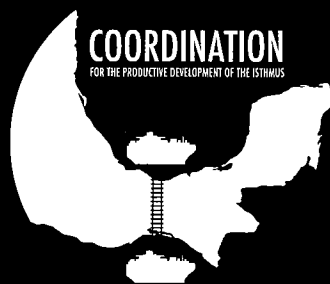
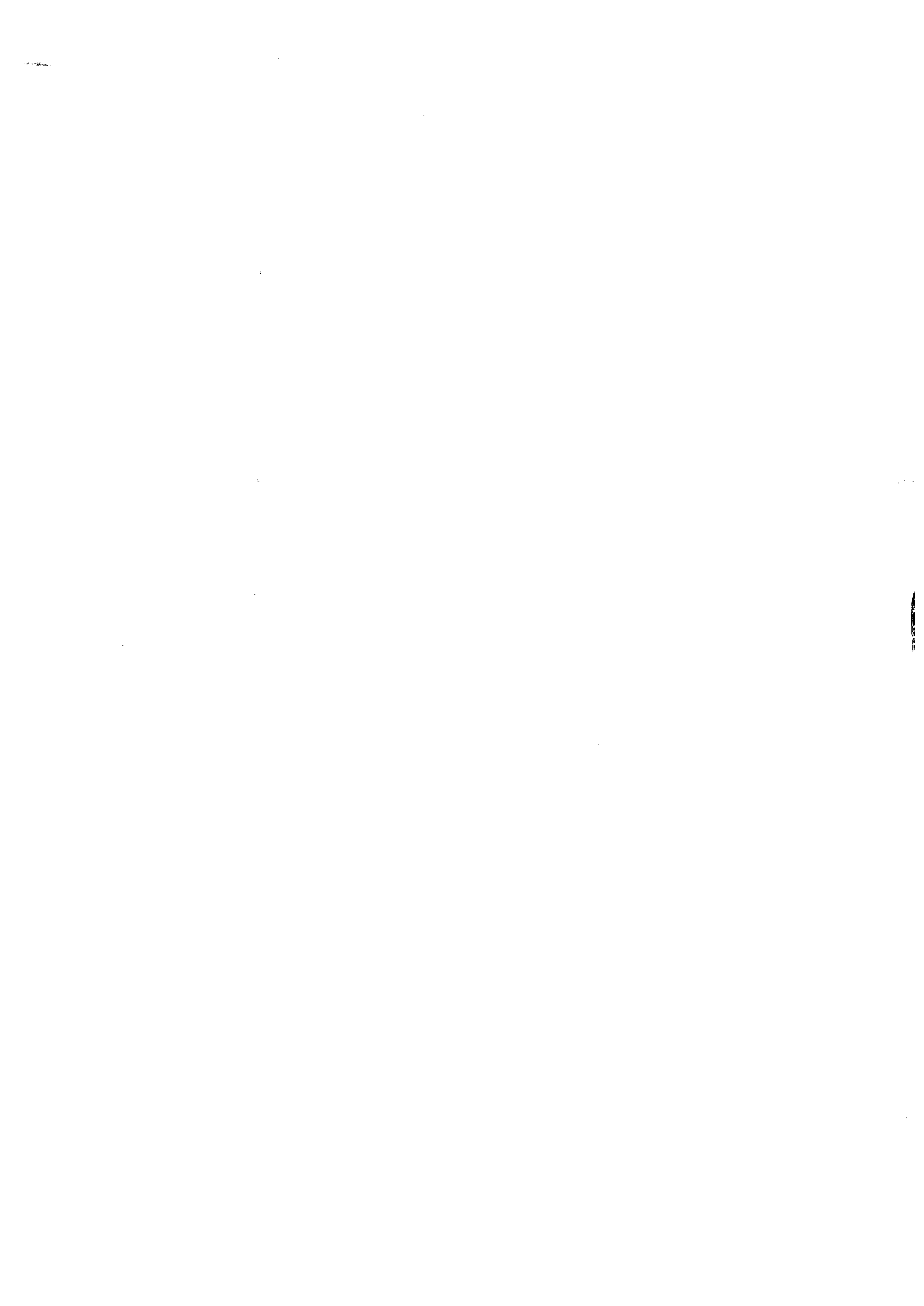


