100 years of operating at the frontiers

BP Strategy Presentation
London
3 March 2009
Cautionary Statement

Forward Looking Statements - Cautionary Statement
This presentation and the associated slides and discussion contain forward looking statements, particularly those regarding growth in the upstream business; turnaround and restoration of earnings and operational momentum in the downstream business; investments in alternative energy; simplification and efficiency in the business; capability building; continuing focus on, and delivery of, safe and reliable operations; benefits from financial momentum; oil and gas prices; refining margins, availability, utilization and cost efficiency; potential benefits of technology programmes; TNK-BP’s capital spending, production, cash flows, costs, tax burden, earnings volatility and profitability; closing the performance gap in refining and marketing; refining profitability, including of Castellon refinery; financial performance of refining and marketing, including delivery of returns and cash flows; capture of revenue benefits; focus on safety, optimization, utilization and cost efficiency in refining; delivery of competitive results from integrated businesses; reduction in geographic footprints; deflation; expected benefits from move to business centres; headcount and cost reductions; solar manufacturing footprint; growth in US wind portfolio; expansion of bioethanol business and development of related technology; investment in hydrogen energy; timing of refineries coming on-stream; capital expenditure; reduction of investments in refining and marketing and alternative energy; production growth and expected sources; focus on cash and capital efficiency; investment in exploration and production; implementation of OMS; timing of projects and impact on production; LNG growth; cash flows; cost reductions and revenue growth; disposal proceeds; distributions and dividend; gearing and cost of borrowing. 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 certain items 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, 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.

March 2009
Tony Hayward

Group Chief Executive
Agenda

Introduction
- 2008 in perspective
- Business environment
- Technology
- TNK-BP

Refining & Marketing
Iain Conn

Exploration & Production
Andy Inglis

Conclusions
- Alternative Energy
- Financial framework

Tony Hayward
2008 in perspective
Safety : People : Performance

- **Safe, compliant and reliable operations**: our No. 1 priority

- **Operational and financial momentum**

- **Strategy in progress**
  - Upstream growth
  - Downstream turnaround
  - Alternative Energy: focused, disciplined
  - Corporate simplification
Safe, compliant and reliable operations

Recordable Injury Frequency

Integrity Management Incidents

Oil Spills ≥ 1 barrel

(1) Super Majors
(2) 2008 data aligned to severity of impact rather than volume of releases
Operational momentum in 2008

**Upstream growth**
- Growth in line with guidance
- 5% underlying, excluding PSC entitlement effects
- Major project start-up volumes ahead of plan
- Cost increases below sector inflation
- Strong reported reserve replacement and resource growth

**Downstream turnaround**
- Restoring refining availability – Whiting and Texas City
- Six integrated Fuels Value Chains established
- Strong International Businesses performance
- Simplified marketing footprint

**Corporate simplification**
- Headcount reduction of 3000 by end-2008
- 20% of senior positions removed
## Financial momentum in 2008

<table>
<thead>
<tr>
<th></th>
<th>bp</th>
<th>EXON</th>
<th>Shell</th>
<th>Chevron</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underlying(^{(1)})</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income ($bn)</td>
<td>26.2</td>
<td>43.7</td>
<td>28.4</td>
<td>22.8</td>
<td>20.5</td>
</tr>
<tr>
<td>Year on Year %</td>
<td>39%</td>
<td>10%</td>
<td>12%</td>
<td>30%</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Cash from operations ($bn)(^{(1)})</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year on Year %</td>
<td>54%</td>
<td>15%</td>
<td>27%</td>
<td>19%</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Reported volumes (mboed)</strong></td>
<td>3838</td>
<td>3921</td>
<td>3248</td>
<td>2530</td>
<td>2341</td>
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<tr>
<td>Year on Year %</td>
<td>1%</td>
<td>-6%</td>
<td>-2%</td>
<td>-3%</td>
<td>-2%</td>
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</tbody>
</table>

\(^{(1)}\) For BP underlying net income is replacement cost for the year adjusted for non-operating items and fair value accounting effects. For other companies, underlying includes adjustments for all identified non-recurring items to put on consistent basis.
Oil prices

