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

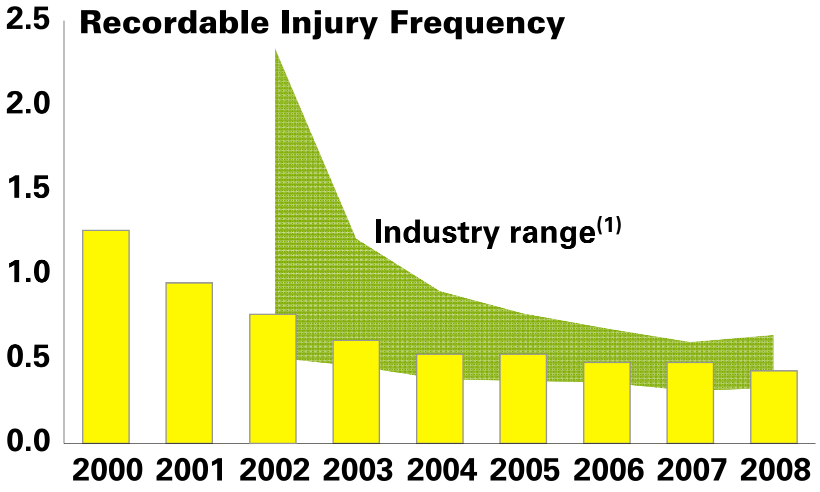
Agenda

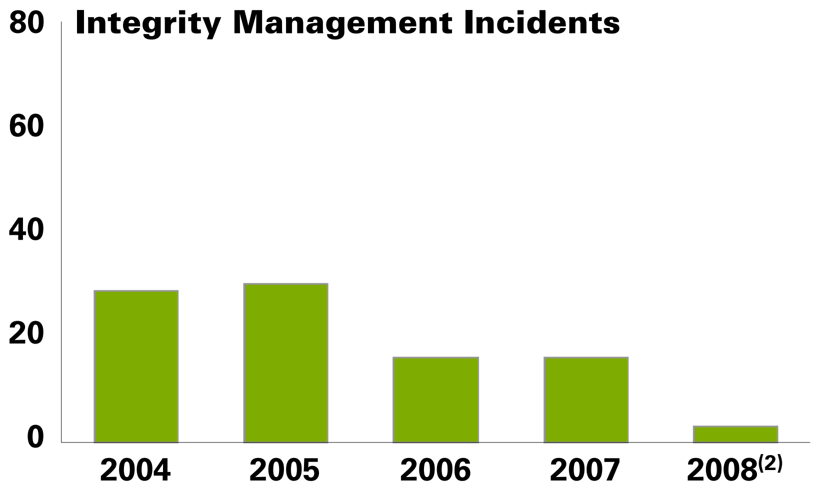
Introduction	Tony Hayward
• 2008 in perspective	
• Business environment	
• Technology	
• TNK-BP	
Refining & Marketing	Iain Conn
Exploration & Production	Andy Inglis
Conclusions	Tony Hayward
• Alternative Energy	
• Financial framework	

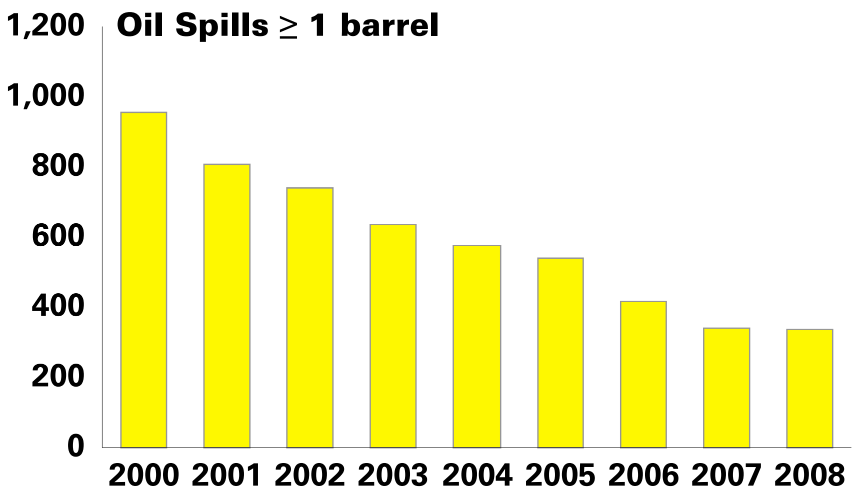
2008 in perspective
Safety : People : Performance

- **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







(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

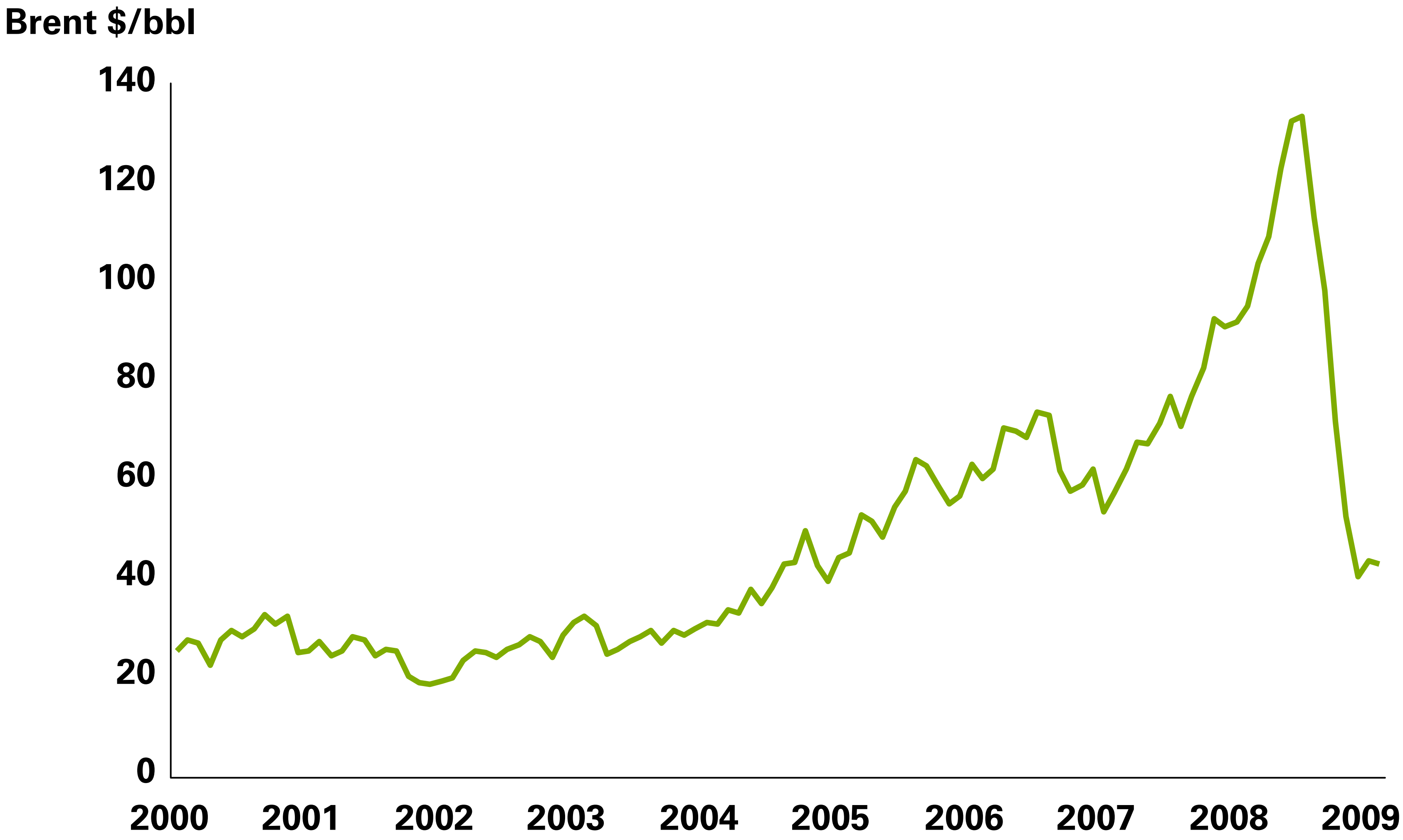
- Headcount reduction of 3000 by end-2008
- 20% of senior positions removed

Financial momentum in 2008

	BP	Exxon	Shell	Chevron	Total
Underlying[1] Net Income ($bn)	26.2	43.7	28.4	22.8	20.5
Year on Year %	*39%*	*10%*	*12%*	*30%*	*22%*
Cash from operations ($bn)	38.1	59.7	43.9	29.6	27.5
Year on Year %	*54%*	*15%*	*27%*	*19%*	*13%*
Reported volumes (mboed)	3838	3921	3248	2530	2341
Year on Year %	*1%*	*-6%*	*-2%*	*-3%*	*-2%*

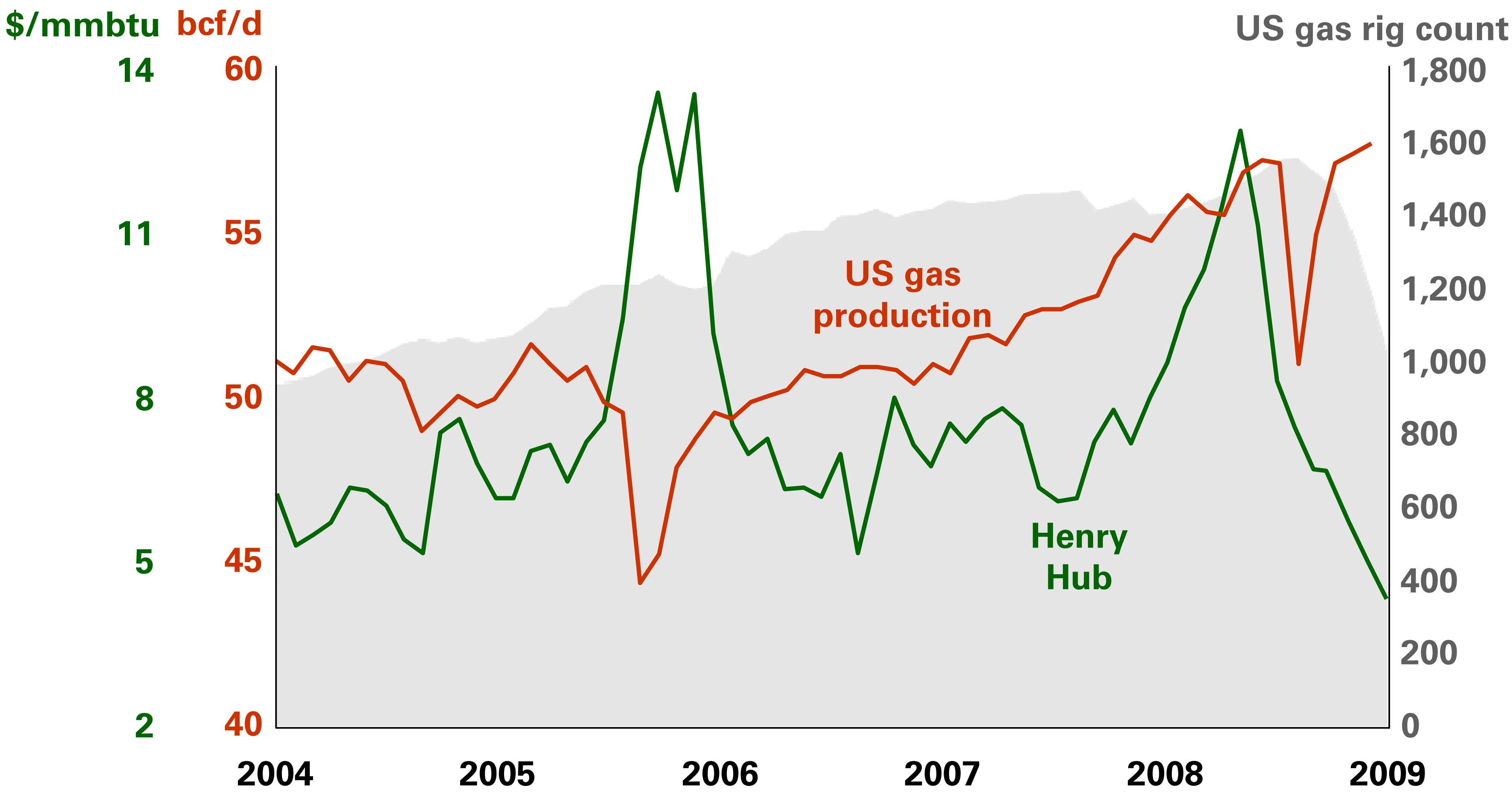
(1) For BP underlying net income is replacement cost for the year adjusted for non-operating items and fair value accounting effects. For other companies, underlying includes adjustments for all identified non-recurring items to put on consistent basis.

Oil prices



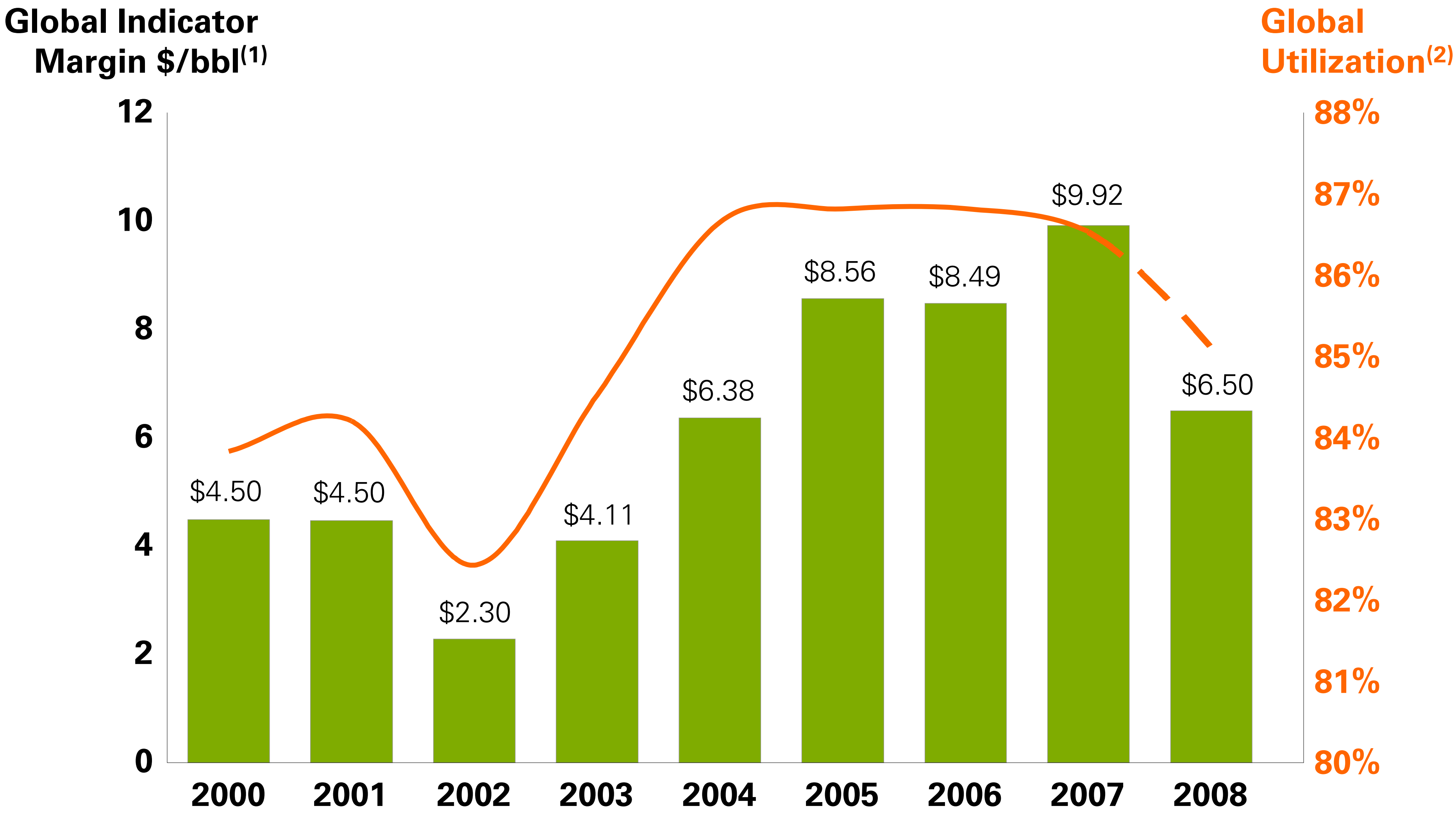
Source: Platts

US gas prices, production and rig count



Source: EIA and Baker Hughes rig count

Refining margins and utilization



(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

2009 BP projections

Iain Conn

Chief Executive, Refining & Marketing

The Downstream turnaround

2008

Restored missing revenues

Business simplified

Safe operations and OMS[1]

