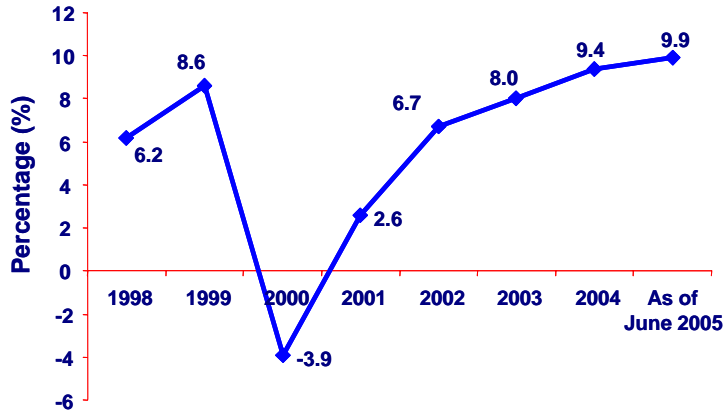


ROE – Return on Equity



Note: Return on Equity is based on annualized data.

Return on Equity is Net Income as a percentage of Average Total Net Equity for the period. The figures shown include both the regulated and non-regulated activities of Transredes. For regulated activities, transport regulations provide for a Regulated Return on Equity of 12.5% plus inflation of US dollar. For 2004, the Regulated Theoretical Return on Equity was 15.03%. This theoretical return is applied on up to 40% (capped amount) of Transredes' capital structure.

The Return on Equity increased over time as a result of higher transportation revenues due to increased volumes, effective management of operating costs and positive results from affiliates. In addition, Net Equity decreased as

a result of full payment of dividends up to the 2003 distributable retained earnings. Net income for the second quarter of 2005 reached USD 26.2 million, in line with expectations. The company encountered difficulties in its effort to achieve the regulated return due to the regulatory model which provides for higher returns in later concession years and the continued delay in the completion of a rate case to be coordinated by the regulator. Our target is to continue to improve the return to our shareholders.

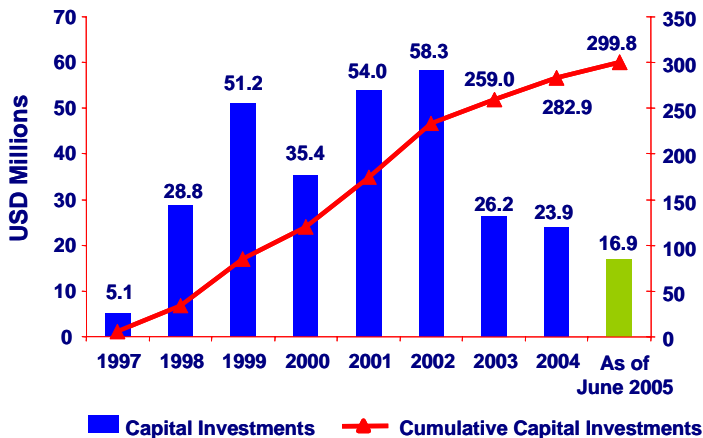
Proportion of Debt and Equity

Debt percentage is calculated as the percentage of total assets that are financed by Debt from financial institutions. The Equity percentage is calculated as the percentage of total assets that are financed by Equity. Transport regulations assume a theoretical 60% debt and 40% equity financing structure.

The Debt percentage increased over time as a result of the successful placement of bonds in the local market (USD 155 million) and the disbursements of the Multilateral Financing facility provided by IDB and CAF (USD 71.2 million during 2003 and USD 27.6 million during 2004). These two major financing accomplishments contributed to a Debt/Equity proportion that is closer to the 60/40 structure assumed by the Regulator for the regulated activities. During the second quarter of 2005 the company received USD 10.4 million, as the first disbursement from the B-Loans Multilateral Financing facility, and paid USD 20 million to bond holders at maturity of series D.



Capital Investments, Bolivian Pipeline System



Figures shown represent total investments in the Bolivian pipeline system since the beginning of operations in 1997, including investments in gas and liquids expansions, as well as continuity of service and information technology investments.

