



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

RECORD HALF-YEAR RESULT; DIVIDEND PER SHARE UP 9%

| Second<br>Quarter<br>2003 | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 | \$ million                   | First Half |       |    |
|---------------------------|--------------------------|---------------------------|------------------------------|------------|-------|----|
| 2003                      | 2004                     | 2004                      |                              | 2004       | 2003  | %  |
| =====                     |                          |                           |                              |            |       |    |
| Replacement cost profit   |                          |                           |                              |            |       |    |
| 2,536                     | 4,170                    | 3,434                     | for the period (a)           | 7,604      | 5,956 |    |
| 629                       | 547                      | 474                       | Acquisition amortization (b) | 1,021      | 1,257 |    |
| -----                     |                          |                           |                              |            |       |    |
| 3,165                     | 4,717                    | 3,908                     | Pro forma result             | 8,625      | 7,213 | 20 |
| =====                     |                          |                           |                              |            |       |    |
| 8.81                      | 11.61                    | 9.93                      | - per ordinary share (pence) | 21.54      | 20.14 | 7  |
| 14.29                     | 21.36                    | 17.85                     | - per ordinary share (cents) | 39.21      | 32.42 | 21 |
| 0.86                      | 1.28                     | 1.07                      | - per ADS (dollars)          | 2.35       | 1.95  |    |
| =====                     |                          |                           |                              |            |       |    |

- o BP's second quarter pro forma result was \$3,908 million, compared with \$3,165 million a year ago, an increase of 23%. For the half year, the result was \$8,625 million compared with \$7,213 million, up 20%. Replacement cost profit for the second quarter and half year was \$3,434 million and \$7,604 million respectively, compared with \$2,536 million and \$5,956 million a year ago.
  
- o The second quarter result includes a net exceptional and non-operating charge of \$258 million compared with a net gain of \$168 million in the second quarter of 2003.
  
- o The second quarter trading environment was generally stronger than a year ago, with higher oil and gas realizations and refining margins.

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- o Net cash inflow for the quarter was \$1.5 billion and net cash inflow for the half year was \$5.3 billion, compared with an inflow of \$2.4 billion and an inflow of \$5.6 billion a year ago. Net cash flow from operating activities for the quarter and half year was \$6.9 billion and \$14.6 billion respectively, compared with \$7.3 billion and \$13.3 billion a year ago.
  
- o The pro forma ratio of net debt to net debt plus equity was 23% at the end of the quarter.
  
- o Return on average capital employed for the quarter and half year respectively, on a pro forma basis, was 19.8% and 21.9%, compared with 18.7% and 21.2% a year ago. The cash return for the quarter was 36% compared with 32% a year ago, and for the half year was 34% compared with 35% a year ago.
  
- o The quarterly dividend increased from 6.75 cents per share to 7.10 cents per share (\$0.426 per ADS). This compares with 6.50 cents per share a year ago. For the half year the dividend showed an increase of 8.6%. In sterling terms, the quarterly dividend is 3.860 pence per share compared with 4.039 pence a year ago; for the half year the decrease was 4.0%. During the first half, the company repurchased for cancellation 380 million of its own shares, at a cost of \$3.25 billion. The increase in the per share dividend growth rate reflects the reduction in the number of shares outstanding due to the share buyback programme. This allows the company's level of dividend payments to be allocated across a smaller equity base.

BP Group Chief Executive, Lord Browne, said:

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"This has been another strong performance against the backdrop of a robust trading environment. We are on track against our targets of controlled investment for growth, increasing the dividend and using additional free cash flow to fund a significant level of share buybacks. The reduction in the number of shares outstanding has allowed us to accelerate the per share dividend growth rate. The plans to prepare the Olefins and Derivatives business for disposal are on track."

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.

- (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.
- (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 first quarter 2004 and the first half results for 2003 and 2004 include accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets.

### Summary Second Quarter Results

Exploration and Production's second quarter result was up 18% on a year ago reflecting higher liquids and gas realizations combined with the changing production composition primarily arising from the greater proportion of production from Russia, offset partly by exceptional losses and non-operating charges in the quarter. The corresponding quarter in 2003 contained exceptional gains and non-operating credits.

The Refining and Marketing result increased 43% compared with a year ago reflecting stronger refining margins, supported by strong US product demand coupled with below-normal inventories and the impact of industry-wide refinery maintenance.

The Petrochemicals result improved from the first quarter reflecting the absence

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of large exceptional losses reported in the first quarter together with improved margins.

In Gas, Power and Renewables, the result increased compared with a year ago due to a higher contribution from the natural gas liquids business in North America.

Interest and other finance expense for the quarter was \$221 million compared with \$228 million for the prior quarter.

The pro forma effective tax rate on replacement cost profit was 35.7%.

Capital expenditure was \$3.2 billion for the quarter and there were no significant acquisitions. Disposal proceeds for the quarter were \$0.66 billion.

Net debt at the end of the quarter was \$18.2 billion. The pro forma ratio of net debt to net debt plus equity was 23% at the end of the quarter compared with 22% at the end of the first quarter.

During the third quarter, shares to the value of \$1.25 billion will be issued to Alfa Group and Access-Renova (AAR) as the first instalment of the deferred consideration for our investment in TNK-BP.

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

TNK-BP operational and financial information has been estimated.

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

|                                | 2Q 2004     |                |
|--------------------------------|-------------|----------------|
|                                | Exceptional | Non-Operating  |
| \$ million                     | Items       | Items and UPIS |
|                                |             |                |
| Exploration and Production     | (114)       | (247)          |
| Refining and Marketing         | (18)        | -              |
| Petrochemicals                 | 6           | -              |
| Gas, Power and Renewables      | -           | -              |
| Other businesses and corporate | (1)         | -              |
|                                | (127)       | (247)          |

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|          |       |        |
|----------|-------|--------|
| Taxation | 28    | 88 (a) |
|          | ----- |        |
|          | (99)  | (159)  |
|          | ===== |        |

(a) Tax on 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 35.5%.

### Reconciliation of Reported Results to Pro Forma Results

| Pro Forma Result | ----- 2Q 2004 ----- |            |                |                       |                    | Pro Forma Result   |        |
|------------------|---------------------|------------|----------------|-----------------------|--------------------|--------------------|--------|
| -----            |                     |            |                |                       |                    | -----              |        |
| 2Q<br>2003       | 1Q<br>2004          | 2Q<br>2004 | Acq.<br>Amort+ | Reported<br>Earnings* | \$ million         | First Half<br>2004 | 2003   |
| =====            |                     |            |                |                       |                    | =====              |        |
|                  |                     |            |                |                       | Exploration and    |                    |        |
| 3,858            | 4,568               | 4,558      | 256            | 4,302                 | Production         | 9,126              | 8,999  |
|                  |                     |            |                |                       | Refining and       |                    |        |
| 1,093            | 941                 | 1,562      | 218            | 1,344                 | Marketing          | 2,503              | 1,926  |
| 306              | (25)                | 208        | -              | 208                   | Petrochemicals     | 183                | 443    |
|                  |                     |            |                |                       | Gas, Power         |                    |        |
| 141              | 198                 | 216        | -              | 216                   | and Renewables     | 414                | 357    |
|                  |                     |            |                |                       | Other businesses   |                    |        |
| (153)            | 1,129               | (164)      | -              | (164)                 | and corporate      | 965                | (319)  |
| -----            |                     |            |                |                       |                    | -----              |        |
|                  |                     |            |                |                       | RC profit before   |                    |        |
| 5,245            | 6,811               | 6,380      | 474            | 5,906                 | interest and tax   | 13,191             | 11,406 |
| -----            |                     |            |                |                       |                    | -----              |        |
|                  |                     |            |                |                       | Interest and Other |                    |        |
| (276)            | (228)               | (221)      | -              | (221)                 | finance expense    | (449)              | (581)  |

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|         |         |         |     |         |                              |         |         |
|---------|---------|---------|-----|---------|------------------------------|---------|---------|
| (1,744) | (1,822) | (2,199) | -   | (2,199) | Taxation                     | (4,021) | (3,526) |
| (60)    | (44)    | (52)    | -   | (52)    | MSI                          | (96)    | (86)    |
| -----   |         |         |     |         |                              |         |         |
| 3,165   | 4,717   | 3,908   | 474 | 3,434   | RC profit                    | 8,625   | 7,213   |
| -----   |         |         |     |         |                              |         |         |
|         |         |         |     | 462     | Stock holding gains (losses) |         |         |
| -----   |         |         |     |         |                              |         |         |
|         |         |         |     | 3,896   | 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.

+ Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The first quarter 2004 and the first half 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

| Second<br>Quarter<br>2003 | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                        | First Half<br>2004 | 2003   |
|---------------------------|--------------------------|---------------------------|------------------------|--------------------|--------|
| =====                     |                          |                           |                        |                    |        |
|                           |                          |                           | Replacement cost       |                    |        |
|                           |                          |                           | Profit before          |                    |        |
| 4,616                     | 6,264                    | 5,906                     | interest and tax (\$m) | 12,170             | 10,149 |
| -----                     |                          |                           |                        |                    |        |
|                           |                          |                           | Results for the        |                    |        |
|                           |                          |                           | period (\$m)           |                    |        |

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|                    |            |            |                         |            |            |
|--------------------|------------|------------|-------------------------|------------|------------|
| 3,165              | 4,717      | 3,908      | Pro forma result        | 8,625      | 7,213      |
| 2,536              | 4,170      | 3,434      | Replacement cost profit | 7,604      | 5,956      |
| 1,585              | 4,818      | 3,896      | Historical cost profit  | 8,714      | 5,804      |
| -----              |            |            |                         |            |            |
| Shares in issue at |            |            |                         |            |            |
| 22,101,622         | 21,996,888 | 21,789,115 | period end (thousand)   | 21,789,115 | 22,101,622 |
| - ADS equivalent   |            |            |                         |            |            |
| 3,683,604          | 3,666,148  | 3,631,519  | (thousand)              | 3,631,519  | 3,683,604  |
| Average number of  |            |            |                         |            |            |
| shares outstanding |            |            |                         |            |            |
| 22,164,026         | 22,087,796 | 21,906,318 | (thousand)              | 21,997,057 | 22,244,797 |
| - ADS equivalent   |            |            |                         |            |            |
| 3,694,004          | 3,681,299  | 3,651,053  | (thousand)              | 3,666,176  | 3,707,466  |
| Per ordinary share |            |            |                         |            |            |
| (cents)            |            |            |                         |            |            |
| 14.29              | 21.36      | 17.85      | Pro forma result        | 39.21      | 32.42      |
| RC profit          |            |            |                         |            |            |
| 11.45              | 18.88      | 15.68      | for the period          | 34.56      | 26.77      |
| HC profit          |            |            |                         |            |            |
| 7.19               | 21.81      | 17.80      | for the period          | 39.61      | 26.09      |
| Per ADS (cents)    |            |            |                         |            |            |
| 85.74              | 128.16     | 107.10     | Pro forma result        | 235.26     | 194.52     |
| RC profit          |            |            |                         |            |            |
| 68.70              | 113.28     | 94.08      | for the period          | 207.36     | 160.62     |
| HC profit          |            |            |                         |            |            |
| 43.14              | 130.86     | 106.80     | for the period          | 237.66     | 156.54     |
| -----              |            |            |                         |            |            |

Exploration and Production



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| 2Q    | 1Q    | 2Q    |                                     | First Half |       |
|-------|-------|-------|-------------------------------------|------------|-------|
| 2003  | 2004  | 2004  | \$ million                          | 2004       | 2003  |
| ===== |       |       |                                     |            |       |
|       |       |       | Replacement cost profit             |            |       |
| 3,434 | 4,242 | 4,302 | before interest and tax             | 8,544      | 8,152 |
| 424   | 326   | 256   | Acquisition amortization            | 582        | 847   |
| ----- |       |       |                                     |            |       |
|       |       |       | Pro forma replacement cost result   |            |       |
| 3,858 | 4,568 | 4,558 | before interest and tax             | 9,126      | 8,999 |
| ===== |       |       |                                     |            |       |
|       |       |       | Results include:                    |            |       |
| -     | (123) | (160) | Asset write-downs/impairment        | (283)      | (49)  |
| -     | -     | -     | Environmental charges               | -          | -     |
|       |       |       | Restructuring, integration and      |            |       |
| (12)  | -     | -     | rationalization costs               | -          | (102) |
| -     | -     | -     | Other                               | -          | -     |
| 106   | (66)  | (87)  | Unrealized profit in stock (UPIS)   | (153)      | (19)  |
| ----- |       |       |                                     |            |       |
| 94    | (189) | (247) | Total non-operating items and UPIS  | (436)      | (170) |
| 333   | 211   | (114) | Exceptional items                   | 97         | 766   |
| ===== |       |       |                                     |            |       |
|       |       |       | Total non-operating items, UPIS     |            |       |
| 427   | 22    | (361) | and exceptional items               | (339)      | 596   |
| ===== |       |       |                                     |            |       |
| 101   | 136   | 108   | Exploration expense                 | 244        | 213   |
|       |       |       | Of which:                           |            |       |
| 43    | 67    | 22    | Exploration expenditure written off | 89         | 93    |
| ----- |       |       |                                     |            |       |

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|       |       |       | Production (Net of Royalties)   |       |       |
|-------|-------|-------|---------------------------------|-------|-------|
| 1,712 | 2,342 | 2,321 | Crude oil (mb/d)                | 2,331 | 1,771 |
| 199   | 191   | 197   | Natural gas liquids (mb/d)      | 194   | 216   |
| 1,911 | 2,533 | 2,518 | Total liquids (mb/d) (a)        | 2,525 | 1,987 |
| 8,439 | 8,600 | 8,425 | Natural gas (mmcf/d)            | 8,512 | 8,727 |
| 3,366 | 4,015 | 3,971 | Total hydrocarbons (mboe/d) (b) | 3,993 | 3,492 |
| ===== |       |       |                                 | ===== |       |

|       |       |       | Average realizations         |       |       |
|-------|-------|-------|------------------------------|-------|-------|
| 25.73 | 31.30 | 34.47 | Crude oil (\$/bbl)           | 32.85 | 28.50 |
| 17.49 | 23.14 | 23.71 | Natural gas liquids (\$/bbl) | 23.43 | 18.76 |
| 24.90 | 30.48 | 33.27 | Total liquids (\$/bbl)       | 31.85 | 27.47 |
| 3.39  | 3.79  | 3.68  | Natural gas (\$/mcf)         | 3.74  | 3.64  |
| 22.43 | 26.48 | 27.66 | Total hydrocarbons (\$/bbl)  | 27.06 | 24.49 |
| ===== |       |       |                              | ===== |       |

|       |       |       | Average oil marker prices        |       |       |
|-------|-------|-------|----------------------------------|-------|-------|
|       |       |       | (\$/bbl)                         |       |       |
| 26.03 | 32.03 | 35.32 | Brent                            | 33.67 | 28.77 |
| 29.02 | 35.30 | 38.28 | West Texas Intermediate          | 36.80 | 31.53 |
| 27.04 | 34.22 | 36.99 | Alaska North Slope US West Coast | 35.61 | 30.13 |
| ===== |       |       |                                  | ===== |       |

|      |      |      | Average natural gas marker prices  |      |      |
|------|------|------|------------------------------------|------|------|
| 5.40 | 5.69 | 6.00 | Henry Hub gas price (\$/mmbtu) (c) | 5.84 | 5.96 |

|       |       |       | UK Gas - National         |       |       |
|-------|-------|-------|---------------------------|-------|-------|
| 17.44 | 24.59 | 20.70 | Balancing Point (p/therm) | 22.64 | 19.35 |
| ===== |       |       |                           | ===== |       |

(a) Crude oil and natural gas liquids.

