Good afternoon everyone and thank you for joining us today. Welcome to BP’s 2011 Results and Strategy presentation. We are very pleased to have you with us, whether in person, over the phone or on the web.

For those here in our new venue at Canada Square, in east London, you will have seen behind me our safety evacuation guidelines. There are more details in the safety briefing card handed to you at reception. We’re not planning to test the alarm system today, so if you hear it, please proceed as advised by these instructions. May I also ask you to turn off your mobile or cell phones at this point.

With me on stage I have Brian Gilvary, whom I am very pleased to introduce as BP’s new Chief Financial Officer, and Iain Conn, our Chief Executive of Refining & Marketing.

In the audience we have our Chairman, Carl-Henric Svanberg and members of our Executive Team who will host the break-outs after this session and join us for Q&A later this afternoon.
Cautionary statement

Forward-looking statements - cautionary statement

The presentation, including the video presentation regarding Project 20K, and the associated slides and discussion contain forward-looking statements, particularly with regard to expectations regarding financial performance (in 2012 and 2013), BP’s outlook on global economic trends, the expected increased investment in exploration and brownfield drilling and production, anticipated improvements and increases, and the performance of BP’s operations in 2012 and beyond. These forward-looking statements are not facts, and may be based on assumptions or estimates that may be incorrect. The factors that may cause our actual results to differ significantly from those expressed or implied in our forward-looking statements include:

- increased investment, increased distribution to shareholders; the restoration of high value production; the expected level of planned turnaround, expenditure regarding our new operating model, expectations of a challenging marketing environment in 2012 for fuels, lubricants and petrochemicals; the quarterly dividend payment; the strength of the balance sheet; the level in exploration activities, expectations for selling and picking up activity generally and specifically in the Gulf of Mexico; the level in performance improvement in Refining and Marketing, expected growth in 2012 organic capital expenditure and increased capital spend for the future; the timing and completion of major projects including expected start up, completion, level of production and margin; the expected time and level of future investment decisions; the expected timing and level of appraisal activity; the timing for completion of the KLH refinery upgrade, other refinery upgrades and logistics optimization; the expected level of production in the first quarter of 2012 and in future year 2012; the magnitude and timing of remaining remediation related to the Deepwater Horizon oil spill, the factors that could affect the magnitude of BP’s ultimate exposure and the cost to BP in relation to the spill and any potential litigation resulting from BP’s partners or others involved in the spill; the potential liabilities resulting from pending and future legal proceedings and potential costs of responding to certain remediation or other environmental claims. 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.

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

Cautionary statement

Before we start, I’d like to draw your attention to our cautionary statement – please read carefully.

During today’s presentation, we will reference estimates, plans and expectations that are forward-looking statements. Actual outcomes could differ materially due to factors we note on this slide and in our regulatory filings. Please refer to our Annual Report and Accounts, 20-F and fourth-quarter Stock Exchange Announcement for more details. These documents are available on our website.
Today we are going to return to the plans we laid out to you in October. Our 10-point plan to grow value.

We aim to leave you with an even clearer view of the path ahead.

2011 was a successful year of recovery, consolidation and change and we reached an operational turning point in October.

2012 will be a year of milestones as we build on those foundations.

And as we move through 2013 and 2014 we expect to see the financial momentum building as we complete payments into the Trust Fund and as our operations start to show the benefits of our actions.

Our 10-point plan provides the roadmap – how we will play to our strengths and be safer, stronger, simpler and more standardised. How value will be driven by growth in both underlying volume and margin – from a portfolio of the right size to generate the operating cash flow to both reinvest in our project pipeline as well as reward shareholders as we have announced today with a 14% increase in our quarterly dividend. We believe this will help us to see the true value of the company recognised.
So let me outline today’s agenda.

I’ll start with an overview and Brian will then take us through the 2011 results in detail.

I will then report on progress in the US before outlining our plans for the upstream, including showing you a video of a new initiative in the technology sphere that will be important for our industry. I will then briefly touch on TNK-BP and Alternative Energy, before Iain covers plans for the downstream.

After a brief summary the first part of our webcast will end and we’ll break so that those here at the venue can re-group for three break-out sessions to be held in rotation. These cover specific sources of value growth that we want to tell you more about: Mike Daly and Andy Hopwood will cover our plans for long-term investment in the upstream. Bernard Looney and Bob Fryar will discuss our upstream operating model and major projects. And Iain Conn and his team will explain how we are moving our downstream business forward. The presentation materials for these break-outs will be posted on our website during the break for those not here with us today.

At 4.45pm, London time, or GMT, we will gather back here and restart the webcast for concluding remarks and discussion.

We expect to be finished by around 5.30pm, London time.
So I want to start by briefly looking back at what we achieved in 2011. As you know, we set out three priorities this time last year – safety; rebuilding trust; and growing value. I believe we made good progress on all three.

We set up a new safety and operational risk organization and reorganized our upstream into three global divisions of exploration, developments and production – which allows us to strengthen consistency and capability. We will be showing you more of the activities of the divisions in the break-outs.

I believe trust is built by doing what you say you will do and we have continued to meet our obligations to the Gulf of Mexico community. We are back to drilling wells in the Gulf, applying our voluntary standards that go beyond regulatory requirements.

And looking to value growth there has also been great progress.

In 2011 we resumed dividend payments.

Our organic reported reserves replacement was above 100% again.

Globally BP was awarded 55 new exploration licences in nine countries last year – making it 84 over the last year and a half. We believe this resulted in more net acreage than accessed by any of our peers in 2011 and it is a powerful indicator of how confidence has been restored in BP to work around the world after the events of 2010.

In October we reached a turning point in our operations, already evidenced in the increase in production volumes that you have seen us report today for the 4th quarter.

We have made substantial progress with our divestment programme which we will come back to in more detail, and completed transactions that expanded the portfolio in the strategically important geographies of India and Brazil.

And our downstream business achieved a record year for earnings.
So that was the story of 2011, but before we look ahead let’s just remind ourselves of some important context.

There are a number of clear trends in the energy world as we highlighted in our recent 2030 Energy Outlook.

We expect aggregate energy demand to rise by up to 40% by 2030, nearly all of it from emerging economies.

By 2030, we expect oil, gas and coal to have similar shares of global demand. We expect gas to grow at around 2% per year, double the rate of oil. But we expect oil to continue to dominate transport fuel.

Renewables are expected to grow the fastest of all at around 8% per year but even so we estimate only 6% of the 2030 energy mix will be supplied by renewables.

We also see that North America has the potential to become energy self-sufficient by 2030. This is driven by the shale gas revolution, but also by growth in biofuels and domestic production from deepwater, shale and heavy oil.

I believe our strategy is aligned to these trends and positions BP well for the future. We will continue to invest in Deepwater, Gas and Renewables. We are investing in growing markets, for instance India and Brazil, as well as in North America and elsewhere. And we are using our global reach to leverage technology and learning wherever we see the greatest opportunities.
Against such trends, the oil price environment has been uncertain and volatile and gas prices continue to reflect regional supply/demand dynamics with spot pricing in the US remaining heavily disconnected from oil prices and more aligned in Europe and Asia.

