In re: Oil Spill by the Oil Rig "Deepwater Horizon" in the Gulf of Mexico, on April 20, 2010

REBUTTAL REPORT OF IAN RATNER, CPA/ABV, ASA, CFE

September 26, 2014

Regarding BP p.l.c.

and BP Exploration and Production Inc.

to the September 12, 2014 Response Report

of R. Bruce Den Uyl

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1.0 INTRODUCTION AND SUMMARY CONCLUSIONS

1. I was retained by The Department of Justice ("DOJ") on behalf of The United States of America, to review and analyze the economic impact of a potential assessment of financial penalties related to the *Deepwater Horizon* oil spill in the Gulf of Mexico on April 20, 2010, on the ongoing operations of BP p.l.c ("BP" or the "BP Group") and its subsidiary, BP Exploration & Production Inc. ("BPXP"). Specifically, I was asked to opine upon the ability of both of these entities to pay such penalties under the Clean Water Act ("CWA"), if assessed. I issued a report concerning such opinions on August 15, 2014 (the "Ratner Report").

2. Simultaneously, Mr. R. Bruce Den Uyl ("Mr. Den Uyl"), an expert witness retained on behalf of BPXP, issued a report dated August 15, 2014 (the "Den Uyl Report") concerning the financial impact of a future CWA penalty on BPXP.[1]

3. On September 12, 2014, I issued a response report (the "Ratner Response Report") to the Den Uyl Report. On the same date Mr. Den Uyl also issued a response to the Ratner Report (the "Den Uyl Response Report"). I was asked by the DOJ to review and comment on the Den Uyl Response Report. This report summarizes my comments and opinions ("the Ratner Rebuttal Report").

4. To perform this engagement, I worked with a team of professionals at GlassRatner with extensive experience in financial analysis, quantification of economic damages, and/or forensic accounting, all of whom worked under my direct supervision and control.

5. Based on my review of available documents, analyses performed and the information cited herein it is my opinion that:

   a) Mr. Den Uyl's opinion that my analyses of BP are flawed, misleading and irrelevant because BP is neither a defendant nor liable for civil penalties under the Clean Water Act is inaccurate and misleading because BPXP, as the violator, would likely seek financial assistance from its parent, the BP Group, to pay an assessed CWA penalty.

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[1] Den Uyl Report, p. 1.

As such, it is relevant to perform an analysis of the BP Group to assess BP's ability to provide such financial assistance.

i. Mr. Den Uyl's opinion that BPXP cannot compel BP or any outside investor to provide funding to BPXP does not mean that funding cannot be obtained.

ii. Mr. Den Uyl's opinion that any CWA penalty in excess of $2.3 billion would exceed BPXP's existing financing practices with BP is unrealistic and contradicted by BP's historical lending practices to BPXP.

iii. Mr. Den Uyl's analysis and related opinion that BPXP's equity value is $16.1 billion is defective, understated and deviates from generally accepted valuation methodology.

b) Mr. Den Uyl's opinion, that my analysis of BPXP's financial ability to fund or finance a CWA penalty is flawed and misleading, is unsupported and many of my responses to these critiques have been addressed in detail in my Ratner Response Report.

i. Mr. Den Uyl's opinion that I failed to consider the impact of BPXP's contingent liabilities on (a) BPXP's historical ability to borrow from the BP Group, (b) BPXP's ability to pledge its assets as collateral for a loan, and (c) the indications of BPXP's value are all unsupported, and in some instances, misleading and irrelevant.

ii. Mr. Den Uyl's opinions that I inaccurately depicted BPXP's reserves, related values, and BPXP's assets, are unsupported because he inaccurately portrays my statements and mischaracterizes my opinions.

iii. Mr. Den Uyl's opinions that I presented misleading BPXP-related financial performance metrics do not reflect an accurate depiction of my analyses and related opinions.

c) Mr. Den Uyl's opinions, that my analyses of BP's ability to fund or finance a CWA penalty assessed on BPXP are flawed, are inaccurate, misleading and unsupported.

i. Mr. Den Uyl's opinion that I failed to evaluate BP's contingent liabilities is inaccurate as this issue was discussed in my Ratner Response Report.

ii. Mr. Den Uyl's opinion that I presented misleading BP financial performance metrics is inaccurate and misleading because he has taken certain statements and analyses out of context and mischaracterizes the financial metrics discussed in the Ratner Report.

iii. Mr. Den Uyl's opinion that I did not adequately address the historical negative impact on BP of the *Deepwater Horizon* incident and the future potential impact on BP from the CWA penalty is inaccurate and unsupported. Many of his critiques are vague and do not address the impact on BP's available options to fund or finance a CWA penalty assessed on BPXP.

2.0 PROFESSIONAL BACKGROUND

6. A complete discussion of my background and qualifications is contained in the Ratner Report at page 5.

3.0 SCOPE OF REVIEW

7. The conclusions set out herein are based on my review of the Den Uyl Response Report, documents, information, data, and deposition testimony including those listed in **Appendix 1** to this report. For ease of reference, I have referenced and/or noted the specific documents relied on in my rebuttal report.

4.0 BACKGROUND

8. The Den Uyl Response Report contains a series of critiques in response to the Ratner Report. Mr. Den Uyl's critiques and opinions in the Den Uyl Response Report are summarized as follows:

a) That my analysis and opinions improperly consider the financial resources associated with BPXP's ultimate parent company, BP p.l.c., which is a non-party to the civil action;

i. BPXP cannot compel BP to provide funding beyond what is available under the IFA credit facility and that a penalty in excess of $2.3 billion would exhaust BPXP's available funding and cash.

ii. The maximum penalty of $18 billion would exceed all of BPXP's equity value of $16.1 billion.

I disagree with the critiques and assertions made by Mr. Den Uyl. My rebuttal comments on the above critiques are discussed in detail in **Section 5.0** to this report.

b) That my analysis of BPXP's financial ability to fund or finance a CWA penalty is flawed and misleading because it fails to consider the impact of BPXP's contingent liabilities, inaccurately depicts BPXP's reserves and related values, presents misleading indications of value and presents misleading BPXP-related financial performance metrics.

I disagree with the critiques and assertions made by Mr. Den Uyl. My rebuttal comments on the above critiques are discussed in detail in **Section 6.0** to this report.

c) That my analysis of BP p.l.c. is flawed because it does not evaluate contingent liabilities, presents misleading financial performance metrics and does not consider the historic negative impact of the *Deepwater Horizon* incident on BP p.l.c. to date or the future negative impact that a CWA penalty levied on BPXP would have on BP p.l.c. on a consolidated basis.

