27 July 2018

BP ACQUISITION OF BHP'S US ONSHORE ASSETS

Good morning and thank you for joining this morning's call at short notice.

I'm Craig Marshall, BP's group head of investor relations, and I'm here today with our chief financial officer, Brian Gilvary, and Upstream chief executive, Bernard Looney. Dave Lawler, head of our US Lower 48 business, will join us for the Q&A.

Before we begin I would like to draw your attention to our usual cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), BP is providing the following cautionary statement. This presentation and the associated slides and discussion contain forward-looking statements – that is, statements related to future, not past events – relating to the acquisition of BHP's Permian, Eagle Ford and Haynesville assets, including statements regarding the amount and timing of the consideration and how it will be funded; plans and estimates of net investment; plans and estimates of optimization, growth options and synergies; the potential for significant value creation including capital efficiency, optimised development and additional resource potential, with further upside at higher prices; plans and expectations regarding production and resources and their growth and growth in returns and free cash flow; plans and expectations regarding growing sustainable free cash flow and distributions to shareholders over the long term; the strategy to grow gas and advantaged oil; plans and expectations regarding the financial framework and accommodating the transaction within the existing financial frame, including in relation to organic capital expenditure, gearing within a 20-30% band and the expectation that ROACE will exceed 10% by 2021; expectation that the transaction will be accretive on an earnings and cash flow basis; expectations of strengthened upstream free cash flow out to 2021; plans and expectations regarding further divestments and share buybacks funded by divestments. Forward-looking statements involve risks and uncertainties because they depend on circumstances that will or may 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 factors, including the actions of regulators and the timing of the receipt of governmental and regulatory approvals, the timing of bringing new fields onstream, future levels of industry product supply, demand and pricing, OPEC quota restrictions, operational problems, general economic conditions, political stability and economic growth in relevant areas of the world, changes in laws and governmental regulations, regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought, exchange rate fluctuations, development and use of new technology, the success or otherwise of partnering, the actions of competitors, trading partners, creditors, rating agencies and others, natural disasters and adverse weather conditions, changes in public expectations and other changes to business conditions, wars and acts of terrorism or sabotage, and other factors discussed in the "Cautionary Statement" in BP's Annual Report and Form 20-F 2017 as filed with the United States Securities and Exchange Commission.

This document contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules 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. This form is available on our website at www.bp.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov

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.

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During today's presentation, we will make forward-looking statements that refer to our estimates, plans and expectations. Actual results and outcomes could differ materially due to factors we note on this slide and in our UK and SEC filings. These documents are available on our website.

Now, over to Brian.

Thanks Craig.

Following the announcement of our acquisition of BHP's Permian, Eagle Ford and Haynesville assets, and ahead of our second quarter results next week, today's webcast and conference call is intended to provide further context around the assets acquired, how they fit within our broader financial frame, and the significant sources of value we expect to deliver.

We will also ensure we have some time at the end to take your questions.

Before I get into the specifics of the transaction I just want to remind you of our investor proposition.

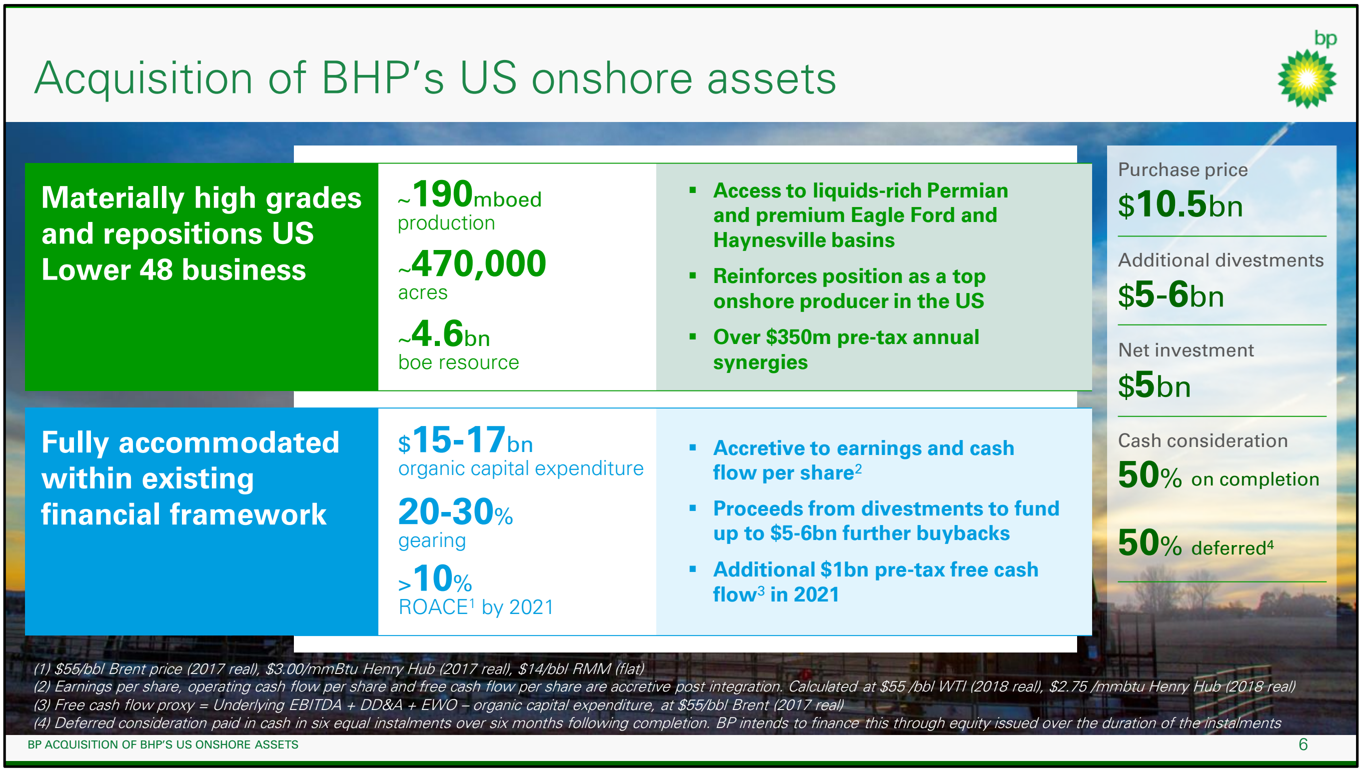
Our focus remains firmly on safe, reliable and efficient operations, leveraging a distinctive portfolio that creates value-based, disciplined growth. This all underpins our aim of growing sustainable free cash flow and distributions to our shareholders over the long term.

