

BP PLC  
Form 6-K  
February 07, 2017  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 6-K**

**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**  
**for the period ended 31 December 2016**  
**Commission File Number 1-06262**

**BP p.l.c.**

(Translation of registrant's name into English)

1 ST JAMES'S SQUARE, LONDON, SW1Y 4PD, ENGLAND

# Edgar Filing: BP PLC - Form 6-K

(Address of principal executive offices)

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

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NOS. 333-208478 AND 333-208478-01) OF BP CAPITAL MARKETS p.l.c. AND BP p.l.c.; THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-67206) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-79399) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-103924) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-123482) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-123483) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-131583) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-131584) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146868) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146870) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146873) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-173136) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-177423) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-179406) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-186462) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-186463) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-199015) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-200794) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-200795) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-207188) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-207189) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-210316) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-210318) 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.

**Table of Contents**

**BP p.l.c. and subsidiaries**

**Form 6-K for the period ended 31 December 2016<sup>(a)</sup>**

	<b>Page</b>
1. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations for the period January-December 2016<sup>(b)</sup></u>	3-11, 25-32
2. <u>Consolidated Financial Statements including Notes to Consolidated Financial Statements for the period January-December 2016</u>	12-24
3. <u>Legal proceedings</u>	33
4. <u>Cautionary statement</u>	33
5. <u>Computation of Ratio of Earnings to Fixed Charges</u>	34
6. <u>Capitalization and Indebtedness</u>	35
7. <u>Signatures</u>	36

- (a) In this Form 6-K, references to the full year 2016 and full year 2015 refer to the full year periods ended 31 December 2016 and 31 December 2015 respectively. References to fourth quarter 2016 and fourth quarter 2015 refer to the three-month periods ended 31 December 2016 and 31 December 2015 respectively.
- (b) This discussion should be read in conjunction with the consolidated financial statements and related notes provided elsewhere in this Form 6-K and with the information, including the consolidated financial statements and related notes, in *BP's Annual Report on Form 20-F* for the year ended 31 December 2015.

**Table of Contents****Group results fourth quarter and full year 2016**

<b>Fourth quarter 2015</b>	<b>Fourth quarter 2016</b>	<b>\$ million</b>	<b>Year 2016</b>	<b>Year 2015</b>
(3,307)	<b>497</b>	Profit (loss) for the period(a)	<b>115</b>	(6,482)
1,546	<b>(601)</b>	Inventory holding (gains) losses*, before tax	<b>(1,597)</b>	1,889
(472)	<b>176</b>	Taxation charge (credit) on inventory holding gains and losses	<b>483</b>	(569)
(2,233)	<b>72</b>	Replacement cost profit (loss)*	<b>(999)</b>	(5,162)
2,703	<b>481</b>	Net (favourable) unfavourable impact of non-operating items* and fair value accounting effects*, before tax	<b>6,746</b>	15,067
(274)	<b>(153)</b>	Taxation charge (credit) on non-operating items and fair value accounting effects	<b>(3,162)</b>	(4,000)
196	<b>400</b>	Underlying replacement cost profit*	<b>2,585</b>	5,905
(18.01)	<b>2.62</b>	Profit (loss) per ordinary share (cents)	<b>0.61</b>	(35.39)
(1.08)	<b>0.16</b>	Profit (loss) per ADS (dollars)	<b>0.04</b>	(2.12)
(12.16)	<b>0.38</b>	Replacement cost profit (loss) per ordinary share (cents)*	<b>(5.33)</b>	(28.18)
(0.73)	<b>0.02</b>	Replacement cost profit (loss) per ADS (dollars)	<b>(0.32)</b>	(1.69)
1.06	<b>2.11</b>	Underlying replacement cost profit per ordinary share (cents)*	<b>13.79</b>	32.22
0.06	<b>0.13</b>	Underlying replacement cost profit per ADS (dollars)	<b>0.83</b>	1.93

BP's profit for the fourth quarter was \$497 million, compared with a loss of \$3,307 million for the same period in 2015. BP's fourth-quarter replacement cost (RC) profit was \$72 million, compared with a loss of \$2,233 million for the same period in 2015. After adjusting for a net charge for non-operating items of \$180 million and net unfavourable fair value accounting effects of \$148 million (both on a post-tax basis), underlying RC profit for the fourth quarter was \$400 million, compared with \$196 million for the same period in 2015. RC profit or loss for the group and underlying RC profit or loss are non-GAAP measures and further information is provided on page 5.

For the full year of 2016 the profit was \$115 million, compared with a loss of \$6,482 million for the full year of 2015. The RC loss for the full year of 2016 was \$999 million, compared with a loss of \$5,162 million for the full year of 2015. Both periods were impacted by charges associated with the Deepwater Horizon accident and oil spill following the settlement of federal, state and local government claims in 2015 and additional provisions this year, when a reliable estimate for the remaining material liabilities was determined. After adjusting for a net charge for non-operating items of \$2,828 million and net unfavourable fair value accounting effects of \$756 million (both on a post-tax basis), underlying RC profit for the full year was \$2,585 million, compared with \$5,905 million for the same period in 2015, predominantly due to lower results in the Upstream and Downstream segments.

Non-operating items for the quarter and full year reflect additional provisions recorded in relation to the Gulf of Mexico oil spill. Non-operating items also include a restructuring charge of \$195 million for the quarter and \$763 million for the full year. Cumulative restructuring charges from the beginning of the fourth quarter 2014 totalled \$2.3 billion by the end of the fourth quarter 2016.

