Supplementary Information: Definitions and reconciliation of non-GAAP measures.

The information below has been provided to enhance understanding of the terminology and performance measures that have been used in the accompanying presentations. We have also included reconciliations for those items we believe to be non-GAAP financial measures.

Group Measures:

Replacement cost profit – Replacement cost profit reflects the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses. BP uses this measure to assist investors to assess BP's performance from period to period.

The following table shows the reconciliation of this measure to profit for the period:

$ million	2003	2004	2005
Replacement cost profit for the period	12,432	15,432	19,314
Inventory holding gains (losses)	16	1,643	3,027
Profit for the period	12,448	17,075	22,341

Capital employed – Net assets plus finance debt.

Capital employed excluding goodwill from denominator – Capital employed as defined above excluding goodwill.

The following table details capital employed for the Group:

$ million	2003	2004	2005
Net Assets	70,264	78,235	80,765
Finance Debt	22,325	23,091	19,162
Capital employed as reported	92,589	101,326	99,927
Goodwill	(10,592)	(10,857)	(10,371)
Capital employed excluding goodwill	81,997	90,469	89,556

Operating capital employed – Capital employed as defined above, excluding liabilities for current and deferred taxation and goodwill.

The following table details operating capital employed:

$ million	2003	2004	2005
Exploration and Production	59,352	65,223	68,721
Refining and Marketing	34,251	38,262	39,669
Gas, Power and Renewables	4,225	4,829	5,051
Other businesses and corporate	3,930	3,379	(2,602)
Consolidation adjustment	(361)	(552)	(778)
Operating capital employed	101,397	111,141	110,061
Liabilities for current and deferred taxation	(19,400)	(20,672)	(20,505)
Goodwill	10,592	10,857	10,371
Capital employed	92,589	101,326	99,927

Return on average capital employed – reported (headline) basis

Numerator – Replacement cost profit for the period plus minority interest plus interest post tax.

Denominator – Average capital employed. Capital employed is defined above.

Underlying return on average capital excluding goodwill

Numerator – Replacement cost profit for the period plus minority interest plus interest post tax plus non-operating items

Denominator – Average capital employed excluding goodwill from the denominator

The table below reconciles return on average capital employed based on profit for the period and using reported capital employed to return on average capital employed based on replacement cost profit, adjusted for non-operating items and using capital employed excluding goodwill from the denominator. A guide to the calculation of comparative metrics for competitors is provided separately on bp.com.

	UK GAAP (a)				
$ million	2000	2001	2002	2003	2004
Numerator					
Profit the period attributable to BP shareholders		6,556	6,795	12,448	17,075
Interest (b)		798	602	333	286
Minority interest		61	77	170	187
Adjusted profit for the period		7,415	7,474	12,951	17,548
Inventory holding (gains) losses		1,900	(1,129)	(16)	(1,643)
Adjusted replacement cost profit		9,315	6,345	12,935	15,905
Non-operating items (post-tax)		299	642	234	1,072
Numerator excluding non-operating items		9,614	6,987	13,169	16,977
Denominator					
Capital employed as reported	87,200	87,158	86,480	92,589	101,326
Goodwill	(12,198)	(10,868)	(10,438)	(10,592)	(10,857)
Capital employed excluding goodwill	75,002	76,290	76,042	81,997	90,469
Average capital employed as reported (c)		87,179	86,819	87,732	96,958
Average capital employed excluding goodwill		75,646	76,166	77,216	86,233
Return on average capital employed					
-Adjusted profit for the period/ACE as reported		9%	9%	15%	18%
- Adjusted RC profit/ACE as reported		11%	7%	15%	16%
- Adjusted RC profit excluding NOIs/ACE excluding goodwill		13%	9%	17%	20%

Calculation of 2005 ROACE (d)						
Numerator	1 Jan 2005	1Q	2Q	3Q	4Q	2005
Profit the period attributable to BP shareholders		6,602	5,591	6,463	3,685	
Interest (b)		112	83	94	112	
Minority interest		61	69	68	93	
Adjusted profit for the period		6,775	5,743	6,625	3,890	
Inventory holding (gains) losses		(1,111)	(610)	(2,053)	747	
Adjusted replacement cost profit		5,664	5,133	4,572	4,637	
Non-operating items (post-tax)		(542)	822	921	553	
Numerator excluding non-operating items		5,122	5,955	5,493	5,190	
Denominator						
Capital employed as reported (e)	101,230	99,475	99,399	104,885	99,927	
Goodwill	(10,857)	(10,754)	(10,555)	(10,440)	(10,371)	
Capital employed excluding goodwill	90,373	88,721	88,844	94,445	89,556	
Average capital employed as reported		100,353	99,437	102,142	102,406	
Average capital employed excluding goodwill		89,547	88,783	91,645	92,001	
Return on average capital employed						
-Adjusted profit for the period/ACE as reported		27%	23%	26%	15%	23%
- Adjusted RC profit/ACE as reported		23%	21%	18%	18%	20%
- Adjusted RC profit excluding NOIs/ACE excluding goodwill		23%	27%	24%	23%	24%

