# 4Q & Full Year 2013 Results Presentation

4th February 2014


Hello and welcome everyone. This is BP's fourth-quarter and full-year 2013 Results webcast and conference call.

I'm Jessica Mitchell, BP's Head of Investor Relations. I'm here with our Group Chief Executive Bob Dudley, and our Chief Financial Officer Brian Gilvary. Before we start, I need to draw your attention to our cautionary statement.

# Cautionary statement

**Forward-looking statements - cautionary statement**
This presentation and the associated slides and discussion contain certain forecasts, projections and forward-looking statements – that is, statements related to future, not past events – with respect to the financial condition, results of operation and businesses of BP and certain of the plans and objectives of BP with respect to these items. In particular, among other statements, certain statements regarding: prospects for future value creation arising from certain of BP's new investments in 2013; BP's expectation for sustainable growth in free cash flow in future years; BP's plans for how it will play to its strengths in the future; BP's expectations regarding financial momentum in the future from actions underpinning the 10-point plan; BP's future divestment plans; BP's future share buyback plans; expectations regarding the quarterly dividend payment and future distributions to shareholders; BP's expectations that the Whiting refinery will deliver an incremental $1 billion of operating cash-flow per year in the future; BP's prospects for delivering the anticipated increase in operating cash flow by more than 50% by 2014 versus 2011 and expectations regarding material growth in operating cash flows beyond 2014; BP's plans to grow and prospects for growth in free cash flow in the future; the expected level of reported production in the first quarter of 2014 and for the 2014 full year; BP's expectations regarding the improvement of refining margins and the challenging conditions in the fuels and petrochemicals environments in 2014; the expected increase in exposure to heavy crude differentials in the US due to the ramp up of heavy crude processing at Whiting Refinery; the expected future level of gearing; the expected levels of full-year underlying and reported production in 2014; the expected level of organic capital expenditure in 2014 and beyond; the expected levels of DD&A, the underlying quarterly charge in Other Businesses and Corporate and the effective tax rate in 2014; BP's beliefs regarding the anticipated long-term benefits of BP's relationship with Rosneft; certain statements regarding the legal and trial proceedings and court decisions; the prospects for, expected timing and composition of future upstream projects, including BP's expectations that the 2012 to 2014 start-ups will deliver on average twice the operating cash margin of the upstream portfolio held in 2011; expectations regarding improvements in plant efficiency in 2014; the expected level of turnaround activity; the expected number of exploration wells that will be drilled in 2014; expectations regarding the level of gas and condensate production as a result of Shah Deniz Stage 2; the expected number of wells that will be drilled and the volume of gas expected to be produced by the Oman Khazzan project, and the expected impacts thereof on Oman's gas supply; expectations for enhanced safety, margin capture and operating efficiency in BP's US fuels business, and Downstream's prospects for providing significant cash generation for the Group; Downstream's expected capital investments in 2014; the expected timing of completion for the third PTA plant at Zhuhai; and prospects for the Saabre and Hummingbird technologies; are all forward looking in nature.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors including the actions of regulators and the timing of the receipt of governmental and regulatory approvals; decisions by Rosneft's management and board of directors in respect of strategy, operations or otherwise; the timing of bringing new fields onstream and of project start-ups; the timing of and prospects for ramp up of major projects and higher margin assets; the timing and nature of maintenance outages and turnaround activity; the impact of reserves reviews; the timing and nature of divestments; future levels of industry product supply; demand and pricing; OPEC quota restrictions; PSA effects; operational problems; economic and financial market conditions generally or in various countries and regions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including court decisions, the types of enforcement action pursued and the nature of remedies sought or imposed; the impact on our reputation following the Gulf of Mexico oil spill; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors, trading partners, creditors, rating agencies and others; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism, cyber-attacks or sabotage; and other factors discussed under "Principal risks and uncertainties" in our Stock Exchange Announcement for the period ended 30 June 2013 and under "Risk factors" in our Annual Report and Form 20-F 2012 as filed with the US Securities and Exchange Commission.

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

**Statement of Assumptions** - The operating cash flow projection for 2014 in this presentation assumes an oil price of $100 per barrel and a Henry Hub gas price of $5/mmBtu in 2014. The projection has been adjusted to (i) remove TNK-BP dividends from 2011 operating cash flow; (ii) include BP's estimate of Rosneft dividends in 2014; and (iii) include in 2014 estimated operating cash flow the impact of payments in respect of the settlement of all criminal and securities claims reached with the U.S. government and SEC. The projection does not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Gulf of Mexico oil spill which may or may not arise at that time. As disclosed in the Stock Exchange Announcement for the period ended 31 December 2013, we are not today able to reliably estimate the amount or timing of a number of contingent liabilities.

**Cautionary note to US investors**– This presentation may contain references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262. This form is available on our website at www.bp.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov. Tables and projections in this presentation are BP projections unless otherwise stated.

**Stock Exchange Announcement -** For further information on BP's results, please see our Stock Exchange Announcement for the period ended 31st December 2013.

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

Thank you, and now over to Bob.


Thank you Jess and welcome everyone, wherever you are in the world. Thanks for joining us today.

## Agenda

**Full Year 2013 Results and delivering the 10-point plan**

**4Q 2013 Results**

**Safety performance**

**Russia**

**US legal update**

**Business progress**

**Q&A**

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We're here to look back at 2013.

It was a busy year and also a successful one.

We accomplished a number of important things.

We improved our safety record.

We had a very good year for exploration, in fact, our best in ten years.

We started up a series of major new projects, both in the Upstream and the Downstream.

In Russia, we created a new future for BP. And at the same time we released some of the considerable value we generated with our former joint venture, TNK-BP. A large part of that is currently being used for share buybacks. A good outcome all round.

And we also announced some significant new investments for the future that we believe will create value for BP for decades to come.

In particular, these included the huge Shah Deniz 2 natural gas project in Azerbaijan with the associated pipelines stretching well into Europe, and also the giant Khazzan project in Oman.

We also increased the dividend by 11% in dollars compared to 2012.

We are not complacent but we are pleased with the progress. These are all important milestones on the way to delivering our 10-point plan. And these will all contribute to sustainable growth in free cash flow in the years ahead.

What you can see now is a company that has a more focused and stronger portfolio, leading positions in exploration, deepwater and giant fields, and a quality downstream business.

And we will continue to play to these strengths.

We will do this through disciplined capital investment in a high-quality upstream project pipeline and a downstream that is a strong generator of cash for the Group.

And we will do all this while maintaining a relentless focus on safety and reducing operational risk.

So turning to today's agenda, we'll start with a summary of our full-year results and then look at progress against the 10-point plan.

Brian will take you through the details of our results for the fourth quarter.

Then I will update you on our safety performance, Rosneft's progress, legal proceedings in the US and our ongoing work in the Upstream and Downstream. And then we will take your questions.

## FY 2013 Results

- Underlying replacement cost profit of \$13.4bn(1)
- Post-tax operating cash flow of \$21.1bn
- Organic capital expenditure of \$24.6bn(2)
- Divestment proceeds of \$17.1bn(3)
- Gearing at 16.2%, within target range of 10% to 20%
- Dividend paid of \$5.4bn and share buybacks of \$5.5bn
- Reserves replacement ratio
  - 129% organic growth(4)
  - 199% including repositioning in Russia

(1) *Post-tax underlying replacement cost profit. See Stock Exchange Announcement (SEA) for further information on the basis of the calculation*
(2) *Capital expenditure excluding acquisitions and asset exchanges, and other acquired interests as noted in the SEA*
(3) *Divestments have been reduced by \$4.9bn to show only the net proceeds received for the TNK-BP shareholding*
(4) *Combined basis of subsidiaries and equity-accounted entities, excluding acquisitions and disposals.*

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So let's begin with an overview of our full-year 2013 results.

Our underlying replacement cost profit was \$13.4 billion.

Post-tax operating cash flow was \$21.1 billion.

Our organic capital expenditure was \$24.6 billion, in line with our guidance, and we divested \$17.1 billion of assets during the year.

Our gearing at the end of the year was 16.2%, which is within our target band of 10 to 20%.

We distributed \$5.4 billion in cash to shareholders through dividends and we also bought back \$5.5 billion of our own shares.

These results reflect a number of different factors. Among them are the restructuring of our portfolio through divestments, a weaker environment in the Downstream, large working capital builds and the increased exploration write-offs which have accompanied our ramp-up in exploration drilling.

That said, it has also been a year of strong results in our underlying operations, which I will come back to in a short while.

We are confident that the full financial momentum from this progress will become clearly evident in 2014 and beyond.

To reinforce that point, let me give you another figure. Our reserves replacement ratio for 2013 was 129%, excluding the impact of acquisitions and divestments. If we include the net reserves growth as a result of the repositioning in Russia, the reserves replacement ratio was 199%. I believe this result is a strong indicator of the growing short-term and long-term momentum in our business as we pull through the drivers of long-term growth.

## 2013: Delivering the 10-point plan

- Improved safety performance
- More focused portfolio: $38bn divestment programme completed; a further $10bn of divestments planned by end of 2015
- New future in Russia: completion of TNK-BP and Rosneft transactions
- Exploration success: Angola, Brazil, Egypt, Gulf of Mexico, India
- Major project momentum
  - 3 major project start-ups in 2013; 6 on track for 2014
  - Major Project FIDs(1) in Oman and Azerbaijan
- Whiting Refinery Modernisation Project: commissioning completed
- Stronger balance sheet: year-end gearing at 16.2%
- Growth in shareholder distributions: increased dividend and share buybacks

*(1) Final Investment Decision (FID)*

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Let me update you a little more on some important milestones.

As many of you will recall, our 10-point plan consisted of things you could expect and things you could measure. And 2013 has set us up well to deliver.

The first commitment was to continue to make safety the top priority and we are seeing positive results, as you can see in a moment.

We also said we'd build a stronger portfolio and simplify the company while playing to our strengths – from exploration to high-quality downstream businesses.

And we have delivered on that commitment. We have completed the $38 billion divestment programme outlined to you in 2011, and we are now a smaller but much more focused company. The divestments have removed complexity, strengthened the balance sheet and left us with a more distinctive set of assets.

