BP Strategy Presentation

London
2 March 2010

Tony Hayward

Group Chief Executive

Cautionary Statement

Forward Looking Statements - Cautionary Statement

This presentation and the associated slides and discussion contain forward-looking statements, particularly those regarding expected future global consumption of energy; expected future energy mix; global economic recovery; expected increase in non-OECD oil consumption; growth in global oil demand; oil and gas prices; global refining capacity and utilization; refining margins; implementation of Operating Management System; expected further reduction in cash costs; production growth including anticipated average production growth of 1-2% p.a. out to 2015 and the potential to sustain growth to 2020; timing of project final investment decisions, start-ups and their anticipated contribution to total production; opportunity for growth through deepwater, gas and unconventional gas, management of some of the world's giant oil fields; anticipated organic capital expenditure; anticipated access opportunities and exploration prospects; portfolio's gas weighting and gas growth opportunities; profitability of our North American gas business at $4 Henry Hub price; Rumaila resources and production potential; TNK-BP capital investment, production growth, focus on cost efficiency to improve returns and development, timing, capital cost, resource opportunity, tax effect of projects; potential to further reduce unit production costs; potential savings through drilling efficiency improvements; expectation that the centralised development organisation will produce significant improvements in capital efficiency; R&M cost efficiency improvement potential and performance improvement through cost efficiency, improving efficiency, quality and integration of Fuels Value Chains and growth of margin share; timing of Whiting refinery modernisation project and its anticipated contribution to R&M profitability; timing of start-up of Nanjing Acetic Acid plant; R&M net investments levels relative to depreciation, expected future capital employed metrics and future post-tax returns; anticipated reduction of cash costs levels to below 2004 levels and improvement in refining portfolio breakeven levels; divestments; balance of cash inflows and cash outflows; strategy (including upstream – profit growth, cost and capital efficiency; downstream – turnaround, cost efficiency; alternative energy – focused and disciplined; corporate – efficiency); US wind business cash flow; and repositioning our solar business' manufacturing to lower cost locations. 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; OPEC quota restrictions; PSA effects; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions; 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. For more information you should refer to our Annual Report and Accounts 2009 and our 2009 Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

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

Cautionary Note to US Investors - We use certain terms in this presentation, such as "resources" that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262. This form is available on our website at www.bp.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov.

March 2010

Today’s agenda

Introduction	Tony Hayward
• Environment	
• Progress so far	
• What’s next?	
Exploration & Production	Andy Inglis
Refining & Marketing	Iain Conn
Conclusions	Tony Hayward
Q&A	

Long-term energy outlook

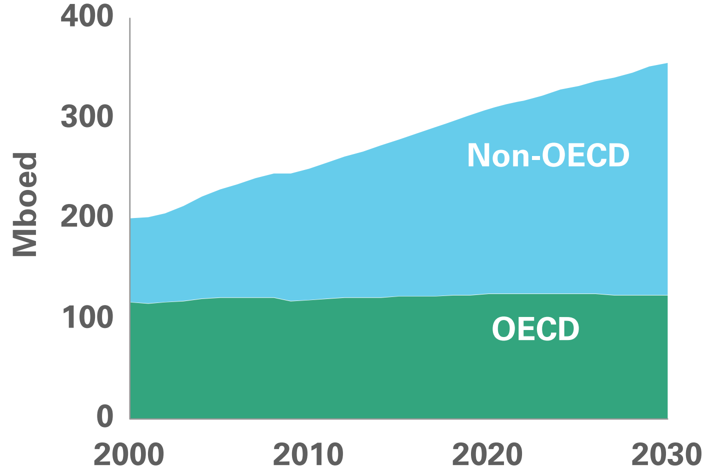
Demand

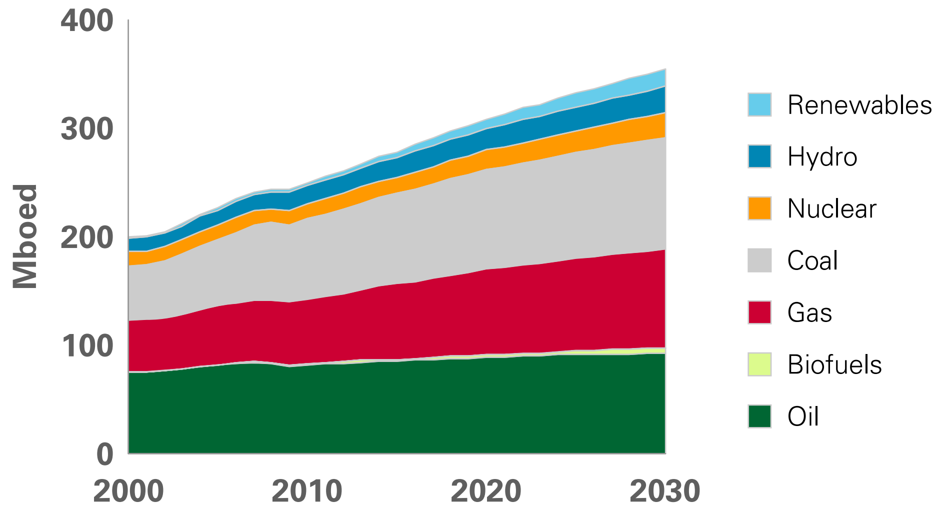
- Growth resumes post recession
- Driven by non-OECD
- Evolution to lower-carbon economy

Supply

- Diverse energy mix required
- Leveraging technology
- Carbon pricing

Energy consumption to 2030



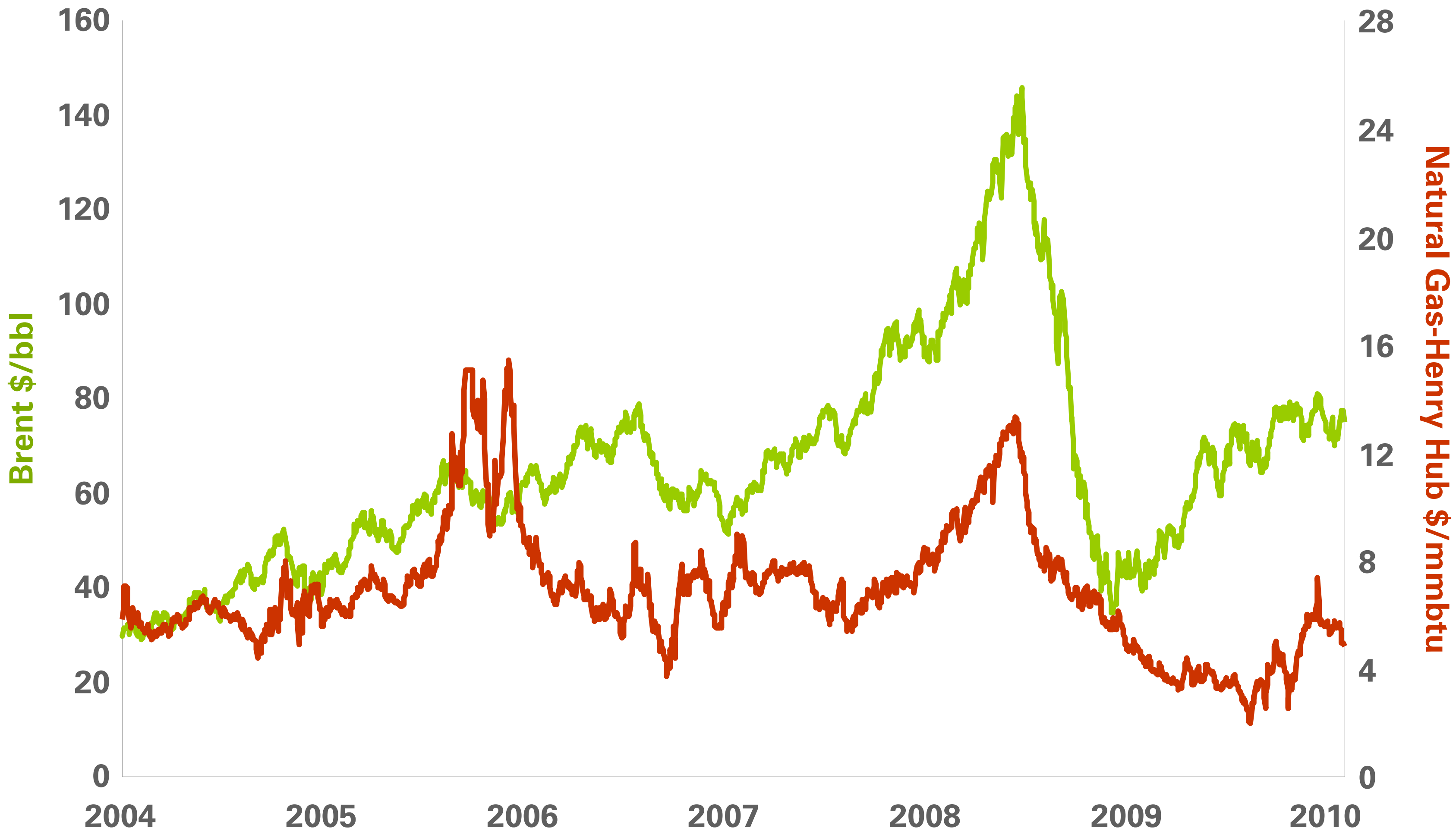


Source: BP estimates

BP's approach to a lower-carbon future

- Energy efficiency within BP operations
- Including the price of carbon in investment decisions
- Promoting lowest-cost energy pathways e.g. gas for power generation
- Continued investment in Alternative Energy
  - biofuels
  - wind
  - solar
  - carbon capture and sequestration
- Investing in research and technology

Upstream: uncertain price environment



Downstream: refining margins and utilization

(1) Global refinery throughput / Global refinery capacity.
Source: BP Statistical Review of World Energy June 2009. BP estimates for 2009/2010.

Forward Agenda

Safe and reliable operations

- Continue journey in personal safety
- Implement Operating Management System
- Compliance

People

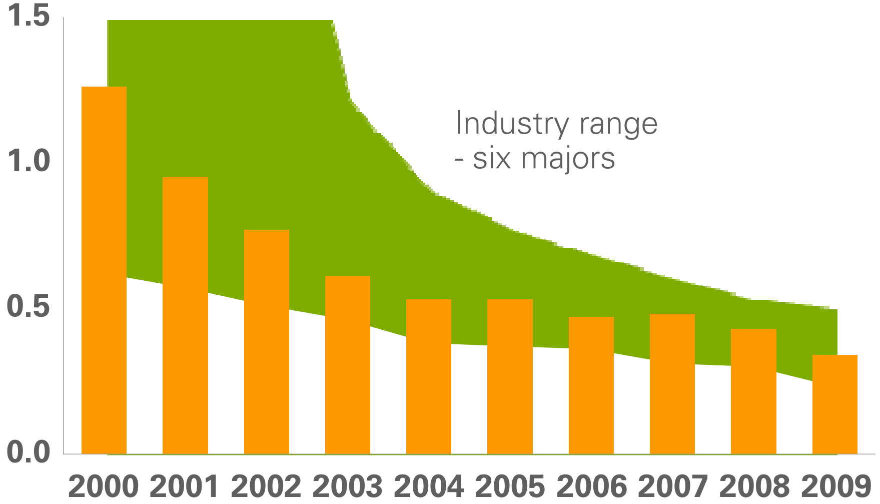
- Building capability
- Leadership and behaviours

Performance

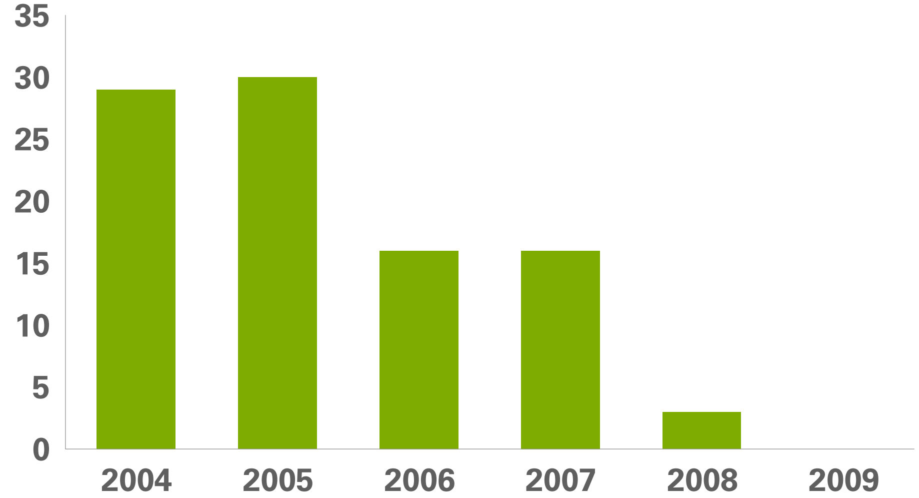
- Restore revenues
- Reduce complexity and cost

Safe, reliable and efficient operations

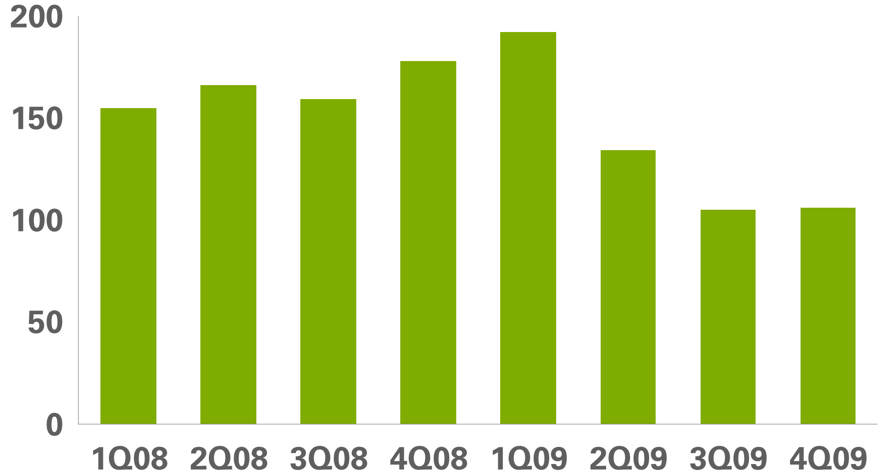
Recordable Injury Frequency



Integrity Management Major Incidents[1]



Loss of Primary Containment Incidents



(1) Data for 2008 and 2009 is aligned to incident impact severity rather than volume released

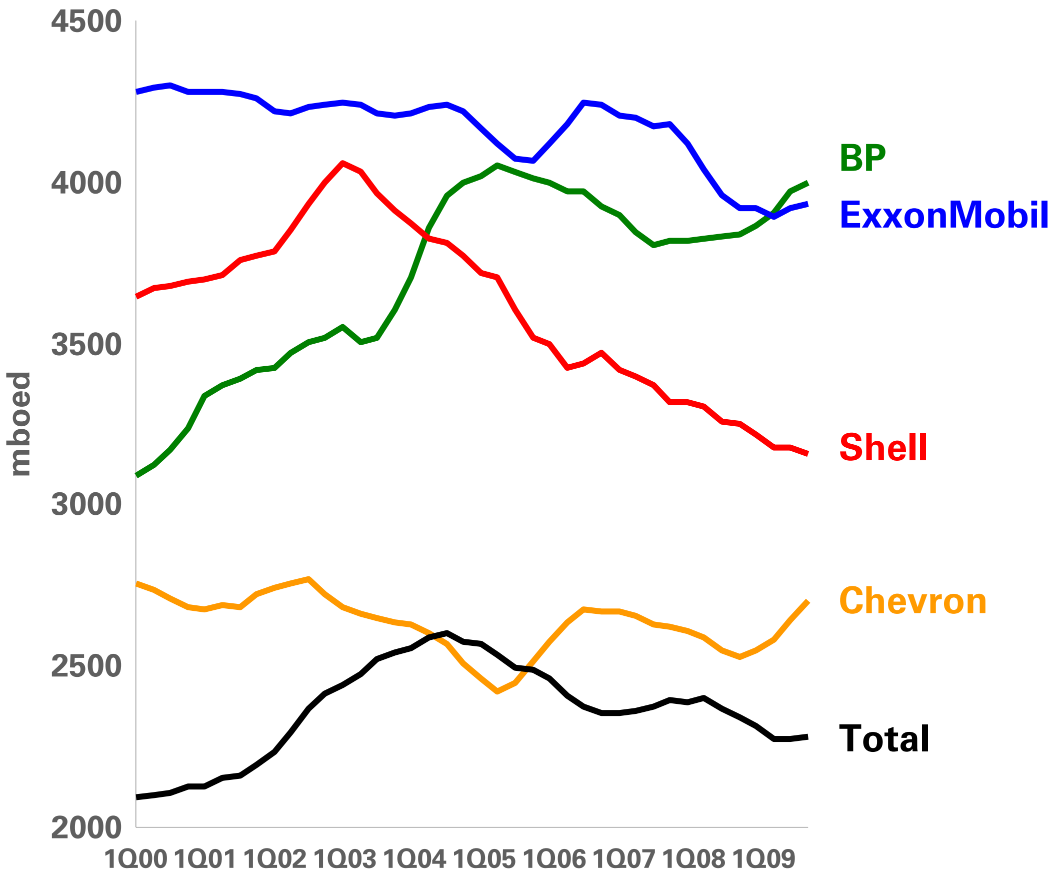
People and organization

- Leadership and culture
- Restructuring and delayering
- Skills and capability
- Diversity and inclusion
- Reward for performance

Changing the culture

Restoring revenues

Production
Rolling 4-quarters to 4Q09

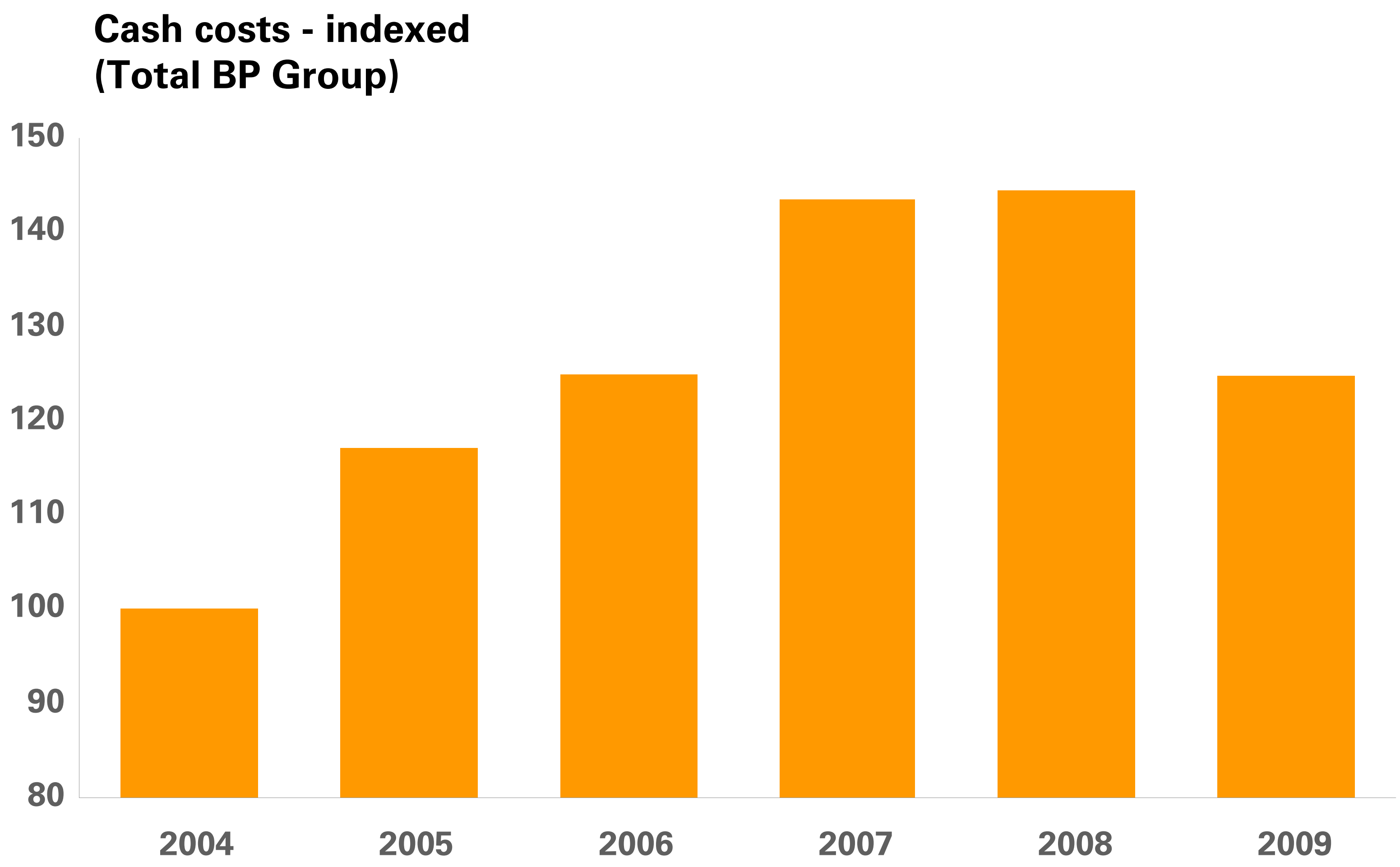


Refining availability[1]

Note: Chevron includes Texaco, prior to the merger
Barrels of oil equivalent as reported in company disclosures

(1) Solomon availability

Controlling cash costs



A definition of cash costs can be found on our website at www.bp.com

2009 momentum versus peers

	BP	Exxon	Shell	Chevron	Total
Underlying Net Income $bn[1]	14.6	19.2	11.6	9.5	10.9
Year on Year %	*-44%*	*-56%*	*-59%*	*-58%*	*-47%*
Cash from Operations $bn	27.7	28.4	21.0	19.4	17.2
Year on Year %	*-27%*	*-52%*	*-52%*	*-35%*	*-37%*
Reported Volumes mboed	3998	3932	3152	2704	2281
Year on Year %	*4%*	*0%*	*-3%*	*7%*	*-3%*
Market Capitalisation $bn[2]	181	323	185	154	150
vs. end 2008 %	*24%*	*-21%*	*13%*	*3%*	*15%*
Capital Expenditure $bn[3]	20.0	27.1	30.6	22.2	18.6
Year on Year %	*-8%*	*4%*	*2%*	*-2%*	*-7%*

(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.

