Summary Review 2011

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The Summary Review for the year ended 31 December 2011 constitutes the summary financial statement and comprises summaries of the Directors' Report and the Directors' Remuneration Report and a summary of the information in the consolidated financial statements. The summary financial statement complies with the information requirements under the Companies (Summary Financial Statement) Regulations 2008. It does not contain sufficient information to allow as full an understanding of the results and the state of affairs of BP and of its policies and arrangements concerning directors' remuneration as *BP Annual Report and Form 20-F 2011*. Shareholders may obtain a copy of *BP Annual Report and Form 20-F 2011* online or on request, free of charge (see page 33).

BP p.l.c. is the parent company of the BP group of companies. Unless otherwise stated, the text does not distinguish between the activities and operations of the parent company and those of its subsidiaries.

The term 'shareholder' in this Summary Review means, unless the context otherwise requires, investors in the equity capital of BP p.l.c., both direct and/or indirect.

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Cautionary statement

BP Summary Review 2011 contains certain forward-looking statements, particularly those relating to strategy and strategic priorities, plans to deliver shareholder value, expectations regarding the '10-point plan', expectations regarding future dividend payments, BP's outlook on global energy trends to 2030 and beyond, the intention to make $38 billion of disposals, anticipated increase in operating cash flow and margins, future capital expenditure, expected level of investments, the anticipated timing for completion of and final proceeds from the disposition of certain BP assets, future production levels including expectations for an increase in high-margin production, the timing and composition of future projects including expected start-up, completion, timing of production, level of production and margins, expectations for drilling and rig activity in the Gulf of Mexico, the timing and quantum of and timing for completion of contributions to and payments from the $20-billion trust fund, the expected terms of the proposed settlement agreement with the Plaintiffs' Steering Committee in MDL 2179 and the expected timing of the fairness hearing and court approvals in respect thereof, the expected amount, source and timing of payments under any settlements, expectations regarding regulation and taxation of the energy industry and energy users, the timing for completion of the Whiting refinery upgrade, plans regarding the implementation of enhancements to BP's risk management system, expectations regarding the reduction of net debt and the net debt ratio, the completion of planned and announced divestments, dates or periods in which production is scheduled or expected to come onstream or a project or action is scheduled or expected to begin or be completed, and costs for providing pension and other post-retirement benefits. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including the specific factors identified in the discussions accompanying such forward-looking statements; the timing of bringing new fields onstream; the timing of certain disposals; future levels of industry product supply, demand and pricing; OPEC quota restrictions; PSA effects; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought; the actions of prosecutors, regulatory authorities and courts; the actions of all parties to the Deepwater Horizon oil spill-related litigation at various phases of the litigation; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors; the actions of contractors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this document and in the *BP Annual Report and Form 20-F 2011*.

Reconciliations to GAAP

This Summary Review contains financial information that is not presented in accordance with generally accepted accounting principles (GAAP). A quantitative reconciliation of this information to the most directly comparable financial measure calculated and presented in accordance with GAAP can be found in the *BP Annual Report and Form 20-F 2011*.

Cover image
Photograph of Hull research and technology centre, UK taken as part of the We are BP programme.

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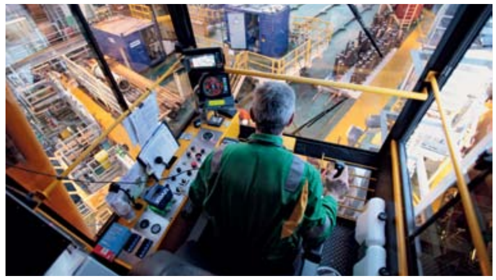

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Carl-Henric Svanberg
Chairman

Dear fellow shareholder,

In 2011 we re-laid the foundations of BP. Our objective was to ensure your company is able to deliver sustainable shareholder value in the months and years ahead. Above all else, this is dependent on BP having the trust of the societies in which it works – today and over the long term.

During the year the board oversaw a major reorganization designed to establish a stronger, safer BP. The progress made demonstrates that the company can and will recover from the consequences of the Deepwater Horizon accident. We remained mindful of the tragic events seen in 2010 and the need to ensure such an accident never happens again.

I thank you for the patience you have shown as we work to rebuild your company.

The board set three priorities for BP. Safety must be enhanced and embedded. Trust must be regained. Value must be created through a clear strategic plan. While these priorities are simple to express, substantial activity is required to turn them into tangible and lasting change.

On safety, the board supported and challenged Bob Dudley and his executive team as they restructured and enhanced BP's processes, systems and culture. Furthermore, the board initiated a review of the way BP manages, reports and acts on risk, including board oversight.

On trust, we ensured that BP continued to meet its commitments in the Gulf of Mexico. We co-operated with every official investigation and prepared for litigation. We worked closely with governments and regulators, and we communicated openly with shareholders and the wider world.

On value, the board set a 10-point plan focused on growing operating cash flow and increasing shareholder returns. The company will play to its greatest strengths and prioritize value over volume. Relentless execution of this strategy is now needed so we deliver value to our shareholders.

BP's financial and operating performance in 2011 has created a springboard for growth. In the upstream, we secured 55 new exploration licences in nine countries, and our Refining and Marketing segment delivered very strong earnings. Our $38-billion divestment programme is strengthening the group's financial position and focusing our portfolio.

In 2011 we restored your dividend, and I am pleased to report that we increased the dividend by 14% in February 2012, in accordance with our policy.

The wider world did not stand still in 2011. We saw rapid and sometimes unpredictable change. This included escalation of the European debt crisis and political upheaval in countries where BP has significant operations, such as Libya and Egypt. We kept a close watch on these developments and acted where required. Our international advisory board assisted us in this task.

The company continually looks for ways to form new relationships and enhance its partnerships around the world. Our new alliance with Reliance Industries in India is a significant venture in a fast-growing market. Russia is particularly important for BP. Our TNK-BP alliance is hugely successful. Since acquiring 50% of the company for around $8 billion, BP has received around $19 billion in dividends – which equates to around $2 billion per year. In 2011, we saw new opportunities in Russia, but these did not progress. This region still has excellent potential for BP and we remain committed to it. The nature of our industry is rarely straightforward, and BP will never shrink from pursuing opportunities simply because they involve challenges.

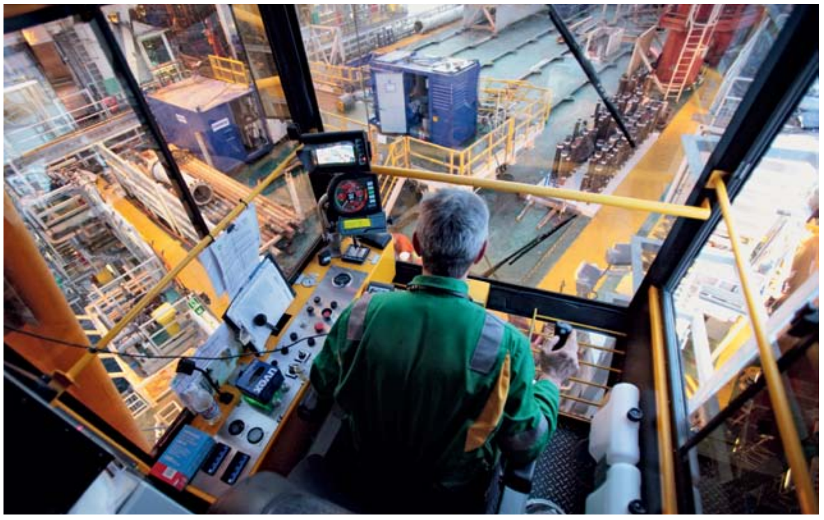
In my letter last year, I commented on the evolution of the board. This has continued. My goal is to ensure that the board combines a broad set of skills and experience. BP's board should be diverse in the widest sense. It should have the best blend of the best people from our industry and from other sectors. BP remains committed to meritocracy as well as diversity.

Andrew Shilston and Professor Dame Ann Dowling have joined the board as non-executive directors and Brian Gilvary has joined as an executive director.

Left BP's LNG activities are focused on building competitively advantaged liquefaction projects.

Andrew, a former finance director at Rolls-Royce, brings substantial experience in the oil and gas industry through previous roles at Enterprise Oil and Cairn Energy. Ann is Head of the Department of Engineering at the University of Cambridge, where she is Professor of Mechanical Engineering. She brings exceptional academic and engineering expertise to BP.

Brian Gilvary is now our chief financial officer. His broad experience of BP, gained over 25 years in influential roles such as the chief executive of integrated supply and trading and as deputy group CFO, makes him a valuable addition. Our previous CFO Byron Grote takes up a new role as the director responsible for corporate business activities. Byron has made a substantial contribution over his lengthy BP career and I am pleased we have retained his services as a board member.



Left The East Azeri platform in the Caspian Sea in Azerbaijan. BP is the largest foreign investor in the country.

Right In 2011, the chairman visited the Alberta oil sands in Canada including the Sunrise Energy Project – BP's joint venture with Husky Energy.

Bill Castell has decided not to seek re-election at the forthcoming AGM. Bill has made a substantial contribution to the board, not least as chair of the safety, ethics and environment assurance committee. Bill has devoted all the time that was asked of him and more in the service of the board and the company. I speak for the whole board when I thank him sincerely for all he has done. Bill's role as senior independent director will be taken by Andrew Shilston, who will be supported on internal matters by Antony Burgmans.

The board committees have always played an important oversight role, freeing the main board to concentrate on strategic matters. All of our committees have been heavily involved this year. Each committee has dealt with different challenges, and all of the directors have been unstinting in the time they have given.

The Gulf of Mexico committee, formed in 2010 and chaired by Ian Davis, has been invaluable in allowing the board to prioritize its work during the restoration of the Gulf of Mexico and the ensuing litigation. During the year, Antony Burgmans became chair of the remuneration committee and Brendan Nelson became chair of the audit committee. Paul Anderson took over the chair of the safety, ethics and environmental assurance committee in December.

During the year, the remuneration committee has worked with Bob Dudley and his team to remodel the reward system within the group. The system below the board is now clearly focused on the long term and is similar to that used for executive directors. I believe our approach to rewarding directors balances the company's priorities of driving financial performance, meeting our responsibilities as a corporate citizen and providing value for our shareholders.

Against all of this background, I have been keen to see how the board could work more effectively. During the year, a working group of non-executive directors reviewed board tasks, roles and processes. This work, coupled with our board evaluation, has led to a number of changes in the way in which the board operates.

In detail
Find out more online.
bp.com/corporategovernance

2011 was a testing year for everyone at the company. The board was impressed by the way in which Bob and his executive team tackled a range of considerable issues. We were also struck by the tenacity and dedication of BP's employees. On behalf of the board, I thank everyone for their efforts.

In 2012 we must execute our 10-point plan and continue to meet our commitments in the Gulf of Mexico. While many of the investigations into the causes of the accident have been completed, we still face major litigation in the US during 2012. This must run its course, although we are pleased with the continuing progress that we are making with settling some of these claims.

As part of its strategic role, the board must be mindful of the long-term developments in our industry. *BP Energy Outlook 2030* tells us that rising populations, increasing levels of life expectancy and improving standards of living will continue to generate growing demand for energy. The challenges in terms of supply are immense. I expect these dynamics to provide BP with opportunities for decades to come. The report projects that fossil fuels will be providing around 80% of the world's energy in 2030. This will require companies such as ours to overcome substantial technical and physical challenges. Lower carbon resources and energy efficiency technologies are required to play their part in addressing both demand and emissions. BP must understand and adapt to these changes in order to remain sustainable in this changing world.

I believe BP ended the year stronger and safer, with increasing forward momentum and a clear strategy matched to the world we see ahead. This is a great company, with a strong board and excellent people. I thank you for your continued support. I will report back to you on BP's progress at this point next year.

Carl-Henric Svanberg
Chairman
6 March 2012

Group chief executive's letter

Bob Dudley
Group Chief Executive

Dear fellow shareholder,

Following the tragic Deepwater Horizon accident of 2010, BP entered 2011 facing a range of uncertainties. These included concerns about our ability to operate safely in deep water, meet our financial commitments in the Gulf of Mexico, and recover the trust and value we had lost. We were also subject to intense speculation around the future and direction of the company.

By the end of the year we had successfully resolved some significant uncertainties facing the company. We set new standards for safety, led by our safety and operational risk organization, and we reshaped our upstream business. We strengthened the group's financial position by progressing our divestment programme. We worked to earn back trust through co-operation with the official investigations and actively sharing the lessons learned. We set a clear strategic direction through a 10-point plan focused on building value for shareholders. We also received permission to resume operations in the Gulf of Mexico – a significant milestone.

During the year more clarity also emerged over the 2010 accident as official investigation reports were published. Their central conclusions supported that of our own investigation – namely that what happened in the Gulf of Mexico was a complex accident involving multiple causes and multiple parties. I am pleased that we were able to reach settlements with Mitsui, Weatherford, Anadarko and Cameron during 2011. On 3 March 2012 we announced a settlement with the Plaintiffs' Steering Committee, subject to final written agreement and court approvals, to resolve the substantial majority of legitimate economic loss and medical claims made by individual and business plaintiffs in the Multi-District Litigation proceedings pending in New Orleans (MDL 2179). The legal process continues with other parties.

We recognize there is a great deal more to do, but I can report that BP finished its year of consolidation in robust shape.