And with our third-quarter results we announced our intention to divest a further $10 billion of assets before the end of 2015. This will further focus the portfolio and provide additional free cash flow from which we plan to increase distributions to shareholders, primarily through buybacks.

The successful completion of the transactions associated with TNK-BP and Rosneft demonstrated our ability to turn a major challenge into a unique opportunity. It also makes us a 3.2 million barrel per day oil company, when adding our interest in Rosneft to BP's own production.

While reshaping the portfolio, we also continued to deliver some significant milestones in our businesses. For example, in the Upstream we have continued to reload the exploration portfolio and also made seven potentially commercial discoveries in 2013 in Angola, Brazil, Egypt, the Gulf of Mexico and India.

We also saw a series of high-value upstream projects come online.

During 2013, three more projects started up, following the five we started up in 2012. These included the first phase of the BP-operated Atlantis North Expansion in the Gulf of Mexico and two more partner-operated assets – the Angola LNG plant and North Rankin 2 in Australia.

And I am pleased to be able to tell you today that the Chirag Oil Project in Azerbaijan came online last week and Mars B in the Gulf of Mexico, another oil project, has come online today.

In the Downstream, we announced last month that all of the major units associated with the Whiting Refinery Modernisation Project have been brought on stream. We continue to expect the reconfigured refinery to deliver an incremental $1 billion of operating cash flow per year, depending on the environment.

So as we end the year, the track record of delivery continues to build. We have a much stronger balance sheet and we are confident of delivering our important goal for 2014 – to increase operating cash flow by 50% between 2011 and 2014, assuming $100 oil.

It is this confidence that enabled us to increase our dividend with our third-quarter results, in line with our progressive dividend policy.

On the 4th of March we will tell you more about our future plans. We will show you how we plan to continue playing to our strengths to drive material growth in operating cash flow. Coupled with our focus on capital discipline, we expect this to drive continued growth in free cash flow, enhancing our ability to increase distributions to shareholders.

Let me now hand over to Brian to take you through the results for the fourth quarter.


bp
Brian Gilvary
Chief Financial Officer
Mad Dog, Gulf of Mexico

Thanks Bob.

# 4Q 2013 Summary

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

| $bn | 4Q12 | 3Q13 | 4Q13 | % Y-o-Y |
|---|---|---|---|---|
| Upstream | 4.4 | 4.4 | 3.9 | |
| Downstream | 1.4 | 0.7 | 0.1 | |
| Other businesses and corporate | (0.4) | (0.4) | (0.6) | |
| **Underlying business RCPBIT[(1)]** | **5.3** | **4.8** | **3.3** | **(38)%** |
| TNK-BP[(2)] | 0.2 | - | - | |
| Rosneft[(2)] | - | 0.8 | 1.1 | |
| Consolidation adjustment - unrealised profit in inventory | (0.4) | 0.3 | (0.2) | |
| **Underlying RCPBIT[(1)]** | **5.1** | **5.8** | **4.2** | **(19)%** |
| Finance costs[(3)] | (0.5) | (0.4) | (0.4) | |
| Tax | (0.7) | (1.7) | (0.9) | |
| Minority interest | (0.1) | (0.1) | (0.1) | |
| **Underlying replacement cost profit** | **3.9** | **3.7** | **2.8** | **(27)%** |
| **Underlying earnings per share (cents)** | **20.2** | **19.6** | **15.0** | **(26)%** |
| **Dividend paid per share (cents)** | **9.0** | **9.0** | **9.5** | |
| **Operating cash flow** | **6.4** | **6.3** | **5.4** | |

*(1) Replacement cost profit before interest and tax (RCPBIT)*
*(2) TNK-BP & Rosneft earnings are after interest, tax and minority interest*
*(3) Finance costs and net finance income or expense relating to pensions and other post-retirement benefits*

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BP's fourth-quarter underlying replacement cost profit was $2.8 billion, down 27% on the same period a year ago, and 24% lower than the third quarter.

Compared to the fourth quarter of 2012, the result reflected:

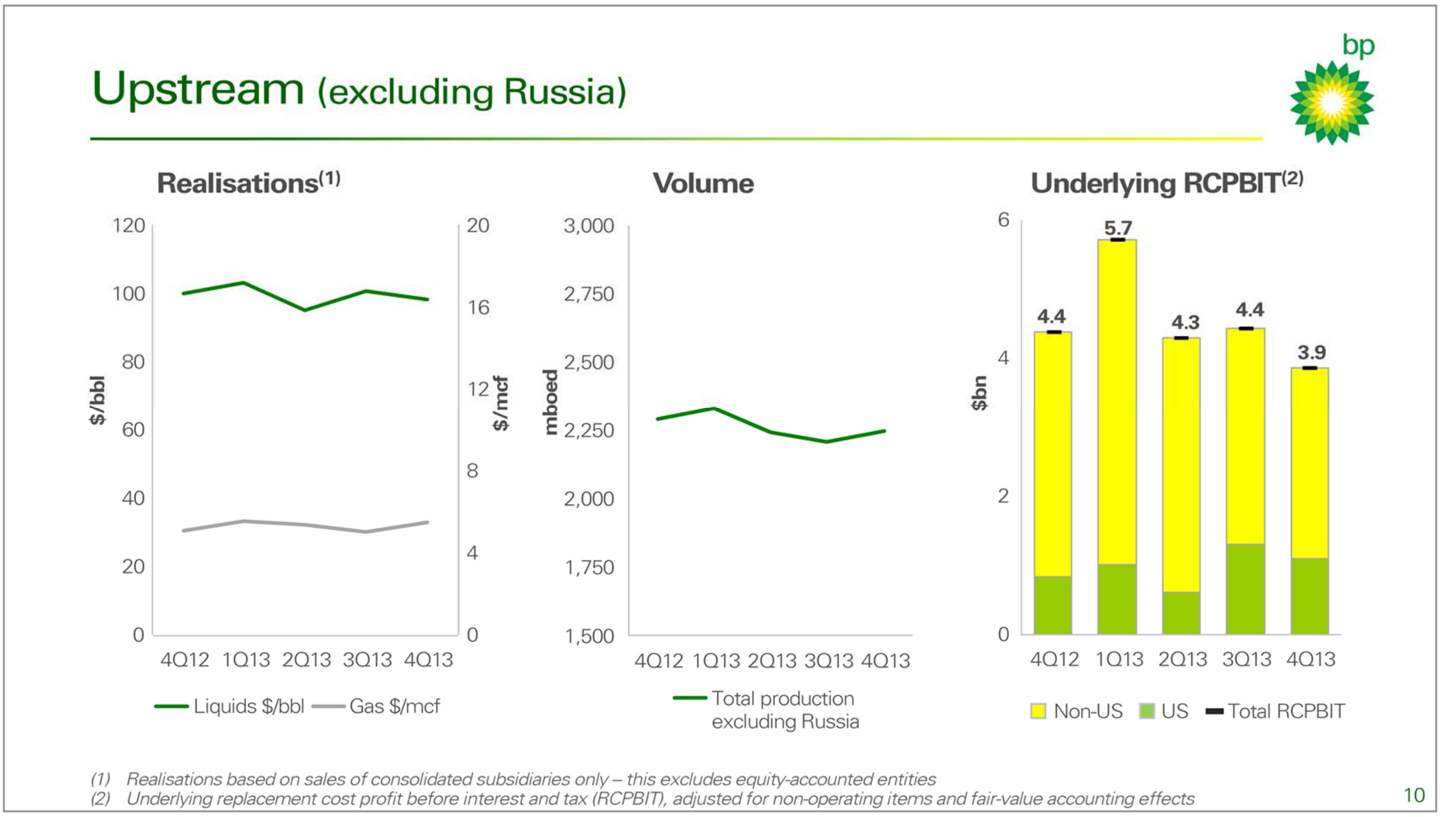
- Higher non-cash costs, including exploration write-offs and DD&A;
- A significantly weaker refining environment; and
- Significant divestment impacts;

Partly offset by:

- Improved underlying Upstream production in high-margin regions; and
- Stronger earnings from Rosneft compared to TNK-BP in the same period in 2012.

Fourth-quarter operating cash flow was $5.4 billion.

The fourth-quarter dividend, payable in the first quarter of 2014, is 9.5 cents per ordinary share, up 5.6% compared to the same period last year. Turning to the highlights at a segment level.




The Upstream underlying fourth-quarter replacement cost profit before interest and tax of $3.9 billion compares with $4.4 billion a year ago and $4.4 billion in the third quarter of 2013.

Compared to the fourth quarter of 2012 the result reflects:

- Higher non-cash costs, including exploration write-offs associated with increased exploration activity and higher DD&A, along with some sector inflation;
- Lower production due to previously announced divestments, primarily in the North Sea and the Gulf of Mexico; and
- Lower liquids realisations;

Partly offset by:

- Improved underlying volumes in high-margin regions;
- A one-off benefit to production taxes;
- Stronger gas marketing and trading results; and
- Higher gas realisations.

Fourth-quarter reported production excluding Russia was 1.9% lower than a year ago, primarily due to the impacts of divestments. On an underlying basis, after adjusting for divestments and entitlement effects, production increased by 3.7%, partly reflecting new major project volumes in the North Sea, Angola and the Gulf of Mexico.

