2Q 2014 Results

29th July 2014

DS-3 drillship, Gulf of Mexico

Hello and welcome. This is BP's second quarter 2014 results webcast and conference call.

I'm Jess Mitchell, BP's Head of Investor Relations and I'm here with our Group Chief Executive Bob Dudley, and our Chief Financial Officer Brian Gilvary. Before we start, I need to draw your attention to our cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements – that is, statements related to future, not past events – with respect to the financial condition, results of operations and business of BP and certain of the expectations, intentions, plans and objectives of BP with respect to these items, in particular statements regarding: expectations regarding the delivery of the ten-point plan laid out in 2011; plans regarding future dividend payments; plans regarding future divestment of $10 billion in assets by 2015 and the use of proceeds from such divestment; prospects for future distributions to shareholders; the expected level of reported production in the third quarter of 2014; BP's plans to separate its US Lower 48 business; the expected margin capture in the fuels business in the third quarter of 2014; BP's expectations regarding the continuation of a challenging environment and the expected impact of turnarounds in petrochemicals; expectations regarding growth in underlying production in full year 2014; the expected levels of organic capital expenditure and depreciation, depletion and amortisation for full year 2014; the expected levels of gearing, the full year effective tax rate and the average quarterly charge in Other Businesses and Corporate; expectations regarding delivery of operating cash flow of $30 to $31 billion in 2014 and 2015 operating cash flow; expectations regarding underlying cash costs in the near term; expectations regarding the levels of capital expenditure in 2014 and in 2015-2018; plans to focus on maximising production from Prudhoe Bay and progressing the Alaskan LNG opportunity; expectations regarding BP's participation in wells in 2014; plans to complete a further six turnarounds by year end 2014; expectations that priority wells for 2014 will deliver two-thirds of total new well production; plans regarding major projects, including the number and timing of future start-ups and expectations that current year start-ups will deliver significant operating cash flow growth out to 2018; expectations regarding operated production in the Global Wells Organization; expectations regarding Whiting refinery's potential to deliver an incremental $1 billion per annum post-tax operating cash flow; plans to continue to reduce costs and implement efficiency programmes across all businesses; plans regarding portfolio management; plans to deliver growth in sustainable free cash flow through material growth in operating cash flow coupled with strong capital discipline out to 2018; and expectations regarding legal and trial proceedings, court decisions, potential investigations and civil actions by regulators, government entities and/or other entities or parties, and BP's intentions in respect thereof.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including the timing of the receipt of relevant third party and/or regulatory approvals; the timing and level of maintenance and/or turnaround activity; the timing and volume of refinery additions and outages; the timing of bringing new fields onstream; the timing, quantum and nature of certain divestments; future levels of industry product supply, demand and pricing, including supply growth in North America; OPEC quota restrictions; PSA effects; operational problems; economic and financial market conditions generally or in various countries and regions; political stability in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought or imposed; the actions of prosecutors, regulatory authorities and courts; the impact on our reputation following the Gulf of Mexico oil spill; the actions of the Claims Administrator appointed under the Economic and Property Damages Settlement; the actions of all parties to the Gulf of Mexico oil spill-related litigation at various phases of the litigation; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors, trading partners, creditors, rating agencies and others; decisions by Rosneft's management and board of directors in respect of strategy, operations or otherwise; the actions of contractors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism, cyber-attacks or sabotage; and other factors discussed under "Principal risks and uncertainties" in BP's Stock Exchange Announcement for the period ended 30 June 2014.

Reconciliations to GAAP

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

Statement of assumptions

The operating cash flow projections in this presentation for 2014 assume an oil price of $100/bbl and a Henry Hub gas price of $5/mmBtu, and, for 2015 to 2018, assume an oil price of $100/bbl and a Henry Hub gas price of $5/mmBtu; real. These projections have been adjusted to (i) remove TNK-BP dividends from 2011 operating cash flow; (ii) include BP's estimate of Rosneft dividends; and (iii) include the impact of payments in respect of the settlements reached of all criminal and securities claims with the U.S. government. These projections do not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Gulf of Mexico oil spill which may or may not arise during such periods. As disclosed in the Stock Exchange Announcement for the period ended 30 June 2014, we are not today able to reliably estimate the amount or timing of a number of contingent liabilities.

Tables and projections in this presentation are BP projections unless otherwise stated.

July 2014

During today's presentation, we will make forward-looking statements that refer to our estimates, plans and expectations. Actual results and outcomes could differ materially due to factors that we note on this slide and in our UK and SEC filings. Please refer to our Annual Report, Stock Exchange Announcement and SEC filings for more details. These documents are available on our website.

Thank you, and now over to Bob.

Thank you Jess. Hello everyone and wherever you are in the world, I'd like to thank you for joining us today.

Agenda

Strategic progress 1H 2014

2Q 2014 Results

US legal update

Russia

Business progress

The BP Proposition

Q&A

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It's been another active and, I think, a successful quarter at BP.

We continue to move with momentum towards our key goals, not least our commitment to delivering the 10-point plan we first laid out to you in 2011. The demonstration of this is in the stronger underlying earnings and operating cash flow you are seeing in our results today compared to a year ago.

We continue to ramp up the new major projects that drive delivery of the 30 to 31 billion dollars of operating cash flow planned for this year. So we remain confident of achieving this goal. At the same time we are firmly focused on safe, reliable and increasingly efficient operations.

Earlier this year we also set out our longer-term proposition, covering the period out to 2018. As you'll recall we said that we intend to grow sustainable free cash flow through a combination of material growth in operating cash flow and capital discipline, with the intention of growing distributions to shareholders. Today you will also see the consistent progress towards the milestones that support the delivery of this plan.

So, turning to today's agenda, I will start things off with the headlines for the Group in the first half. And then Brian will take us through the results for the second quarter, along with a reminder of our financial framework and guidance.

I will then give a brief update on the ongoing legal proceedings in the US before a note on Rosneft and a look in more detail at the first half highlights from our Upstream and Downstream businesses.

And finally, there will be time at the end for questions.

Strategic progress 1H 2014

- $3.4bn of divestments agreed
- New discoveries at Orca in Angola and Notus in Egypt
- Five major project start-ups
- Ramp-up of heavy crude at Whiting refinery
- 20-year LNG supply deal signed with CNOOC
- Growing distributions
  - Dividend increase of 8.3% per share year-on-year announced in 1Q14
  - Ongoing buyback programme

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So let me start with an overview of progress in the first half of 2014, beginning with the portfolio.

Having completed the $38 billion divestment programme in 2013, we announced a further $10 billion of divestments by the end of 2015. We have now agreed $3.4 billion of this $10 billion programme and continue to look at other ways of actively managing our portfolio to generate value. You saw this in the announcement we made in March regarding the separation of our US Lower 48 business. We have already made a start on defining an operating model for the new business and are busy transitioning to a new streamlined organisational structure. We have also signed a lease on new office premises in Houston for the Lower 48 business.

In the Upstream, we have participated in the completion of ten exploration wells this year, with two significant discoveries – one at Orca in Angola and the other at Notus in Egypt.

Five new Upstream major projects have come online in the first half of the year, all in key regions for us. At the same time, we have a number of big projects ramping up, helping to drive operating cash flow growth in 2014 and beyond. We also continue to demonstrate quality in our operations, as seen through our increased levels of plant reliability.

