

Edgar Filing: BP PLC - Form 6-K

333-67206) OF BP p.l.c., AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

Page 2

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

GROUP RESULTS JANUARY - SEPTEMBER 2001

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
	2001	2000	2001	
Turnover	- \$m	43,580	42,631	137,401
Total replacement cost operating profit	- \$m	3,757	4,695	14,228
Replacement cost profit before exceptional items	- \$m	2,355	2,947	8,824
Replacement cost profit for the period	- \$m	2,345	2,807	9,018
Historical cost profit for the period	- \$m	1,940	3,351	8,415
Profit per Ordinary Share	- cents	8.66	14.85	37.48
Dividends per Ordinary Share	- cents	5.50	5.25	16.25

(a) For further information on replacement cost profit see Note 6 of Notes to Consolidated Financial Statements

The following discussion should be read in conjunction with the consolidated financial statements provided elsewhere in this Form 6-K and with the consolidated financial statements and related notes for the year ended December 31, 2000 included in BP p.l.c.'s Annual Report on Form 20-F for the year ended December 31, 2000. Comparative figures for the three months and nine months ended September 30, 2000 have been restated to reflect the transfer of BP's North American NGL business from Refining and Marketing to Gas and Power.

The changes in turnover for the third quarter reflect significant increases in Gas and Power due to higher gas sales volumes, partially offset by the effect of lower oil and gas prices in Exploration and Production. Turnover for the nine months also reflects the inclusion of ARCO for the whole of the nine months in 2001, compared to around six months (from April 14) in 2000, the acquisition of Burmah Castrol from July 7, 2000 and the consolidation of the European fuels business with effect from August 1, 2000.

Replacement cost profit before exceptional items (which excludes inventory holding gains and losses) was \$2,355 million for the three months ended September 30, 2001, compared with \$2,947 million for the equivalent period of 2000. These results are after charging special items of \$122 million (\$91 million after tax) for the three months ended September 30, 2001, and \$392 million (\$289 million after tax) for the equivalent period of 2000. The results for the three months ended September 30, 2001 and 2000 are also after charging acquisition amortization of \$603 million and \$560 million, respectively. Acquisition amortization refers to depreciation relating to the fixed asset revaluation adjustment and amortization of goodwill consequent upon the ARCO and Burmah Castrol acquisitions. The special charges for the three months ended September 30, 2001 comprised in Refining and Marketing, Castrol integration costs of \$112 million, in Chemicals, Erdolchemie rationalization costs of \$8

Edgar Filing: BP PLC - Form 6-K

million and a bond redemption charge of \$2 million. Those for the corresponding period of 2000 related to ARCO, Vastar and Castrol integration costs, rationalization costs post the BP/Amoco merger, and an asset writedown.

For the nine months ended September 30, 2001, the replacement cost profit before exceptional items was \$8,824 million, up from \$8,415 million in 2000. The results for 2001 are after charging special items of \$344 million (\$250 million after tax) and acquisition amortization of \$1,900 million. The results for 2000 include special charges of \$1,032 million (\$761 million after tax), and acquisition amortization of \$937 million.

The historical cost profit for the three months ended September 30, 2001 was \$1,940 million after inventory holding losses of \$405 million and including net exceptional gains of \$184 million (\$10 million charge after tax) in respect of net profits on the sale of fixed assets and businesses and termination of operations. For the equivalent period of 2000 there was a profit of \$3,351 million including inventory holding gains of \$544 million, and net exceptional gains of \$138 million (\$140 million charge after tax) in respect of net profits on the sale of fixed assets and businesses and termination of operations.

For the nine months ended September 30, 2001, the historical cost profit was \$8,415 million, after inventory holding losses of \$603 million and including net exceptional gains of \$573 million (\$194 million after tax) in respect of net profits on sale of fixed assets and businesses and terminations of operations. For the nine months ended September 30, 2000, the historical cost profit was \$9,460 million, including inventory holding gains of \$1,289 million and net exceptional gains of \$142 million (\$244 million charge after tax) in respect of net profits on sale of fixed assets and businesses and terminations of operations.

Page 3

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

Net taxation, other than production taxes, charged for the three months ended September 30, 2001 was \$1,212 million compared with \$1,554 million in the equivalent period last year. The third quarter 2001 included a tax charge of \$194 million in respect of exceptional items compared with a tax charge of \$278 million for the third quarter of 2000. The effective tax rate on replacement cost profit before exceptional items was 30% for the three months ended September 30, 2001 and 32% for the nine months, compared with 29% and 28% for the equivalent period of 2000. The increase in the tax rate for the third quarter is primarily due to the non-availability of prior year tax credits in 2001. For the nine months, the non-deductibility for tax purposes of the acquisition amortization was also a factor as 2001 includes a full nine months of acquisition amortization compared to around six months (from April 14) in 2000.

Interest expense for the three months ended September 30, 2001 was \$369 million (including \$2 million relating to a bond redemption charge) compared with \$460 million in the equivalent period of 2000 reflecting lower interest rates. For the nine months ended September 30, 2001 interest expense was \$1,256 million (including \$62 million relating to bond redemption charges) compared to \$1,159 million a year ago, reflecting inclusion of ARCO for the full nine months of 2001 compared to around six months in 2000, partly offset by lower interest rates.

Net cash inflow for the three months ended September 30, 2001 was \$0.9 billion, compared with an outflow of \$2.4 billion for the equivalent period of 2000. The

Edgar Filing: BP PLC - Form 6-K

third quarter of 2000 included an outflow of \$5.1 billion net of cash acquired, related to the acquisition of Burmah Castrol and the minority interest in Vastar. In the third quarter of 2001, lower operating cash flow and higher capital expenditure net of divestment proceeds were partly offset by lower tax payments due to phasing effects. For the first nine months of 2001, net cash inflow was \$2.0 billion compared with a net cash inflow of \$5.4 billion in the same period in 2000. For the nine months ended September 30, 2001 the overall decreased cash flow is primarily driven by higher capital expenditure and significantly lower divestment proceeds (the second quarter of 2000 included the proceeds from the sale of the ARCO Alaska assets).

Capital expenditure and acquisitions in the third quarter and nine months of 2001 were \$3.4 billion and \$9.7 billion, respectively. Expenditure for the nine months of 2001 included the acquisition of Bayer's 50% interest in Erdolchemie. Excluding acquisitions, capital expenditure for the third quarter and nine months of 2001 was \$3.3 billion and \$9.1 billion, up \$0.7 billion and \$2.4 billion, respectively, on the corresponding periods in 2000. For the three months and nine months ended September 30, 2000 capital expenditure and acquisitions were \$9.6 billion and \$15.1 billion, respectively. Expenditure for the three months and nine months ended September 30, 2000 included the acquisition of Burmah Castrol, the Mobil share of the European Joint Venture and the minority interest in Vastar, and in addition for the nine months ended September 30, 2000 a 2.2% interest in PetroChina. Excluding the effect of these acquisitions, capital expenditure for the third quarter and nine months of 2000 was \$2.6 billion and \$6.7 billion, respectively. BP expects total capital expenditure for 2001 to be approximately \$13 billion excluding acquisitions.

Net debt at September 30, 2001 was \$18.5 billion. The ratio of net debt to net debt plus equity was 19% compared to the 20% rate at June 30, 2001 and 21% at December 31, 2000. After adjusting for the fixed asset revaluation adjustment and goodwill consequent upon the ARCO and Burmah Castrol acquisitions, the ratio of net debt to net debt plus equity was 24% at September 30, 2001 compared with 25% at June 30, 2000 and 27% at December 31, 2000.

BP believes that, taking into account the substantial amounts of undrawn borrowing facilities available, the Group has sufficient working capital for foreseeable requirements.

The return on average capital employed for the three months ended September 30, 2001 was 11% compared with 14% for the equivalent period of 2000. For the nine months ended September 30, 2001, the return on average capital employed was 14%. For further information on the return on average capital employed calculation see Note 12 of Notes to Consolidated Financial Statements.

BP purchased for cancellation approximately 49 million of its own shares during the third quarter of 2001 at a cost of \$400 million. Total share purchases over the nine months to September 30, 2001 amounted to approximately 140 million at a cost of \$1,182 million.

BP announced a third quarterly dividend for 2001 of 5.50 cents per ordinary share. Holders of ordinary shares will receive 3.805 pence per share and holders of American Depositary Receipts (ADRs) \$0.33 per ADS. The dividend for the nine months was 16.25 cents per share, up 7%, which is equivalent to 11.381 pence per share, up 12% over last year. The dividend is payable on December 10, 2001 to shareholders on the register on November 16, 2001. Participants in the Dividend Reinvestment Plan or the dividend reinvestment facility in the US Direct Access Plan will receive the dividend in the form of shares on December 10, 2001.

BP intends to continue to pay dividends in the future of around 50% of its replacement cost profit before exceptional items after adjusting for special items and acquisition amortization, adjusted to mid-cycle business conditions. Mid-cycle conditions are our best estimate of likely average prices and margins

Edgar Filing: BP PLC - Form 6-K

over the long term.

Page 4

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

Owing to the significant acquisitions that took place in 2000, in addition to its reported results, BP is presenting pro forma results adjusted for special items in order to enable shareholders to assess current performance in the context of BP's past performance and against that of its competitors. The pro forma result, adjusted for special items, has been derived from BP's UK GAAP accounting information but is not in itself a recognized UK or US GAAP measure.

