

Editorial Guidelines and Methodologies

European Oil Products

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LATEST UPDATE: February 2011

INTRODUCTION

Platts European oil products Editorial Guidelines and Methodologies is designed to complement the existing Platts Guide to Specifications.

The Editorial Guidelines document focuses on the protocols applicable to Platts reporting on real time Platts Global Alert (PGA) page 005. The document was produced at the request of the industry, which asked for clear and detailed guidelines from Platts on these protocols and the Market on Close assessment process. The document will be updated periodically to ensure that the guidelines are as comprehensive as possible.

The latest update includes changes in Platts Market on Close assessment process to reflect a 16:30 London time close, an hour earlier than previously. All related editorial processes have also been advanced by one hour.

PGA page 005 is a page on the electronic screen service Platts Global Alert that publishes information in real time on bids, offers, transactions and any other information relevant for the trade in European oil products. Bids and offers published on PGA page 005 are assumed to be firm and may be used in the open and transparent assessment processes employed by Platts. The information contained in PGA page 005 is stored electronically and is time-stamped.

Platts operates a similar page on Petrochemical Alert for LPG information. These are carried on PGA 468 in addition to PGA 005.

Method of submission/communication for bids/offers and transactions

Platts accepts any reasonable method of delivery/communication for bids, offers and transactions. Platts editors typically communicate with trading companies by phone or online instant messaging systems. Platts tries to accommodate the communication needs of its customers and will endeavor to open any additional communication channels required.

The list below gives key telephone and Instant Messaging contact points for Platts European products team effective June, 2009. Please note that all telephone numbers and Yahoo IDs are subject to change.

Product	Phone number	Yahoo address
Naphtha	44 20 7176 3144	plattseuronaphtha
Gasoline	44 20 7176 6120	plattsgasoline
Jet	44 20 7176 6683	jetplatts
Diesel	44 20 7176 6684	Plattsdiesel
Gasoil	44 20 7176 6161	plattsgasoil
Fuel Oil	44 20 7176 6104	plattsfueloil
Feedstocks	44 20 7176 6112	plattsfeedsuk
LPG	44 20 7176 6672	plattsjpg
Products Manager	44 20 7176 6164	
platts_europeanmarketscan		
Oil Manager	44 20 7176 6115	platts_european_oil

Reporting coverage

Reporters covering the products markets in Europe are on the phone from around 09:30 to around 18:30 London time

Time of assessment

Platts assessment methodologies for European products reflect the prevailing market price at 1630 London time. Platts also takes into its editorial consideration bids, offers and transactions seen during the assessment day. These inputs are analyzed and normalized to reflect a market value at 1630 London time.

PLATTS GUIDELINES FOR GLOBAL ALERT PAGE 005/003/468 TRADING

Buyers and sellers have the right to communicate bids or offers directly to Platts, provided that the companies are perceived as having appropriate credit and good credibility.

All bids and offers are firm from the moment of submission. Bids and offers on barges for inclusion in the assessment process are to be submitted prior to 16:00:00 London time. Bids/offers which are time-stamped at 16:00:00 precisely will not be considered in the assessment process.

All swaps bids and offers are firm from the moment of submission. Bids and offers on swaps for inclusion in the assessment process are to be submitted prior to 16:15:00 London time. Bids/offers which are timestamped at 16:15:00 precisely will not be considered in the assessment process.

All cargo bids and offers for inclusion in the assessment process are to be submitted prior to 15:45:00 London time. Bids/offers which are time-stamped at 15:45:00 precisely will not be considered in the assessment process.

Platts recognizes the time of receiving a message of a company's intent to buy/sell, as opposed to the time a message was sent by the trading party.

The volume, quality or loading/delivery timing cannot be changed from 15:45:00 on the cargoes and 16:00:00 on the barges. However, a seller or buyer may change the price of the offer or bid up to 16:28:00. No changes in price can be made from 16:28:00 precisely.

Buyers or sellers can withdraw bids/offers at any time, provided no prior interest to transact has been expressed by any potential counter-party.

All participants that have reported bids and offers for inclusion into page 5 are expected to promptly report any transactions stemming from their publicly available bids or offers.

