3Q 2015 Results and Investor Update

27 October 2015

Thunder Horse, Gulf of Mexico

Hello and welcome. This is BP's third-quarter 2015 results webcast and conference call.

I'm Jess Mitchell, BP's Head of Investor Relations and I'm here with our Group Chief Executive Bob Dudley, and our Chief Financial Officer, Brian Gilvary. Also with us for the Q&A is the Chief Executive of our Upstream, Lamar McKay, and Tufan Erginbilgic, Chief Executive of our Downstream.

Before we start, I need to draw your attention to our cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements – that is, statements related to future, not past events – with respect to the financial condition, results of operations and business of BP and certain of the expectations, intentions, plans and objectives of BP with respect to these items, in particular statements regarding future global energy trends and oil prices, including the prospect of future Iranian production; expectations regarding refining margins, seasonal demand, reported production and the unwinding of working capital in the fourth quarter; expectations regarding BP's share of Rosneft's production; expectations regarding the proposed Consent Decree, the timing of payments under the agreement and financial impact of the settlement on BP; expectations regarding BP's plans to rebalance the financial framework and the future growth of sustainable free cash flow and shareholder distributions over the long-term; plans and expectations regarding the Upstream major project pipeline and an increasing bias to gas over the next decade; expectations regarding Downstream future cash flows plans regarding the level of capital expenditure in 2017 and divestments through 2016 and thereafter; Upstream plans and expectations including lowering the managed decline of existing asset base, expected levels of in-year production, the allocation of capital, rate of return on projects and future development costs; plans to progress projects that meet certain criteria; the prospects for, expected timing, locations, composition and future production of major projects and growth beyond 2020; plans and expectations regarding competitive bidding programmes, third-party spend and Downstream efficiencies; plans and expectations regarding long-range cash generation, BP's ability to sustain its dividend and expected gearing levels; plans to take advantage of deflationary opportunities; and expectations regarding future organic growth and growth in free cash flow from 2018. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including: the specific factors identified in the discussions accompanying such forward-looking statements; the receipt of relevant third party and/or regulatory approvals; the timing and level of maintenance and/or turnaround activity; the timing and volume of refinery additions and outages; the timing of bringing new fields onstream; the timing, quantum and nature of certain divestments; future levels of industry product supply, demand and pricing, including supply growth in North America; OPEC quota restrictions; PSA effects; operational and safety problems; potential lapses in product quality; economic and financial market conditions generally or in various countries and regions; 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 or imposed; the actions of prosecutors, regulatory authorities and courts; the timing and amount of future payments relating to the Gulf of Mexico oil spill; exchange rate fluctuations; development and use of new technology; recruitment and retention of a skilled workforce; the success or otherwise of partnering; the actions of competitors, trading partners, contractors, subcontractors, creditors, rating agencies and others; our access to future credit resources; business disruption and crisis management; the impact on our reputation of ethical misconduct and non-compliance with regulatory obligations; trading losses; major uninsured losses; decisions by Rosneft's management and board of directors; the actions of contractors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism; cyber-attacks or sabotage; and other factors discussed under "Principle risks and uncertainties" in the results announcement for the period ended 30 June 2015 and "Risk factors" in BP Annual Report and Form 20-F 2014 as filed with the US Securities and Exchange Commission.

This document contains references to non-proved resources and production outlooks based on non-proved 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

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.

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

October 2015

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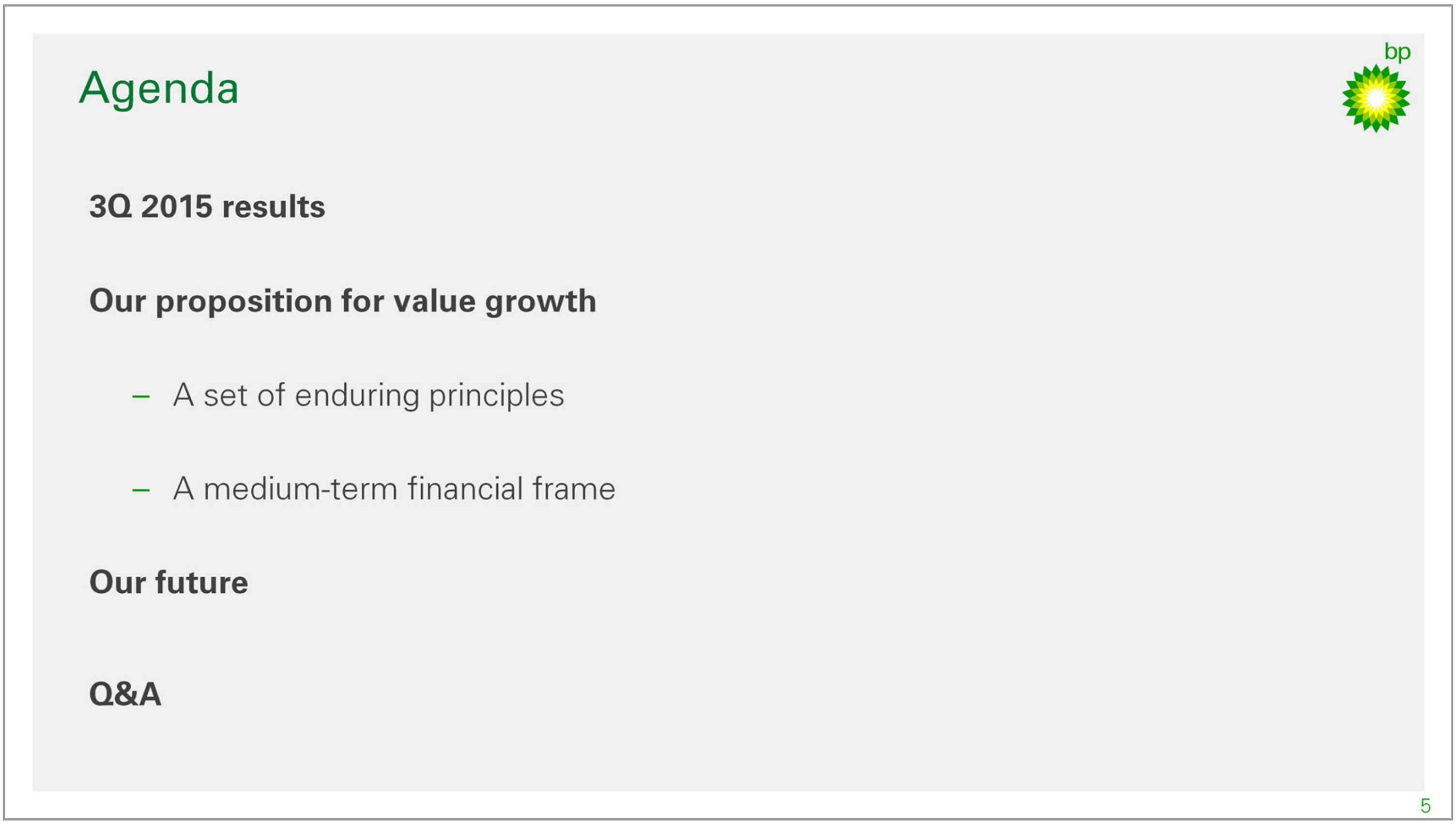
During today's presentation, we will make forward-looking statements that refer to our estimates, plans and expectations. Actual results and outcomes could differ materially due to factors we note on this slide and in our UK and SEC filings. Please refer to our Annual Report, Stock Exchange Announcement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

Thank you, and now over to Bob.

Thank you Jess



Today we are reporting our third-quarter results in what has been another consistent quarter of operational delivery for BP.

It is also a quarter where we have all seen continued volatility in the environment and our industry remains under pressure as it undergoes a major transformation.

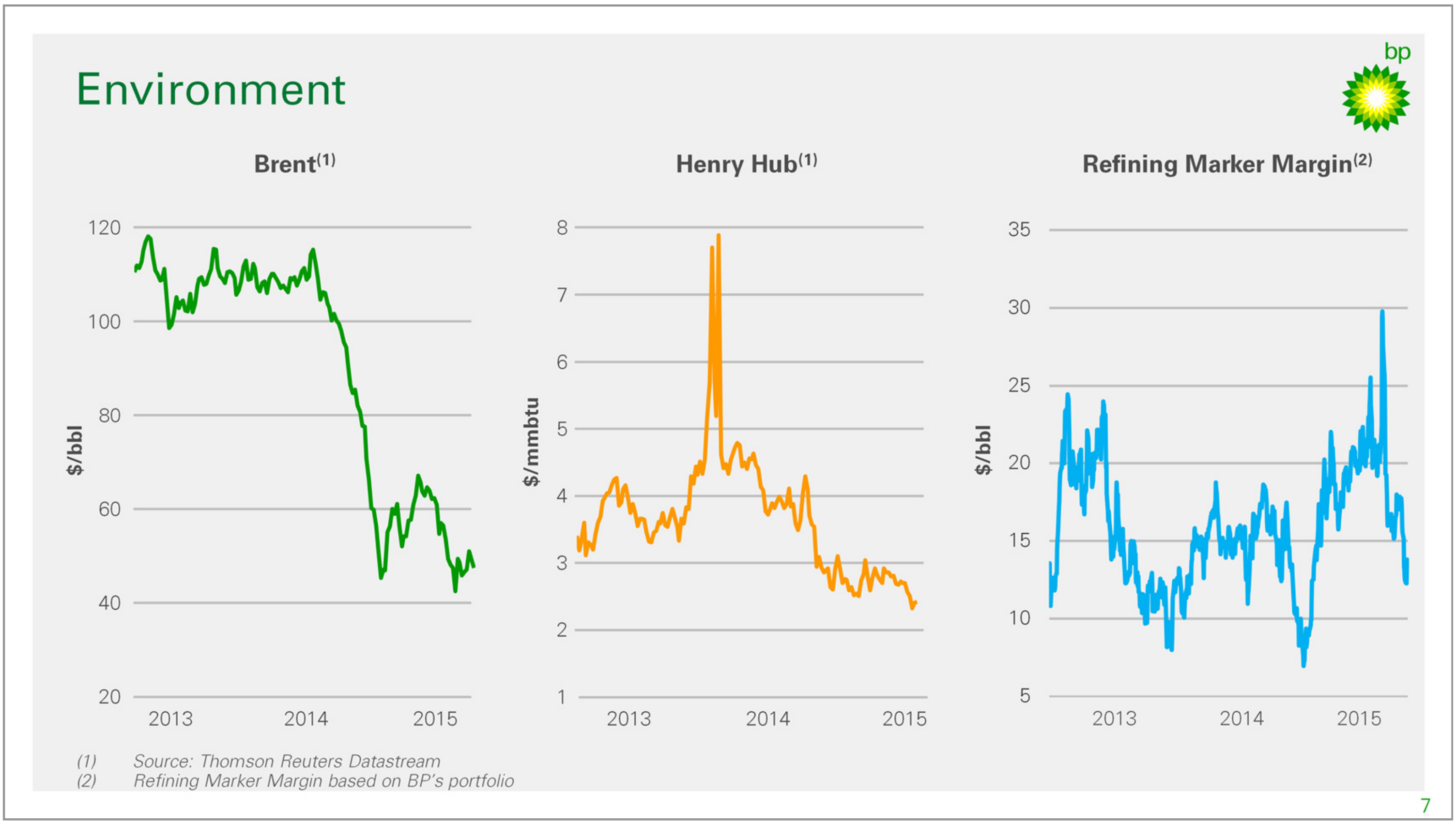
So it feels like a good time to update you on the direction we are taking at BP and why I remain confident about the future.

Our agenda will start with Brian taking you through the results for the quarter. I would then like to take you through the enduring principles that form the foundation of our strategy to grow value for shareholders. This section is in response to your requests, as shareholder feedback, to have more visibility on our direction, our portfolio and growth prospects. It is slightly longer than usual and we trust you will find it useful. I'll then hand back to Brian to address more specifics on our financial framework out to 2017. Then after summarising there will be time for your questions.

So - first, over to Brian for the results of the third quarter.


Brian Gilvary
Chief Financial Officer
bp
Whiting refinery, Indiana

Thanks Bob.



Starting with the environment.

Brent oil has averaged around $50 per barrel this quarter, down from $62 per barrel in the second quarter. Although global demand has been stronger and US production has begun to decline, OPEC production is running higher than the 2014 average and inventories continue to increase. As we have mentioned before, there is also the prospect of Iranian production coming onto the market in 2016.

Henry Hub gas prices averaged $2.77 per million British Thermal Units in the third quarter - slightly higher than the second quarter - as United States gas power generation expanded and year-on-year production growth slowed. European and Asian spot prices have remained weak throughout the year.

The global Refining Marker Margin averaged $20 per barrel in the third quarter, the highest level for three years, as margins continued to be supported by strong gasoline demand. Meanwhile, light-heavy US-Canadian crude spreads recovered from a 6-year low of $8.29 per barrel in the second quarter, to $14.52 per barrel in the third quarter. We expect the usual seasonal decline in refining margins in the fourth quarter.

3Q 2015 Summary

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

$bn	3Q14	2Q15	3Q15	% Y-o-Y	% Q-o-Q
Upstream	3.9	0.5	0.8		
Downstream	1.5	1.9	2.3		
Other businesses & corporate	(0.3)	(0.4)	(0.2)		
Underlying business RCPBIT[(1)]	**5.1**	**2.0**	**2.9**	**(43)%**	**48%**
Rosneft[(2)]	0.1	0.5	0.4		
Consolidation adjustment - unrealised profit in inventory	0.4	(0.0)	0.1		
Underlying RCPBIT[(1)]	**5.6**	**2.4**	**3.3**	**(40)%**	**38%**
Finance costs[(3)]	(0.3)	(0.4)	(0.4)		
Tax	(2.2)	(0.7)	(1.2)		
Minority interest	(0.0)	(0.0)	(0.0)		
Underlying replacement cost profit	**3.0**	**1.3**	**1.8**	**(40)%**	**39%**
Underlying earnings per share (cents)	**16.5**	**7.2**	**9.9**	**(40)%**	**38%**
Dividend paid per share (cents)	**9.75**	**10.00**	**10.00**	**3%**	**0%**
Operating cash flow[(4)]	**9.4**	**6.3**	**5.2**	**(45)%**	**(18)%**

(1) Replacement cost profit before interest and tax (RCPBIT)
(2) 3Q15 represents BP estimate of Rosneft earnings after interest, tax and minority interest
(3) Finance costs and net finance income or expense relating to pensions and other post-retirement benefits
(4) Operating cash flow is net cash provided by / (used in) operating activities

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Turning now to the results.

BP's underlying replacement cost profit in the third quarter was $1.8 billion, down 40% on the same period a year ago, and 39% higher than the second quarter of 2015.

Compared to a year ago, the result reflects:

– Significantly lower Upstream realisations.

Partly offset by:

– Lower cash costs across the Group; and

– Strong performance in the Downstream.

Compared to the previous quarter, the result reflects:

– Lower cash and non-cash costs;

Partly offset by:

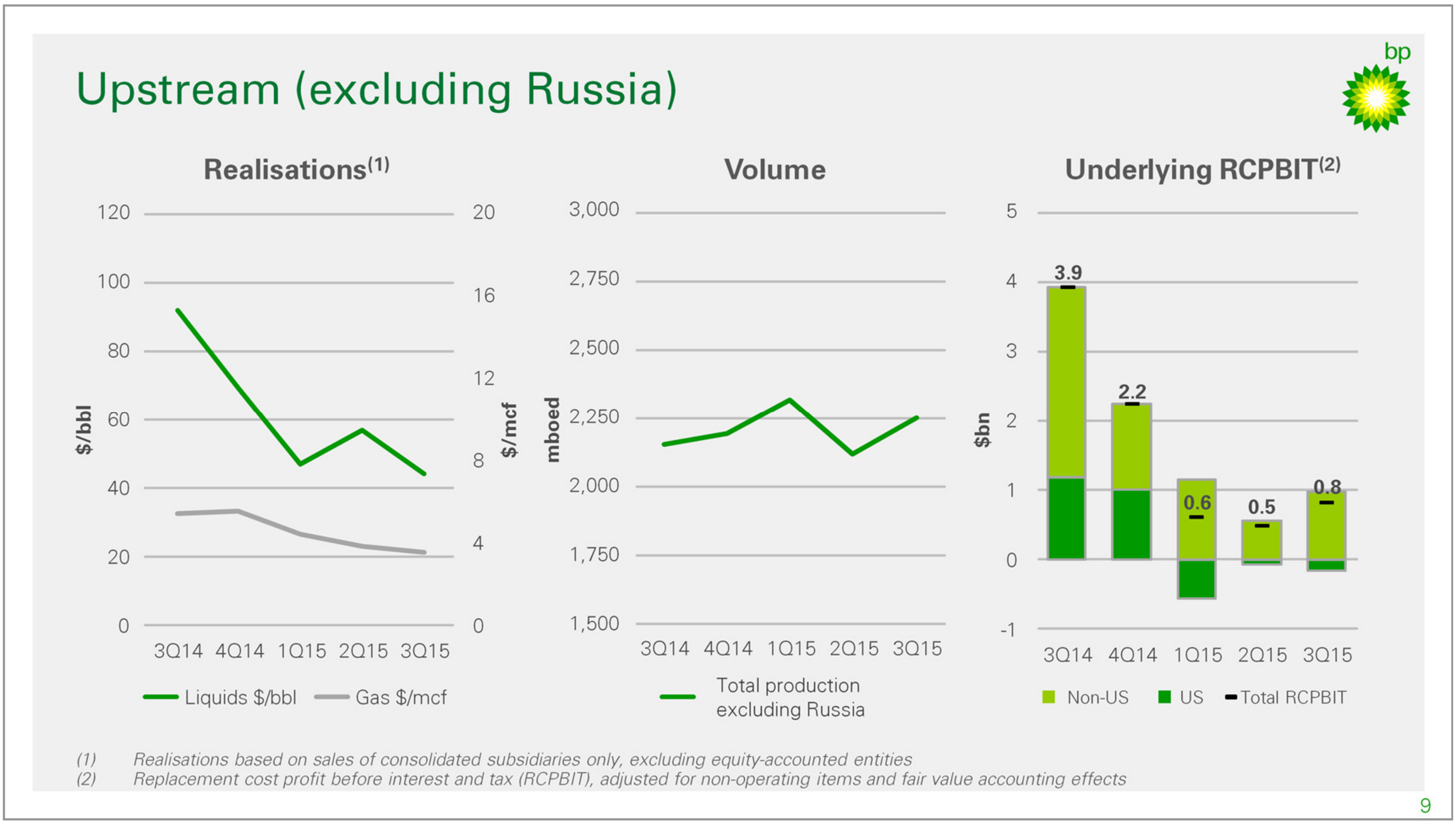
– Lower Upstream realisations.

