Summary Review 2012

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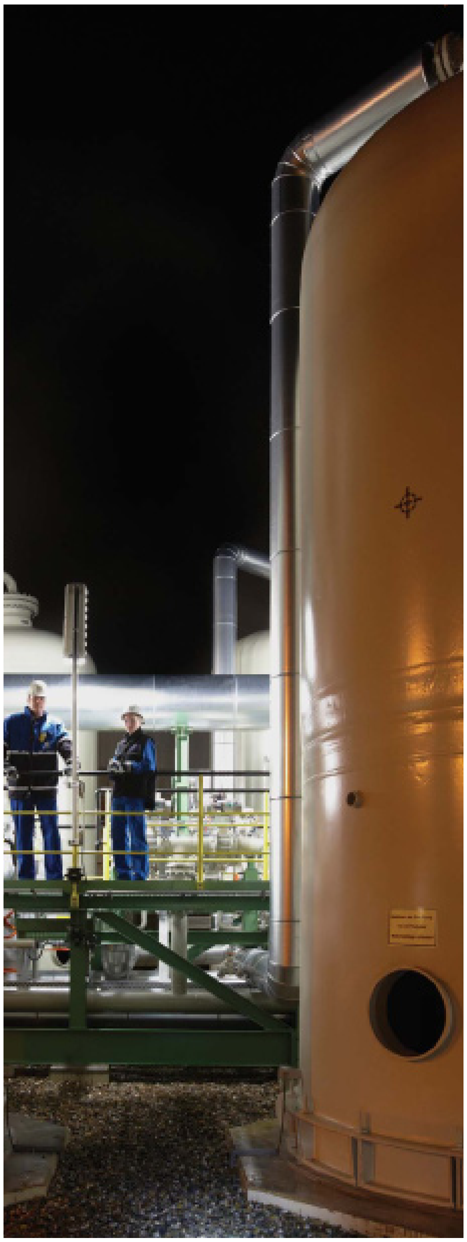
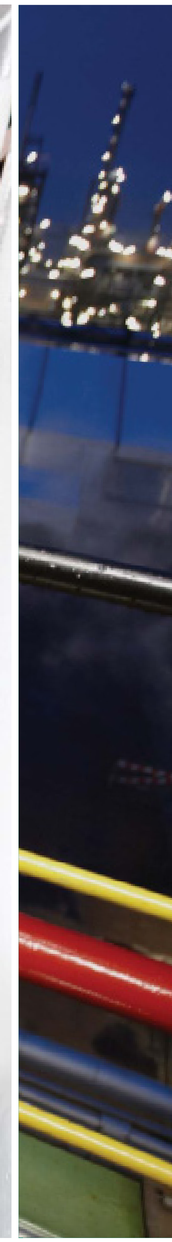




Building a stronger, safer BP

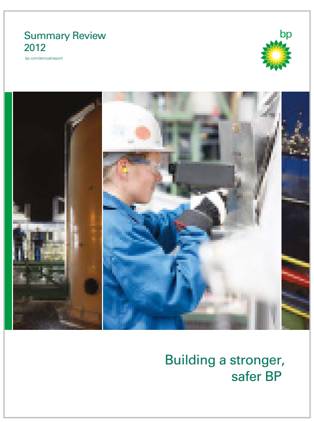
Trade marks of the BP group appear throughout this Summary Review in italics. They include:

Castrol EDGE
Designer Water
Field of the Future
LoSal
Pushing Reservoir Limits

EcoBoost is a trade mark of Ford Motor Company.

Segment changes

With effect from 1 January 2012 the Exploration and Production segment was split to form two new operating segments, Upstream and TNK-BP, reflecting the way in which we were managing our investment in TNK-BP. Comparative data has been restated to reflect this change. For information on our subsequent agreement to sell our interest in TNK-BP to Rosneft, see page 19. On the same date the Refining and Marketing segment was renamed Downstream, with no changes in the composition of the segment.



Front cover
Lingen refinery in Germany is one of the most complex refineries in the world. It is able to upgrade heavy and acidic crudes into products, and all its gasoline and diesel products have very low levels of sulphur.

Left and right images: The refinery produces biofuels by blending diesel with rapeseed oil methyl ester, and ethanol with gasoline.

Centre image: a BP employee measures the gas-burner temperature at one of the refinery's hydrogen furnaces.

The Summary Review for the year ended 31 December 2012 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 2012*. Shareholders may obtain a copy of *BP Annual Report and Form 20-F 2012* online or on request, free of charge (see outer back cover).

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.

BP Annual Report and Form 20-F 2012 and *BP Summary Review 2012* may be downloaded from *bp.com/summaryreview*. No material on the BP website, other than the items identified as *BP Annual Report and Form 20-F 2012* and *BP Summary Review 2012*, forms any part of those documents. As BP shares, in the form of ADSs, are listed on the New York Stock Exchange (NYSE), an Annual Report on Form 20-F is filed with the US Securities and Exchange Commission (SEC) in accordance with the US Securities Exchange Act of 1934. When filed, copies may be obtained free of charge (see above). BP discloses in *BP Annual Report and Form 20-F 2012* and on its website at *bp.com/NYSEcorporategovernancerules* significant ways (if any) in which its corporate governance practices differ from those mandated for US companies under NYSE listing standards.

Cautionary statement

BP Summary Review 2012 contains certain forecasts, projections and forward-looking statements – that is, statements related to future, not past events – with respect to the financial condition, results of operations and businesses of BP and certain of the plans and objectives of BP with respect to these items. These statements may generally, but not always, be identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see' or similar expressions. In particular, among other statements, certain statements with regard to expectations regarding BP's agreement with and prospective shareholding in Rosneft, including BP's expectations regarding its representation on the Rosneft board, the composition of the board of directors, expectations regarding our strategy and strategic priorities including our Upstream and Downstream strategies and our longer-term objectives, plans to deliver shareholder value, plans to continue to simplify the organization and portfolio, prospects for the settlement of outstanding claims related to the Gulf of Mexico oil spill, plans to continue to meet commitments in the Gulf Coast region, plans to implement the recommendations of the Bly Report, plans to appoint two independent monitors and an independent auditor, BP's intention to prioritize operating cash flow and replacement cost operating profit over barrels of production, plans to work to focus and improve the business, plans to enhance safety and earn back trust, projections regarding the ability of renewable energy sources to meet total energy demand, expectations regarding investments in proprietary technology, expectations regarding *LoSal* technology, plans to sell assets and entities, expectations regarding the future level of capital expenditures through to the end of the decade, plans to focus on efficient execution and use of capital, expectations regarding the amount of divestments per year, the expected level of gearing, plans to prioritize value rather than seeking to grow production volume for its own sake, expectations regarding the '10-point plan', BP's outlook on global energy trends to 2030 and beyond, BP's outlook on its ability to meet the growing demand for energy, the intention to make $2-3 billion in disposals per annum on an ongoing basis, BP's plans to grow operating cash flow and margins by 2014 and the expected quantum of growth, plans for the use of expected improved cash flow, plans to grow free cash flow in Downstream, expectations regarding the level and types of investments and divestments, BP's plans for involvement in growth markets, the anticipated timing for completion of the disposition of certain BP assets and entities and estimates of the final proceeds therefrom, future production levels including expectations for an increase in high-margin production, the timing and composition of future projects including expected Final Investment Decisions start-up, construction, commissioning, completion, timing of production, level of production and margins, expectations for drilling and rig activity in the Gulf of Mexico, expectations for growth in operating cash flows, expectations for the number of rigs in operation, the estimated cost of the settlements with the Plaintiffs' Steering Committee in MDL 2179, the expected amount, source and timing of payments under any settlements related to the Gulf of Mexico oil spill, expectations with regard to the terms of any settlements and BP's compliance therewith, the anticipated effect of accounting changes on BP's earnings and cash flow, plans and timing for the completion of the upgrade to and start up of the Whiting refinery, prospects for Upstream's contribution to BP's plans to increase operating cash flow by around 50% by 2014, expectations regarding the unit operating cash margins of new upstream projects, BP's strategies with regard to optimizing value across the business, plans regarding BP's PTA project, expectations regarding the market for lubricants and petrochemicals, expectations regarding Downstream capital expenditures, the completion of planned and announced divestments, including the announced disposal of TNK-BP to Rosneft and acquisition of an 18.5% shareholding in Rosneft, the planned disposals of the Carson refinery and the southern part of the US West Coast FVC, 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 the level of future turnaround activity; are all forward-looking in nature. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of BP. 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 receipt of relevant third-party and/or government approvals; the timing of bringing new fields onstream; the timing of certain disposals; future levels of industry product supply, demand and pricing, including supply growth in North America; 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 the Claims Administrator appointed under the Economic and Property Damages Settlement; the actions of all parties to the Gulf of Mexico 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 *BP Annual Report and Form 20-F 2012*. In addition to factors set forth elsewhere in this document, those set out above are important factors, although not exhaustive, that may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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 *BP Annual Report and Form 20-F 2012*.

The registered office of BP p.l.c. is 1 St James's Square, London SW1Y 4PD, UK. Tel +44 (0)20 7496 4000.
Registered in England and Wales no. 102498. Stock exchange symbol 'BP'.

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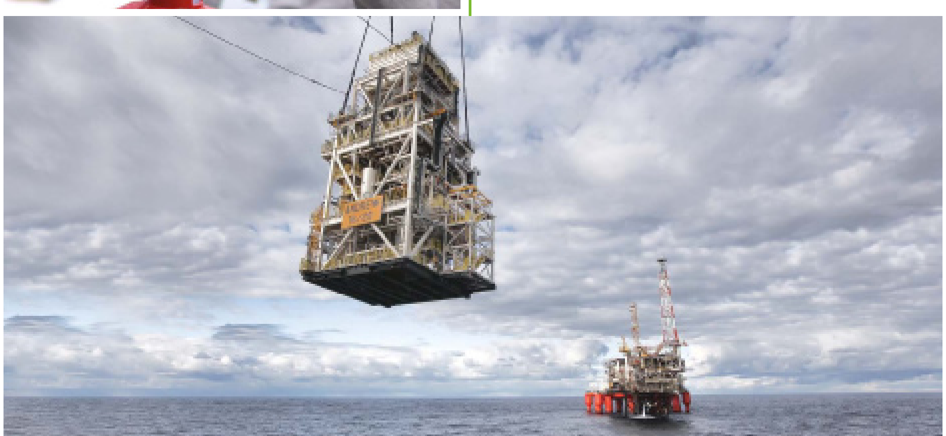


BP at a glance

Who we are

We aim to create value for shareholders by helping to meet growing demand for energy in a responsible way.

Our activities also generate jobs, investment, infrastructure and revenues for governments and local communities. We operate in over 80 countries.

Our priorities are to enhance safety and risk management, earn back trust and grow value. We strive to be a safety leader in our industry, a world-class operator, a responsible corporate citizen and a good employer.

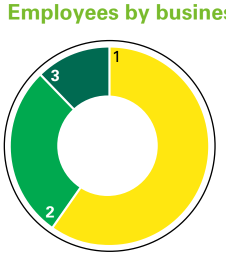
We are working to build a stronger, safer BP that plays to its distinctive strengths and capabilities: exploration, operations in deep water, the managing of giant fields and gas value chains, and our downstream business. Innovative technology and strong relationships with governments, partners and communities around the world underpin our activities.

The key performance indicators (KPIs) for BP are shown on pages 20-21. Some of the financial KPIs are not recognized GAAP measures, but are provided for investors because they are closely tracked by management to evaluate BP's operating performance and to make financial, strategic and operating decisions.

Group

BP p.l.c. is the parent company of the BP group of companies. Our worldwide headquarters is in London.

Employees by business segment



1. Downstream*	51,300
2. Upstream	24,000
3. Other businesses and corporate and Gulf Coast Restoration Organization	10,400
Total	**85,700**

*Including service station staff.

$^{\$}$**11.6** bn
profit attributable to BP shareholders

$^{\$}$**20.4** bn
operating cash flow

18.7%
gearing (net debt ratio)[a]

19%
reduction in loss of primary containment

[a] Net debt is not a recognized GAAP measure, see Note 7.

See KPIs pages 20-21.

Business model
For more information on our business model see pages 10-14.

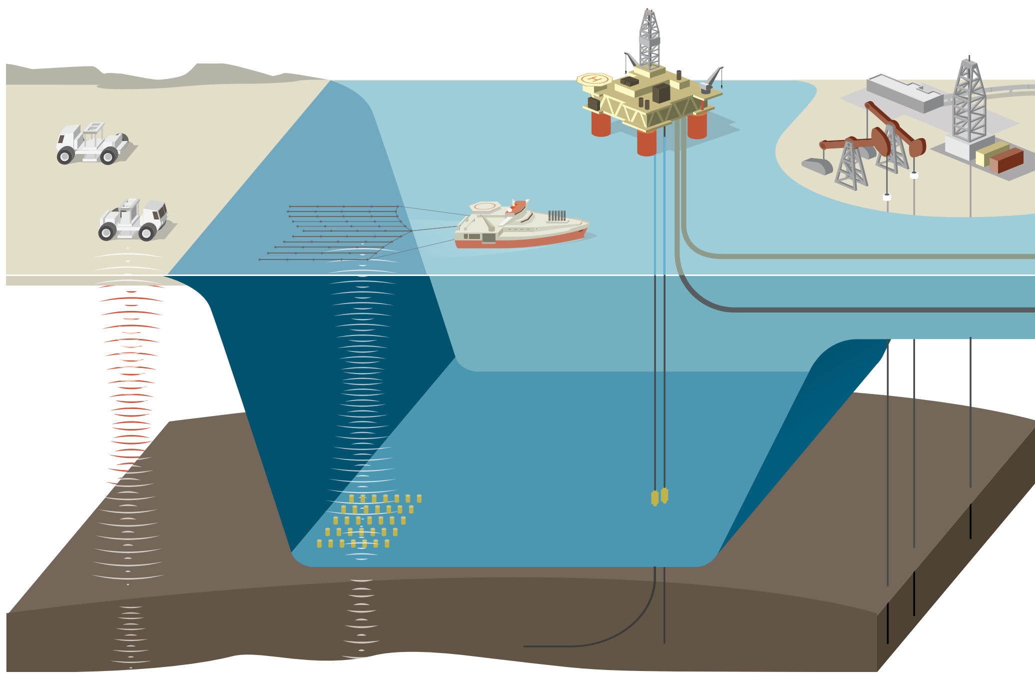
Our business model

Finding oil and gas

First, we acquire exploration rights, then we search for hydrocarbons beneath the earth's surface.

Developing and extracting oil and gas

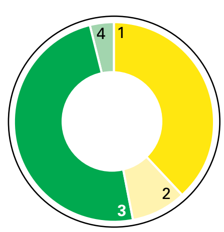
Once we have found hydrocarbons, we work to bring them to the surface.



Upstream

Our Upstream segment manages its exploration, development and production activities through global functions with specialist areas of expertise.

Proved reserves[b]



Liquids[c]	
1. Subsidiaries	4,477
2. Equity-accounted entities	1,033
Total	**5,510**
Natural gas	
3. Subsidiaries	5,736
4. Equity-accounted entities	439
Total	**6,175**

$^{\$}$**22.5** bn
replacement cost profit before interest and tax

67,900 km²
new exploration access

28
countries of operation

5
major project start-ups

[b] Million barrels of oil equivalent. Natural gas is converted to oil equivalent at 5.8 billion cubic feet (bcf) = 1 million barrels.
[c] Liquids comprise crude oil, condensate, natural gas liquids and bitumen.

See Upstream page 18.

All data provided on pages 2 and 3 is as at, or for the year ended, 31 December 2012.

