3Q11 Analyst presentation: script & slides

Fergus MacLeod: Group Head of Strategic Planning

Investor Update

25 October 2011

Cautionary statement

October 2011

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Hello everyone and welcome to our results conference call for the third quarter of 2011. I am Fergus Macleod. Before we begin I would like to add a personal remark. As many of you may know, I am moving to a new role as BP's Group Head of Strategic Planning and as a result this will be the last quarterly webcast that I host. Jessica Mitchell will be taking over as Director of Investor Relations. I have enjoyed my nine years in Investor Relations and I would like to thank you all for that.

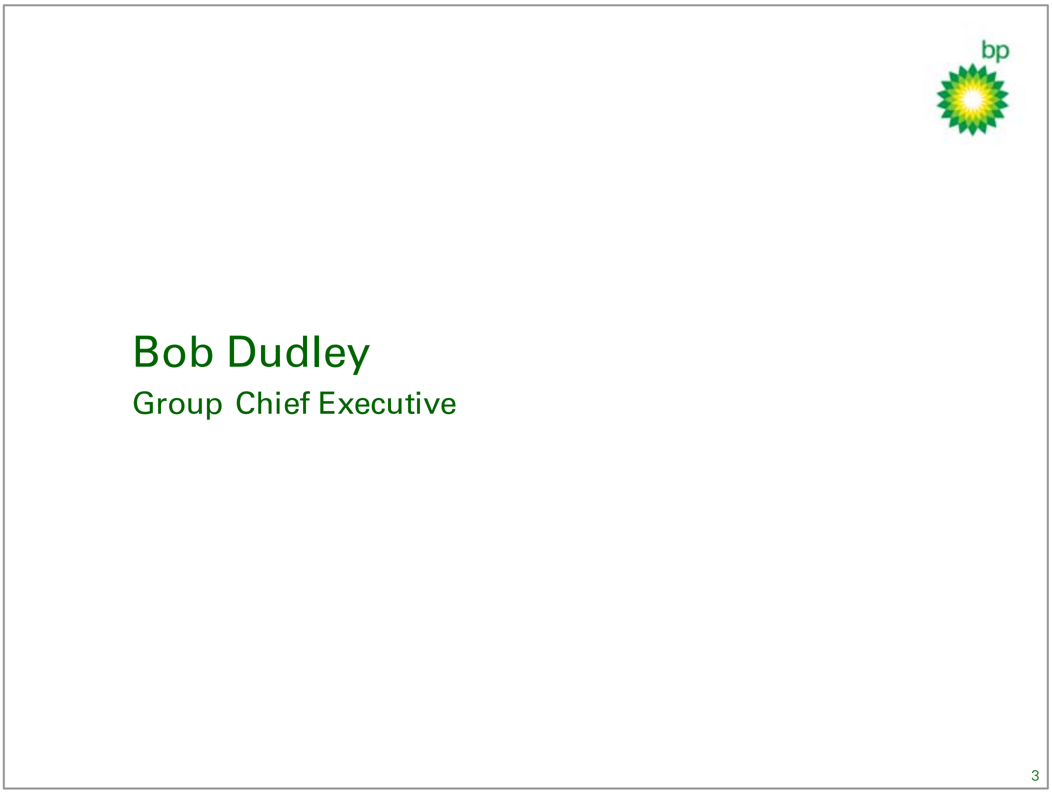
Today's presentation will be by Bob Dudley, our Group Chief Executive, and Byron Grote, our Chief Financial Officer.

Before we start, I'd like to draw your attention to our cautionary statement.

During today's presentation, we will make reference to estimates, plans and expectations that are forward-looking statements. Actual outcomes could differ materially due to factors we note on this slide and in our regulatory filings. Please refer to our Annual Report and Accounts, 20-F and third-quarter Stock Exchange Announcement for more details. Both of those documents are available on our website.

Thank you, and I will now hand over to Bob.

Bob Dudley: Group Chief Executive



Thank you Fergus and hello everyone. Thank you for joining us.

Moving BP forward

Introduction	Bob Dudley
3Q 2011 results	Byron Grote
Moving BP forward	Bob Dudley
Q&A	
Bob Dudley	Group Chief Executive
Byron Grote	Chief Financial Officer

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Today is the presentation of our third quarter results.

I am also going to use this opportunity to tell you about our direction going forward and the speed at which we will move.

The last year has been an unprecedented one for BP. So first I want to update you on what has happened during 2011.

But this year of consolidation is essentially over. I want to tell you about the company we will be in the future.

Back in February I promised we would focus on value ahead of volume. Today I will tell you what that means - and how you can measure it.

Byron will then take you through our results for the third quarter.

I will then move on to a more detailed look at how our new direction will be delivered through our businesses.

I know we need to rebuild confidence in the company and see its true value reflected in our share price.

We have firm plans to make that happen.

Our goal is to grow operating cash flows to a substantial degree – a degree that will allow us to both invest for future growth - and we have a great project pipeline - as well as directly increase returns to shareholders.

We are going to talk for about an hour and then there will be plenty of time for Byron and I to take your questions.

Moving BP Forward
Safety : Trust : Value Growth

Putting safety and operational risk management at the heart of the company

- New Safety and Operational Risk organization
- Investment in maintenance
- Reorganized upstream

Rebuilding trust

- $20bn Trust Fund: now 50% funded
- Settlements with Mitsui/Weatherford/Anadarko

Pursuing value growth

- Dividend resumed
- $26bn divestments agreed
- New access: India, Trinidad, Australia, Azerbaijan, UK, Indonesia, South China Sea, Brazil
- Iraq initial production
- Refining & Marketing earnings momentum continues

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In February, I outlined three priorities:

- One, to put safety and risk management at the heart of everything we do;
- Two, to rebuild trust in BP's ability to operate; and
- Three, to pursue direct value growth for shareholders.

These priorities remain central to our strategy.

Much has been achieved. To give you the headlines.

Our new safety and operational risk organization is changing the way we work across BP.

We have announced new voluntary standards for how we will drill in the Gulf of Mexico, and we are introducing other new global standards for our operations. For example, with blow-out preventors.

We have undertaken an extended program of 48 major upstream turnarounds scheduled for completion this year, of which the majority are now complete.

All of our businesses operate under our single operating management system - or OMS

We have reshaped our upstream into three divisions, each of which report to me. This increases accountability, and uses and builds capability more efficiently.

We have centralised and standardised the way we work, to drive uniformity, capital efficiency and simplicity.

We are meeting our commitments in the Gulf. We have already paid half of the $20 billion we committed for the Trust Fund to meet the costs of the Deepwater Horizon incident.

We have reached settlements with Mitsui and Weatherford, and just last week announced settlement with Anadarko.

We have made the company more secure financially. We have strengthened the balance sheet, improved our credit ratings and restored dividend payments to our shareholders.

We have agreed asset sales totalling $26 billion against our program of up to $30 billion.

We have achieved a record year for new exploration access. Over the last 12 months, BP received awards in 11 countries for 67 new exploration licenses and there is still more to come this year.

We have won new opportunities in the world's fast growing large economies. In particular:

- We are now investing at scale in Brazil
- And we have a new strategic alliance in India

We are the first company to reach our Initial Production Target in Iraq. Output at the super-giant Rumaila field has grown significantly.

In refining and marketing we continue to deliver underlying earnings momentum.

- 2011 looks likely to be the highest year ever of downstream earnings for BP – and it provides valuable cash for the group.

And we are getting back to work in the Gulf of Mexico.

- As of today we have three deepwater rigs permitted in the Gulf of Mexico engaged in plugging and abandonment activities. Just last week we received approval for the Kaskida Exploration Plan, and subject to approval, hope to have a fourth rig spudding the appraisal well in the very near future.

By the end of the year, subject to obtaining the necessary approvals, we hope to have 5 deepwater drilling rigs operating in the Gulf.

As we move through 2012 and operations are fully restored we hope, again subject to receiving the necessary approvals, to increase this to seven deepwater rigs.

This ramp-up in activity will create a significant number of direct jobs within BP in the United States. It will also provide US jobs for our contractors and suppliers. Along with that there will also be a significant number of indirect jobs.

So we will have taken major steps forward on many fronts in a relatively short space of time.

Of course, as we said up front this has increased some costs and reduced some volumes. But these were short term effects as we laid stronger foundations for the future.

And this has brought us to a clear turning point.

<u>Operationally, October 2011 marks a turning point</u> for BP.

The low point in production has now been passed. Most of the big turnarounds this year are complete and production is rising again – and mostly in high margin areas. Of course, future divestments will impact the reported numbers but we are confident that underlying momentum is returning.

And there is more to come – as we will see shortly.

Let me now talk about our future direction.

We have delivered what we said we would do in the last year and we are now in action to become an even stronger company.

So we are resetting the company to be leaner and fitter – a BP that plays to its strengths.

Here is the outline of the ten point plan to move BP forward.

- Five are changes you can expect – some are already underway.
- And the second five are what you can measure us by.

So, the first 5 are what you can expect…

1. First and most important, we will continue to have a relentless focus on safety and risk management across all of our operations.

I am determined that BP will deliver world-class performance in safety, risk management and operational discipline. We will be a company that systematically applies our global standards as a single global team.

2. Second, you can expect BP to focus intensively on its proven strengths – those areas where we have deep-seated experience and proven capability.

BP has distinctive strengths. And let me identify the key ones for you:

We are great at exploration – we are very good at finding oil and gas – and doing it at scale.

We are among the real pioneers of the deep water and have a long track record of building value there. We manage many giant fields around the world, and we develop valuable gas value chains. We have learned lessons from the Deepwater Horizon incident which have made us stronger.

We have the opportunity *upstream* to build the same depth and scale in new basins like Brazil as we have today in Angola, Azerbaijan, the North Sea, and Gulf of Mexico.

And our *downstream* business is world class. It has a high quality set of assets, and it is generating good earnings and cash flow.

Underpinning these strengths are deep capabilities in building relationships and in developing carefully chosen flagship technologies.

We forecast world energy demand growing around 40% by 2030 and foresee a need for many sources of energy to meet this demand. We believe our strengths position us very competitively as we face this future.

3. Third, we will be a stronger and more focused BP – with a base of assets which is high graded and high performing.

4. Fourth you will see a simpler BP. Our organization is already much more standardized.

Our footprint is smaller - with fewer assets and operations in fewer countries. And our internal reward and performance processes are more streamlined. This will drive better and more sustainable performance in safety, quality and efficiency, with less variation.

