This document is important and requires your immediate attention.

If you are in any doubt about the action you should take, you should consult an appropriate independent financial adviser. If you have recently sold or transferred your shares in BP p.l.c. you should forward this document to your bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.
LETTER FROM THE CHAIRMAN

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DIRECTORS’ REMUNERATION REPORT

GOVERNANCE: BOARD PERFORMANCE REPORT

If you require a large-print version of this notice, please call our Registrar, Lloyds TSB Registrars, on freephone 0800 701107 or +44 (0)121 415 7005 from outside the UK. Copies are also available at the AGM at Registration, together with large-print versions of the poll card.
Letter from the chairman

I am pleased to invite you to join us at BP’s 97th Annual General Meeting on 20 April 2006. This year the meeting is being held at the ExCel Centre in London Docklands and will start a little later than usual at 11.30 a.m.

The Annual General Meeting (AGM) is an important occasion for us as we reflect on BP’s performance last year and opportunities for the future. BP’s performance in the past year has been strong, with record results. 2005 was, however, a demanding year. The group’s performance is described in the reports sent to you, which I hope will provide answers to many of the questions you may have about the company. You can obtain any of our other current reports on request (see pages 3-4).

We constantly endeavour to improve our shareholder engagement and BP’s AGM practice continues to evolve to support this. All our resolutions are voted on by way of a poll, so even those who can’t attend the meeting can still vote and express their views. All our directors now offer themselves for re-election annually to ensure they have your continued support. While this results in a larger number of resolutions, we believe it is important for you to have your say.

We have also responded to your comments and adopted a new running order for consideration of resolutions at the meeting. We will also endeavour to describe more clearly the way in which the poll procedure is conducted on the day.

The notice of meeting can seem a touch technical, given its legal status. So this year we have prepared it in a way that we hope gives you a better understanding of what to expect at ExCel.

The AGM will provide an opportunity for you to raise questions on the business set out in the notice and on any issues you have about the governance and business of the company. To that end, as chairman, I will try to keep discussions relevant and focused.

As always, we are concerned to ensure everyone’s safety and security at the meeting. May I therefore draw your attention to the information under the heading ‘Security’ on page 9 of this document.

Your participation is equally important even if you cannot be with us. With a shareholder base comprising a large number of people in a wide range of places, the practical reality for many of our shareholders is that our engagement is primarily through the information we make available to you and your votes on the various resolutions that are before the meeting.

Finally, I wish to take this opportunity to thank you on behalf of the board for your continued support.

Peter Sutherland
Chairman
17 February 2006
Does my vote really matter?

Yes. By proxy or in person, votes count. Our invitation for you to engage with us and participate in the future of the company is something we take seriously. The only way we as a company can accurately reflect the views and values of our investors is when you voice your opinion. You can do this by voting through a proxy or attending the AGM.
What information is being sent to me?

Notice of meeting and proxy form
These documents describe the business at the AGM and the methods by which shareholders may participate. If you are able to attend the meeting, you will be able to take part in the poll. If you are unable to attend, you may still vote either electronically at www.bp.com/evoting or by appointing a proxy using the form provided.

If in future you wish to receive the Notice of Meeting, the Annual Report and Accounts or Annual Review electronically, you can arrange this at www.bp.com/edelivery.

Annual Review or Annual Report and Accounts
In the first year that you become a shareholder, you will receive a copy of the full Annual Report and Accounts. In following years, you will automatically be sent a copy of the Annual Review unless you request otherwise. You will also be given the option to receive these documents electronically. BP Annual Review 2005 contains a summary of the Directors’ Report, the Directors’ Remuneration Report and a summary of the information in the annual accounts. It includes all the information required by UK law and is the choice of the majority of shareholders. More comprehensive information is available in BP Annual Report and Accounts 2005.

If at any time you wish to elect to receive the full Annual Report and Accounts in place of the Annual Review, please notify our Registrar. Contact details are provided on page 26.
Where can I find out more about BP?

**Internet and e-communications**
BP’s website [www.bp.com](http://www.bp.com) contains copies of all BP’s corporate reports, such as the Annual Report and Accounts, the Annual Review and the Notice of Meeting, which you can download to read at any time.

You will find other BP publications, reports and presentations on the website, such as the Sustainability Report and the BP Magazine. You can also read speeches and presentations made to the financial community by the group chief executive and other members of the executive team. The press centre [www.bp.com/press](http://www.bp.com/press) contains copies of all BP’s press releases, and you can ask to be sent e-mail copies of all BP’s press releases at [www.bp.com/email](http://www.bp.com/email).

If you would like more information on holding BP Ordinary, Preference or American Depositary Shares, our investor centre [www.bp.com/investors](http://www.bp.com/investors) contains information that you may find helpful in managing your investment in BP. You can also find there copies of all BP’s quarterly results and other stock exchange announcements.

**BP publications**
You can obtain copies of BP publications free of charge from BP Distribution Services (see page 26).
What will happen on 20 April?

The following pages describe what will happen at ExCel and explain how to get there. Even if you cannot attend you can participate by letting us have your vote by completing the enclosed proxy form or accessing www.bp.com/evoting.
What is the AGM schedule?

20 April 2006

10.00  Registration desks open

10.15  Tea and coffee available in the BP Café

11.30  The AGM starts

  Chairman’s welcome to shareholders

  Chairman puts all resolutions to the meeting

  Group chief executive’s review of 2005

  Shareholders’ discussion of all resolutions
  (taken in the order set out on pages 11-12)

  Poll voting commences

  Chairman closes the AGM

  The poll will close one hour after the meeting ends

Shareholders’ lunches are available in the BP Café from 1 p.m. onwards
How is business conducted?

Discussion

• Discussion takes place on all the resolutions contained in the notice on pages 11-12, principally through the means of asking questions.
• Discussion on BP’s performance and business will take place when considering the first resolution (the Annual Report and Accounts).

Asking questions

• Please endeavour to keep your questions short and relevant to the resolution being discussed.
• Please remember that others may have waited patiently for some time to ask their question, so please do not make speeches or ask multiple questions. If you do try to give a speech the chairman may ask you to stand aside so that other people may be heard.
• If you have a large number of questions, please write to us at our registered office (see address on the contents page) and we will be pleased to respond.

Voting

• Voting on all resolutions at the meeting is by a poll as required by the company’s articles.
• Your vote counts, whether you can come to the meeting or not. In a global company such as ours, this is fair and democratic.
• There will be no voting on the resolutions on a show of hands. Shareholders and proxies at the meeting will be invited to participate in the poll.
• The chairman will put all the resolutions near the start of the meeting.

• It is expected that the total of the votes cast by shareholders for and against each resolution will be published in the Financial Times and on www.bp.com on Monday 24 April 2006.
• Abstentions are not instructions to vote so they will not be recorded.

How poll voting works at the meeting

• Shareholders, ADS holders and their representatives will be given a poll card at Registration.
• Please indicate your votes by marking the appropriate box either for or against each resolution.
• Please sign at the bottom of the card.

What to do with your poll card at the end of the meeting

• Poll boxes are put in place after the start of the meeting. You will find a number of these clearly marked and located at the exits from the auditorium and throughout the BP Café and Registration areas.
• When you have completed your poll card, please place it in a poll box.
• If you need assistance, our Registrar, Lloyds TSB Registrars, will be pleased to help you throughout the meeting and until the poll closes.
• The poll will close one hour after the meeting ends.
How do I get to the AGM?

By Tube and Docklands Light Railway
Take the Jubilee line tube to Canning Town and change on to the Docklands Light Railway; alight at Custom House for direct access to ExCel London.

By car or taxi
ExCel London is a 10-minute drive from Tower Bridge and is 25 minutes from the M25. It can be reached from the M11 and A406 (North Circular Road) and from the south-east by the Blackwall and Rotherhithe Tunnels. There is a multi-storey car park (credit card payments only) five minutes’ walk from the west entrance to ExCel, and an open-space car park (cash or credit cards) a few minutes’ walk from the east entrance. There is a London taxi rank at the west entrance to ExCel.

Special needs
Access to ExCel is along low-gradient ramps and walkways. All ramps are fitted with handrails and balustrades. Non-slip flooring is used throughout the building. The lifts have Braille and tactile buttons at a suitable level to be reached by a wheelchair user. Car parking spaces suitable for disabled drivers may be available; please contact ExCel for further information (see page 26).

By air or train
The nearest airport is London City Airport, which is five minutes by taxi or less than 10 minutes by Docklands Light Railway. The nearest mainline station is Liverpool Street; from there travel to Stratford station in east London where you can change on to the Docklands Light Railway for Custom House.
What will happen at ExCel?

Registration
Please remember to bring your admission card with you. If you are an American Depositary Shareholder (ADS holder) coming to the meeting you should bring a letter of identification from your bank or broker. Please see page 25 for further information.

If you want to ask a question at the meeting
Please let us know at Registration if you wish to ask a question during the meeting, so that you can be seated near a microphone.

Special needs
We have sign language interpreters at the meeting and headsets are available for the deaf or hard of hearing. If you are in a wheelchair or in need of help from a companion, please let us know at Registration so that we can assist you.

Children
As the AGM is a business meeting, we suggest that it is not appropriate to bring young children. There are no crèche facilities at the meeting.

Cloakrooms
There are cloakroom facilities near Registration. We suggest that you leave your coats and bags there before going to Registration. There are restrooms available.

Security
We thank you in advance for your co-operation with our security staff. You will be asked to pass through our security systems before entering the meeting.

We would advise you that we will check everyone’s bag or briefcase. We do not permit behaviour that may interfere with anyone’s security, safety or the good order of the meeting.

We do not permit cameras or recording equipment at the meeting and we would be grateful if you could ensure that you have switched off your pager or mobile telephone before the meeting begins.
What is the business of the meeting?

For you as a BP shareholder (including our ADS holders), the AGM is an opportunity to put your ownership into action. BP holds the AGM following the close of every financial year in order to conduct certain formal business, to address the governance of your company and give consideration to its strategic progress. The formal resolutions that must be put to the meeting are detailed in the pages that follow.
Notice of meeting and resolutions to be proposed

Notice is hereby given that the ninety-seventh Annual General Meeting of BP p.l.c. (‘BP’ or the ‘company’) will be held at ExCel London, One Western Gateway, Royal Victoria Dock, London E16 1XL, United Kingdom, on Thursday 20 April 2006, commencing at 11.30 a.m., for the transaction of the following business.

The resolutions

RESOLUTION 1 – REPORT AND ACCOUNTS
To receive the report of the directors and the accounts for the year ended 31 December 2005.
See note on page 13.

RESOLUTION 2 – DIRECTORS’ REMUNERATION REPORT
To approve the directors’ remuneration report for the year ended 31 December 2005.
See note on page 13.

RESOLUTION 3
To re-elect Dr D C Allen as a director.
See biography on page 14.

RESOLUTION 4
To re-elect The Lord Browne of Madingley as a director.
See biography on page 14.

RESOLUTION 5
To re-elect Mr J H Bryan as a director.
See biography on page 15.

RESOLUTION 6
To re-elect Mr A Burgmans as a director.
See biography on page 15.

RESOLUTION 7
To re-elect Mr I C Conn as a director.
See biography on page 16.

RESOLUTION 8
To re-elect Mr E B Davis, Jr as a director.
See biography on page 16.

RESOLUTION 9
To re-elect Mr D J Flint as a director.
See biography on page 17.

RESOLUTION 10
To re-elect Dr B E Grote as a director.
See biography on page 17.

RESOLUTION 11
To re-elect Dr A B Hayward as a director.
See biography on page 18.

RESOLUTION 12
To re-elect Dr D S Julius as a director.
See biography on page 18.

RESOLUTION 13
To re-elect Sir Tom McKillop as a director.
See biography on page 19.

RESOLUTION 14
To re-elect Mr J A Manzoni as a director.
See biography on page 19.

RESOLUTION 15
To re-elect Dr W E Massey as a director.
See biography on page 20.

RESOLUTION 16
To re-elect Sir Ian Prosser as a director.
See biography on page 20.

RESOLUTION 17
To re-elect Mr M H Wilson as a director.
See biography on page 21.

RESOLUTION 18
To re-elect Mr P D Sutherland as a director.
See biography on page 21.

RESOLUTION 19 – REAPPOINTMENT OF AUDITORS
To reappoint Ernst & Young LLP as auditors until the conclusion of the next general meeting before which accounts are laid and to authorize the directors to set the auditors’ remuneration for 2006.
See note on page 22.
RESOLUTION 20 – SHARE BUYBACK
To authorize the company generally and unconditionally to make market purchases (as defined in Section 163(3) of the Companies Act 1985) of ordinary shares with nominal value of $0.25 each in the company, provided that:
(a) the company does not purchase under this authority more than 2.0 billion ordinary shares;
(b) the company does not pay less than $0.25 for each share; and
(c) the company does not pay more for each share than 5% over the average of the middle market price of the ordinary shares for the five business days immediately preceding the date on which the company agrees to buy the shares concerned, based on share prices and currency exchange rates published in the Daily Official List of the London Stock Exchange.
In executing this authority the company may purchase shares using any currency, including pounds sterling, US dollars, and euros.
This authority shall continue for the period ending on the date of the Annual General Meeting in 2007 or 19 July 2007, whichever is the earlier, provided that if the company has agreed before this date to purchase ordinary shares where these purchases will or may be executed after the authority terminates (either wholly or in part) the company may complete such purchases.
See note on page 22.

RESOLUTION 22 – DIRECTORS’ AUTHORITY TO ALLOT SHARES (SECTION 89)
To renew, for the period ending on the date of the Annual General Meeting in 2007 or 19 July 2007, whichever is the earlier, the authority and power conferred on the directors by Article 13 of the company’s Articles of Association to allot equity securities wholly for cash (a) in connection with a rights issue; and (b) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the Section 89 Amount of $253 million.
See note on page 22.

Note
Resolutions 1 to 19 inclusive and Resolution 21 will be proposed as ordinary resolutions. Resolutions 20 and 22 will be proposed as special resolutions. Resolutions 20 to 22 inclusive are items of special business.

By order of the board

David J Jackson
Company Secretary
17 February 2006

Notes for ordinary and preference shareholders, ADS holders and employee share plan participants can be found on pages 23-26.
Notes on resolutions

Notes to resolution 1

Report and accounts

The board of directors will present its report and the accounts for the year ended 31 December 2005.

Notes to resolution 2

Directors’ remuneration report

The directors’ remuneration report is included on pages 27-37. It complies with requirements of the Companies Act 1985 (as amended) for a report on the remuneration of all directors, both executive and non-executive.

The report is divided into two parts. Each part contains a section of information that is subject to audit. Executive directors’ remuneration is set out in the first part of the report, which was prepared by the remuneration committee. Non-executive directors’ remuneration is set out in the second part of the report, which was prepared by the company secretary on behalf of the board.

The report has been approved by the board and signed on its behalf by the company secretary.

