1Q 2013 Results Presentation

30th April 2013

Hello and welcome to BP's first quarter 2013 results webcast and conference call. I'm Jessica Mitchell, BP's Head of Investor Relations and joining me today are Bob Dudley, our Group Chief Executive and Brian Gilvary, our Chief Financial Officer.

Before we start, I'd like to draw your attention to our cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements, particularly those regarding: the expected level of reported production in the second quarter of 2013; the expected level of upstream cash costs; BP's intentions to equity account for its share in Rosneft; the expected timing of start-up of the new crude unit at the Whiting refinery and the commissioning of the Whiting refinery modernization project; the expected level of the quarterly charge in Other Businesses and Corporate; the expected full-year effective tax rate in 2013; prospects for BP's share buyback programme and its expected impact on gearing; the expected future levels of gearing and net debt; the anticipated increase by more than 50% in operating cash flow by 2014; the expected level of organic capital expenditure in 2013 and to the end of the decade; BP's future per annum divestment plans; expectations regarding the quarterly dividend payment and future distributions to shareholders; the timing of future MDL 2179 proceedings; BP's expectations regarding integration and future synergies and strategic opportunities with Rosneft; expectations regarding BP's representation on the Rosneft board; expectations as to the future significance of Rosneft to the level of BP's earnings, reserves and production, and prospects for BP's future with Rosneft; the prospects for, timing and composition of future projects including expected Final Investment Decisions, start up, completion, timing of production, level of production and margins; the expected number of exploration wells completed in 2013; prospects for the decision regarding the pipeline for transportation of Shah Deniz Stage 2 gas to Europe; prospects for BP's ramp-up of its rig fleet; expectations regarding BP's turnaround programme in 2013; expectations regarding production ramp-up and maximum production rates at PSVM, Valhall and Skarv; prospects for the completion of planned and announced divestments, including the Carson refinery and associated assets; plans regarding BP's clean diesel project at the Cherry Point refinery; prospects for BP's plans to expand the cash generating capability of Downstream; BP's priorities to 2014 and longer-term strategic direction; BP's plans to grow sustainable free cash flow; and BP's plans regarding Upstream reinvestment and expected growth in its portfolio of high-margin projects in Upstream.

By their nature, forward-looking statements involve risk and uncertainty 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 actions of regulators and the timing of the receipt of governmental and regulatory approvals; strategic and operational decisions by Rosneft's management and board of directors; the timing of bringing new fields onstream and of project start-ups; the timing of and prospects for ramp up of major projects and higher margin assets; the timing and nature of maintenance outages and turnaround activity; the impact of reserves reviews; the timing and nature of divestments; future levels of industry product supply; demand and pricing; OPEC quota restrictions; production sharing agreements (PSA) effects; 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; the impact on our reputation following the Gulf of Mexico oil spill; 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 under "Risk factors" in our Annual Report and Form 20-F 2012 as filed with the US Securities and Exchange Commission.

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.

Statement of Assumptions - The operating cash flow projection for 2014 stated on slides 15 and 27 of this presentation assumes an oil price of $100 per barrel and a Henry Hub gas price of $5/mmBtu in 2014. The projection has been adjusted to (i) remove TNK-BP dividends from 2011 operating cash flow and 2014 estimated operating cash flow; (ii) include BP's estimate of Rosneft dividends in 2014; and (iii) include in 2014 estimated operating cash flow the impact of payments in respect of the settlement of all criminal and securities claims with the U.S. government. The projection does not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Gulf of Mexico oil spill which may or may not arise at that time. As disclosed in the Stock Exchange Announcement, we are not today able to reliably estimate the amount or timing of a number of contingent liabilities.

Cautionary note to US investors - U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262. 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. Tables and projections in this presentation are BP projections unless otherwise stated.

Stock Exchange Announcement: For further information on BP's results, please see the First Quarter Results Stock Exchange Announcement dated 30 April 2013.

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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 that we note on this slide and in our UK and SEC filings. Please refer to our Annual Report, Stock Exchange Announcement and SEC filings for more details. These documents are available on our website.

Thank you, and now over to Bob.

Thank you Jess. And good afternoon or good morning everyone, depending where you are in the world. Thank you for joining us.

Agenda

1Q 2013 Results

US legal update

Russia

Strategic progress

Q&A

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Today’s presentation is mainly designed to take you through our first-quarter results but we will also take the opportunity to briefly update you on some important areas of activity.

In short, we are reporting a strong set of results that reflects the work we are doing to rebuild BP and make it a company that can grow value safely and sustainably over the years.

So as usual we’ll start with Brian taking you though our financial results in detail. I will then review progress in the legal proceedings in the US, including the civil trial in New Orleans.

We’ll touch on the completion of the Rosneft transaction, where we are now, and the opportunity that lies ahead.

And we’ll give you a brief update on progress in the Upstream and Downstream. The record shows we are very much on track to deliver the objectives we set out back in late 2011 in our 10-point plan.

And finally there will be time to respond to your questions.

But first, over to Brian.

Thank you Bob.

1Q 2013 Summary

Underlying earnings figures are adjusted for the costs associated with the Gulf of Mexico oil spill, other non-operating items and fair value accounting effects

$bn	1Q12	4Q12	1Q13	% Y-o-Y
Upstream	6.3	4.4	5.7	
Downstream	0.9	1.4	1.6	
Other businesses & corporate	(0.4)	(0.4)	(0.5)	
Underlying business RCPBIT[1]	**6.8**	**5.3**	**6.9**	**1%**
TNK-BP[2]	1.2	0.2	-	
Rosneft[2]	-	-	0.1	
Consolidation adjustment - unrealised profit in inventory	(0.5)	(0.4)	0.4	
Underlying RCPBIT[1]	**7.4**	**5.1**	**7.4**	**(0)%**
Finance costs[3]	(0.4)	(0.5)	(0.4)	
Tax	(2.3)	(0.7)	(2.7)	
Minority interest	(0.1)	(0.1)	(0.1)	
Underlying replacement cost profit	**4.7**	**3.9**	**4.2**	**(9)%**
Underlying earnings per share (cents)	**24.5**	**20.2**	**22.0**	**(10)%**
Dividend paid per share (cents)	**8.0**	**9.0**	**9.0**	
Operating cash flow	**3.4**	**6.4**	**4.0**	

1) RCPBIT = Replacement cost profit before interest and tax
2) TNK-BP and Rosneft earnings are after interest, tax and minority interest. Rosneft earnings are based on BP's reasonable best estimate and subject to revision
3) Finance costs and net finance income or expense relating to pensions and other post-retirement benefits

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I'll start with an overview of the first quarter financial performance.

