

## CAP S.A.

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# CAP S.A.

## Major Rating Factors

### Strengths:

- Leading market position in the Chilean steel industry
- Integrated production, with large reserves of iron ore and limestone
- Long-term commercial relationships with Asian iron ore importers
- Adequate debt maturity profile and good access to credit

### Weaknesses:

- Operation in the cyclical iron ore and steel products industry
- Small scale and exposure to larger global competitors
- High cost structure from small scale and lower grade of ore than used by large competitors
- Volatile cash flow
- Weak debt service coverage in 2009 resulting from the global recession
- Aggressive expansion plans

### Corporate Credit Rating

BBB-/Negative/--

## Rationale

Standard & Poor's Ratings Services' rating on CAP S.A. reflects the company's strong competitive position as Chile's sole integrated steel producer, with annual sales of about 1.1 million tons of steel products; a leading market position in the Chilean steel market; and relatively large export contracts for a great portion of its iron ore production, which is about 10 million tons per year. The rating also benefits from the company's strong cash position and low debt maturities until 2013. However, these strengths are partly offset by Cap's small size relative to global competitors and the relatively low grade of its ore reserves. This low grade results in higher operating costs than those of its large competitors--mainly high-grade Brazilian and Australian mines. CAP is also exposed to the cyclical nature of the iron ore and steel industries, resulting in volatile prices and EBITDA generation.

CAP's \$200 million bond is jointly guaranteed by its 99.9%-owned subsidiaries, Compañía Minera del Pacífico S.A. (CMP) and Compañía Siderúrgica Huachipato S.A. (both not rated). This allows us to avoid notching the rating down for structural subordination.

In 2009, CAP's cash flow generation and credit measures deteriorated significantly, to historically weak levels, mainly due to the steep fall in prices for iron ore and in volume and prices for steel products. This is reflected in its 2009 total debt-to-adjusted EBITDA ratio of 4.7x (net debt to adjusted EBITDA of 2.6x), adjusted EBITDA interest coverage of 3.3x, and adjusted funds from operations (FFO)-to-total debt ratio of 12% (adjusted FFO-to-total net debt of 21%). Adjusted EBITDA incorporates dividends received from the company's 50% stake in Compañía Minera Huasco S.A. (CMH). However, we expect to see a major recovery in CAP's credit measures during the next two years due to an expected recovery in prices for its iron ore export contracts and in volume and prices for steel in Chile. The rating is also built on an assumption of capital expenditures of \$100 million to \$150 million per year in 2010-2011, and a payout ratio remaining near a flexible 50%.

On Feb. 9, 2010, CAP announced an agreement with a subsidiary of Mitsubishi Corp. involving CMP and CMH.

Mitsubishi would provide its 50% equity stake in CMH and a \$401 million capital infusion to CMP in exchange for a 25% equity stake in CMP. The agreement is subject to some approvals. At this point, we're not considering any impact this announcement may have on the rating.

### Liquidity

CAP's strong cash position and manageable short-term debt enhance its liquidity and financial flexibility. As of Dec. 31, 2009, its cash balance totaled \$387 million and its short-term debt came in at a relatively low \$47 million. CAP also benefits from having no significant debt maturities until 2013, when \$166 million will come due. We expect CAP to comply with the financial covenants included in the terms and conditions of its outstanding \$150 million bank loan and in its local bonds, which it renegotiated in 2009.

### Outlook

The negative outlook reflects our expectation that, if CAP is unable to improve its financial profile so that it can internally finance its working capital needs, capital expenditures, and dividend payments while maintaining a cash position of at least \$300 million, we could lower the rating. We could change the outlook to stable if the company strongly improves its FFO-to-net debt ratio to more than 35%, its adjusted EBITDA interest coverage to more than 5x, and its adjusted EBITDA-to-net debt ratio at less than 2x.

### Business Description

CAP S.A. is a Chilean holding company engaged mainly in the production and sale of iron ore products--through 99.9%-owned Chilean company Compañía Minera del Pacífico S.A. (CMP) and a 50% equity stake in Compañía Minera Huasco S.A. (CMH)--and steel products--mainly through 99.9%-owned Chilean company Compañía Siderúrgica Huachipato S.A. CAP also engages in steel processing for products including tubes and pipes, structures, panels, steel framings and building structures, through its indirect equity control of Cintac S.A. and Intasa S.A.