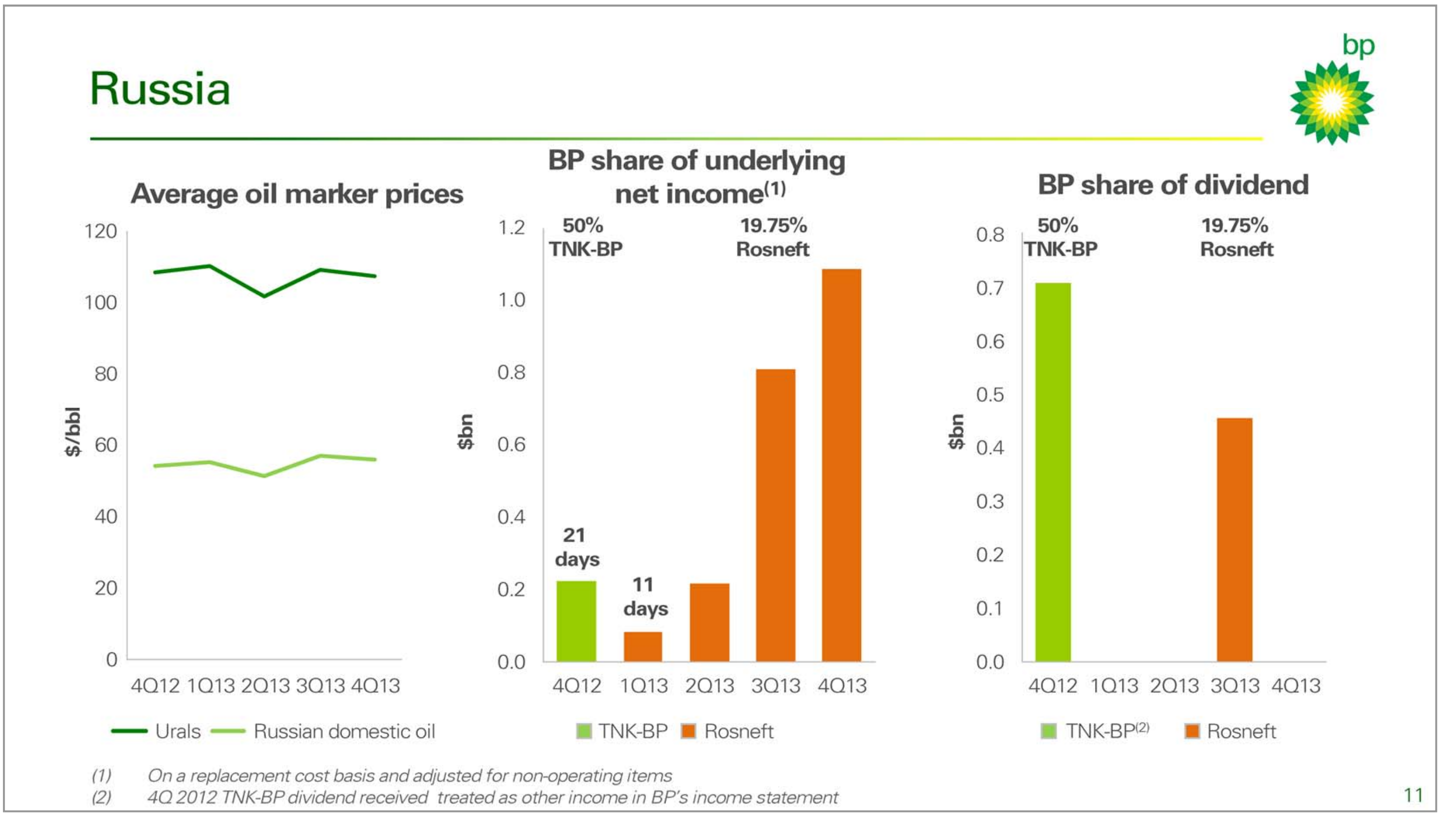
Compared to the third quarter, the result reflects:

- Higher costs, partly due to the exploration write-offs;
- Absence of the one-off benefit in the third-quarter related to the Trans-Alaska Pipeline System; and
- Lower liquids realisations;

Partly offset by:

- Improved underlying volumes in high-margin regions;
- A one-off benefit to production taxes; and
- Higher gas realisations outside of North America.

Looking ahead to the outlook for the first quarter. We expect reported first-quarter production to be lower than the fourth quarter of last year, reflecting the impact of divestments and the expiry in January of the Abu Dhabi onshore concession.

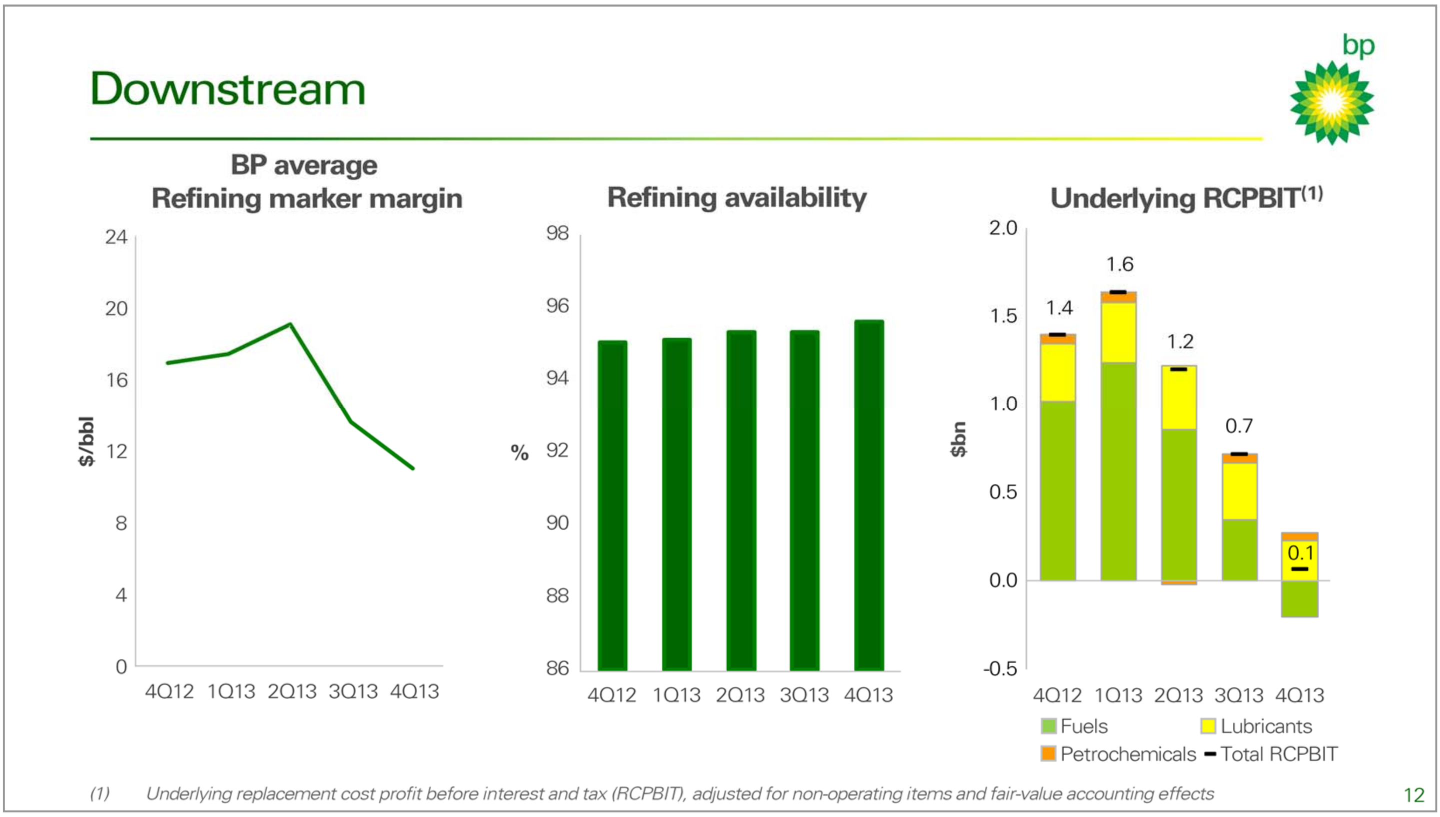



Turning to Russia, this slide shows our share of earnings from Rosneft, and historically from TNK-BP.

BP's underlying net income related to its Rosneft shareholding was $1.1 billion in the fourth quarter. This compares to BP's share of TNK-BP net income in the fourth quarter of last year of $220 million, which included only 21 days of earnings.

Compared to the third quarter, underlying net income was up $270 million. The fourth quarter was favourably impacted by the finalisation of BP's equity accounting for the year, and includes certain adjustments to net income in respect of prior quarters. These effects were partially offset by adverse foreign exchange and duty lag effects, and by lower realisations.

BP's share of Rosneft production in the fourth quarter was 985 thousand barrels of oil equivalent per day, 20 thousand barrels per day higher than the previous quarter.




In the Downstream, the fourth-quarter underlying replacement cost profit before interest and tax was $70 million compared with $1.4 billion a year ago and $720 million in the third quarter.

The result included a loss of $200 million in the fuels business, compared with a $1.0 billion profit in the same quarter of last year. This reflected:

- A significantly weaker refining environment;
- The absence of earnings from the divested Texas City and Carson refineries;
- A weak result from our supply and trading activity; and
- Additional depreciation and start-up costs as a result of the Whiting Refinery Modernisation Project;

