

**UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF LOUISIANA**

<b>SECURITIES AND EXCHANGE COMMISSION,</b>	)	<b>CIVIL ACTION</b>
	)	
<b>Plaintiff,</b>	)	<b>NUMBER: 2:12-cv-2774</b>
	)	
<b>v.</b>	)	<b>SECTION: J (1)</b>
	)	
<b>BP P.L.C.,</b>	)	<b>JUDGE BARBIER</b>
	)	
<b>Defendant.</b>	)	<b>MAG. JUDGE SHUSHAN</b>
	)	

**DISTRIBUTION PLAN**

**I. Introduction**

1. On November 15, 2012, the U.S. Securities and Exchange Commission (“SEC” or “Commission”) commenced an action alleging that BP p.l.c. (“BP” or “Defendant”) made material misrepresentations and omitted material information known to BP regarding the rate at which oil was flowing into the Gulf of Mexico as the result of the April 20, 2010 explosion on the offshore oil rig Deepwater Horizon. The Deepwater Horizon was leased and operated by a BP subsidiary in the Macondo Prospect in the Gulf of Mexico.<sup>1</sup>
2. BP agreed to settle the SEC’s charges and consented to the entry of a Final Judgment. On November 15, 2012, the Court entered the Commission’s Notice of Stipulation and Consent of Defendant BP, in which Defendant agreed to pay all costs incurred under any plan for the distribution of the civil penalty, including but not limited to all fees and expenses of any Court-appointed distribution agent, Court-appointed tax administrator, and/or experts retained, up to and including an amount not to exceed \$25 million.<sup>2</sup>
3. The Court entered a Final Judgment against BP on December 10, 2012 enjoining BP from future violations of the federal securities laws and ordering BP to pay a civil penalty in the amount of \$525 million.<sup>3</sup> The Final Judgment further authorized the Commission to “propose a plan to distribute the Fund subject to the Court’s

<sup>1</sup> Complaint, SEC v. BP p.l.c., Civil Action No. 2:12-cv-2774 (E.D. LA 2012).

<sup>2</sup> Consent of Defendant BP p.l.c., Civil Action No. 2:12-cv-2774 (E.D. LA 2012).

<sup>3</sup> Final Judgment as to Defendant BP p.l.c., SEC v. BP p.l.c., Civil Action No. 2:12-cv-2774 (E.D. LA 2012).

- approval,” and that “such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002” (“Sarbanes-Oxley”), 15 U.S.C. § 7246(a).<sup>4</sup>
4. The total civil penalty was paid to the Commission in three yearly installments and is currently invested at the Bureau of the Fiscal Service (“BFS”) at the United States Department of the Treasury. Any investment fees of the BFS will be paid by the Fair Fund.
  5. By Order dated February 12, 2014, the Court created a Fair Fund pursuant to Section 308(a) of Sarbanes-Oxley, as amended, to return funds to injured investors and appointed RCB Fund Services, LLC (“Distribution Agent”) to serve as the Distribution Agent to oversee all aspects of the administration and distribution of the Fair Fund in accordance with the terms of a distribution plan to be approved by the Court, and in coordination with the Commission staff.<sup>5</sup>
  6. This Distribution Plan was developed jointly by the Distribution Agent and the Commission staff in accordance with practices and procedures customary in Fair Fund administrations. This Distribution Plan governs the administration and distribution of the Fair Fund, and sets forth the method and procedures for distributing the assets of the Fair Fund to certain BP investors harmed by the misconduct.

## II. Definitions

7. As used in this Distribution Plan, the following definitions shall apply:
  - a. “**Check-cashing Period**” means the one hundred and twenty (120) days following the mailing of Distribution Payment checks to Eligible Claimants in accordance with this Distribution Plan.
  - b. “**Claim Form**” means the form designed by the Distribution Agent for the filing of claims in accordance with the terms of this Distribution Plan. The Claim Form will require, at a minimum, sufficient documentation reflecting any Potential Claimant's purchases and dispositions of Eligible Securities during the Relevant Period, and the tax identification number of the Potential Claimant.
  - c. “**Claims Bar Date**” means the date established in accordance with this Distribution Plan by which Claim Forms must be postmarked or submitted electronically in order to receive consideration under the Distribution Plan. Subject to certain extensions provided for in this Distribution Plan, the Claims

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<sup>4</sup> *Id.* at 3-4.

<sup>5</sup> Order to Establish a Fair Fund and to Appoint a Distribution Agent, SEC v. BP p.l.c., Civil Action No. 2:12-cv-2774 (E.D. La. 2014).

Bar Date will be one hundred and twenty (120) days from the initial Notice Publication.

- d. **“Claims Packet”** means the materials relevant to submitting a claim that may be provided to Potential Claimants known to the Distribution Agent or to those who obtain such materials through a website or other appropriate delivery mechanisms. These materials will include a copy of the Fair Fund Notice and a Claim Form (together with instructions for completion of the Claim Form).
- e. **“Days”** means calendar days, unless otherwise specified herein.
- f. **“Determination Notice”** means the notice sent by the Distribution Agent to all Potential Claimants that submitted a Claim Form. The Determination Notice will set forth the Distribution Agent’s determination of the eligibility of the claim (eligible, partially or wholly deficient, or ineligible) and the Eligible Loss Amount. The Determination Notice will provide to each Potential Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency, notify the Potential Claimant of the opportunity to cure such deficiency, and provide instructions regarding further necessary actions. In the event the claim is denied, the Determination Notice will state the reason for such denial and notify the Potential Claimant of their opportunity to request reconsideration of their claim.
- g. **“Distribution Agent”** refers to RCB Fund Services, LLC (collectively with all employees, agents, consultants, or independent contractors of such firm), which has been appointed by the Court to administer and distribute the Fair Fund in accordance with the terms of this Distribution Plan and the Court’s orders.
- h. **“Distribution Payment”** means the payment to an Eligible Claimant in accordance with the terms of this Distribution Plan.
- i. **“Distribution Plan”** means this Distribution Plan in the form approved by the Court.
- j. **“Eligible Claimant”** means a Potential Claimant who suffered a loss as a result of transactions in Eligible Securities during the Relevant Period and who is determined by the Distribution Agent to be eligible for a Distribution Payment from the Fair Fund. An “Eligible Claimant” does not include:
  - i. Any Person who served from January 1, 2010 through the end of the Relevant Period as an officer or director of BP, or any subsidiary or affiliate of BP<sup>6</sup> directly involved in the conduct detailed in the Complaint;
  - ii. Any employee or former employee of BP or any of its affiliates who has been terminated for cause, or has otherwise resigned, in connection with the conduct described in the Complaint;
  - iii. Any Person who, as of the Claims Bar Date, has been the subject of criminal charges related to the conduct detailed in the Complaint,

