4Q & Full Year 2012 Results Presentation

5th February 2013

Hello and welcome to BP's fourth-quarter and full year 2012 results webcast and conference call. I'm Jessica Mitchell, BP's Head of Investor Relations and joining me today are Bob Dudley, our Group Chief Executive and Brian Gilvary, our Chief Financial Officer.

Before we start, I'd like to draw your attention to our cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements, particularly those regarding: the expected impact of BP's reshaping of its portfolio on its reported results and underlying performance in 2013; the prospects for financial momentum in 2013 and 2014; BP's plans to complete 15 major start-ups by the end of 2014; the expected timing of completion of the Rosneft transaction; the expected impact and future prospects of BP's reloaded portfolio, including the prospects for earnings and operating cash flow in 2013; the timing of and prospects for the Whiting refinery modernisation project, including future prospects for operating cash flow; BP's expectations regarding key global energy trends to 2030; the expected level of reported production in the first quarter of 2013; the expected financial impact of refinery turnarounds in the first quarter of and full-year 2013; the expected level of petrochemicals margins in the 2013; the expected level of the quarterly charge in Other Businesses and Corporate; the future impacts of BP's divestment programme, including the impact on reported production in 2013; prospects for the completion of planned and announced divestments, including the Texas City and Carson refineries, and the timing for the receipt of and quantum of disposal proceeds; the expected future levels of gearing and net debt; the expected level of full-year underlying and reported production in 2013; the level of full-year capital expenditure for 2013; the level of depreciation, depletion and amortization in 2013; the expected full-year effective tax rate in 2013; the expected impact of BP's adoption of new accounting standards, including expectations regarding the impact of new reporting standards for pensions accounting on 2013 earnings; the anticipated increase by more than 50% in operating cash flow by 2014; the expected level of organic capital expenditure to the end of the decade; BP's future per annum divestment plans; expectations regarding the quarterly dividend payment and future distributions to shareholders; BP's intentions to use part of the proceeds from the Rosneft transaction to offset dilution to earnings per share; the prospects for and expected timing of certain investigations, claims, settlements and litigation outcomes; the timing of future MDL 2179 proceedings; the expected source of funding for the settlement agreements with the Plaintiffs' Steering Committee (PSC); BP's expectations about its ability to manage payments in respect of the DOJ and SEC settlements within its current financial framework; BP's expectations regarding the prospects for value creation in Rosneft; expectations regarding the '10-point plan'; BP's plans to increase upstream reinvestment; BP's plans to test 10 new material opportunities and to add two new provinces to BP's portfolio each decade; expectations regarding production ramp-up and maximum production rates at PVSM and Skarv; the prospects for, timing and composition of future projects including expected Final Investment Decisions, start up, completion, timing of production, level of production and margins; the expected amount and nature of major projects that BP plans to progress through 2020; prospects for BP's ramp-up of its rig fleet; expectations regarding the average cash margins of projects delivered out to 2017 in comparison to 2011, and prospects for cash margin growth throughout the decade; the expected future contribution to production of fields already producing and of oil fields or gas fields with oil-linked prices; BP's expectations about generating half of its operating cash through to 2020 from its operations in Angola, Azerbaijan, the Gulf of Mexico and the North Sea; BP's plans to complete its re-positioning of its Fuels portfolio by 2014 and to focus future investments and efficiency programs on the expansion of cash margin capability; BP's plans to expand its Lubricants business and to continue to invest in brand, technology and customer relationships; and BP's plans to expand the position of its Petrochemicals business in Asia and to further develop the commercialisation of Petrochemicals proprietary technologies.

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; strategic and operational decisions by Rosneft's management and board of directors; 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; maintenance outages; the impact of reserves reviews; the timing of divestments; 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 under "Principal risks and uncertainties" in our Stock Exchange Announcement for the period ended 30 June 2012 and under "Risk factors" in our Annual Report and Form 20-F 2011 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 stated on slides 21 and 40 of 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 and 2014 estimated 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 with the U.S. government. 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, we are not today able to reliably estimate the amount or timing of a number of contingent liabilities.

Cautionary note to US investors - 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 the Fourth Quarter Results Stock Exchange Announcement dated 5 February 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 good afternoon or good morning everyone, depending on where you are in the world.

As you all know, the last few weeks have been a very traumatic time for us following the atrocity at the In Amenas joint venture in Algeria.

It has also been a terrible blow for our partners in the joint venture, Statoil and Sonatrach, and for the contracting companies involved.

Of the people who lost their lives, four BP employees and five Statoil employees lost their lives along with contractors and partners, many of them close colleagues and friends.

BP is a large, but tightly-knit company. People were murdered on what should have been an ordinary day of work – and we feel the loss deeply.

The shockwaves have been felt not only within the companies involved but around the industry as a whole.

The event was a painful and tragic reminder of the importance of what we do. Our industry has a high profile. We operate in many different countries and cultures. We work in challenging physical environments. And deal with multiple hazards.

This event has highlighted the risks that we face from time-to-time and as an industry we must learn from it.

I would like to thank Governments and companies for the close cooperation during the incident. BP is a company that has been tested to the utmost. But we have resilient, committed people. I believe we are equal to the task we face and this event will simply underscore our determination to run operations that are safe, secure and able to deliver energy for customers and value for shareholders.

I think today's presentation will show some of the drivers at work in our business to achieve this outcome.

Agenda

2012 Financial summary & milestones

4Q 2012 Results

Safety performance

US legal proceedings

Russia

Strategic progress

Q&A

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So turning to our full-year results, today you will see that 2012 was what we said it would be – a year of milestones in which a great deal was accomplished at BP.

We are entering 2013 as a more focused oil and gas company, with a smaller but stronger portfolio that provides a platform for growth, a set of distinctive capabilities, a disciplined financial framework and a clear strategic direction for the long term.

Together these building blocks create a solid foundation from which to grow long-term sustainable free cash flow for shareholders.

In 2013 we'll continue to see the impact of the reshaping work in our reported results - from the divestment of non-strategic assets and the repositioning of our Russian interests – as well as some early results from improved underlying performance. By 2014 I expect underlying financial momentum to be strongly evident. I am confident that we have the right strategy and that BP is well positioned for the world we are heading into.

Today we'll start with a summary of our full-year 2012 financial results, a look at the key milestones we have met over the past twelve months, and a brief overview of the macro-economic environment.

Brian will then take you through our results for the fourth quarter in more detail.

Then I want to update you on the big important areas of our business - our progress on safety and operational risk, the US legal process, our expected investment in Rosneft, and our strategic agenda in the Upstream and Downstream. And then we will take your questions.

2012 Results

- Underlying replacement cost profit $17.6bn[1]
- Post-tax operating cash flow $20.4bn
- Organic capital expenditure of $23.1bn[2]
- Divestments of $11.4bn
- Dividend paid
  - 33 cents per share
  - $5.3bn
- Gearing at 18.7%, within target range of 10 to 20%

(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

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So let's begin with an overview of our full-year 2012 results.

Underlying replacement cost profit was $17.6 billion.

Post-tax operating cash flow was $20.4 billion. Our organic capital expenditure was $23.1 billion and we divested $11.4 billion of non-core assets during the year.

Total 2012 dividends paid were 33 cents per share up 18 % in dollars and up 20 % in sterling compared to 2011. This means we distributed $5.3 billion in cash to shareholders.

And our gearing at the end of the year is 18.7% - which is within our target band of 10 to 20%.

That summarises the outputs in financial terms - but as I said earlier 2012 was really about a year of strong progress on the drivers that will show up in future results.

2012 Milestones

New future in Russia

- Announced sale of 50% of TNK-BP to Rosneft

Progress in the US

- US legal: settlements with Plaintiffs' Steering Committee, Department of Justice and SEC
- Trust Fund payments completed

Delivering the 10-point plan

- More focused portfolio - $38bn divestments announced one year earlier than planned
- Five major projects onstream
- Whiting refinery modernisation project 84% complete at year end

Platform for growth

- Re-loaded portfolio
- Material new positions entered
- 15 major projects on-track for end of 2014

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So looking at the key milestones……

In Russia we have an exciting and promising new future now we have announced the sale of BP's 50% share in TNK-BP to Rosneft. We expect the deal to close in the first half of this year.

In the US, we continue to work through the legal proceedings. During 2012 we reached landmark settlements with the Plaintiffs' Steering Committee and we resolved federal criminal charges with the Department of Justice and the SEC. Also, in the fourth quarter we completed the final payment into the $20 billion Trust Fund – a major milestone for the direction of operating cash flow.

We continue to deliver our 10-point plan. We are playing to our strengths and we now have a much more focused portfolio, having effectively reached our $38 billion divestment target a year earlier than planned. This will have a marked impact on reported earnings and operating cash flow in 2013 but it paves the way for future value creation by establishing a high-quality platform for growth.

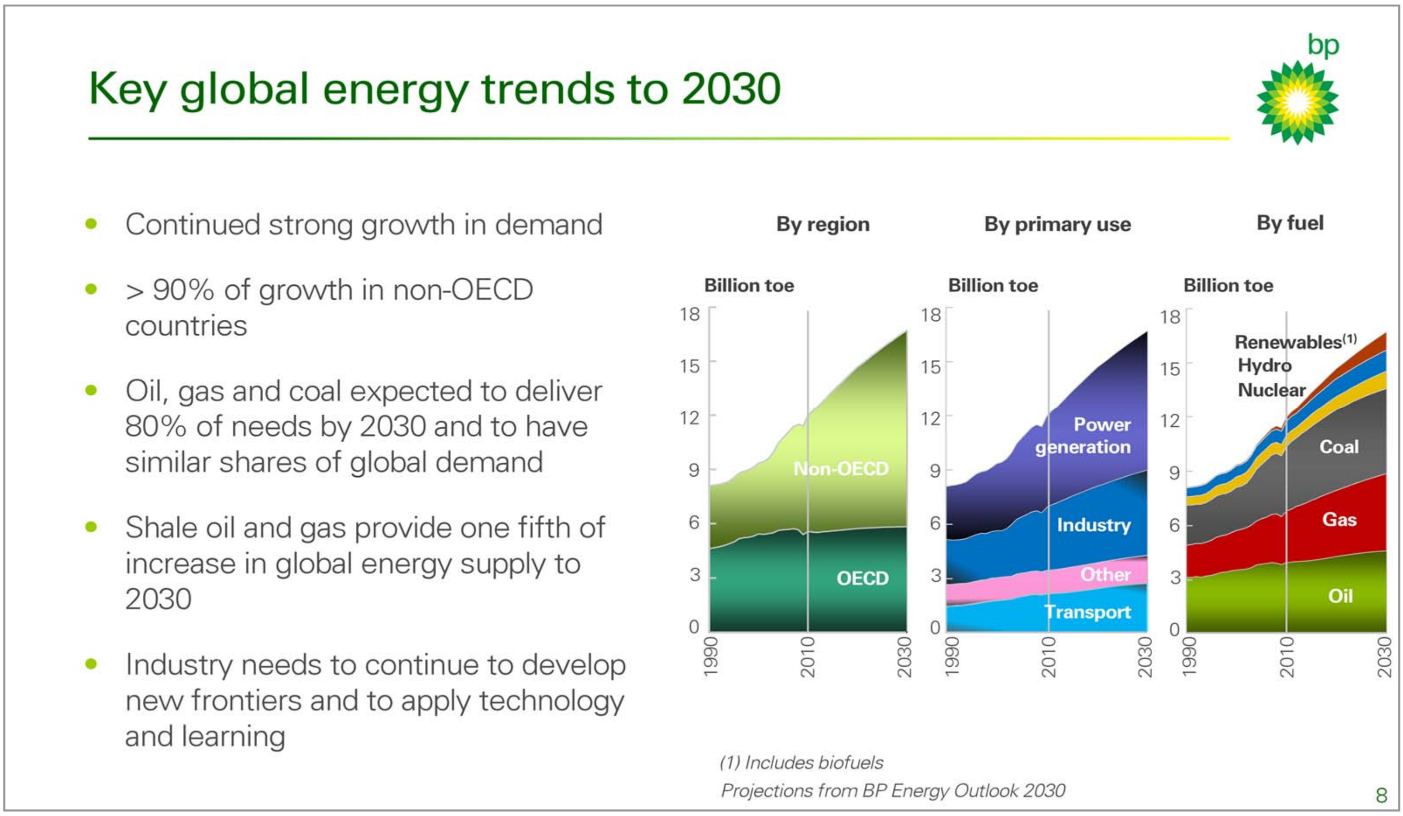
During 2012 BP started up five major projects: Galapagos in the US Gulf of Mexico, Devenick in the UK North Sea, PSVM in Angola and Skarv in the Norwegian Sea – all of which we operate - and Clochas Mavacola in Angola in which we have an interest. I'll come back to talk about two of these, PSVM and Skarv, in more detail in a short while - both are projects of considerable scope and scale and are real markers of operational progress.

With these projects online, we remain on track to complete our programme of 15 major start-ups between end 2011 and the end of 2014.

At our Upstream Investor Day last December, we provided a detailed outline of the Upstream platform for growth beyond 2014, and I'll summarise that again later.

In the Downstream, the major upgrade of our Whiting refinery is now 84% complete at year end and is on track to start up in the second half of this year.

Looking even further ahead, we have reloaded our exploration portfolio by gaining access to a range of promising new leases. We have acquired new acreage in Brazil, Canada, Namibia, Trinidad & Tobago, Uruguay and the US. Since 2010, we have been awarded new exploration licences that cover a combined area roughly twice the size of the UK - or the size of California. That's more than twice as much acreage as we acquired over all of the previous nine years.



Before we move on, let's briefly review the likely course of future energy demand. This slide shows some of the main projections from the BP Energy Outlook 2030 - which we compile each year.

The headlines are that we expect global energy demand to grow rapidly adding around 36% to global consumption by 2030. And nearly all of that increase in demand - over 90% - is coming from emerging economies. Oil, gas and coal will supply 80% of these needs, with gas showing the fastest growth at around 2% per year.

