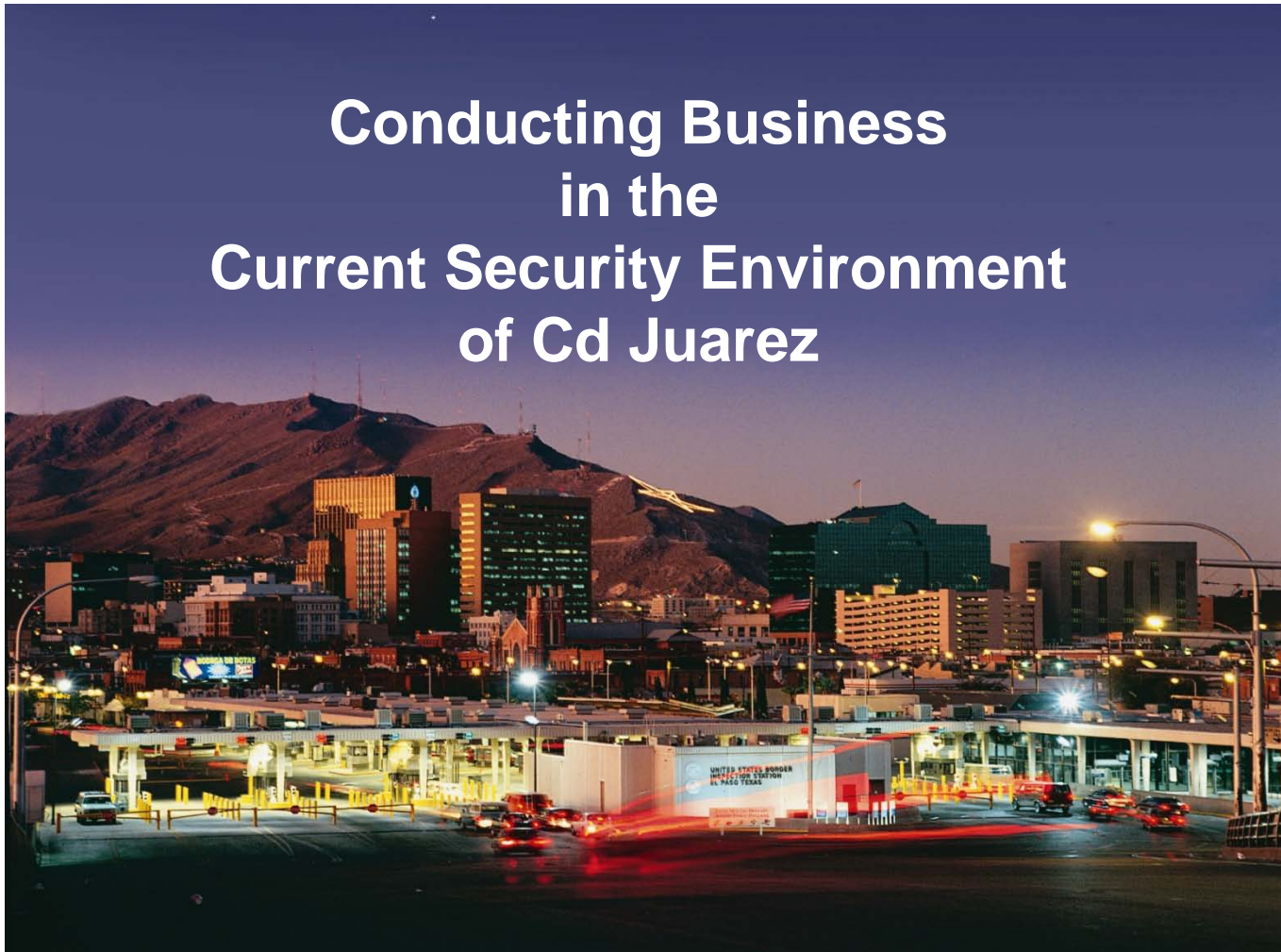


Updated August 10, 2010



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Conducting Business in the Current Security Environment of Cd Juarez



The El Paso/Juarez Linkage



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\$47.2 B in US-Mexico trade crossed through ports in EP region in 2009
(15.4% of all US-Mexico trade in 2009)

Industrial Activity

360 maquila plants in Cd. Juarez
70+ Fortune 500 companies
190,000+ employees

More than 50,000 jobs in El Paso tied to Mexico

- 3,400 managers, engineers, et al live in El Paso and work in Juarez
- 14,000 direct employment in El Paso related to maquila
- 30,000+ indirect employment in El Paso related to maquila
- \$8 billion annual purchases creates other opportunities
- \$1.4 - \$1.6 B retail trade in El Paso due to Mexican nationals
(estimated 3,800 retail jobs)

Failed State?



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Symptoms of a state at risk of rapid and sudden collapse:

- Loss of territorial control
- Inability to provide public services
- Refugees and internally displaced persons
- Criminalization of the state
- Sharp economic decline
- Incapacity to act as a full member of the international community

MEXICO DOES NOT FIT THE PATTERN

Competing Realities in Cd Juarez



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Over 5,000 cartel-related homicides have occurred in Cd Juarez from January 2008 thru June 2010

At the same time— Juarez leads most major cities in Mexico in industrial indicators such as industrial real estate absorption (slide #15) and attraction of Foreign Direct Investment (slide #16).

Northbound commercial truck crossings from Juarez via ports of entry increased by 21.9% in Jan-Jun 2010 compared to the first six months of 2009. (Slide #6)

Overall US-Mexico trade decreased 17% from 2008 to 2009, but fell only 9% at the ports of entry that link El Paso and Juarez... the lowest volume decrease on the US-Mexico border. (Note: US-Canada trade decreased 29% during same period. See slide #17)

The Juarez maquila (manufacturing) sector added over 24,000 jobs in the 12-month period from June 2009 to June 2010. See Slide #14 . (Source: Mexico Social Security Administration)

Juarez – “City of the Future”



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2009 Rankings

MAJOR CITIES: TOP FIVE BEST COST EFFECTIVENESS

| RANK | CITY | STATE | COUNTRY |
|------|----------------|------------------|---------|
| 1 | Mexico City | Distrito Federal | Mexico |
| 2 | Chichad Juarez | Chihuahua | Mexico |
| 3 | San Antonio | Texas | US |
| 4 | Guadalajara | Jalisco | Mexico |
| 5 | Tijuana | Baja California | Mexico |



The "City of the Future" competition is held every other year in regions around the world by *fDi magazine* (Foreign Direct Investment, published by the Financial Times Group)

Northbound Commercial Truck Volumes



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Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Total

| | | | | | | | | | | | | | |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|
| Trucks 2007 | 2,122 | 2,283 | 2,384 | 2,238 | 2,411 | 2,460 | 2,260 | 2,500 | 2,334 | 2,333 | 2,321 | 1,863 | 2,292 |
| % Change from Previous Yr | 1.1% | 0.0% | 7.4% | 4.6% | 3.7% | 2.9% | 1.1% | 2.7% | 0.7% | -2.0% | -1.7% | -1.0% | 1.7% |
| Trucks 2008 | 2,185 | 2,387 | 2,104 | 2,426 | 2,330 | 2,456 | 2,357 | 2,324 | 2,357 | 2,359 | 1,921 | 1,653 | 2,238 |
| % Change from Previous Yr | 3.0% | 4.6% | -11.7% | 8.4% | -3.4% | -0.2% | 4.3% | -7.0% | 1.0% | 1.1% | -17.2% | -11.3% | -2.4% |
| Trucks 2009 | 1,401 | 1,874 | 1,843 | 1,915 | 1,782 | 1,983 | 2,006 | 1,938 | 2,401 | 2,006 | 2,073 | 1,916 | 1,928 |
| % Change from Previous Yr | -35.9% | -21.5% | -12.4% | -21.1% | -23.5% | -19.3% | -14.9% | -16.6% | 1.9% | -15.0% | 7.9% | 15.9% | -13.9% |
| Trucks 2010 | 1,956 | 2,183 | 2,312 | 2,269 | 2,094 | 2,353 | | | | | | | 2,195 |
| % Change from Previous Yr | 39.6% | 16.5% | 25.4% | 18.5% | 17.5% | 18.7% | | | | | | | 21.9% |

Source: US Customs and Border Protection

Violence -- Impact on Juarez' *Industry Recruitment*



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100% of our clients assessing Juarez are “concerned”

Conducting in-depth due diligence:

Between Jan 2008 and Mar 2010-- 11 companies have notified REDCo of intent to locate/expand in Juarez

- up to 4,770 new jobs / 675,000 sq ft

In the past 90 days-- REDCo has helped locate 3 more projects that will add up to 2,700 additional jobs in Cd Juarez.