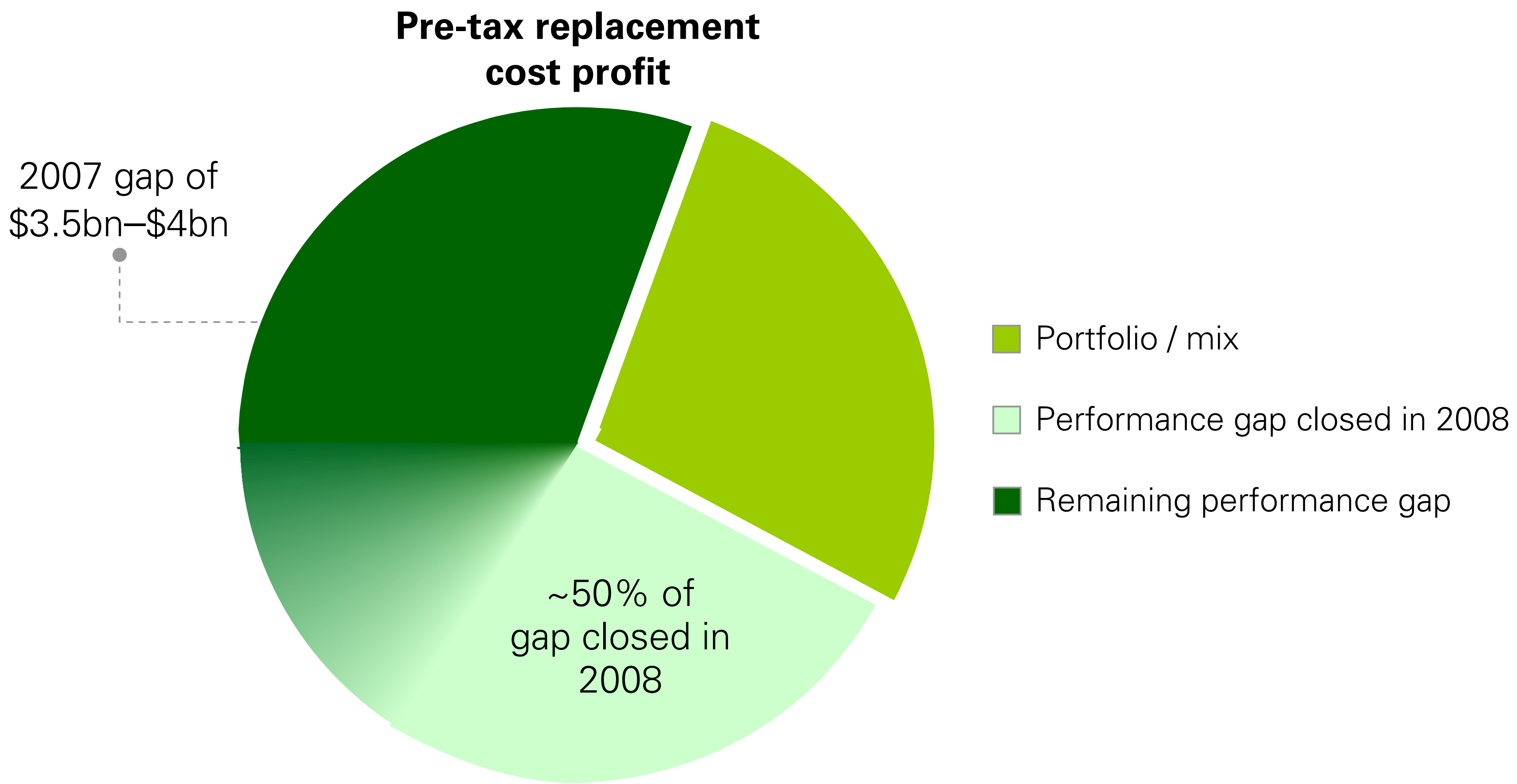
2009

Behaviours and core processes

Repositioning cost efficiency

(1) OMS – Operating Management System

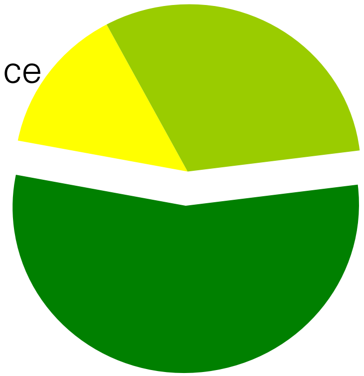
Performance gap at $7.50/bbl refining margin[1]



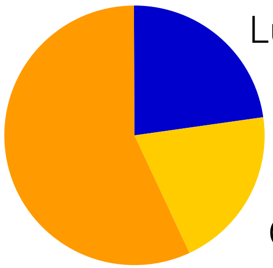
(1) BP Global Indicator Margin (GIM)

Our portfolio

**Fuels **
Chains



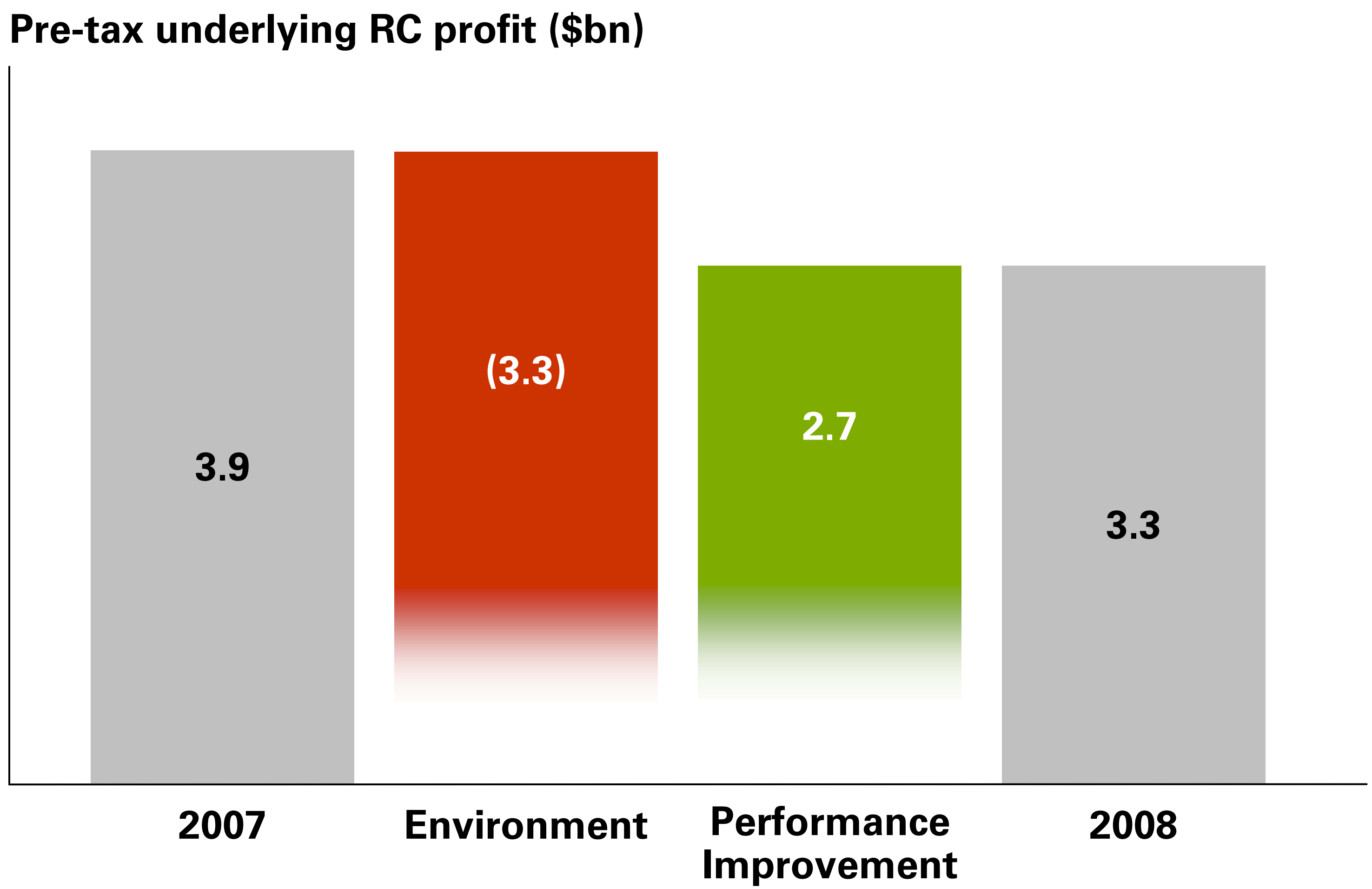
International
Businesses



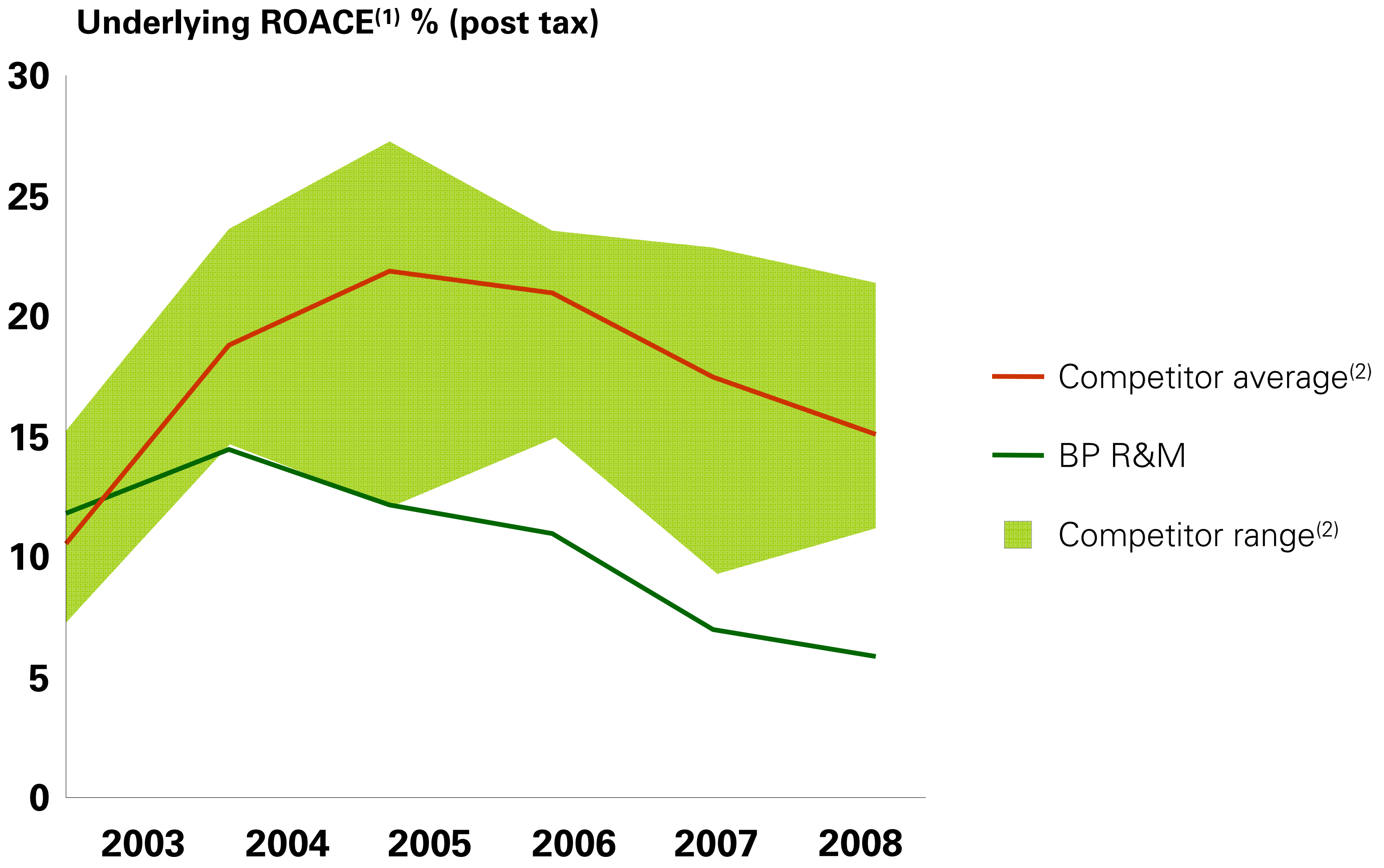
	2008 Av. pre-tax operating capital empl. *($bn)*	2008 Pre-tax underlying RC profit *($bn)*
Fuels Marketing and Supply	16	2.0
Refining	19	(0.7)
International Businesses	10	2.0
Total Refining & Marketing	**45**	**3.3**

Relative areas in pie charts based on average operating capital employed (pre-tax)

