XILINX INC
Form 10-Q
November 08, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X]	Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended September 29, 2007 or
[ ]	Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from _________ to_________.

Commission File Number 0-18548

Xilinx, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0188631**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
2100 Logic Drive, San Jose, California	**95124**
(Address of principal executive offices)	(Zip Code)

(408) 559-7778
(Registrant's telephone number, including area code)

N/A
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes __ No X

Shares outstanding of the Registrant□s common stock:

Class	Shares Outstanding at October 23, 2007
Common Stock, $.01 par value	293,995,400

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

XILINX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	Sept. 29, 2007	Sept. 30, 2006	Sept. 29, 2007	Sept. 30, 2006
Net revenues	$ 444,894	$ 467,180	$ 890,806	$ 948,542
Cost of revenues	170,122	180,580	338,600	372,639
Gross margin	274,772	286,600	552,206	575,903
Operating expenses:				
Research and development	88,294	95,951	176,164	193,533
Selling, general and administrative	90,204	95,462	180,403	189,880
Amortization of acquisition-related intangibles	1,897	2,031	3,794	4,062
Stock-based compensation related to prior years	□	□	□	2,209
Total operating expenses	180,395	193,444	360,361	389,684
Operating income	94,377	93,156	191,845	186,219
Impairment loss on investments	□	□	□	(437)
Interest and other, net	19,504	26,132	33,037	40,973
Income before income taxes	113,881	119,288	224,882	226,755
Provision for income taxes	24,183	26,242	50,906	51,218
Net income	$ 89,698	$ 93,046	$ 173,976	$ 175,537
Net income per common share:				
Basic	$ 0.30	$ 0.27	$ 0.58	$ 0.52
Diluted	$ 0.30	$ 0.27	$ 0.57	$ 0.51
Cash dividends declared per common share	$ 0.12	$ 0.09	$ 0.24	$ 0.18

Shares used in per share calculations:				
Basic	298,008	339,431	297,863	340,845
Diluted	302,226	343,192	302,604	346,734

See notes to condensed consolidated financial statements.

XILINX, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)	Sept. 29, 2007 (Unaudited)	March 31, 2007 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 368,302	$ 635,879
Short-term investments	852,986	502,036
Accounts receivable, net	236,600	182,295
Inventories	128,954	174,572
Deferred tax assets	86,240	100,344
Prepaid expenses and other current assets	99,056	104,976
Total current assets	1,772,138	1,700,102
Property, plant and equipment, at cost	779,816	760,197
Accumulated depreciation and amortization	(364,989)	(347,161)
Net property, plant and equipment	414,827	413,036
Long-term investments	687,358	675,713
Investment in United Microelectronics Corporation	67,070	67,050
Goodwill	117,955	117,955
Acquisition-related intangibles, net	10,833	14,626
Other assets	198,277	190,873
Total Assets	$ 3,268,458	$ 3,179,355
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 78,216	$ 78,912
Accrued payroll and related liabilities	95,207	83,949
Income taxes payable	—	24,210
Deferred income on shipments to distributors	101,943	89,052
Other accrued liabilities	20,238	27,246
Total current liabilities	295,604	303,369
Convertible debentures	999,119	999,597
Deferred tax liabilities	90,175	102,329
Long-term income taxes payable	40,305	—
Other long-term liabilities	1,199	1,320

Commitments and contingencies		
Stockholders equity:		
Preferred stock, $.01 par value (none issued)		
Common stock, $.01 par value	2,938	2,959
Additional paid-in capital	879,798	849,888
Retained earnings	955,363	916,292
Accumulated other comprehensive income	3,957	3,601
Total stockholders equity	1,842,056	1,772,740
Total Liabilities and Stockholders Equity	$ 3,268,458	$ 3,179,355

(1) Derived from audited financial statements

See notes to condensed consolidated financial statements.

XILINX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
(In thousands)	Sept. 29, 2007	Sept. 30, 2006
Cash flows from operating activities:		
Net income	$ 173,976	$ 175,537
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	26,826	25,509
Amortization	9,209	8,953
Stock-based compensation	32,274	48,714
Stock-based compensation related to prior years		2,209
Net (gain) loss on sale of available-for-sale securities	952	(1,033)
Convertible debt derivatives revaluation and amortization	(478)	
Impairment loss on investments		437
Tax benefit from exercise of stock options	11,649	13,226
Excess tax benefit from stock-based compensation	(10,221)	(13,057)
Changes in assets and liabilities:		
Accounts receivable, net	(54,305)	7,982
Inventories	45,359	4,831
Deferred income taxes	27,316	4,428
Prepaid expenses and other current assets	11,048	12,233
Other assets	(2,695)	(7,900)
Accounts payable	(695)	2,826
Accrued liabilities	4,672	(9,736)

Income taxes payable		(25,005)		14,385
Deferred income on shipments to distributors		12,892		(16,782)
Long-term income taxes payable and other long-term liabilities		8,616		—
Net cash provided by operating activities		271,390		272,762
Cash flows from investing activities:				
Purchases of available-for-sale securities		(1,121,054)		(558,319)
Proceeds from sale and maturity of available-for-sale securities		755,963		676,207
Purchases of property, plant and equipment		(28,618)		(26,989)
Other investing activities		(2,641)		(981)
Net cash provided by (used in) investing activities		(396,350)		89,918
Cash flows from financing activities:				
Repurchases of common stock		(150,000)		(250,000)
Proceeds from issuance of common stock through various stock plans		68,563		55,642
Payment of dividends to stockholders		(71,401)		(61,161)
Excess tax benefit from stock-based compensation		10,221		13,057
Net cash used in financing activities		(142,617)		(242,462)
Net increase (decrease) in cash and cash equivalents		(267,577)		120,218
Cash and cash equivalents at beginning of period		635,879		783,366
Cash and cash equivalents at end of period	$	368,302	$	903,584
Supplemental disclosure of cash flow information:				
Interest paid	$	16,493	$	—
Income taxes paid, net of refunds	$	29,729	$	19,532

See notes to condensed consolidated financial statements.