Reconciliation of reported profit (loss) to pro forma result adjusted for special items	Reported	Acquisition amortization(a)	Special items(b)	Pro forma result adjusted special items
		(\$ million)		
Three months ended September 30, 2001				
Exploration and Production	2,641	429	-	3,070
Gas and Power	130	-	-	130
Refining and Marketing	1,003	174	112	1,289
Chemicals	105	-	8	113
Other businesses and corporate	(122)	-	-	(122)
Replacement cost operating profit	3,757	603	120	4,480
Interest expense	(369)	-	2	(367)
Taxation	(1,018)	-	(31)	(1,049)
Minority shareholders' interest	(15)	-	-	(15)
Replacement cost profit before exceptional items	2,355	603	91	3,049
per ordinary share (cents)	10.50			13.04
Three months ended September 30, 2000				
Exploration and Production	3,552	412	192	4,156
Gas and Power	132	-	-	132
Refining and Marketing	964	185	110	1,259
Chemicals	263	-	4	267
Other businesses and corporate	(216)	-	86	(130)
Replacement cost operating profit	4,695	597	392	5,684
Interest expense	(460)	-	-	(460)
Taxation	(1,276)	-	(103)	(1,379)
Minority shareholders' interest	(12)	(37)	-	(49)
Replacement cost profit before exceptional items	2,947	560	289	3,796
per ordinary share (cents)	13.04			16.00

Edgar Filing: BP PLC - Form 6-K

-
- (a) Acquisition amortization refers to depreciation relating to the fixed asset revaluation adjustment and amortization of goodwill consequent upon the ARCO and Burmah Castrol acquisitions in 2000.
- (b) The special items refer to non-recurring charges and credits. The special items for the third quarter 2001 comprise Castrol integration costs, Erdolchemie rationalization costs and a bond redemption charge. The special items for the third quarter 2000 comprise ARCO, Vastar and Castrol integration costs, rationalization costs post the BP/Amoco merger, and an asset writedown.

Page 5

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

Reconciliation of reported profit (loss) to pro forma result adjusted for special items	Reported	Acquisition amortization(a)	Special items(b)	Pro forma result adjusted special items
	-----	-----	-----	-----
		(\$ million)		
Nine months ended September 30, 2001				
Exploration and Production	10,762	1,362	-	12,124
Gas and Power	415	-	-	415
Refining and Marketing	3,233	538	274	4,045
Chemicals	195	-	8	203
Other businesses and corporate	(377)	-	-	(377)
	-----	-----	-----	-----
Replacement cost operating profit	14,228	1,900	282	16,410
Interest expense	(1,256)	-	62	(1,194)
Taxation	(4,101)	-	(94)	(4,195)
Minority shareholders' interest	(47)	-	-	(47)
	-----	-----	-----	-----
Replacement cost profit before exceptional items	8,824	1,900	250	10,974
per ordinary share (cents)	39.30	=====	=====	48.00
	=====			=====
Nine months ended September 30, 2000				
Exploration and Production	9,774	761	475	11,010
Gas and Power	388	-	-	388
Refining and Marketing	2,731	255	251	3,237
Chemicals	842	-	54	896
Other businesses and corporate	(742)	-	252	(490)
	-----	-----	-----	-----
Replacement cost operating profit	12,993	1,016	1,032	15,041
Interest expense	(1,159)	-	-	(1,159)
Taxation	(3,344)	-	(271)	(3,615)
Minority shareholders' interest	(75)	(79)	-	(154)
	-----	-----	-----	-----
Replacement cost profit before exceptional items	8,415	937	761	10,113
	-----	=====	=====	-----

Edgar Filing: BP PLC - Form 6-K

per ordinary share (cents) 39.42
=====

47
=====

-
- (a) Acquisition amortization refers to depreciation relating to the fixed asset revaluation adjustment and amortization of goodwill consequent upon the ARCO and Burmah Castrol acquisitions in 2000.
- (b) The special items refer to non-recurring charges and credits. The special items for the nine months 2001 comprise Castrol integration costs, Erdolchemie rationalization costs and a bond redemption charge. The special items for the nine months 2000 comprise ARCO, Vastar and Castrol integration costs, rationalization costs post the BP/Amoco merger, and an asset writedown.

Page 6

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

OPERATING INFORMATION

	Three months ended		Nine months ended	
	September 30		September 30	
	(Unaudited)		(Unaudited)	
	2001	2000	2001	2000
	-----	-----	-----	-----
Crude oil and natural gas liquids production (thousand barrels per day), (net of royalties)				
UK	457	521	480	
Rest of Europe	96	86	95	
USA	741	691	735	
Rest of World	589	604	592	
	-----	-----	-----	-----
Total crude oil and liquids production	1,883	1,902	1,902	1,902
	=====	=====	=====	=====
Natural gas production (million cubic feet per day), (net of royalties)				
UK	1,305	1,340	1,713	1,713
Rest of Europe	139	104	143	143
USA	3,577	3,362	3,531	3,531
Rest of World	3,298	2,991	3,200	3,200
	-----	-----	-----	-----
Total natural gas production	8,319	7,797	8,587	8,587
	=====	=====	=====	=====
Total production (a) (thousand barrels of oil equivalent per day), (net of royalties)				
UK	682	752	775	775
Rest of Europe	120	104	120	120
USA	1,358	1,271	1,344	1,344
Rest of World	1,157	1,119	1,144	1,144
	-----	-----	-----	-----
Total production	3,317	3,246	3,383	3,383
	=====	=====	=====	=====

Edgar Filing: BP PLC - Form 6-K

	=====	=====	=====	=====
Natural gas sales volumes (million cubic feet per day)				
UK	2,170	2,289	2,682	2,
Rest of Europe	170	151	207	
USA	8,692	6,845	8,403	5,
Rest of World	7,331	5,535	7,191	4,
	-----	-----	-----	-----
Total natural gas sales volumes (b)	18,363	14,820	18,483	13,
	=====	=====	=====	=====
NGL sales volumes (thousand barrels per day)				
UK	-	-	-	
Rest of Europe	-	-	-	
USA	233	195	220	
Rest of World	162	171	180	
	-----	-----	-----	-----
Total NGL sales volumes	395	366	400	
	=====	=====	=====	=====

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

Page 7

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

OPERATING INFORMATION

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
	2001	2000	2001	2000
	-----	-----	-----	-----
Oil sales volumes (thousand barrels per day)				
Refined products				
UK	269	276	266	
Rest of Europe	1,058	981	1,055	
USA	1,863	1,911	1,897	1,
Rest of World	612	489	599	
	-----	-----	-----	-----
Total marketing sales	3,802	3,657	3,817	3,
Trading/supply sales	2,744	1,843	2,308	1,
	-----	-----	-----	-----
Total refined product sales	6,546	5,500	6,125	5,
Crude oil	4,680	5,725	4,431	6,
	-----	-----	-----	-----
Total oil sales	11,226	11,225	10,556	11,

Edgar Filing: BP PLC - Form 6-K

Refinery throughputs (thousand barrels per day)				
UK	414	359	347	
Rest of Europe	646	627	654	
USA	1,568	1,765	1,578	1,
Rest of World	375	362	379	
Total throughput	3,003	3,113	2,958	2,
Chemicals production (thousand tonnes)				
UK	804	779	2,333	2,
Rest of Europe	2,164	1,680	5,648	5,
USA	2,299	2,438	6,664	7,
Rest of World	703	591	2,023	1,
Total production	5,970	5,488	16,668	16,

Page 8

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

DETAILED REVIEW OF BUSINESSES (EXCLUDING EXCEPTIONAL ITEMS)

EXPLORATION AND PRODUCTION

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2001	2000	2001	2000
Turnover	- \$m	6,335	8,195	22,893	21,
Total replacement cost operating profit	- \$m	2,641	3,552	10,762	9,
Results included:					
Exploration expense	- \$m	86	143	336	
Key Statistics:					
Average prices :Crude oil (a)	- \$/bbl	23.08	27.84	24.22	26
realized by BP :Natural gas	- \$/mcf	2.49	3.01	3.66	2
Brent oil price	- \$/bbl	25.30	30.42	26.14	28
West Texas intermediate oil price	- \$/bbl	26.72	31.71	27.77	29
Henry Hub gas price (b)	- \$/mmBtu	2.93	4.27	4.88	3

-
- (a) Crude oil and natural gas liquids
(b) Henry Hub First of the Month Index

Edgar Filing: BP PLC - Form 6-K

Total replacement cost operating profit for the three months and nine months ended September 30, 2001 were \$2,641 million and \$10,762 million, respectively. This compares with \$3,552 million and \$9,774 million for the corresponding periods in 2000. Significantly lower oil and gas prices are reflected in both turnover and replacement cost operating profit for the third quarter 2001. The turnover and replacement cost operating profit results for the nine months ended September 30, 2001 also reflect the inclusion of ARCO and other portfolio changes for the whole nine months, compared to only around six months (from April 14) for the same period in 2000. Lower exploration expense reflects a more focused exploration programme and lower write-offs in 2001. In addition, the results are after charging depreciation and amortization arising from the fixed asset revaluation adjustment and goodwill consequent upon the ARCO acquisition of \$429 million for the three months and \$1,362 million for the nine months ended September 30, 2001. For the equivalent periods in 2000, the amounts were \$412 million and \$761 million, respectively. Special items in the three months ended September 30, 2000 principally comprised ARCO and Vastar integration costs and an asset write-down. The special items for the nine months ended September 30, 2000 also included the settlement of a lawsuit.

Total hydrocarbon production for the third quarter was up 2% on the third quarter of 2000, with natural gas up 7% and liquids broadly flat. On a consistent current portfolio basis, total hydrocarbon production increased by around 3% over a year ago. Crude oil production from the deepwater Gulf of Mexico increased by 25% as new capacity continues to be added. The increase in natural gas resulted from strong output growth in our joint venture in Argentina, up 40%, and in North America, up 6%. For the first nine months of 2001, total production was up 6% with natural gas up 18%. On a consistent current portfolio basis the total hydrocarbon production increase for the nine months was 1%.

In support of continued growth, capital expenditure during the quarter was \$2.4 billion, 31% higher than the same quarter a year ago, and \$6.7 billion for the nine months, up 58% on a year ago. BP approved the Clair development (BP 28.6% and operator) in the UK Continental Shelf, and agreed with its partners to invest \$940 million to develop the field. Other developments approved were Jasmin, a Girassol satellite offshore Angola, and the first stage of the Cuenca Marina Austral field in Argentina. In early November, the third phase of Schiehallion, west of Shetland was also approved.

Page 9

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

GAS AND POWER

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)		
	2001	2000	2001	2000	
	-----		-----		
Turnover	- \$m	9,241	5,481	31,756	12,756
Total replacement cost operating profit	- \$m	130	132	415	415

On January 1, 2001, the natural gas liquids (NGL) business located in North

Edgar Filing: BP PLC - Form 6-K

America was moved to Gas and Power from Refining and Marketing. Comparative information has been restated.