No client has selected another city outside of the EP/J metro area

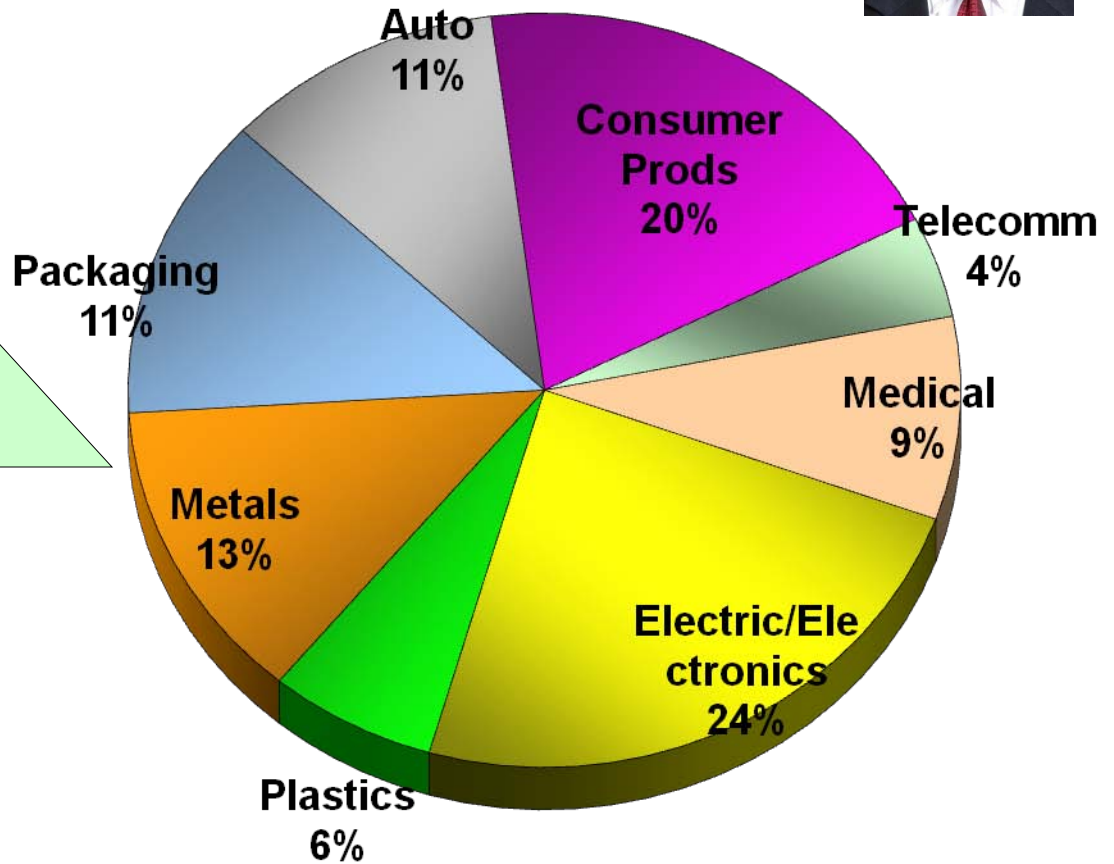
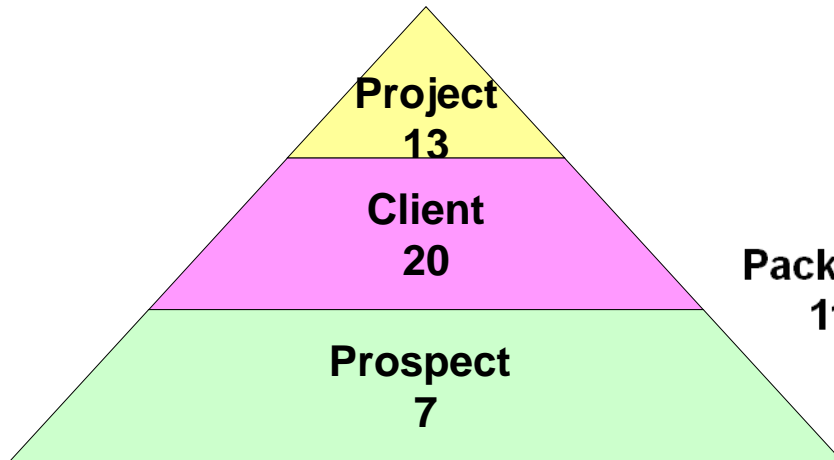
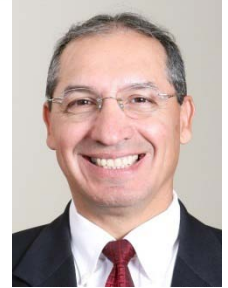
One client has selected El Paso over Cd Juarez due to violence concerns

Juarez Industry Recruitment



REDCO

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July 2010

Juarez Industry Recruitment Update



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Maquila Programs Approved in Juarez

| IMMEX PROGRAMS AUTHORIZED IN CD. JUAREZ | | |
|--|----------|---------|
| YEAR | PROGRAMS | |
| 2000 | 22 | |
| 2001 | 26 | |
| 2002 | 36 | |
| 2003 | 13 | |
| 2004 | 36 | |
| 2005 | 26 | |
| 2006 | 28 | |
| 2007 | 24 | |
| 2008 | 42 | |
| 2009 | 38 | |
| 2010 | 16 | Jan-May |

After November 2006 the Pitex and Maquila programs were combined into a single list, becoming the IMMEX. (Industria Manufacturera Mexicana de Exportacion)

This data indicates that even as the violence increased from 400 homicides in Cd Juarez in 2007, the number of permits for companies establishing manufacturing and distribution operations in Cd Juarez has also increased.

Source: Secretaria de Economia

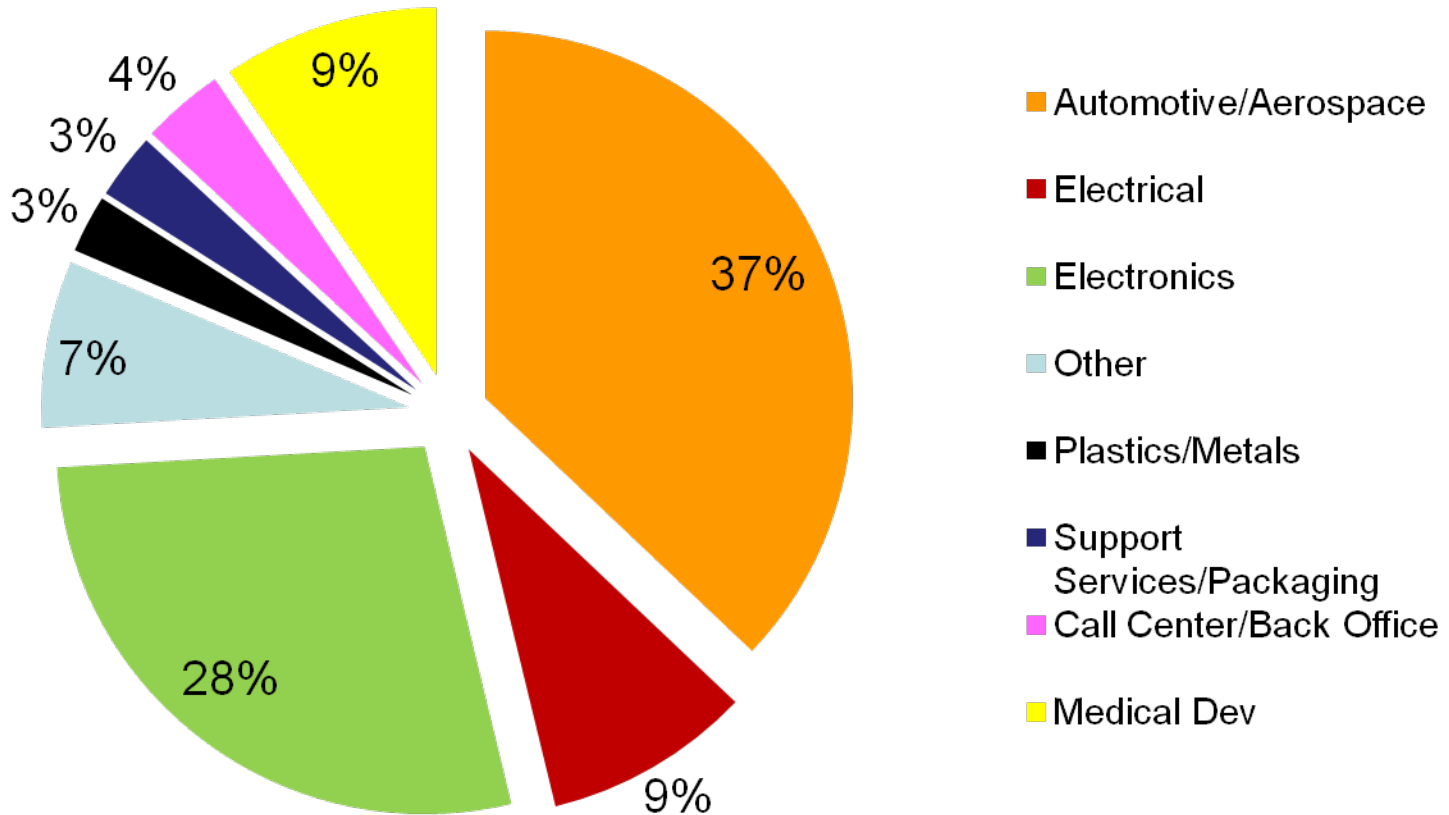
Juarez Maquila Industry By Employment— June 2010