## Edgar Filing: BP PLC - Form 6-K

All amounts, including finance costs, relating to the Gulf of Mexico oil spill have been treated as non-operating items, with a pre-tax charge of \$799 million for the fourth quarter and \$7,134 million for the full year. For further information on the Gulf of Mexico oil spill and its consequences see page 11 and Note 2 on page 18.

Net cash provided by operating activities for the fourth quarter and full year was \$2.4 billion and \$10.7 billion respectively, compared with \$5.8 billion and \$19.1 billion for the same periods in 2015.

Gross debt at 31 December 2016 was \$58.3 billion compared with \$53.2 billion a year ago. The ratio of gross debt to gross debt plus equity at 31 December 2016 was 37.6%, compared with 35.1% a year ago. Net debt\* at 31 December 2016 was \$35.5 billion, compared with \$27.2 billion a year ago. The net debt ratio\* at 31 December 2016 was 26.8%, compared with 21.6% a year ago. We continue to target a net debt ratio in the range of 20-30%. Net debt and the net debt ratio are non-GAAP measures. See page 23 for more information.

BP today announced a quarterly dividend of 10.00 cents per ordinary share (\$0.600 per ADS), which is expected to be paid on 31 March 2017. The corresponding amount in sterling will be announced on 20 March 2017. See page 22 for further information.

- \* **For items marked with an asterisk throughout this document, definitions are provided in the Glossary on page 30.**
- (a) Profit attributable to BP shareholders.

*The commentaries above and following should be read in conjunction with the cautionary statement on page 33.*

---

**Table of Contents****Group headlines (continued)**

Additions to non-current assets for the fourth quarter and full year was \$7.5 billion and \$21.2 billion respectively, compared with \$6.4 billion and \$20.1 billion for the same periods in 2015. Capital expenditure on an accruals basis\* for the fourth quarter, excluding amounts relating to the renewal of a 10% interest in the Abu Dhabi onshore oil concession was \$5.1 billion, compared with \$6.1 billion for the same period in 2015. Of the \$5.1 billion, \$4.5 billion was organic capital expenditure\*, compared with \$5.5 billion in 2015. The renewal of a 10% interest in the Abu Dhabi onshore oil concession, for which new ordinary shares in BP were issued, is treated as organic capital expenditure. Capital expenditure on an accruals basis for the fourth quarter was \$7.6 billion, compared with \$6.1 billion for the same period in 2015.

For the full year, excluding amounts relating to the renewal of an interest in the Abu Dhabi onshore oil concession, capital expenditure on an accruals basis was \$17.0 billion, of which organic capital expenditure was \$16.0 billion, compared with \$19.5 billion for the same period in 2015, of which organic capital expenditure was \$18.7 billion. Capital expenditure on an accruals basis for the full year was \$19.4 billion, compared with \$19.5 billion for the same period in 2015. See page 25 for further information. In 2017, we expect organic capital expenditure to be in the range of \$16-17 billion.

Disposal proceeds, as per the cash flow statement, were \$0.5 billion for the fourth quarter, compared with \$0.2 billion for the same period in 2015. For the full year, disposal proceeds were \$2.6 billion, as per the cash flow statement, along with \$0.6 billion received in relation to the sale of 20% from our shareholding in Castrol India Limited, giving total proceeds of \$3.2 billion for the year, compared with \$2.8 billion in 2015. In 2017, divestments are expected to be in the range of \$4.5-5.5 billion.

The effective tax rate (ETR) on the profit or loss for the fourth quarter and full year was 12% and 107% respectively, compared with 19% and 33% for the same periods in 2015. The ETR on RC profit or loss\* for the fourth quarter and full year is significantly impacted by the effect of non-operating items, fair value accounting effects and the reduction in the rate of the UK North Sea supplementary charge in the third quarter (and the first quarter 2015), and therefore is not a meaningful measure.

The adjusted ETR\*, which eliminates the effect of these items, for the fourth quarter and full year was 10% and 23% respectively, compared with -20% and 31% for the same periods in 2015. The adjusted ETR for the fourth quarter 2016 was impacted by a high proportion of equity-accounted income (which is reported net of tax in the income statement) within RC profit, and reflects a benefit from the reassessment of the recognition of deferred tax assets and other items, partly offset by charges for foreign exchange impacts. The adjusted ETR for the fourth quarter 2015 reflected tax credits associated with losses in the Upstream segment offsetting tax charges arising elsewhere. The adjusted ETR for the full year is lower than last year predominantly due to changes in the geographical mix of profits and the absence of foreign exchange impacts. In the current environment, and reflecting the recent transaction to renew our interest in the Abu Dhabi onshore oil concession, the adjusted ETR in 2017 is expected to be in the region of 40%.

The reserves replacement ratio\* on a combined basis of subsidiaries and equity-accounted entities including the impact of the Abu Dhabi renewal was estimated at 109%(a) for the year.

Reported production for the fourth quarter, including BP's share of Rosneft's production, was 3,338 thousand barrels of oil equivalent per day (mboe/d), compared with 3,342mboe/d for the same period in 2015 (see Upstream on page 7 and Rosneft on page 10). For the full year, the reported production was 3,268mboe/d, compared with 3,239mboe/d in 2015. Comparative periods have been restated, see page 7 for further information.