Third-quarter operating cash flow was $5.2 billion.

We have also taken a further $151 million non-operating restructuring charge in today's result, bringing the cumulative charge close to $1.1 billion since the fourth quarter of 2014.

The third-quarter dividend, payable in the fourth quarter, remains unchanged at 10 cents per ordinary share.

Turning to the highlights at a segment level.



In the Upstream, the underlying third-quarter replacement cost profit before interest and tax of $820 million compares with $3.9 billion a year ago and $490 million in the second quarter of 2015.

Compared to the third quarter last year the result reflects:

- Significantly lower liquids and gas realisations.

Partly offset by:

- Lower costs including benefits from simplification and efficiency activities; and
- Strong gas marketing and trading results.

Excluding Russia, third-quarter reported production versus a year ago was 4.4% higher. After adjusting for entitlement and portfolio impacts, underlying production decreased by 2.2% mainly due to higher seasonal turnaround activity.

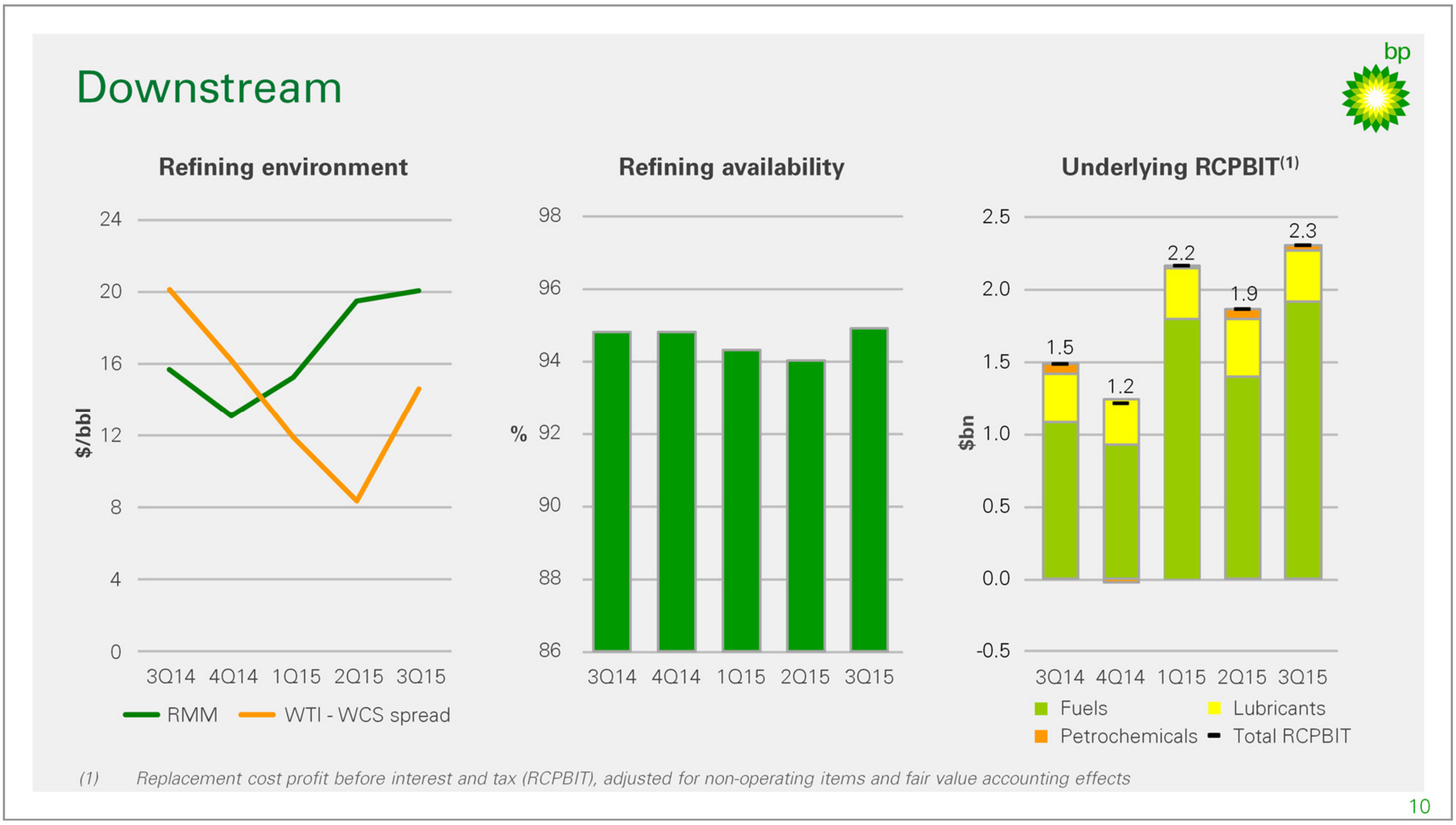
Compared to the second quarter, the result reflects:

- Lower exploration write-offs;
- Lower costs from simplification and efficiency; and
- Strong gas marketing and trading results.

Partly offset by:

- Lower liquids realisations.

Third quarter production benefited from the absence of seasonal adverse weather in the Gulf of Mexico. We expect fourth-quarter reported production to be slightly higher than the third quarter, mainly reflecting recovery from planned seasonal turnaround activity.



In the Downstream, the third quarter underlying replacement cost profit before interest and tax was $2.3 billion compared with $1.5 billion in the third quarter last year and $1.9 billion in the second quarter.

The fuels business reported an underlying replacement cost profit before interest and tax of $1.9 billion, compared with $1.1 billion in the same quarter last year and $1.4 billion in the second quarter.

Compared to a year ago this reflects:

- Improved refining margins and strong refining operations;
- Cost benefits from simplification and efficiency programmes; and
- Strong fuels marketing delivery reflecting retail volume and margin growth.

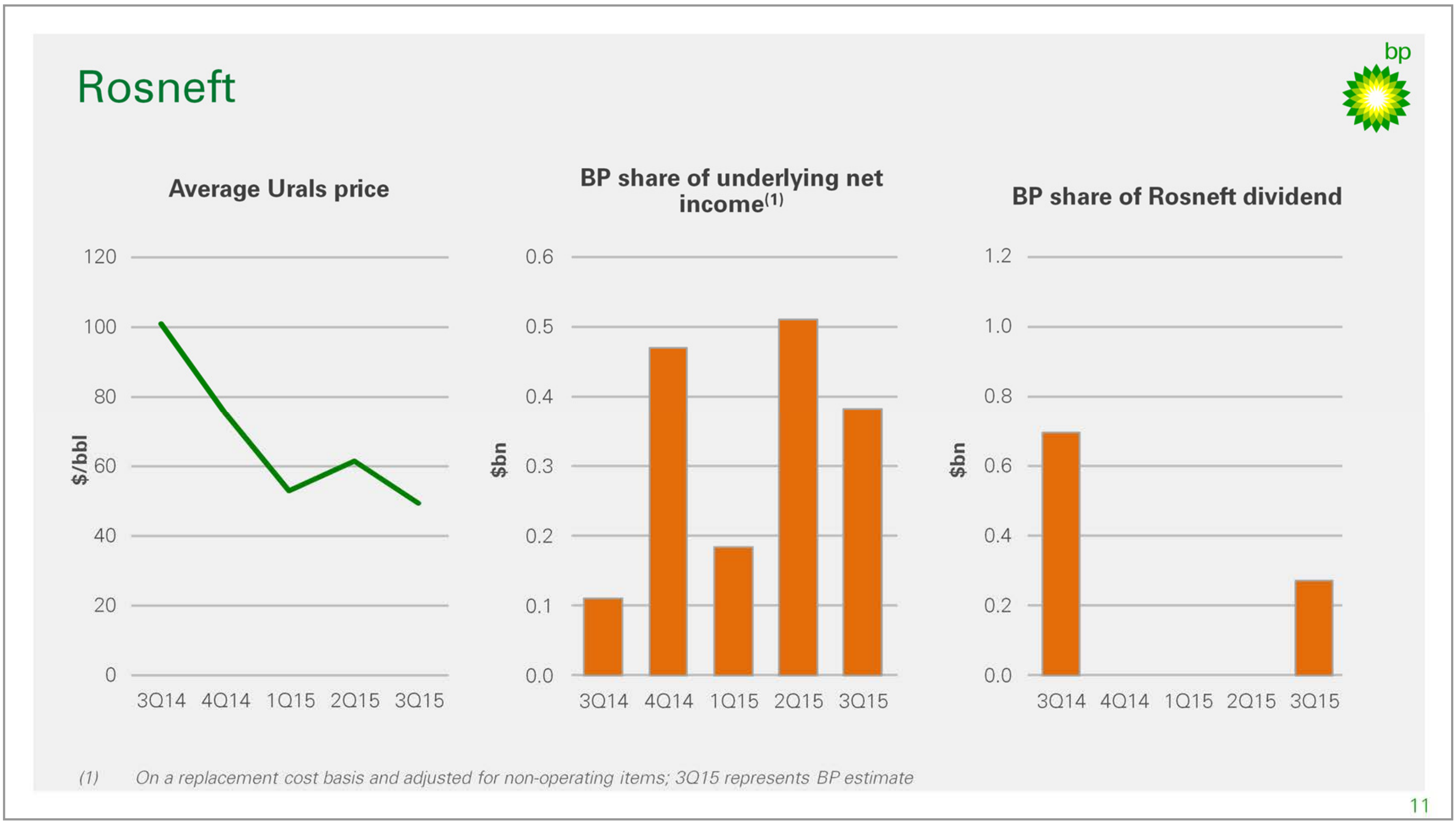
Compared to the second quarter, the result reflects:

- Stronger fuels marketing performance; and
- Reduced turnaround activity.

The lubricants business delivered an underlying replacement cost profit of $350 million in the third quarter, compared with $340 million in the same quarter last year and $400 million in the second quarter of 2015.

The petrochemicals business reported an underlying replacement cost profit of $40 million in the third quarter.

Looking forward to the fourth quarter, we expect reduced refining margins and lower seasonal demand to adversely impact fuels margins and volumes compared to the third quarter.



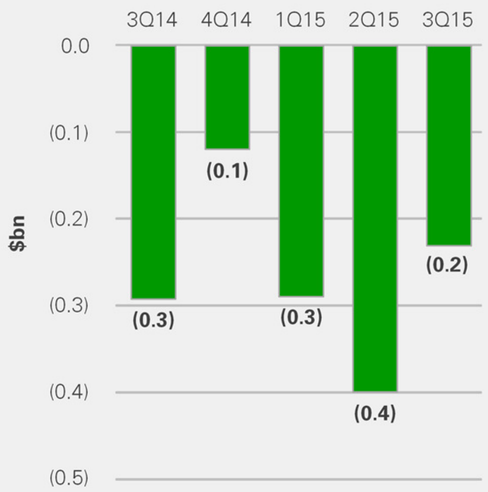
Turning to Rosneft. Based on preliminary information, we have recognised $380 million as our estimate of BP's share of Rosneft's underlying net income, compared to $110 million a year ago and $510 million in the second quarter.

Our estimate of BP's share of Rosneft's production for the third quarter is just over 1 million barrels of oil equivalent per day, broadly similar compared with a year ago and 1.4% lower than the previous quarter.

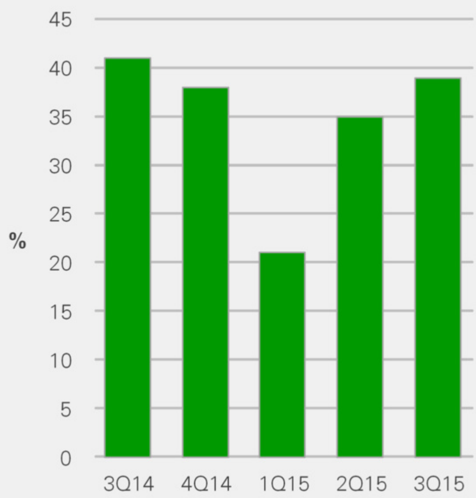
In July we received our share of Rosneft's 2014 dividend, which amounted to $271 million after all taxes.

Other items

OB&C underlying RCPBIT(1)



Underlying effective tax rate(2)



(1) Other businesses and corporate replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items.
(2) 1Q15 adjusted to remove one-off deferred tax benefit from the reduction in the rate of the supplementary charge in the UK.

In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge of $230 million for the third quarter compared to $290 million a year ago and $400 million in the second quarter. The average quarterly charge for the first nine months of 2015 is $300 million. This is lower than our guidance and reflects benefits from our simplification programmes and improved performance in our other businesses.

The underlying effective tax rate for the third quarter was 39% compared to 41% a year ago and 35% in the second quarter. Compared to the second quarter, the rate is higher mainly due to the effect on deferred tax balances of the strengthening US dollar.

Gulf of Mexico oil spill costs and provisions

pre-tax[(1)]

$bn	To end 2014	1H 2015	3Q 2015	Cumulative to date
Income statement				
Charge / (credit) for the period	**43.5**	**11.1**	**0.4**	**55.0**
Balance sheet[(2)]				
Brought forward		**8.0**	**18.3**	
Charge / (credit) to income statement	43.5	11.1	0.4	55.0
Payments into Trust Fund	(20.0)	-	-	(20.0)
Cash settlements received	5.4	-	-	5.4
Other related payments in the period[(3)]	(20.9)	(0.8)	(0.2)	(21.9)
Carried forward	**8.0**	**18.3**	**18.5**	**18.5**
Cash outflow	**35.5**	**0.8**	**0.2**	**36.5**

(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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Turning to the Gulf of Mexico oil spill costs and provisions.

As previously announced, BP Exploration & Production reached agreements in principle with the United States government and five Gulf Coast states to settle all federal and state claims arising from the Deepwater Horizon oil spill. The settlement provides for principal payments of up to $18.7 billion over a period of 18 years, as fully set out in our announcements in July.

During the third quarter we have continued to move forward with these agreements in principle. The vast majority of local government entities elected to participate in the settlement, signed releases and were paid from funds previously provided and within the Trust Fund.

Earlier this month, the United States government filed their proposed consent decree with the court which began a 60-day public comment period, and the court has scheduled a hearing for the final consent decree on the 23rd of March 2016. We also signed the definitive economic Settlement Agreement with the five Gulf Coast states, which is conditional upon the court approval of the proposed consent decree.

The settlements do not include claims relating to the 2012 class action settlement with the Plaintiffs' Steering Committee, including business economic loss claims not provided for; private claims not included within the class action settlement; or private securities litigation in MDL 2185.