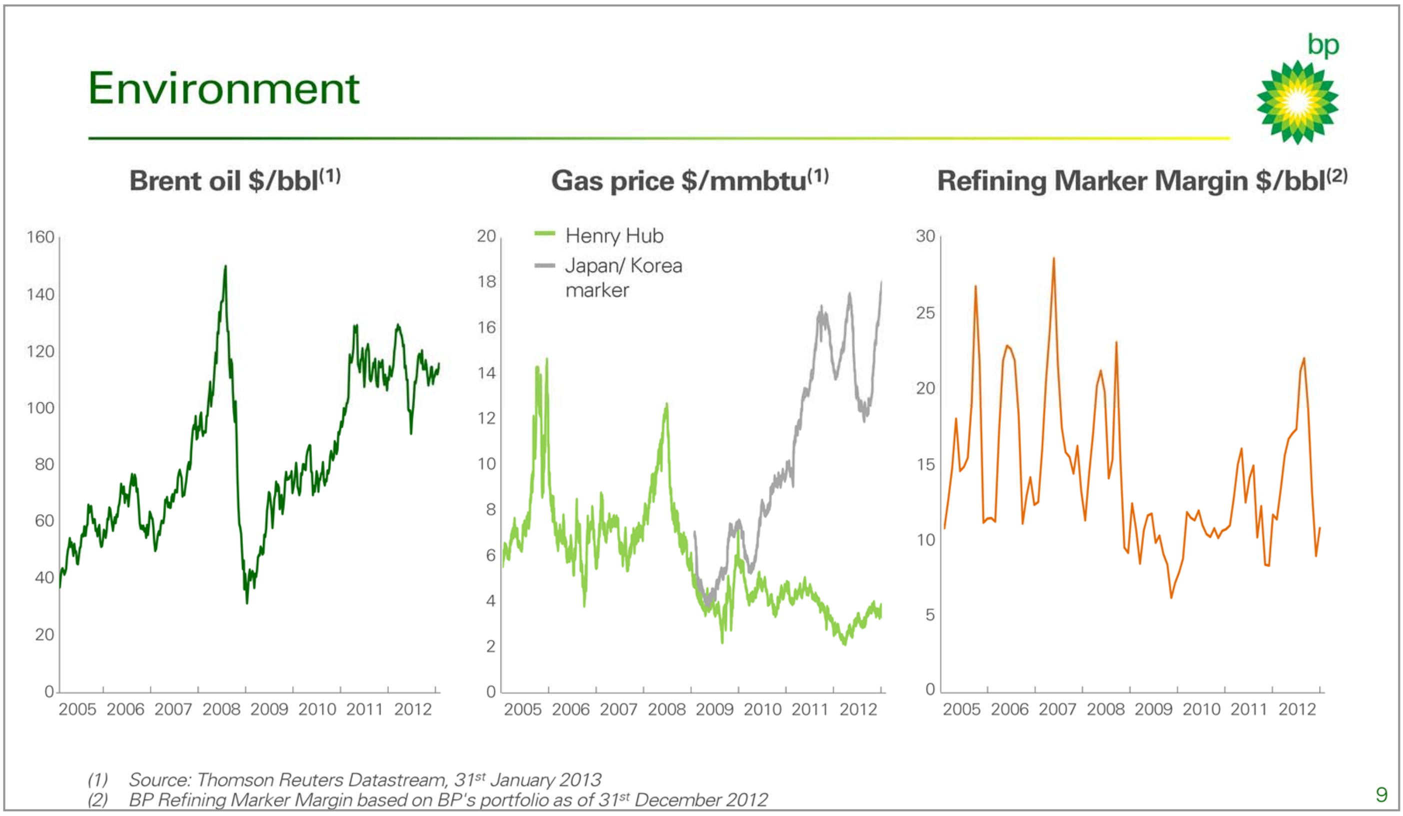
However, the pattern of supply continues to shift and we expect unconventional oil and gas to play an increasing role in meeting demand. The US is now expected to become almost self-sufficient in energy by 2030, while China and India become increasingly import-dependent.

We can see from the Outlook that BP's strategy and portfolio is aligned with the opportunities presented by these trends.

We plan to play a leading role in the supply of oil by applying what I believe are our distinctive capabilities in exploration, managing giant fields and enhanced oil recovery.

We are investing in unconventional oil and gas, from shale operations in the US to tight gas in the Middle East and heavy oil in Canada. We are also investing in the capacity to process heavy oil, most notably through the major modernization of the Whiting refinery.

And our downstream businesses are supporting progress in energy efficiency: for example with fuels and advanced lubricants for transport that help improve fuel economy and lower emissions, as well as leading petrochemical technologies that minimize energy use, costs and emissions.



Turning from the long-term to the current environment.

The oil price has remained above one hundred dollars a barrel for the majority of the past year, albeit with some continued dislocations between crude markers in the US. Clearly this is sensitive to the balance between global demand affected by the recovering global economy, and the supply tensions from geo-political risks.

Henry Hub gas prices have continued to remain at historically low trends, with reductions in drilling activity offset by only modest demand growth which has not been sufficient for a recovery in the price.

And finally in the Downstream, refining margins increased on average for the third consecutive year in 2012 as demand for global oil products, mainly in the non-OECD markets, continued to grow and supply was reduced by refinery closures and operational issues.

So this is the global environment we have been operating in – let's now hand you over to Brian to talk you through our financial performance for the 4th quarter.

Thank you Bob.

4Q 2012 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	4Q11	3Q12	4Q12	% Y-o-Y
Upstream	5.9	4.4	4.4	
Downstream	0.8	3.0	1.4	
Other businesses & corporate	(0.6)	(0.6)	(0.4)	
Underlying business RCPBIT [1]	**6.1**	**6.8**	**5.3**	**(13)%**
TNK-BP[2]	1.0	1.3	0.2	
Consolidation adjustment - unrealised profit in inventory	0.1	(0.1)	(0.4)	
Underlying RCPBIT [1]	**7.2**	**8.0**	**5.1**	**(29)%**
Finance costs [3]	(0.2)	(0.2)	(0.3)	
Tax	(1.9)	(2.6)	(0.8)	
Minority interest	(0.1)	(0.1)	(0.1)	
Underlying replacement cost profit	**5.0**	**5.2**	**4.0**	**(20)%**
Underlying earnings per share (cents)	**26.3**	**27.2**	**20.9**	**(21)%**
Dividend paid per share (cents)	**7.0**	**8.0**	**9.0**	
Operating cash flow	**5.0**	**6.3**	**6.3**	

(1) RCPBIT = Replacement Cost Profit Before Interest and Tax
(2) TNK-BP 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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I will start with an overview of the fourth-quarter financial performance.

BP's fourth-quarter underlying replacement cost profit was $4.0 billion, down 20% on the same period a year ago, and 23% lower than the third quarter.

Compared to the fourth quarter of 2011, the result reflected:

Lower production due to divestments, production sharing agreement impacts and natural field decline, partly offset by major project delivery;

A lower contribution from TNK-BP as it became an asset held for sale following the agreement with Rosneft, meaning only 21 days of underlying income was recognised;

A $430 million negative consolidation adjustment to eliminate unrealised profit in inventory;

Partly offset by the positive impact of stronger refining margins.

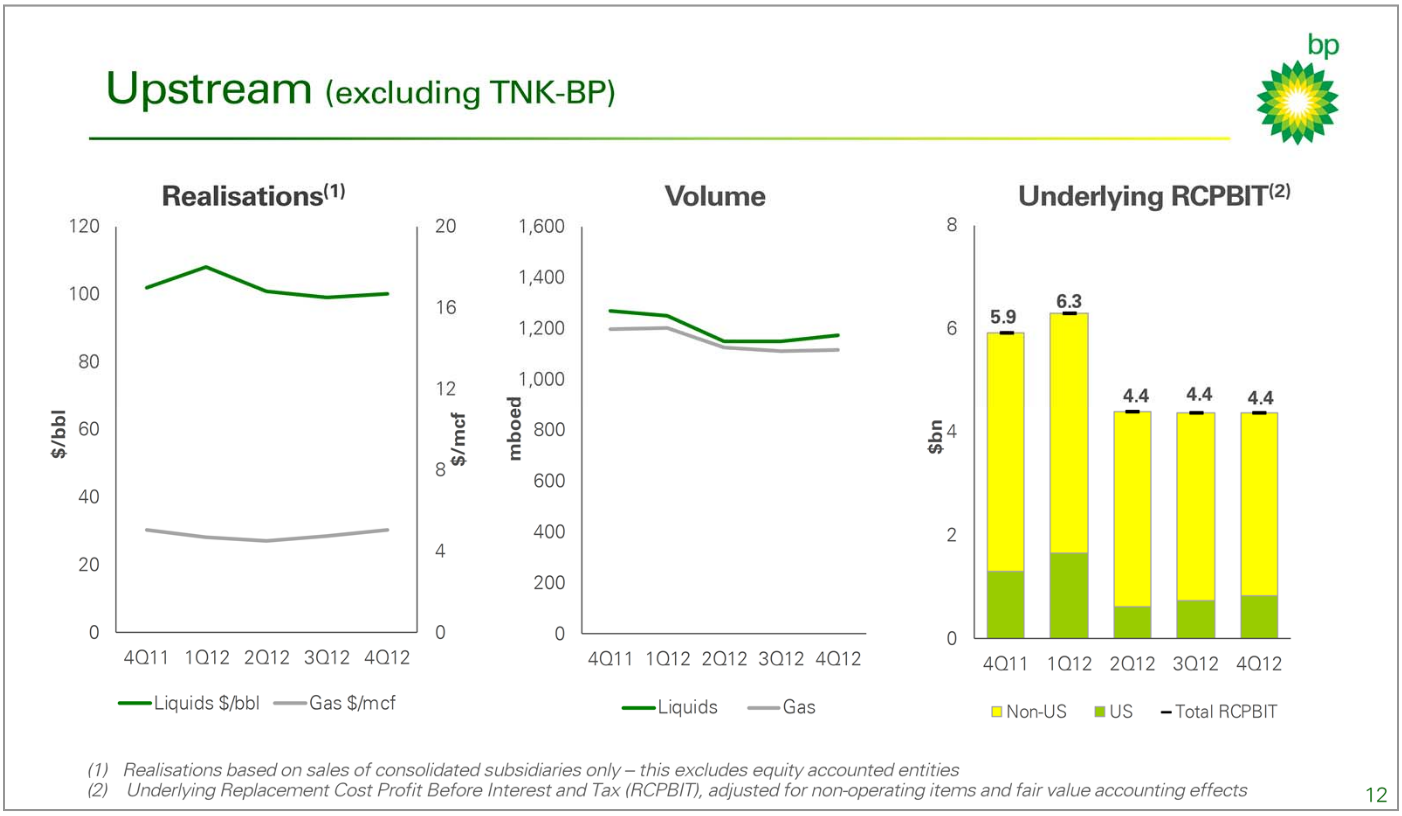
As a reminder, the consolidation adjustment relates to the unrealized profit from upstream equity crude that is held in our refinery inventories, with the volumes held in the fourth quarter increasing significantly compared to the third quarter.

Fourth-quarter operating cash flow was $6.3 billion which included the final payment of $860 million into the Gulf of Mexico Trust Fund.

And as Bob mentioned a moment ago, full-year 2012 underlying replacement cost profit was $17.6 billion, down 19% on 2011. This included a record contribution from the Downstream of $6.4 billion pre-tax, with another year of underlying profit growth from that business.

The fourth quarter dividend, payable in the first quarter of 2013, is 9 cents per ordinary share, an increase of 12.5% year-on-year.

Turning to the highlights at a segment level.



For the Upstream, the underlying fourth-quarter replacement cost profit before interest and tax was $4.4 billion compared with $5.9 billion a year ago and $4.4 billion in the third quarter.

The result versus a year ago largely reflects:

- A decrease in production of around 7%, primarily due to divestments and entitlement impacts in our production sharing agreements and natural field declines. This was partly offset by major project delivery. Underlying 4Q volumes, excluding TNK-BP and after adjusting for divestments and entitlement effects, decreased by around 1% year-on-year.

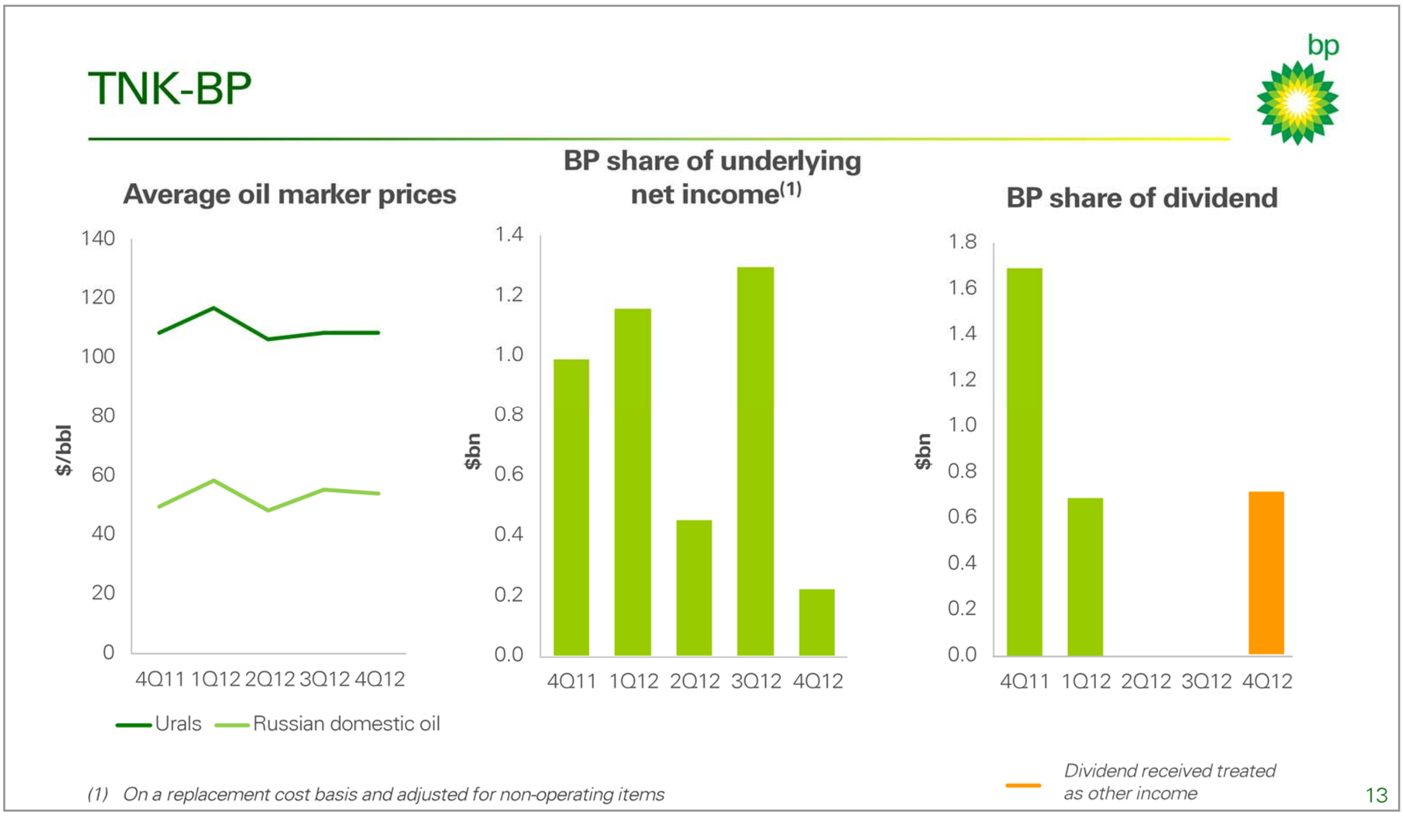
- The price environment was basically flat with small improvements in Brent offset by movements in local oil price differentials, and Henry Hub traded slightly lower than a year ago.

