

On October 21, 2008, BP's Savings Plan Investment Oversight Committee and BP's Investment Committee filed a lawsuit against Northern Trust in the United States District Court for the Northern District of Illinois, in their capacities as named fiduciaries of BP's savings and pension plans in the U.S.

The lawsuit related to four investment funds managed by Northern Trust that were used in the BP pension plan and offered as investment options to BP savings plan participants. The BP fiduciary committees alleged in the lawsuit that Northern Trust breached the fiduciary duties it owed to the BP plans by imprudently lending securities from the funds and imprudently investing the collateral from such lending in illiquid investments, thereby causing losses and preventing the full withdrawal of plan assets in cash on request. The primary goal of the lawsuit was to force Northern Trust to return the plans' assets in cash rather than in less liquid assets.

After persistent efforts, the plans have now received all their assets in cash from Northern Trust. None of the investment options in the savings and pension plans is managed by Northern Trust.

BP and Northern Trust recently reached an agreement to settle the lawsuit. As part of the settlement, Northern Trust, while continuing to deny any liability to the BP plans, agreed to reimburse BP for \$1.85 million in attorneys' fees that BP paid on behalf of the plans in pursuing the litigation. BP has decided to allocate this money to the participants in the BP savings plans who were invested in the impacted Northern Trust funds on September 19, 2008. This is the date on which Northern Trust made negative adjustments to the funds due to losses in its securities lending program.

Before approving the proposed settlement agreement, the BP fiduciary committees retained an independent fiduciary to review the proposed settlement and assess whether it was in the best interest of the BP plan participants and satisfied certain Department of Labor requirements. The independent fiduciary has now determined that the agreement meets these requirements and the BP fiduciary committees have formally approved the settlement.

BP's savings plans will shortly allocate the \$1.85 million to the impacted plan participants on a pro rata basis based on account balances in the Northern Trust funds as of September 19, 2008. You will be notified if you are among the group of impacted savings plan participants. Please contact BP Retirement Services at Fidelity at 1-877-272-3334 if you have any questions concerning this settlement with Northern Trust.