Through the year, BP's employees worked with great determination to enhance what we do and how we do it. This work will continue. I want to make it absolutely clear that we are not seeking a return to business as usual. The events of 2010 demand more than that. As we move ahead, our job is to make BP a stronger, safer company by further embedding safety at the heart of the company, continuing to earn back trust, and creating long-term value for shareholders once again. In this letter, I outline in more detail the actions taken in 2011 to achieve these objectives.

Safety

During the year, we reorganized our upstream segment to improve clarity and accountability. We introduced new systems and technologies to further enhance oversight of operations. We continued to increase the capacity of our independent safety and operational risk organization, and recruited experts from other high-hazard industries to add new expertise and perspectives. We also renewed the company's performance and reward systems, values and code of conduct, which require whoever works for BP to put safety first.

At the front line, we shut down platforms and operations to make necessary upgrades. We set new, voluntary standards for blowout preventers, which shut off the flow of oil in an emergency. We also designed a new type of capping stack, which now stands ready for deployment anywhere in the world in the event of a leak in deep water.

Trust

Above During the year BP gained its first US exploration drilling permit since the 2010 Deepwater Horizon oil spill – for the Kaskida field, Gulf of Mexico.

Looking back over events in the Gulf of Mexico, I am proud of how BP responded. Just in financial terms, during 2010 and 2011 combined we made a pre-tax cash outlay of more than $26 billion to cover oil spill response costs, meet claims and litigation expenses, support research, promote tourism and help restore the environment. The test of corporate responsibility is whether a company follows up its words with actions. I believe we have. And we will continue to do so.

During the year we were invited to 25 countries to share what we have learned in the Gulf. In turn, we have gone out to gain insights from organizations in other high-hazard sectors, including NASA, the UK Atomic Energy Authority and various naval bodies. We will keep listening to others and applying what we learn.

Value

As I write this letter, the market value of the company remains significantly lower than it was before the incident. Our 10-point plan shows our belief that the company can realize improved returns for shareholders. The plan sets out what you can expect from us, and what you will be able to measure, over the next three years.

- First and foremost, you will see a continuing, relentless focus on safety and risk management.
- You will see the company play to its strengths – exploration; managing deepwater activity; giant fields; gas supply chains; our world-class downstream business; and our capabilities in developing technology and building relationships.
- You will see a company that is simpler and more focused as a result of a major divestment programme.
- You will see a company that is organized effectively and applies its standards consistently.
- You will see more visibility from us on our individual businesses.
- You will be able to measure the effects of active portfolio management, as we invest more in our areas of strength and generate cash through further divestments.
- You will be able to measure the contribution of new upstream projects with higher margins, as they come onstream over the next three years.
- You will be able to measure operating cash flow, which we expect to be around 50% higher by 2014.[a]

[a] See footnote c on page 14.

In detail
For more on the strategic priorities set out in the 10-point plan, see Our strategy
Pages 13-15

- We plan to use around half of the increased cash flow for investment and half for other uses including increased distributions to shareholders.
- And finally, you will be able to measure balance sheet strength.

The plan makes a greater priority of creating value for the shareholder, rather than simply increasing production volume. We will sell assets earlier in their lifecycle following discovery if we spot opportunities to reinvest in higher growth areas. We are also being selective in where we invest along the supply chain. For example, we are selling certain mature fields that hold more value for others, and we are selling a number of refining and marketing assets that do not match our aspirations.

I want to say a little more about the areas of strength at the heart of our strategy.

Exploration is our lifeblood. We had a record year for new access in 2011, gaining 55 exploration licences in nine countries. This opened up around 315,000km^2 for exploration. We intend to more than double exploration investment over the next three years.

In deep water, we are confident in our ability to design, engineer and operate large installations safely. 2012 will be a busy year for us in the deepwater regions of Angola, Brazil and the Gulf of Mexico.

Left New investment announced in 2011 may extend production at the Clair field of the UK North Sea to 2050.

Right February 2011 saw BP announce a partnership with Reliance Industries spanning the gas value chain in India, from exploration to marketing.

In giant fields, work with our partners has increased output at Iraq's Rumaila field by more than 10%. BP was the first supermajor to exceed its production target in Iraq. During the year we also announced we will be investing approximately $14 billion – with our partners – in the UK North Sea.

Natural gas is set to be the fastest-growing fossil fuel globally to 2030. Here, we are forging new partnerships, such as the strategic alliance created in 2011 with Reliance Industries in India. We continue to have a significant focus on developing unconventional resources around the world. Taking technology and skills developed in North America, we are working with the governments of Oman and Algeria to develop their large tight gas reservoirs, and we also continue to work in Indonesia to develop their onshore coalbed methane fields.

We also have exceptional expertise in building supply chains. For example, we move gas from 6,000 metres below the Shah Deniz field in Azerbaijan to markets in Western Europe, 3,000 kilometres away.

In Refining and Marketing, our world-class fuels, lubricants and petrochemicals businesses are shifting the balance of their activity towards higher growth markets, including China and India. We are moving forward with our plans to sell around half of our refining capacity in the US, and we have made good progress on the modernization of the Whiting refinery. Looking ahead, we expect our downstream operations to be a material contributor to the cash flow we anticipate over the next few years.

These strengths are supported by our long-standing track record in developing and applying leading technology, and the deep and enduring relationships we form. We were disappointed that our exploration plans with Rosneft did not progress, but we remain committed to our TNK-BP investment in Russia, which continues to be successful.

A well-balanced business

As the *BP Energy Outlook 2030* shows, the world is now in a long wavelength transition to a lower-carbon energy mix. For BP, that means helping to meet current demand through the supply of oil and gas – including unconventional resources – while developing a number of the lower-carbon options needed at scale tomorrow.

During 2011, we invested a further $1.6 billion in our Alternative Energy business, which takes total investment since 2005 to $6.6 billion. We have a growing biofuels business in Brazil and we added 401MW[a] of wind generation capacity during the year, with interests in more than 1,000 wind turbines now turning across the US. In contrast, solar has evolved into a low-margin commodity market, and in 2011 we began winding down our remaining solar operations as we prepare to exit the business.

Looking ahead

BP is meeting its commitments and moving forward with increasing momentum. 2012 will be a year of milestone delivery, with financial momentum building in 2013 and 2014. In 2012, you can expect high-margin production coming back on stream, major project start-ups and new exploration wells, further progress on our divestment programme, continued improvement in downstream financial performance and completion of payments into the Deepwater Horizon Oil Spill Trust fund.

The company has a strong leadership team and non-executive directors who provide rigorous oversight – challenging and supporting executives as circumstances dictate. I want to thank BP's employees for their resilience. They were again tested hard this year. The character of BP's people was evident wherever we operate, not least in Egypt and Libya, where our teams evacuated colleagues and their families safely during the upheavals in the region.

I thank investors for their continued patience through a tough time. One by one, we are addressing the uncertainties facing our company. The days ahead may bring further challenges, but we are in a much stronger position than this time last year. There is a great deal more to do, but we are building a stronger, safer BP that can play an important role in the world for many years to come.

Bob Dudley
Group Chief Executive
6 March 2012

[a] On a gross joint-venture basis (which includes 100% of the capacity of equity-accounted entities where BP has partial ownership). Including BP's share of joint ventures on a net basis, the capacity added was 274MW.

BP's business model is to create value across the entire hydrocarbon value chain. This starts with exploration and ends with the supply of energy and other products that are fundamental to everyday life.

Above When completed in the second half of 2013, modernization work at our Whiting refinery should enable BP to capture additional margins.

Below Operations at BP's Na Kika field in deepwater Gulf of Mexico. BP is one of the largest producers of hydrocarbons in the region.

BP is one of the world's leading integrated oil and gas companies.[a] Our objective is to create value for shareholders and supplies of energy for the world in a safe and responsible way. We strive to be a safety leader in our industry, a world-class operator, a responsible corporate citizen and a good employer.

At each stage of the hydrocarbon value chain there are opportunities for us to create value – both through the successful execution of activities that are core to our industry, and through the application of our own distinctive strengths and capabilities in performing those activities.

We have two main business segments: Exploration and Production, and Refining and Marketing. Through these, our activities are focused on finding, developing and producing essential sources of energy, and turning these sources into products that people need. We provide our customers with fuel for transportation, energy for heat and light, lubricants to keep engines moving, and the petrochemicals products used to make everyday items like plastic bottles.

We also invest in renewable energy sources, which we believe will be an increasing source of value for BP. Our activities are focused on biofuels and wind.

Value creation in our industry

BP's core activities are similar to those carried out by other global, integrated, oil and gas companies.

First, we acquire the rights to explore for oil and gas. When we are successful in finding hydrocarbon resources, we create value by seeking to develop them into proved reserves or by selling them on if they do not fit with our strategic objectives. We often work with partners to mitigate risk or gain from complementary skills. Through disciplined execution of capital projects we then develop, extract and sell the resources. The benefits are shared with governments and other partners.

We move oil and gas through pipelines and by ship, truck and rail. We use our skills and knowledge to find the best routes to deliver supplies to the most attractive markets.

We manufacture fuels and products, creating value by seeking to operate a high-quality portfolio of well-located assets safely, reliably and efficiently. We use our sales and marketing skills to add value to our fuels and other products.

BP's distinctive capabilities and sources of value

By operating across the full hydrocarbon value chain we believe we can create more value for shareholders, as benefits and costs can often be shared by our two segments. We can develop shared functional excellence more efficiently in areas such as safety and operational risk, environmental and social practices, procurement, technology and treasury management.

[a] On the basis of market capitalization, proved reserves and production.

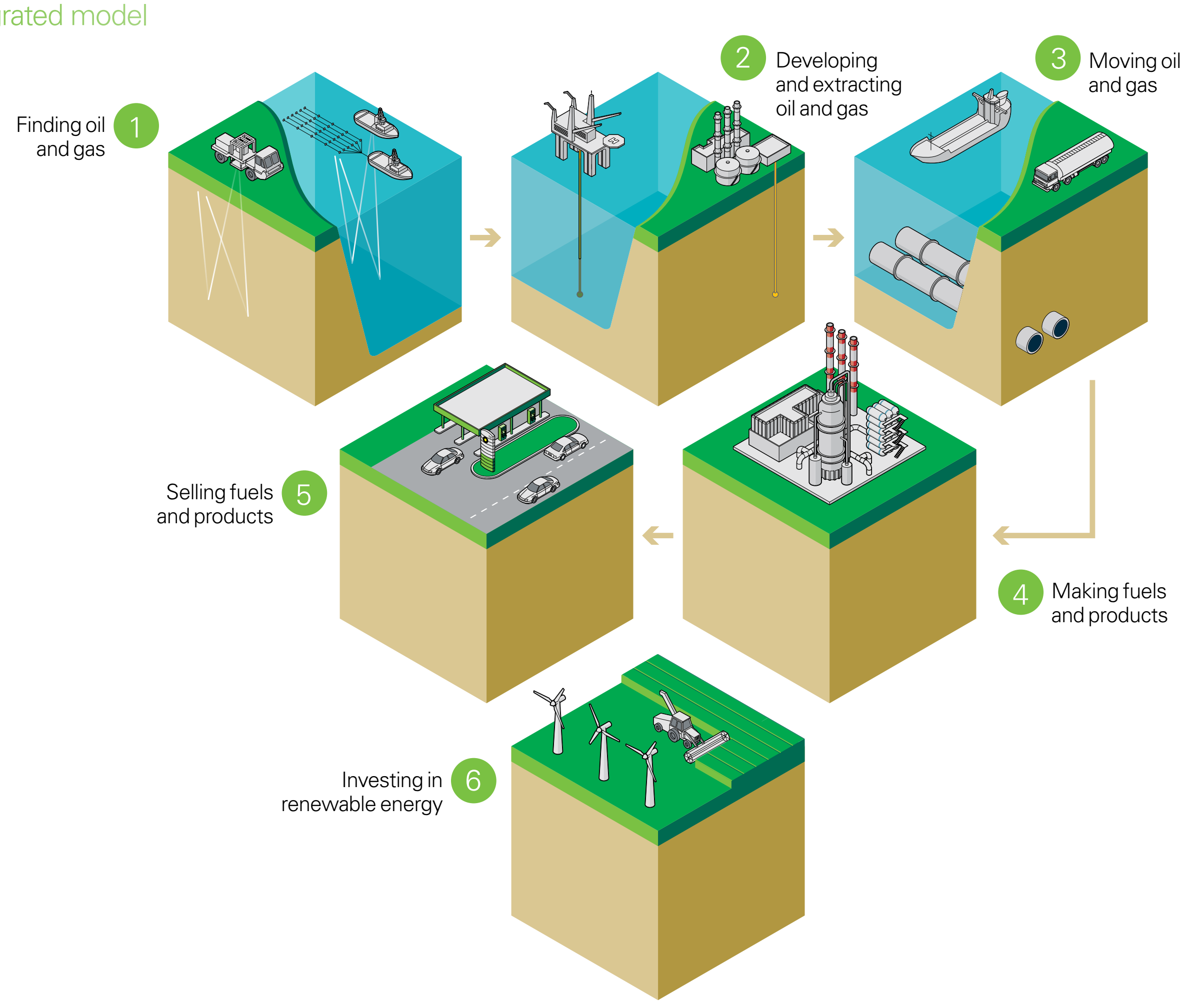
We have a distinctive integrated supply and trading function, which aims to maximize the value of our production while ensuring our refineries are fully supplied. We buy and sell at each stage in the value chain to optimize value for the group, often selling our own production and buying from elsewhere to satisfy demand from our refineries and customers. The function also creates value through entrepreneurial trading, where our presence across the major energy trading hubs of the world provides access to vital information on the fundamentals of markets that are increasingly connected.

