



## News Release

Media Contact  
Andrew Neilly  
Gallen/Neilly PR  
925 930 9848  
[andrew@gallen.com](mailto:andrew@gallen.com)

### Investors Remain Positive on Infrastructure as an Asset Class Despite Public Skepticism and Credit Market Volatility

NEW YORK, NY (January 7, 2007) --- A significant portion of participants in the burgeoning United States infrastructure investment market are cautiously optimistic that recent volatility in the credit markets will positively affect the growth of privately-funded infrastructure investments, according to an online "pulse survey" taken by Ernst & Young LLP recently.

More than 22 percent of participants in an infrastructure webcast hosted by EY believe that the shake-up in global credit markets has made the infrastructure sector's stable cash flows more attractive to investors in an uncertain investment climate. Only seven percent indicated that credit market conditions might lead to a substantial re-evaluation of the viability of infrastructure investments. Twenty-three percent of respondents indicated that they thought there would be no discernible impact on the sector from credit market volatility. However, almost 50 percent of those polled did concede that there might be some short term pull-back as a result of current market conditions

"In the short term, we expected most market observers to perceive at least a moderately negative impact on the infrastructure investing market as a result of the subprime fallout's drag on credit markets. However, we were surprised that so many respondents to our poll remain positive about the sector. Clearly, the stable cash flows and solid returns associated with large scale infrastructure are an enticing carrot for investors," said Tim Philpotts, a partner with Ernst & Young LLP, Canada.

In response to a question asking what major hurdles might loom for the growth of the private infrastructure market, almost half the respondents cited public skepticism of private sector involvement. "This backs up one of the key themes of our report earlier this year, which is the need for education and support of private involvement for public private partnerships (PPPs) to work effectively," Philpotts said.

Given that the public could ultimately embrace PPPs, especially with so many states and municipalities facing record budget deficits in the coming years, respondents cited the energy (39 percent) and public construction (roads and bridges) (33 percent) sectors as the most attractive from a private participation perspective, followed by water (12 percent) and transit systems such as light rail and buses (11 percent). According to Jay Zukerman, a principal with Ernst & Young LLP in the US, the proliferation of energy-related projects, particularly in the area of renewable energy resources, is one reason that private sector investors are so excited about this segment. "The sheer number of available projects is attractive in and of itself," Zukerman said. "As other sectors such as rail and water open up and more projects are planned, private sector firms are likely to become just as interested," he added.

Ernst & Young polled participants from around the United States and Canada in a webcast titled "Paving the Way: Insights on Infrastructure in the Americas" held on November 29, 2007. To view the archived webcast in its entirety, go to:

<http://webcast.ey.com/thoughtcenter/default.aspx?pid=842>

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