INVESTMENT OPPORTUNITIES



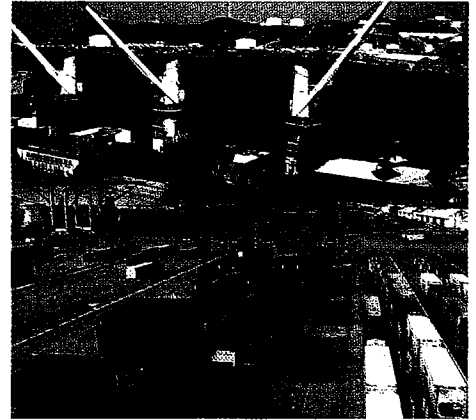
México, 2006



Current Logistics System Operation

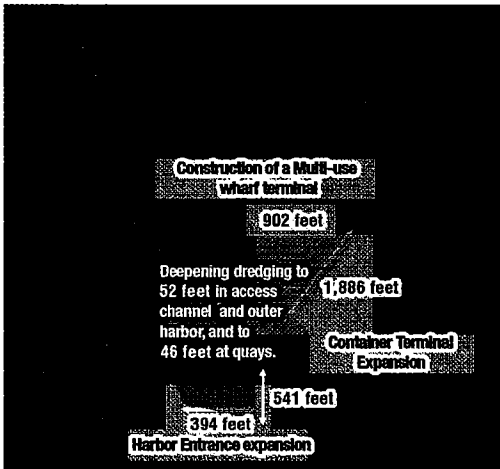
PORT OF SALINA CRUZ

Salina Cruz is a man-made harbor located at the southern end of the Tehuantepec Isthmus in the Gulf of Tehuantepec, Oaxaca. The port is protected by two breakwaters, each featuring a wharf on their inner side. The interior wharf contains 4 berths for commercial vessels. The exterior wharf has two berths, one for containers and another solely devoted to oil based liquid products. Both wharfs have a turnabout area—656 and 984 feet in diameter respectively. The water surface area comprises 175 acres, while the land surface with support facilities covers 198 acres. Due to the type of services provided, the port can be classified as a commercial, oil handling, naval and fishing port.



The Port Enclosure features a 16 acres container yard with electric power outlets for cool storage, railways for internal hauling, and full equipment to handling containers. The port also owns property for future expansion: 35 acres for commercial growth and more than 7 acres for industrial use.

As the project's first phase is completed...



With improvements made to the existing infrastructure, the port will be able to receive up to 1,900 TEUs cargo ships. It will also offer a Multimodal Terminal to service for the cargo received.

Salina Cruz will also be able to provide services to containerized cargo between Lazaro Cardenas and Coatzacoalcos by barge.

Benefits offered by the Port of Salina Cruz

- Adequate infrastructure for container handling
- Skilled labor force
- Rail connections within the port
- Availability of yard and warehouse storage space
- Intermodal rail and truck transportation connections
- Compliance with the Ship and Port Facility Protection Code (acronym in Spanish: PBIP)
- Certified environmental compliance.



The new Salinas del Marques Port Complex

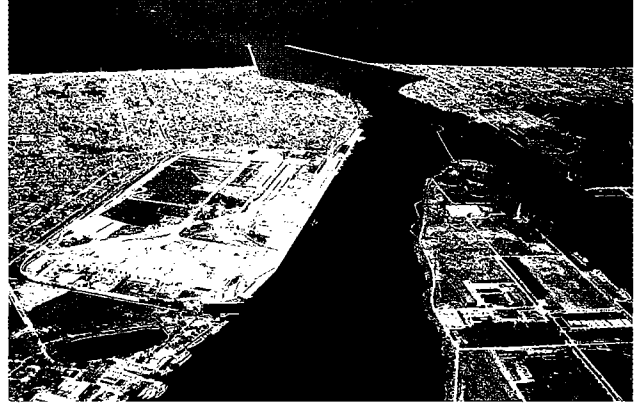
Current Operation of the Logistic System

PORT OF COATZACOALCOS

The Port of Coatzacoalcos is located on the left bank of the Coatzacoalcos River, Veracruz, 1.9 miles upstream from where the river flows into the Gulf of Mexico.

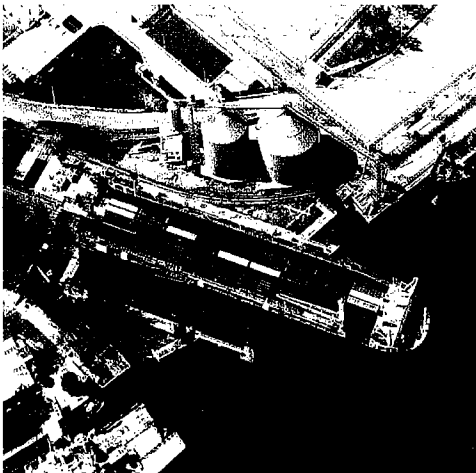
The port contains a 1.2 miles wharf divided into 11 berths 32 feet deep, with Pier 1 featuring 35 feet deep.

It also has a 14 miles interior railway, 2 transfer yards with capacity for 430 units and a railroad around the perimeter.



Port of Coatzacoalcos

The Port Enclosure contains a 2.3 miles main canal 39 feet deep and 109- yards width.



Ferry



Port of Coatzacoalcos

Benefits offered by the Port of Coatzacoalcos

- Strategic location, just 188 miles away from the Pacific Ocean
- Multimodal service using ferries, with a regular route every 4 days to the Port of New Orleans. Exclusive service provided in the National Port System
- Rail and highway connections to the nation's main consumer centers
- Wide zone of influence comprising the states of Veracruz, Oaxaca, Tabasco, Chiapas, Campeche, Puebla and the Federal District
- Adequate Terminals for ferry handling, 2 terminals for bulk agricultural products, cement, baryta, molasses, 2 terminals for chemical products, sulfur
- ISO 9001 and ISO 14001 certified
- Certificate of Compliance with Environmental Standards. from PROFEPA
- Certified as a Socially Responsible Enterprise
- Certificate of Compliance with Environmental Standards from PROFEPA (a Clean Industry)

Source: Coatzacoalcos Comprehensive Port Administration

Current Operation of the Logistic System

ISTHMUS OF TEHUANTEPEC RAILROAD (ITR)



