Bob Dudley
Group Chief Executive
Cautionary statement

Forward looking statements - cautionary statement
This presentation and the associated slides and discussion contain forward looking statements, particularly those regarding energy demand and sources of supply; possible short term impact on costs and volumes from various actions to grow value; production growth and future production; refining margins; the petrochemicals environment; refinery turnaround activity and costs; cash costs and capital expenditure; disposals, including strategy and proceeds from disposals; completion of acquisitions; effective tax rate; maintenance of a cash liquidity buffer; reduction in the gearing ratio; payment of dividends; investments in safety and operational risk; increase in turnaround activity and impact on production; embedding of the operating management system; focus on competency capability and safety culture; actions of the Safety and Operational Risk organisation; the expected timing of the transition of control of the Gulf of Mexico response operations from the GC-IMT to the BP Gulf Coast Restoration Organization; internal organisational changes and advancing learning from the Gulf of Mexico (GoM) incident; the magnitude and timing of costs relating to the GoM oil spill; the magnitude of BP’s ultimate exposure relating to the oil spill and potential mitigation by other parties; payments to the oil spill trust fund and return of any excess cash from the fund; availability of cash when payments to the fund cease; timing of investigations and litigation proceedings relating to the oil spill; restarting GoM activity; GoM production; start-up of projects and their contribution to production; depreciation, depletion and amortization; underlying average quarterly charge from other businesses and corporate; future exploration activity and spend; future upstream developments and ramp up of activities in Iraq; growth in TNK-BP, including investment and production; upstream strategy (including focus on safety improvements and operational risk reduction; relationships with large resource holders and National Oil Companies; exploration investment; shifting emphasis from volume to long-term value growth; investments in technology and capability); improvements in refining efficiency; move to new refining marker margin; refinery divestments; repositioning of US Fuels Value Chains (FVC) (including divesting Southern West Coast FVC and retaining Northern West Coast FVC) and halving US refining capacity; improvements in Eastern Hemisphere FVCs, including growth in margin capture and access; investment in Toledo and Whiting refineries; timing of Whiting refinery modernization project; growth in lubricants and petrochemicals; refining and marketing performance outlook, including performance improvement and growth in earnings and returns; investments in Alternative Energy; potential for biofuels as source of transport fuels; expansion of biofuels operations in Brazil; expected sanction of lignocellulosic ethanol production facility and advancing technology for biobutanol production. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors including the timing of bringing new fields onstream; future levels of industry product supply; demand and pricing; OPEC quota restrictions; PSA effects; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought; the impact on our reputation following the Gulf of Mexico oil spill; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors, trading partners, creditors, rating agencies and others; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism or sabotage; and other factors discussed in this presentation, under “Risk factors” in our Annual Report and Accounts 2009 and our 2009 Annual Report on Form 20-F, filed with the US Securities and Exchange Commission (SEC) and under “Principal risks and uncertainties” in BP’s Current Report on Form 6-K filed with the SEC on 28 July 2010.

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

Cautionary note to US investors - We use certain terms in this presentation, such as “resources” and “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.
February 2011
Agenda

Introduction  Bob Dudley

2010 results  Byron Grote

Safety & Operational Risk  Bob Dudley
Gulf of Mexico oil spill
Exploration & Production

Refining & Marketing  Iain Conn

Alternative Energy  Bob Dudley
Conclusion

Q&A
2010: Gulf of Mexico oil spill and response

Deepwater Horizon incident
• 11 lives lost

Response
• Unprecedented containment, well-capping and clean-up
• Dividend suspended
• $20bn Trust Fund established
• $30bn divestment programme initiated
• New Safety and Operational Risk organization
• Reorganization of BP’s upstream business
• Introduced new performance management
• Sharing and implementing learnings
2010: underlying performance

Strong underlying financial performance(1)

• Underlying earnings of $20.5bn and operating cash flow of $29.6bn

Business performance delivery

• 106% reserves and 470% resource replacement(2)
• Access and exploration success
  − Brazil, Azerbaijan, Egypt, North Sea, Indonesia, China
• 15 projects progressed through Final Investment Decision
• Improved Production Target achieved in Iraq
• $0.9bn of underlying performance improvement in R&M(3)

Successful divestment program

• Realized values exceeded expectations
• Portfolio refocused

---

(1) Adjusted for the costs associated with the Gulf of Mexico oil spill, other Non-Operating Items and Fair Value Accounting Effects
(2) Reserves and resource replacement, as reported on a combined basis of subsidiaries and equity accounted entities, excluding acquisitions and divestments
(3) Adjusted for non-operating items, fair value timing effects and the environment effect of refining margins, petrochemical margins, forex and energy costs
Energy demand to 2030

* Includes biofuels

Source: BP Energy Outlook 2030
The challenge of meeting growing demand

(1) Today’s borders
* Includes biofuels
Source: BP Energy Outlook 2030
Moving BP forward
Our strategic agenda

Putting Safety & Operational Risk management at the heart of the company
• A long term integrated approach
  − How we manage risk
  − How we operate
  − How we partner with governments and contractors
  − How we reward our people