## Edgar Filing: BP PLC - Form 6-K

The charge for depreciation, depletion and amortization was \$14.5 billion in 2016, compared with \$15.2 billion in 2015. In 2017, we expect the charge to be higher than 2016.

- (a) Includes estimated reserves data for Rosneft. The reserves replacement ratio will be finalized and reported in *BP Annual Report and Form 20-F 2016*.

**Table of Contents**

**Analysis of RC profit (loss) before interest and tax  
and reconciliation to profit (loss) for the period**

Fourth quarter 2015	Fourth quarter 2016	\$ million	Year 2016	Year 2015
<b>RC profit (loss) before interest and tax*</b>				
(2,280)	692	Upstream	574	(937)
838	899	Downstream	5,162	7,111
235	158	Rosneft	590	1,310
(955)	(1,117)	Other businesses and corporate <sup>(a)</sup>	(8,157)	(13,477)
65	(132)	Consolidation adjustment - UPII*	(196)	(36)
(2,097)	500	RC profit (loss) before interest and tax	(2,027)	(6,029)
(457)	(484)	Finance costs and net finance expense relating to pensions and other post-retirement benefits	(1,865)	(1,653)
304	102	Taxation on a RC basis	2,950	2,602
17	(46)	Non-controlling interests	(57)	(82)
(2,233)	72	RC profit (loss) attributable to BP shareholders	(999)	(5,162)
(1,546)	601	Inventory holding gains (losses)	1,597	(1,889)
472	(176)	Taxation (charge) credit on inventory holding gains and losses	(483)	569
(3,307)	497	Profit (loss) for the period attributable to BP shareholders	115	(6,482)

(a) Includes costs related to the Gulf of Mexico oil spill. See page 11 and also Note 2 on page 18 for further information on the accounting for the Gulf of Mexico oil spill.

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

Fourth quarter 2015	Fourth quarter 2016	\$ million	Year 2016	Year 2015
<b>Underlying RC profit before interest and tax*</b>				
(728)	400	Upstream	(542)	1,193
1,218	877	Downstream	5,634	7,545
235	135	Rosneft	567	1,310
(299)	(424)	Other businesses and corporate	(1,238)	(1,221)
65	(132)	Consolidation adjustment - UPII	(196)	(36)



## Edgar Filing: BP PLC - Form 6-K

491	<b>856</b>	Underlying RC profit before interest and tax	<b>4,225</b>	8,791
(342)	<b>(359)</b>	Finance costs and net finance expense relating to pensions and other post-retirement benefits	<b>(1,371)</b>	(1,406)
30	<b>(51)</b>	Taxation on an underlying RC basis	<b>(212)</b>	(1,398)
17	<b>(46)</b>	Non-controlling interests	<b>(57)</b>	(82)
<b>196</b>	<b>400</b>	Underlying RC profit attributable to BP shareholders	<b>2,585</b>	5,905

Reconciliations of underlying RC profit or loss to the nearest equivalent IFRS measure are provided on page 3 for the group and on pages 6-11 for the segments.

**Table of Contents****Upstream**

<b>Fourth quarter</b>	<b>Fourth quarter</b>		<b>Year</b>	<b>Year</b>
<b>2015</b>	<b>2016</b>	<b>\$ million</b>	<b>2016</b>	<b>2015</b>
(2,298)	<b>711</b>	Profit (loss) before interest and tax	<b>634</b>	(967)
18	<b>(19)</b>	Inventory holding (gains) losses*	<b>(60)</b>	30
(2,280)	<b>692</b>	RC profit (loss) before interest and tax	<b>574</b>	(937)
1,552	<b>(292)</b>	Net (favourable) unfavourable impact of non-operating items* and fair value accounting effects*	<b>(1,116)</b>	2,130
(728)	<b>400</b>	Underlying RC profit (loss) before interest and tax <sup>*(a)</sup>	<b>(542)</b>	1,193

(a) See page 7 for a reconciliation to segment RC profit before interest and tax by region.

**Financial results**

The replacement cost profit before interest and tax for the fourth quarter and full year was \$692 million and \$574 million respectively, compared with a loss of \$2,280 million and \$937 million for the same periods in 2015. The fourth quarter and full year included a net non-operating gain of \$636 million and \$1,753 million respectively, compared with a net non-operating charge of \$1,639 million and \$2,235 million for the same periods in 2015. Fair value accounting effects in the fourth quarter and full year had an unfavourable impact of \$344 million and \$637 million respectively, compared with a favourable impact of \$87 million and \$105 million in the same periods of 2015.

After adjusting for non-operating items and fair value accounting effects, the underlying replacement cost result before interest and tax for the fourth quarter and full year was a profit of \$400 million and a loss of \$542 million respectively, compared with a loss of \$728 million and a profit of \$1,193 million for the same periods in 2015. The result for the fourth quarter mainly reflected lower costs including the benefits of simplification and efficiency activities and lower exploration write-offs, and higher liquids realizations. The result for the full year reflected lower liquids and gas realizations, lower gas marketing and trading results, and adverse foreign exchange impacts partly offset by lower costs including the benefits of simplification and efficiency activities, lower exploration write-offs, lower depreciation, depletion and amortization expense and lower rig cancellation charges.

