Moody's Global
Corporate Finance

Pre-Sale Report

July 2009

Ecopetrol, S.A.

Bogotá, Colombia

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Overview of the Rated Transaction

Moody's Investors Service has assigned a Baa2 global local currency issuer rating to Ecopetrol S.A. and a Baa2 foreign currency bond rating to the company's proposed issuance of $1.5 billion in senior unsecured notes. Proceeds of the debt issuance will be used to fund a portion of the company's capital spending. The rating outlook is stable.

The proposed issuance will supplement internal cash flow and a recently established bank facility to fund Ecopetrol's capital spending program, which will ramp up significantly in 2009 and beyond. The tenor of the notes is expected to be 10 years.

The notes will be issued by the parent company and rank pari passu with all existing and future senior indebtedness of the company.

Moody's has reviewed the draft registration statement for the proposed notes. The assigned ratings assume no material variation from draft documents reviewed.

Moody's Investors Service

Summary Rating Rationale

Ecopetrol's Baa2 global local currency rating (GLCR) reflects its fundamental credit profile and the application of joint default analysis for government-related issuers. Ecopetrol is the state oil company of Colombia and is 89.9% owned by the government of Colombia. Underlying the Baa2 GLCR is a baseline credit assessment (BCA) of 10, equivalent to Baa3. The GLCR derives uplift above the BCA from government support and dependence factors under the Government Related Issuers (GRI) methodology.

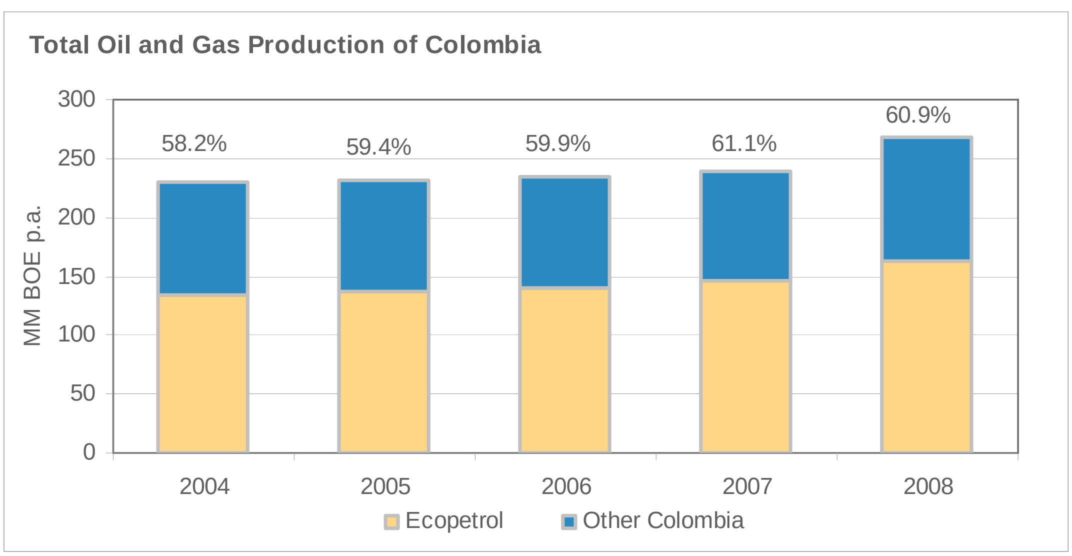
The Baa2 foreign currency rating assigned to the proposed notes pierces Colombia's sovereign ceiling of Baa3 based on Ecopetrol's status as a significant exporter, which would make it less likely to be caught up in a general debt payment moratorium in Colombia.

Our fundamental assessment reflects Ecopetrol's status as the leading upstream oil and gas producer and refined products supplier to Colombian markets, with a significant export profile; its appropriate positioning as a relatively small integrated oil company among its industry peers; and a rising level of upstream investment over the past few years, which is leading to increased oil and gas production. The company also has a very low leverage profile following its change in status to a mixed company and subsequent initial public offering in 2007.

However, the BCA also factors in Ecopetrol's mature upstream asset profile, a declining reserve trend and short reserve life, and the staging and execution risk associated with its ambitious growth strategy, called the "Mega" plan. The plan entails significant execution risk, particularly in the upstream, where reserve additions and production success will have to be larger and more consistent than in the past to achieve plan goals. The baseline assessment also reflects the expectation that financial leverage will rise significantly in the next few years as capital spending is increased under the Mega plan.

