BP PLC
Form 6-K
February 19, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

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

for the period ended December 31, 2002

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

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

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

Form 20-F |X| Form 40-F ________

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

Yes ________ No |X|

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-9790) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-65996) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-83180) OF BP AUSTRALIA CAPITAL MARKETS LIMITED, BP CANADA FINANCE COMPANY, BP CAPITAL MARKETS p.l.c., BP CAPITAL MARKETS AMERICA INC. AND BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 33-21868) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-9020) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-9798) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-79399) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-34968) OF BP p.l.c., THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-67206) OF BP p.l.c., AND THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-74414) OF BP p.l.c., AND TO

BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GROUP RESULTS JANUARY - DECEMBER 2002

	Three months ended December 31 (Unaudited)	
	2002	2001
		($ mil
Turnover	49,722	36,817
Reconciliation of historical cost and pro forma results		
Historical cost profit (loss) for the period	651	(603)
Inventory holding (gains) losses (a)	174	1,297
Replacement cost profit for the period (b)	825	694
Exceptional items, net of tax	872	12
Replacement cost profit before exceptional items	1,697	706
Special items, net of tax (c)	416	461
Acquisition amortization (d)	522	604
Pro forma result adjusted for special items	2,635	1,771
Per Ordinary Share - cents		
Historical cost profit	2.92	(2.67)
Replacement cost profit before exceptional items	7.58	3.17
Pro forma result adjusted for special items	11.78	7.91
Dividends per Ordinary Share - cents	6.25	5.75

(a) Net of minority shareholders' interest.
(b) Replacement cost is not a UK or US GAAP measure. For further information on why management believes replacement cost profit is a relevant measure see Note 6 of Notes to Consolidated Financial Statements.
(c) The special items refer to non-recurring charges and credits as described in the text below.
(d) Depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions in 2000.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes provided elsewhere in this Form 6-K and with the information, including the consolidated financial statements and related notes, for the year ended December 31, 2001 in BP p.l.c.'s Annual Report on Form 20-F for the year ended December 31, 2001. The financial information for 2001 has been restated to reflect (i) the adoption by the Group of UK Financial Reporting Standard No. 19 (FRS 19) `Deferred Tax' with effect from January 1, 2002; and (ii) the transfer of the solar, renewables and alternative fuels activities from Other businesses and corporate to Gas and Power on January 1, 2002. To reflect this transfer, Gas and Power has been renamed Gas, Power and Renewables from the same date. See Note 2 of Notes to Consolidated Financial Statements for further information.

The fourth quarter trading environment was more favourable than a year ago for Exploration and Production with higher oil and gas realizations, though less favourable for Refining and Marketing where adverse crude price differentials depressed BP's refining margins relative to the industry marker.

The trading environment for the year was challenging, with natural gas prices and refining margins significantly weaker than in the previous year, owing to the global economic slowdown. Demand improved in most parts of the business after the first half of the year but economic conditions remained sluggish. The adverse business conditions had the greatest impact on refining and marketing. Worldwide refining margins were depressed for much of the year, at nearly half the average level of 2001. Margins in Chemicals were at levels similar to the bottom of previous cycles.

Turnover for the three months and year ended December 31, 2002 was $49,722 million and $178,721 million respectively, compared with $36,817 million and $174,218 million for 2001. The increase in turnover for the fourth quarter reflects higher oil and natural gas prices, higher production, and higher sales volumes as a result of acquisitions and improved chemicals site reliability. For the year, production and sales volume increases and higher liquids realizations were partly offset by lower natural gas prices.

Replacement cost profit before exceptional items (which excludes inventory holding gains and losses) was $1,697 million for the three months ended December 31, 2002, compared with $706 million for the equivalent period of 2001. For the year ended December 31, 2002, the replacement cost profit before exceptional items was $4,698 million compared with $8,291 million in 2001.

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

Owing to the significant acquisitions that took place in 2000, in addition to its reported results, BP presents pro forma results adjusted for special items in order to enable shareholders to assess current performance in the context of BP's past performance and against that of its competitors. The pro forma result, adjusted for special items, for the three months and year ended December 31, 2002 was $2,635 million and $8,715 million respectively, compared with $1,771 million and $11,559 million in the prior year. The pro forma result, adjusted for special items, has been derived from the Group's reported UK GAAP accounting information but is not in itself a recognized UK or US GAAP measure. The pro forma result is replacement cost profit before exceptional items excluding acquisition amortization. Acquisition amortization refers to depreciation relating to the fixed asset revaluation adjustments and amortization of goodwill consequent upon the ARCO and Burmah Castrol acquisitions in 2000. A tabular breakdown of the reconciliation of pro forma to reported results on a replacement cost basis is provided on pages 6 and 7.

Acquisition amortization for the three months and year ended December 31, 2002 was $522 million and $2,574 million (including $405 million accelerated depreciation of the revaluation adjustment in respect of the impairment of former ARCO assets), respectively, compared with $604 million and $2,585 million for the equivalent periods of 2001.

Special items refer to non-recurring charges and credits. For the three months ended December 31, 2002, special items were $630 million ($416 million after tax), and comprised an asset write-down and restructuring costs in Exploration and Production, integration and restructuring costs and an impairment charge in Refining and Marketing, integration and restructuring costs in Chemicals, provisions to cover future rental payments on surplus leasehold property and environmental charges in Other businesses and corporate, and a bond redemption charge. For the fourth quarter of 2001, special items were $714 million ($461 million after tax), comprising additional severance charges, mainly related to former ARCO employees, an impairment charge for our partner operated Venezuelan Lake Maracaibo operations, Castrol, Solvay and Erdolchemie integration costs, Grangemouth restructuring, and litigation costs. Special items for year ended December 31, 2002 were $1,915 million ($1,443 million after tax) compared with $1,058 million ($683 million after tax) in 2001. The special items for the years of both 2002 and 2001 are comprised of the same elements as those in the respective fourth quarter periods. In addition, the year of 2002 includes litigation costs and impairment charges in Exploration and Production, business interruption insurance proceeds and costs associated with an Olympic pipeline incident in Refining and Marketing, Solvay and Erdolchemie integration costs, restructuring charges and an impairment charge in Chemicals, an adjustment to the North Sea deferred tax balance for the supplementary UK corporation tax and tax relief expected on impairments and related restructuring. The year of 2001 also includes rationalization costs in the European downstream commercial business.

Underlying performance improvements were $1.2 billion before tax for the year, against a target of $1.4 billion. Performance improvements have been impacted by weaker than expected production. Underlying performance improvements include cost savings and volume growth, and represent increases in pre-tax results under mid-cycle operating conditions, adjusted for acquisition amortization and special items. Mid-cycle operating conditions reflect not only adjustments to hydrocarbon prices and margins, but also costs and capacity utilization, to levels which we would expect on average over the long-term.

Hydrocarbon production increased by 1.8% and 2.9% in the quarter and year respectively. The increase for the year reflected 4.5% growth in liquids production and 0.9% for natural gas. The reserve replacement ratio for 2002 was 175%.

The historical cost profit for the three months ended December 31, 2002 was $651 million, after inventory holding losses of $174 million and net exceptional losses of $893 million ($872 million after tax) in respect of net losses on the sale of fixed assets and businesses or termination of operations. For the equivalent period of 2001 there was a loss of $603 million, after inventory holding losses of $1,297 million and net exceptional losses of $38 million ($12 million after tax) in respect of net losses on the sale of fixed assets and businesses or termination of operations.

For the year ended December 31, 2002, the historical cost profit was $6,845 million, including inventory holding gains of $1,104 million and net exceptional gains of $1,168 million ($1,043 million after tax) in respect of net profits on the sale of fixed assets and businesses or termination of operations. For the year ended December 31, 2001, the historical cost profit was $6,556 million, after inventory holding losses of $1,900 million and net exceptional gains of $535 million ($165 million after tax) in respect of net profits on the sale of fixed assets and businesses or termination of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

Performance of operating segments is evaluated by management based on replacement cost operating profit or loss. Segment results are presented in the tables on pages 6 and 7 and discussed in the following pages on this basis.

Interest expense for the three months and year ended December 31, 2002 was $332 million (including $15 million bond redemption charges) and $1,279 million respectively, compared with $414 million and $1,670 million (including $62 million bond redemption charges) in 2001, primarily reflecting lower interest rates for both periods in 2002.

Net taxation, other than production taxes, charged for the three months and year ended December 31, 2002 was $1,125 million and $4,342 million respectively, compared with $711 million and $6,375 million in the equivalent period last year. The tax credit in respect of exceptional items was $21 million compared with $26 million for the fourth quarter of 2001. The effective tax rate on replacement cost profit before exceptional items was 40% and 47% respectively for the three months and year ended December 31, 2002, compared with 50% and 42% for the equivalent periods of 2001. The reduction in the fourth quarter rate reflects the rateably lower impact of acquisition amortization on higher income. The increase in the rate for the year reflects the rateably greater effect of acquisition amortization on lower pre-tax income in 2002, together with the $355 million charge in the second quarter to increase the North Sea deferred tax provision for the supplementary UK tax rate, partly offset by higher tax relief on asset impairment charges and related restructuring.

Capital expenditure and acquisitions in the fourth quarter of 2002 was $4.1 billion, compared with $4.4 billion for the equivalent period in 2001. For the year ended December 31, 2002, capital expenditure and acquisitions was $19.1 billion, including $5.0 billion for the Veba purchase, compared with $14.1 billion in 2001. Excluding acquisitions, capital expenditure for the year 2002 was $13.3 billion, compared with $13.2 billion in 2001. Disposal proceeds in the fourth quarter were $1.0 billion, and $6.8 billion in the year, including $2.3 billion from the sale of our investment in Ruhrgas.

Net cash inflow for the three months ended December 31, 2002 was $0.7 billion, compared with an outflow of $1.0 billion for the equivalent period of 2001, reflecting higher operating cash flow, lower tax payments and lower acquisition spending. For the year ended December 31, 2002, the net cash outflow was $0.3 billion compared with an inflow of $1.0 billion in 2001; lower operating cash flow and higher acquisition spending were partly offset by lower tax payments and higher disposal proceeds. Net cash inflow from operating activities was $6.2 billion and $19.3 billion for the three months and year ended December 31, 2002 respectively, compared with $5.5 billion and $22.4 billion in the equivalent periods in 2001. For the fourth quarter, higher profit was partly offset by higher working capital. For the year, lower profit and higher working capital were partly offset by higher depreciation resulting from impairments.

Net debt at December 31, 2002 was $20.3 billion. The ratio of net debt to net debt plus equity was 22% at December 31, 2002 compared with 23% at December 31, 2001. After adjusting for the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions, the ratio of net debt to net debt plus equity was 28% at December 31, 2002 and 29% at December 31, 2001. In addition to reported debt, BP uses conventional off balance sheet sources of finance such as operating leases and joint venture and associated undertaking borrowings.

The Group has access to other sources of liquidity in the form of committed facilities and other funding through the capital markets. BP believes that, taking into account the substantial amounts of undrawn borrowing facilities available, the Group has sufficient working capital for foreseeable requirements.

In the normal course of business the Group has entered into certain long term purchase commitments principally relating to take or pay contracts for the purchase of natural gas, crude oil and chemicals feedstocks and throughput arrangements for pipelines. The Group expects to fulfil its obligations under these arrangements with no adverse consequences to the Group's results of operations or financial condition.

The return on average capital employed on a replacement cost basis for the three months ended December 31, 2002 was 8% compared with 4% for the equivalent period of 2001. For the year ended December 31, 2002, the return on average capital employed was 6% compared with 11% for 2001. The return on average capital employed on a historical cost basis was 4% for the fourth quarter and 8% for the year. For further information on the return on average capital employed calculation see page 67 of this report.

BP announced a fourth quarterly dividend for 2002 of 6.25 cents per ordinary share. The dividend for the year was 24.0 cents per ordinary share. Holders of ordinary shares will receive 3.815 pence per share and holders of American Depositary Receipts (ADRs) $0.375 per ADS. The dividend is payable on March 24, 2003 to shareholders on the register on February 28, 2003. Participants in the Dividend Reinvestment Plan or the dividend reinvestment facility in the US Direct Access Plan will receive the dividend in the form of shares also on March 24, 2003.

The board sets the dividend on a balance of a variety of factors. It considers not only present earnings but also long-term growth prospects and cash flow. It also considers the Group's competitive position and determines the payment, which broadly corresponds to around 60% of sustainable earnings, calculated under standardized assumptions over a run of years. This is not a mechanical calculation, but judges the balance between all the factors and the options available.

The company did not repurchase any shares during the quarter. In 2002, 100 million of its own shares were purchased for cancellation at a cost of $750 million. BP has determined to repurchase $2 billion of its own shares, subject to market conditions and continued support at the April 2003 Annual General Meeting.

RECENT DEVELOPMENTS

BP and the Alfa Group and Access-Renova (AAR) announced on February 11, 2003 that they have agreed in principle to combine their interests in Russia to create the country's third biggest oil and natural gas business, in which they will each have a 50% stake. The assets being contributed by BP to the new company include its holding in Sidanco, its stake in Rusia Petroleum, its interest in the Sakhalin V exploration licence and its holding in the BP Moscow retail network. AAR is contributing its holdings in TNK and Sidanco, its share of Rusia Petroleum, its stake in the Rospan gasfield in West Siberia and its interest in the Sakhalin IV & V exploration licence. Neither AAR's association with Slavneft, nor BP's interest in LukArco or the Russian elements of BP's international businesses such as lubricants, marine and aviation, are included in the transaction.

For its stake in the new company, BP will pay AAR $3 billion in cash on completion of the deal and three subsequent annual tranches of $1.25 billion in BP shares, valued at market prices prior to each annual payment. The transaction, which will be effective from January 1, 2003, is scheduled for completion in the summer.

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS - continued

The following tables provide a breakdown of pro forma results and reconcile those results to replacement cost operating profit by operating segment.