We consider our ability to build a wide range of strong, long-term relationships to be both a key strength and crucial to our success. We partner with national oil companies and our international oil company peers; with universities and governments in the pursuit of improving the technologies available; we work with contractors and suppliers; and we also actively participate in industry bodies.

We believe our development and application of technology represents a distinctive capability that is central to our reputation and competitive advantage. For us, technology is the practical application of scientific knowledge to manage risks, capture business value and inform strategy development. This includes the research, development, demonstration and acquisition of new technical capabilities and support for the deployment of BP's know-how.

In detail
Find out more online.
bp.com/technology

Integrated model



Our business model

Upstream and midstream – playing to our strengths

Our exploration division obtains access to and finds resources at scale in the world's key hydrocarbon basins. We are an industry leader in seismic imaging, a key technology in the identification of potential hydrocarbon resources. Our developments division develops our hydrocarbon resources, applying effective project execution and capital efficiency. Our production division then extracts resources efficiently and maximizes their recovery.

We focus on areas that play to our strengths – deepwater, gas value chains (including the infrastructure required from field to market) and giant fields. We are increasing investment with a particular focus on exploration. We actively manage our portfolio, including divesting assets when we believe they may be more valuable to others than to ourselves. This allows us to focus our leadership, technical resources, and organizational capability on the resources we believe are most likely to flourish in our portfolio.

Left In 2011, we received local government approval for a 1.25mtpa PTA plant to be added to existing BP petrochemicals facilities in Zhuhai, China.

Right During 2011, full commercial operations started at Cedar Creek 2 wind farm in Colorado.

Downstream – working across the value chain

Our Refining and Marketing segment comprises three main businesses: fuels, lubricants and petrochemicals. All of our businesses operate as value chains.

The fuels businesses sell refined petroleum products including gasoline, diesel and aviation fuel. Within this, the fuels value chains integrate the activities of refining, logistics, marketing, and supply and trading on a regional basis. This recognizes the geographic nature of the markets in which we compete, providing the opportunity to optimize our activities from crude oil purchases to end-consumer sales through our physical assets (refineries, terminals, pipelines and retail stations). We focus on complex, upgraded refineries that are able to process cheaper feedstocks yet yield more valuable products. In addition, we operate a global aviation fuels and an LPG marketing business.

Our lubricants business is involved in manufacturing and marketing lubricants and related services to markets around the world. In 2011, approximately 45% of our profit from lubricants was generated from non-OECD markets, and we see good opportunities for further growth in these areas. We market lubricants to the automotive, industrial, marine, aviation and energy markets. The business blends and markets lubricants globally through our key brands of Castrol, BP and Aral.

Our petrochemicals business operates on a global basis and includes the manufacture and marketing of petrochemicals that are used in many everyday products, such as plastic bottles and textiles for clothing. Future growth in our business is focused on the demand centres of Asia, where our relationships with joint venture partners are key to our strategy in these increasingly important markets.

In 2011, we put forward a clear 10-point plan of how we intend to build a stronger, safer BP.

Following the tragic Deepwater Horizon oil spill, we set out a strategy designed to deliver stability, and restore trust and value. Our first priority was to work to make BP a safer, more risk-aware business. We pursued that strategy with purpose through 2011 and have now laid out a 10-point plan for BP's future.

Our renewed strategy is designed to make BP a simpler, stronger company that plays to its strengths. It concentrates our distinctive talents on high value, advantaged assets, with new and enhanced structures, process and discipline serving to support and sustain our businesses and operations. Our goal is to grow operating cash flows to enable us to both invest for future growth and increase distributions to shareholders.

Our upstream strategic focus is aligned with what we see as the five key drivers of value growth in our operations. These are: managing risk; increasing investment, with a particular focus on exploration; managing our portfolio actively; growing operating cash faster than production; and focusing on the major growth engines that capitalize on our strengths – deepwater, gas value chains and giant fields.

In the downstream, we are in the business of hydrocarbon value chains, and with an intense focus on safe and reliable operations, we believe we now have the platform to sustain and grow a world-class business capable of generating leading returns and cash flow growth.

Below BP has a significant presence in Trinidad & Tobago, operating 13 offshore platforms and holding an interest in Atlantic LNG.

Above Having achieved our improved production target in 2010, BP and partners are working to refurbish the wells and facilities at the Rumaila field in Iraq.

Our strategy: Our 10-point plan

Our 10-point plan is how we intend to build a stronger, safer BP. The first five points are things you can expect from us; the second five are things you can measure.

What you can expect from us

1 **We will keep a relentless focus on safety and managing risk**
We are determined that BP will deliver world-class performance in safety, risk management and operational discipline. We will be a company that systematically applies our global standards as a single team.

2 **We will play to our strengths**
We have had major successes at finding oil and gas at scale. We are also among the real pioneers of deepwater exploration. We have decades of experience managing giant fields and developing valuable gas value chains. We have built a world-class downstream business. Underpinning these strengths are deep capabilities in building relationships and in developing technologies.

3 **We will be stronger and more focused**
We intend to be a stronger and more focused BP, with a base of assets that is high graded and high performing.

4 **We will be simpler and more standardized**
Our organization is already much more standardized than it was before the Deepwater Horizon oil spill. The transformation of our Exploration and Production segment from a regional business to one that is managed along lines of functional expertise is an example of this. Our footprint is smaller, with fewer assets and operations in fewer countries. Our internal reward and performance processes are more streamlined. This should drive better and more sustainable performance in safety, quality and efficiency, with less variation.

5 **We will improve transparency through our reporting**
We will improve transparency in the reporting of our business segments. We now break out the numbers of certain parts of our businesses, such as lubricants and petrochemicals in the downstream. From the first quarter of 2012, the group's investment in TNK-BP will be reported as a separate operating segment.

What you can measure

6 **Active portfolio management**
We want to focus our portfolio further on our areas of strength, and deliver increased financial flexibility. By the end of 2013, we expect to have completed $38 billion of disposals since the start of 2010.

7 **New projects with higher margins**
We have a strong list of upstream projects due to come onstream over the next three years. By 2014, unit cash margins[a] on production from this new wave of projects are expected to be around double our existing average.[b]

8 **Operating cash flow growth**
We are aiming to generate an increase of around 50% net cash provided by additional operating activities by 2014 compared with 2011[c] – approximately half from ending Deepwater Horizon Oil Spill Trust fund payments and around half from operations.

9 **Use of cash flow for reinvestment and distributions**
We will use additional operating cash prudently. We want to use around half for increased investment in our project inventory for growth, and around half for other purposes. This may include increased distributions to shareholders through dividends or share buybacks or repayment of debt.

10 **Strong balance sheet**
We intend to enhance the strength of our balance sheet by targeting our level of gearing[d] at the lower half of the 10-20% range over time.

[a] Unit cash margin is net cash provided by operating activities for the relevant projects in our Exploration and Production segment, divided by the total number of barrels of oil and gas equivalent produced for the relevant projects. It excludes dividends and production for TNK-BP.
[b] Assuming a constant oil price of $100 per barrel.
[c] Assuming an oil price of $100 per barrel in 2014. The projection reflects our expectation that all required payments into the $20-billion trust fund will have been completed by the end of 2012. It does not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Gulf of Mexico oil spill which may or may not arise at that time. We are not able to reliably estimate the amount or timing of a number of contingent liabilities.
[d] Gearing refers to the ratio of the group's net debt to net debt plus equity and is a non-GAAP measure.

We have set out a series of milestones by which our progress can be tracked. These milestones mark our aspirations, plans and intended progress over the next three years.

At the Cherry Point refinery, BP is investing in a clean diesel project to produce cleaner burning fuels that will comply with new lower-sulphur specifications.

2012

We see the full benefits of our 2011 turnarounds as high-margin production comes back onstream in Angola, the North Sea and elsewhere.

Exploration drilling activity increases to 12 wells.

Six major upstream project start-ups.

Eight rigs expected to be operating in the Gulf of Mexico.

Completion of our payments into the Deepwater Horizon Oil Spill Trust.

$2 billion of financial performance improvement[a] in Refining and Marketing since 2009.

Organic capital expenditure[b] increases to around $22 billion.

2013-14

Drilling up to 25 wells per year.

A further nine major upstream project start-ups.

Unit operating cash margins[c] from new upstream projects in 2014 expected to be double the 2011 average.[d]

We bring onstream the major upgrade to the Whiting refinery in the second half of 2013.

We complete our $38-billion divestment programme by the end of 2013.

We have a high value, focused portfolio that plays to our strengths.

Overall operating cash flow in 2014 to increase by 50% compared with 2011.[e]

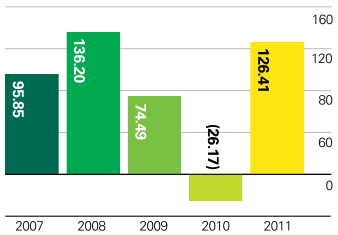
We expect to use around half of the extra cash for increased investment and around half for other purposes, including increased distributions to shareholders.

[a] This performance improvement will be measured by comparing Refining and Marketing's replacement cost profit before interest and tax for 2009 with that of 2012, after adjusting for non-operating items, fair value accounting effects and the impact of changes in the refining margin and petrochemicals environment (including energy costs), foreign exchange impacts and price-lag effects for crude and product purchases. This adjusted measure of replacement cost profit before interest and tax is a non-GAAP measure.
[b] Organic capital expenditure excludes acquisitions and asset exchanges.
[c] See footnote a on page 14.
[d] See footnote b on page 14.
[e] See footnote c on page 14.

Our performance

We track performance against key financial and non-financial indicators. This year, in alignment with our 10-point strategic plan, we have introduced gearing as a key measure.

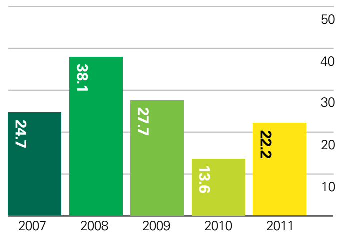
Replacement cost profit (loss) per ordinary share (cents)



Replacement cost profit (loss) reflects the replacement cost of supplies. It is arrived at by excluding from profit inventory holding gains and losses and their associated tax effect. Replacement cost profit for the group is the profitability measure used by management. It is a non-GAAP measure. See page 18 for the equivalent measure on an IFRS basis.

In 2011, we returned to profitability following the financial impact of the Deepwater Horizon oil spill in 2010.

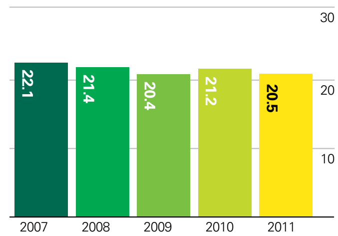
Operating cash flow ($ billion)



Operating cash flow is net cash flow provided by operating activities, from the group cash flow statement. Operating activities are the principal revenue-generating activities of the group and other activities that are not investing or financing activities.

In 2011, operating cash flow recovered, primarily due to a reduction in cash outflow in respect of the Deepwater Horizon oil spill.

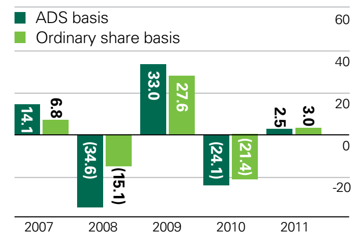
Gearing (net debt ratio) (%)



Gearing enables investors to see how significant net debt is relative to equity from shareholders. Net debt is equal to gross finance debt, plus associated derivatives, less cash and cash equivalents. Net debt and net debt ratio are non-GAAP measures.

In 2011, gearing decreased slightly and we expect it to reduce to the lower half of the 10-20% range over time.

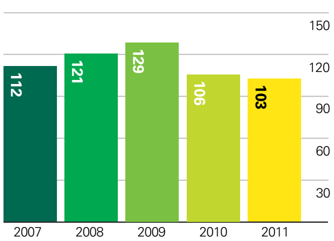
Total shareholder return (%)



Total shareholder return represents the change in value of a BP shareholding over a calendar year, assuming that dividends are re-invested to purchase additional shares at the closing price applicable on the ex-dividend date.

In 2011, shareholder return improved with the resumption of dividends.

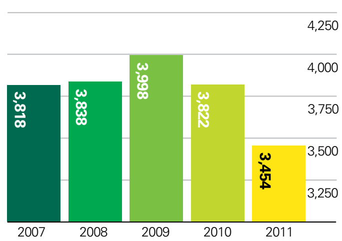
Reserves replacement ratio (%)



Proved reserves replacement ratio (also known as the production replacement ratio) is the extent to which production is replaced by proved reserves additions. The ratio is expressed in oil equivalent terms and includes changes resulting from revisions to previous estimates, improved recovery and extensions, and discoveries. The measure reflects both subsidiaries and equity-accounted entities, but excludes acquisitions and disposals.

