3Q 2012 Investor Update

30 October 2012

Hello and welcome to BP’s third-quarter 2012 results webcast and conference call. I’m Jessica Mitchell, BP’s Head of Investor Relations and joining me today are Bob Dudley, our Group Chief Executive and Brian Gilvary, our Chief Financial Officer.

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

Cautionary statement

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Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements, particularly those regarding: the timing and quantum of and timing for completion of contributions to and payments from the $20-billion Trust fund; the expected level of reported production in the fourth quarter of 2012; the expected levels of full-year underlying and reported production in 2012; the expected level of refining margins in the fourth quarter of 2012; the timing of and prospects for upgrades to the Whiting refinery; the expected level of refinery turnarounds in the fourth quarter of 2012; the expected level of petrochemicals margins in the fourth quarter of 2012; the expected level of the quarterly charge in Other Businesses and Corporate; the expected full-year effective tax rate; prospects for BP's $38-billion divestment programme, and the intention to make $38 billion of disposals by the end of 2013; prospects for the completion of planned and announced divestments, and the timing for the receipt of and quantum of disposal proceeds; the level of full-year capital expenditure for 2012; the expected future levels of gearing and net debt; the expected terms of and timing of the execution of definitive agreements in respect of BP's proposed transaction with Rosneft concerning the sale of BP's stake in TNK-BP to Rosneft and the related acquisition by BP of shares in Rosneft (the Rosneft transaction); the expected timing of completion of the Rosneft transaction; the expected level of BP's holding of Rosneft stock following completion of the Rosneft transaction; expectations regarding the accounting treatment of BP's expected share of Rosneft's earnings, production and reserves; prospects for BP's level of representation on Rosneft's board of directors; BP's intentions to use part of the proceeds from the Rosneft transaction to offset dilution to earnings per share; BP's expectations of becoming a significant equity holder in Rosneft; BP's intentions to hold Rosneft shares as a long-term investment; the prospects for and expected timing of certain investigations, claims, settlements and litigation outcomes; the timing of future MDL 2179 proceedings; the expected source of funding for the settlement agreements with the Plaintiffs' Steering Committee (PSC); the expected date of the fairness hearing in respect of the settlements with the PSC; the expected level of unplanned outages and overall outages in 2013; BP's plans for its 2013 turnaround program; the expected timing for completion of BP's re-positioning of Downstream; BP's intentions to actively secure new acreage in core areas and new frontiers; expectations regarding the '10-point plan'; expectations regarding the quarterly dividend payment and future distributions to shareholders; the anticipated increase of around 50% in operating cash flow by 2014, and the prospects for financial momentum in 2013 and 2014; the prospects for, timing and composition of future projects including expected Final Investment Decisions, start up, completion, timing of production, level of production and margins; the expected levels of cash margins in BP's new upstream projects planned for start-up by the end of 2014; expectations about BP's portfolio in the future; BP's plans to increase upstream reinvestment; the expected level of capital expenditures on projects and wells between 2013 and 2017; the expected level of production from higher margin areas through 2016; expectations for drilling and rig activity; the expected levels of and prospects for production and underlying production in the Gulf of Mexico in 2012 and through the end of the decade; the expected installation of new water injection facilities at the Thunder Horse field in 2014; expectations regarding the level of production at Thunder Horse through the end of the decade; the expected number of material prospects tested by BP's drilling programme to 2015; the expected number of wells completed per year in the future; the expected number of wells that will target prospects with resource potential greater than a quarter billion barrels of oil equivalent; BP's intended level of investment in seismic exploration in the future; the expected acquisition of 3D seismic surveys in Trinidad, Indonesia and Uruguay in 2013; expectations regarding the timing of completion of wells in 2012, including wells in Angola, Brazil, the North Sea and Namibia; and the expected level of free cash flow in Downstream following the completion of the Whiting modernisation project. 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. Actual results may differ from those expressed in such statements, depending on a variety of factors including the ability of the parties to the Rosneft transaction to negotiate satisfactory definitive agreements and the terms thereof; the actions of regulators and the timing of the receipt of governmental and regulatory approvals; strategic and operational decisions by Rosneft's management and board of directors; the timing of bringing new fields onstream and of project start-ups; the timing of divestments; future levels of industry product supply; demand and pricing; OPEC quota restrictions; PSA effects; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought; the impact on our reputation following the Gulf of Mexico oil spill; 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; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism or sabotage; and other factors discussed under "Principal risks and uncertainties" in our Stock Exchange Announcement for the period ended 30 June 2012 and under "Risk factors" in our Annual Report and Form 20-F 2011 as filed with the US Securities and Exchange Commission.

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

Statement of Assumptions - The operating cash flow projection for 2014 stated on slides 29 and 35 of this presentation reflects our expectation that all required payments into the $20 billion US Trust Fund will have been completed prior to 2014. The projection has been adjusted for BP's proposed transaction with Rosneft and excludes BP's share of TNK-BP dividends. The projection does 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 at that time. As disclosed in the Stock Exchange Announcement, we are not today able to reliably estimate the amount or timing of a number of contingent liabilities.

Cautionary note to US investors - Certain terms are used in this presentation, such as 'reserves', 'resources', 'net resources' and 'recoverable resources', that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262. This form is available on our website at www.bp.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov. Tables and projections in this presentation are BP projections unless otherwise stated.

Stock Exchange Announcement: For further information on BP's results, please see the Third Quarter Results Stock Exchange Announcement dated 30 October 2012

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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.

Agenda

3Q 2012 Results

Russia

US legal proceedings

Our future: growing sustainable free cash flow

Q&A

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Today is the presentation of our third-quarter results.

It is also a quarter during which a great deal has happened at BP - most notably last week's announcement of our plans to reposition our interests in Russia, bringing with it much greater clarity to a lingering uncertainty for the Group.

And it is exactly a year now since we announced our 10-point plan.

So it feels like the right time to update you on our strategic progress and give you a stronger sense of the direction we are taking and why I remain confident we are on the right path.

Our agenda today will start with Brian taking you through our results for the third quarter and then we will take a more detailed look at developments in Russia and on the US legal front.

I will then come back to the plans we laid out to you last October and show you what we have done to reposition the company, and how we intend to drive growth over the next decade. This is all part of our vision to be a focused oil and gas company that creates value by growing long term sustainable free cash flow through safe and reliable operations. We will do this with a disciplined and prudent financial framework, and a portfolio biased to high-margin opportunities.

First, let me hand you over to Brian.

Thanks Bob.

3Q 2012 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

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$bn	3Q11	2Q12	3Q12	% Y-o-Y
Upstream	6.3	4.4	4.4	
TNK-BP[1]	0.9	0.5	1.3	
Downstream	1.7	1.1	3.0	
Other businesses & corporate	(0.4)	(0.5)	(0.6)	
Consolidation adjustment - unrealized profit in inventory	(0.2)	0.5	(0.1)	
Underlying replacement cost profit before interest and tax	**8.3**	**5.9**	**8.0**	**(3)%**
Interest and minority interest	(0.4)	(0.3)	(0.3)	
Tax	(2.4)	(2.0)	(2.6)	
Underlying replacement cost profit	**5.5**	**3.7**	**5.2**	**(5)%**
Underlying earnings per share (cents)	**28.8**	**19.4**	**27.2**	**(6)%**
Dividend paid per share (cents)	**7.0**	**8.0**	**8.0**	
Operating cash flow	**6.9**	**4.4**	**6.3**	

(1) TNK-BP earnings are after interest, tax and minority interest

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I'd like to start with an overview of the third-quarter financials.

BP's third-quarter underlying replacement cost profit was $5.2 billion, down 5% on the same period a year ago but 40% higher than the second quarter of 2012.

As we described in our 2Q results this includes a one off $260 million deferred tax charge related to further changes to the UK taxation of North Sea production announced in 2011.

High refining margins and good operational performance have supported third quarter results in our Downstream business.

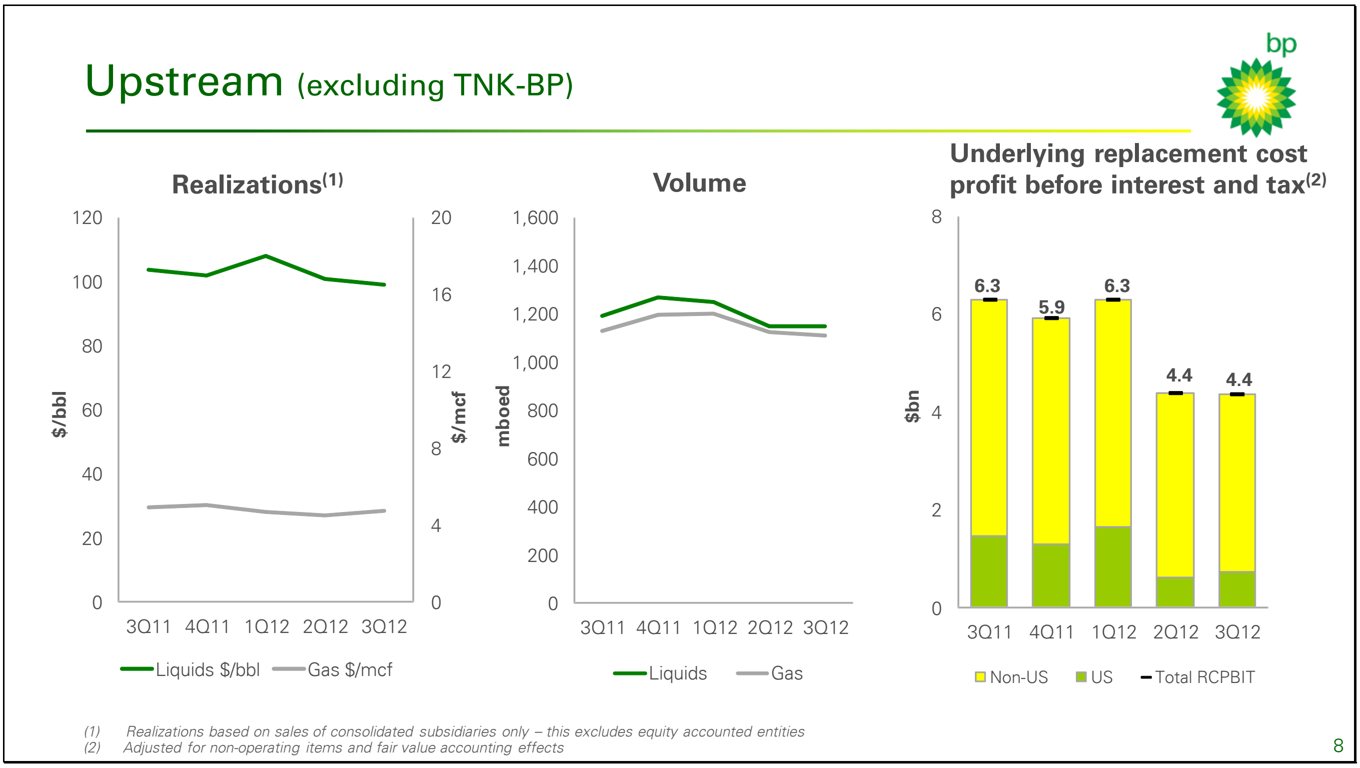
More stable oil prices have resulted in some positive reversal of the unusual price effects seen in the second quarter.

As noted at the time, our earnings in the second quarter were negatively impacted by particularly volatile oil price movements which led to a large duty lag and foreign exchange effects in TNK-BP and adverse pricing of feedstock into our US refineries.

Third-quarter operating cash flow was $6.3 billion. In the fourth quarter we will make a final payment of $860 million to complete the $20 billion funding of the Gulf of Mexico Trust Fund.

We would like to announce that the third quarter dividend payable in the fourth quarter will be increased to 9 cents per ordinary share. This increase reflects the progress we have made with the significant divestments announced this year and our future confidence in the underpinning of the 10-point plan.

We will continue to review the dividend level on an annual cycle and adjust it in line with the improving circumstances and underlying growth of the firm.



Turning to the Upstream, the underlying third-quarter replacement cost profit before interest and tax was $4.4 billion compared with $6.3 billion a year ago and $4.4 billion in the second quarter.

The result versus a year ago largely reflects a weaker price environment with

- Brent trading on average around $4 per barrel lower, and
- Henry Hub trading at an average $1.40 lower.

Production was around 3% lower, primarily due to divestments and entitlement impacts in our production sharing agreements, natural field decline and the seasonal impacts of maintenance activity.

