



SECTION

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BP employee savings plan of Puerto Rico



BP employee savings plan of Puerto Rico

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Because your future financial security is so important, the company offers you the BP Employee Savings Plan of Puerto Rico. *Participation in this plan is completely voluntary and, if you are eligible, you may enroll at any time.*

The BP Employee Savings Plan of Puerto Rico allows you to save up to 10% of your eligible pay, up to plan and legal limits, toward your retirement. BP matches 100% of every dollar you contribute, up to 5% of your eligible pay. You can elect to contribute on a before-tax or an after-tax basis, or a combination of both. All contributions and investment gains or losses are credited to your plan account. You choose how your savings are invested from a wide variety of investment options. You — not the company — assume all investment risk. That means your account will benefit from any investment gains and experience any investment losses as well. You may invest in up to 9 funds from among the plan's Investment Options.

Under certain conditions, you may take a withdrawal of a portion of your account while you are still working for BP.

This plan is intended to be a “qualified retirement plan” under Section 1165(e) of the Puerto Rico Internal Revenue Code and Section 401(a) of the U.S. Internal Revenue Code and to meet the requirements of Code Section 401(k) of the U.S. Internal Revenue Code.



Be sure to refer to the “Glossary” on **page K-1** for definitions of underlined terms used throughout this handbook.

In the event of any inconsistency between a statement contained in this summary and the plan document, the terms of the plan document will control.

Who Is Eligible

In general, you are eligible to participate in the BP Employee Savings Plan of Puerto Rico if you are a full-time, part-time, occasional, or temporary employee of a participating employer (and on a Puerto Rico payroll).

You are immediately eligible to enroll if you have met the above requirements and are not excluded in one of the categories below.

Regardless of your employee classification above, you are *not* eligible to participate in the BP Employee Savings Plan of Puerto Rico if you are:

- a leased employee;
- an employee who is not a resident of Puerto Rico;
- an independent contractor or fee-for-service worker;
- a member of a collective bargaining unit (union), unless your collective bargaining agreement provides that you may participate in the BP Employee Savings Plan of Puerto Rico;
- covered by an agreement specifying that you are not eligible to participate in the BP Employee Savings Plan of Puerto Rico;
- receiving employer contributions under or making contributions to another company tax-qualified defined contribution retirement plan, which provides for before-tax or after-tax contributions; or
- not classified as an employee on a participating employer's payroll, even if you are reclassified as an employee.

How To Enroll

If you are eligible to participate in the BP Employee Savings Plan of Puerto Rico, you can enroll anytime through BP Retirement Services at Fidelity.

When you enroll in the BP Employee Savings Plan of Puerto Rico, you will need to:

- determine how much to contribute to the plan;
- choose your investment options; and
- designate a beneficiary, who will receive your BP Employee Savings Plan of Puerto Rico benefits in the event of your death.

☛ *"Your Contributions," page H-4;*
"Investment Options," page H-8;
"Beneficiary Designations," page H-3

By enrolling in the BP Employee Savings Plan of Puerto Rico, you authorize your employer to take payroll deductions each pay period based on the percentage of eligible pay you elect to contribute to the plan.

☛ *"What Is Included in 'Eligible Pay,'" page H-5*

Contributions to the BP Employee Savings Plan of Puerto Rico will begin as soon as administrative procedures allow after you enroll.

The *first* time you access BP Retirement Services, the system will prompt you for personal information so you can establish your personal identification number (PIN). The personal information may include your birth date or your mailing address. Information required to set up or change your PIN may vary over time for account security purposes.

Beneficiary Designations

When you enroll in the BP Employee Savings Plan of Puerto Rico, you will need to designate a beneficiary, who will receive your BP Employee Savings Plan of Puerto Rico account in the event of your death.

☞ “What Happens If You Die,” **page H-12**

- *If you are married*, your spouse is automatically your beneficiary. **If you want to designate someone other than your spouse to be your beneficiary, your spouse must consent in writing each time you make a new designation.** A notary public must verify that consent. In any case, a beneficiary designation should be completed.
- *If you are not married*, you may designate anyone you wish to be your beneficiary, and you may change this designation as often as you like. If you do not designate a beneficiary, if no designated beneficiary survives you or if your beneficiary designation was not filed properly, upon your death, your account will be paid to your estate.

You can name one person, more than one person, or a trust or other legal entity as your primary beneficiary. You can also name a secondary beneficiary, or contingent beneficiary, to receive your account in the event your primary beneficiary(ies) dies before you. If you name more than one primary beneficiary and one of those beneficiaries does not survive you, his or her portion will be shared equally among any remaining beneficiaries of the same type (primary or contingent), except to the extent otherwise provided on the applicable beneficiary form. Payment will be made to your contingent beneficiary(ies) only if there is no surviving primary beneficiary(ies).



You should be aware of some additional provisions that apply to beneficiary designations:

- Your beneficiary designations cannot be changed by anyone after your death.
- No beneficiary can refuse to accept his/her benefit.
- A divorce does not automatically revoke your former spouse as a designated beneficiary. You must change your beneficiary designation to replace him or her.
- A qualified domestic relations order (QDRO) may affect your beneficiary designation.

