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BP PLC
Form 6-K
February 08, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

for the period ended 8 February 2005

BP p.l.c.
(Translation of registrant's name into English)

1 ST JAMES'S SQUARE, LONDON, SW1Y 4PD, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F	<input checked="" type="checkbox"/>	Form 40-F
_____		_____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes	<input checked="" type="checkbox"/>
_____	_____

BP p.l.c.
Group Results
4th Quarter and Full Year 2004

London 8 February 2005

FOR IMMEDIATE RELEASE

RECORD ANNUAL RESULT AND STRONG CASH FLOW
FOURTH QUARTERLY DIVIDEND INCREASED 26% ON A YEAR AGO

Fourth Third Fourth

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Quarter 2003	Quarter 2004	Quarter 2004	\$ million	Year 2004	Year 2003	%
=====				=====		
			Replacement cost profit			
2,250	3,456	3,028	for the period (a)	14,088	10,466	
637	481	618	Acquisition amortization(b)	2,120	2,392	
-----				-----		
2,887	3,937	3,646	Pro forma result	16,208	12,858	26
=====				=====		
13.07	18.17	16.89	- per ordinary share (cents)	74.27	57.99	28
0.78	1.09	1.02	- per ADS (dollars)	4.46	3.48	
7.68	9.99	9.05	- per ordinary share (pence)	40.58	35.58	14
=====				=====		
6.75	7.10	8.50	Dividend per share (cents)	29.45	26.00	13
0.41	0.43	0.51	Dividend per ADS (dollars)	1.77	1.56	
3.674	3.910	4.522	Dividend per share (pence)	16.099	15.517	4
=====				=====		

- o BP's fourth quarter pro forma result was \$3,646 million, compared with \$2,887 million a year ago, an increase of 26%. For the year, the result was \$16,208 million compared with \$12,858 million, up 26%. Replacement cost profit for the fourth quarter and year was \$3,028 million and \$14,088 million respectively, compared with \$2,250 million and \$10,466 million a year ago.
- o The fourth quarter result includes net exceptional and non-operating charges of \$1,127 million compared with a net gain of \$204 million in the fourth quarter of 2003.
- o The fourth quarter trading environment was stronger than a year ago, with higher oil and gas realizations and higher refining, marketing and chemicals margins.
- o Net cash outflow for the quarter was \$1.0 billion and net cash inflow for the year was \$6.0 billion, compared with an outflow of \$1.8 billion and an inflow of \$1.4 billion a year ago. Net cash inflow from operating activities for the quarter and year was \$7.0 billion and \$28.6 billion respectively, compared with \$3.5 billion and \$21.7 billion a year ago. Strong annual cash flow has enabled significant share buy-backs.
- o The pro forma ratio of net debt to net debt plus equity was 24% at the end of the quarter.
- o Return on average capital employed for the quarter and year respectively, on a pro forma basis, was 17.4% and 19.6%, compared with 15.5% and 17.8% a year ago. The cash return for the quarter was 39% compared with 28% a year ago, and for the year was 35% compared with 31% a year ago.
- o The quarterly dividend is 8.50 cents per share (\$0.51 per ADS). This compares with 6.75 cents per share a year ago. For the year the dividend showed an increase of 13%. In sterling terms, the quarterly dividend is 4.522 pence per share compared with 3.674 pence a year ago; for the year the dividend showed an increase of 4%. During the year, the company repurchased for cancellation 827 million of its own shares, at a cost of \$7.5 billion.

BP Group Chief Executive, Lord Browne, said:

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"Against the backdrop of strong oil demand, we have had a very successful year both operationally and financially. Our strong cash flow is now reflecting the results of our significant investment programme over the past few years and improvements in underlying performance in line with strategy. As a result of the strong cash flow we have been able to continue to invest for the future of the company, we have made significant share buybacks and we have consistently increased the dividend. In addition, our confidence in the future has enabled us to make the step change in the dividend announced today."

The pro forma result 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 BP's performance against that of its competitors. BP will discontinue pro forma reporting at the time it adopts International Financial Reporting Standards with effect from the first quarter of 2005.

- (a) Replacement cost profit for the period includes the net profit or loss on the sale of fixed assets and businesses or termination of operations. It also includes non-operating items identified by the group, primarily asset write-downs/impairment, environmental and other provisions and restructuring, integration and rationalization costs. These items do not meet the criteria to be classified as operating exceptional items.
- (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 results for 2003 and 2004 include accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

Summary Fourth Quarter Results

Exploration and Production's record fourth quarter result was up 68% on a year ago reflecting higher liquids and gas realizations and increased volumes, partly offset by the impact of the weaker US dollar and higher costs.

The Refining and Marketing result was a record \$1,799 million, an increase of \$1,268 million compared with a year ago. This was driven primarily by significantly higher refining margins, higher marketing margins and an exceptional gain, offset partly by charges related primarily to a review of carrying values of fixed and current marketing assets.

The Petrochemicals result reflects exceptional and non-operating charges, higher fixed costs and adverse foreign exchange impacts, offset partially by higher margins and volumes.

In Gas, Power and Renewables, the improved result reflects a higher marketing and trading result, a higher contribution from the natural gas liquids and solar businesses and an exceptional gain.

Interest and other finance expense for the quarter was \$315 million compared with \$235 million for the prior quarter. The increase relates primarily to an increase in debt, higher interest rates and a revaluation of environmental and other provisions at a lower discount rate.

The pro forma effective tax rate on replacement cost profit was 36.6%.

Capital expenditure, excluding acquisitions, was \$4.6 billion for the quarter. Total capital expenditure and acquisitions was \$6.1 billion including the acquisition of Solvay's interests in BP Solvay Polyethylene Europe and BP Solvay Polyethylene North America. Disposal proceeds for the quarter were \$1 billion.

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Net debt at the end of the quarter was \$21.6 billion. The pro forma ratio of net debt to net debt plus equity was 24% at the end of the year compared with 22% at the end of the third quarter.

During the fourth quarter, the company repurchased for cancellation 206 million of its own shares, at a cost of \$2 billion.

The commentaries above and following are based on the pro forma replacement cost results.

TNK-BP operational and financial information has been estimated.

BP Solvay ventures were consolidated with effect from 2 November 2004.

The financial information for 2003 has been restated to reflect (a) the transfer of natural gas liquids (NGLs) operations from the Exploration and Production segment to Gas, Power and Renewables on 1 January 2004; (b) the adoption by the group of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) with effect from 1 January 2004; and (c) the adoption by the group of Urgent Issues Task Force Abstract No. 38 'Accounting for ESOP Trusts' with effect from 1 January 2004. For further information see Note 1.

Exceptional and Non-Operating Items

	4Q 2004	
\$ million	Exceptional Items	Non-Operating Items and UPIS (a)
Exploration and Production	32	(52)
Refining and Marketing	58	-
Petrochemicals	(377)	(1,149)
Gas, Power and Renewables	40	-
Other businesses and corporate	(26)	(29)
	(273)	(1,230)
Taxation	130	246 (b) (c)
	(143)	(984)

- (a) Charges for environmental and other provisions have been classified as non-operating items in 2004 and prior periods restated to conform with this treatment.
- (b) The Petrochemicals non-operating items, primarily impairment charges, attract tax relief at a lower rate than described in note (c) below
- (c) Tax on other non-operating items and Unrealized Profit in Stock (UPIS) is calculated using the pro forma effective tax rate on replacement cost profit, excluding exceptional items, of 34.3%.

Reconciliation of Reported Results to Pro Forma Results

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Pro Forma Result					----- 4Q 2004 -----	Pro Forma Result	
-----						-----	
4Q 2003	3Q 2004	4Q 2004	Acq. Amort+	Reported Earnings*	\$ million	Year	
=====						2004	2003
=====						=====	
3,274	5,144	5,489	396	5,093	Exploration and Production	19,759	16,232
531	1,301	1,799	222	1,577	Refining and Marketing	5,603	3,144
41	188	(1,271)	-	(1,271)	Petrochemicals	(900)	568
86	130	399	-	399	Gas, Power and Renewables	943	570
465	(424)	(227)	-	(227)	Other businesses and corporate	314	(184)
-----						-----	
4,397	6,339	6,189	618	5,571	RC profit before interest and tax	25,719	20,330
-----						-----	
(312)	(235)	(315)	-	(315)	Interest and Other finance expense	(999)	(1,191)
(1,157)	(2,109)	(2,152)	-	(2,152)	Taxation	(8,282)	(6,111)
(41)	(58)	(76)	-	(76)	MSI	(230)	(170)
-----						-----	
2,887	3,937	3,646	618	3,028	RC profit	16,208	12,858
-----						-----	
					(494)	Stock holding gains (losses)	

					2,534	HC profit	
					=====		

* Replacement cost profit for the period includes the net profit or loss on the sale of fixed assets and businesses or termination of operations. It also includes non-operating items identified by the group, primarily asset write-downs/impairment, environmental and other provisions and restructuring, integration and rationalization costs. These items do not meet the criteria to be classified as operating exceptional items.

+ Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The results for 2003 and 2004 include accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

Operating Results and Per Share Amounts

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	Year	
=====			2004	2003
=====			=====	
3,760	5,858	5,571	23,599	17,938
-----			-----	
			Replacement cost Profit before interest and tax (\$m)	
			Results for the period (\$m)	

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2,887	3,937	3,646	Pro forma result	16,208	12,858
2,250	3,456	3,028	Replacement cost profit	14,088	10,466
2,334	4,483	2,534	Historical cost profit	15,731	10,482

22,122,610	21,713,966	21,525,978	Shares in issue at period end (thousand) - ADS equivalent (thousand)	21,525,978	22,122,610
3,687,102	3,618,994	3,587,663	Average number of shares outstanding (thousand) - ADS equivalent (thousand)	3,587,663	3,687,102
22,103,542	21,683,963	21,607,872		21,820,535	22,170,741
3,683,924	3,613,994	3,601,312		3,636,756	3,695,124

Per ordinary share (cents)					
13.07	18.17	16.89	Pro forma result	74.27	57.99
10.18	15.96	14.03	RC profit for the period	64.55	47.20
10.56	20.67	11.80	HC profit for the period	72.08	47.27

Per ADS (cents)					
78.42	109.02	101.34	Pro forma result	445.62	347.94
61.08	95.76	84.18	RC profit for the period	387.30	283.20
63.36	124.02	70.80	HC profit for the period	432.48	283.62

Exploration and Production

4Q 2003	3Q 2004	4Q 2004	\$ million	Year	
=====				2004	2003
2,848	4,883	5,093	Replacement cost profit before interest and tax	18,520	14,666
426	261	396	Acquisition amortization	1,239	1,566

3,274	5,144	5,489	Pro forma replacement cost result before interest and tax	19,759	16,232
=====					
Results include:					
(308)	(7)	(117)	Asset write-downs/impairment	(407)	(357)
-	-	-	Environmental and other provisions	-	-
(15)	-	-	Restructuring, integration and rationalization costs	-	(117)
-	(35)	8	Other	(27)	-
(57)	(95)	57	Unrealized profit in stock (UPIS)	(191)	(61)

(380)	(137)	(52)	Total non-operating items and UPIS	(625)	(535)
(49)	23	32	Exceptional items	152	913
=====					
(429)	(114)	(20)	Total non-operating items, UPIS and exceptional items	(473)	378
=====					

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193	135	258	Exploration expense	637	542
			Of which:		
129	34	151	Exploration expenditure written off	274	297

Production (Net of Royalties)					
2,248	2,298	2,396	Crude oil (mb/d)	2,340	1,911
206	181	197	Natural gas liquids (mb/d)	191	210
2,454	2,479	2,593	Total liquids (mb/d) (a)	2,531	2,121
8,600	8,275	8,714	Natural gas (mmcf/d)	8,503	8,613
3,936	3,906	4,095	Total hydrocarbons (mboe/d) (b)	3,997	3,606
=====					
Average realizations					
28.18	39.43	41.01	Crude oil (\$/bbl)	36.45	28.23
20.15	28.77	31.20	Natural gas liquids (\$/bbl)	26.75	19.26
27.30	38.29	39.88	Total liquids (\$/bbl)	35.39	27.25
3.18	3.66	4.28	Natural gas (\$/mcf)	3.86	3.39
23.15	30.08	32.64	Total hydrocarbons (\$/bbl)	29.20	23.69
=====					
Average oil marker prices					
(\$/bbl)					
29.43	41.54	43.85	Brent	38.27	28.83
31.15	43.88	48.29	West Texas Intermediate	41.49	31.06
29.43	41.82	42.62	Alaska North Slope US West Coast	38.96	29.59
=====					
Average natural gas marker prices					
4.58	5.75	7.07	Henry Hub gas price (\$/mmbtu) (c)	6.13	5.37
UK Gas - National					
27.30	23.63	28.51	Balancing Point (p/therm)	24.39	20.28
=====					

(a) Crude oil and natural gas liquids.

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

(c) Henry Hub First of the Month Index.

Exploration and Production

The pro forma replacement cost result before interest and tax for the fourth quarter was \$5,489 million, a record result, up 68% from the fourth quarter of 2003. The primary drivers for the change are the higher realizations in both liquids and gas and increased volumes partly offset by the impact of the weaker US dollar and higher costs. This quarter benefited from an exceptional gain of \$32 million. The corresponding quarter in 2003 contained exceptional losses of \$49 million.

Included in the results for the quarter was a net non-operating charge totalling \$109 million. This charge primarily results from impairments of fields in the deepwater Gulf of Mexico and US Onshore.

The fourth quarter result also includes a credit of \$57 million, reflecting a decrease in the provision for Unrealized Profit in Stock (UPIS), which removes the upstream margin from downstream inventories. This compares with a charge of \$57 million in the equivalent quarter of last year.

The full year result of \$19,759 million is a record, up \$3,527 million on a year ago, reflecting the higher realizations combined with increased volumes.

Production for the quarter was up over 4% to 4,095 mboe/d compared with a year ago. This reflects the continuing ramp-up of production in the New Profit

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Centres and increased volumes from TNK-BP. This is partly offset by decline in our Existing Profit Centres. Total production for the year was 3,997 mboe/d, an increase of more than 10% over the prior year. Our expectation for 2005, based on our \$20/bbl planning basis, is that production will be between 4.1 and 4.2 million barrels of oil equivalent per day before any acquisitions or divestments.

Projects in the New Profit Centres remain on track. In the Gulf of Mexico, the Holstein and Mad Dog projects achieved first production in December 2004 and January 2005 respectively. In Indonesia, we approved our share of the investment in the Tangguh gas project and in Angola we approved the Rosa project. In Azerbaijan, construction of the Azeri project and the BTC pipeline is on track.

In the UK, construction of the Clair platform has been completed and the project is on track to commence production in the first quarter of 2005.

In the fourth quarter we had further exploration success in Trinidad with the Chachalaca well.

BP's proved reserve replacement ratio, on a UK GAAP/SORP basis, was 106% in respect of subsidiaries, 118% for equity-accounted entities and 110% on a combined basis. The proved reserve replacement has exceeded production for the twelfth consecutive year.

BP has also calculated its reserve replacement ratio on a US GAAP/SEC basis which requires the use of year-end prices. On this basis, the proved reserve replacement ratio for subsidiaries was 78%, for equity-accounted entities was 114% and was 89% on a combined basis. The lower US GAAP/SEC replacement ratio for subsidiaries was primarily a result of the impact of higher 2004 year-end prices versus our planning prices on reserves in production sharing contracts (PSCs). In fields subject to PSCs our reserves entitlement is based on volumes required to recover agreed costs and an agreed percentage of the remaining volumes. Applying higher year end prices to reserves in PSCs has the effect of decreasing the volume required to recover the agreed costs. These effects considerably outweigh any increases in tax and royalty regimes arising from fields having a longer economic life.

All our proved reserve replacement ratios represent bookings through discoveries, extensions, revisions and improved recovery and exclude the impact of acquisitions and divestments.

During the quarter we completed our divestments of certain properties in the Gulf of Mexico and the North Sea and in Australia we sold 5.3% of our reserves in the North West Shelf to the China National Offshore Oil Company, resulting in total exceptional gains in the quarter of \$32 million.

Customer Facing Segments Refining and Marketing

4Q 2003	3Q 2004	4Q 2004	\$ million	Year	
				2004	2003
=====				=====	
			Replacement cost profit		
320	1,081	1,577	before interest and tax	4,722	2,318
211	220	222	Acquisition amortization	881	826
-----				-----	
			Pro forma replacement cost result		
531	1,301	1,799	before interest and tax	5,603	3,144
=====				=====	

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			Results include:		
-	-	-	Asset write-downs/impairment	-	-
-	(206)	-	Environmental and other provisions	(206)	(369)
(156)	-	-	Restructuring, integration and		
10	-	-	rationalization costs	-	(287)
			Other	-	10

(146)	(206)	-	Total non-operating items	(206)	(646)
(91)	(17)	58	Exceptional items	(117)	(213)
=====					
(237)	(223)	58	Total non-operating and exceptional items	(323)	(859)
=====					
			Refinery throughputs (mb/d)		
389	410	420	UK	407	397
873	882	781	Rest of Europe	854	932
1,374	1,417	1,436	USA	1,373	1,386
378	296	296	Rest of World	342	382

3,014	3,005	2,933	Total throughput	2,976	3,097
=====					
94.9	94.9	96.6	Refining availability	95.4	95.5
=====					
			Oil sales volumes (kb/d)		
			Refined products		
257	334	335	UK	322	271
1,290	1,406	1,363	Rest of Europe	1,360	1,311
1,761	1,696	1,664	USA	1,682	1,767
658	621	627	Rest of World	638	620

3,966	4,057	3,989	Total marketing sales	4,002	3,969
2,609	2,627	2,194	Trading/supply sales	2,396	2,719

6,575	6,684	6,183	Total refined product sales	6,398	6,688
3,985	3,679	3,731	Crude oil	3,808	3,837

10,560	10,363	9,914	Total oil sales	10,206	10,525
=====					
			Global Indicator Refining Margin(a)		
			(\$/bbl)		
2.21	4.37	4.72	NWE	4.28	2.62
3.53	6.99	5.52	USGC	7.15	4.71
2.89	5.01	1.65	Midwest	5.08	4.54
6.09	11.28	10.36	USWC	11.27	7.06
2.20	5.48	8.02	Singapore	4.94	1.77
3.14	6.20	5.60	BP Average	6.08	3.88
=====					

(a) The Global Indicator Refining Margin (GIM) is the average of six regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The regional indicator margins may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate.