In 2011, refining margins improved for a second consecutive year as demand for oil products continued to grow, driven by the non-OECD markets.

The outlook remains difficult to predict. It requires us to be very clear about our strategy and only participate where we can compete no matter what the environment holds in store.

I believe BP can do this. We have the scale, the focus, the distinctive trading capability and the access to growth markets. Which brings me to our 10-point plan.
In October, I put forward five points to expect and five to measure.

I said we would focus relentlessly on safety, play to our strengths, and be stronger, more focused, simpler and more standardized. We promised to create more visibility and transparency to value.

In terms of measures, you will see continuing active portfolio management. In October, we announced an intention to pursue a further $15 billion of divestments, making a four-year total of $45 billion by the end of 2013. With the subsequent termination of our previously announced divestment of Pan American Energy the total is now $38 billion.

Meanwhile we expect to see new projects coming onstream with operating cash margins around double the 2011 upstream average by 2014 – that’s at $100 per barrel and excluding TNK-BP.

You can expect us to generate an increase of around 50% in additional operating cash flow by 2014 compared to 2011 - approximately half from ending Gulf of Mexico Trust Fund payments and around half from operations.

We plan to use around half that extra cash for re-investment and half for other purposes including shareholder distributions. And all of this will be underpinned by a strong balance sheet.

You will see evidence of how we are already delivering on these commitments as today’s presentation unfolds.
Our roadmap for long term value creation plays to our strengths.

In the upstream we have a great track record in exploration - deep expertise in finding oil and gas. We have three distinct engines for growth where you can expect to see us focus our long term investment – deepwater; gas value chains and giant fields.

We have a world class set of downstream businesses focused on fuels, lubricants and petrochemicals.

We have several world leading technologies, from advanced seismic imaging to lubricant formulations and proprietary processes for petrochemical manufacture.

And we also have long experience of building and maintaining relationships. We saw the importance of this in the aftermath of the Gulf of Mexico oil spill as many governments, regulators, customers and suppliers around the world have stood by us and worked with us through this difficult phase.
As we set out in October in our 10-point plan, there are clear near term measures of how we will grow value.

2012 will be a year when we see increasing investment and delivery of many key milestones.

The year will be marked out by an increase in exploration wells from six in 2011 to 12 in 2012, six new project start-ups and eight rigs at work on BP-operated fields in the Gulf of Mexico. We expect capital investment to grow to around $22 billion and to progress our programme of planned divestments.

In Refining & Marketing we plan to complete delivery of $2 billion in underlying performance improvement versus 2009.

And we will complete our payments into the Gulf of Mexico oil spill Trust Fund in the 4th quarter.

Then in 2013 and 2014, as investment continues, we also expect to see greater financial momentum coming through in our operations.

A further nine new projects will start up and average operating cash margins from new projects in 2014 will have doubled relative to the 2011 portfolio. The upgraded Whiting refinery is planned to come onstream. And divestments are expected to have reached $38 billion. All of this such that by 2014 we will see the expected rise in operating cash flow.
Looking at it in terms of a simple bridge we start with operating cash flow in 2011 of $22 billion.

The growth comes from four key drivers.

The completion of payments to the US Trust Fund accounts for roughly half of the expected increase.

Then we have the restoration of high value production and growth from our new projects.

This is partially offset by divestments and the environmental assumptions we have factored in.

Added all together we get an increase in operating cash flow in 2014 of around 50 percent, at an assumed $100 oil price.

Today’s presentation aims to give you more confidence in our ability to deliver on this outcome.

But before we do this I want to touch on some of the more critical enablers of our 10-point plan, those related to safety, to technology and to people and organization.
First safety.

Here are some figures to show how we are performing.

We measure even the smallest release of hydrocarbons and track them carefully. We call them loss of primary containment. In terms of process safety, the number of incidents in which there has been a loss of primary containment has fallen once again. That is positive, but of course even one incident is too many.

Also on this chart you can see the progress we are making in improving personal safety, measured through the Recordable Injury Frequency rate. Aside from the exceptional activities of the Deepwater Horizon response, steady progress has been made over the last decade.

We have also continued to implement the recommendations of the BP investigation into the 2010 incident – the Bly Report. Examples include the strengthening of the technical authority’s role in cementing and zonal isolation and establishing key performance indicators for well integrity, well control and rig safety critical equipment. We continue to make progress against the other recommendations.
Beyond these markers of progress, we have also done a lot of work on the way we organize ourselves with respect to safety and risk management.

These are the five strategic priorities for our agenda in managing safety and operational risk. All of them are delivered through our Operating Management System or OMS, which is the standard system we use to drive systematic management and continuous improvement. The Safety and Operational Risk function provides independent assurance, audit and oversight to ensure the system is designed and operating correctly and works in partnership with line management to ensure we are focusing on the right priorities.

To give just two examples; leadership determines the safety culture of the firm – and our action plan here includes requiring leaders to spend time in the field, observing and inspecting. Organization, on the other hand, includes defining competencies required in safety critical roles and assessing individuals and job candidates against them.

There will be more on how we are applying OMS during the break-outs.
Technology is another key enabler of the 10-point plan. Critically, it enhances safety and integrity but it also creates value.

We have a focused approach to technology, with 16 major technology programmes selectively targeting points of competition within our industry across the areas shown on this chart. You will see another new one later on a short video clip.

In 2011 we have increased our research and development spending to over $600 million, leveraging this expenditure through collaboration with others. We also spend a similar amount applying this knowledge through field trials, pilots and other deployment activities.

You may have already seen some of the ways in which technology is working for us on display outside and in a short while we are going to introduce you to a new initiative that we hope will help us unlock greater potential in our deepwater portfolio.
Value growth will only be unlocked through the commitment, discipline and hard work of our people. We have great people at BP dedicated and focussed on supplying energy around the globe.

We have also been very active in recruiting skilled employees – for example with over 3,000 new technical specialists.

As a management team we have devoted time to describing a set of very simple, very personal values that we are embedding in the company – safety, respect, excellence, courage and acting as one team. For those of you with us in London, you can see more on these outside this room.

We’ve also evolved our approach to performance management and reward, requiring employees to set personal priorities for safety and risk management, focus more on the long term and working as one team.

And that seems a good note on which to hand over to Brian to take you through the 2011 numbers.
Thank you Bob.

I’m delighted to join you today to present my first set of quarterly results.
I’d like to start with an overview of fourth quarter financial performance.

Our fourth quarter underlying replacement cost profit was $5.0 billion, up 14% on the same period a year ago.

The result benefited from
- Higher upstream realizations and a lower tax rate, partially offset by
- Weaker refining margins, and higher costs.

Whilst upstream production volumes fell relative to the fourth quarter of 2010, operational momentum improved relative to the previous quarter, with an increase of 170 thousand barrels of oil equivalent per day.

Fourth quarter operating cash flow was $5.0 billion, including $1.2 billion of post-tax Gulf of Mexico oil spill expenditures.

For the full year 2011, underlying replacement cost profit was $21.7 billion, up 6% on 2010.

