

Latin American Oil & Gas 2008: Mixed Results Despite

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Fitch Ratings-Chicago-30 January 2008: Today, Fitch Ratings issued its 2008 Latin America Oil and Gas Outlook. The special report highlights the region's national oil companies and their performance amidst the bull market in crude oil. 'Latin American governments have been the big winners in the crude oil bull market, receiving record taxes and royalties associated with the runup in crude oil prices', said Gianna Bern, Senior Director in Fitch's Latin America Corporate Finance Group. 'Nevertheless, in 2008 both issuers and governments will be at risk of exposure to a decline in hydrocarbon prices as the result of a global economy slowdown (such as the United States or China).' Significant decreases in West Texas Intermediate (WTI) would most certainly pressure margins and could result in decreases to capital-expenditure programs and investment plans over the medium term. Liquidity and access to the capital markets will continue to separate the investment-grade issuers from the rest of the pack in 2008. In Fitch's view, investment-grade issuers will continue to take advantage of interest rate movements and refinance opportunities, while sub-investment grade issuers will continue to be challenged in the current credit environment. Along with a regional overview, the report provides specific analysis of the oil and gas sector in Mexico, Brazil and Venezuela. Fitch expects Petroleos Mexicanos (Pemex) to face continued challenges with production declines, the costs of nationalization to take a toll on Petroleos de Venezuela S.A. (PDVSA) and Petrobras Brasileiro S.A. (Petrobras) to remain as the dominant national oil company in the region as one of the few with increasing reserves. Contact: Gianna Bern +1-312-368-3217 or Lucas Aristizabal +1-312-368-3260, Chicago. Media Relations: Christopher Kimble, New York, Tel: +1 212-908-0226. www.fitchratings.com.ar or www.fitchratings.com Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.