Remember to review your beneficiary designations in the event your family status changes — for example, if you marry, divorce or become widowed.

To designate your beneficiary or change your beneficiary designation, contact BP Retirement Services online or by phone.

You may need to properly complete any required forms such as a notarized consent and return them to BP Retirement Services in order for your new or changed beneficiary designation to become effective. **If any required forms are not completed properly or accepted by BP Retirement Services, your designation will not be valid.**

How the Plan Works

You may save up to 10% of your eligible pay on a before- or after-tax basis, up to plan and legal limits, toward your retirement.

☛ “What Is Included in ‘Eligible Pay,’” **page H-5**

Participation is entirely voluntary.

Based on your elections, your contributions are deducted automatically from each paycheck on a before-tax basis or after-tax basis, or a combination of both. You may also make rollover contributions to the plan. You choose how to invest your savings from a variety of investment options. And, BP makes a company match contribution equal to 100% of every dollar you contribute (excluding rollover contributions), up to 5% of your eligible pay.

When you enroll in the BP Employee Savings Plan of Puerto Rico, an account is set up in your name. Your account consists of the following contribution sources:

- before-tax, which holds your before-tax contributions;
- after-tax, which holds your after-tax contributions;
- company match, which holds your company match contributions; and
- rollover, which holds any taxable amounts you have transferred — or “rolled over” — from another tax-qualified retirement arrangement.

Each of these contribution sources also reflects any gains or losses on your contributions.

Under certain conditions, you may take a withdrawal of a portion of your account while you are still working for BP. When you leave BP, you may choose from several distribution options, including a rollover distribution to another employer’s qualified plan or to an IRA, or you may leave your account in the BP Employee Savings Plan of Puerto Rico under certain conditions.

Your Contributions

You make your contributions through automatic payroll deductions. Your contributions are transferred to the trustee after each payroll cycle as soon as administrative procedures allow.

Minimum Contribution

The minimum contribution you may make is 1% of your eligible pay.

☛ “What Is Included in ‘Eligible Pay,’” **page H-5**

Maximum Contribution

You may designate up to 10% of your eligible pay, in whole percentages, subject to the following plan and legal contribution limits:

- There is an annual dollar limit set by Puerto Rico law on *before-tax contributions* to 1165(e) plans such as the BP Employee Savings Plan of Puerto Rico. In 2004, this annual limit is \$8,000.
- The U.S. tax law also limits total *annual additions* to savings plans — including employee and employer contributions. This limit is \$41,000 for 2004.
- The U.S. tax law also places an annual limit on the amount of eligible pay that can be counted for plan purposes. For 2004, this annual limit is \$205,000 in eligible pay.

The BP Employee Savings Plan of Puerto Rico must also satisfy legal U.S. and Puerto Rico non-discrimination rules, designed to ensure that qualified retirement plans do not pay a disproportionate portion of their benefits to highly compensated employees. If you are a highly compensated employee, your contributions may need to be reduced or partially refunded in order for the plan to comply with these rules. You will be notified if you are affected.

What Is Included in “Eligible Pay”

Your BP Employee Savings Plan of Puerto Rico contributions are based on a percentage of your eligible pay. For purposes of the plan, “eligible pay” includes the following components of your pay from a participating employer:

- basic salary or wages (including before-tax contributions);
- overtime pay;
- shift and rate differentials;
- pay based on piecework;
- commissions;
- payments under an annual incentive plan;
- lump-sum performance awards paid in connection with annual salary administration; and
- pay in lieu of vacation.

If you leave BP, keep in mind that any of these eligible forms of payment received beyond 30 days following your last date of employment will generally not be considered eligible pay.

What Is Not Included in “Eligible Pay”

“Eligible pay” *does not* include the following components of your pay:

- sign-on, retention or ratification payments;
- relocation payments or allowances;
- educational assistance reimbursement;
- expense allowances or premium pay based on your work site;
- the value of any stock award or long-term incentive payment;
- the value of any share appreciation right or stock option grant or exercise;
- spot awards, reward or recognition payments, or any other comparable payments;
- Christmas bonuses;
- severance or separation payments;
- additional pay to compensate you for working during all or part of a 60-day period following notice in connection with a severance or separation program;
- deferred compensation (including salary, bonus or variable pay);
- tax reimbursements;
- payments made under an annual incentive plan in connection with an employee’s termination of employment paid prior to the time that payments are made to similarly situated active employees of the business unit or stream;
- payments excluded as eligible pay under the plan by an employment contract or bonus plan; and
- any other compensation not described as “eligible pay.”

The Advantages of Before-Tax Savings

Each dollar you contribute to the BP Employee Savings Plan of Puerto Rico on a before-tax basis is a dollar that is not included in your taxable income for that calendar year. So you do not pay taxes on that money (including any investment income) until it is distributed from the plan.

Before-tax contributions do not reduce the amount of your compensation that is used to calculate pay-related benefits, such as life insurance or disability insurance. Remember, you are always 100% vested in the market value of your before-tax contribution source.

