



BP Strategy Presentation

27 February 2008

A decorative graphic on the left side of the slide, composed of several overlapping, curved leaf-like shapes in various shades of green and yellow, creating a sense of movement and growth.

Tony Hayward **Group Chief Executive**

Safety – People – Performance



Cautionary Statement

Forward Looking Statements - Cautionary Statement

This presentation and the associated slides and discussion contain forward looking statements, particularly those regarding oil and gas prices and impact of price changes; global oil demand growth; capital expenditure; capital investments; cost inflation; future production; expected start up and timing of projects and their contribution to resources, production and LNG capacity; expected return to capacity of refineries; refining margins; plans for, and timing of, closing refining & marketing performance gap; delivery of free cash flow; corporate restructuring; impact of restructuring and expected restructuring costs; potential for cost efficiencies; R&D investment; expected expansion in Aromatics & Acetyls; planned investments by TNK-BP and TNK-BP's future production; investment in, and anticipated growth of, alternative energy, including expected growth of solar and wind businesses, developing biofuels and hydrogen energy business and incubating new businesses in clean coal and carbon capture; gearing; annual charges; level of free cash flow allocated to share buybacks; share buybacks and other distributions to shareholders; divestment activity; financial performance; resources and reserves; and the application of technology and potential impact on resources, reserves and production. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this presentation.

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

Cautionary Note to US Investors - The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as "resources" and "non-proved reserves", that the SEC's guidelines strictly 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/A, SEC File No. 1-06262, available from us at 1 St James's Square, London SW1Y 4PD. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

Agenda



- **Closing the competitive gap**
- **Exploration & Production**
- **TNK-BP**
- **Refining & Marketing**
- **Alternative Energy**
- **Financial Framework**
- **Conclusions**

Tony Hayward

Andy Inglis

Bob Dudley

Iain Conn

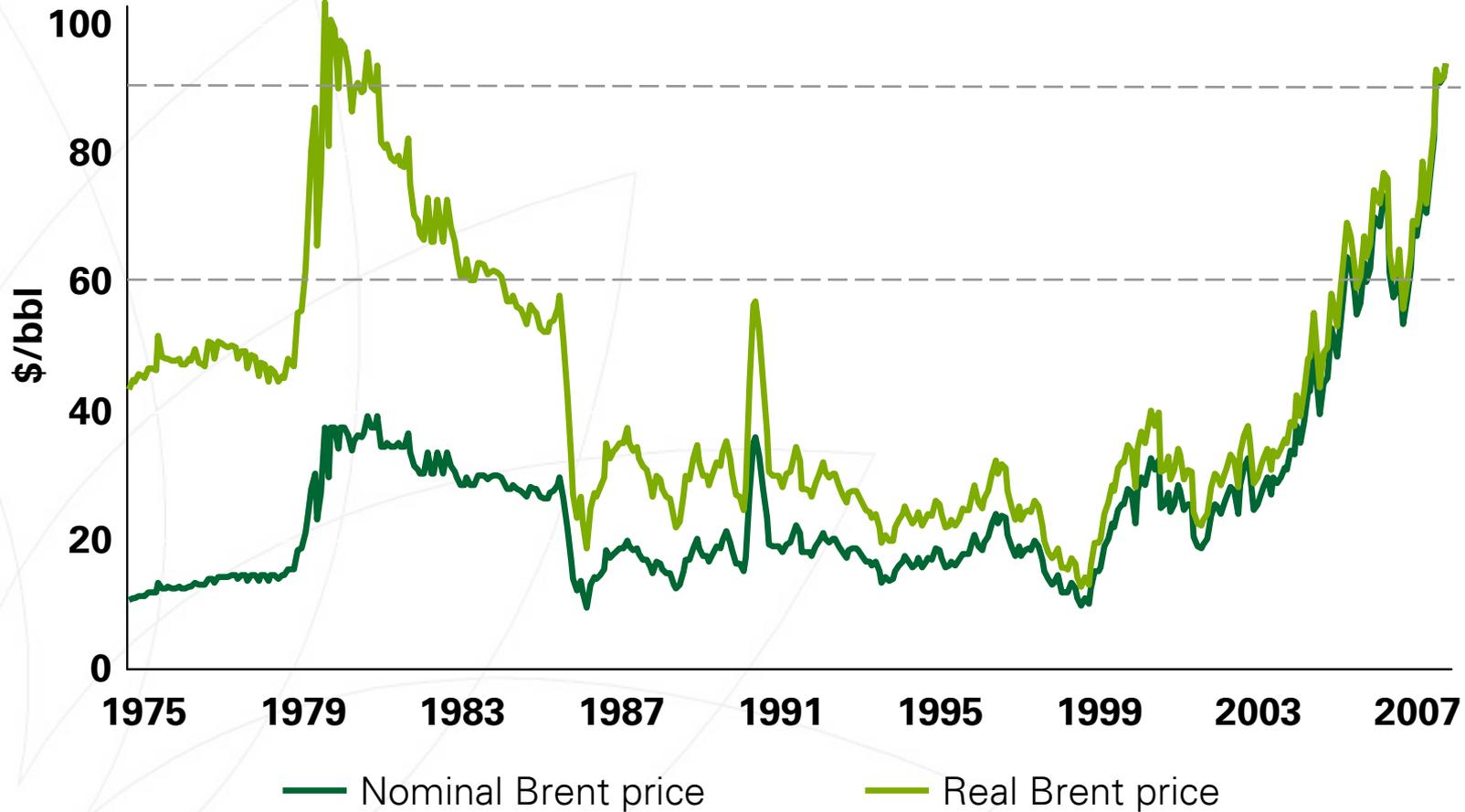
Vivienne Cox

Byron Grote

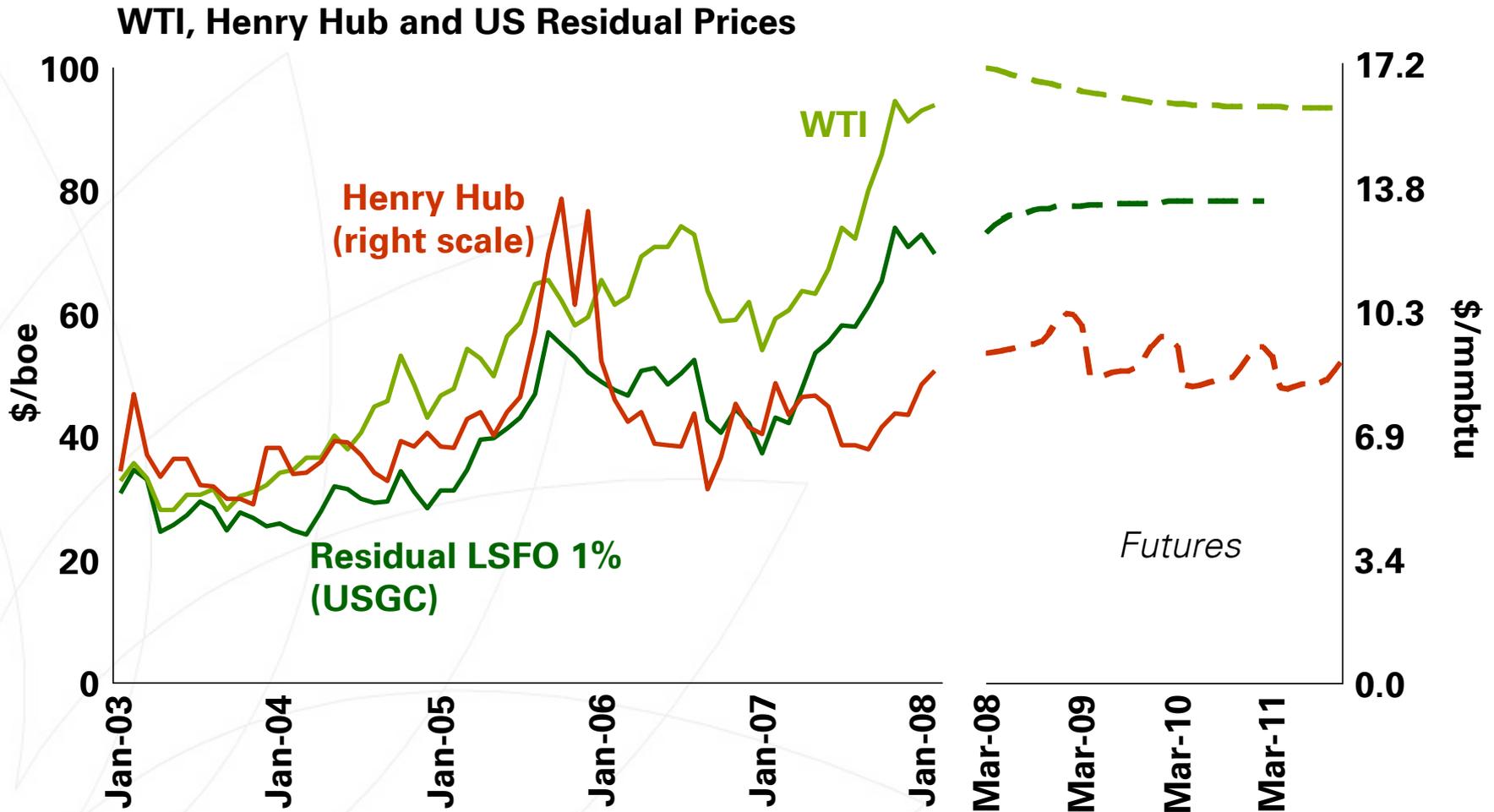
Tony Hayward



Oil prices: a more positive outlook



US gas prices: disconnected from oil price



Source: Platts, BP; Futures data NYMEX, BP estimates for Residual LSFO 1% futures prices

Industry challenges

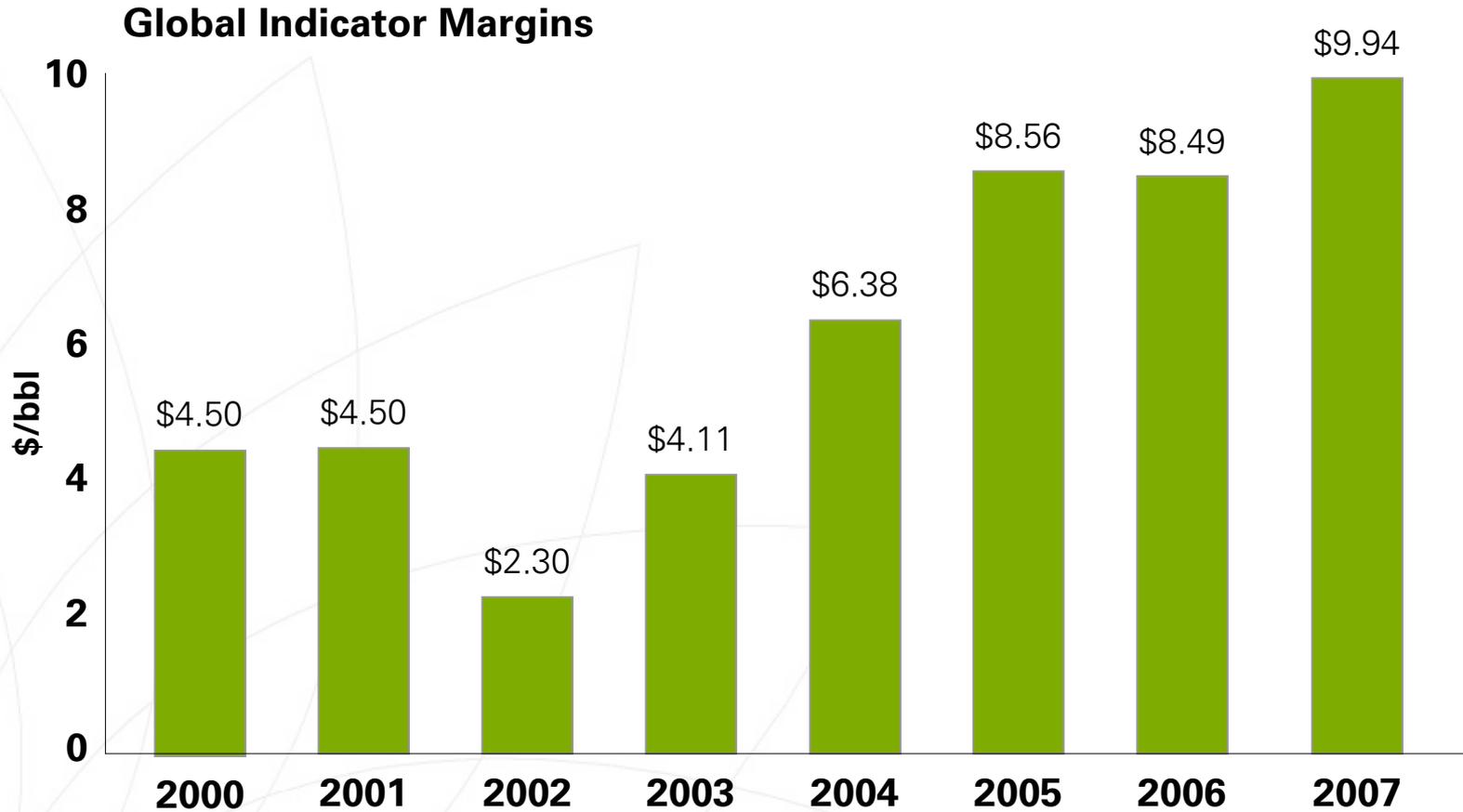
Challenges

- Sector inflation
- Rising government take
- Competition for new access

BP's response

- Increased investment in:
 - Exploration
 - Access
 - Technology
- Focus on:
 - Reciprocity
 - Costs
 - Developing low-carbon options

Refining margins



Closing the competitive gap

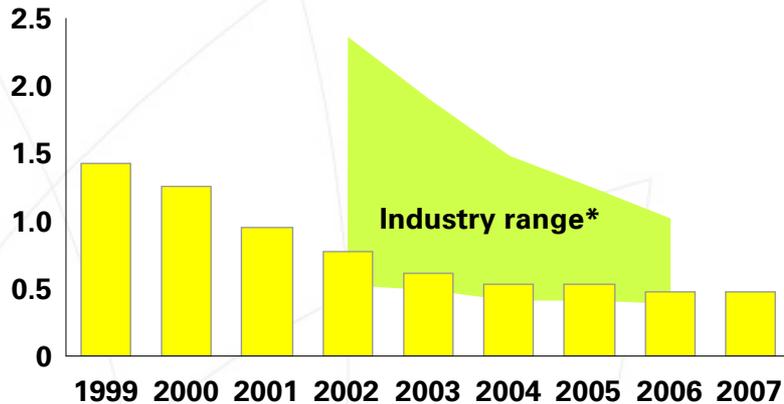
- Safe and reliable operations
- People: building capability
- Performance:
 - Restoring momentum
 - Reducing complexity
- Technology: increased focus
- Securing the future

Closing the competitive gap

Safe and reliable operations

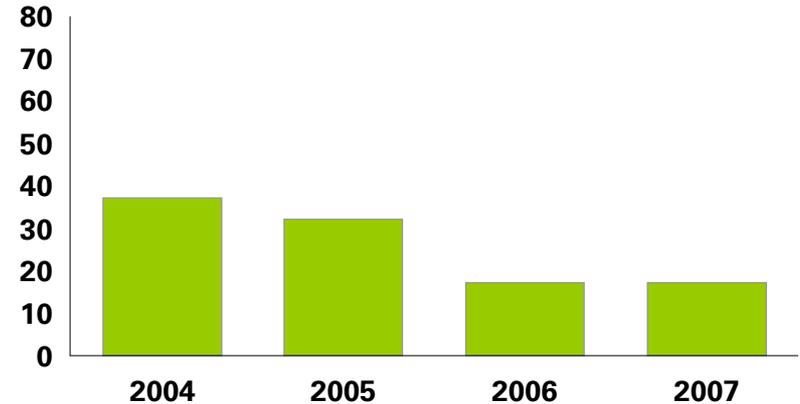


Recordable Injury Frequency

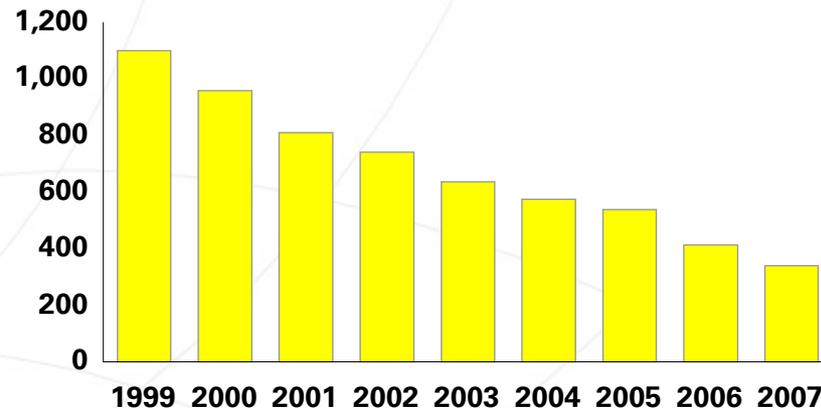


* 6 majors

Integrity Management incidents



Oil spills >1 barrel



Closing the competitive gap

People: building capability



Operations

- Major Projects Common Process
- Operations Academy
- Operating Management System

Selective recruitment

- Building technical and functional expertise
- 2,000 additional engineers over two years
- Increased graduate recruitment to 750

Reward

- Stronger linkage between performance and reward

Closing the competitive gap

Performance: restoring momentum



- Momentum building in 2008
- Project start-ups
- Restoring refining availability

Closing the competitive gap

Performance: reducing complexity



- Organizational simplification
 - Three segments to two
 - Separate Alternative Energy business
- Delaying
 - Reducing corporate overheads by 15-20%
 - Fewer layers of management
 - Smaller corporate infrastructure
- Restructuring
 - Overhead headcount reduction of around 5,000
 - Functions 50%: businesses 50%

Closing the competitive gap

Technology: increased focus



- Building leadership positions
- Implementation at scale
- Long-term commitment to research
- Sustained increase in technology investment
 - \$2.9bn over the last three years
 - \$1.1bn in 2007
 - ~ \$1.3bn in 2008

Closing the competitive gap

Securing the future



Exploration & Production

- New resource access and continued exploration success
 - Net resource additions of 1 billion boe in 2007
 - 14th consecutive year of reporting >100% reserves replacement*
- Production
 - Growth to 4.3 mmoed at \$60/bbl in 2012
 - Sustainable above 4 mmoed at \$60/bbl at least to 2020 – without assuming any future exploration success or new access

Refining & Marketing

- Closing the performance gap

Alternative Energy

- Low-carbon growth options

* On a combined basis of subsidiaries and equity-accounted entities, excluding acquisitions and divestments

A decorative graphic on the left side of the slide, composed of several overlapping, curved leaf-like shapes in shades of green and yellow, pointing towards the right.