Platts synchronizes its computer clocks every day precisely, and will compare the time of any submitted bid/offer or communication by a market participant intending to transact, against the computer time, in order to ensure that the cut-off points for new bids and offers, price changes and the market's close are accurate. Please note that Platts applies the timing deadlines strictly.

For the purposes of clock synchronization, market participants may find the following internet link to be helpful: www.time.gov. This link offers an atomic clock reading for US time zones.

Time of assessment in eWindow

In physical product assessment process which utilise the eWindow tool, Platts reflects bids and offers on barges and cargoes which are directly submitted into eWindow prior to 16:05:01 London time.

The quality or loading/delivery timing cannot be changed from 16:05:01. However, a seller or buyer may change the price of the offer or bid up to 16:30:01.

For derivative product assessment processes, Platts reflects bids and offers which are directly submitted into eWindow prior to 16:20:01 (and 16:15:01 for spreads).

Repeat bids/offers

Following any trade, the original on-screen seller/buyer must revert immediately as to whether or not he/she is prepared to offer or bid. An intention to rebids or reoffer must be received by Platts as soon as is possible and within a reasonable time frame.

If this new bid or offer emerges after the cut-off point for the entry of new bids or offers (15:45 London for cargoes, 16:00 for barges, 16:15 for swaps), such a bid or offer may not be considered.

Unless sellers/buyers expressly inform Platts of their continued interest to buy/sell after a deal, Platts will presume the players are not there for more volume.

The rebid or reoffer must match the initial position's parameters, with the exception of price. A rebid or reoffer can be made at the same level or inferior to the traded price. For example Company B hits Company A's bid for \$500/mt during the MOC. Company A can rebid at \$500/mt or below this level.

When there are multiple bids or offers at the same level, the first person to reach the market maker bid/offer level is the first person to be filled. Subsequent deals will go to the second, third and fourth market maker. This means that as each market maker at a level gets filled, repeat bids and offers will move to the back of the bid/offer order.

Repeat bids/offers in eWindow

In those European editorial processes where eWindow is used, Platts will accept a repeat bid/offer indication no later than 30 seconds after the indication of a trade. For North Sea cash BFOE partials this period is 15 seconds.

Extension period

If, following a trade, any party expresses its repeat interest to buy/sell with 20 seconds of the close at 16:29:59, a three minute extension period will be triggered in order to adequately test repeatability. Only the bid or offer that showed repeat buying/selling interest will be valid during the extension period.

A notice for extension of the window will be sent on page 5 as soon as possible after this interest is posted.

The principal must stand firm on that re-bid/re-offer up to the three minutes, until 16:33:00, in order to adequately test repeatability. The market maker can alternatively withdraw at any time during this extension provided that no one has expressed interest in the position. Following a transaction, the market maker can choose to re-bid/re-offer again during this extension period provided that Platts is notified of the re-bid or re-offer promptly.

Extension period in eWindow

If, following a trade any party expresses its repeat interest to buy/sell within 20 seconds of the close at 16:30:01 in eWindow, an automatic one minute extension will be triggered in order to

adequately test repeatability. Only the bid or offer that showed repeat buying/selling interest will be valid during that extension period. An automatic one minute extension will also be triggered if the price on an existing bid/offer is improved. This automatic extension applies in those European editorial processes where eWindow is used.

If at 16:30:01, there is additional market depth at the same price level as the order that triggered the extension, the assessment will reflect the remaining market depth at the close at 16:30:01.

Examples of non-assessible information

Buyers and sellers may name their own terms for trade. However, Platts reserves the right of discretion to not to publish and not reflect any non-standard trading terms or conditions.

If an onscreen bid is filled by a seller, Platts will not recognize subsequent buying interest at the traded price by an off-screen player as a test of repeatability, as this would be treated as a fresh (and therefore late) bid.

Platts will report the details of new off-screen buying interest on page 5 after 16:30:00 (or after the close of an extended window). However, any deal done at that price would not be reflected in Platts' assessment.

In case of technological difficulties or any communication problems encountered on page 5 where market participants are unable to see the bids and offers, buying or selling interest may be considered by Platts to be non-public and non-executable, and therefore not used for Platts' assessment.

