

## **ATTACHMENT 4**



Moody's Investors Service

Global Credit Research  
Credit Opinion  
2 OCT 2007

Credit Opinion: Shell Energy North America (US), L.P.

Shell Energy North America (US), L.P.

Houston, Texas, United States

#### Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A2
<b>Ult Parent: Royal Dutch Shell Plc</b>	
Outlook	Stable
Issuer Rating -Dom Curr	Aa1
Senior Unsecured MTN	Aa1
Subordinate Shelf	(P)Aa3
Commercial Paper	P-1
<b>Parent: Shell Oil Company</b>	
Outlook	Stable
Issuer Rating	Aa2

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#### Opinion

##### Recent Developments

Effective October 1, 2007, Coral Energy Holding, L.P.'s name changed to Shell Energy North America (US), L.P. to strengthen its identity with Royal Dutch Shell plc's (Shell) global energy operations and strategy. Its Canadian counterpart will likewise change its name to Shell Energy North America (Canada) Inc. The name changes do not represent any change in these entities, their various subsidiaries, or their operations within Shell.

##### Credit Strengths

- Royal Dutch Shell (Shell) level support of wholesale energy trading strategies and centralized oversight of trading and risk management controls.
- Balance sheet and liquidity bolstered by substantial Shell borrowing lines and Shell Oil Company guarantees of large capacity charges related to tolling agreements.
- Risk management and trading book activities concentrated in relatively short-dated liquid transactions.
- Shell Energy North America and its subsidiaries market virtually all of Shell's U.S. and Canadian gas production.

##### Credit Challenges

- Downturn in the merchant energy sector has slowed trading, risk management and project development opportunities.
- Merchant power projects and long-term tolling arrangements will be challenged to make adequate returns, at least in the foreseeable future.
- Litigation uncertainties over investigations into power supply contracts and alleged price manipulation during California energy crisis.

## Rating Rationale

Shell Energy North America (US), L.P. (formerly known as Coral Energy Holding L.P) and its subsidiaries form the North American conduit for Shell's global gas and energy marketing initiatives, providing risk management and energy services to Shell and to third parties in North America. Shell Energy's A2 issuer rating reflects its ownership by and ratings linkage to Shell (issuer rating and guaranteed long-term debt rated Aa1 with stable outlook), which owns 100% of Shell Energy through Shell Oil Company (Issuer Rating Aa2 with a stable outlook).

Shell Energy North America's counterparty trading obligations are not guaranteed by Shell Oil Company or any other Shell entity. Given the liquidity risks and earnings and cash flow volatility that characterize wholesale energy trading, Shell Energy's A2 Issuer Rating reflects considerable ratings uplift above its standalone credit quality. Shell Oil provides liquidity support and guarantees of capacity charges on certain tolling arrangements. Moreover, Shell has restructured and increased its investment in Shell Energy in recent years as the North American conduit for its global gas and power initiatives. As of 2006, Shell Energy ranked #2 in natural gas and #5 in wholesale power marketing volumes in North America. Shell Energy markets more than 12 Bcf/d, including more than 1.5 Bcf/d, or virtually all of Shell's North American equity gas production. Shell Energy is also the exclusive provider of risk management services under energy marketing service agreements with various power joint ventures with third parties.

Shell directly oversees Shell Energy North America's trading, risk management and counterparty credit risk as an integral part of the global Shell Trading network. Shell Energy's capitalization has benefited from direct equity support and from sizable liquidity facilities that have grown in line with its business needs. In addition, Shell Oil Company guarantees certain L/C facilities and capacity payments on Shell Energy's energy conversion (tolling) agreements under long-term contracts up to 20 years, which have a nominal value of \$6.8 B and capacity charges (finance lease charges) in the area of \$350 MM p.a. Shell purchased InterGen's 9.6% minority interest in Shell Energy (then Coral) in March 2005, giving it 100% ownership and control over Shell Energy's strategic planning and governance. Thin trading margins, volatile earnings and turmoil in merchant energy markets have affected Shell Energy's growth and slowed down trading optionality. However, Shell Energy and its subsidiaries' natural gas and power activities are profitable and volumes are growing. Longer term, Shell Energy North America should benefit from and will act as the marketer for Shell's growing LNG sales into North America from its major LNG producing areas, including Russia, Nigeria, Australia, and other locales. Litigation exposure and investigations into a range of issues related to the California energy crisis have not, to date, had a material impact on Shell Energy, and we will continue to monitor progress in settling those claims.

## Rating Outlook

Shell Energy's stable issuer rating is based on the strong support of its direct parent, Shell Oil Company, and its strategic importance to Shell's North American and global energy marketing strategy.

## What Could Change the Rating - UP

Absent Shell parent level joint and several or Shell Oil Company guarantees of Shell Energy's financial and counterparty trading obligations on a blanket basis, the issuer rating is not likely to be upgraded.

## What Could Change the Rating - DOWN

Shell Energy's A2 issuer rating could be downgraded if Shell were to significantly retrench or withdraw from gas and power trading, which would imply reduced support for the trading subsidiary's activities. Because of its strong ratings linkage, the issuer rating also could be notched down relative to any future actions affecting Shell Oil Company or Shell parent level ratings.

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