



FOR IMMEDIATE RELEASE

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**RECORD ANNUAL RESULT AND STRONG CASH FLOW
FOURTH QUARTERLY DIVIDEND INCREASED 26% ON A YEAR AGO**

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	\$ million	2004	Year 2003	%
2,250	3,456	3,028	Replacement cost profit for the period ^(a)	14,088	10,466	
637	481	618	Acquisition amortization ^(b)	2,120	2,392	
2,887	3,937	3,646	Pro forma result	16,208	12,858	26
13.07	18.17	16.89	- per ordinary share (cents)	74.27	57.99	28
0.78	1.09	1.02	- per ADS (dollars)	4.46	3.48	
7.68	9.99	9.05	- per ordinary share (pence)	40.58	35.58	14
6.75	7.10	8.50	Dividend per share (cents)	29.45	26.00	13
0.41	0.43	0.51	Dividend per ADS (dollars)	1.77	1.56	
3.674	3.910	4.522	Dividend per share (pence)	16.099	15.517	4

- BP's fourth quarter pro forma result was \$3,646 million, compared with \$2,887 million a year ago, an increase of 26%. For the year, the result was \$16,208 million compared with \$12,858 million, up 26%. Replacement cost profit for the fourth quarter and year was \$3,028 million and \$14,088 million respectively, compared with \$2,250 million and \$10,466 million a year ago.
- The fourth quarter result includes net exceptional and non-operating charges of \$1,127 million compared with a net gain of \$204 million in the fourth quarter of 2003.
- The fourth quarter trading environment was stronger than a year ago, with higher oil and gas realizations and higher refining, marketing and chemicals margins.
- Net cash outflow for the quarter was \$1.0 billion and net cash inflow for the year was \$6.0 billion, compared with an outflow of \$1.8 billion and an inflow of \$1.4 billion a year ago. Net cash inflow from operating activities for the quarter and year was \$7.0 billion and \$28.6 billion respectively, compared with \$3.5 billion and \$21.7 billion a year ago. Strong annual cash flow has enabled significant share buy-backs.
- The pro forma ratio of net debt to net debt plus equity was 24% at the end of the quarter.
- Return on average capital employed for the quarter and year respectively, on a pro forma basis, was 17.4% and 19.6%, compared with 15.5% and 17.8% a year ago. The cash return for the quarter was 39% compared with 28% a year ago, and for the year was 35% compared with 31% a year ago.
- The quarterly dividend is 8.50 cents per share (\$0.51 per ADS). This compares with 6.75 cents per share a year ago. For the year the dividend showed an increase of 13%. In sterling terms, the quarterly dividend is 4.522 pence per share compared with 3.674 pence a year ago; for the year the dividend showed an increase of 4%. During the year, the company repurchased for cancellation 827 million of its own shares, at a cost of \$7.5 billion.

BP Group Chief Executive, Lord Browne, said:

“Against the backdrop of strong oil demand, we have had a very successful year both operationally and financially. Our strong cash flow is now reflecting the results of our significant investment programme over the past few years and improvements in underlying performance in line with strategy. As a result of the strong cash flow we have been able to continue to invest for the future of the company, we have made significant share buybacks and we have consistently increased the dividend. In addition, our confidence in the future has enabled us to make the step change in the dividend announced today.”

The pro forma result has been derived from the group's reported UK GAAP accounting information but is not in itself a recognized UK or US GAAP measure. This financial performance information and measures derived therefrom, shown above and elsewhere in the document, are provided in order to enable investors to evaluate better BP's performance against that of its competitors. BP will discontinue pro forma reporting at the time it adopts International Financial Reporting Standards with effect from the first quarter of 2005.

(a) Replacement cost profit for the period includes the net profit or loss on the sale of fixed assets and businesses or termination of operations. It also includes non-operating items identified by the group, primarily asset write-downs/impairment, environmental and other provisions and restructuring, integration and rationalization costs. These items do not meet the criteria to be classified as operating exceptional items.

(b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The results for 2003 and 2004 include accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

Summary Fourth Quarter Results

Exploration and Production's record fourth quarter result was up 68% on a year ago reflecting higher liquids and gas realizations and increased volumes, partly offset by the impact of the weaker US dollar and higher costs.

The Refining and Marketing result was a record \$1,799 million, an increase of \$1,268 million compared with a year ago. This was driven primarily by significantly higher refining margins, higher marketing margins and an exceptional gain, offset partly by charges related primarily to a review of carrying values of fixed and current marketing assets.

The Petrochemicals result reflects exceptional and non-operating charges, higher fixed costs and adverse foreign exchange impacts, offset partially by higher margins and volumes.

In Gas, Power and Renewables, the improved result reflects a higher marketing and trading result, a higher contribution from the natural gas liquids and solar businesses and an exceptional gain.

Interest and other finance expense for the quarter was \$315 million compared with \$235 million for the prior quarter. The increase relates primarily to an increase in debt, higher interest rates and a revaluation of environmental and other provisions at a lower discount rate.

The pro forma effective tax rate on replacement cost profit was 36.6%.

Capital expenditure, excluding acquisitions, was \$4.6 billion for the quarter. Total capital expenditure and acquisitions was \$6.1 billion including the acquisition of Solvay's interests in BP Solvay Polyethylene Europe and BP Solvay Polyethylene North America. Disposal proceeds for the quarter were \$1 billion.

Net debt at the end of the quarter was \$21.6 billion. The pro forma ratio of net debt to net debt plus equity was 24% at the end of the year compared with 22% at the end of the third quarter.

During the fourth quarter, the company repurchased for cancellation 206 million of its own shares, at a cost of \$2 billion.

The commentaries above and following are based on the pro forma replacement cost results.

TNK-BP operational and financial information has been estimated.

BP Solvay ventures were consolidated with effect from 2 November 2004.

The financial information for 2003 has been restated to reflect (a) the transfer of natural gas liquids (NGLs) operations from the Exploration and Production segment to Gas, Power and Renewables on 1 January 2004; (b) the adoption by the group of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) with effect from 1 January 2004; and (c) the adoption by the group of Urgent Issues Task Force Abstract No. 38 'Accounting for ESOP Trusts' with effect from 1 January 2004. For further information see Note 1.

Exceptional and Non-Operating Items

	4Q 2004	
\$ million	Exceptional Items	Non-Operating Items and UPIS ^(a)
Exploration and Production	32	(52)
Refining and Marketing	58	–
Petrochemicals	(377)	(1,149)
Gas, Power and Renewables	40	–
Other businesses and corporate	(26)	(29)
	(273)	(1,230)
Taxation	130	246 ^{(b)(c)}
	(143)	(984)

(a) Charges for environmental and other provisions have been classified as non-operating items in 2004 and prior periods restated to conform with this treatment.

(b) The Petrochemicals non-operating items, primarily impairment charges, attract tax relief at a lower rate than described in note (c) below

(c) Tax on other non-operating items and Unrealized Profit in Stock (UPIS) is calculated using the pro forma effective tax rate on replacement cost profit, excluding exceptional items, of 34.3%.

Reconciliation of Reported Results to Pro Forma Results

Pro Forma Result					4Q 2004	Pro Forma Result		
4Q 2003	3Q 2004	4Q 2004	Acq. Amort ^(b)	Reported Earnings ^(a)	\$ million	Year		
						2004	2003	
3,274	5,144	5,489	396	5,093	Exploration and Production	19,759	16,232	
531	1,301	1,799	222	1,577	Refining and Marketing	5,603	3,144	
41	188	(1,271)	-	(1,271)	Petrochemicals	(900)	568	
86	130	399	-	399	Gas, Power and Renewables	943	570	
465	(424)	(227)	-	(227)	Other businesses and corporate	314	(184)	
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4,397	6,339	6,189	618	5,571	RC profit before interest and tax	25,719	20,330	
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(312)	(235)	(315)	-	(315)	Interest and Other finance expense	(999)	(1,191)	
(1,157)	(2,109)	(2,152)	-	(2,152)	Taxation	(8,282)	(6,111)	
(41)	(58)	(76)	-	(76)	MSI	(230)	(170)	
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2,887	3,937	3,646	618	3,028	RC profit	16,208	12,858	
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					(494)	Stock holding gains (losses)		
					2,534	HC profit		
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(a) Replacement cost profit for the period includes the net profit or loss on the sale of fixed assets and businesses or termination of operations. It also includes non-operating items identified by the group, primarily asset write-downs/impairment, environmental and other provisions and restructuring, integration and rationalization costs. These items do not meet the criteria to be classified as operating exceptional items.