**Production**

Production for the quarter was 2,186mboe/d, 5.5% lower than the fourth quarter of 2015. Underlying production\* for the quarter increased by 1.8%, largely reflecting major project ramp-ups. For the full year, production was 2,208mboe/d, 0.5% lower than in 2015. Underlying production for the full year was broadly flat versus the same period in 2015.

**Key events**

On 8 November, BP and Oman Oil Company Exploration & Production signed an agreement with the government of the Sultanate of Oman amending the Oman Block 61 exploration and production-sharing agreement to extend the licence area adding more than 1,000 square kilometres to the south and west of the original 2,700 square kilometres of Block 61.

On 9 November, BP (50%), in partnership with Hess (25%) and Noble Energy (25%), was awarded three parcels in the Eastern Newfoundland region, Canada. BP (60%) was also awarded a fourth parcel in the same region in partnership with Noble Energy (40%).

## Edgar Filing: BP PLC - Form 6-K

On 25 November, BP announced an agreement to buy a 10% interest from ENI (operator, 60%) in the Shorouk concession offshore Egypt, which contains the Zohr gas field.

On 1 December, BP announced the sanction of the Mad Dog Phase 2 project in the Gulf of Mexico (BP operator, 60.5%, BHP 23.9%, and Chevron 15.6%).

On 4 December, the In Amenas compression project in Algeria achieved start-up with the introduction of gas into the new inlet compression facilities.

On 5 December, BP (33.3%), in partnership with Statoil (33.4%) and Total (33.3%), was awarded two blocks in the Saline Basin in Mexico's first round of deepwater exploration tenders.

On 8 December, BP achieved start-up of the Thunder Horse South Expansion project in the Gulf of Mexico.

On 17 December, BP renewed its onshore concession in the United Arab Emirates by signing an agreement with the Supreme Petroleum Council of the Emirate of Abu Dhabi and the Abu Dhabi National Oil Company that grants BP a 10% interest in the ADCO onshore oil concession, which is valid until the end of 2054. In addition, BP becomes a 10% shareholder in the Abu Dhabi Company for Onshore Petroleum Operations Limited which operates the concession.

On 19 December, BP announced the signing of agreements with Kosmos Energy to acquire a 62% working interest, including operatorship, of Kosmos' exploration blocks in Mauritania and a 32.49% effective working interest in Kosmos' Senegal exploration blocks. On 29 December, the Mauritanian oil ministry approved BP as development operator in Mauritania, and Kosmos as technical exploration operator.

On 23 December, BP-operated Azerbaijan International Operating Company (AIOC) and the State Oil Company of the Republic of Azerbaijan signed a letter of intent for the development until 2050 of the Azeri-Chirag-Gunashli field in the Azerbaijan sector of the Caspian Sea.

On 24 January, BP announced it has agreed to sell to EnQuest part of its interests in the Magnus oil field (25% of BP's 100% stake) and some associated infrastructure in the UK North Sea.

### **Outlook**

We expect full-year 2017 underlying production to be higher than 2016. The actual reported outcome will depend on the exact timing of project start-ups, acquisition and divestment activities, OPEC quotas and entitlement impacts in our production-sharing agreements\*. We expect first-quarter 2017 reported production to be higher than the fourth quarter 2016 reflecting the impact of the Abu Dhabi concession renewal.

*The commentary above contains forward-looking statements and should be read in conjunction with the cautionary statement on page 33.*

**Table of Contents****Upstream**

<b>Fourth quarter 2015</b>	<b>Fourth quarter 2016</b>	<b>\$ million</b>	<b>Year 2016</b>	<b>Year 2015</b>
<b>Underlying RC profit (loss) before interest and tax</b>				
(852)	(147)	US	(1,270)	(1,615)
124	547	Non-US	728	2,808
(728)	400		(542)	1,193
<b>Non-operating items<sup>(a)</sup></b>				
(260)	21	US <sup>(b)</sup>	127	(602)
(1,379)	615	Non-US <sup>(c)</sup>	1,626	(1,633)
(1,639)	636		1,753	(2,235)
<b>Fair value accounting effects</b>				
(34)	(274)	US	(379)	(66)
121	(70)	Non-US	(258)	171
87	(344)		(637)	105
<b>RC profit (loss) before interest and tax</b>				
(1,146)	(400)	US	(1,522)	(2,283)
(1,134)	1,092	Non-US	2,096	1,346
(2,280)	692		574	(937)
<b>Exploration expense</b>				
627	511	US <sup>(b)</sup>	693	960
296	(197)	Non-US <sup>(c)</sup>	1,028	1,393
923	314		1,721	2,353
697	166	Of which: Exploration expenditure written off <sup>(b)(c)</sup>	1,274	1,829
<b>Production (net of royalties)<sup>(d)</sup></b>				
<b>Liquids<sup>*(e)</sup>(mb/d)</b>				
401	406	US	391	379
131	122	Europe	120	121
740	650	Rest of World <sup>(e)</sup>	698	694
1,271	1,178		1,208	1,194
176	210	Of which equity-accounted entities	184	172
<b>Natural gas (mmcf/d)</b>				