Source: Platts
US gas prices, production and rig count

Source: EIA and Baker Hughes rig count
Refining margins and utilization

Global Indicator Margin $/bbl\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin $/bbl</th>
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<tbody>
<tr>
<td>2000</td>
<td>$4.50</td>
</tr>
<tr>
<td>2001</td>
<td>$4.50</td>
</tr>
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<td>2002</td>
<td>$2.30</td>
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<tr>
<td>2003</td>
<td>$4.11</td>
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<td>2004</td>
<td>$6.38</td>
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<td>2005</td>
<td>$8.56</td>
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<tr>
<td>2006</td>
<td>$8.49</td>
</tr>
<tr>
<td>2007</td>
<td>$9.92</td>
</tr>
<tr>
<td>2008</td>
<td>$6.50</td>
</tr>
</tbody>
</table>

Global Utilization\(^{(2)}\)

- %: 88%, 87%, 86%, 85%, 84%, 83%, 82%, 81%, 80%

\(^{(1)}\) GIM on 2008 portfolio basis
\(^{(2)}\) Global refinery throughput / Global refinery average capacity. Source: BP
Deep technology focus

**BP’s approach to Research and Technology:**

- Sustained increase in technology investment
- Building leadership positions
- Implementation at scale
- Long-term commitment to research and development
- Collaborative and open innovation models
BP’s major technology programmes

**Resource business extensions**
- Unconventional Gas
- Unconventional Oil
- Gulf of Mexico Paleogene
- Advanced Seismic Imaging
- Beyond Sand Control
- Pushing Reservoir Limits
- Subsea Well Intervention/Deepwater Facilities
- Field of the Future™
- Inherently Reliable Facilities
- Effective Reservoir Access

**Conversion technologies**
- Fuels
- Lubricants
- PTA
- Acetic Acid
- Advanced Refining
- Refinery of the Future
- Coal

**Low-carbon technologies**
- Solar
- Biofuels
- Carbon Management
TNK-BP: updated governance

• Revised shareholder agreement retains 50/50 ownership structure

• Three new independent directors on TNK-BP Board

• Significant TNK-BP group subsidiaries now have both BP and AAR directors

• Potential Initial Public Offering of up to 20% of equity
TNK-BP: operating performance

- Production growth of 30% since inception
- Five-year average reserve replacement around 200%
- Proved reserves increased from 1.8bn boe to 3.6bn boe since 2003
- Total resources increased from 11.6bn boe to 18.9bn boe
- Five-year finding and development costs averaged less than $3/bbl

All numbers BP share, except F&D which is based on TNK-BP as at end 2007
TNK-BP: financial performance

Since the formation of TNK-BP:

- More than $25bn of net income generated
- More than $20bn distributed as dividends
- Around $14bn of capex invested
- More than $90bn in taxes and excise duties paid
- Highest return on capital employed in Russian oil industry
TNK-BP: expected future performance

- 2009 investment ~$3bn
- Production broadly flat
- Lower costs
- Fiscal regime changes
- Cash and earnings breakeven in 2009 at ~$35–40/bbl
Iain Conn

Chief Executive, Refining & Marketing
The Downstream turnaround

2008
- Restored missing revenues
- Business simplified

2009
- Safe operations and OMS(1)
- Behaviours and core processes
- Repositioning cost efficiency

(1) OMS – Operating Management System
Performance gap at $7.50/bbl refining margin\(^{(1)}\)

- **Pre-tax replacement cost profit**
- 2007 gap of $3.5bn–$4bn
- ~50% of gap closed in 2008
- Remaining performance gap

\(^{(1)}\) BP Global Indicator Margin (GIM)
Our portfolio

Fuels \ Chains

- Convenience
- Fuels Marketing and Supply
- Refining

International Businesses

- Petrochemicals
- Lubricants
- Global Fuels

| Relative areas in pie charts based on average operating capital employed (pre-tax) |
|-----------------------------------|------------------|------------------|
| 2008 Av. pre-tax operating capital empl. ($bn) | 2008 Pre-tax underlying RC profit ($bn) |
| Fuels Marketing and Supply | 16 | 2.0 |
| Refining | 19 | (0.7) |
| Total Refining & Marketing | 45 | 3.3 |
Performance momentum

