

BP PLC
Form 6-K
October 27, 2009

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

27 October 2009

**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 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.**

| | | | | | |
|---------|--------|--------|---|---------|---------|
| | | | Interest and other income | | |
| | | | Gains on sale of businesses and | | |
| 193 | 522 | 202 | fixed assets | 805 | 1,197 |
| 104,829 | 56,561 | 67,856 | Total revenue and other income | 132,502 | 305,959 |
| 77,234 | 36,007 | 46,787 | Purchases | 113,571 | 217,122 |
| 7,549 | 5,997 | 5,929 | Production and manufacturing expenses | 18,033 | 21,756 |
| 1,886 | 673 | 663 | Production and similar taxes (Note 3) | 1,797 | 5,794 |
| 2,653 | 3,092 | 2,991 | Depreciation, depletion and amortization | 8,906 | 8,285 |
| | | | Impairment and losses on sale of | | |
| 54 | 216 | 157 | businesses and fixed assets | 510 | 117 |
| 232 | 347 | 378 | Exploration expense | 844 | 643 |
| 3,794 | 3,290 | 3,420 | Distribution and administration expenses | 10,059 | 11,667 |
| | | | Fair value (gain) loss on embedded | | |
| (1,098) | (154) | (370) | derivatives | (710) | 1,673 |
| 12,525 | 7,093 | 7,901 | Profit before interest and taxation | 19,492 | 38,902 |
| 391 | 274 | 266 | Finance costs | 858 | 1,178 |
| | | | Net finance expense (income) relating to pensions and other post-retirement | | |
| (153) | 47 | 45 | benefits | 142 | (473) |
| 12,287 | 6,772 | 7,590 | Profit before taxation | 18,492 | 38,197 |
| 4,101 | 2,343 | 2,235 | Taxation | 6,111 | 13,329 |
| 8,186 | 4,429 | 5,355 | | 12,381 | 24,868 |

| | | | | | |
|-------|-------|--------------|---|---------------|--------|
| | | | Profit for the period Attributable to | | |
| 8,049 | 4,385 | 5,336 | BP shareholders | 12,283 | 24,501 |
| 137 | 44 | 19 | Minority interest | 98 | 367 |
| 8,186 | 4,429 | 5,355 | | 12,381 | 24,868 |
| | | | Earnings per share - cents (Note 4) | | |
| | | | Profit for the period attributable to BP shareholders | | |
| 42.93 | 23.41 | 28.48 | Basic | 65.58 | 130.21 |
| 42.56 | 23.16 | 28.18 | Diluted | 64.91 | 129.04 |

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Group statement of comprehensive income

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | Nine months | |
|---------------------------|----------------------------|---------------------------|--|--------------------|-------------|
| | | | | 2009 | 2008 |
| | | | \$ million | | |
| 8,186 | 4,429 | 5,355 | Profit for the period | 12,381 | 24,868 |
| (3,125) | 2,351 | 549 | Currency translation differences | 1,889 | (2,092) |
| | | | Exchange losses on translation of foreign operations transferred to gain or loss | | |
| - | 42 | 4 | on sales of businesses and fixed assets | 46 | - |
| | | | Available-for-sale investments | | |

| | | | | | |
|---------|-------|--------------|---|---------------|---------|
| (703) | 207 | 256 | marked to market | 537 | (572) |
| (15) | - | - | Available-for-sale investments - recycled to the income statement | 2 | (20) |
| (594) | 648 | 176 | Cash flow hedges marked to market | 613 | (471) |
| 16 | 178 | 71 | Cash flow hedges - recycled to the income statement | 488 | 15 |
| (20) | 42 | 19 | balance sheet | 132 | (61) |
| 292 | 439 | (46) | Taxation | 311 | 385 |
| (4,149) | 3,907 | 1,029 | Other | 4,018 | (2,816) |
| 4,037 | 8,336 | 6,384 | comprehensive income Total | 16,399 | 22,052 |
| 3,914 | 8,260 | 6,375 | comprehensive income Attributable to BP | 16,303 | 21,696 |
| 123 | 76 | 9 | shareholders Minority interest | 96 | 356 |
| 4,037 | 8,336 | 6,384 | | 16,399 | 22,052 |

Group statement of changes in equity

| | BP shareholders' equity | Minority interest | Total equity |
|----------------------------|-------------------------------|----------------------|-----------------|
| \$ million | | | |
| At 31 December 2008 | 91,303 | 806 | 92,109 |
| Total comprehensive income | 16,303 | 96 | 16,399 |
| Dividends | (7,860) | (324) | (8,184) |
| | 479 | - | 479 |