Reconciliation of replacement cost profit (loss) to pro forma result adjusted for special items	Replacement cost profit (loss)	Acquisition amortization(a)	Special items(
		($ million)	
Three months ended December 31, 2002			
Exploration and Production	3,248	319	99
Gas, Power and Renewables	72	-	-
Refining and Marketing	(36)	203	420
Chemicals	104	-	35
Other businesses and corporate	(207)	-	61
Replacement cost operating profit	3,181	522	615
Interest expense	(332)	-	15
Taxation	(1,146)	-	(214)
Minority shareholders' interest	(6)	-	-
Replacement cost profit before exceptional items	1,697	522	416
Exceptional items before tax	(893)		
Taxation on exceptional items	21		
RC profit after exceptional items	825		
Inventory holding gains (losses)	(174)		
HC profit	651		
Three months ended December 31, 2001			
Exploration and Production	1,641	411	322
Gas, Power and Renewables	102	-	-
Refining and Marketing	379	193	213
Chemicals	(67)	-	106
Other businesses and corporate	(175)	-	73
Replacement cost operating profit	1,880	604	714
Interest expense	(414)	-	-

Taxation	(737)	-	(253)
Minority shareholders' interest	(23)	-	-
Replacement cost profit before exceptional items	706	604	461
Exceptional items before tax	(38)		
Taxation on exceptional items	26		
RC profit after exceptional items	694		
Inventory holding gains (losses)	(1,297)		
HC (loss)	(603)		

(a) Acquisition amortization refers to depreciation relating to the fixed asset revaluation adjustments and amortization of goodwill consequent upon the ARCO and Burmah Castrol acquisitions in 2000.

(b) The special items refer to non-recurring charges and credits. The special items for the fourth quarter include an asset write-down in Exploration and Production, integration and restructuring costs and an impairment charge in Refining and Marketing, integration and restructuring costs in Chemicals, provisions to cover future rental payments on surplus leasehold property and environmental charges in Other businesses and corporate, and a bond redemption charge. The effective tax rate on special items was 34%. The special items for the fourth quarter of 2001 comprise additional severance charges, mainly related to former ARCO employees, an impairment charge for our partner operated Venezuelan Lake Maracaibo operations, Castrol, Solvay and Erdoelchemie integration costs, Grangemouth restructuring and litigation costs; the taxation credit relating to these special items has been calculated using a tax rate of 35%.

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

Reconciliation of replacement cost profit (loss) to pro forma result adjusted for special items	Replacement cost profit (loss)	Acquisition amortization(a)	Special items(
		($ million)	
Year ended December 31, 2002			
Exploration and Production	9,206	1,780	1,019
Gas, Power and Renewables	354	-	30
Refining and Marketing	872	794	415
Chemicals	515	-	250
Other businesses and corporate	(701)	-	186
Replacement cost operating profit	10,246	2,574	1,900
Interest expense	(1,279)	-	15
Taxation	(4,217)	-	(456)
Minority shareholders' interest	(52)	-	(16)

Replacement cost profit before exceptional items	4,698	2,574	1,443
Exceptional items before tax	1,168		
Taxation on exceptional items	(125)		
RC profit after exceptional items	5,741		
Inventory holding gains (losses)	1,104		
HC profit	6,845		
Year ended December 31, 2001			
Exploration and Production	12,361	1,815	322
Gas, Power and Renewables	488	-	-
Refining and Marketing	3,573	770	487
Chemicals	128	-	114
Other businesses and corporate	(523)	-	73
Replacement cost operating profit	16,027	2,585	996
Interest expense	(1,670)	-	62
Taxation	(6,005)	-	(375)
Minority shareholders' interest	(61)	-	-
Replacement cost profit before exceptional items	8,291	2,585	683
Exceptional items before tax	535		
Taxation on exceptional items	(370)		
RC profit after exceptional items	8,456		
Inventory holding gains (losses)	(1,900)		
HC profit	6,556		

(a) Acquisition amortization refers to depreciation relating to the fixed asset revaluation adjustments and amortization of goodwill consequent upon the ARCO and Burmah Castrol acquisitions in 2000.

(b) The special items refer to non-recurring charges and credits. The special items for the year 2002 comprise impairment charges, an asset write-down, restructuring and litigation costs for Exploration and Production; an impairment charge in Gas, Power and Renewables; integration and restructuring costs, business interruption insurance proceeds, restructuring and integration costs and certain other costs in Refining and Marketing; integration costs and an asset write-down in Chemicals; a provision to cover future rental payments on surplus leasehold property and environmental charges in Other businesses and corporate; and a bond redemption charge. Taxation includes a special charge for an adjustment to the North Sea deferred tax liability for the supplementary UK corporation tax as well as tax relief expected on impairments and related restructuring. The special items for the year 2001 comprise additional severance charges, mainly related to former ARCO employees, an impairment charge for our partner operated Venezuelan Lake Maracaibo operations, rationalization costs in the European downstream commercial business, Castrol, Solvay and Erdoelchemie integration costs, Grangemouth restructuring, and litigation costs.

(c) Taxation includes a special charge of $355 million for an adjustment to the North Sea deferred tax liability for the supplementary UK corporation tax, and reflects tax relief expected on impairments and related restructuring.

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

DETAILED REVIEW OF BUSINESSES (EXCLUDING EXCEPTIONAL ITEMS)

EXPLORATION AND PRODUCTION

			Three months ended December 31 (Unaudited)		Ye Dec
			2002	2001	2002
Turnover		- $m	7,356	5,336	25,753
Total replacement cost operating profit		- $m	3,248	1,641	9,206
Results include:					
Exploration expense		- $m	179	144	644
Of which: Exploration expenditure written off		- $m	124	85	385
Key Statistics:					
Liquids(a)	Average prices realized by BP	- $/bbl	24.78	17.72	22.69
	Production	- mb/d	2,049	2,017	2,018
Natural gas	Average prices realized by BP	- $/mcf	2.87	2.28	2.46
	Production	- mmcf/d	8,936	8,764	8,707
Brent oil price		- $/bbl	26.88	19.41	25.03
West Texas Intermediate oil price		- $/bbl	28.31	20.31	26.14
Alaska North Slope US West Coast		- $/bbl	26.86	17.79	24.77
Henry Hub gas price (b)		- $/mmBtu	3.99	2.43	3.22
UK Gas - National Balancing Point		- p/therm	19.09	22.32	15.78

(a) Crude oil and natural gas liquids

(b) Henry Hub First of the Month Index

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

Turnover for the three months ended December 31, 2002 was $7,356 million compared with $5,336 million in the corresponding period in 2001, reflecting higher liquids and natural gas realizations as well as increased production. Turnover for the year ended December 31, 2002 was $25,753 million compared with $28,229 million for the corresponding period of 2001, with the effect of higher production and liquids realizations more than offset by lower natural gas prices.

Replacement cost operating profit for the three months and year ended December 31, 2002 was $3,248 million and $9,206 million respectively, compared with $1,641 million and $12,361 million for the equivalent periods in 2001. The result for the fourth quarter 2002 includes special charges of $94 million for the write-off of our Gas to Liquids demonstration plant in Alaska and $5 million restructuring charges. The year 2002 also includes special charges of $686 million and accelerated acquisition amortization of $405 million related to the impairments of Shearwater in the North Sea, Rhourde El Baguel in Algeria, LL652 and Boqueron in Venezuela, Pagerungan in Indonesia and Badami in Alaska, following full technical reassessments and evaluations of future investment opportunities. In addition, there were special restructuring charges of $179 million relating to significant restructuring to reposition the business in North America and the North Sea and $55 million litigation costs. The results also include depreciation and amortization arising from the fixed asset revaluation adjustments and goodwill consequent upon the ARCO acquisition in 2000 of $319 million and $1,780 million for the fourth quarter and year 2002, including $405 million accelerated depreciation of the revaluation adjustment in respect of former ARCO assets included in the impairments described above, and $411 million and $1,815 million for the corresponding periods in 2001.

EXPLORATION AND PRODUCTION (concluded)

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

Fourth quarter production of 3,590 mboe/d benefited from seven new field start-ups at Horn Mountain, Aspen and Princess in the Gulf of Mexico; Nam Con Son in Vietnam; ETAP satellites and Wollaston Whittle in the UK and Edfu in Egypt. Increased production was partly offset by the effects of Gulf of Mexico hurricanes, shut-ins in Venezuela and an earthquake in Alaska.

The full year result reflects production growth of 4.5% for liquids and 0.9% for natural gas (2.9% overall), a 6% decrease in unit lifting costs and slightly higher liquids realizations, which were more than offset by significantly lower natural gas realizations. Production increases for the year were lower than planned due to a number of factors, including lower gas demand resulting from warm weather in the UK, OPEC reductions, severe storm patterns in the Gulf of Mexico, the general strike in Venezuela and operational problems in Alaska and in the UK.

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

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

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

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

GAS, POWER AND RENEWABLES

		Three months ended December 31 (Unaudited)		Ye Dec
		2002	2001	2002
Turnover	- $m	12,041	7,522	37,357
Total replacement cost operating profit	- $m	72	102	354

On January 1, 2002, the solar, renewables and alternative fuels activities were transferred from Other businesses and corporate to Gas and Power. To reflect this transfer, Gas and Power has been renamed Gas, Power and Renewables from the same date and comparative information has been restated.

Turnover for the three months and year ended December 31, 2002 was $12,041 million and $37,357 million, compared with $7,522 million and $39,442 million for the same periods in 2001. The increase for the quarter reflects higher natural gas prices and sales volumes. For the year, higher natural gas sales volumes were more than offset by lower prices, particularly in North America.

Replacement cost operating profit for the three months and year ended December 31, 2002 was $72 million and $354 million respectively, compared with $102 million and $488 million a year ago. The result for the year 2002 includes special charges of $30 million related to the impairment of a cogeneration power plant in the UK. The fourth quarter result was down versus the prior year due to the absence of contributions from Ruhrgas, partly offset by higher volumes and margins in marketing and trading. The sale of the Ruhrgas shareholding was effective August 1, 2002.

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

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

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

REFINING AND MARKETING

		Three months ended December 31 (Unaudited) 2002	2001	2002
Turnover	- $m	33,443	26,528	125,836
Total replacement cost operating (loss) profit	- $m	(36)	379	872
Total refined product sales	- mb/d	6,360	6,447	6,563
Refinery throughputs	- mb/d	3,157	2,847	3,103
Global Indicator Refining Margin (a)	- $/bbl	2.76	2.40	2.11

(a) The Global Indicator Refining Margin (GIM) is the average of seven regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity.

Turnover for the three months and year ended December 31, 2002 was $33,443 million and $125,836 million respectively, compared with $26,528 million and $120,233 million, for the same periods in the prior year. The increase in turnover for the fourth quarter and year is due primarily to volume increases from the Veba acquisition. Results for Veba have been included from February 1, 2002.

Replacement cost operating loss for the three months ended December 31, 2002 was $36 million compared with profit of $379 million for the corresponding period of 2001. For the year, replacement cost operating profit was $872 million in 2002 compared with $3,573 million in the prior year. The results for the fourth quarter and year 2002 include special charges of $420 million and $415 million respectively. For the fourth quarter 2002, special items include $261 million Veba integration costs, $116 million restructuring costs, a $35 million write-down of retail assets in Venezuela and $8 million costs associated with the Olympic pipeline incident. Special items for the year also included business interruption insurance proceeds of $184 million, mostly offset by additional Veba integration costs of $87 million, additional costs of $54 million related to the Olympic pipeline incident, $22 million settlement costs associated with a pre-acquisition ARCO US MTBE supply contract and $16 million other integration costs. The results are also after charging depreciation and amortization arising from the fixed asset revaluation adjustments and goodwill, arising from the ARCO and Burmah Castrol acquisitions in 2000 of $203 million and $794 million for the fourth quarter and year respectively, and $193 million and $770 million for the corresponding periods in 2001.

The decrease in the fourth quarter result was primarily due to lower US retail and US West Coast refining margins, which more than offset the contribution from Veba. Refining throughputs increased by 11% compared with a year ago due to Veba and a smaller maintenance programme in the USA. Marketing volumes increased by 15%, but were down slightly excluding Veba. Shop sales increased by 66%, 7% excluding Veba.

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

A total of 486 BP Connect stations were open in the USA, Europe, Australia and New Zealand at year end compared with 339 at the end of 2001. In addition, BP has reimaged over 10,000 retail stations worldwide to BP's new Helios logo.

In December, BP completed the sale of its interest in the Colonial Pipeline in the USA. BP also announced that it had signed an agreement to sell 494 service stations to PKN Orlen. On 10 February, BP announced that it had agreed to sell a 45% stake in the Bayernoil Refinery, an 18% stake in the Trans Alpine Pipeline (TAL), 247 retail stations in Germany, 55 stations in Hungary and 11 in Slovakia to OMV AG for (euro)377 million in cash and assumption of debt. The sale is conditional on regulatory approvals and the nonexercise of certain pre-emption rights. The sale of the German assets enables BP to fully comply with the conditions imposed by the German Federal Cartel Office (FCO) when it approved BP's acquisition of Veba Oil in April 2002.

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

CHEMICALS

		Three months ended December 31 (Unaudited)		D
		2002	2001	2002
Turnover	- $m	3,118	2,481	13,064
Total replacement cost operating profit (loss)	- $m	104	(67)	515
Production (a)	- kte	6,609	6,048	26,988
Chemicals Indicator Margin (b)	- $/te	100(c)	112	102(c

(a) Includes BP share of joint ventures, associated undertakings and other interests in production.

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

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

Turnover for the three months and year ended December 31, 2002 was $3,118 million and $13,064 million respectively, compared with $2,481 million and $11,515 million for the equivalent periods in 2001. The increase in turnover for the fourth quarter and year primarily reflects higher production as a result of acquisitions, organic growth and improved site reliability.

Replacement cost operating profit for the three months ended December 31, 2002, was $104 million, down from $132 million in the third quarter and up from an operating loss of $67 million a year ago. The results for the fourth quarter and year 2002 include special charges of $35 million and $250 million respectively. Special items for the fourth quarter include $17 million Solvay integration costs and $18 million for restructuring. The special items for the year also include a $140 million write-down of our Indonesian manufacturing assets following a review of its immediate prospects and opportunities for future growth in a highly competitive regional market, and $75 million additional integration and restructuring costs.

The decline in fourth quarter replacement cost operating profit compared with the third quarter of 2002 was the result of margin compression due to higher feedstock costs, particularly in Europe, and weaker demand. The fourth quarter result was an increase of $171 million over a year ago, reflecting higher production and lower costs than in 2001, despite a weaker environment. The year's result was an increase of $387 million, in an overall trading environment which was similar. This improvement was driven by lower costs and increased production.