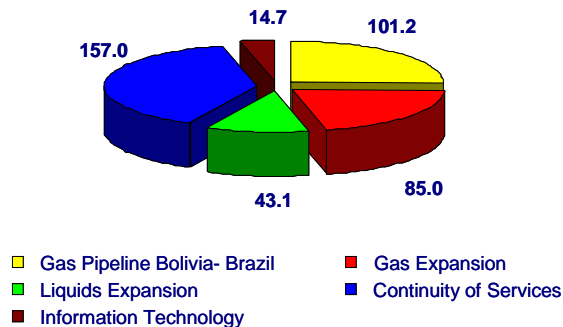
As of August 2002, Transredez received certification that it completed its investment commitments within the Bolivian pipeline concessions pursuant to obligations assumed at capitalization. The largest part of investment went to ensure and improve the continuity of service of the existing lines, followed by investments to increase transport capacity particularly in the Gas System. Investment during 2005 include the expansion of the Liquids South System and the Carrasco-Cochabamba liquids pipeline rehabilitation.

Total Cumulative Capital Investments

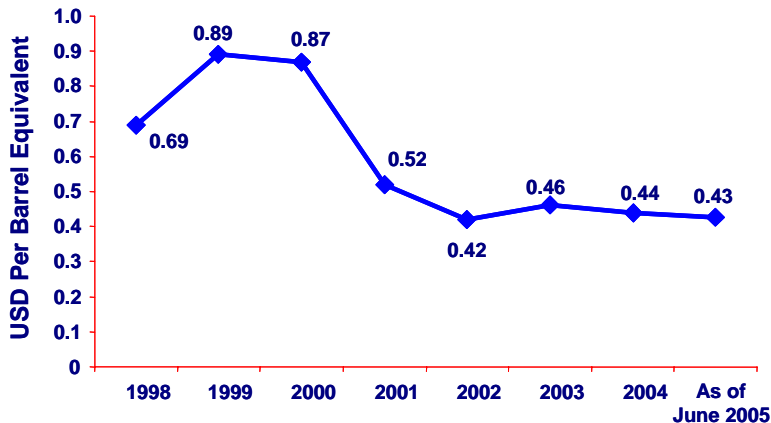
Figures shown represent total investments in the Bolivian pipeline system plus the company's share of investments in the Bolivia-Brazil pipeline system (GTB and TBG).

Following the development of markets in both Brazil and Argentina, investment in the Bolivia – Brazil pipeline system and improvements in the Gas and Liquids system within the Bolivian concessions account for the focus of investment up to date. Total cumulative capital investment increased during 2005 due to investments in the Bolivian pipeline system.

Total Cumulative Investments as of June 2005
USD 401.0 Millions
(Including Bolivia - Brazil Pipeline, in USD Millions)



Net Operating Costs per Barrel Equivalent



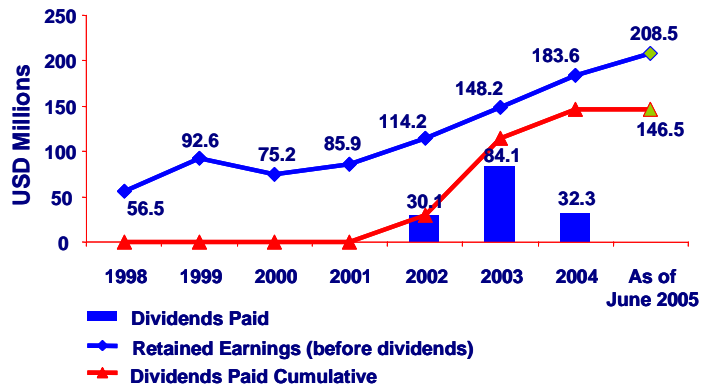
Net Operating Costs per Barrel Equivalent is calculated as the total Operating Costs divided by transported volumes of natural gas and liquids in barrels equivalent.

Following the trend that started on 2000, Unit Operating Costs have decreased over the last quarters. This trend is supported by continued cost control and increased transport volumes of both gas and liquids.

