Special Report

Latin American Infrastructure & Project Finance 2010 Outlook

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Summary

Looking ahead at 2010, Fitch Ratings' focus is on the nature of the expected economic rebound and how it will affect the credit quality of Latin American transportation and energy projects.

In general, Fitch expects a modest recovery for Latin American credits. In a period of global stress, Latin American transportation and energy assets have performed significantly better than expected given the region's historical economic volatility.

As the world's economy recovers, the economic growth prospects for Latin America improve. However, in 2010, the speed of the U.S. economic recovery will be most important for countries like Mexico.

While credit quality may stabilize in 2010 with upward demand patterns reinforced by a rebound in economic activity in the region, supportive regulatory and governmental regimes will be key to ensure timely tariff adjustments match operating revenues and increasing expenses and maintain credit metrics.

A phenomenon to watch is how infrastructure assets in developing economies perform relative to those in developed economies and whether this recovery will be different from prior ones. GDP growth in the developed world is likely to be sluggish in 2010. Emerging markets in general have been resilient to the global financial crisis and are expected to recover stronger than the mature economies in 2010. In the infrastructure space, there is evidence that the adverse credit impacts from the dire global economic decline across most infrastructure sectors has been less adverse than one might have expected in developing economies. This is in part because developed markets are facing the strongest negative headwinds due to the adverse impact on their economies from the excesses of the financial markets prior to the global financial crisis, and the lack of adequate policy and regulatory controls to avoid mispricing of risk. It is also in part because the sample of infrastructure projects in developing countries is small, and, therefore, those that rise to the surface tend to have the strongest economic profiles in the country and are better suited to withstand adverse events, versus the broader proliferation of such projects in the developed world where many with moderate-to-weak economic profiles have had good access to the capital markets but are now more vulnerable to downside risk.

Toll Roads

Rating Outlook: Stable

Transportation demand remains closely correlated to economic activity and GDP growth. Fitch forecasts a 3.6% growth of real GDP in Latin America and the Caribbean during 2010 with Brazil, Peru, Chile, Panama, and Mexico, to a lesser degree, expected to drive the growth.

Real GDP Growth

(%)

	2008	2009e	2010f	2011f
Brazil	5.10	(0.40)	5.50	4.60
Peru	9.84	1.05	4.98	5.01
Chile	3.16	(1.71)	4.77	4.98
Panama	9.16	2.95	4.04	6.00
Mexico	1.35	(6.50)	4.00	3.50
Latam	3.80	(2.90)	3.60	3.80
USA	0.44	(2.47)	2.41	2.70
World	1.50	(2.60)	2.30	2.90

E – Estimated. F – Forcasted.
Source: Fitch Ratings.

Consequently, we expect traffic trends to be positive in Latin America in 2010. Fitch believes revenues will moderately improve in 2010 from declining levels exhibited in 2009 and generally in line with expected economic growth for each respective country in Latin America. As such, the agency expects a Stable Outlook for 2010.

Mexico

Mexican toll roads began to show the initial effects of the global crisis during the fourth quarter of 2008, particularly those used for commercial or tourist purposes.During 2009, the adverse trend in traffic performance continued throughout the sector, even negatively affecting commuting toll roads, which are typically more resilient to economic downturns. The tendency varied depending on the stage and characteristics of each asset, but, in general, roads in ramp up kept growing but at a slower pace; roads with historically strong growth experienced a dramatic reduction in growth rates; and under utilized roads were affected even more dramatically.

Nevertheless, Mexican traffic during 2009 was down not only due to the global crisis, but also influenced by the effects of the swine flu outbreak, among other events.

The deepest decline was experienced by mid-year (May–June); however, during the second half of 2009, signs of recovery were observed in most of the 24 roads Fitch rates. Among the toll roads, a gradual improving trend was observed, albeit at varying levels.

In terms of traffic, the greatest reduction seen in 2009 among the monitored roads was approximately –11.0%, and the highest growth hovered around 3.8%. These growth rates were modest compared to 2008, in which –7.2% was the deepest reduction and 8.6% was the largest increase (the latter excludes ramp-up roads). The table below briefly summarizes annual traffic volumes and average growth rates for the past two years.