REDCO

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190,855



Source: Desarrollo Economico de Cd Juarez, April 2009

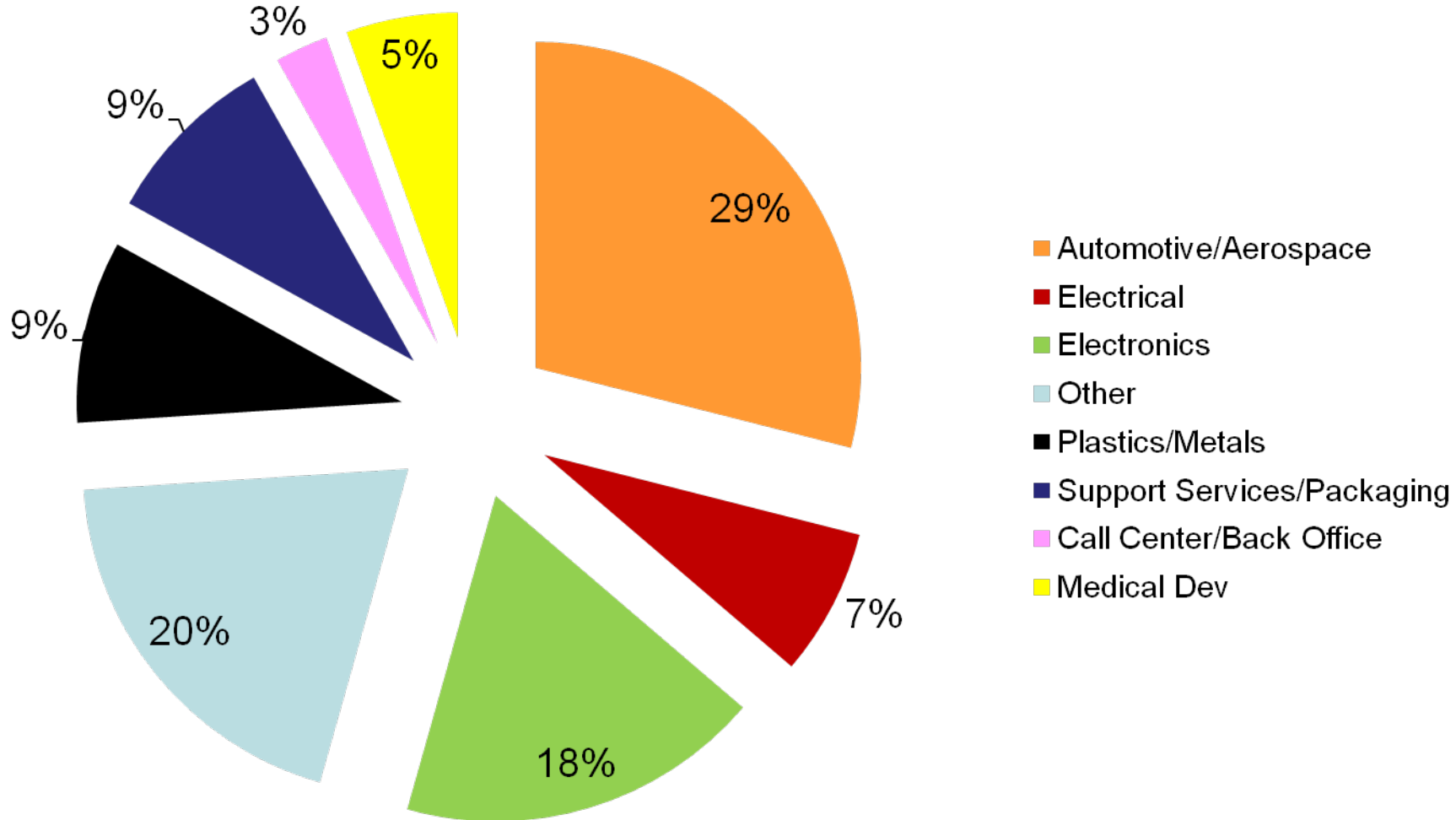
Juarez Maquila Industry

Plants by Industry Segment-- 2009



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345 Plants



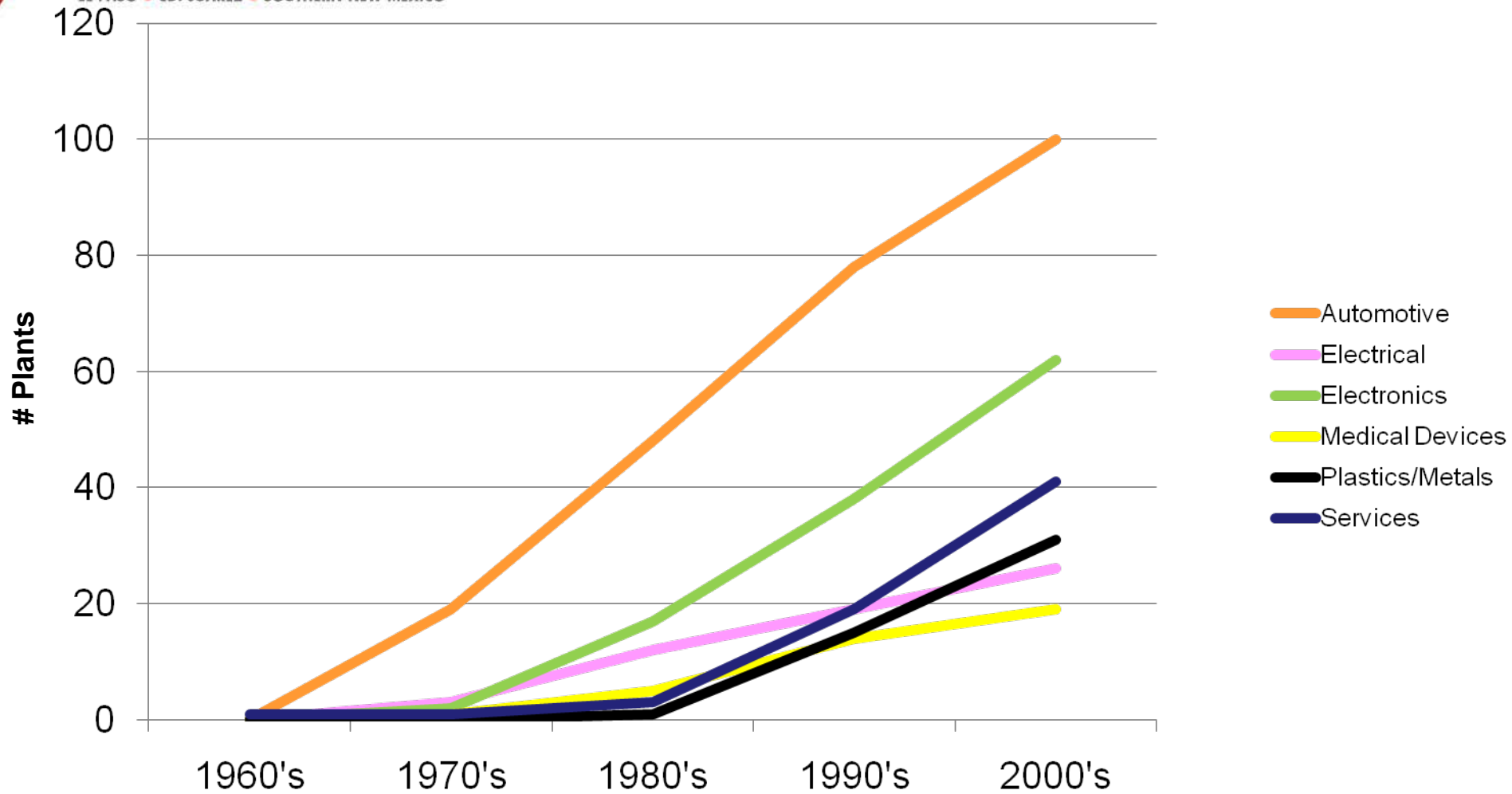
Source: Desarrollo Economico de Cd Juarez, April 2009

