



## Edgar Filing: BP PLC - Form 6-K

| Fourth<br>Quarter | Third<br>Quarter | Fourth<br>Quarter |                              | Year  |             |
|-------------------|------------------|-------------------|------------------------------|-------|-------------|
| 2001              | 2002             | 2002              | \$ million                   | 2002  | 2001        |
| =====             |                  |                   |                              | ===== |             |
|                   |                  |                   | Replacement cost profit      |       |             |
| 706               | 766              | 1,697             | before exceptional items     | 4,698 | 8,291       |
| 461               | 556              | 416               | Special items (a)            | 1,443 | 683         |
| 604               | 977              | 522               | Acquisition amortization (b) | 2,574 | 2,585       |
| -----             |                  |                   |                              | ----- |             |
|                   |                  |                   | Pro forma result adjusted    |       |             |
| 1,771             | 2,299            | 2,635             | for special items            | 8,715 | 11,559 (25) |
| =====             |                  |                   |                              | ===== |             |
| 5.50              | 6.60             | 7.61              | - per ordinary share (pence) | 25.93 | 35.77 (28)  |
| 7.91              | 10.26            | 11.78             | - per ordinary share (cents) | 38.90 | 51.51 (24)  |
| 0.47              | 0.62             | 0.71              | - per ADS (dollars)          | 2.33  | 3.09        |
| =====             |                  |                   |                              | ===== |             |

- o BP's fourth quarter pro forma result, adjusted for special items, was \$2,635 million, compared with \$1,771 million a year ago, an increase of 49%. For the year, the result was \$8,715 million compared with \$11,559 million, down 25%. Replacement cost profit, before exceptional items, for the fourth quarter and year was \$1,697 million and \$4,698 million respectively, compared with \$706 million and \$8,291 million a year ago.
  
- o The fourth quarter trading environment was more favourable than a year ago for Exploration and Production with higher oil and gas realizations, though less favourable for Refining and Marketing where adverse crude price differentials depressed BP's refining margins relative to the industry marker. The trading environment for the year

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reflected significantly less favourable gas prices and refining margins.

- o Underlying performance improvements were \$1.2 billion before tax for the year. Hydrocarbon production increased by 1.8% and 2.9% for the fourth quarter and year respectively. The increase for the year reflected 4.5% growth in liquids production and a 0.9% increase for gas. The reserve replacement ratio for 2002 was 175%. Production growth and reserve replacement represent a strong competitive position.
- o Net special and exceptional items after tax for the fourth quarter and for the year were charges of \$1,288 million and \$400 million respectively.
- o Return on average capital employed for the year, on a pro forma basis adjusted for special items, was 13% compared with 19% in 2001.
- o Quarterly dividend increased to 6.25 cents per share (\$0.375 per ADS). This compares with 5.75 cents a year ago. For the year the dividend showed an increase of 9.1%. In sterling terms, the quarterly dividend is 3.815 pence per share compared with 4.055 pence a year ago; for the year the increase was 1.3%. The company did not repurchase any shares during the quarter. In 2002, 100 million of its own shares were purchased for cancellation at a cost of \$750 million.
- o BP has determined to repurchase \$2 billion of its own shares, subject to market conditions and continuing AGM support.

BP Group Chief Executive, Lord Browne, said:

"The year's trading environment showed significant deterioration, with

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gas prices lower and refining margins depressed. The effect of this was partly offset by underlying performance improvements. Our reserve replacement ratio places us in a strong position for the future. The net debt ratio was 28%, below the mid-point of our target range. The decision to repurchase shares reflects our confidence in our present financial condition and future cash flows, and our desire to give shareholders increased cash returns as the situation warrants."

The pro forma result, adjusted for special items, 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 both BP's current performance, in the context of past performance, and its performance against that of its competitors.

- (a) The special items refer to non-recurring charges and credits. The special items for the fourth quarter include an asset write-down in Exploration and Production, integration and restructuring costs and an impairment charge in Refining and Marketing, integration and restructuring costs in Chemicals, provisions to cover future rental payments on surplus leasehold property and environmental charges in Other businesses and corporate, and a bond redemption charge.
- (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 third quarter 2002 includes accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

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Exploration and Production's pro forma fourth quarter result, adjusted for special items, was up 54% on a year ago as a result of higher average realizations, record production and reduced unit lifting costs. There were six new discoveries and seven new field start-ups.

In Gas, Power and Renewables, the result reflected the absence of the Ruhrgas contribution, partly offset by higher volumes and margins in marketing and trading.

The Refining and Marketing result decreased significantly, reflecting lower US West Coast refining margins and lower US retail margins than a year ago. BP's achieved refining margins suffered from adverse crude price differentials versus the industry marker.

The Chemicals result was down on the prior quarter's, due to margin pressure from high feedstock costs, particularly in Europe, and weaker demand.

Interest expense for the quarter was \$317 million after adjusting for bond redemption charges, compared to \$300 million for the prior quarter. The fourth quarter charge included \$42 million resulting from revaluation of environmental and other provisions at a lower interest rate. This was partly offset by lower average interest rates on debt.

The pro forma effective tax rate on replacement cost profit, before exceptional items, and adjusted for special items, was 34.0% compared to 35.6% a year ago.

Capital expenditure, excluding acquisitions, was \$4.1 billion for the quarter. Disposal proceeds were \$1.0 billion.

Net cash inflow was \$711 million, compared to an outflow of \$983 million a year ago. The increase reflects higher operating cash flow, lower tax payments and lower acquisition spending.

Net debt at the end of the year was \$20.3 billion. The pro forma ratio of net debt to net debt plus equity was 28%.

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The financial information for 2001 has been restated to reflect (i) the adoption

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by the group of FRS 19 'Deferred Tax' with effect from 1 January 2002; and (ii) the transfer of the solar, renewables and alternative fuels activities from Other businesses and corporate to Gas and Power on 1 January 2002. To reflect this transfer, Gas and Power has been renamed Gas, Power and Renewables from the same date. See Note 1 on page 20 for further information.

The commentaries above and following are based on the pro forma replacement cost operating results, before exceptional items, adjusted for special items.

### Reconciliation of Reported Results to Pro Forma Results Adjusted for Special Items

| Pro Forma Result                 |       |            |               |          |                 |                  | Pro Forma Result |
|----------------------------------|-------|------------|---------------|----------|-----------------|------------------|------------------|
| adjusted for ----- 4Q 2002 ----- |       |            |               |          |                 |                  | adjusted for     |
| special items                    |       |            |               |          |                 |                  | special items    |
| -----                            |       |            |               |          |                 |                  |                  |
| 4Q                               | 3Q    | 4Q Special | Acq. Reported |          |                 | Year             |                  |
| 2001                             | 2002  | 2002       | Items* Amort+ | Earnings | \$ million      | 2002             | 2001             |
| =====                            |       |            |               |          |                 |                  | =====            |
|                                  |       |            |               |          | Exploration and |                  |                  |
| 2,374                            | 3,050 | 3,666      | 99            | 319      | 3,248           | Production       | 12,005 14,498    |
|                                  |       |            |               |          |                 | Gas, Power       |                  |
| 102                              | 87    | 72         | -             | -        | 72              | and Renewables   | 384 488          |
|                                  |       |            |               |          |                 | Refining and     |                  |
| 785                              | 522   | 587        | 420           | 203      | (36)            | Marketing        | 2,081 4,830      |
| 39                               | 272   | 139        | 35            | -        | 104             | Chemicals        | 765 242          |
|                                  |       |            |               |          |                 | Other businesses |                  |
| (102)                            | (116) | (146)      | 61            | -        | (207)           | and corporate    | (515) (450)      |
| -----                            |       |            |               |          |                 |                  | -----            |
|                                  |       |            |               |          |                 | RC operating     |                  |
| 3,198                            | 3,815 | 4,318      | 615           | 522      | 3,181           | profit           | 14,720 19,608    |
| -----                            |       |            |               |          |                 |                  | -----            |
| (414)                            | (300) | (317)      | 15            | -        | (332)           | Interest expense | (1,264) (1,608)  |

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|                                       |         |         |       |     |         |                   |         |         |
|---------------------------------------|---------|---------|-------|-----|---------|-------------------|---------|---------|
| (990)                                 | (1,213) | (1,360) | (214) | -   | (1,146) | Taxation          | (4,673) | (6,380) |
| (23)                                  | (3)     | (6)     | -     | -   | (6)     | MSI               | (68)    | (61)    |
| -----                                 |         |         |       |     |         |                   |         |         |
| RC profit before                      |         |         |       |     |         |                   |         |         |
| 1,771                                 | 2,299   | 2,635   | 416   | 522 | 1,697   | exceptional items | 8,715   | 11,559  |
| -----                                 |         |         |       |     |         |                   |         |         |
| (893)Exceptional items before tax     |         |         |       |     |         |                   |         |         |
| 21 Taxation on exceptional items      |         |         |       |     |         |                   |         |         |
| -----                                 |         |         |       |     |         |                   |         |         |
| 825 RC profit after exceptional items |         |         |       |     |         |                   |         |         |
| (174)Stock holding losses             |         |         |       |     |         |                   |         |         |
| -----                                 |         |         |       |     |         |                   |         |         |
| 651 HC profit                         |         |         |       |     |         |                   |         |         |
| =====                                 |         |         |       |     |         |                   |         |         |

\* The special items refer to non-recurring charges and credits. The special items for the fourth quarter include an asset write-down in Exploration and Production, integration and restructuring costs and an impairment charge in Refining and Marketing, integration and restructuring costs in Chemicals, provisions to cover future rental payments on surplus leasehold property and environmental charges in Other businesses and corporate, and a bond redemption charge.

+ Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The third quarter 2002 includes accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

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| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |                                      | Year<br>2002 2001 |        |
|---------------------------|--------------------------|---------------------------|--------------------------------------|-------------------|--------|
| =====                     |                          |                           |                                      | =====             |        |
|                           |                          |                           | Replacement cost                     |                   |        |
| 1,880                     | 1,757                    | 3,181                     | operating profit (\$m)               | 10,246            | 16,027 |
| -----                     |                          |                           |                                      | -----             |        |
|                           |                          |                           | Replacement cost profit              |                   |        |
| 706                       | 766                      | 1,697                     | before exceptional items (\$m)       | 4,698             | 8,291  |
| -----                     |                          |                           |                                      | -----             |        |
|                           |                          |                           | Profit after exceptional items (\$m) |                   |        |
| 694                       | 2,535                    | 825                       | Replacement cost                     | 5,741             | 8,456  |
| (603)                     | 2,840                    | 651                       | Historical cost                      | 6,845             | 6,556  |
| -----                     |                          |                           |                                      | -----             |        |
|                           |                          |                           | Per ordinary share (cents)           |                   |        |
|                           |                          |                           | Pro forma result                     |                   |        |
| 7.91                      | 10.26                    | 11.78                     | adjusted for special items           | 38.90             | 51.51  |
|                           |                          |                           | RC profit before                     |                   |        |
| 3.17                      | 3.42                     | 7.58                      | exceptional items                    | 20.97             | 36.95  |
|                           |                          |                           | HC profit after exceptional items    | 30.55             | 29.21  |
| (2.67)                    | 12.67                    | 2.92                      |                                      |                   |        |
|                           |                          |                           | Per ADS (cents)                      |                   |        |
|                           |                          |                           | Pro forma result                     |                   |        |
| 47.46                     | 61.56                    | 70.68                     | adjusted for special items           | 233.40            | 309.06 |
|                           |                          |                           | RC profit before                     |                   |        |
| 19.02                     | 20.52                    | 45.48                     | exceptional items                    | 125.82            | 221.70 |
|                           |                          |                           | HC profit after exceptional items    | 183.30            | 175.26 |
| (16.02)                   | 76.02                    | 17.52                     |                                      |                   |        |
| -----                     |                          |                           |                                      | -----             |        |



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Exploration and Production

| 4Q    | 3Q    | 4Q    |                                     | Year   |        |
|-------|-------|-------|-------------------------------------|--------|--------|
| 2001  | 2002  | 2002  | \$ million                          | 2002   | 2001   |
| ===== |       |       |                                     | =====  |        |
| 1,641 | 1,572 | 3,248 | Replacement cost operating profit   | 9,206  | 12,361 |
| 322   | 703   | 99    | Special items                       | 1,019  | 322    |
| 411   | 775   | 319   | Acquisition amortization            | 1,780  | 1,815  |
| ----- |       |       |                                     | -----  |        |
|       |       |       | Pro forma operating result          |        |        |
| 2,374 | 3,050 | 3,666 | adjusted for special items          | 12,005 | 14,498 |
| ===== |       |       |                                     | =====  |        |
|       |       |       | Results include:                    |        |        |
| 144   | 119   | 179   | Exploration expense                 | 644    | 480    |
|       |       |       | Of which:                           |        |        |
| 85    | 55    | 124   | Exploration expenditure written off | 385    | 238    |
| ----- |       |       |                                     | -----  |        |
|       |       |       | Crude oil and natural gas           |        |        |
|       |       |       | liquids production (mb/d)           |        |        |
|       |       |       | (Net of Royalties)                  |        |        |
| 500   | 414   | 472   | UK                                  | 462    | 485    |
| 116   | 107   | 96    | Rest of Europe                      | 104    | 100    |
| 772   | 754   | 756   | USA                                 | 765    | 744    |
| 629   | 708   | 725   | Rest of World                       | 687    | 602    |
| ----- |       |       |                                     | -----  |        |
| 2,017 | 1,983 | 2,049 | Total liquids production            | 2,018  | 1,931  |
| ===== |       |       |                                     | =====  |        |
|       |       |       | Natural gas production(a)           |        |        |