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<sup>6</sup> As used herein, “affiliate” shall have the meaning described in Section 101(2) of the United States Bankruptcy Code, 11 U.S.C. § 101 et seq.

- unless and until such defendant is found not guilty in all such criminal actions prior to the Claims Bar Date, and proof of the finding(s) is included in such defendant's timely filed Claim Form;
- iv. The defendant in *SEC v. Keith A. Seilhan*, 2:14-cv-00893-CJB-SS (E.D. LA.);
  - v. Any affiliates, assigns, creditors, heirs, distributees, spouses, parents, children or controlled entities of any of the foregoing Persons or entities described in j.i – j.iv;
  - vi. The Distribution Agent and those persons assisting the Distribution Agent in its role as Distribution Agent; or
  - vii. Any purchaser or assignee of another Person's right to obtain a recovery from the Fair Fund for value; provided, however, that this provision shall not be construed to exclude those Persons who obtained such a right by gift, inheritance, devise or operation of law.
- k. “**Eligible Loss Amount**” is the amount of loss an Eligible Claimant incurred through the investment in Eligible Securities during the Relevant Period calculated in accordance with the Plan of Allocation. A Potential Claimant's Eligible Loss Amount will be reduced by the amount of any compensation for the loss that resulted from the conduct described in the complaint in this case that was received from another source (e.g., class action settlement), to the extent known by the Distribution Agent.
  - l. “**Eligible Securities**” refers to shares of BP American Depositary Shares (“ADS”) listed on a U.S. exchange and registered with the Commission. Transactions in ADS during the Relevant Period that are pursuant to, or in connection with, a swap, an option or other derivative will not be eligible for a recovery.
  - m. “**Fair Fund**” refers to the \$525 million fund created by the Court pursuant to the provisions of Sarbanes-Oxley, as amended, and pursuant to the Final Judgment for the benefit of investors harmed by BP's misconduct described in the Complaint, plus any accumulated interest or earnings thereon or any additions thereto as may be provided by future Court order or agreement in related cases or otherwise.
  - n. “**Fair Fund Notice**” means a written notice from the Distribution Agent to Potential Claimants informing them of the Fair Fund and its eligibility requirements, and explaining how to submit a claim. The notice will be both mailed and published according to the schedule detailed herein.
  - o. “**Final Determination Notice**” means the Distribution Agent's written reply to each Potential Claimant who timely responded to the Determination Notice in an effort to cure a deficiency or seek reconsideration of a rejected claim. The Final Determination Notice will constitute the Distribution Agent's final ruling regarding the status of the claim.
  - p. “**Net Fair Fund**” means the Fair Fund, less any amounts expended for tax obligations and BFS fees in accordance with this Distribution Plan.
  - q. “**Notice Publication**” means the publication of the Fair Fund Notice, or a notice closely resembling the Fair Fund Notice, in print or internet media in a

manner deemed appropriate by the Distribution Agent and not unacceptable to the Commission staff.

- r. “**Person**” means natural individuals as well as legal entities including, but not limited to, corporations, partnerships, limited liability companies, and governmental entities.
- s. “**Plan of Allocation**” means the methodology by which a Potential Claimant’s Eligible Loss Amount is calculated. The Plan of Allocation is set forth in Appendix 1 and attached hereto.
- t. “**Potential Claimants**” means those Persons, or their lawful successors, identified by the Distribution Agent as having possible claims to recover from the Fair Fund under this Distribution Plan, or Persons asserting that they have possible claims to recover from the Fair Fund under this Distribution Plan.
- u. “**Relevant Period**” for the purposes of this Distribution Plan means the period of time commencing on April 26, 2010 and continuing until 11:59 p.m. EDT on May 26, 2010.
- v. “**Tax Administrator**” means Damasco & Associates, LLP, the firm appointed by the Court on January 23, 2013 as the Tax Administrator in this action.<sup>7</sup>

### **III. Administration of the Fair Fund**

#### **A. Identification of and Notice to Potential Claimants**

- 8. The Distribution Agent will, insofar as is practicable, use its best efforts to identify Potential Claimants from a review of trading records and account information provided by the Defendant, the transfer agent for BP, registered broker-dealers, investment advisors and other sources.
- 9. In order to ensure a timely mailing to Potential Claimants, BP shall deliver to the Distribution Agent data files from its transfer agent no later than forty-five (45) days from the date of the entry of the order by the Court approving the Distribution Plan. The required content and format of the data files will be communicated directly to the Defendant by the Distribution Agent. The Defendant shall also provide assistance to the Distribution Agent as necessary to obtain information from the transfer agent and/or Depository Trust and Clearing Corporation regarding banks and brokers that traded in Eligible Securities during the Relevant Period.
- 10. The Distribution Agent will create a claims database consisting of the records provided by BP’s transfer agent or otherwise obtained by the Distribution Agent.
- 11. The Distribution Agent will design and submit a Claims Packet, including a Fair Fund Notice and a Claim Form, to the Commission staff for review and approval.

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<sup>7</sup> Order to Appoint Tax Administrator, SEC v. BP p.l.c., Civil Action No. 2:12-cv-2774 (E.D. LA 2013).