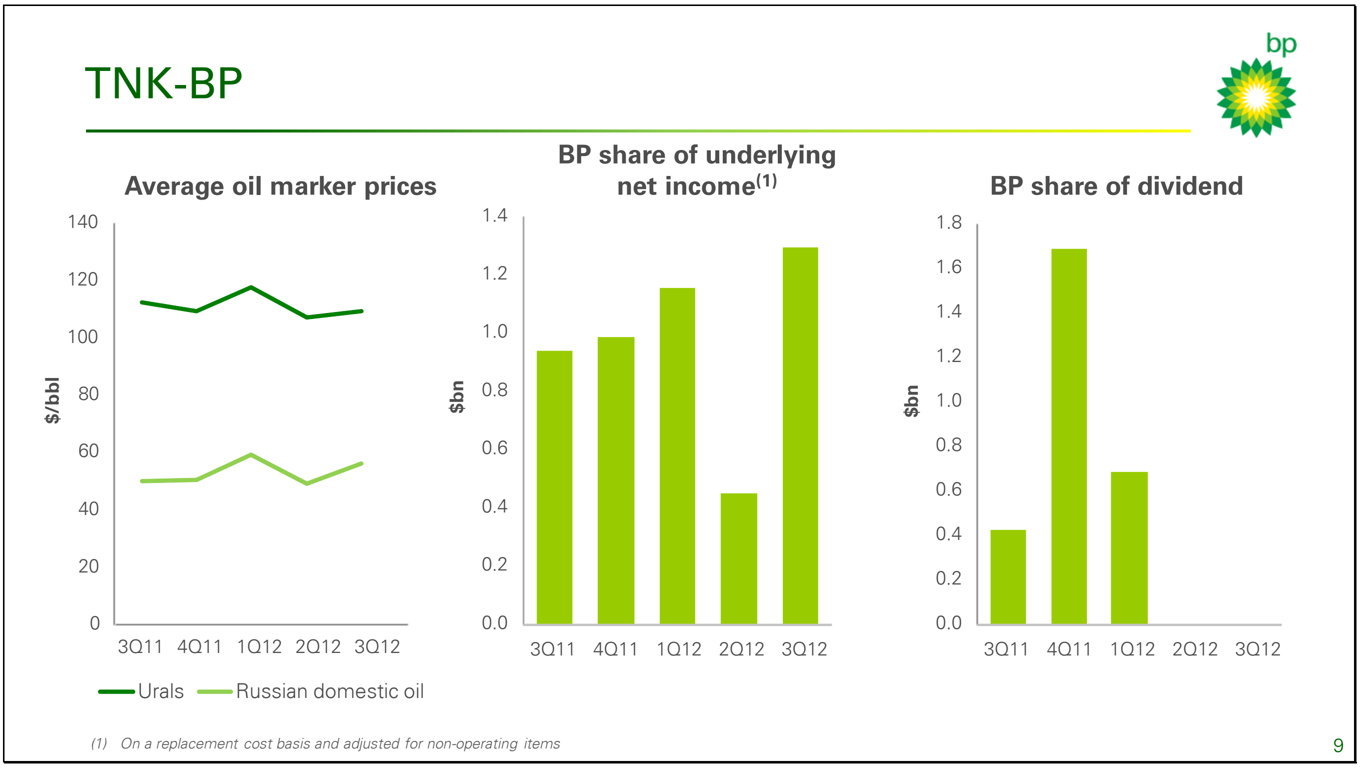
This was partly offset by major project start-ups and improved operating performance in Angola and increased volumes in other areas. Underlying volumes, excluding TNK-BP and after adjusting for divestments and entitlement effects, increased by more than 3% year-on-year.

Non-cash costs also increased year-on-year, mainly as a result of higher depreciation, depletion and amortization associated with the new high-margin projects and higher decommissioning costs.

As we said last quarter, the third quarter result is flat, with slightly higher average realizations, offset by slightly lower reported volumes. Major project production ramp-up, and the completion of turnaround activity in the Gulf of Mexico were offset by seasonal maintenance activity in the North Sea and Alaska, and the impact of Hurricane Isaac in the Gulf of Mexico.

We expect fourth-quarter reported production to be higher than the third quarter as we exit the maintenance season, and see the continuing benefit of our major project start-ups. The extent of the increased production will likely be muted by the timing of some significant divestments in the Gulf of Mexico and North Sea expected to be completed during 4Q.

As we said in July, we continue to expect full-year underlying production in 2012 to be broadly flat with 2011, excluding TNK-BP. Reported production for the full year is expected to be lower than 2011 due to the impact of divestments which we continue to estimate at around 120 thousand barrels of oil equivalent per day. The actual reported production outcome for the year will depend on the exact timing of divestments and project start-ups, OPEC quotas, and entitlement impacts in production sharing agreements.

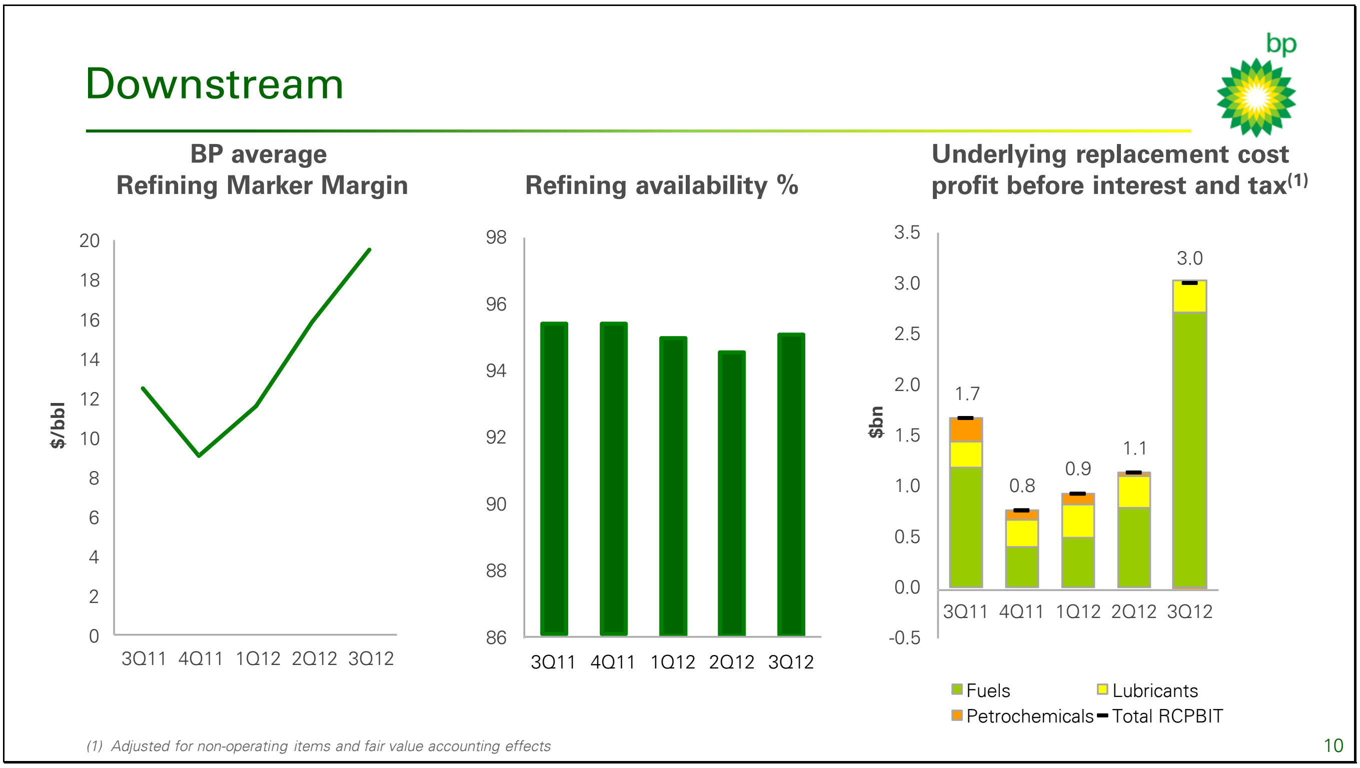


BP’s share of TNK-BP underlying net income was $1.3 billion in the third quarter, 38% higher than a year ago and almost three times higher than the previous quarter.

Compared to the third quarter of 2011, this result reflects positive foreign exchange effects and the favourable impact of the tax reference price lag on Russian export duties in the rising price environment, reversing the adverse impact seen in the second quarter.

Compared to the second quarter, the combined price, duty lag and foreign exchange impacts had a beneficial impact of around $800 million on BP’s share of net income. No dividend was paid by TNK-BP in the third quarter.

Following the agreement with Rosneft announced last week, BP’s investment in TNK-BP now meets the criteria to be classified as an asset held for sale, we will therefore cease equity-accounting, and it will not feature in future earnings from the announcement date. We will however continue to report our share of TNK-BP’s production and reserves until the transaction closes.



In the Downstream, underlying replacement cost profit for the quarter reached a record level of $3.0 billion compared with $1.7 billion a year ago and $1.1 billion last quarter.

The fuels business made an underlying replacement cost profit of $2.7 billion, significantly higher than both the same quarter last year and the previous quarter. This was driven by a combination of high refining margins and strong operational performance, with refining throughputs at the highest level for seven years.

The refining marker margin averaged $19.50 per barrel for the quarter, the highest third quarter since 2005, driven by refinery closures in the Atlantic Basin and low gasoline and diesel inventories globally.

The third quarter result also benefited from positive prior month pricing of barrels into our US refining system, which substantially mitigated the negative impact seen in the second quarter, and a rebound in the supply and trading contribution to more normal levels.

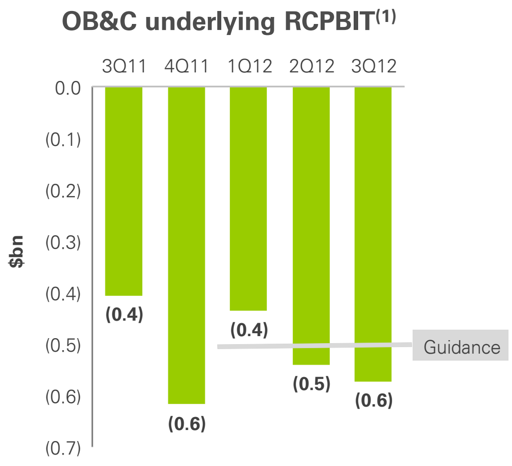
Looking ahead, we expect refining margins in the fourth quarter to decline in line with seasonal trends.

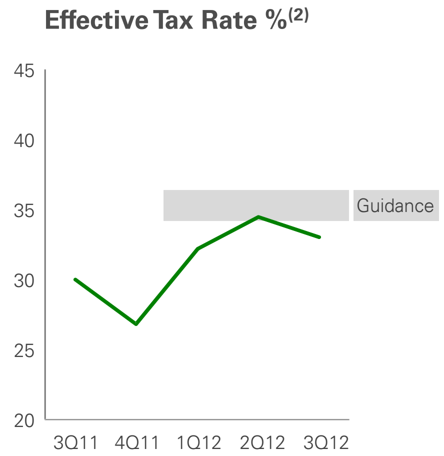
As previously indicated, we are about to start the Whiting refinery transitional outage to replace the largest of three crude units as part of our major upgrade project. This will temporarily reduce the crude capacity of the refinery by more than 50 percent. We expect this work to be completed by the middle of 2013, in time for the start-up of the project in the second half of 2013. In addition, we expect to carry out major turnarounds at two of our refineries in the fourth quarter.

The lubricants business delivered an underlying replacement cost profit of $310 million, reflecting robust performance, significantly higher than the same period last year, despite a continued difficult market environment.

The petrochemicals business delivered an underlying replacement cost loss of $20 million compared with a profit of $235 million in the same period last year driven by continued weakness in margins globally, resulting from recent aromatics capacity additions in Asia, high feedstock prices for BP's mix of products and lower demand. Looking ahead, we expect petrochemicals margins to remain depressed in the fourth quarter.

Other items





(1) Other businesses and corporate underlying replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items
(2) Effective tax rate on underlying replacement cost profit

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In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge before interest and tax of $570 million for the third quarter, an increase of $170 million versus the charge a year ago, primarily reflecting higher corporate and functional costs.

Guidance remains a charge of around $500 million on average per quarter, but remains volatile quarter to quarter.

The effective tax rate on underlying replacement cost profit for the third quarter was 33% compared to 30% a year ago. Excluding the $260 million impact of the one-off deferred tax charge on North Sea production, the underlying effective tax rate for the quarter was 30%.

We now expect the full-year effective tax rate to be at the lower end of the 34 to 36% range.

