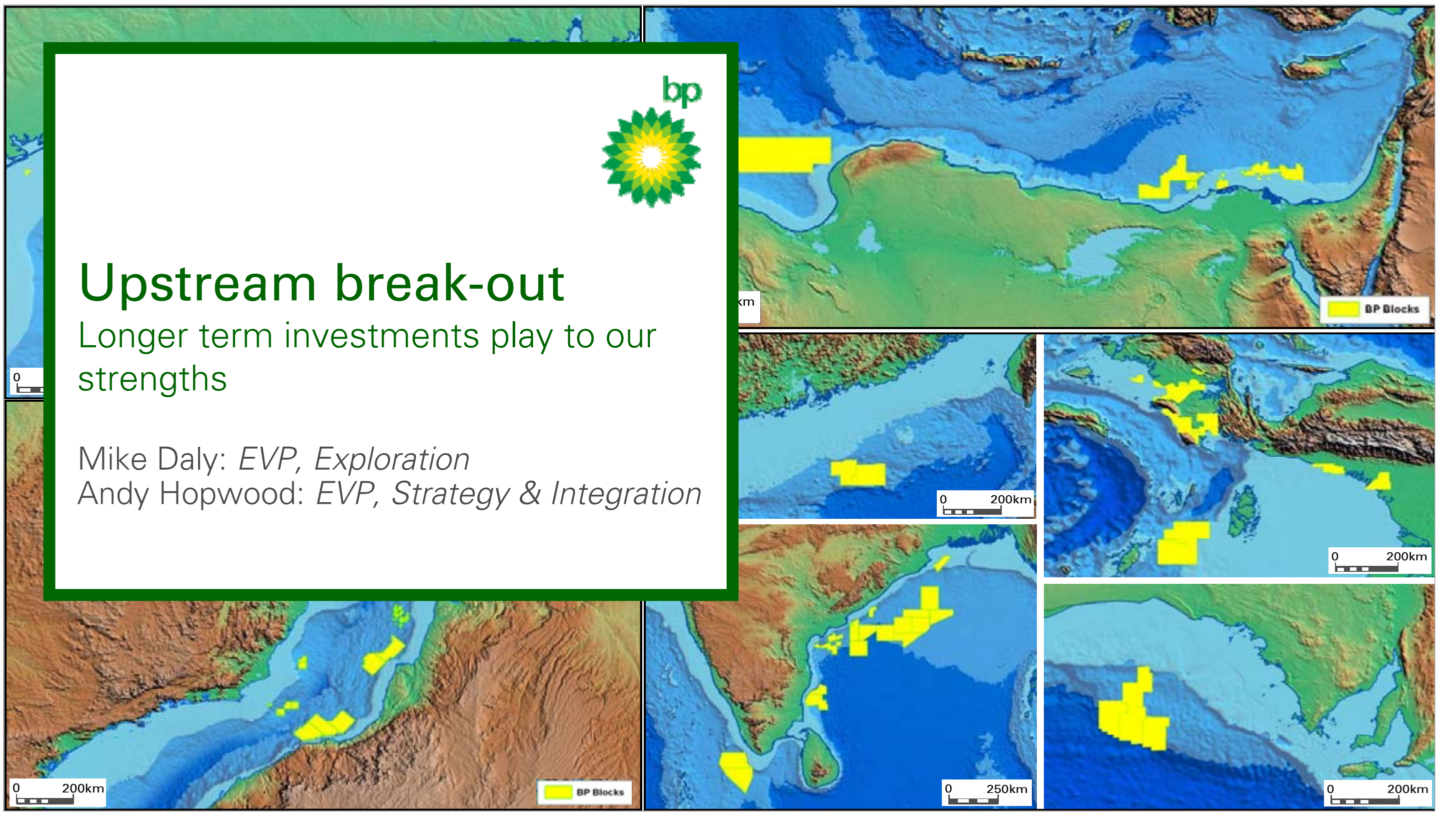

Good afternoon. I'm Mike Daly, Executive Vice President, Exploration and together with my colleague Andy Hopwood, Executive Vice President, Strategy and Integration, we will take you through some detail about BP's longer term future.

Bob spoke earlier about our resource base and the upcoming projects.

I will deal with our exploration and appraisal portfolios. Andy will then cover our position in unconventionals – and how we are adding value to our major gas positions down the value chain.

But first a word about BP's resource base in general.

Cautionary statement

Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements, particularly those regarding: expected increases in investment in exploration and upstream drilling and production; anticipated improvements and increases, and sources and timing thereof, in pre-tax returns, operating cash flow and margins, including generating around 50% more annually in operating cashflow by 2014 versus 2011 at US$100/bbl; divestment plans, including the anticipated timing for completion of and final proceeds from the disposition of certain BP assets; the expected level of planned turnarounds and related production outages; expectations of a challenging marketing environment in 2012, particularly in respect of petrochemicals; the expected increase in exploration activity; expectations for drilling and rig activity generally and specifically in the Gulf of Mexico; plans to improve reservoir management and plant reliability; the level of performance improvement in Refining and Marketing; expected full-year 2012 organic capital expenditure and increased capital spend for the future; the expected timing and level of final investment decisions; the expected duration of production at Mad Dog the timing and composition of major projects including expected start up, completion, level of production and margins; the expected timing and level of appraisal activity; plans to acquire seismic surveys for exploration, field development and reservoir management; the timing for completion of the Whiting refinery upgrade, other refining upgrades and logistics optimization; the expected level of production in the first quarter of 2012 and in full-year 2012; plans to continue to seek opportunities and prospects in BP's areas of strength, such as deepwater, gas value chains and giant fields; plans to strengthen BP's position in unconventionals; the expected production potential of certain existing unconventional oil assets; expectations about BP's development of new technology; the timing of the deployment of BP's new single work management system; the sources and timing of volume growth and earnings momentum in Lubricants and Petrochemicals; expected future levels of resource recovery in giant fields; expansion plans, including plans to expand petrochemicals operations in China; and plans to create a new revenue stream through licensing certain technology. 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 timing of bringing new fields onstream; future levels of industry product supply; demand and pricing; OPEC quota restrictions; PSA effects; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; changes in taxation or regulation; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought; the actions of prosecutors, regulatory authorities, the Gulf Coast Claims Facility and the courts; the actions of all parties to the Deepwater Horizon oil spill-related litigation at various phases of the litigation; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the successful completion of certain disposals; 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 2010 as filed with the US Securities and Exchange Commission (SEC).

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 8, 10, 11, 33, 38, 58, 61, 62 and 63 of the 2011 Results and Strategy Presentation reflects our expectation that all required payments into the $20 billion US Trust Fund will have been completed prior to 2014. The projection does not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Deepwater Horizon incident 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 - We use certain terms in this presentation, such as "resources", "non-proved resources" and references to projections in relation to such 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, 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.

February 2012

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Strong and diverse resource base

Tripled prospect inventory

- Deepwater focus – Gulf of Mexico, South Atlantic, Australia, Asia, North Africa
- 2012 will start the drill-out of the new portfolio

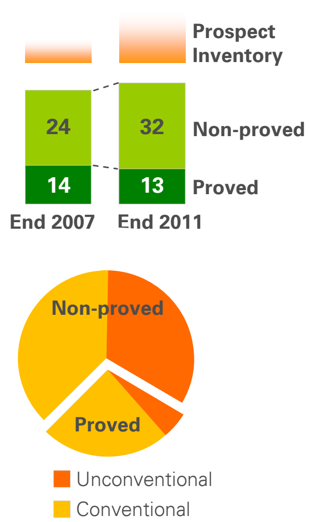
Giant field appraisal

- Growth in giant reservoirs
  - Mad Dog, Clair, Shah Deniz, Tangguh
- Technology drives field growth

New resources added – focus on unconventionals

- Canadian heavy oil – Sunrise and Terre de Grace
- Unconventional gas – Woodford, Fayetteville, Eagle Ford, Indonesia coal bed methane

Resources, bn boe



Excluding TNK-BP

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Over the past five years BP has grown its resource base to 45 billion boe and, in addition, reloaded our exploration prospect inventory. A distinctive feature of the entirety of that resource base is its diversity.

The expansion in our exploration prospect inventory has been built through a mix of new and incumbent positions. In addition we have significant growth potential in several legacy giant fields that we are currently appraising, in both onshore and offshore settings.

In recent years we have also augmented directly our resource base by adding several new positions, both in conventional and unconventional resources.

In the conventional world we have accessed the supergiant Rumaila oil field in Iraq and the Dirhubai gas field in India.

Our unconventional resources account for about 40% of our resource base. This significant position has been built off our deep incumbent position onshore North America. We have added to that, and also added globally in South America, North Africa, the Middle East, Europe and Indonesia.

This material and diverse resource base will underpin our project investments post 2014

So what of the detail of those underpinnings?

