BP p.l.c.
Group results
Fourth quarter and full year 2009

FOR IMMEDIATE RELEASE **London 2 February 2010**

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		2009	Year 2008	%
			$ million			
(3,344)	5,336	**4,295**	Profit (loss) for the period[a]	**16,578**	21,157	
5,931	(355)	**(848)**	Inventory holding (gains) losses, net of tax	**(2,623)**	4,436	
2,587	4,981	**3,447**	**Replacement cost profit**	**13,955**	25,593	(45)%
13.93	26.59	**18.38**	– per ordinary share (cents)	**74.49**	136.20	(45)%
0.84	1.60	**1.10**	– per ADS (dollars)	**4.47**	8.17	

- BP's fourth-quarter replacement cost profit was $3,447 million, compared with $2,587 million a year ago, an increase of 33%. For the full year, replacement cost profit was $13,955 million compared with $25,593 million a year ago, down 45%.
- Non-operating items and fair value accounting effects for the fourth quarter had a net $937 million unfavourable impact compared with a net $18 million unfavourable impact in the fourth quarter of 2008. For the full year, the respective amounts were $622 million unfavourable and $650 million unfavourable. Non-operating items for the fourth quarter and full year 2009 included a goodwill impairment of $1.6 billion relating to our US West Coast fuels value chain in Refining and Marketing.
- Finance costs and net finance income or expense relating to pensions and other post-retirement benefits were $302 million for the fourth quarter, compared with $251 million for the same period last year. For the full year, the respective amounts were $1,302 million and $956 million.
- The effective tax rate on replacement cost profit for the fourth quarter and full year was 34% and 33% respectively, compared with 44% and 36% a year ago. Adjusting for the impact of the goodwill impairment in Refining and Marketing, which is not tax deductible, the effective tax rate for the fourth quarter was 27% and for the full year was 31%. In 2010, we expect the effective tax rate to be around 33-34%.
- Net cash provided by operating activities for the quarter and full year was $7.3 billion and $27.7 billion compared with $5.6 billion and $38.1 billion respectively a year ago.
- Net debt at the end of the quarter was $26.2 billion. The ratio of net debt to net debt plus equity was 20% compared with 21% a year ago.
- Cash costs[b] for the full year were more than $4 billion lower than in 2008, of which approximately 40% related to foreign exchange benefits and lower fuel costs. Excluding the effects of changes in exchange rates and fuel costs, we expect further reductions in cash costs in 2010.
- Total capital expenditure, including acquisitions and asset exchanges, for the fourth quarter and full year was $5.9 billion and $20.3 billion respectively. Excluding acquisitions and asset exchanges, capital expenditure in 2009 was $20.0 billion. Disposal proceeds were $1.1 billion for the quarter and $2.7 billion for the full year. In 2010, we expect capital expenditure, excluding acquisitions and asset exchanges, to be around $20 billion and we expect disposal proceeds of $2-3 billion.
- The quarterly dividend, to be paid in March, is 14 cents per share ($0.84 per ADS), the same as a year ago. In sterling terms, the quarterly dividend is 8.679 pence per share, compared with 9.818 pence per share a year ago, a decrease of 12%.
- Subject to shareholder approval at the Annual General Meeting on 15 April, an optional scrip dividend programme, allowing shareholders to choose to receive dividends in the form of new fully paid shares in BP p.l.c. in lieu of cash, will be available for future dividends. This would replace the company's current dividend reinvestment plans. Further details of this proposal will be published on 5 March with the notice of meeting for the Annual General Meeting.

(a) Profit attributable to BP shareholders.

(b) Cash costs are a subset of production and manufacturing expenses plus distribution and administration expenses. They represent the substantial majority of the expenses in these line items but exclude associated non-operating items and certain costs that are variable, primarily with volumes (such as freight costs). They are the principal operating and overhead costs that management considers to be most directly under their control although they include certain foreign exchange and commodity price effects.

The commentaries above and following are based on replacement cost profit and should be read in conjunction with the cautionary statement on page 8.

Analysis of replacement cost profit before interest and tax and reconciliation to profit for the period

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009	$ million	Year 2009	Year 2008
4,756	6,929	**8,505**	Exploration and Production	**24,800**	38,308
416	916	**(1,943)**	Refining and Marketing	**743**	4,176
(680)	(586)	**(392)**	Other businesses and corporate	**(2,322)**	(1,223)
633	104	**(492)**	Consolidation adjustment	**(717)**	466
5,125	7,363	**5,678**	RC profit before interest and tax[a]	**22,504**	41,727
(251)	(311)	**(302)**	Finance costs and net finance income or expense relating to pensions and other post-retirement benefits	**(1,302)**	(956)
(2,145)	(2,052)	**(1,846)**	Taxation on a replacement cost basis	**(7,066)**	(14,669)
(142)	(19)	**(83)**	Minority interest	**(181)**	(509)
2,587	4,981	**3,447**	**Replacement cost profit attributable to BP shareholders**	**13,955**	25,593
(8,788)	538	**1,256**	Inventory holding gains (losses)	**3,922**	(6,488)
2,857	(183)	**(408)**	Taxation (charge) credit on inventory holding gains and losses	**(1,299)**	2,052
(3,344)	5,336	**4,295**	**Profit (loss) for the period attributable to BP shareholders**	**16,578**	21,157

(a) Replacement cost profit reflects the replacement cost of supplies. For further information see page 14.

Total of non-operating items and fair value accounting effects[a][b]

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009	$ million	Year 2009	Year 2008
497	651	**1,422**	Exploration and Production	**3,184**	(1,272)
(228)	(155)	**(1,958)**	Refining and Marketing	**(2,864)**	858
(301)	(64)	**(65)**	Other businesses and corporate	**(489)**	(633)
(32)	432	**(601)**		**(169)**	(1,047)
14	(125)	**(336)**	Taxation credit (charge)[c]	**(453)**	397
(18)	307	**(937)**		**(622)**	(650)

(a) An analysis of non-operating items by type is provided on page 15 and an analysis by region is shown on pages 5, 7 and 8.
(b) Information on fair value accounting effects is non-GAAP. For further details, see page 16.
(c) Tax is calculated using the quarter's effective tax rate on replacement cost profit, except in the case of the goodwill impairment in Refining and Marketing where no tax credit has been calculated because this item is not tax deductible.

Per share amounts

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			Per ordinary share (cents)[a]		
(17.62)	28.48	**22.90**	Profit for the period	**88.49**	112.59
13.93	26.59	**18.38**	RC profit for the period	**74.49**	136.20
			Per ADS (dollars)[a]		
(1.06)	1.71	**1.37**	Profit for the period	**5.31**	6.75
0.84	1.60	**1.10**	RC profit for the period	**4.47**	8.17

(a) See Note 4 on page 20 for details of the calculation of earnings per share.