- Costs increased year-on-year, including higher DD&A and higher cash costs.

Compared to the third quarter, the fourth-quarter result is flat with the benefits of higher gas prices, including Henry Hub, being offset by higher cash costs.

For the full year, underlying production in 2012 was broadly flat compared to 2011, in line with previous guidance.

Looking ahead we expect first-quarter reported production to be slightly up relative to the fourth quarter, with the ramp-up of production from our major project start-ups offset by the ongoing impact of divestments.



Turning to Russia.

As you are aware, following the agreement in principle with Rosneft on the 22nd October, we announced that equity accounting of our share of TNK-BP earnings would cease, and that TNK-BP would be treated as an asset held for sale.

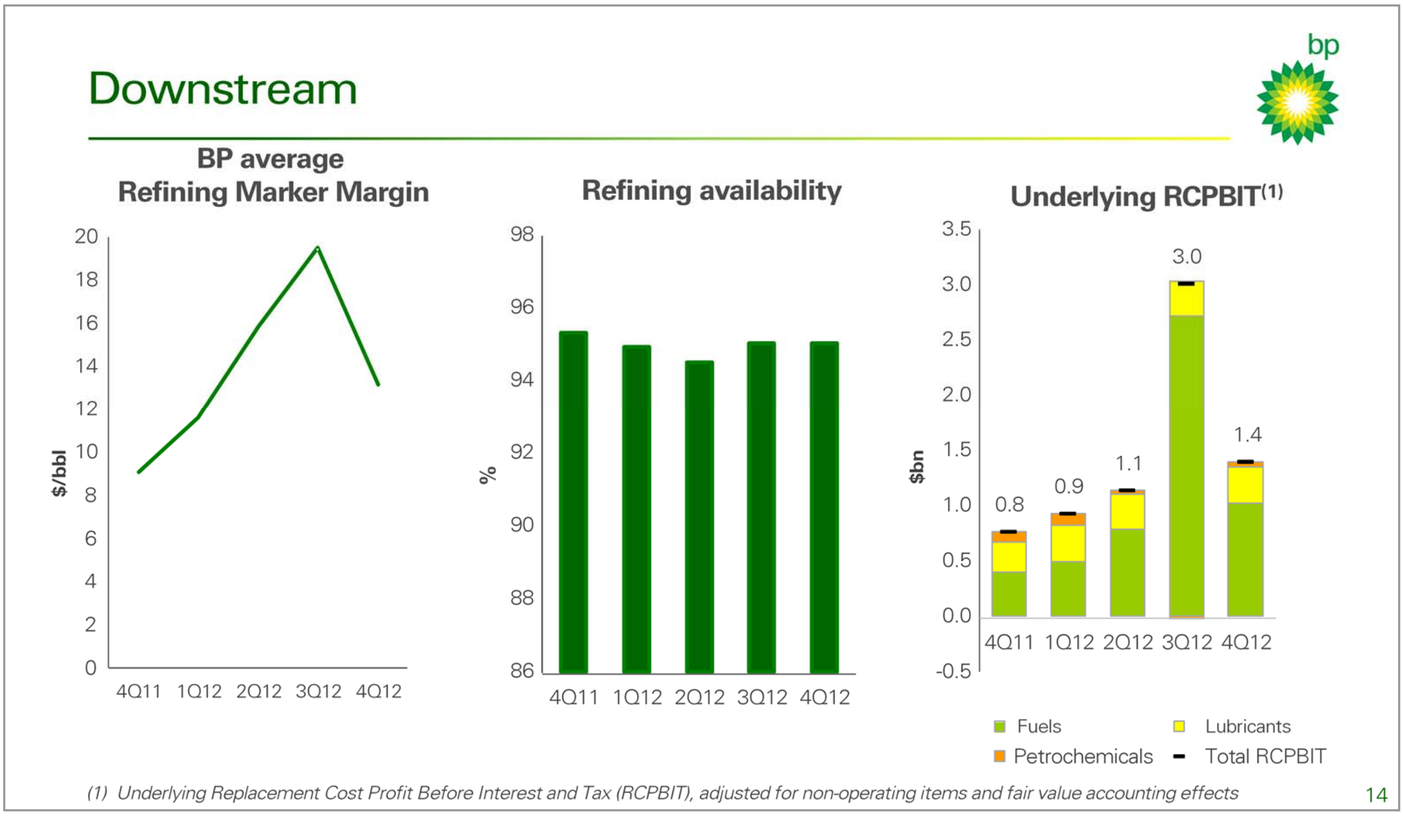
So our result for the fourth quarter only reflects 21 days of TNK-BP net income.

As a consequence, BP's share of TNK-BP underlying net income was $220 million in the fourth quarter compared to $1.3 billion in the previous quarter and $1.0 billion a year ago.

We also received dividend income from TNK-BP of $700 million in the fourth quarter. As an asset held for sale under IFRS this is accounted for within revenue, and has been treated as a non-operating gain.

The dividend will also reduce the cash proceeds from the sale of our TNK-BP shareholding, and the associated non-operating gain, by an equivalent amount.

We continue to expect to complete the deal with Rosneft during the first half of this year – so until that point, we will not be booking any earnings from our activities and interests in Russia. We will however continue to report our share of TNK-BP's production and reserves until the transaction closes.



In the Downstream, the fourth-quarter underlying replacement cost profit was $1.4 billion compared with $800 million a year ago and $3.0 billion in the third quarter.

The Fuels business delivered an underlying replacement cost profit of $1.0 billion in the fourth quarter, compared with $400 million in the same quarter last year. The continued benefit of strong operations enabled the capture of higher refining margins, partly offset by the impact of the planned outage of the largest crude unit at our Whiting refinery, which began in November.

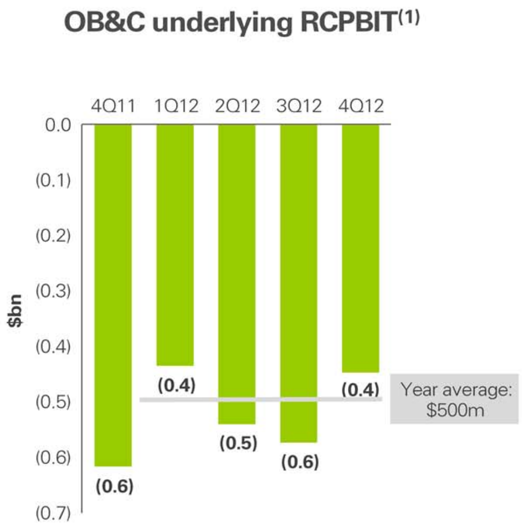
Compared with the third quarter, the Fuels result was impacted by significantly lower refining margins, the absence of gains from the prior month pricing of barrels into our US refining system, and the planned crude unit outage at Whiting. This outage is scheduled to continue until the second quarter, enabling the start-up of the Whiting refinery modernisation project in the second half of the year.

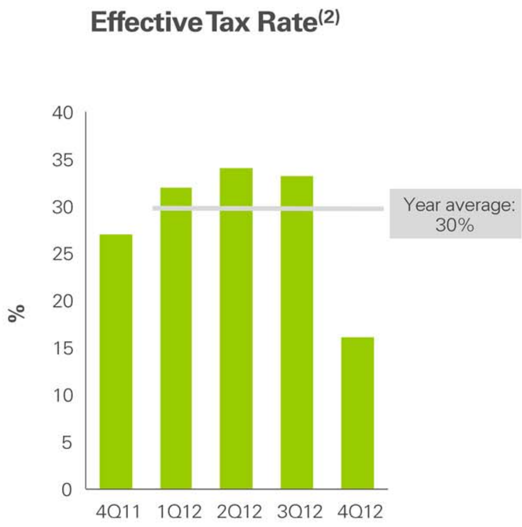
In addition we expect the financial impact of refinery turnarounds in the first quarter will be similar to the fourth quarter of 2012, and lower for the full-year 2013 than for 2012.

The Lubricants business delivered an underlying replacement cost profit of $330 million in the fourth quarter and $1.3 billion for the full year. This reflects continued robust performance in the quarter, contributing to year-on-year growth in underlying profit despite challenging demand levels throughout 2012.

The Petrochemicals business delivered an underlying replacement cost profit of $50 million compared with a profit of around $100 million in the same period last year. Despite seeing a slight recovery in margins in the fourth quarter, we expect margins to remain under pressure during 2013.

Other items





(1) *Underlying Replacement Cost Profit Before Interest and Tax (RCPBIT), adjusted for non-operating items*
(2) *Effective tax rate on underlying replacement cost profit*

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In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge of $450 million for the fourth quarter, an improvement of $170 million on the same period a year ago.

The full-year charge of $2.0 billion was in line with our February 2012 guidance. In 2013, we expect the average underlying quarterly charge for Other Businesses and Corporate to continue to remain around $500 million, although this will remain volatile between individual quarters.

The effective tax rate on underlying replacement cost profit for the fourth quarter was 16%. This was mainly due to deferred tax adjustments relating to divestments and foreign exchange movements, and adjustments to provisions. The full year effective tax rate on underlying replacement cost profit was 30%.

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

$bn	FY10	FY11	FY12	Cumulative to date
Income statement				
Charge / (credit) for the period	**40.9**	**(3.7)**	**5.0**	**42.2**
Balance sheet[2]				
Brought forward		**23.3**	**10.6**	
Charge / (credit) to income statement	40.9	(3.7)	5.0	42.2
Payments into Trust Fund	(5.0)	(10.1)	(4.9)	(20.0)
Cash settlements received	-	5.1	0.3	5.4
Other related payments in the period [3]	(12.7)	(3.9)	(1.6)	(18.2)
Carried forward	**23.3**	**10.6**	**9.4**	**9.4**
Cash outflow	**17.7**	**8.9**	**6.2**	**32.8**

(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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In the fourth quarter we recognized a $4.1 billion charge, primarily reflecting the settlement with the US Department of Justice to resolve all federal criminal charges. This brings the full-year total charge to $5.0 billion.

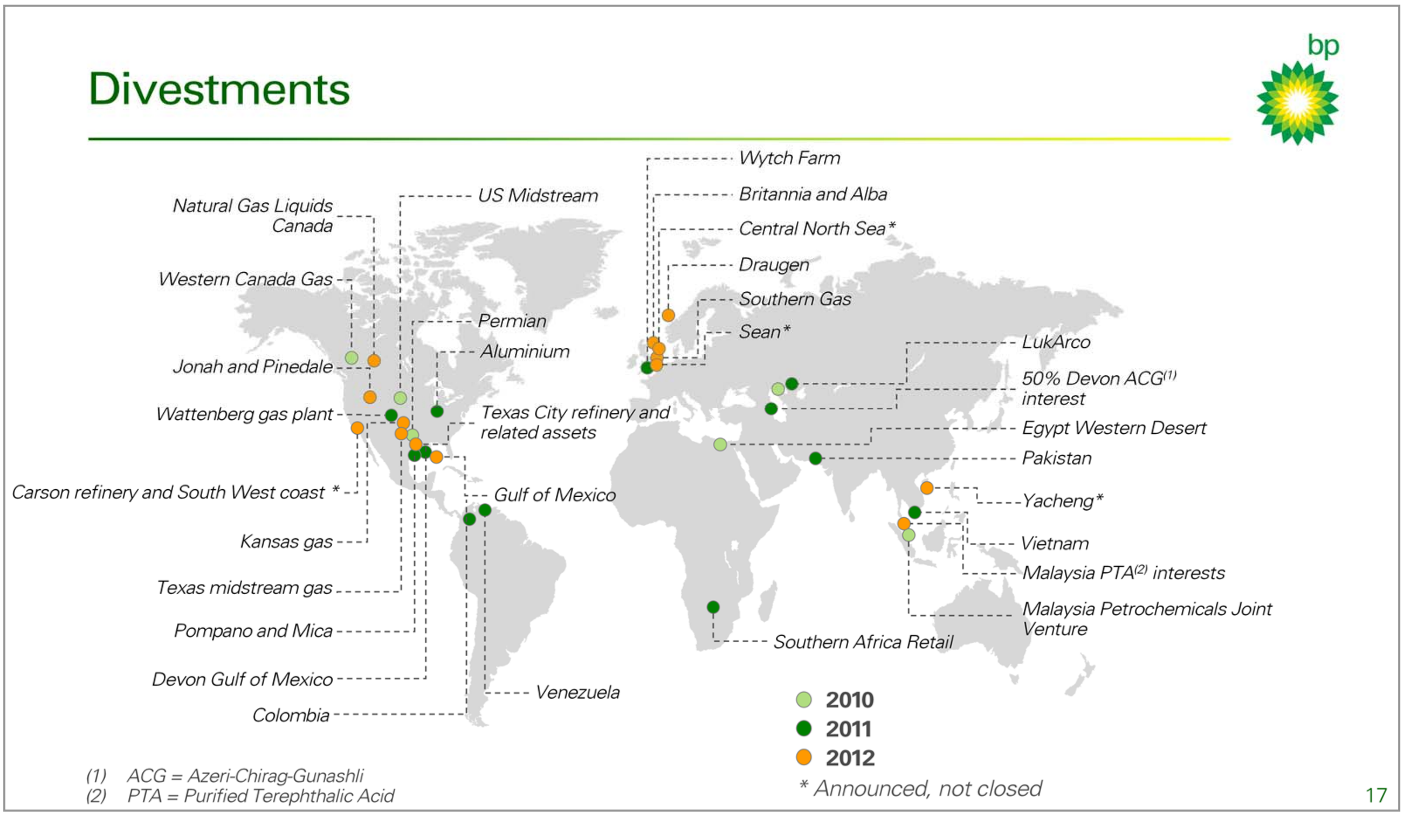
The total cumulative net charge for the incident to date is $42.2 billion.