- The ITR (Isthmus of Tehuantepec Railroad) system owns a crossroad line from Medias Aguas, Veracruz, at kilometer Z-95+928 to Salina Cruz, Oaxaca, at kilometer Z-301+773 (127.9 miles).
- This road extends 0.9 miles, to kilometer Z-303+303 (the entrance to the Port of Salina Cruz yard), for a total of 128.9 miles in length. For a total of 128.9 miles in length.
- From port to port, (Salina Cruz, Oaxaca, to Coatzacoalcos, Veracruz) the length is 188.5 miles.
- Ninety percent of the railroad is 115 lbs/yd rails laying on concrete bed, except in the area with the sharpest curves (curves of more than 5 degrees), where the bed is wood and the rails 100 lbs/yd.
- Track with continuous-welded rails.
- The Trans-Isthmus Corridor is connected by rail to all of Mexico's centers of manufacturing and consumption. Through this connectivity with ports and borders, it has access to global markets.
- Railroad service in the Trans-Isthmus Corridor is provided by the FERRO-SUR and CHIAPAS MAYAB rail concession holders, which have usage rights that enable them to operate on ITR infrastructure.



Source: Transportation Department,
Ministry of Communication and Transportation

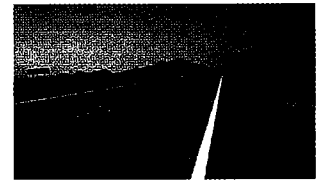
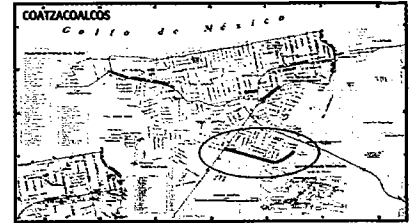
Current Operation of the Logistic System

COATZACOALCOS-SALINA CRUZ HIGHWAY

This highway is presently 302 kilometers long and is used by an average of 5,500 vehicles daily. Traffic consists of 73% automobiles, 7% buses and 20% trucks operating at an average speed of 70 km/hr (43.5 mph).

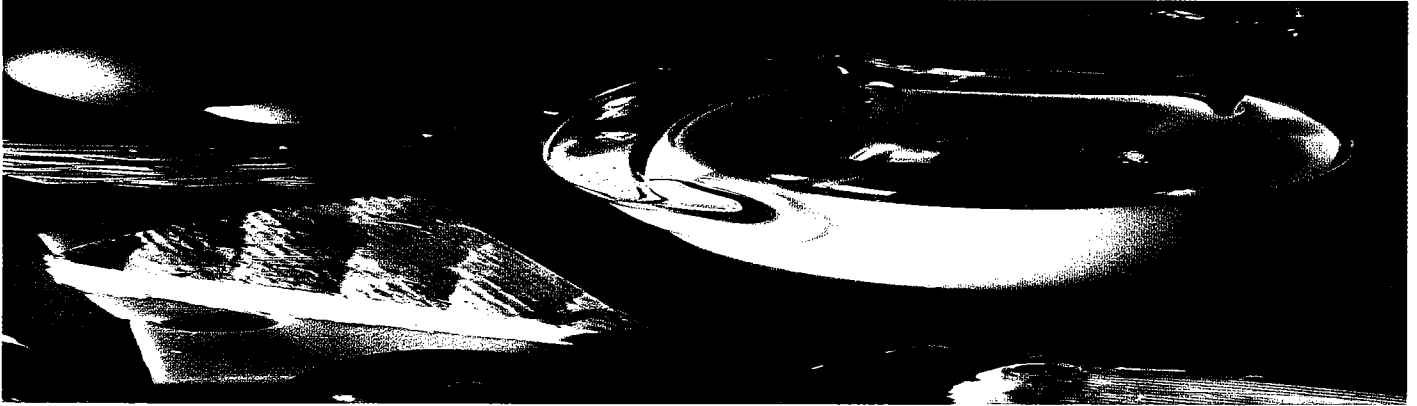
Its modernization was launched with 4 specific projects:

- Construction of a new access to Coatzacoalcos.
- Modernization of the entire route by expanding the road bed to 39 feet wide to accommodate two additional lanes of traffic, one on each side, and create lateral hard shoulders. Also, various bypasses are considered when crossing main cities. This project features progress in hard shoulders preservation and widening in Oaxaca and Veracruz with 88 and 128 million pesos investments respectively. It will be completed using Service- Rendering Projects (SRP) financing, making an investment of 2 billion pesos.
- Modernization of the northern access to Salina Cruz, which is under construction and will be completed in 2007.
- Construction of the Salina Cruz bypass, which extends 46.6 miles and started in 2004, representing an investment of 892 million pesos.



Investment Opportunities

REGIONAL PROJECTS: apiculture, dairy and forestry



Food production and processing are areas of strategic activity for developing the South and Southeast of Mexico. Current opportunities have been identified in two value chains: honey and dairy products, mainly for the following reasons:

- Dairy products to respond to a national challenge. The dairy regions of central and northern Mexico will, in the near future, experience higher production costs owing to the shortage of water. On the other side, the South-Southeast Region has abundant water, which—with competitive management within the value chain—provides a highly productive alternative in Mexico.
- Apiculture, as a business opportunity. Although, only few states of the region are producing honey, the business opportunity that this activity offers could involve all the region's states in some aspect of the productive chain. The market for a variety of honey derived products is growing.

