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TECHNICAL AND REGULATORY TERMS

- ▶ ANH: *Agencia Nacional de Hidrocarburos*. State agency responsible of the hydrocarbon policy.
- ▶ BR: *Banco de la República*: Colombia's Central Bank; responsible of the country's monetary and foreign exchange policy.
- ▶ BLN: us billion. 10⁹ factor.
- ▶ BOMT: Build, operate, maintain and transfer contract.
- ▶ COP: Colombian pesos.
- ▶ CREG: *Comisión de Regulación de Energía y Gas de Colombia*. State agency in charge of regulating electric power and natural gas residential utility services.
- ▶ DANE: *Departamento Administrativo Nacional de Estadística*. State agency responsible of the official statistics in Colombia.
- ▶ DEVELOPMENT QUOTA: Ecogas charged companies that used is natural gas transportation assets the Development Quota. The Development Quota is use to expand the natural gas infrastructure in Colombia.
- ▶ DNP: *Departamento Nacional de Planeación*. Agency responsible for Colombia's economic planning.
- ▶ EEB: *Empresa de Energía de Bogotá*. Bogota's energy utility company. EEB is TGI's major shareholder.
- ▶ GNV: *Gas Natural Vehicular*. Natural gas for vehicles.
- ▶ IPC: *Indice de precios al consumidor de Colombia*. Colombia's consumer price index.
- ▶ KM: Kilometers.

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- ▶ MM: Millions.
- ▶ MLL: Miles.
- ▶ CFD: Cubic feet per day.
- ▶ SF: *Superintendencia Financiera*. State agency responsible for regulating, surveying, and controlling Colombia's financial sector.
- ▶ TCF: Trillion cubic feet. 10^{12} Factor.
- ▶ TGI: *Transportadora de Gas del Interior*.
- ▶ TRM: *Tasa Representativa Del Mercado*. Dollar price average for the Colombian peso; its calculated on a daily basis by the SPF.
- ▶ R/P: Reserves to production ratio. Estimates the duration of reserves based on the production in a specific moment in time.
- ▶ UPME: *Unidad de Planeación Minero Energética*. State agency responsible for the planning of Colombia's mines and energy sectors.
- ▶ USD: US Dollars.

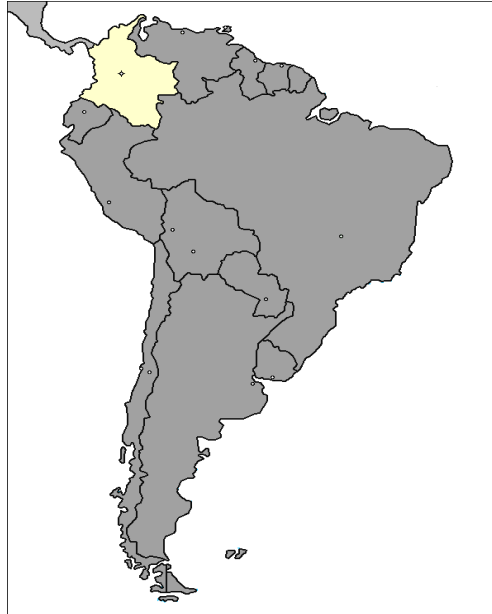
CLARIFICATIONS

- ▶ Figures expressed in US dollars were converted using the TRM at the closing date of the period, as officially made public by the SF. The TRM's used are: for 2003: 2.780,82 COP/USD; for 2004: 2.412,10 COP/USD; for 2005: 2.282,35 COP/USD; for 2006: 2.238,79 COP/USD and for 2007: 2.014,76 COP/USD.
- ▶ Figures in this report use the point (.) to separate thousands, and the comma (,) to separate decimals.
- ▶ TGI's Income statement reflects the company's operations between the March 3rd and December 31st 2007. Therefore, and only for comparison purposes, some results of TGI were annualized by dividing the figures by 304 (the number of days between March 3rd and December 31st 2007) and then multiplying the result by 365 (total number of days in one year).
- ▶ Some accounts of Ecogas Income Statement differ from those of TGI's. Only for comparison purposes, the 2006 results of Ecogas excludes the Development Quota and the expenditures derived from the management thereof.
- ▶ EBITDA is not a recognized indicator under Colombian or U.S. GAAP, and may create difficulties as an analytical tool. Therefore, it shall not be taken on its own as an indicator of the company's cash generation.