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|       |       |       | (mmcf/d) (Net of Royalties)        |       |       |  |  |
|-------|-------|-------|------------------------------------|-------|-------|--|--|
| 1,715 | 1,240 | 1,752 | UK                                 | 1,555 | 1,713 |  |  |
| 160   | 131   | 140   | Rest of Europe                     | 147   | 147   |  |  |
| 3,621 | 3,450 | 3,360 | USA                                | 3,483 | 3,554 |  |  |
| 3,268 | 3,661 | 3,684 | Rest of World                      | 3,522 | 3,218 |  |  |
| ----- |       |       |                                    | ----- |       |  |  |
| 8,764 | 8,482 | 8,936 | Total natural gas production       | 8,707 | 8,632 |  |  |
| ===== |       |       |                                    | ===== |       |  |  |
|       |       |       | Average liquids realizations (b)   |       |       |  |  |
|       |       |       | (\$/bbl)                           |       |       |  |  |
| 18.53 | 26.26 | 26.54 | UK                                 | 24.44 | 23.55 |  |  |
| 17.05 | 22.94 | 23.28 | USA                                | 21.34 | 21.87 |  |  |
| 17.70 | 24.43 | 25.06 | Rest of World                      | 22.65 | 21.90 |  |  |
| 17.72 | 24.40 | 24.78 | BP Average                         | 22.69 | 22.50 |  |  |
| ===== |       |       |                                    | ===== |       |  |  |
|       |       |       | Average oil marker prices          |       |       |  |  |
|       |       |       | (\$/bbl)                           |       |       |  |  |
| 19.41 | 26.91 | 26.88 | Brent                              | 25.03 | 24.44 |  |  |
| 20.31 | 28.26 | 28.31 | West Texas Intermediate            | 26.14 | 25.89 |  |  |
| 17.79 | 27.26 | 26.86 | Alaska North Slope US West Coast   | 24.77 | 23.18 |  |  |
| ===== |       |       |                                    | ===== |       |  |  |
|       |       |       | Average natural gas realizations   |       |       |  |  |
|       |       |       | (\$/mcf)                           |       |       |  |  |
| 3.15  | 2.58  | 2.88  | UK                                 | 2.78  | 3.07  |  |  |
| 2.06  | 2.34  | 3.31  | USA                                | 2.63  | 3.99  |  |  |
| 1.99  | 1.99  | 2.40  | Rest of World                      | 2.10  | 2.52  |  |  |
| 2.28  | 2.25  | 2.87  | BP Average                         | 2.46  | 3.30  |  |  |
| ----- |       |       |                                    | ----- |       |  |  |
| 2.43  | 3.16  | 3.99  | Henry Hub gas price (c) (\$/mmBtu) | 3.22  | 4.26  |  |  |

UK Gas - National

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22.32 12.74 19.09 Balancing Point (p/therm) 15.78 22.21

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- (a) Natural gas is converted to oil equivalent at 5.8 billion cubic feet  
= 1 million barrels.
- (b) Crude oil and natural gas liquids.
- (c) Henry Hub First of the Month Index.

Exploration and Production

The pro forma result for the fourth quarter, adjusted for special items, was \$3,666 million, up \$1,292 million on a year ago. The special items for the quarter are \$94 million for the write-off of our Gas to Liquids demonstration plant in Alaska and \$5 million restructuring charges.

The result for the quarter benefited from higher average liquids realizations, up \$7.06 on a year ago. There was a benefit from a credit of \$49 million for Unrealized Profit in Stock (UPIS) to remove the upstream margin from downstream inventories following a decrease in the ANS oil price. This compares to a credit of \$119 million in the equivalent quarter of last year. Average natural gas realizations have increased by \$0.59 per thousand cubic feet compared with the fourth quarter of 2001. North American natural gas realizations have improved reflecting the strong North American gas market.

Fourth quarter production of 3,590 mboe/d was a record and benefited from seven new field start-ups. Increased production was partly offset by the effects of Gulf of Mexico hurricanes, shut-ins in Venezuela and an earthquake in Alaska.

The full year result reflects production growth of 4.5% for liquids and 0.9% for gas, a 6% decrease in unit lifting costs and slightly higher liquids realizations, which were more than offset by significantly lower natural gas realizations.

The reserve replacement ratio for the year was 175% with 2,016 billion barrels of oil equivalent booked through discoveries, extensions, revisions and improved recovery. Reserve replacement has exceeded production for ten consecutive years at an average ratio of 145% over that period.

In support of growth, 2002 capital expenditure at \$9.7 billion (including \$434 million of acquisitions) was 9% higher than 2001. During the quarter the development of Atlantis in the Gulf of Mexico and an expansion of the development at In Amenas in Algeria were approved and there were a total of six discoveries in the Gulf of Mexico, Angola and Egypt.

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In December, the sale of the Arbroath, Montrose and Arkwright fields in the North Sea to Paladin Resources was announced. In January, we announced the sale of our stake in the North Sea Forties oil field, together with a package of shallow-water assets in the Gulf of Mexico, to Apache. Also in January, we completed the sale of 20% of our upstream interests in Trinidad to Repsol. We also announced a transaction with Amerada Hess, under which BP will exchange its interest in block A-18 of the Malaysia Thailand Joint Development Area for Amerada Hess's interests in Colombia. In February, we announced the sale of a 12.5% share in the Tangguh liquefied natural gas project in Indonesia to China National Offshore Oil Corporation.

### Gas, Power and Renewables

| 4Q     | 3Q     | 4Q     |                                   | Year   |        |
|--------|--------|--------|-----------------------------------|--------|--------|
| 2001   | 2002   | 2002   | \$ million                        | 2002   | 2001   |
| =====  |        |        |                                   | =====  |        |
| 102    | 57     | 72     | Replacement cost operating profit | 354    | 488    |
| -      | 30     | -      | Special items                     | 30     | -      |
| -      | -      | -      | Acquisition amortization          | -      | -      |
| -----  |        |        |                                   | -----  |        |
|        |        |        | Pro forma operating result        |        |        |
| 102    | 87     | 72     | adjusted for special items        | 384    | 488    |
| =====  |        |        |                                   | =====  |        |
|        |        |        | Gas sales volumes (mmcf/d)        |        |        |
| 2,534  | 1,809  | 2,715  | UK                                | 2,372  | 2,641  |
| 232    | 353    | 442    | Rest of Europe                    | 399    | 213    |
| 8,094  | 9,332  | 10,723 | USA                               | 9,315  | 8,327  |
| 8,867  | 9,556  | 10,659 | Rest of World                     | 9,535  | 7,613  |
| -----  |        |        |                                   | -----  |        |
| 19,727 | 21,050 | 24,539 | Total gas sales volumes           | 21,621 | 18,794 |
| =====  |        |        |                                   | =====  |        |
|        |        |        | NGL sales volumes (mb/d)          |        |        |
| -      | -      | -      | UK                                | -      | -      |
| -      | -      | -      | Rest of Europe                    | -      | -      |

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|       |     |     |                         |     |     |
|-------|-----|-----|-------------------------|-----|-----|
| 226   | 178 | 262 | USA                     | 208 | 221 |
| 215   | 185 | 244 | Rest of World           | 202 | 189 |
| ----- |     |     |                         |     |     |
| 441   | 363 | 506 | Total NGL sales volumes | 410 | 410 |
| ===== |     |     |                         |     |     |

### Gas, Power and Renewables

The pro forma result for the fourth quarter was \$72 million, compared with \$102 million a year ago and \$87 million during the third quarter. The year's result, after adjusting for special items, was \$384 million compared to \$488 million for 2001.

The fourth quarter result is down versus the prior year due to the absence of contributions from Ruhrgas, partly offset by higher volumes and margins in marketing and trading. The sale of the Ruhrgas shareholding was effective 1 August 2002.

The full year result is down on 2001 due to a lower contribution from Ruhrgas and a weaker marketing and trading environment, partly offset by better performance in the NGL business and increased gas sales volumes, up by 15%.

During the fourth quarter, BP announced a restructuring of its Solar operation and the withdrawal from Thin Film manufacturing. We also announced the start-up of our 22.5 megawatt wind farm at the Nerefco oil refinery in the Netherlands and the first commercial sale of green electricity into the Dutch national power grid. The refinery and the wind farm are jointly (BP 69%) owned with ChevronTexaco. In the fourth quarter BP took delivery of the British Trader, the first of three new LNG ships.

### Refining and Marketing

| 4Q    | 3Q   | 4Q   |                                   | Year |       |
|-------|------|------|-----------------------------------|------|-------|
| 2001  | 2002 | 2002 | \$ million                        | 2002 | 2001  |
| ===== |      |      |                                   |      |       |
| 379   | 237  | (36) | Replacement cost operating profit | 872  | 3,573 |
| ===== |      |      |                                   |      |       |

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|                                     |        |        |                             |        |        |
|-------------------------------------|--------|--------|-----------------------------|--------|--------|
| 213                                 | 83     | 420    | Special items               | 415    | 487    |
| 193                                 | 202    | 203    | Acquisition amortization    | 794    | 770    |
| -----                               |        |        |                             |        |        |
| Pro forma operating result          |        |        |                             |        |        |
| 785                                 | 522    | 587    | adjusted for special items  | 2,081  | 4,830  |
| =====                               |        |        |                             |        |        |
| Refinery throughputs (mb/d)         |        |        |                             |        |        |
| 415                                 | 394    | 392    | UK                          | 389    | 364    |
| 692                                 | 956    | 959    | Rest of Europe              | 918    | 663    |
| 1,371                               | 1,455  | 1,439  | USA                         | 1,439  | 1,526  |
| 369                                 | 349    | 367    | Rest of World               | 357    | 376    |
| -----                               |        |        |                             |        |        |
| 2,847                               | 3,154  | 3,157  | Total throughput            | 3,103  | 2,929  |
| =====                               |        |        |                             |        |        |
| Oil sales volumes (mb/d)            |        |        |                             |        |        |
| Refined products                    |        |        |                             |        |        |
| 268                                 | 258    | 269    | UK                          | 253    | 266    |
| 1,084                               | 1,604  | 1,541  | Rest of Europe              | 1,467  | 1,062  |
| 1,773                               | 1,847  | 1,875  | USA                         | 1,874  | 1,866  |
| 612                                 | 613    | 611    | Rest of World               | 586    | 603    |
| -----                               |        |        |                             |        |        |
| 3,737                               | 4,322  | 4,296  | Total marketing sales       | 4,180  | 3,797  |
| 2,710                               | 2,589  | 2,064  | Trading/supply sales        | 2,383  | 2,409  |
| -----                               |        |        |                             |        |        |
| 6,447                               | 6,911  | 6,360  | Total refined product sales | 6,563  | 6,206  |
| 4,599                               | 3,648  | 5,314  | Crude oil                   | 4,671  | 4,473  |
| -----                               |        |        |                             |        |        |
| 11,046                              | 10,559 | 11,674 | Total oil sales             | 11,234 | 10,679 |
| =====                               |        |        |                             |        |        |
| Global Indicator Refining Margin(a) |        |        |                             |        |        |
| (\$/bbl)                            |        |        |                             |        |        |

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|       |      |      |            |  |       |      |
|-------|------|------|------------|--|-------|------|
| 1.53  | 1.28 | 2.19 | NWE        |  | 1.04  | 2.24 |
| 1.79  | 1.82 | 2.98 | USGC       |  | 2.36  | 4.84 |
| 2.63  | 3.27 | 4.09 | Midwest    |  | 3.30  | 6.05 |
| 6.25  | 3.54 | 3.95 | USWC       |  | 4.34  | 8.60 |
| 1.20  | 0.47 | 1.41 | Singapore  |  | 0.57  | 0.90 |
| 2.40  | 1.98 | 2.76 | BP Average |  | 2.11  | 4.06 |
| ===== |      |      |            |  | ===== |      |

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

### Refining and Marketing

The pro forma result, adjusted for special items, for the fourth quarter was \$587 million, a decrease of \$198 million on the same period last year. The special items include \$261 million Veba integration costs, \$116 million restructuring costs, a \$35 million write-down of retail assets in Venezuela and \$8 million costs associated with the Olympic pipeline incident. The lower result was primarily due to lower US retail and US West Coast refining margins, which more than offset the contribution from Veba. Refining throughputs increased by 11% compared with a year ago due to Veba and a smaller maintenance programme in the USA. Marketing volumes increased by 15%, but were down slightly excluding Veba. Shop sales increased by 66%, 7% excluding Veba.

The result for the year was \$2,081 million, a decrease of \$2,749 million from a year ago. The result reflects the impact of a halving of worldwide refining margins with a further adverse effect from price differentials in BP's crude slate, and lower US retail margins, with some offset from Veba. Refining throughputs increased by 6% over the previous year and marketing volumes by 10%, primarily due to Veba. Excluding Veba, marketing volumes were slightly down. Retail shop sales grew 60% due to Veba and the increased number of BP Connect stations, 10% excluding Veba.