Transporting and trading
oil and gas

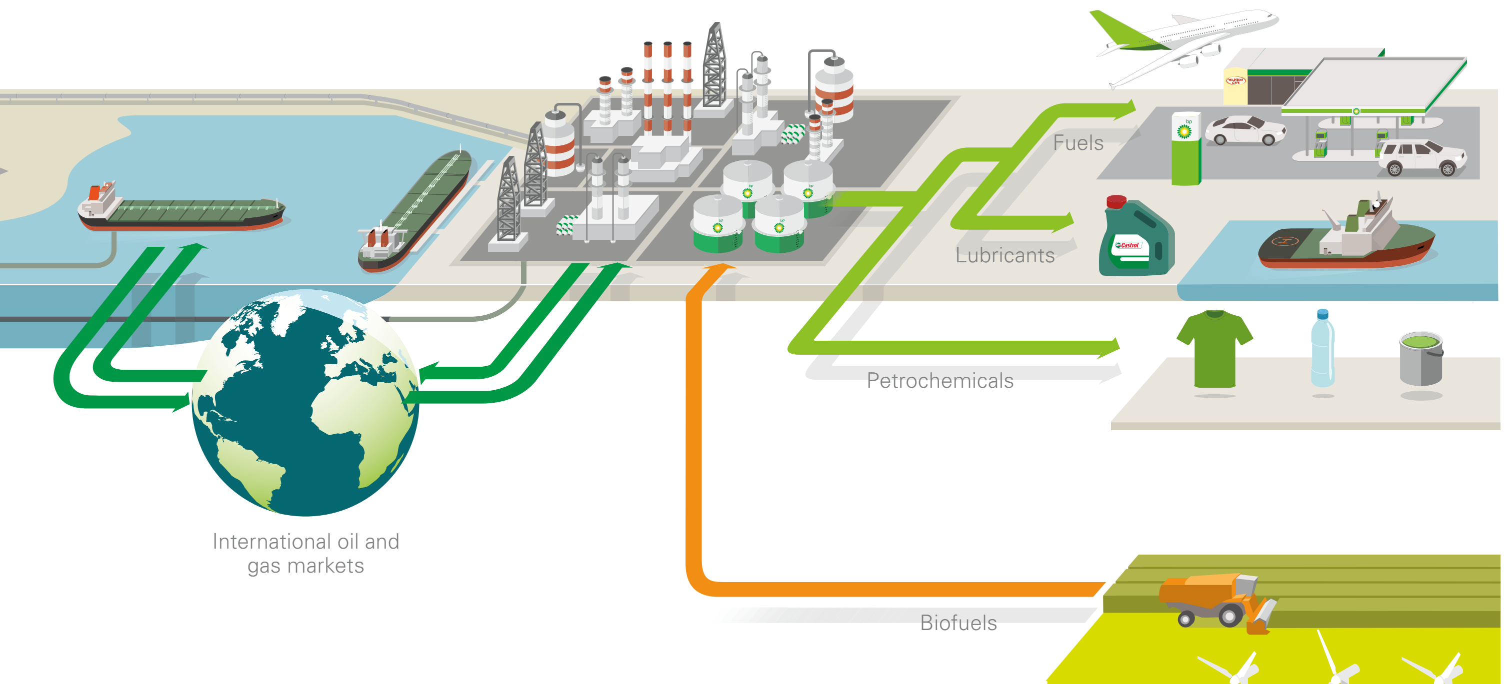
We move hydrocarbons using pipelines, ships, trucks and trains and capture value across the supply chain.

Manufacturing
fuels and products

We refine, process and blend hydrocarbons to make fuels, lubricants and petrochemicals.

Marketing
fuels and products

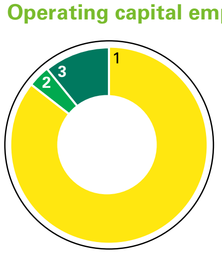
We supply our customers with fuel for transportation, energy for heat and light, lubricants to keep engines moving and the petrochemicals required to make a variety of everyday items.



Downstream

Our Downstream segment operates hydrocarbon value chains covering three main businesses – fuels, lubricants and petrochemicals.

Operating capital employed[d]



1. Fuels	$42.7bn
2. Lubricants	$1.9bn
3. Petrochemicals	$5.3bn

$2.8 bn
replacement cost profit before interest and tax

14.7 million tonnes
of petrochemicals produced in the year

2.4 million barrels
of oil refined per day

39%
of our lubricants sales were premium grades

[d] Operating capital employed is total assets (excluding goodwill) less total liabilities, excluding finance debt and current and deferred taxation.

See Downstream page 19.

Investing
in renewable energy

We develop and invest in biofuels and wind. BP's lower-carbon businesses and investments in future options are operated through our Alternative Energy business.

7.2 million tonnes
biofuels – total sugar cane crush capacity per annum

1,558MW[e]
net wind generation capacity

[e] Excludes 32MW of capacity in the Netherlands, which is managed by our Downstream segment.

See Alternative Energy page 18.

Where we operate

BP is active in over 80 countries. This map shows our key operating sites across the world.

The shaded areas indicate countries where we have operations.

Upstream[a]

- Primarily (>75%) liquids.
- Primarily (>75%) natural gas.
- Liquids and natural gas.
- Exploration site.

[a] Locations are categorized as liquids or natural gas based on 2012 production. Where production is yet to commence materially, categorization is based on proved reserves. Exploration sites have no significant proved reserves or production as at 31 December 2012.

Downstream

- BP refinery.
- Petrochemicals site(s).
- Asset held for sale.

Alternative Energy

- Operational assets.
- Technology assets.

We have interests in 16 wind farms in the US, and operate four ethanol production facilities – three in Brazil and one in the UK.

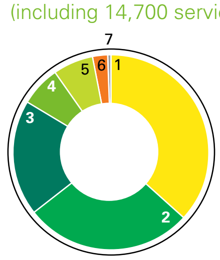
TNK-BP

- TNK-BP upstream assets (wholly or partly owned by TNK-BP).
- TNK-BP refineries (wholly or partly owned by TNK-BP).

BP's investment in TNK-BP is classified as an asset held for sale in the group balance sheet at 31 December 2012 (see page 19).

BP group headcount by region

(including 14,700 service station staff)



1. Europe	31,600
2. US and Canada	23,800
3. Asia	16,400
4. South and Central America	5,800
5. Middle East, North Africa	5,500
6. Sub-Saharan Africa	2,300
7. Russia	300

Alaska

We opened our Alaska office in 1959 and acquired our first federal licences that year. We now operate 13 oilfields and four pipelines. We also own a significant interest in six other producing fields.

Fuels

The fuels business is made up of seven regionally based fuels value chains (FVCs), a number of regionally focused fuels marketing businesses, a global aviation fuels marketing business that markets products in more than 45 countries and the global oil supply and trading activities. These businesses sell refined petroleum products including gasoline, diesel, aviation fuel and LPG.

Fuels value chains

US: North West, South West, East of Rockies.

Europe: Rhine, Iberia.

Rest of world: Australia and New Zealand, Southern Africa.

Gulf of Mexico

We are one of the largest lease holders and producers of oil and gas in the region's deep water. In 2011 we resumed drilling in the region. We now produce oil and gas from four operated hubs and three non-operated hubs.

Trinidad & Tobago

BP has been exploring in Trinidad since 1939. Today we hold exploration and production licences covering more than 1,800,000 acres. We operate 13 offshore platforms and an onshore processing facility.

North Sea region

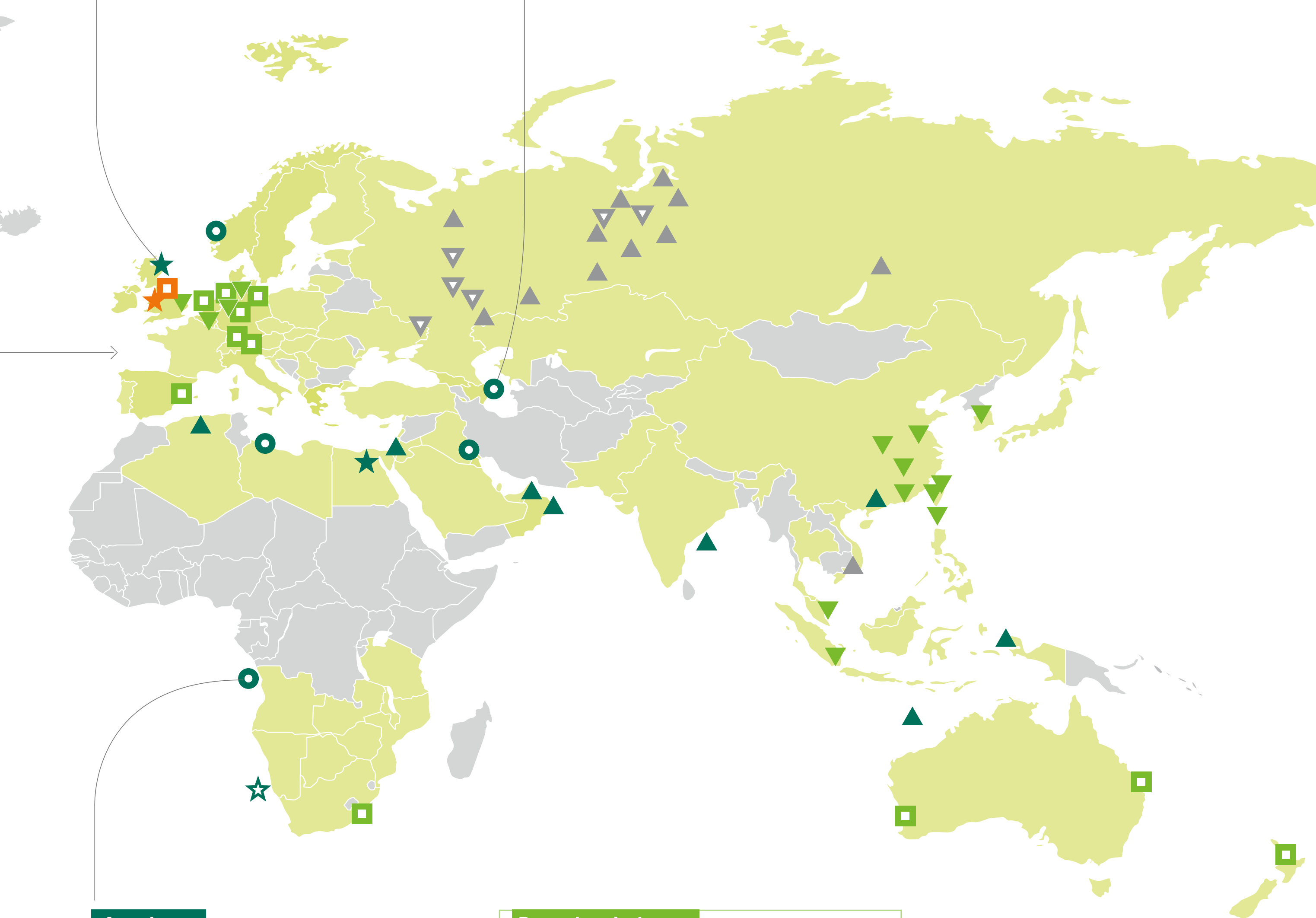
BP was the first company to find hydrocarbons in the North Sea region, in 1965. We now have one of the largest asset bases in the region, operating around 30 oil and gas fields, two major terminals and an extensive network of pipelines.

Azerbaijan

Our major projects include the Azeri-Chirag-Gunashli oil field; the Shah Deniz gas field; three major terminals; and a number of long-distance pipelines, including the 1,768km Baku-Tbilisi-Ceyhan pipeline, which carries oil across Azerbaijan, Georgia and Turkey.

Lubricants

Our lubricants business manufactures and markets lubricants and related products and services. It is a global business marketing products in more than 70 countries leveraging brand, technology and relationships. We focus our resources on core and growth markets such as Brazil, Russia, India and China.



Angola

We have been involved in Angola since the 1970s. We now hold a position in nine major deepwater licences, along with equity in the Angola LNG project. We achieved two major project start-ups in 2012.

Petrochemicals

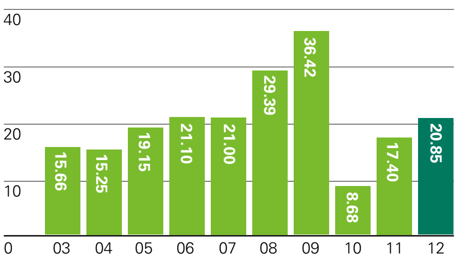
Our petrochemicals business produces petrochemicals products at manufacturing units around the world that, for the most part, use proprietary BP technology. At the end of the year the business comprised 15 manufacturing sites with approximately 40% of our capacity in Asia, and 30% in each of Europe and the US. We sell our products to customers in more than 40 countries.

Chairman's letter

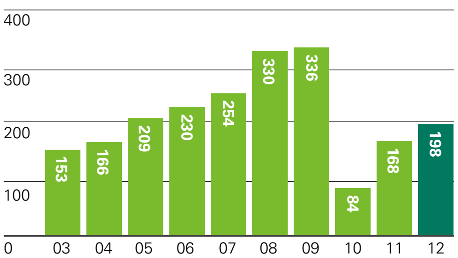
> Our plans, priorities and directions are clear. I see great opportunities ahead.

Carl-Henric Svanberg

10-year dividend history
UK (pence per ordinary share)



US (cents per ADS)



1 ADS represents six 25 cent ordinary shares.

Dear fellow shareholder

In 2012 the board had three priorities. First, to address uncertainty from ongoing litigation in the US and our partnership in Russia. Second, to reinforce the strategic direction of the group. Third, to accelerate the company's momentum and build confidence. All of these were pursued in the context of the board's active monitoring of safety and risk management.

Substantial progress has been made in meeting these priorities. This progress gave the board confidence to raise the quarterly dividend by 14% in February 2012 and by 12.5% in October. The increased dividend represents an important milestone on the road to improved shareholder value. We are maintaining a progressive dividend policy, increasing returns to you, in line with financial performance and outlook.

The pursuit of energy will always involve risk, so it is essential that safety remains front of mind. From safe and reliable operations comes trust, and we need that trust if BP is to create value for you and to help meet the world's energy needs.

Looking ahead, your board sees strong prospects for BP in a world that requires a growing supply of energy. We are aware that we still have some way to go. We continue to face a number of uncertainties in the US, for example. The board thanks you for your continued patience and support as we work to address these issues.

In working to resolve uncertainty, two matters demanded the close attention of your board.

In the US, the company has faced legal proceedings related to the Deepwater Horizon accident. Our settlements with the US government, the Securities and Exchange Commission and others were each important steps forward in reducing uncertainty.

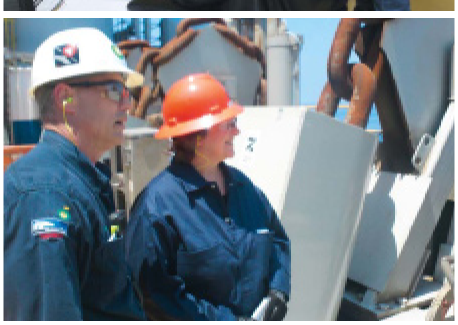
In Russia, the agreed sale of our 50% shareholding in TNK-BP to Rosneft, and the settlement with our partners, have brought clarity. The disposal agreement will provide us with an increased stake in Rosneft, such that on completion, BP will have a 19.75% share of the biggest publicly traded oil company in the world in terms of oil production and reserves. In due course BP expects to have two seats on its nine-person board. BP has worked with Rosneft for some 15 years. Our joint ambition is that BP's people, processes and technologies will help to significantly enhance Rosneft's value over time, as they did at TNK-BP.

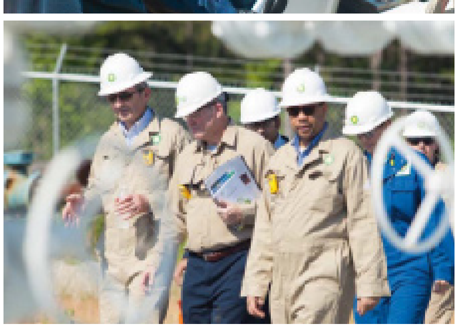
During the year the board supported Bob Dudley, our group chief executive, on the implementation of the 10-point plan and the further implementation of the functional organization. We worked with him to develop the group strategy beyond 2014. Bob, the executive team and all our employees have made a huge contribution, working to reach our milestones and secure a promising future for the company during a tough period. Bob has shown steady and determined leadership through this time. I thank him and everyone at BP for their hard work.

The qualities of BP's employees were once again demonstrated in January 2013, following the violent attack at In Amenas in Algeria. This shocking event deeply affected us all, but across the company people responded with great resilience. We will always remember those who lost their lives in this terrible incident.

Our strategy
For more on our strategic priorities and longer-term objectives see pages 15-16.

Carl-Henric Svanberg at the Sangachal terminal control room during his three-day trip to Azerbaijan (top); Professor Dame Ann Dowling on the Thunder Horse platform in the Gulf of Mexico (middle); Brendan Nelson and Phuthuma Nhleko at BP's North America Gas operations in east Texas, US (bottom).





As 2012 progressed the board saw the company start to move forward with greater confidence. It is important that this momentum continues.

Our board committees have provided effective oversight of the company and its operations, which has enabled the board to focus on its three priorities. Outside the boardroom, our non-executive directors have continued to pay visits to key parts of the business. My own visits this year included Angola, Azerbaijan, the North Sea, Japan and the US.

The board has seen substantial change. For this reason, we have asked Antony Burgmans to serve for a further three years. I am pleased that we will continue to benefit from his experience and understanding of the company. Byron Grote is retiring after 33 years with BP, including more than 12 years on the board. I thank him for his dedication and the exceptional contribution he has made to this company. As we move through 2013, the board is well balanced, with deep experience in our industry and a broad range of skills across business and finance.