Robust pipeline for the longer term

	Exploration	Pre-FID		Post-FID	
Deepwater	• Australia • Asia • GoM • North Africa • South Atlantic	• GoM[1]: Kaskida, Thunder Horse Water Injection, Tiber, Moccasin, Mad Dog North, Freedom	• Angola: Block 18 West, Block 31 South-East, Pazflor Phase 2, Tulipa • Brazil: Itaipu, Wahoo	• Angola: Kizomba Satellites Phase 2 • GoM: Mad Dog Phase 2	• **Angola: LNG, Block 31 PSVM, Clochas-Mavacola, CLOV** • **GoM: Galapagos, Na Kika Phase 3, Mars B**
Gas Value Chains	• Australia • Egypt • India • Indonesia • Trinidad	• Azerbaijan: Shah Deniz FFD[2] • Indonesia: Tangguh expansion • India: KG D6, NEC 25	• Australia: Browse, Western Flank B, Persephone • Trinidad: Field expansion, Juniper • Egypt: East Nile Delta	• Australia: Western Flank A • Egypt: West Nile Delta	• **Australia: North Rankin 2** • **North Africa: In Salah Southern Fields, In Amenas Compression**
Giant Fields *Conventional*	• Azerbaijan • North Sea • Canada: Arctic	• Azerbaijan: ACG expansion • Iraq: Rumaila expansion	• North Sea: Greater Clair • North Sea: Norway	• North Sea: Quad 204, Clair Ridge	• **Azerbaijan: Chirag Oil** • **North Sea: Skarv, Devenick, Kinnoull**
Unconventional oil		• Alaska: heavy oil	• Canada: Sunrise Phase 2, Pike, Terre de Grace		• **Canada: Sunrise Phase 1**
Unconventional gas	• Jordan	• Oman: Khazzan • US: Eagle Ford • Argentina: Neuquen	• Algeria: Bourarhat • Indonesia: Sanga Sanga coal bed methane		

(1) GoM: Gulf of Mexico
(2) FFD: Full Field Development
*Start ups by end 2014 in **bold***
Excludes TNK-BP

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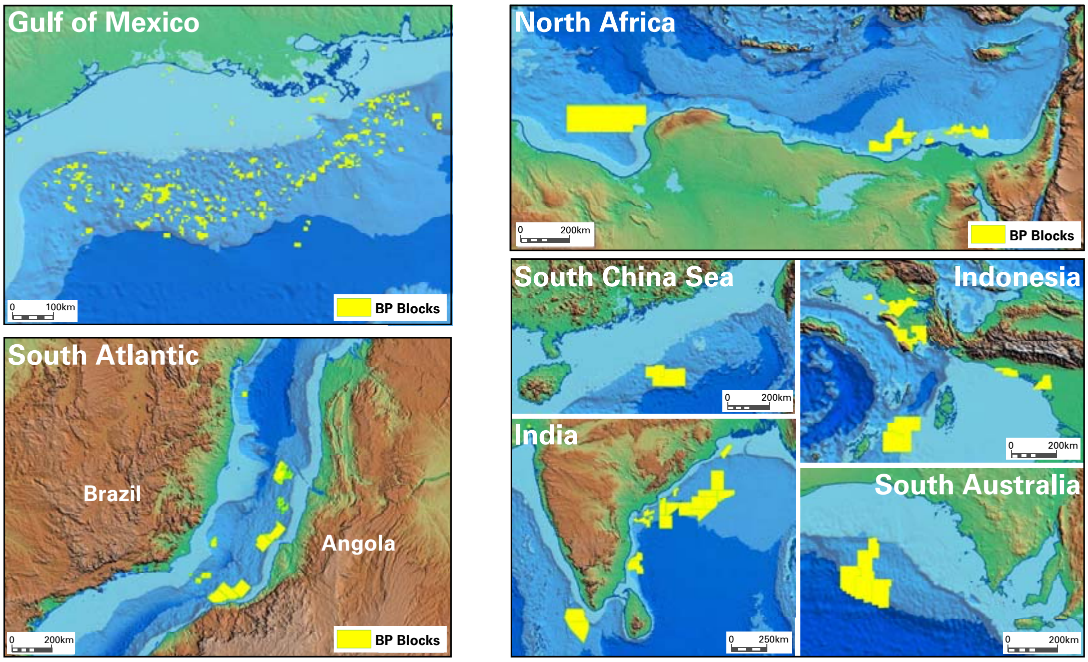
Here is BP's long term project pipeline mentioned by Bob.

Andy and I will provide some depth and colour around this rich list by discussing some examples. We are going to focus on the 'unboldened font' on the chart – from exploration to our projects with start-up beyond 2014. The yellow highlights mark the examples that I will discuss.

So, let's start with our Exploration and Appraisal portfolio.

Exploration portfolio focused on deepwater



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In exploration we have four focus areas that are material and growing. These are shown here; the Gulf of Mexico, the South Atlantic, North Africa and South East Asia/Australasia. In addition we have a number of smaller but advantaged positions, such as the Caspian and North Sea – where exploration continues but at a different pace and scale.

The rebuilding of our exploration portfolio will enable us to both drill-out some successful plays – like the Gulf of Mexico Paleogene – and also test new ones like the Pre-Salt of Angola.

In fact we anticipate testing over 15 new plays – basically new exploration ideas – in the next four years. We have a clear plan for this which starts this year with 12 wildcat wells.

In the Gulf of Mexico, we are getting back to work. We plan on starting the Gila exploration well – the adjacent structure to our Tiber discovery – in the second half of 2012. And there is more to come in the Gulf of Mexico, in both the established Miocene and Paleogene plays and in potential new plays.

In North Africa, we continue exploring in the Nile Delta of Egypt. In Libya we are in regular contact with the authorities and will resume exploration activities as soon as it appropriate to do so. The enforced pause has allowed us to work up a significant and high quality deepwater and onshore prospect inventory – which we really look forward to testing.

In the South Atlantic we have recently deepened in our established position in Angola – and early last year we entered Brazil through the acquisition of Devon do Brasil. The figure shows the two positions juxtaposed – as they were about 100 million years ago.

In Asia, we are exploring for gas in China, India, Indonesia, and Australia, to augment our supply into the Asian Gas markets.

I will now focus on two of these areas.

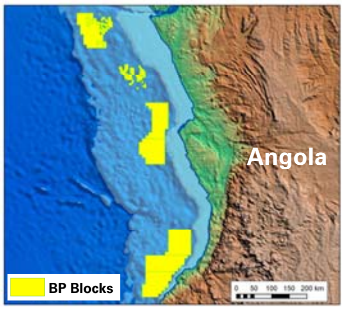
South Atlantic: Angola – the next phase

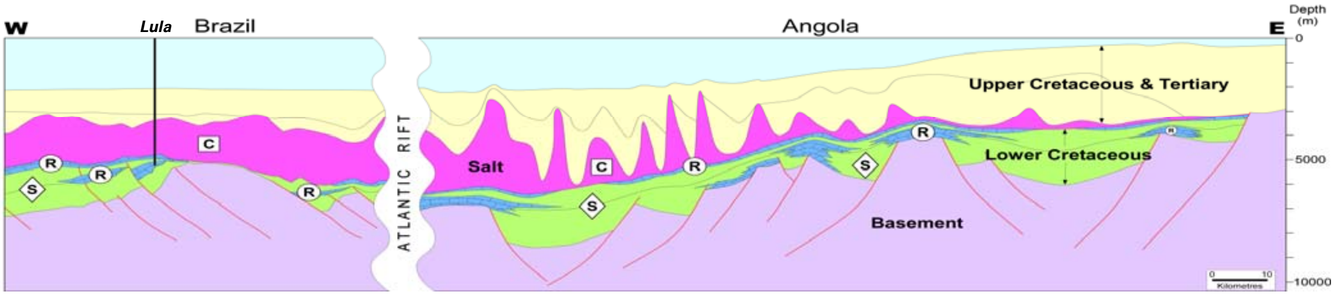
Position

- BP is a leading acreage holder (30,000km^2) with five exploration blocks
- >17,000km^2 multi-client 3D seismic underway

Plays

- Unproven pre-salt play on conjugate margin to Brazil pre-salt
- Preliminary well results promising in Kwanza basin
- Ogonga well tests the Benguela basin in 2012





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Firstly Angola.

We have been exploring offshore Angola since the mid-90s', focussing on the Tertiary plays of the Lower Congo Basin in Blocks 15, 17, 18 and 31. These blocks are now largely explored and our efforts there have moved to appraisal, development and production.

Recently, we gained interests in a further ~24,000km^2 of exploration acreage in five blocks in the Kwanza and Benguela basins, to the south of our existing acreage. Here, we are targeting the pre-salt play that has been successful in Brazil.

The cross section shows the great Lula field of Brazil – and what we are expecting to test on the conjugate margin in Angola. There are differences in the basins as you see from the salt geometries coloured purple. How much similarity there is – remains to be seen.

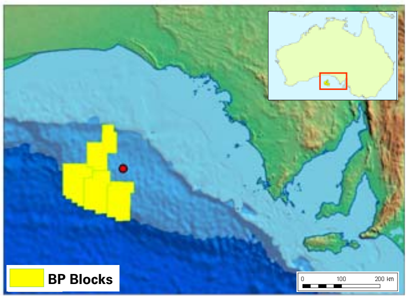
South Australia: a new frontier

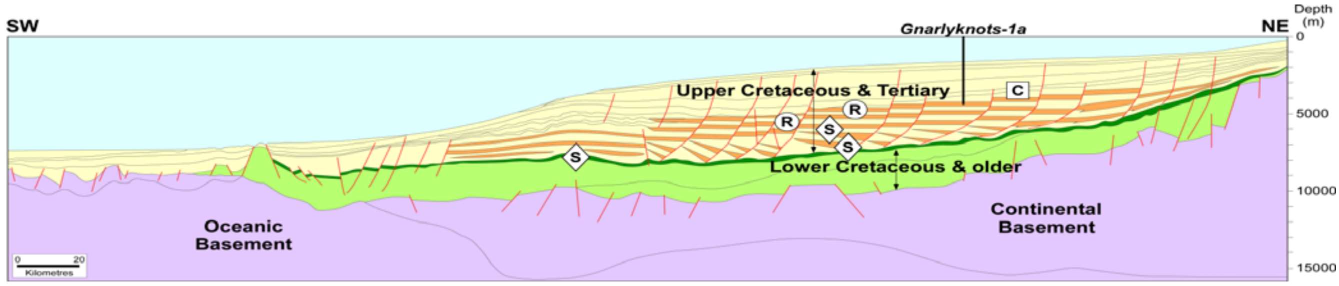
Position

- First mover into world-scale untested deepwater play
- Four blocks, covering 24,500km²
- Largest 3D seismic programme in Australian waters, covering 12,500km²

Plays

- Under-explored Cretaceous delta





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Secondly, I'd like to use Australia as an example of BP testing a new frontier basin – and doing it at scale.

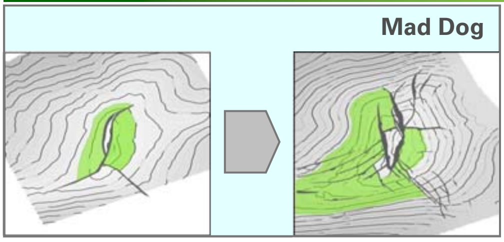
In South Australia, we were awarded four Blocks in January 2011 – about 24,500km² of untested acreage. This large position covers a significant part of the Ceduna basin – which we believe to be an under-explored Cretaceous delta system – shown here in the section.

