

**INTERVIEW SUMMARY OF ROSS J. PILLARI
TAKEN ON APRIL 27, 2006
AT CANTERA III, WARRENVILLE, ILLINOIS**

On April 27, 2006, the Management Accountability Team interviewed Ross Pillari, President of BP America Inc. The participating team members were Bill Bonse, Rudy Blyweert, Stephanie Moore and Jeff Heller. Bill Bonse was the primary interviewer. The interview lasted approximately two hours. Margene Westlund took minutes of the interview. Margene Westlund prepared the interview summary. Mr. Pillari has not reviewed this summary.

Mr. Bonse gave an introduction regarding the scope of the interview.

Mr. Heller informed Mr. Pillari on the legal standard and that this interview will likely not be protected under the attorney-client privilege doctrine. Any and all notes relating to this interview, including this document, could be produced in potential litigation.

INTERVIEW:

A. Culture/Environment:

Mr. Bonse asked Mr. Pillari for his general observations about Texas City ("TXC"). Mr. Pillari's impression of TXC was formed during the six days he was at TXC after the March 2005 incident. One particular example shaded Mr. Pillari's view. Three to four days into his visit, there was a fire in one of the units. The alarms went off and Mr. Pillari went to Mr. Parus' office to ask him about the fire. Mr. Parus' response was that this happens all of the time. Mr. Pillari's impression was that the culture/environment at TXC was too casual. Mr. Parus told Mr. Pillari that he would see a report the following day. There was a casual acceptance of risk. Mr. Pillari felt that Mr. Parus acted like an executive and not the person running the refinery. Mr. Pillari also felt that Mr. Parus should have walked out to the fire. There is a distance between management and operations at TXC. The acceptance of risk levels appeared routine. This attitude worried Mr. Pillari. Mr. Pillari had not spent time in TXC or with Mr. Parus prior to the March incident.

Another impression of the culture at TXC was the gulf between the union and management. It was adversarial in nature as if the union employees worked for another company. This was not Mr. Parus' fault. Mr. Pillari saw evidence of this strained relationship when the union employees would not work with contractors. An example of that relationship is when a memorial service was planned, but the union employees refused to attend if the contractors were invited. Refinery management gave in and two memorial services were held. Mr. Browne and Mr. Pillari met with the International Union in September 2005 to try and change the environment because it interferes with safety. The union official said they will not stop this. Mr. Browne said that many things will not get done. Even though Mr. Parus inherited it, he did not change it. Mr. Parus saw his team as overseers of the refinery; management processes were lacking.

In addition, meetings were not informative. For example, in a morning meeting, the start up of the ISOM was not even mentioned. Mr. Pillari was not aware of this and thinks TXC is different than other US locations.

Mr. Pillari spoke to Stanley and asked him “what strikes you most?” He said it looks like this refinery did not join the BP system. There is nothing to suggest that management feels accountable. This was also the case at Amoco—TXC was always its own little island. Mr. Pillari’s interaction with the Refineries was not deep enough to see this. Mr. Parus was not active. Mr. Pillari would hear from other Refinery Managers, but never heard from Mr. Parus.

B. Roles

Mr. Bonse stated that there were several major incidents in 2004. Mr. Pillari responded that he was aware that Gower reviewed these incidents. Mr. Bonse was surprised that in Mr. Parus’ 2005 Performance Contract there was not a lesson’s learned section from these 2004 incidents. Mr. Pillari is not sure why Mr. Gower or Mr. Hoffman did not make suggestions in the performance contract, but there was a hands-off attitude. The Refinery structure—Gower’s role is not clear. Mike Hoffman (BUL-R&M Global Refining), gave Mr. Gower authority, but it was a role of convenience. Mr. Gower did not have real authority. Mr. Pillari saw Mr. Gower as an advisor—not a boss. Mr. Parus told Mr. Pillari that Mr. Hoffman was his boss. Mr. Pillari did not like this. Mr. Pillari thought Mr. Parus reported to Mr. Gower.

C. Mr. Pillari’s Role and Legal Obligations

Mr. Pillari stated that the Green Book is clear. Not much of a role other than on reputation and communication. Mr. Pillari had little union involvement. Compliance was taken out of the Green Book which did not make sense to Mr. Pillari. Debate with EJPB regarding fiduciary and head of country role. Pillari is a fiduciary, but is not responsible for compliance. Refineries have an obligation to let Mr. Pillari know how the refineries are doing. Pillari got involved with Carson City Refinery because it related to government and communications and because Mr. Manzoni asked him. Mr. Pillari’s role usually was superficial. He also helped Alaska on a matter.