CAP's ownership structure as of Dec. 31, 2009, was: Invercap S.A. (31.32%), Mitsubishi Corp. (A+/Stable/A-1; 19.27%), Banco de Chile por Cuenta de terceros (4.72%), and others (44.69%). Invercap S.A.'s ownership structure as of Dec. 31, 2009, was Inmobiliaria Cemin S.A. (24.21%), Fundación CAP (9.08%), Lacerta S.A. (8.89%), Inversiones Hierro Viejo Ltda. (7.06%), and others (50.76%). Inmobiliaria Cemin S.A. is a Chilean company majority owned by Juan Rassmuss. Mitsubishi, Chilean pension funds, and other financial investors own the remainder.

### Business Risk Profile

CAP has a satisfactory business risk profile, in our view, mainly reflecting its strong competitive position as the sole integrated steel producer in Chile. However, this strength is partly offset by its very small size as an iron ore and steel producer on a global basis, causing lower economies of scale and a higher cost structure than its much larger competitors. Also, CAP is also highly exposed to the cyclicity of the iron ore and steel sectors, which results in high volatility in its product prices.

CAP has defined an aggressive expansion strategy to monetize its iron ore reserves by increasing its annual iron

production capacity to about 22 million tons from 11.5 million tons, through an investment of around about \$1.2 billion to \$1.4 billion; however, this plan is currently on hold until market conditions further improve. This strategy also incorporated the idea of doubling its production capacity of liquid steel to about 3 million tons, through an investment of about \$2.4 billion, to increase its already large market share in the expected-to-grow Chilean steel market. However, this project was also put on hold due to the 2009 global recession. Success of these projects will likely depend on market conditions and the potential agreement with Mitsubishi, in our opinion.

### **Country risk**

CAP's production facilities are geographically concentrated in Chile. The Republic of Chile (foreign currency: A+/Stable/A-1; local currency: AA/Stable/A-1) has the highest sovereign rating in Latin America. The country's public institutions are stronger than those in other Latin American countries, and international surveys show a perception that corruption there is lower. Also, Chile's continued expansion of its education system and investment in physical infrastructure augur well for the country's medium-term GDP growth, expected at about 1.5% for 2009 and 5% in 2010.

Chile is one of the few emerging-market economies to gain strong credentials, thanks to its implementation of countercyclical fiscal and monetary policies. These policies are of particular importance, we believe, given the country's narrow economic base, which depends heavily on natural resources in general, and copper in particular. Since 2001, the government has used a structural budget rule, and the 2006 passage of a fiscal responsibility law, with support across the political spectrum, consolidated and strengthened this policy framework. The combination of prudent fiscal policies and several years of high commodity revenues has dramatically improved Chile's fiscal flexibility, giving the government ample resources to get through the global downturn. As a result, we believe that Chile is not likely to face fiscal strain over the medium term, despite a large fiscal deficit in 2009 and a projected smaller one in 2010.

### **Industry characteristics: commodity type industry**

CAP is a very small player in the global iron ore and steel markets. In 2009, it produced 8.5 million tons of iron ore products and about 1 million tons of steel products, compared with worldwide production of about 2.30 billion and 1.10 billion tons, respectively. Also, CAP's EBITDA from iron ore and steel products represented about 77% and 23% of total consolidated EBITDA during 2009, significantly up from 57% and 43%, respectively, in 2008. This was partly due to the almost 40% increase in sales volume of iron ore in 2009, mainly as a consequence of the sizable reduction in iron ore inventories.

### **Iron ore**

In 2009, CAP produced 8.5 million tons of iron ore products in the form of fines, lumps, pellet feeds and pellets. This represented only about 0.4% of worldwide supply. CAP also enjoys large reserves of iron ore (magnetic ore) and limestone (about 18 years and 20 years of 2009 production, respectively).

However, CAP's scale of operations and ore grade of about 40% to 50% of the mineral are significantly lower than that produced by the top mines in Brazil and Australia--about 55% to 65%. Three main companies, CVRD, Rio Tinto and BHP Billiton, represent about 35% of worldwide production, and the remaining 65% is relatively highly atomized. CVRD is a natural provider for Europe, and Rio Tinto Ltd. and BHP Billiton PLC to Asia, because of geographical proximity.