Corporate Profile

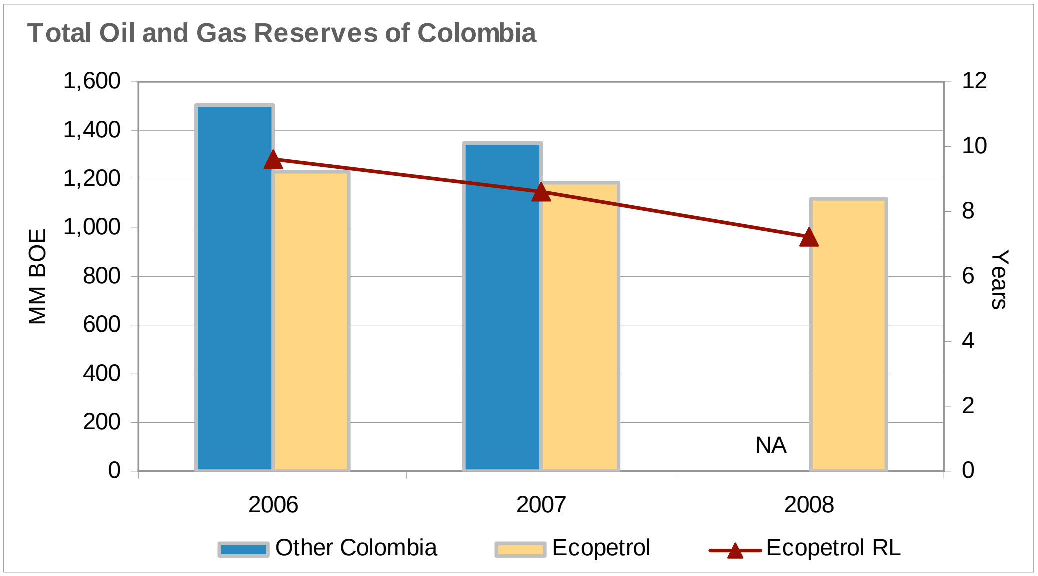
Ecopetrol is Colombia's largest corporation. Following an IPO in 2007, it is 89.9% owned by the government through shares held by the Ministry of Finance. Ecopetrol is the leading oil and gas producer in the country, accounting for approximately 62% of its BOE reserves and 61% of its BOE production. In addition to its own crude oil and natural gas production of approximately 458,000 BOE/day (gross before royalties), Ecopetrol purchases and trades the royalty crude and gas that is paid in kind to the ANH, as well as a large portion of the third-party production in Colombia.



Ecopetrol, S.A.

Source: Ecopetrol S.A.; ANH

Note: Production reported gross before royalties



Source: Ecopetrol S.A.; ANH

Note: Ecopetrol reserves are reported net of royalties

Ecopetrol also owns 335,000 barrels per day (bpd) of crude refining capacity, the country's total capacity, primarily via the 250,000 bpd inland refinery at Barrancabermeja, and a smaller 80,000 bpd plant at Cartagena. The company produced approximately 313,000 bpd of refined product in 2008 and is the largest wholesale marketer in the country. It does not engage in retail product marketing.

With the acquisition of Propilco in 2008. Ecopetrol is also the largest petrochemical producer in Colombia, with capacity of 455,000 tons annually, mainly in polypropylene. It also owns and operates directly or in joint ventures more than 8,400 kilometers of crude oil and refined product pipelines, including 100% or majority stakes in four of the largest crude pipelines. These connect field production to the refineries and to wholesale product and export terminals. Ecopetrol exported about 37% of its crude and refined product sales volumes in 2008, mainly in the form of crude oil and fuel oil to the U.S., the Caribbean basin, and Asian markets.

Group Structure

Ecopetrol S.A. is the parent holding company for the various wholly-owned subsidiaries and joint ventures that comprise its assets and operations. In terms of financing, Ecopetrol's corporate structure is straightforward with the proposed note issuance and other existing bank debt issued at the parent level. The expectation is that future debt will be issued mainly by the parent or by guaranteed subsidiaries and will rank pari passu with current debt. The company also has a limited amount of subsidiary borrowing, such as debt previously incurred by Propilco and by an investment vehicle that holds a portion of the Cartagena refinery. At this juncture we do not believe that existing or future subsidiary borrowings will lead to structural subordination issues that would result in notching down of the ratings on parent company debt.

Management Strategy

Since 2002 the government has transformed Ecopetrol via a series of steps from a state company acting as an agent of the government into a "mixed company" in 2006. Following that change in legal status, the government was able to sell up to 20% of Ecopetrol's stock, undertaking an IPO of 10.1% of its shares in 2007.

Ecopetrol, S.A.

The goal of the corporate transformation and the concurrent formation of the ANH, was both to provide a stable fiscal and regulatory framework for development of the nation's hydrocarbon resources, and to position Ecopetrol as a private commercial enterprise operating on a fully competitive basis with other private companies in Colombia. As a mixed company, Ecopetrol is able to determine its own capital budget and raise debt as necessary to fund its expansion without reference to government budgets or fiscal deficits.

Ecopetrol's future growth strategy is encompassed in the Mega plan. Under its board, the company has set out ambitious goals to grow its proved reserves and production and to expand its refining throughput capacity and ability to process an increasingly heavy crude slate into higher value products, which will improve domestic refined product self-sufficiency and back out fuel imports currently needed to meet domestic fuel quality specifications. The company also plans to develop its position as the leading domestic petrochemical supplier through expansion of Propilco and its other own petrochemical assets.

Key Rating Considerations

Fundamental Position as a Smaller Scale Integrated Company

With 1.137 billion BOEs of net proved reserves as of year-end 2008 (70% liquids) and production averaging 458,000 BOE/day in 1Q09, Ecopetrol is positioned as a smaller integrated oil company or could even be viewed comparably to a larger sized independent exploration and production company, rather than a large state oil company. While its production profile and reserves are slated for growth and increasing scale that over the next 5 years, it remains relatively small among the peer group of integrated and state oil companies.