☞ *“Vesting,” page H-9*

The Advantages of After-Tax Savings

Making after-tax contributions offers several benefits:

- Any gains or income you earn on your investment options accumulates on a tax-deferred basis.
- You save through convenient payroll deductions.
- You can take an in-service withdrawal of your after-tax contributions. (In contrast, withdrawals from your before-tax contribution source are more restricted.)
- You are always 100% vested in the market value of your after-tax contributions.

☞ *“How To Take a Withdrawal While You Are Employed,” page H-10*

Changing Your Contribution Amount

After you enroll in the BP Employee Savings Plan of Puerto Rico, you may change your contribution amount — in 1% increments — or stop contributing at any time before you terminate employment. Changes will be effective as soon as administrative procedures allow.

If you reduce your contribution amount to less than 5% of eligible pay or stop contributing entirely, your company match contributions will likewise be reduced or stopped.

☛ *“What Is Included in ‘Eligible Pay,’” page H-5*

To change your contribution amount or stop contributing, contact BP Retirement Services.

Rollover Contributions

If you qualify and elect a lump-sum distribution from another tax-qualified retirement arrangement, you may be able to contribute — or “roll over” — your distribution directly into the BP Employee Savings Plan of Puerto Rico. You are always 100% vested in the market value of your rollover contribution source.

To make a rollover contribution, you need to follow specific procedures that are available from BP Retirement Services.

Company Match Contributions

You receive a dollar-for-dollar company match contribution on the first 5% of eligible pay you contribute to the BP Employee Savings Plan of Puerto Rico on a before-tax or after-tax basis, or a combination of both.

☛ *“What Is Included in ‘Eligible Pay,’” page H-5*

Your company match contributions and any investment income on those contributions are subject to a vesting requirement.

☛ *“Vesting,” page H-9*

Here is an example of how company match contributions are calculated. In this example, a BP employee earns \$22,000 in eligible pay and decides to save 10% of that amount.

Company Match Contributions	
BP Employee Savings Plan of Puerto Rico contribution ($\$22,000 \times 10\%$):	\$2,200
BP’s company match contribution — 100% of the employee contribution, up to 5% of eligible pay ($100\% \times 5\% \times \$22,000$):	+ \$1,100
Total annual contribution (excluding investment gains or losses):	\$3,300

Company match contributions are credited to your company match contribution source and invested in accordance with your investment elections. Any investment gains or losses associated with your company match contributions are credited to your company match contribution source.

Investment Options

The BP Employee Savings Plan of Puerto Rico allows you to choose from 9 investment options. You decide which options best suit your investment plan and set your investment direction. Remember, it is important to review your investments periodically, and to rebalance your allocation or adjust your investment strategy.



Keep in mind that you have sole responsibility for choosing those investment options in which you invest initially and for exchanging your investment options over time. Neither the company nor any other plan fiduciary is liable for any loss in value of your investment holdings resulting from your exercise of your investment responsibility to the extent permitted under Section 404(c) of ERISA.



Keep in mind that any of the plan's investment options may be changed, closed to new investments or eliminated at any time and without prior notice.

Generally, you can set your investment direction for new contributions or exchange investment options for your account balance at any time.

☞ *"Setting Your Investment Direction," at right;*
"Exchanging Investment Options," page H-9

Setting Your Investment Direction

You may set your investment direction for new employee contributions anytime — as often as you would like — by contacting BP Retirement Services either online or by phone.



Read the *Investment Options Guide Appendix* (attached as Appendix A) for information about any restrictions or limitations on your investment direction, exchanges or other plan transaction requests.

If you do not set an investment direction when you enroll in the BP Employee Savings Plan of Puerto Rico, your before-tax or after-tax contributions and any rollovers will be automatically invested in the Short-Term Investments Fund. You can change this election at any time.

☞ *"Exchanging Investment Options," page H-9*

Exchanging Investment Options

You may exchange the investment options of the funds *currently* in your account anytime — as often as you would like — by contacting BP Retirement Services either online or by phone.

You may exchange all or a portion of your plan account among the BP Employee Savings Plan of Puerto Rico's investment options.

☞ "Investment Options," **page H-8**



Read the entire text of the *Investment Options Guide Appendix* (attached as Appendix A), the most recent Quarterly Investment Performance Statement and any updates to the Guide for a more complete description of all the investment options described in this summary and for information about selecting your investment options.

Vesting

Your right to ownership of your BP Employee Savings Plan of Puerto Rico account is known as *vesting*.

You are always 100% vested in the value of your before-tax contribution source, your after-tax contribution source and your rollover contribution sources. That means you will be entitled to receive 100% of the market value of these contribution sources when you leave BP, regardless of your length of service.

To be fully vested in your company match contribution source and receive those funds, you must have completed at least three years of vesting service with the company or be at least age 65 when you leave BP.

Regardless of your years of service, you become 100% vested in your company match contribution source *immediately* if you:

- terminate employment for reasons other than resignation, discharge or the expiration of a contract period for term contract employees (e.g., severed);
- become totally and permanently disabled while employed by BP; or
- die while still employed by BP.

