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21 September 2007

Dear Sir or Madam

Re: File Reference No. S7-13-07

BP p.l.c. appreciates the opportunity to comment on Release No. 33-8818, which proposes acceptance from foreign private issuers of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as published by the IASB, without reconciliation to US GAAP.

We are supportive of the SEC proposal and agree it will provide greater efficiency of capital markets by reducing costs for foreign filers, without compromising investors and others. The BP p.l.c. group is international with shares listed on the London, New York and Chicago Stock Exchanges, in addition to various other exchanges throughout the world. As a listed company in Europe, our financial statements are prepared on an IFRS basis as adopted by the European Union, and for our U.S. filings with the SEC, reconciled to U.S. GAAP. The proposal from the SEC allows the reconciliation to U.S. GAAP to be dropped provided financial statements are prepared under full IFRS, as published by the IASB. While there are currently no differences between our financial statements prepared on an IFRS basis as adopted by the European Union and IFRS as published by the IASB, we are concerned about potential differences that may develop, mainly because of the timing of EU ratification of new standards issued by the IASB. We would encourage the SEC to consider practical alternatives to what may only be a temporary timing issue.

The convergence projects of the IASB and FASB are important in achieving the shared goal of a single set of globally accepted accounting standards. While further convergence between IFRS and U.S. GAAP is needed, sufficient progress has already been achieved to date to permit comparability of financial statements. The SEC's proposal to accept IFRS without reconciliation to U.S. GAAP provides both momentum to the convergence project and encourages others to adopt IFRS as published by the IASB.

Responses to specific questions in the release are set out in the appendix to this letter.

Yours faithfully,

F W M STARKIE

Group Vice President & Chief Accounting Officer

Our responses to the specific questions are as follows:

Q1. Do investors, issuers and other commenters agree that IFRS are widely used and have been issued through a robust process by a stand-alone standard setter, resulting in high-quality accounting standards?

A1. We agree IFRS is widely used and issued under a process resulting in high-quality accounting standards. Moreover, the adoption of the Commission's proposed rule would likely further increase the usage of IFRS.

Q2. Should convergence between U.S. GAAP and IFRS as published by the IASB be a consideration in our acceptance in foreign private issuer filings of financial statements prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation? If so, has such convergence been adequate? What are commenters' views on the processes of the IASB and the FASB for convergence? Are investors and other market participants comfortable with the convergence to date, and the ongoing process for convergence? How will this global process, and, particularly, the work of the IASB and FASB, be impacted, if at all, if we accept financial statements prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation? Should our amended rules contemplate that the IASB and the FASB may in the future publish substantially different final accounting standards, principles or approaches in certain areas?

A2. As noted in our cover letter, we believe there has been sufficient convergence for acceptance of financial statements prepared under IFRS without reconciliation to U.S. GAAP, and this shows that both the IASB and FASB are working towards full convergence. We expect this convergence process to continue with added momentum as a result of broader acceptance of IFRS. In the unlikely event that further convergence is not achieved and profound differences arise, it would be reasonable for the Commission to reconsider the need for a U.S. GAAP reconciliation in financial statements prepared under IFRS as published by the IASB.

Q3. Is there sufficient comparability among companies using IFRS as published by the IASB to allow investors and others to use and understand the financial statements of foreign private issuers prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation?

A3. We believe there is sufficient comparability among companies using IFRS. In fact, financial statements prepared using IFRS, in some respects, provide greater comparability. For example, differing inventory valuation approaches within our industry is a significant comparability issue because many U.S. companies report on a LIFO basis. Under IFRS, the LIFO method of valuing inventory is not allowed as an option and the FIFO inventory method is generally applied. However, since FIFO is an option under U.S. GAAP, this significant difference is not within the U.S. GAAP reconciliation.

Q4. Do you agree that the information-sharing infrastructure being built in which the Commission participates through both multilateral and bilateral platforms will lead to an improved ability to identify and address inconsistent and inaccurate applications of IFRS? Why or why not?

A4. Yes, we do agree with this approach.

