



COUNTY OF ORANGE  
**OFFICE OF THE TREASURER-TAX COLLECTOR**  
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## **CREDIT WATCH NEGATIVE**

In the month of January, there was one change to the Treasurer's approved eligibility list – Motiva LLC. Please see the attached report detailing the reasons for the downgrade and the action taken by the Treasurer.



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**To:** Treasury Investment Committee  
**From:** John Byerly, Financial Analyst  
**Subject:** **Motiva Enterprises LLC**

**Date:** January 20, 2004

**Ratings:**           **WAS:**       A1/P1/NR           A+A1/NR  
                          **NOW:**       A1/P1 \*-NR        A+/A1 \*-NR

**Exposure:**       County/XFund/Schools/JWA – None

**Recommendation:** Remove name from CP Eligibility List

**Rationale:**       Moody's placed on Credit Watch Negative

**Summary:**

On January 12, 2004, Moody's Investors Service placed the A1 long-term debt and Prime-1 ratings of Motiva Enterprises LLC under review for possible downgrade in response to a review for downgrade of 50% owner Shell Oil Company's and its de-booking of 3.9 billion BOE reserves.

Motiva's rating is sensitive to shareholder management of distributions and controls on discretionary capital spending. There is some pressure on the balance sheet as Motiva's capital needs are increasing to support mandatory clean fuels investments and re-branding of Texaco service stations. In light of this, Moody's will be determining how Motiva may be affected.