Notes to resolutions 3-18

Re-election of directors

As required by the company’s Articles of Association, Dr D C Allen, The Lord Browne of Madingley, Mr J H Bryan, Mr A Burgmans, Mr I C Conn, Mr E B Davis, Jr, Mr D J Flint, Dr B E Grote, Dr A B Hayward, Dr D S Julius, Sir Tom McKillop, Mr J A Manzoni, Dr W E Massey, Sir Ian Prosser, Mr M H Wilson and Mr P D Sutherland retire and offer themselves for re-election as directors.

The nomination committee of the board has as one of its tasks the identification, evaluation and recommendation of candidates for election or re-election as directors. As described in previous reports to shareholders, the board has put in place a process for the orderly succession of board members.

During the current year, the nomination committee reviewed the core requirements for non-executive directors and considered, in the light of the company’s business and strategy, the capabilities and expertise of the board both present and future. Included within this review was the present and future membership of the board’s committees. A report on the work of the board and its committees is contained in the governance: board performance report on pages 38-44.

In respect of each of the non-executive directors the board has conducted an appropriate due diligence exercise and concluded that each such director is free from any relationship with the executive management of BP that could materially interfere with the exercise of his or her independent judgement.
David Allen became group chief of staff in 2000 and was appointed an executive director when he joined the BP board in 2003. As chief of staff, he is responsible for a range of activities, including the group’s planning, strategy and policy, communications and external affairs, and diversity and inclusion. Dr Allen has regional accountability for the western hemisphere.

He joined BP gas international in 1978, handling Middle East and Far East gas trading, before moving in 1981 to BP’s corporate offices in New York. He returned to London in 1983 taking up a series of commercial management roles in BP exploration.

In 1986, he moved to BP’s corporate planning department as manager of the natural resources branch, following which in 1988 he was appointed to lead BP’s international crude oil trading activities. In 1990, he moved to BP exploration (Europe) in Glasgow to become general manager, European gas.

In 1991, Dr Allen returned to London and became planning manager for BP exploration (Europe) and subsequently general manager, commercial, BP exploration, in 1995. He took over the role of director of planning for the BP group in 1996, joining the executive committee of BP exploration as a director with responsibility for operations outside the UK and Alaska in 1997. Following the merger of BP and Amoco in 1999, he became group vice president planning for the BP group. He is a director of BP Pension Trustees Limited.

Dr Allen was born in 1954.

PROPOSAL FOR RE-ELECTION
Dr Allen’s performance has been evaluated by the group chief executive and the chairman’s committee, as a result of which the board recommends Dr Allen’s re-election as an executive director.

John Browne was appointed group chief executive of BP in 1995, having joined the main board of BP as an executive director in 1991.


In 1986, he took up the position of executive vice president and chief financial officer of The Standard Oil Company in Cleveland, Ohio. In 1987, following the BP/Standard merger, in addition to his position as executive vice president and chief financial officer of BP America, he was appointed chief executive officer of Standard Oil Production Company.

In 1989, he became managing director and chief executive officer of BP exploration based in London. In 1991, he joined the board of The British Petroleum Company p.l.c. as an executive director and was appointed group chief executive in 1995. Following the merger of BP and Amoco in 1998, he was appointed group chief executive.

He is a non-executive director of the Intel Corporation and Goldman Sachs Group Inc.

He is chairman of the international advisory board of the School of Economics and Management, Tsinghua University, China and chairman of the advisory board of the Judge Institute of Management Studies, Cambridge.

Lord Browne was born in 1948. He was knighted in 1998 and made a life peer in 2001.

PROPOSAL FOR RE-ELECTION
The chairman’s committee reviewed Lord Browne’s performance during the year. The chairman’s letter to shareholders set out in BP Annual Report and Accounts 2005 and BP Annual Review 2005 fully describes the board’s view of Lord Browne’s performance. The board is satisfied that Lord Browne’s non-executive appointments do not impair his ability to perform fully his duties as group chief executive. The board recommends Lord Browne’s re-election as an executive director.
John Bryan was appointed a non-executive director of BP in 1998, having served on the Amoco board since 1982. He is a member of the chairman’s, audit, and remuneration committees.

In 1974, Mr Bryan became president and a director of Sara Lee Corporation, one of the world’s leading branded consumer packaged goods companies. He served as chief executive officer from 1975 to 2000 and as chairman of the board from 1976 until his retirement in 2001.

He is also a member of the board of directors of General Motors Corporation and Goldman Sachs Group Inc. He served as co-chairman of the World Economic Forum’s annual meeting in 1994, 1997 and 2000. He is a trustee of the University of Chicago. He is chairman of the board of trustees of The Art Institute of Chicago.

Mr Bryan was born in 1936.

PROPOSAL FOR RE-ELECTION
Mr Bryan continues to bring to the board substantial experience of large-scale international corporate activity coupled with specific experience in marketing and customer-facing businesses. He has a very broad understanding of the US market. Mr Bryan plays an active part on both the audit and the remuneration committees. The board values the contribution that he makes to its deliberations. Having satisfied itself of Mr Bryan’s independence, the board recommends his re-election as a non-executive director.

Antony Burgmans was appointed a non-executive director of BP in 2004. He is a member of the chairman’s and the ethics and environment assurance committees.

He joined Unilever, one of the world’s leading suppliers of foods, household and personal care products, in 1972, holding a succession of marketing and sales posts in the Netherlands, Indonesia and Germany between 1972 and 1988, and was chairman of PT Unilever Indonesia from 1988 until 1991.

In 1991, he was appointed to the board of Unilever as director with responsibility for personal care products. In 1994, he became business group vice president, ice cream and frozen foods, Europe, and was appointed chairman of Unilever’s Europe committee, co-ordinating its European activities. In 1998, he became vice chairman of Unilever NV and in 1999, chairman of Unilever NV and vice chairman of Unilever PLC. In 2005, Mr Burgmans became non-executive chairman of Unilever NV and Unilever PLC.

Mr Burgmans is co-chairman of the Global Commerce Initiative and chairman of the supervisory board of Mauritshuis in The Hague. He is also a member of the supervisory board of ABN AMRO Bank NV and the international board of Allianz AG.

Mr Burgmans was born in 1947.

PROPOSAL FOR RE-ELECTION
Mr Burgmans brings not only international experience to the board but also substantial expertise in marketing and process industries. Having satisfied itself of Mr Burgmans’ independence, the board recommends his re-election as a non-executive director.
Iain Conn became group executive officer, strategic resources, in 2004 upon his appointment to the board of BP. He has regional responsibility for Europe, Russia, the Middle East, the Caspian and Africa and functional responsibility for health, safety, security and environment, human resources management, marketing, technology, digital communication technology, procurement and pensions operations.

He joined BP oil international in 1986, working in a variety of roles in commercial refining and oil trading and in corporate headquarters before moving to BP exploration in Colombia in 1996.

In 1997, he became senior vice president of BP oil in the US, responsible for retail and commercial marketing operations, refining and supply. He moved in 1999 to become vice president of BP Amoco exploration's mid-continent business unit.

At the end of 2000, he returned to London as group vice president and a member of the refining and marketing segment's executive committee with responsibility for BP's marketing business in Asia, Russia, Africa and Latin America.

In 2001, he took over responsibility for BP's marketing operations in Europe and for the integration of Veba Oil. From 2002 until 2004, he was chief executive of BP petrochemicals.

Mr Conn is chairman of the advisory board of the Imperial College London Tanaka Business School and a non-executive director of Rolls-Royce Group plc.

Mr Conn was born in 1962.

**PROPOSAL FOR RE-ELECTION**

Mr Conn's performance has been evaluated by the group chief executive and the chairman's committee, as a result of which the board recommends Mr Conn's re-election as an executive director.

Erroll Davis was appointed a non-executive director of BP in 1998, having been a member of the Amoco board since 1991. He is a member of the chairman’s, audit, and remuneration committees.

Mr Davis spent his early career on the corporate financial staffs of Ford Motor Company and Xerox Corporation, subsequently joining the former Wisconsin Power and Light Co in 1978 as vice president – finance. In 1982, he was named vice president – finance and public affairs, and in 1984, he was promoted to executive vice president and was elected to the board of directors. He became president in 1987 and chief executive officer in 1988. In 1990, he was also named president and chief executive officer of WPL Holdings, the parent company of Wisconsin Power and Light Co.

He was named Alliant Energy’s president and chief executive officer when the company was first formed in 1998, and was appointed chairman in 2000. He relinquished the appointments of president and chief executive officer in July 2005, continuing as chairman of Alliant Energy until 1 February 2006, when he left to become chancellor of the University System of Georgia.

He is a member of the boards of directors of PPG Industries, Inc., and Union Pacific Corporation. In 2004, he was elected to the board of the US Olympic committee and chairs its audit committee.

In 2004, Mr Davis was awarded the James E Steward Award by the American Association of Blacks in Energy for his achievement and leadership in the energy field.

Mr Davis was born in 1944.

**PROPOSAL FOR RE-ELECTION**

Mr Davis brings demonstrable expertise within the capital-intensive and engineering areas of business, as well as a strong financial background. He continues to make an excellent contribution to both the remuneration and audit committees. Having satisfied itself of Mr Davis’s independence, the board recommends his re-election as a non-executive director.
Douglas Flint was appointed to the board of BP as a non-executive director in 2005. He is a member of the chairman’s and audit committees.

He began his career with Peat Marwick Mitchell & Co. (now KPMG), where he trained as a chartered accountant. He was appointed a partner in 1988. While at KPMG, Mr Flint specialized in banking, multinational financial reporting, treasury and securities trading operations, group reorganizations and litigation support.

In 1995, Mr Flint joined the HSBC Group as group finance director designate and was subsequently appointed to the board of HSBC Holdings plc.


Mr Flint was born in 1955.

**PROPOSAL FOR RE-ELECTION**

Mr Flint was recruited to the board for the breadth of his business experience and his strong financial background. He has made a strong contribution to the business of the audit committee. Having satisfied itself of Mr Flint’s independence, the board recommends his re-election as a non-executive director.

Byron Grote was appointed to the board of BP as an executive director in 2000 and became chief financial officer in 2002, following two years as chief executive of BP chemicals. He also has accountability for BP’s overall Asia regional presence and the group’s integrated supply and trading activities.

He joined The Standard Oil Company of Ohio in 1979 and in 1985 became director of planning for The Standard Oil Company’s mining subsidiary, Kennecott. In 1986, he was appointed vice president, retail marketing.

In 1988, Dr Grote became commercial vice president for BP’s Alaskan North Slope production activities. In 1989, he was appointed commercial general manager of BP exploration, based in London. He became group treasurer and chief executive officer of BP finance in 1992, directing the global finance operations of the BP group. In 1994, he took up the position of regional chief executive in Latin America. He returned to London in 1995 to take up his appointment as deputy chief executive officer of BP exploration.

He became group chief of staff in 1997, with responsibility for a number of corporate areas, including strategy, technology, IT, investor relations and solar. Following the merger of BP and Amoco, in 1999 he was appointed executive vice president, exploration and production. Between 1999 and 2000, he was responsible for directing the acquisition of ARCO and managing the integration of its operations into BP.

He is a member of the Cornell University Johnson Graduate School of Management Advisory Council and is on the Economic Advisory Panel to the Governor of Guangdong Province in China.

Dr Grote was born in 1948.

**PROPOSAL FOR RE-ELECTION**

Dr Grote’s performance has been evaluated by the group chief executive and the chairman’s committee, as a result of which the board recommends Dr Grote’s re-election as an executive director.
Tony Hayward was appointed to the board of BP in 2003, becoming chief executive officer of BP’s exploration and production segment, responsible for the group’s assets and operational activities relating to the discovery and production of hydrocarbons.


In 1997, Dr Hayward returned to London as a director of BP exploration and in 1999, following the merger of BP and Amoco, he became a group vice president and a member of the upstream executive committee. He was appointed group treasurer in 2000, where his responsibilities included global treasury operations, corporate finance and mergers and acquisitions. He was appointed an executive vice president in 2002, becoming chief operating officer for exploration and production later that year.

He is a non-executive and senior independent director of Corus Group plc and was a member of Citibank’s advisory board between 2000 and 2003.

Dr Hayward was born in 1957.

PROPOSAL FOR RE-ELECTION
Dr Hayward’s performance has been evaluated by the group chief executive and the chairman’s committee, as a result of which the board recommends Dr Hayward’s re-election as an executive director.

DeAnne Julius was appointed a non-executive director of BP in 2001. She is chairman of the remuneration committee and a member of the chairman’s and nomination committees.

After receiving her PhD, Dr Julius began her career in 1975 as a project economist with the World Bank in Washington, where her work included oil and gas projects in a number of Asian and African countries. Between 1983 and 1986, she was managing director of Logan Associates, Inc., a small consulting group, and in 1986 she became director of the International Economics Programme at the Royal Institute of International Affairs (Chatham House).

She was chief economist at the Royal Dutch Shell Group in London from 1989 until 1993 and then, between 1993 and 1997, chief economist at British Airways PLC. In 1995, she became chairman of British Airways Pension Investment Management Ltd.

Between 1997 and 2001, Dr Julius was an independent member of the Bank of England’s Monetary Policy Committee. Since 2001, she has held a variety of non-executive appointments and, in 2003, she was appointed chairman of the Royal Institute of International Affairs.

She is a non-executive director of Lloyds TSB Group PLC, Roche Holdings SA and Serco Group plc.

Dr Julius was born in 1949 and was awarded a CBE in 2002.

PROPOSAL FOR RE-ELECTION
Dr Julius brings many qualities to the board discussions that reflect the breadth of her previous financial and business experience. Dr Julius has made an important contribution as chairman of the remuneration committee. Having satisfied itself of Dr Julius’s independence, the board recommends her re-election as a non-executive director.
Sir Tom was appointed a non-executive director of BP in July 2004. He is a member of the chairman’s and remuneration committees.

Following post-doctorate research work in chemistry in Paris, Sir Tom joined ICI’s corporate research laboratory in 1969, where his research covered synthetic chemistry, quantum mechanics and molecular biology. In 1975, he joined ICI’s pharmaceuticals division as head of natural products research.

In 1978, he returned to France as research director of ICI’s French pharmaceuticals division. On his return to the UK, he held a number of positions in ICI pharmaceuticals in chemistry and research and development between 1980 and 1989. In 1989, he became technical director of ICI pharmaceuticals with international responsibility for research, development and production.

Following the demerger of Zeneca Group PLC from ICI PLC, in 1994 he became chief executive officer of Zeneca pharmaceuticals and, in 1996, he was appointed to the board of Zeneca Group PLC as an executive director. Sir Tom was chief executive of AstraZeneca PLC from the merger of Astra AB and Zeneca Group PLC in 1999 until 31 December 2005.

Sir Tom is deputy chairman of The Royal Bank of Scotland Group and was a non-executive director of Lloyds TSB Group PLC until 2004. He is pro-chancellor of the University of Leicester and a trustee of the Council for Industry and Higher Education. He was formerly chairman of the British Pharma Group, president of European Federation of Pharmaceutical Industries and Associations and chairman of the North West Science Council.

Sir Tom was born in 1943 and knighted in 2002.

