

the company

Who is BP?

The BP Group ('BP') is one of the world's largest energy groups. BP has well-established operations in Europe, North and South America, Asia and Africa. BP's business segments are: exploration and production, gas, power and renewables, and refining and marketing. Through these business segments, BP provides its customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items.

Key statistics for 2004

Group turnover	\$285.1 billion (£155.8 billion*)
Pro forma results adjusted for special items	\$16.2 billion (£8.9 billion)
Replacement cost profit before exceptional items**	\$14.1 billion (£7.7 billion)
Historical cost profit after exceptional items	\$15.7 billion (£8.6 billion)
Total operating capital employed	\$118.4 billion (£64.7 billion)
Capital expenditure and acquisitions	\$17.2 billion (£9.4 billion)
Number of employees	102,900

Please note that the figures shown above have been rounded to the nearest hundred million dollars/pounds.

*BP's annual accounts are now expressed in US dollars. The sterling figures in brackets are based on a rate of exchange of £1 for every \$1.83 for all items in this brochure.

**BP presents pro forma results, in addition to its reported results, to enable shareholders to better assess our performance against that of our competitors. The pro forma result is replacement cost profit, excluding acquisition amortization (depreciation relating to fixed asset revaluation adjustment and amortization of goodwill following acquisitions of other companies).

Replacement cost profit excludes any losses or gains made on stocks of crude oil and products, setting against income the average cost of supplies in the accounting period rather than applying costs obtained by using the first in first out method. It therefore reflects more immediately changes in purchase costs. Replacement cost profit does not represent a formal accounting measure and is not reflected in the BP balance sheet.

Company results in the BP Annual Review and Annual Report and Accounts refers to pro forma results.

find out more

BP produces a number of other publications describing in more detail its operations and those of the energy industry:

- BP Annual Review
- BP Annual Report and Accounts
- BP Financial and Operating Information
- BP Sustainability Report
- The BP Statistical Review of World Energy
- The BP Magazine
- Horizon Magazine
- Frontiers Magazine (science, technology and engineering).

The BP website contains a wealth of information about the group and its businesses, as well as the latest company press releases and speeches by senior managers on current industry-related issues. It can be accessed at **www.bp.com**

BP Educational Service (BPES) produces a catalogue of resources about BP and the energy business, aimed at teachers and students aged 5 to 19. Please contact us to request your free copy.

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Did you know that...?

- On 26th May 1908 the company that was subsequently to become the Anglo Persian Oil Co. discovered oil
- BP's logo, the helios, is named after the sun god of ancient Greece
- BP employs over 100,000 people in 100 countries around the world
- BP sells the equivalent of 6.7 million barrels of refined products each day
- The term 'upstream' refers to activities such as oil and natural gas exploration, field development and production
- The term 'downstream' refers to activities such as the manufacture, supply and marketing of products derived from oil and gas
- In 1998, BP set itself the target of reducing its carbon emissions to 1990 levels by 2010 - we achieved this in 2001, 9 years earlier than expected
- BP has 19,828 branded service stations around the world
- Through our retail outlets, BP serves around 13 million customers each day
- BP's latest cleaner fuel, BP Ultimate, is proven to reduce car emissions whilst improving performance
- In 2004, BP added more reserves of oil and gas than it extracted for the 12th consecutive year on a UK GAAP basis
- BP put over \$87 million into community investment programmes around the world during 2004
- BP Solar is one of the world's largest solar electric companies

questions and answers

BP

When was BP established?

The company that became BP was founded by William Knox D'Arcy in 1909 as the Anglo-Persian Oil Company Limited and was the first to develop the Middle East's oil reserves. In 1917 'BP' became the brand name to commercially market the company's oil products and in 1954 the group changed its corporate name to British Petroleum. The company was renamed BP Amoco in 1998 after the merger with Amoco. Following further amalgamation with ARCO, Vastar, ErdoelChemie and Burmah Castrol, the name BP was adopted in 2001.

How many BP shareholders are there?

At the end of 2004, there were 345,581 holders of BP ordinary shares and a further 163,397 holders of American depository shares. One American depository share (ADS) represents six ordinary shares. One of the holders of ADSs represents some 824,700 underlying holders. ADSs can be bought and sold on North American stock markets. The total number of actual shareholders in the US and UK is in excess of 1 million. About 80% of the ordinary shares and American depository shares are held by institutions such as pension funds and insurance companies. For more than 20 years, BP has encouraged its employees to purchase shares in the company on favourable terms, giving them an extra stake in the company's success.

