

BP PLC
Form 6-K
October 28, 2008

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 28 October, 2008

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 No |X|

BP p.l.c.

Group results
Third quarter 2008

London 28 October 2008

FOR IMMEDIATE RELEASE

| Third quarter 2007 | Second quarter 2008 (c) | Third quarter 2008 | \$ million | Nine months | | |
|-----------------------------------|--|-----------------------------------|--|--------------------|-------------|----------|
| 2007 | 2008 (c) | 2008 | \$ million | 2008 | 2007 | % |
| 4,406 | 9,358 | 8,049 | Profit for the period(a) | 24,501 | 16,446 | |
| (363) | (2,612) | 1,980 | Inventory holding (gains) losses, net of tax(b) | (1,495) | (1,471) | |
| 4,043 | 6,746 | 10,029 | Replacement cost profit(b) | 23,006 | 14,975 | 54 |
| 10.40 | 18.27 | 29.75 | – per ordinary share (pence) | 64.69 | 39.17 | |
| 21.27 | 35.83 | 53.43 | – per ordinary share (cents) | 122.27 | 77.95 | 57 |
| 1.28 | 2.15 | 3.21 | – per ADS (dollars) | 7.34 | 4.68 | |

· BP's third-quarter replacement cost profit was \$10,029 million, compared with \$4,043 million a year ago, an increase of 148%. For the nine months, replacement cost profit was \$23,006 million compared with \$14,975 million a year ago, up 54%.

· Non-operating items and fair value accounting effects for the third quarter had a net \$1,147 million favourable impact compared to a net \$448 million unfavourable impact for the third quarter of 2007. For the nine months, the respective amounts were \$632 million unfavourable and \$561 million favourable - see further details on page 3. The largest non-operating item for the third quarter was a fair value gain on embedded derivatives which amounted to \$1,098 million on a pre-tax basis. For the nine months, the fair value loss on embedded derivatives amounted to \$1,673 million on a pre-tax basis.

- Net cash provided by operating activities for the quarter and nine months was \$14.9 billion and \$32.5 billion compared with \$6.4 billion and \$20.4 billion respectively a year ago.

 - The effective tax rate on replacement cost profit for the third quarter was 33% and for the nine months was 35%; a year ago, the rates were 33% and 32% respectively.

 - Net debt at the end of the quarter was \$22.0 billion compared to \$22.2 billion a year ago. The ratio of net debt to net debt plus equity was 17%, compared with 20% a year ago.

 - Total capital expenditure and acquisitions was \$8.9 billion for the quarter and \$23.7 billion for the nine months. Capital expenditure, excluding acquisitions and asset exchanges and excluding the accounting for our transactions with Husky (see page 26) and Chesapeake (see page 17), was \$5.2 billion for the quarter, \$14.9 billion for the nine months and is expected to be around \$21-22 billion for the year. Disposal proceeds were \$365 million for the quarter and \$700 million for the nine months.

 - The quarterly dividend, to be paid in December, is 14 cents per share (\$0.84 per ADS) compared with 10.825 cents per share a year ago. For the nine months, the dividend showed an increase of 30%. In sterling terms, the quarterly dividend is 8.705 pence per share, compared with 5.308 pence per share a year ago; for the nine months, the increase was 43%. During the quarter, the company repurchased 92.9 million of its own shares for cancellation at a cost of \$911 million. For the nine months, share repurchases were 269.8 million at a cost of \$2.9 billion.
- (a) Profit attributable to BP shareholders.
- (b) With effect from 1 January 2008, replacement cost profit excludes inventory holding gains and losses net of tax. Comparative amounts have been amended to the new basis. See page 2 for further details.
- (c) Comparative data for 2008 has been amended. See Note 2(d) on page 24 for further details.

The commentaries above and following are based on replacement cost profit and should be read in conjunction with the cautionary statement on page 11.

Top of page 2

Analysis of replacement cost profit and reconciliation to profit for the period

| Third quarter 2007 | Second quarter 2008 (d) | Third quarter 2008 \$ million | | Nine months | |
|--------------------------|-------------------------------|-------------------------------------|--|---------------|---------------|
| | | | | 2008 | 2007 |
| 6,307 | 10,771 | 12,709 | Exploration and Production | 33,552 | 19,732 |
| 371 | 539 | 1,972 | Refining and Marketing | 3,760 | 3,917 |
| (511) | (314) | (16) | Other businesses and corporate | (543) | (782) |
| 103 | (221) | 838 | Consolidation adjustment(a) | (167) | 47 |
| 6,270 | 10,775 | 15,503 | RC profit before interest and tax(b) | 36,602 | 22,914 |
| | | | Finance costs and net finance income relating to pensions and other | | |
| (173) | (221) | (238) | post-retirement benefits | (705) | (499) |
| (1,982) | (3,696) | (5,099) | Taxation on a replacement cost basis(c) | (12,524) | (7,221) |
| (72) | (112) | (137) | Minority interest | (367) | (219) |
| | | | Replacement cost profit attributable to BP shareholders(c) | 23,006 | 14,975 |
| 539 | 3,952 | (2,978) | Inventory holding gains (losses) | 2,300 | 2,131 |
| | | | Taxation (charge) credit on inventory | | |
| (176) | (1,340) | 998 | holding gains and losses | (805) | (660) |
| | | | Profit for the period attributable to BP shareholders | 24,501 | 16,446 |

- (a) The consolidation adjustment in the third quarter of 2008 was impacted by a significant fall in prices and a substantial reduction in the volumes of equity crude within the refining and marketing system.
- (b) Replacement cost profit reflects the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses. BP uses this measure to assist investors to assess BP's performance from period to period. Replacement cost profit is not a recognized GAAP measure.
- (c) Effective 1 January 2008, replacement cost profit excludes inventory holding gains and losses and their associated tax effect. Previously, replacement cost profit excluded inventory gains and losses while the tax charge remained unadjusted and included the tax effect on inventory holding gains and losses. Comparative amounts have been amended to the new basis and the impact of the change is shown in the table below. There is no impact on profit for the period.
- (d) Comparative data for 2008 has been amended. See Note 2(d) on page 24 for further details.

| \$ million | Nine m onths 2007 | Third quarter 2007 |
|--|----------------------------------|-----------------------------------|
| Replacement cost profit attributable to BP shareholders | | |
| - as previously reported | 14,315 | 3,867 |
| - tax effect on inventory holding gains and losses | 660 | 176 |
| - as amended | 14,975 | 4,043 |

Top of page 3

Non-operating items and fair value accounting effects

Non-operating items(a)

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | \$ million | Nine months 2008 | 2007 |
|-----------------------------------|------------------------------------|-----------------------------------|--------------------------------|-----------------------------|-------------|
| 10 | (1,976) | 1,118 | Exploration and Production | (1,234) | 1,145 |
| (344) | (99) | | – Refining and Marketing | 510 | 194 |
| (201) | (123) | (128) | Other businesses and corporate | (332) | (175) |
| (535) | (2,198) | 990 | | (1,056) | 1,164 |
| 174 | 770 | (331) | Taxation (b) | 383 | (365) |
| (361) | (1,428) | 659 | | (673) | 799 |

Fair value accounting effects(c)

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | \$ million | Nine months 2008 | 2007 |
|-----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|-----------------------------|-------------|
| | | | Exploration and Production | | |
| | | | Unrecognized gains (losses) brought | | |
| 198 | 366 | 739 | forward from previous period | 107 | 155 |
| | | | Unrecognized (gains) | | |
| (234) | (739) | (642) | losses carried forward | (642) | (234) |
| | | | Favourable (unfavourable) impact | | |
| (36) | (373) | 97 | relative to management's | | |
| | | | measure of performance | (535) | (79) |
| | | | Refining and Marketing | | |
| | | | Unrecognized gains (losses) brought | | |
| 274 | 328 | 489 | forward from previous period | 429 | 72 |
| | | | Unrecognized (gains) | | |
| (367) | (489) | 147 | losses carried forward | 147 | (367) |
| | | | Favourable (unfavourable) impact | | |

| | | | | |
|-------|-------|-----------------------------------|------------|-------|
| | | relative to management's | | |
| (93) | (161) | 636 measure of performance | 576 | (295) |
| (129) | (534) | 733 | 41 | (374) |
| 42 | 187 | (245)Taxation (b) | - | 136 |
| (87) | (347) | 488 | 41 | (238) |

Total of non-operating items and fair value accounting effects

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 \$ million | Nine months | |
|-----------------------------------|------------------------------------|--|--------------------|-------------|
| | | | 2008 | 2007 |
| (26) | (2,349) | 1,215 Exploration and Production | (1,769) | 1,066 |
| (437) | (260) | 636 Refining and Marketing | 1,086 | (101) |
| (201) | (123) | (128) Other businesses and corporate | (332) | (175) |
| (664) | (2,732) | 1,723 | (1,015) | 790 |
| 216 | 957 | (576)Taxation (b) | 383 | (229) |
| (448) | (1,775) | 1,147 | (632) | 561 |

- (a) An analysis of non-operating items by type is provided on page 20 and a geographical analysis is shown on pages 7, 9 and 10.
- (b) Tax is calculated using the quarter's effective tax rate on replacement cost profit . Amounts for comparative periods have been amended to reflect a redefinition of the effective tax rate on replacement cost profit arising as a result of the exclusion of tax effects on inventory holding gains and losses as described on page 2.
- (c) An explanation of fair value accounting effects is provided on page 11.

