



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
December 21, 2009

PT Medco Energi International Tbk

PEFINDO re-affirmed its “**idAA-**” ratings for PT Medco Energi Internasional Tbk (MEDC or the Company), the Company's Bonds II/A/2009 of IDR513.5 billion due in June 2012 and Bonds II/B/2009 of IDR986.5 billion due in June 2014. At the same time, PEFINDO also assigned “**idAA-**” rating for MEDC's proposed MTN amounting to USD100 million. The proceeds of MTN issuance will be utilized for generate purpose including refinancing, investment or working capital.

The ratings reflect MEDC's relatively competitive lifting cost and above average liquidity. The ratings are constrained by the Company's weakening financial performance, decreasing production from limited producing fields, delay in several major projects, more aggressive financial leverage resulting from sizeable capital expenditure and an uncertain asset divestment plan.

A “**Negative Outlook**” is assigned to the Company's rating to anticipate the Company's worse than expected financial performance. These include further negative impact from fluctuating oil and gas prices, lower oil and gas production and delays in the Company's major projects. It remains to be seen if these adverse developments can be compensated by the Company's asset divestment plan. These adverse developments have the potential to deteriorate the Company's financial performance in the medium term.

MEDC is the largest privately-owned independent oil and gas company in Indonesia, with the latest estimated proven (1P) crude oil reserves of 64 million barrel oil equivalent (mmboc) and natural gas of 25 mmboc from fields located in Sumatra, Kalimantan, Sulawesi, East Java, and United States. The Company is also active in downstream (ethanol, LPG, distribution of high speed diesel) and power generation. MEDC is listed on Indonesia Stock Exchange with the latest ownership composition consisting of Encore Energy Pte. Ltd (50.7%), treasury shares (11.7%) and the public (37.6%). Encore Energy is owned by Panigoro family through Encore International (60.6%), and Mitsubishi Corp. (39.4%).

Rating Period: November 30, 2009 – November 1, 2010

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