Customer Facing Segments Refining and Marketing

The pro forma replacement cost results before interest and tax for the fourth quarter and the year were records of \$1,799 million and \$5,603 million

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respectively, compared with \$531 million and \$3,144 million respectively for the equivalent periods in 2003.

The improvement in the fourth quarter compared with a year ago was driven primarily by significantly higher refining margins, higher marketing margins and an exceptional gain in the quarter compared with net non-operating and exceptional charges in the equivalent quarter of 2003. The improvement was offset partly by charges of \$310 million, related primarily to a review of carrying values of fixed and current marketing assets (this is not classified as a non-operating item). The year-on-year increase in BP's realized refining margins in the quarter was higher than that suggested by the increase in the Global Indicator Margin due to the combination of wider light/heavy spreads, higher clean fuels premia, locational advantages and greater supply optimization benefits. Marketing margins were stronger than in the equivalent period in 2003 assisted by the fall in crude and product prices late in the quarter. The exceptional gain related primarily to the Cushing to Chicago Pipeline disposal in the US.

The improvement in the result for the year compared with a year ago was attributable to stronger refining margins due to the factors outlined above and lower net non-operating and exceptional charges of \$323 million compared with \$859 million a year ago. The improvement was offset by significantly lower marketing margins, despite the improvement in the fourth quarter, the impact of the weaker US dollar and the charges in 2004 related primarily to a review of carrying values of fixed and current marketing assets.

Refining throughputs for the quarter were 2,933 mb/d, some 81 mb/d lower than in the fourth quarter of 2003, due principally to the disposal of BP's interests in the Singapore Refining Company Private Limited and the closure of refining operations at the ATAS Refinery in Mersin, south eastern Turkey earlier in 2004. The quarter's refining availability was 96.6%. Marketing sales in the fourth quarter were 3,989 kb/d, a similar level to the equivalent quarter a year ago.

During the quarter BP China and Sinopec announced the establishment of the BP-Sinopec (Zhejiang) Petroleum Co., Ltd, a retail joint venture between BP and Sinopec, to build, operate and manage a network of 500 service stations in Hangzhou, Ningbo and Shaoxing. Also during the quarter BP China and PetroChina announced the establishment of BP-PetroChina Petroleum Company Limited, to acquire, build, operate and manage 500 service stations in the province. BP continued its strategic progress in the development of premium offers. This included the opening of 101 new format Connect stores by the end of the quarter, bringing the total worldwide to 576. The group also continued its roll-out of new generation Ultimate gasoline and diesel fuels, now available in the UK, Germany, Austria, Spain, Portugal, Greece, France, Poland, Australia and the US.

From 1 January 2005, the Aromatics and Acetyls business will be included in the segment and the Lavera and Grangemouth refineries will be included in the Olefins and Derivatives business, which will be reported as part of Other businesses and corporate.

Customer Facing Segments Petrochemicals

4Q 2003	3Q 2004	4Q 2004	\$ million	Year 2004	Year 2003
=====				=====	
			Replacement cost profit		
41	188	(1,271)	before interest and tax	(900)	568
-	-	-	Acquisition amortization	-	-

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			Pro forma replacement cost result		
41	188	(1,271)	before interest and tax	(900)	568
=====					
			Results include:		
-	-	(1,110)	Asset write-downs/impairment	(1,110)	-
-	(58)	-	Environmental and other provisions	(58)	(20)
			Restructuring, integration and		
-	-	(39)	rationalization costs	(39)	5
-	-	-	Other	-	(36)

-	(58)	(1,149)	Total non-operating items	(1,207)	(51)
16	(38)	(377)	Exceptional items	(563)	38
=====					
			Total non-operating and		
16	(96)	(1,526)	exceptional items	(1,770)	(13)
=====					
109	138	166	(b) Chemicals Indicator Margin (a) (\$/te)	140 (b)	112
=====					
			Petrochemicals production (kte)		
832	728	904	UK	3,328	3,186
2,790	2,724	2,812	Rest of Europe	10,990	10,958
2,398	2,600	2,547	USA	10,204	9,797
1,133	1,097	1,101	Rest of World	4,405	4,002

7,153	7,149	7,364	Total production	28,927	27,943
=====					

(a) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Nexant in their quarterly market analyses, then weighted based on BP's product portfolio. It does not cover our entire portfolio of products, and consequently is only indicative of the margins achieved by BP in any particular period.

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

Petrochemicals' pro forma replacement cost results before interest and tax for the fourth quarter and year were a loss of \$1,271 million and \$900 million respectively, down by \$1,312 million and \$1,468 million respectively compared with the equivalent periods a year ago. The decreases were due to exceptional charges reflecting business exits and the closure of facilities, and non-operating charges in respect of asset impairments, together with higher fixed costs and adverse foreign exchange impacts. Partially offsetting these impacts were higher margins and volumes. The fourth quarter result was \$1,459 million lower than the third quarter due to higher exceptional and non-operating charges, higher fixed costs, including a number of non-routine charges, and adverse foreign exchange impacts, offset partially by higher margins and volumes.

Production for the fourth quarter and the year was a record, at 7,364 thousand tonnes and 28,927 thousand tonnes respectively, an increase of 3% and 4% respectively. Improved production was due to higher asset utilization and increased Asian PTA capacity during the year, with additional High Density Polyethylene capacity in the fourth quarter from the acquisition of the BP Solvay ventures.

During the quarter we have continued to implement plans to consolidate the Olefins and Derivatives business into a separate entity to operate as a stand-alone business within the BP Group and have announced that Grangemouth and

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Lavera refineries will be included in that entity. We have completed the acquisition of Solvay's interests in the BP Solvay High Density Polyethylene ventures and have reached agreement in principle with Nova Chemicals Corporation to combine our respective European Styrene Polymer interests within a joint venture. As part of restructuring efforts we also announced the closure of plants at Pasadena in Texas, and at Grangemouth and Hull in the UK.

			Customer Facing Segments Gas, Power and Renewables		
4Q 2003	3Q 2004	4Q 2004	\$ million	Year 2004 2003	
=====				=====	
86	130	399	Replacement cost profit before interest and tax	943	570
-	-	-	Acquisition amortization	-	-
-----				-----	
86	130	399	Pro forma replacement cost result before interest and tax	943	570
=====				=====	
Results include:					
-	-	-	Asset write-downs/impairment	-	-
-	-	-	Environmental and other provisions	-	-
-	-	-	Restructuring, integration and rationalization costs	-	-
-	-	-	Other	-	-
-----				-----	
-	-	-	Total non-operating items	-	-
(10)	16	40	Exceptional items	56	(6)
=====				=====	
(10)	16	40	Total non-operating and exceptional items	56	(6)
=====				=====	
Gas sales volumes (mmcf/d)					
5,956	4,463	3,456	UK	4,679	6,801
511	485	449	Rest of Europe	411	441
12,121	13,585	13,852	USA	13,384	11,528
13,138	13,250	13,659	Rest of World	13,216	11,669
-----				-----	
31,726	31,783	31,416	Total gas sales volumes	31,690	30,439
=====				=====	
NGL sales volumes (mb/d)					
2	9	11	UK	8	3
-	7	12	Rest of Europe	6	-
400	358	421	USA	393	329
234	161	240	Rest of World	203	205
-----				-----	
636	535	684	Total NGL sales volumes	610	537
=====				=====	

The pro forma replacement cost result before interest and tax for the fourth quarter was \$399 million compared with \$86 million a year ago. The improved result is due to a higher marketing and trading result, a higher contribution from the natural gas liquids and solar businesses and an exceptional gain from the disposal of BP's interest in an NGL plant in Canada.

The result for the year was \$943 million compared with \$570 million a year ago. The improvement is due principally to a higher contribution from the natural gas

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liquids and solar businesses and exceptional gains from the disposals of BP's interests in two NGL plants in Canada.