The 2011 reserves additions for TNK-BP include the effect of moving from life-of-licence measurement to life-of-field measurement, reflecting TNK-BP's track record of successful licence renewal. Excluding this effect, BP's 2011 reserves replacement ratio would have been 83%.

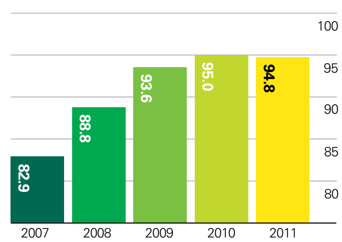
Production (mboe/d)



We report crude oil, natural gas liquids (NGLs) and natural gas produced from subsidiaries and equity-accounted entities. These are converted to barrels of oil equivalent (boe) at 1 barrel of NGL = 1boe and 5,800 standard cubic feet of natural gas = 1boe.

Reported production in 2011 was 10% lower than in 2010, due to higher turnaround and maintenance activity, and the impact of the drilling moratorium in the Gulf of Mexico.

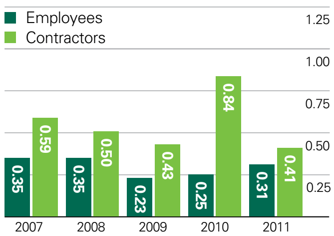
Refining availability (%)



Refining availability represents Solomon Associates' operational availability, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualized time lost due to turnaround activity and all planned mechanical, process and regulatory maintenance downtime.

Refining availability decreased slightly in 2011 principally due to the second quarter weather-related power outage at Texas City.

Reported recordable injury frequency[a]

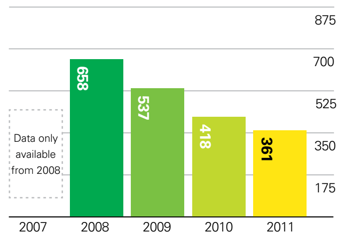


Reported recordable injury frequency (RIF) measures the number of reported work-related incidents that result in a fatality or injury (apart from minor first aid cases) per 200,000 hours worked.

In 2011, our workforce RIF, which includes employees and contractors combined, was 0.36, compared with 0.61 in 2010 and 0.34 in 2009. The 2010 group RIF was affected by the Gulf Coast response effort.

[a] This represents reported incidents occurring within BP's operational HSSE reporting boundary. That boundary includes BP's own operated facilities and certain other locations or situations.

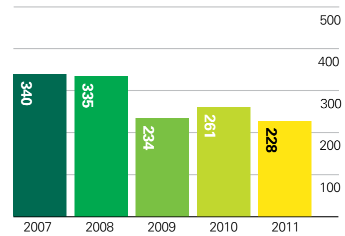
Loss of primary containment[a]



Loss of primary containment is the number of unplanned or uncontrolled releases of material, excluding non-hazardous releases, such as water from a tank, vessel, pipe, railcar or other equipment used for containment or transfer.

In 2011, there were 361 losses of primary containment compared to 418 in 2010. Tracking losses of integrity is a way of measuring safety performance and helping drive improvements.

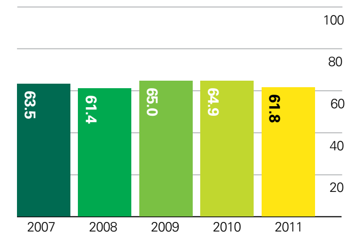
Oil spills[a]



We report the number of spills of hydrocarbons greater than or equal to one barrel (159 litres, 42 US gallons). We include spills that were contained, as well as those that reached land or water.

In 2011, there were 228 oil spills of one barrel or more. We are taking measures to strengthen mandatory safety-related standards and processes, including operational risk and integrity management.

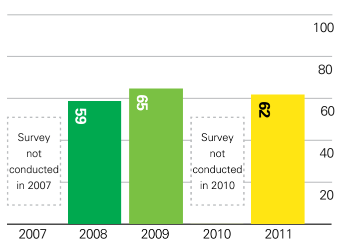
Greenhouse gas emissions
(million tonnes of CO_2 equivalent)



We report greenhouse gas (GHG) emissions on a CO_2-equivalent basis, including CO_2 and methane. This represents all consolidated entities and BP's share of equity-accounted entities, except TNK-BP. In 2010 we did not report on GHG emissions associated with the Deepwater Horizon incident or response.

The decrease of 3.1Mte in 2011 is primarily explained by temporary reduction in activity in some of our businesses as a result of maintenance work and also by the sale of assets as part of our disposal programme.

Employee satisfaction[b]
(%)

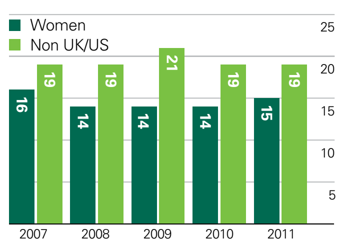


The employee satisfaction index comprises 10 questions that provide insight into levels of employee satisfaction across topics such as pay and trust in management.

Our 2010 survey was delayed to allow for organizational changes to be reflected in the survey construction. This was completed and the 2011 survey showed improvements in the level of employee recognition, with the opportunity for clarity about the organization's priorities highlighted as an area for improvement.

[b] Relates to BP employees.

Diversity and inclusion[b]
(%)



Each year we record the percentage of women and individuals from countries other than the UK and US among BP's group leaders. The number of group leaders in 2011 was 516, compared with 482 in 2010 and 492 in 2009.

BP has increased the percentage of female leaders in 2011 and remains focused on building a more sustainable pipeline of diverse talent for the future.

Our financial performance

Results

For the year ended 31 December		$ million
	2011	2010
By business		
Exploration and Production	**30,500**	30,886
Refining and Marketing	**5,474**	5,555
Other businesses and corporate	**(2,478)**	(1,516)
Gulf of Mexico oil spill response	**3,800**	(40,858)
Consolidation adjustment	**(113)**	447
Replacement cost profit (loss) before interest and tax[a]	**37,183**	(5,486)
Finance costs and net finance expense or income relating to pensions and other post-retirement benefits	**(983)**	(1,123)
Taxation on a replacement cost basis	**(11,903)**	2,090
Minority interest	**(397)**	(395)
Replacement cost profit (loss) attributable to BP shareholders[a]	**23,900**	(4,914)
Inventory holding gains	**2,634**	1,784
Taxation on inventory holding gains	**(834)**	(589)
Profit (loss) for the year attributable to BP shareholders	**25,700**	(3,719)
Per ordinary share – cents		
Profit (loss) for the year attributable to BP shareholders	**135.93**	(19.81)
Replacement cost profit (loss) attributable to BP shareholders	**126.41**	(26.17)
Net cash provided by operating activities	**22,154**	13,616
Dividends paid per ordinary share – cents	**28.00**	14.00
Dividends paid per American depositary share (ADS) – dollars	**1.68**	0.84

[a]Replacement cost profit or loss reflects the replacement cost of supplies. The replacement cost profit or loss for the year is arrived at by excluding from profit or loss inventory holding gains and losses and their associated tax effect. Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies incurred during the year and the cost of sales calculated on the first-in first-out method, including any changes in provisions where the net realizable value of inventory is lower than its cost. Inventory holding gains and losses, for this purpose, are calculated for all inventories except for those that are held as a part of a trading position and certain other temporary inventory positions. BP uses this measure to assist investors in assessing BP's performance from period to period. Replacement cost profit or loss for the group is a non-GAAP measure.

BP's full-year replacement cost profit attributable to BP shareholders was $23,900 million compared with a loss of $4,914 million in 2010. Profit for the year attributable to BP shareholders was $25,700 million, including inventory holding gains and losses, compared with a loss of $3,719 million in 2010. Our profit in 2011 reflected non-operating items and fair value accounting effects that had a net favourable impact of $2,242 million compared with a net unfavourable impact of $25,436 million for 2010, primarily representing the costs associated with the Gulf of Mexico oil spill. Inventory holding gains and losses, non-operating items and fair value accounting effects are defined on page 27.

The Exploration and Production segment replacement cost profit before interest and tax for the year was $30,500 million, compared with $30,886 million in 2010. Non-operating items and fair value accounting effects had a net favourable impact of $1,141 million in 2011 and $3,196 million in 2010. The result in 2011 compared to 2010 benefited from higher realizations but was adversely impacted by lower production volumes and higher costs resulting from maintenance, turnarounds, and rig standby costs in the Gulf of Mexico.

The Refining and Marketing segment replacement cost profit before interest and tax for the year was $5,474 million. The result for 2010 was $5,555 million. Non-operating items and fair value accounting effects had a net unfavourable impact of $539 million in 2011 and a net favourable impact of $672 million in 2010. In addition the business benefited from strong refinery operations which enabled us to capture the benefits of lower-priced WTI-based crude grades for some US refineries, and a higher refining margin environment. The result also benefited from stronger supply and trading contributions. These benefits were partly offset by a significantly higher level of turnarounds in 2011 than in 2010, negative impacts from increased sweet crude prices in Europe and Australia, and weather-related power outages in the US in the second quarter.

In Other businesses and corporate BP began winding down its remaining solar operations as it prepares to exit the solar business. Non-operating charges of $687 million have been recognized with respect to raw materials purchase contracts.

Replacement cost profit before interest and tax for the full year includes a pre-tax credit of $3.8 billion relating to the Gulf of Mexico oil spill, primarily reflecting the settlements reached with Anadarko Petroleum Company, Cameron International Corporation, MOEX USA Corporation and Weatherford U.S., L.P partially offset by further costs and adjustments to provisions. In 2010 the corresponding amount was a charge of $40.9 billion. All amounts relating to the incident have been treated as non-operating items. For further information on the Gulf of Mexico oil spill and its consequences, including details of the proposed settlement with the Plaintiffs' Steering Committee as part of MDL 2179, see Note 2 on page 22.

Finance costs and net finance income or expense relating to pensions and other post-retirement benefits were $983 million for 2011, compared with $1,123 million for 2010.

The charge for corporate taxes on replacement cost profit in 2011 was $11,903 million, compared with a credit of $2,090 million in 2010. The effective tax rate was 33% in 2011 and 32% in 2010. The group earns income in many countries and, on average, pays taxes at rates higher than the UK statutory rate of 26%.

Including the impact of the Gulf of Mexico oil spill, net cash provided by operating activities was $22.2 billion, compared with $13.6 billion last year. The amount for 2011 included net cash outflows of $6.8 billion relating to the Gulf of Mexico oil spill (2010 $16.0 billion).

Our 2011 reported reserves replacement ratio, excluding acquisitions and disposals, was 103% (details of which are provided in *BP Annual Report and Form 20-F 2011*). This reflects both subsidiaries and equity-accounted entities. Reserves additions for TNK-BP include the effect of moving from life-of-licence measurement to life-of-field measurement, reflecting TNK-BP's track record of successful licence renewal. Excluding this effect, our 2011 reserves replacement ratio excluding acquisitions and disposals would have been 83%.

Dividends

The quarterly dividend expected to be paid on 30 March 2012 in respect of the fourth quarter 2011 is 8 cents per ordinary share ($0.48 per American depositary share (ADS)). The corresponding amount in sterling will be announced on 19 March 2012. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the Scrip Dividend Programme are available at *bp.com/scrip*.

Group income statement

For the year ended 31 December			$ million
	2011	2010	2009
Sales and other operating revenues	**375,517**	297,107	239,272
Earnings from jointly controlled entities – after interest and tax	**1,304**	1,175	1,286
Earnings from associates – after interest and tax	**4,916**	3,582	2,615
Interest and other income	**596**	681	792
Gains on sale of businesses and fixed assets	**4,130**	6,383	2,173
Total revenues and other income	**386,463**	308,928	246,138
Purchases	**285,618**	216,211	163,772
Production and manufacturing expenses[a]	**24,145**	64,615	23,202
Production and similar taxes	**8,280**	5,244	3,752
Depreciation, depletion and amortization	**11,135**	11,164	12,106
Impairment and losses on sale of businesses and fixed assets	**2,058**	1,689	2,333
Exploration expense	**1,520**	843	1,116
Distribution and administration expenses	**13,958**	12,555	14,038
Fair value (gain) loss on embedded derivatives	**(68)**	309	(607)
Profit (loss) before interest and taxation	**39,817**	(3,702)	26,426
Finance costs[a]	**1,246**	1,170	1,110
Net finance expense (income) relating to pensions and other post-retirement benefits	**(263)**	(47)	192
Profit (loss) before taxation	**38,834**	(4,825)	25,124
Taxation[a]	**12,737**	(1,501)	8,365
Profit (loss) for the year	**26,097**	(3,324)	16,759
Attributable to			
BP shareholders	**25,700**	(3,719)	16,578
Minority interest	**397**	395	181
	26,097	(3,324)	16,759
Earnings per share – cents			
Profit (loss) for the year attributable to BP shareholders			
Basic	**135.93**	(19.81)	88.49
Diluted	**134.29**	(19.81)	87.54

[a]See Note 2 for information on the impact of the Gulf of Mexico oil spill on the income statement line items.