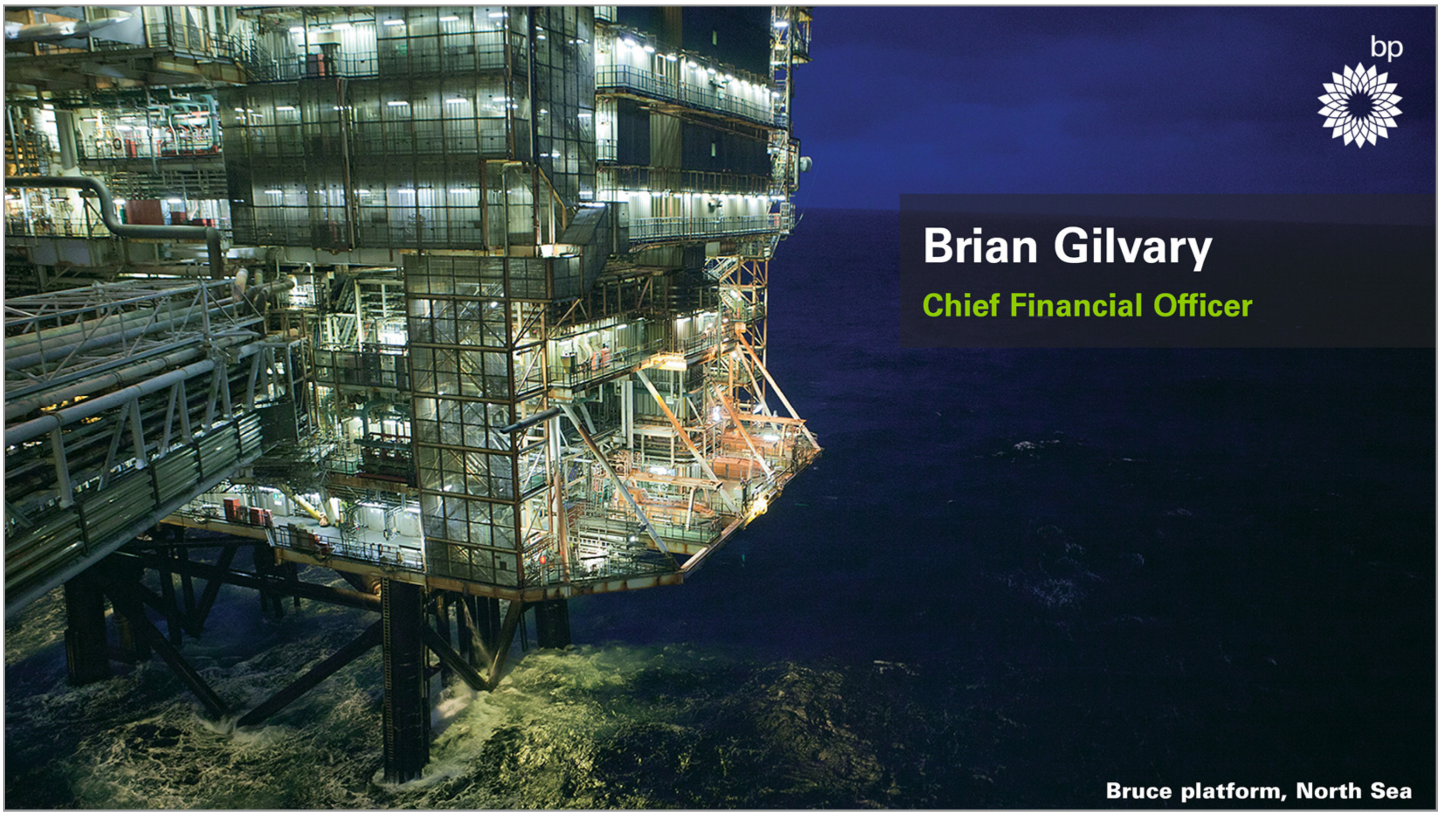
In the Downstream, the modernised Whiting refinery is up and running heavy crude and we have continued to focus the portfolio on advantaged assets and high-quality products in growth markets.

BP has also signed some important deals in the second quarter, notably a Heads of Agreement with CNOOC, the Chinese National Offshore Oil Corporation, for a 20-year LNG supply contract.

So progress is visible and all of this supports our longer-term commitment to growing distributions. In April, we announced an 8.3% year-on-year increase in the quarterly dividend, demonstrating our confidence to keep this momentum through the remainder of the year and beyond.

We have also, as promised, bought back $8 billion of our own shares since the start of 2013, completing the buybacks associated with the proceeds from the sale of our interest in TNK-BP. The buyback programme will continue, as Brian will come to later, supported by the current programme of divestments.

So let me now hand over to Brian to take you through the numbers in detail.


bp
Brian Gilvary
Chief Financial Officer
Bruce platform, North Sea

Thanks Bob.

2Q 2014 Summary

Underlying earnings figures are adjusted for the costs associated with the Gulf of Mexico oil spill, other non-operating items and fair value accounting effects

$bn	2Q13	1Q14	2Q14	% Y-o-Y
Upstream	4.3	4.4	4.7	
Downstream	1.2	1.0	0.7	
Other businesses & corporate	(0.4)	(0.5)	(0.4)	
Underlying business RCPBIT (1)	**5.1**	**4.9**	**5.0**	**(2)%**
Rosneft (2)	0.2	0.3	1.0	
Consolidation adjustment - unrealised profit in inventory	0.1	0.1	(0.1)	
Underlying RCPBIT (1)	**5.4**	**5.3**	**5.9**	**9%**
Finance costs (3)	(0.4)	(0.4)	(0.3)	
Tax	(2.2)	(1.6)	(1.9)	
Minority interest	(0.1)	(0.1)	(0.1)	
Underlying replacement cost profit	**2.7**	**3.2**	**3.6**	**34%**
Underlying earnings per share (cents)	**14.3**	**17.5**	**19.7**	**38%**
Dividend paid per share (cents)	**9.00**	**9.50**	**9.75**	**8%**
Operating cash flow (4)	**5.4**	**8.2**	**7.9**	**46%**

(1) Replacement cost profit before interest and tax (RCPBIT)
(2) Rosneft earnings are after interest, tax and minority interest
(3) Finance costs and net finance income or expense relating to pensions and other post-retirement benefits
(4) Operating cash flow is net cash provided by (used in) operating activities

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BP's underlying replacement cost profit in the second quarter was $3.6 billion, up 34% on the same period a year ago and 13% higher than the first quarter of 2014.

Compared to a year ago, the result reflects:

- Increased upstream production in higher-margin areas;
- A stronger contribution from Rosneft;
- The return and ramp-up of the modernised Whiting refinery; and
- Stronger oil and gas realisations.

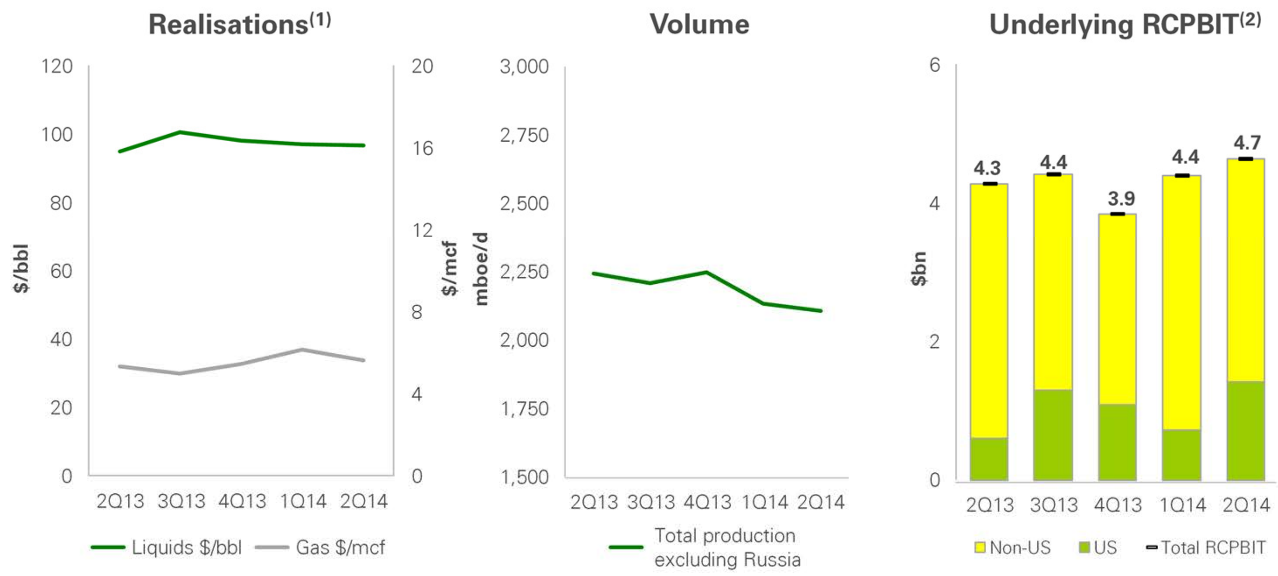
These effects were partly offset by:

- Higher DD&A;
- A significantly weaker downstream environment;
- A lower contribution from supply and trading; and
- The impact of divestments.

Second quarter operating cash flow was $7.9 billion.

Turning to the highlights at a segment level.