Today we announced a 14% increase in the dividend to 8 cents per ordinary share, payable in the first quarter.

Turning to the highlights at a segment level.
In Exploration and Production, underlying fourth quarter replacement cost profit before interest and tax was $6.9 billion.

Liquids realizations increased 29% year-on-year in line with marker grades. Gas realizations also improved, reflecting the value of our LNG portfolio.

Production for the quarter was 3.487 million barrels of oil equivalent per day, 5% lower than the fourth quarter of last year, but 5% higher relative to the third quarter.

Turnaround activity reduced from a peak in the third quarter, and we also resumed Gulf of Mexico drilling activity, with five rigs operating by year end.

Production also benefited from the start-up of the Pazflor field in Angola.

Costs were higher in the fourth quarter compared to the same quarter a year ago. We deepened our engineering and technical capabilities, including the independent Safety and Operational Risk function.

Integrity related spending was higher, and rig standby costs in the Gulf of Mexico continued into October and November. Higher decommissioning provisions, and greater production activity in Iraq, drove an increase in DD&A.

Relative to the third quarter, underlying earnings were also impacted by a loss in the gas marketing and trading business.

For the full year 2011, replacement cost profit before interest and tax was $29.4 billion, an increase of 6% year on year.

Full year production was 3.454 million barrels of oil equivalent per day, 10% lower than 2010, or 7% lower after adjusting for the effects of acquisitions and divestments and price effects on our production sharing agreements.

Looking ahead, production in the first quarter of 2012 is expected to be broadly similar to the fourth quarter of 2011.
Our share of TNK-BP net income was $1 billion for the quarter, benefiting from higher production and realizations year on year, partly offset by increases in local transportation tariffs.

Cash dividends in the quarter were $1.7 billion, bringing the total for the year to $3.7 billion.

In future we will report TNK-BP separately, providing greater transparency of our Upstream business outside of Russia.

For me, I view TNK-BP as a long life self-funding source of free cash flow, with significant future growth potential.

Turning to Refining & Marketing.
For the fourth quarter, the Refining and Marketing segment reported underlying replacement cost profit before interest and tax of $760 million compared to $740 million in the same quarter last year.

We are now reporting the three businesses within the segment separately, delivering the increased transparency we signalled with 3Q results. Compared to the same quarter last year, the fuels business saw

- A 9% fall in refining marker margins, balanced by
- An improved contribution from supply and trading, and benefited from access to lower cost WTI-priced crude grades in the United States.

Compared with the previous quarter, the US fuels environment was particularly challenging. US refining margins reduced by more than 40% and differentials between WTI and Brent crude fell sharply from their third quarter highs. However globally, we saw continued strong operations with Solomon availability at over 95% in the fourth quarter.

Earnings from our lubricants business in the fourth quarter were impacted by an increasingly difficult marketing environment characterized by high base oil prices and weaker demand. This was largely offset by supply chain efficiencies and the strength of our products and brands.

Compared with the fourth quarter of 2010 our petrochemicals business was also impacted by weakening market conditions, as additional Asian capacity came on stream at a time of weaker demand.

For the full year, Refining and Marketing delivered a record underlying replacement cost profit before interest and tax of $6 billion, made up of $3.6 billion in Fuels, $1.3 billion in Lubricants and $1.1 billion in Petrochemicals.

Looking ahead, the level of refinery turnaround activity is expected to be broadly similar in 2012 compared to 2011.
In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge of $620 million for the fourth quarter, an increase of $140 million versus the charge of a year ago, primarily reflecting higher functional costs related to the strengthening of our operations. This more than offset an improvement in foreign exchange effects.

The full year charge of $1.7 billion was in line with our February guidance. In 2012, we expect the underlying quarterly charge for Other Businesses and Corporate to average around $500 million, although this will remain volatile between individual quarters.

The effective tax rate for the fourth quarter was 30% bringing the full year rate to 33%. In 2012 we expect the tax rate to be in the range of 34% to 36%. The increase is driven by changes to the geographical mix of income, together with the anticipated impacts of the disposal programme.
Turning to the costs and provisions associated with the Gulf of Mexico oil spill.

In the fourth quarter we recognized a $4.1 billion credit reflecting a reduction in the pre-tax charge for the incident, bringing the full-year total to a reduction of $3.7 billion.

The 4Q credit reflects the settlements with Anadarko and Cameron, partially offset by an increase in the provision for spill response costs plus a charge for the ongoing quarterly expenses of the Gulf Coast Restoration Organization.

Under these settlement agreements, Anadarko paid BP $4 billion in November, which was subsequently paid in to the Trust Fund, and Cameron paid BP $250 million last month which will be reflected as paid into the $20 billion Trust Fund in the first quarter. As a result of these accelerated contributions, the $20 billion commitment to the Trust Fund will have been paid in full by the end of this year.

The total charge taken for the incident at year-end was $37.2 billion.

Pre-tax BP cash outflow related to oil spill costs for the year was $8.9 billion.

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.
Turning to our divestment programme.

In October we raised our divestment target by $15 billion, which now brings the total to $38 billion, as Bob described earlier.

In the fourth quarter, we received $1.6 billion of divestment proceeds from the completed sales of our interests in LukArco, Vietnam, the Wytch farm field in the UK and the Pompano field in the Gulf of Mexico. These brought the cumulative total of divestment proceeds since the start of 2010 to around $20 billion.

At the end of the year, we also had agreements in place covering a further $1.8 billion of divestment proceeds, including the sale of our Natural Gas Liquids business in Canada, bringing the total of completed and announced divestments to date to over $21 billion.
Turning now to our full year cash flow movements, this slide compares our sources and uses of cash in 2010 and 2011.

Operating cash flow was $22 billion which includes $6.8 billion of Gulf of Mexico oil spill-related expenditures.

Divestment proceeds in 2011 were $8.9 billion and $6.2 billion of disposal deposits brought forward into 2011 as short-term debt have been released or repaid.

We spent $12 billion on inorganic capex in 2011 which included
- The purchase of upstream Brazilian assets from Devon Energy,
- The joint venture with Reliance Industries in India,
- Our biofuels acquisitions in Brazil, and
- The deepening of our natural gas asset base in the United States.

Total cash held on deposit at the end of the year was $14.1 billion.
Our year-end net debt increased to $29.0 billion and our gearing ratio to just above 20%.

In order to retain financial flexibility, we are targeting gearing in the bottom half of our new 10 to 20% range. This will be achieved over time.
Organic capital expenditure in 2011 was $19.1 billion in line with our revised October guidance. In 2012 we expect capital expenditure to increase to around $22 billion as we invest to grow in the upstream.

Our DD&A charge was $11.1 billion in 2011 and in 2012 we expect this to be around $1.0 billion higher due to new higher margin projects with higher Finding and Development costs, and an increase in decommissioning costs across our portfolio.

We expect underlying production in 2012 to be broadly flat, excluding TNK-BP. Reported production is expected to be lower than 2011 due to divestments which we currently estimate at 120,000 barrels of oil equivalent per day. The actual outcome will depend on the exact timing of divestments, OPEC quotas and the impact of oil price on production sharing agreements.