Mature Asset Profile…

Ecopetrol is the leading oil and gas producer in Colombia, a country considered to have a medium level of oil and resource prospectivity relative to regional giants such as Mexico, Brazil and Venezuela. Production is derived from five main geographic regions, with the Northeast and Central regions accounting for the largest portion. The Northeast is the source of the company's major light crude production including the Cravo Norte, Cusiana and Cupiagua fields, which have been a mainstay and are now in decline. The Northeast is also the source of virtually all current natural gas production. Other significant crude production comes from the Mid-Magdalena and Catatumbo/Orinoquia regions, the latter of which is in the eastern provinces along the border with Venezuela.

Ecopetrol 2008 Reserves and Production by Region

	MM BOE Reserves				MM BOE Production			
Region	**Oil**	**Gas**	**Total**	**%**	**Oil**	**Gas**	**Total**	**%**
NE Region	107.8	330.0	437.8	39%	14.8	27.5	42.2	26%
Mid-Magdalena	214.0	7.3	221.3	19%	23.4	1.7	25.1	16%
Central	265.1	-	265.1	23%	44.6	0.1	44.7	28%
Catatumbo/Orinoquia	104.6	-	104.6	9%	27.0	0.1	27.0	17%
Southern	106.6	0.8	107.4	9%	21.1	0.0	21.2	13%
Total	**798.1**	**338.1**	**1,136.2**	**100%**	**130.9**	**29.3**	**160.2**	**100%**

Source: Ecopetrol S.A.

Note: Reserves are reported net of royalites; Production reported gross before royalties

The maturity of the reserve base, coupled with an extended period of underinvestment up to 2006, has resulted in a lower reserve replacement record, modestly declining reserves, and rising full cycle costs for Ecopetrol. (The underinvestment is also a legacy of the political problems and guerrilla activity of the late 1990s, which led to a decline in sector investment.) Ecopetrol's three-year average reserve replacement in 2008 was 68%, largely reflecting upward revisions rather than new discoveries, while its one-year organic replacement (extensions, discoveries and revisions) was lower at 46%. The reserve life index in turn has been declining, currently at 8.3 years total proved and 4.8 years proved developed, although the decline is due more to rising production than to declining reserves. The company is showing a rising level of proved undeveloped reserves, at 43% of total reserves in 2008.

Ecopetrol's upstream cost structure has also risen, primarily due to higher finding and development (F&D) costs, even as the overall trend in unit production costs is down. In 2008, three-year average F&D costs of $17.16/BOE reflected both rising investments and sector cost inflation over the past few years, but appear to be in line with the industry, as do full cycle costs in the area of $31/BOE. Unit production costs have declined, despite higher well maintenance and workover activity and the effect of peso appreciation on dollar costs. Given higher revenues and cash margins, its full cycle ratio of 2.8x is also competitive. While unit economics should benefit from some cost deflation in the future, the company will also show increasing unit interest expense as financial leverage increases. (Our cost structure analysis is based on a gas/oil conversion ratio of 6:1, with production reported net of royalties, whereas most of the company's reported information is based on gross production before royalties.)

…Leads to Shift in Upstream Focus

Given the maturity of many of its core areas, Ecopetrol has been increasing the level of seismic, exploration and development activity, with development drilling more than tripling in 2006-2008. As light crude has declined, the company is turning to exploration and development of heavier crudes primarily via horizontal drilling in the Central and Mid-Magdalena Valley regions, which are considered to have the greatest potential. Production of heavy crude increased 35% in 2008 and now makes up about 30% of total crude production. Exploration is focused near existing sites, in currently producing basins, and on some frontier offshore. Low-risk secondary waterflood projects will make up a major part of near-term growth. In natural gas, the focus will continue to be on the Northeastern region in the Guajira field, and on gas treatment capacity to accommodate rising gas production from Cusiana and Cupiagua as crude production continues to decline.

Ecopetrol is also beginning to step out into new international and frontier areas. Internationally, production growth is focused on Brazil, the deepwater Gulf of Mexico, and Peru, the latter via the acquisition in 2009 of a 50% joint-venture interest Petro-Tech Peruana for $450 million. In these new areas, the company's plan is to partner with strong and experienced industry partners.

Aggressive Capital Spending Plan Underway

The Mega plan sets an ambitious capital investment program estimated at $60 billion for 2008-2015 (an average of about $7.2 billion p.a., vs. $4.8 billion actual spending in 2008). Projected spending includes $38 billion in the upstream to increase production to 1 million BOE/day (up from current 458,000 BOE/day gross) by 2015. In the downstream, the two refineries are smaller scale with relatively low conversion capabilities. Planned investment of $11 billion will more than double throughput capacity from a current combined 335,000 bpd to 650,000 bpd by 2015, and will increase conversion to handle a heavier indigenous crude slate and produce clean fuels.

Ecopetrol originally had planned to upgrade the small Cartagena refinery via a joint-venture with Glencore, but ended up buying back Glencore's 51% stake in the refinery when it withdrew earlier in 2009. Among other options, Ecopetrol is considering a local IPO of the refinery to raise funds for the expansion. However, the plans are in early stages and it is not clear whether that will take place. Other significant aspects of the plan include $3 billion of upgrades to the marketing and storage infrastructure, and about $1.2 billion in new and upgraded pipelines to handle rising amounts of heavy crude.