Mr. Pillari had no delegation of authority to run refineries, despite his title. The US legal system would not pierce the corporate veil. Mr. Pillari poses the questions “Is it right that I do not have accountability? Probably not, but EJPB set it up that way. The US legal system would look to Mr. Gower or Mr. Hoffman for accountability, not Mr. Pillari. US law will look at those who have been told that they are accountable. The law and Greenbook are very clear. Mr. Parus was in charge, but Gower, Hoffman and Parus are confused about their roles. There was a lack of clarity, but it was not intentional. There was a casual approach throughout the refinery. Mr. Pillari indicates that we need better control of contractors compared to our own employee.

D. Quality of Assets

When Mr. Pillari went to TXC, he saw some reports. TXC had been neglected. There was a ramping up of capital spend. Doug Ford and Al Kozinski were involved—tried to squeeze as much out of TXC, so maintenance was neglected. The directive was to keep expenditures low because of 10 years of lousy refinery margins. London did not say reduce maintenance, it said reduce capital and capital choices favored commercial. It was a sad environment. Contractors told Mr. Pillari that TXC was not a good place to work. They would rather work someplace else because TXC was dangerous.

In 2004, Mr. Parus did a presentation on fatalities. Mr. Parus had safety on the agenda and poured a lot of money into the refinery. Mr. Parus cared more than the previous manager. They saw Mr. Parus as an improvement because he cared more about safety and was more accessible. Even though Mr. Parus had programs, he was sitting up above and not in the ranks to see if it was working. Mr. Parus' team spent a lot of time talking to each other.

E. Mr. Parus' Role

Mr. Parus managed the refinery as if he were the director of the SHIS. But, SHIS was eventually disbanded. Mr. Parus tried to run it at a high level. Mr. Pillari puts the blame on Mr. Gower and Mr. Hoffman. When the structure changed, Mr. Parus was told he was the Refinery Manager. But, it looked as though he was a broader manager. It was like he was running the complex versus the refinery. Mr. Parus didn't change when the structure changed. No segment of management came in and said anything different. There should have been some direction.

When changes were made, Mr. Hoffman did not want Mr. Parus at TXC or Tim Scruggs at Carson City. Doug Ford made those decisions before he left. There were arguments between Mr. Hoffman and Mr. Ford. Mr. Hoffman wanted a non-Amoco person at Carson. Mr. Pillari did not participate nor was he consulted about Mr. Parus' appointment to TXC. Mr. Pillari might be informed of these decisions.

Mr. Pillari saw some reports regarding the Refinery, such as the VEBA Audit. He never saw the AT Kearney report. He does not read the gHSSERs. Mr. Pillari reviews accident reports and major capital expenditures. He does not receive Telos. Knows it's there, but lawyers said don't read as he is not in the chain of command. Mr. Pillari reads the Internal Audit Summary of the gHSSER reports. He and Iain Conn meet quarterly to talk about reputation issues. Mr. Pillari cannot intervene because he does not have the delegation. But states, clearly if you were in segment management, you should be very worried because there are a lot of issues here.

On the other hand, Mr. Manzoni delegated responsibility to Mr. Pillari when he asked him to intervene on a Carson matter that involved falsification of documents. Mr. Pillari spoke to the individuals accused of falsifying documents. Mr. Pillari told those individuals that if there is a leak, clean it up and do the paperwork. They did not

understand that this was the law and he told them that they were breaking the law. R&M has an attitude that we know what to follow and what not to follow. It's different in E&P. There is a lax attitude at the group level and a hands-off attitude at management in R&M. If you look at the QPRs, the Q's ask about money, strategy, business factors—not about operational integrity. Take corrosion, we said we follow procedures. In Alaska, business says we met the regulations.

Mr. Hoffman and Mr. Pillari did not discuss gHSSEr reports. Mr. Pillari heard more from the Refinery managers. Everyone sees these reports as things to do, but not as helpful. Mr. Parus was not in a hurry to see the report about the fire that Mr. Pillari described earlier, nor was he willing to do an action plan. Other parts of the company demand involvement, not Mr. Parus. Mr. Parus did not engage in dealings with Mr. Pillari. Mr. Gower always spoke to Mr. Pillari. Mr. Pillari saw major accident reports.

Mr. Bonse cited to a March 17, 2005 e-mail from Mr. Parus about a visit from Mr. Hoffman and Mr. Gower regarding no injuries, high praise and safety training. Mr. Pillari responded that this e-mail was about telephones, driving, hard hats and glasses. Mr. Pillari states that in Mr. Parus' defense, Tim would not have been able to see that.

In response to Mr. Bonse's comment that he was surprised to see so many cars at the refinery, Mr. Pillari stated that the night of the accident, he told Mr. Manzoni there were TVs in the control room. The number of people still in the control room two weeks after the accident surprised Mr. Pillari.