Edgar Filing: BP PLC - Form 6-K

1,547	<b>1,675</b>	US	<b>1,656</b>	1,528
287	<b>268</b>	Europe	<b>264</b>	266
4,214	<b>3,903</b>	Rest of World	<b>3,876</b>	4,157
<b>6,048</b>	<b>5,846</b>		<b>5,796</b>	5,951
452	<b>517</b>	Of which equity-accounted entities	<b>494</b>	456
<b>Total hydrocarbons*<sup>(e)</sup>(mboe/d)</b>				
668	<b>694</b>	US	<b>676</b>	643
180	<b>168</b>	Europe	<b>165</b>	167
1,466	<b>1,323</b>	Rest of World <sup>(e)</sup>	<b>1,366</b>	1,410
<b>2,314</b>	<b>2,186</b>		<b>2,208</b>	2,220
254	<b>300</b>	Of which equity-accounted entities	<b>269</b>	251
<b>Average realizations*<sup>(f)</sup></b>				
38.91	<b>43.89</b>	Total liquids <sup>(e)(g)</sup> (\$/bbl)	<b>38.27</b>	47.32
3.47	<b>3.08</b>	Natural gas (\$/mcf)	<b>2.84</b>	3.80
30.34	<b>31.40</b>	Total hydrocarbons <sup>(e)</sup> (\$/boe)	<b>28.24</b>	35.46

(a) See Notes 1 and 3 for more information on impairment of fixed assets in the fourth quarter and full year 2016.

(b) Fourth quarter and full year 2016 include the write-off of \$147 million in relation to the value ascribed to licences in the deepwater Gulf of Mexico as part of the accounting for the acquisition of upstream assets from Devon Energy in 2011. The \$147-million write-off has been classified within the other category of non-operating items.

Fourth quarter and full year 2015 include the write-off of costs relating to the Gila discovery in the deepwater Gulf of Mexico.

(c) Fourth quarter and full year 2016 include a \$319-million reversal relating to Block KG D6 in India. This is classified in the other category of non-operating items. In addition, an impairment reversal of \$234 million was also recorded in relation to this block. Full year includes a charge of \$601 million relating to the BM-C-34 licence in Brazil, of which \$334 million relates to the value ascribed to the licence as part of the accounting for the acquisition of upstream assets from Devon Energy in 2011. The \$334-million write-off has been classified within the other category of non-operating items. Full year 2015 includes a \$432-million write-off in Libya.

(d) Includes BP's share of production of equity-accounted entities in the Upstream segment.

(e) Production volume recognition methodology for our Technical Service Contract arrangement in Iraq has been simplified to exclude the impact of oil price movements on lifting imbalances. The comparative data for prior periods has been restated.

There is no impact on the financial results.

(f) Realizations are based on sales by consolidated subsidiaries only this excludes equity-accounted entities.

(g) Includes condensate, natural gas liquids and bitumen.

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

**Table of Contents****Downstream**

<b>Fourth quarter</b>	<b>Fourth quarter</b>		<b>Year</b>	<b>Year</b>
<b>2015</b>	<b>2016</b>	<b>\$ million</b>	<b>2016</b>	<b>2015</b>
(644)	<b>1,457</b>	Profit (loss) before interest and tax	<b>6,646</b>	5,248
1,482	<b>(558)</b>	Inventory holding (gains) losses*	<b>(1,484)</b>	1,863
838	<b>899</b>	RC profit before interest and tax	<b>5,162</b>	7,111
380	<b>(22)</b>	Net (favourable) unfavourable impact of non-operating items* and fair value accounting effects*	<b>472</b>	434
1,218	<b>877</b>	Underlying RC profit before interest and tax <sup>*(a)</sup>	<b>5,634</b>	7,545

(a) See page 9 for a reconciliation to segment RC profit before interest and tax by region and by business.

**Financial results**

The replacement cost profit before interest and tax for the fourth quarter and full year was \$899 million and \$5,162 million respectively, compared with \$838 million and \$7,111 million for the same periods in 2015.

The 2016 results include a net non-operating charge of \$77 million for the fourth quarter and \$24 million for the full year, compared with a net non-operating charge of \$548 million and \$590 million for the same periods in 2015. Fair value accounting effects had a favourable impact of \$99 million in the fourth quarter and an unfavourable impact of \$448 million in the full year, compared with a favourable impact of \$168 million and \$156 million in the same periods of 2015.

After adjusting for non-operating items and fair value accounting effects, the underlying replacement cost profit before interest and tax for the fourth quarter and full year was \$877 million and \$5,634 million respectively, compared with \$1,218 million and \$7,545 million for the same periods in 2015.

Replacement cost profit before interest and tax for the fuels, lubricants and petrochemicals businesses is set out on page 9.

**Fuels business**

The fuels business reported an underlying replacement cost profit before interest and tax of \$417 million for the fourth quarter and \$3,727 million for the full year, compared with \$888 million and \$5,995 million for the same periods in 2015. The results for the quarter and full year reflect a significantly weaker refining environment as well as the impact from a particularly large turnaround at the Whiting refinery. These adverse impacts were partly offset by an increased fuels marketing performance driven by retail growth, higher refining margin capture in our operations and lower costs from simplification and efficiency programmes.

The result for the fourth quarter was also impacted by a weak supply and trading performance.

On 28 December, BP announced that it will be establishing a strategic partnership with Woolworths in Australia. The agreement includes BP acquiring Woolworths fuel and convenience sites for a total consideration of \$1.3 billion and entering into a strategic convenience partnership with them. The transaction is subject to regulatory approvals.

On 31 December, the previously-announced dissolution of our German refining joint operation with Rosneft was completed, which will simplify and refocus our refining business in the heart of Europe.