In recent years, Ecopetrol's capital spending has ramped up significantly, from under $1 billion in 2005 to $4.8 billion in 2008, including $2 billion in acquisitions. In the context of the Mega plan, total spending is expected to be at high levels in 2009-2011. The company is projecting spending at $6.2 billion in 2009, including $870 million of acquisitions. About 60% is slated for upstream exploration and production.

Capital Plan Will Increase Financial Leverage

Ecopetrol is entering into its strategic expansion with a strong balance sheet, including minimal debt and $4.5 billion of cash, cash equivalents and short-term investments at 3/30/09. Much of the cash has since been used to fund the recent string of acquisitions totaling $2 billion. Ecopetrol's low (almost no) debt position is a legacy of its status as a state company as well as the government's intention to strongly capitalize it post-IPO to support acquisitions and fund future growth. Ecopetrol retained the total $2.8 billion realized at the time of the IPO, and will also retain any proceeds from future flotations.

Financial leverage will increase significantly over the next 2 to 3 years as spending for the Mega plan exceeds internal cash flow. Although the company is ramping up exploration and showing a rising production trend, debt increases will precede realization of the significant upstream and downstream growth targets.

Also contributing to leverage will be an expected high dividend payout that will remain in tension with the company's need for funds to reinvest in growth. Under the Code of Commerce in Colombia there is a statutory payout (subject to the buildup of statutory reserves and certain exclusions for non-recurring charges) that will maintain the dividend at an elevated level. In addition, the public float is a highly dispersed base of retail holders that will expect generous dividends. Ecopetrol's dividend payout ratio was about 40% in 2008 and averaged 55% over the past three years.

Based on the lower outlook for oil prices and Ecopetrol's increasing capital leading to significant negative free cash flow, we believe the company's total debt could increase by $3.5 billion in 2009 and by close to that amount again in 2010, mitigated by a rising earnings and cash flow profile in 2010 and beyond. During this period, the company is also likely to float the remaining shares down to an ownership level of 80%, possibly in 2010-2011 subject to market conditions. Depending on the timing and proceeds realized, the issuance would considerably improve financial leverage and flexibility as Ecopetrol proceeds with the Mega plan.

Favorable Fiscal Regime

The general investment climate and royalty/tax structures in Colombia are very favorable and stable, as the government seeks to attract and increase foreign investment in the oil and gas sector. Royalty and tax regimes are generally reasonable and designed to provide timely recovery of investment. Royalties are set and collected by the ANH on a sliding scale generally ranging from 6%-25% tied to the field production levels. The ANH also has introduced a number of new model contracts to replace prior joint venture structures. The government has a good record of honoring pre-existing contract structures when new contracting and fiscal arrangements are implemented. Ecopetrol is subject to standard corporate income taxes at a 34% rate and benefits from certain deductions, including a permanent deduction for investment in productive assets.

Political Risk

Under President Uribe Colombia has seen a widespread decline in guerilla activity since the early 2000 period, with little prospect of insurgency coming back into play as a significant disruptive force. This is largely the result of intensive military and security oversight in the large cities and countryside, including stepped-up oversight of energy infrastructure such as the pipelines, as well as from social programs instituted to gain the support of local populations.

However, guerilla activity continues in some rural areas including the eastern provinces along the border of Venezuela, and to the extent guerilla activity remains a problem the oil industry could remain a likely target. Many of the remote or frontier areas targeted for future exploration and development are in these regions. A continuing risk is also associated with gaining access to new areas for future exploration and development, which will require soliciting the support and participation of indigenous peoples.

GRI Methodology

Ecopetrol's Baa2 global local currency issuer rating reflects ratings uplift based on Moody's joint default rating methodology for government-related issuers (GRIs). Joint default analysis starts with a baseline, or standalone, credit assessment (BCA) of the company. It then factors in a level of expected government support in the event of financial stress and a measure of correlation among the various financial and economic factors that could affect both the support provider and the entity. In the case of Ecopetrol, we assume a high level of government support, given the company's financial contribution to the government, its strategic importance to the country's energy supply, and reputation risk. We also attribute a medium level of correlation of default risk between the two entities, resulting in an uplifted local currency rating of Baa2.

Piercing Methodology and the Foreign Currency Bond Rating

The Baa2 foreign currency bond rating pierces Colombia's sovereign ceiling of Baa3. Using the company's Baa2 local currency rating, the methodology assigns a 50% probability to a general debt moratorium in Colombia, but a lower 25% probability that Ecopetrol would be caught up in a payment moratorium, based on its status as a significant exporter. In 2008, a year of record high commodity prices, Ecopetrol contributed about 17% of Colombia's total export revenues. The company derived about 70% of its export revenues from crude oil and 27% from refined products, the latter mainly fuel oil. On a volume basis, crude sales accounted for about two-thirds of its exports.

Ecopetrol S.A. Export Revenues

(Colombian Pesos billion)	2006	2007	2008
Crude Exports	$2,474	$3,244	$7,112
Natural Gas Exports	0	0	260
Ref Prod Exports	4,194	2,156	3,273
Mkt./Supply Exports	1,196	1,232	1,637
Total Export Sales	7,864	6,632	12,282
Exports as % of Total Sales	43%	30%	36%
Colombia Exports Ps. B	57,513	62,333	73,982
Ecopetrol % Total Exports	14%	11%	17%

Source: Ecopetrol S.A.

