Fergus MacLeod
Head of Investor Relations
Cautionary statement

Forward-looking Statements
This presentation and the associated slides and discussion contain forward looking statements, particularly those regarding BP’s asset portfolio and changes to it, acquisitions, capital expenditure, cash flow and cash generation, competitive position, costs and cost inflation, cost reduction plans, demand for oil and gas, divestments, dividends, finance cost and interest, free cash flow levels, future performance, gearing, growth, impact of inflation, margins, pension and benefit plan funding, prices, production capacity, production decline rates, productivity, resource additions, returns, share buybacks and other distributions to shareholders, tax rates and the effect of tax increases, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties 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; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this presentation.

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

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The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as “resources” and “reserves”, that the SEC’s guidelines strictly prohibit us from including in our filings with the SEC. We also include certain operating measures which are calculated using proved reserves attributed to equity accounted entities as well as consolidated entities and which exclude acquisitions and divestitures. SEC Staff guidance states that such measures should not include both proved reserve additions attributable to consolidated entities and equity accounted entities and should be based on beginning and ending proved reserve quantities as disclosed in the Form 20-F. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-6262, available from us at 1 St. James’s Square, London SW1Y 4PD. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

February 2006
John Browne
Group Chief Executive
Agenda

- Results
- Strategy
- Discussion
2005

- Record level of net income
- Record free cash flow of $25bn
- Reduced gearing to below 17%
- Sold Innovene for $8.3bn cash
- Replaced 100% of production
- Started 7 new upstream projects
- Launched BP Alternative Energy
- Distributed $19bn of cash to shareholders
- Increased dividend by 10% year on year
The outlook

- Increasing production by 4% p.a. at $40/bbl ’05-’10
- Maintaining capital discipline
- High-grading portfolio – ca. $3bn divestments p.a.
- Shareholder distribution potential $50bn ’06-’08 at $41/bbl:
  - +25% on ‘03-’05 in similar environment
Trading environment

**Oil realisation**

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<tbody>
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<td></td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
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</table>

**Gas realisation**

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<tbody>
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<td>$/mcf</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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</tr>
</tbody>
</table>

**Refining indicator margin**

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<tr>
<td></td>
<td>14</td>
<td>12</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

**Average realisations**

- Crude oil $/bbl: 31% vs. 38%
- Natural gas $/mcf: 46% vs. 27%
- Total hydrocarbon $/boe: 37% vs. 33%
- Refining indicator margin $/bbl: 34% vs. 36%
# Financial results

## Results for the fourth quarter

<table>
<thead>
<tr>
<th></th>
<th>$bn</th>
<th>%</th>
<th>% per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement cost profit</td>
<td>4.4</td>
<td>+26</td>
<td>+31</td>
</tr>
<tr>
<td>Profit including inventory gains/losses</td>
<td>3.7</td>
<td>+22</td>
<td>+28</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>4.2</td>
<td>(18)</td>
<td>(14)</td>
</tr>
</tbody>
</table>

### Results for the full year

<table>
<thead>
<tr>
<th></th>
<th>$bn</th>
<th>%</th>
<th>% per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement cost profit</td>
<td>19.3</td>
<td>+25</td>
<td>+29</td>
</tr>
<tr>
<td>Profit including inventory gains/losses</td>
<td>22.3</td>
<td>+31</td>
<td>+35</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>26.7</td>
<td>+14</td>
<td>+18</td>
</tr>
</tbody>
</table>

## Change vs. 2004

<table>
<thead>
<tr>
<th></th>
<th>%</th>
<th>% per share</th>
</tr>
</thead>
</table>

## Dividend to be paid next quarter

- Dividend: 9.375
- Change vs. 2004: +10
## Non-operating items (NOIs)