Upstream (excluding Russia)



(1) Realisations based on sales of consolidated subsidiaries only – this excludes equity-accounted entities
(2) Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects

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In the Upstream, the underlying second quarter replacement cost profit before interest and tax of $4.7 billion compares with $4.3 billion a year ago and $4.4 billion in the first quarter of 2014.

Compared to the second quarter of 2013 the result reflects:

– Increased production in higher-margin areas, primarily the Gulf of Mexico; and

– Higher liquids and gas realisations.

Partly offset by:

– Higher DD&A and wellwork costs; and

– The impact of divestments.

Excluding Russia, second quarter reported production versus a year ago was 6.0% lower, primarily due to the Abu Dhabi onshore concession expiry in January and the impact of divestments. After adjusting for these factors and entitlement impacts, underlying production increased by 3.1%.

Compared to the first quarter, the result reflects:

– Increased production in higher-margin areas; and

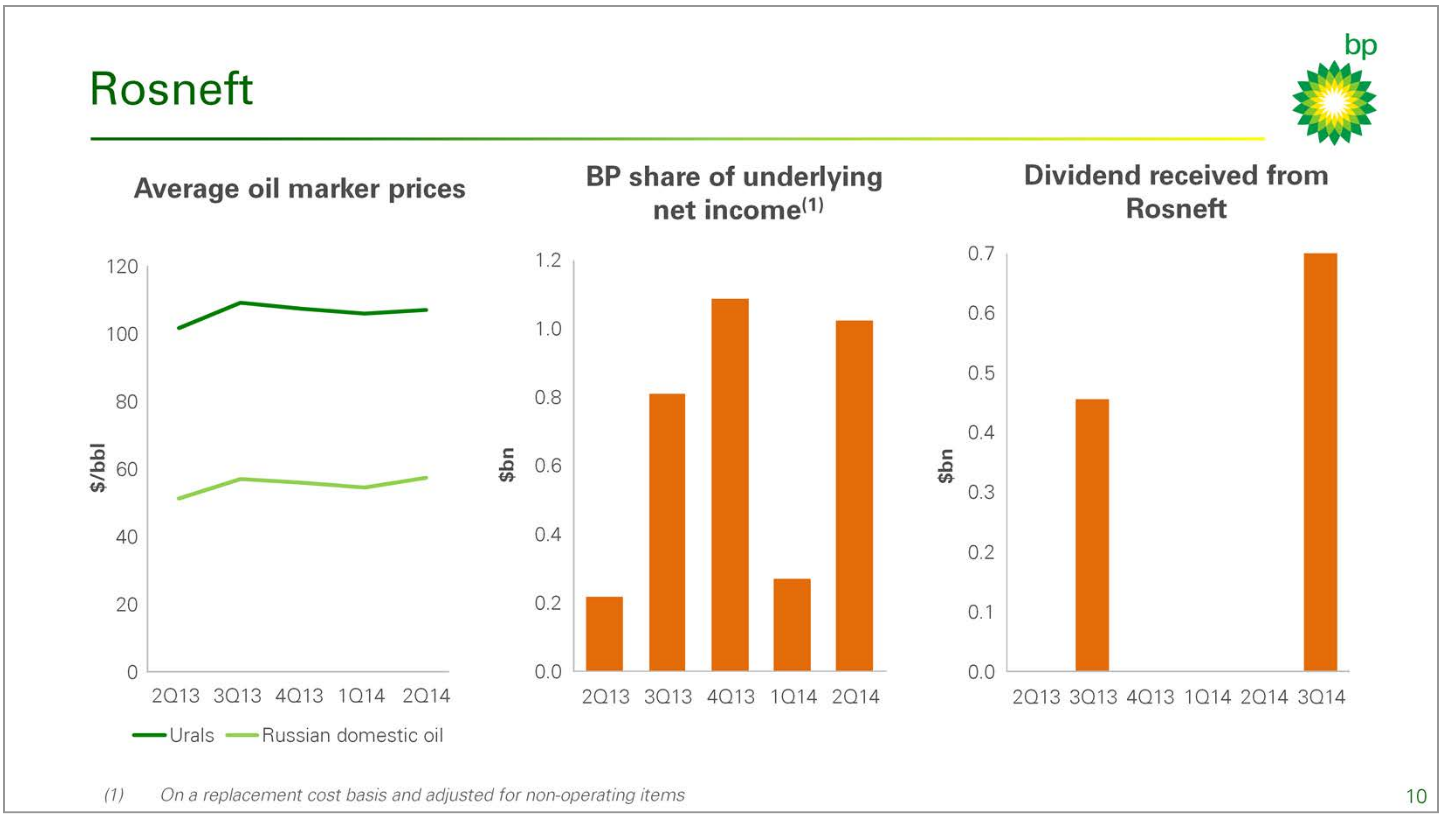
– Lower exploration write-offs.

Partly offset by:

- A lower gas marketing and trading result, following strong first quarter performance; and

- Lower gas realisations.

Looking ahead, we expect third quarter 2014 reported production to be lower than the second quarter, primarily reflecting planned major turnaround and seasonal maintenance activities in Alaska and the Gulf of Mexico. We expect the seasonal reduction to be slightly larger than we experienced in the same quarter of 2013 due to phasing of these activities.



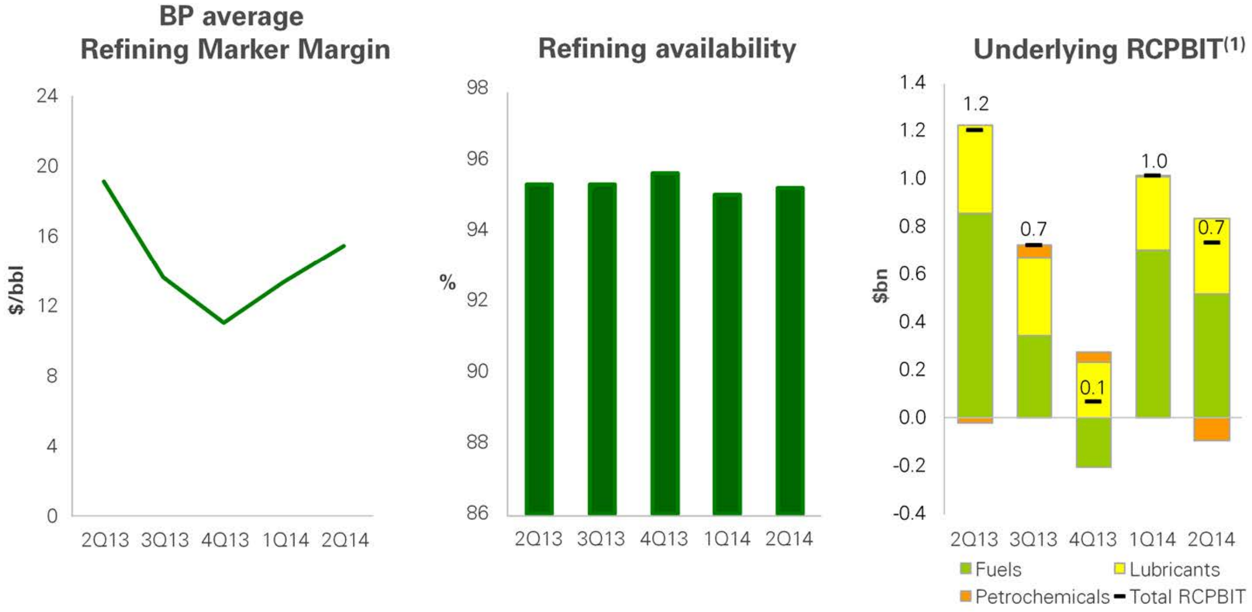
BP's share of Rosneft underlying net income was $1 billion in the second quarter, compared to $220 million a year ago and $270 million in the first quarter.

The second quarter result benefited primarily from foreign exchange impacts.

BP's share of Rosneft production for the second quarter was 988 thousand barrels of oil equivalent per day, an increase of 5% compared with a year ago.

On the 27th of June, Rosneft's Annual Shareholders Meeting approved an annual dividend of 12.85 Roubles per share in respect of 2013 earnings. On the 22nd of July, we received our share of this dividend, which amounted to $690 million, net of taxes.

Downstream



(1) *Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects*

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In the Downstream, the second quarter underlying replacement cost profit before interest and tax was $730 million compared with $1.2 billion a year ago and $1 billion in the first quarter.

