Spain
Full Rating Report

Autonomous Community of Valencia

Ratings

Foreign Currency	
Long-Term Rating	A
Short-Term Rating	F1
Local Currency	
Long-Term Rating	A

Outlooks

Long-Term Ratings	Negative

Financial Data

Autonomous Community of Valencia

	31 Dec 09	31 Dec 08
Operating revenue (EURm)	12,812.4	12,571.3
Debt (EURm)	9,168.4	7,318.3
Operating balance/ operating revenue (%)	0.8	7.9
Debt service/current revenue (%)	5.0	3.8
Debt/ current balance (yrs)	-23.4	11.1
Operating balance/ interest paid (%)	0.2	2.8
Capital expenditure/ total expenditure (%)	12.4	12.1
Surplus (deficit) before debt variation/total revenue (excluding new debt; %)	-15.0	-4.9
Current balance/ capital expenditure (%)	-20.8	39.5

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Related Research

Applicable Criteria

- *Tax-Supported Rating Criteria* (August 2010)
- *International Local and Regional Governments Rating Criteria: Outside the United States* (March 2010)

Other Research

- Spanish Autonomous Communities' New Deficit Scenario Outlook for Sector is Negative (August 2010)
- *Spanish Autonomous Communities' New Funding System* (April 2010)
- *Spanish Autonomous Communities' 2010 Budget* (January 2010)

Rating Rationale

- On 1 October 2010, Fitch Ratings downgraded the Autonomous Community of Valencia's Long-Term Ratings to 'A' from 'A+'. The Outlook is Negative. The downgrade reflects the sharp impact that the economic contraction has had on Valencia's 2009 accounts, alongside continuously rising direct and indirect debt, which was already high. Despite the extra revenue granted by the new funding system Valencia's expenditure growth outpaced that of revenue, leading to weak budgetary performance and debt growth. The downgrade also factors in the expected weak, but gradually improving, budgetary performance forecast in the economic and financial plan (EFP) agreed with the state in 2010.
- Following the economic deterioration, Valencia's budgetary performance has sharply reversed. The current surpluses posted by the autonomous community in past years, which peaked at EUR1.7bn in 2006 turned into a deficit of EUR391m in 2009. In its EFP, Valencia expects a fragile current balance in the medium term, with margins below 5% in 2011-2012.
- Direct debt climbed to EUR9.1bn in 2009 from EUR7bn in 2005. In 2010 Valencia will need to raise about EUR6bn in the financial markets. This will cover debt maturing in 2010, the budget deficit and refinancing of short-term debt. So far, Valencia has received authorisation from the state to issue EUR4.5bn, of which it has already issued EUR2.4bn. Valencia could also use its short-term facilities to fund eventual mismatches. These facilities have increased to EUR3bn in 2010.
- Valencia's indirect risk continues to be one of Fitch's main credit concerns. It has been increasing steeply, and at end-2009 it was EUR9.4bn, up from EUR4.9bn at end-2005. Valencia aims to combine several of its entities in order to streamline costs. As this process might be lengthy the autonomous community has begun by centralising all its public sector treasury operations.
- Valencia has been severely affected by the economic slump. At end-June 2010 about 16.3% of jobs had been lost since the peak achieved in November 2007. This, coupled with the continuous growth of the active population, lifted the unemployment rate to a high 23.8% in Q210, above the national average of 20.1%. Valencia's GDP per capita has also been diverging from Spanish average, and was 11.5% below it in 2009, compared with 3.5% below in 2000.

What Could Trigger a Downgrade?

- A negative rating action could result if Valencia fails to slow the growth of current expenditure and therefore cannot fulfil the goals drafted in its EFP. Fitch will also monitor developments regarding committed liabilities to third parties, such as: direct and indirect financial debt, hidden deficits to healthcare suppliers, payments to universities, and/or committed payments to private sector entities carrying out public services and operating infrastructure (mainly hospitals and roads), which could eventually lead to a further downgrade.

Profile

Valencia is located in the East of Spain along the Mediterranean coast. As for the rest of the autonomous communities, its main responsibilities are healthcare and education, and its main sources of funding are a basket of taxes that has recently been enlarged and non-earmarked transfers from the state.

