TGN was notified of an administrative action filed by YPF with the ENARGAS in pursue of the rescission of the transport contract, effective September 15, 2009. On September 30, 2009 TGN answered the complaint and filed a motion challenging the jurisdiction of the ENARGAS. In the alternative, TGN answered YPF claims and requested that said claims be rejected.

During 2010 first quarter, YPF paid \$ 0.7 million for interruptible carriage service, remaining a balance of \$ 219.7 million pending to be collected by TGN.

j) Intervention in TGN established by the ENARGAS

This issue is explained in further detail in Note 1.c.vi).

k) Declaration of the administrative inefficiency of the resolutions adopted by the Board of Directors on December 22, 2008

On December 22, 2008 the Board of Directors of the Company had the need to suspend payments of the financial debt installments (see Note 10). In January 2009, the CNV (Argentine Securities Commission) declared this decision irregular and ineffective for administrative purposes, on the grounds that the respective Board meeting minutes had not been transcribed to the book while the meeting was being held or immediately after termination thereof. On November 26, 2009 Panel B of the Commercial Court of Appeals sustained the direct appeal filed by TGN and left CNV Resolution N° 16,060 without effect, as it understood that TGN's conduct in relation to this matter was in accordance with law. CNV filed an extraordinary appeal against that resolution.

l) Petitions for bankruptcy and action for executory collection

As a result of the postponement of the payments of its financial debt (Note 10), 22 notified executory proceedings are pending against TGN before the commercial courts, under which there are funds subject to court attachments for approximately US\$ 8.3 million (including principal, interests and estimated legal expenses). In 18 of those lawsuits, writs of execution and judicial sale were issued, all of which were appealed by the Company. Five of those 18 judgments were confirmed by the Commercial Court of Appeals and became firm.

Moreover, the Company faced three petitions for bankruptcy for approximately US\$ 2.5 million before the Argentine commercial courts, which were rejected by the courts on grounds that, as far as TGN is concerned, the legal requirements for filing those petitions are not met. The Company expects that a fourth petition for bankruptcy for approximately US\$ 1.0 million will also be rejected. Other two pending petitions for bankruptcy not yet notified to TGN have been suspended by the courts.

It is important to mention that on October 26, 2009 the First Instance Court on Commercial Matters No. 2, Office No. 4, ordered that legal notices be published as prescribed by section 74 of the Bankruptcy and Insolvency Law for the stay of all pecuniary actions filed against TGN, with the exceptions of the actions established by section 21 of the law mentioned before. However, on December 30, 2009 the Company was served notice of a preliminary injunction ordered by the subrogating judge in charge of said court at the request of the ANSeS, in its capacity as a financial creditor, whereby (i) the formalities for the confirmation

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13. Contingencies (Continued)

l) Petitions for bankruptcy and action for executory collection (Continued)

of the out-of-court reorganization plan and (ii) the protection by the said Section 72 of the Bankruptcy and Insolvency Law previously decreed were suspended.

After authorization was obtained to file action during the legal holiday, TGN appealed said preliminary injunction (the appeal was granted with the effect of appeal process in sending court file to appellate court, with no stay of decision) and obtained the reinstatement for thirty juridical days of the restriction on the disposition of the funds subject to court attachments in the executory proceedings.

On January 21, 2010, TGN was notified of a resolution adopted by the Legal Holiday Panel of the Commercial Court of Appeals, whereby the appeal lodged by TGN was sustained, partially revoking the preliminary injunction with the consequent reinstatement of the resolution adopted on October 26, 2009 which had ordered that all pecuniary actions against TGN were stayed. In addition, the Legal Holiday Panel established that the other issues appealed by TGN be resolved by the court hearing the case, which did not occur yet.

m) Dispute with Metrogás (Chile)

On April 21, 2009, TGN was notified of a declarative action filed by Metrogás S.A. ("Metrogás Chile"), the Chilean gas distributor, seeking the judicial declaration of inapplicability of the US dollar denominated rate envisaged in its carriage contract, if the gas is not actually carried.

In September 2009 Metrogás Chile communicated its unilateral decision to rescind its firm gas carriage contract with TGN, and claimed damages for approximately US\$ 238 million from TGN, stating that it had suffered harm occasioned by alleged noncompliance by TGN when the latter ceased to deliver gas which, according to Metrogás Chile, had apparently been confirmed and injected into the intake by its producers / suppliers.

As it is publicly known, in the last few years local gas production has not been sufficient to satisfy the additional domestic demand and exports, a situation that is not attributable to TGN because it does not produce or sell gas.

Within this context, effective 2004 and based on the general principles of the Hydrocarbons Act and the Gas Act, the Argentine authorities implemented a series of regulations imposing restrictions on exports of natural gas, to give priority to gas supply in the domestic market.

Since then, the firm carrying capacity hired by Metrogás Chile from TGN has been and is fully available to the customer without any restriction whatsoever, for carrying the gas its producers/suppliers are legally permitted to export in light of those regulations.