Although in many cases nominal revenue variations seem to be positive and even high, Fitch's analysis focuses on real terms revenue, aiming to understand the ability of each road to maintain its income purchasing power. In other words, Fitch analyzes if historical tariff adjustments have been adequate to offset inflation effects.

Traffic Profile

	2008	2009
Roads with Traffic Growth	16	3
Average Growth (%)	5.20	2.40
Roads with Traffic Reductions	8	21
Average Reduction (%)	3.20	5.10

For 2009, the largest reduction in real terms revenue was 12.3%, while the highest rate of growth was 7.9%. It is ironic that the 2008 data is almost the exact inverse — the highest revenue growth was 12.2% (except for roads in ramp up) and the lowest –7.3%.

Revenue Profile

	2008	2009
Roads with Real Terms Revenue Growth	15	8
Average Growth (%)	5.60	3.20
Roads with Real Terms Revenue Reductions	9	16
Average Reduction (%)	2.40	6.30

While auto traffic volume is one of the main revenue drivers, commercial vehicles pay higher tolls. The economic deceleration contributed to a gradual decline in large commercial trucks in the traffic mix, hence negatively affecting revenues.

Lower revenues and increased expenses in 2009 translated into lower levels of cash available to service outstanding bonds. Consequently, Fitch observed debt service coverage levels fall below historical norms. Nevertheless, common features in most Mexican financial structures, such as flexible debt amortizations and ample reserves, provided cushion to meet all obligations.

In the medium term, Fitch expects Mexican roads to gradually resume their historical growth patterns and positive trend. The possibility of a traffic recovery will be different for each toll road and will depend on the characteristics of each asset such as usage purpose, physical condition, geographical location, stage in the life cycle and even the benefit offered relative to free alternative roads.

Chile

Traffic levels in roads analyzed by Fitch in Chile were influenced by the global crisis, with some routes facing flat growth or slight reductions for 2009 (+0.5% /–1.5%), while others linked to the national tourism sector experienced surprising increases in traffic.

There was a significant, higher than expected increase in light vehicle traffic, ranging between 5% and 10% during 2009. This was due to the choice many drivers made to visit the summer vacation centers in the country instead of those located abroad. However, the drop in the forestry and industrial activity in the south of the country overshadowed this effect and led to a strong reduction in truck traffic levels for segments of Ruta 5 Sur, reaching a maximum drop of 15% for the months of April and May 2009. Notably, this figure has improved during the year, although there is still a reduction of approximately 7.5% for the 2009 period compared to the previous year.

Fitch expects an increase in the country's GDP of approximately 4.8% and that traffic levels for 2010 will return to their long-term growth levels (3%–5% annually), which supports a Stable Outlook for the road sector in Chile.

Important events in the country took place during 2009. One of them was the modification of the Concession Law, which was related to curbing fines for the non-paying users of toll roads, but maintaining the set of penalties to sustain the delinquencies level. Other changes were related to the contract resolution and modification system. In general, these changes would not affect the credit profile of rated projects.

During 2009 notable operators of toll roads in Chile reduced their ownership in their projects. During the beginning of the year, the Spanish Itinere sold the total percentage of six roads to Citi Infrastructure Partners, which resold some assets to the Spanish Abertis and others to the Italian Atlantia. Meanwhile, in December 2009, Cintra Spain agreed to sell 60% of the entity used to control its assets in Chile (which have 907 km divided in five continuous roads on Route 5) to the Colombian ISA for USD300 million.

Due to the scope of the transactions, these changes are not expected to have an impact on the Chilean rated assets credit profile.

Following Chile's earthquake and the physical and economic disruption, Fitch Ratings has begun the process of evaluating the potential impact on infrastructure projects.