PROPOSAL FOR RE-ELECTION
In appointing Sir Tom in 2004, the board wished to reinforce its capabilities and expertise within the areas of international business and, in particular, engineering, science and technology. Sir Tom has become an active member of the remuneration committee. Having satisfied itself of Sir Tom’s independence, the board recommends his re-election as a non-executive director.

John Manzoni became group managing director and chief executive of refining and marketing for BP in 2002 and was appointed to the board of BP in 2003.

He joined BP in 1983 and spent the early part of his career working in the North Sea. He has undertaken a variety of roles, including head of investor relations, head of strategy and vice president, Prudhoe Bay in Alaska.

More recently he was the executive from BP responsible for the merger integration process between BP and Amoco, and then became group vice president in charge of downstream European marketing, in addition to downstream planning and performance globally.

In 2000, he was appointed regional president for the eastern United States and, in 2001, an executive vice president and chief executive of gas, power and renewables, the post he held until his current appointment in 2002.

Mr Manzoni is a member of the advisory board of the Stanford Graduate School of Business and Accenture energy advisory board. In 2004, he was appointed as a non-executive director of SABMiller plc.

Mr Manzoni was born in 1960.

PROPOSAL FOR RE-ELECTION
Mr Manzoni’s performance has been evaluated by the group chief executive and the chairman’s committee, as a result of which the board recommends his re-election as an executive director.
Walter Massey was appointed a non-executive director of BP in 1998, having previously been a member of the Amoco board since 1993. He is a member of the chairman’s and nomination committees and is chairman of the ethics and environment assurance committee.

Dr Massey became a full professor of physics at Brown University in 1975, researching theoretical and solid state physics. From 1979 to 1984, he was director of the Argonne National Laboratory, one of the US Department of Energy’s largest research centres and, from 1984 to 1991, he was vice president for research and professor of physics at the University of Chicago.

In 1991, he was appointed director of the US National Science Foundation, and was provost and senior vice president – academic affairs for The University of California System from 1993 to 1995. Dr Massey was appointed by President George W Bush to serve on the President’s Council of Advisors on Science and Technology in 2001.

He is president of Morehouse College, one of the leading undergraduate colleges in the US. He is a non-executive director of Motorola, Bank of America, McDonald’s Corporation, the Mellon Foundation and the Commonwealth Fund.

Dr Massey is active in several professional and civic organizations, including the American Academy of Arts and Sciences and the American Association for the Advancement of Science.

Dr Massey was born in 1938.

**PROPOSAL FOR RE-ELECTION**

While having a scientific and technological background, Dr Massey also brings a broad experience of business to the board. He has continued to demonstrate this through his excellent chairmanship of the ethics and environment assurance committee. Having satisfied itself of Dr Massey’s independence, the board recommends his re-election as a non-executive director.

Sir Ian joined the board of BP as a non-executive director in 1997 and was appointed deputy chairman in 1999. He is the senior non-executive director, chairman of the audit committee and a member of the chairman’s, nomination and remuneration committees.

Sir Ian qualified in 1967 as a chartered accountant with Cooper Brothers (now PricewaterhouseCoopers LLP) and was admitted as a fellow of the Institute of Chartered Accountants in England and Wales in 1967.

In 1969, he joined Bass Charrington Ltd, later Bass PLC. He was appointed finance director in 1978, group managing director in 1984 and chairman and chief executive in 1987, the position he retained until becoming executive chairman in 2000. At the end of 2003, he retired from the chairman’s role and the board of what was then Intercontinental Hotels Group PLC, the company having sold its brewing interests in 2000 and demerged its hotels and soft drinks interests from its pub business in 2003.

He is also the senior independent non-executive director of GlaxoSmithKline plc and a non-executive director of the Sara Lee Corporation. He is a member of the CBI President’s committee. He was previously on the boards of The Boots Company PLC and Lloyds TSB PLC.

Sir Ian was born in 1943 and knighted in 1995.

**PROPOSAL FOR RE-ELECTION**

Sir Ian, as deputy chairman, continues to make a substantial contribution to the work of the board and its committees. As chairman of the audit committee, he has had the task of responding to increased regulatory scrutiny over the past few years and is leading the committee’s response to its ever-increasing workload. Having satisfied itself of Sir Ian’s independence, the board recommends his re-election as a non-executive director.
Resolution 17
Mr M H Wilson

Michael Wilson was appointed a non-executive director of BP in 1998. He is a member of the chairman’s, audit, and ethics and environment assurance committees.

In 1979, Mr Wilson was elected as a member of the Canadian Parliament, serving as Minister of State for International Trade. Following a return to government in 1984, he was Minister of Finance until 1991, during which period he represented Canada at meetings of the IMF, IBRD, OCED, GATT and G-7 Ministers’ meetings. During 1991 to 1993, he held the posts of Minister of Industry, Science and Technology and Minister for International Trade.

In 1995, he became vice chairman of RBC Dominion Securities, responsible for senior client relationships and advice to both Canadian and international companies and governments.

In 2001, he was appointed president and CEO of UBS Global Asset Management (Canada) and, in 2004, became chairman of UBS Canada with responsibilities in investment banking, asset management and private banking activities in Canada.

He is a non-executive director of Manulife Financial Corporation.

Mr Wilson is chairman of NeuroScience Canada Partnership, the Canadian Council for Public-Private Partnerships and the Canadian Coalition on Good Governance.

Mr Wilson was born in 1937 and became an Officer of the Order of Canada in 2003.

PROPOSAL FOR RE-ELECTION
Mr Wilson continues to make a significant contribution to the workings of the board and, in particular, to the audit and the ethics and environment assurance committees, where his experience of finance and risk is of particular relevance. Having satisfied itself of Mr Wilson’s independence, the board recommends his re-election as a non-executive director.

Resolution 18
Mr P D Sutherland

Peter Sutherland was appointed chairman of BP in May 1997, having been a non-executive director and deputy chairman since July 1995.

A barrister, Mr Sutherland is a bencher of the Middle Temple in London and an honorary bencher of the King’s Inns in Dublin. He practised at the Bar from 1969 to 1981, when he was appointed Attorney General of Ireland. He was also admitted to practise before the Supreme Court of the United States of America.

In 1984, he was nominated by the Government of Ireland as a Commissioner of the European Communities. He was a Commissioner with responsibility for Competition Policy from 1985 until 1989. Subsequently, in 1992 he chaired the committee that reported to the European Commission on the functioning of the Internal Market (the Sutherland Report).

In 1989, Mr Sutherland became chairman of Allied Irish Banks plc and joined the BP board in 1990. He relinquished these appointments in 1993 when he became director-general of the General Agreement on Tariffs and Trade (GATT). He was subsequently director-general of the World Trade Organisation until 1995.

He is non-executive chairman of Goldman Sachs International and is a non-executive director of The Royal Bank of Scotland Group.

Mr Sutherland was born in 1946 and was awarded an honorary knighthood in 2004.

PROPOSAL FOR RE-ELECTION
As chairman, Mr Sutherland has been pivotal in the work of the board, its relations with shareholders and its interface with Lord Browne and his executive team. Mr Sutherland’s performance was evaluated in his absence by the chairman’s committee during the year. The board has confirmed its full support for Mr Sutherland in his role as chairman. The board recommends his re-election as a non-executive director.
NOTES TO RESOLUTION 19 – REAPPOINTMENT OF AUDITORS
The appointment of Ernst & Young LLP as auditors of the company terminates at the conclusion of the AGM. They have advised their willingness to stand for re-election as auditors of the company until the conclusion of the Annual General Meeting in 2007. The directors recommend their reappointment and seek authority to set their remuneration.

NOTES TO RESOLUTION 20 – SHARE BUYBACK
Authority is sought to purchase up to 10% of the ordinary issued share capital of the company during the period stated below, continuing the authority granted by the shareholders at previous AGMs.

Resolution 20 specifies the maximum number of shares that may be purchased and the minimum and maximum prices at which they may be bought. The directors will exercise this authority only when to do so would be in the best interests of shareholders generally. The authority will expire at the conclusion of the AGM in 2007 or 19 July 2007, whichever is the earlier. Shares which are purchased by the company must either be cancelled or held in treasury. Treasury shares are shares in the company which are owned by the company itself. It is the current policy of the company to hold shares which are repurchased under this authority as treasury shares, within the limits allowed by law. Once shares are held in treasury, the directors may dispose of them in accordance with the relevant legislation by:
(a) selling the shares (or any of them) for cash, or
(b) transferring the shares (or any of them) for the purposes of or pursuant to an employees’ share scheme.

Under the authority granted by shareholders, the company repurchased 835,721,481 shares in the period from the last AGM to 31 December 2005.

For information, as of 6 February 2006, the date BP Annual Report and Accounts 2005 was approved, there were options outstanding over 436 million ordinary shares, representing 2.12% of the company’s ordinary issued share capital (excluding treasury shares). If the authority given by resolution 20 were to be fully used, these would then represent 2.34% of the company’s ordinary issued share capital (excluding treasury shares). The company has no warrants in issue in relation to its shares.

NOTES TO RESOLUTION 21 AND 22 – DIRECTORS’ AUTHORITY TO ALLOT SHARES
The Articles of Association permit the directors to allot shares and other securities, in accordance with Section 80 of the Companies Act 1985, up to an amount authorized by the shareholders in general meeting. At this AGM, the directors are seeking authority to allot shares up to a maximum of $1,690 million. This is the ‘Section 80 Amount’ and is equal to 33.3% of the company’s issued share capital (excluding treasury shares) as at 6 February 2006.

The directors are also seeking authority to allot shares for cash and to dispose of treasury shares, other than by way of a rights issue, up to a maximum of $253 million. This is the ‘Section 89 Amount’ and is equal to 5% of the company’s issued share capital (excluding treasury shares) as at 6 February 2006.

The directors have no present intention of exercising the authorities beyond their use in connection with the disposal of treasury shares in accordance with the relevant legislation (see notes to resolution 20).

As at 17 February 2006, the company held 1,141,486,516 treasury shares, which represent 5.56% of the company’s issued ordinary share capital (excluding treasury shares).

The authorities sought by resolutions 21 and 22 are similar to authorities granted at the last AGM, which expire at the conclusion of this year’s meeting. The extent of the authorities follows the guidelines issued by institutional investors.

The authorities will expire on the date of the AGM in 2007 or 19 July 2007, whichever is the earlier.

The board recommends you vote for resolutions 1 to 22 inclusive
What more do I need to know?

Your ownership entitles you to receive information and a dividend from BP and to attend, speak and vote at company meetings.
What can I do as an ordinary or preference shareholder?

ORDINARY SHAREHOLDERS’ AND PREFERENCE SHAREHOLDERS’ RIGHT TO ATTEND AND VOTE AT THE AGM
If you are an ordinary shareholder or a preference shareholder you may attend, speak and vote your shares at the AGM if your name is on the Register of Members by 5.30 p.m. on Tuesday 18 April 2006. Your voting entitlement will depend on the number of shares that you hold at that time.

MEMBERS’ RIGHT TO APPOINT A PROXY
As a member (meaning a registered shareholder), you may appoint a proxy or proxies to attend, speak and vote at the AGM on your behalf. You may appoint the chairman of the meeting or a proxy of your own choice, who need not be a member of the company. If you cannot attend the meeting, you can appoint your proxy and vote your shares either using the enclosed proxy form or online at www.bp.com/evoting. Our Registrar must receive your proxy appointments and instructions by 5.30 p.m. on Tuesday 18 April 2006.

COMPLETING PROXY CARDS AND POLL CARDS
Proxy forms and poll cards must be signed and any alterations to them must be initialled.

APPOINTMENTS OF AND INSTRUCTIONS TO PROXIES
Where no instruction is given, either generally or in relation to any resolution, or if any other matter comes before the AGM, your proxy may vote at his or her discretion or refrain from voting, as he or she sees fit.

The directors have laid down procedures to decide any unclear proxy appointments. Their decision will be final. The chairman of the meeting will decide any unclear voting instructions he receives. His decision will be final.

CHANGES TO PROXY VOTING INSTRUCTIONS
Changes to written proxy voting instructions for the chairman must be made in writing and signed by the shareholder. To change your online voting instruction go to www.bp.com/evoting and submit your new instructions. The voting instruction received last will be the one that is followed. To be certain changes are accepted, they must be received by our Registrar by 5.30 p.m. on Tuesday 18 April 2006. The directors have laid down procedures to resolve any uncertainty about changes to proxy voting instructions submitted after that time. Their decision will be final. Alternatively, shareholders wishing to change their proxy voting instructions may do so by attending the meeting in person and voting.

MULTIPLE PROXY INSTRUCTIONS
If the company receives multiple instructions from the sole holder of shares, the instruction received last will be used. However, if a postal instruction and an online instruction are received on the same day, the online instruction will be followed.

JOINT SHAREHOLDERS
Joint shareholders may attend the meeting. Any one shareholder may sign a proxy form or poll card on behalf of all joint shareholders. If more than one joint shareholder fills in a proxy form or poll card, the most recent voting instruction of the shareholder named first on our Register of Members will be accepted however that instruction is given.

NOMINEE SHAREHOLDERS
If more than one proxy is to be appointed to attend the meeting to represent individual interests and vote accordingly, please call the Shareholder Helpline on 0800 701107 or on +44 (0)121 415 7005 from outside the UK. If you hold shares on behalf of others and some of that holding is to be voted separately, you may do so online at www.bp.com/evoting.

CORPORATE SHAREHOLDERS
Corporate shareholders wishing to send a representative to the AGM should fill in the name of the representative on the admission card and apply the company’s common seal or have it signed by an authorized officer, stating his or her position. Corporate shareholders may also appoint proxies and vote by using the enclosed proxy form or online at www.bp.com/evoting or through CREST.

CREST
CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Lloyds TSB Registrars (ID 7RA01) by 5.30 p.m. on Tuesday 18 April 2006. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning...
practical limitations of the CREST system and timings. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

POWERS OF ATTORNEY
If you have given a power of attorney over your shares, you must ensure that the power of attorney has been deposited with our Registrar by 5.30 p.m. on Tuesday 18 April 2006.

What can I do as an ADS holder?

**ADS REGISTERED HOLDERS**
If you hold BP American Depositary Shares (‘ADSs’) directly, your name will appear on the register of JPMorgan Chase Bank, N.A. (the ‘Depositary’), and you are referred to as a ‘registered holder’. Registered holders at the close of business on 7 April 2006 EST will be entitled to attend, speak and vote at this AGM. If you do not plan to attend the meeting, you are entitled to appoint a proxy, the Depositary or someone else, to attend, speak and vote on your behalf.

If you wish to appoint the Depositary as your proxy, you may do so by providing your voting instruction to the Depositary via the internet, by telephone or by sending in a completed US proxy form, as described on the reverse of that form. Voting instructions must be received by the Depositary by 11.59 p.m. EST on 16 April 2006 for electronic instructions and by 12 noon EST on 18 April 2006 for voting cards.