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XILINX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying interim condensed consolidated financial statements have been prepared in conformity with United States (U.S.) generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X, and should be read in conjunction with the Xilinx, Inc. (Xilinx or the Company) consolidated financial statements filed with the U.S. Securities and Exchange Commission (SEC) on Form

10-K for the fiscal year ended March 31, 2007. The interim financial statements are unaudited, but reflect all adjustments which are, in the opinion of management, of a normal, recurring nature necessary to provide a fair statement of results for the interim periods presented. The results of operations for the interim periods shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending March 29, 2008 or any future period.

The Company uses a 52- to 53-week fiscal year ending on the Saturday nearest March 31. Fiscal 2008 is a 52-week year ending on March 29, 2008. Fiscal 2007, which ended on March 31, 2007, was a 52-week fiscal year. The first and second quarters of fiscal 2008 and 2007 were all 13-week quarters.

Reclassifications

Certain immaterial amounts from the prior period have been reclassified to conform to the current period presentation. These changes had no impact on previously reported net income.

2. Recent Accounting Pronouncements

The Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxesan interpretation of FASB Statement No. 109 (FIN 48) effective April 1, 2007. The interpretation contains a two-step approach to recognizing and measuring uncertain tax positions accounted for in accordance with Statement of Financial Accounting Standards (SFAS) No. 109. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being ultimately realized. FIN 48 requires that the cumulative effect of adopting FIN 48 shall be recorded as an adjustment to the opening balance of retained earnings or other appropriate components of equity or net assets on the balance sheet. See Note 13 for additional information relating to the adoption of FIN 48.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 (fiscal 2009 for Xilinx), and interim periods within those fiscal years. The Company is currently assessing the impact of SFAS 157 on its financial condition and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. SFAS 159 is effective as of the beginning of an entitys first fiscal year that begins after November 15, 2007 (fiscal 2009 for Xilinx), although earlier adoption is permitted. The Company is currently assessing the impact of SFAS 159 on its financial condition and results of operations.

3. Stock-Based Compensation Plans

The Company’s equity incentive plans are broad-based, long-term retention programs that are intended to attract and retain talented employees as well as align stockholder and employee interests.

In July 2006, the stockholders approved the adoption of the 2007 Equity Incentive Plan (2007 Plan) and authorized 10.0 million shares to be reserved for issuance thereunder. On August 9, 2007, the stockholders approved an amendment to increase the authorized number of shares reserved for issuance under the 2007 Plan by 5.0 million shares. The types of awards allowed under the 2007 Plan include incentive stock options, non-qualified stock options, restricted stock units (RSUs), restricted stock and stock appreciation rights. The Company plans to issue primarily a mix of non-qualified stock options and RSUs under the 2007 Plan. The 2007 Plan replaced both the Company’s 1997 Stock Plan (which expired on May 8, 2007) and the Supplemental Stock Option Plan and all available but unissued shares under these prior plans were cancelled as of April 1, 2007. The contractual term for stock awards granted under the 2007 Plan is seven years from the grant date. Prior to April 1, 2007, stock options granted by the Company generally expired ten years from the grant date. Stock awards granted to existing and newly hired employees generally vest over a four-year period from the date of grant. As of September 29, 2007, 11.4 million shares remained available for grant under the 2007 Plan.

Stock-Based Compensation

Effective April 2, 2006, the Company adopted SFAS No. 123(R), "Share-Based Payment." (SFAS 123(R)). The following table summarizes stock-based compensation expense related to stock awards granted under the Company’s equity incentive plans and rights to acquire stock granted under the Company’s 1990 Employee Qualified Stock Purchase Plan (Stock Purchase Plan):

	Three Months Ended		Six Months Ended	
(In thousands)	Sept. 29, 2007	Sept. 30, 2006	Sept. 29, 2007	Sept. 30, 2006
Stock-based compensation included in:				
Cost of revenues	$ 1,677	$ 2,426	$ 3,848	$ 6,068
Research and development	7,247	9,810	14,549	22,174
Selling, general and administrative	6,829	9,670	13,877	20,472
Stock-based compensation related to prior years			—	2,209
	$15,753	$21,906	$32,274	$50,923

The tax benefit realized from option exercises and other awards during the first six months of fiscal 2008 and 2007 was $11.6 million and $13.2 million, respectively.

In June 2006, stockholder derivative complaints were filed against the Company concerning the Company’s historical option-granting practices and the SEC initiated an informal inquiry on the matter. An investigation of the Company’s historical stock option-granting practices was conducted by outside counsel and no evidence of fraud, management misconduct or manipulation in the timing or exercise price of stock option grants was found. The investigation determined that in nearly all cases, stock options were issued as of pre-set dates; however, there were some minor differences between the recorded grant dates and measurement dates for certain grants made between 1997 and 2006. As a result, a $2.2 million charge was taken to the Company's earnings for the first quarter of fiscal 2007. Subsequently the SEC informal inquiry was terminated and no enforcement action was recommended and the stockholder derivative complaints were dismissed.

