



Rating Action: Corporacion Nacional del Cobre de Chile

Moody's downgrades CODELCO's foreign currency rating to A1; Positive outlook

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

New York, January 13, 2009 -- Moody's Investors Service downgraded Corporacion Nacional del Cobre de Chile's (CODELCO) senior unsecured foreign currency ratings to A1 from Aa3. The outlook is positive. CODELCO is 100% owned by the Chilean State.

The downgrade in CODELCO's foreign currency rating reflects an adjustment to the baseline credit assessment (BCA) to the lower end of the 5-7 range on a scale of 1 to 21. This downward adjustment is attributable to CODELCO's large investment requirements to increase production and improve ore grades, which Moody's anticipates will increase leverage, (despite the government's approval for CODELCO to retain \$1 billion of pre-tax profits), at a time of weak copper prices and continued cost challenges. Given the current copper pricing backdrop and weak end market demand, which we expect to continue through 2009 and in to 2010, Moody's anticipates CODELCO will experience earnings and margin compression and tightened coverage ratios not appropriate for an Aa3 rating. In addition, continued high capital expenditures combined with the potential for production disruptions, lower ore grades and ongoing cost challenges will all weigh against CODELCO's near term earnings potential. However, the company's strategic growth investments, competitive cost position, and production levels support performance over the medium to longer-term.

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, toward the low end, on a scale of 1 to 21

A1 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. In 2007, CODELCO contributed US\$7.9 billion to the Chilean treasury (\$8.3 billion in 2006) and accounted for roughly 25% of exports (25% in 2006) from Chile. In addition, CODELCO's A1 foreign currency rating considers the low likelihood that it would be subject to a general debt moratorium in Chile (please refer to Moody's January 2005 Special Comment entitled "Piercing the Country Ceiling: An Update").

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 all support its BCA range of 5-7 and resultant ratings. CODELCO's footprint and 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.

The positive outlook for CODELCO's foreign currency rating results from the positive outlook for the local currency rating of the Chilean government, which rating is a factor in assessing CODELCO's foreign currency rating.

Downgrades:

..Issuer: Corporacion Nacional del Cobre de Chile

....Senior Unsecured Regular Bond/Debenture, Downgraded to A1 from Aa3

Outlook Actions:

..Issuer: Corporacion Nacional del Cobre de Chile

....Outlook, Changed To Positive From Stable

Moody's previous rating action for CODELCO was on October 16, 2006 when Moody's assigned an Aa3 foreign currency rating to the company's US\$500 million senior unsecured note issue.

The principal methodology used in rating CODELCO was Moody's Global Mining Industry rating methodology, which can be found at www.moody.com in the Credit Policy & Methodologies directory in the Ratings Methodologies subdirectory September 2005, document # 94364. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

Headquartered in Santiago, Chile, CODELCO, a mining, industrial and commercial state-owned enterprise active primarily in the production of copper, had revenues of \$17.0 billion in 2007.

New York
Brian Oak
Managing Director
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Carol Cowan
VP - Senior Credit Officer
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

CREDIT RATINGS ARE MIS'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2009, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED,

REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."