Colombia

Although social stability continued to benefit traffic levels in 2009, negative GDP growth pressured traffic activity in the country's roads. Average traffic growth in the four roads rated by Fitch was above expected and, on average, did not decline in 2009 compared to 2008 levels. Despite lower annual traffic growth rates that were substantially below the increases of the last five years, approximately 6%, the cash available was sufficient to cover all rated debt obligations. For 2010, Fitch expects moderate traffic growth in Colombian toll road concessions in line with an economic recovery. Moreover, the agency expect a Stable rating Outlook.

Brazil

The Brazilian toll road sector remained fairly resilient to the global financial crisis, aided by Brazil's counter-cyclical measures to stimulate domestic demand, a supportive regulatory environment that allows for inflation-adjusted rates, and the brownfield and mature nature of the majority of the concessions. The limited liquidity in the market has had marginal effects in brownfield projects as ongoing capital expenditures are low and have been funded mainly by operating cash flows. Fitch's main concern continues to be new concessions due to higher investment requirements during the first three years and an uncertain post-toll traffic level. The funding for investment is very dependent on third-party credit, which could continue to be affected by general market liquidity restrictions.

As expected, commuter roads or economic groups with a larger proportion of light vehicle toll revenues better withstood the effects of the shocks, while commercial/tourist roads were the most affected by the crisis. According to Associação Brasileira de Concessionárias do Rodovias (ABCR), on an LTM seasonally adjusted basis, concessions' total traffic remained in positive territory with a year-over-year expansion of 2.2% in 2009, outpacing the expected contraction in the real GDP of –0.4%, but below the 6.1% average traffic growth in 2008. Light vehicles traffic grew 1.6% in 2009, driven by a reduction of the tax on the production of automobiles and a fairly limber job market, counterweighing the 3.3% drop in the 2009 heavy vehicle rate. The heavy vehicle rate began to decelerate in the fourth quarter of 2008 in tandem with the economic activity and has gingerly resumed on a month-over-month basis since the end of the third quarter of 2009, showing a few months lag from industrial production recovery. Fitch's Rating Outlook on Brazilian toll roads is Stable. As traffic volumes pick up, toll road revenues will moderately improve as economic activity recuperates, provided it continues to be supported by stable regulation.

In addition, the relevance of the toll road transportation to the national transportation matrix, the still low capillarity of the Brazilian paved network of highways, the need for significant volumes of investments in infrastructure to restore the highways and prepare the country for the 2014 World Cup and 2016 Olympic Games, and the government's efforts to strengthen Brazilian infrastructure base coupled with continued credit availability will remain as the keystones for the continuity of Brazil's toll road concession program model for both federal and state highways. In 2009, the federal government concluded the second stage of its program with the tender of 680.6 km of roads in the state of Bahia based on the lowest toll rate offered. At the end of 2009, the São Paulo state government announced its intention to tender the southern (61.4 km) and eastern (43.5 km) stretches of the city's Rodoanel Mário Covas beltway in

2010. The Minas Gerais state has also demonstrated interest in offering 17 tranches to the private sector, totaling about 7,000 km of road.

Panama

Traffic on Corredor Sur (rated ‘BBB’, Stable Outlook) in Panama City has continued to grow above Fitch’s expectations and in line with the country’s sound economic growth. In 2009, accumulated traffic increased 12.3% compared to 2008. Fitch does not expect performance or debt service coverage ratios (DSCR) to change dramatically in the coming years. Accumulated revenue in 2009 was almost 10% higher than in 2008 at USD44 million. The planned Metrobus system project aims at relieving traffic congestion in the city by replacing the current bus fleet. When fully implemented, it may decelerate the high rates of growth of Corredor Sur’s traffic. The government’s audit process of the toll road’s recoverable amount has been completed and published by the Ministry of Economics and Finance (MEF) on March 1, 2010. The potential renegotiation of the terms of the concession contract is a concern. Its results, could affect the credit profile of the project.

