



First half 2008 update

29 July 2008



Cautionary Statement

Forward Looking Statements - Cautionary Statement

This presentation and the associated slides and discussion contain forward looking statements, particularly those regarding oil and gas prices and impact of price changes; continuing operational momentum; underlying production growth and effects of production-sharing agreements; expected start up and timing of projects; impact of seasonal turnarounds on volumes and costs; expected financial benefits of higher refinery throughputs; expected benefit from continued increase in refining availability; impact of higher energy costs and planned turnarounds on refinery earnings; impact of slowing economies and rising wholesale prices on marketing businesses; expected growth in oil demand; impact of planned refinery startup on global gasoline supplies; reduction in corporate overheads; expected timing of financial benefits of lower overheads and simplified business model; annual charge; effective tax rate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this presentation.

Reconciliations to GAAP - This presentation also contains financial information which is not presented in accordance with generally accepted accounting principles (GAAP). A quantitative reconciliation of this information to the most directly comparable financial measure calculated and presented in accordance with GAAP can be found on our website at www.bp.com

Cautionary Note to US Investors - The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as "resources" and "non-proved reserves", that the SEC's guidelines strictly prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262, available from us at 1 St James's Square, London SW1Y 4PD. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

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Tony Hayward
Group Chief Executive

Financial results for 1H 2008

Replacement cost profit

- \$13.4bn, up 23% vs. 1H07
- Per share 71.3¢, up 26% vs. 1H07

Quarterly dividend per share

- 14.0¢, up 29% vs. 2Q07

Sterling dividend per share

- 7.039p, up 33% vs. 2Q07

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Byron Grote
Chief Financial Officer

Financial results

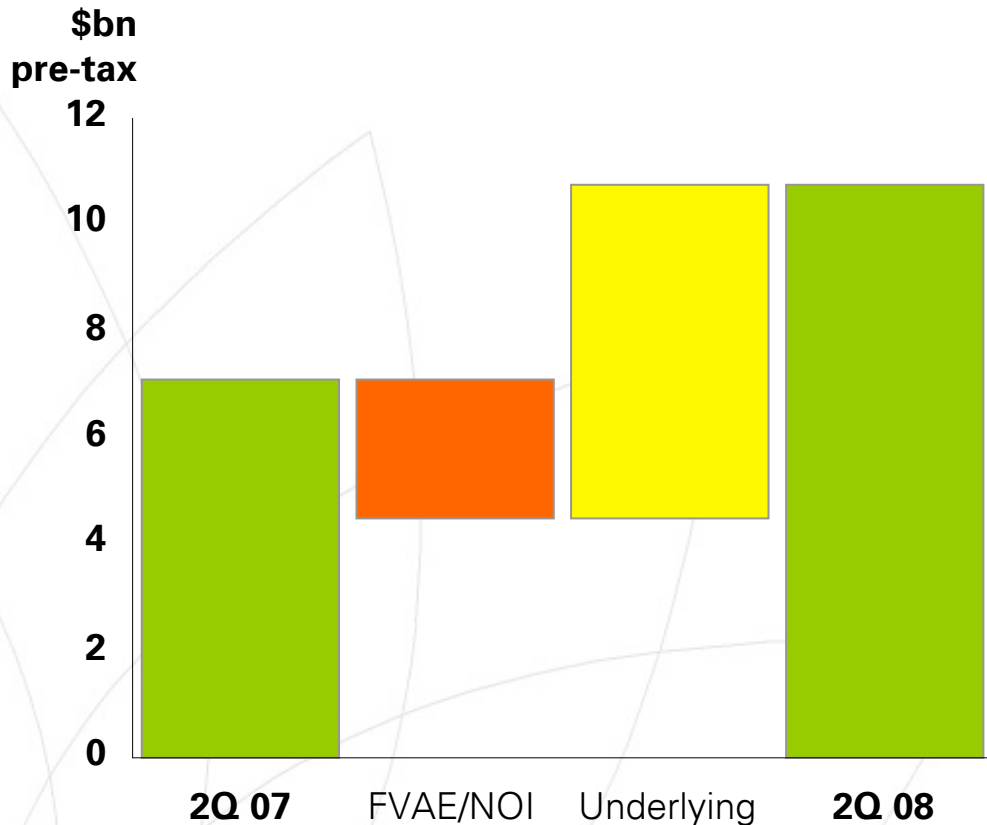


		Change vs. 2Q 2007	
Results for the second quarter	\$bn	%	% per share
• Replacement cost profit	6.9	6	8
• Underlying replacement cost profit ⁽¹⁾	8.6	56	60
• Net cash provided by operating activities	6.7	10	12
	¢/ share		
• Dividend to be paid next quarter	14.0		29%
		Change vs. 1H 2007	
Results for 1H	\$bn	%	% per share
• Replacement cost profit	13.4	23	26
• Underlying replacement cost profit ⁽¹⁾	15.2	53	57
• Net cash provided by operating activities	17.6	25	28