Andy Inglis

Chief Executive, Exploration & Production



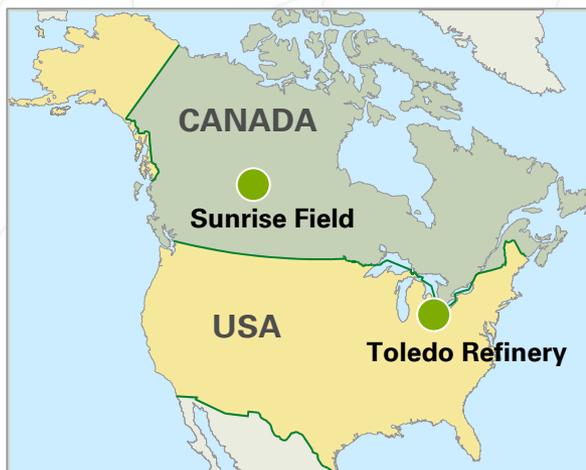
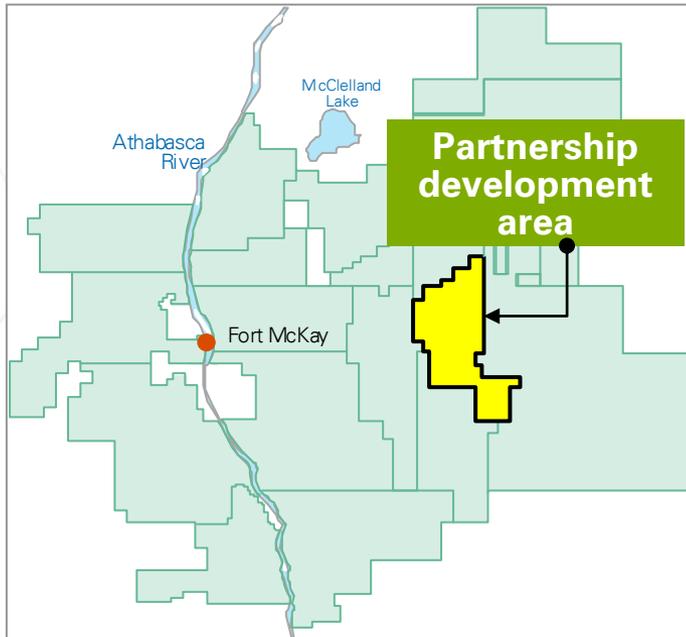
Exploration and access success continues





Access: Canadian oil sands

Regional oil sands leases

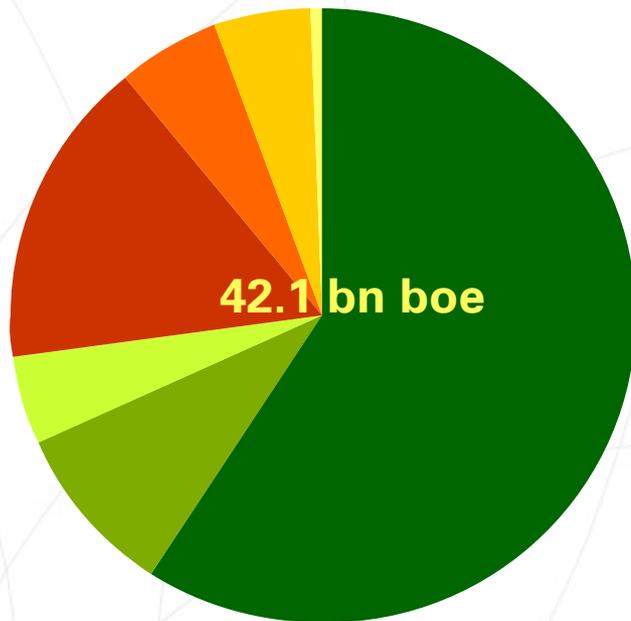


- Expected to be sanctioned in 2008
- Joint investment to 2012 estimated at around \$3 billion
- First production expected in 2012
- Building to expected 200+ mboed gross by end of the next decade
- Projected 40-year production plateau
- Sunrise developed using steam assisted gravity drainage (SAGD)
- BP subsurface expertise adds value and accelerates learning



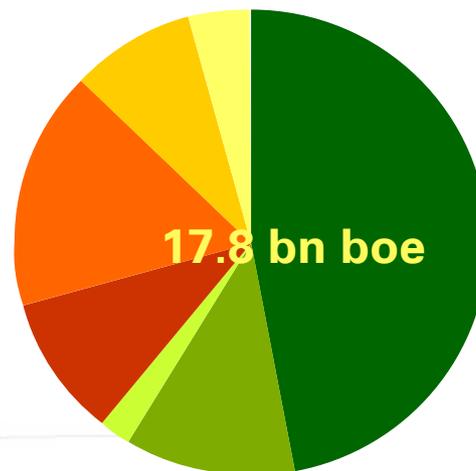
Resources and reserves growing

Non-proved



30 years

Proved



13 years

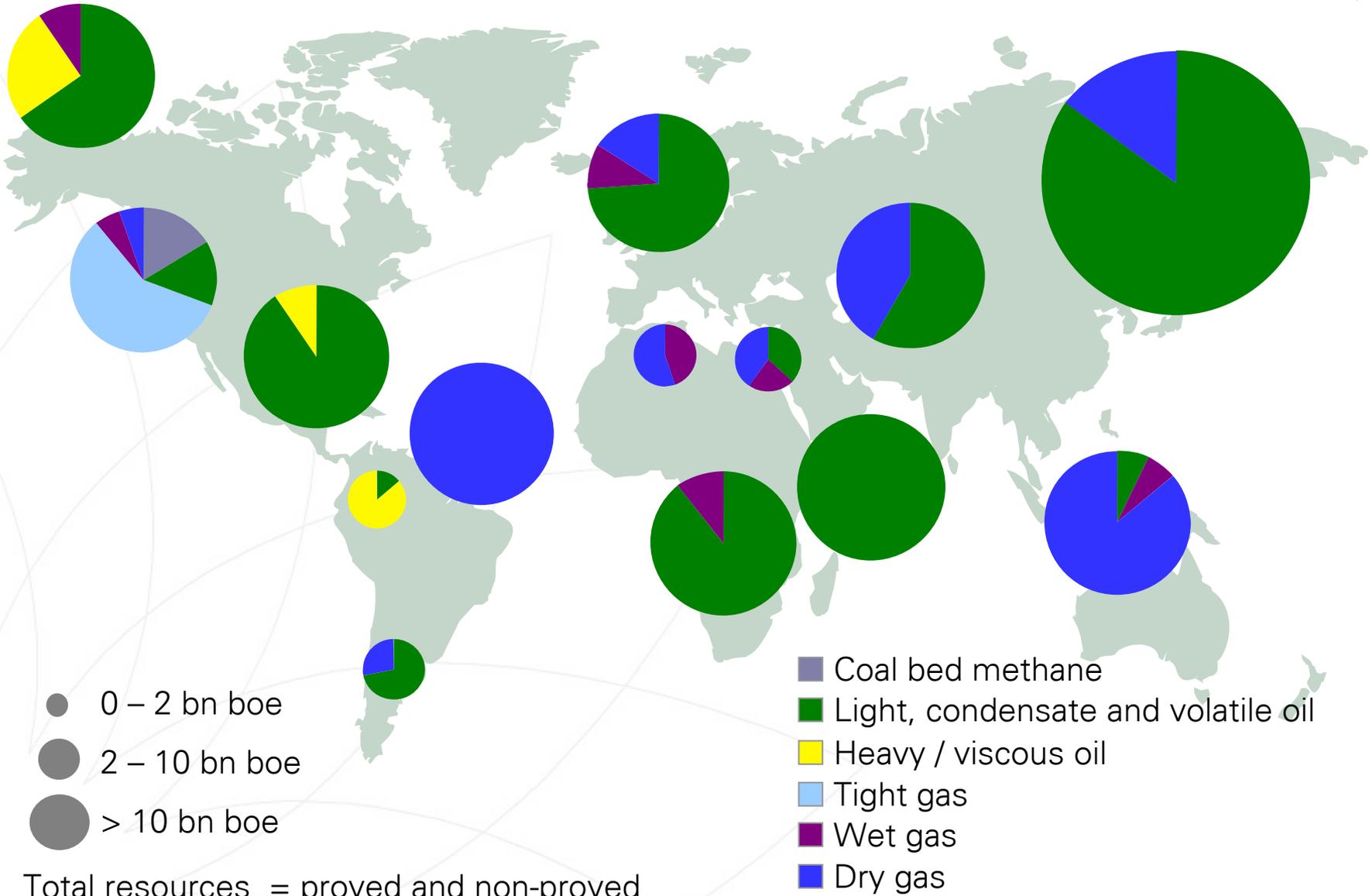
- Conventional oil
- Deepwater oil
- Water flood viscous and heavy oil*
- Conventional gas
- LNG gas*
- Tight gas*
- Coal bed methane*

* Non-conventional

Resources at end 2007 on a combined basis of subsidiaries and equity-accounted entities



Incumbent resource positions



- 0 – 2 bn boe
- 2 – 10 bn boe
- > 10 bn boe

- Coal bed methane
- Light, condensate and volatile oil
- Heavy / viscous oil
- Tight gas
- Wet gas
- Dry gas

Total resources = proved and non-proved

Technology focus areas

Converting resources to reserves



Each has potential to deliver >1bn boe increase in reserves

- 1. North America Unconventional Gas**
Prove 12 tcf tight gas resources via fracture sweet spot identification and technical limit drilling and completion
- 2. Alaska Heavy Oil**
Progress 2bn boe heavy oil resources
- 3. Gulf of Mexico Palaeogene**
Progress 2bn boe via sustained high pressure well tests
- 4. Advanced Seismic Imaging**
Locate and enable access to new resources
- 5. Beyond Sand Control**
Develop reliable small and large bore sand control to deliver capex saving and incremental production / resources
- 6. Pushing Reservoir Limits**
Advanced gas injection and water flood technologies to enhance oil recovery
- 7. Subsea Reserves Parity**
Improve subsea recovery factors
- 8. FieldoftheFuture™**
Real-time reservoir, wells and facilities mgmt to deliver incremental 100 mboed production
- 9. Inherently Reliable Facilities**
Monitor, analyze, predict and manage corrosion to increase operating efficiency and economic life
- 10. Effective Reservoir Access**
Four-fold increase in reservoir contact area per well



Growing production: 2008–2012

2008 Growth versus 2007

2009 Above 4.0 mmboed*

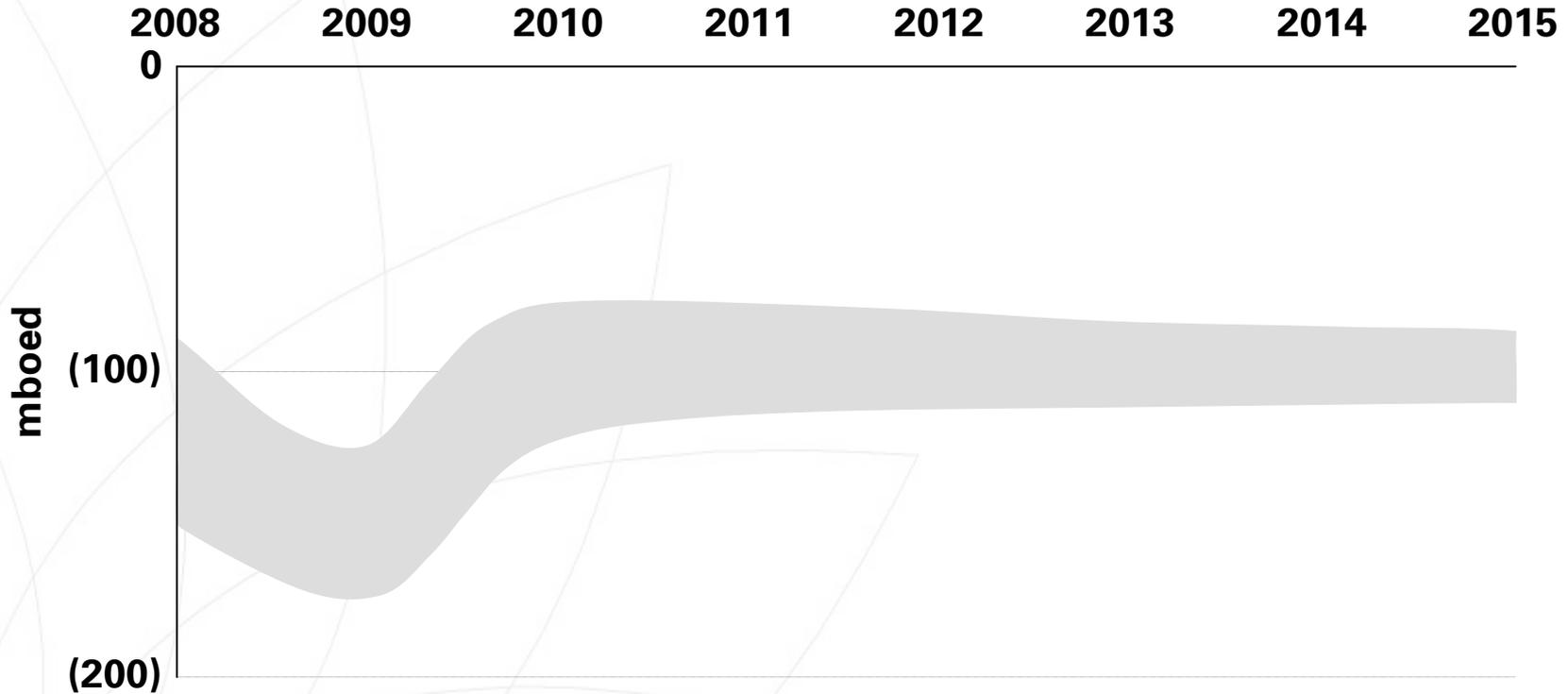
2012 Around 4.3 mmboed*

* Projections based on current portfolio at \$60/bbl



Potential PSC impacts versus \$60/bbl

Incremental impact on 2008-2015 of \$100/bbl vs. \$60/bbl



Key project start-ups



2007

2008

2009

2010-12

- Rosa ✓
- Greater Plutonio ✓
- Kizomba A Ph2 (Marimba North) ✓
- Atlantis ✓
- King Subsea Pump ✓
- Mango ✓
- San Juan coal bed methane ✓
- Cashima ✓
- Denise ✓

- Kizomba C Ph1 ✓
- Saqqara
- Egypt Gas Ph 1
- ACG Phase 3
- Australia LNG Train 5
- Kizomba C Ph 2
- Thunder Horse
- Angel
- Tanggung Ph 1

- Atlantis North Flank
- Canada Noel
- Dorado
- Foinaven P2S
- King South
- North West Area Development
- Savonette
- SNS compression
- Uvat (Eastern hub)

- Angola LNG
- Block 31NE (PSVM)
- Great White
- Horn Mountain NWFx
- Kizomba Satellites Phase 1
- Liberty
- Pazflor
- Skarv
- Valhall Redevelopment
- WRDx
- CLOV
- Damietta LNG Train 2
- Egypt Gas Ph 2
- Isabela
- Trinidad Northern Fields
- Trinidad Compression
- Verkhnechonskoye
- Kammenoye

✓ on stream

in development

under appraisal

Securing the future

- Our current resource base is capable of sustaining production above 4mmbod to 2020*
 - Without assuming any future exploration success
 - Without assuming any new access
- An increasing proportion of projects are expected to develop unconventional resources which have long, sustained profiles

* Based on current portfolio at \$60/bbl



Sustaining production through 2020

Conventional oil

- Foinaven P2S
- NWAD
- Clair Ridge
- Valhall Redevelopment

Conventional gas

- SNS Compression
- Harding Area Gas
- Skarv
- In Salah Gas compression

Heavy / viscous oil*

- Sunrise
- Alaska
- WRDx

Conventional oil

- Liberty

Conventional gas

- Alaska Gas

Tight gas*

- Wamsutter
- Canada Noel

Coal bed methane*

- San Juan

Deepwater oil

- Atlantis / North Flank
- King Subsea Pump
- King South
- Thunder Horse
- Dorado
- Great White
- Horn Mountain NWFx
- Greater Puma
- Tubular Bells
- Ursa Waterflood

Conventional gas

- Mango
- Cashima
- Savonette
- Trinidad North Fields

- Major Projects starting Operation
- Major Projects under Development
- Major Projects under Appraisal

* Non-conventional

Conventional oil

- Saqqara

Deepwater gas

- Egypt Gas

Conventional oil/gas

- ACG Phase 3
- Shah Deniz Phase 2
- Uvat
- Verkhnechonskoye
- Rospan
- Bolshekhetskiy
- Kammenoye
- Talinskoye

Heavy / viscous oil *

- Russkoye
- Van Yogan PK1/2

Tight gas*

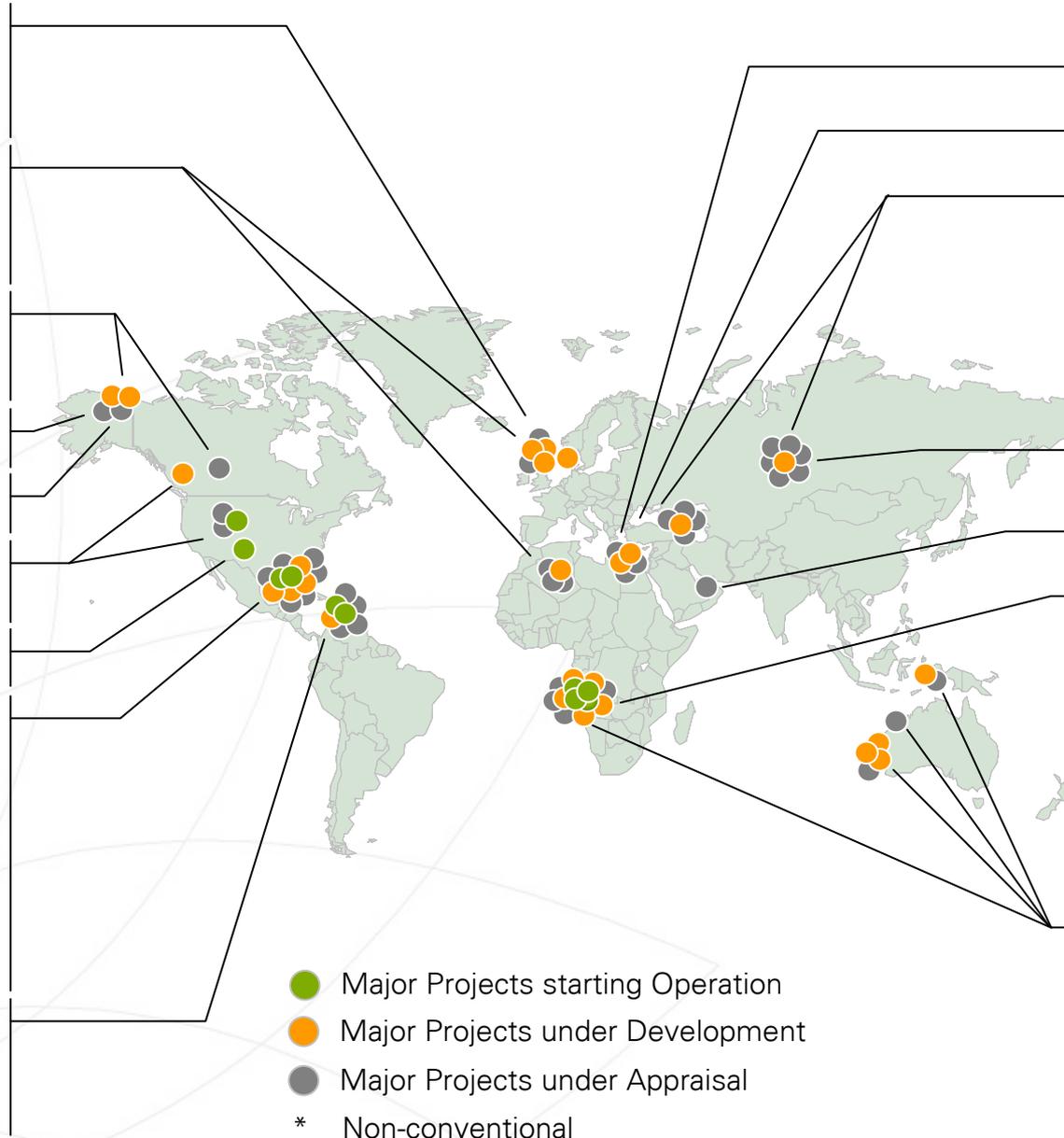
- Oman

Deepwater oil

- Rosa
- Greater Plutonio
- Kizomba A Phase 2
- Kizomba C
- CLOV
- Block 31NE
- Block 31SE
- Block 31 West
- Block 18 West
- Pazflor
- Kizomba Satellites

