Supplementary Information 1Q 2011

The information below has been provided to enhance understanding of the terminology and performance measures that have been used in the accompanying presentations. We have also included reconciliations for those items we believe to be non-GAAP financial measures.

Group Measures

Replacement cost profit or loss and underlying replacement cost profit

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

Underlying replacement cost profit is replacement cost profit or loss adjusted for non-operating items and fair value accounting effects.

Reconciliation of profit (loss) before interest and tax for the group to underlying replacement cost profit attributable to BP shareholders

										$million
Total Group	**Q1**	**Q2**	**Q3**	**Q4**	**2010**	**Q1**	**Q2**	**Q3**	**Q4**	**2011**
Profit (loss) before interest and tax	9,606	(24,129)	1,916	8,905	(3,702)	11,507	-	-	-	11,507
Inventory holding (gains) losses	(705)	284	82	(1,445)	(1,784)	(2,412)	-	-	-	(2,412)
Replacement cost profit (loss) before interest and tax	8,901	(23,845)	1,998	7,460	(5,486)	9,095	-	-	-	9,095
Less non-operating items:										
- Gulf of Mexico oil spill response	-	(32,192)	(7,656)	(1,010)	(40,858)	(384)	-	-	-	(384)
- Other non-operating items	(147)	364	2,037	1,375	3,629	512	-	-	-	512
	(147)	(31,828)	(5,619)	365	(37,229)	128	-	-	-	128
Less fair value accounting effects	73	(3)	(153)	122	39	(71)	-	-	-	(71)
Underlying replacement cost profit before interest and tax	8,975	7,986	7,770	6,973	31,704	9,038	-	-	-	9,038
Finance costs and net finance income (expense) relating to pensions and other post-retirement benefits	(228)	(214)	(335)	(346)	(1,123)	(239)	-	-	-	(239)
Less Finance costs relating to Gulf of Mexico oil spill response	-	-	(47)	(30)	(77)	(16)	-	-	-	(16)
	(228)	(214)	(288)	(316)	(1,046)	(223)	-	-	-	(223)
Taxation on an underlying replacement cost basis	(2,991)	(2,690)	(1,863)	(2,197)	(9,741)	(3,380)	-	-	-	(3,380)
Minority interest	(109)	(102)	(88)	(96)	(395)	(61)	-	-	-	(61)
Underlying replacement cost profit attributable to BP shareholders	5,647	4,980	5,531	4,364	20,522	5,374	-	-	-	5,374

Reconciliation of replacement cost profit (loss) before interest and tax for segments to underlying replacement cost profit (loss) before interest and tax

										$million
	Q1	**Q2**	**Q3**	**Q4**	**2010**	**Q1**	**Q2**	**Q3**	**Q4**	**2011**
Exploration and Production										
Replacement cost profit before interest and tax	8,292	6,244	8,350	8,000	30,886	8,420	-	-	-	8,420
Less non-operating items	41	61	1,741	1,356	3,199	710	-	-	-	710
Less fair value accounting effects	63	(122)	68	(12)	(3)	29	-	-	-	29
Underlying replacement cost profit before interest and tax	8,188	6,305	6,541	6,656	27,690	7,681	-	-	-	7,681
Refining and Marketing										
Replacement cost profit before interest and tax	729	2,075	1,787	964	5,555	2,079	-	-	-	2,079
Less non-operating items	(70)	232	382	86	630	(17)	-	-	-	(17)
Less fair value accounting effects	10	119	(221)	134	42	(100)	-	-	-	(100)
Underlying replacement cost profit before interest and tax	789	1,724	1,626	744	4,883	2,196	-	-	-	2,196
Other businesses and corporate										
Replacement cost profit (loss) before interest and tax	(328)	(70)	(568)	(550)	(1,516)	(478)	-	-	-	(478)
Less non-operating items	(118)	71	(86)	(67)	(200)	(181)	-	-	-	(181)
Less fair value accounting effects	-	-	-	-	-	-	-	-	-	-
Underlying replacement cost profit (loss) before interest and tax	(210)	(141)	(482)	(483)	(1,316)	(297)	-	-	-	(297)