Rating History

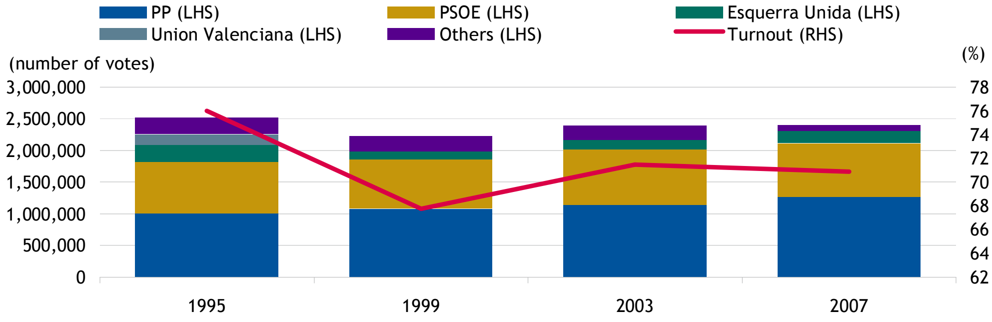
Date	Long- and Short-Term Ratings	Outlook
October 2010	A/F1	Negative
August 2010	A+/F1	Negative
August 2005	A+/F1	Stable
March 2004	AA-/F1+	Negative
March 2002	AA-/F1+	Stable

Principal Rating Factors

Political Context and Administration

In the most recent elections held in 2007, the centre-right Partido Popular (PP) retained the majority of the seats in the parliament. The PP has been in power since 1995, always with an absolute majority, ensuring policy continuity and stability. Francisco Camps has been president since 2003.

Elections for the Autonomous Region of Valencia



Source: Autonomous Community of Valencia

The autonomous community has adapted its political priorities to the new economic situation. The authorities have taken several measures to reactivate the economy but also to reduce public expenditure since the construction sector contracted in mid-2007. The most recent measure, approved in June 2010 by the Council of Fiscal and Financial Policy (CFFP) was the EFP (see below), which includes initiatives already under way:

- measures to stimulate the economy (total allocation: EUR1.4bn), including initiatives aimed at improving the productivity and competitiveness of the region's main productive sectors;
- "Confidence Plan" measures to reinforce the previous initiatives with EUR2.5bn spread across four main areas: promotion of employment, promotion of productive activities, investments in municipalities and a plan to support SMEs;
- continuation of the reduction of the fiscal burden with new deductions and discounts to certain collectives; and
- an austerity plan aimed at saving EUR300m, and including the consolidation of entities within the public sector — although no details have been divulged.

Economic and Financial Plan

In its annual assessment of compliance with stability goals the CFFP determined that Valencia's 2008 deficit was about 2.11% of regional GDP. This figure exceeds the 0.75% limit established for that year, obliging Valencia to file an EFP. This plan was first approved by the regional parliament, and then amended to integrate the changes entailed by Royal Decree 8/2010 of 20 May (the main one was a cut in civil servants' salaries of about 5%; see Fitch's Special Report "*Spanish Autonomous Communities' New Deficit Scenario Outlook for Sector is Negative*" under *Related Research* on the first page). The CFFP approved the amended plan in June 2010.

The plan aims to reduce expenses by concentrating on five fundamental areas: staff costs, working expenses, current transfers, reorganisation of the public sector and rationalisation of investments. Valencia plans to freeze the creation of new positions in the non-social services. Jointly with the state's decision to cut wages by 5% this will result in annual growth of staff costs of 3.1% in 2010-2012. In general, most of the expenses not related to the provision of social services will be subject to cuts. The autonomous community will begin reorganisation of the public sector by centralising all treasury accounts. The plan forecasts annual current expenditure growth of 2.6% in 2010-2012 compared with the expected annual growth of current revenue of 3.9%. This should result in gradual improvement of the current balance, which should reach EUR520m in 2012.

Economic and Financial Plan 2010-2012

(EURm)	2010	2011	2012
Tax revenue	7,080	7,327	7,525
Transfers	4,334	4,782	4,863
Current revenue	12,272	12,980	13,282
Current expenditure	12,095	12,531	12,735
Current balance	177	449	520
Capital expenditure	2,251	2,387	2,387
Balance before debt variation	-1,863	-1,727	-1,656
Debt at year-end	11,031	12,758	14,414
Current margin (%)	1.4	3.5	3.9
Debt/current revenue (%)	90	98	109
Debt/current balance (years)	62.3	28.4	27.7

Source: Autonomous Community of Valencia and Fitch

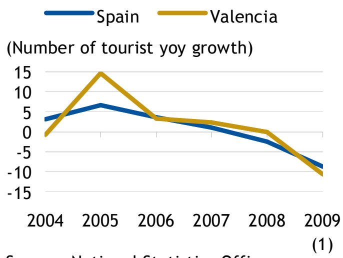
Management

Like several other autonomous communities, Valencia has fairly decentralised structures and relies on numerous departments and satellites. It has 13 departments and its public sector includes 136 entities. Public-sector enterprises (PSEs) pose a growing risk for several autonomous communities, and Valencia has been considering taking measures to concentrate them. As this might be a lengthy process it has begun by concentrating all its treasurer accounts.

