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Corporacion Nacional del Cobre de Chile's Proposed Unsecured Notes Due 2022 And 2042 Rated 'A'

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SAO PAULO (Standard & Poor's) July 10, 2012--Standard & Poor's Ratings Services assigned its 'A' rating to Corporacion Nacional del Cobre de Chile's (Codelco) senior unsecured notes due 2022 and 2042. The rating on the notes reflects the credit quality of Codelco. The notes will rank equal to the company's other unsecured and unsubordinated debt. We expect Codelco to use proceeds to improve its debt profile, extend debt maturities, and strengthen its financial profile.

The rating on Chile-based state-owned copper producer Codelco (A/Stable/--) reflects our opinion that there is a very high likelihood that the government of the Republic of Chile (foreign currency: A+/Positive/A-1; local currency: AA/Positive/A-1+) would provide timely and sufficient support to Codelco in the event of financial distress. We also assess Codelco's stand-alone credit profile (SACP) to be 'bbb-'. In accordance with our criteria for government-related entities, we base our view of a very high likelihood of extraordinary government support. Codelco's SACP reflects its strong business risk profile and significant financial risk profile. We expect the company to maintain its strong market position as the world's largest integrated copper mining company and second-largest producer of molybdenum, with ample high-grade copper ore reserves, a globally competitive cost structure, and integrated operations, including copper refining and smelting. However, somewhat offsetting these strengths are the industry's inherent cyclicality, which causes volatile cash flow generation; the company's lack of geographic diversification for production because all operations are in Chile; its heavy

tax and dividend burden; and its aggressive financial policy. For a complete credit rationale, please see "Summary: Corporacion Nacional del Cobre de Chile," published March 31, 2012.

RELATED CRITERIA AND RESEARCH

- Rating Government-Related Entities: Methodology and Assumptions, Dec. 9, 2010
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

RATINGS LIST

Corporacion Nacional del Cobre de Chile	
Corporate credit rating	A/Stable/--

Ratings Assigned

Corporacion Nacional del Cobre de Chile	
Senior unsecured notes due 2022	A
Senior unsecured notes due 2042	A

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