Financial Metrics and Peer Comparison

Given the uncertainty inherent in oil and gas exploration and production and execution and timing considerations for a large multi-year investment program, Ecopetrol's actual debt levels and coverage protection could vary considerably as the Mega plan rolls out in the coming years. From a low starting point, we expect financial leverage to remain in line with low investment grade metrics, including Total Debt/Capital in the mid-30% range and Retained Cash Flow/Total Debt averaging in the 40% range. Total adjusted Debt/BOE is likely to be in the range of $6-$8 per BOE. (Moody's standard pension and operating lease adjustments add a relatively minor amount of debt to the balance sheet.)

The BCA and stable rating outlook are based on expectations that Ecopetrol will have flexibility to review and revise the Mega plan periodically in response to changing market conditions and upstream outcomes and that the balance sheet and cash flow metrics will remain at investment grade levels. The realization of a further share flotation in the future will also be a consideration for the rating.

Relative to the integrated oil peer group, Ecopetrol is positioned less like a major oil company or state oil company in terms of scale, and more as a mid-sized integrated or even as a large independent exploration and production company most comparable to Marathon Oil, Hess Corporation, OMV and YPF, particularly in terms of its mature asset profile and shorter reserve life index, but also a fairly stable cash flow base.

Liquidity

As noted, Ecopetrol is projected to be cash flow negative after dividends and capital spending based on the ramp-up of capital spending. The company's cash position was sizable at 3/30/09, with about $4.5 billion in cash equivalents and investments, some $2 billion of which is expected to be used to fund its recent acquisitions. The company has indicated it may need to borrow up to $3.7 billion in 2009, and has begun to put in place financings to accommodate expected deficits for this year and beyond. In June 2009, it announced a Pesos 2.2 Trillion ($1 billion) syndicated 7-year bank loan arranged with a group of 11 Colombian banks that has already been partly drawn and will be used to fund capital spending. The loan has a pledge of stock in certain assets, including the Cartagena refinery, the Ocensa Pipeline, and Propilco. With no other committed bank facilities, the company will need to continue to develop new bank sources and long-term debt issuances to meet substantial funding needs.

Corporate Governance

Ecopetrol's mixed company status has conferred flexibility in a number of areas not typical of state-owned companies, which will enable it to compete more effectively with the private sector. Previously, capital budgets were set by the government and the company was not allowed to issue debt, since that would contribute to government deficits and borrowing needs. The company now has autonomy in setting its own budgets and is authorized to incur debt. It also is exempt from public contracting requirements and can negotiate compensation, benefits and union contracts on a private basis. It will also benefit from more flexible hydrocarbon contract structures promulgated by the ANH.

The nine-member board also has a more independent cast. It includes three government appointments from the ministries of Finance, Mining and Energy, and the National Planning Department. The six independent members have no direct tie to the government or to Ecopetrol and include representatives of minority interest holders, the producing provinces, and designated experts in law, tax accounting, and the petroleum industry. The audit committee is composed of three independents, including a financial professional. The major shareholder is bound under a unilateral statement to guarantee the rights of minority interest holders, including profit and dividend entitlements. Governance was further enhanced to be in compliance with Sarbanes-Oxley requirements when Ecopetrol listed its ADRs on the NYSE in late 2008.

Mapping to Rating Methodology

Using the Integrated Oil Rating Methodology, the implied rating of Baa1 is two notches above our BCA of 10 (Baa3). We note that the low F&D metric to an extent reflects a methodology cost structure range that is outdated based on the recent industry-wide cost inflation experienced over the past few years and that an F&D cost of $17.16/BOE is in line with many of its peers.' The methodology outcome also benefits from solid scale positioning and high historical financial metrics. We expect the future methodology outcome to decline as the company moves forward with its debt financing and the roll out of the Mega plan.

Ecopetrol, S.A.

Rating Factors: Ecopetrol S.A.

Integrated Oil & Gas Industry	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Reserve & Production Characteristics (25%)							
a) Total Proved Reserves (billion boe)				1,115			
b) Total Production (million boe p.a.)				133.7			
c) Total Proved Reserve Life (years)			8.3				
Factor 2: Re-Investment Risk (10%)							
a) 3-Year All-Sources Reserve Replacement						68%	
b) 3-Year All-Sources F&D Cost							$17.16
Factor 3: Operating & Capital Efficiency (10%)							
a) Return on Capital Employed (ROCE)	38.4%						
b) Leveraged Full-Cycle Ratio on 3-Year All-Sources F&D	2.95						
Factor 4: Downstream Rating Factors (15%)							
a) Total Crude Distillation Capacity ('000 bpd)					330		
b) # Refineries with Capacity > 100 M bpd						1	
c) Segment ROCE			X				
Factor 5: Financial Metrics (30%)							
a) Retained Cash Flow / Net Debt	8695%						
b) EBIT / Interest Expense	161.0x						
c) Gross Debt / Total Proved Reserves	$0.50						
d) Gross Debt / Total Capital	3.5%						
Factor 6: Geographical/Geopoliticial Risk Diversification (10%)							
a) Geographical/Geopoliticial Diversification						X	
Rating:							
a) Assigned BCA Rating				10 (Baa3)			
b) Methodology-Implied Rating				Baa1			

Ecopetrol, S.A.