(2) as at 31/12/2009

(3) BP organic; ExxonMobil, Royal Dutch Shell, Chevron and Total as disclosed

Strategic progress in 2009

E&P

- **New access:** Iraq, Indonesia, Jordan, new acreage in US Gulf of Mexico and Egypt
- **Exploration and appraisal success:** Tiber, Mad Dog South, Angola Block 31
- **Major projects:** 7 start-ups and 2 sanctioned developments
- **Resource replacement:** over 250%
- **Reserves replacement:** 129%
- **Production growth:** 4%

R&M

- **Revenues restored:** US refining portfolio fully operational
- **Simplification:** US convenience retail, reduced marketing footprint
- **Cost efficiency:** cash costs down by more than 15% on 2008

Alternative Energy

- **Focused** and **disciplined:** $4bn invested since 2006

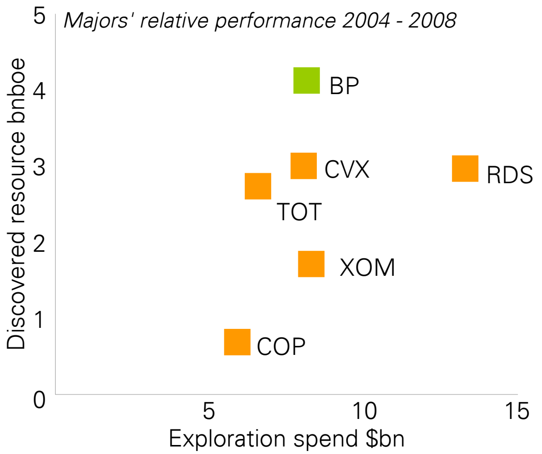
Corporate Simplification

- **Headcount:** reduced by ~ 7500 to date
- **Cash costs:** down by more than $4bn in 2009

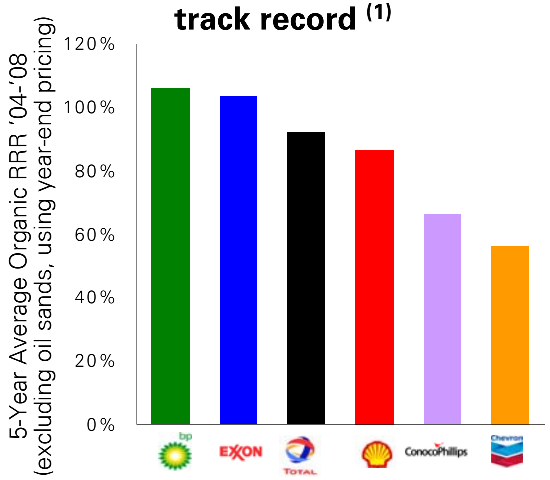
Reserve replacement as reported on a combined basis of subsidiaries and equity accounting entities, excluding acquisitions and divestments

Portfolio quality

Efficient and successful explorer

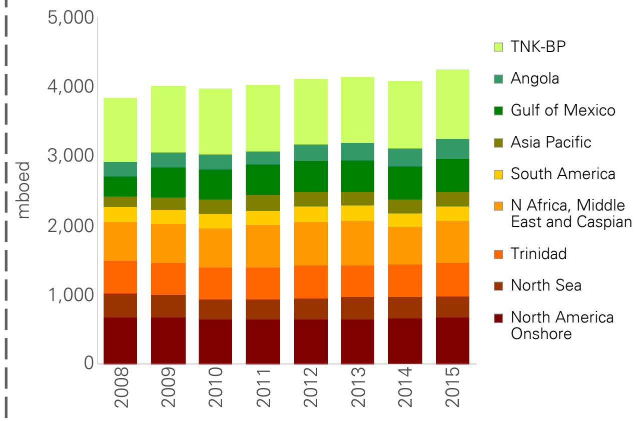


Strong reserve replacement track record [1]



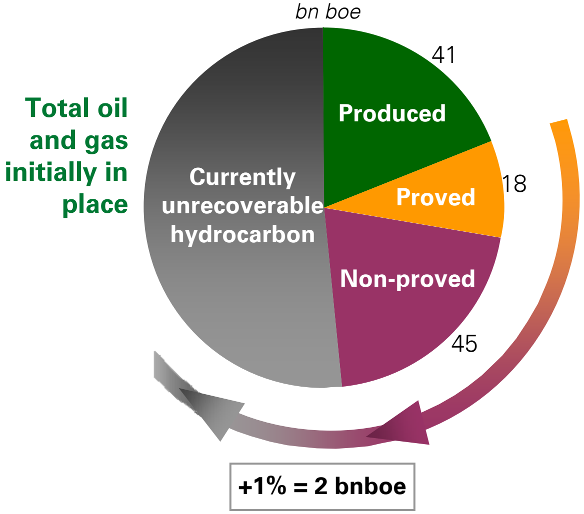
(1) BP estimates using company disclosure

Robust medium-term growth

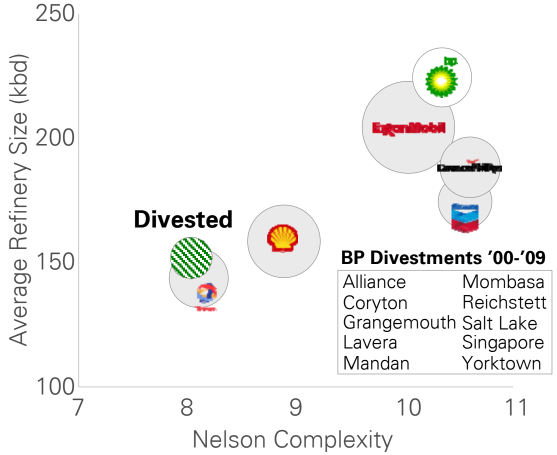


2010-2015 BP projections at $60/bbl

Leverage to improved recovery



High quality refining



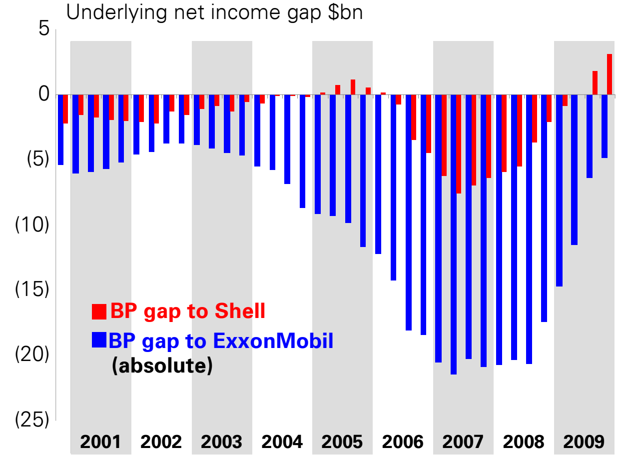
Source: Oil & Gas Journal 2010

World class international businesses

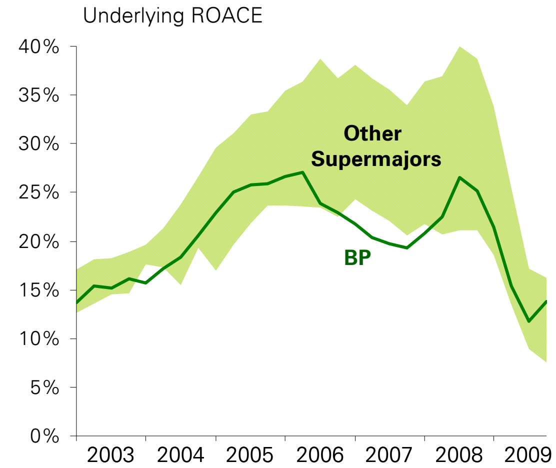
- Material market shares
- 40% of capital employed in growth markets
- Leading technologies
- Strong customer relationships
- Premium brands
- Margin share growth

The opportunity

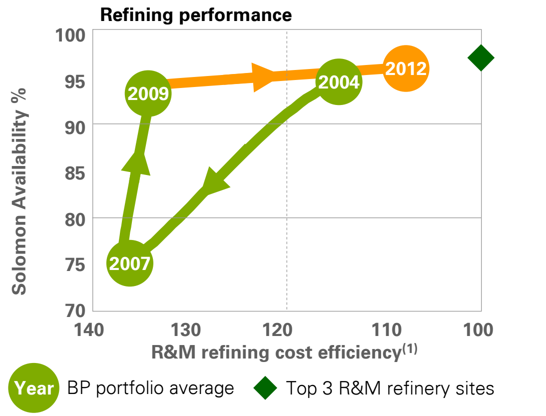
Earnings vs Peers



ROACE vs Peers

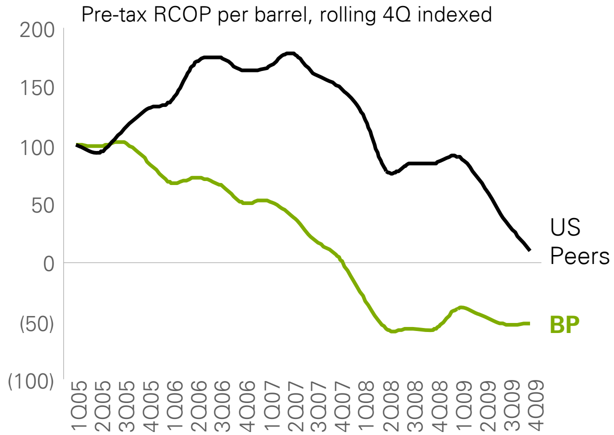


Refining efficiency

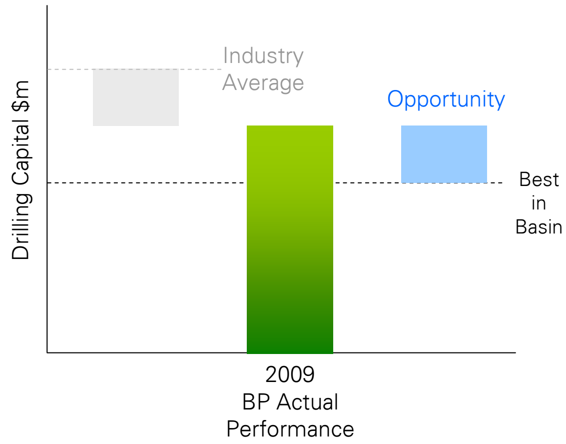


(1) Based on Solomon non-energy operating expense per Effective Distillation Capacity (indexed to top three R&M refineries)

Performance gap in US Fuels Value Chains

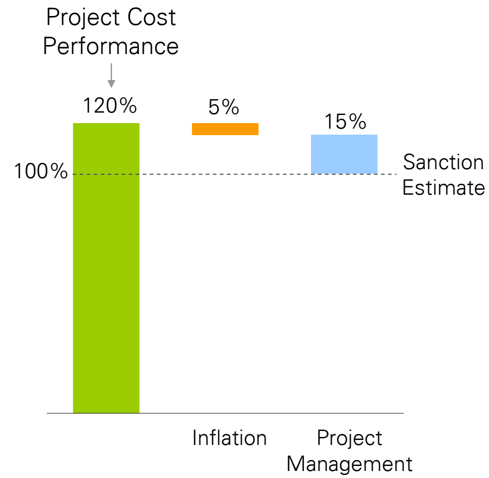


Drilling efficiency



Source: Benchmarking data based on BP internal and industry

Projects efficiency



Data based on BP Operated Major Projects portfolio in 2004-2008

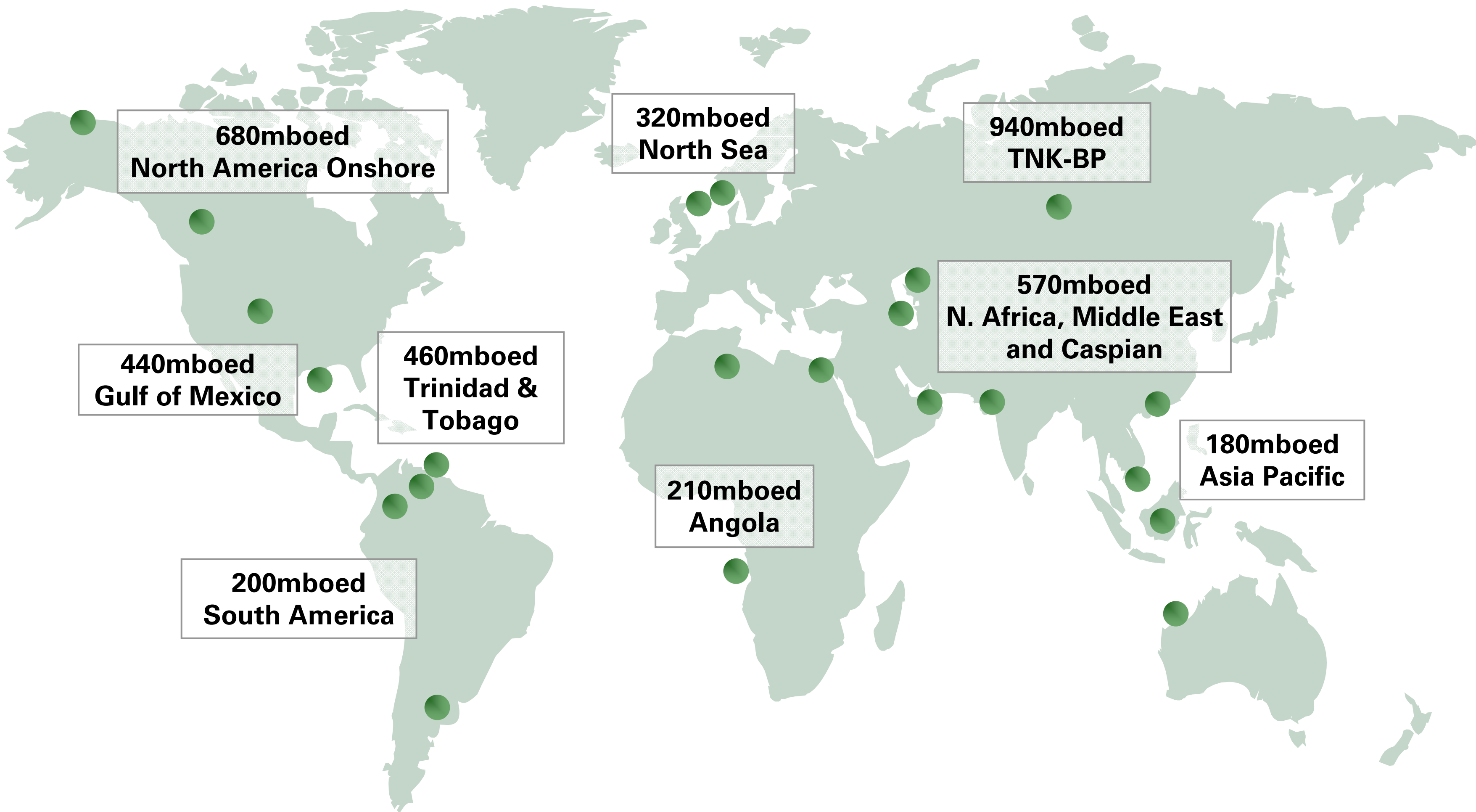
Realising the opportunity

- Capital efficiency
- Cost efficiency
- Technology
- Culture

Andy Inglis

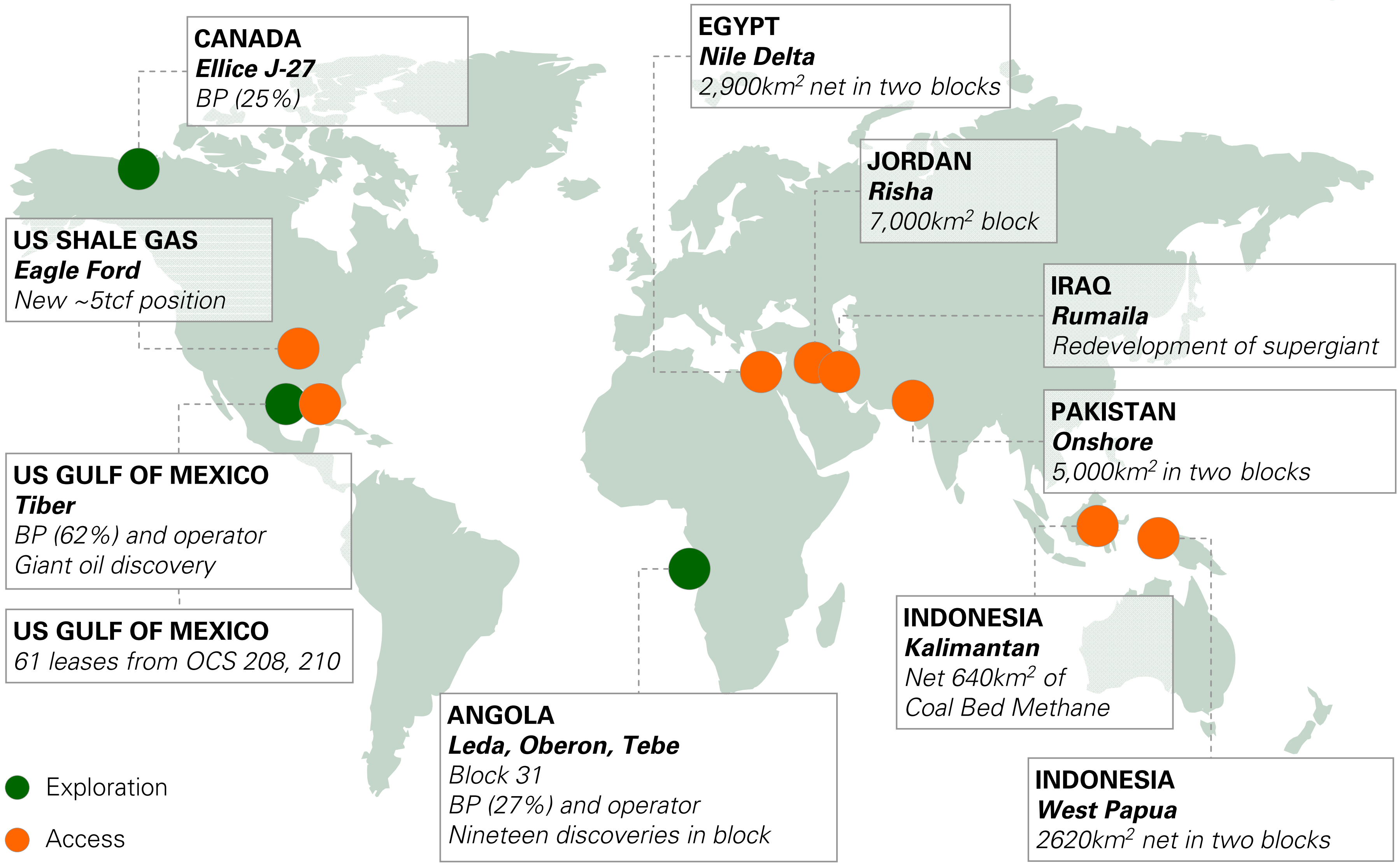
Chief Executive, Exploration & Production