Platts may not take deals into consideration if negotiations for such deals have not been properly monitored to ensure the transacted value reflects a transaction done on an arms length basis.

Deals done at a level different from those publicly available to all market players may not be taken into consideration.

Trades between affiliates, subsidiaries or related parties will not be recognized for assessment purposes. Bids and offers are understood to be available to the market at large and not to the affiliates and subsidiaries of the company bidding/offering.

If a bid or offer is taken out by an affiliate, subsidiary or other related party, this may result in loss of credibility by the parties with Platts, which may subsequently remove the parties' right to submit bids and offers.

Platts will not publish or reflect an intention to fill a bid or offer which stipulates a change in terms as a requirement to trade. A bid or offer that is filled on this basis will be regarded a fresh indication that could not be fully tested transparently by the market.

Submission of bids and offers

Submissions of bids, offers or transactions should not be considered as received by Platts unless acknowledged as received by Platts. For communication initiated by phone Platts will consider the time when the trader actually communicated the bid/offer or transaction.

Bids and offers submitted on time but in an incomplete form, where the terms are only clarified after the cut-off deadline, will not be used in the assessment process.

As a general recommendation Platts advises market participants not to wait for the last possible minute before the

cut-off deadlines for bids and offers, as the communication may not be completed on time.

A buyer or seller can communicate with Platts directly to express buying or selling interest. Platts may also take into consideration bids and offers made via a broker, provided the buyer or seller have communicated to Platts that they have authorized the broker to speak on their behalf.

Acknowledgement of receipt

For bids/offers and transactions communicated online, traders should not assume that Platts has received the communication unless acknowledged by Platts. Acknowledgment may take the form of "yes," "OK," "y," "k" or any other reasonable form.

For communication initiated by phone Platts will consider the time when the trader actually communicated the bid/offer or transaction.

Verification

The assessment process reflects bids/offers and trades made in a transparent environment. The bids/offers and trades are subjected to validation and verification by Platts editors. The bids and offers made on a firm basis are executable by any creditworthy counterparty with a good performance record. Entry of a bid, offer or transaction stemming from a bid or offer made in the Platts assessment window processes should be interpreted as an acceptance of Platts' editorial protocols.

Platts will monitor instances when it appears that a buyer or seller fails to answer to a potential counterparty wishing to do business. This monitoring is intended to ensure that the failure is not intentional and designed to prevent performance.

The assessment process is very rigorous and tracks the time of submission of bids, offers and transactions. The assessment process tracks all circumstances surrounding the trade and any issues regarding performance.

Platts not only focuses on the performance of the transaction but also on issues stemming from it, including logistics and eventual delivery of the product.

This post-deal tracking enables Platts to determine the actual performance of the participants in the trade and the validity of their inputs. Platts therefore may request documentary material to determine performance and validity.

Terms of entry for bids and offers

Platts is an information company and in general it aims to publish any credible bid or offer reported to it. Platts makes no commitment to publish every bid or offer submitted to it, however. For instance, frivolous bids and offers may not be retransmitted. Information reported by market participants that may have legal implications, for instance potential slander, will not be reported.

Terms of trade such as quality, delivery port, timing of delivery/loading and price are fully up to the company issuing the bid or offer.

Bids and offers which are deemed as atypical relative to the market will not be fully taken into consideration for the assessment process. Such bids/offers or transactions would be at best indicators of an overall market condition but they would not be seen as exact indicators of market price.

Any unusual condition or request regarding the cargo should be specified at the moment the initial bid or offer is made. Any unusual request that surfaces at the time a counter party is ready to trade and that impedes the normal flow of a transaction could be seen as an impediment to trade.

Information reported by market participants that may have legal implications, including but not limited to potential libel, will not be published.

Market participants are encouraged to inform Platts when they cannot trade with another typical market participant due to performance, credit or legal issues before the cut off deadlines for initial bids and offers. Platts may ask market participants to provide supportive documentation to ensure the integrity of its assessment process.

Expiration of bids and offers

Published bids and offers have an automatic expiration of 16:30:00 London time. In those cases where buyers or sellers express their intention to keep on buying or selling right before the expiration of the validity of the bids and offers, a time extension of 3:00 minutes may be added to enable proper communication with potential counter parties. This would extend the validity of the bids and offers up to 16:33:00 London time.