LNG*

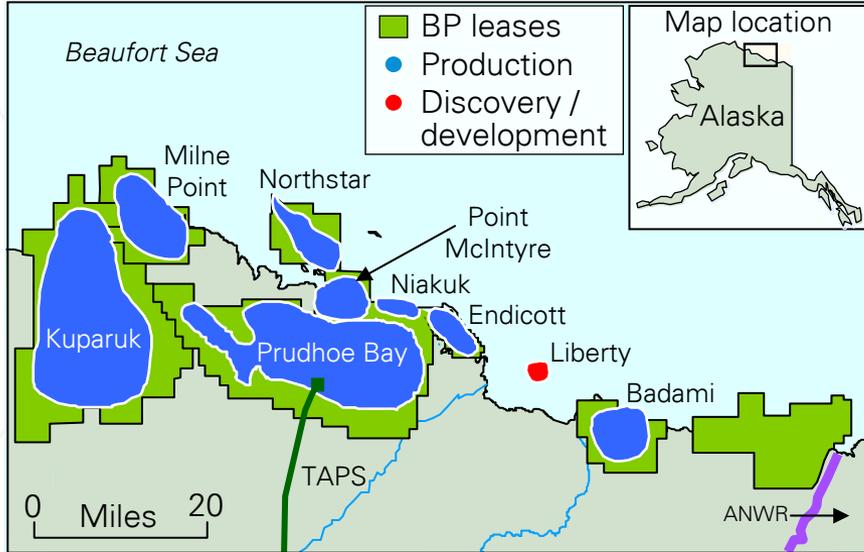
- Tangguh
- Browse
- Australia LNG Train 5
- Angel
- North Rankin B
- Io/Jansz
- Angola LNG



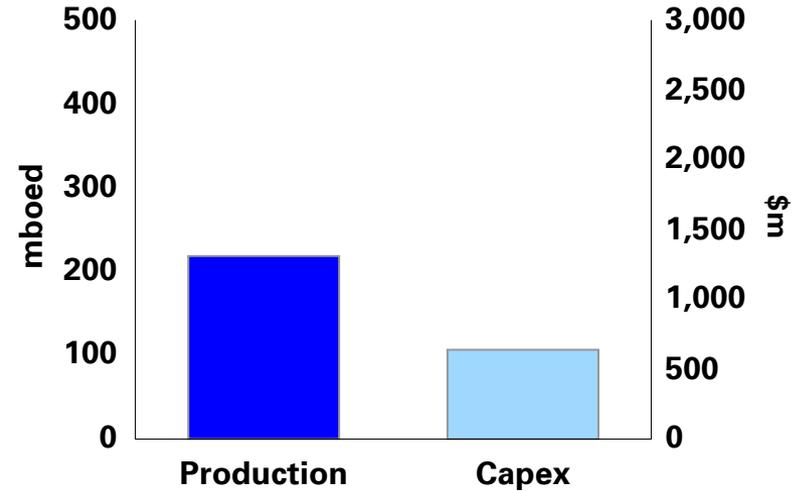


Alaska

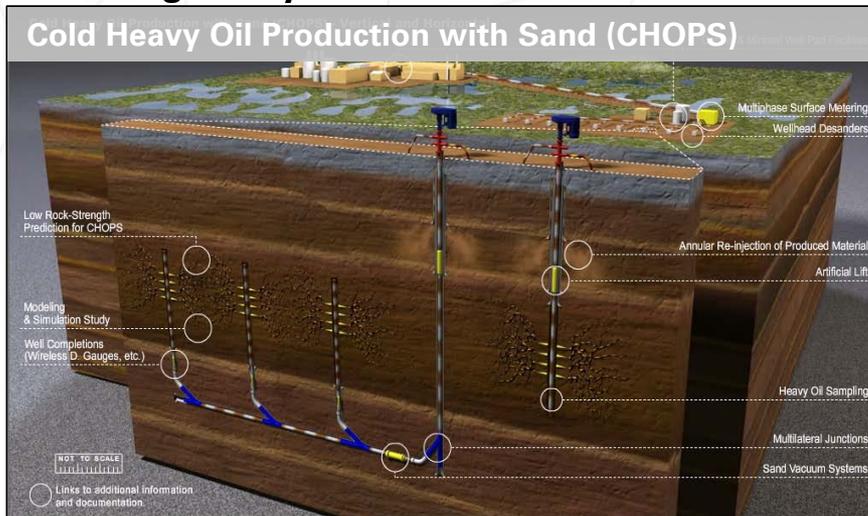
Our assets



2007 Production and Capex



Unlocking heavy oil



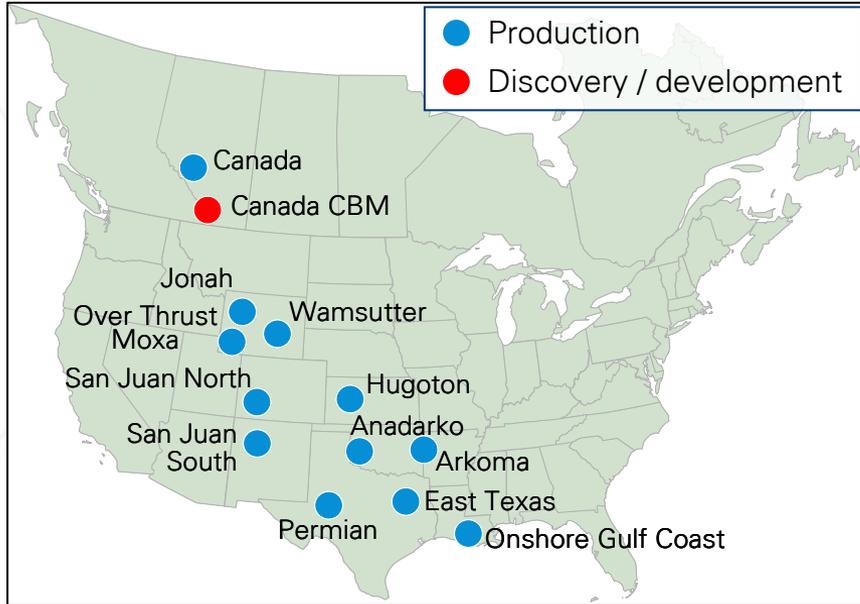
Priorities

- Safe and reliable operations
- Sustain business to 2050+ by:
 - Managing light oil decline
 - Accelerating infrastructure renewal
 - Unlocking heavy oil and gas resources
- Leverage large resources and extensive infrastructure through technology

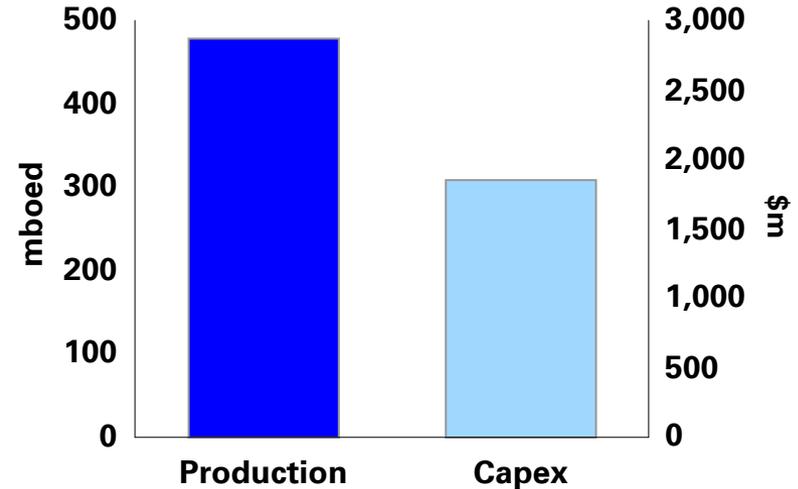


North America Gas

Our assets

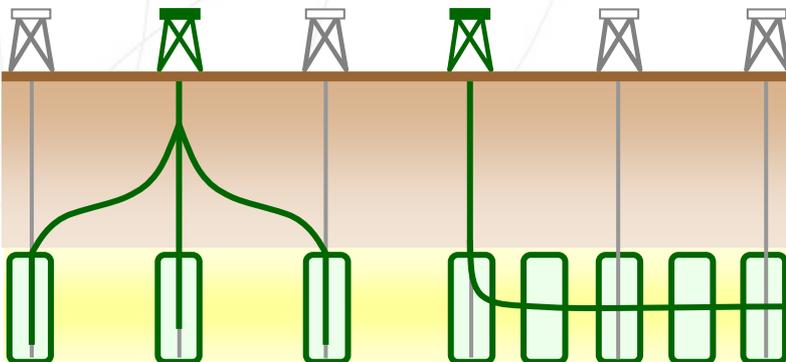


2007 Production and Capex



Unconventional gas leadership

Innovative drilling and completion technology



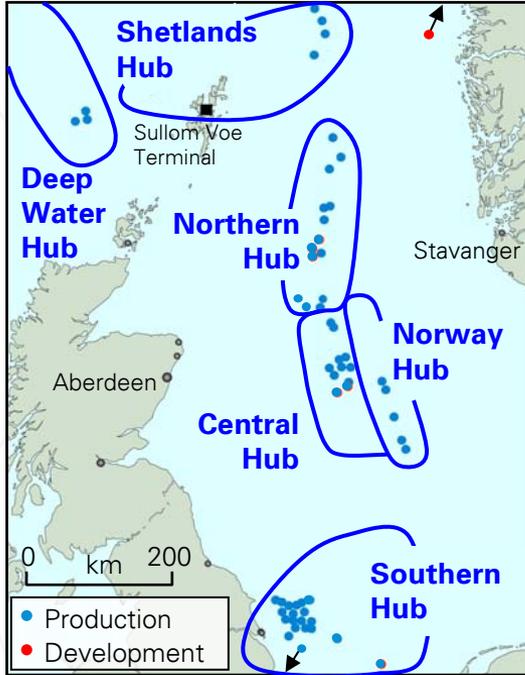
Priorities

- Safe and reliable operations
- Sustain low-risk long life production and cash flow in stable environment
- Provide access to significant resources through large incumbent position
- Maintain industry leadership in 'unconventional gas' technology and capability

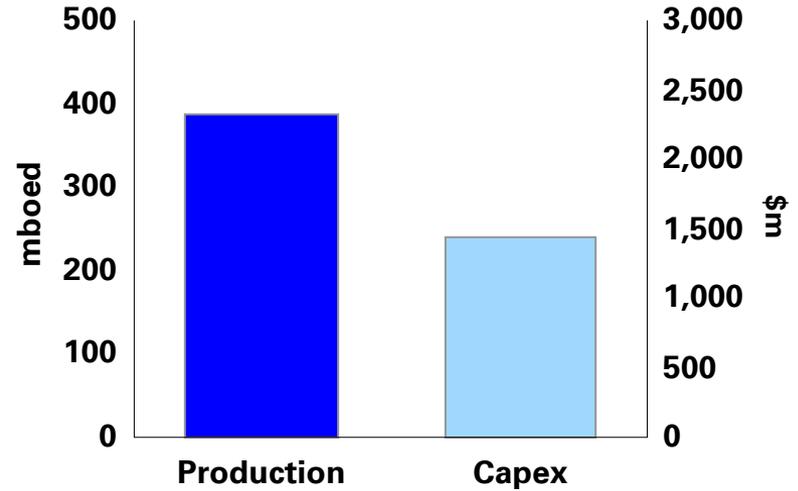


North Sea

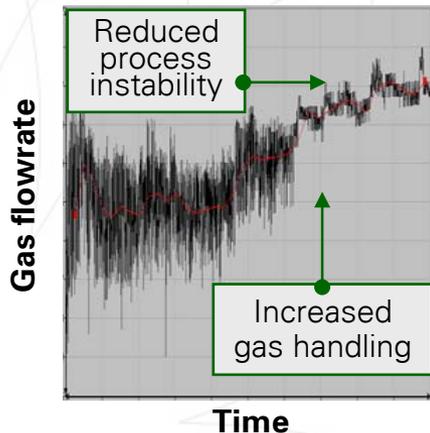
Our assets



2007 Production and Capex



Schiehallion



Advanced process controls - boosting production

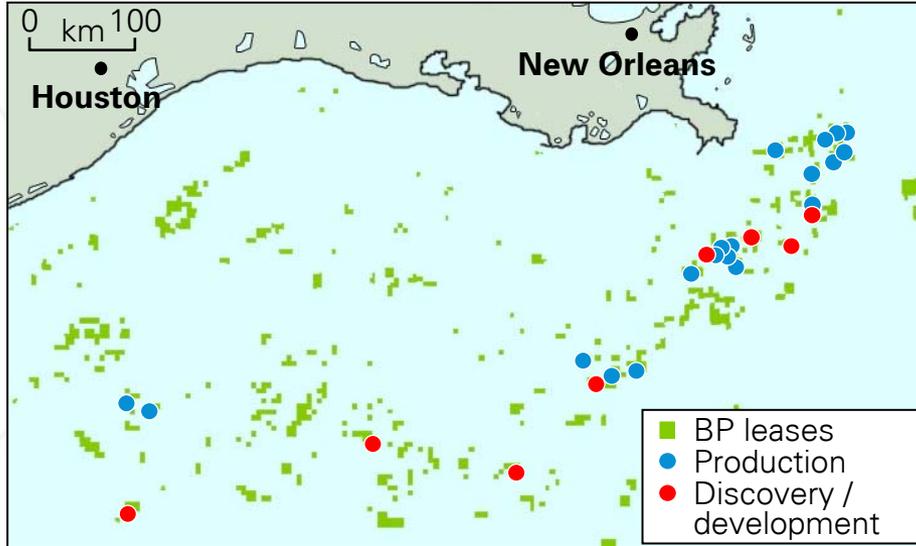
Priorities

- Safe and reliable operations
- Sustain margins and free cash flow
- Active cost management and focus on efficiency
- Application of technologies to convert resources to reserves

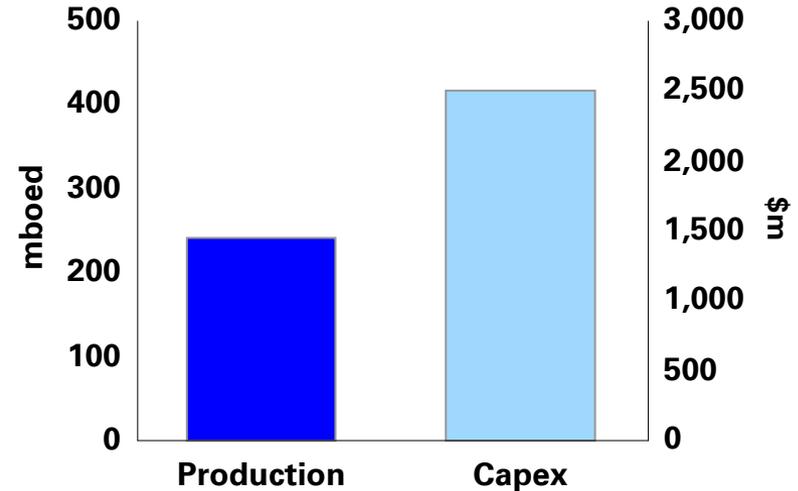
Gulf of Mexico



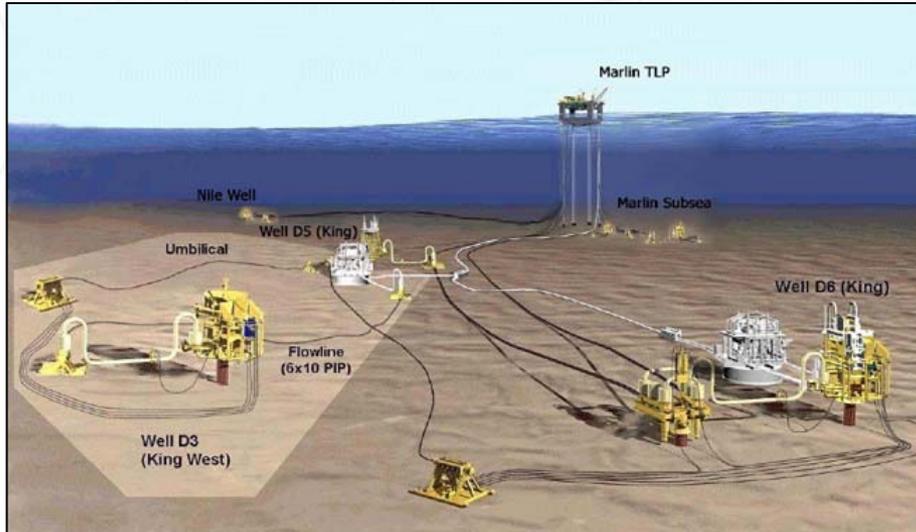
Our assets



2007 Production and Capex



Technology application – King Subsea Pump



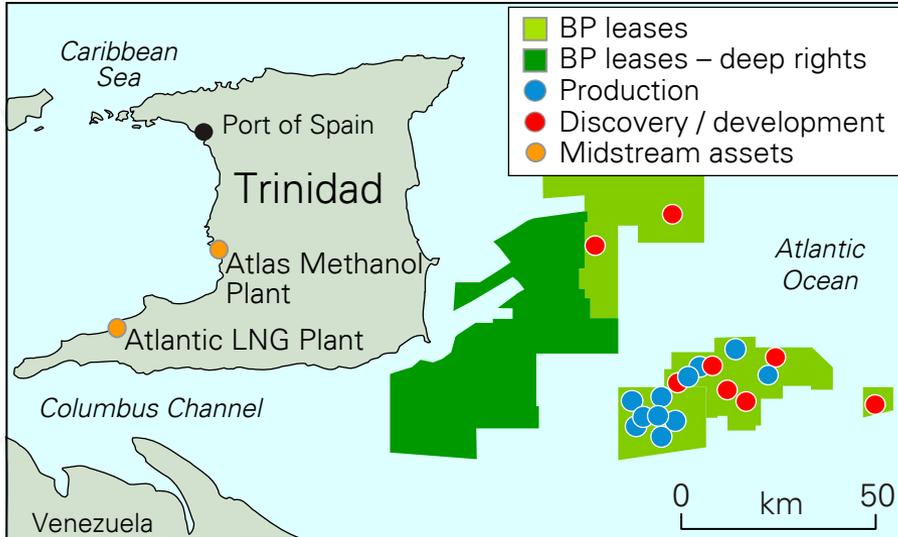
Priorities

- Safe and reliable operations
- Increase near-term production and free cash flow
- Renew lease position
- Advance deepwater subsea and subsalt technologies