5. Fifth, you can expect greater visibility of the value we are creating. We are going to improve transparency in the reporting of our business segments.

Beginning next year, we will break out the numbers of certain parts of our businesses, such as lubricants and petrochemicals in the downstream.

Moving BP Forward
A 10 point plan

What you can measure

6. **Active portfolio management to continue**
   - Increase overall divestment programme to $45bn versus current program of $30bn
   - Further $15bn over the next two years including two US refineries
7. **New upstream projects onstream with higher margins**
   - Unit cash margins on new wave of projects expected to be double existing average(1)
8. **Generate around 50% more annually in operating cash flow by 2014 versus 2011 at $100/bbl**
   - Around half from ending US Trust Fund payments(2) / around half from operations
9. **Half of incremental operating cash for re-investment, half for other purposes including distributions**
10. **Strong balance sheet**
    - Gearing in lower half of 10–20% range

(1) Assuming a constant $100/bbl oil price and excluding TNK-BP
(2) See Statement of Assumptions under Cautionary Statement

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Points 6 through 10 are what you can measure us by…..

6. Point 6 – Active portfolio management to build value will continue. In addition to the current $30 billion divestment program, we intend to divest a further $15 billion of assets over the next two years. Planned divestments will result in a total of $45 billion.

This includes the sale of two US refineries announced earlier this year.

We want to focus our portfolio further on our areas of strength and deliver increased financial flexibility.

To put it in perspective, the targeted $45 billion compares against a current market capitalization of around $130 billion.

7. Seventh, you can measure a strong list of upstream projects coming onstream over the next three years. By 2014, unit cash margins on production from this new wave of projects are expected to be around double our existing average.

8. Eighth, we will *grow* our cash flow. Between 2011 and 2014 BP's operating cash flow will grow faster than volumes.

You can expect us to generate an increase of around 50% in operating cash flow in 2014 compared to 2011 – around half from ending Gulf of Mexico Trust Fund payments and around half from operations.

9. Ninth, BP will use this additional operating cash prudently. We want to use around half for increased investment in our project inventory for growth and around half for other purposes, which would include increased distributions to shareholders through dividends and buybacks as appropriate or repayment of debt.

10. And finally, the strength of our balance sheet will be enhanced. We will move to the lower half of our 10-20% gearing range.

So - this is our approach in a simple ten point plan – five things you can expect and five things you can measure. This is underway, to build a stronger, and safer BP.

I am convinced this is now the right direction for BP to take and the right path to get us there.

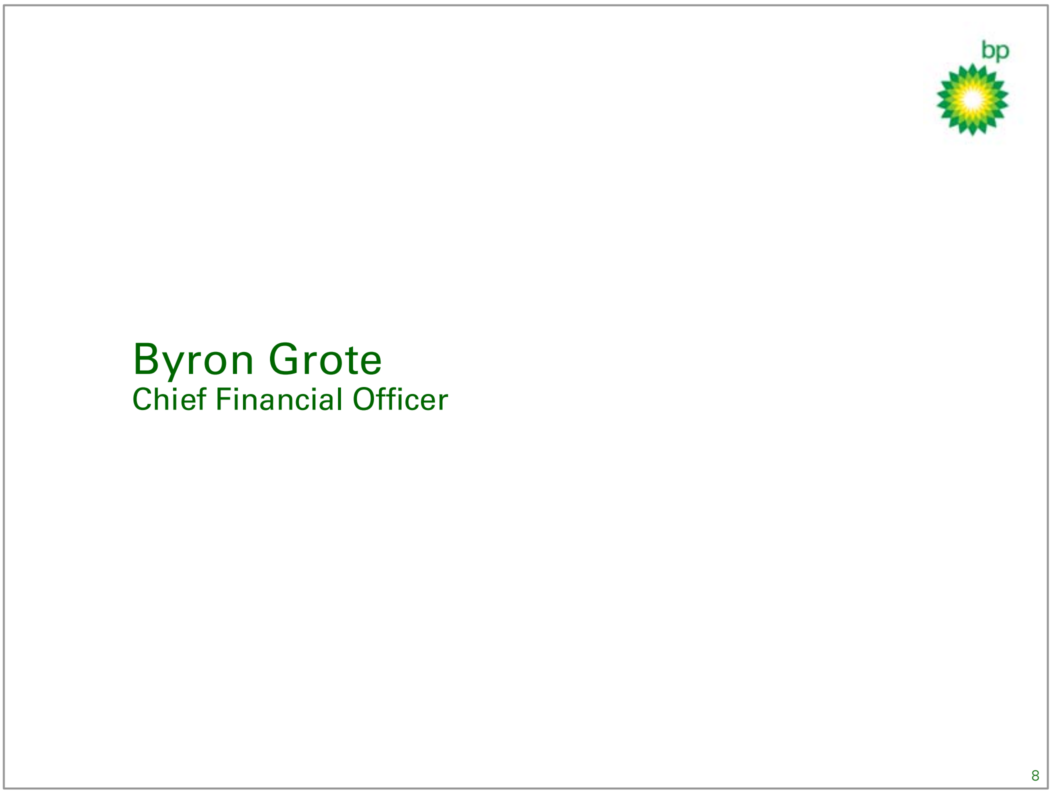
BP will be stronger – because we will focus on our strongest assets with our strongest capabilities.

And BP will be safer – because we are fundamentally changing our approach to managing risk.

We will have our more detailed strategy discussion in February. We will amplify on these 10 points then.

With that let me now hand over to Byron, our Chief Financial Officer, to review our third quarter results

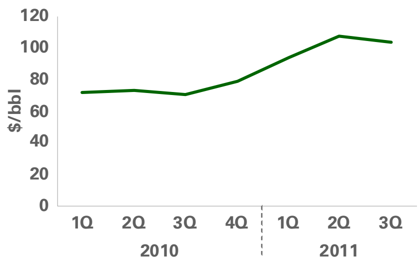
Byron Grote: Chief Financial Officer



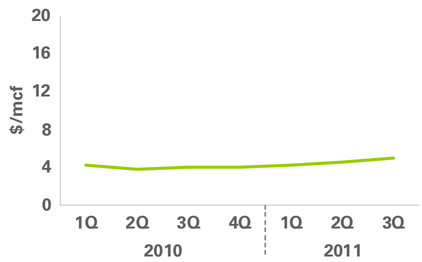
Thank you Bob and good day to those joining us on this call.

Trading environment

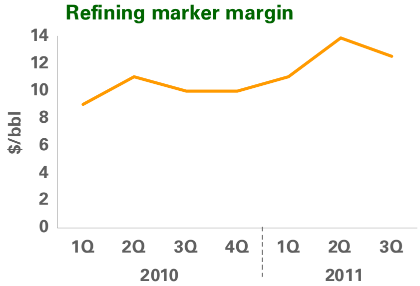
Liquids realization



Gas realization



Refining marker margin



Average realizations	Change vs 2010 3Q	Change vs 2010 YTD
Liquids $/bbl	47%	41%
Natural gas $/mcf	26%	15%
Total hydrocarbons $/boe	41%	31%
Refining marker margin $/bbl	25%	24%

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I will begin my review of the quarter with the trading environment.

The table shows the percentage year-on-year changes in BP's average upstream realizations and the refining marker margin, for the third quarter as well as year-to-date.

Compared with the previous quarter, our liquids realization reduced by 3% to $104 per barrel but was 47% higher than a year ago.

Our gas realization increased to $4.95 per thousand cubic feet, up 9% on the prior quarter and 26% higher than a year ago.

Taking both oil and gas together, our third quarter average hydrocarbon realization was up 41% versus a year ago and 31% higher on a year-to-date basis.

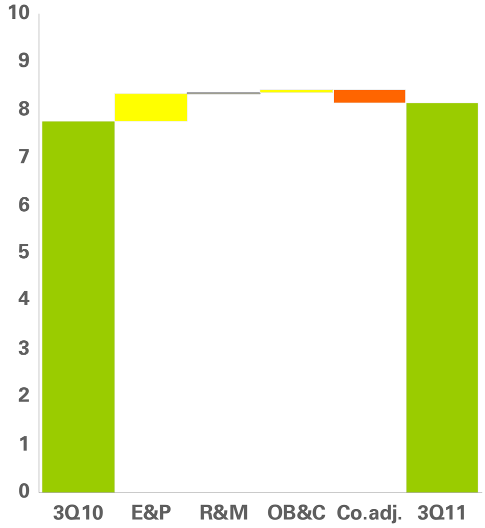
Relative to 2Q, the refining marker margin fell by $1.40 per barrel, to $12.50, but this was 25% higher than the third quarter of 2010. On a year-to-date basis, the refining marker margin is 24% higher than last year.

Financial results

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

$bn	3Q10	3Q11
Exploration & Production	6.5	7.1
Refining & Marketing	1.6	1.7
Other businesses & corporate	(0.5)	(0.4)
Consolidation adjustment	0.1	(0.2)
Replacement cost profit before interest and tax	**7.8**	**8.1**
Interest & minority interest	(0.4)	(0.4)
Tax	(1.9)	(2.4)
Replacement cost profit	**5.5**	**5.3**
Earnings per share ($c)	**29.4**	**28.1**
Operating cash flow	**(0.7)**	**6.9**
Operating cash flow excluding Gulf of Mexico oil spill obligations	**8.4**	**7.8**
Dividend paid	**0.0**	**1.2**
Organic capital expenditure	**4.7**	**4.7**
Dividend per share ($c)	**0.0**	**7.0**

Replacement cost profit before interest and tax 3Q11 vs 3Q10 ($bn)



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Turning to the financials.

Our third-quarter underlying replacement cost profit was $5.3 billion, a reduction of 4% on the third quarter of 2010, driven by the low tax rate experienced in that quarter. The underlying result reflects higher realizations and a stronger refining environment, offset by lower production, increased turnaround activity and higher costs.