Leadership positions in the world's most prolific hydrocarbon basins



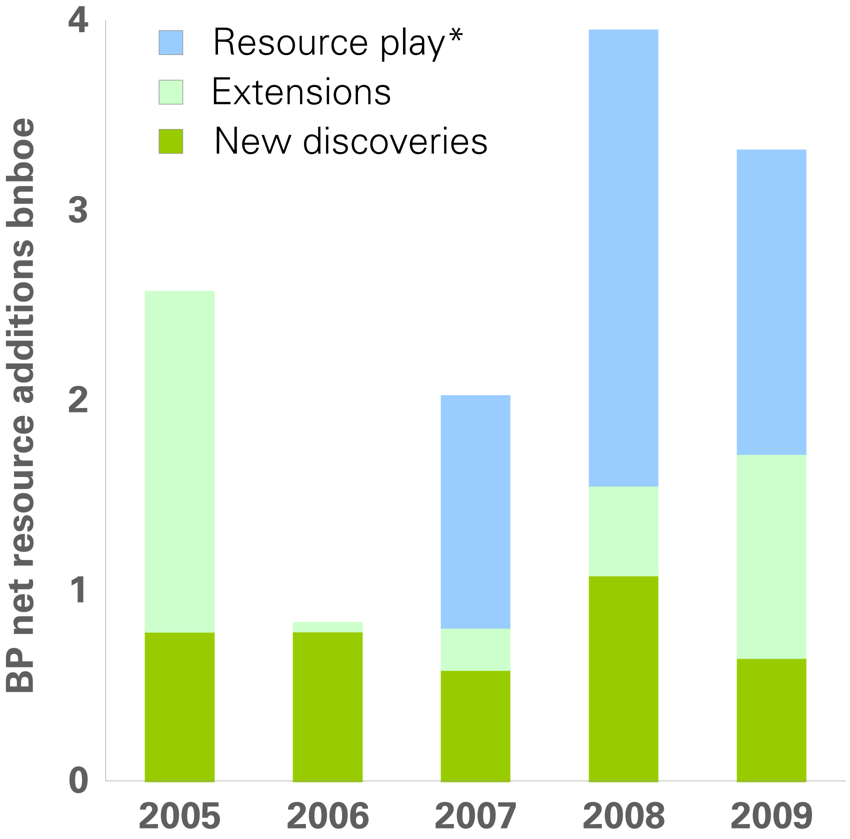
2009 production figures rounded to the nearest 10mboed at actual prices

2009 exploration and access

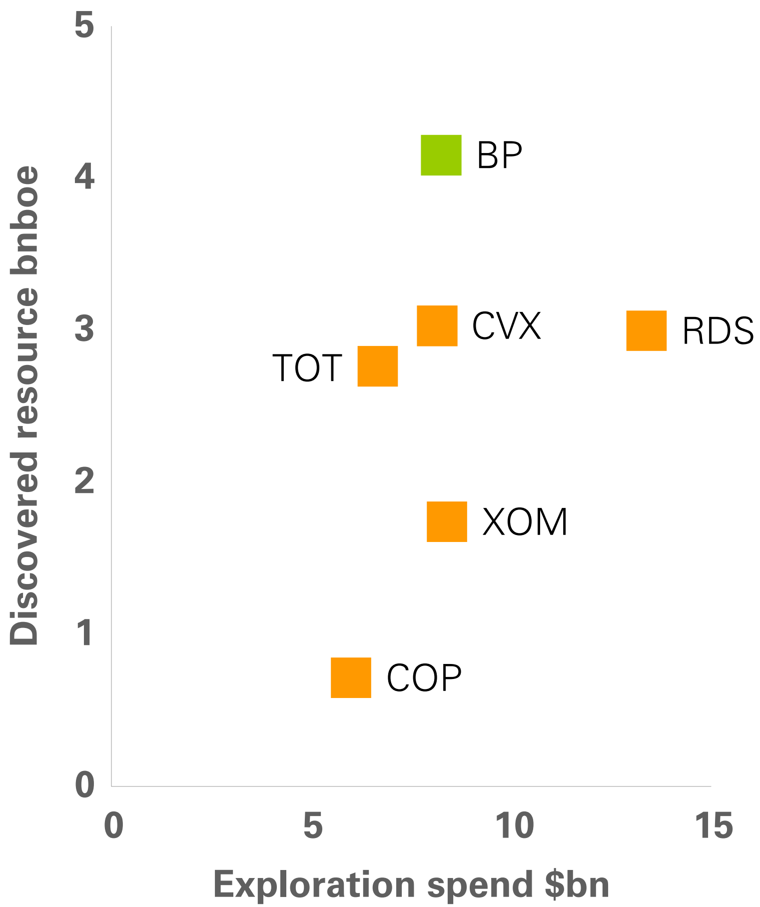


Sustaining a leading track record

BP net resource additions as discovered / accessed



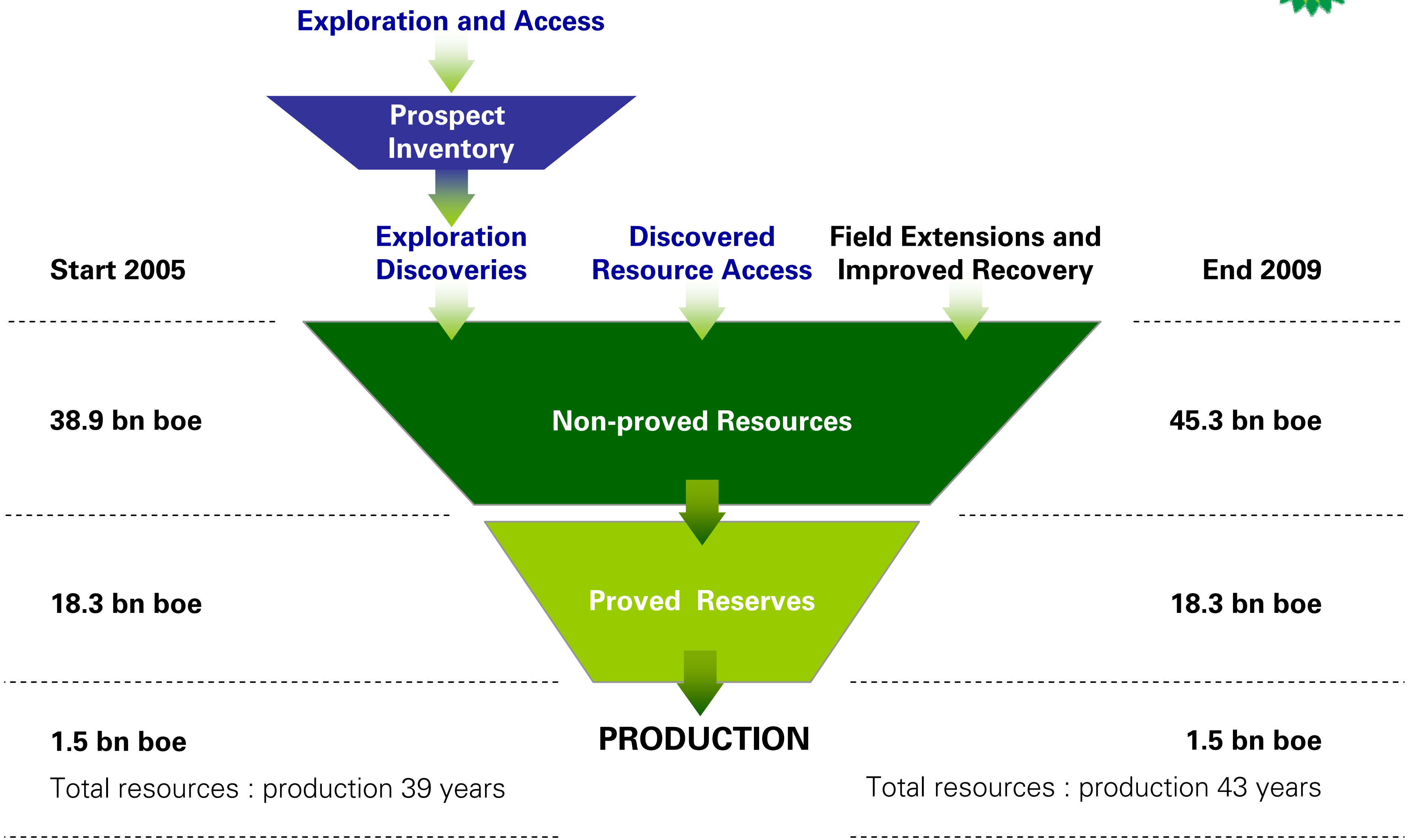
Majors' relative performance 2004–2008



Source: BP internal
Discoveries, extensions and additions for subsidiaries and associates, resources accessed directly
** Resource play reflects direct access to resources*

Sources:
(1) Resources: IHS on comparable basis except BP - internal data
(2) Costs: Wood MacKenzie

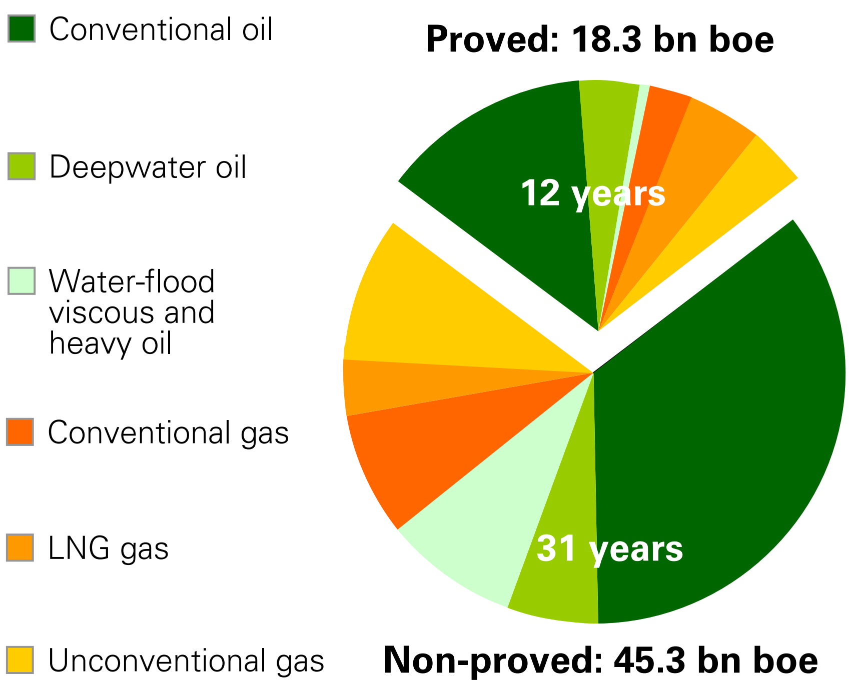
Resources to reserves to production



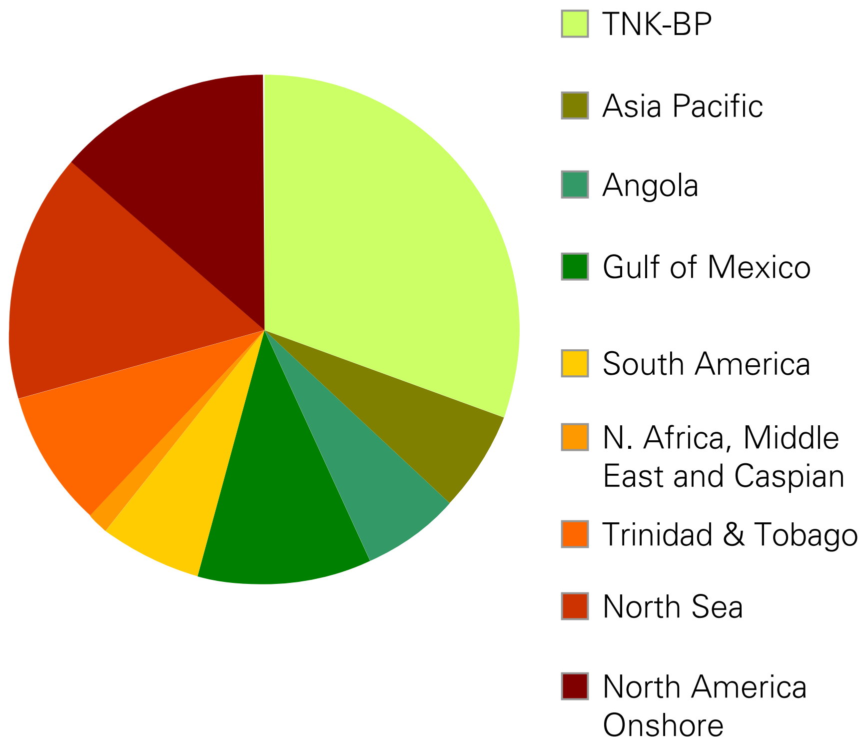
Resources and reserves on a combined basis of subsidiaries and equity-accounted entities

Diverse resource base and reserves additions

2009 Resource Base

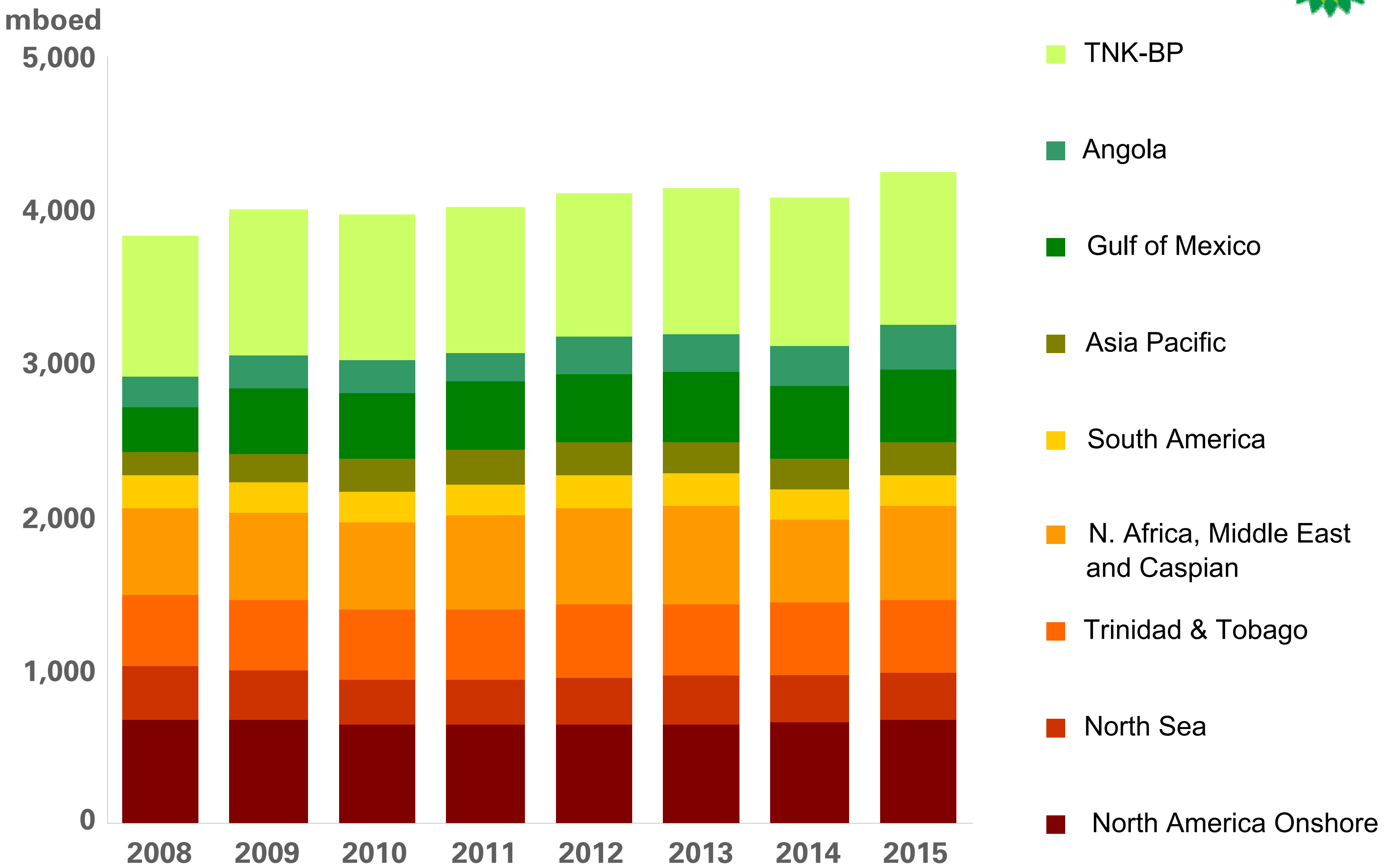


2009 Reserves Additions %



Resources at end-2009 on a combined basis of subsidiaries and equity-accounted entities. 2009 reserves additions are price adjusted

