MEMORANDUM

Summary of Settlement Terms (Excluding Settlement of Medical Benefit Claims)

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Procedural Elements of the Settlement: GCCF to be replaced by the Court Supervised Settlement Program (CSSP). This program is independent of BP, but BP pays all costs. Claims deadline is April 22, 2014, or 6 months after the "effective date" of the settlement, whichever is later.

Transition Process: Governed by Transition Orders issued by the Court March 8, 2012, pending Court approval of settlement and beginning of claims process. For claims submitted to GCCF with a pending unpaid, unexpired offer, payment of 60% of the offer will be made without requiring a release. If claimant receiving a 60% payment is a member of the proposed settlement class, claimant can additionally recover from CSSP the greater of the remaining 40% of the offer, or the class settlement payment minus any amount previously paid by transition process. Eligible claimants can obtain GCCF "Quick Pay" disbursements until May 7, 2012. Patrick Juneau appointed as Claims Administrator and he will establish transition process. Disagreements regarding claims process which cannot be resolved by Mr. Juneau and the parties will be referred to the Court.

The Court Supervised Settlement Program: The CSSP will operate under the Court's oversight, and it is designed to be responsive to claimants. CSSP will assist class members in submitting their claims, which will then be evaluated and processed by claims administration vendors. The vendor shall give no consideration to whether GCCF previously denied or rejected a claim. Memorandum, pp. 9-10. A claimant can appeal denial of his claim for insufficient documentation and to challenge a final determination. BP may appeal only when individual claimant is awarded more than $25,000.00 in base compensation. On appeal, the panel must either select the amount requested by the claimant or the amount offered by BP. Appellate panelists will be selected by the Court from a list agreed upon by the parties. Three member panel will hear appeals of amounts in dispute of over $1,000,000, and one panel member must be from claimant's home state. These figures refer to base compensation, prior to applying any Risk Transfer Premium.

Assignment and Release: Class members accepting payments under CSSP release BP, federal and state oil spill liability funds, and all other listed "Released Parties" (including all defendants in *Deep Water Horizon* litigation, except Halliburton and TransOcean) for any defined released claims arising out of the spill. Participating class members reserve all punitive damage claims against TransOcean and Halliburton, and specific carved-out claims. Moratorium-related loss claims are listed as an example of a carved-out claim which can be reserved. Footnote 6 to this portion of the memorandum explains that the intent of the agreement is for BP to pay all compensatory damages but to allow plaintiffs to continue to seek punitive damages from Halliburton and TransOcean. Subject to "final approval", the proposed class will obtain an assignment of certain BP claims against TransOcean and Halliburton.

Final Judgment: Parties agree to seek a final judgment approving the settlement, certifying the class for settlement purposes, and dismissing all of the released economic loss and property damage claims of the Economic Loss Class against BP. BP agrees not to contest Class Counsel's request for fees, costs and expenses up to $600,000,000, which will include fees, etc. for the Medical Benefits Class Action Settlement. This payment of fees, etc. does not reduce payments or benefits to class members.

Class Notice: There will be a multimedia notice program covering the entire United States, focusing on the Gulf Coast regions. Besides television, radio, newspapers, etc., this campaign will include individually mailed notice to class members who can be identified from court filings, court records, and GCCF records. If records reflect attorney representation, notice will also be mailed to those attorneys. The Settlement Administrator will staff a toll-free number to answer class members' questions, assist with claims process, etc. Website will allow class members to obtain information, submit claims online, check claim status. BP will pay up to $5,000,000 more for a supplemental publicity campaign managed by the PSC. This may be one of the most comprehensive and elaborate notice programs in litigation history.

Four Features of the Settlement Designed to Ensure Full and Fair Compensation:

1. All economic and property loss claims to be paid, even if caused by TransOcean or Halliburton.

2. Claimants in many categories will receive Risk Transfer Premium payments in addition to baseline damages. These payments are intended to compensate class members for pre-judgment interest, risk of future damages including oil, emotional distress, etc. Any RTP is a multiple of the baseline damages, and is added to the compensatory damage payment. Thus, a $10,000 damage payment with an RTP of 2.5 results in total payment of $35,000, i.e. $10,000 *plus* the RTP amount.

3. Plaintiffs are assigned BP's spill-related claims against TransOcean and Halliburton, including claims for repair of the Macondo Well, related economic losses to BP, BP spill response costs, and any punitive damage claim BP may have against those defendants. Class members may pursue these claims in addition to the compensatory and RTP payments pursuant to the settlement.