The fair values of stock options and stock purchase plan rights under the Company's equity incentive plans and Stock Purchase Plan were estimated as of the grant date using the Black-Scholes option pricing model. The Company's expected stock price volatility assumption for stock options is estimated using implied volatility of the Company's traded options. The expected life of options granted is based on the historical exercise activity as well as the expected disposition of all options outstanding. The expected life of options granted also considers the contractual term which decreased to seven years beginning in the first quarter of fiscal 2008 thereby decreasing the expected life by nearly one year. Calculated under SFAS 123(R), the per-share weighted-average fair values of stock options granted during the second quarter of fiscal 2008 was $8.16 ($8.94 for the second quarter of fiscal 2007) and for the first six months of fiscal 2008 was $8.19 ($9.02 for the first six months of fiscal 2007). The fair value of stock options granted in fiscal 2008 and 2007 were estimated at the date of grant using the following assumptions:

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	Three Months Ended		Six Months Ended	
	Sept. 29, 2007	Sept. 30, 2006	Sept. 29, 2007	Sept. 30, 2006
Expected life of options (years)	5.4	6.4	5.4	6.3 to 6.4
Expected stock price volatility	0.30 to 0.33	0.36 to 0.39	0.30 to 0.33	0.33 to 0.39
Risk-free interest rate	4.0% to 4.9%	4.7% to 5.2%	4.0% to 5.1%	4.7% to 5.2%
Dividend yield	1.8% to 1.9%	1.6%	1.6% to 1.9%	1.6%

Under the Company's Stock Purchase Plan, shares are only issued during the second and fourth quarters of each year. The per-share weighted-average fair values of stock purchase rights granted under the Stock Purchase Plan during the second quarter of fiscal 2008 and 2007 were $7.06 and $5.98, respectively. The fair value of stock purchase plan rights granted in the second quarter of fiscal 2008 and 2007 were estimated at the date of grant using the following assumptions:

	2008	2007
Expected life of options (years)	0.5 to 2.0	0.5 to 2.0
Expected stock price volatility	0.31 to 0.38	0.37 to 0.38
Risk-free interest rate	4.6% to 5.2%	5.0% to 5.1%
Dividend yield	1.4% to 1.9%	1.6% to 1.8%

The Company began issuing RSUs in the first quarter of fiscal 2008. The estimated fair value of RSU awards was calculated based on the market price of Xilinx common stock on the date of grant, reduced by the present value of dividends expected to be paid on Xilinx common stock prior to vesting. Calculated under SFAS 123(R), the per share weighted-average fair values of RSUs granted during the second quarter and the first six months of fiscal 2008 were $25.84 and $25.86, respectively. The weighted-average estimated values of RSU grants, as well as the assumptions that were used in calculating fair values in fiscal 2008, were based on estimates at the date of grant as follows:

	Three Months Ended Sept. 29, 2007	Six Months Ended Sept. 29, 2007
Risk-free interest rate	3.9% to 4.9%	3.9% to 5.0%
Dividend yield	1.8% to 1.9%	1.6% to 1.9%

Employee Stock Option Plans

A summary of the Company s option plans activity and related information are as follows:

	Options Outstanding	
(Shares in thousands)	Number of Shares	Weighted-Average Exercise Price Per Share
April 1, 2006	59,830	$30.99
Granted	8,751	$23.50
Exercised	(6,598)	$13.88
Forfeited/cancelled/expired	(6,041)	$37.51
March 31, 2007	55,942	$31.13
Granted	1,926	$26.99
Exercised	(2,913)	$17.46
Forfeited/cancelled/expired	(1,515)	$35.25
September 29, 2007	53,440	$31.61
Options exercisable at:		
March 31, 2007	41,803	$32.68
September 29, 2007	41,155	$33.26

The total pre-tax intrinsic value of options exercised during the three months and six months ended September 29, 2007 was $6.3 million and $31.8 million, respectively. This intrinsic value represents the difference between the fair market value of the Company s common stock on the date of exercise and the exercise price of each option.

Restricted Stock Unit Awards

A summary of the Company s RSU activity and related information are as follows:

(Shares in thousands)	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share
March 31, 2007	—	$ —
Granted	1,710	$ 25.86
Vested	—	$ —
Forfeited	(40)	$ 25.84

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Net increase (decrease) in net assets during the year before transfers		494,986	(65,869)	3,271	(75)
Transfer from BP Solar and Wind Employee Savings Plan		19,499	-	-	-
Net assets available for benefits: Beginning of year		7,425,406	117,328	15,599	1,479
End of year	$	7,939,891	$ 51,459	$ 18,870	$ 1,404

The accompanying notes are an integral part of these statements.
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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLANS

The accompanying financial statements comprise employee savings plans of BP Corporation North America Inc. (the "Company") that participate in the BP Master Trust for Employee Savings Plans (the "Master Trust"). The Company is an indirect wholly owned subsidiary of BP p.l.c. ("BP").

The following description of the BP Employee Savings Plan, the BP Capital Accumulation Plan, the BP Partnership Savings Plan and the BP DirectSave Plan (the "Plans") provides only general information. Participants should refer to the applicable Plan document, Summary Plan Description and Investment Option Guide for more complete information. The Plans are subject to and comply with the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The purpose of the Plans is to encourage eligible employees to regularly save part of their earnings and to assist them in accumulating additional financial security for their retirement. The Plans provide that both participant contributions and Company matching contributions be held in a trust by an independent trustee for the benefit of participating employees. All plan assets are held in the Master Trust. The trustee of the Master Trust is State Street Bank and Trust Company ("State Street").

Fidelity Investments Institutional Services Company, Inc. is the recordkeeper for the Plans. The Company is the Plan sponsor and the Company's Director, Retirement Plans, Western Hemisphere is the Plan Administrator for the Plans.

General

BP Employee Savings Plan

The BP Employee Savings Plan ("ESP") was established on July 1, 1955. Generally, an employee of the Company or a participating affiliate is eligible to participate in ESP immediately upon the date of hire, as long as that employee is not eligible to participate in a separate Company-sponsored defined contribution plan. Employees who are represented by a labor organization that has bargained for and agreed to the provisions of ESP are also eligible.

