BP PLC
Form 6-K
February 05, 2013
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 February, 2013

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

Yes --------------- No |X| ----------------

BP p.l.c.
Group results
Fourth quarter and full year 2012

London 5 February 2013

FOR IMMEDIATE RELEASE

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012		Year 2012	Year 2011
			$ million		
7,685	5,434	1,618	Profit for the period(a)	11,582	25,700
(79)	(747)	521	Inventory holding (gains) losses, net of tax	411	(1,800)
7,606	4,687	2,139	Replacement cost profit(b)	11,993	23,900
(2,620)	483	1,845	Net (favourable) unfavourable impact of non-operating items and fair value accounting effects, net of tax(c)	5,645	(2,242)
4,986	5,170	3,984	Underlying replacement cost profit(b)	17,638	21,658
			Replacement cost profit		
40.10	24.62	11.21	- per ordinary share (cents)	63.02	126.41
2.41	1.48	0.67	- per ADS (dollars)	3.78	7.58
			Underlying replacement cost profit		
26.28	27.16	20.88	- per ordinary share (cents)	92.68	114.55
1.58	1.63	1.25	- per ADS (dollars)	5.56	6.87

· BP's fourth-quarter replacement cost (RC) profit was $2,139 million, compared with $7,606 million for the same period in 2011. After adjusting for a net loss from non-operating items of $1,825 million and net unfavourable fair value accounting effects of $20 million (both on a post-tax basis), underlying RC profit for the fourth quarter was $3,984 million, compared with $4,986 million for the same period in 2011. Underlying RC profit for the fourth quarter included $4,359 million of underlying RC profit before interest and tax for Upstream, $1,390 million for Downstream, $224 million for TNK-BP, a loss of $447 million for Other businesses and corporate and a $428 million consolidation adjustment to eliminate unrealised profit in inventory.

· For the full year, RC profit was $11,993 million, compared with $23,900 million in 2011. After adjusting for a net loss from non-operating items of $5,300 million and net unfavourable fair value accounting effects of $345 million (both on a post-tax basis), underlying RC profit for the full year was $17,638 million, compared with $21,658 million for the same period in 2011. RC profit or loss for the group, underlying RC profit or loss and fair value accounting effects are non-GAAP measures and further information is provided on pages 6, 21 and 23.

· The group income statement included a net adverse impact relating to the Gulf of Mexico oil spill, on a pre-tax basis, of $4,132 million for the fourth quarter (which included $3.85 billion in relation to the agreement with the US government to settle all federal criminal charges) and $5,014 million for the full year. All amounts relating to the Gulf of Mexico oil spill have been treated as non-operating items. For further information on the Gulf of Mexico oil spill and its consequences see pages 3 - 5, Note 2 on pages 26 - 33 and Legal proceedings on pages 37 - 46.

· Including the impact of the Gulf of Mexico oil spill, net cash provided by operating activities for the fourth quarter and full year was $6.3 billion and $20.4 billion respectively, compared with $5.0 billion and $22.2 billion in the same periods of 2011. Excluding amounts related to the Gulf of Mexico oil spill, net cash provided by operating activities for the fourth quarter and full year was $5.7 billion and $22.8 billion respectively, compared with $6.2 billion and $29.0 billion for the same periods of 2011. We expect to see net cash provided by operating activities of between $30 billion and $31 billion in 2014(d), consistent with the cash flow objectives we set in 2011 as part of our 10-point plan.

· Net debt at the end of the quarter was $27.5 billion, compared with $29.0 billion at the end of 2011. The ratio of net debt to net debt plus equity at the end of the quarter was 18.7% compared with 20.5% at the end of 2011. We will continue to target a net debt ratio in the 10-20% range, while uncertainties remain. Net debt is a non-GAAP measure. See page 7 for further information.

· BP today announced a quarterly dividend of 9 cents per ordinary share ($0.54 per ADS), which is expected to be paid on 28 March 2013. The corresponding amount in sterling will be announced on 18 March 2013. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the scrip dividend programme are available at bp.com/scrip.

(a) Profit attributable to BP shareholders.
(b) See footnote (a) on page 6 for definitions of RC profit and underlying RC profit.
(c) See pages 22 and 23 respectively for further information on non-operating items and fair value accounting effects.
(d) Adjusted to remove TNK-BP dividends from 2011 and 2014 operating cash flow; 2014 includes BP's estimate of Rosneft dividend; 2014 includes the impact of payments in respect of the settlement of all federal criminal and securities claims with the US government; BP's assumption for 2014 is $100/bbl oil, $5/mmBtu Henry Hub gas. The projection does not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Gulf of Mexico oil spill, which may or may not arise at that time.

The commentaries above and following are based on RC profit and should be read in conjunction with the cautionary statement on page 15.

Top of page 2

Group headlines (continued)

- The effective tax rate (ETR) on replacement cost profit for the fourth quarter was 48%, compared with 30% for the same period in 2011. For the full year the ETR on replacement cost profit was 37%, compared with 33% in 2011. The increase for both periods was mainly due to the impact of the provision for the settlement with the US government, which is not tax deductible and is a non-operating item. For 2013, the underlying ETR (which excludes non-operating items and fair value accounting effects) is expected to be in the range of 36% to 38% compared with 30% in 2012. The increase in the forecast rate is mainly due to a lower level of equity-accounted income in 2013, which is reported net of tax in the income statement.