We will refresh the board as and when required. I believe board diversity – including the representation of women at the top – helps to make boards more effective. We will continue to work to identify candidates from a range of backgrounds who can make a unique and powerful contribution to BP.

One of the vital tasks of the board is to ensure strategy is matched to the world we see ahead. Energy remains the engine of progress, and we expect rising populations and increasing industrialization to generate strong demand to 2030 and beyond. The world will continue to be dependent on fossil fuels in the medium term. Along with providing the hydrocarbons needed, we are also involved in developing the resources, technologies and policies required over the long term.

Our industry keeps evolving. In the past international oil companies dominated access to resources. Then national oil companies took control of the greater share. But much of the easiest-to-reach oil has been developed. So we are now entering a third era, where co-operation between partners is the key to unlocking the resources found in the most challenging locations. For BP, advantage now comes from exceptional capability rather than exceptional scale. Our future is about high-margin, high-quality production, not simply volume.

Oil will continue to be BP's prime focus, and we aim to extend our extraordinary track record in finding and developing new resources. We will keep making selective investments in natural gas, with an emphasis on assets that generate good margins. And we will be selective in the Downstream too, choosing to operate where our refining and marketing assets are connected to attractive markets.

Over the past three years BP has had to change. Through our reorganization, we are a simpler company. Through our asset sales, we are stronger financially. Through our actions, we have reduced complexity and risk. Our plans, priorities and direction are clear. I see great opportunities ahead, as we continue to build a stronger, safer BP that meets the expectations of our shareholders and the wider world.

Carl-Henric Svanberg
Chairman
6 March 2013

Group chief executive's letter

"We are building a platform for growth that should serve us well for many years to come."

Bob Dudley

Dear fellow shareholder

BP made important progress in 2012. We achieved a series of strategic milestones and remained on course with our plans to 2014 and beyond. We made great strides forward in Russia and the US. We continued to enhance risk management. We focused on our areas of greatest strength. And we sold assets to capture value, simplify the business and reduce risk.

Before I say more about our activities and plans, I would like to reflect, with great sadness, on the terrible events that took place at the In Amenas joint venture facility in Algeria in January 2013. Our thoughts are with the families and friends of those who lost their lives in the attack. We are working with government agencies and others to determine what can be learned from this shocking incident.

Coming back to our work over the past few years, people may not be fully aware of the enormous scale of the change we have made. By the end of 2012 we had announced asset sales of $38 billion, essentially reaching our target a year early. Since the divestment programme began, we have sold around half our upstream installations and pipelines, and one-third of our wells – while retaining roughly 90% of our proved reserves base and production. Meanwhile, we are gaining new exploration access, rolling out high value projects and upgrading assets.

Our Downstream segment has had an excellent year with strong operational performance and record underlying profits.[a] We made good progress on the modernization programme of our Whiting refinery and reached agreement on the divestment of two major refineries in the US, completing the sale of our Texas City refinery in February 2013.

There is more to do and there will always be new challenges to face, but we are steadily acting to build a stronger, safer BP.

We are addressing uncertainty in the US

In 2012 we resolved federal criminal charges with the Department of Justice and securities claims with the SEC. We continue to work with the Environmental Protection Agency to resolve suspension and debarment issues.

We have consistently said we are willing to settle all outstanding claims on reasonable terms, but we are also prepared to defend the company and its actions in court. We will do what is in the best interests of our shareholders. I recognize that ongoing proceedings prolong uncertainty, so we will endeavour to update you as events unfold.

Back in 2010 we said that we would help restore the environment and economy of the Gulf. We are holding true to that promise. In 2012 we made our final payment into the $20-billion Trust fund, from which $9.5 billion has been distributed to date. We supported environmental research and provided funds for the local tourism industry. Having grown up in the Gulf, I am heartened that the tourists are back, beaches are busy and the fishing is good. To date, BP has made total payments directly related to the accident and oil spill of $32.8 billion. We will continue to meet our commitments in the region.

We are repositioning BP in Russia

In 2012 we agreed to sell our 50% shareholding in TNK-BP to Rosneft. TNK-BP proved to be an outstanding investment, generating substantial value for BP. From an initial commitment of around $8 billion, it has returned some $19 billion of dividends to us. But the time had come to move on.

Carl-Henric Svanberg and Bob Dudley with Igor Sechin, President of Rosneft, on the day the BP board approved the transaction.

$19 billion

Dividends received by BP from TNK-BP since 2003.

The new agreement will provide us with an 18.5% share in Rosneft and $12.3 billion of cash, including a dividend of $0.7 billion received from TNK-BP in December 2012. Combined with our existing 1.25% shareholding, we will own 19.75% of Rosneft. We expect the transaction to be completed in the first half of 2013. Through it, we will maintain a strong position in the world's largest oil and gas producing country. And we will be a major investor in a company transforming its asset base, management processes and corporate governance.

We will use our experience in large acquisitions and mergers to support Rosneft as it assimilates TNK-BP's assets. We can also contribute technical skills in areas from exploration and enhanced oil recovery to integrating downstream businesses and international developments. We have confidence in the Russian business environment and we look forward to playing a valued role in the country's future.

We are enhancing safety and risk management

Our employees have been working systematically to enhance safety and risk management. We have changed how we are organized, bringing greater clarity and consistency across the company. In the Gulf of Mexico and elsewhere, we are holding our operations to standards that in many cases go beyond regulatory requirements. And we have turned lessons learned from the 2010 accident into new oil spill response plans and technologies, which we are adopting within BP and sharing with others. I take encouragement from our 19% reduction in loss of primary containment this past year, continuing a multi-year trend.

2012 saw the appointment of Carl Sandlin, who will oversee the implementation of the recommendations of the Bly Report, BP's internal accident investigation. In addition, following our agreement with the US government to resolve all federal criminal claims, we have agreed to take additional actions designed to further enhance the safety of drilling operations in the Gulf. Two independent monitors will be appointed to review and provide recommendations, one regarding process safety for deepwater drilling in the Gulf and the other BP's code of conduct. An independent auditor will review and report on BP's implementation of key terms of the agreement.

We are building a distinctive platform for growth

In shaping our portfolio, we are prioritizing shareholder value. Scale remains important, but we are focused on driving forward our financial performance rather than simply growing production volumes. Operating cash flow and replacement cost profit will take precedence over barrels of production. We are increasing investment in the areas with the greatest potential to generate strong and reliable growth in operating cash flow, from exploration and deepwater operations to giant fields and gas value chains. In the Downstream, we have a portfolio of world-class businesses that are positioned to deliver material and growing free cash flows.[b]

There is plenty for us to explore. During the year we gained new access in six countries. Since 2010 we have accessed around 400,000 square kilometres of new acreage. That is roughly the size of California and more than double the exploration acreage gained from 2000 to 2009.

We continue to have an important presence in many of the world's largest economies and in fast-developing countries too. BP's global footprint and prudent financial approach are important given the potential for turbulence in the world, including further economic and political upheaval. We are well placed to respond to unsettled conditions if and when they appear.

Looking ahead

While facing uncertainties and navigating through testing times, BP emerged from 2012 a somewhat smaller, but stronger company. As we move forward, you will see us keep working to focus, standardize and improve what we do and how we do it. We are building a platform for growth that should serve us well for many years to come.

I want to end by paying tribute to everyone here at BP. This has been another truly demanding year, and our employees have dedicated themselves to their jobs in a way that I find humbling. I am proud of the talent and the terrific spirit of determination to improve that is found within BP. Over the next 12 months and beyond, we will continue our work to enhance safety, earn back trust and create value.

Bob Dudley
Group Chief Executive
6 March 2013

The new US-based High-Performance Computing centre, which is currently under construction, will enable BP scientists to complete an imaging project in one day – whereas it would have taken four years nearly a decade ago.

[a] Downstream underlying profit is not a recognized GAAP measure. See page 19 for the equivalent measure on an IFRS basis. See Definitions on page 29 for further information on underlying profit.

[b] See footnote e on page 16 for a definition of free cash flow.

Our business model

Through our business model we aim to create value across the hydrocarbon value chain. This starts with exploration and ends with the supply of energy and other products fundamental to everyday life.

BP is the largest foreign investor in Azerbaijan and operates two production-sharing agreements – Azeri-Chirag-Gunashli and Shah Deniz – and other exploration leases. Above is the West Azeri platform.

Who we are

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

Through our work we provide customers with fuel for transportation, energy for heat and light, lubricants to keep engines moving, and the petrochemicals products used to make everyday items as diverse as paints, clothes and packaging. Our projects and operations help to generate employment, investment and tax revenues in countries and communities around the world.

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.

How we are organized

We have two main business segments: Upstream and Downstream. Through these we find, develop and produce essential sources of energy, and turn these sources into products that people need.

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

We also hold a 50% shareholding in the major Russian oil company TNK-BP, which owns upstream and downstream assets. In November, marking what we expect to be an exciting new future for BP in Russia, we signed final, binding agreements with Rosneft, Russia's leading oil company, for the sale of our share in TNK-BP for $12.3 billion in cash (which includes a dividend of $0.7 billion received from TNK-BP in December 2012) and an 18.5% stake in Rosneft. The transaction is expected to complete in the first half of 2013. Combined with BP's existing 1.25% shareholding, this will result in BP owning 19.75% of Rosneft.

In renewable energy, our investments and activities are focused on biofuels and wind. In addition, our emerging businesses and ventures unit invests in a broad range of energy projects and technologies. Our renewables and venturing activities are managed through our Alternative Energy business, see page 18.

Our commitments

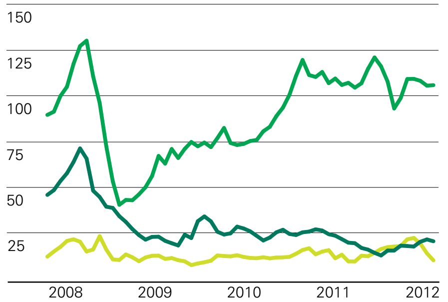
Keeping a relentless focus on safety is the top priority for everyone at BP.

Rigorous management of risk helps to protect the people at the front line, the places in which we operate and the value we create. We understand that operating in politically complex regions and technically demanding geographies requires particular sensitivity to local environments.

Our market in 2012

Global demand for energy continued to expand modestly in 2012, with a weak economy and high oil prices weighing on demand. As a result, the growth in world oil consumption remained weak in 2012. With oil markets balancing lower production from certain countries against weak consumption and high OPEC (Organization of Petroleum Exporting Countries) production, average crude oil prices in 2012 were similar to the previous year. Natural gas prices continued to diverge globally in 2012, with lower prices in the US and increases in Europe and the Far East.

Crude oil and gas prices, and refining margins ($ per barrel of oil equivalent)



Source: Platts/BP.

The relationships we form with shareholders, governments, regulators, non-governmental organizations, local communities, customers, franchisees, partners, contractors, suppliers and others in our industry are crucial to the success of our business. We are committed to building long-lasting relationships, meeting our obligations and acting responsibly.

We believe that the best way to achieve sustainable success as a group is to act in the long-term interests of our shareholders, our partners and society. Through our work we aim to create value for our investors and benefits for the communities and societies in which we operate, with the safe and responsible supply of energy playing a vital role in economic development.

Our people

We employ nearly 86,000 people, including 14,700 service station staff in Europe and Asia. The majority of our employees are located in the US and Europe. The qualities and abilities of our employees have a powerful effect on our ability to compete and meet our commitments to investors and the wider world. We provide a range of professional development programmes and training to help our employees develop their skills and capabilities. We are committed to creating an inclusive work environment where everyone is treated fairly, with dignity, respect and without discrimination.

Our presence

As a global group, our interests and activities are held or operated through subsidiaries, branches, joint ventures or associates established in – and subject to the laws and regulations of – many different jurisdictions. Our worldwide headquarters is in London. The UK is a centre for trading, legal, finance and other business functions as well as three of BP's major global research and technology groups. We have well-established operations in Europe, the US, Canada, Russia, South America, Australasia, Asia and parts of Africa. BP has freehold and leasehold interests in real estate in numerous countries, but no individual property is significant to the group as a whole.

Value creation

We seek to add value at each stage of our operations, from exploration to marketing. We believe that by operating across the full hydrocarbon value chain we can create more value for shareholders, as benefits and costs can often be shared by our segments. Integration also enables us to develop shared functional excellence in areas such as safety and operational risk, environmental and social practices, procurement, technology and treasury management more efficiently.

Material improvement

Purified terephthalic acid (PTA) is the primary raw material for polyester, which is used in textiles and packaging. Our proprietary PTA technology has significantly lower capital and operating costs compared with conventional PTA plants. Our estimates suggest that it discharges 75% less water, generates 65% lower greenhouse gas emissions and 95% lower solids waste compared with competing technologies.

We have invested significantly in this proprietary technology and believe that maximum value for BP will come from both investing in projects such as our Zhuhai 3 project in Guangdong, China and through licensing. We announced our first third-party, non-affiliate, PTA licensing deal in July to JBF Petrochemicals. They intend to build a 1.25 million tonnes per annum PTA unit in India – expected onstream at the end of 2014.

Our work with PTA is part of an ongoing research and development programme designed to improve the manufacturing efficiency in petrochemicals. Along with PTA, we have industry leading technology, intellectual property and know-how in paraxylene and acetic acid.

Salt reduction promises healthy returns

Typically, less than 35% of the oil in a field is extracted, even when wells are flooded with water to increase recovery. That means important resources are currently left untapped, all over the world.

The *LoSal* flooding process is set to significantly improve recovery rates. Developed at BP's UK research centre, the *LoSal* flooding process uses water with a low salt content, which releases more molecules of oil from the sandstone rock in which they are held.

Following a successful trial in the Endicott field in Alaska, we are applying *LoSal* where appropriate in our portfolio. In 2012 Clair Ridge in the North Sea became the first large-scale offshore scheme to deploy the technology. BP estimates that this breakthrough technology (part of BP's suite of *Designer Water* enhanced oil recovery technologies) will increase production by around 42 million barrels of additional oil, compared with conventional water flooding methods.

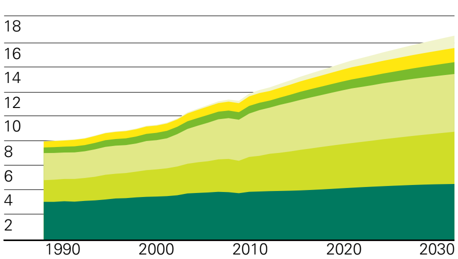
Energy outlook

We believe oil and natural gas are likely to represent about 53% of total energy consumption in 2030. Renewable energy is the fastest growing fuel; however, it is starting from a low base and we project that it is only likely to meet around 6% of total energy demand by this point.

See *bp.com.com/energyoutlook*

Energy consumption by fuel
(billion tonnes of oil equivalent)

Renewables* | Nuclear | Gas
Hydro | Coal | Oil



*Includes biofuels.
Source: *BP Energy Outlook 2030*.

Our business model
For more information see BP at a glance on pages 2-3.

We aim to protect value by maintaining a rigorous focus on safety, reliability and efficiency across our range of activities. We often work with partners to mitigate risk or gain from complementary skills.

Finding oil and gas
First, we acquire the rights to explore for oil and gas. Through new access we are able to renew our portfolio, discover new resources and replenish our development options.

Developing and extracting oil and gas
When we are successful in finding hydrocarbon resources, we create value by seeking to progress them into proved reserves or by selling them on if they do not fit with our strategic objectives.

If we believe developing and producing the reserves will be advantageous for BP, we will produce the oil and gas, then sell it to the market or distribute it to our downstream facilities.

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

Manufacturing and marketing fuels and products
Using our technology and expertise, we manufacture fuels and products, creating value by seeking to operate a high-quality portfolio of well-located assets safely, reliably and efficiently. We market our products to consumers and other end-users and add value through the strength of our brands.

Our distinctive strengths and capabilities

We consider our areas of distinctive strength to include:

- **Exploration** – acquiring access and searching for hydrocarbons.
- **Deep water** – we have a long track record in finding, developing and producing hydrocarbons in deep water.
- **Giant fields** – managing the scale and complexity of fields with resources believed to exceed 500 million boe.[a]
- **Gas value chains** – seeking to add value as gas moves from field to customer.
- **Downstream** – the pursuit of safe, reliable and efficient operations, and leading returns, across fuels, lubricants and petrochemicals.