The increase in turnover for the third quarter and nine months of 2001 is primarily due to higher sales volumes in the natural gas marketing and trading business. The replacement cost operating profit for the third quarter and nine months was \$130 million and \$415 million, respectively, compared with \$132 million and \$388 million a year ago. In the third quarter, natural gas marketing and trading performance has improved on the back of a continued increase in activity with gas sales volumes up 24% on a year ago. This has largely offset the effect of lower margins in the NGL business. The nine months profit reflected improved marketing and trading performance, partly offset by a reduction in the NGL result.

In September, BP announced that it had agreed to purchase a set of natural gas marketing and trading assets from TransCanada PipeLines Limited, subject to regulatory approval in Canada. This acquisition will reinforce BP's position as a leader in the North American energy marketing and merchant business.

Page 10

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

REFINING AND MARKETING

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)		
	2001	2000	2001	2000	
	-----		-----		
Turnover	- \$m	30,925	31,311	93,705	75,000
Total replacement cost operating profit	- \$m	1,003	964	3,233	2,731
Global Indicator Refining Margin (a)	- \$/bbl	3.83	4.83	4.62	3.83

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

Turnover for the nine months primarily reflects the inclusion of ARCO for the whole of the nine months in 2001, compared to around six months (from April 14) in 2000, the acquisition of Burmah Castrol on July 7, 2000 and the consolidation of the European fuels business with effect from August 1, 2000.

The replacement cost operating profit for the three months and nine months ended September 30, 2001 was \$1,003 million and \$3,233 million, respectively. This compares with \$964 million and \$2,731 million for the equivalent periods in 2000. The results include acquisition amortization of \$174 million and \$538 million for the three months and nine months ended September 30, 2001. For the

Edgar Filing: BP PLC - Form 6-K

equivalent periods in 2000 the acquisition amortization was \$185 million and \$255 million, respectively. Special items for the three months and nine months ended September 30, 2001 were \$112 million and \$274 million, respectively. The special items comprised Castrol integration costs. Specials for the nine months also include rationalization costs in the European downstream commercial business. Specials for the nine months also include rationalization costs in the European downstream commercial business. Special items in the three months and nine months ended September 30, 2000 comprised rationalization costs post the BP/Amoco merger, ARCO and Burmah Castrol integration costs and litigation costs.

The main drivers of the improvement on the corresponding quarter last year were higher retail margins and volumes. Retail margins reflected lower wholesale prices in several regions. Refining margins were volatile throughout the quarter and were down \$1 per barrel versus the prior year as particularly strong US Midwest refining margins only partially offset lower refining margins in other areas. The nine months result benefited from higher refining margins and volume improvements compared to a year ago.

Third quarter refinery throughputs decreased by 3.5% compared to a year ago as a result of the impact of refinery disposals, which more than offset underlying throughput increases (for the nine months throughput increased by 3% over the same period in 2000). Third quarter marketing sales increased by 4% compared to a year ago (the nine months ended September 30, 2001 showed a 17% increase over the same period in 2000) and store sales were up 7% in the third quarter reflecting the consolidation of the European fuels business and the increasing number of BP Connect stores. We are on track to deliver our unit cost reduction target of 2.5% in 2001.

The roll-out of BP Connect continued during the quarter with over 230 BP Connect stores now open in the UK, USA, Australia and New Zealand. BP's leadership position in clean fuels continues to grow as BP is now providing clean fuels to 76 cities.

In September 2001, BP completed the sale of its Salt Lake City, Utah, and Mandan, North Dakota, refineries in the USA.

Page 11

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

CHEMICALS

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2001	2000	2001	2000
Turnover	- \$m	3,272	2,798	9,034	8,034
Total replacement cost operating profit	- \$m	105	263	195	195
Chemicals Indicator Margin (a)	- \$/te	110 (b)	128	107 (b)	107 (b)

(a) The Chemicals Indicator Margin (CIM) is a weighted average of

Edgar Filing: BP PLC - Form 6-K

externally-based product margins reflecting industry supply/demand conditions. It is based on market data collected by Chem Systems in their quarterly market analyses, then weighted based on BP's product portfolio. The products and businesses covered in the CIM are olefins and derivatives, aromatics and derivatives, linear alpha olefins, acetic acid, vinyl acetate monomer and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha olefins, anhydrides, speciality intermediates, and the remaining parts of the solvents and acetyls businesses. This quarter the margin indicator has been adjusted to reflect the Erdolchemie purchase and the impact of recently divested businesses. Prior quarters have been restated.

- (b) Provisional. The data for the quarter and nine months is based on two months' and eight months' actual data, respectively, and one month of provisional data.

Increased turnover for the third quarter and the nine months primarily reflects the inclusion of 100% of Erdolchemie results in 2001. Chemicals' replacement cost operating profit for the three months and nine months ended September 30, 2001 was \$105 million and \$195 million, respectively, after special charges of \$8 million related to Erdolchemie rationalization. For the corresponding periods in 2000 the replacement cost operating profit was \$263 million and \$842 million, after special charges of \$4 million and \$54 million, respectively. The third quarter result was a decrease of \$158 million over the equivalent quarter in 2000. The lower result was caused by a deterioration in the trading environment associated with weaker economic growth. The nine months result was significantly lower than a year ago due to the poor margin environment, higher restructuring costs and the effect of unscheduled shutdowns.

Third quarter production of 5,970kte is 9% above the same quarter of 2000. This record production benefits from full ownership of Erdolchemie for the whole quarter and restored operations at three major cracker sites. Production for the first nine months of 2001 is flat compared to 2000.

BP continues to progress the restructuring programme, announced in August, which is fundamental to its chemicals business. This is designed to lower significantly the business' cost structure and to focus its portfolio. Actions taken during the third quarter included announcement of the cessation of production of polybutenes and panasols at Texas City in the USA and of butyl acetate at Hull, England. We also announced the closure of our low-density polyethylene manufacturing operation at Wilton, England. The third quarter and nine months results include \$27 million and \$67 million, respectively, of restructuring costs, in addition to the special item relating to Erdolchemie.

In early November, BP completed its deal with Solvay, originally announced in late 2000. This deal will significantly strengthen BP's polyolefins business in Europe and in the USA. As a result of the deal BP has added Solvay's global polypropylene business to its existing business and the two companies have combined their high-density polyethylene businesses into two joint ventures - BP Solvay Polyethylene Europe (50% BP, 50% Solvay) and BP Solvay Polyethylene North America (49% BP, 51% Solvay). BP has also transferred its non-core engineering polymers business to Solvay.

Page 12

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

OTHER BUSINESSES AND CORPORATE

Edgar Filing: BP PLC - Form 6-K

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2001	2000	2001	2000
		-----	-----	-----	-----
Turnover	- \$m	204	106	567	
Replacement cost operating profit	- \$m	(122)	(216)	(377)	

Other Businesses and Corporate comprises Finance, BP Solar, the Group's coal asset, aluminium asset, its investments in PetroChina and Sinopec, interest income and costs relating to corporate activities.

Replacement cost operating loss for the three months and nine months ended September 30, 2001 was \$122 million and \$377 million, respectively. This compares with \$216 million and \$742 million for the corresponding periods in 2000. There were special items of \$86 and \$252 million in the third quarter and nine months of 2000, respectively, relating primarily to rationalization costs post the BP Amoco merger and ARCO integration costs. There were no special items for the three months and nine months ended September 30, 2001.

BP Solar production for the nine months ended September 30, 2001 was 25% higher than a year ago. A total of 38 megawatts of solar panel generating capacity was sold in the nine months ended September 30, 2001.

EXCEPTIONAL ITEMS

		Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)	
		2001	2000	2001	2000
		-----	-----	-----	-----
Profit (loss) on sale of fixed assets and businesses and termination of operations	- \$m	184	138	573	
Taxation credit (charge)	- \$m	(194)	(278)	(379)	
Exceptional items after taxation	- \$m	(10)	(140)	194	

Exceptional items for the three months ended September 30, 2001 include profit from the sale of the Salt Lake City and Mandan refineries in the USA and losses associated with the closure of certain chemical operations. Exceptional items for the nine months ended September 30, 2001 also include profit on the sale of the Kashagan discovery in Kazakhstan, loss on the sale of the Carbon Fibers business in the USA, and profit on the sale of the Alliance Refinery pipeline system. Exceptional items for the three months ended September 30, 2000 primarily represent the profit on sale of the Alliance Refinery. In addition, exceptional items for the nine months ended September 30, 2000 include the profit on sale of BP's interest in Altura Energy, the losses on sale of certain Venezuelan upstream interests and the subvention of Singapore Aromatics Company bank loans.

OUTLOOK

Edgar Filing: BP PLC - Form 6-K

Oil prices have softened as demand has weakened, particularly for aviation fuel, after the tragic events of 11 September, while OPEC has continued to produce beyond its quotas. The critical issue, as we look forward, is whether OPEC will curb that output sufficiently to pull the crude price back within its target range.

US natural gas prices have settled at more normal levels, though we should expect the usual seasonal variations. Refining margins continue to show significant regional differences but, overall, are likely to be down on last year because of lower product demand. Retail margins have benefited recently from falling product prices, but chemicals margins look set to stay pretty flat due to weakening demand and excess capacity.

While the climate is unsettled, the world is still open for business. For our part we are intensifying our focus on cost and investment discipline to ensure we sustain underlying performance, keep growth fully profitable and maintain our robust financial health. Production growth remains on target, at a very competitive level.

Page 13

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

RECENT DEVELOPMENTS

BP announced on November 13, 2001 that it will restructure operations at the Company's Grangemouth refining and petrochemical complex in Scotland. The move is part of a series of initiatives and investments to radically improve the plant's ability to compete in an increasingly difficult international refining and chemicals environment. It will lead to the loss of up to 1,000 jobs over the next two years.

The decision follows a fundamental ten-week review of the site's organisation, asset structure and, most particularly, its financial performance, which has been severely impacted by the economic downturn, unprecedentedly depressed chemicals markets, and a series of operational problems.

The reorganization will streamline Grangemouth's three main businesses - refining, petrochemicals and the Forties pipeline terminal - into a single organization, designed to simplify site operations while increasing reliability and efficiency.