First-quarter underlying replacement cost profit was $4.2 billion, down 9% on the same period a year ago but 9% higher than the fourth quarter of 2012.

Compared to a year ago, the result reflected:

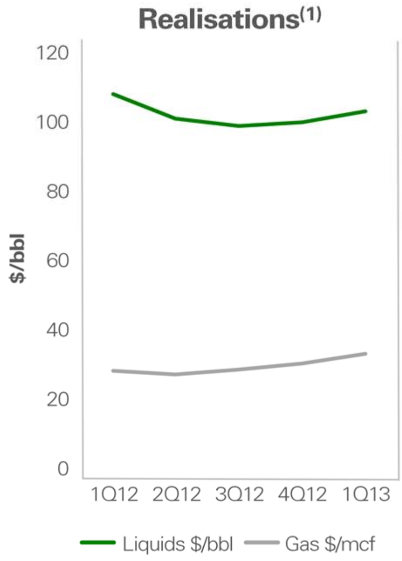
- The absence of any contribution from Russia prior to completion of the Rosneft transactions on the 21st March as TNK-BP was treated as an asset held for sale,
- Lower Upstream production due to the impact of divestments and natural field decline partly offset by major project delivery,
- An improved Downstream result due to a strong quarter in supply and trading, and better operational performance within a more favourable refining environment.
- A positive consolidation adjustment to eliminate unrealised profit on lower volumes of equity crude in inventory at the end of the quarter. Around $170 million of this is now permanently unwound due to the divestment of the Texas City refinery and will not be reversed in future quarters.

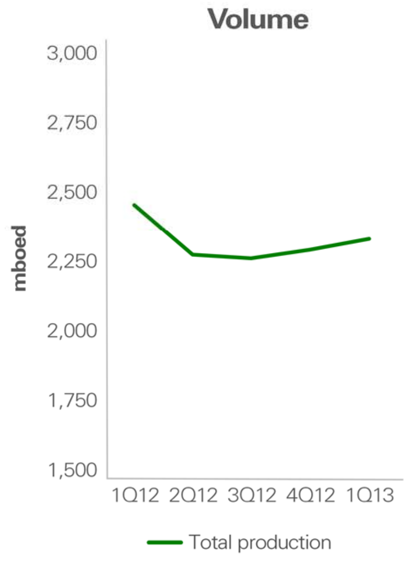
First-quarter operating cash flow was $4 billion.

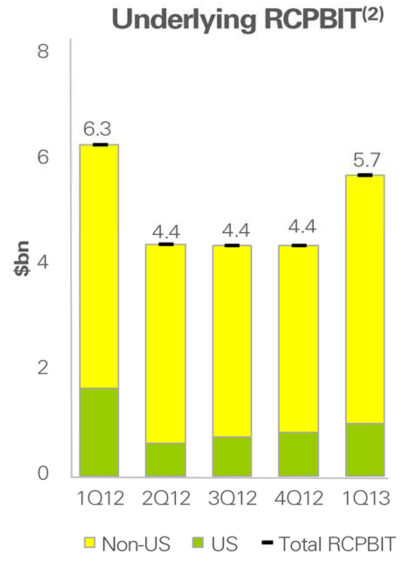
The underlying effective tax rate for the first quarter was 39% compared to 33% in the first quarter of 2012.

Turning to the highlights at a segment level.

Upstream







1) *Realisations based on sales of consolidated subsidiaries only – this excludes equity accounted entities*
2) *Underlying replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects*

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For the Upstream, the underlying first-quarter replacement cost profit before interest and tax was $5.7 billion compared with $6.3 billion a year ago and $4.4 billion in the fourth quarter.

The lower result versus a year ago largely reflects:

– Lower reported production and lower liquids realisations,

– Partly offset by stronger gas marketing and trading activities.

Reported production decreased by around 5% compared to the same period last year primarily due to divestments.

Underlying volumes in the first quarter, after adjusting for divestments and entitlement effects, increased by around 2%. This reflects the ramp-up of major project delivery in Angola, the Gulf of Mexico and the North Sea; and improved performance in Trinidad partly offset by natural field decline.

Compared to the fourth quarter, the first-quarter result reflects:

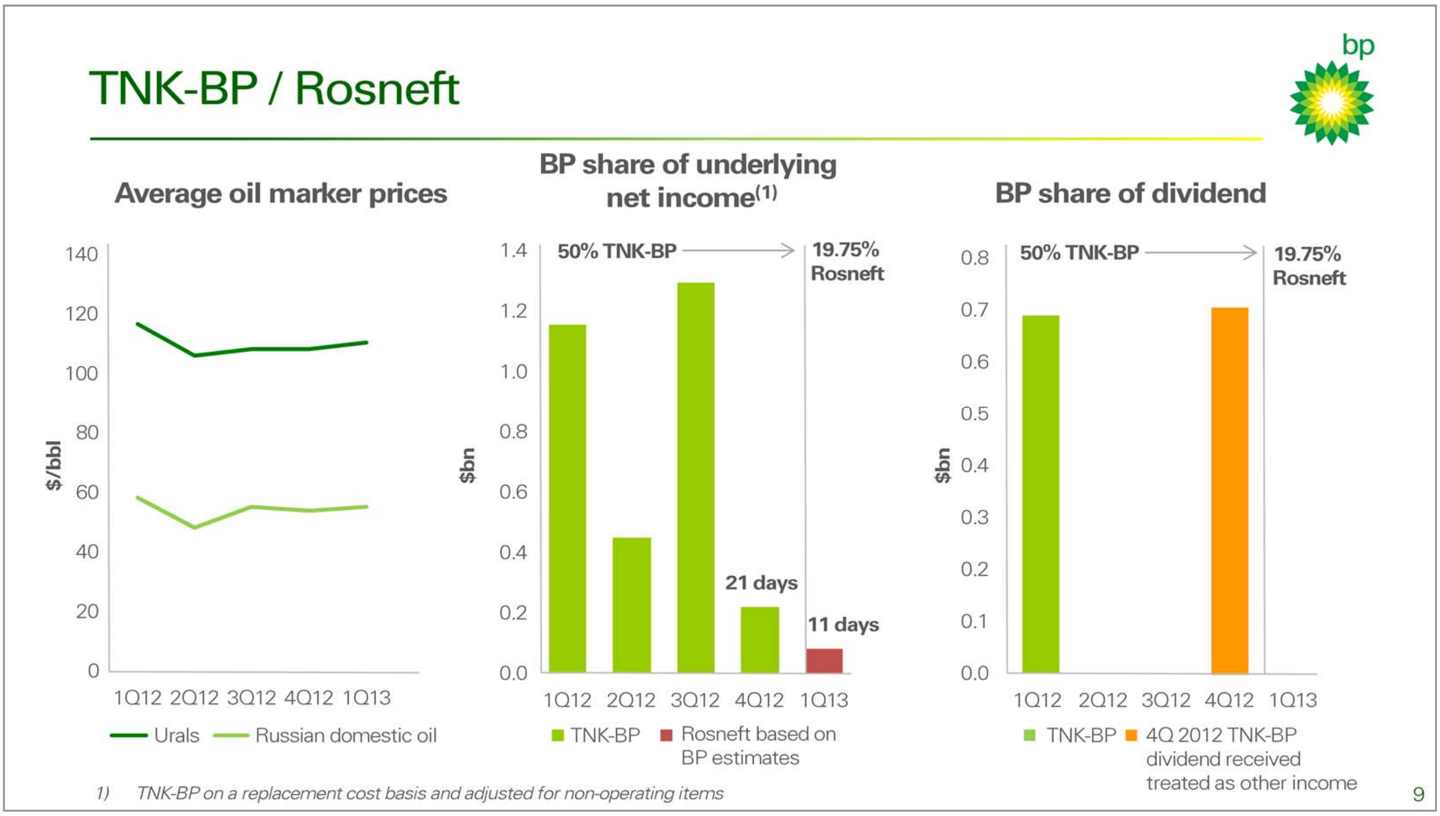
– Stronger gas marketing and trading activities coupled with the benefits of higher realisations,

– Lower costs due to seasonal phasing, and

– Increased volume in higher-margin areas driven by the continued ramp-up of the PSVM and Skarv projects.

– These improvements were partly offset by the impact of divestments.

Looking ahead we expect second-quarter 2013 reported production to be lower than the first quarter. This is similar to the reduction we saw between the same periods last year, and is primarily a result of planned major turnaround activity concentrated on higher-margin assets in the Gulf of Mexico and the North Sea, and the continuing impact of our divestment programme mainly in the North Sea. We also expect costs to be higher in the second quarter compared to the first quarter due to seasonal factors.



Turning to Russia.

On the 21st March, we announced the completion of the divestment of our 50% interest in TNK-BP for a total consideration of $27.5 billion in cash and Rosneft shares.

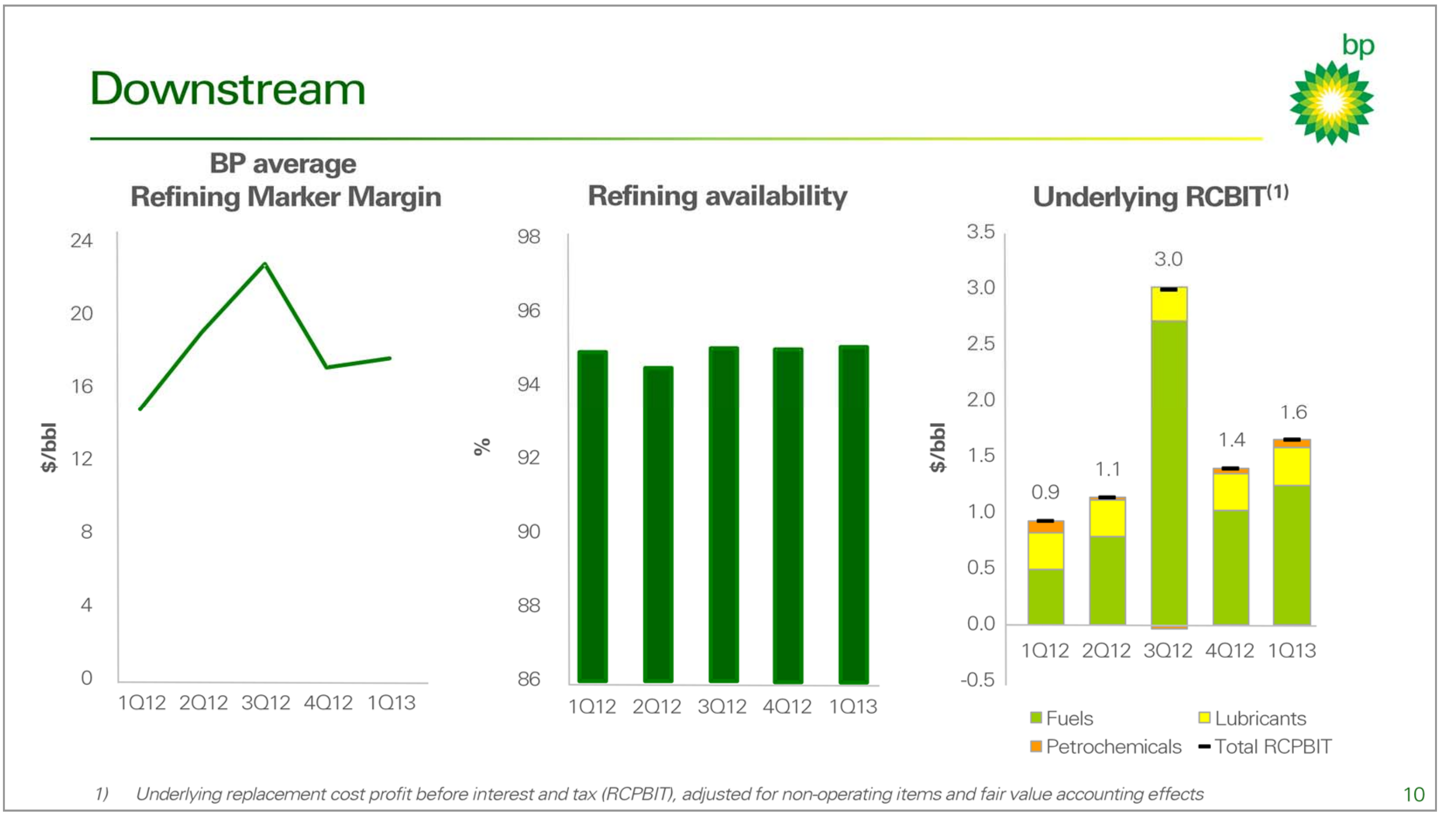
As a result of this transaction, the gain on disposal was $15.5 billion of which $12.5 billion was recognised and reported as a non-operating item in the first quarter with the balance of $3.0 billion deferred and released to the income statement over time. This is required by accounting rules as we effectively retain circa 20% of TNK-BP through our ownership of Rosneft shares.