Appendix 1

Company Name	Date	Total Proved Reserves (MBOE)	Total Production (MBOE)	Reserve Life (Total Proved)	3-year Average Reserve Replacement (All Sources)	3-year Average F&D Costs / BOE Additions (All Sources)	EBIT / Avg. book capitalization (3 yr average)	Leveraged Full-Cycle Ratio	Crude Distillation Capacity (mbbls/day)	# Refineries with Capacity > 100 M bpd	RCF / Net Debt (3-year Average)	EBIT / Interest Expense (3-year Average)	Debt / Total Proved Reserves	Debt / Book Capitalization
Exxon Mobil Corporation	3/31/2009(LTM)	22,985,833	1,480,310	15.5	118%	$7.98	31.5%	4.8x	6,233	29	383.7%	26.1x	$2.43	25.1%
Aaa / Stable	12/31/2008	22,985,833	1,485,167	15.5	118%	$7.98	32.4%	5.1x	6,233	29	361.7%	26.7x	$2.46	24.7%
	12/31/2007	22,451,000	1,578,000	14.2	126%	$6.49	30.4%	4.5x	6,306	29	389.9%	25.7x	$1.86	17.4%
BP plc	3/31/2009(LTM)	17,887,667	1,412,683	12.7	123%	$9.38	20.4%	2.5x	N/A	15	49.7%	13.0x	$3.31	34.1%
Aa1 / Stable	12/31/2008	17,887,667	1,415,602	12.6	123%	$9.38	21.8%	2.5x	2,678	15	50.1%	13.7x	$3.27	33.8%
	12/31/2007	17,556,333	1,408,377	12.5	108%	$7.97	21.6%	1.7x	2,769	15	57.9%	15.0x	$2.98	31.0%
Chevron Corporation	3/31/2009(LTM)	11,195,833	920,141	12.2	94%	$18.15	26.2%	2.3x	2,059	7	114.3%	24.5x	$3.15	23.6%
Aa1 / Stable	12/31/2008	11,195,833	916,667	12.2	94%	$18.15	28.0%	2.5x	2,059	7	125.9%	25.2x	$2.85	21.9%
	12/31/2007	10,777,000	946,333	11.4	105%	$20.44	25.4%	1.6x	2,035	8	112.7%	21.8x	$2.31	19.0%
Royal Dutch Shell Plc	3/31/2009(LTM)	10,666,167	1,127,862	9.5	118%	$16.64	27.0%	1.0x	N/A	27	116.2%	17.7x	$4.89	28.6%
Aa1 / Stable	12/31/2008	10,666,167	1,141,833	9.3	118%	$16.64	28.7%	1.8x	3,678	27	105.6%	19.0x	$5.08	30.0%
	12/31/2007	10,591,833	1,162,667	9.1	102%	$14.48	29.1%	1.4x	3,953	29	114.9%	20.0x	$3.73	22.8%
TOTAL S.A.	3/31/2009(LTM)	10,064,667	828,000	12.2	101%	$14.68	33.6%	2.1x	N/A	15	100.2%	18.9x	$3.58	30.7%
Aa1 / Stable	12/31/2008	10,064,667	828,000	12.2	101%	$14.68	37.2%	2.1x	2,604	15	76.2%	17.1x	$4.20	36.3%
	12/31/2007	10,066,333	845,333	11.9	94%	$12.29	38.2%	1.8x	2,598	15	74.0%	14.7x	$3.45	31.2%
ENI S.p.A.	12/31/2008	6,756,500	645,500	10.5	115%	$20.05	30.3%	1.9x	930	9	63.3%	20.6x	$6.04	35.5%
Aa2 / Negative	12/31/2007	6,530,833	623,000	10.5	80%	$21.06	30.0%	1.4x	910	9	65.4%	23.0x	$6.20	36.9%
	12/31/2006	6,308,500	635,000	9.9	69%	$15.80	35.8%	1.9x	685	6	68.5%	22.0x	$3.95	29.3%
StatoilHydro ASA	3/31/2009(LTM)	5,238,000	624,833	8.4	60%	$33.86	41.5%	1.7x	N/A	3	66.2%	21.8x	$4.93	36.7%
Aa2/ Stable	12/31/2008	5,238,000	624,833	8.4	60%	$33.86	45.6%	1.7x	299	3	83.0%	23.1x	$3.99	32.9%
	12/31/2007	5,775,500	616,333	9.4	N/A	N/A	44.4%	N/A	297	3	91.6%	23.5x	$3.12	27.7%
ConocoPhillips	3/31/2009(LTM)	9,975,000	851,788	11.7	174%	$20.59	22.7%	1.7x	2,657	12	60.0%	14.2x	$3.90	34.8%
A1 / Stable	12/31/2008	9,975,000	843,167	11.8	174%	$20.59	25.5%	2.0x	2,678	12	63.1%	15.4x	$3.71	33.5%
	12/31/2007	10,559,667	857,667	12.3	237%	$14.61	27.3%	2.2x	2,706	14	73.9%	16.9x	$2.86	21.7%
OMV AG	12/31/2008	1,167,267	112,233	10.4	60%	$35.58	19.2%	0.7x	530	2	57.3%	14.2x	$6.26	35.0%
A3 / Stable	12/31/2007	1,178,000	113,400	10.4	41%	$28.04	20.0%	0.5x	538	2	77.4%	13.2x	$5.47	29.2%
	12/31/2006	1,250,250	114,533	10.9	415%	$3.48	20.4%	3.4x	538	2	70.8%	12.2x	$3.42	25.5%
Petroleo Brasileiro S.A. - PETRO	3/31/2009(LTM)	11,128,733	831,568	13.4	73%	$20.45	23.8%	1.4x	2,223	8	68.8%	10.0x	$3.49	35.3%
A3 / Stable	12/31/2008	11,128,733	821,583	13.5	73%	$20.45	25.9%	1.8x	2,223	8	74.6%	10.3x	$3.31	35.2%
	12/31/2007	11,625,433	788,167	14.7	92%	$12.29	26.1%	2.0x	2,167	9	66.3%	8.6x	$3.02	33.4%

Ecopetrol, S.A.