Share-based payments (net of tax)

| | | | |
|-----------------------------|---------|-----|---------|
| At 30 September 2009 | 100,225 | 578 | 100,803 |
|-----------------------------|---------|-----|---------|

| | BP shareholders' equity | Minority interest | Total equity |
|--------------------------------------|--|------------------------------|-------------------------|
| \$ million | | | |
| At 31 December 2007 | 93,690 | 962 | 94,652 |
| Total comprehensive income | 21,696 | 356 | 22,052 |
| Dividends | (7,723) | (232) | (7,955) |
| Repurchase of ordinary share capital | (2,414) | - | (2,414) |
| Share-based payments (net of tax) | 455 | - | 455 |
| At 30 September 2008 | 105,704 | 1,086 | 106,790 |

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Group balance sheet

| | 30 September 2009 | 31 December 2008 |
|--|----------------------------------|---------------------------------|
| \$ million | | |
| Non-current assets | | |
| Property, plant and equipment | 106,692 | 103,200 |
| Goodwill | 10,203 | 9,878 |
| Intangible assets | 11,246 | 10,260 |
| Investments in jointly controlled entities | 15,446 | 23,826 |
| Investments in associates | 13,673 | 4,000 |
| | 1,408 | 855 |

| | | |
|--|----------------|---------|
| Other investments | | |
| Fixed assets | 158,668 | 152,019 |
| Loans | 1,139 | 995 |
| Other receivables | 943 | 710 |
| Derivative financial instruments | 3,941 | 5,054 |
| Prepayments | 1,436 | 1,338 |
| Deferred tax assets | 408 | - |
| Defined benefit pension plan surpluses | 1,931 | 1,738 |
| | 168,466 | 161,854 |
| Current assets | | |
| Loans | 208 | 168 |
| Inventories | 18,988 | 16,821 |
| Trade and other receivables | 28,777 | 29,261 |
| Derivative financial instruments | 5,536 | 8,510 |
| Prepayments | 2,460 | 3,050 |
| Current tax receivable | 827 | 377 |
| Cash and cash equivalents | 9,883 | 8,197 |
| | 66,679 | 66,384 |
| Total assets | 235,145 | 228,238 |
| Current liabilities | | |
| Trade and other payables | 33,597 | 33,644 |
| Derivative financial instruments | 4,828 | 8,977 |
| Accruals | 6,205 | 6,743 |
| Finance debt | 9,487 | 15,740 |
| Current tax payable | 2,825 | 3,144 |
| Provisions | 1,360 | 1,545 |
| | 58,302 | 69,793 |
| Non-current liabilities | | |
| Other payables | 3,158 | 3,080 |
| Derivative financial instruments | 3,810 | 6,271 |

| | | |
|--|----------------|---------|
| Accruals | 729 | 784 |
| Finance debt | 27,068 | 17,464 |
| Deferred tax liabilities | 17,796 | 16,198 |
| Provisions | 12,976 | 12,108 |
| Defined benefit pension plan and other | | |
| | 10,503 | 10,431 |
| post-retirement benefit plan deficits | | |
| | 76,040 | 66,336 |
| Total liabilities | 134,342 | 136,129 |
| Net assets | 100,803 | 92,109 |
| Equity | | |
| BP | 100,225 | 91,303 |
| shareholders' equity | | |
| Minority interest | 578 | 806 |
| | 100,803 | 92,109 |

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Condensed group cash flow statement

| Third quarter | Second quarter | Third quarter | Nine months | |
|---------------|----------------|---------------|-----------------------------|--|
| 2008 | 2009 | 2009 | 2009 | 2008 |
| | | | \$ million | |
| | | | Operating activities | |
| 12,287 | 6,772 | 7,590 | 18,492 | 38,197 |
| | | | | Profit before taxation |
| | | | | Adjustments to reconcile profit before taxation to net cash provided by operating activities |
| | | | | Depreciation, depletion and |

| | | | | | |
|---------|---------|----------------|---|-----------------|----------|
| 2,751 | 3,315 | 3,216 | amortization and exploration expenditure written off Impairment and (gain) loss on sale of | 9,380 | 8,611 |
| (139) | (306) | (45) | businesses and fixed assets | (295) | (1,080) |
| (568) | (250) | (678) | Earnings from equity-accounted entities, less dividends received | (1,180) | (1,872) |
| 25 | 38 | 203 | Net charge for interest and other finance expense, less net interest paid | 330 | (276) |
| 128 | 101 | 135 | Share-based payments | 322 | 366 |
| (14) | (46) | (261) | Net operating charge for pensions and other post-retirement benefits, less contributions and benefit payments for unfunded plans | (281) | 149 |
| 92 | (49) | (36) | Net charge for provisions, less payments | 196 | (113) |
| 4,830 | (1,093) | (115) | Movements in inventories and other current and non-current assets and liabilities | (1,176) | (1,597) |
| (4,528) | (1,725) | (1,910) | (a) Income taxes paid | (5,360) | (9,909) |
| | 6,757 | 8,099 | Net cash provided by operating activities | 20,428 | 32,476 |
| 14,864 | | | Investing activities | | |
| (7,748) | (5,211) | (4,975) | | (15,003) | (16,896) |