Net cash received from the transaction was $12.5 billion, including the $700 million TNK-BP dividend received in the fourth quarter of 2012.

We also received shares representing an aggregate 18.5% stake in Rosneft which together with our existing 1.25 per cent shareholding in the company, brings BP's total interest in Rosneft to 19.75%.

For the first quarter of 2013, we have recognised $85 million of income from our new shareholding in Rosneft based on 11 days of net income as estimated by BP. By comparison, the first quarter of 2012 included underlying profit of $1.2 billion for a full quarter of TNK-BP net income and the fourth quarter included $224 million based on 21 days of TNK-BP net income.

Looking forward, we intend to equity account our share of Rosneft, as we did with TNK-BP and will report it as a separate segment so that you will be able to see the performance and contribution separately. As with TNK-BP, the results of our investment in Rosneft are subject to similar volatilities, especially the impact of Russian export duty lag in periods of rapid oil price changes.



In the Downstream, the first-quarter underlying replacement cost profit was $1.6 billion compared with $900 million a year ago and $1.4 billion in the fourth quarter of 2012.

The fuels business delivered an underlying replacement cost profit of $1.2 billion in the first quarter, compared with $500 million in the same quarter last year. This reflects:

– A stronger supply and trading contribution;

– Continued strong operational performance in a more favourable refining environment, particularly in the US Mid West where heavy Canadian crudes were significantly discounted during the quarter.

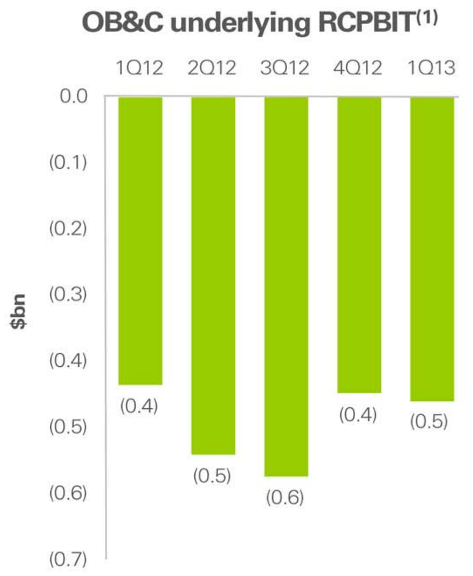
– These benefits were partly offset by the planned outage of the largest crude unit at our Whiting refinery. The new crude unit remains on track to start up in the second quarter of 2013, enabling the commissioning of the Whiting refinery modernisation project in the second half of this year.

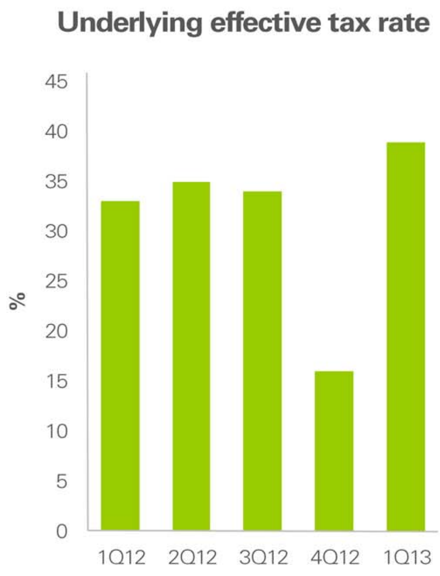
During the quarter fuels demand was weak resulting in both lower volumes and unit margins compared to the fourth quarter.

The lubricants business realised an underlying replacement cost profit of $345 million compared with $325 million in the same quarter last year. This reflects continued robust performance supported by growth in the share of sales of our premium Castrol brands, and strong profitability from growth markets.

The petrochemicals business delivered an underlying replacement cost profit of $59 million compared with a profit of $112 million in the same period last year as margins continue to be under pressure, which also led us to lower our production particularly in Asia. In the second quarter to date margins have been lower relative to the levels seen in the first quarter.

Other items





1) Other businesses and corporate underlying replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items

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In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge of $460 million for the first quarter, in line with guidance.

Guidance for 2013 remains unchanged from that given in February, with underlying quarterly charges volatile and expected to average around $500 million per quarter.

The underlying effective tax rate for the first quarter was 39%, compared to 33% in the first quarter of 2012. The increase in the rate is mainly due to a lower level of equity accounted income, mostly TNK-BP, which is reported net of tax.

Guidance for the full year effective tax rate remains in the range of 36% to 38%.

Gulf of Mexico oil spill costs and provisions pre-tax[1]

$bn	To end 2012	1Q13	Cumulative to date
Income statement			
Charge for the period	**42.2**	**-**	**42.2**
Balance sheet[2]			
Brought forward		**9.4**	
Charge to income statement	42.2	-	42.2
Payments into Trust Fund	(20.0)	-	(20.0)
Cash settlements received	5.4	-	5.4
Other related payments in the period[3]	(18.2)	(0.5)	(18.7)
Carried forward	**9.4**	**8.9**	**8.9**
Cash outflow	**32.8**	**0.5**	**33.4**

1) Includes contributions received from Mitsui, Weatherford, Anadarko and Cameron
2) Balance sheet amount includes all provisions, other payables and the asset balances related to the Gulf of Mexico oil spill
3) Please refer to details as disclosed in the first-quarter Stock Exchange Announcement