Expiration of bids and offers in eWindow

In product assessment process which utilise the eWindow tool bids and offers have an automatic expiration of 16:30:01 London time unless a repeat bid or offer or price change is submitted in the last 20 seconds prior to the 16:30:01 London time close

In the event that a repeat bid or offer or a change to a bid/offer price is submitted in the last 20 seconds prior to the MOC close, a time extension of up to 1:00 minute may be added to enable proper communication with potential counterparties. This would extend validity of the bids and offers in the eWindow environment up to 16:31:01.

Incrementability

Submitted bids or offers may be changed by market participants up to 16:28:00 London time. The bids/offers may be changed by small increments in line with ongoing market practice. In markets trading on a \$/mt basis typical changes may be in the range \$0.25/mt to \$1.00/mt.

In markets trading in dollars per barrel, typical increments may be in the range \$0.01 to \$0.10/bbl for normal market conditions. Trading conditions such as market volatility help determine normal increments.

Changes exceeding those parameters will not be published and may result in the bids and offers being ignored in the assessment process.

The minimum amount of time between incremental price changes is one minute following the cut-off deadline for initial bids and offers. Any request to move the price of a bid or offer sooner than one minute from the previous move will be disregarded by Platts. Market makers must communicate each tick, or move, in the price of their position explicitly to Platts. Platts editors do not commit to raising bids or lowering offers in an automatic manner.

Market makers are allowed to back up positions by a reasonable amount (i.e. lower bids or raise offers) during the assessment process. The incrementability standard does not apply when a bid is lowered or an offer is raised, but the market maker must always improve their price position incrementally.

Incrementability in eWindow

In those markets where bids and offers are submitted directly via eWindow, the minimum amount of time between incremental price changes is 30 seconds following the cut-off for initial bids and offers. As eWindow is adopted, efficiency improvements allow incremental price changes to be made more quickly.

Repeatability

Single transactions may be a reflection of market value. However, single transactions need to be measured against the broad span of similar transactions.

If, for instance, a buyer decides to lift an offer but is unwilling to buy more material offered at the same level, it would be determined that the buyer failed the repeatability test. This transaction may be considered as not fully representative and Platts would use the remaining offers as the basis for the assessment process. An inverse case would apply when the seller is only willing to sell into a low bid and unwilling to repeat its transaction.

If a seller wishes to continue selling additional material at the level transacted, he should declare his intention promptly. If a seller fails to declare promptly his intention to keep on selling, Platts editors may determine that the seller has no more material to sell. Any subsequent offer may then be considered within the stated times for entry. If the seller notifies his intention to re-offer after the cut-off period for new bids and offers, the offer would be considered too late to be used in the assessment process. The same scenarios apply to a buyer who wishes to keep on buying.

Sequence in trading

In the event that more than one counterparty expresses his/her intention to execute a transaction based on an existing bid or offer, the logical counterparty should be the first party that demonstrated its intention to trade. Platts will monitor time stamps or any other available time mechanism in the event of a dispute with the aim of determining who the first potential buyer of record was.

In the event of a market maker rebidding or reoffering during the Platts MOC assessment process, the queue of market takers expressing interest in that position will reform once the rebid or reoffer is published on PGA pages 5, 3, and 468. Platts will not consider any interest expressed in a rebid or reoffer before the position is published to be executable during the MOC assessment process.

Sequence in trading for eWindow

Platts relies on an internal clock to determine the sequence of events within Platts' assessment process. In markets where Platts' eWindow is in operation, the eWindow clock will be used to determine the correct sequence of events when a bid or offer is amended, withdrawn, or traded by an interested counterparty.

Bids or offers submitted by phone, or any other medium such as instant messaging software, shall be clocked at the time the bid, offer or trade indication is actually transmitted through the Platts eWindow system. As per Platts methodology, buyers or sellers can withdraw bids/offers at any time, provided no prior interest to transact has been expressed by any potential counterparty. All bids and offers are firm from the moment submitted into Platts eWindow to the moment they are traded, the window period closes or the bid/offer is withdrawn from the system by the trader or a Platts editor.