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

$bn	To end 2011	1H 2012	3Q 2012	Cumulative to date
Income statement				
Charge / (credit) for the period	**37.2**	**0.8**	**0.1**	**38.1**
Balance sheet[2]				
Brought forward		**10.6**	**8.0**	
Charge / (credit) to income statement	37.2	0.8	0.1	38.1
Payments into Trust Fund	(15.1)	(2.8)	(1.3)	(19.1)
Cash settlements received	5.1	0.3	-	5.4
Other related payments in the period [3]	(16.6)	(0.9)	(0.3)	(17.8)
Carried forward	**10.6**	**8.0**	**6.5**	**6.5**
Cash outflow	**26.6**	**3.4**	**1.5**	**31.5**

(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 third quarter Stock Exchange Announcement*

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Now I would like to provide you with an update on the costs and provisions associated with the Gulf of Mexico oil spill.

The third-quarter charge has been increased by some $60 million to reflect an adjustment to provisions plus the usual quarterly expenses of the Gulf Coast Restoration Organization.

This brings the total cumulative net charge for the incident to date to $38.1 billion.

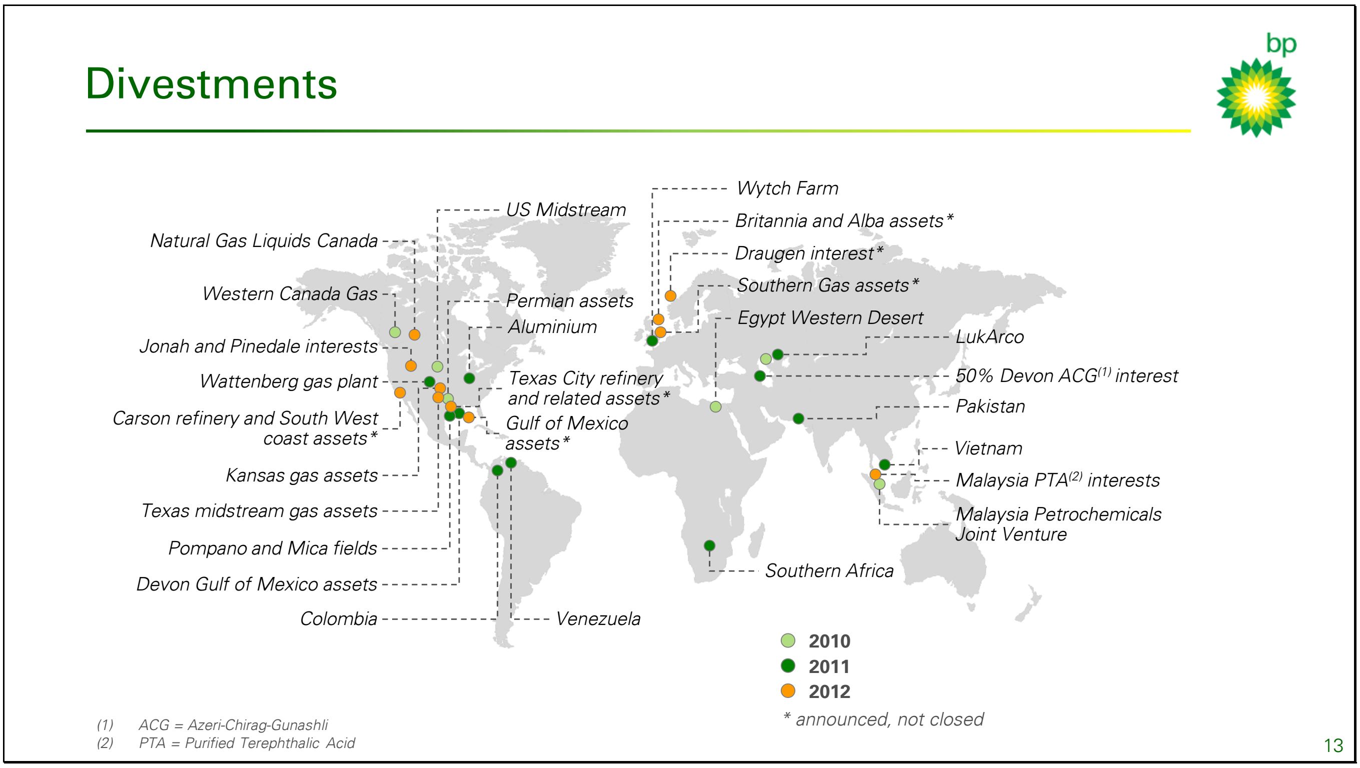
Pre-tax BP cash out flow relating to the oil spill cost and into the $20 billion Trust Fund for the quarter was $1.5 billion.

At the end of the third quarter, the cash balances in the Trust and the Qualified Settlement Funds amounted to $10.9 billion, with $19.1 billion contributed in and $8.2 billion paid out.

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

I would like to highlight that the US Department of Justice has been conducting an investigation into the incident regarding civil and criminal laws. We are in ongoing discussions with the DoJ and other federal agencies regarding a possible settlement of these claims and whilst we are ready to settle on reasonable terms, a number of unresolved issues remain and there is significant uncertainty as to whether an agreement will ultimately be reached.

We therefore believe that it is not currently possible to reliably measure any potential exposure and cost to BP arising from some of these claims, save for those claims for which we have already provided.



Turning to the disposal programme, we have made strong progress with our programme of divestments in the third quarter.

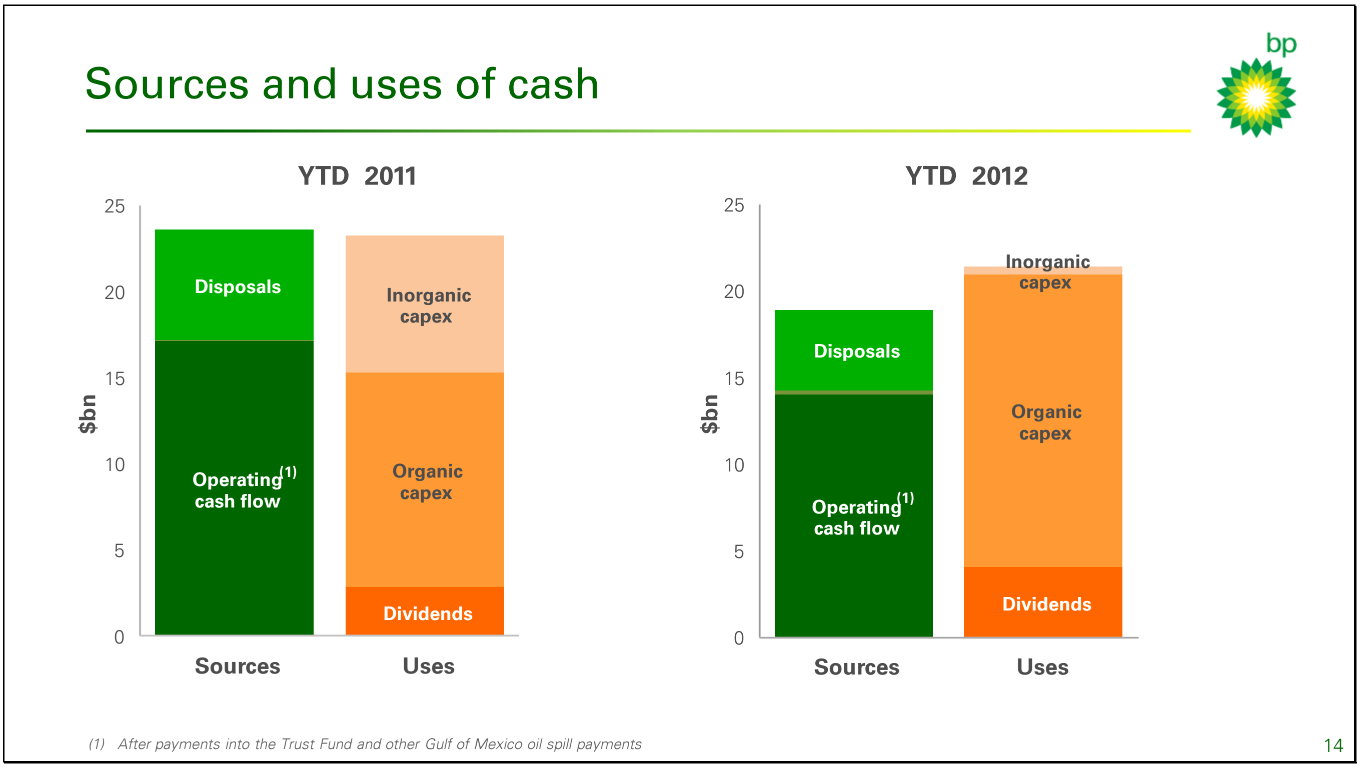
Since the end of the second quarter we have announced $11 billion of asset sales.

These include:

- Our Carson and Texas City refineries in the US together with some related logistics and marketing assets,
- Interests in a number of non-strategic oil and gas fields in the deepwater US Gulf of Mexico,
- The Sunray and Hemphill gas processing plants in Texas,
- Our interest in the Draugen field in the Norwegian Sea, and
- Our Malaysian PTA interests.

Including the proposed transaction with Rosneft for the sale of our share in TNK-BP, this brings the total of announced divestments to over $62 billion.

We have now announced more than $35 billion against our original target of $38 billion.



Moving now to cash flow, this slide compares our sources and uses of cash in the first nine months of 2011 and 2012. Operating cash flow in the first nine months was $14.1 billion, of which $6.3 billion was generated in the third quarter.

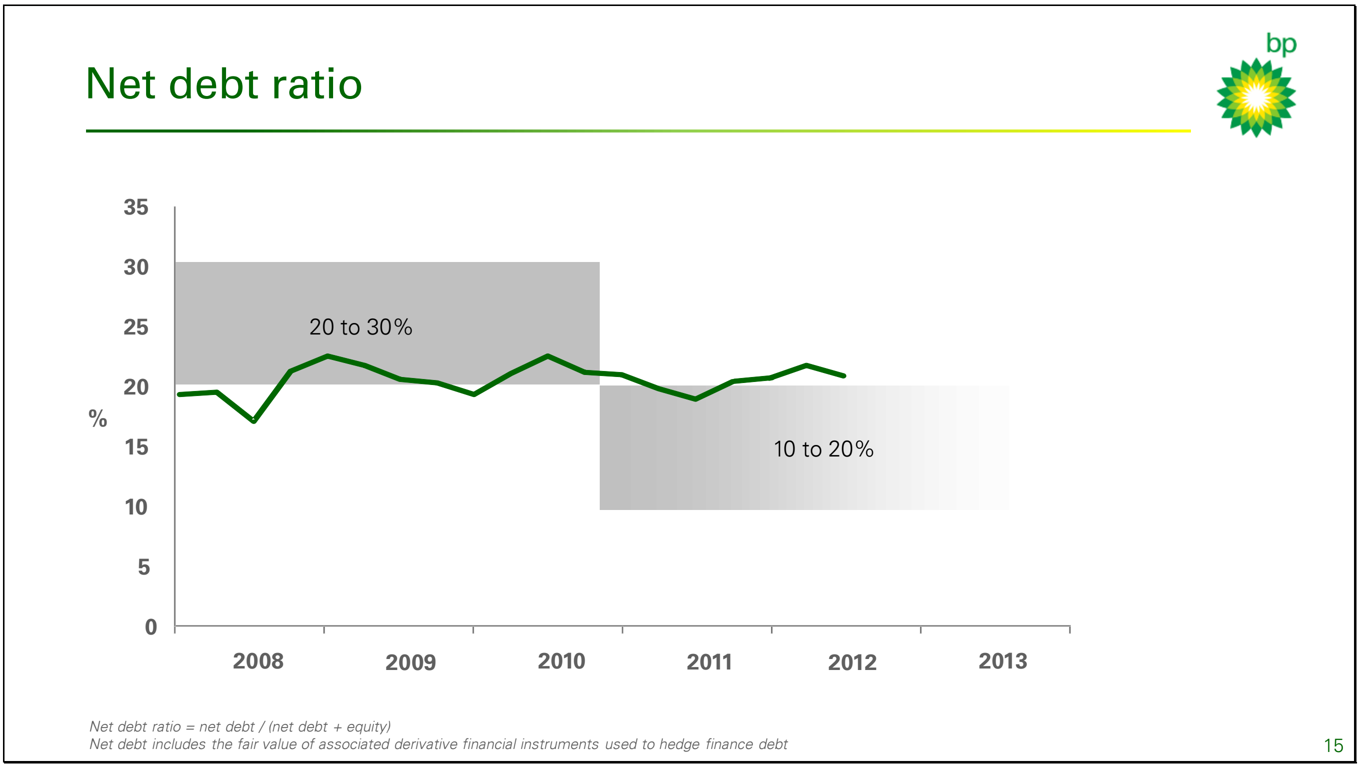
After excluding an outflow of $3.0 billion from post-tax Gulf of Mexico oil spill related expenditures, underlying operating cash flow in the first nine months was $17.1 billion.