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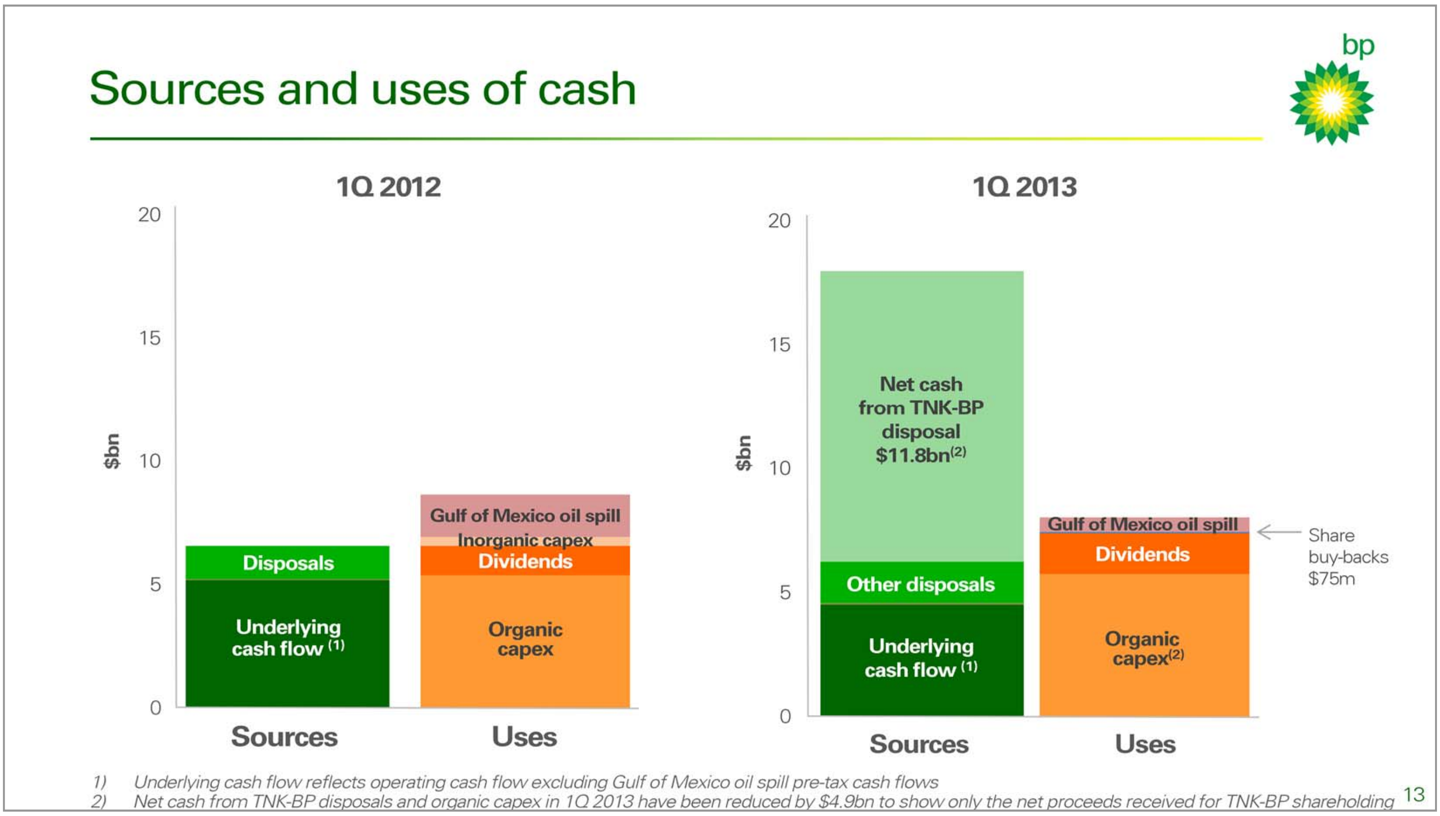
Turning to the Gulf of Mexico provision, the total cumulative net charge for the incident to date remains unchanged at $42.2 billion.

The pre-tax BP cash out flow related to oil spill costs for the quarter was $500 million.

At the end of the first quarter, the cash balances in the Trust and the Qualified Settlement Funds amounted to $9.4 billion, with $20 billion contributed in and $10.6 billion paid out.

As we indicated in previous quarters, we continue to believe that BP was not grossly negligent and we have taken the charge against income on that basis.



Moving now to cash flow, this slide compares our sources and uses of cash in the first quarter of 2012 and 2013.

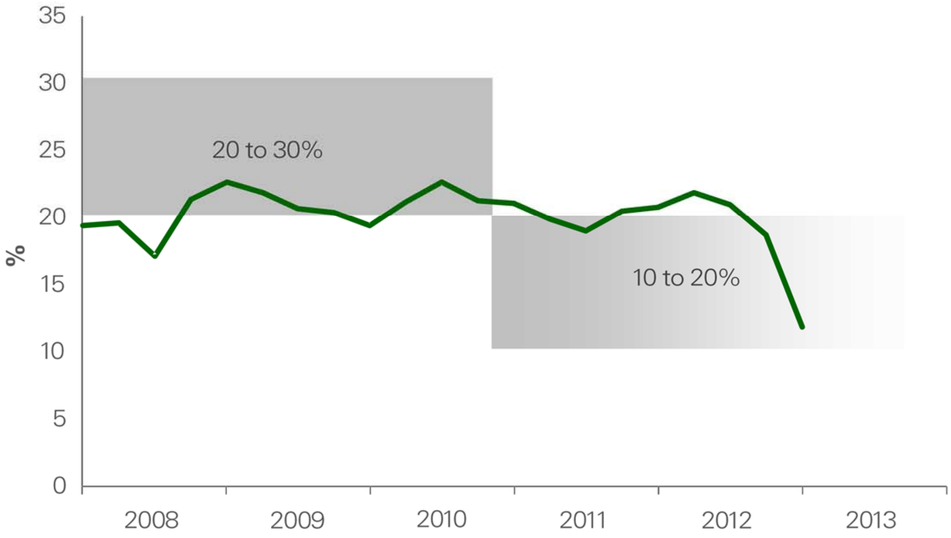
Operating cash flow was $4 billion in the first quarter of 2013 compared to $3.4 billion a year ago. Excluding oil spill related outgoings, underlying cash flow was lower reflecting the absence of a dividend from TNK-BP.

As seen in 2012, the first quarter includes a large seasonal build of working capital which amounted to around $4 billion.

After adjusting for the purchase of Rosneft shares, we received $13.4 billion of divestment proceeds during the quarter including a net $11.8 billion of cash for TNK-BP and $1.5 billion for Texas City refinery.