There is a portfolio of projects, among which the following stand out:

Dairy Projects

- Perishable products
- Creation of a food processing plant for concentrated animal milk derived foods.
- Milking machines for milk production
- Establishment of a milk products processing plant (cheese factory)
- Construction of Storage centers
- Processing of Milk whey
- Dehydrating Milk plant
- Milk products processing plant
- Development of denomination of Origin for cheeses
- Development of collective brands for cheeses
- Development of organic milk products

Apiculture Projects

- Food sanitation Laboratory
- Storage center and extraction facilities.
- Processing plant
- Development of other products from beehives
- Bottling and labeling facility
- Origin Registration for honey
- Export consortia
- Cool storage facilities
- Collective brands for honey
- Trademark certification

Investment Opportunities

REGIONAL PROJECTS: apiculture, dairy and forestry

Gulf of Mexico Industrial Forestry Basin

The region conformed by the states of Campeche, Chiapas, Oaxaca, Tabasco and Veracruz, features conditions for developing an integral project that involves a productive forestry chain of activities dedicated to produce aggregate value manufactures, which in the recent years have been highly demanded, both in the national and international market.

- Dimensioned lumber
- Furniture
- Moldings
- Solid and composite paneling
- Wood chips
- Cellulose

Through coordinated state and federal action, the project envisions forestry plantations, manufacturing industries, and small and medium-sized companies in this sector increasing their productivity and competitiveness in the global marketplace by integrating the productive chain, gaining access to better sources of incentives and financing, developing human resources and conducting technological research and development.

The project includes the following components:

- Develop a basin of rapid growth and highly competitiveness commercial area of 11.1 million acres
- Promote the development of ports, highway, drainage, communications competitiveness
- Create sustainable processes for economic and industrial expansion that products world market

For more information:

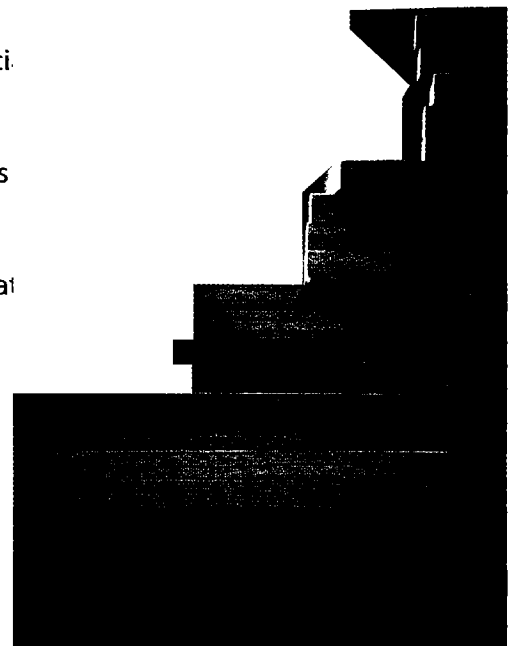
Puebla-Panamá Plan Office

Ministry of Foreign Affairs

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e-mail: cgpppanama@sre.gob.mx



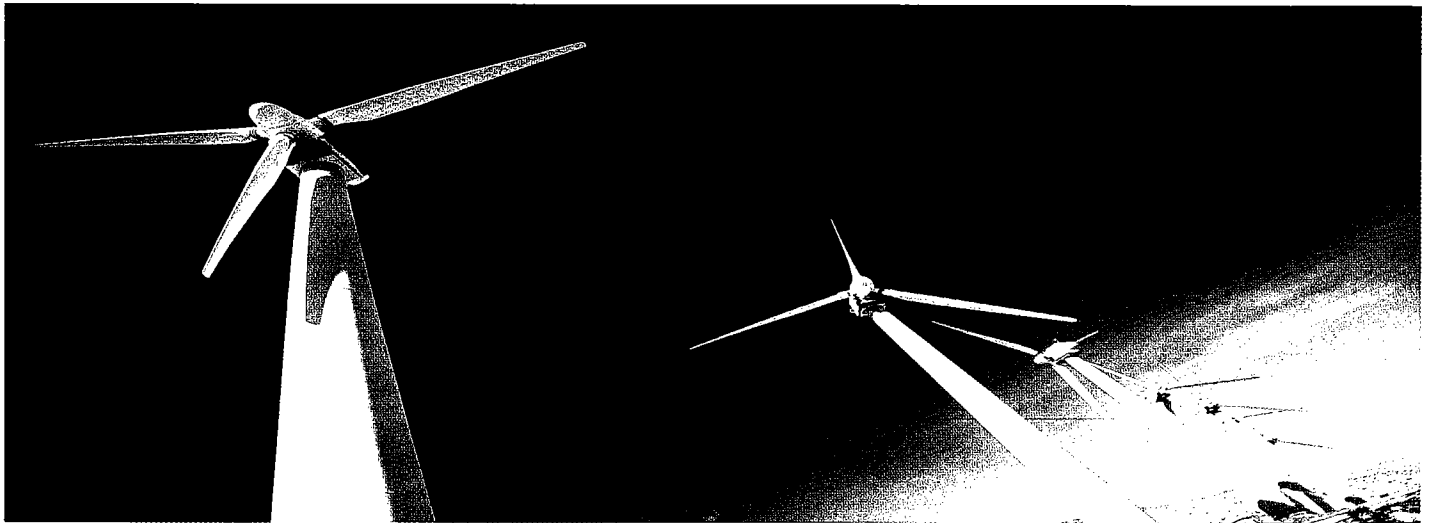
Investment Opportunities

THE ISTHMUS IN OAXACA

Wind Power Project

The Isthmus of Tehuantepec offers great potential for wind power. The US National Renewable Energy Laboratory, estimates that the region currently has the potential to provide around 6,000 MW, which could increase to 33,000 MW as available technologies advance.