If you are not yet vested when you leave BP, the unvested portion of your company match contribution source will be forfeited as of the earlier of the following two dates:

- the date you take a total distribution of your plan account; or
- seven years from the date you leave BP, unless you are rehired.

Forfeitures are used to reduce future employer contributions or reduce plan expenses.

☞ "What Happens If You Are Rehired," **page H-13**;
"If You Are Not Vested," **page H-17**

How To Access Your Account Information

You have daily access to view your account information securely online via Fidelity's NetBenefitssm site or you may receive printed quarterly statements. If you elect the online feature, you will have access to your account balances and your personal rate of return for any month or calendar quarter within the last 15 months. No matter how you decide to review your account — quarterly hardcopy statements or online — you will receive a paper statement and Quarterly Investment Performance Statement annually following the fourth quarter of each year.

In these statements — both hardcopy and online — you will see how your plan investment options are performing, how much you and the company have contributed during the relevant period, plus summaries of any transactions performed during the relevant period. Contact BP Retirement Services if you have any questions about the information on these statements.

How To Take a Loan

Loans are not permitted under the plan.

How To Take a Withdrawal While You Are Employed

While you are working at BP, you may be able to take an *in-service withdrawal* of a portion of your BP Employee Savings Plan of Puerto Rico account.

In-Service Withdrawal Sources and Timing

In-service withdrawals are subject to the following restrictions relating to contribution sources and timing:

Contribution Source	Amount Available	Limitations
<u>Before-tax</u>	<ul style="list-style-type: none"> ■ The entire amount, if you are at least age 59½. ■ The amount required to meet your financial need, if you qualify for a hardship withdrawal. ■ None, if you are not yet age 59½ and do not qualify for a hardship withdrawal. 	<ul style="list-style-type: none"> ■ If you are under age 59½ and have an immediate financial need, you will have to access all other withdrawals from all BP plans before you can request a hardship withdrawal.
<u>After-tax</u>	<ul style="list-style-type: none"> ■ The entire amount. 	<ul style="list-style-type: none"> ■ None.
<u>Company match</u>	<ul style="list-style-type: none"> ■ Not allowed. 	<ul style="list-style-type: none"> ■ Not applicable.
<u>Rollover</u>	<ul style="list-style-type: none"> ■ The entire amount. 	<ul style="list-style-type: none"> ■ None.



It is a good idea to consult a tax advisor to learn about the impact each BP Employee Savings Plan of Puerto Rico withdrawal option has on your personal situation before you request a withdrawal.

☞ *“Tax Consequences of Withdrawals,” below*

Withdrawals are generally considered taxable and may also be subject to penalties and withholding. Of course, income tax laws are complex and subject to change.

Hardship Withdrawals

If you are not yet age 59½, you may apply to take a hardship withdrawal of your before-tax contribution source *only* if you satisfy the following conditions:

- you have taken any other in-service withdrawals available; and
- you have an immediate financial need:
 - for the purchase or construction of your principal residence (excluding mortgage payments);
 - for the payment of tuition, related post-secondary education expenses, and room and board expenses for the next 12 months for yourself, your spouse, your child or any other person who is your dependent for income tax purposes;
 - to prevent eviction from or foreclosure on your principal residence; or
 - to pay for certain uninsured medical expenses for yourself, your spouse, your child or any other person who is your dependent for income tax purposes.

☞ *“In-Service Withdrawal Sources and Timing,” page H-10*

In addition to the amount you need for any of these expenses, you may withdraw enough of your account to pay the taxes you will owe on your withdrawal.



When you apply for a hardship withdrawal, you will be required to provide proof of hardship. Once you have received the withdrawal, you will not be allowed to make contributions to your BP Employee Savings Plan of Puerto Rico account or receive company match contributions for the following 12 months.

☞ *“Company Match Contributions,” page H-7*

Hardship withdrawals are considered taxable and may be subject to penalties. In addition, hardship withdrawals cannot be rolled over — they must be used toward relief of your hardship. Of course, income tax laws are complex and subject to change.

It is a good idea to consult a tax advisor before applying for a hardship withdrawal from the BP Employee Savings Plan of Puerto Rico.

Tax Consequences of Withdrawals

Taxable withdrawals from your BP Employee Savings Plan of Puerto Rico account are taxed as ordinary income in the year withdrawn.

☞ *“Rollover Distributions,” page H-15*

Income tax withholding of 20% applies to the taxable portion of withdrawals that are eligible for rollover but are not directly rolled over to another tax-qualified retirement arrangement or IRA.

How To Request a Withdrawal

To determine how much you may have available for an in-service withdrawal or to request a withdrawal, contact BP Retirement Services.

You will receive a single cash payment of your withdrawal amount. Your withdrawal will be taken from your contribution sources according to your request.

Unless you elect otherwise by speaking with a BP Retirement Services Participant Services Representative, your withdrawal will be prorated across your investment options.

While You Are Employed at BP

Special rules apply to your participation in the BP Employee Savings Plan of Puerto Rico if certain life events occur.