We received $4.6 billion of divestment proceeds during the first nine months with $1.4 billion in the third quarter.

Organic capital expenditure in the first nine months was $16.5 billion and $5.9 billion in the third quarter.

In the fourth quarter, we expect to receive disposal proceeds of $6.0 billion and to make our final payment of $860m into the $20bn Gulf of Mexico Trust Fund.

We now expect full year capital expenditure for 2012 to be $22-23 billion, slightly ahead of previous guidance. The TNK BP divestment is expected to close in the first half of 2013.



At the end of the third quarter net debt was $31.5 billion, leaving gearing at 20.9% compared to 21.9% at the end of the second quarter.

As we work to complete our divestment programme and end payments into the Trust Fund, we expect gearing to reduce. We continue to target gearing in the lower half of the 10 to 20% range over time while uncertainties remain.

Let me now hand you back to Bob.

Thanks Brian.

Now, let's turn to the future…

I'd like to start to outline with you today our thinking about the longer-term direction of BP, ahead of a more detailed Investor Day focused on the Upstream. I am pleased to announce we will hold this on the 3rd of December at our London campus in Sunbury.

However, before I do that, I would like to spend a few minutes discussing our recent agreement with Rosneft for the proposed sale of our share in TNK-BP, and to update you on our US legal position.

A different and exciting future in Russia
Rosneft transaction summary

- Heads of terms agreed for:

  Sale of BP's 50% interest in TNK-BP to Rosneft for ~$27bn(1)
  - $17.1bn in cash plus shares representing 12.84% of Rosneft
  - $4.8bn cash to be used to acquire 5.66% of Rosneft from the Russian Government at $8/share

  Net effect of transaction
  - BP to hold 19.75% of Rosneft including BP's existing 1.25%
  - BP receives $12.3bn in cash

- BP expects to be able to account for its share of earnings, production and reserves on an equity basis
- BP expects to have two seats on Rosneft's nine-person main board
- At a minimum BP intends to offset any dilution to earnings per share arising from the transaction

(1) Calculated using Rosneft's closing share price on 18 October 2012

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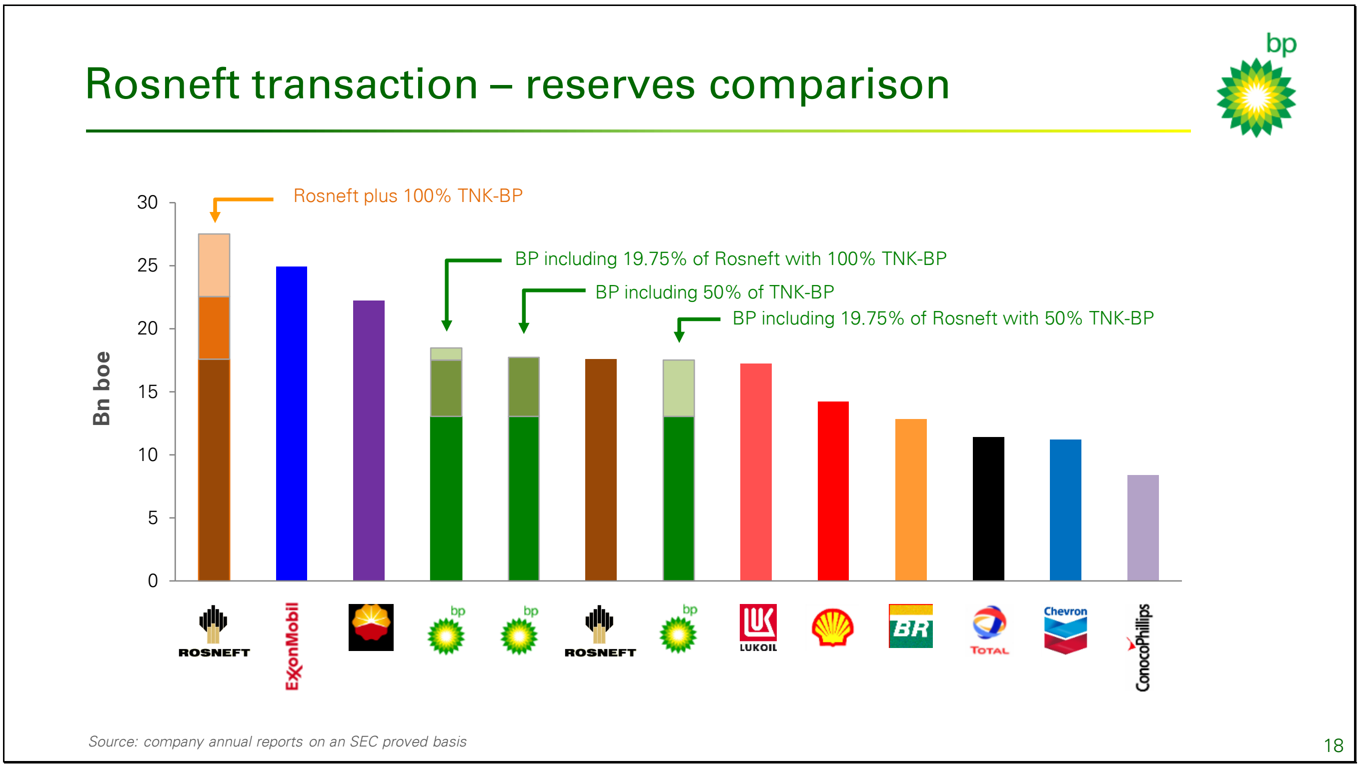
As we announced last week, we have taken a major step forward in re-positioning BP within Russia, through our intention to divest our share of TNK-BP in exchange for cash and an 18.5% share of Russia's leading oil company, equivalent to just under $27 billion, based on the Rosneft closing share price on the 18th of October.

With the resulting 19.75% share, we expect to be able to account for our share of Rosneft's earnings, production and reserves on an equity basis. In addition we expect to have two seats on Rosneft's 9 person main board.

In accordance with the heads of terms, BP and Rosneft have an exclusivity period of 90 days to negotiate fully termed sale and purchase agreements. Subject to signing definitive agreements, completion would be subject to governmental and regulatory approvals, and would be anticipated to occur during the first half of 2013.

We are currently evaluating how the cash proceeds will be used. At a minimum, our intention is to use part of the cash proceeds to offset any dilution to earnings per share as a result of this proposed transaction.

Let me put this transaction into a broader context.



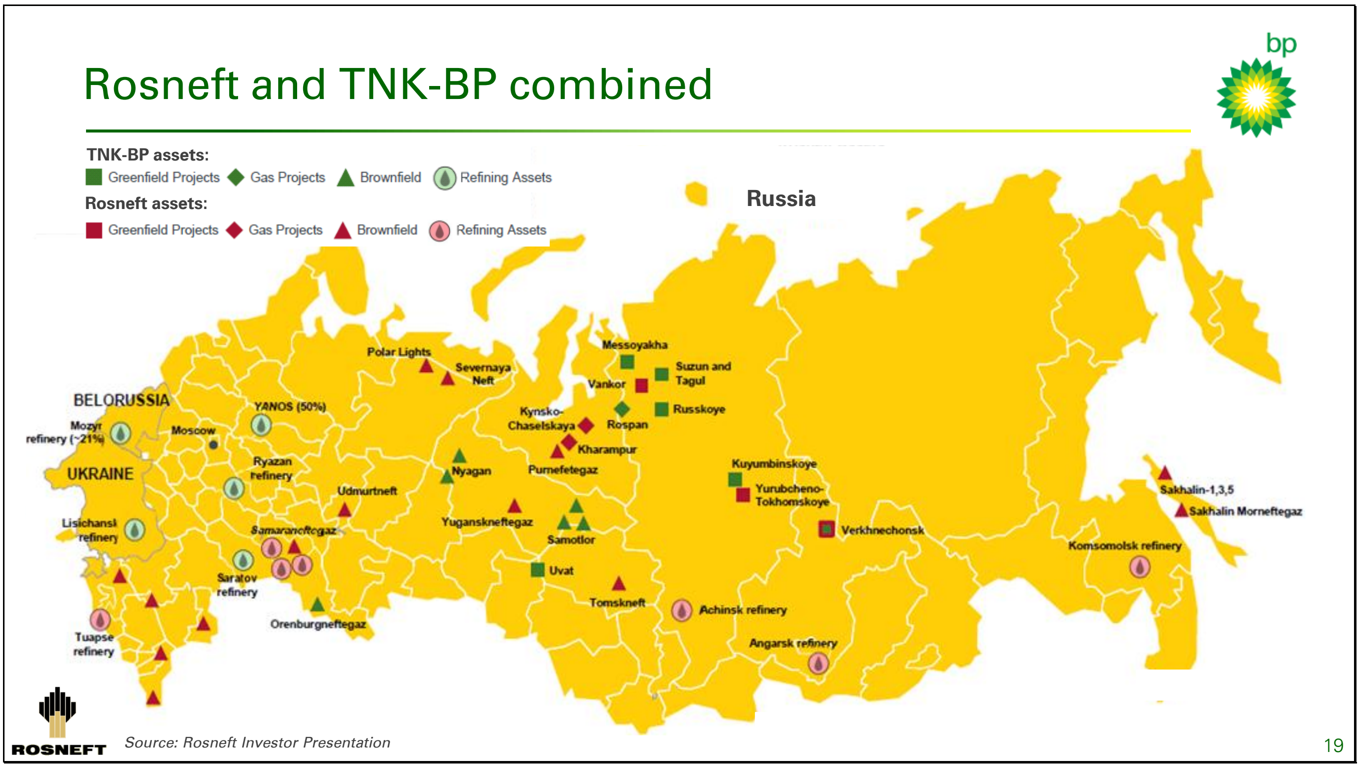
Russia is the largest oil and gas producing country in the world, with the largest reserves. It also has significant and potentially unparalleled future resource potential through brownfield development, offshore exploration and unconventional oil.

We are proud of our history in Russia. BP has been involved in Russia for over 20 years with the opening of our first retail site there in 1990. Since it was created in 2003 for an initial investment of around $8 billion, TNK-BP has returned $19 billion of dividends to BP. The venture has also paid over $180 billion in taxes and duties to Russia.

However our venture has now run its course. The Russian industry is moving into a new phase of opportunity and consolidation. The transaction we have announced should give BP shareholders timely and direct economic exposure to the industry leader.

We expect to become a significant equity holder in a company with the largest oil reserves and production globally. Last year Rosneft's oil production was over 2.4 million barrels per day and its oil reserves exceeded 18 billion barrels. It has a strong portfolio of new fields and significant potential for development in its gas reserves base. It also has the largest offshore license portfolio on the Russian Shelf with estimated recoverable resources of 190 billion barrels.

This slide will give you a sense of the global ranking of our industry following such a transaction.



Through this transaction, Rosneft will not only be able to count itself among the largest listed NOC's in the world but it also acquires a much stronger platform for growth.

As this chart shown last week by Rosneft illustrates, the combination of TNK-BP and Rosneft assets offers both increased scale as well as considerable opportunity for optimisation. The close location of planned TNK-BP and Rosneft developments in the Yamal peninsula and Eastern Siberia, along with the addition of TNK-BP's associated gas assets to those of Rosneft, and the potential combination of research efforts, all provide the opportunity to realise natural industrial synergies. Combined production would be 4.5 million barrels of oil equivalent per day.

Rosneft is also a company which is busy transforming itself, developing its asset base with new technologies and improving its management processes and corporate governance. It is becoming an increasingly attractive proposition for independent investors, with its dividend payout recently increased to 25% of net income and aspirations towards a greater degree of privatisation.

BP has a long track record of working with Rosneft initially in exploration offshore Sakhalin, further cemented through our participation in their initial public offering in 2006. And in May 2011, we entered in to a 50:50 partnership in the German refining joint venture Ruhr Oel.

All of this gives us confidence that the shares offer a differentiated investment proposition and we intend to hold them as a long-term investment. We look forward to being able to contribute to Rosneft's success and add value through our participation on its Board.

US legal proceedings

- $8.8bn of claims and government payments to the end of 3Q 2012
- $19.1bn paid into the Trust Fund, payments to end in 4Q 2012
- Settlement announced with Plaintiffs' Steering Committee in 1Q 2012
  - Subject to Court proceedings and final approval on 8 November 2012
  - Court-supervised settlement programme processing claims
  - All costs are funded from the Trust
- Trial date of 25 February 2013 for remaining proceedings under MDL2179

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Let me also update you on the US legal position.