4. Class members can receive settlement payments on an accelerated schedule, by filing claims immediately following the Court's determination of fairness. CSSP will process the claims and make settlement payments to class members that execute an individual release.

<u>The Settlement's Payment Categories</u>: Class members may submit multiple claims and be paid for multiple categories of damage. Excluded from the class: certain business types, such as oil and gas. Gaming, banking, financial services, insurance, defense contracting industries, and entities marketing BP-branded fuel are excluded from most claims, along with Federal and State governmental agencies, employees of defendant, those who have been paid by GCCF and have executed a GCCF release, and those engaged in menhaden ("pogy") fishing and harvesting. The foregoing are excluded because their losses are unlikely to be spill related and/or the parties agree that these claims can be better handled on an individual basis.

The settlement provides recovery for the following categories of economic and property damage or loss:

1. **Economic Loss**;

   a. Individual Lost Wages;
   b. Business Economic Loss;
   c. Multi-Facility Business Economic Loss;
   d. Start-Up Business Economic Loss;
   e. Failed Business Economic Loss;
   f. Failed Start-Up Business Economic Loss.

2. **Property Damage**;

   a. Loss of Use/Enjoyment of Real Property;
   b. Coastal Real Property Damage;
   c. Wetlands Real Property Damage;
   d. Realized Real Property Sales Loss

3. **Vessels of Opportunity Charter Payment;**

4. **Vessel Physical Damage**;

5. **Subsistence Damage**;

6. **Seafood Compensation Program**.

A description of recovery for these categories:

1. **Economic Loss to Individuals**. Workers in affected regions eligible for benefits, in addition to any applicable RTP, based on claims processed which considers geographic location, nexus of the worker's injury to the oil spill, and other factors. Standards for causation are flexible and provide multiple options. Causation presumed for individuals most likely to have been affected by the spill, including those on the coast and those employed in certain seafood-related businesses.

Others must demonstrate loss of earnings attributable to the spill during May through December, 2010 (or other period if Seafood Industry claimants) based on financial documentation or sworn statements by employers. Individuals lacking tax documents or other earnings information will be compensated provided they meet additional causation requirements.

All claimants must submit sworn claim form and varying types of support. Full categories of documentation, such as tax returns, payroll records, etc. compensation depends in part on amount of documentation provided. Lost earnings will be the estimated difference between expected earnings from a job within the class geography during May to December, 2010 (or April 2011 for certain Seafood Industry claimants), and the claimant's actual earnings during claim period. Expected earnings will include consideration of historical earnings or other documented anticipated earnings, defined growth factors for some claimants. Depending on location and/or industry, and amount of documentation, claimant may be eligible for an RTP multiple. Some claimants may also receive compensation for lost health insurance, pension benefits, training costs, and job search costs, which are not subject to an RTP. Compensation will be reduced for previous spill-related payments.

2. **Economic Loss - Business**. Business economic damage claimants will be compensated for post-spill losses of earnings and profits, and the calculations will factor in any pre-spill growth. Many business payments will be enhanced by an RTP. The memo addresses claims processed for pre-existing businesses; the settlement agreement and exhibits detail a similar process for failed business, start-up businesses, and failed start-up businesses.

Claims Administrator will calculate expected post-spill earnings by a two-step process. Step 1 calculates value of the reduction in profit during a claimant-selected loss period (any 3 or more consecutive months of the 8 months following the spill), by comparing post-spill earnings during the loss period to the pre-spill earnings for the same months in a claimant-selected benchmark year. Three options for selecting benchmark year. Step 2 accounts for expected profits by calculating claimant-specific factor that captures the business' growth trend during 4 months immediately preceding the spill, applying it with a general, economy-wide growth factor, to determine what the business' expected profits would have been during loss period, but for the spill. The loss calculation from Step 1 and expected profit but for spill from Step 2 result in the base compensation amount, which may be enhanced by RTP or reduced by prior payments received, depending on type of business.

Businesses must submit documentation to support claims reflecting the business structure, and provide federal tax returns and documentation evidencing monthly revenues and expenses. Additional documentation may be required for some businesses. Businesses in some zones and industries (such as seafood processing) need not provide documentation demonstrating causation, while businesses in other zones must submit varying degrees of evidence of causation.