The pre-tax cash out-flow related to oil spill costs for the year was $6.2 billion.

During the fourth quarter we completed funding of the $20 billion Trust Fund.

At the end of the year, the cash balances in the Trust and the Qualified Settlement Funds amounted to $10.5 billion, with $20 billion contributed in and $9.5 billion paid out.

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



Since the end of the third quarter we have announced over $4 billion of further asset sales including:

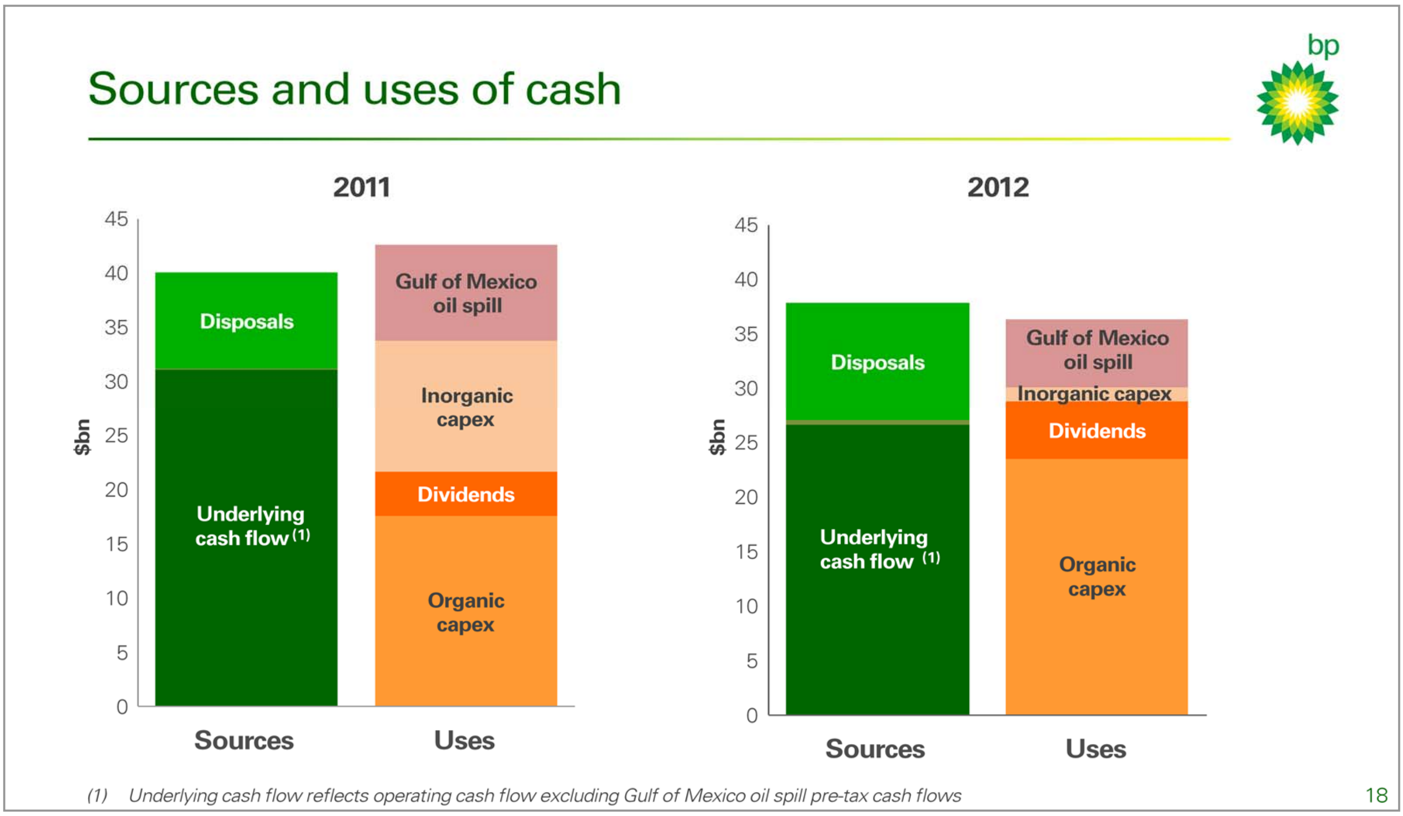
- Our Texas City refinery in the US together with some related logistics and marketing assets, a transaction which closed on the 1st of February;
- Interests in a number of North Sea oil and gas fields; and
- Our interest in the Yacheng gas field in the South China Sea.

As Bob said, we have now effectively reached our $38 billion divestment target a year earlier than planned.

Of the $38 billion announced divestments since 2010, we have received over $31 billion in proceeds by the end of December 2012 and expect to receive the majority of the remaining proceeds in 2013.

The impacts will be increasingly evident as we move through 2013. For example, the 2013 reported production relative to 2012 is expected to be around 150 thousand barrels of oil equivalent per day lower.

For the Upstream, the divestment programme accounts for almost 500 thousand barrels of oil equivalent per day or 16% of our 2010 reported production excluding TNK-BP. For the Group as a whole, assets divested since 2010 would equate to around $5.0 billion of pre-tax earnings and $5.0 billion post-tax operating cash flow.

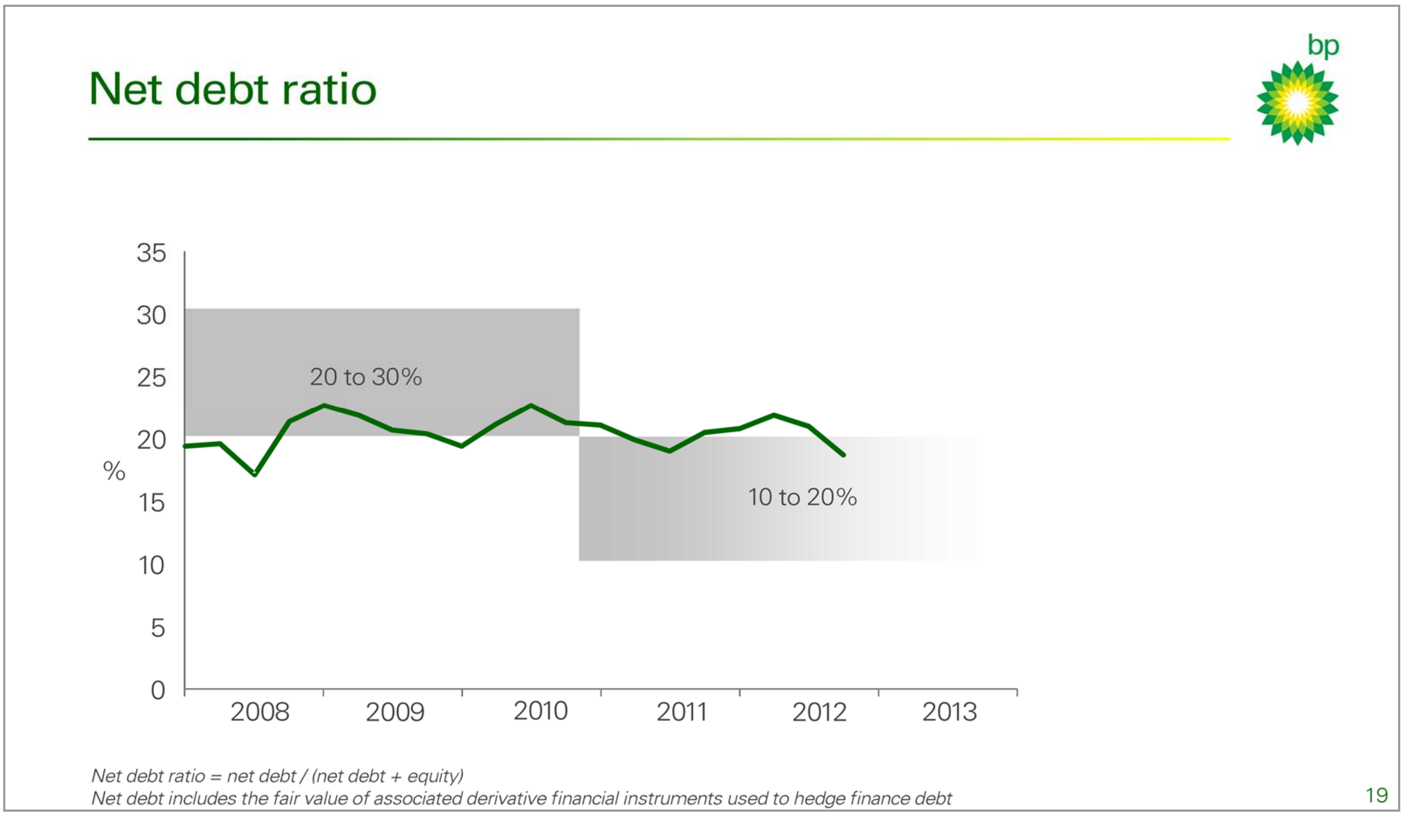


Looking at our full-year cash flow movements, this slide compares our sources and uses of cash in 2011 and 2012.

Operating cash flow for 2012 was $20.4 billion which includes $6.2 billion of Gulf of Mexico pre-tax oil spill-related expenditures. Excluding these oil spill-related outgoings, underlying cash flow was $26.6 billion.

We received $11.4 billion of divestment proceeds during the year with $6.8 billion received in the fourth quarter.

Full year organic capital expenditure was $23.1 billion, with $6.6 billion in the fourth quarter.



Our year-end net debt reduced to $27.5 billion and our gearing ratio fell to 18.7% bringing it within our target range.

With the completion of payments into the Trust Fund and as we receive the outstanding proceeds from the divestment programme, we expect gearing to reduce further. We will continue to target gearing in the 10 to 20% range while uncertainties remain.

2013 Guidance

	2012	2013 guidance
Production excluding TNK-BP / Rosneft	2,319mboed	Grow underlying[1]
Organic capital expenditure	$23.1bn	~ $24bn - $25bn
DD&A[2]	$12.5bn	~ $0.5bn - $1.0bn higher
Other Businesses and Corporate: average underlying quarterly charge	$500m	~ $500m
Full-year effective tax rate[3]	30%	36-38%

(1) 2013 underlying production is based on $100 oil; net of forecasted divestment activity. 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) DD&A = Depreciation, Depletion and Amortization
(3) Effective tax rate on underlying replacement cost profit

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Turning now to guidance for 2013:

We expect underlying production in 2013 to grow, mainly driven by the ramp-up of major projects in higher-margin areas and reduced maintenance outages. Full-year 2013 reported volumes are expected to be lower than 2012 due to the divestment of around 150 thousand barrels of oil equivalent per day, the majority of which relates to higher-margin areas in the Gulf of Mexico and the North Sea. The actual reported outcome will depend on the exact timing of divestments, OPEC quotas and the impact of oil price on production sharing agreements.

Organic capital expenditure in 2012 was $23.1 billion. In 2013 we expect capital expenditure to be around $24 to $25 billion as we invest to grow in the Upstream.

Our depreciation, depletion and amortization charge was $12.5 billion in 2012, and in 2013 we expect this to be around $500 million to $1.0 billion higher. The increase reflects the expected ramp-up of production from higher-margin Upstream assets, and the planned commissioning of the Whiting upgrade in the second half of the year.

As already mentioned, Other Business and Corporate charges are expected to be $500 million per quarter.

Moving to tax, our effective tax rate is expected to be higher in 2013, with a range of 36% to 38% mainly due to a lower level of equity accounted income, mostly TNK-BP, which is reported net of tax.

There are also some accounting changes that will impact earnings in 2013. With effect from the 1st January 2013 we will be adopting new accounting standards, including IAS 19 ‘employee benefits’ and IFRS 11 ‘joint arrangements’.

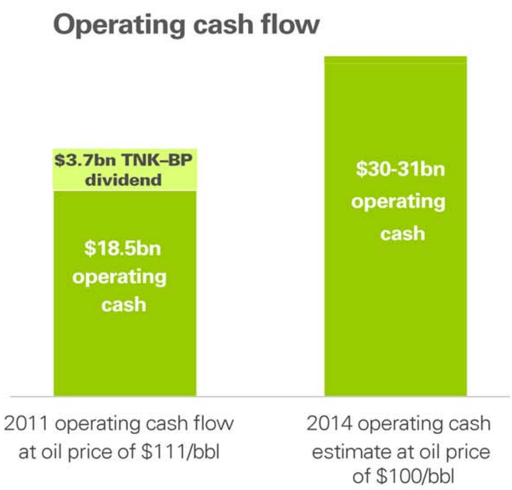
We will provide information around the expected impact of these standards on our 2013 financial statements in due course, and we will also restate our results accordingly for the last five years.

However, at this time we expect the new reporting standard for pensions accounting to have the largest effect, reducing 2013 earnings by approximately $260 million per quarter. In effect we will now be using a rate for the return on plan assets that matches the rate used to discount our pension liabilities. However this will have no impact on cash flow.