If you wish to appoint someone other than the Depositary as your proxy, you may do so by providing your voting instruction to the Depositary via the internet, by telephone or by sending in a completed US proxy form, as described on the reverse of that form. Voting instructions must be received by the Depositary by 11.59 p.m. EST on 16 April 2006 for electronic instructions and by 12 noon EST on 18 April 2006 for voting cards.

If you wish to appoint someone other than the Depositary as your proxy, please contact the Depositary immediately at +1 877 638 5672 to obtain the appropriate form. You will need to complete the form with the name of your proxy, sign it and return it to the Depositary to be received before 12 noon EST on 18 April 2006. Further instructions will be included with the form. You will also need to give the US proxy card to your appointee to bring to the Annual General Meeting, along with proof of identity. Proxies not notified to the Depositary may be denied access to the meeting.

If you wish to attend the AGM and vote in person, the Depositary will be present at ExCel London to verify your right to attend. Please bring proof of identity.

**ADS STREET NAME HOLDERS**
If you do not hold your ADSs directly, but through a bank, broker or nominee, you should contact them for information on how to vote your ADSs.

If you wish to attend the AGM, you will need to bring with you evidence of your shareholding in the form of a currently dated letter from your bank or broker and proof of identity. On verification of such evidence you will be admitted to the AGM but may not vote your shares at the AGM.

What can I do as an employee share plan participant?

**ORDINARY SHARE PLANS**
If you hold shares through a BP employee share plan, you may instruct the share plan trustee to vote on your behalf at the AGM.

In the UK, if you are already registered to give your voting instructions online, you will receive an e-mail explaining how you can give the trustee your instruction. If you are not registered to give your voting instructions online, a Form of Direction will be sent to you. If you require assistance you should contact Computershare on 0870 703 6207.

Outside the UK, you will either be sent a Form of Direction or you will have received a letter from your employee share scheme co-ordinator or administrator, explaining how you can register to give your voting instructions online or request a paper Form of Direction. If you need assistance, please contact your local employee share scheme co-ordinator or administrator directly.

If you wish to attend the AGM, please contact Computershare on +44 (0)870 703 6207.

**ADS PLAN PARTICIPANTS**
If you are allocated ADSs under selected BP or subsidiary employee savings plans (a ‘Plan’), you are referred to as a ‘Plan Participant’. Plan Participants are not registered holders.

Plan Participants at the close of business on 7 April 2006 EST are entitled to attend and speak at the AGM but may not vote at the AGM except as validly appointed proxies for registered holders. If you wish to vote, whether you plan to attend the AGM or not, you should direct the trustee of your Plan how you wish to vote your ADSs.

You may direct the trustee to vote your shares, via the internet, by telephone or by sending in a completed US proxy form, as described on that form. The trustee will then appoint the Depositary as proxy to vote in accordance with your instructions. Voting instructions must be received by the Depositary by 11.59 p.m. EST on 16 April 2006 for electronic instructions and by 12 noon EST on 17 April 2006 for voting cards. If your directions are not received by the appointed times for transmission to the Plan Trustee, the Trustee is authorized to vote the ADSs allocable to you under the Plan, in its sole direction.
Key information and contacts

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at 1 St James’s Square, London SW1Y 4PD and will be at ExCel from 10.00 a.m. on 20 April 2006 until the conclusion of the AGM:

– The Register of Directors’ Interests, together with copies of directors’ service contracts with the company; and

BP REGISTRAR
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA
UK
Freephone 0800 701107
or +44 (0)121 415 7005 from outside the UK

BP EMPLOYEE SHARE PLANS
Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgewater Road
Bristol
BS99 7NH
UK
Telephone: 0870 703 6207
or +44 (0)870 703 6207 from outside the UK

BP ADS DEPOSITARY
JPMorgan Chase Bank, N.A.
PO Box 3408
South Hackensack
NJ 07606-3408
US
Telephone: +1 201 680 6630
Toll-free in US and Canada: +1 877 638 5672

EXCEL LONDON
One Western Gateway
Royal Victoria Dock
London
E16 1XL
UK
Telephone: +44 (0)20 7069 5000
info@excel-london.co.uk

BP DISTRIBUTION SERVICES
Air Action Couriers Limited
International Distribution Centre
Crabtree Road
Thorpe
Egham
Surrey
TW20 8RS
UK
Telephone: +44 (0)870 241 3269
Fax: +44 (0)870 240 5753
bpdistributionservices@bp.com
How is directors’ pay determined?

BP has clear policies and practices for remuneration of executive directors, which link to our stated purpose of maximizing long-term shareholder value and address the need to engage and reward world-class talent. Our remuneration principles link BP’s business plan to performance and reward. In 2005, more than three-quarters of our executive directors’ remuneration was performance-related.

The directors’ remuneration report is prepared by the board to comply with legal requirements. While it forms part of the Annual Report and Accounts, it is set out here to give those attending the AGM background to a number of the resolutions that are under consideration.
The directors’ remuneration report covers all directors, both executive and non-executive, and is set out on pages 28-37. It is divided into two parts. Executive directors’ remuneration is in the first part, which was prepared by the remuneration committee. Non-executive directors’ remuneration is in the second part, which was prepared by the company secretary on behalf of the board.

The report has been approved by the board and signed on its behalf by the company secretary. This report is subject to the approval of shareholders at the annual general meeting (AGM).

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**Part 1 – Executive directors’ remuneration**

**DEAR SHAREHOLDER** As described in this Annual Report, 2005 was a year of strong financial performance for the group set against a background of a number of significant events – both positive and negative. It was also a year in which you, our shareholders, approved the renewal of the long-term incentive plan for the executive directors.

I am pleased to report that this plan has been implemented and is a key part of our policy on remuneration. This revised policy has provided an effective framework against which to evaluate the performance of the executive directors. In a performance-driven organization, the measurement of that performance is critical. We believe that we have an appropriate balance of quantitative and qualitative measures. Equally, the policy allows the remuneration committee to exercise judgement when it is appropriate to do so.

During the year, the executive team demonstrated strong leadership and delivery against a demanding set of targets. They managed events well and group performance was also strong. Against this backdrop, the significant events of the year were also taken into account in the committee’s overall judgement of results.

Full details of executive directors’ remuneration are set out in the pages that follow. I am confident that the committee’s approach aligns executive remuneration with the interests of shareholders as well as rewarding and engaging the world-class team of people that we have leading this company.

Dr D S Julius
Chairman, Remuneration Committee
6 February 2006

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**THE REMUNERATION COMMITTEE**

**Tasks** The committee’s tasks are:

- To determine, on behalf of the board, the terms of engagement and remuneration of the group chief executive and the executive directors and to report on those to the shareholders.
- To determine, on behalf of the board, matters of policy over which the company has authority relating to the establishment or operation of the company’s pension scheme of which the executive directors are members.
- To nominate, on behalf of the board, any trustees (or directors of corporate trustees) of such scheme.
- To monitor the policies being applied by the group chief executive in remunerating senior executives other than executive directors.

**Constitution and operation** The committee members are all non-executive directors. Dr Julius (chairman), Mr Bryan, Mr Davis, Sir Tom McKillop and Sir Ian Prosser were members of the committee throughout the year. Sir Robin Nicholson and Mr Knight retired from the committee at the 2005 AGM. Each member is now subject to annual re-election as a director of the company. The board considers all committee members to be independent (see pages 40-41). They have no personal financial interest, other than as shareholders, in the committee’s decisions. The committee met six times in the period under review. There was a full attendance record, except for Mr Davis and Sir Robin Nicholson who were each unable to attend one meeting and Mr Knight who was unable to attend two meetings. Mr Sutherland, as chairman of the board, attended all committee meetings.

The committee is accountable to shareholders through its annual report on executive directors’ remuneration. It will consider the outcome of the vote at the AGM on the directors’ remuneration report and take into account the views of shareholders in its future decisions. The committee values its dialogue with major shareholders on remuneration matters.

**Advice** Advice is provided to the committee by the company secretary’s office, which is independent of executive management and reports to the chairman of the board. Mr Aronson, an independent consultant, is the committee’s secretary and special adviser. Advice was also received from Mr Jackson (company secretary) and Mrs Martin (senior counsel, company secretary’s office).

The committee also appoints external professional advisers to provide specialist advice and services on particular remuneration matters. The independence of advice is subject to annual review.
Elements of remuneration The executive directors’ total remuneration will consist of salary, annual bonus, long-term incentives, pensions and other benefits. This reward structure will be regularly reviewed by the committee to ensure that it is achieving its objectives. In 2006, over three-quarters of executive directors’ potential direct remuneration will again be performance-related (see illustrative 
chart below).

### ON-TARGET REMUNERATION ELEMENTS

- Base salary
- Performance-related annual bonus
- Performance-related share element

This chart reflects on-target values for annual bonus and share element.

**Salary** The committee expects to review salaries in 2006. In doing so, the committee considers both top Europe-based global companies and the US oil and gas sector; each of these groups is defined and analysed by the committee’s independent external remuneration advisers. The committee then assesses the market information and advice and applies its judgement in setting the salary levels.

**Annual bonus** Each executive director is eligible to participate in an annual performance-based bonus scheme. The committee reviews and sets bonus targets and levels of eligibility annually.

For 2006, the target level is 120% of base salary (except for Lord Browne, for whom, as group chief executive, it is considered appropriate to have a target of 130%). In normal circumstances, the maximum payment level for substantially exceeding targets will continue to be 150% (165% for the group chief executive) of base salary. In exceptional circumstances, outstanding performance may be recognized by bonus payments moderately above the 150% (and 165%) levels at the discretion of the remuneration committee. Similarly, bonuses may be reduced where the committee considers that this is warranted and, in exceptional circumstances, bonuses can be reduced to zero.

The committee recognizes that it is responsible to shareholders to use its discretion in a reasonable and informed manner in the best interests of the company and that it has a corresponding duty to be accountable and transparent as to the manner in which it exercises its discretion. The committee will explain any significant exercise of discretion in the subsequent directors’ remuneration report.

Executive directors’ annual bonus awards for 2006 will be based on a mix of demanding financial targets, based on the company’s annual plan and leadership objectives established at the beginning of the year, in accordance with the following weightings:

- 50% financial and operational metrics from the annual plan, principally earnings before interest, tax, depreciation and amortization (EBITDA) and return on average capital employed (ROACE).
- 30% annual strategic milestones taken from the five-year group business plan, including those relating to technology, operational actions and business development.
- 20% individual performance against leadership objectives and living the values of the group, which incorporates BP’s code of conduct.

In assessing the final outcome of the individual bonuses each year, the committee will also carefully review the underlying performance of the group in the context of the five-year group business plan, as well as looking at competitor results, analysts’ reports and the views from the chairmen of other BP board committees. All the calculations are reviewed by Ernst & Young.

**Long-term incentives** Long-term incentives will continue to be provided under the EDIP. It has three elements within its framework:
a share element, a share option element and a cash element. The committee does not currently intend to use either the share option or cash elements but, in exceptional circumstances, may do so.

Each executive director participates in the EDIP The committee’s policy, subject to unforeseen circumstances, is that this should continue until the EDIP expires or is renewed in 2010. The committee’s policy continues to be that each executive director should hold shares equivalent in value to 5 x the director’s base salary within five years of being appointed an executive director. This policy is reflected in the terms of the EDIP as shares awarded under the share element will only be released at the end of the three-year retention period (as described below) if the minimum shareholding guidelines have been met.

1. Share element The committee may make conditional share awards (performance shares) to executive directors, which will only vest to the extent that a demanding performance condition imposed by the committee is met at the end of a three-year performance period.

The maximum number of performance shares that may be awarded to an executive director in any one year will be determined at the discretion of the remuneration committee and will not normally exceed 5.5 x base salary and, in the case of the group chief executive, 7.5 x base salary.

In addition to the performance condition described below, the committee will have an overriding discretion, in exceptional circumstances, to reduce the number of shares that vest (or to provide that no shares vest).

The shares that vest will normally be subject to a compulsory retention period determined by the committee, which will not normally be less than three years. This gives executive directors a six-year incentive structure and is designed to ensure that their interests are aligned with those of shareholders. Where shares vest under awards made in 2005 and future years, the executive director will receive additional shares representing the value of reinvested dividends on these shares.

**TIMELINE FOR 2006-2008 EDIP SHARE ELEMENT**

<table>
<thead>
<tr>
<th>Performance period</th>
<th>Retention period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award</td>
<td>Vesting</td>
</tr>
<tr>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>2008</td>
<td>2009</td>
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<tr>
<td>2009</td>
<td>2010</td>
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<td>2010</td>
<td>2011</td>
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<td>2011</td>
<td>2012</td>
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<tr>
<td>Release</td>
<td></td>
</tr>
</tbody>
</table>

For share element awards in 2006, the performance condition will (as in 2005) relate to BP’s total shareholder return (TSR) performance against the other oil majors (ExxonMobil, Shell, Total and Chevron) over a three-year period. The committee will have the discretion to amend this peer group in appropriate circumstances, for example, in the case of any significant consolidations in the industry. TSR is calculated by taking the share price performance of a company over the period, assuming dividends to be reinvested in the company’s shares. All share prices will be averaged over the three months before the beginning and end of the performance period and will be measured in US dollars. At the end of the performance period, the TSR performance of each of the companies will be ranked to establish the relative total return to shareholders over the period. Shares under the award will vest as to 100%, 70% and 35% if BP achieves first, second or third place respectively; no shares will vest if BP achieves fourth or fifth place.

The committee considers that relative TSR is the most appropriate measure of performance for BP’s long-term incentives for executive directors as it best reflects the creation of long-term shareholder value. Relative performance of the peer group is particularly key in order to minimize the influence of sector-specific effects, including oil price.

The committee is mindful of the possibility that a simple ranking system may in some circumstances give rise to distorted results in view of the broad similarity of the oil majors’ underlying businesses, the small size of the comparator group and inherent imperfections in measurement. To counter this, the committee will have the ability to exercise discretion in a reasonable and informed manner to adjust (upwards or downwards) the vesting level derived from the ranking if it considers that the ranking does not fairly reflect BP’s underlying business performance relative to the comparator group.

The exercise of this discretion would be made after a broad analysis of the underlying health of BP’s business relative to competitors, as shown by a range of other measures including, but not limited to, ROACE, earnings per share (EPS) growth, reserves replacement and cash flow. This will enable a more comprehensive review of long-term performance, with the aims of tempering anomalies created by relying solely on a formula-based approach and ensuring that the objectives of the plan are met.

It is anticipated that the need to use discretion is most likely to arise where the TSR performance of some companies is clustered, so that a relatively small difference in TSR performance would produce a major difference in vesting levels. In these circumstances, the committee will have power to adjust the vesting level, normally by determining an average vesting level for the companies affected by the clustering.

In line with its policy on transparency, the committee will explain any adjustment to the relative TSR ranking in the next directors’ remuneration report following the vesting.

The committee may amend the performance conditions if events occur that would make the amended condition a fairer measure of performance and provided that any amended condition is no easier to satisfy.

For 2006, all executive directors will receive performance share awards on the above basis, over a maximum number of shares set by reference to 5.5 x base salary. For awards under the share element in future years, the committee may continue with the same performance condition or may impose a different condition, which it considers to be no less demanding.