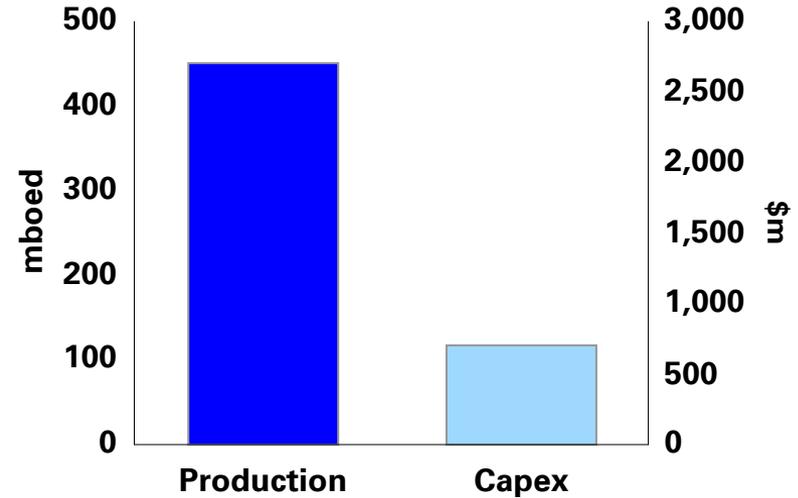


Trinidad & Tobago

Our assets



2007 Production and Capex



Standardizing the concept



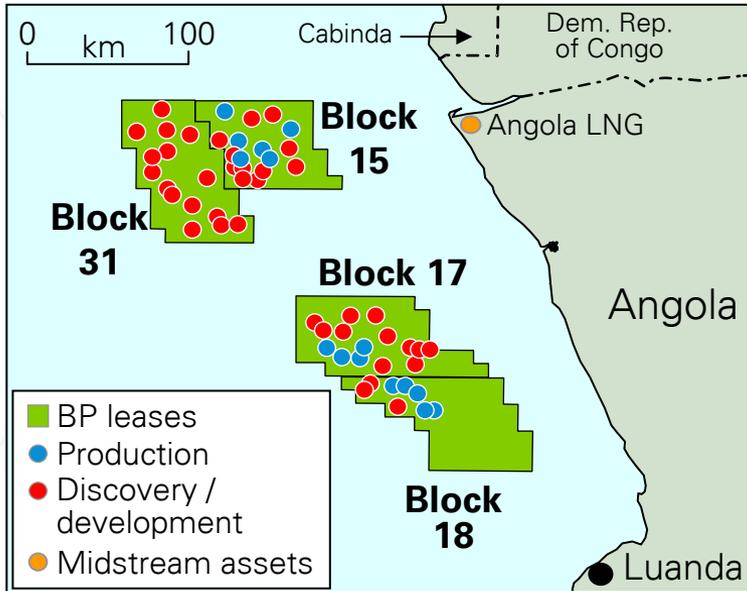
Priorities

- Safe and reliable operations
- Sustain long-term dependable gas supply and stable cash generation
- Efficient development of new fields

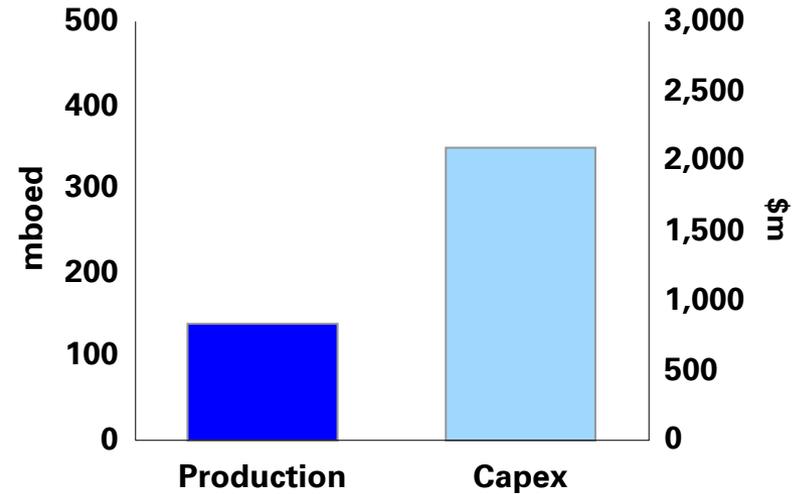
Angola



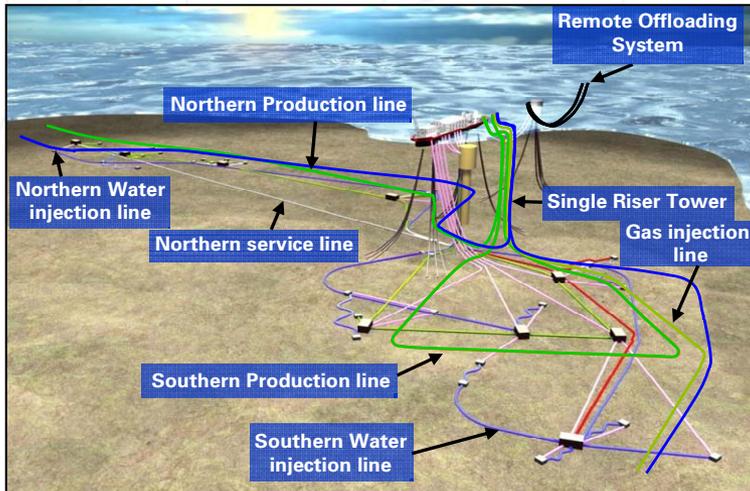
Our assets



2007 Production and Capex



Greater Plutonio



Priorities

- Safe and reliable operations
- Grow production and deliver significant earnings growth
- Ramp-up near-term production in Greater Plutonio and maximize resource capture in Block 31
- Optimization of cost and cycle time by adopting a standardized approach in Block 18 and 31

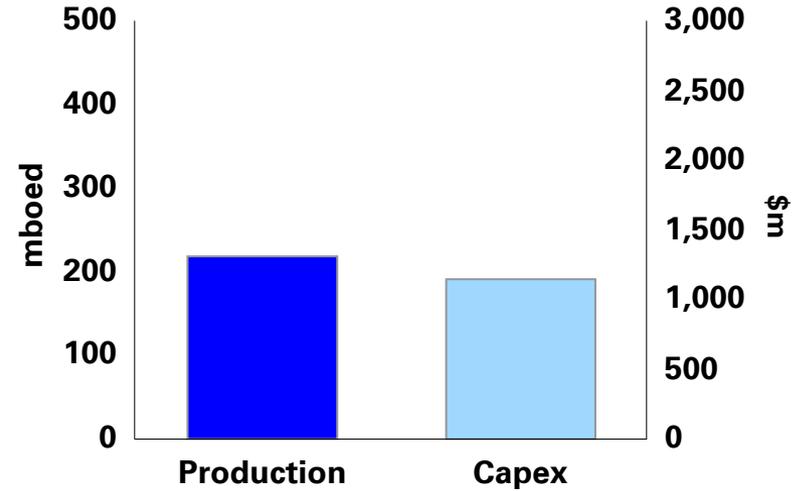


Azerbaijan

Our assets



2007 Production and Capex

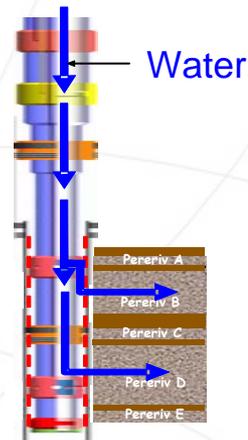


Intelligent completions

Down hole flow control valve



Expandable screen

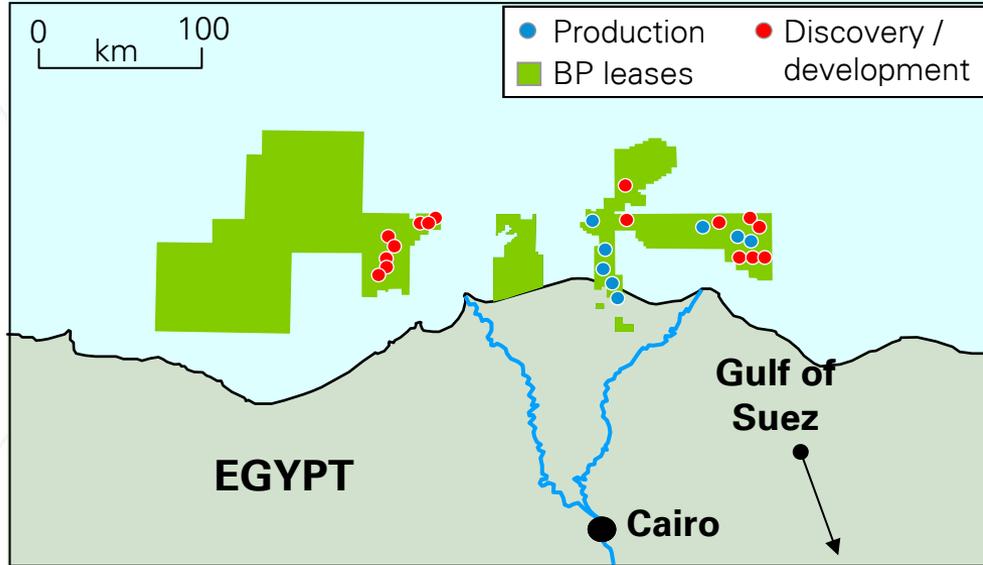


Priorities

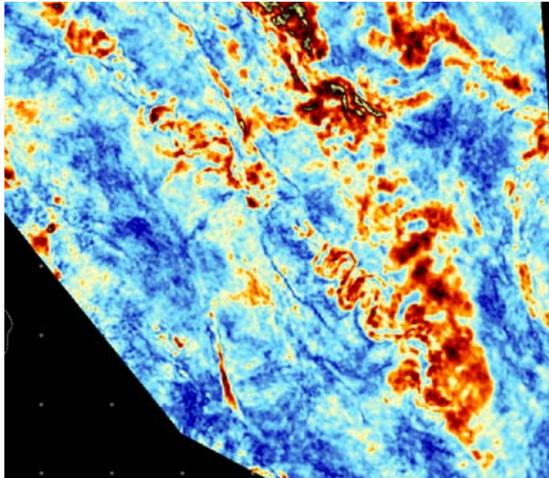
- Safe and reliable operations
- Sustain material, high margin business
- Build gas business
- Technology
 - Advanced imaging
 - Beyond Sand Control

Egypt

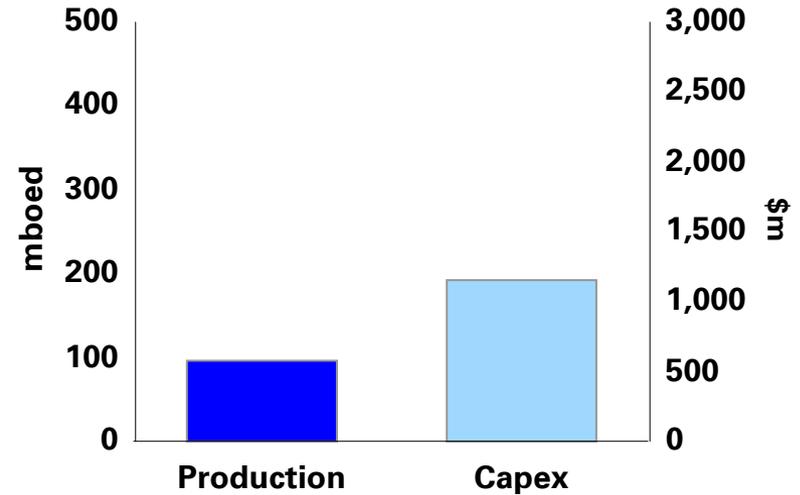
Our assets



Multi-azimuth seismic



2007 Production and Capex



Priorities

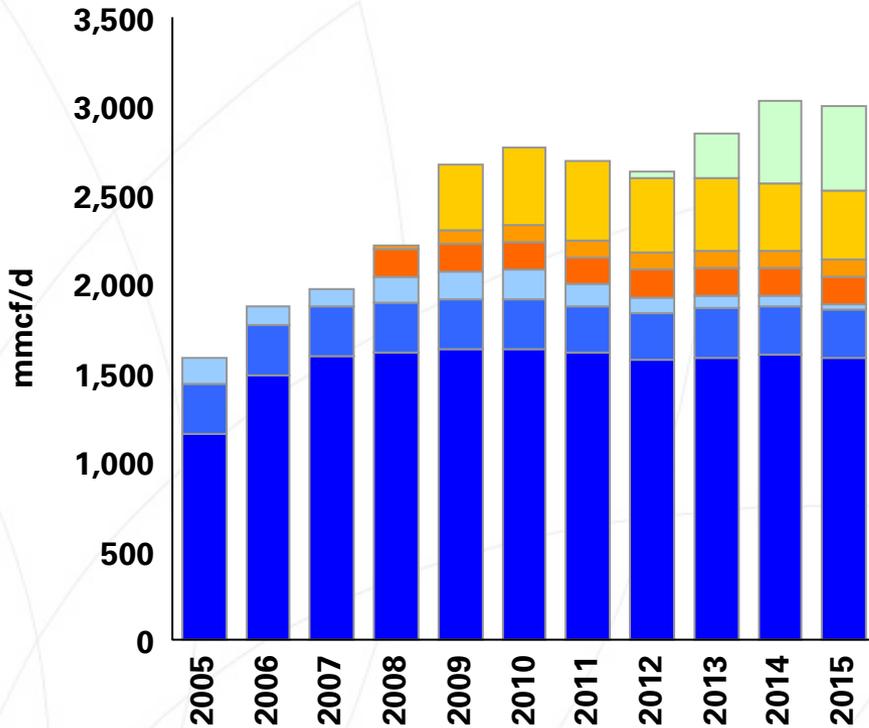
- Safe and reliable operations
- A growing gas business supporting both domestic and export gas markets
- Application of seismic and subsea technologies



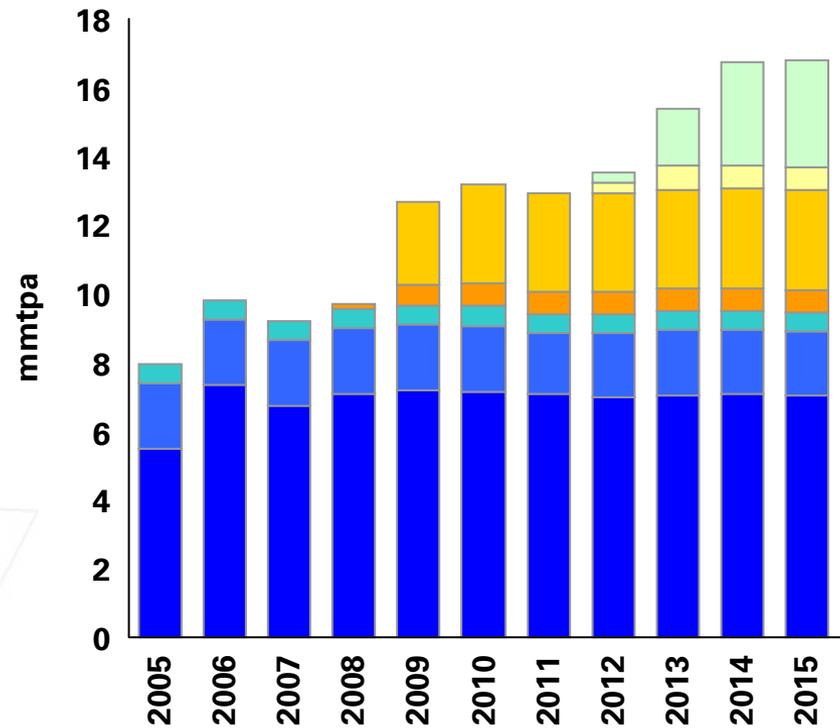
LNG growth



BP equity gas into LNG plant

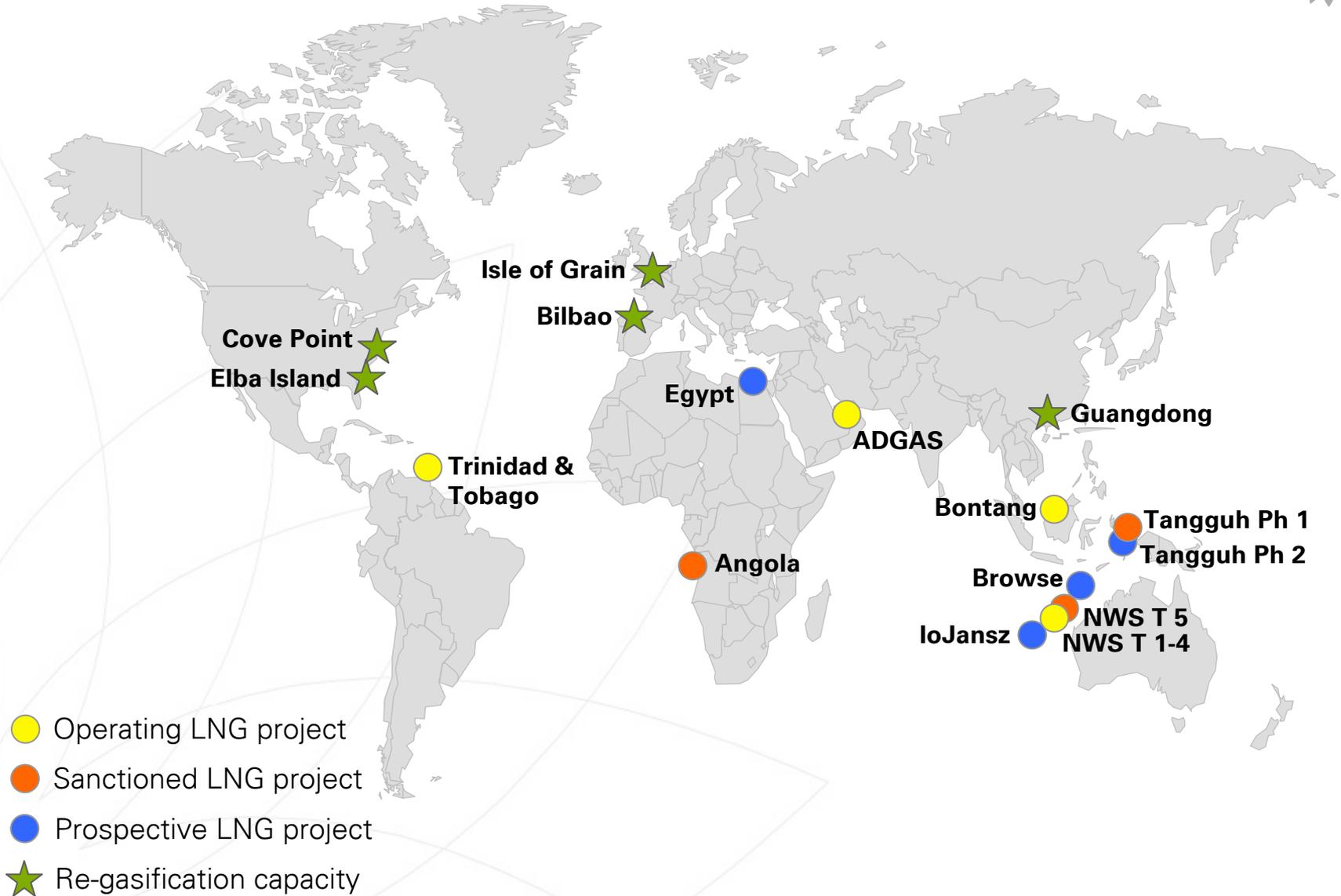


BP liquefaction plant output



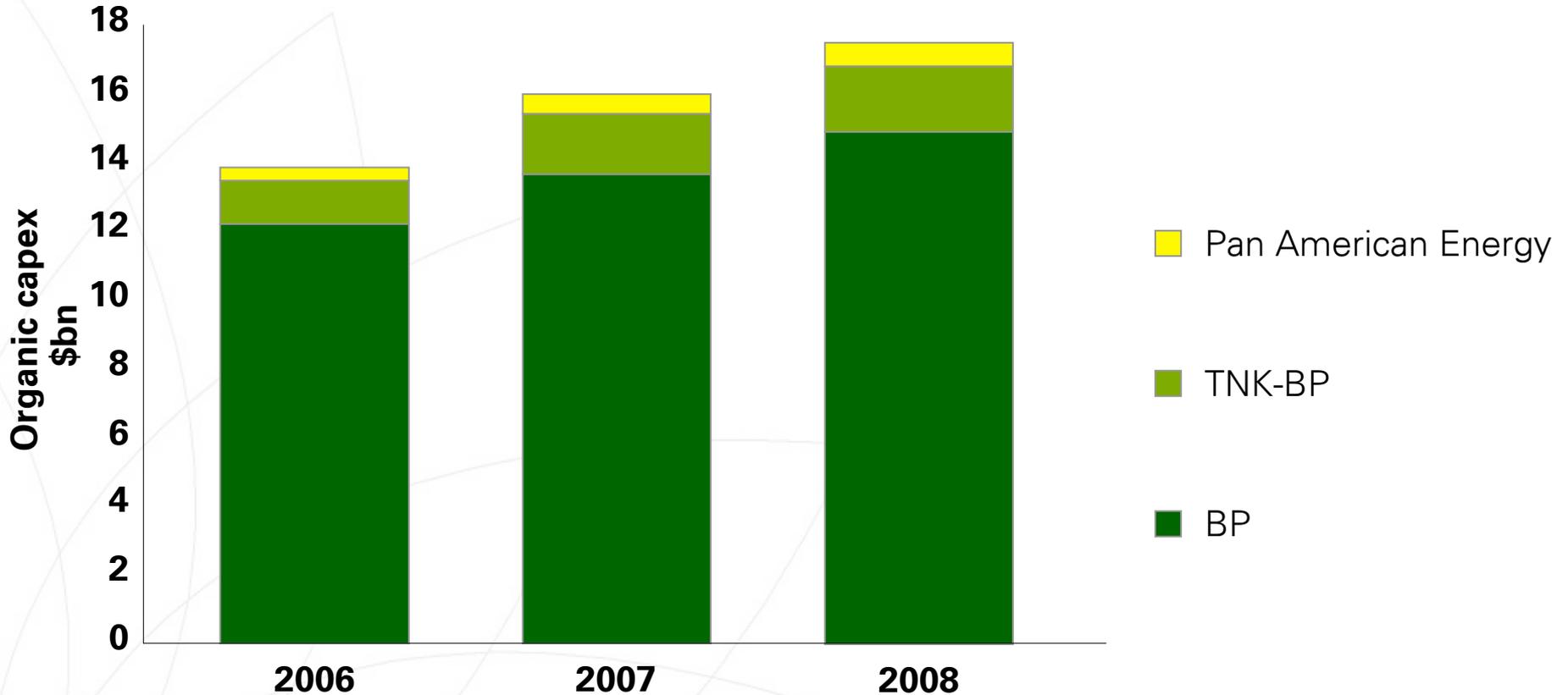
Existing	Trinidad & Tobago	NWS T1-4
	Bontang	ADGAS
Sanctioned	Egypt Ph 1	NWS T5
	Tangguh Ph 1	Angola
Prospective		