Juarez Maquila Industry

Plants by Industry Type & Decade of Establishment (Cumulative)



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Source: Desarrollo Economico de Cd Juarez, April 2009

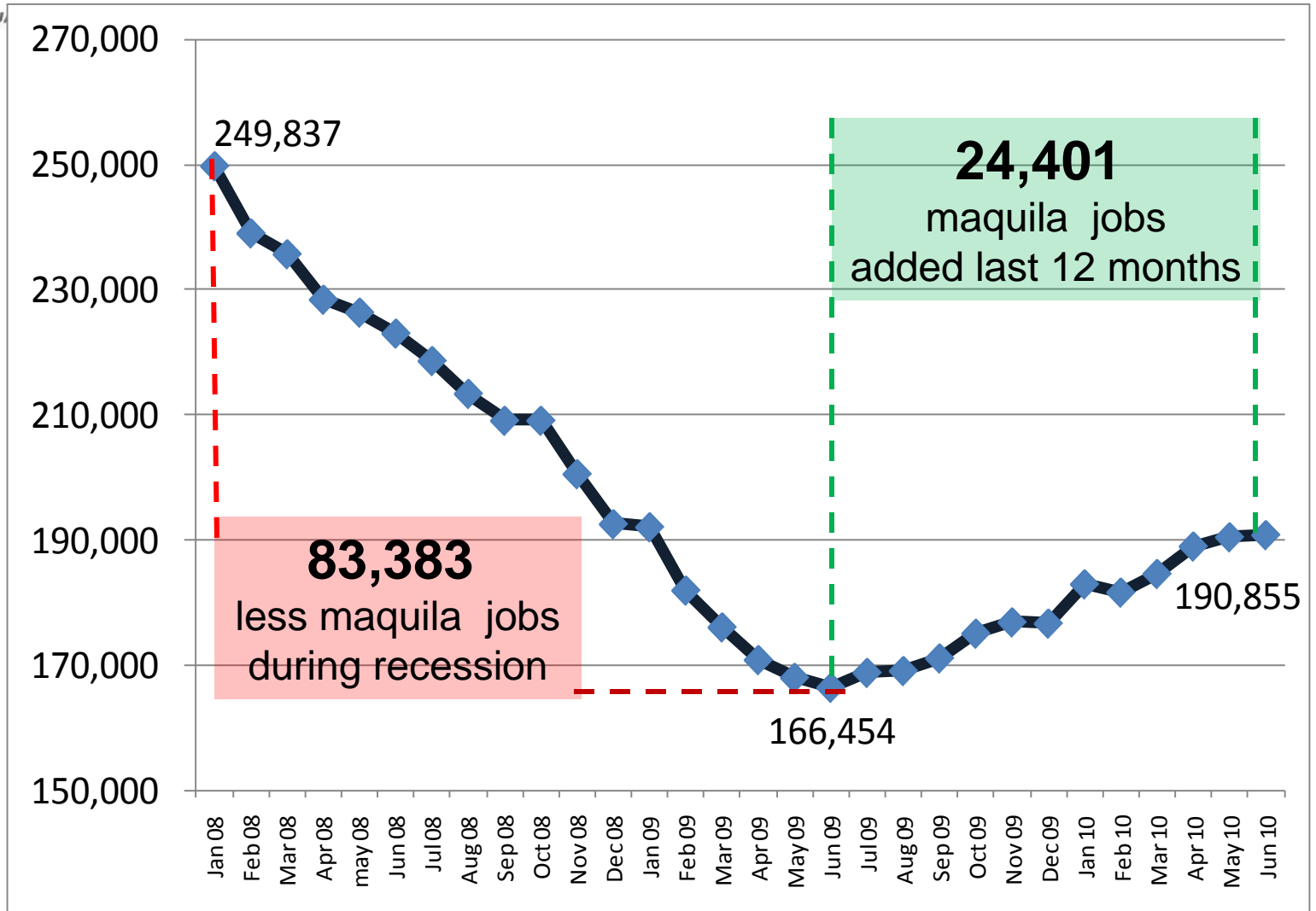
Juarez Maquila Employment

(Monthly Jan 2008 thru Jun 2010)



