



Larry Neal
President
Platts

Two Penn Plaza
25th Floor
New York, NY 10121-2298
212 904 6270 Tel
212 904 2099 Fax
larry_neal@platts.com

July 16, 2012

The Daily Telegraph
111 Buckingham Palace Road
London, England, SW1W 0DT
United Kingdom

Dear Sir,

Your 16 July article "Was the petrol price rigged too?" contains numerous misstatements.

First, there has been no report to the G20 concluding that oil prices are "wide open to 'manipulation or distortion.'" To date, the International Organization of Securities Commissions (IOSCO) has issued a consultation report posing questions and seeking input from the market. No conclusions have been reached or articulated by IOSCO; its next report is not expected to go to the G20 until November 2012.

Second, there are in fact no "striking similarities" between LIBOR and oil market price assessments published by the independent price reporting organizations (IPROs). Rather, there are striking differences. LIBOR rates are determined by a single source – a British banking association – reflecting banks' reported daily estimates of their borrowing costs without supporting transaction data. In contrast, IPROs' oil price assessments are developed by independent, competing companies and are based on data from actual transactions involving hundreds of participants across the global oil markets.

Third, the IPROs do not rely on the honesty of the firms reporting data. Nor do we rely solely on the judgment and experience of our journalists. We rely on facts – actual bids, offers and transactions – and on highly structured methodologies which include checks and balances to detect transactional data that is not representative of true market value. Because of our independence, we are able to verify reported information to determine authenticity and eliminate data that is out-of-line with market value.

Fourth, there is nothing "opaque" about the way we publish oil prices. Platts, for example, not only makes its methodologies publicly available cost-free, but also publishes in real time the names of the companies submitting data for the entire market to see and test. Furthermore, Platts' methodology is not dependent on transactions alone. Our highly trained editors observe the oil markets on an all-day basis, also looking at related products and other commodities, to monitor spread relationships and other factors to ensure oil data is in line with market value.

Fifth, we do not receive fees for the data and other information we use to determine our price assessments. The IPROs are subscription-based businesses. Any market participant, whether or not a subscriber, may submit data to us. We never pay a market participant to submit data for consideration in our price assessment processes.

Finally, to attribute the price at the pump to "oil price benchmarks" is a gross over-simplification. Platts and other IPROs gather and publish information regarding the wholesale prices of crude oil and refined products. The price at the pump is influenced by a broad range of additional factors, including shipping, storage, taxation and agreements between petrol station franchisors and franchisees.

Sincerely,

A handwritten signature in blue ink, appearing to read "Larry Neal".

Larry Neal
President
Platts