Today's announcement is entirely consistent with this proposition and progresses our strategic agenda, as Bernard will outline.

In acquiring BHP's US onshore assets, we build upon our sector-leading proven operating capability, and reposition and high-grade our portfolio in the Lower 48.

Our advantaged global oil and gas portfolio is strengthened with the addition of world-class unconventional oil and gas assets, that create significant growth options through this decade and into the next.

It also creates value. It is expected to be accretive on an earnings and cash flow basis, materially improves our Upstream free cash flow outlook in 2021, and is fully accommodated within our existing financial framework.



Turning to the key points of the transaction.

We are acquiring from BHP assets in the liquids-rich Permian-Delaware basin, along with two premium positions in the Eagle Ford and Haynesville basins.

This transforms our Lower 48 business and reinforces our position as a top onshore producer in the United States. It adds assets which today produce around 190 thousand barrels of oil equivalent per day across 470 thousand acres, along with around 4.6 billion barrels of discovered resource.

The $10.5 billion headline purchase price will be fully payable in cash. Half will be paid on completion with the remaining half deferred and paid in 6 equal instalments over a period of 6 months from the date of completion. We intend to finance the deferred consideration through equity issued over the duration of the instalments.

In conjunction with this we have announced the intention to divest an additional $5-6 billion of assets, predominantly from the Upstream, all of which results in a net investment of around $5 billion. Proceeds from divestments are expected to fund up to $5-6 billion of further share buybacks.

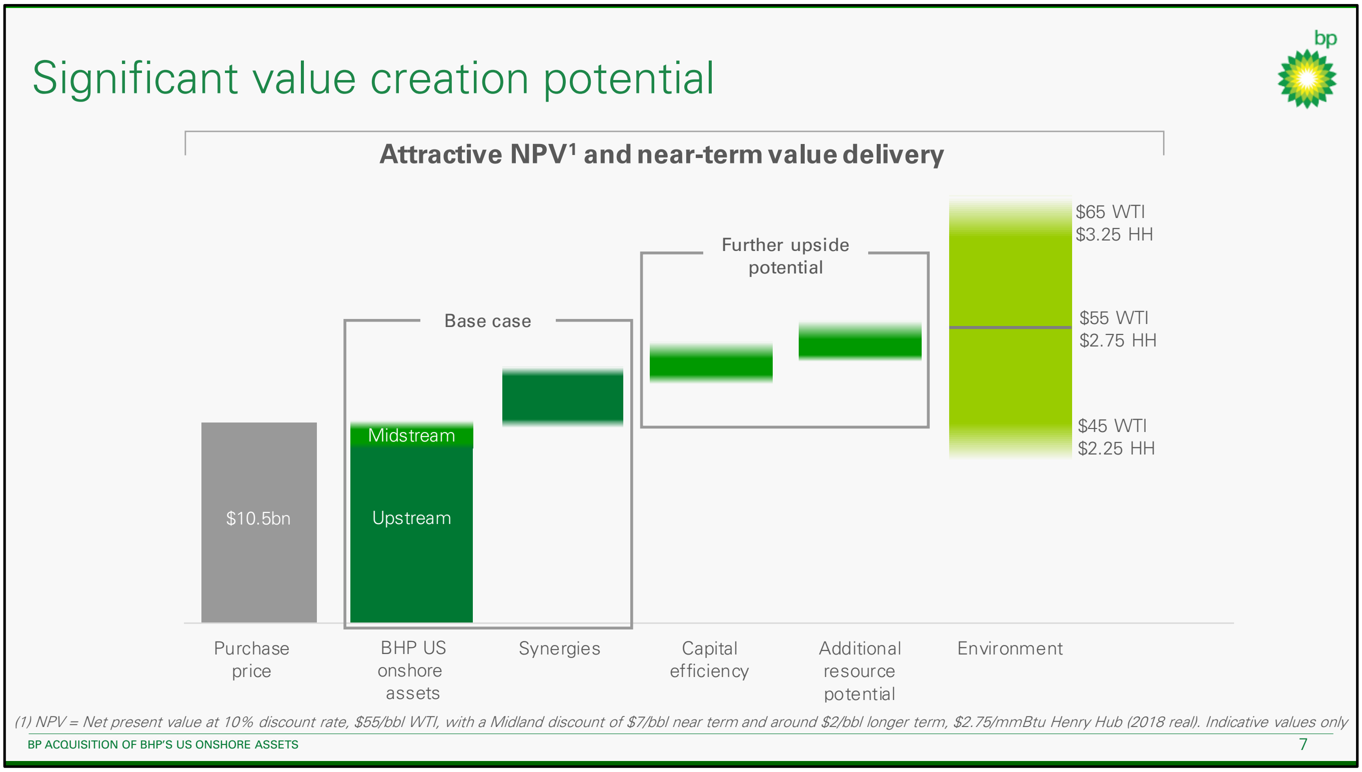
This $5 billion net investment adds high-quality upstream assets to our portfolio, creates significant synergies and value upside, and generates accretive earnings and cash flow per share.