**Lubricants business**

The lubricants business reported an underlying replacement cost profit before interest and tax of \$357 million for the fourth quarter and \$1,523 million for the full year, compared with \$294 million and \$1,384 million for the same periods in 2015. The results for the quarter and full year reflect continued strong performance in our growth markets and premium brands as well as lower costs from simplification and efficiency programmes. This result for the year represents a record performance for lubricants.

**Petrochemicals business**

The petrochemicals business reported an underlying replacement cost profit before interest and tax of \$103 million for the fourth quarter and \$384 million for the full year, compared with \$36 million and \$166 million for the same periods in 2015. The result for the full year reflects strong operations and margin capture supported by the continued rollout of our latest advanced technology. The results for the quarter and full year also benefited from a slightly improved environment, particularly in olefins and derivatives.

**Outlook**

Looking to the first quarter of 2017, we expect a similar level of refining margins and lower turnaround activity versus the fourth quarter.

*The commentary above contains forward-looking statements and should be read in conjunction with the cautionary statement on page 33.*

**Table of Contents****Downstream**

Fourth quarter 2015	Fourth quarter 2016	\$ million	Year 2016	Year 2015
<b>Underlying RC profit before interest and tax - by region</b>				
477	(371)	US	853	2,599
741	1,248	Non-US	4,781	4,946
1,218	877		5,634	7,545
<b>Non-operating items</b>				
(196)	(122)	US	(48)	(86)
(352)	45	Non-US	24	(504)
(548)	(77)		(24)	(590)
<b>Fair value accounting effects</b>				
124	22	US	(321)	102
44	77	Non-US	(127)	54
168	99		(448)	156
<b>RC profit before interest and tax</b>				
405	(471)	US	484	2,615
433	1,370	Non-US	4,678	4,496
838	899		5,162	7,111
<b>Underlying RC profit before interest and tax - by business<sup>(a)(b)</sup></b>				
888	417	Fuels	3,727	5,995
294	357	Lubricants	1,523	1,384
36	103	Petrochemicals	384	166
1,218	877		5,634	7,545
<b>Non-operating items and fair value accounting effects<sup>(c)</sup></b>				
(220)	103	Fuels	(390)	(137)
(17)	(81)	Lubricants	(84)	(143)
(143)		Petrochemicals	2	(154)
(380)	22		(472)	(434)
<b>RC profit before interest and tax<sup>(a)(b)</sup></b>				
668	520	Fuels	3,337	5,858
277	276	Lubricants	1,439	1,241
(107)	103	Petrochemicals	386	12



Edgar Filing: BP PLC - Form 6-K

838	<b>899</b>		<b>5,162</b>	7,111
13.2	<b>11.4</b>	<b>BP average refining marker margin (RMM)*</b> (\$/bbl)	<b>11.8</b>	17.0
<b>Refinery throughputs (mb/d)</b>				
700	<b>604</b>	US	<b>646</b>	657
776	<b>806</b>	Europe	<b>803</b>	794
238	<b>234</b>	Rest of World	<b>236</b>	254
1,714	1,644		<b>1,685</b>	1,705
95.5	<b>94.9</b>	<b>Refining availability*</b> (%)	<b>95.3</b>	94.7
<b>Marketing sales of refined products (mb/d)</b>				
1,267	<b>1,146</b>	US	<b>1,134</b>	1,158
1,188	<b>1,166</b>	Europe	<b>1,179</b>	1,199
476	<b>540</b>	Rest of World	<b>512</b>	478
2,931	<b>2,852</b>		<b>2,825</b>	2,835
2,883	<b>2,836</b>	Trading/supply sales of refined products	<b>2,775</b>	2,770
5,814	<b>5,688</b>	Total sales volumes of refined products	<b>5,600</b>	5,605
<b>Petrochemicals production (kte)</b>				
938	<b>546</b>	US	<b>2,564</b>	3,666
727	<b>930</b>	Europe	<b>3,729</b>	3,527
2,002	<b>2,071</b>	Rest of World	<b>7,934</b>	7,567
3,667	<b>3,547</b>		<b>14,227</b>	14,760

- (a) Segment-level overhead expenses are included in the fuels business result.  
(b) BP's share of income from petrochemicals at our Gelsenkirchen and Mülheim sites in Germany is reported in the fuels business.  
(c) For Downstream, fair value accounting effects arise solely in the fuels business.

**Table of Contents****Rosneft**

Fourth quarter 2015	Fourth quarter 2016 <sup>(a)</sup>	\$ million	Year 2016 <sup>(a)</sup>	Year 2015
189	182	Profit before interest and tax <sup>(b)</sup>	643	1,314
46	(24)	Inventory holding (gains) losses*	(53)	(4)
235	158	RC profit before interest and tax	590	1,310
	(23)	Net charge (credit) for non-operating items*	(23)	
235	135	Underlying RC profit before interest and tax*	567	1,310

**Financial results**

Replacement cost profit before interest and tax for the fourth quarter and full year was \$158 million and \$590 million respectively, compared with \$235 million and \$1,310 million for the same periods in 2015.

After adjusting for non-operating items, the underlying replacement cost profit before interest and tax for the fourth quarter and full year was \$135 million and \$567 million respectively. There were no non-operating items in the fourth quarter and full year of 2015.