- Total capital expenditure for the fourth quarter and full year was $7.1 billion and $24.3 billion respectively, of which organic capital expenditure(a) was $6.6 billion and $23.1 billion respectively. In 2013, we expect organic capital expenditure to be around $24 billion to $25 billion as we invest to grow in the Upstream. From 2014 through to the end of the decade, we expect a range for organic capital expenditure of between $24 billion and $27 billion per annum.

- Disposal proceeds were $6.8 billion for the quarter and $11.4 billion for the full year. Excluding the agreed sale of our 50% interest in TNK-BP to Rosneft, BP has now announced disposals for a total of $38 billion since the beginning of 2010, reaching our target a year earlier than expected. Cumulative proceeds over the three years to 31 December 2012 have been $31.1 billion and we expect to receive the substantial majority of the remaining proceeds during 2013. Looking forward, we expect to make divestments of between $2 billion and $3 billion on average per annum on an ongoing basis.

- The charge for depreciation, depletion and amortization was $12.5 billion in 2012 and we expect this to be around $0.5 billion to $1.0 billion higher in 2013. The increase reflects the expected ramp-up of production from higher-margin Upstream assets, and the planned commissioning of the Whiting refinery modernization project in the second half of the year.

- Finance costs and net finance income or expense relating to pensions and other post-retirement benefits were a charge of $284 million for the fourth quarter, compared with $261 million for the same period in 2011. For the full year, the respective amounts were $924 million and $983 million. In 2013, when we adopt the revised version of IAS 19 'Employee Benefits', we will be required to apply the same rate of return on plan assets as we use to discount our pension liabilities. We expect this accounting change to adversely impact our quarterly earnings by approximately $260 million on a pre-tax basis, with no impact on cash flow.

- BP will report its estimates of proved reserves at 31 December 2012 on an SEC basis in its Annual Report and Form 20-F to be published in early March. BP expects these estimates to show a reserve replacement ratio, excluding acquisitions and disposals, in the range of 75-85% on a combined basis of subsidiaries and equity-accounted entities(b), with net additions to reserves in 2012 being wholly or predominantly from equity-accounted entities(b).

- On 16 January 2013, there was a terrorist attack at the In Amenas natural gas site in Algeria. In Amenas is owned and managed by a joint venture consisting of the Algerian state oil and gas company Sonatrach, BP and Statoil. Following the incident, BP removed non-essential workers from Algeria as a precautionary and temporary measure. We are working with our partners to assess the impact of the incident and intend to resume activities when it is safe to do so. BP remains committed to operating in Algeria, where we have high-quality assets and have been present for over 60 years.

(a)Organic capital expenditure excludes acquisitions and asset exchanges, and expenditure associated with deepening our US natural gas and North Sea asset bases (see page 20).
(b)For the purposes of this disclosure, equity-accounted entities includes TNK-BP.

Top of page 3

Gulf of Mexico oil spill

We remain committed to meeting our responsibilities to the US federal, state and local governments and communities of the Gulf Coast following the Deepwater Horizon accident. We have made significant progress in completing the response to the accident and supporting economic and environmental recovery efforts in affected areas.

On 15 November 2012, BP Exploration & Production Inc. (BPXP) reached an agreement with the US government to resolve all criminal claims arising out of the Deepwater Horizon accident, spill, and response. On 29 January 2013, the US District Court for the Eastern District of Louisiana accepted BPXP's pleas and sentenced BPXP in accordance with the criminal plea agreement. Under the terms of the criminal plea agreement, BPXP pleaded guilty to 11 felony counts of Misconduct or Neglect of Ships Officers relating to the loss of 11 lives; one misdemeanour count under the Clean Water Act; one misdemeanour count under the Migratory Bird Treaty Act; and one felony count of obstruction of Congress. As part of the resolution of federal criminal claims, BPXP will pay $4 billion, including $1,256 million in criminal fines, in instalments over a period of five years. Under the terms of the criminal plea agreement, a total of $2,394 million will be paid to the National Fish & Wildlife Foundation (NFWF) over a period of five years. In addition, $350 million will be paid to the National Academy of Sciences (NAS) over a period of five years. The court also ordered, as previously agreed with the US government, that BPXP serve a term of five years' probation.

Also on 15 November 2012, BP reached a settlement with the US Securities and Exchange Commission (SEC), resolving the SEC's Deepwater Horizon-related civil claims against the company under Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 and the associated rules. BP has agreed to a civil penalty of $525 million, payable in three instalments over a period of three years, and has consented to the entry of an injunction prohibiting it from violating certain US securities laws and regulations. The SEC's claims are premised on oil flow rate estimates contained in three reports provided by BP to the SEC during a period from 29 April 2010 to 4 May 2010, within the first 14 days after the accident. The settlement was approved by the US District Court for the Eastern District of Louisiana on 10 December 2012, and BP made its first payment of $175 million on 11 December 2012.

Under US law, companies convicted of certain criminal acts are subject to debarment from contracting with the federal government. The charges to which BPXP pleaded guilty included one misdemeanour count under the Clean Water Act which, by operation of law following the court's acceptance of BPXP's plea, triggers a statutory debarment, also referred to as mandatory debarment, of the BPXP facility where the Clean Water Act violation occurred.