(1) Excluding non-operating items and fair value accounting effects



Exploration & Production

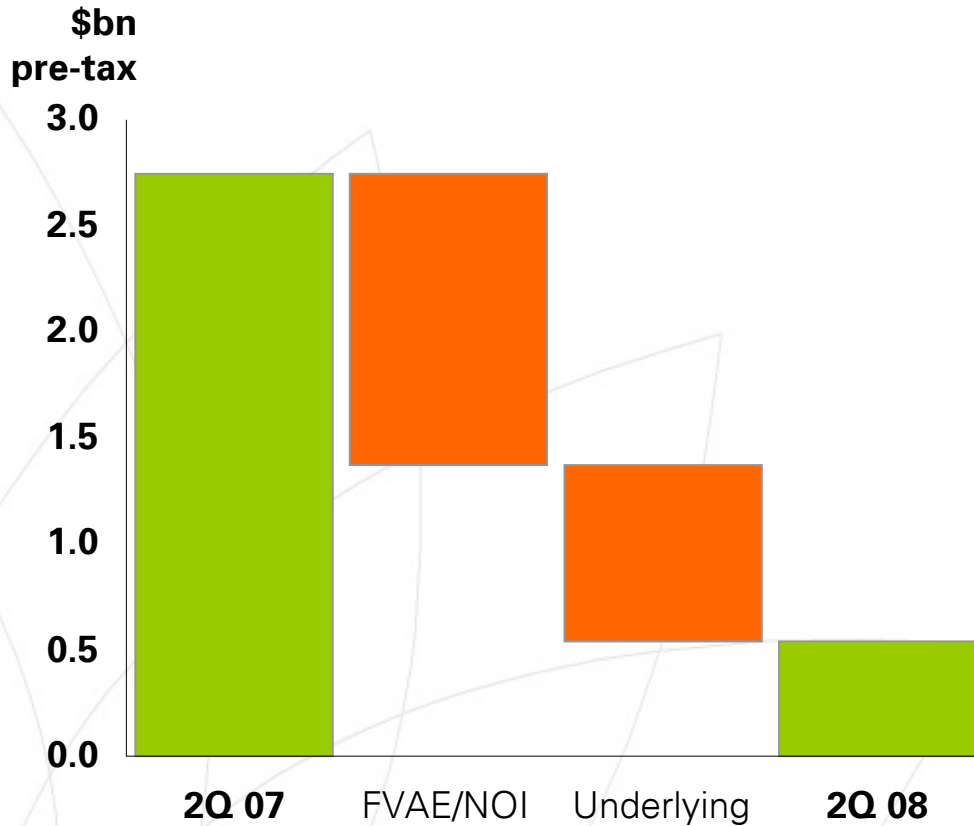


- Higher realizations
- Strong underlying production growth
- Greater TNK–BP contribution: prices and tax lag benefit
- Higher costs: sector-specific inflation, DD&A, production taxes
- Non-operating items: embedded derivatives

6,815	Underlying result \$m	13,120
(74)	Fair value accounting effects (FVAE) \$m	(373)
378	Non-operating items (NOIs) \$m	(1,976)
7,119	Total result \$m	10,771