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

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

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

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BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

OTHER BUSINESSES AND CORPORATE

	Three months ended	Year end

		December 31 (Unaudited) 2002	2001	December 2002
Turnover	- $m	131	146	510
Replacement cost operating (loss)	- $m	(207)	(175)	(701)

Other businesses and corporate comprises Finance, the Group's coal asset and aluminium asset, its investments in PetroChina and Sinopec, interest income and costs relating to corporate activities. The result for the fourth quarter includes special charges of $61 million comprising a provision of $15 million for future rentals on surplus leasehold property and a charge of $46 million for environmental liabilities. Special items for the year also include additional provision of $125 million to cover future rental payments on surplus leasehold property.

EXCEPTIONAL ITEMS

		Three months ended December 31 (Unaudited) 2002	2001	Ye Dec 2002
Profit (loss) on sale of fixed assets and businesses or termination of operations	- $m	(893)	(38)	1,168
Taxation credit (charge)	- $m	21	26	(125)
Exceptional items after taxation	- $m	(872)	(12)	1,043

Exceptional items for the fourth quarter include provisions for losses on disposal of certain upstream interests announced since the year end and profit on disposal of BP's interest in the Colonial pipeline in the USA. Exceptional items for the year also included profits from disposal of our Ruhrgas interest and a US downstream electronic payment system and a gain on the redemption of certain preferred partnership interests BP retained following the disposal in 2000 of the Altura Energy common interest in exchange for BP loan notes held by the partnership.

OUTLOOK

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

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

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

Refining margins have risen sharply in face of declining US product stocks and refinery turnarounds. Global oil product demand is recovering but margins remain susceptible to crude supply uncertainties.

Retail margins weakened towards the end of the fourth quarter, especially in the USA, and this trend has continued into the first quarter. Margins remain vulnerable to further volatility in oil product prices.

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

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

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

BP p.l.c. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - concluded

FORWARD-LOOKING STATEMENTS

In order to utilize the 'Safe Harbor' provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing the following cautionary statement. The foregoing discussion, in particular, although not limited to, the statements under `Group Results' and the statements under `Outlook', with regard to hydrocarbon production growth and targets, the outlook for economic recovery, trends in the trading environment, the timing of new projects, oil and gas prices and margins, refining margins, expected realizations on gas sales, inventory and product stock levels, planned product phase-outs, capacity utilization, capital expenditure trends and targets, working capital, profitability, results of operation, dividend payments and liquidity or financial position are all forward-looking in nature. Forward-looking statements are also identified by such phrases as `will', `expects', `is expected to', `should', `may', `is likely to', `intends' and `believes'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including the specific factors identified in the discussions accompanying such forward-looking statements, future levels of industry product supply, the timing of bringing new fields onstream, demand and pricing, operational problems, political stability and economic growth in relevant areas of the world, development and use of new technology, successful partnering, the actions of competitors, the actions of third party suppliers of facilities and services, natural disasters and other changes to business conditions, prolonged adverse weather conditions, wars and acts of terrorism or sabotage, and other factors discussed elsewhere in this report. These and other factors may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Additional information, including information on factors which may affect BP's business, is contained in BP's Annual Report and Annual Accounts for 2001 and the Annual Report on Form 20-F for 2001 filed with the US Securities and Exchange Commission.

2002 DIVIDENDS

On February 11, 2002, BP p.l.c. announced a fourth quarterly dividend for 2002 of 6.25 cents per ordinary share of 25 cents (ordinary shares), representing $0.375 per American Depositary Share (ADS) amounting to $1,398 million in total. The record date for qualifying US resident holders of American Depositary Shares as well as holders of ordinary shares is February 28, 2002, with payment to be made on March 24, 2003.

The dividend payable on March 24, 2003 entitles qualifying US ADS shareholders to a refund of the 1/9th UK tax credit (approximately $0.04) attaching to the dividend, less a UK withholding tax limited to the amount of the tax credit. The effect of these arrangements for ADS holders is currently a cash payment of $0.36, a gross dividend for tax purposes of $0.40 and a potential tax credit of $0.04 per ADS.

A dividend reinvestment facility is available for holders of ADSs through JPMorgan Chase Bank (formerly known as Morgan Guaranty Trust Company). Participants in the dividend reinvestment facility included in the US Direct Access Plan will receive the dividend in the form of shares on March 24, 2003.

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BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	Three months ended December 31 (Unaudited)		
	2002	2001	2002
	($ million, except per shar		
Turnover - Note 3	50,135	37,114	180,186
Less: joint ventures	413	297	1,465
Group turnover	49,722	36,817	178,721
Replacement cost of sales	42,858	31,899	155,528
Production taxes - Note 4	362	336	1,274
Gross profit	6,502	4,582	21,919
Distribution and administration expenses	3,604	3,076	12,632
Exploration expense - Note 5	179	144	644
	2,719	1,362	8,643
Other income	218	208	641
Group replacement cost operating profit	2,937	1,570	9,284
Share of profits of joint ventures	83	91	346
Share of profits of associated undertakings	161	219	616
Total replacement cost operating profit - Note 6	3,181	1,880	10,246
Profit (loss) on sale of fixed assets and businesses			

or termination of operations - Note 7	(893)	(38)	1,168
Replacement cost profit before interest and tax - Note 6	2,288	1,842	11,414
Inventory holding gains (losses) - Note 8	(174)	(1,297)	1,129
Historical cost profit before interest and tax	2,114	545	12,543
Interest expense - Note 9	332	414	1,279
Profit before taxation	1,782	131	11,264
Taxation - Note 10	1,125	711	4,342
Profit (loss) after taxation	657	(580)	6,922
Minority shareholders' interest	6	23	77
Profit (loss) for the period (a)	651	(603)	6,845
Earnings per ordinary share - cents (a)			
Basic	2.92	(2.67)	30.55
Diluted	2.92	(2.64)	30.41
Earnings per American Depositary Share - cents (a)			
Basic	17.52	(16.02)	183.30
Diluted	17.52	(15.84)	182.46
Average number of outstanding ordinary shares (thousands)	22,351,122	22,396,315	22,397,126

(a) A summary of the material adjustments to profit for the period which would be required if generally accepted accounting principles in the United States had been applied instead of those generally accepted in the United Kingdom is given in Note 15.

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BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	December 31, 2002	
		($ million)
Fixed assets		
Intangible assets		15,566
Tangible assets		87,682
Investments		10,811
		114,059
Current assets		
Inventories	10,181	
Receivables	33,150	
Investments	215	
Cash at bank and in hand	1,520	
	45,066	

Current liabilities - falling due within one year		
Finance debt	10,086	
Accounts payable and accrued liabilities	36,215	
	46,301	
Net current liabilities		(1,235)
Total assets less current liabilities		112,824
Noncurrent liabilities		
Finance debt	11,922	
Accounts payable and accrued liabilities	3,455	
Provisions for liabilities and charges		
Deferred tax	13,514	
Other	13,886	
		42,777
Net assets		70,047
Minority shareholders' interest - equity		638
BP shareholders' interest (a) - Note 14		69,409
Represented by:		
Capital shares		
Preference		21
Ordinary		5,595
Paid-in surplus		4,243
Merger reserve		27,033
Retained earnings		32,344
Other reserves		173
		69,409

(a) A summary of the material adjustments to BP shareholders' interest which would be required if generally accepted accounting principles in the United States had been applied instead of those generally accepted in the United Kingdom is given in Note 15.

BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended December 31 (Unaudited)	
	2002	2001
		($ million)

Net cash inflow from operating activities	6,197	5,547
Dividends from joint ventures	69	12
Dividends from associated undertakings	65	104
Servicing of finance and returns on investments		
Interest received	63	83
Interest paid	(335)	(229)
Dividends received	38	35
Dividends paid to minority shareholders	(11)	(38)
Net cash outflow from servicing of finance and returns on investments	(245)	(149)
Taxation		
UK corporation tax	(419)	(454)
Overseas tax	(642)	(968)
Tax paid	(1,061)	(1,422)
Capital expenditure		
Payments for fixed assets	(3,544)	(3,688)
Proceeds from the sale of fixed assets	726	615
Net cash outflow for capital expenditure	(2,818)	(3,073)
Acquisitions and disposals		
Investments in associated undertakings	(215)	(179)
Proceeds from sale of investment in Ruhrgas	-	-
Acquisitions, net of cash acquired	(28)	(602)
Net investment in joint ventures	(217)	(220)
Proceeds from the sale of businesses	304	231
Net cash outflow for acquisitions and disposals	(156)	(770)
Equity dividends paid	(1,340)	(1,232)
Net cash inflow (outflow)	711	(983)
Financing	304	(855)
Management of liquid resources	(56)	(65)
Increase (decrease) in cash	463	(63)
	711	(983)

(a) This cash flow statement has been prepared in accordance with UK GAAP. A cash flow statement presented on a SFAS 95 format is included in Note 15.

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BP p.l.c. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS - concluded

	Three months ended December 31 (Unaudited) 2002	2001
		($
Reconciliation of historical cost profit before interest and tax to net cash inflow from operating activities		
Historical cost profit before interest and tax	2,114	545
Depreciation and amounts provided	2,515	2,457
Exploration expenditure written off	124	85
Share of profits of joint ventures and associated undertakings	(250)	(303)
Interest and other income	(115)	(132)
(Profit) loss on sale of fixed assets and businesses	895	36
Charge for provisions	451	187
Utilization of provisions	(424)	(221)
Decrease (increase) in stocks	(63)	1,368
Decrease (increase) in debtors	(269)	1,241
Increase (decrease) in creditors	1,219	284
Net cash inflow from operating activities	6,197	5,547
Financing		
Long-term borrowing	(651)	(267)
Repayments of long-term borrowing	905	434
Short-term borrowing	(3,970)	(2,764)
Repayments of short-term borrowing	4,037	1,656
	321	(941)
Issue of ordinary share capital	(17)	(13)
Repurchase of ordinary share capital	-	99
Net cash (inflow) outflow from financing	304	(855)

(a) This cash flow statement has been prepared in accordance with UK GAAP. A cash flow statement presented on a SFAS 95 format is included in Note 15.

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The financial information for the years ended December 31, 2002 and 2001 included in this Report has been extracted from BP's 2002 Annual Report and Accounts. These accounts were approved by a duly appointed and authorized committee of the Board of Directors at the Results Committee on February 11, 2003. The report of the auditors on those accounts was unqualified. The 2002 Annual Report and Accounts will be published in mid-March 2003. The results for the interim periods are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the

results for the periods presented. The financial statements and notes included in this Report should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2001 included in BP's Annual Report on Form 20-F filed with the Securities and Exchange Commission.

2. Restatement of comparative information

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

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

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

(b) New accounting standard for deferred tax

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

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

- Provision is made for tax on gains arising from the disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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

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

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

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

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Restatement of comparative information - continued

Income statement	Three months ended December 31, 2001 (Unaudited) Restated	Reported
	($ million, except p	
Turnover	37,114	37,114
Less: joint ventures	297	297
Group turnover	36,817	36,817
Replacement cost of sales	31,899	31,872
Production taxes	336	336
Gross profit	4,582	4,609
Distribution and administration expenses	3,076	3,076
Exploration expense	144	144
	1,362	1,389
Other income	208	208
Group replacement cost operating profit	1,570	1,597
Share of profits of joint ventures	91	91
Share of profits of associated undertakings	219	219
Total replacement cost operating profit (a)	1,880	1,907
Profit (loss) on sale of fixed assets and businesses or termination of operations	(38)	(38)
Replacement cost profit before interest and tax	1,842	1,869
Inventory holding gains (losses)	(1,297)	(1,297)
Historical cost profit before interest and tax	545	572
Interest expense	414	414
Profit before taxation	131	158
Taxation	711	537
Profit (loss) after taxation	(580)	(379)
Minority shareholders' interest	23	26
Profit (loss) for the period	(603)	(405)
Distribution to shareholders	1,289	1,289
Earnings per ordinary share - cents		
Basic	(2.67)	(1.78)
Diluted	(2.64)	(1.76)

(a) Total replacement cost operating profit, by business		
Exploration and Production	1,641	1,655
Gas, Power and Renewables	102	106
Refining and Marketing	379	392
Chemicals	(67)	(67)
Other businesses and corporate	(175)	(179)
	1,880	1,907

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Restatement of comparative information - concluded

Balance sheet at December 31, 2001	Restated
	($ mil
Fixed assets	
Intangible assets	16,489
Tangible assets	77,410
Investments	11,963
	105,862
Current assets	36,108
Current liabilities - amounts falling due within one year	37,614
Net current liabilities	(1,506)
Total assets less current liabilities	104,356
Noncurrent liabilities	15,413
Provisions for liabilities and charges	
Deferred taxation	11,702
Other provisions	11,482
Net assets	65,759
Minority shareholders' interest - equity	598
BP shareholders' interest	65,161

	Three months ended December 31 (Unaudited)	
	2002	2001
	($ million)	
3 Turnover		
By business		

Exploration and Production	7,356	5,336
Gas, Power and Renewables	12,041	7,522
Refining and Marketing	33,443	26,528
Chemicals	3,118	2,481
Other businesses and corporate	131	146
	56,089	42,013
Less: sales between businesses	6,367	5,196
Group excluding joint ventures	49,722	36,817
Sales of joint ventures	413	297
	50,135	37,114
By geographical area		
UK	13,084	11,432
Rest of Europe	11,720	8,657
USA	22,573	16,039
Rest of World	10,845	7,285
	58,222	43,413
Less: sales between areas	8,500	6,596
	49,722	36,817

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

	Three months ended December 31 (Unaudited)		
	2002	2001	
		($ million)	
4 Production taxes			
UK petroleum revenue tax	64	147	
Overseas production taxes	298	189	
	362	336	1
5 Exploration expense			
Exploration and Production			
UK	1	9	
Rest of Europe	6	7	
USA	30	82	
Rest of World	142	46	
	179	144	

6. Replacement cost profit

Replacement cost profits reflect the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from the historical cost profit inventory holding gains and losses. These are the difference between the amount that is charged to cost of sales on a first-in, first-out (FIFO) basis of inventory valuation and the amount charged to cost of sales based on the average cost of supplies incurred during the period. The former basis is used in arriving at the historical cost result whereas the latter basis is used in arriving at the replacement cost result. BP presents financial information on a replacement cost basis in order to provide better comparability to the major US oil companies, which apply the last-in, first-out (LIFO) basis of inventory valuation. The LIFO basis is not permitted under UK GAAP. BP management believes that where inventory volumes remain constant or increase in a period, operating profit on the LIFO basis will not differ materially from operating profit on BP's replacement cost basis. For further discussion of replacement cost operating profit see Item 3 of BP's Annual Report on Form 20-F for the year ended December 31, 2001.