Other Businesses and Corporate

4Q 2003	3Q 2004	4Q 2004	\$ million	Year	
				2004	2003
=====				=====	
			Replacement cost profit (loss)		
465	(424)	(227)	before interest and tax	314	(184)
-	-	-	Acquisition amortization	-	-
-----				-----	
465	(424)	(227)	Pro forma replacement cost result	314	(184)
=====				=====	
			Results include:		
-	-	(12)	Asset write-downs/impairment	(12)	-
(81)	(225)	-	Environmental and other provisions	(225)	(193)
-	(19)	(83)	Restructuring, integration and		
			rationalization costs	(102)	-
585	-	66	Other	66	585
-----				-----	
504	(244)	(29)	Total non-operating items	(273)	392
119	1	(26)	Exceptional items	1,287	99
=====				=====	
623	(243)	(55)	Total non-operating	1,014	491
=====			and exceptional items	=====	

Other businesses and corporate comprises Finance, the group's coal asset (divested in October 2003), the group's aluminium asset, its investments in PetroChina and Sinopec (divested in January 2004), interest income and costs relating to corporate activities. The fourth quarter result includes a net charge of \$55 million for non-operating charges and exceptional losses. This primarily comprises a charge in respect of the separation of the Olefins and Derivatives business partially offset by a credit primarily resulting from the reversal of vacant space provisions in the UK and the US. In the first quarter, BP sold its interest in PetroChina for \$1.65 billion and its interest in Sinopec for \$0.7 billion. These interests were previously included in Other businesses and corporate.

Dividends

4Q 2003	3Q 2004	4Q 2004		Year	
				2004	2003
=====				=====	
			Dividends per ordinary share		
6.75	7.10	8.50	cents	29.45	26.00
3.674	3.910	4.522	pence	16.099	15.517
-----				-----	
40.5	42.6	51.0	Dividends per ADS (cents)	176.70	156.0
-----				-----	

BP today announced a fourth quarterly dividend for 2004 of 8.50 cents per

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ordinary share. Holders of ordinary shares will receive 4.522 pence per share and holders of American Depositary Receipts (ADRs) \$0.51 per ADS share. The dividend is payable on 14 March to shareholders on the register on 18 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 14 March. The first quarter 2005 results and dividend will be announced on 26 April 2005.

Outlook

BP Group Chief Executive, Lord Browne, concluded:

"World economic growth was sustained into the fourth quarter of 2004, completing a year of strong growth. The current outlook is for a moderation of global growth towards trend rates through 2005.

"Oil prices averaged a record high \$43.85 per barrel (Dated Brent) in the fourth quarter, more than \$2 per barrel higher than in the third quarter. The price peaked at over \$52 per barrel in the second half of October in face of the production disruptions caused by Hurricane Ivan. The Dated Brent price has averaged over \$44 per barrel during 2005 to date. However, despite a counter seasonal rise in inventories, prices are expected to remain supported at historically high levels by ongoing supply concerns and OPEC's decision to reduce above quota production from the start of January.

"US natural gas prices averaged a record \$7.07/mmbtu (Henry Hub first of month index) in the fourth quarter, up by over \$1/mmbtu versus the third quarter. Working gas inventories remain above year-earlier and 5-year average levels but the futures market continues to signal a supply-constrained market. The 12-month futures strip (NYMEX Henry Hub) is trading currently (4 February 2005) at just above \$6.50/mmbtu, above imputed fuel oil parity.

"Refining margins slipped 60c/bbl versus the third quarter to \$5.60/bbl but were still the highest fourth quarter margins for at least 15 years. Margins moderated further in early 2005, particularly for sweet crude refiners, but global average margins remain healthy by historic standards. Retail margins began the fourth quarter under pressure but improved as crude prices retreated. However, with oil prices rising again, retail margins have weakened early in the new year. Robust product demand, however, is likely to underpin both refining and retail margins in the near term. In Petrochemicals, industry utilization rates rose during the quarter, reflecting an improvement in overall market conditions. As a consequence, both sales volumes and margins strengthened for most products but notably for the paraxylene and olefins businesses. We expect a continuation of this effect in the near term.

"Our strategy is unchanged and our operations are on track with the plans laid out last year. We continue to focus on positioning the company for the future and on post tax cash flow, and shareholder distributions in the form of dividends and share buybacks. Capital expenditure, excluding acquisitions, for the year was \$14.4 billion. 2005 capital expenditure is expected to be around \$14 billion, in line with the guidance given with our third quarter results.

"We aim to continue with our distribution policy of a growing dividend and using excess cash flow to fund share buybacks. Total distributions in 2004 were \$13.7 billion, and the number of shares outstanding was reduced by 3%. BP's financial condition is very healthy with gearing at 24%, at the bottom of the target range. I believe all of this gives us a strong base for a sustainable future."

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The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding BP's asset portfolio and changes in it, capital expenditure, costs, demand, divestments, dividends, future performance, growth and other trend projections, impact of foreign exchange rates, maintenance, margins, petrochemicals sales volumes, prices, production, share buybacks, supply and the timing of projects and pending transactions. By their nature, forward looking statements involve risks and uncertainties and actual results may differ from those expressed in such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply; demand and pricing; currency exchange rates; operational problems; general economic conditions including inflationary pressures; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed in this Announcement. For more information you should refer to our Annual Report and Accounts 2003 and our 2003 Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

BP p.l.c. and Subsidiaries Summarized Group Results

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	2003
=====				=====	
\$ million				\$ million	
2,848	4,883	5,093	Exploration and Production	18,520	14,666
320	1,081	1,577	Refining and Marketing	4,722	2,318
41	188	(1,271)	Petrochemicals	(900)	568
86	130	399	Gas, Power and Renewables	943	570
465	(424)	(227)	Other businesses and corporate	314	(184)
-----				-----	
			Replacement cost profit before interest and tax	23,599	17,938
3,760	5,858	5,571			
84	1,027	(494)	Stock holding gains (losses) (Note 5)	1,643	16
-----				-----	
			Historical cost profit before interest and tax	25,242	17,954
3,844	6,885	5,077			
160	156	189	Interest expense (Note 6)	642	644
152	79	126	Other finance expense (Note 7)	357	547
-----				-----	
3,532	6,650	4,762	Profit before taxation	24,243	16,763
1,157	2,109	2,152	Taxation (Note 8)	8,282	6,111
-----				-----	
2,375	4,541	2,610	Profit after taxation	15,961	10,652
41	58	76	Minority shareholders' interest	230	170
-----				-----	
2,334	4,483	2,534	Profit for the period	15,731	10,482
-----				-----	

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1,495	1,530	1,822		6,371	5,753
=====					
			Distribution to shareholders		
			Earnings per ordinary share - cents		
10.56	20.67	11.80	Basic	72.08	47.27
10.32	20.41	11.61	Diluted	70.79	46.83
=====					
Replacement Cost Results					
			Historical cost profit		
2,334	4,483	2,534	for the period	15,731	10,482
			Stock holding (gains) losses		
			net of minority shareholders'		
(84)	(1,027)	494	interest	(1,643)	(16)

			Replacement cost profit		
2,250	3,456	3,028	for the period	14,088	10,466

			Earnings per ordinary share - cents		
			On replacement cost profit		
10.18	15.96	14.03	for the period	64.55	47.20
=====					

Summarized Group Balance Sheet

	31 December 2004	31 December 2003
=====		
\$ million		
Fixed assets		
Intangible assets	12,076	13,642
Tangible assets	96,748	91,911
Investments	18,406	17,458
	-----	-----
	127,230	123,011
	-----	-----
Current assets		
Stocks	15,698	11,617
Debtors	46,696	33,902
Investments	328	185
Cash at bank and in hand	1,156	1,947
	-----	-----
	63,878	47,651
	-----	-----
Creditors - amounts falling due within one year		
Finance debt	10,184	9,456
Other creditors	54,341	41,128
	-----	-----
Net current assets (liabilities)	(647)	(2,933)
	-----	-----
Total assets less current liabilities	126,583	120,078
	-----	-----
Creditors - amounts falling due after more than one year		
Finance debt	12,907	12,869
Other creditors	4,505	6,030
	-----	-----
Provisions for liabilities and charges		
Deferred taxation	15,050	14,371
Other provisions	9,608	8,599
	-----	-----
Net assets excluding pensions and other		

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post-retirement benefit balances	84,513	78,209
Defined benefit pension plan surplus	1,475	1,146
Defined benefit pension plan deficits	(5,863)	(5,005)
Other post-retirement benefit plan deficits	(2,126)	(2,630)
	-----	-----
Net assets	77,999	71,720
Minority shareholders' interest - equity	1,343	1,125
	-----	-----
BP shareholders' interest	76,656	70,595
	=====	=====

Movement in BP shareholders' interest:		\$ million
At 31 December 2003		75,938
Prior year adjustment - change in accounting policy (see Note 1)		(5,343)