As group chief executive, Lord Browne is eligible for performance share awards of up to 7.5 x base salary. The committee has determined that, while the largest part of this should relate to the TSR measure described above, it continues to be appropriate that a specific part (up to 2 x base salary) should be based on long-term leadership measures. These will focus on sustaining BP’s financial, strategic and organizational health and will include, but not be limited to, maintenance of BP’s performance culture and the continued development of BP’s business strategy, executive talent and internal organization. As with the TSR part of his award, this part will be measured over a three-year performance period.

**Share element awards made in previous years** Awards for the period 2005-2007 were made on the same basis as described above. For outstanding awards of performance units made under the plans for the periods 2003-2005 and 2004-2006, the previous performance conditions will apply for the three-year performance periods in each of the plans. The primary measure is BP’s shareholder return against the market (SHRAM), which accounts for nearly two-thirds of the potential total award, the remainder being assessed on BP’s relative ROACE and EPS growth.

BP’s SHRAM is measured against the companies in the FTSE All World Oil & Gas Index. Companies within the index are weighted...
Bonuses are not pensionable for UK directors. The scheme delivers pension benefits in excess of the new committee has reviewed and approved proposals by the company from 6 April 2006 and affect all UK employees. The remuneration operation and taxation of UK pensions, which come into effect be eligible for consideration for such a payment. in 1996 that appointees to the board after that time should cease to payment on retirement, because the remuneration committee decided executive director is eligible for consideration for a superannuation considered by the remuneration committee. Any such payment would least 30 years' service, Lord Browne remains eligible for consideration in 1996 that appointees to the board after that time should cease to eligibility for a superannuation payment on retirement, because the remuneration committee decided in 1996 that appointees to the board after that time should cease to normal retirement age is 60, but scheme members who have 30 or more years' pensionable service at age 55 can elect to retire early without an actuarial reduction being applied to their pension. In accordance with the company's past practice for executive directors who retire from BP on or after age 55 having accrued at least 30 years' service, Lord Browne remains eligible for consideration for a payment from the company of an ex gratia lump-sum superannuation payment equal to one year's base salary following his retirement. All matters relating to such superannuation payments are considered by the remuneration committee. Any such payment would be additional to his pension entitlements referred to above. No other executive director is eligible for consideration for a superannuation payment on retirement, because the remuneration committee decided in 1996 that appointees to the board after that time should cease to be eligible for consideration for such a payment. The UK government has made important changes to the operation and taxation of UK pensions, which come into effect from 6 April 2006 and affect all UK employees. The remuneration committee has reviewed and approved proposals by the company that maintain the pension promise for all UK employees but that deliver pension benefits in excess of the new lifetime allowance of £1.5 million (or personal lifetime allowance as at 6 April 2006 under statute if higher) via an unapproved, unfunded pension arrangement paid by the company direct. The trustee directors of the BP Pension Scheme have reviewed, in accordance with its statutory obligation, the actuarial basis under which cash equivalent transfer values are payable to all UK employees who participate in that scheme. Consistent with evolving actuarial practice, the trustee directors have resolved to base cash equivalent transfer values on a similar basis to that underlying the company's accounts, including allowance for improving longevity in accordance with standard tables; this has the effect of increasing cash equivalent transfer values for the UK executive directors on average by about 15%. Although the change became effective in January 2006, the table on page 35 shows both 31 December 2004 and 31 December 2005 transfer value figures on the new basis. US director As a US director, Dr Grote participates in the US BP Retirement Accumulation Plan (US plan), which features a cash balance formula. The current design of the US plan became effective on 1 July 2000. Consistent with US tax regulations, pension benefits are provided through a combination of tax-qualified and non-qualified benefit restoration plans, as applicable. The Supplemental Executive Retirement Benefit (supplemental plan) is a non-qualified top-up arrangement that became effective on 1 January 2002 for US employees above a specified salary level. The benefit formula is 1.3% of final average earnings, which comprise base salary and bonus in accordance with standard US practice (as specified under the qualified arrangement) multiplied by years of service, with an offset for benefits payable under all other BP qualified and non-qualified pension arrangements. This benefit is unfunded and therefore paid from corporate assets. Dr Grote is an eligible participant under the supplemental plan and his pension accrual for 2005 includes the total amount that may become payable under all plans. Other benefits Benefits and other share schemes: Executive directors are eligible to participate in regular employee benefit plans and in all-employee share schemes and savings plans applying in their home countries. Benefits in kind are not pensionable. — Resettlement allowance: Expatriates may receive a resettlement allowance for a limited period.

### SERVICE CONTRACTS

<table>
<thead>
<tr>
<th>Director</th>
<th>Contract date</th>
<th>Current salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord Browne</td>
<td>11 Nov 1993</td>
<td>£1,486,400</td>
</tr>
<tr>
<td>Dr D C Allen</td>
<td>29 Jan 2003</td>
<td>£441,000</td>
</tr>
<tr>
<td>I C Conn</td>
<td>22 Jul 2004</td>
<td>£441,000</td>
</tr>
<tr>
<td>Dr B E Grote</td>
<td>7 Aug 2000</td>
<td>$945,000</td>
</tr>
<tr>
<td>Dr A B Hayward</td>
<td>29 Jan 2003</td>
<td>£441,000</td>
</tr>
<tr>
<td>J A Manzoni</td>
<td>29 Jan 2003</td>
<td>£441,000</td>
</tr>
</tbody>
</table>

The committee’s policy is for service contracts to expire at normal retirement date and have a notice period of one year. All contracts comply with this. The service contracts of Dr Allen, Mr Conn, Dr Hayward and Mr Manzoni may be terminated by the company at any time with immediate effect on payment in lieu of notice equivalent to one year’s salary or the amount of salary that would have been paid if the contract had terminated on the expiry of the remainder of the notice period. Dr Grote’s service contract is with BP Exploration (Alaska) Inc. He is seconded to BP p.l.c. under a secondment agreement dated 7 August 2000 that had an unexpired term of two years at 31 December 2005. The secondment may be terminated by one month's notice by either party and terminates automatically on the termination of Dr Grote’s service contract. There are no other provisions for compensation payable on early termination of the above contracts. In the event of early termination under any of the above contracts by the company other than for cause (or under a specific termination payment provision), the relevant director’s then current salary and benefits would be taken into account in calculating any liability of the company. Since January 2003, the committee has included a provision in
Information subject to audit

Summary of 2005 remuneration of executive directors

<table>
<thead>
<tr>
<th>Annual remuneration</th>
<th>Long-term remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share element of EDIP/LTPPs</td>
</tr>
<tr>
<td></td>
<td>2003-2005 plan</td>
</tr>
<tr>
<td></td>
<td>(to vest in Feb 2006)</td>
</tr>
<tr>
<td></td>
<td>2005-2007 plan</td>
</tr>
<tr>
<td>Salary (thousand)</td>
<td>Performance-related annual bonus (thousand)</td>
</tr>
<tr>
<td>Lord Browne</td>
<td>£1,382</td>
</tr>
<tr>
<td>Dr D C Allen</td>
<td>£410</td>
</tr>
<tr>
<td>I C Conne</td>
<td>£200</td>
</tr>
<tr>
<td>Dr B E Grote</td>
<td>$841</td>
</tr>
<tr>
<td>Dr A B Hayward</td>
<td>£410</td>
</tr>
</tbody>
</table>

Amounts shown are in the currency received by executive directors. Annual bonus is shown in the year it was earned.

- **2004** remuneration reflects that received by Mr Conn from his appointment as executive director on 1 July 2004.

The chart above reflects the average mix of total remuneration received by executive directors in 2005 and includes actual salary, bonus and share element award.

**New service contracts to allow for severance payments to be phased**

where appropriate to do so. It will also consider mitigation to reduce compensation to a departing director, where appropriate to do so.

### 2005 ACTUAL REMUNERATION ELEMENTS

- **Base salary**
- Performance-related annual bonus
- Performance-related long-term incentives

### Summary of Remuneration

- **Salary**: Base salaries for all executive directors were reviewed relative to top Europe-based global companies and the US oil and gas sector. Having taken account of market movements and performance, the committee awarded a 5% increase in base salaries with effect from 1 July 2005 for all executive directors except Mr Conn, whose increase was slightly higher to bring him to the same level as his peers.

- **Annual bonus**: The measures and weightings described earlier form the framework within which the remuneration committee determined the annual bonuses for the executive directors.

The committee made evaluations against each of the measures: financial, metrics and milestones, and individual. The financial measures were taken from the annual plan principally on cash flow. Cash flow was strong. Amounts received from the divestment of non-strategic assets significantly exceeded internal targets (principally due to the Innovene disposal) and these, along with other actions and successes, more than offset reductions in cash flow caused by adverse events. Production rates, allowing for the impact of oil prices on production-sharing contracts and weather-related downtime, were within internal expectations.

Annual strategic metrics and milestones were taken from the five-year group business plan. There is a wide range of measures, including those relating to people, safety, environment, technology and organization as well as operations and business development. The group continued to perform well, developing business in Russia, India and elsewhere. New fields came on stream in the US, Angola, Azerbaijan and Trinidad & Tobago. A new code of conduct was launched and employees were trained in its application. Safety performance was impaired by the incident at Texas City.

Individual performance against leadership objectives was reviewed by the committee, as was the underlying performance of the group in the context of the five-year plan, together with competitor results and positioning. Results are in line with or exceed expectations.

The committee also considered this performance in the light of the significant events during the year, both positive and negative. These included the high prices of oil and gas; the overall financial performance of the group; the disposal of non-strategic assets, principally Innovene; the financial and other consequences of the serious incident at the Texas City refinery and the repairs to the Thunder Horse platform; and the effects of the hurricanes in the Gulf of Mexico. The scale and the impact of all of these events were taken into account in determining the annual bonuses, which are set out in the table above.
<table>
<thead>
<tr>
<th>Option type</th>
<th>At 1 Jan 2005</th>
<th>Granted</th>
<th>Exercised</th>
<th>At 31 Dec 2005</th>
<th>Option price at date of exercise</th>
<th>Market price at date of exercise</th>
<th>Date from which first exercisable</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord Browne</td>
<td>SAYE 4,550</td>
<td>–</td>
<td>–</td>
<td>4,550</td>
<td>£3.50</td>
<td>1 Sep 2008</td>
<td>28 Feb 2009</td>
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</tr>
<tr>
<td></td>
<td>EDIP 1,269,843</td>
<td>–</td>
<td>–</td>
<td>1,269,843</td>
<td>£5.67</td>
<td>19 Feb 2002</td>
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<td></td>
<td>EDIP 1,348,032</td>
<td>–</td>
<td>–</td>
<td>1,348,032</td>
<td>£5.72</td>
<td>18 Feb 2003</td>
<td>18 Feb 2009</td>
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<tr>
<td></td>
<td>EDIP 1,348,032</td>
<td>–</td>
<td>–</td>
<td>1,348,032</td>
<td>£3.88</td>
<td>17 Feb 2004</td>
<td>17 Feb 2010</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EDIP 1,500,000</td>
<td>–</td>
<td>–</td>
<td>1,500,000</td>
<td>£4.22</td>
<td>25 Feb 2005</td>
<td>25 Feb 2011</td>
<td></td>
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<tr>
<td>Dr D C Allen</td>
<td>EXEC 37,000</td>
<td>–</td>
<td>–</td>
<td>37,000</td>
<td>£5.99</td>
<td>15 May 2003</td>
<td>15 May 2010</td>
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<tr>
<td></td>
<td>EXEC 87,950</td>
<td>–</td>
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<td>87,950</td>
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<td>23 Feb 2004</td>
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<tr>
<td></td>
<td>EXEC 175,000</td>
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<td>–</td>
<td>175,000</td>
<td>£5.72</td>
<td>18 Feb 2005</td>
<td>18 Feb 2012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EXEC 220,000</td>
<td>–</td>
<td>–</td>
<td>220,000</td>
<td>£3.88</td>
<td>17 Feb 2004</td>
<td>17 Feb 2010</td>
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<tr>
<td></td>
<td>EDIP 275,000</td>
<td>–</td>
<td>–</td>
<td>275,000</td>
<td>£4.22</td>
<td>25 Feb 2005</td>
<td>25 Feb 2011</td>
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<tr>
<td>I C Conn</td>
<td>SAYE 1,355</td>
<td>–</td>
<td>1,355</td>
<td>0</td>
<td>£4.96</td>
<td>£6.38</td>
<td>1 Sep 2005</td>
<td>28 Feb 2006</td>
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<tr>
<td></td>
<td>SAYE 1,186</td>
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<td>1,186</td>
<td>1,186</td>
<td>£3.96</td>
<td>1 Sep 2009</td>
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<tr>
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<td>SAYE 0</td>
<td>1,498</td>
<td>–</td>
<td>1,498</td>
<td>£4.41</td>
<td>1 Sep 2010</td>
<td>28 Feb 2011</td>
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<td>72,250</td>
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<td>23 Feb 2004</td>
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<td>EXEC 130,000</td>
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<td>130,000</td>
<td>£5.72</td>
<td>18 Feb 2005</td>
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<td>160,000</td>
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<td>17 Feb 2006</td>
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<td>EXEC 126,000</td>
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<td>126,000</td>
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<td>25 Feb 2007</td>
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<td>SAR 40,000</td>
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<td>40,000</td>
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<td>BPA 12,600</td>
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<td>12,600</td>
<td>£48.94</td>
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<td>£48.82</td>
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<td>–</td>
<td>58,173</td>
<td>£37.76</td>
<td>17 Feb 2004</td>
<td>17 Feb 2010</td>
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<tr>
<td>Dr A B Hayward</td>
<td>SAYE 3,302</td>
<td>–</td>
<td>–</td>
<td>3,302</td>
<td>£5.11</td>
<td>1 Sep 2006</td>
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<td>£5.99</td>
<td>15 May 2003</td>
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<td>EXEC 77,400</td>
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<td>77,400</td>
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<td>23 Feb 2004</td>
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<td>£5.72</td>
<td>18 Feb 2005</td>
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<td>£3.88</td>
<td>17 Feb 2004</td>
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<td>EDIP 275,000</td>
<td>–</td>
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<td>275,000</td>
<td>£4.22</td>
<td>25 Feb 2005</td>
<td>25 Feb 2011</td>
<td></td>
</tr>
<tr>
<td>J A Manzoni</td>
<td>SAYE 2,548</td>
<td>–</td>
<td>–</td>
<td>2,548</td>
<td>£3.50</td>
<td>1 Sep 2008</td>
<td>28 Feb 2009</td>
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<tr>
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<td>SAYE 847</td>
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<td>847</td>
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<td>12,000</td>
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<td>£5.52</td>
<td>28 Feb 1998</td>
<td>28 Feb 2005</td>
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<td></td>
<td>EXEC 34,000</td>
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<td>34,000</td>
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<td>15 May 2003</td>
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<td>17 Feb 2004</td>
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<td></td>
<td>EDIP 275,000</td>
<td>–</td>
<td>–</td>
<td>275,000</td>
<td>£4.22</td>
<td>25 Feb 2005</td>
<td>25 Feb 2011</td>
<td></td>
</tr>
</tbody>
</table>

The closing market prices of an ordinary share and of an ADS on 31 December 2005 were £6.19 and $64.22 respectively. During 2005, the highest market prices were £6.84 and $72.27 respectively and the lowest market prices were £5.04 and $56.61 respectively.