Our organic capital expenditure in the first quarter was $5.7 billion.

Net debt ratio



Net debt ratio = net debt / (net debt + equity)
Net debt includes the fair value of associated derivative financial instruments used to hedge finance debt

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The completion of the sale of our interests in TNK-BP has reduced gearing to the lower half of our targeted band of 10 to 20%.

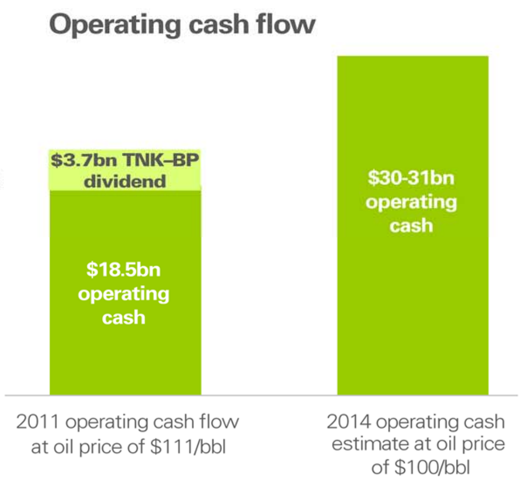
At the end of the first quarter, net debt was $17.7 billion and gearing was down to 11.9%.

At the time of completion of the transactions we announced an intention to use up to $8 billion of the proceeds for a share buyback programme which we expect to complete over the next 12 to 18 months. The balance of the cash received from the TNK-BP transaction will be used to reduce net debt. As of last Friday, we have bought back $834 million worth of shares.

Our intention remains to keep gearing in a target band of 10 to 20% while uncertainties remain.

Growing sustainable free cash flow

- More than 50% growth in operating cash flow by 2014 at $100/bbl versus 2011[1]
- Organic capital expenditure:
  - $24-25bn in 2013
  - $24-27bn per annum from 2014 to end of the decade
- Ongoing divestments of $2-3bn per annum
- Gearing target of 10-20% whilst uncertainties remain
- Distributions
  - Progressive dividend policy
  - Share buy-back programme of up to $8bn announced following completion of the sale of BP's 50% interest in TNK-BP



1) See Statement of Assumptions under Cautionary Statement; Adjusted to remove TNK-BP dividends from 2011 and 2014 operating cash flow; 2014 includes BP estimate of Rosneft dividend; 2014 includes the impact of payments in respect of the settlement of all criminal and securities claims with the US Government; BP assumption for 2014; $100/bbl oil, $5/mmbtu Henry Hub gas

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Looking out to 2014 and our operating cash flow objectives, we continue to expect operating cash flow of $30-31 billion, representing more than 50% growth in operating cash flow versus 2011. Bob will illustrate the progress we are making with the operational drivers of this growth.

We also continue to expect full-year gross capital spend for the Group to be in the range of $24 to $25 billion for 2013 and to be in the range of $24 to $27 billion per annum from 2014 through to the end of the decade. Divestments are expected to be $2 to $3 billion per annum on average on an ongoing basis.

The sale of our interests in TNK-BP has considerably strengthened our balance sheet in the near term and increases the flexibility of our financial framework going forward. The buyback programme should not only offset any earnings dilution from the transaction but also reduces the equity base consistent with the reduction in BP's asset base following our major $38 billion divestment programme over the past three years.

As we look further out, growth in operating cash flows beyond 2014 provide the means to increase reinvestment as we have outlined and to continue to maintain a progressive dividend policy in line with the improving circumstances of the firm.

Now let me hand you back to Bob.

Thank you Brian - and if I can summarise the messages from those numbers, I think they are very positive ones.

We're seeing strong operational performance from a portfolio that has been strengthened by divesting assets that are non-strategic and investing in those that can generate the most value.

We've made a new start in Russia, turning a challenge into an opportunity and positioning ourselves for a great future in the world's most prolific oil and gas region.

We are making progress in the US, no longer paying into the Trust Fund, making our case in court and meeting our commitments in the Gulf of Mexico region.

We are maintaining a strong financial framework, keeping gearing within responsible limits, generating sufficient cash to increase our capital investment while growing distributions, including the $8 billion share buy-back programme.

And we are firmly on track to meet our 2014 objectives as well as continuing to strengthen our portfolio and deepen our capability, so we can grow value over the rest of the decade and beyond.

US legal update

MDL 2179 trial

- Trial commenced 25th February 2013 in New Orleans
- Phase 1 of the trial ended on 17th April
- Phase 2 commences in September 2013

Court Supervised Settlement Program

- BP is pursuing legal options to challenge the District Court's rulings related to business economic loss claims under the 2012 PSC[1] settlement
- Appeals filed in the Fifth Circuit Court of Appeals
- BP remains committed to compensating those who have legitimate claims as a result of the accident

1) PSC = Plaintiffs' Steering Committee

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So turning to the detail, let's look first at the status of legal proceedings in the US.

The first phase of the MDL 2179 civil trial began on the 25th of February in New Orleans. It was focused on the causes of the accident and the allocation of fault among the defendants.

BP completed the presentation of its defence on the 17th of April, marking the end of the first phase of the trial. Per Judge Barbier's order, all parties will complete and submit their post-trial conclusions and briefings for Phase 1 by the 12th of July. It is not known when the court will rule on the issues presented in Phase 1 of the trial.

While the final decision rests with the Court, we believe that the evidence and testimony presented at trial confirmed that BP was not grossly negligent, and moreover that the accident was the result of multiple causes, involving multiple parties.

We are continuing to prepare for the second phase of the trial, which is scheduled to begin in September. This phase will consider the issues of source control efforts and the volume of oil spilled as a result of the accident.

We are also continuing to pursue all available legal options to challenge the Claims Administrator's interpretation of the Settlement Agreement with the Plaintiffs' Steering Committee.

BP believes that the Claims Administrator has misinterpreted the agreement in a way that results in awards that have no merit being made to many business claimants - based on losses that we believe are in fact non-existent. We see that in many cases there is a mismatching of expenses of businesses without the corresponding revenues, which results in very very strange results. This can't be what was intended by the parties. Legitimate losses yes, but not what is happening in many cases. We consider what is happening now to be at odds with the parties' stated intent in reaching the settlement last year.