Net debt ratio – net debt: net debt + equity

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
33,204	36,555	**34,627**	Gross debt	**34,627**	33,204
(34)	370	**127**	Less: fair value asset (liability) of hedges related to finance debt	**127**	(34)
33,238	36,185	**34,500**		**34,500**	33,238
8,197	9,883	**8,339**	Cash and cash equivalents	**8,339**	8,197
25,041	26,302	**26,161**	Net debt	**26,161**	25,041
92,109	100,803	**102,113**	Equity	**102,113**	92,109
21%	21%	**20%**	Net debt ratio	**20%**	21%

Net debt and net debt ratio are non-GAAP measures. Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt, for which hedge accounting is claimed. The derivatives are reported on the balance sheet within the headings ‘Derivative financial instruments’. We believe that net debt and net debt ratio provide useful information to investors. Net debt enables investors to see the economic effect of gross debt, related hedges and cash and cash equivalents in total. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

Dividends

Dividends payable

BP today announced a dividend of 14 cents per ordinary share to be paid in March. Holders of ordinary shares will receive 8.679 pence per share and holders of American Depositary Receipts $0.84 per ADS. The dividend is payable on 8 March 2010 to shareholders on the register on 19 February 2010. 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 8 March 2010.

Dividends paid

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			Dividends paid per ordinary share		
14.000	14.000	**14.000**	cents	**56.000**	55.050
8.705	8.503	**8.512**	pence	**36.417**	29.387
84.00	84.00	**84.00**	**Dividends paid per ADS (cents)**	**336.00**	330.30

Exploration and Production

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	2008
			$ million		
4,497	6,930	**8,664**	**Profit before interest and tax**(a)	**24,942**	37,915
259	(1)	**(159)**	**Inventory holding (gains) losses**	**(142)**	393
4,756	6,929	**8,505**	**Replacement cost profit before interest and tax**	**24,800**	38,308
			By region		
1,299	1,864	**2,517**	US	**6,685**	11,724
3,457	5,065	**5,988**	Non-US	**18,115**	26,584
4,756	6,929	**8,505**		**24,800**	38,308

(a) Includes profit after interest and tax of equity-accounted entities.

The replacement cost profit before interest and tax for the fourth quarter and full year was $8,505 million and $24,800 million respectively, an increase of 79% and a decrease of 35% over the same periods of 2008.

The increase in the fourth quarter is primarily due to higher realizations, higher earnings from equity-accounted entities (mainly TNK-BP), higher production and lower costs. For the full year, the decrease is primarily due to lower realizations and lower income from equity-accounted entities (mainly TNK-BP), partly offset by higher production and lower costs. Both periods were impacted by higher depreciation.

The net non-operating gain of $976 million in the fourth quarter primarily related to gains on the sale of our interest in LukArco to Russia's Lukoil, as detailed below. For the full year the net non-operating gain was $2,265 million with the most significant items being gains on the sale of operations and fair value gains on embedded derivatives. The corresponding periods in 2008 included a net non-operating gain of $244 million and a net non-operating charge of $990 million respectively. Additionally, in the fourth quarter, fair value accounting effects had a favourable impact of $446 million compared with a favourable impact of $253 million a year ago. For the full year the favourable impact was $919 million compared with an unfavourable impact of $282 million in 2008.

Production for the quarter was 4,054mboe/d, 3% higher than the fourth quarter of 2008, reflecting continued strong operational performance. After adjusting for entitlement impacts in our production-sharing agreements (PSAs) and the effect of OPEC quota restrictions the increase was also 3%. Fourth-quarter production benefited from the make-up of a prior-period underlift of around 40mboe/d.

Production for the full year was 3,998mboe/d, 4% higher than the same period last year. After adjusting for the effect of entitlement changes in our PSAs and the effect of OPEC quota restrictions, production was 5% higher than the same period of 2008. Unit production costs were 12% lower than 2008.

During the quarter, BP Trinidad and Tobago (bpTT) announced the start of natural gas production from the Savonette field offshore Trinidad (bpTT 100%). Savonette is located approximately 50 miles off Trinidad's south-east coast and production from the platform is tied into bpTT's Mahogany B platform.

On 3 November, BP and China National Petroleum Corporation (CNPC) announced that they signed a contract with Iraq's state-owned South Oil Company (SOC) to expand production from the Rumaila oilfield, near Basra in southern Iraq. BP will hold a 38% working interest.

Also during the quarter, BP announced that a consortium led by its joint venture VICO (owned jointly by BP and ENI) signed a production-sharing contract with the Government of Indonesia for the exploration and development of coalbed methane resources on the Sanga-Sanga block in East Kalimantan, Indonesia. BP will have a 37.8% interest in the contract.

Furthermore, BP divested its interests in Kazakhstan's Tengiz oil field and the Caspian Pipeline Consortium (CPC) pipeline, carrying oil between Kazakhstan and Russia, by selling its 46% stake in LukArco to Russia's Lukoil for $1.6 billion in cash in three instalments over two years starting in December 2009.

On 3 January 2010, BP received approval from the Government of Jordan to join the state-owned National Petroleum Company to exploit the onshore Risha concession in the north-east of the country.

Our 2009 reported reserves replacement ratio including equity-accounted entities, excluding acquisitions and disposals, was 129% (details of which will be provided in the BP Annual Report and Accounts for 2009).

Production growth was very strong in 2009, benefiting by about 40mboe/d on an annual basis from a combination of the absence of a significant hurricane season and the underlift make-up mentioned above. As a result, we expect production in 2010 to be slightly lower than in 2009. Our longer-term guidance is unchanged.

Exploration and Production

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			Non-operating items		
(318)	(65)	**21**	US	**145**	(331)
562	536	**955**	Non-US	**2,120**	(659)
244	471	**976**		**2,265**	(990)
			Fair value accounting effects(a)		
11	169	**218**	US	**687**	(231)
242	11	**228**	Non-US	**232**	(51)
253	180	**446**		**919**	(282)
			Exploration expense		
128	235	**149**	US	**663**	306
111	143	**123**	Non-US	**453**	576
239	378	**272**		**1,116**	882
			Production (net of royalties)(b)		
			Liquids (mb/d) (net of royalties)(c)		
590	669	**687**	US	**665**	538
216	199	**219**	Europe	**208**	216
827	850	**852**	Russia	**840**	826
827	814	**819**	Rest of World	**822**	821
2,460	2,532	**2,577**		**2,535**	2,401
			Natural gas (mmcf/d) (net of royalties)		
2,243	2,278	**2,313**	US	**2,316**	2,157
858	473	**583**	Europe	**634**	782
621	553	**654**	Russia	**601**	565
4,891	4,727	**5,018**	Rest of World	**4,934**	4,830
8,613	8,031	**8,568**		**8,485**	8,334
			Total hydrocarbons (mboe/d)(d)		
976	1,061	**1,086**	US	**1,064**	910
365	280	**320**	Europe	**317**	351
934	945	**965**	Russia	**944**	923
1,670	1,631	**1,683**	Rest of World	**1,673**	1,654
3,945	3,917	**4,054**		**3,998**	3,838
			Average realizations(e)		
52.09	62.77	**68.02**	Total liquids ($/bbl)	**56.26**	90.20
5.08	2.81	**3.68**	Natural gas ($/mcf)	**3.25**	6.00
40.94	41.12	**45.83**	Total hydrocarbons ($/boe)	**38.36**	62.60

(a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on page 16.