Inventory holding gains and losses

Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies acquired during the period and the cost of sales calculated on the first-in first-out (FIFO) method after adjusting for 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 its historic cost of purchase, or manufacture, rather than its 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) for inventory on a FIFO basis (after adjusting for any related movements in net realizable value provisions) and the charge that would have arisen if an average cost of supplies was used for the period. For this purpose, the average cost of supplies during the period is principally calculated on a monthly basis by dividing the total cost of inventory acquired 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

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. They include all charges relating to the Gulf of Mexico oil spill. These disclosures are provided in order to enable investors better to understand and evaluate the group's financial performance.

Fair value accounting effects

Fair value accounting effects are defined on page 19 of our first-quarter 2011 results announcement. A reconciliation to GAAP information is set out below:

									$million
	Q1	**Q2**	**Q3**	**Q4**	**2010**	**Q1**	**Q2**	**Q3**	**Q4**	**2011**
Exploration and Production										
Replacement cost profit before interest and tax adjusted for fair value accounting effects	8,229	6,366	8,282	8,012	30,889	8,391	-	-	-	8,391
Impact of fair value accounting effects	63	(122)	68	(12)	(3)	29	-	-	-	29
Replacement cost profit before interest and tax	8,292	6,244	8,350	8,000	30,886	8,420	-	-	-	8,420
Refining and Marketing										
Replacement cost profit (loss) before interest and tax adjusted for fair value accounting effects	719	1,956	2,008	830	5,513	2,179	-	-	-	2,179
Impact of fair value accounting effects	10	119	(221)	134	42	(100)	-	-	-	(100)
Replacement cost profit before interest and tax	729	2,075	1,787	964	5,555	2,079	-	-	-	2,079

Net debt ratio – Ratio of net debt (finance debt, including 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, less cash and cash equivalents) to net debt plus equity.

The table below presents BP's Debt to Debt plus Equity ratio on a gross basis as net debt is not a recognized GAAP measure:

								$ million, except ratios
				2010				**2011**
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Gross debt	32,153	30,580	39,979	45,336	47,102	-	-	-
Less: fair value asset (liability) of hedges related to finance debt	152	53	797	916	870	-	-	-
	32,001	30,527	39,182	44,420	46,232	-	-	-
Cash and cash equivalents	6,841	7,310	12,803	18,556	18,726	-	-	-
Net debt	25,160	23,217	26,379	25,864	27,506	-	-	-
Equity	104,978	86,362	90,366	95,891	103,183	-	-	-
Gross debt to gross debt-plus-equity ratio	23%	26%	31%	32%	31%	0%	0%	0%
Net debt to net debt-plus-equity ratio	19%	21%	23%	21%	21%	0%	0%	0%

Underlying effective tax rate

The underlying effective tax rate is the effective tax rate on replacement cost profit, excluding the impacts of a $683-million one-off deferred tax adjustment in respect of the recently enacted increase in the supplementary charge on UK oil and gas production.

	$million
	Q1
Profit before interest and tax	11,507
Inventory holding (gains) losses	(2,412)
Replacement cost profit before interest and tax	9,095
Finance costs and net finance income (expense) relating to pensions and other post-retirement benefits	(239)
Replacement cost profit before tax	8,856
Taxation on profit	(4,083)
Less taxation on inventory holding gains and losses	(769)
Taxation on a replacement cost profit basis	(3,314)
Less the one-off deferred tax adjustment	(683)
Taxation on a replacement cost basis excluding the impact of the one-off deferred tax adjustment	(2,631)
Effective tax rate on replacement cost profit	37%
Effective tax rate on replacement cost profit excluding the impact of the one-off deferred tax adjustment	30%