



A guide to the BP Retirement Accumulation Plan for Carson Union ARCO Heritage Participants

RAP

This brochure presents a high level explanation of certain provisions of the BP Retirement Accumulation Plan. For more detailed information, review your Employee Benefits Handbook or click on the "Employee Benefits Handbook" tab on BP's LifeBenefits site at www.bp.com/lifebenefits.

Certain represented employees at the Carson Business Unit who were both on the BP payroll on January 1, 2002 and participating in the Atlantic Richfield Retirement Plan (“ARCO Retirement Plan”) on December 31, 2001, continue to be eligible for the ARCO pension formula under the BP Retirement Accumulation Plan (“RAP”).

BP pays the entire cost of the plan. As an eligible ARCO representative employee, you’re 100% vested (meaning that you own your benefit without risk of forfeiture). Since you’re vested, your benefit is portable, which means you can take it with you when you leave BP.

First, let’s review how the ARCO formula works. Then we will explain how you can use the pension modeling tool on Fidelity’s NetBenefitsSM website.

Calculation your benefit under the ARCO heritage plan formula

The ARCO heritage final pay formula uses your highest average pay (base pay only) and length of service to calculate your benefit.

Heritage ARCO formula

Primary formula

$[1.18\% \times \text{Highest Average Earnings (HAE)}^{(1)} \text{ up to Social Security Integration Level (SSIL)}^{(2)}$

plus: $1.54\% \times \text{HAE in excess of SSIL}] \times \text{Service (max 35 years)}$

plus: $1.45\% \times \text{HAE} \times \text{Service greater than 35 years}$

¹Includes base pay only

²SSIL is a specific dollar amount set forth in the plan and adjusted each year for inflation. The 2007 SSIL is \$27,900.

The normal form of payment for the ARCO formula is a 5-year certain and life annuity. Under the ARCO plan provisions, normal retirement age is age 65. You're eligible for early retirement as long as you're age 55 with 10 or more years of membership service. If you're eligible for early retirement and elect to commence your benefit before age 65:

- Your benefit isn't reduced if you're at least age 60 when your benefit payments begin.
- Your retirement benefit is reduced by 5% per year for each year the benefit commences between ages 55 and 60. For example, if your benefit commences at age 58, your benefit would be reduced by 10% (5% for each of the two years remaining prior to age 60).

If you terminate employment before you have 10 or more years of membership service you'll not be able to commence your benefit before age 65.

For example, Bob is a Carson union ARCO heritage employee earning \$50,000 in 2006, who retires on June 30, 2008 and immediately commences his benefit at age 59 with 20 years of service – would receive under the heritage ARCO plan provisions:

- **ARCO heritage formula – \$1,060/month** 5-year certain and life annuity, which converts to a lump sum of **\$172,893** at an interest rate of 5%. This benefit reflects a 5% reduction because Bob elected to commence his benefit at age 59 rather than age 60.

An annuity is converted to a lump sum by:

- Reducing the annuity for early commencement
- And then, multiplying this resulting amount by the lump sum conversion factor (which is derived from the applicable IRS interest rate and mortality table).

When you leave BP

If you leave the company before retirement, your plan membership ends on your severance-from-service-date. You are entitled to a deferred retirement allowance beginning at age 65. The amount is calculated in the same way as the normal retirement allowance except that it is based on your final average earnings, Social Security integration level and membership service as of the date your membership ends.

If you have at least 10 years of membership service when your membership ends, your deferred retirement allowance can begin anytime after you reach age 55. If you elect to have benefits begin before age 60, they will be reduced for early payment. For additional details, please refer to the SPD on **Life**Benefits. You can also roll over your lump sum to the BP Capital Accumulation Plan or to an IRA or other tax-qualified retirement plan.

When you take your distribution, several forms of payment are available including:

- Lump Sum – A single cash payment;
- 5-year certain and life annuity – A fixed monthly benefit payable for your lifetime with a guaranteed 60 monthly payments to your beneficiary if you die before receiving them;
- Single Life Annuity – A fixed monthly benefit payable for your lifetime;
or
- Joint and Survivor (J&S) Annuity – A reduced monthly benefit payable for your lifetime, with a percentage (i.e., 25%, 50%, 75% or 100% of that amount) continuing to your spouse or other beneficiary for their lifetime if you die first.

A complete list of payment options is available on the NetBenefits website at www.netbenefits.fidelity.com.

If you're married, spousal consent is required for any form other than a 50% or greater J&S annuity with your spouse as the joint annuitant. Benefits of \$1,000 or less are automatically paid as lump sums, and – unless you choose another form of payment – benefits greater than \$1,000 but not exceeding \$5,000 are automatically rolled over into a Fidelity IRA.

Learning more about your retirement benefits

Although retirement calculations can be complicated, BP has provided you with an easy-to-use online calculation and modeling tool that you can use to explore various retirement scenarios. Just go to Fidelity's NetBenefits website www.netbenefits.fidelity.com, and select the BP Retirement and Savings Plans Online Tool.

This tool allows you to log on and manage your retirement accounts. You can:

- View your pension benefit – see your pension benefit under various forms of payment and model your pension benefit based on different assumptions about retirement dates, salary projections, and interest rates;
- Manage your savings plans – see current balances and portfolio allocations, change contribution percentages and investment allocations, transfer money between investment options;
- Manage personal information such as your beneficiary designation; and
- Learn more about planning for retirement.

How to calculate your pension benefit

1. In your Web browser, go to www.netbenefits.fidelity.com and log in. If you have logged in before, you'll need either your Social Security number or the customer ID you previously set up, as well as the PIN you chose. If you're new to NetBenefits, you'll need to go through the New User Registration process.
2. On the **Home Page**, you'll see the balances and portfolio totals for your retirement accounts. Click on the BP Retirement Accumulation Plan.
3. To model your benefit, click on **Estimate a Payment** under **Act** on the left hand side of the screen.
4. The **Estimate a Payment Page** will allow you to enter various assumptions when estimating your pension benefit – including when you want to stop working, when you want to start receiving your benefit, as well as any salary increases and applicable interest rates over time. After entering your assumptions, click **Calculate**.
5. The program will display your retirement plan benefit based on the assumptions you've entered.

Note: If you cannot model your pension benefit online, call the BP Retirement Services at Fidelity (1-877-272-3334) to request an estimate. Once requested, Fidelity will mail your calculation to your address on file within 7-10 business days.

For help with NetBenefits, or if you have any questions about your retirement benefits, call BP Retirement Services toll-free at 1-877-272-3334 Monday through Friday, between 7:30 a.m. and 11:30 p.m. (central time), to speak with a service center representative.

Disclaimer

This brochure presents a high level explanation of certain provisions of the BP Retirement Accumulation Plan. In the event of any discrepancy between the material covered in this brochure and the official Plan Document and/or Summary Plan Description, the Plan Document and/or the Summary Plan Description shall prevail.

BP reserves the right to amend or terminate the plan or any of its features at any time (subject to collective bargaining where applicable).



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