By the end of the third quarter, we had paid a total of $8.8 billion to meet individual and business claims and government payments. Over $19.1 billion has been paid into the Trust Fund as of the end of the third quarter, with the final payments to complete the $20 billion funding scheduled for 4Q this year.

The fairness hearing to determine whether to grant final approval of the settlements with the Plaintiffs' Steering Committee is scheduled for next week, on November 8th, with the cost of the settlements to be paid from the Trust Fund.

The trial date has now been moved back for the remaining proceedings under MDL 2179 to the 25th of February 2013.

As Brian noted we have said all along that we are willing to settle if we can do so on reasonable terms and this remains our position. At the same time we continue to prepare vigorously for trial. And we will continue to update you as and when appropriate.

Now that I have updated you on Russia and the US uncertainties, and our work to resolve them, I would like to turn to discuss the progress we have made in repositioning our core business.

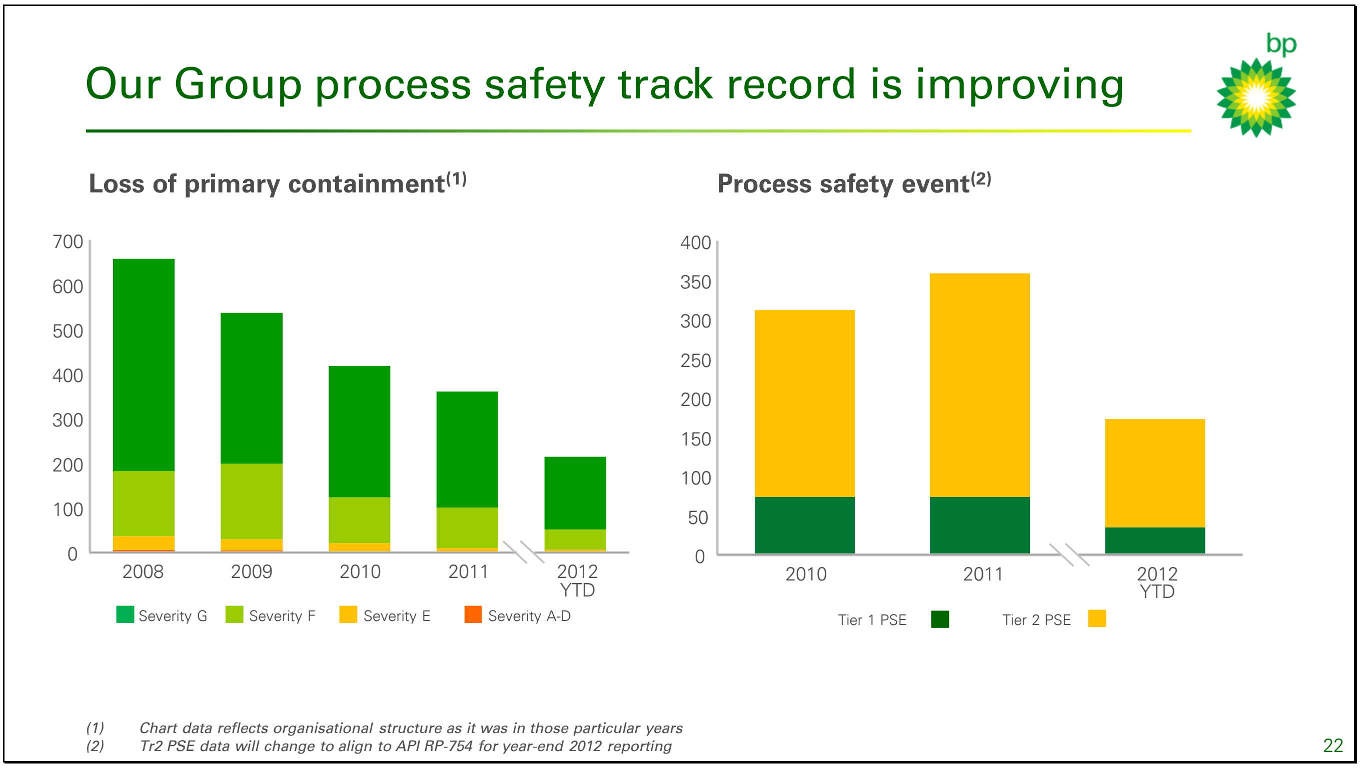
First of all, I'd like to refresh you of the journey so far:

- In 2010, we focused on **responding** to the Gulf of Mexico oil spill, and meeting our clean-up and restoration commitments.
- Then in 2011, we began the process of **re-setting** the company, including the creation of the Safety and Operational Risk function, the reorganisation of the Upstream business onto functional lines, and a major recruitment drive to deepen capability.
- And finally one year ago, we laid out the **10-point plan**, which included specific guidance for operating cash flow, divestments and project start-ups by 2014.

Our intention today is to give you a stronger sense of the longer term vision for BP, ahead of our planned Upstream Investor Day on the 3rd December.

We will start by covering:

- What we have achieved so far;
- How BP is positioned today; and
- Our near-term agenda to 2014.



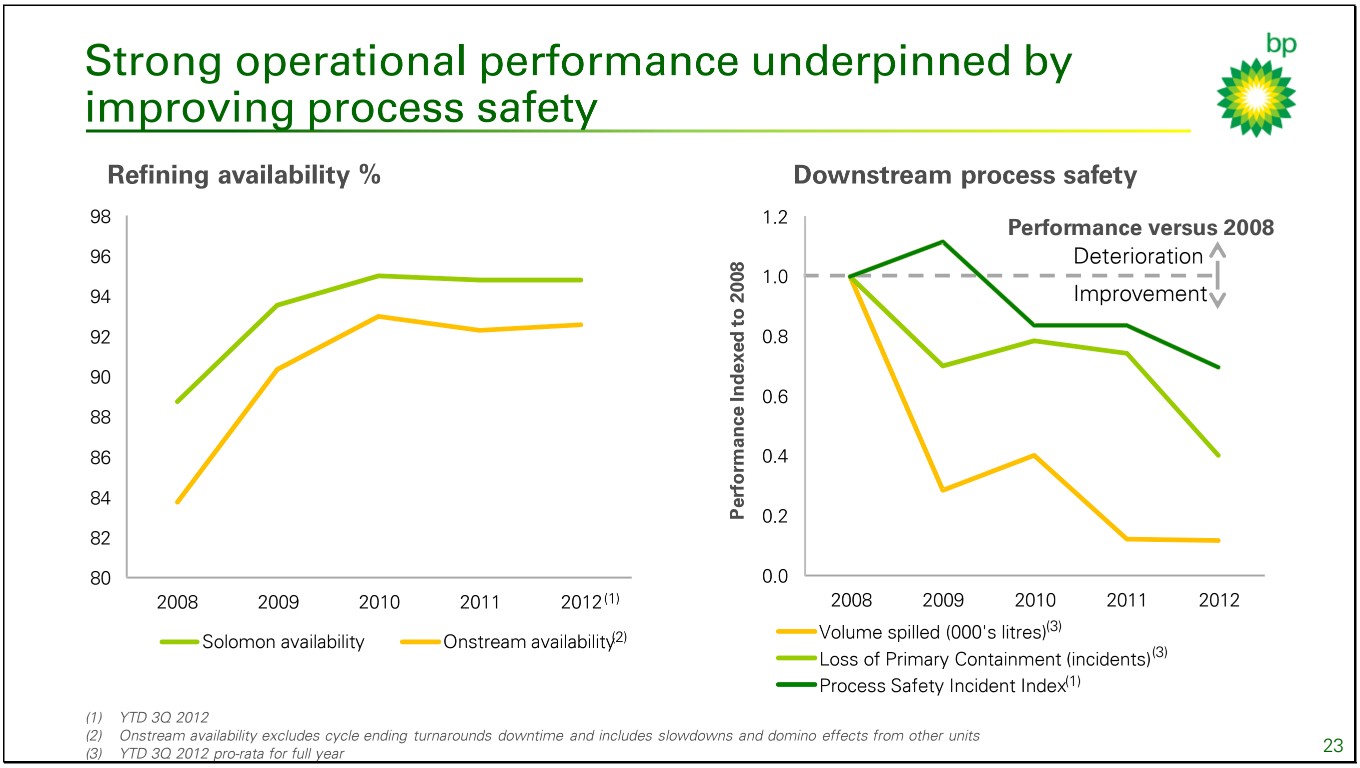
So, **what have we achieved so far?**

In the last two years we have fundamentally re-positioned BP through an extensive change programme addressing three main areas.

First is **safety & reliability**.

Eighteen months ago we created the new Safety and Operational Risk function to lead the safety agenda across the company and to provide independent assurance on operating performance. The rigorous and consistent use of our Operating Management System remains a key priority, with a particular emphasis on Process Safety and Risk Management.

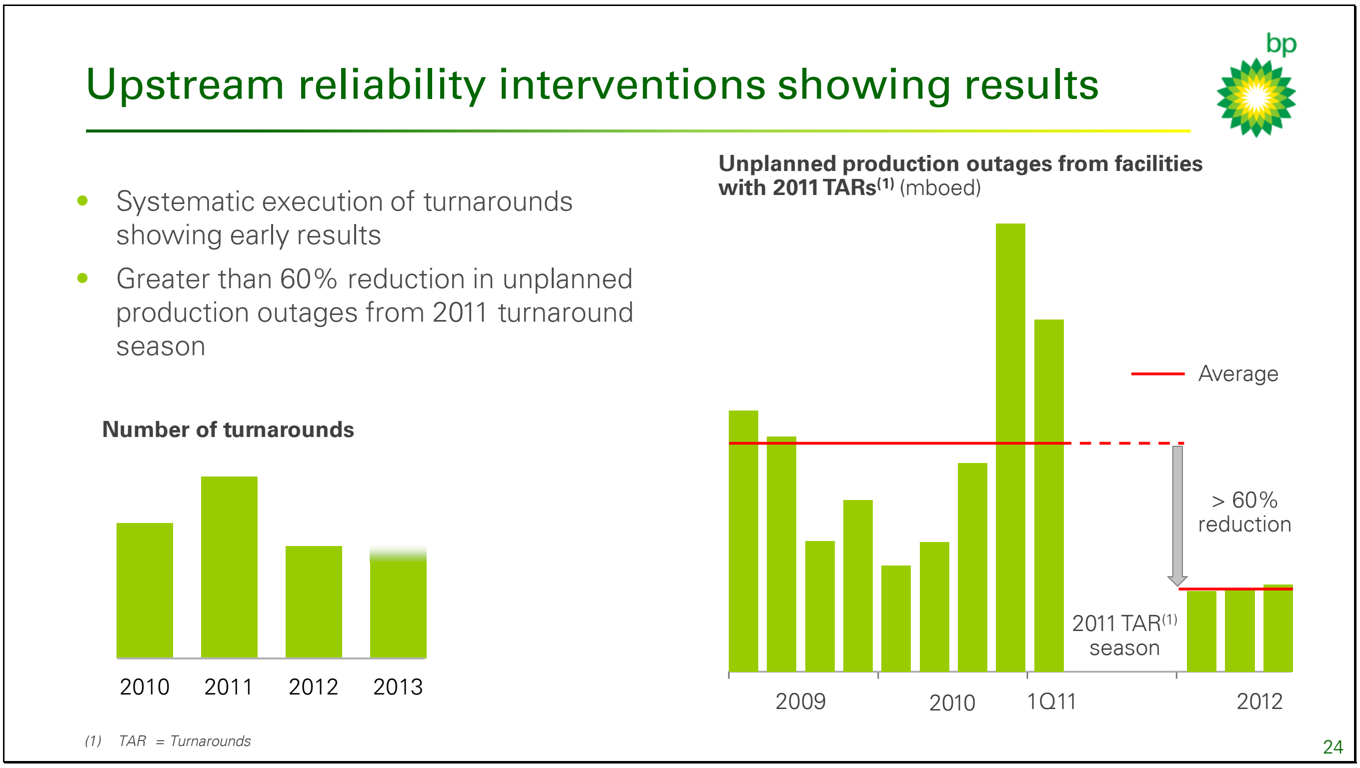
Whilst still early days in what is a long-term journey, our **process safety metrics for the Group are improving this year so far**; in Losses Of Primary Containment we are seeing a continuation of a multi-year improvement trend with year-to-date incidents 25% below the equivalent period last year, and we have seen an around 40% reduction in Process Safety Events compared to the first three quarters of 2011.



In the Downstream, our **refining throughput hit a seven-year high** in 3Q 2012, underpinned by sustained improvements in refining availability over the last five years.