Re-building trust
• Meeting our commitments to the US
• Sharing and implementing lessons globally

Value growth
• Dividend resumed
• Active portfolio management: divesting/acquiring for value
• Investing for upstream value
  − Growth project portfolio + focussed base = potential for stronger growth
  − Increasing investment in exploration
  − New forms of partnerships with resource holders
• Reshaping downstream
  − More focussed portfolio: improved returns and growth
The BP team

2011 BP investor roadshow team

Bob Dudley
Group Chief Executive

Iain Conn
Chief Executive
Refining & Marketing

Byron Grote
Chief Financial Officer

Andy Hopwood
Executive Vice President,
Strategy & Integration

Mark Bly
Executive Vice President,
Safety & Operational Risk

Brian Gilvary
Deputy Group CFO &
Head of Finance

Mike Daly
Executive Vice President,
Exploration

Lamar McKay
President & Chairman
BP America & GCRO

Steve Westwell
Executive Vice President,
Group Strategy &
Integration

Bernard Looney
Executive Vice President,
Developments

Fergus MacLeod
Head of Investor
Relations

Bob Fryar
Executive Vice President,
Production

Rupert Bondy
Group General Counsel

Iain Conn
Chief Executive
Refining & Marketing

Peter Henshaw
Group Head of
Communications

Byron Grote
Chief Financial Officer

Steve Westwell
Executive Vice President,
Group Strategy &
Integration

Fergus MacLeod
Head of Investor
Relations

Bob Fryar
Executive Vice President,
Production

Rupert Bondy
Group General Counsel

Peter Henshaw
Group Head of
Communications

David Peattie
Senior Vice President,
Russia
Byron Grote
Chief Financial Officer
Trading environment

Liquids realization

Gas realization

Refining indicator margin

Average realizations

<table>
<thead>
<tr>
<th></th>
<th>4Q</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquids $/bbl</td>
<td>16%</td>
<td>30%</td>
</tr>
<tr>
<td>Natural gas $/mcf</td>
<td>8%</td>
<td>22%</td>
</tr>
<tr>
<td>Total hydrocarbons $/boe</td>
<td>10%</td>
<td>25%</td>
</tr>
<tr>
<td>Refining indicator margin $/bbl</td>
<td>211%</td>
<td>11%</td>
</tr>
</tbody>
</table>
Financial results

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

<table>
<thead>
<tr>
<th></th>
<th>4Q09</th>
<th>4Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration &amp; Production</td>
<td>7.1</td>
<td>6.7</td>
</tr>
<tr>
<td>Refining &amp; Marketing</td>
<td>0.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Other businesses &amp; corporate</td>
<td>(0.3)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Consolidation adjustment</td>
<td>(0.5)</td>
<td>0.1</td>
</tr>
<tr>
<td>Replacement cost profit before interest and tax</td>
<td>6.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Interest &amp; minority interest</td>
<td>(0.4)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Tax</td>
<td>(1.5)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Replacement cost profit</td>
<td>4.4</td>
<td>4.4</td>
</tr>
</tbody>
</table>

Earnings per share ($c) | 23.4 | 23.2 |

Cash from operations ($bn)* | 7.3  | 5.2  |
Dividend paid ($bn)          | 2.6  | -    |
Organic capital expenditure ($bn) | 5.9  | 5.2  |
Dividend per share ($c)      | 14.0 | 7.0  |

* 4Q10 excludes post-tax cash outflows of $(5.4)bn related to Gulf of Mexico oil spill
# Gulf of Mexico oil spill costs and provisions (pre-tax, pre partner recovery)

<table>
<thead>
<tr>
<th>$bn</th>
<th>2Q10</th>
<th>3Q10</th>
<th>4Q10</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge for the period</td>
<td>32.2</td>
<td>7.7</td>
<td>1.0</td>
<td>40.9</td>
</tr>
<tr>
<td>**Balance sheet ***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brought forward</td>
<td>30.1</td>
<td>27.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge/ (credit) to income statement</td>
<td>32.2</td>
<td>7.7</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Payments into Trust Fund</td>
<td></td>
<td>(3.0)</td>
<td>(2.0)</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Other related payments in the period</td>
<td></td>
<td>(2.1)</td>
<td>(7.1)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Carried forward</td>
<td>30.1</td>
<td>27.7</td>
<td>23.3</td>
<td></td>
</tr>
<tr>
<td><strong>Cash payments</strong></td>
<td>2.1</td>
<td>10.1</td>
<td>5.4</td>
<td>17.7</td>
</tr>
</tbody>
</table>

* Balance sheet amount includes all provisions, other payables and the reimbursement asset balances related to the Gulf of Mexico oil spill
Exploration & Production

- Stronger environment
- Lower depreciation
- Loss in gas marketing and trading
- Reported production 9% lower – adjusting for PSA entitlement effects and A&D, production 6% lower
  - Higher turnaround activity than 4Q09
  - Continued impact of the Gulf of Mexico drilling moratorium
  - Absence of 40mboed benefit in 4Q09 from make-up of prior-period underlift
Refining & Marketing