In view of the foregoing, TGN rejected, on inadmissibility grounds, the unilateral declaration of contract rescission, as well as the claim for damages made by Metrogás Chile, as TGN has complied with its obligations under the binding gas carriage contract between the parties.

TGN also considers that any action for damages that Metrogás Chile could file would not be likely to be sustained, and it will take all steps necessary to protect the corporate interests.

Subsequently, on December 29, 2009, Metrogás convened an off-court mediation hearing with TGN, which was successively postponed until June 7, 2010.

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13. Contingencies (Continued)

n) Compromise and Settlement with Compañía Eléctrica San Isidro S.A.

In September 2009, TGN and its Chilean customer, the generator Compañía Eléctrica San Isidro S.A. ("CESI") entered into a compromise and settlement (the "Compromise and Settlement") which put an end to the dispute between the two parties in relation to the firm natural gas carriage contract (the "Contract") signed by them.

The Contract had been entered into in October 1995 for a term of 25 years, expiring in October 2023, for a volume of up to 1,684,000 MMm3/day.

In essence, the Compromise and Settlement (which is subject to the approval of the Board of Directors of CESI) sets forth as follows: (i) the Contract shall expire on December 31, 2013; (ii) initially, the hired capacity shall be reduced to 600,000 m3/d, and from April 30, 2011 to the termination of the Contract, the firm capacity shall be restored at 1,684,000 m3/d, but CESI shall have the option to reduce it up to a floor of 10,000 m3/d per annum; and (iii) CESI shall pay TGN a variable compensation amount, according to effectively used carrying capacity, in 54 monthly consecutive installments until January 2014. Adding together the compensation and gas carriage, TGN ensures monthly PPI-adjusted revenues of US\$ 0.9 million until that date.

As a result of the Compromise and Settlement, TGN shall cease to receive the revenues agreed under the Contract from February 2014 to October 2023 (US\$ 0.7 million per month, at the currently applicable rate); in exchange for this, TGN shall collect the monthly revenues described in point (iii) supra, which will ultimately produce a negative net effect on its expected cash flows.

o) Colbún S.A.'s transportation service unpaid balances

Since October 2007 Colbún has paid under protest the invoices issued for the firm carriage service for export, alleging presumptive differences between the volumes of natural gas nominated by Colbún and injected by the producers at the reception point and the volumes delivered by TGN to Colbún at the point of delivery. Colbún also alleged that performance of the carriage contract had become too burdensome, with the consequent frustration of the subject matter thereof. In October 2009 Colbún suspended payment of the service and summoned TGN to a preliminary out-of-court mediation at which Colbún proposed the rescission of the contract. The mediation instance will continue while the parties conclude negotiations.

14. TGN financial trusts

On March 8, 2004, in accordance with ENARGAS Resolution 2,877 and the Law N° 24,441, the Company (as "Trustor") and HSBC Bank Argentina S.A. (as "Trustee") entered into a Trust Agreement. Under the Trust Agreement, the trusts can be funded by private and/or public placement of securities for up to a total amount of US\$ 50 million within a 5-year timeframe.

The Program envisages the possibility of financial trusts being set up for the issue of securities that are authorized for their public offering or not, so as to finance the expansion of the capacity of the Company's gas pipeline systems. The Program also establishes that, at expiration of the trust, the enlarged assets shall be exclusively assigned to the Company only, free of charge or encumbrances. While the trust is in force, the Company shall be responsible for the operation and maintenance of those assets.

On March 26, 2004, the TGN Serie 01 Trust was funded by the issuance of US\$ 7.5 million in principal amount of securities to private contributors, the proceeds from which were used to finance the expansion of carrying capacity of 303,000 m3/d contracted by Metrogas S.A. (a Chilean gas distribution company). The TGN Serie 01

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14. TGN financial trusts (Continued)

Trust expires on the earlier of September 30, 2019 or when securities are repaid, whichever occurs first.

On April 16, 2004, the TGN Serie 02 Trust was funded by the issuance of US\$ 6.3 million in principal amount of securities to private contributors, the proceeds from which were used to finance the expansion of carrying capacity of 247,000 m³/d contracted by Colbun S.A. The TGN Serie 02 expires on the earlier of March 30, 2019 or when the securities are repaid, whichever occurs first.

The TGN Serie 01 Trust and the TGN Serie 02 Trust are not consolidated in the Company's unaudited interim financial statements.

Under the Trust Agreement, neither the Company nor the Trustee are liable with their own respective assets to pay, if principal and/or interest and/or taxes and expenses on the securities issued by the Trusts are dishonored. The holders of the securities will have no right to claim such difference from TGN or the Trustee and the limitation on TGN's liability as Technical Operator has been established in the contract.

The projects have been completed. At December 31, 2009 the investment amounted to \$ 29 million and its residual value was \$ 22.4 million at that date.

15. Financial trusts for expansion on the local market organized by the Argentine Energy Secretariat

MPFIPyS Resolution No. 185/04, adopted under the aegis of Decree No. 180/04, provides for a Gas Trusts Program organized by the Energy Secretariat for the purpose of financing infrastructure works for the carriage and distribution of natural gas.