Performance momentum



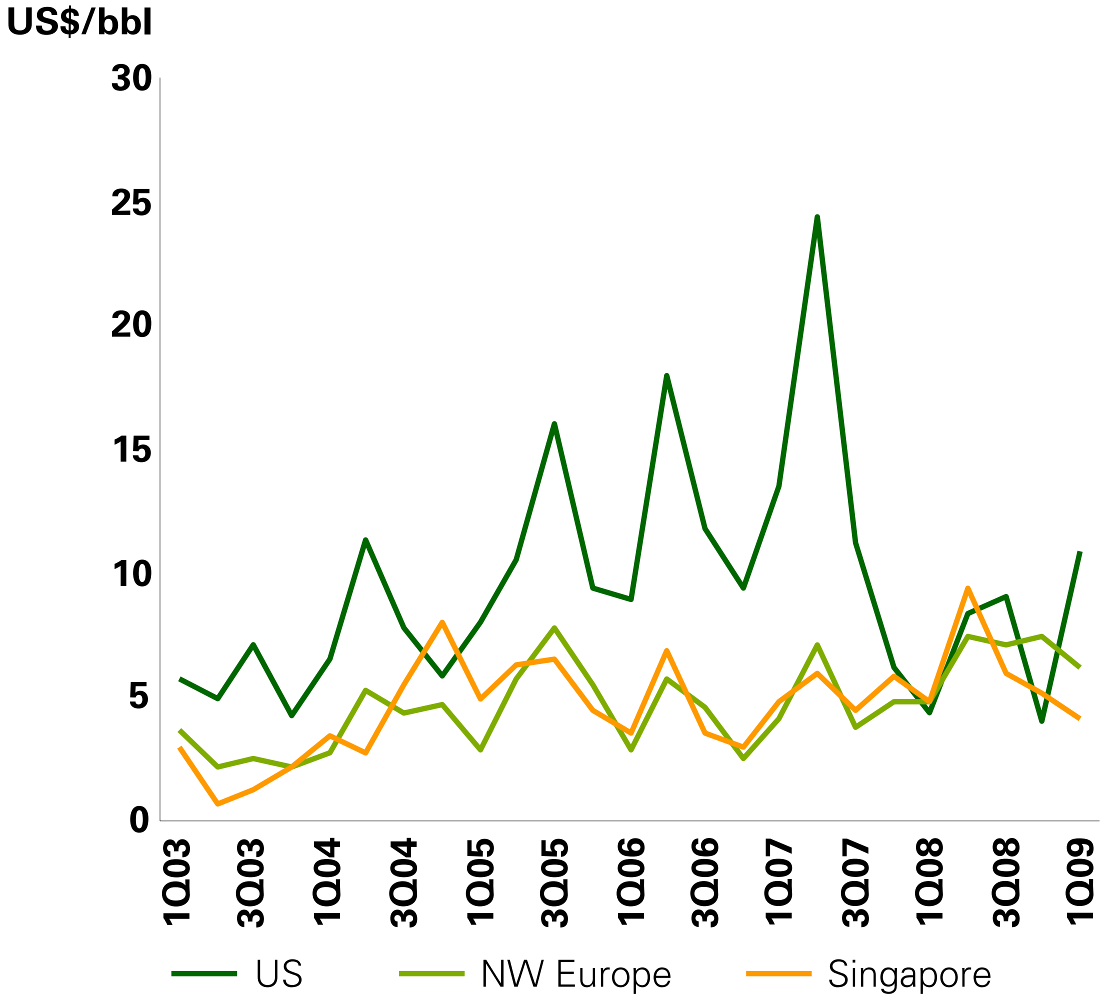
Competitive performance



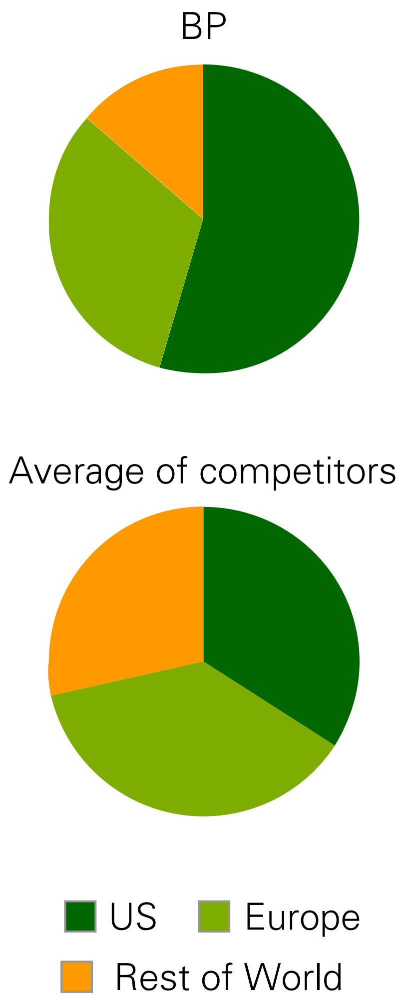
(1) BP and competitor return on average capital employed data adjusted to comparable basis
(2) Competitor set comprises R&M segments of Super Majors

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

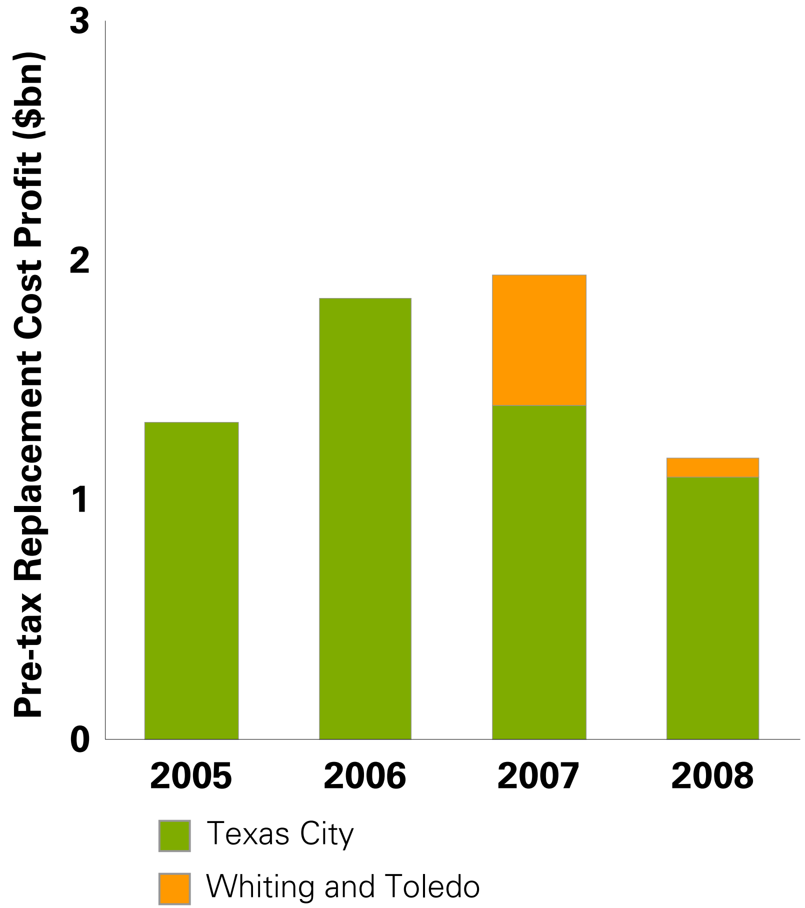
2008	2009	2010	2011

✓
✓
✓

Restoring missing revenues
Refining availability

Solomon availability
(historical and expected)

Lost opportunity
(@ $7.50/bbl refining margin)[1]



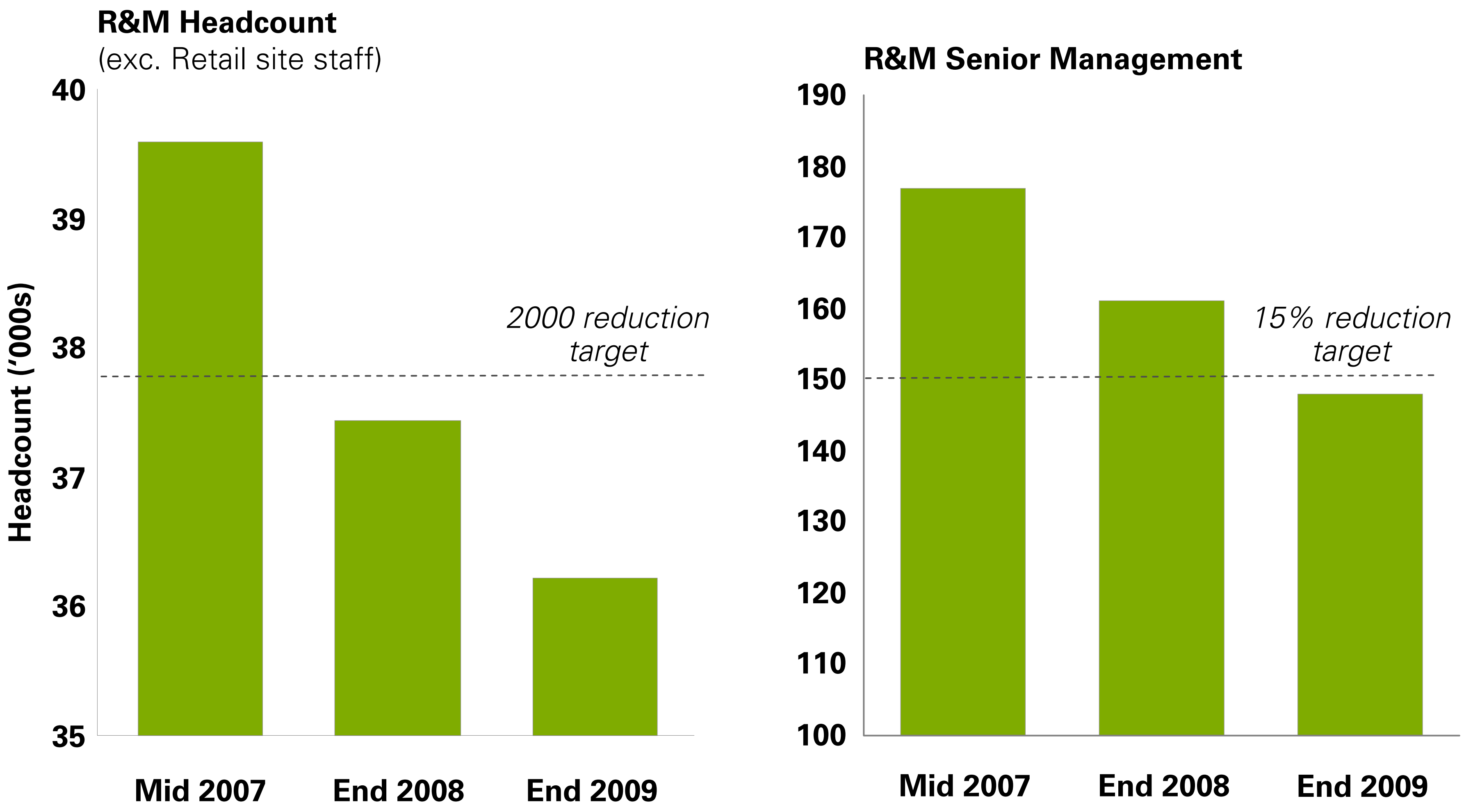
(1) BP Global Indicator Margin (GIM)
2009 BP projections

Business simplification

	Pre-programme launch	End 2008	Programme target
Integrated Fuels Value Chains	Designed	Implemented	Competitive
US Company owned Sites	805	512	0
Countries with direct Lubricants presence	60	50[(1)]	40[(1)]
Countries with Aviation presence	101	69	55

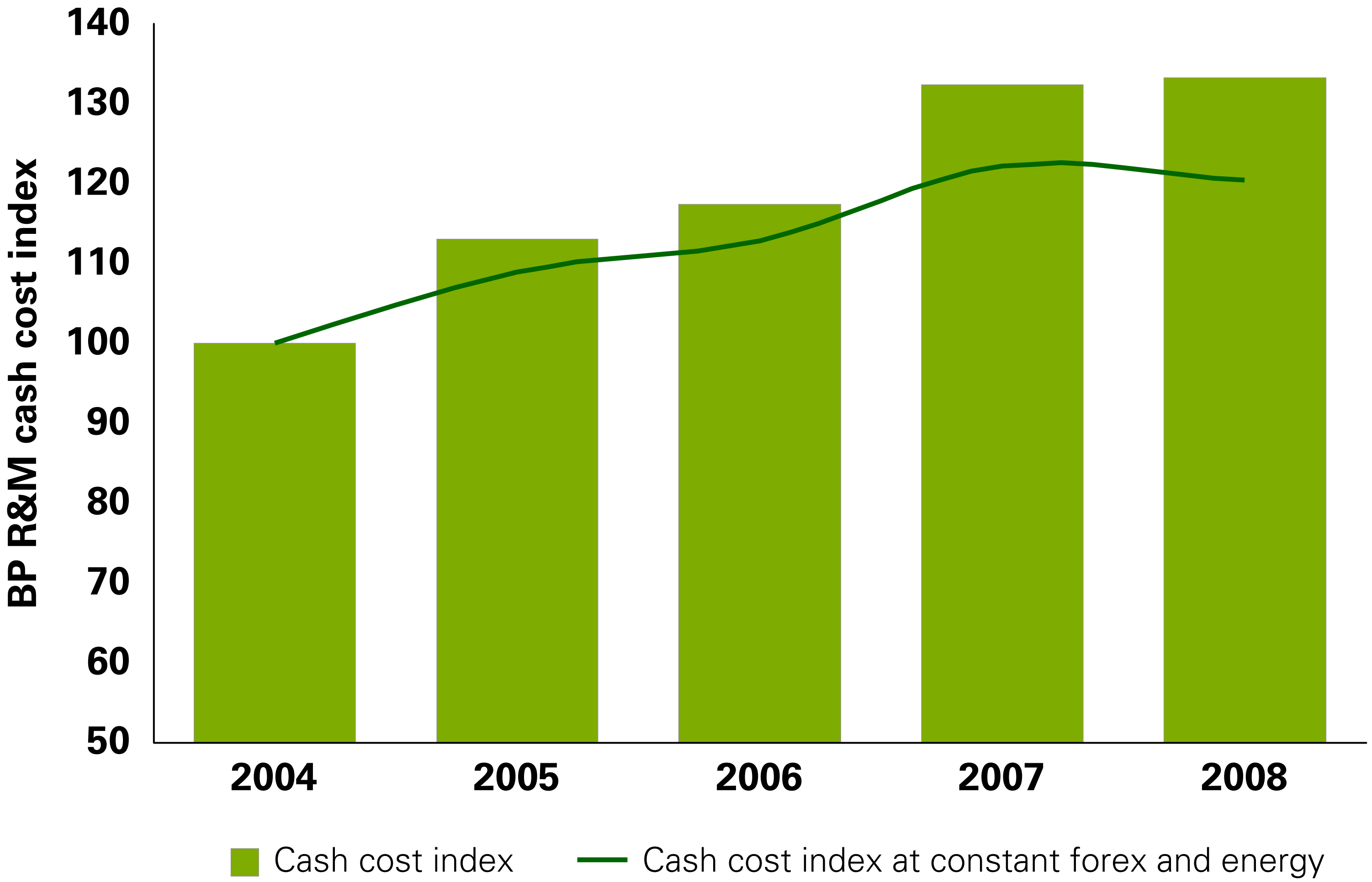
(1) Reduced direct presence in a number of other countries

Headcount



2009 BP projections

Repositioning our cost efficiency



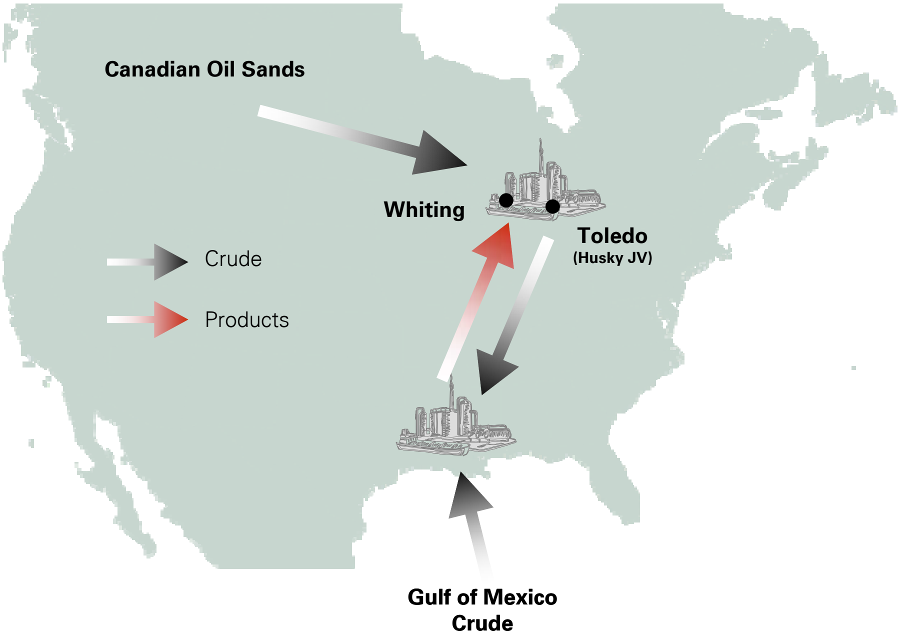
Portfolio strengths

Advantaged Fuels Value Chains	US West Coast, Rhine, Southern Africa and Australasia
Petrochemicals	Concentrated focus in fast growing Asian markets
Lubricants	Castrol brand and marketing capability
Global Fuels	Brand and supply chain integration
Value chain optimisation	Integrated Supply and Trading
Leading technologies	Lubricant formulations and Petrochemicals processes
Leading fuels and convenience brands	bp ARAL ultimate ARCO ampm