The transaction is fully accommodated within our existing financial frame, with:

– an organic capital frame of $15-17 billion;

– a gearing band of 20-30%; and

– 2021 returns in excess of 10% at $55 per barrel Brent.

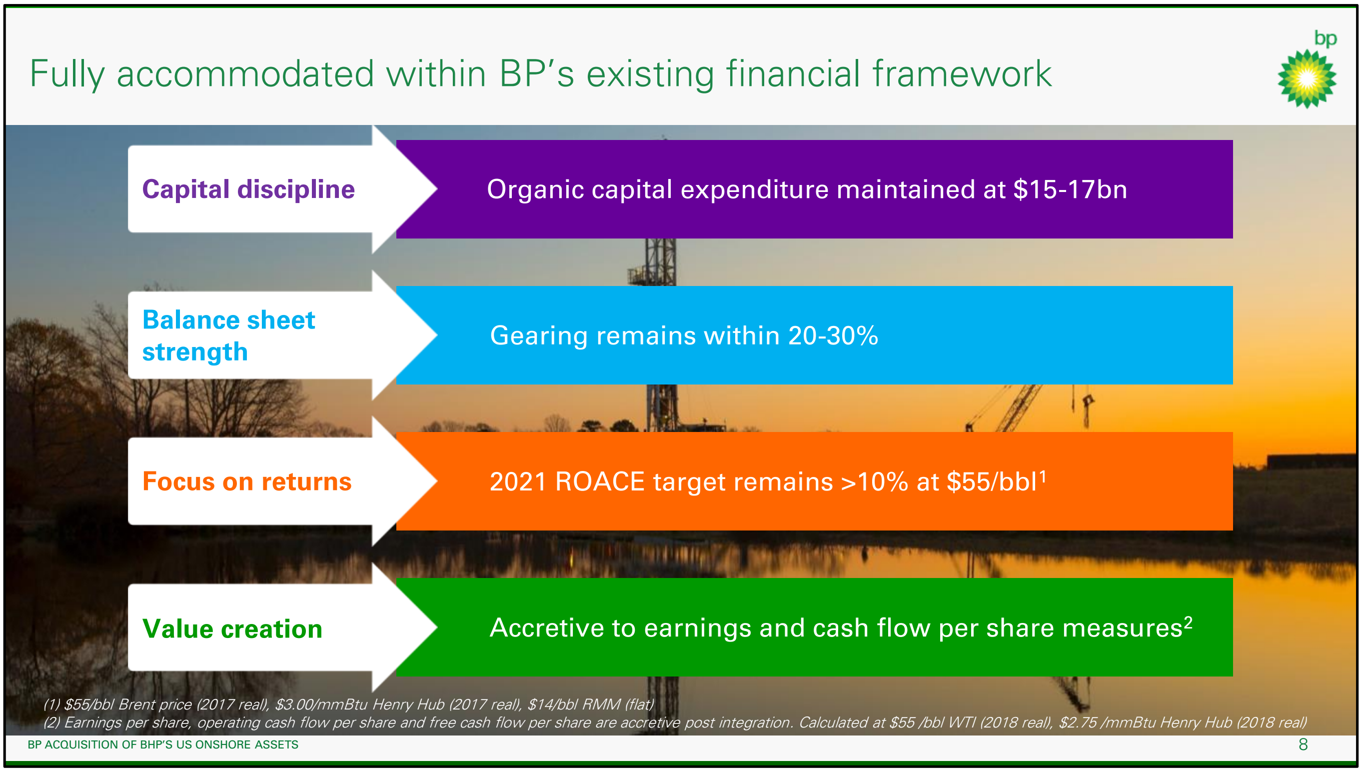


The acquisition also creates the potential for significant value creation over and above the purchase price – through the combination of a world-class portfolio of oil and gas assets with the proven competitive Lower 48 operating model that has been developed over the past 4 years.

This is delivered in the near-term with the addition to our portfolio of producing upstream assets alongside a valuable midstream asset position in the Permian and Eagle Ford basins. As we apply our operating model to these assets, we expect to deliver more than $350 million of synergies post-integration, through sustainable cost reductions, and commercial and trading opportunities unique to BP.

Beyond this we see the potential for significant further sources of value through driving capital efficiency across our development programme, as well as the potential for additional resource beyond the current primary development zones.

We have also taken this investment decision using conservative price assumptions. This includes a WTI oil price of $55 per barrel, a Midland discount of $7 per barrel in the near term, and a Henry Hub gas price of $2.75 per million British thermal units. At higher prices, similar to today's levels, we see further upside value, while still being resilient at lower prices.



The transaction is also fully accommodated within our existing financial framework.

We have a proven track record of actively managing our portfolio for value. Much like other innovative deals we've done, such as AkerBP, we have been clear that we will only do so where these are accretive and create sustainable value for shareholders – this transaction does exactly that.

Our focus on capital discipline is unchanged and we maintain our guidance of $15-17 billion per year of organic capital expenditure. The continued capital productivity and efficiency we are seeing across the Upstream is creating room for further flexible investment in the Lower 48 without compromising growth plans elsewhere.

We have a robust balance sheet and the transaction will be managed within our targeted gearing band of 20-30%.

Importantly we are creating value for our shareholders – once we have integrated the acquired assets into our Lower 48 business, we expect to deliver earnings, operating cash flow and free cash flow growth that are accretive on a per share basis.

And we expect this transaction to contribute to growing return on average capital employed, exceeding 10% by 2021 at an assumed Brent price of $55 per barrel in real terms.

