Good afternoon, my name is Bob Fryar and I am the Executive Vice President of our Global Production Division. Joining me is Bernard Looney who is Executive Vice President of our Global Developments Division.

Between us, we are accountable for the operations, wells and projects that underpin our plans.

And today we would like to explain the new upstream operating model which we will use to deliver improved execution and help make BP a safer and stronger company.

Cautionary statement

Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements, particularly those regarding: expected increases in investment in exploration and upstream drilling and production; anticipated improvements and increases, and sources and timing thereof, in pre-tax returns, operating cash flow and margins, including generating around 50% more annually in operating cashflow by 2014 versus 2011 at US$100/bbl; divestment plans, including the anticipated timing for completion of and final proceeds from the disposition of certain BP assets; the expected level of planned turnarounds and related production outages; expectations of a challenging marketing environment in 2012, particularly in respect of petrochemicals; the expected increase in exploration activity; expectations for drilling and rig activity generally and specifically in the Gulf of Mexico; plans to improve reservoir management and plant reliability; the level of performance improvement in Refining and Marketing; expected full-year 2012 organic capital expenditure and increased capital spend for the future; the expected timing and level of final investment decisions; the expected duration of production at Mad Dog the timing and composition of major projects including expected start up, completion, level of production and margins; the expected timing and level of appraisal activity; plans to acquire seismic surveys for exploration, field development and reservoir management; the timing for completion of the Whiting refinery upgrade, other refining upgrades and logistics optimization; the expected level of production in the first quarter of 2012 and in full-year 2012; plans to continue to seek opportunities and prospects in BP's areas of strength, such as deepwater, gas value chains and giant fields; plans to strengthen BP's position in unconventionals; the expected production potential of certain existing unconventional oil assets; expectations about BP's development of new technology; the timing of the deployment of BP's new single work management system; the sources and timing of volume growth and earnings momentum in Lubricants and Petrochemicals; expected future levels of resource recovery in giant fields; expansion plans, including plans to expand petrochemicals operations in China; and plans to create a new revenue stream through licensing certain technology. 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 timing of bringing new fields onstream; 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; changes in taxation or regulation; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought; the actions of prosecutors, regulatory authorities, the Gulf Coast Claims Facility and the courts; the actions of all parties to the Deepwater Horizon oil spill-related litigation at various phases of the litigation; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the successful completion of certain disposals; 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 "Risk factors" in our Annual Report and Form 20-F 2010 as filed with the US Securities and Exchange Commission (SEC).

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 8, 10, 11, 33, 38, 58, 61, 62 and 63 of the 2011 Results and Strategy Presentation reflects our expectation that all required payments into the $20 billion US Trust Fund will have been completed prior to 2014. The projection does not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Deepwater Horizon incident 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 - We use certain terms in this presentation, such as "resources", "non-proved resources" and references to projections in relation to such 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.

February 2012

New operating model now in place

Relentless focus on safety and managing risk

Organization in place and aligned with delivery

- Exploration: Access, Exploration and Appraisal
- Production: Subsurface, Operations
- Developments: Global Projects Organization, Global Wells Organization

Reducing complexity – stronger and more focused

Global standards in place and driving

- Risk reduction
- Systematic, consistent execution
- Increased reliability
- Cost and investment efficiency

3

The principle is to simplify and standardize the way we operate, focusing our efforts on safety and value.

The new organization is already working well with benefits in both safety and performance. Much of this is being achieved by mandating what and how things get done on a global level. As part of this, we are bringing great clarity to how our organization aligns toward performance delivery – such as Subsurface, Wells and Operations working end to end in delivery of our new wells.

From top to bottom of the organization, our staff are focused on reducing risk using deep technical rigor in everything we do to systematically improve execution leading to short term cash and long term value.

We'll start by looking at risk reduction across the segment and then we want to explain how these factors are being implemented in four areas - Subsurface, Operations, Major Projects and Wells.