EDIP = Executive Directors’ Incentive Plan adopted by shareholders in April 2005 as described on pages 29-31.
BPA = BP Amoco share option plan, which applied to US executive directors prior to the adoption of the EDIP.
SAR = Stock Appreciation Rights under BP America Inc. Share Appreciation Plan.
SAYE = Save As You Earn employee share scheme.
EXEC = Executive Share Option Scheme. These options were granted to the relevant individuals prior to their appointments as directors and are not subject to performance conditions.

*Numbers shown are ADSs under option. One ADS is equivalent to six ordinary shares.*
SHARE ELEMENT OF EDIP AND LONG TERM PERFORMANCE PLANS (LTPP)

Under the share element of the EDIP and the Long Term Performance Plans (LTPPs), performance units were until 2004 granted at the beginning of the three-year period and converted into an award of shares at the end of the period, depending on performance. There is a maximum of two shares per performance unit. For 2005 and future years, grants of performance shares are made, being the maximum number of shares that could vest (as described on pages 29-31). In the table below, performance units that have yet to convert to shares are expressed as the maximum number of shares into which they could convert (based on the maximum 2:1 ratio). This achieves consistency of disclosure between the two periods.

For the 2003-2005 share element of the EDIP and the LTPPs, BP’s performance was assessed in terms of SHRAM, ROACE and EPS growth. BP’s three-year SHRAM was measured against the companies in the FTSE All World Oil & Gas Index. Companies within the index are weighted according to their market capitalization at the beginning of each three-year period in order to give greatest emphasis to oil majors. BP’s ROACE and EPS were measured against ExxonMobil, Shell, Total and Chevron. Based on a performance assessment of 75 points out of 200 (0 for SHRAM, 50 for ROACE and 25 for EPS growth), the committee expects to make awards of shares to executive directors as highlighted in the 2003-2005 lines of the table below.

<table>
<thead>
<tr>
<th>Performance period</th>
<th>Date of award of performance shares</th>
<th>Market price of each share at date of award of performance shares</th>
<th>Potential maximum performance shares</th>
<th>Number of ordinary shares vested</th>
<th>Vesting date</th>
<th>Market price of each share at vesting date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord Browne</td>
<td>18 Feb 2002</td>
<td>5.73</td>
<td>951,112</td>
<td>–</td>
<td>356,667</td>
<td>9 Feb 2005</td>
</tr>
<tr>
<td>2003-2005</td>
<td>17 Feb 2003</td>
<td>3.96</td>
<td>1,265,024</td>
<td>–</td>
<td>474,384</td>
<td>expected to vest Feb 2006</td>
</tr>
<tr>
<td>2004-2006</td>
<td>25 Feb 2004</td>
<td>4.25</td>
<td>1,268,894</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dr D C Allen</td>
<td>6 Mar 2002</td>
<td>9.99</td>
<td>160,000</td>
<td>–</td>
<td>147,783</td>
<td>expected to vest Feb 2006</td>
</tr>
<tr>
<td>2003-2005</td>
<td>17 Feb 2003</td>
<td>3.96</td>
<td>394,088</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2004-2006</td>
<td>25 Feb 2004</td>
<td>4.25</td>
<td>376,470</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>I C Conn</td>
<td>6 Mar 2002</td>
<td>5.99</td>
<td>138,000</td>
<td>–</td>
<td>51,750</td>
<td>9 Feb 2005</td>
</tr>
<tr>
<td>2004-2006</td>
<td>25 Feb 2004</td>
<td>4.25</td>
<td>182,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2005-2007</td>
<td>28 Apr 2005</td>
<td>5.33</td>
<td>415,832</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dr B E Grote</td>
<td>18 Feb 2002</td>
<td>5.73</td>
<td>369,226</td>
<td>–</td>
<td>136,960</td>
<td>9 Feb 2005</td>
</tr>
<tr>
<td>2003-2005</td>
<td>17 Feb 2003</td>
<td>3.96</td>
<td>467,276</td>
<td>–</td>
<td>175,229</td>
<td>expected to vest Feb 2006</td>
</tr>
<tr>
<td>2005-2007</td>
<td>28 Apr 2005</td>
<td>5.33</td>
<td>501,782</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dr A B Hayward</td>
<td>6 Mar 2002</td>
<td>5.99</td>
<td>147,000</td>
<td>–</td>
<td>51,750</td>
<td>9 Feb 2005</td>
</tr>
<tr>
<td>2004-2006</td>
<td>25 Feb 2004</td>
<td>4.25</td>
<td>376,470</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2004-2006</td>
<td>25 Feb 2004</td>
<td>4.25</td>
<td>376,470</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Former directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R L Oliver</td>
<td>18 Feb 2002</td>
<td>5.73</td>
<td>392,592</td>
<td>–</td>
<td>147,222</td>
<td>9 Feb 2005</td>
</tr>
</tbody>
</table>

*aBP’s performance is measured against the oil sector. For the periods 2003-2005 and 2004-2006, the performance measure is SHRAM, which is measured against the FTSE All World Oil & Gas Index, and ROACE and EPS growth, which are measured against ExxonMobil, Shell, Total and Chevron. For the 2005-2007 period, the performance condition is TSR measured against ExxonMobil, Shell, Total and Chevron. Each performance period ends on 31 December of the third year.

*bRepresents awards of shares made, or expected to be made, at the end of the relevant performance period based on performance achieved under rules of the plan.

*cMr Conn elected to defer to 2006 the determination of whether LTPP awards should be made for the 2000-2002 performance period. As this period ended prior to his appointment as a director, the expected award is not included in this table.
**PAST DIRECTORS**

During 2005, Mr Olver continued as a consultant to BP in relation to its activities in Russia and served as a BP-nominated director of TNK-BP Limited, a joint venture company owned 50% by BP. Under the consultancy agreement, he received £300,000 in fees in 2005 as well as reimbursement of costs and support for his role. He is also entitled to retain fees paid to him by TNK-BP up to a maximum of $120,000 a year for his role as a director, deputy chairman and chairman of the audit committee of TNK-BP Limited.

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### PENSIONS

<table>
<thead>
<tr>
<th>Service at 31 Dec 2005</th>
<th>Accrued pension entitlement at 31 Dec 2005</th>
<th>Additional pension earned during the year ended 31 Dec 2005 (^a)</th>
<th>Transfer value of accrued benefit (^b) at 31 Dec 2004 (A)</th>
<th>Transfer value of accrued benefit (^b) at 31 Dec 2005 (B)</th>
<th>Amount of B-A less contributions made by the director in 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord Browne (UK)</td>
<td>39 years</td>
<td>£991</td>
<td>£47</td>
<td>£17,170</td>
<td>£19,979</td>
</tr>
<tr>
<td>Dr D C Allen (UK)</td>
<td>27 years</td>
<td>£200</td>
<td>£17</td>
<td>£2,754</td>
<td>£3,453</td>
</tr>
<tr>
<td>I C Conn (UK)</td>
<td>20 years</td>
<td>£147</td>
<td>£20</td>
<td>£1,542</td>
<td>£2,124</td>
</tr>
<tr>
<td>Dr B E Grote (US)</td>
<td>28 years</td>
<td>£570</td>
<td>£105</td>
<td>$5,529</td>
<td>$6,681</td>
</tr>
<tr>
<td>Dr A B Hayward (UK)</td>
<td>24 years</td>
<td>£207</td>
<td>£19</td>
<td>£2,688</td>
<td>£3,408</td>
</tr>
<tr>
<td>J A Manzoni (UK)</td>
<td>22 years</td>
<td>£163</td>
<td>£15</td>
<td>£1,958</td>
<td>£2,518</td>
</tr>
</tbody>
</table>

\(^a\) Additional pension earned during the year includes an inflation increase of 3.5%.

\(^b\) Transfer values have been calculated in accordance with version 8.1 of guidance note GN11 issued by the actuarial profession.
POLICY ON NON-EXECUTIVE DIRECTORS’ REMUNERATION
The board sets the level of remuneration for all non-executive directors within the limit approved from time to time by shareholders. In line with BP’s governance policies, the remuneration of the chairman is set by the board rather than the remuneration committee, since the performance of the chairman is a matter for the board as a whole rather than any one committee.

The board has adopted the following policies to guide its current and future decision-making with regard to non-executive directors’ remuneration:
– Within the limits set by the shareholders from time to time, remuneration should be sufficient to attract, motivate and retain world-class non-executive talent.
– Remuneration of non-executive directors is set by the board and should be proportional to their contribution towards the interests of the company.
– Remuneration practice should be consistent with recognized best-practice standards for non-executive directors’ remuneration.
– Remuneration should be in the form of cash fees, payable monthly.
– Non-executive directors should not receive share options from the company.
– Non-executive directors should be encouraged to establish a holding in BP shares broadly related to one year’s base fee, to be held directly or indirectly in a manner compatible with their personal investment activities, and any applicable legal and regulatory requirements.

ELEMENTS OF REMUNERATION
Non-executive directors’ pay comprises cash fees, paid monthly, with increments for positions of additional responsibility, reflecting additional workload and consequent potential liability. For all non-executive directors, except the chairman, a fixed sum allowance is paid for transatlantic travel (or equivalent intercontinental travel) undertaken for the purpose of attending a board or board committee meeting. In addition, non-executive directors receive reimbursement of reasonable travel and related business expenses. No share or share option awards are made to any non-executive director in respect of service on the board.

LETTERS OF APPOINTMENT
Non-executive directors have letters of appointment, which recognize that, subject to the Articles of Association, their service is at the discretion of the shareholders. All directors stand for re-election at each annual general meeting.

NON-EXECUTIVE DIRECTORS’ ANNUAL FEE STRUCTURE
The fees paid to non-executive directors are set by the board within the limit set by shareholders in accordance with the Articles. Shareholders approved an increase to this limit in 2004. All fees are fixed and paid in pounds sterling. Fees payable to non-executive directors were reviewed in 2005 by an ad hoc board committee comprising Mr Bryan (chairman), Dr Julius and Mr Burgmans. This ad hoc committee recommended an increase in fees to reflect the increase in director workload as well as increases in global market rates for independent/non-executive directors, since these fees were last reviewed in 2002. The board duly approved the recommended increases with effect from 1 January 2005.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>500</td>
<td>390</td>
</tr>
<tr>
<td>Deputy chairman(b)</td>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td>Board member</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Committee chairmanship fee</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Transatlantic attendance allowance(c)</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

\(a\)The chairman is not eligible for committee chairmanship fees or transatlantic attendance allowance but has the use of a fully maintained office for company business and a chauffeured car.

\(b\)The deputy chairman receives a £25,000 (2004 £20,000) increment on top of the standard board fee. In addition, he is eligible for committee chairmanship fees and the transatlantic attendance allowance. The deputy chairman is currently chairman of the audit committee.

\(c\)This allowance is payable to non-executive directors undertaking transatlantic or equivalent intercontinental travel for the purpose of attending a board meeting or board committee meeting.

LONG-TERM INCENTIVES (RESIDUAL)
The table on the next page sets out the residual entitlements of non-executive directors who were formerly non-executive directors of Amoco Corporation under the Amoco Non-Employee Directors’ Restricted Stock Plan.
REMUNERATION OF NON-EXECUTIVE DIRECTORS

<table>
<thead>
<tr>
<th>Name</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>J H Bryan</td>
<td>110</td>
<td>100</td>
</tr>
<tr>
<td>A Burgmans</td>
<td>90</td>
<td>53</td>
</tr>
<tr>
<td>E B Davis, Jr</td>
<td>110</td>
<td>105</td>
</tr>
<tr>
<td>D J Flint</td>
<td>90</td>
<td>n/a</td>
</tr>
<tr>
<td>Dr D S Julius</td>
<td>107</td>
<td>75</td>
</tr>
<tr>
<td>Sir Tom McKillop</td>
<td>90</td>
<td>38</td>
</tr>
<tr>
<td>Dr W E Massey</td>
<td>130</td>
<td>115</td>
</tr>
<tr>
<td>H M P Miles</td>
<td>90</td>
<td>75</td>
</tr>
<tr>
<td>Sir Ian Prosser</td>
<td>135</td>
<td>110</td>
</tr>
<tr>
<td>P D Sutherland</td>
<td>500</td>
<td>390</td>
</tr>
<tr>
<td>M H Wilson</td>
<td>105</td>
<td>95</td>
</tr>
</tbody>
</table>

Directors leaving the board in 2005

<table>
<thead>
<tr>
<th>Name</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>C F Knight</td>
<td>30</td>
<td>90</td>
</tr>
<tr>
<td>Sir Robin Nicholson</td>
<td>32</td>
<td>90</td>
</tr>
</tbody>
</table>

a Appointed on 1 January 2005.
b Retired at AGM on 14 April 2005.
c Also received a superannuation gratuity of £79,000 following his retirement.
d Also received £20,000 each year for serving as the board’s representative on the BP technology advisory council.
e Also received a superannuation gratuity of £84,000 following his retirement.

AMOCO NON-EMPLOYEE DIRECTORS’ RESTRICTED STOCK PLAN

Non-executive directors of Amoco Corporation were allocated restricted stock in the Amoco Non-Employee Directors’ Restricted Stock Plan by way of remuneration for their service on the board of Amoco Corporation prior to its merger with BP in 1998. On merger, interests in Amoco shares in the plan were converted into interests in BP ADSs. Under the terms of the plan, the restricted stock will vest on the retirement of the non-executive director having reached age 70 or on earlier retirement at the discretion of the board. Since the merger, no further entitlements have accrued to any director under the plan. These residual interests require disclosure under the directors’ remuneration report regulations 2002 as interests in a long-term incentive scheme.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date on which director reaches age 70</th>
</tr>
</thead>
<tbody>
<tr>
<td>J H Bryan</td>
<td>5 Oct 2006</td>
</tr>
<tr>
<td>E B Davis, Jr</td>
<td>5 Aug 2014</td>
</tr>
<tr>
<td>Dr W E Massey</td>
<td>5 Apr 2008</td>
</tr>
<tr>
<td>M H Wilson</td>
<td>4 Nov 2007</td>
</tr>
</tbody>
</table>

a No awards were granted and no awards lapsed during the year. The awards were granted over Amoco stock prior to the merger but their notional weighted average market value at the date of grant (applying the subsequent merger ratio of 0.68167 of a BP ADS for every Amoco share) was $27.87 per BP ADS.
b For the purposes of the regulations, the date on which the director retires from the board at or after the age of 70 is the end of the qualifying period. If the director retires prior to this date, the board may waive the restrictions.

SUPERANNUATION GRATUITIES

In accordance with the company’s long-standing practice, non-executive directors who retired from the board after at least six years’ service are, at the time of their retirement, eligible for consideration for a superannuation gratuity. The board is authorized to make such payments under the company’s Articles. The amount of the payment is determined at the board’s discretion (having regard to the director’s period of service as a director and other relevant factors).