Top of page 4

Per share amounts

| Third quarter 2007 | Second quarter 2008 (c) | Third quarter 2008 | Nine months | |
|--|--|--|--------------------|-------------|
| | | | 2008 | 2007 |
| Results for the period (\$ million) | | | | |
| 4,406 | 9,358 | 8,049 Profit (a) | 24,501 | 16,446 |
| 4,043 | 6,746 | 10,029 Replacement cost profit | 23,006 | 14,975 |
| Shares in issue at period end | | | | |
| 19,019,579 | 18,805,089 | 18,725,073 (thousand) (b) | 18,725,073 | 19,019,579 |
| 3,169,930 | 3,134,182 | 3,120,846 - ADS equivalent (thousand) (b) | 3,120,846 | 3,169,930 |
| Average number of shares | | | | |

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| | | | | | |
|-----------------------------------|------------|-------------------|---------------------------------|-------------------|------------|
| 19,061,853 | 18,823,515 | 18,746,202 | outstanding (thousand)(b) | 18,815,131 | 19,209,757 |
| 3,176,976 | 3,137,253 | 3,124,367 | - ADS equivalent (thousand) (b) | 3,135,855 | 3,201,626 |
| | | | Shares repurchased in the | | |
| 128,253 | 85,900 | 92,861 | period (thousand) | 269,757 | 541,975 |
| Per ordinary share (cents) | | | | | |
| 23.18 | 49.70 | 42.93 | Profit for the period | 130.21 | 85.61 |
| 21.27 | 35.83 | 53.43 | RC profit for the period | 122.27 | 77.95 |
| Per ADS (cents) | | | | | |
| 139.08 | 298.20 | 257.58 | Profit for the period | 781.26 | 513.66 |
| 127.62 | 214.98 | 320.58 | RC profit for the period | 733.62 | 467.70 |

(a) Profit attributable to BP shareholders.

(b) Excludes treasury shares.

(c) Comparative data for 2008 has been amended. See Note 2(d) on page 24 for further details.

Dividends

Dividends payable

BP today announced a dividend of 14 cents per ordinary share to be paid in December. Holders of ordinary shares will receive 8.705 pence per share and holders of American Depository Receipts (ADRs) \$0.84 per ADS. The dividend is payable on 8 December to shareholders on the register on 14 November. 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 8 December.

Dividends paid

| Third q uarter 2007 | Second quarter 2008 | Third q uarter 2008 | | Nine months 2008 2007 | |
|---------------------------|---------------------------|---------------------------|--|-------------------------------|--------|
| | | | Dividends paid per ordinary share | | |
| 10.825 | 13.525 | 14.000 | cents | 41.050 | 31.475 |
| 5.278 | 6.830 | 7.039 | pence | 20.682 | 15.687 |
| 64.95 | 81.15 | 84.00 | Dividends paid per ADS (cents) | 246.30 | 188.85 |

Top of page 5

Net debt ratio – net debt: net debt + equity

| Third quarter | Second quarter | Third quarter | | Nine months |
|------------------|-------------------|------------------|--|-------------|
|------------------|-------------------|------------------|--|-------------|

| 2007 | 2008 (a) | 2008 \$ million | 2008 | 2007 |
|--------|----------|---|----------------|--------|
| 25,245 | 30,189 | 28,300 Gross debt | 28,300 | 25,245 |
| | | Less: fair value asset (liability) of | | |
| 640 | 900 | 149 hedges related to finance debt | 149 | 640 |
| 24,605 | 29,289 | 28,151 | 28,151 | 24,605 |
| 2,410 | 3,593 | 6,142 Cash and cash equivalents | 6,142 | 2,410 |
| 22,195 | 25,696 | 22,009 Net debt | 22,009 | 22,195 |
| 91,494 | 105,965 | 106,790 Equity | 106,790 | 91,494 |
| 20% | 20% | 17% Net debt ratio | 17% | 20% |

(a) Comparative data for 2008 has been amended. See Note 2(d) on page 24 for further details.

Net debt and net debt ratio are non-GAAP measures. We believe that these measures provide useful information to investors. Net debt enables investors to see the economic effect of gross debt, related hedges and cash and cash equivalents in total. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders. Net debt has been redefined to include the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt, for which hedge accounting is claimed. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. Amounts for comparative periods are presented on a consistent basis. See Note 2(c) on page 24 for further information.

Top of page 6

Exploration and Production

| Third quarter | Second quarter | Third quarter | | Nine months | |
|---------------|----------------|--|--|---------------|--------|
| 2007 | 2008 | 2008 \$ million | | 2008 | 2007 |
| 6,297 | 10,819 | 12,545 Profit before interest and tax (a) | | 33,418 | 19,779 |
| 10 | (48) | 164 Inventory holding (gains) losses | | 134 | (47) |
| | | Replacement cost profit before | | | |
| 6,307 | 10,771 | 12,709 interest and tax | | 33,552 | 19,732 |
| | | By region: | | | |
| 633 | (124) | 2,488 UK | | 3,287 | 2,860 |
| 227 | 350 | 424 Rest of Europe | | 1,050 | 1,136 |
| 1,775 | 3,601 | 3,739 US | | 10,425 | 5,689 |
| 3,672 | 6,944 | 6,058 Rest of World | | 18,790 | 10,047 |
| 6,307 | 10,771 | 12,709 | | 33,552 | 19,732 |

(a) Includes profit after interest and tax of equity-accounted entities.

The replacement cost profit before interest and tax for the third quarter and first nine months of 2008 was \$12,709 million and \$33,552 million respectively, increases of 102% and 70% over the same periods of 2007. The increases in both periods were primarily due to higher oil and gas realizations. Additionally, the results reflected a higher contribution from the gas marketing and trading business, but were impacted by higher production taxes and higher depreciation. Costs were higher, driven by sector-specific inflation, but this was substantially mitigated by reductions resulting from our focus on cost control. The results also included higher earnings from equity-accounted entities, primarily from TNK-BP. The third-quarter result benefited from gains from non-operating items (see below).

The net non-operating gain of \$1,118 million in the third quarter primarily comprises fair value gains on embedded derivatives. In the first nine months, the net non-operating charge was \$1,234 million with the most significant item being fair value losses on embedded derivatives partly offset by the reversal of certain provisions and of a previous impairment charge. The corresponding periods in 2007 contained net non-operating gains of \$10 million and \$1,145 million respectively. Additionally, in the third quarter, fair value accounting effects had a favourable impact of \$97 million compared with an unfavourable impact of \$36 million a year ago. For the first nine months, the unfavourable effect was \$535 million compared with an unfavourable effect of \$79 million a year ago.

Reported production for the quarter was 3,664mboe/d, slightly higher than the third quarter of 2007. After adjusting for the impact of lower entitlement in our production-sharing agreements (PSAs), production was around 5% higher than the third quarter of 2007. The continued ramp-up of production following the start-up of major projects in late 2007 and the first half of 2008 more than offset the impacts of hurricanes in the Gulf of Mexico and other operational events in the third quarter.

Reported production for the first nine months was 3,802mboe/d, slightly higher than the same period of the previous year. After adjusting for the effect of entitlement changes in our PSAs, production for the first nine months was around 6% higher than the same period of 2007.

In the Gulf of Mexico, we progressed the commissioning of Thunder Horse (BP 75% and operator) with the start-up of the second well. In Australia, the North West Shelf Venture's fifth LNG processing train became fully operational and, shortly after the end of the quarter, its third major offshore gas production facility (Angel) began producing. BP is one of six equal participants in the North West Shelf Project.

Also during the quarter, Sonatrach announced exploration success in Algeria with the Tin Zaouatene-1 (TZN-1) discovery in the Bourarhet Sud Blocks 230 & 231 (BP 49% and operator). Shortly after the end of the quarter, we announced a discovery in the Freedom prospect in the deepwater Gulf of Mexico (BP 25% and operator) and, jointly with Sonangol, we announced Dione, our sixteenth discovery in ultra-deepwater Block 31, offshore Angola (BP 26.67% and operator).

In August, we completed the acquisition of Chesapeake Energy Corporation's interests in approximately 90,000 net acres of leasehold and producing natural gas properties in the Arkoma Basin Woodford Shale play for \$1.75 billion. In addition, in September, we acquired a 25% interest in Chesapeake's Fayetteville Shale assets in Arkansas for \$1.9 billion. As a result of this transaction, BP acquired approximately 135,000 net acres of leasehold.

In the fourth quarter, we expect increased production reflecting normal seasonal patterns, continuing project ramp-ups and recovery from the hurricanes in the Gulf of Mexico and other operational events in the third quarter.

Top of page 7

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 \$ million | Nine months | |
|--|---------------------------|--|----------------|-------|
| | | | 2008 | 2007 |
| Non-operating items | | | | |
| 21 | (2,082) | 1,093 UK | (1,683) | 337 |
| 7 | – | – Rest of Europe | – | 538 |
| (15) | (8) | 3 US | (13) | 156 |
| (3) | 114 | 22 Rest of World | 462 | 114 |
| 10 | (1,976) | 1,118 | (1,234) | 1,145 |
| Fair value accounting effects (a) | | | | |
| (22) | (147) | 11 UK | (119) | 12 |
| – | – | – Rest of Europe | – | – |
| (19) | (236) | 136 US | (242) | (96) |
| 5 | 10 | (50) Rest of World | (174) | 5 |
| (36) | (373) | 97 | (535) | (79) |
| Exploration expense | | | | |
| 2 | 8 | 5 UK | 105 | 29 |
| – | – | – Rest of Europe | – | – |
| 60 | 47 | 59 US | 178 | 191 |
| 182 | 63 | 168 Rest of World | 360 | 335 |
| 244 | 118 | 232 | 643 | 555 |
| Production (net of royalties) (b) | | | | |
| Liquids (mb/d) (net of royalties) (c) | | | | |
| 151 | 186 | 146 UK | 174 | 202 |
| 52 | 40 | 44 Rest of Europe | 42 | 52 |
| 475 | 534 | 473 US | 520 | 510 |
| 1,614 | 1,648 | 1,620 Rest of World | 1,645 | 1,632 |
| 2,292 | 2,408 | 2,283 | 2,381 | 2,396 |
| Natural gas (mmcf/d) (net of royalties) | | | | |
| 582 | 723 | 504 UK | 732 | 739 |
| 26 | 21 | 23 Rest of Europe | 23 | 30 |
| 2,186 | 2,140 | 2,094 US | 2,127 | 2,171 |
| 5,085 | 5,364 | 5,390 Rest of World | 5,358 | 5,138 |
| 7,879 | 8,248 | 8,011 | 8,240 | 8,078 |
| Total hydrocarbons (mboe/d) (d) | | | | |
| 251 | 311 | 233 UK | 300 | 329 |
| 57 | 43 | 47 Rest of Europe | 46 | 57 |
| 851 | 903 | 834 US | 887 | 885 |
| 2,492 | 2,573 | 2,550 Rest of World | 2,569 | 2,517 |
| 3,651 | 3,830 | 3,664 | 3,802 | 3,788 |
| Average realizations (e) | | | | |
| 71.12 | 109.95 | 111.47 Total liquids (\$/bbl) | 103.96 | 62.00 |
| 3.93 | 6.63 | 6.49 Natural gas (\$/mcf) | 6.32 | 4.42 |
| 46.36 | 75.39 | 73.49 Total hydrocarbons (\$/boe) | 70.31 | 44.05 |

- (a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on pages 3 and 11.
- (b) Includes BP's share of production of equity-accounted entities.
- (c) Crude oil and natural gas liquids.
- (d) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.
- (e) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.