TNK-BP production is expected to grow by 1-2% per annum over the medium term.
In closing, I would like to provide an update on the medium-term financial framework for the Group.

- We are increasing capital expenditure to grow the firm by investing in our areas of strength.
- With the improvements in operating cash flow we have outlined for 2014, we are now confident in committing to a progressive dividend policy going forward and have today announced an increase in the dividend of 14% to eight cents per ordinary share payable in the first quarter.
- Future increases will be contingent on improved cash flow delivery, balanced by the need to retain financial flexibility, and our continuing obligations to the Trust Fund.
- Our commitment to reduce gearing to the lower half of the 10-20% range over time is supported by the $15 billion of additional strategic divestments we announced in October.
- In addition, we aim to maintain a strong liquidity buffer, given the current uncertainties and economic outlook.
- After meeting these objectives, share buybacks still remain an option as a flexible mechanism to return cash over the longer term, once uncertainty has reduced and gearing has reached the lower half of our target band.

That concludes my remarks, now back to Bob.
Thanks Brian. Now let’s look at the progress we have made since the oil spill and spend a few minutes on the upcoming legal process in the US.
On the Gulf Coast, beaches and water are open and the seafood is as good as ever. 2011 was a great year for tourism. In many areas of the Gulf Coast visitors filled more hotel rooms and spent more money than ever before. These figures are from a number of state and regional tourism organizations.

Our main effort is now on recovery. Active shoreline cleanup is essentially complete while patrolling and maintenance operations continue. To date we have spent over $14 billion on spill response.

We have already committed $1 billion for the early restoration of the natural habitats along the Gulf. In December 2011 state and federal trustees unveiled the first set of early environmental restoration projects.

By year end 2011 we had paid over $7.8 billion to meet individual and business claims and government payments.

And also by the end of 2011 we had paid over $15.1 billion into the Trust fund which is now over 75% funded. This includes the settlements already mentioned by Brian.
Of course we still have a challenging period ahead of us. The legal processes around the incident are complex and uncertain. Let me explain what we do know.

As I’ve said before, we’re ready to settle if we can do so on fair and reasonable terms, but we are preparing vigorously for trial.

The trial will allocate fault across the parties for the casualty and resulting oil spill. The Judgment is expected to assign percentages of fault among the participants in the well operation and on the rig. The United States Department of Justice is a party plaintiff and will present its case for liability under the clean water act.

Legal proceedings: Limitation and Liability Trial (MDL 2179)

Civil liability trial will begin 27 February 2012 and is likely to last into 2013 (with breaks between the three phases)

Trial will address allocation and proportion of fault
  • Transocean’s ability to limit its liability under the Limitation Act
  • Defendants’ alleged negligence/gross negligence; other bases of liability
  • Proportion of liability among defendants and effect of indemnity provisions
  • USA Department of Justice is a party plaintiff

Bench trial in admiralty before Judge Barbier (no jury)
This slide shows a time line for the civil trial – it is called MDL 2179 – MDL stands for Multi District Litigation. The future dates shown here are, of course, subject to change. MDL 2179 will start on February 27th and will be tried in three phases, each addressing a different part of the incident and its consequences.

The whole process is likely to last into 2013 with breaks between the phases. Judgments can of course be appealed, taking us even further beyond this time frame.

Over the coming weeks before trial, the judge will continue to issue rulings to prepare the case for trial.

As we have stated from the outset we do not believe BP was grossly negligent. We have confidence in our case and look forward to presenting our evidence when the trial begins. We believe the evidence will affirm what every official investigation to date has found: that the incident resulted from many causes, involving many parties.

We can expect considerable media attention to this case in the months ahead. The early weeks of Phase 1 will be dominated by the various plaintiffs - including the Department of Justice – presenting evidence to support their claims, followed by Transocean, before BP gets to present its case and evidence. However we prefer that this case not be tried in the media. We believe the appropriate place to do that is in the federal court in New Orleans.

We will make every effort to keep you, our shareholders, informed of the proceedings as appropriate to our legal position.
So let me now turn to the Upstream and our plans for restoring and growing value in this vital part of our business.
As you will know we are going through a period of significant change in the Upstream.

Today I want to cover the drivers of long term growth in this business through four lenses.

Firstly, the progress we are making in changing our operating model.

Second, how we are reshaping our portfolio – both divesting and acquiring. I want to explain what this change is in service of – what is the end point we are striving for?

Third, I want to set out the milestones that demonstrate momentum towards expected operating cash flow growth by end 2014.

And fourth, I want to look beyond the next three years to the longer term investments we’re making. To the future we see beyond the next three years.
The move from a de-centralized asset structure to a fully functional organization has been the biggest organizational change we have taken on in the last 20 years.

It is hard work but it is going well.

We now have the functional organization lined up with every dimension of operational delivery and with full line accountability – from our global approach to exploration and appraisal, to a global approach to our major projects.

This allows us to optimize activity choices effectively and execute them more reliably and efficiently. For example, we now have a single global rig fleet operating to a single set of standards.

Bernard and Bob will provide more insights during their breakout. And you will see how we are reinforcing risk management and generating efficiencies from more systematic and standardized design, engineering and procurement practices.

Let’s now take a look at how we manage our portfolio.
I want to be very clear about this. We have some very simple objectives here:

First, we want to own assets where we have distinctive capability and can therefore achieve advantaged returns.

Second, we aim to achieve a size of the upstream that is small enough to generate growth in operating cash flow – and large enough to enable us to take on the energy challenges and needs of governments for decades.

Third, we intend to deliver the funds to live within our financial framework. We are planning divestments of up to $30 billion in the Upstream over four years and have announced $16 billion to date.

We have also acquired very promising acreage in the deep water in Angola and Brazil, entered a growing gas market in India, and deepened our unconventional asset base in US gas and the Canadian oil sands. We have massively strengthened our exploration portfolio for the later part of the decade.

We have traded smaller, mature assets with declining cash flows for those which can grow. We have concentrated geography and assets to focus management attention.

And we have increased the Group’s exposure to growth markets where we believe exposure along the value chain maximizes returns. India is a good example – where our Reliance position supports a downstream gas JV – and our petrochemicals portfolio.
Total resources, excluding TNK-BP, have grown by around 16% in the last four years, despite total proved reserves falling by 1 billion barrels of oil equivalent as we divested assets. The prospect inventory has now nearly tripled - clear evidence of the portfolio’s increasing growth potential.

We are also consciously creating a portfolio that plays to our strengths with a balance between world class deepwater assets and capability, and a portfolio of giant oil and gas fields both unconventional and conventional.

This balance diversifies our production - which is now around fifty-fifty oil and gas excluding TNK-BP - and also the balance between high margin capital intensive deepwater operations and longer term, lower margin but less capital intensive investments.

This leads me to unconventionals. Although unconventionals have been part of our portfolio for decades, we have significantly strengthened our position over the past five years.

We have been, and will continue to be, very targeted about how we deepen in US unconventionals where we have a bias to liquid rich gas and also where we can export our technology to other regions.