(b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The results for 2003 and 2004 include accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

Operating Results and Per Share Amounts

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004			2004	Year 2003
3,760	5,858	5,571	Replacement cost profit before interest and tax (\$m)		23,599	17,938
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2,887	3,937	3,646	Results for the period (\$m)		16,208	12,858
2,250	3,456	3,028	Pro forma result		14,088	10,466
2,334	4,483	2,534	Replacement cost profit		15,731	10,482
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22,122,610	21,713,966	21,525,978	Shares in issue at period end (thousand)		21,525,978	22,122,610
3,687,102	3,618,994	3,587,663	- ADS equivalent (thousand)		3,587,663	3,687,102
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22,103,542	21,683,963	21,607,872	Average number of shares outstanding (thousand)		21,820,535	22,170,741
3,683,924	3,613,994	3,601,312	- ADS equivalent (thousand)		3,636,756	3,695,124
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Per ordinary share (cents)						
13.07	18.17	16.89	Pro forma result		74.27	57.99
10.18	15.96	14.03	RC profit for the period		64.55	47.20
10.56	20.67	11.80	HC profit for the period		72.08	47.27
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Per ADS (cents)						
78.42	109.02	101.34	Pro forma result		445.62	347.94
61.08	95.76	84.18	RC profit for the period		387.30	283.20
63.36	124.02	70.80	HC profit for the period		432.48	283.62
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Exploration and Production

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	\$ million	Year	
				2004	2003
2,848	4,883	5,093	Replacement cost profit before interest and tax	18,520	14,666
426	261	396	Acquisition amortization	1,239	1,566
3,274	5,144	5,489	Pro forma replacement cost result before interest and tax	19,759	16,232
			Results include:		
(308)	(7)	(117)	Asset write-downs/impairment	(407)	(357)
-	-	-	Environmental and other provisions	-	-
(15)	-	-	Restructuring, integration and rationalization costs	-	(117)
-	(35)	8	Other	(27)	-
(57)	(95)	57	Unrealized profit in stock (UPIS)	(191)	(61)
(380)	(137)	(52)	Total non-operating items and UPIS	(625)	(535)
(49)	23	32	Exceptional items	152	913
(429)	(114)	(20)	Total non-operating items, UPIS and exceptional items	(473)	378
193	135	258	Exploration expense	637	542
129	34	151	Of which: Exploration expenditure written off	274	297
			Production (Net of royalties)		
2,248	2,298	2,396	Crude oil (mb/d)	2,340	1,911
206	181	197	Natural gas liquids (mb/d)	191	210
2,454	2,479	2,593	Total liquids (mb/d) ^(a)	2,531	2,121
8,600	8,275	8,714	Natural gas (mmcf/d)	8,503	8,613
3,936	3,906	4,095	Total hydrocarbons (mboe/d) ^(b)	3,997	3,606
			Average realizations		
28.18	39.43	41.01	Crude oil (\$/bbl)	36.45	28.23
20.15	28.77	31.20	Natural gas liquids (\$/bbl)	26.75	19.26
27.30	38.29	39.88	Total liquids (\$/bbl)	35.39	27.25
3.18	3.66	4.28	Natural gas (\$/mcf)	3.86	3.39
23.15	30.08	32.64	Total hydrocarbons (\$/bbl)	29.20	23.69
			Average oil marker prices (\$/bbl)		
29.43	41.54	43.85	Brent	38.27	28.83
31.15	43.88	48.29	West Texas Intermediate	41.49	31.06
29.43	41.82	42.62	Alaska North Slope US West Coast	38.96	29.59
			Average natural gas marker prices		
4.58	5.75	7.07	Henry Hub gas price (\$/mmbtu) ^(c)	6.13	5.37
27.30	23.63	28.51	UK Gas - National Balancing Point (p/therm)	24.39	20.28

(a) Crude oil and natural gas liquids.

(b) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

(c) Henry Hub First of the Month Index.

Exploration and Production

The pro forma replacement cost result before interest and tax for the fourth quarter was \$5,489 million, a record result, up 68% from the fourth quarter of 2003. The primary drivers for the change are the higher realizations in both liquids and gas and increased volumes partly offset by the impact of the weaker US dollar and higher costs. This quarter benefited from an exceptional gain of \$32 million. The corresponding quarter in 2003 contained exceptional losses of \$49 million.

Included in the results for the quarter was a net non-operating charge totalling \$109 million. This charge primarily results from impairments of fields in the deepwater Gulf of Mexico and US Onshore.

The fourth quarter result also includes a credit of \$57 million, reflecting a decrease in the provision for Unrealized Profit in Stock (UPIS), which removes the upstream margin from downstream inventories. This compares with a charge of \$57 million in the equivalent quarter of last year.

The full year result of \$19,759 million is a record, up \$3,527 million on a year ago, reflecting the higher realizations combined with increased volumes.

Production for the quarter was up over 4% to 4,095 mboe/d compared with a year ago. This reflects the continuing ramp-up of production in the New Profit Centres and increased volumes from TNK-BP. This is partly offset by decline in our Existing Profit Centres. Total production for the year was 3,997 mboe/d, an increase of more than 10% over the prior year. Our expectation for 2005, based on our \$20/bbl planning basis, is that production will be between 4.1 and 4.2 million barrels of oil equivalent per day before any acquisitions or divestments.

Projects in the New Profit Centres remain on track. In the Gulf of Mexico, the Holstein and Mad Dog projects achieved first production in December 2004 and January 2005 respectively. In Indonesia, we approved our share of the investment in the Tangguh gas project and in Angola we approved the Rosa project. In Azerbaijan, construction of the Azeri project and the BTC pipeline is on track.

In the UK, construction of the Clair platform has been completed and the project is on track to commence production in the first quarter of 2005.

In the fourth quarter we had further exploration success in Trinidad with the Chachalaca well.

BP's proved reserve replacement ratio, on a UK GAAP/SORP basis, was 106% in respect of subsidiaries, 118% for equity-accounted entities and 110% on a combined basis. The proved reserve replacement has exceeded production for the twelfth consecutive year.

BP has also calculated its reserve replacement ratio on a US GAAP/SEC basis which requires the use of year-end prices. On this basis, the proved reserve replacement ratio for subsidiaries was 78%, for equity-accounted entities was 114% and was 89% on a combined basis. The lower US GAAP/SEC replacement ratio for subsidiaries was primarily a result of the impact of higher 2004 year-end prices versus our planning prices on reserves in production sharing contracts (PSCs). In fields subject to PSCs our reserves entitlement is based on volumes required to recover agreed costs and an agreed percentage of the remaining volumes. Applying higher year end prices to reserves in PSCs has the effect of decreasing the volume required to recover the agreed costs. These effects considerably outweigh any increases in tax and royalty regimes arising from fields having a longer economic life.

All our proved reserve replacement ratios represent bookings through discoveries, extensions, revisions and improved recovery and exclude the impact of acquisitions and divestments.

During the quarter we completed our divestments of certain properties in the Gulf of Mexico and the North Sea and in Australia we sold 5.3% of our reserves in the North West Shelf to the China National Offshore Oil Company, resulting in total exceptional gains in the quarter of \$32 million.

Customer Facing Segments

Refining and Marketing

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	\$ million	Year	
				2004	2003
320	1,081	1,577	Replacement cost profit	4,722	2,318
211	220	222	before interest and tax	881	826
			Acquisition amortization		
531	1,301	1,799	Pro forma replacement cost result	5,603	3,144
			before interest and tax		
			Results include:		
–	–	–	Asset write-downs/impairment	–	–
–	(206)	–	Environmental and other provisions	(206)	(369)
(156)	–	–	Restructuring, integration and		
10	–	–	rationalization costs	–	(287)
			Other	–	10
(146)	(206)	–	Total non-operating items	(206)	(646)
(91)	(17)	58	Exceptional items	(117)	(213)
(237)	(223)	58	Total non-operating and exceptional items	(323)	(859)
			Refinery throughputs (mb/d)		
389	410	420	UK	407	397
873	882	781	Rest of Europe	854	932
1,374	1,417	1,436	USA	1,373	1,386
378	296	296	Rest of World	342	382
3,014	3,005	2,933	Total throughput	2,976	3,097
94.9	94.9	96.6	Refining availability	95.4	95.5
			Oil sales volumes (kb/d)		
			Refined products		
257	334	335	UK	322	271
1,290	1,406	1,363	Rest of Europe	1,360	1,311
1,761	1,696	1,664	USA	1,682	1,767
658	621	627	Rest of World	638	620
3,966	4,057	3,989	Total marketing sales	4,002	3,969
2,609	2,627	2,194	Trading/supply sales	2,396	2,719
6,575	6,684	6,183	Total refined product sales	6,398	6,688
3,985	3,679	3,731	Crude oil	3,808	3,837
10,560	10,363	9,914	Total oil sales	10,206	10,525
			Global Indicator Refining Margin^(a) (\$/bbl)		
2.21	4.37	4.72	NWE	4.28	2.62
3.53	6.99	5.52	USGC	7.15	4.71
2.89	5.01	1.65	Midwest	5.08	4.54
6.09	11.28	10.36	USWC	11.27	7.06
2.20	5.48	8.02	Singapore	4.94	1.77
3.14	6.20	5.60	BP Average	6.08	3.88

(a) The Global Indicator Refining Margin (GIM) is the average of six regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The regional indicator margins may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate.