Portfolio improvement

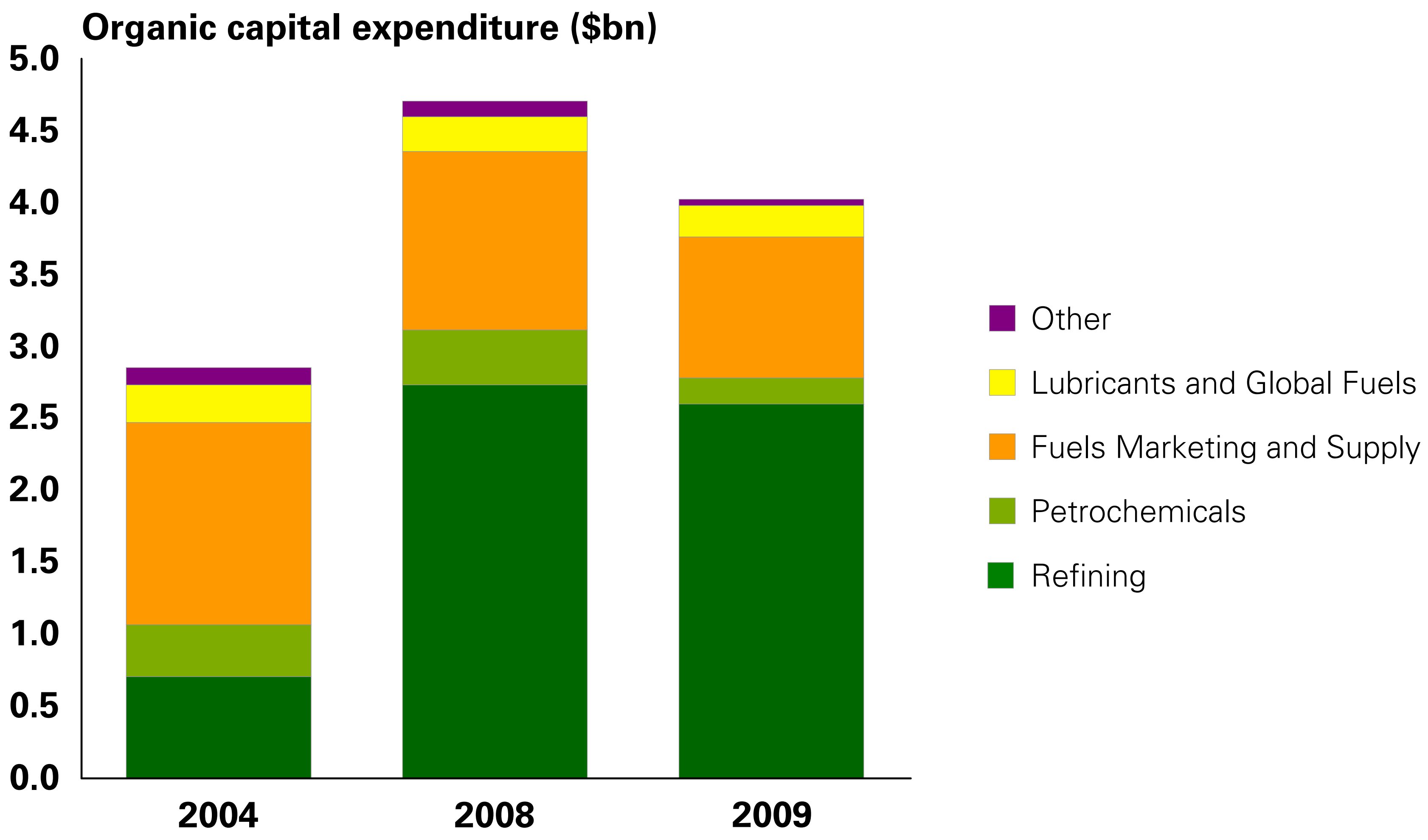
US / Europe based Petrochemicals	Sale of Innovene in 2005	✓
Exposure to Asian growth	Continued growth of Petrochemicals in China	✓
Exposure to European gasoline	Sale of Coryton and purchase of remaining Rotterdam share	✓
Fragmented approach	Integrated FVCs and bias to manufacturing	✓
Marketing footprint	Refocusing Lubricants, Air and US Convenience Retail	✓
Iberia refining configuration disadvantage	**Castellon coker**	✓
US Mid West feedstock disadvantage	**Whiting modernisation project and Husky Toledo JV**	**In progress**

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



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

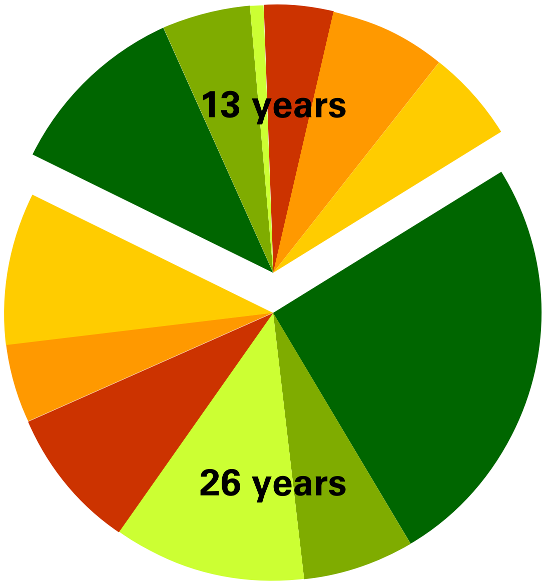
Andy Inglis

Chief Executive, Exploration & Production

2008: resources and reserves

Excluding TNK-BP[1]

Proved: 14.6 bn boe

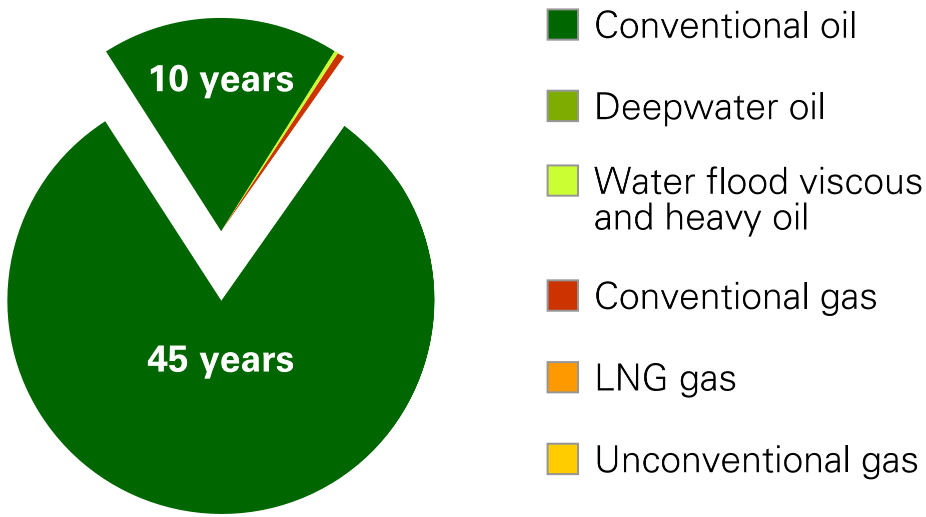


Non-proved: 28.0 bn boe

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

TNK-BP

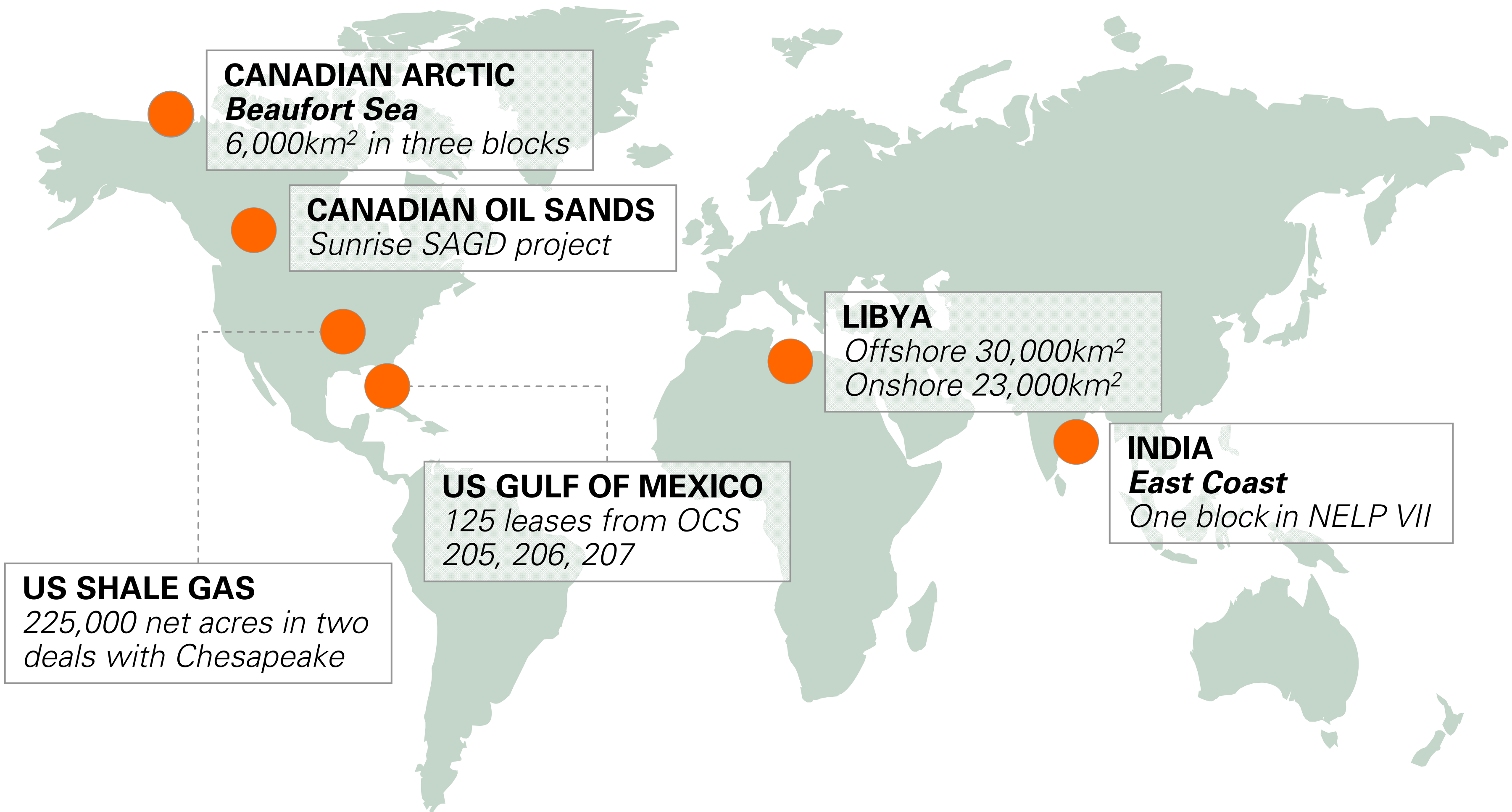
Proved: 3.6 bn boe



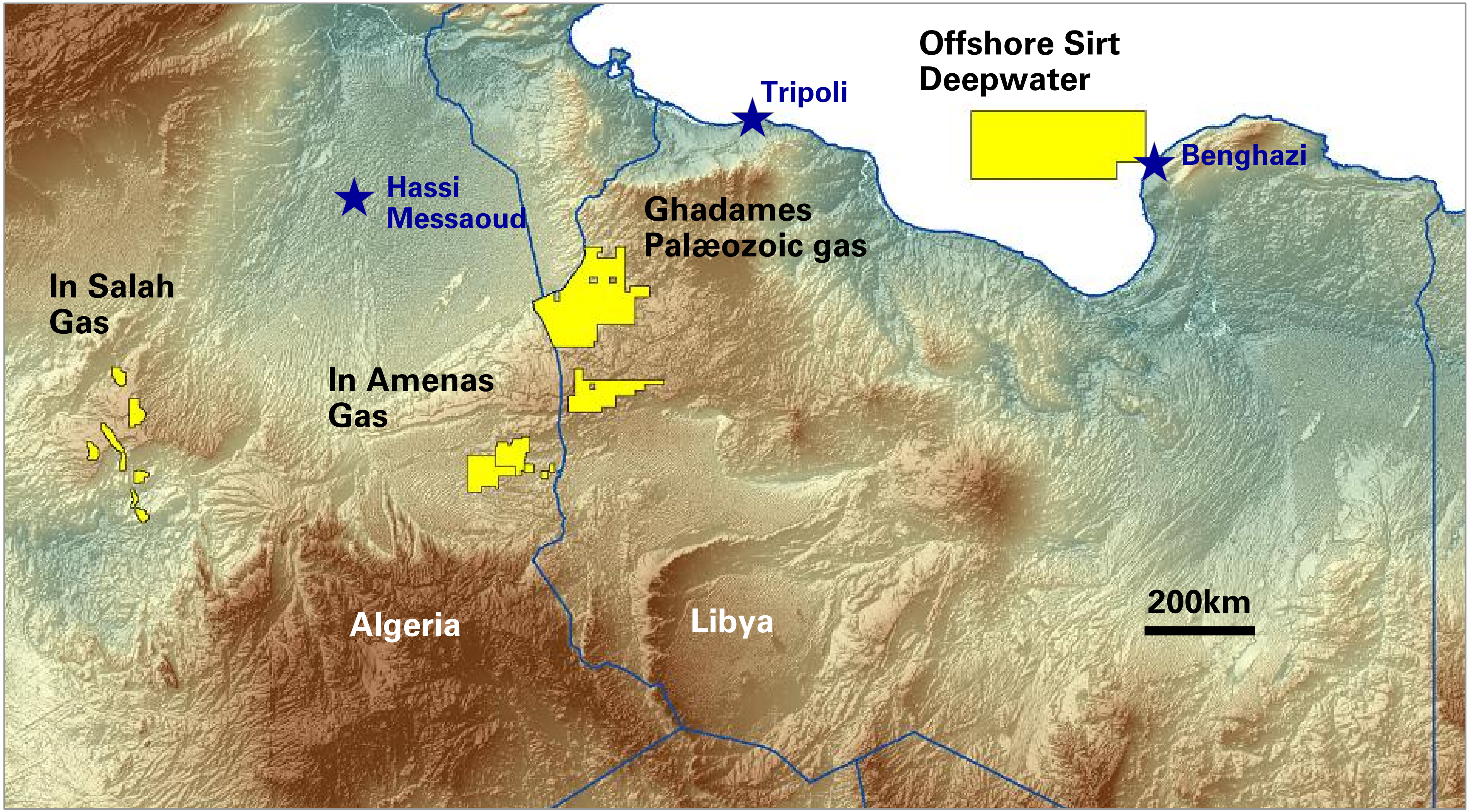
Non-proved: 15.4 bn boe

(1) Resources at end-2008 on a combined basis of subsidiaries and equity-accounted entities, excluding TNK-BP