HIGHLIGHTS

- ▶ Colombia's GDP grew 7,52%, the largest growth rate in the past 29 years.
- ▶ Colombia kept an investment grade rating for its sovereign debt denominated in COP.
- ▶ Domestic demand for natural gas grew by 5,03%, driven by the industrial, residential and GNV sectors.
- ▶ TGI ended 2007 as Colombia's most important natural gas transporter. Its results, compare with those of Ecogas for 2006, showed that:
 - Its transported volume increased by 19%; four (4) times higher than the domestic demand growth.
 - Its sales increased by 6%.
 - Its operating margin grew 9,8 percentage points, ending 2007 in 59,8% or COP 250.382 mm
 - TGI's EBITDA increased in COP 48.480 mm or 16,5%, ending 2007 in COP 341.973 mm.
- ▶ Approximately 60% of TGI's operating revenues were linked to the US dollar.
- ▶ TGI successfully restructured its debt in October 2007 by issuing notes for USD 750 mm in the international markets. The notes are due in 2017 and were bought at a 9,5% interest rate. In 2007 the notes were negotiated at an average price of 104,08; reflecting a high investor's confidence in the company.
- ▶ In October 2007, TGI started operating directly its pipeline network, improving its service providing capacity.

MACROECONOMIC DEVELOPMENT



Selected economic indicators

Population	46 Mm
Area	1,1 Mm K ²
2007 GDP in bln of USD (p)	149,4
2007 GDP per capita in USD	3.247
2007 GDP real growth	7,52%
2007 Inflation	5,7%
Sovereign debt rating in local currency (1)	BBB+ /Stable/A-2
Sovereign debt rating in foreign currency (1)	BB+ /Stable/B

Sources: DANE; Banco de la República.

(1) Standard and Poors' rating, updated as of 31 March 2008.

p: provisional.

Evolution of selected economic indicators

	2003	2004	2005	2006	2007
GDP	3,74%	4,87%	4,72%	6,80%	7,52% (e)
Inflation	6,49%	5,50%	4,85%	4,48%	5,69%
Foreign direct investment (USD mm)	1.720	3.015	3.540	3.951	7.870
TRM (USD/COP) (1)	2.781	2.412	2.282	2.238	2.015

Sources: DANE; Banco de la República, SF, Proexport.

(e): Estimated.

(1) At the end of the period.

Colombia is the fourth largest economy in Latin America. The country's GDP increased by an average of 5,5% between 2003 and 2007. Economic growth in

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2007 was close to 7,5%, the largest economic expansion rate in the past 29 years.

From a demand perspective, the main drivers of the economic expansion were household consumption and investment, which together account for almost 90% of Colombia's GDP. In 2007, household consumption grew by 7,3% (compare with 6,6% in 2006), and investment grew by 21,17% (compared with 26,9% in 2006). Increased confidence levels represent one of the main factors explaining the favorable performance of these components of the aggregate demand. Various economic analysts forecast that investment and household consumption will undergo a positive behavior in 2008, and that the economy's growth rate will be close to 5%, a rate smaller than in 2007 but higher than the historical average.

Inflation in 2007 exceeded that of 2006. Prices pressures came from domestic demand growth and food and oil prices. In response, the Colombian Central Bank (BR) has been gradually increasing its intervention rates, which went from 6,5% in June 2006 to 9,5% in December 2007. For 2008, BR set an inflation target ranging from 4,5% to 5,5%, and the market seems to be confident about such target. A recent poll among 36 agencies of the financial sector shows that, on average, market agents expect inflation to be 5,16% in 2008 (the poll's standard deviation is 0,33%).

In 2007, Colombia remained an attractive destination for foreign investment. In fact, such investment almost doubled compared to 2006. Nearly 50% of foreign investment has been directed towards the mining and hydrocarbon sectors. Nevertheless, significant sums have been invested in the manufacturing, industrial, and financial sectors. Despite the negative climate of international capital markets, foreign investment did not slow down. In fact, during the first two months of 2008, foreign direct investment flowing into the country amounted to almost USD 2 bln, a figure that exceeds that of the same period in 2007.

The COP appreciated 27,5% between 2003 and 2007. In 2007, the appreciation of the COP was 10,01%. Capital inflows and remittances coming from Colombians living abroad are the main factors responsible for the COP appreciation. In the past years, the capital account of the balance of payments

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has been consistently higher than the current account of the same balance. In 2007, such difference created a surplus amounting to USD 1.6 bln.

RECENT DEVELOPMENTS IN THE NATURAL GAS SECTOR

The development of the Colombian natural gas market is a national goal set out in the 2007-2010 National Development Plan Act, enforced through different strategies intended to further increased natural gas production and consumption.