Customer Facing Segments

Refining and Marketing

The pro forma replacement cost results before interest and tax for the fourth quarter and the year were records of \$1,799 million and \$5,603 million respectively, compared with \$531 million and \$3,144 million respectively for the equivalent periods in 2003.

The improvement in the fourth quarter compared with a year ago was driven primarily by significantly higher refining margins, higher marketing margins and an exceptional gain in the quarter compared with net non-operating and exceptional charges in the equivalent quarter of 2003. The improvement was offset partly by charges of \$310 million, related primarily to a review of carrying values of fixed and current marketing assets (this is not classified as a non-operating item). The year-on-year increase in BP's realized refining margins in the quarter was higher than that suggested by the increase in the Global Indicator Margin due to the combination of wider light/heavy spreads, higher clean fuels premia, locational advantages and greater supply optimization benefits. Marketing margins were stronger than in the equivalent period in 2003 assisted by the fall in crude and product prices late in the quarter. The exceptional gain related primarily to the Cushing to Chicago Pipeline disposal in the US.

The improvement in the result for the year compared with a year ago was attributable to stronger refining margins due to the factors outlined above and lower net non-operating and exceptional charges of \$323 million compared with \$859 million a year ago. The improvement was offset by significantly lower marketing margins, despite the improvement in the fourth quarter, the impact of the weaker US dollar and the charges in 2004 related primarily to a review of carrying values of fixed and current marketing assets.

Refining throughputs for the quarter were 2,933 mb/d, some 81 mb/d lower than in the fourth quarter of 2003, due principally to the disposal of BP's interests in the Singapore Refining Company Private Limited and the closure of refining operations at the ATAS Refinery in Mersin, south eastern Turkey earlier in 2004. The quarter's refining availability was 96.6%. Marketing sales in the fourth quarter were 3,989 kb/d, a similar level to the equivalent quarter a year ago.

During the quarter BP China and Sinopec announced the establishment of the BP-Sinopec (Zhejiang) Petroleum Co., Ltd, a retail joint venture between BP and Sinopec, to build, operate and manage a network of 500 service stations in Hangzhou, Ningbo and Shaoxing. Also during the quarter BP China and PetroChina announced the establishment of BP-PetroChina Petroleum Company Limited, to acquire, build, operate and manage 500 service stations in the province. BP continued its strategic progress in the development of premium offers. This included the opening of 101 new format Connect stores by the end of the quarter, bringing the total worldwide to 576. The group also continued its roll-out of new generation Ultimate gasoline and diesel fuels, now available in the UK, Germany, Austria, Spain, Portugal, Greece, France, Poland, Australia and the US.

From 1 January 2005, the Aromatics and Acetyls business will be included in the segment and the Lavéra and Grangemouth refineries will be included in the Olefins and Derivatives business, which will be reported as part of Other businesses and corporate.

Customer Facing Segments

Petrochemicals

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	\$ million	Year 2004	2003
41	188	(1,271)	Replacement cost profit before interest and tax	(900)	568
–	–	–	Acquisition amortization	–	–
41	188	(1,271)	Pro forma replacement cost result before interest and tax	(900)	568
–	–	(1,110)	Results include:	(1,110)	–
–	(58)	–	Asset write-downs/impairment	(58)	(20)
–	–	(39)	Environmental and other provisions	(39)	5
–	–	–	Restructuring, integration and rationalization costs	–	(36)
–	(58)	(1,149)	Other	(1,207)	(51)
16	(38)	(377)	Total non-operating items	(563)	38
16	(96)	(1,526)	Exceptional items	(1,770)	(13)
109	138	166 ^(b)	Chemicals Indicator Margin^(a) (\$/te)	140 ^(b)	112
832	728	904	Petrochemicals production (kte)	3,328	3,186
2,790	2,724	2,812	UK	10,990	10,958
2,398	2,600	2,547	Rest of Europe	10,204	9,797
1,133	1,097	1,101	USA	4,405	4,002
7,153	7,149	7,364	Rest of World	28,927	27,943
			Total production		

(a) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Nexant in their quarterly market analyses, then weighted based on BP's product portfolio. It does not cover our entire portfolio of products, and consequently is only indicative of the margins achieved by BP in any particular period.

(b) Provisional. The data for the fourth quarter is based on two months' actuals and one month of provisional data.

Petrochemicals' pro forma replacement cost results before interest and tax for the fourth quarter and year were a loss of \$1,271 million and \$900 million respectively, down by \$1,312 million and \$1,468 million respectively compared with the equivalent periods a year ago. The decreases were due to exceptional charges reflecting business exits and the closure of facilities, and non-operating charges in respect of asset impairments, together with higher fixed costs and adverse foreign exchange impacts. Partially offsetting these impacts were higher margins and volumes. The fourth quarter result was \$1,459 million lower than the third quarter due to higher exceptional and non-operating charges, higher fixed costs, including a number of non-routine charges, and adverse foreign exchange impacts, offset partially by higher margins and volumes.

Production for the fourth quarter and the year was a record, at 7,364 thousand tonnes and 28,927 thousand tonnes respectively, an increase of 3% and 4% respectively. Improved production was due to higher asset utilization and increased Asian PTA capacity during the year, with additional High Density Polyethylene capacity in the fourth quarter from the acquisition of the BP Solvay ventures.

During the quarter we have continued to implement plans to consolidate the Olefins and Derivatives business into a separate entity to operate as a stand-alone business within the BP Group and have announced that Grangemouth and Lavéra refineries will be included in that entity. We have completed the acquisition of Solvay's interests in the BP Solvay High Density Polyethylene ventures and have reached agreement in principle with Nova Chemicals Corporation to combine our respective European Styrene Polymer interests within a joint venture. As part of restructuring efforts we also announced the closure of plants at Pasadena in Texas, and at Grangemouth and Hull in the UK.

Customer Facing Segments

Gas, Power and Renewables

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	\$ million	Year	
				2004	2003
86	130	399	Replacement cost profit before interest and tax	943	570
-	-	-	Acquisition amortization	-	-
86	130	399	Pro forma replacement cost result before interest and tax	943	570
-	-	-	Results include:		
-	-	-	Asset write-downs/impairment	-	-
-	-	-	Environmental and other provisions	-	-
-	-	-	Restructuring, integration and rationalization costs	-	-
-	-	-	Other	-	-
-	-	-	Total non-operating items	-	-
(10)	16	40	Exceptional items	56	(6)
(10)	16	40	Total non-operating and exceptional items	56	(6)
5,956	4,463	3,456	Gas sales volumes (mmcf/d)		
511	485	449	UK	4,679	6,801
12,121	13,585	13,852	Rest of Europe	411	441
13,138	13,250	13,659	USA	13,384	11,528
			Rest of World	13,216	11,669
31,726	31,783	31,416	Total gas sales volumes	31,690	30,439
2	9	11	NGL sales volumes (mb/d)		
-	7	12	UK	8	3
400	358	421	Rest of Europe	6	-
234	161	240	USA	393	329
			Rest of World	203	205
636	535	684	Total NGL sales volumes	610	537

The pro forma replacement cost result before interest and tax for the fourth quarter was \$399 million compared with \$86 million a year ago. The improved result is due to a higher marketing and trading result, a higher contribution from the natural gas liquids and solar businesses and an exceptional gain from the disposal of BP's interest in an NGL plant in Canada.

The result for the year was \$943 million compared with \$570 million a year ago. The improvement is due principally to a higher contribution from the natural gas liquids and solar businesses and exceptional gains from the disposals of BP's interests in two NGL plants in Canada.