(b) Includes BP's share of production of equity-accounted entities.

(c) Crude oil and natural gas liquids.

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

(e) Based on sales of consolidated subsidiaries only – this excludes equity-accounted entities.

Because of rounding, some totals may not agree exactly with the sum of their component parts.

Refining and Marketing

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
(8,064)	1,433	**(869)**	**Profit (loss) before interest and tax**[a]	**4,517**	(1,884)
8,480	(517)	**(1,074)**	**Inventory holding (gains) losses**	**(3,774)**	6,060
416	916	**(1,943)**	**Replacement cost profit (loss) before interest and tax**	**743**	4,176
			By region		
(735)	(229)	**(2,331)**	US	**(2,578)**	(644)
1,151	1,145	**388**	Non-US	**3,321**	4,820
416	916	**(1,943)**		**743**	4,176

(a) Includes profit after interest and tax of equity-accounted entities.

The replacement cost result before interest and tax for the fourth quarter was a loss of $1,943 million and for the full year was a profit of $743 million. The results in the equivalent periods of 2008 were profits of $416 million and $4,176 million, respectively.

The fourth quarter's result included a net non-operating charge of $1,846 million compared with a net charge of $163 million a year ago. The fourth-quarter non-operating charge included restructuring charges of $0.5 billion and a $1.6 billion one-off, non-cash, impairment of all of the segment's goodwill in the US West Coast fuels value chain relating to our 2000 ARCO acquisition. This resulted from our annual review of goodwill as required under IFRS and reflects the prevailing weak refining environment. For the full year, the net non-operating charge was $2,603 million compared with a net gain of $347 million a year ago, also driven by significant restructuring charges and the goodwill impairment.

Fair value accounting effects had unfavourable impacts of $112 million in the fourth quarter and of $261 million for the full year. A year ago, there was an unfavourable impact of $65 million and a favourable impact of $511 million, respectively.

Compared with a year ago the result for the fourth quarter reflected a continued weaker overall Refining and Marketing environment, including a refining indicator margin of $1.49 per barrel compared with $5.20 per barrel in the fourth quarter of 2008. BP's actual refining margin declined even more than the indicator margin during this period. In addition, rising crude prices and reduced volatility compressed marketing margins and led to a weaker supply and trading contribution. These factors were somewhat offset by stronger operational performance and lower costs.

For the full year, the result after adjusting for non-operating items and fair value accounting effects was 9% better than in 2008 in an environment where refining indicator margins fell by almost 40%. This was due to significantly stronger operational performance, with 93.6% refining availability and cash cost[b] reductions of over 15%. In the international businesses, performance was better than in 2008, driven by lower costs.

Looking forward, in 2010 we expect refining margins to remain weak.

(b) See page 1, footnote (b).

Refining and Marketing

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			Non-operating items		
43	(179)	**(1,697)**	US	**(2,037)**	814
(206)	(62)	**(149)**	Non-US	**(566)**	(467)
(163)	(241)	**(1,846)**		**(2,603)**	347
			Fair value accounting effects(a)		
(91)	6	**(9)**	US	**16**	231
26	80	**(103)**	Non-US	**(277)**	280
(65)	86	**(112)**		**(261)**	511
			Refinery throughputs (mb/d)		
1,063	1,307	**1,289**	US	**1,238**	1,121
697	751	**722**	Europe	**755**	739
272	271	**292**	Rest of World	**294**	295
2,032	2,329	**2,303**	**Total throughput**	**2,287**	2,155
91.4	94.3	**94.4**	**Refining availability** (%)(b)	**93.6**	88.8
			Oil sales volumes (mb/d)		
			Refined products		
1,435	1,442	**1,426**	US	**1,426**	1,460
1,564	1,522	**1,507**	Europe	**1,504**	1,566
667	619	**651**	Rest of World	**630**	685
3,666	3,583	**3,584**	**Total marketing sales**	**3,560**	3,711
1,779	2,377	**2,390**	**Trading/supply sales**(c)	**2,327**	1,987
5,445	5,960	**5,974**	**Total refined product sales**	**5,887**	5,698
1,540	1,899	**1,559**	**Crude oil**	**1,824**	1,689
6,985	7,859	**7,533**	**Total oil sales**	**7,711**	7,387
			Global Indicator Refining Margin ($/bbl)(d)		
7.48	2.60	**2.69**	NWE	**3.26**	6.72
2.49	4.16	**1.75**	USGC	**4.63**	6.78
2.53	5.04	**1.22**	Midwest	**5.43**	5.17
6.80	4.89	**1.68**	USWC	**5.88**	7.42
5.16	(0.02)	**(1.47)**	Singapore	**0.21**	6.30
5.20	3.42	**1.49**	Average	**4.00**	6.50
			Chemicals production (kte)		
579	812	**841**	US	**3,110**	3,487
612	972	**828**	Europe	**3,455**	3,257
1,287	1,634	**1,727**	Rest of World(c)	**5,826**	5,774
2,478	3,418	**3,396**	**Total production**	**12,391**	12,518

(a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on page 16.

(b) Refining availability represents Solomon Associates' operational availability, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualized time lost due to turnaround activity and all planned mechanical, process and regulatory maintenance downtime.

(c) A minor amendment has been made to comparative periods.

(d) The Global Indicator Refining Margin (GIM) is the average of 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.

Other businesses and corporate

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
(729)	(566)	**(369)**	**Profit (loss) before interest and tax**[a]	**(2,316)**	(1,258)
49	(20)	**(23)**	**Inventory holding (gains) losses**	**(6)**	35
(680)	(586)	**(392)**	**Replacement cost profit (loss) before interest and tax**	**(2,322)**	(1,223)
			By region		
(277)	(179)	**(141)**	US	**(728)**	(902)
(403)	(407)	**(251)**	Non-US	**(1,594)**	(321)
(680)	(586)	**(392)**		**(2,322)**	(1,223)
			Results include		
			Non-operating items		
(115)	(29)	**14**	US	**(164)**	(302)
(186)	(35)	**(79)**	Non-US	**(325)**	(331)
(301)	(64)	**(65)**		**(489)**	(633)

(a) Includes profit after interest and tax of equity-accounted entities.

Other businesses and corporate comprises the Alternative Energy business, Shipping, the group's aluminium asset, Treasury (which includes interest income on the group's cash and cash equivalents), and corporate activities worldwide.

The replacement cost loss before interest and tax for the fourth quarter and full year was $392 million and $2,322 million respectively, compared with losses of $680 million and $1,223 million a year ago. The increased loss for the full year was primarily due to a weaker margin environment for Shipping and our BP Solar business and adverse foreign exchange effects. In the fourth quarter specifically, there were favourable foreign exchange effects. The net non-operating charge for the fourth quarter and full year was $65 million and $489 million respectively, compared with net charges of $301 million and $633 million a year ago.