Under ESP, participating employees may contribute up to 80 percent of their qualified pay on a pre-tax, after-tax and/or Roth 401(k) basis, subject to Internal Revenue Service ("IRS") limits. Participants who attain the age of 50 before the end of the applicable plan year are eligible to make additional elective deferrals (catch-up contributions), subject to IRS limits. A specified portion of the employee contribution, up to a maximum of 7 percent of compensation, as defined, is matched each pay period by the Company. Participants are permitted to rollover amounts into ESP representing distributions from other qualified plans.

The Plan includes an auto-enrollment provision whereby all eligible new hires and rehires are automatically enrolled in the Plan unless they affirmatively elect not to participate. Automatically enrolled participants have their pre-tax deferral rate set at 7 percent of eligible compensation and their contributions invested in a target date fund nearest the employee's retirement date (assumed to be at age 65).

NOTES TO FINANCIAL STATEMENTS (continued)

1. DESCRIPTION OF THE PLANS (continued)

Participants may convert eligible assets into Roth 401(k) accounts within the Plan. The amount eligible for conversion is the amount eligible for immediate distribution under the Plan rules and eligible for rollover into an IRA.

Effective December 11, 2013, the BP Solar and Wind Employee Savings Plan ("BP Solar Plan") was merged into ESP. As a result, assets totaling $19.5 million were transferred from the BP Solar Plan to ESP.

The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account balance. Participants are immediately and fully vested in their participant contribution accounts. Full vesting in Company matching contribution accounts occurs with three years of vesting service. At December 31, 2013 and 2012, forfeited non-vested accounts totaled $198,215 and $181,042, respectively. The Plan may use forfeitures to reduce future Company matching contributions or to pay plan expenses.

BP Capital Accumulation Plan

The BP Capital Accumulation Plan ("CAP") was established on July 1, 1988. Employees of the Company and its subsidiaries who are represented employees at the Carson, California refinery are eligible to participate in CAP. The plan was frozen to new participants effective January 1, 2002. On June 1, 2013, the Company divested the southern part of its U.S. West Coast fuels value chain which included the Carson refinery. Currently, there are no active employees contributing to this plan due to the divestiture.

Under CAP, participants may contribute up to 27 percent of their base pay, subject to IRS limits. Participants who attain the age of 50 before the end of the applicable plan year are eligible to make additional elective deferrals (catch-up contributions), subject to IRS limits. Participants' pre-tax contributions, up to a maximum of 5 percent of eligible compensation, are matched each pay period by the Company at 160 percent. Participants are permitted to rollover amounts into CAP representing distributions from other qualified plans.

All contributions and earnings are immediately vested and non-forfeitable. The benefit to which a participant is entitled is the benefit that can be provided by the participant's account balance.

BP Partnership Savings Plan

The BP Partnership Savings Plan ("PSP") was established on April 1, 1988. Certain salaried employees of the Company who are associated with the Company's retail operations and employees of Global Business Services Americas are eligible to participate in PSP immediately upon the date of hire.

Under PSP, participating employees may contribute up to 80 percent of their qualified pay on a pre-tax, after-tax and/or Roth 401(k) basis, subject to IRS limits. Participants who attain the age of 50 before the end of the applicable plan year are eligible to make additional elective deferrals (catch-up contributions), subject to IRS limits.

NOTES TO FINANCIAL STATEMENTS (continued)

1. DESCRIPTION OF THE PLANS (continued)

A specified portion of the employee contribution, up to a maximum of 3 percent of compensation, as defined, is matched each pay period by the Company. Participants are permitted to rollover amounts into PSP representing distributions from other qualified plans.

The Plan includes an auto-enrollment provision whereby all eligible new hires and rehires are automatically enrolled in the Plan unless they affirmatively elect not to participate. Automatically enrolled participants have their pre-tax deferral rate set at 3 percent of eligible compensation and their contributions invested in a target date fund nearest the employee's retirement date (assumed to be at age 65).

Participants may convert eligible assets into Roth 401(k) accounts within the Plan. The amount eligible for conversion is the amount eligible for immediate distribution under the Plan rules and eligible for rollover into an IRA.

The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account balance. Participants are immediately and fully vested in their participant contribution accounts. Full vesting in Company matching contribution accounts occurs with three years of vesting service. At December 31, 2013 and 2012, forfeited non-vested accounts totaled $29 and $1,712, respectively. The Plan may use forfeitures to reduce future Company matching contributions or to pay plan expenses.

BP DirectSave Plan

The BP DirectSave Plan ("DSP") was established on April 1, 1988. Employees of the Company and its subsidiaries who are hourly employees at Company-operated retail locations, plane fueling or fuel system operations are eligible to participate in the Plan after the completion of six months of service and the attainment of age 21. Currently, there are no active employees contributing to the Plan.

Under DSP, participating employees may contribute up to 80 percent of their qualified pay on a pre-tax, after-tax and/or Roth 401(k) basis, subject to IRS limits. Participants who attain the age of 50 before the end of the applicable year are eligible to make additional elective deferrals (catch-up contributions), subject to IRS limits. Except for eligible employees of Air BP, the Company makes matching contributions to the participant's account equal to $0.50 for each $1.00 of employee contributions up to 4 percent of eligible compensation each pay period. Participants are permitted to rollover amounts into DSP representing distributions from other qualified plans.

A participant may convert eligible assets into Roth 401(k) accounts within the Plan. The amount eligible for conversion is the amount eligible for immediate distribution under the Plan rules and eligible for rollover into an IRA.

The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account balance. Participants are immediately and fully vested in their participant contribution accounts. Vesting in Company matching contribution accounts occurs at 25% after two years of vesting service and 100% after three years of vesting service. At December 31, 2013 and 2012, forfeited non-vested accounts totaled $220,563 and $235,368, respectively.

NOTES TO FINANCIAL STATEMENTS (continued)

1. DESCRIPTION OF THE PLANS (continued)

The Plan may use forfeitures to reduce future Company matching contributions or to pay plan expenses.