Growth to 2015



2010-2015 BP projections at $60/bbl

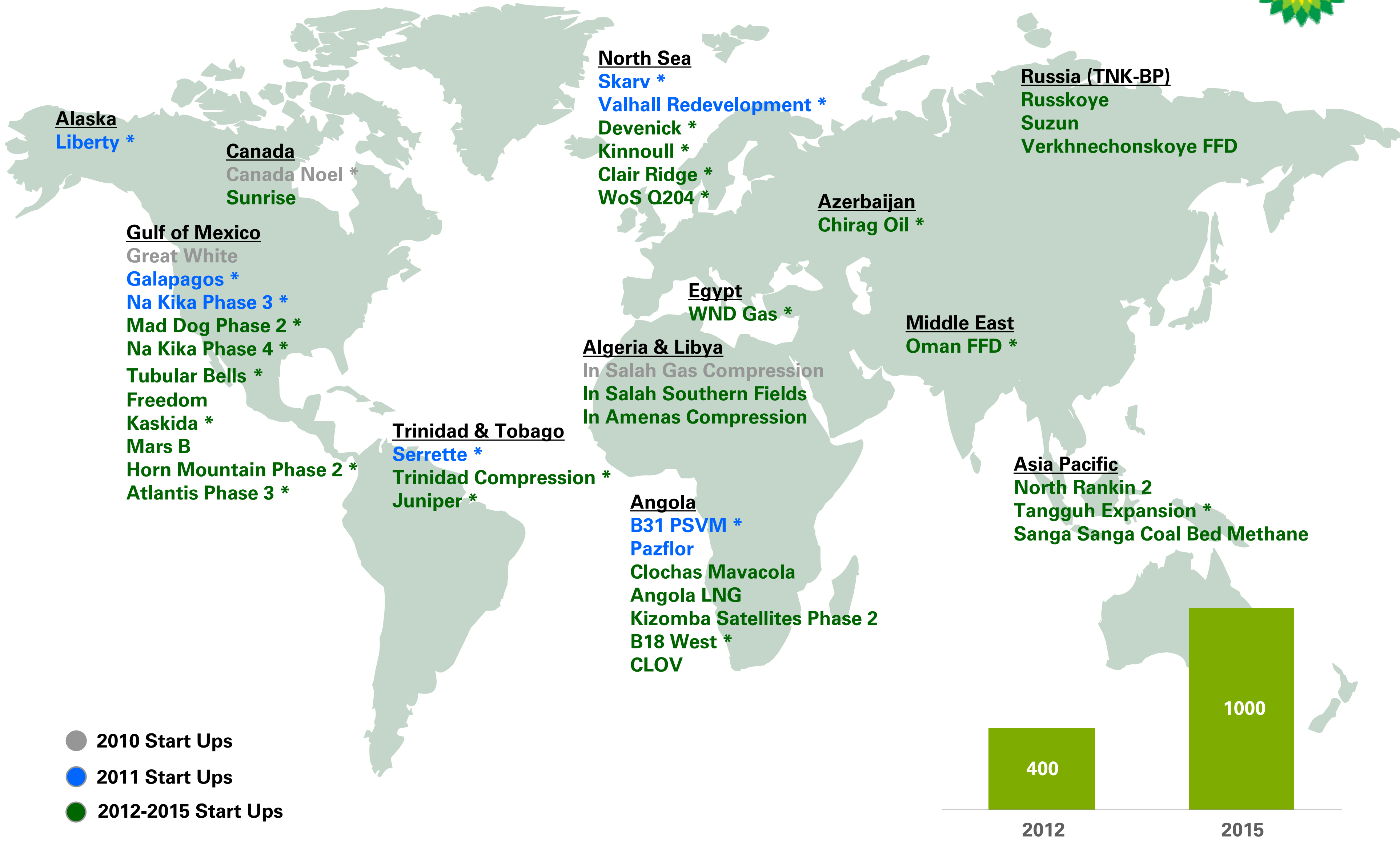
Planned Final Investment Decisions 2010–11

2010 Project FIDs	
Tubular Bells	Gulf of Mexico
Mars B	Gulf of Mexico
Atlantis Phase 2	Gulf of Mexico
Galapagos	Gulf of Mexico
Na Kika Phase 3	Gulf of Mexico
Horn Mountain Phase 2	Gulf of Mexico
West Nile Delta Gas	Egypt
WoS Q204	North Sea
Clair Ridge	North Sea
Devenick	North Sea
Kinnoull	North Sea
Chirag Oil	Azerbaijan
Sunrise	Canada
In Salah Southern Fields	North Africa
Verkhnechonskoye FFD* Phase 1	TNK-BP
Uvat East Expansion	TNK-BP
Suzun	TNK-BP

2011 Project FIDs	
Block 18 West	Angola
Block 31 SE	Angola
Shah Deniz FFD*	Azerbaijan
Mad Dog Phase 2	Gulf of Mexico
Na Kika Phase 4	Gulf of Mexico
Tangguh Expansion	Asia Pacific
Juniper	Trinidad & Tobago

* *Full field development*

Project start-ups 2010–2015

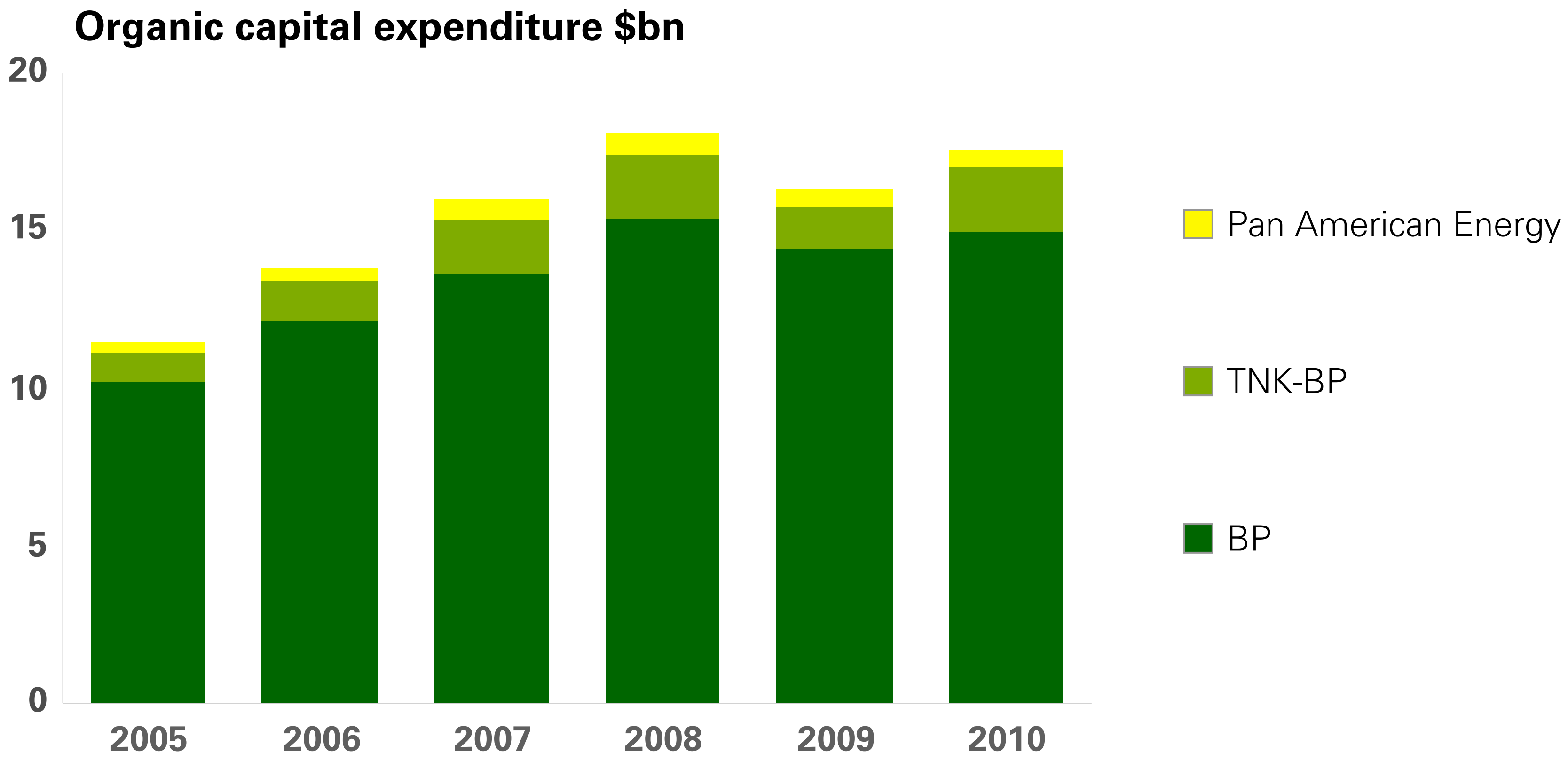


2010 Start Ups
2011 Start Ups
2012-2015 Start Ups

* BP Operated

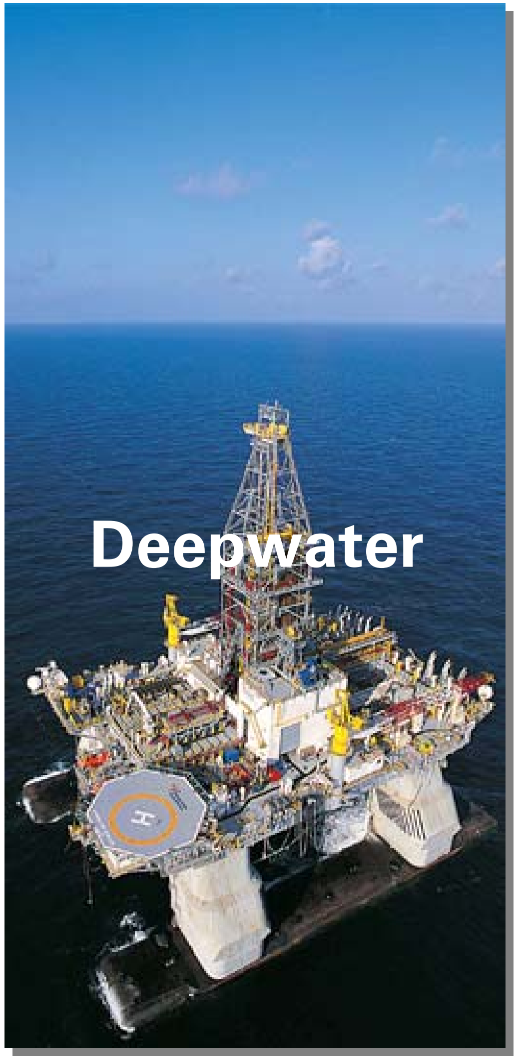
2012 and 2015 BP projections at $60/bbl

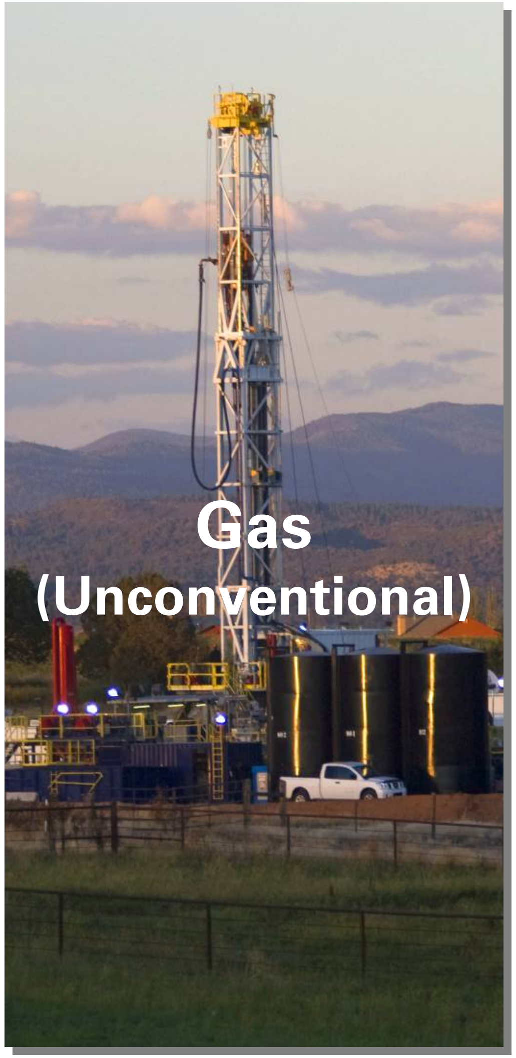
Capital investment 2005–2010



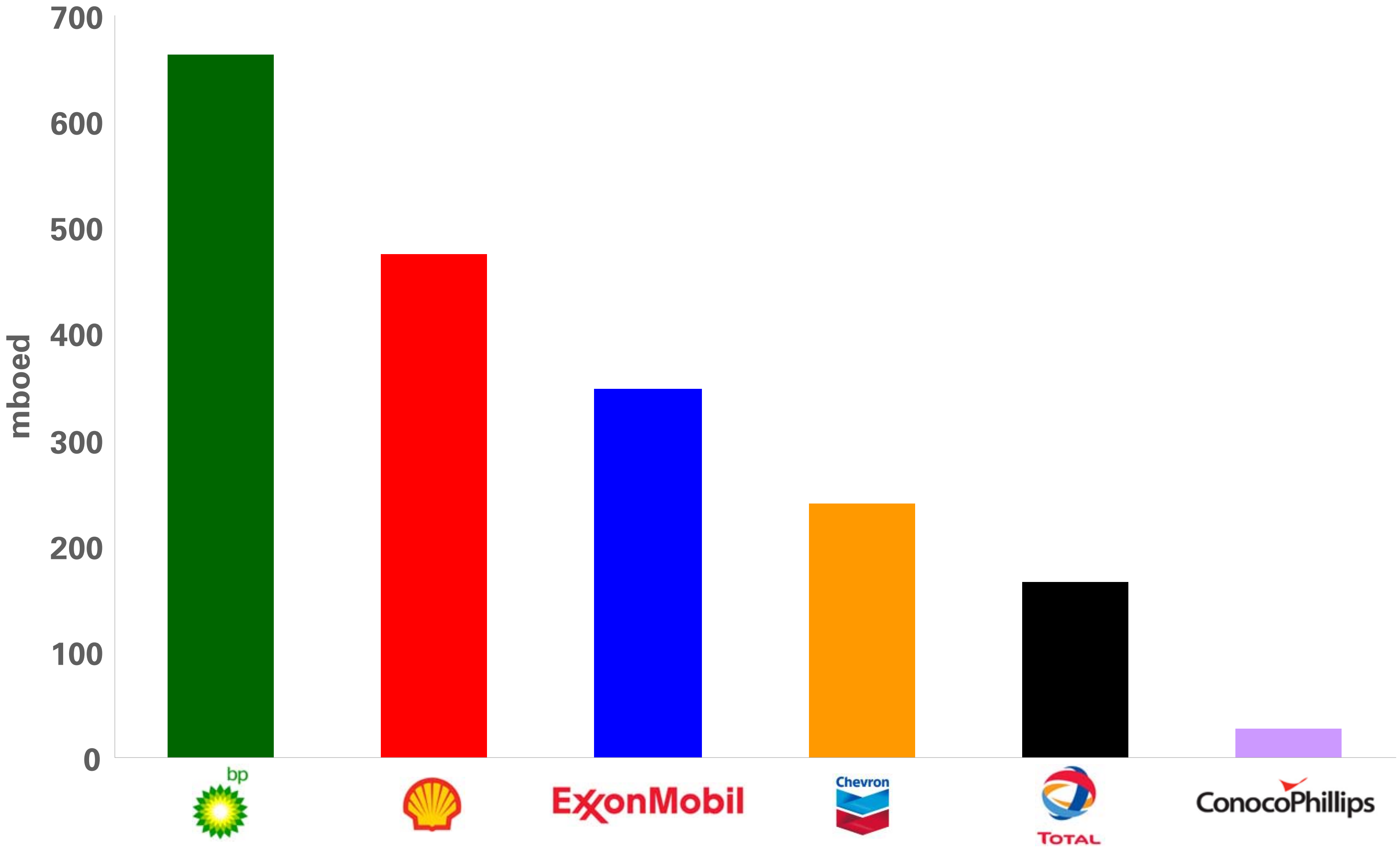
Organic Capital Expenditure above excludes:
2006 – Rosneft; 2007 – asset exchanges with Occidental
2008 – accounting treatment related to our transactions with Husky and Chesapeake
2009 – BG asset swap and Eagle Ford
2010 – BP projections