12. Before commencing any mailing, the Distribution Agent will run a National Change of Address search to obtain updated addresses for all Potential Claimants recorded in the database.
13. The Distribution Agent will commence mailing the Fair Fund Notice to all Potential Claimants known to the Distribution Agent within seventy-five (75) days following the entry by this Court of an Order approving this Distribution Plan (“Initial Mailing”). Each Fair Fund Notice will notify the Potential Claimant of the Fair Fund, contain a brief description of the eligibility requirements, generally describe the Fair Fund’s claim and distribution processes, explain how to obtain a copy of the approved Distribution Plan and Claim Form by request or from the Fair Fund website, and provide instructions for submitting a claim.
14. This deadline will be extended proportionally to any delay in delivery of the data files to the Distribution Agent from BP.
15. The Distribution Agent will mail notices to the Distribution Agent’s list of banks, brokers, and other nominees, as well as any other institutions identified during the outreach process (“record holders”) that may have records of holders of Eligible Securities during the Relevant Period. The Distribution Agent will request that these entities, to the extent that they were record holders for beneficial owners of the Eligible Securities:
  - a. Notify the respective beneficial owners within fourteen (14) days of receipt of the Distribution Agent’s notice so that beneficial owners may timely file a claim. The burden will be on the record holders to ensure the Claims Packets and other relevant materials are properly disseminated to their customers; and/or
  - b. Provide the Distribution Agent a list of last known names and addresses for all beneficial owners for whom the record holders purchased Eligible Securities during the Relevant Period in a timely manner so that the Distribution Agent can communicate with them directly.
16. Claims Packets will be available on the Fair Fund website to brokerages and other institutions that hold Eligible Securities in “street name” for the benefit of their customers who are the beneficial owners of the securities. The Distribution Agent will promptly provide a Claims Packet to any Potential Claimant upon request.
17. Within twenty (20) days of the Initial Mailing of the Fair Fund Notice, the Distribution Agent will carry out the Notice Publication, which will notify the public of the Fair Fund, contain a brief description of the eligibility requirements, generally describe the Fair Fund’s claim and distribution processes, explain how to obtain a copy of the approved Distribution Plan and Claim Form by request or from the Fair Fund website, and provide instructions for submitting a claim.

18. The Distribution Agent will establish and maintain a website devoted solely to the Fair Fund. The Fair Fund website, located at [www.bpfairfund.com](http://www.bpfairfund.com), will make available a copy of the Fair Fund Notice, the approved Distribution Plan, and provide information regarding the claims process and eligibility requirements for participation in the Fair Fund in the form of frequently asked questions. The website will also include a copy of a Claim Form and related materials in downloadable form, and such other information covering process or substance that the Distribution Agent believes will be beneficial to Potential Claimants. The Commission staff retains the right to review and approve any material posted on the Fair Fund website.
19. The Distribution Agent will provide a copy of the Distribution Plan and Fair Fund Notice to the staff of the Commission who will post the Distribution Plan and Fair Fund Notice on the Information for Harmed Investors page of [www.sec.gov](http://www.sec.gov) and establish a link to the Fair Fund website.
20. The Distribution Agent will establish and maintain a toll-free telephone number for Potential Claimants to call to speak to a live representative of the Distribution Agent during its regular business hours, 8:30 a.m. to 5:00 p.m., Eastern Standard Time, or, outside of such hours, to hear prerecorded information about the Fair Fund. The Distribution Agent will advise the Commission staff of the toll-free telephone number. The Distribution Agent will also establish and maintain a traditional mailing address and an email address to enable Potential Claimants to correspond with the Distribution Agent.
21. The Distribution Agent will attempt to locate any Potential Claimant whose mailing is returned by the United States Postal Service (“USPS”) as “undeliverable” and will document all such efforts. The Distribution Agent will utilize all means reasonably available, including LexisNexis, to obtain updated addresses in response to undeliverable notices, and forward any returned mail for which an updated address is provided or obtained. The Distribution Agent will make available, upon request by the Commission staff, a list of all Potential Claimants whose Fair Fund Notices have been returned as “undeliverable” due to incorrect addresses and for which the Distribution Agent has been unable to locate current addresses.

## **B. Claims Process**

22. The Claims Bar Date will be clearly identified in all materials as the calendar date one hundred and twenty (120) days from the initial Notice Publication. To avoid being barred from asserting a claim, each Potential Claimant must submit to the Distribution Agent a properly completed Claim Form reflecting such Potential Claimant's claim, together with all required supporting documentation postmarked on or before the Claims Bar Date. A Claim Form that is postmarked after the Claims Bar Date will not be accepted unless the deadline is extended by the Distribution Agent after consultation with Commission staff. Any extension will be published on the Fair Fund website.

23. The Distribution Agent will also provide Potential Claimants with the option to submit their claims electronically via the Fair Fund website. If using the web-based claim filing option, a Potential Claimant must submit their claim to the Distribution Agent by 11:59 p.m. on the Claims Bar Date.
24. Claims containing i) one hundred (100) or more transactions or ii) claims submitted by an intermediary on behalf of twenty (20) or more accounts must be submitted electronically using the format provided by the Distribution Agent. The electronic filing template will be made available on the Fair Fund website. Files that do not comply with the format provided by the Distribution Agent may be rejected.
25. The burden to ensure the Claim Form is properly and timely postmarked and to prove receipt of the claim by the Distribution Agent will be upon the Potential Claimant; therefore Potential Claimants will be instructed to submit their claims in a manner that will enable them to prove receipt of the claim by the Distribution Agent.
26. Claim Forms must be properly filled out per the instructions provided by the Distribution Agent, and must be accompanied by such documentary evidence as the Distribution Agent deems necessary or appropriate to substantiate the claim. Without limitation, this information may include third party documentary evidence of purchases and dispositions of Eligible Securities during the Relevant Period, as well as holdings of Eligible Securities at pertinent dates.
27. All claims and supporting representations necessary to determine a Potential Claimant's eligibility to receive a distribution from the Fair Fund must be verified by a declaration executed by the Potential Claimant under penalty of perjury under the laws of the United States. The declaration must be executed by the Potential Claimant, unless the Distribution Agent accepts such declaration from a Person authorized to act on the Potential Claimant's behalf, whose authority is supported by such documentary evidence as the Distribution Agent deems necessary.
28. The Distribution Agent will review all claim submissions and determine the eligibility of each Potential Claimant to participate in the Fair Fund by reviewing the claim data and supporting documentation (or the lack thereof), verifying the claim, and calculating each Potential Claimant's Eligible Loss Amount pursuant to the Plan of Allocation. Each Potential Claimant will have the burden of proof to establish the validity and amount of his or her claim, and that they qualify as an Eligible Claimant. The Distribution Agent will have the right to request, and the Potential Claimant will have the burden of providing to the Distribution Agent, any additional information and/or documentation deemed relevant by the Distribution Agent.