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(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 second quarter was \$4,558 million, up 18% from the second quarter of 2003. The primary drivers for the change are the higher realizations in both liquids and gas combined with the changing composition of production primarily arising from the greater proportion of production from Russia. This was partly offset by the exceptional losses and non-operating charges in the quarter. The corresponding quarter in 2003 contained exceptional gains and non-operating credits.

Included in the results for the quarter was a non-operating charge as a result of impairments totalling \$160 million in respect of a gas processing plant in the USA and a field in the Gulf of Mexico Shelf.

The second quarter result also includes a charge of \$87 million, reflecting an increase in the provision for Unrealized Profit in Stock (UPIS), which removes the upstream margin from downstream inventories. This compares with a credit of \$106 million in the equivalent quarter of last year.

Production for the quarter was up 18% from the second quarter of 2003, to 3,971 mboe/d. This reflects increased production from Russia partly offset by divestments, lower seasonal gas takes in the North Sea, anticipated decline and unplanned shutdowns at the Mars platform in the Gulf of Mexico and in Trinidad.

The result for the half year also benefited from higher realizations combined with the changing composition of production primarily resulting from increased volumes from Russia offset by the above operational items.

Projects in the New Profit Centres remain on track. In the Gulf of Mexico, offshore installation of the Holstein and Mad Dog Spars was completed, Holstein topsides have been installed, and the Thunder Horse platform has left the construction yard in Korea. In Algeria, first gas sales from the In Salah gas project have been achieved. In Azerbaijan, installation of the Central Azeri jacket was completed. In Angola, the Kizomba A Floating Production Storage and Offloading vessel arrived at the field location in Block 15 and hook-up to the tension leg platform is in progress. In Trinidad the Atlas methanol plant was brought on line. In Australia, commissioning of North West Shelf Train 4 has commenced with first gas delivered to the plant.

Projects in Existing Profit Centres are also on track. In the UK the Clair jacket and deck has been installed offshore. In Egypt, the first steps were taken towards the development of a major LNG business, with agreements signed to deliver natural gas to the Damietta plant.

In the second quarter we had a further exploration success in Angola with the Venus discovery in offshore Block 31 and two discoveries in the Nile Delta in Egypt, Tamsah and Polaris.

During the quarter, we signed sale and purchase agreements in Indonesia for the divestment of our interest in the Kangean Production Sharing Contract and our participating interest in the Muriah Production Sharing Contract, in the USA for the sale of our interest in the South Pass 60 property in the Gulf of Mexico Shelf and Swordfish in the deepwater Gulf of Mexico. The total net exceptional losses in respect of these transactions for the quarter were \$114 million.

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### Customer Facing Segments

#### Refining and Marketing

| 2Q                                | 1Q    | 2Q    |                              | First Half |       |
|-----------------------------------|-------|-------|------------------------------|------------|-------|
| 2003                              | 2004  | 2004  | \$ million                   | 2004       | 2003  |
| =====                             |       |       |                              |            |       |
| Replacement cost profit           |       |       |                              |            |       |
| 888                               | 720   | 1,344 | before interest and tax      | 2,064      | 1,516 |
| 205                               | 221   | 218   | Acquisition amortization     | 439        | 410   |
| -----                             |       |       |                              |            |       |
| Pro forma replacement cost result |       |       |                              |            |       |
| 1,093                             | 941   | 1,562 | before interest and tax      | 2,503      | 1,926 |
| =====                             |       |       |                              |            |       |
| Results include:                  |       |       |                              |            |       |
| -                                 | -     | -     | Asset write-downs/impairment | -          | -     |
| -                                 | -     | -     | Environmental charges        | -          | -     |
| Restructuring, integration and    |       |       |                              |            |       |
| (41)                              | -     | -     | rationalization costs        | -          | (59)  |
| -                                 | -     | -     | Other                        | -          | -     |
| -----                             |       |       |                              |            |       |
| (41)                              | -     | -     | Total non-operating items    | -          | (59)  |
| (49)                              | (140) | (18)  | Exceptional items            | (158)      | (101) |
| =====                             |       |       |                              |            |       |
| Total non-operating and           |       |       |                              |            |       |
| (90)                              | (140) | (18)  | exceptional items            | (158)      | (160) |
| =====                             |       |       |                              |            |       |
| Refinery throughputs (mb/d)       |       |       |                              |            |       |
| 416                               | 395   | 404   | UK                           | 400        | 397   |
| 991                               | 884   | 871   | Rest of Europe               | 878        | 973   |

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|                                     |        |        |                             |        |        |
|-------------------------------------|--------|--------|-----------------------------|--------|--------|
| 1,465                               | 1,265  | 1,370  | USA                         | 1,317  | 1,384  |
| 393                                 | 399    | 377    | Rest of World               | 388    | 392    |
| -----                               |        |        |                             |        |        |
| 3,265                               | 2,943  | 3,022  | Total throughput            | 2,983  | 3,146  |
| =====                               |        |        |                             |        |        |
| 96.7                                | 95.1   | 95.1   | Refining availability       | 95.1   | 95.4   |
| =====                               |        |        |                             |        |        |
| Oil sales volumes (mb/d)            |        |        |                             |        |        |
| Refined products                    |        |        |                             |        |        |
| 279                                 | 294    | 318    | UK                          | 306    | 279    |
| 1,358                               | 1,324  | 1,344  | Rest of Europe              | 1,333  | 1,338  |
| 1,822                               | 1,727  | 1,724  | USA                         | 1,726  | 1,787  |
| 607                                 | 679    | 665    | Rest of World               | 672    | 626    |
| -----                               |        |        |                             |        |        |
| 4,066                               | 4,024  | 4,051  | Total marketing sales       | 4,037  | 4,030  |
| 2,957                               | 2,917  | 2,087  | Trading/supply sales        | 2,502  | 2,884  |
| -----                               |        |        |                             |        |        |
| 7,023                               | 6,941  | 6,138  | Total refined product sales | 6,539  | 6,914  |
| 5,679                               | 5,104  | 5,339  | Crude oil                   | 5,222  | 5,104  |
| -----                               |        |        |                             |        |        |
| 12,702                              | 12,045 | 11,477 | Total oil sales             | 11,761 | 12,018 |
| =====                               |        |        |                             |        |        |
| Global Indicator Refining Margin(a) |        |        |                             |        |        |
| (\$/bbl)                            |        |        |                             |        |        |
| 2.15                                | 2.73   | 5.29   | NWE                         | 4.01   | 2.92   |
| 3.59                                | 6.92   | 9.18   | USGC                        | 8.05   | 4.86   |
| 4.73                                | 4.67   | 9.01   | Midwest                     | 6.84   | 4.44   |
| 6.34                                | 8.06   | 15.41  | USWC                        | 11.73  | 6.55   |
| 0.66                                | 3.42   | 2.80   | Singapore                   | 3.11   | 1.81   |
| 3.27                                | 4.62   | 7.89   | BP Average                  | 6.25   | 3.89   |
| =====                               |        |        |                             |        |        |

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(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 result before interest and tax for the second quarter was \$1,562 million. This compares with \$1,093 million for the same period last year, an increase of 43%. The result for the half year represents an increase of \$577 million (30%), at \$2,503 million.

Refining margins in the second quarter were stronger for most regions than in both the equivalent quarter a year ago and the first quarter of 2004, supported by strong US product demand, coupled with below-normal inventories and the impact of industry-wide planned and unplanned refinery maintenance. Compared to the second quarter of 2003, the increase in result was less than suggested by movements in the Global Indicator Margin (GIM), due to operational outages at the Texas City Refinery, scheduled refinery turnarounds and higher purchased energy costs. Marketing margins increased relative to the previous quarter, particularly at the end of the quarter, but were below seasonal norms due to pressure from rising crude and product prices.

The improvement relative to the first half of 2003 was attributable to the stronger refining margins, with overall marketing margins lower due to factors outlined above.

Refining throughputs for the quarter were 3,022 mb/d, some 7% below the second quarter of 2003 due to the disposal of the Bayernoil refinery and the planned turnaround at Cherry Point refinery. The throughputs were some 3% higher than those in the previous quarter due to lower turnaround activity. The quarter's refining availability was 95.1%. Marketing sales were 4,051 mb/d, a similar level to both the equivalent quarter last year and the previous quarter.

During the quarter, BP continued the successful roll-out of its new Ultimate(R) (a) generation gasoline and diesel fuels with launches in Germany and Austria.

Also in the quarter, BP announced the closure of refining operations at the ATAS Refinery in Mersin, south eastern Turkey. The site will continue to operate as a fuels terminal.

The quarter's exceptional charges included an additional charge associated with the termination of the lubricants operation at the Coryton Refinery and the closure of a terminal elsewhere in the UK.

The disposal of BP's interests in the Singapore Refining Company Private Limited

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was concluded on 30 June.

Shortly after the quarter, BP and the Singapore Petroleum Company Limited (SPC) announced that conditional agreement had been reached for SPC to purchase BP's Retail and LPG Business in the Singapore retail network and related assets for \$70 million; the transaction completion is expected towards the end of 2004.

(a) Ultimate(R) is a trademark of BP p.l.c.

### Customer Facing Segments

#### Petrochemicals

| 2Q                             | 1Q    | 2Q   |                                   | First Half |      |
|--------------------------------|-------|------|-----------------------------------|------------|------|
| 2003                           | 2004  | 2004 | \$ million                        | 2004       | 2003 |
| =====                          |       |      |                                   | =====      |      |
|                                |       |      | Replacement cost profit           |            |      |
| 306                            | (25)  | 208  | before interest and tax           | 183        | 443  |
| -                              | -     | -    | Acquisition amortization          | -          | -    |
| -----                          |       |      |                                   | -----      |      |
|                                |       |      | Pro forma replacement cost result |            |      |
| 306                            | (25)  | 208  | before interest and tax           | 183        | 443  |
| =====                          |       |      |                                   | =====      |      |
| Results include:               |       |      |                                   |            |      |
| Provision against fixed        |       |      |                                   |            |      |
| assets investments/            |       |      |                                   |            |      |
| -                              | -     | -    | asset write-downs/impairment      | -          | -    |
| -                              | -     | -    | Environmental charges             | -          | -    |
| Restructuring, integration and |       |      |                                   |            |      |
| 5                              | -     | -    | rationalization costs             | -          | 5    |
| -                              | -     | -    | Other                             | -          | -    |
| -----                          |       |      |                                   | -----      |      |
| 5                              | -     | -    | Total non-operating items         | -          | 5    |
| 2                              | (154) | 6    | Exceptional items                 | (148)      | 9    |

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|                                 |       |       |  |        |         |
|---------------------------------|-------|-------|--|--------|---------|
|                                 |       |       |  |        |         |
| Total non-operating and         |       |       |  |        |         |
| 7                               | (154) | 6     | exceptional items                          | (148)  | 14      |
|                                 |       |       |  |        |         |
| 134                             | 125   | 131   | (b) Chemicals Indicator Margin (a) (\$/te) | 128    | (b) 115 |
|                                 |       |       |  |        |         |
| Petrochemicals production (kte) |       |       |  |        |         |
| 714                             | 840   | 856   | UK   | 1,696  | 1,583   |
| 2,681                           | 2,728 | 2,726 | Rest of Europe                             | 5,454  | 5,444   |
| 2,503                           | 2,543 | 2,514 | USA  | 5,057  | 5,039   |
| 872                             | 1,132 | 1,075 | Rest of World                              | 2,207  | 1,684   |
|                                 |       |       |  |        |         |
| 6,770                           | 7,243 | 7,171 | Total production                           | 14,414 | 13,750  |
|                                 |       |       |  |        |         |

(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 second quarter is based on two months' actuals and one month of provisional data.