The objectives of the 2007-2010 National Development Plan include the expansion of the gas transportation and distribution infrastructure using resources from the Development Quota, increasing international natural gas commerce, and the elimination of liquid fuels subsidies.

Natural gas reserves and perspectives

	Total NG reserves TPC	R/P Natural Gas years (1)	R/P Oil years (2)
2003	6,0	27,7	7,8
2004	5,0	26,5	7,7
2005	5,8	24,3	7,6
2006	6,5	25,3	7,8
2007	7,1	26,1	7,5

Sources: Ecopetrol; UPME; EEB calculations

(1) Results from dividing total reserves by gas production. It estimates the duration of reserves given the production level at a certain point in time.

(2) Results from dividing total reserves by oil production. It estimates the duration of reserves given the production level at a certain point in time.

Colombia is making significant efforts to add new gas reserves to support its domestic market and take advantage of foreign markets opportunities. Exploration in search for new hydrocarbon reserves (oil and gas) has increased in the past years. In 2007, 73 A3 wells (wildcats) were drilled, the highest number in the country's history. Such exploration activity increases the likelihood of finding additional reserves. A study conducted by Halliburton and disseminated by the ANH, estimates that Colombia has potential reserves exceeding 10 TCF in the low scenario and 86 TCF in the medium scenario.

In the short term, additional gas reserves are expected as a result of recent discoveries, mainly those of the fields of La Creciente, Gibraltar, and La Loma.

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The first two are smaller fields with an estimated aggregate production of 65 mmcf. The production from those two fields will access the domestic market in 2008. La Loma reserves are estimated to be 2,2 TCF, almost one third of the country's current reserves. Commerciality may take some time, while reserves are proven and economic feasibility is defined.

Natural gas production in mmcf

	Guajira	Cusiana	Others	Total
2003	473	46	69	588
2004	469	74	68	611
2005	467	114	70	652
2006	450	170	81	702
2007	459	197	88	743

Source: UPME

The country's production is expected to increase in the coming years, mainly due to enhanced production from the Cusiana Field, the second most important in the country. Ecopetrol, the main partner in this field, recently announced plans to raise current production levels up to 200 mmcf between 2009 and 2011.

Additional production will come from recently discovered smaller fields. That is the case of La Creciente and Gibraltar. The operator of La Creciente auctioned 30 mmcf in October 2007, and is planning to auction between 25 and 30 mmcf in 2008. Ecopetrol, Gibraltar's operator, announced that it will auction 30 mmcf from the Gibraltar field in the fourth quarter of 2008.

Additionally, the pipeline interconnecting Colombia with Venezuela provides reliability to domestic supply in the medium term. From 2012 and until 2027 (according to an agreement signed between Ecopetrol and PDVSA gas), Colombia will import an average 137 mmcf from Venezuela. The interconnection capacity will eventually allow for the import of up to 500 mmcf of gas.

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Natural gas demand - mmcf

	Thermal	Refineries	Residential - commercial	Industrial	Vehicle	Petrochemical	Total	Variation %
2003	181	87	134	137	16	12	567	-3,1
2004	178	85	137	161	23	11	596	5,1
2005	192	82	143	170	30	11	630	5,7
2006	182	91	152	209	50	13	696	10,5
2007	157	98	163	226	74	13	731	5,0

Source: UPME

Gas demand underwent an accelerated growth in the past 4 years, at a pace similar to the GDP growth. In 2007, the demand for natural gas increased by 5,03%. Although this growth rate was smaller than the 10,48% growth of 2006, it places natural gas as Colombia's largest growing energy source, together with diesel fuel.

Demand was mainly driven by residential-commercial, industrial, and GNV sectors, which together account for 63% of total demand. In 2007, the demand for these sectors grew by 7,2%, 8,1%, and 48,0%, respectively. In turn, demand for the thermoelectric power generation sector decreased by around 13,7% in 2007, as that year's rainfalls allowed for an increased hydroelectric power generation.

The demand for GNV increased almost five-fold in the past five years. Its weight in total demand is still relatively small (approximately 10%), but is the most dynamic segment and the one with the best perspectives. It has benefited from economic subsidies to convert gasoline vehicles to natural gas, and from the elimination of subsidies to liquid fuels. Between 1999 and 2007, 235.058 vehicles were converted to natural gas in Colombia, and the Government's goal is to achieve the conversion of 500.000 vehicles before the end of 2011, which will represent 15% of the total demand for natural gas (a five percentage point increase compared to the current 10%).