What Happens If You Are Disabled

If you become totally and permanently disabled as defined by the company while you are employed by BP, you will automatically become 100% vested in your company match contribution source, if you were not already vested.

What Happens If You Die

If you die while employed by BP, your beneficiary gains the right to your total BP Employee Savings Plan of Puerto Rico account balance — including company match contributions — even if you were not already vested.

☛ *“Beneficiary Designations,” page H-3*

To change your beneficiary designation, contact BP Retirement Services.

Payments To Your Beneficiary

If you die, BP Retirement Services should be notified as soon as possible.

As long as your account balance exceeds \$5,000, your beneficiary can:

- leave the account balance in the plan until the end of the fifth calendar year following your date of death; or
- take an immediate lump-sum distribution.

Installment or partial distributions are not permitted.

☛ *“Beneficiary Designations,” page H-3*

Your beneficiary may elect to:

- make exchanges between investment options; or
- if permitted, directly roll over your account balance to an IRA, but only if your beneficiary is your surviving spouse.

Other than the elections above, your beneficiary has no other rights or options under the BP Employee Savings Plan of Puerto Rico. For example, he/she may not choose to delay payment of benefits beyond the 5-year window. If no distribution election is received by the end of the 5-year period, a lump-sum payment will automatically be made to your beneficiary.

What Happens If You Are Rehired

If you leave the company and are later rehired as an eligible employee, you may enroll in or rejoin the BP Employee Savings Plan of Puerto Rico immediately — there is no waiting period. To enroll online or by phone contact BP Retirement Services.

☞ “Who Is Eligible,” **page H-2**

However, some special rules apply for calculating your vesting service after you have been rehired.

☞ “Calculating Your Vesting Service After Rehire,” **below**

If all or a part of your company match contribution source was previously forfeited because you left the company before you were fully vested, in some cases the forfeited amount may be restored to your account.

☞ “Restoring Forfeitures,” **at right**

Calculating Your Vesting Service After Rehire

In general:

- *If you were 100% vested in your account when you left, you will be 100% vested after your return, regardless of your service.*
- *If you were at least partially vested in your company match contributions when you left the company, all of your prior service will be recognized by the plan for vesting purposes, regardless of how long you were gone.*

- *If you were not vested in your company match contributions when you left the company, the treatment of your prior service depends on how long you were away from BP.*
 - *If your break in service was at least one year but less than seven years, all of your prior years of service will be counted toward vesting in your company match contributions after you return to the company.*
 - *If your break in service was seven years or more, none of your prior service will be counted for vesting purposes, and you will begin earning vesting service again on your rehire date.*
 - *If your absence from employment was less than one year, there is no break in service, and the time you were absent will be recognized by the plan for vesting purposes.*

Restoring Forfeitures

If all or a part of your company match contribution source was previously forfeited because you left the company before you were fully vested, in some cases the forfeited amount may be restored to your account. In general, if you are rehired and had previously forfeited all or a portion of your matching contribution source, your previously forfeited amounts will be restored to your BP Employee Savings Plan of Puerto Rico account if your absence was less than seven years.

The amount restored will be the amount that was originally forfeited, *without* any adjustment for investment gains or losses since the date of forfeiture.

What Happens If You Are No Longer Eligible To Participate Due To a Transfer

If you are no longer eligible to participate in the plan due to a transfer to a related BP company, you will no longer be eligible to contribute to the plan.

☛ *"Who Is Eligible," page H-2*

Your service after the transfer will continue to count toward vesting service if you are not already 100% vested.

☛ *"Vesting," page H-9*

If you are currently a participant in the BP Employee Savings Plan of Puerto Rico and become eligible for a different savings plan administered by BP Retirement Services, you will automatically become a participant in that plan. Your current account balance will remain in the BP Employee Savings Plan of Puerto Rico.

When You Leave BP

When your employment with BP ends, you have several options to consider. You may request a distribution of your vested benefit in the BP Employee Savings Plan of Puerto Rico, or you may defer receipt of your account balance.

Automatic Distribution of Account Balance At or Below \$5,000

If your vested account balance is valued at \$5,000 or less when you leave the company or at any time after you leave (as determined during a quarterly review of your account value), you will receive an automatic lump-sum distribution of your vested BP Employee Savings Plan of Puerto Rico account. This could happen even if your account had been previously valued at greater than \$5,000 and you had chosen to defer your distribution. You will be notified before this distribution takes place.

However, if you have received a minimum required distribution or have begun receiving installment payments, you will not receive the automatic lump-sum distribution of your entire account.

Requesting a Distribution

When your employment with BP ends, you will receive an BP Employee Savings Plan of Puerto Rico distribution kit. You will need to decide how your distribution will be made and when distribution will begin. The distribution options you have will depend on the amount of your vested benefit:

- *If your vested benefit is \$5,000 or less, you will automatically receive a single lump-sum cash distribution payable to you, with taxes withheld, unless you request another distribution option.*

If you want to take advantage of another option, such as a direct rollover of your vested benefit — without taxes being withheld — into another tax-qualified retirement arrangement or IRA that accepts rollovers, you will need to complete and return the appropriate paperwork included in your distribution kit.