BP LNG portfolio





Growing investment 2006–2008



Organic capex above excludes Rosneft in 2006, swaps with Occidental in 2007 and accounting treatment related to joint ventures with Husky Energy in 2008

2006 and 2007 includes capex previously reported in the GP&R Segment

BP projections for 2008

TNK-BP and PAE are self-funding

A sustainable future

- Continued success in focused exploration and access strategy
 - Resource base continues to grow: increasing by 1 billion boe in 2007
 - 14 year track record of reporting 100%+ reserves replacement*
- Sustainable production out to 2020
 - Application of technology to move resources to reserves
 - Excellence in project delivery
- Upside from exploration and new access
- Near-term production growth

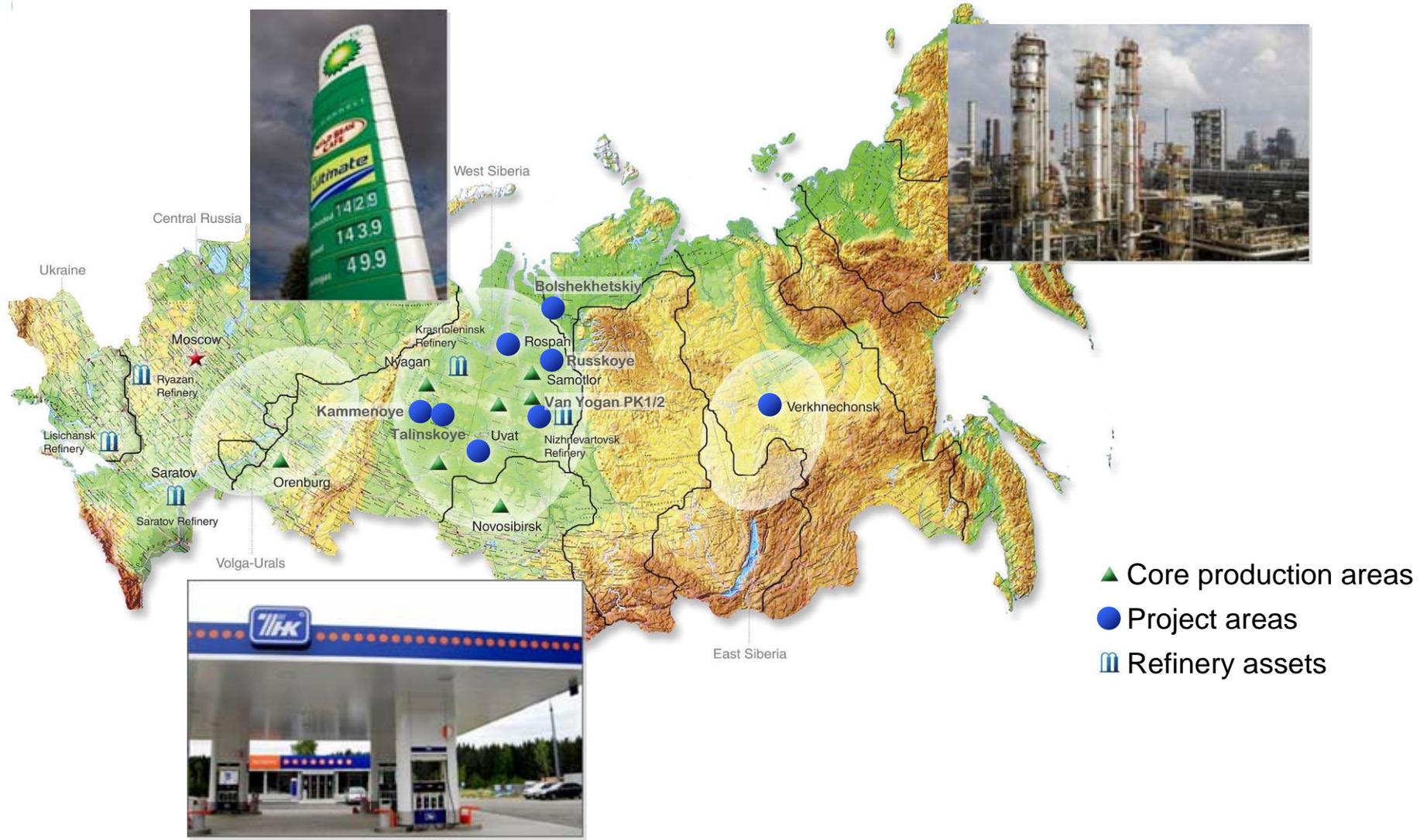
* On a combined basis of subsidiaries and equity-accounted entities, excluding acquisitions and divestments.

Bob Dudley

President and CEO TNK-BP



TNK-BP



Delivery on promises



- **The four promises made in February 2003:**
- Production growth
 - 6.5% per annum since 2003
- Technology transfer
 - 3D Seismic, Samotlor and waterflood
- Corporate governance
 - Minority shareholder, internal processes and transparency
- Good corporate citizen of Russia
 - > \$68bn in taxes / export duties to Russia

Environmental challenges and responses



Challenges

Responses

Production growth

Technology / operating practices

State companies

Co-operation / partnering

Organizational capability

Training and innovation

Levels of compliance

Governance and transparency

Tax regime and inflation

Investment advocacy and technology

Samotlor 4-Way closures Status and plans

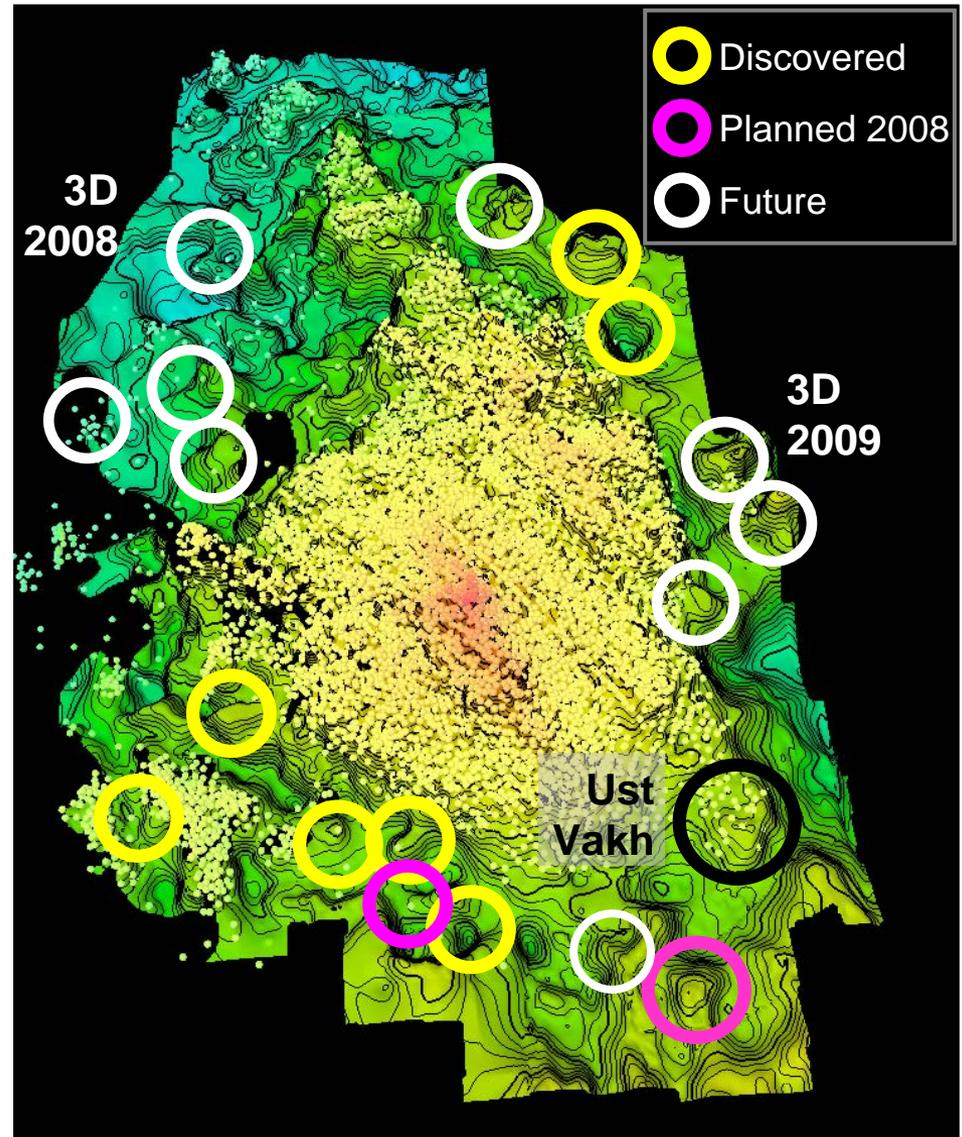


Current Status

- 100% discovery s
- 60mmboe reserve
- 30mboed current

2008+ Plans

- Four new closures
- 4,000 metres dep. technology will all 2008 options
- Nine additional cl



TNK-BP recovery factors



Top five fields have 55% of proven reserves

Top five TNK-BP fields	OOIP ⁽¹⁾			
	bn boe	Up to end 2007	2004 TP ⁽²⁾ PRMS ⁽³⁾	2007 TP ⁽²⁾ PRMS ⁽³⁾
Samotlor (South)	45.3	38%	42%	44%
Samotlor (North)	9.3	22%	27%	34%
Khokhrysovskoye	2	17%	32%	29%
Yem-Yegovskoye	6.4	3%	12%	12%
Talinskoye	12.3	7%	11%	11%
Top five	75.3	27%	32%	35%

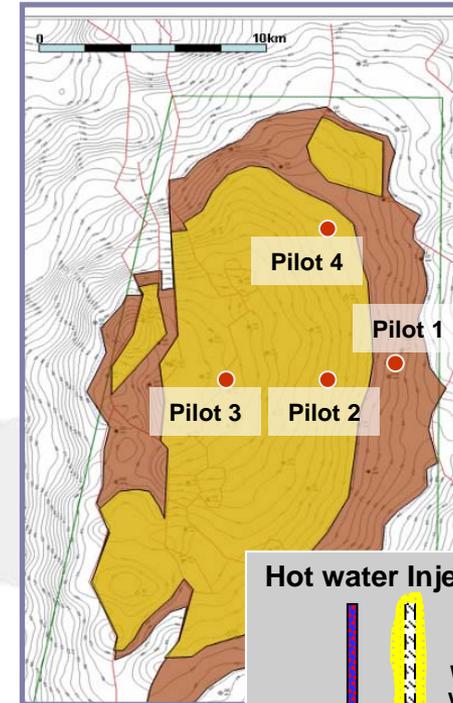
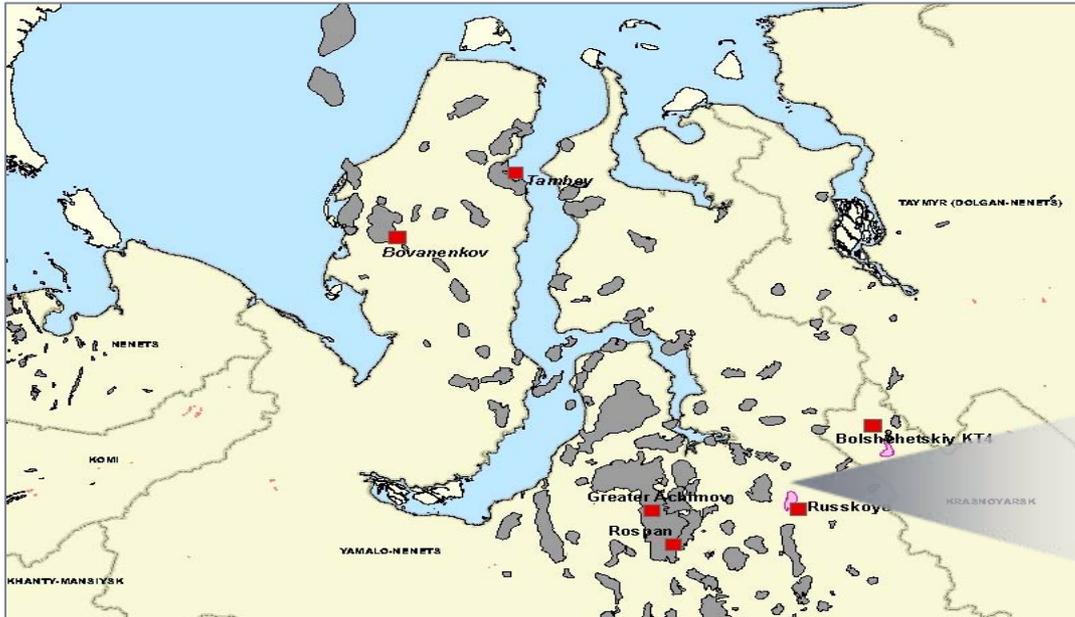
1% improvement in recovery factor = ~750mmboe increase in total proved reserves

(1) Original Oil In Place

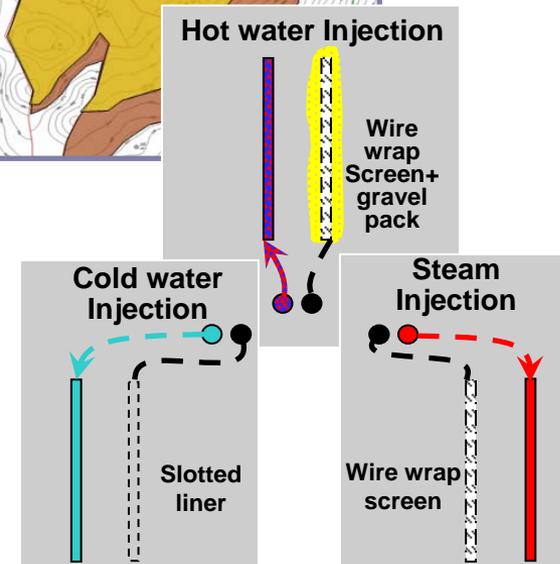
(2) Total proved reserves

(3) Reserves defined by PRMS (formerly SPE) basis and base on YE 2007 D&M audit results

Technology: Russkoye

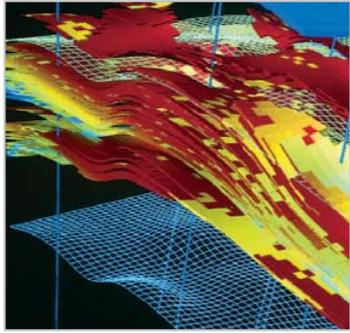


- Estimated resources > 2bnboe
- Piloting alternative technologies with encouraging results
- Infrastructure synergy available



TNK-BP: an integrated company

THK-BP



Uvat
Verkhnechonskoye
Rospan
Bolshekhetskiy
Russkoye
Talinskoye
Kammenoye
Van Yogan PK1/2



Samotlor
Nyagan
Orenburg
Novosibirsk
Nizhnevartovsk



Ryazan
Saratov
Lisichansk
Krasnoleninsk
Nizhnevartovsk
LINOS



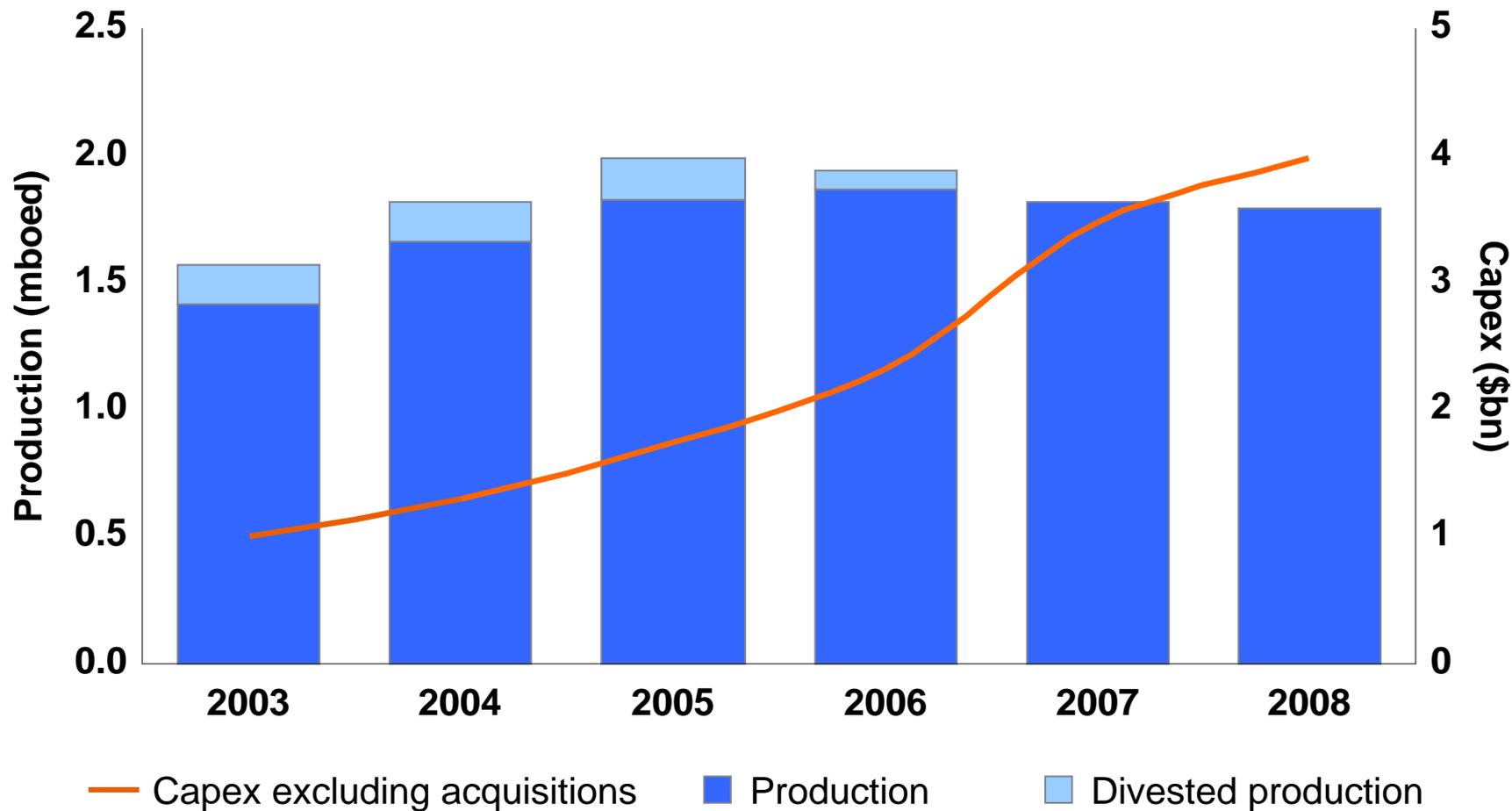
Moscow
Ukraine
St. Petersburg
Ryazan
Saratov
Tula
Kiev
Rostov-on-Don