<table>
<thead>
<tr>
<th></th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-operating items</strong></td>
<td>787</td>
<td>(1,206)</td>
<td>(1,255)</td>
<td>(1,164)</td>
<td>(2,838)</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>(245)</td>
<td>384</td>
<td>334</td>
<td>611</td>
<td>1,084</td>
</tr>
<tr>
<td><strong>Total post-tax</strong></td>
<td>542</td>
<td>(822)</td>
<td>(921)</td>
<td>(553)</td>
<td>(1,754)</td>
</tr>
</tbody>
</table>

### 2004:

- 1Q: 0.5
- 2Q: (0.5)
- 3Q: 0.0
- 4Q: (1.5)

### 2005:

- 1Q: 1.0
- 2Q: 0.5
- 3Q: 0.0
- 4Q: (1.0)
**Exploration & Production**

**4Q result - $bn pre-tax***

- **4Q 04**
  - NOIs included above: $(228)m

- **4Q 05**
  - NOIs included above: $(979)m

- Higher oil and gas prices
- IFRS embedded derivative charge (NOI)
- Hurricane impacts
- Increased TNK-BP contribution
- Full year production growth impacted by hurricanes

*Under IFRS includes profit after interest and tax of equity-accounted entities*
## Reserves replacement ratio*

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK GAAP / SORP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term planning prices</td>
<td>110%</td>
<td>100%</td>
</tr>
<tr>
<td>(2004 $20/bbl, 2005 $25/bbl)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>US GAAP / SEC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year end prices</td>
<td>89%</td>
<td>95%</td>
</tr>
<tr>
<td>(2004 $40/bbl, 2005 $58/bbl)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Discoveries, extensions, revisions and improved recovery only, excludes A&D activity*
Refining & Marketing

4Q result - $bn pre-tax*

- Stronger refining and retail margins
- Texas City and Hurricanes
- Restructuring charges
- IFRS fair value accounting: negative impact

NOIs included above:
- 4Q 04: $(365)m
- 4Q 05: $50m

*Under IFRS includes profit after interest and tax of equity-accounted entities
Gas, Power & Renewables

4Q result - $bn pre-tax*

<table>
<thead>
<tr>
<th></th>
<th>4Q 04</th>
<th>4Q 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOIs included above</td>
<td>$40m</td>
<td>$(307)m</td>
</tr>
</tbody>
</table>

- IFRS embedded derivatives charge (NOI)
- Lower gas marketing and trading contribution
- IFRS fair value accounting: positive impact

*Under IFRS includes profit after interest and tax of equity-accounted entities
Other Business & Corporate

4Q result - excluding Innovene
$bn pre-tax*

<table>
<thead>
<tr>
<th></th>
<th>4Q 04</th>
<th>4Q 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOIls Included above</td>
<td>$(11)m</td>
<td>$(64)m</td>
</tr>
</tbody>
</table>

*Under IFRS includes profit after interest and tax of equity-accounted entities

Corporate activities phasing
Olefins & Derivatives

- **Innovene**
  - Sale completed 16th December
  - $8.3bn cash proceeds

- **Retained operations**
  - Reported in OB&C during 2005
  - Transfer to R&M in 2006
Guidance on 2006 group items

- Other Business & Corporate (OB&C):
  - $(900)m / year ± $200m

- Interest expense:
  - Finance costs: proportionate to debt level and market interest rates
  - Other finance expense: $200 million improvement

- Pensions & Benefits:
  - Operating expense: similar to 2005
  - Cash contributions: similar to 2005
## Guidance on tax rate

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective tax rate (ETR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying ETR</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>One-time items</td>
<td>(3)%</td>
<td>2%</td>
</tr>
<tr>
<td>Reported ETR</td>
<td>32%</td>
<td>39%</td>
</tr>
<tr>
<td>Marginal ETR</td>
<td>40%</td>
<td>42%</td>
</tr>
<tr>
<td>Cash tax rate</td>
<td>31%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Cash tax rate expected to fall back to 35% beyond 2006

*2006 estimate based on similar prices and margins as in 2005
## 2006 estimated rules of thumb