I disagree with the critiques and assertions made by Mr. Den Uyl. My rebuttal comments on the above critiques are discussed in detail in **Section 7.0** to this report.

5.0 Assertion that My Analysis of BP p.l.c. is Flawed, Misleading and Irrelevant Because BP p.l.c. is not a Named Defendant and is not Liable for a CWA Penalty

9. Mr. Den Uyl's first core critique of my initial Ratner Report is that my analysis of BP p.l.c.'s ("BP" or "the BP Group") financial ability to fund or finance a CWA penalty assessed on BPXP is flawed and misleading because BP is neither a defendant nor liable for civil penalties under the Clean Water Act.[2] He argues that since BPXP is the named "violator" and sole defendant my "*...analysis of BP p.l.c. is not relevant, as it focuses on an entity*

[2] Den Uyl Response Report, page 4.

that Mr. Ratner acknowledges is neither a defendant nor liable to pay a CWA penalty judgment."[3]

10. Mr. Den Uyl misses my point. As discussed in my previous reports, it is highly likely that BPXP would first turn to BP to fund or finance a CWA penalty irrespective of the fact that BP is not a defendant in the subject civil action. Alternatively, BPXP could also seek sources of financing outside of the BP Group.

11. My analysis in the Ratner Report of the BP Group's financial condition is valid, relevant and critical because, should BPXP seek assistance from its parent company to finance the CWA penalty, my analysis addresses the ability of BP to provide such requested financing. To not assess BP's financial condition, as well as its existing and historical operating relationship with BPXP, would be inappropriate and not provide the Court with the relevant financial information needed to assess BPXP's ability to pay the CWA penalty.

5.1 Mr. Den Uyl's Opinion That BPXP Cannot Compel BP or any Outside Investor to Provide Funding to BPXP Does not Mean Funding Cannot be Obtained. Mr. Den Uyl's Opinion that any CWA Penalty in Excess of $2.3 Billion Would Exceed BPXP's Existing Financing Facility is Unrealistic and Contradicted by BP's Historical Lending Practices

12. The Den Uyl Response Report asserts "*In order to satisfy a larger CWA penalty,* [in excess of $2.3 billion] *BPXP could ask for funds from BP p.l.c., but it cannot compel BP p.l.c. to provide funding beyond what is available under BPXP's existing IFA agreement just as it could not compel any outside investor or lender to provide funding to BPXP.*"[4] This statement in the Den Uyl Response Report is nonsensical. Just because BPXP cannot "compel" BP or some other investor to provide funding does not mean it cannot be obtained. To assume otherwise as the basis for his opinion is simplistic, misleading, contradicted by historical events and ignores the reality of the credit markets.

13. Mr. Den Uyl's opinion about BPXP's inability to obtain additional funding from BP is predicated on his unrealistic underlying assumption that BPXP's borrowing capacity will remain static since it cannot compel either BP or an outside lender to provide funding. This assumption is very simplistic and out of touch with business reality. While no

[3] Den Uyl Response Report, page 4.
[4] Den Uyl Response Report, page 5.

borrower can "compel" an investor to provide funding, credit markets include a variety of lenders and investors who make loans to companies with all kinds of risk levels. These risks are typically mitigated by collateral arrangements, guarantees or reflected in the interest rates and other inducements obtained from borrowers.

14. In connection with Mr. Den Uyl's assertion that BPXP cannot compel BP or any investor to provide funding, the Den Uyl Response Report further states that, *"any CWA penalty in 2015 in excess of $2.3 billion would exceed BPXP's existing financing facility."*[5] Mr. Den Uyl calculated the $2.3 billion available facility as summarized below in **Table 1**.[6]

Table 1		
Mr. Den Uyl's Calculation of BPXP's Available Credit to Finance a CWA Penalty		
Description	**Amount ($ in billions)**	
BPXP's IFA borrowing limit	$	5.0
Less: Loan balance as of June 30, 2014		(1.6)
Available borrowing capacity at June 30, 2014		3.4
Less: New borrowings needed to fund 2014 and 2015 operations		(1.1)
BPXP's available credit	$	2.3

15. Mr. Den Uyl acknowledges that BPXP could request funding from BP to pay an assessed penalty, but alleges BP would solely consider economic factors such as BPXP's projected financial performance, net present value, liabilities and credit worthiness before making a decision whether to invest in BPXP.[7] Mr. Den Uyl opines that BP's assessment of any request from BPXP would be based solely on investment criteria including assessing an adequate yield or return on the investment.[8] Mr. Den Uyl uses this argument to critique my initial Ratner Report and states that I failed to appropriately analyze these financial factors as they relate to BPXP.[9]

16. Mr. Den Uyl's statements, critiques and opinions are misleading and unsupported for a number of reasons:

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[5] Den Uyl Response Report, page 5.
[6] Den Uyl Report, page 12.
[7] Den Uyl Response Report, page 5.
[8] Den Uyl Response Report, page 5.
[9] Den Uyl Response Report, page 5.

a) Based on my analysis of BP's historical lending relationship with BPXP there were multiple instances, over a two-year period, where BP provided BPXP with loan amounts in excess of $10 billion on the very same $5 billion limit IFA credit facility. This analysis was discussed in detail in my Ratner Response Report.[10]

b) BP also paid over $9 billion of expenses on behalf of BPXP. These payments were not reimbursed by BPXP for several years and there was no lending agreement in place between BPXP and the BP entity that made these payments. This was discussed in detail in my Ratner Report[11] and my Ratner Response Report.[12]

c) It is economically realistic that BP would provide some level of financing to BPXP to fund the CWA penalty which makes my analysis of BP's financial condition and sources of cash relevant and necessary.

d) The listed economic factors, including yield on investment, identified by Mr. Den Uyl as the sole criteria for an investment decision by BP ignores and does not consider any intrinsic criteria and non-financial factors that would also be considered and weighed by BP and influence its decision to provide additional financing to BPXP.