The fuels business reported an underlying replacement cost profit before interest and tax of $520 million in the second quarter, compared with $850 million in the same quarter last year. The decrease reflects:

- A significantly weaker refining environment; and
- A weaker contribution from supply and trading.

Partly offset by:

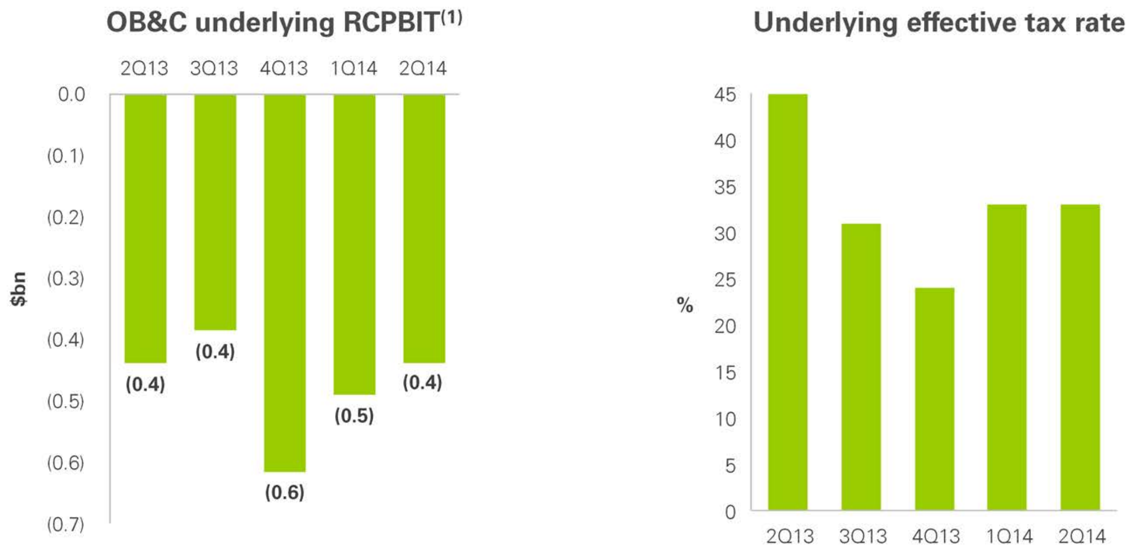
- Significantly higher throughput and processing of heavy crude at Whiting, from both the new units which are now on-stream, and the absence of last years planned outage for most of the second quarter.

The lubricants business reported an underlying replacement cost profit before interest and tax of $310 million compared with $370 million in the same quarter last year. The decrease was mainly due to the impact of restructuring programmes and foreign exchange effects.

The petrochemicals business reported an underlying replacement cost loss of $100 million in the second quarter of 2014, compared to a loss of $20 million in the same period last year. The decrease was mainly due to oversupply in the aromatics market.

Looking to the third quarter, in the fuels business we expect stronger margin capture relative to the second quarter, driven by a lower level of turnarounds and Whiting operations. In the petrochemicals business, the challenging environment is expected to continue, but we should benefit from a lower level of turnarounds in that business.

Other items



(1) *Other businesses and corporate replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items*

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In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge of $440 million for the second quarter, in line with guidance.

The underlying effective tax rate for the second quarter was 33%.

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

$bn	To end 2013	1Q14	2Q14	Cumulative to date
Income statement				
Charge / (credit) for the period	**42.7**	**0.0**	**0.3**	**43.0**
Balance sheet [(2)]				
Brought forward		**8.5**	**7.8**	
Charge / (credit) to income statement	42.7	0.0	0.3	43.0
Payments into Trust Fund	(20.0)	-	-	(20.0)
Cash settlements received	5.4	-	-	5.4
Other related payments in the period[(3)]	(19.6)	(0.7)	(0.2)	(20.5)
Carried forward	**8.5**	**7.8**	**7.9**	**7.9**
Cash outflow	**34.2**	**0.7**	**0.2**	**35.1**

(1) Includes contributions received from Mitsui, Weatherford, Anadarko and Cameron
(2) Balance sheet amount includes all provisions, other payables and the asset balances related to the Gulf of Mexico oil spill
(3) Please refer to details as disclosed in the second quarter Stock Exchange Announcement

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The charge for the Gulf of Mexico oil spill was $260 million in the second quarter, primarily reflecting an increase in the provision for future litigation relating to the spill.

The total cumulative pre-tax charge for the incident to date is now $43 billion.

The charge does not include any provision for business economic loss claims that are yet to be received, processed and paid. Bob will provide an update on the legal process shortly, but as we have previously advised, it is still not possible to reliably estimate the remaining liability for business economic loss claims. We will revisit this each quarter, as we continue to contest what we consider to be unreasonable claims, a process which could take some time.

The pre-tax cash outflow on costs related to the oil spill for the second quarter was $170 million.

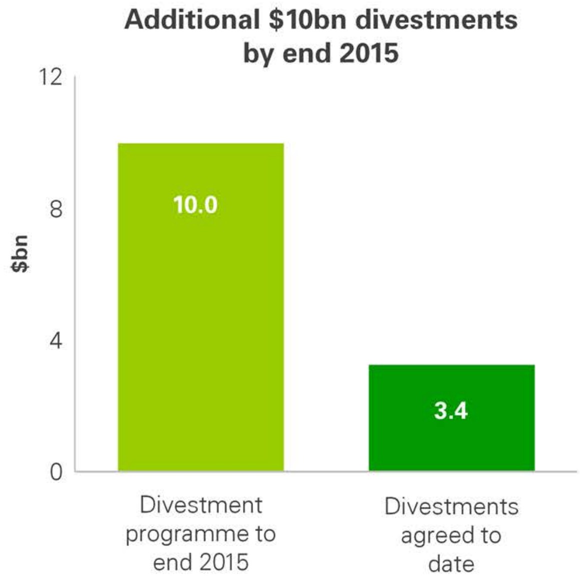
The cumulative amount estimated to be paid from the Trust Fund was $19.3 billion, leaving unallocated headroom available for further expenditures of around $700 million. In the event that the headroom is fully utilised, subsequent additional costs will be charged to the income statement as they arise.

At the end of the quarter, the aggregate remaining cash balances in the Trust and qualified settlement funds was $6.3 billion, with $20 billion paid in and $13.7 billion paid out.

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

Divestments

- $38bn divestment programme completed in 2013
- $10bn of further divestments planned by end 2015
- $3.4bn of divestments agreed to date including
  - Package of assets on Alaskan North Slope
  - Oman-Khazzan farm-out
  - Natural gas assets in Texas