A total of 486 BP Connect stations were open in the USA, Europe, Australia and

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New Zealand at year end. In addition, BP has reimaged over 10,000 retail stations worldwide to BP's new Helios logo.

In December, BP completed the sale of its interest in Colonial Pipeline in the USA. BP also announced that it had signed an agreement to sell 494 service stations to PKN Orlen. On 10 February, BP announced that it had agreed to sell a 45% stake in the Bayernoil Refinery, an 18% stake in the Trans Alpine Pipeline (TAL), 247 retail stations in Germany, 55 stations in Hungary and 11 in Slovakia to OMV AG for EUR377 million in cash and assumption of debt. The sale is conditional on regulatory approvals and the nonexercise of certain pre-emption rights. The sale of the German assets enables BP to fully comply with the conditions imposed by the German Federal Cartel Office (FCO) when it approved BP's acquisition of Veba Oil in April 2002.

### Chemicals

| 4Q                         | 3Q    | 4Q    |  | Year   |       |
|----------------------------|-------|-------|--|--------|-------|
| 2001                       | 2002  | 2002  | \$ million                                 | 2002   | 2001  |
| =====                      |       |       |  |        |       |
| (67)                       | 132   | 104   | Replacement cost operating profit          | 515    | 128   |
| 106                        | 140   | 35    | Special items                              | 250    | 114   |
| -                          | -     | -     | Acquisition amortization                   | -      | -     |
| -----                      |       |       |  |        |       |
| Pro forma operating result |       |       |  |        |       |
| 39                         | 272   | 139   | adjusted for special items                 | 765    | 242   |
| =====                      |       |       |  |        |       |
| 112                        | 120   | 100   | (b) Chemicals Indicator Margin (a) (\$/te) | 102    | 109   |
| =====                      |       |       |  |        |       |
| Chemicals production (kte) |       |       |  |        |       |
| 792                        | 858   | 698   | UK   | 3,221  | 3,126 |
| 2,278                      | 2,669 | 2,679 | Rest of Europe                             | 10,526 | 7,925 |
| 2,279                      | 2,570 | 2,447 | USA  | 10,201 | 8,943 |
| 699                        | 783   | 785   | Rest of World                              | 3,040  | 2,722 |
| -----                      |       |       |  |        |       |



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|       |       |       |                  |        |        |
|-------|-------|-------|------------------|--------|--------|
| 6,048 | 6,880 | 6,609 | Total production | 26,988 | 22,716 |
| ===== |       |       |                  | =====  |        |

(a) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Chem Systems in their quarterly market analyses, then weighted based on BP's product portfolio. While it does not cover our entire portfolio, it includes a broad range of products. Amongst the products and businesses covered in the CIM are olefins and derivatives, aromatics and derivatives, linear alpha-olefins, acetic acid, vinyl acetate monomer and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha-olefins, anhydrides, engineering polymers and carbon fibres, speciality intermediates, and the remaining parts of the solvents and acetyls businesses.

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

### Chemicals

Chemicals' pro forma result for the fourth quarter, after adjusting for special items, was \$139 million, down from \$272 million in the third quarter. The decline was the result of margin compression due to higher feedstock costs, particularly in Europe, and weaker demand. The fourth quarter result was an increase of \$100 million over a year ago, reflecting higher production and lower costs than in 2001, despite a weaker environment.

Chemicals production of 6,609 thousand tonnes in the fourth quarter was down 271 thousand tonnes on the previous quarter, as demand weakened. Production for the year was 26,988 thousand tonnes, up 19%, as a result of new production from existing and acquired assets.

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The year's result of \$765 million was an increase of \$523 million, in an overall trading environment which was similar. This improvement was driven by significantly lower costs and increased production.

Major restructuring continued throughout the year, aimed at repositioning the portfolio and lowering the cost base. The fourth quarter and full year results include \$14 million and \$39 million respectively for restructuring costs not classified as special. Special items for the fourth quarter include \$17 million Solvay integration costs and \$18 million for restructuring.

During the fourth quarter, we announced the intention to exit from a polyethylene joint venture in Bataan, Philippines and the closure of an older 118 thousand tonnes per annum high-density polyethylene plant at Deer Park, Texas. Also during the quarter, we sold one of the remaining Burmah Castrol chemicals businesses and have since announced the sale of the other two. We also announced the formation of an acetic acid joint venture in Taiwan and plans to expand our olefins production at Chocolate Bayou, Texas.

### Other Businesses and Corporate

| 4Q    | 3Q    | 4Q    |                                 | Year  |       |
|-------|-------|-------|---------------------------------|-------|-------|
| 2001  | 2002  | 2002  | \$ million                      | 2002  | 2001  |
| ===== |       |       |                                 | ===== |       |
| (175) | (241) | (207) | Replacement cost operating loss | (701) | (523) |
| 73    | 125   | 61    | Special items                   | 186   | 73    |
| -     | -     | -     | Acquisition amortization        | -     | -     |
| ----- |       |       |                                 | ----- |       |
|       |       |       | Pro forma operating result      |       |       |
| (102) | (116) | (146) | adjusted for special items      | (515) | (450) |
| ===== |       |       |                                 | ===== |       |

Other businesses and corporate comprises Finance, the group's coal asset and aluminium asset, its investments in PetroChina and Sinopec, interest income and costs relating to corporate activities. The special items for the quarter include provision of \$15 million for future rentals on surplus leasehold property and a charge of \$46 million for environmental liabilities.

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### Exceptional Items

| 4Q    | 3Q    | 4Q    |   | Year  |       |
|-------|-------|-------|---|-------|-------|
| 2001  | 2002  | 2002  | \$ million                                | 2002  | 2001  |
| ===== |       |       |   |       |       |
|       |       |       | Profit (loss) on sale of fixed assets and |       |       |
| (38)  | 1,794 | (893) | businesses or termination of operations   | 1,168 | 535   |
| 26    | (25)  | 21    | Taxation credit (charge)                  | (125) | (370) |
| ----- |       |       |   |       |       |
| (12)  | 1,769 | (872) | Exceptional items after taxation          | 1,043 | 165   |
| ===== |       |       |   |       |       |

Exceptional items for the fourth quarter include provisions for losses on disposal of certain upstream interests announced since the year end and profit on disposal of BP's interest in the Colonial pipeline in the USA.

### 2002 Dividends

| 4Q    | 3Q    | 4Q    |                              | Year   |        |
|-------|-------|-------|------------------------------|--------|--------|
| 2001  | 2002  | 2002  |                              | 2002   | 2001   |
| ===== |       |       |                              |        |        |
|       |       |       | Dividends per ordinary share |        |        |
| 5.75  | 6.00  | 6.25  | cents                        | 24.00  | 22.00  |
| 4.055 | 3.897 | 3.815 | pence                        | 15.638 | 15.436 |
| 34.5  | 36.0  | 37.5  | Dividends per ADS (cents)    | 144.0  | 132.0  |
| ----- |       |       |                              |        |        |

BP today announced a fourth quarterly dividend for 2002 of 6.25 cents per ordinary share. Holders of ordinary shares will receive 3.815 pence per share and holders of American Depositary Receipts (ADRs) \$0.375 per ADS share. The dividend is payable on 24 March to shareholders on the register on 28 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 24 March.

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### Outlook

BP Group Chief Executive, Lord Browne, concluded:

"The world economy slowed during the fourth quarter with weaker growth in both the USA and much of Continental Europe. Evidence of sustained recovery is limited and confidence fragile.

"Brent crude oil prices have recently exceeded \$30 per barrel compared to an average of \$27 in the fourth quarter. Venezuelan oil production has declined sharply as a result of the general strike that commenced in early December. Other OPEC producers have begun to raise production to replace some of this lost output. Crude oil inventories have fallen, especially in the USA, and are below normal seasonal levels. The prospect for crude oil prices is particularly uncertain, and will be affected by such issues as the timing and extent of developments in Venezuela and Iraq and global economic growth.

"US natural gas prices have strengthened further as demand has firmed seasonally, oil prices have increased and production has been weak. Prices are expected to remain at a premium to residual fuel oil through the winter heating season.

"Refining margins remain volatile. Crude oil prices have risen and product inventories are adequate. Although product demand is improving, margins remain susceptible to market uncertainties.

"Retail margins weakened towards the end of the fourth quarter, especially in the USA. Margins have since shown some signs of recovery,

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although they remain vulnerable to further increases in oil product prices.

"The Chemicals business environment has remained weak, with demand soft and margins under pressure from high feedstock prices.

"Capital expenditure for 2002 was \$13.5 billion, excluding acquisitions, and is projected to be in the range of \$14-14.5 billion in 2003.

"Our strategy remains to create value from a distinctive set of opportunities, biased towards the upstream, which, through a disciplined approach to long term investment growth, can produce returns which are both secure and highly competitive."

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The foregoing discussion, in particular certain statements under 'Outlook', focuses on certain trends and general market and economic conditions and outlook on production levels or rates, prices, margins, debt, levels of annual investment and currency exchange rates and, as such, are forward-looking statements that involve risk and uncertainty that could cause actual results and developments to differ materially from those expressed or implied by this discussion. By their nature, trends and outlook on production, price, margin, debt, profitability and currency exchange rates are difficult to forecast with any precision, and there are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including specific factors accompanying such statements; future levels of industry product supply, demand and pricing; currency exchange rates; political stability and economic growth in relevant areas of the world; development and use of new technology and successful partnering; the actions of competitors; natural disasters and other changes to business conditions; prolonged

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adverse weather conditions; and wars and acts of terrorism and sabotage. Additional information, including information on factors which may affect BP's business, is contained in BP's Annual Report and Accounts and in the Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

|                           |                          |                           | BP p.l.c. and Subsidiaries<br>Summarized Group Results   |              |         |  |
|---------------------------|--------------------------|---------------------------|--|--------------|---------|--|
| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |  | Year<br>2002 | 2001    |  |
| =====                     |                          |                           |  | =====        |         |  |
| \$ million                |                          |                           |  | \$ million   |         |  |
| 1,641                     | 1,572                    | 3,248                     | Exploration and Production   | 9,206        | 12,361  |  |
| 102                       | 57                       | 72                        | Gas, Power and Renewables  | 354          | 488     |  |
| 379                       | 237                      | (36)                      | Refining and Marketing   | 872          | 3,573   |  |
| (67)                      | 132                      | 104                       | Chemicals  | 515          | 128     |  |
| (175)                     | (241)                    | (207)                     | Other businesses and corporate   | (701)        | (523)   |  |
| -----                     |                          |                           |  | -----        |         |  |
| 1,880                     | 1,757                    | 3,181                     | Total replacement cost<br>operating profit   | 10,246       | 16,027  |  |
| (38)                      | 1,794                    | (893)                     | Profit (loss) on sale of<br>fixed assets and businesses or<br>termination of operations (Note 4) | 1,168        | 535     |  |
| -----                     |                          |                           |  | -----        |         |  |
| 1,842                     | 3,551                    | 2,288                     | Replacement cost profit before<br>interest and tax   | 11,414       | 16,562  |  |
| (1,297)                   | 305                      | (174)                     | Stock holding gains (losses) (Note 6)  | 1,129        | (1,900) |  |
| -----                     |                          |                           |  | -----        |         |  |
| 545                       | 3,856                    | 2,114                     | Historical cost profit before<br>interest and tax  | 12,543       | 14,662  |  |
| 414                       | 300                      | 332                       | Interest expense (Note 7)  | 1,279        | 1,670   |  |
| -----                     |                          |                           |  | -----        |         |  |
| 131                       | 3,556                    | 1,782                     | Profit before taxation   | 11,264       | 12,992  |  |
| 711                       | 713                      | 1,125                     | Taxation (Note 8)  | 4,342        | 6,375   |  |

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|         |       |       |   |       |       |
|---------|-------|-------|---|-------|-------|
| -----   |       |       | -----                                       |       |       |
| (580)   | 2,843 | 657   | Profit (loss) after taxation                | 6,922 | 6,617 |
| 23      | 3     | 6     | Minority shareholders' interest             | 77    | 61    |
| -----   |       |       | -----                                       |       |       |
| (603)   | 2,840 | 651   | Profit (loss) for the period                | 6,845 | 6,556 |
| 1,289   | 1,340 | 1,398 | Distribution to shareholders                | 5,375 | 4,935 |
| -----   |       |       | -----                                       |       |       |
| (1,892) | 1,500 | (747) | Retained profit (deficit)<br>for the period | 1,470 | 1,621 |
| =====   |       |       | =====                                       |       |       |
|         |       |       | Earnings per ordinary share - cents         |       |       |
| (2.67)  | 12.67 | 2.92  | Basic                                       | 30.55 | 29.21 |
| (2.64)  | 12.61 | 2.92  | Diluted                                     | 30.41 | 29.04 |
| =====   |       |       | =====                                       |       |       |

Replacement Cost Results

|       |         |       |   |         |       |
|-------|---------|-------|---|---------|-------|
| (603) | 2,840   | 651   | Historical cost profit (loss)<br>for the period   | 6,845   | 6,556 |
| 1,297 | (305)   | 174   | Stock holding (gains) losses<br>net of MSI  | (1,104) | 1,900 |
| ----- |         |       | -----   |         |       |
| 694   | 2,535   | 825   | Replacement cost profit<br>for the period   | 5,741   | 8,456 |
| 12    | (1,769) | 872   | Exceptional items, net of tax   | (1,043) | (165) |
| ----- |         |       | -----   |         |       |
| 706   | 766     | 1,697 | Replacement cost profit before<br>exceptional items   | 4,698   | 8,291 |
| ----- |         |       | -----   |         |       |
| 3.17  | 3.42    | 7.58  | Earnings per ordinary share - cents<br>On replacement cost profit before<br>exceptional items | 20.97   | 36.95 |
| ===== |         |       | =====   |         |       |