Replacement cost profit before interest and tax
Adjusted for non-operating items and fair value accounting effects

- Stronger refining margins
- Strong operational performance in fuels value chains
- Continued momentum in international businesses
- Further cost efficiencies
- Loss in supply and trading
Other businesses & corporate

Replacement cost profit before interest and tax
Adjusted for non-operating items and fair value accounting effects

- Adverse foreign exchange effects

<table>
<thead>
<tr>
<th></th>
<th>4Q09</th>
<th>1Q10</th>
<th>2Q10</th>
<th>3Q10</th>
<th>4Q10</th>
</tr>
</thead>
<tbody>
<tr>
<td>$bn</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.4)</td>
<td>(0.6)</td>
<td>(0.8)</td>
</tr>
</tbody>
</table>
Sources & uses of cash

- Disposal proceeds of $6.2 billion for deals closed in 4Q
- Additional $6.2 billion of cash deposits held at year end for disposals expected to complete in subsequent periods, which is reported as short-term debt.
- Cash at 31 December is $18.6 billion
Net debt ratio

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

Net debt includes the fair value of associated derivative financial instruments used to hedge finance debt

Cash of $6.2bn received as deposits for disposals completing after year-end is reported as short-term debt at 31 December 2010
## 2011 guidance

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011 guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic capital expenditure</td>
<td>$18bn</td>
<td>~ $20bn</td>
</tr>
<tr>
<td>Cash from disposals*</td>
<td>$17bn</td>
<td>$13bn</td>
</tr>
<tr>
<td>Payments into Trust Fund</td>
<td>$5bn</td>
<td>$5bn</td>
</tr>
<tr>
<td>DD&amp;A</td>
<td>$11bn</td>
<td>~ $500m higher</td>
</tr>
<tr>
<td>Cash costs** (year-on-year change)</td>
<td>Slightly lower</td>
<td>Slightly higher</td>
</tr>
<tr>
<td>OB&amp;C: average underlying quarterly charge</td>
<td>~ $350m</td>
<td>~ $400m</td>
</tr>
<tr>
<td>Full year effective tax rate***</td>
<td>31%</td>
<td>32% - 34%</td>
</tr>
</tbody>
</table>

* Cash from disposals including deposits of $6.2bn received at year end 2010 relating to disposal transactions expected to complete in subsequent periods

** Excluding the effects of changes in exchange rates and fuel costs. A full definition of cash costs can be found on bp.com

*** Excluding the impact of the Gulf of Mexico oil spill
Financial framework

• Increased investment to grow the firm

• Resumption of the quarterly dividend supported by:
  – Continued success in the disposal program
  – Improving business environment

  \textit{balanced by:}
  – The need to retain significant level of financial flexibility

• Financial flexibility provided by:
  – Maintenance of a significant cash liquidity buffer
  – Reduction in gearing to range of 10\% - 20\%

• Quarterly dividend level (7 cents/share) reflects:
  – Continuing obligation to the Trust Fund
  – Uncertainties the company still faces
  – Intention to grow over time in line with improving circumstances of firm
Bob Dudley
Group Chief Executive
Safety track record

Recordable Injury Frequency (RIF)

- Group excluding response contribution
- API US benchmark
- Gulf of Mexico oil spill contribution
- Int. Assoc. of Oil and Gas Producers benchmark

Process Safety Related Major Incidents

Loss of Primary Containment incidents

Note: LOPC definition aligned with API recommended practice
Putting Safety and Operational Risk management at the heart of BP

Resetting the focus on safe, reliable operating activity to achieve long term value creation

Leadership priorities
- Process safety and operating risk reduction
- Embedding BP’s Operating Management System (OMS)
  - Consistent and systematic operating rigour
- Competency, capability and safety culture

Rebasing performance management and reward
- Focus on priorities, foundation for long term performance

New Safety and Operational Risk organization (S&OR)
- Head of S&OR is member of Executive Team
- Strengthen central standards setting and auditing
- Deployed into the operating line
Implementing lessons globally

Building on our learnings and sharing them around the world

Internal changes to strengthen BP
• Centralized global wells organization
• Broadening areas of expertise
• Enhancing our standards and practices

Advancing technology, standards and equipment in 5 key areas
• Prevention/drilling safety – the highest priority
• Containment – stopping the flow
• Relief wells – plan for rapid well kill
• Spill response – control near the source
• Crisis management – preparation and co-ordination

Engaging with industry to develop new global capability
Living up to our commitments and earning back trust

Gulf Coast Restoration Organization

Economic & environmental impact
- ~$5bn of claims & government payments to date
- Natural Resource Damages Assessment
  - Understanding the incident’s effects
  - Restoring the environment & use of natural resources

Voluntary funding
Funding includes:
- $500m Gulf of Mexico Research Initiative (GRI)
- Rig Worker Assistance Fund
- Behavioural health
- Tourism and seafood testing & marketing projects
Gulf of Mexico oil spill
Expected milestones

