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## Research Update:

# Ecopetrol Outlook Revised To Positive From Stable And 'BBB-' Ratings Affirmed Following Outlook Revision On Colombia

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## Research Update:

# Ecopetrol Outlook Revised To Positive From Stable And 'BBB-' Ratings Affirmed Following Outlook Revision On Colombia

## Overview

- On Aug. 15, 2012, we revised our outlook on Colombia to positive from stable.
- We are revising our outlook on Colombia-based oil and gas company Ecopetrol to positive from stable and affirming our 'BBB-' ratings on the company.
- The positive outlook on Ecopetrol reflects our expectation that we would raise the ratings on the company if we upgrade the Republic of Colombia.

## Rating Action

On Aug. 16, 2012, Standard & Poor's Ratings Services revised its outlook on Ecopetrol S.A. to positive from stable. At the same time, we affirmed our 'BBB-' ratings on the company.

## Rationale

The outlook revision and rating affirmation on Ecopetrol follows the recent outlook revision on the Republic of Colombia to positive from stable.

In accordance with our criteria on government-related entities and assuming no changes in the current likelihood of extraordinary support from the government, the outlook revision on Ecopetrol reflects the fact that a potential upgrade of Colombia would lead to a similar rating action on the company. This is due to our assessment that there is a high likelihood that the government would provide timely and extraordinary support to Ecopetrol in case of financial distress. In addition, we assess the company's stand-alone credit profile (SACP) at 'bbb-'.

## Outlook

The positive outlook on Ecopetrol reflects that on the Republic of Colombia. We could raise the ratings on the company if we upgrade the sovereign. A downgrade is unlikely at this point. Incorporating the high likelihood that Ecopetrol's main shareholder, the government, would provide timely and sufficient extraordinary support to the company, if necessary, and the current sovereign rating on Colombia, the company's SACP would have to fall below 'bb'

to result in a downgrade.

## Related Criteria And Research

- Republic of Colombia Outlook Revised To Positive; Ratings Affirmed, Aug. 15, 2012
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

## Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Ecopetrol S.A.		
Corporate Credit Rating	BBB-/Positive/--	BBB-/Stable/--
Senior Unsecured	BBB-	

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