(a) Financial Information for 2001 and 2002 has not been restated for IFRS. The UK GAAP information for 2002 reflects the adoption of Financial Reporting Standard No.17 'Retirement Benefits' (FRS 17) with effect from 1 January 2004. Financial information for 2001 has not been restated.
(b) Excludes interest on jointly controlled entities' and associates' debt and is on a post-tax basis using a deemed rate equal to the US statutory tax rate.
(c) Opening capital employed at 1 January 2003 was $82,875 subsequent to the adoption of IFRS.
(d) As a result of the Innovene disposal occuring on 16 December 2005, ROACE for 2005 has been calculated as the average of the four discrete quarterly returns during 2005.
(e) Opening capital employed at 1 January 2005 was $101,230 subsequent to the adoption of IAS 39 on 1 January 2005

Organic capital expenditure (Organic Capex) – Capital expenditure excluding acquisitions and asset exchanges. See table under 'Reinvestment ratio' below.

Inorganic capital expenditure– expenditure on acquisitions.

Reinvestment ratio – Organic capital expenditure divided by net cash provided by operating activities.

The following table details the calculation of the reinvestment ratio:

	UK GAAP (a)				
$ million	2001	2002	2003	2004	2005
Capital expenditure and acquisitions	14,091	19,093	19,623	16,651	14,149
Less acquisitions and asset exchanges	(924)	(5,790)	(6,026)	(2,841)	(211)
Organic capital expenditure (b)	13,167	13,303	13,597	13,810	13,938
Cash Flow from operations	17,487	15,943	16,303	23,378	26,721
Reinvestment Ratio	75%	83%	83%	59%	52%

(a) Financial Information for 2001 and 2002 has not been restated for IFRS. The UK GAAP information for 2002 reflects the adoption of Financial Reporting Standard No.17 'Retirement Benefits' (FRS 17) with effect from 1 January 2004. Financial information for 2001 has not been restated.

(b) Reported capital expenditure is that incurred by BP group entities and does not include capital expenditure incurred by equity-accounted entities.

Net debt ratio – Ratio of net debt (finance debt less cash and cash equivalents) to net debt plus equity.

The table below presents BP's Debt to Debt plus Equity ratio on a gross basis as net debt is not a recognised GAAP measure:

$ million	2004				2005			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Finance debt	19,937	19,858	20,445	23,091	19,564	19,302	22,159	19,162
Equity	72,493	73,088	75,114	78,235	79,911	80,097	82,726	80,765
Debt ratio	22%	21%	21%	23%	20%	19%	21%	19%

Associated Companies – This term includes associates and jointly controlled entities, both of which are accounted for using the equity method of accounting.

Growth rates – These are calculated as cumulative average growth rates over a period. They are not therefore growth rates that might be observed year after year.

Free cash flow – Net cash provided by operating activities less net cash used in investing activities.

The following table details the calculation of free cash flow:

$ million	2003	2004	2005
Net cash provided by operating activities	16,303	23,378	26,721
Net cash used in operating activities	(9,281)	(11,331)	(1,729)
Free cash flow	7,022	12,047	24,992

Rules of Thumb:

Important note: The rules of thumb shown below are intended to give directional indicators of the impact of changes in the trading environment relative to that of 2005 on BP's 2006 full year pre-tax results.

These rules of thumb are approximate. As prices and margins may deviate sharply and volatility has increased, these rules of thumb have become less accurate in quantifying the impact of changes. Especially over short periods, changes in differentials, seasonal demand patterns, and other factors can be material.

Particular differences may arise due to changes in government shares of Exploration and Production revenues in some jurisdictions at different price levels, as well as changes in North American gas basin differentials versus Henry Hub reflecting differences in local supply, demand and pipeline capacities.

Particular differences may also arise from variations between the refining Global Indicator Margin (GIM) and BP's realized refining margins due to crude price levels and differentials, product price movements and other factors. Rules of thumb assume normal or expected production and throughputs. Instances such as the shut down of the Texas City refinery will in the short term impact the scale and accuracy of these rules.

Many other factors will affect BP's earnings quarter by quarter. Actual results in individual quarters may therefore differ significantly from the estimates implied by the application of these rules of thumb.

2006 Operating Environment Rules of Thumb: impact on replacement cost profit before interest and tax per year of changes relative to 2005 environment

	Full Year
Oil Price – Brent +/- $1/bbl	$500m
Gas – Henry Hub +/- $ 0.10/mcf	$80m
Refining – GIM +/- $ 1/bbl	$950m

Exploration and Production:

Reserve replacement ratio – The ratio of reserves booked through discoveries, extensions, net revisions and improved recovery to production for the period. This measure excludes the effects of acquisitions and disposals. Unless stated otherwise, this ratio is based on a combined basis which includes both subsidiaries and equity accounted entities and it based on SORP reserves.

SORP reserves are based on our long term planning price of $25/bbl.