Investment Options

Investment options offered under the Plans include target date funds, equity and fixed-income index funds, a short-term investment fund, a stable value fund (Income Fund) and the BP Stock Fund. Participants may change the percentage they contribute and the investment direction of their contributions daily. Company contributions are made in the form of cash contributions and are invested in funds selected by participants.

Participants may elect to sell any portion of their investment fund(s) and reinvest the proceeds in one or more of the other available investment alternatives. Except where the fund provider, the recordkeeper, or the Plan has restrictions or takes discretionary action responsive to frequent trading or market timing concerns, there are no restrictions on the number of transactions a participant may authorize during the year.

Administrative Expenses/Fund Management Fees

Except for fees related to the administration of participant loans and overnight delivery charges that are deducted from the applicable participant's account, all reasonable and necessary administrative expenses are paid out of the Master Trust or paid by the Company. Generally, fees and expenses related to investment management of each investment option are paid out of the respective funds. As a result, the returns on those investments are net of the investment management fees and expenses and certain other brokerage commissions, fees and administration expenses incurred in connection with those investment options.

Payment of Benefits

Participants may elect to receive in-service withdrawals subject to various restrictions as described in the applicable Plan document. Upon termination of employment, subject to a minimum account balance, a participant may elect to receive his or her vested account balance in a lump-sum payment or in installments. A participant may also elect to defer receipt of his or her vested account balance, partially or wholly, to a later date.

Notes Receivable from Participants

Except for DSP, participants are eligible to borrow from their account balances in the Plans. Loans are made in the form of cash and the amount may not exceed the lesser of 50 percent of the market value of the total vested participant's account or $50,000 less the participant's highest loan balance outstanding during the preceding 12 months. Interest rates charged on unpaid balances are fixed for the duration of the loan. For ESP and PSP, the interest rate charged is one percent plus the prime rate as reported by The Wall Street Journal on the last business day of the calendar quarter immediately preceding the calendar quarter in which the participant applies for the loan. For CAP, the interest rate charged is the prime rate as reported by The Wall Street Journal on the last business day of the month immediately preceding the month in which the participant applies for the loan. Repayment of loan principal and interest is generally made by payroll deductions which are credited to the participant's account.

NOTES TO FINANCIAL STATEMENTS (continued)

1. DESCRIPTION OF THE PLANS (continued)

Plan Termination

The Company reserves the right to amend or terminate the Plans at any time. In the event of a plan termination, participants will become 100 percent vested in their Company matching contribution accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The financial statements of the Plans are prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Reclassifications. Certain prior year amounts in the Master Trust statement of net assets (Notes 6 and 7) have been reclassified to conform to the current year presentation.

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Payment of Benefits. Benefits are recorded when paid.

Investment Valuation. All investment assets held by the Master Trust are stated at fair value. Further information regarding the techniques used to measure the fair value of investment assets held by the Master Trust is detailed in Note 7 (Fair Value Measurements).

In connection with the stable value fund (Income Fund), the Master Trust invests in fully benefit-responsive synthetic guaranteed investment contracts (“synthetic GICs”). See Note 6. These investment contracts are recorded at fair value; however, since these contracts are fully benefit-responsive, an adjustment is reflected in the statements of net assets available for benefits to present these investments at contract value. Contract value is the relevant measurement attributable to fully benefit-responsive investment contracts, as contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plans.

Notes Receivable from Participants. Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

NOTES TO FINANCIAL STATEMENTS (continued)

3. INCOME TAX STATUS

The Plans have received determination letters from the IRS (dated as shown below) stating that the Plans are qualified under Section 401(a) of the Internal Revenue Code ("IRC") and, therefore, the related trust is exempt from taxation.

Plan	Date
ESP	May 28, 2013
CAP	January 24, 2012
PSP	May 25, 2011
DSP	May 16, 2011

The Plans have been amended since the most recent determination letters. Once qualified, the Plans are required to operate in conformity with the IRC in order to maintain their qualification. The Plan Administrator believes the Plans are being operated in compliance with the applicable requirements of the IRC and, therefore, believes the Plans, as amended, are qualified and the related trust is tax-exempt.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plans. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plans and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken. The Plans have recognized no interest or penalties related to uncertain tax positions. The Plans are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Plans are no longer subject to income tax examinations for years prior to 2010.

BP SELECTED EMPLOYEE SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS (continued)

4. CONTINGENCIES

In 2011, a lawsuit was brought in the United States District Court for the Southern District of Texas against BP and various alleged Plan fiduciaries. The lawsuit was purportedly brought on behalf of the Plans and those plan participants who incurred a loss in the BP Stock Fund at any time from January 16, 2007 through June 24, 2010, inclusive (the "Class Period"). The suit alleges that the defendants breached their duties to the plaintiffs and the Plans in violation of ERISA fiduciary rules by continuing to offer, hold and acquire units of the BP Stock Fund during the Class Period. After the court granted BP's motion to dismiss the lawsuit in its entirety in 2012, the plaintiffs filed an appeal to the Fifth Circuit. The Fifth Circuit recently notified the parties that it is awaiting a decision by the U.S. Supreme Court in the Fifth Third Bank case before the Fifth Circuit will rule on the BP stock drop lawsuit. Due to the uncertainty surrounding the litigation, BP cannot reasonably estimate the financial impact to the Plans, if any, at this time.

5 RISKS AND UNCERTAINTIES

Investment securities held in the Master Trust are exposed to various risks such as interest rate, market risks and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

6. MASTER TRUST

The purpose of the Master Trust is the collective investment of assets of participating plans. Participating plans include ESP, CAP, PSP, DSP and the BP Employee Savings Plan of Puerto Rico ("Puerto Rico Plan"). Each participating plan's interest in the Master Trust is based on account balances of the participants and their elected investment options. The Master Trust assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments and plan-specific expenses) that can be specifically identified and by allocating among all plans, in proportion to the fair value of the assets assigned to each plan, income and expenses resulting from the collective investment of the assets of the Master Trust.