On April, 2006 the National Congress enacted the law vesting the PEN with the power to apply rate charges destined to finance those works.

a) Trust for the 2005 Northern Gas Pipeline expansion work

The Government requested the participation of TGN as licensee and of other companies as investors in order to undertake the expansion of the capacity of its system for the carriage of 1.8 MMm³/day of gas in the Northern Gas Pipeline. A local trust (the "trust") organized by the Energy Secretariat and administered by Nación Fideicomisos S.A., as trustee, entrusted TGN with the management of the Northern Gas Pipeline expansion works. TGN contributed US\$ 8.4 million to the total cost of the works.

Expanded assets form part of the Gas Trust until it is liquidated, on which date, the Company has the option to have the ownership of the trust assets transferred to it.

In July 2005 TGN began to bill certain customers for the "Gas Trust Charge" on behalf of the "Gas Trust - Extension of the Northern Gas Pipeline" and for its account.

b) Trust for the 2006-2008 expansion work

Again, at the request of the Ministry of Energy, in September 2005, we called for a new open bid for capacity for the expansion of the Northern Gas Pipeline. As a result, more than 15.2 MMm³/d were awarded.

This project will imply the construction of approximately 1,860 km of parallel pipelines, and the incorporation of 55,000 HP in additional power in three new plants and in two already existing compressor plants.

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15. Financial trusts for expansion on the local market organized by the Argentine Energy Secretariat (Continued)

b) Trust for the 2006-2008 expansion work (Continued)

For this purpose on December, 2006 the Company, the Energy Secretariat and Nación Fideicomisos S.A. entered into the Supplementary Financial Trust Agreement for the Northern Gas Pipeline Work, the first amendment to this Contract and the Management Contract. The Operation and Maintenance Contract has not yet been entered into.

The total fee to be collected by TGN as the project manager will be \$ 75.8 million (before value added tax) and was supposed to be monthly collected in 44 installments between February 2006 and September 2009.

The first stage of the work, "Hito AP" began in October 2007. Although as of the end of the year some final tasks and complementary works (refurbishment of compressor plants and measurement and regulation stations were still pending, at December 2008 the carrying capacity was increased by 1.5 MMm³/d in the Northern Pipeline from the Lumbreras compressor plant (Salta) and the Litoral region (final sections of the pipeline and the Timbúes Power Plant). To that end, new 319-Km gas pipelines and a 10,310-HP compressor plant were built in the locality of Tío Pujio, province of Córdoba.

Additionally, at the instigation of the provincial authorities, progress was made in the construction of 28.3 Km gas pipelines between the Beazley compression plant and La Dormida measurement and regulation station to relief the pipelines satisfying most of the demand in the Cuyo region and increased the mentioned pipe section's transport capacity in 1.4 MMm³/d.

The second stage of the work, "Hito Post AP", includes the construction of almost 800 km of loops (between North and West Center pipeline) together with three 10,310-HP compressor plants in Salta, Córdoba and Santa Fe.

It was originally considered that these works would had been completed by winter of 2010. The start, scheduled for September 2008, has been delayed for reasons associated mainly with the lack of financing. So far, only a compressor plant of 10,310 HP has been put into service in Leones (Córdoba). Three 30-km loop stages (Miraflores- Lumbreras); 57-km (Campo Durán-Pichanal); and 33-km (Tucumán - Lavalle) are currently under way. Some special intersections have also been executed in other pipeline sections, but the works in the regular line were subsequently discontinued. The date of commissioning of the three loop stages is still uncertain.

For the repayment of these investments, the ENARGAS created a specific new charge which amounts to 380% of the transportation rate in force and is being applied to all the users of the gas system except residential users, CNG, and the General Service-Small Users. The charge has been abated by 20% until December 2009.

As for the project management fee, the Company received from Nación Fideicomisos up to April 2010 \$ 53.1 million in cash, that jointly with the \$ 17.9 million received in bonds, had been applied to past due invoices.

As of late April, 2010 the management fee billed amounted to \$ 91.7 million, including VAT.

At the request of Nación Fideicomisos, in May 2009 the Company accepted that, if necessary for the continuation of the "Hito Post AP" expansion works, the trust would apply the source of repayment of those government securities.

On September 2009 the time frame for the services envisaged in the project management contract entered into by TGN expired. Prior to said expiration, TGN informed the authorities of this situation and was ready to agree to the terms

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15. Financial trusts for expansion on the local market organized by the Argentine Energy Secretariat (Continued)

b) Trust for the 2006-2008 expansion work (Continued)

under which the service would continue to be provided given that the work is still under way.

As set forth in the contract, until a new agreement is reached and for a period of three months, TGN shall be empowered to receive a monthly sum equivalent to 1% of the contract value.