In addition to the two-step process to calculate loss profits, claimants may receive RTP multiple of that amount based on a schedule negotiated by the parties. RTP payment will vary according to proximity to the Gulf, and type of business involved. e.g., seafood processors of shrimp, crab and oyster receive an RTP of 3.00, for total payment of 4 times documented damages. Tourists businesses closest to the Gulf receive RTP of 2.5. Tourism businesses even 220 miles from Louisiana coast receive RTP of 1.25. Total payment will be reduced by any OPA payment already received from BP or GCCF.

3. Property Damage:

a. **Loss of Use and Enjoyment**. The settlement agreement uses a specified percentage of standardized property tax applicable to the property to calculate compensation due for coastal property damage claims. Percentage used depends on presence of oil and environmental sensitivity of the coastal property. RTP is then applied to base compensation amount.

b. **Real Property Damage**. Two sub-categories, (1) Coastal and (2) Wetlands.

Coastal Real Property Claims: Claimant submits request to vendor, provides ownership documentation, recovers percentage of 2010 property tax, 30 - 45%, depending on category. RTP of 2.5 applied to Coastal property amount. If physical damage from response operations, additional compensation owed, but no RTP.

Wetlands Real Property Claims: Two categories, (1) parcels documented to contain oil on some relevant acreage based on several sources, and (2) parcels documented by SCAT as “no oil observed”. For oil, minimum payment $35,000 per parcel. For no oil, minimum $4,500 per acre. RTP of 2.5 applies to all Wetlands real property claims.

c. **Realized Sales Losses**. Individuals and entities who sold residential parcels in a particular zone between April 21 and December 30, 2010 will receive compensation for sales contracts executed on or after April 21, 2010, or other sales contracts which are subject to price reduction due to the spill. Excludes foreclosures or similar sales. Recovery amount is 12.5% of the sale price, no RTP.

4. **Vessels of Opportunity Charter Payment** (VOO). Settlement provides funds for those participating in this program.

a. All working VOO participants will receive at least $41,600 in compensation, amount increases for larger boats. If participant will also receive economic loss compensation directly involving their VOO vessel (except compensation under Seafood Program), VOO compensation will be partially reduced.

b. VOO participants who were never placed on hire to perform actual services on the water will receive up to $10,200, with no offset, even if also receiving an award under the Seafood Program.

c. VOO claims not eligible for RTP.

5. **Vessel Physical Damage Claims**. Owners will be paid for physical damage to eligible vessels caused by the spill or cleanup operations. Payment will be lesser of cost to make reasonable repair of the vessel, or to replace the vessel. No RTP. Vessels are eligible whether or not they were enrolled in VOO, but vessels working for an Oil Spill Response Organization are excluded.

6. **Subsistence Damage Payments**. Covers individuals who fish, hunt or harvest Gulf of Mexico natural resources in a traditional or customary manner to sustain their dietary, economic, etc. needs. Payment will be the total value of subsistence national resources claimant lost due to the oil spill, and enhancement by RTP of 2.25. Claim Administrator will have a team to assist these claimants with filing claims, and will establish field teams to verify the large claims.

7. **Seafood Compensation Program**. Compensation will be paid to commercial fisherman, seafood boat captains, and all other seafood crew, oyster leaseholders, and seafood vessel owners. Will cover economic loss claims relating to seafood, including shrimp, oysters, finfish, blue crab, and other species. 2.3 billion dollars provided to fund these claims. Program developed and approved by Court-appointed neutral, John W. Perry, Jr., it allocates the funds on multiple criteria, both between various industries and amongst different industry participants such as vessel owners, captains, oyster leaseholders, and seafood crew. Seafood Compensation Program contains 5 separate plans to compensate claimants, each with its own eligibility and documentation requirements. Each describes compensation methods available. Independent methods of calculation for claims in each plan. e.g., vessel owners and boat captains in plans will be compensated in relation to their seafood harvesting revenues from previous years in specified Gulf waters. Eligible claimants may receive additional payments, such as per-acre compensation for oyster leaseholders. Vessel crews covered by this program, other than captains, are eligible for compensation tied to former or expected wages and hours. Those without tax return information may provide sworn statement from an employer, and may be eligible for a lump sum payment. Claimants in the Seafood Compensation Program may file claims for multiple types of economic losses. Example, shrimp boat captain who also captains blue

crab vessel may be eligible for compensation under both compensation plans. Another example, vessel owner who is also the captain may be eligible for both vessel owner and for boat captain compensation. RTPs for Seafood Compensation Program is 2.25 - 8.75.

8. **The Gulf Coast Promotional Fund**. BP also provides a $57,000,000 to promote the Gulf Coast. Intended to encourage tourism and help grow the Seafood Industry.