Mike and Andy will expand on these points in their breakout session.
Let me emphasize an important point about scale – we will see some further shrinkage as divestments materialize – taking us to a minimum size of around 2.3 million barrels of oil equivalent per day.

At this level, we have a quantum of operating cash that allows four things to happen:

First, disciplined investment at scale to support growing demand.

Second, a major step up in exploration.

Third, a good balance between short and longer term investments.

Fourth, enough critical mass to retain the benefits of scale and standardization.

There will be underlying volume growth, but as we have said, it is value growth that we are after, which means growing both volume and margin.
Now let me turn to operating cash growth. We showed this slide last October, showing our plans to increase operating cash flow in the Upstream.

The operating cash in 2014 will come from – first, our base operations, second, the new wells drilled in existing operations, and finally our 15 Major Projects in the Upstream that will start up between 2012 and 2014.

Unit cash margins are expected to improve significantly with new projects having around twice the unit operating cash margin of our 2011 portfolio by 2014 at $100 per barrel.
Our new projects are progressing well – all now managed centrally in our Global Projects Organization.

By the end of 2014 we plan to start up these 15 major projects. Six start-ups this year with nine more in 2013 and 2014.

The majority of these projects are in our higher unit cash margin areas of Angola, the North Sea, the Gulf of Mexico and Azerbaijan and is how we will deliver the unit operating cash margins I just mentioned.

The projects mix is also diverse with around two thirds of the projects being oil developments and a third gas. Roughly half of the projects will be operated by BP.

Most of the offshore projects in the North Sea and the Gulf of Mexico are subsea tie-backs to existing facilities and allow us to build upon previous investment made in the existing infrastructure.

Bernard will say more about the execution of these projects in the break-out session.
As you know the Gulf of Mexico remains a very important part of our future, and getting safely back to work was a critical milestone for us.

We now have rigs working on exploration and appraisal, major projects, and drilling and completion work on our existing fields.

We have five deepwater rigs working with a further three planned to start up this year, subject to regulatory approval.

Exploration and Appraisal are important to us, and also to the future energy security of the US. We are planning to spud the Gila exploration well in 2012, and anticipate ongoing appraisal programs on Kaskida and Tiber.

In major projects, we have reached the final investment decision on Mad Dog Phase 2 - our first for an operated stand-alone facility in nearly a decade in the Gulf - and a giant field in its own right. We also have Galapagos, Na Kika Phase 3 and the Mars B major projects starting up over the next three years.

In production drilling we have resumed drilling and completion activities at Thunder Horse and Atlantis and plan to restart the Mad Dog rig operations by the end of 2012. Clearly, there will be a lag between completing the activity and the related production showing up.
Our focus is on value. Looking to 2012, we expect to see growth in operating cash driven by the unit cash margin improvements already highlighted.

As far as volume is concerned, we expect underlying production to be broadly flat, setting aside TNK-BP. This is the net effect of growth from new projects, reduced outages and new production from India being offset by base decline. We expect production from the Gulf of Mexico to be somewhat lower than 2011, with natural decline progressively offset by new production activity now that we are back to drilling. We expect Gulf of Mexico production to return to growth in 2013.

We are also planning another extensive turnaround programme in 2012, although we expect overall production outages to be lower. Bob will cover the details of this in his breakout session.

We expect reported production in 2012 to be lower than 2011. The actual outcome will depend on the exact timing of the divestments. Also, OPEC quotas and the impact of oil price on production sharing contracts. We expect the divestment impact to be around 120 thousand barrels of oil equivalent per day in 2012 with around 70 thousand barrels of oil equivalent per day from divestments completed in 2011, and around 50 thousand barrels of oil equivalent per day from divestments expected to close in 2012. We will continue to update you on these divestment impacts as the year progresses. As Brian said earlier, we expect TNK-BP production to grow organically at 1-2% per annum into the mid term.

In terms of investment, we are expecting to increase investment in the upstream to around $16 to $17 billion this year, up $2 to $3 billion on 2011. This is driven by doubling exploration drilling, the increase in major projects and the ramp up in activity in the Gulf of Mexico.

Now, I want to turn to the horizon beyond 2014.
We have a strong pipeline of exploration prospects and project opportunities that will generate new resources and projects well into the next decade.

Nearer term we have plans in place to ramp-up exploration activity over the next two to three years.

Our experience in managing the subsurface, combined with advances in seismic, is continuing to redefine and grow the size of our giant fields. This is underpinning major new investment, such as Mad Dog Phase 2 and the Clair Ridge projects to name a few.

Gas use as a fuel will continue to grow steadily in the global energy mix. We have world class gas projects that we expect to bring onstream before the end of the decade, linked to price-leveraged markets.

And all of this is enabled by a commitment to technology, a theme which I will return to shortly.
This shows the pipeline in more detail. You can see that we have some major projects coming through behind the highlighted projects on the right side. These projects will start up in the next three years. And there is a very strong inventory of material exploration positions [on the left].

These are aligned with our strengths in deepwater, gas value chains and giant fields.

Deepwater will remain a core building block of our portfolio through the end of the decade.

In the gas value chains we have world-scale projects in Azerbaijan, Tangguh in Indonesia, in Egypt and Trinidad. We are appraising another in Oman.

In the area of giant fields we will have significant cash flow coming over decades from our unconventional Canadian heavy oil projects and big unconventional gas fields around the world.
Looking forward, we will be growing our overall capital investment into the Upstream, led by doubling our investment in exploration.

We will invest for near term cash generation and to create options for longer term value growth. Around two-thirds of our investment over 2012 to 2014 will underpin the delivery of operating cash up to 2014 in a safe and sustainable way. The other third will go on creating future projects, including exploration.

Investment will be split broadly equally between deepwater, gas value chains and giant fields.

And finally, there is no doubt in my mind that our new operating model will improve execution quality and capital efficiency.
Earlier I mentioned the importance that technology plays in the world of energy. I would like to make a departure from our usual format and show you something we are very committed to and will be important for us in the years to come for safely unlocking new deepwater resources.

Over the last few years we have had considerable success in exploring deeper plays in some of our established basins - specifically the Paleogene of the Gulf of Mexico, Tiber and Kaskida; the OlioMiocene of the Nile Delta, that is Raven and Satis; and the PreFasila reservoirs of Shah Deniz in the Caspian.

Each of these plays has developable oil and gas today, but each also has a material upside that sits beyond the industry’s current development capability due to high reservoir pressures.

To address this undepvelopable resource, today we are outlining a project to develop a high pressure capability to drill, develop and produce resources beyond 15,000 pounds per square inch or 15kpsi - we call it Project 20K.

Let’s look at a short video that will give you some appreciation of the challenge and the opportunity the project represents

[Play-out of Project 20K video]

You can see the challenge and the valuable opportunity this will unlock. We have great people working on this and I believe it will not only open up some of BP’s existing resources, but perhaps a greater prize will be the new resources it will unlock in exploration and development of resources.

We anticipate doing this both as BP and in partnership with NOC’s. Much of the technology will apply on and offshore and therefore be of help in the Middle East, the Mediterranean, Russia and the Gulf of Mexico.