R E D C O

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Source: IMSS, July 2010

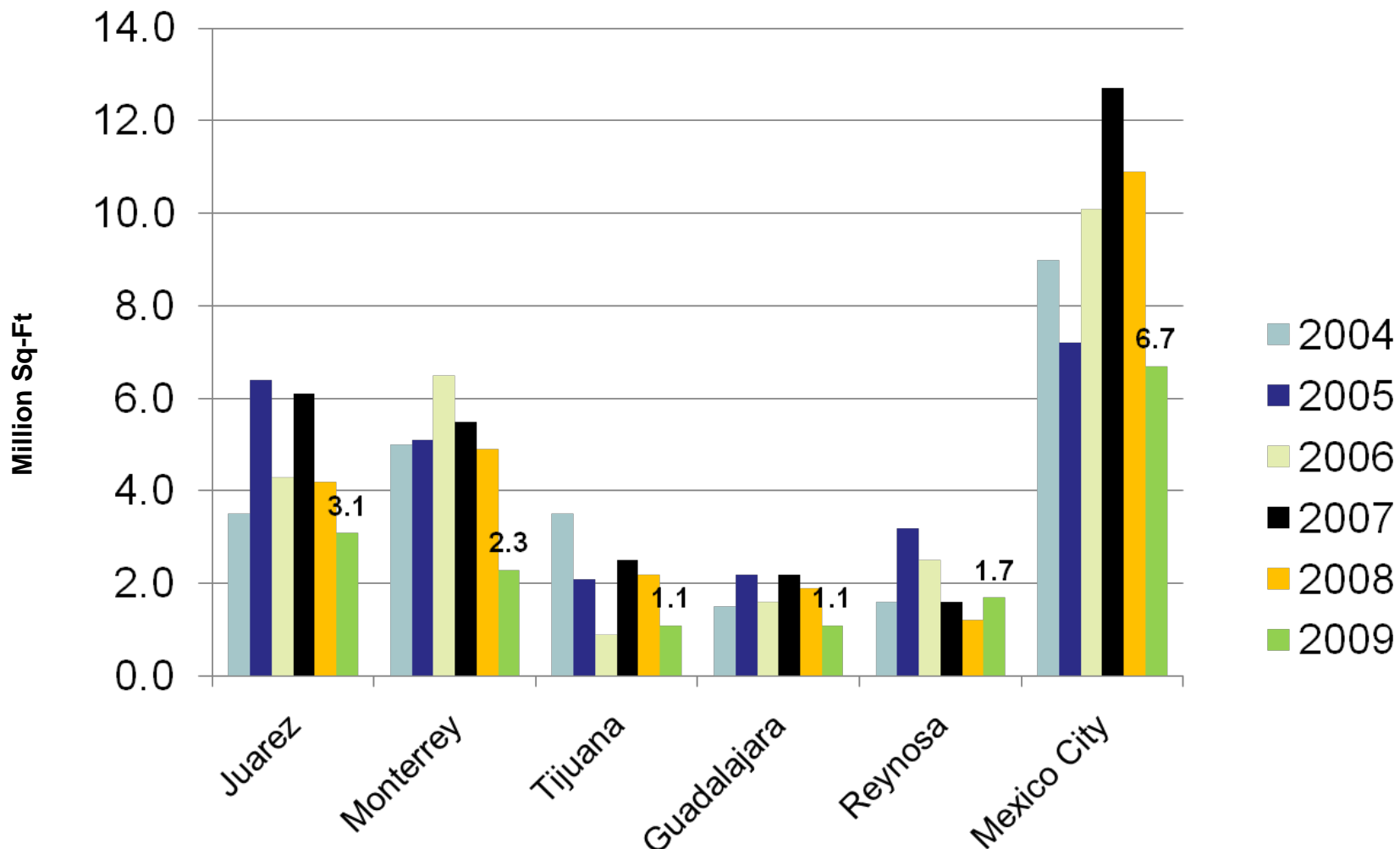
Industrial Absorption

Major Metros in Mexico



Source: MEXICONOW, Jan/Feb 2010

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Absorption measures the total volume of industrial space that is newly occupied in a given year. Facility may be new or existing, and may be leased or owned by the tenant.

Foreign Direct Investment

In the Six Border States of Mexico



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Expressed in US\$ millions

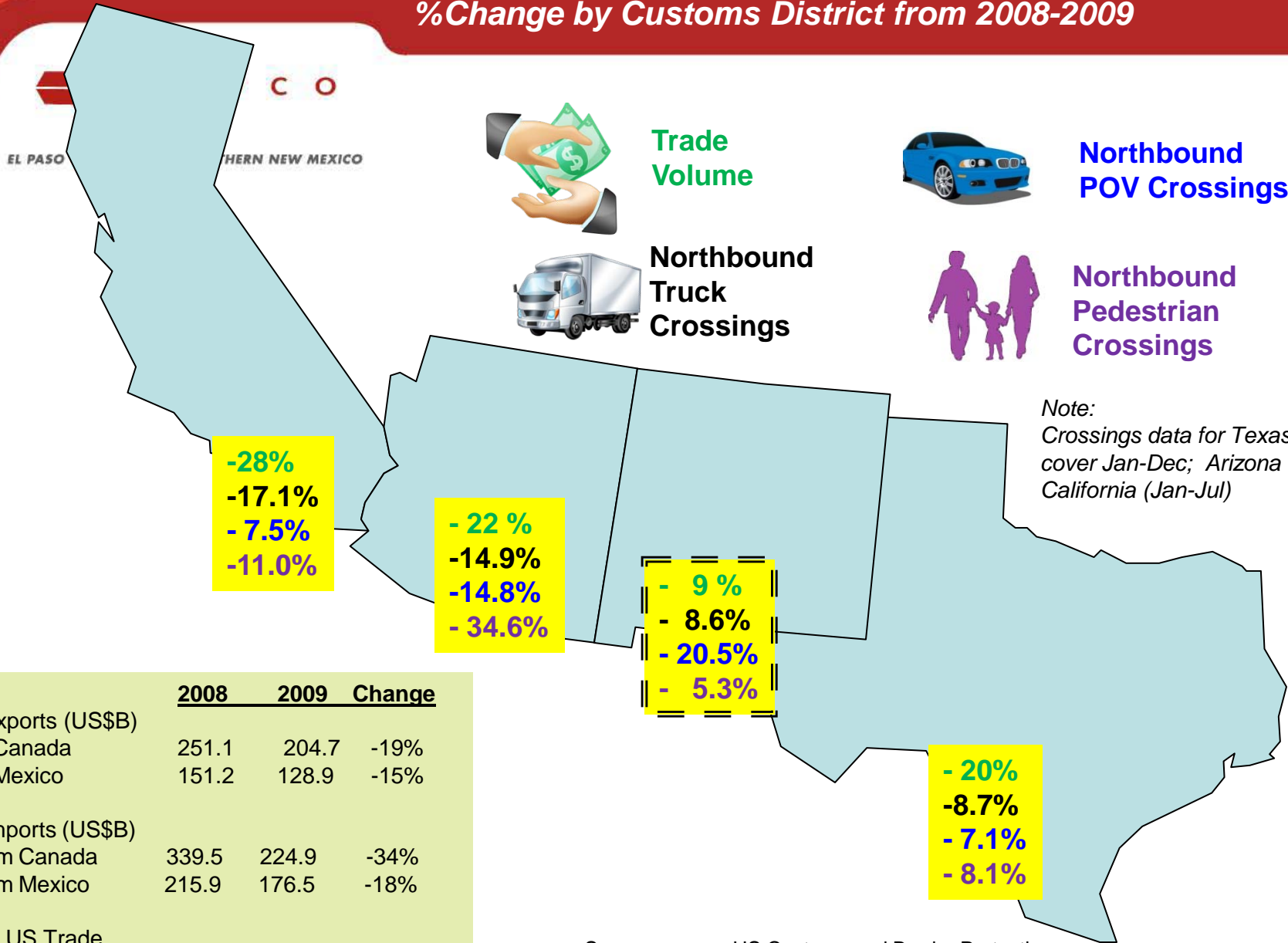
| Year | Baja California | Chihuahua * | Jalisco | Nuevo Leon | Sonora | Coahuila |
|------|-----------------|-----------------|----------------|-----------------|----------------|----------------|
| 1999 | 1,169 | 615 | 540 | 1,554 | 224 | 234 |
| 2000 | 984 | 1,086 | 1,196 | 2,392 | 416 | 307 |
| 2001 | 876 | 766 | 505 | 2,073 | 180 | 189 |
| 2002 | 978 | 635 | 321 | 2,180 | 195 | 204 |
| 2003 | 775 | 645 | 377 | 1,420 | 124 | 165 |
| 2004 | 964 | 696 | 535 | 1,230 | 308 | 178 |
| 2005 | 1,108 | 1,515 | 1,256 | 5,025 | 254 | 155 |
| 2006 | 931 | 1,500 | 687 | 1,888 | 309 | 336 |
| 2007 | 875 | 1,649 | 458 | 3,246 | 569 | 122 |
| 2008 | 1,484 | 1,122 | -34 | 1,261 | 1,294 | 1,099 |
| 2009 | 507 | 864 | 458 | 455 | 260 | 86 |
| | \$10,651 | \$11,093 | \$6,299 | \$22,724 | \$4,132 | \$3,075 |

* Approximately 75% of FDI in the state of Chihuahua is traditionally attracted to Cd Juarez.