The potential investments needed to develop 3,000 MW in Oaxaca Wind Plants, between 2006 and 2014, have been estimated at about 3.7 billion dollars.



AREAS OF OPPORTUNITY

- I. Electric power generation
- II. Assembly of wind power generation equipment
- III. Manufacture of large-scale steel towers
- IV. Turbine manufacturing
- V. Manufacture of parts for wind power generators
- VI. Wind energy research and development (the Electric Power Research Institute's Regional Wind Power Technology Center is located in La Ventosa)

COMPETITIVE ADVANTAGES

- I. This is one of the windiest areas in the world
- II. It implies that power generating companies have more reason to locate here
- III. The area's development potential makes it possible for electric power generating companies to have future potential customers nearby
- IV. The State Government is supporting the development of universities and research centers addressing wind power in the region.

Investment Opportunities

THE ISTHMUS IN OAXACA

Real Estate, Tourism, Commercial and Service Activities

The Tehuantepec Isthmus region in the State of Oaxaca, includes major urban centers like Salina Cruz, Tehuantepec, Matias Romero, Ixtepec and Juchitan, with more than a half million upper-middle-income residents. Up to now, there have been few pioneering companies that have entered this market; positive results can already be observed.

A brief study of the real estate and the services infrastructure in the area, is enough to make one aware that interesting business opportunities exist in the fields of real estate, commercial services, solid waste management, water management, entertainment, education, health care and tourism.



AREAS OF OPPORTUNITY

- a) Real Estate
 - Housing for all income levels

- b) Commercial Enterprises
 - Shopping centers
 - Self-service establishments
 - Movie theaters/Cinemas
 - Department stores
 - Introduction of franchises, practically nonexistent up to now

- c) Tourism
 - Cultural and experiential tourism—Ethnic and cultural groups of the Isthmus
 - Religious tourism – People visiting the Virgin of Juquila Temple
 - Alternative tourism – Tours to the Chacahua mangrove swamps and Pluma coffee plantations, extreme sports in Puerto Escondido
 - Ecotourism – the Turtle Sanctuary and Museum in Mazunte
 - High-end tourism – Bahías de Huatulco
 - Business tourism - Investors and business people in the region

COMPETITIVE ADVANTAGES

- Availability of land for commercial and residential use

- Demand for affordable housing

- Strong tourism and services demand

- An area with high population density

- An upper-middle-income population

- Basic public services available

- Interconnecting highways and railroads in good conditions

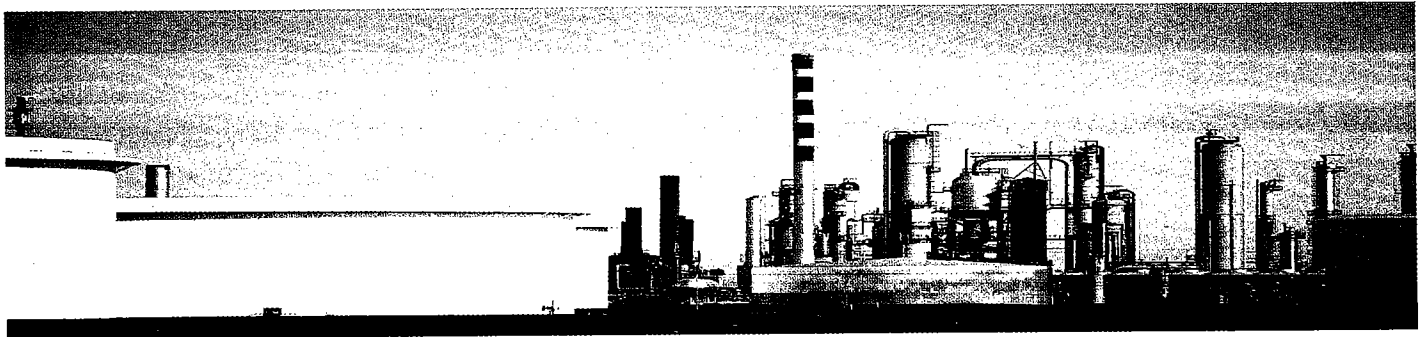
Investment Opportunities

THE ISTHMUS IN OAXACA

Industry and Manufacturing

The Isthmus offers a combination of physical and human resources that make it an ideal location for some industrial and manufacturing activities. For example, it is noteworthy that the Financial Times recently pointed to Oaxaca as "the state with the most efficient costs structure" in a study that included 26 states of Mexico. The study took into account factors such as wages and costs of basic services like electric power, telephone service, housing and water.

The Isthmus also benefits from being just one hour away from the highway Bahías de Huatulco. Finally, it is predicted that the region's attractions will increase once the Tehuantepec Isthmus Logistic System is in service, because of its impact on logistic costs.