Access in 2008

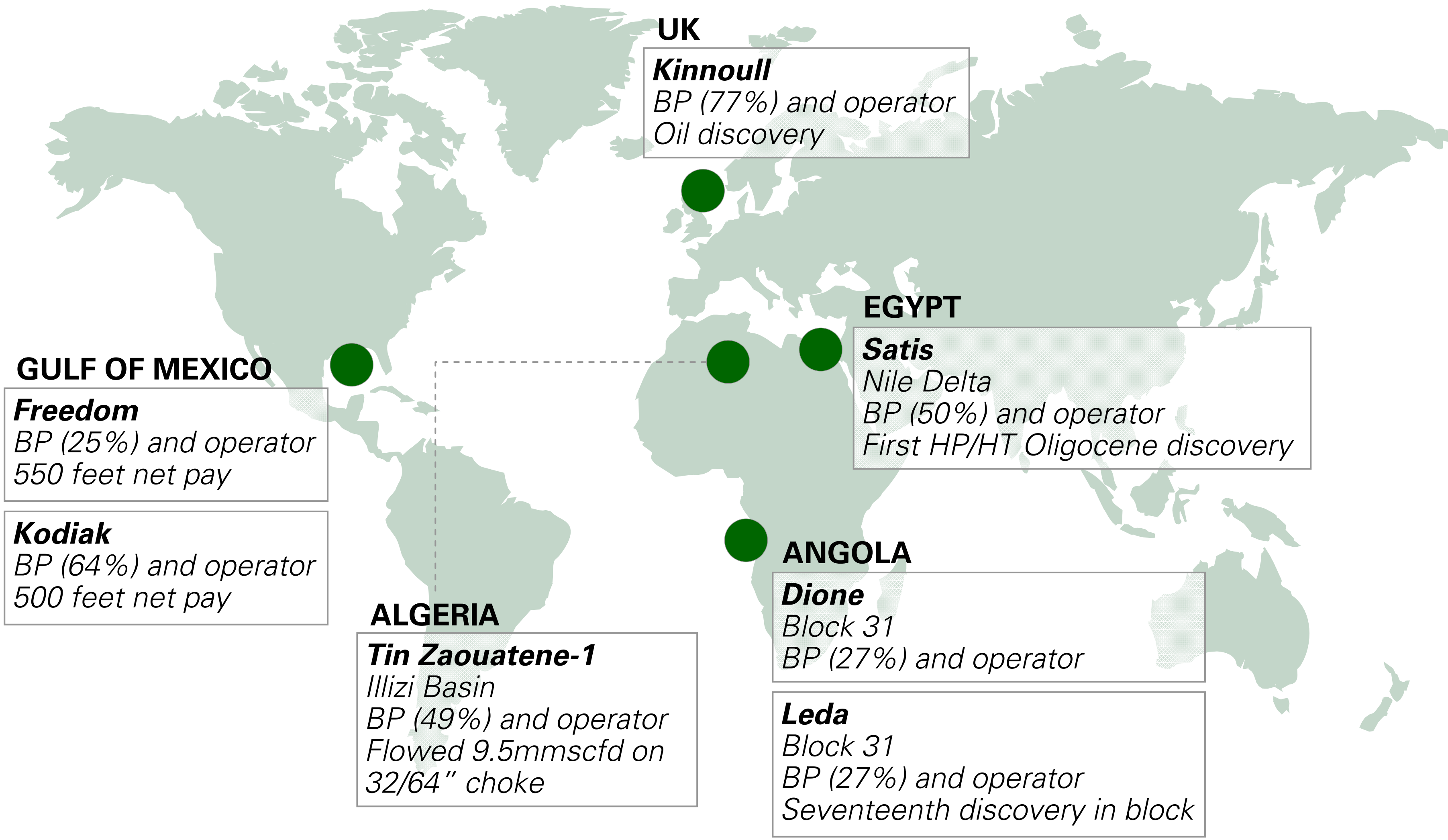


Libya access



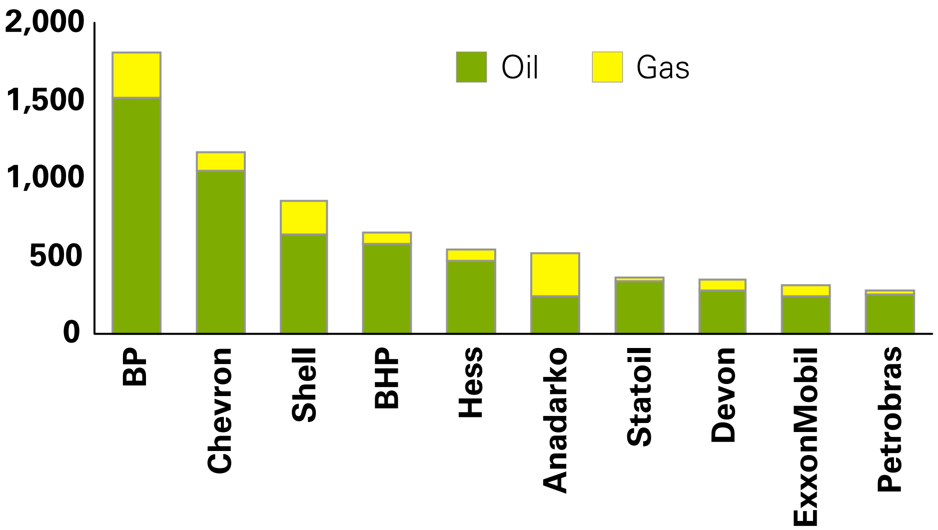
BP acreage

Exploration success in 2008

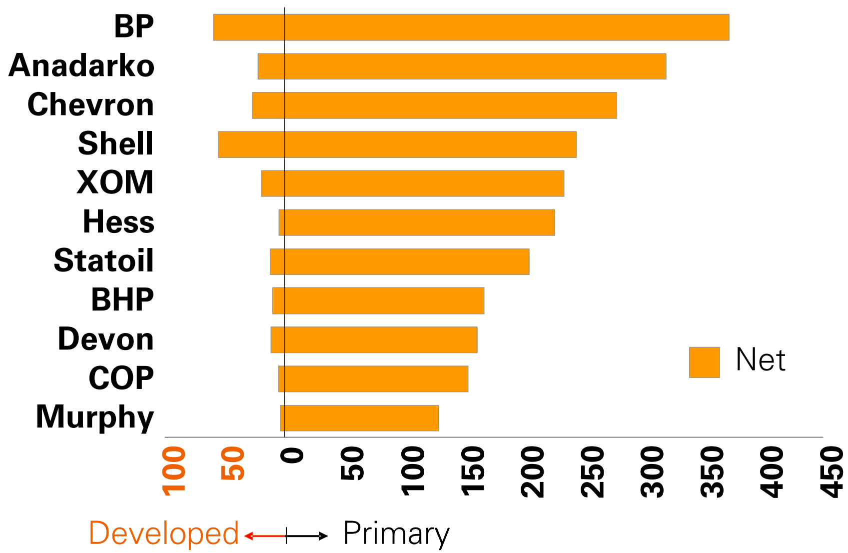


Gulf of Mexico

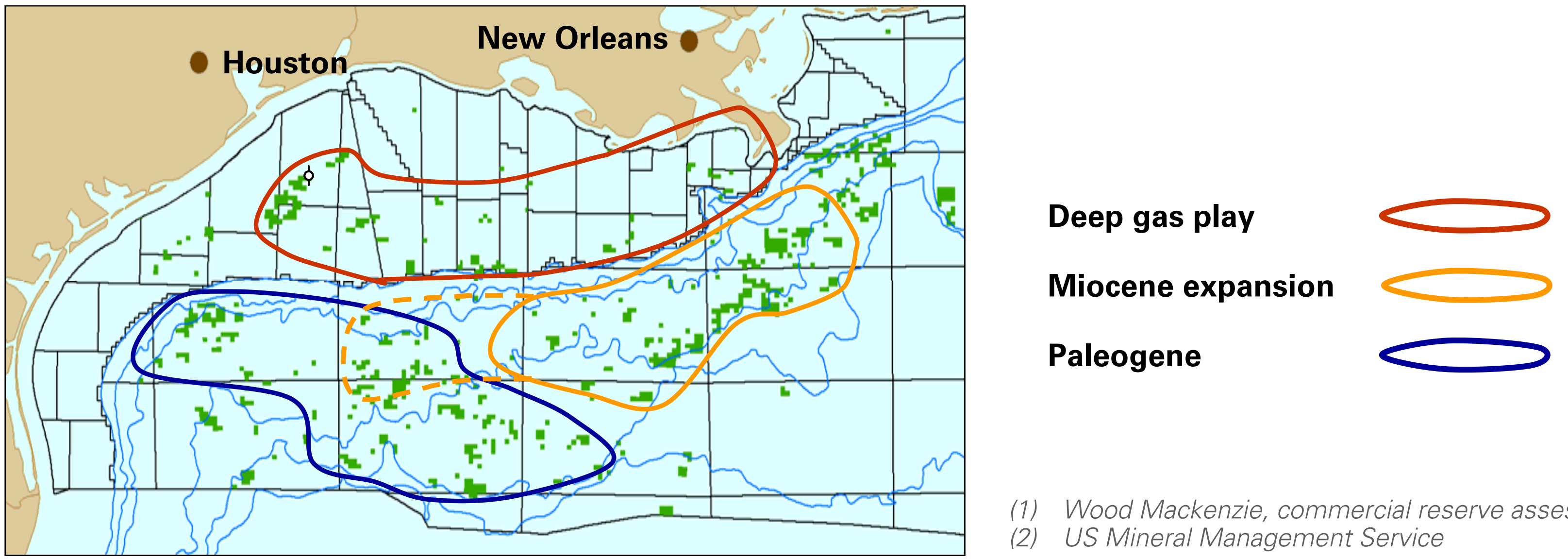
Largest remaining resources (mmboe)(1)



Largest current lease acreage(2)



Exploration focus areas for the next five years



(1) *Wood Mackenzie, commercial reserve assessment*
(2) *US Mineral Management Service*

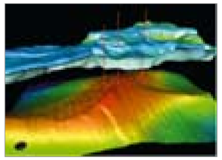
Technology flagships

Each has potential to deliver 1billion+ boe increase in reserves

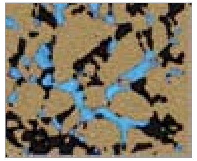
Inherently Reliable Facilities
Monitor, predict and manage corrosion to increase operating efficiency

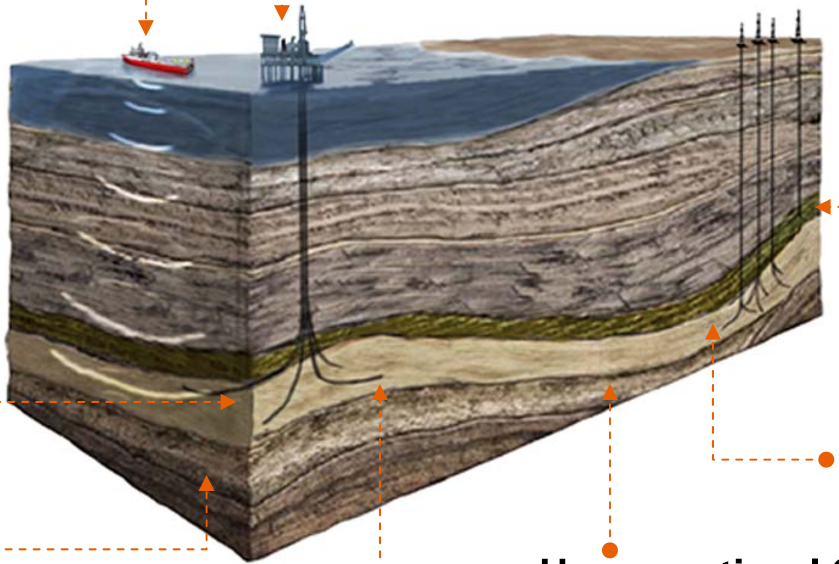
Field of the Future ™
Deliver 100mboed through real time reservoir, wells and facility management

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

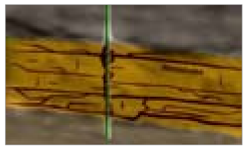
Unconventional Gas
Prove 12tcf tight gas resource

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

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

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

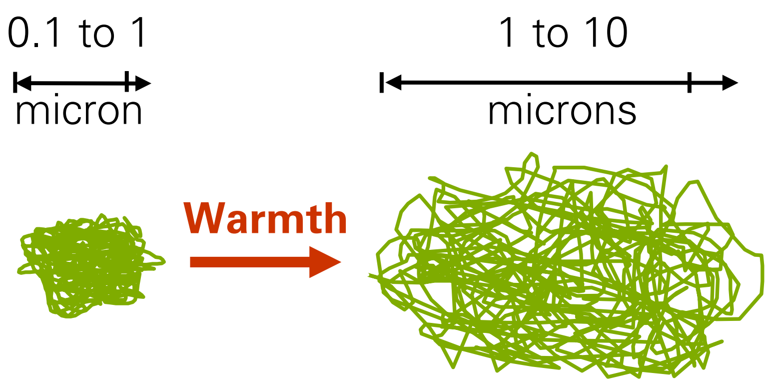
Unconventional Oil
Progress 2 billion boe heavy oil resource



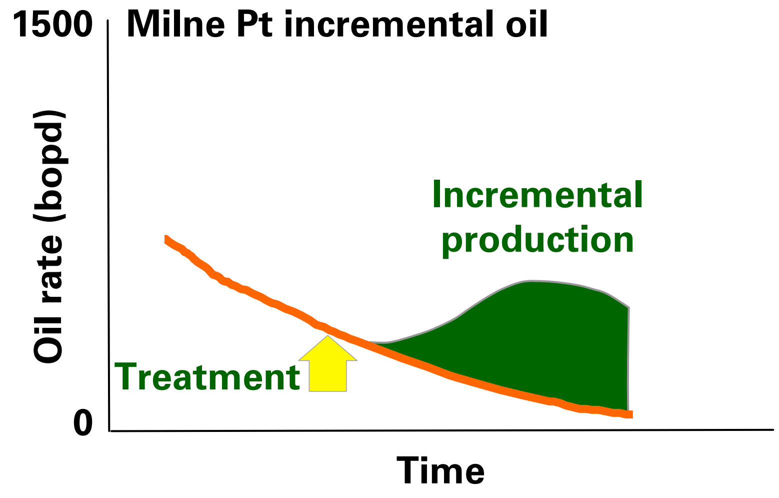
Pushing Reservoir Limits:
Step change in oil recovery technology