Other Businesses and Corporate

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	\$ million	Year	
				2004	2003
465	(424)	(227)	Replacement cost profit (loss) before interest and tax	314	(184)
–	–	–	Acquisition amortization	–	–
465	(424)	(227)	Pro forma replacement cost result before interest and tax	314	(184)
–	–	(12)	Results include:		
(81)	(225)	–	Asset write-downs/impairment	(12)	–
–	(19)	(83)	Environmental and other provisions	(225)	(193)
585	–	66	Restructuring, integration and rationalization costs	(102)	–
			Other	66	585
504	(244)	(29)	Total non-operating items	(273)	392
119	1	(26)	Exceptional items	1,287	99
623	(243)	(55)	Total non-operating and exceptional items	1,014	491

Other businesses and corporate comprises Finance, the group's coal asset (divested in October 2003), the group's aluminium asset, its investments in PetroChina and Sinopec (divested in January 2004), interest income and costs relating to corporate activities. The fourth quarter result includes a net charge of \$55 million for non-operating charges and exceptional losses. This primarily comprises a charge in respect of the separation of the Olefins and Derivatives business partially offset by a credit primarily resulting from the reversal of vacant space provisions in the UK and the US. In the first quarter, BP sold its interest in PetroChina for \$1.65 billion and its interest in Sinopec for \$0.7 billion. These interests were previously included in Other businesses and corporate.

Dividends

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
6.75	7.10	8.50	Dividends per ordinary share		
3.674	3.910	4.522	cents	29.45	26.00
			pence	16.099	15.517
40.5	42.6	51.0	Dividends per ADS (cents)	176.70	156.0

BP today announced a fourth quarterly dividend for 2004 of 8.50 cents per ordinary share. Holders of ordinary shares will receive 4.522 pence per share and holders of American Depositary Receipts (ADRs) \$0.51 per ADS share. The dividend is payable on 14 March to shareholders on the register on 18 February. Participants in the Dividend Reinvestment Plan (DRIP) or the DRIP facility in the US Direct Access Plan will receive the dividend in the form of shares, also on 14 March. The first quarter 2005 results and dividend will be announced on 26 April 2005.

Outlook

BP Group Chief Executive, Lord Browne, concluded:

“World economic growth was sustained into the fourth quarter of 2004, completing a year of strong growth. The current outlook is for a moderation of global growth towards trend rates through 2005.

“Oil prices averaged a record high \$43.85 per barrel (Dated Brent) in the fourth quarter, more than \$2 per barrel higher than in the third quarter. The price peaked at over \$52 per barrel in the second half of October in face of the production disruptions caused by Hurricane Ivan. The Dated Brent price has averaged over \$44 per barrel during 2005 to date. However, despite a counter seasonal rise in inventories, prices are expected to remain supported at historically high levels by ongoing supply concerns and OPEC's decision to reduce above quota production from the start of January.

“US natural gas prices averaged a record \$7.07/mmbtu (Henry Hub first of month index) in the fourth quarter, up by over \$1/mmbtu versus the third quarter. Working gas inventories remain above year-earlier and 5-year average levels but the futures market continues to signal a supply-constrained market. The 12-month futures strip (NYMEX Henry Hub) is trading currently (4 February 2005) at just above \$6.50/mmbtu, above imputed fuel oil parity.

“Refining margins slipped 60c/bbl versus the third quarter to \$5.60/bbl but were still the highest fourth quarter margins for at least 15 years. Margins moderated further in early 2005, particularly for sweet crude refiners, but global average margins remain healthy by historic standards. Retail margins began the fourth quarter under pressure but improved as crude prices retreated. However, with oil prices rising again, retail margins have weakened early in the new year. Robust product demand, however, is likely to underpin both refining and retail margins in the near term. In Petrochemicals, industry utilization rates rose during the quarter, reflecting an improvement in overall market conditions. As a consequence, both sales volumes and margins strengthened for most products but notably for the paraxylene and olefins businesses. We expect a continuation of this effect in the near term.

“Our strategy is unchanged and our operations are on track with the plans laid out last year. We continue to focus on positioning the company for the future and on post tax cash flow, and shareholder distributions in the form of dividends and share buybacks. Capital expenditure, excluding acquisitions, for the year was \$14.4 billion. 2005 capital expenditure is expected to be around \$14 billion, in line with the guidance given with our third quarter results.

“We aim to continue with our distribution policy of a growing dividend and using excess cash flow to fund share buybacks. Total distributions in 2004 were \$13.7 billion, and the number of shares outstanding was reduced by 3%. BP's financial condition is very healthy with gearing at 24%, at the bottom of the target range. I believe all of this gives us a strong base for a sustainable future.”

The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding BP's asset portfolio and changes in it, capital expenditure, costs, demand, divestments, dividends, future performance, growth and other trend projections, impact of foreign exchange rates, maintenance, margins, petrochemicals sales volumes, prices, production, share buybacks, supply and the timing of projects and pending transactions. By their nature, forward looking statements involve risks and uncertainties and actual results may differ from those expressed in such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply; demand and pricing; currency exchange rates; operational problems; general economic conditions including inflationary pressures; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed in this Announcement. For more information you should refer to our Annual Report and Accounts 2003 and our 2003 Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

Summarized Group Results

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	2003
\$ million				\$ million	
2,848	4,883	5,093	Exploration and Production	18,520	14,666
320	1,081	1,577	Refining and Marketing	4,722	2,318
41	188	(1,271)	Petrochemicals	(900)	568
86	130	399	Gas, Power and Renewables	943	570
465	(424)	(227)	Other businesses and corporate	314	(184)
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3,760	5,858	5,571	Replacement cost profit before interest and tax	23,599	17,938
84	1,027	(494)	Stock holding gains (losses) (Note 5)	1,643	16
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3,844	6,885	5,077	Historical cost profit before interest and tax	25,242	17,954
160	156	189	Interest expense (Note 6)	642	644
152	79	126	Other finance expense (Note 7)	357	547
<hr/>				<hr/>	
3,532	6,650	4,762	Profit before taxation	24,243	16,763
1,157	2,109	2,152	Taxation (Note 8)	8,282	6,111
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2,375	4,541	2,610	Profit after taxation	15,961	10,652
41	58	76	Minority shareholders' interest	230	170
<hr/>				<hr/>	
2,334	4,483	2,534	Profit for the period	15,731	10,482
<hr/>				<hr/>	
1,495	1,530	1,822	Distribution to shareholders	6,371	5,753
<hr/>				<hr/>	
10.56	20.67	11.80	Earnings per ordinary share - cents	72.08	47.27
10.32	20.41	11.61	Basic	70.79	46.83
			Diluted		
<hr/>				<hr/>	
Replacement Cost Results					
2,334	4,483	2,534	Historical cost profit for the period	15,731	10,482
(84)	(1,027)	494	Stock holding (gains) losses net of minority shareholders' interest	(1,643)	(16)
<hr/>				<hr/>	
2,250	3,456	3,028	Replacement cost profit for the period	14,088	10,466
<hr/>				<hr/>	
10.18	15.96	14.03	Earnings per ordinary share - cents	64.55	47.20
			On replacement cost profit for the period		
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Summarized Group Balance Sheet

	31 December 2004	31 December 2003
	\$ million	
Fixed assets		
Intangible assets	12,076	13,642
Tangible assets	96,748	91,911
Investments	18,406	17,458
	127,230	123,011
Current assets		
Stocks	15,698	11,617
Debtors	46,696	33,902
Investments	328	185
Cash at bank and in hand	1,156	1,947
	63,878	47,651
Creditors – amounts falling due within one year		
Finance debt	10,184	9,456
Other creditors	54,341	41,128
	(647)	(2,933)
Net current assets (liabilities)		
Total assets less current liabilities	126,583	120,078
Creditors – amounts falling due after more than one year		
Finance debt	12,907	12,869
Other creditors	4,505	6,030
Provisions for liabilities and charges		
Deferred taxation	15,050	14,371
Other provisions	9,608	8,599
	84,513	78,209
Net assets excluding pension and other post-retirement benefit balances		
Defined benefit pension plan surplus	1,475	1,146
Defined benefit pension plan deficits	(5,863)	(5,005)
Other post-retirement benefit plan deficits	(2,126)	(2,630)
	77,999	71,720
Net assets		
Minority shareholders' interest - equity	1,343	1,125
	76,656	70,595
	76,656	70,595
Movement in BP shareholders' interest:		\$ million
At 31 December 2003		75,938
Prior year adjustment - change in accounting policy (see Note 1)		(5,343)
As restated		70,595
Profit for the period		15,731
Distribution to shareholders		(6,371)
Currency translation differences (net of tax)		2,136
Actuarial gain (loss) on pension and other post-retirement benefit plans (net of tax)		203
Unrealised gain on acquisition of further investment in equity-accounted investments		94
Issue of ordinary share capital for employee share schemes		487
Issue of ordinary share capital for TNK-BP		1,250
Net release of shares by ESOP trusts		21
Net movement in LTPP provision		58
Repurchase of ordinary share capital		(7,548)
		76,656
At 31 December 2004		76,656