FORWARD-LOOKING STATEMENTS

In order to utilize the 'Safe Harbor' provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing the following cautionary statement. The foregoing discussion, in particular, although not limited to, the statements under 'Outlook', with regard to trends in the trading environment, oil and gas prices, refining, marketing, NGL and chemicals margins, inventory and product stock levels, supply capacity, capital expenditure, working capital, profitability, results of operation, dividend payments liquidity or financial position and statements regarding our targets are all forward-looking in nature. Forward-looking statements are identified by such phrases as 'will', 'expects', 'is expected to', 'may', 'is likely to', 'intends' and 'believes'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of

Edgar Filing: BP PLC - Form 6-K

factors, including the specific factors identified in the discussions accompanying such forward-looking statements; future levels of industry product supply, demand and pricing; political stability and economic growth in relevant areas of the world; development and use of new technology and successful partnering; the actions of competitors; natural disasters and other changes to business conditions; and other factors discussed elsewhere in this report. In addition to factors set forth elsewhere in this report, the factors set forth above are important factors, although not exhaustive, that may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Additional information, including information on factors which may affect BP's business, is contained in BP's Annual Report and Accounts for 2000 and in the Annual Report on Form 20-F for 2000 filed with the US Securities and Exchange Commission.

2001 DIVIDENDS

On November 6, 2001, BP p.l.c. announced a third quarterly dividend for 2001 of 5.5 cents per ordinary share of 25 cents (ordinary shares), representing \$0.33 per American Depositary Share (ADS) amounting to \$1,232 million in total. The record date for qualifying US resident holders of American Depositary Shares as well as holders of ordinary shares was November 16, 2001, with payment to be made on December 10, 2001.

The dividend payable on December 10, 2001 entitles qualifying US ADS shareholders to a refund of the 1/9th UK tax credit (approximately \$0.037) attaching to the dividend less a UK withholding tax limited to the amount of the tax credit. The effect of these arrangements for ADS holders is currently a cash payment of \$0.330, a gross dividend for tax purposes of \$0.367 and a potential tax credit of \$0.037 per ADS.

There is a Dividend Reinvestment Plan whereby holders of ordinary shares can elect to reinvest the net cash dividend in shares purchased on the London Stock Exchange. This plan is not available to any person resident in the USA or Canada, or in any jurisdiction outside the UK where such an offer requires compliance by the Company with any governmental or regulatory procedures or any similar formalities. A dividend reinvestment facility is, however, available for holders of ADSs through the Direct Access Plan of Morgan Guaranty Trust Company of New York. Participants in the Dividend Reinvestment Plan or the dividend reinvestment facility included in the US Direct Access Plan will receive the dividend in the form of shares on December 10, 2001.

Page 14

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

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)
	2001	2000	2001
	-----		-----
	(\$ million, except per share amounts)		
Turnover - Note 3	43,886	44,862	138,275
Less: joint ventures	306	2,231	874
	-----	-----	-----

Edgar Filing: BP PLC - Form 6-K

Group turnover	43,580	42,631	137,401
Replacement cost of sales	36,994	35,365	114,444
Production taxes - Note 4	337	511	1,353
	-----	-----	-----
Gross profit	6,249	6,755	21,604
Distribution and administration expenses	2,865	2,466	8,419
Exploration expense - Note 5	86	143	336
	-----	-----	-----
	3,298	4,146	12,849
Other income	179	73	486
	-----	-----	-----
Group replacement cost operating profit	3,477	4,219	13,335
Share of profits of joint ventures	125	283	352
Share of profits of associated undertakings	155	193	541
	-----	-----	-----
Total replacement cost operating profit - Notes 6 & 7	3,757	4,695	14,228
Profit (loss) on sale of fixed assets and businesses and termination of operations - Note 8	184	138	573
	-----	-----	-----
Replacement cost profit before interest and tax - Note 6	3,941	4,833	14,801
Inventory holding gains (losses) - Note 9	(405)	544	(603)
	-----	-----	-----
Historical cost profit before interest and tax	3,536	5,377	14,198
Interest expense - Note 10	369	460	1,256
	-----	-----	-----
Profit before taxation	3,167	4,917	12,942
Taxation - Note 11	1,212	1,554	4,480
	-----	-----	-----
Profit after taxation	1,955	3,363	8,462
Minority shareholders' interest	15	12	47
	-----	-----	-----
Profit for the period	1,940	3,351	8,415
	=====	=====	=====
Earnings per ordinary share - cents (a)			
Basic	8.66	14.85	37.48
Diluted	8.59	14.75	37.24
	-----	-----	-----
Earnings per American depository share - cents (a)			
Basic	51.96	89.10	224.88
Diluted	51.54	88.50	223.44
	-----	-----	-----
Average number of outstanding ordinary shares (millions)	22,425	22,597	22,449
	=====	=====	=====

(a) A summary of the material adjustments to profit for the period which would be required if generally accepted accounting principles in the United States had been applied instead of those generally accepted in the United Kingdom is given in Note 16.

Edgar Filing: BP PLC - Form 6-K

	September 30, 2001 (Unaudited)	December 31, 2000
	(\$ million)	
Fixed assets		
Intangible assets	16,353	16,893
Tangible assets	77,624	75,173
Investments	11,542	11,753
	-----	-----
	105,519	103,819
Current assets		
Business held for resale	-	636
Inventories	9,027	9,234
Receivables	28,151	28,418
Investments	519	661
Cash at bank and in hand	1,438	1,170
	-----	-----
	39,135	40,119
	-----	-----
Current liabilities - falling due within one year		
Finance debt	6,625	6,418
Accounts payable and accrued liabilities	30,449	30,729
	-----	-----
	37,074	37,147
	-----	-----
Net current assets	2,061	2,972
	-----	-----
Total assets less current liabilities	107,580	106,791
Noncurrent liabilities		
Finance debt	13,849	14,772
Accounts payable and accrued liabilities	3,803	5,223
Provisions for liabilities and charges	12,819	12,795
	-----	-----
	30,471	32,790
	-----	-----
Net assets	77,109	74,001
Minority shareholders' interest	646	585
	-----	-----
BP shareholders' interest (a) - Note 15	76,463	73,416
	=====	=====
Represented by:		
Capital shares		
Preference	21	21
Ordinary	5,611	5,632
Paid-in surplus	3,995	3,770
Merger reserve	26,982	26,869
Retained earnings	39,630	36,668
Other reserves	224	456
	-----	-----
	76,463	73,416
	=====	=====

Edgar Filing: BP PLC - Form 6-K

Net cash inflow (outflow)	905	(2,380)	1,985
	=====	=====	=====
Financing	630	1,068	1,827
Management of liquid resources	(44)	(1,755)	(146)
Increase (decrease) in cash	319	(1,693)	304
	-----	-----	-----
	905	(2,380)	1,985
	=====	=====	=====

(a) This cash flow statement has been prepared in accordance with UK GAAP. A cash flow statement prepared on the basis of US GAAP is included in Note 16.

Page 17

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

	Three months ended September 30 (Unaudited)		Nine mont Septemb (Unaudi
	2001	2000	2001
	-----	-----	-----
	(\$ million)		
Reconciliation of historical cost profit before interest and tax to net cash inflow from operating activities			
Historical cost profit before interest and tax	3,536	5,377	14,198
Depreciation and amounts provided	2,077	2,093	6,320
Exploration expenditure written off	23	51	153
Share of profits of joint ventures and associated undertakings	(278)	(515)	(891)
Interest and other income	(116)	(121)	(346)
(Profit) loss on sale of fixed assets and businesses	(184)	(136)	(573)
Charge for provisions	115	232	821
Utilization of provisions	(263)	(210)	(898)
Decrease (increase) in stocks	135	(398)	122
Decrease (increase) in debtors	2,216	(49)	748
Increase (decrease) in creditors	(2,215)	280	(2,792)
	-----	-----	-----
Net cash inflow from operating activities	5,046	6,604	16,862
	=====	=====	=====
Financing			
Long-term borrowing	(7)	(132)	(1,029)
Repayments of long-term borrowing	988	483	2,168
Short-term borrowing	(743)	(345)	(3,493)
Repayments of short-term borrowing	40	610	3,167
	-----	-----	-----
	278	616	813
Issue of ordinary share capital	(48)	(102)	(168)
Repurchase of ordinary share capital	400	554	1,182
Stamp duty reserve tax	-	-	-

Edgar Filing: BP PLC - Form 6-K

Net cash outflow from financing	630	1,068	1,827
	=====	=====	=====

(a) This cash flow statement has been prepared in accordance with UK GAAP. A cash flow statement prepared on the basis of US GAAP is included in Note 16.

Page 18

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

	Three months ended September 30 (Unaudited)		Nine mont Septemb (Unaudi
	2001	2000	2001

	(\$ million)		
By business			
Exploration and Production			
UK	326	159	783
Rest of Europe	79	50	230
USA	1,123	1,082	3,293
Rest of World	891	562	2,402
	-----	-----	-----
	2,419	1,853	6,708
	-----	-----	-----
Gas and Power			
UK (a)	37	78	51
Rest of Europe	16	1	37
USA (b)	11	37	48
Rest of World	10	9	14
	-----	-----	-----
	74	125	150
	-----	-----	-----
Refining and Marketing			
UK (c) (d)	89	4,098	267
Rest of Europe (d)	10	1,275	171
USA	281	30	688
Rest of World	62	90	173
	-----	-----	-----
	442	5,493	1,299
	-----	-----	-----
Chemicals			
UK	50	122	179
Rest of Europe (e)	69	28	623
USA	119	92	293
Rest of World	112	60	237
	-----	-----	-----
	350	302	1,332
	-----	-----	-----

Edgar Filing: BP PLC - Form 6-K

Other businesses and corporate (f)	78	1,814	207
	-----	-----	-----
	3,363	9,587	9,696
	=====	=====	=====
By geographical area			
UK	541	4,547	1,383
Rest of Europe	181	1,354	1,078
USA	1,564	2,965	4,402
Rest of World	1,077	721	2,833
	-----	-----	-----
	3,363	9,587	9,696
	=====	=====	=====

-
- (a) 3Q and nine months 2000 included \$63 million for the first instalment on two LNG ships and nine months 2000 also included investment in Great Yarmouth Power Station.
- (b) Nine months 2000 included investment in Green Mountain Energy Company.
- (c) 3Q 2000 included \$3,817 million and nine months 2000 included \$4,686 million for the purchase of Burmah Castrol's issued share capital.
- (d) 3Q and nine months 2000 included \$1,450 million for the acquisition of the Mobil share of the European Joint Venture.
- (e) Nine months 2001 included the acquisition of Bayer's 50% interest in Erdolchemie.
- (f) 3Q and nine months 2000 included \$1,688 million for the acquisition of the minority interest in Vastar. Nine months 2000 also included \$578 million for the acquisition of a 2.2% interest in PetroChina.