As restated		70,595
Profit for the period		15,731
Distribution to shareholders		(6,371)
Currency translation differences (net of tax)		2,136
Actuarial gain (loss) on pension and other post-retirement benefit plans (net of tax)		203
Unrealised gain on acquisition of further investment in equity-accounted investments		94
Issue of ordinary share capital for employee share schemes		487
Issue of ordinary share capital for TNK-BP		1,250
Net release of shares by ESOP trusts		21
Net movement in LTPP provision		58
Repurchase of ordinary share capital		(7,548)

At 31 December 2004		76,656
		=====

Summarized Group Cash Flow Statement

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004			
\$ million				Year 2004 2003	
=====				=====	
\$ million				\$ million	
3,500	6,919	7,044	Net cash inflow from operating activities (a)	28,554	21,698
				-----	-----
51	1,061	662	Dividends from joint ventures	1,908	131
				-----	-----
120	69	94	Dividends from associated undertakings	291	417
				-----	-----
			Servicing of finance and returns on investments		
51	50	196	Interest received	332	175
(190)	(152)	(223)	Interest paid	(694)	(1,006)
66	6	17	Dividends received	53	140
(3)	(15)	(8)	Dividends paid to minority shareholders	(33)	(20)
				-----	-----
			Net cash outflow from servicing of		

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(76)	(111)	(18)	finance and returns on investments	(342)	(711)

			Taxation		
(329)	(299)	(438)	UK corporation tax	(1,447)	(1,185)
(1,187)	(1,489)	(1,953)	Overseas tax	(4,931)	(3,619)

(1,516)	(1,788)	(2,391)	Tax paid	(6,378)	(4,804)

			Capital expenditure and financial investment		
(3,683)	(3,251)	(4,079)	Payments for fixed assets	(13,035)	(12,377)
1,410	537	595	Proceeds from the sale of fixed assets	4,323	6,253

(2,273)	(2,714)	(3,484)	Net cash outflow for capital expenditure and financial investment	(8,712)	(6,124)

			Acquisitions and disposals		
(33)	-	(1,489)	Acquisitions, net of cash acquired	(1,503)	(211)
-	37	383	Proceeds from the sale of businesses	725	179
274	23	-	Net investment in TNK-BP joint venture	(1,250)	(2,351)
(162)	(75)	(84)	Net investment in other joint ventures	(272)	(178)
(227)	(171)	(190)	Investments in associated undertakings	(942)	(987)

(148)	(186)	(1,380)	Net cash (outflow) inflow for acquisitions and disposals	(3,242)	(3,548)

(1,438)	(1,536)	(1,535)	Equity dividends paid	(6,041)	(5,654)

(1,780)	1,714	(1,008)	Net cash inflow (outflow)	6,038	1,405
=====					
(2,354)	1,617	(593)	Financing (b)	6,777	1,129
(223)	73	74	Management of liquid resources	132	(41)
797	24	(489)	(Decrease) increase in cash	(871)	317

(1,780)	1,714	(1,008)		6,038	1,405
=====					

Analysis of Cash Flow

Fourth Quarter	Third Quarter	Fourth Quarter		Year	
2003	2004	2004		2004	2003
=====				=====	
\$ 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	25,242	17,954
3,844	6,885	5,077	Depreciation and amounts provided	12,583	10,940
3,093	2,648	4,383	Exploration expenditure written off	274	297
129	34	151	Net operating charge for pensions and other post-retirement		

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(2,190)	39	(49)	benefits, less contributions	(67)	(2,913)
			Share of profits of joint ventures		
(494)	(1,117)	(948)	and associated undertakings	(3,574)	(1,438)
(121)	(49)	(138)	Interest and other income	(325)	(341)
			(Profit) loss on sale of fixed		
15	15	273	assets and businesses	(815)	(831)
214	592	(1)	Charge for provisions	671	782
(204)	(168)	(363)	Utilization of provisions	(781)	(716)
(362)	(2,573)	143	(Increase) decrease in stocks	(3,595)	(841)
375	(3,395)	(4,539)	(Increase) decrease in debtors	(10,920)	(3,042)
(799)	4,008	3,055	Increase (decrease) in creditors	9,861	1,847
-----				-----	
3,500	6,919	7,044	Net cash inflow from operating activities	28,554	21,698
=====				=====	
(b) Financing					
(1,666)	(717)	(900)	Long-term borrowing	(2,675)	(4,322)
776	13	921	Repayments of long-term borrowing	2,204	3,560
(1,738)	(338)	(2,730)	Short-term borrowing	(3,335)	(4,706)
			Repayments of short-term borrowing		
278	479	174		3,375	4,708
-----				-----	
(2,350)	(563)	(2,535)		(431)	(760)
			Issue of ordinary share capital for employee share schemes	(487)	(173)
(61)	(157)	(108)	Purchase of shares by ESOP trusts	147	63
57	87	1	Repurchase of ordinary share capital	7,548	1,999
-	2,250	2,049			
-----				-----	
(2,354)	1,617	(593)	Net cash outflow (inflow) from financing	6,777	1,129
=====				=====	
Adjusted Operating Cash Flow					
			Net cash inflow from operating activities (a)	28,554	21,698
3,500	6,919	7,044	Dividends received from joint ventures	1,908	131
51	1,061	662	Dividends received from associated undertakings	291	417
120	69	94	Net cash outflow from servicing of finance and returns on investments	(342)	(711)
(76)	(111)	(18)			
-----				-----	
3,595	7,938	7,782	Adjusted operating cash flow (pre-tax)	30,411	21,535
(1,600)	(1,821)	(2,521)	Tax paid on operations*	(6,639)	(4,681)
-----				-----	
1,995	6,117	5,261	Adjusted operating cash flow (post-tax)	23,772	16,854
-----				-----	
* Components of tax payments					
(1,600)	(1,821)	(2,521)	Tax paid on operations	(6,639)	(4,681)
			Tax refunded/(paid) on exceptional items (b)	261	(123)
84	33	130			
-----				-----	
(1,516)	(1,788)	(2,391)	Total tax paid	(6,378)	(4,804)
=====				=====	

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- (a) Includes pre-tax discretionary pension funding of \$146 million in 4Q 2004 (\$99 million post-tax), \$395 million in the year 2004 (\$270 million post-tax), \$1,586 million in 4Q 2003 (\$1,046 million post-tax) and \$2,533 million in the year 2003 (\$1,646 million post-tax).
- (b) Deemed to be the tax credit (charge) on exceptional items in the income statement.

Capital Expenditure and Acquisitions

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	Year	
\$ million			2004	2003
=====			=====	
\$ million			\$ million	
By business				
Exploration and Production				
189	191	207	762	786
75	68	94	255	279
1,140	1,035	1,102	4,096	4,097
1,191	1,150	1,218	6,080	10,208
-----			-----	
2,595	2,444	2,621	11,193	15,370

Refining and Marketing				
249	100	222	481	477
446	159	321	745	783
623	291	465	1,344	1,509
181	59	293	444	311
-----			-----	
1,499	609	1,301	3,014	3,080

Petrochemicals				
35	66	186	294	116
69	69	926	1,086	137
130	72	508	695	291
65	25	90	214	231
-----			-----	
299	232	1,710	2,289	775

Gas, Power and Renewables				
21	6	154	166	69
46	2	12	19	76
49	14	42	81	160
27	43	122	272	136
-----			-----	
143	65	330	538	441

Other businesses and corporate				
29	51	63	129	108
1	-	-	-	2
43	11	52	85	234
1	-	1	1	2
-----			-----	
74	62	116	215	346

4,610	3,412	6,078	17,249	20,012
=====			=====	
By geographical area				
523	414	832	1,832	1,556

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	637	298	1,353	Rest of Europe (b)	2,105	1,277
	1,985	1,423	2,169	USA (b)	6,301	6,291
	1,465	1,277	1,724	Rest of World (a)	7,011	10,888
	4,610	3,412	6,078		17,249	20,012

- (a) Year 2004 included \$1,354 million investment in TNK's interest in Slavneft within TNK-BP. Year 2003 included the investment in the TNK-BP joint venture.
- (b) Fourth quarter and year 2004 included \$1,355 million for the acquisition of Solvay's interests in BP Solvay Polyethylene Europe and BP Solvay Polyethylene North America.

