Supplementary Information

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 – Replacement cost profit reflects the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses. BP uses this measure to assist investors to assess BP's performance from period to period.

The following table shows the reconciliation of this measure to profit for the period:

$ million	2005	2006	2007
Replacement cost profit for the period	19,314	22,253	17,287
Inventory holding gains (losses)	3,027	(253)	3,558
Profit for the period	22,341	22,000	20,845

Capital employed – Net assets plus finance debt.

Organic capital expenditure (Organic Capex) – Capital expenditure excluding acquisitions and asset exchanges. In 2006, it also excluded $1 billion in respect of our Investment in Rosneft. The organic capex guidance for 2008 also excludes the accounting related to our entry into the Canadian oil sands via two joint ventures with Husky Energy.

Net debt ratio – Ratio of net debt (finance debt 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	2006				2007			
	1Q	2Q	3Q	4Q	1Q	2Q07	3Q07	4Q07
Finance debt	18,679	19,286	19,973	24,010	23,728	23,754	25,245	31,045
Equity	80,881	82,356	85,070	85,465	85,749	89,423	91,494	94,652
Debt ratio	19%	19%	19%	22%	22%	21%	22%	25%

Free cash flow – Net cash provided by operating activities less net cash used in investing activities.

The following table details the calculation of free cash flow:

$ million	2005	2006	2007
Net cash provided by operating activities	26,721	28,172	24,709
Net cash used in investing activities	(1,729)	(9,518)	(14,837)
Free cash flow	24,992	18,654	9,872

Exploration and Production:

Reserve replacement ratio – The ratio of reserves booked through discoveries, extensions, net revisions and improved recovery to production for the period. This measure excludes the effects of acquisitions and disposals. Unless stated otherwise, this ratio is based on a combined basis which includes both subsidiaries and equity-accounted entities, excluding acquisitions and disposals and is based on reserves estimated using the SEC methodology and using the price on 31 December 2007. The prices used were $96.02/bbl Brent oil and $7.1/mmBtu Henry Hub natural gas.

The SEC basis for calculating RRR is based on reserves booked through discoveries, extensions, net revisions and improved recovery to production for the period including the effects of acquisitions and disposals. This estimation basis is also based on the price on 31 December 2007.

Production – Crude oil, natural gas liquids (NGL) and natural gas produced from consolidated operations, and BP's interest in joint ventures and associates. Converted to barrels of oil equivalent (boe) at 1 barrel of NGL = 1 boe and 5,800 standard cubic feet of natural gas = 1 boe. Historical volumes shown are as previously reported. Projections reflect indications, not targets, and are based on assumed prices equivalent to $60 per barrel Brent and $7.50 per million British thermal units Henry Hub natural gas, as well as averages for operating uptime, liftings proportionate to BP's interest, and historic OPEC quota allocations.

This is not an amount that can be targeted, nor is it a specific forecast for a year.

Proved oil and gas reserves – Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under our existing economic and operating conditions, i.e. prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Proved developed reserves – Proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and natural gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery are included as 'proved developed reserves' only after testing by a pilot project or after the operation of an installed programme has confirmed through production response that increased recovery will be achieved.

Proved undeveloped reserves – Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units are claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances are estimates forproved undeveloped reserves attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

Non-proved reserves are not recognized for SEC purposes.

Resources – Total resources are the estimated quantities of crude oil, natural gas and natural gas liquids likely to be produced in the fullness of time from fields in which BP has current entitlement. The estimation, categorization and progression of total resources is founded on a discrete deterministic base case informed by interpretation and integration of the relevant data.

Total resources are divided into non-proved resources and committed resources and are evaluated using BP economic case criteria for prices and costs.

Refining and Marketing:

Global Indicator Margin (GIM) – The Global Indicator Refining Margin 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.

Underlying return on average capital employed

- *Numerator* –Replacement cost profit for the period excluding non-operating items, fair value accounting effects and the depreciation of the fixed asset revaluation adjustment consequent on the ARCO acquisition. The numerator is tax effected using the BP group effective tax rate.

- *Denominator* – Capital Employed excluding the revaluation adjustment consequent on the ARCO acquisition.

BP publishes segment results on a pre-tax basis and publishes operating capital employed for each segment. The definition of operating capital employed is below.

Operating capital employed – Capital employed as defined in Group measures, excluding liabilities for current and deferred taxation.