Given our confidence in the outlook for Group free cash flow, and supported by the earnings and cash flow accretion expected following the integration of the BHP assets, we have announced a 2.5% increase to the quarterly dividend – the first dividend increase since the third quarter of 2014. With this, the second quarter dividend is increased to 10.25 cents per ordinary share payable in the third quarter of 2018.

This demonstrates the confidence we have in our disciplined financial framework, the operational momentum across the whole business, and our long-standing commitment to growing distributions to shareholders over the long-term.

Let me now hand over to Bernard.

UPSTREAM

Bernard Looney

Chief Executive, Upstream

Thank you Brian and good morning ladies and gentlemen.

Today's announcement is another step in transforming the Upstream and builds on the track record we have established over the past few years.

We are half way through the year, and as ever, we're quite busy. Projects are coming online, production is growing, and costs are coming down. But, more about that next week.

However, there is one area I want to highlight today and that is our progress on capital efficiency. You will recall in 2016, we outlined organic capital expenditure guidance of $13-14 billion per year out to 2021. In February of this year we said 2018 would be $12-13 billion. Today, I feel confident we will be at the lower end of that range.

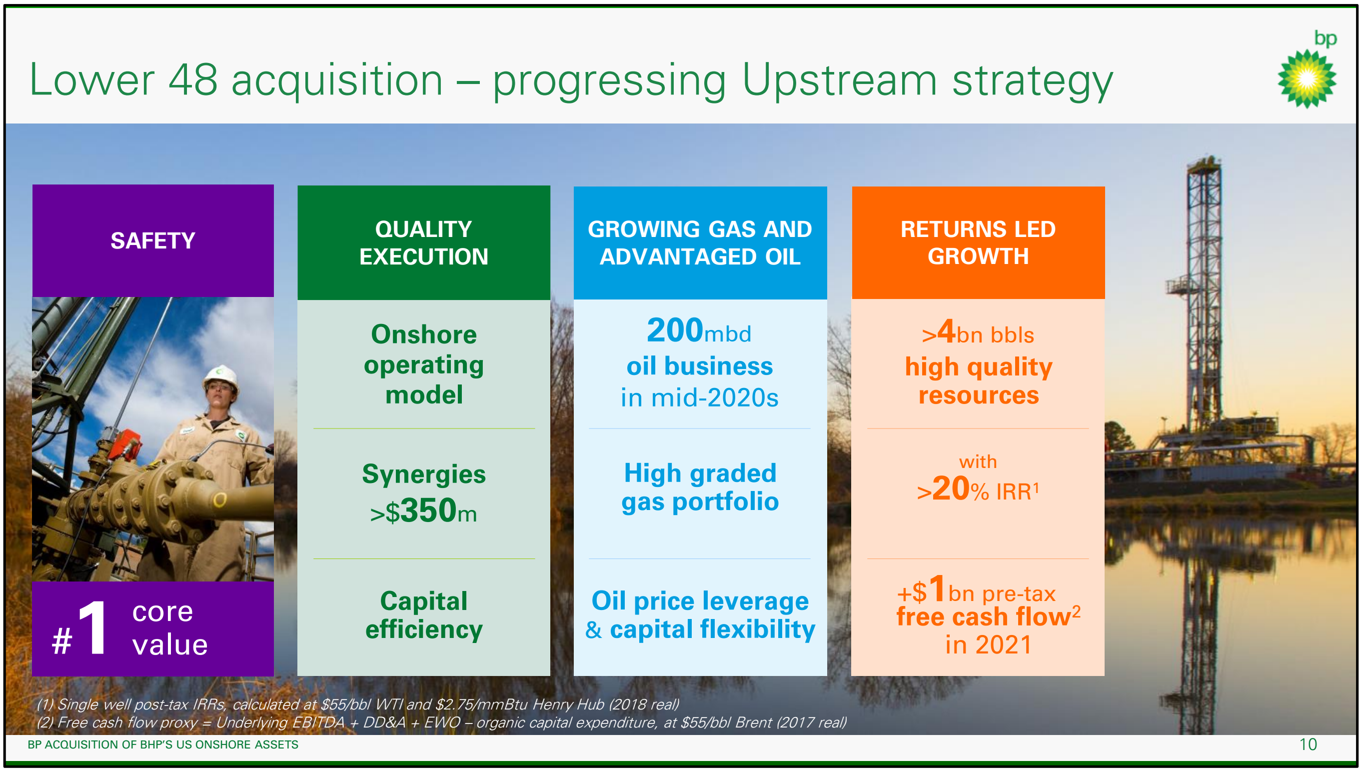
This progress has created the space for us to invest in this opportunity in the Lower 48, while continuing to hold our organic capital spend at $13-14 billion per year. This is a story of improving capital productivity.

Some examples of how we have done this include:

- Increasing offshore top quartile wells from around one-third in 2013 to almost two-thirds this year;
- Delivering projects below the industry cost benchmark for the past three years as measured by Independent Project Analysis – IPA; and
- Starting up Shah Deniz 2, one of the largest projects in the world, with a latest cost estimate around 20% below sanction.

These are just a few examples of how we are squeezing more out of every dollar of capital.

So, with that backdrop, let me now spend a few minutes talking about the specifics of this deal and its impact on the Upstream.



First, let me turn to the Upstream strategy. You will recall the three planks:

- Quality execution – being the best at what we do where we work, starting with doing it safely and in an environmentally responsible way.
- Growing gas and advantaged oil – growing both, but only those resources that are low cost or high margin; and
- Returns led growth – investing with discipline to grow value through increased cash flow and returns.

Back in February I told you that we didn't need to do an acquisition, unless it provided the opportunity to materially upgrade our resources. This transaction does just that – and is entirely consistent with our strategy.

Let me tell you why I say that using each strategy element in turn.