Communication protocol

Platts considers all explicit communication received during the MOC assessment process. Implicit or unclear communication received from market participants will not be considered in the assessment process.

A bid/offer will be considered firm within the Platts assessment processes regardless of any external discussions taking place or having taken place between market maker and a market taker. The firm bid/offer will only be considered as no longer available if the market maker expresses its withdrawal, or execution of a transaction, to Platts editors before another principal expresses its intention to trade.

In those instances when a counterparty directly or via a representative contacts a market maker without informing Platts editors handling the MOC process, the market maker should report this transaction to Platts. Confirmation from the market taker in this scenario is also required either direct or via a representative/intermediary of the counterparty, provided the market taker has communicated to Platts that the representative can execute on its behalf prior to the transaction.

If confirmation cannot be obtained from both parties for deals transacted during the Platts MOC assessment process, Platts reserves the right not to use such information for the assessment.

If a market maker takes out another position during the assessment process, they must communicate to Platts if they wish to withdraw their existing position following the trade. Otherwise, it is assumed the market maker's own position remains active.

In the event of failure of Platts telephone or computer networks, editorial deadlines may be changed. This event is extremely infrequent but the MOC assessment process may be extended to enable proper communication.

Entry of a bid or an offer that has not been retransmitted to the market at large may not be considered in the assessment process, as it would only be known to an editor and not to any potential counterparty in the marketplace.

ASSESSMENT PARAMETERS

Loading/delivery timing:

Platts' cargo assessments consider bids/offers and transactions for loading/delivery 10 to 25 days from the day of publication. For example, on October 1 Platts' CIF cargo assessments would reflect cargoes for delivery between October 11 and October 26.

Platts' barge assessments consider bids, offers and transactions for loading 3 to 15 days from the day of

publication. For example on October 1, Platts barge assessments would reflect barges loading between October 4 and October 16. In the case of 3.5% fuel oil barges, a 5-15 day window is reflected on Thursdays and Fridays

Typically, Platts will take into consideration bids and offers made in 5-day loading or delivery windows, inclusive of the first and fifth day. For instance on October 1, Platts would consider bids and offers made starting with October 11-15 and ending with October 22-26.

Please note that a bid and offer made for October 20-25 actually has a six-day window. A fully representative bid or offer would need to be October 20-24 or October 21-25.

Time Gradient

Platts is very stringent in following timings for loading or delivery due to the variability in market values across time. This variability increases as the backwardation or contango in the markets increases.

It is not uncommon in times of tight supply for the backwardation to be over \$15.00/mt per month or roughly the equivalent of \$0.50/mt per day. This means that cargoes loading one week apart can vary in price by close to \$3.50/mt, or possibly more, depending on the steepness of the price curve. Thus it is extremely important for Platts to follow pricing windows very methodically.

Platts factors in the backwardation/contango and reflects its impact on the published assessment. The assessment reflects the value of the commodity normalized to the center of the loading/delivery window. In a contango market, the excess of prompt barrels causes the front end to be significantly cheaper than barrels available at the end of the window. In a backwardated market the tightness of supply causes the prompt barrels to be at a higher price than barrels available at the end of the window.

Platts' methodology eliminates any arbitrary movement in assessments caused simply by the different loading/delivery ranges traded. By normalizing prices to the mid-point of a clearly defined date range, the consistency of prices is maintained. The day-to-day changes in the price assessments therefore reflect an actual price move in the value of the commodity, rather than an artificial change because a cargo happens to be loading/delivering in the front end of the window rather than the back end, or vice versa.

The date ranges reflected by Platts reflect the prevailing trading practices in the European region. By not taking the first ten days into consideration, transactions reflecting distressed prices are excluded.

Determination of backwardation or contango

Platts' assessments determine fair market value and therefore consider backwardation and contango. Where indications are on differing date ranges, a calculation is made to determine the value the market is assigning for the difference between loading dates. In calculating this time gradient, the prices of tradable instruments such as futures and swaps may be used.

Typical calculations include a determination made for the difference in price for a month, and a daily value is then assigned for each day.