Refining & Marketing

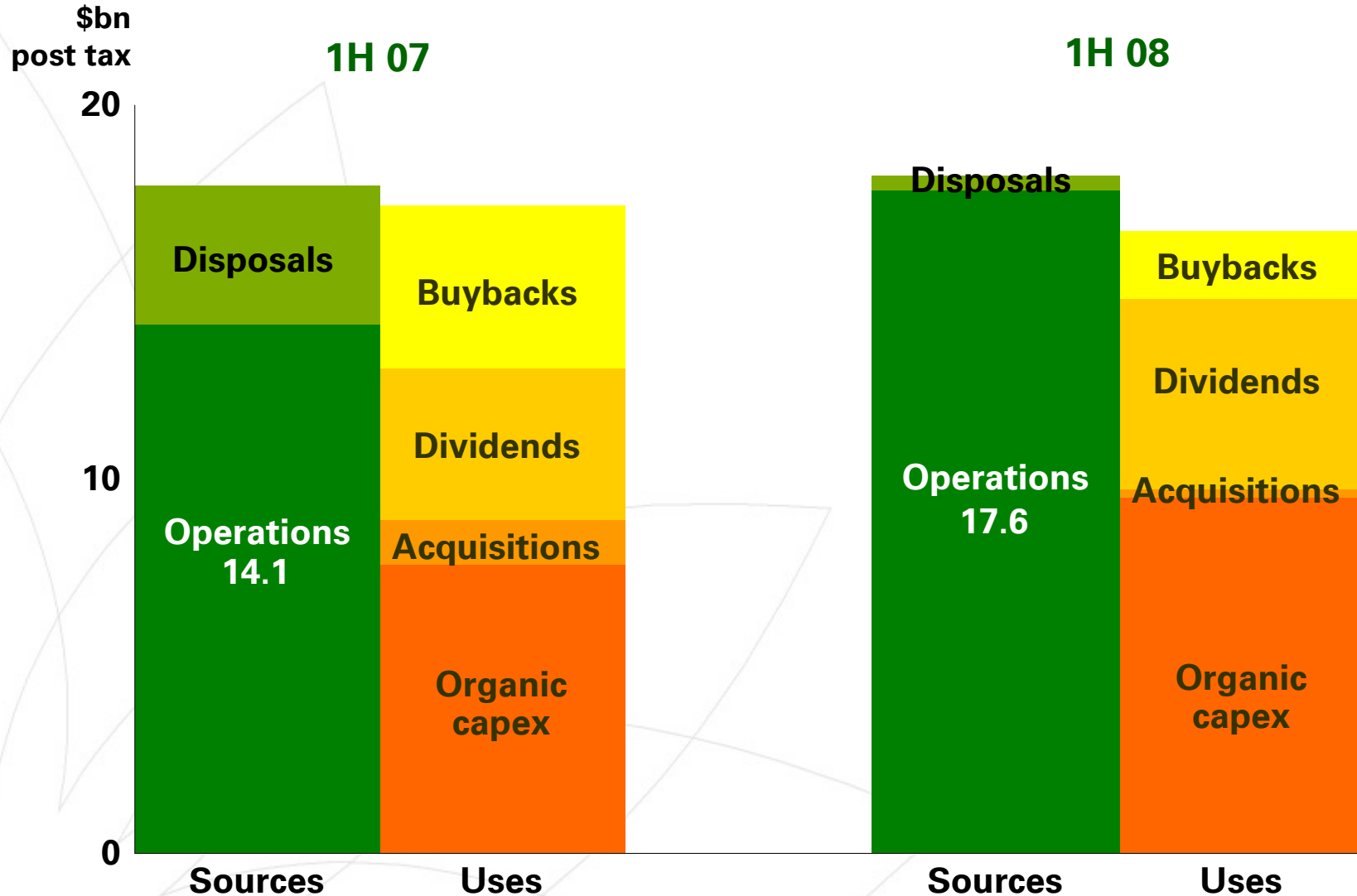


- Lower US refining margins
- Increased refinery throughputs
- Strong International Businesses contribution

1,638	Underlying result \$m	799
337	Fair value accounting effects (FVAE) \$m	(161)
767	Non-operating items (NOIs) \$m	(99)
2,742	Total result \$m	539



Sources & uses of cash



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Tony Hayward
Group Chief Executive

1H 2008 strategic progress

Restoring revenues



Upstream production

- Underlying production growth excluding PSA effects of 6% vs. 1H 2007
- Four major project start-ups: Deep Water Gunashli (ACG), Mondo (Kizomba C), Saqqara, Egypt Gas Phase 1-Taurt
- Commissioning of Thunder Horse underway

US refining

- Whiting: full crude capacity and flexibility restored
- Texas City: full crude capacity and majority of economic capability restored

1H 2008 strategic progress

Reducing complexity



Restructuring

- Headcount reduction on track
- \$468 million 1H08 restructuring costs

Delayering

- Reduction in management layers
- 20% senior positions removed

Business simplification

- Integrated fuel value chain organisation established
- Focussing marketing footprint
 - Aviation: exiting 27 countries
 - Lubricants: reduced direct presence in 20 countries
- US convenience retail: 260 out of 800 sites moved to franchise offer so far

