

Fact Sheet on Agreement in Principle with BP

In order to satisfy United Kingdom and U.S. securities requirements, BP announced today 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 arising out of the Deepwater Horizon oil spill tragedy. Although the terms are not final or binding until a consent decree is negotiated, undergoes public comment, and secures 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. This is the largest civil penalty in the history of environmental law.
- \$8.1 billion in natural resource damages (this includes \$1 billion BP already committed for early restoration). BP will also pay an additional \$700 million specifically to address any future natural resource damages unknown at the time of the agreement and assist in adaptive management needs. The natural resource damages money will fund gulf restoration 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 this incident.
- The payments to the United States will be made over time, with interest, and will be subject to parent company guarantees with BP Corporation North America Inc. as the primary guarantor and BP p.l.c. as the secondary guarantor.

A final agreement will take the form of a proposed consent decree that will 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 the Department of Justice.** 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, together with the support of many federal agencies: particularly the U.S. Coast Guard, the Environmental Protection Agency, the National Oceanic and Atmospheric Administration, the Department of the Interior, and the Department of Agriculture.

Additional Background:

In November 2012, BP pleaded guilty to 11 felony manslaughter charges, environmental crimes, and obstruction of Congress and was sentenced to pay \$4 billion in criminal fines and penalties, restitution and community service.