Q5. What are commenters' views on the faithful application and consistent application of IFRS by foreign companies that are registered under the Exchange Act and those that are not so registered?

A5. We believe the faithful and consistent application of IFRS is similar to that of other GAAP applications.

Q6. Should the timing of our acceptance of IFRS as published by the IASB without a U.S. GAAP reconciliation depend upon foreign issuers, audit firms and other constituencies having more experience with preparing IFRS financial statements?

A6. We do not believe the timing of the acceptance of IFRS without reconciliation should depend on additional experience. We believe existing experience of foreign issuers and audit firms is currently sufficient.

Q7. Should the timing of any adoption of these proposed rules be affected by the number of foreign companies registered under the Exchange Act that use IFRS?

A7. We believe that the Commission's adoption of the proposed rules would encourage others to adopt IFRS. We do not think the timing of such adoption should depend on the current number of foreign companies.

Q8. The IASB *Framework* establishes channels for the communication of regulators' and others' views in the IFRS standard-setting and interpretive processes. How should the Commission and its staff further support the IFRS standard-setting and interpretive processes?

A8. We would encourage the Commission to continue its active support of the IFRS standard-setting process using the existing framework through IOSCO and commenting directly on exposure drafts.

Q9. How should the Commission consider the implication of its role with regard to the IASB, which is different and less direct than our oversight role with the FASB?

A9. While less direct, we believe the Commission has a sufficient ability to influence the IASB, and with the acceptance of financial statements prepared under IFRS in the U.S., we believe that influence will be further enhanced.

- Q10. The Commission has gathered certain information from representatives of issuers, investors, underwriters, exchanges and other market participants at its public roundtable on IFRS. We are interested in receiving information from a broader audience. Is the development of a single set of high-quality globally accepted standards important to investors? To what degree are investors and other market participants able to understand and use financial statements prepared in accordance with IFRS as published by the IASB without a U.S. GAAP reconciliation? We also encourage commenters to discuss ways in which the Commission may be able to assist investors and other market participants in improving their ability to understand and use financial statements prepared in accordance with IFRS. How familiar are investors with financial statements prepared in accordance with IFRS as published by the IASB? Will the ability of an investor to understand and use financial statements that comply with IFRS as published by the IASB vary with the size and nature of the investor, the value of the investment, the market capitalization of the issuer, the industry to which the issuer in question belongs, the trading volume of its securities, the foreign markets on which those securities are traded and the regulation to which they may be subjected, or any other factors? If so, should any removal of the reconciliation requirement be sensitive to one or more of these matters, and, if so, how?**
- A10. We agree with the Commission that the development and use of a single set of high-quality globally accepted accounting standards is important to investors as it provides greater comparability and is more efficient. We also believe investors are able to understand financial statements prepared in accordance with IFRS. However, if the Commission accepts IFRS financial statements without reconciliation to U.S. GAAP and believes it would be helpful to inform investors of potential differences, the Commission might consider providing certain information on the Commission's website. Examples of this information might include the status of the IASB/FASB convergence project, including unresolved differences. This information would allow investors to assess the level of comparability without requiring each foreign issuer to disclose similar information in separate filings.
- Q11. Without a reconciliation, will investors be able to understand and use financial statements prepared using IFRS as published by the IASB in their evaluation of the financial condition and performance of a foreign private issuer? How useful is the reconciliation to U.S. GAAP from IFRS as published by the IASB as a basis of comparison between companies using different bases of accounting? Is there an alternative way to elicit important information without a reconciliation?**