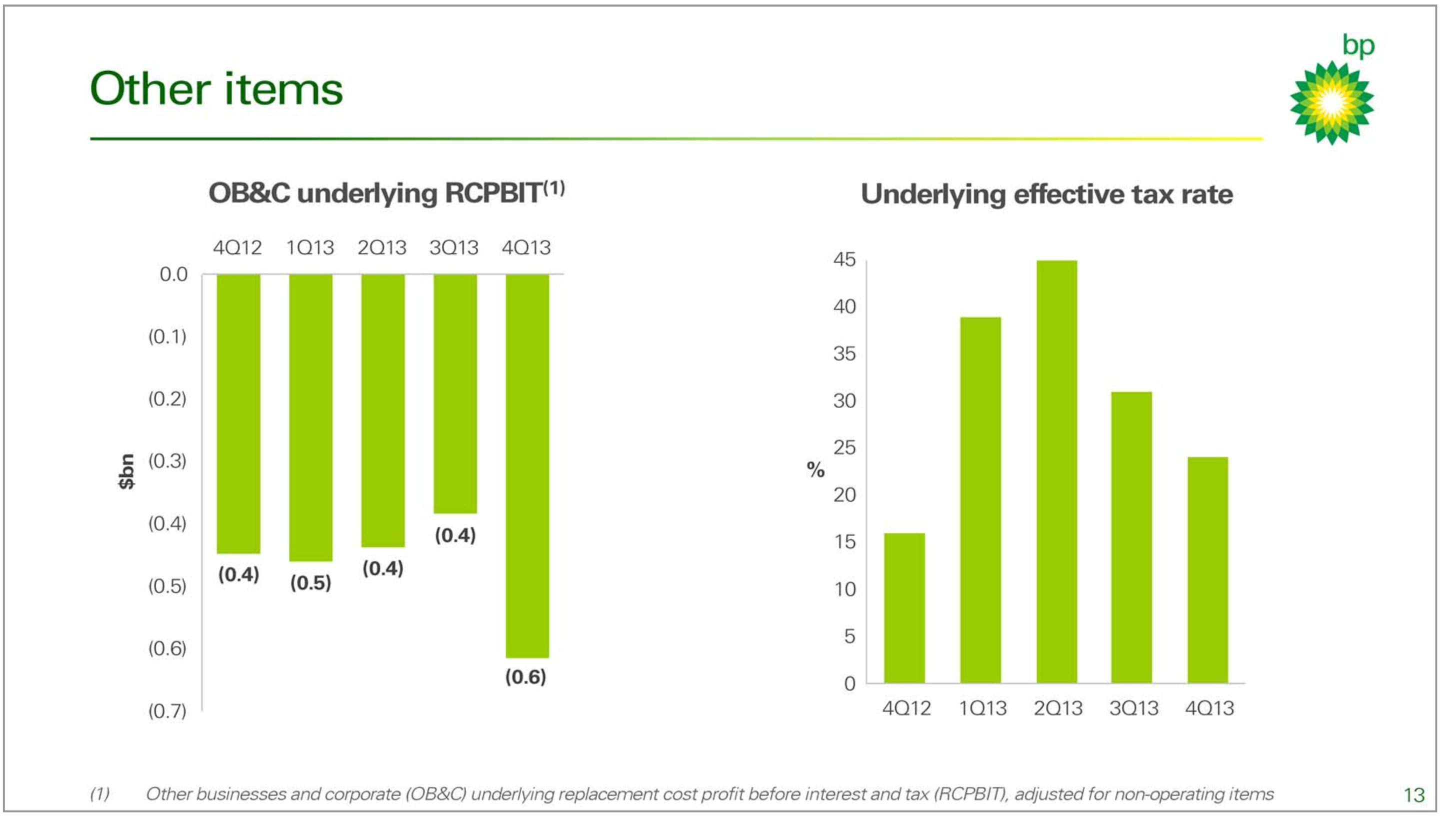
This was partly offset by:

- Strong refining availability; and
- Lower turnaround activity.

The lubricants business reported an underlying replacement cost profit before interest and tax of $230 million compared with $330 million in the same quarter last year. This reflects restructuring charges as we seek to improve the competitiveness of our mature European businesses.

The petrochemicals business reported an underlying replacement cost profit before interest and tax of $40 million, broadly flat compared to the same period last year. Results were impacted by the environment which continues to be challenging, with excess supply in Asia and the United States, partly offset by lower turnaround activity.

Looking forward to 2014, we expect refining margins to improve from the levels seen in the fourth quarter, but in general we expect the fuels and petrochemicals environments to remain challenging. We also expect an increased exposure to heavy-crude differentials in the United States as we ramp-up heavy-crude processing at the Whiting refinery.




In Other Businesses and Corporate, the pre-tax underlying replacement cost charge was $610 million for the fourth quarter, an increase of $170 million on the same period a year ago.

The fourth quarter result included certain one-off charges compared to one-off benefits that occurred in the same period a year ago.

The full-year charge of $1.9 billion was within guidance levels and $100 million lower than the previous year due to lower corporate and functional costs.

The effective tax rate on underlying replacement cost profit for the fourth quarter was 24.3%. This is lower than the third quarter, reflecting higher income from Rosneft, which is reported net of tax, and a number of one-off favourable fiscal settlements in several jurisdictions related to previous years.

The full-year effective tax rate on underlying replacement cost profit was 35.4%, slightly below our guidance range for 2013.

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

| $bn | To end 2012 | FY 2013 | Cumulative to date |
|---|---|---|---|
| **Income statement** | | | |
| **Charge for the period** | **42.2** | **0.5** | **42.7** |
| **Balance sheet[2]** | | | |
| **Brought forward** | - | **9.4** | - |
| Charge to income statement | 42.2 | 0.5 | 42.7 |
| Payments into Trust Fund | (20.0) | - | (20.0) |
| Cash settlements received | 5.4 | - | 5.4 |
| Other related payments in the period[3] | (18.2) | (1.4) | (19.6) |
| **Carried forward** | **9.4** | **8.5** | **8.5** |
| **Cash outflow** | **32.8** | **1.4** | **34.2** |

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

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The charge for the Gulf of Mexico oil spill was $190 million in the fourth quarter, primarily reflecting an increase in the provision for legal costs plus the ongoing cost of running the Gulf Coast Restoration Organisation. This brings the full-year charge to $470 million.

The total cumulative net charge for the incident to date is now $42.7 billion.

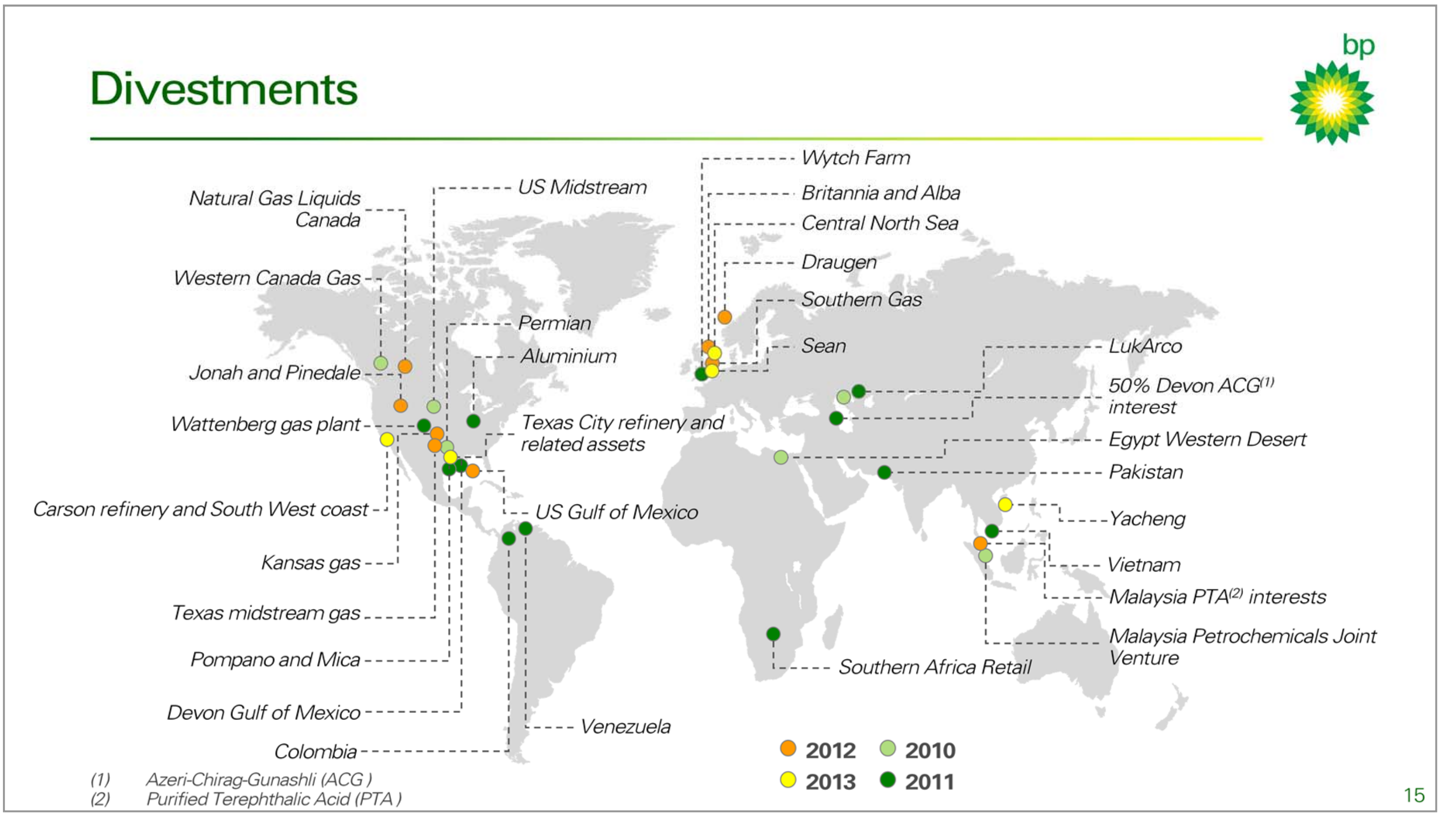
The charge does not include any provision for business economic loss claims that are yet to be paid. Bob will provide an update on the legal processes shortly, but as we advised at the third quarter, it is still not possible to reliably estimate the remaining liability for business economic loss claims. We will continue to revisit this each quarter.

The pre-tax cash outflow on costs related to the oil spill for the full year was $1.4 billion.

The cumulative amount estimated to be paid from the Trust Fund remained at $19.3 billion, leaving unallocated headroom available in the Trust for further expenditures of around $700 million. In the event that the headroom is fully utilised, subsequent additional costs will be charged to the income statement.

At the end of the year, the aggregate remaining cash balances in the trust and qualified settlement funds was $6.7 billion, with $20 billion paid in and $13.3 billion paid out.