CAP exports about 80% to 90% of its consolidated production of iron ore to Asia through medium- and long-term supply contracts, and about 10% to 20% is sold in the local market to Huachipato. Sales volume for export

contracts is relatively fixed, but CAP renegotiates prices every April according to global market conditions.

CAP has a total installed capacity of 11.5 million tons per year. Several projects are in the pipeline, totaling an annual production of about 11 million tons. These will materialize if market conditions improve and the company comes to an agreement with Mitsubishi. The projects are:

- El Romeral (2 million tons per year);
- Algarrobo (2.8 million tons);
- Los Colorados (2 million tons); and
- Hierro Atacama, phase II (4 million tons).

These four projects would represent about a \$1.3 billion investment.

### Steel products

CAP is the market leader in the small Chilean steel market and benefits from a privileged market position--about 45% market share--as a result of its integrated operations and its being the largest producer of iron ore in Chile. Almost 100% of CAP's steel production is sold in the Chilean market.

### Demand

Steel consumption (apparent steel use) was 1.2 billion tons in 2008 and 1.1 billion tons in 2009 (see table 1). Steel demand in Latin America reached about 60 million tons in 2008 but decreased to about 46 million tons in 2009, which represented around 5% and 4% of total consumption worldwide, respectively. The main consumers in the region are Brazil with about 24 and 19 million tons in 2008 and 2009, respectively, Mexico with 16 and 12 million tons, Argentina with almost 5 and 3 million tons, Venezuela with about 3.5 and 3 million tons, Colombia with almost 3 and 2.5 million tons and Chile with 2.5 and 2 million tons.

**Table 1**

Worldwide Steel Consumption		
(%)	2008	2009
China	37	47
Europe	20	16
U.S.	8	5
Japan	6	5
Other	29	27

Consumption of steel in Chile comes mainly from the construction, mining, and metal manufacturing industries. CAP led the Chilean steel market in 2008, with sales of about 1.2 million tons (46%), followed by imports, at about 1.1 million tons (43%), and local producer Gerdau-AZA with total sales of about 0.3 million tons (11%). Per-capita consumption of steel in Chile is relatively low, at about 160 kilograms, due to modest industrial activity, although industrial activity is recovering from the 2009 downturn mainly fueled by the construction and mining sectors.

### Supply

Supply of steel products worldwide is relatively diversified by company, with the Arcelor-Mittal group being the largest integrated steel producer, accounting for approximately 10% of total production. Each of its competitors represents less than 5% of global supply. However, some geographical concentration exists, with China providing about 45% (see table 2).

**Table 2**

<b>Worldwide Crude Steel Production</b>		
<b>(%)</b>	<b>2008</b>	<b>2009</b>
China	38	46
Europe	26	22
U.S.	7	5
Japan	9	7
Other	20	20

In Latin America, steel producers are generally concentrated in the local market, given their relatively low economies of scale, with the exception of Brazil, where large steel producers such as Gerdau are important exporters of steel because steel production exceeds local demand. Total crude steel production in the region reached about 52 million tons in 2009, which represented about 4% of world supply. The main producers in the region were Brazil (26 million tons), Mexico (14 million tons), and Argentina (4 million tons). Chile's production reached only 1.2 million tons. Brazil is a large steel exporter, but Mexico and Chile are net importers.

### Prices

CAP is heavily exposed to the high price volatility of iron ore and steel in the international market. This is because iron ore is mostly exported, and, given that Chile is an open economy, international markets highly influence prices of steel products in the domestic market (see table 3).

**Table 3**

<b>Average Prices, Iron Ore Products</b>						
<b>(\$/Ton)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>CAP S.A.</b>						
CMP Fines (63.0% iron content)	20	34	40	44	72	52
CMP Pellet feed (68.5% iron content)	20	34	41	44	73	53
CMP Pellets (65.5% iron content)	38	73	71	75	140	72
<b>Huachipato S.A.</b>						
Average product mix	517	593	627	714	1,117	699

A strong increase in iron ore and steel prices from 2004 reflected high growth in the global economy from 2003 to mid-2008, which triggered a strong increase in demand for commodities in general. Growth in demand for certain commodities outpaced growth in supply, causing prices for those commodities to significantly increase to peak levels by mid-2008.