Growth beyond 2015



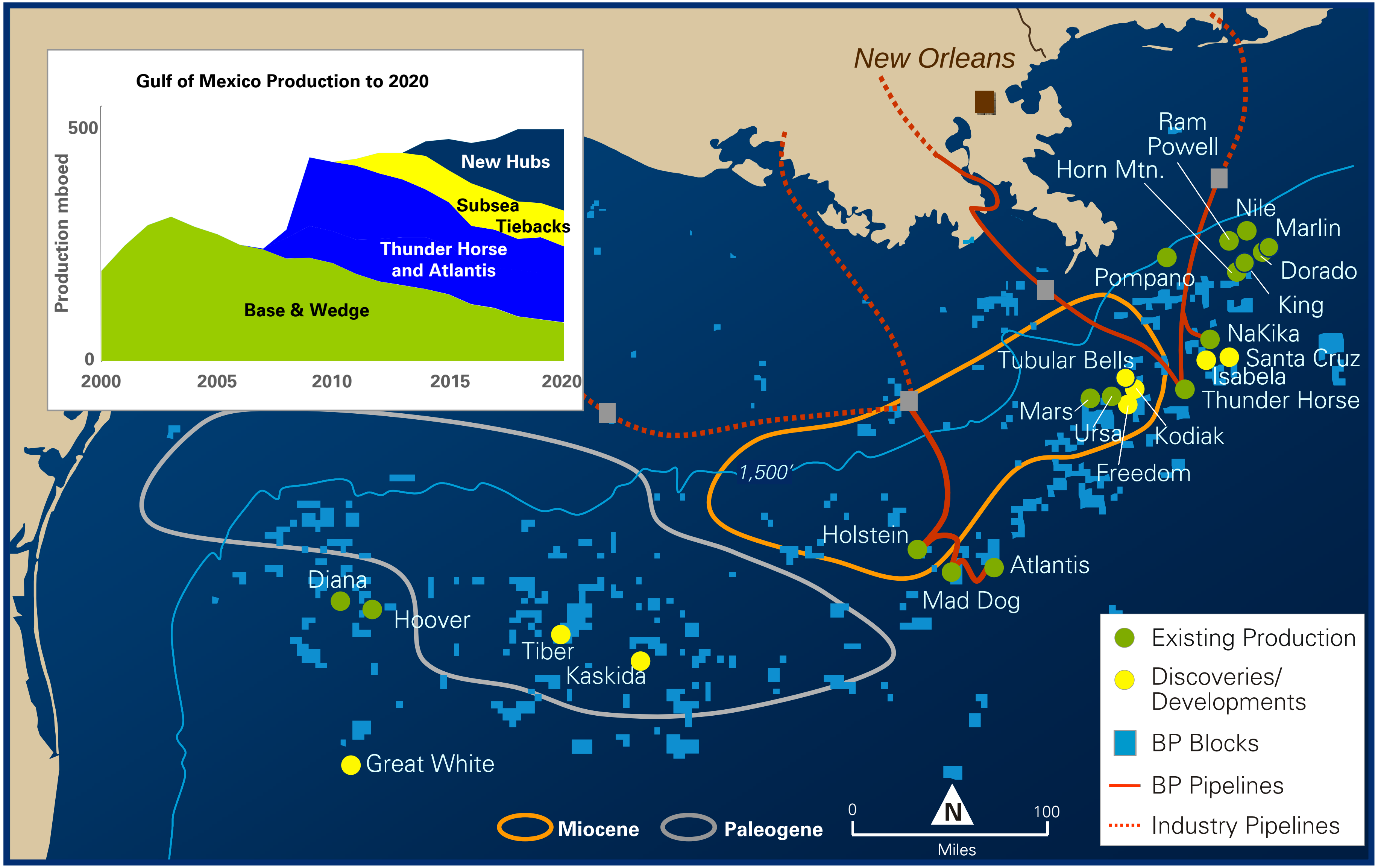


Leading deepwater company

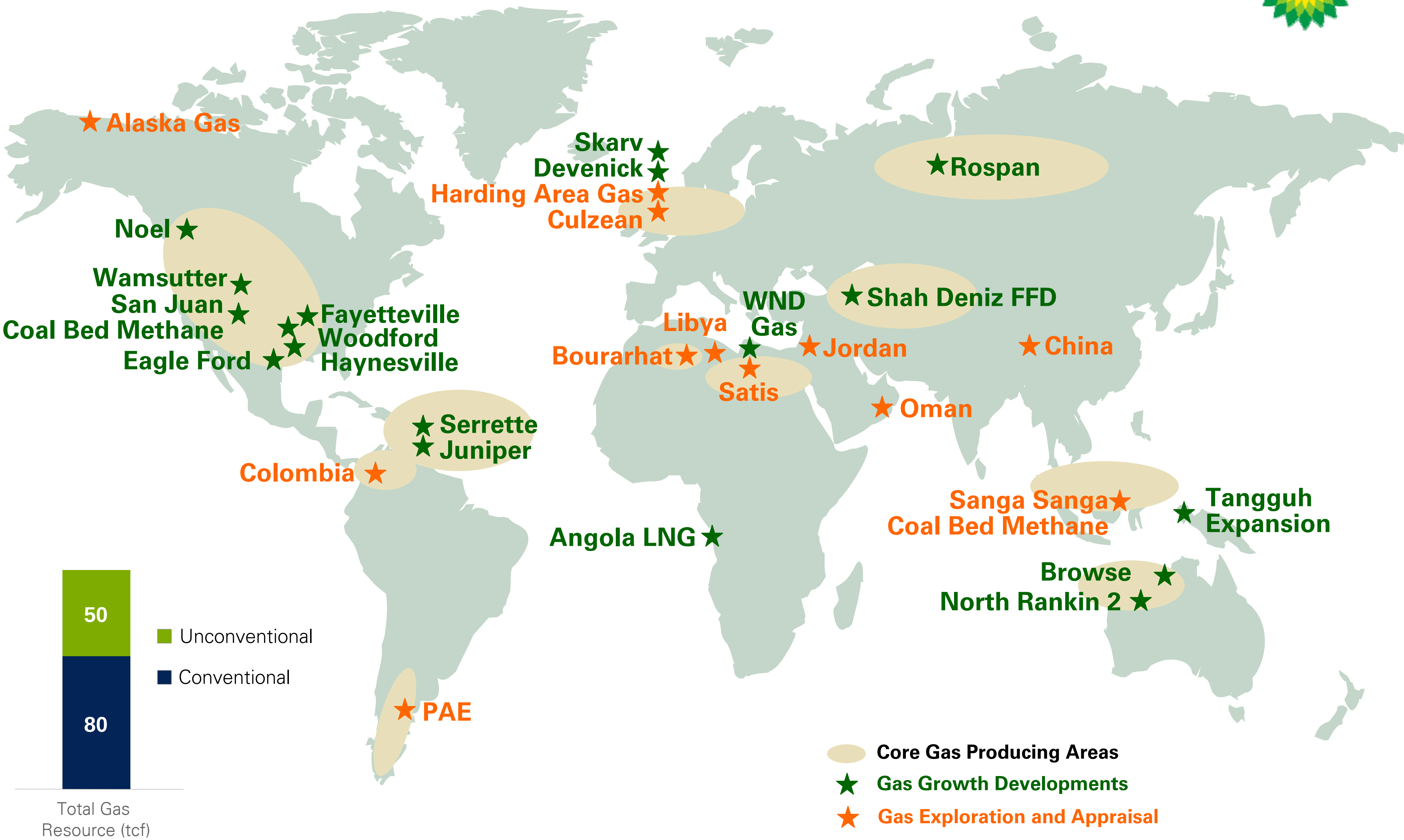


2009 net production.
Source: Wood MacKenzie
Deepwater refers to all fields in >500m water depth

Gulf of Mexico – further growth potential

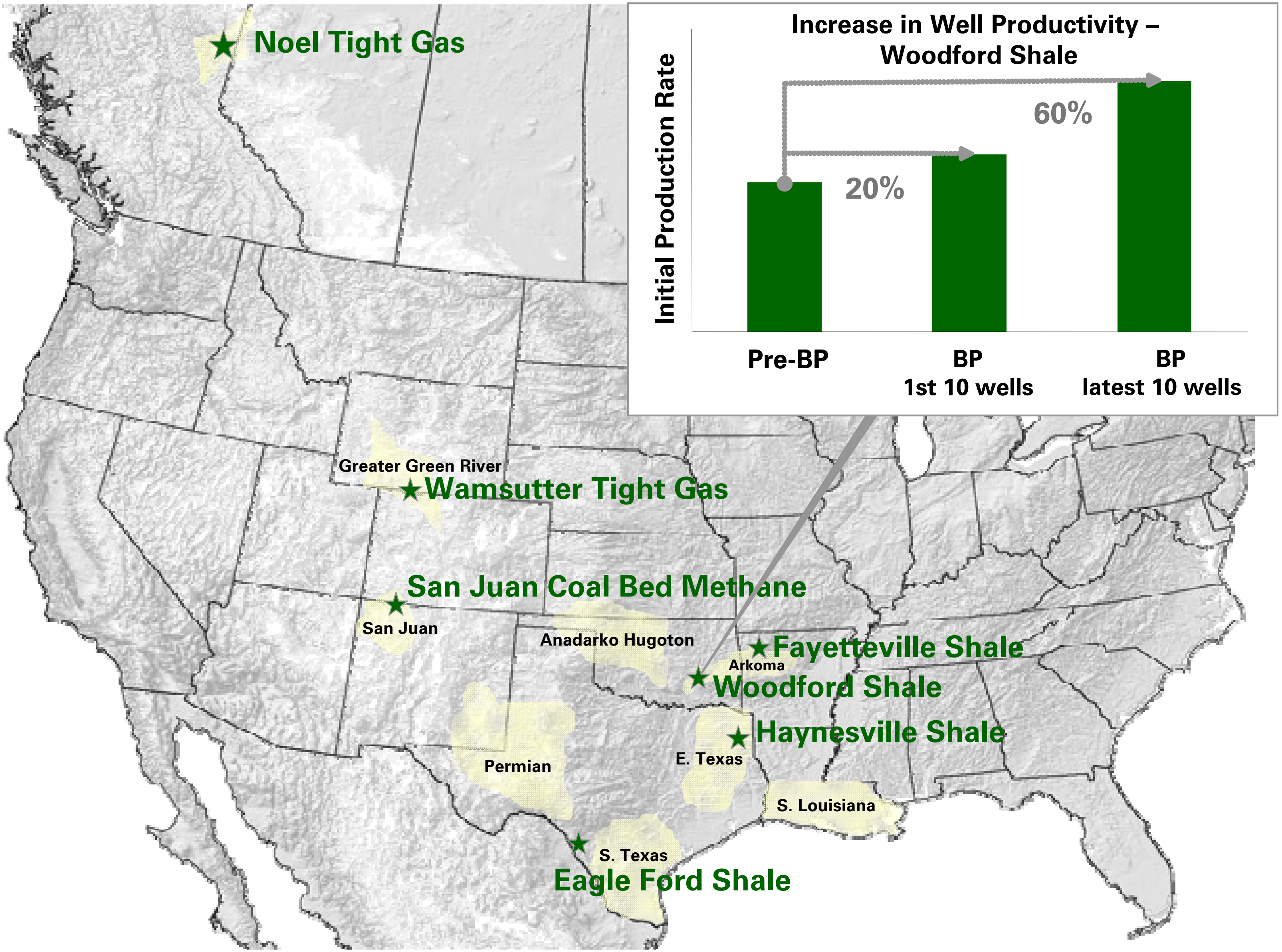


Global gas



Resources at end-2009 on a combined basis of subsidiaries and equity-accounted entities

North America Gas



Managing the world's giant oilfields

- Track record in giant oilfield development
  - Prudhoe Bay
  - ACG
  - Samotlor
  - Thunder Horse
- Rumaila*
  - 66bn bbls oil in place
  - 12bn bbls produced
  - 17bn+ bbls further potential

* *Resource in place, produced and potential figures represent BP estimates*

TNK-BP update

2009: continued success story

- Governance and shareholder alignment
- Safer operations
- Volume growth
- Solid financial performance

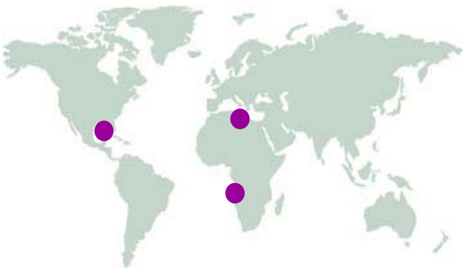
2010: expected performance

- Investment $4bn
- Production growth 1-2%
- Continued focus on cost efficiency
- Focus on development of Greenfield projects

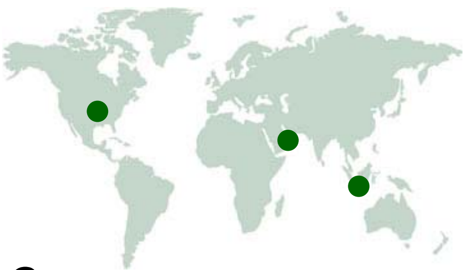
2010 BP projections

TNK-BP: future growth

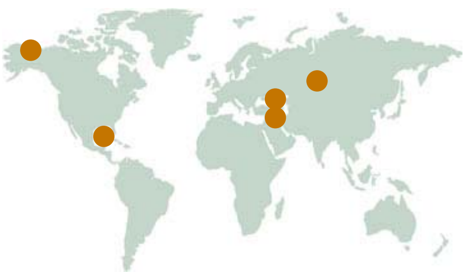
Technology: at the heart of our portfolio



Deepwater



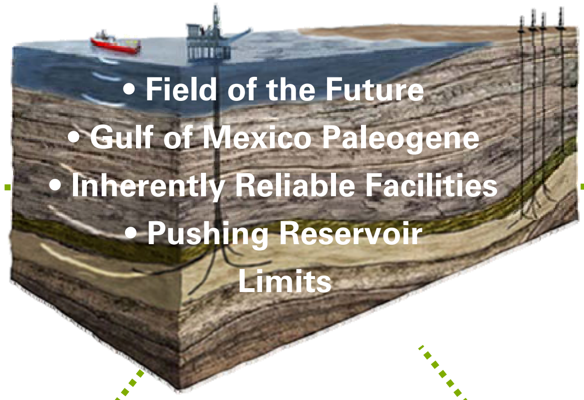
Gas



Giant oilfields

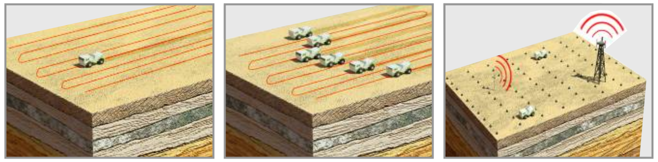
Technology Flagships

- Advanced Seismic Imaging
- Beyond Sand Control
- Efficient Reservoir Access



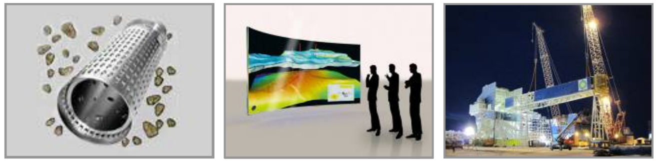
- Field of the Future
- Gulf of Mexico Paleogene
- Inherently Reliable Facilities
- Pushing Reservoir Limits

- Unconventional Gas
- Unconventional Oil
- Subsea Well Intervention/ Deepwater Facilities



Conventional | ISS™ Method | Cableless trials

Imaging – resource access



Advanced sand control | Intelligent targeting | Minimizing footprint

Drilling – well productivity

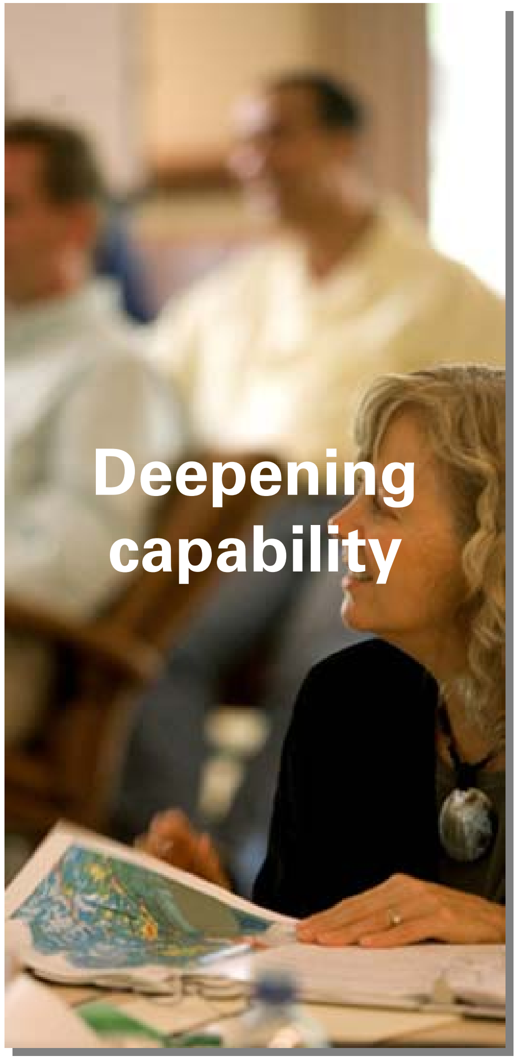
Available water | Modified water | Designer water

Recovery – displacement

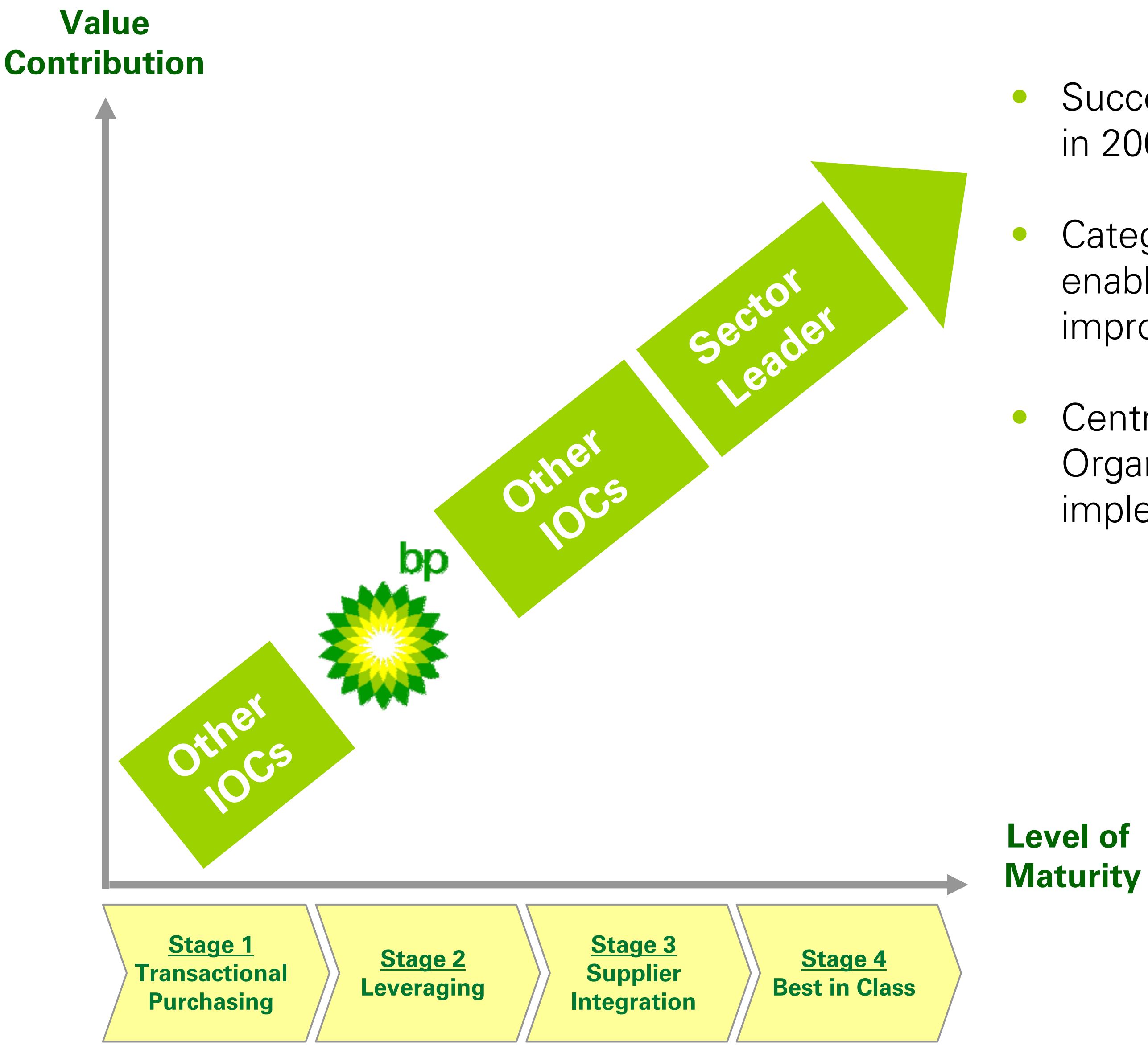
Growth to 2020

- Average 1-2% p.a. volume growth to 2015
- Increasing potential to sustain growth to 2020
- Underpinned by growing resource base and quality through choice
- Key sources of growth beyond 2015 will come from:
  - Expanding deepwater
  - Leveraging expertise in gas
  - Managing world's giant oilfields
- Enabled by application of technology