■ If your vested benefit is over \$5,000, you have several options for your account:

- deferring your distribution (however, the law requires that you begin receiving distributions by a certain date);
- an immediate lump-sum distribution;
- installment payments; or
- a partial withdrawal.

☞ “Lump-Sum Distributions,” **below**;
“Rollover Distributions,” **at right**;
“Installment Payments,” **page H-16**;
“Deferring Your Distribution,” **page H-17**;
“Partial Withdrawals,” **page H-17**

It is a good idea to consult a tax advisor before applying for a distribution.

Minimum Required Distributions

By law, you must start receiving your vested BP Employee Savings Plan of Puerto Rico account no later than April 1 of the year *following* the calendar year in which you reach age 70½ or terminate employment. Additional required distributions must be made by December 31 of each year thereafter.

Lump-Sum Distributions

If your BP Employee Savings Plan of Puerto Rico vested account balance is \$5,000 or less and you do not initiate a full distribution or rollover within 90 days of your separation date, your account balance will be automatically distributed to you in a lump sum. If your vested account balance is over \$5,000, you may also request a lump-sum distribution at any time.

A lump-sum distribution will be made in cash and will be paid to you as soon as administrative procedures allow.

Rollover Distributions

In general, distributions from the BP Employee Savings Plan of Puerto Rico are eligible for rollover into another tax-qualified retirement arrangement or IRA that accepts rollovers from a plan qualified under Section 1165(e) of the Puerto Rico Internal Revenue Code. You may roll over your:

- before-tax contribution source;
- rollover contribution sources; and
- vested company match contribution source.

When you roll over part or all of a distribution, you postpone income taxes on the amounts rolled over until you subsequently withdraw them. This can give you substantial tax savings, assuming you are in a lower tax bracket when you receive your distribution.

☞ “Tax Considerations,” **page H-18**

There are two ways to roll over your BP Employee Savings Plan of Puerto Rico distribution to another tax-qualified retirement arrangement or IRA:

- With a *direct rollover*, you instruct the plan administrator to pay all or part of your eligible distribution directly to the trustee or administrator of the other plan. No taxes are withheld from a direct rollover.
- With an *indirect rollover*, you receive a check for the distribution — payable to you — and you choose to roll part or all of the eligible distribution into another plan or IRA within 60 days of the date of receipt. Mandatory tax withholding applies to all indirect rollovers. Because taxes have been withheld, you may want to replace the amount withheld with money from another source, so you will not incur income taxes on the amount withheld. You are responsible for following all the guidelines and deadlines that apply to the rollover in order to ensure that your distribution is not ultimately taxable.

The distribution kit you will receive when you leave the company has instructions for requesting a rollover distribution.

Installment Payments

When your employment with BP ends, you may receive your BP Employee Savings Plan of Puerto Rico vested benefit as installment payments — a series of payments made over time — *but only if your vested benefit is more than \$5,000*. Installments may be paid monthly, quarterly or annually. You may change the frequency of these payments — for example, from monthly to annual, or vice versa — one time after you have made your initial election.

Each installment must be at least \$50, and payments will be made only in cash.

You may also request partial withdrawals while your installments continue.

☞ *“Partial Withdrawals,” page H-17*

If you choose this payment option, contact a BP Retirement Services Participant Services Representative.

How Installment Payments Are Calculated

If you elect to receive your BP Employee Savings Plan of Puerto Rico vested benefit as installment payments, payments may be paid on a monthly, quarterly or annual basis. You may request any amount or percentage. However, your payments must be completed over a period not to exceed the combined life expectancies of you and your designated beneficiary.

How Installment Payments Are Withdrawn From Your Account

If you elect to receive your BP Employee Savings Plan of Puerto Rico vested benefit as installment payments, payments will be made by withdrawing money from your BP Employee Savings Plan of Puerto Rico contribution sources in the following order, until all payments are made:

- after-tax;
- rollover;
- company match (to the extent vested); and
- before-tax.

Within each contribution source above, your payments will be withdrawn from your investment options in direct proportion to their market value in your account at the time the withdrawal is made, unless you specify the investment options from which your withdrawals are to be taken, by speaking to a BP Retirement Services Participant Services Representative.

If You Die While Receiving Installment Payments

If you elect to receive your BP Employee Savings Plan of Puerto Rico vested benefit as installment payments, and you die after payments have started but before the vested portion of your BP Employee Savings Plan of Puerto Rico account has been totally distributed to you, the remainder of your account will be paid as a lump-sum distribution to your designated beneficiary.

☛ *“What Happens If You Die,” page H-12*

Your beneficiary should contact BP Retirement Services for assistance with a survivor claim.

Deferring Your Distribution

When you leave BP, you may choose to keep your account in the plan and receive a distribution at a later date, but only while your account value is greater than \$5,000. You do not need to make a special election; by default, if you do not elect a distribution and your account value is greater than \$5,000, your account will remain in the plan.