Petrochemicals' pro forma replacement cost result before interest and tax for the second quarter was \$208 million, up from a loss of \$25 million in the first quarter. The improvement is due to the absence of large exceptional losses in the first quarter and improved margins. The second quarter result was a decrease of \$98 million compared with the second quarter a year ago as higher product realizations were more than offset by adverse foreign exchange impacts, higher energy costs and increased feedstock prices. The first half result was 59% lower than that of a year ago, reflecting exceptional losses and lower margins. Production of 7,171 thousand tonnes in the second quarter was 72 thousand tonnes down on the previous quarter due to seasonal turnaround activity. First half production was 664 thousand tonnes higher than a year ago due to new Asian PTA capacity and higher asset utilization.



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During the second quarter we signed a heads of agreement with our joint venture partner, Sinopec (BP share 50%), to build a new 500 thousand tonnes a year acetic acid plant in China. We signed a letter of intent to examine the viability of expanding production at the BP Zhuhai PTA plant in China (BP share 85%) to 1,200 thousand tonnes a year. We completed the sale of our Speciality Intermediates Business.

We have progressed with plans to consolidate the Olefins and Derivatives (O&D) business into a stand-alone entity able to operate separately from the BP Group. The BP Group plans to sell O&D in due course, possibly commencing the sale through an Initial Public Offering, depending on market circumstances and necessary approvals in the second half of 2005. We intend to retain the balance of our petrochemicals portfolio, comprising the aromatics and acetyls business.

### Customer Facing Segments

#### Gas, Power and Renewables

| 2Q    | 1Q   | 2Q   |                                   | First Half |      |
|-------|------|------|-----------------------------------|------------|------|
| 2003  | 2004 | 2004 | \$ million                        | 2004       | 2003 |
| ===== |      |      |                                   | =====      |      |
|       |      |      | Replacement cost profit           |            |      |
| 141   | 198  | 216  | before interest and tax           | 414        | 357  |
| -     | -    | -    | Acquisition amortization          | -          | -    |
| ----- |      |      |                                   | -----      |      |
|       |      |      | Pro forma replacement cost result |            |      |
| 141   | 198  | 216  | before interest and tax           | 414        | 357  |
| ===== |      |      |                                   | =====      |      |
|       |      |      | Results include:                  |            |      |
| -     | -    | -    | Asset write-downs/impairment      | -          | -    |
| -     | -    | -    | Environmental charges             | -          | -    |
|       |      |      | Restructuring, integration and    |            |      |
| -     | -    | -    | rationalization costs             | -          | -    |
| -     | -    | -    | Other                             | -          | -    |
| ----- |      |      |                                   | -----      |      |
| -     | -    | -    | Total non-operating items         | -          | -    |
| 6     | -    | -    | Exceptional items                 | -          | 6    |
| ===== |      |      |                                   | =====      |      |

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|        |        |        |                            |        |        |
|--------|--------|--------|----------------------------|--------|--------|
|        |        |        | Total non-operating and    |        |        |
| 6      | -      | -      | exceptional items          | -      | 6      |
| =====  |        |        |                            | =====  |        |
|        |        |        | Gas sales volumes (mmcf/d) |        |        |
| 2,581  | 3,027  | 2,495  | UK                         | 2,761  | 2,896  |
| 421    | 442    | 266    | Rest of Europe             | 354    | 447    |
| 10,441 | 13,618 | 12,470 | USA                        | 13,044 | 11,084 |
| 10,839 | 13,902 | 12,070 | Rest of World              | 12,986 | 11,194 |
| -----  |        |        |                            | -----  |        |
| 24,282 | 30,989 | 27,301 | Total gas sales volumes    | 29,145 | 25,621 |
| =====  |        |        |                            | =====  |        |
|        |        |        | NGL sales volumes (mb/d)   |        |        |
| 1      | 4      | 8      | UK                         | 6      | 3      |
| -      | 1      | 3      | Rest of Europe             | 2      | -      |
| 289    | 462    | 334    | USA                        | 397    | 285    |
| 147    | 244    | 166    | Rest of World              | 205    | 199    |
| -----  |        |        |                            | -----  |        |
| 437    | 711    | 511    | Total NGL sales volumes    | 610    | 487    |
| =====  |        |        |                            | =====  |        |

The pro forma replacement cost result before interest and tax for the second quarter and half year was \$216 million and \$414 million respectively, compared with \$141 million and \$357 million a year ago. The primary reason for these increases is a higher contribution from the natural gas liquids business in North America.

The half year result also benefited from higher contributions from the global LNG and Solar businesses whilst the marketing and trading result is down due to lower margins partly offset by higher gas sales volumes.

During the quarter, the Guangdong Dapeng LNG Company Ltd. (BP share 30%) in China signed a series of milestone agreements relating to the Guangdong LNG terminal and trunkline project which is due on stream in 2006. In addition, since the quarter-end, the Tangguh LNG project in Indonesia (BP share 37.16%) signed a sale and purchase agreement for the supply of 0.55 million tonnes per annum for a period of 20 years to Posco, who is currently building an LNG import terminal at Gwangyang in South Korea. BP Gas Marketing Ltd. has signed an agreement with the Egyptian Natural Gas Holding Company to purchase LNG under a long term contract from the Damietta LNG plant which is expected to start commercial production in 2005.

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### Other Businesses and Corporate

| 2Q    | 1Q    | 2Q    |                                   | First Half |       |
|-------|-------|-------|-----------------------------------|------------|-------|
| 2003  | 2004  | 2004  | \$ million                        | 2004       | 2003  |
| ===== |       |       |                                   | =====      |       |
|       |       |       | Replacement cost profit (loss)    |            |       |
| (153) | 1,129 | (164) | before interest and tax           | 965        | (319) |
| -     | -     | -     | Acquisition amortization          | -          | -     |
| ----- |       |       |                                   | -----      |       |
|       |       |       | Pro forma replacement cost result |            |       |
| (153) | 1,129 | (164) | before interest and tax           | 965        | (319) |
| ===== |       |       |                                   | =====      |       |
|       |       |       | Results include:                  |            |       |
| -     | -     | -     | Asset write-downs/impairment      | -          | -     |
| -     | -     | -     | Environmental charges             | -          | -     |
|       |       |       | Restructuring, integration and    |            |       |
| -     | -     | -     | rationalization costs             | -          | -     |
| -     | -     | -     | Other                             | -          | -     |
| ----- |       |       |                                   | -----      |       |
| -     | -     | -     | Total non-operating items         | -          | -     |
| (12)  | 1,313 | (1)   | Exceptional items                 | 1,312      | (6)   |
| ===== |       |       |                                   | =====      |       |
|       |       |       | Total non-operating               |            |       |
| (12)  | 1,313 | (1)   | and exceptional items             | 1,312      | (6)   |
| ===== |       |       |                                   | =====      |       |

Other businesses and corporate comprises Finance, the group's aluminium asset and interest income and costs relating to corporate activities. 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

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| 2Q                           | 1Q    | 2Q    | First Half |       |
|------------------------------|-------|-------|------------|-------|
| 2003                         | 2004  | 2004  | 2004       | 2003  |
| =====                        |       |       |            |       |
| Dividends per ordinary share |       |       |            |       |
| 6.50                         | 6.75  | 7.10  | 13.85      | 12.75 |
| cents                        |       |       |            |       |
| 4.039                        | 3.807 | 3.860 | 7.667      | 7.986 |
| pence                        |       |       |            |       |
|                              |       |       |            |       |
| 39.0                         | 40.5  | 42.6  | 83.1       | 76.5  |
| Dividends per ADS (cents)    |       |       |            |       |
| -----                        |       |       |            |       |

BP today announced a second quarterly dividend for 2004 of 7.10 cents per ordinary share. Holders of ordinary shares will receive 3.860 pence per share and holders of American Depositary Receipts (ADRs) \$0.426 per ADS share. The dividend is payable on 7 September to shareholders on the register on 13 August. 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 7 September. The third quarter 2004 results and dividend will be announced on 26 October 2004.

### Outlook

BP Group Chief Executive, Lord Browne, concluded:

"The world economy slowed in the second quarter of 2004, although growth remains above historic trend levels. The pace of economic activity seems to be easing in the US, while specific policy actions in China have been put in place to slow domestic demand growth. However, the momentum in Japan has continued and signs of recovery are emerging within Europe. Continued global economic growth is expected.

"Oil prices in the second quarter averaged \$35.32 per barrel (Dated Brent), the highest of any quarter for more than 20 years and over 10% and \$3 per barrel higher than in the first quarter. Prices have strengthened further during July to date, averaging over \$37 per barrel.

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Prices have been supported by continued strong oil demand growth and concerns about supply disruptions. OECD commercial inventories have remained low relative to five year averages even though OPEC production has increased following the 3 June agreement to raise the OPEC-10 output ceiling. Oil prices should remain supported by limited spare OPEC production capacity and further oil demand growth.

"US natural gas prices averaged \$6/mmbtu (Henry Hub first of month index) in the second quarter, up \$0.31/mmbtu versus the first quarter. Since the beginning of May spot gas prices have traded in the upper half of the residual fuel oil and distillate parity range. The July first of month price was \$6.14/mmbtu, although daily spot prices have since eased below \$6/mmbtu as confidence has grown over gas availability through the summer cooling period. Working gas in storage remains close to the 5 year average. US industrial gas demand has increased. Supply is increasing as imports grow both from Canada and in the form of LNG and as onshore domestic production rises. Summer temperatures and oil prices will be the keys to near term gas prices.

"Refining margins in the second quarter strengthened sharply relative to the first quarter of 2004. Low product inventories, strong global oil demand growth and concerns about US gasoline supply were all very supportive. The margin gains were most pronounced in the US but Europe also benefited. Margins in the third quarter will be increasingly dependent on perceived demand for distillate. Marketing margins recovered late in the second quarter but remain exposed to crude and product price volatility.

"Petrochemical margins in the second quarter improved versus the previous quarter as continued global economic growth supported demand. Further growth in demand is anticipated, assuming the global economy remains on

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track. Volatility of energy prices and exchange rates will continue to influence future margins.

"Capital expenditure, excluding acquisitions, for the first half of 2004 was \$6.4 billion, and will be around \$14 billion for the year, slightly above our previous forecast primarily due to the weaker US dollar.

The share buyback programme is continuing, reducing the number of shares outstanding and increasing our ability to accelerate per share dividend growth."

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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, future performance, growth and other trend projections, maintenance, margins, prices, production, sales, share repurchases, supply and the timing of projects and pending transactions. Forward looking statements by their nature 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; 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

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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   |                          |                           |                                       |            |        |
| Second<br>Quarter<br>2003  | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                                       | First Half |        |
|                            |                          |                           |                                       | 2004       | 2003   |
| \$ million                 |                          |                           |                                       | \$ million |        |
| 3,434                      | 4,242                    | 4,302                     | Exploration and Production            | 8,544      | 8,152  |
| 888                        | 720                      | 1,344                     | Refining and Marketing                | 2,064      | 1,516  |
| 306                        | (25)                     | 208                       | Petrochemicals                        | 183        | 443    |
| 141                        | 198                      | 216                       | Gas, Power and Renewables             | 414        | 357    |
| (153)                      | 1,129                    | (164)                     | Other businesses and corporate        | 965        | (319)  |
| -----                      |                          |                           |                                       | -----      |        |
|                            |                          |                           | Replacement cost profit before        |            |        |
| 4,616                      | 6,264                    | 5,906                     | interest and tax                      | 12,170     | 10,149 |
| (951)                      | 648                      | 462                       | Stock holding gains (losses) (Note 5) | 1,110      | (152)  |
| -----                      |                          |                           |                                       | -----      |        |
|                            |                          |                           | Historical cost profit before         |            |        |
| 3,665                      | 6,912                    | 6,368                     | interest and tax                      | 13,280     | 9,997  |
| 149                        | 152                      | 145                       | Interest expense (Note 6)             | 297        | 325    |
| 127                        | 76                       | 76                        | Other finance expense (Note 7)        | 152        | 256    |
| -----                      |                          |                           |                                       | -----      |        |
| 3,389                      | 6,684                    | 6,147                     | Profit before taxation                | 12,831     | 9,416  |
| 1,744                      | 1,822                    | 2,199                     | Taxation (Note 8)                     | 4,021      | 3,526  |
| -----                      |                          |                           |                                       | -----      |        |
| 1,645                      | 4,862                    | 3,948                     | Profit after taxation                 | 8,810      | 5,890  |

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|                                     |       |       |                                 |       |       |
|-------------------------------------|-------|-------|---------------------------------|-------|-------|
| 60                                  | 44    | 52    | Minority shareholders' interest | 96    | 86    |
| -----                               |       |       |                                 |       |       |
| 1,585                               | 4,818 | 3,896 | Profit for the period           | 8,714 | 5,804 |
| -----                               |       |       |                                 |       |       |
| 1,434                               | 1,483 | 1,536 | Distribution to shareholders    | 3,019 | 2,820 |
| -----                               |       |       |                                 |       |       |
| Earnings per ordinary share - cents |       |       |                                 |       |       |
| 7.19                                | 21.81 | 17.80 | Basic                           | 39.61 | 26.09 |
| 7.16                                | 21.34 | 17.43 | Diluted                         | 38.77 | 26.00 |
| =====                               |       |       |                                 |       |       |

Replacement Cost Results

|                                     |       |       |                |         |       |
|-------------------------------------|-------|-------|----------------|---------|-------|
| Historical cost profit              |       |       |                |         |       |
| 1,585                               | 4,818 | 3,896 | for the period | 8,714   | 5,804 |
| Stock holding (gains) losses        |       |       |                |         |       |
| net of minority shareholders'       |       |       |                |         |       |
| 951                                 | (648) | (462) | interest       | (1,110) | 152   |
| -----                               |       |       |                |         |       |
| Replacement cost profit             |       |       |                |         |       |
| 2,536                               | 4,170 | 3,434 | for the period | 7,604   | 5,956 |
| -----                               |       |       |                |         |       |
| Earnings per ordinary share - cents |       |       |                |         |       |
| On replacement cost profit          |       |       |                |         |       |
| 11.45                               | 18.88 | 15.68 | for the period | 34.56   | 26.77 |
| =====                               |       |       |                |         |       |