Group statement of comprehensive income

For the year ended 31 December			$ million
	2011	2010	2009
Profit (loss) for the year	**26,097**	(3,324)	16,759
Currency translation differences	**(531)**	259	1,826
Exchange (gains) losses on translation of foreign operations transferred to gain or loss on sale of businesses and fixed assets	**19**	(20)	(27)
Actuarial gain (loss) relating to pensions and other post-retirement benefits	**(5,960)**	(320)	(682)
Available-for-sale investments marked to market	**(71)**	(191)	705
Available-for-sale investments – recycled to the income statement	**(3)**	(150)	2
Cash flow hedges marked to market	**44**	(65)	652
Cash flow hedges – recycled to the income statement	**(195)**	(25)	366
Cash flow hedges – recycled to the balance sheet	**(13)**	53	136
Share of equity – accounted entities' other comprehensive income, net of tax	**(57)**	–	–
Taxation	**1,659**	(137)	525
Other comprehensive income (expense)	**(5,108)**	(596)	3,503
Total comprehensive income (expense)	**20,989**	(3,920)	20,262
Attributable to			
BP shareholders	**20,605**	(4,318)	20,137
Minority interest	**384**	398	125
	20,989	(3,920)	20,262

Group statement of changes in equity

$ million

	Share capital and capital reserves	Own shares and treasury shares	Foreign currency translation reserve	Fair value reserves	Share–based payment reserve	Profit and loss account	BP shareholders' equity	Minority interest	Total equity
At 1 January 2011	**43,448**	**(21,211)**	**4,937**	**469**	**1,586**	**65,758**	**94,987**	**904**	**95,891**
Total comprehensive income	**–**	**–**	**(515)**	**(202)**	**–**	**21,322**	**20,605**	**384**	**20,989**
Dividends	**–**	**–**	**–**	**–**	**–**	**(4,072)**	**(4,072)**	**(245)**	**(4,317)**
Share-based payments (net of tax)	**6**	**(112)**	**–**	**–**	**(4)**	**102**	**(8)**	**–**	**(8)**
Transactions involving minority interests	**–**	**–**	**–**	**–**	**–**	**(47)**	**(47)**	**(26)**	**(73)**
At 31 December 2011	**43,454**	**(21,323)**	**4,422**	**267**	**1,582**	**83,063**	**111,465**	**1,017**	**112,482**
At 1 January 2010	43,304	(21,517)	4,811	776	1,584	72,655	101,613	500	102,113
Total comprehensive income	–	–	126	(307)	–	(4,137)	(4,318)	398	(3,920)
Dividends	–	–	–	–	–	(2,627)	(2,627)	(315)	(2,942)
Share-based payments (net of tax)	144	306	–	–	2	(113)	339	–	339
Transactions involving minority interests	–	–	–	–	–	(20)	(20)	321	301
At 31 December 2010	43,448	(21,211)	4,937	469	1,586	65,758	94,987	904	95,891
At 1 January 2009	43,217	(21,839)	2,353	(803)	1,295	67,080	91,303	806	92,109
Total comprehensive income	–	–	2,458	1,579	–	16,100	20,137	125	20,262
Dividends	–	–	–	–	–	(10,483)	(10,483)	(416)	(10,899)
Share-based payments (net of tax)	87	322	–	–	289	23	721	–	721
Changes in associates' equity	–	–	–	–	–	(43)	(43)	–	(43)
Transactions involving minority interests	–	–	–	–	–	(22)	(22)	(15)	(37)
At 31 December 2009	43,304	(21,517)	4,811	776	1,584	72,655	101,613	500	102,113

Group cash flow statement

For the year ended 31 December	**2011**	2010	2009
			$ million
Operating activities			
Profit (loss) before taxation	**38,834**	(4,825)	25,124
Depreciation and other similar non-cash charges	**10,087**	6,845	12,859
Earnings from equity-accounted entities, less dividends received	**(839)**	(1,480)	(898)
Net charge for interest and other finance expense, less net interest paid	**(109)**	139	338
Share-based payments	**(88)**	197	450
Net operating charge for pensions and other post-retirement benefits, less contributions and benefit payments for unfunded plans	**(1,004)**	(959)	(887)
Net charge for provisions, less payments	**2,976**	19,217	650
Movements in working capital	**(19,668)**	1,092	(3,596)
Income taxes paid	**(8,035)**	(6,610)	(6,324)
Net cash provided by operating activities	**22,154**	13,616	27,716
Net cash used in investing activities	**(26,633)**	(3,960)	(18,133)
Net cash provided by (used in) financing activities	**482**	840	(9,551)
Currency translation differences relating to cash and cash equivalents	**(492)**	(279)	110
Increase (decrease) in cash and cash equivalents	**(4,489)**	10,217	142
Cash and cash equivalents at beginning of year	**18,556**	8,339	8,197
Cash and cash equivalents at end of year	**14,067**	18,556	8,339

Group balance sheet

At 31 December		$ million
	2011	2010[a]
Non-current assets		
Property, plant and equipment	**119,214**	110,163
Goodwill	**12,100**	8,598
Intangible assets	**21,102**	14,298
Investments in jointly controlled entities	**15,518**	14,927
Investments in associates	**13,291**	13,335
Other investments	**2,117**	1,191
Fixed assets	**183,342**	162,512
Loans	**884**	894
Trade and other receivables	**4,337**	6,298
Derivative financial instruments	**5,038**	4,210
Prepayments	**1,255**	1,432
Deferred tax assets	**611**	528
Defined benefit pension plan surpluses	**17**	2,176
	195,484	178,050
Current assets		
Loans	**244**	247
Inventories	**25,661**	26,218
Trade and other receivables	**43,526**	36,549
Derivative financial instruments	**3,857**	4,356
Prepayments	**1,286**	1,574
Current tax receivable	**235**	693
Other investments	**288**	1,532
Cash and cash equivalents	**14,067**	18,556
	89,164	89,725
Assets classified as held for sale	**8,420**	4,487
	97,584	94,212
Total assets	**293,068**	272,262
Current liabilities		
Trade and other payables	**52,405**	46,329
Derivative financial instruments	**3,220**	3,856
Accruals	**5,932**	5,612
Finance debt	**9,044**	14,626
Current tax payable	**1,941**	2,920
Provisions	**11,238**	9,489
	83,780	82,832
Liabilities directly associated with assets classified as held for sale	**538**	1,047
	84,318	83,879
Non-current liabilities		
Other payables	**3,437**	14,285
Derivative financial instruments	**3,773**	3,677
Accruals	**389**	637
Finance debt	**35,169**	30,710
Deferred tax liabilities	**15,078**	10,908
Provisions	**26,404**	22,418
Defined benefit pension plan and other post-retirement benefit plan deficits	**12,018**	9,857
	96,268	92,492
Total liabilities	**180,586**	176,371
Net assets	**112,482**	95,891
Equity		
BP shareholders' equity	**111,465**	94,987
Minority interest	**1,017**	904
Total equity	**112,482**	95,891

[a]Adjusted following the termination of the Pan American Energy LLC sale agreement. See Note 3 on page 23.

The summary financial statement on pages 1-33 was signed on behalf of the board by:

C-H Svanberg Chairman
R W Dudley Group Chief Executive
6 March 2012

Notes

1 Presentation of the financial statements

These summarized financial statements represent an abridged version of the financial statements in *BP Annual Report and Form 20-F 2011,* which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS as adopted for use by the European Union (EU). IFRS as adopted for use by the EU differs in certain respects from IFRS as issued by the IASB; however, the differences have no impact on the group's consolidated financial statements for the years presented.

2 Significant event – Gulf of Mexico oil spill

As a consequence of the Gulf of Mexico oil spill, BP continues to incur costs and has also recognized liabilities for future costs. The group income statement for 2011 includes a pre-tax credit of $3.7 billion which reflects credits of $5.5 billion relating to settlements, partially offset by further costs associated with the spill response, adjustments to provisions for future costs, and an increase in the amount provided for legal fees, as well as functional expenses of the Gulf Coast Restoration Organization. In 2010, the pre-tax charge recognized was $40.9 billion, which included the $20-billion Deepwater Horizon Oil Spill Trust (the Trust) commitment.

During 2011, settlements were agreed with BP's two co-owners of the Macondo well comprising $5.1 billion in cash, plus the co-owners' interests in the lease. In addition, settlements were also agreed with the manufacturer of the float collar used in the well and the designer and manufacturer of the blowout preventer, totalling $0.3 billion in cash. Cash settlements of $5.1 billion were received by BP during 2011 and a further $0.3 billion in January 2012, all of which was contributed to the trust fund.

Under US law, BP is required to compensate individuals, businesses, government entities and others who have been impacted by the oil spill. Individual and business claims have been administered by the Gulf Coast Claims Facility (GCCF), which is separate from BP. BP established a trust fund of $20 billion to be funded over the period to the fourth quarter of 2013, which is available to satisfy legitimate individual and business claims administered by the GCCF, state and local government claims resolved by BP, final judgments and settlements, state and local response costs, and natural resource damages and related costs arising as a consequence of the Gulf of Mexico oil spill. BP has made regular contributions of $1.25 billion per quarter to the trust fund during 2011, and as a consequence of the accelerated contributions of the settlement receipts the remaining $4.9 billion obligation is now expected to be paid in full by the end of 2012. The income statement charge for 2010 includes $20 billion in relation to the trust fund, adjusted to take account of the time value of money. The establishment of the trust fund does not represent a cap or floor on BP's liabilities and BP does not admit to a liability of this amount.

BP has provided for all liabilities that can be estimated reliably at this time, including fines and penalties under the Clean Water Act (CWA). The total amounts that will ultimately by paid by BP in relation to all obligations relating to the incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors.

Although the provision recognized is the current best estimate of expenditures required to settle certain present obligations at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably. BP considers that it is not possible to estimate reliably any obligation in relation to Natural Resource Damage claims under the Oil Pollution Act 1990 other than the cost of emergency and early restoration projects, litigation other than that related to the proposed settlement with the Plaintiffs' Steering Committee noted below, and fines and penalties except for those in relation to the CWA. These items are therefore disclosed as contingent liabilities.

Adjusting event after the reporting period

Settlement with the Plaintiffs' Steering Committee, subject to final written agreement and court approvals, to resolve economic loss and medical claims

Subsequent to BP releasing its preliminary announcement of the fourth quarter 2011 results on 7 February 2012, BP announced on 3 March 2012 that it had reached a proposed settlement with the Plaintiffs' Steering Committee (PSC), subject to final written agreement and court approvals, to resolve the substantial majority of legitimate economic loss and medical claims stemming from the Deepwater Horizon accident and oil spill. The PSC acts on behalf of individual and business plaintiffs in the Multi-District Litigation proceedings pending in New Orleans (MDL 2179). Under the proposed settlement, class members would release and dismiss their claims against BP. The proposed settlement is not an admission of liability by BP. The proposed settlement is an adjusting event after the reporting period and therefore has been reflected in the financial statements for 2011 included in this report.

The proposed settlement has not resulted in any increase in the $37.2 billion net pre-tax charge previously recorded in the financial statements. BP estimates that the cost of the proposed settlement, which covers Individual and Business Claims and associated costs that are expected to be paid from the $20-billion trust fund, would be approximately $7.8 billion. This represents an increase of $2.1 billion in the provision compared to the amount reflected in the fourth quarter 2011 preliminary results announcement, with no net impact to either the income statement or the cash flow statement, since it is expected to be payable from the trust fund. The amount that can further be provided with no net impact to the income statement is therefore reduced from approximately $5.5 billion to approximately $3.4 billion. While this is BP's reliable best estimate of the cost of the proposed settlement, it is possible that the actual cost could be higher or lower than this estimate depending on the outcomes of the court-supervised claims processes.

Costs of the proposed settlement will be paid either from the $20-billion trust or, should the Trust not be sufficient, directly by BP. At this time BP expects all claims to be paid from the Trust.

The proposed settlement does not include claims against BP made by the United States Department of Justice or other federal agencies (including under the Clean Water Act and for Natural Resource Damages under the Oil Pollution Act) or by the states and local governments. The proposed settlement also excludes certain other claims against BP, such as securities and shareholder claims, and claims based solely on the deepwater drilling moratorium and/or the related permitting process.

The proposed settlement is subject to reaching definitive and fully documented agreements within 45 days of 2 March 2012. If those agreements are not reached, either party has the right to terminate the proposed settlement. Once there are definitive and fully documented agreements, BP and the PSC would then seek the court's preliminary approval of the settlement. Under US federal law, there is an established procedure for determining the fairness, reasonableness and adequacy of class action settlements. Pursuant to this procedure and subject to the court granting preliminary approval of the agreements, there will be an extensive outreach programme to the public to explain the settlement agreements, class members' rights, including the right to 'opt out' of the classes and the process of making claims. The court would then conduct fairness hearings at which class members and various other parties would have the opportunity to be heard and present evidence. The court would then decide whether or not to approve each proposed settlement agreement.

For further details of the proposed settlement and a full understanding of the impacts and uncertainties relating to the Gulf of Mexico oil spill, refer to *BP Annual Report and Form 20-F 2011*.

3 Disposals and non-current assets held for sale

As part of the response to the Gulf of Mexico oil spill, the group plans to deliver up to $38 billion of disposal proceeds by the end of 2013. In 2011, disposal proceeds, including deposits received or repaid, amounted to $2.7 billion, after repayment of the $3.5 billion deposit following the termination of the agreement to sell our interest in Pan American Energy LLC (PAE).

