

Background Sheet on Agreement in Principle with BP

Following productive settlement discussions with British Petroleum concerning a resolution of civil claims arising from the Deepwater Horizon tragedy, in order to meet United Kingdom and U.S. securities requirements, BP announced that it has reached an agreement in principle with the United States and the five Gulf states to settle the civil claims against the company. Although the settlement is not final until a consent decree is negotiated, and will ultimately be subject to public comment and court approval, BP has provided information on the financial terms of the agreement.

BP has announced the value of the settlement to be approximately \$18.7 billion. The principle financial terms of the agreement are as follows:

- A \$5.5 billion Clean Water Act penalty, 80% of which will go to restoration efforts in the affected states pursuant to a Deepwater-specific statute, the RESTORE Act.
- \$8.1 billion in natural resource damages (this includes \$1 billion already committed for early restoration), plus an additional \$700 million to respond to natural resource damages unknown at the time of the agreement. The natural resource damages money also will go to fund gulf restoration and improvement projects as designated by the federal and state natural resource damage trustees.
- \$5.9 billion to settle claims by state and local governments for economic damages they have suffered as a result of the spill.
- A total of \$600 million for other claims, including claims for reimbursement of natural resource damage assessment costs and other unreimbursed federal expenses due to Deepwater Horizon activity.

A final agreement would take the form of a proposed consent decree that would be submitted for public comment and then court approval. The process of getting from the current agreement in principle to a proposed consent decree likely will take several months. **If approved, this will be the largest environmental settlement in the history of the United States, and the largest civil settlement with a single entity ever.** By providing a steady stream of funds during the next 15 years for restoration of natural resources and enhancement of the economies and communities of the Gulf Region, the settlement will provide lasting and significant benefits to the people and environment of the Gulf States who were most directly impacted by this tragic event.

This agreement is the result of vigorous litigation by Department of Justice trial teams who were successful in having the court find BP liable for the oil spill. Additional information on the terms of the agreement in principle are subject to a court order limiting disclosure.