The board made superannuation gratuity payments during the year to the following former directors: Mr Knight £79,000 and Sir Robin Nicholson £84,000 (who both retired in 2005) and Mr Maljers £18,000 (who retired in 2004). These payments were in line with the policy arrangements agreed in 2002 (see below).

In 2002, the board revised its policy with respect to superannuation gratuities so that: (i) non-executive directors appointed to the board after 1 July 2002 would not be eligible for consideration for such a payment; and (ii) while non-executive directors in service at 1 July 2002 would remain eligible for consideration for a payment, service after that date would not be taken into account by the board in considering the amount of any such payment.

This directors’ remuneration report was approved by the board and signed on its behalf by David J Jackson, company secretary, on 6 February 2006.
How does our board govern the company?

Governance is not an exercise in compliance nor is it a higher form of management. Governance is a more powerful concept. It has a clear objective: ensuring the pursuit of the company’s purpose of maximizing shareholder value. The board’s activity is focused on this task, for which it has primary responsibility.

The following report was prepared by the board to comply with the requirements for a full annual report and appears in *BP Annual Report and Accounts 2005*. While it forms part of the Annual Report and Accounts it is set out here to give those attending the AGM background to a number of the resolutions that are under consideration.
GOVERNANCE AND THE ROLE OF OUR BOARD

The governance of companies continues to be under scrutiny. Regulators and commentators maintain their focus on structural elements. We believe too little attention is paid to the underlying purpose of governance. Governance lies at the heart of all the board does and it is the task our owners entrust to the board.

Governance is not an exercise in compliance nor is it a higher form of management. Governance is a more powerful concept. It has a clear objective: ensuring the pursuit of the company’s purpose. The board’s activity is focused on this task, which is unique to it as the representative of BP’s owners. This task is discharged by the board through undertaking such activities as are necessary for the effective promotion of long-term shareholder interest.

In promoting the long-term interest of shareholders, the board has to ensure that the business is responsive to the views of those with whom it comes into contact. This can include gaining an understanding of the environmental and social consequences of the company’s actions. However, it remains a matter of business judgement as to how these consequences are properly taken into account in maximizing shareholder value.

Governance is the system by which the company’s owners and their representatives on the board ensure that it pursues, does not deviate from and only allocates resources to its defined purpose.

As a company, we recognize the importance of good governance and that it is a discrete task from management. Clarity of roles is key to our approach. Policies and processes depend on the people who operate them. Governance requires distinct skills and processes. Governance is overseen by the BP board, while management is delegated to the group chief executive by means of the board governance policies.

Our board governance policies use a coherent, principles-based approach, which anticipated many developments in UK governance regulation. These policies ensure that our board and management operate within a clear and efficient governance framework that places long-term shareholder interest at the heart of all we do.

To that end, our board exercises judgement in carrying out its work in policy-making, in monitoring executive action and in its active consideration of group strategy. The board’s judgements seek to maximize the expected value of shareholders’ interest in the company, rather than eliminate the possibility of any adverse outcomes.

ACCOUNTABILITY TO SHAREHOLDERS

Our board is accountable in a variety of ways. It is required to be proactive in obtaining an understanding of shareholder preferences and to evaluate systematically the economic, social, environmental and ethical matters that may influence or affect the interests of our shareholders.

Reporting A number of formal communication channels are used to account to shareholders for the performance of the company. These include the Annual Report and Accounts, the Annual Review, the Annual Report on Form 20-F, quarterly Forms 8-K and announcements made through stock exchanges on which BP shares are listed, as well as through the annual general meeting (AGM). BP is keen to promote the use of electronic platforms in the reporting arena.

Dialogue with directors Presentations given at appropriate intervals to representatives of the investment community are available to all shareholders by internet broadcast or open conference call, details of which are given on www.bp.com. Less formal processes include contacts with institutional shareholders by the chairman and other directors. This is supported by the dialogue with shareholders concerning the governance and operation of the group maintained by the company secretary’s office, investor relations and other BP teams, which meet with investors and shareholder groups representing both large and small investors.

Our board is accountable to shareholders for the performance and activities of the entire BP group. It embeds shareholder interest in the goals established for the company.

AGM and voting The chairman and board committee chairmen were present at the 2005 AGM to answer shareholders’ questions and hear their views during the meeting. Members of the board met informally with shareholders afterwards. Given the size and geographical diversity of our shareholder base, we recognize that opportunities for shareholder interaction at the AGM are limited. However, all votes at shareholder meetings, whether by proxy or in person, are counted, since votes on all matters, except procedural issues, are taken by way of a poll. In 2005, we were pleased to note that voting levels increased to 62%, with more than 98% of votes being cast in line with the board’s recommendations.

Directors’ elections Directors stand for re-election each year. New directors are subject to election at the first opportunity following their appointment. All names submitted to shareholders for election are accompanied by biographies. Voting levels demonstrate continued support for all our directors and affirm the board’s assertion of the independence of all our non-executive directors.

HOW OUR BOARD GOVERNS THE COMPANY

The board’s governance policies outline its relationship with shareholders, the conduct of board affairs and the board’s relationship with the group chief executive. The policies recognize the board’s separate and unique role as the link in the chain of authority between the shareholders and the group chief executive. It is this unique task that gives the board its central role in governance.

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The dual role played by the group chief executive and executive directors as both members of the board and leaders of the executive management is also recognized and addressed. The policies require a majority of the board to be composed of independent non-executive directors. To assure the integrity of the governance process, the relationship between the board and the group chief executive is governed by the non-executive directors, particularly through the work of the board committees they populate.

Recognizing that as a group its capacity is limited, our board reserves to itself the making of broad policy decisions. It delegates more detailed considerations involved in meeting its stated requirements either to board committees and officers (in the case of its own processes) or to the group chief executive (in the case of the management of the company’s business activities). The board governs BP through setting general policy for the conduct of business (and, critically, by clearly articulating its goals) and by monitoring its implementation by the group chief executive.

To discharge its governance function in the most effective manner, our board has laid down rules for its own activities in a governance process policy. The process policy covers:
- The conduct of members at meetings.
- The cycle of board activities and the setting of agendas.
- The provision of timely information to the board.
- Board officers and their roles.
- Board committees – their tasks and composition.
- Qualifications for board membership and the process of the nomination committee.
- The evaluation and assessment of board performance.
- The remuneration of non-executive directors.
- The process for directors to obtain independent advice.
- The appointment and role of the company secretary.

The responsibility for implementation of this policy is placed on the chairman.

The board-executive linkage policy sets out how the board delegates authority to the group chief executive and the extent of that authority. In its board goals policy, the board states what it expects the group chief executive to deliver.

The restrictions on the manner in which the group chief executive may achieve the required results are set out in the executive limitations policy. This policy sets boundaries on executive action, requiring due consideration of internal controls, risk preferences, financing, ethical behaviour, health, safety, the environment, treatment of employees and political considerations in any and all action taken in the course of our business. Through the goals and executive limitations policies, the board shapes BP’s values and standards.

ACCOUNTABILITY IN OUR BUSINESS
Our group chief executive outlines how he intends to deliver the required outcome in annual and medium-term plans, which also address a comprehensive assessment of the group’s risks. Progress towards the expected outcome forms the basis of regular reports to the board that cover actual results and a forecast of results for the current year. The board considers annual and five-year plans for the group and, in doing so, reviews the major influences and risks affecting the group’s business.

The group chief executive is obliged through dialogue and systematic review to discuss with the board all material matters currently or prospectively affecting the company and its performance and all strategic projects or developments. This key dialogue specifically includes any materially under-performing business activities and actions that breach the executive limitations policy and material matters of a social, environmental and ethical nature.

The board-executive linkage policy also sets out how the group chief executive’s performance will be monitored and recognizes that, in the multitude of changing circumstances, judgement is always involved. The systems set out in the board-executive linkage policy are designed to manage, rather than to eliminate, the risk of failure to achieve the goals or observe the executive limitations policy. They provide reasonable, not absolute, assurance against material misstatement or loss.

WHO IS ON THE BOARD?
The board is composed of the chairman, 11 non-executive and six executive directors. In total, five nationalities are represented on the board. Directors’ biographies are set out on pages 14-21.

Governance policies and processes depend on the quality and commitment of the people who operate them.

As reported last year, the board is actively engaged in succession planning issues for both executive and non-executive roles. We reported in the past two years on our pursuit of an orderly process of evolution to refresh the composition of the board without compromising its continued effectiveness. To that end, we were delighted to welcome Mr Douglas Flint to the board in January 2005. At the AGM in April 2005, Sir Robin Nicholson and Mr Charles (Chuck) Knight retired. Mr Michael Miles will stand down at the 2006 AGM. The chairmanships of the principal board committees were also reviewed during 2005; Dr Julius became chairman of the remuneration committee, succeeding Sir Robin Nicholson. The board committee reports on pages 42-44 provide details on the chairman and composition of these committees.

The efficiency and effectiveness of the board are of paramount importance. Our board is large but this is necessary to allow sufficient executive director representation to cover the breadth of the group’s business activities and sufficient non-executive representation to reflect the scale and complexity of BP and to staff our board committees. A board of this size allows orderly succession planning for key roles.

BOARD INDEPENDENCE
The qualification for board membership includes a requirement that all our non-executive directors be free from any relationship with the executive management of the company that could materially interfere with the exercise of their independent judgement. In the board’s view, all our non-executive directors fulfil this requirement. It determined all non-executive directors who served during 2005 to be independent. All have received overwhelming endorsement at successive AGMs, at which they are now subject to annual election.

Mr Knight and Sir Robin Nicholson were appointed to the BP board in 1987 and Mr Miles was appointed in 1994. The length of their respective service on the board exceeds the nine years referred to in the Combined Code. The board considers that the experience and long-term perspective of each of these directors on BP’s business during its recent period of growth has provided a valuable contribution to the board, given the long-term nature of our business. The integrity and independence of character of these directors are beyond doubt. Both Mr Knight and Sir Robin retired at the 2005 AGM. Mr Miles will retire in 2006.

Those directors who joined the BP board in 1998 after service on the board of Amoco Corporation (Messrs Bryan, Massey, Wilson and Davis) are considered independent since the most senior executive management of BP comprises individuals who were not previously Amoco employees. While Amoco businesses and assets are a key part of the group, the scope and scale of BP since its acquisition of
the ARCO, Burmah Castrol and Veba businesses are fundamentally different from those of the former Amoco Corporation.

Annual elections for all directors and the provision of independent support to our board and board committees underscore our commitment to good governance practice.

The board has satisfied itself that there is no compromise to the independence of those directors who serve together as directors on the boards of outside entities (or who have other appointments in outside entities). Where necessary, our board ensures appropriate processes are in place to manage any possible conflict of interest.

Sir Robin Nicholson received fees during 2005 for representing the board on the BP technology advisory council. Since these fees relate to board representation, they did not compromise Sir Robin’s independence. Full details of these fees are disclosed on page 37.

DIRECTORS’ APPOINTMENTS, RETIREMENT POLICIES AND INSURANCE

The chairman and non-executive directors of BP are elected each year and, subject to BP’s Articles of Association, serve on the basis of letters of appointment. Executive directors of BP have service contracts with the company. Details of all payments to directors are reviewed in the directors’ remuneration report on pages 28-37.

BP’s policy on directors’ retirement is as follows: executive directors retire at age 60, while non-executive directors ordinarily retire at the AGM following their 70th birthday. It is the board’s policy that non-executive directors are not generally expected to hold office for more than 10 years.

In accordance with BP’s Articles of Association, directors are granted an indemnity from the company in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company purchased and maintained a directors’ and officers’ liability insurance policy throughout 2005. This insurance cover was renewed at the beginning of 2006. Although their defence costs may be met, neither the company’s indemnity nor insurance cover was renewed at the beginning of 2006. Although their defence costs may be met, neither the company’s indemnity nor insurance provides cover in the event that the director is proved to have acted fraudulently or dishonestly.

BOARD AND COMMITTEES: MEETINGS AND ATTENDANCE

In addition to the AGM (which 17 directors attended), the board met seven times during 2005: four times in the UK, twice in the US and once in China. Two of these meetings were two-day strategy discussions. 2005 saw a continued high number of committee meetings, a trend we expect to continue.

The board requires all members to devote sufficient time to the work of the board to discharge the office of director and to use their best endeavours to attend meetings. Directors’ attendance at board and committee meetings is set out below.

SERVING AS A DIRECTOR: INDUCTION, TRAINING AND EVALUATION

Induction Directors receive induction on their appointment to the board as appropriate, covering matters such as the operation and activities of the group (including key financial, business, social and environmental risks to the group’s activities), the role of the board and the matters reserved for its decision, the tasks and membership of the principal board committees, the powers delegated to those committees, the board’s governance policies and practices, and the latest financial information about the group. The chairman is accountable for the induction of new board members.

Training Our directors are updated on BP’s business, the environment in which it operates and other matters throughout their period in office. Our directors are advised on their appointment of the legal and other duties and obligations they have as directors of a listed company. The board regularly considers the implications of these duties under the board governance policies. Our non-executive directors also receive training specific to the tasks of the particular board committees on which they serve.

Outside appointments As part of their ongoing development, our executive directors are permitted to take up an external board appointment, subject to the agreement of our board. Executive directors retain any fees received in respect of such external appointments. Generally, outside appointments for executive directors are limited to one outside company board only, although our group chief executive, by exception, serves on two outside company boards. Our board is satisfied that these appointments do not conflict with his duties and commitment to BP. Non-executive directors may serve on a number of outside boards, always provided they continue to

Directors’ attendance

<table>
<thead>
<tr>
<th>Name</th>
<th>Board meetings</th>
<th>Audit committee meetings</th>
<th>ESGAC meetings</th>
<th>Chairman’s committee meetings</th>
<th>Remuneration committee meetings</th>
<th>Nomination committee meetings</th>
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<tr>
<td>P D Sutherland</td>
<td>7</td>
<td>–</td>
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<td>4</td>
<td>4</td>
<td>2</td>
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<tr>
<td>Sir Ian Prosser</td>
<td>7</td>
<td>7</td>
<td>12</td>
<td>4</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>J H Bryan</td>
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<td>7</td>
<td>12</td>
<td>4</td>
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<tr>
<td>A Burgmans</td>
<td>7</td>
<td>–</td>
<td>5</td>
<td>4</td>
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<tr>
<td>E B Davis, Jr</td>
<td>7</td>
<td>7</td>
<td>12</td>
<td>4</td>
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<td>5</td>
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<td>D J Flint</td>
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<td>Dr D S Julius</td>
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<td>C F Knight</td>
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<td>Sir Tom McKillop</td>
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<tr>
<td>Dr W E Massey</td>
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<td>H M P Miles</td>
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<td>7</td>
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<tr>
<td>Sir Robin Nicholson</td>
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<td>7</td>
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<td>M H Wilson</td>
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<td>Lord Browne</td>
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<td>Dr D C Allen</td>
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<td>Dr B E Grote</td>
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<td>Dr A B Hayward</td>
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<td>–</td>
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<tr>
<td>J A Manzoni</td>
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<td>–</td>
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</tr>
</tbody>
</table>

*Attended all remuneration committee meetings as chairman of the board.*
demonstrate the requisite commitment to discharge effectively their duties to BP. The nomination committee keeps the extent of directors’ other interests under review to ensure that the effectiveness of our board is not compromised. The board attendance table on page 41 illustrates our directors’ commitment to the work of the board.