The charge taken for the accident for the third quarter was $430 million which takes the total cumulative pre-tax charge to $55.0 billion. This reflects:

– Around $460 million related to business economic loss claims not provided for;

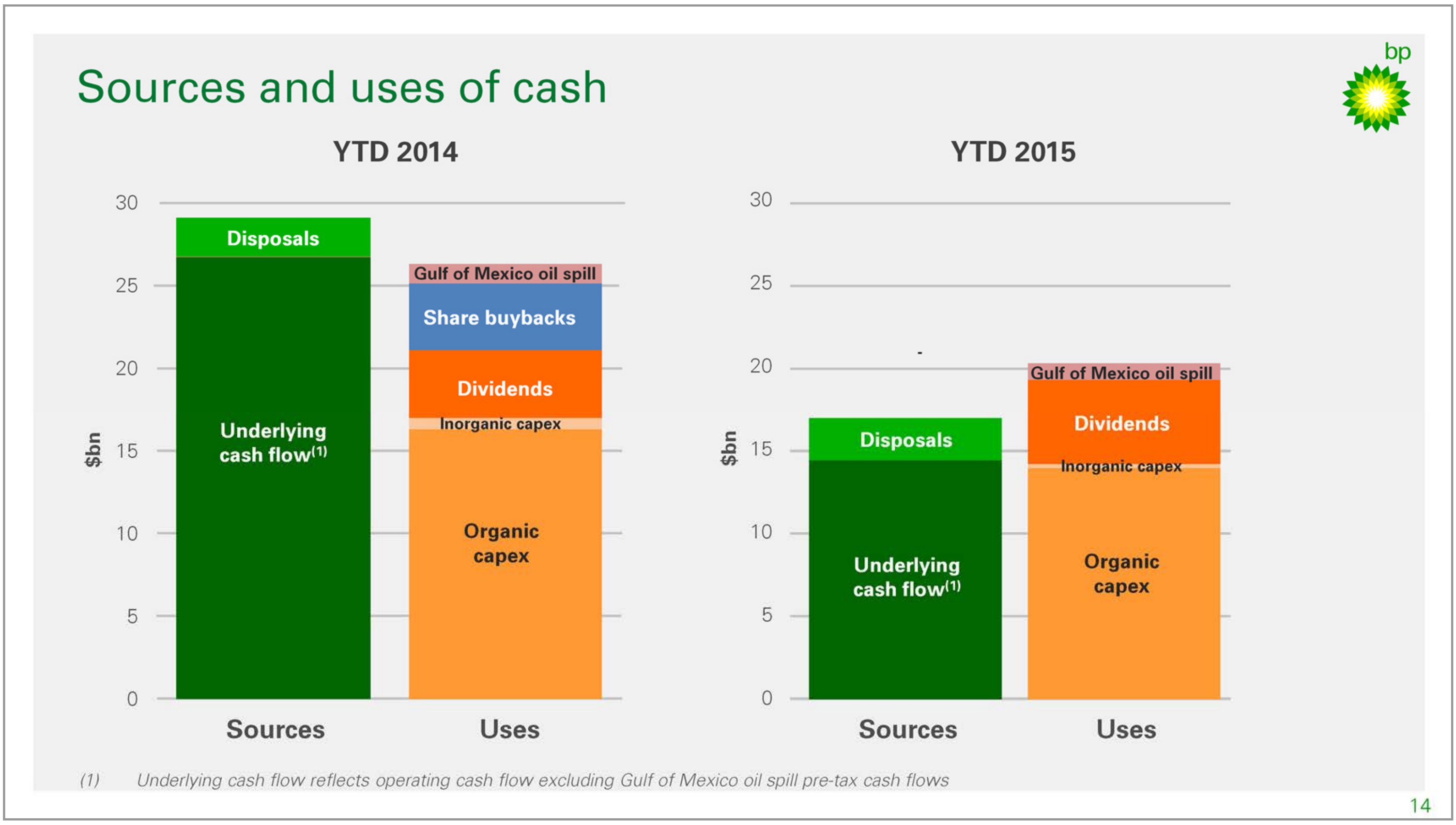
– Credits to other provisions; and

– The ongoing costs of the Gulf Coast Restoration Organisation.

It is still not possible to reliably estimate the remaining liability for business economic loss claims and we continue to review this each quarter.

Of the $20 billion paid into the Trust fund, $17.8 billion has now been paid out. Costs not provided for are being charged to the income statement as they arise each quarter.

The pre-tax cash outflow on costs related to the oil spill for the third quarter was $210 million.



Moving to cash flow, this slide compares our sources and uses of cash in the first nine months of 2014 and 2015.

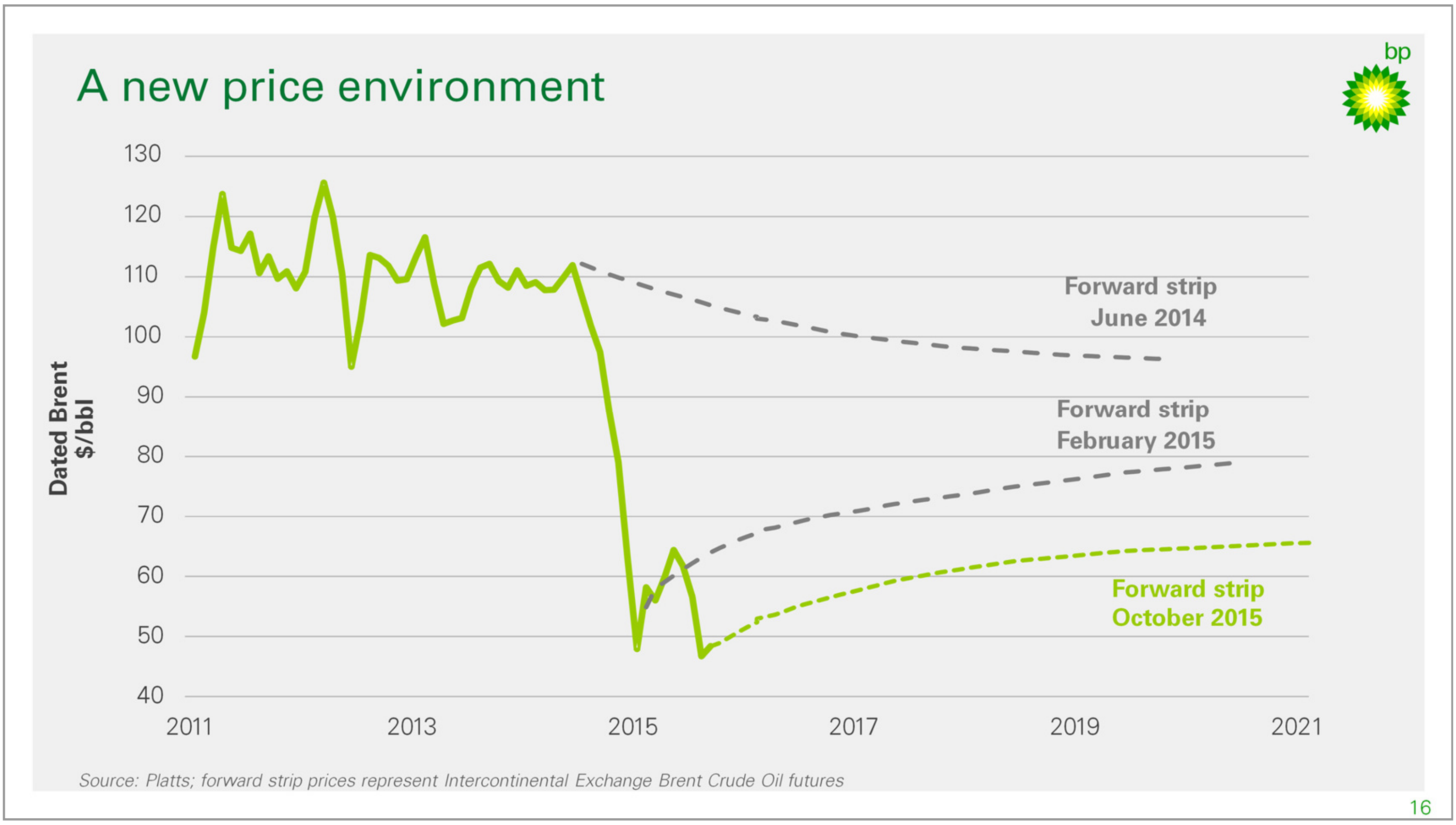
Operating cash flow in the first nine months was $13.3 billion, of which $5.2 billion was generated in the third quarter. This compares with $25.5 billion in the first nine months of 2014 and $9.4 billion in the third quarter of 2014. Excluding oil spill related outgoings, underlying cash flow in the first nine months was $14.3 billion. This reflects the impact of lower oil prices on earnings as well as a build in working capital of $1.8 billion, which we expect to mostly unwind in the fourth quarter.

Organic capital expenditure was $13.2 billion in the first nine months and $4.3 billion in the third quarter.

We received divestment proceeds of $2.6 billion in the first nine months of this year, including $290 million in the third quarter.

I'll now hand you back to Bob.

Thanks Brian.



And I think that is a good set of results. Obviously the landscape has changed for everyone but I think the numbers show that BP is competing well in the current environment.

I will come to the reasons for that and to our future plans – but let me start by taking a step back and looking at how we got to where we are today.

Late last year we moved quickly and decisively to reset BP for what we expected could be a sustained period of low oil prices. Not everyone shared our view at the time. Earlier this year, the forward price strip for Brent Oil pointed to prices of almost $80 before the end of the decade - some even speculated that prices might rebound quickly to previous levels. The market is now pricing in a much flatter trend for the oil price to 2020 and beyond. This is driven mainly by the expectation that supply will continue to be strong and there is a more cautious outlook on Chinese demand growth.

This reinforces the need for a business model that can withstand a longer period of lower oil prices and we have been resolved to that for some time. More importantly, we believe we are well positioned in our industry to take advantage of the opportunity this brings. This new environment has provided a much-needed catalyst to rebase our industry and instill greater efficiency right across our sector, and there are advantages for those who are most adaptable. The ability to adopt a more efficient business model will become a point of differentiation. It's an environment that encourages companies, both producers and the service sector, to work closely together and innovate in the way we work with each other and with resource holders. And it calls on resource holders to do more to incentivise investment in their regions. All of which will help re-establish better long-range returns in our sector, in turn better supporting the dividend model for those that invest.

If there is one thing we have shown you over the years, it is that BP has the ability to adapt to changing circumstances and navigate through uncertain times.

It is part of who we are. It's a legacy that has come from the learnings of decades and our more recent troubled past. And it comes from how we think about and engage with the world during both good and trying times.

Our history has given us a strong desire to be pioneering and to be good at business, always looking to see and capture the opportunity in any situation. But we are very clear that, before we do anything else, we need to be a strong operator – producing, refining and delivering energy safely and reliably, year in and year out. At the same time, we also know that we will only succeed if we always work with others for mutual advantage, by maintaining strong relationships with Governments, National Oil Companies, partner IOC's, customers, suppliers and other stakeholders.

So while the current circumstances are challenging, I remain very optimistic about BP's ability to adapt and prosper in this new world.

Our proposition for value growth

A clear set of enduring principles

- Relentless focus on safety and reliability
- A balanced portfolio with distinctive capabilities
- Portfolio actively managed for value over volume
- Continued capital and cost discipline
- Growing sustainable free cash flow and distributions over the long term

Which brings me to our proposition for value growth.

If we are going to succeed we need to hold on firmly to the things that matter for our business long-term, regardless of the environment. In July we began to talk with shareholders about the enduring principles that drive our business. You'll see them listed on this slide.

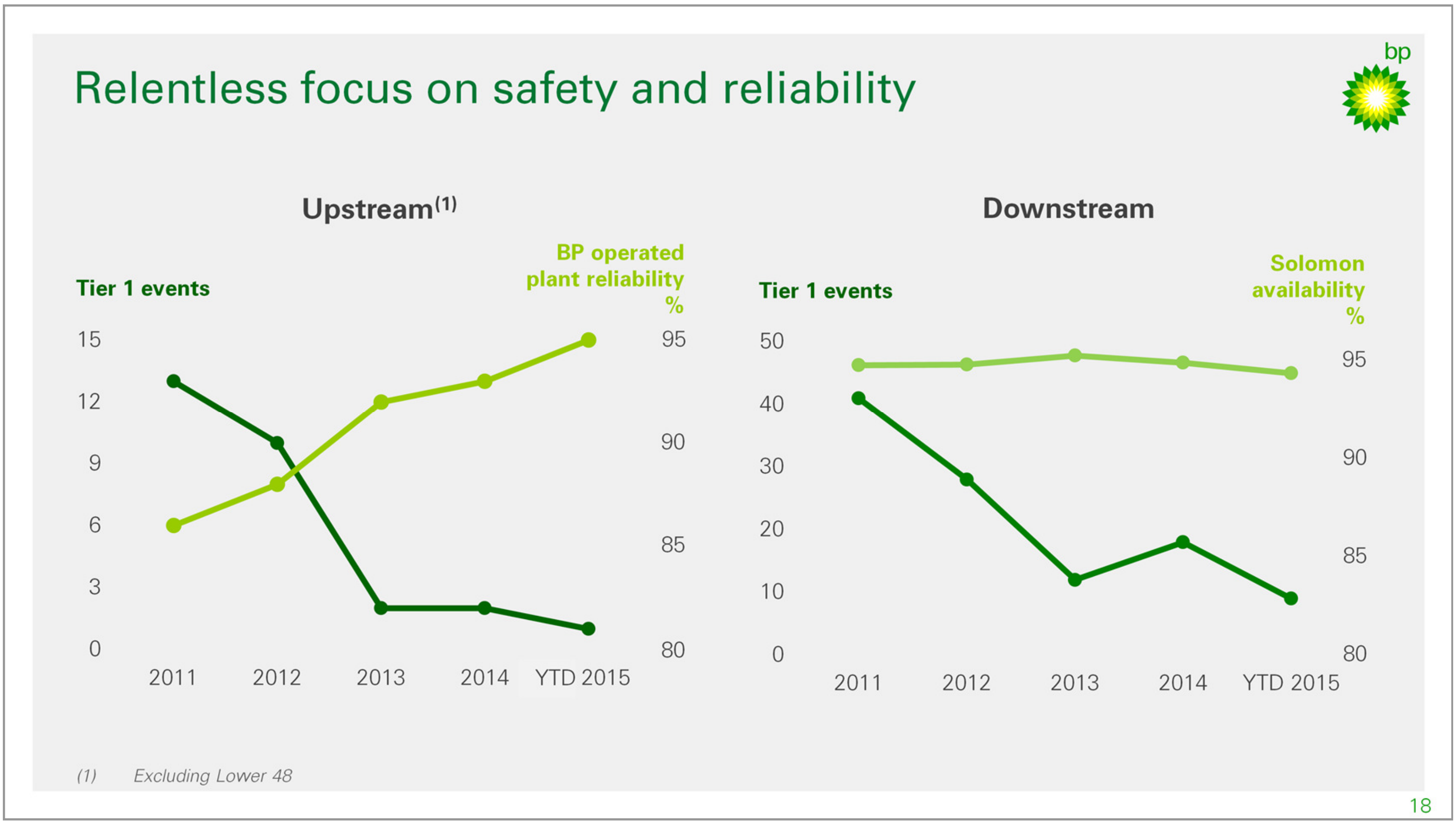
Above all, good business starts with a relentless focus on safe and reliable operations. This is a job that is never complete, but we are delivering an increasingly safe, reliable and efficient set of assets.

In terms of the portfolio, since 2010 we have divested almost $75 billion of assets including our interest in TNK-BP. We now have a stronger, re-focused, rebalanced portfolio. It's a portfolio that is well aligned to our distinctive capabilities - the things we do best. And it enables us to develop the highest quality opportunities from a broad set of options. It is purposely balanced to withstand lower prices while providing options for growth over the long term. In the Upstream, this means investing in a balanced range of resources, geographies and profit models. And in the Downstream, it means selectively investing in a very focused portfolio of manufacturing assets with strong competitive advantages and marketing businesses that are differentiated from the competition.

We will continue to actively manage this portfolio for value over volume, constantly looking for ways to optimise it, whether through inorganic activity or alternative ways to run our businesses, such as you have seen in the US Lower 48.

We know that capital and cost discipline are fundamental to our business model long-term. Strict capital discipline means we will only sanction the most competitive projects. Meanwhile we are rapidly making significant structural changes to our cost base. And we are adding organisational controls to ensure these are sustainable for the future.

This all works towards the most important of our enduring principles - that of growing sustainable free cash flow and shareholder distributions over the long term. Of course, the plan also needs to see us through the medium term. Brian will take you through that shortly, including the steps we are taking on resetting the capital and cost base of the company. He will also show you our financial framework out to 2017 which underpins our commitment to sustaining our dividend while we rebalance our sources and uses of cash in the current environment.



For now, let me take you through these principles in a little more detail, starting with running safe and reliable operations.

Over the last five years we have taken many steps to build a safer and more reliable business since the Deepwater Horizon accident. You have heard many times about the increasing focus on process safety - right across the business - and the investments we have made in the integrity of our assets. We have seen encouraging trends as a result of this work. In both Upstream and Downstream we are seeing fewer 'Tier 1' process safety events, fewer leaks & spills and fewer recordable injuries. At the same time, the reliability of our assets has improved.

We believe safety and reliability go hand-in-hand with efficiency and financial results – improve one and you improve the other. I will come back to more on this later but I do want to be clear up front on this important point. Simply, safety is good business. As we continue to transform our business in the current environment, we expect to drive greater efficiency into how we operate, while keeping that relentless focus on safety.