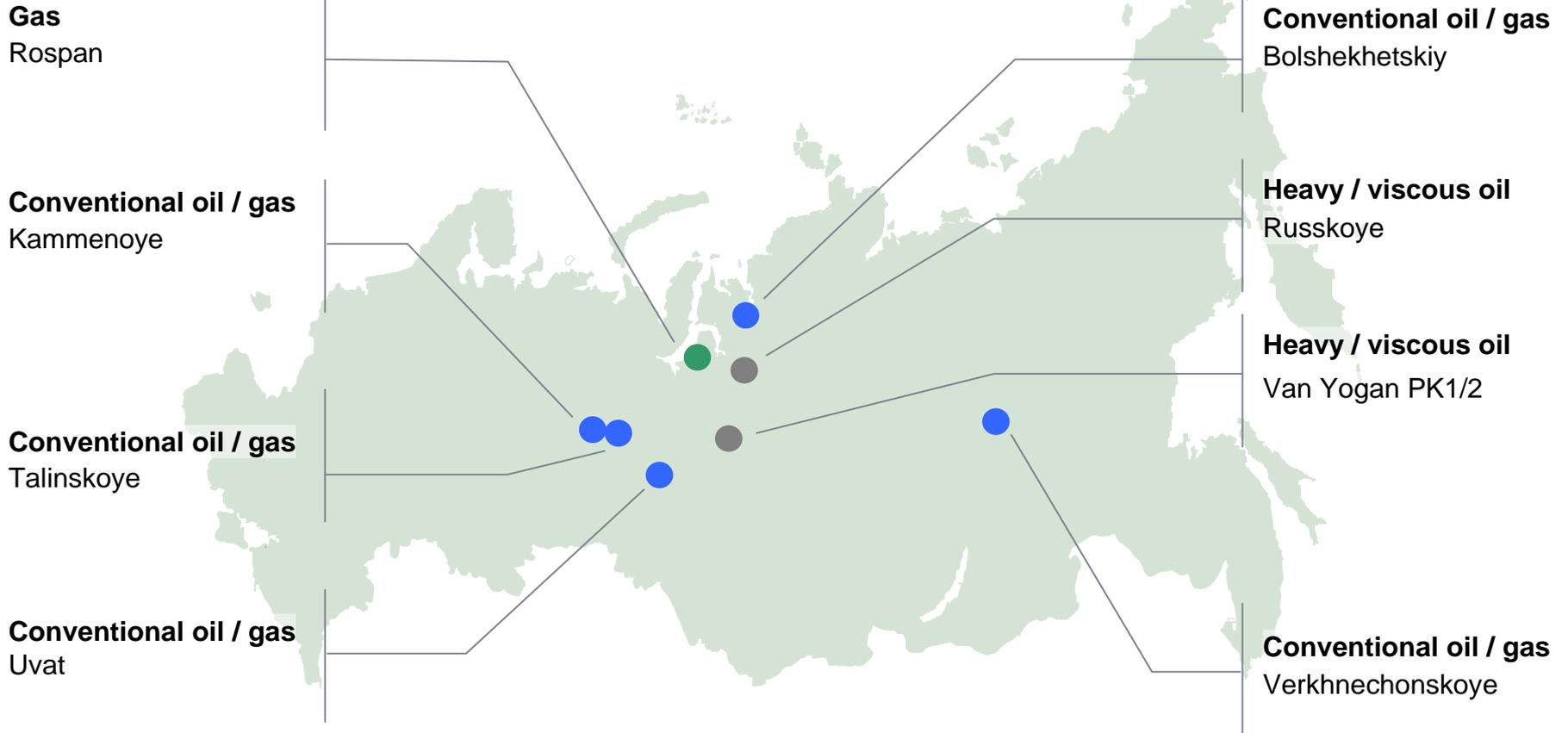
Gas

SIBUR JV
Rospan
Niz GRES3

TNK-BP production and capex 2003-2008



TNK-BP Projects



TNK-BP in Russia



- Greater integration and engagement key for long-term success
- TNK-BP – a venture between BP and Russia
 - Technology / operations
 - Participant in global markets
- Russia will continue to provide ample opportunities

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Iain Conn

Chief Executive, Refining & Marketing

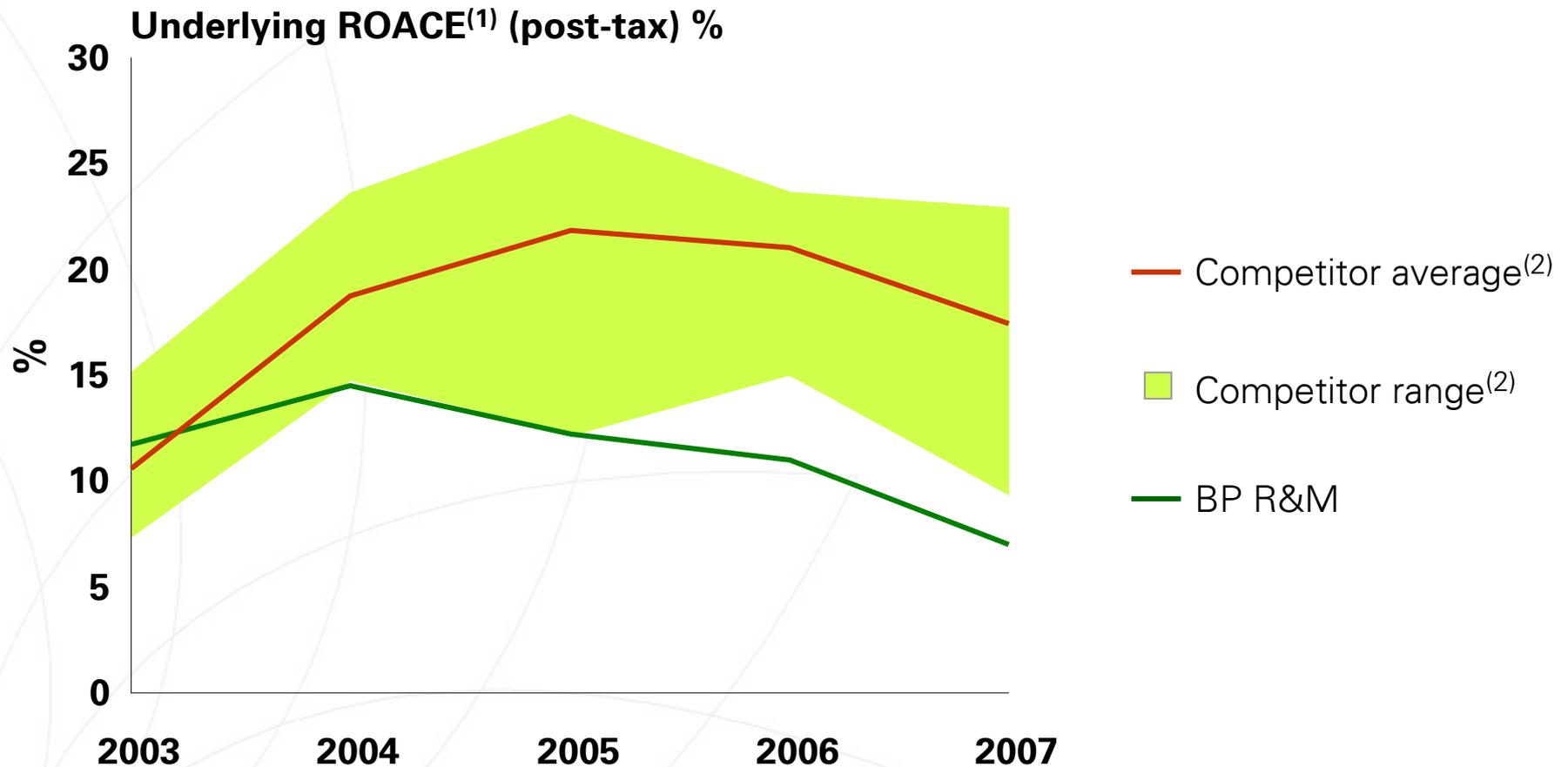


Closing the performance gap

- Performance versus competitors
- Closing the performance gap
- Portfolio and future prospects



Competitive performance



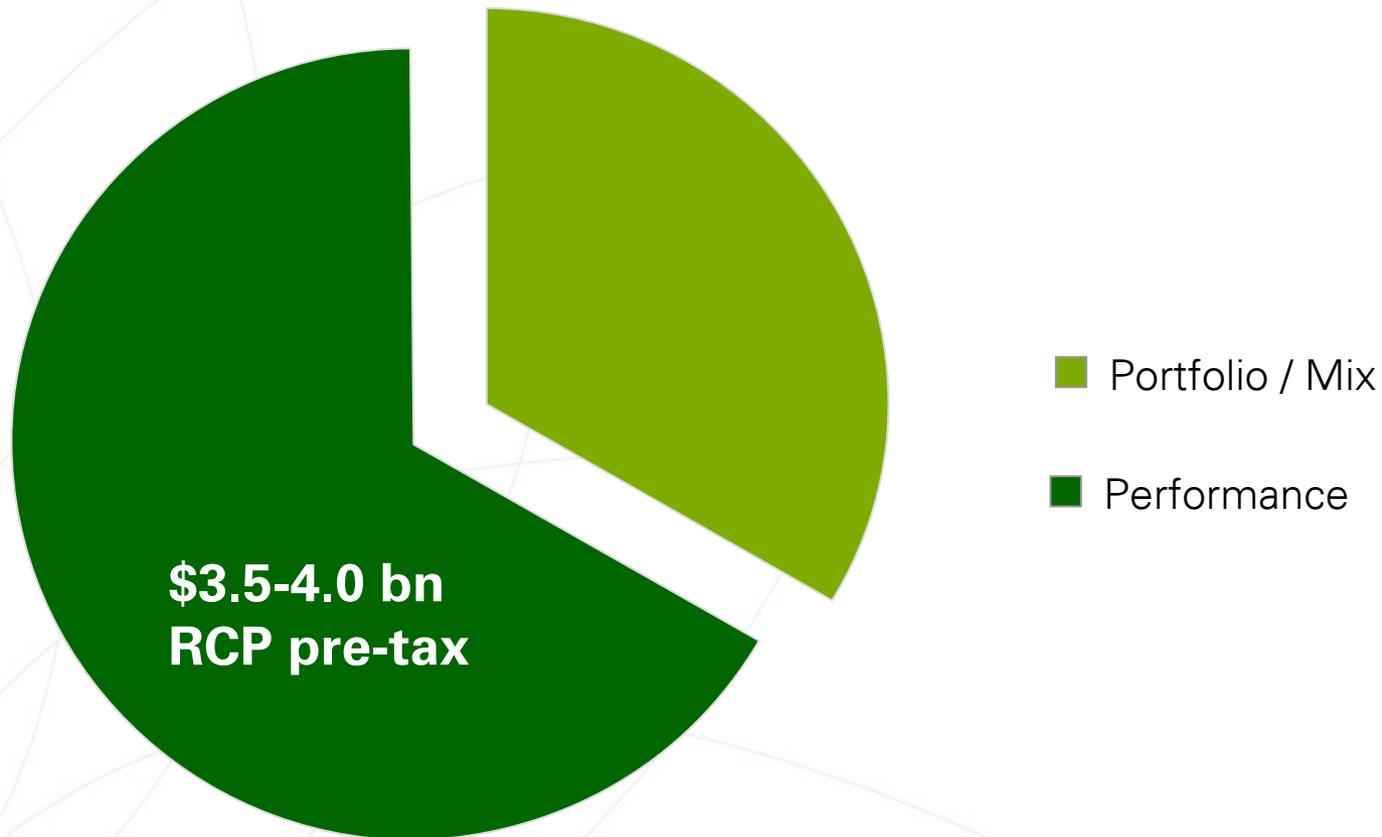
(1) BP and Competitor data adjusted to comparable basis

(2) Competitor set comprises R&M segments: ExxonMobil, Royal Dutch Shell, Chevron, ConocoPhillips, Total

Performance gap at \$7.50/bbl refining margin⁽¹⁾



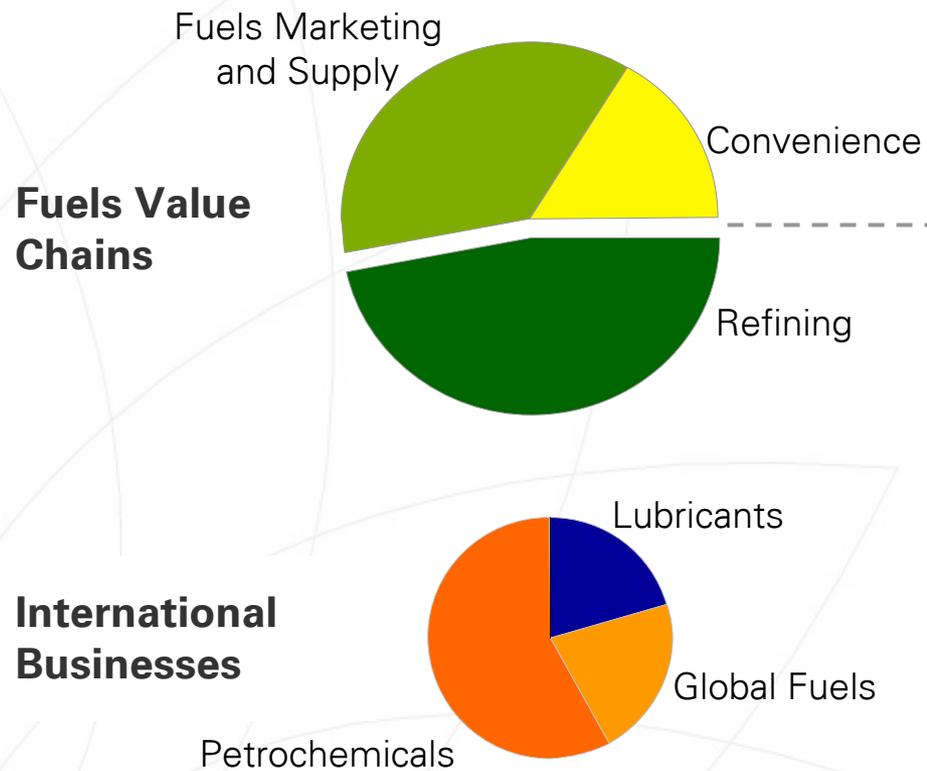
Pre-tax earnings



(1) BP Global Indicator Margin (GIM)



Our portfolio



	2007 Av. pre-tax operating capital empl. (\$bn)	2007 Pre-tax underlying RC profit (\$bn)
Fuels Value Chains	19	1.2
International Businesses	10	1.5
Total Refining & Marketing	45	3.9

Relative areas in pie charts based on Average Operating Capital Employed (pre-tax)

Closing the performance gap

1. Safety and operations
2. Fundamental shift in behaviours
3. Restoring missing revenues and earnings momentum
 - Texas City, Whiting; improved refining availability
4. Business simplification
 - Integration, channel strategy, focused marketing footprint
5. Repositioning our cost efficiency
 - Performance units, business services, overhead, procurement

Closing the performance gap

Sources and phasing



Repositioning cost efficiency

- Business services and overheads

Simplification

- Fuels Value Chains, marketing operations
- Portfolio – consolidation and focus of footprint