Capital employed is published for the group. The following tables (i) provide details of the calculation of return on capital employed for the R&M segment and (ii) reconcile segment operating capital employed to capital employed for the group:

				(post IAS 39)			
	1-Jan			1-Jan			
Numerator	**2003**	**2003**	**2004**	**2005**	**2005**	**2006**	**2007**
R&M profit for the period before interest and tax		3,194	6,332		6,774	4,919	6,076
Inventory holding (gains) losses		-43	-1,312		-2,532	242	-3,455
Replacement cost profit before interest and tax		3,151	5,020		4,242	5,161	2,621
Depreciation of fixed asset revaluation adjustment consequent on the ARCO acquisition		102	102		102	100	96
Non-operating items		864	698		793	387	952
Fair value accounting effects		0	0		344	-211	357
R&M adjusted underlying profit		4,015	5,820		5,481	5,437	4,026
Taxation*		-1,721	-1,746		-1,754	-1,903	-1,490
R&M adjusted underlying profit after tax		2,476	4,074		3,727	3,534	2,536
Denominator							
Operating Capital Employed (excluding goodwill)	31,347	34,016	38,201	38,395	39,732	41,138	47,911
Operating capital employed revaluation adjustment consequent on the ARCO and Burmah Castrol acquisitions	-1,502	-1,349	-1,247	-1,247	-1,134	-975	-834
Liabilities for current and dererred taxation**	-6,339	-6,508	-7,106	-7,116	-7,402	-6,991	-7,650
Capital Employed for R&M (excluding goodwill)	23,506	26,159	29,848	30,032	31,196	33,172	39,427
Average capital employed		24,832	28,004		30,614	32,184	36,299
ROACE		**6%**	**15%**		**12%**	**11%**	**7%**

*BP does not present post-tax segment results. For the purposes of comparison with competitors, tax has been applied using the BP group effective tax rate on replacement cost profit.
** Liabilities for current and deferred taxation have been allocated to R&M on the basis of the segment's relative percentage of the group's operating capital employed.

Group effective tax rate on replacement cost profit		29%	30%		32%	35%	37%

Reconciliation of operating capital employed to capital employed

	1-Jan 2003	2003	2004	1-Jan 2005	2005	2006	2007
E&P	59,933	62,430	68,914	68,459	72,885	77,288	84,619
R&M	31,347	34,016	38,201	38,395	39,732	41,138	47,911
OB&C	-183	5,312	4,579	4,631	-1,778	1,201	4,882
Consolidation adjustment	-300	-361	-552	-552	-778	-725	-929
Total	90,797	101,397	111,142	110,933	110,061	118,902	136,483
Liabilities for current and deferred taxation	-18,362	-19,400	-20,673	-20,560	-20,505	-20,207	-21,792
Goodwill	10,440	10,592	10,857	10,857	10,371	10,780	11,006
Capital employed	82,875	92,589	101,326	101,230	99,927	109,475	125,697
Net assets	60,867	70,264	78,235	77,992	80,765	85,465	94,652
Finance debt	22,008	22,325	23,091	23,238	19,162	24,010	31,045
Capital employed	82,875	92,589	101,326	101,230	99,927	109,475	125,697

Additional Supplementary Information
Guide to Calculation of Comparative Metrics for Competitors

The following summary is provided as a guide to assist users in comparing financial measures used by BP with equivalent measures used by its principal competitors. This guide is a descriptive summary and users should check original sources before making comparisons of actual data.

Return on Average Capital Employed for R&M segments

Numerator - reported profit figures for competitors (Refining & Marketing segments - ExxonMobil, Royal Dutch Shell, Chevron, ConocoPhillips, and Total) have been adjusted to achieve a comparable basis to BP's disclosures and subsequent adjustments. Such adjustments fall into two principal categories: a) non-operating items, e.g. gains on asset disposals, impairment charges, rationalization costs, environmental remediation; and b) profit impacts due to different inventory accounting basis (essentially stock profits arising from the liquidation of LIFO layers for US based companies).

Denominator – similarly, reported capital employed figures have been adjusted to achieve a comparable basis to BP's disclosures and subsequent adjustments. Such adjustments again fall into two principal categories: a) inventory accounting basis (essentially the replacement cost over LIFO cost of inventories); and b) acquisition accounting effects namely adjustments for purchased goodwill and asset revaluation.

In both cases, the sources for such adjustments include disclosures in Stock Exchange Announcements and results publications, statutory filings, additional investor publications and disclosures, including conference calls or webcasts. Where necessary, e.g. in the case of current year disclosures being unavailable, estimates have been made.