Inclusivity of assessment process

The three main factors used in the European products market for price determination are:

- Fixed price
- Premiums
- Paper/Swaps

Fixed price

The ultimate question in the mind of an end-user, producer, refiner, trader or broker is price. Price in turn determines expense, refining margin, profit, loss, etc. The spot market trades actively on a fixed price basis and a floating price basis. Platts takes both into account in its assessments. Platts will publish activity on both a fixed and floating basis.

Premiums/discount

Many transactions are carried out in relation to a benchmark. In this case a differential, also known as premium/discount is generated. Premiums/discounts arise if the quality, volumes or loading times differ from the benchmark. In addition, floating price transactions are done in relation to assessments that will be published in the future.

Premiums will usually rise in those times when the market is backwardated, and the steeper the curve, the greater the premium. In a contango situation, premiums will have a tendency to turn into discounts. Platts will publish activity on both a fixed and a floating basis.

Paper/Swaps

Paper/swaps are a major determinant in price. Swaps trade freely in an over the counter market and can trade at any time. Paper markets are very reactive and may provide players with an instant feedback of market conditions. Swaps react to arbitrage conditions or movements in overseas markets as well as local conditions.

Swaps or paper are risk-management tools. Swaps allow players to lock prices because swaps enable players to transform floating prices to fixed or fixed to floating. Swaps are also used as a speculative tool. Swap market values and indications are carried in real-time on PGA page 5.

Buyers and sellers may show buying and selling interest for all derivatives assessed by Platts through MOC processes in the same way as is done in physical markets.

The spot market

These three factors — fixed price, premiums and paper — converge in a spot price. Platts may use all three in its assessments.

For instance, if a physical fuel cargo trades at \$150.00/mt for a 30,000 metric tonne parcel loading 15-19 days forward FOB NWE, this commodity's spot level is obviously around \$150.00/mt.

In the absence of fixed prices, swaps and prevailing premiums/discounts may be used in the assessments.

For example, if a jet cargo CIF NWE trades at a premium of \$30.00/mt over November ICE gasoil futures, then the fixed price equivalent is precisely \$30.00/mt over November ICE gasoil futures. If the gasoil November futures contract is trading at

\$550.00/mt then the price of the jet cargo is \$580.00/mt.

If a jet cargo loading in November trades at a premium of \$2.00/mt over Platts assessments in November, then Platts would need to determine the value of the Platts swaps after factoring in any ICE rolls of months within November and add the \$2.00 to obtain the fixed price equivalent in November.

Law

Contracts using English law are considered standard in the assessment process.

Embargoed products

Laws stating that nationals from specific countries may not buy products from embargoed countries may prevent market participants from lawfully executing transactions. A seller therefore may not assume that a buyer has the obligation to buy embargoed materials.

Force majeure

Force majeure is part of trading and may be invoked under very special circumstances. Platts editors will monitor the application of it to ensure that force majeure is not invoked frivolously.

Specifications

Platts assessments will reflect typically traded qualities of products. Specifications are available on the Platts website www.platts.com.

Note that Platts assessments reflect undyed material. Dyed material may trade at a differential to normal undyed material. If a transaction occurs for dyed product it will be normalized to the value of undyed material.

Testing of products

Products traded are subject to standard testing techniques to determine contractual performance. Platts typically follows the standards already in place in the trading market, although it may monitor these to ensure that the standards are adequate.

Implied guarantees in specifications

Bids and offers submitted to Platts that include numerical specifications will be assumed to have a series of zeroes to the right of the decimal point or to the right of the last digit to the right of the decimal point.

As an example, a fuel oil cargo with a maximum guarantee of 0.1 Shell Hot Filtration will be considered as 0.1000 etc. If the specification guarantees are otherwise, the buyer or seller should specify it clearly to avoid potential disputes.

Merchantability

Platts only considers in its assessments products that are merchantable. Hence, buyers may assume that offers or transactions are for a product that is merchantable. Sellers must ensure their offers or transactions are for merchantable products.

Shipping considerations

Bids: For the cargo assessment processes bids may be expressed with a specific location. Bids with excessive limitations – whether expressed or implied – may be deemed atypical and not considered for assessment purposes.