Investment income and administrative expenses related to the Master Trust are allocated to the individual plans on a daily basis based on each participant's account balance within each investment fund option.

NOTES TO FINANCIAL STATEMENTS (continued)

6. MASTER TRUST (continued)

Synthetic Guaranteed Investment Contracts. In connection with the stable value fund (Income Fund) investment option, the Master Trust enters into synthetic GICs. The Master Trust's interest in the contracts represents the maximum potential credit loss from concentrations of credit risk associated with its investment.

The synthetic GICs provide for the payment of a stated interest rate for a specified period of time. The underlying assets are owned by the Master Trust. Under the contracts, investment gains and losses on the underlying assets are not reflected immediately in net assets. Rather, the gains and losses are amortized, usually over time to maturity or the duration of the underlying investments, through adjustments to future interest crediting rates. These adjustments generally result in contract value, over time, converging with the market value of the underlying assets. Factors affecting future interest crediting rates include the current yield, duration and the existing difference between market and contract value of the underlying assets. Interest crediting rates, which cannot be less than zero percent, are generally reset monthly. The issuers of the synthetic GICs guarantee that all qualified participant withdrawals occur at contract value, subject to certain limitations described below.

The average yield earned on synthetic GICs and the associated short term investment fund, as of December 31, 2013 and 2012, based on the interest rate credited to participants, was 1.42 percent and 1.78 percent, respectively. The average yield earned on synthetic GICs and the associated short term investment fund as of December 31, 2013 and 2012, based on actual earnings, was .97 percent and .78 percent, respectively.

Certain events may limit the ability of the Plan to transact at contract value with an issuer. Such events include (i) amendments to Plan documents or the Plans' administration (including complete or partial plan termination or merger with another plan); (ii) changes to the Plans' prohibition on competing investment options or deletion of equity wash provisions; (iii) the failure of the Plans or the Master Trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA; (iv) bankruptcy of the Plan sponsor or other Plan sponsor event (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plans; and (v) the delivery of any communication to plan participants designed to influence a participant's behavior in the investment option. At this time, management does not believe that the occurrence of any such event, which would limit the Plans' ability to transact at contract value with participants, is probable.

Contract termination occurs whenever the contract value or market value of the underlying assets reaches zero or upon certain events of default. If the contract terminates due to a synthetic GIC issuer default or if the market value of the underlying portfolio reaches zero, the synthetic GIC issuer will generally be required to pay any excess contract value at the date of termination. If the Plans default in their obligation under the agreements and the default is not cured within the time permitted, the Plans will receive the market value as of the date of termination. Contract termination also may occur by either party upon election and notice.

NOTES TO FINANCIAL STATEMENTS (continued)

6. MASTER TRUST (continued)

Plans' Interest in Master Trust. As of December 31, 2013 and 2012, the Plans' percentage interest in the Master Trust was as follows:

	December 31	
	2013	2012
ESP	99.109 %	98.277 %
CAP	.630	1.491
PSP	.235	.206
DSP	.018	.020
Puerto Rico Plan	.008	.006
	100.000 %	100.000 %

The Plans do not have an undivided interest in the investments held in the Master Trust since each Plan's interest is based on the account balances of the participants and their elected investment options. Each Plan's beneficial interest in the underlying investment options does not vary significantly from each Plan's beneficial interest in the total net assets of the Master Trust.

NOTES TO FINANCIAL STATEMENTS (continued)

6. MASTER TRUST (continued)

The net assets of the Master Trust as of December 31, 2013 and 2012, and changes in net assets of the Master Trust for the year ended December 31, 2013, are as follows:

NET ASSETS
thousands of dollars

	December 31 2013	2012
Investments at fair value:		
BP ADS	$1,577,449	$1,613,378
Common/collective trust funds	5,137,210	4,578,506
Money market and short-term investment funds	749,873	809,575
Synthetic guaranteed investment contracts:		
Wrap contracts	182	126
Common/partnership trust funds	325,562	334,884
Common/collective trust funds	56,043	56,651
US Treasury notes	15,606	18,208
Corporate bonds	42,722	42,586
Mortgage-backed securities	22,932	21,010
Total investments, at fair value	7,927,579	7,474,924
Cash	-	242
Receivables:		
Dividends and interest	549	636
Securities sold	-	1,665
Total assets	7,928,128	7,477,467
Accounts payable:		
Securities purchased	-	5,198
Pending transactions	1,753	6,900
Accrued fees and other	1,143	2,198
Total liabilities	2,896	14,296
Net assets reflecting investments at fair value	7,925,232	7,463,171
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(7,020)	(14,403)
Net assets	$7,918,212	$7,448,768

NOTES TO FINANCIAL STATEMENTS (continued)

6. MASTER TRUST (continued)

CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013
thousands of dollars

Additions of assets attributed to:	
Transfer of assets from participating plans:	
Participant contributions	$308,745
Rollover contributions	91,822
Company contributions	195,103
Repayments of notes receivable and interest from participants	50,961
Transfer of assets from BP Solar and Wind Employee Savings Plan	19,296
Net realized and unrealized appreciation in fair value of investments:	
Common/collective trust funds	766,876
BP ADS	238,508
Interest and dividends	85,842
Total additions	1,757,153
Deductions of assets attributed to:	
Transfer of assets to participating plans:	
Distributions to participants	1,237,464
Notes receivable from participants	46,890
Administrative expenses	215
Fund management fees	3,140
Total deductions	1,287,709
Net increase in assets during year	469,444
Net Assets:	
Beginning of year	7,448,768
End of year	$7,918,212

NOTES TO FINANCIAL STATEMENTS (continued)

7. FAIR VALUE MEASUREMENTS

ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 inputs are observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs other than quoted prices in active markets included within Level 1, which are either directly or indirectly observable at the reporting date.