AREAS OF OPPORTUNITY

- Thread and hammock manufacturing
- Salt mining and processing plant
- Mining and exploitation of marble quarries
- Manufacture of oil-based products
- Food processing industries
- Chemical Industries
- "El Espinal" Industrial Park

COMPETITIVE ADVANTAGES

- Widely available natural resources and minerals
- Availability of land for industrial use
- Educational infrastructure: technical and professional training
- Public services infrastructure
- Skilled and semi-skilled labor
- Existing businesses with experience and the potential for expansion

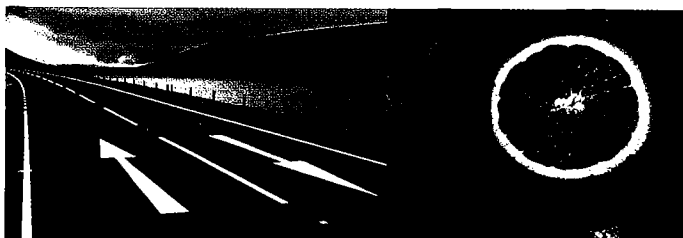
Investment Opportunities

THE ISTHMUS IN OAXACA

Other Opportunities

Infrastructure

The activities required for the projects that form the Tehuantepec Isthmus Logistic System, will be complemented by other major projects. Among these, we can mention new highways that could integrate in a better way Oaxaca's major cities and centers of production, hospital and medical facilities, water and solid waste treatment infrastructure, and land development for residential and tourist projects are among the additional activities being considered.



AREAS OF OPPORTUNITY

a) Highways

Oaxaca-Puerto Escondido, Oaxaca-Salina Cruz, Salina Cruz-Coatzacoalcos and Salina Cruz-Huatulco.

b) Tourism

More tourism infrastructure and public utilities are needed to consolidate development plans for the Oaxacan Coast and Isthmus Tourist Corridor.

c) Commercial Transportation

Creation of transportation and warehousing companies.

Commercial airport in Ixtepec City

Agribusiness, forestry, aquiculture and mining

The region has competitive advantages for a variety of crops and related industries. For example, the Isthmus is one of Mexico's biggest producers of mangos and pineapple. It's worth mentioning that world class companies have begun taking steps to benefit from opportunities in this area. Some outstanding examples of among these are an intensive aquiculture project whose production would be directed toward European and Asian markets; a project being promoted by an Asian country to install ethanol-producing plants using yucca and sugar cane in the region; mining investments by a leading national company aimed at exporting ferrous products to the Asian market; prospects for sustainable forest harvesting and the creation of timber plantations, etc.

AREAS OF OPPORTUNITY

I. Intensive aquiculture – A high-level project being developed by a European company

II. Ethanol – An Asian company conducted studies and has begun to seek Mexican investors to participate in the project

III. Coffee, chile, beans, corn meal, sesame seeds, citrus fruits, mango and agave production and processing

IV. An ultra-high-temperature (UHT) plant, string cheese and milk products

V. Animal Foods Production and a Federal Inspection type slaughterhouse

VI. Non-metal mining

VII. Turpentine, tar, wooden furniture and commercial timber plantations

Investment Opportunities-Veracruz

Investment Opportunities in Multimodal Logistics Centers

The movement of freight between Coatzacoalcos and Salina Cruz that will occur as a result of the multimodal container terminals presents the opportunity to establish a 445-acre logistic center on the Isthmus. The center would take advantage of natural conditions and also of the availability of highways, railroads, water and the proximity to ports by creating a strategic tax-free zone that would make it possible to increase added value and export to various markets throughout Mexico and abroad.

On the basis of a master plan with financial support, the State Government would acquire the land and allow Mexican and foreign private investment. The total investment required is estimated at 300 million dollars. 90% of this amount would come from private sources, while the remaining 10% would be public resources.

This project would be a great springboard for southern Veracruz, because it would create more than 2,000 direct formal jobs and would prompt the startup of new services and collateral investments.

Owing to Medias Aguas' strategic location, a complex of facilities could be developed which would provide a comprehensive means of meeting freight handling needs by establishing a domestic logistic node that integrates Mexico's various regions and the worldwide network of ports and border facilities in order to conduct foreign trade.

Potential businesses:

- Strategic tax-free zone
- Multimodal container handling terminal
- Truck trailer handling terminal
- Liquids transfer center
- Transshipment terminal for dockside freight handling
- Freight consolidation and deconsolidation warehouses
- Industrial parks
- Maquiladora (in-bond processing) parks
- Value-added centers for merchandise
- Specialized distribution centers for consumer goods
- Silos for handling basic grains
- Terminals for petrochemical products
- Distribution centers for construction materials
- Customs services