Summarized Group Cash Flow Statement

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
3,500	6,919	7,044	Net cash inflow from operating activities (a)	28,554	21,698
51	1,061	662	Dividends from joint ventures	1,908	131
120	69	94	Dividends from associated undertakings	291	417
51	50	196	Servicing of finance and returns on investments		
(190)	(152)	(223)	Interest received	332	175
66	6	17	Interest paid	(694)	(1,006)
(3)	(15)	(8)	Dividends received	53	140
			Dividends paid to minority shareholders	(33)	(20)
(76)	(111)	(18)	Net cash outflow from servicing of finance and returns on investments	(342)	(711)
(329)	(299)	(438)	Taxation		
(1,187)	(1,489)	(1,953)	UK corporation tax	(1,447)	(1,185)
			Overseas tax	(4,931)	(3,619)
(1,516)	(1,788)	(2,391)	Tax paid	(6,378)	(4,804)
(3,683)	(3,251)	(4,079)	Capital expenditure and financial investment		
1,410	537	595	Payments for fixed assets	(13,035)	(12,377)
			Proceeds from the sale of fixed assets	4,323	6,253
(2,273)	(2,714)	(3,484)	Net cash outflow for capital expenditure and financial investment	(8,712)	(6,124)
(33)	–	(1,489)	Acquisitions and disposals		
–	37	383	Acquisitions, net of cash acquired	(1,503)	(211)
274	23	–	Proceeds from the sale of businesses	725	179
(162)	(75)	(84)	Net investment in TNK-BP joint venture	(1,250)	(2,351)
(227)	(171)	(190)	Net investment in other joint ventures	(272)	(178)
			Investments in associated undertakings	(942)	(987)
(148)	(186)	(1,380)	Net cash (outflow) inflow for acquisitions and disposals	(3,242)	(3,548)
(1,438)	(1,536)	(1,535)	Equity dividends paid	(6,041)	(5,654)
(1,780)	1,714	(1,008)	Net cash inflow (outflow)	6,038	1,405
(2,354)	1,617	(593)	Financing (b)	6,777	1,129
(223)	73	74	Management of liquid resources	132	(41)
797	24	(489)	(Decrease) increase in cash	(871)	317
(1,780)	1,714	(1,008)		6,038	1,405

Analysis of Cash Flow

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
(a) Reconciliation of historical cost profit before interest and tax to net cash inflow from operating activities					
3,844	6,885	5,077	Historical cost profit before interest and tax	25,242	17,954
3,093	2,648	4,383	Depreciation and amounts provided	12,583	10,940
129	34	151	Exploration expenditure written off	274	297
(2,190)	39	(49)	Net operating charge for pensions and other post-retirement benefits, less contributions	(67)	(2,913)
(494)	(1,117)	(948)	Share of profits of joint ventures and associated undertakings	(3,574)	(1,438)
(121)	(49)	(138)	Interest and other income	(325)	(341)
15	15	273	(Profit) loss on sale of fixed assets and businesses	(815)	(831)
214	592	(1)	Charge for provisions	671	782
(204)	(168)	(363)	Utilization of provisions	(781)	(716)
(362)	(2,573)	143	(Increase) decrease in stocks	(3,595)	(841)
375	(3,395)	(4,539)	(Increase) decrease in debtors	(10,920)	(3,042)
(799)	4,008	3,055	Increase (decrease) in creditors	9,861	1,847
3,500	6,919	7,044	Net cash inflow from operating activities	28,554	21,698
(b) Financing					
(1,666)	(717)	(900)	Long-term borrowing	(2,675)	(4,322)
776	13	921	Repayments of long-term borrowing	2,204	3,560
(1,738)	(338)	(2,730)	Short-term borrowing	(3,335)	(4,706)
278	479	174	Repayments of short-term borrowing	3,375	4,708
(2,350)	(563)	(2,535)		(431)	(760)
(61)	(157)	(108)	Issue of ordinary share capital for employee share schemes	(487)	(173)
57	87	1	Purchase of shares by ESOP trusts	147	63
-	2,250	2,049	Repurchase of ordinary share capital	7,548	1,999
(2,354)	1,617	(593)	Net cash outflow (inflow) from financing	6,777	1,129

Adjusted Operating Cash Flow

3,500	6,919	7,044	Net cash inflow from operating activities ^(a)	28,554	21,698
51	1,061	662	Dividends received from joint ventures	1,908	131
120	69	94	Dividends received from associated undertakings	291	417
(76)	(111)	(18)	Net cash outflow from servicing of finance and returns on investments	(342)	(711)
3,595	7,938	7,782	Adjusted operating cash flow (pre-tax)	30,411	21,535
(1,600)	(1,821)	(2,521)	Tax paid on operations*	(6,639)	(4,681)
1,995	6,117	5,261	Adjusted operating cash flow (post-tax)	23,772	16,854
* Components of tax payments					
(1,600)	(1,821)	(2,521)	Tax paid on operations	(6,639)	(4,681)
84	33	130	Tax refunded (paid) on exceptional items ^(b)	261	(123)
(1,516)	(1,788)	(2,391)	Total tax paid	(6,378)	(4,804)

^(a) Includes pre-tax discretionary pension funding of \$146 million in 4Q 2004 (\$99 million post-tax), \$395 million in the year 2004 (\$270 million post-tax), \$1,586 million in 4Q 2003 (\$1,046 million post-tax) and \$2,533 million in the year 2003 (\$1,646 million post-tax).

^(b) Deemed to be the tax credit (charge) on exceptional items in the income statement.

Capital Expenditure and Acquisitions

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	Year	
\$ million			2004	2003
By business				
Exploration and Production				
189	191	207	762	786
75	68	94	255	279
1,140	1,035	1,102	4,096	4,097
1,191	1,150	1,218	6,080	10,208
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2,595	2,444	2,621	11,193	15,370
Refining and Marketing				
249	100	222	481	477
446	159	321	745	783
623	291	465	1,344	1,509
181	59	293	444	311
<hr/>			<hr/>	
1,499	609	1,301	3,014	3,080
Petrochemicals				
35	66	186	294	116
69	69	926	1,086	137
130	72	508	695	291
65	25	90	214	231
<hr/>			<hr/>	
299	232	1,710	2,289	775
Gas, Power and Renewables				
21	6	154	166	69
46	2	12	19	76
49	14	42	81	160
27	43	122	272	136
<hr/>			<hr/>	
143	65	330	538	441
Other businesses and corporate				
29	51	63	129	108
1	-	-	-	2
43	11	52	85	234
1	-	1	1	2
<hr/>			<hr/>	
74	62	116	215	346
<hr/>			<hr/>	
4,610	3,412	6,078	17,249	20,012
By geographical area				
523	414	832	1,832	1,556
637	298	1,353	2,105	1,277
1,985	1,423	2,169	6,301	6,291
1,465	1,277	1,724	7,011	10,888
<hr/>			<hr/>	
4,610	3,412	6,078	17,249	20,012

(a) Year 2004 included \$1,354 million investment in TNK's interest in Slavneft within TNK-BP. Year 2003 included the investment in the TNK-BP joint venture.

(b) Fourth quarter and year 2004 included \$1,355 million for the acquisition of Solvay's interests in BP Solvay Polyethylene Europe and BP Solvay Polyethylene North America.

