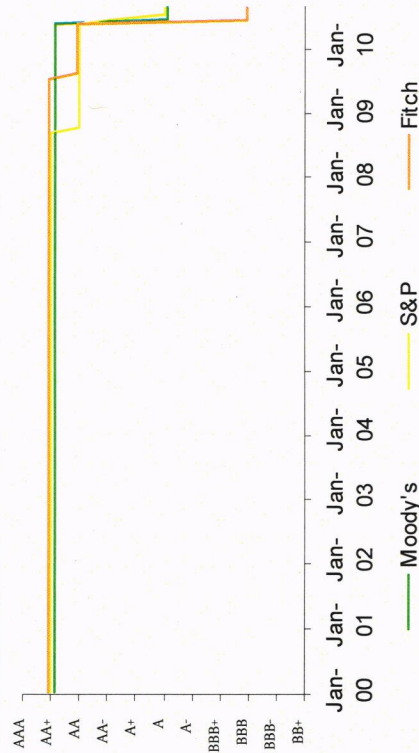


# Current BP funding position Credit rating



BP – Historical rating profile



Source: Moody's, Standard & Poor's, Fitch

## Rating Analysis

- The credit rating agencies' current assessment of BP's credit rating and outlook are summarised as follows:

### Moody's

- On 18 June 2010, BP's credit ratings were downgraded by Moody's to 'A2' from 'Aa2'.
- The agency cites the worsening impact expected from the oil pouring into the Gulf of Mexico from BP's subsea Macondo well.
- Moody's predicts that 'the spill will have a sustained negative impact on the group's free cash flow generation and overall financial profile for a number of years'.
- BP's rating has been affected by the 'substantial upward revision of the estimated size of the leak, the continued failure to bring the leaking Macondo well under control, and the mounting costs and claims for damages'.

### S&P

- On 17 June 2010 S&P downgraded BP's long- and short-term ratings to 'A/A-1' from 'AA-/A-1+'. The ratings were placed on CreditWatch on 4 June 2010 where they remain with negative implications.
- S&P cites 'the challenges and uncertainties that BP continues to face in the aftermath of the explosion on the Deepwater Horizon rig in the Gulf of Mexico on April 20, 2010, and the subsea Macondo well blowout' as the rationale for this downgrade.
- These challenges and uncertainties were expanded as the difficulties in containing the spill, the ultimate extent of the pollution as well as the consequences of official investigations, and their implications on the magnitude and time of further cash payments by BP.
- While recognising measures taken by BP to provide increased liquidity flexibility, S&P is of the view that their benefit is 'less significant than the negative effect on credit that has arisen'.

### Fitch Ratings

- On 23 June 2010, Fitch downgraded BP's credit ratings to 'BBB' from 'AA'.
- Fitch pointed to 'an increased degree of uncertainty to both the overall size and timing of BP's liability with respect to the Deepwater Horizon accident' and identified an increased risk that 'the balance between long-term and near- to medium-term payments may now be skewed more towards the near-term than previously anticipated'.
- The agency is concerned that BP will face potential civil fines for the oil discharge and higher fines if BP were found to have committed gross negligence or wilful misconduct.
- This downgrade reflects estimated clean-up and claims cost in 2010 in the region of \$3bn-\$6bn (increased from previous estimate of \$2bn-\$3bn).

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