On 1 February 2013, the US Environmental Protection Agency (EPA) issued a notice that BPXP was mandatorily debarred at its Houston headquarters. Mandatory debarment prevents BPXP from entering into new contracts or new leases with the US government. A mandatory debarment does not affect any existing contracts or leases a company has with the US government and will remain in place until such time as the debarment is lifted through an agreement with the EPA.

On 28 November 2012, the EPA notified BP that it had temporarily suspended BP p.l.c., BPXP and a number of other BP subsidiaries from participating in new federal contracts. As a result of the temporary suspension, the BP entities listed in the notice are ineligible to receive any US government contracts either through the award of a new contract, or the extension of the term of, or renewal of, an expiring contract. The suspension does not affect existing contracts the company has with the US government, including those relating to current and ongoing drilling and production operations in the Gulf of Mexico.

With respect to the entities named in the temporary suspension, the temporary suspension may be maintained or the EPA may elect to issue a notice of proposed discretionary debarment to some or all of the named entities. Like suspension, a discretionary debarment would preclude BP entities listed in the notice from receiving new federal fuel contracts, as well as new oil and gas leases, although existing contracts and leases may continue. Discretionary debarment typically lasts three to five years, and may be imposed for a longer period, unless it is resolved through an administrative agreement.

While BP's discussions with the EPA have been taking place in parallel to the court proceedings on the criminal plea, the company's work towards reaching an administrative agreement with the EPA is a separate process, and it may take some time to resolve issues relating to such an agreement. BPXP's mandatory debarment applies following sentencing and is not an indication of any change in the status of discussions with the EPA. The process for resolving both mandatory and discretionary debarment is essentially the same as for resolving the temporary suspension. BP continues to work with the EPA in preparing an administrative agreement that will resolve suspension and debarment issues.

For further details, see Legal proceedings on pages 37 - 46.

Completing the response

During the fourth quarter of 2012, BP, working under the direction of the US Coast Guard's Federal On-Scene Coordinator (FOSC), continued to work to progress the clean-up of shorelines to the point where removal actions are deemed complete.

By the end of 2012, the FOSC had deemed removal actions complete on 4,029 miles of shoreline out of the 4,376 miles that were in the area of response. Approximately 108 shoreline miles were pending final monitoring or inspection and a determination that removal actions are complete. The remaining 239 miles are in the patrolling and maintenance phase which will continue until the FOSC determines that operational removal activity is complete.

Top of page 4

Economic restoration

As at 31 December 2012, BP had spent $11.7 billion for individual, business, and government entity claims, advances and other payments, including payments made by BP prior to the establishment of the Deepwater Horizon Oil Spill Trust (the Trust). The amount includes $8.2 billion paid to individual and business claimants, $1.8 billion paid to the seafood compensation fund not yet paid to final claimants, and $1.4 billion paid to federal, state and local government entities. BP has also paid approximately $300 million for contributions and other payments including state tourism grants and funding for state-led seafood testing and marketing.

Plaintiffs' Steering Committee settlement agreements

In April 2012, BP reached definitive and fully documented agreements with the Plaintiffs' Steering Committee (PSC), subject to court approval, to resolve the substantial majority of legitimate economic loss and medical claims stemming from the accident. In November 2012, the court held a fairness hearing with respect to the settlement agreements and subsequently granted final approval of the economic loss and property damages agreement on 21 December 2012 and of the medical settlement agreement on 11 January 2013. For further details, see Legal proceedings on pages 37 - 46 and Note 2 on page 26 - 33.

Environmental restoration

We continue to support and participate in the Natural Resource Damages Assessment (NRDA) process and have made progress in a number of key areas as part of the ongoing effort to assess and address injury to natural resources in the Gulf of Mexico. Since May 2010, more than 200 initial and amended work plans have been developed by state and federal trustees and BP to study resources and habitats in the Gulf of Mexico. By the end of 2012, BP had paid $973 million to support this NRDA process.

Under the early restoration framework agreement that BP signed with state and federal agencies in 2011, BP agreed to fund up to $1 billion in early restoration projects to accelerate efforts to restore natural resources injured as a result of the accident. The agreement enables work on restoration projects to begin at the earliest opportunity, before funding is required by the Oil Pollution Act 1990 (OPA 90). These projects will be funded from the Trust.

In 2012, work began on the initial set of early restoration projects, and as at 31 December 2012, $49 million had been funded towards these projects. The trustees also announced two new early restoration projects in November 2012, which are designed to improve nesting habitats for birds and loggerhead sea turtles on a number of Gulf Coast beaches.

Financial update

The group income statement includes a pre-tax charge of $4.1 billion for the fourth quarter in relation to the accident. The charge for the fourth quarter includes a new $3.85 billion provision for the discounted cost of the agreement with the US government to settle all federal criminal charges, adjustments to provisions and the ongoing costs of the Gulf Coast Restoration Organization. The total cumulative pre-tax charge recognized to date amounts to $42.2 billion. The cumulative income statement charge does not include amounts for obligations that BP considers are not possible, at this time, to measure reliably. For further information see Note 2 on pages 26 - 33 herein under Contingent liabilities.