- A11. With the progress that has been made with the joint convergence project, we believe most investors are now able to understand and use financial statements prepared using IFRS as published by the IASB without reconciliation to U.S. GAAP. In fact, some significant reconciling items relate to common accounting rules that simply have been adopted at different dates, such as the discontinued amortization of goodwill. Regarding the usefulness of the reconciliation itself, we have not experienced any significant user interest or comments on our reconciliation from IFRS to U.S. GAAP in recent years.
- Q12. In addition to reconciling certain specific financial statement line items, issuers presenting an Item 18 reconciliation provide additional information in accordance with U.S. GAAP. What uses do investors and other market participants make of these additional disclosures?**
- A12. We do not believe that the additional disclosure requirements contribute significantly to the usefulness of the financial statements.
- Q13. Should we put any limitations on the eligibility of a foreign private issuer that uses IFRS as published by the IASB to file financial statements without a U.S. GAAP reconciliation? If so, what type of limitations? For example, should the option of allowing IFRS financial statements without reconciliation be phased in? If so, what should be the criteria for the phase-in? Should only foreign private issuers that are well-known seasoned issuers, or large accelerated filers, or accelerated filers,⁷⁴ and that file IFRS financial statements be permitted to omit the U.S. GAAP reconciliation?**
- A13. If the shared objective is to move to a single set of high-quality global accounting standards, there should not be any barriers to the use of IFRS. As a result, we do not believe there should be limitation placed on the eligibility of foreign private issuers.

- Q14.** At the March 2007 Roundtable on IFRS, some investor representatives commented that IFRS financial statements would be more useful if issuers filed their Form 20-F annual reports earlier than the existing six-month deadline. We are considering shortening the deadline for annual reports on Form 20-F. Should the filing deadline for annual reports on Form 20-F be accelerated to five, four or three months, or another date, after the end of the financial year? Should the deadline for Form 20-F be the same as the deadline for an issuer's annual report in its home market? Should we adopt the same deadlines as for annual reports on Form 10-K? Why or why not? Would the appropriateness of a shorter deadline for a Form 20-F annual report depend on whether U.S. GAAP information is included? If a shorter deadline is appropriate for foreign private issuers that would not provide a U.S. GAAP reconciliation under the proposed amendments, should other foreign private issuers also have a shorter deadline? Should it depend on the public float of the issuer?
- A14. If additional information is required of a foreign private issuer, we believe an extended deadline is reasonable.
- Q15.** Although reconciliation to U.S. GAAP of interim periods is not ordinarily required under the Exchange Act, foreign private issuers that conduct continuous offerings on a shelf registration statement under the Securities Act may face black-out periods that prevent them from accessing the U.S. public capital market at various times during the year if their interim financial information is not reconciled. Even if commenters believe we should continue the U.S. GAAP reconciliation requirement for annual reports that include IFRS financial statements, to address this issue should we at least eliminate the need for the U.S. GAAP reconciliation requirement with respect to required interim period financial statements prepared using IFRS as published by the IASB for use in continuous offerings? Should we extend this approach to all required interim financial statements?
- A15. In the event a U.S. GAAP reconciliation continues to be required for annual reports, we agree it should be discontinued for interim reporting.
- Q16.** Is there any reason why an issuer should not be able to unreservedly and explicitly state its compliance with IFRS as published by the IASB? Is there any reason why an audit firm should not be able to unreservedly and explicitly opine that the financial statements comply with IFRS as published by the IASB? What factors may have resulted in issuers and, in particular, auditors refraining from expressing compliance with IFRS as published by the IASB?

- A16. European listed companies are required to prepare their financial statements under IFRS as adopted by the EU. The timing of EU ratification of a new standard as published by the IASB (or the lack of EU ratification) may prevent European companies from stating their financial statements are in compliance with IFRS as published by the IASB. We would urge the Commission to consider a practical alternative for filers by allowing such companies to reconcile, if necessary, to IFRS as published by the IASB rather than a more complicated reconciliation to U.S. GAAP and provide any related disclosures. This would allow European filers to comply with their listing requirements and achieve many of the Commission's stated benefits without compromising user interests.
- Q17. If the proposed amendments are adopted, should eligible issuers be able to file financial statements prepared using IFRS as published by the IASB without a U.S. GAAP reconciliation for their first filing containing audited annual financial statements? If the amendments are adopted, what factors should we consider in deciding when issuers can use them? For example, should we consider factors such as the issuer's public float (either in the United States or world wide), whether the issuer has issued only public debt, or the nature of the filing to which the amendments would be applied? Will investors be prepared to analyze and interpret IFRS financial statements without the reconciliation by 2009? If not, what further steps, including investor education, may be necessary?**
- A17. As stated above, if the shared objective is to move to a single set of high-quality global accounting standards, we do not believe there should be any barriers to the use of IFRS and we would encourage the Commission to drop the U.S. GAAP reconciliation requirement at the earliest opportunity.
- Q18. Do we need to make any other changes to Items 17 or 18 or elsewhere to implement fully the proposed elimination of the reconciliation requirement for issuers using IFRS as published by the IASB?**
- A18. We are not aware of any further changes to Items 17 or 18 required to fully implement the proposal.
- Q19. Is any revision necessary to clarify that the provisions relating to issuers that use proportionate consolidation contained in Item 17(c)(2)(vii) would not apply to IFRS financial statements that are not reconciled to U.S. GAAP under the proposed amendments? If so, what changes would be appropriate?**
- A19. We do not consider any such revisions to be necessary.