**C. Deficiency and Claim Determination Processes**

29. The Distribution Agent will provide a Determination Notice to each Potential Claimant who has filed a Claim Form with the Distribution Agent, setting forth the Distribution Agent's conclusions concerning such claim.
30. The Determination Notice will provide to each Potential Claimant whose claim is deficient, in whole or in part, the reason(s) for the deficiency (e.g., failure to provide required information or documentation). The Determination Notice will also notify the Potential Claimant of the opportunity to cure such deficiency, and provide instructions regarding what is required to do so. Any Potential Claimant with a deficient claim will have forty-five (45) days from the date of the Determination Notice to cure any deficiencies identified in the Determination Notice.
31. In the event the claim is denied, in whole or in part, the Determination Notice will state the reason for such denial. Any Potential Claimant seeking reconsideration of a rejected claim must advise the Distribution Agent in writing within forty-five (45) days of the date of the Determination Notice. All requests for reconsideration must include the necessary documentation to substantiate the basis upon which the Potential Claimant is requesting reconsideration of their claim.
32. The Distribution Agent will send, as appropriate, a Final Determination Notice to all Potential Claimants who responded to the Determination Notice in an effort to cure a deficiency or to seek reconsideration of a rejected claim. The Distribution Agent will send such Final Determination Notices by no later than sixty (60) days following receipt of documentation or information in response to the Determination Notice, or such longer time as the Distribution Agent determines is necessary for a proper determination concerning the claim.
33. The Distribution Agent may consider disputes of any nature presented by Potential Claimants, and will consult Commission staff as appropriate. The Distribution Agent will have the authority to waive technical claim deficiencies and approve claims on a case-by-case basis, or in groups of claims. All determinations made by the Distribution Agent in accordance with the Distribution Plan in any dispute, request for reconsideration, or request to cure a deficient claim will be final and not subject to appeal.
34. The Potential Claimant has the burden of notifying the Distribution Agent of a change in his or her current address and other contact information, and of ensuring that such information is properly reflected in the Distribution Agent's records.
35. The receipt of Eligible Securities by gift, inheritance, devise, or by operation of law will not be deemed to be a purchase of Eligible Securities, nor will it be deemed an

assignment of any claim relating to the purchase of such securities unless specifically so provided in the instrument of inheritance. However, the recipient of Eligible Securities as a gift, inheritance, devise or by operation of law will be eligible to file a Claim Form and participate in the distribution of the Fair Fund to the extent the original purchaser would have been eligible under the terms of this Distribution Plan. Only one claim may be submitted with regard to the same transactions in Eligible Securities, and in cases where multiple claims are filed by the donor and donee, the donee claim will be honored, assuming it is supported by proper documentation.

36. Claims on behalf of a retirement plan covered by Section 3(3) of ERISA, 29 U.S.C. § 1002(3), which do not include individual retirement accounts, and such plan's participants, are properly made by the administrator, custodian or fiduciary of the plan and not by the plan's participants. The Distribution Agent will issue any payments on such claims directly to the administrator, custodian or fiduciary of the retirement plan. The custodian or fiduciary of the retirement plan will distribute any payments received in a manner consistent with its fiduciary duties and the governing account or plan provisions. With respect to any retirement plan that has been closed prior to the Distribution Agent's identification of Potential Claimants, the Distribution Agent will endeavor to distribute funds directly to the beneficial accountholders of such retirement plans if the information required for such a distribution is known to or provided to the Distribution Agent.

#### **IV. Third-Party Review**

37. After the Distribution Agent has completed the process of analyzing the claims and determining claim amounts in accordance with this Distribution Plan, and prior to the distribution of any funds, the Distribution Agent will engage an independent, third-party firm, not unacceptable to Commission staff, to perform a set of agreed upon procedures, review a statistically significant sample of claims and ensure accurate and comprehensive application of the Plan of Allocation. The Distribution Agent will communicate the results of the review to Commission staff together with any written analysis or reports related to the review, and, upon request, will make the firm available to the Commission staff to respond to questions concerning the review.

#### **V. Establishment of the Escrow Account**

38. Prior to disbursement of the Fair Fund, the Distribution Agent will establish accounts described as follows at a U.S. commercial bank ("Bank"), not unacceptable to Commission staff. The Distribution Agent will establish an escrow account (the "Escrow Account") pursuant to an escrow agreement (the "Escrow Agreement") to be provided by Commission staff. The Escrow Account will be established to receive the monies from the Commission and the Fair Fund will be held in the Escrow Account until the time of distribution. The Distribution Agent will also establish a separate deposit account (e.g., controlled distribution account, managed distribution account, linked checking and investment account) (the "Distribution Account") for

the purpose of funding the Distribution Payments to be distributed to Eligible Claimants. The accounts shall be in the name of and bearing the Employer Identification Number of the Fair Fund as custodian for the distributees of the Distribution Plan. The name of each account will be in the following form: “SEC v. BP p.l.c. Distribution Fund, as custodian for the benefit of investors allocated a distribution pursuant to the Distribution Plan in SEC v. BP p.l.c., Case No. 12-CV-2774 (E.D. La.)”