Exchange rates						
US dollar/sterling average rate						
	1.70	1.82	1.86	for the period	1.83	1.63
	1.78	1.80	1.92	US dollar/sterling period-end rate	1.92	1.78
US dollar/euro average rate						
	1.19	1.22	1.29	for the period	1.24	1.13
	1.25	1.23	1.36	US dollar/euro period-end rate	1.36	1.25

Analysis of Replacement Cost Profit Before Interest and Tax

	Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004	Year 2003
	\$ million				\$ million	
By business						
Exploration and Production						
	654	745	981	UK	3,384	3,397
	154	246	222	Rest of Europe	837	587
	716	1,566	1,531	USA	6,094	5,100
	1,324	2,326	2,359	Rest of World	8,205	5,582
	2,848	4,883	5,093		18,520	14,666
Refining and Marketing						
	(152)	(152)	101	UK	(435)	(472)
	158	533	593	Rest of Europe	1,859	1,373
	174	536	661	USA	2,478	748
	140	164	222	Rest of World	820	669
	320	1,081	1,577		4,722	2,318
Petrochemicals						
	(65)	(107)	(716)	UK	(1,041)	(325)
	34	130	(282)	Rest of Europe	185	476
	6	30	(215)	USA	(291)	205
	66	135	(58)	Rest of World	247	212
	41	188	(1,271)		(900)	568
Gas, Power and Renewables						

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40	(46)	133	UK	97	76
(11)	(9)	(4)	Rest of Europe	(27)	(37)
5	139	90	USA	422	266
52	46	180	Rest of World	451	265
-----				-----	
86	130	399		943	570
-----				-----	
Other businesses and corporate					
324	(147)	282	UK	(78)	(26)
(42)	21	(177)	Rest of Europe	(163)	(49)
(23)	(268)	(251)	USA	(658)	(384)
206	(30)	(81)	Rest of World	1,213	275
-----				-----	
465	(424)	(227)		314	(184)
-----				-----	
3,760	5,858	5,571		23,599	17,938
=====				=====	
By geographical area					
801	293	781	UK	1,927	2,650
293	921	352	Rest of Europe	2,691	2,350
878	2,003	1,816	USA	8,045	5,935
1,788	2,641	2,622	Rest of World	10,936	7,003
-----				-----	
3,760	5,858	5,571		23,599	17,938
=====				=====	
Included above:					
Share of profits of joint ventures					
402	942	772		2,933	923
Share of profits of associated undertakings					
93	165	169		605	511
-----				-----	
495	1,107	941		3,538	1,434
=====				=====	

Pro Forma Result: Replacement Cost Profit Before
Interest and Tax Adjusted for Acquisition Amortization

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
=====				2004	2003
\$ million				=====	
				\$ million	
By business					
Exploration and Production					
689	775	1,014	UK	3,514	3,531
154	246	222	Rest of Europe	837	587
1,091	1,785	1,883	USA	7,089	6,231
1,340	2,338	2,370	Rest of World	8,319	5,883
-----				-----	
3,274	5,144	5,489		19,759	16,232
-----				-----	
Refining and Marketing					
(36)	(27)	228	UK	66	(26)
158	533	593	Rest of Europe	1,859	1,373
269	631	756	USA	2,858	1,128
140	164	222	Rest of World	820	669
-----				-----	
531	1,301	1,799		5,603	3,144
-----				-----	
Petrochemicals					
(65)	(107)	(716)	UK	(1,041)	(325)
34	130	(282)	Rest of Europe	185	476

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6	30	(215)	USA	(291)	205
66	135	(58)	Rest of World	247	212
<hr/>					
41	188	(1,271)		(900)	568
<hr/>					
Gas, Power and Renewables					
40	(46)	133	UK	97	76
(11)	(9)	(4)	Rest of Europe	(27)	(37)
5	139	90	USA	422	266
52	46	180	Rest of World	451	265
<hr/>					
86	130	399		943	570
<hr/>					
Other businesses and corporate					
324	(147)	282	UK	(78)	(26)
(42)	21	(177)	Rest of Europe	(163)	(49)
(23)	(268)	(251)	USA	(658)	(384)
206	(30)	(81)	Rest of World	1,213	275
<hr/>					
465	(424)	(227)		314	(184)
<hr/>					
4,397	6,339	6,189		25,719	20,330
<hr/>					
By geographical area					
952	448	941	UK	2,558	3,230
293	921	352	Rest of Europe	2,691	2,350
1,348	2,317	2,263	USA	9,420	7,446
1,804	2,653	2,633	Rest of World	11,050	7,304
<hr/>					
4,397	6,339	6,189		25,719	20,330
<hr/>					

Analysis of Exceptional Items

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
\$ million				\$ million	
Exploration and Production					
11	(3)	(15)	UK	(21)	735
1	(1)	-	Rest of Europe	(1)	(30)
20	13	(6)	USA	31	(230)
(81)	14	53	Rest of World	143	438
<hr/>					
(49)	23	32		152	913
<hr/>					
Refining and Marketing					
(12)	(16)	9	UK	(101)	(44)
(47)	(25)	(28)	Rest of Europe	(70)	(109)
(32)	16	95	USA	113	(61)
-	8	(18)	Rest of World	(59)	1
<hr/>					
(91)	(17)	58		(117)	(213)
<hr/>					
Petrochemicals					
(1)	10	(201)	UK	(195)	2
(10)	(56)	(13)	Rest of Europe	(15)	(11)
(5)	(3)	(150)	USA	(349)	11
32	11	(13)	Rest of World	(4)	36
<hr/>					

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16	(38)	(377)		(563)	38

-	-	-	Gas, Power and Renewables	-	-
-	-	(1)	UK	(1)	-
(10)	-	1	Rest of Europe	1	(6)
-	16	40	USA	56	-

(10)	16	40	Rest of World	56	(6)

27	1	(27)	Other businesses and corporate	(26)	24
-	1	-	UK	-	(1)
(45)	(1)	-	Rest of Europe	(1)	(61)
137	-	1	USA	1,314	137

119	1	(26)	Rest of World	1,287	99

(15)	(15)	(273)	Profit (loss) on sale of fixed assets		
84	33	130	and businesses or termination		

69	18	(143)	of operations	815	831

			Taxation credit (charge)	261	(123)

			Exceptional items after taxation	1,076	708
=====					

Identified Non-operating Items and UPIS

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
=====				2004	2003
\$ million				=====	
				\$ million	
Exploration and Production					
(144)	-	-	UK	-	(209)
-	-	-	Rest of Europe	-	-
(236)	(77)	(54)	USA (a)	(444)	(321)
-	(60)	2	Rest of World	(181)	(5)

(380)	(137)	(52)		(625)	(535)

Refining and Marketing					
-	(9)	-	UK	(9)	-
(146)	(20)	-	Rest of Europe	(20)	(277)
-	(159)	-	USA	(159)	(369)
-	(18)	-	Rest of World	(18)	-

(146)	(206)	-		(206)	(646)

Petrochemicals					
-	(34)	(438)	UK	(472)	(36)
-	-	(420)	Rest of Europe	(420)	-
-	(24)	(177)	USA	(201)	(15)
-	-	(114)	Rest of World	(114)	-

-	(58)	(1,149)		(1,207)	(51)

Gas, Power and Renewables					

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-	-	-	UK	-	-
-	-	-	Rest of Europe	-	-
-	-	-	USA	-	-
-	-	-	Rest of World	-	-

-	-	-		-	-

			Other businesses and corporate		
(74)	(21)	(59)	UK	(80)	(74)
-	-	-	Rest of Europe	-	-
578	(223)	30	USA	(193)	466
-	-	-	Rest of World	-	-

504	(244)	(29)		(273)	392

(22)	(645)	(1,230)	Total before taxation	(2,311)	(840)
157	226	246	Taxation credit (charge)	626	572

135	(419)	(984)	Total after taxation	(1,685)	(268)
=====					

- (a) Includes a credit for Unrealized Profit in Stock (UPIS) of \$57 million in 4Q 2004 and a charge of \$191 million for the year 2004 and charges of \$57 million in 4Q 2003 and \$61 million in the year 2003, which removes the upstream margin from downstream inventories.

Acquisition Amortization by Business

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
=====				=====	
\$ million				\$ million	
			Exploration and Production		
35	30	33	UK	130	134
375	219	352	USA	995	1,131
16	12	11	Rest of World	114	301