Investment Opportunities-Veracruz

COMPREHENSIVE DEVELOPMENT AND ZONING OF THE DUPORT OSTION TERRITORIAL RESERVE

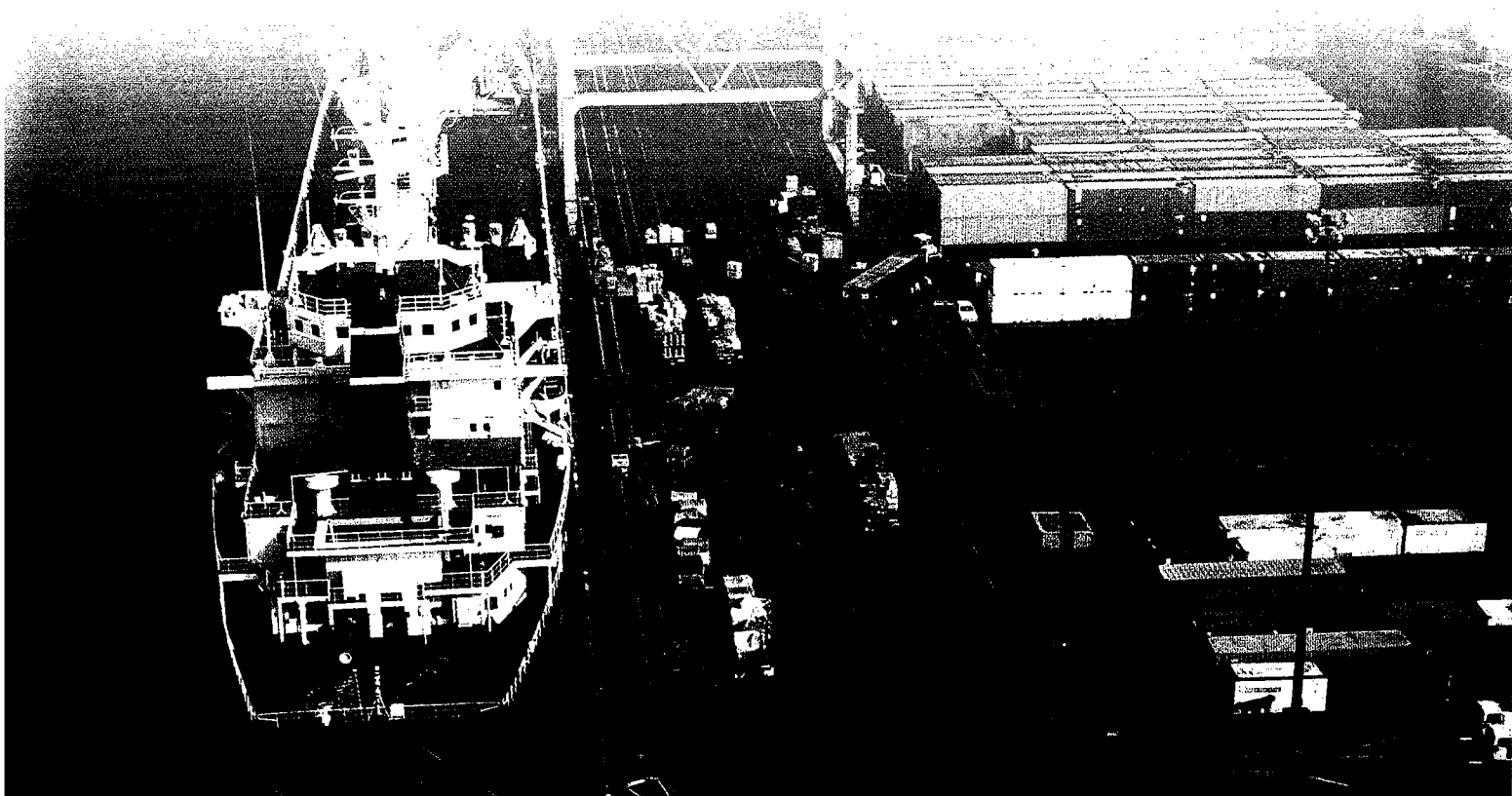
The Territorial Reserve located north of Coatzacoalcos, covers a total of 820 acres. Project plans call for development of a total of 685 acres (84%) for residential, commercial tourism and utility service uses, and a total of 134 acres (16%) for use by civic and municipal organizations.

Area	Use
561.92 acres	Total Area of Development
315.29 acres	Residential Use
267.80 acres	Commercial Tourism Use
102.37 acres	Utility Services
134.27 acres	Civic and Municipal Organizations

Estimates indicate that a total investment of 250 million dollars is required over a maximum 36-month execution period. The alternative of creating an urban development trust has been explored, in which the State Government would provide support in the form of loan guarantees and tax incentives.

Investment opportunities are available for the development of hotels, hospitals, universities, water parks, services facilities for agribusiness, pharmaceutical and nutraceutical facilitations, plastic manufacturing and related industries, as well as warehousing that do not cause much pollution.

An estimated 250 direct jobs and 1,500 indirect jobs will be created during its construction stage, and 3,000 direct jobs and 15,000 indirect jobs are anticipated when it is fully developed.



Investment Opportunities—Veracruz

REASONS TO INVEST IN THE ISTHMUS AT VERACRUZ

- It is the main petrochemical port of the country, with investments of more than 50 billion dollars already compromised in the next 5 years, to expand its installed capacity
- It has the largest internal yard served by rail, as well as specialized and ferry terminals
- Advantageous location with growing urban, highway and environmental infrastructure
- It is Mexico's principal pineapple and rubber production area, and it is one of the most important regions of bovine livestock and dairy products
- Cities that offer supplies, entertainment and services to 1.5 million people whose income power is increasing
- Access through federal, state and rural highways that connect with the region
- Available labor force
- Universities, educational and technical centers



Federal Incentives for Investment

The Federal Government has a full package of programs and incentives that enable investors to launch new investment and trade projects in the region. These supports are outlined as it follows:

Programs that support foreign trade transactions

- Import Tax Rebates for Exporters (DRAW BACK)
- In-Bond Processing (Maquila) Export Program
- Temporary Import Program for Export Products (acronym in Spanish: PITEX).
- Sectoral Promotion Program (acronym in Spanish: PROSEC).
- Export-Intensive businesses (acronym in Spanish: ALTEX).
- The "ITA-Plus" Program
- Labor Competitiveness Training
- Links with educational institutions
- Fund for the Regional Center for Business Competitiveness (acronym in Spanish: CRECE).
- Fund for the National Committee for Productivity and Technological Innovation (acronym in Spanish: COMPITE).
- Immediate deductions
- Incentives for In-Bond Processing (Maquila)
- Tax Credits for technology research and development
- Joint (federal-state) Fund for developing projects that provide a technological platform.