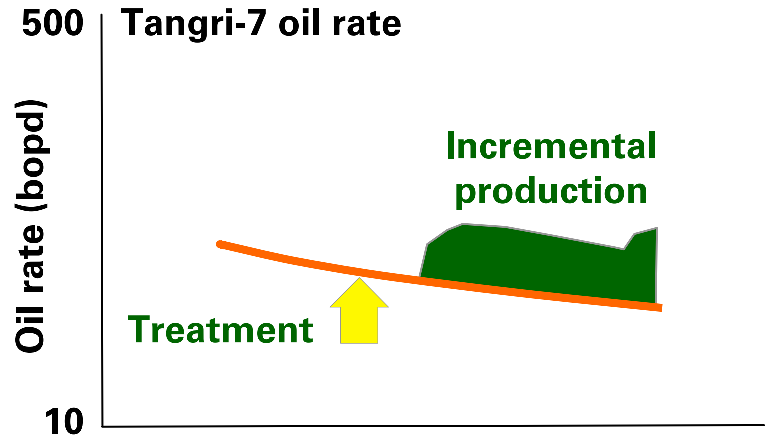
Bright Water™

Injected thermally activated particle pops open and blocks better swept zones



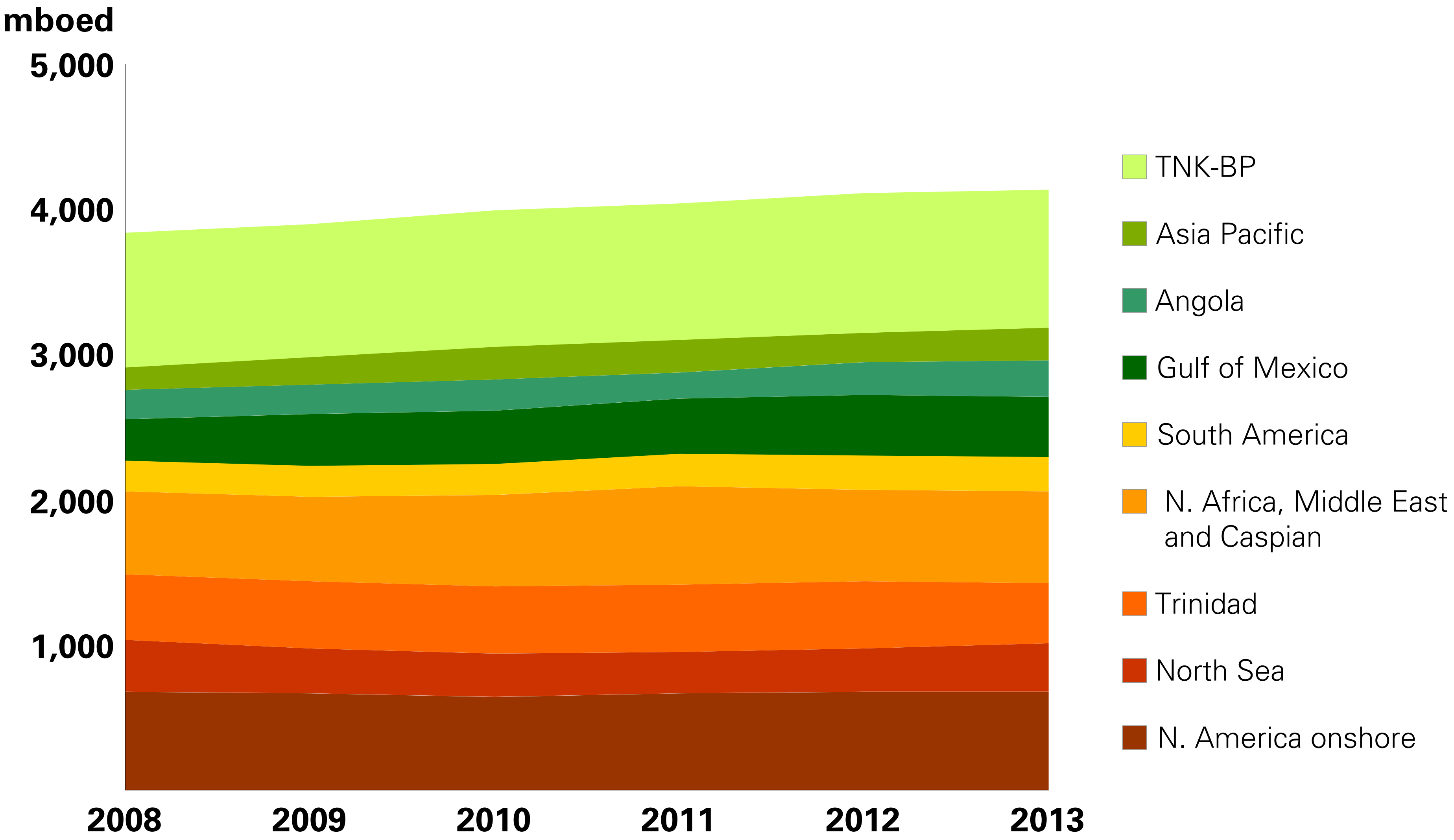
The results





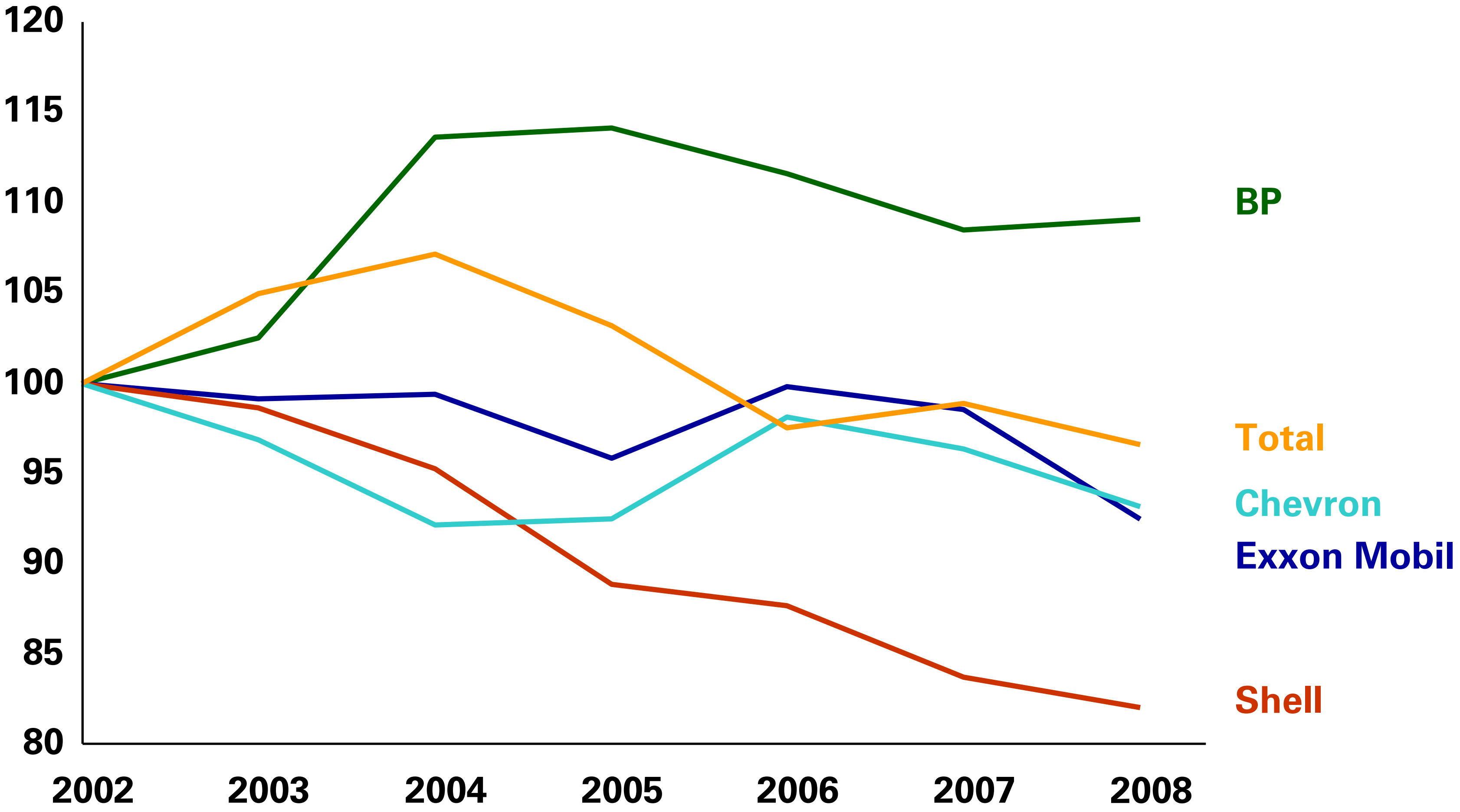
Bright Water is a trademark of Nalco Company