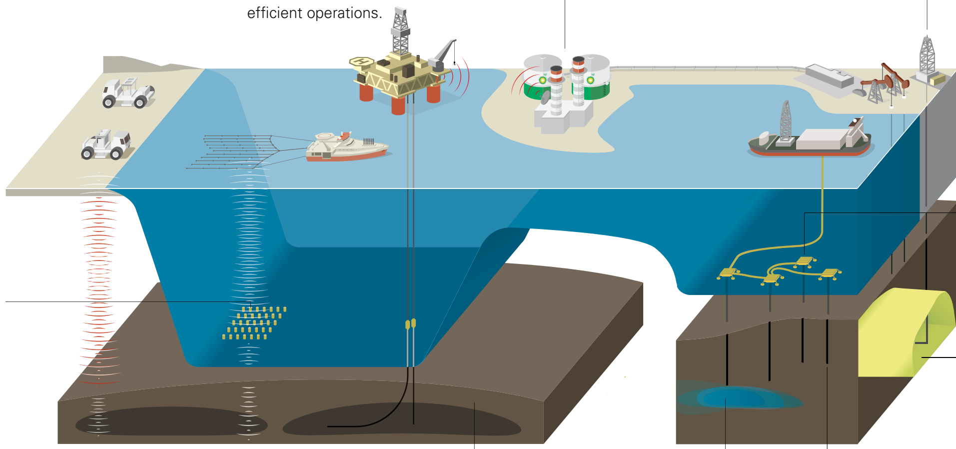
These are underpinned by our development and application of technology and our ability to build strong relationships. In addition, we have a long-established integrated supply and trading function.

Strong relationships
We are seeing an evolution in our industry, with international oil companies such as BP establishing new kinds of partnerships and co-operation with governments, national oil companies and other resource holders. The benefits of our value-creating activity are shared with governments and other partners.

We seek opportunities to develop and deploy distinctive capabilities that complement those of our partners. We also partner with universities and governments in pursuit of improving the technologies available to us, so we can enhance our operations and develop new products. We aim to support and improve standards in our

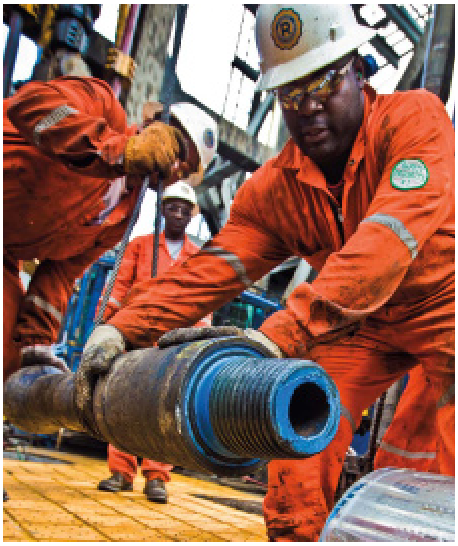
[a] Actual amount of proved reserves of such fields on a basis recognized by the SEC may be less than this.

Upstream technology flagships



Technology
For more on the role of technology at BP see *bp.com/technology.*

We increased our acreage in Trinidad & Tobago, where our production comprises oil, gas and NGLs, by 899,000 acres in 2012. Below is the Rowan drilling platform, offshore Trinidad.



industry by participating in industry bodies, engaging with our peers on important issues, and – where appropriate – setting voluntary standards above those required by current regulation. And we carry out regular reviews and audit processes with contractors and suppliers, which help to maintain strong links across our operations and activities.

Technology

We believe our development and application of technology 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.

Our investments are focused on access to resources, process efficiency, product formulation and lower-carbon opportunities. We monitor the potential opportunities and risks presented by emerging science, interdisciplinary innovation and new players; natural resource issues and climate concerns; and evolving policy, including the current emphasis on energy security and efficiency.

BP's technology advisory council, comprised of eminent business and academic technology leaders, provides the board and executive management with an independent view of BP's capabilities judged against the highest industrial and scientific standards.

Supply and trading

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. We also aim to create value through entrepreneurial trading, where our presence across major energy trading hubs gives us a good understanding of regional and international markets.

Upstream

Our Upstream segment is responsible for our activities in oil and natural gas exploration, field development and production, and midstream transportation, storage and processing. We also market and trade natural gas, including liquefied natural gas, power and natural gas liquids. We focus on areas that play to our strengths, particularly exploration, deep water, gas value chains and giant fields.

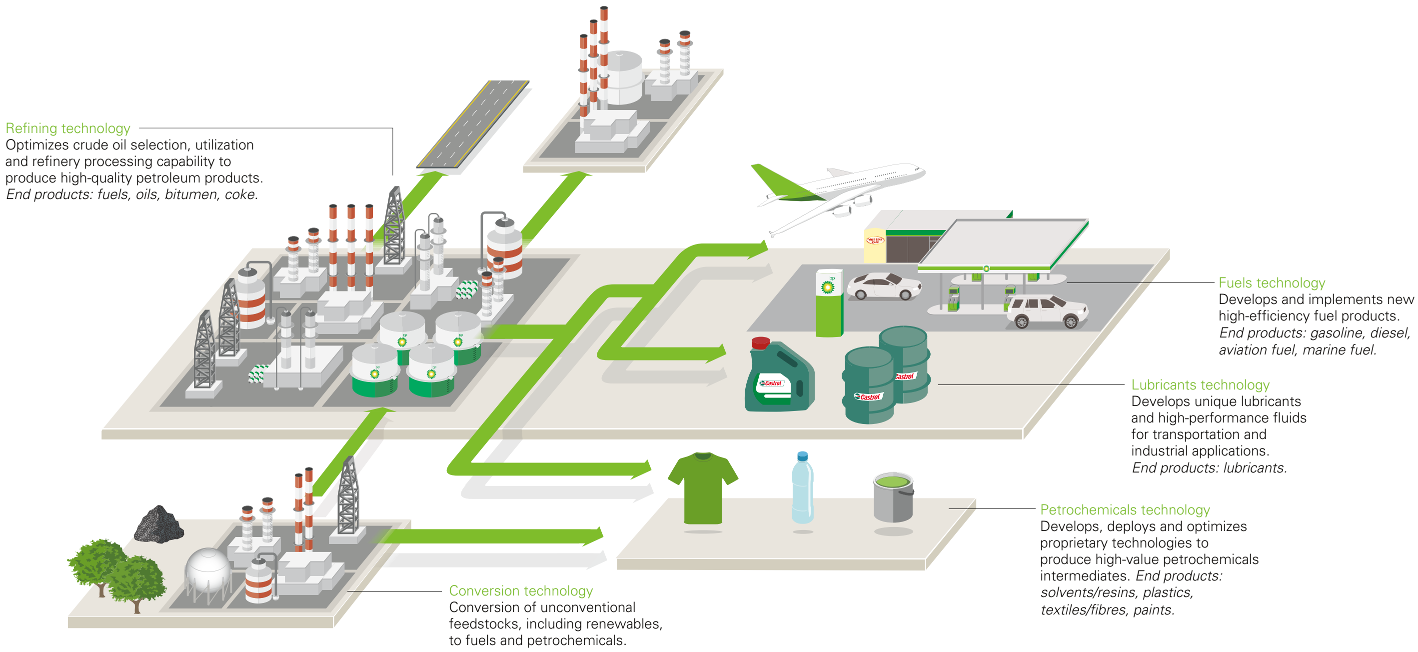
In 2012 our upstream and midstream activities took place in 28 countries including Angola, Azerbaijan, Canada, Egypt, Norway, Trinidad & Tobago, the UK, the US and other locations within Asia, Australasia, South America, North Africa and the Middle East.

Our Upstream segment manages its exploration, development and production activities through global functions with specialist areas of expertise.

We actively manage our portfolio and are placing increasing emphasis on accessing, developing and producing from fields able to provide high-margin barrels (those with the potential to make the greatest contribution to our operating cash flow). We sell assets when we believe they may be more valuable to others. This allows us to focus our leadership, technical resources and organizational capability on the resources we believe are likely to add the most value to our portfolio.

Our upstream technologies support BP's business strategy by focusing on safety and operational risks, helping to obtain new access, increasing recovery and reserves and improving production efficiency. Our strengths in exploration, deep water, giant fields and gas value chains are underpinned by dedicated flagship technology programmes.

Downstream technology



The lubricants business is focusing on the growth markets of Brazil, India and China. Below, a Castrol laboratory technician in Brazil, where *Castrol* lubricants have been sold since the 1950s.

Downstream

Our Downstream segment is the product and service-led arm of BP, focused on fuels, lubricants and petrochemicals. It is responsible for the refining, manufacturing, marketing, transportation, and supply and trading of crude oil, petroleum, petrochemicals products and related services to wholesale and retail customers.

The Downstream segment markets products in over 70 countries and has significant operations in Europe, North America, Australasia and Asia. We also manufacture and market our products across southern Africa and Central and South America.

We aim to be excellent in the markets in which we choose to participate – those that allow BP to serve the major energy markets of the world. Our aim is to operate all of our businesses as safe and reliable value chains, where we participate in multiple stages of each supply chain, as we believe that way we can deliver greater returns than would arise from owning a collection of discrete assets. These value chains, combined with our advantaged manufacturing operations and expertise in technology, allow us to pursue competitive returns and sustainable growth, as we serve customers and promote BP and our brands through high quality products. As in our Upstream segment, we will sell assets when we believe that to do so would generate more value than retaining them in our own portfolio.

Technology makes a critical contribution to our downstream activities. Through the research, development and deployment of a wide range of technologies, processes and techniques, we aim to enhance safety and risk management, improve our margins, increase efficiency and reliability, and create new market opportunities. For example, in lubricants we launched an oil co-engineered with Ford during the development of its newly released EcoBoost™ engine, which offers a significant improvement in efficiency.

The segment comprises three businesses: fuels, lubricants and petrochemicals, each of which operates as a value chain.

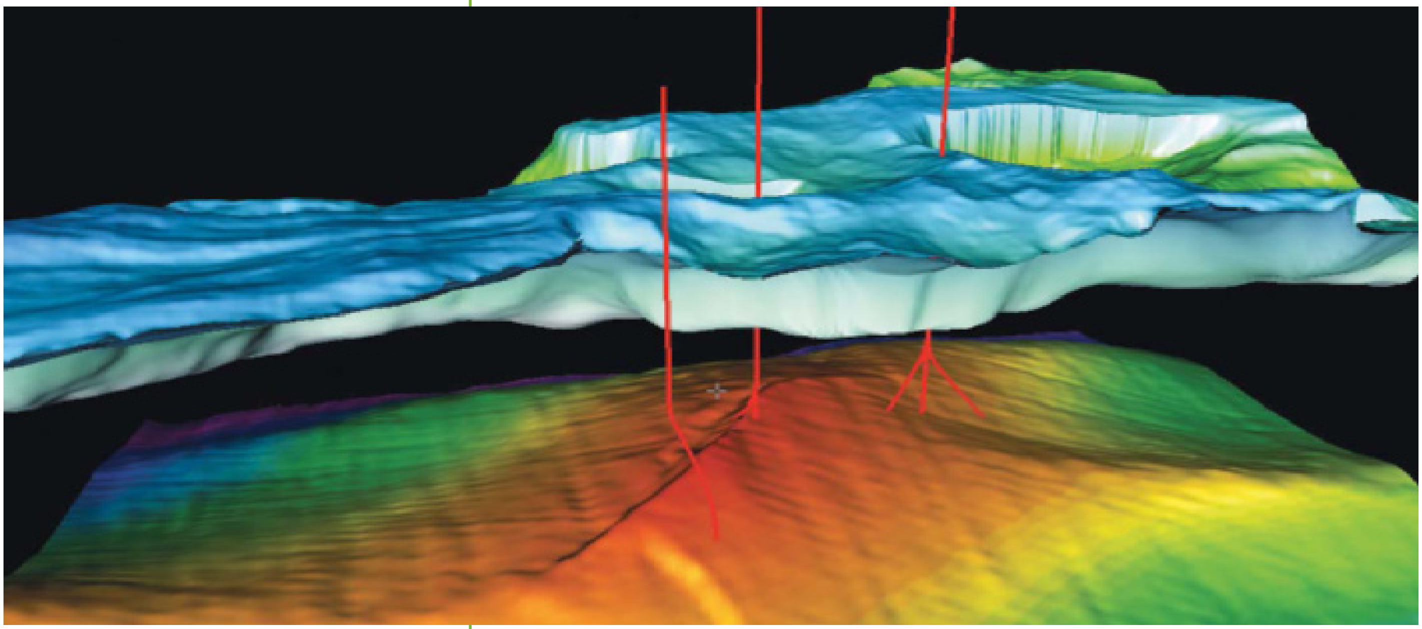
Our fuels business sells refined petroleum products including gasoline, diesel and aviation fuel and liquefied petroleum gas. Within the fuels business, fuels value chains integrate the activities of refining, logistics, marketing, and supply and trading on a regional basis. This provides the opportunity to optimize our activities – from crude oil purchases to end-consumer sales – all the way through our refineries, terminals, pipelines and retail stations.

Our lubricants business is involved in manufacturing and marketing lubricants and related services to markets around the world. We add value through the strength of our brands and through strategic collaboration with original equipment manufacturing partners where we seek to develop new high-performance lubricants such as *Castrol EDGE*.

Our global petrochemicals business manufactures and markets petrochemicals that are used in many everyday products, such as paints, plastic bottles and textiles. Value is derived from our strong customer relationships and joint-venture partners, and through the application of our world-class, proprietary technology.

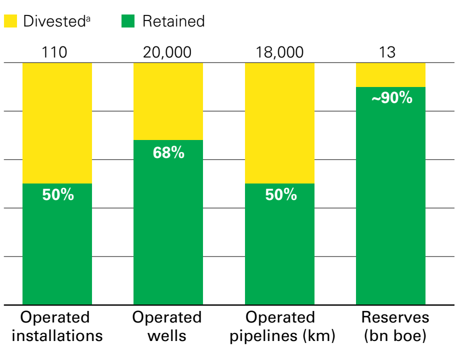
Our strategy

Through our strategy we aim to create a distinctive platform for value growth over the long term.



Our seismic technology helps minimize field appraisal and development risk. The above model of a hydrocarbon field in the Gulf of Mexico shows large salt deposits obscuring a hydrocarbon reservoir.

Upstream portfolio simplification
We have divested a significant proportion of our operated assets while still retaining virtually all our future major projects and around 90% of our proved reserves.



[a] Since April 2010.

In 2011 we put forward a 10-point plan that outlined what could be expected from BP over the next three years. During 2012 we worked towards the milestones we had set out for 2014. We refined our plans and communicated further information on our longer-term strategic objectives beyond 2014.

Through this work and the actions taken to strengthen the group, BP enters 2013 a more focused oil and gas company with promising opportunities and a clear plan for the future. BP's strengthened position, distinctive capabilities, strong financial framework and vision for the future provide the foundation for our long-term strategy. This strategy is intended to ensure BP is well positioned for the world we see ahead.

Our financial framework

We expect our organic capital expenditure[a] to be in the range of $24-27 billion per year through to the end of the decade, with investment prioritized towards the Upstream segment. All investments will continue to be subject to a rigorous capital allocation review process.

We expect to make around $2-3 billion of divestments per year in order to constantly optimize our portfolio. We will target gearing[b] in the 10-20% range while uncertainties remain. Our intention is to increase shareholder distributions in line with BP's improving circumstances.

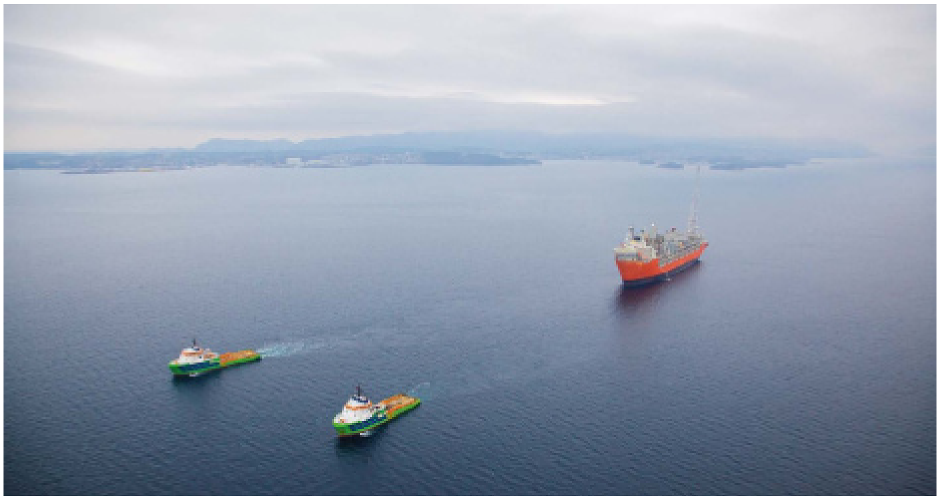
Our strategic priorities

Our aim is to be an oil and gas company that grows over the long term. We will seek to continually enhance safety and risk management, earn and keep people's trust, and create value for shareholders. We will continue to simplify our organization and fine tune the portfolio. We will focus on efficient execution in our operations and our use of capital. We will build capability through the pursuit of greater standardization and increased functional expertise.

