BP Corporation North America, Inc.
August 31, 2010

In our relationship with BP Plc. the vast majority of our credit lines are extended to one of BP Plc's major subsidiaries, BP Corporation North America, Inc. (BPCNA or Company). We have received audited financial statements from BPCNA.

For year-ended December 31, 2009, Company reported revenues of $114.6 billion, operating income of $5.6 billion and net income of $3 billion. The risks associated with negative working capital of $5.3 billion are mitigated by the ability of cash generated from Operations, $12.6 billion, to cover current maturities 36+ times. At December 31, 2009 Company has access to undrawn committed borrowing facilities of $4.55 billion. Company also has a long-term revolver with Repsol Netherlands Finance BV in the amount of $1.4 billion. Borrowings under the facility at year-end were $487 million. Total equity of $74.3 billion is leveraged at 44%. Long-term debt, $59.2 billion, consists of 94% affiliate debt and 6% third party debt.

The Company's operations comprise two reportable segments. Exploration and Production activities include oil and natural gas exploration, field development and production, natural gas processing and marketing and pipeline transportation. Refining and Marketing activities include oil supply and trading, refining, petrochemicals manufacturing and marketing.

The Company's income statement through June 30, 2010 reflects a net loss of $18.1 billion due to a pre-tax charge of $32.2 billion related to the Gulf of Mexico oil spill. This amount is $41 million higher than the equivalent second quarter charge reported by BP Plc. as a result of recording certain long term obligations on an undiscounted basis in accordance with GAAP. Through a subsidiary of BP Plc., the Company has personal injury, property damage and business interruption insurance coverage. As of June 30, 2010, the Company has received $448 million related to the Gulf incident under these policies. Total recoveries under the policies are limited to not more than $700 million. Any future recoveries will be recognized in the period received. A subsidiary of the Company established a trust, and on August 9, 2010 made a $3 billion initial deposit to its $20 billion escrow account to pay legitimate claims arising from the Gulf of Mexico oil spill.

BP Plc. has announced plans to dispose of assets with a value up to $30 billion over the next 18 months, including the $7 billion from the disposals to Apache Corporation completed July 20, 2010. Future divestments may be sourced from the Company or the remainder of BP Plc.

Overall, BPCNA's relationship with its parent, BP Plc., is taken into consideration in regard to our credit relationship. When that relationship is considered, our total credit extension is well within APC guidelines. BPCNA has access to capital and the ability to meet its obligations. However, based on the uncertain outcome of issues related to the Gulf spill it is highly recommended that any new contracts with BP Corporation North America, Inc. and any affiliates or subsidiaries be approved by Treasury. It is also recommended that the Company financial statements will be reviewed on a quarterly basis.

Current business requirements would be an overall credit extension of $266 million which is less than 1% of Tangible Net Worth. The Credit extension would be allocated as follows:

BP Oil Supply, Inc. = $55MM
BP Corporation North America, Inc. = $100MM

BPCNA has offered to provide a PCG covering exposure for its subsidiaries which would include:
BP Energy Company = $51MM
BP Canada Energy Marketing Corp. = $40MM
BP Products North America, Inc. = $15MM
BP American Production Company = $5MM

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