On October 15, 2009, a note was received from the Secretariat of Energy indicating that both the ENARGAS and Nación Fideicomisos "are analyzing the action and behavior of that Project Manager within the framework of the referenced contract, to evaluate compliance and possible noncompliance with the services under its charge" and that meanwhile, "... TGN should continue to provide the services, without collecting any additional amount whatsoever, until the Regulatory Authority and Nación Fideicomisos complete their report and decide in favor of or against the continuity of the contract." At present, the possible outcome of this situation is unknown. TGN considers that it performed as a proper project manager and its conduct has been adjusted to the terms of the agreement.

The final net receivable registered by the Company as of March 31, 2010 amounts to \$ 6.6 million based on the estimate of the revenue accrual, as described in Note 3.p), and on the estimate of its present value.

16. "Importation of Natural Gas" administration trust

As provided for by Executive Branch Decree 2,067/08 and ENARGAS Resolutions Nos. I/563 and I/615, as from January 2009 the Company started to invoice effective November 2008 a new charge on behalf of the "Importation of Natural Gas" Administration Trust, to create a fund for such purpose.

TGN must not apply this charge to those customers that are connected with a Distributor or Sub-distributor or with power generation plants, and it is responsible for their collection, TGN being required to transfer the monthly collected amounts to the trust. Resolution I/615 establishes that in the case of partial collections, the payment received shall be apportioned to all the items included in the respective invoice. As of March 31, 2010, the balance to be transferred to the trust amounts to \$ 0.3 million.

17. Subsequent events

The Ordinary and Extraordinary Meeting of Shareholders held on April 22, 2010 resolved by a majority vote to approve the Board proposal, which consisted in offsetting the net loss of \$ 51,546 for fiscal year 2009 against the Discretionary Reserve for future dividends.

By ENARGAS Resolution I/1151, on April 26, 2010 the term for the intervention established in December 2008 was extended for 45 days.

Subsequent to March 31, 2010, there have been no other events, situations or circumstances that have impacted or could impact significantly on the net worth, or economic and financial situation of the Company that have not been considered or mentioned in these financial statements.

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18. Other financial statement information

The accompanying tables present additional statement disclosures required under Argentine GAAP.

- (a) Fixed assets, net
- (b) Investments
- (c) Short-term investments
- (d) Allowances and provisions
- (e) Assets and liabilities in foreign currency
- (f) Cost of services, administrative and selling expenses
- (g) Aging of assets and liabilities

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18. Other financial statement information (Continued)

(a) Fixed Assets, net

Account	03.31.2010										12.31.2009				
	Original values					Depreciation					Net book value	Net book value Essential items	Net book value Non-essential items	Net book value	
	At the beginning of the year	Increases	Disposals	Transfers	At the end of the period	At the beginning of the year	For the period		Disposals	Transfers					Accumulated at the end of the period
						%	Amount								
Land	3,274	-	-	-	3,274	-	-	-	-	-	-	3,274	1,976	1,298	3,274
Buildings and constructions	76,849	-	-	-	76,849	21,757	2	384	-	-	22,141	54,708	41,540	13,168	55,092
Installations and mixtures	2,344	-	-	-	2,344	732	4	23	-	-	755	1,589	-	1,589	1,612
Gas pipelines	2,034,449	-	-	-	2,034,449	692,648	3.33 and 2.22	14,080	-	-	706,728	1,327,721	1,327,721	-	1,341,801
Recoating (Note 3.h))	87,149	-	-	-	87,149	11,280	5.88 and 3.33	1,341	-	-	12,621	74,528	74,528	-	75,869
High-pressure branch lines	890	-	-	-	890	303	2.22	6	-	-	309	581	581	-	587
Compressor plants	877,922	-	(161)	61	877,822	436,818	4	12,613	(96)	-	449,335	428,487	428,487	-	441,104
High-pressure control and/or measurement stations	68,716	-	(44)	-	68,672	39,011	5	928	(36)	-	39,903	28,769	28,769	-	29,705
Other technical installations	46,331	-	-	-	46,331	27,929	6.67	627	-	-	28,556	17,775	17,458	317	18,402
Machinery, equipment and Tools	25,452	-	-	99	25,551	21,063	10, 20 and 50	287	-	-	21,350	4,201	-	4,201	4,389
Computer and telecommunication Systems	79,118	-	-	17	79,135	53,045	10 and 20	1,104	-	-	54,149	24,986	-	24,986	26,073
Vehicles	18,235	-	-	102	18,337	13,959	20	336	-	-	14,295	4,042	-	4,042	4,276
Furniture and mixtures	10,041	-	(6)	57	10,092	9,135	10	52	(5)	-	9,182	910	-	910	906
Assets held at third parties	6,591	-	-	-	6,591	6,034	12.5	48	-	-	6,082	509	81	428	557
Work in process ⁽¹⁾	61,954	4,523	-	657	67,134	-	-	-	-	-	67,134	51,505	15,629	61,954	
Advances to suppliers	752	2,028	-	(993)	1,787	-	-	-	-	-	1,787	-	-	1,787	752
Total as of 03.31.2010	3,400,067	6,551	(211)		3,406,407	1,333,714		31,829	(137)		1,365,406	2,041,001	1,972,646	68,355	-
Total as of 12.31.2009	3,325,608	77,777	(3,318)		3,400,067	1,209,922		126,073	(2,281)		1,333,714	-	1,994,341	72,012	2,066,353

⁽¹⁾ Increases in Fixed Assets (Work in Process) are reduced in \$ 6.5 million corresponding to the delivery during the period of Mars 100 equipment that has been interchanged with the supplier Solar Turbines International Co.