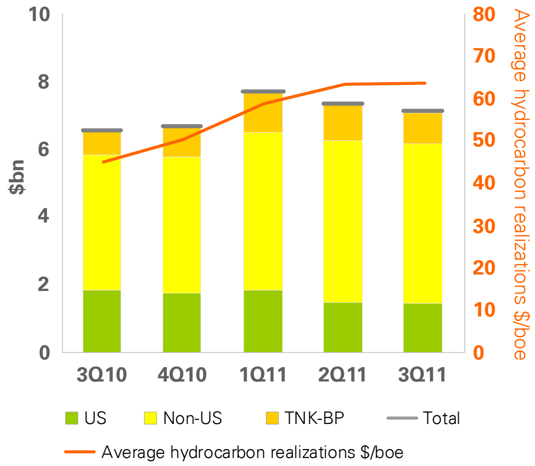
The underlying effective tax rate for the quarter was 31% compared to 25% in the third quarter of 2010, a rate which reflected the impact of asset disposals announced over that period. We continue to expect the full year effective tax rate to be towards the higher end of February guidance at around 34%.

Third-quarter operating cash flow was $6.9 billion. Excluding Gulf of Mexico oil spill-related post-tax expenditures of $900 million, underlying operating cash flow was $7.8 billion, down 7% compared with the third quarter of 2010. Cash flow was down 20% on the prior quarter primarily due to the unusually high dividend received from TNK-BP in the second quarter.

We now expect our organic capital expenditure in 2011 to be around $19 billion, slightly lower than our original projections primarily due to the delays in getting back to work in the Gulf of Mexico.

Exploration & Production

Replacement cost profit before interest and tax
Adjusted for non-operating items and fair value accounting effects



- Stronger environment
- Production 12% lower

  Adjusting for PSA entitlement effects and acquisitions and divestments, production 8% lower
  - Continued decline in Gulf of Mexico due to suspension of drilling
  - Ramp-up of turnaround and maintenance activity, including North Sea and Azerbaijan
- Higher costs
  - Gulf of Mexico rig standby
  - Turnaround and maintenance

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In Exploration and Production, we reported a pre-tax underlying replacement cost profit of $7.1 billion for the quarter.

The primary factors impacting the quarter's performance relative to a year ago were higher realizations, partly offset by lower production volumes, and higher costs. TNK-BP earnings and the gas marketing and trading contribution both improved compared to the prior year.

Costs in the third quarter were impacted by continued rig standby charges in the Gulf of Mexico, and increased turnarounds and maintenance, with this activity peaking in 3Q.

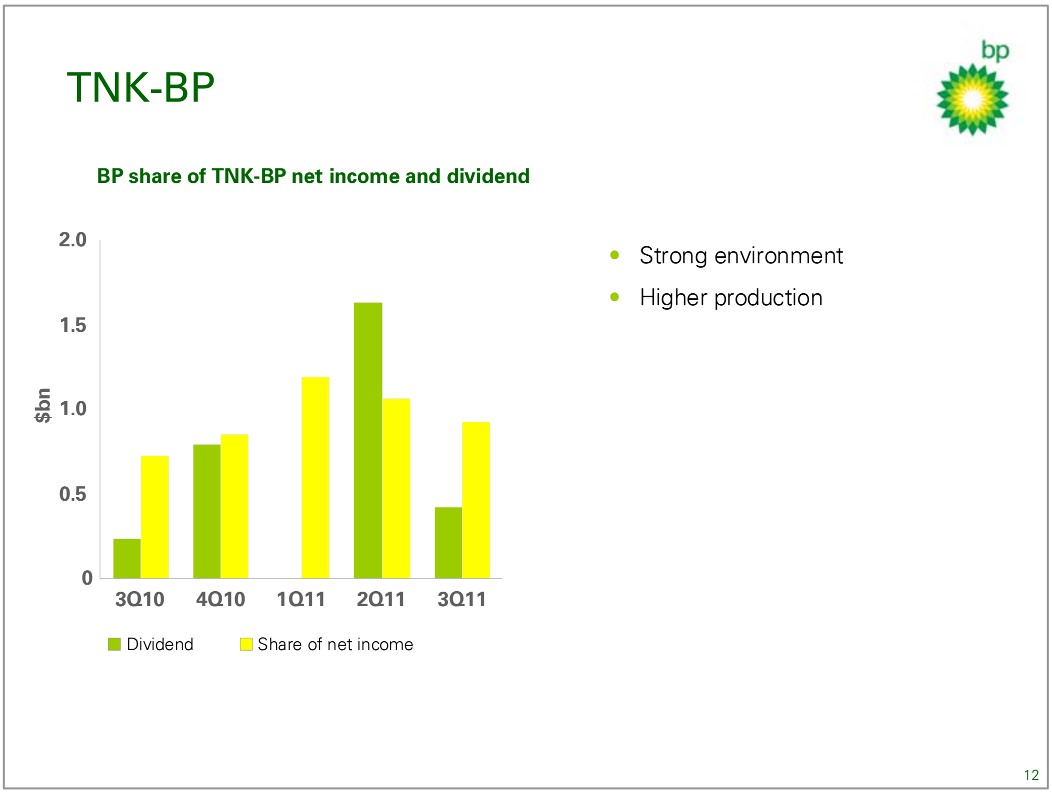
Production for the quarter was 3.32 million barrels of oil equivalent per day, 12% lower than a year ago and 8% lower after adjusting for the effect of acquisitions and divestments and entitlement impacts on our production-sharing agreements.

The lower production primarily reflects the continued impact of suspended Gulf of Mexico drilling and higher turnaround and maintenance activity. Once again, the reduction was weighted towards our higher margin areas, including the Gulf of Mexico, the North Sea, and Azerbaijan.

As we explained in February, turnaround activity in 2011 is higher than 2010 and significant progress was made on these turnarounds in 3Q.

Most turnarounds are underway or completed with 80% delivered on schedule. This will support improved 4Q production, and have longer-term benefits on reliability and integrity.

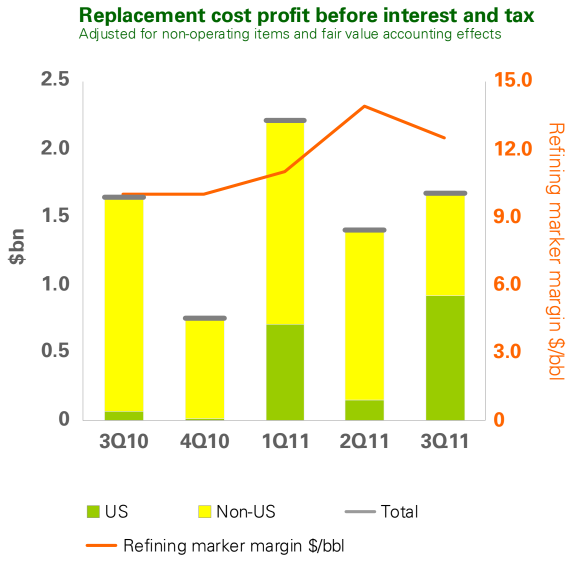
Production in the fourth quarter is expected to be higher post the peak turnaround season and the completion of the Reliance transaction. Production will continue to be impacted by divestments and the pace of drilling activity in the Gulf of Mexico.



TNK-BP continues to perform well. Our share of TNK-BP net income was over $900 million in 3Q as we benefited from a stronger environment and higher production volumes compared to the prior year.

We received cash dividends of $425 million in the quarter. This brings the total dividends received from TNK-BP this year to $2.1 billion dollars.

Refining & Marketing



- Texas City refinery capacity restored
- Improved refining environment
- Higher supply and trading contribution
- Increased turnaround activity
- Foreign exchange impacts
- WTI-related discount benefit partly offset by sweet crude premium in Europe and Australia

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In Refining and Marketing, we reported a pre-tax underlying replacement cost profit of $1.7 billion for the third quarter compared to $1.6 billion for the same quarter last year.

The third quarter saw a return to strong operational performance following the outages of the second quarter. Compared with a year ago, our result reflects an improved refining environment and a stronger supply and trading contribution. These improvements were partially offset by increased turnaround activity and adverse foreign exchange effects due to the strengthening of the US dollar against the Euro and the Australian dollar and a difficult marketing environment.

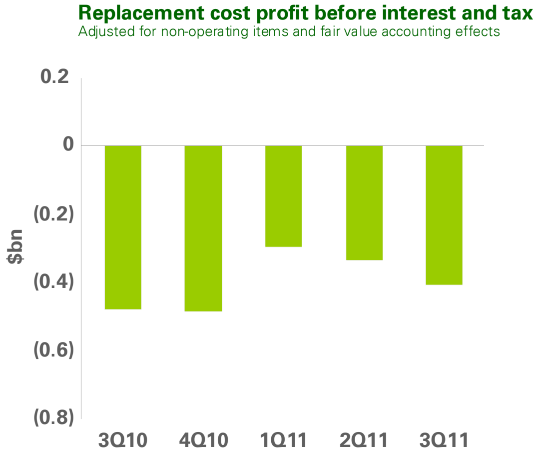
During the third quarter we continued to realize significant refining feedstock benefits in the US due to our location advantage in accessing WTI priced crude grades.

In the fuels value chains, Solomon refining availability remained high at 95.3% for the quarter. During August, the last of the units impacted by the second quarter weather-related power outage at the Texas City refinery was brought back onstream.

In the international businesses, petrochemicals production volumes were down year-on-year in the third quarter by approximately 10%, the majority of which was driven by planned shutdowns in Asia.

Looking ahead, we expect a normal seasonal decline in refining margins in the fourth quarter. Our overall level of planned turnarounds is expected to be lower relative to the third quarter. However, our Whiting refinery will undergo planned maintenance that will affect approximately half its crude capacity for the expected one month duration of the activity.

Other businesses & corporate



- Beneficial foreign exchange effects versus prior year
- Higher charge expected in 4Q

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In other businesses and corporate, we reported a pre-tax underlying replacement cost charge of $(410) million for the third quarter, a reduction of $80m versus the charge of a year ago, primarily reflecting foreign exchange effects.

Current expectations are for a substantially greater charge in the fourth quarter as a consequence of the normal seasonal increase in functional costs retained within OB&C. The expected underlying charge for the full year remains in line with February guidance.