17. As discussed in the Ratner Response Report, there are many intrinsic and non-financial factors which would motivate BP to provide further funding to BPXP, such as the desire to protect the BP brand, maintain a source of upstream production, and continue to lever BPXP's exploration efforts and assets.[13]

18. There is no evidence to indicate that BP would look solely to BPXP's financial metrics and financial condition in its decision to provide BPXP with funds to finance the CWA penalty assessed on BPXP. As discussed in the Ratner Response Report, BP historically provided unrestricted resources to BPXP during the *Deepwater Horizon* incident whenever BPXP needed funds. Mike Utsler, BPXP's former Incident Commander for the *Deepwater Horizon* incident response, testified in his deposition that "*cost was never an issue*" in

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[10] Ratner Response Report, Section 6.2.
[11] Ratner Report, paragraph 135 and Table 19.
[12] Ratner Response Report, paragraph 31.
[13] Ratner Response Report, paragraphs 20 and 21.

determining how to proceed with the response.[14] In fact, Mr. Utsler was not told that he was to be limited to the assets of BPXP and that he affirmatively had the "*resources from across the entire BP corporation worldwide*" at his disposal.[15]

19. Additionally, there is compelling evidence that BP has already considered assisting BPXP for reasons other than assessing a return on investment. For example, in its Debt Investor Relations Presentation at the end of Q1 2014 BP management communicated that BP had sufficient cash reserves to fund the CWA penalty. Specifically, in response to the question "*How would BP fund an unexpected large cash call arising from the GoM legal situation? Would you look to issue Letters of Credit as XOM had to over Valdez?*",[16] BP management responded:

> "*We believe we have sufficient cash reserves <u>to fund any unexpected payment</u> and so have no plans to issue L/Cs.*"[17] [Emphasis added]

20. BP has already recorded a provision of $3.51 billion in 2010 for potential penalties under the CWA.[18] Accordingly, any "unexpected" penalty payment appears to mean additional penalty amounts in excess of $3.51 billion. The above example is important because it shows that BP has publicly stated it would use BP's sufficient cash reserves[19] to fund an unexpectedly large cash call arising from the CWA penalty. BP has already committed a portion of its cash reserves to fund the CWA penalty.

21. Further, the $3.51 billion provision reserved by BP exceeds the $2.3 billion amount Mr. Den Uyl opines could be solely funded by BPXP without any financial assistance from BP. In other words, BP has already publicly disclosed it has provided for a CWA penalty in an amount that is approximately 53% greater than the amount Mr. Den Uyl opines BPXP can pay and BP represented to debt investors it has sufficient cash reserves to pay any unexpected portion of a CWA penalty. These facts contradict Mr. Den Uyl's opinion about

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14 Utsler Tr. 44: 23-24.

15 Utsler Tr. 45: 5-16.

16 BP Debt Investor Relations Presentation, p. 6. Bates # BP-HZN-2179MDL08959128.

17 BP Debt Investor Relations Presentation, p. 6. Bates # BP-HZN-2179MDL08959128.

18 BP 2013 Annual Report and Form 20-F, p. 142. The provision was estimated based on an estimate of 3.2 million barrels of oil discharged into the Gulf multiplied by $1,100 per barrel.

19 Table 8 to the initial Ratner Report shows cash and cash equivalents on BP's consolidated Balance Sheet to be approximately $27.5 billion as of Q2 2014.

BPXP's limited ability to fund the CWA penalty because it cannot compel BP to provide financing.

22. In summary, Mr. Den Uyl's critique, that my financial analysis of BP is not relevant because BP is not a party to the civil action or liable for the CWA penalty, is invalid and contradicted by the facts:

    a) BPXP would likely seek financial assistance from BP to pay the CWA penalty just like it has historically obtained funding from BP to address the costs from the *Deepwater Horizon* incident. Mr. Den Uyl acknowledges this is a possibility.[20] Accordingly, an assessment of BP's financial and funding capabilities to provide funding to BPXP is necessary and relevant;

    b) BP management has publicly disclosed that it has cash reserves sufficient to pay an unexpected CWA penalty in excess of the $3.51 billion already reserved; and

    c) Mr. Den Uyl's critique of my analyses of BP and his opinion that BP would only consider economic factors in its role as a potential investor in BPXP is based on a set of unrealistic assumptions that are contradicted by actual historical events and statements made by BP management, and ignores non-economic factors that BP would also consider in its decision.

5.2 Mr. Den Uyl's Purported $16.1 Billion Equity Value of BPXP is Defective and Understated

23. The Den Uyl Response Report opines that the maximum CWA penalty of $18.06 billion "*is greater than all of BPXP's equity value of $16.1 billion before consideration of contingent liabilities as detailed in my Initial Report.*"[21] The initial Den Uyl Report included an analysis wherein Mr. Den Uyl used an industry report[22] that estimated the net present value of only certain BPXP assets and then he made a significant unexplained and unsupported downward adjustment of $7.8 billion to arrive at a purported equity value of BPXP.[23]

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[20] Den Uyl Response Report, pages 4 and 5 discussing BPXP requesting additional funding from its parent.

[21] Den Uyl Response Report, page 5.

[22] The industry report used by Mr. Den Uyl was the report prepared by Wood Mackenzie.

[23] The Den Uyl Report, pages 24 – 26.

24. Mr. Den Uyl's purported valuation of BPXP's equity is not prepared in accordance with any generally accepted business valuation methodology[24] and is defective in a number of ways. My Ratner Response Report discusses in detail the defects in his analysis and the lack of support for his many adjustments and assumptions.[25] In summary, my critiques of his purported equity value for BPXP are as follows:

a) The Wood Mackenzie industry report relied on by Mr. Den Uyl is not a valuation report on the equity of BP or BPXP. It is an analysis that calculates the net present value of projected future cash flows for only certain Gulf of Mexico assets owned by BP;[26]

b) The Wood Mackenzie analysis does not include all of the assets of BP;[27]

c) Mr. Den Uyl made an unsupported downward adjustment to BP's cash flows used in the Wood Mackenzie industry report resulting in a $7.8 billion downward adjustment to the Mr. Den Uyl's purported equity value of BPXP;[28] and

d) Mr. Den Uyl did not consider intangible assets that would increase the value of BPXP's equity.[29]

25. In summary, Mr. Den Uyl takes an industry net present value analysis of only certain BP assets, makes significant adjustments for unsupported operating costs, and then deducts other liabilities in an attempt to derive the purported equity value of BPXP. This analysis is flawed and does not comport with generally accepted valuation methodology. He has not performed an appropriate Discounted Cash Flow analysis of BPXP, he has not examined the market for comparable transactions or comparable companies to BPXP, and ultimately his analysis fails to consider such items as goodwill, intangible items associated with the BP brand, and even the synergistic value associated with the integrated platform of BP.

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[24] Ratner Response Report, Section 7.2.1
[25] Ratner Response Report, Section 7.2.
[26] Ratner Response Report, Section 7.1.
[27] Ratner Response Report, Section 7.1.1.
[28] Ratner Response Report, Section 7.2.
[29] Ratner Response Report, Section 7.2.1.