39. During the term of the Escrow Agreement, if invested, the Escrow Account shall be invested and reinvested in short-term United States (“U.S.”) Treasury securities backed by the full faith and credit of the U.S. Government or an agency thereof, of a type and term necessary to meet the cash liquidity requirements for payments to Eligible Claimants or tax obligations that may accrue. This may include investment or reinvestment in a bank account insured by the Federal Deposit Insurance Corporation (“FDIC”) up to the guaranteed FDIC limit, or investments in AAA-rated Money Market Mutual Funds registered under the Investment Company Act of 1940 that directly invest 100% of their assets in short-term U.S. Treasury securities and obligations, all backed by the full faith and credit of the U.S. Government; provided, however, that the AAA-rated Money Market Mutual Funds’ investments in short term U.S. Treasury securities will not be made through repurchase agreements or other derivative products.
40. In consultation with the staff of the Commission, the Distribution Agent will work with the Bank on an ongoing basis to determine an allocation of funds between the Escrow Account and Distribution Account that will preserve earnings, if possible, while providing maximum protection for the Fair Fund.
41. All interest earned will accrue for the benefit of the Fair Fund and all costs associated with the Escrow and Distribution Accounts will be paid by the Defendant.
42. Upon receipt of the monies from the SEC into the Escrow Account, the Distribution Agent will provide a signed receipt to the Commission staff within ten (10) business days. The Commission staff will file the receipt with the Court.
43. Upon transfer from the SEC, the assets of the Fair Fund will be held in the Escrow Account, separate from Bank assets, until the presentation of checks. All Fair Fund checks presented for payment or electronic transfers will be subject to “positive pay” controls before they are honored by the Bank. The “positive pay” system provides protection against fraud arising from counterfeit or altered checks. The “positive pay” system will require, at a minimum, confirmation by the Bank that all checks presented for payment match the identifiers and amounts on the payee list prior to honoring such checks. In each instance, funds will be transferred from the Escrow Account to the Distribution Account on the Bank’s confirmation that a presented check matches the relevant “positive pay” criteria.

44. The Distribution Agent will provide copies of the bank and/or investment statements on any accounts established by the Distribution Agent to the Tax Administrator on a monthly basis and will assist the Tax Administrator in obtaining any other statements, as necessary.

**VI. Distribution**

45. The Net Fair Fund will be distributed to Eligible Claimants as provided under the terms of this Distribution Plan. An Eligible Claimant's Eligible Loss Amount, as determined in accordance with the Plan of Allocation contained in Appendix 1 to this Distribution Plan, will be used to determine the amount of their Distribution Payment.
46. The Distribution Agent will disburse the Net Fair Fund to all Eligible Claimants, in one or more tranches, once all Claim Forms have been processed and all Potential Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to cure pursuant to the procedures set forth herein. No distribution will be conducted without prior authorization by an Order of the Court.
47. Within seventy-five (75) days following the date the Distribution Agent has mailed the Final Determination Notices, the Distribution Agent will prepare a list of all Eligible Claimants, the Eligible Loss Amount, and the Distribution Payment of each Eligible Claimant ("Payment File"). This Payment File shall be accompanied by a reasonable assurances letter as to the completeness and accuracy of the Payment File. The Distribution Agent will also prepare the relevant materials to effect a distribution, including recommending an estimated distributable amount from the Net Fair Fund. The Distribution Agent will retain a prudent reserve to pay any federal, state or local taxes payable in connection with the Fair Fund.
48. After receipt and acceptance of the Payment File, the Commission staff will petition the Court for authority to disburse the entire balance of the Net Fair Fund from the Commission to the Distribution Agent for distribution to Eligible Claimants pursuant to the Distribution Plan. In conjunction with any motion seeking approval of a distribution, the Payment File will, upon request, be made available to the Court under seal.
49. Following the Court's approval of the Commission's petition for the authority to distribute the Net Fair Fund to Eligible Claimants as provided for in this Distribution Plan, the Distribution Agent will commence the distribution to Eligible Claimants as promptly as possible following the transfer of funds.
50. Should the total amount of the Eligible Loss Amounts of all Eligible Claimants exceed the Net Fair Fund, the Distribution Agent will distribute funds to the Eligible Claimants based upon a *pro rata* distribution formula. This formula will be the fraction of the Eligible Loss Amount of each Eligible Claimant divided by the

- aggregate Eligible Loss Amounts of all Eligible Claimants. No Distribution Payment will be made to an otherwise Eligible Claimant unless the amount to be paid equals or exceeds a *de minimis* amount of \$10.00.
51. The Distribution Agent in its exclusive discretion may, but will have no obligation to, aggregate accounts held by a person in the same legal capacity in determining Eligible Loss Amounts and Distribution Payment amounts.
  52. Checks will be issued by the Distribution Agent from the Distribution Account set up at the Bank. Checks will be issued in U.S. dollars and bear a stale date of one hundred and twenty (120) days from the date of issuance. Accordingly, checks that are not negotiated within this Check-cashing Period will be voided, and the issuing financial institution will be instructed to stop payment on those checks, except as provided below. Where an Eligible Claimant's check is not negotiated within the Check-cashing Period and has been voided by the Distribution Agent, that Eligible Claimant's claim will be extinguished. All such funds will remain in the Fair Fund.
  53. Payments to Eligible Claimants will be preceded or accompanied by a communication that includes, as appropriate:
    - a. A statement characterizing the distribution;
    - b. A statement that checks will be void and cannot be reissued after one hundred and twenty (120) days from the date the original check was issued;
    - c. A statement that reissued checks will expire on the later of one hundred and twenty (120) days from the date of the original check or sixty (60) days from the date of the reissued check;
    - d. A statement that the tax treatment of the distribution is the responsibility of each Eligible Claimant and that the Eligible Claimant should consult his or her tax advisor for advice regarding the tax treatment of the distribution; and
    - e. Contact information for the Distribution Agent for questions regarding the Distribution Payment.
  54. Distribution checks and/or accompanying communications will clearly indicate that the money is being distributed from a Fair Fund established to compensate investors for harm suffered as a result of their investment in BP. Any such communication, letter or other mailing to Eligible Claimants characterizing the distribution will be submitted to the Commission staff and the Tax Administrator for review and approval.
  55. Electronic or wire transfers may be utilized at the discretion of the Distribution Agent to transfer approved Distribution Payments to filers of claims on behalf of twenty (20) or more Eligible Claimants. Wire transfers will be initiated by the Distribution Agent using a two-party check and balance system, whereby completion of a wire transfer will require an authorization by two members of the Distribution Agent's senior staff. Electronic or wire transfers will be executed in U.S. dollars.