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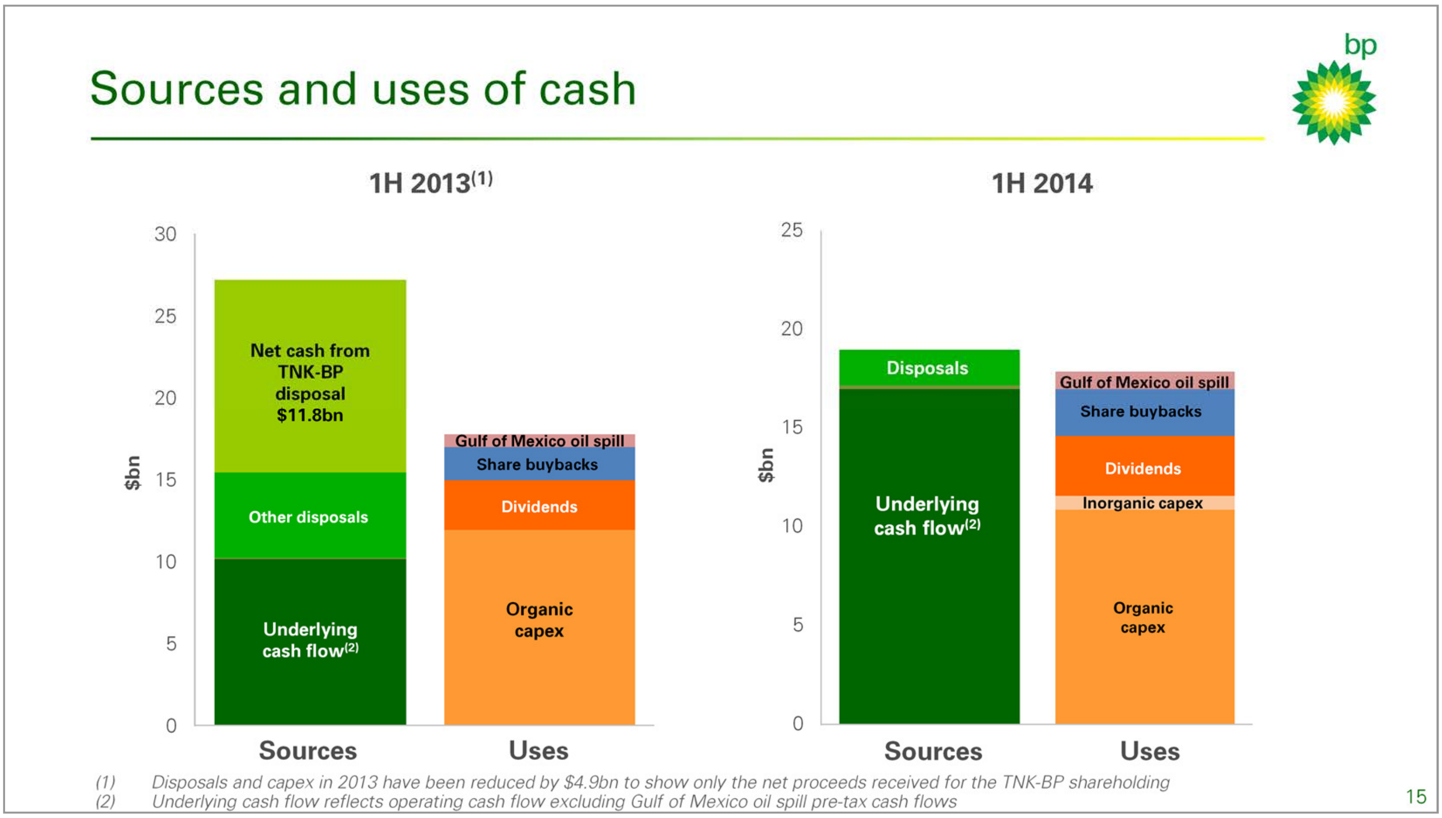
Turning to divestments.

As Bob noted, following the completion of our $38 billion divestment programme and the sale of our share of TNK-BP to Rosneft in 2013, we continue to actively manage the portfolio. In October we announced plans to divest a further $10 billion of assets by the end of 2015.

We have signed deals worth around $400 million during the second quarter, bringing the total agreed against this $10 billion commitment to $3.4 billion.

Most notably this includes:

- The sale of a package of assets on the Alaskan North Slope;
- The farm-out of 40% of our interest in the Oman-Khazzan project; and
- The sale of our Texas Hugoton and Panhandle West gas assets to Pantera Energy.



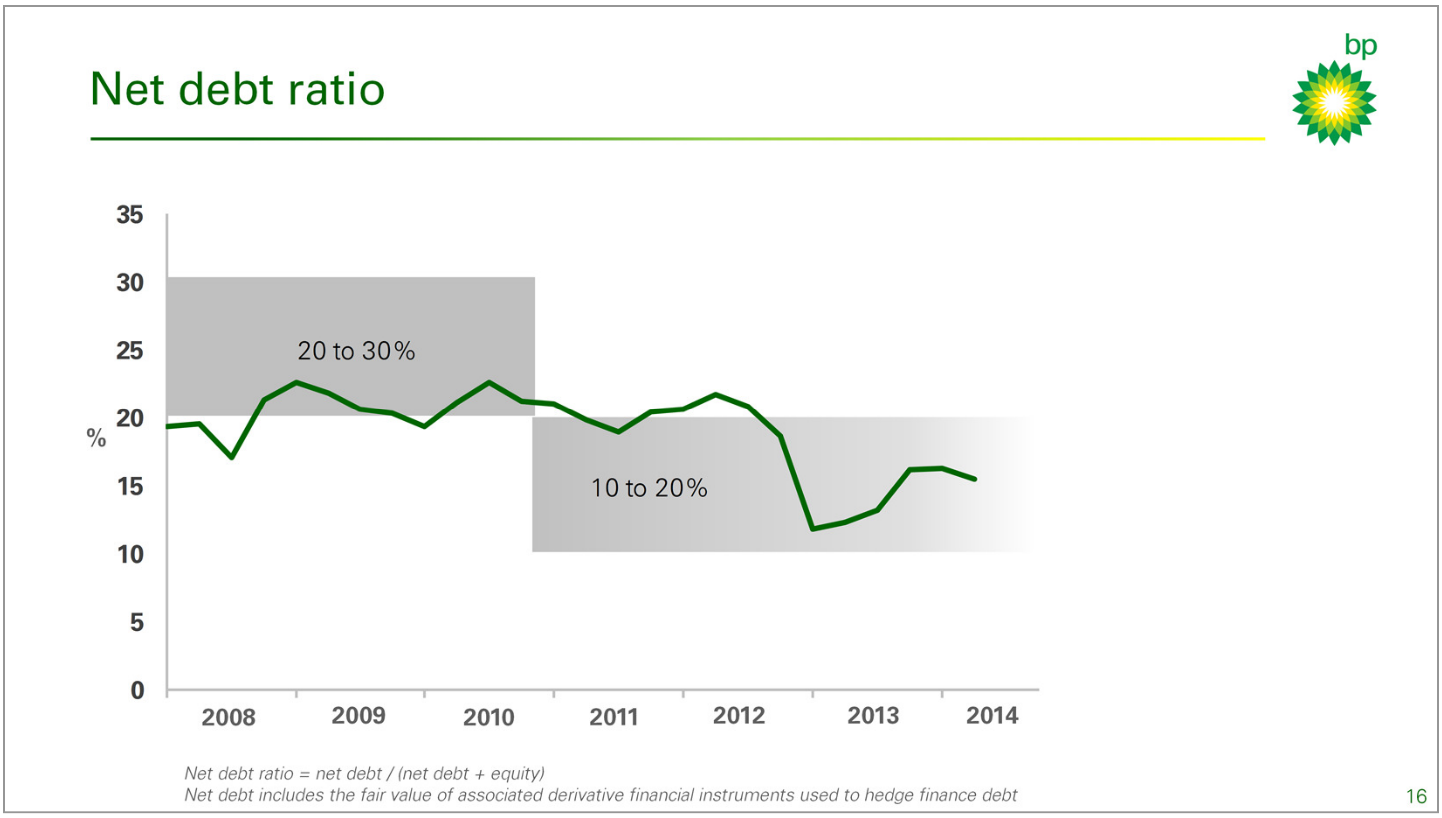
Moving now to cash flow, this slide compares our sources and uses of cash in the first half of 2014 to the same period a year ago.

Operating cash flow in the first half was $16.1 billion, of which $7.9 billion was generated in the second quarter. Excluding oil spill related outgoings, first half underlying cash flow of $17 billion was $6.8 billion higher than a year ago.

Organic capital expenditure was $11 billion in the first half and $5.6 billion in the second quarter.

We received divestment proceeds of $1.8 billion in the first half of 2014, including $800 million in the second quarter.

In the first half of the year we have bought back $2.4 billion of shares, including $500 million in the second quarter.



Net debt at the end of the second quarter was $24.4 billion with gearing of 15.5% compared to 12.3% a year ago.

This largely reflects the impact of our share buyback programme over the course of the year.

Our intention remains to keep gearing in a target band of 10 to 20% while uncertainties remain.