One well exists in the basin and it was our deep, forensic analysis of this well data, regional 2D seismic and BP's global analogues database that opened our eyes to the possibility here.

We are currently acquiring a 3D seismic programme that covers 12,500km² – the largest single 3D survey ever in Australian waters. Acquisition began in November 2011 and is about 40% complete.

With the time needed for processing and evaluation of the seismic data and preparing to drill, I expect the first wells to begin in the 2014/15 time frame.

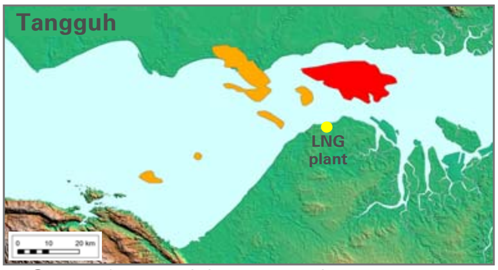
Growth in giant fields



- 4bn bbl OOIP[1], more than doubled from initial estimate
- Subsalt imaging and *LoSal®* EOR waterflood

- 7bn bbl OOIP, phased development
- *LoSal®* EOR waterflood and 4D Life of Field Seismic

- 40 tcf GIP[2], phased development
- Seismic imaging and high pressure drilling capability



- Currently appraising expansion
- Phased investment to monetize multiple fields

(1) OOIP: Original Oil in Place; (2) GIP: Gas in Place

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I will now move further down the 'resource progression pipeline' and spend a few moments talking about how we are growing resources from our existing giant discoveries.

The context, and one of our long held beliefs, is that "giant fields get bigger" – both with technology but also familiarity and understanding. Let me explain this with a few examples.

Mad Dog I will speak about in a moment.

The Clair field – west of the Shetland Islands – was discovered in 1977. It was always known to have a large oil in-place – however, very low recovery per well prevented its being commercial.

The key subsurface challenge here was around the effectiveness of waterflooding the reservoir to improve recovery.

An increased understanding of the natural fracture systems in Clair, and a pilot extended well test in the late 1990's launched the Phase 1 development. In Phase 1 over 50% of the recovery will result from waterflooding.

Phase 1 has been successful, and last year we sanctioned the Phase 2 'Clair Ridge' development where the use of BP's LoSal® Enhanced Oil recovery technique, will improve waterflood effectiveness further.

In addition to this technology application, our continued appraisal programme has brought new insights and understanding that will secure further phases of Clair development in the future.

Shah Deniz, in the Azeri Caspian Sea, has at least 40 tcf gas in place. It is being developed in phases, linked to the development of the gas market. Currently, 12 tcf are under production, and 22 tcf are in development.

Advanced seismic imaging, has improved definition of the Shah Deniz structure at depth and drilling has tagged gas beyond the 40 tcf. This significant deeper resource will be one of the many beneficiaries of the 20K project we have announced today.

In Tangguh – the initial sanction was of a 10 tcf field. This has now grown to a 15 tcf resource base which comfortably underpins the existing two LNG trains. Our exploration and appraisal programme in the Tangguh catchment area continues – and I am confident that the resource to support further trains will be forthcoming.

Now, let’s have a look at Mad Dog.

Technology unlocks Mad Dog

Giant fields getting bigger

- 4bn bbl original oil in place
- Estimate more than doubled through appraisal

Value growth through phased development

- Provides critical data

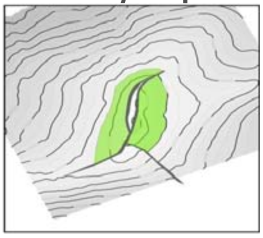
Technology advancement

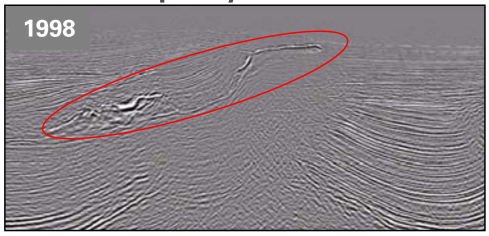
- Industry first WATS[(1)] survey
- First deepwater application of *LoSal®* EOR waterflood

Mad Dog Phase 2

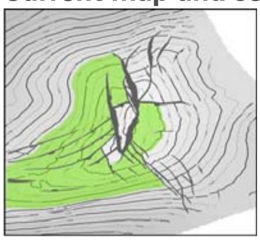
- 600 mmboe gross estimated ultimate recovery
- BP equity 60.5%

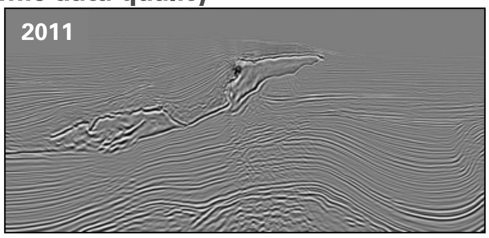
Discovery map and seismic data quality





Current map and seismic data quality





(1) *Wide Azimuth Towed Streamer*

LoSal® EOR is part of BP's suite of *Designer Water®* technologies
LoSal® and *Designer Water®* are registered trade marks of BP p.l.c.

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Mad Dog was discovered in 1998 on state-of-the-art 3D seismic data – seen here in the upper seismic image. The poor definition is a result of the salt canopy – marked by the red ellipse – that overlies Mad Dog, and meant that we could only define and develop a part of the field.

The field was brought into production in 2005. In parallel, Mad Dog was the subject of a major BP research initiative that led to the industry's first Wide Azimuth Towed Streamer seismic acquisition programme which began in November 2004.

The invention and application of this technology changed the clarity of the image – as you can see on the lower example – and changed the mode of seismic acquisition and sub-salt imaging in the industry.

The two maps show how – with the improved image and well placed appraisal wells – the outline of the field has changed dramatically over 10 years, and the oil in place has grown from a little over 1.5 billion barrels to over 4bnbbls today.

In the Phase 2 development we have added the industry's first application of BP's LoSal® waterflood (EOR) technology on an offshore floating facility. This will enhance recoverable volumes significantly. And there is more to come.

This giant field just got a lot bigger.

Hopefully these examples give you an idea of how, with great science, technology and perseverance, we are adding significantly to our rich conventional resource base.

I will now hand over to Andy who will cover unconventionals and gas value chains.

Robust pipeline for the longer term

	Exploration	Pre-FID		Post-FID	
Deepwater	• Australia • Asia • GoM • North Africa • South Atlantic	• GoM(1): Kaskida, Thunder Horse Water Injection, Tiber, Moccasin, Mad Dog North, Freedom	• Angola: Block 18 West, Block 31 South-East, Pazflor Phase 2, Tulipa • Brazil: Itaipu, Wahoo	• Angola: Kizomba Satellites Phase 2 • GoM: Mad Dog Phase 2	• **Angola: LNG, Block 31 PSVM, Clochas-Mavacola, CLOV** • **GoM: Galapagos, Na Kika Phase 3, Mars B**
Gas Value Chains	• Australia • Egypt • India • Indonesia • Trinidad	• Azerbaijan: Shah Deniz FFD(2) • Indonesia: Tangguh expansion • India: KG D6, NEC 25	• Australia: Browse, Western Flank B, Persephone • Trinidad: Field expansion, Juniper • Egypt: East Nile Delta	• Australia: Western Flank A • Egypt: West Nile Delta	• **Australia: North Rankin 2** • **North Africa: In Salah Southern Fields, In Amenas Compression**
Giant Fields *Conventional*	• Azerbaijan • North Sea • Canada: Arctic	• Azerbaijan: ACG expansion • Iraq: Rumaila expansion	• North Sea: Greater Clair • North Sea: Norway	• North Sea: Quad 204, Clair Ridge	• **Azerbaijan: Chirag Oil** • **North Sea: Skarv, Devenick, Kinnoull**
Unconventional oil *Unconventional gas*	• Jordan	• Alaska: heavy oil • Oman: Khazzan • US: Eagle Ford • Argentina: Neuquen	• Canada: Sunrise Phase 2, Pike, Terre de Grace • Algeria: Bourarhat • Indonesia: Sanga Sanga coal bed methane		• **Canada: Sunrise Phase 1**

(1) GoM: Gulf of Mexico
(2) FFD: Full Field Development
Start ups by end 2014 in ***bold***
Excludes TNK-BP

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Thanks Mike.

First, I want to reinforce Mike's initial point about portfolio balance.

Particularly, the balance going forward between deepwater, and longer term investments into our giant fields and resource plays – both conventional and unconventional.

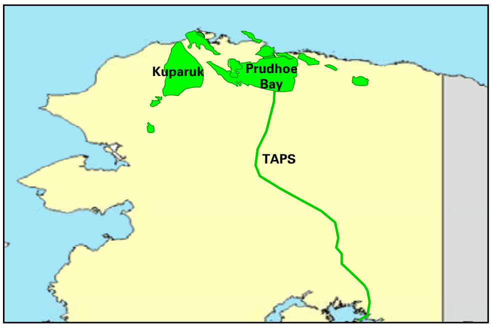
Deepwater projects tend to have higher capital intensity, higher decline but higher cash margins and faster payback.

In contrast the longer term investments have lower decline, require lower re-investment and generally have much longer term relatively stable cash flows.

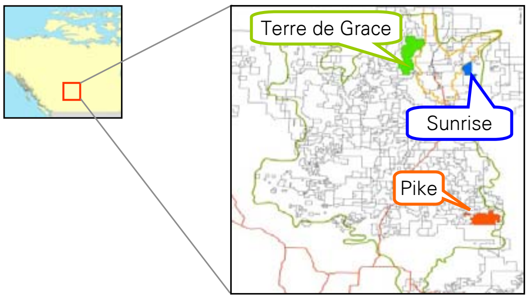
So, picking from the pipeline of future opportunities, let's look at some examples of these long term investment options – first in oil and then in gas.

Progressing unconventional oil resources

Alaska – Heavy oil



Canada – Oil sands



6bn boe of oil resources

Alaska

- 30bn bbl oil in place across viscosity continuum
- 160 mmboe oil produced using waterflood depletion
- Appraisal plan in place for next 2bn boe of resource

Canada

- Three properties of 15bn bbl oil in place over 1,400km^2
- First oil in 2014

200 mboed net production potential within a decade

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We have total heavy oil resources of around 6 billion barrels from some 30 billion barrels of heavy oil in place in our legacy position on the North Slope of Alaska, and some 15 billion barrels in place in the Canadian oil sands. Together these assets have the potential to produce around 200 thousand barrels of oil equivalent per day within a decade.