A balanced portfolio

Resilient to the environment

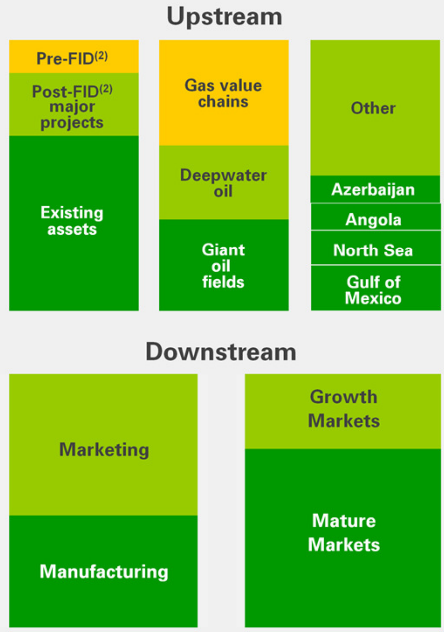
- Integrated business model
- ~1/3 of Upstream production from Production Sharing Agreements
- ~80% of pre-FID[(1)] major projects break-even below \$60/bbl Brent oil price

Long-term growth and optionality

- Upstream
  - Balance of deepwater, gas value chains and giant fields, with an increasing bias to gas
  - Strong pipeline of growth options
- Downstream
  - Advantaged manufacturing and marketing growth

(1) Final Investment Decision
(2) Based on BP planning assumptions

Contribution to 2020 pre-tax operating cash flow[(2)]



Now, moving on to our portfolio, here the key is balance – balance between different geographies, different resource types, different parts of the value chain and different parts of an assets life cycle. Getting the right balance provides resilience and longevity.

Resilience in the current environment comes firstly from being an integrated business, with global Upstream and Downstream operations and well established trading capabilities. This provides some cushion to oil price volatility as downside pressures in one part of the Group can create opportunities in another.

In the Upstream, we are further insulated by around one-third of our production coming through Production Sharing Agreements as well as by having a series of high-quality gas projects in countries that are short of domestic gas. Around 80% of our potential investments are currently expected to break-even below a \$60 Brent oil price, and we would expect this break-even to move lower as we further take advantage of deflation.

The second point, and I'll come back to the detail on this later, is that ours is a portfolio with growth and optionality for the future.

In the Upstream, we have a balance of deepwater, gas value chains and giant fields, with an increasing bias to gas over the next decade. Our new major project pipeline includes well defined sources of future production growth. Over half of our production from new major projects out to 2020 is already under construction and we have a deep portfolio of over 50 options to move through project sanction, should we choose so. We continuously add to the option pool through new access or deepening of existing positions. The overall balance we now have in this portfolio not only makes it more resilient to industry price cycles, it diversifies our exposure to fiscal and political risk, and it minimises the risk of over-exposure to one or two dominant resource types.

In the Downstream, we expect our future cash flows to reflect a balance between manufacturing and marketing with a strong orientation towards marketing growth. We have reshaped our refining portfolio in recent years and are now well positioned to drive top quartile competitive performance. We continue to carefully focus and optimise our petrochemicals activity to create a stronger business. And in fuels marketing and lubricants, we focus investment on growth markets, technology and premium global brands. We are working closely with leading retailers and lubricants partners to deliver differentiated products and customer offers.

Actively managing our portfolio for value over volume

- Optimising the portfolio for shareholder value
  - Divesting assets that no longer compete
  - Selective acquisition to add value
  - Creating innovative new business models
- Disciplined and timely allocation of capital
  - Playing to our strengths Upstream and Downstream
  - Balancing pace to capture deflation
  - Preserving future growth objectives

Organic capital expenditure

	2014	2015 to 2017
Upstream	$19.0bn	$15bn to $16bn
Downstream /other	$3.9bn	$2bn to $3bn
Total Group	$22.9bn	$17bn to $19bn

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Four years ago we said that we would actively manage our portfolio for value over volume. While we are confident in the balance and make up of our portfolio as we see it today, we still keep it constantly under review. At its simplest we will look to divest assets which no longer fit with our strategy and deepen our involvement in assets which add the most value. More broadly the process includes looking at innovative ways to work our portfolio harder. A recent example is the new business model we are developing in the Lower 48, as is the new direction we have taken in the Palaeogene in the Gulf of Mexico, where we have farmed out part of our interest in order to diversify risk and encourage technological collaboration.

At the same time we drive returns through disciplined investment into the best projects. It means getting the right balance of capital between our different business segments and pacing our investment in each business to capture the greatest value through the cycle. Right now, in the Upstream this means giving particular attention to managing the timing of investments. We are looking to ensure that we're capturing the maximum benefits of industry deflation while at the same time preserving our future growth objectives. In the Downstream it means a step-down in capital spend compared to the capital-intensive phase of the Whiting refinery modernisation. At the same time, we continue to invest selectively to drive strong performance and growth.

Looking specifically out to 2017 we expect to sustain a lower level of capital expenditure for the Group in the range of $17-19 billion. We are near completion of our current $10 billion divestment programme and expect a further $3-5 billion of divestments in 2016, with $2-3 billion per annum thereafter. Brian will give you more details on this in a moment.

Upstream: a resilient base and disciplined growth

- Improving safety and reliability
- Maximising production from existing assets
- High-quality project pipeline underpinning growth
- Disciplined investment for growth
- Resetting the cost base

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Turning now to each of our businesses, starting with the Upstream.

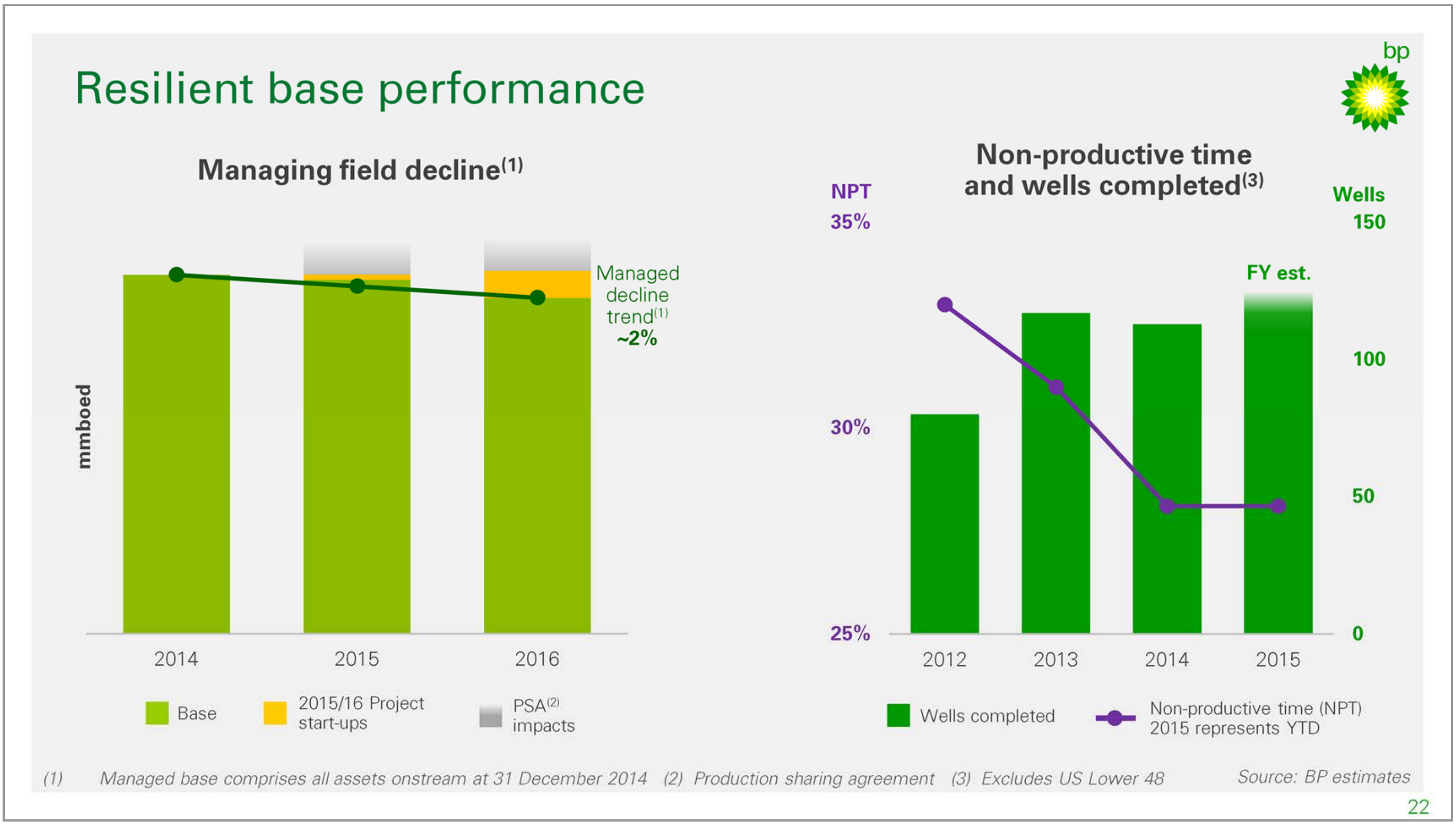
We continue to build on the strategy we outlined to you in December last year. The efficient execution of our activities is delivered through a well established functional operating model which is delivering, I think, great results.

As a brief reminder, this strategy starts - again - with the safety and reliability of our operations, which continue to improve.

Second, we focus on value over volume. We deliver value through the efficient execution of our base activities, a quality set of major projects and by leveraging our access and exploration expertise.

At the same time we invest in a very disciplined way. We are continuously improving the economics and break-even points of our major project and appraisal pipeline.

And finally, we continue with the journey we started back in late-2013 to reset our Upstream cost base.



Looking more closely at our base business. This comprises around 350 oil & gas fields with thousands of reservoirs and over 50 rigs operating; and also employs the largest proportion of our Upstream staff and agency contractors.

Here we have seen improvements across the board as a result of disciplined operating over the past five years.

We have improved safety performance and a combination of improved reservoir management, drilling efficiency and operations efficiency has delivered additional production to the base and lowered the decline rate of our business.

– We have increased BP-operated plant reliability from around 86% in 2011 to 95% year-to-date, actually reaching 96% for the month of September. We have seen some strong performance improvements in the UK North Sea in particular where our asset-specific plans have helped to improve BP-operated plant reliability from 74% in 2011 to 88% in the third quarter of this year.

– We continue to run efficient turnaround programmes with 13 completed so far this year, including at some key assets such as Thunder Horse, Shah Deniz and Clair. We have one more currently underway and another yet to start in the fourth quarter.

– We expect in-year production from new wells and wellwork to reach around 160,000 barrels of oil equivalent per day, benefitting in part from our continued focus on reducing non-productive time in our drilling activities. Non-productive time is currently at the lowest level since 2011 and, to give an example, in Azerbaijan we have improved the efficiency in our drilling operations on ACG by 24% since 2013.

– Finally, on performance we continue to increase base asset production through system optimisation and reservoir management, including well monitoring and 4D seismic. We have seen some great examples of this on some of our key assets – including Thunder Horse in the Gulf of Mexico; ACG in Azerbaijan; and Greater

Plutonio in Angola.

We expect all these efforts will allow us to keep the average managed base decline through 2016 at around 2%. And this 2% is an important number for you to take note of. The long range view of managed base decline remains at the 3-5% level we have described in the past.

Upstream capital optimisation

Expected capital spend 2015 to 2018

- Disciplined investment approach
- Capital allocation process aligned with strategy
- Competitive returns
- Uncommitted spend provides flexibility

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Looking ahead we continue to have more opportunities than our capital frame enables us to progress, and more than are required to sustain our underlying production growth in the longer term.

In order to make choices, we apply our rigorous capital value process. In the current environment we expect to allocate capital in the following proportions:

– around 10% to integrity management on our producing assets;

– around 45% to new projects;

– around 35% to drilling on existing assets; and

– the remainder to exploration.

The ability to exercise quality through choice and to flex our capital allocation means that new project and drilling spend will only get sanctioned when it is right. This means:

– We aim to achieve a rate of return on our new greenfield major projects in the "mid-teens" at an oil price of around $60; and

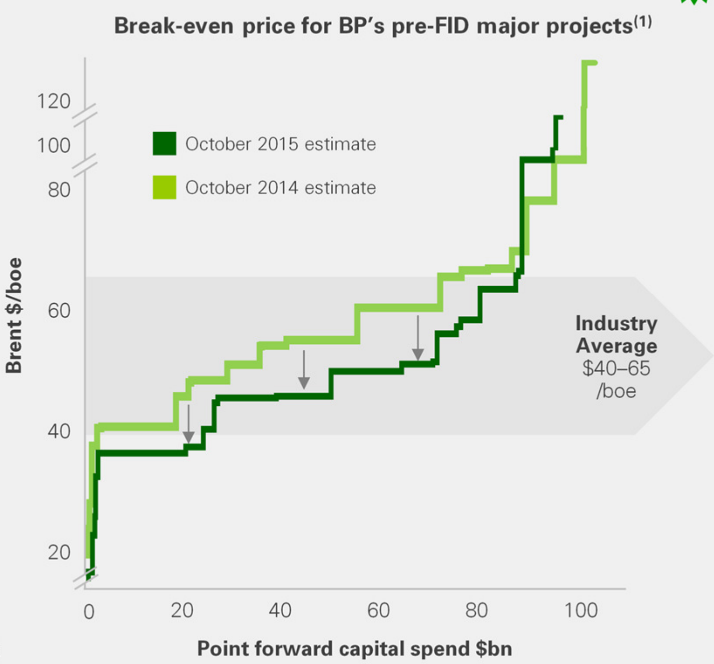
– Our drilling programs around existing assets and follow-on projects will only progress if they return over 20% on the same basis.

Confidence in our ability to achieve these thresholds comes from the very good resources we hold. For instance - and contrary to some suggestions - we don't think that the deepwater is played out. Of course there is a wide spectrum of quality in any resource category across the industry. For us, it's not about water depth, it's about the quality of our reservoirs and we hold some very strong deepwater investments going forward.

We continue to optimise project economics by maximising opportunities to capture deflation, rescoping and rephasing the spending appropriately. We also have enough uncommitted spend and flexibility to manage the pace of investment as needed.

Improving quality of future investments

- Progression only when value thresholds are met
- Delivering value improvements
  - Renegotiate supply chain contracts
  - Standardisation
  - Using industry led solutions
  - Optimising scope and phasing
  - Focus on front-end loading
- Focus on value growth versus volume



(1) Based on BP planning assumptions; excludes Russia and US Lower 48. Industry average source: Wood Mac

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When it comes to progressing projects, our approach is focused on creating value and improving project performance from concept appraisal to execution. This includes having a single concept development team that appraises projects through to concept selection. Before any projects are progressed to sanction they must go through an explicit optimisation phase, focused on scope, costing, phasing and front-end loading to ensure they are both competitive and as good as they can be.

This chart shows how break-even prices of our pre-sanction projects have fallen over the past 12 months, with an average reduction of around 15%.