Like many advances in industry development of this capability will take some time. We will keep you posted on our progress.
So to sum up.

Our Upstream business is going through significant changes - and while we still have some way to go - we can already see tangible benefits.

Our new operating model is in place, with safety and operational risk embedded and the divisional organization accountable for operational performance. We are standardizing, choosing our activity carefully and improving how we work to get this done.

We continue to sharpen our portfolio, having already announced divestments of around $16 billion of assets in the upstream, with plans in place for up to $30 billion in total. We have made strategic acquisitions in businesses positioned for growth, and will continue to do so if good opportunities arise. We have reloaded our exploration prospect inventory through record licensing.

Upstream will contribute significantly to the Group’s expected 50% increase in operating cash by 2014. This will be from higher margin Major project start-ups, new wells, as well as efficiencies in our base business.

Finally, we are increasing investment through the medium term. Investing in the areas where we can add the most value, by playing to our strengths.
And now let me give you a summary of TNK-BP, which continues with its consistent track record of delivery, despite the challenges.
TNK-BP offers BP a distinctive position to access Russia’s extensive hydrocarbon resources.

It is now Russia’s second largest oil producer, with BP net production of almost a million barrels of oil per day and nearly five billion barrels of oil equivalent in proved reserves. It is Russia’s third largest refiner and now has an established international presence.

The ongoing shareholder dispute has had minimal impact on the operational and financial performance of the joint venture.

Since its formation in 2003, TNK-BP has delivered 4% organic production growth. In 2011 BP’s share of net income was $4.2 billion and dividends received were $3.7 billion. Since acquiring 50% of TNK-BP for around $8 billion, BP has received around $19 billion in dividends, so historically around $2 billion per year.

At the same time TNK-BP has been a solid corporate citizen and has paid around $160 billion of taxes, duties, and levies since its formation in 2003.
Looking to the future TNK-BP has a material opportunity set and we expect organic growth of 1-2% per annum in the mid-term.

Efforts to manage production decline in brownfields will continue through the focused application of new technology such as BP’s BrightWater technology with an upscaled treatment programme being planned.

The ramp up of the Verkhnechonskoye and Uvat fields will underpin growth to 2015 and longer term growth will come primarily with the developments on the Yamal Peninsula – the Russkoye, Suzun and Tagul fields.

In the downstream TNK-BP will invest in fuel quality improvements, refining yield improvements and marketing expansion over the next three years.

2011 marked expansion into selective advantaged international opportunities with access in Venezuela and Vietnam.

We see the growth potential in the portfolio and continue to be pleased with TNK-BP’s performance.
And finally, a few comments about our Alternative Energy business before handing over to Iain to cover the downstream.
BP has been in various segments of renewables over the last 35 years to understand and be positioned in the global trend of long-wave renewables growth we highlighted earlier.

The portfolio is now tightly focused on several specific operating and technology assets. In biofuels, our operating assets are focused in Brazil where we own and operate three mills in prime cane locations and plan to continue investing in advantaged land, mills and logistics.

Our biofuels technology assets include our US cellulosic biofuels business and other advanced biofuel developments, notably biobutanol.

In renewable power, or wind, our operating assets consist of over 1,000 turbines in 13 wholly-owned and Joint Venture US wind farms which have been developed since 2007. We have an advantaged land position which underpins our ongoing wind development and construction programme. The land has analogies to upstream exploration acreage.

We plan to continue to grow our alternative energy business. With an increasing footprint of operating assets, the business is now positioned for a steadily improving income and operating cash flow contribution.

Let me now hand over to Iain.
Thank you Bob and good afternoon. It’s a pleasure to be talking to you again about Refining and Marketing.

We had an in-depth look at the Segment at our Investor Day on 30th November and therefore today I will focus on a few key aspects we covered at that time, talk in more detail about our results for the Segment as a whole, and remind you where we are on our journey. In the break-out session, we will provide more detail about our results and strategic progress by value chain business in line with the increased transparency we have provided you with today.
Bob reminded you of BP’s 10-point plan earlier. One of the strengths we are playing to is developing a truly world class downstream business. R&M has come a long way and we have a very focused portfolio of value chain businesses designed to deliver a competitively winning performance.

We are in the business of hydrocarbon value chains and in addition to an intense focus on safe and reliable operations, our definition of “world class” is clear - it means being the highest quality business measured by delivery of leading returns and material cash flow growth.

We’re in three types of value chain businesses:
- Fuels
- Lubricants and
- Petrochemicals

We are delivering returns in each of these business models at, or near, the top of the competitive range. Today we have provided you with further transparency of each of these businesses, including five years of history.
In November I used this slide to outline what a world class downstream business involves.

It all starts with a platform built on safe and reliable operations and leadership in process safety, combined with excellent execution.

Next, the portfolio must be of high quality competitively with assets of the right scale, location and configuration, and having leading technology and brands. In each business, the value chain must be operated and optimised in an integrated way. This drives competitive cash margin capability which in turn leads to differentiated utilization and cash flows.

Growth of the business comes from growth in margin share in established markets and exposure to growth market positions.

Finally, all of this must be within a disciplined financial framework with active portfolio management to ensure a tight focus on quality positions.

So how are we doing?
This chart is familiar to you. It shows the improvement in underlying pre-tax earnings relative to our history. The dark line shows our historical relationship between refining margins and profits. Having returned the business to historical performance levels in 2009, the yellow band represents our goal of improving underlying pre-tax replacement cost (RC) profit by a further $2 billion by the end of this year relative to 2009, on a comparable basis, using the same methodology we have used for the last five years.

Plotting our profit and Refining Marker Margin in this chart, you can see that in the two years of 2010 and 2011 it shows we have delivered $1.3 billion of that improvement.

2011 was a particularly heavy turnaround year and the underlying performance improvement is actually higher when the ca $200 million of increased turnaround burden in 2011 versus 2009 is taken into account.

We therefore remain confident we are on track to deliver the aggregate $2 billion performance improvement by the end of 2012.

As of end 2011, in total since 2007 we have now delivered over $6 billion per annum of underlying improvement.

Let me now turn briefly to competitive performance.
You’re also familiar with these charts. They show BP’s estimates of our competitive performance vs the R&M segments of the other supermajors adjusted to be on a comparable basis.

In terms of post tax ROACE, BP has achieved another goal with returns approaching 10% in 2011, the best since 2006 when refining margins were nearly 40% higher at $16/bbl. BP has now moved from being the worst performing company in the sector from 2004 until 2008 to being one of the better performers on this measure.

On the right you can see underlying net income per barrel of refining capacity. This is a measure of relative portfolio quality and while there of course is a mix effect, most of our competitors also have large lubricants businesses and some petrochemicals.

The fourth quarter was a very challenging time for the fuels business in our sector. Despite lower refining margins, including the collapse of Gulf Coast and Mid-West margins in particular, and the narrowing of the WTI/ Brent differential, our fuels business remained profitable in 4Q.

Overall, I am pleased with our competitive performance, which once again is beginning to demonstrate the relative quality and resilience of our portfolio.