How does BP decide how much to pay shareholders in dividends?

Our policy regarding dividends is unchanged. BP has a progressive dividend policy. The Board takes account of several considerations: the actual circumstances of the group (i.e. cash flow, debt and earnings), future expected sustainable earnings at longer term planning conditions and our track record of growth. Shareholders receive a proportion of company profits as dividends. In 2004, BP paid out \$6,038 million (£3,235 million) in dividends.

What is the BP brand?

Branding is increasingly important in today's fast-changing global market place. The world's truly great companies all enjoy a high degree of global brand recognition. At the core of BP is an unshakable commitment to human progress that makes our brand distinctive.

The 'helios' logo (after the sun god of ancient Greece) depicts a vibrant sunburst of green, white and yellow, exemplifying dynamic energy in all its forms, from oil and gas to solar.

Our brand is who we are and what we stand for as a company. The BP brand encompasses all our people, the products we sell, the technologies we develop and the relationships we build. We have four brand values that underpin everything we do:

- green - demonstrating environmental leadership
- progressive - always looking for a new and better approach
- performance - setting global standards
- innovative - delivering breakthrough solutions.

For more about the BP brand and its values, visit the BP web site at www.bp.com/values

The BP businesses

Where does BP have operations?

BP has major operations in Europe, North and South America, Asia, Australasia, Africa and Russia. At the end of 2004, just under half its fixed assets were in the USA, just over a third in the UK and the rest of Europe, and the balance elsewhere in the world.

How is BP organised?

BP has simplified its organisation in recent years to avoid duplication and to improve decision making and expects to continue this process. Currently, group operations are conducted through business units, each focused on a particular asset or market – for example a collection of North Sea oil fields or the retail market in Australia. Each business unit is charged with meeting certain performance targets and has a wide measure of freedom to decide how it will deliver these, operating either individually or in strategic groups known as Strategic Performance Units - accountable to, but largely autonomous from, the corporate centre. BP's business units are currently grouped into three major operational segments:

1. Exploration and Production:

BP's 'upstream' interests in oil and gas exploration and production.

2. Gas, Power and Renewables:

BP's gas marketing activities, its solar business and the evaluation and development of other forms of energy such as hydrogen and wind power.

3. Refining and Marketing:

BP's 'downstream' oil activities which include trading, shipping, refining, distribution and marketing of crude oil and its products.

Oil and gas exploration and production

Where does BP produce oil and gas?

For the past 90 years BP has played a major part in the development of the world's great oil fields, initially in the Middle East and more recently in Alaska, the North Sea and the Gulf of Mexico.

Today, BP is a major oil producer in the USA and in the North Sea. BP also produces crude oil in Egypt, Canada, Colombia, Australia, Abu Dhabi in the Arabian Gulf and elsewhere in the world.

BP is also a major world gas player. We have proven reserves of more than 40 trillion cubic feet - equal to our reserves of oil - and have much more in unproven gas resources as well. Our activities span the globe from North America to Indonesia. Gas brings important environmental benefits to both developed and developing markets and is increasingly becoming the fuel of choice.

Gas, Power and Renewables

Why are cleaner energy solutions becoming more important for BP?

Customers are increasingly requiring cleaner energy to manage costs and lower emissions. Securing and supplying these customers is the principal purpose of BP's Gas, Power and Renewables business. BP markets energy and energy related services to large industrial and commercial organisations and to our own operations. We are a leader in the world's largest gas market, North America and also in the UK. We are also working to grow our business in the increasingly competitive energy markets of Europe.

In bringing gas to customers, we are applying innovative approaches to transporting and marketing liquefied natural gas (LNG). Our latest LNG tankers and our growing fleet offer flexible deliveries across the world. We are also building new pipelines and gas import terminals for customers in North America, Spain, Turkey and the Philippines. In Asia, we were selected as the sole foreign partner to develop China's first LNG import terminal and associated pipeline located at Guangdong. Gas imports into China will significantly reduce carbon dioxide emissions and should help to improve the quality of life.