In Alaska, the near term prize is from the application of our waterflood and EOR expertise to the less heavy resource base where we have already produced around 160 million barrels of oil equivalent. Also, early results from a pilot on the heavier resources are encouraging and we will continue to appraise the development of the next 2 billion barrel tranche of these resources.

In Canada, we have 1,400 square kilometres in three properties, Sunrise, Pike and Terre de Grace, which will be exploited using Steam Assisted Gravity Drainage technology. We expect production from Sunrise to start in 2014 and from Pike some three years later. Terre de Grace is in the early stages of appraisal.

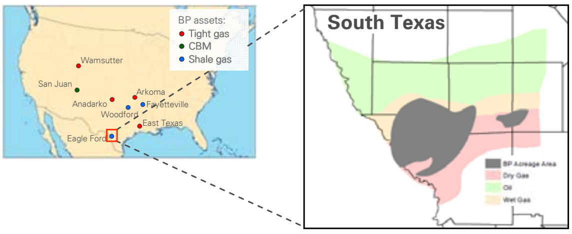
Our plans show production well into the second half of the century, even with current technology.

These resources represent the natural evolution of our reservoir management capability first established in the giant oilfields of the world. In these two examples additional value is created from our long heritage in Alaska and in Canada from the proximity of our northern US refineries at Whiting and Toledo.

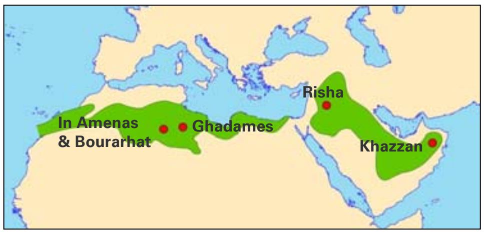
Broadening our unconventional gas footprint

60 tcf portfolio – producing 2 bcfd net and growing

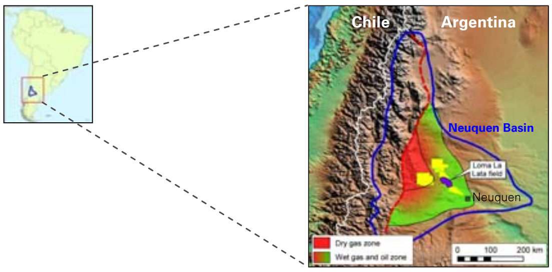
North America – Eagle Ford shale play



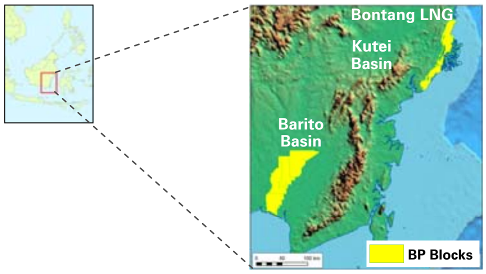
North Africa/Middle East – Paleozoic tight gas



PAE interest in Neuquen Basin shale play



Indonesia – Kalimantan coal bed methane



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Moving to unconventional gas, today we have 60 trillion cubic feet of unconventional gas resources worldwide.

We have been producing gas in North America for over 30 years, from tight gas, coal bed methane and shale gas – production today stands at around 2 billion cubic feet per day or 325 thousand barrels of oil equivalent per day.

Over the last five years we have radically re-focused our footprint, divesting around 8 billion dollars of declining assets, and acquiring an equivalent amount in growth plays. For example, we now have around 6 trillion cubic feet or 1 billion barrels of oil equivalent in the Eagle Ford distributed over 450,000 acres, and also have significant positions in the Woodford, Fayetteville and Haynesville shales.

With the changing price environment of the past few years we have scaled back our dry gas rig count and focused on growing our wetter gas plays in the shales and liquids rich tight gas.

We have also been very active globally.

We have added tight gas potential in assets across North Africa and the Middle East in which we have accessed more than 200 trillion cubic feet of gas in place with liquids from the Paleozoic play. Projects are being developed in each of these assets. The Khazzan project in Oman, which is under long term production test, is the most mature.

In South America, through our interest in PAE, we have a key shale liquids and gas position in the producing Neuquen basin close to existing infrastructure. PAE is currently testing this play.

Similarly in Indonesia, our Sanga Sanga PSC area has rich coal bed methane resources underlying existing facilities and close to the Bontang LNG facility.

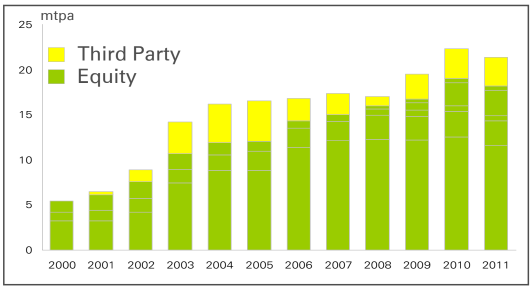
We are pacing investment in all these projects to reduce the uncertainty inherent in unconventional resources, before making large scale capital commitments.

But in all cases our new 'operating model' is helping us rapidly share lessons and capability across the portfolio.

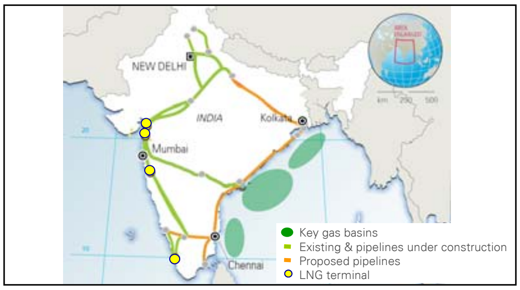
Adding value along the 'gas value chain'

Azerbaijan – Shah Deniz

LNG Portfolio



India



Shah Deniz
- Full field development, 1.5 times first phase
- Additional 1.5 bcfd, connecting to Europe

India
- First mover into a fast growing energy market (6% p.a. to 2030)
- Investment along the full value chain

LNG
- Leading LNG portfolio >20 mtpa today
- Potential to increase Tangguh LNG capacity

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A further source of longer term investment is in infrastructure downstream of our producing gas fields where we can add value and cause large gas resources to flow.

We actively manage this portfolio also – divesting investments in mature basins (i.e. US and Canada) and investing in growth markets of which I will touch on three examples:

First, in Azerbaijan, where we are developing the super giant Shah Deniz field which contains some 40 trillion cubic feet in place as Mike mentioned earlier. The premium gas market in the region is Europe with the prize of long term stable cash flows. The challenge is making the physical connection, creating a 'southern corridor' balancing interests of all stakeholders across the value chain – a challenge we are taking on with our Shah Deniz partners, SOCAR and governments. We expect to reach FID soon on the 20+ billion dollar next phase for 16 billion cubic metres per annum or 1.5 billion cubic feet per day of new gas – tripling today's output.

Second, in India, we entered a joint venture with Reliance to do four things – support the near term management of the producing gas field, develop nearby satellites, explore in proven and new gas plays, and to create a downstream gas joint venture, named 'India Gas Solutions' to invest in a massive, growing, and liberalizing gas market. A strategic partnership with India to meet rapidly growing energy needs.

And third, LNG, where our leading global LNG portfolio of more than 20 million tonnes per annum is made up of a combination of equity gas dedicated to customers, equity gas which is fully flexible and LNG sourced from third parties. The flexibility which stems from this portfolio approach adds value to our upstream assets. Over the next two years, we expect to increase this portfolio further when we take a final investment decision to increase capacity in our Tangguh LNG facility.

Each example illustrates how we participate throughout the gas value chain. Working with partners, governments and customers, we combine capability in upstream, midstream infrastructure (including LNG shipping) and marketing to create a portfolio which monetizes our production.

Opportunities for the longer term

- Total resource base has grown
- Exploration focused on deepwater – activity ramping up
- Giant fields continue to grow through appraisal
- Post-2014 wave of projects underway
- Unconventional oil and gas is a material part of the portfolio
- Significant value add through integrated gas value chains

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So to summarize, Mike and I have attempted to provide some colour and detail around the depth our portfolio, and what to look out for post 2014.

Expect our exploration drilling machine to ramp up as it drills-out our exploration inventory - and yes it has a focus on the deepwater.

Our appraisal activity is bringing forward new projects for the second half of the decade, both from legacy giant fields and new discoveries.

We will invest where we can add value along the full gas value chain and thus ensure that attractive gas resources flow to market.

We have a considerable 'unconventional' portfolio both oil and gas which will create a strong foundation for future decades.

Thank you

I think we have time for a few questions.

Good afternoon, my name is Bob Fryar and I am the Executive Vice President of our Global Production Division. Joining me is Bernard Looney who is Executive Vice President of our Global Developments Division.

Between us, we are accountable for the operations, wells and projects that underpin our plans.

And today we would like to explain the new upstream operating model which we will use to deliver improved execution and help make BP a safer and stronger company.

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February 2012

New operating model now in place

Relentless focus on safety and managing risk

Organization in place and aligned with delivery

- Exploration: Access, Exploration and Appraisal
- Production: Subsurface, Operations
- Developments: Global Projects Organization, Global Wells Organization

Reducing complexity – stronger and more focused

Global standards in place and driving

- Risk reduction
- Systematic, consistent execution
- Increased reliability
- Cost and investment efficiency

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The principle is to simplify and standardize the way we operate, focusing our efforts on safety and value.

The new organization is already working well with benefits in both safety and performance. Much of this is being achieved by mandating what and how things get done on a global level. As part of this, we are bringing great clarity to how our organization aligns toward performance delivery – such as Subsurface, Wells and Operations working end to end in delivery of our new wells.

From top to bottom of the organization, our staff are focused on reducing risk using deep technical rigor in everything we do to systematically improve execution leading to short term cash and long term value.

We'll start by looking at risk reduction across the segment and then we want to explain how these factors are being implemented in four areas - Subsurface, Operations, Major Projects and Wells.