Summarized Group Balance Sheet

|             |             |
|-------------|-------------|
| 31 December | 31 December |
| 2002        | 2001        |

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|   | -----<br>\$ million<br>----- |         |
|---|------------------------------|---------|
| Fixed assets  |                              |         |
| Intangible assets   | 15,566                       | 16,489  |
| Tangible assets   | 87,682                       | 77,410  |
| Investments   | 10,811                       | 11,963  |
|   | -----                        | -----   |
|   | 114,059                      | 105,862 |
|   | -----                        | -----   |
| Current assets  |                              |         |
| Stocks  | 10,181                       | 7,631   |
| Debtors   | 33,150                       | 26,669  |
| Investments   | 215                          | 450     |
| Cash at bank and in hand                                    | 1,520                        | 1,358   |
|   | -----                        | -----   |
|   | 45,066                       | 36,108  |
|   | -----                        | -----   |
| Creditors - amounts falling due within one year             |                              |         |
| Finance debt  | 10,086                       | 9,090   |
| Other creditors   | 36,215                       | 28,524  |
|   | -----                        | -----   |
| Net current liabilities                                     | (1,235)                      | (1,506) |
|   | -----                        | -----   |
| Total assets less current liabilities                       | 112,824                      | 104,356 |
|   | -----                        | -----   |
| Creditors - amounts falling due<br>after more than one year |                              |         |
| Finance debt  | 11,922                       | 12,327  |
| Other creditors   | 3,455                        | 3,086   |
|   | -----                        | -----   |
| Provisions for liabilities and charges                      |                              |         |
| Deferred taxation   | 13,514                       | 11,702  |
| Other provisions  | 13,886                       | 11,482  |
|   | -----                        | -----   |
| Net assets  | 70,047                       | 65,759  |
| Minority shareholders' interest - equity                    | 638                          | 598     |
|   | -----                        | -----   |
| BP shareholders' interest                                   | 69,409                       | 65,161  |



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|  |            |
|--|------------|
| Movement in BP shareholders' interest:                           | \$ million |
| At 31 December 2001  | 74,367     |
| Prior year adjustment - change in accounting policy (see Note 1) | (9,206)    |
|  | -----      |
| As restated  | 65,161     |
| Profit for the year  | 6,845      |
| Distribution to shareholders                                     | (5,375)    |
| Currency translation differences                                 | 3,333      |
| Issue of ordinary share capital for employee share schemes       | 195        |
| Repurchase of ordinary share capital                             | (750)      |
|  | -----      |
| At 31 December 2002  | 69,409     |
|  | =====      |

Summarized Group Cash Flow Statement

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |  | Year<br>2002 | Year<br>2001 |
|---------------------------|--------------------------|---------------------------|--|--------------|--------------|
| =====                     |                          |                           |  | =====        |              |
| \$ million                |                          |                           |  | \$ million   |              |
| 5,547                     | 4,376                    | 6,197                     | Net cash inflow from<br>operating activities (a)   | 19,342       | 22,409       |
| -----                     |                          |                           |  | -----        |              |
| 12                        | 30                       | 69                        | Dividends from joint ventures                      | 198          | 104          |
| -----                     |                          |                           |  | -----        |              |
| 104                       | 96                       | 65                        | Dividends from<br>associated undertakings          | 368          | 528          |
| -----                     |                          |                           |  | -----        |              |
|                           |                          |                           | Servicing of finance and returns<br>on investments |              |              |
| 83                        | 63                       | 63                        | Interest received                                  | 231          | 256          |

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|         |         |         |  |          |          |
|---------|---------|---------|--|----------|----------|
| (229)   | (218)   | (335)   | Interest paid  | (1,204)  | (1,282)  |
| 35      | 4       | 38      | Dividends received   | 102      | 132      |
|         |         |         | Dividends paid to  |          |          |
| (38)    | (13)    | (11)    | minority shareholders  | (40)     | (54)     |
| -----   |         |         |  |          |          |
| (149)   | (164)   | (245)   | Net cash outflow from servicing of<br>finance and returns on investments | (911)    | (948)    |
| -----   |         |         |  |          |          |
|         |         |         | Taxation   |          |          |
| (454)   | (206)   | (419)   | UK corporation tax   | (979)    | (1,058)  |
| (968)   | (455)   | (642)   | Overseas tax   | (2,115)  | (3,602)  |
| -----   |         |         |  |          |          |
| (1,422) | (661)   | (1,061) | Tax paid   | (3,094)  | (4,660)  |
| -----   |         |         |  |          |          |
|         |         |         | Capital expenditure and<br>financial investment                          |          |          |
| (3,688) | (2,980) | (3,544) | Payments for fixed assets  | (12,116) | (12,214) |
| 615     | 488     | 726     | Proceeds from the sale<br>of fixed assets                                | 2,470    | 2,365    |
| -----   |         |         |  |          |          |
| (3,073) | (2,492) | (2,818) | Net cash outflow for<br>capital expenditure and<br>financial investment  | (9,646)  | (9,849)  |
| -----   |         |         |  |          |          |
|         |         |         | Acquisitions and disposals   |          |          |
| (179)   | (125)   | (215)   | Investments in associated<br>undertakings                                | (971)    | (586)    |
| -       | 2,338   | -       | Proceeds from sale of<br>investment in Ruhrgas                           | 2,338    | -        |
| (602)   | (2,607) | (28)    | Acquisitions, net of cash acquired                                       | (4,324)  | (1,210)  |
| (220)   | (23)    | (217)   | Net investment in joint ventures   | (354)    | (497)    |
| 231     | 55      | 304     | Proceeds from the sale<br>of businesses                                  | 1,974    | 538      |
| -----   |         |         |  |          |          |
| (770)   | (362)   | (156)   | Net cash outflow for<br>acquisitions and disposals                       | (1,337)  | (1,755)  |
| -----   |         |         |  |          |          |
| (1,232) | (1,346) | (1,340) | Equity dividends paid  | (5,264)  | (4,827)  |
| -----   |         |         |  |          |          |
| (983)   | (523)   | 711     | Net cash (outflow) inflow  | (344)    | 1,002    |
| =====   |         |         |  |          |          |

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|       |       |      |                                |       |       |
|-------|-------|------|--------------------------------|-------|-------|
| (855) | (219) | 304  | Financing (b)                  | (181) | 972   |
| (65)  | (32)  | (56) | Management of liquid resources | (220) | (211) |
| (63)  | (272) | 463  | Increase (decrease) in cash    | 57    | 241   |
| ----- |       |      |                                | ----- |       |
| (983) | (523) | 711  |                                | (344) | 1,002 |
| ===== |       |      |                                | ===== |       |

Analysis of Cash Flow

| Fourth<br>Quarter<br>2001   | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |  | Year       |         |
|---|--------------------------|---------------------------|--|------------|---------|
|   |                          |                           |  | 2002       | 2001    |
| =====   |                          |                           |  | =====      |         |
| \$ million  |                          |                           |  | \$ million |         |
| (a) Reconciliation of historical cost profit before interest and tax to net cash inflow from operating activities |                          |                           |  |            |         |
|   |                          |                           | Historical cost profit before interest and tax                 | 12,543     | 14,662  |
| 545   | 3,856                    | 2,114                     | Depreciation and amounts provided                              | 10,401     | 8,858   |
| 2,457   | 3,506                    | 2,515                     | Exploration expenditure written off                            | 385        | 238     |
| 85  | 55                       | 124                       | Share of profits of joint ventures and associated undertakings | (966)      | (1,194) |
| (303)   | (172)                    | (250)                     | Interest and other income                                      | (358)      | (478)   |
| (132)   | (62)                     | (115)                     | (Profit) loss on sale of fixed assets and businesses           | (1,166)    | (537)   |
| 36  | (1,796)                  | 895                       | Charge for provisions  | 1,277      | 1,008   |
| 187   | 332                      | 451                       | Utilization of provisions                                      | (1,427)    | (1,119) |
| (221)   | (392)                    | (424)                     | (Increase) decrease in stocks                                  | (1,521)    | 1,490   |
| 1,368   | (155)                    | (63)                      | (Increase) decrease in debtors                                 | (2,672)    | 1,989   |
| 1,241   | (379)                    | (269)                     | Increase (decrease) in creditors                               | 2,846      | (2,508) |
| 284   | (417)                    | 1,219                     |  |            |         |
| -----   |                          |                           |  | -----      |         |
| 5,547   | 4,376                    | 6,197                     | Net cash inflow from operating activities                      | 19,342     | 22,409  |
| =====   |                          |                           |  | =====      |         |

(b) Financing

|       |       |       |                                   |         |         |
|-------|-------|-------|-----------------------------------|---------|---------|
| (267) | (558) | (651) | Long-term borrowing               | (3,707) | (1,296) |
| 434   | 567   | 905   | Repayments of long-term borrowing | 2,369   | 2,602   |

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|         |         |         |  |         |         |
|---------|---------|---------|--|---------|---------|
| (2,764) | (1,627) | (3,970) | Short-term borrowing                     | (9,849) | (6,257) |
|         |         |         | Repayments of short-term borrowing       |         |         |
| 1,656   | 704     | 4,037   |  | 10,451  | 4,823   |
| -----   |         |         |  |         |         |
| (941)   | (914)   | 321     |  | (736)   | (128)   |
|         |         |         | Issue of ordinary share capital          | (195)   | (181)   |
| (13)    | (55)    | (17)    | Repurchase of ordinary share capital     | 750     | 1,281   |
| 99      | 750     | -       |  |         |         |
| -----   |         |         |  |         |         |
| (855)   | (219)   | 304     | Net cash (inflow) outflow from financing | (181)   | 972     |
| =====   |         |         |  |         |         |

### Capital Expenditure and Acquisitions

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |  | Year<br>2002 | 2001 |
|---------------------------|--------------------------|---------------------------|--|--------------|------|
|                           |                          |                           |  | =====        |      |
| \$ million                |                          |                           |  | \$ million   |      |

#### By business

|                            |       |       |                    |       |       |
|----------------------------|-------|-------|--------------------|-------|-------|
| Exploration and Production |       |       |                    |       |       |
| 312                        | 270   | 177   | UK                 | 955   | 1,095 |
| 99                         | 61    | 73    | Rest of Europe     | 262   | 329   |
| 862                        | 980   | 1,079 | USA                | 4,303 | 4,155 |
| 880                        | 929   | 1,244 | Rest of World(a)   | 4,179 | 3,282 |
| -----                      |       |       |                    |       |       |
| 2,153                      | 2,240 | 2,573 |                    | 9,699 | 8,861 |
| -----                      |       |       |                    |       |       |
| Gas, Power and Renewables  |       |       |                    |       |       |
| 51                         | 7     | -     | UK                 | 28    | 102   |
| 107                        | 29    | 41    | Rest of Europe (b) | 161   | 156   |
| 83                         | 52    | 60    | USA                | 160   | 155   |
| 60                         | 19    | 22    | Rest of World      | 59    | 79    |
| -----                      |       |       |                    |       |       |
| 301                        | 107   | 123   |                    | 408   | 492   |
| -----                      |       |       |                    |       |       |

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### Refining and Marketing

|       |       |       |  |                                    |        |        |
|-------|-------|-------|--|------------------------------------|--------|--------|
| 127   | 56    | 163   |  | UK                                 | 395    | 394    |
| 209   | 198   | 273   |  | Rest of Europe (c)                 | 5,759  | 380    |
| 623   | 298   | 430   |  | USA                                | 1,291  | 1,311  |
| 157   | 53    | 180   |  | Rest of World                      | 308    | 330    |
| ----- |       |       |  |                                    | -----  |        |
| 1,116 | 605   | 1,046 |  |                                    | 7,753  | 2,415  |
| ----- |       |       |  |                                    | -----  |        |
|       |       |       |  | Chemicals                          |        |        |
| 26    | 30    | 57    |  | UK                                 | 112    | 205    |
| 294   | 58    | 10    |  | Rest of Europe (d)                 | 173    | 917    |
| 167   | 49    | 116   |  | USA                                | 262    | 460    |
| 107   | 43    | 102   |  | Rest of World                      | 276    | 344    |
| ----- |       |       |  |                                    | -----  |        |
| 594   | 180   | 285   |  |                                    | 823    | 1,926  |
| ----- |       |       |  |                                    | -----  |        |
| 264   | 48    | 61    |  | Other businesses and corporate (e) | 428    | 430    |
| ----- |       |       |  |                                    | -----  |        |
| 4,428 | 3,180 | 4,088 |  |                                    | 19,111 | 14,124 |
| ===== |       |       |  |                                    | =====  |        |

### By geographical area

|       |       |       |  |                |        |        |
|-------|-------|-------|--|----------------|--------|--------|
| 745   | 394   | 434   |  | UK             | 1,637  | 2,128  |
| 709   | 353   | 398   |  | Rest of Europe | 6,556  | 1,787  |
| 1,758 | 1,389 | 1,708 |  | USA            | 6,095  | 6,160  |
| 1,216 | 1,044 | 1,548 |  | Rest of World  | 4,823  | 4,049  |
| ----- |       |       |  |                | -----  |        |
| 4,428 | 3,180 | 4,088 |  |                | 19,111 | 14,124 |
| ===== |       |       |  |                | =====  |        |

(a) Year 2002 included the acquisition of an additional interest in Sidanco.