Renewable energy

Our renewables business is growing fast. BP Solar is one of the world's leading producers of photovoltaic solar cells with a sales growth of 38% in 2004. Major projects have included the completion of a \$10 million project to power 1,852 schools in remote areas of Brazil and a \$3 million project to power telecommunication systems in remote areas of Peru, benefiting 3 million people. We are also building expertise in wind energy and implementing wind projects on BP owned sites. In 2002, we announced the start up of our 22.5 megawatt wind farm at the Nerefco oil refinery in the Netherlands and the first commercial sale of green electricity into the Dutch national power grid. In hydrogen, we are implementing a series of demonstration projects in Europe to develop a good understanding of the technical, cost and customer acceptance issues associated with this alternative energy.

Petrochemicals

Where does BP manufacture Petrochemicals?

BP currently has petrochemical manufacturing plants across the world, including in the UK and Continental Europe, USA, Asia and South America. Each year BP manufactures over 30 million tonnes of product.

Where can you find BP's petrochemicals products?

Products made from petrochemicals are part of our everyday lives; for example think of plastics like polythene, used for shopping bags and food packaging. Other products include adhesives, paints, cosmetics, detergents, pharmaceuticals, solvents and fibres for clothing such as fleece jackets.

Since April 2004, BP has been preparing its 15 million tonnes per year Olefins and Derivatives business for a future outside BP, likely to be achieved by the end of 2005. BP will retain the Aromatics and Acetyls businesses, which will be relocated within the Refining and Marketing segment.

Refining

Where does BP refine its oil?

BP owns or has an interest in 24 oil refineries, of which 5 are in the USA, 13 in Europe (including 2 in the UK) and 6 are in other parts of the world. In addition, and through our joint venture with TNK, we have access to 5 Russian refineries. In 2004, BP's refineries processed approximately 3 million barrels (473 million litres) of crude oil a day.

What are the main oil products that BP manufactures?

BP refines crude oil to produce petrol (gasoline), diesel and lubricants for use in private cars and commercial vehicles, fuels for aeroplanes and ships, and heating oil for homes and industry. BP also produces liquefied petroleum gas (LPG) which in many markets is used for heating and increasingly as fuel for cars.

Marketing

What are the main markets for BP products?

BP supplies its products to retail and industry in around 100 countries and serves almost 13 million customers each day. BP has a growing presence in Australasia, and parts of the Far East and Africa, but our main markets are the USA and Europe.

How does BP get its products to its customers?

BP's products are transported by a variety of methods including pipeline, road, rail, sea, river and canal. After crude oil and natural gas are discovered and pumped to the earth's surface they are carried through pipelines, or by ship, to storage terminals, or directly to refineries. BP owns or operates more than 40,000 kilometres of pipeline, much of it in the USA. In terms of shipping, our fleet is going through a multi-billion dollar renewal and expansion programme, with 11 new tankers delivered in the last year and another 30 plus ships on order. This programme will result in a near doubling in size of the controlled fleet by 2006 and result in a significant rise in the proportion of cargo carried by BP Shipping's modern double-hulled ships.

How many service stations does BP have?

At the end of 2003, BP had approximately 27,800 service stations, of which 14,700 were in the USA, 9,500 in Europe and 3,600 in the rest of the world. During 2001, BP acquired operational control of Veba Oil, which owns Aral, Germany's biggest fuels retailer, with a network of 2,600 retail sites in Germany and an additional 450 sites in neighbouring countries. BP markets products world-wide under the BP brand name. The company also markets products in Germany under the Aral brand name and in parts of the USA under the Amoco and ARCO brand names. Following BP's acquisition of Burmah Castrol, lubricants are also marketed under the Castrol brand name.

How does BP select sites for service stations?

Location is paramount. Service stations should be conveniently located close to main roads, on bypasses or on motorways. The trend has been towards bigger service stations, selling greater volumes of fuels and offering customers a whole range of other products (especially food) and services (for example internet access) which sometimes account for more than half of a station's total revenue. BP has built alliances with companies like McDonald's in the USA and Safeway in the UK to broaden its offer to customers at service station sites.

BP and health, safety and the environment (HSE)

What is BP's HSE policy?

Everyone who works for BP anywhere is responsible for getting HSE right. Good HSE performance and the health, safety and security of everyone who works for BP are critical to the success of our business. BP's goals are simply stated – no accidents, no harm to people and no damage to the environment. BP's policy is to continue to drive down the environmental and health impacts of our operations by reducing waste, emissions and discharges as well as by using energy efficiently. BP aims to produce quality products that can be used safely by customers.