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

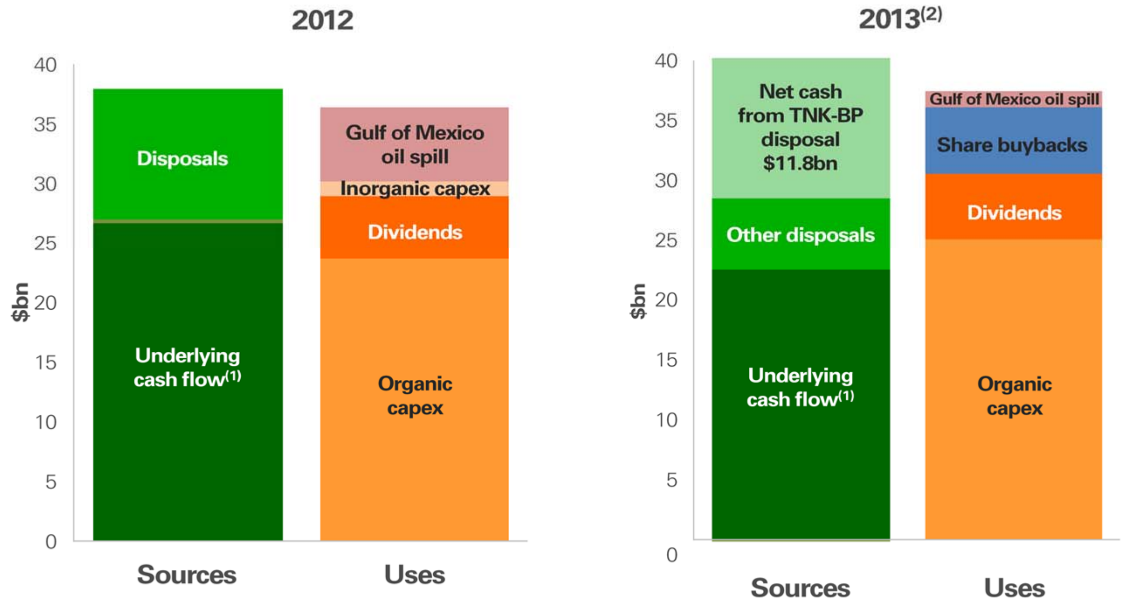



Now turning to divestments. Our $38 billion divestment programme is now complete, and in the first quarter we also completed the sale of our share of TNK-BP to Rosneft for $27.5 billion.

Following the receipt of cash proceeds of around $12 billion from the TNK-BP transaction, we also announced a share buyback programme of up to $8 billion. To date $6.8 billion of shares have been repurchased for cancellation, of which $5.5 billion were repurchased in 2013.

In October we announced plans to divest an additional $10 billion of assets by the end of 2015 and to use the post-tax proceeds predominantly for shareholder distributions, with a bias to share buybacks. So far, we have agreed around $1.7 billion of additional divestments.

## Sources and uses of cash




(1) Underlying cash flow reflects operating cash flow excluding Gulf of Mexico oil spill pre-tax cash flows
(2) Disposals and capex in 2013 have been reduced by $4.9bn to show only the net proceeds received for the TNK-BP shareholding

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Now looking at our full-year cash flow movements, this slide compares our sources and uses of cash in 2012 and 2013.

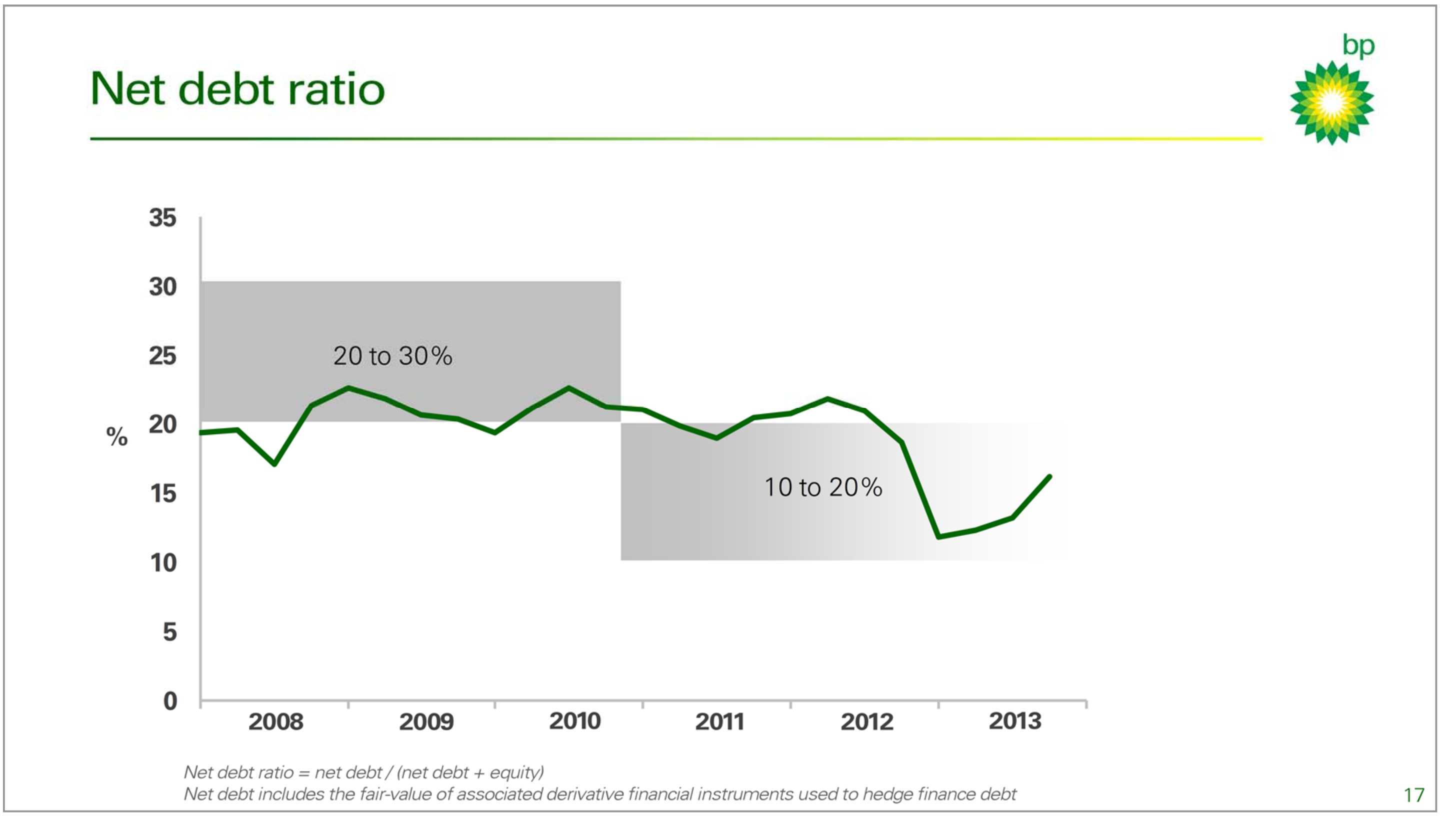
Operating cash flow for 2013 was $21.1 billion which includes $1.4 billion of pre-tax expenditure related to the Gulf of Mexico oil spill.

Excluding these costs, underlying cash flows of $22.5 billion were also impacted by a net working capital build of around $5.0 billion.

Compared to 2012, a higher working capital build and the impacts of divestments offset the benefits of strong underlying volume growth from the ramp-up of major projects and improved operating efficiency in the Upstream business.

In the fourth quarter we received $400 million of divestment proceeds, bringing the total for the year to $17.1 billion - including the net cash received from the divestment of our share in TNK-BP.

Full-year organic capital expenditure was $24.6 billion, of which $7.1 billion was in the fourth quarter.




Net debt at year-end was $25.2 billion with gearing of 16.2% compared to 18.7% a year ago.

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

## 2014 Guidance

| | FY 2013 actual | FY 2014 guidance |
|---|---|---|
| Production (excluding TNK-BP / Rosneft) | 2,256mboed | grow underlying[(1)] |
| Organic capital expenditure | $24.6bn | $24bn - $25bn |
| DD&A[(2)] | $13.5bn | around $1bn higher than 2013 |
| Other businesses and corporate: average underlying quarterly charge | $475m | $400m - $500m |
| Effective tax rate[(3)] | 35% | around 35% |

(1) 2014 underlying production is based on $100 oil; net of forecasted divestment activity and the Abu Dhabi concession expiry. The actual reported number will depend on the exact timing of divestments and project start-ups, OPEC quotas, and entitlement impacts in Production Sharing Agreements (PSAs)
(2) Depreciation, Depletion and Amortisation (DD&A)
(3) Effective tax rate on underlying replacement cost profit

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Turning to our forward-looking guidance for 2014.

The Abu Dhabi onshore concession expiry has an impact on production of around 140 thousand barrels of oil equivalent per day. Adjusting for this and the impacts of divestments, we expect full-year underlying production in 2014 to increase compared with 2013, with reported production being lower, due to these effects.

The actual reported outcome will depend on the exact timing of project start-ups, divestments, OPEC quotas and entitlement impacts.