Pre-tax underlying RC profit ($bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>Environment</th>
<th>Performance Improvement</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Profit</td>
<td>3.9</td>
<td>(3.3)</td>
<td>2.7</td>
<td>3.3</td>
</tr>
</tbody>
</table>
Competitive performance

Underlying ROACE\(^{(1)}\) % (post tax)

- **Competitor average\(^{(2)}\)**
- **BP R&M**
- **Competitor range\(^{(2)}\)**

\(\text{Underlying ROACE}^{(1)}\) % (post tax)

- BP and competitor return on average capital employed data adjusted to comparable basis
- Competitor set comprises R&M segments of Super Majors
Regional refining margins and BP’s relative exposure

Refining regional indicator margins (US$/bbl)

Regional refining capacities

(1) Competitor set comprises R&M segments of Super Majors
Closing the performance gap in a challenging environment

- Business services and overheads programme scoped and underway
- 15% reduction in Senior Management on track
- Flat cash costs at constant forex in high inflation environment

- Integrated Fuels Value Chains organisation complete
- Portfolio: International Businesses footprint reduction
- US Convenience Retail de-capitalisation progressing well

Restoring revenues

- Refining performance: Toledo, Whiting, Texas City revenues restored
- Improved supply optimisation
- Margin capture in Petrochemicals and marketing

<table>
<thead>
<tr>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Restoring missing revenues
Refining availability

Solomon availability
(historical and expected)

Lost opportunity
(@ $7.50/bbl refining margin)\(^{(1)}\)

---

\(^{(1)}\) BP Global Indicator Margin (GIM)
2009 BP projections
## Business simplification

### Integrated Fuels Value Chains

<table>
<thead>
<tr>
<th></th>
<th>Pre-programme launch</th>
<th>End 2008</th>
<th>Programme target</th>
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<tbody>
<tr>
<td>US Company owned Sites</td>
<td>805</td>
<td>512</td>
<td>0</td>
</tr>
<tr>
<td>Countries with direct Lubricants presence</td>
<td>60</td>
<td>50(^{(1)})</td>
<td>40(^{(1)})</td>
</tr>
<tr>
<td>Countries with Aviation presence</td>
<td>101</td>
<td>69</td>
<td>55</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Reduced direct presence in a number of other countries
Headcount

R&M Headcount (exc. Retail site staff)

<table>
<thead>
<tr>
<th></th>
<th>Mid 2007</th>
<th>End 2008</th>
<th>End 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount ('000s)</td>
<td>39</td>
<td>37</td>
<td>35</td>
</tr>
</tbody>
</table>

2000 reduction target

R&M Senior Management

<table>
<thead>
<tr>
<th></th>
<th>Mid 2007</th>
<th>End 2008</th>
<th>End 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount (100s)</td>
<td>190</td>
<td>150</td>
<td>130</td>
</tr>
</tbody>
</table>

15% reduction target

2009 BP projections
Repositioning our cost efficiency
## Portfolio strengths

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advantaged Fuels</td>
<td>US West Coast, Rhine, Southern Africa and Australasia</td>
</tr>
<tr>
<td>Value Chains</td>
<td></td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>Concentrated focus in fast growing Asian markets</td>
</tr>
<tr>
<td>Lubricants</td>
<td>Castrol brand and marketing capability</td>
</tr>
<tr>
<td>Global Fuels</td>
<td>Brand and supply chain integration</td>
</tr>
<tr>
<td>Value chain optimisation</td>
<td>Integrated Supply and Trading</td>
</tr>
<tr>
<td>Leading technologies</td>
<td>Lubricant formulations and Petrochemicals processes</td>
</tr>
</tbody>
</table>

**Leading fuels and convenience brands**

- [bp](#)
- [ARAL](#)
- [ultimate](#)
- [ARCO](#)
- [ampm](#)
# Portfolio improvement