In Alternative Energy, our solar business achieved quarterly sales of 88MW in the fourth quarter, with total sales of 203MW for the full year. This compares with 42MW in the same quarter last year and 162MW for full-year 2008.

In our US wind business, full commercial operation began at our wholly-owned 25MW Titan I Wind Farm in South Dakota and at the second phase of the Fowler Ridge Wind Farm in Indiana, a 50:50 joint venture between BP Wind Energy and Sempra Generation. Fowler Ridge is the largest wind farm in the US Midwest and this most recent phase has a gross capacity of 200MW. BP’s net wind generation capacity[b] at the end of 2009 was 711MW (1,237MW gross), compared with 432MW (785MW gross) at the end of 2008.

In November, the US Department of Energy signed a co-operative agreement with Hydrogen Energy California LLC (HECA) (BP 50%, Rio Tinto 50%) to build and demonstrate a hydrogen-powered electricity generating facility, complete with carbon capture and storage, in Kern County, California.

In 2010, we expect the quarterly loss, excluding non-operating items, for Other businesses and corporate to average around $400 million.

(b) Net wind capacity is the sum of the rated capacities of the assets/turbines that have entered into commercial operation, including BP’s share of equity-accounted entities. The gross data is the equivalent capacity on a gross-JV basis, which includes 100% of the capacity of equity-accounted entities where BP has partial ownership.

Cautionary statement regarding forward-looking statements: The foregoing discussion contains forward-looking statements particularly those regarding effective tax rate, cash costs, capital expenditure, production, dividend and optional scrip dividend, expected timing and proceeds of disposals, refining margins and the quarterly loss (after excluding non-operating items) for Other businesses and corporate. By their nature, forward-looking statements involve risk and uncertainty 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 onstream; industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism or sabotage; and other factors discussed in this Announcement. For more information you should refer to our Annual Report and Accounts 2008 and our 2008 Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

Group income statement

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009	$ million	Year 2009	Year 2008
61,477	66,218	**70,981**	Sales and other operating revenues (Note 2)	**239,272**	361,143
(876)	359	**350**	Earnings from jointly controlled entities – after interest and tax	**1,286**	3,023
167	920	**696**	Earnings from associates – after interest and tax	**2,615**	798
170	157	**241**	Interest and other income	**792**	736
156	202	**1,368**	Gains on sale of businesses and fixed assets	**2,173**	1,353
61,094	67,856	**73,636**	**Total revenues and other income**	**246,138**	367,053
49,860	46,787	**50,201**	Purchases	**163,772**	266,982
7,167	5,585	**6,040**	Production and manufacturing expenses (Note 3)	**23,202**	26,756
992	1,007	**1,084**	Production and similar taxes (Note 3)	**3,752**	8,953
2,700	2,991	**3,200**	Depreciation, depletion and amortization	**12,106**	10,985
1,616	157	**1,823**	Impairment and losses on sale of businesses and fixed assets	**2,333**	1,733
239	378	**272**	Exploration expense	**1,116**	882
3,745	3,420	**3,979**	Distribution and administration expenses	**14,038**	15,412
(1,562)	(370)	**103**	Fair value (gain) loss on embedded derivatives	**(607)**	111
(3,663)	7,901	**6,934**	**Profit (loss) before interest and taxation**	**26,426**	35,239
369	266	**252**	Finance costs	**1,110**	1,547
(118)	45	**50**	Net finance expense (income) relating to pensions and other post-retirement benefits	**192**	(591)
(3,914)	7,590	**6,632**	**Profit (loss) before taxation**	**25,124**	34,283
(712)	2,235	**2,254**	Taxation	**8,365**	12,617
(3,202)	5,355	**4,378**	**Profit (loss) for the period**	**16,759**	21,666
			Attributable to		
(3,344)	5,336	**4,295**	BP shareholders	**16,578**	21,157
142	19	**83**	Minority interest	**181**	509
(3,202)	5,355	**4,378**		**16,759**	21,666
			Earnings per share – cents (Note 4)		
			Profit (loss) for the period attributable to BP shareholders		
(17.62)	28.48	**22.90**	Basic	**88.49**	112.59
(17.62)	28.18	**22.64**	Diluted	**87.54**	111.56

Group statement of comprehensive income

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009	$ million	Year 2009	Year 2008
(3,202)	5,355	**4,378**	Profit (loss) for the period	**16,759**	21,666
(2,270)	549	**(63)**	Currency translation differences	**1,826**	(4,362)
–	4	**(73)**	Exchange (gains) losses on translation of foreign operations transferred to gain or loss on sales of businesses and fixed assets	**(27)**	–
(8,430)	–	**(682)**	Actuarial gain (loss) relating to pensions and other post-retirement benefits	**(682)**	(8,430)
(422)	256	**168**	Available-for-sale investments marked to market	**705**	(994)
546	–	**–**	Available-for-sale investments – recycled to the income statement	**2**	526
(702)	176	**39**	Cash flow hedges marked to market	**652**	(1,173)
30	71	**(122)**	Cash flow hedges – recycled to the income statement	**366**	45
23	19	**4**	Cash flow hedges – recycled to the balance sheet	**136**	(38)
2,561	(46)	**214**	Taxation	**525**	2,946
(8,664)	1,029	**(515)**	Other comprehensive income	**3,503**	(11,480)
(11,866)	6,384	**3,863**	Total comprehensive income	**20,262**	10,186
			Attributable to		
(11,944)	6,375	**3,834**	BP shareholders	**20,137**	9,752
78	9	**29**	Minority interest	**125**	434
(11,866)	6,384	**3,863**		**20,262**	10,186

Group statement of changes in equity

$ million	BP shareholders' equity	Minority interest	Total equity
At 31 December 2008	91,303	806	92,109
Total comprehensive income	20,137	125	20,262
Dividends	(10,483)	(416)	(10,899)
Share-based payments (net of tax)	721	–	721
Changes in associates' equity	(43)	–	(43)
Minority interest buyout	(22)	(15)	(37)
At 31 December 2009	101,613	500	102,113

$ million	BP shareholders' equity	Minority interest	Total equity
At 31 December 2007	93,690	962	94,652
Total comprehensive income	9,752	434	10,186
Dividends	(10,342)	(425)	(10,767)
Repurchase of ordinary share capital	(2,414)	–	(2,414)
Share-based payments (net of tax)	617	–	617
Minority interest buyout	–	(165)	(165)
At 31 December 2008	91,303	806	92,109