Risk reduction

Operations Management System (OMS)
- Mandatory systematic requirement for our global operations
- Standardization of practices and procedures
- Risk identification and systematic mitigation at front line

Investing in integrity
- Continued turnaround program
- Enhanced maintenance standards

Voluntary performance standards
- Beyond existing regulatory obligations
- Applies lessons learned from Deepwater Horizon

Capability
- Recruitment and renewal

Voluntary Performance Standards

- Deepwater, dynamic-positioned, subsea blowout preventers (BOPs) equipped with no fewer than two blind shear rams and a casing shear ram
- Third party verification of testing and maintenance of subsea BOPs
- Enhanced conduct/witnessing of laboratory testing of cement slurries for deepwater primary cementing in exposed zones

4

We believe that a good company manages risk well.

We are embedding our new operating model, we have been taking very practical steps to put safety at the heart of our company - structurally, via the processes we use, and personally, through the values we expect our leaders and staff to convey at all times.

At the centre of this is our mandated Operating Management System, or OMS. OMS sets out the standards we are bound by and the common way we operate around the world. OMS is designed to do two things, drive down risk and systematically improve the quality of our operations. Included in this is transparency of the risks and what we do to mitigate them – so everyone understands the risks and the mitigation actions – from the front line all the way to Bob Dudley.

The number one objective of any oil and gas operation is to maintain the integrity of its infrastructure from reservoir to market – always maintaining control of its product. We have made significant progress in 2011. For example, across our upstream portfolio we achieved a 22% reduction versus 2010 in loss of primary containment.

We have also completed many integrity and equipment upgrades via our extensive maintenance and turnaround program.

We believe that in some cases our standards should be higher than those set out by host government regulations or common industry practices. Given what we have learned from Deepwater Horizon, this is particularly relevant to drilling. We have set out a number of internal standards that are making us safer and stronger – this is good business.

As a priority, we are investing heavily in the capability of our people. In 2011, we hired over 2,000 technical people, bringing in specialized skills and renewing our organization for the long term.

Subsurface: maximize value from reservoirs

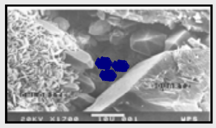
Reservoir management

- Maximize production from reservoirs
- Increase recovery factor

Leverage global scale

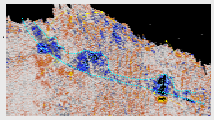
- Programme management
  - Focus resources on highest value
- Technology

***Bright Water™* technology**



More than 70 treatments in Alaska, Argentina and Azerbaijan. Improving waterflood sweep and recovery by 20 mmboe

Greater Plutonio



4D seismic and state of the art *Field of the Future®* surveillance tools used to generate 25 additional well targets and optimize production

Let's now look at our global subsurface organization which is part of the Production Division and comprised of over 1,800 scientists and engineers. They are accountable for the day to day management of our reservoirs – optimizing production and progressing our resources to maximize recovery. With our new operating model, we now have clear line of sight to how reservoirs are performing. We are driving consistent technical practices and have developed centres of expertise that we can deploy to areas of greatest value.

The majority of our top assets are waterflooded oil reservoirs in world class basins. A higher proportion of BP's major assets are developed with waterflood than other major IOCs which gives us a distinctive capability. Optimizing recovery from giant field waterfloods requires operating experience at scale, advanced surveillance techniques and the application of high end technology.

Seismic imaging is increasingly important to subsurface description and prediction. We are investing to maintain the leadership position that we achieved through step changes such as our wide azimuth seismic technology for subsalt imaging and simultaneous source technology for onshore seismic. Globally, we will continue to acquire between twenty to twenty-five seismic surveys annually for exploration, field development and reservoir management. Our high performance computing centre in Houston used for seismic processing ranks among some of the highest capacity supercomputers in the world.

Our Subsurface technology flagship programmes continue to improve recovery performance. For example, we are now deploying more than 20 Bright Water treatments per year which accounts for the vast majority of industry activity. Bright Water is a heat activated polymer that blocks water swept zones deep in the reservoir to improve sweep efficiency and increase oil production. We expect to produce over 20 million barrels at less than $6 per barrel from treatments to date. We have over 60 scientists dedicated to further developing recovery technology to manage the performance of our reservoirs.