<table>
<thead>
<tr>
<th>Area</th>
<th>Improvement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>US / Europe based Petrochemicals</td>
<td>Sale of Innovene in 2005</td>
<td>✔️</td>
</tr>
<tr>
<td>Exposure to Asian growth</td>
<td>Continued growth of Petrochemicals in China</td>
<td>✔️</td>
</tr>
<tr>
<td>Exposure to European gasoline</td>
<td>Sale of Coryton and purchase of remaining Rotterdam share</td>
<td>✔️</td>
</tr>
<tr>
<td>Fragmented approach</td>
<td>Integrated FVCs and bias to manufacturing</td>
<td>✔️</td>
</tr>
<tr>
<td>Marketing footprint</td>
<td>Refocusing Lubricants, Air and US Convenience Retail</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Iberia refining configuration disadvantage</strong></td>
<td><strong>Castellon coker</strong></td>
<td>✔️</td>
</tr>
<tr>
<td>US Mid West feedstock disadvantage</td>
<td>Whiting modernisation project and Husky Toledo JV</td>
<td>In progress</td>
</tr>
</tbody>
</table>
Whiting modernisation project

- Location advantage as more extra heavy crude flows from Canada to the Gulf
- Repositions Whiting to process advantaged feedstocks at scale
  - Capture light / heavy spread and location advantage
  - Run 340,000+ barrels/day of extra heavy crude
  - Shift in yield
- Access to integrated Fuels Value Chains’ infrastructure
Investment Bias to manufacturing

Organic capital expenditure ($bn)

2004 2008 2009

Other
Lubricants and Global Fuels
Fuels Marketing and Supply
Petrochemicals
Refining

2009 BP projections
Summary and what to expect

Achievements so far:
- ~$2bn of performance gap closure in 2008:
  - Restoration of revenues complete
  - Fuels Value Chains established
  - Lubricants, Aviation and Convenience Retail footprint reduced
  - Cost efficiency improvements

2009:
- Emphasis on performance delivery and efficiency
- Strong financial momentum from 2008 progress

By end 2011, we are on track to:
- Close the performance gap
- Deliver material free cashflow
Andy Inglis

Chief Executive, Exploration & Production
2008: resources and reserves

Excluding TNK-BP\(^{(1)}\)
- Proved: 14.6 bn boe
- Non-proved: 28.0 bn boe
  - Conventional oil: 13 years
  - Deepwater oil: 26 years

TNK-BP
- Proved: 3.6 bn boe
- Non-proved: 15.4 bn boe
  - Conventional oil: 10 years
  - Deepwater oil: 45 years

- Extended resource life by three years
- 2008 reserve replacement ratio of 117\%, excluding acquisitions and divestments

\(^{(1)}\) Resources at end-2008 on a combined basis of subsidiaries and equity-accounted entities, excluding TNK-BP
Access in 2008

- **CANADIAN ARCTIC**
  Beaufort Sea
  6,000km² in three blocks

- **CANADIAN OIL SANDS**
  Sunrise SAGD project

- **US GULF OF MEXICO**
  125 leases from OCS 205, 206, 207

- **US SHALE GAS**
  225,000 net acres in two deals with Chesapeake

- **LIBYA**
  Offshore 30,000km²
  Onshore 23,000km²

- **INDIA**
  East Coast
  One block in NELP VII
Exploration success in 2008

- **BP (50%) and operator**
  - **First HP/HT Oligocene discovery**
    - **Dione**
    - **Block 31**
    - **BP (27%) and operator**

- **BP (27%) and operator**
  - **Tin Zaouatene-1**
  - **Illizi Basin**
  - **BP (49%) and operator**
  - **Flowed 9.5mmscfd on 32/64” choke**

- **BP (77%) and operator**
  - **Kinnoull**
  - Oil discovery

- **BP (64%) and operator**
  - **Kodiak**
  - **500 feet net pay**

- **BP (25%) and operator**
  - **Freedom**
  - **Gulf of Mexico**
  - **BP (25%) and operator**
  - **550 feet net pay**

- **BP (50%) and operator**
  - **Satis**
  - **Nile Delta**
  - **First HP/HT Oligocene discovery**

**Countries**
- **UK**
- **EGYPT**
- **ALGERIA**
- **ANGOLA**
- **GULF OF MEXICO**
Gulf of Mexico

Largest remaining resources (mmboe)

- BP
- Chevron
- Shell
- BHP
- Hess
- Anadarko
- Statoil
- Devon
- ExxonMobil
- Petrobras

Oil
Gas

Largest current lease acreage

- BP
- Anadarko
- Chevron
- Shell
- XOM
- Hess
- Statoil
- BHP
- Devon
- COP
- Murphy