Page 19

BP p.l.c. AND SUBSIDIARIES
ENVIRONMENTAL INDICATORS

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)
	2001	2000	2001
	-----	-----	-----
Average oil realizations (a) - \$/bbl			
UK	24.34	28.46	25.33
USA	22.38	27.44	23.58
Rest of World	22.71	27.54	23.40
BP average	23.08	27.84	24.22
Brent oil price	25.30	30.42	26.14
West Texas Intermediate oil price	26.72	31.71	27.77
Alaska North Slope US West Coast	24.05	29.82	25.01
Average natural gas realizations - \$/mcf			
UK	2.52	2.33	3.05
USA	2.63	3.87	4.68
Rest of World	2.27	2.29	2.73
BP average	2.49	3.01	3.66
Henry Hub gas price (b) (\$/mmBtu)	2.93	4.27	4.88
Global Indicator Refining Margins (c) - \$/bbl			

Edgar Filing: BP PLC - Form 6-K

Northwest Europe	1.74	3.44	2.48
US Gulf Coast	3.24	3.87	5.87
Midwest	7.20	3.06	7.20
US West Coast	8.17	12.54	9.40
Singapore	0.75	3.19	0.80
BP average	3.83	4.83	4.62
Chemicals Indicator Margin (d) - \$/te	110 (e)	128	107 (e)

- (a) Crude oil and natural gas liquids.
- (b) Henry Hub First of Month Index.
- (c) The Global Indicator Refining Margin (GIM) is the average of seven regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity.
- (d) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins reflecting industry supply/demand conditions. It is based on market data collected by Chem Systems in their quarterly market analyses, then weighted based on BP's product portfolio. The products and businesses covered in the CIM are olefins and derivatives, aromatics and derivatives, linear alpha olefins, acetic acid, vinyl acetate monomer and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha olefins, anhydrides, engineering polymers and carbon fibres, speciality intermediates, and the remaining parts of the solvents and acetyls businesses. This quarter the margin indicator has been adjusted to reflect the Erdolchemie purchase and the impact of recently divested businesses. Prior quarters have been restated.
- (e) Provisional. The data for the third quarter is based on two months' actual and one month of provisional data.

US dollar/sterling exchange rates

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)
	2001	2000	2001
	-----		-----
Average rates for the period	1.44	1.48	1.44
Period-end rates	1.48	1.46	1.48
	=====	=====	=====

Edgar Filing: BP PLC - Form 6-K

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)
	2001	2000	2001

	(\$ million)		
Special items			
Exploration and Production			
UK	-	42	-
Rest of Europe	-	-	-
USA	-	135	-
Rest of World	-	15	-
	-----	-----	-----
	-	192	-
	-----	-----	-----
Gas and Power			
UK	-	-	-
Rest of Europe	-	-	-
USA	-	-	-
Rest of World	-	-	-
	-----	-----	-----
	-	-	-
	-----	-----	-----
Refining and Marketing			
UK	18	14	61
Rest of Europe	33	22	123
USA	11	58	19
Rest of World	50	16	71
	-----	-----	-----
	112	110	274
	-----	-----	-----
Chemicals			
UK	-	2	-
Rest of Europe	8	1	8
USA	-	1	-
Rest of World	-	-	-
	-----	-----	-----
	8	4	8
	-----	-----	-----
Other businesses and corporate			
UK	-	37	-
Rest of Europe	-	-	-
USA	-	49	-
Rest of World	-	-	-
	-----	-----	-----
	-	86	-
	-----	-----	-----
Total special items before interest	120	392	282
Interest - bond redemption charges	2	-	62
	-----	-----	-----
Total	122	392	344
	=====	=====	=====
Acquisition amortization			
Exploration and Production			
UK	42	29	110
USA	353	372	1,151
Rest of World	34	11	101
	-----	-----	-----

Edgar Filing: BP PLC - Form 6-K

during the period. The former basis is used in arriving at the historical cost result whereas the latter basis is used in arriving at the replacement cost result. For further discussion of replacement cost operating profit see Item 3 of BP's Annual Report on Form 20-F for the year ended December 31, 2000.

7. Total replacement cost operating profit

By business

Exploration and Production

UK	729	997	2,853
Rest of Europe	188	221	604
USA	850	1,247	4,189
Rest of World	874	1,087	3,116
	-----	-----	-----
	2,641	3,552	10,762
	-----	-----	-----

Gas and Power

UK	36	14	87
Rest of Europe	24	28	120
USA	89	14	220
Rest of World	(19)	76	(12)
	-----	-----	-----
	130	132	415
	-----	-----	-----

Refining and Marketing

UK	(51)	63	(278)
Rest of Europe	222	233	535
USA	696	600	2,578
Rest of World	136	68	398
	-----	-----	-----
	1,003	964	3,233
	-----	-----	-----

Chemicals

UK	(58)	(17)	(141)
Rest of Europe	87	75	186
USA	59	161	71
Rest of World	17	44	79
	-----	-----	-----
	105	263	195
	-----	-----	-----

Other businesses and corporate

	(122)	(216)	(377)
	-----	-----	-----
	3,757	4,695	14,228
	=====	=====	=====

By geographical area

UK	552	999	2,293
Rest of Europe	512	578	1,426
USA	1,582	1,856	6,806
Rest of World	1,111	1,262	3,703
	-----	-----	-----
	3,757	4,695	14,228
	=====	=====	=====

Edgar Filing: BP PLC - Form 6-K

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

	Three months ended September 30 (Unaudited)		Nine mont Septemb (Unaudi
	2001	2000	2001

	(\$ million)		
8. Analysis of exceptional items			
Profit (loss) on sale of fixed assets and businesses and termination of operations			
Exploration and Production	3	9	280
Gas and Power	-	(1)	(1)
Refining and Marketing	247	161	453
Chemicals	(81)	(30)	(167)
Other businesses and corporate	15	(1)	8
	-----	-----	-----
Exceptional items before taxation	184	138	573
Taxation charge	(194)	(278)	(379)
	-----	-----	-----
Exceptional items after taxation	(10)	(140)	194
	=====	=====	=====
9. Inventory holding gains (losses)			
Exploration and Production	(1)	3	(1)
Gas and Power	(17)	-	(61)
Refining and Marketing	(301)	524	(445)
Chemicals	(86)	17	(96)
	-----	-----	-----
	(405)	544	(603)
	=====	=====	=====
10. Interest expense			
Group interest payable (a)	292	384	1,022
Capitalized	(19)	(32)	(74)
	-----	-----	-----
	273	352	948
Joint ventures	16	24	49
Associated undertakings	33	36	109
Unwinding of discount on provisions	47	48	150
	-----	-----	-----
	369	460	1,256
	=====	=====	=====
(a) Includes charges relating to the early redemption of debt	2	-	62
	-----	-----	-----
11. Charge for taxation			
United Kingdom	244	269	766
Overseas	968	1,285	3,714
	-----	-----	-----
	1,212	1,554	4,480
	=====	=====	=====

Edgar Filing: BP PLC - Form 6-K

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

	Three months ended September 30 (Unaudited) 2001	September 30 (Unaudited) 2000	Nine months ended September 30 (Unaudited) 2001
	-----	-----	-----
	(\$ million)		
12. Return on average capital employed (ROACE)			
Replacement cost basis			
Replacement cost profit before exceptional items	2,355	2,947	8,824
Interest	369	460	1,256
Minority shareholders' interest	15	12	47
	-----	-----	-----
	2,739	3,419	10,127
	=====	=====	=====
Average capital employed	96,906	96,333	96,387
ROACE	11.3%	14.2%	14.0%
	-----	-----	-----
Acquisitions and special items adjustments			
Acquisition amortization	603	560	1,900
Special items (post tax)	89	289	204
Average capital employed	19,677	22,172	20,325
ROACE - pro forma basis adjusted for special items	17.8%	23.0%	21.4%
	-----	-----	-----
Historical cost basis			
Historical cost profit after exceptional items	1,940	3,351	8,415
Interest	369	460	1,256
Minority shareholders' interest	15	12	47
	-----	-----	-----
	2,324	3,823	9,718
	=====	=====	=====
ROACE	9.6%	16.4%	13.4%
	=====	=====	=====

* As the acquisition of ARCO was completed in April and of Burmah Castrol in July, it is not meaningful to show ROACE for the nine months ended September 30, 2000.

