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 and underlying replacement cost profit

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.

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

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

$million

Total Group	Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009
Profit before interest and tax	11,650	14,727	12,525	(3,663)	35,239	4,498	7,093	7,901		19,492
Inventory holding (gains) losses	(1,326)	(3,952)	2,978	8,788	6,488	(254)	(1,874)	(538)		(2,666)
Replacement cost profit before interest and tax	10,324	10,775	15,503	5,125	41,727	4,244	5,219	7,363		16,826
Less non-operating items	152	(2,198)	990	(220)	(1,276)	(360)	302	166		108
Less fair value accounting effects	(158)	(534)	733	188	229	49	9	266		324
Underlying replacement cost profit before interest and tax	10,330	13,507	13,780	5,157	42,774	4,555	4,908	6,931		16,394
Finance costs and net finance or expense relating to pensions and	(246)	(221)	(238)	(251)	(956)	(368)	(321)	(311)		(1,000)
Taxation on an underlying replacement cost basis	(3,731)	(4,653)	(4,523)	(2,159)	(15,066)	(1,571)	(1,605)	(1,927)		(5,103)
Minority interest	(118)	(112)	(137)	(142)	(509)	(35)	(44)	(19)		(98)
Underlying replacement cost profit attributable to BP shareholders	6,235	8,521	8,882	2,605	26,243	2,581	2,938	4,674		10,193

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

$million

	Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009
Exploration and Production										
Replacement cost profit before interest and tax	10,072	10,771	12,709	4,756	38,308	4,320	5,046	6,929		16,295
Less non-operating items	(376)	(1,976)	1,118	244	(990)	311	507	471		1,289
Less fair value accounting effects	(259)	(373)	97	253	(282)	158	135	180		473
Underlying replacement cost profit before interest and tax	10,707	13,120	11,494	4,259	39,580	3,851	4,404	6,278		14,533
Refining and Marketing										
Replacement cost profit before interest and tax	1,249	539	1,972	416	4,176	1,090	680	916		2,686
Less non-operating items	609	(99)	-	(163)	347	(350)	(166)	(241)		(757)
Less fair value accounting effects	101	(161)	636	(65)	511	(109)	(126)	86		(149)
Underlying replacement cost profit before interest and tax	539	799	1,336	644	3,318	1,549	972	1,071		3,592
Other businesses and corporate										
Replacement cost profit before interest and tax	(213)	(314)	(16)	(680)	(1,223)	(761)	(583)	(586)		(1,930)
Less non-operating items	(81)	(123)	(128)	(301)	(633)	(321)	(39)	(64)		(424)
Less fair value accounting effects	-	-	-	-	-	-	-	-		-
Underlying replacement cost profit before interest and tax	(132)	(191)	112	(379)	(590)	(440)	(544)	(522)		(1,506)

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 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

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.

Fair value accounting effects

Fair value accounting effects are defined on page 17 of our second-quarter 2009 results announcement. A reconciliation to GAAP information is set out below:

$million

	Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009
Exploration and Production										
Replacement cost profit before interest and tax adjusted for fair value accounting effects	10,331	11,144	12,612	4,503	38,590	4,162	4,911	6,749		15,822
Impact of fair value accounting effects	(259)	(373)	97	253	(282)	158	135	180		473
Replacement cost profit before interest and tax	10,072	10,771	12,709	4,756	38,308	4,320	5,046	6,929		16,295
Refining and Marketing										
Replacement cost profit before interest and tax adjusted for fair value accounting effects	1,148	700	1,336	481	3,665	1,199	806	830		2,835
Impact of fair value accounting effects	101	(161)	636	(65)	511	(109)	(126)	86		(149)
Replacement cost profit before interest and tax	1,249	539	1,972	416	4,176	1,090	680	916		2,686

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

				2008				2009
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Finance debt	29,871	30,189	28,300	33,204	34,698	36,240	36,555	
Equity	99,165	105,965	106,790	92,109	91,179	96,949	100,803	
Debt to debt-plus-equity ratio	23%	22%	21%	26%	28%	27%	27%	

Cash costs – 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 operating and overhead costs that are most directly under management control.