Dominican Republic

Since the opening of all three toll plazas in June 2008, traffic volume and revenues in Autopista del Nordeste (AdN) have been significantly below projections; thus, increasing reliance on the minimum revenue guarantee (MRG), which constrains the rating at ‘B’. As of April 2009, traffic volume was 41%–55% lower than the independent engineer’s (IE) projections in the pessimistic scenario in the three toll plazas of the road. As of October 2009, even though traffic continues to be lower than the IE projections, if compared on a month-to-month basis to 2008, monthly traffic is growing, which is generally expected in roads in ramp-up periods. Fitch believes that unless there is significant growth in traffic in the next few years, the project will continue to be highly dependent on the MRG to amortize principal payments that start in 2013 through maturity after the interest-only period. The availability of the MRG is commensurate with the Stable Rating Outlook for 2010.

Argentina

Only two road projects in Argentina have been taken to the capital markets: Autopistas del Sol (not rated by Fitch) and Grupo Concesionario del Oeste (Autopista del Oeste, GCDO). Fitch affirmed GCDO at ‘AA–(arg)’ on Sept. 30, 2009 and revised the Rating Outlook to Stable from Negative. Traffic as of December 2009 has confirmed Fitch’s expectations, evidencing a 6.83% drop when compared to 2008. About half of this drop was explained by several labor strikes that inhibited the company from charging tolls on those dates. However, given large tariff increases at the beginning of the year, GCDO’s revenues grew about 30% against the equivalent period. For 2010, Fitch expects traffic will remain stable at 2009 levels.

Argentine regulatory framework remains very weak. After years of unrecognized tariff adjustments, Autopistas del Sol announced in late 2009 the default on its debt service. GCDO’s situation is significantly different, given its very conservative leverage structure. Yet, in Fitch’s view, a specific tariff scheme that recognizes the increasing inflationary pressure through toll adjustments is essential. Fitch believes that this would help preserve profitability and predictability for concessionaires in the medium term. Inflation and potential labor issues are the key variables to monitor during 2010.

Average Traffic

Period	2008 Monthly	2008 Daily Average	2009 Monthly	2009 Daily Average	% Change
January	8,947,535	288,630	8,481,850	273,608	(5.20)
February	8,567,615	295,435	7,736,213	266,766	(9.70)
March	9,001,717	290,378	8,428,164	271,876	(6.37)
April	9,396,787	313,226	8,533,363	284,445	(9.19)
May	9,553,075	308,164	8,675,435	279,853	(9.19)
June	8,626,645	287,555	7,791,277	259,709	(9.68)
July	9,635,499	310,823	8,516,989	274,742	(11.61)
August	9,698,899	312,868	9,127,234	294,427	(5.89)
September	9,658,450	321,948	9,029,040	300,968	(6.52)
October	9,979,817	321,930	9,612,176	310,070	(3.68)
November	9,653,873	321,796	9,395,655	313,189	(2.67)
December	10,077,160	325,070	9,763,752	314,960	(3.11)
Total	**112,797,071**	**308,189**	**105,091,146**	**287,921**	**(6.83)**

Source: Grupo Concesionario del Oeste.

Uruguay

Unlike the situation found in other countries, the complete road network in Uruguay was granted in concession to a state entity (Corporación Nacional para el Desarrollo, CVD), which in turn, ceded this contract in 2003 to Corporación Vial del Uruguay (CVU), an entity owned by CVD and rated by Fitch ('AA' national scale). Traffic in 2009 posted an 8.4% increase compared to 2008. In any event, the concession terms for CVU are such that if traffic drops, committed expenditures drop in the exact same amount as traffic-related revenues, thus not affecting debt service coverage.

Monthly Traffic

Traffic	2008	2009	% Change
January	2,238,583	2,424,858	8
February	1,927,177	2,041,805	6
March	1,689,600	1,619,982	(4)
April	1,284,507	1,671,234	30
May	1,263,096	1,425,465	13
June	1,150,696	1,274,140	11
July	1,346,351	1,358,340	1
August	1,347,495	1,431,787	6
September	1,306,721	1,398,387	7
October	1,410,519	1,596,693	13
November	1,551,484	1,553,149	0
December	1,929,174	2,038,797	6
Total	**18,445,404**	**19,834,637**	**8**