First, quality execution. We have a proven and competitive operating model in our Lower 48 business. Dave Lawler and his team have established a strong track record of safety and environmental performance while increasing production, capital efficiency, and free cash flow.

We plan to apply this operating capability to this new set of assets, and in doing so, generate more than $350 million annually in synergies when fully integrated. We will begin capturing synergies from year one, and these will increase through the integration period. In addition to synergies, our team has established a track record of increasing well productivity for each dollar of capital we put into the business – increasing capital efficiency. We intend to do the same with these new assets and I'll explain with a couple of examples in a moment.

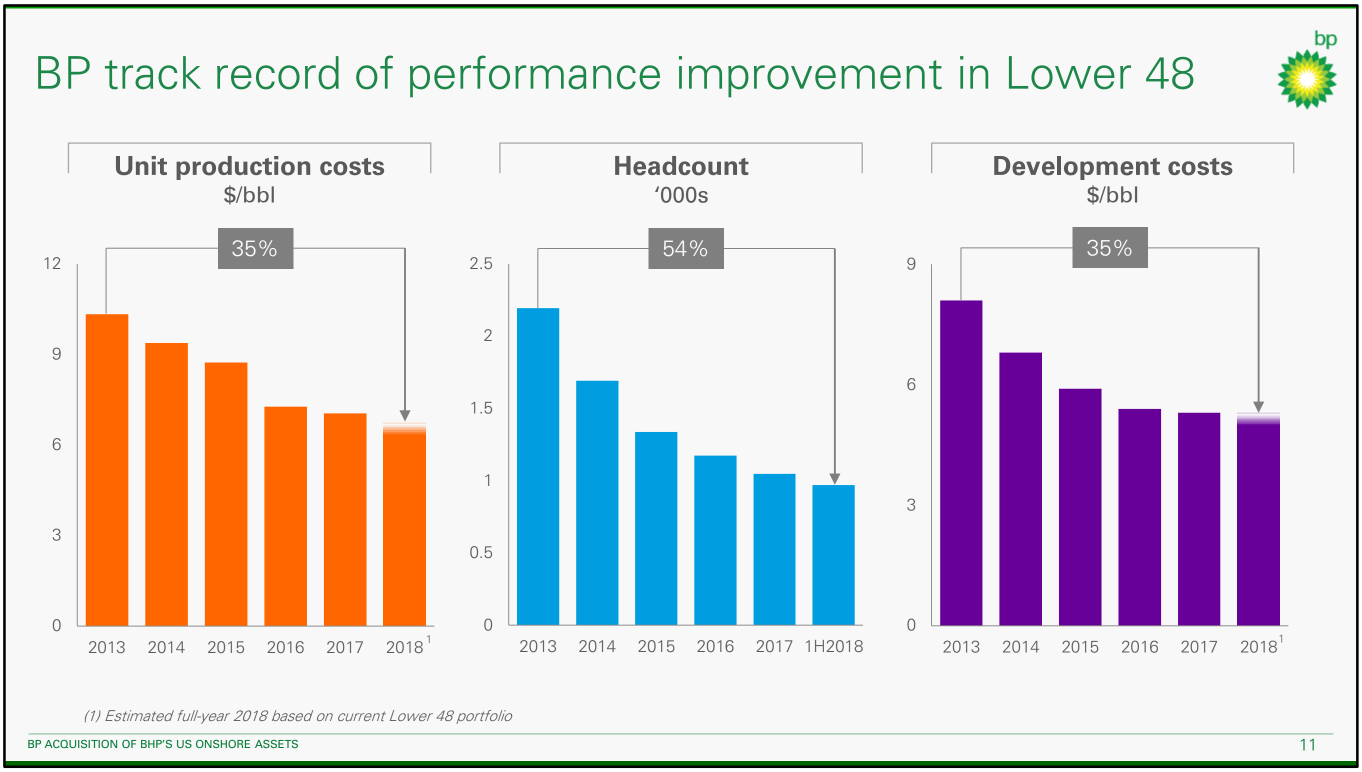
Second, growing gas and advantaged oil. This deal provides access to some of the best acreage in some of the best basins in the onshore United States. The Eagle

Ford and Haynesville are premier gas basins close to gulf coast pricing markets and these positions complement our existing operations. Further, we now gain access to black oil and high quality liquids in the Permian and Eagle Ford basins. We have confidence that we can generate a 200 thousand barrel per day oil business, that we don't have today, by the middle of the next decade.

Third, returns led growth. This acquisition improves our capacity for long term growth by adding more than 4 billion barrels of resource to our pre-FID hopper. These barrels meet or exceed our investment hurdle rates of 20% for our Lower 48 business. Furthermore, we see potential to develop new zones such as the Avalon, and additional Bone Springs and Wolfcamp benches that are not included in our base case valuation.

This deal is expected to improve the pre-tax free cash flow of the Upstream by adding $1 billion in 2021, increasing our target to $14-15 billion. As I said earlier, we plan to do this while holding organic capital expenditure within our previous guidance of $13-14 billion.

This transaction also provides capital flexibility and increases exposure to oil price upside should it occur. And as a reminder, we valued this transaction at $55 per barrel WTI and a Henry Hub price of $2.75. A $10 per barrel change in oil price results in around a $4 billion change in value.



I want to spend a minute on our track record in the Lower 48 and why it has given us confidence in our ability to create value with these new assets.

The performance improvement shown on these charts is consistent and we think remarkable.

Unit production costs have declined each year. This year we are on track to reduce them 35% from 2013 levels to below $7 per barrel.

Similarly, headcount has been reduced by 54% enabled by technology such as intelligent operations and utilizing a more efficient organizational model to manage overhead costs.

And development costs are down 35%. Capital efficiency continues to improve as drilling programs become more factory like and well productivities increase as better completion technologies are deployed.

Now let me give you a couple of examples of this improvement in capital efficiency.