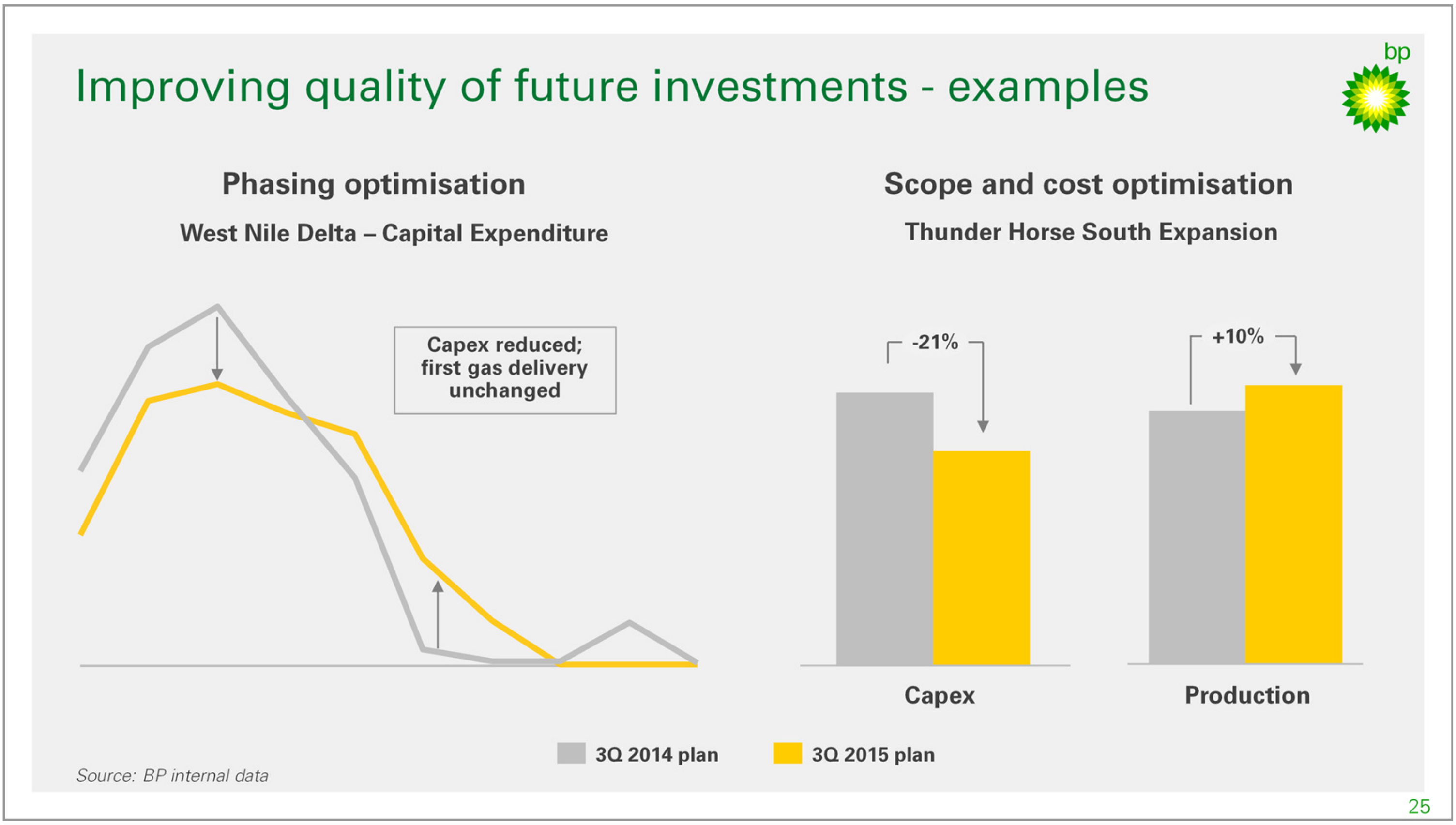
We test robustness of our projects to a range of hydrocarbon prices. As you can see, around 80% of our project appraise to define pipeline now breaks-even below a $60 oil price, which reflects the quality of the portfolio, some deflation and the benefits of our ongoing project optimisation efforts. Those projects at the right hand end of the chart that do not meet the investment criteria I mentioned will not progress as they currently stand. They will continue to be technically and commercially optimised but are not included in our current production and financial outlook.

At the same time we look to accelerate the sanctioning of new quality projects with strong returns and focus on safe and reliable execution through to operations.

These value improvements reflect our efforts in a number of areas including:

- Contract renegotiation in the supply chain;
- Standardisation and increasing use of industry solutions;
- Simplification and scope optimisation; and
- An increased focus on front end loading and cost management from the beginning to the end of our projects.

Also – on both current major projects and future project and drilling opportunities – we prioritise the development of higher returning resources.

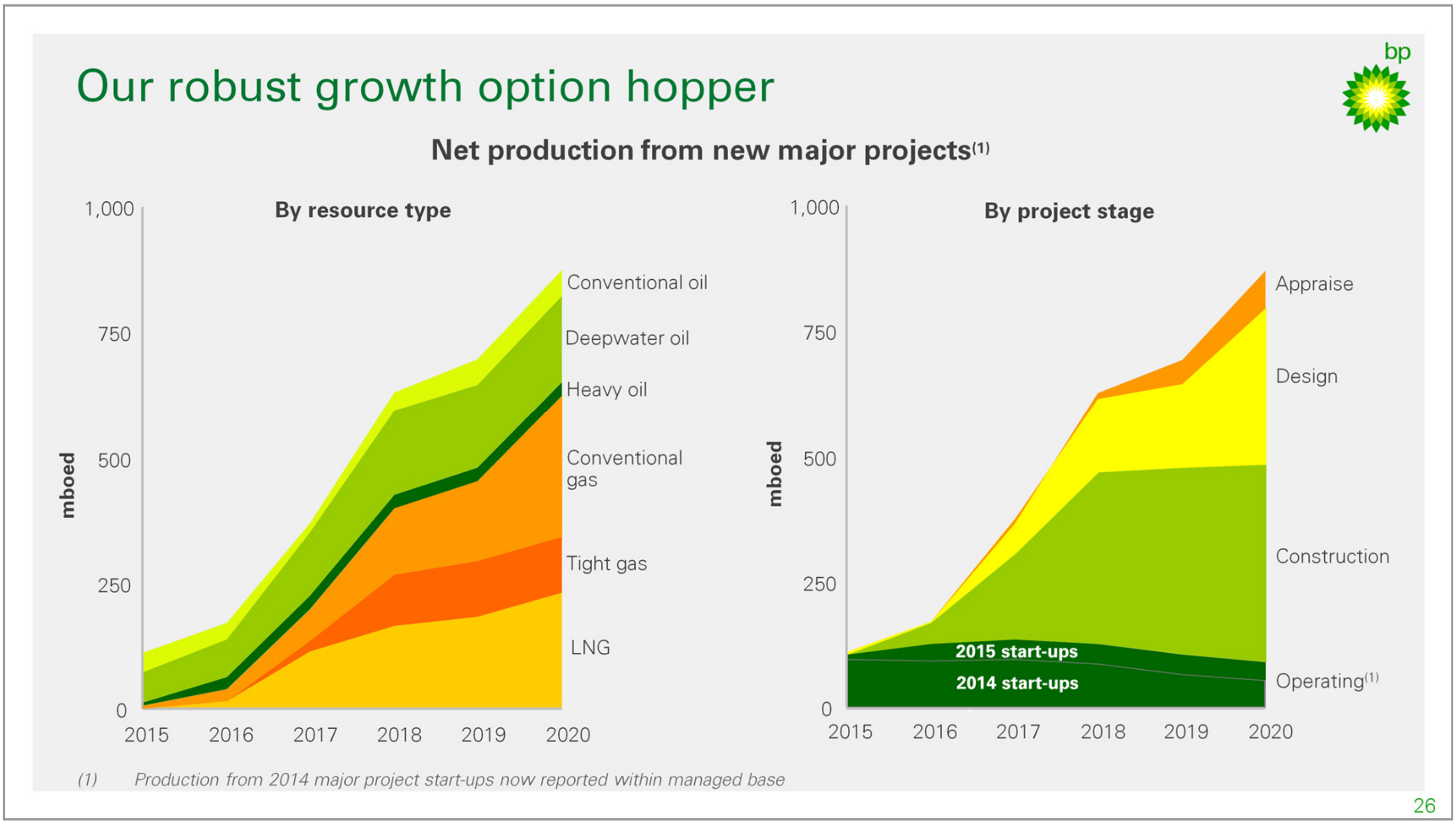


We have applied this approach on the West Nile Delta project and I'll use this and the Thunder Horse South Expansion project – which were both sanctioned this year – to illustrate this process in action.

Firstly, West Nile Delta. This project is a significant opportunity to bring gas directly to a growing domestic market. It offers almost four trillion cubic feet of production, net to BP, going out beyond 2030. Over the last 12 months we have optimised the development plan which will accelerate production in the near term. At the same time, the capital expenditure has been smoothed, reducing the capital spend in the near term. This work has reduced the life-of-project capital spend by 6% whilst increasing production volumes 1%.The acceleration of production and re-phasing of capital has reduced this project's break-even price by 12% against a year ago - with an associated improvement in returns.

Our confidence in the quality of this project is highlighted by our commitment to sanction the development this year - despite the current climate.

The second example is the Thunder Horse South Expansion project in the Gulf of Mexico. This is one of several infill projects that will sustain and grow quality deepwater oil production from our existing hubs. In the last 12 to 18 months, a focus on scope and costs has optimised this project through standardisation and simplification, improved competitive contracts and reduced drilling costs. At the same time the production forecast for this project has improved by 10% and the expected start-up date has remained unchanged. As a result the expected development cost per barrel is now over 25% lower than before. We now expect this project to produce around 90 million barrels of oil equivalent gross, with a return well above our investment thresholds.



So where does all this leave our expected production from new projects?

We have a robust pipeline of projects delivering growth through 2020. With 2014 start-ups now reflected in our base, we expect new project start-ups between 2015 and 2020 to deliver over 800 thousand barrels per day of new production by 2020, net to BP. This is broadly consistent with the outlook we shared with you in December.

Following first oil on the Kizomba Satellites Phase 2 and Greater Plutonio Phase 3 projects in Angola earlier this year, the Woodside-operated Western Flank A project in Australia - in which BP has a 17% share - started production last week. And in Algeria, the In Salah Southern Fields project continues to progress towards start-up around the end of the year.

We are also seeing great progress on other projects, with facilities work on Quad 204 in the North Sea now over 85% complete, ahead of the new FPSO sail-away from Asia later this year. In the Gulf of Mexico, the facilities at the Thunder Horse Water Injection project are set for completion around the end of this year, in readiness for well tie-ins during 2016.

By 2020 over 500 thousand barrels of oil equivalent per day of new major project production is anticipated to come from the delivery of seven key projects which are progressing well. These include the substantial long-life gas profiles of the Oman Khazzan, Trinidad, West Nile Delta and Shah Deniz Phase 2 projects that will grow and maintain production in these new and existing integrated gas value chains.

Some of our post-2018 projects include exciting new discoveries made in the last 18 months including Atoll in Egypt and Vorlich in North Sea.

Our project pipeline

Operating and construction 2014 to 2018

Start-up	Project	Location	Type	WI %	Plateau[1]	Operator	Devt stage
2014	Chirag Oil	Azerbaijan	Conventional oil	36	103	BP	Operating
	Mars B	GoM	Deepwater oil	29	59	Shell	Operating
	NaKika Phase 3	GoM	Deepwater oil	50	18	BP	Operating
	Atlantis North Expansion Ph 2	GoM	Deepwater oil	56	30	BP	Operating
	CLOV	Angola	Deepwater oil	17	160	Total	Operating
	Sunrise Phase 1	Canada	Heavy Oil	50	58	Husky	Operating
	Kinnoull	N Sea	Conventional oil	77	32	BP	Operating
2015	Kiz Satellites Phase 2	Angola	Deepwater oil	27	70	Exxon	Operating
	Greater Plutonio Phase 3	Angola	Deepwater oil	50	13	BP	Operating
	Western Flank A	AsiaPac	LNG	17	77	Woodside	Operating
	In Salah Southern Fields	N Africa	Conventional gas	33	75	JV	Construction
2016	Angola LNG	Angola	LNG	14	175	JV	Construction
	In Amenas Compression	N Africa	Conventional gas	46	107	JV	Construction
	Point Thomson	Alaska	Conventional gas	32	8	Exxon	Construction
	Quad 204	N Sea	Conventional oil	36	122	BP	Construction
	Thunder Horse Water injection	GoM	Deepwater oil	75	23	BP	Construction
2017	Clair Ridge	N Sea	Conventional oil	29	99	BP	Construction
	Juniper	Trinidad	LNG	70	94	bpTT	Construction
	Oman Khazzan	Middle East	Tight Gas	60	200	BP	Construction
	Persephone	AsiaPac	LNG	17	50	Woodside	Construction
	Thunder Horse South Expansion	GoM	Deepwater oil	75	42	BP	Construction
	West Nile Delta T/L	Egypt	Conventional gas	60	114	BP	Construction
2018-20	Culzean	N Sea	High pressure gas	16	99	Maersk	Construction
	Shah Deniz Phase 2	Azerbaijan	Conventional gas	29	370	BP	Construction

Design and appraise 2017 to 2020

Start-up	Project	Location	Type
2017-20	Angelin	Trinidad	LNG
	Atoll	Egypt	Conventional gas
	B18 Platina	Angola	Deepwater oil
	Mad Dog Phase 2	GoM	Deepwater oil
	Pike Phase 1	Canada	Heavy Oil
	Snadd	N Sea	Conventional gas
	Tangguh Expansion	AsiaPac	LNG
	Trinidad Onshore Compression	Trinidad	LNG
	Trinidad Offshore Compression	Trinidad	LNG
	Vorlich	N Sea	Conventional oil
	West Nile Delta G/F/R	Egypt	Conventional gas
	Western Flank B	AsiaPac	LNG

Additional 35-40 projects in the pipeline for post-2020 start-up or nearer-term optimisation

(1) Gross production mboed

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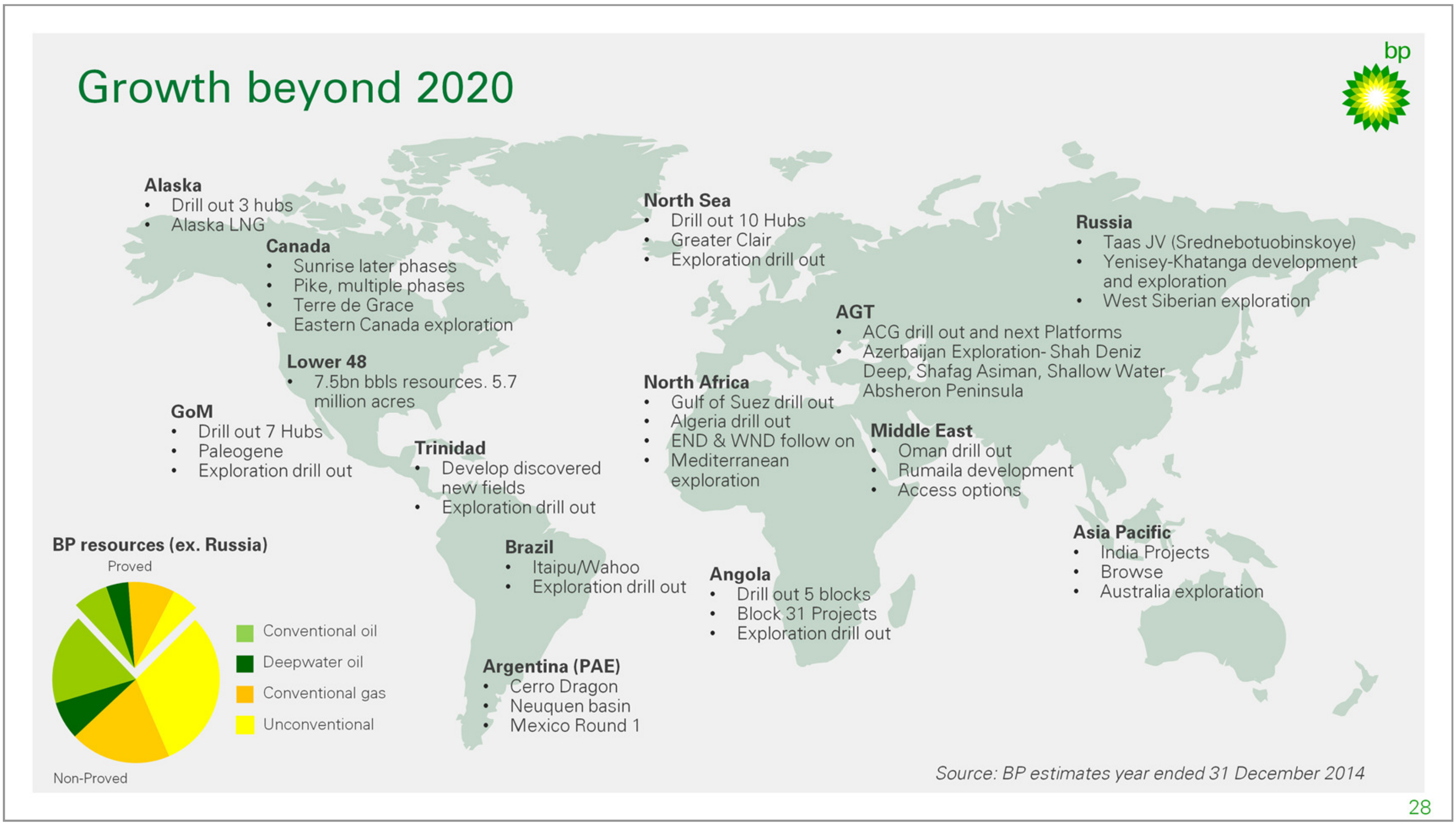
As shareholders you have given us feedback to be clearer about our pipeline of projects. While this slide is not so easy to read quickly, it will be available on our website.

In addition to the projects under construction that I just mentioned, we have a deep hopper of over 50 pre-execute and appraisal projects, some of which are also shown on this slide. We expect to take final investment decision on a number of these projects. While some of this may change as we selectively progress and optimise the portfolio, we believe this inventory remains balanced across our asset themes and geographies and will allow us to continue on our growth trajectory.



Looking further out, we have the options, discovered resources and acreage in our portfolio to extend production growth well beyond 2020.

Putting aside Russia for a moment, we have a hopper of 44 billion barrels of oil equivalent underpinning this growth. Eleven billion barrels of which represent proved reserves from existing base assets and projects that have passed final investment decision.