6.0 <u>Assertion that My Financial Analysis of BPXP is Flawed and Misleading</u>

26. The second core critique by Mr. Den Uyl is that my analysis of BPXP's financial ability to fund or finance a CWA penalty is flawed and misleading because it:

    a) Fails to consider the impact of BPXP's contingent liabilities, (See **Section 6.1**)

    b) Inaccurately depicts BPXP's reserves and related values, (See **Section 6.2**)

    c) Presents misleading indications of value, and (See **Section 6.3**)

    d) Presents misleading BPXP-related financial performance metrics. (See **Section 6.4**)

27. Mr. Den Uyl's critiques are unsupported. I have addressed each of his four critique items in the following subsections of this report.

6.1 Assertion that I Failed to Consider the Impact of BPXP's Contingent Liabilities

28. Imbedded in his overall critique that my financial analysis of BPXP is flawed, is his assertion that I failed to acknowledge significant existing and contingent liabilities when performing my analysis of:

    a) BPXP's historical ability to borrow from the BP Group when needed, (See **Section 6.1.1**)

    b) BPXP's ability to pledge its assets as collateral for a loan, or (See **Section 6.1.2**)

    c) My examination of indications of BPXP's value.[30] (See **Section 6.1.3**)

29. Mr. Den Uyl further states that the existing and contingent liabilities would impact credit metrics relevant to any debt issuance and that servicing these liabilities would consume cash from operations.[31] Further, Mr. Den Uyl states that "*These additional costs, <u>if they occur</u>, would further undermine BPXP's financial condition and ability to pay its obligations to current and future creditors.*"[32] [Emphasis added]

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[30] Den Uyl Response Report, page 6.
[31] Den Uyl Response Report, page 6.
[32] Den Uyl Response Report, page 7.

30. Contingent liabilities by definition are possible obligations and present obligations that are not probable or not readily measureable.[33] As noted in the Ratner Response Report, Mr. Den Uyl's characterization of BP's contingent liabilities is merely a collection of selective citations to the BP 2013 Annual Report and the very nature of contingent liabilities (i.e., the uncertainty thereof) makes his opinion that they will have an impact on BPXP's ability to pay a CWA penalty speculative.[34]

6.1.1 Mr. Den Uyl's Critique That I Did Not Consider the Impact of Existing and Contingent Liabilities on BPXP's Historical Ability to Borrow From the BP Group Is Unsupported

31. The Den Uyl Response Report asserts, "*Mr. Ratner fails to acknowledge significant existing and contingent liabilities when performing his analysis of BPXP's purported historical ability to borrow from the 'BP Group as needed.'*" However, Mr. Den Uyl provides no further explanation or discussion on how or why existing and contingent liabilities would impact BPXP's historical ability to borrow from the BP Group when needed.

32. Without any discussion or basis for his critique, I am unable to respond. It is unclear how or why BPXP's existing and contingent liabilities could have or would have impacted its historical borrowing activity with the BP Group in any way different than it actually did.

6.1.2 Mr. Den Uyl's Critique That I Did Not Consider the Impact of Existing and Contingent Liabilities on BPXP's Ability to Pledge its Assets as Collateral for a Loan Is Unsupported

33. The Den Uyl Response Report asserts, "*Mr. Ratner fails to acknowledge significant existing and contingent liabilities when performing his analysis of BPXP's... ability to 'pledge its assets as collateral for a loan.'*"[35] Mr. Den Uyl explains that these liabilities would impact BPXP's credit metrics relevant to any debt issuance.[36] Mr. Den Uyl's critique focuses on the concern that servicing the existing and contingent liabilities would be an additional use of cash from operations and impact BPXP's ability to repay borrowings.

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[33] Excerpts from FASB ASC 450.

[34] Ratner Response Report Section 6.4

[35] Den Uyl Response Report, page 6.

[36] Den Uyl Response Report, page 6.

34. Mr. Den Uyl's comments are so speculative in nature that he cannot determine any specific impact. For example Mr. Den Uyl acknowledges that:[37]

a) "*All of these contingent liabilities represent potential costs.*" [Emphasis added]

b) "*[T]he timing and/or amounts of these contingent liabilities are uncertain.*" [Emphasis added]

c) "*These additional costs, if they occur, would further undermine BPXP's financial condition.*" [Emphasis added]

35. BPXP could address any uncertainty or concern about the existing and contingent liabilities by, for example, providing a lender with a collateral interest in its unencumbered assets, thereby giving a potential lender/financier priority ahead of any unsecured contingent liabilities that do in fact materialize.

6.1.3 Mr. Den Uyl's Critique That I Did Not Consider the Impact of Existing and Contingent Liabilities on My Examination of Indications of BPXP's Value is Misleading and Irrelevant

36. The Den Uyl Response Report asserts, "*Mr. Ratner fails to acknowledge significant existing and contingent liabilities when performing his…examination of indications of BPXP's value.*"[38] However, the Den Uyl Response Report is silent on any explanation about the basis for this assertion.

37. His assertion references paragraph 187 of my initial Ratner Report where I observed that a Goldman Sachs report estimated the value of BP's 20 largest fields, five of which are in the Gulf of Mexico and are reflected on BPXP's balance sheet. I noted that the estimated market values for these five fields were more than twice the book value of these assets reported on the BPXP balance sheet.[39] This observation is not a valuation of BPXP or the equity interest in BPXP. Accordingly, the contingent liabilities discussed by Mr. Den Uyl are irrelevant to the market value of the fields.

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[37] Den Uyl Response Report, page 7.
[38] Den Uyl Response Report, page 6.
[39] Ratner Report, paragraph 187 and 188.

38. This is another example of Mr. Den Uyl missing my point that BPXP has a value greater than its book value or the sum of its parts. My observation of the contents of the Goldman Sachs Report is not represented to be or intended to be a valuation of BPXP or its equity.

6.2 Assertion that I Inaccurately Depict BPXP's Reserves and Related Values

39. The Den Uyl Response Report states, "*Mr. Ratner makes certain observations related to BPXP's reserves and their corresponding value that serve to misstate or misinterpret the value associated with these reserves.*"[40] Mr. Den Uyl also states that, "*any reserve values need to be viewed in concert with BPXP's existing and contingent liabilities, which Mr. Ratner does not examine.*"[41] The Den Uyl Response Report then uses two examples to purportedly support his assertions.

40. The examples cited by Mr. Den Uyl and the related critiques represent instances where Mr. Den Uyl attempts to change the meaning of what I said in my initial Ratner Report. Additionally, Mr. Den Uyl reiterates his critique relating to contingent liabilities, yet he does not explain how BPXP's existing or contingent liabilities will impact the dollar value that BPXP will receive from the ultimate sale of any hydrocarbons in the future.