1H 2008 strategic progress

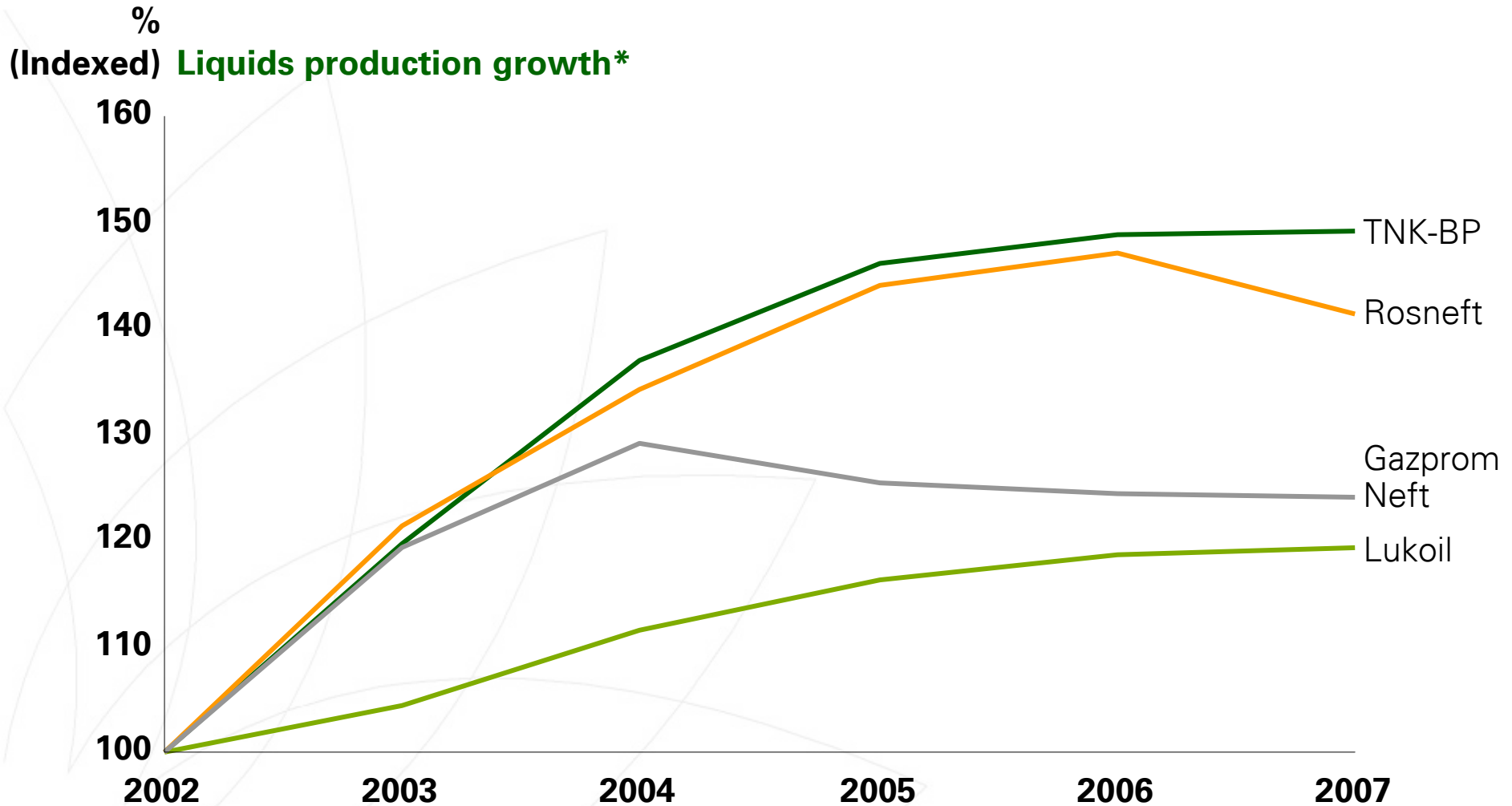
Securing the future



- Continued exploration success: Angola, Egypt, North Sea, Gulf of Mexico
- New access to resources:
 - Integrated oil sands / refining JVs with Husky
 - Canadian Arctic – Beaufort Sea
 - Arkoma Basin Woodford shale gas deal
- Block 31 Angola: Approval of programme development
- Denali/Alaska Gas Pipeline
- Whiting Canadian Crude project: Final investment decision taken
- Brazilian biofuels