Efficiency growth: key sources

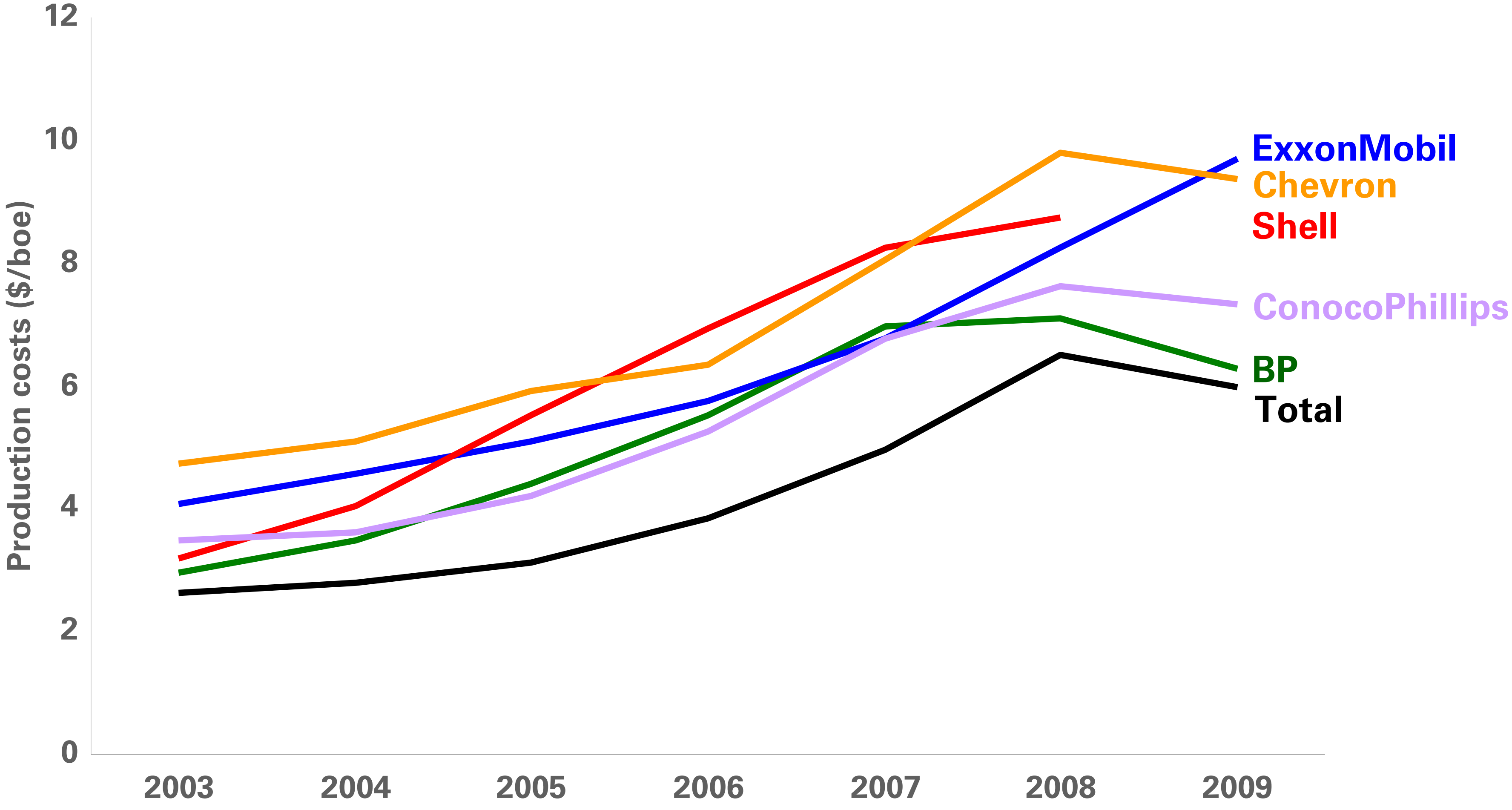


Supply chain opportunity



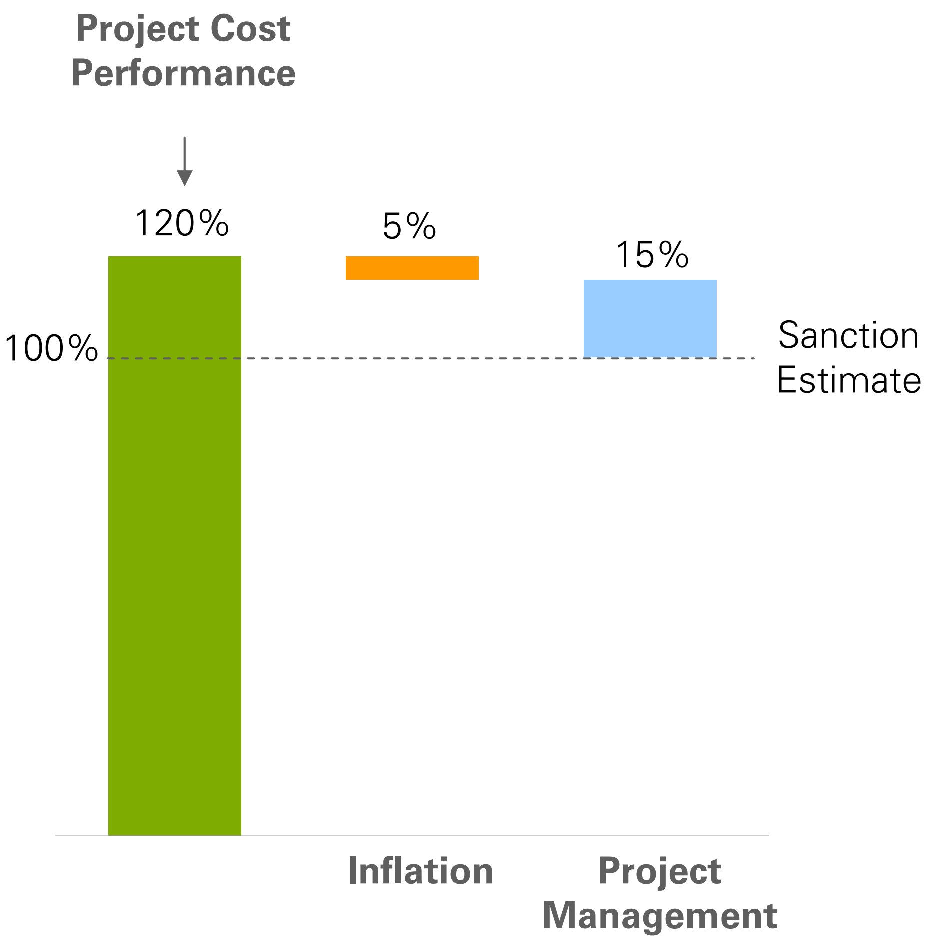
- Success in capturing deflation in 2009
- Category management enables sustainable improvement
- Centralized Developments Organization accelerates implementation

Momentum on production costs



Production costs and production from reserves per annual Supplemental Oil and Gas disclosure in 10-K / 20-F. Consolidated subsidiaries only.
Data prior to 2009 excludes mined oil sands.
Total's 2009 production costs estimated based on disclosure from 4Q09 results presentation.

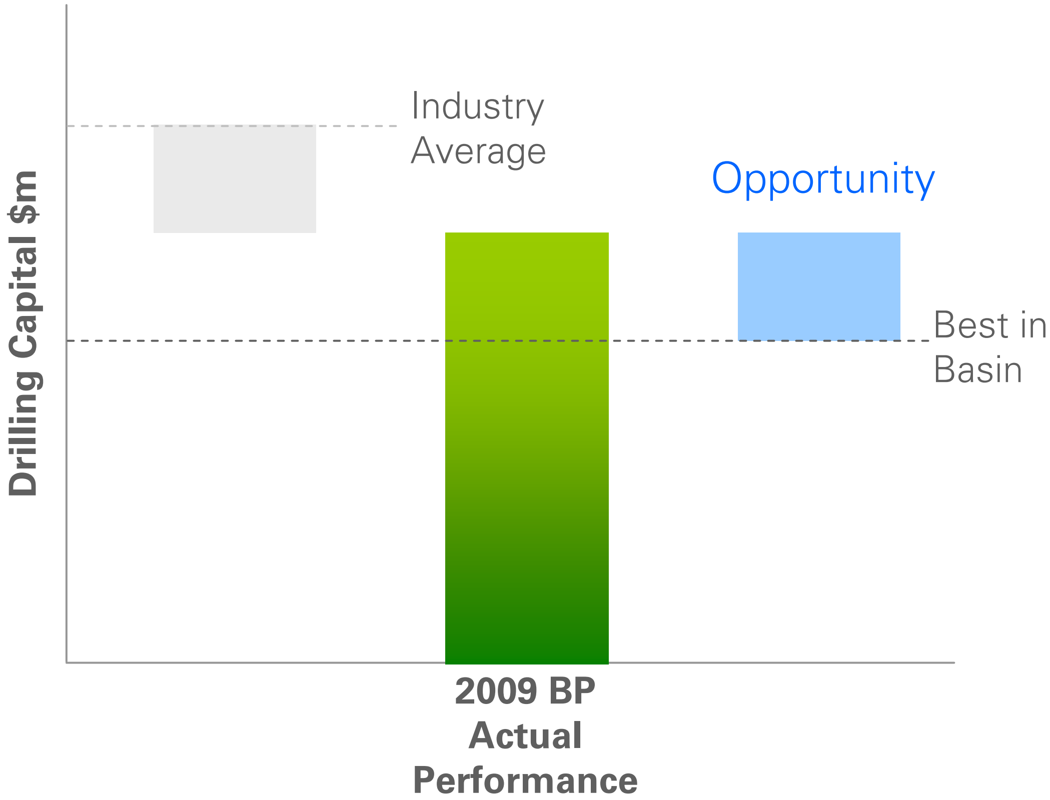
Projects efficiency opportunity



- Project spend 20% above sanction estimate over last 5 years
- Close the gap by:
  - Supply chain management to better mitigate inflation and deliver higher quality
  - Centralized Developments Organization to improve project execution

Data based on BP Operated Major Projects portfolio in 2004-2008

Drilling efficiency opportunity



- Drilling performance improved 15% over 2 years
- Global benchmarks 1st / 2nd quartile in most SPUs
- Efficiency gains resulted in $0.5bn savings in 2009

Source: Benchmarking data based on BP internal and industry (e.g. Rushmore Reviews) databases

Profit growth, cost and capital efficiency

- Diverse portfolio, underpinned by a growing resource base
- Strong strategic, operational and cost momentum in 2009
- Average 1-2% p.a. volume growth to 2015
- Increasing potential to sustain growth to 2020
- Changes in process to sustainably drive capital and cost efficiency

Iain Conn

Chief Executive, Refining & Marketing

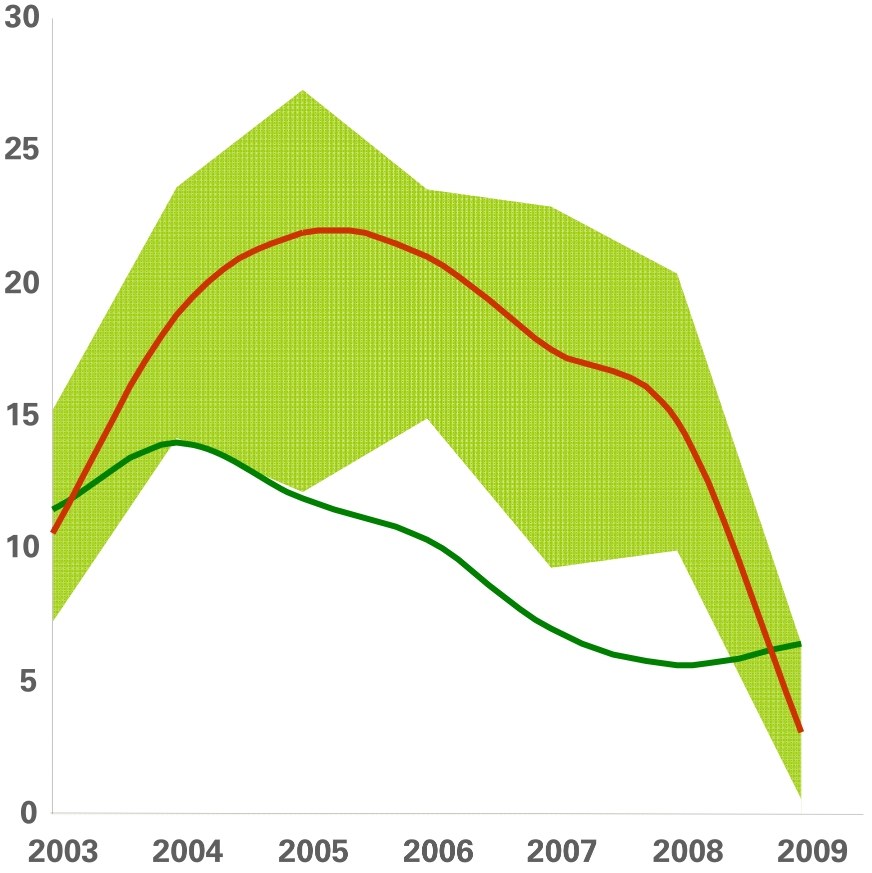
The Downstream turnaround

- Safe operations and OMS[1]
- Behaviours and core processes
- Restoring missing revenues and earnings momentum
- Business simplification
- Repositioning cost efficiency

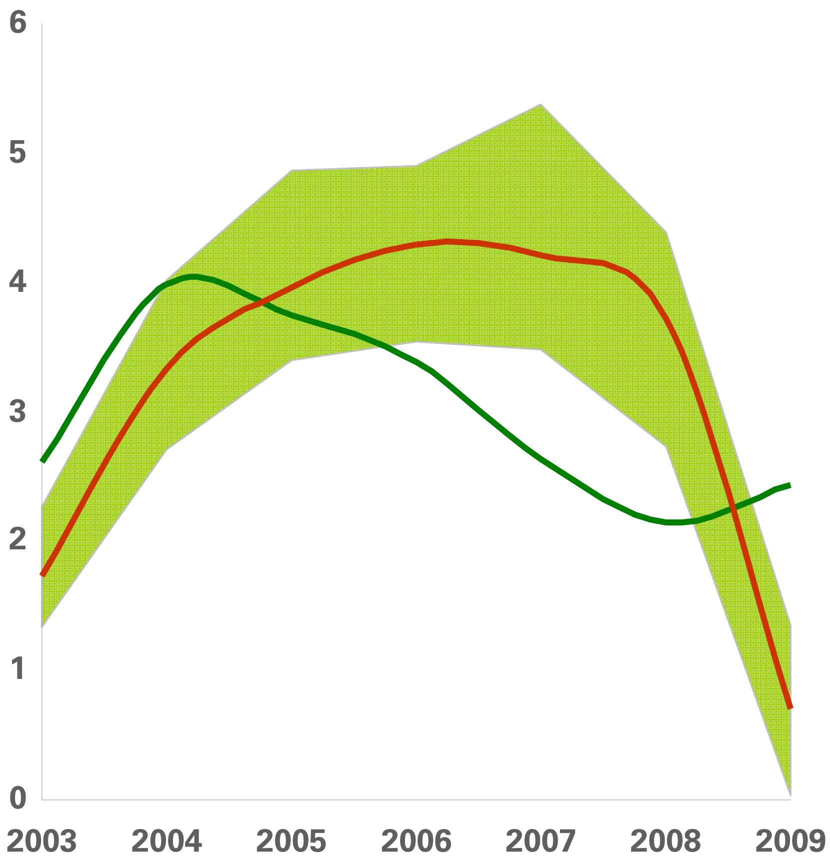
(1) OMS – Operating Management System

Phase 1 - Competitive gap is closed

Underlying ROACE[1] % (post tax)



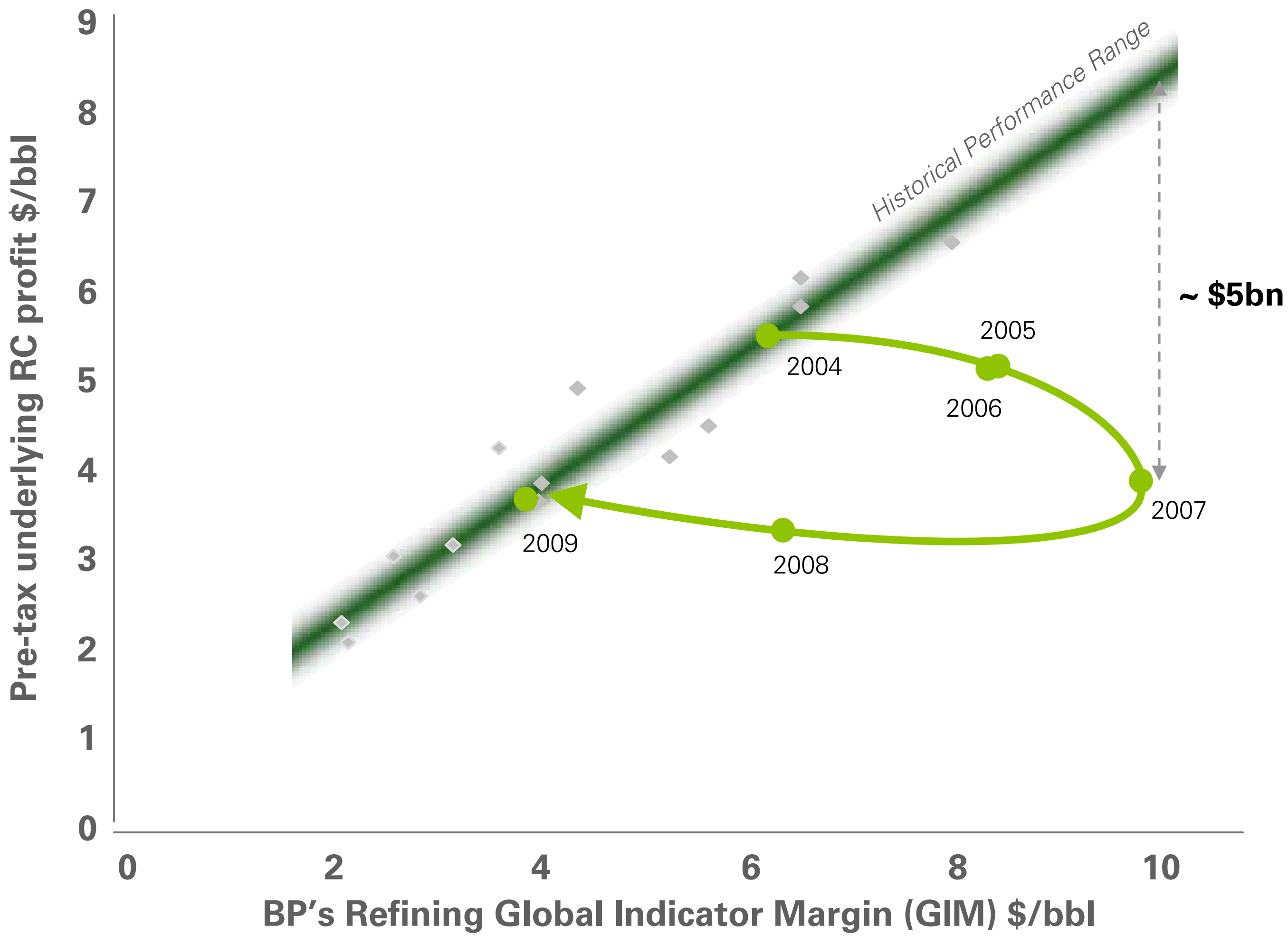
Underlying Net Income $/bbl [3]



Competitor average[2] BP R&M Competitor range[2]

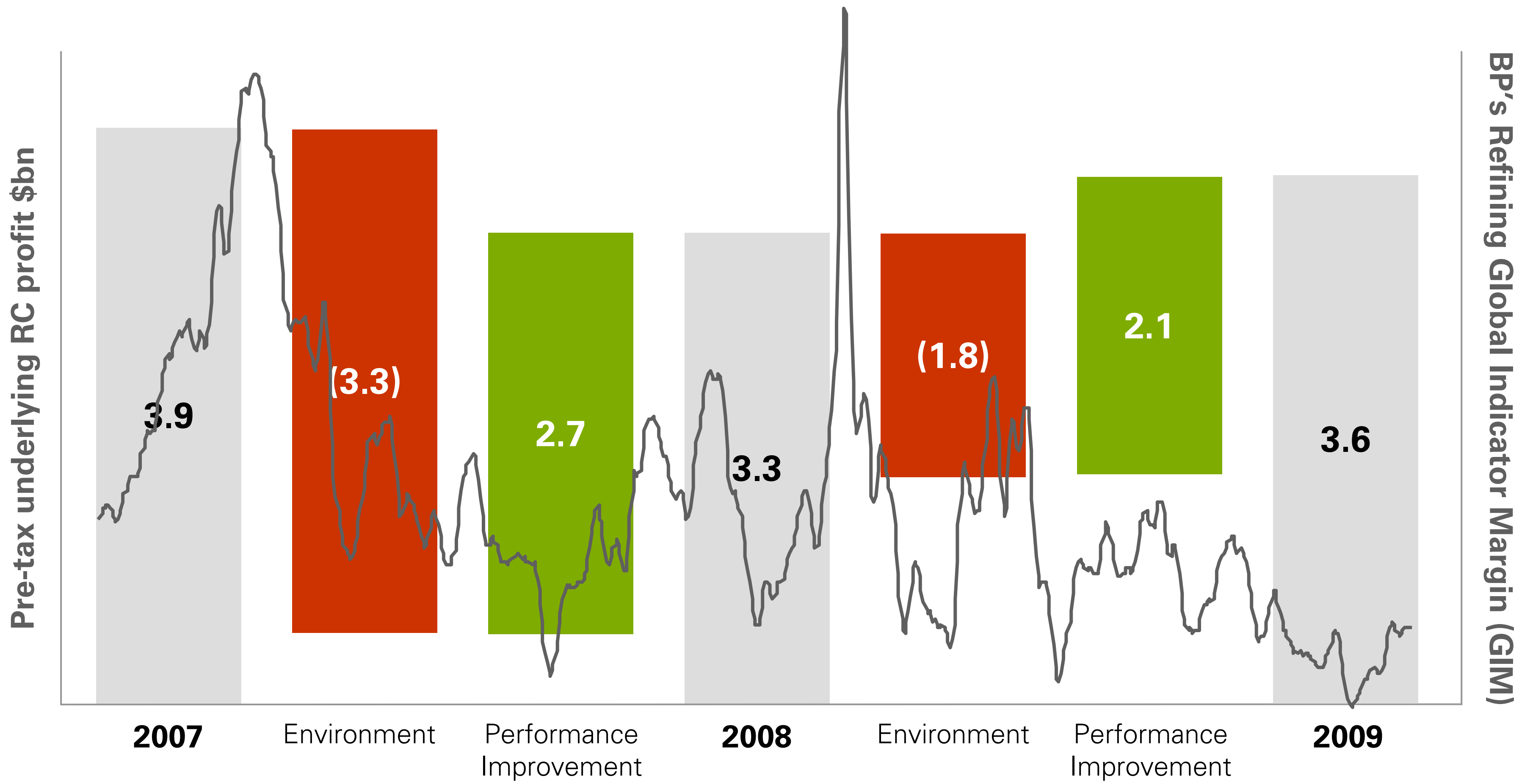
(1) BP and competitor return on average capital employed data adjusted to comparable basis
(2) Competitor set comprises R&M segments of Super Majors
(3) Capacity as stated in F&OI / Company Disclosures