BP Energy Outlook 2030 projects that world demand for energy will continue to grow. In helping to meet this demand, BP has a large suite of opportunities – the legacy of years of success in gaining access to and developing resources. This allows us to select and invest in those projects with the potential to provide the highest returns. We will prioritize value rather than seek to grow production volume for its own sake. We will concentrate on higher quality assets in both our Upstream and Downstream segments, starting with safety and the delivery of strong and growing cash flows to the group.

[a] Organic capital expenditure excludes acquisitions and asset exchanges.
[b] See footnote d on page 16.

The Skarv floating production, storage and offloading unit – one of the major project start-ups in 2012 – on tow in a Norwegian fjord.



10-point plan

Launched in October 2011 and set out in *BP Annual Report and Form 20-F 2011*, our 10-point plan described our intentions for building a stronger, safer BP.

What you can expect

1. A relentless focus on safety and managing risk through the systematic application of global standards.
2. We will play to our strengths in exploration, deep water, giant fields and gas value chains.
3. Stronger and more focused with an asset base that is high graded and higher performing.
4. Simpler and more standardized with fewer assets and operations in fewer countries; more streamlined internal reward and performance management processes.
5. Improved transparency through reporting TNK-BP as a separate segment and breaking out the numbers for the three downstream businesses.

What you can measure

6. Active portfolio management to continue by completing $38 billion of disposals over the four years to the end of 2013, in order to focus on our strengths.
7. We expect to bring new upstream projects onstream with unit operating cash margins[a] around double the 2011 average.[b]
8. We are aiming to generate an increase of around 50% in net cash provided by operating activities by 2014 compared with 2011.[c]
9. We intend to use half our incremental operating cash for reinvestment, half for other purposes.
10. Strong balance sheet with intention to target our level of gearing[d] in 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 Upstream 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 and a Henry Hub gas price of $5/mmBtu in 2014. The projection assumes the completion of the agreed transaction with Rosneft and receipt of the projected Rosneft dividend and excludes BP's share of the TNK-BP dividends from operating cash flow for 2011 and 2014. The projection includes BP's payment commitments under the Department of Justice and SEC settlements. 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.
[e] Free cash flow: net cash provided by operating activities less net cash used in investing activities.

We will pursue new opportunities by applying our distinctive strengths of relationships, technology and a strong balance sheet. Our past experience of co-ordinating complex projects around the world can help us to gain access to new areas.

Business model
For more information on our distinctive strengths and how we create value see pages 10-14.

Upstream

Our analysis indicates that oil offers us the most attractive opportunities. Our investments will therefore be biased to oil. We also believe there will be opportunities to create high returns from advantaged gas assets.

We have a long track record of value creation through **exploration**. We will invest in our strong incumbent positions and look for new opportunities. **Deepwater** developments can provide good opportunities for companies with the requisite expertise. We will utilize our scale and capability as we invest further in this area. We believe we are able to manage scale and complexity, and improve the recovery of conventional and unconventional resources. We expect to continue to invest in **giant fields**, where this expertise is particularly valuable.

We believe our ability to integrate complex **gas value chains** is another key strength. We intend to hold a portfolio of gas positions selected according to expected returns, with a balance across conventional and unconventional gas. We will optimize these through our trading activities.

We are committed to Russia and the Middle East – areas where we have a long history.

Downstream

We believe BP has world-class downstream operations with a strong and improving track record of performance in recent years. We will continue to focus on safe and reliable operations and excellent execution, together with disciplined investment and portfolio management. Our focus on portfolio quality will include improving the margin capability of all of our businesses, and a focus on investing in attractive markets.

As the world changes, we expect to increase our exposure to growth markets and demand from new consumers.

Longer-term objectives

- Maintain momentum on safety and risk reduction.
- Develop and apply new technologies that access new hydrocarbons or extract and process them more efficiently.

Upstream

- Generate strong returns within a disciplined financial framework.
- Deliver growth through increased reinvestment in higher return opportunities.
- Maintain our strong incumbent positions and a diversified portfolio of deep water, giant fields and gas value chains.
- Build material new positions for the long term.

Downstream

- Grow free cash flow.[e]
- Reduce our exposure to refining when not part of an integrated value chain.
- Re-orientate the geographic mix of our downstream footprint to growth markets.

Our performance

We made good progress on the Whiting refinery modernization programme in 2012, and the project is on track to come onstream in the second half of 2013.

We reached the majority of the 2012 milestones from our 10-point plan. See 2012 in summary, page 18.

Summary of our financial results

Replacement cost profit and reconciliation to IFRS profit	2012	$ million 2011
Upstream	**22,474**	26,366
Downstream	**2,846**	5,474
TNK-BP	**3,373**	4,134
Other businesses and corporate	**(2,795)**	(2,478)
Gulf of Mexico oil spill response	**(4,995)**	3,800
Consolidation adjustment – unrealized profit in inventory	**(576)**	(113)
Replacement cost profit before interest and tax[a]	**20,327**	37,183
Finance costs and net finance income relating to pensions and other post-retirement benefits	**(924)**	(983)
Taxation on an RC basis	**(7,176)**	(11,903)
Minority interest	**(234)**	(397)
Replacement cost profit attributable to BP shareholders[a]	**11,993**	23,900
Inventory holding (losses) gains – net of tax	**(411)**	1,800
Profit for the year	**11,582**	25,700

Profit for the year

We achieved a profit of $11.6 billion in 2012 compared with $25.7 billion in 2011. Excluding inventory holding gains and losses, our 2012 replacement cost (RC) profit was $12.0 billion compared with $23.9 billion in 2011. After adjusting for non-operating items and fair value accounting effects[b], our underlying RC profit in 2012 was $17.6 billion compared with $21.7 billion in 2011.[b] Underlying RC profit is a measure closely tracked by management to evaluate BP's operating performance and to make financial, strategic and operating decisions.

RC profit before interest and tax was lower in 2012 than in the previous year, mainly due to further costs associated with the Gulf of Mexico oil spill (see below). There were also lower contributions from our operating segments, principally Upstream and Downstream (see pages 18-19).

Finance costs and net finance income relating to pensions and other post-retirement benefits were a charge of $924 million in 2012 compared with $983 million for the previous year. In 2013, when we adopt the revised accounting standard relating to pensions (IAS 19 'Employee Benefits'), we will be required to apply the same rate of return on plan assets as we use to discount our pension liabilities. We expect this to adversely impact our earnings by approximately $1 billion per annum on a pre-tax basis, with no impact on cash flow.

The tax charge in 2012 was $7.2 billion on a replacement cost profit basis, compared with $11.9 billion in 2011, driven by lower earnings but also reflecting that our legal settlements with the US government are not tax deductible.

Cash flow and gearing

Operating cash flow[c] in 2012 was $20.4 billion, compared with $22.2 billion for 2011. The cash outflow in respect of the Gulf of Mexico oil spill reduced from $6.8 billion in 2011 to $2.4 billion in 2012. We expect to see operating cash flow of between $30 billion and $31 billion in 2014[d], consistent with the cash flow objectives we set in 2011 as part of our 10-point plan.

Total capital expenditure in 2012 was $24.3 billion, of which $23.1 billion was organic.[e] In 2013 we expect organic capital expenditure to be around $24 billion to $25 billion, as we invest to grow in the Upstream.

Disposal proceeds were $11.4 billion in 2012. Excluding the agreed sale of our 50% interest in TNK-BP to Rosneft, BP has now announced disposals for a total of around $38 billion since the beginning of 2010, essentially reaching our target a year earlier than expected.

Balance sheet

Cash and cash equivalents at the end of 2012 totalled $19.5 billion, compared with $14.1 billion at the end of 2011. Net debt was $27.5 billion, leaving our gearing (net debt ratio) at 18.7% at the end of 2012 compared with 20.5% at the end of 2011 (see Note 7 on page 28).

Dividends

Total dividends paid in 2012 were 33 cents per share, up 18% compared with 2011 on a dollar basis and 20% in sterling terms. This equated to a total cash distribution to shareholders of $5.3 billion during the year. We announced two increases in the quarterly dividend during 2012 – by 14% to 8 cents per share in February, and by a further 12.5% to 9 cents per share in October. These increases reflected our confidence in the company's progress against the 10-point plan and our growing belief in its longer-term prospects.

Gulf of Mexico oil spill

BP reached an agreement with the US government in November 2012 to resolve all federal criminal claims arising out of the Gulf of Mexico incident. BP pleaded guilty to 11 felony counts of misconduct or neglect of ships officers relating to the loss of 11 lives; one misdemeanour count under the Clean Water Act; one misdemeanour count under the Migratory Bird Treaty Act; and one felony count of obstruction of Congress.

BP will pay $4 billion – including criminal fines and payments to the National Fish & Wildlife Foundation and the National Academy of Sciences – in instalments over a period of five years. The court also ordered, as previously agreed with the US government, that BP serve a term of five years' probation. BP has agreed to take additional actions, enforceable by the court, to further enhance the safety of drilling operations in the Gulf of Mexico. These activities

[a] Replacement cost profit reflects the replacement cost of supplies and is arrived at by excluding inventory holding gains or losses. See Definitions on page 29.
[b] See Definitions on page 29 for information on fair value accounting effects and underlying profit.
[c] Operating cash flow is net cash provided by operating activities.
[d] Adjusted to remove TNK-BP dividends from 2011 and 2014 operating cash flow; 2014 includes BP's estimate of Rosneft dividend; 2014 includes the impact of payments in respect of the settlement of all federal criminal and securities claims with the US government; BP's assumption for 2014 is $100/bbl oil, $5/mmBtu Henry Hub gas. The projection 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.
[e] Organic capital expenditure excludes acquisitions and asset exchanges and, in 2012, expenditure associated with deepening our US natural gas and North Sea asset bases.

2012 in summary

- We agreed to sell our interest in TNK-BP to Rosneft, in exchange for cash and shares (see page 19).
- We took the total of asset sales announced since the start of 2010 to around $38 billion, effectively reaching our target a year early.
- We gained new exploration access in six countries.
- Our 2012 reserves replacement ratio, on a combined basis of subsidiaries and equity-accounted entities, excluding acquisitions and disposals, was 77%, with net additions to reserves in 2012 being wholly from equity-accounted entities.

The following points relate to particular milestones we set for 2012:

- High-margin production was brought back onstream successfully in Angola, the North Sea and other regions during 2012.
- Exploration drilling activity took place at nine wells against a target of 12 because additional time was required to ensure the rigs meet our enhanced safety standards.
- Five major project start-ups were achieved (against a target of six): at Galapagos in the Gulf of Mexico; Clochas Mavacola and block 31 in PSVM in Angola; Devenick in the North Sea; and Skarv in Norway. The Angola LNG plant is being commissioned and is expected to start production in 2013.
- Seven rigs were operational in the Gulf of Mexico in 2012 against a target of eight. An eighth rig is in place on the Mad Dog platform and is being commissioned and tested. It is expected to start up in 2013.
- We made the final payment to the Deepwater Horizon Oil Spill Trust, taking total payments to the Trust to $20 billion.
- In Downstream, we were unable to fully deliver the $2 billion of financial performance improvement[a] since 2009, which we had identified as an opportunity in 2010, due mainly to a significant reduction in the supply and trading contribution in 2012.
- Organic capital expenditure[b] during the year was $23.1 billion compared with our original expectation of around $22 billion.

Investing in renewable energy

Since 2005 we have invested $7.6 billion in lower-carbon businesses and are on track to meet our commitment to invest $8 billion by 2015. In biofuels, our three sugar cane mills in Brazil now have a total crush capacity of 7.2 million tonnes and produce fuels for use in transport and power. At the end of 2012 we started up the Vivergo JV bioethanol plant in Hull, UK. We also have research, demonstration and production facilities planned or operating in the US, UK and Brazil. During the year we cancelled plans to build a commercial-scale cellulosic ethanol plant in Florida and refocused our cellulosic strategy on research, development and technology licensing. In wind we have interests in 16 wind farms in the US, which together provide BP with a net generating capacity of 1,558MW.[c]

relate to BP's risk management processes, such as third-party auditing and verification, training, and well control equipment and processes such as blowout preventers and cementing.

BP also reached a settlement with the SEC in November 2012, resolving the SEC's Deepwater Horizon-related civil claims. BP has agreed to a civil penalty of $525 million and to an injunction prohibiting it from violating certain US securities laws and regulations. BP made its first payment of $175 million in December 2012.

The US Environmental Protection Agency (EPA) announced in November 2012 that it had temporarily suspended BP p.l.c. and other BP companies from participating in or receiving new federal contracts, or renewing an expiring one. The suspension does not affect existing contracts BP has with the US government, including those relating to current and ongoing drilling and production operations in the Gulf of Mexico.

In February 2013 the EPA issued a notice of mandatory debarment for BP Exploration & Production Inc at its Houston headquarters. Mandatory debarment prevents that company from entering into new contracts or new leases with the US government at those premises. We continue to work with the EPA to resolve suspension and debarment issues.

US economic loss and medical claims

In April 2012 BP reached settlements with the Plaintiffs' Steering Committee (PSC) to resolve the substantial majority of eligible private 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.

The agreements were approved by the court in December 2012 and January 2013. The total estimated cost for those elements of the settlement agreements that can be estimated reliably is approximately $7.7 billion, some of which has already been paid.

Significant uncertainties exist in relation to the amount of claims that are to be paid and will become payable through the claims process. BP strongly disagrees with a recent ruling of the court over how the PSC settlement agreement is being interpreted. Business economic loss claims not yet received or processed cannot be estimated reliably and are not reflected in the $7.7 billion estimated cost. The total cost will be significantly higher. BP intends to pursue all available legal options, including rights of appeal, to challenge this interpretation. There can be no certainty as to the outcome of BP's challenge. The PSC settlement is uncapped except for economic loss claims related to the Gulf seafood industry. See Note 2 on page 26 for further information.

BP Annual Report and Form 20-F 2012
see Risk factors and Financial statements – Note 36.

Upstream performance

The RC profit before interest and tax for our Upstream segment in 2012 was $22.5 billion, compared with $26.4 billion in 2011. 2012 included a net non-operating gain of $3.2 billion, mainly relating to gains on disposals partly offset by impairment charges. After adjusting for non-operating items and unfavourable fair value accounting effects of $0.1 billion,

[a] This performance improvement measure was based on comparing Downstream's underlying replacement cost profit before interest and tax for 2009 with that of 2012, after adjusting for 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.
[b] See footnote e on page 17.
[c] Excludes 32MW of capacity in the Netherlands, which is managed by our Downstream segment.

A new future in Russia

In October 2012 we took a major step forward in repositioning BP within Russia by announcing our intention to sell our 50% share in TNK-BP to Rosneft, the world's largest publicly traded oil company in terms of oil production and reserves, for a net $12.3 billion in cash (which includes a dividend of $0.7 billion received from TK-BP in December 2012) and an 18.5% share in Rosneft. In November we signed final binding agreements. We expect the transactions to complete in the first half of 2013, subject to certain customary closing conditions, including governmental, regulatory and anti-trust approvals. Combined with BP's existing 1.25% shareholding, this will result in BP owning 19.75% of Rosneft. We intend to use part of the cash proceeds on completion to offset any dilution to BP's earnings per share.

underlying RC profit before interest and tax[a] was $19.4 billion in 2012 compared with $25.2 billion in 2011, reflecting higher costs, lower production and lower realizations.

Our divestment programme over the past three years has increased the focus of the company's core portfolio on BP's areas of distinctive strength and capability, at the same time reducing operational complexity.

Our focus on safe, reliable and compliant operations has translated into improvements in both personal and process safety. We have seen a 16% improvement in our days away from work case frequency since the start of 2010, and a 22% improvement in our loss of primary containment incidents over the same period.

We have continued to open up new exploration opportunities. In 2012 we added almost 68,000 square kilometres (approximately 26,250 square miles) of new acreage in Brazil, Canada, Egypt, Namibia and Uruguay; and in the Gulf of Mexico and Ohio in the US, bringing our 2010-2012 total to around 400,000 square kilometres (approximately 154,500 square miles).

We also started up five major projects during 2012 (see 2012 in summary, page 18).

Downstream performance

The RC profit before interest and tax for our Downstream segment in 2012 was $2.8 billion, compared with $5.5 billion in 2011. This included a net non-operating charge of $3.2 billion, mainly relating to impairment charges in our US refineries that were held for sale. After adjusting for non-operating items and unfavourable fair value accounting effects of $0.4 billion, underlying RC profit before interest and tax[a] in 2012 was an all-time record of $6.4 billion compared with $6.0 billion in 2011. This reflected a favourable refining environment, which we were able to capture by virtue of our strong operations, partly offset by weak petrochemicals margins and a significantly lower supply and trading contribution than in 2011. 2012 was our fourth consecutive year of growth in underlying RC profit before interest and tax.[a]

We continued to focus on safety and reliable operations in 2012 and, over the period since 2008, we have seen a 55% reduction in loss of primary containment and a 40% reduction in our process safety index. As we improve the safety and reliability of our operations, so we are also realizing stronger financial performance – underlining our view that good safety is good business.