Summarized Group Balance Sheet

30 June 31 December  
2004 2003

=====



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\$ million

Fixed assets

|                   |         |         |
|-------------------|---------|---------|
| Intangible assets | 13,113  | 13,642  |
| Tangible assets   | 91,275  | 91,911  |
| Investments       | 19,034  | 17,458  |
|                   | -----   | -----   |
|                   | 123,422 | 123,011 |
|                   | -----   | -----   |

Current assets

|                          |        |        |
|--------------------------|--------|--------|
| Stocks                   | 12,470 | 11,617 |
| Debtors                  | 36,347 | 33,902 |
| Investments              | 172    | 185    |
| Cash at bank and in hand | 1,531  | 1,947  |
|                          | -----  | -----  |
|                          | 50,520 | 47,651 |

Creditors - amounts falling due within one year

|                 |        |        |
|-----------------|--------|--------|
| Finance debt    | 7,393  | 9,456  |
| Other creditors | 44,859 | 41,128 |
|                 | -----  | -----  |

Net current assets (liabilities)

(1,732)      (2,933)

Total assets less current liabilities

121,690      120,078

Creditors - amounts falling due

after more than one year

|                 |        |        |
|-----------------|--------|--------|
| Finance debt    | 12,465 | 12,869 |
| Other creditors | 5,728  | 6,090  |

Provisions for liabilities and charges

|                   |        |        |
|-------------------|--------|--------|
| Deferred taxation | 14,539 | 14,371 |
| Other provisions  | 8,610  | 8,815  |
|                   | -----  | -----  |

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|  |         |         |
|--|---------|---------|
| Net assets excluding pensions and other  |         |         |
| post-retirement benefit balances         | 80,348  | 77,933  |
| Defined benefit pension plan surplus     | 1,258   | 1,021   |
| Defined benefit pension plan and other   |         |         |
| post-retirement benefit plan deficits    | (7,556) | (7,510) |
|  | -----   |         |
| Net assets                               | 74,050  | 71,444  |
| Minority shareholders' interest - equity | 1,232   | 1,125   |
|  | -----   |         |
| BP shareholders' interest                | 72,818  | 70,319  |
|  | =====   |         |

Movement in BP shareholders' interest: \$ million

|  |         |
|--|---------|
| At 31 December 2003  | 75,938  |
| Prior year adjustment - change in accounting policy        |         |
| (see Note 1)   | (5,619) |
|  | -----   |
| As restated  | 70,319  |
| Profit for the period                                      | 8,714   |
| Distribution to shareholders                               | (3,019) |
| Currency translation differences (net of tax)              | (202)   |
| Issue of ordinary share capital for employee share schemes | 222     |
| Net release of shares by ESOP trusts                       | 33      |
| Repurchase of ordinary share capital                       | (3,249) |
|  | -----   |
| At 30 June 2004  | 72,818  |
|  | =====   |

### Summarized Group Cash Flow Statement

Second    First    Second

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| Quarter    | Quarter | Quarter |                                    | First Half |         |
|------------|---------|---------|------------------------------------|------------|---------|
| 2003       | 2004    | 2004    |                                    | 2004       | 2003    |
| =====      |         |         |                                    | =====      |         |
| \$ million |         |         |                                    | \$ million |         |
|            |         |         | Net cash inflow from               |            |         |
| 7,346      | 7,674   | 6,917   | operating activities (a)           | 14,591     | 13,307  |
| -----      |         |         |                                    | -----      |         |
| 28         | 178     | 7       | Dividends from joint ventures      | 185        | 41      |
| -----      |         |         |                                    | -----      |         |
|            |         |         | Dividends from                     |            |         |
| 177        | 31      | 97      | associated undertakings            | 128        | 232     |
| -----      |         |         |                                    | -----      |         |
|            |         |         | Servicing of finance and returns   |            |         |
|            |         |         | on investments                     |            |         |
| 52         | 41      | 45      | Interest received                  | 86         | 83      |
| (446)      | (165)   | (154)   | Interest paid                      | (319)      | (653)   |
| 42         | 12      | 18      | Dividends received                 | 30         | 48      |
|            |         |         | Dividends paid to                  |            |         |
| (11)       | (2)     | (8)     | minority shareholders              | (10)       | (13)    |
| -----      |         |         |                                    | -----      |         |
|            |         |         | Net cash outflow from servicing of |            |         |
| (363)      | (114)   | (99)    | finance and returns on investments | (213)      | (535)   |
| -----      |         |         |                                    | -----      |         |
|            |         |         | Taxation                           |            |         |
| (280)      | (322)   | (388)   | UK corporation tax                 | (710)      | (592)   |
| (1,573)    | (258)   | (1,231) | Overseas tax                       | (1,489)    | (1,893) |
| -----      |         |         |                                    | -----      |         |
| (1,853)    | (580)   | (1,619) | Tax paid                           | (2,199)    | (2,485) |
| -----      |         |         |                                    | -----      |         |
|            |         |         | Capital expenditure and            |            |         |
|            |         |         | financial investment               |            |         |

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|         |         |         |                                    |         |         |
|---------|---------|---------|------------------------------------|---------|---------|
| (2,760) | (2,941) | (2,764) | Payments for fixed assets          | (5,705) | (5,631) |
|         |         |         | Proceeds from the sale             |         |         |
| 1,652   | 2,839   | 352     | of fixed assets                    | 3,191   | 3,969   |
| -----   |         |         |                                    |         |         |
|         |         |         | Net cash outflow for               |         |         |
|         |         |         | capital expenditure and            |         |         |
| (1,108) | (102)   | (2,412) | financial investment               | (2,514) | (1,662) |
| -----   |         |         |                                    |         |         |
|         |         |         | Acquisitions and disposals         |         |         |
| (150)   | -       | (14)    | Acquisitions, net of cash acquired | (14)    | (150)   |
|         |         |         | Proceeds from the sale             |         |         |
| 19      | -       | 305     | of businesses                      | 305     | 179     |
|         |         |         | Net investment in                  |         |         |
| -       | (1,273) | -       | TNK-BP joint venture               | (1,273) | -       |
|         |         |         | Net investment in                  |         |         |
| (2)     | (92)    | (21)    | other joint ventures               | (113)   | (16)    |
|         |         |         | Investments in associated          |         |         |
| (331)   | (433)   | (148)   | undertakings                       | (581)   | (517)   |
| -----   |         |         |                                    |         |         |
|         |         |         | Net cash (outflow) inflow for      |         |         |
| (464)   | (1,798) | 122     | acquisitions and disposals         | (1,676) | (504)   |
| -----   |         |         |                                    |         |         |
| (1,386) | (1,492) | (1,478) | Equity dividends paid              | (2,970) | (2,783) |
| -----   |         |         |                                    |         |         |
| 2,377   | 3,797   | 1,535   | Net cash inflow (outflow)          | 5,332   | 5,611   |
| =====   |         |         |                                    |         |         |
| 1,355   | 3,598   | 2,155   | Financing (b)                      | 5,753   | 4,954   |
| 93      | 138     | (153)   | Management of liquid resources     | (15)    | 106     |
| 929     | 61      | (467)   | (Decrease) increase in cash        | (406)   | 551     |
| -----   |         |         |                                    |         |         |

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|                                    |         |         |                                   |            |         |
|------------------------------------|---------|---------|-----------------------------------|------------|---------|
| 2,377                              | 3,797   | 1,535   |                                   | 5,332      | 5,611   |
| =====                              |         |         |                                   | =====      |         |
| Analysis of Cash Flow              |         |         |                                   |            |         |
| Second                             | First   | Second  |                                   | First Half |         |
| Quarter                            | Quarter | Quarter |                                   | 2004       | 2003    |
| 2003                               | 2004    | 2004    |                                   | =====      |         |
| =====                              |         |         |                                   | =====      |         |
| \$ million                         |         |         |                                   | \$ million |         |
| (a) Reconciliation of historical   |         |         |                                   |            |         |
| cost profit before interest        |         |         |                                   |            |         |
| and tax to net cash inflow         |         |         |                                   |            |         |
| from operating activities          |         |         |                                   |            |         |
| Historical cost profit before      |         |         |                                   |            |         |
| 3,665                              | 6,912   | 6,368   | interest and tax                  | 13,280     | 9,997   |
| 2,653                              | 2,814   | 2,738   | Depreciation and amounts provided | 5,552      | 5,362   |
| Exploration expenditure            |         |         |                                   |            |         |
| 43                                 | 67      | 22      | written off                       | 89         | 93      |
| Net operating charge for pensions  |         |         |                                   |            |         |
| and other post-retirement          |         |         |                                   |            |         |
| 45                                 | (23)    | (34)    | benefits, less contributions      | (57)       | (198)   |
| Share of profits of joint ventures |         |         |                                   |            |         |
| (207)                              | (641)   | (868)   | and associated undertakings       | (1,509)    | (511)   |
| (100)                              | (64)    | (74)    | Interest and other income         | (138)      | (148)   |
| (Profit) loss on sale of fixed     |         |         |                                   |            |         |
| (280)                              | (1,230) | 127     | assets and businesses             | (1,103)    | (674)   |
| 29                                 | 67      | 50      | Charge for provisions             | 117        | 58      |
| (209)                              | (155)   | (95)    | Utilization of provisions         | (250)      | (325)   |
| 193                                | 247     | (1,412) | (Increase) decrease in stocks     | (1,165)    | 569     |
| 3,263                              | (1,586) | (1,400) | (Increase) decrease in debtors    | (2,986)    | (3,382) |

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

|                                 |       |       |                                   |         |         |
|---------------------------------|-------|-------|-----------------------------------|---------|---------|
| (1,749)                         | 1,266 | 1,495 | Increase (decrease) in creditors  | 2,761   | 2,466   |
| -----                           |       |       |                                   |         |         |
| Net cash inflow from            |       |       |                                   |         |         |
| 7,346                           | 7,674 | 6,917 | operating activities              | 14,591  | 13,307  |
| =====                           |       |       |                                   |         |         |
| (b) Financing                   |       |       |                                   |         |         |
| (208)                           | (628) | (430) | Long-term borrowing               | (1,058) | (1,223) |
| 607                             | 836   | 434   | Repayments of long-term borrowing | 1,270   | 1,010   |
| (418)                           | (156) | (111) | Short-term borrowing              | (267)   | (1,044) |
| Repayments of short-term        |       |       |                                   |         |         |
| 388                             | 2,408 | 314   | borrowing                         | 2,722   | 4,287   |
| -----                           |       |       |                                   |         |         |
| 369                             | 2,460 | 207   |                                   | 2,667   | 3,030   |
| Issue of ordinary share capital |       |       |                                   |         |         |
| (14)                            | (126) | (96)  | for employee share schemes        | (222)   | (81)    |
| -                               | 15    | 44    | Purchase of shares by ESOP trusts | 59      | 6       |
| Repurchase of ordinary          |       |       |                                   |         |         |
| 1,000                           | 1,249 | 2,000 | share capital                     | 3,249   | 1,999   |
| -----                           |       |       |                                   |         |         |
| Net cash outflow                |       |       |                                   |         |         |
| 1,355                           | 3,598 | 2,155 | (inflow) from financing           | 5,753   | 4,954   |
| =====                           |       |       |                                   |         |         |

### Adjusted Operating Cash Flow

|                                |       |       |                |        |        |
|--------------------------------|-------|-------|----------------|--------|--------|
| Net cash inflow from operating |       |       |                |        |        |
| 7,346                          | 7,674 | 6,917 | activities (a) | 14,591 | 13,307 |
| Dividends received from        |       |       |                |        |        |
| 28                             | 178   | 7     | joint ventures | 185    | 41     |

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

|         |       |         |                                 |         |         |
|---------|-------|---------|---------------------------------|---------|---------|
|         |       |         | Dividends received from         |         |         |
| 177     | 31    | 97      | associated undertakings         | 128     | 232     |
|         |       |         | Net cash outflow from servicing |         |         |
|         |       |         | of finance and returns on       |         |         |
| (363)   | (114) | (99)    | investments                     | (213)   | (535)   |
| -----   |       |         |                                 |         |         |
|         |       |         | Adjusted operating cash         |         |         |
| 7,188   | 7,769 | 6,922   | flow (pre-tax)                  | 14,691  | 13,045  |
| (1,704) | (650) | (1,647) | Tax paid on operations          | (2,297) | (2,282) |
| -----   |       |         |                                 |         |         |
|         |       |         | Adjusted operating cash         |         |         |
| 5,484   | 7,119 | 5,275   | flow (post-tax)                 | 12,394  | 10,763  |
| -----   |       |         |                                 |         |         |
|         |       |         | * Components of tax payments    |         |         |
| (1,704) | (650) | (1,647) | Tax paid on operations          | (2,297) | (2,282) |
|         |       |         | Tax refunded/(paid) on          |         |         |
| (149)   | 70    | 28      | exceptional items (b)           | 98      | (203)   |
| -----   |       |         |                                 |         |         |
| (1,853) | (580) | (1,619) | Total tax paid                  | (2,199) | (2,485) |
| =====   |       |         |                                 |         |         |

(a) Includes pre-tax discretionary pension funding of \$81 million in 2Q 2004 (\$56 million post-tax), \$166 million in first half 2004 (\$116 million post-tax), \$27 million in 2Q 2003 (\$17 million post-tax) and \$335 million in first half 2003 (\$214 million post-tax).

(b) Approximated as the tax credit/(charge) on exceptional items in the income statement.