Gulf of Mexico oil spill costs and provisions

$bn pre-tax[(1)]	FY10	YTD11
• Income statement		
– Charge for the period	40.9	0.4
• Balance sheet[(2)]		
– Brought forward		23.3
– Charge to income statement	40.9	0.4
– Payments into Trust Fund	(5.0)	(4.9)
– Cash settlements received from Mitsui and Weatherford		1.1
– Other related payments in the period	(12.7)	(3.5)
– Carried forward	23.3	16.4
• Cash outflow	17.7	7.3

(1) Includes contributions received from Mitsui and Weatherford and excludes the recently announced settlement with Anadarko
(2) Balance sheet amount includes all provisions, other payables and the reimbursement asset balances related to the Gulf of Mexico oil spill

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The next slide provides an update on the costs and provisions associated with the Gulf of Mexico oil spill.

In the third quarter we recognized a pre-tax charge of $600 million for the incident, bringing the year-to-date charge to $400 million. The 3Q charge reflects a number of provision adjustments and the ongoing quarterly expenses of the Gulf Coast Restoration Organization.

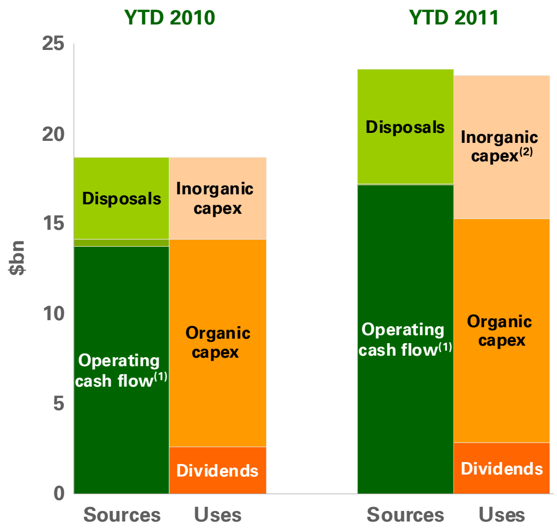
The total charge taken for the incident at the end of the quarter was $41.3 billion including the $20 billion Trust commitment. The charge excludes the Anadarko settlement reached on 17th October, which will be recognized in the fourth quarter, reducing the overall pre-tax charge for the incident by $4.1billion.

The settlement from Anadarko, when received, will be applied to the Trust Fund. As a result, we expect to complete our payments into the Trust Fund by the end of 2012.

Pre-tax BP cash out flow related to oil spill costs for the nine months was $7.3 billion.

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

Sources & uses of cash



- Year-to-date 2011 operating cash flow is $17.1 billion
- $2.2 billion of disposals completed during 3Q ($6.4 billion year-to-date 2011)
- Additional $4.5 billion of cash deposits held at the end of the quarter
- Cash at 30 September is $18.0 billion

(1) After payments into the Trust Fund and other Gulf of Mexico oil spill payments
(2) Year-to-date 2011 inorganic capex includes $4.0bn paid relating to the transaction with Reliance Industries Limited

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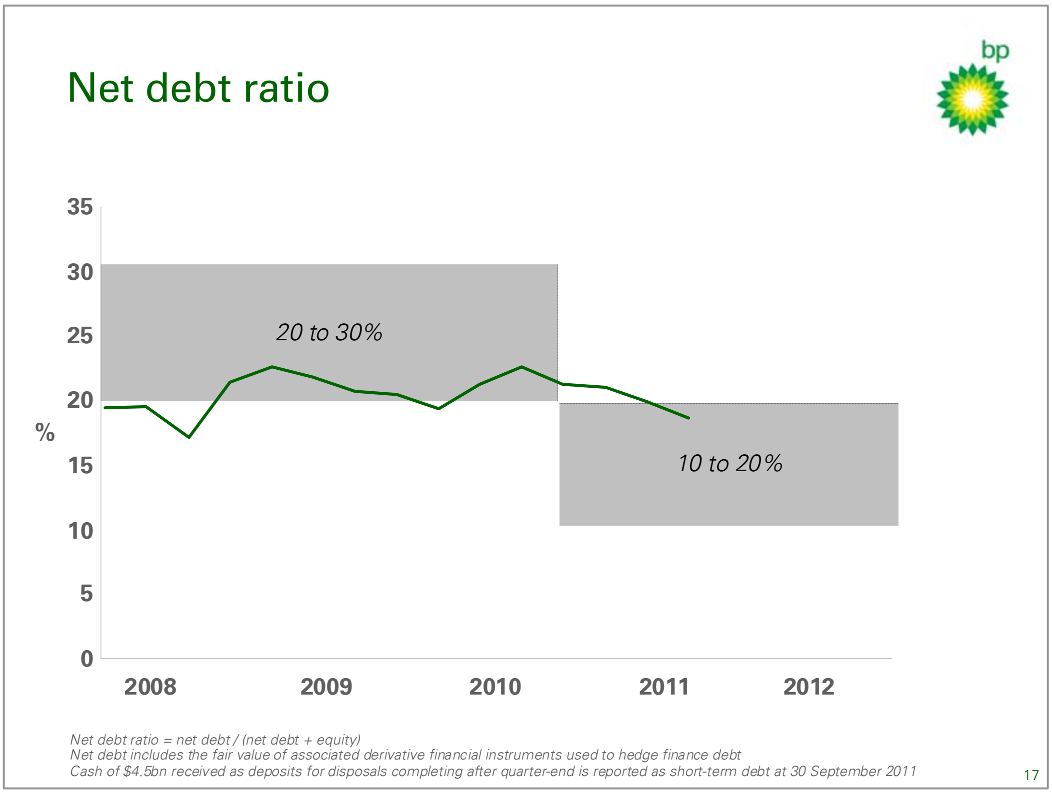
Turning now to cash flow, this slide compares our sources and uses of cash in the first nine months of 2010 and 2011.

Year-to-date operating cash flow was $17.1 billion. Before Gulf of Mexico oil spill-related post-tax expenditures of $5.6 billion, underlying year-to-date operating cash flow was $22.8 billion, 7% lower than a year ago, with higher working capital requirements being a major factor. Operating cash flow in the fourth quarter will be impacted by the normal seasonal working capital build.

We received $6.4 billion of disposal proceeds for divestments completed in the first nine months and additionally held $4.5 billion in deposits for transactions to be completed subsequent to the quarter end. These deposits were reported as short-term debt.

Organic capital spending in the first nine months was $12.6 billion. In addition, inorganic capital spending was $7.9 billion and included the purchase of Brazilian assets from Devon Energy, the acquisition of the majority control of Brazilian ethanol and sugar producer CNAA and stage payments of $4.0 billion in respect of our transaction with Reliance Industries. The remaining payment of $3.0 billion was paid to Reliance on 3rd October.

Total cash held at the end of the third quarter was $18.0 billion.



Our net debt ratio was 19% at the end of 3Q. As I mentioned earlier, the $4.5 billion of deposits for divestments to be completed subsequent to the quarter end was reported as short-term debt. As these transactions complete, net debt will reduce accordingly.

We now expect the sale of our 60% interest in Pan American Energy, which is pending regulatory approvals, to complete in 2012. BP believes that the transaction provides significant value to both parties and will continue to work towards securing the necessary regulatory approvals. BP continues to hold a $3.5 billion deposit with respect to the disposal. Gearing at year-end, which will be impacted by seasonal year-end working capital increases and the final payment for the Reliance transaction, is expected to remain around 20%.

Our intention continues to be to reduce our net debt and realize the financial flexibility of a gearing level in the lower half of the 10 to 20% band.

Moving BP Forward

Additional segment disclosure

Focus on growing cash flow

- Around 50% improvement in operating cash flow by 2014 versus 2011[1]
- $15bn additional divestments by end 2013; $45bn in total
- Increased investment to grow the firm

Reduce gearing to lower half of 10–20% range

Higher distributions to shareholders

- Increasing in line with improving circumstances of the firm
- Dividends
- Share buybacks

(1) BP projections at $100/bbl. See Statement of Assumptions under Cautionary Statement.

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Building on Bob's earlier remarks, I would like to add a few thoughts on the medium-term financial framework for the Group.

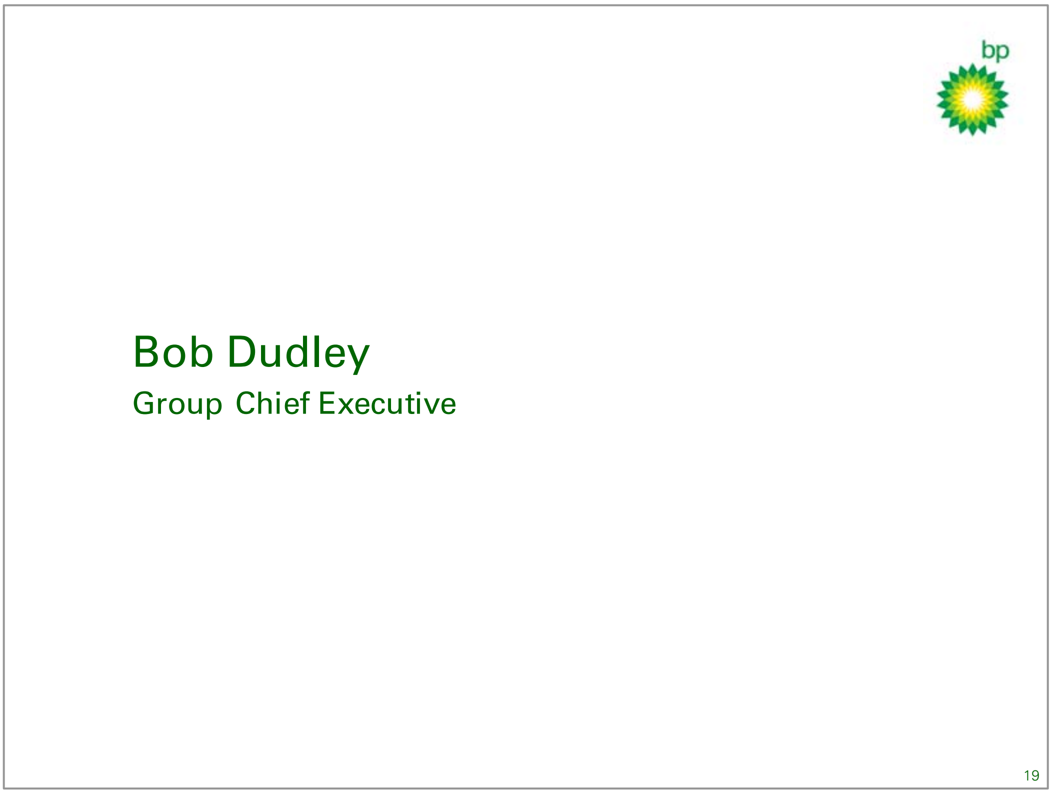
From the first quarter of 2012, we plan to provide additional information around our segment results. TNK-BP's result will be reported as a segment in its own right. We will also provide additional disclosure on the performance of the Fuels, Lubricants and Petrochemicals businesses as part of the Refining and Marketing result.