We also continued to make good progress in repositioning the Downstream business. In February 2013 we successfully concluded the divestment of the Texas City refinery and the previously announced divestment of our Carson refinery and US South West fuels value chain remains on track for completion towards the middle of 2013. The Whiting refinery modernization project is on track for operations to begin in the second half of 2013. Once operational, we intend that this will play a significant part in the segment's objective of contributing higher cash flows to the group.

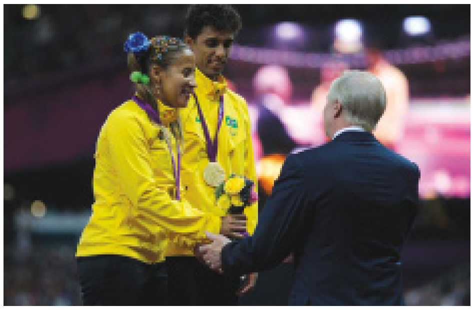
[a] See Definitions on page 29.

Winning partnerships

As an Official Partner of the London 2012 Olympic and Paralympic Games, BP invested its resources and capabilities over four years to support the Games.

We formed partnerships with the Olympic and Paralympic Committees in the UK, US and seven other countries of strategic importance to BP. We supported 60 athletes as they trained and competed. We provided advanced fuels and engine oils for 5,000 official vehicles and helped offset carbon emissions produced by over half a million spectators' journeys. We also brought the magic of the Olympic and Paralympic Games to millions through the Cultural Olympiad and the London 2012 Festival.

We believe our support to the Games enabled us to improve perceptions of BP and enhance our reputation, with communications and advertising raising public awareness of BP's contribution. The Games also provided an opportunity to strengthen our relationships with many business partners from around the world, who took part in an immersive business 'experience' using innovative visual techniques to demonstrate BP technology. London 2012 was a huge source of inspiration for our employees too, with many having the opportunity to contribute their time and energy to its success.



Our key performance indicators

We track our performance against key financial and non-financial indicators.

Our board assesses the group's performance according to a wide range of measures and indicators. The 13 key performance indicators on these pages help us measure performance against our strategic priorities – safety, trust and value – and our business plans. We keep these metrics under periodic review and test their relevance to our strategy regularly. We believe non-financial measures – such as safety and an engaged and diverse workforce – have a useful role to play as leading indicators of future performance.

Changes to KPIs
We have changed our employee engagement key performance indicator from a satisfaction measure to one that measures engagement with our strategic priorities of safety, trust and long-term value, as we believe this measure is more closely aligned with our longer-term objectives.

Remuneration
To help ensure that the focus of our board and management is aligned with the interests of our shareholders, certain of these measures are reflected in the annual bonus element of executive remuneration.

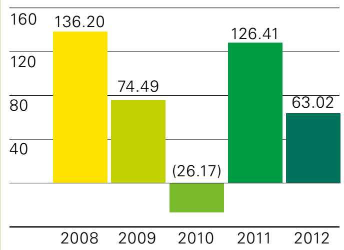
Overall annual bonuses are based on performance relative to measures and targets linked to the annual group plan.

The measures used to determine 2012 and 2013 remuneration are identified with this symbol.

Remuneration
For details of our 2013 policy see page 24.

Not all financial KPIs are recognized GAAP measures, but are provided for investors because they are closely tracked by management to evaluate BP's operating performance and to make financial, strategic and operating decisions.

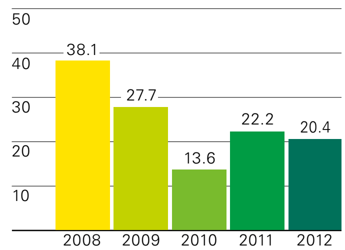
Replacement cost profit (loss) per ordinary share[a] (cents)



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 a profitability measure used by management. It is a non-GAAP measure. See page 17 for the equivalent measure on an IFRS basis.

2012 performance Our results were impacted by the cost of the legal settlement agreed with the US government following the Gulf of Mexico oil spill, as well as by lower results in our operating segments.

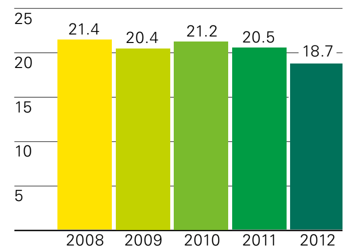
Operating cash flow ($ billion)



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.

2012 performance Lower operating cash flow in 2012 reflected the cash flow impact of lower profits, which was partly mitigated by a lower cash outflow relating to the Gulf of Mexico oil spill.

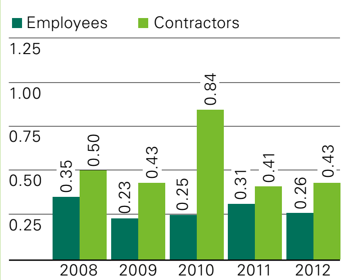
Gearing (net debt ratio)[a] (%)



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.

2012 performance We ended the year with gearing within our desired 10-20% range and we will continue to target this range while uncertainties remain.

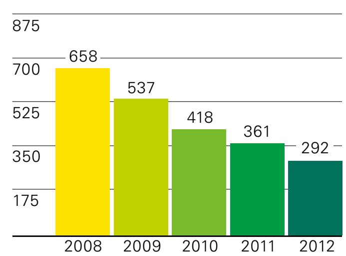
Reported recordable injury frequency[b]



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.

2012 performance Our workforce RIF, which includes employees and contractors combined, was 0.35, compared with 0.36 in 2011 and 0.61 in 2010. The 2010 group RIF was affected by the Gulf Coast response efforts and we continue to focus on improving personal safety.

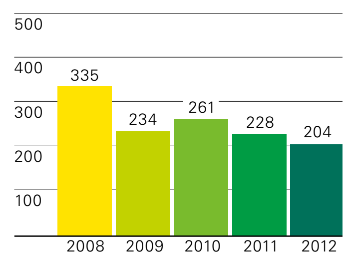
Loss of primary containment[a]



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.

2012 performance There was a 19% reduction in loss of primary containment compared to 2011, which continues a year-on-year improvement. Tracking losses of integrity is a way of measuring safety performance and helping drive improvements.

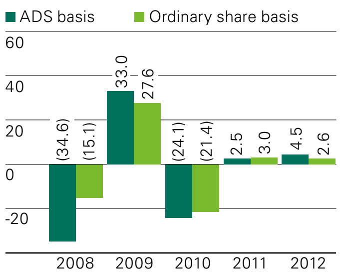
Oil spills[b]



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.

2012 performance We continue to take measures to strengthen mandatory safety-related standards and processes, including operational risk and integrity management.

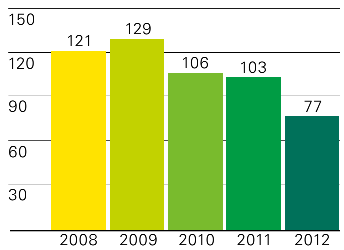
Total shareholder return (%)



Total shareholder return (TSR) 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.

2012 performance In 2012 the growth in TSR resulted from increases in the dividend, with the improvement for ordinary shares diminished by exchange rate effects.

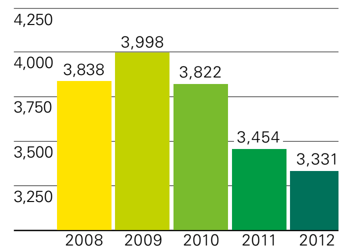
Reserves replacement ratio (%)



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.

2012 performance Our reserves replacement ratio was impacted by a lower than usual number of final investment decisions related to major projects, lower than expected reservoir performance, and the curtailing or replanning of certain development activities due to lower natural gas prices and higher costs.

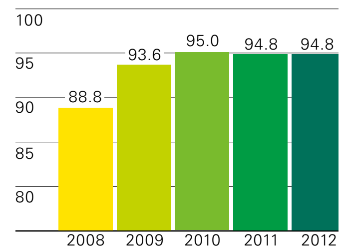
Production (mboe/d)



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.

2012 performance BP's total reported production in 2012, including both our Upstream and TNK-BP segments, was 3.6% lower than in 2011, mainly due to the effect of transactions completed in Upstream as part of our $38-billion divestment programme.

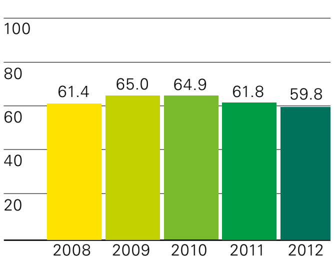
Refining availability (%)



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.

2012 performance Refining availability remained at a high level of 94.8%, reflecting strong operations around our global refining portfolio.

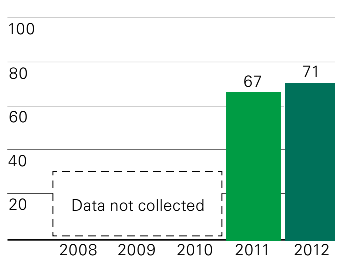
Greenhouse gas emissions (million tonnes of CO_2 equivalent)



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.

2012 performance The 2.0Mte decrease in direct GHG emissions in 2012 is primarily explained by operational changes due to temporary reductions in activity in some of our businesses and by the sale of upstream assets as part of our divestment programme.

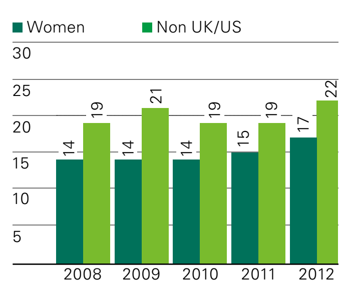
Group priorities engagement[c] (%)



We track how engaged our employees are with our strategic priorities of strengthening safety, earning back trust and building long-term value. The measure is derived from 12 questions about employee perceptions of BP as a company and how it is managed in terms of leadership and standards.

2012 performance Aggregate results for these questions showed a 4% improvement on 2011 to 71%.

Diversity and inclusion[c] (%)



Each year we record the percentage of women and individuals from countries other than the UK and US among BP's group leaders.

2012 performance BP has increased the percentage of female leaders in 2012 and remains focused on building a more sustainable pipeline of diverse talent for the future.

[a] Not a recognized GAAP measure.
[b] 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.
[c] Relates to BP employees.

Summary directors' remuneration report

> "The continuity of our pay structure provides a relatively simple, performance-based system tied directly to strategy."

Dear shareholder

BP made many further positive steps in its recovery journey during 2012. The remuneration committee recognizes the patience of investors during this period since the 2010 Deepwater Horizon accident. Equally we recognize the persistence of our executives in embedding safe and effective operations deeply into the fabric of the company while systematically restoring value. Progress is being made, reflecting a clear strategy and disciplined execution.

Our remuneration system for executive directors is tied closely to this progress. The company's strategy forms the basis for an annual plan and the measures and targets used for both annual and long-term variable pay. Variable pay, based on performance, makes up the vast majority of total potential remuneration for executive directors, and of that, most is long-term, reflecting the nature of BP's business and providing strong alignment with shareholders.

Our process for determining pay is both rigorous and independent. I have met with a number of our key shareholders again this year to understand their perspectives. We seek to reflect shareholders' interests as well as to fairly reward the achievements of our executives, recognizing the contentious nature of top executive pay while ensuring competitiveness for our talented leadership. We believe informed, balanced judgement, and transparency of our decisions is vital. These principles continue to guide the committee's operation and have led to large variability in total remuneration for our executive directors over the past decade, reflecting the underlying performance of the company.

2012 outcomes

The outcomes of the various plans that make up 2012 total remuneration for executive directors are summarized in the table on page 23.

Annual bonus

Overall group performance was assessed at just below target. Annual bonus results were based on performance assessed against targets established at the start of the year and reflected the strategic priorities of safety and operational risk management, rebuilding trust and restoring value.

Safety and risk management results, accounting for 30% of bonus, were generally at or better than plan, with significant improvement and high standards in both loss of primary containment and process safety tier 1 incidents – both key indicators of process safety.

Rebuilding trust accounted for 20% of bonus, and the company continued to make important gains as measured by independent surveys.

Restoring value metrics accounted for 50% of bonus with somewhat mixed results. Upstream major project delivery was on target, and divestment targets were exceeded but operating cash flow, underlying replacement cost profit and total cash costs did not achieve plan targets.

Performance shares

No shares vested in the 2010-2012 share element. Performance measures for this plan related to total shareholder return, production, net income, and downstream profitability – all relative to the other oil majors. As the starting point for these metrics was prior to the Deepwater Horizon accident, performance failed to meet the level required for vesting.

Other elements

Salaries were increased 3% mid-year for Bob Dudley, Iain Conn and Dr Byron Grote. The deferred bonus component was first introduced following shareholder approval in 2010, and so no plan is yet eligible for vesting and will not be until early 2014. Pension increases reflect the application of relevant plan rules. As Bob Dudley's defined benefit pension is based on three-year average remuneration, its increased value reflects a catching up with his promotion, first to the board in 2009 and secondly to group chief executive in 2010. Similarly, Dr Brian Gilvary's pension increase reflects his promotion to chief financial officer at the start of 2012.

2013 policy

For 2013 our overall policy for executive directors will remain largely unchanged, and is summarized on page 24. The continuity of our pay structure comprising salary, annual bonus, deferred bonus, performance shares, and pension, provides a relatively simple, performance-based system tied directly to strategy. Salaries will be reviewed mid-year taking into consideration both external and internal relativities. Annual bonus will operate in the same way as last year but the metrics have evolved slightly to reflect annual plan priorities and with increased weight on restoring value. Performance shares follow the same format as last year with minor change in the metrics to align with strategy.

Report format

The UK government has issued draft regulations on revised reporting for directors' remuneration which are expected to be finalized later this year. We support many of the changes planned and have incorporated these into the current report to the extent we believe is appropriate while still complying with current regulations.

We hope that you find this report both informative and reassuring. Our commitment to both shareholder interests and executive engagement continues, and we are confident that our approach to executive pay aligns well with the recovery of BP's business.

Antony Burgmans KBE
Chairman of the remuneration committee
6 March 2013

2012 total remuneration outcomes

Summary of remuneration of executive directors in 2012 (audited)

	Bob Dudley thousand		Iain Conn thousand		Dr Brian Gilvary thousand		Dr Byron Grote thousand	
Annual remuneration	**2012**	2011	**2012**	2011	**2012**	2011[a]	**2012**	2011
Salary	**$1,726**	$1,700	**£741**	£720	**£690**	n/a	**$1,464**	$1,426
Cash bonus[b]	**$837**	$850	**£374**	£396	**£366**	n/a	**$710**	$713
Other emoluments	**$110**	$66	**£39**	£35	**£13**	n/a	**$15**	$15
Total	**$2,673**	$2,616	**£1,154**	£1,151	**£1,069**	n/a	**$2,189**	$2,154
Vested equity								
Deferred bonus and match	**$0**	$0	**£0**	£0	**£0**	n/a	**$0**	$0
Performance shares[c]	**$0**	$788	**£666[d]**	£743	**£299[d]**	n/a	**$0**	$1,450
Total	**$0**	$788	**£666**	£743	**£299**	n/a	**$0**	$1,450
Total remuneration	**$2,673**	$3,404	**£1,820**	£1,894	**£1,368**	n/a	**$2,189**	$3,604
Pension								
Pension value increase[e]	**$7,317**	$4,908	**£940**	£1,209	**£2,132**	n/a	**$987**	$1,750
Cash in lieu of future accrual[f]	**n/a**	n/a	**£259**	£192	**£242**	n/a	**n/a**	n/a
Total including pension	**$9,990**	$8,312	**£3,019**	£3,295	**£3,742**	n/a	**$3,176**	$5,354

Amounts shown are in the currency received by executive directors. Annual bonuses are shown in the year they were earned.
[a] Dr Brian Gilvary joined the board on 1 January 2012.
[b] This reflects the amount of total overall bonus paid in cash with the deferred portion as set out in the conditional equity table below.
[c] 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.
[d] There was no vesting under the 2010-2012 performance share element. The shares that vested for Iain Conn pertained to a separate restricted award made in 2008 and those for Dr Brian Gilvary to an award granted prior to joining the board. The market price of ordinary shares on respective vesting dates of 7 February 2013 and 15 January 2013 was £4.58.
[e] Represents the increase in transfer value calculated for defined benefit plans. Increases for Bob Dudley and Dr Brian Gilvary reflect their promotions as per applicable rules.
[f] As for all employees affected by UK pension tax limits and who wished to remain within these limits, with effect from April 2011, Iain Conn and Dr Brian Gilvary received a cash supplement of 35% of basic salary in lieu of future service pension accrual.