Q20. Is the IAS 21 accommodation still useful for non-IFRS issuers? Is it clear that an issuer using IFRS would not need to provide disclosure under Item 17(c)(2)(iv)? If not, what changes would be necessary to make it clear?

A20. We agree with the Commission's proposed changes and believe it is clear issuers using IFRS would not need to provide disclosure under Item 17(c)(2)(iv).

Q21. Would issuers have any difficulty in preparing interim period financial statements that are in accordance with IFRS as published by the IASB?

A21. We believe issuers would not have any difficulty preparing interim financial statements that are in accordance with IFRS as published by the IASB.

Q22. Do foreign private issuers that have changed to IFRS generally prepare interim financial statements that are in accordance with IFRS, and do they make express statements to that effect?

A22. Yes, we believe this is generally the case.

Q23. How significant are the differences between IAS 34 and Article 10? Is the information required by IAS 34 adequate for investors? If not, what would be the best approach to bridge any discrepancy between IAS 34 and Article 10? Should issuers be required to comply with Article 10 if their interim period financial statements comply with IAS 34? Should we consider any revision to existing rules as they apply to an issuer that would not be required to provide a U.S. GAAP reconciliation under the proposed rules?

A23. We believe that the information required by IAS 34 is adequate and that the differences with Article 10 generally are not significant.

Q24. Are there accounting subject matter areas that should be addressed by the IASB before we should accept IFRS financial statements without a U.S. GAAP reconciliation?

A24. We do not think the limited remaining accounting subject areas yet to be addressed by the IASB should delay the acceptance of IFRS financial statements without a U.S. GAAP reconciliation.

Q25. Can investors understand and use financial statements prepared using IFRS as published by the IASB in those specific areas or other areas that IFRS does not address? If IFRS do not require comparability between companies in these areas, how should we address those areas, if at all? Would it be appropriate for the Commission to require other disclosures in these areas not inconsistent with IFRS published by the IASB?

- A25. While we cannot address other industries, we believe investors are able to understand and compare financial statements within the oil and gas business. As noted in our answer to Q3 above, we believe comparability is impacted more by differing methods of inventory valuation allowed under U.S. GAAP than by differences caused by areas not addressed by the IASB.
- Q26. Should issuers that are permitted to omit a U.S. GAAP reconciliation for their current financial year or current interim period be required to disclose in their selected financial data previously published information based on the U.S. GAAP reconciliation with respect to previous financial years or interim periods?**
- A26. If a reconciliation can be omitted for the current year, we do not believe reconciliations for prior years would be warranted.
- Q27. With regard to references to U.S. GAAP in non-financial statement disclosure requirements, should we amend the references to U.S. GAAP pronouncements that are made in Form 20-F to also reference appropriate IFRS guidance, and, if so, what should the references refer to? Would issuers be able to apply the proposed broad approach to U.S. GAAP pronouncements and would this approach elicit appropriate information for investors? Should we retain the U.S. GAAP references for definitional purposes?**
- A27. With the added context to Item 5 and Item 11 as proposed by the Commission, we agree issuers would be able to apply the instructions and provide the required information to investors.
- Q28. Should foreign private issuers that prepare financial statements in accordance with IFRS as published by the IASB be required to continue to comply with the disclosure requirements of FAS 69? What alternatives may be available to elicit the same or substantially the same disclosure?**
- A28. Once the IASB issues disclosure requirements for oil and gas related activities, we believe the FAS 69 disclosure for foreign private issuers should be discontinued in Form 20-F filings and replaced with the IFRS equivalent.
- Q29. Should the Commission address the implications of forward-looking disclosure contained in a footnote to the financial statements in accordance with IFRS 7? For example, would some kind of safe harbor provision or other relief or statement be appropriate?**
- A29. We encourage the Commission to consider a similar safe harbor provision for similar disclosures made in financial statements prepared under IFRS.