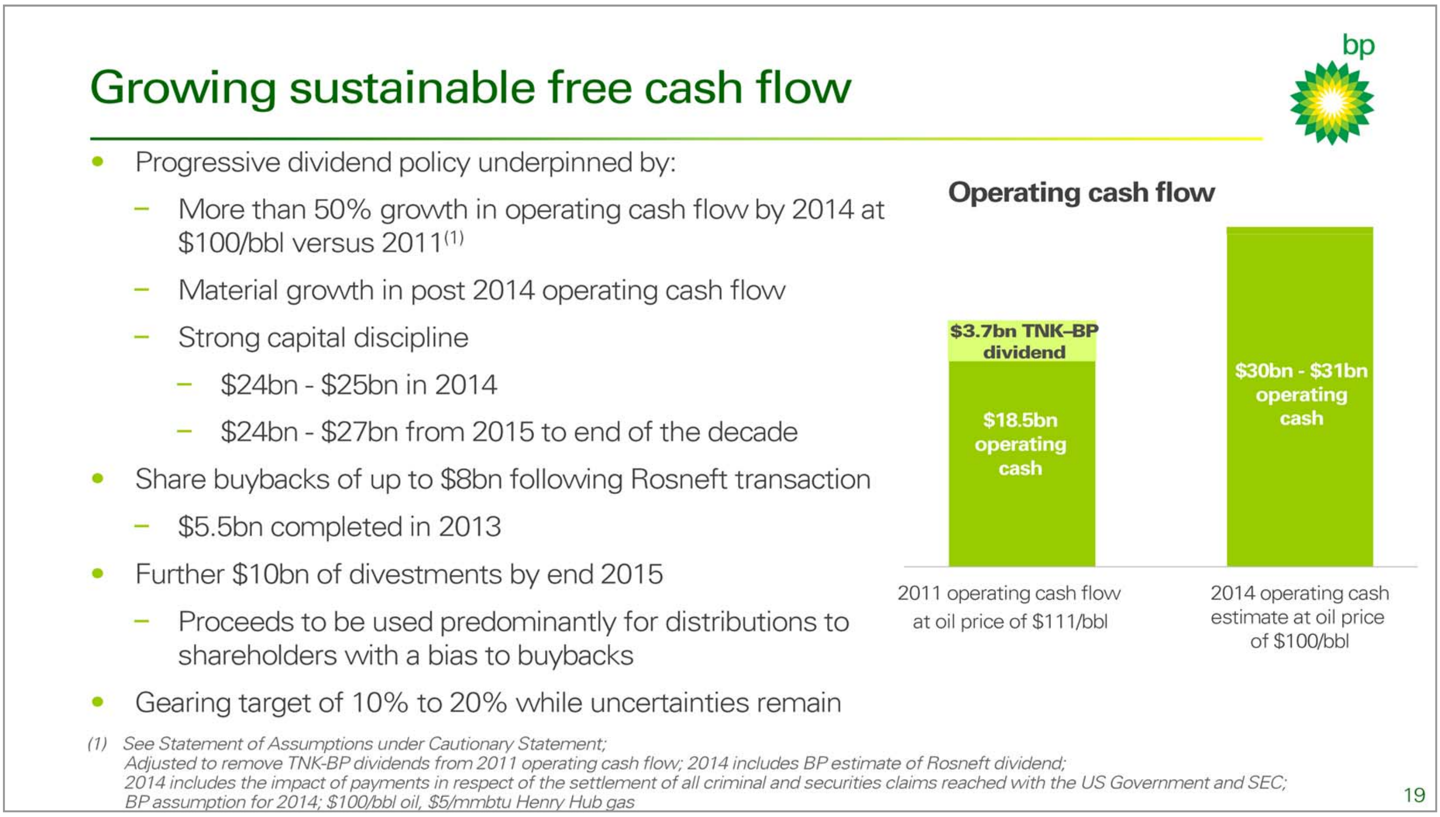
Organic capital expenditure in 2013 was $24.6 billion, and as previously indicated, we also expect 2014 capital expenditure to be between $24 billion and $25 billion.

The DD&A charge was $13.5 billion in 2013, and is expected to be around $1 billion higher in 2014, as production on new projects ramps up.

In Other Businesses and Corporate, the average underlying quarterly charge is expected to be in the range of $400 million to $500 million, although this may fluctuate between individual quarters.

The effective tax rate for 2014 is expected to be around 35%.

We will provide updated rules of thumb for 2014 on our website later this month.




Before I hand you back to Bob I'd like to summarise our overall financial framework.

We expect the combination of continued operating cash flow growth and capital discipline to enable us to grow sustainable free cash flow, underpinning progressive dividend growth into the future.

We expect to deliver operating cash flow of $30 billion to $31 billion in 2014, with continued material growth thereafter.

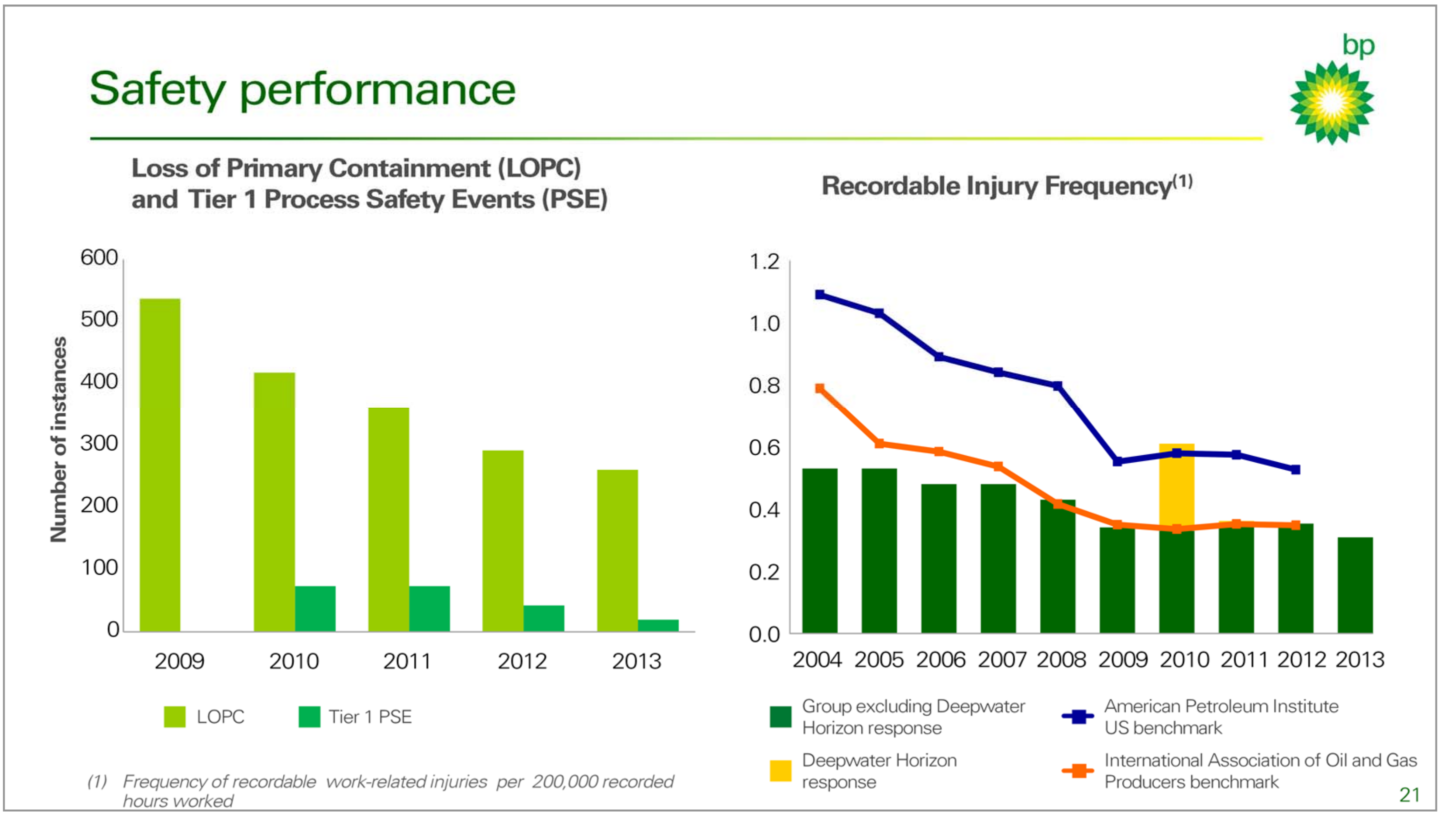
2014 capital expenditure is expected to remain at a similar level to 2013, between $24 billion and $25 billion. Beyond 2014, we expect annual capital expenditure to be in the range of $24 billion to $27 billion through to the end of the decade.

We will continue to actively manage our portfolio. As previously announced, we plan to divest a further $10 billion of assets before the end of 2015, using the post-tax proceeds predominantly for distributions, with a bias to share buybacks.

And finally, we intend to keep gearing within the 10% to 20% band, whilst uncertainties remain.

Now let me hand you back to Bob.


Thank you Brian.




So now I want to walk you through some of the important details of our 2013 performance and I'll start with safety.

These charts show an encouraging trend which I believe reflects the disciplined approach we are taking to our operations around the globe.

Looking first at Losses Of Primary Containment, which records even very small releases, 2013 showed a 4% reduction on 2012 when adjusted for divestments, continuing a multi-year improvement.

We also track Process Safety Events, the American Petroleum Institute recommended industry metric. In 2013 we saw a 47% reduction in the most serious incidents, known as Tier 1 events, versus 2012. Again, adjusted for divestments.

We also continue to focus on personal safety, and our Recordable Injury Frequency rate remains at levels comparable to, or better than, industry benchmarks.

Safety is at the heart of BP and it is good business. We are pleased with this progress but by no means do we take it for granted.

## Value creation in Rosneft

- Completed purchase and integration of TNK-BP
- Progress against strategy
  - Signed binding agreements for Arctic and unconventional developments
  - Continued modernisation of refinery portfolio
  - Growing scale of gas portfolio - including acquisitions of Alrosa gas assets and 100% of Itera
- Well positioned to benefit from changes in Russia tax legislation

| BP including 19.75% Rosneft - 2013[(1)] | |
|---|---|
| **Production** | **Proved reserves** |
| 3.2 mmboed | 18.0 bn boe |

*(1) Proforma numbers; Rosneft includes 100% of TNK-BP*

*Image source: Rosneft website*

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Let’s move on to our investment in Russia.

Rosneft has now completed the initial integration of TNK-BP and laid out its strategy for the enlarged company, identifying significant synergies and benefits.

Momentum continues to build across Rosneft generally.

In 2013, they signed a number of binding agreements for Joint Ventures and projects with IOC partners. These included unconventional development projects and also Arctic exploration. JV operating companies were established and significant quantities of 2D and 3D seismic were acquired.

Rosneft also continued its programme of modernisation in its downstream business, including upgrades at a number of refineries enabling them to produce premium-grade fuels.

Rosneft continue to deliver on their gas strategy as Russia’s regulatory and fiscal landscape evolves. This has included the removal of Gazprom’s official monopoly on LNG exports. In this area, Rosneft made a number of acquisitions and also finalised a number of long-term LNG supply agreements.

The changes to the fiscal terms in Russia have also increased the attractiveness of other opportunities within Rosneft’s portfolio.

So, in summary it was a significant year for BP in Russia and also for Rosneft. Our unique position in Russia not only makes BP a 3.2 million barrel a day business, it also adds an additional 840 million barrels of oil equivalent to our proved reserve base and opens the way for us to benefit from all of the achievements and progress that Rosneft delivers.

More widely, the relationship we have with Rosneft is growing, and we believe it will have significant long-term benefits for both Rosneft and BP.