In addition, BP:

- consults with, listens to and responds openly to its customers, employees, neighbours, public interest groups and those working with us
- works with others (partners, suppliers, competitors and regulators) to raise standards in our industry
- openly reports the group's performance, good and bad
- recognises those who contribute to its improved HSE performance.

BP's business plans include measurable HSE targets which everyone is committed to meeting.

Details of BP's HSE performance are available at www.bp.com/hse

The environment

What is BP's attitude to climate change?

BP was the first major energy company to state publicly that the risks of climate change were serious and believes that industry should be leading the way with practical and cost-effective solutions. In September 1998 we set ourselves the target of reducing our greenhouse gas emissions to 10% below 1990 levels by 2010 but we achieved this at the end of 2001 – and in the process we created around \$650 million in value. This taught us two important lessons: first, that doing something positive about climate change inspires great enthusiasm in our people; second, that improving energy efficiency and reducing emissions makes good business sense. Looking ahead, our new commitment is to hold net greenhouse gas emissions flat through to 2012, despite continuing ambitious growth plans. We aim to achieve this through improvements in internal energy efficiency and the use of flexible market mechanisms. A good example is emissions trading. If a 'common currency' in emissions can be developed, it will be easier to value efforts to reduce emissions on a common basis. BP has spearheaded the use of emissions trading, first through our innovative internal emissions trading system (ETS) and recently through our participation in the UK ETS. From 2005, many of our installations across Europe will be part of the EU ETS. We will continue to build on the knowledge gained from running our internal emissions trading system and by participating in appropriate emerging external emissions trading frameworks. Addressing climate change is one of the major challenges society faces today. There is no simple solution and no one company can solve this issue alone. While we continue to make progress within BP, we need the help of our partners in industry, the academic community and governments to address this global challenge together. In November 2003, BP Group Chief Executive, John Browne, set out our latest thinking. Our new target, he explained, reflects a growing scientific consensus 'that to avoid serious impact upon societies or the environment, society should plan to stabilise atmospheric concentrations of carbon dioxide (CO₂) at around 500-550 parts per million'.

In the longer term, BP believes new sources of energy can make a viable contribution and the company sees solar, wind and hydrogen power as offering significant business opportunities. However, the world will continue to rely on energy from fossil fuels, oil and natural gas for the foreseeable future and BP is committed to reducing the environmental impact of these fuels. For more details see www.bp.com/climatechange

Social investment

What governs BP's relations with the wider society?

BP believes that all of our activities should bring economic benefits and greater opportunities for all those affected by our business and has issued business policies that are the foundation on which it conducts its business. The policies focus on ethical conduct, employees, relationships, HSE, as well as control and finance. Everyone who works for BP is expected to live up to the commitments set out in these policies. Details of BP's business policies are available in the Policies and Guidelines section at www.bp.com/policies

What does BP mean by social performance?

For BP, our social performance is a measure of the progress we make towards our business policy commitments, especially regarding our ethical conduct, employees and relationships. Social performance involves how BP lives up to these policies; the impact of our operations on people and the environment and our overall contribution to society. One part is the support BP offers to the growth and sustainable development of the communities in which we operate. Around the world BP is involved in urban renewal and economic regeneration schemes, arts sponsorship, road safety and health campaigns, environmental and conservation programmes, adult literacy drives and matched funding initiatives to encourage employees to make their contribution. BP reports annually on sustainability. The latest report is available to view and download from www.bp.com/sustainabilityreport

What is BP's policy on diversity and inclusion?

BP firmly believes that the creation of a diverse workforce and an inclusive working environment are vital to our long-term success. The group's aim is to create a culture to which people from all over the world want to belong and contribute; where all employees are treated with dignity and respect and are able to succeed on their own merits, irrespective of gender or culture.

Why does BP work with education?

BP believes education is the key to the future – not only for business, but also for society as a whole. We are involved with education because we:

- want to build relationships and understanding with the community – with students, teachers and parents
- want to work more closely with key stakeholders in education, e.g. education/ business liaison agencies and government
- need to play a part in the development of the future talent pool.

BP continues to support education through two long-standing programmes:

- BP Educational Service - www.bp.com/bpes
- BP Schools Link - www.bp.com/schoolslink

In 2004, BP became the principal sponsor of a major new exhibition at the Science Museum in London called 'Energy – fuelling the future'. For more details see www.bp.com/energyproject