While your account remains in the plan, it will continue to be subject to investment gains and losses, and you will be able to make exchanges among your investment options.

☛ *“Exchanging Investment Options,” page H-9*

In addition, you will continue to have access to your online statements or hardcopy quarterly statements. However, you will not be able to make additional contributions.

Partial Withdrawals

At any time after you leave BP, you may elect to receive a partial withdrawal of your vested account. If your account value falls below \$5,000, it will be automatically distributed.

☛ *“Requesting a Distribution,” page H-14*

If You Are Not Vested

If you leave the company and you are not 100% vested in your company match contribution source, the unvested portion of your company match contribution source is subject to forfeiture and will not be paid to you.

☛ *“Vesting,” page H-9*

Your unvested account will not actually be forfeited until the earlier of the following takes place:

- you leave BP and are not rehired within seven years; or
- you take a distribution of your entire account balance.

☛ *“What Happens If You Are Rehired,” page H-13*

If you took a distribution and then are rehired within seven years, any amounts forfeited will be restored to your company match contribution source without additional earnings.

 *“Restoring Forfeitures,” page H-13*

You are always 100% vested in your before-tax, after-tax and rollover contribution sources. Contributions and investment earnings held in these sources are never subject to forfeiture.

Tax Considerations

Tax laws are complicated and subject to change. Because the company cannot give you tax advice, you should discuss your situation with a financial consultant or tax advisor before you receive a withdrawal or distribution of your BP Employee Savings Plan of Puerto Rico account. However, here is some general information.



Any tax considerations mentioned in this summary should be regarded only as highlights and not as comprehensive discussions of the tax rules involved. The application of income tax laws may be subject to individual circumstances and other conditions or restrictions. Income tax laws are also subject to change from time to time.

When your BP Employee Savings Plan of Puerto Rico account is paid to you, generally you will be responsible for regular income tax on the value of your before-tax, rollover and company match contribution sources. This includes any investment gains or losses that have been credited to these sources. You may also be responsible for income tax on any investment income earned on your after-tax contribution source.

Required Tax Withholding

Income tax withholding at 20% is required on most taxable lump-sum cash distributions.

 *“Lump-Sum Distributions,” page H-15*

Withholding does not change your tax liability — it just means you are paying estimated taxes at the time the distribution is made.

Withholding is not required on the following distributions:

- hardship withdrawal;
- direct rollover distributions;
- installment payments made at least once each year for 10 years or more;
- installment payments made at least once each year over your single life expectancy or the joint life expectancy of you and your spouse or other beneficiary; or
- minimum required distributions made after you reach age 70½.

 *“Minimum Required Distributions,” page H-15; “Rollover Distributions,” page H-15; “Installment Payments,” page H-16*

Postponing Taxes and Tax Withholding

If you roll over the taxable portion of a distribution — either through a direct rollover or otherwise — to another tax-qualified retirement arrangement or IRA, any taxes on the rollover amount will be postponed.

Mandatory tax withholding can be avoided if you make a direct rollover.

Note that rolling over the taxable portion of your distribution into a tax-qualified retirement arrangement or IRA simply *defers* or *postpones* the taxes due — it does not *eliminate* the taxes. You will still owe income and/or other taxes at some time in the future when the rollover is actually distributed to you.

What Happens If Benefits Are Denied

You have certain rights if your BP Employee Savings Plan of Puerto Rico benefits are denied.

☞ *“What Your Rights Are Under ERISA,” page I-11*

When the Plan Changes or Ends

BP expects and intends to continue the BP Employee Savings Plan of Puerto Rico indefinitely, but reserves the right to amend or terminate it at any time and without prior notice. If any material changes are made, the company will notify you. No plan amendment or termination will adversely affect any benefits you may have accrued under the plan immediately before its amendment or termination.

If the plan is terminated, you will be fully vested in all plan contribution sources, to the extent you were not previously vested.

What Else You Should Know About the Plan

Because the BP Employee Savings Plan of Puerto Rico is subject to many laws governing its operation, it is important for you to know about certain aspects of the plan, including:

- information about the plan trustee;
- information about the plan administrator and sponsor;
- information about the plan recordkeeper; and
- rules regarding the assignment of your plan interests to other parties.

Plan Custodian and Trustee

The plan assets are held in a trust. Banco Popular is the plan's local trustee. State Street Bank and Trust Company is the plan custodian. As custodian, State Street Bank and Trust Company is responsible for duties specifically assigned to it by the trust agreement, including:

- having custody of the trust assets; and
- making — at the direction of the appropriate investment manager — all purchases, sales and redemptions of securities held by it.

The plan custodian's address is:

State Street Bank and Trust Company
One International Place
25th Floor
Boston, MA 02110

As trustee of the plan, Banco Popular has custody of the assets in Puerto Rico and will be responsible for contributions and distributions.

The plan trustee's address is:

Banco Popular de Puerto Rico
P.O. Box 362708
San Juan, PR 00936-2708

BP Products North America Inc. designates the "named fiduciaries" (defined under ERISA) for the plan and trust. The custodian and trustee are selected by a named fiduciary. Under the terms of the trust agreement, the named fiduciary may remove the custodian and trustee at any time with appropriate notice. The named fiduciary may also appoint successor or additional custodians or trustees.