41. In his first example, Mr. Den Uyl states that I made a misleading statement that "*BP has approximately 1.2 billion BOE of proved reserves in the Gulf of Mexico as of December 31, 2013.*"[42] This statement is not misleading and was simply used as a representative observation of the size of BP's Gulf of Mexico operations and not of any dollar value associated with it. However, Mr. Den Uyl asserts that this statement somehow represents the related value of the reserves. This is simply inaccurate and unsupported. In fact while his critique alleges that I inaccurately depicted the value of the reserves, his report does not state what value I allegedly offered. This is because there was no value offered in this statement.

42. In his second example, Mr. Den Uyl asserts I made a misleading statement about the discoveries in Lower Tertiary fields because I did not determine the present value of the future oil production, the time value of money and the risk of achieving forecasted

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[40] Den Uyl Response Report, page 7.
[41] Den Uyl Response Report, page 7.
[42] Ratner Report, paragraph 33.

production.[43] Mr. Den Uyl once again misses the point and takes the statement out of context. My statement was made in the context of discussing BP's overall operations in the Gulf of Mexico and that technology did not yet exist to extract that oil. My statement did not value the oil fields or the net cash flows to BP. It was only in the context that if and when technology allows for the extraction of this oil, then the oil would generate significant revenues at current world prices. It was a reference point and not a valuation as mischaracterized by Mr. Den Uyl.

6.3 Assertion that I Present Misleading Indications of Value

43. The Den Uyl Response Report critiques that I did not offer an independent valuation of BPXP and instead relied on a 2012 Goldman Sachs discussion of asset values to conclude that "*BPXP may be able to sell partial interests in its various assets to raise funds to pay the Penalty and therefore need not alter the structure or content of its portfolio of assets.*"[44] Mr. Den Uyl does not claim that the 2012 Goldman Sachs analysis is incorrect, only that I fail *"to account for the other claims on BPXP's value,"* and that I overstate *"the amount that may be available for any CWA penalty."*[45] Mr. Den Uyl again inaccurately portrays my statements. The referenced analysis simply shows that the fair market value of just five fields, per Goldman Sach's analysis, is greater than the net book value of all of BPXP's assets as reported on BPXP's financial statements. BPXP's financial statements include all known liabilities of BPXP, so Mr. Den Uyl incorrectly states that this analysis *"fails to account for the other claims on BPXP's value."*[46]

44. In addition, Mr. Den Uyl states my *"assumption that each asset can be sold in excess of book value is flawed."*[47] Mr. Den Uyl inaccurately added the phrase "each asset" in order to bolster his statement. I simply stated that the asset sales made since the *Deepwater Horizon* incident indicate that the fair market value of the assets (meaning all of BPXP's assets on a collective basis) is greater than the reported book value (which is typically the historical cost paid for/invested in the assets).

[43] Den Uyl Response Report, page 8.
[44] Ratner Report, paragraph 188.
[45] Den Uyl Response Report, page 9.
[46] Den Uyl Response Report, page 9.
[47] Den Uyl Response Report, page 9.

45. Mr. Den Uyl states that instead of preparing a "superficial comparison to book value" a third party valuation should be prepared.[48] Mr. Den Uyl states that Wood Mackenzie has performed this valuation. However, as detailed in Ratner Response Report,[49] Wood Mackenzie did not perform a valuation and only examined a portion of BPXP's assets. Further, as noted above and in the Ratner Response Report, Mr. Den Uyl's calculation of BPXP's equity value is defective and understates the true value of BPXP.[50] Further, the book value comments I made were to simply demonstrate that more than likely, the fair market value[51] of assets is greater than the book value.

6.4 Assertion that I Present Misleading BPXP-Related Financial Performance Metrics

46. The Den Uyl Response Report states that I performed a variety of misleading financial analyses related to BPXP in order to purportedly evaluate its ability to fund a CWA penalty.[52] Mr. Den Uyl then identified and discusses five specific examples. The examples identified by Mr. Uyl and his critiques are not an accurate depiction of my analysis and related opinions. Each of his five examples and my responsive comments are discussed below.

   a) Mr. Den Uyl states that my analysis of BPXP's future expected cash flows for the 10-year period 2014 through 2023 should be discounted to net present value. This would be inappropriate for the purpose of my analysis. My analysis was performed to show that BPXP's projected future cash flows would be sufficient to allow BPXP to finance the CWA penalty and be able to repay the debt obligation with future cash flows. Clearly the repayment would be made with nominal dollars and it would be inappropriate and misleading to discount the future cash flows for this analysis. As an illustrative example, if a lender determined that a borrower had sufficient future cash flows to service the debt repayment for an auto loan, the lender would not discount the future expected cash flows of the borrower. This makes no sense.

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[48] Den Uyl Response Report, page 9.

[49] Ratner Response Report, section 7.1.1.

[50] Section 5.2 of this report and Ratner Response Report, section 7.2.

[51] The International Glossary of Business Valuation Terms defines Fair Market Value ("FMV") as: "*The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.*"

[52] Den Uyl Response Report, page 10.

Debt repayments would be made in nominal dollars from the future cash flows. No discounting takes place.

b) Mr. Den Uyl claims my statement that *"BPXP has generated net operating cash flow, excluding all incident related expense, since 2012 of over $5.1 billion"* is misleading as it fails to account for capital expenditures.[53] Capital expenditures are an investing activity and not part of operating cash flows, therefore, they should not have been included. Thus, Mr. Den Uyl is changing the comment I made to fit his critique. Further, Mr. Den Uyl's critique is misleading as it implies that all capital expenditures made since 2012 were required to achieve the operating cash flows. That is not true. An analysis of BPXP's 2012 and 2013 capital expenditures[54] details roughly $1.2 billion was spent on exploration and in excess of $600 million was spent on Kaskida, a field not projected to start producing for several years. In addition, significant expansions at Atlantis, Mars and Na Kika, all of which started in early 2014, would have been partially paid for in prior years. Capital expenditures at these three locations during 2012 and 2013 were $726 million, $1,024 million and $384 million, respectively.[55] While not all of these expenditures were related to the expansions, Mr. Den Uyl has not performed any analysis to determine the portion of total capital expenditures necessary to generate the current operating cash flow. Therefore, even though Mr. Den Uyl's critique misses the point being made that BPXP's underlying operations generate significant cash flow, his critique overstates the capital expenditures necessary to obtain current cash flows.