Indicated dates*

Investigations

• Presidential Commission final report                        March 2011
• Marine Board investigation final report                      Spring 2011
• Chemical Safety Board report                                to be determined
• National Academy of Engineers final report                   end 2011

Department of Justice inquiry continues

Multi District Litigation trials

• OPA 90** test trials                                        to be determined
• Limitation & Liability trial                                February 2012

*    Dates as expected only
**  OPA 90 = Oil Pollution Act of 1990
Gulf of Mexico oil spill
Financial impacts

• $20bn Trust Fund
  – Claims by individuals and businesses
  – Government claims
  – Natural Resource Damages claims

• $41bn charge taken against income

• Partner recovery not included

• Final $1.25bn cash payment to Trust Fund in Q4 2013
Upstream: Exploration, Developments and Production
Upstream – agenda

- Focus on value growth
  - Risk reduction
  - New forms of relationships
  - Increased investment in exploration
  - Active portfolio management: divestments / acquisitions
  - Build technology and capability

- 2010 delivery

- 2011 guidance
Divestment update

Divestment program success

- Total headline proceeds of more than $21bn
- Reserves and non-proved resources of 1.7bn boe and 3.2bn boe, with 0.4bn boe and 1.8bn boe closed in 2010
- Financial impact of ~$1.5bn pre-tax underlying replacement cost profit

Key transactions

US Permian, Egypt Western Desert, Canada Gas to Apache
60% stake in Pan American Energy JV
Colombia to Ecopetrol and Talisman
Vietnam to TNK-BP
Venezuela to TNK-BP
46% interest in Lukarco JV to Lukoil
Devon Gulf of Mexico producing assets to Marubeni
Pakistan to United Energy Group Limited
50% of Kirby Heavy Oil JV to Devon

Financial impact BP projections at $75/bbl
Proceeds include $1.4bn of deferred payments in 2010 and 2011 for deals closed in 2009
Net asset value distribution:
Focused portfolio with potential for growth

Source: Wood Mackenzie; Assumptions: Value as of 1/1/11; 10% nominal discount rate; $80/barrel / $6/mcf
Disposed assets valued at headline proceeds; Brazil value shown as purchase price
TNK-BP and Gulf of Mexico not shown
Resources to reserves to production

End 2009

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45.3 bn boe

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18.3 bn boe

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1.5 bn boe

Total resources: production 43 years

Non-proved resources

---

End 2010

50.2 bn boe

(1.8) bn boe

---

18.1 bn boe

(0.4) bn boe

---

1.4 bn boe

Total resources: production 48 years

Resources and reserves on a combined basis of subsidiaries and equity-accounted entities
End 2010 includes impact of acquisitions and divestments completed in 2010
Resource and reserve distribution

2010 resource base

Proved: 18.1 bn boe

13 years

35 years

Non-proved: 50.2 bn boe

2010 reserves additions %

- Conventional oil
- Deepwater oil
- Water-flood viscous and heavy oil
- Conventional gas
- LNG gas
- Unconventional gas
- TNK-BP
- North America Onshore
- North Africa, Middle East, Caspian
- Gulf of Mexico
- North Sea
- South America
- Trinidad

Reserves and resources at end-2010 on a combined basis of subsidiaries and equity-accounted entities
Recent access

Canada
Terre de Grace 750km²

US shale gas
Eagle Ford
38,000 acres

US Gulf of Mexico
OCS lease sale 213
18 leases awarded
218 leases acquired
from Devon

Brazil
10 blocks, 1 producing field,
3 discoveries, 6 exploration areas

North Sea
Valhall deepening
UKCS 26th licensing round

Russia
Russian Arctic
South Kara Sea
Strategic alliance with Rosneft

Azerbaijan
PSA for 1100km² Shafag-Asiman block

China
South China Sea
Farmed in to 2 blocks

Jordan
Risha concession
Govt endorsed entry into
~7,000km² block

Indonesia
Papua province
Awarded ~5,000km² block

Australia
Ceduna basin
4 blocks ~ 25,000km²

Angola
Kwanza/Benguela basins
4 blocks

Angola, Brazil and one block in South China Sea subject to government approval
Project Final Investment Decisions

• Final Investment Decisions made on 15 projects

  • ~$20bn of total BP net investment
    − 8 projects over $1bn BP net
      − Gulf of Mexico, Egypt and North Sea $4-5bn BP net each