TGI OPERATING PERFORMANCE



Selected operating data

	2006 (1)	2007 (2)	Unit	Variation %
Total capacity (3)	399	443	Mmcfd	11,0
Transported volume (4)	310	369	Mmcfd	19,0
Contracted capacity (5)	344	390	Mmcfd	13,4
Annual load factor (6)	60,9	65,6	%	7,8
Availability (7)	99,4	99,4	%	0,00
Losses (8)	0,9	0,75	%	-19,6
Gas pipeline length	3.702	3.702	Km	
Gas pipeline length	2.314	2.314	Mll	

Source: TGI

(1) 2006 figures correspond to Ecogas.

(2) 2007 figures reflect TGI's operation between March 3rd and December 31st 2007. EEB assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.

(3) Nominal transporting capacity at the end of each period.

(4) Real average volume transported in a certain period.

(5) Firm contracted capacity. Firm contracts obliged TGI to keep a certain transporting capacity available to the customer.

(6) Measure of the pipeline use in percentage. Ratio between the nomination and the transporting capacity.

(7) Actual gas transporting capacity in a certain period in relation with the nominal measured in percentage.

(8) Difference between gas volumes received minus gas volumes delivered, considering the changes in inventories. It is measured as a percentage with respect to the volume received by the customers. CREG acknowledges 1% in its tariff structure as maximum losses that can be transferred to the customers.

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The main aspects of TGI's first year of operations were the increase in its transporting capacity and transported volume, as well as the direct operation of its pipelines.

TGI's total transporting capacity increased by 44 mmcf/d in 2007, as a result of the investments made in the Casacará, Barrancabermeja, Hato Nuevo, and Miraflores compression stations. Such investments were necessary to provide for the increasing demands of the markets served by TGI.

In 2007, TGI's transported volume increased by 19,03% (59 mmcf/d) and its contracted capacity grew by over 13% (46 mmcf/d). Its volume growth was four times greater than the domestic demand growth, reflecting TGI's strategic position as the only Colombian transporter connecting the two main supply sources (Guajira and Cusiana) with the main consumption centers (in the country's central region).

In October 2007, TGI started operating its property pipelines directly (Ecogas did so through third parties). This decision allows TGI to exercise better control over the system's critical variables, optimize inventory management, and improve its capacity to provide added value services, such as parking and packing.

TGI COMMERCIAL PERFORMANCE

Volume by transporter - mmcf/d

	2006 (1)	Participation %	2007 (2)	Participation %	Variation %
TGI	310	46,2	369	52,9	19,0
Promigas	328	48,9	308	44,2	-6,1
Others	33	4,9	20	2,9	-39,4
Total	671	100,0	697	100,0	3,9

(1) 2006 figures correspond to Ecogas

(2) Daily average transported by TGI between March 3rd and December 31st 2007. EEB assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.

TGI consolidated as Colombia's main gas transporter with a market share of 52,9%. This was an increase of close to 6 percentage points in market share, compared to the Ecogas results of 2006.

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Volume by sector and region

	Total participation in the country %	Participation in the interior market %	Participation in the Atlantic Coast market %
Thermal	21	8	41
GNV	9	11	6
Industrial	39	42	35
Ecopetrol	14	20	4
Petrochemical	2	0	3
Residential	16	19	10

Source: Ecopetrol

TGI holds a strategic position in the Colombian market, as it holds a larger share in the fastest growing segments (industrial, residential, and GNV), compared to other markets. Additionally, TGI has a smaller exposure to the thermoelectric power generation market, which has a more volatile demand, as it depends on hydrological conditions.

Income structure - COP mm

	2006 (1)	Participation %	2007 (2)	Participation %
Sales	399.070	100,0	423.151	100,0
Sales linked to US\$ (3)	259.396	65,0	257.370	60,8
Sales in COP (3)	139.675	35,0	165.780	39,2
Capacity charges (4)	305.656	76,6	306.084	72,3
Variable charges (5)	46.828	11,7	65.330	15,4
Non-recurring charges sales (6)	40.887	10,3	44.729	10,6
Other (7)	5.699	1,4	7.008	1,7

(1) 2006 figures correspond to Ecogas.

(2) TGI 2007 figures were annualized so they could be compared with those of Ecogas. TGI results were divided by 304 (days between March 3rd and December 31st 2007) and multiplying the result by 365 (total number of days in one year). Empresa de Energía de Bogotá assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.