Exchange rates

1.70	1.82	1.86	US dollar/sterling average rate for the period	1.83	1.63
1.78	1.80	1.92	US dollar/sterling period-end rate	1.92	1.78
1.19	1.22	1.29	US dollar/euro average rate for the period	1.24	1.13
1.25	1.23	1.36	US dollar/euro period-end rate	1.36	1.25

Analysis of Replacement Cost Profit Before Interest and Tax

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	Year 2003
\$ million				\$ million	
			By business		
			Exploration and Production		
654	745	981	UK	3,384	3,397
154	246	222	Rest of Europe	837	587
716	1,566	1,531	USA	6,094	5,100
1,324	2,326	2,359	Rest of World	8,205	5,582
2,848	4,883	5,093		18,520	14,666
			Refining and Marketing		
(152)	(152)	101	UK	(435)	(472)
158	533	593	Rest of Europe	1,859	1,373
174	536	661	USA	2,478	748
140	164	222	Rest of World	820	669
320	1,081	1,577		4,722	2,318
			Petrochemicals		
(65)	(107)	(716)	UK	(1,041)	(325)
34	130	(282)	Rest of Europe	185	476
6	30	(215)	USA	(291)	205
66	135	(58)	Rest of World	247	212
41	188	(1,271)		(900)	568
			Gas, Power and Renewables		
40	(46)	133	UK	97	76
(11)	(9)	(4)	Rest of Europe	(27)	(37)
5	139	90	USA	422	266
52	46	180	Rest of World	451	265
86	130	399		943	570
			Other businesses and corporate		
324	(147)	282	UK	(78)	(26)
(42)	21	(177)	Rest of Europe	(163)	(49)
(23)	(268)	(251)	USA	(658)	(384)
206	(30)	(81)	Rest of World	1,213	275
465	(424)	(227)		314	(184)
3,760	5,858	5,571		23,599	17,938
			By geographical area		
801	293	781	UK	1,927	2,650
293	921	352	Rest of Europe	2,691	2,350
878	2,003	1,816	USA	8,045	5,935
1,788	2,641	2,622	Rest of World	10,936	7,003
3,760	5,858	5,571		23,599	17,938
			Included above:		
402	942	772	Share of profits of joint ventures	2,933	923
93	165	169	Share of profits of associated undertakings	605	511
495	1,107	941		3,538	1,434

Pro Forma Result: Replacement Cost Profit Before Interest and Tax Adjusted for Acquisition Amortization

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	Year 2004 2003	
\$ million			\$ million	
			By business	
			Exploration and Production	
689	775	1,014	3,514	3,531
154	246	222	837	587
1,091	1,785	1,883	7,089	6,231
1,340	2,338	2,370	8,319	5,883
3,274	5,144	5,489	19,759	16,232
			Refining and Marketing	
(36)	(27)	228	66	(26)
158	533	593	1,859	1,373
269	631	756	2,858	1,128
140	164	222	820	669
531	1,301	1,799	5,603	3,144
			Petrochemicals	
(65)	(107)	(716)	(1,041)	(325)
34	130	(282)	185	476
6	30	(215)	(291)	205
66	135	(58)	247	212
41	188	(1,271)	(900)	568
			Gas, Power and Renewables	
40	(46)	133	97	76
(11)	(9)	(4)	(27)	(37)
5	139	90	422	266
52	46	180	451	265
86	130	399	943	570
			Other businesses and corporate	
324	(147)	282	(78)	(26)
(42)	21	(177)	(163)	(49)
(23)	(268)	(251)	(658)	(384)
206	(30)	(81)	1,213	275
465	(424)	(227)	314	(184)
4,397	6,339	6,189	25,719	20,330
			By geographical area	
952	448	941	2,558	3,230
293	921	352	2,691	2,350
1,348	2,317	2,263	9,420	7,446
1,804	2,653	2,633	11,050	7,304
4,397	6,339	6,189	25,719	20,330

Analysis of Exceptional Items

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
Exploration and Production					
11	(3)	(15)	UK	(21)	735
1	(1)	–	Rest of Europe	(1)	(30)
20	13	(6)	USA	31	(230)
(81)	14	53	Rest of World	143	438
(49)	23	32		152	913
Refining and Marketing					
(12)	(16)	9	UK	(101)	(44)
(47)	(25)	(28)	Rest of Europe	(70)	(109)
(32)	16	95	USA	113	(61)
–	8	(18)	Rest of World	(59)	1
(91)	(17)	58		(117)	(213)
Petrochemicals					
(1)	10	(201)	UK	(195)	2
(10)	(56)	(13)	Rest of Europe	(15)	(11)
(5)	(3)	(150)	USA	(349)	11
32	11	(13)	Rest of World	(4)	36
16	(38)	(377)		(563)	38
Gas, Power and Renewables					
–	–	–	UK	–	–
–	–	(1)	Rest of Europe	(1)	–
(10)	–	1	USA	1	(6)
–	16	40	Rest of World	56	–
(10)	16	40		56	(6)
Other businesses and corporate					
27	1	(27)	UK	(26)	24
–	1	–	Rest of Europe	–	(1)
(45)	(1)	–	USA	(1)	(61)
137	–	1	Rest of World	1,314	137
119	1	(26)		1,287	99
Profit (loss) on sale of fixed assets and businesses or termination of operations					
(15)	(15)	(273)		815	831
84	33	130	Taxation credit (charge)	261	(123)
69	18	(143)	Exceptional items after taxation	1,076	708

Identified Non-operating Items and UPIS

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	2003
\$ million				\$ million	
			Exploration and Production		
(144)	–	–	UK	–	(209)
–	–	–	Rest of Europe	–	–
(236)	(77)	(54)	USA (a)	(444)	(321)
–	(60)	2	Rest of World	(181)	(5)
(380)	(137)	(52)		(625)	(535)
			Refining and Marketing		
–	(9)	–	UK	(9)	–
(146)	(20)	–	Rest of Europe	(20)	(277)
–	(159)	–	USA	(159)	(369)
–	(18)	–	Rest of World	(18)	–
(146)	(206)	–		(206)	(646)
			Petrochemicals		
–	(34)	(438)	UK	(472)	(36)
–	–	(420)	Rest of Europe	(420)	–
–	(24)	(177)	USA	(201)	(15)
–	–	(114)	Rest of World	(114)	–
–	(58)	(1,149)		(1,207)	(51)
			Gas, Power and Renewables		
–	–	–	UK	–	–
–	–	–	Rest of Europe	–	–
–	–	–	USA	–	–
–	–	–	Rest of World	–	–
–	–	–		–	–
			Other businesses and corporate		
(74)	(21)	(59)	UK	(80)	(74)
–	–	–	Rest of Europe	–	–
578	(223)	30	USA	(193)	466
–	–	–	Rest of World	–	–
504	(244)	(29)		(273)	392
(22)	(645)	(1,230)	Total before taxation	(2,311)	(840)
157	226	246	Taxation credit (charge)	626	572
135	(419)	(984)	Total after taxation	(1,685)	(268)

(a) Includes a credit for Unrealized Profit in Stock (UPIS) of \$57 million in 4Q 2004 and a charge of \$191 million for the year 2004 and charges of \$57 million in 4Q 2003 and \$61 million in the year 2003, which removes the upstream margin from downstream inventories.

Acquisition Amortization by Business

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	2003
\$ million				\$ million	
			Exploration and Production		
35	30	33	UK	130	134
375	219	352	USA	995	1,131
16	12	11	Rest of World	114	301
426	261	396		1,239	1,566
			Refining and Marketing		
116	125	127	UK	501	446
95	95	95	USA	380	380
211	220	222		881	826
637	481	618	Total acquisition amortization	2,120	2,392

Production and Realizations

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	2003
Production					
Crude oil (mb/d) (net of royalties)					
339	281	301	UK	312	354
74	68	70	Rest of Europe	73	79
570	495	519	USA	530	576
1,265	1,454	1,506	Rest of World	1,425	902
2,248	2,298	2,396	Total crude oil production	2,340	1,911
Natural gas liquids (mb/d) (net of royalties)					
21	13	19	UK	18	23
5	3	4	Rest of Europe	4	5
147	134	142	USA	138	150
33	31	32	Rest of World	31	32
206	181	197	Total natural gas liquids production	191	210
Liquids ^(a) (mb/d) (net of royalties)					
360	294	320	UK	330	377
79	71	74	Rest of Europe	77	84
717	629	661	USA	668	726
1,298	1,485	1,538	Rest of World	1,456	934
2,454	2,479	2,593	Total liquids production	2,531	2,121
Natural gas ^(b) (mmcf/d) (net of royalties)					
1,318	903	1,227	UK	1,174	1,446
143	110	113	Rest of Europe	125	119
2,933	2,685	2,651	USA	2,748	3,128
4,206	4,577	4,723	Rest of World	4,456	3,920
8,600	8,275	8,714	Total natural gas production	8,503	8,613
Average realizations					
Crude oil (\$/bbl)					
28.18	40.33	42.01	UK	36.11	28.30
28.49	39.52	42.07	USA	37.40	29.02
27.56	38.01	38.29	Rest of World	34.99	26.91
28.18	39.43	41.01	BP Average	36.45	28.23
Natural gas liquids (\$/bbl)					
20.06	34.29	40.23	UK	31.79	20.08
19.11	27.59	29.31	USA	25.67	18.39
24.23	30.63	33.10	Rest of World	27.76	22.31
20.15	28.77	31.20	BP Average	26.75	19.26
Liquids ^(a) (\$/bbl)					
27.71	40.06	41.91	UK	35.87	27.80
26.92	37.46	39.73	USA	35.41	27.23
27.33	37.53	37.94	Rest of World	34.51	26.60
27.30	38.29	39.88	BP Average	35.39	27.25
Natural gas (\$/mcf)					
3.87	3.60	5.16	UK	4.32	3.19
3.85	4.94	5.72	USA	5.11	4.47
2.35	2.71	3.00	Rest of World	2.74	2.47
3.18	3.66	4.28	BP Average	3.86	3.39

(a) Crude oil and natural gas liquids.