Airports

Rating Outlook: Stable to Negative

Despite the global slowdown, Fitch-rated airports in Latin America largely maintained traffic growth in 2009. At hubs such as Lima airport passenger traffic grew by 6.1%, to 8.7 million passengers, compared to 2008. Other, smaller airports in the region have also proven to be resilient to the effects of the economic downturn. The entrance of low-cost carriers in countries like Brazil and Peru has heightened competition and resulted in cheaper fares, higher volumes, and new routes. The upswing was largely in domestic passenger demand as airports serving domestic destinations benefited from local citizens opting to travel within their countries on affordable vacations versus traveling abroad. Concurrently, airports in Latin America that rely heavily on global traffic demand including tourist or business have experienced reduced levels of enplanement and cargo activity, particularly in Mexico. The effects of the swine flu epidemic exacerbated traffic figures during the early part of 2009 in Mexico, which experienced large traffic drops in the high teens. As the recovery accelerates in 2010, Fitch expects that domestic traffic growth will continue, but possibly slower in places where market pricing dynamics have spurred demand; and international traffic will turn positive. Fitch believes that traffic patterns in Latin America will remain somewhat constrained in the early part of 2010. A rebound is likely as the year progresses and as the economic engines in the region get into gear.

Mexico

Since the second half of 2008, Mexican travel patterns have shifted dramatically. In 2009 air traffic plunged. It was not until the last quarter of 2009 that some airports in the country started to see a change in the trend. International travel was hit the hardest, in the three groups of airports, as well as in the Mexico City International Airport (see table above).

Traffic Growth 2009 vs. 2008

(%)

	Domestic	International	Total
GACN	(17.2)	(22.4)	(18.1)
GAP	(13.3)	(13.4)	(13.3)
ASUR	(12.2)	(12.7)	(12.5)
AICM	(3.8)	(14.1)	(7.5)
Total Mexico	(11.6)	(15.7)	(12.1)

Source: GAP, ASUR, GACN, and AICM.

Overall, in the second half of 2009 traffic continued to decline compared to 2008. According to the UN World Tourism Organization, international tourism fell 4% in 2009. In Mexico the decline was deeper, reaching 11%. Yet traffic volumes (domestic/international) in the third and fourth quarters showed a pickup in enplanements, suggesting that the effects of the global economic crisis and the swine flu outbreak are stabilizing.

As of December 2009, traffic in Mexico's airports had declined between 12% and 18%, with international traffic accounting for most of the traffic drop. AICM serves the largest share of total traffic, which in 2009 was 34%, and the decline in this airport versus 2008 was the smallest compared to the group of airports. This is especially relevant to those airports that depend on international traffic, such as Cancun, and are part of the ASUR Group (see table below).

Even though Fitch projects that the Mexican economy will grow at 3% in 2010, signs of recovery for air traffic will take time and will be more evident in the second half of 2010 and onward. At the current pace, the traffic levels at some of the airports have continued to stress revenues and pressure their financial flexibility. In April 2009, Fitch downgraded Aeroinvest trust's MXP2.1 billion (approximately $156 million) class A notes to 'BBB−' from 'BBB' with a Stable Outlook. This transaction is a securitization of dividend rights between Grupo Aeroportuario del Centro Norte (GACN) and Aeroinvest. According to Fitch projections, even in a stressful scenario such as 2009, the project will continue to meet its debt service obligations.

Peru

Passenger traffic in Peru in 2009 reached approximately 11.5 million passengers, reflecting a 9.6% decline from 2008. Domestic traffic fell 18%, while international traffic grew 5.5%. Despite an overall traffic decline in Peru, the Jorge Chavez International Airport (JCIA) posted positive results, reflecting the airport's role as a gateway for the region and its importance in LAN airlines' network. Lima airport accounted for 76% of all air traffic in the country in 2009.

JCIA has significantly outperformed its traffic growth projections with a compound annual growth rate (CAGR) of 13% from 2007 to 2009, representing one of the highest growth rates of airports in the world. Total passengers serviced by the airport totaled 8.7 million in 2009, about a 6.1% increase over total passengers in 2008. In December 2009, Lima handled a total of 400 scheduled international departures per week from both Peruvian and international carriers.

