



April 22, 2015

Dear Shareholders:

In February we had very constructive conversations with many of our largest shareholders concerning our executive remuneration philosophy and concepts for a new long-term incentive plan (LTIP). This feedback was extremely valuable and has been incorporated in the plan proposed to our shareholders for approval at the upcoming ordinary general meeting.

ISS recently released their proxy recommendations following the publication of our AGM notice and related information. The proposed executive LTIP plan is 100% performance based and meets ISS' criteria (ISS state that the metrics are 'reasonably stringent'). However, ISS has recommended a vote against our entire LTIP plan because they believe that there are insufficient performance criteria specified for the Restricted Stock Unit (RSU) portion of the plan that is intended for non-executive key employees. This letter provides more background to the issue that ISS has raised.

The RSU portion of the LTIP has been developed to provide a long-term retention incentive to non-executive key employees, defined as personnel in either a management, senior technical or senior functional capacity who maintain strong and consistent performance. The RSU plan is critical for retaining and awarding non-executive key personnel. To clarify, the RSU plan is time based and does have individual performance criteria in that key employees must meet a minimum performance requirement to be eligible to participate (performance assessed in the first quarter of every year with a performance rating assigned to the employee). Individual performance is evaluated against delivery of specific, individually set goals, leadership competencies and behavior that is consistent with the TGS values. Individuals who do not meet the performance criteria will not be eligible for the RSU grant. Less than 10% of TGS' global workforce are expected to receive a grant under the RSU plan. For the past 3 years at least 50% of the participants were in the U.S. where time based vesting is a common way to reward and retain non-executive personnel. We anticipate the same for 2015.

The RSU portion of the proposed plan represents less than half of the scope of the full LTIP plan. The financial impact of the RSU program is minimal in that based on the current share price, the value of the awards would not exceed \$3.3million, representing approximately 3.5% of annualized compensation expense (2014 Annual Report). The RSU portion of the plan would represent a dilution to shareholders of less than 0.15%

If you would like to discuss further the proposed RSU plan or any other concerns you may have related to the upcoming AGM, please do not hesitate to contact me directly.

Thank you again for your ongoing support.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Hamilton", written in a cursive style.

Hank Hamilton  
Chairman of the Board, TGS