2014 Guidance

	1H 2014	FY 2014 guidance
Production (excluding Rosneft)	2,118mboed	grow underlying(1)
Organic capital expenditure	$11bn	$24-25bn
DD&A(2)	$7.3bn	around $1bn higher than 2013
Other businesses and corporate: average underlying quarterly charge	$460m	$400-500m
Effective tax rate(3)	33%	around 35%

(1) 2014 underlying production is based on $100 oil; net of forecasted divestment activity and the Abu Dhabi concession expiry. The actual reported number will depend on the exact timing of divestments and project start-ups, OPEC quotas, and entitlement impacts in Production Sharing Agreements (PSAs)
(2) Depreciation, Depletion and Amortisation (DD&A)
(3) Effective tax rate on underlying replacement cost profit

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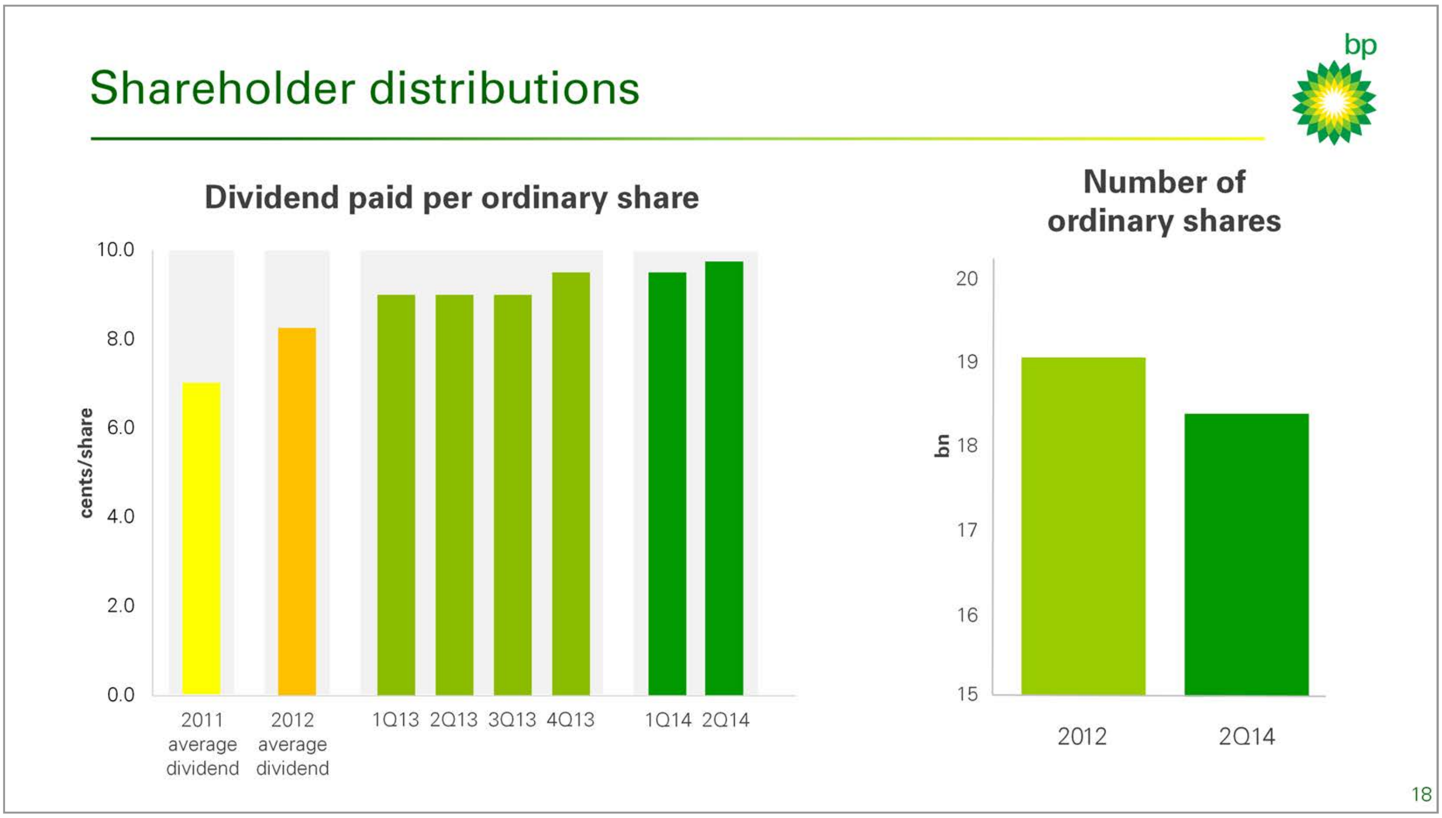
Our guidance for the full year remains unchanged, as outlined to you in February.

We expect full year underlying production to grow compared to 2013, after adjusting for the impacts of the Abu Dhabi onshore concession expiry and divestments. This increase is mainly driven by the start-up of major projects.

As mentioned, organic capital expenditure in the first half of 2014 was $11 billion and we expect the full year to be around 24 to 25 billion dollars.

DD&A for the first half of 2014 was $7.3 billion and we expect the full year figure to be around $1 billion higher than 2013.

Other Business and Corporate charges are expected to average 400 to 500 million dollars per quarter and we continue to expect the full year effective tax rate to be around 35%.



Looking at shareholder distributions.

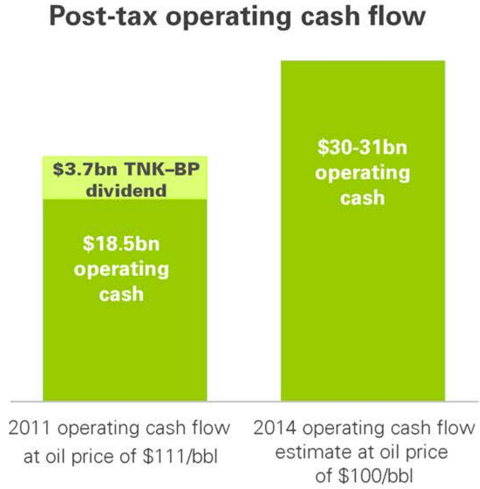
In April we increased the quarterly dividend by 8.3% year-on-year, reflecting our confidence in the delivery of the 10-point plan and growth in operating cash flow over the medium term. The Board will review the dividend again with the third quarter results.

Since the 1st of January this year, we have bought back $2.6 billion of shares, bringing the cumulative total since early 2013 to $8 billion. This concludes our $8 billion buyback programme from the proceeds of the sale of our interest in TNK-BP.

We intend to use the post-tax proceeds from our current $10 billion divestment programme predominantly for shareholder distributions, with a bias to share buybacks.

Growing sustainable free cash flow

- Progressive dividend policy underpinned by
  - More than 50% growth in operating cash flow in 2014 at $100/bbl versus 2011[(1)]
  - Material growth in operating cash flow from 2015 to 2018
  - Strong capital discipline
    - $24-25bn in 2014
    - $24-26bn between 2015 and 2018
- Surplus cash biased to further distributions
- Gearing target of 10-20% while uncertainties remain



(1) See statement of assumptions under cautionary statement;
Adjusted to remove TNK-BP dividends from 2011 operating cash flow; 2014 includes BP estimate of Rosneft dividend;
2014 includes the impact of payments in respect of the settlement of all criminal and securities claims reached with the US Government and SEC; does not reflect other future potential cash flows arising from the Gulf of Mexico oil spill
BP assumption for 2014; $100/bbl oil, $5/mmbtu Henry Hub gas

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Looking further out to 2018 and to remind you of the outlook we shared with you in March.

We remain confident of delivering operating cash flow of 30 to 31 billion dollars in 2014. Our first half operating cash delivery of $16.1 billion puts us well on track for the year.

Relative to 2013, this reflects the higher expected contribution from major projects in the Upstream, the ramp-up of the Whiting refinery and some reversal of the working capital builds seen in 2012 and 2013.

We expect to sustain this significant increase in operating cash flow in 2015 at broadly similar levels to 2014, and then to see steady growth out to 2018.

Growth is driven by the higher cash generating characteristics of our portfolio going forward – both Upstream and Downstream – as well as by the opportunity to improve efficiency across the Group. In the near term we expect underlying cash costs for the group to remain broadly flat, assuming stable oil and gas prices.

Coupled with our intention to keep capital expenditure in a range of 24 to 26 billion dollars per annum over the same period, we have a strong platform to grow shareholder distributions. We expect to grow dividend per share progressively, in accordance with the growth in underlying operating cash flow from our business over time. We aim to bias surplus cash to further distributions through buybacks or other mechanisms.

Now let me hand you back to Bob.

Thank you Brian.

US legal

MDL 2179 Trial

- Phase 1 and 2 proceedings complete
- Penalty phase scheduled to begin 20th January 2015

PSC Settlement(1)

- BEL(2) settlement litigation
  - New matching policy adopted
  - BP to seek Supreme Court review following Fifth Circuit denial of further consideration on causation and class certification
  - BEL payments resumed

MDL 2185 Securities Litigation

- Class action trial set for 2015, date subject to appeals

(1) Plaintiffs' Steering Committee (PSC)
(2) Business economic loss (BEL)

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So let me give you a brief update on the main Gulf of Mexico related legal proceedings in the United States.

The first and second phases of the MDL 2179 trial have been completed, and the court is yet to rule on either. The third phase has been scheduled to begin on the 20th of January next year. This is the penalty phase, in which the court will hear evidence regarding the penalty factors set out in the Clean Water Act.