Conditional equity – to vest in future years, subject to performance

		Bob Dudley		Iain Conn		Dr Brian Gilvary		Dr Byron Grote	
Deferred bonus in respect of bonus year[a]		**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Mandatory deferral	Value (thousand)	**$837**	$850	**£374**	£396	**£366**	n/a	**$710**	$713
Voluntary deferral	Value (thousand)	**$837**	$850	**£374**	£396	**£366**	n/a	**$710**	$713
Total deferral converted to shares	Shares	**229,380**	218,412	**161,296**	161,304	**157,630**	n/a	**194,556**	183,276
Total matching shares	Shares	**229,380**	218,412	**161,296**	161,304	**157,630**	n/a	**194,556**	183,276
Vesting date		**Feb 2016**	Feb 2015	**Feb 2016**	Feb 2015	**Feb 2016**	Feb 2015	**Feb 2016**	Feb 2015
Performance shares		**2012-2014**	2011-2013	**2012-2014**	2011-2013	**2012-2014**	2011-2013	**2012-2014**	2011-2013
Potential maximum shares		**1,343,712**	1,330,332	**660,633**	623,025	**624,434**	n/a	**828,936**	785,394
Vesting date		**Feb 2015**	Feb 2014	**Feb 2015**	Feb 2014	**Feb 2015**	Feb 2014	**Feb 2015**	Feb 2014

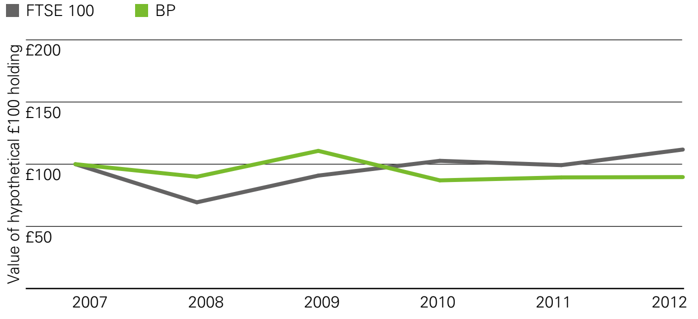
[a] The number of deferred shares is calculated using the three-day average share price following the full-year result announcement which was £4.91/share and $46.70/ADS in February 2012 and £4.64/share and $43.78/ADS in February 2013. Both deferred and matched shares are subject to a safety and environmental hurdle over the three-year deferral period.

Non-executive directors in 2012 (audited)

	£ thousand	
	2012	2011
Carl-Henric Svanberg	**750**	750
Paul Anderson	**149**	128
Admiral Frank Bowman	**126**	120
Antony Burgmans	**120**	100
Cynthia Carroll	**98**	85
George David[a]	**135**	128
Ian Davis	**128**	160
Professor Dame Ann Dowling[b c]	**97**	–
Brendan Nelson	**119**	103
Phuthuma Nhleko	**123**	113
Andrew Shilston[d]	**125**	–
Director leaving the board in 2012		
Sir William Castell[e]	**42**	168

[a] In addition, George David received £28,000 for chairing the BP technology advisory council.
[b] Appointed on 3 February 2012.
[c] In addition, Professor Dowling received £4,166 for her membership of the BP technology advisory council.
[d] Appointed 1 January 2012 and became senior independent director in April 2012.
[e] Retired from the board in April 2012.

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 £89.60 and £111.79 respectively.

2013 remuneration policy

Remuneration policy summary

Component	Policy and opportunity	2013 operation and performance metrics
Salary	Base salaries should be competitive relative to relevant market peer groups and are normally reviewed annually.	Salaries as at 1 January 2013 are: Bob Dudley $1,751,000, Iain Conn £752,000, Dr Brian Gilvary £690,000 and Dr Byron Grote $1,485,000.
Annual bonus	Annual bonus should be based on performance relative to measures and targets reflecting the annual plan, which in turn reflects the strategic priorities of the company. Achieving plan results should equate to on-target bonus. On-target bonus is set at 150% of salary for executive directors with a maximum of 225% of salary.	Bonus measures for 2013 are: • **Safety and operational risk management (30%).** – Loss of primary containment. Ⓡ – Process safety tier 1 events. – Recordable injury frequency. Ⓡ • **Value creation (70%).** – Operating cash flow. Ⓡ – Underlying replacement cost profit. Ⓡ – Total cash costs. – Upstream unplanned deferrals. – Upstream major project delivery. – Downstream net income per barrel. No change from last year on safety and operational risk management. Weight on value creation increased from 50% last year by eliminating rebuilding trust as a measure.
Deferred bonus	A portion of annual bonus should be paid in shares and deferred to add long-term sustainability and shareholder alignment to short-term performance achievement.	One-third of annual bonus is deferred on a mandatory basis and a further one-third can be deferred on a voluntary basis. All deferred shares are matched on a one-for-one basis. All deferred and matched shares vest after three years contingent on an assessment of safety and environmental sustainability over the three-year deferral period. No change from last year.
Performance shares	A large portion of total remuneration for executive directors should be tied to the long-term performance of the company. Shares to a value of 5.5 times salary for the group chief executive and 4 times salary for the other executive directors are normally awarded annually. Vesting of the shares after three years is dependent on performance relative to measures reflecting the strategic priorities of the company. Those shares that vest are held for an additional three-year retention period, after payment of tax on vesting.	The 2013-2015 share element will vest based equally on the following three performance metrics: • **Total shareholder return versus oil majors.** Ⓡ • **Operating cash flow.** Ⓡ • **Strategic imperatives.** – Reserves replacement versus oil majors. Ⓡ – Process safety. Ⓡ – Major project delivery. Executive directors are expected to develop a personal shareholding of five times salary before shares are released. No change from last year with the exception of major project delivery replacing rebuilding trust as one of the strategic imperatives, to align with strategy.
Pension and other benefits	Executive directors should participate in the normal company pension and benefit schemes applying in their home countries.	Both UK and US executive directors remain on defined benefit pension plans. UK directors, as for all UK employees who exceed the annual allowance set by legislation, may receive a cash supplement in lieu of future service pension accrual.

Ⓡ See pages 20-21 for how our bonus measures for 2012 and 2013 are directly linked to business KPIs.

Summary consolidated financial statements

These summary consolidated financial statements are an abridged version of the consolidated financial statements of the BP group and of the Directors' Remuneration Report for 2012. They do not contain sufficient information to allow for a full understanding of the results and the state of affairs of BP p.l.c. and of its policies and of arrangements concerning directors' remuneration. The independent auditor's report on the consolidated financial statements and the available part of the Directors' Remuneration Report was unqualified.

Summary group income statement

For the year ended 31 December			$ million
	2012	2011	2010
Total revenues and other income	**388,285**	386,463	308,928
Purchases	**293,242**	285,618	216,211
Manufacturing, exploration and production expenses	**43,197**	33,877	71,011
Depreciation, depletion, amortization, impairments and losses on sale of businesses and fixed assets	**18,756**	13,193	12,853
Distribution and administration expenses	**13,357**	13,958	12,555
Profit (loss) before interest and taxation	**19,733**	39,817	(3,702)
Finance costs	**1,125**	1,246	1,170
Net finance expense (income) relating to pensions and other post-retirement benefits	**(201)**	(263)	(47)
Profit (loss) before taxation	**18,809**	38,834	(4,825)
Taxation	**6,993**	12,737	(1,501)
Profit (loss) for the year	**11,816**	26,097	(3,324)
Attributable to			
BP shareholders	**11,582**	25,700	(3,719)
Minority interest	**234**	397	395
	11,816	26,097	(3,324)
Earnings per share – cents			
Profit for the year attributable to BP shareholders			
Basic	**60.86**	135.93	(19.81)
Diluted	**60.45**	134.29	(19.81)

Summary group statement of comprehensive income

For the year ended 31 December			$ million
	2012	2011	2010
Profit (loss) for the year	**11,816**	26,097	(3,324)
Currency translation differences	**531**	(531)	259
Actuarial loss relating to pensions and other post-retirement benefits	**(2,335)**	(5,960)	(320)
Other	**1,739**	(276)	(398)
Taxation	**446**	1,659	(137)
Other comprehensive income	**381**	(5,108)	(596)
Total comprehensive income	**12,197**	20,989	(3,920)

Summary group cash flow statement

For the year ended 31 December			$ million
	2012	2011	2010
Operating activities			
Profit (loss) before taxation	**18,809**	38,834	(4,825)
Depreciation and other similar non-cash charges	**12,805**	10,087	6,845
Other	**2,086**	936	17,114
Movements in working capital[a]	**(6,851)**	(19,668)	1,092
Income taxes paid	**(6,452)**	(8,035)	(6,610)
Net cash provided by operating activities	**20,397**	22,154	13,616
Net cash used in investing activities	**(12,962)**	(26,633)	(3,960)
Net cash provided by (used in) financing activities	**(2,018)**	482	840
Currency translation differences relating to cash and cash equivalents	**64**	(492)	(279)
Increase (decrease) in cash and cash equivalents	**5,481**	(4,489)	10,217
Cash and cash equivalents at beginning of the year	**14,067**	18,556	8,339
Cash and cash equivalents at end of year	**19,548**	14,067	18,556

[a] Of which $6,882 million outflow relates to the Gulf of Mexico oil spill (2011 $15,405 million outflow, 2010 $3,846 million inflow).

Summary group balance sheet

At 31 December		$ million
	2012	2011
Fixed assets	**177,774**	183,858
Other non-current assets	**11,438**	11,626
Non-current assets	**189,212**	195,484
Inventories	**27,867**	25,661
Trade and other receivables	**37,664**	43,526
Other current assets	**6,587**	5,910
Cash and cash equivalents	**19,548**	14,067
Assets classified as held for sale	**19,315**	8,420
Current assets	**110,981**	97,584
Total assets	**300,193**	293,068
Trade payables and other current liabilities	**66,710**	74,736
Finance debt	**10,030**	9,044
Liabilities directly associated with assets classified as held for sale	**846**	538
Current liabilities	**77,586**	84,318
Other non-current liabilities	**50,671**	49,081
Finance debt	**38,767**	35,169
Defined benefit pension plan and other post-retirement benefit plan deficits	**13,549**	12,018
Non-current liabilities	**102,987**	96,268
Total liabilities	**180,573**	180,586
Net assets	**119,620**	112,482
Equity		
BP shareholders' equity	**118,414**	111,465
Minority interest	**1,206**	1,017
Total equity	**119,620**	112,482

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

R W Dudley Group Chief Executive
6 March 2013

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 2012*, 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 information presented in this note should be read in conjunction with *BP Annual Report and Form 20-F 2012* – Financial statements, Note 2, Note 36 and Note 43.

The group income statement includes a pre-tax charge of $5.0 billion for 2012 in relation to the Gulf of Mexico oil spill. This charge includes $3.85 billion for the discounted cost of the agreement with the US government to settle all federal criminal charges, adjustments to provisions and the ongoing costs of the Gulf Coast Restoration Organization (GCRO). The cumulative pre-tax income statement charge since the incident amounts to $42.2 billion.

The cumulative income statement charge does not include amounts for obligations that BP considers are not possible, at this time, to measure reliably, namely any obligation in relation to Natural Resource Damages claims under the Oil Pollution Act 1990 (other than the estimated costs of the assessment phase and the costs of early restoration agreements). It is also not possible to measure reliably any obligation in relation to any additional liability in relation to business economic loss claims under the Plaintiffs' Steering Committee (PSC) settlement not yet received or processed by the Deepwater Horizon Court Supervised Settlement Program, or any other potential litigation (including through excluded parties from the PSC settlement and any obligation in relation to other potential private or governmental litigation), fines, or penalties except for those in relation to the Clean Water Act. See page 18 for further information. A full understanding of BP's provisioning, uncertainties and contingencies relating to the PSC settlement cannot be achieved without reading *BP Annual Report and Form 20-F 2012* – Financial statements, Note 36 and Note 43.

The total amounts that will ultimately be paid by BP in relation to all the obligations relating to the incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors, as discussed in *BP Annual Report and Form 20-F 2012* – Financial statements, Note 43, Contingent liabilities, including in relation to any new information or future developments. Furthermore, significant uncertainty exists in relation to the amount of claims that will become payable by BP, the amount of fines that will ultimately be levied on BP (including any determination of BP's culpability based on any findings of negligence, gross negligence or wilful misconduct), the outcome of litigation and arbitration proceedings, and any costs arising from any longer-term environmental consequences of the oil spill, which will also impact upon the ultimate cost for BP. The amount and timing of any amounts payable could also be impacted by any further settlements which may or may not occur. These could have a material impact on our consolidated financial position, results of operations and cash flows. The risks associated with the incident could also heighten the impact of the other risks to which the group is exposed as further described in *BP Annual Report and Form 20-F 2012* – Risk factors.

3. Disposals and non-current assets held for sale

As a result of the group's disposal programme, various assets and associated liabilities, have been presented as held for sale in the group balance sheet at 31 December 2012. The carrying amount of the assets held for sale is $19,315 million, with associated liabilities of $846 million.

The majority of the transactions noted below are subject to post-closing adjustments, which may include adjustments for working capital and adjustments for profits attributable to the purchaser between the agreed effective date and the closing date of the transaction. Such post-closing adjustments may result in the final amounts received by BP from the purchasers differing from the disposal proceeds noted below.

Upstream

On 28 November 2012 BP announced that it had agreed to sell its interests in a number of central North Sea oil and gas fields to TAQA for $1,058 million plus future payments which, dependent on oil price and production, are currently expected to exceed $250 million after tax. The assets included in the sale are BP's interests in the BP-operated Maclure, Harding and Devenick fields and non-operated interests in the Brae complex of fields and the Braemar field. The sale is subject to third-party and regulatory approvals and is expected to complete in the second quarter of 2013.

Downstream

On 13 August 2012 BP announced that it had agreed to sell its Carson refinery in California and related assets in the region, including marketing and logistics assets, to Tesoro Corporation for $2.5 billion. The assets, and associated liabilities, of the refinery and related assets are classified as held for sale in the group balance sheet at 31 December 2012. Completion is subject to regulatory and other approvals, and the transaction is expected to close by the middle of 2013.

On 1 February 2013 BP announced that it had completed the sale of its Texas City refinery and a portion of its retail and logistics network in the south-eastern US to Marathon Petroleum Corporation for $0.6 billion in relation to the fixed assets, $1.1 billion related to working capital, principally inventory, and a six-year earn-out arrangement, of up to $0.7 billion, based on future margins and refinery throughput. The consideration is subject to post-closing adjustments and will be fair-valued for accounting purposes. The assets, and associated liabilities, of the refinery and related retail and logistics network are classified as held for sale in the group balance sheet at 31 December 2012.

TNK-BP

On 22 October 2012 BP announced that it had signed heads of terms for a proposed transaction to sell its 50% share in TNK-BP to Rosneft. From this date, BP's investment in TNK-BP met the criteria to be classified as an asset held for sale. Consequently, BP ceased equity accounting for its share of TNK-BP's earnings from the date of the announcement. The TNK-BP segment result also includes a dividend of $709 million paid by TNK-BP subsequent to the reclassification. BP continues to report its share of TNK-BP's production and reserves until the transaction closes.

On 22 November 2012 BP announced that it, Rosneft and Rosneftegaz – the Russian state-owned parent company of Rosneft – had signed definitive and binding sale and purchase agreements for the sale of BP's 50% interest in TNK-BP to Rosneft and for BP's investment in Rosneft. On completion, the overall effect of the transaction will be that BP will receive $11.6 billion in cash ($12.3 billion previously announced less the $0.7 billion dividend received by BP), subject to closing adjustments, and acquire an 18.5% stake in Rosneft for its stake in TNK-BP. Combined with BP's existing 1.25% shareholding, this will result in BP owning 19.75% of Rosneft. Completion of the transaction is subject to certain customary closing conditions, including governmental, regulatory and anti-trust approvals. Completion is expected to occur in the first half of 2013.

4. Dividends

The quarterly dividend expected to be paid on 28 March 2013 in respect of the fourth quarter 2012 is 9 cents per ordinary share ($0.54 per American Depositary Share (ADS)). The corresponding amount in sterling will be announced on 18 March 2013. 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.

	pence per share			cents per share			$ million		
	2012	2011	2010	**2012**	2011	2010	**2012**	2011	2010
Dividends announced and paid									
Preference shares							**2**	2	2
Ordinary shares									
March	**5.096**	4.3372	8.679	**8**	7	14	**1,211**	808	2,625
June	**5.150**	4.2809	–	**8**	7	–	**1,448**	794	–
September	**5.017**	4.3160	–	**8**	7	–	**1,417**	1,224	–
December	**5.589**	4.4694	–	**9**	7	–	**1,216**	1,244	–
	20.852	17.4035	8.679	**33**	28	14	**5,294**	4,072	2,627
Dividend announced, payable in March 2013				**9**			**1,724**		

The financial statements for the year ended 31 December 2012 do not reflect the dividend announced on 5 February 2013 and expected to be paid in March 2013; this will be treated as an appropriation of profit in the year ended 31 December 2013.