The progression of the remaining 33 billion barrels underpins our continued growth beyond 2020. Around 70% sits within our base assets and these are being prioritised and optimised in our Area Development Planning Process, which seeks to progress the very best barrels. The remainder represents our major projects and resource appraise options that have not passed the final investment decision, and that continue to be matured and optimised to meet our investment criteria.

In addition, we have a diversified exploration pipeline with a mix of oil and gas, conventional oil and deepwater oil and unconventionals. This includes incumbent positions in world class hydrocarbon provinces like the Gulf of Mexico, the Caspian Sea, the North Sea and the Nile Delta in Egypt. Successful new access over recent years has also created the potential for future production centres from new regions and plays. We are also building a material position through our relationship with Rosneft.

Our longer-term production growth framework will be fed from three main areas:

– Firstly, the pool of major project options, covering all of our resource types;

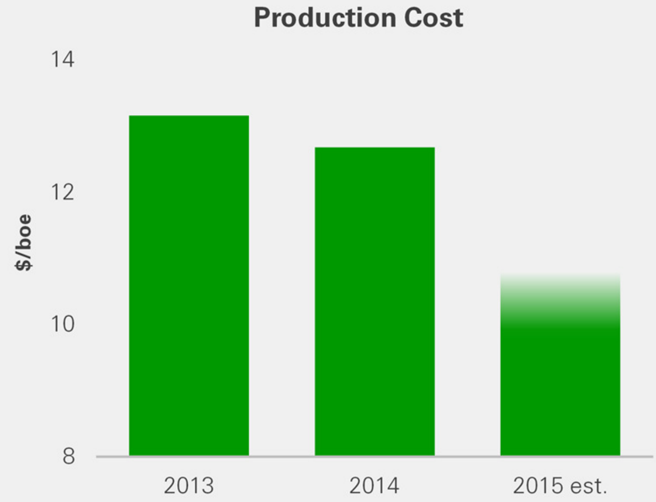
– Secondly, pull-through of current discovered near-field resources around our key hubs such as Clair in the North Sea, Thunder Horse in the Gulf of Mexico and in oil and gas unconventionals; and

– Thirdly, through success stemming from our ongoing level of investment into exploration, access and appraisal.

We will also seek opportunities that arise in the current environment to deepen existing positions – as we did earlier this year in Shah Deniz for example - as well as acquiring or accessing new ones.

Upstream focus on costs

- Right-size the organisation
- Reduce third party spend
  - Deflation across contracts
  - Efficiency of scope and delivery
- Influence partner operated spend
- No compromise on safety



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We continue our agenda on cost, simplification and efficiency in the Upstream.

Since we started the programme to reset Upstream costs in 2013 we have reduced unit production costs by around 20%, as the chart shows.

We are focused on managing the activities that drive costs in the business. This means right-sizing our organisation, reducing our third party spend, influencing our partners where we are not the operator, and doing all this without compromising safety as our number one priority.

We now have 10% fewer Upstream employees and 42% fewer agency contractors than we had in 2013. We are also leveraging local capability to manage levels of expatriation.

In our third party spend, we continue to capture market deflation and have achieved average cost reductions of around 15% to date.

We have accelerated competitive bidding programmes across a wide range of third party spend. In operations, for example, we expect to have awarded new or revised contracts representing 40% of our third party spend, by the end of 2016. And in our wells organisation, we are rebidding around 60% of our well services spend in the next six months.

We are not only focused on contract renegotiations, but are also looking at the scope and efficiency of all our operations and projects. Some examples of this include:

– A 15% reduction in 2015 Trinidad logistics costs through deflation, efficiencies and working together in the industry;

– An 18% cost reduction versus forecast on our light well intervention campaign West of Shetland, in the North Sea, through scope optimisation and improved execution;

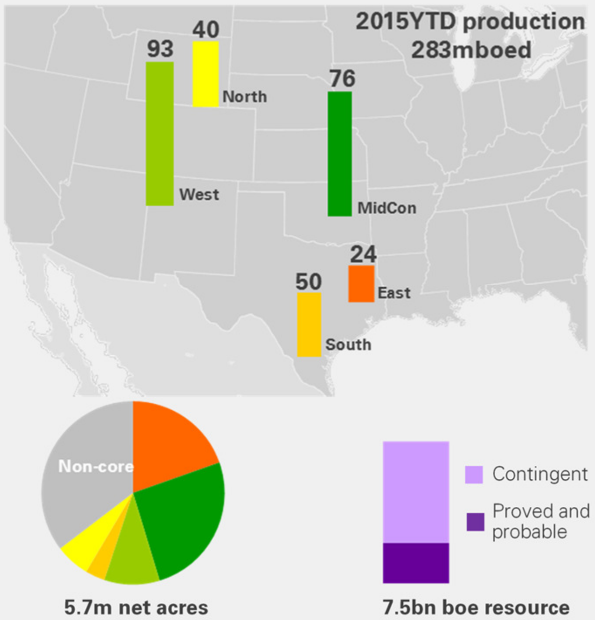
- $32m of gross rig cost savings in the Gulf of Mexico through the end of this year via materials tracking and management of services as well as a focus on equipment rental and rates;

- And, a 23% reduction in land lease cost during the construction period for the expansion of our South Caucasus Pipeline in Azerbaijan and Georgia, as a result of optimising the period of these leases.

Given the significance of spend made on our behalf by other operators, we are also ensuring a similar focus on efficiency and cost across this activity.

By finding more efficient ways of working, we expect to be able to sustainably embed the benefits from these improvements, ensuring that this cost reset is truly sustainable and that the legacy of the current environment is a permanently leaner and more efficient business.

New Lower 48 model starting to deliver



- Material resource base - 7.5 bn boe
- Focus on safety, innovation and performance
- Improvements in cost and capital efficiency
  - Unit cash costs down ~18%
  - Innovative well design and execution
- Competitive and improving returns
- Active evaluation of portfolio
  - Reinvigorate underworked acreage
  - Selective inorganic activity

Source: BP internal data year ended 31 Dec 2014

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Moving on to the US Lower 48, where we have a material resource base, with 7.5 billion barrels across 5.7 million net acres.

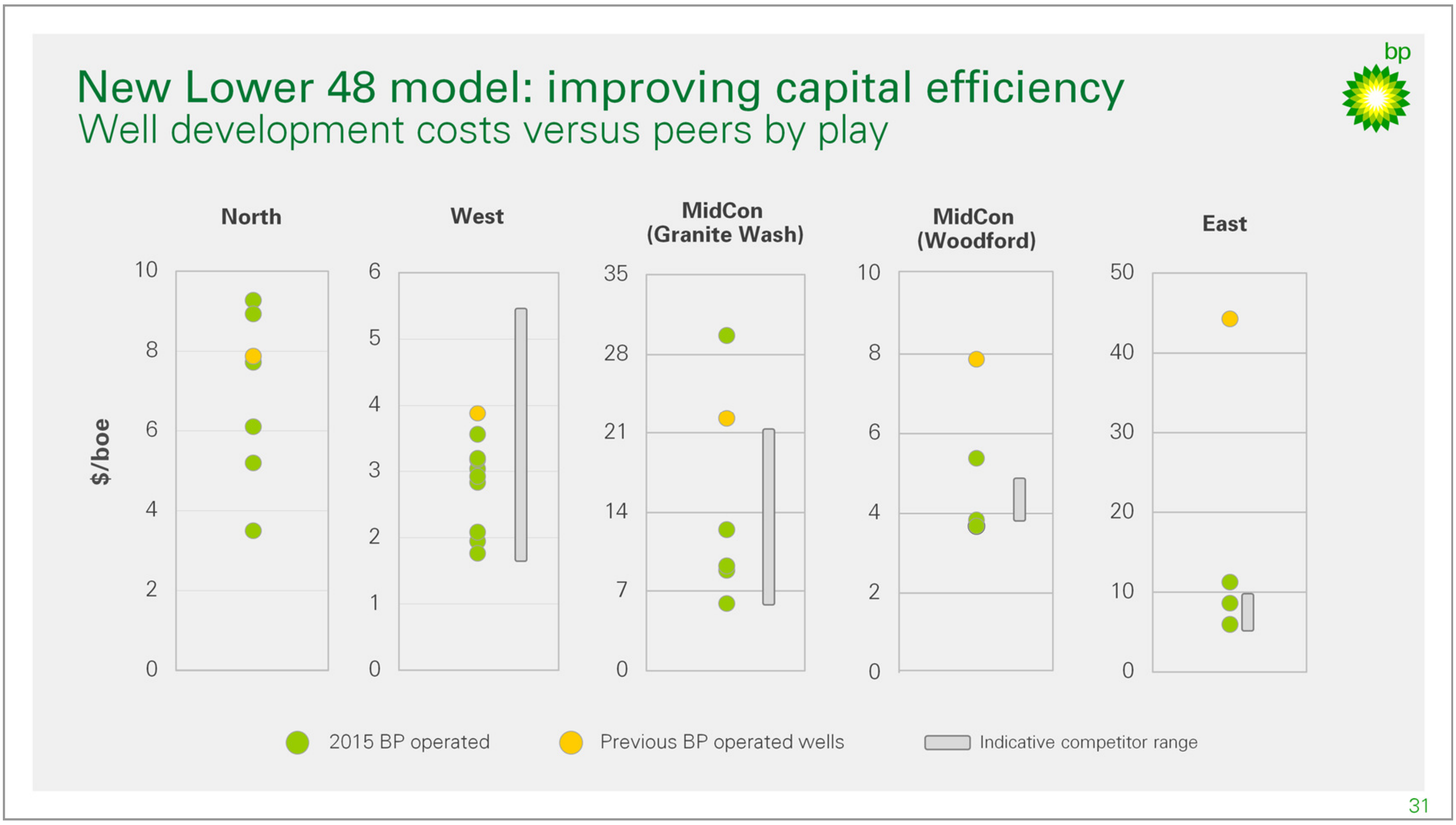
The transformation programme of the last 18 months has empowered the Lower 48 team to focus on safety, innovation and performance in a way that is fit for purpose in that business.

The 12 rigs currently operating represents the highest since 2012 and material improvements are also being delivered in cost and capital efficiency.

Year-to-date unit cash costs are about 17% lower than last year and we are seeing improved capital efficiency through some real innovations to well design and execution, more of which I'll talk about in a moment.

This means the activity is delivering improving and competitive returns, and it is competing well for investment with the rest of BP's portfolio of drilling opportunities.

The team is also focused on optimising this portfolio both through re-energising the development of previously underworked acreage and also by selectively screening opportunities for inorganic activity that may complement existing assets.

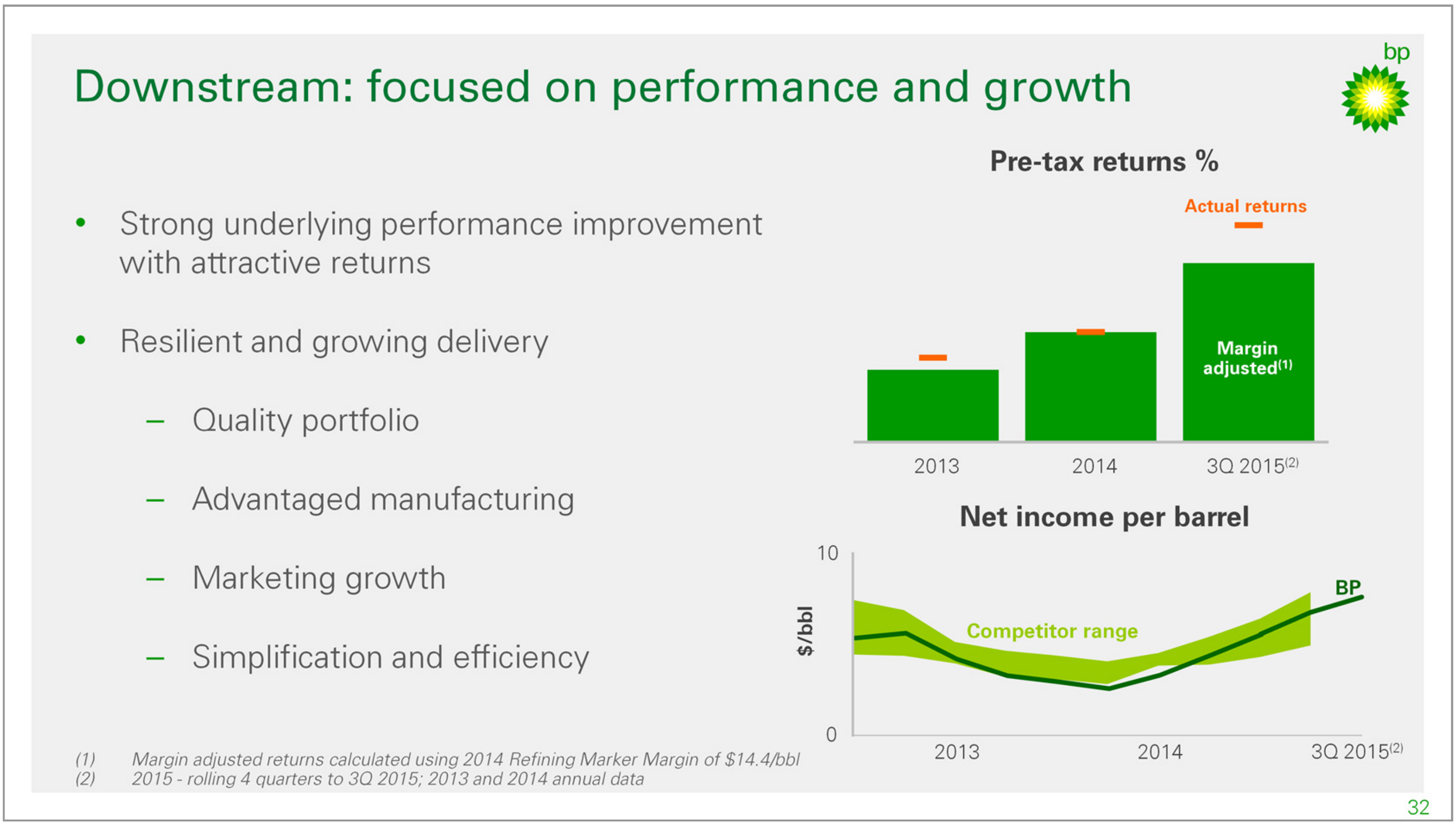


Here we can see how this is all starting to deliver an improvement in capital efficiency. Development costs are benchmarked across the regions against competitors, and also versus previous performance in the same plays.

As you can see from the chart, significant improvements in capital efficiency are happening in the areas shown which, in turn, is beginning to deliver competitive performance – with top quartile results in some places.

The most recent wells have been delivered at lower cost as the learnings from earlier wells have been incorporated. Activity is being designed and executed with more innovation, and the benefits of deflation are being captured. Most notably so far in 2015, development costs in the Woodford are half of that we delivered in 2012, and the lowest versus competitor operated wells. And in the San Juan, we are seeing a significant reduction in development costs compared to the last time we drilled in the basin back in 2009 - with wells currently being developed at an average of 45 cents per thousand cubic feet. We are also seeing encouraging early performance on a first co-planar dual lateral well in the basin.

So it is early days but the decision to manage our Lower 48 business differently is starting to show material improvements in performance and competitiveness.



Let's look now at the Downstream where the focus remains on delivering resilient and improving performance and growth. The disciplined execution of our strategy is illustrated by our record year to date pre-tax profit and returns. In addition, as you can see, net income per barrel has increased to the top half of the competitive range.

Pre-tax returns are significantly higher in 2015 than recent years, even when adjusting for the impact of the recent high refining margins. This demonstrates that we are improving underlying performance and creating a more resilient Downstream business.

Our strategic agenda is focused on a quality portfolio.

Our advantaged manufacturing continues to build a top quartile refining business which is underpinned by operations excellence and is significantly more robust to environmental volatility. And in marketing we continue to invest in higher returning growth opportunities. Our simplification and efficiency programmes are central to our strategy and further enhance our resilience to the volatility of the environment.

And all of this is underpinned by safe and reliable operations.

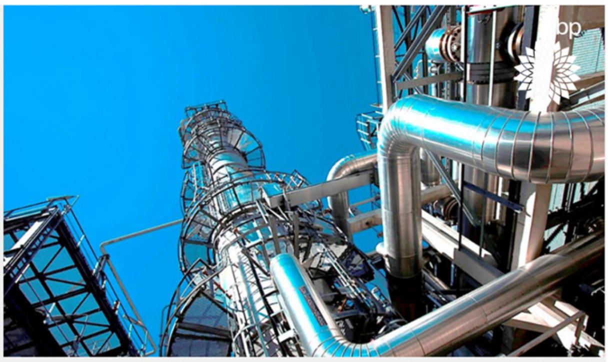
Downstream strategy

Advantaged manufacturing

- Top quartile refining
- Competitively advantaged portfolio
- Improved petrochemicals profit potential

Marketing growth

- Reliable profit and cash generation
- Growth markets access
- Differentiated products and customer focus
- Leading technology



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Looking at the portfolio here you see what we mean by advantaged manufacturing and marketing growth.