Group balance sheet

$ million	31 December 2009	31 December 2008
Non-current assets		
Property, plant and equipment	**108,275**	103,200
Goodwill	**8,620**	9,878
Intangible assets	**11,548**	10,260
Investments in jointly controlled entities	**15,296**	23,826
Investments in associates	**12,963**	4,000
Other investments	**1,567**	855
Fixed assets	**158,269**	152,019
Loans	**1,039**	995
Other receivables	**1,729**	710
Derivative financial instruments	**3,965**	5,054
Prepayments	**1,407**	1,338
Deferred tax assets	**516**	–
Defined benefit pension plan surpluses	**1,390**	1,738
	168,315	161,854
Current assets		
Loans	**249**	168
Inventories	**22,605**	16,821
Trade and other receivables	**29,531**	29,261
Derivative financial instruments	**4,967**	8,510
Prepayments	**1,753**	3,050
Current tax receivable	**209**	377
Cash and cash equivalents	**8,339**	8,197
	67,653	66,384
Total assets	**235,968**	228,238
Current liabilities		
Trade and other payables	**35,204**	33,644
Derivative financial instruments	**4,681**	8,977
Accruals	**6,202**	6,743
Finance debt	**9,109**	15,740
Current tax payable	**2,464**	3,144
Provisions	**1,660**	1,545
	59,320	69,793
Non-current liabilities		
Other payables	**3,198**	3,080
Derivative financial instruments	**3,474**	6,271
Accruals	**703**	784
Finance debt	**25,518**	17,464
Deferred tax liabilities	**18,662**	16,198
Provisions	**12,970**	12,108
Defined benefit pension plan and other post-retirement benefit plan deficits	**10,010**	10,431
	74,535	66,336
Total liabilities	**133,855**	136,129
Net assets	**102,113**	92,109
Equity		
BP shareholders' equity	**101,613**	91,303
Minority interest	**500**	806
	102,113	92,109

Condensed group cash flow statement

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			Operating activities		
(3,914)	7,590	**6,632**	Profit (loss) before taxation	**25,124**	34,283
			Adjustments to reconcile profit before taxation to net cash provided by operating activities		
2,759	3,216	**3,319**	Depreciation, depletion and amortization and exploration expenditure written off	**12,699**	11,370
1,460	(45)	**455**	Impairment and (gain) loss on sale of businesses and fixed assets	**160**	380
1,779	(678)	**282**	Earnings from equity-accounted entities, less dividends received	**(898)**	(93)
(81)	203	**8**	Net charge for interest and other finance expense, less net interest paid	**338**	(357)
93	135	**128**	Share-based payments	**450**	459
(322)	(261)	**(606)**	Net operating charge for pensions and other post-retirement benefits, less contributions and benefit payments for unfunded plans	**(887)**	(173)
(185)	(36)	**454**	Net charge for provisions, less payments	**650**	(298)
6,945	(115)	**(2,420)**	Movements in inventories and other current and non-current assets and liabilities(a)	**(3,596)**	5,348
(2,915)	(1,910)	**(964)**	Income taxes paid	**(6,324)**	(12,824)
5,619	8,099	**7,288**	**Net cash provided by operating activities**	**27,716**	38,095
			Investing activities		
(5,762)	(4,975)	**(5,647)**	Capital expenditure	**(20,650)**	(22,658)
(186)	–	**9**	Acquisitions, net of cash acquired	**1**	(395)
(202)	(128)	**(237)**	Investment in jointly controlled entities	**(578)**	(1,009)
(60)	(72)	**(5)**	Investment in associates	**(164)**	(81)
218	506	**538**	Proceeds from disposal of fixed assets	**1,715**	918
11	98	**531**	Proceeds from disposal of businesses, net of cash disposed	**966**	11
163	79	**238**	Proceeds from loan repayments	**530**	647
–	–	–	Other	**47**	(200)
(5,818)	(4,492)	**(4,573)**	**Net cash (used in) provided by investing activities**	**(18,133)**	(22,767)
			Financing activities		
64	63	**82**	Net issue (repurchase) of shares	**207**	(2,567)
4,732	2,367	**140**	Proceeds from long-term financing	**11,567**	7,961
(1,565)	(607)	**(1,237)**	Repayments of long-term financing	**(6,021)**	(3,821)
1,973	(1,806)	**(557)**	Net increase (decrease) in short-term debt	**(4,405)**	(1,315)
(2,619)	(2,621)	**(2,623)**	Dividends paid – BP shareholders	**(10,483)**	(10,342)
(193)	(139)	**(92)**	– Minority interest	**(416)**	(425)
2,392	(2,743)	**(4,287)**	**Net cash (used in) provided by financing activities**	**(9,551)**	(10,509)
(138)	60	**28**	Currency translation differences relating to cash and cash equivalents	**110**	(184)
2,055	924	**(1,544)**	**Increase (decrease) in cash and cash equivalents**	**142**	4,635
6,142	8,959	**9,883**	Cash and cash equivalents at beginning of period	**8,197**	3,562
8,197	9,883	**8,339**	Cash and cash equivalents at end of period	**8,339**	8,197
(a) Includes					
8,788	(538)	**(1,256)**	Inventory holding (gains) losses	**(3,922)**	6,488
(1,562)	(370)	**103**	Fair value (gain) loss on embedded derivatives	**(607)**	111

Inventory holding gains and losses and fair value gains and losses on embedded derivatives are also included within profit before taxation.

Capital expenditure and acquisitions

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			By business		
			Exploration and Production		
2,091	1,395	**1,682**	US[(a)]	**6,169**	10,359
2,755	2,117	**2,431**	Non-US[(b)]	**8,727**	11,868
4,846	3,512	**4,113**		**14,896**	22,227
			Refining and Marketing		
774	584	**912**	US[(b)]	**2,625**	4,297
832	335	**652**	Non-US	**1,489**	2,337
1,606	919	**1,564**		**4,114**	6,634
			Other businesses and corporate		
432	502	**149**	US[(c)]	**1,071**	1,390
111	50	**87**	Non-US	**228**	449
543	552	**236**		**1,299**	1,839
6,995	4,983	**5,913**		**20,309**	30,700
			By geographical area		
3,297	2,481	**2,743**	US[(a)(b)(c)]	**9,865**	16,046
3,698	2,502	**3,170**	Non-US[(b)]	**10,444**	14,654
6,995	4,983	**5,913**		**20,309**	30,700
			Included above:		
226	281	**27**	Acquisitions and asset exchanges[(b)]	**308**	2,514

(a) Full year 2008 included capital expenditure of $3,667 million in Exploration and Production relating to the purchase of all of Chesapeake Energy Corporation's interest in the Arkoma Basin Woodford Shale assets and the purchase of a 25% interest in Chesapeake's Fayetteville Shale assets.

(b) Full year 2008 included capital expenditure of $2,822 million in Exploration and Production and an asset exchange of $1,909 million in Refining and Marketing relating to the formation of an integrated North American oil sands business.

(c) During 2009, capital expenditure related to wind turbines for post-2009 projects amounted to $440 million for the full year, $107 million for the third quarter and $36 million for the fourth quarter.