The plan is not insured by the Pension Benefit Guaranty Corporation.

Plan Administrator and Sponsor

BP Products North America Inc. is the sponsor of the BP Employee Savings Plan of Puerto Rico. The plan administrator is the Senior Vice President of Human Resources of the BP Corporation North America Inc.

The plan administrator has responsibility for (among other things):

- establishing rules and regulations regarding the plan;
- determining eligibility of participants;
- handling contributions, enrollments and calculations;
- deciding, in his/her discretion, whether benefits should be paid;
- entering into administrative service agreements;
- interpreting the plan; and
- operating and administering the plan.

The plan administrator's offices are located at:

Human Resources Department
BP Corporation North America Inc.
4101 Winfield Road
Warrenville, IL 60555
Employer ID#: 36-2440313

Plan Recordkeeper

The plan administrator has contracted with Fidelity Investments Institutional Operations Company (FIIOC, also known as BP Retirement Services) to be responsible for duties specifically assigned to it in the Recordkeeping Services Agreement, including:

- maintaining plan records and participant accounts;
- producing participant statements and confirmations;
- processing plan withdrawals and distributions according to plan rules; and
- providing telephone and online services for the plan.

The plan recordkeeper is selected by the plan administrator. Under the terms of the Recordkeeping Services Agreement, the plan administrator may remove FIIOC with advance notice. The plan administrator may also appoint successor or additional recordkeepers.

Assignment of Interest/ Liens on Funds or Property

Your rights to your plan account cannot be transferred or assigned to anyone else, nor can you use your account as security or collateral for a loan. In addition, no charges or deductions are made upon the withdrawal or termination of your account, *except for*:

- expenses in connection with the sales of securities or taxes, if any;
- the processing of loans; and
- certain trust and administration fees upon termination of the plan.

However, the BP Employee Savings Plan of Puerto Rico is required to comply with a judgment, decree or order issued that constitutes a qualified domestic relations order (QDRO) under a state's domestic relations law, or a personal income tax lien.

If the plan receives a QDRO relating to marital property rights, alimony payment or child support, all or a portion of your plan account may be paid to someone else.

If you have questions concerning a QDRO or if you would like a copy of the applicable plan QDRO procedures, contact:

BP America Inc.
Attention: Frances LaFleur
Mail Code 4 West
4101 Winfield Road
Warrenville, IL 60555
USA

savings



Be sure to file this **Update** in the pocket in the inside front cover of your **Employee Benefits Handbook** binder.

This **Update** revises the relevant pages of your **Employee Benefits Handbook** to reflect the following changes to the BP Employee Savings Plan of Puerto Rico effective immediately.



Be sure to refer to the “Glossary” on **page K-1** for definitions of underlined terms used throughout this **Update**.

Page H-12

Payments to Your Beneficiary

[The second paragraph is replaced with the following.]

Your beneficiary can:

- leave the account balance in the plan until the end of the fifth calendar year following your date of death; or
- take an immediate lump-sum distribution.

Page H-14

Automatic Distribution of Account Balance At or Below \$5,000

[This section is being deleted in its entirety, as it does not apply to Air BP Puerto Rico savings plan participants.]

Page H-14 – H-15

Requesting a Distribution

[This section is replaced with the following.]

When your employment with BP ends, you will receive a BP Employee Savings Plan of Puerto Rico distribution kit. You will need to decide how your distribution will be made and when distribution will begin. You have several distribution options for your account:

- deferring your distribution (however, the law requires that you begin receiving distributions by a certain date);
- an immediate lump-sum distribution;
- installment payments; or
- a partial withdrawal.

 “Lump-Sum Distributions,” **below** “Rollover Distributions,” **at right**; “Installment Payments,” **page H-16**; “Deferring Your Distribution,” **page H-17**; “Partial Withdrawals,” **page H-17**

It is a good idea to consult a tax advisor before applying for a distribution.

Page H-15**Lump-Sum Distributions**

[This section is replaced with the following.]

When your employment with BP ends, you may request a lump-sum distribution at any time. The distribution will be made in cash and will be paid to you as soon as administrative procedures allow.

Page H-16**Installment Payments**

[The first paragraph is replaced with the following.]

When your employment with BP ends, you may receive your BP Employee Savings Plan of Puerto Rico vested benefit as installment payments — a series of payments made over time. Installments may be paid monthly, quarterly or annually. You may change the frequency of these payments — for example, from monthly to annual, or vice versa — one time after you have made your initial election.

Page H-17**Deferring Your Distribution**

[The first paragraph is replaced with the following.]

When you leave BP, you may choose to keep your account in the plan and receive a distribution at a later date. You do not need to make a special election; by default, if you do not elect a distribution, your account will remain in the plan.

Page H-17**Partial Withdrawals**

[This section is replaced with the following.]

At any time after you leave BP, you may elect to receive a partial withdrawal of your vested account.

☛ *"Requesting a Distribution," page H-14*