426	261	396		1,239	1,566

			Refining and Marketing		
116	125	127	UK	501	446
95	95	95	USA	380	380

211	220	222		881	826

637	481	618	Total acquisition amortization	2,120	2,392
=====					

Production and Realizations

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
=====				=====	

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			Production	
			Crude oil (mb/d) (net of royalties)	
339	281	301	UK	312 354
74	68	70	Rest of Europe	73 79
570	495	519	USA	530 576
1,265	1,454	1,506	Rest of World	1,425 902
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2,248	2,298	2,396	Total crude oil production	2,340 1,911
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			Natural gas liquids (mb/d) (net of royalties)	
21	13	19	UK	18 23
5	3	4	Rest of Europe	4 5
147	134	142	USA	138 150
33	31	32	Rest of World	31 32
<hr style="border-top: 1px dashed black;"/>			<hr style="border-top: 1px dashed black;"/>	
206	181	197	Total natural gas liquids production	191 210
<hr style="border-top: 3px double black;"/>			<hr style="border-top: 3px double black;"/>	
			Liquids (a) (mb/d) (net of royalties)	
360	294	320	UK	330 377
79	71	74	Rest of Europe	77 84
717	629	661	USA	668 726
1,298	1,485	1,538	Rest of World	1,456 934
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2,454	2,479	2,593	Total liquids production	2,531 2,121
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			Natural gas (b) (mmcf/d) (net of royalties)	
1,318	903	1,227	UK	1,174 1,446
143	110	113	Rest of Europe	125 119
2,933	2,685	2,651	USA	2,748 3,128
4,206	4,577	4,723	Rest of World	4,456 3,920
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8,600	8,275	8,714	Total natural gas production	8,503 8,613
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			Average realizations	
			Crude oil (\$/bbl)	
28.18	40.33	42.01	UK	36.11 28.30
28.49	39.52	42.07	USA	37.40 29.02
27.56	38.01	38.29	Rest of World	34.99 26.91
28.18	39.43	41.01	BP Average	36.45 28.23
<hr style="border-top: 3px double black;"/>			<hr style="border-top: 3px double black;"/>	
			Natural gas liquids (\$/bbl)	
20.06	34.29	40.23	UK	31.79 20.08
19.11	27.59	29.31	USA	25.67 18.39
24.23	30.63	33.10	Rest of World	27.76 22.31
20.15	28.77	31.20	BP Average	26.75 19.26
<hr style="border-top: 3px double black;"/>			<hr style="border-top: 3px double black;"/>	
			Liquids (a) (\$/bbl)	
27.71	40.06	41.91	UK	35.87 27.80
26.92	37.46	39.73	USA	35.41 27.23
27.33	37.53	37.94	Rest of World	34.51 26.60
27.30	38.29	39.88	BP Average	35.39 27.25
<hr style="border-top: 3px double black;"/>			<hr style="border-top: 3px double black;"/>	
			Natural gas (\$/mcf)	
3.87	3.60	5.16	UK	4.32 3.19
3.85	4.94	5.72	USA	5.11 4.47
2.35	2.71	3.00	Rest of World	2.74 2.47
3.18	3.66	4.28	BP Average	3.86 3.39
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- (a) Crude oil and natural gas liquids.
 (b) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

Reconciliation of Historical Cost Profit (Loss) to Pro Forma Result

\$ million	Reported earnings	Acquisition amortization	Pro forma result
	=====		
3Q 2004			
Exploration and Production	4,883	261	5,144
Refining and Marketing	1,081	220	1,301
Petrochemicals	188	-	188
Gas, Power and Renewables	130	-	130
Other businesses and corporate	(424)	-	(424)

RC profit before interest and tax	5,858	481	6,339
Interest and other finance expense	(235)	-	(235)
Taxation	(2,109)	-	(2,109)
MSI	(58)	-	(58)

RC profit	3,456	481	3,937
		=====	
Stock holding gains (losses)	1,027		

HC profit	4,483		
	=====		
4Q 2003			
Exploration and Production	2,848	426	3,274
Refining and Marketing	320	211	531
Petrochemicals	41	-	41
Gas, Power and Renewables	86	-	86
Other businesses and corporate	465	-	465

RC profit before interest and tax	3,760	637	4,397
Interest and other finance expense	(312)	-	(312)
Taxation	(1,157)	-	(1,157)
MSI	(41)	-	(41)

RC profit	2,250	637	2,887
		=====	
Stock holding gains (losses)	84		

HC profit	2,334		
	=====		

Reconciliation of Historical Cost Profit (Loss) to Pro Forma Result

\$ million	Reported earnings	Acquisition amortization	Pro forma result
	=====		
Year 2004			
Exploration and Production	18,520	1,239	19,759
Refining and Marketing	4,722	881	5,603

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Petrochemicals	(900)	-	(900)
Gas, Power and Renewables	943	-	943
Other businesses and corporate	314	-	314

RC profit before interest and tax	23,599	2,120	25,719
Interest and other finance expense	(999)	-	(999)
Taxation	(8,282)	-	(8,282)
MSI	(230)	-	(230)

RC profit	14,088	2,120	16,208
		=====	
Stock holding gains (losses)	1,643		

HC profit	15,731		
	=====		
Year 2003			
Exploration and Production	14,666	1,566	16,232
Refining and Marketing	2,318	826	3,144
Petrochemicals	568	-	568
Gas, Power and Renewables	570	-	570
Other businesses and corporate	(184)	-	(184)

RC profit before interest and tax	17,938	2,392	20,330
Interest and other finance expense	(1,191)	-	(1,191)
Taxation	(6,111)	-	(6,111)
MSI	(170)	-	(170)

RC profit	10,466	2,392	12,858
		=====	
Stock holding gains (losses)	16		

HC profit	10,482		
	=====		

Return on Average Capital Employed

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
\$ million				\$ million	
				=====	
			Replacement cost basis		
2,250	3,456	3,028	RC profit for the period (a)	14,088	10,466
73	67	90	Interest (b)	283	332
41	58	76	Minority shareholders' interest	230	170

2,364	3,581	3,194	Adjusted RC profit	14,601	10,968
				=====	
91,203	95,568	99,031	Average capital employed	97,568	90,263
10.4%	15.0%	12.9%	ROACE - replacement cost basis	15.0%	12.2%

			Pro forma basis		
2,364	3,581	3,194	Adjusted RC profit (a)	14,601	10,968
637	481	618	Acquisition amortization	2,120	2,392

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3,001	4,062	3,812	Adjusted RC profit - pro forma basis	16,721	13,360
91,203	95,568	99,031	Average capital employed	97,568	90,263
13,556	12,156	11,628	Average capital employed acquisition adjustment	12,376	15,017
77,647	83,412	87,403	Average capital employed (pro forma basis)	85,192	75,246
15.5%	19.5%	17.4%	ROACE - pro forma basis	19.6%	17.8%
2,334	4,483	2,534	Historical cost basis Profit for the period (a)	15,731	10,482
73	67	90	Interest (b)	283	332
41	58	76	Minority shareholders' interest	230	170
2,448	4,608	2,700	Adjusted historical cost profit	16,244	10,984
91,203	95,568	99,031	Average capital employed	97,568	90,263
10.7%	19.3%	10.9%	ROACE - historical cost basis	16.6%	12.2%

- (a) 4Q 2004 includes \$(143) million in respect of exceptional items and \$(984) million in respect of non-operating items and UPIS. Year 2004 includes \$1,076 million in respect of exceptional items and \$(1,685) million in respect of non-operating items and UPIS. 4Q 2003 includes \$69 million in respect of exceptional items and \$135 million in respect of non-operating items and UPIS. Year 2003 includes \$708 million in respect of exceptional items and \$(268) million in respect of non-operating items and UPIS.
- (b) Excludes interest on joint venture and associated undertakings' debt and is on a post-tax basis using a deemed tax rate equal to the US statutory tax rate.

Pre-Tax Cash Returns

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
\$ million				\$ million	
3,760	5,858	5,571	Replacement cost profit before interest and tax	23,599	17,938
15	15	273	Exceptional items	(815)	(831)
3,775	5,873	5,844	Replacement cost operating profit	22,784	17,107
637	481	618	Acquisition amortization	2,120	2,392
4,412	6,354	6,462	Pro forma replacement cost operating profit	24,904	19,499
(35)	550	1,287	Non-operating items	2,120	779
2,148	2,160	2,526	Pro forma DD&A, adjusted for non- cash non-operating items	8,934	8,191
6,525	9,064	10,275	Cash returns numerator	35,958	28,469

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94,045	96,971	101,090	Capital employed	101,090	94,045
16,068	17,531	17,302	Liabilities for current and deferred taxation	17,302	16,068

110,113	114,502	118,392	Operating capital employed	118,392	110,113
(13,362)	(11,865)	(11,390)	Acquisition adjustment	(11,390)	(13,362)

96,751	102,637	107,002	Cash returns denominator	107,002	96,751
=====					
93,755	100,908	104,820	Average cash returns denominator	101,877	90,385
=====					
28%	36%	39%	Cash return	35%	31%

Net Debt Ratio - Net Debt: Net Debt + Equity

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
\$ million				\$ million	
22,325	20,445	23,091	Gross debt	23,091	22,325
2,132	1,821	1,484	Cash and current asset investments	1,484	2,132

20,193	18,624	21,607	Net debt	21,607	20,193
=====					
71,720	76,526	77,999	Equity	77,999	71,720
22%	20%	22%	Net debt ratio	22%	22%

13,362	11,865	11,390	Acquisition adjustment	11,390	13,362

26%	22%	24%	Net debt ratio - pro forma basis	24%	26%
=====					

Notes

1. Restatement of comparative information

Comparative information for 2003 has been restated to reflect the changes described below.