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18. Other financial statement information (Continued)

(b) Investments

Issuer	Class	Par value	Amount	Cost value	Book value		Principal activity	Information on the issuer					
					03.31.2010	12.31.2009		Latest financial statements					
								Date	Capital stock and capital adjustment	Other Reserves	Retained earnings	Shareholders' equity	% of direct holding
Non-current investments													
Comgas Andina S.A.	Common	(a) 1	490	246	2,444	2,379	Gas pipeline services	03.31.10	10	-	4,978	4,988	49.0
Companhia Operadora de Rio Grande do Sul.....	Common	(b) 1	49	0.1	449	449	Gas pipeline services	03.31.10	-	915	1	916	49.0
Impairment of investment (Note 18.(d) and 3.f))					(449)	(449)							
Total.....					2,444	2,379							

(a) Chilean Pesos
(b) Brazilian Reais

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18. Other financial statement information (Continued)

(c) Short-term investments

	March 31, 2010		December 31, 2009
Mutual funds in \$	\$ 50,750	(1)	\$ 52,052
Time deposits in \$	49,484		48,350
Time deposits in US\$	157,371		124,117
Stock exchange securities in \$	42,322		24,882
Republic of Argentina Central Bank Notes (NOBAC's)	-		29,210
Government bonds in US\$ - Discount bond	2,897	(2)	2,746
Total	\$ 302,824		\$ 281,357

(1) Include \$ 10.1 million granted as guarantee.

(2) Include \$ 1.7 million granted as guarantee.

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18. Other financial statement information (Continued)

(d) Allowances and provisions

	03.31.2010			12.31.2009	
	Balances at the beginning of the year	Net increases	Decreases (payment / usage)	Balances at the end of the period	Balances at the end of the year
Deducted from assets					
Current					
Accounts receivables					
Allowance for doubtful accounts.....	4,002	770 (2)	-	4,772	4,002
Allowance for disputed amounts.....	11,329	170 (1)	-	11,499	11,329
Other receivables					
Allowance for doubtful accounts.....	1,005	(9) (2)	-	996	1,005
Non Current					
Accounts receivables					
Allowance for disputed amounts.....	141,695	28,230 (1)	-	169,925	141,695
Other receivables					
Allowance for disputed tax payments and judicial escrow accounts.....	7,575	60 (3)	-	7,635	7,575
Materials and spare parts					
Allowance for slow-moving and obsolescence.....	81,325	2,151 (4)	-	83,476	81,325
Investments					
Allowance for impairment of COPERG (Note 18.(b) and 3.(f))	449	-	-	449	449
Total allowances deducted from assets	\$ 247,380	31,372	-	278,752	247,380
Included in Liabilities					
Current					
Contingencies					
Provision for contingencies.....	32,767	220 (3)	(90)	32,897	32,767
Non Current					
Contingencies					
Provision for contingencies.....	37,240	764 (3)	-	38,004	37,240
Total provisions included in liabilities.....	70,007	984	(90)	70,901	70,007
Total as of 03.31.2010.....	\$ 317,387	32,356	(90)	349,653	
Total as of 12.31.2009.....	\$ 245,115	100,801	(28,529)	-	317,387

- (1) \$ 25,550 charged to Net Revenues (Nota 4.g)), \$ 28 to Selling Expenses - Doubtful accounts (Note 18.f)) and \$ 2,822 to Financial and holding results generated by assets.
(2) Charged to Selling Expenses - Doubtful accounts (Note 18.f)).
(3) Charged to Administrative expenses - Contingencies (Note 18.f))
(4) Charged to Cost of Services, materials and spare parts slow-moving and obsolescence (Note 18.f)).

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18. Other financial statement information (Continued)