Performance recovery 2007–2009



Regression line established from rolling 4Q averages in period 2001–2004
Based on nameplate capacity as stated in F&OI = maximum sustainable rate for a 30 day period

Performance momentum 2007–2009



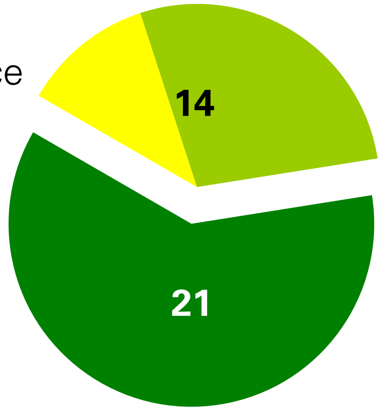
GIM $/bbl	9.9	6.5	4.0

Environment adjusted for refining margins, petrochemical margins, forex and energy costs

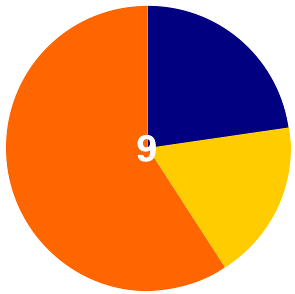
Our portfolio and performance 2007–2009

2009 average pre-tax operating capital employed $bn

Fuels Value Chains



International Businesses



Pre-tax underlying RC profit $bn

	2007	2008	2009
Fuels Marketing and Supply	1.2	2.0	3.1
Refining	1.2	(0.7)	(1.6)
International Businesses	1.5	2.0	2.1
Total Refining & Marketing	**3.9**	**3.3**	**3.6**

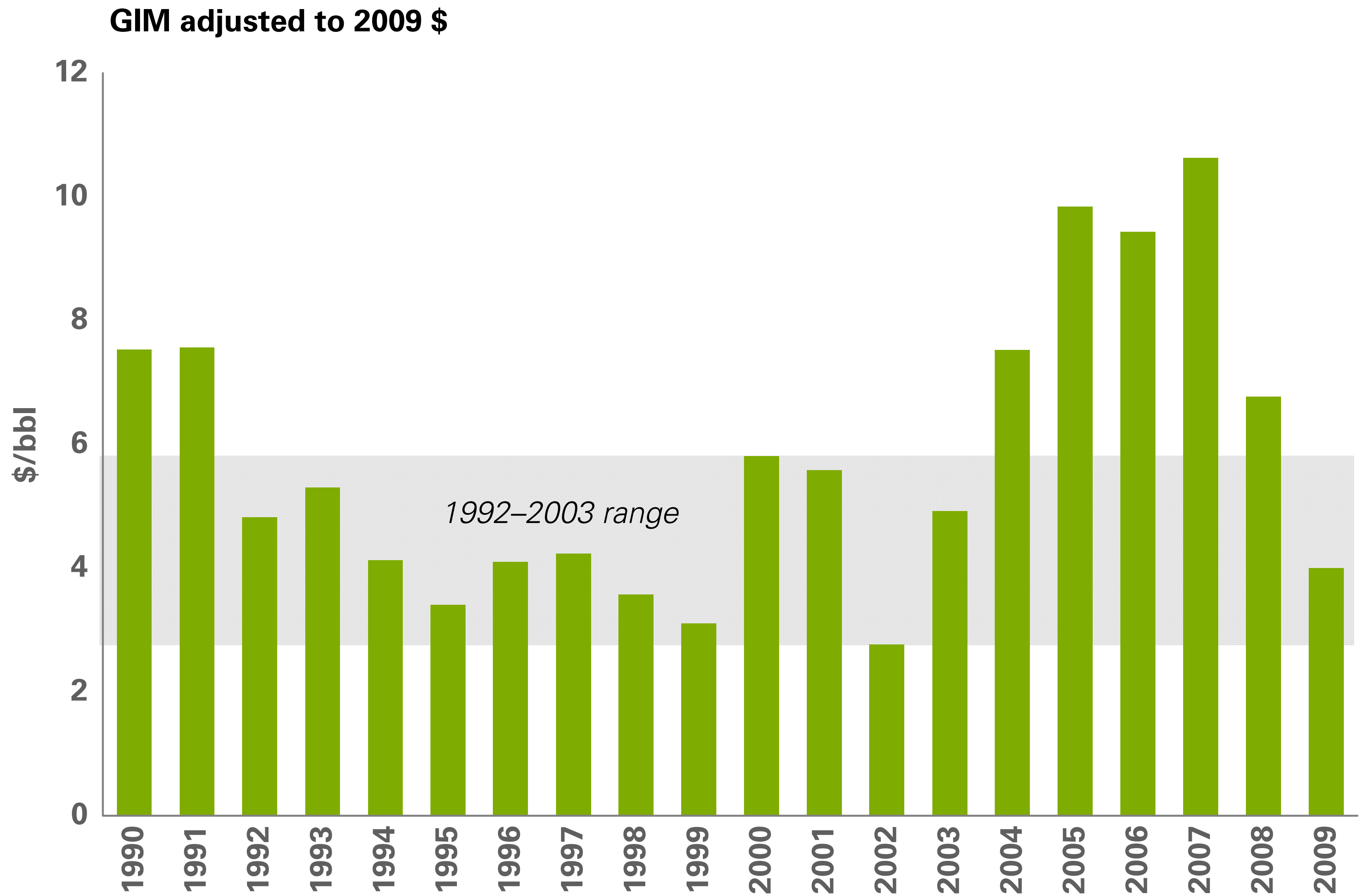
Relative areas in pie charts based on average operating capital employed (pre tax)

Sources of gap closure 2007–2009

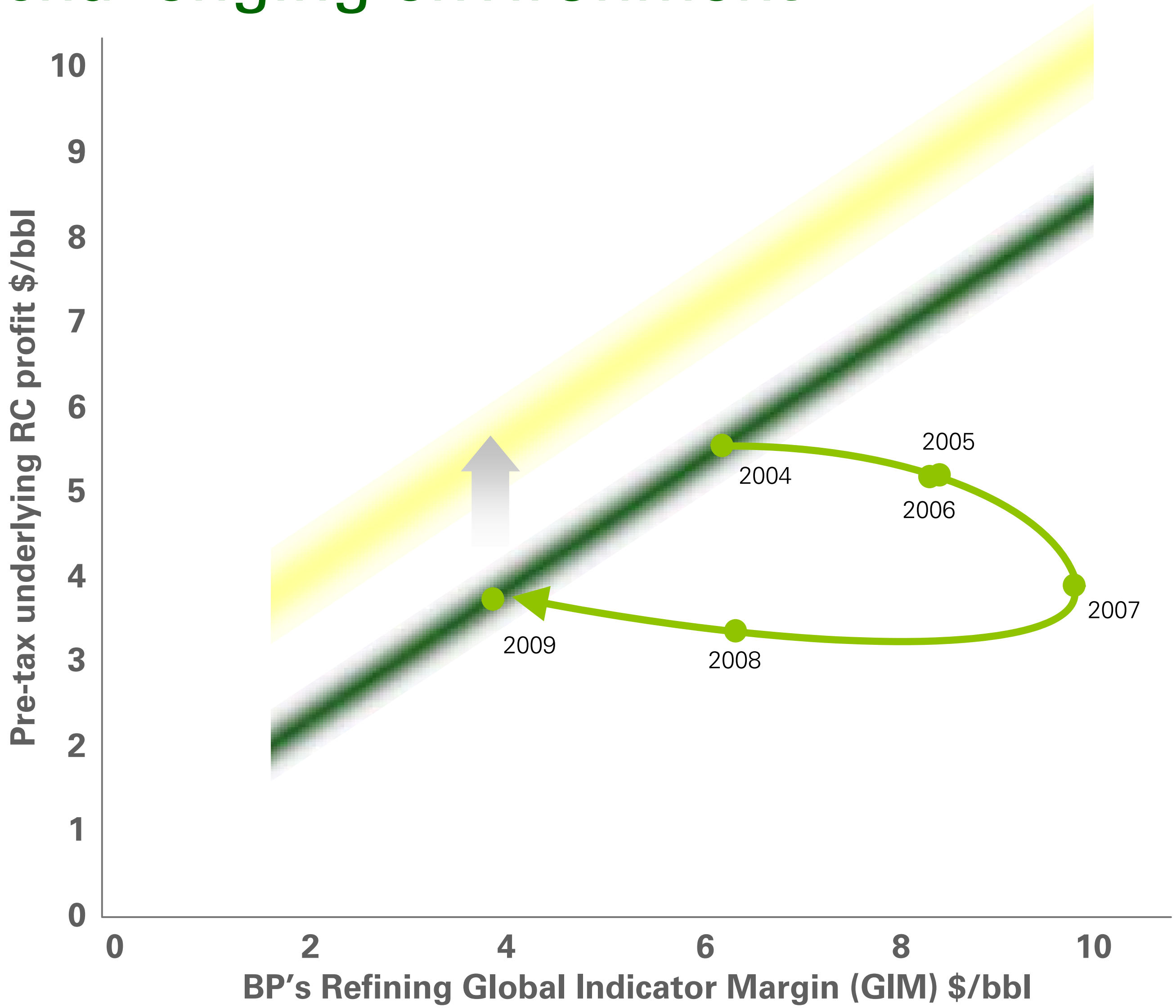
	2007	2008	2009
Repositioning cost efficiency		**$0.6bn**	
Simplification		**$1.4bn**	
Restoring revenues & earnings momentum		**$2.8bn**	
		$4.8bn[1]	

(1) Based on underlying pre-tax RC profit per annum, adjusted for refining margins, petrochemical margins, forex and energy costs

Refining margins 1990–2009

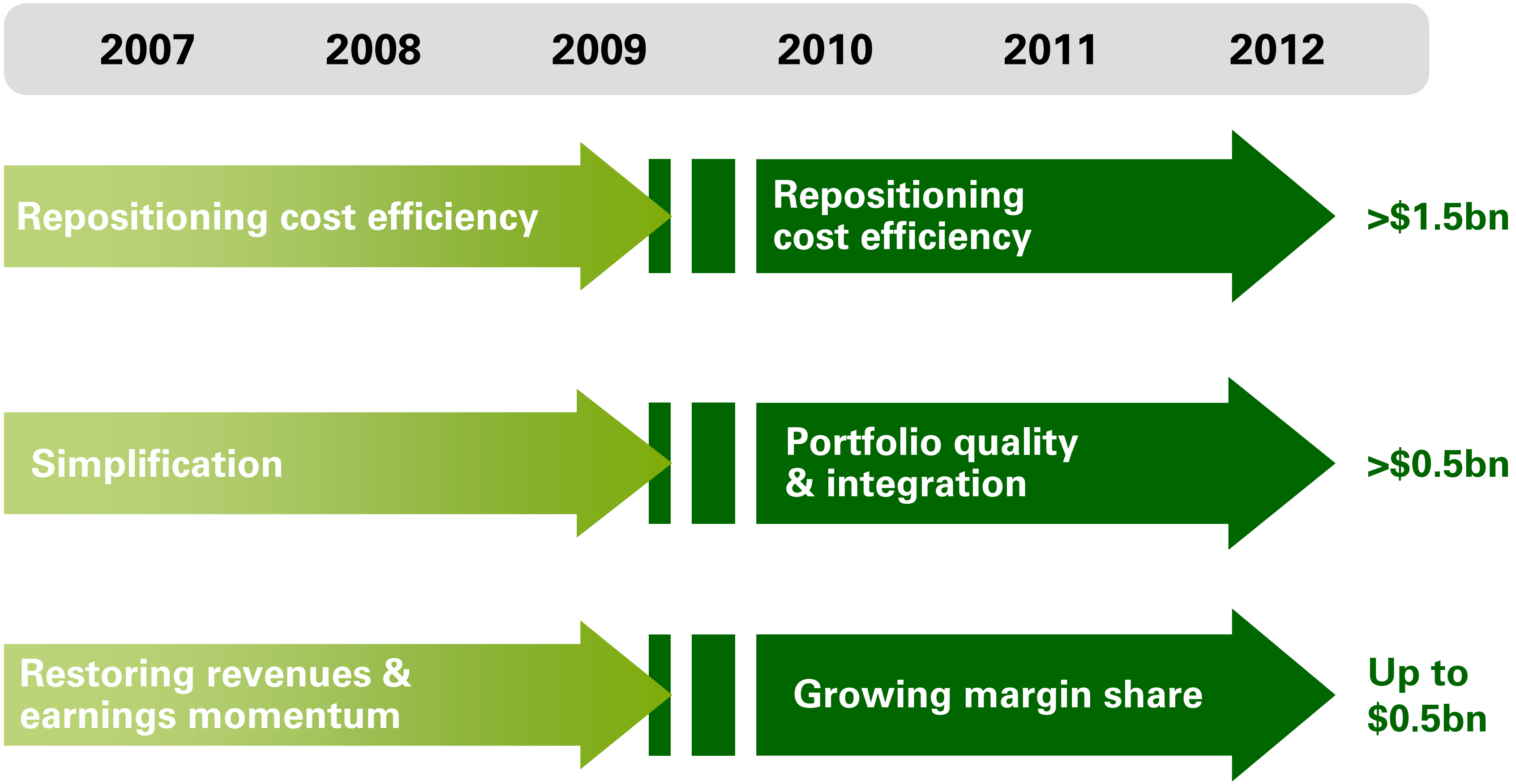


Phase 2 – Winning performance in a challenging environment



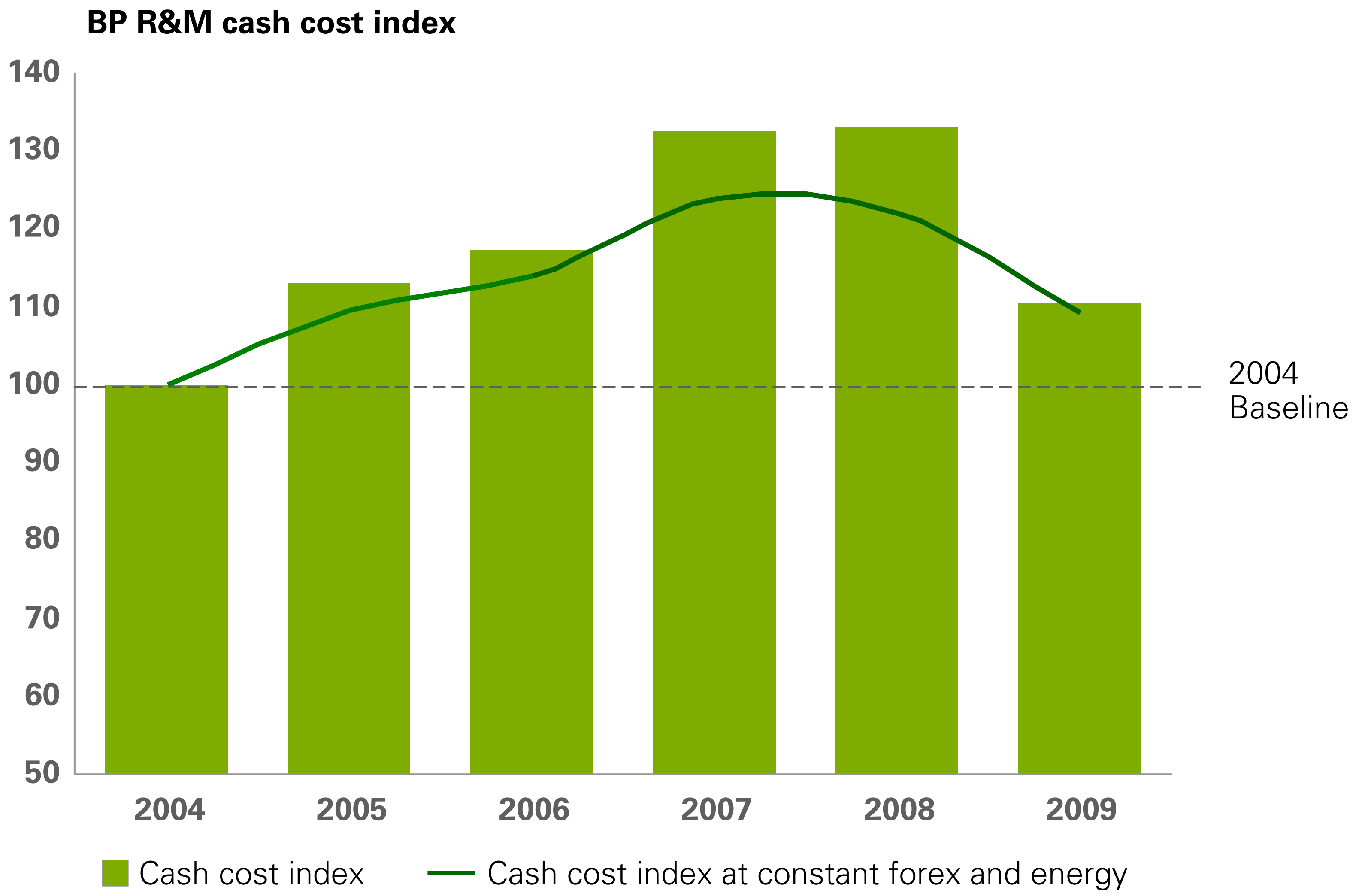
Regression line established from rolling 4Q averages in period 2001–2004
Based on nameplate capacity as stated in F&OI = maximum sustainable rate for a 30 day period