Exploration focus areas for the next five years

- Deep gas play
- Miocene expansion
- Paleogene

(1) Wood Mackenzie, commercial reserve assessment
(2) US Mineral Management Service
Technology flagships
Each has potential to deliver 1 billion+ boe increase in reserves

**Inherently Reliable Facilities**
Monitor, predict and manage corrosion to increase operating efficiency

**Field of the Future™**
Deliver 100 mboed through real time reservoir, wells and facility management

**Advanced Seismic Imaging**
Locate and enable access to new resources

**Pushing Reservoir Limits**
Advanced gas injection and waterflood technologies

**Subsea Well Intervention/Deepwater Facilities**
Improve subsea recovery factors

**Unconventional Gas**
Prove 12 tcf tight gas resource

**Gulf of Mexico Paleogene**
Progress 2 billion boe via sustained high pressure well tests

**Effective Reservoir Access**
Four-fold increase in reservoir contact area per well

**Beyond Sand Control**
Deliver capital expenditure savings and incremental production / resources

**Unconventional Oil**
Progress 2 billion boe heavy oil resource
Pushing Reservoir Limits: Step change in oil recovery technology

**Bright Water™**

Injected thermally activated particle pops open and blocks better swept zones

- 0.1 to 1 micron
- 1 to 10 microns

**The results**

- Milne Pt incremental oil
- Tangri-7 oil rate

*Bright Water is a trademark of Nalco Company*
Production outlook 2008–2013

mboed

TNK-BP
Asia Pacific
Angola
Gulf of Mexico
South America
N. Africa, Middle East and Caspian
Trinidad
North Sea
N. America onshore

2008 2009 2010 2011 2012 2013

2009-2013 BP projections
Super Major production since 2002

Barrels of oil equivalent as reported in company disclosures, indexed to 2002
Improving drilling performance

E&P days per 10k drilling performance

2007
2008

15%

North America Gas days per 10k drilling performance

2007
2008

20%

Trinidad days per 10k drilling performance

2007
2008

25%

10k = 10,000 feet
Production costs and production per FAS69 disclosure in 10-K / 20-F. Consolidated subsidiaries only. Total’s 2008 estimate based on FY08 presentation.
Major Projects contributing to 2013 growth

Angola
- Kizomba C Phase 1 ✓
- Kizomba C Phase 2 ✓
- Angola LNG
- Pazflor
- PSVM

Gulf of Mexico
- Thunder Horse ✓
- Atlantis Phase 2
- Dorado
- Great White
- King South

Asia Pacific
- Angel ✓
- Australia LNG Train 5 ✓
- North Rankin B
- Tangguh Phase 1

North Africa, Middle East and Caspian
- ACG Phase 3 ✓
- Egypt Gas Phase 1 ✓
- Saqqara ✓

North America onshore
- Canada Noel
- Liberty

North Sea
- Foinaven P2S ✓
- Skarv
- Valhall Redevelopment

Trinidad
- Savonette

✓ onstream in 2008
LNG growth

BP equity gas into LNG plant\(^{(1)}\)

mmscfd

2007 2008 2009 2010 2011 2012 2013

Trinidad and Tobago  NWS T1-5  Bontang
Tangguh Phase 1  Egypt Phase 1

2008 equity gas into LNG plant\(^{(2)}\)

mmscfd

\(^{(1)}\) BP projections for 2009 and beyond
\(^{(2)}\) Wood Mackenzie and BP data
Investing for growth

Organic capital expenditure ($bn)

- 2004 – Slavneft
- 2006 – Rosneft
- 2007 – asset exchanges with Occidental
- 2008 – accounting treatment related to our transactions with Husky and Chesapeake
- 2009 BP projections

