



BP savings plan fund changes FAQs

1. Why are you removing the Russell 2000 Index Fund and the U.S. TIPS Fund? The new options seem very different.

We conduct routine reviews of the BP savings plan investment options and after consultation with both internal and external investment professionals, the BP Investment Committee agreed that replacing the Russell 2000 Index Fund with the Small/Mid Cap Equity Index Fund and the U.S. Treasury Inflation Protected Securities Bond Fund with the Real Assets Index Fund, would provide BP savings plan participants with investment options that offer greater diversification while minimizing the potential for duplication of investments.

The Small/Mid Cap Equity Index Fund is similar to the Russell 2000 Index Fund, but also includes mid cap stocks. As such, if an investor were to invest in both the S&P 500 Index Fund and the Small/Mid Cap Equity Index Fund, they would have exposure to the majority of the U.S. stock market by market capitalization.

The Real Assets Index Fund combines TIPS (45%) with real estate investment trusts (35%) and commodities (20%) to produce a more diversified inflation hedge than a pure TIPS fund, as each of these asset classes respond differently to the various inflation cycles.

2. The new options cost more than the old ones. Aren't lower fees better?

Fees and expenses are an important consideration when it comes to selecting an investment option, as they offset the growth of your retirement savings. As such, the BP Investment Committee reviews fees as part of the criteria when selecting and reviewing options. As different types of investments do have different fees, we look at how competitive the fees are compared to similar funds.

The fee for the Small/Mid Cap Equity Index Fund is 3.2 basis points (0.032%) versus 2.7 basis points (0.027%) for the Russell 2000 Index Fund. Although half a basis point higher (.005%) due to the inclusion of the mid-cap stocks, the fee is very competitive when benchmarked against fees for similar funds.

Similarly, the Real Assets Index Fund combines TIPS (45%) with real estate investment trusts (35%) and commodities (20%) to produce a more diversified inflation hedge than a pure TIPS fund, as each of these asset classes respond differently to the various inflation cycles. The addition of real estate and commodities does, however, increase fees and risk. The fee for the Real Assets Index Fund is 13 basis points net (0.13%) and 18 basis points gross (.18%). The fee actually charged will be 13 basis points versus 3.7 basis points net (0.037%) for the TIPS only fund. Although higher, the fee for the Real Assets fund is also very competitive when benchmarked against fees for similar funds with diversified assets.

3. The new options don't have any performance history. How do I know what to anticipate?

Fund performance is one of several criteria used when reviewing and selecting investments for the BP savings plans. The Small/Mid Cap Equity Index Fund and the Real Assets Index Fund both invest in well-developed strategies that were reviewed as part of the selection process. However, since these are commingled index funds, the performance that participants see is based on the date the investment option was added to the BP savings plans. Performance history for the applicable benchmarks is available upon request.

4. Should I invest in the new options? Should I move my money from the Russell 2000 Index Fund and the US TIPS Fund to the new options?

No single investing strategy or approach is right for everyone. Each investor has different goals, different **time horizons** before you will need your money, and varying degrees of comfort with investing. The two new investment options have different levels of risk and each individual will need to assess whether or not they are comfortable with the risks in the new funds, as how much risk you are willing to accept is an important part of building your investment portfolio. If your investment portfolio carries greater risk, you may experience large losses at some point—but you also have the potential for greater returns. On the other hand, if you build an investment portfolio that is more conservative, you take less risk, but you also face the potential for lower returns. Carefully weighing your own investment goals and risk tolerance can help you decide which savings plan options are right for you. BP offers a variety of tools and resources to help you become a more informed investor and make the most of your retirement savings.