And finally, as a result of our major portfolio rationalisation, we will also be updating our Rules of Thumb this week, as published on our website, bp.com.

Growing sustainable free cash flow

- More than 50% growth in operating cash flow by 2014 at \$100/bbl versus 2011[(1)]
- Organic capital expenditure of \$24-27bn from 2014 to end of the decade
- Ongoing divestments of \$2-3bn per annum
- Gearing target of 10-20% whilst uncertainties remain
- Distributions
  - Progressive dividend policy
  - Commitment to offset any Russia-related earnings per share dilution



(1) See Statement of Assumptions under Cautionary Statement; Adjusted to remove TNK-BP dividends from 2011 and 2014 operating cash flow; 2014 includes BP estimate of Rosneft dividend; 2014 includes the impact of payments in respect of the settlement of all criminal and securities claims with the US Government; BP assumption for 2014; \$100/bbl oil, \$5/mmbtu Henry Hub gas

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Looking out to 2014 and our operating cash flow objectives, we continue to expect to see operating cash flow of \$30-31 billion.

As highlighted at our Upstream Investor Day in December, this represents more than 50% growth in operating cash flow versus 2011, including the impact of payments in respect of the settlement of all criminal and securities claims with the US Department of Justice and the SEC.

We are increasingly confident in the drivers that underpin this growth, primarily driven by the start-up of 15 major projects over the period and the planned commissioning of the Whiting upgrade in the second half of this year.

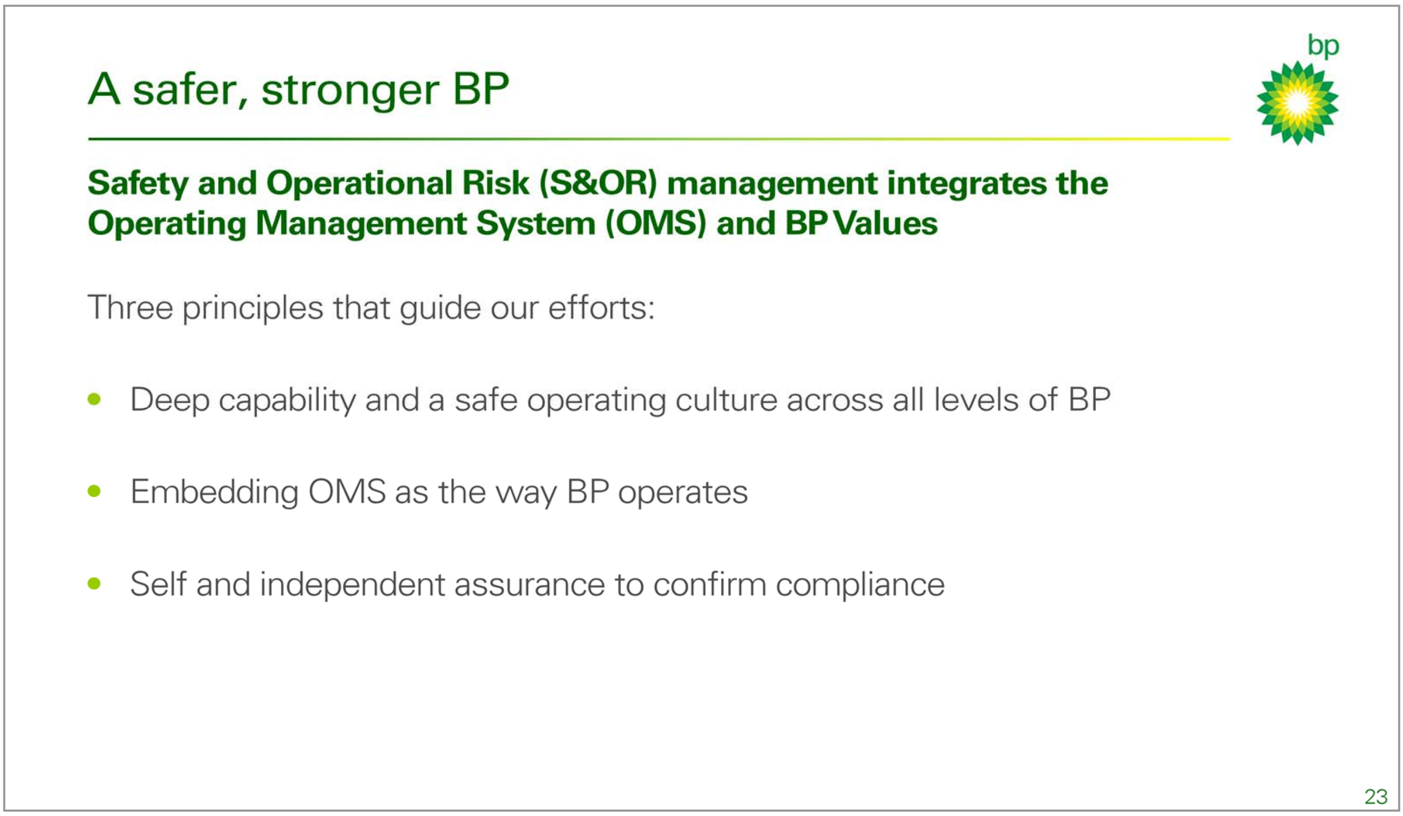
With our current portfolio we expect to manage gross organic capital expenditure for the Group in the range of \$24-27 billion per annum from 2014 through to the end of the decade and to divest on average of \$2-3 billion per annum on an ongoing basis.

Growth in group operating cash flows to 2014 and beyond creates the platform to increase reinvestment and grow distributions in line with the improving circumstances of the firm, and we will continue to maintain a progressive dividend policy.

We will provide details on how the cash proceeds from the proposed TNK-BP transaction will be used at the time the deal completes. However at a minimum, our intention remains to use part of the cash proceeds to offset any dilution to earnings per share.

Now let me hand you back to Bob.

Thank you Brian.



Turning to safety and risk management. Some say we are now too attentive to this, but let me be clear - this is good business both for the near term and the years ahead.

Our approach brings together our operating management system – or OMS - and our BP values - safety, respect, excellence, courage and One Team. The first defines what we do, through a set of global standards that we expect across all of our operations. And the second defines how we do it. Together they are the way we work in every BP operation around the world.

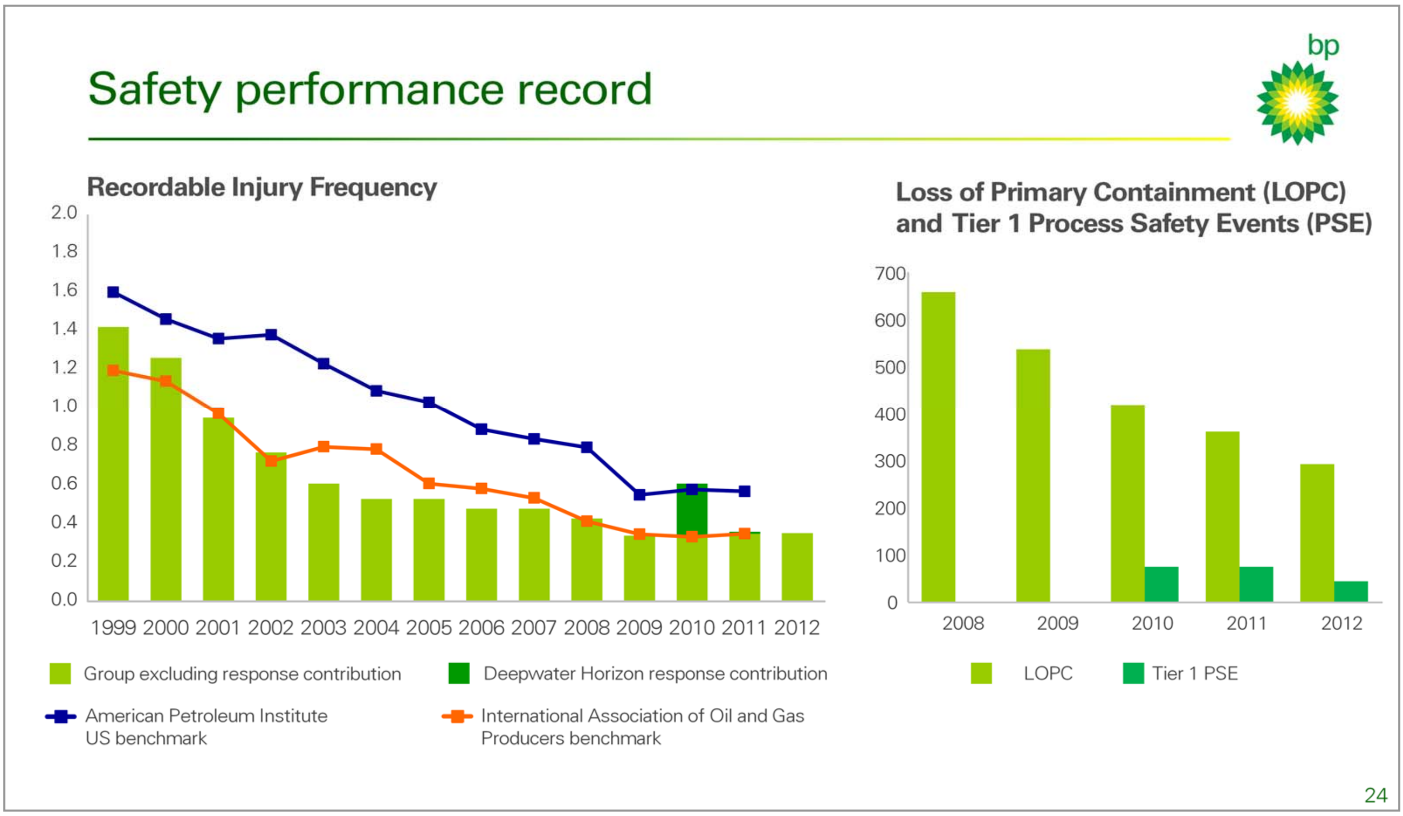
We then look to three specific principles to guide us:

The first is strong leadership. Individuals within our businesses and operations who shape and grow a safe operating culture and who are supported by a highly capable workforce.

The second is to insist upon globally consistent use of our OMS. This involves applying safety and operating procedures and rigorously assessing and managing risks. And it means always seeking to strengthen the safety and reliability of operations through the improvement of plant, people and process.

And finally, we have strong self and independent assurance to confirm that are compliant with our systems and processes.

So that's the approach, but how does this show up in our safety performance?



These charts show some of our safety statistics. Of course the trends shown here are only one lens on safety performance and we know there is always more to do. However, I do take some encouragement from these metrics.

The first is Losses of Primary Containment, shown on the right slide. This records losses, down to very small releases. 2012 showed a 19% reduction on 2011, continuing a multi-year improvement.

Also on the right slide, we track Process Safety Events, the American Petroleum Institute recommended industry metric. Our 2012 outcome was a 42% reduction in Tier 1 events versus 2011.

The focusing of our portfolio has also had a positive impact in terms of safety and risk management. For example, our divestment programme in the Upstream will remove around 50% of our installations, 50% of our pipeline length and reduce the number of wells by a third, while only reducing our reserves by around 10%.

Alongside process safety, we continue to focus on personal safety, maintaining our Recordable Injury Frequency Rate at levels comparable or better than industry benchmarks. This is shown on the left chart. There is always more to do, but I believe what we are seeing is the emergence of the safer and stronger BP that we are creating and our focus remains resolute. We are also clear this is good business.

Enhancing deepwater safety

bp

- Sharing lessons and technology to build global capability
- Standardisation of risk identification and action plans
- More systematic approach
  - Enhancing well control and other drilling safety standards, practices and capabilities
  - Onshore drilling monitoring and assurance
  - Ensuring availability of response equipment and consumables in deepwater basins

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I want to just focus for a moment on one of the most important things we are doing to embed safety and risk management in BP. Since the Deepwater Horizon accident we have been determined to share the lessons to help prevent an accident of this magnitude happening again and to help advance global oil spill response capabilities. Our experience has been built across the key capability areas of prevention and drilling safety, well capping and containment, relief wells, spill response, and crisis management.

This has been a significant journey of learning for BP and we have been asked to share our experiences with many others in the industry and among regulators and governments worldwide. We have conducted more than 200 briefings and presentations with such groups in the past two years in at least 30 countries.

As you know we carried out a very thorough investigation which made 26 recommendations. We are now implementing those recommendations through a worldwide programme with a dedicated team. It involves multiple actions to ensure each recommendation is fully implemented in every operation.

This involves creating new standardised risk identification and action plans. At the same time we are adopting a more systematic approach. We have introduced enhanced well control and other drilling safety standards, practices and capabilities.

In Houston we have built a state of the art facility that displays live well information about our rigs in the Gulf of Mexico. Operating 24/7, experts at the facility provide an additional level of assurance to their colleagues located at each offshore drilling rig in the Gulf of Mexico.

We are also ensuring we are better prepared to respond to an accident should one occur – and that has involved building new equipment such as a capping stack which is located in Houston, and creating new response plans.

Progress in the US

bp

- $20bn of Trust Fund payments complete
- Settlement with Plaintiffs' Steering Committee approved
- Resolution of all federal criminal charges and securities claims against BP by US Government
  - Plea accepted by court and BP sentence consistent with plea agreement
  - Charge taken against income increased by $3.85bn
  - Cash payments over a six year period
- MDL 2179 trial scheduled to commence 25th February, 2013 in New Orleans

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So let us move on to the legal landscape in the US where we have made progress in reducing the legal risks facing the company.

We reached a significant milestone with completion of the $20 billion payments into the Trust Fund, the final payment being made in the fourth quarter. This removes a call on the operating cash flows of the Group of some $5 billion per year.

The fairness hearing to determine whether to grant final approval of the settlements with the Plaintiffs' Steering Committee was held in November and the settlements were subsequently approved by the court in December and January. Payments associated with those settlements are expected to be made from the Trust Fund.