We are already pushing the boundaries of reservoir management through our Field of the Future programme, using real time information from our wells. For example, in Greater Plutonio in Angola, every well is monitored continuously by our subsurface staff. We achieved 129 pressure build up surveys in 2011, giving us vital information on how our reservoirs are performing. This, coupled with 4D seismic imaging, has unlocked 25 additional well targets in that field alone.

On the basis of these technologies and capabilities, we believe reservoir management and resource progression remain key points of differentiation for BP.

Operations: driving increased reliability

Reliability improvements

- Turnarounds
- Defect elimination
- Dedicated reliability driven projects

Leverage global scale

- Common standards and practices
- Global standard systems
- Investing in capability

Tangguh LNG

Following a defect elimination program, facility uptime >95% enabling more cargo shipments to sell into higher value markets

Greater Plutonio

Following a turnaround in 2011, facility uptime is averaging 93%

7

Moving on to operations: safe, compliant and reliable facility operations represent a big driver of overall Upstream delivery. And this is where our Global Operations team comes in. Its job is to optimize facilities and to process and transport our production to market safely and reliably.

To achieve this, we are focusing our efforts on delivering turnarounds – or TARs – to eliminate defects and drive improvements. We have mandated and implemented a common global process for planning and executing TARs which has markedly improved on-time TAR delivery.

Facility turnarounds are a centrepiece of our maintenance programme as they represent the only time a facility is fully shut down and depressurized, allowing for major repairs, improvements and tie-in of new infrastructure. We completed 47 TARs in 2011, a historically high number. Looking forward, we have another large program of 37 TARs planned for 2012. We expect overall production outages to be lower in 2012 than 2011.

The benefits of our TAR and defect elimination programmes are already being seen around the world. For example, in Tangguh in Indonesia, following a dedicated defect elimination program and TARs in 2011, facility uptime has increased to more than 95%. This has enabled more cargo shipments, with more going to higher value markets allowing for a material increase in realized gas prices. In Angola, after a successful execution of a TAR in Greater Plutonio in the summer of 2011, planned efficiency is averaging 93%.

We have also been investing in our processes, systems and people. To support this, we are deploying a single global work management system, or digital backbone, incorporating maintenance and procurement. We have already deployed this in a series of pilot locations and expect to have it embedded in most of our operations by 2014.

A key to all of this is our investment in capability. In 2011, we hired around 1,000 people into our operations organization. This was coupled with a global organizational model to assure we have the right skills in the right places. As part of this we have brought in external executive expertise such as our global heads of maintenance and logistics.

I would now like to hand over to Bernard who will take us through the operating model and key activities for our Developments Division.

Global Projects Organization: improving execution quality

Building world class capability
- Increased BP staff by 25%
- Building technical capability

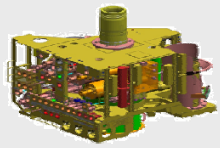
Improving Front End Loading (FEL)
- New FEL standards tied to external benchmarks
- New projects achieving "Best in Class"

Improved predictability
- Major Projects Common Process
- Global Project Organization working under OMS
- On-time start-up and cost delivery has improved

Leverage global scale
- Created subsea hardware organization
- Centralized contracting with 21 global agreements

Standardization:

Subsea Christmas Trees



- Historically managed 20 designs
- Standard specifications utilizing two contractors to support
  - 14 major developments with around 200 Trees
  - $5bn gross investment
- Results
  - Pre-engineered options
  - Predictable delivery
  - Ease of manufacturing
  - Improved reliability
  - Ease of troubleshooting

9

Thank you Bob. Good afternoon. I would like to update you on the progress we've made in improving the execution of our global projects and global wells operations. Let's start with Projects.

Global Projects Organization: improving execution quality

We now have a single Global Projects Organization working under our common Operating Management System. The journey began in 2005 with the implementation of our Major Projects Common Process. But it was really accelerated in 2010 with the creation of our Global Projects Organization – one team accountable for delivery of our projects worldwide.