Rapid and capital efficient growth

BP Lower 48: Texas Haynesville-Bossier

Secured ultra deep gas opportunity in 2016

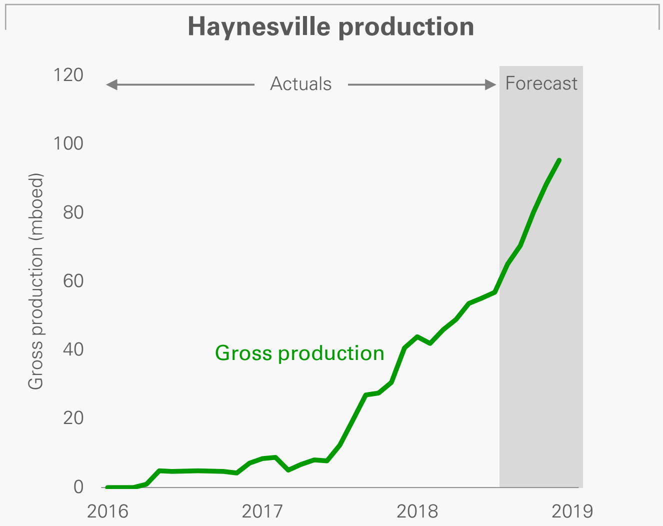
- Production from 0 to 50mboed in 2.5 years
- Projected 2018 exit rate of ~90mboed

Developed novel completion techniques

- Engineered for high porosity & high pressure shale
- Operated 7 rigs in 2Q18

Performance metrics

- Post-tax IRR[1] 30-45%
- Development cost $3.45/boe



(1) Post-tax IRR, calculated at $2.75/mmBtu Henry Hub (2018 real)

This slide highlights our progress in the Texas portion of the Haynesville play. We launched this project in 2016, and we have ramped from zero to 50 thousand barrels per day in about 30 months. We are the leading operator in this portion of the play, and we expect to exit 2018 producing over 90 thousand barrel per day of oil equivalent.

Working with BP's global unconventional technology team, we engineered a fit-for purpose completion to create a stimulation design that improves capital efficiency and delivers significant value.

The results are generating returns between 30-45% at a Henry Hub price of $2.75, with a development cost of $3.45 per barrel.

Let us move to another example.

Material performance uplift

BP-Lewis Energy JV: **Eagle Ford farm-out**

Secured farm-out in 2014

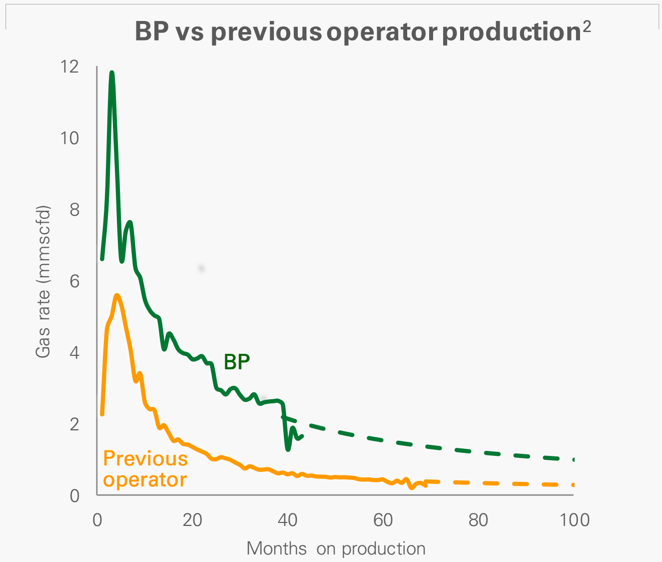
- 22 wells drilled before farm-out
- 21 BP-Lewis Energy JV wells drilled after farm-out

Developed novel completion techniques

- Increased recovery 225%
- Increased initial rates 110%
- Increased cumulative gas at 40 months by 130%