On 5 November 2011, BP received from Bridas Corporation (Bridas) a notice of termination of the share purchase agreement for their purchase of BP's 60% interest in PAE. As a result of Bridas's decision and action, the share purchase agreement governing this transaction, originally agreed on 28 November 2010, was terminated. BP's interest in PAE had been classified as held for sale in the group balance sheet from the date the sale was originally agreed in 2010, and equity accounting for PAE ceased from that date. However, following the termination of the sale agreement, our interest in PAE no longer meets the criteria to be classified as held for sale under IFRS. Consequently, equity accounting has been reinstated and BP's investment in PAE at 31 December 2010 of $2,641 million has been reclassified in the group balance sheet from assets classified as held for sale to investments in jointly controlled entities.

The major disposal transactions completed in 2011 were the sale of our interests in Columbia to Ecopetrol and Talisman, the sale of our upstream and midstream assets in Vietnam and our investments in equity-accounted entities in Venezuela to TNK-BP, and the sale of our assets in Pakistan to United Energy Group. We also completed the disposal of half of the 3.29% interest in the Azeri-Chirag-Gunashli development in Azerbaijan to SOCAR and a number of interests in the Gulf of Mexico to Marubeni Group.

As a result of the group's disposal programme following the Gulf of Mexico oil spill, various assets, and associated liabilities have been presented as held for sale in the group balance sheet at 31 December 2011. The carrying amount of assets held for sale is $8,420 million, with associated liabilities of $538 million.

On 1 December 2011, BP announced that it had agreed to sell its Canadian natural gas liquids (NGL) business to Plains Midstream Canada ULC who will pay BP a total of $1.67 billion in cash, subject to post-closing adjustments. Completion of the transaction is subject to closing conditions including the receipt of all necessary governmental and regulatory approvals. In addition, BP intends to divest the Texas City refinery and related assets, and the southern part of its US West Coast fuels value chain, including the Carson refinery. BP intends to complete the sales in 2012.

4 Dividends

The quarterly dividend expected to be paid on 30 March 2012 is 8 cents per ordinary share ($0.48 per ADS). The corresponding amount in sterling will be announced on 19 March 2012. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the Scrip Dividend Programme are available at *bp.com/scrip*.

	pence per share			cents per share			$ million		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Dividends announced and paid									
Preference shares							**2**	2	2
Ordinary shares									
March	**4.3372**	8.679	9.818	**7**	14	14	**808**	2,625	2,619
June	**4.2809**	–	9.584	**7**	–	14	**794**	–	2,619
September	**4.3160**	–	8.503	**7**	–	14	**1,224**	–	2,620
December	**4.4694**	–	8.512	**7**	–	14	**1,244**	–	2,623
	17.4035	8.679	36.417	**28**	14	56	**4,072**	2,627	10,483
Dividend announced, payable in March 2012				**8**			**1,517**		

The financial statements for the year ended 31 December 2011 do not reflect the dividend announced on 7 February 2012 and expected to be paid in March 2012; this will be treated as an appropriation of profit in the year ended 31 December 2012.

5 Earnings per ordinary share

Basic earnings per ordinary share amounts are calculated by dividing the profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The average number of shares outstanding excludes treasury shares and the shares held by the Employee Share Ownership Plan Trusts (ESOPs) and includes certain shares that will be issuable in the future under employee share plans.

For the diluted EpS calculation, the weighted average number of shares outstanding during the year is adjusted for the number of shares that are potentially issuable in connection with employee share-based payment plans using the treasury stock method. If the inclusion of potentially issuable shares would decrease the loss per share, the potentially issuable shares are excluded from the diluted earnings per share calculation.

6 Capital expenditure and acquisitions

		$ million
	2011	2010
By business		
Exploration and Production	**25,535**	17,753
Refining and Marketing	**4,130**	4,029
Other businesses and corporate	**1,853**	1,234
	31,518	23,016
By geographical area		
US	**8,830**	10,370
Non-US	**22,688**	12,646
	31,518	23,016

Business combinations

BP undertook a number of business combinations in 2011 for total consideration of $11.4 billion.

The business combinations included a transaction in the Exploration and Production segment with Reliance Industries Limited (Reliance). This transaction provides BP with access to an emerging market with growth in energy demand; it builds BP's business in natural gas and it represents an important partnership with a leading national energy business. BP acquired from Reliance a 30% interest in 21 oil and gas production-sharing agreements operated by Reliance in India for $7,026 million. This includes the producing KG D6 block. On 17 November 2011, the companies formed a 50:50 joint venture for the sourcing and marketing of gas in India.

In addition, BP undertook a number of other business combinations in 2011. These included the acquisition of Devon Energy's equity stake in a number of assets in Brazil for $3.6 billion, being the final part of a transaction with Devon in which BP also acquired, in 2010, all of Devon's Gulf of Mexico deepwater properties and Devon's interest in the BP-operated Azeri-Chirag-Gunashli development in the Azerbaijan sector of the Caspian Sea. Additionally, BP's Alternative Energy business acquired Brazilian biofuels company Companhia Nacional de Açúcar e Álcool (CNAA) for $0.7 billion.

Total consideration for business combinations in 2010, the most significant of which was the transaction with Devon Energy described above, amounted to $3.6 billion.

7 Net debt ratios

At 31 December		$ million
	2011	2010
Gross debt	**44,213**	45,336
Less: Cash and cash equivalents	**14,067**	18,556
Less: Fair value asset of hedges related to finance debt	**1,133**	916
Net debt	**29,013**	25,864
Equity	**112,482**	95,891
Net debt ratio	**20.5%**	21.2%

The group monitors capital on the basis of the net debt ratio, that is, the ratio of net debt to net debt plus equity. Net debt is calculated as gross finance debt, as shown in the balance sheet, plus the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt, for which hedge accounting is claimed, less cash and cash equivalents. Net debt and net debt ratio are non-GAAP measures. BP believes these measures provide useful information to investors. Net debt enables investors to see the economic effect of gross debt, related hedges and cash and cash equivalents in total. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. All components of equity are included in the denominator of the calculation.

8 Remuneration of directors

			$ million
	2011	2010	2009
Total for all directors			
Emoluments	**10**	15	19
Gains made on the exercise of share options	**–**	2	2
Amounts awarded under incentive schemes	**1**	4	2

Emoluments

These amounts comprise fees paid to the non-executive chairman and the non-executive directors and, for executive directors, salary and benefits earned during the relevant financial year, plus bonuses awarded for the year. There was no compensation for loss of office in 2011 (2010 $3 million and nil in 2009).

Pension contributions

During 2011 one executive director participated in a non-contributory pension scheme established for UK employees by a separate trust fund to which contributions are made by BP based on actuarial advice. Two US executive directors participated in the US BP Retirement Accumulation Plan during 2011.

Office facilities for former chairmen and deputy chairmen

It is customary for the company to make available to former chairmen and deputy chairmen, who were previously employed executives, the use of office and basic secretarial facilities following their retirement. The cost involved in doing so is not significant.

Further information

Full details of individual directors' remuneration are given in the Directors' remuneration report on pages 30 to 31.

Independent auditor's statement

To the members of BP p.l.c.
We have examined the summary financial statement for the year ended 31 December 2011 set out on pages 1 to 33.

This statement is made solely to the company's members, as a body, in accordance with Section 428(4) of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of directors and auditor
The directors are responsible for preparing *BP Summary Review 2011* in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within *BP Summary Review 2011* with the consolidated financial statements, the Summary Directors' Remuneration Report and the Directors' Report, and its compliance with the relevant requirements of Section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in *BP Summary Review 2011* and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our reports on the consolidated and parent company financial statements contained within *BP Annual Report and Form 20-F 2011* describe the basis of our opinions on those financial statements, the Directors' Remuneration Report and the Directors' Report.

Opinion
In our opinion the summary financial statement is consistent with the consolidated financial statements, the Directors' Report and the Directors' Remuneration Report of BP p.l.c. for the year ended 31 December 2011 and complies with the applicable requirements of Section 428 of the Companies Act 2006, and the regulations made thereunder.

Emphasis of matter – significant uncertainty over provisions and contingencies related to the Gulf of Mexico oil spill
Our report on the consolidated financial statements of BP p.l.c. for the year ended 31 December 2011 contained within *BP Annual Report and Form 20-F 2011* includes an emphasis of matter on the significant uncertainty over provisions and contingencies related to the Gulf of Mexico oil spill.

In forming our opinion on the summary financial statement, we have considered the adequacy of the disclosures made in Note 2 of the summary financial statement which summarize the disclosures in *BP Annual Report and Form 20-F 2011* concerning the provisions, future expenditures for which reliable estimates cannot be made and other contingencies related to the Gulf of Mexico oil spill significant event. The total amounts that will ultimately be paid by BP in relation to all obligations relating to the incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors including any determination of BP's culpability based on any findings of negligence, gross negligence or wilful misconduct. Actual costs could ultimately be significantly higher or lower than those recorded in relation to all obligations relating to the oil spill. Our opinion on the summary financial statement is not qualified in respect of these matters.

Ernst & Young LLP
Statutory auditor
London
6 March 2012

Directors' statement

The auditor has issued unqualified reports on the consolidated and parent company financial statements, the auditable part of the Directors' Remuneration Report and on the consistency of the Directors' Report with those financial statements. Their report on the consolidated and parent company financial statements and the auditable part of the Directors' Remuneration Report contained no statement under Sections 498(2) or 498(3) of the Companies Act 2006.

The maintenance and integrity of the BP p.l.c. website are the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Supplementary information

Crude oil and natural gas production

Liquids[a b]

	thousand barrels per day (net of royalties)		
	2011	2010	2009
US	**453**	594	665
Europe	**145**	177	208
Russia	**865**	856	840
Rest of World	**694**	747	822
	2,157	2,374	2,535

Natural gas[a]

	million cubic feet per day (net of royalties)		
	2011	2010	2009
US	**1,843**	2,184	2,316
Europe	**368**	487	634
Russia	**699**	640	601
Rest of World	**4,608**	5,090	4,934
	7,518	8,401	8,485

Estimated net proved reserves on an oil equivalent basis

	2011	2010	2009
Crude oil (million barrels)	**10,387**	10,530	10,511
Natural gas reserves (billion cubic feet)	**41,659**	42,700	45,130

Refinery throughputs

	thousand barrels per day		
	2011	2010	2009
US	**1,277**	1,350	1,238
Europe	**771**	775	755
Rest of World	**304**	301	294
	2,352	2,426	2,287
Refining availability	**94.8%**	95.0%	93.6%

Marketing sales volumes[c]

	thousand barrels per day		
	2011	2010	2009
US	**1,401**	1,433	1,426
Europe	**1,305**	1,402	1,504
Rest of World	**605**	610	630
Total marketing sales	**3,311**	3,445	3,560
Trading/supply sales	**2,465**	2,482	2,327
Total refined product sales	**5,776**	5,927	5,887

Petrochemicals production

	thousand metric tonnes		
	2011	2010	2009
US	**4,029**	4,146	3,110
Europe	**3,854**	4,051	3,724
Rest of World	**6,983**	7,397	5,826
	14,866	15,594	12,660

[a]Includes BP's share of production of equity-accounted entities.
[b]Crude oil and natural gas liquids.
[c]Does not include volumes relating to crude oil.

Definitions

Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies acquired during the period and the cost of sales calculated on the first-in first-out (FIFO) method, after adjusting for any changes in provisions where the net realizable value of the inventory is lower than its cost.

Non-operating items are charges and credits arising in consolidated entities that BP discloses separately because it considers such disclosures to be meaningful and relevant to investors. The main categories of non-operating items included here are: impairments; gains or losses on sale of fixed assets and the sale of businesses; environmental remediation costs; restructuring, integration and rationalization costs; and changes in the fair value of embedded derivatives. These disclosures are provided in order to enable investors better to understand and evaluate the group's financial performance. Tax on non-operating items is calculated using the effective tax rate on replacement cost profit or loss. However, in 2011 and 2010 the US statutory tax rate has been used for recoveries relating to the Gulf of Mexico oil spill and expenditures that qualify for tax relief. In 2009 no tax credit was calculated on the goodwill impairment in Refining and Marketing because the charge is not tax deductible.

Fair value accounting effects occur where BP uses derivative instruments to manage the economic exposure relating to inventories above normal operating requirements of crude oil, natural gas and petroleum products as well as certain contracts to supply physical volumes at future dates. Under IFRS, these inventories and contracts are recorded at historic cost and on an accruals basis respectively. The related derivative instruments, however, are required to be recorded at fair value with gains and losses recognized in income because hedge accounting is either not permitted or not followed, principally due to the impracticality of effectiveness testing requirements. Therefore, measurement differences in relation to recognition of gains and losses occur. Gains and losses on these inventories and contracts are not recognized until the commodity is sold in a subsequent accounting period. Gains and losses on the related derivative commodity contracts are recognized in the income statement from the time the derivative commodity contract is entered into on a fair value basis using forward prices consistent with the contract maturity.

IFRS requires that inventory held for trading be recorded at its fair value using period end spot prices whereas any related derivative commodity instruments are required to be recorded at values based on forward prices consistent with the contract maturity. Depending on market conditions, these forward prices can be either higher or lower than spot prices resulting in measurement differences.

BP enters into contracts for pipelines and storage capacity, oil and gas processing and liquefied natural gas (LNG) that, under IFRS, are recorded on an accruals basis. These contracts are risk-managed using a variety of derivative instruments, which are fair valued under IFRS. This results in measurement differences in relation to recognition of gains and losses.