Performance opportunity: efficiency, quality and integration



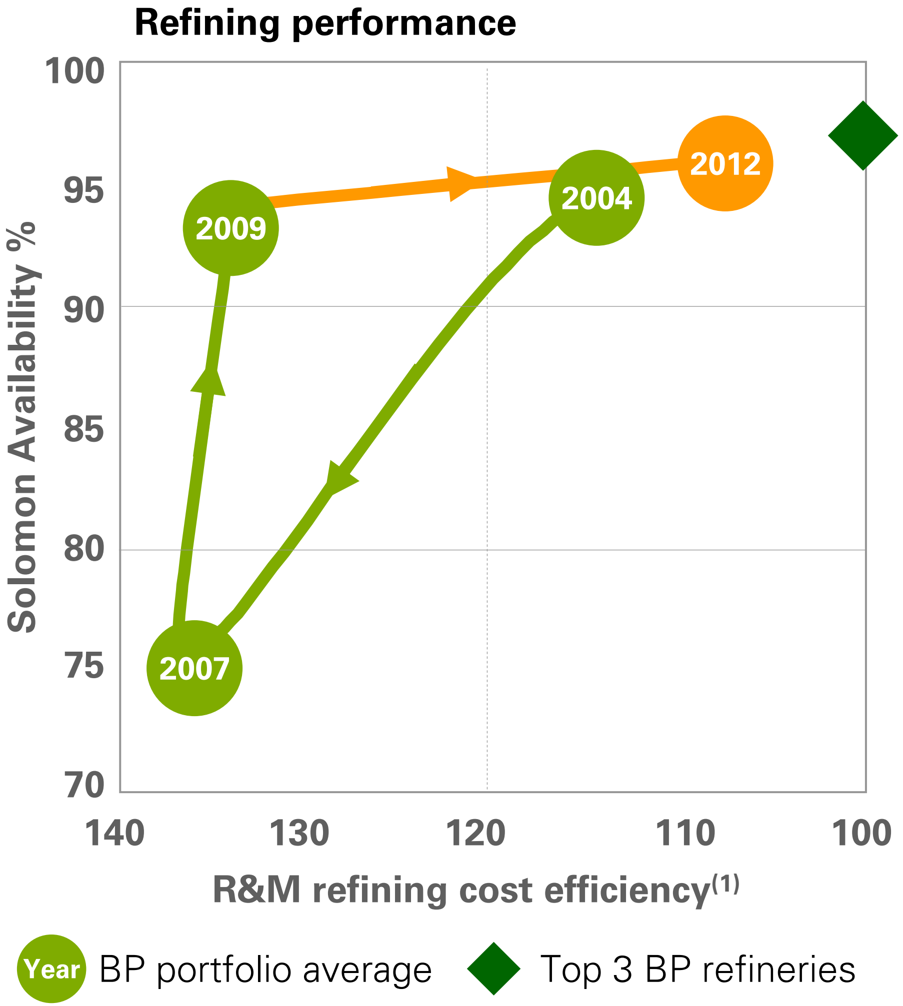
Values based on underlying pre-tax RCP per annum at 2009 conditions

Repositioning cost efficiency



Adjusted to exclude major historic divestments

Improving efficiency
Refining



- Planning and execution
- Turnarounds and projects
- Contractor management
- Sourcing
- Energy efficiency

(1) *Based on Solomon non-energy operating expense per Effective Distillation Capacity (indexed to top three R&M refineries)*

Improving efficiency
Other sources

- Manufacturing efficiency
- Procurement & Supply Chain Management
- Business service centres
- Business process efficiency
- Overheads and functions
- Logistics and marketing channels
- Focused footprint

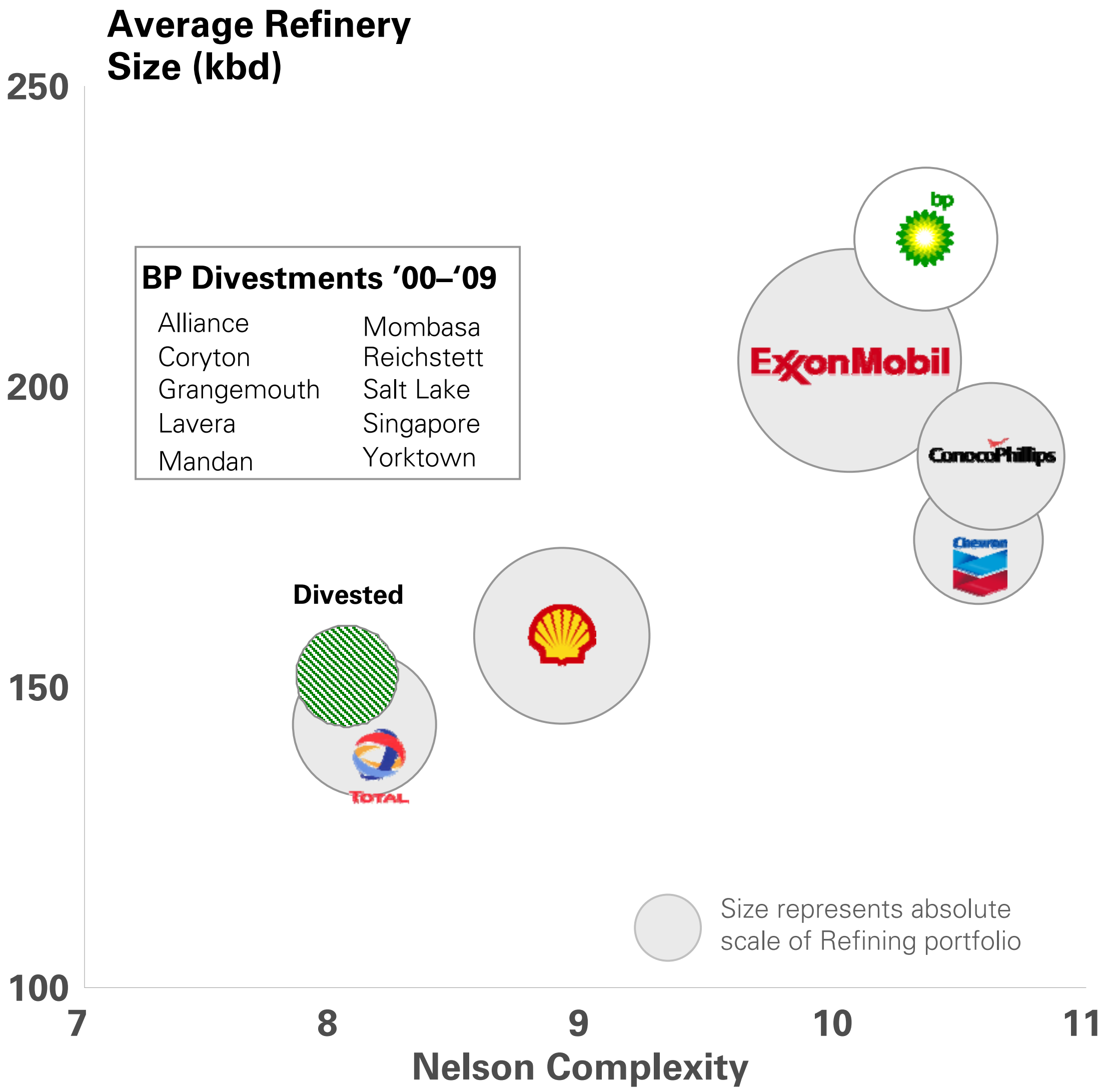
Fuels Value Chains: quality & integration

- Right markets, right locations
- Advantaged refineries and logistics
- Quality products and brands
- Marketing and channel management
- Supply optimisation and trading
- Common processes and back office

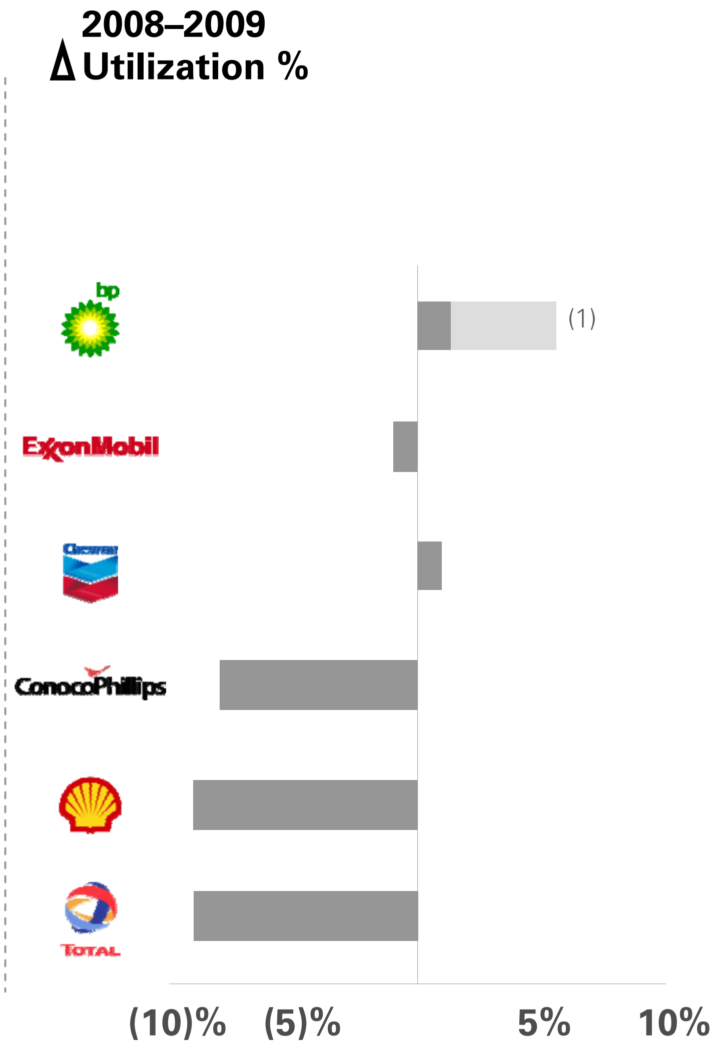
Crude

Customer

Global refining quality



Source: Oil & Gas Journal 2010



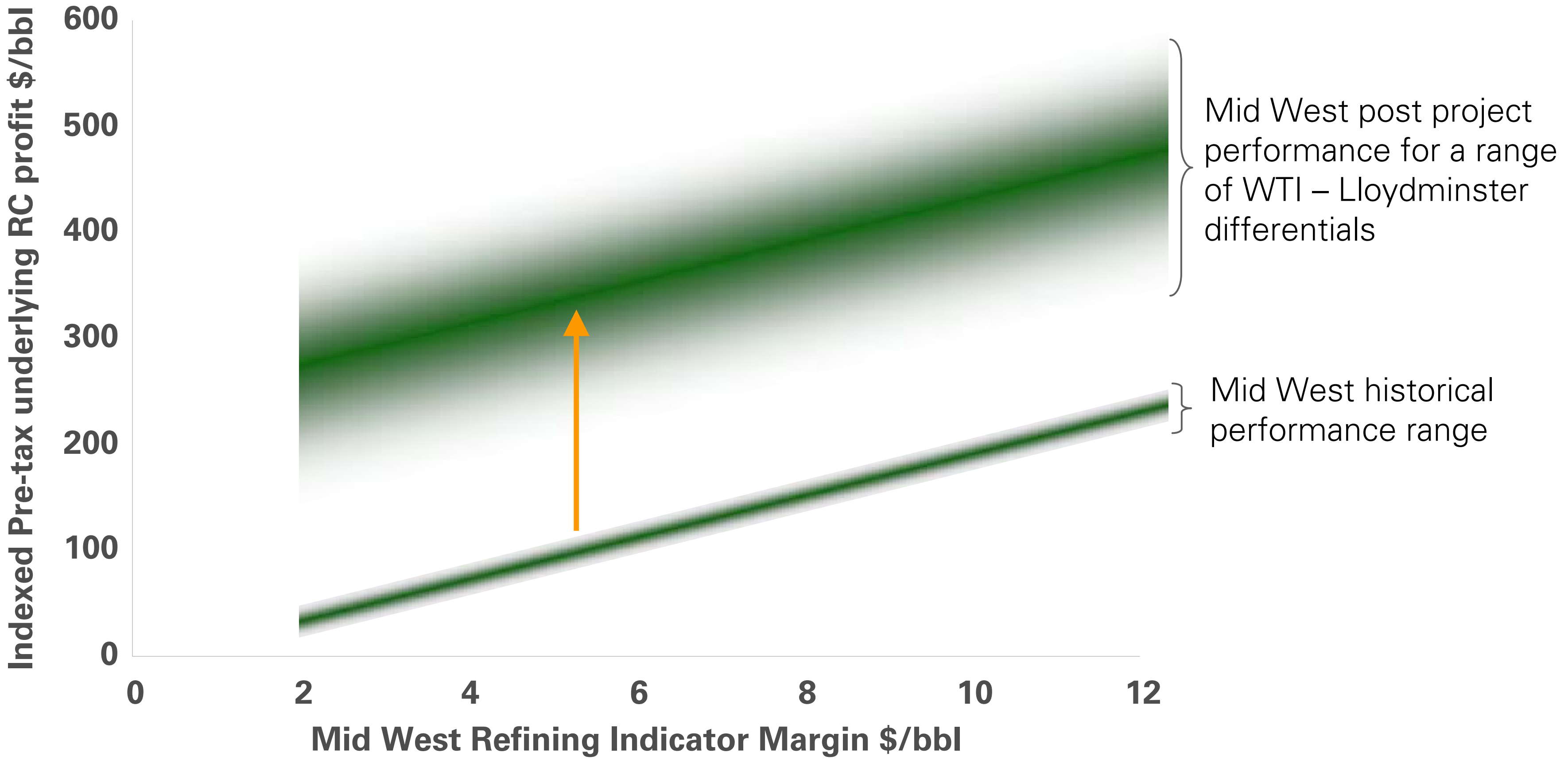
Source: Company disclosures, F&OI, ARA

(1) Light shaded area represents utilization improvement from restoring Texas City

Whiting Refinery Modernization Project

- Major rebuild of CDU to process heavy crude
- New world scale 100kbd state of the art 6 drum coker
- New world scale sulphur removal and gas oil hydrotreating units
- Refinery infrastructure upgrade
- Leveraging location advantage
- Commissioning 2012

Whiting Refinery Modernization Project
Sources of value

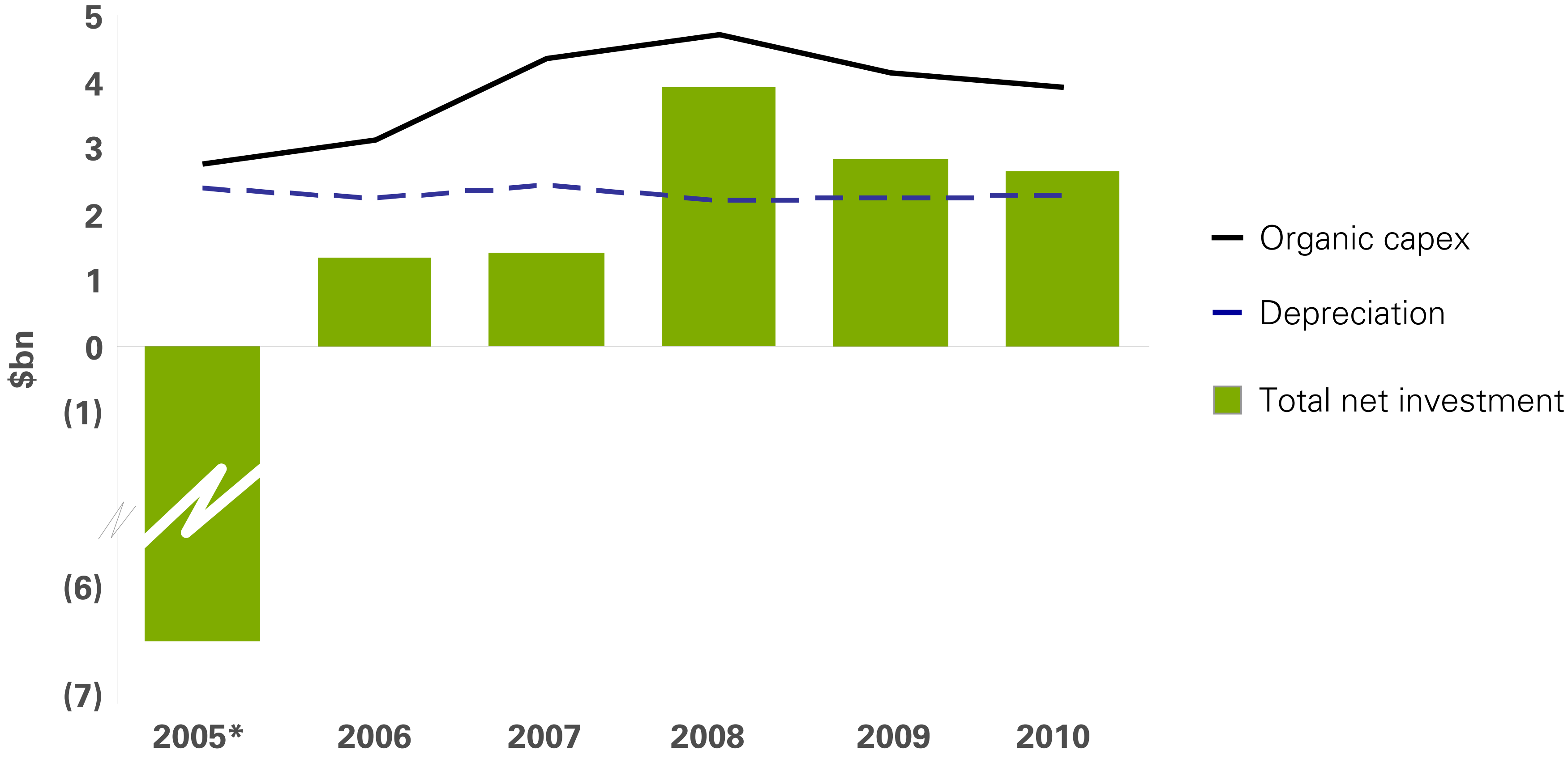


Regression line established from rolling 4Q averages in period 2002–2006
Based off nameplate capacity as stated in F&OI = maximum sustainable rate for a 30 day period

International Businesses: quality and growth

- Material market shares
- 40% of capital employed in growth markets
- Leading technologies
- Strong customer relationships
- Premium brands
- Margin share growth

Net investment



2010 BP projections

* *Includes $8.3bn proceeds for Innovene sale*

Safety, efficiency, quality and integration

- Safe and reliable operations remains #1
- Over $2bn p.a. of pre-tax performance opportunity in 2–3 years
- Costs: return to below 2004 levels
- Refining: targeting break-even in similar environment to 2009
- Whiting Refinery Modernization Project on-stream during 2012
- Portfolio: focus on quality and integration
- Margin share growth
- Sustainable contribution to group cash flow and dividend

Tony Hayward

Group Chief Executive

Realising the opportunity

Exploration and Production

- **Production**
  - Average 1-2% p.a. volume growth to 2015
  - Increasing potential to sustain growth to 2020
- **Efficiency**
  - Projects: improve capital efficiency
  - Drilling: close gap to best well in each basin
  - Production costs: maintain momentum

Refining and Marketing

- **Costs:** return to below 2004 levels
- **Refining:** targeting break-even in similar environment to 2009

Capex and divestments 2008–2010

$bn	2008	2009	2010
Exploration & Production	15.6	**14.7**	**~ 15**
Refining & Marketing	4.7	**4.1**	**< 4**
Other (including Alternative Energy)	1.4	**1.2**	**< 1**
Organic capital expenditure	**21.7**	**20.0**	**~ 20**
Divestments	**0.9**	**2.7**	**2-3**

2010: BP estimates

Strategy

- **Upstream** profit growth, cost and capital efficiency
- **Downstream** turnaround, cost efficiency
- **Alternative Energy** focused and disciplined
- **Corporate** efficiency

Q&A

Tony Hayward

Group Chief Executive

Byron Grote

Chief Financial Officer

Andy Inglis

Chief Executive
Exploration & Production

Iain Conn

Chief Executive
Refining & Marketing