

Santiago 31 de julio de 2012

Señor
Fernando Coloma Correa
Superintendente
Superintendencia de Valores y Seguros
Avda. Libertador B. O'Higgins N°1449, Piso 8
Presente

**REF.: Comunica Hecho Esencial
Empresa Nacional del Petróleo
Inscripción Registro Valores N° 783**

De nuestra consideración:

En virtud de lo dispuesto en el Artículo 9° y en el Artículo 10° inciso 2° de la Ley N° 18.045 de mercado de valores, y en la Norma de Carácter General N°30, de esa Superintendencia, y debidamente facultado, informo a Usted que con fecha 30 de julio en curso, la clasificadora de riesgos internacional Standard & Poor's ha efectuado un ajuste en la clasificación de riesgo de la Empresa Nacional del Petróleo manteniendo la clasificación en "BBB-", modificando el Outlook desde "positivo" a "estable".

Los factores que motivan esta actualización del estudio se encuentran explícitos en nota adjunta de Standard & Poor's.

Sin otro particular, saluda atentamente a usted,



Ricardo Cruzat Ochagavía
Gerente General
Empresa Nacional del Petróleo

Research Update:

Empresa Nacional del Petróleo Outlook Revised To Stable From Positive, 'BBB-' Ratings Affirmed

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Research Update:

Empresa Nacional del Petróleo Outlook Revised To Stable From Positive, 'BBB-' Ratings Affirmed

Overview

- Chile-based oil and gas company ENAP's stand-alone credit profile (SACP) continues to weaken due to volatile profitability and weak cash flow generation.
- We are revising our outlook to stable from positive and the SACP to 'b' from 'b+', and affirming the 'BBB-' ratings.
- The stable outlook still reflects our expectation that there is a very high likelihood that the Republic of Chile would provide timely and sufficient extraordinary support to the company in the event of a financial distress.

Rating Action

On July 30, 2012, Standard & Poor's Ratings Services revised its outlook on Empresa Nacional del Petróleo (ENAP) to stable from positive. At the same time, we revised the company's SACP to 'b' from 'b+'. In addition, we affirmed our 'BBB-' ratings on ENAP.

Rationale

The SACP revision reflects ENAP's deteriorating financial performance, particularly in the refining and marketing segment. This is due to lower global refining margins, a relative appreciation of price for its crude oil, and rising energy costs. ENAP's high debt continues to weaken capital structure and credit metrics. Because we expect the firm's free cash flow to be negative in the next 12 months, ENAP is likely to continue refinancing most of its short-term maturities, which will gradually increase its gross debt. We expect that ENAP will continue to post funds from operations to total debt of less than 5% and total debt to EBITDA of more than 10x during the next two years amid continuing tight refining margins.

The SACP on the company incorporates its dominant position as Chile's only domestic oil refiner, volatility and cyclicity in international refining margins, weak profitability and cash flow generation, and high debt and difficulties reducing it because of very limited free operating cash flow. The SACP also incorporates ENAP's enhanced financial flexibility and ability to tap credit market thanks to government ownership. We continue to assess the company's business risk profile as fair and its financial risk profile as highly leveraged.

At the same time, the ratings on ENAP reflect our opinion that there is a very high likelihood that the Republic of Chile (foreign currency: A+/Positive/A-1; local currency: AA/Positive/A-1+) would provide timely and sufficient extraordinary support to the company in the event of financial distress.

In accordance with our criteria for government-related entities, our view of a very high likelihood of extraordinary government support is based on our assessment of ENAP's very important role as Chile's only domestic oil refiner: ENAP supplies about 70% of the local market's needs. The company also has a very strong link with the Chilean state, particularly regarding debt authorization, budget approval, and tax payments.

Liquidity

We assess ENAP's liquidity on a stand-alone basis as less than adequate. Our assessment incorporates ENAP's very good access to refinancing, good standing in credit markets, and sound relationship with banks, due to its government ownership.

As of March 31, 2012, ENAP had about \$222 million in cash and short-term investments. In 2012, following a weak first quarter, we believe that the company will likely generate annual EBITDA below \$300 million, pay interest payments of approximately \$200 million, and fund capital expenditures of \$250 million. Due to the company's very low or negative free cash flow, we anticipate ENAP will continue to gradually increase its debt and refinance the \$668 million immaturity due 2012 and \$338 million due 2013). We don't expect ENAP to pay dividends in 2012. ENAP's financial debt doesn't not have financial covenants.

Outlook

The stable outlook reflects our expectation that ENAP will continue to play a very important role in Chile's energy policy. Any rating upside is limited at this point and would depend on a significant improvement in the company's SACP, for example, if it's able to materially reduce debt. We could lower the rating if, in the next 12 months, there is further deterioration in ENAP's stand alone credit quality or if we perceive that the company has become less important to the Chilean government.

Related Criteria And Research

- Key Credit Factors: Criteria For Rating The Global Oil Refining Industry, Nov. 28, 2011
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Key Credit Factors: Business And Financial Risks In The Oil And Gas Exploration And Production Industry, Nov. 10, 2008
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Empresa Nacional del Petroleo		
Corporate Credit Rating		
Foreign Currency	BBB-/Stable/--	BBB-/Positive/--
Senior Unsecured	BBB-	

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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