Brian outlined our 4Q performance earlier. Let me provide you with some further commentary on how R&M’s individual businesses fared for the full year of 2011.
Here you see an updated version of the chart I showed in November. On the left, you see the performance history of the individual businesses updated with 2011’s actual results.

In 2011 R&M’s underlying pre-tax RCP was $6 billion, a record year for the Segment and above 2004 levels despite lower refining margins.

Under the graph, you also see for the first time the 2011 pre-tax average operating capital employed including goodwill split out by business model. This shows a total capital employed on this measure of $56 billion, giving pre-tax returns relative to this measure of capital employed of about 11% overall for the year. As you can see, the fuels business carries 80% of this capital employed. This is significantly driven by the oil price effect on working capital.

On the right, you see the business environment indexed back to 2004.

The fuels business delivered $3.6 billion of underlying pre-tax RCP compared to $2.2 billion in 2010, an increase of 62%. Refining margins were $1.6/bbl higher. Solomon refining availability was similar to 2010 at 95%. Marketing volumes were down 4% year-on-year due to demand effects and marketing margins were also lower. Although we did see improved refining margins and improvement in the WTI/Brent spread, there were many offsetting challenges such as higher prices for sweet crude globally. Our oil trading and supply activities returned to a more typical level of contribution after a poor 2010. Overall, 2011 was a good year for the fuels business with material year-on-year momentum.

In terms of strategic progress, the Whiting project remains on track for coming onstream in the second half of 2013 and today we announced the intention to sell our LPG marketing businesses serving the bulk and bottle markets in nine countries. This continues our journey to focus down on a logical core set of positions in which we believe BP to be the natural owner. I will provide more detail of this in the breakout session.
Turning to Lubricants, underlying pre-tax RCP was $1.2 billion, down 11% year-on-year and in line with 2009 levels. Volumes were also down by 4%. Base oil prices rose by over 30% during the year, contributing material pricing pressure, and providing a very challenging environment when combined with the general slowdown in economic activity. Against this backdrop, our brands and the business performed well.

In Petrochemicals, underlying pre-tax RCP was $1.1 billion, down 9% year-on-year. Margins were up 5% on 2010, although ended the year at very low levels having started the year benefiting from particular strength in paraxylene. Production was down 6% year-on-year as a result of operational issues including a direct strike by a tornado at our Decatur, Alabama facility.

I would now like to turn to earnings and operating cash flow momentum.
We showed the picture on the left in October. I have simply updated it for 2011 actuals.

It shows our pre-tax earnings growth relative to a 2007 baseline in a constant 2009 refining margin environment. Having materially improved our earnings position since 2007 we continue to have confidence in the pre-tax earnings growth of the portfolio through the end of this year and out to 2014. This earnings momentum comes from sustaining returns from the base, improving cash margin capability including the impact of the Whiting Modernisation project coming onstream, and through extending our positions in growth markets.

This earnings momentum at a constant environment is the major driver of our operating cash flow growth between 2011 and 2014, as we contribute to the Group goal.

On top of earnings which flow through to operating cash flow growth, we are constantly looking for ways to improve the efficiency of working capital use in the business, particularly in fuels.

In terms of actual pre-tax returns, as you can see from the red line we have nearly doubled them from 2008-2011 and we expect them to continue to expand through earnings growth, portfolio simplification including the ongoing US divestments and the proposed LPG sale announced today, and through active improvement of capital and working capital efficiency.

R&M remains a material contributor to the Group’s cash flows today and to the forward growth in operating cash flow into the future.
So let me summarize.

BP has a highly competitive downstream portfolio which is becoming truly world class. Success is defined by safety performance, excellent execution, intense focus on the quality of the portfolio and through exposure to growth.

The 2011 underlying pre-tax RCP of $6 billion is an all-time record for BP, and has been achieved in far from the best market conditions.

R&M remains on track for delivery of $2 billion of improvement in pre-tax underlying performance by the end of 2012 relative to 2009 and represents a material contribution to the growth in operating cash flow for the Group by 2014, notably through the Whiting project coming onstream in second half of 2013.

We continue to invest with discipline. 2012 organic capital expenditure is expected to be about $4.5 billion, slightly higher than in 2011 as the activity levels in the field at Whiting ramp-up.

We continue to be active in the management of our portfolio. I will provide more detail on our portfolio activities in the break-out.

Finally, we have provided you with further transparency on the performance of the fuels, lubricants and petrochemicals businesses so you can get a better feel for our performance and momentum. For each of the businesses you will be able to track and measure our progress through our profits, operating returns on either capital or sales, and through key operating metrics.

In summary, 2011 represented a good year for R&M and I am particularly proud of the team which delivered it.

Let me now hand you back to Bob.
Thanks Iain.

So let me just conclude by summarising this first part of today’s presentation.
Looking out to 2014 you can expect to see the delivery of many major milestones. These include:

- Downstream earnings momentum reaching $2 billion of improvement this year versus 2009.
- Upstream performance improving as we return to work in the Gulf of Mexico, and the margin mix of our portfolio improves.
- Gulf of Mexico liabilities being clarified.
- Trust Fund payments ending this year.
- The Whiting refinery upgrade coming onstream in 2013.
- And the start up of 15 new upstream projects over 2012 to 2014.
The 10 point plan will continue to provide the backbone for our programme of value creation – what you can expect and what you can measure.

As the months go by we will be able to show how we are progressing against these expectations and indicators of performance.
BP is moving forward.

The year of consolidation is now behind us.

Safety and risk management are our continuing priority.

2012 will be a year of milestones, with financial momentum building in 2013 and 2014.

We expect around 50% improvement in operating cash flow by 2014 compared with 2011.

Long run we’ll be increasing investment to grow the firm but will also continue to actively manage the portfolio to add value.

Gearing is targeted to reduce to the bottom half of a 10 to 20% range over time.

And our intention is to grow distributions over time in line with improving circumstances of the firm. Having reached an operational turning point in October and having confidence in our 10-point plan, we believe circumstances have improved sufficiently to increase the dividend as we have announced today.

We will now break and say good-bye to those on the webcast before moving on to the next part of today’s proceedings. Thank you for joining us and we hope you will rejoin us later. The webcast will restart at 4.45pm London time for the Q&A session. In the meantime you will find the break-out materials available on our website.
For those here in person, I will now hand over to our Head of Investor Relations, Jess Mitchell, to explain the arrangements for the break-outs. Thank you.

[Webcast ends]
Hello everyone. As you can see on the slide behind me we have three break-outs which you will all get chance to attend in rotation.

On the front of your passes you’ll see that you have a number 1, 2 or 3. This allocates you to a group for the break-out sessions. We’d like you now to make your way over to the back of the room to the venue host holding the appropriate numbered board who will escort you around the break-out sessions. We would be most grateful if you do this promptly in order to ensure things run smoothly this afternoon. We would also ask that you stay with this same group throughout the sessions. There will be refreshments available at the break-out locations and time for a longer intermission after the break-outs complete.