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

### Capital Expenditure and Acquisitions

| Second<br>Quarter<br>2003  | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                   | First Half<br>2004      2003 |       |
|----------------------------|--------------------------|---------------------------|-------------------|------------------------------|-------|
| =====                      |                          |                           |                   | =====                        |       |
| \$ million                 |                          |                           |                   | \$ million                   |       |
| By business                |                          |                           |                   |                              |       |
| Exploration and Production |                          |                           |                   |                              |       |
| 220                        | 153                      | 211                       | UK                | 364                          | 416   |
| 73                         | 48                       | 45                        | Rest of Europe    | 93                           | 124   |
| 1,005                      | 932                      | 1,027                     | USA               | 1,959                        | 1,968 |
| 1,136                      | 2,690                    | 1,022                     | Rest of World (a) | 3,712                        | 2,044 |
| -----                      |                          |                           |                   | -----                        |       |
| 2,434                      | 3,823                    | 2,305                     |                   | 6,128                        | 4,552 |
| -----                      |                          |                           |                   | -----                        |       |
| Refining and Marketing     |                          |                           |                   |                              |       |
| 66                         | 77                       | 82                        | UK                | 159                          | 139   |
| 64                         | 92                       | 173                       | Rest of Europe    | 265                          | 168   |
| 228                        | 258                      | 330                       | USA               | 588                          | 564   |
| 27                         | 37                       | 55                        | Rest of World     | 92                           | 51    |
| -----                      |                          |                           |                   | -----                        |       |
| 385                        | 464                      | 640                       |                   | 1,104                        | 922   |
| -----                      |                          |                           |                   | -----                        |       |
| Petrochemicals             |                          |                           |                   |                              |       |
| 30                         | 20                       | 22                        | UK                | 42                           | 30    |
| 21                         | 38                       | 53                        | Rest of Europe    | 91                           | 52    |
| 62                         | 47                       | 68                        | USA               | 115                          | 106   |
| 85                         | 61                       | 38                        | Rest of World     | 99                           | 106   |
| -----                      |                          |                           |                   | -----                        |       |
| 198                        | 166                      | 181                       |                   | 347                          | 294   |



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

|                                |       |       |                   |       |       |
|--------------------------------|-------|-------|-------------------|-------|-------|
| -----                          |       |       |                   |       |       |
| Gas, Power and Renewables      |       |       |                   |       |       |
| 24                             | 1     | 5     | UK                | 6     | 32    |
| 9                              | 2     | 3     | Rest of Europe    | 5     | 24    |
| 52                             | 11    | 14    | USA               | 25    | 93    |
| 41                             | 47    | 60    | Rest of World     | 107   | 64    |
| -----                          |       |       |                   |       |       |
| 126                            | 61    | 82    |                   | 143   | 213   |
| -----                          |       |       |                   |       |       |
| Other businesses and corporate |       |       |                   |       |       |
| 21                             | 2     | 13    | UK                | 15    | 39    |
| -                              | -     | -     | Rest of Europe    | -     | 1     |
| 162                            | 9     | 13    | USA               | 22    | 172   |
| -                              | -     | -     | Rest of World     | -     | 1     |
| -----                          |       |       |                   |       |       |
| 183                            | 11    | 26    |                   | 37    | 213   |
| -----                          |       |       |                   |       |       |
| 3,326                          | 4,525 | 3,234 |                   | 7,759 | 6,194 |
| =====                          |       |       |                   |       |       |
| By geographical area           |       |       |                   |       |       |
| 361                            | 253   | 333   | UK                | 586   | 656   |
| 167                            | 180   | 274   | Rest of Europe    | 454   | 369   |
| 1,509                          | 1,257 | 1,452 | USA               | 2,709 | 2,903 |
| 1,289                          | 2,835 | 1,175 | Rest of World (a) | 4,010 | 2,266 |
| -----                          |       |       |                   |       |       |
| 3,326                          | 4,525 | 3,234 |                   | 7,759 | 6,194 |
| -----                          |       |       |                   |       |       |

(a) First quarter and first half 2004 included \$1,354 million investment in TNK's interest in Slavneft within TNK-BP.

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

### Exchange rates

| US dollar/sterling average rate |      |      | US dollar/sterling period-end rate |      |      |
|---------------------------------|------|------|------------------------------------|------|------|
| 1.62                            | 1.84 | 1.81 | for the period                     | 1.82 | 1.61 |
| 1.65                            | 1.83 | 1.81 | US dollar/sterling period-end rate | 1.81 | 1.65 |
| US dollar/euro average rate     |      |      | US dollar/euro period-end rate     |      |      |
| 1.14                            | 1.25 | 1.20 | for the period                     | 1.23 | 1.10 |
| 1.14                            | 1.22 | 1.21 | US dollar/euro period-end rate     | 1.21 | 1.14 |

### Analysis of Replacement Cost Profit

#### Before Interest and Tax

| Second Quarter | First Quarter | Second Quarter | First Half |      |
|----------------|---------------|----------------|------------|------|
| 2003           | 2004          | 2004           | 2004       | 2003 |
| \$ million     |               |                | \$ million |      |

#### By business

| Exploration and Production |       |       |                |       |       |
|----------------------------|-------|-------|----------------|-------|-------|
| 993                        | 823   | 835   | UK             | 1,658 | 2,071 |
| 143                        | 163   | 206   | Rest of Europe | 369   | 338   |
| 1,374                      | 1,494 | 1,503 | USA            | 2,997 | 3,032 |
| 924                        | 1,762 | 1,758 | Rest of World  | 3,520 | 2,711 |
| 3,434                      | 4,242 | 4,302 |                | 8,544 | 8,152 |
| Refining and Marketing     |       |       |                |       |       |
| (117)                      | (189) | (195) | UK             | (384) | (160) |
| 499                        | 289   | 444   | Rest of Europe | 733   | 860   |
| 337                        | 409   | 872   | USA            | 1,281 | 482   |

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

|                                |       |       |                |        |        |
|--------------------------------|-------|-------|----------------|--------|--------|
| 169                            | 211   | 223   | Rest of World  | 434    | 334    |
| -----                          |       |       |                |        |        |
| 888                            | 720   | 1,344 |                | 2,064  | 1,516  |
| -----                          |       |       |                |        |        |
| Petrochemicals                 |       |       |                |        |        |
| (38)                           | (156) | (62)  | UK             | (218)  | (128)  |
| 232                            | 154   | 183   | Rest of Europe | 337    | 349    |
| 82                             | (109) | 3     | USA            | (106)  | 136    |
| 30                             | 86    | 84    | Rest of World  | 170    | 86     |
| -----                          |       |       |                |        |        |
| 306                            | (25)  | 208   |                | 183    | 443    |
| -----                          |       |       |                |        |        |
| Gas, Power and Renewables      |       |       |                |        |        |
| 17                             | 12    | (2)   | UK             | 10     | 21     |
| (5)                            | (11)  | (3)   | Rest of Europe | (14)   | (14)   |
| 126                            | 79    | 114   | USA            | 193    | 183    |
| 3                              | 118   | 107   | Rest of World  | 225    | 167    |
| -----                          |       |       |                |        |        |
| 141                            | 198   | 216   |                | 414    | 357    |
| -----                          |       |       |                |        |        |
| Other businesses and corporate |       |       |                |        |        |
| (149)                          | (163) | (50)  | UK             | (213)  | (242)  |
| (2)                            | (6)   | (1)   | Rest of Europe | (7)    | (10)   |
| (43)                           | (30)  | (109) | USA            | (139)  | (124)  |
| 41                             | 1,328 | (4)   | Rest of World  | 1,324  | 57     |
| -----                          |       |       |                |        |        |
| (153)                          | 1,129 | (164) |                | 965    | (319)  |
| -----                          |       |       |                |        |        |
| 4,616                          | 6,264 | 5,906 |                | 12,170 | 10,149 |
| =====                          |       |       |                |        |        |

By geographical area

Edgar Filing: BP PLC - Form 6-K

|       |       |       |                |        |        |
|-------|-------|-------|----------------|--------|--------|
| 706   | 327   | 526   | UK             | 853    | 1,562  |
| 867   | 589   | 829   | Rest of Europe | 1,418  | 1,523  |
| 1,876 | 1,843 | 2,383 | USA            | 4,226  | 3,709  |
| 1,167 | 3,505 | 2,168 | Rest of World  | 5,673  | 3,355  |
| ----- |       |       |                | -----  |        |
| 4,616 | 6,264 | 5,906 |                | 12,170 | 10,149 |
| ===== |       |       |                | =====  |        |

Included above:

|       |     |     |                                |       |     |
|-------|-----|-----|--------------------------------|-------|-----|
|       |     |     | Share of profits of joint      |       |     |
|       |     |     | ventures                       | 1,219 | 218 |
| 101   | 485 | 734 |                                |       |     |
|       |     |     | Share of profits of associated |       |     |
|       |     |     | undertakings                   | 271   | 290 |
| 110   | 141 | 130 |                                |       |     |
| ----- |     |     |                                | ----- |     |
| 211   | 626 | 864 |                                | 1,490 | 508 |
| ===== |     |     |                                | ===== |     |

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

|            |         |         |  |            |      |
|------------|---------|---------|--|------------|------|
| Second     | First   | Second  |  |            |      |
| Quarter    | Quarter | Quarter |  | First Half |      |
|            |         |         |  | 2004       | 2003 |
| 2003       | 2004    | 2004    |  |            |      |
| -----      |         |         |  | -----      |      |
| \$ million |         |         |  | \$ million |      |

By business

|       |       |       |                            |       |       |
|-------|-------|-------|----------------------------|-------|-------|
|       |       |       | Exploration and Production |       |       |
| 1,027 | 858   | 867   | UK                         | 1,725 | 2,138 |
| 143   | 163   | 206   | Rest of Europe             | 369   | 338   |
| 1,631 | 1,708 | 1,713 | USA                        | 3,421 | 3,548 |
| 1,057 | 1,839 | 1,772 | Rest of World              | 3,611 | 2,975 |

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

|                                |       |       |                |       |       |
|--------------------------------|-------|-------|----------------|-------|-------|
| 3,858                          | 4,568 | 4,558 |                | 9,126 | 8,999 |
|                                |       |       |                |       |       |
| Refining and Marketing         |       |       |                |       |       |
| (7)                            | (63)  | (72)  | UK             | (135) | 60    |
| 499                            | 289   | 444   | Rest of Europe | 733   | 860   |
| 432                            | 504   | 967   | USA            | 1,471 | 672   |
| 169                            | 211   | 223   | Rest of World  | 434   | 334   |
|                                |       |       |                |       |       |
| 1,093                          | 941   | 1,562 |                | 2,503 | 1,926 |
|                                |       |       |                |       |       |
| Petrochemicals                 |       |       |                |       |       |
| (38)                           | (156) | (62)  | UK             | (218) | (128) |
| 232                            | 154   | 183   | Rest of Europe | 337   | 349   |
| 82                             | (109) | 3     | USA            | (106) | 136   |
| 30                             | 86    | 84    | Rest of World  | 170   | 86    |
|                                |       |       |                |       |       |
| 306                            | (25)  | 208   |                | 183   | 443   |
|                                |       |       |                |       |       |
| Gas, Power and Renewables      |       |       |                |       |       |
| 17                             | 12    | (2)   | UK             | 10    | 21    |
| (5)                            | (11)  | (3)   | Rest of Europe | (14)  | (14)  |
| 126                            | 79    | 114   | USA            | 193   | 183   |
| 3                              | 118   | 107   | Rest of World  | 225   | 167   |
|                                |       |       |                |       |       |
| 141                            | 198   | 216   |                | 414   | 357   |
|                                |       |       |                |       |       |
| Other businesses and corporate |       |       |                |       |       |
| (149)                          | (163) | (50)  | UK             | (213) | (242) |
| (2)                            | (6)   | (1)   | Rest of Europe | (7)   | (10)  |
| (43)                           | (30)  | (109) | USA            | (139) | (124) |

Edgar Filing: BP PLC - Form 6-K

|       |       |       |               |        |        |
|-------|-------|-------|---------------|--------|--------|
| 41    | 1,328 | (4)   | Rest of World | 1,324  | 57     |
| ----- |       |       |               |        |        |
| (153) | 1,129 | (164) |               | 965    | (319)  |
| ----- |       |       |               |        |        |
| 5,245 | 6,811 | 6,380 |               | 13,191 | 11,406 |
| ----- |       |       |               |        |        |

By geographical area

|       |       |       |                |        |        |
|-------|-------|-------|----------------|--------|--------|
| 850   | 488   | 681   | UK             | 1,169  | 1,849  |
| 867   | 589   | 829   | Rest of Europe | 1,418  | 1,523  |
| 2,228 | 2,152 | 2,688 | USA            | 4,840  | 4,415  |
| 1,300 | 3,582 | 2,182 | Rest of World  | 5,764  | 3,619  |
| ----- |       |       |                |        |        |
| 5,245 | 6,811 | 6,380 |                | 13,191 | 11,406 |
| ===== |       |       |                |        |        |

Analysis of Exceptional Items

|         |         |         |  |            |      |
|---------|---------|---------|--|------------|------|
| Second  | First   | Second  |  |            |      |
| Quarter | Quarter | Quarter |  | First Half |      |
| 2003    | 2004    | 2004    |  | 2004       | 2003 |
| =====   |         |         |  |            |      |
|         |         |         |  | \$ million |      |

Exploration and Production

|       |      |       |                |     |       |
|-------|------|-------|----------------|-----|-------|
| 576   | (1)  | (2)   | UK             | (3) | 577   |
| -     | -    | -     | Rest of Europe | -   | -     |
| (69)  | (19) | 43    | USA            | 24  | (229) |
| (174) | 231  | (155) | Rest of World  | 76  | 418   |
| ----- |      |       |                |     |       |
| 333   | 211  | (114) |                | 97  | 766   |
| ----- |      |       |                |     |       |