Because of rounding, some totals may not agree exactly with the sum of their component parts.

Top of page 8

Refining and Marketing

| Third quarter | Second quarter | Third quarter | | Nine months | |
|------------------|-------------------|------------------|--|----------------|---------|
| 2007 | 2008 | 2008 | \$ million | 2008 | 2007 |
| 931 | 4,430 | (823) | Profit before interest and tax(a) | 6,180 | 6,009 |
| (560) | (3,891) | 2,795 | Inventory holding (gains) losses | (2,420) | (2,092) |
| | | | Replacement cost profit (loss) | | |
| 371 | 539 | 1,972 | before interest and tax | 3,760 | 3,917 |
| | | | By region : | | |
| 19 | 118 | 188 | UK | 413 | 914 |
| 492 | 429 | 1,045 | Rest of Europe | 2,103 | 1,374 |
| (522) | (401) | 338 | US | 91 | 573 |
| 382 | 393 | 401 | Rest of World | 1,153 | 1,056 |
| 371 | 539 | 1,972 | | 3,760 | 3,917 |

- (a) Includes profit after interest and tax of equity-accounted entities.

The replacement cost profit before interest and tax for the third quarter and nine months was \$1,972 million and \$3,760 million respectively. The results in the equivalent periods of 2007 were \$371 million and \$3,917 million respectively. The net impact of non-operating items, which is included in the results, was nil in the quarter and was a gain of \$510 million in the nine months. A year ago, the results included a net non-operating charge of \$344 million for the quarter and a net non-operating gain of \$194 million for the nine months. Fair value accounting effects had favourable impacts of \$636 million for the current quarter and \$576 million for the nine months. A year ago, the impacts were unfavourable by \$93 million for the quarter and \$295 million for the nine months.

We continue to make good progress with the turnaround of the segment, delivering underlying year-on-year

performance improvement in both Fuels Value Chains (FVCs) and International Businesses, against a weaker external business environment. Compared with 2007, the third-quarter result benefited from stronger commercial refining, supply and trading performance in the FVCs and improved marketing performance, partially offset by a negative foreign exchange effect caused by the strengthening of the US dollar. For the nine months, in addition to these factors, improved refinery operations have in part mitigated the impact of a considerably lower refining margin environment. The International Businesses continued to deliver a strong performance in the third quarter. Progress on our efficiency improvements has helped to offset the effects of inflation and higher energy costs.

Refining throughputs for the quarter and nine months were 2,185mb/d and 2,197mb/d respectively, compared with 2,148mb/d and 2,169mb/d for the same periods last year, the increases being primarily driven by the recoveries at the Texas City and Whiting refineries, partially offset by the net loss of throughput from previous disposals and acquisitions. Solomon availability was 4.3 percentage points higher than a year ago. Relative to the second quarter of 2008, it was slightly lower, as a result of the disruption at the Texas City refinery in September caused by Hurricane Ike. Most of the refinery units were restarted within two weeks after the hurricane shutdown. In addition, we successfully started up the second residue hydrotreater train on 1 October and have completed mechanical work on ultraformer number 3. This unit is expected to start production during the fourth quarter, completing the restoration of the economic capability of Texas City refinery.

On 29 August 2008, BP announced an agreement with Enbridge Inc. to develop a new delivery system to transport Canadian heavy crude oil from Flanagan, Illinois, to Houston and Texas City, Texas. The system is expected to be in service by late 2012 with an initial capacity of 250,000 barrels per day. The joint investment of the phased capacity additions is expected to be in the range of \$1-2 billion.

Refinery turnaround activities are expected to be higher in the fourth quarter than in the third. The slowing of global economies, exacerbated by the current instability in global financial markets, remains a key risk to our marketing and supply businesses.

Top of page 9

Refining and Marketing

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 \$ million | Nine months | |
|--|------------------------------------|--|--------------------|-------------|
| | | | 2008 | 2007 |
| Non-operating items | | | | |
| (4) | (10) | 9 UK | (50) | 677 |
| (16) | (32) | (10) Rest of Europe | (127) | (72) |
| (316) | (16) | 13 US | 771 | (204) |
| (8) | (41) | (12) Rest of World | (84) | (207) |
| (344) | (99) | – | 510 | 194 |
| Fair value accounting effects (a) | | | | |
| 45 | (177) | 270 UK | 89 | (53) |
| 2 | (59) | 122 Rest of Europe | 99 | (115) |
| (142) | 53 | 174 US | 322 | (133) |
| 2 | 22 | 70 Rest of World | 66 | 6 |
| (93) | (161) | 636 | 576 | (295) |

| Refinery throughputs (mb/d) | | | | |
|------------------------------------|-------|---|--------------|-------|
| | | -UK | | 90 |
| 735 | 753 | 730 Rest of Europe | 753 | 691 |
| 1,109 | 1,189 | 1,158 US | 1,141 | 1,086 |
| 304 | 297 | 297 Rest of World | 303 | 302 |
| 2,148 | 2,239 | 2,185 Total throughput | 2,197 | 2,169 |
| 83.4 | 88.3 | 87.7 Refining availability (%) (b) | 88.0 | 82.6 |

| Oil sales volumes (mb/d) | | | | |
|---------------------------------|-------|--|--------------|-------|
| Refined products | | | | |
| 350 | 315 | 303 UK | 313 | 343 |
| 1,329 | 1,236 | 1,281 Rest of Europe | 1,254 | 1,282 |
| 1,535 | 1,498 | 1,453 US | 1,468 | 1,559 |
| 641 | 716 | 662 Rest of World | 690 | 627 |
| 3,855 | 3,765 | 3,699 Total marketing sales | 3,725 | 3,811 |
| 1,687 | 2,017 | 2,107 Trading/supply sales | 2,057 | 1,860 |
| 5,542 | 5,782 | 5,806 Total refined product sales | 5,782 | 5,671 |
| 1,709 | 1,848 | 1,511 Crude oil | 1,739 | 1,964 |
| 7,251 | 7,630 | 7,317 Total oil sales | 7,521 | 7,635 |

| Global Indicator Refining Margin (\$/bbl) | | | | |
|--|------|-----------------------|-------------|-------|
| (c) | | | | |
| 3.82 | 7.46 | 7.13 NWE | 6.46 | 5.03 |
| 12.58 | 8.59 | 9.87 USGC | 8.22 | 15.74 |
| 14.31 | 6.53 | 10.47 Midwest | 6.04 | 16.02 |
| 6.90 | 9.94 | 7.07 USWC | 7.64 | 17.22 |
| 4.52 | 9.41 | 5.90 Singapore | 6.69 | 5.12 |
| 8.05 | 8.19 | 8.03 Average | 6.93 | 11.38 |

| Chemicals production (kte) | | | | |
|-----------------------------------|-------|-------------------------------|---------------|--------|
| 237 | 164 | 144 UK | 569 | 739 |
| 587 | 657 | 711 Rest of Europe | 2,076 | 1,990 |
| 1,117 | 1,022 | 850 US | 2,908 | 3,240 |
| 1,569 | 1,598 | 1,358 Rest of World | 4,487 | 4,586 |
| 3,510 | 3,441 | 3,063 Total production | 10,040 | 10,555 |

- (a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on pages 3 and 11.
- (b) Solomon refining availability is defined as the ratio of units which are available for processing, regardless of whether they are actually being used, to total capacity. Where there is planned maintenance, such capacity is not regarded as being available.
- (c) The Global Indicator Refining Margin (GIM) is the average of regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The regional indicator margins may not be representative of the actual margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate.

Top of page 10

Other businesses and corporate

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 \$ million | Nine months | |
|-----------------------------------|------------------------------------|--|--------------------|-------------|
| | | | 2008 | 2007 |
| (522) | (301) | (35) Profit (loss) before interest and tax(a) | (529) | (790) |
| 11 | (13) | 19 Inventory holding (gains) losses | (14) | 8 |
| (511) | (314) | (16) Replacement cost profit (loss) before interest and tax | (543) | (782) |
| | | By region: | | |
| 112 | (119) | 385 UK | 147 | 57 |
| (120) | (29) | (78) Rest of Europe | (107) | (108) |
| (363) | (185) | (288) US | (625) | (624) |
| (140) | 19 | (35) Rest of World | 42 | (107) |
| (511) | (314) | (16) | (543) | (782) |
| | | Results include: | | |
| | | Non-operating items | | |
| 1 | (41) | (20) UK | (67) | (14) |
| (11) | (47) | (2) Rest of Europe | (62) | 17 |
| (195) | (33) | (105) US | (187) | (182) |
| 4 | (2) | (1) Rest of World | (16) | 4 |
| (201) | (123) | (128) | (332) | (175) |

(a) Includes profit after interest and tax of equity-accounted entities.

Other businesses and corporate comprises the Alternative Energy business, Shipping, the group's aluminium asset, Treasury (which includes interest income on the group's cash and cash equivalents) and corporate activities worldwide.

The replacement cost profit before interest and tax for the third quarter was a loss of \$16 million, compared with a loss of \$511 million a year ago. This result reflects a higher contribution from the operating businesses and lower corporate costs. For the nine months, the replacement cost loss before interest and tax was \$543 million in 2008 compared with a loss of \$782 million a year ago.