The total amounts that will ultimately be paid by BP in relation to all the obligations relating to the accident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors, as discussed under Provisions and contingent liabilities on pages 29 - 33, including in relation to any new information or future developments. These could have a material impact on our consolidated financial position, results of operations and cash flows. The risks associated with the accident could also heighten the impact of the other risks to which the group is exposed, as further described under Principal risks and uncertainties on pages 32 - 38 of our second-quarter 2012 results announcement.

Top of page 5

Gulf of Mexico oil spill (continued)

Trust update

During the fourth quarter, BP made a final contribution of $860 million to the Trust to complete funding of the full $20-billion commitment.

Payments made during the fourth quarter totalled $1.3 billion for individual and business claims, medical settlement programme payments, NRDA and early restoration, state and local government claims, expenses of the Deepwater Horizon Court Supervised Settlement Program and other resolved items. These payments were made from the Trust and from qualified settlement funds (QSFs) established for paying the costs of the settlement agreements with the PSC and funded by the Trust. An additional $1.8 billion was paid from the Trust into the $2.3-billion seafood compensation fund, extinguishing BP's liability, which had not yet been paid to claimants. As at 31 December 2012, the cumulative amount paid from the Trust and QSFs since inception was $9.5 billion and the remaining cash balances were $10.5 billion, including $1.8 billion remaining in the seafood compensation fund.

As at 31 December 2012, the cumulative charges for provisions to be paid from the Trust and the associated reimbursement asset recognized amounted to $18.6 billion. During the fourth quarter there was an increase of $760 million in the estimate of provisions to be paid from the Trust, primarily reflecting an increase in the estimated cost of certain claims under the PSC settlement agreement and the costs for NRDA activities. See Note 2 - Provisions on pages 29 - 32 for further information. A further $1.4 billion could be provided in subsequent periods for items covered by the Trust, with no net impact on the income statement.

Legal proceedings and investigations

See Legal proceedings on pages 37 - 46 for details of legal proceedings, including external investigations relating to the accident.

Top of page 6

Analysis of underlying RC profit and RC profit before interest and tax

and reconciliation to profit for the period

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012	$ million	Year 2012	Year 2011
			Underlying RC profit before interest and tax(a)		
5,924	4,369	4,359	Upstream	19,419	25,225
759	3,004	1,390	Downstream	6,447	6,013
987	1,294	224	TNK-BP(b)	3,127	4,134
(618)	(574)	(447)	Other businesses and corporate	(1,997)	(1,656)
127	(64)	(428)	Consolidation adjustment - UPII(c)	(576)	(113)
7,179	8,029	5,098	Underlying RC profit before interest and tax	26,420	33,603
			Finance costs and net finance income or expense		
			relating to pensions and other		
(248)	(195)	(278)	post-retirement benefits	(905)	(925)
(1,856)	(2,598)	(774)	Taxation on an underlying RC basis	(7,643)	(10,623)
(89)	(66)	(62)	Minority interest	(234)	(397)

4,986	5,170	3,984	Underlying RC profit attributable to BP shareholders	17,638	21,658
			Non-operating items and fair value accounting effects(a)		
640	541	3,313	Upstream	3,055	1,141
(195)	(601)	(67)	Downstream	(3,601)	(539)
-	(12)	351	TNK-BP	246	-
(454)	(523)	(57)	Other businesses and corporate	(798)	(822)
4,108	(56)	(4,126)	Gulf of Mexico oil spill response(d)	(4,995)	3,800
4,099	(651)	(586)	Total before interest and taxation	(6,093)	3,580
(13)	(3)	(6)	Finance costs(e)	(19)	(58)
(1,466)	171	(1,253)	Taxation credit (charge)(f)	467	(1,280)
2,620	(483)	(1,845)	Total after taxation for the period	(5,645)	2,242
			RC profit before interest and tax(a)		
6,564	4,910	7,672	Upstream	22,474	26,366
564	2,403	1,323	Downstream	2,846	5,474
987	1,282	575	TNK-BP(b)	3,373	4,134
(1,072)	(1,097)	(504)	Other businesses and corporate	(2,795)	(2,478)
4,108	(56)	(4,126)	Gulf of Mexico oil spill response(d)	(4,995)	3,800
127	(64)	(428)	Consolidation adjustment - UPII(c)	(576)	(113)
11,278	7,378	4,512	RC profit before interest and tax	20,327	37,183
(261)	(198)	(284)	Finance costs and net finance income or expense relating to pensions and other post-retirement benefits	(924)	(983)
(3,322)	(2,427)	(2,027)	Taxation on a RC basis	(7,176)	(11,903)
(89)	(66)	(62)	Minority interest	(234)	(397)
7,606	4,687	2,139	RC profit attributable to BP shareholders	11,993	23,900
101	1,059	(766)	Inventory holding gains (losses)	(594)	2,634
(22)	(312)	245	Taxation (charge) credit on inventory holding gains and losses	183	(834)
7,685	5,434	1,618	Profit for the period attributable to BP shareholders	11,582	25,700

