FITCH affirms ratings of Salta Hydrocarbon Royalty Trust; Removed from Watch Positive

13 de abril de 2007

Fitch Ratings-Buenos Aires-13 April 2007: Fitch affirms the 'B+' global scale foreign currency rating for the Salta Hydrocarbon Royalty Trust US$234 million targeted amortization notes, and removes the rating from Positive Rating Watch. Although royalty incomes continued improving in 2006 due to the higher average gas price applied for the royalty payments, the trustee quarterly report as of December 2006 and March 2007 showed a reduction of the reserve adequacy ratio (still above the targeted ratio), due to a decrease of the natural gas reserve level. Interest payments on the notes have been timely and, since March 2005, quarterly principal payments have been above targeted payments, reflecting the increase of royalty cash flows derived from the recovery in the price of gas. The current outstanding balance of the notes is equal to the theoretically scheduled outstanding debt, therefore the province is receiving the excess collections. The reduction in the production level (2% compared to 2005) is lower than the reduction registered in previous years. Additionally, the concessionaries are investing in exploration and the province expects an increase in production coming from new wells. Fitch believes the repayment of the notes will occur within the expected maturity date (Dec. 28, 2012). A quarterly amount of around US$12 million of royalty income (lower than the quarterly collections received during the last two years) should be enough to repay the debt at that date. 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. Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall,compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.