TNK-BP performance 2003-7

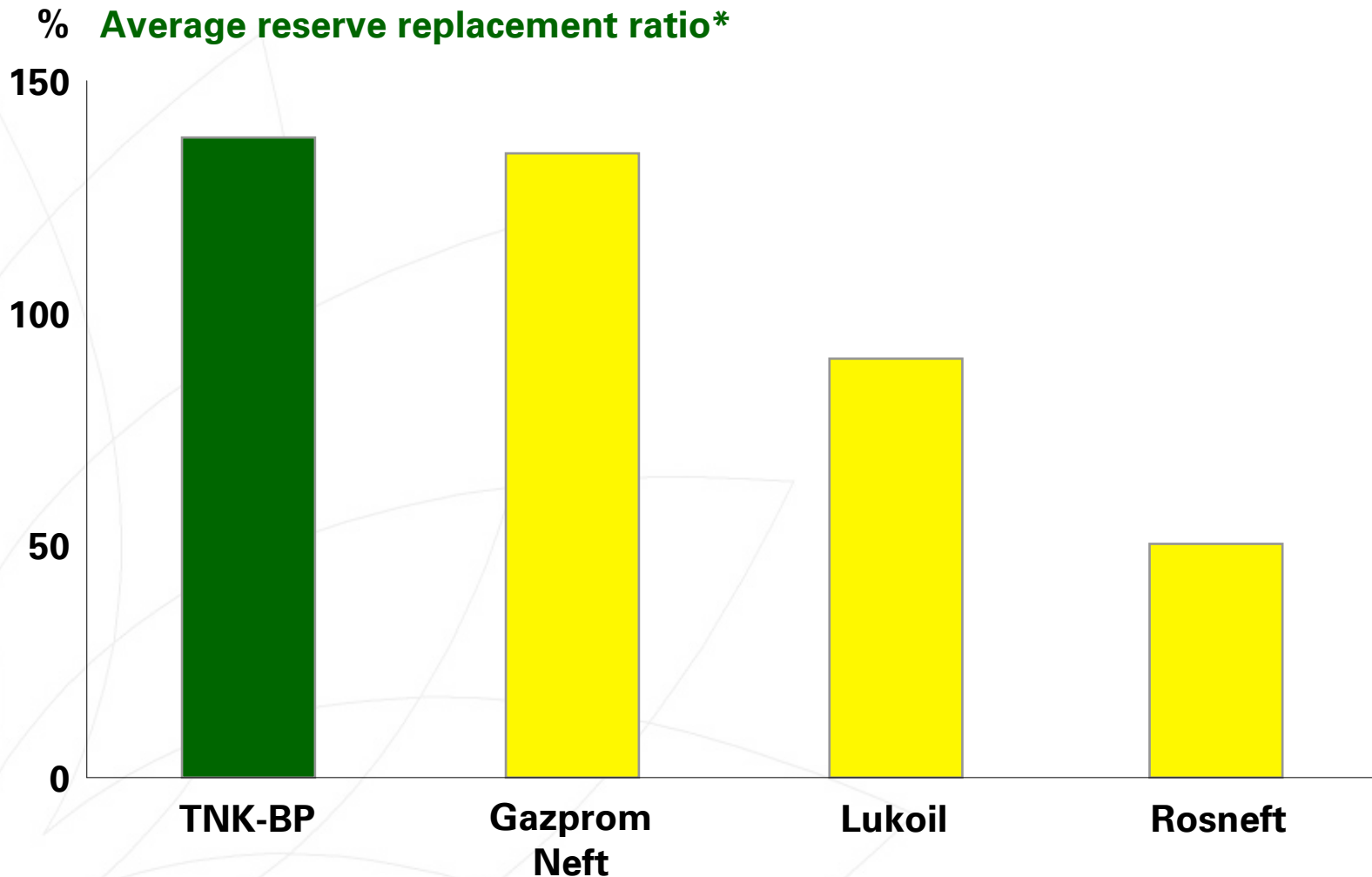
Production growth



* In Russia; Organic - excluding acquisitions & divestments
Source: Central Dispatch Union – Russian Ministry of Energy