  • ~2bn boe of BP net resources under development

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tubular Bells</td>
<td>Gulf of Mexico</td>
<td>✔</td>
</tr>
<tr>
<td>Mars B</td>
<td>Gulf of Mexico</td>
<td>✔</td>
</tr>
<tr>
<td>Atlantis Phase 2</td>
<td>Gulf of Mexico</td>
<td>✔</td>
</tr>
<tr>
<td>Galapagos</td>
<td>Gulf of Mexico</td>
<td>✔</td>
</tr>
<tr>
<td>Na Kika Phase 3</td>
<td>Gulf of Mexico</td>
<td>✔</td>
</tr>
<tr>
<td>Horn Mountain Phase 2</td>
<td>Gulf of Mexico</td>
<td>✔</td>
</tr>
<tr>
<td>West Nile Delta Gas</td>
<td>Egypt</td>
<td>✔</td>
</tr>
<tr>
<td>WoS Q204</td>
<td>North Sea</td>
<td>✔</td>
</tr>
<tr>
<td>Clair Ridge</td>
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<td>✔</td>
</tr>
<tr>
<td>Devenick</td>
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<td>✔</td>
</tr>
<tr>
<td>Kinnoull</td>
<td>North Sea</td>
<td>✔</td>
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<td>Chirag Oil</td>
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<td>In Salah Southern Fields</td>
<td>North Africa</td>
<td>2011 FID</td>
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<td>Verkhnechonskoye FFD Ph1</td>
<td>TNK-BP</td>
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<tr>
<td>Uvat East Expansion</td>
<td>TNK-BP</td>
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<td>Suzun</td>
<td>TNK-BP</td>
<td>2012 FID</td>
</tr>
<tr>
<td>CLOV</td>
<td>Angola</td>
<td>✔ new addition</td>
</tr>
</tbody>
</table>

FFD - Full field development
2011 increased turnaround activity

- ~ 50% increase in turnaround activity
- Major investment programs to manage safety and operational risk
- Short-term production impact with long-term reliability benefit

Number of turnarounds

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnarounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>34</td>
</tr>
<tr>
<td>2010</td>
<td>35</td>
</tr>
<tr>
<td>2011</td>
<td>51</td>
</tr>
</tbody>
</table>

2011 BP projection
Deepwater: Gulf of Mexico

- Resource base remains unchanged
- Industry-wide production reduced in 2010
- 2011 focus on safely bringing back rig activity
- Our restart criteria will cover:
  - Regulatory requirements
  - Activity and pace
  - Capability
  - Contractor management
- 2011-2012 production impact dependent on restart timing

Source: BP projection, BOEMRE, Wood Mackenzie
Production 2006–2011

- 2011 year of consolidation
- Increased turnaround activity and planned losses
- Key drivers of uncertainty:
  - Gulf of Mexico restart
  - Divestment timing
  - Oil price and PSA effects
  - OPEC quota restrictions

2011 BP projection at $75/bbl
Capital investment 2006-2011

Increasing investment in line with priorities:

- Safety and operational risk activity, including an increased number of turnarounds
- Increased exploration spend
- Resumption of activity in Gulf of Mexico
- Major Projects progression, particularly in Angola, North Sea and Egypt
- Iraq ramp up of activity

Organic capital expenditure above excludes the following acquisition impacts:
- 2006 – Rosneft; 2007 – asset exchanges with Occidental;
- 2008 – Accounting for our transactions with Husky and Chesapeake;
- 2009 – BG asset swap and Eagle Ford;
- 2010 – Completed acquisitions from Devon, accounting for our transaction with Value Creation Inc., and for the purchase of additional interests in the Valhall and Hod fields
- 2011 – BP projections
Long term value growth

Portfolio choice
- Deepwater
- Gas
- Giant fields

Enduring presence in key basins
- Relationships
- Basin knowledge
- Technology

Capturing value across life cycle
- Exploration
- Developments
- Production
Value growth in the life cycle of a basin: Azerbaijan example

FFD - Full Field Development
SCP – South Caucasus Pipeline
BTC – Baku-Tbilisi-Ceyhan
Resources are indicative
Source: BP internal
Increasing investment in exploration

Post-merger drill-out

Portfolio rebuild

The future

Source: BP internal
Future exploration focus

- Canadian Arctic
- Gulf of Mexico
- Angola
- Brazil
- Libya
- Jordan
- Egypt
- Azerbaijan
- Russian Arctic
- South China Sea
- Indonesia
- Australia
- Brazil
- Angola
- Libya
- Jordan
- Egypt
- Azerbaijan
- Russian Arctic
- South China Sea
- Indonesia
- Australia

- New / untested positions
- Existing positions
## Developments: project portfolio

### Post FID

<table>
<thead>
<tr>
<th>Location</th>
<th>Project</th>
<th>&gt;1bn BP Net Investment</th>
<th>Type</th>
<th>WI %</th>
<th>Gross Capacity</th>
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<tr>
<td>Alaska</td>
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</table>

- Conventional oil
- Deepwater oil
- Water-flood viscous and heavy oil
- Conventional gas
- LNG gas
- Unconventional gas
- BP Operated

### Pre FID

<table>
<thead>
<tr>
<th>Location</th>
<th>Project</th>
<th>&gt;1bn BP Net Investment</th>
<th>Type</th>
<th>WI %</th>
<th>Gross Capacity</th>
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<td>100</td>
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</table>

FFD - Full Field Development
Developments: deepwater projects

**Angola**
- Block 31 PSVM
- Clochas-Mavacola
- CLOV
- Pazflor
- Block 18 West
- Kizomba Satellites Phase 2
- Block 31 SE