Performance metrics

- Post-tax IRR[1] 35-45%
- Development cost $4.60/bbl

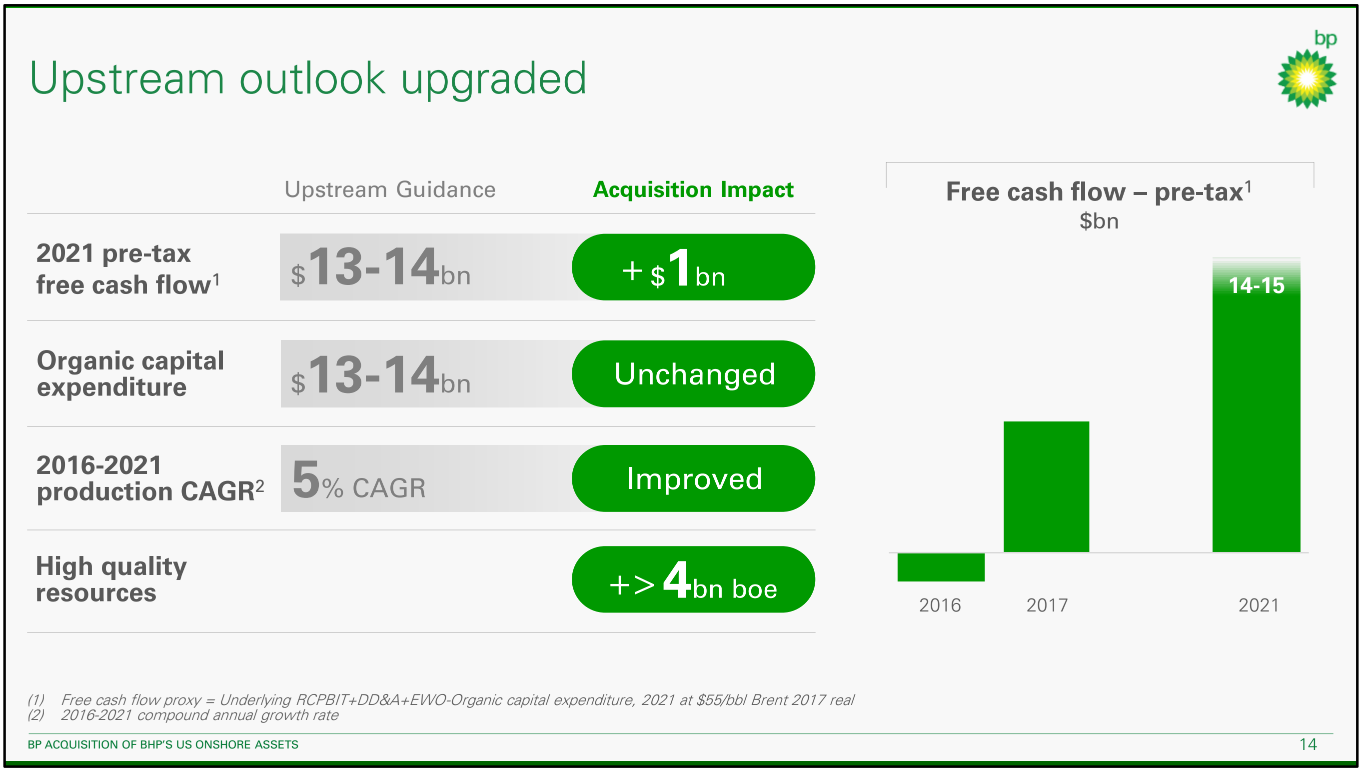


(1) Post-tax IRR, calculated at $2.75/mmBtu Henry Hub, $55/bbl WTI (2014 real), (2) Normalized to 6,000' long laterals

In 2014, we along with our partner Lewis Energy Group secured a farm-out into an offset operator's acreage in the Eagle Ford. The previous operator had drilled 22 wells delivering an average recovery of 3 BCF per well.

We re-engineered the stimulation design, and drilled 21 of our own wells. The performance improvements that were achieved were significant. The average recovery increased by 225%, and the average 30 day initial production increased by 110%. And these increases in performance were not short lived. They have been sustained with wells producing 130% more by month 40 than the earlier offset operator's wells.

We believe these examples are directly relatable to the assets we are acquiring and demonstrate how our combination of basin knowledge, technical expertise, and ability to innovate can and will create additional value.



So now let me quickly summarise before handing back to Brian. Through this deal:

– We increase our Upstream pre-tax free cash flow target in 2021 by $1 billion, upgrading our guidance to $14-15 billion.

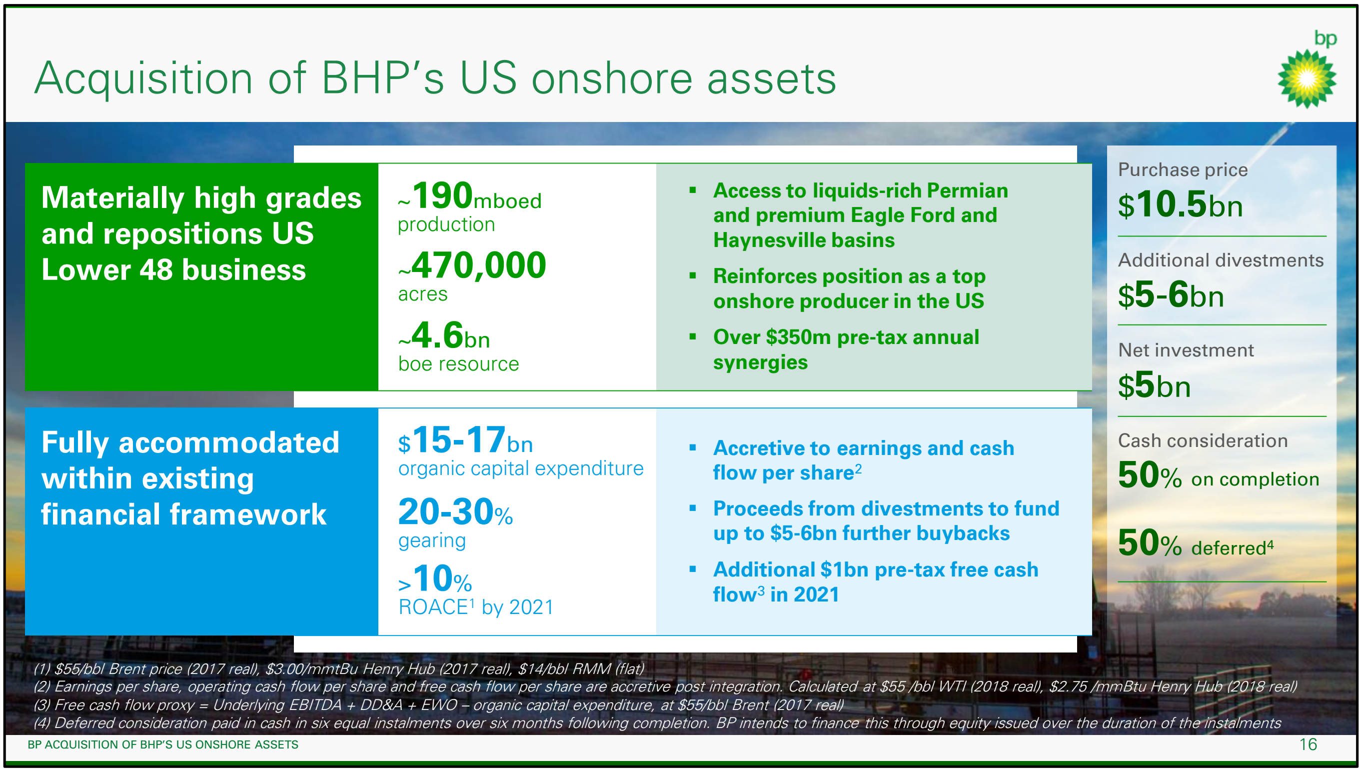
– We expect to do this without changing our existing organic capital guidance of $13-14 billion per year.