TNK-BP performance 2003-7

Reserves replacement



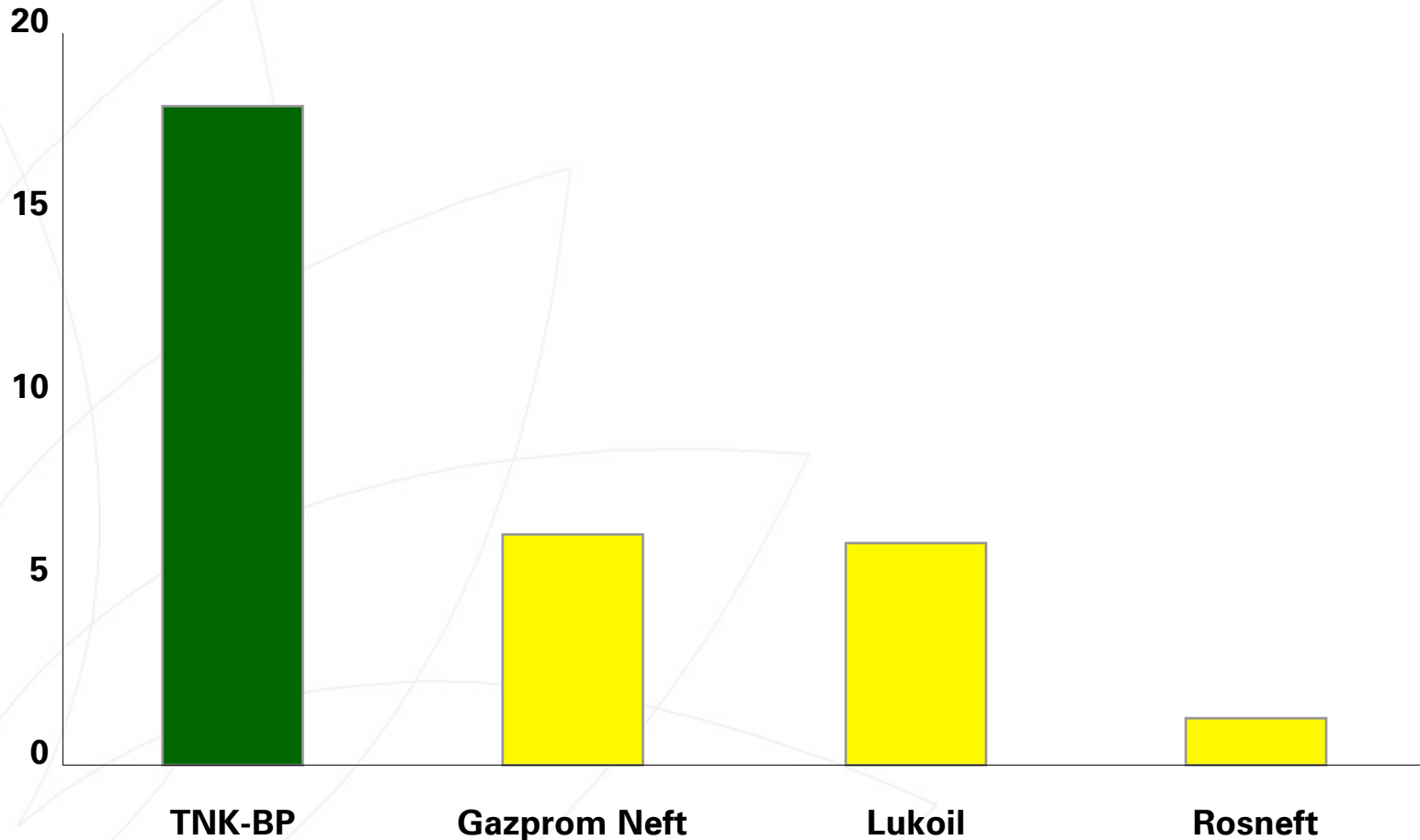
* In Russia; Organic - excluding acquisitions & divestments
Source: Company reports