The net non-operating charge was \$128 million for the third quarter and \$332 million for the nine months. The third-quarter result included a \$30 million restructuring charge, a \$76 million net charge in relation to new, and revisions to existing, environmental and other provisions and a net charge of \$22 million for impairment and other provisions. The prior year included a net non-operating charge of \$201 million in the third quarter and \$175 million for the nine months.

On 15 September, Alternative Energy announced BP's first bioethanol production from its Brazilian biofuels joint venture, Tropical BioEnergia, a significant milestone in the implementation of BP's biofuels strategy. Tropical

BioEnergia farms sugar cane and refines it into fuel in a new 435 million litres per year (115 million US gallons per year) refinery. BP's investment in Tropical BioEnergia is the largest made by any international oil company into Brazil's ethanol market.

In August, BP and Verenium Corporation announced the creation of a strategic partnership to accelerate the development and commercialization of cellulosic ethanol. Under the initial phase of the strategic alliance, Verenium is to receive \$90 million in funding from BP over 18 months in exchange for rights to current and future technology held within the partnership.

Also in August, BP started commercial operations at its Silver Star wind farm in Texas, a 60MW gross capacity installation in partnership with Clipper Windpower, Inc. and at Edom Hills, California, a 20MW wholly-owned wind farm. On 20 October, BP started commercial operations of phase 1 of the Sherbino wind farm in Texas. The first 150MW of the project, which has a potential capacity of 750MW, has been built through a 50:50 joint venture with Padoma Wind Power LLC, a wholly owned subsidiary of NRG Energy, Inc.

| | Third quarter 2008 | Second quarter 2008 | Third quarter 2007 |
|---|-----------------------------------|------------------------------------|-----------------------------------|
| Wind – net rated capacity as at period end (megawatts) (a) | 243 | 172 | 32 |
| Solar – cell production capacity as at period end (megawatts)(b) | 277 | 255 | 201 |

- (a) Net wind capacity is the sum of the rated capacities of the assets/turbines that have entered into commercial operation, including BP's share of equity-accounted entities. The equivalent capacities on a gross-JV basis (which includes 100% of the capacity of equity-accounted entities where BP has partial ownership) are 453MW as at the third quarter of 2008, 373MW as at the second quarter of 2008 and 32MW as at the third quarter last year.
- (b) Solar capacity is the theoretical cell production capacity per annum of in-house manufacturing facilities.

Top of page 11

Information on fair value accounting effects

BP uses derivative instruments to manage the economic exposure relating to inventories above normal operating requirements of crude oil, natural gas and petroleum products as well as certain contracts to supply physical volumes at future dates. Under IFRS, these inventories and contracts are recorded at historic cost and on an accruals basis, respectively. The related derivative instruments, however, are required to be recorded at fair value with gains and losses recognized in income because hedge accounting is either not permitted or not followed, principally due to the impracticality of effectiveness testing requirements. Therefore, measurement differences in relation to recognition of gains and losses occur. Gains and losses on these inventories and contracts are not recognized until the commodity is sold in a subsequent accounting period. Gains and losses on the related derivative commodity contracts are recognized in the income statement from the time the derivative commodity contract is entered into on a fair value basis using forward prices consistent with the contract maturity.

IFRS requires that inventory held for trading be recorded at its fair value using period end spot prices whereas any related derivative commodity instruments are required to be recorded at values based on forward prices consistent with the contract maturity. Depending on market conditions, these forward prices can be either higher or lower than

spot prices resulting in measurement differences.

BP enters into contracts for pipelines and storage capacity which, under IFRS, are recorded on an accruals basis. These contracts are risk managed using a variety of derivative instruments which are fair valued under IFRS. This results in measurement differences in relation to recognition of gains and losses.

The way that BP manages the economic exposures described above, and measures performance internally, differs from the way these activities are measured under IFRS. BP calculates this difference by comparing the IFRS result with management's internal measure of performance, under which the inventory and the supply and capacity contracts in question are valued based on fair value using relevant forward prices prevailing at the end of the period. We believe that disclosing management's estimate of this difference provides useful information for investors because it enables investors to see the economic effect of these activities as a whole. The impacts of fair value accounting effects, relative to management's internal measure of performance, are shown in the table on page 3. Information for all quarters of 2006 and 2007 can be found at www.bp.com/FVAE.

Cautionary Statement: The foregoing discussion contains forward-looking statements particularly those regarding capital expenditure, increased production, expected refinery turnaround activities and the continuing risk of slowing global economies, exacerbated by the global credit freeze, to our marketing and supply businesses. By their nature, forward-looking statements involve risk and uncertainty 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 onstream; industry product supply; demand and pricing; operational problems; general economic conditions (including inflation); political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations and quotas; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business 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 2007 and our 2007 Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

Top of page 12

Group income statement

| Third quarter 2007 | Second quarter 2008 (a) | Third quarter 2008 | | Nine months | |
|-----------------------------------|--|-----------------------------------|---|--------------------|-------------|
| | | | | 2008 | 2007 |
| \$ million | | | | \$ million | |
| 71,334 | 108,747 | 103,174 | Sales and other operating revenues | 299,666 | 204,513 |
| | | | Earnings from jointly controlled entities - | | |
| 900 | 1,752 | 1,172 | after interest and tax | 3,899 | 2,143 |
| | | | Earnings from associates - after interest | | |
| 204 | 251 | 155 | and tax | 631 | 540 |
| 172 | 153 | 135 | Interest and other revenues | 566 | 533 |
| 72,610 | 110,903 | 104,636 | Total revenues (Note 4) | 304,762 | 207,729 |
| | | | Gains on sale of businesses and | | |
| 228 | 79 | 193 | fixed assets | 1,197 | 2,217 |
| 72,838 | 110,982 | 104,829 | Total revenues and other income | 305,959 | 209,946 |
| 51,810 | 77,499 | 77,234 | Purchases | 217,122 | 144,453 |
| 6,297 | 7,408 | 7,549 | Production and manufacturing expenses | 21,756 | 18,325 |
| 921 | 2,299 | 1,886 | Production and similar taxes (Note 5) | 5,794 | 2,495 |
| 2,505 | 2,850 | 2,653 | Depreciation, depletion and amortization | 8,285 | 7,559 |
| | | | Impairment and losses on sale | | |
| 129 | 23 | 54 | of businesses and fixed assets | 117 | 807 |
| 244 | 118 | 232 | Exploration expense | 643 | 555 |
| 4,137 | 3,977 | 3,794 | Distribution and administration expenses | 11,667 | 11,159 |
| | | | Fair value (gain) loss on embedded | | |
| (14) | 2,081 | (1,098) | derivatives | 1,673 | (452) |
| 6,809 | 14,727 | 12,525 | Profit before interest and taxation | 38,902 | 25,045 |
| 337 | 381 | 391 | Finance costs (Note 6) | 1,178 | 985 |
| | | | Net finance income relating to pensions | | |
| (164) | (160) | (153) | and other post-retirement benefits (Note 7) | (473) | (486) |
| 6,636 | 14,506 | 12,287 | Profit before taxation | 38,197 | 24,546 |
| 2,158 | 5,036 | 4,101 | Taxation | 13,329 | 7,881 |
| 4,478 | 9,470 | 8,186 | Profit for the period | 24,868 | 16,665 |
| | | | Attributable to: | | |
| 4,406 | 9,358 | 8,049 | BP shareholders | 24,501 | 16,446 |
| 72 | 112 | 137 | Minority interest | 367 | 219 |
| 4,478 | 9,470 | 8,186 | | 24,868 | 16,665 |
| | | | Earnings per share – cents | | |
| | | | Profit for the period attributable to | | |
| | | | BP shareholders | | |
| 23.18 | 49.70 | 42.93 | Basic | 130.21 | 85.61 |
| 23.07 | 49.23 | 42.56 | Diluted | 129.04 | 85.19 |

(a) Comparative data for 2008 has been amended. See Note 2(d) for further details.

Group balance sheet

| | 30 September 2008 | 31 December 2007 |
|---|------------------------------|-----------------------------|
| | \$ million | |
| Non - current assets | | |
| Property, plant and equipment | 102,889 | 97,989 |
| Goodwill | 10,566 | 11,006 |
| Intangible assets | 10,040 | 6,652 |
| Investments in jointly controlled entities | 24,862 | 18,113 |
| Investments in associates | 4,199 | 4,579 |
| Other investments | 1,250 | 1,830 |
| Fixed assets | 153,806 | 140,169 |
| Loans | 1,151 | 999 |
| Other receivables | 896 | 968 |
| Derivative financial instruments | 5,309 | 3,741 |
| Prepayments | 1,194 | 1,083 |
| Defined benefit pension plan surplus | 8,494 | 8,914 |
| | 170,850 | 155,874 |
| Current assets | | |
| Loans | 167 | 165 |
| Inventories | 27,277 | 26,554 |
| Trade and other receivables | 39,201 | 38,020 |
| Derivative financial instruments | 8,384 | 6,321 |
| Prepayments | 3,769 | 3,589 |
| Current tax receivable | 332 | 705 |
| Cash and cash equivalents | 6,142 | 3,562 |
| | 85,272 | 78,916 |
| Assets classified as held for sale | - | 1,286 |
| | 85,272 | 80,202 |
| Total assets | 256,122 | 236,076 |
| Current liabilities | | |
| Trade and other payables | 43,948 | 43,152 |
| Derivative financial instruments | 9,187 | 6,405 |
| Accruals | 6,825 | 6,640 |
| Finance debt | 14,258 | 15,394 |
| Current tax payable | 4,013 | 3,282 |
| Provisions | 2,074 | 2,195 |
| | 80,305 | 77,068 |
| Liabilities directly associated with the assets classified as held for sale | - | 163 |
| | 80,305 | 77,231 |
| Non - current liabilities | | |
| Other payables | 2,809 | 1,251 |
| Derivative financial instruments | 7,915 | 5,002 |
| Accruals | 863 | 959 |
| Finance debt | 14,042 | 15,651 |
| Deferred tax liabilities | 21,573 | 19,215 |
| Provisions | 12,744 | 12,900 |
| Defined benefit pension plan and other | | |

| | | |
|---------------------------------------|----------------|---------|
| post-retirement benefit plan deficits | 9,081 | 9,215 |
| | 69,027 | 64,193 |
| Total liabilities | 149,332 | 141,424 |
| Net assets | 106,790 | 94,652 |
| Equity | | |
| BP shareholders' equity | 105,704 | 93,690 |
| Minority interest | 1,086 | 962 |
| | 106,790 | 94,652 |