Risk reduction

Operations Management System (OMS)

- Mandatory systematic requirement for our global operations
- Standardization of practices and procedures
- Risk identification and systematic mitigation at front line

Investing in integrity

- Continued turnaround program
- Enhanced maintenance standards

Voluntary performance standards

- Beyond existing regulatory obligations
- Applies lessons learned from Deepwater Horizon

Capability

- Recruitment and renewal

Voluntary Performance Standards

- Deepwater, dynamic-positioned, subsea blowout preventers (BOPs) equipped with no fewer than two blind shear rams and a casing shear ram
- Third party verification of testing and maintenance of subsea BOPs
- Enhanced conduct/witnessing of laboratory testing of cement slurries for deepwater primary cementing in exposed zones

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We believe that a good company manages risk well.

We are embedding our new operating model, we have been taking very practical steps to put safety at the heart of our company - structurally, via the processes we use, and personally, through the values we expect our leaders and staff to convey at all times.

At the centre of this is our mandated Operating Management System, or OMS. OMS sets out the standards we are bound by and the common way we operate around the world. OMS is designed to do two things, drive down risk and systematically improve the quality of our operations. Included in this is transparency of the risks and what we do to mitigate them – so everyone understands the risks and the mitigation actions – from the front line all the way to Bob Dudley.

The number one objective of any oil and gas operation is to maintain the integrity of its infrastructure from reservoir to market – always maintaining control of its product. We have made significant progress in 2011. For example, across our upstream portfolio we achieved a 22% reduction versus 2010 in loss of primary containment.

We have also completed many integrity and equipment upgrades via our extensive maintenance and turnaround program.

We believe that in some cases our standards should be higher than those set out by host government regulations or common industry practices. Given what we have learned from Deepwater Horizon, this is particularly relevant to drilling. We have set out a number of internal standards that are making us safer and stronger – this is good business.

As a priority, we are investing heavily in the capability of our people. In 2011, we hired over 2,000 technical people, bringing in specialized skills and renewing our organization for the long term.

Subsurface: maximize value from reservoirs

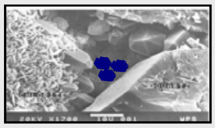
Reservoir management

- Maximize production from reservoirs
- Increase recovery factor

Leverage global scale

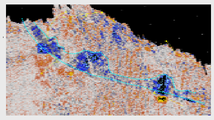
- Programme management
  - Focus resources on highest value
- Technology

***Bright Water™* technology**



More than 70 treatments in Alaska, Argentina and Azerbaijan. Improving waterflood sweep and recovery by 20 mmboe

Greater Plutonio



4D seismic and state of the art *Field of the Future®* surveillance tools used to generate 25 additional well targets and optimize production

Bright Water™ is a trademark of Nalco
Field of the Future® is a registered trademark of BP

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Let's now look at our global subsurface organization which is part of the Production Division and comprised of over 1,800 scientists and engineers. They are accountable for the day to day management of our reservoirs – optimizing production and progressing our resources to maximize recovery. With our new operating model, we now have clear line of sight to how reservoirs are performing. We are driving consistent technical practices and have developed centres of expertise that we can deploy to areas of greatest value.

The majority of our top assets are waterflooded oil reservoirs in world class basins. A higher proportion of BP's major assets are developed with waterflood than other major IOCs which gives us a distinctive capability. Optimizing recovery from giant field waterfloods requires operating experience at scale, advanced surveillance techniques and the application of high end technology.

Seismic imaging is increasingly important to subsurface description and prediction. We are investing to maintain the leadership position that we achieved through step changes such as our wide azimuth seismic technology for subsalt imaging and simultaneous source technology for onshore seismic. Globally, we will continue to acquire between twenty to twenty-five seismic surveys annually for exploration, field development and reservoir management. Our high performance computing centre in Houston used for seismic processing ranks among some of the highest capacity supercomputers in the world.

Our Subsurface technology flagship programmes continue to improve recovery performance. For example, we are now deploying more than 20 Bright Water treatments per year which accounts for the vast majority of industry activity. Bright Water is a heat activated polymer that blocks water swept zones deep in the reservoir to improve sweep efficiency and increase oil production. We expect to produce over 20 million barrels at less than $6 per barrel from treatments to date. We have over 60 scientists dedicated to further developing recovery technology to manage the performance of our reservoirs.

We are already pushing the boundaries of reservoir management through our Field of the Future programme, using real time information from our wells. For example, in Greater Plutonio in Angola, every well is monitored continuously by our subsurface staff. We achieved 129 pressure build up surveys in 2011, giving us vital information on how our reservoirs are performing. This, coupled with 4D seismic imaging, has unlocked 25 additional well targets in that field alone.

On the basis of these technologies and capabilities, we believe reservoir management and resource progression remain key points of differentiation for BP.

Operations: driving increased reliability

Reliability improvements
- Turnarounds
- Defect elimination
- Dedicated reliability driven projects

Leverage global scale
- Common standards and practices
- Global standard systems
- Investing in capability

Tangguh LNG

Following a defect elimination program, facility uptime >95% enabling more cargo shipments to sell into higher value markets

Greater Plutonio

Following a turnaround in 2011, facility uptime is averaging 93%

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Moving on to operations: safe, compliant and reliable facility operations represent a big driver of overall Upstream delivery. And this is where our Global Operations team comes in. Its job is to optimize facilities and to process and transport our production to market safely and reliably.

To achieve this, we are focusing our efforts on delivering turnarounds – or TARs – to eliminate defects and drive improvements. We have mandated and implemented a common global process for planning and executing TARs which has markedly improved on-time TAR delivery.

Facility turnarounds are a centrepiece of our maintenance programme as they represent the only time a facility is fully shut down and depressurized, allowing for major repairs, improvements and tie-in of new infrastructure. We completed 47 TARs in 2011, a historically high number. Looking forward, we have another large program of 37 TARs planned for 2012. We expect overall production outages to be lower in 2012 than 2011.

The benefits of our TAR and defect elimination programmes are already being seen around the world. For example, in Tangguh in Indonesia, following a dedicated defect elimination program and TARs in 2011, facility uptime has increased to more than 95%. This has enabled more cargo shipments, with more going to higher value markets allowing for a material increase in realized gas prices. In Angola, after a successful execution of a TAR in Greater Plutonio in the summer of 2011, planned efficiency is averaging 93%.

We have also been investing in our processes, systems and people. To support this, we are deploying a single global work management system, or digital backbone, incorporating maintenance and procurement. We have already deployed this in a series of pilot locations and expect to have it embedded in most of our operations by 2014.

A key to all of this is our investment in capability. In 2011, we hired around 1,000 people into our operations organization. This was coupled with a global organizational model to assure we have the right skills in the right places. As part of this we have brought in external executive expertise such as our global heads of maintenance and logistics.

I would now like to hand over to Bernard who will take us through the operating model and key activities for our Developments Division.

Global Projects Organization: improving execution quality

Building world class capability
- Increased BP staff by 25%
- Building technical capability

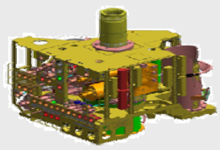
Improving Front End Loading (FEL)
- New FEL standards tied to external benchmarks
- New projects achieving "Best in Class"

Improved predictability
- Major Projects Common Process
- Global Project Organization working under OMS
- On-time start-up and cost delivery has improved

Leverage global scale
- Created subsea hardware organization
- Centralized contracting with 21 global agreements

Standardization:

Subsea Christmas Trees



- Historically managed 20 designs
- Standard specifications utilizing two contractors to support
  - 14 major developments with around 200 Trees
  - $5bn gross investment
- Results
  - Pre-engineered options
  - Predictable delivery
  - Ease of manufacturing
  - Improved reliability
  - Ease of troubleshooting

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Thank you Bob. Good afternoon. I would like to update you on the progress we've made in improving the execution of our global projects and global wells operations. Let's start with Projects.

Global Projects Organization: improving execution quality

We now have a single Global Projects Organization working under our common Operating Management System. The journey began in 2005 with the implementation of our Major Projects Common Process. But it was really accelerated in 2010 with the creation of our Global Projects Organization – one team accountable for delivery of our projects worldwide.

We are beginning to see some results and I would like to share four examples.

Firstly, we are building world class Capability. In 2011, we increased the number of BP staff by 25% through a major recruitment program to build expertise in key focus areas. One such area is Quality Management. We hired an expert from the Aerospace industry with deep skills in this discipline. He is growing our team, developing improved standards and working with our suppliers to eliminate defects. Getting Quality right will materially improve our delivery.

Secondly, we are improving our Project Front End Loading. We believe that better Front End Loading leads to better projects. In 2011, we implemented new rigorous standards to drive improvement in this area. The last eight major projects we approved all achieved 'best in class' Front End Loading as measured by external benchmarks. This sets us up well for execution.

Thirdly, we are improving the Predictability with which we deliver our Projects.

Over the last four years, we have improved our cost delivery by 25% and our schedule delivery by 35% – when compared to our original FID targets.

And Fourthly, we are leveraging our global scale to deliver value.

A great example, and one I believe is leading the industry, is the creation of a single global subsea hardware organization for the design and procurement of all of our subsea equipment. This has enabled us to standardize designs, work processes and procedures and leverage our scale in the supply chain through establishing global agreements with our two key suppliers. This is improving quality and predictability as well as reducing costs by around 15%. Over the next five years we expect to spend over $5 billion gross on subsea hardware.

We now have 21 Global Agreements in place covering a large proportion of our activity – engineering services, rotating equipment, automation, valves, etc. They will all help deliver standardization, improved quality and reliability.

As you can see we have taken deliberate steps over the past few years to deepen our projects capability. There remains more to do, we are beginning to see real evidence of performance improvement. Lets look now at where this new organisation is being applied.