(3) Gas regulation in Colombia divides the tariff to users into two parts; one part is set to recognize investments and the other one the administration, operation and maintenance - AOM - expenses and costs. The portion acknowledging investments is linked to the dollar and is adjusted on an annual basis based on the U.S. "Capital Equipment" IPP; and it is paid in pesos at the TRM at the end of every month. The portion that acknowledges the AOM is defined in pesos and is linked annually with the Colombian IPC (consumer price index).

(4) Capacity charges or fixed charges obliged the transporter to maintain a certain transport capacity available when required by the customer. In turn, the customer undertakes to pay for such capacity independently from the volume transported.

(5) Variable charges obliged the transporter to maintain an available capacity when required by the customer. Nevertheless, and unlike the previously described scheme, the customer only pays for the volume effectively transported, although at a higher tariff. In general terms, TGI customers maintain contracting schemes that combine fixed and variable charges.

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- (6) Non-recurring charges do not generate the obligation of firmness for the transporter. That is to say, the transporter has the right to interrupt the service, for example, it is necessary to meet firm contracts.
- (7) Additional services provided by the company, such as new connections or odorization.

Compared to Ecogas results for 2006, TGI's annualized results show an increase in sales of 6,03%. The company maintained a substantial portion of its income linked to the dollar, and variable charges went up in excess of the growth of fixed charges.

In 2007, the share of income linked to the dollar was 60,8%, which is lower by nearly 4 percentage points than the one registered by Ecogas in 2006. This reduction is largely explained by the Colombian peso appreciation, which reached nearly 10,01% in 2007.

Variable charges increased their total share in sales, increasing from 11,7% to 15,4% between 2006 and 2007. This change is due to the fact that most customers contract the natural gas transportation service on a fixed portion, which is paid independently from the volume transported, and a variable portion, which is paid only for the volume transported. In a context of high demand growth, as in the case of 2007, the variable charges grow at a greater pace than the fixed charges.

Contractual structure

	2006 (1)			2007		
	No.	Volume Mmcf/d	Remnant life (average in years)	No.	Volume Mmcf/d	Remnant life (average in years)
Firm (2)	61	344,2	6,4	59	390,2	5,6
Interruptible (3)	1	8,0	4,3	1	8,0	3,6
Others (4)	1		1	1		0,3

(1) 2006 figures correspond to Ecogas. EEB assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.

(2) Contracts where TGI S.A ESP undertakes to transport a maximum guaranteed gas volume during a certain period of time. Remuneration for this type of contracts may be fixed and/or variable.

(3) Contract in which the transport service foresees and allows for its interruption by any party for any reason, without this giving rise to any type of compensation by the party suspending the service.

(4) Promigas Agreement for embedded pipelines.

The company's contracted volume went up by 56 mmcf/d. A large portion of the growth in the contracted capacity resulted from the increase of TGI's transport capacity.

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TGI FINANCIAL PERFORMANCE

Selected financial data

	Mm COP			Variation		Mm USD	
	2006 (1)	(2)	2007 (3)	COP	%	2006	2007
Sales	399.070		423.151	24.081	6,0	178,3	210,0
Operating income	199.655		250.382	50.727	25,4	89,2	124,3
Operating margin	50,0%		59,8%	N/A	18,3	50,0%	59,8%
EBITDA (4)	293.493		341.973	48.480	16,5	131,1	169,7
EBITDA margin	73,5%		80,8%	N/A	9,9	73,5%	80,8%
Net income	164.572		348.179	183.606	111,6	73,5	172,9

(1) 2006 figures correspond to Ecogas. EEB assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.

(2) In order to compare Ecogas and TGI results, fiscal income corresponding to the Development Quota and expenditures derived from management thereof, were excluded in 2006.

(3) TGI 2007 figures were annualized so they could be compared with those of Ecogas. TGI results were divided by 304 (days between March 3rd and December 31st 2007) and multiplying the result by 365 (total number of days in one year).

(4) In the case of TGI, it is the Operating Income plus amortizations, depreciations, provisions and indirect taxes. In the case of Ecogas, it is the Operating Income less income relative to the Development Quota, plus amortizations, depreciations, tax provisions and costs related to operation and maintenance of BOMTs contracts.

TGI's Operating Income increased by COP 50.727 mm, or 25,4%, compared to that of Ecogas for 2006. In addition to the increase in sales (6%), the increase in the Operating Income reflects a reduction in administrative and operating expenses, due to lesser provisions for accounts receivable compared to Ecogas.