Exchange rates

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
1.57	1.64	**1.63**	US dollar/sterling average rate for the period	**1.56**	1.84
1.44	1.59	**1.60**	US dollar/sterling period-end rate	**1.60**	1.44
1.31	1.43	**1.48**	US dollar/euro average rate for the period	**1.39**	1.46
1.41	1.45	**1.43**	US dollar/euro period-end rate	**1.43**	1.41

Analysis of replacement cost profit before interest and tax and reconciliation to profit (loss) before taxation[a]

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			By business		
			Exploration and Production		
1,299	1,864	**2,517**	US	**6,685**	11,724
3,457	5,065	**5,988**	Non-US	**18,115**	26,584
4,756	6,929	**8,505**		**24,800**	38,308
			Refining and Marketing		
(735)	(229)	**(2,331)**	US	**(2,578)**	(644)
1,151	1,145	**388**	Non-US	**3,321**	4,820
416	916	**(1,943)**		**743**	4,176
			Other businesses and corporate		
(277)	(179)	**(141)**	US	**(728)**	(902)
(403)	(407)	**(251)**	Non-US	**(1,594)**	(321)
(680)	(586)	**(392)**		**(2,322)**	(1,223)
4,492	7,259	**6,170**		**23,221**	41,261
633	104	**(492)**	Consolidation adjustment	**(717)**	466
5,125	7,363	**5,678**	**Replacement cost profit before interest and tax[b]**	**22,504**	41,727
			Inventory holding gains (losses)[c]		
(259)	1	**159**	Exploration and Production	**142**	(393)
(8,480)	517	**1,074**	Refining and Marketing	**3,774**	(6,060)
(49)	20	**23**	Other businesses and corporate	**6**	(35)
(3,663)	7,901	**6,934**	Profit (loss) before interest and tax	**26,426**	35,239
369	266	**252**	Finance costs	**1,110**	1,547
(118)	45	**50**	Net finance expense (income) relating to pensions and other post-retirement benefits	**192**	(591)
(3,914)	7,590	**6,632**	**Profit (loss) before taxation**	**25,124**	34,283
			Replacement cost profit before interest and tax		
			By geographical area		
371	1,516	**(294)**	US	**2,806**	10,678
4,754	5,847	**5,972**	Non-US	**19,698**	31,049
5,125	7,363	**5,678**		**22,504**	41,727

[a] IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purposes of performance assessment and resource allocation. For BP, this measure of profit or loss is replacement cost profit before interest and tax. In addition, a reconciliation is required between the total of the operating segments' measures of profit or loss and the group profit or loss before taxation.

[b] Replacement cost profit reflects the replacement cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses and their associated tax effect. Replacement cost profit for the group is not a recognized GAAP measure.

[c] Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies incurred during the period and the cost of sales calculated on the first-in first-out (FIFO) method including any changes in provisions where the net realizable value of the inventory is lower than its cost. Under the FIFO method, which we use for IFRS reporting, the cost of inventory charged to the income statement is based on the historic cost of acquisition or manufacture rather than the current replacement cost. In volatile energy markets, this can have a significant distorting effect on reported income. The amounts disclosed represent the difference between the charge to the income statement on a FIFO basis (and any related movements in net realizable value provisions) and the charge that would arise using average cost of supplies incurred during the period. For this purpose, average cost of supplies incurred during the period is calculated by dividing the total cost of inventory purchased in the period by the number of barrels acquired. The amounts disclosed are not separately reflected in the financial statements as a gain or loss. No adjustment is made in respect of the cost of inventories held as part of a trading position and certain other temporary inventory positions.

Management believes this information is useful to illustrate to investors the fact that crude oil and product prices can vary significantly from period to period and that the impact on our reported result under IFRS can be significant. Inventory holding gains and losses vary from period to period due principally to changes in oil prices as well as changes to underlying inventory levels. In order for investors to understand the operating performance of the group excluding the impact of oil price changes on the replacement of inventories, and to make comparisons of operating performance between reporting periods, BP's management believes it is helpful to disclose this information.

Non-operating items[a]

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009	$ million	Year 2009	Year 2008
			Exploration and Production		
(1,180)	72	**1,070**	Impairment and gain (loss) on sale of businesses and fixed assets	**1,574**	(1,015)
–	3	**–**	Environmental and other provisions	**3**	(12)
(7)	1	**(4)**	Restructuring, integration and rationalization costs	**(10)**	(57)
1,505	370	**(103)**	Fair value gain (loss) on embedded derivatives	**664**	(163)
(74)	25	**13**	Other	**34**	257
244	471	**976**		**2,265**	(990)
			Refining and Marketing		
(114)	(13)	**(1,518)**	Impairment and gain (loss) on sale of businesses and fixed assets[b]	**(1,604)**	801
(2)	(190)	**(29)**	Environmental and other provisions	**(219)**	(64)
(104)	(38)	**(492)**	Restructuring, integration and rationalization costs	**(907)**	(447)
57	–	**–**	Fair value gain (loss) on embedded derivatives	**(57)**	57
–	–	**193**	Other	**184**	–
(163)	(241)	**(1,846)**		**(2,603)**	347
			Other businesses and corporate		
(166)	(14)	**(7)**	Impairment and gain (loss) on sale of businesses and fixed assets	**(130)**	(166)
(41)	(16)	**16**	Environmental and other provisions	**(75)**	(117)
(91)	(28)	**(47)**	Restructuring, integration and rationalization costs	**(183)**	(254)
–	–	**–**	Fair value gain (loss) on embedded derivatives	**–**	(5)
(3)	(6)	**(27)**	Other	**(101)**	(91)
(301)	(64)	**(65)**		**(489)**	(633)
(220)	166	**(935)**	**Total before taxation**	**(827)**	(1,276)
97	(48)	**(221)**	Taxation credit (charge)[c]	**(240)**	480
(123)	118	**(1,156)**	**Total after taxation for period**	**(1,067)**	(796)

(a) An analysis of non-operating items by region is shown on pages 5, 7 and 8.
(b) Includes $1,579 million in relation to the impairment of goodwill allocated to the US West Coast fuels value chain.
(c) Tax is calculated using the quarter's effective tax rate on replacement cost profit, except in the case of the goodwill impairment in Refining and Marketing where no tax credit has been calculated because this item is not tax deductible.

Non-operating items are charges and credits arising in consolidated entities that BP discloses separately because it considers such disclosures to be meaningful and relevant to investors. These disclosures are provided in order to enable investors better to understand and evaluate the group's financial performance.

Non-GAAP information on fair value accounting effects

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			Favourable (unfavourable) impact relative to management's measure of performance		
253	180	**446**	Exploration and Production	**919**	(282)
(65)	86	**(112)**	Refining and Marketing	**(261)**	511
188	266	**334**		**658**	229
(83)	(77)	**(115)**	Taxation credit (charge)[a]	**(213)**	(83)
105	189	**219**		**445**	146

[a] Tax is calculated using the quarter's effective tax rate on replacement cost profit.