(b) Year 2002 included the acquisition of a 5% stake in Enagas.

(c) Year 2002 included the acquisition of 100% of Veba.

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(d) 4Q 2001 included the formation of the joint venture with Solvay. Year 2001 also included the acquisition of Bayer's 50% interest in Erdolchemie.

(e) Year 2002 included the acquisition of the minority interest in Veba's upstream oil and gas assets.

### US dollar/Sterling exchange rates

|       |      |      |                             |       |      |
|-------|------|------|-----------------------------|-------|------|
| 1.44  | 1.55 | 1.57 | Average rate for the period | 1.50  | 1.44 |
| 1.45  | 1.55 | 1.60 | Period-end rate             | 1.60  | 1.45 |
| ===== |      |      |                             | ===== |      |

### Analysis of Replacement Cost Operating Profit

| Fourth<br>Quarter<br>2001  | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |                | Year<br>2002 | 2001   |
|----------------------------|--------------------------|---------------------------|----------------|--------------|--------|
| =====                      |                          |                           |                | =====        |        |
| \$ million                 |                          |                           |                | \$ million   |        |
| By business                |                          |                           |                |              |        |
| Exploration and Production |                          |                           |                |              |        |
| 571                        | 185                      | 965                       | UK             | 2,526        | 3,424  |
| 144                        | 213                      | 177                       | Rest of Europe | 714          | 748    |
| 426                        | 661                      | 1,081                     | USA            | 2,835        | 4,573  |
| 500                        | 513                      | 1,025                     | Rest of World  | 3,131        | 3,616  |
| -----                      |                          |                           |                | -----        |        |
| 1,641                      | 1,572                    | 3,248                     |                | 9,206        | 12,361 |
| -----                      |                          |                           |                | -----        |        |
| Gas, Power and Renewables  |                          |                           |                |              |        |
| (29)                       | (66)                     | (31)                      | UK             | (94)         | 52     |
| 64                         | 17                       | 1                         | Rest of Europe | 100          | 189    |
| 36                         | 28                       | 9                         | USA            | 25           | 229    |

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|   |       |       |   |        |        |
|---|-------|-------|---|--------|--------|
| 31  | 78    | 93    |   | 323    | 18     |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| 102   | 57    | 72    |   | 354    | 488    |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| Refining and Marketing                      |       |       |   |        |        |
| (197)                                       | (158) | (155) | UK  | (498)  | (475)  |
| 227   | 236   | (53)  | Rest of Europe                              | 571    | 762    |
| 46  | 55    | 80    | USA   | 335    | 2,585  |
| 303   | 104   | 92    | Rest of World                               | 464    | 701    |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| 379   | 237   | (36)  |   | 872    | 3,573  |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| Chemicals                                   |       |       |   |        |        |
| (75)  | 6     | (47)  | UK  | (82)   | (216)  |
| (1)   | 161   | 65    | Rest of Europe                              | 337    | 185    |
| (9)   | 54    | 37    | USA   | 198    | 62     |
| 18  | (89)  | 49    | Rest of World                               | 62     | 97     |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| (67)  | 132   | 104   |   | 515    | 128    |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| (175)                                       | (241) | (207) | Other businesses and corporate              | (701)  | (523)  |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| 1,880                                       | 1,757 | 3,181 |   | 10,246 | 16,027 |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| By geographical area                        |       |       |   |        |        |
| 375   | (131) | 793   | UK  | 1,696  | 2,668  |
| 388   | 620   | 171   | Rest of Europe                              | 1,703  | 1,814  |
| 216   | 672   | 957   | USA   | 2,890  | 6,941  |
| 901   | 596   | 1,260 | Rest of World                               | 3,957  | 4,604  |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| 1,880                                       | 1,757 | 3,181 |   | 10,246 | 16,027 |
| <hr style="border-top: 1px dashed black;"/> |       |       |   |        |        |
| Included above                              |       |       |   |        |        |
| 91  | 104   | 83    | Share of profits of joint ventures          | 346    | 443    |
| 219   | 71    | 161   | Share of profits of associated undertakings | 616    | 760    |

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|                       |              |
|-----------------------|--------------|
| -----                 | -----        |
| 310      175      244 | 962    1,203 |
| =====                 | =====        |

Notes

1. Restatement of comparative information

Comparative information for 2001 has been restated to reflect the changes described below.

(a) Transfer of solar, renewables and alternative fuels activities

With effect from 1 January 2002, the solar, renewables and alternative fuels activities have been transferred from Other businesses and corporate to Gas and Power. To reflect this transfer Gas and Power has been renamed Gas, Power and Renewables from the same date.

(b) New accounting standard for deferred tax

With effect from 1 January 2002 BP has adopted Financial Reporting Standard No.19 'Deferred Tax' (FRS 19). This standard generally requires that deferred tax should be provided on a full liability basis rather than on a restricted liability basis as required by Statement of Standard Accounting Practice No.15 'Accounting for Deferred Tax'. The adoption of FRS 19 has been treated as a change in accounting policy.

Under FRS 19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future. In particular:

- o Provision is made for tax on gains arising from the disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement



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assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- o Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, joint ventures and associated undertakings only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

As a consequence of adopting FRS 19 acquisitions have been restated as if the new standard applied at that time. This leads to the creation of higher deferred tax liabilities and greater amounts of goodwill on those acquisitions.

### Notes

| Balance sheet at 31 December 2001                  | Restated Reported |         |
|--|-------------------|---------|
|  | =====             |         |
|  | \$ million        |         |
| Fixed assets                                       |                   |         |
| Intangible assets                                  | 16,489            | 15,593  |
| Tangible assets                                    | 77,410            | 77,410  |
| Investments  | 11,963            | 12,047  |
|  | -----             |         |
|  | 105,862           | 105,050 |
|  | -----             |         |
| Current assets                                     | 36,108            | 36,108  |
| Creditors - amounts falling due<br>within one year | 37,614            | 37,614  |
|  | -----             |         |
| Net current liabilities                            | (1,506)           | (1,506) |

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|   |         |         |
|---|---------|---------|
| Total assets less current liabilities                       | 104,356 | 103,544 |
| Creditors - amounts falling due<br>after more than one year | 15,413  | 15,413  |
| Provisions for liabilities and charges                      |         |         |
| Deferred taxation   | 11,702  | 1,655   |
| Other provisions  | 11,482  | 11,482  |
| Net assets  | 65,759  | 74,994  |
| Minority shareholders' interest                             | 598     | 627     |
| BP shareholders' interest                                   | 65,161  | 74,367  |

Notes

| Income statements   | Restated                  |              | Reported                  |              |
|---|---------------------------|--------------|---------------------------|--------------|
|   | Fourth<br>Quarter<br>2001 | Year<br>2001 | Fourth<br>Quarter<br>2001 | Year<br>2001 |
|   | \$ million                |              |                           |              |
| Exploration and Production  | 1,641                     | 12,361       | 1,655                     | 12,417       |
| Gas, Power and Renewables   | 102                       | 488          | 106                       | 521          |
| Refining and Marketing  | 379                       | 3,573        | 392                       | 3,625        |
| Chemicals   | (67)                      | 128          | (67)                      | 128          |
| Other businesses and corporate  | (175)                     | (523)        | (179)                     | (556)        |
| Total replacement cost operating profit   | 1,880                     | 16,027       | 1,907                     | 16,135       |
| Profit (loss) on sale of fixed assets<br>and businesses or termination<br>of operations | (38)                      | 535          | (38)                      | 535          |
| Replacement cost profit before<br>interest and tax                                      | 1,842                     | 16,562       | 1,869                     | 16,670       |
| Stock holding gains (losses)  | (1,297)                   | (1,900)      | (1,297)                   | (1,900)      |
| Historical cost profit before   |                           |              |                           |              |

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|  |         |        |         |        |
|--|---------|--------|---------|--------|
| interest and tax                           | 545     | 14,662 | 572     | 14,770 |
| Interest expense                           | 414     | 1,670  | 414     | 1,670  |
| -----                                      |         |        |         |        |
| Profit before taxation                     | 131     | 12,992 | 158     | 13,100 |
| Taxation                                   | 711     | 6,375  | 537     | 5,017  |
| -----                                      |         |        |         |        |
| Profit (loss) after taxation               | (580)   | 6,617  | (379)   | 8,083  |
| Minority shareholders' interest            | 23      | 61     | 26      | 73     |
| -----                                      |         |        |         |        |
| Profit (loss) for the period               | (603)   | 6,556  | (405)   | 8,010  |
| Distribution to shareholders               | 1,289   | 4,935  | 1,289   | 4,935  |
| -----                                      |         |        |         |        |
| Retained profit (deficit) for the period   | (1,892) | 1,621  | (1,694) | 3,075  |
| =====                                      |         |        |         |        |
| Earnings (loss) per ordinary share - cents |         |        |         |        |
| Basic                                      | (2.67)  | 29.21  | (1.78)  | 35.70  |
| Diluted                                    | (2.64)  | 29.04  | (1.76)  | 35.48  |
| =====                                      |         |        |         |        |

Notes

2. Turnover

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 | Year                       |                 |
|---------------------------|--------------------------|---------------------------|----------------------------|-----------------|
| =====                     |                          |                           | 2002                       | 2001            |
| =====                     |                          |                           | =====                      |                 |
| \$ million                |                          |                           | \$ million                 |                 |
|                           |                          |                           | By business                |                 |
| 5,336                     | 6,220                    | 7,356                     | Exploration and Production | 25,753 28,229   |
| 7,522                     | 9,313                    | 12,041                    | Gas, Power and Renewables  | 37,357 39,442   |
| 26,528                    | 35,634                   | 33,443                    | Refining and Marketing     | 125,836 120,233 |
| 2,481                     | 3,720                    | 3,118                     | Chemicals                  | 13,064 11,515   |
|                           |                          |                           | Other businesses           |                 |
| 146                       | 108                      | 131                       | and corporate              | 510 549         |
| -----                     |                          |                           | -----                      |                 |
| 42,013                    | 54,995                   | 56,089                    |                            | 202,520 199,968 |
|                           |                          |                           | Less: sales between        |                 |
| 5,196                     | 5,941                    | 6,367                     | businesses                 | 23,799 25,750   |

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|                      |        |        |                         |         |         |
|----------------------|--------|--------|-------------------------|---------|---------|
| -----                |        |        |                         | -----   |         |
| 36,817               | 49,054 | 49,722 | Group excluding JVs     | 178,721 | 174,218 |
| 297                  | 369    | 413    | Sales of joint ventures | 1,465   | 1,171   |
| -----                |        |        |                         | -----   |         |
| 37,114               | 49,423 | 50,135 |                         | 180,186 | 175,389 |
| =====                |        |        |                         | =====   |         |
| By geographical area |        |        |                         |         |         |
| Group excluding JVs  |        |        |                         |         |         |
| 11,432               | 12,160 | 13,084 | UK                      | 48,748  | 47,618  |
| 8,657                | 13,460 | 11,720 | Rest of Europe          | 46,518  | 36,701  |
| 16,039               | 22,880 | 22,573 | USA                     | 80,381  | 84,696  |
| 7,285                | 8,537  | 10,845 | Rest of World           | 34,401  | 33,911  |
| -----                |        |        |                         | -----   |         |
| 43,413               | 57,037 | 58,222 |                         | 210,048 | 202,926 |
|                      |        |        | Less: sales between     |         |         |
| 6,596                | 7,983  | 8,500  | areas                   | 31,327  | 28,708  |
| -----                |        |        |                         | -----   |         |
| 36,817               | 49,054 | 49,722 |                         | 178,721 | 174,218 |
| =====                |        |        |                         | =====   |         |

Notes

3. Operating profits are after charging:

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |                | Year       |      |
|---------------------------|--------------------------|---------------------------|----------------|------------|------|
|                           |                          |                           |                | 2002       | 2001 |
| =====                     |                          |                           |                | =====      |      |
| \$ million                |                          |                           |                | \$ million |      |
| Exploration expense       |                          |                           |                |            |      |
| 9                         | 16                       | 1                         | UK             | 27         | 14   |
| 7                         | 5                        | 6                         | Rest of Europe | 47         | 22   |
| 82                        | 53                       | 30                        | USA            | 258        | 256  |
| 46                        | 45                       | 142                       | Rest of World  | 312        | 188  |

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|       |     |     |                           |     |                  |
|-------|-----|-----|---------------------------|-----|------------------|
| ----- |     |     |                           |     | -----            |
| 144   | 119 | 179 |                           |     | 644      480     |
| ===== |     |     |                           |     |                  |
|       |     |     | Production taxes (a)      |     |                  |
| 147   | 92  | 64  | UK petroleum revenue tax  | 309 | 600              |
| 189   | 258 | 298 | Overseas production taxes | 965 | 1,089            |
| ----- |     |     |                           |     |                  |
| 336   | 350 | 362 |                           |     | 1,274      1,689 |
| ===== |     |     |                           |     |                  |