c) Mr. Den Uyl claims that my observation, that BPXP was profitable in all years since 2009 except for the year of the *Deepwater Horizon* incident (2010), is misleading due to the inclusion of the gains recognized from an asset sale in 2012. Mr. Den Uyl claims the gain from the asset sale should be excluded. Mr. Den Uyl's critique is misleading. The 2012 asset sale was part of the $38 billion divestiture program put in place after the *Deepwater Horizon* incident to help fund the costs of the incident.[56] The actual BPXP results for 2012 include costs related to the *Deepwater Horizon*

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[53] Den Uyl Response Report, page 10.
[54] See Bates # BP-HZN-2179MDL08713516 as an example.
[55] Bates # BP-HZN-2179MDL08713516.
[56] Ratner Report, section 7.0.

incident. Therefore, it is inappropriate to include the expenses related to the incident but not the revenues from the asset sale. If both the asset sale and the costs associated with the incident are included, or both are excluded, BPXP would have recorded a profit in 2012.[57]

d) Mr. Den Uyl claims I mischaracterize BPXP's relationship with NAFCO because I ignore the formal terms of the agreement between BPXP and NAFCO.[58] As previously discussed in **Section 5.1** of this report, Mr. Den Uyl's restrictive assumption that BPXP would not be able to alter its existing arrangements with the BP Group ignores the actual historical practices. NAFCO regularly and consistently advanced funds to BPXP in excess of its IFA limit after the *Deepwater Horizon* incident.[59]

e) Mr. Den Uyl states that I have failed to perform any credit analysis from a lender's perspective related to BPXP.[60] I believe I have, through my detailed financial analysis of BP and BPXP and consideration of the various financing options I have discussed.

7.0 ASSERTION THAT MY ANALYSIS OF BP P.L.C. IS FURTHER FLAWED

47. Mr. Den Uyl's third core critique asserts that even though my analysis improperly focused on the non-party BP, my analysis of BP is flawed because I:

a) Failed to evaluate BP's "potentially significant" contingent liabilities; (See **Section 7.1**)

b) Presented misleading BP financial performance metrics; and (See **Section 7.2**)

c) Did not adequately address the historic negative impact on BP to date, or the further negative impact that such a penalty levied on BPXP would have on BP on a consolidated basis.[61] (See **Section 7.3**)

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[57] Ratner Report, Table 13.
[58] Den Uyl Response Report, page 11.
[59] See Table 1 to Ratner Response Report.
[60] Den Uyl Response Report, page 11.
[61] Den Uyl Response Report, page 12.

Mr. Den Uyl's above critiques appear to conflict with his own core opinion. Specifically, his core opinion argues that an analysis of BP is irrelevant because (i) BP is not a named defendant and not liable for the CWA penalty,[62] and (ii) an assessment of an ability to pay the CWA penalty is only relevant to BPXP since it cannot compel BP to finance the penalty.[63] However, he then critiques my financial analysis of BP as flawed because I did not adequately assess the impact that such a penalty levied upon BPXP would have on BP. In other words he argues that an analysis of the potential financial impact on BP is both irrelevant[64] and relevant.[65]

The following subsections of this report address each of the above-listed critiques made by Mr. Den Uyl.

7.1 Mr. Den Uyl's Assertion I failed to Consider BP's Contingent Liabilities is Inaccurate and Contradicted by my Analysis in my Ratner Response Report

48. As previously discussed throughout this report, I have assessed, considered and provided my specific comments and opinions about BP's contingent liabilities and the speculative nature of the impact, if any, on BP and BPXP in various sections of this report as well as in Section 6.4 of the Ratner Response Report.

7.2 Mr. Den Uyl's Assertion I Presented Misleading BP Financial Performance Metrics is Inaccurate and Misleading

49. To allegedly support his assertion that I presented misleading financial metrics, Mr. Den Uyl has taken certain statements out of context and mischaracterizes the financial metrics I cited. Mr. Den Uyl used five examples to support his alleged critiques, each of which are taken out of context and mischaracterized. Each of these specific examples are discussed below.

    a) In my initial Ratner Report I included some general size-related metrics of BP as a consolidated entity to provide the reader with a frame of reference of the scope of

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[62] Den Uyl Response Report, page 4.

[63] Den Uyl Response Report, page 5.

[64] Den Uyl Response Report, page 4 "*Therefore, Mr. Ratner's analysis of BP p.l.c. is not relevant.*"

[65] Den Uyl Response Report, page 12 "*Mr. Ratner's analysis* [of BP] *is flawed because he... does not adequately address... the further negative impact that such a penalty levied upon BPXP would have on BP p.l.c. on a consolidated basis.*"

BP's overall annual revenues, number of employees, and cash flows.[66] My observation about BP's cash flows was set out in the 3rd paragraph of my initial Ratner Report under the heading "Introduction and Summary Conclusions." My size-related metric of BP's cash flows was not made in the context of a detailed analysis of BP's operational metrics. It was simply an introductory conclusion about the size and scope of BP as a company. Mr. Den Uyl's critique is that the cash flow numbers I cited included cash flows from asset sales and did not take into account capital expenditures which would be a use of cash flows. His critique comment is disingenuous because I performed a detailed analysis of BP's income statements, balance sheets and cash flows, including asset sales and capital expenditures, using over 9 pages of analysis set out in Section 8 of the Ratner Report. Mr. Den Uyl is aware I performed this detailed financial analysis of BP's cash flows in Section 8 of the Ratner Report and acknowledges so in his very critique.[67]

b) In my initial Ratner Report I performed a detailed analysis of BP's overall cash flows.[68] My analysis included the presentation of a summary Table of BP's audited cash flow statements for a five-year period.[69] This summary Table contained over 20 line items of detail relating to BP's audited cash flows. Within the context of that detailed analysis, I also made five summary comments on my observations of BP's audited statement of cash flows as it related to cash flows from operations.[70] Mr. Den Uyl's critique is that my analysis of cash flows from operations was misleading because it did not include capital expenditures as an offset to cash flow from operations. His critique comment is inappropriate and inaccurate because the calculation of Cash Flows from Operations does not include capital expenditures. Instead, capital expenditures are a component of cash flows from investing activities as clearly shown in BP's audited Statements of Cash Flows. Mr. Den Uyl's critique is misleading and implies that BP and its auditors are disclosing misleading cash flow data relating to BP's operations which, of course, is clearly not the case.

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66 Ratner Report, paragraph 3(a).