The name of the buyer and the location chosen set the conditions for any potential counterparty considering trading. The implied set conditions for a CIF bid include:

Up front conditions	Conditions to be met
Name of the buyer	Ship must meet vetting conditions of buyer
Volume	Volume delivered must match volume requested +/- normal tolerances
Port	Ship must meet physical limitations of port, e.g., draft, beam, etc. Ship must also meet conditions set by country of destination.

Offers: Offers may be made into a specific location or to meet a broad area. CIF offers may be made with a named or unnamed ship.

Up front conditions	Conditions to be met
Name of Ship	Buyer to determine if ship is acceptable to its vetting department
Unnamed ship	Seller has the responsibility to declare its commitment to meet either the vetting requirement of any buyer or conversely to declare up front how many ship vettings the seller is confident the ship will meet. Platts standard requires a seller name at least 3 relevant oil majors.

Please note that offers made with ships that have restrictions limiting the number of potential buyers would be considered atypical and not used in the assessment process.

Platts will also monitor vetting to ensure that ships are not rejected because of commercial considerations but only because of internal and consistently applied company standards.

CIF transactions

A CIF buyer has the right to request a deviation of the ship to another port, provided the shipper has granted or has the ability to grant the deviation to the charterer. Any incremental expenses associated with the deviation are borne by the buyer as he/she is initiating the request for the deviation.

Charges incurred because of the deviation must be transparent and be granted at cost and in line with normal market practices. Platts will monitor such charges if they result in anomalies.

Ship-ship transfers

Platts CIF refined product cargo assessments in Northwest Europe and in the Mediterranean reflect offers where the seller has the option to make final delivery on a vessel that had received its cargo on a ship-to-ship basis.

Should the seller elect to deliver a CIF cargo that has loaded on a ship-to-ship basis, the binding quantity and quality would be established on a ship's composite basis in the final delivering vessel.

The seller may not unreasonably withhold a buyer's request for title to transfer after the separation of the vessels involved in the ship-to-ship transfer.

Furthermore, Platts reflects offers which grant the buyer the option to request delivery into a vessel, rather than into

a port. Under these circumstances the quantity and quality as title and risk will pass in line with typical practices in CIF transactions.

Location

Platts publishes assessments for several locations on a FOB and CIF basis. The location parameters for each assessment are published in Platts Guide to Specifications.

The following notes are intended to clarify Platts' working practice in making its FOB ARA barge assessments, in particular how freight differentials are being applied when the location basis is other than Rotterdam. These are based on current trading patterns. Platts may adjust these as market conditions change.

Barges

Jet barges are basis FOB Rotterdam. Any transactions occurring at other loading ports in NWE are typically normalized on a freight differential basis back to Rotterdam. Platts considers bids and offers from Rotterdam, Antwerp, Amsterdam, Ghent and Flushing.

10ppm ULSD barges are FOB basis Rotterdam and all other load ports are typically normalized on an incremental freight differential basis. i.e. if the barge is loading from Antwerp, the freight differential from Antwerp to Germany against the freight differential from Rotterdam to Germany would generally be applied.

0.1 gasoil barges and 10ppm ULSD barges are FOB basis Rotterdam. Transactions occurring at other loading ports in

NWE are typically normalized on a freight differential basis back to Rotterdam.

Gasoline barges are typically basis AR (Amsterdam/Rotterdam). Any transactions occurring at other loading ports in NWE (including Antwerp) are normalized on an incremental freight differential basis into the main consuming area, which is typically Germany.

Platts reflects barge deals where the buyer has the right to request alternative loading mechanisms after the seller nominates a loading terminal. These alternative loading terms may include pumpover, inter tank transfer or cargo loading. The seller should not unreasonably withhold these requests and any alternative loading basis should be granted at operational cost only to the buyer.

Short loading barges for logistical reasons

Platts FOB barge assessments, basis ARA, reflect bids and offers where the buyer commits to load the contractual volumes as per the agreed volume at the time of trade.

Any potential for short loading -beyond the normal 5% operational tolerance- for logistical reasons, such as water level issues on inland waterways, must be agreed with the seller prior to the commencement of loading.

The seller retains the option on whether to accept or reject the buyers request to short load. Any buyer who wishes to retain an option to short load barges due to water level concerns on inland waterways must express this in their bid. Bids with such stipulations will be considered atypical and may be subject to normalization.