Level 3 inputs are unobservable inputs that are not corroborated by market data, and may be used with internally developed methodologies that result in management’s best estimate of fair value.

In measuring fair value, the Plans and the Master Trust use valuation techniques that maximize the use of observable inputs. The valuation techniques used by the Plans or Master Trust are summarized as follows:

BP ADS. BP American Depository Shares (“BP ADS”) are valued at the quoted closing price reported by the New York Stock Exchange.

Common/Collective Trust Funds. Common/collective trust funds are valued using the net asset value (“NAV”) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding.

Money Market and Short-term Investment Funds. Money market and short-term investment funds are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding.

Wrap Contracts. The fair value of wrap contracts is determined using the replacement cost method, which incorporates the difference between current market level rates for contract-level wrap fees and the actual wrap fee discounted by the prevailing interpolated swap rate as of period-end.

Corporate Bonds, Government Obligations and Mortgage-Backed Securities. Corporate bonds, government obligations and mortgage-backed securities are valued at the bid price or the average of the bid and ask price on the last business day of the year from published sources where available and, if not available, from other sources considered reliable.

BP SELECTED EMPLOYEE SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS (continued)

7. FAIR VALUE MEASUREMENTS (continued)

Common/Partnership Trust Funds. Common/partnership trust funds are valued by the administrator of the funds. The market value for each fund is based on the value of the fund's underlying assets, minus liabilities, multiplied by the partner's percentage ownership of the fund as determined by contributed capital.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents, by level within the fair value hierarchy, the fair value of the investments held by the Master Trust as of December 31, 2013 (in thousands):

	Prices in Active Markets for Identical Assets (Level 1)	Observable (Level 2)	Unobservable (Level 3)	Total
BP ADS	$1,577,449	$-	$ -	$1,577,449
Common/collective trust funds:				
U.S. equity funds (a):				
Large cap	-	1,399,355	-	1,399,355
Small cap	-	544,213	-	544,213
Non-U.S. equity funds (a)	-	391,361	-	391,361
U.S. bond funds (b)	-	425,128	-	425,128
Non-U.S. bond funds (c)	-	37,642	-	37,642
Target date funds (d)	-	2,339,511	-	2,339,511
Money market and short-term investment funds (e)	222,550	527,323	-	749,873
Synthetic guaranteed investment contracts:				
Wrap contract	-	-	182	182
Common/partnership trust funds:				
U.S. fixed income (f)	-	325,562	-	325,562
Common/collective trust funds:				
U.S. fixed income (f)	-	56,043	-	56,043
U.S. Treasury notes	-	15,606	-	15,606
Corporate bonds	-	42,722	-	42,722
Mortgage-backed securities	-	22,932	-	22,932
Total	$1,799,999	$6,127,398	$ 182	$7,927,579

BP SELECTED EMPLOYEE SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS (continued)

7. FAIR VALUE MEASUREMENTS (continued)

The following table presents, by level within the fair value hierarchy, the fair value of the investments held by the Master Trust as of December 31, 2012 (in thousands):

	Prices in Active Markets for Identical Assets (Level 1)	Observable (Level 2)	Unobservable (Level 3)	Total
BP ADS	$1,613,378	$-	$ -	$1,613,378
Common/collective trust funds:				
U.S. equity funds (a):				
Large cap	-	1,059,099	-	1,059,099
Small cap	-	372,218	-	372,218
Non-U.S. equity funds (a)	-	349,151	-	349,151
U.S. bond funds (b)	-	613,821	-	613,821
Non-U.S. bond funds (c)	-	48,403	-	48,403
Target date funds (d)	-	2,135,814	-	2,135,814
Money market and short-term investment funds (e)	234,573	575,002	-	809,575
Synthetic guaranteed investment contracts:				
Wrap contract	-	-	126	126
Common/partnership trust funds:				
U.S. fixed income (f)	-	334,884	-	334,884
Common/collective trust funds:				
U.S. fixed income (f)	-	56,651	-	56,651
U.S. Treasury notes	-	18,208	-	18,208
Corporate bonds	-	42,586	-	42,586
Mortgage-backed securities	-	21,010	-	21,010
Total	$1,847,951	$5,626,847	$ 126	$7,474,924

(a) Equity common/collective trust funds seek to maintain portfolio diversification and approximate the risk and return characterized by certain equity indices. Under normal circumstances, redemptions for participant activity may be made daily with no notice period required. Plan sponsor-initiated activity may require prior written notice of 3 to 15 days.

(b) U.S. bond common/collective trust funds seek to maintain an overall diversified portfolio whose investment return matches the performance of certain bond indices. Under normal circumstances, redemptions for participant activity may be made daily with no notice period required. Plan sponsor-initiated activity may require prior written notice of 15 days.

BP SELECTED EMPLOYEE SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS (continued)

7. FAIR VALUE MEASUREMENTS (continued)

(c) Non-U.S. bond common/collective trust funds seek to provide investment returns of a diversified portfolio of international government bonds and match the performance of an index. Under normal circumstances, redemptions for participant activity may be made daily with no notice period required. Plan sponsor-initiated activity may require prior written notice of 15 days.

(d) Target date common/collective trust funds are pre-mixed portfolios of diversified assets (stocks, bonds and other investments). They are designed for participants who expect to retire in or close to the target year stated in each option's name. With the exception of the Target Date Retirement Fund, over time, the portfolio mix of each fund will gradually shift to more fixed income securities as the target year approaches. Upon reaching the target year, the fund will be blended into the Target Date Retirement Fund, which is designed to provide those participants who are withdrawing money from the Plan with an appropriate blend of growth, income and inflation protection. Under normal circumstances, redemptions for participant activity may be made daily with no notice period required. Plan sponsor-initiated activity may require prior written notice of 3 days.