You will be aware that this has been the subject of several court filings over the last few weeks. BP has filed appeals of motions – these have been denied by the District Court in Louisiana and they are now progressing through the United States Court of Appeals for the 5th Circuit, also in New Orleans.

While we continue to act to protect our rights in this matter, BP remains committed to compensating those who have legitimate claims as a result of the accident. From the outset, we have stepped up, acknowledged our role in the accident, and worked to meet our commitment to help economic and environmental restoration efforts in the Gulf.

Rosneft transaction complete

Transactions completed

- The sale of BP's 50% share of TNK-BP to Rosneft completed on 21st March
- Rosneft also completed the purchase of AAR's[1] 50% share of TNK-BP, giving Rosneft 100% ownership of TNK-BP

Integration planning

- BP and Rosneft jointly looking at TNK-BP integration and synergies
- Integration committee and work streams established
- First nomination to Rosneft board

1) AAR = Alfa, Access and Renova

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As Brian outlined earlier, during March we completed the transaction to sell our share of TNK-BP to Rosneft for cash and shares. Rosneft also purchased AAR's share of TNK-BP, so now owns 100% of the company and its assets.

This transaction gives us a new future in Russia, allowing us to build upon the experience we have built up there over the past 20 years. By selling our share of TNK-BP we have monetised 10 years of success, delivering both cash and a unique opportunity to remain a key player in Russia.

We have a lot to contribute – as an investor, an adviser and a partner. Initially we will be sharing what we have learned from our own experiences of integrating large businesses. Igor Sechin and I are both members of the integration committee, established to oversee this process and maximise the operational efficiencies that can be gained by bringing the two companies' large set of assets together.

Several work-streams have now been set up to look at the integration of key areas such as the upstream, finance, refining, marketing and logistics.

I am very happy to have been also nominated to join the Rosneft board, which I hope to do towards the middle of the year as the first of the two board seats BP will take up.

BP with Rosneft

Illustrative (based on 2012 data)	**BP excluding Russia**	**BPs' share of Rosneft[1]**	**BP including share of Rosneft[1]**
Production (mboed)	2,340	900	3,240
Proved reserves (bn boe)	11.8	5.9	17.7

1) *Illustrative BP estimate*

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It is worth reflecting for a moment on BP's position in Russia following these transactions. Russia is the world's largest producer of oil and gas combined. It also has the largest reserves of oil and gas combined and Rosneft is now the world's largest listed oil company in terms of production.

BP holds 19.75% of Rosneft. It gives us a major stake in a company which possesses great scale, in a country with huge potential. And it enhances our own scale and reach. It means BP's production as a Group is now over three million barrels of oil equivalent per day and our proved reserves are over 17 billion barrels of oil equivalent. As with TNK-BP, you should also expect to see a significant contribution to BP's earnings.

This transaction creates a unique position for BP. The deal provides us not only with a near 20% share in all that Rosneft undertakes, but a close relationship that allows us to actively discuss opportunities where BP and Rosneft may be able to work together outside of the shareholding.

It's early days and there is still much to do. But we are proud of our track record in Russia and we look forward to working with Rosneft, building a bright long-term future together.

Moving on, let me update you on progress and milestones in our Upstream.

2013 Upstream milestones

Access and exploration

- 15-25 exploration wells by year end: 8 in progress
- Brazil: Itaipu-1A successful flow test

Major projects

- On track for 4 major project start-ups in 2013
- Continued progress on 2014 start-ups

Wells

- Continued ramp-up of mobile offshore rig fleet to ~20 by year end
- 8 rigs in the Gulf of Mexico by year end

Operations

- Continuation of turnaround programme
- Focus on improving operations efficiency in high-margin areas

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With much of the reshaping work behind us, our main focus is on executing what we said we would do within our current operations to deliver our 2014 targets and grow operating cash flow for the long term.

However, we are also investing for growth. In exploration we plan to complete 15 to 25 wells by the end of the year; 8 of which are currently in progress, including wells in Egypt, India, Jordan, Gulf of Mexico, and Indonesia. These are pure exploration wells and I am not counting appraisal wells, some of which are significant.

We continue to appraise existing discoveries in the Gulf of Mexico Paleogene and our oil sands properties in Canada. Operations have also begun to appraise our Utica shale portfolio in the US. In Brazil we have just announced a successful flow test at Itaipu.

Our projects team has a strong pipeline of around 45 major projects to progress through the end of the decade, with around half in our high-margin regions. We remain on track to start up four of these in 2013.

And we expect to take a further 5 final investment decisions, or FID's, during the year. On Shah Deniz phase 2 we also expect to make a European pipeline selection.

Good progress is also being made on our planned 2014 project start-ups although the timing of work on our In Amenas and In Salah projects in Algeria is being re-assessed following the tragic incident at In Amenas in January. Other projects though may come onstream in 2014.

We are continuing to ramp up our global rig fleet, increasing mobile offshore drilling units to around 20 by year end. In the Gulf of Mexico we expect to have 8 rigs operating once we start-up the Mad Dog platform rig later this year.

And in our operations we also continue to carry out our scheduled turnaround programme. This is a systematic programme designed to improve both safety and reliability across our portfolio.

In 2013 the activity for turnarounds will be focused on the Gulf of Mexico and the North Sea. We have already completed the turnaround of the Atlantis facility in the Gulf of Mexico and we expect to complete the majority of the remaining programme in the second and third quarters.

2013 Operational progress in high-margin areas

Gulf of Mexico

- 7 rigs currently operating and a further rig to start up later this year
- Start up of Atlantis North expansion
- Mars B on schedule for 2014 start up; platform now in the Gulf of Mexico

Angola

- Started up third operated rig
- Continued PSVM[1] ramp-up; 10 mmboe of cumulative production

1) PSVM = Plutão, Saturno, Venus and Marte fields

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I want to spend a few minutes on the progress we are making in our high-margin areas. As you know, the ability to grow unit operating cash margins is central to our 10 point plan and its objective of increasing operating cash flow.

In the Gulf of Mexico, as I mentioned, we now have 7 rigs operating, 5 engaged on production activity and 2 performing exploration and appraisal work. Furthermore, this will increase to 8 once we start-up the Mad Dog platform rig later this year. The 'idle iron' work of the last 3 years is now substantially complete. In April, we started-up the Atlantis North Expansion, the first of 7 wells as we further develop the field to fill the facility.