### Competitive strengths and operations

CAP exhibits higher cash costs when compared with those of large peers like CVRD, Rio Tinto, and BHP Billiton. This is due to lower CAP's small scale and the lower ore grade of its mining reserves. Somewhat mitigating this disadvantage is the availability of long-term sale contracts with most of the company's export clients. CAP also enjoys a solid market position in Chile, as its large market share evidences. Here, its integrated operations and relatively large size among domestic steel producers helps.

### Profitability/Peer comparison

CAP's profitability is volatile and reflects the inherent cyclicity of the iron ore and steel industries. This is mainly a consequence of volatile sale prices and operating costs (coal, energy, freights, and so on). Consequently, CAP's

EBITDA margin oscillated between 13% and 29% from 2004 to 2009. And CAP's lower scale and higher cost structure produces a lower EBITDA margin than peers'. We expect that EBITDA margin will likely move between 17% and 25% in 2010-2011, assuming no new expansion projects.

## Financial Risk Profile: Significant

We view CAP as having a significant business risk profile, based on its weak but recovering debt service coverage ratios and our expectation that it will maintain cash reserves of at least \$300 million and internally finance its working capital needs, capital expenditures, and dividend payments in 2010-2011.

On Feb. 9 2010, CAP announced an agreement with a subsidiary of Mitsubishi that CMP would merge with CMH (currently 50% owned by CMP and 50% by Mitsubishi). Mitsubishi would provide its 50% equity stake in CMH and a \$401 infusion in CMP in exchange for a 25% equity stake in CMP. This agreement is subject to approval from CAP's extraordinary shareholders at a meeting to be held March 10, 2010, and from the antimonopoly regulatory authority in China. Currently, we're not considering any impact this announcement may have on the rating.

### Accounting

CAP reports its financial statements according to Chilean generally accepted accounting principles (GAAP), in U.S. dollars, and it will report under International Financial Reporting Standards (IFRS) from 2010 onward. CAP is a holding company, consolidated with its subsidiaries, CMP and Huachipato, and uses the equity method with noncontrolled subsidiaries such as CMH. CAP also consolidates with Cintac S.A. and Intasa S.A. due to its indirect control through fully owned holding company Novacero S.A. Given the long-term nature of the investment and the high integration between CMH's and CMP's operations, Standard & Poor's considers dividends that CAP receives from CMH as part of CAP's operating cash flow generation, which it adjusts to include.

### Corporate governance/Risk tolerance/Financial policies

CAP has implemented a more aggressive business and financial policy since 2006, as a strong increase in capital expenditures and debt levels in 2006-2008 evidences. This was followed by a strong increase in EBITDA generation in fiscal 2007 and 2008 due to favorable pricing for iron ore and steel. However, the company's leverage significantly increased during 2009 as a result of a sharp decrease in EBITDA generation, mainly due to the significant decrease in prices for iron ore and steel amid the global recession. As a result, the company decided to put its expansion strategy on hold. It has maintained high cash reserves and benefits from an adequate debt structure.

### Cash flow adequacy

CAP manages the cash flows of CMP and Huachipato centrally and receives 50% of dividends CMH pays. CAP's adjusted cash flow generation--including dividends it receives from CMH--is highly volatile. It has varied from about \$160 million in 2004 to a peak of about \$450 million in 2008, mainly due to the boost in prices for iron ore and steel. It has subsequently decreased to a weak \$100 million, approximately, due to the significant decrease in prices. We project CAP to generate about \$150 million to \$250 million per year and to receive at least \$70 million to \$100 million in dividends from CMH in 2010-2011. We believe it will apply these funds mainly to finance capital expenditures for about \$100 million to \$150 million, assuming no capacity expansion, to finance working capital needs, mainly in 2010, and to distribute dividends representing a 50% payout in 2011.

We expect significant recovery in CAP's debt service coverage ratios for 2010-2011, based on our expectation of

rebounding prices for iron ore export contracts in April 2010 and in volume and prices for steel in Chile. We anticipate these factors, combined with a reduction, as a percentage of revenues, of its main operating costs, to result in higher adjusted EBITDA margins in 2010-2011. This trend has already been reflected in fourth-quarter 2009, when the company's adjusted EBITDA margin significantly improved, to about 15% from very weak levels of less than 5% in the previous quarter.