TNK-BP performance 2003-7

Cash returns to shareholders



\$bn Total cash distributions to shareholders*



** Excluding acquisitions & divestments
Source: Company reports*

TNK-BP performance 2003-7

#1 in Russia



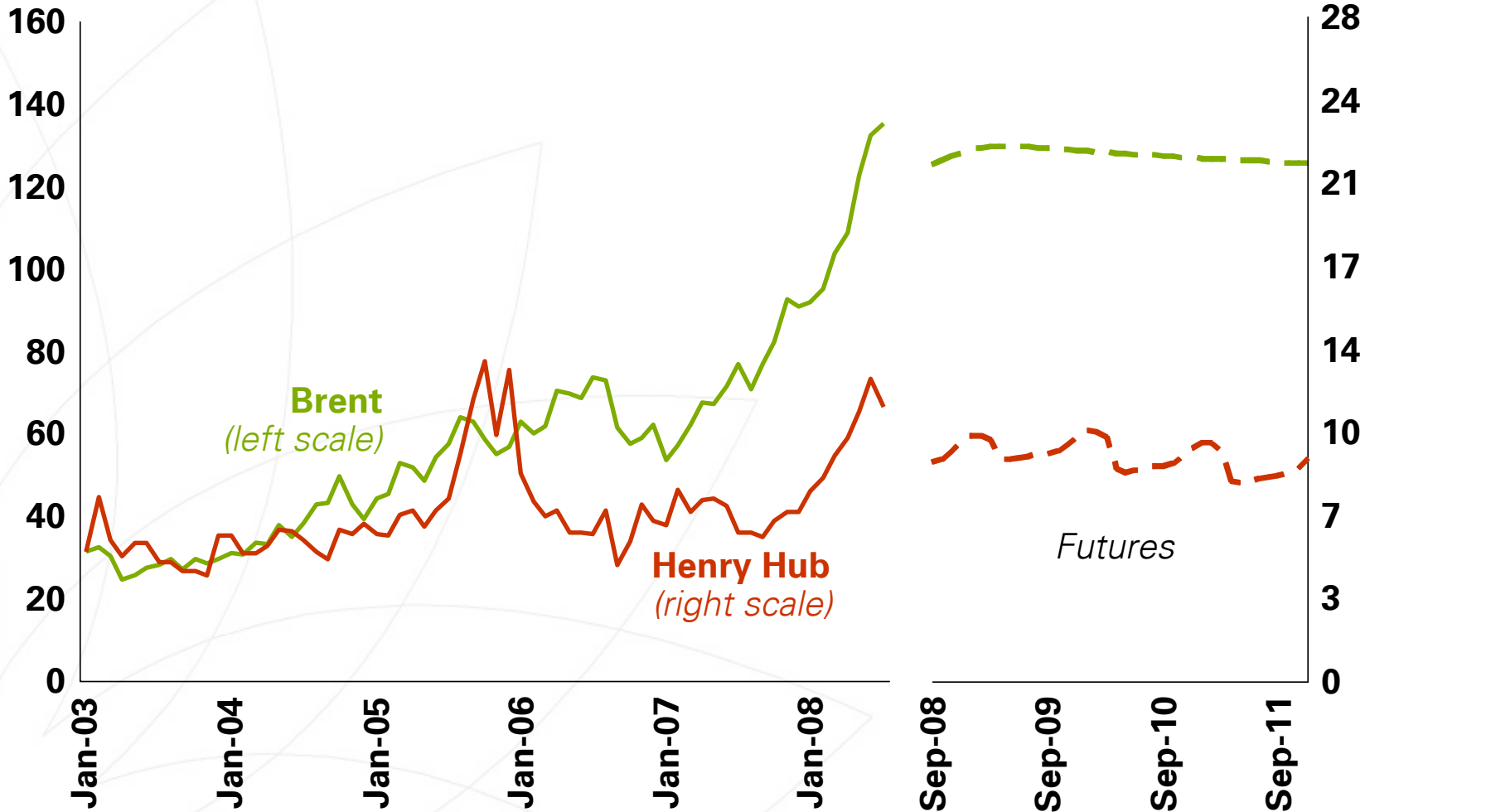
- **Production #1**
 - Highest organic growth rate* of any major Russian oil company: 8%/year
- **Reserve replacement #1**
 - Highest reserve replacement* of any major Russian oil company: 138%
- **Dividends to shareholders #1**
 - Highest cash payments to shareholders of any Russian company
- **Finding & development costs #1**
 - Lowest F&D cost of any major Russian oil company: \$2.20/bbl
- **Return on average capital employed #1**
 - Highest average ROACE of any major Russian oil company: 35%

