



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
June 9, 2010

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 and Bonds II/B/2009 of IDR986.5 billion) and MTN (I/2009 of USD42.1 million and II/A/2010 of USD57.9 million). At the same time, PEFINDO also assigned "idAA-" rating for MEDC's proposed MTN III/2010 amounting to USD50 million. The proceeds of MTN issuance will be used for refinancing, investment and working capital.

The ratings reflect the Company's relatively competitive lifting cost, above average liquidity and recognition of reserves in Senoro-Toilli. The ratings are constrained by the delay of several major projects, decreasing oil production from limited producing fields, more aggressive financial leverage resulting from sizeable capital expenditure and an uncertain asset divestment plan as well as exposure to oil price fluctuation. The rating is still put in "**Negative Outlook**" to anticipate the Company's weakening financial profile partly due to aggressive borrowing, without being compensated by immediate increase in oil and gas production.

MEDC is the largest privately-owned independent oil and gas company in Indonesia. The Company is also engaged in downstream (ethanol, LPG, distribution of high speed diesel) and power generation. MEDC is listed in Indonesia Stock Exchange. The Company's shareholders consist 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: May 24, 2010 – May 1, 2011

Contact Analyst: Ronald Hertanto & Vonny Widjaja
ronald.hertanto@pefindo.co.id & vonny.widjaja@pefindo.co.id

DISCLAIMER

PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents in this report or publication. PEFINDO cannot be held liable for its use, its partial use, lack of use, in combination with other products or used solely, nor can it be held responsible for the result from its use or lack of its use in any investment or other kinds of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the base of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO public ratings and analyses are made available on its Website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.

Phone : (62-21) 521 0077

Fax : (62-21) 521 0078

PEFINDO Website: <http://www.pefindo.com>