| | | | | | |
|---------|---------|--|----------|----------|--|
| | | Capital expenditure | | | |
| - | (8) | - Acquisitions, net of cash acquired | (8) | (209) | |
| (194) | (110) | (128) Investment in jointly controlled entities | (341) | (807) | |
| (14) | (40) | (72) Investment in associates | (159) | (21) | |
| 365 | 360 | 506 Proceeds from disposal of fixed assets | 1,177 | 700 | |
| | | Proceeds from disposal of businesses, net of cash disposed | | | |
| - | 337 | 98 | 435 | - | |
| 150 | 96 | 79 Proceeds from loan repayments | 292 | 484 | |
| (200) | - | - Other | 47 | (200) | |
| | | Net cash (used in) provided by investing activities | | | |
| (7,641) | (4,576) | (4,492) | (13,560) | (16,949) | |
| | | Financing activities | | | |
| (814) | 27 | 63 Net issue (repurchase) of shares | 125 | (2,631) | |
| 397 | 4,441 | 2,367 Proceeds from long-term financing | 11,427 | 3,229 | |
| (65) | (1,597) | (607) Repayments of long-term financing | (4,784) | (2,256) | |
| (1,380) | (1,860) | (1,806) Net increase (decrease) in short-term debt | (3,848) | (3,288) | |
| (2,624) | (2,620) | (2,621) Dividends paid - BP shareholders | (7,860) | (7,723) | |
| (110) | (74) | (139) | (324) | (232) | |
| | | - Minority interest | | | |
| | | Net cash (used in) provided by financing activities | | | |
| (4,596) | (1,683) | (2,743) | (5,264) | (12,901) | |
| | | Currency translation | | | |

| | | | | | |
|-------|-------|--------------|---|--------------|-------|
| | | | differences relating to | | |
| (78) | 101 | 60 | cash and cash equivalents | 82 | (46) |
| | | | Increase (decrease) in cash and cash equivalents | | |
| 2,549 | 599 | 924 | Cash and cash equivalents at beginning | 1,686 | 2,580 |
| 3,593 | 8,360 | 8,959 | of period | 8,197 | 3,562 |
| 6,142 | 8,959 | 9,883 | Cash and cash equivalents at end of period | 9,883 | 6,142 |

(a)

Includes

| | | | | | |
|---------|---------|--------------|---|----------------|---------|
| 2,978 | (1,874) | (538) | Inventory holding (gains) losses | (2,666) | (2,300) |
| (1,098) | (154) | (370) | Fair value (gain) loss on embedded derivatives | (710) | 1,673 |

Inventory holding gains and losses and fair value gains and losses on embedded derivatives are also included within profit before taxation.

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Capital expenditure and acquisitions

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | Nine months | |
|--------------------------|---------------------------|--------------------------|-------------|----------------|-------|
| | | | | 2009 | 2008 |
| | | | \$ million | | |
| | | | By business | | |
| | | | Exploration | | |
| | | | and | | |
| | | | Production | | |
| 5,252 | 1,422 | 1,395 | US | 4,487 | 8,268 |

| | | | | | |
|-------|-------|--------------|--|---------------|--------|
| 2,178 | 2,144 | 2,117 | (a) Non-US | 6,296 | 9,113 |
| 7,430 | 3,566 | 3,512 | (b) Refining and Marketing | 10,783 | 17,381 |
| 564 | 562 | 584 | US | 1,713 | 3,523 |
| 552 | 276 | 335 | (b) Non-US | 837 | 1,505 |
| 1,116 | 838 | 919 | Other businesses and corporate | 2,550 | 5,028 |
| 228 | 364 | 502 | US | 922 | 958 |
| 84 | 50 | 50 | (c) Non-US | 141 | 338 |
| 312 | 414 | 552 | | 1,063 | 1,296 |
| 8,858 | 4,818 | 4,983 | By geographical area | 14,396 | 23,705 |
| 6,044 | 2,348 | 2,481 | US | 7,122 | 12,749 |
| 2,814 | 2,470 | 2,502 | (a)(b)(c) Non-US | 7,274 | 10,956 |
| 8,858 | 4,818 | 4,983 | (b) | 14,396 | 23,705 |
| - | - | 281 | Included above: Acquisitions and asset exchanges | 281 | 2,288 |
| | | | (b) | | |

- (a) Third quarter 2008 and nine months ended 30 September 2008 included capital expenditure of \$3,652 million in Exploration and Production relating to the purchase of all of Chesapeake Energy Corporation's interest in the Arkoma Basin Woodford Shale assets and the purchase of a 25% interest in Chesapeake's Fayetteville Shale assets.
- (b) Nine months ended 30 September 2008 included capital expenditure of \$2,825 million in Exploration and Production and an asset exchange of \$1,904 million in Refining and Marketing relating to the formation of an integrated North American oil sands business.
- (c) During the second quarter 2009 there was capital expenditure of \$297 million related to wind turbines for post-2009 wind projects. Third quarter 2009 includes a further \$107 million relating to these projects.