	Three months ended December 31 (Unaudited)	
	2002	2001
	($ million)	
7. Analysis of exceptional items		
Profit (loss) on sale of fixed assets and businesses or termination of operations		
Exploration and Production	(1,133)	(85)
Gas, Power and Renewables	(33)	1
Refining and Marketing	365	18
Chemicals	(122)	(130)
Other businesses and corporate	30	158
Exceptional items before taxation	(893)	(38)
Taxation charge	21	26
Exceptional items after taxation	(872)	(12)

	Three months ended December 31 (Unaudited)	
	2002	2001
	($ m	
8. Inventory holding gains (losses)		
Exploration and Production	(2)	(5)
Gas, Power and Renewables	41	(20)

	Refining and Marketing	(201)	(1,138)
	Chemicals	(12)	(134)
		------	------
		(174)	(1,297)
	Minority shareholders' interest	-	-
		------	------
		(174)	(1,297)
		======	======
9	Interest expense		
	Group interest payable (a)	248	286
	Capitalized	(33)	(7)
		------	------
		215	279
	Joint ventures	14	21
	Associated undertakings	19	26
	Unwinding of discount on provisions	42	46
	Change in discount rate for provisions	42	42
		------	------
		332	414
		======	======

(a)	Includes charges relating to the early redemption of debt	15	-
		------	------
10.	Charge for taxation		
	Current	1,112	550
	Deferred (a)	13	161
		------	------
		1,125	711
		======	======
	United Kingdom	366	174
	Overseas	759	537
		------	------
		1,125	711
		======	======

(a)	Includes the adjustment to the North Sea deferred tax balance for the supplementary UK corporation tax of 10%	-	-
		------	------
11.	Reconciliation of replacement cost results		
	Historical cost profit (loss) for the period	651	(603)
	Inventory holding (gains) losses (a)	174	1,297
		------	------
	Replacement cost profit for the period	825	694
	Exceptional items (b)	872	12
		------	------
	Replacement cost profit before exceptional items	1,697	706
		------	------
	Earnings per ordinary share - cents		
	On replacement cost profit before exceptional items	7.58	3.17
		======	======

(a) Net of minority shareholders' interest
(b) Net of tax charge

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Business and geographical analysis

By business	Exploration and Production	Gas, Power and Renewables	Refining and Marketing	Chemicals	Othe businesse an corporat
			($ million)		
Three months ended December 31, 2002					
Group turnover					
- third parties	2,232	11,690	32,604	3,065	13
- sales between businesses	5,124	351	839	53	
	7,356	12,041	33,443	3,118	13
Share of sales by joint ventures	161	-	101	151	
Equity accounted income	185	2	39	8	1
Total replacement cost operating profit (loss)	3,248	72	(36)	104	(20
Exceptional items	(1,133)	(33)	365	(122)	3
Inventory holding gains (losses)	(2)	41	(201)	(12)	
Historical cost profit (loss) before interest and tax	2,113	80	128	(30)	(17
Capital expenditure and acquisitions	2,573	123	1,046	285	6
Three months ended December 31, 2001					
Group turnover					
- third parties	1,519	6,834	25,888	2,430	14
- sales between businesses	3,817	688	640	51	
	5,336	7,522	26,528	2,481	14
Share of sales by joint ventures	123	-	73	101	
Equity accounted income	118	72	96	7	1
Total replacement cost operating profit (loss)	1,641	102	379	(67)	(17
Exceptional items	(85)	1	18	(130)	15
Inventory holding gains (losses)	(5)	(20)	(1,138)	(134)	

Historical cost profit (loss) before interest and tax	1,551	83	(741)	(331)	(1
Capital expenditure and acquisitions	2,153	301	1,116	594	26

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Business and geographical analysis - continued

By geographical area	UK	Rest of Europe	USA	Rest of World	E
			($ million)		
Three months ended December 31, 2002					
Group turnover -third parties	9,175	9,814	21,871	8,862	
-sales between areas	3,909	1,906	702	1,983	
	13,084	11,720	22,573	10,845	
Share of sales by joint ventures	22	110	55	226	
Equity accounted income	(1)	(7)	34	218	
Total replacement cost operating profit	793	171	957	1,260	
Exceptional items	(37)	180	(776)	(260)	
Inventory holding gains (losses)	(13)	(27)	(164)	30	
Historical cost profit before interest and tax	743	324	17	1,030	
Capital expenditure and acquisitions	434	398	1,708	1,548	
Three months ended December 31, 2001					
Group turnover -third parties	7,983	7,073	15,985	5,776	
-sales between areas	3,449	1,584	54	1,509	
	11,432	8,657	16,039	7,285	
Share of sales by joint ventures	13	30	82	172	
Equity accounted income	6	73	87	144	
Total replacement cost operating profit	375	388	216	901	
Exceptional items	(241)	40	(75)	238	
Inventory holding gains (losses)	(127)	(338)	(638)	(194)	
Historical cost profit before interest and tax	7	90	(497)	945	

Capital expenditure and acquisitions	745	709	1,758	1,216	

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Business and geographical analysis - continued

By business	Exploration and Production	Gas, Power and Renewables	Refining and Marketing	Chemicals	busin corp
			($ million)		
Year ended December 31, 2002					
Group turnover					
- third parties	7,197	36,037	122,470	12,507	
- sales between businesses	18,556	1,320	3,366	557	
	25,753	37,357	125,836	13,064	
Share of sales by joint ventures	539	-	415	511	
Equity accounted income	611	107	204	(12)	
Total replacement cost operating profit (loss)	9,206	354	872	515	
Exceptional items	(726)	1,551	613	(256)	
Inventory holding gains (losses)	3	51	1,049	26	
Historical cost profit (loss) before interest and tax	8,483	1,956	2,534	285	
Capital expenditure and acquisitions	9,699	408	7,753	823	
Year ended December 31, 2001					
Group turnover					
- third parties	8,569	36,488	117,330	11,282	
- sales between businesses	19,660	2,954	2,903	233	
	28,229	39,442	120,233	11,515	
Share of sales by joint ventures	666	-	404	101	
Equity accounted income	559	184	278	107	

Total replacement cost operating profit (loss)	12,361	488	3,573	128	
Exceptional items	195	-	471	(297)	
Inventory holding gains (losses)	(6)	(81)	(1,583)	(230)	
Historical cost profit (loss) before interest and tax	12,550	407	2,461	(399)	
Capital expenditure and acquisitions	8,861	492	2,415	1,926	

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Business and geographical analysis - concluded

By geographical area	UK	Rest of Europe	USA	Rest of World	E
			($ million)		
Year ended December 31, 2002					
Group turnover - third parties	34,075	38,538	78,282	27,826	
- sales between areas	14,673	7,980	2,099	6,575	
	48,748	46,518	80,381	34,401	
Share of sales by joint ventures	129	298	236	802	
Equity accounted income	(5)	131	225	611	
Total replacement cost operating profit	1,696	1,703	2,890	3,957	
Exceptional items	(88)	1,817	(242)	(319)	
Inventory holding gains (losses)	88	283	640	118	
Historical cost profit before interest and tax	1,696	3,803	3,288	3,756	
Capital expenditure and acquisitions	1,637	6,556	6,095	4,823	
Year ended December 31, 2001					
Group turnover - third parties	34,151	29,098	83,757	27,212	
- sales between areas	13,467	7,603	939	6,699	

	47,618	36,701	84,696	33,911
Share of sales by joint ventures	13	30	318	810
Equity accounted income	11	235	309	648
Total replacement cost operating profit	2,668	1,814	6,941	4,604
Exceptional items	(319)	33	289	532
Inventory holding gains (losses)	(225)	(444)	(1,014)	(217)
Historical cost profit before interest and tax	2,124	1,403	6,216	4,919
Capital expenditure and acquisitions	2,128	1,787	6,160	4,049

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

	Three months ended December 31 (Unaudited)		Ye De
	2002	2001	2002
	($ million)		
13. Analysis of changes in net debt			
Opening balance			
Finance debt	22,276	20,474	21,417
Less: Cash	1,005	1,438	1,358
Current asset investments	285	519	450
Opening net debt	20,986	18,517	19,609
Closing balance			
Finance debt	22,008	21,417	22,008
Less: Cash	1,520	1,358	1,520
Current asset investments	215	450	215
Closing net debt	20,273	19,609	20,273
(Increase) decrease in net debt	713	(1,092)	(664
Movement in cash/bank overdrafts	463	(63)	57
(Decrease) increase in current asset investments	(56)	(66)	(220
Net cash (inflow) outflow from financing (excluding share capital)	321	(941)	(736
Partnership interests exchanged for BP loan notes	-	-	1,135
Other movements	19	(16)	76
Debt acquired	(3)	(8)	(1,002

Movements in net debt before exchange effects	744	(1,094)	(690
Exchange adjustments	(31)	2	26
(Increase) decrease in net debt	713	(1,092)	(664

14. Movement in BP shareholders' interest

$ m

Balance at December 31, 2001
Prior year adjustment - change in accounting policy (see Note 2)

As restated
Profit for the year
Distribution to shareholders
Currency translation differences
Issue of ordinary share capital for employee share schemes
Repurchase of ordinary share capital

Balance at December 31, 2002

15. US generally accepted accounting principles

The consolidated financial statements of the BP Group are prepared in accordance with UK GAAP which differs in certain respects from US GAAP. The principal differences between US GAAP and UK GAAP for BP Group reporting relate to the following:

(i) Group consolidation

Where the Group conducts activities through a joint arrangement that is not carrying on a trade or business in its own right, the Group accounts for its own assets, liabilities and cash flows of the activity measured according to the terms of the arrangement. For the Group this method of accounting applies to certain oil and natural gas activities and undivided interests in pipelines. US GAAP permits these activities to be accounted for by proportional consolidation, which is equivalent to UK GAAP.

Joint ventures and associated undertakings are accounted for by the equity method. UK GAAP requires the consolidated financial statements to show separately the Group proportion of operating profit or loss, exceptional items, inventory holding gains or losses, interest expense and taxation of joint ventures and associated undertakings. In addition the Group's share of turnover of joint ventures should be disclosed. For US GAAP the after tax profits or losses (i.e. operating results after exceptional items, inventory holding gains or losses, interest expense and taxation) are included in the income statement as a single line item.

UK GAAP requires the Group's share of the gross assets and gross liabilities of joint ventures to be shown on the face of the balance sheet whereas under US GAAP the net investment is included as a single line item.

The following summarizes the reclassifications for joint ventures and associated undertakings necessary to accord with US GAAP.

	Three months ended D (Unaudi	
Increase (decrease) in caption heading	As Reported	Reclassificati
		($ mill
Consolidated statement of income		
Other income	218	1
Share of profits of JVs and associated undertakings	244	(2
Exceptional items before taxation	(893)	
Inventory holding gains (losses)	(174)	
Interest expense	332	(
Taxation	1,125	(
Profit for the period	651	

	Year ended Dec	
	As Reported	Reclassificati
		($ milli
Consolidated statement of income		
Other income	641	5
Share of profits of JVs and associated undertakings	962	(9
Exceptional items before taxation	1,168	
Inventory holding gains (losses)	1,129	
Interest expense	1,279	(1
Taxation	4,342	(2
Profit for the year	6,845	

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(i) Group consolidation (concluded)

	Three months ended D (Unau	
	As Reported	Reclassificati
	($ mi	
Consolidated statement of income		
Other income	208	1
Share of profits of JVs and associated undertakings	310	(3
Exceptional items before taxation	(38)	
Inventory holding gains (losses)	(1,297)	
Interest expense	414	(
Taxation	711	(
Profit for the period	(603)	

	Year ended Dec	
	As Reported	Reclassificati
	($ mil	
Consolidated statement of income		
Other income	694	6
Share of profits of JVs and associated undertakings	1,203	(1,2
Exceptional items before taxation	535	
Inventory holding gains (losses)	(1,900)	
Interest expense	1,670	(2
Taxation	6,375	(2
Profit for the year	6,556	

(ii) Income statement

The income statement prepared under UK GAAP shows sub-totals for replacement cost profit before interest and tax, historical cost profit before interest and tax and profit after taxation. These line items are not recognized under US GAAP.

15. US generally accepted accounting principles - continued

(iii)Exceptional items

Under UK GAAP certain exceptional items are shown separately on the face of the income statement after operating profit. These items are profits or losses on the sale of fixed assets and businesses or termination of operations and fundamental restructuring charges. Under US GAAP these items are classified as operating income or expenses.

(iv) Deferred taxation/business combinations

US GAAP requires the recognition of a deferred tax asset or liability for the tax effects of differences between the assigned values and the tax bases of assets acquired and liabilities assumed in a purchase business combination, whereas under UK GAAP no such deferred tax asset or liability is recognized. Under US GAAP the deferred tax asset or liability is amortized over the same period as the assets and liabilities to which it relates.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended December 31 (Unaudited) 2002	2001	Ye Dec 2002
		($ million)	
Replacement cost of sales	182	245	852
Taxation	(42)	913	(537)
Profit for the period	(140)	(1,158)	(315)

	At December 31, 2002
	($ mi
Tangible assets	7,408
Deferred taxation	7,486
BP shareholders' interest	(78)

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(v) Provisions

UK GAAP requires provisions for decommissioning, environmental liabilities and onerous contracts to be determined on a discounted basis if the effect of the time value of money is material. Unwinding of the discount and the effect of a change in the discount rate is included in interest expense in the period. When a decommissioning provision is set up, a tangible fixed asset of the same amount is also recognized and is subsequently depreciated as part of the capital costs of the facilities. Under US GAAP (i) environmental liabilities are discounted only where the timing and amounts of payments are fixed and reliably determinable; and (ii) provisions for decommissioning are provided on a unit-of-production basis over field lives; there is no corresponding tangible fixed asset.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended December 31 (Unaudited) 2002	2001	Ye Dec 2002
		($ million)	
Replacement cost of sales	164	270	334
Interest expense	(84)	(88)	(212)
Taxation	(106)	(35)	(130)
Profit for the period	26	(147)	8
	======	======	=======

	At December 31, 2002
	($ mi
Tangible assets	(1,297)
Provisions	412
Deferred taxation	(621)
BP shareholders' interest	(1,088)
	======

(vi) Impairment

Both UK and US GAAP require that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. US GAAP requires, in performing the review for recoverability, the entity to estimate the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. Otherwise, no impairment loss is recognized. Measurement of an impairment loss for long-lived assets and identifiable intangibles that an entity expects to hold and use is based on the fair value of the assets.