67 Den Uyl Response Report, page 13.

68 Ratner Report, Section 8.3.

69 Ratner Report, Table 10.

70 Ratner Report, paragraph 101 and Table 10.

c) The Ratner Report contains a discussion about the estimated values of BP's proved and unproved oil reserves.[71] I noted that a SEC-required disclosure called the Standard Measure of Oil and Gas ("SMOG") analysis prepared by BP discloses certain net present value estimates of expected future cash flows from BP's proved oil reserves.[72] In my discussion I noted that there is no similar disclosure related to unproved reserves and that unproved reserves could be significantly greater than proved reserves.[73] I also noted that the SMOG analysis is a disclosure only and that none of the values estimated in the SMOG disclosures are included on the balance sheets of BP.[74] Mr. Den Uyl then infers that I suggested the SMOG values should be added to the balance sheet. This was neither stated nor implied in my discussion on the SMOG analysis. Mr. Den Uyl's critique is misleading.

d) The Ratner Report contains a discussion about BP's asset sales subsequent to the *Deepwater Horizon* incident.[75] My discussion noted that BP management disclosed in March 2014 that the $38 billion of assets sold since the *Deepwater Horizon* incident resulted in proceeds that were approximately twice the net book value of the assets as reflected on BP's balance sheets. Based on this disclosure by BP management about asset sales, I made the observation that the fair market value of BP's assets generally exceeds their book value.[76] Mr. Den Uyl makes a weak critique that I reached a general conclusion without preparing an analysis of the value of BP's assets. I made a general observation of the relationship of the fair market values to book values based on the historical asset sales and did not apply this relationship to make valuation adjustments or opinions about BP's remaining assets. I did not represent that I performed a valuation analysis of BP's assets and have not offered a valuation opinion on BP's assets. Mr. Den Uyl's critique is misleading.

e) The Ratner Report includes an analysis of BPXP's ability and capacity to leverage its assets and borrow funds sufficient to pay a CWA penalty. My discussion used two

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[71] Ratner Report, Section 11.2.
[72] Ratner Report, paragraph 123.
[73] Ratner Report, paragraph 125.
[74] Ratner Report, paragraph 126.
[75] Ratner Report, Section 7.0.
[76] Ratner Report, paragraph 89.

illustrative examples of a mix of financing levels and the projected impact on BPXP's gearing ratio.[77] This analysis was summarized in Table 23 of the Ratner Report and this Table contained footnotes setting out various assumptions relating to hypothetical amounts borrowed, additional anticipated future cash flows affecting cash balances, equity levels and related gearing ratio calculation. Mr. Den Uyl critiques my analysis on the basis that Table 23 did not provide an adequate explanation of the assumptions underlying the calculation of the prospective gearing ratio examples. Further, he did not understand the date for the future gearing ratio. The date is set out in the header within the body of the Table that compares the projected gearing ratio as of year-end 2015 compared to historical calendar year ends. The support for the assumptions used is referenced to other tables within my Ratner Report and I assumed equity would remain flat as explained in my notes to the Table. Since my illustrative example projected a gearing ratio based on two assumed scenarios, the actual gearing ratio would change or be different to the extent any of the actual cash, debt and equity balances differ from that projected. My projection was for illustrative purposes only based on the assumptions set out in my Ratner Report for Table 23 and is not meant to guarantee or represent the exact amount of the gearing ratio due to the many variables that would impact any estimate.

7.3 Mr. Den Uyl's Assertion I did not Address the Historic Negative Impact of the Deepwater Horizon Incident on BP or the Future Negative Impact on BP Should BPXP be Assessed a CWA Penalty is Inaccurate and Unsupported

Historic Negative Impact of the Deepwater Horizon Incident

50. In the Den Uyl Response Report, Mr. Den Uyl contends that I have failed to consider incident-related expenses already paid, asset divestments, additional debt that BP has incurred, downgraded credit ratings, and negative shareholder returns.[78] However, an analysis of the historical impact of the *Deepwater Horizon* incident on BP is inherent in the opinions that I espouse in the Ratner Report.

    a) With respect to incident-related expenses, additional debt, and asset divestments, I have analyzed BP's financial reports and future operating projections which were

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[77] Ratner Report, Section 13.2.1.

[78] Den Uyl Response Report, pages.15-16.

both prepared in light of such affairs. After a full consideration of the information contained therein, I developed the conclusions set out in the Ratner Report.

b) Further, BP's downgraded credit rating and negative nominal shareholder returns are irrelevant factors in BP's ability to pay a CWA penalty. BP has remained active in the bond markets as evidenced by the $6.5 billion in new bonds it issued in Q1 2014,[79] has not been required to include any new covenants in its bond offerings post-spill,[80] and has a long-term average cost of finance debt of approximately 2%.[81] Shareholder returns are external to the ability of BP or BPXP to pay a CWA penalty.

Future Negative Impact on BP Should BPXP be Assessed a CWA Penalty

51. Separately, Mr. Den Uyl asserts that the financing options available to BP to fund or finance a CWA penalty assessed on BPXP, as discussed in the Ratner Report, are flawed for various reasons. Each of Mr. Den Uyl's critiques to the financing options I discussed in the Ratner Report and my related rebuttal comments are summarized below.

a) The Ratner Report included an analysis of BP's actual and projected cash flows to quantify the extent to which discretionary cash flows were available.[82] Mr. Den Uyl asserts that my analysis should not have included cash flows from the sale of assets.[83] Proceeds from asset sales were properly considered in my analysis of BP's discretionary cash flow generation because they are a component of BP's overall cash position just as cash from operations or capital expenditures are. Moreover, Mr. Den Uyl does not make it clear why he contends that proceeds from historical asset sales should not be considered in determining BP's future ability to pay a CWA penalty since BP regularly sells assets.

b) The Ratner Report discussed the consideration of deferring some portion of CAPEX as a source of funds to finance the CWA penalty.[84] Mr. Den Uyl asserts that a

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79 *See* Chart 2, 2014 bond issue. BP Debt Investor Relations Presentation, page 11. Bates # BP-HZN-2179MDL08959133.