We also announced in November that we had reached an agreement with the US Department of Justice and the Securities and Exchange Commission to resolve all federal criminal charges and SEC securities claims against BP stemming from the accident, oil spill and response. The settlement resulted in an increase to the overall charge of $3.85 billion in the fourth quarter. With the payment schedule stretching out to early 2018, we believe the cash payments are manageable within our current financial framework. As this increase relates to fines and penalties it will not be tax deductible.

Last week, the court accepted BP's plea resolving all federal criminal charges against the company stemming from the Deepwater Horizon accident, oil spill, and response and sentenced the company in accordance with the terms of the plea agreement.

BP continues to work with the EPA in preparing an administrative agreement that will resolve suspension and debarment issues.

By reaching this settlement with the US Government we have removed another significant legal uncertainty and can now focus more fully on defending the company against the remaining civil claims.

We remain prepared to settle the remaining civil claims, but only on reasonable terms. Throughout, we have been preparing for the trial scheduled for later this month and we will be ready to thoroughly and factually present our case in court.

Rosneft transaction progress

- Milestones achieved
  - **22nd October**: Agreement in principle to sell BP's 50% share of TNK-BP to Rosneft
  - **22nd November**: Sales and Purchase Agreement signed and Russian Federation approved BP's acquisition of a further 5.66% of Rosneft
  - **12th December**: Rosneft and AAR[1] sign binding agreements for Rosneft purchase of AAR's 50% share of TNK-BP
  - **24th December**: Rosneft announces signing of loan agreements to finance acquisition of BP's share of TNK-BP
- Regulatory approvals in progress
- Transaction set to close in 1H 2013
- Day 1 planning underway

On closing, BP will hold 19.75% of Rosneft including our existing 1.25% and receive $12.3bn in cash

(1) AAR = Alfa, Access and Renova

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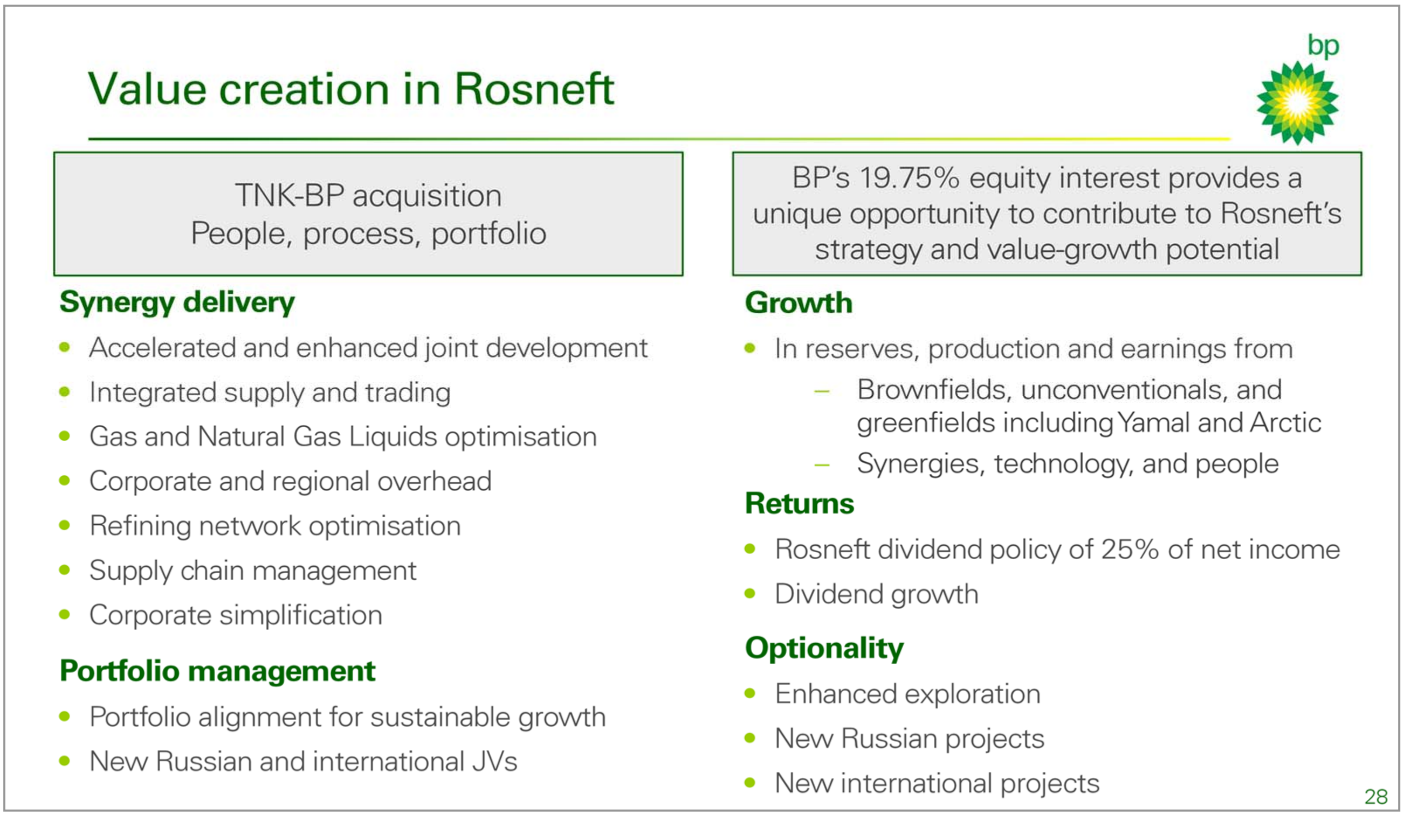
In Russia, we have made significant progress towards the completion of our deal with Rosneft, announced in October, to sell our share in TNK-BP for cash and an 18.5% stake in Russia's leading oil company. As a result of the transaction, you will recall that BP will receive $12.3 billion in cash and hold a total of 19.75% of Rosneft when combined with the existing 1.25% of Rosneft which we already own.

In November, BP and Rosneft signed final, binding agreements for the transaction and the Russian government approved BP's acquisition of a further 5.66% of Rosneft. Also on the 12th of December, Rosneft and Alfa, Access & Renova signed agreements so that Rosneft will acquire 100% of TNK-BP.

The completion of the transaction is subject to regulatory approvals and this process is well underway. We anticipate the closing of the transaction in the first half of 2013.

BP and AAR have also reached agreement on the settlement of all outstanding legal disputes between them, bringing an end to all ongoing litigation.

Let's now look at the potential for value creation as a result of the investment we are making.



Our proposed holding of nearly 20% gives us a great opportunity to contribute to Rosneft's strategy and potential for value growth.

This slide illustrates the areas of potential value growth for Rosneft following its planned acquisition of TNK-BP. On the left side of the slide are areas where short-term synergies can be achieved through the process of integrating TNK-BP into Rosneft. The right side of the slide shows the longer-term potential.

BP has very relevant experience here – in improving performance in Russian oil and gas businesses – and in large-scale corporate mergers. This can directly benefit Rosneft in its efforts to define and capture these synergies.

Like Rosneft, we see numerous opportunities for optimisation of the upstream and downstream businesses and the gas and gas liquids value chains. We also see opportunities in supply chain management, corporate synergies and portfolio optimisation.

Longer term we see potential to increase both reserves and production through the application of leading edge technology and the powerful partnership between BP and the Russian oil and gas professionals that brought such impressive results in TNK-BP.

We are very much looking forward to the prospect of working together with Rosneft to identify and develop stand-alone projects both inside Russia and internationally.

Given all that Rosneft and Russia have to offer to the oil and gas industry, we believe there is enormous potential in the enlarged company to create value for Russia, Rosneft and its shareholders, and by direct consequence for BP shareholders as well.

Turning to the progress and outlook for the Upstream.

Upstream - progress and milestones

Safety and risk management
- 55% reduction in number of tier one process safety events
- Completed 14 of 26 Bly recommendations

Access & exploration
- New positions in Uruguay, Brazil, Nova Scotia in Canada, Gulf of Mexico, Namibia, Trinidad and Utica Shale in the US

Major projects
- 5 start-ups in 2012, 15 by end 2014

Wells
- Mobile offshore rig fleet increased from 15 to 19
- 7 rigs operating in the Gulf of Mexico

Operations
- Increase in plant efficiency in top four high-margin regions
- Improved turnaround efficiency

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We continue to improve on safety and risk management in the Upstream last year. The number of tier one process safety events fell by 55% between 2011 and 2012. Additionally, we completed implementation of 14 of the 26 recommendations of the Bly Report – our investigation into the Deepwater Horizon accident - and have made continued progress towards closure of the remaining 12.

In exploration and access – as I indicated earlier - we have significantly reloaded the portfolio. In the last year alone, we added Atlantic positions including Uruguay, Brazil, Nova Scotia in Canada and Namibia to complement our leading positions in Angola and the Gulf of Mexico. We also established a significant unconventionals position in the emerging Utica shale in Ohio.

We have now started drilling out that inventory.

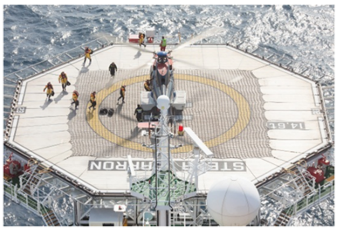
We started five major projects - PSVM, Skarv, Clochas Mavacola, Devenick and Galapagos. All, as you know are in our high-margin areas.

We significantly increased our rig fleet, increasing mobile offshore drilling units from 15 to 19 and we now have seven operational rigs in the Gulf of Mexico, working on a combination of production and exploration activities.

Overall plant efficiency has improved by over 1% across the portfolio and by almost 10% in our top four high-margin regions. In 2012, we also completed 70% of our turnarounds on or ahead of schedule, twice as good as our historical rate of efficiency on these critical activities. Both are good examples of how the new operating model is enabling us to work more systematically and consistently across BP – with further benefits to come in the future.

Upstream - a distinctive platform for growth

- More focused footprint with strengthened incumbent positions
- Re-loaded exploration prospect inventory
- Strong pipeline of high-margin projects
- Leading position in deepwater
- Strong unconventionals resource base to develop



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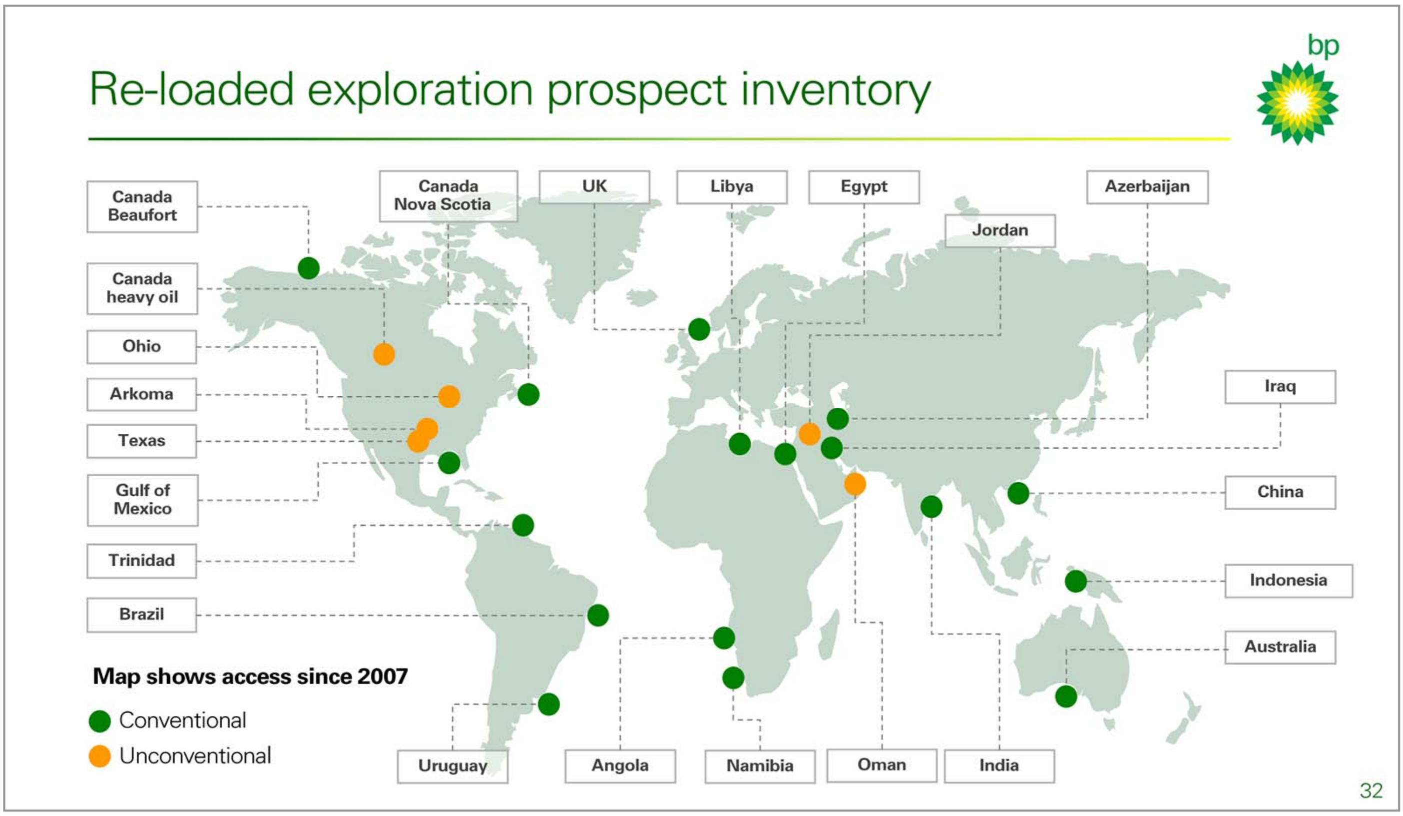
Looking to the portfolio, we have used a combination of divestment and investment to create a strong platform for future growth.

We have reached our $38 billion target of disposals significantly increasing the quality of the Upstream portfolio while reducing its age, complexity and the risks which come with that.

Given the high-quality nature of the portfolio, we have decided to direct more of our capital investment towards the Upstream, up to 80% over the next decade.