Socio-Economic Profile

Valencia has an attractive location that has made tourism an important sector in the regional economy. Tourism has been further promoted by the regional government through the organisation and promotion of big sports events. These efforts, jointly with the good performance of the economy boosted tourism in the region, and tourist numbers grew at a spectacular cumulative rate of 20% in 2005-2008 (11.4% nationally). However, the international economic slowdown has also left its mark on these indicators: tourist numbers fell by 10.6% yoy in 2009 in Valencia (8.7% for Spain; see the Tourism Development chart).

Toursim Development



Source: National Statistics Office

The autonomous community is willing to continue promoting tourism in the region, and has established measures aimed at improving the competitiveness of the sector in 2009-2011. These have been directed at projects including improving technology, those with specific interest and improving complementary supply for tourism. Other initiatives include a new airport in Castellón and several other leisure and cultural infrastructure items.

Construction Activities Boosted Recent Economic Buoyancy

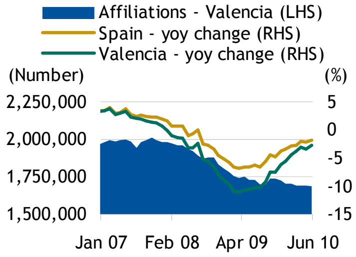
As in the rest of Spain, construction boosted Valencia's economy. However, this sector has contracted sharply since 2008. Construction activities contributed 16% to GDP growth in 2000-2007 (11% in 2007), but this had fallen by 7.7% yoy in 2009 (in nominal terms).

In Valencia, the private sector initiated around 81,000 non-subsidised houses annually in 2003-2007. This trend sharply reversed in 2008 only initiated 28,800 houses were begun; in 2009 only 5,900 houses were initiated. As the number of purchases of new homes was 27,400 in 2009 and 45,000 in 2008, and there were about 119,000 houses in Valencia pending to be sold at end-2009, Fitch believes that this sector will achieve a very smooth recovery in the medium term.

Leading Employment Destruction in Spain

Valencia's job creation was very sound up to 2007 (accumulated growth of 30% on average during 2000-2007 compared with 27% for Spain). However, the contraction

Development of Affiliations to Social Security



Source: Ministry of Labour and Social Services

of construction and its indirect effects on other sectors have had a severe impact on employment. At end-June 2010 employment in the region had diminished by 16.3% since its peak in November 2007. This is far worse than the 9.3% reduction suffered at the national level.

As shown in the Development of Affiliations to Social Security chart, the fall in the number of workers affiliated to the social security yoy has been much sharper in Valencia than in Spain. This lifted the unemployment rate to a high 23.8% in Q210 compared with 20.1% at the national level. In Fitch's view, a quick recovery of the regional economy is unlikely, and therefore the unemployment rate could remain high in the medium term.

GDP Contraction

Although Valencia's nominal GDP grew steadily at a compound annual growth rate (CAGR) of 7.7% in 2000-2007, this trend sharply reversed in 2008, when GDP only grew by 2.9%. It then fell by 3.7% in 2009. Valencia's GDP grew at more or less the same pace as the national economy in the boom years, but its fall has been more acute. This indicates that the driving forces behind Valencia's GDP growth were more fragile than those of Spain. This view is reinforced by the more severe employment destruction. Ultimately, the latter factor is also the consequence of weaker labour productivity.

GDP per capita also shows up the weaknesses of Valencia's economy: this wealth indicator has been diverging from the Spanish average since 2000. It was 3.5% below the national average in 2000, but had dropped to 11.5% below in 2009.

Population Growth Expected to Slow

Valencia's cumulative population growth during 2000-2009 was 24.4% above the already high national level of 15.3%. This growth has largely resulted from an influx of foreigners: they represented 3.8% of the population in 2000, but 17.5% in 2009. Immigration to Valencia resulted mostly from the search for job opportunities, and therefore arrivals were mainly in the working-age group. This has helped keep the proportion of people aged 65 or over largely unchanged since 2000 (16.4% in 2009).

However, as the economic circumstances have now changed, the national Statistics Office expects population growth to slow in the medium term. Consequently, the proportion of elderly in the overall population should increase. In view of autonomous communities' main responsibilities (particularly healthcare and social services) this will put pressure on social expenditure.