For UK GAAP to the extent that the carrying amount exceeds the recoverable amount, that is the higher of net realizable value and value in use (fair value) the fixed asset is written down to its recoverable amount.

UK GAAP permits assets and liabilities acquired on a business combination to be revised in the year following that in which the acquisition was made. US GAAP does not permit such adjustments.

In 2001 a revision of $911 million to the previously reported fair values for tangible fixed assets relating to the 2000 acquisition of Atlantic Richfield Company (ARCO) under UK GAAP has been reflected as a charge for impairment under US GAAP.

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(vi) Impairment (concluded)

The adjustments to profit for the period to accord with US GAAP are shown below. There is no impact on BP shareholders' interest. The consequential Balance Sheet adjustments are reflected in (iv) Deferred Taxation/Business Combinations and (viii) Goodwill.

Increase (decrease) in caption heading	Three months ended December 31 (Unaudited) 2002	2001	Ye Dec 2002
		($ million)	
Replacement cost of sales	-	1,150	-
Taxation	-	(239)	-
Profit for the period	-	(911)	-

(vii) Sale and leaseback

The sale and leaseback of an office building in Chicago, Illinois in 1998 was treated as a sale for UK GAAP whereas for US GAAP it was treated as a financing transaction.

A provision was recognized under UK GAAP in 1999 to cover the likely shortfall on rental income from subletting the Chicago office building. As the original sale and leaseback was not treated as a sale for US GAAP the provision has been reversed for US GAAP. A further provision has been recognized in 2002 under UK GAAP, which has also been reversed for US GAAP.

Under UK GAAP the profit arising on the sale and operating leaseback of certain railcars in 1999 was taken to income in the period in which the transaction occurred. Under US GAAP this profit was not recognized immediately but amortized over the term of the operating lease.

The adjustments to profit for the period and BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended December 31 (Unaudited) 2002	2001	Ye Dec 2002

	($ million)		
Replacement cost of sales	4	6	(40)
Taxation	-	(13)	16
Profit for the period	(4)	7	24

	At December 31, 2002
	($ mi
Tangible assets	161
Other accounts payable and accrued liabilities	27
Provisions	(117)
Finance debt	413
Deferred taxation	(56)
BP shareholders' interest	(106)

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(viii) Goodwill and intangible assets

Various differences in the basis for determining goodwill between UK and US GAAP result in goodwill for US GAAP reporting differing from the amount recognized under UK GAAP.

On January 1, 2002 the Group adopted Statement of Financial Accounting Standards No. 142 `Goodwill and Other Intangible Assets' (SFAS 142) for US GAAP reporting. This standard eliminates the requirement to amortize goodwill and indefinite lived intangible assets. Rather, such assets are subject to periodic impairment testing. Intangible assets that are not deemed to have an indefinite life continue to be amortized over their estimated useful lives. Amortization of goodwill charged to income under UK GAAP has been reversed for US GAAP.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended December 31 (Unaudited) 2002	2001	Ye Dec 2002
	($ million)		
Replacement cost of sales	(325)	(15)	(1,302)
Taxation	-	-	-

Profit for the period	325	15	1,302
	========	=======	===========

	At December 31, 2002
	($ mi
Intangible assets	(84)
Deferred taxation	-
BP shareholders' interest	(84)
	===========

Profit for the period, as adjusted to accord with US GAAP, for the three month and twelve month periods ended December 31, 2001, adjusted to exclude amortization of goodwill no longer being amortized pursuant to SFAS 142 is shown below.

	Three months ended December 31, 2001 (Unaudited)	Dec
	($ million)	
(Loss) profit for the period applicable to ordinary shares as adjusted to accord with US GAAP, as reported	(2,775)	
Add back goodwill amortization	312	
(Loss) profit for the period as adjusted to accord with US GAAP, as adjusted	(2,463)	
Per ordinary share - cents		
Basic - as reported	(12.39)	
Adjustment	1.39	
Basic - as adjusted	(11.00)	
Diluted - as reported	(12.32)	
Adjustment	1.39	
Diluted - as adjusted	(10.93)	
Per American Depositary Share - cents		
Basic - as reported	(74.34)	
Adjustment	8.34	
Basic - as adjusted	(66.00)	
Diluted - as reported	(73.92)	
Adjustment	8.34	
Diluted - as adjusted	(65.58)	

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(viii) Goodwill and intangible assets (concluded)

Changes to exploration expenditure, goodwill and other intangible assets, as adjusted to accord with US GAAP, during the year ended December 31, 2002 are shown below.

	Exploration expenditure	Goodwill	Other intangibles
		($ million)	
Net book amount			
At January 1, 2002	5,334	9,453	588
Amortization expense	(385)	-	(189)
Acquisitions	-	545	-
Other movements	(5)	356	89
At December 31, 2002	4,944	10,354	488

Amortization expense relating to other intangibles is expected to be in the range $100-$200 million in each of the succeeding five years.

During the second quarter of 2002 the Group completed a goodwill impairment review using the two-step process prescribed in SFAS 142. The first step includes a comparison of the fair value of a reporting unit to its carrying value, including goodwill. Where the carrying value exceeds the fair value, the goodwill of the reporting unit is potentially impaired and the second step is then completed in order to measure the impairment loss, if any. No impairment charge resulted from this review.

(ix) Derivative financial instruments and hedging activities

On January 1, 2001 the Group adopted Statement of Financial Accounting Standards No. 133 'Accounting for Derivative Instruments and Hedging Activities' (SFAS 133) as amended by Statement Nos. 137 and 138, for US GAAP reporting.

SFAS 133, as amended, requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. To the extent that certain criteria are met, SFAS 133 permits, but does not require, hedge accounting.

In the normal course of business the Group is a party to derivative financial instruments with off-balance sheet risk, primarily to manage its exposure to fluctuations in foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt. The Group also manages certain of its exposures to movements in oil and natural gas prices. In addition, the Group trades derivatives in conjunction with these risk management activities.

All oil price derivatives and all derivatives held for trading are carried on the Group's balance sheet at fair value with changes in that value recognized in earnings of the period for both UK and US GAAP. Certain financial derivatives used to manage foreign currency and interest rate risk that qualify for hedge accounting under UK GAAP are marked to market under SFAS 133. For these derivatives, the cumulative effect of adopting SFAS 133 resulted in a pre-tax charge to income, as adjusted to accord with US GAAP, of $27 million ($18 million after tax). Under US GAAP the fair values of derivative financial instruments are shown as current assets and liabilities as appropriate.

The Group has a number of long-term natural gas contracts which have been in place for many years. The pricing structure for those contracts is not directly related to the market price of natural gas but to the price of other commodities or indices, such as fuel oil or consumer price indices. On the basis of SFAS 133 Implementation Issue C11, these contracts have been marked to market with effect from July 1, 2001.

In October 2002, the FASB Emerging Issues Task Force (EITF) reached a consensus with regards to EITF Issue No. 02-3, 'Issues Involved in Accounting for Contracts Under EITF Issue No. 98-10 "Accounting for Contracts Involved in Energy Trading and Risk Management Activities"' (EITF 02-3). Under this consensus trading inventories should be recorded on the balance sheet at historical cost. The Group marks trading inventories to market at the balance sheet date. Thus a UK/US GAAP difference arises which impacts both profit for the year and BP shareholders' interest due to the difference in inventory valuations.

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

15. US generally accepted accounting principles - continued

(ix) Derivative financial instruments and hedging activities (concluded)

Increase (decrease) in caption heading	Three months ended December 31 (Unaudited) 2002	2001	Ye De 2002
	($ million)		
Replacement cost of sales	54	210	(842)
Taxation	(30)	(73)	302
Profit for the period before cumulative effect of accounting change	(24)	(137)	540
Cumulative effect of accounting change, net of taxation	-	-	-
Profit for the period	(24)	(137)	540

	At December 31, 2002
	($ mi
Inventories	(209)
Accounts payable and accrued liabilities	(13)
Deferred taxation	(61)
BP shareholders' interest	(135)

(x) Gain arising on asset exchange

For UK GAAP the transaction with Solvay in the fourth quarter of 2001, which led to the exchange of businesses for an interest in a joint venture and an associated undertaking, has been treated as an asset swap which does not give rise to a gain or loss. Under US GAAP the transaction has been treated as a disposal and acquisition at fair value which gives rise to a pre-tax gain on disposal of $242 million ($157 million after tax).

The adjustments to profit for the period and to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	Three months ended December 31 (Unaudited) 2002	2001	Ye Dec 2002
	($ million)		
Profit (loss) on sale of fixed assets and businesses or termination of operations	-	242	-
Replacement cost of sales	6	-	27
Taxation	(2)	85	(9)
Profit for the period	(4)	157	(18)

	At December 31, 2002
	($ mi
Intangible assets	167
Accounts payable and accrued liabilities	(52)
Deferred taxation	77
BP shareholders' interest	142

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

(xi) Ordinary shares held for future awards to employees

Under UK GAAP, Company shares held by an Employee Share Ownership Plan to meet future requirements of employee share schemes are recorded in the balance sheet as Fixed assets -- investments. Under US GAAP, such shares are recorded in the balance sheet as a reduction of shareholders' interest.

The adjustment to BP shareholders' interest to accord with US GAAP is shown below.

Increase (decrease) in caption heading	At December 31, 2002
	($ mi
Fixed assets - Investments	(159)
BP shareholders' interest	(159)

(xii)Dividends

Under UK GAAP, dividends are recorded in the period in respect of which they are announced or declared by the board of directors to the shareholders. Under US GAAP, dividends are recorded in the period in which dividends are declared.

The adjustment to BP shareholders' interest to accord with US GAAP is shown below.

Increase (decrease) in caption heading	At December 31, 2002
	($ mi
Other accounts payable and accrued liabilities	(1,398)
BP shareholders' interest	1,398

(xiii)Investments

Under UK GAAP certain of the Group's equity investments are reported as either fixed asset or current asset investments and carried on the balance sheet at cost subject to review for impairment. For US GAAP these investments are classified as available-for-sale securities. Consequently they are reported at fair value, with unrealized holding gains and losses, net of tax, reported in accumulated other comprehensive income. If a decline in fair value below cost is 'other than temporary' the unrealized loss is accounted for as a realized loss and charged against income.

The adjustment to BP shareholders' interest to accord with US GAAP is shown below.

Increase (decrease) in caption heading	At December 31, 2002
	($ mi
Fixed assets - Investments	52
Deferred taxation	18
BP shareholders' interest	34

15. US generally accepted accounting principles - continued

(xiv) Additional minimum pension liability

Where a pension plan has an unfunded accumulated benefit obligation, US GAAP requires such amount to be recognized as a liability in the balance sheet. The adjustment resulting from the recognition of any such minimum liability, including the elimination of amounts previously recognized as a prepaid benefit cost, is reported as an intangible asset to the extent of unrecognized prior service cost with the remaining amount reported in comprehensive income.

The adjustments to BP shareholders' interest to accord with US GAAP are summarized below.

Increase (decrease) in caption heading	At December 31, 2002
	($ mi
Intangible assets	137
Other receivables falling due after more than one year	(1,211)
Noncurrent liabilities - accounts payable accrued liabilities	2,459
Deferred taxation	(1,247)
BP shareholders' interest	(2,286)

15. US generally accepted accounting principles - continued

The following is a summary of the adjustments to profit for the period and to BP shareholders' interest which would be required if generally accepted accounting principles in the USA (US GAAP) had been applied instead of those generally accepted in the United Kingdom (UK GAAP).

These results are stated using the first-in first-out method of inventory valuation.

Profit for the period	Three months end December 31 (Unaudited)	
	2002	20
Profit as reported in the consolidated statement of income	651	(6
Adjustments:		
Deferred taxation/business combinations (iv)	(140)	(1,1
Provisions (v)	26	(1
Impairment (vi)	-	(9
Sale and leaseback (vii)	(4)	
Goodwill (viii)	325	
Derivative financial instruments (ix)	(24)	(1
Gain arising on asset exchange (x)	(4)	1
Other	3	
	182	(2,1
Profit (loss) for the period before cumulative effect of accounting change as adjusted to accord with US GAAP	833	(2,7
Cumulative effect of accounting change:		
Derivative financial instruments (ix)	-	
Profit (loss) for the period as adjusted to accord with US GAAP	833	(2,7
Dividend requirements on preference shares	1	
Profit (loss) for the period applicable to ordinary shares as adjusted to accord with US GAAP	832	(2,7
Profit for the period as adjusted:		
Per ordinary share - cents		
Basic - before cumulative effect of accounting change	3.72	(12.
Cumulative effect of accounting change	-	
	3.72	(12.
Diluted - before cumulative effect of accounting change	3.71	(12.
Cumulative effect of accounting change	-	
	3.71	(12.
Per American Depositary Share - cents (b)		
Basic - before cumulative effect of accounting change	22.32	(74.
Cumulative effect of accounting change	-	

	22.32	(74.
Diluted - before cumulative effect of accounting change	22.26	(73.
Cumulative effect of accounting change	-	
	22.26	(73.