Since the start of 2008, a strong focus on operational performance has translated into an improvement in process safety metrics, with a 60% reduction in loss of primary containment and a 30% reduction in our process safety index over the period.

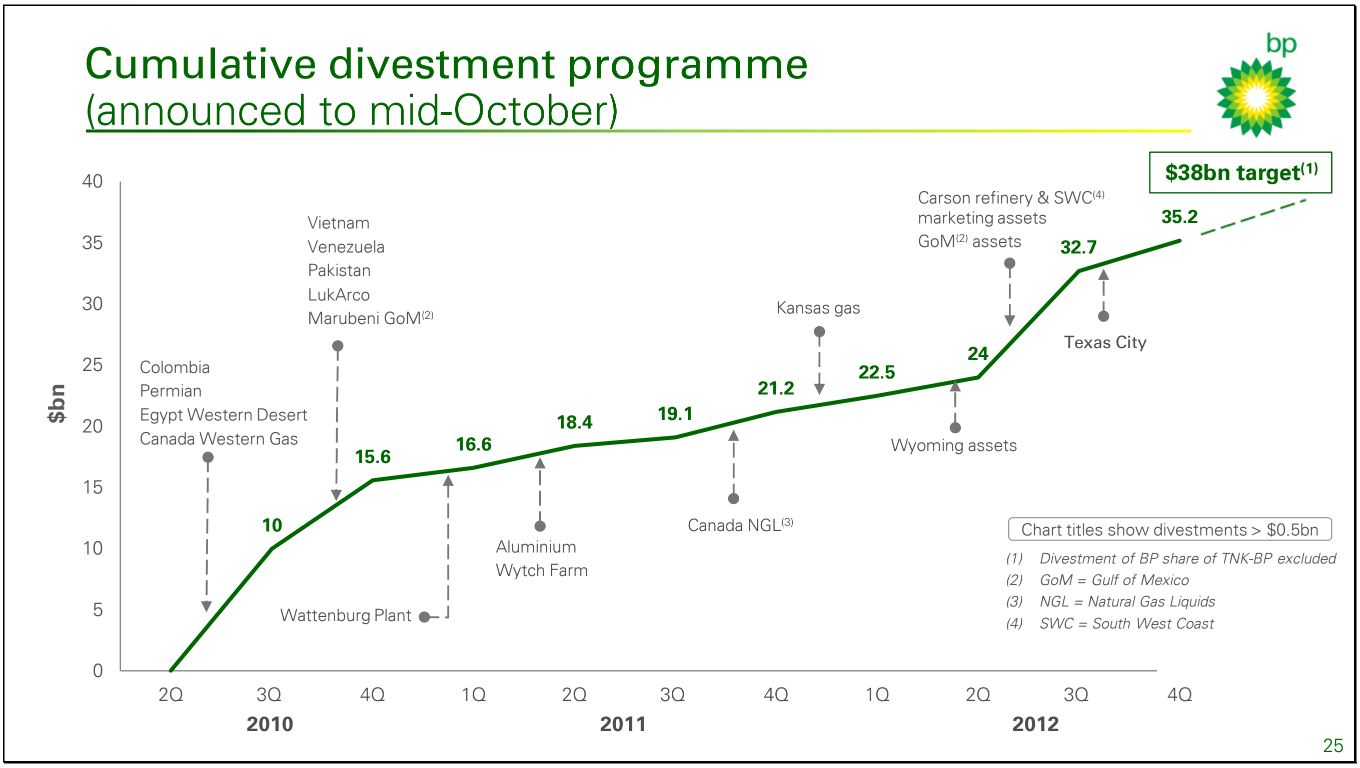
Good safety is good business and as Brian highlighted earlier the high levels of refining availability and operating performance in the third quarter have allowed the Downstream to capture a record profit in a high refining margin environment.



In the Upstream too, we are now beginning to see the signs of the benefits of the investment we have made into turnarounds over the past two years.

In 2011 we delivered 47 turnarounds - or TARs - a historically high number. We are now beginning to realise the benefits from this investment. We are seeing a greater than 60% decrease in unplanned outages from the facilities we worked on in 2011. We expect to see this trend continue in 2013 as we have now completed around 80% of the TARs this year and will have a further eight completed by year end.

We intend to continue our investment in systematic execution of our TAR program and expect the 2013 program to be similar to 2012. And again, we expect overall outages to continue to reduce.

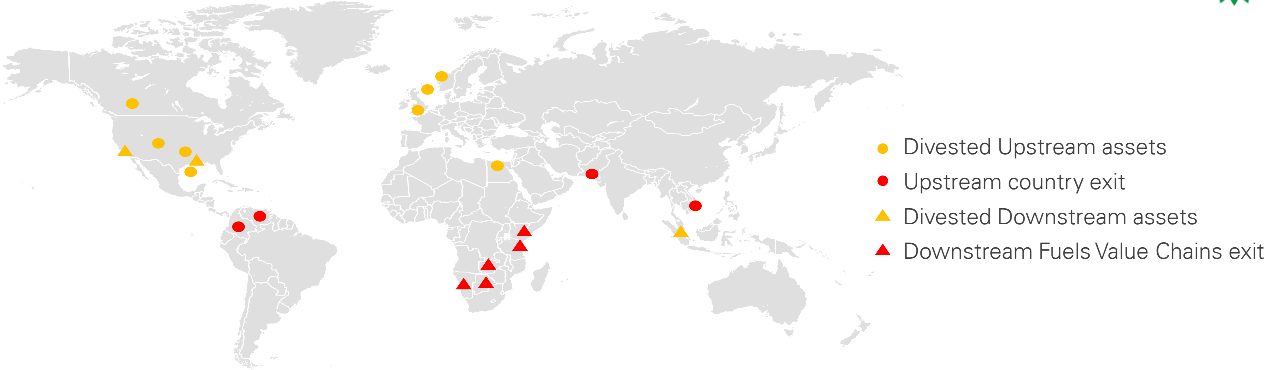


We are also delivering significant portfolio change.

As Brian already mentioned, we have announced over **$35 billion of divestments** against our $38 billion divestment target, or $62 billion in total including the proposed transaction with Rosneft.

At the same time as unlocking cash and increasing our financial flexibility, these divestments have increased the focus of our core portfolio on our areas of distinctive capability, and they have removed significant operational complexity from our portfolio.

Reducing operational complexity



Total Upstream	% Reduction
Installations[(1)]	50
Wells[(1)]	32
Pipelines[(1)] (km)	50
Proved Reserves	10
2012 Production	9

Chart reflects announced divestments from April 2010 to end of 3Q 2012
(1) BP operated

Total Downstream	% Reduction
Manufacturing locations	14
Refining capacity (kbbl/d)	28
Petrochemicals capacity (kte/yr)	6
Branded marketing sites	12

Chart reflects announced divestments from end of 2009 to end of 3Q 2012

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Simplification and risk reduction comes from many steps. Looking at the statistics since 2010 all together, the strides made are significant.

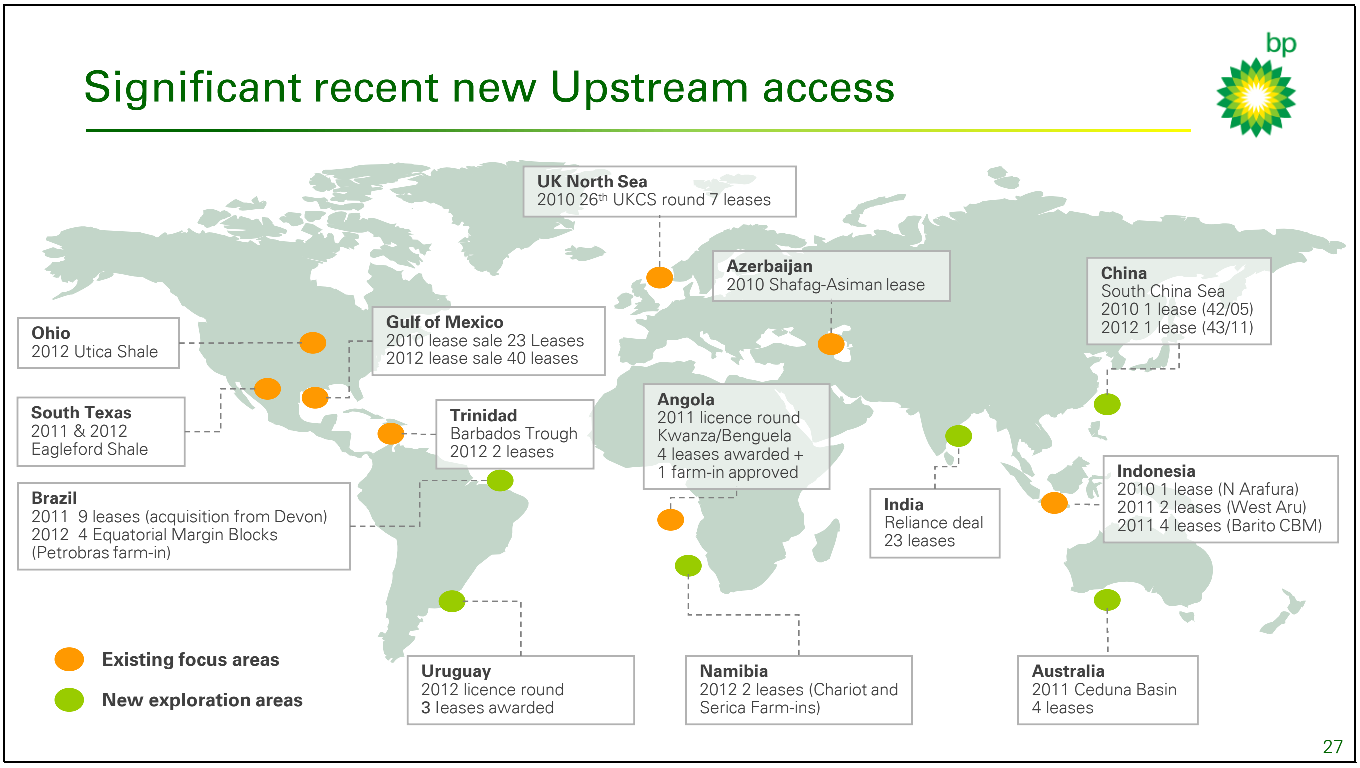
Since the divestment programme began we have removed around 50% of our Upstream installations, 32% of our wells, and 50% of our pipelines while only divesting around 10% of our reserves base and 9% of our production.

We have traded smaller mature assets with declining cash flows to focus on those that can grow. And we have concentrated geography and assets to leverage management and operating capability.

We have fundamentally reshaped and repositioned our Upstream portfolio to offer a differentiated proposition which plays to our strengths in exploration, deepwater, giant fields and gas value chains.

The period of re-positioning our Downstream businesses to improve margin quality and the efficiency of the portfolio will be significantly complete by the end of 2013 as the Whiting refinery modernisation project comes onstream and the divestments in the US of the South West Coast fuels value chain and the Texas City refinery are finalised.

In addition, we continue to focus our Alternative Energy portfolio – exiting Solar and cancelling our plans to build a commercial-scale cellulosic ethanol plant in Florida.



We have also made significant progress in our renewal of the Upstream.

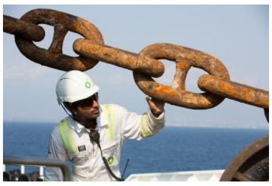
Recent new access in the Upstream has strengthened existing focus areas and opened up new exploration opportunities.

Since early 2010 we have accessed around 400,000 square kilometres of new acreage – roughly twice the size of the United Kingdom. This is more than double the acreage accessed in the combined nine years prior to 2010.

We will continue to actively secure new acreage both in core areas as well as new frontiers. Access is the lifeblood of our renewal effort creating the portfolio from which we will deliver exploration discoveries and replenish our development options portfolio.