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

#### 4. Analysis of exceptional items

|       |       |         |   |       |       |
|-------|-------|---------|---|-------|-------|
|       |       |         |   |       |       |
| (85)  | (25)  | (1,133) | Exploration and Production  | (726) | 195   |
| 1     | 1,585 | (33)    | Gas, Power and Renewables   | 1,551 | -     |
| 18    | 262   | 365     | Refining and Marketing  | 613   | 471   |
| (130) | 11    | (122)   | Chemicals   | (256) | (297) |
| 158   | (39)  | 30      | Other businesses and corporate  | (14)  | 166   |
| ----- |       |         |   |       |       |
|       |       |         | Profit (loss) on sale of fixed assets and businesses or termination of operations | 1,168 | 535   |
| (38)  | 1,794 | (893)   | Taxation (credit) charge  | (125) | (370) |
| 26    | (25)  | 21      |   |       |       |
| ----- |       |         |   |       |       |
|       |       |         | Exceptional items after taxation  | 1,043 | 165   |
| (12)  | 1,769 | (872)   |   |       |       |
| ===== |       |         |   |       |       |

#### 5. 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

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6. Stock holding gains (losses)

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |                                 | Year       |         |
|---------------------------|--------------------------|---------------------------|---------------------------------|------------|---------|
|                           |                          |                           |                                 | 2002       | 2001    |
| =====                     |                          |                           |                                 | =====      |         |
| \$ million                |                          |                           |                                 | \$ million |         |
| (5)                       | 3                        | (2)                       | Exploration and Production      | 3          | (6)     |
| (20)                      | 2                        | 41                        | Gas, Power and Renewables       | 51         | (81)    |
| (1,138)                   | 311                      | (201)                     | Refining and Marketing          | 1,049      | (1,583) |
| (134)                     | (11)                     | (12)                      | Chemicals                       | 26         | (230)   |
| -----                     |                          |                           |                                 | -----      |         |
| (1,297)                   | 305                      | (174)                     |                                 | 1,129      | (1,900) |
| -                         | -                        | -                         | Minority shareholders' interest | 25         | -       |
| -----                     |                          |                           |                                 | -----      |         |
| (1,297)                   | 305                      | (174)                     |                                 | 1,104      | (1,900) |
| =====                     |                          |                           |                                 | =====      |         |

7. Interest expense

|       |      |      |   |       |       |
|-------|------|------|---|-------|-------|
| 286   | 250  | 248  | Group interest payable (a)  | 1,026 | 1,308 |
| (7)   | (27) | (33) | Capitalized   | (100) | (81)  |
| ----- |      |      |   | ----- |       |
| 279   | 223  | 215  |   | 926   | 1,227 |
| 21    | 15   | 14   | Joint ventures  | 58    | 70    |
| 26    | 19   | 19   | Associated undertakings   | 83    | 135   |
| 46    | 43   | 42   | Unwinding of discount<br>on provisions                              | 170   | 196   |
| 42    | -    | 42   | Change in discount rate<br>for provisions                           | 42    | 42    |
| ----- |      |      |   | ----- |       |
| 414   | 300  | 332  |   | 1,279 | 1,670 |
| ===== |      |      |   | ===== |       |
| -     | -    | 15   | (a) Includes charges relating<br>to the early redemption<br>of debt | 15    | 62    |
| ----- |      |      |   | ----- |       |

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8. Charge for taxation

|       |       |       |   |       |       |
|-------|-------|-------|---|-------|-------|
| 550   | 463   | 1,112 | Current   | 3,148 | 5,131 |
| 161   | 250   | 13    | Deferred(a)   | 1,194 | 1,244 |
| ----- | ----- | ----- |   | ----- | ----- |
| 711   | 713   | 1,125 |   | 4,342 | 6,375 |
| ===== | ===== | ===== |   | ===== | ===== |
| 174   | 235   | 366   | UK(a)   | 1,436 | 940   |
| 537   | 478   | 759   | Overseas  | 2,906 | 5,435 |
| ----- | ----- | ----- |   | ----- | ----- |
| 711   | 713   | 1,125 |   | 4,342 | 6,375 |
| ===== | ===== | ===== |   | ===== | ===== |
|       |       |       | (a) Includes the adjustment<br>to the North Sea deferred<br>tax balance for the<br>supplementary<br>UK corporation tax of 10% | 355   | -     |
| -     | -     | -     |   | ----- | ----- |

Notes

9. Analysis of changes in net debt

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |                           | Year       |        |
|---------------------------|--------------------------|---------------------------|---------------------------|------------|--------|
|                           |                          |                           |                           | 2002       | 2001   |
| =====                     |                          |                           |                           | =====      |        |
| \$ million                |                          |                           |                           | \$ million |        |
|                           |                          |                           | Opening balance           |            |        |
| 20,474                    | 21,409                   | 22,276                    | Finance debt              | 21,417     | 21,190 |
| 1,438                     | 1,284                    | 1,005                     | Less: Cash                | 1,358      | 1,170  |
| 519                       | 285                      | 285                       | Current asset investments | 450        | 661    |
| -----                     | -----                    | -----                     |                           | -----      | -----  |
| 18,517                    | 19,840                   | 20,986                    | Opening net debt          | 19,609     | 19,359 |
| -----                     | -----                    | -----                     |                           | -----      | -----  |
|                           |                          |                           | Closing balance           |            |        |
| 21,417                    | 22,276                   | 22,008                    | Finance debt              | 22,008     | 21,417 |
| 1,358                     | 1,005                    | 1,520                     | Less: Cash                | 1,520      | 1,358  |

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|         |         |        |   |         |        |
|---------|---------|--------|---|---------|--------|
| 450     | 285     | 215    | Current asset investments   | 215     | 450    |
| -----   |         |        |   |         |        |
| 19,609  | 20,986  | 20,273 | Closing net debt  | 20,273  | 19,609 |
| -----   |         |        |   |         |        |
| (1,092) | (1,146) | 713    | (Increase) decrease<br>in net debt                                      | (664)   | (250)  |
| =====   |         |        |   |         |        |
| (63)    | (272)   | 463    | Movement in cash/<br>bank overdrafts                                    | 57      | 241    |
| (66)    | (32)    | (56)   | Decrease in current<br>asset investments                                | (220)   | (211)  |
| (941)   | (914)   | 321    | Net cash (inflow) outflow<br>from financing(excluding<br>share capital) | (736)   | (128)  |
| -       | -       | -      | Partnership interests<br>exchanged for BP loan notes                    | 1,135   | -      |
| (16)    | 13      | 19     | Other movements   | 76      | (36)   |
| (8)     | -       | (3)    | Debt acquired   | (1,002) | (55)   |
| -----   |         |        |   |         |        |
| (1,094) | (1,205) | 744    | Movement in net debt before<br>exchange effects                         | (690)   | (189)  |
| 2       | 59      | (31)   | Exchange adjustments  | 26      | (61)   |
| -----   |         |        |   |         |        |
| (1,092) | (1,146) | 713    | (Increase) decrease<br>in net debt                                      | (664)   | (250)  |
| =====   |         |        |   |         |        |

Notes

10. Consolidated statement of cash flows presented on a US GAAP format

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |  | Year<br>2002 | 2001  |
|---------------------------|--------------------------|---------------------------|--|--------------|-------|
| =====                     |                          |                           |  | =====        |       |
| \$ million                |                          |                           |  | \$ million   |       |
| (580)                     | 2,843                    | 657                       | Operating activities   | 6,922        | 6,617 |
|                           |                          |                           | Profit after taxation  |              |       |
|                           |                          |                           | Adjustments to reconcile<br>profits after tax to net<br>cash provided by<br>operating activities |              |       |



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|         |         |         |   |          |          |
|---------|---------|---------|---|----------|----------|
| 2,457   | 3,506   | 2,515   | Depreciation and amounts provided   | 10,401   | 8,858    |
| 85      | 55      | 124     | Exploration expenditure written off   | 385      | 238      |
| (52)    | 51      | (8)     | Share of (profit) loss of joint ventures and associates less dividends received | 3        | (60)     |
| 36      | (1,796) | 895     | (Profit) loss on sale of businesses and fixed assets                            | (1,166)  | (537)    |
| 2,087   | (1,002) | 907     | Working capital movement (see analysis below)                                   | (1,416)  | 1,319    |
| 161     | 250     | 13      | Deferred taxation   | 1,194    | 1,244    |
| (58)    | (191)   | (33)    | Other   | (280)    | (111)    |
| -----   |         |         |   | -----    |          |
| 4,136   | 3,716   | 5,070   | Net cash provided by operating activities                                       | 16,043   | 17,568   |
| -----   |         |         |   | -----    |          |
| (3,695) | (3,007) | (3,577) | Investing activities  |          |          |
|         |         |         | Capital expenditures  | (12,216) | (12,295) |
| (602)   | (2,607) | (28)    | Acquisitions, net of cash acquired  | (4,324)  | (1,210)  |
| (179)   | (125)   | (215)   | Investment in associated undertakings   | (971)    | (586)    |
| (220)   | (23)    | (217)   | Net investment in joint ventures  | (354)    | (497)    |
| 846     | 2,881   | 1,030   | Proceeds from disposal of assets  | 6,782    | 2,903    |
| -----   |         |         |   | -----    |          |
| (3,850) | (2,881) | (3,007) | Net cash used in investing activities   | (11,083) | (11,685) |
| -----   |         |         |   | -----    |          |

Notes

10. Consolidated statement of cash flows presented on a US GAAP format (continued)

| Fourth Quarter 2001 | Third Quarter 2002 | Fourth Quarter 2002 |   | Year       |         |
|---------------------|--------------------|---------------------|---|------------|---------|
| =====               | =====              | =====               |   | 2002       | 2001    |
| -----               |                    |                     |   | -----      |         |
| \$ million          |                    |                     |   | \$ million |         |
|                     |                    |                     | Financing activities                          |            |         |
| (86)                | (695)              | 17                  | Net proceeds from shares issued (repurchased) | (555)      | (1,100) |
|                     |                    |                     | Proceeds from                                 |            |         |

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|         |         |         |  |         |         |
|---------|---------|---------|--|---------|---------|
| 267     | 558     | 651     | long-term financing  | 3,707   | 1,296   |
| (434)   | (567)   | (905)   | Repayments of<br>long-term financing   | (2,369) | (2,602) |
| 1,108   | 923     | (67)    | Net (decrease) increase<br>in short-term debt                                | (602)   | 1,434   |
| (1,232) | (1,346) | (1,340) | Dividends paid   | (5,264) | (4,827) |
| (38)    | (13)    | (11)    | - BP shareholders  | (40)    | (54)    |
|         |         |         | - Minority shareholders  |         |         |
| -----   |         |         |  | -----   |         |
| (415)   | (1,140) | (1,655) | Net cash used in<br>financing activities                                     | (5,123) | (5,853) |
| -----   |         |         |  | -----   |         |
| (20)    | 26      | 37      | Currency translation<br>differences relating to<br>cash and cash equivalents | 90      | (53)    |
| -----   |         |         |  | -----   |         |
| (149)   | (279)   | 445     | (Decrease) increase in<br>cash and cash equivalents                          | (73)    | (23)    |
| -----   |         |         |  | -----   |         |
| 1,957   | 1,569   | 1,290   | Cash and cash equivalents<br>at beginning of period                          | 1,808   | 1,831   |
| -----   |         |         |  | -----   |         |
| 1,808   | 1,290   | 1,735   | Cash and cash equivalents<br>at end of period                                | 1,735   | 1,808   |
| -----   |         |         |  | -----   |         |
|         |         |         | Analysis of working<br>capital movement                                      |         |         |
| 1,368   | (155)   | (63)    | (Increase) decrease<br>in stocks   | (1,521) | 1,490   |
| 1,202   | (345)   | (271)   | (Increase) decrease<br>in debtors  | (2,750) | 1,905   |
| (483)   | (502)   | 1,241   | Increase (decrease)<br>in creditors  | 2,855   | (2,076) |
| -----   |         |         |  | -----   |         |
| 2,087   | (1,002) | 907     | Total working<br>capital movement  | (1,416) | 1,319   |
| =====   |         |         |  | =====   |         |

Notes

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### 11. Ordinary shares

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 | Year  |            |
|---------------------------|--------------------------|---------------------------|---|------------|
| =====                     |                          |                           | 2002  | 2001       |
| (shares thousand)         |                          |                           | (Shares thousand)                                 |            |
| 22,432,077                | 22,374,747               | 22,378,651                | 22,378,651  | 22,432,077 |
|                           |                          |                           | Shares in<br>issue at period<br>end (a)           |            |
| 22,396,315                | 22,408,297               | 22,351,122                | 22,397,126  | 22,435,737 |
|                           |                          |                           | Average number<br>of shares<br>outstanding<br>(b) |            |
| -----                     |                          |                           | -----   |            |

(a) Each BP ADS represents six BP Ordinary Shares.

(b) Excludes shares held by the Employee Share Ownership Plans.

### 12. Statutory accounts

The above financial information for the year 2002 does not constitute statutory accounts. It is an extract from the 2002 Annual Accounts (except Note 10), approved by a duly appointed and authorized committee of the Board of Directors at today's Results Committee, but not yet delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified. In preparing the financial statements for the current year, the group has adopted Financial Reporting Standard No. 19 'Deferred Tax' (FRS 19). The adoption of FRS 19 has resulted in a change in accounting policy for deferred tax. Prior year figures have been restated - see Note 1 for further details. Quarterly results are unaudited.