Thank you, enjoy the break-outs and we will see you all back here at 4.45pm for our Q&A session.
[Picture for when attendees reconvene for wrap-up Q&A]
Hello and welcome back to the wrap-up and Q&A session.

Here in London on stage we have Brian Gilvary and Iain Conn who we introduced as part of the earlier plenary session and the Executive Vice presidents of our upstream businesses who just presented two of the break outs; Mike Daly heads up Exploration; Bernard Looney, Developments; and Bob Fryar, Production. Andy Hopwood has overall responsibility for upstream Strategy and Integration.

Also with us in the front row we have Byron Grote, Executive Vice president of Corporate Business Activities, Dev Sanyal, BP’s new Group Chief of Staff, Fergus MacLeod, Group Head of Strategic Planning and Jess Mitchell, Head of IR.

You will now have opportunity to put your questions to all of us.

We are webcasting this final section of our presentation today and for those joining us for the first time on the web and telephones who did not see our previous message here is our usual cautionary statement.
Cautionary statement

Forward-looking statements - cautionary statement

This presentation, including the video presentation regarding Project 20K, and the associated slides and discussion contain forward-looking statements, particularly those regarding expectations regarding financial momentum in 2013 and 2014; BP’s outlook for investment in exploration and appraisal drilling and production; anticipated improvements and increases, and the sources and timing thereof; its planned return, operating cash flow and margins, including generating around 50% more annually in operating cash flow by 2014 versus 2011 at US$100/bbl; planned investment plans, including the anticipated timing for completion of and final proceeds from the disposition of certain BP assets; the expected level of planned turnaround, expected production and investment plans and expectations for drilling and completion generally and specifically in the Gulf of Mexico; the level of performance improvement in refining and marketing; expected future 2012 organic capital expenditure and increased capital spending for the future; the timing and completion of major projects including expected start up, completion, level of production and margins, the expected timing and level of final investment decisions; the expected timing and level of appraisal activity; the timing for completion of the lifting rights upgrade, other refining upgrades and logistics optimization; the expected level of production in the first quarter of 2013 and in the first quarter 2012 of the magnitude and timing of remaining remediation costs related to the Deepwater Horizon oil spill; the actions that could affect the magnitude of BP’s ultimate exposure and the cost to BP in relation to the spill and any potential mitigation resulting from BP’s partners or others involved in the spill; the potential liabilities resulting from pending and future legal proceedings and potential investigations and civil or criminal actions that US state and/or local governments could seek to take against BP as a result of the spill; the timing of claims and litigation outcomes and payment of legal costs; timing and quantum of contributions to and payments from the $20 billion US Trust Fund; expectations regarding the reduction of net debt and the net debt ratio; expectations of levels of depreciation, depletion and amortization in 2012; expectations for the levels and volatility of quarterly returns in other businesses and for the level of production in the first quarter of 2013, expected lower levels of production in the first quarter of 2012 and expected increases in production in the first quarter of 2013; the expected impact of the BP 2012 turnaround on the level of production and margins for the period as a whole; the expected level of performance in 2012 and 2013; the expected level of performance in 2012 and future periods; the expected level of performance in 2012 and future periods; the expected level of investments by TNK-BP; TNK-BP’s expansion plans; plans to continue to invest in and develop certain technology and systems in connection with Project 20K; and the expected level of investment in connection therewith; the expected level of investments by TNK-BP; TNK-BP’s expansion plans; plans to report TNK-BP as a separate segment in BP’s financial accounts; the expected level of investment in Alternative Energy; and the expected profitability and level of future cash flows of certain Alternative Energy assets. 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 on-stream; the timing of certain disposals; 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; 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 for 2010 is filed with the US Securities and Exchange Commission (SEC).

Reconciliation 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, 23, 38, 41, 62 and 63 reflects our expectation that all required payments into the $20 billion US Trust Fund, including the anticipated timing for completion of and final proceeds from the disposition of certain BP assets; the expected level of planned turnaround, expected production and investment plans and expectations for drilling and completion generally and specifically in the Gulf of Mexico; the level of performance improvement in refining and marketing; expected future 2012 organic capital expenditure and increased capital spending for the future; the timing and completion of major projects including expected start up, completion, level of production and margins, the expected timing and level of final investment decisions; the expected timing and level of appraisal activity; the timing for completion of the lifting rights upgrade, other refining upgrades and logistics optimization; the expected level of production in the first quarter of 2013; the expected level of production in the first quarter 2012 of the magnitude and timing of remaining remediation costs related to the Deepwater Horizon oil spill; the actions that could affect the magnitude of BP’s ultimate exposure and the cost to BP in relation to the spill and any potential mitigation resulting from BP’s partners or others involved in the spill; the potential liabilities resulting from pending and future legal proceedings and potential investigations and civil or criminal actions that US state and/or local governments could seek to take against BP as a result of the spill; the timing of claims and litigation outcomes and payment of legal costs; timing and quantum of contributions to and payments from the $20 billion US Trust Fund; expectations regarding the reduction of net debt and the net debt ratio; the expected level of depreciation, depletion and amortization in 2012; expectations for the level and volatility of quarterly returns in other businesses and for the level of production in the first quarter of 2013, expected lower levels of production in the first quarter of 2012 and expected increases in production in the first quarter of 2013; the expected impact of the BP 2012 turnaround on the level of production and margins for the period as a whole; the expected level of performance in 2012 and future periods; the expected level of investments by TNK-BP; TNK-BP’s expansion plans; plans to continue to invest in and develop certain technology and systems in connection with Project 20K; and the expected level of investment in connection therewith; the expected level of investments by TNK-BP; TNK-BP’s expansion plans; plans to report TNK-BP as a separate segment in BP’s financial accounts; the expected level of investment in Alternative Energy; and the expected profitability and level of future cash flows of certain Alternative Energy assets. 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 on-stream; the timing of certain disposals; 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; 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 for 2010 is filed with the US Securities and Exchange Commission (SEC).

Footnotes to US investor - We use certain terms in this presentation, such as "resources," "recovered 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.
So we’d now be very happy to take your questions.
Q&A session

Bob Dudley closing remarks:

Ladies and gentlemen, thank you very much for spending today with us. I hope you have found the time well spent and I know I speak for the executive team in saying we have enjoyed showing you our plans for the future.

We continue to meet our obligations. For our many employees working hard everywhere, our period of consolidation is over.

Now it’s time to deliver: investment, growth and value – achieved by playing to our strengths.

That means making choices.

We are choosing value over volume – measured in cash flow not barrels.

We are choosing strategic assets over non-core ones.

We’re investing more in the front-end of exploration and divesting mature assets which others can derive more value from.

So we are choosing not to try to be the biggest - but over time to aspire to be the best. A safer, stronger and simpler BP.

As I said at the outset, our vision is to build an ever stronger portfolio, upstream and downstream, generating sufficient cash both to invest in our pipeline and reward those who invest in us as the circumstances of the firm
improve. We have made a strong start on the portfolio, we’re building the cash generation and we have begun to provide those rewards.

Thank you to those who have stayed with us on the webcast - and our very best to you from London.

Ladies and gentlemen, I hope you can join us for refreshments in the area just outside.