Exchange rates

| Third quarter | Second quarter | Third quarter | | Nine months | |
|------------------|-------------------|------------------|---|----------------|------|
| 2008 | 2009 | 2009 | | 2009 | 2008 |
| 1.89 | 1.55 | 1.64 | US dollar/sterling average rate for the period | 1.54 | 1.95 |
| 1.81 | 1.65 | 1.59 | US dollar/sterling period-end rate | 1.59 | 1.81 |
| 1.50 | 1.36 | 1.43 | US dollar/euro average rate for the period | 1.36 | 1.52 |
| 1.44 | 1.41 | 1.45 | US dollar/euro period-end rate | 1.45 | 1.44 |

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Analysis of replacement cost profit before interest and tax and reconciliation to profit before
taxation
(a)

| Third quarter | Second quarter | Third quarter | | Nine months | |
|------------------|-------------------|------------------|---|----------------|------|
| 2008 | 2009 | 2009 | | 2009 | 2008 |
| | | | \$ million By business Exploration and Production | | |

| | | | | | |
|---------|-------|--------------|---|----------------|--------|
| 3,739 | 1,161 | 1,864 | US | 4,168 | 10,425 |
| 8,970 | 3,885 | 5,065 | Non-US | 12,127 | 23,127 |
| 12,709 | 5,046 | 6,929 | | 16,295 | 33,552 |
| | | | Refining and Marketing | | |
| 338 | (326) | (229) | US | (247) | 91 |
| 1,634 | 1,006 | 1,145 | Non-US | 2,933 | 3,669 |
| 1,972 | 680 | 916 | | 2,686 | 3,760 |
| | | | Other businesses and corporate | | |
| (288) | (129) | (179) | US | (587) | (625) |
| 272 | (454) | (407) | Non-US | (1,343) | 82 |
| (16) | (583) | (586) | | (1,930) | (543) |
| 14,665 | 5,143 | 7,259 | | 17,051 | 36,769 |
| 838 | 76 | 104 | Consolidation adjustment | (225) | (167) |
| | | | Replacement cost profit before interest and tax (b) Inventory holding gains (losses) (c) | | |
| 15,503 | 5,219 | 7,363 | | 16,826 | 36,602 |
| | | | 1 Exploration and Production | (17) | (134) |
| (2,795) | 1,856 | 517 | Refining and Marketing | 2,700 | 2,420 |
| (19) | 2 | 20 | Other businesses and corporate | (17) | 14 |
| 12,525 | 7,093 | 7,901 | Profit before interest and tax | 19,492 | 38,902 |
| 391 | 274 | 266 | Finance costs | 858 | 1,178 |
| | | | Net finance expense (income) relating to pensions and other post-retirement benefits | | |
| (153) | 47 | 45 | | 142 | (473) |
| 12,287 | 6,772 | 7,590 | Profit before taxation | 18,492 | 38,197 |
| | | | Replacement cost profit before | | |

| | | interest and tax By geographical area | | |
|--------|-------|--|--------|----------------------|
| 4,419 | 730 | 1,516 | US | 3,100 10,307 |
| 11,084 | 4,489 | 5,847 | Non-US | 13,726 26,295 |
| 15,503 | 5,219 | 7,363 | | 16,826 36,602 |

- (a) IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purposes of performance assessment and resource allocation. For BP, this measure of profit or loss is replacement cost profit before interest and tax. In addition, a reconciliation is required between the total of the operating segments' measures of profit or loss and the group profit or loss before taxation.
- (b) Replacement cost profit reflects the replacement cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses and their associated tax effect. Replacement cost profit for the group is not a recognized GAAP measure.
- (c) Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies incurred during the period and the cost of sales calculated on the first-in first-out (FIFO) method including any changes in provisions where the net realizable value of the inventory is lower than its cost. Under the FIFO method, which we use for IFRS reporting, the cost of inventory charged to the income statement is based on the historic cost of acquisition or manufacture rather than the current replacement cost. In volatile energy markets, this can have a significant distorting effect on reported income. The amounts disclosed represent the difference between the charge to the income statement on a FIFO basis (and any related movements in net realizable value provisions) and the charge that would arise using average cost of supplies incurred during the period. For this purpose, average cost of supplies incurred during the period is calculated by dividing the total cost of inventory purchased in the period by the number of barrels acquired. The amounts disclosed are not separately reflected in the financial statements as a gain or loss. No adjustment is made in respect of the cost of inventories held as part of a trading position and certain other temporary inventory positions.