80 BP Debt Investor Relations Presentation, page 10. Bates # BP-HZN-2179MDL08959132.

81 BP 2012 Annual Report and Form 20-F, page 222.

82 Ratner Report, Section 13.1.2.

83 Den Uyl Response Report, page 16.

84 Ratner Report, paragraph 167.

change in such CAPEX would have an impact on future cash flows.[85] Mr. Den Uyl performs no analysis to support his assertion that deferred CAPEX would have an impact on future cash flows beyond deferring the timing of future cash flows to the extent the CAPEX is deferred. Management typically makes decisions on the amount and timing of CAPEX for various business reasons including managing cash flow needs. In the Ratner Report, I considered capital expenditures to be at least in part discretionary because the nature of oil and gas assets (i.e., that the hydrocarbons are not deteriorating beneath the surface of the earth) is such that new multi-billion dollar exploration or development endeavors are discretionary or can be delayed. While some on-going maintenance capital expenditures will likely be necessary, new large scale projects can be deferred into the future.

c) The Ratner Report discussed BP's capacity to issue debt to finance a CWA penalty using existing credit facilities.[86] Mr. Den Uyl asserts that BP's existing unused credit facilities of $60 billion does not represent committed funding and does not suggest or guarantee that BP could actually raise the desired debt funding.[87] Of course there are no guarantees that debt can be issued, but having the facilities in place certainly is an indicator that raising debt funding is possible and likely especially given historical debt raise activity.

d) The Ratner Report discussed BP's ability to raise additional equity as part of a comprehensive set of financial resources from which BP could fund a maximum CWA penalty.[88] Mr. Den Uyl asserts that I failed to address the regulatory requirements associated with issuing stock and the dilutive impact of such an option.[89] The equity markets are complex and highly regulated; nonetheless, BP and its professional advisors are most likely financially savvy enough to navigate the regulatory requirements associated with a stock offering. A stock offering would undoubtedly entail transaction costs and dilutive effects which are factors that I

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[85] Den Uyl Response Report, page 16.
[86] Ratner Report, Section 13.2.1.
[87] Den Uyl Response Report, page 17.
[88] Ratner Report, Section 13.2.2.
[89] Den Uyl Response Report, page 18.

acknowledged in the Ratner Report.[90] However, such costs and dilutive impact would not render an equity raise impracticable and their quantification has no relevance to the ultimate question of BP's ability to raise capital to finance a CWA penalty.

e) The Ratner Report discussed BP's ability to sell assets as part of a comprehensive set of financial resources from which BP could fund a maximum CWA penalty.[91] Mr. Den Uyl asserts that the sale of assets may harm BP's credit metrics.[92] This critique by Mr. Den Uyl is so vague I am unable to respond. He provides no example of what he means and fails to identify any impact, positive or negative.

8.0 CONCLUSION

52. Mr. Den Uyl's opinion that my analyses of BP are flawed, misleading and irrelevant because BP is neither a defendant nor liable for civil penalties under the Clean Water Act is inaccurate and misleading because BPXP, as the violator, would likely seek financial assistance from its parent, the BP Group, to pay an assessed CWA penalty. As such, it is relevant to perform an analysis of the BP Group to assess BP's ability to provide such financial assistance.

    a) Mr. Den Uyl's opinion that BPXP cannot compel BP or any outside investor to provide funding to BPXP does not mean that funding cannot be obtained.

    b) Mr. Den Uyl's opinion that any CWA penalty in excess of $2.3 billion would exceed BPXP's existing financing practices with BP is unrealistic and contradicted by BP's historical lending practices to BPXP.

    c) Mr. Den Uyl's analysis and related opinion that BPXP's equity value is $16.1 billion is defective, understated and deviates from generally accepted valuation methodology.

53. Mr. Den Uyl's opinion, that my analysis of BPXP's financial ability to fund or finance a CWA penalty is flawed and misleading, is unsupported and many of my responses to these critiques have been addressed in detail in my Ratner Response Report.

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[90] See footnote 178 to the Ratner Report.

[91] Ratner Report, Section 13.3.

[92] Den Uyl Response Report, page 18.

a) Mr. Den Uyl's opinion that I failed to consider the impact of BPXP's contingent liabilities on (a) BPXP's historical ability to borrow from the BP Group, (b) BPXP's ability to pledge its assets as collateral for a loan, and (c) the indications of BPXP's value are all unsupported, and in some instances, misleading and irrelevant.

b) Mr. Den Uyl's opinions that I inaccurately depicted BPXP's reserves, related values, and BPXP's assets, are unsupported because he inaccurately portrays my statements and mischaracterizes my opinions.

c) Mr. Den Uyl's opinions that I presented misleading BPXP-related financial performance metrics do not reflect an accurate depiction of my analyses and related opinions.

54. Mr. Den Uyl's opinions, that my analyses of BP's ability to fund or finance a CWA penalty assessed on BPXP are flawed, are inaccurate, misleading and unsupported.

a) Mr. Den Uyl's opinion that I failed to evaluate BP's contingent liabilities is inaccurate as this issue was discussed in my Ratner Response Report.

b) Mr. Den Uyl's opinion that I presented misleading BP financial performance metrics is inaccurate and misleading because he has taken certain statements and analyses out of context and mischaracterizes the financial metrics discussed in the Ratner Report.

c) Mr. Den Uyl's opinion that I did not adequately address the historical negative impact on BP of the *Deepwater Horizon* incident and the future potential impact on BP from the CWA penalty is inaccurate and unsupported. Many of his critiques are vague and do not address the impact on BP's available options to fund or finance a CWA penalty assessed on BPXP.

Ian Ratner, CPA

September 26, 2014
Date

Highly Confidential

REBUTTAL REPORT OF IAN RATNER, CPA/ABV, ASA, CFE

SEPTEMBER 26, 2014

REGARDING BP P.L.C.

AND BP EXPLORATION AND PRODUCTION INC.

TO THE **SEPTEMBER 12, 2014 RESPONSE REPORT**

OF **R. BRUCE DEN UYL**

APPENDIX 1

Sources Considered
(In addition to the documents cited in my Round 1 and Round 2 and Round 3 reports and my Round 1 and Round 2 lists of documents considered)

Bates, Exhibit, TREX, or Other Description
BP-HZN-2179MDL09248884-BP-HZN-2179MDL09248924
BP-HZN-2179MDL09308684-BP-HZN-2179MDL09308684
BP-HZN-2179MDL09308685-BP-HZN-2179MDL09308686
BP-HZN-2179MDL09308739-BP-HZN-2179MDL09308743
BP-HZN-2179MDL09308744-BP-HZN-2179MDL09308748
List of Consideration Materials for Robert Daines
Responsive Expert Report of Professor Robert Daines
List of Consideration Materials for R. Bruce Den Uyl
Expert Response Report of R. Bruce Den Uyl
Supporting data for Response Report of R. Bruce Den Uyl
US_PP_RAT007590-US_PP_RAT007742
US_PP_RAT008999-US_PP_RAT009004
US_PP_RAT009005-US_PP_RAT009012
US_PP_RAT009013-US_PP_RAT009096

Table 1		
Mr. Den Uyl's Calculation of BPXP's Available Credit to Finance a CWA Penalty		
Description	**Amount ($ in billions)**	
BPXP's IFA borrowing limit	$	5.0
Less: Loan balance as of June 30, 2014		(1.6)
Available borrowing capacity at June 30, 2014		3.4
Less: New borrowings needed to fund 2014 and 2015 operations		(1.1)
BPXP's available credit	$	2.3