Since we announced the current disposal program, we have agreed transactions totalling $26 billion. We still expect to have agreements in place for around $30 billion of disposals by year end, although as I have indicated some transactions will not complete until 2012. As Bob described we now plan to increase divestments by a further $15 billion to a total of $45 billion by the end of 2013. This increase includes our intention to sell previously announced refining and associated marketing assets in the US.

The increased disposal program allows us to focus our portfolio on areas of strength. It also underpins the reduction in gearing and provides flexibility for other purposes. The projected growth in cash from operations supports our plans to increase capital spending as well as to fund other priorities including higher distributions to shareholders. We will review our 2012 distribution plans in February and adjust them in line with the improving circumstances of the firm.

That concludes my remarks, now back to Bob.

Bob Dudley: Group Chief Executive



Thank you Byron

I want to return now to our three priorities of safety, trust and value growth.

In terms of value growth, I have a fair amount of detail to give you on progress and plans for both upstream and downstream

But first a few points on safety and trust.

Putting safety and operational risk management at the heart of the company

Safety and Operational Risk organization

- Growing deep capability

Operating Management System

- Driving continuous improvement

Implementing lessons from the Gulf of Mexico oil spill

- Sharing lessons globally
- Continuing to implement Bly Report recommendations
- Enhanced standards and processes
- Changing how we work with contractors

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We have a clear strategy for embedding safety and operational risk management at the heart of BP.

We are growing deep capability in our Safety and Operational Risk organization – or S&OR.

It now has nearly 500 staff, with over 160 specialists hired this year and more being recruited.

Teams are now embedded in our operations.

They have the ability to intervene when necessary.

And are driving continuous improvement by supporting the ongoing implementation of BP's Operating Management System.

We also continue to implement lessons learned from the Gulf of Mexico oil spill and to share these lessons globally.

A dedicated team is overseeing implementation of the recommendations of the Bly report and new standards and processes are being embedded. Of note, we now have a new zonal isolation standard and a new Rig-audit Handbook.

We are also changing how we work with contractors, by focusing on developing fewer, deeper and longer term relationships. We will implement a systematic selection process and strengthen our oversight and verification work. This is something we will be implementing throughout 2012.

So, I am pleased with the progress we are making, but we believe in continuous improvement, in safety more than anything else, and will continue to drive change across the company.

Turning to rebuilding trust, let me briefly update you on progress relating directly to the Gulf of Mexico incident.

While we recognize there is an ongoing impact in the region, the summer saw strong signs of improvement in tourism and fishing industries demonstrating that the region continues to recover.

And we have now paid out around $7.3 billion in claims and government payments.

We have committed up to $1 billion to early natural resource restoration projects.

And BP has paid nearly $10 billion into the Trust Fund.

We are also making progress in resolving liabilities.

We have reached settlements with Mitsui and Weatherford, and just last week, with Anadarko. This latest settlement resolves the issues between the leaseholders.

And we continue to encourage others, including Transocean and Halliburton, to step forward.

We continue to co-operate with all the investigations and hearings into the incident.

The latest report to be issued was that of the final Marine Board enquiry. Its core conclusion was consistent with every other official investigation – that the Deepwater Horizon incident was the result of multiple causes, involving multiple parties, including Transocean and Halliburton.

The Limitation and Liabilities trial remains scheduled to commence in February 2012.

So uncertainties remain with further reports and proceedings to come - but some significant steps are now behind us.

Value growth: Upstream
Framework

- Risk reduction
- Increased investment with a focus on exploration
- Active portfolio management
- Growing operating cash faster than production
- Growth engines
  - Deepwater
  - Gas value chains
  - Giant fields

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Turning now to value growth.

As I outlined to you earlier you will be able to measure it through growth in operating cash flow across the whole portfolio.

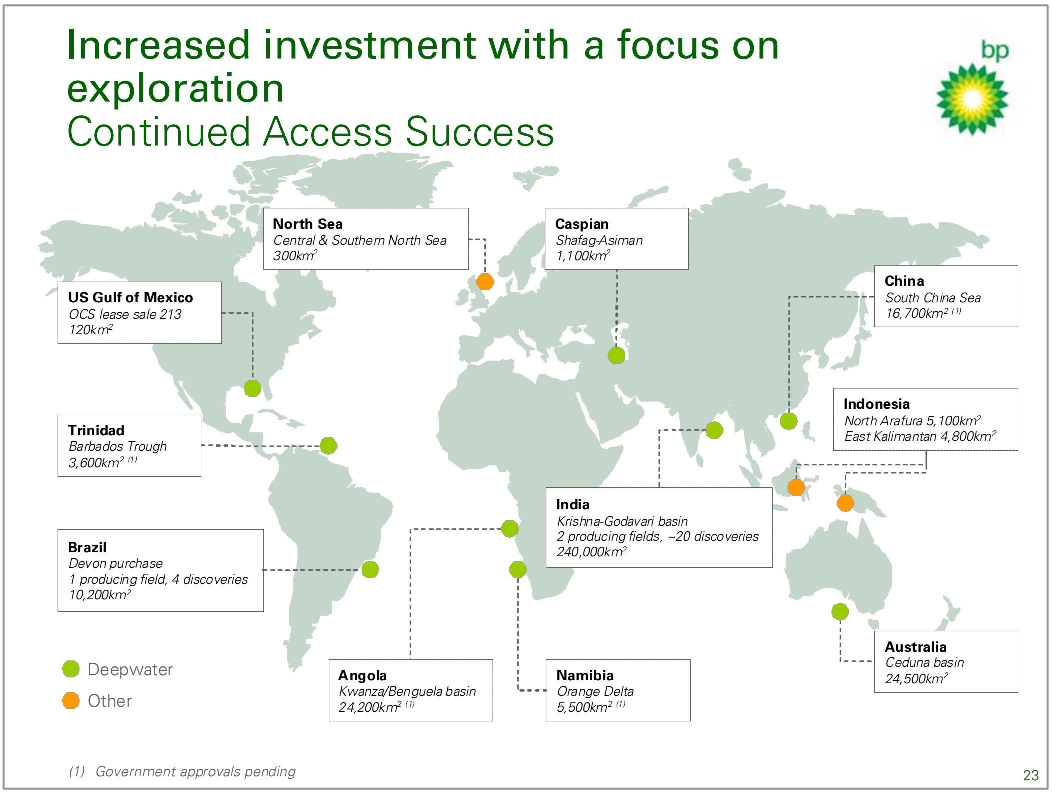
But it will be delivered through the distinctive strengths of each of our businesses, through increased investment into focused, high-quality assets and through the capabilities that underpin value in each business.

Let me start by briefly reminding you of the five key drivers of value growth in the upstream.

These include:

- Risk reduction.
- Increasing investment with a particular focus on exploration.
- Active portfolio management.
- Growing operating cash faster than production, and all the while
- Focusing on the major growth engines which play to our strengths, in the deepwater, in gas value chains and in giant fields.

We will talk more about these drivers in February, but let's look at some key progress today.



Let me start with exploration, and in this business access to new opportunities is key. 2011 is turning out to be a record year for access to new acreage.

Over the past 12 months

- We have gained access to 67 new licences in 11 countries with a total of 335,000 square kilometres of new acreage.
- Including ten new basins

In the third quarter of the year we continued to make significant additions to our portfolio.

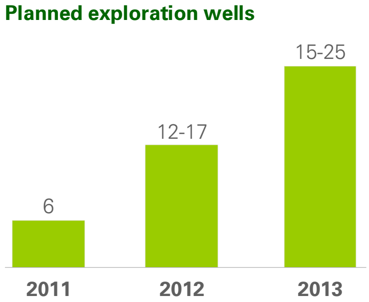
In July we were awarded two deepwater exploration and production blocks by the Government of Trinidad and Tobago.

In August we completed our acquisition of a 30% interest in 21 oil and gas production sharing contracts in India. This is the beginning of what we expect to be a long and successful working relationship with Reliance Industries.

Also in August we agreed terms to farm in to a deepwater exploration block in Namibia.

And it is this growing portfolio that will allow us to continue to increase our investment in exploration over the next few years.

Increased investment with a focus on exploration
Building for the future



- On track to double exploration investment
  - Continue to access new acreage
  - Leveraging seismic acquisition and imaging
  - Increasing exploration to 15-25 wells/year
- Increasing number of new play tests

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We are on track to double our exploration investment.

By 2013 we intend to be investing around $1 billion in exploration drilling alone. We are also increasing our spend on seismic and other geosciences activity as they are critical for sustaining exploration activity over the long term.

