

Rating Action: Moody's affirms CODELCO's A1 senior unsecured foreign currency ratings; changes outlook to stable

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Approximately US\$2.7 billion of long-term debt instruments affected

New York, June 17, 2010 -- Moody's Investors Service affirmed Corporacion Nacional del Cobre de Chile's (CODELCO) A1 senior unsecured foreign currency rating and changed the outlook to stable from positive. CODELCO is 100% owned by the Chilean State.

The change in outlook to stable reflects the significant investment requirements, in the order of \$15 billion, which CODELCO has over the next number of years to maintain and increase its copper production levels in light of declining grades and lower recoveries as its existing mines age. Given our expectations for increased debt to support these strategic growth initiatives over time, and creeping upward cost trend in line with the industry as a whole, the A1 foreign currency rating better reflects the potential for anticipated moderation in debt protection metrics. The outlook also captures our expectation that copper prices will remain volatile and vulnerable to the downside due to a slowing in copper imports into China, which is the dominant player in the market, and concerns over the economic health of certain European countries.

In accordance with Moody's government-related issuer rating methodology (refer to Moody's Rating Methodology entitled "The Application of Joint Default Analysis to Government-Related Issuers", published in April 2005, and Moody's Special Comment "Government-Related Issuers: July 2006 Update" published in July 2006), CODELCO's A1 foreign currency rating reflects the combination of the following inputs:

BCA tracking between 5-7 on a scale of 1 to 21

Aa3 local currency rating of the Chilean government

Medium dependence

High support

The medium dependence and high support factors consider the moderate correlation of default risk between the company and the Chilean government and the importance of the company to Chile respectively.

CODELCO's baseline credit assessment (BCA), which is at the low end of the 5-7 range, acknowledges the company's position as the largest global copper producer and a major player in the molybdenum markets, its multiple mine operating profile, its competitive cost position and the longevity of its reserves. CODELCO's footprint and still competitive cost position contribute to its robust operating performance in a strong copper market and its acceptable performance during cyclical downturns. CODELCO's position as a state owned entity and the framework in which it operates are also important considerations in the rating. CODELCO's ownership structure requires the company to pay 100% of its income to the Chilean Treasury and the company pays significant amounts in export, royalty and income taxes. As a consequence, its cash flow available to cover capital expenditures and debt repayments is limited to depreciation and other non cash-add backs. The ratings incorporate the company's substantial capital expenditure program over the next several years and the anticipated incremental increases in debt financing. However, the BCA contemplates the level of earnings and cash flow generation that the asset base of CODELCO can generate, and the importance of the company within the Chilean economy.

Moody's previous rating action for CODELCO was on January 13, 2009 when the company's foreign currency senior unsecured rating was downgraded to A1 from Aa3.

The principal methodology used in rating CODELCO was Moody's Global Mining Industry rating methodology published in May 2009 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating methodologies sub-directory on Moody's Website.

Headquartered in Santiago, Chile, CODELCO, a mining, industrial and commercial state-owned enterprise active primarily in the production of copper, had revenues of \$12.0 billion in 2009.

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