We have also decided, in collaboration with co-owners, to not move forward with the current plan for the Mad Dog Phase 2 project in the deepwater Gulf of Mexico, as it is no longer as attractive as previously modelled due largely to market conditions and industry inflation. This decision is in keeping with our commitment to shareholders to maintain capital discipline and ensure we only develop projects which meet suitably competitive benchmarks. We fully intend to develop the resources following a review of existing plans and other options in evaluating how to progress the project.

In Angola we have recently started up our 3rd operated rig, the DS6, which is currently drilling additional development wells on PSVM, which started up last year. We have now produced around 10 million barrels from PSVM and will continue to ramp-up to a plateau rate of 150 thousand barrels of oil equivalent per day as we bring on additional wells.

2013 Operational progress in high-margin areas

North Sea

- Continued Skarv ramp-up; currently producing 50 mboed
- Valhall redevelopment start-up
- Kinnoull on schedule for 2014 start up; engineering work now complete
- Approval of $500m Greater Clair Phase 3 appraisal programme

Azerbaijan-Georgia-Turkey

- Continued production recovery
- Chirag Oil Project on schedule for 4Q start up; jacket installed

In the North Sea and Norwegian Sea area, we have seen a strong ramp-up in production during the first quarter driven by the start up of the Skarv major project and improved overall production uptime. Skarv is now producing around 50 thousand barrels of oil equivalent per day and is expected to reach a maximum rate of 165 thousand barrels of oil equivalent per day.

We have started-up new facilities at Valhall. These will give the field a further 40 years of life and production is expected to continue to grow into the second half of 2013.

The Kinnoull major project continues to progress towards a 2014 start up – with all engineering work now complete.

And we have just agreed with our partners to proceed with a two year appraisal programme to evaluate a potential third phase of the Giant Clair field – an initial appraisal investment of more than $500 million.

In Azerbaijan, we have seen stable production in the quarter as new wells have been brought into operation and these offset natural decline. We continue to benefit from improved plant efficiency at the Giant ACG development.

On the Chirag Oil major project, the jacket and export pipelines are being installed ahead of start up later this year.

So when you add this all up you can see a lot of progress. We are well on track toward the goals that we set for ourselves in the Upstream to deliver our 10-point plan. We are back to exploring, we are bringing on our high-margin projects, our rig fleets are ramping up and all of this gives us growing confidence in our plans for 2014 and beyond.

In the Downstream we are making strong progress too. As Brian explained we had another strong result in this business.

Downstream milestones and progress

1Q Milestones and achievements

- Texas City refinery divestment completed
- Toledo continuous catalytic reforming project onstream
- Announced strategic supplier agreement between Castrol and China's SAIC[1] passenger cars division

1Q Progress

- Whiting refinery modernisation project over 90% complete
- Divestment of Carson refinery and South West Coast assets on track for mid-year 2013
- Cherry Point clean diesel project on track for 2Q 2013 commissioning

1) *Shanghai Automobile and Industrial Corporation*

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During the first quarter we completed the divestment of our Texas City refinery, we brought into operation the catalytic reforming project at our Toledo refinery with our partners Husky, and we confirmed our first formal lubricants partnership agreement with the passenger cars division of China's Shanghai Automobile and Industrial Corporation.

We also continued to make progress on the Whiting refinery modernisation project. This is now over 90% complete. We remain on track to bring the new operations onstream during the 2nd half of 2013.

The divestment of the Carson refinery and associated assets is expected to complete by mid-2013, subject to regulatory approval. And our clean diesel project at our Cherry Point refinery is on schedule for operations in the mid-year.

We've maintained our focus on safe and reliable operations, while also sustaining high refining availability through the quarter - building upon the strong performance last year.

All of this supports our longer-term strategy to expand the cash generating capability of our downstream business so it can continue to deliver material and growing free cash flow for the Group.

So to summarise.

Moving BP forward

Safety is our continuing priority

What we have achieved

- Improved process safety & reduced operational complexity
- Re-positioned in Russia
- $38 billion announced divestment target reached
- Upstream access re-loaded
- Five major projects onstream
- Record Downstream profits in 2012
- Gearing within the 10-20% range

Priorities to 2014

- Maintain focus on risk reduction
- 15 high-margin Upstream projects
- Whiting Refinery modernisation completion
- > 50% improvement in operating cash flow by 2014 versus 2011[1,2,3]
- Up to $8bn share buy-backs

Longer-term strategic direction

- Focus on growing sustainable free cash flow
- Increasing Upstream reinvestment to drive growth in higher-margin areas, and to sustain the pace of our increased exploration and access activity
- World class Downstream generating free cash flow
- Organic capex managed to $24-27bn; divestments of $2-3bn per annum
- A progressive dividend policy

1) See Statement of Assumptions in Cautionary Statement
2) Adjusted to remove TNK-BP dividends from 2011 and 2014 operating cash flow; 2014 includes BP estimate of Rosneft dividend
3) 2014 includes the impact of payments in respect of the settlement of all criminal and securities claims with the US Government

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The year is off to a good start.

We have completed our repositioning in Russia – it is a result that is good for BP, Rosneft, Russia and all the TNK-BP partners. The trial in the US has completed its first phase and we remain resolute in our intention to defend ourselves fully while also ensuring we meet our obligations in the Gulf.

And we continue to show strong progress in executing the operational milestones that support the delivery of our 10-point plan, including our commitment to growth in operating cash flow by 2014.

Longer term our direction is very clear. We aim to be a focused oil and gas company that grows long-term sustainable free cash flow. We will do this through safe and reliable operations and through disciplined capital investment biased towards a growing portfolio of high-margin projects in the Upstream, supported by a strong and increasingly cash generative Downstream.

It is a simple model – a safer and stronger BP, grounded in systematic operations and delivering sustainable growth. Our aim is to operate that model and to continuously improve it in all aspects.

With the completion of the sale of TNK-BP we have commenced a share buy-back programme to return up to $8 billion of the proceeds to shareholders.

This sits alongside the strong and flexible financial base from which we intend to grow distributions over time - in line with the improving circumstances of the firm - and to maintain a progressive dividend policy.

That concludes my remarks, and now Brian, Jess and I will be happy to take your questions.

Q&A

Bob Dudley
Group Chief Executive

Brian Gilvary
Chief Financial Officer

Jessica Mitchell
Head of Group Investor Relations