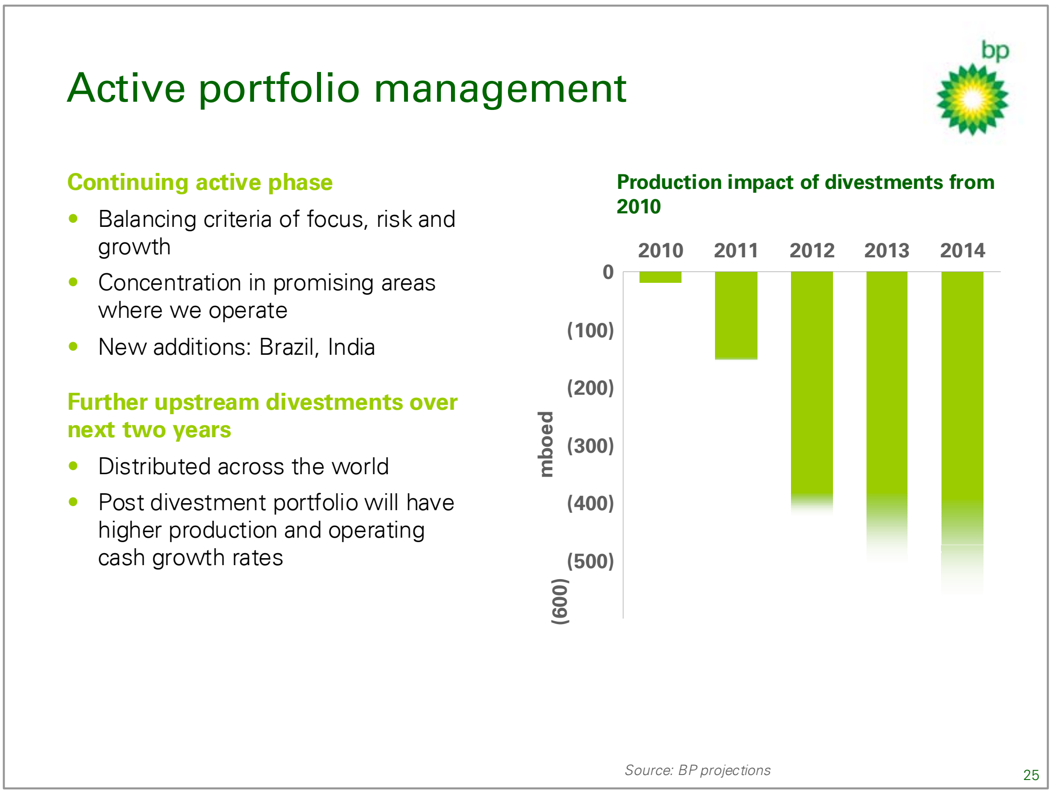
We will continue to access new acreage in established basins as well as entering new basins.

We are an industry leader in seismic imaging and are continually pushing the boundaries of what seismic can achieve.

We have detailed plans to expand the drill-out of our prospect inventory. We plan to increase the number of wells drilled from six this year to at least double that next year and to as many as 15-25 in 2013.

We plan to significantly increase the number of wells which test new plays over the next few years. The objective is to drive a higher contribution of reserves replacement from new exploration discoveries. The additional exploration drill-out also provides option value as we can decide what resources to keep and develop, and what we divest.

Recent successes include the Moccasin discovery in the Gulf of Mexico in which we have a stake and successful appraisal wells and significant extensions to both the Mad Dog field in the Gulf of Mexico and the Clair field in the North Sea.



Realizing value means also knowing when to divest assets as well as when to access and invest. So, we are continuing to actively manage our portfolio.

We approach this by looking at assets and asking if they meet certain key criteria.

Do they play to our strengths? How much risk do they involve? And how much potential do they have for growth?

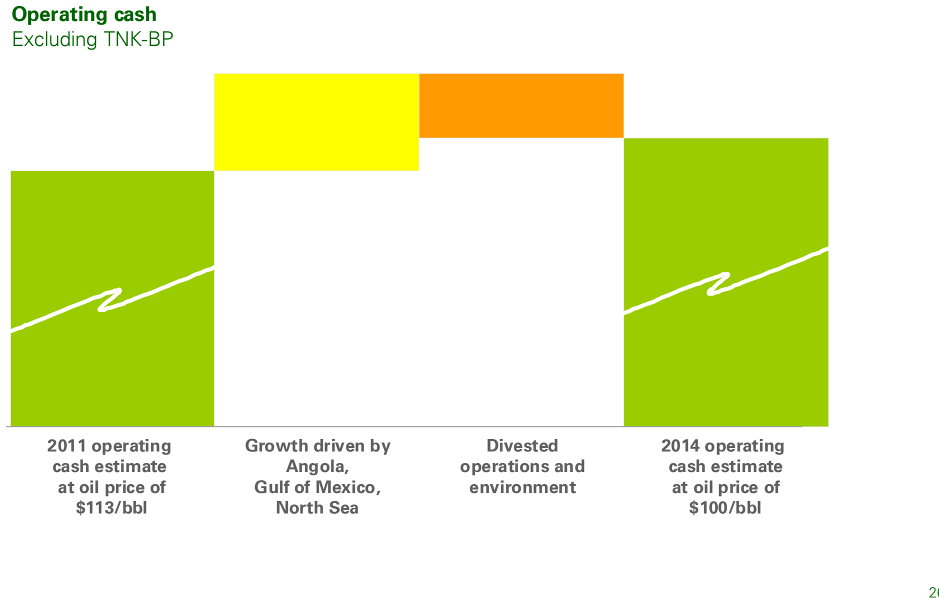
We invest significantly in promising assets where risk can be tightly managed and growth potential is strong. And we also acquire new assets as appropriate, for example our recent Brazil and India additions.

We divest assets which do not meet these criteria and where others can deliver more value.

This allows us to focus our leadership, technical resources, and organizational capability on those investments that will really grow value in our portfolio. The best capabilities applied to the best assets.

We are planning a further tranche of divestments – distributed across the world – which will leave us with a somewhat smaller but stronger portfolio, with higher production and operating cash flow growth rates.

Growing upstream operating cash faster than production



While exploration will assure our longer term growth, we are also paying close attention to our cash generation.

At the half year, I said that we were going to grow operating cash faster than production.

I now want to add some detail to that statement.

As I've explained, our divestment program continues to high grade our portfolio.

This will leave us with a higher growth core of operations.

We expect to see an increase in volume from the higher margin areas of Angola, Gulf of Mexico and the North Sea as new projects come onstream.

The average unit operating cash margins from these new projects by 2014 are expected to be twice the current unit operating cash margin for the upstream segment excluding TNK-BP, and assuming constant $100/bbl oil prices.

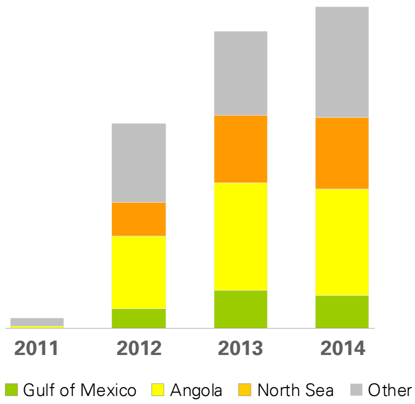
This will contribute to operating cash growth, after adjusting for the environment and any divestments.

This growth will be driven both by growth in production volume as new major projects start up and by the improvement in margin mix.

Of course operating cash flow momentum will also be driven by the return of higher-margin production that was absent in 2011.

Momentum in operating cash flow
New projects drive growth

Production, mboed
Excluding TNK-BP



Major Project start-ups
Excluding TNK-BP

Location	Project	2011	2012	2013 /2014
Angola	Angola LNG		●	
	Block 31 PSVM		●	
	Clochas-Mavacola		●	
	CLOV			●
	Pazflor	●		
Asia Pacific	North Rankin 2			●
Azerbaijan	Chirag Oil			●
Canada	Sunrise			●
Gulf of Mexico	Galapagos		●	
	Na Kika Phase 3			●
	Mars B			●
North Africa	In Amenas Compression			●
	In Salah Southern Fields			●
North Sea	Devenick		●	
	Kinnoull			●
	Skarv		●	
Trinidad & Tobago	Serrette	●		
Total		**2**	**6**	**9**

By 2014 unit operating cash margins from new projects is expected to be double the existing average (excluding TNK-BP)

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So here is the detail on the programme of major project start-ups over the next three years.

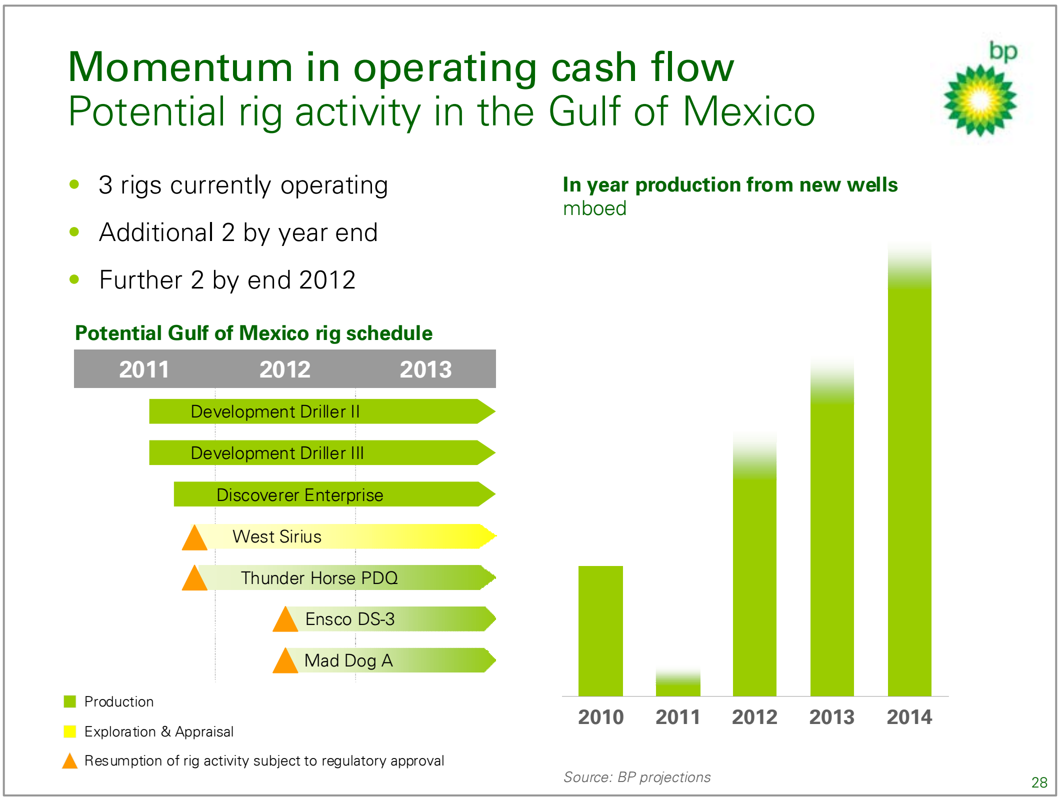
After essentially no major project start-ups in 2010, we are now expecting to see 15 major project start-ups by the end of 2014, beyond the two already seen this year.

Of these 15, we expect to see:

- Six in 2012 – including three in Angola and two in the North Sea, and
- Nine others in 2013 and 2014 across our 3 growth engines

We have made the final investment decisions for all of these projects.

And as I have said, they are predominantly in our higher unit-margin areas, of the Gulf of Mexico, the North Sea, Angola.