13. Analysis of changes in net debt			
Opening balance			
Finance debt	20,498	19,187	21,190
Less: Cash	1,103	3,313	1,170
Current asset investments	563	2,616	661
	-----	-----	-----
Opening net debt	18,832	13,258	19,359
	-----	-----	-----
Closing balance			
Finance debt	20,474	19,688	20,474
Less: Cash	1,438	1,607	1,438

Edgar Filing: BP PLC - Form 6-K

Per ordinary share - cents			
Basic - before cumulative effect of accounting change	7.89	14.48	32.56
Cumulative effect of accounting change	-	-	(0.08)
	-----	-----	-----
	7.89	14.48	32.48
	-----	-----	-----
Diluted - before cumulative effect of accounting change	7.85	14.37	32.35
Cumulative effect of accounting change	-	-	(0.08)
	-----	-----	-----
	7.85	14.37	32.27
	-----	-----	-----
Per American Depositary Share - cents (a)			
Basic - before cumulative effect of accounting change	47.34	86.88	195.36
Cumulative effect of accounting change	-	-	(0.48)
	-----	-----	-----
	47.34	86.88	194.88
	-----	-----	-----
Diluted - before cumulative effect of accounting change	47.10	86.22	194.10
Cumulative effect of accounting change	-	-	(0.48)
	-----	-----	-----
	47.10	86.22	193.62
	-----	-----	-----

Page 27

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

16.US generally accepted accounting principles - continued

BP shareholders' interest	September 30, 2001 (Unaudited)	December 31, 2000 (Unaudited)
	-----	-----
	(\$ million)	
BP shareholders' interest as reported in the consolidated balance sheet	76,463	73,416
Adjustments:	-----	-----
Fixed assets	7,926	8,777
Ordinary shares held for future awards to employees	(293)	(360)
Sale and leaseback of Chicago office building	(413)	(413)
Decommissioning and environmental provisions	(1,106)	(921)
Onerous property leases	67	105
Derivative financial instruments	(273)	-
Deferred taxation	(15,700)	(15,843)
Quarterly dividend	1,232	1,178
Pension liability adjustment	(145)	(145)
Other	(112)	(128)
	-----	-----
	(8,817)	(7,750)
	-----	-----
BP shareholders' interest as adjusted to accord with US GAAP	67,646	65,666

=====

=====

-
- (a) One American Depositary Share is equivalent to six ordinary shares.
- (b) As reported in Note 43 of Notes to Financial Statements included in BP's Annual Report on Form 20-F for the year ended December 31, 2000.

Page 28

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

16.US generally accepted accounting principles - continued

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

	Three months ended September 30 (Unaudited)		Nine mont Septemb (Unaudi
	2001	2000	2001
	-----		-----
	(\$ million)		
Operating activities			
Profit after taxation	1,955	3,363	8,462
Adjustments to reconcile profits after tax to net cash provided by operating activities			
Depreciation and amounts provided	2,077	2,093	6,320
Exploration expenditure written off	23	51	153
Share of profits of joint ventures and associates less dividends received	17	(187)	(8)
(Profit) loss on sale of businesses and fixed assets	(184)	(136)	(573)
Working capital movement (see analysis below)	561	281	(768)
Other	(145)	(1,431)	(154)
	-----	-----	-----
Net cash provided by operating activities	4,304	4,034	13,432
	-----	-----	-----
Investing activities			
Capital expenditures	(2,952)	(2,258)	(8,600)
Acquisitions, net of cash acquired	(48)	(5,095)	(608)
Investment in associated undertakings	(139)	(456)	(407)
Net investment in joint ventures	(144)	(95)	(277)
Proceeds from disposal of assets	1,131	2,630	2,057
	-----	-----	-----
Net cash used in investing activities	(2,152)	(5,274)	(7,835)
	-----	-----	-----
Financing activities			
Net proceeds from shares (repurchased) issued	(352)	(452)	(1,014)
Proceeds from long-term financing	7	132	1,029
Repayments of long-term financing	(988)	(483)	(2,168)
Net increase (decrease) in short-term debt	703	(265)	326
Dividends paid - BP shareholders	(1,235)	(1,128)	(3,595)

Edgar Filing: BP PLC - Form 6-K

- Minority shareholders	(11)	(12)	(16)
	-----	-----	-----
Net cash used in financing activities	(1,876)	(2,208)	(5,438)
	-----	-----	-----
Currency translation differences relating to cash and cash equivalents	15	(12)	(33)
	-----	-----	-----
(Decrease) increase in cash and cash equivalents	291	(3,460)	126
	-----	-----	-----
Cash and cash equivalents at beginning of period	1,666	5,929	1,831
	-----	-----	-----
Cash and cash equivalents at end of period	1,957	2,469	1,957
	=====	=====	=====
Analysis of working capital movement			
Decrease (increase) in inventories	135	(398)	122
Decrease (increase) in receivables	2,249	(57)	703
(Decrease) increase in current liabilities (excluding finance debt)	(1,823)	736	(1,593)
	-----	-----	-----
Total working capital movement	561	281	(768)
	=====	=====	=====

Page 29

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

16. US generally accepted accounting principles - continued

Earnings per share

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

	Three months ended September 30 (Unaudited)		Nine months ended September 30 (Unaudited)
	2001	2000	2001
	-----	-----	-----
		(shares million)	
Weighted average number of ordinary shares	22,425	22,560	22,449
Ordinary shares issuable under employee share schemes	134	168	142
	-----	-----	-----
	22,559	22,728	22,591
	=====	=====	=====

Comprehensive income

Edgar Filing: BP PLC - Form 6-K

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

	Three months ended September 30 (Unaudited)		Nine mont Septemb (Unaudi
	2001	2000	2001

	(\$ million)		
Profit for the period as adjusted to accord with US GAAP	1,770	3,266	7,291
Currency translation differences	1,007	(1,163)	(592)
Derivative financial instruments	(7)	-	8
Pension liability	-	-	-
	-----	-----	-----
Comprehensive income	2,770	2,103	6,707
	=====	=====	=====

Accumulated other comprehensive income at September 30, 2001 and December 31, 2000 comprised losses of \$4,611 million and \$4,027 million, respectively.

Page 30

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

16.US generally accepted accounting principles - continued

Accounting for associated undertakings and joint ventures

Under the provisions of UK Financial Reporting Standard No.9 'Associates and Joint Ventures', the Company includes its share of the results of associated undertakings and joint ventures (JVs) within various captions in the consolidated statement of income. Under US GAAP, the Company's share of the after tax profit or loss of associated undertakings and joint ventures would be recognized as a single amount. The following summarizes the reclassifications necessary to accord with US GAAP.

	Three months ended September 30, 2001 (Unaudited)		
	As Reported	Reclassification	US GAAP Presentation

	(\$ million)		
Consolidated statement of income			
Other income	179	164	343
Share of profits of JVs and associated undertakings	280	(280)	-
Exceptional items before taxation	184	-	184
Inventory holding gains (losses)	(405)	2	(403)
Interest expense	369	(49)	320

Edgar Filing: BP PLC - Form 6-K

Taxation	1,212	(65)	1,147
Profit for the period	1,940	-	1,940

Nine months ended September 30, 2001
(Unaudited)

	As Reported	Reclassification	US GAAP Presentation
(\$ million)			
Consolidated statement of income			
Other income	486	524	1,010
Share of profits of JVs and associated undertakings	893	(893)	-
Exceptional items before taxation	573	1	574
Inventory holding gains (losses)	(603)	1	(602)
Interest expense	1,256	(158)	1,098
Taxation	4,480	(209)	4,271
Profit for the period	8,415	-	8,415

Three months ended September 30, 2000
(Unaudited)

	As Reported	Reclassification	US GAAP Presentation
(\$ million)			
Consolidated statement of income			
Other income	73	405	478
Share of profits of JVs and associated undertakings	476	(476)	-
Exceptional items before taxation	138	(2)	136
Inventory holding gains (losses)	544	(37)	507
Interest expense	460	(60)	400
Taxation	1,554	(50)	1,504
Profit for the period	3,351	-	3,351

Nine months ended September 30, 2000
(Unaudited)

	As Reported	Reclassification	US GAAP Presentation
(\$ million)			
Consolidated statement of income			
Other income	533	1,218	1,751
Share of profits of JVs and associated undertakings	1,248	(1,248)	-
Exceptional items before taxation	142	(24)	118
Inventory holding gains (losses)	1,289	(231)	1,058
Interest expense	1,159	(157)	1,002
Taxation	3,730	(128)	3,602
Profit for the period	9,460	-	9,460

Edgar Filing: BP PLC - Form 6-K

16.US generally accepted accounting principles - continued

Derivative instruments and hedging activities

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

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

The Group's accounting policies under UK GAAP do not satisfy the criteria for hedge accounting under SFAS 133. The Group does not intend to modify its practice under UK GAAP.

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

All oil price derivatives and all derivatives held for trading are carried on the Group's balance sheet at fair value with changes in that value recognized in earnings of the period. For those derivative instruments, there was no impact of adopting SFAS 133 on the Group's results of operations and financial position, as adjusted to accord with US GAAP. Certain financial derivatives used to manage foreign currency and interest rate risk that qualify for hedge accounting under UK GAAP are marked to market under SFAS 133. For these derivatives, the cumulative effect of adopting SFAS 133 resulted in a pre tax charge to income, as adjusted to accord with US GAAP, of \$27 million (\$18 million after tax) and a pre tax credit to other comprehensive income of \$57 million (\$37 million after tax). The net gain included in other comprehensive income as of January 1, 2001 is expected to be reclassified into earnings during 2001. During the first nine months of 2001 a pre-tax credit of \$45 million (\$29 million after tax) included in other comprehensive income was reclassified into earnings. Under US GAAP the fair values of derivative financial instruments is shown as current assets and liabilities as appropriate.

Because the Company does not intend to modify its accounting practice to satisfy the criteria for hedge accounting under SFAS 133, the Group's results of operations, as adjusted to accord with US GAAP, will not necessarily be representative of the results it would report if US GAAP were used to prepare the consolidated financial statements of the Group and the Group sought to meet the hedge criteria of SFAS 133.

Edgar Filing: BP PLC - Form 6-K

16.US generally accepted accounting principles - concluded

Recently issued accounting standards

In June 2001 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No.141 'Business Combinations' (SFAS 141) and No. 142 'Goodwill and Other Intangible Assets' (SFAS 142). Under SFAS 141, the pooling of interest method of accounting is no longer permitted; the purchase method must be used for all business combinations initiated after June 30, 2001. SFAS 142, which is effective for accounting periods beginning after December 15, 2001, eliminates the requirement to amortize goodwill and indefinite lived intangible assets. Rather, such assets are subject to periodic impairment testing. Intangible assets that are not deemed to have an indefinite life will continue to be amortized over their estimated useful lives.

It is estimated that application of these new standards would increase the Group's results of operations, as adjusted to accord with US GAAP, by approximately \$1,300 million for the year ended December 31, 2002, assuming no impairment of goodwill.