Changing business environment

Oil and gas prices



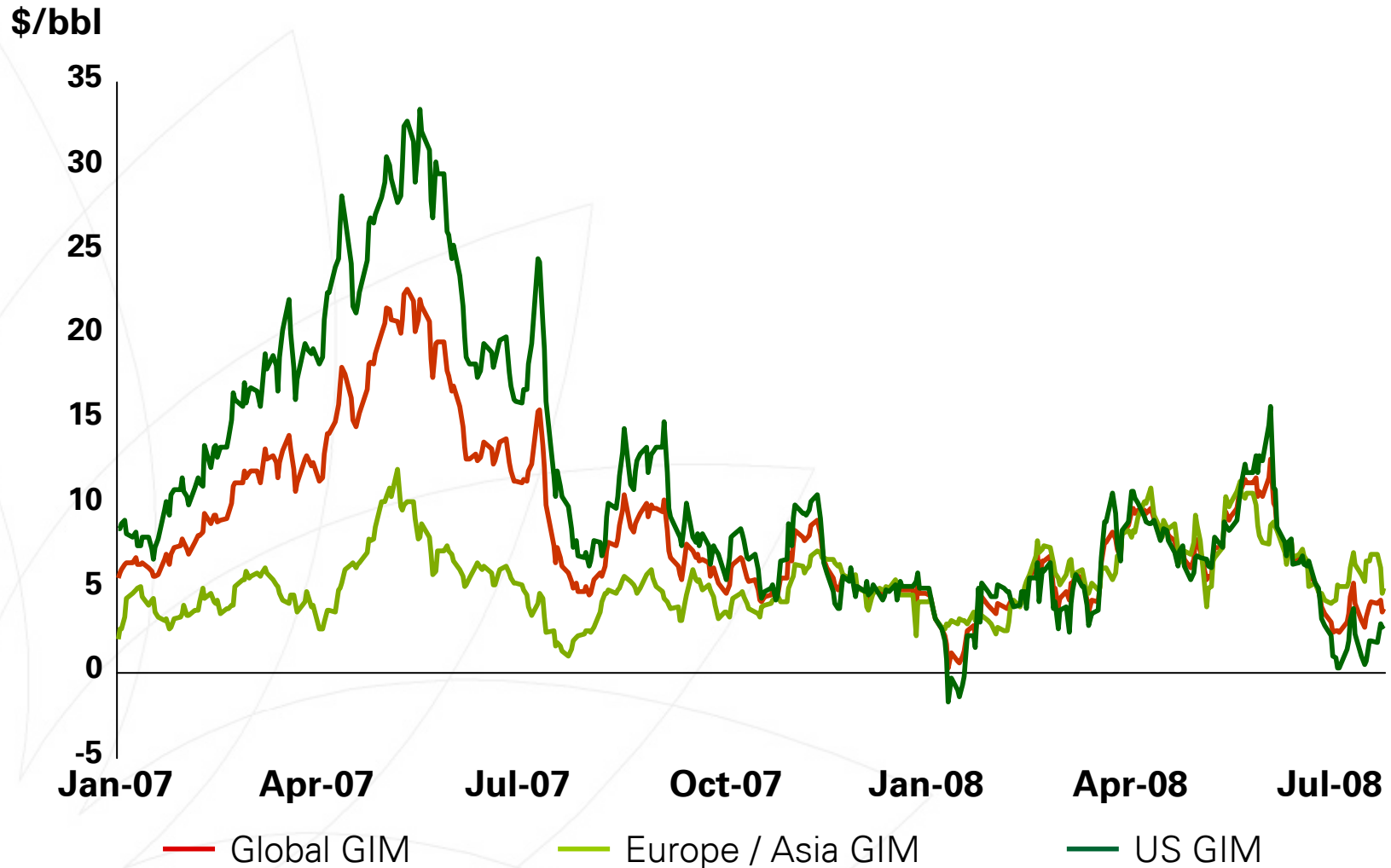
\$/bbl Brent and Henry Hub Prices



Source: Platts; Futures data NYMEX & ICE

Changing business environment

Refining margins



GIM = Global Indicator Margin
Source: BP

Responding to the changing business environment



Increased activity in Exploration & Production

- Capturing new growth opportunities
- Pull through of resources in established basins

Forward Agenda: continued focus on costs and efficiency

- Capturing stronger business environment in the upstream
- Mitigating weaker business environment in the downstream
- Closing the competitive gap

Alternative Energy

- Brazil biofuels
- Solar/Wind

BP strategy: closing the competitive gap

- Upstream growth
- Downstream turnaround
- Corporate simplification
- Alternative Energy growth and equity value

Q&A



Tony Hayward
Group Chief Executive



Byron Grote
Chief Financial Officer



Andy Inglis
**Chief Executive
Exploration & Production**



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