Production outlook 2008–2013



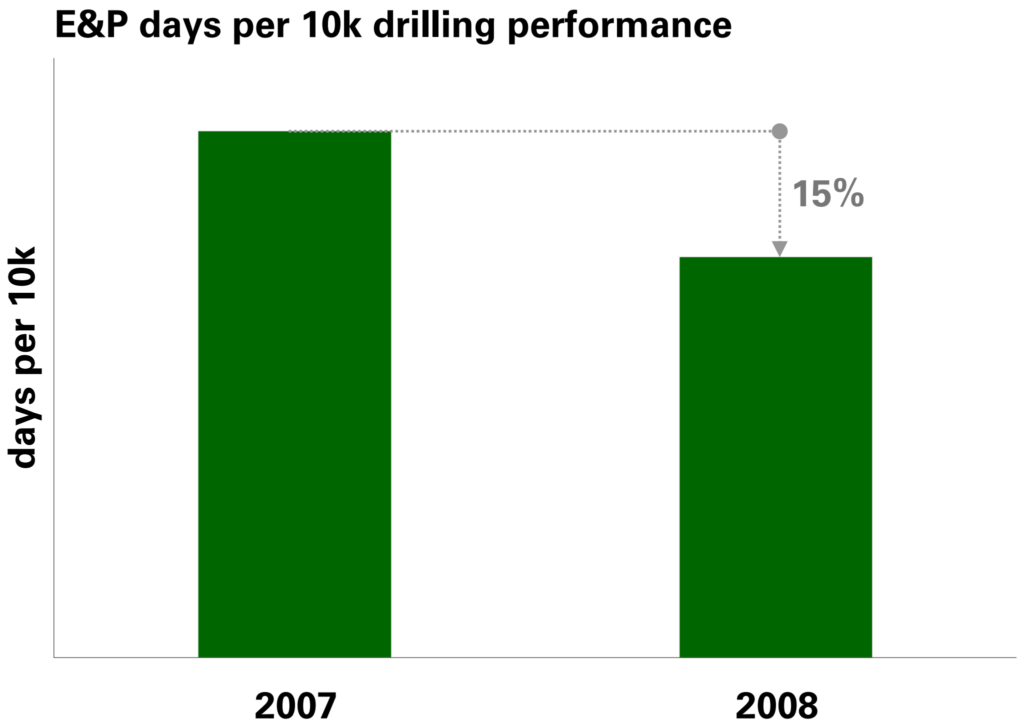
2009-2013 BP projections

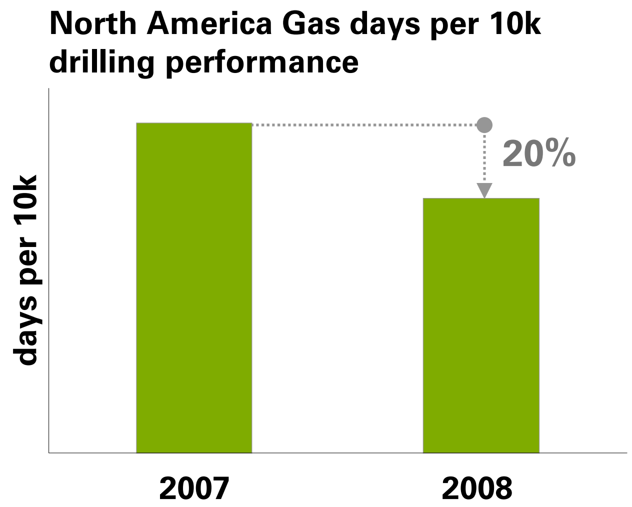
Super Major production since 2002

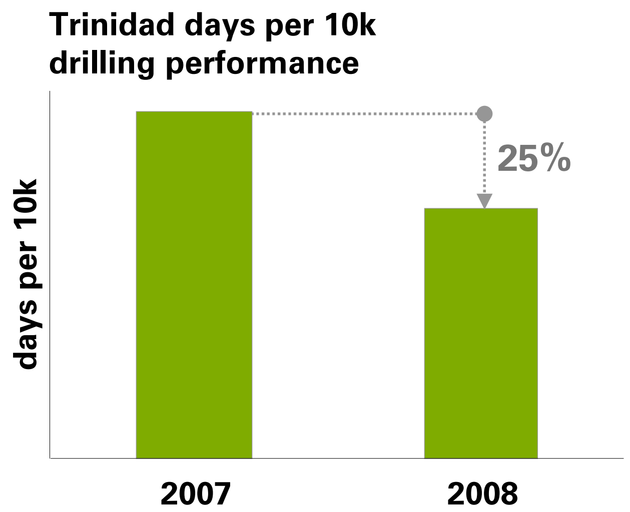


Barrels of oil equivalent as reported in company disclosures, indexed to 2002

Improving drilling performance

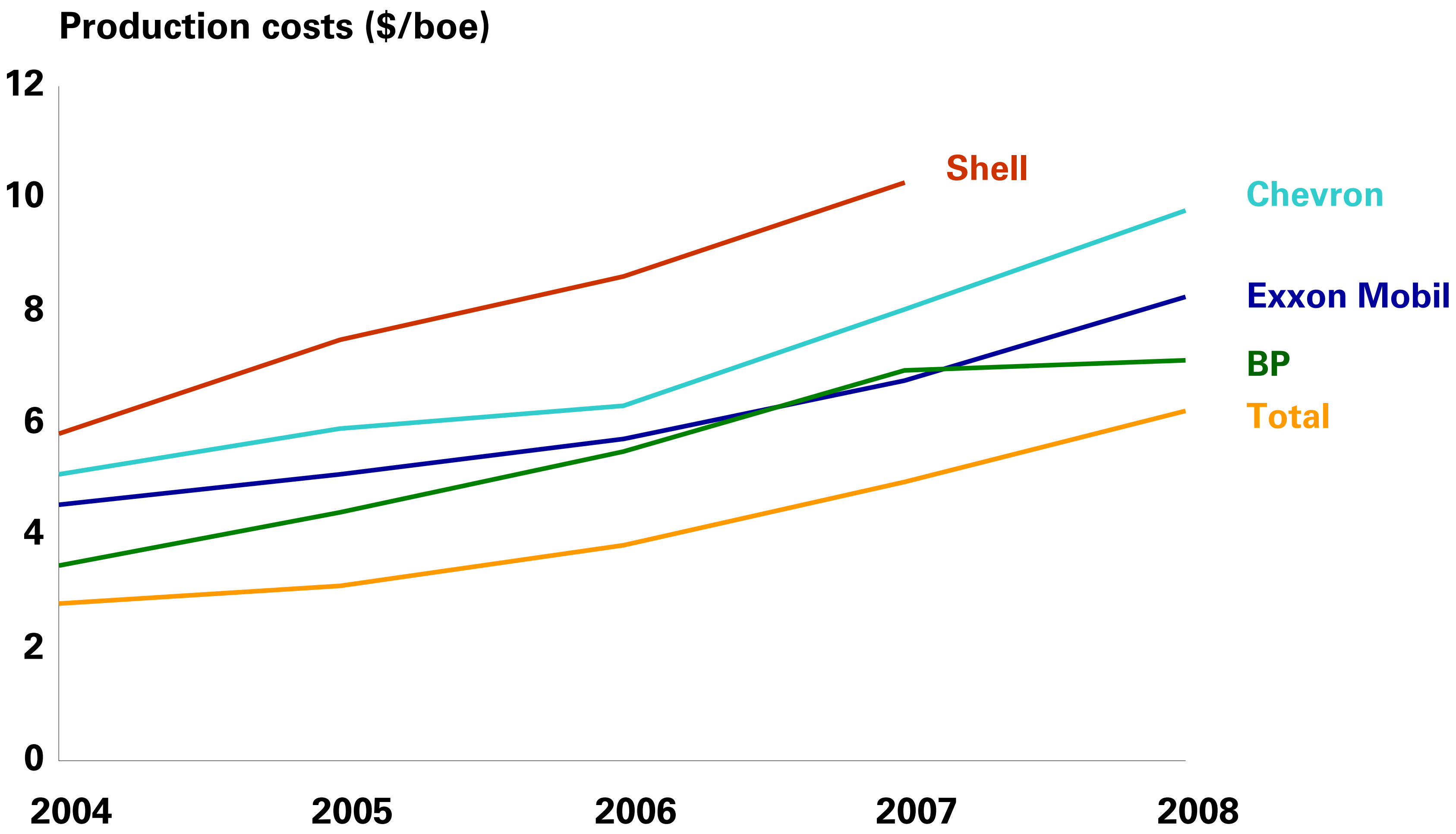






10k = 10,000 feet

Cost focus



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 ✓

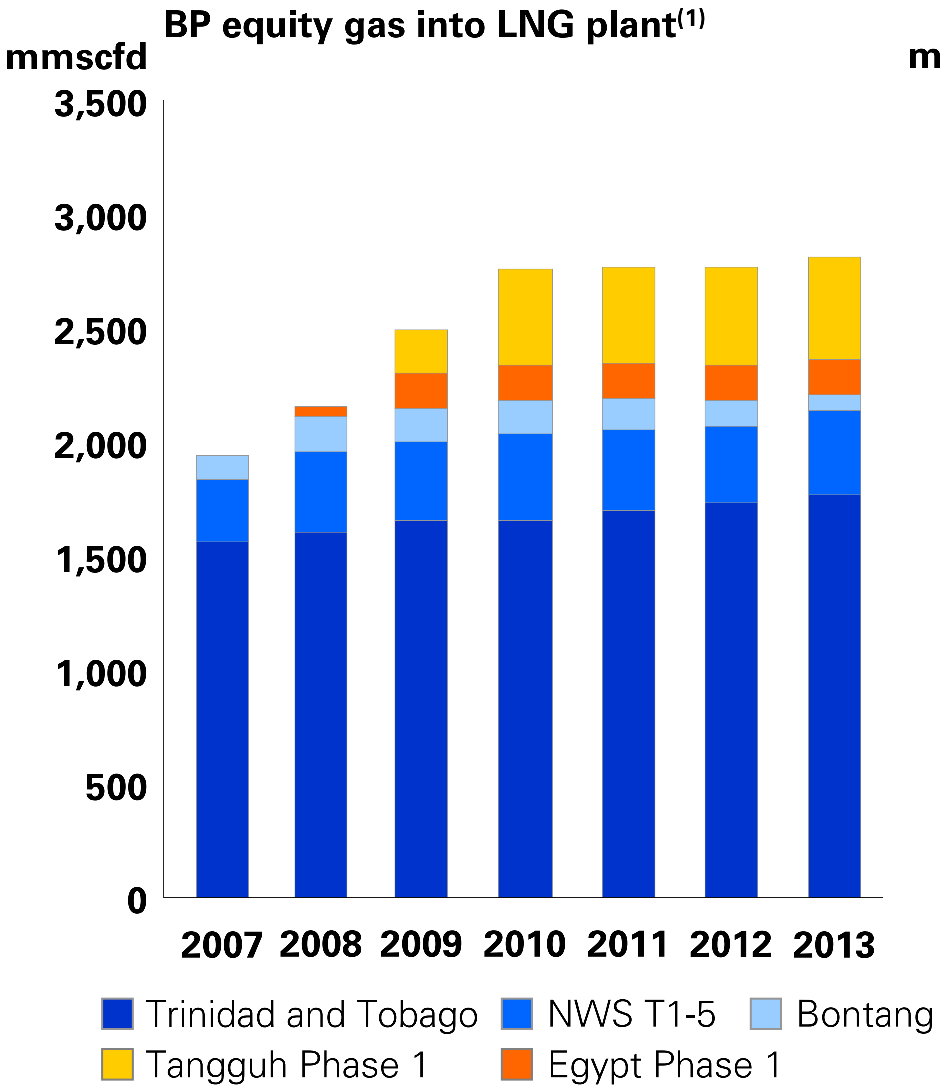
North America onshore
- Canada Noel
- Liberty

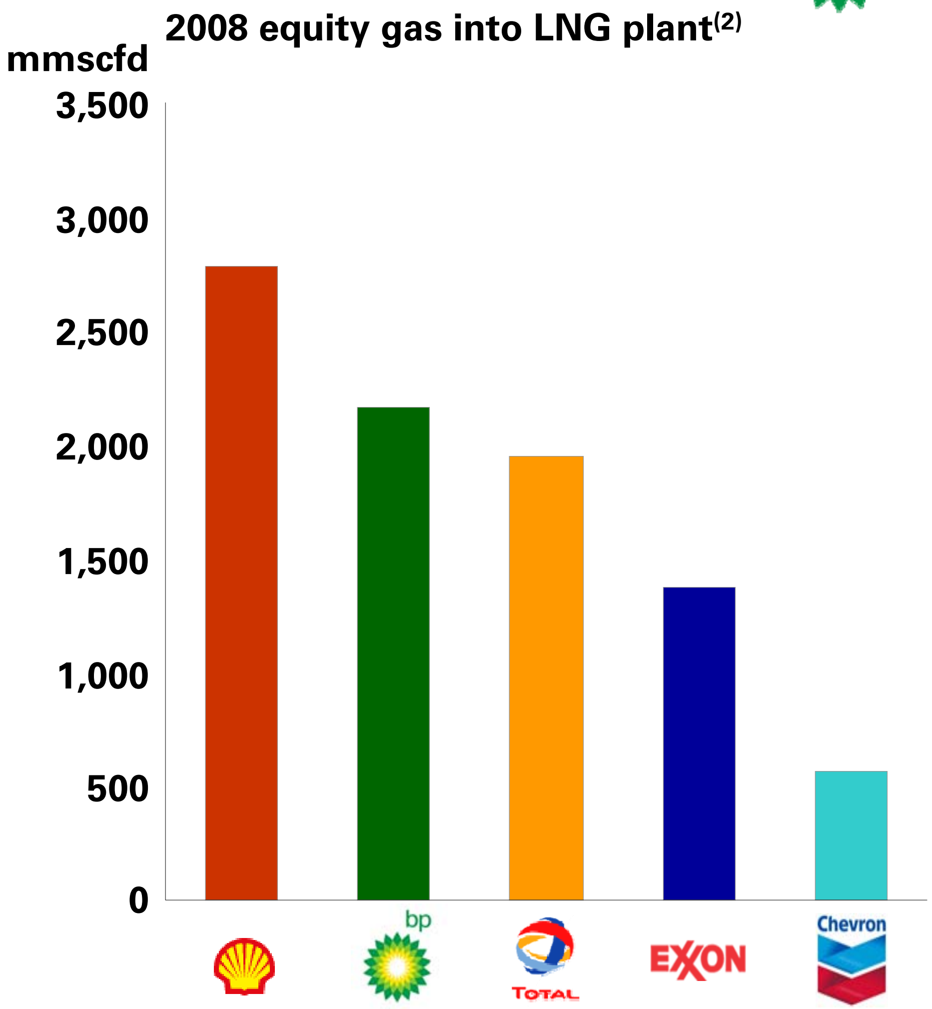
North Sea
- Foinaven P2S ✓
- Skarv
- Valhall Redevelopment

Trinidad
- Savonette

✓ onstream in 2008

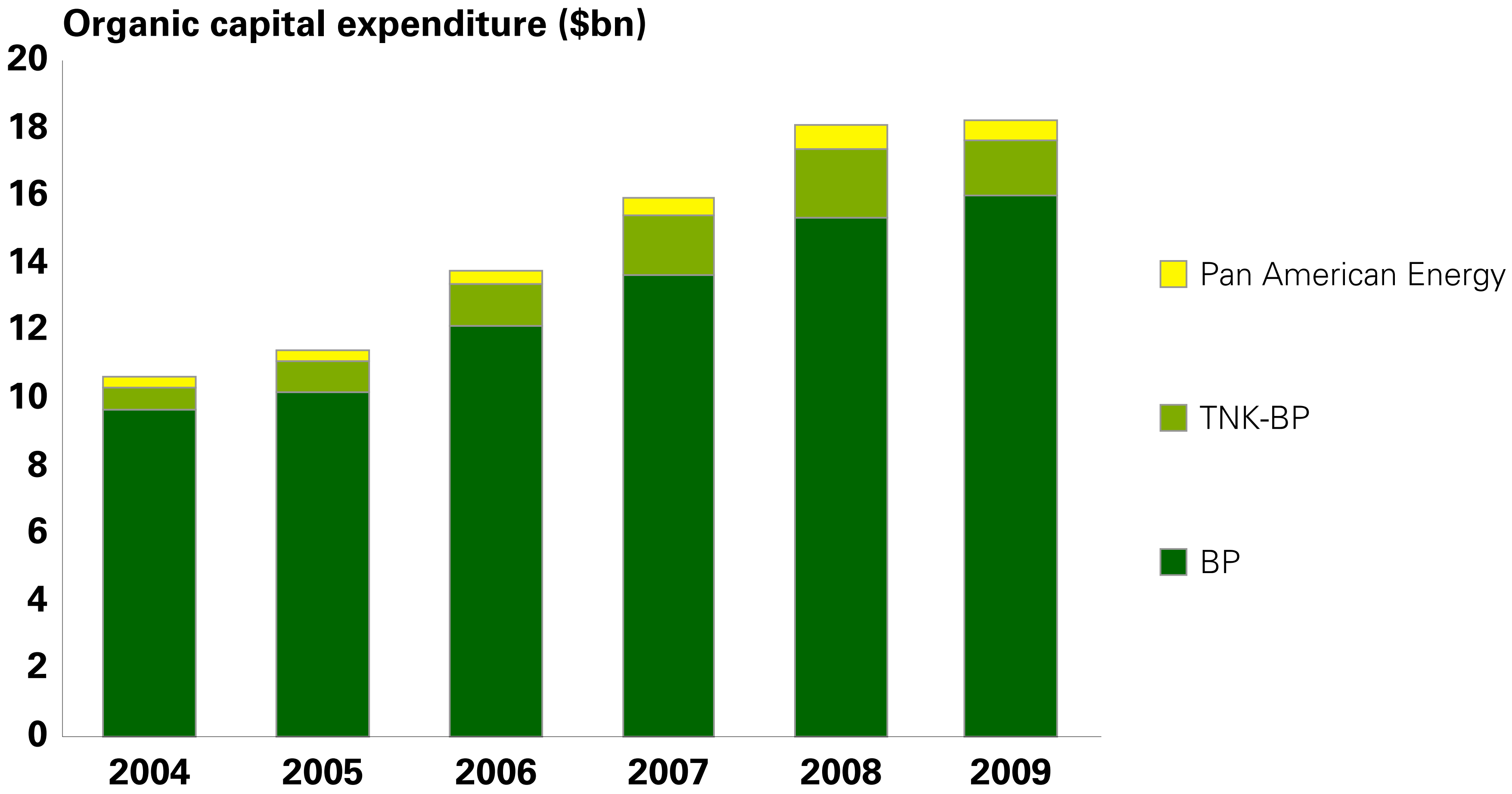
LNG growth





(1) *BP projections for 2009 and beyond*
(2) *Wood Mackenzie and BP data*

Investing for growth



Organic Capital Expenditure above excludes: 2004 – Slavneft; 2006 – Rosneft, 2007 – asset exchanges with Occidental; 2008 – accounting treatment related to our transactions with Husky and Chesapeake.
2009 BP projections

Potential for continued production growth to 2020

	PROJECT	DEVELOPMENT STAGE	LOCATION	BP OP.	DEVELOPMENT TYPE	GROSS CAPACITY /MBOED	WI (%)
2009-2013	**Liberty**	Post FID	Alaska	✓	Oil	40	100
	In Salah Gas Compression	Post FID	Algeria		Gas	40	33
	Chirag Oil Project	FEED	Azerbaijan	✓	Oil	185	34
	Sunrise	Appraisal	Canada		Heavy Oil	200	50
	Skarv	Post FID	North Sea	✓	Gas Condensate	150	24
	Kessog	Appraisal	North Sea	✓	Oil	50	50
	Savonette	Post FID	Trinidad	✓	Gas	0.65 bcfd	100
	Serrette	FEED	Trinidad	✓	Gas	0.5 bcfd	100
	Trinidad Compression	Appraisal	Trinidad	✓	Gas	0.5-1 bcfd	100
	Clochas Mavacola	FEED	Angola		Deepwater	Under study	27
	PSVM	Post FID	Angola	✓	Deepwater	150	27
	Pazflor	Post FID	Angola		Deepwater	200	17
	Angola LNG	Post FID	Angola		LNG	175	14
	CLOV	FEED	Angola		Deepwater	160	17
	Tangguh Stage 1	Post FID	Indonesia	✓	LNG	210	37
	North Rankin B	Post FID	Australia		LNG	380	17
	Great White	Post FID	Gulf of Mexico		Deepwater	100	33
	Isabela	Appraisal	Gulf of Mexico	✓	Deepwater	40	67
	Mad Dog tiebacks	Appraisal	Gulf of Mexico	✓	Deepwater	50	60
	Uvat (Eastern Hub)	Operating	Russia		Onshore Oil	60-100	50
	Verkhnechonskoye	FEED	Russia		Onshore Oil	140	34
2014+	**Alaska Heavy Oil**	Appraisal	Alaska	✓	Heavy Oil	Under study	100
	Alaska Gas (Denali)	Appraisal	Alaska		Gas	4bcfd	50
	Bourarhet	Appraisal	Algeria		Gas	Under study	75
	Shah Deniz Stage 2	Appraisal	Azerbaijan	✓	Gas	275	26
	WND Gas	Appraisal	Egypt	✓	Gas	165	60
	Satis	Appraisal	Egypt	✓	Gas	Under study	50
	Oman	Appraisal	Oman	✓	Tight Gas	Under study	80
	Clair Ridge	Appraisal	North Sea	✓	Oil	85	29
	Block 31SE	Appraisal	Angola	✓	Deepwater	150	27
	Block 31 West	Appraisal	Angola	✓	Deepwater	150	27
	Future Hub	Appraisal	Angola	✓	Deepwater	150	27
	Block 18 West	Appraisal	Angola	✓	Deepwater	150	50
	Browse	Appraisal	Australia		LNG	Under study	17
	Tubular Bells/Kodiak	Appraisal	Gulf of Mexico	✓	Deepwater	100	57
	Mars B	Appraisal	Gulf of Mexico		Deepwater	Under study	29
	Freedom	Appraisal	Gulf of Mexico	tbc	Deepwater	Under study	40
	Kaskida	Appraisal	Gulf of Mexico	✓	Deepwater	Under study	70
	Rospan	Appraisal	Russia		Gas	Under study	50
	Russkoye	Appraisal	Russia		Heavy Oil	Under study	50