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

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

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, 'Accounting for the Impairment or Disposal of Long-Lived Assets' (SFAS 144). SFAS 144 retains the requirement to recognize an impairment loss only where the carrying value of a long-lived asset is not recoverable from its undiscounted cash flows and to measure such loss as the difference between the carrying amount and fair value of the asset. SFAS 144, among other things, changes the criteria that have to be met in order to classify an asset as held-for-sale and requires that operating losses from discontinued operations be recognized in the period that the losses are incurred rather than as of the measurement date. SFAS 144 is effective for accounting periods beginning after December 15, 2001.

The Company has not yet determined the effect of adopting SFAS 144 on its results of operations and shareholders' interest as adjusted to accord with US GAAP.

Edgar Filing: BP PLC - Form 6-K

17. Restatement of 2000 segment information

On January 1, 2001 the natural gas liquids (NGL) operations located in the USA and Canada, were moved to the Gas and Power business from Refining and Marketing. Comparative information for 2000 has been restated as shown below.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(\$ million)				
Replacement cost operating profit				
Previously reported Refining and Marketing total	674	1,271	1,048	915
Previously reported Gas and Power total	52	26	48	60
Restated as:				
Refining and Marketing				
UK	33	148	63	(71)
Rest of Europe	36	130	233	354
USA	409	814	600	388
Rest of World	106	91	68	121
	584	1,183	964	792
Gas and Power				
UK	(5)	4	14	1
Rest of Europe	55	11	28	54
USA	14	47	14	29
Rest of World	78	52	76	99
	142	114	132	183
Turnover				
Previously reported Refining and Marketing total	20,778	25,120	32,555	34,362
Previously reported Gas and Power total	2,173	2,772	4,237	6,899
Restated as:				
Refining and Marketing	19,696	24,168	31,311	32,708
Gas and Power	3,255	3,724	5,481	8,553

Edgar Filing: BP PLC - Form 6-K

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

17. Restatement of 2000 segment information - concluded

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(\$ million)				
Exceptional items				
Previously reported Refining and Marketing total	19	5	160	(85)
Previously reported Gas and Power total	-	-	-	-
Restated as:				
Refining and Marketing	19	5	161	(87)
Gas and Power	-	-	(1)	2
Capital expenditure and acquisitions				
Previously reported Refining and Marketing total	1,102	518	5,504	1,626
Previously reported Gas and Power total	7	57	114	101
Restated as:				
Refining and Marketing				
UK	889	29	4,098	393
Rest of Europe	44	65	1,275	328
USA	76	334	30	652
Rest of World	87	76	90	227
1,096 504 5,493 1,600				
Gas and Power				
UK	2	28	78	86
Rest of Europe	1	1	1	13
USA	1	30	37	5
Rest of World	9	12	9	23
13 71 125 127				

18. Condensed Consolidating Information

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

Edgar Filing: BP PLC - Form 6-K

Page 35

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

18. Condensed consolidating information - continued

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
	(\$ million)			
Three months ended September 30, 2001				
Turnover	549	300	-	43,337
Less: Joint ventures	-	-	-	306
Group turnover	549	300	-	43,031
Replacement cost of sales	541	231	-	36,526
Production taxes	-	44	-	293
Gross profit	8	25	-	6,212
Distribution and administration expenses	-	-	(2)	2,867
Exploration expense	-	5	-	81
Other income	8	20	2	3,264
	3	-	368	176
Group replacement cost operating profit	11	20	370	3,440
Share of profits of joint ventures	-	-	-	125
Share of profits of associated undertakings	-	-	-	155
Equity accounted income of subsidiaries	3,108	335	3,738	-
Total replacement cost operating profit	3,119	355	4,108	3,720
Profit (loss) on sale of fixed assets and businesses and termination of operations	168	-	184	184
Replacement cost profit before interest and tax	3,287	355	4,292	3,904
Inventory holding gains (losses)	(205)	(6)	(405)	(404)
Historical cost profit before interest and tax	3,082	349	3,887	3,500
Interest expense	367	8	735	739
Profit before taxation	2,715	341	3,152	2,761
Taxation	825	7	1,212	1,293
Profit after taxation	1,890	334	1,940	1,468
Minority shareholders' interest	-	-	-	15
Profit for the period	1,890	334	1,940	1,453

Edgar Filing: BP PLC - Form 6-K

Page 36

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

18. Condensed consolidating information - continued

Income statement (continued)

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

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
	(\$ million)			
Three months ended September 30, 2001				
Profit as reported	1,890	334	1,940	1,453
Adjustments:				
Depreciation charge	(283)	(9)	(265)	(256)
Decommissioning and environmental expense	(127)	(2)	(129)	(127)
Onerous property leases	(25)	-	(7)	(7)
Derivative financial instruments	14	-	(58)	(34)
Interest expense	24	2	47	45
Sale and leaseback of fixed assets	-	-	-	-
Deferred taxation	(143)	(32)	238	268
Other	1	-	4	4
Profit for the period as adjusted to accord with US GAAP	1,351	293	1,770	1,346

Page 37

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

Edgar Filing: BP PLC - Form 6-K

18. Condensed consolidating information - continued

Income statement (continued)

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

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

	(\$ million)			
Three months ended September 30, 2000				
Profit as reported	2,730	361	3,462	3,13
Adjustments:				
Depreciation charge	(123)	(12)	(138)	(12
Decommissioning and environmental expense	(10)	(2)	(48)	(4
Onerous property leases	(16)	-	(9)	(
Interest expense	26	2	48	4
Sale and leaseback of fixed assets	-	-	-	
Deferred taxation	(192)	(74)	48	10
Other	-	-	14	1

Profit for the period as adjusted to accord with US GAAP	2,415	275	3,377	3,12
	=====			

Page 39

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

18. Condensed consolidating information - continued

Issuer	Issuer	Guarantor

Edgar Filing: BP PLC - Form 6-K

Income statement (continued)	BP			
	BP America Inc.	Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
(\$ million)				
Nine months ended September 30, 2001				
Turnover	878	1,428	-	137,397
Less: Joint ventures	-	-	-	874
Group turnover	878	1,428	-	136,523
Replacement cost of sales	870	753	-	114,268
Production taxes	-	153	-	1,200
Gross profit	8	522	-	21,055
Distribution and administration expenses	-	-	115	8,304
Exploration expense	-	17	-	319
Other income	8	505	115	12,432
	16	-	1,069	470
Group replacement cost operating profit	24	505	954	12,902
Share of profits of joint ventures	-	-	-	352
Share of profits of associated undertakings	-	-	-	541
Equity accounted income of subsidiaries	11,595	610	14,279	-
Total replacement cost operating profit	11,619	1,115	15,233	13,795
Profit (loss) on sale of fixed assets and businesses and termination of operations	326	1	573	572
Replacement cost profit before interest and tax	11,945	1,116	15,806	14,367
Inventory holding gains (losses)	(414)	(12)	(603)	(602)
Historical cost profit before interest and tax	11,531	1,104	15,203	13,765
Interest expense	1,251	27	2,308	2,314
Profit before taxation	10,280	1,077	12,895	11,451
Taxation	3,424	214	4,480	4,437
Profit after taxation	6,856	863	8,415	7,014
Minority shareholders' interest	-	-	-	47
Profit for the period	6,856	863	8,415	6,967

Page 40

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

18. Condensed consolidating information - continued

Income statement (continued)

The following is a summary of the adjustments to profit for the period which

Edgar Filing: BP PLC - Form 6-K

would be required if generally accepted accounting principles in the United States (US GAAP) had been applied instead of those generally accepted in the United Kingdom.

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

	(\$ million)			
Nine months ended September 30, 2001				
Profit as reported	6,856	863	8,415	6,967
Adjustments:				
Depreciation charge	(851)	(28)	(844)	(816)
Decommissioning and environmental expense	(188)	(7)	(313)	(306)
Onerous property leases	(41)	-	(41)	(41)
Derivative financial instruments	(124)	-	(257)	(229)
Interest expense	93	6	150	144
Sale and leaseback of fixed assets	-	-	-	-
Deferred taxation	(66)	(103)	185	281
Other	3	-	14	14

Profit for the period before cumulative effect of accounting change as adjusted to accord with US GAAP	5,682	731	7,309	6,014
Cumulative effect of accounting change:				
Derivative financial instruments	(13)	-	(18)	(5)

Profit for the period as adjusted to accord with US GAAP	5,669	731	7,291	6,009
	=====			

Page 41

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

18. Condensed consolidating information - continued

Edgar Filing: BP PLC - Form 6-K

	Issuer	Issuer	Guarantor	
		BP		
Income statement (continued)	BP America	Exploration	BP p.l.c.	Other
	Inc.	(Alaska) Inc.		subsidiaries
				(\$ million)
Nine months ended September 30, 2000				
Turnover	-	2,035	-	116,980
Less: Joint ventures	-	-	-	13,480
Group turnover	-	2,035	-	103,500
Replacement cost of sales	-	823	-	85,923
Production taxes	-	202	-	1,295
Gross profit	-	1,010	-	16,282
Distribution and administration expenses	-	-	158	5,502
Exploration expense	-	26	-	416
Other income	1	(12)	321	540
Group replacement cost operating profit	1	972	163	10,904
Share of profits of joint ventures	-	-	-	716
Share of profits of associated undertakings	-	-	-	532
Equity accounted income of subsidiaries	10,072	220	13,161	-
Total replacement cost operating profit	10,073	1,192	13,324	12,152
Profit (loss) on sale of fixed assets and businesses and termination of operations	309	(1)	142	160
Replacement cost profit before interest and tax	10,382	1,191	13,466	12,312
Inventory holding gains (losses)	682	58	1,289	1,289
Historical cost profit before interest and tax	11,064	1,249	14,755	13,601
Interest expense	1,032	25	1,454	1,459
Profit before taxation	10,032	1,224	13,301	12,142
Taxation	2,717	420	3,730	3,406
Profit after taxation	7,315	804	9,571	8,736
Minority shareholders' interest	-	-	-	75
Profit for the period	7,315	804	9,571	8,661

Page 42

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

18. Condensed consolidating information - continued

Edgar Filing: BP PLC - Form 6-K

Income statement (concluded)