## US legal update

**MDL 2179 Trial**

- Phase 1 and 2 proceedings complete; penalty phase not yet scheduled

**PSC Settlement[1]**

- Fifth Circuit ruling on BEL[2] contract misinterpretation
  - Changes to matching rules being progressed by District Court
  - Causation interpretation ruling pending
- Different Fifth Circuit panel upheld validity of settlement
- Temporary injunction remains in place for all BEL claims

**EPA[3] Suspension and Debarment**

- Litigation pending; on-going discussions on draft administrative agreement

**MDL 2185 Securities Litigation[4]**

- Trial scheduled for October 2014


*(1) Plaintiffs' Steering Committee (PSC)*
*(2) Business Economic Loss (BEL)*
*(3) Environmental Protection Agency (EPA)*
*(4) On behalf of American Depositary Share purchasers*

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Now let me give you an update on the status of certain Gulf of Mexico related legal proceedings in the United States.

The first phase of the MDL 2179 trial in New Orleans focused on the causes of the accident and the allocation of fault among the defendants. The second phase covered source control and the quantity of oil spilled. Both phases are now complete, with the court yet to rule on either. While the final decision rests with the Court, we continue to believe that the evidence in Phase 1 showed the accident was a result of multiple causes, involving multiple parties and that BP was not grossly negligent. We believe that Phase 2 of the trial demonstrated that BP mounted an extraordinary response and we believe it showed BP was neither negligent nor grossly negligent in its efforts, and the government's flow rate estimates are substantially overstated.

The penalty phase, in which the court will hear evidence regarding the penalty factors set out in the Clean Water Act, has not yet been scheduled for trial. The US government, BP, and Anadarko will be parties in this phase.

Turning to the settlement with the Plaintiffs' Steering Committee, and the issues involving business economic loss, or BEL, claims. As you know, we have been contesting the payment of claims which we believe to be unfounded. BP has been successful in challenging the Claims Administrator's interpretation of the BEL framework with a panel of the US Fifth Circuit court. The panel reversed the interpretation and the District Court subsequently agreed that revenues and expenses must be properly matched but failed to correct the practice of issuing awards to claimants whose losses are not traceable to the spill. BP has again appealed to the same panel requesting a permanent injunction to prevent such improper awards. This panel has agreed to consider these causation issues on an expedited basis. In the meantime, a temporary injunction remains in place for all BEL claims.

In a related development, on the 10th of January a different panel of judges from the Fifth Circuit upheld the validity of the settlement as written. However, it left to the BEL panel the question of how to interpret the agreement, including the meaning of the causation requirements I just mentioned. BP has filed a petition for rehearing of the decision.

Separately, former federal judge Louis Freeh's independent investigation of the claims facility continues, and we recently received his second written report that described some of the behaviour at the claims programme that led to the resignations of senior staff members. We continue to hope that Judge Freeh's investigation will lead to steps that ensure public confidence in the integrity of the claims process.

And while we continue to pursue litigation challenging the EPA's suspension and debarment decisions, we are also continuing to work towards an administrative agreement to resolve these issues.

And finally, I should mention another case, MDL 2185. This is a co-ordinated proceeding, pending in federal court in Texas, and includes a purported class action on behalf of American Depositary Shares, or ADS purchasers, under US federal securities law. Plaintiffs have filed a renewed motion following the courts initial rejection of a motion to certify a class. A jury trial on this action is scheduled to begin in October 2014.

In summary, we remain determined to pursue fair outcomes in all these proceedings. Importantly we continue to compartmentalise these activities to avoid distraction, and BP's operating teams remains clearly focused on delivering our strategy.


Moving on, let me update you on what we have done in our Upstream.

## 2013 Milestones and progress

**Access and exploration**

- Completed 17 exploration wells: Angola, Brazil, Egypt, Gulf of Mexico and India discoveries

**Major projects**

- Three projects brought online in 2013: Angola LNG, Atlantis North Expansion Phase 1, and North Rankin Phase 2
- Two start-ups online in 2014 – Chirag Oil and Mars B
- Four further projects on-track for 2014 start-up

**Operations**

- PSVM(1) reached plateau of 150 mboed
- Reliability and defect elimination programmes yielding results
- Successful execution of turnaround programme

**Wells**

- Production from new wells higher than in 2012
- All 15 planned top wells drilled, 13 online at year-end




*(1) Plutao, Saturno, Venus and Marte (PSVM)*

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It was an outstanding year for exploration – one which really showed the impact of playing to our strengths.

In total, we participated in seven potentially commercial discoveries across India, Egypt, Angola, Brazil and the Gulf of Mexico, making 2013 the most successful year for exploration drilling for almost a decade. This reflected the increased investment we have made in finding oil and gas, with 17 exploration wells being completed around the world in 2013, and between 15 and 20 planned for 2014.

The Lontra oil and gas discovery in the pre-salt layer in offshore Angola, announced by our partners Cobalt in October, was followed by a successful drill-stem test in December, demonstrating the excellent quality of the reservoir.

The Petrobras-operated Pitu well was confirmed as a discovery in December. This is a successful test of a new play in Brazil's frontier deepwater.

And also in December we announced a discovery at the BP-operated Gila well, in the deepwater Gulf of Mexico. The Gila discovery was drilled in approximately 4,900 feet of water, at a total depth of over 29,000 feet, and is BP's third operated discovery in the Paleogene.

Moving on to new operations, three projects were brought online in 2013 – the Angola LNG project, the first phase of the Atlantis North Expansion and the North Rankin Phase 2 project and I have already mentioned the start-up of the Chirag Oil project in Azerbaijan and the Mars B project in the Gulf of Mexico, both of which came online in the last week.

We are also on track to deliver four further major project start-ups in 2014 – Na Kika

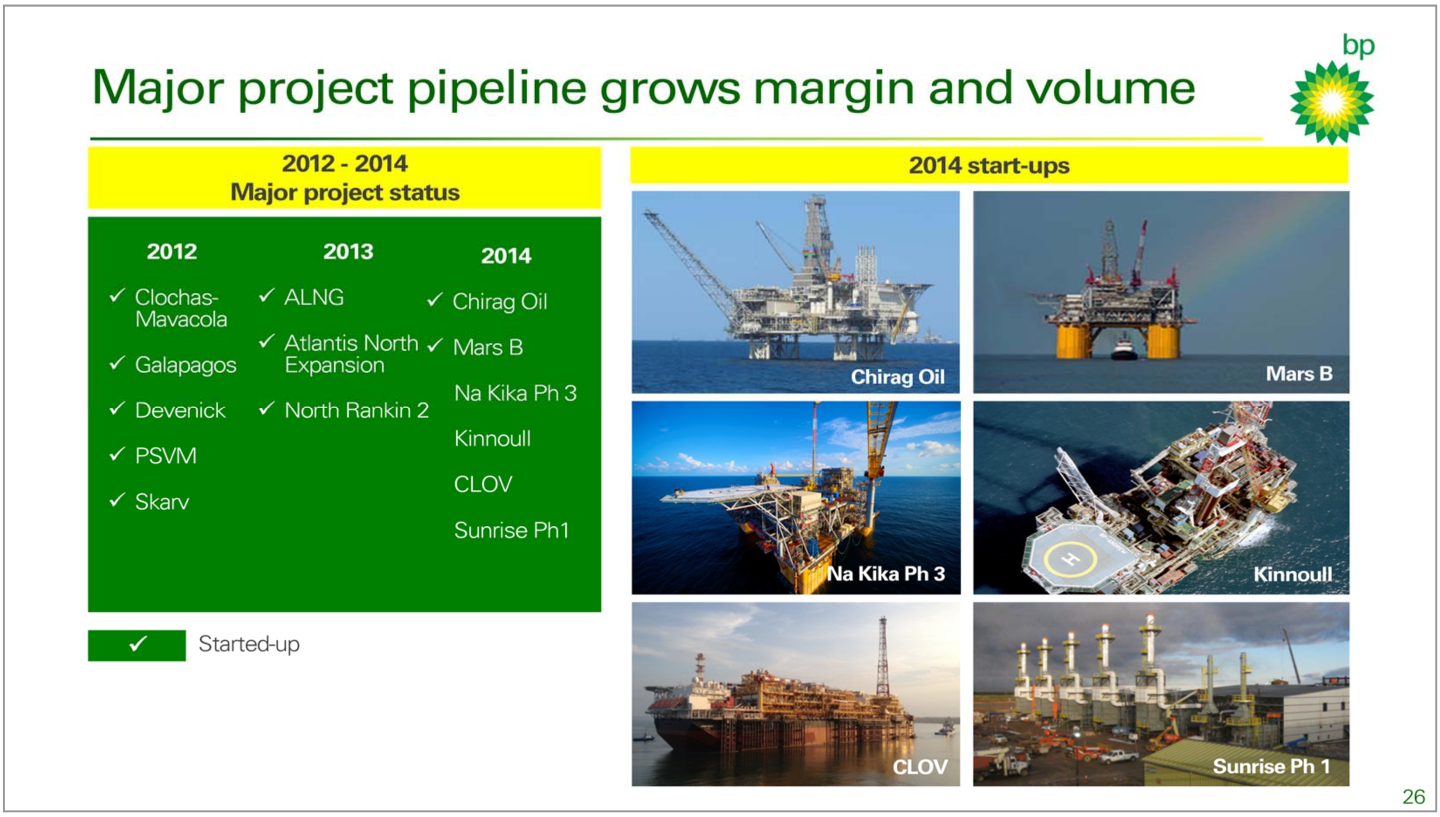
Phase 3 in the Gulf of Mexico, Kinnoull in the North Sea, CLOV in Angola, and Sunrise Phase 1 in Canada.

Across the portfolio, we continue to maintain our focus on the safe, reliable execution of activities. In 2013 we achieved a BP-operated plant efficiency of 88%, which was a significant improvement over 2012 and we expect this improving trend to continue as we move through 2014.

We successfully completed 20 planned turnarounds, including 12 in our key assets. This represents a reduced level of activity compared to 2011 and 2012. Looking forward, we intend to continue to invest in the reliability of our assets with a steady-state multi-year programme, which we expect to require a continued lower level of turnaround activity than in recent years.