We continue to build a top quartile and focused refining business through operating reliability, feedstock advantage and efficiency improvements to our already competitively advantaged portfolio.

In the US our three refineries have advantaged access and proximity to Canadian crudes and US shale oil, both of which typically price at a discount to other crudes. In Europe, we have a top quartile refining portfolio in terms of scale and a smaller exposure than our primary competitors. And our refineries in Africa and Australia are industry leading in their regions in terms of scale with top quartile profit capability.

In petrochemicals we are taking steps to significantly improve the cash break-even performance of the business through portfolio repositioning, improved operational performance and efficiency benefits. In addition, we are working to create additional value from distinctive technologies such as the recently announced licensing agreements for BP's latest generation PTA technology in Oman and China. Together this creates improved earnings potential and makes the business more resilient to a bottom-of-cycle environment.

In marketing, our fuels marketing and lubricants businesses deliver strong pre-tax profits with attractive returns and generate reliable cash flows. Both fuels and lubricants are key to our profitable growth strategy.

Our retail business is proving to be a significant source of growth with volume growth of around 3% year-to-date. To reinforce a differentiated position we've partnered with leading retailers in six countries to create distinctive offers which deliver attractive returns and material growth potential. So here in the UK for example, we have a partnership with Marks and Spencer.

This quarter we launched our BP fuels with Active technology in Spain, ahead of a wider

European rollout. These fuels deploy proprietary technology to remove dirt from the engine and in turn increase fuel economy.

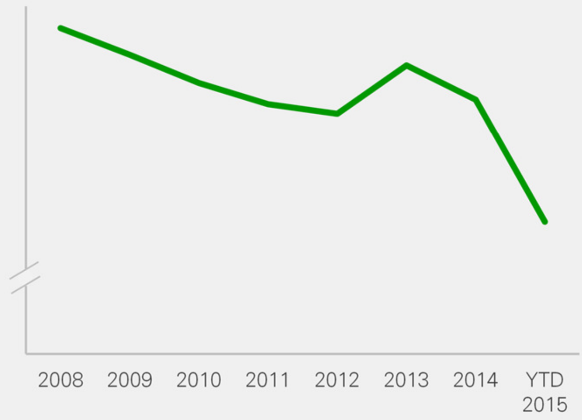
In Lubricants, our sustained focus on growth markets and premium products has resulted in year-on-year pre-tax earnings growth of over 25% when adjusted for foreign exchange impacts. With continued growth in premium lubricants and more than 50% of pre-tax earnings sourced from growth markets, we have an excellent base for further business expansion and sustained profit growth.

And our technology continues to support the development of differentiated premium lubricants with enhanced growth potential.

Downstream focus on costs

- Continued year-on-year cash cost reduction
- Right-sizing the organisation
  – Simplified business model and portfolio
  – Streamlining head office activities and functions
- Manufacturing efficiency
- Reduction in third party spend

Cash costs-to-gross margin ratio(1)



(1) Further details available in supplementary information

We continue to see significant year-on-year benefits from our focus on cost efficiencies in the Downstream.

Year-to-date cash costs are some 15% lower than the same period in 2014 reflecting our simplification and efficiency programmes along with foreign exchange impacts.

We continue to right-size the organisation. As we shared last quarter we have simplified our Fuels organisation, reducing the number of businesses from nine to three. We have also significantly simplified our Lubricants business and we are in the process of making our Petrochemicals business simpler and leaner in line with strategy.

In our head office functions, we have taken actions which will lead to around a 40% reduction in costs through the streamlining and eliminating of activities.

And across our refining operations our first priority remains safe and reliable operations while we continue to implement a set of plans which deliver performance improvement and increase our cost competitiveness.

Our focus on third party spend has resulted in a significant reduction compared to last year.

Together these programmes accelerate delivery of the Downstream underlying efficiencies which we highlighted in February, with further additional opportunities identified beyond this.

A unique position in Russia

25 years experience in Russia

Strong relationships

Strategic partnership with Rosneft

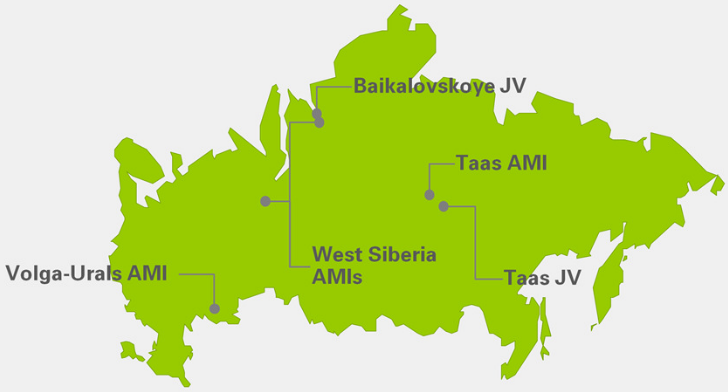
- 19.75% shareholding; 2 board members
- Efficient operations, world-class projects and resilient financial performance

	BP share of Rosneft	BP Upstream	BP total
Production[1] mmboed	1.0	2.1	3.1
Proved reserves[2] bn boe	7	11	18

(1) Year ending 31 December 2014
(2) At 31 December 2014

BP projects in Russia

- 20% share of Taas-Yuriakh development
- Word-class exploration Areas of Mutual Interest (AMI) in Eastern and Western Siberia
- Volga-Urals exploration Joint Venture



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Now let me briefly remind you of our track record and, I think, unique position in Russia. BP has successfully been doing business there for over 25 years and over recent years we have taken some significant steps.

We have acquired a 19.75% shareholding in Rosneft, with myself and my BP colleague Guillermo Quintero on the nine-member board of directors. This equity interest in Rosneft makes BP a 3.1 million barrel a day company, with 18 billion barrels of proved reserves.

Rosneft is the largest oil producer in Russia, and has a strong portfolio of existing and future opportunities. They are also an extremely efficient operator, with the world's leading lifting costs of under $3 per barrel. In the current environment they continue to deliver solid operational and financial performance, demonstrating the resilience of their business model.

Our commitment to Rosneft as a partner has allowed us to build the strong relationships we regard as so important and to successfully deliver value over time. Since we acquired our stake in Rosneft, progress has been rapid. We are now not simply a major investor but also a JV partner.

Beyond our shareholding, we have a 20% equity share in Rosneft's Taas-Yuriakh project in Eastern Siberia. Currently on-stream, Taas is expected to produce around 100,000 barrels a day by the end of the decade, with further potential for significant gas development. In addition, we have entered into three conventional exploration 'Areas of Mutual Interest' with Rosneft. One that is proximate to Taas in a relatively under-explored region, with the other two in the already prolific Western Siberian hydrocarbon basin. And we have an agreement to form a Joint Venture in the Volga Urals region, to explore and develop non-shale, unconventional tight-oil prospects. The exploration areas cover 375,000 square kilometres, nearly five times the size of Scotland.

We are mindful of the geo-political constraints but we remain committed to working in Russia, to these projects and to the long-term potential of the region. We will continue to look for other opportunities to work with our partners as we aim to build upon our successful involvement in Russia.

We see Russia - one of the world's largest hydrocarbon provinces - as an important part of BP's long term strategy offering material value potential.

Our proposition for value growth

A clear set of enduring principles

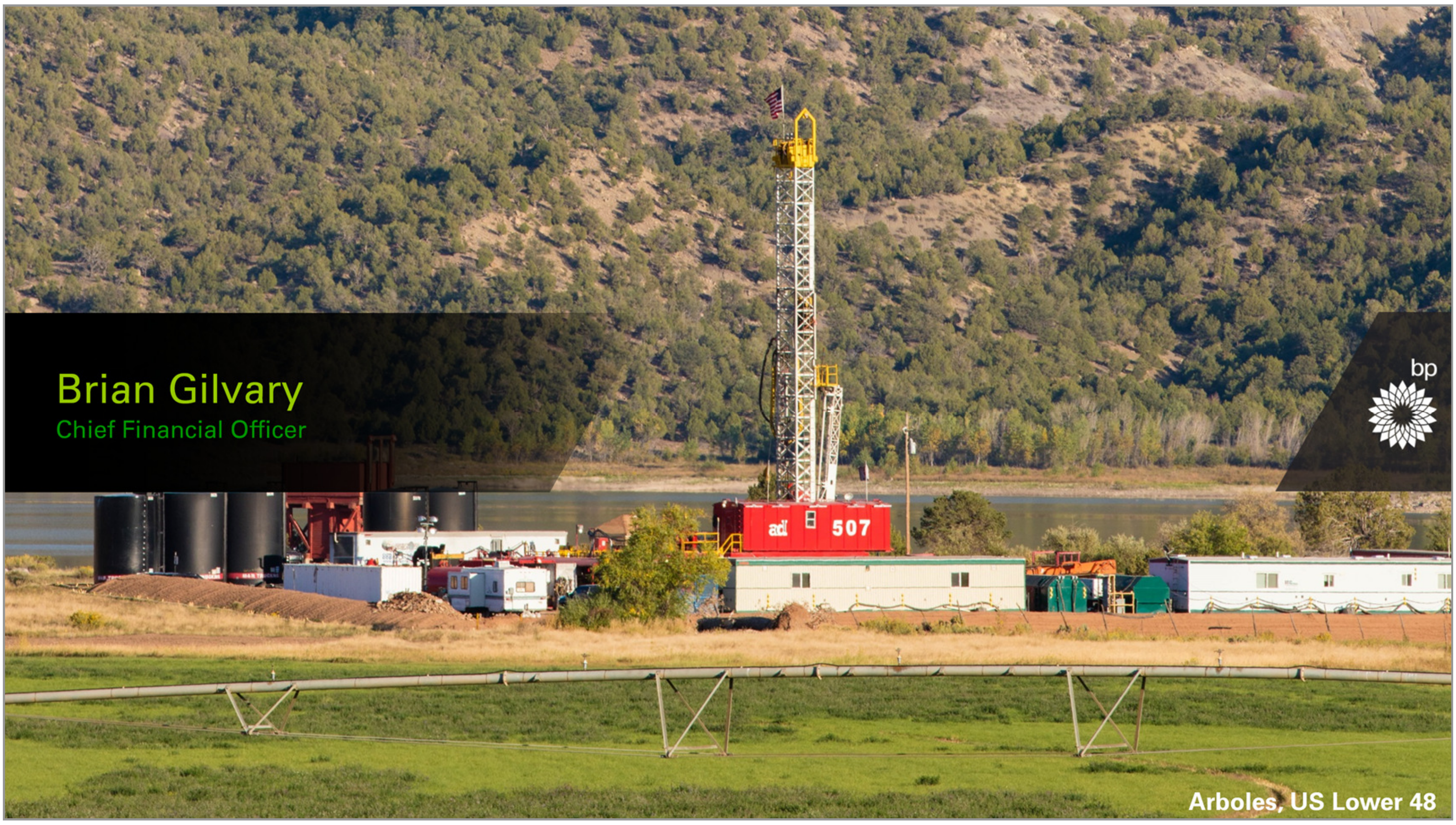
- Relentless focus on safety and reliability
- A balanced portfolio with distinctive capabilities
- Portfolio actively managed for value over volume
- Continued capital and cost discipline
- Growing sustainable free cash flow and distributions over the long term

So that explains the principles that drive our business long-term and how these principles reflect in the make-up of the portfolio for the Group and the strategies of our businesses.

In the Upstream we have a very material resource base with quality rocks and the technical capability to exploit them. Over the last five years, we have built the expertise, systems and discipline to run safe, reliable and efficient operations. And we have strong relationships with host governments and partners - and the commercial strength to negotiate the deals that offer real value.

In the Downstream we have a quality portfolio, with top quartile refining capability, a strong footprint in growing markets and differentiating technology and brands. We have a business that is delivering strong performance today and which is very focused on delivering ongoing improvement in its underlying performance.

We recognise that all of this only matters if it works within an overall financial framework that gets us beyond the challenges of the current environment and back to growing sustainable free cash flow and distributions to you, our shareholders, over the long term. So I'll hand you back to Brian to take you through the medium-term financial frame.


Brian Gilvary
Chief Financial Officer
bp
ad 507
Arboles, US Lower 48

Thanks Bob.

A medium-term financial frame

1. Capex of $17-19bn per annum over 2015-17
2. Cash costs reduced by over $6bn by 2017 versus 2014
3. Balance organic sources and uses of cash[1] at ~$60/bbl by 2017; organic free cash flow growth thereafter
4. Divestments of $9-10bn 2014-15; $3-5bn 2016; $2-3bn 2017+
5. Gearing managed with flexibility around 20%
6. Commitment to sustaining the dividend

(1) Excludes Deepwater Horizon (DWH) payments, includes 100% of dividend. Organic free cashflow = Operating cash flow excluding DWH payments less organic capex.

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Now that you have the overall perspective Bob presented, I'll start by outlining the key elements of our financial outlook for the next few years as we continue to re-calibrate to the current price environment.

Our principal objective over the medium term is to re-establish a balance in our financial framework, where operating cash flow covers capital expenditure and the dividend. As Bob laid out we aim to do this while maintaining safe and reliable operations, preserving core growth activities and sustaining the dividend. This reflects a belief that our dividend is set at a level consistent with the long-range cash generating capability of our underlying businesses.

With the steep fall in oil prices late last year, as Bob highlighted, we acted quickly to reset the company for a period of sustained lower prices, a transition we expected to take about two years.

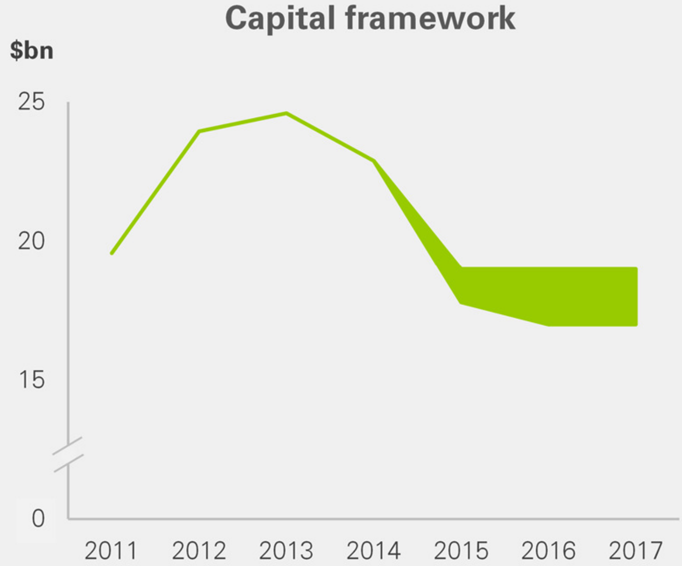
We are making strong progress on resetting both the capital and cash cost base of the Group. We now expect organic capital expenditure to be in the range of $17-19 billion per annum through to 2017. Group controllable cash costs are expected to reduce by over $6 billion by 2017 compared to 2014. With these plans in place and continued strong operating performance across our businesses, we expect to rebalance organic sources and uses of cash by 2017 at an average Brent oil price of around $60 per barrel. Organic free cash flow is expected to grow thereafter at constant prices. This underpins our ongoing commitment to sustaining the dividend as the first priority within our financial framework and restoring growth in distributions to shareholders over the long term.

On divestments, as Bob noted, we are approaching completion of our $10 billion divestment programme by the end of 2015 and expect to announce a further $3-5 billion of divestments in 2016. From 2017 we expect divestments to average the historical norm of around $2-3 billion per annum.

We will continue to manage gearing with some flexibility around the 20% level.

Capital discipline

- Phasing and optimising activity
  - Disciplined Upstream investment
  - Selective growth investments in Downstream and other businesses
- Capturing deflation and driving capital efficiency
- Capex of $17-19bn per annum over 2015-17



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Turning to these points in more detail and starting with capital expenditure.

As mentioned we now expect organic capital expenditure to be in the range of $17-19 billion through to 2017, although closer to $19 billion this year. For 2015 this compares to our original guidance of $24-26 billion for the year, subsequently revised at the mid-year to below $20 billion.

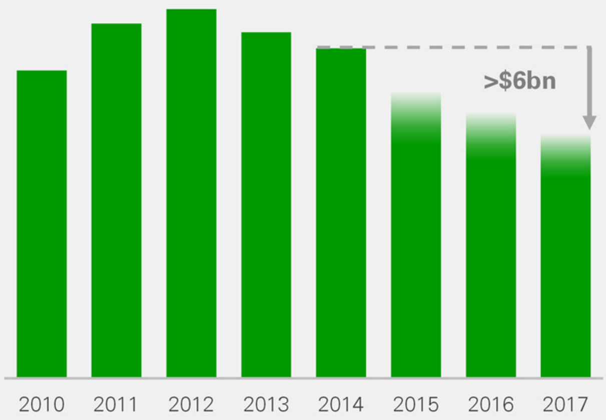
The reduction in 2015 spend largely reflects the re-phasing and optimisation of activity in the Upstream. In exploration we have focused activity into high-value near-field opportunities with less frontier exploration. We have shelved some marginal projects and re-prioritised activity in the base. At the same time, as Bob described, there are examples of strong deflation in the sector. We will continue to pace the timing of our investment decisions to best realise the deflationary opportunity while actively driving capital efficiency into the way we build and operate projects. So we will continue to take final investment decisions on projects, but only when we think the timing is right for each project. In our Downstream and other businesses we are only advancing very carefully selected projects that complement our strategy.