A major factor in operating cash flow momentum will also be a return to work in the Gulf of Mexico.

Preparations for getting back to work are progressing. Clearly, all our restart activity is contingent on approval by the US regulators - the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement.

As I mentioned earlier, to date we currently have three rigs permitted in the Gulf of Mexico.

Just last week we received approval for the Kaskida Exploration Plan and, subject to approval, hope to have a fourth rig spudding this appraisal well in the very near future.

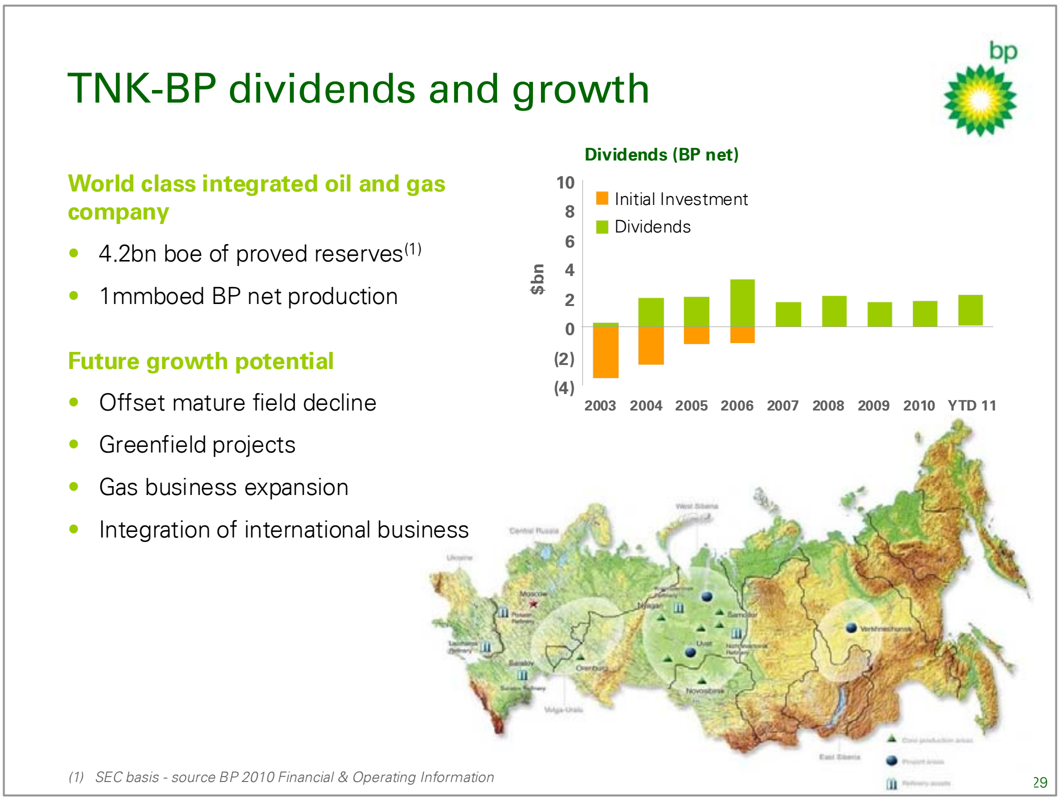
By year end, we hope to have five rigs operational with the return to service of our Thunder Horse PDQ rig.

Looking forward to 2012, our plans include drilling exploration, appraisal and development wells and the start-up of an additional two rigs.

Our criteria for restarting operations include new voluntary standards that meet or exceed regulatory requirements, including extra safeguards on Blow Out Preventers, more third party inspection, and new plans for containment and response, based on worst case discharge scenarios.

By 2013 we expect to return to around the historical level of new well delivery.

Clearly there is some remaining uncertainty in respect to timing, but our intent and readiness to get back to work is clear.



Turning now to Russia.

TNK-BP is also a very strong part of our growth momentum.

It represents a significant investment for BP into the third largest oil company in Russia.

We remain pleased with its continuing strong performance.

A solid track record of growth is being maintained with production notably surpassing 1 mmboed net to BP for the first time this quarter.

TNK-BP has been a major tax payer in Russia, with over $150 billion of duties, levies and taxes paid to date.

BP has received around $17 billion in dividends since the formation of the joint venture in 2003. Over the last four years this has represented roughly $2 billion per annum of cash flow to BP.

TNK-BP also has significant future potential. Plans are in place to offset mature field decline while world-scale Greenfield projects, including the Yamal and further development of the Uvat area, provide the potential for steady growth.

Its gas business also has opportunities, for instance the Rospan development. And TNK-BP is expanding internationally – with the recent additions of Venezuela and Vietnam assets to the portfolio through purchases from BP.

We remain committed to our investment in TNK-BP and to our ongoing presence in Russia.

Value growth
World class downstream business

The highest quality downstream business

- Hydrocarbon value chains delivering leading returns and cash flow growth

Incorporating three business models

- Fuels (including optimization and trading)
- Lubricants
- Petrochemicals

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Let's turn now from the upstream to the downstream.

The focus of our Refining and Marketing business since 2007 has been on turning the business around based on a consistent set of priorities, executed in a systematic and disciplined way.

This began with safety, combined with a focus on improving the quality and efficiency of the business and restoring its earnings momentum.

As a result we now have the platform to sustain and grow a truly world class downstream business.

And we have a clear definition of 'world class' – for us it means being the highest quality business measured by delivery of leading returns and cash flow growth.

Our business in refining and marketing is that of hydrocarbon value chains – and it incorporates three business models:

- Fuels
- Lubricants and
- Petrochemicals

We are today delivering returns in each of these business models at, or near the top of the competitive range.

World class downstream business

Safe and reliable operations
- Becoming a leader in process safety
- Industry leading reliability and availability

Excellent execution
- Compliance, rigour, discipline, efficient use of resources
- Effective organization and capability

Portfolio quality and integration driving leading cash margin capability
- Right asset configuration, technology, channels, brands and integration
- Enables advantaged operations to deliver leading utilization rates
- Drives cash margins and cash flow delivery

Growing margin share – exposure to growth
- Expansion of competitive margin capability
- Building growth market positions

Disciplined investment and portfolio management
- Financial framework
- Operating cash flow growth

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Let me expand on what it takes to be world class and what we focus on.

Safety remains the top priority as it does across BP, with our Safety and Operational Risk function at the heart of all operations. We are committed to leadership in process safety and have returned operations to strong, competitive performance in reliability and availability.

Hydrocarbon markets are highly competitive and it requires excellent execution, efficient use of all resources and the right capabilities to win.

BP is achieving leading returns that are attractive and materially differentiated relative to the marginal price setter.

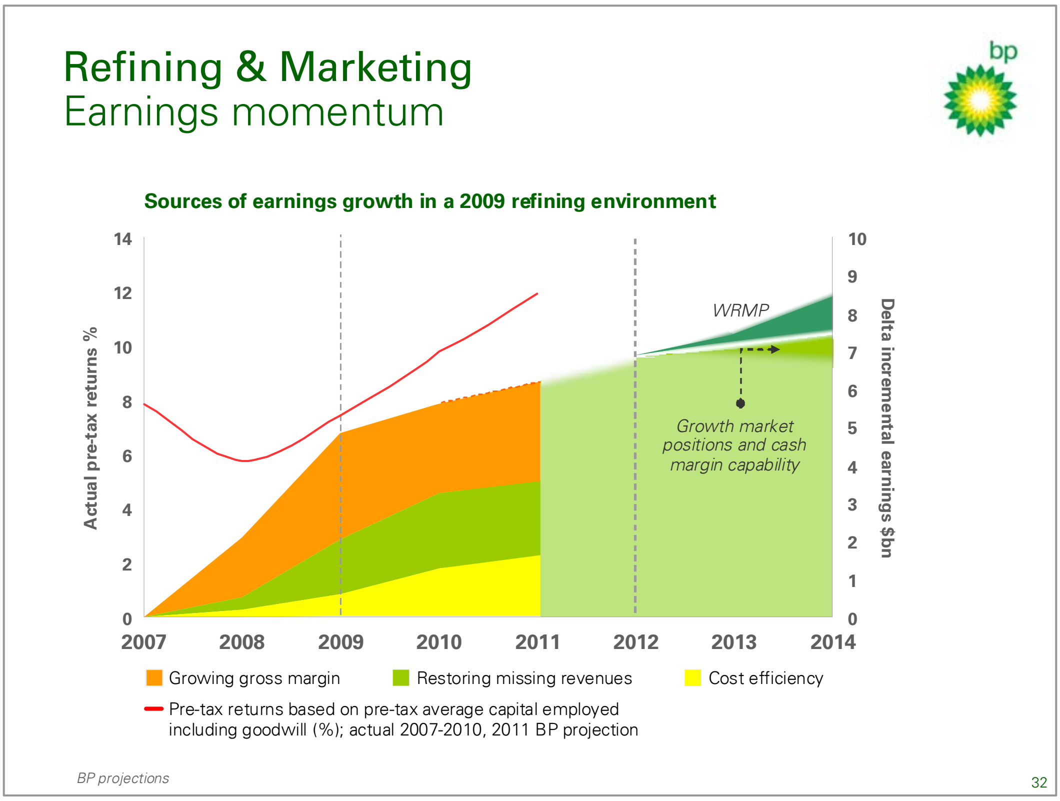
We have managed our portfolio actively, investing in businesses where we have strengths in terms of core location, configuration, integration, technology and brand while divesting assets that do not display these key strategic characteristics.

We have developed leading market positions and will continue to invest in these to sustain our base business. These leading positions attract high utilization and drive strong cash flows.

We are growing our margin share by investing in expansion of margin capability. The most material example is the major re-positioning of our Whiting refinery.

We also have excellent exposure to growth via our Petrochemical and Lubricant operations. We plan to extend our footprint within these businesses with a focus on growth markets.

All of this will continue to be achieved within a disciplined financial framework.



Let's turn now to Refining and Marketing's financial performance, focusing firstly on earnings and returns and then on operating cash flow.

This chart is new and helps illustrate the sources of earnings growth that has been delivered to date - relative to a 2007 baseline and all at 2009 refining margins.

As you can see, we expect to deliver more than $6 billion of incremental earnings in 2011 versus 2007.

This confirms we are on track to deliver over $2 billion of earnings growth by 2012 relative to a 2009 baseline.