The way that BP manages the economic exposures described above, and measures performance internally, differs from the way these activities are measured under IFRS. BP calculates this difference for consolidated entities by comparing the IFRS result with management's internal measure of performance, under which the inventory and the supply and capacity contracts in question are valued based on fair value using relevant forward prices prevailing at the end of the period. We believe that disclosing management's estimate of this difference provides useful information for investors because it enables investors to see the economic effect of these activities as a whole.

Proved reserves replacement ratio is the extent to which production is replaced by proved reserves additions. This ratio is expressed in oil equivalent terms and includes changes resulting from revisions to previous estimates, improved recovery and extensions and discoveries, and may be expressed as a replacement ratio excluding acquisitions and divestments or as a total replacement ratio including acquisitions and divestments. For 2011 the proved reserves replacement ratio excluding acquisitions and divestments was 103% (106% in 2010 and 129% in 2009) for subsidiaries and equity-accounted entities, 45% for subsidiaries alone and 194% for equity-accounted entities alone. The 2011 reserves additions for TNK-BP, which is an equity-accounted entity, include the effect of moving from life-of-licence measurement to life-of-field measurement, reflecting TNK-BP's track record of successful licence renewal. Excluding this effect, BP's 2011 proved reserves replacement ratio excluding acquisitions and disposals would have been 83% for subsidiaries and equity-accounted entities.

Board of directors

Directors

C-H Svanberg
Chairman of the chairman's and nomination committees and attends meetings of the Gulf of Mexico and remuneration committees
Carl-Henric Svanberg (59) joined BP's board in September 2009 and became chairman of BP on 1 January 2010. From 2003 until December 2009, he was president and chief executive officer of Ericsson, also serving as the chairman of Sony Ericsson Mobile Communications AB. He continues to be a non-executive director of Ericsson.

R W Dudley
Robert Dudley (56) joined the Amoco Corporation in 1979 for whom he worked until its merger with BP in 1998. Following a variety of posts in the US, the UK, the South China Sea and Moscow, in 2001 he became group vice president responsible for BP's upstream businesses in Russia, the Caspian Region, Angola, Algeria and Egypt. From 2003 to 2008, he was president and chief executive officer of TNK-BP in Moscow. He was appointed an executive director in April 2009 and oversaw the group's activities in the Americas and Asia. Between 23 June and 30 September 2010, he served as the president and chief executive officer of BP's Gulf Coast Restoration Organization in the US. On 1 October 2010 he became BP's group chief executive.

P M Anderson
Member of the chairman's and Gulf of Mexico committees and chairman of the safety, ethics and environment assurance committee
Paul Anderson (66) was appointed a non-executive director of BP on 1 February 2010. He is a non-executive director of BAE Systems PLC and of Spectra Energy Corp. He was formerly chief executive at Duke Energy where he also served as chairman of the board. Having previously been chief executive officer and managing director of BHP Limited and then BHP Billiton Limited and BHP Billiton Plc, he re-joined these latter boards in 2006 as a non-executive director, retiring on 31 January 2010. Previously he served as a non-executive director on numerous boards in the US and Australia.

F L Bowman
Member of the chairman's, Gulf of Mexico and safety, ethics and environment assurance committees
Frank Bowman (67) joined BP's board on 8 November 2010. He served for over 38 years in the United States Navy, during which time he served as commander of the nuclear submarine *USS City of Corpus Christi* and commander of the submarine tender *USS Holland*, director of political-military affairs on the joint staff and chief of naval personnel. He was director of the naval nuclear propulsion programme in the Department of Navy and Department of Energy. After retiring from the Navy as an admiral, he became president and chief executive officer of the Nuclear Energy Institute. He served on the BP Independent Safety Review Panel and on the BP America Advisory Panel. He is president of Strategic Decisions, LLC and a director of Morgan Stanley Mutual Funds.

A Burgmans, KBE
Member of the chairman's, nomination and safety, ethics and environment assurance committees and chairman of the remuneration committee
Antony Burgmans (65) joined BP's board in 2004. He was appointed to the board of Unilever in 1991. In 1999, he became chairman of Unilever NV and vice chairman of Unilever PLC. In 2005, he became non-executive chairman of Unilever PLC and Unilever NV, retiring from these appointments in 2007. He is also a member of the supervisory boards of Akzo Nobel N.V., Aegon N.V. and SHV Holdings N.V.

C B Carroll
Member of the chairman's, nomination and safety, ethics and environment assurance committees
Cynthia Carroll (55) joined BP's board in 2007. She started her career at Amoco and in 1989 she joined Alcan, where in 2002 she was appointed president and chief executive officer of Alcan's primary metals group and an officer of Alcan, Inc. She was appointed as chief executive of Anglo American plc, the global mining group, in 2007. She is also a director of De Beers s.a. and chairman of Anglo Platinum Ltd.

Sir William Castell, LVO
Member of the chairman's, Gulf of Mexico, nomination and safety, ethics and environment assurance committees
Sir William (64) joined BP's board in 2006 and is the senior independent director. From 1990 to 2004, he was chief executive of Amersham plc and subsequently president and chief executive officer of GE Healthcare. He was appointed as a vice chairman of the board of GE in 2004, stepping down from this post in 2006 when he became chairman of the Wellcome Trust. He remains a non-executive director of GE. He will retire from the BP board at the conclusion of the 2012 AGM.

I C Conn
Iain Conn (49) joined BP in 1986. Following a variety of roles in oil trading, commercial refining, retail and commercial marketing operations, and exploration and production, in 2000 he became group vice president of BP's refining and marketing business. From 2002 to 2004, he was chief executive of petrochemicals. He was appointed group executive officer with a range of regional and functional responsibilities and an executive director in 2004. He was appointed chief executive of Refining and Marketing in 2007. He is a non-executive director and senior independent director of Rolls-Royce Holdings plc, chairman of The Advisory Board of Imperial College Business School and a member of The Council of The Imperial College.

G David
Member of the chairman's, audit, Gulf of Mexico and remuneration committees
George David (69) began his career in The Boston Consulting Group before joining the Otis Elevator Company in 1975. He held various roles in Otis and later in United Technologies Corporation (UTC), following Otis's merger with UTC in 1977. In 1992, he became UTC's chief operating officer. He served as UTC's chief executive officer from 1994 until 2008 and as chairman from 1997 until his retirement in 2009.

I E L Davis
Member of the chairman's, nomination and remuneration committees and chairman of the Gulf of Mexico committee
Ian Davis (60) joined BP's board on 2 April 2010. He spent his early career at Bowater, moving to McKinsey & Company in 1979. He was managing partner of McKinsey's practice in the UK and Ireland from 1996 to 2003. In 2003, he was appointed as chairman and worldwide managing director of McKinsey, serving in this capacity until 2009. He retired as senior partner of McKinsey & Company in July 2010. He is a non-executive director of Johnson & Johnson, Inc and a senior adviser to Apax Partners. He is also a non-executive member of the UK's Cabinet Office.

Professor Dame Ann Dowling
Member of the chairman's and safety, ethics and environment assurance committees

Dame Ann (59) joined BP's board on 3 February 2012. She was appointed a Professor of Mechanical Engineering in the Department of Engineering at the University of Cambridge in 1993. Between 1999 and 2000 she was the Jerome C Hunsaker Visiting Professor of Aerospace Systems at MIT subsequently becoming a Moore distinguished scholar at Caltech in 2001. When she returned to the University of Cambridge, she became Head of the Division of Energy, Fluid Mechanics and Turbomachinery in the Department of Engineering, becoming UK lead of the Silent Aircraft Initiative in 2003 and Head of the Department of Engineering at the University of Cambridge in 2009. She is chair of the Physical Sciences, Engineering and Mathematics Panel in the Research Excellence Framework – the UK government's review of research in universities.

She was appointed Director of the University Gas Turbine Partnership with Rolls-Royce in 2001 and chairman in 2009. Between 2003 and 2008 she chaired the Rolls-Royce Propulsion and Power Advisory Board. She chaired the Royal Society/Royal Academy of Engineering study on Nanotechnology.

Dr B Gilvary

Brian Gilvary (50) joined BP in 1986. Following a variety of roles in exploration and production, downstream and trading, in 2000 he became chief of staff of BP's refining and marketing business and held a number of executive roles in the business, including chief financial officer and commercial director from 2002 to 2005. In 2003 he was appointed director of TNK-BP, retiring from the board in 2005 and re-joining in 2010. From 2005 to 2010 he was chief executive of integrated supply and trading, BP's commodity trading arm. In 2010 he was appointed deputy group chief financial officer with responsibility for the finance function. On 1 January 2012 he was appointed to the board of BP p.l.c. and became chief financial officer.

Dr B E Grote

Byron Grote (63) joined BP in 1987 following the acquisition of the Standard Oil Company of Ohio, where he had worked since 1979. He became group treasurer in 1992 and in 1994 regional chief executive in Latin America. In 1999, he was appointed an executive vice president of Exploration and Production, and chief executive of chemicals in 2000. He was appointed an executive director of BP in 2000. Between 2002 and 31 December 2011 he was BP's chief financial officer. In January 2012 he became executive vice president, corporate business activities. He is a non-executive director of Unilever NV and Unilever PLC.

B R Nelson
Member of the chairman's committee and chairman of the audit committee

Brendan Nelson (62) joined BP's board on 8 November 2010. He is a chartered accountant and was admitted as a partner of KPMG in London in 1984. He served as a member of the UK Board of KPMG from 2000 to 2006 subsequently being appointed vice chairman until his retirement in 2010. At KPMG International he held a number of senior positions including global chairman, banking and global chairman, financial services. He is a non-executive director of The Royal Bank of Scotland Group plc where he is chairman of the group audit committee. He is Vice President of the Institute of Chartered Accountants of Scotland, a member of the Financial Reporting Review Panel and a director of the Financial Skills Partnership.

F P Nhleko
Member of the chairman's and audit committees

Phuthuma Nhleko (51) joined BP's board on 1 February 2011. He began his career as a civil engineer in the United States and as a project manager for infrastructure developments in Southern Africa. Following this, he became a senior executive of the Standard Corporate and Merchant Bank in South Africa. He later held a succession of directorships before joining MTN Group, a pan-African and Middle Eastern telephony group, as group president and chief executive officer in 2002. He stepped down as group chief executive of MTN Group at the end of March 2011 and became vice-chairman of the MTN Group and chairman of MTN International. He is a non-executive director of Anglo American plc.

A Shilston
Member of the chairman's and audit committees

Andrew Shilston (56) trained as a chartered accountant before joining BP as a management accountant. He subsequently joined Abbott Laboratories before moving to Enterprise Oil plc in 1984 at the time of flotation. In 1989 he became treasurer of Enterprise Oil and was appointed finance director in 1993. After the sale of Enterprise Oil to Shell in 2002, in 2003 he became finance director of Rolls-Royce plc until his retirement on 31 December 2011. Andrew has served as a non-executive director on the boards of AEA Technology plc and Cairn Energy plc where he chaired the remuneration and audit committees. He recently joined the board of Circle Holdings plc as a non-executive director. He will become senior independent director at the conclusion of the 2012 AGM.

Summary directors' remuneration report

Dear shareholder,

For the senior executives of BP, remuneration is directly linked to strategy, strongly performance related and heavily weighted towards the long term. In a year of consolidation following the events of 2010, the company achieved a creditable performance overall in 2011. The outcome of the various plans that make up 2011 total remuneration for executive directors is set out in the table opposite.

The remuneration committee is keenly aware of its responsibility to balance sometimes conflicting perspectives in making judgements on senior executive pay. We recognize a concern by government, and society at large, of excess in this area, but cannot ignore the reality of a global competitive market for top executive talent. We respect investors' expectation for pay to be strongly tied to performance while also wanting to ensure that executives receive fair reward for their achievements.

The committee's commitment to exercising judgement in a balanced way and being transparent in communicating its conclusions continues. In years where performance has been strong, bonuses have reflected that and when performance has been poor, bonuses have appropriately been reduced and even in some cases, as in 2010, eliminated. The long-term plan has, over the last five years, vested less than 10% of the possible shares, reflecting the impact of major incidents.

In this context, the committee carefully considered 2011 performance against targets set at the start of the year. Safety and risk management metrics were all met or exceeded including recordable injury frequency, loss of primary containment, implementation of change programmes and capability building. Group results were at or near target for financial metrics, including replacement cost profit, cash costs, upstream operating cash and downstream profitability. External survey results show some modest recovery in the company's external reputation, as well as good results on internal employee morale. The overall assessment of group results based on the above was judged to be 'on-target' for the group as a whole.

Bob Dudley's bonus was based entirely on group results, resulting in an amount, including the deferred element, at 'on-target' level. Iain Conn's and Byron Grote's bonuses were based 70% on group results and 30% on their respective business or functional units. Mr Conn's results met or exceeded targets resulting in a bonus just above 'on-target', and Dr Grote's largely met resulting in an 'on-target' bonus. In all cases one-third of their bonus is deferred into shares on a mandatory basis, matched, and will vest in three years subject to a review of safety and environmental sustainability during the period. They may elect to defer an additional one-third into shares on the same basis as the mandatory deferral, which they all chose to do for this year's bonus. All of the above is reflected in the table opposite.