(b) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

Reconciliation of Historical Cost Profit (Loss) to Pro Forma Result

\$ million	Reported earnings	Acquisition amortization	Pro forma result
3Q 2004			
Exploration and Production	4,883	261	5,144
Refining and Marketing	1,081	220	1,301
Petrochemicals	188	–	188
Gas, Power and Renewables	130	–	130
Other businesses and corporate	(424)	–	(424)
RC profit before interest and tax	5,858	481	6,339
Interest and other finance expense	(235)	–	(235)
Taxation	(2,109)	–	(2,109)
MSI	(58)	–	(58)
RC profit	3,456	481	3,937
Stock holding gains (losses)	1,027		
HC profit	4,483		
4Q 2003			
Exploration and Production	2,848	426	3,274
Refining and Marketing	320	211	531
Petrochemicals	41	–	41
Gas, Power and Renewables	86	–	86
Other businesses and corporate	465	–	465
RC profit before interest and tax	3,760	637	4,397
Interest and other finance expense	(312)	–	(312)
Taxation	(1,157)	–	(1,157)
MSI	(41)	–	(41)
RC profit	2,250	637	2,887
Stock holding gains (losses)	84		
HC profit	2,334		

Reconciliation of Historical Cost Profit (Loss) to Pro Forma Result

\$ million	Reported earnings	Acquisition amortization	Pro forma result
Year 2004			
Exploration and Production	18,520	1,239	19,759
Refining and Marketing	4,722	881	5,603
Petrochemicals	(900)	–	(900)
Gas, Power and Renewables	943	–	943
Other businesses and corporate	314	–	314
	23,599	2,120	25,719
RC profit before interest and tax			
Interest and other finance expense	(999)	–	(999)
Taxation	(8,282)	–	(8,282)
MSI	(230)	–	(230)
	14,088	2,120	16,208
RC profit			
Stock holding gains (losses)	1,643		
	15,731		
HC profit			
Year 2003			
Exploration and Production	14,666	1,566	16,232
Refining and Marketing	2,318	826	3,144
Petrochemicals	568	–	568
Gas, Power and Renewables	570	–	570
Other businesses and corporate	(184)	–	(184)
	17,938	2,392	20,330
RC profit before interest and tax			
Interest and other finance expense	(1,191)	–	(1,191)
Taxation	(6,111)	–	(6,111)
MSI	(170)	–	(170)
	10,466	2,392	12,858
RC profit			
Stock holding gains (losses)	16		
	10,482		
HC profit			

Return on Average Capital Employed

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
2,250	3,456	3,028	Replacement cost basis	14,088	10,466
73	67	90	RC profit for the period ^(a)	283	332
41	58	76	Interest ^(b)	230	170
2,364	3,581	3,194	Minority shareholders' interest	14,601	10,968
<hr/>			Adjusted RC profit	<hr/>	
91,203	95,568	99,031	Average capital employed	97,568	90,263
10.4%	15.0%	12.9%	ROACE - replacement cost basis	15.0%	12.2%
<hr/>				<hr/>	
2,364	3,581	3,194	Pro forma basis	14,601	10,968
637	481	618	Adjusted RC profit ^(a)	2,120	2,392
			Acquisition amortization	16,721	13,360
3,001	4,062	3,812	Adjusted RC profit - pro forma basis	<hr/>	
<hr/>				<hr/>	
91,203	95,568	99,031	Average capital employed	97,568	90,263
13,556	12,156	11,628	Average capital employed acquisition adjustment	12,376	15,017
<hr/>				<hr/>	
77,647	83,412	87,403	Average capital employed (pro forma basis)	85,192	75,246
15.5%	19.5%	17.4%	ROACE - pro forma basis	19.6%	17.8%
<hr/>				<hr/>	
2,334	4,483	2,534	Historical cost basis	15,731	10,482
73	67	90	Profit for the period ^(a)	283	332
41	58	76	Interest ^(b)	230	170
			Minority shareholders' interest	<hr/>	
2,448	4,608	2,700	Adjusted historical cost profit	16,244	10,984
<hr/>				<hr/>	
91,203	95,568	99,031	Average capital employed	97,568	90,263
10.7%	19.3%	10.9%	ROACE - historical cost basis	16.6%	12.2%

(a) 4Q 2004 includes \$(143) million in respect of exceptional items and \$(984) million in respect of non-operating items and UPIS. Year 2004 includes \$1,076 million in respect of exceptional items and \$(1,685) million in respect of non-operating items and UPIS. 4Q 2003 includes \$69 million in respect of exceptional items and \$135 million in respect of non-operating items and UPIS. Year 2003 includes \$708 million in respect of exceptional items and \$(268) million in respect of non-operating items and UPIS.

(b) Excludes interest on joint venture and associated undertakings' debt and is on a post-tax basis using a deemed tax rate equal to the US statutory tax rate.

Pre-Tax Cash Returns

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	2003
\$ million				\$ million	
3,760	5,858	5,571	Replacement cost profit before interest and tax	23,599	17,938
15	15	273	Exceptional items	(815)	(831)
3,775	5,873	5,844	Replacement cost operating profit	22,784	17,107
637	481	618	Acquisition amortization	2,120	2,392
4,412	6,354	6,462	Pro forma replacement cost operating profit	24,904	19,499
(35)	550	1,287	Non-operating items	2,120	779
2,148	2,160	2,526	Pro forma DD&A, adjusted for non-cash non-operating items	8,934	8,191
6,525	9,064	10,275	Cash returns numerator	35,958	28,469
94,045	96,971	101,090	Capital employed	101,090	94,045
16,068	17,531	17,302	Liabilities for current and deferred taxation	17,302	16,068
110,113	114,502	118,392	Operating capital employed	118,392	110,113
(13,362)	(11,865)	(11,390)	Acquisition adjustment	(11,390)	(13,362)
96,751	102,637	107,002	Cash returns denominator	107,002	96,751
93,755	100,908	104,820	Average cash returns denominator	101,877	90,385
28%	36%	39%	Cash return	35%	31%

Net Debt Ratio - Net Debt: Net Debt + Equity

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	2003
\$ million				\$ million	
22,325	20,445	23,091	Gross debt	23,091	22,325
2,132	1,821	1,484	Cash and current asset investments	1,484	2,132
20,193	18,624	21,607	Net debt	21,607	20,193
71,720	76,526	77,999	Equity	77,999	71,720
22%	20%	22%	Net debt ratio	22%	22%
13,362	11,865	11,390	Acquisition adjustment	11,390	13,362
26%	22%	24%	Net debt ratio - pro forma basis	24%	26%

Notes

1. Restatement of comparative information

Comparative information for 2003 has been restated to reflect the changes described below.

(a) **Transfer of natural gas liquids activities**

With effect from 1 January 2004 natural gas liquids (NGLs) activities have been transferred from the Exploration and Production segment to Gas, Power and Renewables.

(b) **New accounting standard for pensions and other post-retirement benefits**

With effect from 1 January 2004 BP has adopted Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17). FRS 17 requires that financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding. The operating costs of providing retirement benefits are recognized in the period in which they are earned together with any related finance costs and changes in the value of related assets and liabilities. This contrasts with Statement of Standard Accounting Practice No. 24 'Accounting for Pension Costs', which required the cost of providing pensions to be recognized on a systematic and rational basis over the period during which the employer benefited from the employee's services. The difference between the amount charged in the income statement and the amount paid as contributions into the pension fund was shown as a prepayment or provision on the balance sheet.

(c) **Accounting for Employee Share Ownership Plans**

With effect from 1 January 2004 BP has adopted Urgent Issues Task Force Abstract No. 38 'Accounting for ESOP Trusts'. This abstract requires that BP shares held by the group for the purposes of Employee Share Ownership Plans (ESOPs) are deducted from equity on the balance sheet. Such shares were previously classified as fixed asset investments. In addition, accruals for awards under the Long Term Performance Plan have also been included in reserves.