Top of page 14

Group statement of recognized income and expense

| Third quarter 2007 | Second quarter 2008 (a) | Third quarter 2008 | | Nine months | |
|-----------------------------------|--|-----------------------------------|---|--------------------|-------------|
| | | | | 2008 | 2007 |
| | \$ million | | | \$ million | |
| 788 | 255 | (3,125) | Currency translation differences | (2,092) | 1,583 |
| | | | Exchange gain on translation of foreign operations transferred to gain on sale – of businesses and fixed assets | – | (147) |
| (13) | 322 | (703) | Available-for-sale investments marked to market | (572) | (116) |
| – | – | (15) | Available-for-sale investments - recycled to the income statement | (20) | – |
| 139 | 49 | (594) | Cash flow hedges marked to market | (471) | 180 |
| (5) | 1 | 16 | Cash flow hedges - recycled to the income statement | 15 | (86) |
| (2) | (18) | (20) | Cash flow hedges - recycled to the balance sheet | (61) | (9) |
| 90 | 107 | 203 | Taxation | 192 | 118 |
| | | | Net income (expense) recognized | | |
| 997 | 716 | (4,238) | directly in equity | (3,009) | 1,523 |
| 4,478 | 9,470 | 8,186 | Profit for the period | 24,868 | 16,665 |
| | | | Total recognized income and expense | | |
| 5,475 | 10,186 | 3,948 | for the period | 21,859 | 18,188 |
| | | | Attributable to: | | |
| 5,372 | 10,075 | 3,825 | BP shareholders | 21,503 | 17,917 |
| 103 | 111 | 123 | Minority interest | 356 | 271 |
| 5,475 | 10,186 | 3,948 | | 21,859 | 18,188 |

(a) Comparative data for 2008 has been amended. See Note 2(d) for further details.

Movement in shareholders' equity

| \$ million | BP shareholders' equity | Minority interest | Total equity |
|--|--|------------------------------|-------------------------|
| At 31 December 2007 | 93,690 | 962 | 94,652 |
| Currency translation differences (net of tax) | (1,822) | (11) | (1,833) |
| Available-for-sale investments (net of tax) | (542) | – | (542) |
| Cash flow hedges (net of tax) | (441) | – | (441) |
| Tax on share-based payments | (193) | – | (193) |
| Profit for the period | 24,501 | 367 | 24,868 |
| Total recognized income and expense for the period | 21,503 | 356 | 21,859 |
| Dividends | (7,723) | (232) | (7,955) |
| Repurchase of ordinary share capital | (2,414) | – | (2,414) |
| Share-based payments | 648 | – | 648 |
| At 30 September 2008 | 105,704 | 1,086 | 106,790 |

Top of page 15

Group cash flow statement

| Third quarter 2007 | Second quarter 2008 (a) | Third quarter 2008 | Nine months | |
|-----------------------------------|--|-----------------------------------|--|-------------|
| \$ million | | | 2008 | 2007 |
| | | | \$ million | |
| Operating activities | | | | |
| 6,636 | 14,506 | 12,287 | 38,197 | 24,546 |
| | | | Profit before taxation | |
| | | | Adjustments to reconcile profits before tax to net cash provided by operating activities | |
| 146 | 44 | 98 | 326 | 261 |
| | | | Exploration expenditure written off | |
| 2,505 | 2,850 | 2,653 | 8,285 | 7,559 |
| | | | Depreciation, depletion and amortization | |
| (99) | (56) | (139) | (1,080) | (1,410) |
| | | | Impairment and (gain) loss on sale of businesses and fixed assets | |
| (1,104) | (2,003) | (1,327) | (4,530) | (2,683) |
| | | | Earnings from jointly controlled entities and associates | |
| 1,060 | 512 | 759 | 2,658 | 2,102 |
| | | | Dividends received from jointly controlled entities and associates | |
| (2,788) | (9,135) | 533 | (11,380) | (9,955) |
| | | | Working capital and other movements | |
| 6,356 | 6,718 | 14,864 | 32,476 | 20,420 |
| | | | Net cash provided by operating activities | |
| Investing activities | | | | |
| (4,336) | (4,713) | (7,748) | (16,896) | (12,315) |
| | | | Capital expenditure | |
| (27) | (209) | (236) | (209) | (1,225) |
| | | | –Acquisitions, net of cash acquired | |

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| | | | | |
|---------|---------|---|-----------------|-----------------|
| (122) | (247) | (194) Investment in jointly controlled entities | (807) | (143) |
| (37) | (3) | (14) Investment in associates | (21) | (146) |
| 211 | 59 | 365 Proceeds from disposal of fixed assets | 700 | 1,357 |
| | | Proceeds from disposal of businesses, – net of cash disposed | – | 2,513 |
| 45 | 212 | 150 Proceeds from loan repayments | 484 | 123 |
| – | – | (200) Other | (200) | 374 |
| | | Net cash (used in) provided by investing | | |
| (4,266) | (4,901) | (7,641) activities | (16,949) | (9,462) |
| | | Financing activities | | |
| (1,441) | (928) | (814) Net repurchase of shares | (2,631) | (5,761) |
| 107 | 655 | 397 Proceeds from long-term financing | 3,229 | 2,978 |
| (369) | (1,654) | (65) Repayments of long-term financing | (2,256) | (1,596) |
| 1,426 | 1,516 | (1,380) Net increase (decrease) in short-term debt | (3,288) | (631) |
| (2,066) | (2,545) | (2,624) Dividends paid - BP shareholders | (7,723) | (6,050) |
| (24) | (86) | (110) - Minority interest | (232) | (159) |
| | | Net cash (used in) provided by | | |
| (2,367) | (3,042) | (4,596) financing activities | (12,901) | (11,219) |
| | | Currency translation differences | | |
| 44 | (2) | (78) relating to cash and cash equivalents | (46) | 81 |
| | | Increase (decrease) in cash and cash | | |
| (233) | (1,227) | 2,549 equivalents | 2,580 | (180) |
| | | Cash and cash equivalents at | | |
| 2,643 | 4,820 | 3,593 beginning of period | 3,562 | 2,590 |
| 2,410 | 3,593 | 6,142 Cash and cash equivalents at end of period | 6,142 | 2,410 |

(a) Comparative data for 2008 has been amended. See Note 2(d) for further details.

Top of page 16

Group cash flow statement

| Third quarter 2007 | Second quarter 2008 (a) | Third quarter 2008 | Nine months | |
|-----------------------------------|--|--|--|-------------|
| \$ million | | | 2008 | 2007 |
| | | | \$ million | |
| | | | Working capital and other movements | |
| (154) | (118) | (96) Interest receivable | (311) | (342) |
| 152 | 110 | 89 Interest received | 298 | 340 |
| 337 | 381 | 391 Finance costs | 1,178 | 985 |
| (300) | (396) | (206) Interest paid | (968) | (968) |
| | | Net finance income relating to pensions | | |
| (164) | (160) | (153) and other post-retirement benefits | (473) | (486) |
| 129 | 173 | 128 Share-based payments | 366 | 311 |
| | | Net operating charge for pensions and | | |

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| | | | | |
|---------|----------|---|----------|---------|
| | | other post-retirement benefits, less contributions and benefit payments | | |
| (61) | 46 | (14) for unfunded plans | 149 | (179) |
| 362 | (40) | 92 Net charge for provisions, less payments | (113) | (52) |
| (803) | (8,303) | 6,096 (Increase) decrease in inventories | (1,075) | (2,134) |
| | | (Increase) decrease in other current and non-current assets | (6,000) | 3,474 |
| 956 | (18,626) | 22,470 Increase (decrease) in other current and non-current liabilities | 5,478 | (4,533) |
| (104) | 21,219 | (23,736) Income taxes paid | (9,909) | (6,371) |
| (3,138) | (3,421) | (4,528) | (11,380) | (9,955) |
| (2,788) | (9,135) | 533 | | |

(a) Comparative data for 2008 has been amended. See Note 2(d) for further details.

Top of page 17

Capital expenditure and acquisitions

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | Nine months 2008 2007 | |
|---------------------------------------|---------------------|--------------------|-----------------------|--------|
| \$ million | | | \$ million | |
| By business | | | | |
| Exploration and Production | | | | |
| 279 | 256 | 323 | 804 | 699 |
| 124 | 165 | 173 | 506 | 319 |
| 1,176 | 1,801 | 5,252 | 8,268 | 3,785 |
| 1,721 | 1,727 | 1,682 | 7,803 | 5,254 |
| 3,300 | 3,949 | 7,430 | 17,381 | 10,057 |
| Refining and Marketing | | | | |
| 127 | 77 | 77 | 207 | 287 |
| 379 | 379 | 323 | 918 | 1,855 |
| 466 | 662 | 564 | 3,523 | 1,115 |
| 155 | 126 | 152 | 380 | 353 |
| 1,127 | 1,244 | 1,116 | 5,028 | 3,610 |
| Other businesses and corporate | | | | |
| 35 | 45 | 55 | 171 | 113 |
| 6 | 12 | 8 | 33 | 18 |
| 81 | 463 | 228 | 958 | 195 |
| 23 | 89 | 21 | 134 | 35 |
| 145 | 609 | 312 | 1,296 | 361 |
| 4,572 | 5,802 | 8,858 | 23,705 | 14,028 |
| By geographical area | | | | |
| 441 | 378 | 455 | 1,182 | 1,099 |

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| | | | | |
|-------|-------|--|---------------|--------|
| 509 | 556 | 504 Rest of Europe | 1,457 | 2,192 |
| 1,723 | 2,926 | 6,044 US | 12,749 | 5,095 |
| 1,899 | 1,942 | 1,855 Rest of World | 8,317 | 5,642 |
| 4,572 | 5,802 | 8,858 | 23,705 | 14,028 |
| | | Included above: | | |
| 2 | 324 | - Acquisitions and asset exchanges(b)(c) | 2,288 | 1,447 |

Capital expenditure, excluding acquisitions and asset exchanges and excluding the accounting for our transactions with Husky (see page 26) and Chesapeake (see note (a) below), was \$5,229 million for the quarter and \$14,940 million for the nine months.