Although growth in Peruvian Foreign Direct Investment (FDI) was one of the strongest in emerging markets in 2009, future potential growth may be derived from enhanced trade with the United States. The trade promotion agreement implemented in February 2009 includes expanded trade terms between Peru and the United States, which may likely bolster passenger and cargo business activity.

In 2009, cargo operations fared well relative to cargo reductions seen across U.S. and European airports, dropping by a marginal 3% from the previous year, albeit cargo operations only contribute a small percentage to the total revenue base. In 2009, cargo traffic was 232 million tons, down from 240 million tons in 2008 but significantly higher than initial budget estimates for the year. Cargo at JCIA represents approximately 96% of the country's total cargo (11% is domestic and 89% international).

Fitch believes that Lima airport's role as a gateway to South America and ongoing growth of low-cost carriers operating at the airport, as well as a stronger Peruvian economy, should largely mitigate any traffic volume slowdown. Fitch expects passenger traffic to continue growing but at a more modest pace during 2010.

Fitch rates Lima Airport Partners S.R.L.'s $165 million fixed rate notes due in 2022 at 'BBB–' and revised the Outlook to Positive earlier this month. The notes are backed by airport revenues, transferable rights to the operating concession, and shares of the majority owners. Fitch opines that the project will continue to support its obligations regardless of the slow recovery of world economy in 2010.

Uruguay

In Uruguay, traffic at the Montevideo Airport (Aeropuerto Internacional del Carrasco, Puerta del Sur [PDS], rated 'A(uy)' by Fitch) proved to be much more resilient than traffic at Punta del Este airport (Laguna del Sauce, CAISA), in line with Fitch's expectations. In fact, at PDS the negative trend observed during the first quarter of 2009 was fully reverted towards year end, while CAISA was hit the hardest by the effects of the global crisis.

PDS is the concessionaire of the Montevideo Airport (the gateway to Uruguay), accounting for almost 85% of total passenger traffic in the country. The airport has an estimated traffic of approximately 1 million passengers per year (65% from the region, and to a lesser extent from the U.S. and Spain, and 35% from Buenos Aires (Puente Aereo). In October 2009 PDS inaugurated a new terminal that will allow for 1.3 million annual passengers, after a comprehensive investment of USD165 million.

For the first quarter of 2009 traffic at PDS dropped 10% against the same period of 2008. This trend was fully reverted towards the third quarter of 2009. In fact, the last quarter of the year posted record traffic levels for the airport, and total passengers reached 1.3 million in comparison with 1.04 million in 2008. For 2010, Fitch expects traffic to remain flat at 2009 levels. Some further improvements may materialize from the completed new terminal, albeit not expected until 2011.

The Punta del Este Airport accounts for approximately 15% of total traffic. This is a small terminal with passenger traffic of approximately 200,000 (167thd in 2009). Traffic at this airport is entirely tourism driven, making it much more vulnerable to the global economic slowdown. Yet, since tourism coming to Punta del Este is largely upper income passengers, moderate traffic declines were observed in 2009.

Given that the summer period accounts for approximately 60% of the year's traffic, the 18% annual drop in enplanement in 2009 over 2008 was consistent with what Fitch observed in the first quarter of 2009. For 2010, Fitch expects traffic activity to reach 2007–2008 levels, hence maintaining the airport's credit profile.

Power

Rating Outlook: Stable

Latin American power projects with long-term offtake agreements have shown resilience to the economic slowdown of 2009. In Central America and South America, power projects performed in a relatively stable manner during 2009. In expectation of an economic recovery and supportive regulation coupled with the strategic importance to respective electric grids, Fitch expects a Stable Outlook for 2010.

Brazil

The Brazilian power project sector credit trend for 2010 is stable. Despite economic slowdown and financial pressures over peak of the crisis, there was just one negative rating action that was exclusively based on non-utility counterparty specific circumstances rather than industry trends. Credit profiles have been largely resilient to the crisis due to the long-term contractual revenues profile with pricing mechanisms pegged to inflation rates, access to federal banks' low-cost financings, and a more stable, investor-friendly regulatory framework. Low rationing risk during the period, driven by good hydrology conditions, has also contributed to the projects' credit profile stability.