<table>
<thead>
<tr>
<th>Full year (pre-tax)</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oil price</strong> Brent ± $1/bbl</td>
<td>500</td>
</tr>
<tr>
<td><strong>Gas price</strong> Henry Hub ± $0.1/mmbtu</td>
<td>80</td>
</tr>
<tr>
<td><strong>Refining margin</strong> GIM ± $1/bbl</td>
<td>950</td>
</tr>
</tbody>
</table>

- Rules of thumb are approximate
- Actual impacts will depend on:
  - Volumes / portfolio mix
  - Absolute price level
  - Refining availability
Sources and uses of cash

<table>
<thead>
<tr>
<th>Sources</th>
<th>Uses</th>
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</thead>
<tbody>
<tr>
<td>Disposals</td>
<td>2004</td>
</tr>
<tr>
<td>Operations</td>
<td>Dividends</td>
</tr>
<tr>
<td>23.4</td>
<td>Organic capex</td>
</tr>
<tr>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>Dividends</td>
</tr>
<tr>
<td>26.7</td>
<td>Organic capex</td>
</tr>
</tbody>
</table>
Net debt ratio

Net debt ratio = net debt / (net debt + equity)
Shareholder distributions

- Buybacks
- Dividends
- Share issues

<table>
<thead>
<tr>
<th>Year</th>
<th>Buybacks</th>
<th>Dividends</th>
<th>Share issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>20</td>
<td>18</td>
<td>(2)</td>
</tr>
<tr>
<td>2003</td>
<td>16</td>
<td>14</td>
<td>(2)</td>
</tr>
<tr>
<td>2004</td>
<td>10</td>
<td>8</td>
<td>(2)</td>
</tr>
<tr>
<td>2005</td>
<td>12</td>
<td>6</td>
<td>(2)</td>
</tr>
</tbody>
</table>
External environment

- Oil prices
- Gas prices
- Refining margins
Oil demand

% Oil demand GDP

Source: Oil demand, BP estimate; GDP, Oxford Economic Forecasting
Oil supply

Non-OPEC output growth

Year-on-year change; source: BP

OPEC surplus capacity

End year; source: ’00 – ’03 DOE/EIA; ’04 – ’05 BP estimates
Crude oil prices

Dated Brent
$ per bbl

$54.52
$38.27

+42%

Daily prices
Source: USGC Platts quotes
Gas prices

US Henry Hub
$ per mmbtu

Daily prices
Source: USGC Platts quotes
Refining: light heavy spreads

WTI – Maya
$ per bbl

Weekly averages
Source: USGC Platt's quotes
Exploration & Production

- Consistent and enduring strategy
- Start-up of 20 new projects over the next 3 years
- Improvement in unit margins
- Resource base: 18bn boe proved, 41bn boe non-proved
- Russia
- Disciplined increase in capital spending
- Scale and quality of the portfolio: continuous high-grading
Tony Hayward

Chief Executive, Exploration & Production
Strategy

- Build production with improving returns
- Focus
  - Material positions
  - Biggest fields
- First mover – create number one or two positions
- Manage decline
- Portfolio
Exploration track record (external view)

Mmboe discovered per year 95-04

- BP: 1,200
- ExxonMobil: 1,000
- Shell: 800
- Total: 600
- Chevron: 400
- Eni: 200

Value created $bn

- BP: 30
- Shell: 20
- ExxonMobil: 10
- Total: 5
- Eni: 2
- Chevron: 1

Finding cost $/boe

Exploration focus

- Sakhalin
- Egypt GoM Deep Water
- Trinidad
- Angola Deep Water
- Algeria
Reserves replacement

Reserve replacement for subsidiaries + associates, excludes A&D
Finding & development costs