Population Data

	Valencia			Spain		
	2000	2009	2015e	2000	2009	2015e
Total (m)	4.1	5.1	5.2	40.5	46.7	46.6
% Foreigners	3.8	17.5	n.a.	2.3	12.1	n.a.
% <15 years	14.7	14.7	15.9	14.6	14.6	15.6
% >65 years	16.6	16.4	17.1	16.9	16.6	18

n.a. - Not available
Source: National Statistics Office

Budgetary Performance and Prospects

The accounts presented in Appendices A and B include those of the general administration in accrual accounting for the current year. However, the autonomous community has a large public sector. According to the list made by the Ministry of Economy and Finance, Valencia's public sector consists of: 11 autonomous bodies; 23 public entities; 44 public companies; 26 consortiums; 47 foundations; and five public universities. Valencia's public sector has widened substantially since 2005, which has increased fixed costs. In light of the new economic circumstances, and in line with other administrations, Valencia has also announced its intention to restructure or even merge several of its satellites.

In 2010, and in order to streamline costs, Valencia has unified all treasury accounts of the general administration and of its dependent satellites. The authorities forecast that this cash-pooling process will save about EUR7m-8m in 2010.

Unaccounted Deficit

Valencia's accounts are internally audited by the Interventor. Externally, the accounts are verified by the Regional Court of Accounts which, however, does not have coercive powers. Valencia's Court of Accounts reports are quite up-to-date and cover almost the whole public sector. In December 2009 it released the report related to the 2008 accounts.

Non-accrued Expenditure

Generated in 2002-2004	Agreement April 2007	776.6
Generated in 2006-2008	Paid in 2009	275
	Agreement March 2009	579.2
	Pending to be agreed	206.8

Source: Valencia's Court of Accounts, Report 2008 page 33

The Court of Accounts pointed out that Valencia has successfully begun a process of accruing past non-accrued expenditure: in April 2007 the autonomous community agreed financial operations with the banks to clear EUR776.6m (see the Non-accrued Expenditure table), and EUR579.2m in March 2009. These agreements will be paid (and accrued) by the administration over several years. Fitch includes them under "Other Fitch classified debt" (EUR1,543.3m pending to be paid at end-2009). However, the agency does not include amounts not yet agreed with financial institutions or any eventual new unidentified deficit.

High Visibility of the Accounts

Valencia's annual accounts from 1999 are available on its website. Those of all its autonomous bodies, public companies and entities, foundations, universities and consortiums, including the audit reports made by private firms from 2006, are also available. Valencia also publishes the annual results of the accounts and the fund balance in its regional bulletin.

Revenue

Despite the economic contraction, Valencia's revenue (excluding new borrowing) increased by 1.3% in 2009 compared with 2008. This growth is due to several factors: advanced payments related to the new funding system; the optimistic expectations made by the state regarding some taxes; and the positive settlements related to the prudent budgeting made in 2007 (EUR515.5m). None of these extraordinary items will be repeated in the short term, so a slowdown in revenue growth is very likely in the coming years, and there may even be a drop for 2010.

In 2009, tax revenue fell by EUR513m compared with 2008, and is budgeted to diminish further by EUR909m in 2010. As shown in the Main Tax Performance table below, tax revenue collected by the state, mainly personal income tax (PIT) and VAT, had not yet been adjusted to the new economic situation in 2008-2009. For 2010 taxes collected by the state have already been budgeted to drop substantially.

Conversely, the wealth transfer and legal documents tax, which fell by EUR1.4bn in 2009 after peaking in 2006, is budgeted to recover, as the regional administration expects a boost in the real estate market. Its cumulative annual growth at August 2010 was 20.85%.

Main Tax Performance

(EURm)	2004	2005	2006	2007	2008	2009B	2009	2010B
PIT	1,601	1,799	2,120	2,410	2,915	3,028	3,332	2,665
Wealth tax	274	122	147	188	218	205	216	205
Inheritance and gift tax		210	245	232	173	52	152	55
WWT&LD[a]	1,693	2,095	2,495	2,208	1,227	1,516	1,047	1,421
VAT	1,646	1,895	2,103	2,435	2,619	2,137	1,929	1,426
Special taxes	1,184	1,290	1,399	1,428	1,351	1,533	1,313	1,508

B: Budget
[a] Wealth transfer tax and legal documents
Source: Autonomous Community of Valencia

Current transfers received reached EUR4bn in 2009, up from EUR3.3bn in 2008. This item is mainly made up of the Sufficiency Fund; since 2009 it has also included additional revenue endowed by the new funding system. For 2010, the state has budgeted a decrease of the Sufficiency Fund (to EUR2.3bn, from EUR2.6bn budgeted for 2009) and EUR1.2bn derived from the new funding system. From 2011 on, Valencia's revenue structure will change substantially tax revenue is likely to grow in importance, while transfers should diminish.

Capital revenue has only slightly diminished under the current EU funding framework (2007-2013), under which Valencia lost its Objective 1 status. Valencia's EFP forecasts capital revenue to further diminish to an annual EUR210m.