Source: INEGI, March 2010

US-Mexico Trade/Traffic Volume

%Change by Customs District from 2008-2009



Sources: US Customs and Border Protection
 US DOT, Bureau of Transportation Statistics
 Texas A&M Research Center (all data retrieved March 2010)

Daily Northbound Crossings

El Paso's Ports of Entry (2009)



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| | |
|--------------|--------|
| POVs: | 34,096 |
| Trucks: | 1,928 |
| Pedestrians: | 21,528 |

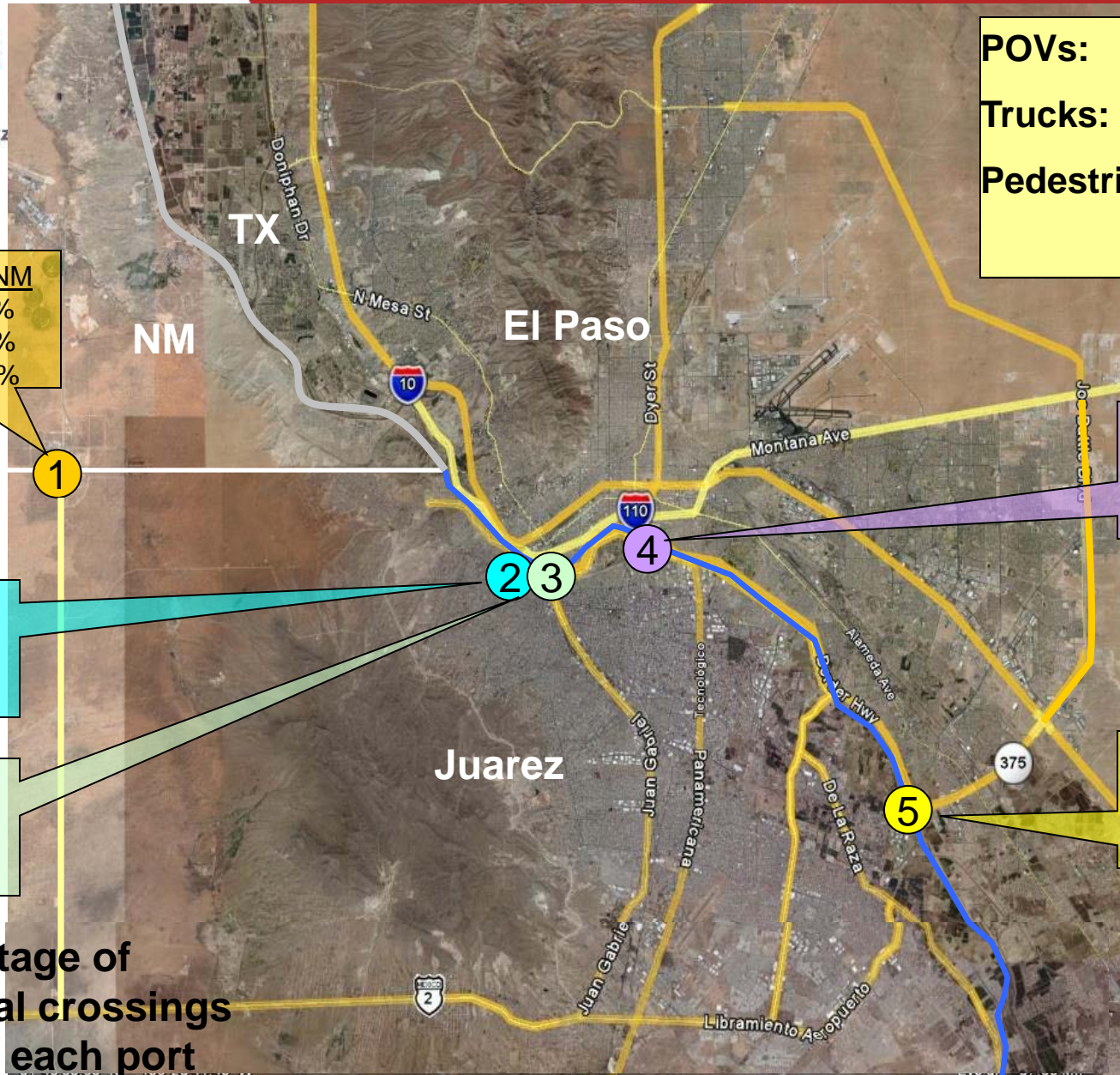
| | |
|-------------------------|-------|
| <u>Santa Teresa, NM</u> | |
| POV: | 2.7 % |
| Trucks: | 4.9 % |
| Peds: | 0.3 % |

| | |
|-------------|--------|
| <u>BOTA</u> | |
| POV: | 37.4 % |
| Trucks: | 47.6 % |
| Peds: | 8.5 % |

| | |
|------------|--------|
| <u>PDN</u> | |
| POV: | 18.5 % |
| Trucks: | 0 |
| Peds: | 78.6 % |

| | |
|---------------|--------|
| <u>Ysleta</u> | |
| POV: | 22.0 % |
| Trucks: | 45.9 % |
| Peds: | 9.4 % |

| | |
|------------|------|
| <u>DCL</u> | |
| POV: | 9.1% |
| Trucks: | 0 |
| Peds: | 0 |



With percentage of daily regional crossings occurring at each port

El Paso – One of America's Safest Major Cities



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The safest cities have been ranked for 15 years on a list released by CQ Press. The 2009 list, based on 2008 crime statistics for cities with a population of more than 500,000 shows:

1. Honolulu
2. El Paso

| | El Paso vs Texas Crime Rate | | El Paso vs United States Crime Rate | |
|----------------|-----------------------------|----------------|-------------------------------------|----------------|
| | Violent Crime | Property Crime | Violent Crime | Property Crime |
| 2003 | 108.1% | 80.8% | 125.5% | 103.4% |
| 2004 | 101.0% | 78.1% | 117.8% | 99.9% |
| 2005 | 82.0% | 75.5% | 92.6% | 95.3% |
| 2006 | 75.9% | 81.9% | 82.8% | 100.2% |
| 2007 | 81.8% | 77.7% | 89.5% | 98.1% |
| 2008 | 86.0% | 78.0% | 96.1% | 96.8% |
| 2009 thru June | 73.3% | 57.7% | 73.3% | 76.3% |

The numbers expressed above represent El Paso's crime rate per 100,000 population as a percentage of state and national crime rates for a given year.

(Source: FBI Uniform Crime Report)

EL PASO IS SAFE



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Crime in the City of El Paso, 2003-2009 (thru June)

| Year | Pop. | Violent crime | | | | | | Property crime | | | | | |
|----------------|---------|---------------|-------------------------------|-------------------------------------|---------------|---------|---------------|----------------|-----------------------------|----------|----------------|---------------------|-------|
| | | Violent crime | Violent Crime Per 100,000 pop | Murder & Non-negligent manslaughter | Forcible rape | Robbery | Aggr. assault | Property crime | Prop. crime per 100,000 pop | Burglary | Larceny -theft | Motor vehicle theft | Arson |
| 2003 | 586,392 | 3,502 | 597.2 | 21 | 219 | 581 | 2,681 | 21,780 | 3,714.2 | 2,185 | 17,735 | 1,860 | 117 |
| 2004 | 593,924 | 3,242 | 545.9 | 11 | 201 | 570 | 2,460 | 20,846 | 3,509.9 | 2,304 | 16,702 | 1,840 | 200 |
| 2005 | 601,839 | 2,614 | 434.3 | 14 | 295 | 448 | 1,857 | 19,675 | 3,269.1 | 2,151 | 14,925 | 2,599 | 161 |
| 2006 | 615,553 | 2,413 | 392.0 | 13 | 291 | 503 | 1,606 | 20,576 | 3,342.7 | 2,212 | 14,845 | 3,519 | 93 |
| 2007 | 616,029 | 2,574 | 417.8 | 17 | 258 | 472 | 1,827 | 19,722 | 3,201.5 | 2,149 | 14,545 | 3,028 | 81 |
| 2008 | 612,374 | 2,825 | 437.1 | 17 | 181 | 456 | 2,171 | 19,702 | 3,109.8 | 2,079 | 14,870 | 2,753 | 114 |
| 2009 thru June | 612,374 | 1,500 | 244.9 | 4 | 97 | 231 | 1,168 | 8,938 | 1459.5 | 1,046 | 6,957 | 935 | 67 |

(Source: FBI Uniform Crime Report)