The 2009-2011 share element included performance conditions relating to total shareholder return, production growth, group net income, and Refining and Marketing profitability – all relative to the other oil majors. Of these all but Refining and Marketing profitability missed the level required to vest. Refining and Marketing profitability compared to the other oil majors was strong, and based on this, the overall vesting was 16.67% of the shares – again reflected in the table opposite. The committee concluded that the result from a straight numerical assessment relative to agreed metrics provided an appropriate vesting level in light of overall company performance during the period.

For 2012 the overall policy for executive directors will remain largely unchanged, as summarized below. The committee will continue to monitor trends and external perspectives in reviewing the quantum and structure of total remuneration. It will also continue to operate with independence and rigour in making its judgements. Ultimately decisions will be guided by our commitment to both shareholder interests and executive engagement.

Antony Burgmans, KBE
Chairman of the remuneration committee
6 March 2012

Summary of remuneration components

Salary	• Salaries as at 1 January 2012 are: Bob Dudley $1,700,000, Iain Conn £730,000, Brian Gilvary £690,000 and Byron Grote $1,442,000.
Bonus	• On-target bonus of 150% of salary and maximum of 225% of salary based on performance relative to targets set at start of year relating to financial and operational metrics.
Deferred bonus and match	• One-third of actual bonus awarded as shares with three-year deferral and the ability to voluntarily defer an additional one-third. • All deferred shares matched one-for-one, with vesting of both subject to an assessment of safety and environmental sustainability over the three-year period.
Performance shares	• Award of shares of up to 5.5 times salary for group chief executive, and 4 times for other executive directors. • Vesting after three years based on performance relative to other oil majors and strategic imperatives. • Three-year retention period after vesting before release of shares.
Pension	• Final salary scheme appropriate to home country of executive.

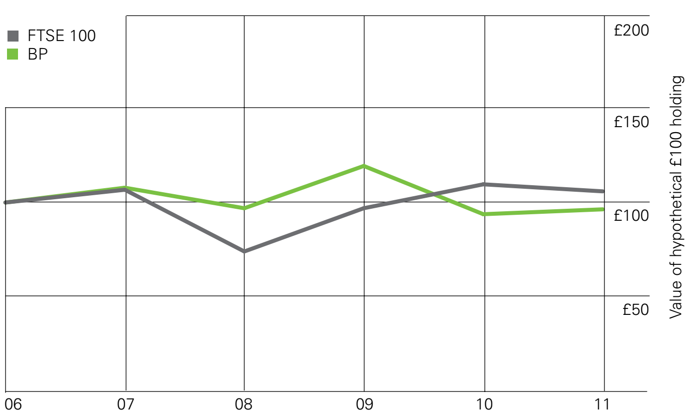
Summary of remuneration of executive directors in 2011 (audited)

	R W Dudley		I C Conn		Dr B E Grote	
Annual remuneration	**2011**	2010	**2011**	2010	**2011**	2010
Salary	**$1,700,000**[a]	$1,175,000	**£720,000**	£690,000	**$1,426,500**	$1,380,000
Annual cash performance bonus[b]	**$850,000**	0	**£396,000**	£207,000	**$713,250**	$207,000
Other emoluments	**$66,000**	$564,000[c]	**£227,500**[d]	£34,000	**$15,000**	$10,000
Total	**$2,616,000**	$1,739,000	**£1,343,500**	£931,000	**$2,154,750**	$1,597,000
Vested equity[e]						
Performance share element plan period	**2009-2011**	2008-2010	**2009-2011**	2008-2010	**2009-2011**	2008-2010
Vesting date	**Feb 2012**	Feb 2011	**Feb 2012**	Feb 2011	**Feb 2012**	Feb 2011
Shares vested[f]	**101,735**	0	**149,259**	155,695[g]	**187,193**	0
Value	**$788,300**	0	**£743,300**	£764,000	**$1,450,400**	0
Conditional equity[e]						
Deferred bonus in respect of bonus year[h]	**2011**	2010	**2011**	2010	**2011**	2010
Vesting date	**Feb 2015**	Feb 2014	**Feb 2015**	Feb 2014	**Feb 2015**	Feb 2014
Mandatory shares (including one-for-one match)	**218,412**	0	**161,304**	42,768	**183,276**	53,208
Voluntary shares (including one-for-one match)	**218,412**	0	**161,304**	0	**183,276**	53,208
Performance share element	**2011-2013**	2010-2012	**2011-2013**	2010-2012	**2011-2013**	2010-2012
Vesting date	**Feb 2014**	Feb 2013	**Feb 2014**	Feb 2013	**Feb 2014**	Feb 2013
Potential maximum shares	**1,330,332**	581,084	**623,025**	656,813	**785,394**	801,894

Amounts shown are in the currency received by executive directors. Annual bonuses are shown in the year they were earned.

[a] Increase in salary for Mr Dudley relates to his appointment to group chief executive in October 2010.
[b] This reflects the amount of total bonus paid in cash with the deferred bonus as set out in the conditional equity section.
[c] This amount includes costs of London accommodation and any tax liability thereon that ceased at the end of 2010 following Mr Dudley's appointment as group chief executive.
[d] As for all employees affected by the new UK pension tax limits and who wished to remain within these limits, with effect from April 2011, Mr Conn received a cash supplement of 35% of basic salary in lieu of future service pension accrual amounting to £191,625.
[e] Mr Dudley and Dr Grote hold shares in the form of ADSs. The above numbers reflect calculated equivalent in ordinary shares.
[f] Represents vesting of shares made at the end of the relevant performance period based on performance achieved under rules of the plan and includes re-invested dividends on the shares vested. The market price of ordinary shares on 14 February 2012 was £4.98 and for ADSs was $46.49.
[g] There was no vesting under the performance share element. The shares that vested in February 2011 for Mr Conn pertained to a separate restricted award made in 2008.
[h] It is anticipated that the 2011 deferred bonus award will be made in early March 2012. The number of deferred shares is calculated using the three-day average share price following the full-year result announcement which was £4.84/share and $46.68/ADS in February 2011 and £4.91/share and $46.70/ADS in February 2012. Both deferred and matched shares are subject to a safety and environmental hurdle over the three-year deferral period.

Historical TSR performance



This graph shows the growth in value of a hypothetical £100 holding in BP p.l.c. ordinary shares over five years, relative to the FTSE 100 Index (of which the company is a constituent). The values of the hypothetical £100 holdings at the end of the five-year period were £96.37 and £105.95 respectively.

Remuneration of non-executive directors in 2011 (audited)

£ thousand

	2011	2010
C-H Svanberg	**750**	750
P M Anderson	**128**	118
F L Bowman	**120**	17
A Burgmans	**100**	90
C B Carroll	**85**	90
Sir William Castell	**168**	147
G David	**128**[a]	135
I E L Davis	**160**	69
B R Nelson	**103**	17
F P Nhleko[b]	**113**	–
Directors leaving the board in 2011		
D J Flint	**35**	108
Dr D S Julius	**32**[c]	100

[a] In addition, George David received a £28,000 fee for chairing the BP technical advisory council.
[b] Appointed on 1 February 2011.
[c] This figure excludes a superannuation gratuity of £1,543.

While fees were held at 2010 levels, in 2011 actual fees paid to non-executive directors were affected by changes in committee membership and the number of intercontinental meetings for which an attendance allowance was paid.

Information for shareholders

Annual general meeting

The 2012 annual general meeting will be held on Thursday, 12 April 2012 at 11.30 a.m. at ExCeL London, One Western Gateway, Royal Victoria Dock, London E16 1XL. A separate notice convening the meeting is distributed to shareholders, which includes an explanation of the items of special business to be considered at the meeting.

All resolutions of which notice has been given will be decided on a poll.

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution for their reappointment is included in *Notice of BP Annual General Meeting 2012*.

Share capital

The allotted, called-up and fully paid share capital at 31 December 2011 is: 7,232,838 8% cumulative first preference shares of £1 each; 5,473,414 9% cumulative second preference shares of £1 each; and 18,975,902,659 ordinary shares of 25 cents each (excluding shares held in treasury). The total preference shares in issue comprised only 0.44% of the company's total issued nominal share capital, the rest being ordinary shares.

The rights attaching to each class of share, including any restrictions on transfer, are set out in the company's Articles of Association, which may only be amended by a special resolution at a general meeting of the company. Voting on substantive resolutions tabled at a general meeting is on a poll. On a poll, shareholders present in person or by proxy have two votes for every £5 in nominal amount of the first and second preference shares held and one vote for every ordinary share held. On a show-of-hands vote on other resolutions (procedural matters) at a general meeting, shareholders present in person or by proxy have one vote each. The company's Articles of Association provide that directors may be appointed by the existing directors or by the shareholders in a general meeting. Any person appointed by the directors will hold office only until the next general meeting and will then be eligible for re-election by the shareholders. The directors may, if authorized by the shareholders in a general meeting, allot BP shares and may buy back BP shares. The company did not repurchase any ordinary shares in 2011, other than as required to satisfy requirements of certain employee share-based payment plans.

Major shareholders

In accordance with Disclosure and Transparency Rule 5, we have received notification that as at 31 December 2011 BlackRock, Inc. held 5.69% and Legal & General Group Plc held 3.90% of the voting rights of the issued share capital of the company. As at 17 February 2012 BlackRock, Inc. held 5.37% and Legal & General Group Plc held 3.99% of the voting rights of the issued share capital of the company. The company has been notified that, as at 17 February 2012, JPMorgan Chase Bank, N.A., depositary for American depositary shares (ADSs), through its nominee, Guaranty Nominees Limited, holds 5,031,905,448 ordinary shares (26.51% of the company's ordinary share capital excluding shares held in treasury).

As at 17 February 2012, the company has also been notified that the largest holder of 8% cumulative first preference shares and 9% cumulative second preference shares was the National Farmers' Union Mutual Insurance Society with a holding of 13.07% and 18.03% respectively. As at the same date, the total preference shares in issue comprised only 0.44% of the company's total issued nominal share capital (excluding shares held in treasury), the rest being ordinary shares.

Employee share plans

BP offers most of its employees the opportunity to acquire a shareholding in the company through savings-related and/or matching share plan arrangements. BP also uses performance plans and option plans as elements of remuneration for executive directors and senior employees. Shares acquired through the company's employee share plans rank pari passu with shares in issue. For legal and practical reasons, the rules of these plans set out the consequences of a change of control of the company, and generally provide for options and conditional awards to vest on an accelerated basis.

Employee benefit trusts hold the shares unless and until employees become entitled to them under most of the company's employee share plans. Each trust has an independent trustee. In relation to the BP ShareMatch plans, once shares have been awarded to an employee under the plan, the employee may instruct the trustee how to vote their shares. For the Employee Share Ownership Plan Trusts (ESOPs), pending vesting, the trustees have the discretion in relation to the voting of such shares. In relation to the Executive Directors' Incentive Plan, a director is the beneficial owner of vested shares that are still subject to the retention period and, save for a restriction on transfer of the shares, enjoys all rights attaching to the shares including dividend and voting rights. In relation to the defined contribution (401k) plan, participants in the BP Stock Fund as of the record date may instruct the trustee how to vote their portion of the BP Stock Fund.

Dividends

When dividends are paid on its ordinary shares, BP's policy is to pay interim dividends on a quarterly basis. BP's policy is also to announce dividends for ordinary shares in US dollars and state an equivalent sterling dividend. Dividends on BP ordinary shares will be paid in sterling and on BP ADSs in US dollars. The rate of exchange used to determine the sterling equivalent is the average of the market exchange rates in London over the four business days prior to the sterling equivalent announcement date. The directors may choose to declare dividends in any currency provided that a sterling equivalent is announced, but it is not the company's intention to change its current policy of announcing dividends on ordinary shares in US dollars.

Information regarding dividends announced and paid by the company on ordinary shares, ADSs and preference shares is provided in the *BP Annual Report and Form 20-F 2011*. The following table shows dividends announced and paid by the company in the past year.

Dividends	Pence per ordinary share	Cents per ordinary share	Cents per ADS
4Q 2010	4.3372	7.00	42.00
1Q 2011	4.2809	7.00	42.00
2Q 2011	4.3160	7.00	42.00
3Q 2011	4.4694	7.00	42.00

A Scrip Dividend Programme (Programme) was introduced in 2011 which enables BP ordinary shareholders and ADS holders to elect to receive new fully paid ordinary shares in BP (or ADSs in the case of ADS holders) instead of cash. The operation of the Programme is always subject to the directors' decision to make the scrip offer available in respect of any particular dividend. Should the directors decide not to offer the scrip in respect of any particular dividend, cash will automatically be paid instead.

More information

For more information on holding BP shares or ADSs, visit our investor centre at *bp.com/investor*.

BP Summary Review 2011 contains a summary of certain information in *BP Annual Report and Form 20-F 2011*. For a full understanding of the results and state of affairs of BP and of its policies and arrangements concerning directors' remuneration, please see *BP Annual Report and Form 20-F 2011*.

Reports and publications

BP's reports and publications are available to view online

Annual Report and Form 20-F
Read details of our financial and operating performance in *BP Annual Report and Form 20-F 2011* in print or online.
bp.com/annualreport

Sustainability Review
Read the summary *BP Sustainability Review 2011* in print or read more online from late March 2012.
bp.com/sustainability

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