**Gulf of Mexico**
- Atlantis Phase 2
- Galapagos
- Mars B
- Na Kika Phase 3
- Tubular Bells
- Freedom
- Mad Dog Phase 2
- Atlantis Phase 3
- Kaskida
- Mad Dog North
- Na Kika Phase 4
- Tiber

**Brazil**
- Itaipu
- Wahoo
Developments: gas projects

Azerbaijan
Shah Deniz Full Field Development

Egypt
West Nile Delta

Oman
Khazzan-Makarem Full Field Development

Asia Pacific
Tangguh expansion
Developments: new start-ups

2016 production from 2011-2016 new project start-ups at $75/bbl

- Alaska Liberty *
- Canada Sunrise
- Gulf of Mexico
  - Galapagos *
  - Na Kika Phase 3 *
  - Tubular Bells
  - Mars B
  - Mad Dog Phase 2 *
  - Freedom
- North Sea
  - Skarv *
  - Devenick *
  - Kinnoull *
  - WoS Q204 *
  - Clair Ridge *
- Positive Aspects of Liberty *
- Canada Sunrise
- Gulf of Mexico
  - Galapagos *
  - Na Kika Phase 3 *
  - Tubular Bells
  - Mars B
  - Mad Dog Phase 2 *
  - Freedom
- North Sea
  - Skarv *
  - Devenick *
  - Kinnoull *
  - WoS Q204 *
  - Clair Ridge *
- Positive Aspects of Liberty *
- Canada Sunrise
- Gulf of Mexico
  - Galapagos *
  - Na Kika Phase 3 *
  - Tubular Bells
  - Mars B
  - Mad Dog Phase 2 *
  - Freedom
- North Sea
  - Skarv *
  - Devenick *
  - Kinnoull *
  - WoS Q204 *
  - Clair Ridge *
- Positive Aspects of Liberty *
Production: Iraq

2010
- Set up the business
- Achieved Improved Production Target (IPT)

2011-2012
- Cost recovery starts
- Rehabilitation; inspection, maintenance, commence FEED
- Water, gas, power, export solutions

2013+
- Brownfield project underway
- Deliver plateau target end 2015

Company positions in Iraq 1Q 2010

Activity ramp up after Rumaila Operating Organization established on 1 July 2010

# of jobs
- Surveillance and Facilities
- Wellwork
- Drilling

BP projections
BP has a unique growth-oriented position in Russia

Source: Wood Mackenzie / BP internal
TNK-BP

Core production areas

Project areas

Moscow

Yamal projects

Novosibirsk

Orenburg

Russkoye

Nyagan

Kamennoye

Rospan

Samotlor

Uvat

Tagul

Suzun

Verkhnechonskoye
BP is forming a global strategic alliance with Rosneft

A unique alliance unlocking future growth potential for both BP and Rosneft

- International upstream collaboration
- Significant share swap

- Arctic exploration agreement focused on South Kara Sea
- Wider Arctic protocol
- A leading European refining partnership via 50:50 ROG JV
- Exploration offshore Sakhalin
Leveraging technology to reduce risk and underpin long term reliability and value

- **Inherently Reliable Facilities**
  Managing and reducing integrity risk

- **FieldoftheFuture®**
  Digital tools for managing operational integrity threats

- **Subsea Well Intervention**
  Real time life-of-well integrity monitoring

- **Deepwater Facilities**
  New and reliable equipment for deepwater subsea systems

- **Effective Reservoir Access**
  Safe wells informed by real-time data

- **Unconventional Oil**
  Technologies for UO resource progression

- **Unconventional Gas**
  Globalize unconventional gas development through technology

- **Advanced Seismic**
  High quality and efficient reservoir imaging

- **Pushing Reservoir Limits**
  Growing recovery factors across portfolio

- **Gulf of Mexico Paleogene**
  Developing equipment and techniques for reservoir conditions

- **Beyond Sand Control**
  Real-time downhole sand monitoring, diagnostics and control
Upstream value growth

• 2010
  - Gulf of Mexico incident
  - Strategic and operational progress

• 2011 – year of consolidation:
  - Increased turnaround activity
  - Uncertainty on Gulf of Mexico timing
  - Increasing investment for growth

• Long-term value growth
  - Portfolio focus – deepwater, gas, giant fields
  - Enduring positions in best basins – relationships, resource knowledge and technology
  - Functional excellence across lifecycle: exploration, developments, production
  - Strong projects contribution – growing from a smaller base
Iain Conn
Chief Executive, Refining & Marketing
Refining & Marketing – agenda

• R&M turnaround and 2010 performance

• Strategy and portfolio

• Outlook and what you can expect
Refining & Marketing turnaround
The five priorities

- Safe operations and OMS\(^{(1)}\)
- Behaviours and core processes
- Restoring missing revenues and earnings momentum
- Business simplification
- Repositioning cost efficiency

\(^{(1)}\) Operating Management System
Delivering competitive performance

Underlying ROACE % (post tax)(1)