(e) Assets and liabilities in foreign currency

	03.31.2010			12.31.2009		
	Foreign currency class and amounts	Exchange rate	Amount in Thousands of \$	Foreign currency class and amounts	Amount in Thousands of \$	
Assets						
Current assets						
Cash and banks						
Cash	US\$	1	3.838	\$ 4	US\$	2 \$ 6
Banks	US\$	2,336	3.838	8,966	US\$	5,784 21,748
				<u>8,970</u>		<u>21,754</u>
Short-term investments						
Time deposit in US\$	US\$	41,003	3.838	157,371	US\$	33,010 124,117
Government bonds in US\$ - Discount bonds	US\$	755	3.838	2,897	US\$	730 2,746
				<u>160,268</u>		<u>126,863</u>
Accounts receivable						
Gas carriage services (1)	US\$	7,762	3.838	29,791	US\$	4,095 15,397
Other services	US\$	2,175	3.838	8,348	US\$	1,847 6,945
				<u>38,139</u>		<u>22,342</u>
Other receivables						
Court attachments and deposits	US\$	8,260	3.838	31,702	US\$	8,260 31,058
Prepaid expenses on behalf of third parties and others ..	R\$	114	2.05	234	R\$	776 1,661
	£	2	5.8265	12	£	2 12
				-	\$ch	188,800 1,416
	US\$	2,228	3.838	8,551	US\$	1,540 5,790
				<u>40,499</u>		<u>39,937</u>
Total current assets				<u>\$ 247,876</u>		<u>\$ 210,896</u>
Non-current assets						
Accounts receivables						
Gas carriage services (1)	US\$	88,549	3.838	339,850	US\$	75,370 283,391
				<u>339,850</u>		<u>283,391</u>
Other receivables						
Guarantee deposits	US\$	200	3.838	768	US\$	200 752
				<u>768</u>		<u>752</u>
Investments						
Comgas Andina (Note 18.b)	\$ch	359,461	0.0068	2,444	\$ch	317,171 2,379
				<u>2,444</u>		<u>2,379</u>
Total non-current assets				<u>\$ 343,062</u>		<u>\$ 286,522</u>
Total assets				<u>\$ 590,938</u>		<u>\$ 497,418</u>

US\$: United States dollars
\$ch: Chilean Pesos
R\$: Brazilian Reals
£: Pound Sterling

(1) Nominal value of the gas carriage services receivables, not considering the allowances for doubtful accounts.

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18. Other financial statement information (Continued)

(e) Assets and liabilities in foreign currency (Continued)

	03.31.2010			12.31.2009		
	Foreign currency class and amounts	Exchange rate	Amount in Thousands of \$	Foreign currency class and amounts	Amount in Thousands of \$	
Liabilities						
Current liabilities						
Accounts payable						
Suppliers.....	US\$	352	3.878	\$	1,365	US\$ 175 \$ 665
Other related parties.....	US\$	4,932	3.878		19,126	US\$ 4,182 15,892
					<u>20,491</u>	<u>16,557</u>
Debt						
Ordinary non-convertible Class A						
Principal.....	US\$	141,280	3.878		547,884	US\$ 141,280 536,864
Interests.....	US\$	13,775	3.878		53,419	US\$ 11,479 43,620
Punitive.....	US\$	1,461	3.878		5,664	US\$ 979 3,721
Ordinary non-convertible Class B						
Principal.....	US\$	203,630	3.878		789,678	US\$ 203,630 773,794
Interests.....	US\$	24,945	3.878		96,736	US\$ 20,363 77,380
Punitive.....	US\$	1,563	3.878		6,061	US\$ 1,036 3,938
					<u>1,499,442</u>	<u>1,439,317</u>
Customer advances						
Customer advances.....	US\$	551	3.878		2,136	-
					<u>2,136</u>	<u>-</u>
Total current liabilities				\$	<u>1,522,069</u>	\$ <u>1,455,874</u>
Total liabilities				\$	<u>1,522,069</u>	\$ <u>1,455,874</u>

US\$: United States dollars

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18. Other financial statement information (Continued)

(f) Cost of services, administrative and selling expenses

	Cost of services			Selling expenses			Administrative expenses	Investments in fixed assets	Total At 03.31.2009	
	Total At 03.31.2010	Carriage service	Other services	Total	Carriage service	Others services				Total
Fees for technical-administrative services	330	-	-	-	-	-	330	-	115	
Fees for professional services	1,879	213	320	533	90	-	1,164	92	2,827	
Salaries, wages and other personnel benefits	17,575	10,463	1,840	12,303	227	-	4,918	127	16,100	
Social security contributions	4,534	2,742	337	3,079	67	-	1,388	-	3,623	
Fees for technical operator services	2,879	2,879	-	2,879	-	-	-	-	2,658	
Foreign staff residences	692	692	-	692	-	-	-	-	526	
Consumption of spare parts and materials	3,503	3,267	108	3,375	-	-	4	124	5,983	
Gas imbalance	(1,379)	(1,379)	-	(1,379)	-	-	-	-	-	
Third party services and supplies .	1,438	1,196	149	1,345	5	-	88	-	1,271	
Maintenance and repair of fixed assets ⁽¹⁾	3,579	9,015	318	9,333	1	-	487	(6,242)	4,249	
Travel expenses	1,726	1,224	229	1,453	13	-	187	73	1,471	
Freight and transportation	601	515	6	521	-	-	4	76	529	
Communications	265	142	31	173	5	-	85	2	239	
Insurance	1,393	1,299	-	1,299	-	-	94	-	1,364	
Office supplies	428	150	22	172	2	-	250	4	700	
Rentals	439	274	130	404	4	-	23	8	377	
Easements	2,400	2,400	-	2,400	-	-	-	-	2,790	
Taxes, rates and contributions	7,728	191	12	203	3,688	467	3,370	-	7,737	
Fixed assets depreciation	31,829	31,365	19	31,384	63	-	382	-	31,216	
Fixed assets expenses	860	-	-	-	-	-	-	860	422	
Doubtful accounts	789	-	-	-	789	-	-	-	346	
Contingencies	1,044	-	-	-	-	-	1,044	-	3,643	
Material and spare parts slow-moving and obsolescence	2,151	2,151	-	2,151	-	-	-	-	339	
Others.....	(331)	137	6	143	1	-	(552)	77	885	
Total at 03.31.2010	86,352	68,936	3,527	72,463	4,955	467	5,422	13,266	(4,799)	-
Total at 03.31.2009	-	64,375	5,277	69,652	5,053	501	5,554	15,115	(911)	89,410