Industry F&D cost
BP F&D cost

5 year moving average

BP F&D is for subsidiaries + associates; industry data is for subsidiaries only
<table>
<thead>
<tr>
<th>Project start-ups</th>
<th>2003 - 2005</th>
<th>2006 - 2008</th>
<th>2009 and beyond</th>
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<tbody>
<tr>
<td>Trinidad Train 3</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Jasmim</td>
<td>✔</td>
<td></td>
<td></td>
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<tr>
<td>Xikomba</td>
<td>✔</td>
<td>✔</td>
<td></td>
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<td>Atlas Methanol</td>
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<td>Mardi Gras</td>
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<td>Na Kika</td>
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<td>✔</td>
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<td>Bombax</td>
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<td>Kapok</td>
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<td>In Salah</td>
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<td>✔</td>
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<td>Australia LNG</td>
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<td></td>
</tr>
<tr>
<td>Train 4</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Kizomba A</td>
<td>✔</td>
<td>✔</td>
<td></td>
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<tr>
<td>Holstein</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Valhall Flank &amp; WaterFlood</td>
<td>✔</td>
<td>✔</td>
<td>under appraisal</td>
</tr>
</tbody>
</table>

- **On stream**: ✔
- **In development**: ✔
- **Under appraisal**: ✗
Sources of EBITDA improvement 2005 - 2008

BP projection
Existing profit centres

Production mmboe/d

Divestments 02-05
Production excluding divestments

2006 onwards - BP projection at $40/bbl Brent
TNK-BP: production and capex

TNK-BP gross: 2006 onwards - BP projection
TNK-BP

- Refining and marketing enhancements
- Portfolio high-grading
- Organisational capability improving
- Dividends
BP projection for ’06-’08
2003 TNK-BP capex reflects BP’s estimated net share post-merger
TNK-BP and PAE are self-funding.
Costs and taxes

- Portfolio
- Sector specific cost escalation
- Supply chain management
- Discipline and focus
- Taxes
Production

BP projection for '06-'10 with end '05 portfolio
Resource growth & progression
2001-2005

Totals in billion boe
proved UK SORP, non-proved BP data
Reserves and resources progression

New Access
- Exploration “Yet to Find”
- Technology under development
- Commercial alignment & existing technology
- Sanctioned by 2010

Proved
- GoM DW discoveries
- Angola: Block 31
- Alaska gas
- Egypt gas
- NA Gas: tight gas

Proved UK SORP, non-proved BP data

Short term to 2010
Medium term to 2015
Long term beyond 2015
E&P summary

- Focussed exploration strategy
- 13 years reserve replacement of 100% or more
- 4% p.a. production growth ’05-’10 at $40/bbl
  - Major projects on track
  - Decline in existing centres 3% p.a.
  - Strong operating performance from TNK-BP
- Strong and growing resource base
- Discipline and focus
Gas

- Second largest natural gas producer amongst the International Oil Companies
- Largest supplier of gas to North America
- Operating a fully integrated gas business
- Access to key infrastructure to place natural gas into high value markets
- LNG business growing rapidly
Gas: integration

Upstream

Production

#2 producer
8.4bcf/day

Midstream

Pipeline

LNG

Liquefaction

Re-gasification

#2 Gas into LNG plants
1.7bcf/day

Downstream

Power

Industry / Other

#1 North America gas
Gas: production

Average 4% p.a. growth ’05 -’10

’06 onwards BP projection
Gas: resources

Includes BP share of TNK-BP
Gas: infrastructure

Includes projects under development and contractual rights to liquefaction / re-gasification

- Major pipelines
- Future pipeline options
- Gas liquefaction plants 1.7 bcf/day
- LNG re-gasification terminals >1 bcf/day
Gas: monetisation

- 2005: 80% pipeline, 20% LNG
- 2010: 70% pipeline, 30% LNG

Growing LNG
- Tangguh / NW Shelf
- Shipping / merchant trading
- Re-gasification: US, UK, Spain, China

Other routes to market
- Power generation
- Gas to Liquids (GTL)
- Gas marketing: North American leader
Alternative energy