Statistical Analysis of Crimes in Industrial Areas of Cd Juarez



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January 2008 – June 2010

335 reported crimes in Juarez industrial areas

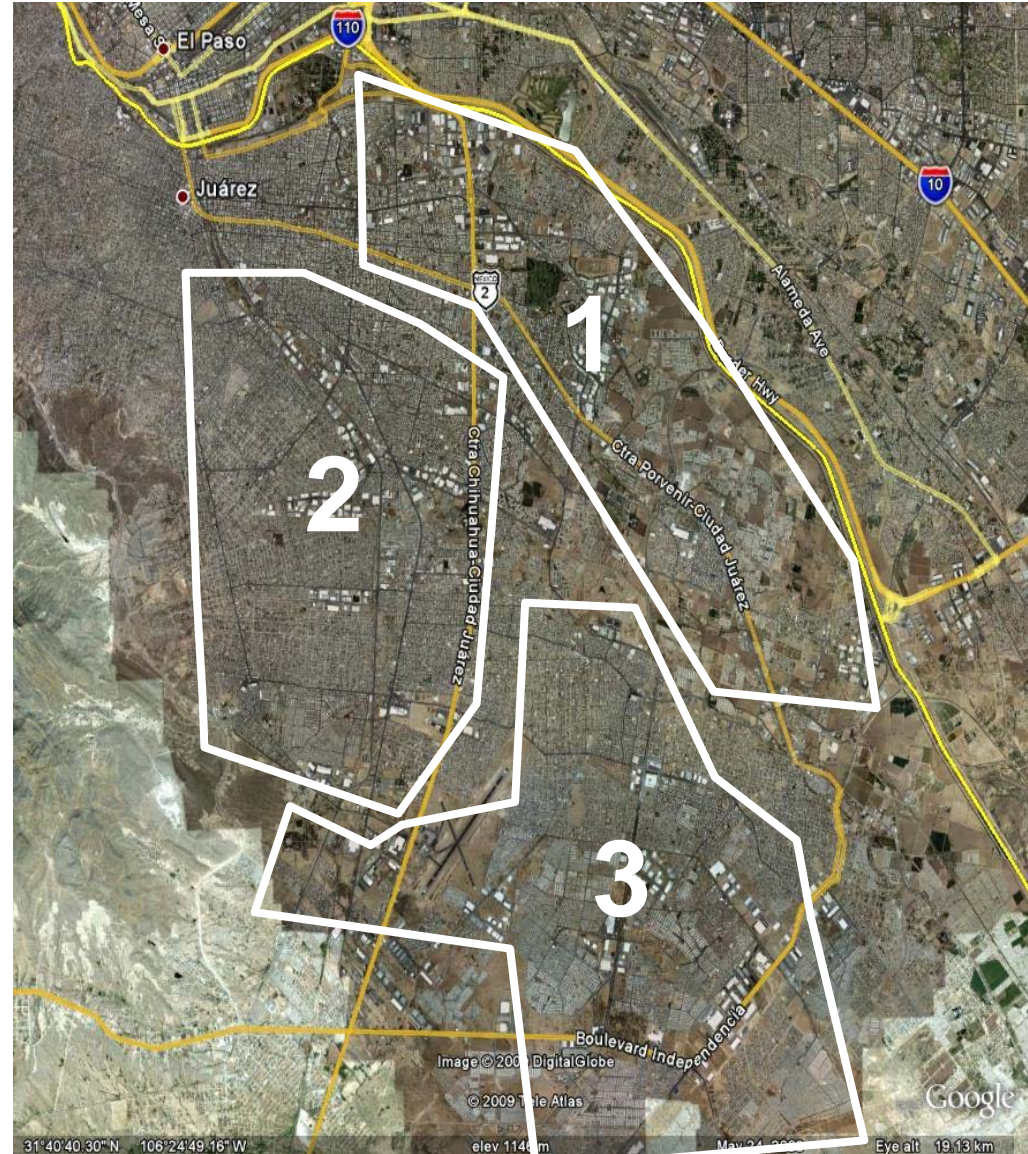
For first 6 months of year...

- 54% decline from '08 to '09
- 19% increase from '09-'10

75.5% involved theft or robbery

14.2% involved violence

One reported homicide

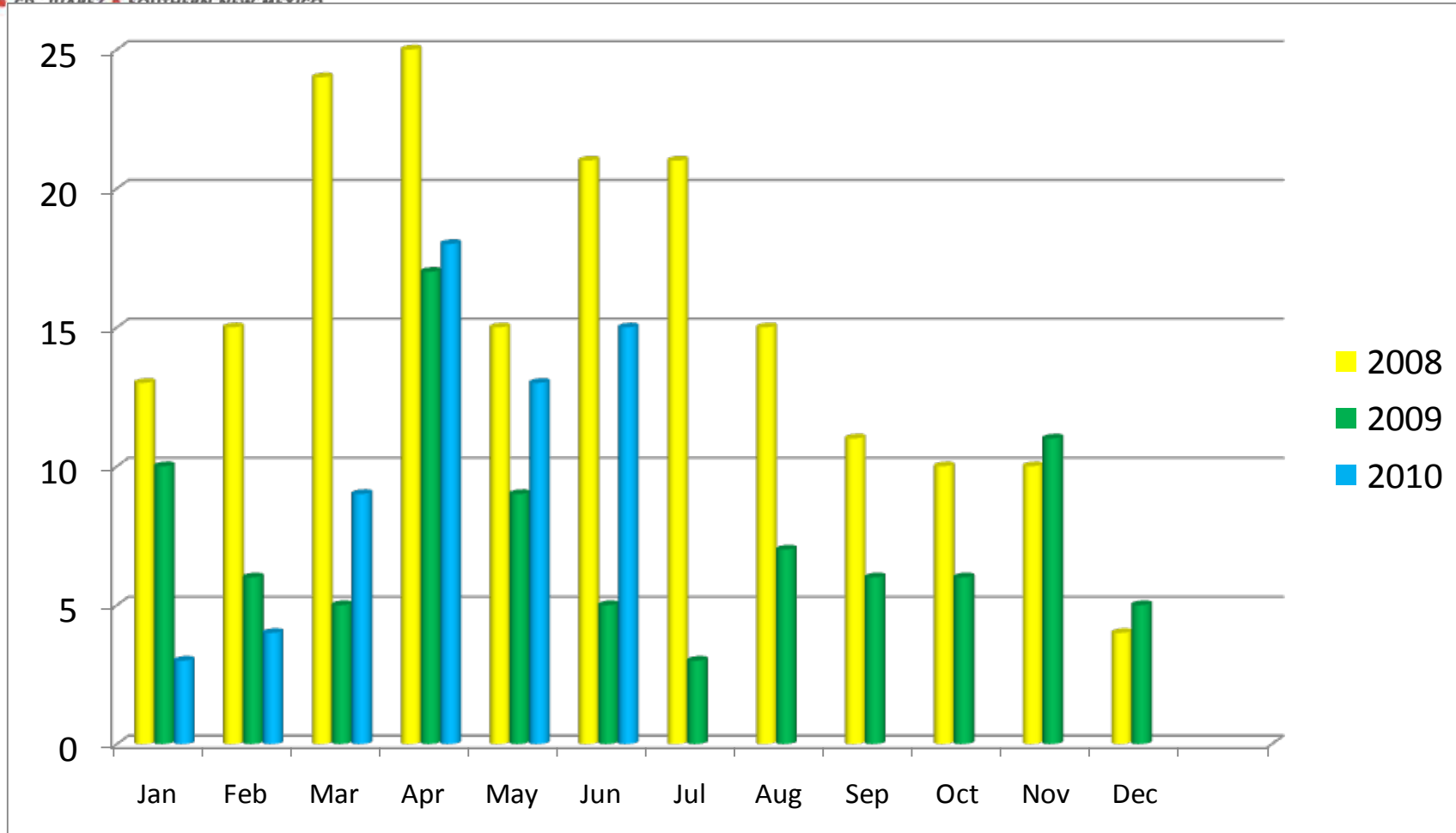


Reported Crimes in Juarez Industrial Areas (All Types: Monthly; Jan 2008 thru Jun 2010)



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Reported Crimes



Source: Chihuahua State Police (CIPOL)
June 2010

Reported Crimes in Juarez Industrial Areas

All Types: Jan 2008 thru Jun 2010)



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| Classification | 2008 | 2009 | 2010 (Jan-Jun) | 30 Month Total | % of Reported Crimes |
|------------------------------|------------|-----------|-------------------|----------------|-------------------------|
| Robbery/Theft Inside Plant | | 0 | 22 | | |
| Vehicle Theft | 58 | | 7 | | |
| Theft of Autoparts | 2 | | 1 | | |
| Theft of Copper | | | 5 | | |
| Other/Unclassified | 87 | 62 | 9 | | |
| All Theft/Robbery | 147 | 62 | 44 | 253 | 75.5% |
| Threats | 9 | 5 | 4 | 18 | |
| Assault | 6 | 2 | 1 | 9 | |
| Extortion | 1 | 5 | | 6 | |
| Homicide | 1 | | | 1 | |
| High Profile | 17 | 12 | 5 | 34 | 10.1% |
| Property Damage | 8 | 10 | 4 | 22 | |
| Fraud | 4 | 2 | 1 | 7 | |
| Sexual Abuse | 3 | | 1 | 4 | |
| Family Violence | 3 | 2 | | 5 | |
| Breach of Confidentiality | 1 | | 1 | 2 | |
| Discrimination | 1 | 2 | | 3 | |
| Misc-Non Violent | | | 5 | | |
| Other Reported Crimes | 20 | 16 | 12 | 43 | 12.8% |
| TOTALS | 184 | 90 | 61 | 335 | |