A distinctive platform for growth

- More focused footprint with strengthened incumbent positions
- A leading position in deepwater
- Unique position in Russia through our proposed Rosneft investment
- Re-loaded exploration prospect inventory
- Portfolio of world class downstream businesses that generate strong free cash flow for the Group



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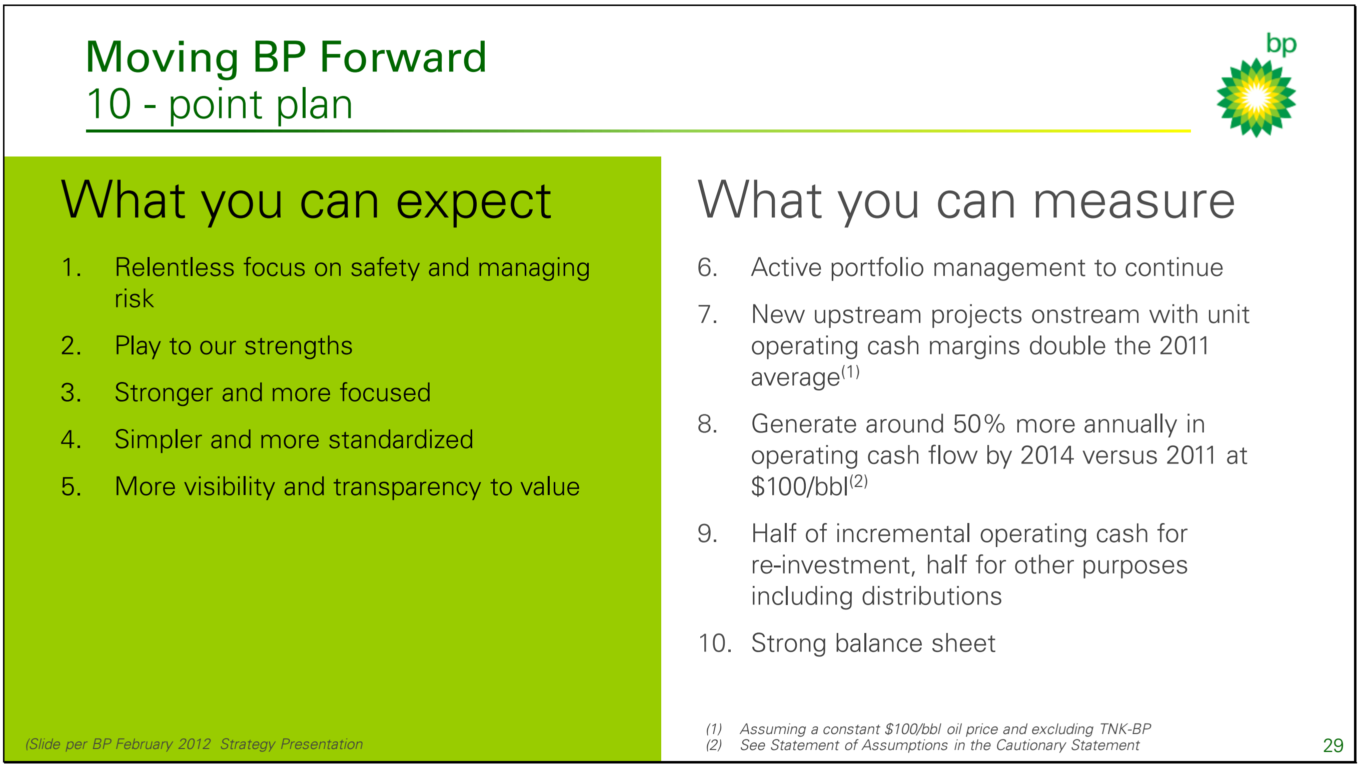
To recap, we have made significant progress in safety and reliability, portfolio change, and upstream renewal.

These changes have created **a strong foundation for the future**, that is distinctive for:

- A more focused and lower risk footprint, with strengthened incumbent positions;
- A leading position in deepwater;
- A unique position in Russia through our proposed Rosneft investment;
- A re-loaded exploration prospect inventory; and
- A portfolio of world class downstream businesses that generate strong free cash flow for the group.



Now having reviewed our progress to date, let me turn to the future.

This is the slide we showed you in February, which laid out our roadmap for growing value, our 10-point plan, which outlined the five things you can expect of us and five things you can measure us by.

This remains our clear agenda to 2014. I have already touched on the progress we have made in many of these areas: in reducing operational complexity and focusing the portfolio, and in creating a simpler and more standardised organisation. We are also seeing early improvements in safety and reliability.

We still have more to do over the next two years to begin to realise the full potential of BP's asset base, and we are on the case.

A key part of the ten point plan was our commitment to grow operating cash flow. And reflecting our proposed transaction with Rosneft we remain confident in delivering more than 50% growth in operating cash flow by 2014 assuming an oil price of $100/bbl. Payments into the Trust Fund are expected to end in 4Q, and our 15 high-margin upstream projects all remain on track.

We plan to use around half of this extra cash for re-investment and half for other purposes including shareholder distributions.

A key element of delivering the operating cash growth is new project delivery, so let's look at these in more detail.

Our major projects are progressing well

Location	Project	2012	2013 /2014
Angola	Angola LNG	●	
	Block 31 PSVM	●	
	Clochas-Mavacola	✓	
	CLOV		●
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	●	
Total		**6**	**9**

✓ Started-up

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Our **major projects are progressing well**.

Three projects have already started up in 2012, Galapagos in the Gulf of Mexico, Clochas Mavacola in Angola and Devenick in the North Sea. Three more are very close to completion.

We expect Angola LNG, PSVM and Skarv to all start up before the year end, an average of one major project each month.

All 15 major project start-ups by 2014 are on track.

Overall, the 2012 to 2014 portfolio has moved from 55% complete at the beginning of the year, to 75% complete today.

Expanding our margin is the primary source of operating cash growth to 2014. On average we expect the 15 new major projects coming onstream before 2014 to deliver twice the average operating cash margin of our 2011 portfolio at $100 per barrel.

And there’s more to come as we develop the project pipeline beyond 2014. We have made three new Final Investment Decisions - or FIDs - this year, and expect to make another five in 2013.

Beyond 2014

A focused oil and gas company that creates value by growing long-term sustainable free cash flow through:

- Safe and reliable operations
- A disciplined and prudent financial framework
- A portfolio biased to high margin opportunities

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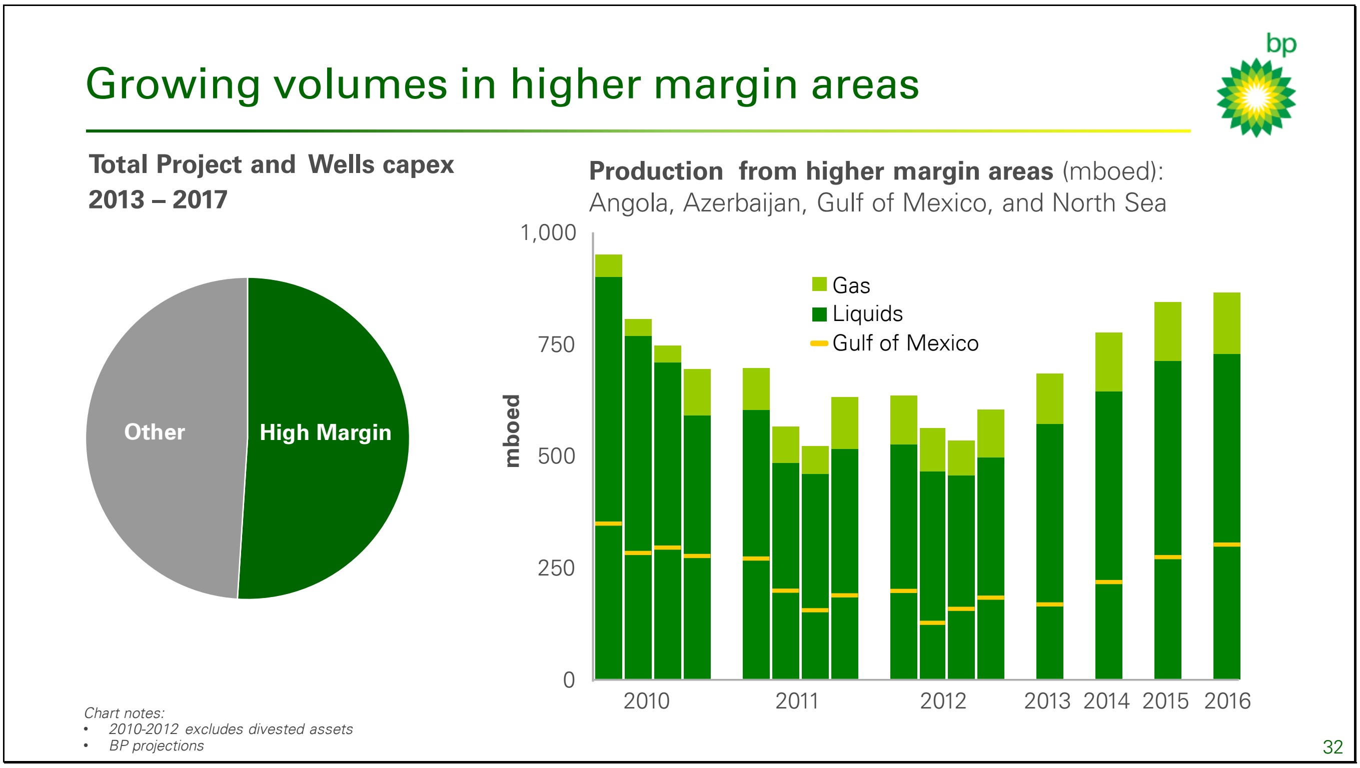
So let me turn now to our longer-term direction.

My vision for BP is for a focused oil and gas company that creates value by **growing long term sustainable free cash flow** through:

- safe and reliable operations;
- a disciplined and prudent financial framework; and
- a portfolio biased to high-margin opportunities;

We plan to deliver this through **increased upstream reinvestment** to drive growth in higher-margin areas, and to sustain the pace of our increased exploration and access activity.

This increase in upstream reinvestment is in part funded by increased free cash flow from other activities.



Let's start with the growth in high-margin barrels.

Our development spending focuses on our four high-margin areas: Angola, Azerbaijan, the Gulf of Mexico, and the North Sea.

Over the next five years we will invest to grow or maintain production in all four of these high-margin regions with major projects including:

- The CLOV, Pazflor Phase 2 and Kizomba Satellites in Angola;
- Chirag Oil project, the Azeri Subsea project, and Shah Deniz full-field development in Azerbaijan;
- Phase 3 of the Nakika project, the Thunder Horse water injection project, the Mars B project, and the Mad Dog phase 2 project in the Gulf of Mexico; and
- The Kinnoull project in the North Sea, Quad 204, Clair Ridge and the Hod Redevelopment.

With continued access and exploration we expect to maintain this pace over the longer term.

In addition, we are ramping up our investment in wells activity to keep our existing hub facilities filled. Across our whole portfolio we have started up nine new rigs in 2012 and will be operating 55 by the year end – 21 onshore and 34 offshore, including 12 in the deepwater. This trend is expected to increase to around 70 operated rigs in 2014.

You can see from the chart that the Gulf of Mexico remains one of our important sources of medium and long-term growth.

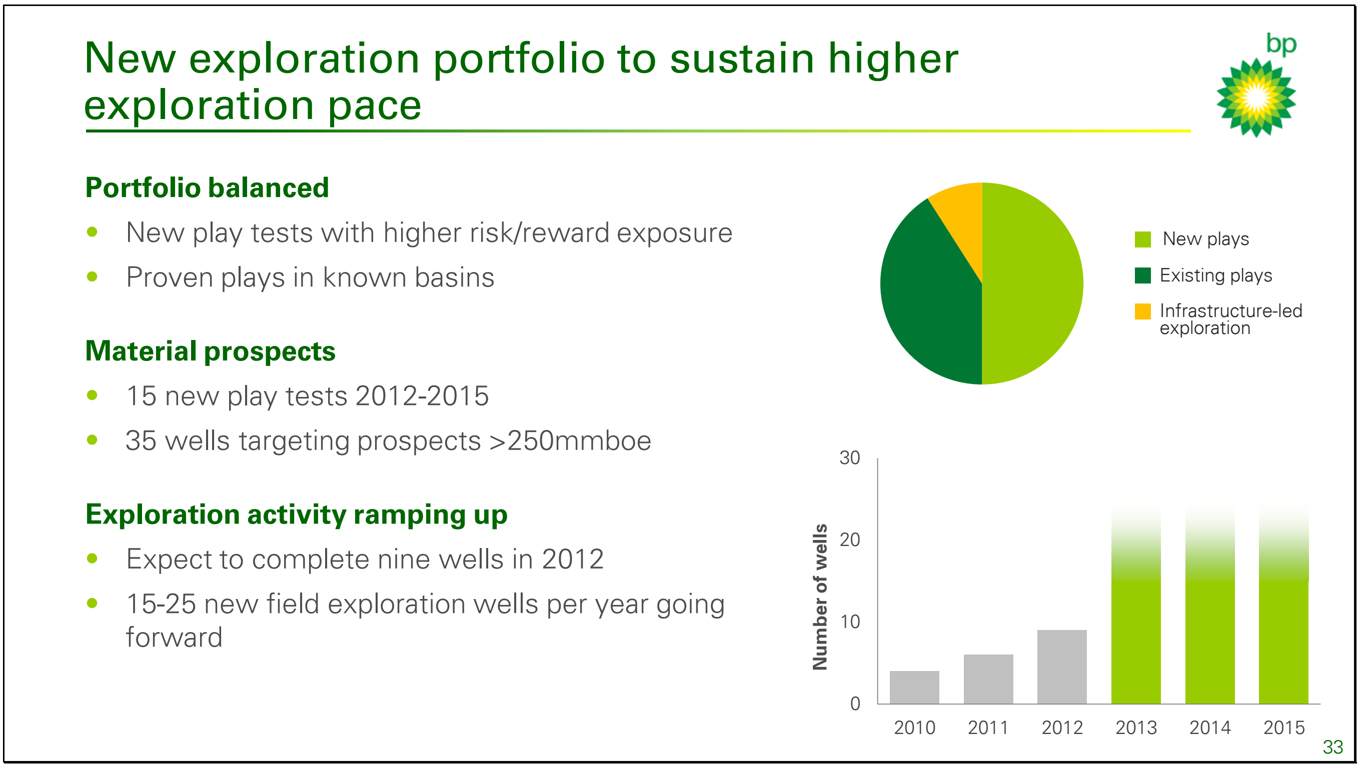
The recent sale of the package of non-core assets demonstrated the value of our position which is now concentrated on our four operated hubs, our Palaeogene appraisal programme, and our exploration acreage.