We are beginning to see some results and I would like to share four examples.

Firstly, we are building world class Capability. In 2011, we increased the number of BP staff by 25% through a major recruitment program to build expertise in key focus areas. One such area is Quality Management. We hired an expert from the Aerospace industry with deep skills in this discipline. He is growing our team, developing improved standards and working with our suppliers to eliminate defects. Getting Quality right will materially improve our delivery.

Secondly, we are improving our Project Front End Loading. We believe that better Front End Loading leads to better projects. In 2011, we implemented new rigorous standards to drive improvement in this area. The last eight major projects we approved all achieved 'best in class' Front End Loading as measured by external benchmarks. This sets us up well for execution.

Thirdly, we are improving the Predictability with which we deliver our Projects.

Over the last four years, we have improved our cost delivery by 25% and our schedule delivery by 35% – when compared to our original FID targets.

And Fourthly, we are leveraging our global scale to deliver value.

A great example, and one I believe is leading the industry, is the creation of a single global subsea hardware organization for the design and procurement of all of our subsea equipment. This has enabled us to standardize designs, work processes and procedures and leverage our scale in the supply chain through establishing global agreements with our two key suppliers. This is improving quality and predictability as well as reducing costs by around 15%. Over the next five years we expect to spend over $5 billion gross on subsea hardware.

We now have 21 Global Agreements in place covering a large proportion of our activity – engineering services, rotating equipment, automation, valves, etc. They will all help deliver standardization, improved quality and reliability.

As you can see we have taken deliberate steps over the past few years to deepen our projects capability. There remains more to do, we are beginning to see real evidence of performance improvement. Lets look now at where this new organisation is being applied.

Major projects underpin operating cash flow growth

	Deepwater			Gas			Giant Fields		
Start-up	**Project**	**WI%[2]**	**Gross Capacity**	**Project**	**WI%**	**Gross Capacity**	**Project**	**WI%**	**Gross Capacity**
2012	Block 31 PSVM[1]	27	150 mboed	Angola LNG	14	1,100 mmscfd	Skarv[1]	24	165 mboed
	Clochas-Mavacola	27	100 mboed				Devenick[1]	89	200 mmscfd
	Galapagos[1]	47-67	60 mboed						
2013 / 2014	Na Kika Phase 3[1]	50	40 mboed	North Rankin 2	17	1,800 mmscfd	Kinnoull[1]	77	50 mboed
	CLOV	17	160 mboed	In Salah Southern Fields	33	420 mmscfd	Chirag Oil[1]	36	140 mboed
	Mars B	29	130 mboed	In Amenas Compression	46	330 mmscfd	Sunrise	50	60 mboed

(1) BP operated 2) Working Interest

11

We have a world class Major Projects portfolio and are on track to deliver 15 start-ups by the end of 2014. These projects will have on average around twice the 2011 Segment unit operating cash margin. Six of these projects are on track to start up this year.

Let me give a brief update on a couple of larger projects that will start up this year.

The PSVM project in deepwater Angola is a complex 48 well subsea development utilizing an FPSO for production, storage, and offloading of oil. The project ties in four fields (Plutao, Saturno, Venus and Marte) into a single infrastructure development. At this time, the FPSO is on its voyage from Singapore to Angola and it is expected to arrive by the end of the month. The FPSO sailed after completing 96% of commissioning onshore which is an exceptional level of readiness.

As you have heard from Bob we recently FID'd Mad Dog 2, our largest operated greenfield project in the Gulf of Mexico in almost 10 years. We have start ups in the Gulf of Mexico in the short term as well. As an example, Galapagos is a 3 well subsea tieback to the Na Kika platform. The wells have been drilled and the subsea scope is largely complete. Topsides tie-in work on the platform is progressing to plan and we expect to bring the project online later this year.