Expenditure

Valencia's main areas of responsibility (healthcare, education and social services) cause operating expenditure to account for 83% of total spending. In addition, the costs inherent to those three responsibilities are inflationary.

Valencia's operating expenditure grew at a CAGR of 7.9% in 2003-2009, reflecting population growth and the executive's priority to improve the services provided.

Health

To improve the quality of the health service, the autonomous community approved a plan to increase health infrastructure during 2005-2008. Initially it aimed to build 14 new hospitals and 65 outpatient departments, but with the economic slowdown this plan has been revised down. Several of these infrastructure items have been built and are being run by the private sector. Four of the hospitals and some of the outpatient departments' associated debt has been accounted within the ESA95 framework. At end-2009, debt related to privately built infrastructure (which also included a motorway) totalled EUR495m. Privately built infrastructure will ease pressure on investments in the short term, but make the budget more inflexible in the long term.

Education

Education accounts for 30% of the budget, and includes basic and higher education. Valencia's fully owned company CIEGSA (see below) has been executing the plan "Crea Escola", which has involved 798 separate investments up to 2008. New schools have also increased the number of teaching staff, to 56,981 in July 2009 from 51,238 in July 2005. The administration believes that most of the effort to adapt to the new population profile (the proportion of those aged less than 15 years grew by 31.6% in 2000-2009) has been digested. It does not expect more pressure on demand.

Universities

As the new funding system has translated into more resources, Valencia has reviewed its funding agreement with its five public universities. Under the new funding agreement a proportion of the resources will be contingent upon the achievement of certain goals; this part of funding will now be classified as "investment expenditure". In 2010, the universities are budgeted to receive EUR925m, 24.6% more than in 2009.

Capital Expenditure

Valencia's annual investments have been EUR1.5bn-1.9bn since 2005. Valencia aims to maintain high investments in the medium term, but it has some flexibility in that respect: in 2005-2007 the execution rate was around 85%. In 2009, because of the effects of the economic slowdown, Valencia postponed some investments and executed 74.2% of its initial budget.

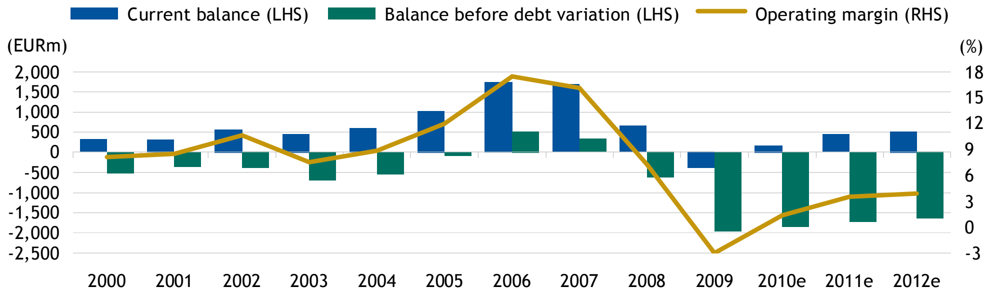
Valencia outsources large amounts of services and investments through its satellites. In its 2010 budget Valencia's public companies have budgeted about EUR2.8bn of expenditure, of which EUR1.1bn will be transferred from the autonomous community.

Budgetary Performance and Prospects

Valencia's budgetary performance was very buoyant until 2008, reflecting its economic dynamism. Since 2008, operating expenses have continued to grow steadily, whereas operating revenue has remained flat since 2007. This led to a sharp deterioration of the current balance, which fell to EUR391.1m deficit in 2009 from a surplus peaking at EUR1.7bn in 2006. Similarly, the current margin weakened to a negative 3% in 2009 from a positive 14.6% in 2006. Fitch believes that it is likely to remain weak in the medium term.

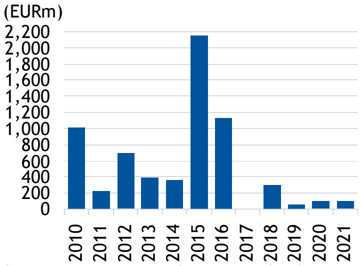
Despite the economic contraction, Valencia has maintained a high level of investments. In 2009, therefore, it registered a large deficit before debt variation of EUR1.9bn or 15% of overall revenue (excluding new debt). Valencia's EFP forecasts that deficits before debt variation could total EUR4.3bn in 2010-2012, raising debt by the same magnitude.