Major projects underpin operating cash flow growth

	Deepwater			Gas			Giant Fields		
Start-up	**Project**	**WI%[2]**	**Gross Capacity**	**Project**	**WI%**	**Gross Capacity**	**Project**	**WI%**	**Gross Capacity**
2012	Block 31 PSVM[1]	27	150 mboed	Angola LNG	14	1,100 mmscfd	Skarv[1]	24	165 mboed
	Clochas-Mavacola	27	100 mboed				Devenick[1]	89	200 mmscfd
	Galapagos[1]	47-67	60 mboed						
2013 / 2014	Na Kika Phase 3[1]	50	40 mboed	North Rankin 2	17	1,800 mmscfd	Kinnoull[1]	77	50 mboed
	CLOV	17	160 mboed	In Salah Southern Fields	33	420 mmscfd	Chirag Oil[1]	36	140 mboed
	Mars B	29	130 mboed	In Amenas Compression	46	330 mmscfd	Sunrise	50	60 mboed

(1) BP operated *2) Working Interest*

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We have a world class Major Projects portfolio and are on track to deliver 15 start-ups by the end of 2014. These projects will have on average around twice the 2011 Segment unit operating cash margin. Six of these projects are on track to start up this year.

Let me give a brief update on a couple of larger projects that will start up this year.

The PSVM project in deepwater Angola is a complex 48 well subsea development utilizing an FPSO for production, storage, and offloading of oil. The project ties in four fields (Plutao, Saturno, Venus and Marte) into a single infrastructure development. At this time, the FPSO is on its voyage from Singapore to Angola and it is expected to arrive by the end of the month. The FPSO sailed after completing 96% of commissioning onshore which is an exceptional level of readiness.

As you have heard from Bob we recently FID'd Mad Dog 2, our largest operated greenfield project in the Gulf of Mexico in almost 10 years. We have start ups in the Gulf of Mexico in the short term as well. As an example, Galapagos is a 3 well subsea tieback to the Na Kika platform. The wells have been drilled and the subsea scope is largely complete. Topsides tie-in work on the platform is progressing to plan and we expect to bring the project online later this year.

Turning now to Drilling – what we call "Wells".

Global Wells Organization: improving execution quality

Focus on Safety and Operational Risk

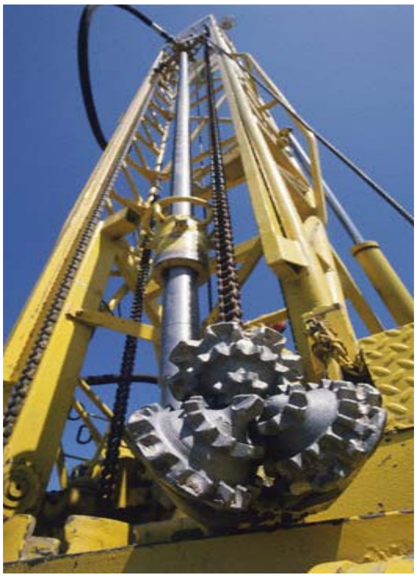
- Global Wells Organization working under OMS
- Closing out Bly Report
- Global Rig Acceptance and Start-up Procedures

Building world class capability

- Increased BP staff over 20%
- Building technical capability
- Creating Global Wells Institute for learning

Increasing Activity

- Integrated Global Rig Schedule
- Activity increasing in 2012 and beyond – focused on high margin areas



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Our new Global Wells Organization, put in place in April last year, has begun a similar journey to that in Projects. This one organisation is solely accountable for the delivery of all drilling worldwide. We plan to replicate the improving execution performance and predictability experienced in Projects – and there are already tangible signs of progress.

Firstly, we have a relentless focus on Safety and Operational Risk – and strongly believe this will drive enduring value for our shareholders. The new organization is in place and transitioning to our single operating management system. We are on track to close out actions from the findings of BP's investigation into the Deepwater Horizon accident. And we are establishing stricter standards for safe and compliant wells as well as changing the way we work with key contractors

An early example of this is our application of a new Global Rig Acceptance and Start-up procedure. This ensures that no rig will commence operation until we are sure that it will operate to our standards. Investment in this up front will reduce risk and improve efficiency.

Secondly, we are building world class capability – creating and sustaining talent to ensure the long term health of our business. In 2011, we increased the number of BP staff by over 20% through a major global recruitment program. This isn't just about numbers – it is about bringing in key technical skills like cementing, well control and rig audit. And beyond recruiting, we are investing in learning and the development of all our people through the creation of a Global Wells Institute which will include virtual learning centres in many of our locations.

Finally, all of the above gives us the confidence to increase activity. Our new integrated global rig schedule process allows us to understand which drilling operations really make a difference and ensures that the right people and resources are allocated to them. Much of this is focused on our higher margin areas, for example:

- In Angola – where we plan to increase the rig fleet in our operated fields to three deepwater rigs by the end of this year
- In the Gulf of Mexico - where we have five rigs working with a further three planned to start up this year
- And in Azerbaijan - where we plan to add two rigs this year.

So all in all - much still to do, but significant progress in building a strong foundation for the delivery of safe and compliant wells.

Moving Forward

Focus on Safety and Operational Risk

Operations and Subsurface

- Reservoir management
- Reliability and defect elimination
- Turnarounds

Major Projects

- 15 major project start-ups by 2014, 6 in 2012
- By 2014, unit operating cash margin from new projects is expected to be double the 2011 upstream average (excl. TNK-BP)[1]

New Wells

- Building strong foundations through the Global Wells Organization
- Increasing high value activity around the world

(1) At $100/bbl oil price

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So, in summary we have provided you an overview of our new operating model and how we expect that model to fundamentally improve how we execute our activities. The model is already working well and we are seeing many benefits as we have explained.

Looking forward, delivery through 2014 is underpinned by the following:

1. Continued relentless focus on Safety and Operational Risk – this is simply the right thing to do

2. Improving reservoir management and plant reliability

3. Improving execution on a strong portfolio of Major Projects that materially improves margin capture in the Upstream

4. And delivering our wells activity plan through our new Global Wells Organization

We firmly believe the new operating model has created a simpler and more focused Upstream. It is one that will relentlessly drive down risk, better leverage our scale and deliver a globally optimized activity set - geared toward long term value.

So thank you very much for your time - and now Bob and I would be delighted to take any of your questions.

Welcome back.

I am joined in the break-out by members of the R&M leadership team who some of you met in November. They'll be able to help answer any questions you have.

Tufan Erginbilgic is responsible for our Eastern Hemisphere Fuels businesses, for the Global Fuels activities of Air and LPG, and for Lubricants. Richard Hookway is the CFO for R&M. As Steve Cornell, who runs US fuels and Nick Elmslie, who runs petrochemicals are not with us today, Tufan will cover all of fuels and lubricants, and Richard will update you on petrochemicals.

The main thing we want to do with this break-out session is to provide you with more detail on performance, portfolio quality and momentum in each of the three businesses, building on what you have already heard today in terms of our 4Q and full year results.

We will also provide you with a little more detail on the proposed LPG divestment we announced today.

We only have a few slides, but you also have copies of our November Investor Day slide pack on your seats. In the Q&A session we would be happy to take questions arising from those also, and we may refer back to them in our answers.

Let me begin with operating cash flow, before handing over to Tufan.

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February 2012

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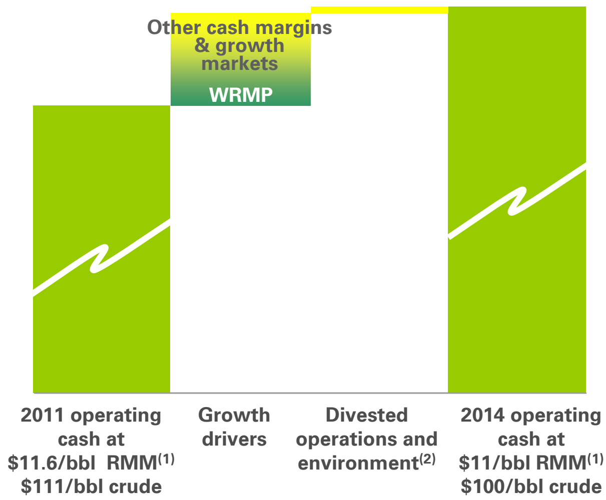
Operating cash flow momentum

Sustaining leading returns in the base
- Invest to maintain competitive position
- Improve efficiency and margin capture capabilities
- Working capital efficiency

Improving cash margin capability
- Whiting Refinery Modernization Project (WRMP)
  - Onstream 2H 2013
- Cherry Point clean diesel
- Toledo continuous catalytic reforming
- Integration, trading and optimization
- Premium fuels, Castrol Edge
- Petrochemicals and lubricants technology
- Marketing channel management

Growth market positions
- Petrochemicals Asia
- Lubricants growth markets
- Refining and fuels developments

Operating cash flow



(1) *Refining Marker Margin*
(2) *Includes working capital movements*

3

I talked earlier about earnings and operating cash flow growth. This slide is one we showed in October and November updated for 2011 actual results. It reminds us that the Group's forecast growth in operating cash flow between 2011 and 2014 is based on a comparison of performance at $100/bbl Brent crude price and $11/bbl Refining Marker Margin relative to 2011 actuals. In the case of Refining Marker Margin, 2011 was at a relatively comparable $11.6/bbl, providing a good basis for comparison going forward to 2014.

Operating cash flow momentum within R&M comes from three sources:

Firstly, sustaining and improving returns in the base, including investments to maintain our competitive position, improvement in day-to-day cost efficiency and margin capture along the chain through integration and optimisation, and improving working capital efficiency.

Secondly, improving structural cash margin capability through new investments and keeping the portfolio focused. This obviously includes the large Whiting project, but also the smaller investments we are making at Cherry Point and Toledo. It also includes marketing channel management and product mix improvements including premium fuels and lubricants. We also focus on investment into differentiated technology to drive margin advantage in petrochemicals and lubricants.

Thirdly, it is about increasing our footprint and exposure to growth markets in all three business models. Lubricants is growing fast in non-OECD countries, Petrochemicals is deepening its footprint in China and India, and in fuels we are expanding in locations such as Eastern Europe, in Turkey and in Brazil where we recently announced an acquisition by Air BP to enter five new airports and build upon our established position.

With this backdrop, let me now pass over to Tufan to provide you with more detail on fuels and lubricants.