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 Plans (ESOPs) and includes certain shares that will be issuable in the future under employee share-based payment plans.

For the diluted earnings per share 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
	2012	2011
By business		
Upstream	**17,859**	25,535
Downstream	**5,048**	4,130
Other businesses and corporate	**1,435**	1,853
	24,342	31,518
By geographical area		
US	**10,410**	8,830
Non-US	**13,932**	22,688
	24,342	31,518

Business combinations

BP undertook a number of minor business combinations in 2012 for a total consideration of $116 million.

In 2011, BP undertook a number of business combinations. Total consideration paid in cash amounted to $11.3 billion, offset by cash acquired of $0.4 billion. The fair value of contingent consideration payable amounted to $0.1 billion.

BP acquired from Reliance Industries Limited (Reliance) a 30% interest in 21 oil and gas production-sharing agreements (PSAs) operated by Reliance in India for $7,026 million. This included the producing KG D6 block. In addition, the companies formed a 50:50 joint venture for the sourcing and marketing of gas in India. This transaction provided 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.

In addition, the final part of the transaction with Devon Energy (Devon), which began in 2010, was completed in 2011. BP acquired Devon's equity stake in a number of assets in Brazil for consideration of $3.6 billion.

7. Net debt ratios

At 31 December		$ million
	2012	2011
Gross debt	**48,797**	44,213
Less: cash and cash equivalents	**19,548**	14,067
Less: fair value of hedges related to finance debt	**1,700**	1,133
Net debt	**27,549**	29,013
Equity	**119,620**	112,482
Net debt ratio	**18.7%**	20.5%

Net debt and net debt ratio are non-GAAP measures. Net debt includes 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. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. We believe that net debt and net debt ratio 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 (see Our key performance indicators on page 20).

8. Remuneration of directors

			$ million
	2012	2011	2010
Total for all directors			
Emoluments	**12**	10	15
Gains made on the exercise of share options	**–**	–	2
Amounts awarded under incentive schemes	**3**	1	4

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 cash bonuses awarded for the year. There was no compensation for loss of office in 2012 (2011 nil and 2010 $3 million).

Pension contributions
During 2012 two executive directors 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 2012.

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 22-24.

Definitions

Replacement cost (RC) profit or loss reflects the replacement cost of supplies and is arrived at by excluding inventory holding gains and losses from profit or loss. RC profit or loss is the measure of profit or loss for each operating segment that is required to be disclosed under International Financial Reporting Standards (IFRS). RC profit or loss for the group is not a recognized GAAP measure. The nearest equivalent GAAP measure is profit or loss for the year attributable to BP shareholders.

Underlying replacement cost profit loss is RC profit or loss after adjusting for non-operating items and fair value accounting effects. Underlying RC profit or loss and fair value accounting effects are not recognized GAAP measures. BP believes that underlying RC profit or loss before interest and taxation is a useful measure for investors because it is a measure closely tracked by management to evaluate BP's operating performance and to make financial, strategic and operating decisions and because it may help investors to understand and evaluate, in the same manner as management, the underlying trends in BP's operational performance on a comparable basis, year on year, by adjusting for the effects of these non-operating items and fair value accounting effects. The nearest equivalent measure on an IFRS basis for the group is profit or loss for the year attributable to BP shareholders. The nearest equivalent measure on an IFRS basis for segments is RC profit or loss before interest and taxation.

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 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 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. They are items that management considers not to be part of underlying business operations and are disclosed in order to enable investors better to understand and evaluate the group's reported financial performance.

Fair value accounting effects are non-GAAP adjustments to our IFRS profit relating to certain physical inventories, pipelines and storage capacity. Management uses a fair-value basis to value these items which, under IFRS, are accounted for on an accruals basis with the exception of trading inventories, which are valued using spot prices. The adjustments have the effect of aligning the valuation basis of the physical positions with that of the derivative instruments, which are required to be fair valued under IFRS, in order to provide a more representative view of the ultimate economic value.

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 more information see Certain definitions in *BP Annual Report and Form 20-F 2012*.

Independent auditor's statement

To the members of BP p.l.c.

We have examined the summary consolidated financial statements for the year ended 31 December 2012 which comprise the summary group income statement, the summary group statement of comprehensive income, the summary group cash flow statement, the summary group balance sheet and the related Notes 1 to 8.

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 the directors and the auditor

The directors are responsible for preparing the *Summary Review 2012* in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summarized financial statements within the *Summary Review 2012* with the full annual consolidated financial statements, the 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 the *Summary Review 2012* and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarized financial statements.

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 describe the basis of our opinions on those financial statements, the Directors' Remuneration Report, and the Directors' Report.

Opinion

In our opinion the summarized financial statements are consistent with the full annual consolidated financial statements, the Directors' Report and the Directors' Remuneration Report of BP p.l.c. for the year ended 31 December 2012 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 2012 contained within *BP Annual Report and Form 20-F 2012* 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 summarized financial statements, we have considered the adequacy of the disclosures made in Note 2 of the summarized financial statements which summarize the disclosures in the *BP Annual Report and Form 20-F 2012* concerning the provisions, future expenditure 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. Furthermore, significant uncertainty exists in relation to the amount of claims that will become payable by BP, the amount of fines that will ultimately be levied on BP (including any determination of BP's culpability based on any findings of negligence, gross negligence or wilful misconduct), the outcome of litigation and arbitration proceedings, and any costs arising from any longer-term environmental consequences of the oil spill, which will also impact upon the ultimate cost for BP. Our opinion on the summarized financial statements is not qualified in respect of these matters.

Ernst & Young LLP
Statutory auditor
London
6 March 2013

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.

1. 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.
2. 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)		
	2012	2011	2010
US	**390**	453	594
Europe	**109**	145	177
Russia	**863**	865	856
Rest of world	**694**	694	747
	2,056	2,157	2,374

Natural gas[a b]

	million cubic feet per day (net of royalties)		
	2012	2011	2010
US	**1,651**	1,843	2,184
Europe	**422**	368	487
Russia	**734**	699	640
Rest of world	**4,586**	4,608	5,090
	7,393	7,518	8,401

Net proved reserves

	2012	2011	2010
Crude oil (million barrels)	**9,855**	10,387	10,530
Natural gas reserves (billion cubic feet)	**40,305**	41,659	42,700

Refinery throughputs

	thousand barrels per day		
	2012	2011	2010
US	**1,310**	1,277	1,350
Europe	**751**	771	775
Rest of world	**293**	304	301
	2,354	2,352	2,426
Refining availability	**94.8%**	94.8%	95.0%

Marketing sales volumes[c]

	thousand barrels per day		
	2012	2011	2010
US	**1,396**	1,401	1,433
Europe	**1,230**	1,305	1,402
Rest of world	**587**	605	610
Total marketing sales	**3,213**	3,311	3,445
Trading/supply sales	**2,444**	2,465	2,482
Total refined product sales	**5,657**	5,776	5,927

Petrochemicals production

	thousand metric tonnes		
	2012	2011	2010
US	**4,047**	4,029	4,146
Europe	**3,927**	3,854	4,051
Rest of world	**6,753**	6,983	7,397
	14,727	14,866	15,594

[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.

Board of directors

As at 6 March 2013

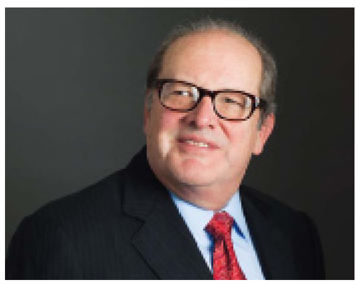
Carl-Henric Svanberg
Chairman
Chair of nomination and chairman's committees; attends Gulf of Mexico and remuneration committees

Bob Dudley
Group Chief Executive

Iain Conn
Chief Executive, Refining and Marketing

Dr Brian Gilvary
Chief Financial Officer

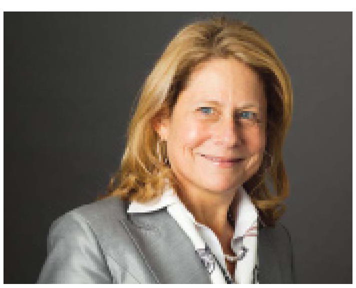
Dr Byron Grote
Executive Vice President, Corporate Business Activities



Paul Anderson
Non-Executive Director
Chair of the SEEAC; member of chairman's, Gulf of Mexico and nomination committees

Admiral Frank Bowman
Non-Executive Director
Member of chairman's, SEEAC and Gulf of Mexico committees

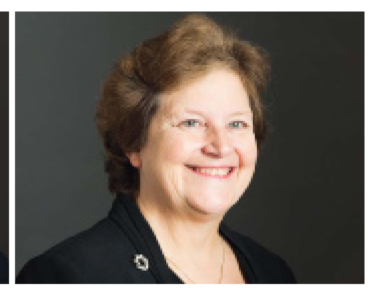
Antony Burgmans KBE
Non-Executive Director
Chair of the remuneration committee; member of chairman's, SEEAC and nomination committees



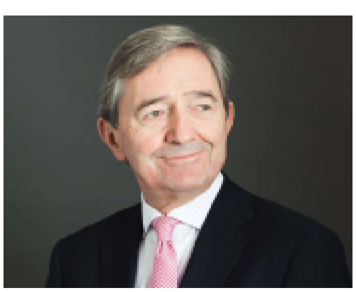
Cynthia Carroll
Non-Executive Director
Member of the chairman's, SEEAC and nomination committees

George David
Non-Executive Director
Member of the chairman's, audit, Gulf of Mexico and remuneration committees

Ian Davis
Non-Executive Director
Chair of the Gulf of Mexico committee; member of the chairman's, nomination and remuneration committees



Professor Dame Ann Dowling
Non-Executive Director
Member of the chairman's, SEEAC and remuneration committees



Brendan Nelson
Non-Executive Director
Chair of the audit committee; member of the chairman's and nomination committees

Phuthuma Nhleko
Non-Executive Director
Member of the chairman's and audit committees

Andrew Shilston
Senior Independent Director
Member of the chairman's and audit committees; attends nomination committee

Board biographies
Board biographies can be found in *BP Notice of Meeting 2013*. Board and executive team biographies can be found at *bp.com/governance*.

David Jackson
Company Secretary

Shareholder information

Company Secretary: David Jackson

Registered Office: 1 St. James's Square, London SW1Y 4PD

2013 shareholder calendar[a]

28 March	Fourth interim dividend payment for 2012
11 April	Annual General Meeting
30 April	First quarter results announced
10 May	Record date (to be eligible for the first interim dividend)
21 June	First interim dividend payment
30 July	Second quarter results announced
31 July	8% and 9% preference shares dividend payment
9 August	Record date (to be eligible for the second interim dividend)
20 September	Second interim dividend payment
29 October	Third quarter results announced
8 November	Record date (to be eligible for the third interim dividend)
20 December	Third interim dividend payment

[a] All future dates are provisional and may be subject to change.

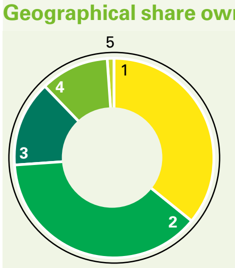
Annual General Meeting (AGM)

The 2013 AGM will be held on Thursday, 11 April 2013 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 business to be considered at the meeting.

Share capital

	31 Dec 2012
Ordinary shares of 25 US cents each (excluding shares held in treasury)	19,135,751,315
8% Cumulative first preference shares of £1 each	7,232,838
9% Cumulative second preference shares of £1 each	5,473,414

Geographical share ownership[b]



[b] Represents BP's best efforts to determine ownership of the group's shares, based on analysis of the year-end share register.
[c] Miscellaneous represents unidentified shares that are awaiting confirmation of the identity of the holder and the nature of their interest in the shares following enquiries made under Section 793 of the Companies Act 2006.

Major shareholders

	% as at 19 Feb 2013
Guaranty Nominees Limited[d]	27.05
BlackRock, Inc.	5.39
The Capital Group Companies, Inc.	3.88
Legal & General Group Plc	3.82

[d] Nominee for JPMorgan Chase Bank, N.A., depositary for American depositary shares (ADSs).

Shareholder security

All shareholders need to be aware of unsolicited or unexpected phone calls or correspondence about investments or discounted shares that imply a connection with the company. The callers can be very persistent and extremely persuasive, often suggesting that there is an imminent offer by the company, and offer to buy shares at a price significantly above market price if an administration fee is paid. These offers are scams, so do not provide any personal information and report the instance to Action Fraud on 0300 123 2040.

Dividends

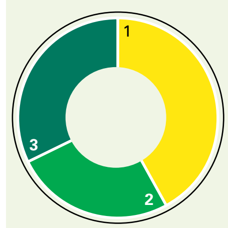
Full information regarding dividends announced and paid by the company on ordinary shares, ADSs and preference shares is provided in the full *BP Annual Report and Form 20-F 2012* or at *www.bp.com/dividends*. The following table shows dividends announced and paid by the company in the past year on ordinary shares.

Dividends paid ordinary shares	UK pence[e]	US cents[e]	US cents[f]
4Q 2011	5.0958	8.00	48.00
1Q 2012	5.1498	8.00	48.00
2Q 2012	5.0171	8.00	48.00
3Q 2012	5.5890	9.00	54.00

[e] Per ordinary share
[f] Per ADS (1 ADS represents 6 ordinary shares)

A Scrip Dividend Programme was approved by shareholders in 2010 which enables BP ordinary shareholders and ADS holders to elect to receive new fully paid BP ordinary shares (or ADSs in the case of ADS holders) instead of cash.

Dividend payment choices



Electronic communications

- Enables you to receive your shareholder information as soon as it is available.
- Enables BP to communicate in a more environmentally friendly way that minimizes waste and reduces costs.

Shareholders who have chosen to receive documents in paper form are encouraged to register for 'e-communications' by visiting *www.mybpshares.com*. Shareholders can also change their instruction at any time by contacting Capita Registrars.

BP Share Centre

Where you can:

- Buy and sell shares.
- Choose how you receive shareholder documents.
- Choose to receive your dividend direct to your bank account.
- Download copies of your dividend tax vouchers.
- Register your AGM proxy votes.
- Sign up for electronic communications.
- Update your address details.
- View your BP holdings and get an indicative value.
- View your dividend payment history.

It only takes a few minutes to register at *www.mybpshares.com*

Please have your 11 digit investor code (IVC) to hand.

Capita Registrars

Ordinary and preference shareholders

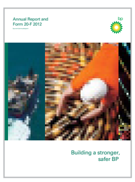
The Registry, 34 Beckenham Road
Beckenham, Kent BR3 4TU, UK
From within the UK 0800 701107
From outside the UK +44 203 170 3678
Email: *mybpshares@capita.co.uk*
Internet: *www.mybpshares.com*

JPMorgan Chase Bank N.A.

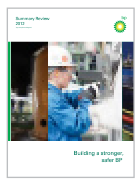
ADS holders

PO Box 64504
St Paul, MN 55164-0504, US
Toll-free in US and Canada +1 877 638 5672
From outside the US and Canada +1 651 306 4383

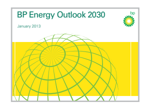
This document is part of BP's corporate reporting suite. We report on our financial and operating performance, sustainability performance and also on global energy trends and projections.



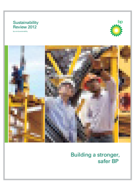
Annual Report and Form 20-F 2012
Details of our financial and operating performance in print or online.
Publishes March.
bp.com/annualreport



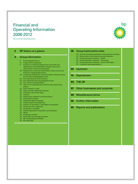
Summary Review 2012
A summary of our financial and operating performance in print or online.
Publishes March.
bp.com/summaryreview



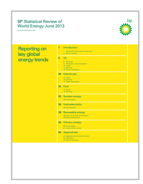
Energy Outlook 2030
Projections for world energy markets, considering the potential evolution of global economy, population, policy and technology.
Publishes January.
bp.com/energyoutlook



Sustainability Review 2012
A summary of our sustainability reporting or find additional information online.
Publishes March.
bp.com/sustainability



Financial and Operating Information 2008-2012
Five-year financial and operating data in PDF or Excel format.
Publishes April.
bp.com/financialandoperating



Statistical Review of World Energy 2013
An objective review of key global energy trends.
Publishes June.
bp.com/statisticalreview

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