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

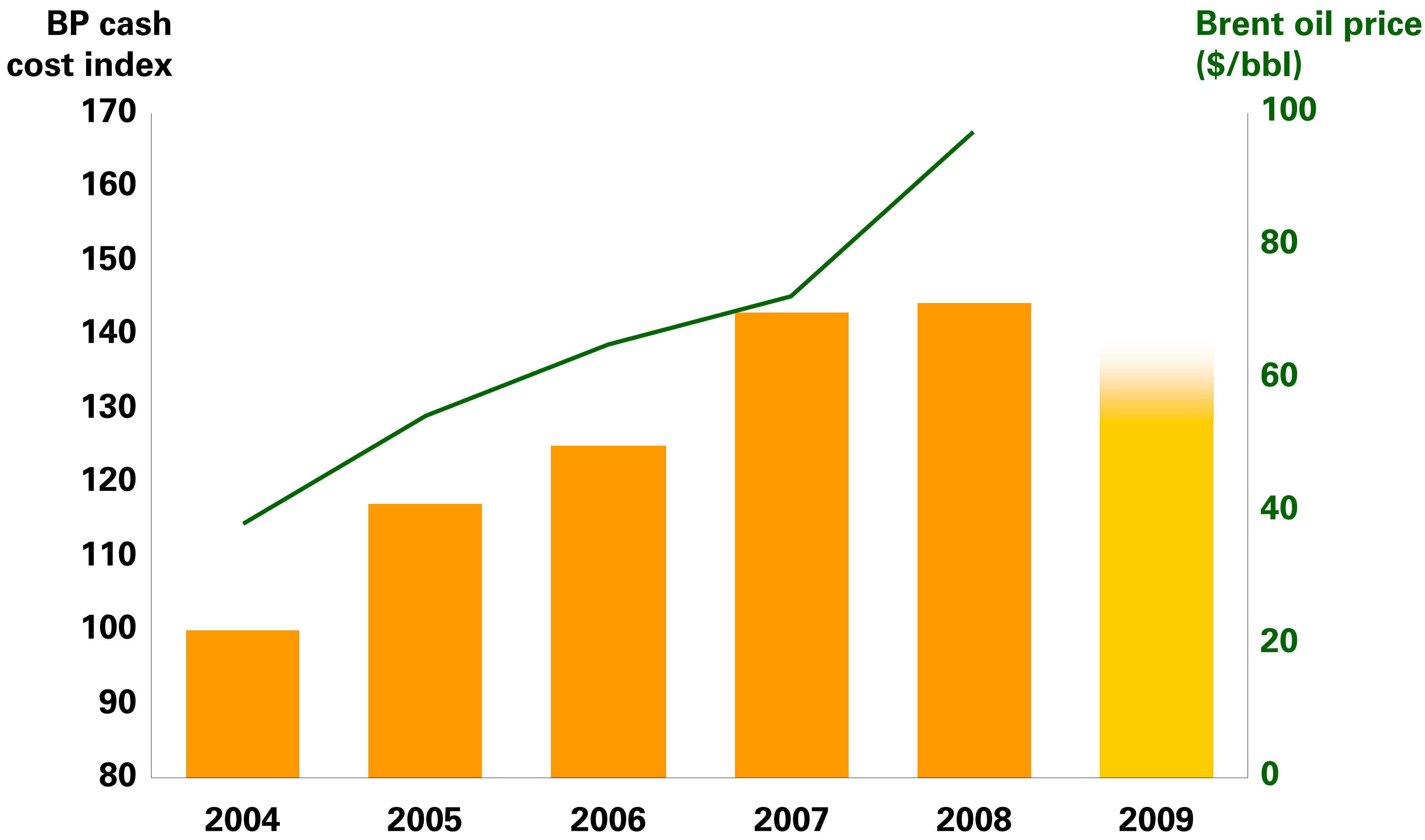
- Progress Abu Dhabi Hydrogen power and CO_2 capture project

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



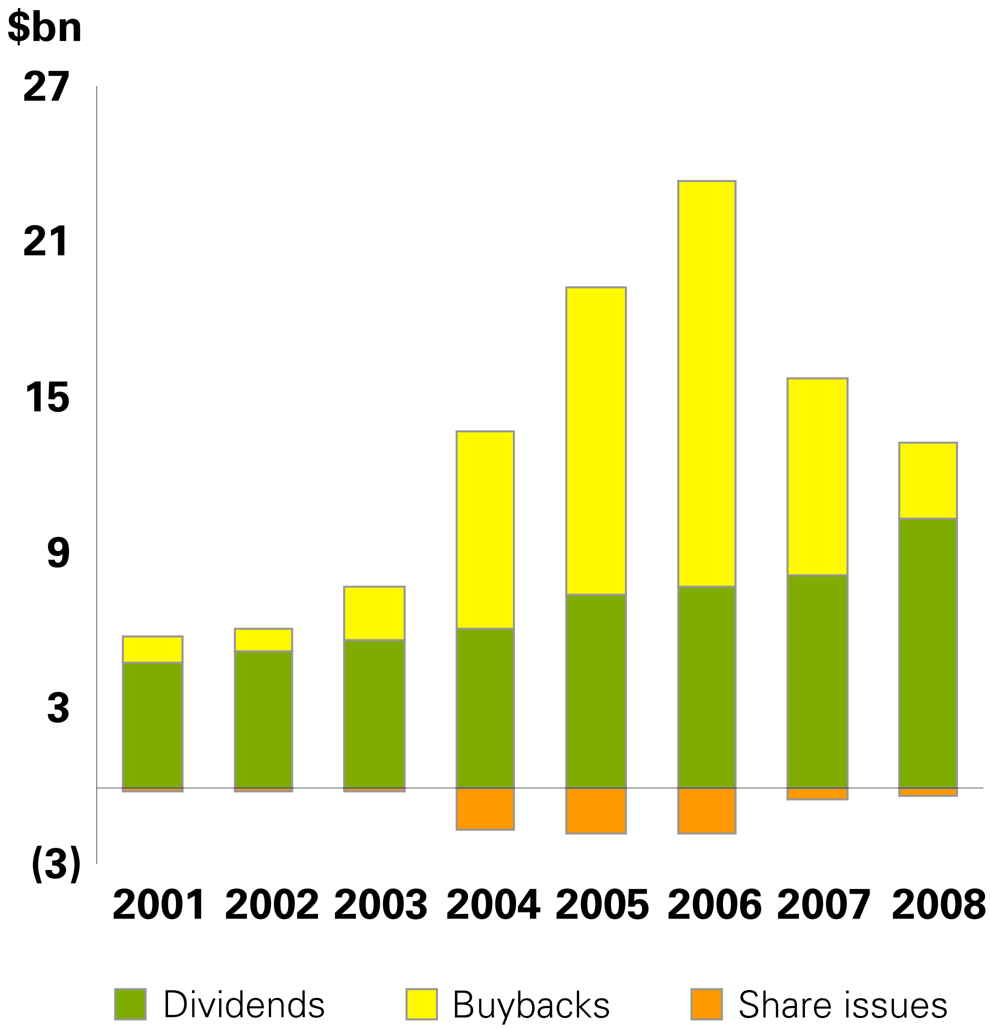
2009 BP projections

Investment guidance

$bn	2007	2008	2009
Exploration & Production	13.7	15.6	15–16
Refining & Marketing	4.4	4.7	4
Other (including Alternative Energy)	0.9	1.4	1
Organic capital expenditure	**19.0**	**21.7**	**20–21**
Divestments	**4.6**	**0.9**	**2–3**

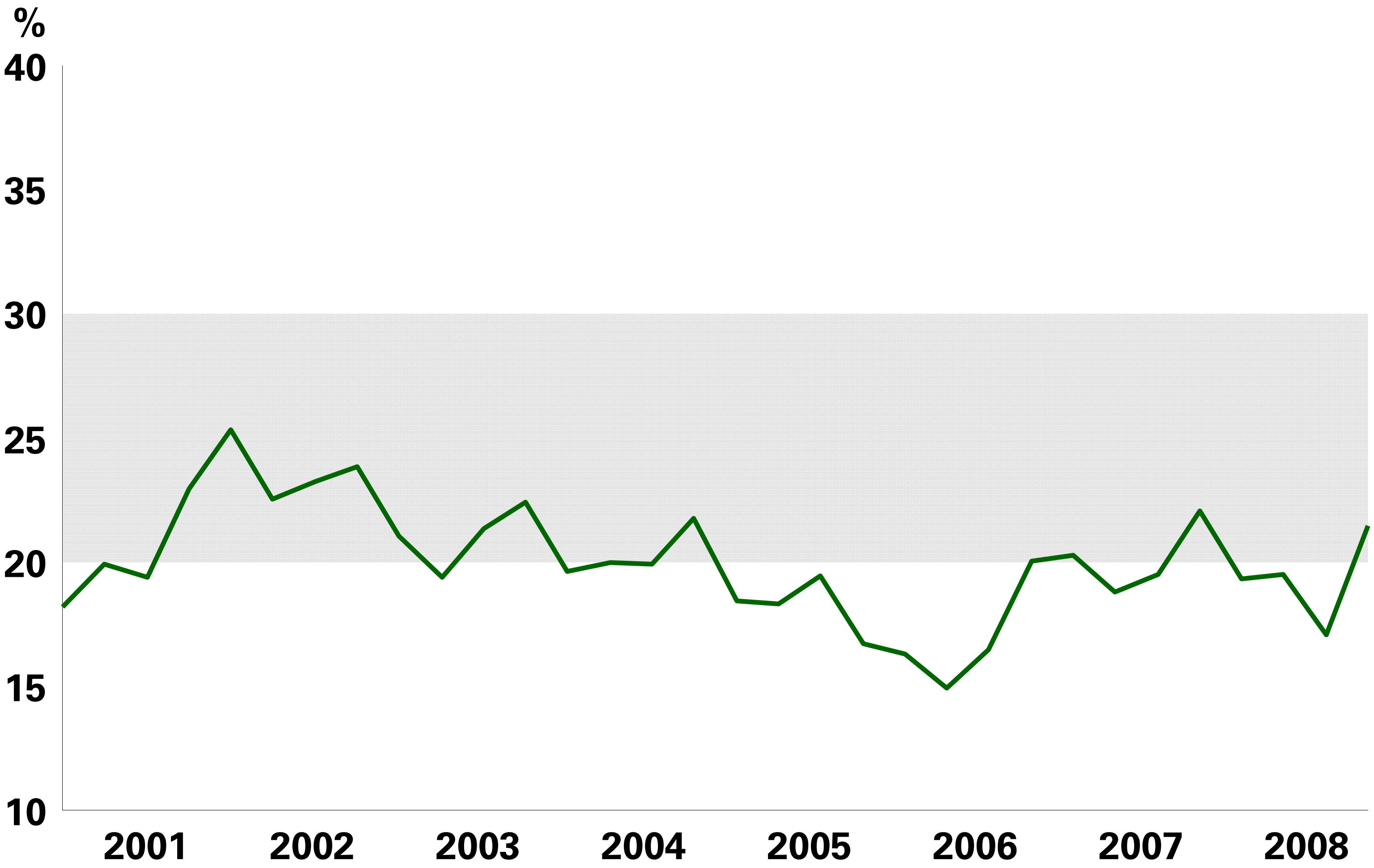
2009 BP projections

Financial framework: 2001–2008



- 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%

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

Debt book

2008

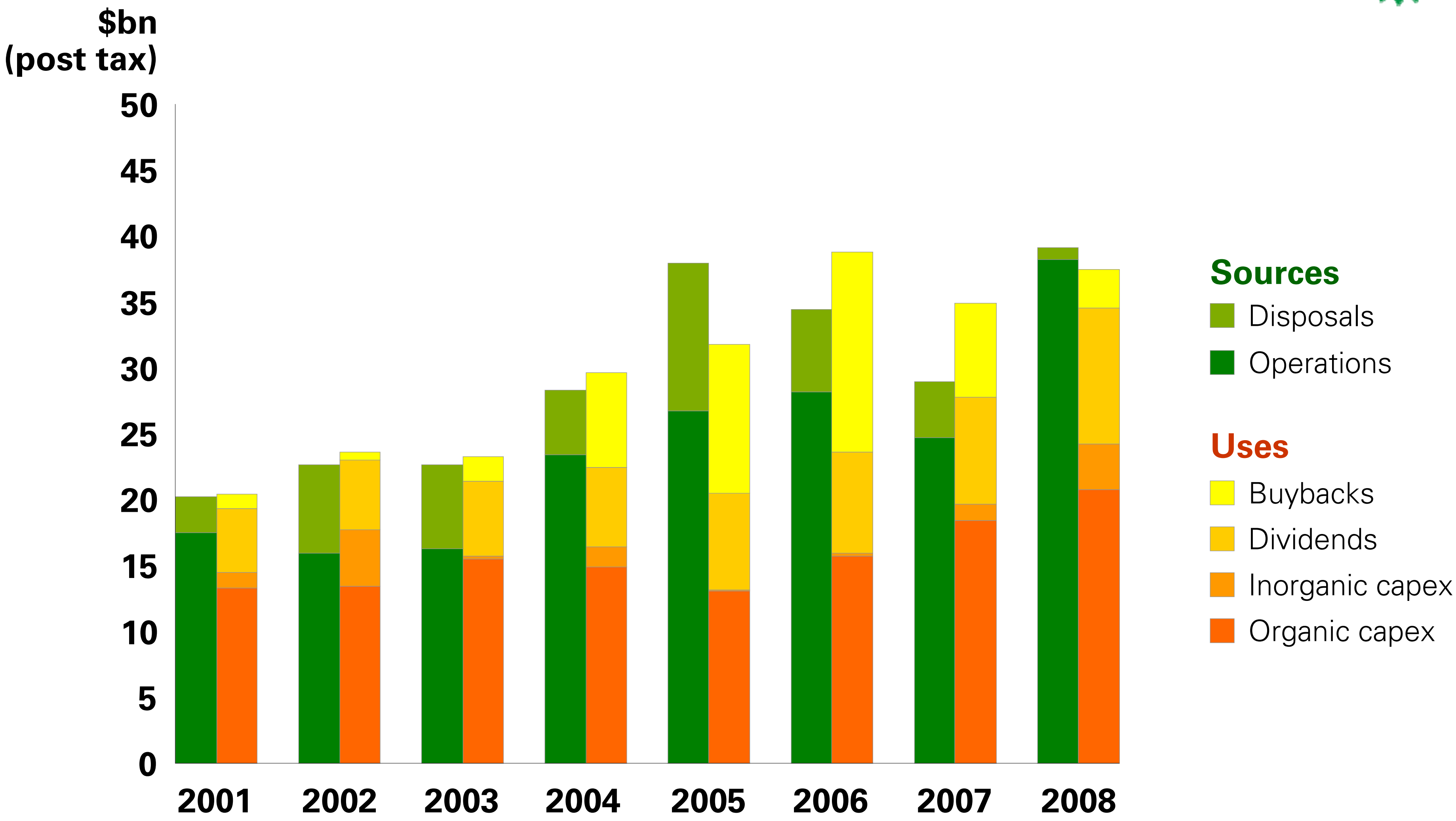
- Continued access to bond and commercial paper markets
- Issued \$7.5bn of new bonds in 2008 (2007: \$7.4bn)
  - \$4.6bn of new bonds in 4Q

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

2009 BP projections

Sources and uses of cash



2001 and 2002 operating cash flow including Innovene

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