56. Under no circumstances will the Distribution Agent, its employees or its agents incur any liability to any Person for making a distribution in accordance with the Order of the Court approving the distribution and the schedules of Eligible Claimants, and all Persons shall be enjoined from taking any action in contravention of this provision. Upon receipt and acceptance by an Eligible Claimant of a distribution from the Fair Fund, such Eligible Claimant will be deemed to have released all claims that such Eligible Claimant may have against the Distribution Agent, its employees, agents, and attorneys in connection with the Distribution Plan and the administration of the Fair Fund, and shall be barred from prosecuting or asserting any such claims.

## **VII. Post Distribution**

### **A. Handling of Returned or Uncashed Checks**

57. The Distribution Agent is authorized to reissue checks to Eligible Claimants upon the receipt of a valid, written request from the Eligible Claimant. Such reissued checks will be void at the later of one hundred and twenty (120) days from issuance of the original check or sixty (60) days from the reissuance, and in no event will a replacement check be reissued after one hundred and twenty (120) days from the date of original issuance.
58. The Distribution Agent will research and attempt to locate all Eligible Claimants whose checks are returned to the Distribution Agent as undeliverable by the USPS. However, the Eligible Claimant has the burden of providing the Distribution Agent with any changes to his or her mailing address. The Distribution Agent will mail a reissued check to the updated address, subject to the time limits detailed herein.
59. In cases where an Eligible Claimant is unable to endorse a Distribution Payment (e.g., as the result of a name change because of marriage or divorce, or as the result of death), any request by an Eligible Claimant or a lawful representative for reissuance of a Distribution Payment in a different name must be documented to the satisfaction of the Distribution Agent. If such change is properly documented in the sole discretion of the Distribution Agent, the Distribution Agent will issue an appropriately redrawn Distribution Payment, subject to the time limits detailed herein.
60. The Distribution Agent will make reasonable efforts to contact Eligible Claimants to follow up on the status of uncashed Distribution Payments over \$100 (other than those returned as “undeliverable”) and take appropriate action to follow up on the status of uncashed checks at the request of Commission staff. The Distribution Agent may reissue such checks, subject to the time limits detailed herein.

### **B. Disposition of Remaining Funds**

61. If, after the distribution is complete, all tax obligations of the Fair Fund have been satisfied, and funds remain in the Fair Fund, the Commission staff, in consultation with the Distribution Agent, will return to the Court with a recommended approach regarding the proposed disposition of the remaining funds.
62. The Defendant will be responsible for payment of all fees, expenses and other costs relating to the disposition of the remaining funds in the Fair Fund pursuant to BP's Consent of Defendant BP p.l.c., including any subsequent distributions of the Fair Fund.<sup>8</sup>

#### **VIII. The Distribution Agent**

63. The Distribution Agent will be responsible for administering the Fair Fund in accordance with the Distribution Plan. This will include, among other things, taking reasonable steps to identify and contact Potential Claimants; obtaining accurate mailing information for Potential Claimants; establishing a website and staffing a call center to address inquiries during the claims process; developing a claims database; preparing accountings; cooperating with the Tax Administrator to satisfy any tax liabilities and to ensure compliance with income tax reporting requirements; advising Potential Claimants of deficiencies in claims and providing an opportunity to cure any documentary defects; taking antifraud measures, such as identifying false, ineligible and overstated claims; making determinations under the criteria established herein as to Potential Claimant eligibility; advising Potential Claimants of final claim determinations; and disbursing the Fair Fund in accordance with this Distribution Plan.
64. To carry out the purposes of this Distribution Plan, the Distribution Agent is authorized to make and implement immaterial changes to the Distribution Plan upon agreement with Commission staff. If a change is deemed to be material by Commission staff, Court approval is required prior to implementation by amending the Distribution Plan.
65. The Distribution Agent may extend any procedural deadline contained in the Distribution Plan for good cause shown, if agreed upon by the staff of the Commission.
66. The Distribution Agent is authorized to enter into agreements with institutions ("Institutions") as may be appropriate or necessary in the administration of the Fair Fund, provided such Institutions are not excluded pursuant to other provisions of this Distribution Plan. In connection with such agreements, the Institutions shall be deemed to be agents of the Distribution Agent under this Distribution Plan.

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<sup>8</sup> See Footnote 2.

67. The Distribution Agent will be entitled to reasonable administrative fees and expenses in connection with the administration and distribution of the Fair Fund (including any such fees and expenses incurred by agents, consultants or third parties retained by the Distribution Agent in furtherance of its duties). The Distribution Agent will invoice all fees and expenses for the administration and distribution of the Fair Fund on a quarterly basis directly to BP, as the Defendant in this case, and BP shall be obligated to pay all such invoices promptly.<sup>9</sup> Copies of invoices will be provided to the Commission staff on a quarterly basis.
68. The Distribution Agent may be removed at any time by the Court, and replaced with a successor. In the event the Distribution Agent decides to resign, it will first give written notice to the staff of the Commission and the Court of such intention, and such resignation will not be effective until the Court has appointed a successor. The Distribution Agent will then follow such instructions as such successor or the Court provides in turning over management of the Fair Fund.
69. The Distribution Agent will retain all claims materials in paper and electronic form for a period of six (6) years after approval of the final report and final accounting and thereafter will transfer the documents to the Commission, pursuant to Commission direction. In addition, the Distribution Agent will shut down the website, P.O. Box and customer service telephone line(s) established specifically for the administration of the Fair Fund six (6) months after the closing of the Escrow and Distribution Accounts, or at such earlier time as the Distribution Agent determines with concurrence of the Commission staff.