Regarding business economic loss claims, the District Court has now approved a new policy that provides for the matching of revenues and expenses in calculating lost profits for business claims. Additionally, we have filed a motion to allow us to seek restitution from claimants who were overpaid as a result of the previous policy. Separately, the Fifth Circuit denied further review of the issue of causation and approval of the settlement and certification of the class. We will now seek Supreme Court review of these issues. In the meantime business economic loss claim payments have resumed.

In the MDL 2185 securities litigation, the trial for the class action is set for the 18th of May next year, subject to the ongoing appeals around certification of the class. BP believes that all of the plaintiffs' securities claims are meritless and we will continue to vigorously defend against them.

As we have said many times, we are determined to pursue fair outcomes in all legal proceedings. BP is committed to protecting the best interests of its shareholders at all times and therefore we fully intend to stay the course in all matters relating to this litigation. We continue to compartmentalise the management of these activities to avoid distraction to the thousands of BP people and contractors working in our US operations, who remain firmly focused on delivering our business objectives.

Russia

- Rosneft Annual Shareholders Meeting held 27th June
  - Bob Dudley re-elected to the Rosneft main board
  - Rosneft 2013 dividend declared at 25% of IFRS net profit
    - Increase of more than 50% versus 2012
    - Dividend of $690m received at end of July

Source: Roneft.com

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In Russia, as you are aware, recent geo-political events have continued to create levels of uncertainty in the region which we monitor closely.

At the business level, as you have seen, Rosneft had a good quarter.

In June, it held its Annual Shareholders Meeting at which I was re-elected to the board and the Rosneft dividend for 2013 was approved by shareholders. As expected, the dividend was announced as 25% of Rosneft's IFRS reported earnings, and represented an increase upon that paid for 2012. We received our share of that dividend in the bank last week, at just under $700 million after tax.

Upstream – 1H 2014 milestones and progress

Active Portfolio Management

- Sale or farm-down of $3bn Upstream assets

Access and exploration

- Two discoveries at Orca in Angola and Notus in Egypt

Major projects

- Five major project start-ups online in key regions

Operations

- Two major turnarounds completed on or ahead of schedule

Wells

- 80% of priority wells are online

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Turning to the Upstream, our primary focus here of course continues to be carrying out operations safely and reliably while delivering the milestones we expect to underpin the growth in operating cash for the long term.

Summarising progress this year, starting with active portfolio management, we have announced a total of $3 billion of divestments in the Upstream as part of the Group's objective to divest $10 billion of assets before the end of 2015. This includes the sale of a package of Alaskan assets to Hilcorp, which will allow us to focus more specifically on maximising production from Prudhoe Bay and progressing the Alaska LNG opportunity. We have also sold or farmed-down assets to others that are better placed to extract additional value:

– In the Lower 48, we signed an agreement to sell our interests in the Panhandle West and Texas Hugoton gas fields to Pantera Energy;

– In the Gulf of Mexico, we farmed-down 17 deepwater exploration leases to Noble Energy;

– And in the North Sea, we have agreed to sell our partner-operated equity in the Erskine field to Serica Energy.

In exploration we expect to participate in between 15 and 17 wells this year. Ten of these have already been completed, resulting in two significant new discoveries so far in 2014. We are encouraged by the results we are seeing in testing these plays, at Orca in Angola and Notus in Egypt. We are evaluating the others.

We continue to access new acreage and in the second quarter, we received regulatory approval of our award of 24 blocks in the March Gulf of Mexico lease sale.

We continue with the steady delivery of new projects. As I mentioned earlier, we have seen five major project start-ups in the first half of the year and our remaining 2014 project start-ups are on track.

After a major programme of turnarounds in our assets over recent years, we have been able to reduce the number this year. To put this in perspective, we undertook 47 turnarounds in 2011, 30 in 2012 and 20 in 2013, and have just eight planned this year. We have completed two so far in 2014, with a further six due by the end of the year.

And finally, we have now brought 80% of our priority wells for 2014 online, the majority of them on or ahead of schedule. We expect the 2014 priority wells to deliver two-thirds of total new well production.

Major projects

2014 start-ups	2016 - 2017 start-ups
Chirag Oil ✓ Mars B ✓ Na Kika 3 ✓ Atlantis North Expansion 2 ✓ CLOV ✓ Kinnoull Sunrise 1	Kizomba Satellites 2 Western Flank A Greater Plutonio 3 Point Thomson Quad 204 Clair Ridge Juniper Oman Khazzan
2015 start-ups	West Nile Delta Persephone Thunder Horse South Expansion
In Amenas Compression In Salah Southern Fields	

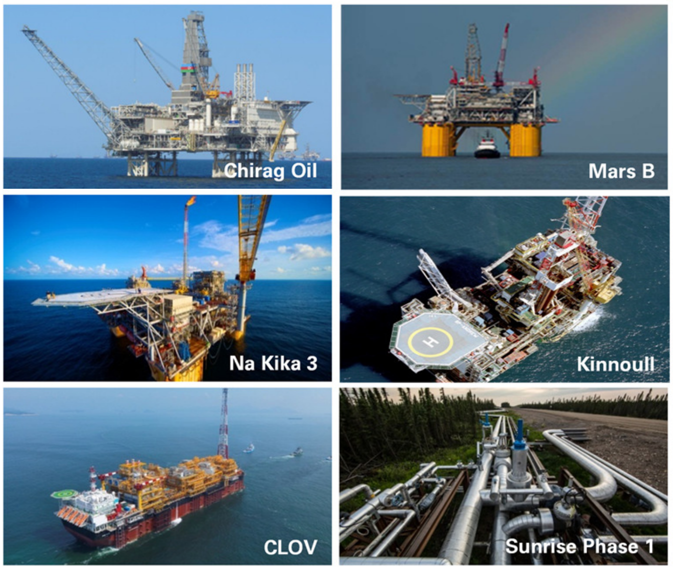
✓ Started up

Post-FID[1]

Design

(1) *Final investment decision*

2014 start-ups



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Looking at major projects in more detail. Most recently, the TOTAL-operated CLOV project in Angola achieved first oil on the 12th of June, joining this year's other start-ups: Na Kika Phase 3, Atlantis North Expansion and the Shell-operated Mars B in the Gulf of Mexico, and the Chirag Oil Project in Azerbaijan.

We are on track with the two further start-ups planned for 2014:

- In the North Sea, offshore construction on the Kinnoull project is complete and commissioning is over 80% complete.
- And in Canada, the Sunrise Phase 1 project is on track, with construction of the central processing facility over 70% complete.

As highlighted in our March strategy presentation, our current year start-ups are particularly high-margin at more than double the 2013 Upstream segment average and are expected to deliver significant operating cash flow for us out to 2018.

Looking forward, we continue to work on our quality pipeline of over 50 major projects using a disciplined, centralised and careful process of selecting the right development concept, optimising the project, and then ensuring we are ready to execute. This is clearly the capital discipline that our shareholders expect.

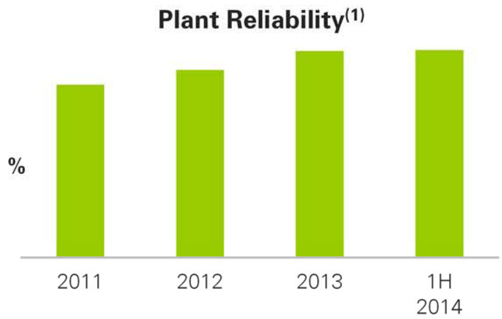
Functional operating delivery

Operations

- Plant defect elimination programme showing results
  - Maintaining high plant reliability
- Focus on efficient delivery of turnarounds

Wells

- Successful wellwork intervention programmes
- Highest production from new wells and interventions since 2010
- Eight key Gulf of Mexico wells online



(1) BP-operated assets

In addition to this momentum on new projects we are also steadily improving the reliability of our operations.

We are seeing the result of our investment in turnarounds and systematic defect elimination. Across our operated assets we have seen average plant reliability of 92% in the first half of 2014. This compares to 91% in the first half of 2013.

This is also reflected in strong plant reliability in our higher-margin areas with the Gulf of Mexico, at 93% for the first half of the year. Significant improvements are being seen in Thunder Horse, with higher average plant reliability in 2014 than in the previous three years.