Pan American Energy
TNK-BP
BP

### Potential for continued production growth to 2020

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>DEVELOPMENT STAGE</th>
<th>LOCATION</th>
<th>BP OP</th>
<th>DEVELOPMENT TYPE</th>
<th>GROSS CAPACITY /MBOED</th>
<th>WI (%)</th>
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<tbody>
<tr>
<td>Liberty</td>
<td>Post FID</td>
<td>Alaska</td>
<td>✓</td>
<td>Oil</td>
<td>40</td>
<td>100</td>
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<td>In Salah Gas Compression</td>
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<td>Algeria</td>
<td>✓</td>
<td>Gas</td>
<td>40</td>
<td>33</td>
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<td>Chirag Oil Project</td>
<td>FEED</td>
<td>Azerbaijan</td>
<td>✓</td>
<td>Oil</td>
<td>185</td>
<td>34</td>
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<td>Sunrise</td>
<td>Appraisal</td>
<td>Canada</td>
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<td>Heavy Oil</td>
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<td>Skarv</td>
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<td>Angola</td>
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BP projections
Delivering upstream growth

- Ongoing success in growing the resource base
  - Resource base continues to grow: 61.6 billion boe at end 2008
  - 15 year track record of reporting 100%+ reserves replacement\(^{(1)}\)

- Growing production to 2013

- Potential for continued production growth to 2020

- Portfolio offers opportunities that are competitive in a range of environments

- Responding to current environment and driving efficiency

\(^{(1)}\) On a combined basis of subsidiaries and equity-accounted entities, excluding acquisitions and divestments
Tony Hayward

Conclusions
Alternative Energy: 2008 performance

Solar
- 2008 sales up 41%
- Manufacturing footprint optimized

Wind
- Strategic decision to focus on US
- 3rd largest US portfolio

Biofuels
- First JV production of Brazilian cane-to-ethanol
- Lignocellulosic conversion: Verenium deal closed
Alternative Energy: disciplined growth

**Solar**
- Further optimization of manufacturing base

**Wind**
- Continued build out of portfolio
- Pace to finance and partner constraints

**Biofuels**
- Grow Brazilian bioethanol
- Demonstrate biobutanol commercialization
- Develop lignocellulosic conversion technology

**Hydrogen Energy**
- Progress Abu Dhabi Hydrogen power and CO₂ capture project
A challenging environment

Our response

• Immediate priorities
  − Safe and reliable operations
  − Dividend
  − Rapid cost reduction: drive deflation into our business

• Strengths
  − Cost momentum: ‘every dollar counts, every seat counts’
  − Operational momentum: production, refining
  − Strong balance sheet
  − Deep technology focus
  − Low exposure to high-cost upstream assets (tar sands, gas to liquids)
Oil price and costs

BP cash cost index

Brent oil price ($/bbl)

2009 BP projections
## Investment guidance

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2009 BP projections

- 2001–2008 total shareholder distribution of $105bn
- Dividend per share has grown average ~15%/year 2001–2008
- $50bn share buybacks, majority funded by divestments
- Gearing range 20–30%

The chart shows the financial framework from 2001 to 2008 with the following breakdown:

- **Dividends**
- **Buybacks**
- **Share issues**

The chart includes data for each year from 2001 to 2008, with a focus on the distribution of funds to shareholders through dividends and buybacks. The chart also indicates that dividend payments have grown at an average rate of approximately 15% per year between 2001 and 2008.
Net debt ratio

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

Net debt includes the fair value of associated derivative financial instruments used to hedge finance debt except for 2001 and 2002 where net debt has not been restated for the fair value effects.
2008

- Continued access to bond and commercial paper markets
- Issued $7.5bn of new bonds in 2008 (2007: $7.4bn)
  - $4.6bn of new bonds in 4Q

2009

- Bond maturities of $5–6bn
- Continued capital markets access
- Funding rates
- Commercial paper issued at very low rates; slightly above US Fed Funds
- Expect average cost of borrowing to be similar/slightly below 2008
Sources and uses of cash

Sources
- Disposals
- Operations

Uses
- Buybacks
- Dividends
- Inorganic capex
- Organic capex

2001 and 2002 operating cash flow including Innoven

$bn (post tax)
An enduring and consistent strategy

- **Upstream** growth
- **Downstream** turnaround
- **Alternative Energy**: focused, disciplined
- **Corporate** simplification
Q&A

Tony Hayward
Group Chief Executive

Byron Grote
Chief Financial Officer

Andy Inglis
Chief Executive
Exploration & Production

Iain Conn
Chief Executive
Refining & Marketing

Vivienne Cox
Chief Executive
Alternative Energy