- (a) Third quarter 2008 includes capital expenditure of \$3,652 million in Exploration and Production relating to the purchase of all of Chesapeake Energy Corporation's interest in the Arkoma Basin Woodford Shale assets and the purchase of a 25% interest in Chesapeake's Fayetteville Shale assets.
- (b) During the first quarter 2008 there was capital expenditure of \$2,848 million in Exploration and Production and an asset exchange of \$1,793 million in Refining and Marketing relating to the formation of an integrated North American oil sands business with Husky Energy, Inc. Second quarter 2008 includes a further \$111 million in Refining and Marketing reflecting closing adjustments relating to this transaction. Third quarter 2008 includes a reduction of \$23 million in Exploration and Production reflecting closing adjustments relating to this transaction. For further information see Note 3.
- (c) Nine months ended 30 September 2007 includes \$1,132 million for the acquisition of Chevron's Netherlands manufacturing company.

Exchange rates

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | | Nine months 2008 | 2007 |
|---------------------------|----------------------------|---------------------------|--|-------------------------|-------------|
| 2.02 | 1.97 | 1.89 | US dollar/sterling average rate for the period | 1.95 | 1.99 |
| 2.02 | 1.99 | 1.81 | US dollar/sterling period-end rate | 1.81 | 2.02 |
| 1.37 | 1.56 | 1.50 | US dollar/euro average rate for the period | 1.52 | 1.34 |
| 1.42 | 1.58 | 1.44 | US dollar/euro period-end rate | 1.44 | 1.42 |

Top of page 18

Analysis of profit before interest and tax

| Third quarter 2007 | Second quarter 2008 (a) | Third quarter 2008 | | Nine months 2008 | 2007 |
|---------------------------|--------------------------------|---------------------------|--|-------------------------|-------------|
| \$ million | | | | \$ million | |

By business**Exploration and Production**

| | | | | | |
|-------|--------|---------------|----------------|---------------|--------|
| 633 | (124) | 2,488 | UK | 3,287 | 2,860 |
| 227 | 350 | 424 | Rest of Europe | 1,050 | 1,137 |
| 1,774 | 3,639 | 3,677 | US | 10,406 | 5,718 |
| 3,663 | 6,954 | 5,956 | Rest of World | 18,675 | 10,064 |
| 6,297 | 10,819 | 12,545 | | 33,418 | 19,779 |

Refining and Marketing

| | | | | | |
|-------|-------|----------------|----------------|--------------|-------|
| (13) | 124 | 30 | UK | 223 | 893 |
| 623 | 1,722 | 172 | Rest of Europe | 2,838 | 2,133 |
| (131) | 1,730 | (1,343) | US | 1,502 | 1,798 |
| 452 | 854 | 318 | Rest of World | 1,617 | 1,185 |
| 931 | 4,430 | (823) | | 6,180 | 6,009 |

Other businesses and corporate

| | | | | | |
|-------|--------|---------------|--------------------------|---------------|--------|
| 112 | (119) | 385 | UK | 147 | 57 |
| (121) | (29) | (78) | Rest of Europe | (107) | (108) |
| (373) | (172) | (307) | US | (611) | (632) |
| (140) | 19 | (35) | Rest of World | 42 | (107) |
| (522) | (301) | (35) | | (529) | (790) |
| 6,706 | 14,948 | 11,687 | | 39,069 | 24,998 |
| 103 | (221) | 838 | Consolidation adjustment | (167) | 47 |
| 6,809 | 14,727 | 12,525 | Total for period | 38,902 | 25,045 |

By geographical area

| | | | | | |
|-------|--------|---------------|-------------------------|---------------|--------|
| 731 | (120) | 2,904 | UK | 3,657 | 3,809 |
| 718 | 1,581 | 807 | Rest of Europe | 3,281 | 3,176 |
| 1,364 | 5,449 | 2,657 | US | 11,713 | 6,918 |
| 3,996 | 7,817 | 6,157 | Rest of World | 20,251 | 11,142 |
| 6,809 | 14,727 | 12,525 | Total for period | 38,902 | 25,045 |

(a) Comparative data for 2008 has been amended. See Note 2(d) for further details.

Top of page 19

Analysis of replacement cost profit before interest and tax

| Third quarter 2007 | Second quarter 2008 (a) | Third quarter 2008 | Nine months | |
|-----------------------------------|--|-----------------------------------|--------------------|-------------|
| \$ million | | | 2008 | 2007 |
| \$ million | | | | |
| By business | | | | |

| Exploration and Production | | | | | |
|---------------------------------------|--------|---------------|--------------------------|---------------|--------|
| 633 | (124) | 2,488 | UK | 3,287 | 2,860 |
| 227 | 350 | 424 | Rest of Europe | 1,050 | 1,136 |
| 1,775 | 3,601 | 3,739 | US | 10,425 | 5,689 |
| 3,672 | 6,944 | 6,058 | Rest of World | 18,790 | 10,047 |
| 6,307 | 10,771 | 12,709 | | 33,552 | 19,732 |
| Refining and Marketing | | | | | |
| 19 | 118 | 188 | UK | 413 | 914 |
| 492 | 429 | 1,045 | Rest of Europe | 2,103 | 1,374 |
| (522) | (401) | 338 | US | 91 | 573 |
| 382 | 393 | 401 | Rest of World | 1,153 | 1,056 |
| 371 | 539 | 1,972 | | 3,760 | 3,917 |
| Other businesses and corporate | | | | | |
| 112 | (119) | 385 | UK | 147 | 57 |
| (120) | (29) | (78) | Rest of Europe | (107) | (108) |
| (363) | (185) | (288) | US | (625) | (624) |
| (140) | 19 | (35) | Rest of World | 42 | (107) |
| (511) | (314) | (16) | | (543) | (782) |
| 6,167 | 10,996 | 14,665 | | 36,769 | 22,867 |
| 103 | (221) | 838 | Consolidation adjustment | (167) | 47 |
| 6,270 | 10,775 | 15,503 | Total for period | 36,602 | 22,914 |
| By geographical area | | | | | |
| 763 | (126) | 3,062 | UK | 3,847 | 3,830 |
| 590 | 287 | 1,680 | Rest of Europe | 2,546 | 2,417 |
| 983 | 3,267 | 4,419 | US | 10,307 | 5,672 |
| 3,934 | 7,347 | 6,342 | Rest of World | 19,902 | 10,995 |
| 6,270 | 10,775 | 15,503 | Total for period | 36,602 | 22,914 |

(a) Comparative data for 2008 has been amended. See Note 2(d) for further details.

Top of page 20

Analysis of non-operating items

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | | Nine months 2008 | 2007 |
|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------|-------------|
| \$ million | | | | \$ million | |
| By business | | | | | |
| Exploration and Production | | | | | |
| | | | Impairment and gain (loss) on sale | | |
| 1 | 111 | 33 | of businesses and fixed assets | 165 | 708 |
| (12) | (5) | (7) | Environmental and other provisions | (12) | (12) |
| | | | Restructuring, integration and | | |

| | | | | | | |
|-------|---------|-------|--|---------|-------|--|
| | | (6) | rationalization costs | (50) | | |
| | | | Fair value gain (loss) on embedded | | | |
| 21 | (2,082) | 1,098 | derivatives | (1,668) | 449 | |
| | | | – Other | 331 | | |
| 10 | (1,976) | 1,118 | | (1,234) | 1,145 | |
| | | | Refining and Marketing | | | |
| | | | Impairment and gain (loss) on sale | | | |
| 105 | (13) | 114 | of businesses and fixed assets | 915 | 693 | |
| (138) | | (62) | Environmental and other provisions | (62) | (138) | |
| | | | Restructuring, integration and | | | |
| | (86) | (52) | rationalization costs | (343) | | |
| | | | Fair value gain (loss) on embedded | | | |
| | | | – derivatives | | | |
| (311) | | | – Other | | (361) | |
| (344) | (99) | | | 510 | 194 | |
| | | | Other businesses and corporate | | | |
| | | | Impairment and gain (loss) on sale | | | |
| (7) | (42) | (8) | of businesses and fixed assets | | 9 | |
| (35) | | (76) | Environmental and other provisions | (76) | (35) | |
| | | | Restructuring, integration and | | | |
| | (75) | (30) | rationalization costs | (163) | | |
| | | | Fair value gain (loss) on embedded | | | |
| (7) | 1 | | – derivatives | (5) | 3 | |
| (152) | (7) | (14) | Other | (88) | (152) | |
| (201) | (123) | (128) | | (332) | (175) | |
| (535) | (2,198) | 990 | Total before taxation | (1,056) | 1,164 | |
| 174 | 770 | (331) | Taxation credit (charge) (a) | 383 | (365) | |
| (361) | (1,428) | 659 | Total after taxation for period | (673) | 799 | |

(a) Tax on non-operating items is calculated using the quarter's effective tax rate on replacement cost profit. Amounts for comparative periods have been amended to reflect a redefinition of the effective tax rate on replacement cost profit arising as a result of the exclusion of tax effects on inventory holding gains and losses as described on page 2.