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

### Refining and Marketing

|       |       |      |                |       |       |
|-------|-------|------|----------------|-------|-------|
| (31)  | (36)  | (58) | UK             | (94)  | (46)  |
| 12    | (17)  | -    | Rest of Europe | (17)  | (28)  |
| (30)  | (5)   | 7    | USA            | 2     | (26)  |
| -     | (82)  | 33   | Rest of World  | (49)  | (1)   |
| ----- |       |      |                |       |       |
| (49)  | (140) | (18) |                | (158) | (101) |
| ----- |       |      |                |       |       |

### Petrochemicals

|       |       |      |                |       |     |
|-------|-------|------|----------------|-------|-----|
| -     | (7)   | 3    | UK             | (4)   | 3   |
| -     | (19)  | 73   | Rest of Europe | 54    | (1) |
| -     | (126) | (70) | USA            | (196) | 4   |
| 2     | (2)   | -    | Rest of World  | (2)   | 3   |
| ----- |       |      |                |       |     |
| 2     | (154) | 6    |                | (148) | 9   |
| ----- |       |      |                |       |     |

### Gas, Power and Renewables

|       |   |   |                |   |     |
|-------|---|---|----------------|---|-----|
| -     | - | - | UK             | - | -   |
| -     | - | - | Rest of Europe | - | -   |
| 9     | - | - | USA            | - | 9   |
| (3)   | - | - | Rest of World  | - | (3) |
| ----- |   |   |                |   |     |
| 6     | - | - |                | - | 6   |
| ----- |   |   |                |   |     |

### Other businesses and corporate

|       |       |     |                |       |      |
|-------|-------|-----|----------------|-------|------|
| (10)  | (1)   | 1   | UK             | -     | (10) |
| -     | -     | (1) | Rest of Europe | (1)   | (1)  |
| (2)   | -     | -   | USA            | -     | 5    |
| -     | 1,314 | (1) | Rest of World  | 1,313 | -    |
| ----- |       |     |                |       |      |
| (12)  | 1,313 | (1) |                | 1,312 | (6)  |
| ----- |       |     |                |       |      |

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|       |       |       |                                       |       |       |
|-------|-------|-------|---------------------------------------|-------|-------|
|       |       |       | Profit (loss) on sale of fixed assets |       |       |
|       |       |       | and businesses or termination         |       |       |
| 280   | 1,230 | (127) | of operations                         | 1,103 | 674   |
| (149) | 70    | 28    | Taxation credit (charge)              | 98    | (203) |
|       |       |       | Exceptional items after taxation      | 1,201 | 471   |
|       |       |       |                                       |       |       |

### Identified Non-operating Items and UPIS

| Second<br>Quarter<br>2003  | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                | First Half<br>2004 | 2003  |
|----------------------------|--------------------------|---------------------------|----------------|--------------------|-------|
|                            |                          |                           |                |                    |       |
| \$ million                 |                          |                           |                | \$ million         |       |
| Exploration and Production |                          |                           |                |                    |       |
| (12)                       | -                        | -                         | UK             | -                  | (65)  |
| -                          | -                        | -                         | Rest of Europe | -                  | -     |
| 106                        | (66)                     | (247)                     | USA (a)        | (313)              | (100) |
| -                          | (123)                    | -                         | Rest of World  | (123)              | (5)   |
|                            |                          |                           |                |                    |       |
| 94                         | (189)                    | (247)                     |                | (436)              | (170) |
|                            |                          |                           |                |                    |       |
| Refining and Marketing     |                          |                           |                |                    |       |
| -                          | -                        | -                         | UK             | -                  | -     |
| (41)                       | -                        | -                         | Rest of Europe | -                  | (59)  |
| -                          | -                        | -                         | USA            | -                  | -     |
| -                          | -                        | -                         | Rest of World  | -                  | -     |



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|       |       |       |                                |       |       |
|-------|-------|-------|--------------------------------|-------|-------|
| ----- |       |       |                                | ----- |       |
| (41)  | -     | -     |                                | -     | (59)  |
| ----- |       |       |                                | ----- |       |
|       |       |       | Petrochemicals                 |       |       |
| -     | -     | -     | UK                             | -     | -     |
| -     | -     | -     | Rest of Europe                 | -     | -     |
| 5     | -     | -     | USA                            | -     | 5     |
| -     | -     | -     | Rest of World                  | -     | -     |
| ----- |       |       |                                | ----- |       |
| 5     | -     | -     |                                | -     | 5     |
| ----- |       |       |                                | ----- |       |
|       |       |       | Gas, Power and Renewables      |       |       |
| -     | -     | -     | UK                             | -     | -     |
| -     | -     | -     | Rest of Europe                 | -     | -     |
| -     | -     | -     | USA                            | -     | -     |
| -     | -     | -     | Rest of World                  | -     | -     |
| ----- |       |       |                                | ----- |       |
| -     | -     | -     |                                | -     | -     |
| ----- |       |       |                                | ----- |       |
|       |       |       | Other businesses and corporate |       |       |
| -     | -     | -     | UK                             | -     | -     |
| -     | -     | -     | Rest of Europe                 | -     | -     |
| -     | -     | -     | USA                            | -     | -     |
| -     | -     | -     | Rest of World                  | -     | -     |
| ----- |       |       |                                | ----- |       |
| -     | -     | -     |                                | -     | -     |
| ----- |       |       |                                | ----- |       |
| 58    | (189) | (247) | Total before taxation          | (436) | (224) |
| (21)  | 66    | 88    | Taxation credit (charge)       | 154   | 206   |
| ----- |       |       |                                | ----- |       |
| 37    | (123) | (159) | Total after taxation           | (282) | (18)  |

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(a) Includes charges for Unrealized Profit in Stock (UPIS) of \$87 million in 2Q 2004 and \$153 million in the first half 2004 and a credit of \$106 million in 2Q 2003 and a charge of \$19 million in the first half of 2003, which removes the upstream margin from downstream inventories.

### Acquisition Amortization by Business

| Second<br>Quarter<br>2003  | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                                | First Half<br>2004 | 2003  |
|----------------------------|--------------------------|---------------------------|--------------------------------|--------------------|-------|
| =====                      |                          |                           |                                | =====              |       |
| \$ million                 |                          |                           |                                | \$ million         |       |
| Exploration and Production |                          |                           |                                |                    |       |
| 34                         | 35                       | 32                        | UK                             | 67                 | 67    |
| 257                        | 214                      | 210                       | USA                            | 424                | 516   |
| 133                        | 77                       | 14                        | Rest of World                  | 91                 | 264   |
| -----                      |                          |                           |                                | -----              |       |
| 424                        | 326                      | 256                       |                                | 582                | 847   |
| -----                      |                          |                           |                                | -----              |       |
| Refining and Marketing     |                          |                           |                                |                    |       |
| 110                        | 126                      | 123                       | UK                             | 249                | 220   |
| 95                         | 95                       | 95                        | USA                            | 190                | 190   |
| -----                      |                          |                           |                                | -----              |       |
| 205                        | 221                      | 218                       |                                | 439                | 410   |
| -----                      |                          |                           |                                | -----              |       |
| 629                        | 547                      | 474                       | Total acquisition amortization | 1,021              | 1,257 |

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| Production and Realizations                   |               |                | First Half                           |             |
|---|---------------|----------------|--------------------------------------|-------------|
| Second Quarter                                | First Quarter | Second Quarter | 2004                                 | 2003        |
| 2003  | 2004          | 2004           |                                      |             |
| \$ million                                    |               |                | \$ million                           |             |
| Production                                    |               |                |                                      |             |
| Crude oil (mb/d) (net of royalties)           |               |                |                                      |             |
| 325   | 344           | 321            | UK                                   | 333 383     |
| 80  | 73            | 80             | Rest of Europe                       | 76 85       |
| 569   | 564           | 541            | USA                                  | 552 588     |
| 738   | 1,361         | 1,379          | Rest of World                        | 1,370 715   |
| 1,712   | 2,342         | 2,321          | Total crude oil production           | 2,331 1,771 |
| Natural gas liquids (mb/d) (net of royalties) |               |                |                                      |             |
| 18  | 20            | 21             | UK                                   | 20 24       |
| 5   | 5             | 5              | Rest of Europe                       | 5 5         |
| 144   | 137           | 140            | USA                                  | 139 155     |
| 32  | 29            | 31             | Rest of World                        | 30 32       |
| 199   | 191           | 197            | Total natural gas liquids production | 194 216     |
| Liquids (a) (mb/d) (net of royalties)         |               |                |                                      |             |
| 343   | 364           | 342            | UK                                   | 353 407     |
| 85  | 78            | 85             | Rest of Europe                       | 81 90       |

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|   |       |       |                              |       |       |
|---|-------|-------|------------------------------|-------|-------|
| 713   | 701   | 681   | USA                          | 691   | 743   |
| 770   | 1,390 | 1,410 | Rest of World                | 1,400 | 747   |
| -----                                       |       |       |                              |       |       |
| 1,911                                       | 2,533 | 2,518 | Total liquids production     | 2,525 | 1,987 |
| =====                                       |       |       |                              |       |       |
| Natural gas (b) (mmcf/d) (net of royalties) |       |       |                              |       |       |
| 1,407                                       | 1,355 | 1,213 | UK                           | 1,284 | 1,602 |
| 103   | 142   | 136   | Rest of Europe               | 139   | 117   |
| 3,145                                       | 2,869 | 2,790 | USA                          | 2,829 | 3,290 |
| 3,784                                       | 4,234 | 4,286 | Rest of World                | 4,260 | 3,718 |
| -----                                       |       |       |                              |       |       |
| 8,439                                       | 8,600 | 8,425 | Total natural gas production | 8,512 | 8,727 |
| =====                                       |       |       |                              |       |       |
| Average realizations                        |       |       |                              |       |       |
| Crude oil (\$/bbl)                          |       |       |                              |       |       |
| 25.16                                       | 29.36 | 33.99 | UK                           | 31.60 | 28.60 |
| 27.09                                       | 32.69 | 35.82 | USA                          | 34.22 | 29.48 |
| 24.16                                       | 30.80 | 32.64 | Rest of World                | 31.69 | 26.90 |
| 25.73                                       | 31.30 | 34.47 | BP Average                   | 32.85 | 28.50 |
| =====                                       |       |       |                              |       |       |
| Natural gas liquids (\$/bbl)                |       |       |                              |       |       |
| 11.97                                       | 25.70 | 28.30 | UK                           | 27.04 | 18.86 |
| 17.80                                       | 22.25 | 23.13 | USA                          | 22.71 | 18.05 |
| 20.16                                       | 24.61 | 22.17 | Rest of World                | 23.36 | 21.63 |
| 17.49                                       | 23.14 | 23.71 | BP Average                   | 23.43 | 18.76 |
| =====                                       |       |       |                              |       |       |
| Liquids (a) (\$/bbl)                        |       |       |                              |       |       |
| 24.45                                       | 29.16 | 33.64 | UK                           | 31.33 | 28.04 |
| 25.61                                       | 31.08 | 33.67 | USA                          | 32.36 | 27.55 |
| 23.93                                       | 30.42 | 31.90 | Rest of World                | 31.14 | 26.58 |
| 24.90                                       | 30.48 | 33.27 | BP Average                   | 31.85 | 27.47 |

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| Natural gas (\$/mcf) |      |      |               |      |      |
|----------------------|------|------|---------------|------|------|
| 2.84                 | 4.70 | 3.59 | UK            | 4.18 | 3.11 |
| 4.52                 | 4.72 | 5.11 | USA           | 4.91 | 4.91 |
| 2.53                 | 2.67 | 2.54 | Rest of World | 2.60 | 2.63 |
| 3.39                 | 3.79 | 3.68 | BP Average    | 3.74 | 3.64 |

(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 |
|------------------------------------|-------------------|--------------------------|------------------|
| 1Q 2004                            |                   |                          |                  |
| Exploration and Production         | 4,242             | 326                      | 4,568            |
| Refining and Marketing             | 720               | 221                      | 941              |
| Petrochemicals                     | (25)              | -                        | (25)             |
| Gas, Power and Renewables          | 198               | -                        | 198              |
| Other businesses and corporate     | 1,129             | -                        | 1,129            |
| RC profit before interest and tax  | 6,264             | 547                      | 6,811            |
| Interest and other finance expense | (228)             | -                        | (228)            |
| Taxation                           | (1,822)           | -                        | (1,822)          |
| MSI                                | (44)              | -                        | (44)             |

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|                                    |         |       |         |
|------------------------------------|---------|-------|---------|
| RC profit                          | 4,170   | 547   | 4,717   |
|                                    |         | ===== |         |
| Stock holding gains (losses)       | 648     |       |         |
|                                    | -----   |       |         |
| HC profit                          | 4,818   |       |         |
|                                    | =====   |       |         |
| 2Q 2003                            |         |       |         |
| Exploration and Production         | 3,434   | 424   | 3,858   |
| Refining and Marketing             | 888     | 205   | 1,093   |
| Petrochemicals                     | 306     | -     | 306     |
| Gas, Power and Renewables          | 141     | -     | 141     |
| Other businesses and corporate     | (153)   | -     | (153)   |
|                                    | -----   |       |         |
| RC profit before interest and tax  | 4,616   | 629   | 5,245   |
| Interest and other finance expense | (276)   | -     | (276)   |
| Taxation                           | (1,744) | -     | (1,744) |
| MSI                                | (60)    | -     | (60)    |
|                                    | -----   |       |         |
| RC profit                          | 2,536   | 629   | 3,165   |
|                                    |         | ===== |         |
| Stock holding gains (losses)       | (951)   |       |         |
|                                    | -----   |       |         |
| HC profit                          | 1,585   |       |         |
|                                    | =====   |       |         |