Compared to Ecogas results for 2006, TGI's Net Income increased by COP 183.606, ending 2007 at COP 348.178 mm. This result is explained by: (i) The aforementioned increase in the Operating Income, and (ii) the peso appreciation in 2007, which produced an increase in the Non Operating Income due to the effect of the exchange rate difference in TGI's debt denominated in foreign currency¹.

¹ Pursuant to Colombian GAAP, changes in values of liabilities denominated in foreign currency are entered as financial income (revaluation) or financial expenses (devaluation) in the income statement.

EBITDA breakdown

	Mm COP		Variation		Mm USD	
	2006 (1)	2007 (2)	COP	%	2006	2007
Operating income	206.967	250.382	43.415	20,9	92,4	124,3
+ Depreciation and amortization	46.499	87.099	40.600	87,3	20,8	43,2
+ Provisions and contingencies	1.968	4.492	2.524	128,2	0,8	2,2
= EBITDA	255.434	341.973	86.539	33,9	114,1	169,7
+ BOMT expenses (3)	45.485	0	0	N.A	20,3	0
- Development Quota income (4)	7.426	0	0	N.A	3,3	0
= Adjusted EBITDA	293.493	341.973	48.480	16,5	131,1	169,7

- (1) 2006 figures correspond to Ecogas. EEB assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.
- (2) TGI 2007 figures were annualized so they could be compared with those of Ecogas. TGI results were divided by 304 (days between March 3rd and December 31st 2007) and multiplying the result by 365 (total number of days in one year).
- (3) BOMT expenses are added to calculate the Ecogas adjusted EBITDA, as TGI is not compelled to make payments for operation and maintenance of BOMT pipelines until their expiry.
- (4) Ecogas charged companies that used is natural gas transportation assets the Development Quota. The Development Quota is use to expand the natural gas infrastructure in Colombia.

EBITDA went up by COP 48.480 mm, or 16,5%, compare with the adjusted EBITDA of Ecogas for 2006. The increases in Operating Income and depreciations and amortizations had a positive impact on the company's cash generation.

Operating results

	Mm COP		Variation		Mm USD	
	2006 (1) (2)	2007 (3)	COP	%	2006	2007
Operating revenues	399.070	423.151	24.081	6,0	178,3	210,0
Sales	399.070	423.151	24.081	6,0	178,3	210,0
Capacity Charges (4)	305.656	306.084	428	0,1	136,5	151,9
Variable charges (5)	46.828	65.330	18.502	39,5	20,9	32,4
Non-recurring charges (6)	40.887	44.729	3.842	9,4	18,3	22,2
Others (7)	5.699	7.008	1.309	22,9	2,6	3,5
Operating costs	144.992	141.816	-3.176	-2,2	64,8	70,4
Operation and maintenance	98.780	59.854	-38.926	-39,4	44,1	29,7
Depreciation and amortization	46.212	81.962	35.750	77,4	20,6	40,7
Gross margin	254.078	281.336	27.258	10,7	113,5	139,6
Operating and administrative expenses	54.423	30.954	-23.469	-43,1	24,3	15,7
Personnel and general services	10.857	25.089	14.232	96,4	4,8	12,5
Provisions, depreciation, and amortization	43.566	5.865	-37.701	-86,5	19,5	2,9
Operating income	199.655	250.382	50.727	25,4	89,2	124,3

- (1) 2006 figures correspond to Ecogas. EEB assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.
- (2) In order to compare Ecogas and TGI results, fiscal income corresponding to the Development Quota and expenditures derived from management thereof, were excluded in 2006.

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- (3) TGI 2007 figures were annualized so they could be compared with those of Ecogas. TGI results were divided by 304 (days between March 3rd and December 31st 2007) and multiplying the result by 365 (total number of days in one year).
- (4) Capacity charges or fixed charges obliged the transporter to maintain a certain transport capacity available when required by the customer. In turn, the customer undertakes to pay for such capacity independently from the volume transported.
- (5) Variable charges obliged the transporter to maintain an available capacity when required by the customer. Nevertheless, and unlike the previously described scheme, the customer only pays for the volume effectively transported, although at a higher tariff. In general terms, TGI customers maintain contracting schemes that combine fixed and variable charges.
- (6) Non-recurring charges do not generate the obligation of firmness for the transporter. That is to say, the transporter has the right to interrupt the service, for example, it is necessary to meet firm contracts.
- (7) Additional services provided by the company, such as new connections or odorization.