Restoring revenues

- Refining performance

2008

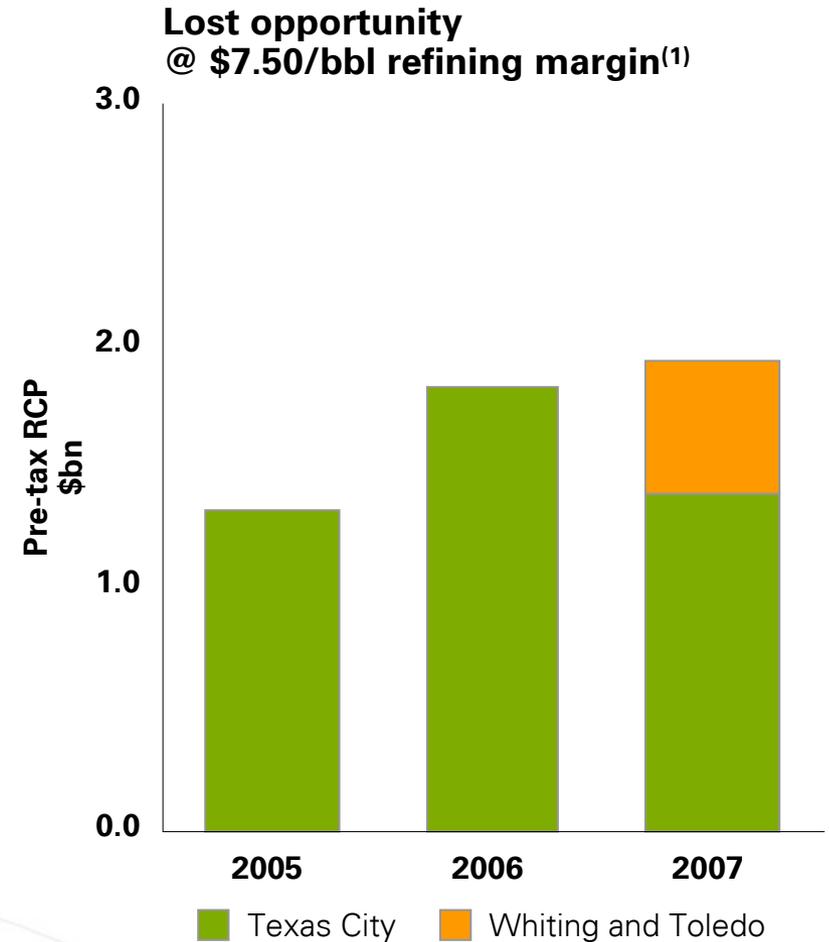
2009

2010

2011

Restoring missing revenues

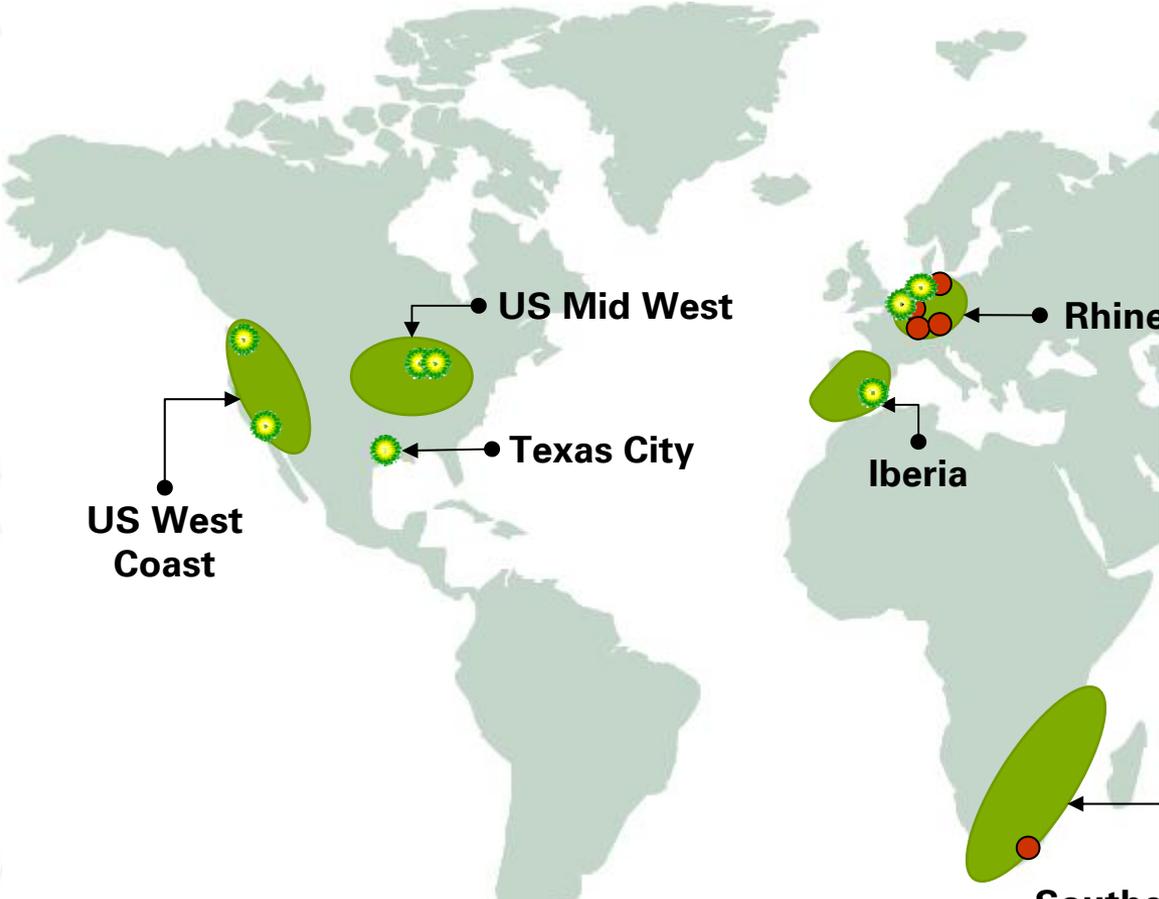
Refining availability



(1) BP Global Indicator Margin (GIM)
BP projections for 2008 and 2009

Business simplification

Fuels value chains



KEY

- Integrated refiner marketer (IRM) FVCs
- BP refinery
- JV refinery



ca
it

Business simplification

Marketing participation strategy



- Retail channel strategy
 - US convenience: de-capitalize and move to franchise offer
 - Rest of World: hurdle rate returns
- Focused marketing footprint
 - Lubricants: reducing direct presence in ~20 countries
 - Aviation: maintain global network – exiting ~20 countries

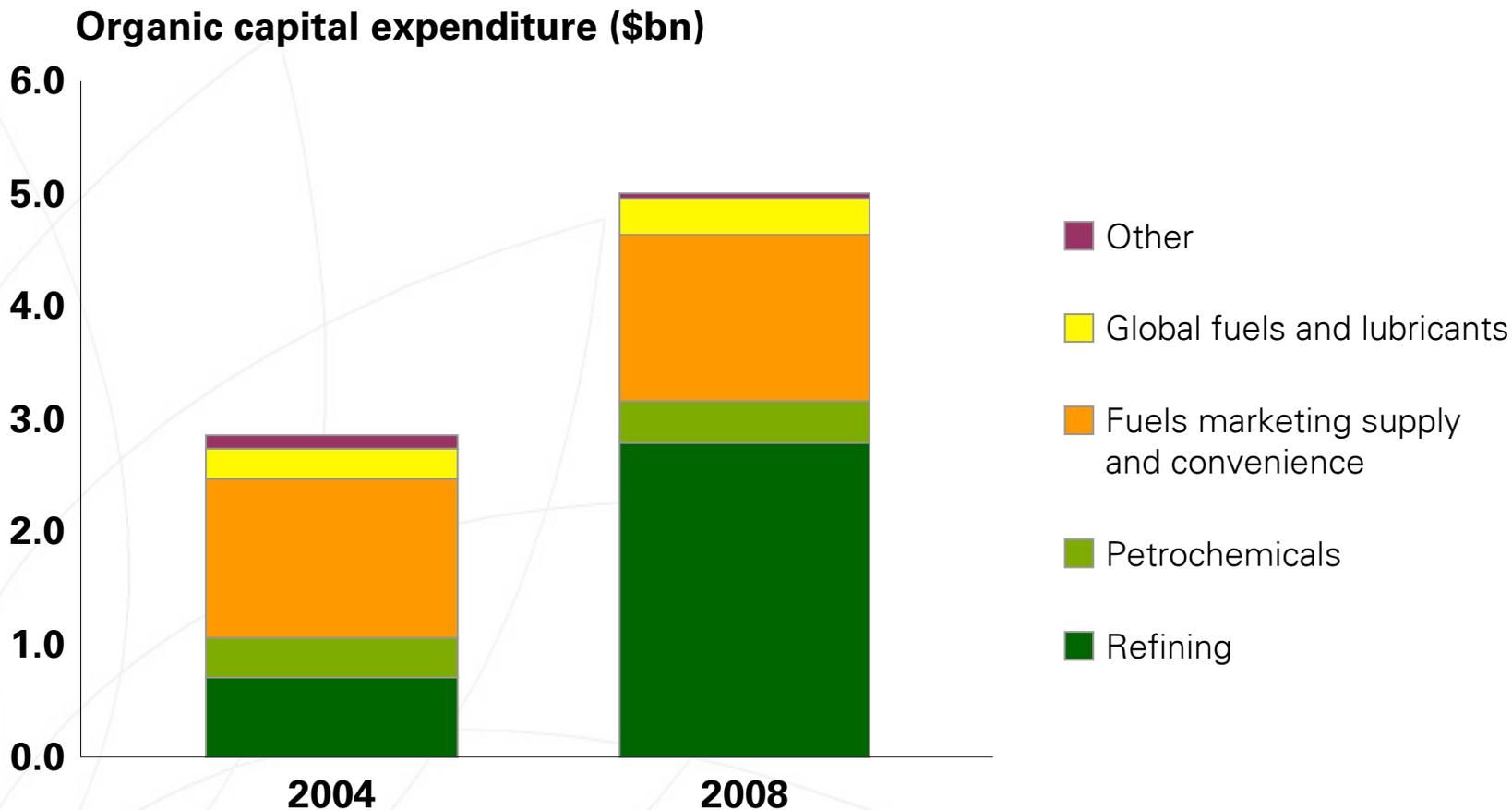


Repositioning our cost efficiency

- Fewer performance units
- Consolidate and standardize business service provision
- Reduce overheads
 - Minimize central activity
 - Fewer layers
- Third-party spend
 - Leverage procurement

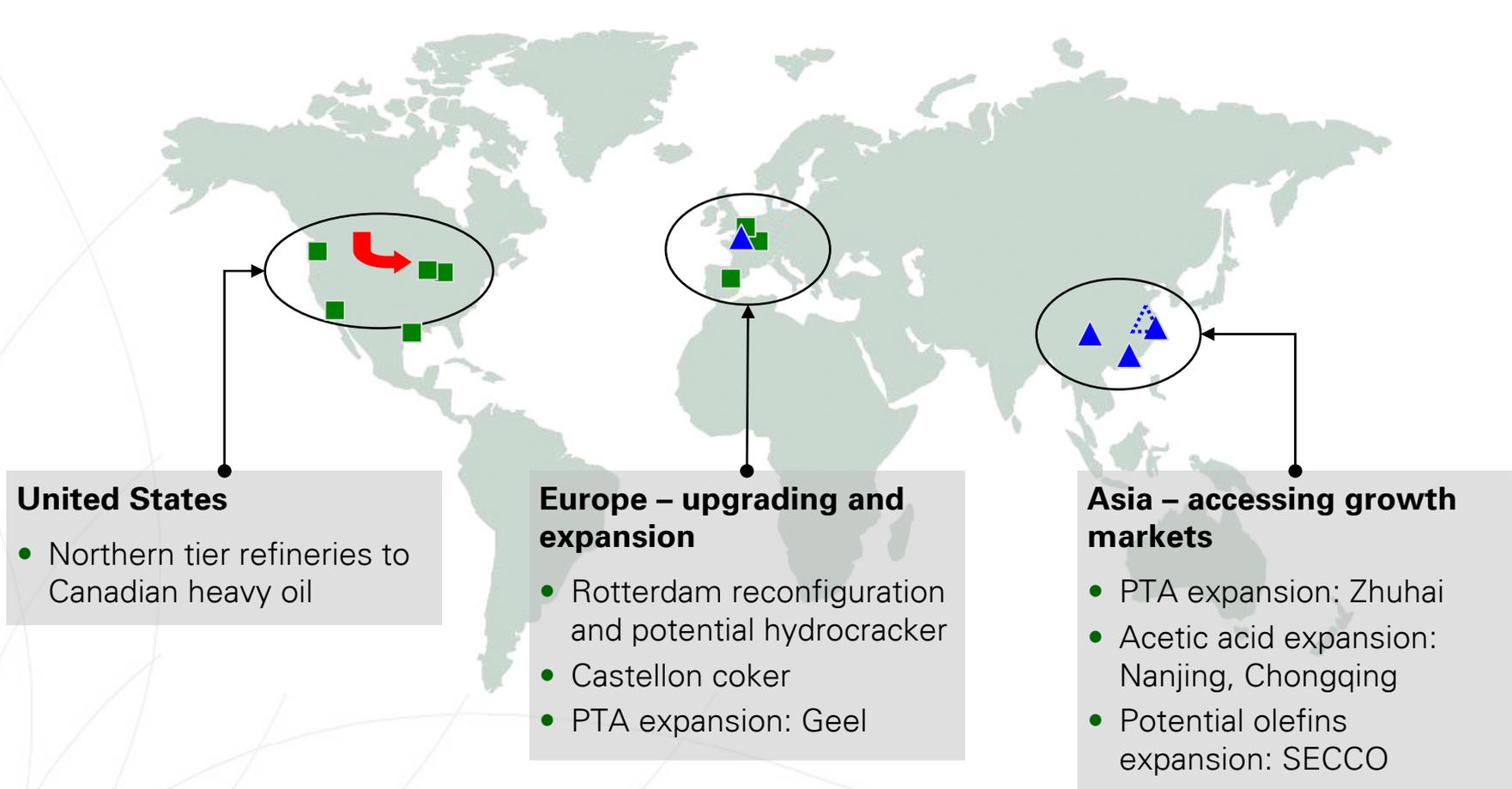
Future prospects

Bias to manufacturing



Future prospects

Upgrading and expanding in manufacturing



▲ Petrochemicals plant

■ Refinery

➔ Heavy oil supply

What to expect

By end 2011, we aim to:

- Close the performance gap
- Deliver material free cash flow

Actions underway:

- Restoring missing revenues
- Business simplification
- Repositioning our cost efficiency

Shifts in emphasis:

- Manufacturing
- Integration

Opportunities for long-term growth



Vivienne Cox

Executive Vice President, Alternative Energy

Alternative Energy: objective

- Developing material growth options for BP in low-carbon technologies
- Building a portfolio of operating businesses and ventures

Three stages of development

Growing: Wind, solar and gas-fired power

Developing: Biofuels and Hydrogen Energy

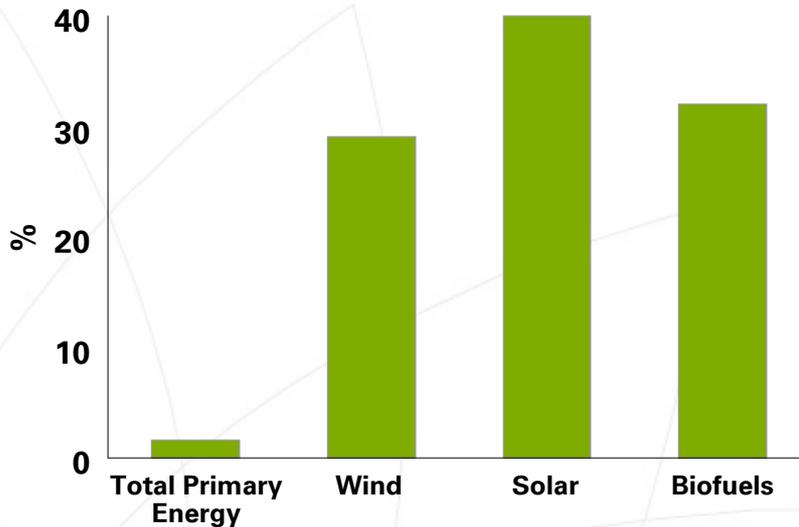
Incubator: Carbon capture and storage, clean coal, distributed energy and venturing

- Focus on equity value growth as the performance measure
- Independent management, culture and advisory board



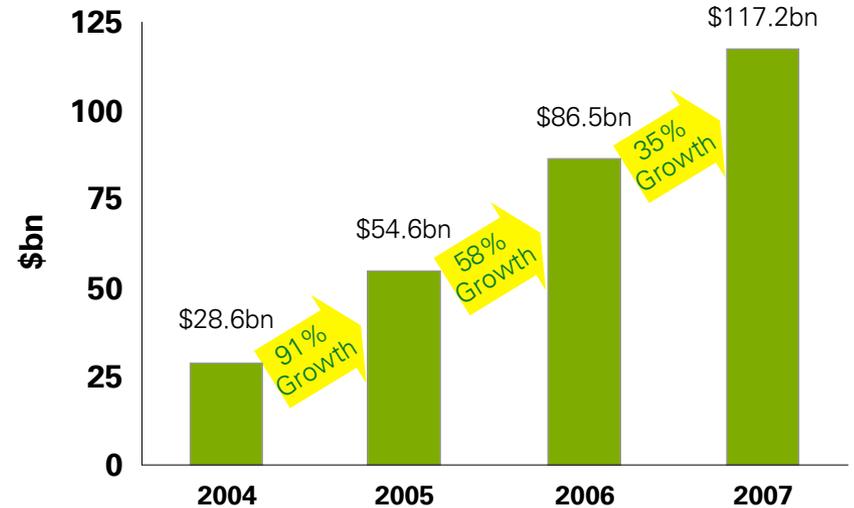
Alternative Energy: the market today

Demand growth p.a. since 2001



Sources: Primary energy based on IEA WEO reference scenario. Renewables based on New Energy Finance

Global new investment in clean energy



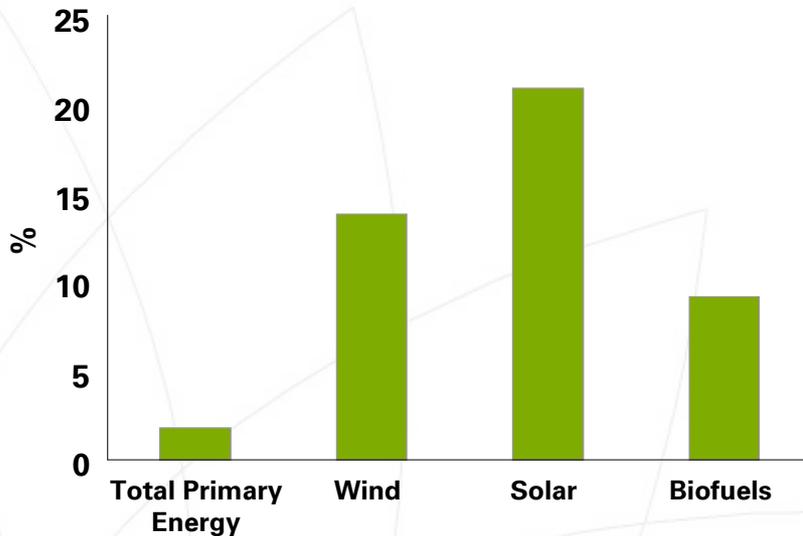
Grossed-up estimate based on disclosed deals.
New investment only.
Source: New Energy Finance

- Fastest growing sector of the global energy market
- Investment now exceeds \$100bn p.a.