#### Contacts

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|-----------------------|--------------------------------------|---------------------------------|--|
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<http://www.bp.com/investors>

BP p.l.c.  
Group Results  
Fourth Quarter and Full Year 2002

London 11 February 2003

## INVESTOR RELATIONS SUPPLEMENT

REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR SPECIAL ITEMS (a) AND ACQUISITION AMORTIZATION (b)

| Fourth<br>Quarter<br>2001  | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |                | Year   |        |
|----------------------------|--------------------------|---------------------------|----------------|--------|--------|
|                            |                          |                           |                | 2002   | 2001   |
| =====                      |                          |                           |                |        |        |
| \$ million                 |                          |                           |                |        |        |
| Exploration and Production |                          |                           |                |        |        |
| 682                        | 668                      | 1,011                     | UK             | 3,256  | 3,645  |
| 144                        | 213                      | 177                       | Rest of Europe | 714    | 748    |
| 840                        | 1,059                    | 1,421                     | USA            | 4,192  | 6,180  |
| 708                        | 1,110                    | 1,057                     | Rest of World  | 3,843  | 3,925  |
| -----                      |                          |                           |                |        |        |
| 2,374                      | 3,050                    | 3,666                     |                | 12,005 | 14,498 |
| -----                      |                          |                           |                |        |        |
| Gas, Power and Renewables  |                          |                           |                |        |        |
| (29)                       | (36)                     | (31)                      | UK             | (64)   | 52     |
| 64                         | 17                       | 1                         | Rest of Europe | 100    | 189    |
| 36                         | 28                       | 9                         | USA            | 25     | 229    |
| 31                         | 78                       | 93                        | Rest of World  | 323    | 18     |
| -----                      |                          |                           |                |        |        |
| 102                        | 87                       | 72                        |                | 384    | 488    |



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impairment charge in Refining and Marketing, integration and restructuring costs in Chemicals, provisions to cover future rental payments on surplus leasehold property and environmental charges in Other businesses and corporate, and a bond redemption charge.

(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 third quarter 2002 includes accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

PER SHARE AMOUNTS

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |  | Year<br>2002 | Year<br>2001 |
|---------------------------|--------------------------|---------------------------|--|--------------|--------------|
| =====                     |                          |                           |  | =====        |              |
|                           |                          |                           | Shares in issue<br>at period<br>end (thousand)             |              |              |
| 22,432,077                | 22,374,747               | 22,378,651                |  | 22,378,651   | 22,432,077   |
|                           |                          |                           | - ADS equivalent<br>(thousand)                             |              |              |
| 3,738,680                 | 3,729,125                | 3,729,775                 |  | 3,729,775    | 3,738,680    |
|                           |                          |                           | Average number<br>of shares<br>outstanding<br>(thousand) * |              |              |
| 22,396,315                | 22,408,297               | 22,351,122                |  | 22,397,126   | 22,435,737   |
|                           |                          |                           | - ADS equivalent<br>(thousand)                             |              |              |
| 3,732,719                 | 3,734,716                | 3,725,187                 |  | 3,732,854    | 3,739,290    |
| -----                     |                          |                           |  | -----        |              |

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|       |       |       |                      |       |        |
|-------|-------|-------|----------------------|-------|--------|
|       |       |       | Replacement cost     |       |        |
|       |       |       | profit after         |       |        |
|       |       |       | exceptional          |       |        |
| 694   | 2,535 | 825   | items (\$m)          | 5,741 | 8,456  |
|       |       |       | cents/ordinary       |       |        |
| 3.11  | 11.31 | 3.69  | share                | 25.62 | 37.68  |
| 0.19  | 0.68  | 0.22  | dollars/ADS          | 1.54  | 2.26   |
| ----- |       |       |                      |       |        |
|       |       |       | Replacement cost     |       |        |
|       |       |       | profit before        |       |        |
|       |       |       | exceptional          |       |        |
| 706   | 766   | 1,697 | items (\$m)          | 4,698 | 8,291  |
|       |       |       | cents/ordinary       |       |        |
| 3.17  | 3.42  | 7.58  | share                | 20.97 | 36.95  |
| 0.19  | 0.20  | 0.45  | dollars/ADS          | 1.26  | 2.22   |
| ----- |       |       |                      |       |        |
|       |       |       | Pro forma result     |       |        |
|       |       |       | adjusted for special |       |        |
| 1,771 | 2,299 | 2,635 | items (\$m)          | 8,715 | 11,559 |
| 7.91  | 10.26 | 11.78 | cents/ordinary share | 38.90 | 51.51  |
| 0.47  | 0.62  | 0.71  | dollars/ADS          | 2.33  | 3.09   |
| ----- |       |       |                      |       |        |

\* Excludes shares held by the Employee Share Ownership Plans.

ACQUISITION AMORTIZATION BY BUSINESS

| Fourth  | Third   | Fourth  | Year  |      |
|---------|---------|---------|-------|------|
| Quarter | Quarter | Quarter | 2002  | 2001 |
| 2001    | 2002    | 2002    |       |      |
| =====   |         |         | ===== |      |

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\$ million

|       |     |     | Exploration and Production     |       |       |  |
|-------|-----|-----|--------------------------------|-------|-------|--|
| 41    | 378 | 41  | UK                             | 488   | 151   |  |
| 337   | 283 | 246 | USA                            | 1,078 | 1,530 |  |
| 33    | 114 | 32  | Rest of World                  | 214   | 134   |  |
| ----- |     |     |                                |       |       |  |
| 411   | 775 | 319 |                                | 1,780 | 1,815 |  |
| ----- |     |     |                                |       |       |  |
|       |     |     | Refining and Marketing         |       |       |  |
| 99    | 106 | 107 | UK                             | 410   | 394   |  |
| 94    | 96  | 96  | USA                            | 384   | 376   |  |
| ----- |     |     |                                |       |       |  |
| 193   | 202 | 203 |                                | 794   | 770   |  |
| ----- |     |     |                                |       |       |  |
| 604   | 977 | 522 | Total acquisition amortization | 2,574 | 2,585 |  |
| ===== |     |     |                                |       |       |  |

### SPECIAL ITEMS BY BUSINESS (PRE-TAX)

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 | Year |      |
|---------------------------|--------------------------|---------------------------|------|------|
|                           |                          |                           | 2002 | 2001 |
| =====                     |                          |                           |      |      |

\$ million

|    |     |    | Exploration and Production |     |    |  |
|----|-----|----|----------------------------|-----|----|--|
| 70 | 105 | 5  | UK                         | 242 | 70 |  |
| -  | -   | -  | Rest of Europe             | -   | -  |  |
| 77 | 115 | 94 | USA                        | 279 | 77 |  |



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|                                |     |     |                |       |      |
|--------------------------------|-----|-----|----------------|-------|------|
| 175                            | 483 | -   | Rest of World  | 498   | 175  |
| -----                          |     |     |                |       |      |
| 322                            | 703 | 99  |                | 1,019 | 322  |
| -----                          |     |     |                |       |      |
| Gas, Power and Renewables      |     |     |                |       |      |
| -                              | 30  | -   | UK             | 30    | -    |
| -                              | -   | -   | Rest of Europe | -     | -    |
| -                              | -   | -   | USA            | -     | -    |
| -                              | -   | -   | Rest of World  | -     | -    |
| -----                          |     |     |                |       |      |
| -                              | 30  | -   |                | 30    | -    |
| -----                          |     |     |                |       |      |
| Refining and Marketing         |     |     |                |       |      |
| 70                             | 16  | 27  | UK             | 43    | 131  |
| 44                             | 38  | 278 | Rest of Europe | 365   | 167  |
| 63                             | 29  | 59  | USA            | (49)  | 82   |
| 36                             | -   | 56  | Rest of World  | 56    | 107  |
| -----                          |     |     |                |       |      |
| 213                            | 83  | 420 |                | 415   | 487  |
| -----                          |     |     |                |       |      |
| Chemicals                      |     |     |                |       |      |
| 89                             | -   | 21  | UK             | 43    | 89   |
| 33                             | -   | 9   | Rest of Europe | 27    | 41   |
| (16)                           | -   | 5   | USA            | 40    | (16) |
| -                              | 140 | -   | Rest of World  | 140   | -    |
| -----                          |     |     |                |       |      |
| 106                            | 140 | 35  |                | 250   | 114  |
| -----                          |     |     |                |       |      |
| Other businesses and corporate |     |     |                |       |      |
| -                              | 35  | 20  | UK             | 55    | -    |
| -                              | -   | 1   | Rest of Europe | 1     | -    |

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|       |       |     |                                     |       |       |
|-------|-------|-----|-------------------------------------|-------|-------|
| 73    | 90    | 40  | USA                                 | 130   | 73    |
| -     | -     | -   | Rest of World                       | -     | -     |
| ----- |       |     |                                     |       |       |
| 73    | 125   | 61  |                                     | 186   | 73    |
| ----- |       |     |                                     |       |       |
| 714   | 1,081 | 615 | Total special items before interest | 1,900 | 996   |
| -     | -     | 15  | Interest - bond redemption charges  | 15    | 62    |
| ----- |       |     |                                     |       |       |
| 714   | 1,081 | 630 | Total                               | 1,915 | 1,058 |
| ===== |       |     |                                     |       |       |

RECONCILIATION OF HISTORICAL COST PROFIT (LOSS)  
TO PRO FORMA RESULT ADJUSTED FOR SPECIAL ITEMS

| \$ million                   | Reported Earnings | Acquisition Amortization | pro forma result adjusted for special items |               |
|------------------------------|-------------------|--------------------------|---|---------------|
|                              |                   |                          | Special Items (a)                           | special items |
| =====                        |                   |                          |   |               |
| 3Q 2002                      |                   |                          |   |               |
| Exploration and Production   | 1,572             | 775                      | 703   | 3,050         |
| Gas, Power and Renewables    | 57                | -                        | 30  | 87            |
| Refining and Marketing       | 237               | 202                      | 83  | 522           |
| Chemicals                    | 132               | -                        | 140   | 272           |
| Other businesses & corporate | (241)             | -                        | 125   | (116)         |
| -----                        |                   |                          |   |               |
| RC operating profit          | 1,757             | 977                      | 1,081                                       | 3,815         |
| -----                        |                   |                          |   |               |

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|                  |       |   |       |         |
|------------------|-------|---|-------|---------|
| Interest expense | (300) | - | -     | (300)   |
| Taxation         | (688) | - | (525) | (1,213) |
| MSI              | (3)   | - | -     | (3)     |

-----

RC profit before

|                   |     |     |     |       |
|-------------------|-----|-----|-----|-------|
| exceptional items | 766 | 977 | 556 | 2,299 |
|-------------------|-----|-----|-----|-------|

=====

Exceptional items before tax
 1,794 |

Taxation on exceptional items
 (25) |

-----

RC profit after

    exceptional items
 2,535 |

Stock holding gains (losses)
 305 |

-----

HC profit
 2,840 |

=====

4Q 2001

|                            |       |     |     |       |
|----------------------------|-------|-----|-----|-------|
| Exploration and Production | 1,641 | 411 | 322 | 2,374 |
|----------------------------|-------|-----|-----|-------|

|                           |     |   |   |     |
|---------------------------|-----|---|---|-----|
| Gas, Power and Renewables | 102 | - | - | 102 |
|---------------------------|-----|---|---|-----|

|                        |     |     |     |     |
|------------------------|-----|-----|-----|-----|
| Refining and Marketing | 379 | 193 | 213 | 785 |
|------------------------|-----|-----|-----|-----|

|           |      |   |     |    |
|-----------|------|---|-----|----|
| Chemicals | (67) | - | 106 | 39 |
|-----------|------|---|-----|----|

|                              |       |   |    |       |
|------------------------------|-------|---|----|-------|
| Other businesses & corporate | (175) | - | 73 | (102) |
|------------------------------|-------|---|----|-------|

-----

|                     |       |     |     |       |
|---------------------|-------|-----|-----|-------|
| RC operating profit | 1,880 | 604 | 714 | 3,198 |
|---------------------|-------|-----|-----|-------|

-----

|                  |       |   |   |       |
|------------------|-------|---|---|-------|
| Interest expense | (414) | - | - | (414) |
|------------------|-------|---|---|-------|

|          |       |   |       |       |
|----------|-------|---|-------|-------|
| Taxation | (737) | - | (253) | (990) |
|----------|-------|---|-------|-------|

|     |      |   |   |      |
|-----|------|---|---|------|
| MSI | (23) | - | - | (23) |
|-----|------|---|---|------|

-----

RC profit before

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|                               |         |     |     |       |
|-------------------------------|---------|-----|-----|-------|
| exceptional items             | 706     | 604 | 461 | 1,771 |
| =====                         |         |     |     |       |
| Exceptional items before tax  | (38)    |     |     |       |
| Taxation on exceptional items | 26      |     |     |       |
|                               | -----   |     |     |       |
| RC profit after               |         |     |     |       |
| exceptional items             | 694     |     |     |       |
| Stock holding gains (losses)  | (1,297) |     |     |       |
|                               | -----   |     |     |       |
| HC profit                     | (603)   |     |     |       |
|                               | =====   |     |     |       |

(a) The special items refer to non-recurring charges and credits. The special items for the third quarter 2002 comprise impairment charges and restructuring costs for Exploration and Production; an impairment charge in Gas, Power and Renewables; integration and certain other costs in Refining and Marketing; an impairment charge in Chemicals; and a provision to cover future rental payments on surplus leasehold property in Other businesses and corporate. The special items for the fourth quarter 2001 comprise additional severance charges, mainly related to former ARCO employees, an impairment charge for our partner operated Venezuelan Lake Maracaibo operations, Castrol, Solvay and Erdolchemie integration costs, Grangemouth restructuring, and litigation costs.