⁽¹⁾ Expenses in maintenance and repair of fixed assets are reduced in \$ 6.5 million corresponding to the delivery during the period of Mars 100 equipment that has been interchanged with the supplier Solar Turbines International Co.

TRANSPORTADORA DE GAS DEL NORTE S.A.

Notes to the Unaudited Interim Financial Statements as of and for the three-month period ended March 31, 2010 presented in comparative form
(in thousands of Argentine Pesos, except for per share amounts)

18. Other financial statement information (Continued)

(g) Aging of assets and liabilities

	03.31.2010			
	Short-term investments (a)	Account receivables and other receivables (b)	Debt (c)	Other liabilities (d)
Past due until				
03.31.2009.....	-	99,521	1,387,846	-
06.30.2009.....	-	19,813	26,188	-
09.30.2009.....	-	18,125	27,115	-
12.31.2009.....	-	32,141	27,712	-
03.31.2010.....	-	43,683	30,581	-
Without due date	53,647	378,075	-	40,442
To be due				
06.30.2010	249,177	60,589	-	81,531
09.30.2010	-	10,586	-	1,526
12.31.2010	-	633	-	1,043
03.31.2011	-	165	-	1,042
03.31.2012	-	222	-	-
03.31.2013	-	640	-	-
Total at 03.31.2010	302,824	664,193	1,499,442	125,584
Balances subject to adjustment	53,647	-	-	-
Balances not subject to adjustment	249,177	664,193	1,499,442	125,584
Total at 03.31.2010	302,824	664,193	1,499,442	125,584
Interest bearing balances	251,305	1,142	1,487,717	25,473
Non - interest bearing balances	51,519	663,051	11,725	100,111
Total at 03.31.2010	302,824	664,193	1,499,442	125,584

(a) Excludes Equity Investments.

(b) Excludes allowances.

(c) Classified into current liabilities (Note 10).

(d) Includes all non-financial liabilities, excluding Contingencies.

Free translation from the original in Spanish for publication in Argentina

Limited Review Report

The President and Board of Directors of
Transportadora de Gas del Norte S.A.
Legal Address: Don Bosco 3672 Piso 3°
Autonomous City of Buenos Aires
TAX CODE N° 30-65786305-6

1. We have reviewed the accompanying balance sheet of Transportadora de Gas del Norte S.A. ("TGN") as of March 31, 2010, and the related statements of operations, of changes in shareholders equity and of cash flows for the three-month periods ended March 31, 2010 and 2009, and their supplementary notes. The preparation and issuance of the mentioned financial statements are the responsibility of the Company.
2. Our reviews were limited to the application of the procedures established in Technical Pronouncement No. 7 of the Argentine Federation of Professional Councils in Economic Sciences for limited reviews of interim financial statements, which consist mainly of the application of analytical procedures to the amounts disclosed in the financial statements and inquires made of Company staff responsible for the preparation of the information included in the financial statements and of its subsequent analysis. This review is substantially less in scope than an audit, the objective of which is to express an opinion on the financial statements under review. Accordingly, we do not express an opinion on the Company's financial position, the results of its operations, the changes in its shareholder's equity and its cash-flows.
3. Changes in economic conditions of the country and the modifications introduced by the National Government to the License under which the Company operates, as mentioned earlier in Note 1 to the attached financial statements, principally the suspension of the original regime to update tariffs, affect the economic and financial equation of the Company, generating uncertainty in respect to future development of its regulated business. The Company is in the process of renegotiating with the National Government the terms of the License. Furthermore, the impact of the energy crisis in Argentina on certain gas carriage services the Company provides could cause future actual results to differ from certain assessments and estimates made at the date of preparing the attached financial statements and those positive or negative differences could be significant.

Additionally, given that the Public Emergency Law and Reform of the Exchange Regime authorizes the Executive Branch to renegotiate tariffs and Project and Public Service contracts and that, at the date of issuance of this report, the result of this renegotiation is unknown and there is uncertainty as to whether the future net cash inflows will be sufficient to recover the net book value of non-current assets, and whether the Company will be able to repay its financial debts, as mentioned in Note 10 to the accompanying financial statements.