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

BP shareholders' interest	December 31, 2002	December 31, 2001 (a)
	($ million)	
BP shareholders' interest as reported in the consolidated balance sheet	69,409	65,161
Adjustments:		
Deferred taxation/business combinations (iv)	(78)	243
Provisions (v)	(1,088)	(1,054)
Sale and leaseback (vii)	(106)	(134)
Goodwill (viii)	(84)	(1,414)
Derivative financial instruments (ix)	(135)	(675)
Gain arising on asset exchange (x)	142	157
Ordinary shares held for future awards to employees (xi)	(159)	(266)
Dividends (xii)	1,398	1,288
Investments (xiii)	34	(2)
Additional minimum pension liability (xiv)	(2,286)	(942)
Other	(48)	(40)
	(2,410)	(2,839)
BP shareholders' interest as adjusted to accord with US GAAP	66,999	62,322

(a) The profit reported under UK GAAP for the three months and year ended December 31, 2001 and BP shareholders' interest reported under UK GAAP at December 31, 2001 have been restated to reflect the adoption of FRS 19. Consequently certain of the adjustments in the UK/US GAAP reconciliation have also been restated. Profit and BP shareholders' interest, as adjusted to accord with US GAAP, are unaffected by the adoption of FRS 19.

(b) One American Depositary Share is equivalent to six ordinary shares.

Earnings per share

Basic earnings per share excludes the dilutive effects of options, warrants and convertible securities. Diluted earnings per share reflects the potential dilution that could occur if options, warrants or convertible securities were exercised or converted into ordinary shares that shared in the earnings of the Group. The dilutive effect of outstanding share options is as follows:

	Three months ended December 31 (Unaudited)		Year ended December 31	
	2002	2001	2002	2001
	(shares thousands)			
Weighted average number of ordinary shares	22,351,122	22,396,315	22,397,126	22,435,737
Ordinary shares issuable under employee share schemes	72,071	120,044	107,322	137,988
	22,423,193	22,516,359	22,504,448	22,573,725

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

Comprehensive income

The components of comprehensive income, net of related tax are as follows:

	Three months end December 31 (Unaudited)	
	2002	20
Profit (loss) for the period as adjusted to accord with US GAAP	833	(2,77
Currency translation differences	1,469	(31
Derivative financial instruments	-	(
Net unrealized gain (loss) on investments	(76)	3
Additional minimum pension liability	(1,344)	(79
Comprehensive income	882	(3,85

Accumulated other comprehensive income at December 31, 2002 and December 31, 2001 comprised losses of $3,709 million and $5,734 million, respectively.

Consolidated statement of cash flows

The Group's financial statements include a consolidated statement of cash flows in accordance with the revised UK Financial Reporting Standard No. 1 (FRS 1). The statement prepared under FRS 1 presents substantially the same information as that required under FASB Statement of Financial Accounting Standards No. 95 'Statement of Cash Flows' (SFAS 95).

Under FRS 1 cash flows are presented for (i) operating activities; (ii) dividends from joint ventures; (iii) dividends from associated undertakings; (iv) servicing of finance and returns on investments; (v) taxation; (vi) capital expenditure and financial investment; (vii) acquisitions and disposals; (viii) dividends; (ix) financing; and (x) management of liquid resources. SFAS 95 only requires presentation of cash flows from operating, investing and financing activities.

Cash flows under FRS 1 in respect of dividends from joint ventures and associated undertakings, taxation and servicing of finance and returns on investments are included within operating activities under SFAS 95. Interest paid includes payments in respect of capitalized interest, which under SFAS 95 are included in capital expenditure under investing activities. Cash flows under FRS 1 in respect of capital expenditure and acquisitions and disposals are included in investing activities under SFAS 95. Dividends paid are included within financing activities. All short-term investments are regarded as liquid resources for FRS 1. Under SFAS 95 short-term investments with original maturities of three months or less are classified as cash equivalents and aggregated with cash in the cash flow statement. Cash flows in respect of short-term investments with original maturities exceeding three months are included in operating activities.

15. US generally accepted accounting principles - continued

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Three months ended December 31 (Unaudited) 2002	2001
	($ mil	
Operating activities		
Profit after taxation	657	(580)
Adjustments to reconcile profits after tax to net cash provided by operating activities		
Depreciation and amounts provided	2,515	2,457
Exploration expenditure written off	124	85
Share of profits of joint ventures and associated undertakings less dividends received	(8)	(52)
(Profit) loss on sale of businesses and fixed assets	895	36
Working capital movement (a)	907	2,087
Deferred taxation	13	161
Other	(33)	(58)
Net cash provided by operating activities	5,070	4,136

Investing activities		
Capital expenditures	(3,577)	(3,695)
Acquisitions, net of cash acquired	(28)	(602)
Investment in associated undertakings	(215)	(179)
Net investment in joint ventures	(217)	(220)
Proceeds from disposal of assets	1,030	846
Net cash used in investing activities	(3,007)	(3,850)
Financing activities		
Proceeds from shares issued (repurchased)	17	(86)
Proceeds from long-term financing	651	267
Repayments of long-term financing	(905)	(434)
Net decrease (increase) in short-term debt	(67)	1,108
Dividends paid - BP Shareholders	(1,340)	(1,232)
- Minority shareholders	(11)	(38)
Net cash used in financing activities	(1,655)	(415)
Currency translation differences relating to cash and cash equivalents	37	(20)
Increase (decrease) in cash and cash equivalents	445	(149)
Cash and cash equivalents at beginning of period	1,290	1,957
Cash and cash equivalents at end of period	1,735	1,808

(a) Working capital:		
Inventories (increase) decrease	(63)	1,368
Receivables (increase) decrease	(271)	1,202
Current liabilities - excluding finance debt increase (decrease)	1,241	(483)
	907	2,087

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - continued

Impact of new US accounting standards

New US accounting standards adopted: The Group has adopted Statement of Financial Accounting Standards No. 141 `Business Combinations' (SFAS 141) for US GAAP reporting with effect from January 1, 2002. Under SFAS 141, the pooling of interest method of accounting is no longer permitted. Also on January 1, 2002 the Group adopted Statement of Financial Accounting Standards No. 144 `Accounting for the Impairment or Disposal of Long-Lived Assets' (SFAS 144). SFAS 144 retains the requirement to recognize an impairment loss only where the carrying value of a long-lived asset is not recoverable from its undiscounted cash flows and to measure such loss as the difference between the carrying amount and fair value of the asset. SFAS 144, among other things, changes the criteria that have to be met in order to classify an asset as held-for-sale and requires that operating losses from discontinued operations be recognized in the period that the losses are incurred rather than as of the measurement date.

The adoption of SFAS 141 and SFAS 144 had no impact on profit, as adjusted to accord with US GAAP, for the three months and year ended December 31, 2002 or on BP shareholders' interest, as adjusted to accord with US GAAP, at December 31, 2002.

Asset retirement obligations: In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143 `Accounting for Asset Retirement Obligations' (SFAS 143). SFAS 143 requires companies to record liabilities equal to the fair value of their asset retirement obligations when they are incurred (typically when the asset is installed at the production location). When the liability is initially recorded, companies capitalize an equivalent amount as part of the cost of the asset. Over time the liability is accreted for the change in its present value each period, and the initial capitalized cost is depreciated over the useful life of the related asset. SFAS 143 is effective for accounting periods beginning after June 15, 2002.

The provisions of SFAS 143 are similar to the accounting policy used by the Group in preparing its financial statements under UK GAAP. The Company has not yet determined the effect of adopting SFAS 143 on its results of operations or shareholders' interest as adjusted to accord with US GAAP.

Costs associated with exit or disposal activities: In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146 `Accounting for Costs Associated with Exit or Disposal Activities' (SFAS 146). SFAS 146 requires that a liability for costs associated with an exit or disposal activity be recognized only when the liability is incurred, rather than at the date of an entity's commitment to an exit plan. SFAS 146 requires that the liability be initially measured at fair value. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The Company has not yet determined the effect of adopting SFAS 146 on its results of operations or shareholders' interest as adjusted to accord with US GAAP.

Contracts involved in energy trading activities: In October 2002, the FASB Emerging Issues Task Force (EITF) reached a consensus which rescinded EITF Issue No. 98-10, `Accounting for Contracts Involved in Energy Trading and Risk Management Activities' (EITF 98-10). As a result of this consensus, all energy-related, non-derivative contracts (such as transportation, storage, tolling, and requirements contracts that do not meet the definition of a derivative) and trading inventories that are accounted for at fair value pursuant to EITF 98-10 will no longer be accounted for at fair value upon application of the consensus. Rather, such contracts will be accounted for as executory contacts on an accruals basis.

The consensus is applicable for all contracts executed after October 25, 2002. Application of the consensus to contracts existing prior to October 26, 2002 is required to be accounted for as a cumulative effect of a change in accounting principle effective for periods beginning after December 15, 2002.

For BP's reporting under UK GAAP, energy-related non-derivative contracts associated with trading activities are marked to market with gains and losses recognized in the income statement.

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

15. US generally accepted accounting principles - concluded

Impact of new US accounting standards (concluded)

Stock-based compensation: In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure" (SFAS 148). SFAS 148 amends SFAS 123 to permit alternative methods of transition for adopting a fair value based method of accounting for stock-based employee compensation. As required by UK GAAP, the Group uses the intrinsic value method to account for stock-based employee compensation.

Guarantees: In November 2002, the FASB issued FASB Interpretation No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (Interpretation 45). Interpretation 45 elaborates on existing disclosure requirements for guarantees and clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of Interpretation 45 apply on a prospective basis to guarantees issued or modified after December 31, 2002.

Consolidation: In January 2003, the FASB issued FASB Interpretation No. 46 "Consolidation of Variable Interest Entities" (Interpretation 46). Interpretation 46 clarifies the application of existing consolidation requirements to entities where a controlling financial interest is achieved through arrangements that do not involve voting interests. Under Interpretation 46, a variable interest entity is consolidated if a company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns. Interpretation 46 applies to variable interest entities created or acquired after January 31, 2003. For variable interest entities existing at January 31, 2003, Interpretation 46 is effective for accounting periods beginning after June 15, 2003.

Impact of new UK accounting standards

Retirement benefits: In December 2000, the UK Accounting Standards Board issued Financial Reporting Standard No. 17 `Retirement Benefits' (FRS 17). This standard was to be fully effective for accounting periods ending on or after June 22, 2003 with certain of the disclosure requirements effective for periods prior to 2003. 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.

In November 2002, the UK Accounting Standards Board issued an amendment to FRS 17, which defers full adoption until January 1, 2005.

Impact of International accounting standards

In June 2002, the European Union Council of Ministers adopted a Regulation which would require the Group to prepare its primary consolidated financial statements in accordance with International Accounting Standards (IAS) beginning January 1, 2005, with restatement of prior periods presented. IAS differ in several respects from UK and US GAAP. In addition, significant revisions to IAS are currently being contemplated and other revisions may be adopted prior to January 1, 2005. The Group has not determined the effects of adopting IAS.

16. Condensed consolidating information

The following information is presented in accordance with the financial reporting rules of the Securities and Exchange Commission regarding issuers and guarantors of guaranteed securities.

16. Condensed consolidating information - continued

Income statement	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended December 31, 2002				
Turnover	627	-	50,135	
Less: Joint ventures	-	-	413	
Group turnover	627	-	49,722	
Replacement cost of sales	412	-	43,198	
Production taxes	53	-	309	
Gross profit	162	-	6,215	
Distribution and administration expenses	12	594	2,998	
Exploration expense	2	-	161	
	148	(594)	3,056	
Other income	5	252	192	
Group replacement cost operating profit	153	(342)	3,248	
Share of profits of joint ventures	-	-	83	
Share of profits of associated undertakings	-	-	161	
Equity accounted income of subsidiaries	138	3,623	-	
Total replacement cost operating profit	291	3,281	3,492	
Profit (loss) on sale of fixed assets and businesses or termination of operations	(4)	(813)	(889)	
Replacement cost profit before interest and tax	287	2,468	2,603	
Inventory holding gains (losses)	-	(174)	(174)	
Historical cost profit before interest and tax	287	2,294	2,429	

Interest expense	30	438	426
Profit before taxation	257	1,856	2,003
Taxation	112	1,125	1,047
Profit after taxation	145	731	956
Minority shareholders' interest	-	-	6
Profit for the period	145	731	950

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Income statement (continued)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended December 31, 2002				
Profit as reported	145	731	950	
Adjustments:				
Deferred taxation/business combinations	(32)	(140)	(119)	
Provisions	(10)	26	36	
Sale and leaseback	-	(4)	(4)	
Goodwill	-	325	325	
Derivative financial instruments	(50)	(24)	(24)	
Gain arising on asset exchange	-	(4)	(4)	
Other	-	3	3	
Profit for the period as adjusted to accord with US GAAP	53	913	1,163	

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Income statement (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended December 31, 2001				
Turnover	491	-	37,114	
Less: Joint ventures	-	-	297	
Group turnover	491	-	36,817	
Replacement cost of sales	218	-	32,276	
Production taxes	39	-	297	
Gross profit	234	-	4,244	
Distribution and administration expenses	5	731	2,340	
Exploration expense	38	-	106	
	191	(731)	1,798	
Other income	1	296	183	
Group replacement cost operating profit	192	(435)	1,981	
Share of profits of joint ventures	-	-	91	
Share of profits of associated undertakings	-	-	219	
Equity accounted income of subsidiaries	(58)	2,458	-	
Total replacement cost operating profit	134	2,023	2,291	
Profit (loss) on sale of fixed assets and businesses or termination of operations	-	(40)	186	
Replacement cost profit before interest and tax	134	1,983	2,477	
Inventory holding gains (losses)	1	(1,297)	(1,297)	
Historical cost profit before interest and tax	135	686	1,180	
Interest expense	74	578	577	
Profit before taxation	61	108	603	
Taxation	115	711	704	
Loss after taxation	(54)	(603)	(101)	
Minority shareholders' interest	-	-	23	
Loss for the period	(54)	(603)	(124)	

BP p.l.c. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Income statement (continued)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Three months ended December 31, 2001				
Loss as reported	(54)	(603)	(124)	
Adjustments:				
Deferred taxation/business combinations	(80)	(1,158)	(1,172)	
Provisions	(2)	(147)	(147)	
Impairment	-	(911)	(911)	
Sale and leaseback	-	7	7	
Goodwill	-	15	15	
Derivative financial instruments	-	(137)	(137)	
Gain arising on asset exchange	-	157	157	
Other	-	3	3	
Loss for the period as adjusted to accord with US GAAP	(136)	(2,774)	(2,309)	

16. Condensed consolidating information - continued

Income statement (continued)	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Year ended December 31, 2002				
Turnover	2,356	-	180,122	
Less: Joint ventures	-	-	1,465	