In general the features of this portfolio are:

- A more focused footprint with strengthened incumbent positions,
- A re-loaded exploration prospect inventory,
- A strong pipeline of high-margin projects,
- And a focus on our distinctive strengths - deepwater, high-quality gas value chains, giant field management and a deep hopper of unconventional resources.



Over the past few years we have transformed our exploration portfolio and materially increased our unconventional inventory.

The map shows the positions we have added since 2007, focused on deepwater, unconventionals in North America and the Middle East.

We are now early in the process of exploring the acreage. Right now we're acquiring and interpreting seismic data and ramping up to 15 – 25 new exploration wells per year. This does not count appraisal wells.

By testing at least ten new material conventional and unconventional opportunities every decade we aim to add two new provinces, each with multi-billion barrel potential – like we have done with Angola, Azerbaijan and the Gulf of Mexico over the past decade.

Delivering value
PSVM and Skarv project start-ups

- First FPSO in Angola ultra-deep water
- One of the largest subsea developments in the world
- 150 mboed gross peak production

- Highly-advanced FPSO purpose-built for harsh waters
- Five subsea drilling templates, 80 km gas export pipelines
- 165 mboed gross peak production

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Turning to Projects, we remain on track to deliver 15 major project start-ups between 2012 and 2014.

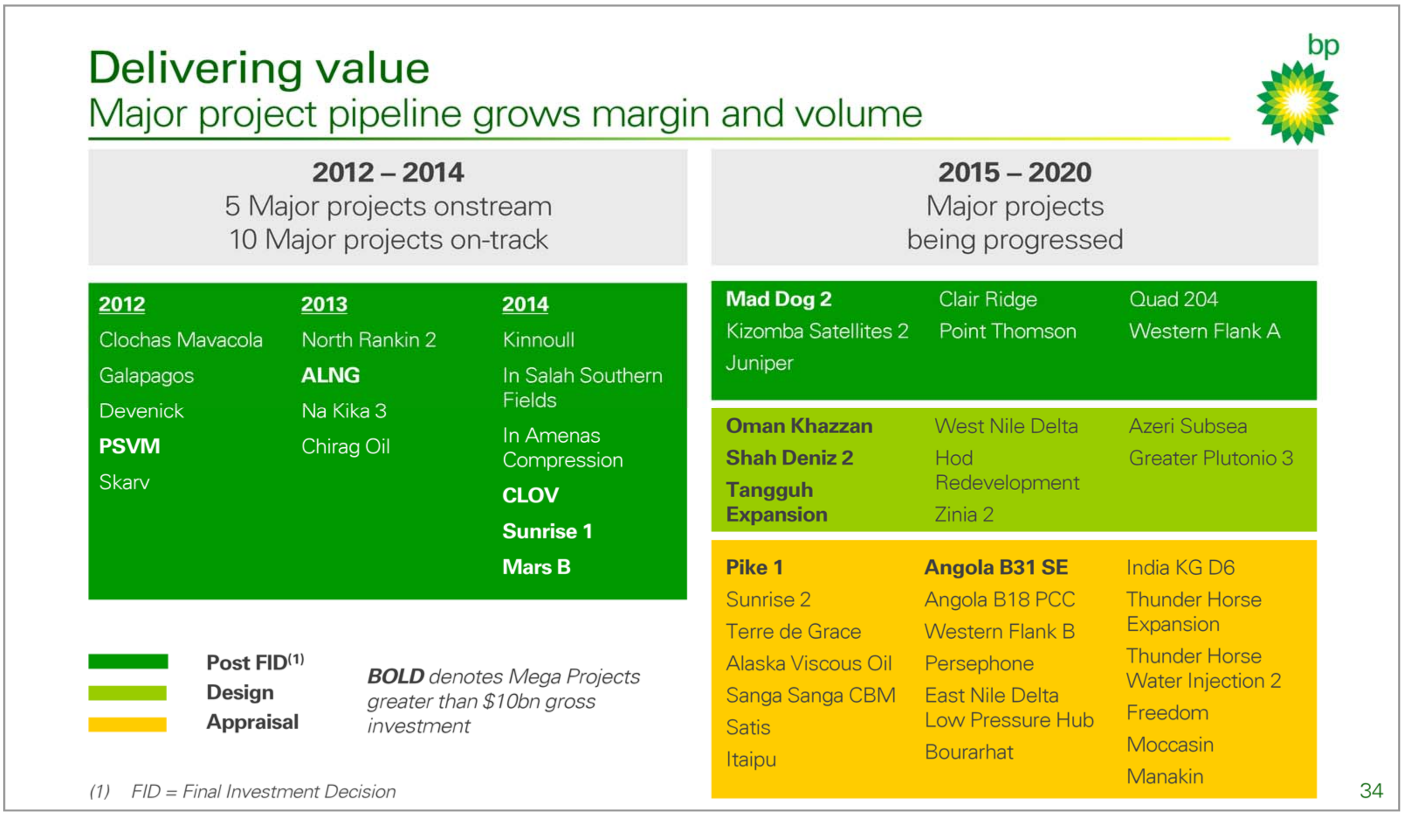
In 2012 we delivered five projects, including PSVM and Skarv, each a significant achievement and key operational milestone in its own right.

PSVM in Angola Block 31 represents one the largest subsea developments in the world and the first in Angolan ultra-deepwater.

The field started-up in December with production averaging just over 60 thousand barrels per day to date. Production will continue to ramp up as we bring onstream further wells, and it is expected to build towards plateau rates of 150 thousand barrels per day over the coming year.

In December we also started up Skarv in the Norwegian Sea. The field development includes a new highly-advanced FPSO purpose-built for harsh waters with five subsea drilling templates. Production will continue to ramp-up through the year and it is expected to reach a maximum rate of 165 thousand barrels per day by year end.

There are two short videos currently on our website which show the scope and scale of these two major projects. I hope you take a moment to see them.



Looking further ahead, we have a very strong pipeline of projects as we showed you in December.

We expect a further four Upstream Major Projects to come onstream towards the end of 2013 - North Rankin 2, Angola LNG, Nakika 3 and Chirag Oil project with the remaining six start-ups in 2014.

In total we have around 50 major projects to progress through the decade. Of these, 11 are what we call mega projects – greater than $10 billion in gross spend.

We made final investment decisions - or FIDs - on three projects in 2012 - Juniper, Kizomba Satellites 2 and Point Thomson - and we expect to FID a further five in 2013.

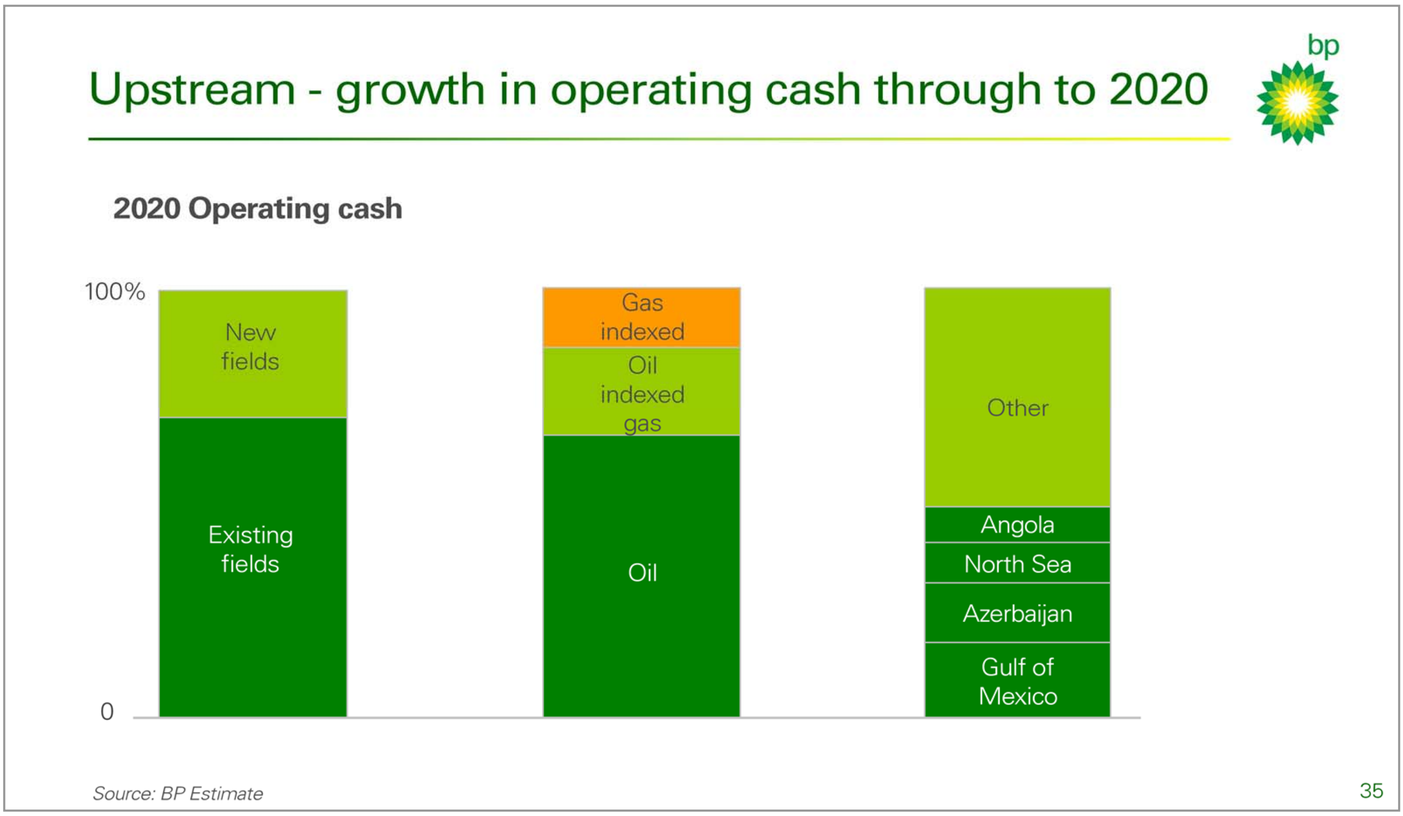
To deliver these projects, we're planning a gradual ramp-up of our rig fleet. It will increasingly be made up of newer, high-quality rigs, with higher reliability, and with key suppliers very much aligned to our focus on safety and risk management.

The strength of this pipeline lies in quality. As we look at the projects that will be delivered out to 2017 – where we have the most definition – the average operating cash margin will be roughly twice that of 2011 Upstream segment average.

That provides us with the opportunity to grow cash margins through the decade.

Of course, we may not progress all of these ourselves, realising value earlier in the process, and some may get deferred.

But, this is a powerful platform for future growth - and it does not include any further exploration success.



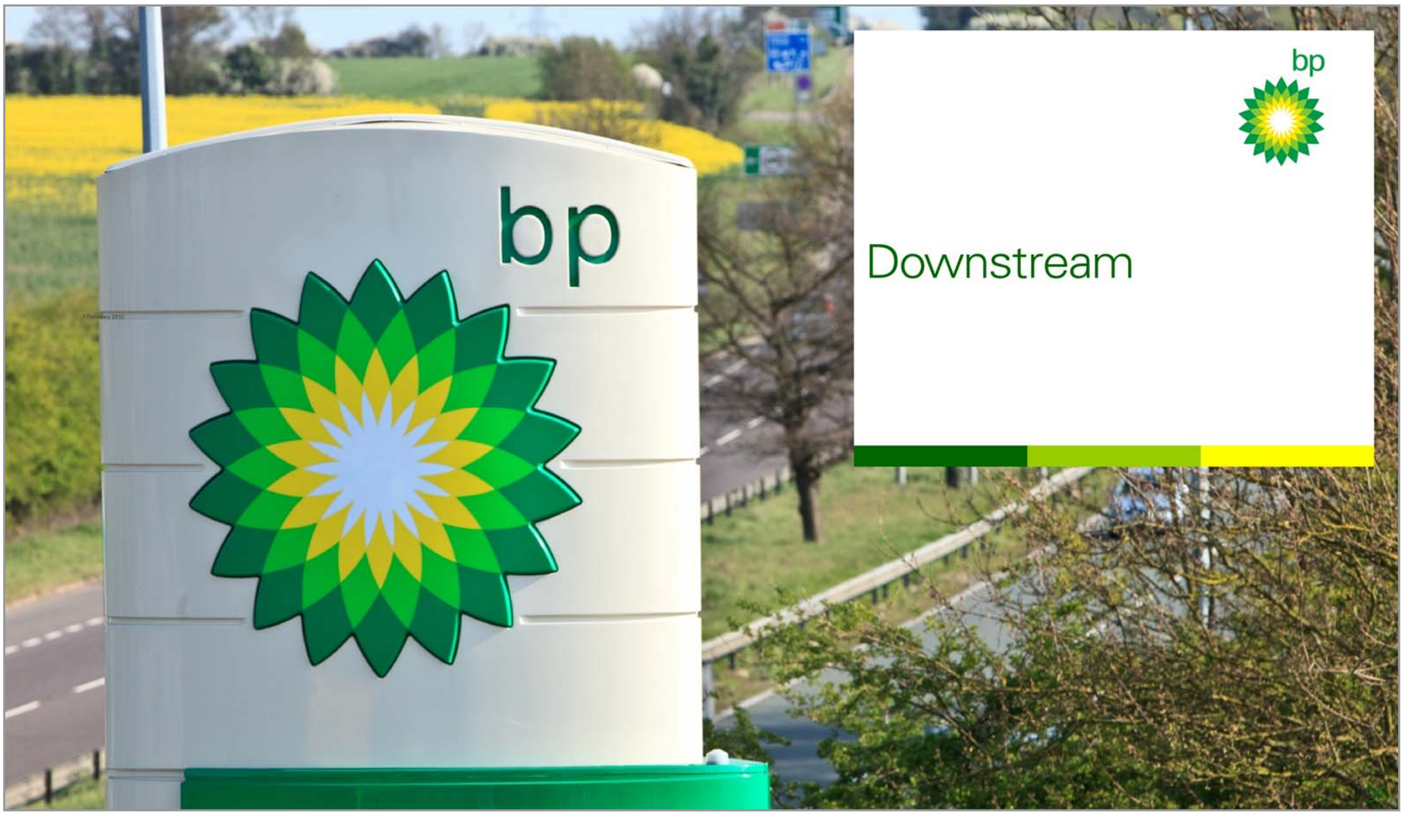
So, what does all of this mean?