For 2010, Fitch expects brownfield projects to continue to benefit from automatic pricing readjustments and reservoir levels above risk aversion thresholds and continuation of a stable regulatory environment. Also, operating thermal projects located in the isolated systems will likely benefit from the increase and the extension of the term of fuel cost subsidy (Conta Consumo de Combustíveis dos Sistemas Isolados [CCC]) with the enactment of Law 12,111/2009 (former Provisional Measure 466/2009).

Overall, the greenfield projects will be supported by an expected recovery in economic activity and energy demand, the distribution companies' requirement to purchase their electricity needs five years in advance through government sponsored auctions, as well as the government's long-term objective to maintain adequate reserve margins, the Program to Accelerate Growth's (PAC) focus on infrastructure investment, and the low-cost federal bank lending. However, the pace of new capacity additions, particularly in the form of hydropower and multi-year projects, will continue to be constrained by the lengthy environmental three-stage process for granting licenses.

Brazil has shown a more proactive stance toward promoting renewable power relative to other Latin American countries. The first wind power reserve auction held on Dec. 14, 2009 was a notable event in this year and promises renewable additions of about 1.8 GW thru 2012. Major challenges for the wind farms are reliability of forecasts, which at this developing stage are generally based on shorter periods of onsite wind mapping, and the formation of a local turbine supply chain.

Central America

In Central America, there are two power projects rated by Fitch in Costa Rica, — one thermal (Fideicomiso de Titularización Proyecto Térmico Garabito [Garabito], 'AA(cri)') and one hydro (Fideicomiso de Titularización Proyecto Hidroeléctrico Cariblanco [Cariblanco], 'AAA(cri)') in operation phase. Despite the economic slowdown in the country, given their strategic importance in the national electric system, both credit profiles have been performing in a stable manner.

Cariblanco experienced important damages in 2009 as a result of the earthquake that occurred at the beginning of the year; however, the public Instituto Costarricense de Electricidad (ICE, lessee), rated 'AAA(cri)' by Fitch, made the necessary repairs for Cariblanco to resume operations.

Garabito is considered an important and efficient electric supply for the system, which is expected to be completed in 2011. The lower rating for Garabito, compared to Cariblanco, is due to the higher cost and volatility in the supplies (fuel) faced by Garabito.

Given the strategic importance of these kinds of projects for Costa Rica, Fitch considered that ICE is committed to the development of those projects in which ICE is the sponsor and lessee.

A gradual economic recovery is expected with GDP projected at 2.9% in 2010, underpinned by a more favorable external environment and a recovery in domestic demand. Consequently, the 2010 credit trend for these projects is considered stable.