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

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| \$ million                         | Reported<br>earnings | Acquisition<br>amortization | Pro forma<br>result |
|------------------------------------|----------------------|-----------------------------|---------------------|
|                                    | =====                |                             |                     |
| 1H 2004                            |                      |                             |                     |
| Exploration and Production         | 8,544                | 582                         | 9,126               |
| Refining and Marketing             | 2,064                | 439                         | 2,503               |
| Petrochemicals                     | 183                  | -                           | 183                 |
| Gas, Power and Renewables          | 414                  | -                           | 414                 |
| Other businesses and corporate     | 965                  | -                           | 965                 |
|                                    | -----                |                             |                     |
| RC profit before interest and tax  | 12,170               | 1,021                       | 13,191              |
| Interest and other finance expense | 449                  | -                           | 449                 |
| Taxation                           | 4,021                | -                           | 4,021               |
| MSI                                | 96                   | -                           | 96                  |
|                                    | -----                |                             |                     |
| RC profit                          | 7,604                | 1,021                       | 8,625               |
|                                    |                      | =====                       |                     |
| Stock holding gains (losses)       | 1,110                |                             |                     |
|                                    | -----                |                             |                     |
| HC profit                          | 8,714                |                             |                     |
|                                    | =====                |                             |                     |
| 1H 2003                            |                      |                             |                     |
| Exploration and Production         | 8,152                | 847                         | 8,999               |
| Refining and Marketing             | 1,516                | 410                         | 1,926               |
| Petrochemicals                     | 443                  | -                           | 443                 |
| Gas, Power and Renewables          | 357                  | -                           | 357                 |
| Other businesses and corporate     | (319)                | -                           | (319)               |

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|                                    |         |       |         |
|------------------------------------|---------|-------|---------|
| RC profit before interest and tax  | 10,149  | 1,257 | 11,406  |
| Interest and other finance expense | (581)   | -     | (581)   |
| Taxation                           | (3,526) | -     | (3,526) |
| MSI                                | (86)    | -     | (86)    |
| RC profit                          | 5,956   | 1,257 | 7,213   |
| Stock holding gains (losses)       | (152)   |       |         |
| HC profit                          | 5,804   |       |         |

Return on Average Capital Employed

| Second Quarter 2003 | First Quarter 2004 | Second Quarter 2004 |                                 | First Half 2004 | 2003   |
|---------------------|--------------------|---------------------|---------------------------------|-----------------|--------|
| =====               |                    |                     |                                 | =====           |        |
| \$ million          |                    |                     |                                 | \$ million      |        |
|                     |                    |                     | Replacement cost basis          |                 |        |
| 2,536               | 4,170              | 3,434               | RC profit for the period (a)    | 7,604           | 5,956  |
| 78                  | 64                 | 62                  | Interest (b)                    | 126             | 177    |
| 60                  | 44                 | 52                  | Minority shareholders' interest | 96              | 86     |
| -----               |                    |                     |                                 | -----           |        |
| 2,674               | 4,278              | 3,548               | Adjusted RC profit              | 7,826           | 6,219  |
| =====               |                    |                     |                                 | =====           |        |
| 85,472              | 93,858             | 93,965              | Average capital employed        | 93,876          | 85,980 |



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|                          |        |        |                                 |        |        |
|--------------------------|--------|--------|---------------------------------|--------|--------|
| 12.5%                    | 18.2%  | 15.1%  | ROACE - replacement cost basis  | 16.7%  | 14.5%  |
| -----                    |        |        |                                 |        |        |
| Pro forma basis          |        |        |                                 |        |        |
| 2,674                    | 4,278  | 3,548  | Adjusted RC profit (a)          | 7,826  | 6,219  |
| 629                      | 547    | 474    | Acquisition amortization        | 1,021  | 1,257  |
| -----                    |        |        |                                 |        |        |
| Adjusted RC profit -     |        |        |                                 |        |        |
| 3,303                    | 4,825  | 4,022  | pro forma basis                 | 8,847  | 7,476  |
| =====                    |        |        |                                 |        |        |
| 85,472                   | 93,858 | 93,965 | Average capital employed        | 93,876 | 85,980 |
| Average capital employed |        |        |                                 |        |        |
| 14,839                   | 13,146 | 12,689 | acquisition adjustment          | 12,905 | 15,571 |
| -----                    |        |        |                                 |        |        |
| Average capital employed |        |        |                                 |        |        |
| 70,633                   | 80,712 | 81,276 | (pro forma basis)               | 80,971 | 70,409 |
| 18.7%                    | 23.9%  | 19.8%  | ROACE - Pro forma basis         | 21.9%  | 21.2%  |
| -----                    |        |        |                                 |        |        |
| Historical cost basis    |        |        |                                 |        |        |
| 1,585                    | 4,818  | 3,896  | Profit for the period (a)       | 8,714  | 5,804  |
| 78                       | 64     | 62     | Interest (b)                    | 126    | 177    |
| 60                       | 44     | 52     | Minority shareholders' interest | 96     | 86     |
| -----                    |        |        |                                 |        |        |
| 1,723                    | 4,926  | 4,010  | Adjusted historical cost profit | 8,936  | 6,067  |
| =====                    |        |        |                                 |        |        |
| 85,472                   | 93,858 | 93,965 | Average capital employed        | 93,876 | 85,980 |
| 8.1%                     | 21.0%  | 17.1%  | ROACE - historical cost basis   | 19.0%  | 14.1%  |

(a) 2Q 2004 includes (\$99) million in respect of exceptional items and (\$159) million in respect of non-operating items and UPIS. First half 2004 includes \$1,201 million in respect of exceptional items and (\$282)

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million in respect of non-operating items and UPIS. 2Q 2003 includes \$131 million in respect of exceptional items and \$37 million in respect of non-operating items and UPIS. First half 2003 includes \$471 million in respect of exceptional items and (\$18) 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

| Second<br>Quarter<br>2003 | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                                   | First Half<br>2004 | 2003   |
|---------------------------|--------------------------|---------------------------|-----------------------------------|--------------------|--------|
| =====                     |                          |                           |                                   | =====              |        |
| \$ million                |                          |                           |                                   | \$ million         |        |
|                           |                          |                           | Replacement cost profit before    |                    |        |
| 4,616                     | 6,264                    | 5,906                     | interest and tax                  | 12,170             | 10,149 |
| (280)                     | (1,230)                  | 127                       | Exceptional items                 | (1,103)            | (674)  |
| -----                     |                          |                           |                                   | -----              |        |
| 4,336                     | 5,034                    | 6,033                     | Replacement cost operating profit | 11,067             | 9,475  |
| 629                       | 547                      | 474                       | Acquisition amortization          | 1,021              | 1,257  |
| -----                     |                          |                           |                                   | -----              |        |
|                           |                          |                           | Pro forma replacement cost        |                    |        |
| 4,965                     | 5,581                    | 6,507                     | operating profit                  | 12,088             | 10,732 |
| -                         | 123                      | 160                       | Non-cash non-operating items      | 283                | 49     |
|                           |                          |                           | Pro forma DD&A, adjusted for non- |                    |        |
| 2,024                     | 2,144                    | 2,104                     | cash non-operating items          | 4,248              | 4,056  |
| -----                     |                          |                           |                                   | -----              |        |

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|          |          |          |                                  |          |          |
|----------|----------|----------|----------------------------------|----------|----------|
| 6,989    | 7,848    | 8,771    | Cash returns numerator           | 16,619   | 14,837   |
| =====    |          |          |                                  | =====    |          |
| 85,666   | 93,947   | 93,982   | Capital employed                 | 93,982   | 85,666   |
|          |          |          | Liabilities for current and      |          |          |
| 15,550   | 17,207   | 17,461   | deferred taxation                | 17,461   | 15,550   |
| -----    |          |          |                                  | -----    |          |
| 101,216  | 111,154  | 111,443  | Operating capital employed       | 111,443  | 101,216  |
| (14,469) | (12,930) | (12,447) | Acquisition adjustment           | (12,447) | (14,469) |
| -----    |          |          |                                  | -----    |          |
| 86,747   | 98,224   | 98,996   | Cash returns denominator         | 98,996   | 86,747   |
| =====    |          |          |                                  | =====    |          |
| 86,066   | 97,350   | 98,610   | Average cash returns denominator | 97,736   | 85,291   |
| =====    |          |          |                                  | =====    |          |
| 32%      | 32%      | 36%      | Cash return                      | 34%      | 35%      |

Net Debt Ratio - Net Debt: Net Debt + Equity

| Second<br>Quarter<br>2003 | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                                    | First Half<br>2004 | 2003   |
|---------------------------|--------------------------|---------------------------|------------------------------------|--------------------|--------|
| =====                     |                          |                           |                                    | =====              |        |
| \$ million                |                          |                           |                                    | \$ million         |        |
| 18,594                    | 19,937                   | 19,858                    | Gross debt                         | 19,858             | 18,594 |
| 2,444                     | 2,334                    | 1,703                     | Cash and current asset investments | 1,703              | 2,444  |
| -----                     |                          |                           |                                    | -----              |        |
| 16,150                    | 17,603                   | 18,155                    | Net debt                           | 18,155             | 16,150 |
| =====                     |                          |                           |                                    | =====              |        |
| 67,072                    | 74,010                   | 74,124                    | Equity                             | 74,124             | 67,072 |
| 19%                       | 19%                      | 20%                       | Net debt ratio                     | 20%                | 19%    |
| -----                     |                          |                           |                                    | -----              |        |

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|        |        |        |                                  |        |        |
|--------|--------|--------|----------------------------------|--------|--------|
| 14,469 | 12,930 | 12,447 | Acquisition adjustment           | 12,447 | 14,469 |
| -----  |        |        |                                  | -----  |        |
| 23%    | 22%    | 23%    | Net debt ratio - pro forma basis | 23%    | 23%    |
| =====  |        |        |                                  | =====  |        |

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 requires the cost of providing pensions to be recognized on a systematic and rational basis over the period during which the employer benefits from the employee's services. The difference between the amount charged in the income statement

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and the amount paid as contributions into the pension fund is 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.

| 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<br>more than one year | 18,959     | 18,959   |
| Provisions for liabilities and charges                      |            |          |
| Deferred taxation   | 14,371     | 15,273   |
| Other provisions  | 8,815      | 15,693   |

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|  |         |        |
|--|---------|--------|
| Net assets excluding pension and other post-retirement benefit balances      | 77,933  | 77,063 |
| Defined benefit pension plan surplus   | 1,021   | -      |
| Defined benefit pension plan and other post-retirement benefit plan deficits | (7,510) | -      |
| Net assets   | 71,444  | 77,063 |
| Minority shareholders' interest  | 1,125   | 1,125  |
| BP shareholders' interest  | 70,319  | 75,938 |

Notes

| Income statements                               | Restated            |                 | Reported            |                 |
|---|---------------------|-----------------|---------------------|-----------------|
|   | Second Quarter 2003 | First Half 2003 | Second Quarter 2003 | First Half 2003 |
| Exploration and Production                      | 3,434               | 8,152           | 3,486               | 8,245           |
| Refining and Marketing                          | 888                 | 1,516           | 840                 | 1,419           |
| Petrochemicals                                  | 306                 | 443             | 315                 | 461             |
| Gas, Power and Renewables                       | 141                 | 357             | 109                 | 303             |
| Other businesses and corporate                  | (153)               | (319)           | (146)               | (305)           |
| Replacement cost profit before interest and tax | 4,616               | 10,149          | 4,604               | 10,123          |
| Stock holding gains (losses)                    | (951)               | (152)           | (951)               | (152)           |

\$ million

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|                                     |       |       |       |       |
|-------------------------------------|-------|-------|-------|-------|
| Historical cost profit before       |       |       |       |       |
| interest and tax                    | 3,665 | 9,997 | 3,653 | 9,971 |
| Interest expense                    | 149   | 325   | 191   | 411   |
| Other finance expense               | 127   | 256   | -     | -     |
| Profit before taxation              | 3,389 | 9,416 | 3,462 | 9,560 |
| Taxation                            | 1,744 | 3,526 | 1,768 | 3,573 |
| Profit after taxation               | 1,645 | 5,890 | 1,694 | 5,987 |
| Minority shareholders' interest     | 60    | 86    | 60    | 86    |
| Profit for the period               | 1,585 | 5,804 | 1,634 | 5,901 |
| Distribution to shareholders        | 1,434 | 2,820 | 1,434 | 2,820 |
| Earnings per ordinary share - cents |       |       |       |       |
| Basic                               | 7.19  | 26.09 | 7.41  | 26.52 |
| Diluted                             | 7.16  | 26.00 | 7.39  | 26.44 |

Notes

2. Turnover

| Second Quarter | First Quarter | Second Quarter | First Half |      |
|----------------|---------------|----------------|------------|------|
| 2003           | 2004          | 2004           | 2004       | 2003 |
| =====          |               |                | =====      |      |
| \$ million     |               |                | \$ million |      |

By business

|       |       |       |                            |        |        |
|-------|-------|-------|----------------------------|--------|--------|
| 7,272 | 8,166 | 8,213 | Exploration and Production | 16,379 | 16,150 |
|-------|-------|-------|----------------------------|--------|--------|