Underlying net income $/bbl(3)

Rolling 4-quarter data

(1) BP and competitor return on average capital employed data adjusted to comparable basis
(2) Competitor set comprises R&M segments of Super Majors
(3) Capacity as stated in F&OI / company disclosures
(4) 2010 competitor data are 3Q YTD plus average broker estimates for 4Q. 2010 competitor capital employed are last reported 2009 data.
Performance momentum 2007–2010

Pre-tax underlying RC profit $bn

2007  3.9
2008  2.7
2009  3.6
2010  4.9

Environ’t Performance improvement

2007  (3.3)
2008  3.3
2009  1.8
2010  0.9

BP’s Global Indicator Margin (GIM)

GIM $/bbl

2007  9.9
2008  6.5
2009  4.0
2010  4.4

Environment adjusted for refining margins, petrochemical margins, forex and energy costs
Our portfolio and performance 2007–2010

2010 average operating capital employed (pre tax) $bn

- Fuels Value Chains
  - Convenience
  - Refining

- International Businesses
  - Petrochemicals
  - Lubricants
  - Global Fuels

<table>
<thead>
<tr>
<th></th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td>(0.7)</td>
<td>(1.6)</td>
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<td>2.1</td>
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</table>

Total Refining & Marketing: 3.9 3.3 3.6 4.9

Relative areas in pie charts based on average operating capital employed (pre tax)
2010 performance delivery

Values based on underlying pre-tax RCP pa at 2009 conditions
Improving efficiency
Refining

<table>
<thead>
<tr>
<th>Year</th>
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<td>2010</td>
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</tr>
<tr>
<td>2012</td>
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</table>

(1) Based on Solomon non-energy operating expense per Effective Distillation Capacity (indexed to top three BP refineries). 2010 data point is based on internal BP estimates. Solomon benchmarking data analysis available mid 2011.
Repositioning cost efficiency

BP Refining & Marketing cash cost index

Adjusted for energy & forex

Normalized for energy, forex, TAR & manufacturing variable costs

TAR costs

(1) Corrected for major historic divestments
(2) Refinery turnaround costs
(3) Variable costs associated with petrochemicals and refining operations
Refining Marker Margin 1990–2010

Refining Marker Margin adjusted to 2010 $

$/bbl

$0.9bn delivered in 2010

>$2bn earnings growth by 2012

~$5bn recovery 2007>2009
Net investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Organic capex</th>
<th>Depreciation</th>
<th>Total net investment</th>
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<td>2005</td>
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<tr>
<td>2011</td>
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</table>

(1) Includes $8.3bn proceeds for Innovene sale
(2) 2011 BP projections
Portfolio performance 2008–2010
Fuels Value Chains & International Businesses progression

Pre-tax returns - %

US FVC(2) 2010
EH FVC(3) 2008
EH FVC 2010
IBs(4) 2010

Size of bubble = Average operating capital employed
$10bn

(1) Returns are based on Pre-tax average operating capital employed
(2) US Fuels Value Chains
(3) Eastern Hemisphere Fuels Value Chains
(4) International Businesses
Strategy and portfolio

1  Reposition US Fuels Value Chains and halve US refining capacity
   • Divest Texas City refinery\(^{(1)}\)
   • Divest Southern West Coast Fuels Value Chain\(^{(1)}\)
   • Transform Whiting refinery capability
   • Improve Cherry Point and Toledo refineries
   • Focused marketing and logistics footprint

2  Improve Eastern Hemisphere Fuels Value Chains and access market growth
   • Rotterdam hydrocracker option
   • Gelsenkirchen yield improvement option
   • Focused marketing and logistics footprint
   • Marketing margin growth

3  Growth in high quality International Businesses
   • Lubricants volume / earnings growth and margin mix
   • Petrochemicals expansion in Asia
   • Air BP growth

\(^{(1)}\) Subject to legal and regulatory approval
Divest Texas City refinery

- 3rd largest US refinery, highly complex\(^{(1)}\)
- Significant improvement in safety and operations
- $2.5bn p.a. improvement in profit\(^{(2)}\)
- Plan to complete before end 2012\(^{(3)}\)
- BP’s obligations will be fulfilled

\(^{(1)}\) Source: Oil and Gas Journal 2010
\(^{(2)}\) Environment adjusted pre-tax underlying RC profit
\(^{(3)}\) Subject to legal and regulatory approval
Divest Southern West Coast Fuels Value Chain

Retain Northern Fuels Value Chain
- High quality modern refinery
- Feedstock flexibility and location
- Diesel/ Jet yield focus
- Good integrated margins and relative returns

Divest Southern Fuels Value Chain
- High quality refinery, high market share
- Limited feedstock flexibility
- Gasoline yield focus
- Will require investment to reposition
Whiting Refinery Modernization Project

- Major rebuild of CDU\(^{(1)}\) to process heavy crude
- World scale 100kbd state of the art 6 drum coker
- New world scale sulphur removal and gas oil hydro-treating units
- Refinery infrastructure upgrade
- \(~60\%\) complete 2010 \(\rightarrow\) commissioning 2013