Top of page 21

Realizations and marker prices

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | Nine months | |
|--------------------------|---------------------------|--------------------------|-------------|------|
| | | | 2008 | 2007 |

Average realizations (a)
Liquids (\$/bbl) (b)

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| | | | | |
|---|--------|---|---------------|-------|
| 72.99 | 128.56 | 99.80 UK | 108.21 | 62.88 |
| 67.47 | 101.88 | 112.03 US | 100.36 | 59.30 |
| 73.56 | 111.23 | 114.59 Rest of World | 105.62 | 63.88 |
| 71.12 | 109.95 | 111.47 BP Average | 103.96 | 62.00 |
| Natural gas (\$/mcf) | | | | |
| 4.89 | 8.39 | 8.28 UK | 8.23 | 5.84 |
| 4.64 | 8.76 | 7.88 US | 7.79 | 5.44 |
| 3.42 | 5.26 | 5.61 Rest of World | 5.28 | 3.63 |
| 3.93 | 6.63 | 6.49 BP Average | 6.32 | 4.42 |
| Average oil marker prices (\$/bbl) | | | | |
| 74.74 | 121.18 | 115.09 Brent | 111.11 | 67.12 |
| 75.24 | 123.81 | 118.07 West Texas Intermediate | 113.49 | 66.15 |
| 76.31 | 123.61 | 117.16 Alaska North Slope US West Coast | 112.68 | 66.06 |
| 69.37 | 116.82 | 112.85 Mars | 107.11 | 61.67 |
| 71.98 | 117.47 | 113.32 Urals (NWE - cif) | 108.18 | 63.82 |
| 41.95 | 63.15 | 52.94 Russian domestic oil | 54.31 | 36.33 |
| Average natural gas marker prices | | | | |
| 6.16 | 10.94 | 10.25 Henry Hub gas price (\$/mmbtu) (c) | 9.74 | 6.83 |
| UK Gas - National Balancing | | | | |
| 30.58 | 60.72 | 61.48 Point (p/therm) | 58.44 | 24.45 |

- (a) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.
 (b) Crude oil and natural gas liquids.
 (c) Henry Hub First of Month Index.

Top of page 22

Notes

1. Basis of preparation

The interim financial information included in this report has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The results for the interim periods are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal recurring nature. The interim financial statements and notes included in this report should be read in conjunction with the consolidated financial statements and related notes for the year ended 31 December 2007 included in *BP Annual Report and Accounts 2007*.

BP prepares its consolidated financial statements included within its Annual Report and Accounts in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU) and in accordance with the provisions of the Companies Act 1985. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the group's consolidated financial statements for the periods presented. The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in

preparing the Annual Report and Accounts 2008, which do not differ significantly from those used in *BP Annual Report and Accounts 2007*.

2. Resegmentation and other changes to comparatives

(a) Resegmentation

On 11 October 2007, we announced our intention to simplify the organizational structure of BP. From 1 January 2008, there are only two business segments – Exploration and Production and Refining and Marketing. A separate business, Alternative Energy, handles BP's low-carbon businesses and future growth options outside oil and gas. This includes solar, wind, gas-fired power, hydrogen, biofuels and coal conversion.

As a result, and with effect from 1 January 2008:

- The Gas, Power and Renewables segment ceased to report separately.
- The natural gas liquids (NGLs), liquefied natural gas and gas and power marketing and trading businesses were transferred from the Gas, Power and Renewables segment to the Exploration and Production segment.
- The Alternative Energy business was transferred from the Gas, Power and Renewables segment to Other businesses and corporate.
- The Emerging Consumers Marketing Unit was transferred from Refining and Marketing to Alternative Energy.
- The Biofuels business was transferred from Refining and Marketing to Alternative Energy.
- The Shipping business was transferred from Refining and Marketing to Other businesses and corporate.

As a result of the transfers identified above, Other businesses and corporate has been redefined. It now consists of the Alternative Energy business, Shipping, the group's aluminium asset, Treasury (which includes interest income on the group's cash and cash equivalents) and corporate activities worldwide.

Financial information for 2003 to 2007 has been restated to reflect the ressegmentation and is available in *BP Financial and Operating Information 2003-2007* and to download from www.bp.com/investors. Quarterly data is provided for 2004-2007 and annual data for 2003.

Top of page 23

2. Resegmentation and other changes to comparatives (continued)

| | Resegmented | | As reported | |
|---------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| | Nine months 2007 | Third quarter 2007 | Nine months 2007 | Third quarter 2007 |
| \$ million | | | | |
| Total revenues | | | | |
| Exploration and Production | 26,584 | 8,414 | 13,442 | 4,532 |
| Refining and Marketing | 179,251 | 63,516 | 179,653 | 63,640 |
| Gas, Power and Renewables | — | — | 13,910 | 4,164 |
| Other businesses and corporate | 1,894 | 680 | 724 | 274 |
| Total third party revenues | 207,729 | 72,610 | 207,729 | 72,610 |
| Profit before interest and tax | | | | |
| Exploration and Production | 19,779 | 6,297 | 19,295 | 6,347 |
| Refining and Marketing | 6,009 | 931 | 6,046 | 936 |
| Gas, Power and Renewables | — | — | 370 | (71) |
| Other businesses and corporate | (790) | (522) | (739) | (462) |
| | 24,998 | 6,706 | 24,972 | 6,750 |
| Consolidation adjustment | 47 | 103 | 73 | 59 |
| Profit before interest and tax | 25,045 | 6,809 | 25,045 | 6,809 |

(b) Revised income statement presentation

We have implemented a minor change in the presentation of the group income statement whereby the unwinding of the discount on provisions and on other payables is now included within finance costs. Previously, this was included within other finance income or expense. This line item has now been renamed net finance income or expense relating to pensions and other post-retirement benefits. This change does not affect profit before interest and taxation, profit before taxation or profit for the period. The financial information for comparative periods shows the revised presentation, as set out below.

| | Nine months 2007 | Third quarter 2007 |
|--|------------------------|--------------------------|
| <u>As reported</u> | | |
| \$ million | | |
| Profit before interest and taxation | 25,045 | 6,809 |
| Finance costs | 777 | 262 |
| Other finance income | (278) | (89) |
| Profit before taxation | 24,546 | 6,636 |
| <u>As amended</u> | | |
| \$ million | | |
| Profit before interest and taxation | 25,045 | 6,809 |
| Finance costs | 985 | 337 |
| Net finance income relating to pensions and other post-retirement benefits | (486) | (164) |
| Profit before taxation | 24,546 | 6,636 |

Top of page 24

Notes**2. Resegmentation and other changes to comparatives (continued)****(c) Revised definition of net debt**

Net debt has been redefined to include the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt, for which hedge accounting is claimed. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. Amounts for comparative periods are presented on a consistent basis.

| | Nine months and third quarter 2007 |
|---|---|
| <u>As reported</u> | |
| \$ million | |
| Net debt | 22,835 |
| Equity | 91,494 |
| Ratio of net debt to net debt plus equity | 20% |
| <u>As amended</u> | |
| \$ million | |
| Net debt | 22,195 |
| Equity | 91,494 |
| Ratio of net debt to net debt plus equity | 20% |

(d) Amendment to first and second quarter 2008 consolidation adjustment

The consolidation adjustment for the nine months amounts to \$167 million. The consolidation adjustments for the first and second quarters of 2008 have been amended from the amounts previously reported to correct for an error in the calculation for the elimination of unrealised profit arising on transfers of inventory between business segments. The amounts as previously reported and as amended are set out below. The impact of these errors was immaterial for 2007 and so comparative data for 2007 has not been amended.

| | First quarter 2008 | Second quarter 2008 | First half 2008 |
|---------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| Consolidation adjustment | | | |

\$ million

| | | | |
|------------------------|-------|-------|---------|
| As previously reported | (195) | (39) | (234) |
| As amended | (784) | (221) | (1,005) |

Profit for the period attributable to BP shareholders and replacement cost profit attributable to BP shareholders have been reduced by \$357 million and \$107 million, after tax, for the first and second quarters respectively. The error had no impact on the results of the Exploration and Production and Refining and Marketing segments or Other businesses and corporate, which are unchanged.

Further details of the main income statement and balance sheet items impacted by this change are shown in the following tables.

Top of page 25

Notes

| | First quarter 2008 | | Second quarter 2008 | | First half 2008 | |
|--|--|-------------------|----------------------------|-------------------|------------------------|-------------------|
| | As reported | As amended | As reported | As amended | As reported | As amended |
| | \$ million (except per share amounts) | | | | | |
| Group income statement | | | | | | |
| Profit before taxation | 11,993 | 11,404 | 14,688 | 14,506 | 26,681 | 25,910 |
| Taxation | 4,410 | 4,192 | 5,100 | 5,036 | 9,510 | 9,228 |
| Profit for the period | 7,583 | 7,212 | 9,588 | 9,470 | 17,171 | 16,682 |
| Profit for the period attributable to BP shareholders | 7,451 | 7,094 | 9,465 | 9,358 | 16,916 | 16,452 |
| Replacement cost profit | | | | | | |
| RC profit before interest and tax | 10,913 | 10,324 | 10,957 | 10,775 | 21,870 | 21,099 |
| Finance costs and net finance income relating to pensions and other post-retirement benefits | (246) | (246) | (221) | (221) | (467) | (467) |
| Taxation on a replacement cost basis | (3,947) | (3,729) | (3,760) | (3,696) | (7,707) | (7,425) |
| Minority interest | (132) | (118) | (123) | (112) | (255) | (230) |
| Replacement cost profit for the period attributable to BP shareholders | 6,588 | 6,231 | 6,853 | 6,746 | 13,441 | 12,977 |
| Earnings per ordinary share - cents | | | | | | |
| Profit for the period attributable to BP | | | | | | |

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| | | | | | | |
|--|--------|--------|---------|---------|---------|---------|
| shareholders | 39.47 | 37.58 | 50.27 | 49.70 | 89.74 | 87.28 |
| RC profit for the period attributable to BP shareholders | 34.90 | 33.01 | 36.40 | 35.83 | 71.30 | 68.84 |
| Group balance sheet | | | | | | |
| Inventories | 26,588 | 25,999 | 35,182 | 34,411 | 35,182 | 34,411 |
| Deferred tax liabilities | 20,165 | 19,947 | 20,935 | 20,653 | 20,935 | 20,653 |
| Net assets | 99,536 | 99,165 | 106,454 | 105,965 | 106,454 | 105,965 |
| BP shareholders' equity | 98,474 | 98,117 | 105,356 | 104,892 | 105,356 | 104,892 |

Top of page 26

Notes

3. Significant transaction in the nine months

In December 2007, BP signed a memorandum of understanding with Husky Energy Inc. to form an integrated North American oil sands business. The transaction was completed on 31 March 2008, with BP contributing its Toledo refinery to a US jointly controlled entity to which Husky contributed \$250 million cash and a payable of \$2,590 million. In Canada, Husky contributed its Sunrise field to a second jointly controlled entity, with BP contributing \$250 million in cash and a payable of \$2,267 million. The Toledo refinery assets and associated liabilities were classified as a disposal group held for sale at 31 December 2007.