Management believes this information is useful to illustrate to investors the fact that crude oil and product prices can vary significantly from period to period and that the impact on our reported result under IFRS can be significant. Inventory holding gains and losses vary from period to period due principally to changes in oil prices as well as changes to underlying inventory levels. In order for investors to understand the operating performance of the group excluding the impact of oil price changes on the replacement of inventories, and to make comparisons of operating performance between reporting periods, BP's management believes it is helpful to disclose this information.

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Non-operating items

(a)

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | Nine months 2009 2008 | |
|--------------------------|---------------------------|--------------------------|--|-----------------------------|---------|
| | | | \$ million | | |
| | | | Exploration and Production | | |
| | | | Impairment and gain (loss) on sale of | | |
| 33 | 359 | 72 | businesses and fixed assets | 504 | 165 |
| (7) | - | 3 | Environmental and other provisions | 3 | (12) |
| (6) | (6) | 1 | Restructuring, integration and rationalization costs | (6) | (50) |
| 1,098 | 154 | 370 | Fair value gain (loss) on embedded derivatives | 767 | (1,668) |
| - | - | 25 | Other | 21 | 331 |
| 1,118 | 507 | 471 | | 1,289 | (1,234) |
| | | | Refining and Marketing | | |
| | | | Impairment and gain (loss) on sale of | | |
| 114 | (52) | (13) | businesses and fixed assets | (86) | 915 |
| (62) | - | (190) | Environmental and other provisions | (190) | (62) |
| (52) | (114) | (38) | Restructuring, integration and | (415) | (343) |

| | | | | |
|-------|-------|--|------------|---------|
| | | rationalization costs | | |
| - | - | - Fair value gain (loss) on embedded derivatives | (57) | - |
| - | - | - Other | (9) | - |
| - | (166) | | (757) | 510 |
| | | Other businesses and corporate | | |
| | | Impairment and gain (loss) on sale of | | |
| (8) | (1) | (14) businesses and fixed assets | (123) | - |
| (76) | - | (16) Environmental and other provisions | (91) | (76) |
| | | Restructuring, integration and | | |
| (30) | (37) | (28) rationalization costs | (136) | (163) |
| - | - | - Fair value gain (loss) on embedded derivatives | - | (5) |
| (14) | (1) | (6) Other | (74) | (88) |
| (128) | (39) | (64) | (424) | (332) |
| 990 | 302 | 166 Total before taxation | 108 | (1,056) |
| (331) | (106) | (48) Taxation credit (charge) | (19) | 383 |
| 659 | 196 | 118 Total after taxation for period | 89 | (673) |

(a) An analysis of non-operating items by region is shown on pages 5, 7 and 8.

(b) Tax is calculated using the quarter's effective tax rate on replacement cost profit

Non-operating items are charges and credits arising in consolidated entities that BP discloses separately because it considers such disclosures to be meaningful and relevant to investors. These disclosures are provided in order to enable investors better to understand and evaluate the group's financial performance.

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**Non-GAAP information on
fair value accounting effects**

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | \$ million Favourable (unfavourable) impact relative to management's measure of performance | Nine months | |
|--------------------------|---------------------------|--------------------------|---|----------------|---------|
| | | | | 2009 | 2008 |
| 97 | 135 | 180 | Exploration and Production | 473 | (535) |
| 636 | (126) | 86 | Refining and Marketing | (149) | 576 |
| 733 (245) | 9 (3) | 266 (77) | Taxation credit (charge) (a) | 324 (98) | 41 - |
| 488 | 6 | 189 | | 226 | 41 |

(a) Tax is calculated using the quarter's effective tax rate on replacement cost profit

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

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

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

The way that BP manages the economic exposures described above, and measures performance internally, differs from the way these activities are measured under IFRS. BP calculates this difference for consolidated entities by comparing the IFRS result with management's internal measure of performance, under which the inventory and the supply and capacity contracts in question are valued based on fair value using relevant forward prices prevailing at the end of the period. We believe that disclosing management's estimate of this difference provides useful information for investors because it enables investors to see the economic effect of these activities as a whole. The impacts of fair value accounting effects, relative to management's internal measure of performance, are shown in the table above. A reconciliation to GAAP information is set out below.