\(^{(1)}\) Crude Distillation Unit
Whiting Refinery Modernization Project
Sources of value

Regression line established from rolling 4Q average 1Q’02–1Q’07
Based off nameplate capacity as stated in F&OI = maximum sustainable rate for a 30 day period
Indexed pre tax underlying RC profit $/bbl of capacity

Mid West post project performance for a range of WTI – Lloydminster differentials

Mid West historical performance range

On-stream performance at end 2010 refining environment
Repositioned US Fuels Value Chains

- US refining capacity halved
- Repositioned configurations
- Advantaged feedstock and flexibility

- Increased diesel manufacturing capability
- Access to advantaged logistics
- Integrated with marketing
Improve Eastern Hemisphere Fuels Value Chains, access market growth

Margin growth options
- Rotterdam hydrocracker
- Gelsenkirchen yield improvement

Market growth
- Fuels: China, Australasia, Turkey, South Africa, Poland, Iberia
- Convenience: Rhine, Poland, Australasia, UK
Impact of portfolio choices – refining

Source: Oil & Gas Journal 2010

Size represents absolute scale of refining portfolio
Lubricants – high returns, high growth

**Return on sales**

- **Top Quartile Midpoint**
- **Consumer Sector Companies**
- **Median**

2007 2008 2009 2010

**Profit growth**

- **2007**
- **2010**

**Synthetic/premium lubricants sales**

- **Market**
- **BP**

(1) Pre tax basis. 2010 based on 3Q YTD
(2) Based on average 2007-09 performance of 2,500+ consumer sector companies
(3) Pre-tax underlying RC profit - inland lubricants excluding aviation and marine lubricants
(4) BP estimates based on available industry data and internal analysis. Expressed as a percentage of total automotive engine lubricants sales.
Petrochemicals – high quality, Asia growth

KEY
- PTA sites
- Acetyls sites
- PX sites
- O&D

PET co-location
- Decatur
- Geel
- Zhuhai

Acetyls growth
- Middle East
- India
- China

PTA growth
- East China
- Zhuhai 2 DB
- Zhuhai 3
- India
- Taiwan
- Indonesia

SECCO growth

Return on sales\(^{(1)}\)

Profit growth\(^{(2)}\)

Production MTes

Production MTes

US & Europe

Asia

Profit growth\(^{(2)}\)

2004

2010

(1) Post tax adjusted to comparable basis. 2010 based on 3Q YTD
(2) Pre-tax underlying RC profit
Portfolio performance outlook

Pre-tax returns - %

Pre-tax underlying RC profit $bn

(1) Returns are based on pre-tax average operating capital employed
(2) Fuels Value Chains
Refining & Marketing growth and returns

Competitive Recovery
>50% CAGR\(^{(1)}\)

Differential Growth
15-20% CAGR

Sustainable Growth and Attractive Returns

Pre-tax underlying RC profit ($bn)

Pre-tax Returns (%)

Differential Growth

Competitive Recovery

Sustainable Growth and Attractive Returns

Actual pre-tax underlying RC profit $bn

Pre-tax underlying RC profit $bn in 2009 refining environment

Returns based on pre-tax average operating capital employed

(1) Compound Annual Growth Rate
Refining & Marketing
Summary and what to expect

• Safe and reliable operations remains #1 priority

• On track to deliver >$2bn pa of pre-tax underlying RC profit improvement by 2012
  – Costs: efficiency improved, returning to 2004 levels
  – Refining: achieved break-even in similar environment to 2009

• Portfolio: focus on quality and integration in advantaged locations
  – Reposition US Fuels Value Chains: halve refining; focus on margin capability, integration
  – Improve and grow Eastern Hemisphere Fuels Value Chains: improve margin capability; access growth
  – Growth in quality International Businesses

• Sustainable long term growth and attractive returns
Bob Dudley
Group Chief Executive
Alternative Energy

- Alternative Energy is the fastest growing energy sector
- BP continues to invest: focus on biofuels and wind

Source: BP Energy Outlook 2030
Moving BP forward

Putting Safety & Operational Risk management at the heart of the company

Re-building trust

Value growth

- Dividend resumed
  - Quarterly dividend level of 7 cents/share
  - Intention to grow over time in line with improving circumstances of firm

- Active portfolio management: divesting/acquiring for value
  - Divestment proceeds of ~$13bn in 2011 to complete $30bn program
  - Divestment of two US refineries planned by end 2012
  - Acquisition of Devon assets expected to complete in 2011

- Investing for upstream value
  - Doubling exploration spend
  - 32 project start ups by 2016: 1mmboe of new production
  - New forms of partnerships with resource holders: Rosneft strategic alliance

- Reshaping downstream
  - $2bn+ pre tax performance improvement by end 2012: $0.9bn delivered in 2010
  - More focussed portfolio: improved returns and growth
    - Repositioning US fuels value chains and halving US refining capacity
Q&A

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