As mentioned earlier, TGI's Operating Income increased by around COP 50.727 mm against that obtained by Ecogas in 2006. The company's sales increase (COP 24.081 mm) explains nearly half of the variation. The other half was due to the reduction by about COP 23.469 mm in administrative and operating expenses due to lesser provisions for accounts receivable compared to Ecogas. It is worth noting that TGI did not assume any of Ecogas' debts.

The reduction in operation and maintenance costs and the nearly-proportional increase in depreciations and amortizations is the result of different obligations related to the BOMT contracts between Ecogas and TGI and decisions made by the latter in respect to the valuation of pipelines and rights under BOMT contracts. Unlike Ecogas, TGI is not responsible for the payment of BOMTs. This explains the reduction of COP 38.926 mm (-39,4%) in the operation and maintenance costs. On the other hand, TGI decided to include the total value of the pipelines under the BOMT contracts in its assets base, and revalue its property pipelines, which explains the increase of COP 35.750 mm (77,4%) in depreciations and amortization.

Non operating results

	Mm COP		Variation		Mm USD	
	2006 (1) (2)	2007 (3)	COP	%	2006 (3)	2007 (4)
Operating income	199.655	250.382	50.727	25,4	89,2	124,3
Non-operating income	61.476	330.780	269.304	438,0	27,5	164,2
Non-operating expenses	65.132	207.249	142.117	218,2	29,1	102,9
Income before income tax	195.999	373.913	177.914	90,8	87,5	185,6
Income tax	31.427	25.734	-5.693	-18,1	14,0	12,8
Net income	164.572	348.178	183.607	111,6	73,5	172,8

- (1) 2006 figures correspond to Ecogas. EEB assumed control over Ecogas assets, rights, and contracts on March 3rd 2007.
- (2) In order to compare Ecogas and TGI results, fiscal income corresponding to the Development Quota and expenditures derived from management thereof, were excluded in 2006.
- (3) TGI 2007 figures were annualized so they could be compared with those of Ecogas. TGI results were divided by 304 (days between March 3rd and December 31st 2007) and multiplying the result by 365 (total number of days in one year).

Non - Operating results were affected by two main factors. The increase in non – operating income is reflecting the COP appreciation (10,01% in 2007), which had a positive impact on the peso valuation of TGI's USD denominated debt. The increase in non – operating expenses is the result of the increment in financial interest related to TGI's contracted debt.

Debt Data

	2006 (1)	2007	Unit	Rate	Expiry
Total debt (2) / Annualized EBITDA (3) OM: < 4,8	N/A	4,09	Times	N/A	N/A
Annualized EBITDA (3) / Interest expenses (4) OM: > 1,70	N/A	2,01	Times	N/A	N/A
Debt structure					
Senior (5) S&P: BB (25-07-07) F.R.: BB (25-07-07)	0	750	MM USD	9.50%	03-Oct-2017
Subordinated (6)	0	370	MM USD	8.75%	10-Oct-2017

- (1) 2006 figures correspond to Ecogas.
- (2) According to the indenture of the Notes, the company's net debt only considers TGI's senior debt less the value of cash and temporary investments.
- (3) Is the EBITDA generated between March 3rd and December 31st 2007, divided by 304 days and multiplied by 365 (total number of days in one year).
- (4) Interest corresponds to the accrued interest related to financial debt incurred by TGI between January 31st and December 31st of 2007. This amount was annualized by dividing it by 335 days, and multiplying it by 365 days.
- (5) Is the value of the notes issued by TGI Ltd and guaranteed by TGI.
- (6) It corresponds to the inter-company debt between TGI and EEB.

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Both, the leverage ratio and the interest coverage ratio, ended 2007 with better values than the limits defined in the indenture of the notes to acquire additional debt.

Capex

Mm COP		Variation		Mm USD	
2006 (1)	2007 (2)	COP	%	2006	2007
56.169	6.077	-50.092	-89,2	25.1	3.0

(1) 2006 figures pertain to Ecogas

(2) TGI's 2007 figures correspond to the period comprised between 3 March and 31 December 2007. EEB assumed control over Ecogas assets, rights, and contracts on 3 March 2007.

Capex investment in 2006 amounted to COP 56.169 mm, owing to the investments made to increase transportation capacity on the Ballena-Barranca pipeline.

In 2007, TGI made investments in the amount of COP 6.077 mm, mainly represented by the increase of the Hato Nuevo compression station capacity.