2006

Grow wind power to 450MW

Cut greenhouse gas emissions by 24 million tonnes/year

BP projections
Gas summary

- 2nd largest gas producer with distinctive production growth
- 2nd largest supplier of gas into LNG plants
- Strong marketing positions in large and growing markets
- Integrated to provide value across the gas chain
- Moving ahead with low carbon power
Refining & Marketing

- Refurbishing Texas City and restarting production 1Q onwards
- Increasing investment in advantaged refineries
- Developing low-cost supply envelopes around our refineries
- Improving margins through superior customer offers and rigorous cost management: reducing unit costs
- Building acetic acid and PTA capacity in Asia to maintain global competitive position
R&M: shape

2005 operating capital employed

- Refining: 46%
- Aromatics & Acetyl: 9%
- Retail: 12%
- Business Marketing: 4%
- Business Marketing: 4%
- New Markets: 4%
- Lubricants: 25%
Refining: Texas City

- 23rd March explosion
- 21st September Hurricane Rita shutdown
- Inspection and engineering evaluation
- Repairs and modification programme
- Training and accountabilities
- Phased start-up from 1Q
Refining: portfolio

Average size kbbl/d

Complexity index

Source: Oil & Gas Journal 2005, excludes TNK-BP

Circle area proportional to nameplate capacity

2 mmbbl/d
Refining: investments

Organic capex $bn

<table>
<thead>
<tr>
<th></th>
<th>03 – 05 Average</th>
<th>06 – 08 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrading</td>
<td>0.8</td>
<td>1.6</td>
</tr>
<tr>
<td>Base / Integrity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BP projection ‘06–’08
Refining: optimisation & cost efficiency

Commercial optimisation index

Energy intensity index

BP data, indexed 2003 = 100
A&A: growth & cost efficiency

Nameplate capacity mtes

Cost efficiency index, 2003 = 100

Europe

Americas

Asia

BP projection ’06–’08
Retail: brands

- Castrol
- bp
- Wild Bean Café
- ARCO
- ARAL
- bp connect
- Amoco ultimate
Retail: offer quality

BP data. Gross margin and Ultimate mix indexed 2003 = 100
Retail: portfolio

No of BP owned sites (thousands):
- 2003: 8.6
- 2004: 8.4
- 2005: 7.6
- Average 2006-2008: 5.8

BP projection ‘06-’08
R&M: cost efficiency programmes

- Phase 1: in execution
  - Marketing operating / overhead costs
  - Complete by end ‘07
  - $0.5bn cost reduction in ‘08
  - 10% improvement in marketing unit costs targeted

- Phase 2: in final planning
  - Transaction system effectiveness
  - Further productivity improvement
R&M: investment patterns

<table>
<thead>
<tr>
<th>Organic capex $bn</th>
<th>'03 – '05 average</th>
<th>'06 – '08 average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Aromatics &amp; Acetyls</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Refining</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

BP projection '06–'08
R&M: summary

- Focus on safety and integrity
- Invest into advantaged capacity
- Deliver efficiency improvements
- Improve customer offers
Production growth 2000 - 2005

CAGR %

<table>
<thead>
<tr>
<th>Company</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP</td>
<td>4.4</td>
</tr>
<tr>
<td>World Average</td>
<td>2.0</td>
</tr>
<tr>
<td>TOT</td>
<td>3.6</td>
</tr>
<tr>
<td>RDS</td>
<td>-0.8</td>
</tr>
<tr>
<td>XOM</td>
<td>-1.0</td>
</tr>
<tr>
<td>CVX</td>
<td>-1.7</td>
</tr>
</tbody>
</table>

Source: company reports, broker estimates for Total 4Q05
Underlying ROACE vs. competition

**BP ROACE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Headline</th>
<th>Underlying</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>2002</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>2003</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>2004</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>2005*</td>
<td>20%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Peer range: ExxonMobil, Shell, Chevron, Total; peer source: published reports *2005 rolling 4Qs to 3Q05
BP data: ‘01-’02 UK GAAP; ’03-’05 IFRS