Compared with the same period in 2015, the result for the fourth quarter was primarily affected by increased government take, partially offset by favourable duty lag effects and higher oil prices. For the full year, the result was primarily affected by lower oil prices and increased government take, partially offset by favourable duty lag effects.

In June 2016 Rosneft's annual general meeting adopted a resolution to pay a dividend of 11.75 Russian roubles per ordinary share in relation to the 2015 annual results. BP received a dividend of \$332 million, after the deduction of withholding tax, in July 2016.

**Key events**

On 7 December an agreement was signed to sell 19.5% from Rosneftegaz's 69.5% shareholding in Rosneft to a consortium of international investors, comprising Qatar Investment Authority and Glencore. Following completion of the transaction in December, at the year-end Rosneftegaz's shareholding in Rosneft was 50% plus one share. Rosneftegaz is Rosneft's largest shareholder and is wholly owned by the Russian government.

Fourth quarter 2015	Fourth quarter 2016 <sup>(a)</sup>		Year 2016 <sup>(a)</sup>	Year 2015
<b>Production (net of royalties) (BP share)</b>				
811	919	Liquids* (mb/d)	840	813
1,261	1,347	Natural gas (mmcf/d)	1,279	1,195
1,028	1,152	Total hydrocarbons* (mboe/d)	1,060	1,019

(a)

## Edgar Filing: BP PLC - Form 6-K

The operational and financial information of the Rosneft segment for the fourth quarter and full year is based on preliminary operational and financial results of Rosneft for the full year ended 31 December 2016. Actual results may differ from these amounts.

- (b) The Rosneft segment result includes equity-accounted earnings arising from BP's 19.75% shareholding in Rosneft as adjusted for the accounting required under IFRS relating to BP's purchase of its interest in Rosneft and the amortization of the deferred gain relating to the disposal of BP's interest in TNK-BP. These adjustments have increased the reported profit before interest and tax for the fourth quarter and full year of 2016, as shown in the table above, compared with the equivalent amount in Russian roubles that we expect Rosneft to report in its own financial statements under IFRS. BP's share of Rosneft's profit before interest and tax for each year-to-date period is calculated by translating the amounts reported in Russian roubles into US dollars using the average exchange rate for the year to date. BP's share of Rosneft's earnings after finance costs, taxation and non-controlling interests, as adjusted, is included in the BP group income statement within profit before interest and taxation.

**Table of Contents****Other businesses and corporate**

<b>Fourth quarter 2015</b>	<b>Fourth quarter 2016</b>	<b>\$ million</b>	<b>Year 2016</b>	<b>Year 2015</b>
		<b>Profit (loss) before interest and tax</b>		
(328)	(674)	<i>Gulf of Mexico oil spill</i>	(6,640)	(11,709)
(627)	(443)	<i>Other</i>	(1,517)	(1,768)
(955)	(1,117)	Profit (loss) before interest and tax	(8,157)	(13,477)
		Inventory holding (gains) losses*		
(955)	(1,117)	RC profit (loss) before interest and tax	(8,157)	(13,477)
		<b>Net charge (credit) for non-operating items*</b>		
328	674	<i>Gulf of Mexico oil spill</i>	6,640	11,709
328	19	<i>Other</i>	279	547
656	693	Net charge (credit) for non-operating items	6,919	12,256
(299)	(424)	Underlying RC profit (loss) before interest and tax*	(1,238)	(1,221)
		<b>Underlying RC profit (loss) before interest and tax</b>		
(107)	50	US	(276)	(439)
(192)	(474)	Non-US	(962)	(782)
(299)	(424)		(1,238)	(1,221)
		<b>Non-operating items</b>		
(624)	(672)	US	(6,824)	(12,143)
(32)	(21)	Non-US	(95)	(113)
(656)	(693)		(6,919)	(12,256)
		<b>RC profit (loss) before interest and tax</b>		
(731)	(622)	US	(7,100)	(12,582)
(224)	(495)	Non-US	(1,057)	(895)
(955)	(1,117)		(8,157)	(13,477)

Other businesses and corporate comprises biofuels and wind businesses, shipping, treasury (which includes interest income on the group's cash and cash equivalents), corporate activities including centralized functions, and the costs of the Gulf of Mexico oil spill.

**Financial results**

The replacement cost loss before interest and tax for the fourth quarter and full year was \$1,117 million and \$8,157 million respectively, compared with \$955 million and \$13,477 million for the same periods in 2015.

## Edgar Filing: BP PLC - Form 6-K

The fourth-quarter result included a net non-operating charge of \$693 million, compared with a net non-operating charge of \$656 million in 2015. The charge for the quarter primarily relates to the Gulf of Mexico oil spill and reflects the latest estimate for claims and associated costs and other items. For the full year, the net non-operating charge was \$6,919 million, compared with a net non-operating charge of \$12,256 million a year ago, both primarily relating to costs for the Gulf of Mexico oil spill. For further information see Note 2 on page 18.

After adjusting for non-operating items, the underlying replacement cost loss before interest and tax for the fourth quarter and full year was \$424 million and \$1,238 million respectively, compared with \$299 million and \$1,221 million for the same periods in 2015. The result for the quarter was impacted by adverse foreign exchange effects.

### **Biofuels**

The net ethanol-equivalent production (which includes ethanol and sugar) for the fourth quarter and full year was 98 million litres and 733 million litres, compared with 189 million litres and 795 million litres for the same periods in 2015.