Budgetary Performance



e: Expected in Valencia's economic and financial plan
Source: Autonomous Community of Valencia

Long-Term Debt Amortisation Schedule
(As of end-2009)



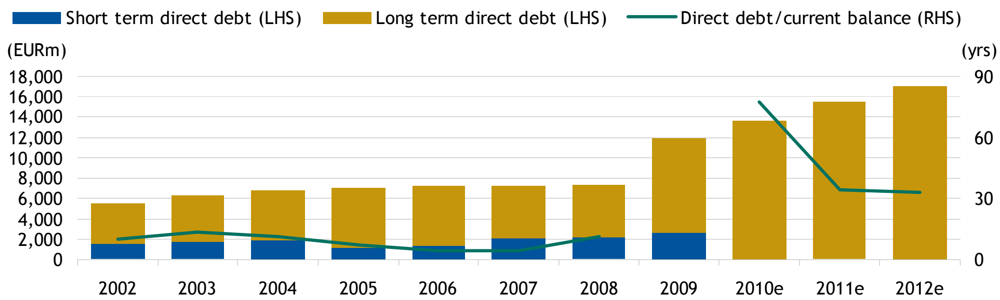
Source: Autonomous Comunity of Valencia

Debt, Liquidity and Contingent Liabilities

Valencia's direct debt grew smoothly in 2002-2008 (by around EUR1bn overall). In 2009, this changed sharply and debt grew by EUR1.8bn to EUR9.1bn. Debt increase coupled with the freezing of current revenue eroded debt/current revenue to 71.5% in 2009 from 64.5% in 2004-2007. This ratio is likely to weaken further to 108% in 2012.

Valencia's debt repayment schedule has some peaks, particularly in 2015, at more than EUR2bn. For 2010, Valencia should repay EUR1bn. Together with the budgeted deficit (EUR2.1bn) and short-term debt that should be re-formalised (EUR2.6bn), this means that Valencia will need about EUR5.7bn from the capital markets during 2010. At end of May 2010 Valencia had agreed EUR1.7bn of this.

Direct Debt Development and Coverage Ratios



e: Expected in Valencia's EFP
Source: Autonomous Community of Valencia

Debt Managed by the Institut Valencia de Finances

The IVF has the status of a public-law entity of the regional administration. Its main role is to obtain financing for the regional administration at the lowest cost possible. It also acts as a public financial institution for companies in Valencia, and carries out some supervisory functions over the financial institutions located in the region.

All the regional administration's debt issues and financial transactions, and those of its dependent entities and majority-owned companies, are managed through the IVF. The institute is also in charge of promoting economic activities in the region. With the economic contraction, it has taken several measures aimed at improving regional businesses. Consequently, Fitch expects its debt to rise to EUR1bn in 2010 from EUR848m in 2009 (see the Key Data on Main PSEs in 2009 Accounts table).

A high percentage of Valencia's debt has traditionally been short term. At end-2009 it represented 29% of the total. The autonomous community uses a variety of short-term instruments, such as: short-term loans, confirming, short-term private placements, and revolving lines.

About 69% of all debt carried a fixed interest rate and 73% of total was issued debt.

Other Fitch-Classified Debt

Fitch includes in this item other liabilities that the agency considers will be ultimately paid by Valencia. Fitch includes the financial debt of Valencia's public universities (EUR639.7m), some of the non-accrued liabilities already paid by financial institutions (EUR1,543m), and the debt of one public company, CIEGSA, that in Fitch's view is funded essentially by the autonomous community.

CIEGSA had EUR1.4bn of financial debt at end-2009, up from EUR1.2bn at end-2008. It was established by the region in 2001. It is in charge of organising the construction of schools, sports and cultural centres.

CIEGSA is attached to the regional Culture and Education Department and its activity is defined by a general agreement between both parties. Fitch's considers there to be a strong moral obligation for the general administration to meet CIEGSA's financial needs. The agency expects the latter's debt to reach EUR1.6bn at end-2010 from EUR45m at end-2003.

Indirect Risk

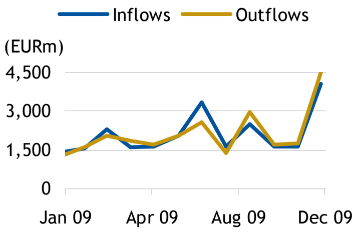
Valencia's large and indebted public sector is one of Fitch's main concerns. In addition, a large part of it is guaranteed by the autonomous community, including debt guaranteed to CIEGSA (however, in Appendix A this is deducted from guaranteed debt to avoid double counting). Guaranteed debt reached EUR5.1bn at end-2009. This includes debt of other companies, which in Fitch's view, and despite they receive other market revenue, represents a major potential risk for the region.

CASCSA, which built an important cultural centre in the City of Valencia, had EUR612m of financial debt at end-2009. Of this, EUR185m was guaranteed by Valencia. The company registered losses of EUR47.6m in 2009.