Reconciliation of non-GAAP information

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | Nine months 2009 2008 | |
|--------------------------|---------------------------|--------------------------|--|-----------------------------|--------|
| | | | \$ million | | |
| | | | Exploration and Production | | |
| | | | Replacement cost profit before interest and tax adjusted for fair value accounting effects | 15,822 | 34,087 |
| 12,612 | 4,911 | 6,749 | Impact of fair value accounting effects | 473 | (535) |
| 97 | 135 | 180 | Replacement cost profit before interest and tax | 16,295 | 33,552 |
| 12,709 | 5,046 | 6,929 | | | |
| | | | Refining and Marketing | | |
| | | | Replacement cost profit before interest and tax adjusted for fair value accounting effects | 2,835 | 3,184 |
| 1,336 | 806 | 830 | | | |

| | | | | | |
|-------|-------|------------|---|--------------|-------|
| 636 | (126) | 86 | Impact of fair value accounting effects | (149) | 576 |
| | | | Replacement cost profit before interest | | |
| 1,972 | 680 | 916 | and tax | 2,686 | 3,760 |

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Realizations and marker prices

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | Nine months 2009 | 2008 |
|--------------------------|---------------------------|--------------------------|--------------------------------------|------------------------|--------|
| | | | Average realizations | | |
| | | | (a) | | |
| | | | Liquids | | |
| | | | (\$/bbl) | | |
| | | | (b) | | |
| 112.03 | 47.45 | 60.30 | US | 49.28 | 100.36 |
| 102.37 | 60.69 | 67.31 | Europe | 58.38 | 108.77 |
| 114.59 | 55.22 | 64.21 | Rest of World | 53.44 | 105.62 |
| 111.47 | 52.33 | 62.77 | BP Average | 52.20 | 103.96 |
| | | | Natural gas | | |
| | | | (\$/mcf) | | |
| 7.88 | 2.47 | 2.73 | US | 2.86 | 7.79 |
| 8.17 | 4.86 | 2.96 | Europe | 4.69 | 8.16 |
| 5.61 | 2.77 | 2.84 | Rest of World | 3.01 | 5.28 |
| 6.49 | 2.86 | 2.81 | BP Average | 3.11 | 6.32 |
| | | | Total hydrocarbons | | |
| | | | (\$/boe) | | |
| 83.33 | 34.90 | 43.84 | US | 36.92 | 77.55 |
| 84.52 | 49.11 | 52.72 | Europe | 47.31 | 85.69 |
| 64.13 | 31.81 | 36.25 | Rest of World | 32.11 | 60.87 |
| 73.49 | 35.02 | 41.12 | BP Average | 35.81 | 70.31 |
| | | | Average oil marker prices | | |
| | | | (\$/bbl) | | |
| 115.09 | 59.13 | 68.08 | Brent | 57.32 | 111.11 |
| 118.07 | 59.71 | 68.12 | West Texas Intermediate | 57.22 | 113.49 |
| 117.16 | 59.10 | 69.07 | Alaska | 58.05 | 112.68 |

North Slope

| | | | | | |
|--------|-------|--------------|--|--------------|--------|
| 112.85 | 57.51 | 66.35 | Mars | 56.08 | 107.11 |
| 113.32 | 58.46 | 67.76 | Urals (NWE- cif) | 56.72 | 108.18 |
| 52.94 | 32.63 | 35.55 | Russian domestic oil | 29.74 | 54.31 |
| | | | Average natural gas marker prices | | |
| 10.25 | 3.51 | 3.39 | Henry Hub gas price | 3.93 | 9.74 |
| | | | (\$/mmbtu) | | |
| | | | (c) | | |
| 61.48 | 27.51 | 21.57 | UK Gas - National Balancing Point (p/therm) | 31.90 | 58.44 |

(a) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.

(b) Crude oil and natural gas liquids.

(c) Henry Hub First of Month Index.

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Notes

1. Basis of preparation

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

The results for the interim periods are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal recurring nature. This report should be read in conjunction with the consolidated financial statements and related notes for the year ended 31 December 2008 included in *BP Annual Report and Accounts 2008*.

BP prepares its consolidated financial statements included within its Annual Report and Accounts on the basis of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU) and in accordance with the

provisions of the Companies Act 1985. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the group's consolidated financial statements for the periods presented. The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the Annual Report and Accounts for 2009, which do not differ significantly from those used in *BP Annual Report and Accounts 2008*

BP has adopted a new accounting standard, IFRS 8 'Operating Segments', with effect from 1 January 2009. The standard defines operating segments as components of an entity about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. It also sets out the required disclosures for operating segments. On adoption, there was no change to BP's segments that are separately reported but the segmental financial information is now based on measures as used by the chief operating decision maker. In particular, the segment measure of profit is replacement cost profit before interest and tax - see page 14 for further information. There was no effect on the group's reported income or net assets.

In addition, BP has adopted amendments to IAS 1 'Presentation of Financial Statements', also with effect from 1 January 2009. This requires separate presentation of owner and non-owner changes in equity by introducing the statement of comprehensive income - see page 10. The statement of recognized income and expense is no longer presented. Certain minor changes in the presentation of the statement of changes in equity were also made to comply with the revised standard - see page 10. There was no effect on the group's reported profit for the period or net assets.