– Our production growth of 5% per annum will be improved through this acquisition; and

– We will add more than 4 billion barrels of high quality resources. Resources that can be developed with an IRR of greater than 20% at prices of $55 per barrel WTI and $2.75 Henry Hub.

With that, let me now hand back to Brian.

Thanks Bernard.



As mentioned, this is a significant moment for BP – it is the largest acquisition we have made in almost 20 years.

This deal works on three levels – the business, the segment and the Group.

For our Lower 48 business it is transformational – materially high-grading and repositioning our portfolio.

It further progresses our Upstream strategy, adding an additional $1 billion of pre-tax free cash flow to our existing target in 2021.

And for the Group, it is accretive to earnings and cash flow, and is fully accommodated within our existing financial framework.

This a world-class addition to BP's distinctive portfolio.

I want to thank you all today for listening, and Bernard, Dave Lawler and I are very happy to take your questions.

Q&A

Brian Gilvary

Chief Financial Officer

Bernard Looney

Chief Executive, Upstream

Dave Lawler

Chief Executive, Lower 48

Craig Marshall

Group Head of Investor Relations

ACQUISITION OF BHP'S
US ONSHORE ASSETS

Appendix

Acquired asset – Permian Delaware

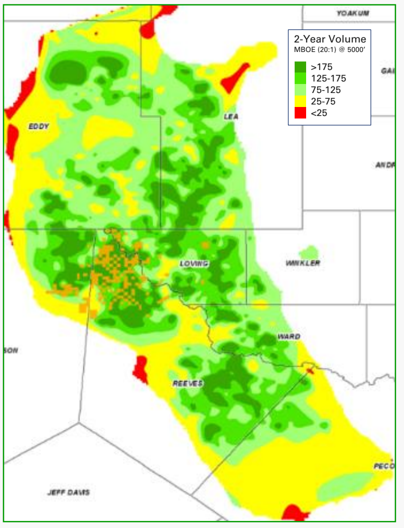
Current production ~**40** mboed

(~70% liquids)

Gross drilling locations ~**3,400**

Acreage **83**k

Post-tax IRRs[1] **25-50**%



- Material position in heart of Delaware's over-pressured and liquids-rich window
- Stacked benches (Bone Springs, Wolfcamp A, B, C/D) offer deep drilling inventory – over 240 rig years
- Significant potential for capital efficiency improvement with multilateral drilling
- BP Lower 48 team experienced in infrastructure development and liquids management

(1) Estimated post-tax IRRs for new wells at $55/bbl WTI, $2.75/mmBtu Henry Hub (2018 real)

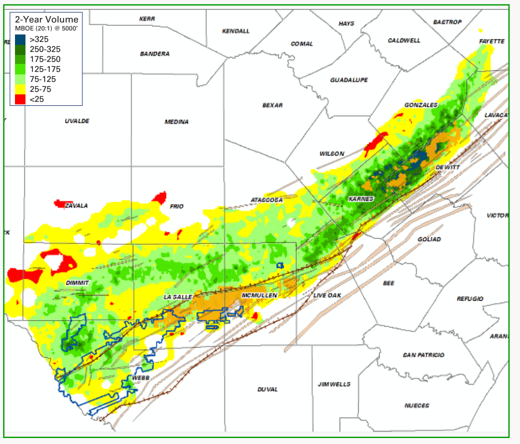
Acquired asset – Liquids-rich Eagle Ford

Current production — ~90 mboed
(~70% liquids)

Gross drilling locations — ~1,400

Acreage — 194k

Post-tax IRRs[1] — 40-95%



- Core acreage in both the liquids-rich Karnes Trough and Eagle Ford wet gas window
- Builds on BP Lower 48's experience in the Eagle Ford
- Opportunity to develop with multilaterals in Eagle Ford benches and Austin Chalk
- Can reduce cost with Intelligent Operations model for base production and midstream

(1) Estimated IRRs for new wells at $55/bbl WTI, $2.75/mmBtu Henry Hub (2018 real)

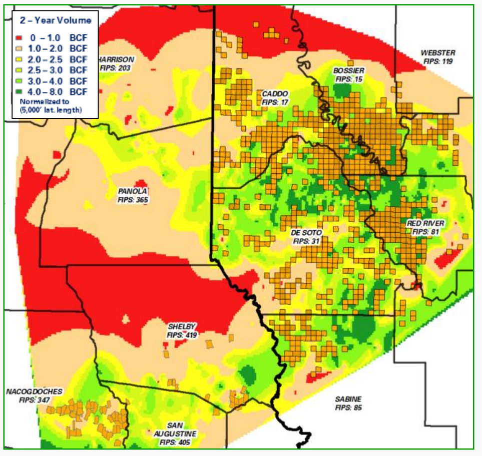
Acquired asset – Haynesville

Current production ~**60** mboed (100% gas)

Gross drilling locations ~**720**

Acreage **194**k

Post-tax IRRs[1] **15-25**%



- Doubles BP Lower 48's production in the Haynesville, and more than triples acreage position
- Builds on BP Lower 48's material expansion of the Haynesville – the most revenue generative gas play in the US
- Opportunity to transfer L48 completion technology
- Leverages economies of scale with existing operations

(1) Estimated post-tax IRRs for new wells at $55/bbl WTI, $2.75/mmBtu Henry Hub (2018 real)