As we lock-in deflation over the next few years, this structurally lower capital frame still supports a level of activity we consider optimal to grow value for shareholders, from our portfolio of options over the longer term.

Resetting cash costs

- Right-sizing of cost base to smaller footprint
- Group-wide simplification and efficiency
- Restructuring charge to approach $2.5bn by end-2016
- Cash costs reduced by over $6bn by 2017 versus 2014(1)

Group cash costs(1) $bn



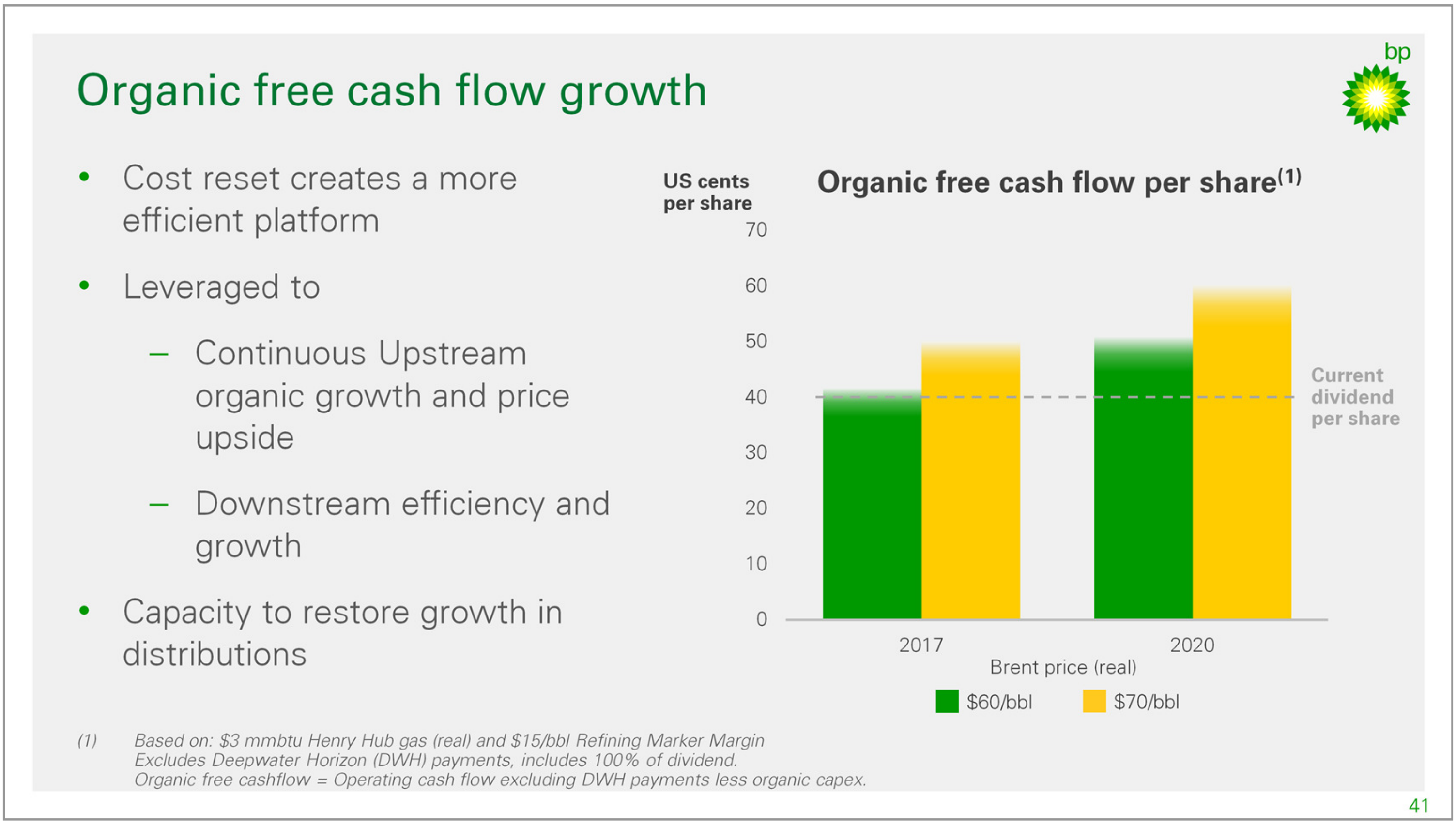
(1) *Cash costs are the principal operating and overhead costs that management considers to be most directly under their control. See bp.com for further information*

Turning to cash costs.

We continue to make strong progress on right-sizing the Group's cash cost base while seeing the benefit of the investment we made in improving asset integrity. Our intensified efforts across the whole of the Group to structurally reset the cost base in response to the low price environment have also taken hold, and are increasingly evident in our results.

Non-operating restructuring charges are now expected to approach $2.5 billion in total by the end of 2016, as we continue with these efforts. This compares to the $1 billion of restructuring charges we initially announced in December of last year for the period to the end of 2015.

Total Group controllable cash costs for the nine months year-to-date are $3.0 billion lower than the same period last year. As you have seen, the actions we continue to take are wide-ranging across both the Upstream and Downstream, and we remain very focused on further simplification within our functional and corporate activities. This rapid progress in part builds on initiatives already started in 2013 and where we now benefit from having made a head-start. Looking ahead we still see a material opportunity to further reduce the cost base. By 2017 we expect total Group cash costs to reduce by over $6 billion compared to 2014, with nearly half of this already captured.



Looking at free cash flow beyond 2017.

By 2017 we expect to be working off a reset and structurally more efficient platform, both Upstream and Downstream, with sources and uses of cash for the Group balancing organically at oil prices of around $60 per barrel.

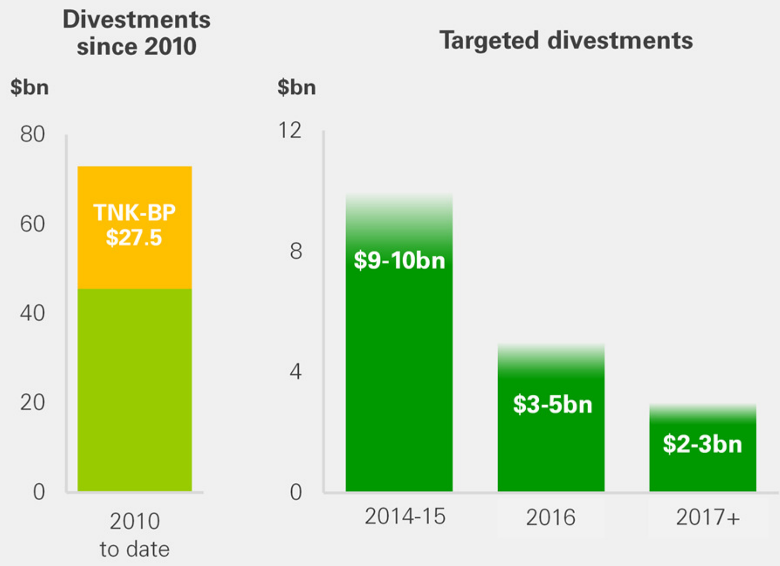
In this environment, and based on our planning assumptions, we would expect free cash flow growth from 2018, restoring our capacity to grow distributions to shareholders.

In the Upstream, growth in operating cash flow would be driven by continuous organic growth from the start-up of our next tranche of major projects and the ongoing efficient management of our base, at the same time as maintaining our strong focus on capital and cost discipline. Any recovery in the price environment would offer further upside as illustrated on this chart. Equally, in the event oil prices are below this level, more deflationary correction will be required than currently built into our plans.

At the same time continued strong performance from our Downstream, through delivery of further efficiencies and marketing growth, brings a degree of resilience to this outlook.

Divestments

- Now approaching $75bn since 2010 including the sale of BP's interest in TNK-BP
- $9-10bn over 2014-2015
- $3-5bn expected in 2016
- Ongoing $2-3bn per annum



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Turning to divestments.

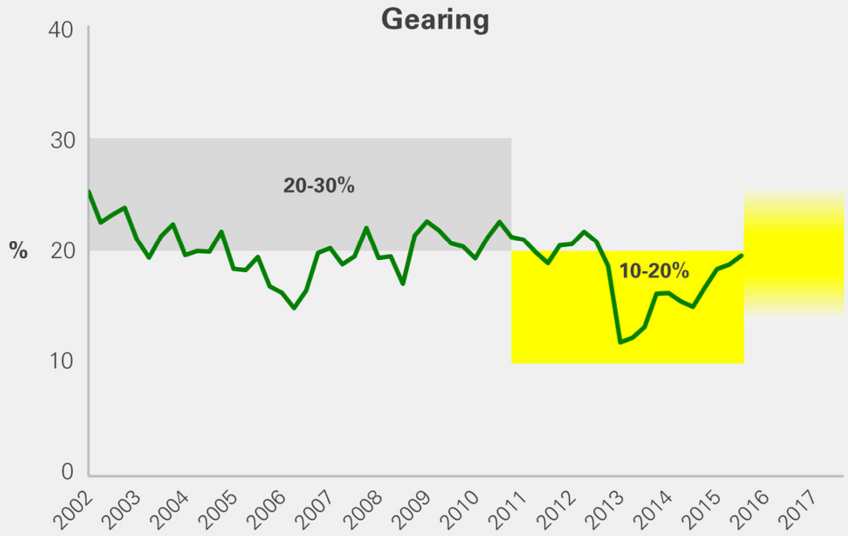
Total divestments since 2010, as Bob described, are now approaching $50 billion, or nearer $75 billion including the sale of our interest in TNK-BP.

To-date we have agreed $7.8 billion of our $10 billion programme for the 2014 to 2015 period and expect the cumulative total to approach $10 billion by the end of the year. As already noted we expect $3-5 billion of divestments in 2016 and ongoing divestments averaging around $2-3 billion per annum thereafter.

The divestments we made over the last five years initially included the necessary steps we took in the aftermath of the oil spill but went on to divest non-strategic assets, capturing prices commensurate with a $100 per barrel oil price. In the current environment we continue to pursue divestments as part of our ongoing strategy to actively manage our portfolio as Bob described. In addition to this strategic objective, the cash proceeds provide flexibility for the balance sheet to manage continued oil price volatility and to meet our Deepwater Horizon payment commitments to the United States.

Balance sheet resilience

- 10-20% gearing band put in place in 2010 to manage uncertainty
- Greater clarity on Deepwater Horizon commitments
- Gearing managed with flexibility around the 20% level going forward



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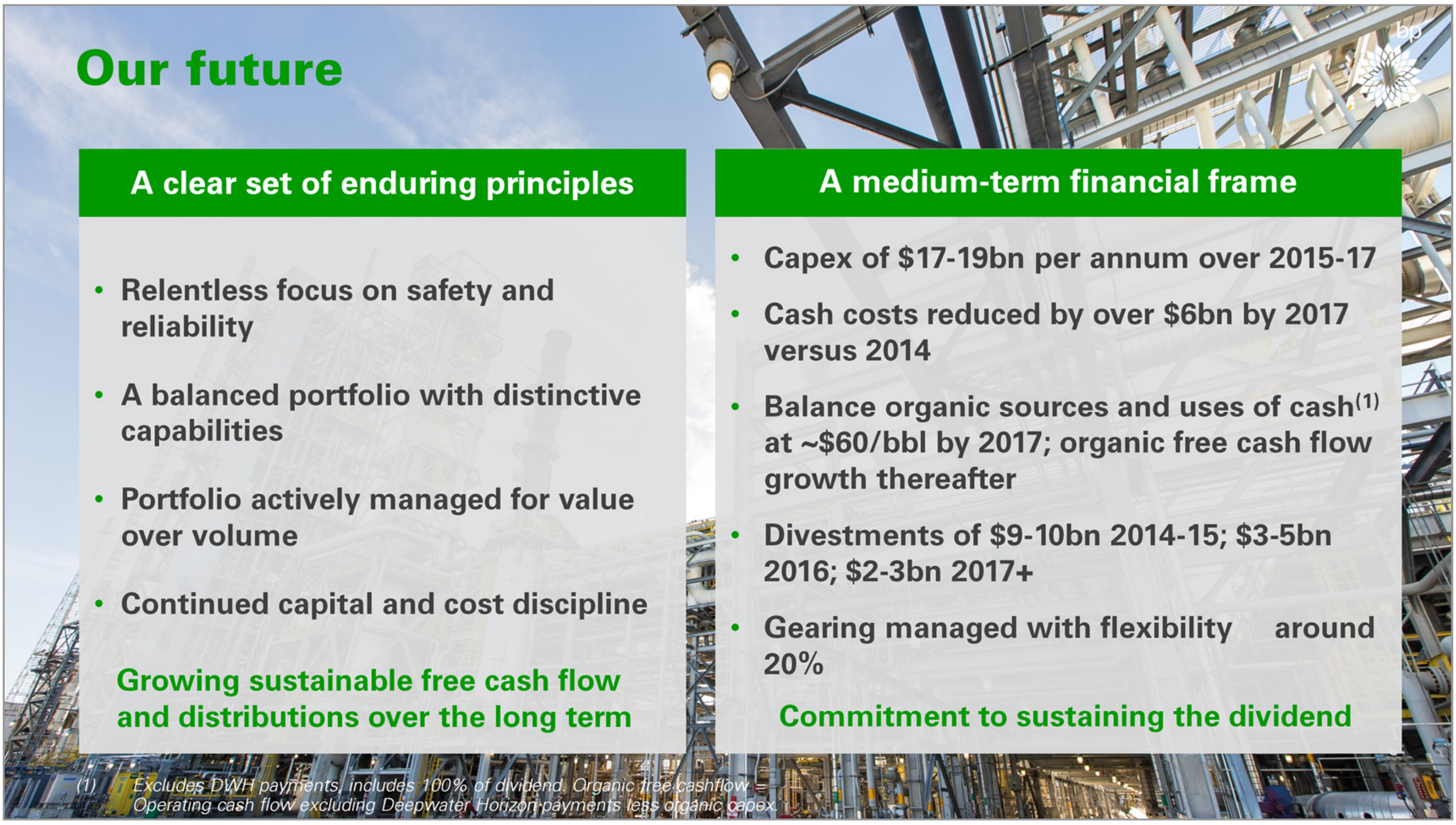
Lastly, just a few words on gearing.

At the end of the third quarter gearing stands at 20% including the impact of the consent decree and agreements with the Gulf States. This compares to the 10-20% target band we established in 2010 to allow greater flexibility for uncertainties, of which the Deepwater Horizon was the most significant.

As mentioned, with the recent filings in the United States we have moved a step closer to finalising these agreements which provide for payments over an extended period. With that context we will manage gearing going forward allowing some flexibility around a 20% level while volatile market conditions remain.

I'll now hand you back to Bob.

Thanks Brian



To sum up, we believe we are navigating through the current challenges in a way that is characteristic for BP. I am confident we will adapt to this new world and do so with competitive advantages.

We have worked hard to build a track record of delivery. In 2011 we laid out a 10-point plan and you saw it delivered in 2014. In February we laid out a set of priorities to respond to lower oil prices and you can see us delivering on those priorities in our results today.

And we are very energised about our plans for the future. With our recent agreements on the largest remaining legal exposures in the Gulf of Mexico moving towards closure we are able to focus fully on this future.

Our strategy is built around maximising the potential of a strong and well balanced portfolio. I remain convinced of the potential of this portfolio in any environment. Together with our ongoing focus on capital and cost discipline this gives us confidence in being able to grow free cash flow and distributions over the long term.

Near-term it is a challenging time for our industry but we are making the sustainable changes that are needed without compromising our longer-term goals. Our financial framework shows us rebalancing organic sources and uses of cash by 2017 in a $60-world. This supports our commitment to sustaining the dividend and it remains a strong priority.

So I believe we have set a clear course. It's based on a set of enduring principles that reflects our proven ability both to innovate and find new ways of working as well as to deliver as an operator day-by-day.

It's often said in business that it's the most adaptable who survive and succeed. BP has adapted many times in its history – the recovery of the early 1990s, the expansion of the late 90s and the rebuilding here of the last five years. I am very confident we will once again adapt as we take on the challenges of today's world and continue to deliver value into the years and decades ahead.

On that note, thank you very much for listening, a little longer this time, and now let's take your questions.

Q&A

Bob Dudley
Group Chief Executive

Brian Gilvary
Chief Financial Officer

Lamar McKay
Chief Executive,
Upstream

Tufan Erginbilgic
Chief Executive,
Downstream

Jess Mitchell
Head of Group Investor Relations

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