

**BULLETIN:Corporación Nacional del Cobre de Chile's Cost Reductions
Offset Weak Copper Pricing**

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Standard & Poor's Ratings Services said today that its ratings and outlook on Corporación Nacional del Cobre de Chile (Codelco; local currency: A+/Stable/--; foreign currency: A-/Positive/--) are not affected by the negative impact of unfavorable copper pricing over the company's 2002 financials. The combination of significantly weaker copper pricing in 2002 (annual average prices recorded an 1.4% decline versus the already weak 2001 level), and a 4.6% reduced copper production, translated into a 2.1% decline in consolidated revenues for the period. However, assertive cost management policies that reduced direct production costs by 2.8 percentage points compared to 2001, helped balancing the impact of lower prices and volumes, leading to improved profitability at the operating level. EBITDA margins in 2002 grew to 29.8% versus 27.7% in the former year. In addition, final profitability was also aided by lower interest expense and income tax burden.

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