We have only produced around 20% of the resources from our existing hubs, including our non-operated positions, leaving 80% still to be recovered. In total we have remaining net resources of some 4 billion barrels of oil equivalent. Our approach is to extract this value.

While it is taking time to get production back after the two year absence of drilling we now have seven rigs operating in the Gulf of Mexico with one more due to start shortly.

We are managing production from Thunder Horse until its redevelopment with new water injection facilities are installed in 2014. This is good reservoir management and it is protecting the long term value of the resources. Thunder Horse is expected to reach a low point in 2013 as we also have a 50-day turnaround, primarily for the water injection project tie-ins. The field is expected to resume growth in 2014 and to continue to grow for the remainder of the decade.

In 2013 we expect total production for the Gulf of Mexico, normalised for fifty thousands of barrels of oil equivalent per day of divestments, to be broadly flat with 2012. We then expect production to increase in 2014 and to continue to grow for the remainder of the decade.



The second focus of our increased upstream re-investment is to sustain the higher pace of our increased exploration and access activity.

Exploration is one of our core strengths, where we have deep expertise, technology and a compelling historic track record.

As I said previously, we have created a much larger prospect inventory, increasing our exposure to new exploration areas outside of our traditional focus areas. Half of our prospect inventory comprises new plays and half is in proven plays in known basins.

We are excited about the quality and materiality of our exploration prospects. Our drilling programme is expected to test 15 completely new plays between 2012 and 2015, in addition to deepening in our existing core areas. And about 35 of our exploration wells should target prospects with resource potential greater than a quarter of a billion barrels of oil equivalent.

We are balancing the higher risk/reward opportunities found in new plays with the more predictable outcomes of the proven plays.

Over the last several years we have roughly doubled our spend on exploration seismic and intend to invest at this higher rate into the future. In 2012, we acquired large 3D seismic surveys in Australia, Angola and Namibia. In 2013 we plan to acquire large 3D seismic surveys in Trinidad, Indonesia and Uruguay. We continue to push the boundaries of seismic acquisition and processing and have particular expertise in sub-salt imaging.

We have begun to test our new portfolio and expect to complete nine wells this year including wells in Angola, Brazil, the North Sea and Namibia. We expect the number of wells to increase to 15 – 25 wells per year going forward.

World class Downstream - cash flow momentum

- **World class hydrocarbon value chain businesses**
  - Focus on quality
  - Exposure to growth
  - Leading technologies
- **Repositioning of portfolio complete by 2014**
  - Sale of Carson and US South West Fuels Value Chain agreed
  - Sale of Texas City and related assets agreed
  - Whiting refinery modernisation project onstream 2H 2013
- **Safe, high reliability operations**
  - Process safety leadership
  - Sustained improvement in operational reliability
- **Positioned to deliver**
  - Attractive absolute returns
  - Material and growing free cash flows
  - Financial discipline, reinvesting ~50% of operating cash

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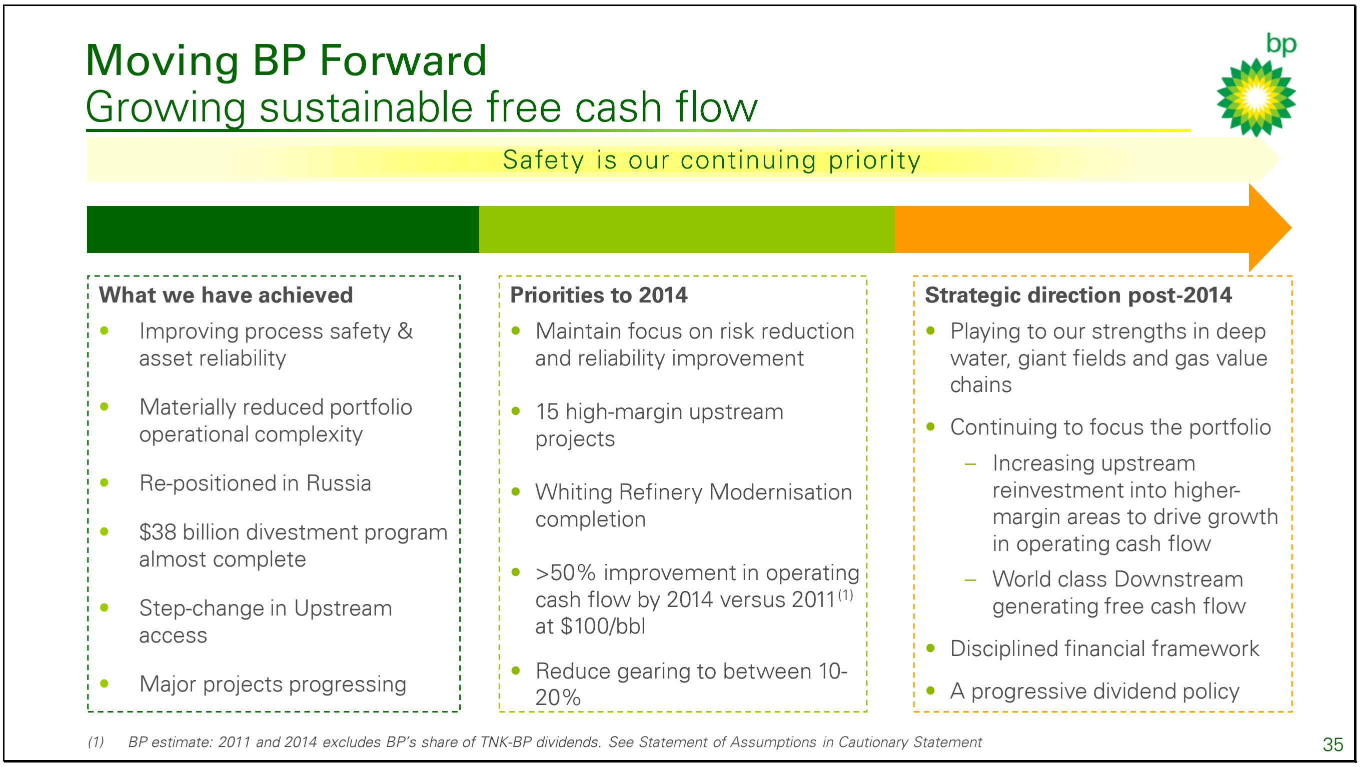
In the Downstream we have a portfolio of world class businesses that are expected to be more free cash flow generative once the Whiting refinery modernisation project is onstream.

With the recently announced divestments in the US, the period of re-positioning the Downstream is planned to be significantly complete by 2013.

As with the rest of BP, our Downstream is focused on quality, starting with safety, and the delivering strong and growing cash flows to the Group. We aim for a combination of attractive absolute returns, generating good cash flows, and maintaining financial discipline.

The reliability of the returns and cash flows is maintained in a volatile margin environment through the right mix of value chain businesses and capabilities, as we showed you a year ago.



In summary, I would like to leave you with a few key messages for BP.

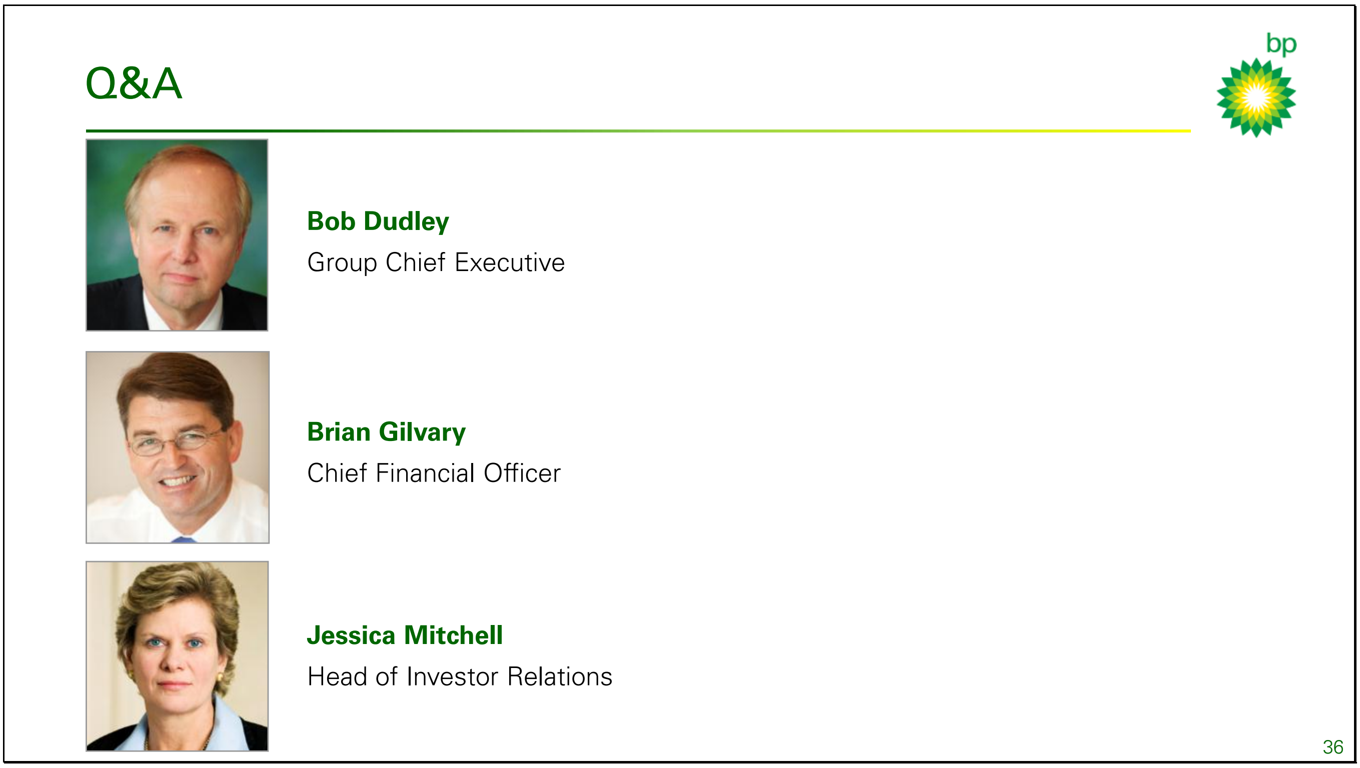
We have made significant progress in re-positioning BP for sustainable growth into the future, through a significant change programme addressing safety and reliability, the shape of our portfolio, and the renewal of the Upstream.

We remain on track to deliver the ten point plan, and expect to grow our operating cash flow by more than 50% by 2014 from 2011 levels, excluding TNK-BP, and assuming an oil price of $100 per barrel.

The vision for BP is for a focused oil and gas company that creates value by **growing long-term sustainable free cash flow** through safe and reliable operations. We have simplified and reduced risk with 50% less upstream installations. We will have a disciplined and prudent financial framework, and a portfolio biased to high-margin opportunities.

We plan to deliver this through **increased upstream reinvestment** to drive growth in higher-margin areas, and to sustain the pace of our increased exploration and access activity.

And finally, it is our intention to grow distributions over time in line with improving circumstances of the firm, and we will continue to maintain a **progressive dividend policy**. Our dividend announcement today is a measure of this commitment and confidence in our ability to deliver.



That concludes my remarks, and now Brian, Jess and I will be happy to take your questions.