These statements contain words such as "anticipate," "believe," "intend," "estimate," "expect," and other words of similar meaning. All statements other than statements of historical facts incorporated in this presentation, including, but not limited to, those regarding the Company's financial position, business strategy, plans, and management objectives for future operations (including development plans and objectives relating to the Company's products and services) are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, or achievements of the Company to be materially different from future results, performance, or achievements expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as of the date of this presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement is based.

Financial projections and other forward looking statements in this report are based on a number of assumptions and estimates that are inherently subject to significant business, economic, competitive, regulatory and operation uncertainties, contingencies, and risks, many of which are beyond the Company's control. Financial projections are unavoidably speculative in nature, and it can be expected that one or more of the assumptions underlying the financial projections and other forward looking statements in the presentation will prove not to be valid. It can also be expected that unanticipated events and circumstances are likely to occur. Actual results are likely to vary from the financial projections and those variations may be material and adverse. Consequently, this report should not be regarded as a representation by the Company or any other person that the financial projections will be achieved. Potential investors should not rely and will be deemed not to have relied on any financial projections or other forward-looking statements in making an investment decision. Past performance cannot be relied upon as a guide to future performance.

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Annex 1

TRANSPORTADORA DE GAS DEL INTERIOR S.A. E.S.P. - TGI S.A. E.S.P. AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2007

(Expressed in millions of Colombian pesos (Col\$) and thousands of U.S. dollars (U.S.\$) - see Note 1)

ASSETS	Note	As of December 31, 2007			
		Col\$		U.S.\$	
CURRENT ASSETS:					
Cash and cash equivalents	2	Col\$	103.541	U.S.\$	51.391
Restricted cash			7.997		3.969
Accounts receivable	3		48.549		24.097
Inventories			23.937		11.881
Prepaid expenses	5		28.841		14.315
Total current assets			212.865		105.653
PROPERTY, PLANT AND EQUIPMENT, net	4		964.229		478.582
OTHER ASSETS, NET	5		2.244.694		1.114.126
Total assets		Col\$	3.421.788	U.S.\$	1.698.361
Memorandum accounts	14	Col\$	1.518.849	U.S.\$	753.861
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Financial obligations	6	Col\$	45.759	U.S.\$	22.712
Accounts payable	7		12.319		6.114
Labor obligations			369		183
Collections on behalf of third parties	10		7.389		3.668
Provisions	11		726		360
Total current liabilities			66.562		33.037
LONG-TERM LIABILITIES:					
Financial obligations	6		2.256.531		1.120.000
Provisions	11		606		301
Other liabilities	12		33.396		16.576
Total liabilities			2.290.533		1.136.877
SHAREHOLDERS' EQUITY:					
Capital	13		750.000		372.253
Additional paid-in capital			24.703		12.261
Net income for the current period			289.990		143.933
Total shareholders' equity			1.064.693		528.447
Total liabilities and shareholders' equity		Col\$	3.421.788	U.S.\$	1.698.361
Memorandum accounts	14	Col\$	1.518.849	U.S.\$	753.861

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Annex 2

TRANSPORTADORA DE GAS DEL INTERIOR S.A. E.S.P. - TGI S.A. E.S.P. AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM FEBRUARY 16, 2007 (DATE OF INCORPORATION) TO DECEMBER 31, 2007

(Expressed in millions of Colombian pesos (Col\$) and thousands of U.S. dollars (U.S.\$) - see Note 1)

	Note	For the 318-day period ended December 31, 2007	
Operating revenues:			
Sales:			
Capacity charges		Col\$ 254.930	U.S.\$ 126.531
Variable charges		54.412	27.007
Non-recurring charges		37.254	18.491
Other revenues		5.837	2.897
		<u>352.433</u>	<u>174.926</u>
Operating costs:			
Operation and maintenance	15	(49.851)	(24.743)
Depreciation and amortization		(68.264)	(33.882)
		<u>(118.115)</u>	<u>(58.625)</u>
Gross Margin		<u>234.318</u>	<u>116.301</u>
Operating and administrative expenses:	16		
Personnel and general services		(20.892)	(10.369)
Provisions, depreciation and amortization		(4.889)	(2.427)
		<u>(25.781)</u>	<u>(12.796)</u>
Operating income		208.537	103.505
Non-operating income	17	276.778	136.740
Non-operating expenses	18	(173.892)	(85.674)
Income before income tax		311.423	154.571
Income tax	9	(21.433)	(10.638)
Net income		<u>Col\$ 289.990</u>	<u>U.S.\$ 143.933</u>

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