

Message

From: Dio, Susan W [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN= [REDACTED]]
Sent: 14/01/2019 14:01:20
To: Mckay, Lamar [/o=MSXBP/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn= [REDACTED]]
Subject: Per our discussion

Lamar,

The \$5M included in the BP America budget, "Defend BP", supports the BP Group and BP America priorities by seizing opportunities and mitigating risks on reputational, policy and legal issues that could have material impacts. Given the current political landscape it is often difficult to anticipate the exact reputational, policy and legal issues BP America will face in 2019. This budget gives BP America the ability to quickly defend the company's reputation and license to operate at the federal, state and local levels. The funding will be available for use at the discretion of the Chairman and President of BP America. The budget estimate was developed using best available information with a specific focus on cost discipline. Any unused funds would be returned to Group at year-end.

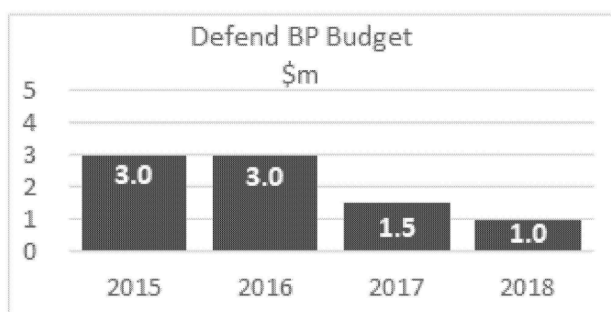
Here are examples of items that would be covered through the 2019 Defend BP budget:

- Louisiana Coastal Litigation – Rough estimate for 2019 is \$2.5m. – this is a material issue that we believe will require resource this year.
- McKinsey work related to DWH claims – The costs for 2018 were approximately \$3m for the DOJ Safety Compliance program. These costs were incremental to the plan, so BPA Defend BP budget was used to cover. There is no budget for this in 2019.

Redacted - First Amendment

- Unexpected strategic sponsorship/contribution opportunities (first Chicago Architectural Biennial, for example) that needed funding for the first year and then moved to the following year's plan. We also had unanticipated cost driven by SJS. Here are examples from 2018: NAM MAP project (\$250K), US Coast Guard Museum (\$200K), Kuwait America Foundation (\$150K), Atlantic Council Dick Morningstar Chair (\$100k), Washington, DC Methane Event (\$65K).

Historically, this line has been included as part of the budget, however the amount has been reduced over the years to a point that was ineffective. Please see the chart below. With the Louisiana Land Loss issue at hand, I believe a large portion of the funds will be used to cover that, leaving us with a smaller contingency.



Please let me know if you need additional information and or have any specific questions.

Thanks,

Susan

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