RECONCILIATION OF HISTORICAL COST PROFIT (LOSS)  
TO PRO FORMA RESULT ADJUSTED FOR SPECIAL ITEMS

|          |             |         |                  |
|----------|-------------|---------|------------------|
|          |             |         | pro forma result |
|          |             |         | adjusted for     |
| Reported | Acquisition | Special | special          |

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| \$ million                    | Earnings | Amortization | Items (a) | items   |
|-------------------------------|----------|--------------|-----------|---------|
|                               | =====    |              |           |         |
| Year 2002                     |          |              |           |         |
| Exploration and Production    | 9,206    | 1,780        | 1,019     | 12,005  |
| Gas, Power and Renewables     | 354      | -            | 30        | 384     |
| Refining and Marketing        | 872      | 794          | 415       | 2,081   |
| Chemicals                     | 515      | -            | 250       | 765     |
| Other businesses & corporate  | (701)    | -            | 186       | (515)   |
|                               | -----    |              |           |         |
| RC operating profit           | 10,246   | 2,574        | 1,900     | 14,720  |
|                               | -----    |              |           |         |
| Interest expense              | (1,279)  | -            | 15        | (1,264) |
| Taxation                      | (4,217)  | -            | (456)     | (4,673) |
| MSI                           | (52)     | -            | (16)      | (68)    |
|                               | -----    |              |           |         |
| RC profit before              |          |              |           |         |
| exceptional items             | 4,698    | 2,574        | 1,443     | 8,715   |
|                               | =====    |              |           |         |
| Exceptional items before tax  | 1,168    |              |           |         |
| Taxation on exceptional items | (125)    |              |           |         |
|                               | -----    |              |           |         |
| RC profit after               |          |              |           |         |
| exceptional items             | 5,741    |              |           |         |
| Stock holding gains (losses)  | 1,104    |              |           |         |
|                               | -----    |              |           |         |
| HC profit                     | 6,845    |              |           |         |
|                               | =====    |              |           |         |
| Year 2001                     |          |              |           |         |
| Exploration and Production    | 12,361   | 1,815        | 322       | 14,498  |
| Gas, Power and Renewables     | 488      | -            | -         | 488     |

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|                               |         |       |       |         |
|-------------------------------|---------|-------|-------|---------|
| Refining and Marketing        | 3,573   | 770   | 487   | 4,830   |
| Chemicals                     | 128     | -     | 114   | 242     |
| Other businesses & corporate  | (523)   | -     | 73    | (450)   |
| -----                         |         |       |       |         |
| RC operating profit           | 16,027  | 2,585 | 996   | 19,608  |
| -----                         |         |       |       |         |
| Interest expense              | (1,670) | -     | 62    | (1,608) |
| Taxation                      | (6,005) | -     | (375) | (6,380) |
| MSI                           | (61)    | -     | -     | (61)    |
| -----                         |         |       |       |         |
| RC profit before              |         |       |       |         |
| exceptional items             | 8,291   | 2,585 | 683   | 11,559  |
| =====                         |         |       |       |         |
| Exceptional items before tax  | 535     |       |       |         |
| Taxation on exceptional items | (370)   |       |       |         |
| -----                         |         |       |       |         |
| RC profit after               |         |       |       |         |
| exceptional items             | 8,456   |       |       |         |
| Stock holding gains (losses)  | (1,900) |       |       |         |
| -----                         |         |       |       |         |
| HC profit                     | 6,556   |       |       |         |
| =====                         |         |       |       |         |

(a) The special items refer to non-recurring charges and credits. The special items for the year 2002 comprise impairment charges, an asset writedown, restructuring and litigation costs for Exploration and Production; an impairment charge in Gas, Power and Renewables; integration and restructuring costs, business interruption insurance proceeds and certain other costs in Refining and Marketing; integration costs and an impairment charge in Chemicals; a provision to cover future rental payments on surplus leasehold property and environmental charges

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in Other businesses and corporate; and a bond redemption charge.

Taxation includes a special charge for an adjustment to the North Sea deferred tax liability for the supplementary UK corporation tax as well as tax relief expected on impairments and related restructuring. The special items for the year 2001 comprise additional severance charges, mainly related to former ARCO employees, an impairment charge for our partner operated Venezuelan Lake Maracaibo operations, rationalization costs in the European downstream commercial business, Castrol, Solvay and Erdolchemie integration costs, Grangemouth restructuring, and litigation costs.

### REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR NON-CASH CHARGES AND CERTAIN OTHER ITEMS

| Fourth<br>Quarter                 | Third<br>Quarter | Fourth<br>Quarter |  | Year   |        |
|-----------------------------------|------------------|-------------------|--|--------|--------|
| 2001                              | 2002             | 2002              |  | 2002   | 2001   |
| =====                             |                  |                   |  | =====  |        |
| \$ million                        |                  |                   |  |        |        |
| Replacement cost operating profit |                  |                   |  |        |        |
| 1,880                             | 1,757            | 3,181             | (reported) (a)                               | 10,246 | 16,027 |
| 2,457                             | 3,506            | 2,515             | Depreciation and amounts provided (b)        | 10,401 | 8,858  |
| 85                                | 55               | 124               | Exploration expenditure written off          | 385    | 238    |
| Dividends from JVs and associates |                  |                   |  |        |        |
| (194)                             | (49)             | (110)             | less share of RCOP                           | (396)  | (571)  |
| (38)                              | (13)             | (11)              | Dividends paid to minority shareholders (40) |        | (54)   |

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|  |       |         |                                      |         |         |
|--|-------|---------|--------------------------------------|---------|---------|
| (34)                                   | (60)  | 27      | Adjust provisions to cash basis (c)  | (150)   | (111)   |
|  |       |         | Adjust interest and other income     |         |         |
| (14)                                   | 5     | (14)    | to cash basis (d)                    | (25)    | (90)    |
| -----                                  |       |         |                                      |         |         |
| 4,142                                  | 5,201 | 5,712   |                                      | 20,421  | 24,297  |
| (1,528)                                | (712) | (1,199) | Tax paid adjusted for certain items* | (3,390) | (4,738) |
| -----                                  |       |         |                                      |         |         |
| 2,614                                  | 4,489 | 4,513   | Adjusted RCOP after tax paid         | 17,031  | 19,559  |
| -----                                  |       |         |                                      |         |         |
| * Calculation of tax paid adjusted     |       |         |                                      |         |         |
| for certain items                      |       |         |                                      |         |         |
| (1,422)                                | (661) | (1,061) | Cash tax paid                        | (3,094) | (4,660) |
| (26)                                   | 25    | (21)    | Tax charge on exceptional items      | 125     | 370     |
| (80)                                   | (76)  | (117)   | Tax shield assumption +              | (421)   | (448)   |
| -----                                  |       |         |                                      |         |         |
| (1,528)                                | (712) | (1,199) |                                      | (3,390) | (4,738) |
| -----                                  |       |         |                                      |         |         |
| + Calculation of tax shield assumption |       |         |                                      |         |         |
| (229)                                  | (218) | (335)   | Interest paid                        | (1,204) | (1,282) |
| 35%                                    | 35%   | 35%     | Tax rate assumption (e)              | 35%     | 35%     |
| -----                                  |       |         |                                      |         |         |
| (80)                                   | (76)  | (117)   |                                      | (421)   | (448)   |
| -----                                  |       |         |                                      |         |         |

(a) Total replacement cost operating profit is before exceptional items, stock holding gains and losses and interest expense.

(b) Includes depreciation and amortization relating to the fixed asset revaluation adjustment and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

(c) Calculated as the net of charge for provisions and utilization of



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provisions.

(d) Calculated as interest and other income, less interest received and dividends received from the group cash flow statement.

(e) Deemed tax rate for tax shield adjustment is equal to the US statutory tax rate.

### RETURN ON AVERAGE CAPITAL EMPLOYED

| Fourth<br>Quarter<br>2001 | Third<br>Quarter<br>2002 | Fourth<br>Quarter<br>2002 |                                    | Year   |        |
|---------------------------|--------------------------|---------------------------|------------------------------------|--------|--------|
|                           |                          |                           |                                    | 2002   | 2001   |
| =====                     |                          |                           |                                    | =====  |        |
| \$ million                |                          |                           |                                    |        |        |
| Replacement cost basis    |                          |                           |                                    |        |        |
| 706                       | 766                      | 1,697                     | RC profit before exceptional items | 4,698  | 8,291  |
| 181                       | 145                      | 140                       | Interest +                         | 602    | 798    |
| 23                        | 3                        | 6                         | Minority shareholders' interest    | 52     | 61     |
| -----                     |                          |                           |                                    | -----  |        |
| 910                       | 914                      | 1,843                     | Adjusted RC profit                 | 5,352  | 9,150  |
| =====                     |                          |                           |                                    | =====  |        |
| 87,791                    | 90,507                   | 91,767                    | Average capital employed           | 89,616 | 87,259 |
| 4.1%                      | 4.0%                     | 8.0%                      | ROACE - replacement cost basis     | 6.0%   | 10.5%  |
| -----                     |                          |                           |                                    | -----  |        |
| Pro forma basis           |                          |                           |                                    |        |        |
| 910                       | 914                      | 1,843                     | Adjusted RC profit                 | 5,352  | 9,150  |
| 604                       | 977                      | 522                       | Acquisition amortization           | 2,574  | 2,585  |
| 461                       | 556                      | 406                       | Special items (post-tax)           | 1,449  | 643    |

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|        |        |        |                                 |        |        |
|--------|--------|--------|---------------------------------|--------|--------|
| 87,791 | 90,507 | 91,767 | Average capital employed        | 89,616 | 87,259 |
|        |        |        | Average capital employed        |        |        |
| 19,647 | 17,581 | 16,903 | acquisition adjustment          | 17,777 | 20,739 |
| -----  |        |        |                                 |        |        |
|        |        |        | Average capital employed        |        |        |
| 68,144 | 72,926 | 74,864 | (pro forma basis)               | 71,839 | 66,520 |
|        |        |        | ROACE - Pro forma basis         |        |        |
| 11.6%  | 13.4%  | 14.8%  | adjusted for special items      | 13.0%  | 18.6%  |
| -----  |        |        |                                 |        |        |
|        |        |        | Historical cost basis           |        |        |
|        |        |        | Historical cost profit (loss)   |        |        |
| (603)  | 2,840  | 651    | after exceptional items         | 6,845  | 6,556  |
| 181    | 145    | 140    | Interest +                      | 602    | 798    |
| 23     | 3      | 6      | Minority shareholders' interest | 77     | 61     |
| -----  |        |        |                                 |        |        |
| (399)  | 2,988  | 797    | Adjusted historical cost profit | 7,524  | 7,415  |
| =====  |        |        |                                 |        |        |
| 87,791 | 90,507 | 91,767 | Average capital employed        | 89,616 | 87,259 |
| (1.8)% | 13.2%  | 3.5%   | ROACE                           | 8.4%   | 8.5%   |

+ Excludes interest on joint venture and associated undertakings debt as well as unwinding of discount on provisions and effect of change in discount rate on provisions, and is on a post-tax basis, using a deemed tax rate equal to the US statutory tax rate.

NET DEBT RATIO - NET DEBT: NET DEBT + EQUITY

| Fourth<br>Quarter | Third<br>Quarter | Fourth<br>Quarter |  | Year |      |
|-------------------|------------------|-------------------|--|------|------|
|                   |                  |                   |  |      |      |
| 2001              | 2002             | 2002              |  | 2002 | 2001 |

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|        |        |        |                                    |        |        |  |
|--------|--------|--------|------------------------------------|--------|--------|--|
| =====  |        |        |                                    | =====  |        |  |
|        |        |        | \$ million                         |        |        |  |
| 21,417 | 22,276 | 22,008 | Gross debt                         | 22,008 | 21,417 |  |
| 1,808  | 1,290  | 1,735  | Cash and current asset investments | 1,735  | 1,808  |  |
| -----  |        |        |                                    | -----  |        |  |
| 19,609 | 20,986 | 20,273 | Net debt                           | 20,273 | 19,609 |  |
| =====  |        |        |                                    | =====  |        |  |
| 65,759 | 69,203 | 70,047 | Equity                             | 70,047 | 65,759 |  |
| 23%    | 23%    | 22%    | Net debt ratio                     | 22%    | 23%    |  |
| -----  |        |        |                                    | -----  |        |  |
| 18,882 | 17,134 | 16,672 | Acquisition adjustment             | 16,672 | 18,882 |  |
| -----  |        |        |                                    | -----  |        |  |
| 29%    | 29%    | 28%    | Net debt ratio - pro forma basis   | 28%    | 29%    |  |
| =====  |        |        |                                    | =====  |        |  |

END

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BP p.l.c.  
(Registrant)

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Dated: 11 February, 2003

/s/ D. J. PEARL

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D. J. PEARL

Deputy Company Secretary