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Notes

2. Sales and other operating revenues

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | Nine months | |
|--------------------------|---------------------------|--------------------------|--------------------------------|----------------|---------|
| | | | | 2009 | 2008 |
| | | | \$ million | | |
| | | | By business | | |
| 23,447 | 12,848 | 14,871 | Exploration and Production | 40,062 | 70,876 |
| 92,390 | 49,333 | 60,542 | Refining and Marketing | 150,448 | 266,894 |
| 1,347 | 603 | 761 | Other businesses and corporate | 1,948 | 3,655 |
| 117,184 | 62,784 | 76,174 | | 192,458 | 341,425 |
| | | | Less: sales between businesses | | |
| 13,043 | 7,589 | 9,540 | Exploration and Production | 22,929 | 38,747 |
| 403 | 225 | 204 | Refining and Marketing | 540 | 1,632 |
| 564 | 193 | 212 | Other businesses and corporate | 698 | 1,380 |
| 14,010 | 8,007 | 9,956 | | 24,167 | 41,759 |

| | | | | | |
|---------|--------|---------------|---|----------------|---------|
| | | | Third party sales and other operating revenues | | |
| 10,404 | 5,259 | 5,331 | Exploration and Production | 17,133 | 32,129 |
| 91,987 | 49,108 | 60,338 | Refining and Marketing | 149,908 | 265,262 |
| 783 | 410 | 549 | Other businesses and corporate | 1,250 | 2,275 |
| | | | Total third party sales and other operating revenues | | |
| 103,174 | 54,777 | 66,218 | | 168,291 | 299,666 |
| | | | By geographical area | | |
| 37,642 | 20,677 | 24,637 | US | 62,894 | 108,370 |
| 76,156 | 39,371 | 48,174 | Non-US | 121,131 | 222,592 |
| 113,798 | 60,048 | 72,811 | | 184,025 | 330,962 |
| 10,624 | 5,271 | 6,593 | Less: sales between areas | 15,734 | 31,296 |
| 103,174 | 54,777 | 66,218 | | 168,291 | 299,666 |

3. Production and similar taxes

| Third quarter | Second quarter | Third quarter | | Nine months | |
|---------------|----------------|---------------|-------------------|--------------|-------|
| 2008 | 2009 | 2009 | | 2009 | 2008 |
| | | | \$ million | | |
| 752 | 133 | 166 | US | 378 | 2,375 |
| 1,134 | 540 | 497 | Non-US | 1,419 | 3,419 |
| 1,886 | 673 | 663 | | 1,797 | 5,794 |

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Notes

4. Earnings per share, shares in issue and shares repurchased

Basic earnings per ordinary share (EpS) amounts are calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The calculation of EpS is performed separately for each discrete quarterly period, and for the year-to-date period. As a result, the sum of the discrete quarterly EpS amounts in any particular year-to-date period may not be equal to the EpS amount for the year-to-date period.

Prior to 2009, EpS amounts for the discrete quarterly periods were determined as the difference between the relevant year-to-date period amounts. The change in method of determination of the discrete quarterly

EpS amounts does not have a significant effect and the comparative EpS amounts for 2008 have not been restated.

For the diluted EpS calculation the weighted average number of shares outstanding during the period is adjusted for number of shares that are potentially issuable in connection with employee share-based payment plans using the treasury stock method.

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | Nine months | |
|-------------------------------|---------------------------|--------------------------|---------------------------------------|-------------------|------------|
| | | | | 2009 | 2008 |
| \$ million | | | | | |
| Results for the period | | | | | |
| | | | Profit for the period attributable | | |
| 8,049 | 4,385 | 5,336 | to BP shareholders | 12,283 | 24,501 |
| - | 1 | | - Less: preference dividend | 1 | 1 |
| | | | Profit attributable to BP ordinary | | |
| 8,049 | 4,384 | 5,336 | shareholders | 12,282 | 24,500 |
| | | | Inventory holding (gains) losses, | | |
| 1,980 | (1,245) | (355) | net of tax | (1,775) | (1,495) |
| | | | RC profit attributable to BP ordinary | | |
| 10,029 | 3,139 | 4,981 | shareholders | 10,507 | 23,005 |
| | | | Basic weighted average number of | | |
| 18,746,202 | 18,726,093 | 18,733,516 | shares outstanding (thousand) | 18,726,934 | 18,815,131 |
| | | | (a) | | |
| 3,124,367 | 3,121,016 | 3,122,253 | ADS equivalent (thousand) | 3,121,156 | 3,135,855 |
| | | | (a) | | |
| | | | Weighted average number of | | |
| | | | shares outstanding used to | | |
| | | | calculate diluted | | |
| 18,931,910 | 18,929,930 | 18,936,781 | earnings per share (thousand) | 18,922,410 | 18,985,767 |
| | | | (a) | | |
| 3,155,318 | 3,154,988 | 3,156,130 | ADS equivalent (thousand) | 3,153,735 | 3,164,295 |
| | | | (a) | | |
| | | | Shares in issue at period-end | | |
| 18,710,980 | 18,728,163 | 18,739,590 | (thousand) | 18,739,590 | 18,710,980 |
| | | | (a) | | |
| 3,118,497 | 3,121,361 | 3,123,265 | ADS equivalent (thousand) | 3,123,265 | 3,118,497 |
| | | | (a) | | |
| | | | Shares repurchased in the period | | |
| 92,861 | - | - | (thousand) | - | 269,757 |

- (a) Excludes treasury shares and the shares held by the Employee Share Ownership Plans and includes certain shares that will be issuable in the future under employee share plans.