**Evaluation** The board continued its ongoing evaluation processes to assess its performance and identify areas in which its effectiveness, policies or processes might be enhanced. A formal evaluation of board process and effectiveness was undertaken, drawing on internal resources. Individual questionnaires and interviews were completed; no individual performance problems were identified. The results showed an improvement from the previous evaluation, particularly in board committee process and activities, while also identifying areas for further improvement.

Regular evaluation of board effectiveness underpins our confidence in BP’s governance policies and processes and affords opportunity for their development.

Separate evaluations of the remuneration, ethics and environment and audit assurance committees took place during the year. The use of external providers in the context of board evaluation is being kept under review.

**THE CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR**

BP’s board governance policies require that neither the chairman nor deputy chairman are to be employed executives of the group; throughout 2005 the posts were held by Mr Sutherland and Sir Ian Prosser respectively. Sir Ian also acts as our senior independent director and is the director whom shareholders may contact if they feel their concerns are not being addressed through normal channels.

Between board meetings, the chairman has responsibility for ensuring the integrity and effectiveness of the board/executive relationship. This requires his interaction with the group chief executive between board meetings, as well as his contact with other board members and shareholders. The chairman represents the views of the board to shareholders on key issues, not least in succession planning issues for both executive and non-executive appointments. The chairman and all the non-executive directors meet periodically as the chairman’s committee (see report on pages 43-44). The performance of the chairman is evaluated each year at a meeting of the chairman’s committee, for which item of business he is not present. The company secretary reports to the chairman and has no executive functions.

**BOARD COMMITTEES**

The governance process policy allocates the tasks of monitoring executive actions and assessing performance to certain board committees. These tasks, rather than any terms of reference, prescribe the authority and the role of the board committees. Reports for each of the committees for 2005 appear below. In common with the board, each committee has access to independent advice and counsel as required and each is supported by the company secretary’s office, which is demonstrably independent of the executive management of the group.

**AUDIT COMMITTEE REPORT**

Schedule and composition: The committee met 12 times during 2005 and comprised the following directors: Sir Ian Prosser (chairman), J H Bryan, E B Davis, Jr, D J Flint, H M P Miles, M H Wilson. All members of the audit committee are independent non-executive directors. Together, the audit committee members continue to have the recent and relevant financial experience required to discharge the committee’s duties. Following his appointment to the committee this year, the board satisfied itself that Mr Flint as an individual possesses the financial experience identified in the Combined Code guidance.

The external auditors’ lead partner, the BP general auditor (head of internal audit), together with the group chief financial officer, the chief accounting officer and the group controller, attend each meeting at the request of the committee chairman. During the year, the committee meets with the external auditor, without the executive management being present, and also meets in private session with the BP general auditor.

**Role and authority** The audit committee’s tasks are considered by the committee to be broader than those envisaged under Combined Code Provision C.3.2. The committee is satisfied that it addresses each of those matters identified as properly falling within an audit committee’s purview. The committee has full delegated authority from the board to address those tasks assigned to it. In common with the board and all committees, it may request any information from the executive management necessary to discharge its functions and may, where it considers it necessary, seek independent advice and counsel.

**Process** The committee structures its work programme so as to discharge its tasks, which include systematic monitoring and obtaining assurance that the legally required standards of disclosure are being fully and fairly observed and that the executive limitations relating to financial matters are being observed. Forward agendas are set each year to meet these requirements and to allow the committee to monitor (and seek assurance on) the management of the financial risks identified in the company’s annual business plan. The committee chairman reports on the committee’s activities to the board meeting immediately following a committee meeting. Between meetings, the committee chairman reviews emerging issues as appropriate with the group chief financial officer, the external auditor and the BP general auditor. He is supported in this task by the company secretary’s office. During the year, external specialist legal and regulatory advice has also been provided to the committee by Sullivan & Cromwell LLP.

**Activities in 2005**

**Financial reports** During the year, the committee reviewed all annual and quarterly financial reports before recommending their publication on behalf of the board. In particular, the committee reviewed the implementation of International Financial Reporting Standards and their impact on the group’s financial results and the restatement of comparative information. The committee discussed and constructively challenged judgements related to critical accounting policies and estimates drawing on prepared reports, presentations and independent advice from the external auditors.

**Internal control and risk management** During the year, specific reports on risk management and internal control were reviewed for the exploration and production, refining and marketing, and gas, power and renewables segments, along with the controls and systems underpinning the trading functions that service all BP’s businesses. Reviews were undertaken of the reporting interface between the group and TNK-BP and of the planned disposal of the Innovere petrochemicals business. On a quarterly basis, the committee also monitored the company’s progress in evaluating its internal controls in response to applicable requirements of Section 404 of the US Sarbanes-Oxley Act of 2002. Regular advice was also provided by the internal audit function, including an annual assessment of the effectiveness of the company’s enterprise level controls.

Special topics considered during the year included capital project selection processes, the assessment of environmental and litigation provisions and accounting for long-term contractual commitments.
Employee concerns reporting/whistleblowing  The committee received regular reports of the matters raised through the employee concerns programme, OpenTalk, and, through this process, together with the receipt of quarterly fraud reports from internal audit, was alerted to instances of actual or potential concern related to the finances and financial accounting of the group.

External auditors  In addition to the lead partner’s attendance at all meetings, the committee regularly invited other relevant audit partners to participate during business segment reviews. Private meetings were held without executive management present.

The committee evaluated the performance of the external auditors and enquired into their independence, objectivity and viability. Independence was safeguarded by limiting non-audit services provided by the auditor to defined audit-related work and tax services that fall within specific categories. All such services were pre-approved by the committee and monitored quarterly. A new lead audit partner is appointed every five years, with other senior audit staff rotating every seven years; no senior staff connected with the BP audit may transfer to the company.

After review of the audit engagement terms and proposed fees, the committee advised the board of its assessment and recommended that reappointment of the auditors be proposed to shareholders at the 2006 AGM.

Internal audit  The committee agreed with the BP general auditor the programme to be undertaken during the year and the resources required. Twice-yearly reports of audit findings and management responses were reviewed in detail. Discussions of these reports contributed to the committee's view of the effectiveness of the company’s system of internal controls and hence its advice to the board on this matter. The committee also met privately with the BP general auditor, without the presence of executive management, and evaluated the performance of the function.

Performance evaluation  On an annual basis, the committee conducts a review of its process and performance. The form of review varies to encourage fresh thinking and this year involved face-to-face interviews with individual members and with others in regular attendance. Outcomes were discussed at the committee’s November meeting. The committee concluded that few substantive changes were required but used the discussion to help shape the 2006 forward agenda and in particular to increase the frequency of the committee's private meetings.

Process and activities in 2005  This committee has a broad remit because it covers all non-financial risks and must necessarily be selective in setting its agendas. These are focused on regular reports – such as health, safety and environment (HSE) reviews and compliance and ethics certification reports – that allow the committee to monitor and assess the observance of the executive limitations. In addition, the committee reviews specific risks that are identified in the company’s annual plan and developments in business and functional areas that may emerge during the year. During 2005, the committee met specially to consider the incident at the Texas City refinery. It reviewed the causes of the accident and the implications for the group of the lessons to be learned. The committee continues to monitor the executive management’s response and the strengthening of its safety and operational capability.

Other areas of specific focus during the year included:

- **Business continuity and crisis management** The committee received reports and reviewed the group’s enhanced focus on bringing more consistency and resilience to these linked topics across all business segments and functions.
- **Health, safety and environmental performance** While overshadowed by events at Texas City, the progress in addressing road safety, employee health, greenhouse gas emissions, oil spills and plant integrity was considered during 2005. Specific attention was given to the progress made by TNK-BP in improving HSE standards in its operations in Russia.
- **Regional reviews** Most board-level monitoring is conducted through a business segment or functional dimension, but the committee also examines risks that require management at regional or country level. In 2005, risk reviews were undertaken for Africa, the Middle East and Alaska.
- **Digital security** The committee considered the company’s response to the increasing international threats to communications and computing, threats heightened by the convergence and increased interconnectivity of technology infrastructure.

**REMUNERATION COMMITTEE REPORT**

Schedule and composition  The committee met six times during 2005 and comprised the following directors:

- Dr D S Julius (chairman), J H Bryan, E B Davis, Jr, Sir Tom McKillop, Sir Ian Prosser, Sir Robin Nicholson (retired at the AGM), C F Knight (retired at the AGM).

All members of the remuneration committee are non-executive directors and are considered by the board to be independent. The chairman of the board also attends committee meetings. The committee is independently advised.

Role and authority  The committee’s main task is to determine the terms of engagement and remuneration of the executive directors.

Process and activities in 2005  Full details of the committee’s remit and work are set out in the directors’ remuneration report on pages 28-37, which is the subject of a vote by shareholders at the 2006 AGM.

**CHIEF EXECUTIVE OFFICER’S REPORT**

Schedule and composition  The chairman’s committee met four times during 2005 and comprised all the non-executive directors.

Role and authority  The task of the committee is to consider broad issues of governance, including the performance of the chairman and the group chief executive, succession planning, the organization of the group and any matters referred to it for an opinion from another board committee.

Process and activities in 2005  At its various meetings, the committee evaluated the performance of the chairman and the group chief executive, considered the plan for executive succession and...
considered a number of other broad matters of governance, including issues that spanned the remit of the other principal committees. Additionally, the committee addressed non-executive succession planning issues in co-ordination with the nomination committee.

**NOMINATION COMMITTEE REPORT**

**Schedule and composition** The committee met twice during 2005 and comprised the following directors: P D Sutherland (chairman), Dr D S Julius (from the AGM), Dr W E Massey, Sir Robin Nicholson (retired at the AGM), Sir Ian Prosser.

All members of the nomination committee are considered by the board to be independent.

**Role and authority** The task of the nomination committee is to identify and evaluate candidates for appointment and reappointment as director or company secretary of BP.

**Process** During the year, the nomination committee carried out a detailed review of the skills and expertise of the non-executive directors as part of the board succession planning described earlier. The committee receives external assistance as required. The committee consults with the group chief executive concerning the identification and appointment of new executive directors. External search consultants are retained in the UK/Europe and in the US to assist the committee to identify potential candidates as non-executive directors.

**Activities in 2005** The committee considered the composition of the board and board committees in the context of forthcoming work programmes, BP’s strategy and business activities and retirements from the board. In its succession planning for both executive and non-executive directors, the committee is mindful of the requirements of the group’s strategy and five-year plan. Board and committee evaluation processes informed its work in identifying the skills and experiences sought from potential candidates. Evaluations of the balance of skills and experience on the board are carried out in conjunction with the chairman’s committee. The committee keeps under review contingency planning for key executive and non-executive director roles. The nomination committee recommended to the board that 17 incumbent directors be proposed for re-election at the AGM.

**COMBINED CODE COMPLIANCE**

BP complied throughout 2005 with the provisions of the Combined Code Principles of Good Governance and Code of Best Practice, except in the following aspects:

A.4.4 Letters of appointment do not set out fixed time commitments since the schedule of board and committee meetings is subject to change according to the exigencies of the business. All directors are expected to demonstrate their commitment to the work of the board on an ongoing basis. This is reviewed by the nomination committee in recommending candidates for annual re-election.

B.1.4 The amount of fees received by executive directors in respect of their service on outside boards is not disclosed since this information is not considered relevant to BP.

B.2.2 The remuneration of the chairman is fixed by the board as a whole (rather than the remuneration committee) within the limits set by shareholders, since the chairman’s performance is a matter for the whole board.

**INTERNAL CONTROL REVIEW**

The board governance policies include a process for the board to review regularly the effectiveness of the system of internal control as required by Code provision C.2.1. As part of this process, the board and the audit and ethics and environment assurance committees requested, received and reviewed reports from executive management, including management of the principal business segments, at their regular meetings. That enabled them to assess the effectiveness of the system of internal control in operation for managing significant risks, including social, environmental and ethical risks, throughout the year. This process did not extend to joint ventures or associates.

The BP general auditor presented reports to the January 2006 meetings of both the audit and ethics and environment assurance committees to support the board in its annual assessment of internal control. The reports described how significant risks were identified and embedded within business segment and function plans across the group; the effectiveness of executive management’s controls; and the continuing development of the systems in place to identify, address and manage risks. The reports also highlighted future potentially significant risks that had been reviewed by the board as part of the company’s planning process. The two committees engage with executive management regularly to monitor the management of risks. Significant incidents that occurred and management’s response to them were considered by the committees during the year.

In the board’s view, the information it received was sufficient to enable it to review the effectiveness of the company’s system of internal control in accordance with the Internal Control Revised Guidance for Directors on the Combined Code (Turnbull).

**DIRECTORS’ INTERESTS**

<table>
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<tr>
<th>in BP ordinary shares or calculated equivalents</th>
<th>At 31 Dec 2005</th>
<th>At 1 Jan 2005</th>
<th>Change from 31 Dec 2005-7 Feb 2006</th>
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<tr>
<td>Current directors</td>
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<td>Dr D C Allen</td>
<td>443,742c</td>
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<td>158,760c</td>
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<td>121,187</td>
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<tr>
<td>M H Wilson</td>
<td>60,000c</td>
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</table>

At retirement At 1 Jan 2005

| Directors leaving the board in 2005 |               |               |                                  |
|------------------------------------|---------------|---------------|                                  |
| C F Knight                         | 98,782c       | 98,782c       | –                                |
| Sir Robin Nicholson                | 4,052         | 4,020         |                                  |

*Includes 25,368 shares held as ADSs.

bIncludes 58,713 shares held as ADSs.

Includes 25,368 shares held as ADSs.

Includes 38,836 shares held as ADSs.

The above figures indicate and include all the beneficial and non-beneficial interests of each director of the company in shares of the company (or calculated equivalents) that have been disclosed to the company under the Companies Act 1985 as at the applicable dates. In making these disclosures, the directors did not distinguish between beneficial and non-beneficial interests.

Executive directors are also deemed to have an interest in such shares of the company held from time to time by The BP Employee Share Ownership Plan (No. 2) to facilitate the operation of the company’s option schemes.

No director has any interest in the preference shares or debentures of the company, or in the shares or loan stock of any subsidiary company.
ACKNOWLEDGEMENTS

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Typesetting  Pauffley, London
Printing  St Ives Financial, UK; Sandy Alexander, US
Principal photography  Tom Maday
Paper  This Notice of Meeting is printed on FSC-certified Mohawk Options 100% PC White, which is manufactured entirely with wind energy and contains 100% post-consumer recycled fibre. This paper is certified by SmartWood for FSC standards.

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