



Moody's Investors Service

Announcement: [Moody's comments on impact of Brazil's ratings review on Petrobras](#)

Global Credit Research - 07 Jul 2009

New York, July 07, 2009 -- Moody's Investors Service commented that the review for possible upgrade of the government of Brazil's Ba1 foreign- and local-currency bond ratings and the Baa3 foreign currency bond ceiling will have no impact on Petrobras's A3 global local currency rating or on its Baa1 foreign currency bond rating, both of which have a stable outlook. For further information on the sovereign rating review, please see www.moodys.com.

Petrobras's A3 local currency rating reflects application of joint-default analysis under Moody's government-related issuers methodology, which considers a baseline credit assessment for Petrobras of 8 (comparable to Baa1) and factors in a high level of implied support by the government and a medium level of default correlation between Petrobras and the government. An upgrade of the government's rating does not affect Petrobras's A3 rating using current support and dependence assumptions, nor would it affect the company's Baa1 foreign currency bond rating. While Brazil's foreign currency ceiling would be raised in tandem with an upgrade of the government's Ba1 foreign currency rating, Petrobras's Baa1 rating already pierces the country ceiling based on a low likelihood that the company would be subject to a general debt moratorium.

The last rating action affecting Petrobras occurred on June 18, 2009, when we affirmed its foreign currency bond rating and downgraded its global local currency rating to A3, reflecting an increased level of dependence between Petrobras and the government of Brazil.

The principal methodologies used in rating Petrobras are Moody's Global Integrate Oil rating methodology and The Application of Joint Default Analysis to Government-Related Issuers, both of which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered can also be found in the Credit Policy & Methodologies directory.

Petróleo Brasileiro S.A. (Petrobras), based in Rio de Janeiro, is an integrated petroleum company and the largest corporation in Brazil. The government owns 55.7% of Petrobras's common stock, and directly and indirectly owns about 43% of Petrobras's common and preferred shares outstanding.

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