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|        |        |        |                           |         |         |
|--------|--------|--------|---------------------------|---------|---------|
| 34,874 | 41,694 | 45,467 | Refining and Marketing    | 87,161  | 74,369  |
| 4,197  | 4,510  | 4,805  | Petrochemicals            | 9,315   | 8,318   |
| 14,910 | 20,975 | 18,434 | Gas, Power and Renewables | 39,409  | 32,990  |
|        |        |        | Other businesses          |         |         |
| 129    | 121    | 132    | and corporate             | 253     | 240     |
| -----  |        |        |                           |         |         |
| 61,382 | 75,466 | 77,051 |                           | 152,517 | 132,067 |
|        |        |        | Less: sales between       |         |         |
| 6,956  | 7,864  | 7,960  | businesses                | 15,824  | 15,610  |
| -----  |        |        |                           |         |         |
| 54,426 | 67,602 | 69,091 | Group excluding JVs       | 136,693 | 116,457 |
|        |        |        | Share of sales by         |         |         |
| 364    | 1,878  | 2,063  | joint ventures            | 3,941   | 762     |
| -----  |        |        |                           |         |         |
| 54,790 | 69,480 | 71,154 |                           | 140,634 | 117,219 |
| =====  |        |        |                           |         |         |
|        |        |        | By geographical area      |         |         |
|        |        |        | Group excluding JVs       |         |         |
| 13,161 | 17,296 | 17,355 | UK                        | 34,651  | 28,293  |
| 12,501 | 12,041 | 13,332 | Rest of Europe            | 25,373  | 25,818  |
| 24,103 | 31,803 | 33,541 | USA                       | 65,344  | 53,444  |
| 12,102 | 15,817 | 15,787 | Rest of World             | 31,604  | 25,838  |
| -----  |        |        |                           |         |         |
| 61,867 | 76,957 | 80,015 |                           | 156,972 | 133,393 |
| 7,441  | 9,355  | 10,924 | Less: sales between areas | 20,279  | 16,936  |
| -----  |        |        |                           |         |         |
| 54,426 | 67,602 | 69,091 |                           | 136,693 | 116,457 |
| =====  |        |        |                           |         |         |

3. Replacement cost profit



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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:

| Second<br>Quarter<br>2003 | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                           | First Half<br>2004 | 2003 |
|---------------------------|--------------------------|---------------------------|---------------------------|--------------------|------|
| =====                     |                          |                           |                           | =====              |      |
| \$ million                |                          |                           |                           | \$ million         |      |
|                           |                          |                           | Exploration expense       |                    |      |
| 2                         | 2                        | 3                         | UK                        | 5                  | 5    |
| 5                         | 2                        | 6                         | Rest of Europe            | 8                  | 9    |
| 47                        | 97                       | 63                        | USA                       | 160                | 84   |
| 47                        | 35                       | 36                        | Rest of World             | 71                 | 115  |
| -----                     |                          |                           |                           | -----              |      |
| 101                       | 136                      | 108                       |                           | 244                | 213  |
| =====                     |                          |                           |                           | =====              |      |
|                           |                          |                           | Production taxes (a)      |                    |      |
| 58                        | 126                      | 46                        | UK petroleum revenue tax  | 172                | 191  |
| 324                       | 399                      | 378                       | Overseas production taxes | 777                | 695  |
| -----                     |                          |                           |                           | -----              |      |
| 382                       | 525                      | 424                       |                           | 949                | 886  |
| =====                     |                          |                           |                           | =====              |      |

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

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Note 8.

### 5. Stock holding gains (losses)

|       |      |     |                            |       |       |
|-------|------|-----|----------------------------|-------|-------|
| (3)   | 8    | -   | Exploration and Production | 8     | 3     |
| (773) | 529  | 428 | Refining and Marketing     | 957   | (153) |
| (103) | 121  | 40  | Petrochemicals             | 161   | 43    |
| (72)  | (10) | (6) | Gas, Power and Renewables  | (16)  | (45)  |
| ----- |      |     |                            | ----- |       |
| (951) | 648  | 462 |                            | 1,110 | (152) |
| ===== |      |     |                            | ===== |       |

### Notes

### 6. Interest expense

| Second<br>Quarter<br>2003 | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                         | First Half<br>2004      2003 |      |
|---------------------------|--------------------------|---------------------------|-------------------------|------------------------------|------|
| =====                     |                          |                           |                         | =====                        |      |
| \$ million                |                          |                           |                         | \$ million                   |      |
| 163                       | 149                      | 147                       | Group interest payable  | 296                          | 350  |
| (43)                      | (50)                     | (52)                      | Capitalized             | (102)                        | (77) |
| -----                     |                          |                           |                         | -----                        |      |
| 120                       | 99                       | 95                        |                         | 194                          | 273  |
| 17                        | 41                       | 39                        | Joint ventures          | 80                           | 30   |
| 12                        | 12                       | 11                        | Associated undertakings | 23                           | 22   |
| -----                     |                          |                           |                         | -----                        |      |
| 149                       | 152                      | 145                       |                         | 297                          | 325  |
| =====                     |                          |                           |                         | =====                        |      |

### 7. Other finance expense

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|       |       |       |                                 |       |       |
|-------|-------|-------|---------------------------------|-------|-------|
|       |       |       | Interest on pension and other   |       |       |
|       |       |       | post-retirement benefit         |       |       |
| 460   | 500   | 491   | plan liabilities                | 991   | 920   |
|       |       |       | Expected return on pension      |       |       |
|       |       |       | and other post-retirement       |       |       |
| (375) | (498) | (491) | benefit plan assets             | (989) | (750) |
| ----- |       |       |                                 | ----- |       |
|       |       |       | Interest net of expected return |       |       |
| 85    | 2     | -     | on plan assets                  | 2     | 170   |
|       |       |       | Unwinding of discount           |       |       |
| 42    | 48    | 50    | on provisions                   | 98    | 86    |
|       |       |       | Unwinding of discount on        |       |       |
|       |       |       | deferred consideration for      |       |       |
|       |       |       | acquisition of investment       |       |       |
| -     | 26    | 26    | in TNK-BP                       | 52    | -     |
| ----- |       |       |                                 | ----- |       |
| 127   | 76    | 76    |                                 | 152   | 256   |
| ===== |       |       |                                 | ===== |       |

8. Charge for taxation

|       |       |       |          |       |       |
|-------|-------|-------|----------|-------|-------|
| 1,406 | 1,706 | 2,165 | Current  | 3,871 | 2,987 |
| 338   | 116   | 34    | Deferred | 150   | 539   |
| ----- |       |       |          | ----- |       |
| 1,744 | 1,822 | 2,199 |          | 4,021 | 3,526 |
| ===== |       |       |          | ===== |       |
| 379   | 345   | 366   | UK       | 711   | 830   |
| 1,365 | 1,477 | 1,833 | Overseas | 3,310 | 2,696 |
| ----- |       |       |          | ----- |       |
| 1,744 | 1,822 | 2,199 |          | 4,021 | 3,526 |

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Notes

9. Analysis of changes in net debt

| Second<br>Quarter<br>2003 | First<br>Quarter<br>2004 | Second<br>Quarter<br>2004 |                                      | First Half<br>2004 | 2003   |
|---------------------------|--------------------------|---------------------------|--------------------------------------|--------------------|--------|
| =====                     |                          |                           |                                      | =====              |        |
| \$ million                |                          |                           |                                      | \$ million         |        |
|                           |                          |                           | Opening balance                      |                    |        |
| 19,042                    | 22,325                   | 19,937                    | Finance debt                         | 22,325             | 22,008 |
| 1,151                     | 1,947                    | 2,006                     | Less: Cash                           | 1,947              | 1,520  |
| 228                       | 185                      | 328                       | Current asset investments            | 185                | 215    |
| -----                     |                          |                           |                                      | -----              |        |
| 17,663                    | 20,193                   | 17,603                    | Opening net debt                     | 20,193             | 20,273 |
| -----                     |                          |                           |                                      | -----              |        |
|                           |                          |                           | Closing balance                      |                    |        |
| 18,594                    | 19,937                   | 19,858                    | Finance debt                         | 19,858             | 18,594 |
| 2,115                     | 2,006                    | 1,531                     | Less: Cash                           | 1,531              | 2,115  |
| 329                       | 328                      | 172                       | Current asset investments            | 172                | 329    |
| -----                     |                          |                           |                                      | -----              |        |
| 16,150                    | 17,603                   | 18,155                    | Closing net debt                     | 18,155             | 16,150 |
| -----                     |                          |                           |                                      | -----              |        |
|                           |                          |                           | Decrease (increase)                  |                    |        |
| 1,513                     | 2,590                    | (552)                     | in net debt                          | 2,038              | 4,123  |
| =====                     |                          |                           |                                      | =====              |        |
|                           |                          |                           | Movement in cash/<br>bank overdrafts |                    |        |
| 929                       | 61                       | (467)                     |                                      | (406)              | 551    |
|                           |                          |                           | (Decrease) increase in               |                    |        |

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|       |       |       |                                |       |       |
|-------|-------|-------|--------------------------------|-------|-------|
| 93    | 138   | (153) | current asset investments      | (15)  | 106   |
|       |       |       | Net cash outflow (inflow)      |       |       |
|       |       |       | from financing(excluding       |       |       |
| 369   | 2,460 | 207   | share capital)                 | 2,667 | 3,030 |
|       |       |       | Exchange of Exchangeable Bonds |       |       |
|       |       |       | for Lukoil American            |       |       |
| -     | -     | -     | Depository Shares              | -     | 420   |
| 106   | 14    | 7     | Other movements                | 21    | 170   |
| ----- |       |       |                                | ----- |       |
|       |       |       | Movement in net debt before    |       |       |
| 1,497 | 2,673 | (406) | exchange effects               | 2,267 | 4,277 |
| 16    | (83)  | (146) | Exchange adjustments           | (229) | (154) |
| ----- |       |       |                                | ----- |       |
|       |       |       | Decrease (increase)            |       |       |
| 1,513 | 2,590 | (552) | in net debt                    | 2,038 | 4,123 |
| ===== |       |       |                                | ===== |       |

Notes

10. TNK-BP Operational and Financial Information

| Second<br>Quarter | First<br>Quarter | Second<br>Quarter |                                    | First Half |      |
|-------------------|------------------|-------------------|------------------------------------|------------|------|
| 2003              | 2004             | 2004              |                                    | 2004       | 2003 |
| =====             |                  |                   |                                    | =====      |      |
|                   |                  |                   | Production (Net of royalties)      |            |      |
|                   |                  |                   | (BP share)                         |            |      |
| -                 | 766              | 814               | Crude oil (mb/d)                   | 790        | -    |
| -                 | 382              | 450               | Natural gas (mmcf/d)               | 416        | -    |
| -                 | 832              | 891               | Total hydrocarbons (mboe/d) (a)    | 862        | -    |
| =====             |                  |                   |                                    | =====      |      |
|                   |                  |                   | Average oil marker prices (\$/bbl) |            |      |

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|                                    |         |       |                                 |            |       |  |
|------------------------------------|---------|-------|---------------------------------|------------|-------|--|
| 24.10                              | 29.01   | 32.32 | Urals (NWE - cif)               | 30.67      | 26.85 |  |
| 24.18                              | 28.98   | 32.60 | Urals (Med - cif)               | 30.79      | 26.97 |  |
| 7.44                               | 17.08   | 19.71 | Domestic Oil                    | 18.40      | 6.47  |  |
| =====                              |         |       |                                 |            |       |  |
| \$ million                         |         |       |                                 | \$ million |       |  |
| Income statement (BP share)        |         |       |                                 |            |       |  |
| Replacement cost profit            |         |       |                                 |            |       |  |
| -                                  | 374     | 581   | before interest and tax         | 955        | -     |  |
| -                                  | -       | -     | Stock holding gains (losses)    | -          | -     |  |
| -                                  | (30)    | (26)  | Interest expense ...            | (56)       | -     |  |
| -                                  | (115)   | (171) | Taxation                        | (286)      | -     |  |
| -                                  | (10)    | (10)  | Minority shareholders' interest | (20)       | -     |  |
| -----                              |         |       |                                 |            |       |  |
| -                                  | 219     | 374   | Net Income                      | 593        | -     |  |
| =====                              |         |       |                                 |            |       |  |
| ... Excludes unwinding of discount |         |       |                                 |            |       |  |
| -                                  | 26      | 26    | on deferred consideration       | 52         | -     |  |
| =====                              |         |       |                                 |            |       |  |
| Cash Flow                          |         |       |                                 |            |       |  |
| Additional investment in           |         |       |                                 |            |       |  |
| -                                  | (1,416) | -     | TNK-BP joint venture            | (1,416)    | -     |  |
| Dividends related to period        |         |       |                                 |            |       |  |
| -                                  | 143     | -     | prior to acquisition            | 143        | -     |  |
| -----                              |         |       |                                 |            |       |  |
| Net investment in TNK-BP           |         |       |                                 |            |       |  |
| -                                  | (1,273) | -     | joint venture                   | (1,273)    | -     |  |
| =====                              |         |       |                                 |            |       |  |
| -                                  | 119     | -     | Dividends received              | 119        | -     |  |
| =====                              |         |       |                                 |            |       |  |

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| Balance Sheet                | 30 June | 31 December |
|------------------------------|---------|-------------|
|                              | 2004    | 2003        |
|                              | =====   | =====       |
|                              |         | \$ million  |
| Fixed assets - investments   |         |             |
| Gross assets                 | 12,239  | 10,339      |
| Gross liabilities            | (3,361) | (3,290)     |
|                              | -----   | -----       |
|                              | 8,878   | 7,049       |
|                              | =====   | =====       |
| Deferred consideration       |         |             |
| Due within one year          | 1,244   | 1,227       |
| Due after more than one year | 2,387   | 2,352       |
|                              | -----   | -----       |
|                              | 3,631   | 3,579       |
|                              | =====   | =====       |

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

BP's share of the result of the TNK-BP joint venture has been included within Exploration and Production with effect from 29 August 2003. TNK-BP operational and financial information has been estimated and includes adjustments to net income in respect of prior periods amounting to charges of \$7 million in 2Q 2004 and \$36 million in first half 2004.

### Notes

#### 11. Statutory accounts

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The 2003 Annual Report and

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Accounts have been delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified.

Contacts

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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: 27 July 2004

/s/ D. J. PEARL

.....  
D. J. PEARL  
Deputy Company Secretary