With regard to the recovery of non-current assets, as explained in Note 3.h) to the accompanying financial statements, the Company tested its fixed assets for recoverability based on which it estimates that their carrying value is not in excess of their recoverable value. The assumptions, premises and estimates of future events used in that test evidence the vision projected by the Company's Board of Directors, which may occur or materialize in the future or not; furthermore, those assumptions, premises and estimates are affected mainly by the uncertainty regarding the rate adjustment and the evolution of certain commercial contracts. In view of this, we are not in a position to anticipate whether the premises used by the management in preparing its projections will materialize in the future in order to corroborate the recoverable value of fixed assets, the net book value of which amounts to \$ 2,041 million and \$ 2,066 million at March 31, 2010 and at December 31, 2009, respectively.

4. As mentioned in Note 1.c) to the attached financial statements, at March 31, 2010 the Company has contractual disputes for significant amounts with certain customers that provide gas carriage services for export for outstanding balances of \$ 339.9 million (\$ 283.4 million at December 31, 2009) not yet collected from those customers. In view of the uncertainty as to the possibility of recovering those receivables in the future, the balances due and pending collection have been covered by an allowance partially at the balance sheet date. In addition, as explained in Note 15.b), the Company is a party to the work management contract entered into in relation to the 2006-2008 expansion project and carries at March 31, 2010 a net receivable for \$ 6.6 million (\$ 6.2 million at December 31, 2009) for its services, which is in arrears under the contract terms agreed upon. There is a delay in the performance of this work project as well as limitations on its scope, the work schedules and conditions agreed under the contract being subject to possible changes in the future. Consequently, there is uncertainty as to the effects this situation could have on the value of receivables and allowances recorded and on the future revenues from those contracts.

5. As explained in Notes 1 and 10 to the attached financial statements, the Company's Board of Directors decided to suspend effective December 22, 2008 principal and interest payments on its financial debt. At March 31, 2010, the Company carries financial debts denominated in US dollars for a total of US\$ 386.7 million (US\$ 378.8 million at December 31, 2009), and has not paid principal for US\$ 47.5 million and interest for US\$ 41.7 million on these debts. International Accounting Standard No. 1 (IAS 1), of complementary application to Argentine GAAP, provides that debts "in default" are to be disclosed as current in view of the possibility of creditors accelerating the maturities, thus, the Company has disclosed all balances due under loans, in current liabilities.

Furthermore, as mentioned in Note 10 to the accompanying financial statements, on October 14, 2009 the Meeting of Holders representing approximately 88% of the outstanding principal and votes accepted the payment proposal offered by the Company through the petition for an out-of-court restructuring agreement and subsequently, on October 19, 2009, the Company's Ordinary Meeting of Shareholders ratified the Boards' decision to submit this Out-of-court Restructuring Agreement to the commercial court for its confirmation as laid down by the Argentine Bankruptcy Law. This judicial approval is pending at the date of issue of these financial statements.

6. The March 31, 2010 and 2009 financial statements of TGN have been prepared following accounting principles applicable to a going concern; therefore, those financial statements do not include the effects of possible adjustments and/or reclassifications, if any, that might be required if the situations described above are not resolved in favor of the normal course of the Company's business. Consequently, the Company's financial statements should be read in the light of these uncertain circumstances.
7. Based on the work done and on our examinations of the Company's financial statements for the years ended December 31, 2009 and 2008, on which we issued our report on March 4, 2010 including qualifications regarding the circumstances referred to in sections 3., 4., 5. and 6. of this report, we state that:
 - a) The financial statements of TGN at March 31, 2010 and 2009 detailed in section 1., prepared in accordance with accounting standards in effect in the Autonomous City of Buenos Aires, give consideration to all significant facts and circumstances which are known to us and that we have no further

observations to make on them other than those mentioned in sections 3., 4., 5. and 6.

b) The comparative information included in the balance sheet and in the complementary notes and exhibits to the attached financial statements arises from the financial statements of the Company at December 31, 2009.

8. In accordance with current regulations, we report that:

a) the financial statements of TGN have been transcribed to the Inventory and Balance Sheet book and are, as regards those matters that are within our competence, in conformity with relevant rules and regulations of the Commercial Corporation Law and the National Securities Commission;

b) the financial statements of TGN arise from accounting records carried in all formal aspects in accordance with current legal regulations;

c) we have read the Summary of Activities, except for the titled chapter "Progress in the IFRS implementation plan", and the additional information to the notes to the financial statements required by Section 68 of the Buenos Aires Stock Exchange Regulations (included in the Spanish version of the financial statements), on which, as regards those matters that are within our competence, we have no observation to make other than those indicated in points 3, 4, 5 and 6;

d) at March 31, 2010, the debt accrued in favor of the Argentine Integrated Social Security System amounted, as shown by the Company's accounting records, to \$ 1,764,107 which was not yet due at that date.

Autonomous City of Buenos Aires, May 6, 2010

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Daniel A. López Lado