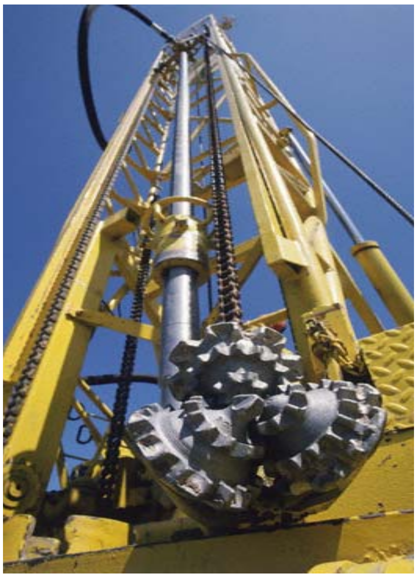
Turning now to Drilling – what we call "Wells".

Global Wells Organization: improving execution quality

Focus on Safety and Operational Risk
- Global Wells Organization working under OMS
- Closing out Bly Report
- Global Rig Acceptance and Start-up Procedures

Building world class capability
- Increased BP staff over 20%
- Building technical capability
- Creating Global Wells Institute for learning

Increasing Activity
- Integrated Global Rig Schedule
- Activity increasing in 2012 and beyond – focused on high margin areas



12

Our new Global Wells Organization, put in place in April last year, has begun a similar journey to that in Projects. This one organisation is solely accountable for the delivery of all drilling worldwide. We plan to replicate the improving execution performance and predictability experienced in Projects – and there are already tangible signs of progress.

Firstly, we have a relentless focus on Safety and Operational Risk – and strongly believe this will drive enduring value for our shareholders. The new organization is in place and transitioning to our single operating management system. We are on track to close out actions from the findings of BP's investigation into the Deepwater Horizon accident. And we are establishing stricter standards for safe and compliant wells as well as changing the way we work with key contractors

An early example of this is our application of a new Global Rig Acceptance and Start-up procedure. This ensures that no rig will commence operation until we are sure that it will operate to our standards. Investment in this up front will reduce risk and improve efficiency.

Secondly, we are building world class capability – creating and sustaining talent to ensure the long term health of our business. In 2011, we increased the number of BP staff by over 20% through a major global recruitment program. This isn't just about numbers – it is about bringing in key technical skills like cementing, well control and rig audit. And beyond recruiting, we are investing in learning and the development of all our people through the creation of a Global Wells Institute which will include virtual learning centres in many of our locations.

Finally, all of the above gives us the confidence to increase activity. Our new integrated global rig schedule process allows us to understand which drilling operations really make a difference and ensures that the right people and resources are allocated to them. Much of this is focused on our higher margin areas, for example:

- In Angola – where we plan to increase the rig fleet in our operated fields to three deepwater rigs by the end of this year
- In the Gulf of Mexico - where we have five rigs working with a further three planned to start up this year
- And in Azerbaijan - where we plan to add two rigs this year.

So all in all - much still to do, but significant progress in building a strong foundation for the delivery of safe and compliant wells.

Moving Forward

Focus on Safety and Operational Risk

Operations and Subsurface
- Reservoir management
- Reliability and defect elimination
- Turnarounds

Major Projects
- 15 major project start-ups by 2014, 6 in 2012
- By 2014, unit operating cash margin from new projects is expected to be double the 2011 upstream average (excl. TNK-BP)[1]

New Wells
- Building strong foundations through the Global Wells Organization
- Increasing high value activity around the world

(1) At $100/bbl oil price

14

So, in summary we have provided you an overview of our new operating model and how we expect that model to fundamentally improve how we execute our activities. The model is already working well and we are seeing many benefits as we have explained.

Looking forward, delivery through 2014 is underpinned by the following:

1. Continued relentless focus on Safety and Operational Risk – this is simply the right thing to do
2. Improving reservoir management and plant reliability
3. Improving execution on a strong portfolio of Major Projects that materially improves margin capture in the Upstream
4. And delivering our wells activity plan through our new Global Wells Organization

We firmly believe the new operating model has created a simpler and more focused Upstream. It is one that will relentlessly drive down risk, better leverage our scale and deliver a globally optimized activity set - geared toward long term value.

So thank you very much for your time - and now Bob and I would be delighted to take any of your questions.