The TV company had financial debt outstanding of EUR1.1m at end-2009. Of this, EUR1,079m was guaranteed by the autonomous community. Owing to the public nature of the company's role, and the control exercised by the region over its management, Fitch considers there to be a strong moral obligation of support. If the television company were to require additional financial assistance, the regional government could step in. Valencia has budgeted transfers to the holding company of EUR139m for 2010.

SPTCV, a company in charge of building several leisure infrastructures across the region had overall debt of EUR471m at end-2009. Of this, EUR456m was guaranteed.

Monthly Cash Flows



Source: Autonomous Community of Valencia

FGV, the company in charge of running the metro and other rail services, had a total debt of EUR621m. Of this, EUR545m was guaranteed by the region.

Liquidity

Valencia's cash position slightly deteriorated in 2009 and at year-end, was EUR209.2m (down from EUR231.1m at end-2008). This slight reduction was partly due to a negative balance from closed budgets (EUR1.6bn in 2009) as, in 2009 Valencia paid about EUR1.9bn corresponding to previous years.

Valencia has a wide range of instruments to fund short-term mismatches, whose total has been increased to EUR3bn. At end-May 2010 Valencia had used EUR1.4bn of the total, EUR774.6m of short-term lines, EUR296.3m of confirming and EUR420.7m of loans. These agreements are valid for three years to 2013.

Key Data on Main PSEs in 2009 Accounts

	Assets		Liabilities			Profit and loss	
(EURm)	Fixed assets	Total	Equity	Liabilities	Financial debt	Operating result	Overall result
CACSA[a] (art and science complex)	1,182.4	1,198.9	439.7	759.1	607.6	-25.6	-47.6
IVVSA[a] (social housing)	125.4	486.545	31.7	454.8	288.4	-12.3	-22.5
FGV (railway)	1,309.6	1,426.2	480.7	945.5	652.2	-0.1	-0.2
CIEGSA (school infrastructure)	1,154.3	2,308.2	233.6	2,074.6	1,477.9	-7.1	-48.6
SPTCV[a] (theme parks)	99.1	531.7	3.8	527.9	473.2	-13.7	-49.3
EPSAR (refuse collection)	874.5	979.5	179.3	800.3	604.3	-1.5	-17.8
RTVV[a] (regional TV and radio)	27.1	147.7	-1,139.9	1,287.5	1,120.8	-187.7	-212.3
GTP (rail infrastructure and others)	166.9	637.0	106.7	530.3	298.2	1.4	-1.8
IVF (finance institute)	211.9	905.6	27.0	878.7	848.2	-4.0	-13.5

[a] Consolidated figures
Source: Autonomous Community of Valencia

Appendix A

Autonomous Community of Valencia

	Actual				
(EURm)	31 Dec 05	31 Dec 06	31 Dec 07	31 Dec 08	31 Dec 09
Taxes	7,416.0	8,510.0	8,900.0	8,503.0	7,989.1
Transfers received	2,698.7	2,837.8	3,062.5	3,302.5	4,054.3
Fees, fines and other operating revenue	532.5	649.7	706.9	765.8	769.0
Operating revenue	**10,647.2**	**11,997.5**	**12,669.4**	**12,571.3**	**12,812.4**
Operating expenditure	-9,367.4	-9,891.8	-10,634.8	-11,584.5	-12,707.4
Operating balance	**1,279.8**	**2,105.7**	**2,034.6**	**986.8**	**105.0**
Financial revenue	11.2	15.3	26.4	19.4	15.6
Interest paid	-266.1	-363.0	-377.9	-348.3	-511.7
Current balance	**1,024.9**	**1,758.0**	**1,683.1**	**657.9**	**-391.1**
Capital revenue	426.2	342.2	315.8	371.0	308.1
Capital expenditure	-1,543.2	-1,569.8	-1,660.6	-1,665.1	-1,882.5
Capital balance	-1,117.0	-1,227.6	-1,344.8	-1,294.1	-1,574.4
Surplus (deficit) before debt variation	**-92.1**	**530.4**	**338.3**	**-636.2**	**-1,965.5**
New borrowing	615.6	425.6	126.4	167.4	2,011.2
Debt repayment	-119.6	-123.6	-126.4	-129.6	-132.8
Net debt movement	**496.0**	**302.0**	**0.0**	**37.8**	**1,878.4**
Overall results	**403.9**	**832.4**	**338.3**	**-598.4**	**-87.1**
Debt					
Short-term	1,244.2	1,386.2	2,095.0	2,212.6	2,669.1
Long-term	5,806.9	5,894.3	5,185.5	5,105.7	6,499.3
Direct debt	**7,051.1**	**7,280.5**	**7,280.5**	**7,318.3**	**9,168.4**
+ Other Fitch classified debt - pre-financing	1,410.4	1,634.7	1,839.9	2,807.4	3,650.0
Direct risk	**8,461.5**	**8,915.2**	**9,120.4**	**10,125.7**	**12,818.4**
- Cash, liquid deposits, sinking fund	86.7	502.4	567.9	231.2	209.2
Net direct risk	**8,374.8**	**8,412.8**	**8,552.5**	**9,894.5**	**12,609.2**
Guarantees and other contingent liabilities	2,351.1	2,572.3	2,834.5	3,241.8	3,717.3
Net indirect debt (public sector entities exc. gteed amount)	1,191.6	1,353.4	1,485.7	1,601.2	2,053.6
Net overall risk	**11,917.5**	**12,338.5**	**12,872.7**	**14,737.5**	**18,380.1**
Memo for direct debt					
% in foreign currency	0.8	0.0	0.0	0.0	1.4
% issued debt	76.6	82.6	76.4	66.4	73.3
% fixed interest rate debt	71.5	72.5	72.4	67.9	69.6