The red line indicates actual pre-tax returns which have approximately doubled since the low in 2008.

This momentum has been achieved whilst yearly average refining margins have fallen from over $15/bbl in 2008 to between 9 and 12 dollars over the last three years.

Beyond 2012, earnings momentum across the businesses is projected to continue despite competitive pressures.

On top of this, the material additional earnings from the re-positioning of the Whiting refinery towards heavy feedstock advantage are indicated separately on the chart. The Whiting Refinery Modernization Project is scheduled to come onstream in the second half of 2013.

All of this is at 2009 margins or a Refinery Marker Margin of around $9/bbl.

At higher levels such as today, Refining and Marketing will clearly earn more.

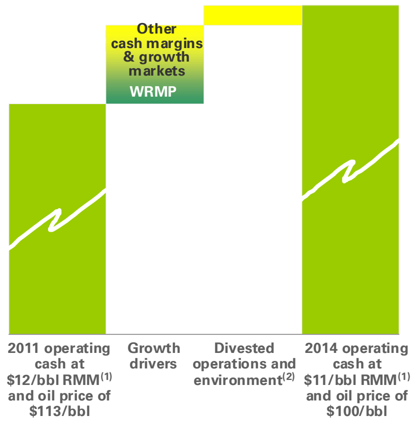
Refining & Marketing
Operating cash flow momentum

Sustaining leading returns in the base
- Invest to maintain competitive position
- Improve efficiency and margin capture capabilities
- Working capital efficiency

Improving cash margin capability
- Whiting Refinery Modernization Project (WRMP)
  - Onstream 2013
- Cherry Point clean diesel
- Toledo continuous catalytic reforming
- Integration, trading and optimization
- Premium fuels, Castrol Edge
- Petrochemicals and lubricants technology
- Marketing channel management

Growth market positions
- Petrochemicals Asia
- Lubricants growth markets
- Refining and fuels developments

Operating cash flow



(1) Refining Marker Margin
(2) Includes working capital movements

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Here we see the drivers of our operating cash flow momentum and a chart illustrating this over the period 2011 to 2014.

Earlier, I talked about the importance of ensuring a strong and sustainable base operation.

We will invest in our base at around depreciation levels to maintain our competitive position.

We will also invest to further improve efficiency and margin capture capabilities including a continued focus on working capital and project management effectiveness.

Refining and Marketing has a set of high quality growth activities to underpin improvements in cash margin capability. The largest component by far is the Whiting Refinery Modernization Project. This is indicated separately on the chart.

As discussed during our 2Q results, we expect this project to generate in excess of $1bn of operating cash flow per year, depending on the environment.

We also have material options underway to expand cash margin capability in other areas. These range from smaller refining upgrades and logistics optimization within the value chains, to new product and process technologies.

A significant part of our downstream business is exposed to growth markets and we expect this to increase as we invest into these markets.

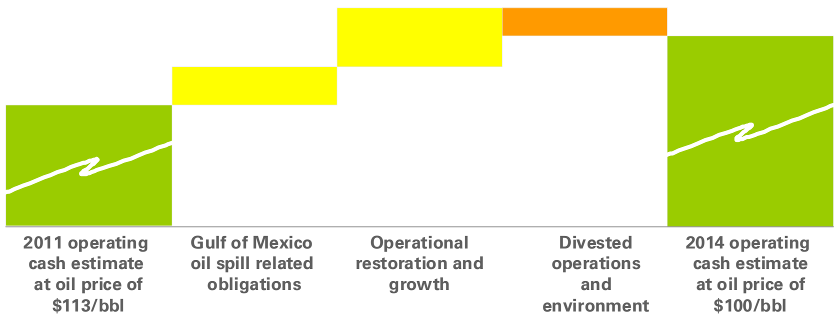
So in summary, BP has a world class refining and marketing business which is now performing very well relative to its competitors and will contribute materially to BP's operating cash flow growth.

Moving BP Forward
Momentum in operating cash flow

Around 50% growth in operating cash flow by 2014 at $100/bbl[1]

- Key enablers:
  - Restoration of high value production
  - Growth from new projects
  - Whiting refinery upgrade coming onstream
  - Completion of contributions to the US Trust Fund

Operating cash



(1) See Statement of Assumptions under Cautionary Statement

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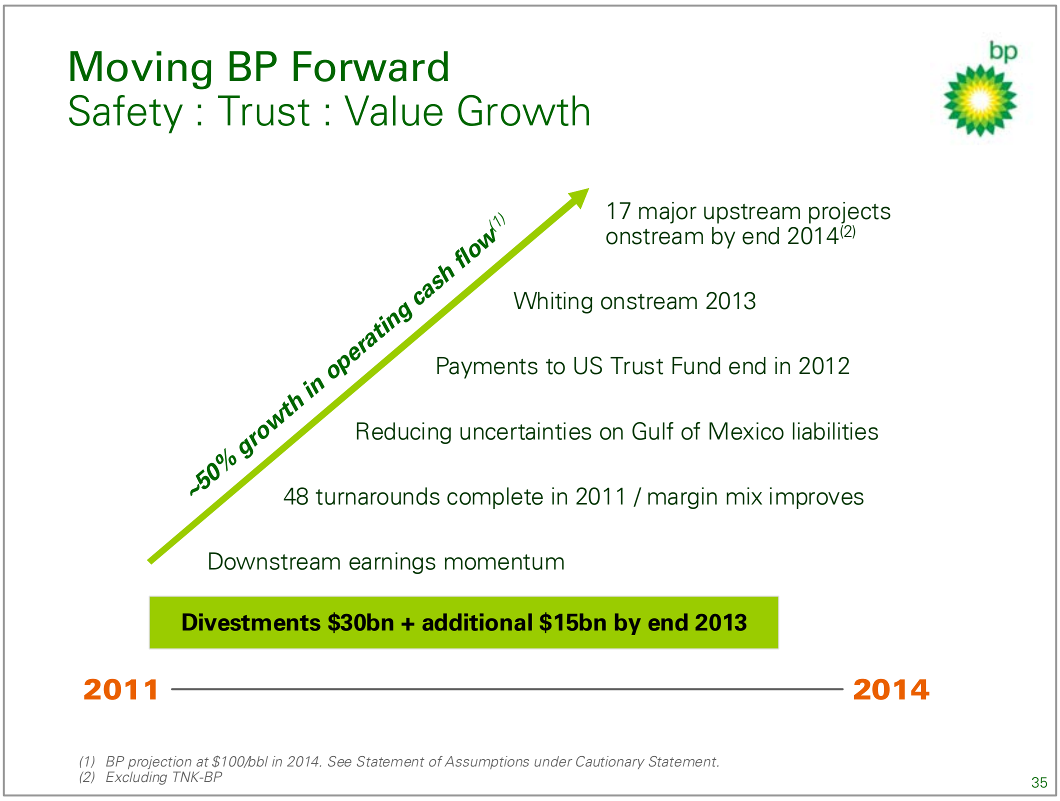
So bringing all the parts together for the Group as a whole we can see how we expect operating cash flow to develop over the next three years.

We project an increase of around 50% in operating cash flow by 2014 at $100/bbl, approximately half from ending Gulf of Mexico Trust Fund payments and half from operations.

You have seen the many drivers of this improvement but we can summarise the four primary drivers as:

- One, growth from new projects coming onstream, mostly in high-margin areas, including Angola.
- Two, the restoration of high-value production, which is offline today due to the pause in activity in the Gulf of Mexico and our increased turnaround activity.
- Three, the Whiting refinery upgrade coming onstream.
- And four, completion of contributions to the $20 billion US Trust Fund.



So, to sum up, the management team and the BP Board fully recognise the need to move forward and to rebuild confidence in the company.

From this month, with most of our turnarounds complete, we have accelerated the engine to deliver a clear and competitive future for everyone who has a stake in BP.

Today we have given you our strategic direction and a solid sense that we can and will deliver that future. Let me end with a few specific milestones that you should look for from BP.

By the end of this year:

- We expect to have completed our extensive 2011 program of 48 major upstream asset turnarounds.
- We hope to have five big deepwater rigs operating in the Gulf of Mexico.
- We will have agreements in place for the the major part of our planned original $30 billion divestment programme.
- And we will have met three-quarters of our commitments to the Trust Fund.

2012 will be a year of milestones with momentum continuing to build in 2013:

- The full operational and financial benefits of the 2011 turnarounds should be evident.
- We will complete our payments into the Trust Fund by the end of 2012.
- We will extend our divestment program to $45 billion with a further $15 billion of divestments by the end of 2013.
- And also in 2013 we expect to bring onstream the major upgrade to Whiting refinery.

So that by 2014, you should expect:

- 17 major upstream projects to have been brought onstream since 2011, outside of TNK-BP.
- The firm's overall operating cash flow to have increased by around 50% in a $100/bbl world.
- And you will see us using around half this projected incremental cash for increased investment and around half for other purposes, including increasing distributions to shareholders. Going forward we expect to be able to increase distributions in line with the improving circumstances of the firm. And as Byron noted we expect to review our 2012 distribution plans in February.

Moving BP Forward
A 10 point plan

What you can expect

1. Relentless focus on safety and managing risk
2. Play to our strengths
3. Stronger and more focused
4. Simpler and more standardized
5. More visibility and transparency to value

What you can measure

6. Active portfolio management to continue
7. New projects onstream with higher margins
8. Generate ~50% more annually in operating cash flow by 2014 versus 2011 at $100/bbl(1)
9. Half of incremental operating cash for re-investment, half for other purposes including distributions
10. Strong balance sheet

(1) See Statement of Assumptions under Cautionary Statement

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So to conclude, moving forward our priorities of safety, rebuilding trust and delivering value growth remain unchanged. We have a well defined path to grow value.

A clear 10 point plan.

A plan that shows you what you can expect, and what you can measure.

It concentrates our distinctive talents on high value, advantaged assets and it is sustainable through our new structures, process and discipline.

The past year has shown me just how much can be achieved when BP aligns and applies itself.

In the past year this company has been steadied, turned around and now this month with much of our high margin assets returning onstream we can march ahead.

I am very confident we are on the right path and I am determined that it will reward all those with a stake in BP’s success.

Byron and I are now ready to take your questions.

Q&A

Bob Dudley
Group Chief Executive

Byron Grote
Chief Financial Officer

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