

Fitch downgrades Salta Hydrocarbon Royalty Trust & places ratings on negative watch

4 de abril de 2008

Fitch Ratings-Buenos Aires/Chicago: Fitch has downgraded the global scale foreign currency rating to 'B' from 'B+' for the Salta Hydrocarbon Royalty Trust US\$234 million targeted amortization notes, and placed it on Rating Watch Negative. The change reflects the overall increase in political risk for the transaction due to the Province's intention to restructure this debt in the short term, according to comments from officers of Salta's provincial government. Fitch was not formally notified of the next steps to be taken by the province; but the public comments by provincial officers increase the possibility of an upcoming restructuring, or interference in the mechanism that provides for the collection hydrocarbon royalty payments in an Argentinean collection account that are then transferred to an off-shore account. At this time it is not clear whether any attempt to interfere with the structure would be successful. The majority of the transaction's legal documents are governed under foreign law. The transaction was structured as a true sale and securitized certain future royalty payments due to the province of Salta from the oil and gas companies. The oil and gas companies signed Notice and Acknowledgements which obligates them to make payments into the collection account. In accordance with the documents, the cashflows should be legally protected under Argentine law. While the rating on this transaction has always anticipated a heightened degree of political risk within the country, any specific interference of bondholders rights to cashflows would be further evidence of a weak legal framework within the country. Additionally, any forced restructuring would serve as a negative precedent for any future Argentinean public entities related transactions in the local and international market. The bonds performed throughout the Argentine crisis and continue to perform to date with a debt balance (after march 2008 payment) of US\$159.2 million. Additionally, the structure benefits from a liquidity reserve account in the amount of approximately US\$9 million.(two times the next interest payment). Fitch will closely monitor all the events related with this transaction, and any action that prevents timely debt service payments, including a redemption or restructuring with net present value loss for the investors, which would be considered a default by Fitch. Contact: Eduardo D'Orazio or Cintia Defranceschi +0054-11-5325-8100, Argentina; or Gregory Kabance +1-312-368-2052, Chicago. Media Relations: Christopher Kimble, New York, Tel: +1 212-908-0226.