### Capital structure/Asset protection

CAP has reported a significant increase in leverage, measured by total debt to adjusted EBITDA (including dividends received from CMH), to a high 4.7x in 2009 from 1.7x in 2008, due to extraordinary weak EBITDA generation in 2009. However, leverage is significantly lower--at 2.6x as of Dec. 31, 2009--if we consider net debt levels and give credit to the company's large cash reserves. We expect a sizable recovery in leverage to less than 2.0x in 2010-2011 due to projected higher EBITDA generation.

CAP enjoys an adequate debt maturity profile, with annual debt maturities of about \$47 million in 2010, \$72 million in 2011, and \$82 million in 2012. The company does not face significant debt maturities until 2013, when debt maturities of \$166 million become due. CAP also faces a manageable foreign-exchange risk, given that most of its revenues and about 88% of its debt is denominated in U.S. dollars. However, CAP is somewhat exposed to interest rate variations, since about 23% of its outstanding debt carries variable interest rates.

### Liquidity/Short-term factors

CAP's high cash position of \$387 million at Dec 31, 2009, enhances its liquidity and financial flexibility. We expect minimum cash reserves of \$300 million, assuming the company internally finances its working capital needs, capital expenditures, and dividends in 2010-2011. CAP also benefits from an adequate debt maturity profile, with no significant debt maturities until 2013.

**Table 4**

<b>CAP S.A. Financial Summary*</b>					
<b>Industry Sector: Steel - Integrated</b>					
	<b>--Year ended Dec. 31--</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Rating history	BBB-/Watch Neg/--	BBB-/Stable/--	BBB-/Stable/--	BBB-/Stable/--	-/-/-
<b>(Mil. \$)</b>					
Revenues	1,386.3	1,971.7	1,583.1	997.4	879.8
EBITDA	187.0	531.5	333.4	250.9	255.5
Operating income (before D&A)	187.0	531.5	333.4	250.9	255.5
Operating income (after D&A)	115.0	458.0	270.1	193.6	204.4
Net income from continuing operations	(14.8)	293.0	236.4	165.4	187.0
Funds from operations	102.0	449.3	311.0	195.0	212.6
Cash flow from operations	348.2	378.6	283.7	35.4	173.2
Capital expenditures	141.8	161.2	305.4	231.3	52.3
Free operating cash flow	206.4	217.4	(21.6)	(195.9)	120.9
Discretionary cash flow	112.1	87.0	(115.7)	(273.4)	14.5
Cash and short-term investments	387.3	378.5	183.9	241.8	153.9
Debt	873.4	885.6	628.4	640.1	415.2
Equity	1,060.5	1,134.4	989.2	815.0	645.8



Table 4

CAP S.A. Financial Summary* (cont.)					
Debt and equity	1,933.8	2,020.0	1,617.7	1,455.1	1,060.9
<b>Adjusted ratios</b>					
EBITDA/revenues (%)	13.5	27.0	21.1	25.2	29.0
Oper. income (bef. D&A)/revenues (%)	13.5	27.0	21.1	25.2	29.0
EBIT interest coverage (x)	1.4	9.7	8.4	9.1	14.8
EBIT interest coverage (x)¶	1.4	9.7	8.4	9.1	14.8
EBITDA interest coverage (x)	3.3	9.2	7.1	8.3	13.2
Return on capital (%)	4.1	30.6	25.7	22.0	29.2
FFO/debt (%)	11.7	50.7	49.5	30.5	51.2
FFO/debt (%)¶	11.7	50.7	49.5	30.5	51.2
Cash flow from operations/debt (%)	39.9	42.7	45.2	5.5	41.7
Free operating cash flow/debt (%)	23.6	24.6	(3.4)	(30.6)	29.1
Discretionary cash flow/debt (%)	12.8	9.8	(18.4)	(42.7)	3.5
Discretionary cash flow/EBITDA (%)	59.9	16.4	(34.7)	(109.0)	5.7
Debt/EBITDA (x)	4.7	1.7	1.9	2.6	1.6
Debt/debt and equity (%)	45.2	43.8	38.8	44.0	39.1

\*Fully adjusted. ¶Postretirement obligations using actual returns.