In Azerbaijan, another of our key areas, plant reliability has been 99% for the first half of the year and ended the year above 98% in both 2013 and 2012.

The North Sea continues to remain an area of focus to further improve higher-margin production. That said, there are still good examples of progress there. Valhall in Norway has seen significant improvement in plant reliability, from an average of just 57% in 2012, to 93% in the first half of 2014.

Turnarounds are also going well. As I mentioned a moment ago, we have already completed two this year, the Greater Plutonio facilities in Angola and a Tangguh turnaround in Indonesia, both on schedule. Five turnarounds are well underway in the summer weather window, with one further turnaround scheduled to be completed by the end of the year.

Turning to wells, our Global Wells Organisation is expected to deliver our highest operated production from new wells and interventions since 2010. We have placed eight Gulf of Mexico wells online in the first half of the year, de-risking our 2014 production delivery.

We have successfully completed wellwork intervention programmes in the Gulf of Mexico and Trinidad.

Drilling performance has continued to improve with non-productive time decreasing through the first half of 2014, after reductions in 2013 over 2012 levels.

And all of this is starting to show up in underlying production growth, particularly in the higher-margin regions. Of course there can be an inherent lag in this process as well as quarterly seasonality to contend with, but we are encouraged by the trend of greater operating efficiency in many of our assets.

Downstream – 1H 2014 milestones and progress

- Heavy crude throughput at Whiting refinery reached a peak of 270kbd during second quarter
- Expansion of strategic partnerships in the fuels marketing business
- Cost efficiency programmes delivered improvements
- Completed sale of the Lubricants Aviation business
- Significant exposure for Lubricants brand at FIFA World Cup

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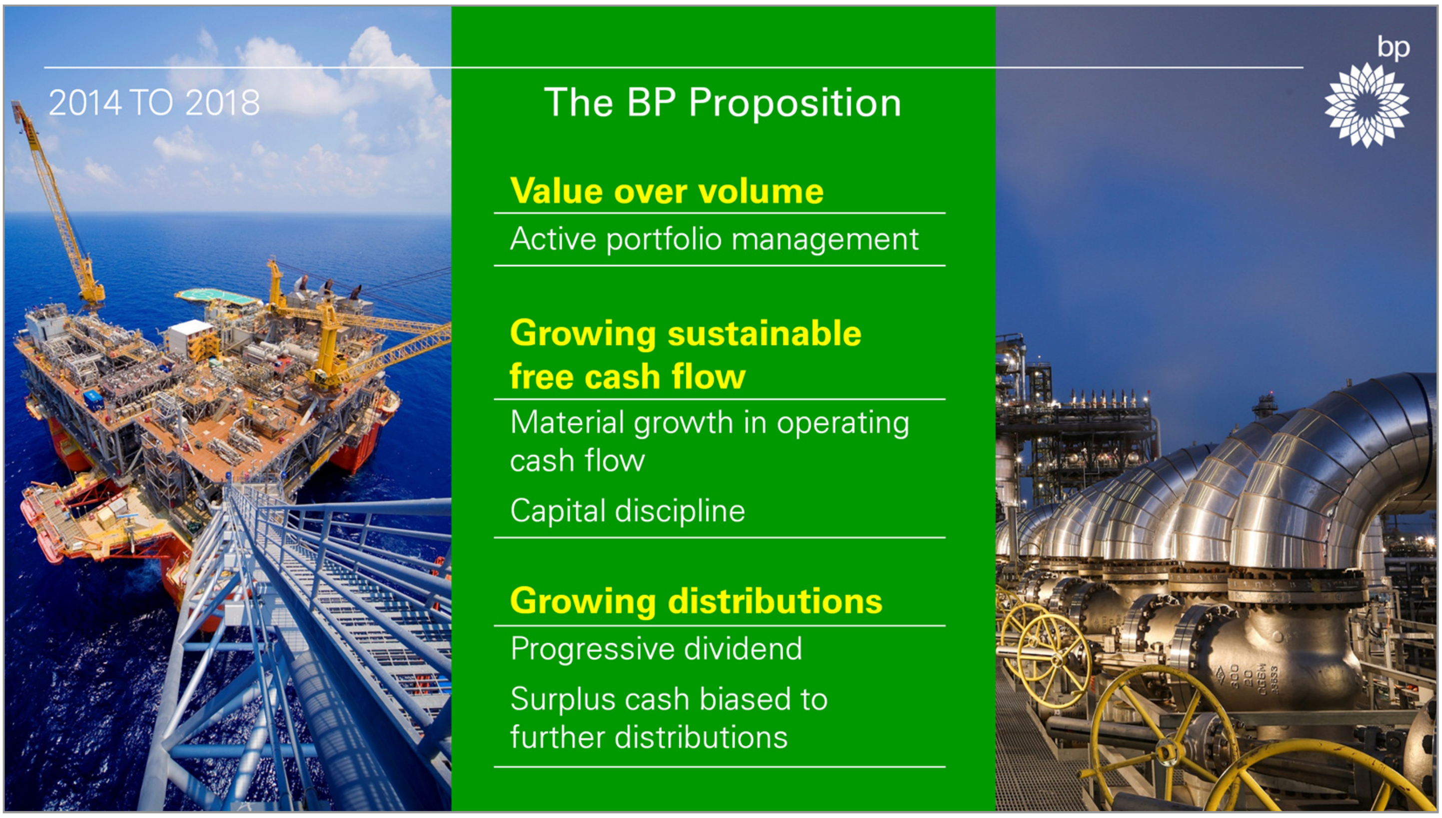
In the Downstream, we continued to increase heavy crude processing at the Whiting refinery, reaching a peak of 270 thousand barrels per day during the quarter.

Also in fuels, our marketing businesses continues enhanced customer offers and building strategic relationships. For example, in June, we had our highest ever week of UK shop sales as we continue to expand our convenience network with Marks & Spencer. In Air BP we have expanded our China international customer airport network from four to 20 locations.

We continue to reduce costs and implement efficiency programmes across all of our businesses, which are delivering year-on-year improvements, despite inflationary pressures.

In addition, we continue to focus on actively managing our portfolio, completing the sale of our specialist Lubricants Global Aviation Turbine Oils business, to Eastman Chemicals, in June.

The Lubricants business was an official sponsor at the FIFA World Cup in Brazil, which proved to be a great platform to promote the growing premium Castrol brand to a truly global audience.



So let me end today by summing up our central message to you.

BP is an increasingly focused oil and gas business – a business with momentum – and a business doing exactly what we said it would do.

As we've gone about shaping BP's investor proposition we have listened to shareholders and thought about what we have heard. We know the oil and gas sector still has much to prove. We need to demonstrate that we can control capital and costs, pick the right projects and then deliver them flawlessly. We have got that message. I hope that's what you see when you look at today's results and the direction we are taking in our business.

In short, our priorities are your priorities. We are actively managing our portfolio to maximise value. We are demonstrating capital discipline and we are focusing on efficiency.

Looking out to 2018 we aim to deliver growth in sustainable free cash flow to support growing distributions. We plan to do this through material growth in operating cash flow, coupled with strong capital discipline.

The first half of 2014 has seen the delivery of some significant milestones towards fulfilling the 10-point plan we laid out for 2011 to 2014.

In exploration, we have participated in two significant new discoveries and ten completed exploration wells year-to-date, some still being evaluated.

We have seen five major Upstream project start-ups, all of them in key regions that are strong drivers of operating cash flow for the Group.

In the Downstream, the upgraded Whiting refinery continues its high throughput of heavy crude.

And we continue to focus on operating our assets safely, reliably and more efficiently.

So we have two solid quarters behind us this year and a sense of real momentum in our company. I am confident this will support our enduring commitment to grow distributions to shareholders.

Finally, I'd just like to say a few words about our departing Downstream Chief Executive Iain Conn.

After 29 years with BP, Iain is leaving the company and will be stepping down from the Board by the end of this year.

Iain can be enormously proud of the contribution he has made to BP in that time – in particular over the past few years when he transformed BP's Downstream business, focusing its portfolio and strengthening its performance, both operationally and financially.

He has been an invaluable member of the executive team and, for me and the team, a great support. He leaves with my very best wishes. And he leaves with strong succession.

So, on that note, I'd like to thank you all for listening and now Brian, Jess and I will be happy to take your questions.

Q&A

Bob Dudley
Group Chief Executive

Brian Gilvary
Chief Financial Officer

Jess Mitchell
Head of Group Investor Relations