### **Wind**

Net wind generation capacity\*(a) was 1,474MW at 31 December 2016 compared with 1,588MW at 31 December 2015. BP's net share of wind generation for the fourth quarter and full year was 1,154GWh and 4,389GWh respectively, compared with 1,253GWh and 4,424GWh for the same periods in 2015.

### **Outlook**

In 2017, Other businesses and corporate average quarterly charges, excluding non-operating items, are expected to be around \$350 million although this will fluctuate from quarter to quarter.

- (a) Capacity figures include 22.5MW in the Netherlands managed by our Downstream segment at 31 December 2016, and 32MW at 31 December 2015.

*The commentary above contains forward-looking statements and should be read in conjunction with the cautionary statement on page 33.*

**Table of Contents****Financial statements****Group income statement**

Fourth quarter 2015	Fourth quarter 2016	\$ million	Year 2016	Year 2015
49,172	<b>51,007</b>	Sales and other operating revenues (Note 5)	<b>183,008</b>	222,894
(615)	<b>489</b>	Earnings from joint ventures after interest and tax	<b>966</b>	(28)
303	<b>263</b>	Earnings from associates after interest and tax	<b>994</b>	1,839
145	<b>114</b>	Interest and other income	<b>506</b>	611
228	<b>248</b>	Gains on sale of businesses and fixed assets	<b>1,132</b>	666
49,233	<b>52,121</b>	Total revenues and other income	<b>186,606</b>	225,982
36,893	<b>37,883</b>	Purchases	<b>132,219</b>	164,790
6,448	<b>6,595</b>	Production and manufacturing expenses <sup>(a)</sup>	<b>29,077</b>	37,040
263	<b>199</b>	Production and similar taxes (Note 6)	<b>683</b>	1,036
3,881	<b>3,642</b>	Depreciation, depletion and amortization	<b>14,505</b>	15,219
1,386	<b>(305)</b>	Impairment and losses on sale of businesses and fixed assets	<b>(1,664)</b>	1,909
923	<b>314</b>	Exploration expense	<b>1,721</b>	2,353
3,082	<b>2,692</b>	Distribution and administration expenses	<b>10,495</b>	11,553
(3,643)	<b>1,101</b>	Profit (loss) before interest and taxation	<b>(430)</b>	(7,918)
379	<b>434</b>	Finance costs <sup>(a)</sup>	<b>1,675</b>	1,347
78	<b>50</b>	Net finance expense relating to pensions and other post-retirement benefits	<b>190</b>	306
(4,100)	<b>617</b>	Profit (loss) before taxation	<b>(2,295)</b>	(9,571)
(776)	<b>74</b>	Taxation <sup>(a)</sup>	<b>(2,467)</b>	(3,171)
(3,324)	<b>543</b>	Profit (loss) for the period	<b>172</b>	(6,400)
		Attributable to		
(3,307)	<b>497</b>	BP shareholders	<b>115</b>	(6,482)
(17)	<b>46</b>	Non-controlling interests	<b>57</b>	82
(3,324)	<b>543</b>		<b>172</b>	(6,400)
		<b>Earnings per share (Note 7)</b>		
		Profit (loss) for the period attributable to BP shareholders		
		Per ordinary share (cents)		
(18.01)	<b>2.62</b>	Basic	<b>0.61</b>	(35.39)
(18.01)	<b>2.60</b>	Diluted	<b>0.60</b>	(35.39)
		Per ADS (dollars)		
(1.08)	<b>0.16</b>	Basic	<b>0.04</b>	(2.12)
(1.08)	<b>0.16</b>	Diluted	<b>0.04</b>	(2.12)

(a) See Note 2 for information on the impact of the Gulf of Mexico oil spill on these income statement line items.



**Table of Contents****Financial statements (continued)****Group statement of comprehensive income**

<b>Fourth quarter 2015</b>	<b>Fourth quarter 2016</b>	<b>\$ million</b>	<b>Year 2016</b>	<b>Year 2015</b>
(3,324)	<b>543</b>	Profit (loss) for the period	<b>172</b>	(6,400)
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss				
(958)	<b>(777)</b>	Currency translation differences	<b>254</b>	(4,119)
	<b>24</b>	Exchange gains (losses) on translation of foreign operations reclassified to gain or loss on sale of businesses and fixed assets	<b>30</b>	23
		Available-for-sale investments	<b>1</b>	1
(24)	<b>(204)</b>	Cash flow hedges marked to market	<b>(639)</b>	(178)
29	<b>86</b>	Cash flow hedges reclassified to the income statement	<b>196</b>	249
6	<b>32</b>	Cash flow hedges reclassified to the balance sheet	<b>81</b>	22
(233)	<b>172</b>	Share of items relating to equity-accounted entities, net of tax	<b>833</b>	(814)
(43)	<b>97</b>	Income tax relating to items that may be reclassified	<b>13</b>	257
(1,223)	<b>(570)</b>		<b>769</b>	(4,559)
2,570	<b>3,484</b>	Items that will not be reclassified to profit or loss Remeasurements of the net pension and other post-retirement benefit liability or asset	<b>(2,496)</b>	4,139
		Share of items relating to equity-accounted entities, net of tax		(1)
(881)	<b>(765)</b>	Income tax relating to items that will not be reclassified	<b>739</b>	(1,397)
1,689	<b>2,719</b>		<b>(1,757)</b>	2,741