- Q30. Are there issues on which further guidance for IFRS users that do not reconcile to U.S. GAAP would be necessary and appropriate? Should issuers and auditors consider guidance related to materiality and quantification of financial misstatements?**
- A30. While further guidance for issuers that report under any U.S. GAAP will continue to evolve, we do not believe it is necessary to specifically address any guidance to IFRS issuers that do not reconcile to U.S. GAAP.
- Q31. If a first-time IFRS adopter provides, in a registration statement filed during the year in which it changes to IFRS, three years of annual financial statements under a Previous GAAP and two years of interim financial statements prepared under IFRS as published by the IASB, should we continue to require that the interim financial statements be reconciled to U.S. GAAP?**
- A31. We do not believe financial statements prepared under IFRS need to be reconciled to U.S. GAAP, even for a new registrant that is a first-time adopter of IFRS.
- Q32. Would a U.S. GAAP reconciliation be a useful bridge from Previous GAAP financial statements to annual financial statements prepared under IFRS as published by the IASB that are not reconciled to U.S. GAAP?**
- A32. We do not believe that such a reconciliation is necessary to bridge financial statements prepared under IFRS as published by the IASB.
- Q33. Should the Commission extend the duration of the accommodation contained in General Instruction G for a period longer or shorter than the proposed five years? Would seven years, ten years or an indefinite period be appropriate? If so, why?**
- A33. We support the extension of the accommodation contained in General Instruction G to the five years as proposed by the Commission as we believe that it would further encourage others to adopt IFRS.
- Q34. Should any extension of the accommodation to first-time adopters be tied in any way to U.S. GAAP reconciliation? If so, how?**
- A34. We believe the extension should not be tied in any way to U.S. GAAP reconciliation.
- Q35. Are the proposed changes to Rules 3-10 and 4-01 sufficient to avoid any ambiguity about our acceptance of IFRS financial statements without reconciliation? If not, what other revisions would be necessary?**
- A35. Yes, we agree the proposed changes to Rules 3-10 and 4-01 are sufficient.

Q36. Are there other rules in Regulation S-X that should be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to U.S. GAAP? If so, how would the application of those rules be unclear if there were no changes to those rules, and what changes would be suggested in order to make them clear?

A36. We are not aware of other rules that would need amendment.

Q37. Is the application of the proposed rules to the preparation of financial statements provided under Rules 3-05, 3-09, 3-10 and 3-16 sufficiently clear? If not, what areas need to be clarified? Are any further changes needed for issuers that prepare their financial statements using IFRS as published by the IASB?

A37. Yes, the application of those proposed rules is clear.

Q38. Are the proposed changes in Forms F-4 and S-4, and in Rule 701, sufficient to avoid any ambiguity about our acceptance of IFRS financial statements without reconciliation? If not, how should we revise those forms or rule?

A38. Yes, we agree the proposed changes are sufficient.

Q39. Under Part F/S of Form 1-A relating to offerings conducted under Regulation A, Canadian issuers may use unaudited financial statements that are reconciled to U.S. GAAP. Should we amend Form 1-A to permit the use by Canadian companies of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation? Does the fact that financial statements under Form 1-A are not required to be audited militate in favor of retaining a U.S. GAAP reconciliation whenever a Canadian issuer uses a GAAP other than U.S. GAAP?

A39. To further the acceptance of IFRS, we support amending Form 1-A for Canadian companies.