Where we refer to SEC reserves basis reserve replacement ratio (RRR), this is calculated using the above changes to reserve volumes but where reserves are based on the price at 31 December 2005 (Brent $58.21/bbl).

The SEC basis for calculating RRR is based on reserves booked through discoveries, extensions, net revisions and improved recovery to production for the period including the effects of acquisitions and disposals. This measure is estimated using the year end price.

EBITDA – This measure is replacement cost profit before interest and tax adjusted to add back non-operating items, depreciation, depletion and amortization and equity-accounted interest and tax.

The following table reconciles EBITDA to Exploration & Production profit before interest and tax:

$ million	2005
Profit before interest and tax	25,508
Inventory holding gains	(17)
Replacement cost profit before interest and tax	25,491
Non-operating items	998
Depreciation, depletion and amortization	6,029
Equity-accounted interest and tax	1,476
EBITDA	33,994
Adjustment for oil and natural gas environment	(9,687)
EBITDA, adjusted for environment	24,307

- Adjustment for oil and natural gas environment: For the purposes of yearly comparisons, BP adjusts E&P turnover to standard oil and natural gas marker ($40/bbl Brent and $6.00/mmcf HH) and differential price assumptions and also adjusts for the costs of fuel. This normalization is done at the business unit level. The adjustment will differ form an estimate done using 2005 Rules of Thumb, as actual price and margin impacts can vary due to number of factors, including actual volumes and portfolio mix, location and quality differentials and production tax impacts across changing price levels.

Production – Crude oil, natural gas liquids (NGL) and natural gas produced from consolidated operations, and BP's interest in joint ventures and associates. Converted to barrels of oil equivalent (boe) at 1 barrel of NGL = 1 boe and 5,800 standard cubic feet of natural gas = 1 boe. Historical volumes shown are as previously reported. Projections reflect indications, not targets, and are based on assumed prices equivalent to $40 per barrel Brent and $6.00 per million British thermal units Henry Hub natural gas, as well as averages for operating uptime, liftings proportionate to BP's interest, and historic OPEC quota allocations.

This is not an amount that can be targeted, nor is it a specific forecast for a year. The indicator does not include any provision for downtime above the average observed over the last five years, the effect of prices compared to $40 Brent on entitlement volumes from Production Sharing Contracts, the effect of weather patterns outside of the normal trend, as well as all items noted in the forward-looking statements cautionary statement.

Existing profit centre – Used to describe the grouping of our operations in Alaska, Egypt, Latin America (including Argentina, Brazil, Colombia, Mexico and Venezuela), Middle East (including Abu Dhabi, Sharjah and Pakistan), North America Gas (Onshore US, the Gulf of Mexico Shelf and Canada), North Sea (UK, Netherlands and Norway).

New profit centre – Used to describe the grouping of our operations in Asia Pacific (Australia, Vietnam, Indonesia, China), Azerbaijan, Angola, Algeria, Trinidad and Deepwater Gulf of Mexico.

Proved oil and gas reserves – Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under our existing economic and operating conditions.

Proved developed reserves – Proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and natural gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery are included as 'proved developed reserves' only after testing by a pilot project or after the operation of an installed programme has confirmed through production response that increased recovery will be achieved.

Proved undeveloped reserves – Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage are limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units are claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances are estimates of proved undeveloped reserves attributable to acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

Non-proved reserves are not recognised for SEC purposes.

Unit cash margin – This measure is EBITDA (as defined above) divided by reported production.

Refining and Marketing:

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

Energy intensity index (EII) – EII is a standard industry measure developed by Solomon Associates. It is the ratio of the Actual Refinery Energy Consumption to the theoretical standard energy consumption required for the same overall operation.

A standard energy consumption is calculated for each individual process unit based on the actual throughput, with adjustments for technology type, feed properties, key operational factors and severity of operation on some units (for example, reformate Octane number on cat reformers, crude API on Crude units, coke make on FCCUs). Summation of all of the individual standard energies gives the total theoretical energy consumption required for the refinery to process the same feedstocks to the same products. Thus:

EII = Total Actual Energy Consumption / Total Standard Energy Consumption * 100%

The standard energy factors used for each process unit are based on the average technology in place in the US industry at the beginning of the 1980's. Thus the average industry EII in 1981 in the USA was 100. The original technical baseline standards for each unit have been retained such that the industry now records lower average numerical values, with the reductions reflecting subsequent improvements in technology, investments and improved operating efficiencies.

Commercial Optimisation Index – Commercial optimisation is an internal operating metric that measures incremental benefit, on a unit basis, from optimizing feedstock and product (price, quality, timing, freight) as well as other trading income against a set benchmark for each site.

Cost Efficiency Index – This measure is used internally at BP to benchmark operating efficiency. It measures certain process and activity costs on a unit production basis, at a constant energy basis.

Gross Margin – Store sales: Sales less purchases.

Gross Margin – Ultimate*:* Sales less purchases less certain distribution costs.

Unit gross margin – This measure is the ratio of gross margin to volume, except in the case of store unit margin, which is the ratio of gross margin to turnover.