Both jointly controlled entities are owned 50:50 by BP and Husky and are accounted for using the equity method.

The amounts set out below reflect the initial recording of the transaction at 31 March 2008 and subsequent closing adjustments.

| | \$ million |
|---|-------------------|
| Income statement | |
| Gains on sale of businesses and fixed assets | 806 |
| Profit before taxation | 806 |
| Taxation | 345 |
| Profit for the period | 461 |
| Balance sheet | |
| Non-current assets – investments in jointly controlled entities | 4,729 |
| Current liabilities – trade and other payables | 266 |
| Non-current liabilities | |
| Other payables | 2,001 |
| Deferred tax liabilities | 653 |
| | 2,654 |
| Total liabilities | 2,920 |
| Net assets | 1,809 |

Cash flow statement

| | |
|---|-------|
| Investment in jointly controlled entities | (250) |
|---|-------|

Capital expenditure and acquisitions

| | |
|---|-------|
| Exploration and Production | 2,825 |
| Refining and Marketing | 1,904 |
| | 4,729 |
| Including acquisitions and asset exchanges: | 1,904 |

During the nine months, equity-accounted earnings from these jointly controlled entities amounted to \$154 million.

BP purchased refined products from the Toledo jointly controlled entity during the nine months amounting to \$2,710 million. In addition, BP purchased crude oil from third parties which it sold to the Toledo jointly controlled entity under an agency agreement. The fees earned by BP for this service, and the total amounts receivable and payable at 30 September 2008 under these arrangements, were not significant. BP will also purchase refinery feedstocks from the Sunrise jointly controlled entity once production commences, which is expected in 2012.

Top of page 27

Notes**4. Total revenues**

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | | Nine months 2008 | 2007 |
|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|-------------|
| \$ million | | | | \$ million | |
| By business | | | | | |
| 14,769 | 26,294 | 24,694 | Exploration and Production | 75,053 | 48,118 |
| 63,743 | 98,206 | 92,458 | Refining and Marketing | 267,527 | 180,867 |
| 1,002 | 1,255 | 1,494 | Other businesses and corporate | 3,941 | 2,870 |
| 79,514 | 125,755 | 118,646 | | 346,521 | 231,855 |
| Less: sales between businesses | | | | | |
| 6,355 | 13,485 | 13,043 | Exploration and Production | 38,747 | 21,534 |
| 227 | 960 | 403 | Refining and Marketing | 1,632 | 1,616 |
| 322 | 407 | 564 | Other businesses and corporate | 1,380 | 976 |
| 6,904 | 14,852 | 14,010 | | 41,759 | 24,126 |
| Third party revenues | | | | | |
| 8,414 | 12,809 | 11,651 | Exploration and Production | 36,306 | 26,584 |
| 63,516 | 97,246 | 92,055 | Refining and Marketing | 265,895 | 179,251 |
| 680 | 848 | 930 | Other businesses and corporate | 2,561 | 1,894 |
| 72,610 | 110,903 | 104,636 | Total third party revenues | 304,762 | 207,729 |

By geographical area

| | | | | |
|--------|---------|---|----------------|---------|
| 25,218 | 48,202 | 40,830 UK | 125,929 | 76,948 |
| 19,686 | 27,806 | 27,230 Rest of Europe | 78,693 | 55,561 |
| 26,533 | 39,157 | 37,714 US | 108,602 | 76,606 |
| 19,456 | 33,263 | 31,889 Rest of World | 92,009 | 56,114 |
| 90,893 | 148,428 | 137,663 | 405,233 | 265,229 |
| 18,283 | 37,525 | 33,027 Less: sales between areas | 100,471 | 57,500 |
| 72,610 | 110,903 | 104,636 | 304,762 | 207,729 |

5. Production and similar taxes

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | Nine months 2008 2007 | |
|-----------------------|------------------------|-----------------------|--------------------------|-------|
| \$ million | | | \$ million | |
| (34) | 68 | 57 UK | 282 | 33 |
| 955 | 2,231 | 1,829 Overseas | 5,512 | 2,462 |
| 921 | 2,299 | 1,886 | 5,794 | 2,495 |

6. Finance costs

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | Nine months 2008 2007 | |
|-----------------------|------------------------|--|--------------------------|-------|
| \$ million | | | \$ million | |
| 348 | 316 | 314 Interest payable | 1,012 | 1,040 |
| (86) | (44) | (31) Capitalized | (120) | (263) |
| 75 | 74 | 75 Unwinding of discount on provisions | 218 | 208 |
| | | Unwinding of discount on other | | |
| – | 35 | 33 payables | 68 | – |
| 337 | 381 | 391 | 1,178 | 985 |

Top of page 28

Notes

7. Net finance income relating to pensions and other post-retirement benefits

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | Nine months 2008 2007 | |
|-----------------------|------------------------|--|--------------------------|-------|
| \$ million | | | \$ million | |
| 555 | 612 | 594 Interest on pension and other post-retirement benefit plan liabilities | 1,818 | 1,639 |

| | | | | |
|-------|-------|---|---------|---------|
| | | Expected return on pension and other | | |
| (719) | (772) | (747) post-retirement benefit plan assets | (2,291) | (2,125) |
| (164) | (160) | (153) | (473) | (486) |

8. Analysis of changes in net debt

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | | Nine months 2008 | 2007 |
|--------------------------|---------------------------|--------------------------|--|---------------------|---------|
| \$ million | | | | \$ million | |
| | | | Opening balance | | |
| 23,754 | 29,871 | 30,189 | Finance debt | 31,045 | 24,010 |
| 2,643 | 4,820 | 3,593 | Less: Cash and cash equivalents | 3,562 | 2,590 |
| | | | Less: FV asset (liability) of hedges | | |
| 379 | 1,234 | 900 | related to finance debt | 666 | 298 |
| 20,732 | 23,817 | 25,696 | Opening net debt | 26,817 | 21,122 |
| | | | Closing balance | | |
| 25,245 | 30,189 | 28,300 | Finance debt | 28,300 | 25,245 |
| 2,410 | 3,593 | 6,142 | Less: Cash and cash equivalents | 6,142 | 2,410 |
| | | | Less: FV asset (liability) of hedges | | |
| 640 | 900 | 149 | related to finance debt | 149 | 640 |
| 22,195 | 25,696 | 22,009 | Closing net debt | 22,009 | 22,195 |
| (1,463) | (1,879) | 3,687 | Decrease (increase) in net debt | 4,808 | (1,073) |
| | | | Movement in cash and cash | | |
| | | | equivalents excluding | | |
| (277) | (1,225) | 2,627 | (exchange adjustments) | 2,626 | (261) |
| | | | Net cash outflow (inflow) from | | |
| (1,164) | (517) | 1,048 | financing (excluding share capital) | 2,315 | (751) |
| (21) | (114) | (8) | Other movements | (129) | (45) |
| | | | Movement in net debt before | | |
| (1,462) | (1,856) | 3,667 | exchange effects | 4,812 | (1,057) |
| (1) | (23) | 20 | Exchange adjustments | (4) | (16) |
| (1,463) | (1,879) | 3,687 | Decrease (increase) in net debt | 4,808 | (1,073) |

Net debt has been redefined, for further information see Note 2. Amounts for comparative periods are presented on a consistent basis.

Top of page 29

Notes

9. TNK-BP operational and financial information

| Third quarter 2007 | Second quarter 2008 | Third quarter 2008 | Nine months | |
|--|------------------------------------|-----------------------------------|--------------------|-------------|
| | | | 2008 | 2007 |
| Production (Net of royalties) (BP share) | | | | |
| 830 | 825 | 833 | 825 | 833 |
| 364 | 546 | 579 | 546 | 456 |
| 892 | 919 | 932 | 919 | 912 |
| | | | \$ million | |
| Income statement (BP share) | | | | |
| 1,094 | 2,026 | 1,345 | 4,580 | 2,466 |
| (67) | (56) | (71) | (203) | (193) |
| (289) | (524) | (369) | (1,224) | (580) |
| (66) | (95) | (56) | (209) | (173) |
| 672 | 1,351 | 849 | 2,944 | 1,520 |
| Cash flow | | | | |
| 800 | – | 300 | 1,500 | 1,300 |

Balance Sheet**30 September** **31 December**

| | 2008 | 2007 |
|--|--------------|-------------|
| Investments in jointly controlled entities | 9,621 | 8,817 |
| Trade and other receivables - Dividends receivable | 640 | – |

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

As previously announced on 4 September 2008, BP and Alfa Access-Renova signed a Memorandum of Understanding. The Memorandum of Understanding sets out the parties' agreement in principle, subject to execution of definitive agreements, to new commercial principles relating to the governance of TNK-BP, to the potential future sale, at an appropriate time and subject to certain conditions, of up to 20% of a subsidiary of TNK-BP through an initial public offering, and to address the claims between them. Negotiations continue between the parties to reach agreement on definitive documentation.

10. Inventory valuation

Due to falling oil prices, an expense of \$1,217 million has been recognized in the third quarter 2008 and \$1,127 million in the nine months ended 30 September 2008 representing the write-down of inventories to their net realisable value. This affects profit for the period only; replacement cost profit is unaffected.

11. Fourth quarter results

BP's fourth quarter results will be announced on 3 February 2009.

12. Statutory accounts

The financial information shown in this publication, which was approved by the Board of Directors on 27 October 2008, is unaudited and does not constitute statutory financial statements. *BP Annual Report and Accounts 2007* has been filed with the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

Contacts

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

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)

Dated: 28 October, 2008

/s/ D. J. PEARL
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D. J. PEARL
Deputy Company Secretary