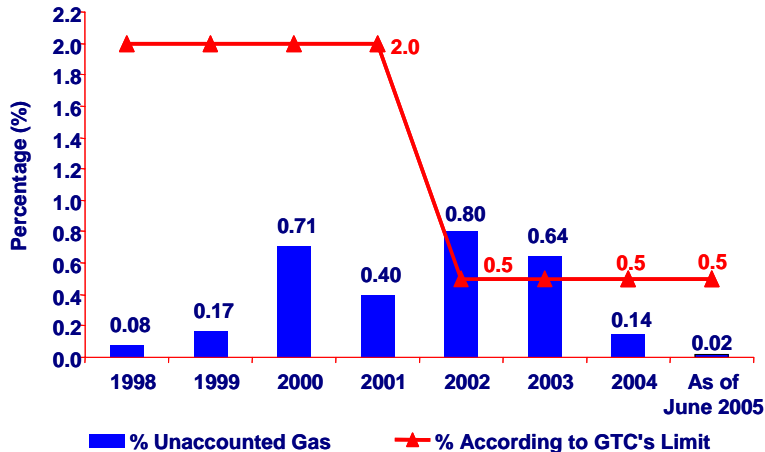
Dividends

Dividends are payments to shareholders from after-tax earnings. They become payable only when recommended by the Board of Directors and approved by Shareholders.

During the last three years, Transredes was able to issue dividend payments equivalent to 100% of distributable retained earnings to date, a cumulative amount of USD 146.5 million. Approximately 1,400 shareholders benefited from Transredes' dividend proceeds. Dividend payment related to 2004 results will be decided at an upcoming Shareholders meeting to be held by September 2005.



Unaccounted Gas



Unaccounted Gas is the difference in the actual measurements between the reception and delivery points, excluding Gas for fuel, losses, flaring operations and/or changes in line stock.

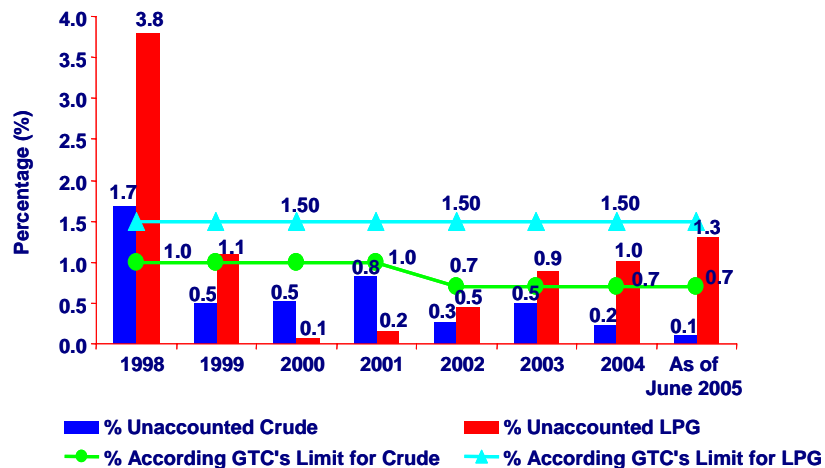
As of January 2002, the General Terms and Conditions (GTC's) for hydrocarbons transportation services contemplate a reduction of the allowed unaccounted gas margin from 2% to 0.5%. From early 2002 to mid 2003, measurement differences exceeded the maximum limit established in the GTC's due to unresolved errors in measurement between the Río Grande compressor plant and Transredes' gas system.

The introduction and acceptance of electronic measurement systems, as well as the partial resolution of the above mentioned problems, allowed for consistent measurement starting from mid 2003, resulting in error levels lower than 0.5%. In 2005, Transredes extended the installation program of electronic measurement in order to cover a larger number of delivery points, improving the results of Unaccounted Gas even further.

Unaccounted Liquids

Unaccounted Liquids is the difference in the actual measurements between the reception and delivery points, taking into account changes in line stock.

As of January 2002, the General Terms and Conditions (GTC's) for Crude oil transportation services contemplate a reduction of the allowed unaccounted volume margin from 1% to 0.7%. Certification of Tanks and Spheres, calibration of measurement equipment and investments in new measurement technologies decreased Crude measurement inconsistencies over time.



The increase in LPG losses since 2001 is principally due to the increase in the number of LPG batches transported together with a reduction in lot sizes, following requests from clients and the Regulator. As a result, product contamination has increased between the interfaces of separating lots, although still below the 1.5% limit for LPG, as determined in the GTC's.