Source: Fitch

Appendix B

Autonomous Community of Valencia

	Actual				
	31 Dec 05	31 Dec 06	31 Dec 07	31 Dec 08	31 Dec 09
Fiscal performance ratios					
Operating balance/operating revenue (%)	12.02	17.55	16.06	7.85	0.82
Current balance/current revenue[a] (%)	9.62	14.63	13.26	5.23	-3.05
Surplus (deficit) before debt variation/total revenue[b] (%)	-0.83	4.29	2.6	-4.91	-14.96
Overall results/total revenue (%)	3.64	6.74	2.6	-4.62	-0.66
Operating revenue growth (annual % change)	15.84	12.68	5.6	-0.77	1.92
Operating expenditure growth (annual % change)	11.88	5.6	7.51	8.93	9.69
Current balance growth (annual % change)	68.74	71.53	-4.26	-60.91	-159.45
Debt ratios					
Direct debt growth (annual % change)	3.36	3.25	0	0.52	25.28
Interest paid/operating revenue (%)	2.5	3.03	2.98	2.77	3.99
Operating balance/interest paid (x)	4.81	5.8	5.38	2.83	0.21
Direct debt servicing/current revenue (%)	3.62	4.05	3.97	3.8	5.02
Direct debt servicing/operating balance (%)	30.14	23.11	24.79	48.43	613.81
Direct debt/current revenue (%)	66.16	60.61	57.35	58.12	71.47
Direct risk/current revenue (%)	79.39	74.21	71.84	80.42	99.93
Direct debt/current balance (yrs)	6.88	4.14	4.33	11.12	-23.44
Net overall risk/current revenue (%)	111.81	102.71	101.39	117.05	143.28
Direct risk/current balance (yrs)	8.26	5.07	5.42	15.39	-32.78
Direct debt/GDP (%)	8.08	7.67	7.11	6.89	9.02
Direct debt per capita (local currency)	1,509	1,514	1,451	1,459	1,799
Revenue ratios					
Operating revenue/budget operating revenue (%)	112.35	111.83	103.59	94.52	99.24
Tax revenue/operating revenue (%)	69.65	70.93	70.25	67.64	62.35
Modifiable tax revenue/total tax revenue	56.98	58.85	56.6	53.31	59.42
Current transfers received/operating revenue (%)	25.35	23.65	24.17	26.27	31.64
Operating revenue/total revenue[b] (%)	96.05	97.11	97.37	96.99	97.54
Total revenue[b] per capita (local currency)	2,373	2,569	2,594	2,584	2,578
Expenditure ratios					
Operating expenditure/budget operating expenditure (%)	112.19	106.4	101.8	102.18	112.88
Staff expenditure/operating expenditure (%)	41.72	42.08	42.26	42.65	42.06
Current transfer made/operating expenditure (%)	39.52	39.09	37.51	37.02	38.43
Capital expenditure/budget capital expenditure (%)	85.89	85.23	83.84	83.53	74.16
Capital expenditure/total expenditure (%)	13.66	13.14	12.97	12.13	12.36
Capital expenditure/local GDP (%)	1.77	1.65	1.62	1.57	1.85
Total expenditure per capita (local currency)	2,418	2,484	2,552	2,737	2,990
Capital expenditure financing					
Current balance/capital expenditure (%)	66.41	111.99	101.35	39.51	-20.78
Capital revenue/capital expenditure (%)	27.62	21.8	19.02	22.28	16.37
Net debt movement/capital expenditure (%)	32.14	19.24	0	2.27	99.78

[a] Includes financial revenue
[b] Excluding new borrowing
Source: Fitch

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