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

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
			(\$ million)	
Nine months ended September 30, 2000				
Profit as reported	7,315	804	9,571	8,661
Adjustments:				
Depreciation charge	(235)	(40)	(258)	(218)
Decommissioning and environmental expense	(83)	(28)	(214)	(186)
Onerous property leases	(28)	-	(21)	(21)
Interest expense	73	7	129	122
Sale and leaseback of fixed assets	2	-	-	-
Deferred taxation	(713)	24	(665)	(661)
Other	-	-	45	45
Profit for the period as adjusted to accord with US GAAP	<u>6,331</u>	<u>767</u>	<u>8,587</u>	<u>7,742</u>

Page 43

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

18. Condensed consolidating information - continued

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
Balance sheet				

Edgar Filing: BP PLC - Form 6-K

	(\$ million)			
At September 30, 2001				
Fixed assets				
Intangible assets	-	510	-	15,843
Tangible assets	7	6,325	-	71,292
Investments				
Subsidiaries - equity accounted basis	70,725	1,040	84,486	-
Other	-	-	296	11,246
	70,725	1,040	84,782	11,246
Total fixed assets	70,732	7,875	84,782	98,381
Current assets				
Business held for resale	-	-	-	-
Inventories	5	71	-	8,951
Receivables	7,524	8,783	21,652	43,223
Investments	-	-	-	519
Cash at bank and in hand	(3)	-	-	1,441
	7,526	8,854	21,652	54,134
Current liabilities -falling due within one year				
Finance debt	6,473	137	-	6,625
Accounts payable and accrued liabilities	381	336	4,379	29,300
Net current assets (liabilities)	672	8,381	17,273	18,209
Total assets less current liabilities	71,404	16,256	102,055	116,590
Noncurrent liabilities				
Finance debt	-	-	-	13,849
Accounts payable and accrued liabilities	1,423	4,632	162	37,960
Provisions for liabilities and charges	50	274	217	12,278
Net assets	69,931	11,350	101,676	52,503
Minority shareholders' interest	-	-	-	646
BP shareholders' interest	69,931	11,350	101,676	51,857

Edgar Filing: BP PLC - Form 6-K

Page 44

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

18. Condensed consolidating information - continued

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
	(\$ million)			
Balance sheet (continued)				
At September 30, 2001				
Capital and reserves				
Capital shares	8	-	5,632	-
Paid in surplus	30,865	3,145	3,575	-
Merger reserve	-	-	26,285	697
Other reserves	-	-	644	-
Retained earnings	39,058	8,205	65,540	51,160
	69,931	11,350	101,676	51,857

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

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
	(\$ million)			
Shareholders' interest as reported	69,931	11,350	101,676	51,857
Adjustments:				
Fixed assets	7,878	510	7,926	7,424

Edgar Filing: BP PLC - Form 6-K

Ordinary shares held for future awards to employees	-	-	(293)	-
Sale and leaseback of Chicago office building	(413)	-	(413)	(413)
Decommissioning and environmental provisions	(1,041)	(314)	(1,106)	(778)
Onerous property leases	67	-	67	67
Derivative financial instruments	(144)	-	(273)	(226)
Deferred taxation	(14,737)	(1,879)	(15,700)	(13,933)
Quarterly dividend	-	-	1,232	-
Pension liability adjustment	(38)	-	(145)	(145)
Other	(31)	-	(112)	(112)

Shareholders' interest as adjusted to accord with US GAAP	61,472	9,667	92,859	43,741
=====				

Page 45

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

18. Condensed consolidating information - continued

	Issuer	Issuer	Guarantor	

	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries

	(\$ million)			
Balance sheet (continued)				
At December 31, 2000				
Fixed assets				
Intangible assets	-	512	-	16,381
Tangible assets	7	5,942	-	69,224
Investments				
Subsidiaries - equity accounted basis	63,718	619	77,826	-
Other	-	-	363	11,390

	63,718	619	78,189	11,390

Edgar Filing: BP PLC - Form 6-K

Total fixed assets	63,725	7,073	78,189	96,995
Current assets				
Business held for resale	-	-	-	636
Inventories	-	75	-	9,159
Receivables	7,007	10,033	23,395	28,868
Investments	-	-	-	661
Cash at bank and in hand	(2)	(32)	2	1,202
	7,005	10,076	23,397	40,526
Current liabilities -falling due within one year				
Finance debt	6,848	-	-	6,418
Accounts payable and accrued liabilities	85	973	2,582	35,556
Net current assets (liabilities)	72	9,103	20,815	(1,448)
Total assets less current liabilities	63,797	16,176	99,004	95,547
Noncurrent liabilities				
Finance debt	-	1,150	-	14,772
Accounts payable and accrued liabilities	1,099	4,275	178	24,091
Provisions for liabilities and charges	49	264	197	12,285
Net assets	62,649	10,487	98,629	44,399
Minority shareholders' interest	-	-	-	585
BP shareholders' interest	62,649	10,487	98,629	43,814

Page 46

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

18. Condensed consolidating information - continued

	Issuer	Issuer	Guarantor
Balance sheet (concluded)	BP America	BP Exploration	Other

Edgar Filing: BP PLC - Form 6-K

	Inc.	(Alaska) Inc.	BP p.l.c.	subsidiaries
(\$ million)				
At December 31, 2000				
Capital and reserves				
Capital shares	8	-	5,653	-
Paid in surplus	30,440	3,145	3,770	-
Merger reserve	-	-	26,172	697
Other reserves	-	-	456	-
Retained earnings	32,201	7,342	62,578	43,117
	62,649	10,487	98,629	43,814

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

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
(\$ million)				
Shareholders' interest as reported	62,649	10,487	98,629	43,814
Adjustments:				
Fixed assets	8,757	566	8,777	8,215
Ordinary shares held for future awards to employees	-	-	(360)	-
Sale and leaseback of Chicago office building	(413)	-	(413)	(413)
Decommissioning and environmental provisions	(927)	(317)	(921)	(58)
Onerous property leases	105	-	105	105
Deferred taxation	(14,805)	(1,784)	(15,843)	(14,160)
Quarterly dividend	-	-	1,178	-
Pension liability adjustment	(38)	-	(145)	(145)
Other	(34)	-	(128)	(128)

Edgar Filing: BP PLC - Form 6-K

Dividends from joint ventures	-	-	-	118
Dividends from associated undertakings	-	-	-	100
Dividends from subsidiaries	463	-	-	-
Net cash inflow (outflow) from servicing of finance and returns on investments	1	-	34	(267)
Tax (paid) refund	14	(28)	3	(2,698)
Net cash inflow (outflow) for capital expenditure and financial investment	-	(127)	(16)	(559)
Net cash inflow (outflow) for acquisitions and disposals	-	1	(4,325)	(4,541)
Equity dividends paid	-	-	(1,128)	(463)
Net cash inflow (outflow)	447	371	448	(3,646)
Financing	447	367	452	(198)
Management of liquid resources	-	-	-	(1,755)
Increase (decrease) in cash	-	4	(4)	(1,693)
	447	371	448	(3,646)

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

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
	(\$ million)			
Net cash provided by (used in) operating activities	446	497	5,916	1,917
Net cash provided by (used in) investing activities	1	(126)	(4,340)	(5,100)
Net cash provided by (used in) financing activities	(447)	(367)	(1,580)	(265)
Currency translation differences relating to cash and cash equivalents	-	-	-	(12)
Increase (decrease) in cash and cash equivalents	-	4	(4)	(3,460)
Cash and cash equivalents at				

Edgar Filing: BP PLC - Form 6-K

beginning of period	(1)	(20)	4	5,946
Cash and cash equivalents at end of period	(1)	(16)	-	2,486

Page 49

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

18. Condensed consolidating information - continued

	Issuer	Issuer	Guarantor	
	BP America Inc.	BP Exploration (Alaska) Inc.	BP p.l.c.	Other subsidiaries
(\$ million)				
Nine months ended September 30, 2001				
Net cash inflow (outflow) from operating activities	364	714	3,487	12,314
Dividends from joint ventures	-	-	-	92
Dividends from associated undertakings	-	-	-	424
Dividends from subsidiaries	925	-	113	-
Net cash inflow (outflow) from servicing of finance and returns on investments	2	-	1,052	(1,853)
Tax (paid) refund	(1,248)	(345)	(1)	(1,644)
Net cash inflow (outflow) for capital expenditure and financial investment	(740)	(598)	(26)	(5,412)
Net cash inflow (outflow) for acquisitions and disposals	-	-	(17)	(985)
Equity dividends paid	-	-	(3,595)	(1,038)
Net cash inflow (outflow)	(697)	(229)	1,013	1,898
Financing	(696)	(260)	1,015	1,768
Management of liquid resources	-	-	-	(146)
Increase (decrease) in cash	(1)	31	(2)	276
	(697)	(229)	1,013	1,898

Edgar Filing: BP PLC - Form 6-K

Net cash inflow (outflow) from operating activities	(120)	1,486	10,345	9,010
Dividends from joint ventures	-	-	-	645
Dividends from associated undertakings	-	-	-	274
Dividends from subsidiaries	463	-	18	-
Net cash inflow (outflow) from servicing of finance and returns on investments	(2)	-	293	(974)
Tax (paid) refund	44	(736)	7	(3,514)
Net cash inflow (outflow) for capital expenditure and financial investment	-	(387)	(49)	(3,864)
Net cash inflow (outflow) for acquisitions and disposals	13	23	(5,948)	2,076
Equity dividends paid	-	-	(3,232)	(481)

Net cash inflow (outflow)	398	386	1,434	3,172
=====				
Financing	396	384	1,437	2,255
Management of liquid resources	-	-	-	610
Increase (decrease) in cash	2	2	(3)	307

	398	386	1,434	3,172
=====				

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

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

	(\$ million)			
Net cash provided by (used in) operating activities	384	750	10,662	5,537
Net cash provided by (used in) investing activities	14	(364)	(5,996)	(1,788)
Net cash provided by (used in) financing activities	(396)	(384)	(4,669)	(2,736)
Currency translation differences relating to cash and cash equivalents	-	-	-	-

Increase (decrease) in cash				

Edgar Filing: BP PLC - Form 6-K

and cash equivalents	2	2	(3)	1,01
Cash and cash equivalents at beginning of period	(3)	(18)	3	1,47

Cash and cash equivalents at end of period	(1)	(16)	-	2,48
=====				

Page 51

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: November 21, 2001

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