**IX. Tax Compliance**

70. The Fair Fund is a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), as amended. The Tax Administrator is the administrator of such QSF for purposes of Treas. Reg. § 1.468B-2(k)(3)(I), and shall satisfy the tax related administrative requirements imposed by Treas. Regs. § 1.468B-1 to § 1.468B-5, including, but not limited to:
  - a. Obtaining a taxpayer identification number;
  - b. Submitting requests for funds from the Fair Fund that are necessary for the timely payment of all applicable taxes, making timely payment of taxes for which the Tax Administrator has received funds, and filing all applicable returns; and
  - c. Satisfying any information, reporting, or withholding requirements in connection with the distribution of the Fair Fund.

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<sup>9</sup> BP is obligated to pay all fees and expenses for the cost of the administration of the distribution or distributions of the Fair Fund, pursuant to their Consent, not to exceed to \$25 million. *See* Paragraph 2 above.

71. When the Fair Fund is transferred to the Escrow Account for distribution, the Distribution Agent will tender to the Tax Administrator funds necessary to pay taxes upon the request of the Tax Administrator. The SEC will approve and arrange payment of the tax obligations without further approval of the Court, pursuant to the Order to Disburse Funds to Pay Tax Obligations, issued by the Court on March 13, 2014.
72. All fees, costs and expenses of the Tax Administrator will be paid by BP as part of the cost of the administration of the Fair Fund.<sup>10</sup> Any taxes on interest earned by the Fair Fund will be paid by the Fair Fund.

**X. Fair Fund Reporting and Accounting**

73. The Distribution Agent will provide to Commission staff, who will file with the Court, a quarterly status report within forty-five (45) days of Court approval of this Distribution Plan, and will provide additional reports and quarterly account statements within thirty (30) days after the end of every quarter thereafter as detailed below.
74. Once the money has been transferred to the Escrow Account, a quarterly account statement, in a format to be provided by the Commission staff, shall be submitted with the status report by the Distribution Agent.
75. The status report and quarterly account statement will inform the Court and the staff of the Commission of the activities and status of the Fair Fund during the relevant reporting period, and once funds are transferred to the Distribution Agent will specify, at a minimum:
  - a. The location of the account(s) comprising the Fair Fund; and
  - b. An interim accounting of all monies in the Fair Fund as of the most recent month-end, including the value of the account(s), all monies earned or received into the account(s), funds distributed to Eligible Claimants under this Distribution Plan, and any monies expended from the Fair Fund to satisfy any fees, costs, taxes and other expenses incurred in the implementation of this Distribution Plan.
76. The Distribution Agent will prepare a final report and final accounting, in a format to be provided by the Commission staff, when the Fair Fund administration is complete. In compiling the final accounting, the Distribution Agent will coordinate with the Tax Administrator. The Commission staff will file the final report and final accounting with the Court.

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<sup>10</sup> *Id.*

77. Commission staff, or other relevant party, shall provide the Distribution Agent with any and all account information relating to the Fair Fund that may be required to meet reporting obligations; including providing copies of any account statements that the Distribution Agent may request.

**XI. Termination of the Fair Fund**

78. Once all Distribution Payments have been negotiated or voided, any funds remaining in the Escrow and Distribution Accounts will be transferred to the SEC.

79. The Fair Fund will be eligible for termination and the Distribution Agent will be eligible for discharge after all of the following have occurred:

- a. A final report and accounting has been submitted to and approved by the Court;
- b. All taxes have been paid; and
- c. All remaining funds have been transferred to the SEC.

80. Once the Fair Fund has been terminated, no further claims will be allowed and no additional payments will be made whatsoever.

**XII. Limitation of Liability**

81. The Court reserves the right to amend this Distribution Plan from time to time; and retains exclusive jurisdiction over all claims arising in connection with this Distribution Plan, including, but not limited to, claims against the Distribution Agent asserting liability for violation of any duty imposed by this Distribution Plan or other Court order.

82. The Distribution Agent is entitled to rely on all outstanding rules of law and Court orders. The Distribution Agent will not be liable to anyone, except the Commission on behalf of the Fair Fund for a pecuniary loss to the Fair Fund, for any action taken or omitted by the Distribution Agent in connection with the Distribution Plan and all Potential Claimants will have no claims against the Distribution Agent, its employees, agents, and attorneys in connection with the Distribution Plan and the administration of the Fair Fund, and will be deemed enjoined from prosecuting or asserting any such claims, except upon a finding by this Court of gross negligence or reckless disregard of duty under this Distribution Plan.

83. The submission of the Claim Form and the receipt and acceptance of a distribution by an Eligible Claimant will not affect an Eligible Claimant's rights and claims as against any party (other than the Distribution Agent), including, without limitation, BP and BP's past or present directors, officers, employees, affiliates, nominees, creditors, advisors and agents.

## **Appendix 1 – BP Fair Fund Plan of Allocation**

### Overview

For purposes of this Distribution Plan, the methodology to be applied in calculating Eligible Loss Amounts was derived by analyzing the effect the Defendant's misstatements and omissions had on market prices of Eligible Securities. The Eligible Loss Amount is calculated to reflect the artificially inflated portion of the per-share price of the Eligible Security that resulted from the misstatements and omissions about the true rate at which oil was flowing into the Gulf of Mexico from the Deepwater Horizon oil rig.