(a)Replacement cost (RC) profit or loss reflects the replacement cost of supplies and is arrived at by excluding inventory holding gains and losses from profit or loss. RC profit or loss is the measure of profit or loss for each operating segment that is required to be disclosed under International Financial Reporting Standards (IFRS). RC profit or loss for the group is not a recognized GAAP measure. For further information on RC profit or loss, see page 21. Underlying RC profit or loss is RC profit or loss after adjusting for non-operating items and fair value accounting effects. Underlying RC profit or loss and fair value accounting effects are not recognized GAAP measures. On pages 22 and 23 respectively, we provide additional information on the non-operating items and fair value accounting effects that are used to arrive at underlying RC profit or loss in order to enable a full understanding of the events and their financial impact. BP believes that underlying RC profit or loss is a useful measure for investors because it is a measure closely tracked by management to evaluate BP's operating performance and to make financial, strategic and operating decisions and because it may help investors to understand and evaluate, in the same manner as management, the underlying trends in BP's operational performance on a comparable basis, period on period, by adjusting for the effects of these non-operating items and fair value accounting effects.

(b)BP ceased equity accounting for its share of TNK-BP's earnings from 22 October 2012. See TNK-BP on pages 12 - 13 for further information.

(c)The consolidation adjustment - unrealized profit in inventory (UPII) - for the fourth quarter of 2012 was impacted by higher levels of equity crude within inventory in Europe and the US.

(d)See Note 2 on pages 26 - 33 for further information on the accounting for the Gulf of Mexico oil spill response.

(e)Finance costs relate to the Gulf of Mexico oil spill. See Note 2 on pages 26 - 33 for further details.

(f)For the Gulf of Mexico oil spill, certain impairment losses in full year 2012 and certain disposal gains in the fourth quarter 2012, tax is based on US statutory tax rates, except for non-deductible items. For dividends received from TNK-BP in the fourth quarter 2012, there is no tax arising. For other items reported by consolidated subsidiaries, tax is calculated using the group's discrete quarterly effective tax rate (adjusted for the items noted above, equity-accounted earnings from the first quarter 2012 onwards and the deferred tax adjustments relating to changes to the taxation of UK oil and gas production (first quarter 2011 $683 million and third quarter 2012 $256 million)). Non-operating items arising within the equity-accounted earnings of TNK-BP are reported net of tax.

Top of page 7

Per share amounts

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012		Year 2012	Year 2011
			Per ordinary share (cents)		
40.51	28.54	8.48	Profit for the period	60.86	135.93
40.10	24.62	11.21	RC profit for the period	63.02	126.41
26.28	27.16	20.88	Underlying RC profit for the period	92.68	114.55
			Per ADS (dollars)		
2.43	1.71	0.51	Profit for the period	3.65	8.16
2.41	1.48	0.67	RC profit for the period	3.78	7.58
1.58	1.63	1.25	Underlying RC profit for the period	5.56	6.87

The amounts shown above are calculated based on the basic weighted average number of shares outstanding. See Note 6 on page 35 for details of the calculation of earnings per share.

Net debt ratio - net debt: net debt + equity

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012		Year 2012	Year 2011
			$ million		

44,213	49,077	48,797	Gross debt	48,797	44,213
1,133	1,572	1,700	Less: fair value asset of hedges related to finance debt	1,700	1,133
43,080	47,505	47,097		47,097	43,080
14,067	16,041	19,548	Less: cash and cash equivalents	19,548	14,067
29,013	31,464	27,549	Net debt	27,549	29,013
112,482	118,773	119,620	Equity	119,620	112,482
20.5%	20.9%	18.7%	Net debt ratio	18.7%	20.5%

See Note 7 on page 36 for further details on finance debt.

Net debt and net debt ratio are non-GAAP measures. Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt, for which hedge accounting is claimed. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. We believe that net debt and net debt ratio provide useful information to investors. Net debt enables investors to see the economic effect of gross debt, related hedges and cash and cash equivalents in total. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

Dividends

Dividends payable

BP today announced a dividend of 9 cents per ordinary share expected to be paid in March. The corresponding amount in sterling will be announced on 18 March 2013, calculated based on the average of the market exchange rates for the four dealing days commencing on 12 March 2013. Holders of American Depositary Shares (ADSs) will receive $0.54 per ADS. The dividend is due to be paid on 28 March 2013 to shareholders and ADS holders on the register on 15 February 2013. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the fourth-quarter dividend and timetable are available at bp.com/dividends and details of the scrip dividend programme are available at bp.com/scrip.

Dividends paid

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012		Year 2012	Year 2011
			Dividends paid per ordinary share		
7.000	8.000	9.000	cents	33.000	28.000
4.469	5.017	5.589	pence	20.852	17.404
42.00	48.00	54.00	Dividends paid per ADS (cents)	198.00	168.00
			Scrip dividends		
11.4	15.0	72.7	Number of shares issued (millions)	138.4	165.6
83	105	498	Value of shares issued ($ million)	982	1,219

Top of page 8

Upstream

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012		Year 2012	Year 2011
			$ million		
6,551	4,922	7,676	Profit before interest and tax	22,370	26,447
13	(12)	(4)	Inventory holding (gains) losses	104	(81)
6,564	4,910	7,672	RC profit before interest and tax	22,474	26,366
			Net (favourable) unfavourable impact of non-operating		
(640)	(541)	(3,313)	items and fair value accounting effects	(3,055)	(1,141)
5,924	4,369	4,359	Underlying RC profit before interest and tax(a)	19,419	25,225

(a)See footnote (a) on page 6 for information on underlying RC profit and see page 9 for a reconciliation to segment RC profit before interest and tax by region.