Company Name	Date	Total Proved Reserves (MBOE)	Total Production (MBOE)	Reserve Life (Total Proved)	3-year Average Reserve Replacement (All Sources)	3-year Average F&D Costs / BOE Additions (All Sources)	EBIT / Avg. book capitalization (3 yr average)	Leveraged Full-Cycle Ratio	Crude Distillation Capacity (mbbls/day)	# Refineries with Capacity > 100 M bpd	RCF / Net Debt (3-year Average)	EBIT / Interest Expense (3-year Average)	Debt / Total Proved Reserves	Debt / Book Capitalization
Marathon Oil Corporation	3/31/2009(LTM)	1,194,500	138,795	8.6	87%	$24.26	29.4%	1.3x	1,016	4	93.3%	23.8x	$9.43	31.7%
Baa1 / Stable	12/31/2008	1,194,500	136,833	8.7	87%	$24.26	31.3%	1.7x	1,016	4	108.4%	24.6x	$8.17	28.6%
	12/31/2007	1,225,000	125,167	9.8	135%	$14.80	32.5%	1.9x	1,016	4	120.3%	24.6x	$7.41	28.8%
Petroleos Mexicanos	3/31/2009(LTM)	13,982,000	1,389,148	10.1	54%	$12.78	116.1%	4.0x	1,540	6	67.9%	8.9x	$3.30	100.5%
Baa1 / Stable	12/31/2008	13,982,000	1,408,833	9.9	54%	$12.78	128.4%	4.5x	1,540	6	64.5%	9.4x	$3.15	99.6%
	12/31/2007	14,380,667	1,558,667	9.2	39%	$14.99	121.8%	2.7x	1,540	6	8.0%	8.7x	$5.55	156.4%
Repsol YPF S.A.	3/31/2009(LTM)	2,125,850	331,336	6.4	6%	$185.15	13.6%	0.1x	N/A	8	37.5%	6.8x	$12.18	43.8%
Baa1 / Stable	12/31/2008	2,125,850	336,439	6.3	6%	$185.15	15.8%	0.1x	1,233	8	37.8%	7.5x	$11.81	42.4%
	12/31/2007	2,310,938	366,276	6.3	-38%	-$25.63	17.8%	-0.7x	1,233	8	46.1%	8.2x	$9.85	41.1%
Ecopetrol S.A.	12/31/2008	1,115,383	133,667	8.3	68%	$17.16	38.4%	2.8x	330	1	8695.3%	161.0x	$0.50	3.5%
Baa2 / Stable	12/31/2007	1,187,333	119,400	9.9	N/A	N/A	33.3%	N/A	330	1	8853.3%	119.7x	$0.61	5.3%
	12/31/2006	1,231,267	114,633	10.7	N/A	N/A	34.1%	N/A	330	1	9221.4%	110.8x	$0.60	7.6%
OAO LUKOIL	12/31/2008	19,333,500	817,333	23.7	59%	$16.43	25.1%	0.9x	1,334	5	109.4%	25.8x	$0.68	19.9%
Baa2 / Stable	12/31/2007	20,368,500	809,500	25.2	114%	$7.89	26.8%	1.4x	1,177	4	124.8%	28.1x	$0.47	18.1%
	12/31/2006	20,359,833	797,167	25.5	117%	$6.08	26.1%	1.4x	N/A	N/A	120.7%	25.2x	$0.43	19.6%
YPF Sociedad Anonima	3/31/2009(LTM)	1,096,500	216,167	5.1	32%	$24.25	24.6%	0.2x	N/A	2	98.6%	14.7x	$1.89	27.2%
Ba1 / Stable	12/31/2008	1,096,500	216,167	5.1	32%	$24.25	25.8%	0.2x	320	2	138.2%	16.3x	$1.99	27.2%
	12/31/2007	1,241,000	225,833	5.5	-9%	-$71.21	30.1%	-0.1x	320	2	172.5%	18.4x	$1.00	13.2%
Petrobras Energia S.A.	3/31/2009(LTM)	433,013	40,578	10.7	-93%	-$11.70	11.3%	-0.7x	N/A	N/A	31.1%	3.1x	$5.30	47.1%
Ba2 / Stable	12/31/2008	433,013	47,144	9.2	-93%	-$11.70	13.4%	-0.9x	N/A	N/A	34.1%	3.6x	$5.23	44.5%
	12/31/2007	482,746	50,600	9.5	-72%	-$13.04	13.6%	-0.6x	N/A	N/A	35.6%	3.5x	$4.97	45.2%
Petroleos de Venezuela, S.A.	6/30/2008(LTM)	127,863,667	1,379,167	92.7	595%	$0.86	N/A	33.5x	3,098	13	104.7%	35.5x	$0.16	22.1%
B1 / Stable	12/31/2007	127,863,667	1,379,167	92.7	595%	$0.86	37.3%	33.7x	3,098	13	121.6%	44.4x	$0.16	26.3%
	12/31/2006	115,032,167	1,423,833	80.8	385%	$0.76	33.7%	32.0x	3,098	13	153.3%	43.1x	$0.05	9.8%

Ecopetrol, S.A.