Q40. Are there other rules or forms under the Securities Act that should be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to U.S. GAAP? If so, how would the rules or forms be unclear if there were no changes to those forms, and what changes would be suggested in order to make them clear?

A40. We are not aware of other rules that would need amendment.

Q41. Should Schedule TO and Schedule 13E-3 be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to U.S. GAAP? If so, how would the rules or forms be unclear if there were no changes to those Schedules, and what changes would be suggested in order to make them clear?

A41. We do not believe such further amendment to be necessary.

Q42. Without the reconciliation to U.S. GAAP, should we be concerned about member firm requirements to have persons knowledgeable in accounting, auditing and independence standards generally accepted in the United States review IFRS financial statements filed with the Commission? Are there alternative ways in which concerns may be addressed?

A42. The only suggestion we might have would be to consider adding to the firm requirements to include persons knowledgeable in IFRS.

Q43. Should Form 40-F or F-10 be specifically amended to permit the filing of financial statements prepared in accordance with IFRS as published by the IASB without a reconciliation to U.S. GAAP? If so, how would the forms be unclear if there were no changes to those forms, and what changes would be suggested in order to make them clear?

A43. We do not believe such further amendment to be necessary.

Q44. If progress does not continue towards implementing a single set of high quality globally accepted accounting standards, will investors and issuers be served by the absence of a U.S. GAAP reconciliation for financial statements prepared using IFRS as published by the IASB?

A44. We are optimistic further convergence will be achieved. However, in the unlikely event further convergence progress is not made, we believe both investors and issuers will still benefit from broader acceptance of IFRS. Investors will benefit from greater use by foreign issuers of IFRS rather than various home country accounting rules. Issuers will benefit from the efficiencies gained from the elimination of the U.S. GAAP reconciliation.

Q45. Where will the incentives for continued convergence lie for standard setters, issuers, investors and other users of financial statements if the reconciliation to U.S. GAAP is eliminated for issuers whose financial statements are prepared using IFRS as published by the IASB?

- A45. While the incentive for certain issuers might be reduced somewhat because of the efficiencies achieved from this proposal, we do not believe incentives for continued convergence will be less for standard setters, investors or other users. In fact, as IFRS becomes more prevalent, we believe the incentive to converge to a single set of high quality global accounting standards will increase for standard setters and users.
- Q46. Are there additional interim measures, beyond the proposed elimination of the U.S. GAAP reconciliation from IFRS financial statements, that would advance the adoption of a single set of high-quality globally accepted accounting standards? If so, what are they? Who should undertake them?**
- A46. We have no further suggestion other than what the Commission is already pursuing which is to allow U.S. companies to file under IFRS as well.
- Q47. Do you agree with our assessment of the costs and benefits as discussed in this section? Are there costs or benefits that we have not considered? Are you aware of data and/or estimation techniques for attempting to quantify these costs and/or benefits? If so, what are they and how might the information be obtained?**
- A47. We generally agree with your assumptions and assessment of the costs and benefits.
- Q48. Which foreign private issuers would have the incentive to avail themselves of the proposed amendments, if adopted? Are there any reasons for which an issuer that is eligible to file IFRS financial statements without reconciliation under the proposed amendments would elect to file a reconciliation? If so, what are they?**
- A48. If the proposal is adopted, we believe most qualifying foreign issuers would provide financial statements prepared in accordance with IFRS without a U.S. GAAP reconciliation. We would like to restate our concern regarding the timing of EU ratification of new IFRSs and we ask the Commission to consider allowing a filer that has financial statements prepared on an IFRS basis as adopted by the EU to file without reconciliation to U.S. GAAP. If considered helpful, such a filer could be required to reconcile to IFRS as published by the IASB and provide related disclosures.

Q49. Are there particular industry sectors for which a critical mass of the issuers who raise capital globally already report in IFRS? If so, which industries are they and why?

A49. We can only comment on the industry in which we operate, the oil and gas industry. Several large publicly traded oil companies trade on EU exchanges and report under IFRS. This critical mass of issuers that report under IFRS was achieved in our industry because of consolidation within the industry earlier this decade and the recent European Union adoption of IFRS.