The replacement cost profit before interest and tax for the fourth quarter and full year was $7,672 million and $22,474 million respectively, compared with $6,564 million and $26,366 million for the same periods in 2011. The fourth quarter included a net non-operating gain of $3,346 million, primarily gains on disposals, compared with a net gain of $584 million in 2011. For the full year, the net non-operating gain was $3,189 million, mainly relating to gains on disposals partly offset by impairment charges, compared with a net gain of $1,130 million in 2011. In the fourth quarter, fair value accounting effects had an unfavourable impact of $33 million compared with a favourable impact of $56 million last year. For the full year, fair value accounting effects had an unfavourable impact of $134 million compared with a favourable impact of $11 million in 2011.

After adjusting for non-operating items and fair value accounting effects, the underlying replacement cost profit before interest and tax for the fourth quarter and full year was $4,359 million and $19,419 million respectively, compared with $5,924 million and $25,225 million in 2011. The results in both periods of 2012 were impacted by higher costs (primarily higher depreciation, depletion and amortization, as well as ongoing sector inflation), lower production, and lower realizations.

Production for the quarter was 2,290mboe/d, 7.1% lower than the fourth quarter of 2011. After adjusting for the effect of divestments and entitlement impacts in our production-sharing agreements (PSAs), production decreased by 0.8%. This primarily reflects natural field decline across the portfolio partly offset by the delivery of major projects. For the full year, production was 2,319mboe/d, 5.7% lower than 2011. After adjusting for the effect of divestments and PSA entitlement impacts, production in 2012 compared with 2011 was broadly flat.

Looking ahead we expect first-quarter 2013 reported production to be slightly increased relative to the fourth quarter with the continuing benefit of our major project start-ups largely offset by the continuing impact of our divestment programme. Reported production for 2013 is expected to be lower than 2012, mainly due to the impact of divestments which we estimate at around 150mboe/d. The actual reported production outcome for the year will depend on the exact timing of divestments and project start-ups, OPEC quotas, and entitlement impacts in PSAs. After adjusting for divestments and the impact of entitlement effects in our PSAs, we expect full-year production in 2013 to increase compared to 2012.

We continued to make strategic progress. In November, the Canada-Nova Scotia Offshore Petroleum Board announced that we were the successful bidder for blocks five, six, seven and eight in the recent call for bids. The blocks together cover an area of almost 14,000 square kilometres and are located approximately 300 kilometres off the Nova Scotia coast, southeast of Halifax, in water depths ranging from 100 to over 3,000 metres. We also announced a further discovery of gas offshore Trinidad, in the Savonette field.

At the end of November, we announced the agreement to sell our interests in a number of central North Sea oil and gas fields to TAQA for $1.058 billion plus future payments which, dependent on oil price and production, are currently expected to exceed $250 million after tax. The assets included in the sale are our interests in the BP-operated Maclure, Harding and Devenick fields, and non-operated interests in the Brae complex of fields and the Braemar field. The sale is subject to third-party and regulatory approvals and we currently expect it to complete in the second quarter of 2013. In addition, we completed the sale of a number of oil and gas fields in the deepwater US Gulf of Mexico to Plains Exploration & Production Company for $5.55 billion in cash subject to customary post-closing adjustments. The deal included our interests in the Marlin hub, Horn Mountain, Holstein, Ram Powell and Diana Hoover assets.

Also in November, the Indonesian regulator formally approved the plan of development for Tangguh Expansion Train 3 at the BP-operated Tangguh Liquefied Natural Gas (LNG) plant in Papua Barat province in Eastern Indonesia. The planned expansion will build on the established operation of the two existing liquefaction trains at the site.

In December, we agreed to sell our non-operated 50% interest in the Sean gas field in the North Sea to SSE plc for $288 million in cash. Completion of the deal is anticipated during the first half of 2013, subject to regulatory approval. We also announced the sale of our 34.3% interest in the Yacheng gas field in the South China Sea to Kuwait Foreign Petroleum Exploration Company for $308 million in cash. Subject to regulatory and third-party approvals, we expect the deal to close in the second half of 2013.

Also in December, production started from the PSVM development area in Block 31, offshore Angola. Initial production comes from the Plutão field, which has produced at an average rate of just over 60mboe/d to date. PSVM is expected to build towards a plateau rate of 150mboe/d over the coming year.

In January 2013, we announced with our partners the successful start of production from the Skarv field in the Norwegian Sea on 31 December 2012. The Skarv field is approximately 210 kilometres west of the Norwegian coast in water depths of approximately 350 to 450 metres.