F. Texas City Incident/Key People

Mr. Pillari stayed away from any decisions to discipline/terminate. Kathleen Lucas took control of the disciplinary process. Mr. Pillari made the decision to keep Mr. Parus away from the cameras and press because he was not thinking clearly. Mr. Gower became invaluable as he stood between BP and the agencies. Mr. Gower was essentially the contact person. Mr. Hoffman managed getting the place sorted out and also helped on the crisis team. Gradually, Mr. Pillari, with Mr. Manzoni's support, moved authority away from Mr. Parus to Ms. Lucas. Mr. Pillari told Mr. Manzoni and EJPB to talk to people. Mr. Pillari told Mr. Hoffman that Mr. Parus lost it after the explosion and they agreed to have Mr. Parus leave the site. Mr. Pillari found out that Mr. Parus' behavior was routine.

Mr. Gower told Ms. Lucas to make decisions with respect to disciplinary actions and Mr. Pillari believes those decisions were influenced by Mr. Gower. Gradually, Ms. Lucas began running the refinery. Mr. Gower was working with external agencies, but helping Ms. Lucas. Ms. Lucas tested her findings with Mr. Gower. Mr. Hoffman was not involved in the disciplines. Mr. Pillari was told that Mr. Parus would be put on administrative leave. Mr. Pillari made the decision not to have a formal announcement about any of the employees.

G. Accountability—(further up the chain of command)

Mr. Pillari responded that there were discussions (Gower, Hoffman, Mogsford, Holt) regarding Willie Willis, but the decision was made not to discipline him. There were some worries about leaving Ms. Lucas on her own to operate the refinery. People were not convinced that all of the facts were in. Mr. Pillari was not sure if Ms. Lucas had the authority to make decisions. Mr. Gower would have been willing to become the refinery manager if he had been asked. Mr. Pillari stated that no one even considered if the management team was dysfunctional. They have a bilateral way of working. But, they are more accountable today than they were at the time of the explosion.

H. Trailers/Start-Up

Mr. Blyweert stated that it is not clear who decided to put the trailers there and who decided the start-up. In response, Mr. Pillari declared that someone is not telling the truth that the operations manager did not know it was start-up day. It was not mentioned in the briefing. Mr. Pillari does not believe Mr. Parus knew.

I. Pat Gower's Role

Pat was put in an impossible position—accountability, but no power or authority. A segment error. Mr. Hoffman did not want to give up authority. Mr. Gower and CJ were in impossible roles. If Mr. Gower told a refinery manager to change something, they would not have to listen to him. Mr. Gower would walk the refinery, see issues, but Mr. Hoffman would have to change things. Mr. Gower did not push. If you told Mr. Gower this was his job, he would do it. It is the old Amoco role—punish if you step out of your role. Mr. Hoffman spent too much time in London and not enough time at the Refinery. Mr. Hoffman did not ask operational questions, probably given how he was managed by Manzoni.

J. Governing Structure

Mr. Pillari remembered when they created Mr. Hoffman's role-- he was sitting in ExCo. No way one person could handle that role. Mr. Manzoni blankets you with his overwhelming style. Andy Inglis is a better manager and has a better balance because he is out in the field. Jeff Heller asked why Pat was not asked to take over TXC? Mr. Pillari responded that Mr. Manzoni and Mr. Hoffman wanted Mr. Gower above the day-to-day operations. They were worried about agencies and the other refineries.

K. Significant Changes

Ms. Moore asked about the most significant changes since the explosion. Mr. Pillari responded that there have not been many changes. The span of control is still wrong. Authority is still not clear. CJ is handling the Panel, but wasting her time. Some others could have been brought in with technical backgrounds. Mr. Pillari would be surprised if QPRs are much different. It appears that they are running R&M the same way. Mogsford is trying to break in. Mr. Pillari hears EJPB and others say operational

integrity, but not sure what is being done about it. The appointment of Mogsford avoids the problem. Should make managers accountable. FJPB needs to tell segment heads, this is your job, not create another function.

Mr. Bonse stated that the corporate culture did not change and accordingly there was no change. Mr. Bonse indicated that real accountability is important. Mr. Pillari stated that BP had trouble finding the persons to investigate this thing—with the background and the gravitas of what to do. There are two levels: the individual accountability and the larger picture. Mr. Pillari stated that we are struggling—not making changes. However, in contrast, he looked at Anchorage because they wanted to know what lessons they could learn from the explosion.

L. Mr. Parus' Administrative Leave

Mr. Pillari signed the letter to Mr. Parus outlining his administrative leave. Mr. Gower was emotionally involved with Mr. Parus and vice versa, so Mr. Pillari assumed responsibility for Mr. Parus.

INTERVIEW CONCLUDED