Toll Roads Rated in Latin America — 2009

Project Name	Length (km)	Outstanding Debt (USD)	Outstanding Debt per km Lane (USD)	Issuance Name	Rating	Outlook	Currency	Debt Tenor (Years)
Argentina								
Autopista del Oeste	61	35,434,815	145,225	ON Class 1	AA–(arg)	Stable	ARP	5.0
Brazil								
Nova Dutra	402	13,626,937	7,883	1st Debentures	AA–(bra)	—	BRL	6
Rodonorte	568	15,552,550	11,409	1st Debentures	A–(bra)	—	BRL	9
Chile								
Ruta del Bosque	161	300,966,103	467,455	BBOSQ-A	A–(chl)	—	UF	20.5
				BBOSQ-B	A–(chl)	—	UF	18.0
Ruta de la Araucanía	144	235,086,766	407,689	BCOLL-A	AA+(chl)	—	UF	20.3
Autopista Interportuaria	15	22,616,493	764,071	BAINT-A	A+(chl)	—	UF	24.9
Variante Melipilla	8	19,198,598	1,199,912	BMELI-A	BBB–(chl)	—	UF	21.9
Colombia								
Concesion Vial de Cartagena	27	17,172,775	318,014	Serie A	AAA(col)	Stable	COP	8.12
				Serie B	BBB(col)	Stable	COP	8.12
PISA	100	48,167,539	120,419	Serie Seg Emision	AA+(col)	Stable	COP	10.2
				Serie A Tercera Emision	AA+(col)	Stable	COP	7.1
				Serie B Tercera Emision	AA+(col)	Stable	COP	10.1
Panamericana	116	20,942,408	89,959	Seg Emision	AA+(col)	RWN	COP	7.1
Carreteras Nacionales del Meta	190	7,853,403	20,667	Serie A	AA+(col)	Stable	COP	5
				Serie B	AA+(col)	Stable	COP	7
Panama								
Corredor Sur	20	145,446,754	1,836,449	Notes	BBB	Stable	USD	20
Uruguay								
Corporación Vial del Uruguay	1,500	30,000,000	11,056	ON Tranche 1	AA(uy)	Stable	USD	13
				ON Tranche 2	AA(uy)	Stable	UYU	
				ON Tranche 3	AA(uy)	Stable	USD	
				ON Tranche 4	AA(uy)	Stable	UYU	
Dominican Republic								
Autopista del Nordeste	106	182,000,000	858,491		B	Stable	USD	20
Mexico								
Armeria-Manzanillo & Ecatepec-Piramides	69	43,079,306	155,633	ARMEC 03U	AAA(mex)	Stable	UDIS	12
Atlixco-Puebla	18	38,194,629	530,481	ATLIXCB 04U	AAA(mex)	Stable	UDIS	15
Chihuahua (9 Tranches)	510	121,751,320	307,950	CHIHCB 02U/02-2U	AAA(mex)	Stable	UDIS	10
		420,425,011		CHIHCB 09	AA+(mex)	Stable	PESOS	13
Atlixco-Jantetelco	45	38,335,535	430,736	CONCECB 06U	AA+(mex)	Stable	UDIS	20
Peñon-Texcoco	16	129,302,309	2,012,801	CPACCB 04	AA(mex)	Stable	PESOS	17
Zacatecas (3 Tranches)	56	100,615,349	569,736	FREZAC 05	AA+(mex)	Stable	PESOS	15
Kantunil-Cancun	242	105,597,169	130,436	MAYAB 02AU	AA(mex)	Stable	UDIS	17
		20,403,624		MAYAB 02BU	A(mex)	Stable	UDIS	19
Toluca-Atlacomulco	52	50,151,232	241,112	OCALFA 95U	A+(mex)	Stable	UDIS	20
Plan de Rio	13	23,403,550	795,641	PLANRIO 05U	AA(mex)	Stable	UDIS	15
		17,883,853		PLANRIO 05-2U	A(mex)	Stable	UDIS	25
Tenango-Ixtapan de la Sal	40	61,833,451	770,031	TENANCB 05U	AA–(mex)	Stable	UDIS	17
Tunel de Acapulco	3	95,551,139	10,982,890	TUCACCB 08	AA–mex)	Negative	PESOS	26
Cardel-Veracruz	29	36,828,559	323,058	VCZ 03U	AAA(mex)	Stable	UDIS	12
Altar-Santa Ana	73	140,513,919	481,212	ZONALCB 06U	B–(mex)	Negative	UDIS	25

RWN – Rating Watch Negative.

Airport Summary

Country	Regulatory Framework Risk Assessment	Country's Infrastructure Needs	Traffic Trends	Major Airports
Peru	Moderate	Moderate	Growth	Lima — Jorge Chávez International Airport
Brazil	Under Development	High	Growth	São Paulo — Guarulhos International Airport
Colombia	Moderate	Moderate	Low Decline	Bogata — El Dorado International Airport
Chile	Low	Moderate	Low Decline	Santiago — Comodoro Arturo Merino Benítez International Airport
Argentina	High	Moderate	Moderate Decline	Buenos Aires — Ezeiza International Airport
Aruba	Low	Low	Moderate Decline	Oranjestad — Queen Beatrix International Airport
Uruguay	Low	Moderate	Moderate Decline	Montevedio — Aeropuerto Internacional de Carrasco
Mexico	Low	Moderate	Significant Decline	Mexico — Mexico City International Airport

Source: Fitch.