Top of page 9

Upstream

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012	$ million	Year 2012	Year 2011
			Underlying RC profit before interest and tax		
			By region		
1,310	741	827	US	3,854	6,108
4,614	3,628	3,532	Non-US	15,565	19,117
5,924	4,369	4,359		19,419	25,225
			Non-operating items		
831	465	3,992	US	3,131	73
(247)	51	(646)	Non-US	58	1,057

584	516	3,346		3,189	1,130
			Fair value accounting effects(a)		
17	(28)	(29)	US	(67)	15
39	53	(4)	Non-US	(67)	(4)
56	25	(33)		(134)	11
			RC profit before interest and tax		
2,158	1,178	4,790	US	6,918	6,196
4,406	3,732	2,882	Non-US	15,556	20,170
6,564	4,910	7,672		22,474	26,366
			Exploration expense		
80	35	139	US(b)	649	1,065
262	255	170	Non-US(c)	826	455
342	290	309		1,475	1,520
			Production (net of royalties)(d)		
			Liquids (mb/d)(e)		
439	356	402	US	390	453
145	95	100	Europe	109	145
687	697	670	Rest of World	680	687
1,271	1,148	1,172		1,179	1,285
			Natural gas (mmcf/d)		
1,817	1,545	1,593	US	1,651	1,843
497	339	371	Europe	422	368
4,617	4,559	4,521	Rest of World	4,536	4,596
6,931	6,443	6,484		6,609	6,807
			Total hydrocarbons (mboe/d)(f)		
752	622	676	US	675	771
230	153	164	Europe	182	209
1,484	1,483	1,449	Rest of World	1,462	1,480
2,466	2,259	2,290		2,319	2,460
			Average realizations(g)		
101.84	99.00	100.00	Total liquids ($/bbl)	102.10	101.29
5.07	4.77	5.03	Natural gas ($/mcf)	4.75	4.69
63.49	60.68	62.38	Total hydrocarbons ($/boe)	61.86	62.31

(a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on page 23.
(b) Full year 2012 includes $308 million classified within the 'other' category of non-operating items (full year 2011 $395 million).
(c) Full year 2011 includes $44 million classified within the 'other' category of non-operating items.
(d) Includes BP's share of production of equity-accounted entities in the Upstream segment.
(e) Crude oil and natural gas liquids.
(f) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.
(g) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.

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

Top of page 10

Downstream

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012		Year 2012	Year 2011
			$ million		
657	3,385	558	Profit before interest and tax	2,359	7,961
(93)	(982)	765	Inventory holding (gains) losses	487	(2,487)
564	2,403	1,323	RC profit before interest and tax	2,846	5,474
			Net (favourable) unfavourable impact of non-operating		
195	601	67	items and fair value accounting effects	3,601	539
759	3,004	1,390	Underlying RC profit before interest and tax(a)	6,447	6,013

(a)See footnote (a) on page 6 for information on underlying RC profit and see page 11 for a reconciliation to segment RC profit before interest and tax by region and by business.

The replacement cost profit before interest and tax for the fourth quarter and full year was $1,323 million and $2,846 million respectively, compared with $564 million and $5,474 million for the same periods in 2011.

The results include net non-operating charges of $75 million for the fourth quarter and $3,174 million for the full year. The full year charge principally relates to impairments in the second quarter. In 2011, there were net non-operating charges of $140 million and $602 million for the fourth quarter and full year respectively (see pages 11 and 22 for further information on non-operating items). In 2012, fair value accounting effects had a favourable impact of $8 million for the fourth quarter and an unfavourable impact of $427 million for the full year. For the corresponding periods in 2011, there was an unfavourable impact of $55 million for the fourth quarter and a favourable impact of $63 million for the full year.

For the full year 2012, after adjusting for non-operating items and fair value accounting effects, the segment delivered a record underlying replacement cost profit before interest and tax of $6,447 million compared with $6,013 million in 2011. For the fourth quarter, the segment delivered an underlying replacement cost profit before interest and tax of $1,390 million, compared with $759 million for the same period in 2011.

Replacement cost profit or loss before interest and tax for the fuels, lubricants and petrochemicals businesses is set out on page 11.

The fuels business delivered an underlying replacement cost profit before interest and tax of $1,015 million for the fourth quarter and $4,996 million for the full year, compared with $400 million and $3,643 million in the same periods in 2011. The fourth-quarter result continued to benefit from strong operations, enabling the capture of the favourable refining environment compared with the same period last year. These benefits were partly offset by the impact of the planned crude unit outage at our Whiting refinery, which began in November. For the full year, comparing 2012 with 2011, the benefits of the stronger refining environment were partially offset by a significant reduction in the supply and trading contribution.

On 1 February 2013, we completed the sale of our Texas City refinery and a portion of its retail and logistics network in the south-eastern US to Marathon Petroleum Corporation for up to $2.4 billion. We continue to expect the sale of the Carson refinery in California, and related marketing and logistics assets in the region, to close by mid-2013. See Note 3 on page 33 for further details of these agreements.

Looking ahead, the major crude unit outage at our Whiting refinery continues with completion targeted for the second quarter, enabling the start-up of the Whiting refinery modernization project in the second half of the year. In addition, we expect the financial impact of refinery turnarounds in the first quarter of 2013 to be similar to the fourth quarter of 2012, and lower for the full year 2013 than in 2012.

The lubricants business delivered an underlying replacement cost profit before interest and tax of $329 million in the fourth quarter and $1,285 million in the full year, compared with $263 million and $1,250 million in the same periods last year. This reflects continued robust performance in the quarter and the full year contributing to the growth in year-on-year underlying replacement cost profit before interest and tax despite challenging demand levels throughout 2012.