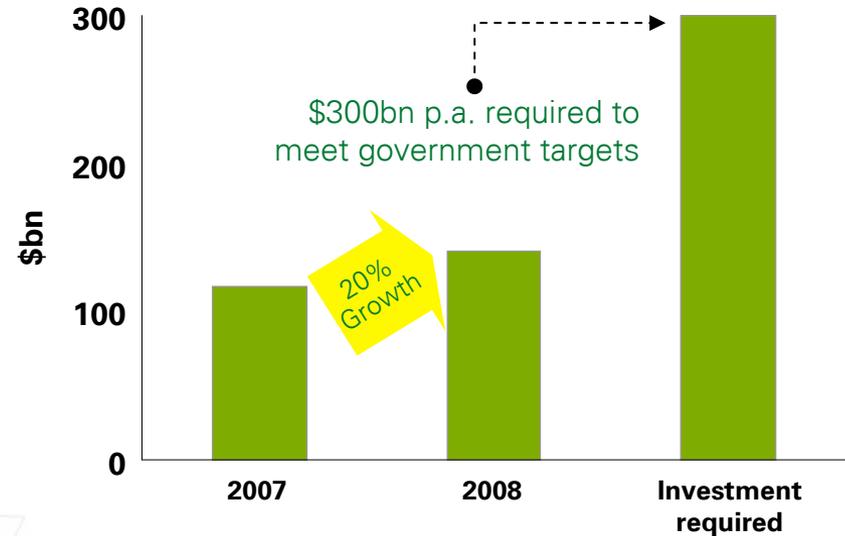
Alternative Energy: future market drivers

Demand growth p.a. 2005-2030E



Sources: Primary energy based on IEA WEO 2007 reference scenario. Renewables based on New Energy Finance

Global new investment in Clean Tech forecast

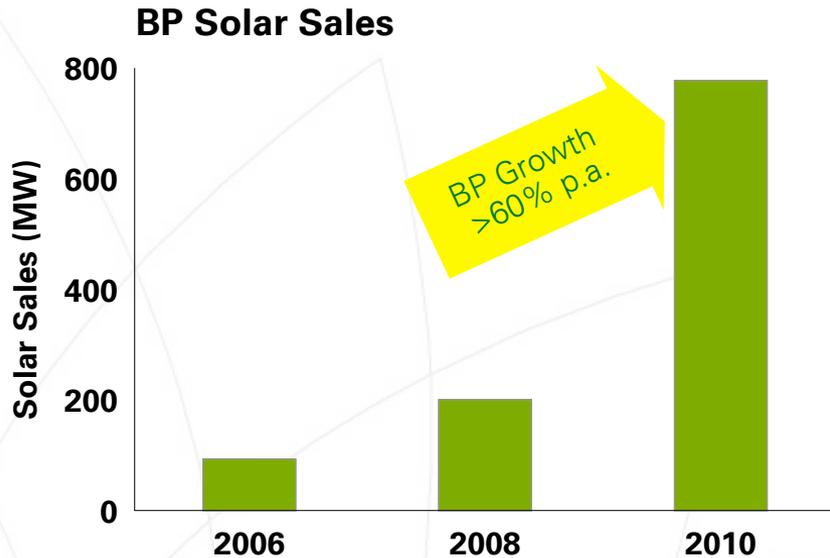


Source: New Energy Finance, Nov 2007

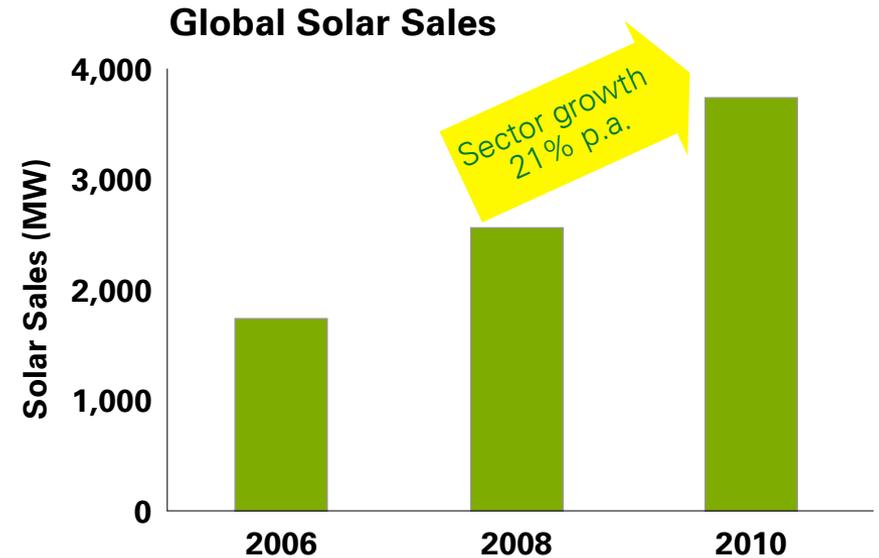
- Strong future growth
- Total investment in Clean Tech expected to reach \$2-3 trillion by 2030



Alternative Energy: solar market



Sources: BP projections

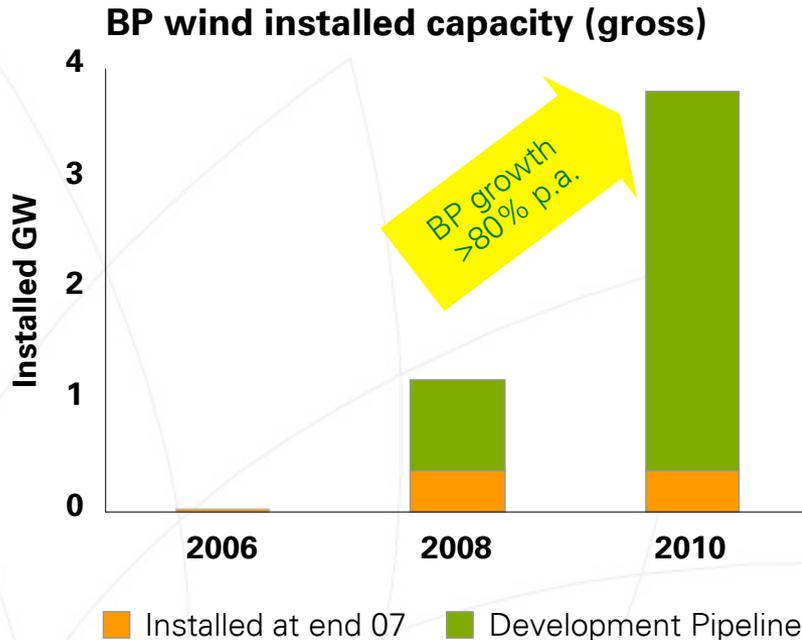


Source: New Energy Finance

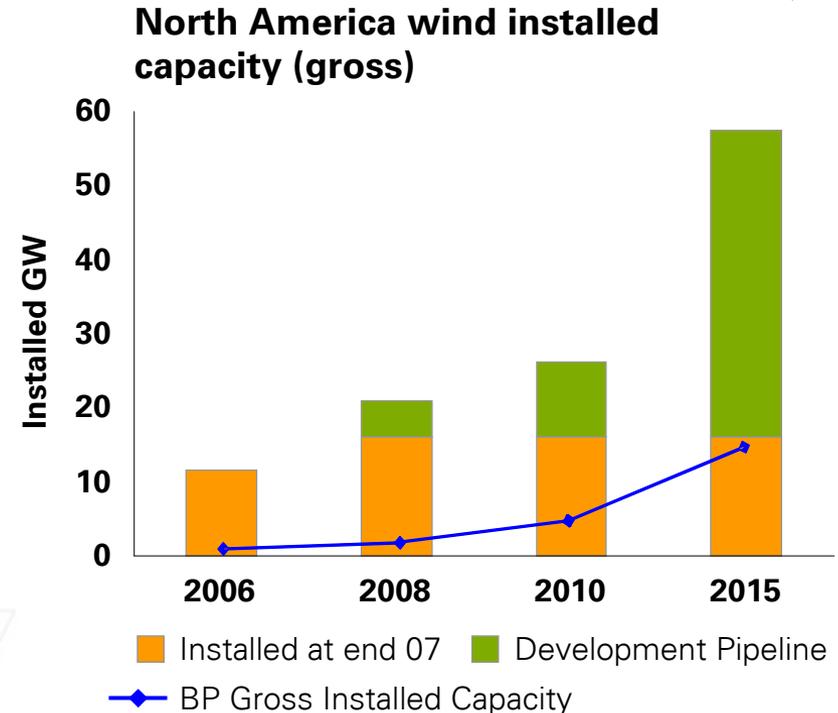
- BP Solar investment was ~\$150m in 2007 and will double in 2008
- BP Solar is expected to grow faster than the market



Alternative Energy: wind market



Sources: BP projections

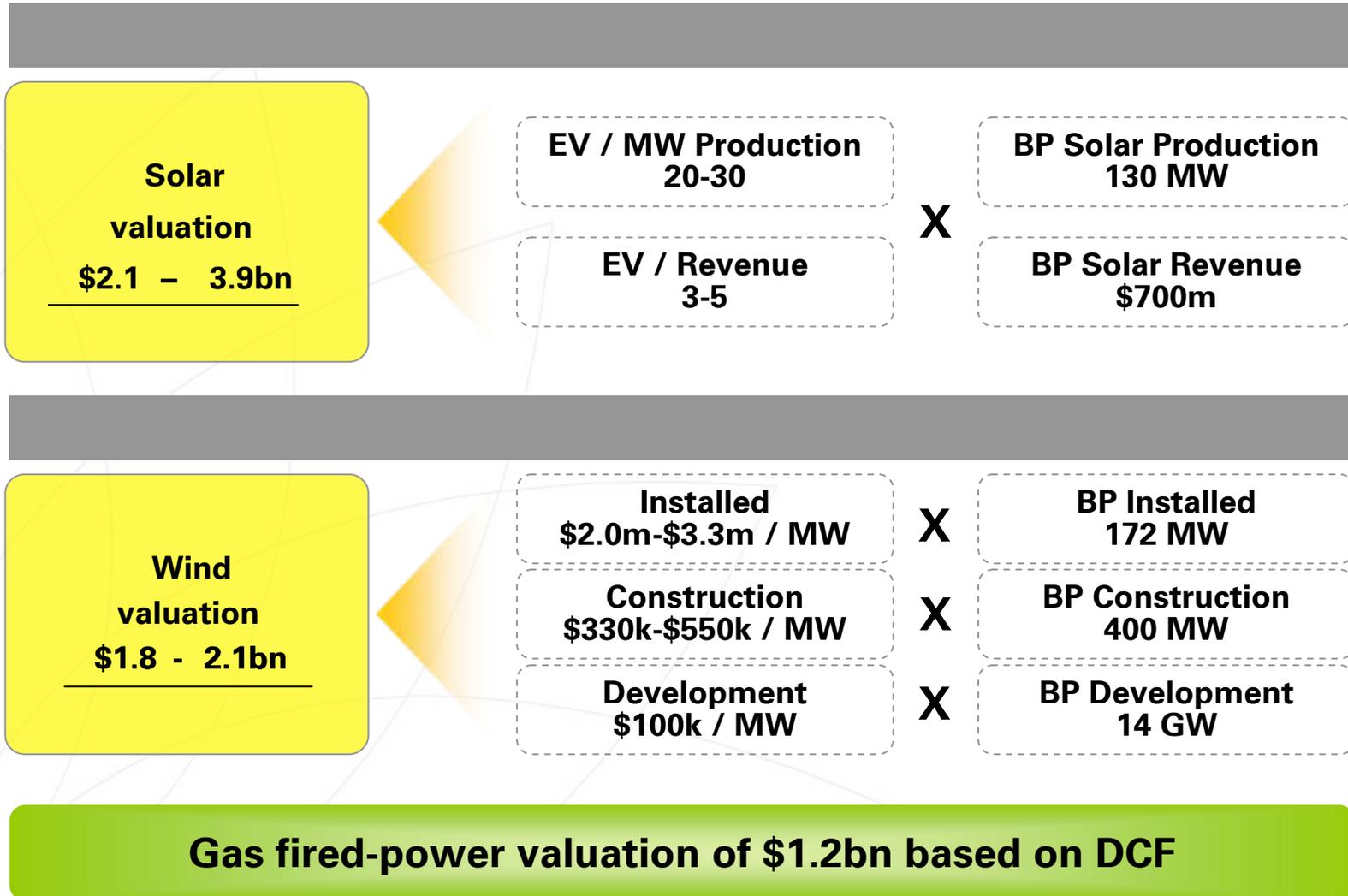


Source: American Wind Energy Association

- ~\$0.8bn invested so far, 2008 investment ~\$0.6bn
- BP wind business expected to grow faster than the market
- BP development pipeline of 15GW
- BP a differentiated player with scale and geographical diversification



Alternative Energy: equity valuation





Alternative Energy: forward priorities

BP's investment in Alternative Energy since launch is \$1.5bn and planned investment for 2008 is \$1.5bn

Wind

- Install 3GW gross capacity by end 2010

Solar

- Manufacturing expansion and ~800MW sales in 2010

Biofuels, Hydrogen Energy and CCS

- Deployment of major Biofuels, Hydrogen Energy and carbon capture and storage projects

Incubators

- Launch a winning incubator business

A decorative graphic on the left side of the slide, composed of several overlapping, curved leaf-like shapes in shades of green and yellow, pointing towards the right.

Byron Grote

Chief Financial Officer

Organization simplification

Re-segmentation and 2008 reporting change



- Two operating segments: Exploration & Production, Refining & Marketing
- Gas, Power & Renewables segment eliminated
 - NGLs, LNG, gas & power marketing and trading businesses incorporated into Exploration & Production
 - Alternative Energy established as a separate unit
- Other Businesses & Corporate (OB&C) redefined
 - Alternative Energy
 - Corporate activities
 - Other businesses (e.g. aluminium, shipping)
- 2008 OB&C: expected annual charge of \$1.5bn \pm \$200m
- Five year restated historical data published



Investment guidance

\$bn	2006	2007	2008
Exploration & Production	12.2	13.7	~15.0
Refining & Marketing	3.1	4.4	~5.0
Other (including Alternative Energy)	0.6	1.1	~1.5
Organic capital expenditure	15.9	19.2	21-22
Divestments	6.3	4.3	~1.0

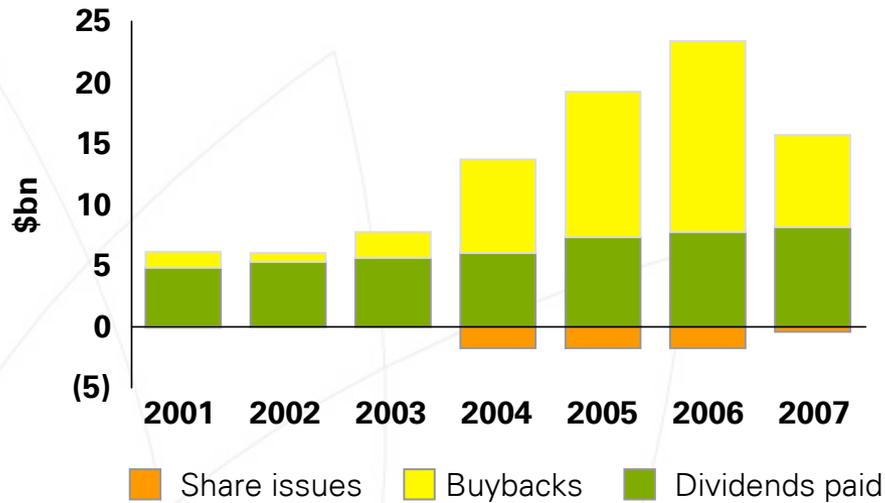
2006 excludes \$1bn investment in Rosneft IPO

2008 excludes accounting treatment related to joint ventures with Husky Energy

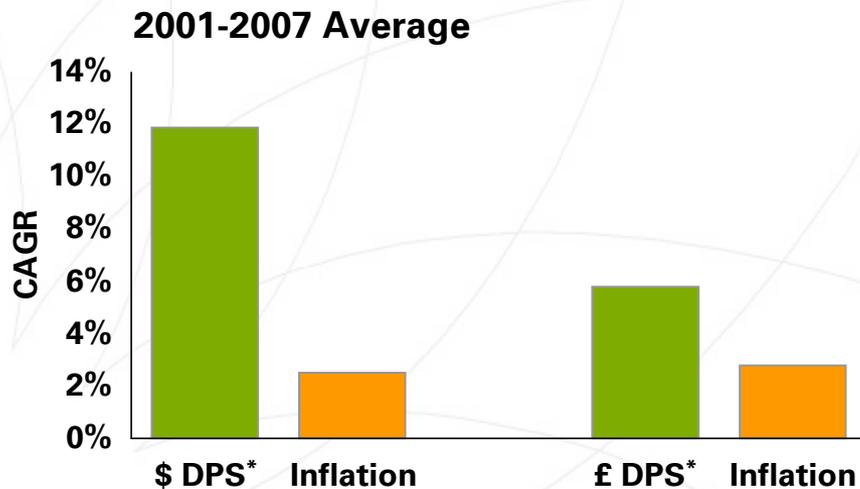
BP projections for 2008



Financial Framework: 2001-2007



- 2001-2007 total shareholder distribution of \$91bn
- 12% CAGR in dividend over period 2001-2007
- \$46bn share buybacks, majority of which funded by divestments
- Gearing range 20-30%



* DPS = Dividend per share

Financial Framework

Changed context

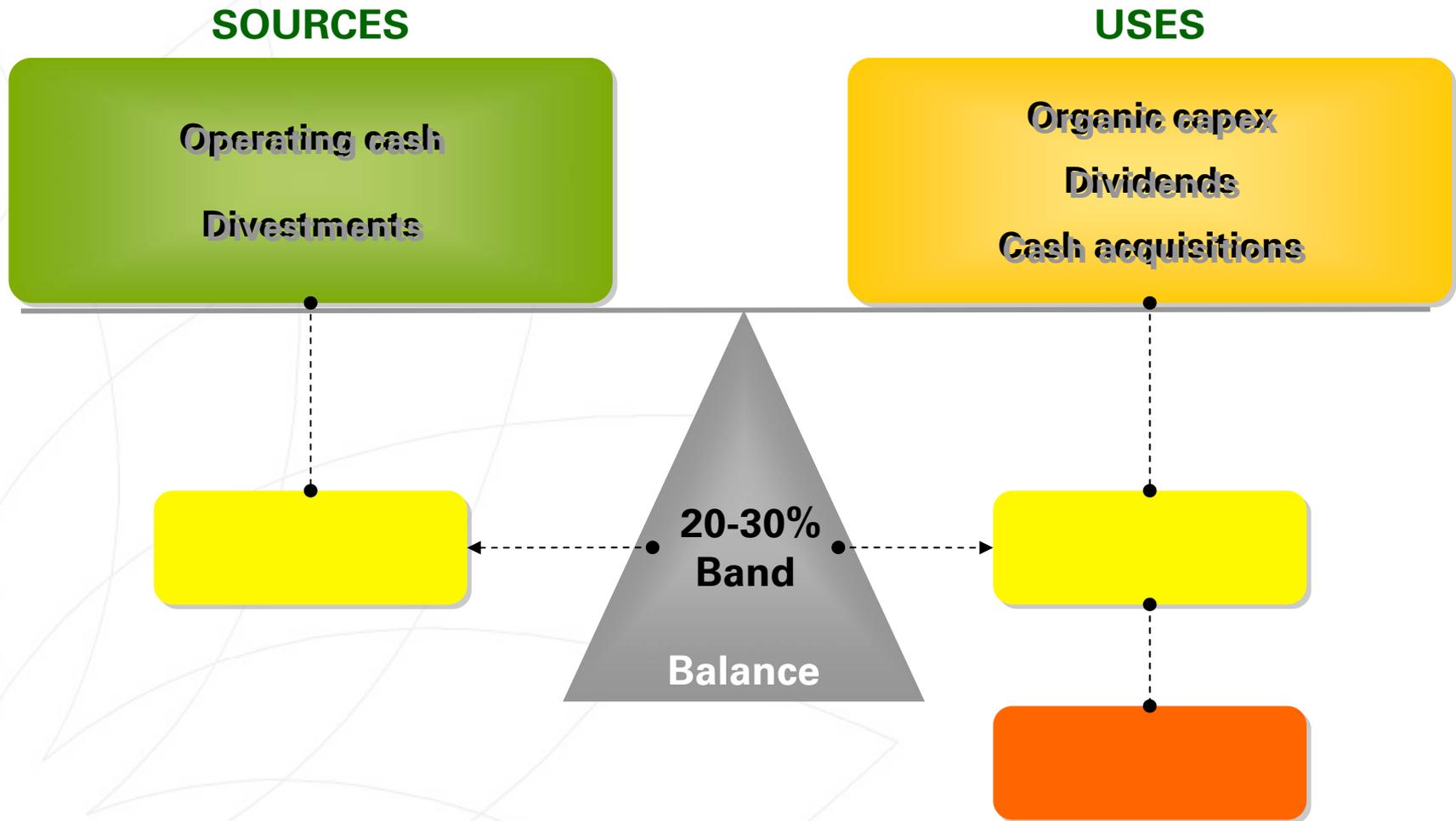
- Confidence in stronger trading environment
- Revenue restoration on track
- Reduced shares outstanding by 16% since the end of 2000

Response

- Increased capex to support growth
- Target gearing band unchanged at 20-30%
- Rebalance proportion of free cash flow distributed via dividends and buybacks



Balancing sources and uses of cash



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Tony Hayward **Group Chief Executive**

Safety – People – Performance

Conclusions

- Strategy evolving
- Long-term planning assumption \$60/bbl
- Closing the competitive gap:
 - Safety : People : Performance
- Securing the future
 - Exploration & Production: sustainable long term
 - Refining & Marketing: closing the performance gap
 - Alternative Energy: a valuable option for the future
- Financial framework



Questions & answers