Table 5

CAP S.A. Peer Comparison*						
Industry Sector: Steel - Integrated						
	CAP S.A.	CVRD (BRGAAP)	Gerdau S.A.	Usinas Siderurgicas de Minas Gerais S.A. (Usiminas)¶	Rio Tinto PLC§	
Rating as of Feb. 12, 2010	BBB-/Watch Neg/--	-/-/-	BBB-/Negative/--	BBB-/Stable/--	BBB+/Stable/A-2	
Data as of fiscal year ended	2009	2008	2008	2008	2008	2009
<b>(Mil. \$)</b>						
Revenues	1,386.3	30,243.5	17,967.4	6,734.0	41,825.0	
EBITDA	187.0	13,939.2	4,245.0	2,455.8	10,933.0	
Operating income (after D&A)	115.0	11,747.3	3,432.0	2,081.5	7,506.0	
Net income from cont. oper.	(14.8)	9,123.4	2,120.1	1,382.4	5,321.0	
Funds from operations	102.0	15,088.4	4,441.6	2,315.2	8,221.0	
Cash flow from operations	348.2	14,049.5	1,533.6	941.7	9,212.0	
Capital expenditures	141.8	8,024.0	1,175.2	953.9	5,388.0	
Free operating cash flow	206.4	6,025.5	358.4	(12.3)	3,824.0	
Discretionary cash flow	112.1	3,527.1	(349.0)	(505.9)	2,948.0	
Cash and short-term investments	387.3	10,638.8	2,320.9	1,718.4	4,233.0	
Debt	873.4	19,449.1	9,961.2	3,086.9	23,002.0	
Equity	1,060.5	43,883.8	10,737.1	6,778.0	45,925.0	
Debt and equity	1,933.8	63,332.9	20,698.3	9,864.9	68,927.0	
Research and development expense	0.0	887.9	0.0	0.0	0.0	

Table 5

CAP S.A. Peer Comparison* (cont.)					
<b>Adjusted ratios</b>					
EBITDA/revenues (%)	13.5	46.1	23.6	36.5	26.1
Oper. income (bef. D&A)/revenues (%)	13.5	46.1	23.6	36.5	26.1
EBIT interest coverage (x)	1.4	10.8	5.3	4.9	9.1
EBIT interest coverage (x)§	1.4	10.8	5.3	4.0	9.1
EBITDA interest coverage (x)	3.3	14.2	6.1	4.5	11.8
Return on capital (%)	4.1	18.0	17.7	28.2	11.4
FFO/debt (%)	11.7	77.6	44.6	75.0	35.7
FFO/debt (%)§	11.7	77.6	44.6	71.7	35.7
Cash flow from operations/debt (%)	39.9	72.2	15.4	30.5	40.0
Free operating cash flow/debt (%)	23.6	31.0	3.6	(0.4)	16.6
Discretionary cash flow/debt (%)	12.8	18.1	(3.5)	(16.4)	12.8
Discretionary cash flow/EBITDA (%)	59.9	25.3	(8.2)	(20.6)	27.0
Debt/EBITDA (x)	4.7	1.4	2.3	1.3	2.1
Total debt/debt plus equity (%)	45.2	30.7	48.1	31.3	33.4
Research and development/revenues (%)	0.0	2.9	0.0	0.0	0.0

\*Fully adjusted. †Fully adjusted (including postretirement obligations). §Postretirement obligations using actual returns.

#### Ratings Detail (As Of February 25, 2010)\*

##### CAP S.A.

Corporate Credit Rating	BBB-/Negative/--
Senior Unsecured (1 Issue)	BBB-

##### Corporate Credit Ratings History

17-Feb-2010	BBB-/Negative/--
17-Jul-2009	BBB-/Watch Neg/--
01-Sep-2006	BBB-/Stable/--

##### Business Risk Profile

Satisfactory

##### Financial Risk Profile

Significant

##### Debt Maturities

As of Dec. 31, 2009 (including accrued interest)  
 2010 \$47.6 million  
 2011 \$77.8 million  
 2012 \$82.3 million  
 Thereafter \$665.7 million  
 Total \$873.4 million

\*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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