We remain on-track to deliver the Upstream contribution to our 50% increase in operating cash flow out to 2014, supported by restoration of production in our high-margin regions and growth from our 15 new major projects.

Looking longer term, with the capital frame Brian outlined earlier, there are three things that give me confidence we can see continuous growth in operating cash flow out to 2020 from the Upstream:

- 70% of our production will come from fields already producing – this shows the youth of our reservoirs and gives me confidence that we can count on them.
- Second, about 85% of our production will come from oil fields or gas fields with prices linked to oil. I believe this is distinctive and offers us more oil price leverage in a world where oil is more scarce than natural gas.
- And third, you can see that we will continue to generate about half of our operating cash from our existing major profit centres – Angola, Azerbaijan, the Gulf of Mexico and the North Sea.

We have a very high-quality set of assets to work with and I'm certain that the strength of our new organisation together with the focus of our portfolio will enable sustainable value-growth for our shareholders, while we continue to explore and create value beyond the current portfolio.



Now let's look at BP's Downstream business and what you can expect in the future.

Downstream – progress and milestones

Safe, high-reliability operations

- 32% reduction in number of tier one process safety events
- Sustained improvement in operational reliability

World class hydrocarbon value chain businesses

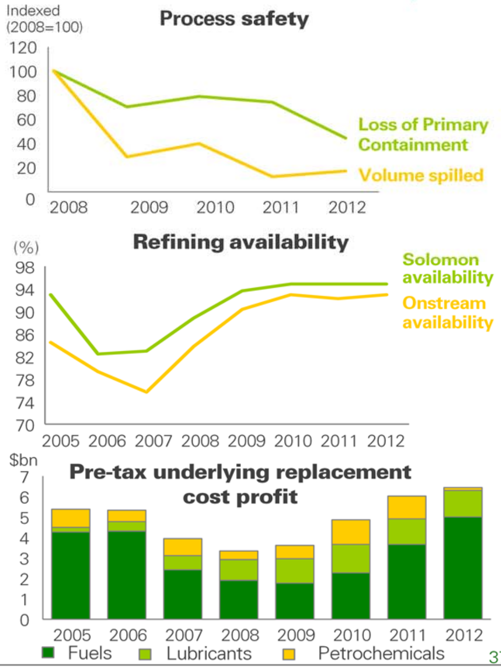
- Focus on quality
- Exposure to growth
- Leading technologies

Repositioning of portfolio

- Sale of Carson and Texas City refineries and related assets
- Whiting refinery modernisation project onstream 2H 2013

Performance delivery

- Record underlying earnings in 2012
- Attractive returns, material free cash flows
- Disciplined reinvestment



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Turning to the Downstream, 2012 has been a success in many areas. It was a year of sustained safety and operational improvements, strategic progress, and record levels of underlying earnings, despite a weak environment in both petrochemicals and oil trading.

As we have previously explained, our approach is based on the principle that a world class downstream business requires focus on the right assets with the right scale, location and configuration, complemented by leading technology and brands.

But first and foremost, to deliver an asset's full potential, we must operate safely and reliably. As this slide shows, during 2012, we delivered sustained process safety and refinery availability improvements through targeted investment and capability building. In terms of safety in particular, losses of primary containment more than halved between 2008 and 2012. And in improving the safety and reliability of our operations, we are realising stronger financial performance.

As we announced on February 1st, we have successfully concluded the divestment of the Texas City refinery with the previously announced divestment of our Carson refinery and US South West Value Chain remaining on-track for completion towards the middle of 2013.

The Whiting refinery modernisation project is on-track for operations to begin in the second half of 2013, with construction 84% complete at year end. Once operational, we expect this project to deliver an incremental $1 billion of operating cash flow per annum, depending on the environment.

And we are delivering all of this within a disciplined financial framework, with a consistent focus on maintaining quality positions with material and growing cash flow generation capability.

Downstream - what to expect

Safe, high-reliability operations

- Continued focus on process safety
- Sustained improvement in operational reliability

World class hydrocarbon value chain businesses

- **Fuels**
  - Major re-positioning of portfolio complete by 2014
  - Continued focus on cash-margin expansion
- **Lubricants**
  - Increased exposure to growth markets
  - Investment in brand, technology and customer relationships
- **Petrochemicals**
  - Extension of Asian presence
  - Commercialisation of leading technology innovations

Delivering material and growing free cash flows to the group

- Reinvesting ~50% of operating cash

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Looking to the future, our focus is to keep up this momentum - embedding the sustained progress in safe and reliable operations of recent years and expanding the cash margin generating capability of our businesses through the emphasis on quality - thereby delivering material and growing free cash flow.

Within the Fuels business, we will complete our divestment program, bring the Whiting refinery modernisation project on stream and focus future investments and efficiency programs on expansion of cash-margin capability.

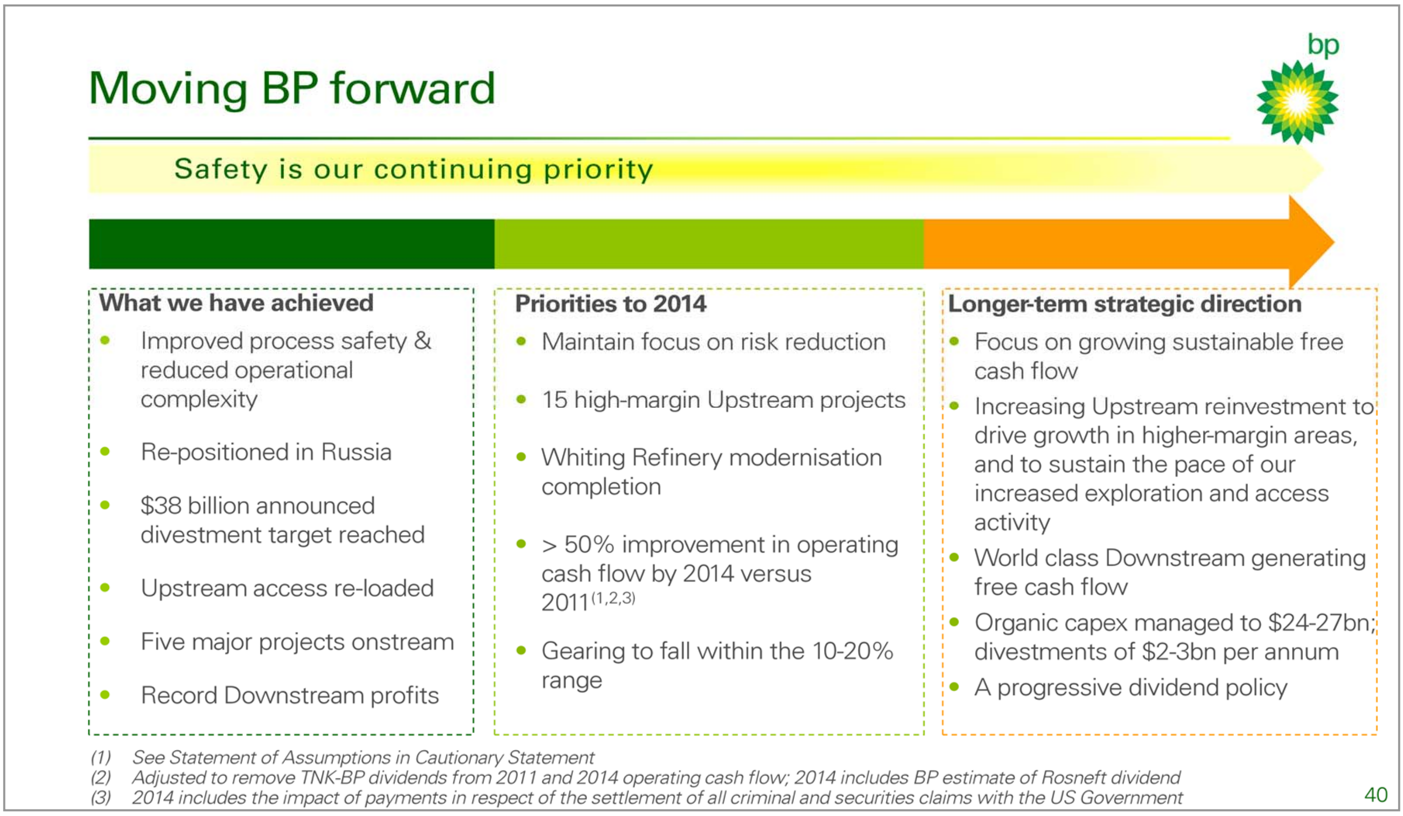
Within Lubricants, we will use our advantaged exposure to growth markets to drive further business expansion and will continue to invest in brand, technology and customer relationships.

And finally within Petrochemicals, we will continue to invest through-the-cycle with the focus on expanding our Asian positions and further developing the commercialisation of proprietary technologies.

In summary, the Downstream is delivering strong and competitive results through a high-quality portfolio that is capable of sustaining this level of performance across all of its businesses.

Our Downstream is a material contributor to the Group's cash flows today and remains an essential element in our plans for growing operating cash flow into the future.

So to summarise the Group perspective.



We have re-positioned BP over the last two years for sustainable growth into the future. We have significantly refocused the portfolio. We have addressed head on safety and reliability through a wide-ranging change programme. We have reshaped BP's Upstream and focused our refining.

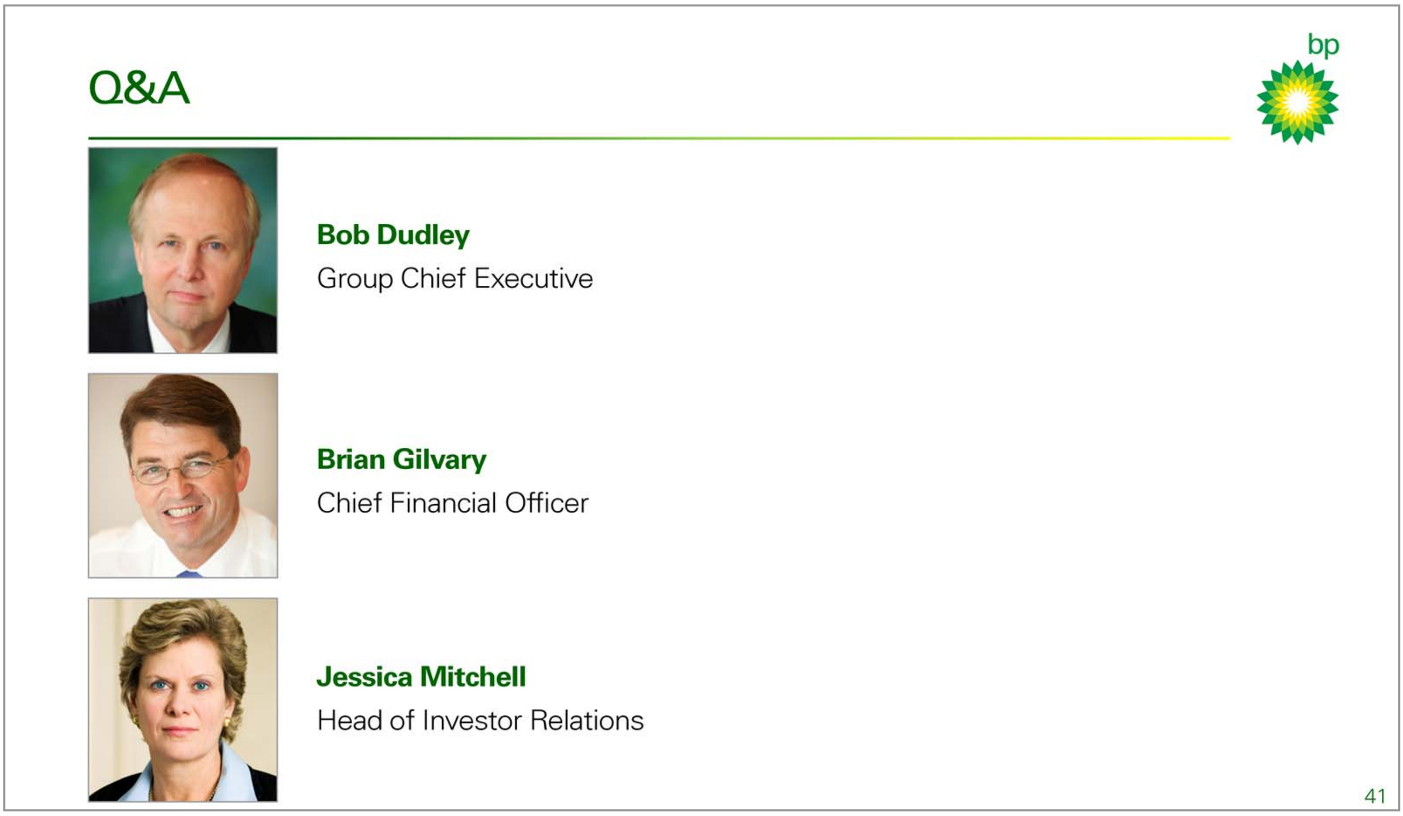
We said 2012 would be a year of milestones. It was - and we remain on-track to deliver the ten-point plan, including our commitment to growth in operating cash flow by 2014.

We will be a focused oil and gas company that creates value by growing long-term sustainable free cash flow through safe and reliable operations, a disciplined and prudent financial framework, and a portfolio rich in high-margin opportunities.

We plan to deliver this through increased Upstream reinvestment to drive growth in higher-margin areas, and to sustain the pace of our increased exploration and access activity.

And finally, it is our intention to grow distributions over time in line with improving circumstances of the firm, and to maintain a progressive dividend policy.

We are making BP safer and stronger and there are no short cuts. We are doing what needs to be done and are becoming a better company as a result.



That concludes my remarks, and now Brian, Jess and I will be happy to take your questions.

PSVM and Skarv –
Two of BP's Upstream major project start-ups

Please see below for the web locations of
two short videos highlighting these major projects

www.bp.com/psvmvideo

www.bp.com/skarvvideo