BP uses derivative instruments to manage the economic exposure relating to inventories above normal operating requirements of crude oil, natural gas and petroleum products as well as certain contracts to supply physical volumes at future dates. Under IFRS, these inventories and contracts are recorded at historic cost and on an accruals basis respectively. The related derivative instruments, however, are required to be recorded at fair value with gains and losses recognized in income because hedge accounting is either not permitted or not followed, principally due to the impracticality of effectiveness testing requirements. Therefore, measurement differences in relation to recognition of gains and losses occur. Gains and losses on these inventories and contracts are not recognized until the commodity is sold in a subsequent accounting period. Gains and losses on the related derivative commodity contracts are recognized in the income statement from the time the derivative commodity contract is entered into on a fair value basis using forward prices consistent with the contract maturity.

IFRS requires that inventory held for trading be recorded at its fair value using period end spot prices whereas any related derivative commodity instruments are required to be recorded at values based on forward prices consistent with the contract maturity. Depending on market conditions, these forward prices can be either higher or lower than spot prices resulting in measurement differences.

BP enters into contracts for pipelines and storage capacity that, under IFRS, are recorded on an accruals basis. These contracts are risk-managed using a variety of derivative instruments which are fair valued under IFRS. This results in measurement differences in relation to recognition of gains and losses.

The way that BP manages the economic exposures described above, and measures performance internally, differs from the way these activities are measured under IFRS. BP calculates this difference for consolidated entities by comparing the IFRS result with management's internal measure of performance, under which the inventory and the supply and capacity contracts in question are valued based on fair value using relevant forward prices prevailing at the end of the period. We believe that disclosing management's estimate of this difference provides useful information for investors because it enables investors to see the economic effect of these activities as a whole. The impacts of fair value accounting effects, relative to management's internal measure of performance, are shown in the table above. A reconciliation to GAAP information is set out below.

Reconciliation of non-GAAP information

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			Exploration and Production		
4,503	6,749	**8,059**	Replacement cost profit before interest and tax adjusted for fair value accounting effects	**23,881**	38,590
253	180	**446**	Impact of fair value accounting effects	**919**	(282)
4,756	6,929	**8,505**	Replacement cost profit before interest and tax	**24,800**	38,308
			Refining and Marketing		
481	830	**(1,831)**	Replacement cost profit (loss) before interest and tax adjusted for fair value accounting effects	**1,004**	3,665
(65)	86	**(112)**	Impact of fair value accounting effects	**(261)**	511
416	916	**(1,943)**	Replacement cost profit (loss) before interest and tax	**743**	4,176

Realizations and marker prices

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			Average realizations[a]		
			Liquids ($/bbl)[b]		
59.95	60.30	**66.15**	US	**53.68**	89.22
36.52	67.31	**71.68**	Europe	**61.91**	90.61
49.70	64.21	**68.95**	Rest of World	**57.29**	91.05
52.09	62.77	**68.02**	BP Average	**56.26**	90.20
			Natural gas ($/mcf)		
3.89	2.73	**3.69**	US	**3.07**	6.77
8.91	2.96	**4.96**	Europe	**4.75**	8.37
4.94	2.84	**3.51**	Rest of World	**3.14**	5.19
5.08	2.81	**3.68**	BP Average	**3.25**	6.00
			Total hydrocarbons ($/boe)		
45.15	43.84	**49.72**	US	**40.21**	68.81
42.67	52.72	**58.18**	Europe	**50.07**	74.46
37.27	36.25	**39.59**	Rest of World	**34.01**	54.79
40.94	41.12	**45.83**	BP Average	**38.36**	62.60
			Average oil marker prices ($/bbl)		
55.48	68.08	**74.53**	Brent	**61.67**	97.26
59.13	68.12	**75.97**	West Texas Intermediate	**61.92**	100.06
56.70	69.07	**75.74**	Alaska North Slope	**62.49**	98.86
53.84	66.35	**73.68**	Mars	**60.50**	93.95
54.58	67.76	**74.21**	Urals (NWE– cif)	**61.15**	94.83
20.01	35.55	**35.83**	Russian domestic oil	**31.32**	45.59
			Average natural gas marker prices		
6.95	3.39	**4.16**	Henry Hub gas price ($/mmBtu)[c]	**3.99**	9.04
57.16	21.57	**27.75**	UK Gas – National Balancing Point (p/therm)	**30.85**	58.12

(a) Based on sales of consolidated subsidiaries only – this excludes equity-accounted entities.
(b) Crude oil and natural gas liquids.
(c) Henry Hub First of Month Index.

1. Basis of preparation

The results for the interim periods and for the year ended 31 December 2009 are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal recurring nature. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This report should be read in conjunction with the consolidated financial statements and related notes for the year ended 31 December 2008 included in *BP Annual Report and Accounts 2008*.

BP prepares its consolidated financial statements included within its Annual Report and Accounts on the basis of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU) and in accordance with the provisions of the Companies Act 2006. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the group's consolidated financial statements for the periods presented. The financial information presented herein has been prepared in accordance with the accounting policies that will be used in preparing the Annual Report and Accounts for 2009, which do not differ significantly from those used in *BP Annual Report and Accounts 2008*.

BP has adopted a new accounting standard, IFRS 8 'Operating Segments', with effect from 1 January 2009. The standard defines operating segments as components of an entity about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. It also sets out the required disclosures for operating segments. On adoption, there was no change to BP's segments that are separately reported but the segmental financial information is now based on measures as used by the chief operating decision maker. In particular, the segment measure of profit is replacement cost profit before interest and tax – see page 14 for further information. There was no effect on the group's reported income or net assets.

In addition, BP has adopted amendments to IAS 1 'Presentation of Financial Statements', also with effect from 1 January 2009. This requires separate presentation of owner and non-owner changes in equity by introducing the statement of comprehensive income – see page 10. The statement of recognized income and expense is no longer presented. Certain minor changes in the presentation of the statement of changes in equity were also made to comply with the revised standard – see page 10. There was no effect on the group's reported profit for the period or net assets.

2. Sales and other operating revenues

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			By business		
15,294	14,871	**17,564**	Exploration and Production	**57,626**	86,170
53,145	60,542	**62,602**	Refining and Marketing	**213,050**	320,039
979	761	**895**	Other businesses and corporate	**2,843**	4,634
69,418	76,174	**81,061**		**273,519**	410,843
			Less: sales between businesses		
7,184	9,540	**9,611**	Exploration and Production	**32,540**	45,931
286	204	**281**	Refining and Marketing	**821**	1,918
471	212	**188**	Other businesses and corporate	**886**	1,851
7,941	9,956	**10,080**		**34,247**	49,700
			Third party sales and other operating revenues		
8,110	5,331	**7,953**	Exploration and Production	**25,086**	40,239
52,859	60,338	**62,321**	Refining and Marketing	**212,229**	318,121
508	549	**707**	Other businesses and corporate	**1,957**	2,783
61,477	66,218	**70,981**	**Total third party sales and other operating revenues**	**239,272**	361,143
			By geographical area		
21,772	24,637	**24,389**	US	**87,283**	130,142
44,654	48,174	**52,691**	Non-US	**173,822**	267,246
66,426	72,811	**77,080**		**261,105**	397,388
4,949	6,593	**6,099**	Less: sales between areas	**21,833**	36,245
61,477	66,218	**70,981**		**239,272**	361,143

3. Production and similar taxes

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
227	166	**271**	US	**649**	2,602
765	841	**813**	Non-US	**3,103**	6,351
992	1,007	**1,084**		**3,752**	8,953

Comparative figures have been restated to include amounts previously reported as production and manufacturing expenses amounting to $344 million for the third quarter 2009, $871 million for the nine months to 30 September 2009, (fourth quarter 2008 $260 million and full year 2008 $2,427 million) which we believe are more appropriately classified as production taxes. There was no effect on the group profit for the period or the group balance sheet.