Balance sheet at 31 December 2003

	Restated	Reported
	\$ million	
Fixed assets		
Intangible assets	13,642	13,642
Tangible assets	91,911	91,911
Investments	17,458	17,554
	123,011	123,107
Current assets	47,651	54,465
Creditors – amounts falling due within one year	50,584	50,584
Net current assets (liabilities)	(2,933)	3,881
Total assets less current liabilities	120,078	126,988
Creditors – amounts falling due after more than one year	18,899	18,959
Provisions for liabilities and charges		
Deferred taxation	14,371	15,273
Other provisions	8,599	15,693
Net assets excluding pension and other post-retirement benefit balances	78,209	77,063
Defined benefit pension plan surplus	1,146	–
Defined benefit pension plan deficits	(5,005)	–
Other post-retirement benefit plan deficits	(2,630)	–
Net assets	71,720	77,063
Minority shareholders' interest	1,125	1,125
BP shareholders' interest	70,595	75,938

Notes

Income statements

	Restated		Reported	
	Fourth Quarter 2003	Year 2003	Fourth Quarter 2003	Year 2003
	\$ million			
Exploration and Production	2,848	14,666	2,889	14,850
Refining and Marketing	320	2,318	274	2,127
Petrochemicals	41	568	51	606
Gas, Power and Renewables	86	570	67	466
Other businesses and corporate	465	(184)	(176)	(805)
Replacement cost profit before interest and tax	3,760	17,938	3,105	17,244
Stock holding gains (losses)	84	16	84	16
Historical cost profit before interest and tax	3,844	17,954	3,189	17,260
Interest expense	160	644	227	851
Other finance expense	152	547	–	–
Profit before taxation	3,532	16,763	2,962	16,409
Taxation	1,157	6,111	949	5,972
Profit after taxation	2,375	10,652	2,013	10,437
Minority shareholders' interest	41	170	41	170
Profit for the period	2,334	10,482	1,972	10,267
Distribution to shareholders	1,495	5,753	1,495	5,753
Earnings per ordinary share - cents				
Basic	10.56	47.27	8.93	46.30
Diluted	10.32	46.83	8.69	45.87

Notes

2. Turnover

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
7,450	8,660	9,875	By business		
36,903	42,989	47,196	Exploration and Production	34,914	30,753
3,811	5,412	6,482	Refining and Marketing	179,587	149,477
16,701	20,443	23,468	Petrochemicals	21,209	16,075
137	137	156	Gas, Power and Renewables	83,320	65,639
			Other businesses and corporate	546	515
65,002	77,641	87,177		319,576	262,459
7,138	9,126	9,567	Less: sales between businesses	34,517	29,888
57,864	68,515	77,610	Group excluding JVs	285,059	232,571
1,798	2,967	3,054	Share of sales by joint ventures	9,790	3,474
59,662	71,482	80,664		294,849	236,045
\$ million			By geographical area		
14,117	21,848	24,656	Group excluding JVs		
12,288	13,876	15,173	UK	81,155	54,971
26,347	29,065	34,002	Rest of Europe	54,422	50,582
13,894	16,731	19,717	USA	130,652	108,910
			Rest of World	68,052	52,498
66,646	81,520	93,548		334,281	266,961
8,782	13,005	15,938	Less: sales between areas	49,222	34,390
57,864	68,515	77,610		285,059	232,571

3. Replacement cost profit

Replacement cost profits reflect the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from the historical cost profit stock holding gains and losses.

Notes

4. Operating profits are after charging:

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
			Exploration expense		
1	4	17	UK	26	17
5	7	10	Rest of Europe	25	37
60	58	143	USA	361	204
127	66	88	Rest of World	225	284
193	135	258		637	542
			Production taxes^(a)		
44	51	112	UK petroleum revenue tax	335	300
377	502	535	Overseas production taxes	1,814	1,423
421	553	647		2,149	1,723

^(a) Production taxes are charged against Exploration and Production's operating profit and are not included in the charge for taxation in Note 8.

5. Stock holding gains (losses)

–	5	(3)	Exploration and Production	10	3
16	866	(578)	Refining and Marketing	1,245	(48)
10	129	59	Petrochemicals	349	55
58	27	28	Gas, Power and Renewables	39	6
84	1,027	(494)		1,643	16

Notes

6. Interest expense

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
172	160	188	Group interest payable	644	700
(60)	(57)	(49)	Capitalized	(208)	(190)
112	103	139		436	510
36	41	37	Joint ventures	158	89
12	12	13	Associated undertakings	48	45
160	156	189		642	644

7. Other finance expense

460	502	519	Interest on pension and other post-retirement benefit plan liabilities	2,012	1,840
(375)	(493)	(501)	Expected return on pension and other post-retirement benefit plan assets	(1,983)	(1,500)
85	9	18	Interest net of expected return on plan assets	29	340
42	48	50	Unwinding of discount on provisions	196	173
25	22	17	Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP	91	34
-	-	41	Change in discount rate for provisions	41	-
152	79	126		357	547

8. Charge for taxation

404	1,672	2,365	Current	7,908	4,919
753	437	(213)	Deferred	374	1,192
1,157	2,109	2,152		8,282	6,111
356	601	387	UK	1,699	1,431
801	1,508	1,765	Overseas	6,583	4,680
1,157	2,109	2,152		8,282	6,111

Notes

9. Analysis of changes in net debt

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		2004	Year 2003
\$ million				\$ million	
			Opening balance		
19,970	19,858	20,445	Finance debt	22,325	22,008
1,091	1,531	1,576	Less: Cash	1,947	1,520
404	172	245	Current asset investments	185	215
18,475	18,155	18,624	Opening net debt	20,193	20,273
			Closing balance		
22,325	20,445	23,091	Finance debt	23,091	22,325
1,947	1,576	1,156	Less: Cash	1,156	1,947
185	245	328	Current asset investments	328	185
20,193	18,624	21,607	Closing net debt	21,607	20,193
(1,718)	(469)	(2,983)	(Increase) decrease in net debt	(1,414)	80
797	24	(489)	Movement in cash/bank overdrafts	(871)	317
(223)	73	74	Increase (decrease) in current asset investments	132	(41)
(2,350)	(563)	(2,535)	Net cash (inflow) outflow from financing (excluding share capital)	(431)	(760)
–	–	–	Debt transferred to TNK-BP	–	93
–	–	–	Exchange of Exchangeable Bonds for Lukoil American Depository Shares	–	420
5	10	37	Other movements	68	144
(3)	–	–	Debt acquired	–	(15)
(1,774)	(456)	(2,913)	Movement in net debt before exchange effects	(1,102)	158
56	(13)	(70)	Exchange adjustments	(312)	(78)
(1,718)	(469)	(2,983)	(Increase) decrease in net debt	(1,414)	80

Notes

10. TNK-BP Operational and Financial Information

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	Year 2004	29 August- 31 December 2003
669	858	884		
296	505	515		
720	945	972		
\$ million				
354	807	659		
—	—	—		
(24)	(23)	(22)		
(53)	(257)	(209)		
1	(6)	(17)		
278	521	411		
25	22	17		
(23)	—	—		
297	23	—		
274	23	—		
—	1,031	610		
27.90	37.23	37.75		
28.00	37.41	38.82		
16.65	23.33	22.30		
Production (Net of royalties) (BP share)				
			830	665
			463	281
			910	713
Income statement (BP share)				
Replacement cost profit before interest and tax			2,421	512
			—	—
			(101)	(37)
			(752)	(83)
			(43)	—
Net income			1,525	392
			91	34
Cash Flow				
			(1,416)	(2,648)
			166	297
Net investment in TNK-BP joint venture			(1,250)	(2,351)
			1,760	—
Average oil marker prices (\$/bbl)				
			34.08	27.20
			34.45	27.28
			20.61	16.65

Balance Sheet

	31 December 2004	31 December 2003
\$ million		
Fixed assets - investments		
Gross assets	12,520	10,339
Gross liabilities	(4,352)	(3,290)
	8,168	7,049
Deferred consideration		
Due within one year	1,227	1,227
Due after more than one year	1,194	2,352
	2,421	3,579

(a) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

BP's share of the result of the TNK-BP joint venture has been included within Exploration and Production with effect from 29 August 2003. TNK-BP operational and financial information has been estimated and includes adjustments to net income in respect of prior periods amounting to a credit of \$23 million in 4Q 2004 and charges of \$36 million in the year 2004.

Notes

11. Statutory accounts

The above financial information does not constitute statutory accounts. The summarised group results, summarised group balance sheet, summarised group cash flow statement and the Notes thereon (except Note 10) for the years ended 31 December 2004 and 2003 are an extract from the BP Annual Report and Accounts 2004, approved by a duly appointed and authorized committee of the Board of Directors at the Results Committee meeting held on 7 February 2005, but not yet delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified.

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