Headline ROACE = (Net Income + MI + Interest post tax) / (Average capital employed)
Underlying ROACE = (Net Income + MI + Interest post tax + non-operating items) / (Average capital employed excl. goodwill)
Reinvestment ratios

Peer range: ExxonMobil, Shell, Chevron, Total
Peer source: Published reports *2005 rolling 4Qs to 3Q05
BP data: ’01-’02 UK GAAP; ’03-’05 IFRS
reinvestment ratio = organic capex / cash from operations
<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>13.8</td>
<td>13.9</td>
<td>~15</td>
</tr>
<tr>
<td>Exploration &amp; Production</td>
<td>9.7</td>
<td>10.1</td>
<td>~11</td>
</tr>
<tr>
<td>Refining &amp; Marketing</td>
<td>2.7</td>
<td>2.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Gas, Power &amp; Renewables</td>
<td>0.5</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Other</td>
<td>0.9</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Acquisitions</strong></td>
<td>2.8</td>
<td>0.2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Divestments</strong></td>
<td>(5.0)</td>
<td>(11.2)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

Source: Company reports; ‘06 BP projection

Divestments pre-tax. ‘04-’05 capital expenditure includes Innovene
Free cash flow

- Grow sustainable free cash flow

- 2005: a record $25bn, helped by environment and Innovene sale

- ’03-’05 average:
  - around $15bn p.a. at $41/bbl average oil price
  - around $13bn p.a. after adjusting for divestments and working capital changes
Five point business plan

Objective: Grow sustainable Free Cash Flow

1. Grow production 4% p.a. ‘05-’10 at $40/bbl
2. Control cost increases below inflation
3. Increase ROACE relative to peer group
4. Maintain capital discipline: ~around $15bn ’06
   ~$0.5bn/yr increase ’07-’08
5. Divest $3bn per year average
Financial framework

- Dividends
- Gearing
- Use of excess free cash flow
Dividends

- Progressive

- Sustainable:
  - test under downside conditions: $25/bbl

- Dynamic:
  - per-share dividend benefits from reduction in equity base from buyback programme
Historical dividend

5 year average

20 year average

Dividends as paid basis, 2005 YTD inflation

CAGR %

Dollar DPS
Inflation
Sterling DPS
Inflation

Dollar DPS
Inflation
Sterling DPS
Inflation
## Shareholder distribution potential

### 2003 - 2005 average

<table>
<thead>
<tr>
<th></th>
<th>Brent $/bbl</th>
<th>HH $/mcf</th>
<th>refining $/bbl</th>
</tr>
</thead>
<tbody>
<tr>
<td>average</td>
<td>41</td>
<td>6.7</td>
<td>6.4</td>
</tr>
</tbody>
</table>

### 2006 - 2008 cases

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent $/bbl</td>
<td>25</td>
<td>41</td>
<td>60</td>
</tr>
<tr>
<td>HH $/mcf</td>
<td>4.0</td>
<td>6.7</td>
<td>9.5</td>
</tr>
<tr>
<td>refining $/bbl</td>
<td>3.5</td>
<td>6.4</td>
<td>6.4</td>
</tr>
</tbody>
</table>

### Future shareholder distribution potential

- **Assumptions-based potential**
  - '03-'05: $19bn (Share buybacks) + $21bn (Dividends) = $30bn
  - '06-'08:
    - A: $30bn
    - B: $50bn
    - C: $65bn

### Graphical Representation

- **Share buybacks**
- **Dividends**
- **Future shareholder distribution potential**
2006 guidance

- Production in the range of 4.1 - 4.2 mmboe/d at $40/bbl
- Capital spending around $15bn
- Divestment level to be around $3bn
Summary

- Strong near term operating environment
- Growth momentum underpinned by quality of incumbent positions in resources and assets
- Maintaining capital and cost discipline
- Commitment to grow and distribute free cash flow