4. Earnings per share, shares in issue and shares repurchased

Basic earnings per ordinary share (EpS) amounts are calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The calculation of EpS is performed separately for each discrete quarterly period, and for the year-to-date period. As a result, the sum of the discrete quarterly EpS amounts in any particular year-to-date period may not be equal to the EpS amount for the year-to-date period.

Prior to 2009, EpS amounts for the discrete quarterly periods were determined as the difference between the relevant year-to-date period amounts. The change in method of determination of the discrete quarterly EpS amounts does not have a significant effect and the comparative EpS amounts for 2008 have not been restated.

For the diluted EpS calculation the weighted average number of shares outstanding during the period is adjusted for the number of shares that are potentially issuable in connection with employee share-based payment plans using the treasury stock method.

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			Results for the period		
(3,344)	5,336	**4,295**	Profit (loss) for the period attributable to BP shareholders	**16,578**	21,157
1	–	**1**	Less: preference dividend	**2**	2
(3,345)	5,336	**4,294**	Profit (loss) attributable to BP ordinary shareholders	**16,576**	21,155
5,931	(355)	**(848)**	Inventory holding (gains) losses, net of tax	**(2,623)**	4,436
2,586	4,981	**3,446**	RC profit attributable to BP ordinary shareholders	**13,953**	25,591
18,713,465	18,733,516	**18,748,026**	Basic weighted average number of shares outstanding (thousand)[a]	**18,732,459**	18,789,827
3,118,911	3,122,253	**3,124,671**	ADS equivalent (thousand)[a]	**3,122,077**	3,131,638
18,881,698	18,936,781	**18,970,187**	Weighted average number of shares outstanding used to calculate diluted earnings per share (thousand)[a]	**18,935,691**	18,962,517
3,146,950	3,156,130	**3,161,698**	ADS equivalent (thousand)[a]	**3,155,949**	3,160,412
18,716,098	18,739,590	**18,755,378**	Shares in issue at period-end (thousand)[a]	**18,755,378**	18,716,098
3,119,350	3,123,265	**3,125,896**	ADS equivalent (thousand)[a]	**3,125,896**	3,119,350
–	–	**–**	Shares repurchased in the period (thousand)	**–**	269,757

[a] Excludes treasury shares and the shares held by the Employee Share Ownership Plans and includes certain shares that will be issuable in the future under employee share plans.

5. Analysis of changes in net debt

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			$ million		
			Opening balance		
28,300	36,240	**36,555**	Finance debt	**33,204**	31,045
6,142	8,959	**9,883**	Less: Cash and cash equivalents	**8,197**	3,562
149	179	**370**	Less: FV asset (liability) of hedges related to finance debt	**(34)**	666
22,009	27,102	**26,302**	**Opening net debt**	**25,041**	26,817
			Closing balance		
33,204	36,555	**34,627**	Finance debt	**34,627**	33,204
8,197	9,883	**8,339**	Less: Cash and cash equivalents	**8,339**	8,197
(34)	370	**127**	Less: FV asset (liability) of hedges related to finance debt	**127**	(34)
25,041	26,302	**26,161**	**Closing net debt**	**26,161**	25,041
(3,032)	800	**141**	**Decrease (increase) in net debt**	**(1,120)**	1,776
2,193	864	**(1,572)**	Movement in cash and cash equivalents (excluding exchange adjustments)	**32**	4,819
(5,140)	46	**1,654**	Net cash outflow (inflow) from financing (excluding share capital)	**(1,141)**	(2,825)
(7)	(97)	**14**	Other movements	**(61)**	(136)
(2,954)	813	**96**	Movement in net debt before exchange effects	**(1,170)**	1,858
(78)	(13)	**45**	Exchange adjustments	**50**	(82)
(3,032)	800	**141**	**Decrease (increase) in net debt**	**(1,120)**	1,776

6. TNK-BP operational and financial information

Fourth quarter 2008	Third quarter 2009	Fourth quarter 2009		Year 2009	Year 2008
			Production (Net of royalties) (BP share)		
827	850	**852**	Crude oil (mb/d)	**840**	826
621	553	**654**	Natural gas (mmcf/d)	**601**	564
934	945	**965**	Total hydrocarbons (mboe/d)[a]	**944**	923
			$ million		
			Income statement (BP share)		
(992)	1,081	**805**	**Profit (loss) before interest and tax**[b]	**3,178**	3,588
(72)	(53)	**(45)**	Finance costs	**(220)**	(275)
342	(263)	**(181)**	Taxation	**(871)**	(882)
40	(33)	**(43)**	Minority interest	**(139)**	(169)
(682)	732	**536**	**Net income**	**1,948**	2,262
			Cash flow		
640	252	**936**	Dividends received	**1,656**	2,140

Balance sheet	**31 December 2009**	**31 December 2008**
Investments in jointly controlled entities	**–**	**8,939**
Investments in associates	**9,141**	**–**

[a] Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.
[b] Full year 2009 includes a gain of $102 million related to the sale of TNK-BP's oil field services enterprises to Weatherford International.

The TNK-BP board of directors unanimously agreed to appoint Maxim Barsky, TNK-BP executive vice president for strategy and business development, as the TNK-BP Group's future CEO, effective 1 January 2011. Until that time, Mikhail Fridman has agreed to continue to act as interim CEO, in addition to his role as executive chairman of the board of directors of TNK-BP Limited.

7. Inventory valuation

Due to falling oil prices a provision of $1,412 million was held at 31 December 2008 to write inventories down to their net realizable value. The net movement in the provision during the fourth quarter of 2009 was a decrease of $423 million (third quarter of 2009 was an increase of $128 million). The net movement in the provision in the full year 2009 was a decrease of $1,366 million.

8. First-quarter 2010 results

BP's first-quarter results will be announced on 27 April 2010.

9. Statutory accounts

The financial information shown in this publication, which was approved by the board of directors on 1 February 2010, is unaudited and does not constitute statutory financial statements. Audited financial information for 2009 will be published in *BP Annual Report and Accounts 2009* on 5 March 2010 and delivered to the Registrar of Companies in due course. Statutory accounts for the financial year ended 31 December 2008 for BP have been filed with the Registrar of Companies in England and Wales; the report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

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