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Notes

5. Analysis of changes in net debt

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | 2009 | Nine months 2008 |
|---------------------------------------|---------------------------|--------------------------|--|----------------|------------------------|
| \$ million | | | | | |
| Opening balance | | | | | |
| 30,189 | 34,698 | 36,240 | Finance debt | 33,204 | 31,045 |
| 3,593 | 8,360 | 8,959 | Less: Cash and cash equivalents | 8,197 | 3,562 |
| | | | Less: FV asset (liability) of hedges | | |
| 900 | (323) | 179 | related to finance debt | (34) | 666 |
| 25,696 | 26,661 | 27,102 | Opening net debt | 25,041 | 26,817 |
| Closing balance | | | | | |
| 28,300 | 36,240 | 36,555 | Finance debt | 36,555 | 28,300 |
| 6,142 | 8,959 | 9,883 | Less: Cash and cash equivalents | 9,883 | 6,142 |
| | | | Less: FV asset (liability) of hedges | | |
| 149 | 179 | 370 | related to finance debt | 370 | 149 |
| 22,009 | 27,102 | 26,302 | Closing net debt | 26,302 | 22,009 |
| 3,687 | (441) | 800 | Decrease (increase) in net debt | (1,261) | 4,808 |
| Movement in cash and cash equivalents | | | | | |
| 2,627 | 498 | 864 | (excluding exchange adjustments) | 1,604 | 2,626 |
| Net cash outflow (inflow) from | | | | | |
| 1,048 | (984) | 46 | financing (excluding share capital) | (2,795) | 2,315 |
| (8) | 15 | (97) | Other movements | (75) | (129) |
| Movement in net debt before | | | | | |
| 3,667 | (471) | 813 | exchange effects | (1,266) | 4,812 |
| 20 | 30 | (13) | Exchange adjustments | 5 | (4) |
| 3,687 | (441) | 800 | Decrease (increase) in net debt | (1,261) | 4,808 |

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Notes

6. TNK-BP operational and financial information

| Third quarter 2008 | Second quarter 2009 | Third quarter 2009 | | 2009 | Nine months 2008 |
|-------------------------------|---------------------------|--------------------------|-----------------------------------|--------------|------------------------|
| Production | | | | | |
| (Net of royalties) (BP share) | | | | | |
| 833 | 837 | 850 | Crude oil (mb/d) | 836 | 825 |
| 579 | 555 | 553 | Natural gas (mmcf/d) | 583 | 546 |
| 932 | 933 | 945 | Total hydrocarbons (mboe/d) | 937 | 919 |
| (a) | | | | | |
| \$ million | | | | | |
| Income statement | | | | | |
| (BP share) | | | | | |
| 1,345 | 873 | 1,081 | Profit before interest and | 2,173 | 4,580 |
| (b) | | | | | |
| (71) | (54) | (53) | Finance costs | (175) | (203) |
| (369) | (242) | (263) | Taxation | (690) | (1,224) |
| (56) | (31) | (33) | Minority interest | (96) | (209) |
| 849 | 546 | 732 | Net income | 1,412 | 2,944 |
| Cash flow | | | | | |
| 300 | 468 | 252 | Dividends received | 720 | 1,500 |

| Balance sheet | 30 September 2009 | 31 December 2008 |
|--|----------------------|---------------------|
| Investments in jointly controlled entities | - | 8,939 |
| Investments in associates | 9,585 | - |

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

(b) Third quarter and nine months 2009 includes a gain of \$102 million related to the sale of TNK-BP's oil field services enterprises to Weatherford International.

7. Inventory valuation

Due to falling oil prices a provision of \$1,412 million was held at 31 December 2008 to write inventories down to their net realizable value. The net movement in the provision during the third quarter of 2009 was an increase of \$128 million (second quarter of 2009 was an increase of \$92 million). The movement in the provision in the nine months ended 30 September 2009 is a decrease of \$943 million.

8. Fourth-quarter results

BP's fourth-quarter results will be announced on 2 February 2010.

9. Statutory accounts

The financial information shown in this publication, which was approved by the Board of Directors on 26 October 2009, is unaudited and does not constitute statutory financial statements. Statutory accounts for the financial year ended 31 December 2008 for BP have been filed with the Registrar of Companies in England

and
Wales

; the report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

Contacts

| | | |
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BP p.l.c.
(Registrant)

Dated: 27 October, 2009

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