- (a) Transfer of natural gas liquids activities
With effect from 1 January 2004 natural gas liquids (NGLs) activities have been transferred from the Exploration and Production segment to Gas, Power and Renewables.
- (b) New accounting standard for pensions and other post-retirement benefits
With effect from 1 January 2004 BP has adopted Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17). FRS 17 requires that financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding. The operating costs of providing retirement benefits are recognized in the period in which they are earned together with any related finance costs and changes in the value of related assets and liabilities. This contrasts with Statement of Standard Accounting Practice No. 24 'Accounting for Pension Costs', which required the cost of providing pensions to be recognized on a systematic and rational basis over the period during which the employer benefited from the employee's services.

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The difference between the amount charged in the income statement and the amount paid as contributions into the pension fund was shown as a prepayment or provision on the balance sheet.

- (c) Accounting for Employee Share Ownership Plans
 With effect from 1 January 2004 BP has adopted Urgent Issues Task Force Abstract No. 38 'Accounting for ESOP Trusts'. This abstract requires that BP shares held by the group for the purposes of Employee Share Ownership Plans (ESOPs) are deducted from equity on the balance sheet. Such shares were previously classified as fixed asset investments. In addition, accruals for awards under the Long Term Performance Plan have also been included in reserves.

Balance sheet at 31 December 2003	Restated	Reported
	=====	
	\$ million	
Fixed assets		
Intangible assets	13,642	13,642
Tangible assets	91,911	91,911
Investments	17,458	17,554
	-----	-----
	123,011	123,107
	-----	-----
Current assets	47,651	54,465
Creditors - amounts falling due within one year	50,584	50,584
	-----	-----
Net current assets (liabilities)	(2,933)	3,881
	-----	-----
Total assets less current liabilities	120,078	126,988
Creditors - amounts falling due after more than one year	18,899	18,959
Provisions for liabilities and charges		
Deferred taxation	14,371	15,273
Other provisions	8,599	15,693
	-----	-----
Net assets excluding pension and other post-retirement benefit balances	78,209	77,063
Defined benefit pension plan surplus	1,146	-
Defined benefit pension plan deficits	(5,005)	-
Other post-retirement benefit plan deficits	(2,630)	-
	-----	-----
Net assets	71,720	77,063
Minority shareholders' interest	1,125	1,125
	-----	-----
BP shareholders' interest	70,595	75,938
	=====	=====

Notes

Income statements	Restated		Reported	
	Fourth	Year	Fourth	Year
	Quarter	2003	Quarter	2003
	2003	2003	2003	2003

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=====				
\$ million				
Exploration and Production	2,848	14,666	2,889	14,850
Refining and Marketing	320	2,318	274	2,127
Petrochemicals	41	568	51	606
Gas, Power and Renewables	86	570	67	466
Other businesses and corporate	465	(184)	(176)	(805)

Replacement cost profit before interest and tax	3,760	17,938	3,105	17,244
Stock holding gains (losses)	84	16	84	16

Historical cost profit before interest and tax	3,844	17,954	3,189	17,260
Interest expense	160	644	227	851
Other finance expense	152	547	-	-

Profit before taxation	3,532	16,763	2,962	16,409
Taxation	1,157	6,111	949	5,972

Profit after taxation	2,375	10,652	2,013	10,437
Minority shareholders' interest	41	170	41	170

Profit for the period	2,334	10,482	1,972	10,267
=====				
Distribution to shareholders	1,495	5,753	1,495	5,753

Earnings per ordinary share - cents				
Basic	10.56	47.27	8.93	46.30
Diluted	10.32	46.83	8.69	45.87
=====				

Notes

2. Turnover

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	Year	
			2004	2003
=====			=====	
\$ million			\$ million	
7,450	8,660	9,875		
36,903	42,989	47,196		
3,811	5,412	6,482		
16,701	20,443	23,468		
137	137	156		

65,002	77,641	87,177		
7,138	9,126	9,567		

57,864	68,515	77,610		
1,798	2,967	3,054		
			By business	
			Exploration and Production	34,914 30,753
			Refining and Marketing	179,587 149,477
			Petrochemicals	21,209 16,075
			Gas, Power and Renewables	83,320 65,639
			Other businesses and corporate	546 515

			319,576	262,459
			Less: sales between businesses	
			34,517	29,888

			285,059	232,571
			Group excluding JVs	
			Share of sales by joint ventures	
			9,790	3,474

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-----			-----	
59,662	71,482	80,664	294,849	236,045
=====			=====	
By geographical area				
Group excluding JVs				
14,117	21,848	24,656	UK	81,155 54,971
12,288	13,876	15,173	Rest of Europe	54,422 50,582
26,347	29,065	34,002	USA	130,652 108,910
13,894	16,731	19,717	Rest of World	68,052 52,498
-----			-----	
66,646	81,520	93,548		334,281 266,961
8,782	13,005	15,938	Less: sales between areas	49,222 34,390
-----			-----	
57,864	68,515	77,610		285,059 232,571
=====			=====	

3. 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

4. Operating profits are after charging:

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004	Year	
=====			2004	2003
-----			-----	
\$ million			\$ million	
Exploration expense				
1	4	17	UK	26 17
5	7	10	Rest of Europe	25 37
60	58	143	USA	361 204
127	66	88	Rest of World	225 284
-----			-----	
193	135	258		637 542
=====			=====	
Production taxes (a)				
44	51	112	UK petroleum revenue tax	335 300
377	502	535	Overseas production taxes	1,814 1,423
-----			-----	
421	553	647		2,149 1,723
=====			=====	

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

5. Stock holding gains (losses)

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-	5	(3)	Exploration and Production	10	3
16	866	(578)	Refining and Marketing	1,245	(48)
10	129	59	Petrochemicals	349	55
58	27	28	Gas, Power and Renewables	39	6
-----				-----	
84	1,027	(494)		1,643	16
=====				=====	

Notes

6. Interest expense

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year	
				2004	2003
-----				-----	
\$ million				\$ million	
-----				-----	
172	160	188	Group interest payable	644	700
(60)	(57)	(49)	Capitalized	(208)	(190)
-----				-----	
112	103	139		436	510
36	41	37	Joint ventures	158	89
12	12	13	Associated undertakings	48	45
-----				-----	
160	156	189		642	644
=====				=====	

7. Other finance expense

460	502	519	Interest on pension and other post-retirement benefit plan liabilities	2,012	1,840
(375)	(493)	(501)	Expected return on pension and other post-retirement benefit plan assets	(1,983)	(1,500)
-----				-----	
85	9	18	Interest net of expected return on plan assets	29	340
42	48	50	Unwinding of discount on provisions	196	173
25	22	17	Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP	91	34
-	-	41	Change in discount rate for provisions	41	-
-----				-----	
152	79	126		357	547
=====				=====	

8. Charge for taxation

404	1,672	2,365	Current	7,908	4,919
753	437	(213)	Deferred	374	1,192
-----				-----	

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1,157	2,109	2,152		8,282	6,111
=====	=====	=====		=====	=====
356	601	387	UK	1,699	1,431
801	1,508	1,765	Overseas	6,583	4,680
-----	-----	-----		-----	-----
1,157	2,109	2,152		8,282	6,111
=====	=====	=====		=====	=====

Notes

9. Analysis of changes in net debt

Fourth Quarter 2003	Third Quarter 2004	Fourth Quarter 2004		Year 2004 2003	
=====				=====	
\$ million				\$ million	
			Opening balance		
19,970	19,858	20,445	Finance debt	22,325	22,008
1,091	1,531	1,576	Less: Cash	1,947	1,520
404	172	245	Current asset investments	185	215
-----	-----	-----		-----	-----
18,475	18,155	18,624	Opening net debt	20,193	20,273
-----	-----	-----		-----	-----
			Closing balance		
22,325	20,445	23,091	Finance debt	23,091	22,325
1,947	1,576	1,156	Less: Cash	1,156	1,947
185	245	328	Current asset investments	328	185
-----	-----	-----		-----	-----
20,193	18,624	21,607	Closing net debt	21,607	20,193
-----	-----	-----		-----	-----
(1,718)	(469)	(2,983)	(Increase) decrease in net debt	(1,414)	80
=====	=====	=====		=====	=====
797	24	(489)	Movement in cash/ bank overdrafts	(871)	317
(223)	73	74	Increase (decrease) in current asset investments	132	(41)
			Net cash (inflow) outflow from financing(excluding share capital)	(431)	(760)
(2,350)	(563)	(2,535)	Debt transferred to TNK-BP	-	93
-	-	-	Exchange of Exchangeable Bonds for Lukoil American Depository Shares	-	420
5	10	37	Other movements	68	144
(3)	-	-	Debt acquired	-	(15)
-----	-----	-----		-----	-----
(1,774)	(456)	(2,913)	Movement in net debt before exchange effects	(1,102)	158
56	(13)	(70)	Exchange adjustments	(312)	(78)
-----	-----	-----		-----	-----
(1,718)	(469)	(2,983)	(Increase) decrease in net debt	(1,414)	80
=====	=====	=====		=====	=====

Notes

10. TNK-BP Operational and Financial Information

Fourth