Group turnover	2,356	-	178,657
Replacement cost of sales	1,459	-	156,516
Production taxes	199	-	1,075
Gross profit	698	-	21,066
Distribution and administration expenses	12	997	11,623
Exploration expense	18	-	610
	668	(997)	8,833
Other income	31	752	446
Group replacement cost operating profit	699	(245)	9,279
Share of profits of joint ventures	-	-	346
Share of profits of associated undertakings	-	-	616
Equity accounted income of subsidiaries	283	10,847	-
Total replacement cost operating profit	982	10,602	10,241
Profit (loss) on sale of fixed assets and businesses or termination of operations	(4)	2,085	1,984
Replacement cost profit before interest and tax	978	12,687	12,225
Inventory holding gains (losses)	9	1,129	1,129
Historical cost profit before interest and tax	987	13,816	13,354
Interest expense	93	1,712	1,602
Profit before taxation	894	12,104	11,752
Taxation	344	4,342	4,065
Profit after taxation	550	7,762	7,687
Minority shareholders' interest	-	-	77
Profit for the year	550	7,762	7,610

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Income statement (continued)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl

			($ million)
Year ended December 31, 2002			
Profit as reported	550	7,762	7,610
Adjustments:			
Deferred taxation/business combinations	(129)	(315)	(232)
Provisions	(1)	8	9
Sale and leaseback	-	24	24
Goodwill	-	1,302	1,302
Derivative financial instruments	(50)	540	540
Gain arising on asset exchange	-	(18)	(18)
Other	-	11	11
Profit for the year as adjusted to accord with US GAAP	370	9,314	9,246

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Income statement (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
Year ended December 31, 2001				
Turnover	1,919	-	175,389	
Less: Joint ventures	-	-	1,171	
Group turnover	1,919	-	174,218	
Replacement cost of sales	971	-	148,077	
Production taxes	192	-	1,497	
Gross profit	756	-	24,644	
Distribution and administration expenses	5	846	10,067	
Exploration expense	55	-	425	
	696	(846)	14,152	
Other income	1	1,365	668	
Group replacement cost operating profit	697	519	14,820	
Share of profits of joint ventures	-	-	443	
Share of profits of associated undertakings	-	-	760	
Equity accounted income of subsidiaries	552	16,665	-	
Total replacement cost operating profit	1,249	17,184	16,023	
Profit (loss) on sale of fixed assets				

and businesses or termination of operations	1	533	758
Replacement cost profit before interest and tax	1,250	17,717	16,781
Inventory holding gains (losses)	(11)	(1,900)	(1,900)
Historical cost profit before interest and tax	1,239	15,817	14,881
Interest expense	101	2,886	2,901
Profit before taxation	1,138	12,931	11,980
Taxation	478	6,375	6,285
Profit after taxation	660	6,556	5,695
Minority shareholders' interest	-	-	61
Profit for the year	660	6,556	5,634

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Income statement (concluded)

The following is a summary of the adjustments to the profit for the period which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Year ended December 31, 2001				
Profit as reported	660	6,556	5,634	
Adjustments:				
Deferred taxation/business combinations	(60)	(815)	(850)	
Provisions	(5)	(182)	(179)	
Impairment	-	(911)	(911)	
Sale and leaseback	-	(36)	(36)	
Goodwill	-	60	60	
Derivative financial instruments	-	(313)	(313)	
Gain arising on asset exchange	-	157	157	
Other	-	10	10	
Profit for the year before cumulative effect of accounting change as adjusted				

to accord with US GAAP	595	4,526	3,572
Cumulative effect of accounting change:			
Derivative financial instruments	-	(362)	(362)
Profit for the year as adjusted to accord with US GAAP	595	4,164	3,210

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

	Issuer	Guarantor		
Balance sheet	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
At December 31, 2002				
Fixed assets				
Intangible assets	427	-	15,139	
Tangible assets	6,405	-	81,277	
Investments				
Joint ventures	-	-	4,031	
Associated undertakings	-	3	4,623	
Subsidiaries - equity accounted basis	2,561	91,939	-	
Other	-	159	1,995	
	2,561	92,101	10,649	
Total fixed assets	9,393	92,101	107,065	
Current assets				
Inventories	102	-	10,079	
Receivables	18,169	13,581	51,022	
Investments	-	-	215	
Cash at bank and in hand	(11)	1	1,530	
	18,260	13,582	62,846	
Current liabilities - falling due within one year				
Finance debt	1,768	-	10,031	
Accounts payable and accrued liabilities	1,129	9,906	35,369	
Net current assets (liabilities)	15,363	3,676	17,446	
Total assets less current liabilities	24,756	95,777	124,511	
Noncurrent liabilities				

Finance debt	-	-	11,922
Accounts payable and accrued liabilities	10,586	98	30,491
Provisions for liabilities and charges			
Deferred taxation	1,686	-	11,828
Other provisions	489	142	13,255
	------	------	------
Net assets	11,995	95,537	57,015
Minority shareholders' interest - equity	-	-	638
	------	------	------
BP shareholders' interest	11,995	95,537	56,377
	======	======	======

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Balance sheet (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
At December 31, 2002				
Capital and reserves				
Capital shares	1,903	5,616	-	
Paid-in surplus	3,145	4,243	-	
Merger reserve	-	26,336	697	
Other reserves	-	173	-	
Retained earnings	6,947	59,169	55,680	
	------	------	------	
	11,995	95,537	56,377	
	======	======	======	

The following is a summary of the adjustments to BP shareholders' interest which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

Balance sheet (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	

Shareholders' interest as reported	11,995	95,537	56,377
Adjustments:			
Deferred taxation/business combinations	74	(78)	(152)
Provisions	(190)	(1,088)	(902)
Sale and leaseback	-	(106)	(106)
Goodwill	-	(84)	(84)
Derivative financial instruments	50	(135)	(135)
Gain arising on asset exchange	-	142	142
Ordinary shares held for future awards to employees	-	(159)	-
Quarterly dividend	-	1,398	-
Investments	-	34	34
Additional minimum pension liability	-	(2,286)	(2,286)
Other	-	(48)	(48)
Shareholders' interest as adjusted to accord with US GAAP	11,929	93,127	52,840

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Balance sheet (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
	($ million)			
At December 31, 2001				
Fixed assets				
Intangible assets	489	-	16,000	
Tangible assets	6,418	-	70,992	
Investments				
Joint ventures	-	-	3,861	
Associated undertakings	-	3	5,480	
Subsidiaries - equity accounted basis	1,846	76,877	-	
Other	-	266	2,353	
	1,846	77,146	11,694	
Total fixed assets	8,753	77,146	98,686	
Current assets				
Inventories	92	-	7,539	
Receivables	15,333	21,272	41,858	
Investments	-	-	450	
Cash at bank and in hand	(29)	3	1,384	

	15,396	21,275	51,231
Current liabilities - falling due within one year			
Finance debt	406	-	9,035
Accounts payable and accrued liabilities	260	7,642	27,797
Net current assets (liabilities)	14,730	13,633	14,399
Total assets less current liabilities	23,483	90,779	113,085
Noncurrent liabilities			
Finance debt	-	-	12,327
Accounts payable and accrued liabilities	10,795	191	36,433
Provisions for liabilities and charges			
Deferred taxation	1,668	-	11,702
Other provisions	392	216	10,879
Net assets	10,628	90,372	41,744
Minority shareholders' interest - equity	-	-	598
BP shareholders' interest	10,628	90,372	41,146

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Balance sheet (concluded)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
At December 31, 2001				
Capital and reserves				
Capital shares	1,050	5,629	-	
Paid-in surplus	3,145	4,014	-	
Merger reserve	-	26,286	697	
Other reserves	-	223	-	
Retained earnings	6,433	54,220	40,449	
	10,628	90,372	41,146	

The following is a summary of the adjustments to BP shareholders' interest which would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
		($ million)		
Shareholders' interest as reported	10,628	90,372	41,146	
Adjustments:				
Deferred taxation/business combinations	203	243	86	
Provisions	(186)	(1,054)	(869)	
Sale and leaseback	-	(134)	(134)	
Goodwill	-	(1,414)	(1,414)	
Derivative financial instruments	-	(675)	(675)	
Gain arising on asset exchange	-	157	157	
Ordinary shares held for future awards to employees	-	(266)	-	
Quarterly dividend	-	1,288	-	
Investments	-	(2)	(2)	
Additional minimum pension liability	-	(942)	(942)	
Other	-	(40)	(40)	
Shareholders' interest as adjusted to accord with US GAAP	10,645	87,533	37,313	

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Cash flow statement (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
		($ million)		
Three months ended December 31, 2002				
Net cash inflow (outflow) from operating activities	423	5,668	5,400	
Dividends from joint ventures	-	-	69	
Dividends from associated undertakings	-	-	65	
Dividends from subsidiaries	-	761	-	
Net cash inflow (outflow) from servicing of finance and returns on investments	(28)	46	(263)	
Tax (paid) refund	-	-	(1,061)	
Net cash inflow (outflow) for capital expenditure and financial investment	(670)	144	(2,292)	

Net cash inflow (outflow) for acquisitions and disposals	-	(5,294)	(156)
Equity dividends paid	-	(1,340)	(761)
Net cash inflow (outflow)	(275)	(15)	1,001
Financing	(275)	(13)	592
Management of liquid resources	-	-	(56)
Increase (decrease) in cash	-	(2)	465
	(275)	(15)	1,001

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Net cash provided by (used in) operating activities	422	6,475	4,210	
Net cash provided by (used in) investing activities	(670)	(5,150)	(2,448)	
Net cash provided by (used in) financing activities	248	(1,327)	(1,352)	
Currency translation differences relating to cash and cash equivalents	-	-	37	
Increase (decrease) in cash and cash equivalents	-	(2)	447	
Cash and cash equivalents at beginning of period	(11)	3	1,298	
Cash and cash equivalents at end of period	(11)	1	1,745	

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BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - concluded

16. Condensed consolidating information - concluded

	Issuer	Guarantor	
	BP Exploration		Other

Cash flow statement (concluded)	(Alaska) Inc.	BP p.l.c.	subsidiaries	recl
			($ million)	
Three months ended December 31, 2001				
Net cash inflow (outflow) from operating activities	241	2,712	5,572	
Dividends from joint ventures	-	-	12	
Dividends from associated undertakings	-	-	104	
Dividends from subsidiaries	-	1,424	-	
Net cash inflow (outflow) from servicing of finance and returns on investments	-	166	(315)	
Tax (paid) refund	-	-	(1,422)	
Net cash inflow (outflow) for capital expenditure and financial investment	(1,272)	(7)	(1,794)	
Net cash inflow (outflow) for acquisitions and disposals	-	(2,978)	(770)	
Equity dividends paid	-	(1,232)	(1,424)	
Net cash inflow (outflow)	(1,031)	85	(37)	
Financing	(1,002)	82	65	
Management of liquid resources	-	-	(65)	
Increase (decrease) in cash	(29)	3	(37)	
	(1,031)	85	(37)	

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer	Guarantor		
Cash flow statement (concluded)	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Net cash provided by (used in) operating activities	241	4,303	3,950	
Net cash provided by (used in) investing activities	(1,272)	(2,985)	(2,564)	
Net cash provided by (used in) financing activities	1,002	(1,315)	(1,489)	
Currency translation differences relating to cash and cash equivalents	-	-	(20)	
Increase (decrease) in cash and cash equivalents	(29)	3	(123)	
Cash and cash equivalents at beginning of period	-	-	1,957	
Cash and cash equivalents at end of period	(29)	3	1,834	

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

	Issuer	Guarantor		
Cash flow statement	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Year ended December 31, 2002				
Net cash inflow (outflow) from operating activities	1,357	9,108	13,308	
Dividends from joint ventures	-	-	198	
Dividends from associated undertakings	-	-	368	
Dividends from subsidiaries	26	761	-	
Net cash inflow (outflow) from servicing of finance and returns on investments	(28)	235	(1,118)	
Tax (paid) refund	(75)	(2)	(3,017)	
Net cash inflow (outflow) for capital expenditure and financial investment	(1,097)	151	(8,700)	
Net cash inflow (outflow) for acquisitions and disposals	-	(4,431)	(1,337)	
Equity dividends paid	-	(5,264)	(787)	
Net cash inflow (outflow)	183	558	(1,085)	
Financing	165	560	(906)	
Management of liquid resources	-	-	(220)	
Increase (decrease) in cash	18	(2)	41	
	183	558	(1,085)	

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	

Net cash provided by (used in) operating activities	1,307	10,102	9,753
Net cash provided by (used in) investing activities	(1,097)	(4,279)	(10,052)
Net cash provided by (used in) financing activities	(192)	(5,825)	120
Currency translation differences relating to cash and cash equivalents	-	-	90
Increase (decrease) in cash and cash equivalents	18	(2)	(89)
Cash and cash equivalents at beginning of period	(29)	3	1,834
Cash and cash equivalents at end of period	(11)	1	1,745

BP p.l.c. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Condensed consolidating information - continued

Cash flow statement (continued)	Issuer: BP Exploration (Alaska) Inc.	Guarantor: BP p.l.c.	Other subsidiaries	recl
			($ million)	
Year ended December 31, 2001				
Net cash inflow (outflow) from operating activities	956	6,199	18,249	
Dividends from joint ventures	-	-	104	
Dividends from associated undertakings	-	-	528	
Dividends from subsidiaries	-	1,537	-	
Net cash inflow (outflow) from servicing of finance and returns on investments	-	1,218	(2,166)	
Tax (paid) refund	(345)	(1)	(4,314)	
Net cash inflow (outflow) for capital expenditure and financial investment	(1,870)	(33)	(7,946)	
Net cash inflow (outflow) for acquisitions and disposals	-	(2,995)	(1,755)	
Equity dividends paid	-	(4,827)	(1,537)	
Net cash inflow (outflow)	(1,259)	1,098	1,163	
Financing	(1,262)	1,097	1,137	
Management of liquid resources	-	-	(211)	
Increase (decrease) in cash	3	1	237	
	(1,259)	1,098	1,163	

	======	======	======

The consolidated statement of cash flows presented in accordance with SFAS 95 is as follows:

	Issuer	Guarantor		
	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries	recl
			($ million)	
Net cash provided by (used in) operating activities	611	8,953	12,401	
Net cash provided by (used in) investing activities	(1,870)	(3,028)	(9,701)	
Net cash provided by (used in) financing activities	1,262	(5,924)	(2,674)	
Currency translation differences relating to cash and cash equivalents	-	-	(53)	
	------	------	------	
Increase (decrease) in cash and cash equivalents	3	1	(27)	
Cash and cash equivalents at beginning of period	(32)	2	1,861	
	------	------	------	
Cash and cash equivalents at end of period	(29)	3	1,834	
	======	======	======	

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BP p.l.c. AND SUBSIDIARIES
ENVIRONMENTAL INDICATORS

	Three months ended December 31 (Unaudited)		Ye Dec (Un
	2002	2001	2002
Average oil realizations (a) - $/bbl			
UK	26.54	18.53	24.44
USA	23.28	17.05	21.34
Rest of World	25.06	17.70	22.65
BP average	24.78	17.72	22.69
Brent oil price	26.88	19.41	25.03
West Texas Intermediate oil price	28.31	20.31	26.14
Alaska North Slope US West Coast	26.86	17.79	24.77
Average natural gas realizations - $/mcf			

UK	2.88	3.15	2.78
USA	3.31	2.06	2.63
Rest of World	2.40	1.99	2.10
BP average	2.87	2.28	2.46
Henry Hub gas price (b) ($/mmBtu)	3.99	2.43	3.22
UK Gas - National Balancing point (p/therm)	19.09	22.32	15.78
Global Indicator Refining Margins (c) - $/bbl			
Northwest Europe	2.19	1.53	1.04
US Gulf Coast	2.98	1.79	2.36
Midwest	4.09	2.63	3.30
US West Coast	3.95	6.25	4.34
Singapore	1.41	1.20	0.57
BP average	2.76	2.40	2.11
Chemicals Indicator Margin (d) - $/te	100 (e)	112	102 (

(a) Crude oil and natural gas liquids.
(b) Henry Hub First of Month Index.
(c) The Global Indicator Refining Margin (GIM) is the average of seven regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity.
(d) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Chem Systems in their quarterly market analyses, then weighted based on BP's product portfolio. While it does not cover our entire portfolio, it includes a broad range of products. Amongst the products and businesses covered in the CIM are olefins and derivatives, aromatics and derivatives, linear alpha-olefins, acetic acid, vinyl acetate monomer and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha-olefins, anhydrides, engineering polymers and carbon fibres, speciality intermediates, and the remaining parts of the solvents and acetyls businesses.
(e) Provisional. The data for the fourth quarter is based on two months' actual and one month of provisional data.

US dollars/sterling exchange rates	Three months ended December 31 (Unaudited) 2002	2001	Ye De (U 2002
Average rate for the period	1.57	1.44	1.50
Period-end rate	1.60	1.45	1.60

OPERATING INFORMATION

	Three months ended December 31 (Unaudited)		Ye De (U
	2002	2001	2002
Crude oil and natural gas liquids production (thousand barrels per day) (net of royalties)			
UK	472	500	462
Rest of Europe	96	116	104
USA	756	772	765
Rest of World	725	629	687
Total crude oil and liquids production	2,049	2,017	2,018
Natural gas production (million cubic feet per day) (net of royalties)			
UK	1,752	1,715	1,555
Rest of Europe	140	160	147
USA	3,360	3,621	3,483
Rest of World	3,684	3,268	3,522
Total natural gas production	8,936	8,764	8,707
Total production (a) (thousand barrels of oil equivalent per day) (net of royalties)			
UK	774	802	730
Rest of Europe	120	144	129
USA	1,335	1,396	1,366
Rest of World	1,360	1,192	1,294
Total production	3,589	3,534	3,519
Natural gas sales volumes (million cubic feet per day)			
UK	2,715	2,534	2,372
Rest of Europe	442	232	399
USA	10,723	8,094	9,315
Rest of World	10,659	8,867	9,535
Total natural gas sales volumes (b)	24,539	19,727	21,621
NGL sales volumes (thousand barrels per day)			
UK	-	-	-
Rest of Europe	-	-	-
USA	262	226	208
Rest of World	244	215	202
Total NGL sales volumes	506	441	410

(a) Expressed in thousand barrels of oil equivalent per day (mboe/d). Natural gas is converted to oil equivalent at 5.8 billion cubic feet: 1 million barrels.
(b) Encompasses sales by Exploration and Production and Gas, Power and Renewables, including marketing, trading and supply sales.

BP p.l.c. AND SUBSIDIARIES
OPERATING INFORMATION - concluded

	Three months ended December 31 (Unaudited)		Ye De (U
	2002	2001	2002
Oil sales volumes (thousand barrels per day)			
Refined products			
UK	269	268	253
Rest of Europe	1,541	1,084	1,467
USA	1,875	1,773	1,874
Rest of World	611	612	586
Total marketing sales	4,296	3,737	4,180
Trading/supply sales	2,064	2,710	2,383
Total refined product sales	6,360	6,447	6,563
Crude oil	5,314	4,599	4,671
Total oil sales	11,674	11,046	11,234
Refinery throughputs (thousand barrels per day)			
UK	392	415	389
Rest of Europe	959	692	918
USA	1,439	1,371	1,439
Rest of World	367	369	357
Total throughput	3,157	2,847	3,103
Chemicals production (thousand tonnes)			
UK	698	792	3,221
Rest of Europe	2,679	2,278	10,526
USA	2,447	2,279	10,201
Rest of World	785	699	3,040
Total production	6,609	6,048	26,988

BP p.l.c. AND SUBSIDIARIES
TOTAL REPLACEMENT COST OPERATING PROFIT

	Three months ended December 31 (Unaudited) 2002	2001	Ye De 2002
		($ million)	
By business			
Exploration and Production			
UK	965	571	2,526
Rest of Europe	177	144	714
USA	1,081	426	2,835
Rest of World	1,025	500	3,131
	3,248	1,641	9,206
Gas, Power and Renewables			
UK	(31)	(29)	(94)
Rest of Europe	1	64	100
USA	9	36	25
Rest of World	93	31	323
	72	102	354
Refining and Marketing			
UK	(155)	(197)	(498)
Rest of Europe	(53)	227	571
USA	80	46	335
Rest of World	92	303	464
	(36)	379	872
Chemicals			
UK	(47)	(75)	(82)
Rest of Europe	65	(1)	337
USA	37	(9)	198
Rest of World	49	18	62
	104	(67)	515
Other businesses and corporate	(207)	(175)	(701)
	3,181	1,880	10,246
By geographical area			
UK	793	375	1,696
Rest of Europe	171	388	1,703
USA	957	216	2,890
Rest of World	1,260	901	3,957
	3,181	1,880	10,246

BP p.l.c. AND SUBSIDIARIES
CAPITAL EXPENDITURE AND ACQUISITIONS

	Three months ended December 31 (Unaudited)		Ye De
	2002	2001	2002
		($ million)	
By business			
Exploration and Production			
UK	177	312	955
Rest of Europe	73	99	262
USA	1,079	862	4,303
Rest of World (a)	1,244	880	4,179
	2,573	2,153	9,699
Gas, Power and Renewables			
UK	-	51	28
Rest of Europe (b)	41	107	161
USA	60	83	160
Rest of World	22	60	59
	123	301	408
Refining and Marketing			
UK	163	127	395
Rest of Europe (c)	273	209	5,759
USA	430	623	1,291
Rest of World	180	157	308
	1,046	1,116	7,753
Chemicals			
UK	57	26	112
Rest of Europe (d)	10	294	173
USA	116	167	262
Rest of World	102	107	276
	285	594	823
Other businesses and corporate (e)	61	264	428
	4,088	4,428	19,111
By geographical area			
UK	434	745	1,637
Rest of Europe	398	709	6,556
USA	1,708	1,758	6,095
Rest of World	1,548	1,216	4,823
	4,088	4,428	19,111

(a) Year ended December 31, 2002 included the acquisition of an additional interest in Sidanco.
(b) Year ended December 31, 2002 included the acquisition of a 5% stake in Enagas.
(c) Year ended December 31, 2002 included the acquisition of 100% of Veba.
(d) Three months ended December 31, 2001 included the formation of the joint venture with Solvay. Year ended December 31, 2001 also included the acquisition of Bayer's 50% interest in Erdoelchemie.
(e) Year ended December 31, 2002 included the acquisition of the minority interest in Veba's upstream oil and gas assets.

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BP p.l.c. AND SUBSIDIARIES
SPECIAL ITEMS AND ACQUISITION AMORTIZATION BY SEGMENT (PRE-TAX)

	Three months ended December 31 (Unaudited)		Y De (U
	2002	2001	2002
	($ million)		
Special items			
Exploration and Production			
UK	5	70	242
Rest of Europe	-	-	-
USA	94	77	279
Rest of World	-	175	498
	99	322	1,019
Gas, Power and Renewables			
UK	-	-	30
Rest of Europe	-	-	-
USA	-	-	-
Rest of World	-	-	-
	-	-	30
Refining and Marketing			
UK	27	70	43
Rest of Europe	278	44	365
USA	59	63	(49)
Rest of World	56	36	56
	420	213	415
Chemicals			
UK	21	89	43
Rest of Europe	9	33	27
USA	5	(16)	40
Rest of World	-	-	140
	35	106	250
Other businesses and corporate			

UK	20	-	55
Rest of Europe	1	-	1
USA	40	73	130
Rest of World	-	-	-
	61	73	186
Total special items before interest	615	714	1,900
Interest - bond redemption charges	15	-	15
Total	630	714	1,915

Acquisition amortization

Exploration and Production			
UK	41	41	488
USA	246	337	1,078
Rest of World	32	33	214
	319	411	1,780
Refining and Marketing			
UK	107	99	410
USA	96	94	384
	203	193	794
Total	522	604	2,574

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BP p.l.c. AND SUBSIDIARIES
RETURN ON AVERAGE CAPITAL EMPLOYED

	Three months ended December 31 (Unaudited)		Ye De (U
	2002	2001	2002
	($ million)		
Replacement cost basis			
Replacement cost profit before exceptional items	1,697	706	4,698
Interest (a)	140	181	602
Minority shareholders' interest	6	23	52
Adjusted replacement cost profit	1,843	910	5,352
Average capital employed	91,767	87,791	89,616
ROACE - replacement cost basis	8.0%	4.1%	6.0%
Pro forma basis			
Adjusted replacement cost profit	1,843	910	5,352
Acquisition amortization	522	604	2,574
Special items (post tax)	406	461	1,449

Adjusted replacement cost profit (pro forma basis)	2,771	1,975	9,375
	======	======	======
Average capital employed	91,767	87,791	89,616
Average capital employed acquisition adjustment (b)	16,903	19,647	17,777
	------	------	------
Average capital employed (pro forma basis)	74,864	68,144	71,839
ROACE - pro forma basis adjusted for special items	14.8%	11.6%	13.0%
Historical cost basis			
Historical cost profit (loss) after exceptional items	651	(603)	6,845
Interest (a)	140	181	602
Minority shareholders' interest	6	23	77
	------	------	------
Adjusted historical cost profit	797	(399)	7,524
	======	======	======
Average capital employed	91,767	87,791	89,616
ROACE - historical cost basis after exceptionals	3.5%	(1.8)%	8.4%

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

(b) Acquisition adjustment refers to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

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BP p.l.c. AND SUBSIDIARIES
NET DEBT RATIO

	Three months ended December 31 (Unaudited)		Ye De (U
	2002	2001	2002
		($ million)	
Net debt ratio - net debt: net debt + equity			
Gross debt	22,008	21,417	22,008
Cash and current asset investments	1,735	1,808	1,735
	------	------	------
Net debt	20,273	19,609	20,273
	------	------	------
Equity	70,047	65,759	70,047
Net debt ratio	22%	23%	22%
	------	------	------
Acquisition adjustment (a)	16,672	18,882	16,672
	------	------	------
Net debt ratio - pro forma basis (b)	28%	29%	28%
	======	======	======

(a) Acquisition adjustment refers to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

(b) Based on equity excluding the fixed asset revaluation adjustment and goodwill resulting from the ARCO and Burmah Castrol acquisitions.

BP p.l.c. AND SUBSIDIARIES
REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR NON-CASH CHARGES AND CERTAIN OTHER ITEMS

Replacement cost operating profit adjusted for non-cash charges and certain other items essentially represents the Group's cash flow from operations (on a net of tax paid basis, tax is adjusted for the estimated effect of exceptional items and interest paid) excluding changes in working capital. BP is presenting this information as it gives a better insight into underlying cash flow from operating activities. This measure is derived from BP's UK GAAP accounting information but is not itself a recognised UK or US GAAP measure.

	Three months ended December 31 (Unaudited)		Ye De (U
	2002	2001	2002
		($ million)	
Replacement cost operating profit (RCOP) (reported) (a)	3,181	1,880	10,246
Depreciation and amounts provided (b)	2,515	2,457	10,401
Exploration expenditure written off	124	85	385
Dividends from joint ventures and associated undertakings less share of RCOP	(110)	(194)	(396)
Dividends paid to minority shareholders	(11)	(38)	(40)
Adjust provisions to cash basis (c)	27	(34)	(150)
Adjust interest and other income to cash basis (d)	(14)	(14)	(25)
	5,712	4,142	20,421
Tax paid adjusted for certain items*	(1,199)	(1,528)	(3,390)
Adjusted RCOP after tax paid	4,513	2,614	17,031
* Calculation of tax paid adjusted for certain items			
Cash tax paid	(1,061)	(1,422)	(3,094)
Tax charge on exceptional items	(21)	(26)	125
Tax shield assumption +	(117)	(80)	(421)
	(1,199)	(1,528)	(3,390)
+ Calculation of tax shield assumption			
Interest paid	(335)	(229)	(1,204)
Tax rate assumption (e)	35%	35%	35%
	(117)	(80)	(421)

(a) Total replacement cost operating profit is before exceptional items, inventory holding gains and losses and interest expense.
(b) Includes depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.
(c) Calculated as the net of charge for provisions and utilization of provisions.
(d) Calculated as interest and other income, less interest received and dividends received from the Group cash flow statement.
(e) Deemed tax rate for tax shield adjustment is equal to the US statutory tax rate.

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: February 19, 2003 /s/ D. J. PEARL
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D. J. PEARL
Deputy Company Secretary