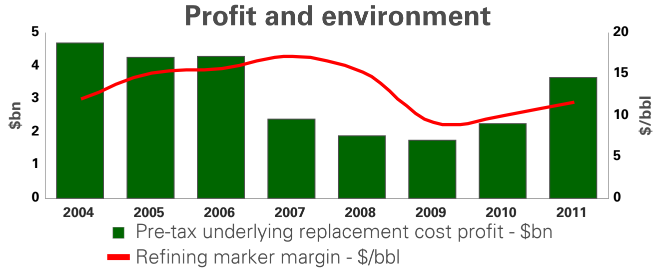
Moving the fuels business forward

What you can expect

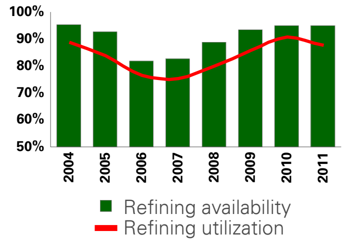
- Focus on safe, reliable, excellent operations
- Industry leading refining availability and utilization
- Active portfolio management
  - Re-position US fuels business
  - Continued focus on quality
- Strengthen "winning" fuel value chain positions
  - Whiting investment
  - Focus on margin capability
  - Focus on growth geographies and market segments
- Continued focus on efficiency
- Competitive returns

What you can measure

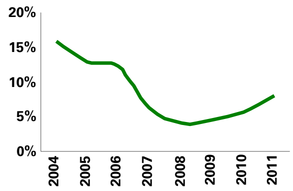
Profit and environment



Refining availability and utilization



Pre-tax returns[1]



(1) Pre-tax returns based on pre-tax average capital employed including goodwill

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Thank you Iain,

As Iain said earlier, 2011 was a good year for the Fuels business.

On the left is what we told you in November that you can expect from the Fuels business. It's all about safety, reliability, quality and efficiency. Industry leading utilization comes from the right quality positions and we ensure the portfolio and our investment is focused on assets where BP can deliver real competitive advantage. We must continue to strengthen these positions both in established and growth markets, and maintain a focus on efficient use of all resources. This will lead to competitive returns and cash flows.

Talking to the graphs on the right, profit at $3.6 billion was up 62% whereas refining margins improved by only 16%. We did get some assistance from other margin effects such as WTI/Brent but saw material offsets from the high price of sweet barrels and the impact of foreign exchange movements. Our oil trading business improved considerably from poor levels in 2010. However, to put this in context and to repeat what I said in November, 2011 was not a year of unusually high oil trading performance. In fact it's underlying pre-tax profit was in line with the average over the 2008-2010 period.

The level of turnarounds was very high in 2011, with a material negative impact vs 2010. High turnarounds will continue in 2012 and the impact is expected to be broadly similar. Our refining operations saw improvements in safety, reliability and commercial margin capture. Refining profits for the year were materially up on 2010, and BP's refining portfolio remained profitable even in 4Q.

Looking at the graphs at the bottom, our Solomon refining availability was similar to 2010. However, in refining our utilization rate was lower than in 2010 due to higher turnarounds, lower demand and the weather related event which had a major impact on Texas City in 2Q.

Pre-tax returns have begun to improve in fuels from the very low levels of 2008, but we have much more to do, and the fuels business will provide much of the momentum out to 2014.

Fuels: portfolio quality and momentum

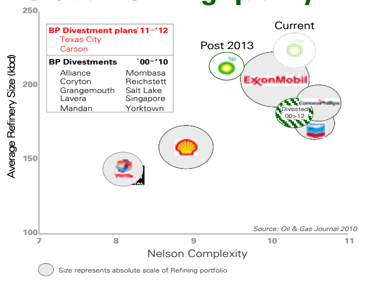
Actions to date

- Divestment of 10 refineries 2000–2010
- Exit from Greece, France (Retail), Botswana, Malawi, Namibia, Tanzania, Zambia and Zimbabwe
- Disposal of US non-strategic pipelines and terminals
- Brazil aviation acquisition

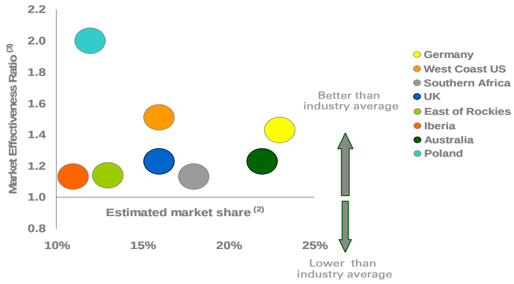
Further sources of momentum

- Whiting Refinery Modernization Project (WRMP) onstream 2H 2013
- Completion of US divestment program
- Gelsenkirchen refinery margin improvement program
- Exit of LPG bulk and bottles business

Global refining quality[1]



Retail asset quality[1]



(1) As illustrated at Refining & Marketing Investor Day – November 2011
(2) BP share of industry retail sales – BP data estimates
(3) BP market share divided by BP share of site numbers for branded sites – BP data estimates

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Turning then to the portfolio and sources of momentum in Fuels.

On the right are two charts we showed in November. I won't go into the detail, but the main message is that BP's fuels businesses have been materially focused into a portfolio with both advantaged refining and advantaged marketing positions when compared to the average of the industry. It is this which drives structural advantage. Our focus remains on quality not quantity.

How have we done this? Well, actions to date include

- Divestment of 10 refineries in 10 years
- Exit from company marketing operations in 8 fuels markets
- Disposal of a large portfolio of non-strategic pipelines and terminals in the US

Divestment proceeds from fuels have totalled about $16 billion in the 12 years to 2011.

We have recently announced the acquisition of a new position in aviation in Brazil.

Beyond this, there are a number of things we are in action on today including:

- The Whiting project, which is now over 50% complete, all main vessels are in place, and all piping modules are on site. Construction activity is ramping up in the field and we are on track for bringing the project onstream in 2H 2013;
- The US divestments of the Southern West Coast, including Carson refinery, and the Texas City refinery continue to move forward. In the case of the West Coast, separation of the assets has been completed, it is being run as a separate business unit, the data room was completed and we issued a Confidential Information Memorandum and began marketing the assets in 4Q. We have received interest from a number of parties. In the case of Texas City, the data room is also complete. There are a number of major regulatory milestones associated with Texas City which we expect to complete in 1Q, which will enable the site to be marketed with greater certainty around its regulatory liabilities and obligations. We will be progressing both of these transactions in 2012;
- At the Gelsenkirchen refinery, we have a margin improvement programme. This project is designed to improve the refinery yield through re-configuration of some of the high value uplift units;
- And we announced today the proposed exit of the LPG bulk and bottles business

So let me turn briefly to the LPG announcement.

Divestment of LPG marketing business

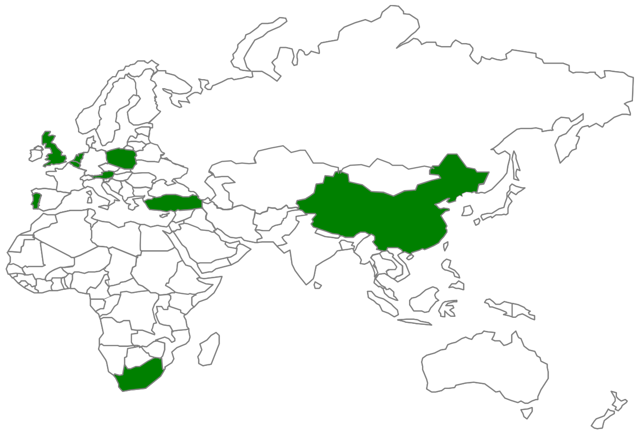
Divest LPG bottle & bulk sectors

- High quality portfolio in 9 countries
- Largely independent from fuels businesses

Retain focus on refinery LPG and autogas

- Strong position in growing autogas segment
- Focus wholesale to support refinery operations and optimization

LPG bulk and bottle markets



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Following a strategic review of our global LPG business, which currently sits within our Global Fuels portfolio alongside Air BP, we have concluded that we are not the natural owner long-term for the marketing channels selling bulk LPG to commercial and private customers, and also the bottled LPG business selling primarily to individual consumers. While these businesses represent attractive returns for BP, we believe that other B2B and B2C marketing companies would find them highly attractive and synergistic in each of the geographies.

These operations are in nine countries - UK, Netherlands, Belgium, Poland, Austria, Portugal, Turkey, China and South Africa.

BP aims to market these in a number of packages and we would hope to complete the process by end 2013.

We will retain focus on LPG where it is deeply integrated into our Fuels businesses, namely wholesale LPG sales from our refineries and associated optimisation, and autogas - the sale of LPG to retail customers in some of our fuels marketing networks – which can be integrated into our fuels retailing operations.

Completion of this divestment will also allow us to simplify the organisation, merging the remaining LPG activity into the Fuels Value Chains. We will keep you informed of progress.

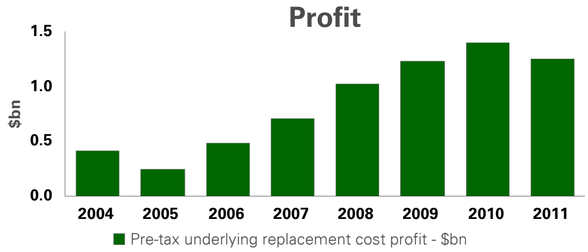
Turning now to Lubricants:

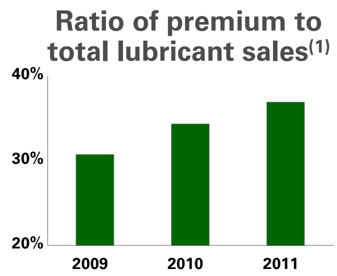
Moving the lubricants business forward

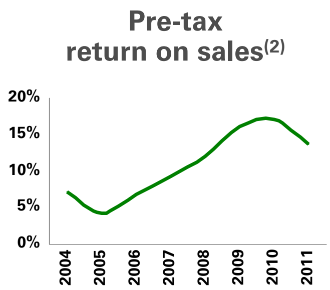
What you can expect

- Focus on safe, reliable, excellent operations
- Growing margin share
  - Increasing exposure to growing non-OECD markets
  - Increasing premium share of sales
- Ongoing disciplined investment in:
  - Lubricant technology
  - Brand
  - Customer relationships
- Sustaining leading returns in the industry

What you can measure







(1) Premium lubricants data breakdown available from 2009
(2) Pre-tax underlying replacement cost profit / third party sales and other operating revenues (excluding our share of equity accounted entity revenues)

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This slide shows you on the left what we told you in November you could expect from Lubricants. It is all about safety, excellent operations, growing positions in non-OECD markets and improving the margin mix of the portfolio through a focus on premium lubricants.