The Plan of Allocation uses five separate inflation periods to calculate investor losses based on the partially corrective disclosures about the rate of oil flow that took place during the Relevant Period and their effect on BP ADS trading. Investor losses will be measured based on the timing of the transactions in Eligible Securities, in order to reflect the increasing amount of information available to investors regarding the rate of flow of the oil that was spilling into the Gulf of Mexico. As transactions progress through the Relevant Period, the inflation periods will have a decreasing amount of inflation-per-share, which reflects increasing relevant information regarding the rate of the spill in the marketplace.

The calculation of Eligible Loss Amounts will be determined by applying the appropriate inflation-per-share amount<sup>11</sup> to each purchase or sale of shares.

### The Relevant Period

The Relevant Period for this Distribution Plan is April 26, 2010 until 11:59 p.m. EDT on May 26, 2010, broken into five separate inflation periods to measure investor losses.

### Method of Allocation

For ADS transactions between April 26, 2010 until 11:59 p.m. EDT on May 26, 2010, an Eligible Loss Amount will be calculated that is equal to the inflation-per-share on the date of purchase minus the inflation-per-share on the date of any sale of ADS during the Relevant Period. The table below details the five inflation periods and their corresponding inflation-per-share amounts.

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<sup>11</sup> The inflation-per-share amount is a measure of the inflation in the price of the shares of the Eligible Security on the date of the transaction that is attributable to the misstatements made by BP. After adjusting for economy-wide and industry-wide effects on share price movements, the inflation-per-share amounts were determined by isolating the abnormal price movements of the Eligible Security as a result of the aforementioned disclosures.

<b>Inflation Period</b>	<b>Start Date<sup>12</sup></b>	<b>End Date<sup>13</sup></b>	<b>Inflation per ADS</b>
1	April 26, 2010	April 28, 2010	\$14.34
2	April 29, 2010	May 2, 2010	\$9.26
3	May 3, 2010	May 20, 2010	\$6.61
4	May 21, 2010	May 23, 2010	\$5.19
5	May 24, 2010	May 26, 2010	\$3.82
	May 27, 2010	---	\$0.00

A Potential Claimant will be eligible to receive a Distribution Payment only if the Potential Claimant had an Eligible Loss Amount as a result of their transactions in ADS. All of an investor's transactions in ADS during the Relevant Period will be taken into account to determine the Eligible Loss Amount. For example, an investor who purchased ADS on April 27, 2010 acquired the shares at a price that was inflated by \$14.34 per share. However, an investor who sold ADS during the Relevant Period incurred a benefit by selling those shares at an inflated price. In determining eligibility, all transactions in ADS during the Relevant Period will be totaled. If an investor has an Eligible Loss Amount equal to zero, the Potential Claimant will not be eligible to receive a Distribution Payment.

#### FIFO Method

A Potentially Eligible Claimant's Eligible Loss Amount will be determined using the first-in, first-out ("FIFO") method, aggregating the gains and losses for all transactions that occurred during the Relevant Period. To determine Eligible Loss Amounts in accordance with the FIFO method, shares of Eligible Securities sold during the Relevant Period will be matched, in chronological order, first against shares of Eligible Securities held at the beginning of the Relevant Period. Any remaining sales of shares of Eligible Securities during the Relevant Period will be matched, in chronological order, against shares of Eligible Securities purchased during the Relevant Period. Accordingly, the inflation-related proceeds realized from a sale of Eligible Securities during the Relevant Period that were originally purchased prior to the commencement of the Relevant Period will offset any inflation-related losses suffered as a result of any purchases of Eligible Securities made during the Relevant Period. The date of any transaction for purposes of the loss methodology is the "trade" date as distinguished from the "settlement" date.

#### Treatment of Short Sales

For an Eligible Claimant who held a short position at the beginning of the Relevant Period, purchases of shares during the Relevant Period will be matched, in chronological order,

<sup>12</sup> If the "Start Date" is a trading day, it refers to the opening of the markets on the relevant date.

<sup>13</sup> If the "End Date" is a trading day, it refers to the closing of the markets on the relevant date.

against the short position until the short position has been exhausted. The Eligible Loss Amount for shares purchased to cover short positions will be calculated in accordance with the five inflation periods and their corresponding inflation-per-share amounts described above. Then the FIFO methodology will be applied to subsequent purchases and sales during the Relevant Period and Eligible Loss Amounts will be calculated per the Plan of Allocation above.

### Examples of the Methodology

Included below are a few basic examples to illustrate the loss calculation methodology and the FIFO application:

<b>Example 1</b>			
Transaction Date	Transaction Type	Number of Shares	Inflation Per Share Amount
4/25/2010	Beginning Holding	0	\$0.00
4/28/2010	Purchase	100	\$14.34
5/12/2010	Purchase	100	\$6.61
5/22/2010	Sale	100	\$5.19
5/27/2010 Holding	Ending Holding	100	-----

<b>FIFO Calculation</b>			
Shares	Purchase Date	Sale Date	Eligible Loss Amount
100	4/28/2010	5/22/2010	\$915.00
100	5/12/2010	Held Through 5/26/2010	\$661.00
<b>Total Potential Eligible Loss Amount</b>			<b>\$1,576.00</b>

<b>Example 2</b>			
Transaction Date	Transaction Type	Number of Shares	Inflation Per Share Amount
4/25/2010	Beginning Holding	500	\$0.00
4/30/2010	Purchase	100	\$9.26
5/2/2010	Sale	100	\$9.26
5/16/2010	Sale	100	\$6.61
5/25/2010	Sale	100	\$3.82
5/27/2010 Holding	Ending Holding	300	-----



Pro Rata

Should the total amount of the Eligible Loss Amounts of all Eligible Claimants exceed the Net Fair Fund, the Distribution Agent will distribute funds to the Eligible Claimants based upon a *pro rata* distribution formula. This formula will be the fraction of the Eligible Loss Amount of each Eligible Claimant divided by the aggregate Eligible Loss Amounts of all Eligible Claimants.

Distribution Payment

No Distribution Payment will be made to an otherwise Eligible Claimant unless the amount to be paid equals or exceeds a *de minimis* amount of \$10.00.