At the start of the year, we identified 15 wells in key locations as the top wells for production delivery. All of these were successfully drilled by the end of the year, with two remaining to be completed by the end of this month.

Delivery of production from new wells in 2013 increased compared to 2012, particularly from some of our key Regions such as Azerbaijan and the North Sea. We expect to continue this trend of improving well delivery, with production from new wells in 2014 forecast to be higher than in 2013.




Now let me update you in more detail on our major projects.

Our recent key start-ups continue to ramp-up their production. For example PSVM in Angola, which started at the end of 2012, reached plateau production of 150,000 barrels of oil per day. In delivering this, our Angola team has started-up all four fields that make up the asset, and achieved a first-year plant efficiency of 91%.

The Chirag Oil and Mars B projects, that started-up this year, represent major new infrastructure developments in significant established oil fields in two of our key regions.

Facilities completion on the next four start-ups in 2014 now exceeds 75%. During the fourth quarter we reached several key milestones towards the delivery of these projects.

- On Nakika Phase III in the Gulf of Mexico, we completed the subsea construction, have drilled two wells, with completion now underway, and expect well start up in the first quarter;
- We also began commissioning of Kinnoull in the North Sea;
- While on Sunrise Phase I in Canada, the initial 55 well pairs were completed ahead of schedule;
- Most recently, the CLOV FPSO left the Paenal shipyard in Angola on the 20th of January to start the offshore hook-up and commissioning campaign.

Our 2012 to 2014 start-ups bring high-margin production online and will, on average, deliver twice the operating cash margin of the upstream portfolio that we held in

2011.

Looking to our next wave of developments, we sanctioned two significant projects in the fourth quarter of 2013, which we expect to deliver value for BP for decades to come:

- Shah Deniz Stage 2 and its associated Southern Corridor pipelines will develop the next phase of this gas field in the Caspian connecting it directly to European markets. 16 billion cubic metres per year of natural gas will be carried some 3,500 kilometres to Georgia, Turkey, Greece, Bulgaria and Italy; while condensate production will increase from 55,000 to 120,000 barrels per day.

- Meanwhile our Khazzan project in Oman will see some 300 wells drilled over 15 years, delivering 10bcma of gas, which is equivalent to around a third of Oman's total daily gas supply, ensuring continued stable supplies from domestic sources.

So, in summary, this has been a significant year of building momentum in the Upstream. We continue to deliver results across access and exploration, projects, wells and operations. We have, after adjusting for divestments, delivered underlying production growth in every quarter of 2013 when compared to 2012. This has been driven by improving execution of activity through our functional model and a relentless focus on safe and reliable delivery.


Now turning to the Downstream.

# Downstream milestones and progress

**Safe, high-reliability operations**

- 50% reduction in number of Tier One process safety events
- Sustained improvement in operating reliability

**Quality Downstream**

- Repositioning of the portfolio
  - Whiting Modernisation Project commissioning complete
  - Sale of Texas City and Carson assets complete
  - New unit start-ups at Cherry Point and Toledo refineries
- Exposure to growth
  - Lubricants growing cash and returns from premium brands
  - Continued construction of PTA[1] plant in Zhuhai, China
- Leading technologies
  - Announced new SaaBre and Hummingbird technologies


*(1) Purified Terephthalic Acid (PTA)*



In 2013 there were continuing improvements in safety and reliability, as well as delivering several significant milestones.

The number of Tier One safety events decreased and the business achieved a steady decrease in losses of primary containment and recordable injury frequency. Solomon refining availability was 95.6% for the fourth quarter, which was the highest level for BP since 2004.

In 2013 we met several important milestones, primarily focused on the repositioning of our US Fuels business. We completed the commissioning of all major units for the Whiting Refinery Modernisation project, finalised the sales of the Texas City and Carson refineries, and started up new units at the Toledo and Cherry Point refineries. We expect these changes to enhance the safety, margin capture and operating efficiency of our US Fuels business and, in turn, to provide significant cash generation for the Group.

Our Lubricants business continues to be an important source of revenue growth and returns for the Group as it implements its strategy of investment in technology, exposure to growth markets, distinctive global brands and targeted marketing programmes. We are also beginning to implement a programme of transformation to improve competitiveness across our mature European businesses.

In January we announced our decision to sell our specialist global Aviation Turbine Oils business. After a careful review of our portfolio, we decided the business would offer more opportunities for other companies wanting to invest in this particular sector.

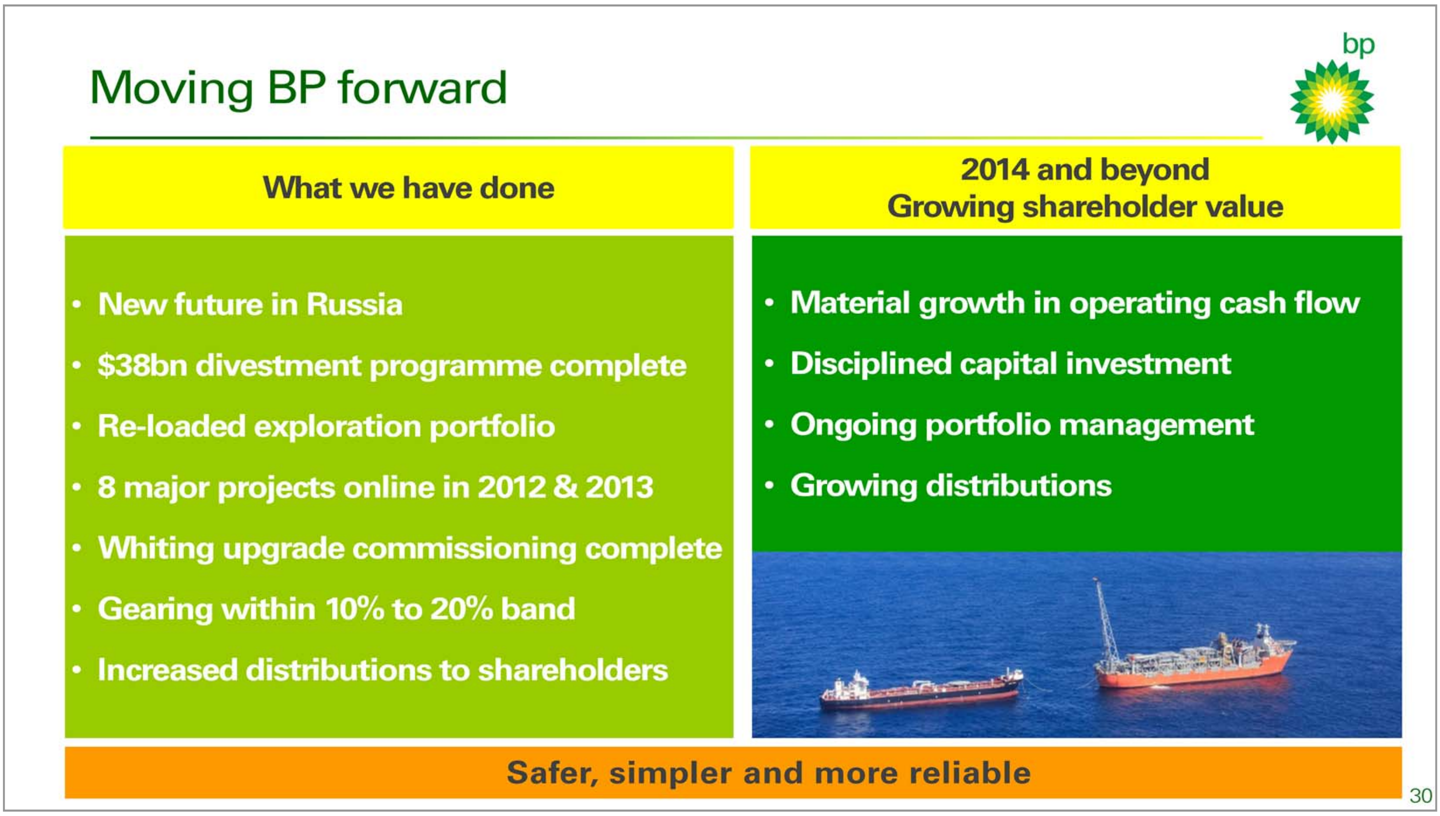
In Petrochemicals, we continued construction of a third PTA plant at Zhuhai in the Guangdong province of China which is on-track for completion in late 2014. In addition to Zhuhai, we are also retrofitting our existing facilities with our latest PTA technology to improve cost efficiency.

We also announced two new breakthrough petrochemical technologies in 2013, SaaBre and Hummingbird, which we expect to radically improve the costs of manufacturing the petrochemical feedstocks of acetic acid and the conversion of ethanol to ethylene respectively.

Looking to the future, our focus in the Downstream is to leverage our newly upgraded assets, customer relationships and leading technologies to generate material and growing free cash flow for the group.

In 2014 our capital investments are focused on safety, efficiency and growth markets and aimed at enhancing our advantaged portfolio of assets.


So I would like to close by summarising what we have achieved and look to 2014 and beyond.




We have talked today about the milestones passed in 2013. These and other recent achievements form the foundations for delivering value into the long term.

Our aim is to grow sustainable free cash flow as we continue to build and operate a high-quality portfolio in which we prioritise value over volume.

And I think that value is very much the goal to focus on in today's environment. It doesn't look like an easy sector right now but I believe that you can succeed if you do the right things well.

It means continuously reloading our pipeline of opportunities through exploration success. It means making the right investment choices. It means sticking to the capital limits we have set. And it means excellent execution of only the best projects.

At the same time, we will continue to actively manage our portfolio to ensure we are playing to our strengths and divesting assets which are not core to delivering long-term value.

And we will always make safety and reliability the top priority in all we do.

We are confident that our hard work this year keeps us on track to deliver our commitment to growth in operating cash flow in 2014 and beyond.

We are strongly committed to our progressive dividend policy and we look to use surplus cash to enhance distributions to shareholders. We look forward to telling you more about what the journey ahead looks like on the 4th of March.

That's the end of our remarks, and now Brian, Jess and I will be happy to take your questions.

# Q&A

**Bob Dudley**
Group Chief Executive

**Brian Gilvary**
Chief Financial Officer

**Jessica Mitchell**
Head of Group Investor Relations