Appendix 2

Ecopetrol S.A. financial metrics as adjusted by Moody's

Currency: Colombian Peso (Millions)	31-Dec-2006	31-Dec-2007	31-Dec-2008
Income Statement			
Net Revenues	18,389,965	22,332,320	33,896,669
Cost	10,595,791	9,843,898	16,729,733
Gross Margin	7,794,174	12,488,422	17,166,936
Gross Margin %	42%	56%	51%
SG&A	933,385	1,256,734	2,176,203
Depreciation	758,187	719,811	679,092
Depreciation - Capitalized Leases	11,164	16,170	6,771
Amortization	156,454	161,825	207,363
Amortization and impairment of goodwill	517,500	665,459	1,088,306
Operating Profit	5,417,484	9,668,423	13,009,201
Other Expenses	1,633,902	3,081,061	2,170,012
Other Income	2,128,926	1,827,817	3,583,233
Other Gains & Losses	-226,662	-612,268	1,962,058
EBIT	5,685,846	7,802,911	16,384,480
EBIT Margin %	31%	35%	48%
EBITDA	6,926,451	9,141,898	18,039,340
EBITDA Margin %	38%	41%	53%
Interest Expense	68,951	57,356	61,934
Other Non-Recurring Expenses/(Gains)	--	347,259	--
Taxes	1,722,575	1,974,421	4,467,196
Extraordinary Items	-502,947	-244,083	-226,128
Net Income	3,391,373	5,179,792	11,629,677
Balance Sheet			
Total Assets	42,238,198	48,257,610	48,763,348
Cash & Cash Equivalents	1,627,876	3,749,899	2,113,803
Short-term Investments	1,961,687	5,954,502	3,749,919
Accounts Receivable (A/R)	1,336,319	2,269,904	5,877,282
Inventories	996,361	1,298,792	1,611,296
Other Current Assets	1,361,490	2,501,025	2,352,600
Current Assets	7,283,733	15,774,122	15,704,900
Net Property Plant and Equipment	5,934,410	6,297,481	8,138,424
Other Investments	3,111,290	3,844,819	8,688,320
Other Non-Current Assets	25,908,765	22,341,188	16,231,704
Non-Current Assets	34,954,465	32,483,488	33,058,448
Total Liabilities & Equity	42,238,198	48,257,610	48,763,348
ST & Current Portion of LT Debt	222,138	91,670	383,683
Accounts Payable (A/P)	761,720	1,564,569	1,708,647
Income taxes	2,037,748	2,474,739	3,906,468
Other Current Liabilities	1,140,087	2,022,907	803,631
Current Liabilities	4,161,693	6,153,885	6,802,429
LT Debt and Capitalized Leases	1,425,395	1,367,567	868,945
Other Long Term Liabilities	20,650,925	20,604,605	13,765,934
Long Term Liabilities	22,076,320	21,972,172	14,634,879
Shareholder's Equity	20,161,878	26,285,438	34,128,469

Ecopetrol, S.A.

Ecopetrol S.A. financial metrics as adjusted by Moody's

Currency: Colombian Peso (Millions)	31-Dec-2006	31-Dec-2007	31-Dec-2008
Cash Flow			
Net Income	3,391,373	5,179,792	11,629,677
(+) Depreciation & Amortization	1,240,605	1,338,987	1,654,860
(+ / -) Other Non-Cash Items	-34,160	-961,899	180,773
(+ / -) Other Operating Cash Flow	2,727,467	1,075,935	-916,338
Funds from Operations (FFO)	7,325,285	6,632,815	12,548,972
(-) Dividends	-2,000,000	-4,475,399	-4,654,340
Retained Cash Flow (RCF)	5,325,285	2,157,416	7,894,632
Funds from Operations (FFO)	7,325,285	6,632,815	12,548,972
(+ / -) Working Capital Items	-572,564	1,355,806	453,332
(+ / -) Other Oper. Assets & Liabilities - LT	-387,867	1,889,872	-1,202,633
Cash Flow From Operations (CFO)	6,364,854	9,878,493	11,799,671
(-) Dividends	-2,000,000	-4,475,399	-4,654,340
(-) Capex	-1,874,098	-3,053,132	-6,711,366
Free Cash Flow (FCF)	2,490,756	2,349,962	433,965

Ecopetrol, S.A.

Related Research

Credit Opinion:

- Colombia, Government of, July 2009

Methodologies:

- Global Integrated Oil & Gas, October 2005 (94696)
- The Application of Joint Default Analysis to Government Related Issuers, April 2005 (92432)

Industry Outlook:

- Global Integrated Oil Industry, June 2009 (118297)

Special Comments:

- Liquidity in Spotlight after Oil and Gas Price Shake-Up, May 2009 (117502)
- Leveraged Finance Industry Updates: Oil and Gas Exploration and Production and Oilfield Services, April 2009 (116515)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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Moody's Investors Service