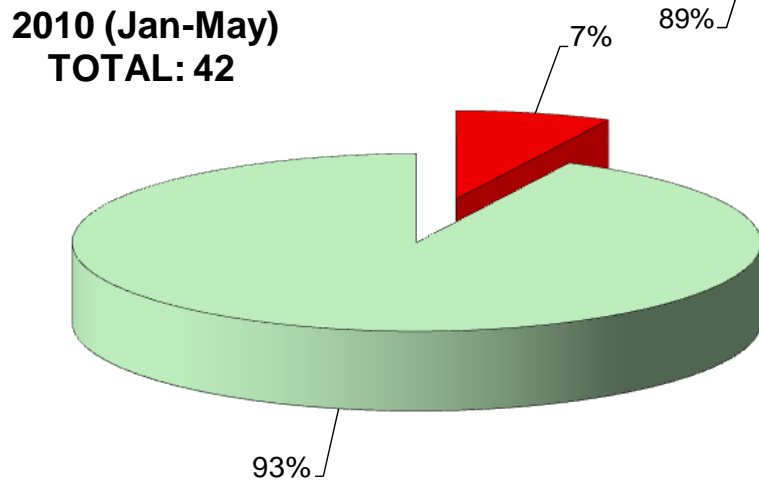
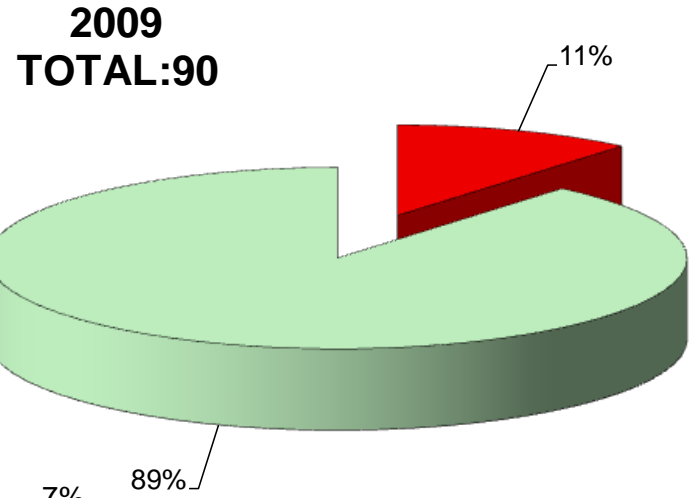
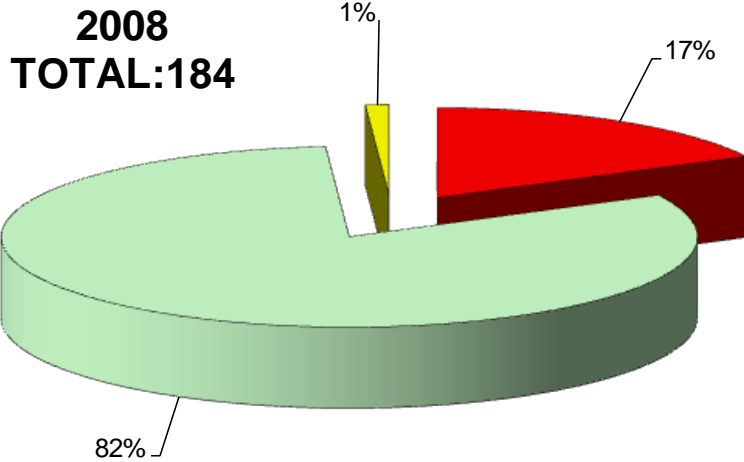
Source: Chihuahua State Police (CIPOL)
July 2010

Reported Crimes in Industrial Areas Violent vs Non-Violent



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Source: Chihuahua State Police (CIPOL)
June 2010



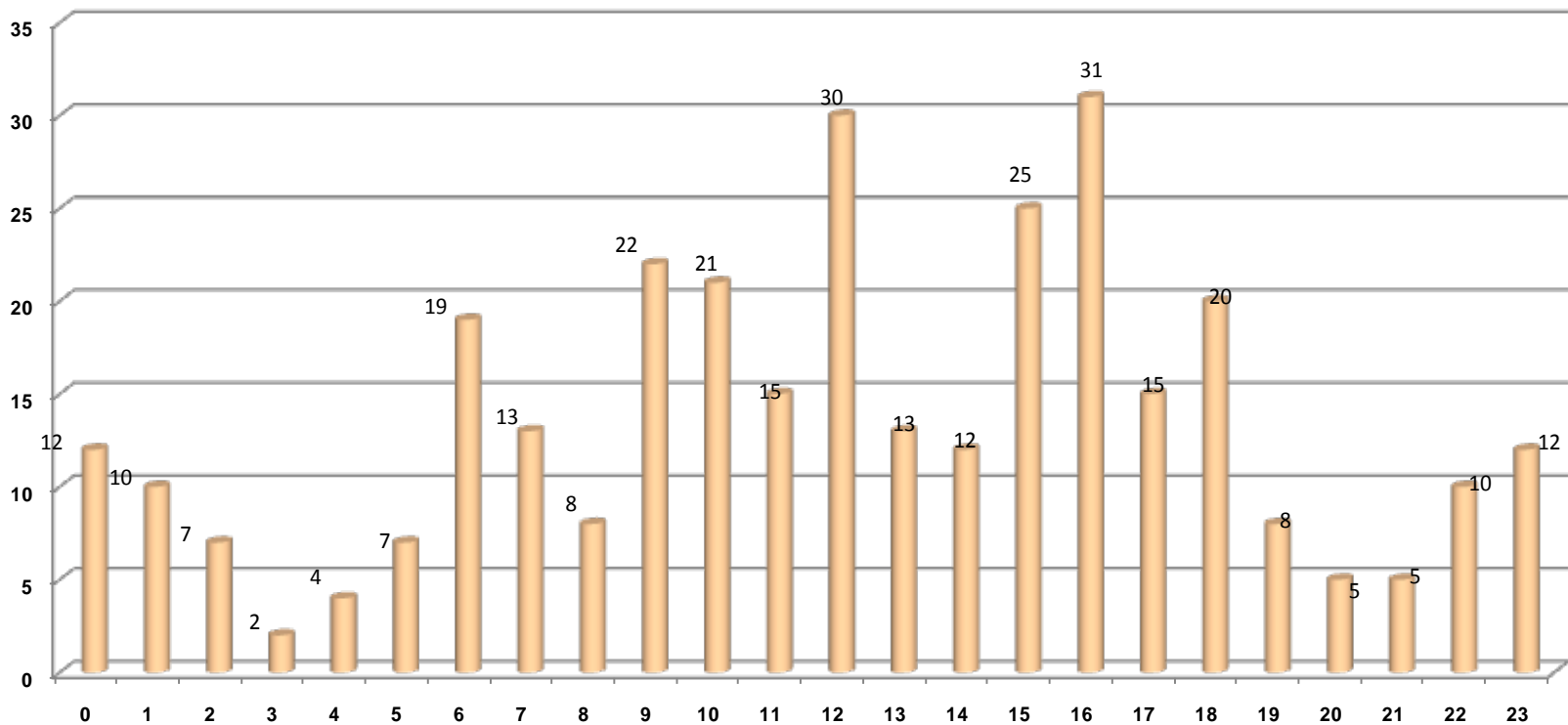
With violence Without violence Not Specified

Reported Crimes in Industrial Areas (Jan 2008- June 2010)



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By Hour of Day



Source: Chihuahua State Police (CIPOL)
July 2010

BACKGROUND
INFO