The petrochemicals business delivered an underlying replacement cost profit before interest and tax of $46 million in the fourth quarter of 2012 compared with $96 million in the same period last year. For the full year, the underlying replacement cost profit was $166 million compared with $1,120 million in 2011, reflecting weakness in margins for BP's mix of products. Despite a slight recovery in the fourth quarter compared with the third quarter, we expect margins to remain under pressure during 2013.

Top of page 11

Downstream

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012	$ million	Year 2012	Year 2011
			Underlying RC profit before interest and tax - by region		
195	1,723	583	US	3,045	1,977
564	1,281	807	Non-US	3,402	4,036
759	3,004	1,390		6,447	6,013
			Non-operating items		
(123)	(229)	(96)	US	(2,846)	(562)
(17)	(86)	21	Non-US	(328)	(40)
(140)	(315)	(75)		(3,174)	(602)
			Fair value accounting effects(a)		
(41)	(388)	(9)	US	(441)	-
(14)	102	17	Non-US	14	63
(55)	(286)	8		(427)	63
			RC profit before interest and tax		
31	1,106	478	US	(242)	1,415
533	1,297	845	Non-US	3,088	4,059
564	2,403	1,323		2,846	5,474

			Underlying RC profit before interest and tax - by business(b)(c)		
400	2,713	1,015	Fuels	4,996	3,643
263	311	329	Lubricants	1,285	1,250
96	(20)	46	Petrochemicals	166	1,120
759	3,004	1,390		6,447	6,013
			Non-operating items and fair value accounting effects(a)		
(206)	(592)	(88)	Fuels	(3,611)	(640)
11	(8)	1	Lubricants	(9)	100
-	(1)	20	Petrochemicals	19	1
(195)	(601)	(67)		(3,601)	(539)
			RC profit (loss) before interest and tax(b)(c)		
194	2,121	927	Fuels	1,385	3,003
274	303	330	Lubricants	1,276	1,350
96	(21)	66	Petrochemicals	185	1,121
564	2,403	1,323		2,846	5,474
9.10	19.50	13.17	BP Average refining marker margin (RMM) ($/bbl)(d)	15.02	11.64
			Refinery throughputs (mb/d)		
1,352	1,403	1,325	US	1,310	1,277
790	791	732	Europe	751	771
312	318	293	Rest of World	293	304
2,454	2,512	2,350		2,354	2,352
95.3	95.0	95.0	Refining availability (%)(e)	94.8	94.8
			Marketing sales volumes (mb/d)(f)		
1,409	1,432	1,393	US	1,396	1,401
1,302	1,247	1,236	Europe(g)	1,230	1,305
607	571	599	Rest of World	587	605
3,318	3,250	3,228		3,213	3,311
2,515	2,393	2,434	Trading/supply sales	2,444	2,465
5,833	5,643	5,662	Total refined product sales	5,657	5,776
			Petrochemicals production (kte)		
1,001	900	959	US	4,047	4,029
864	993	925	Europe(c)	3,927	3,854
1,715	1,686	1,500	Rest of World	6,753	6,983
3,580	3,579	3,384		14,727	14,866

(a) Fair value accounting effects represent the favourable (unfavourable) impact relative to management's measure of performance. For Downstream, these arise solely in the fuels business. Further information is provided on page 23.

(b) Segment-level overhead expenses are included in the fuels business result.

(c) BP's share of income from petrochemicals at our Gelsenkirchen and Mülheim sites in Germany is reported in the fuels business.

(d) The RMM is the average of regional indicator margins weighted for BP's crude refining capacity in each region. They may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate. The quarterly regional marker margins can be found on bp.com and are updated weekly. The RMM will be updated in 2013 to reflect the impact of refinery divestments.

(e)Refining availability represents Solomon Associates' operational availability, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualized time lost due to turnaround activity and all planned mechanical, process and regulatory maintenance downtime.

(f)Marketing sales do not include volumes relating to crude oil.

(g)A minor amendment has been made to comparative periods.

Top of page 12

TNK-BP(a)

Fourth quarter 2011	Third quarter 2012	Fourth quarter 2012		Year 2012	Year 2011
			$ million		
1,008	1,347	570	Profit before interest and tax(a)	3,370	4,185
(21)	(65)	5	Inventory holding (gains) losses	3	(51)
987	1,282	575	RC profit before interest and tax	3,373	4,134
-	12	(351)	Net (favourable) unfavourable impact of non-operating items(b)	(246)	-
987	1,294	224	Underlying RC profit before interest and tax(c)	3,127	4,134

(a)The TNK-BP segment includes equity-accounted earnings from associates, in which all amounts shown relate to BP's 50% share in TNK-BP, as follows:

1,489	1,818	254	Profit before interest and tax	4,405	5,992
(27)	(20)	(1)	Finance costs	(84)	(132)
(363)	(310)	(45)	Taxation	(979)	(1,333)
(91)	(141)	(22)	Minority interest	(356)	(342)
1,008	1,347	186	Net income (BP share)	2,986	4,185
(21)	(65)	5	Inventory holding (gains) losses, net of tax	3	(51)
-	12	33	Net (favourable) unfavourable impact of non-operating items(b)	138	-
987	1,294	224	Net income (BP share) on an underlying RC basis		