Investment Incentives

State of Oaxaca

The State of Oaxaca's Law on Economic Development provides for the possibility of granting tax incentives to investors on the following terms:

- Exemption from state taxes and fees during the first two years in operation
- Up to 50% reduction in state taxes and fees during the third year in operation and 25% on the fourth year

In special cases, in addition to established programs, the state may prepare extraordinary incentives and other mechanisms for participating with potential investors, among which the following are contemplated:

- Joint investments
- Donation of land
- Infrastructure investments
- Assistance in negotiations with civic and political groups
- Assistance for managing specialized support from the Federal Government, Financing Institutions,

Some of the incentive programs established in coordination with the Federal Government are:

- The Oaxaca Fund for Liquid Guarantees
- The Software Industry Development Program Fund (acronym in Spanish: PROSOFT)



State of Veracruz

Investment incentives will be determined by their scope and size according to the classification established in the Ignacio de la Llave State of Veracruz' Law on Economic Development and Investment Promotion.

I) Supports and incentives

- Economic support for education and training grants, studies and new technological development.
- Fixed asset and machinery/equipment loans.
- Guarantees for credit granted by the commercial or development banking systems.
- State subsidy for absorbing the commercial interest rate differential relative to the Support Fund for Business Activity.
- Economic, financing or co-financing support for feasibility studies.
- Incentives for public and private infrastructure.
- Financing and incentives for the donation of lots and industrial facilities.
- Contributions for public infrastructure development projects involving private investment (energy, water, drainage, sewerage and wastewater treatment, highways, roads and access roads in general).
- Technical, hydrogeologic and soil mechanics studies.
- For the merger, partnership or other integration processes of established businesses in the State, when and only if this generates new sources of employment.

II) Exemptions, subsidies or granting of tax incentives

- Exemption, subsidy or granting of tax incentives on state and municipal taxes and fees, related to new jobs created for a period of up to two years.
- Municipalities may absorb, for a period of up to three years, the municipal taxes and fees of companies creating jobs in high-priority and beneficial areas of activity that have been so declared by the corresponding town or city council and ratified by the Congress.

Strategic Tax-Free Zones

One way to promote companies' competitiveness through granting assistance and tax and customs benefits consists in introducing foreign, domestic and nationalized merchandise for storage, custody, exhibit, sale, distribution, elaboration, manufacture or repair in Strategic Tax-Free Zones (acronym in Spanish: RFE)

This new RFE regime was introduced by an amendment to the Customs Law. The following are among the primary tax benefits granted:

- No payment of compensatory quotas or taxes to foreign trade, without prejudice to the treaties to which Mexico is a party.
- No payment of the Value-Added Tax (acronym in Spanish: IVA) in introduction or conveyance.
- No payment of the Special Tax on Products and Services (acronym in Spanish: IEPS).
- Domestic or nationalized (definitively imported) merchandise is considered exported from the time it comes in.
- Merchandise is not subject to non-tariff regulations and restrictions and to Official Mexican Standards, except as regards plant and animal health, public health, environmental and national security.
- Goods may remain in the tax-free zone (RFE) for a period of up to two years, except for fixed assets, which may remain for the period provided for by the Income Tax Law for their depreciation.
- Merchandise may be removed from the RFE for:

Definitive import

Definitive export

Return to a foreign country or to be reincorporated into the domestic market

Temporary import for maquiladoras or companies with an export program

Assignment to a tax deposit program

During the current Administration, a variety of types of assistance have been added to implement this mechanism within a framework of simplification, streamlining and facilitation. The following are among the types of assistance that have been provided for RFEs:

- **General exemption from specific registries**
- **General exemption from exclusive Customs (Annex 21)**
- **Exemption from the obligation to certify the merchandise's individual identification information (Annex 18)**
- **Simplified declaration (a notice in place of the customs declaration) for some transactions, such as merchandise that will not be subject to transformation, merchandise not subject to non-tariff regulations**

- **Transactions processed using a notice do not require an agent or attorney-in-fact for customs matters, and are not subject to a use payment for pre-validation service**
- **Streamlined and simplified customs recognition**
- **Not subject to a second recognition**
- **Rectification of differences for leftovers or shortages are allowed after dispatch**
- **Domestic land transportation does not require registration of the transporting entity for transfer between border, maritime or airport customs and the RFE located at customs in the interior of the country**
- **All of the above is in addition to the logistical benefits that are an integral part of the RFE system itself**

For more information:

Refer to the Mexican Customs web page www.aduanas.gob.mx, in the procedures (Trámites) section, under the heading of "Authorizations" ("Autorizaciones"), click on the section on authorization for qualification of real property for introducing merchandise under the Strategic Tax-Free Zone program ("Autorización para la habilitación de inmueble para la introducción de mercancías bajo el régimen de Recinto Fiscalizado Estratégico") to find information regarding procedures for authorization, the duration of the authorization and its benefits, among other information.

You may also present questions to:

The User Services Office of the Customs Operation Central Administration (La Administración de Atención a Usuarios de la Administración Central de Operación Aduanera) by calling 1-800-223-8262 or +52 (55) 9157-6063 or via contact made through the Customs web page (www.aduanas.gob.mx) by selecting "Consultas".

Or contact the Customs Legal Procedures Office (La Administración de Procedimientos Legales de la Administración Central de Operación Aduanera) by calling +52 (55) 9157-2566.







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