(e) Money market and short-term investment funds invest in short-term fixed-income securities and other securities with debt-like characteristics emphasizing short-term maturities and high quality. Under normal circumstances, there are no redemption restrictions; redemptions can be made daily with no notice period required. Plan sponsor-initiated activity may require 15 days prior written notice for the short-term investment fund.

(f) The U.S. fixed income funds seek to provide regular, predictable U.S. dollar interest income, through the investment in a diversified portfolio of U.S. Treasury and other government securities, corporate, mortgage and asset-backed securities and other fixed securities. Under normal circumstances, redemptions for participant activity may be made daily with no notice period required. Plan sponsor-initiated activity may require prior written notice of 5 to 10 days. Additional conditions may apply if redemption is requested for 10% or more of the net asset value of the fund.

The above provides a general description of the investments. Participants should refer to the Investment Options Guide for information on the investment objectives and strategy of each investment option.

The following table presents the changes in the financial assets included in Level 3 for the year ended December 31, 2013 (in thousands):

Balance at beginning of year	$126
Unrealized gain	56
Balance at end of year	$182

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NOTES TO FINANCIAL STATEMENTS (continued)

8. RELATED PARTY TRANSACTIONS

Certain of the Master Trust investments are managed by the investment division of State Street and by Fidelity Management and Research Company, an affiliate of the Plans' recordkeeper. The BP Stock Fund holds investments in BP ADS. Purchases and sales of BP ADS during 2013 amounted to $232 million and $506 million, respectively. These transactions qualify as exempt party-in-interest transactions under ERISA.

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the Plans' net assets available for benefits per the financial statements to the Form 5500 (in thousands):

	ESP	CAP	PSP	DSP
December 31, 2013				
Net assets available for benefits as stated in the financial statements	$7,939,891	$51,459	$18,870	$1,404
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	6,988	12	14	6
Net assets available for benefits as stated in the Form 5500	$7,946,879	$51,471	$18,884	$1,410

	ESP	CAP	PSP	DSP
December 31, 2012				
Net assets available for benefits as stated in the financial statements	$7,425,406	$117,328	$15,599	$1,479
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	14,333	33	25	12
Net assets available for benefits as stated in the Form 5500	$7,439,739	$117,361	$15,624	$1,491

NOTES TO FINANCIAL STATEMENTS (continued)

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (continued)

The following is a reconciliation of the Plans' net increase (decrease) in net assets before transfers per the financial statements to the net income (loss) per the Form 5500 (in thousands):

	ESP	CAP	PSP	DSP
Year End December 31, 2013				
Net increase (decrease) in net assets before transfers per the financial statements	$494,986	$(65,869)	$3,271	$(75)
Adjustment from contract value to fair value for fully benefit-responsive investment contracts at December 31, 2013	6,988	12	14	6
Adjustment from contract value to fair value for fully benefit-responsive investment contracts at December 31, 2012	(14,333)	(33)	(25)	(12)
Net income (loss) per the Form 5500	$487,641	$(65,890)	$3,260	$(81)

The accompanying financial statements present fully benefit-responsive contracts at contract value. The Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value. Therefore, the adjustment from contract value to fair value for fully benefit-responsive investment contracts represents a reconciling item.

Schedule H, Line 4a – Schedule of Delinquent Participant Contributions

December 31, 2013

BP Employee Savings Plan (Plan No.001)

Participant Contributions Transferred Late to Plan:	Total that Constitute Nonexempt Prohibited Transactions:			Total Fully Corrected Under
Check Here if Late Participant Loan Repayments are Included:	Contributions Not Corrected:	Contributions Corrected Outside VFCP:	Contributions Pending Correction in VFCP:	VFCP and PTE 2002-51:
x	$ -	$ 6,158.30	$ -	$ -

BP SELECTED EMPLOYEE SAVINGS PLANS

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2013

Identity of Issue, Borrower, Lessor, Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, Maturity Value	Cost	Current Value
BP Employee Savings Plan (Plan No.001)			
* Participant loans	3.25% - 10.50 %	N/A	$92,214,134
BP Capital Accumulation Plan (Plan No. 059)			
* Participant loans	3.25% - 8.25 %	N/A	$1,585,655
BP Partnership Savings Plan (Plan No. 051)			
* Participant loans	4.25% - 9.25 %	N/A	$272,913

* Indicates party-in-interest

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the respective employee benefit plans) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

BP EMPLOYEE SAVINGS PLAN

By Plan Administrator

Date: June 2, 2014 /s/ Clifford E. York
Clifford E. York
Director, Retirement Plans
Western Hemisphere
BP Corporation North America Inc.

BP CAPITAL ACCUMULATION PLAN

By Plan Administrator

Date: June 2, 2014 /s/ Clifford E. York
Clifford E. York
Director, Retirement Plans
Western Hemisphere
BP Corporation North America Inc.

BP PARTNERSHIP SAVINGS PLAN

By Plan Administrator

Date: June 2, 2014 /s/ Clifford E. York
Clifford E. York
Director, Retirement Plans
Western Hemisphere
BP Corporation North America Inc.

BP DIRECTSAVE PLAN

By Plan Administrator

Date: June 2, 2014 /s/ Clifford E. York
Clifford E. York
Director, Retirement Plans
Western Hemisphere
BP Corporation North America Inc.

EXHIBITS

Exhibit No.	Description
23(a)	Consent of Independent Registered Public Accounting Firm
23(b)	Consent of Independent Registered Public Accounting Firm
23(c)	Consent of Independent Registered Public Accounting Firm
23(d)	Consent of Independent Registered Public Accounting Firm