This is all built upon a foundation of strong technology, brands and relationships.

On the right, you can see the profit growth from 2004 with the business delivering four successive years of underlying pre-tax profits in excess of $1 billion, with 2011 profits approximately $1 billion more than in 2005, or a compound growth rate of over 30%.

Pre-tax returns from this business are excellent, and returns on sales in the 15-20% range. We believe the BP lubricants portfolio is capable of sustaining leading returns.

The key operating metric we will continue to show you is the ratio of premium to total lubricant sales. This is a key driver of margins and returns. As you can see we have increased this from just over 30% in 2009 to 37% in 2011.

Lubricants: portfolio quality and momentum

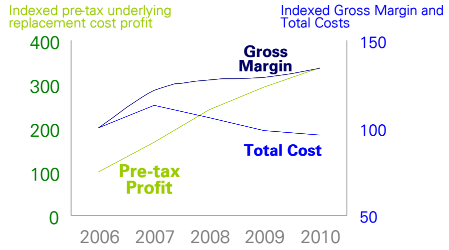
Actions to date

- Non-OECD markets generating ~40% of earnings
- 1 mega-brand[1], GTX
- Successful OEM partnerships
- Supply chain efficiency and simplification 2006-11
  - ~25% of blends plants closed
  - ~25% reduction of countries with direct presence
  - ~45% reduction in the number of product and pack variants

Further sources of momentum

- Exposure to non-OECD markets
- Technically advanced products
- 2 further mega-brands[1], Edge and Magnatec
- Increasing premium share of sales

Profit track record[2]



Data indexed to 2006
Total cost includes cash and non-cash costs

How do we win?[2]

(1) >$1bn per annum product line turnover
(2) As illustrated at Refining & Marketing Investor Day – November 2011

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Turning then to the portfolio and momentum in Lubricants.

On the right, once again two charts from November. The first shows that the business has grown gross margin while reducing costs, which in turn has driven the high rate of pre-tax profit growth in recent years. The second indicates the winning themes of brands, technology and customer relationships.

What we have done to date is to grow the business in non-OECD markets so that they now represent 40% of the pre-tax profits. We have built one product mega-brand in Castrol GTX. We have built successful partnerships with most of the leading OEMs in the World, enabling joint technology development and marketing, and providing them with reliable integrated service.

In the supply chain, there has been huge simplification and efficiency in terms of reducing numbers of blend plants, countries in which we go to market directly and the number of products and stock keeping units we maintain.

Going forward, overall volume growth will come from growth in the global car pool, and increasing industrialisation in emerging markets. Earnings momentum will therefore be driven by continuing increases in exposure to non-OECD markets and the expansion of margins globally supported by the right brands and product technologies. Specifically we are expecting the likely growth of two further brands - Edge and Magnatec - to mega-brand materiality, and through that the continued improvement in the product mix by increasing the premium lubricant share of sales.

Relative to our competitors, BP is very well positioned on premium lubricants.

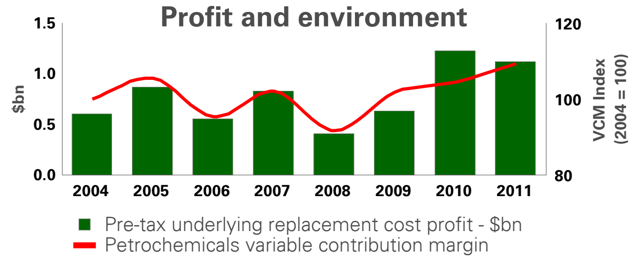
I will now like to hand over to Richard who will cover petrochemicals.

Moving the petrochemicals business forward

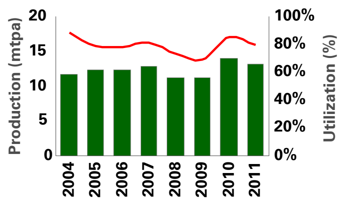
What you can expect

- Focus on safe, reliable, excellent operations
- Growing margin share
  - Extension of JV model in Asian growth markets
  - Development of next generation technologies
- Deployment of new and existing technology
- Ongoing disciplined investment
  - Sustain leading cost position
  - Focus on cash generation in US/Europe

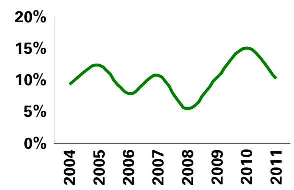
What you can measure



Petrochemical volumes(1) and utilization



Pre-tax return on sales(2)



(1) Volumes exclude Innovene and Germany production reported within fuels business
(2) Pre-tax underlying replacement cost profit / third party sales and other operating revenues (excluding our share of equity accounted entity revenues)

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Thank You Tufan.

Petrochemicals is equally well positioned and you can expect this business to deliver safe, reliable and excellent operations, to grow margin share through extension of our JVs in Asian markets, and to develop and deploy the next generation of advantaged technologies. BP has a strong track record of this going back to the 1970's. Through this we aim to sustain leading cost positions in our products. In Europe and the US we will ensure that our advantaged plants remain loaded and utilized through offtake deals and co-location with customers.

On the charts on the right, you can see the growth in underlying profit in recent years. This has come from improving margins, and also from investment in production growth, fixed cost efficiency, and continued development of technology.

Pre-tax return on sales is the measure you can expect to track, and you can see we have been delivering in the 10-15% range.

Petrochemicals production has generally been rising as we have built new capacity in Asia, although in 2011 a combination of weather related and other operational impacts, turnarounds and declining demand resulted in a slight fall in utilization rates.

Petrochemicals: portfolio quality and momentum

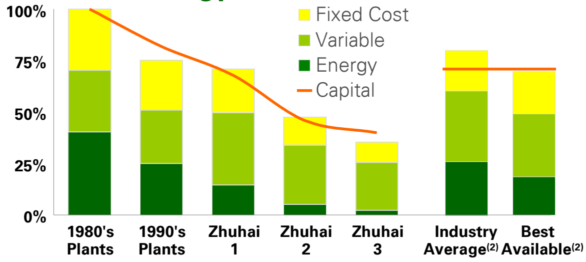
Actions to date

- 2005 divestment of commoditized US/ Europe olefins & derivatives businesses
- 10 Asian JVs in operation
- MOU with Indian Oil Company for 50/50 acetic acid JV
- Industry leading technology

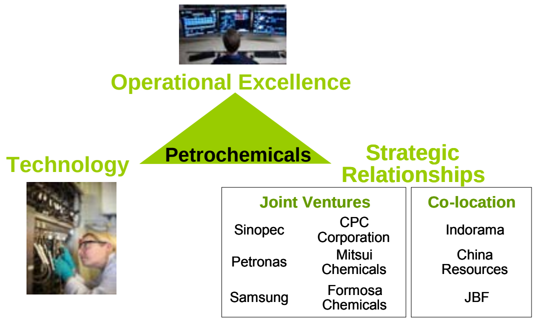
Further sources of momentum

- Sustained cost competitiveness through technology investment
- Licensing of technology
- Extension of existing Asian operations
- First stage approval received for 1.3 mtpa PTA plant in Zhuhai, China

PTA Technology Evolution, $/te Indexed[1]



How do we win?[1]



(1) *As illustrated at Refining & Marketing Investor Day – November 2011*
(2) *Industry Average and Best Available are calculated using The PCI Consulting Group published information*

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In terms of portfolio quality and momentum, once again, it is all about quality. In Petrochemicals this comes from technology, in which we continue to maintain proprietary and competitive process technologies for our three main products in which we have large or leading global market shares. We showed you the two charts on the right in November and the top one shows a PTA example. In addition to technology, it is about operational excellence and strategic relationships with leading JV partners and co-located customers.

We have been on a journey to improve our Petrochemical portfolio for many years in the relentless pursuit of quality advantaged positions and returns.

In 2005 we divested of our US and European olefins and derivatives businesses to Ineos. We have switched our volume growth focus to Asia and have 10 Asian JVs in operation. We have just announced an MOU for a major Acetic Acid JV with IOC in India which will gasify petroleum coke, generate hydrogen for their refinery, and produce highly competitive Acetic Acid for the growing Indian market.

Looking ahead, we have some very exciting new technology developments in the pipeline. In addition, we have decided to create a new revenue stream through technology licensing beginning with our aromatics products of paraxylene and PTA. We have plans to expand further in Asia, including the 1.3 million tonne per annum 3rd PTA plant in Zhuhai, China for which we have just received first stage approval.

I'd now like to hand back to Iain to wrap up.

Thank you Richard

So that gives you more detail on the performance of the individual businesses in 2011 and a sense of what you can expect. Along with the historical financial information we hope that this will enable you to understand both the quality, and the value, of the individual businesses.

Refining & Marketing summary

- World class downstream
  - Safety, excellent execution, portfolio quality, exposure to growth
- 2011 is a record year of Refining & Marketing earnings
- On track for delivery of >$2bn per annum of pre-tax underlying performance improvement(1) by 2012 vs 2009
- Material earnings and operating cash flow growth
  - Whiting Refinery Modernization Project onstream 2H 2013
- Disciplined investment
  - 2012 capex of ~$4.5bn
- Portfolio management
- Increased transparency of fuels, lubricants and petrochemicals performance
  - Pre-tax underlying replacement cost profit
  - Pre-tax operating returns(2)
  - Operating metrics

(1) Performance improvement is after adjusting for refining and petrochemical environment (including energy costs), foreign exchange impacts and price lag effects
(2) Based on average pre-tax operating capital employed including goodwill, or return on sales

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So to close, this is the slide I showed at the end of the plenary session. I will not repeat what is on it, but I hope today's presentation has given you greater insight into what has driven our record year of earnings in 2011, and provided more transparency and colour about the future.

As I said in November, there are four things about R&M that I hope you can take away from today:

- That BP's refining and marketing business is now performing very well competitively and is capable of being world class in all of its businesses
- We will continue to be active and disciplined in our management of this portfolio
- We believe the quality of our portfolio will allow BP to maintain a very strong competitive position, and a growing one, and
- There is material earnings and cash flow growth to come, and we will always build this upon a foundation of safe, reliable and compliant operations

Along with members of my team, we'd now be delighted to take your questions.