Upstream Investor field trip - Baku 2016

Deepwater Gunashli, Azerbaijan

bp

Cautionary statement

Forward-looking statements - cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), BP is providing the following 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 BP's plans and expectations regarding growing sustainable cash flow and distributions over the long term, estimates of future supply and demand, future capital expenditure, cash costs and divestments through 2017 and thereafter; plans and expectations regarding BP's goal of balancing sources and uses of cash by 2017 at $50-50/bbl and organic free cash flow growth thereafter, expected gearing levels, reduction in total spend, increased plant reliability and high quality drilling, application of technology and capital choices; plans and expectations regarding future capital expenditure, reductions in headcount and third party spend, improvements in business mentality, benchmarking against other industries, business digitisation, adding new capacity through high quality projects, future FIDs and the quality thereof, future cash margins and production and development costs; plans and expectations with regard to maintaining a balanced portfolio, Upstream growth and estimated production in new and existing regions; plans and expectations regarding the Lower 48 business, including with regard to the number of employees, cost base and resources; plans to focus exploration activity and grow volumes to 2030, to simplify the organisation, improve cost and capital efficiency and work with suppliers to deflate costs and expand competitive source options and other plans and changes BP intends to implement to build a continuous improvement and margin-focused mentality, including by reducing inventory, increasing wrench time, modernising systems and optimising logistics; BP's plans with regard to reservoir management, wedge delivery and managed decline at 3-5% through 2020 and beyond; plans and expectations with regard to major projects growth to 2020, including estimated new capacity by end 2017 and new production by 2020; plans regarding future projects, expected start-up and drilling timing thereof and recoverable resources therefrom; plans and expectations regarding portfolio balance, growth potential and renewing drilling options in a mature play; plans and expectations with regard to the Azerbaijan-Georgia-Turkey (AGT) Region, including with respect to exploration prospects, planned production and infrastructure, gross operating costs, expected organizational and market efficiencies and deflation; plans and expectations with regard to the Lower 48 Onshore, including building a competitive onshore operating company, creating high performance culture, delivering high rates of return and creating value on untested acreage, driving capital efficiency through innovative drilling and completion techniques and maintaining strong commitment to safety and the environment and expectations with regard to resource potential, IRR, costs, execution and timing of projects therein and expectations with regard to the price at which resources will be economic producible. 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 "Risk factors" in BP Annual Report and Form 20-F 2015 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.

June 2016

bp

We 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.

Welcome to everyone. Over the next few days, we want to share with you our story, that of an Upstream that has been transformed over the past several years. Safer, higher performing, and growing value, both in the near term to 2020, but also in the decade thereafter. And we see more. More opportunity to get more efficient and productive, as we learn from our downstream and from other industries. We will modernise the Upstream, through digitisation and the use of big data. And we will be creative, not least in the business models we will use to approach challenges.

Looking to this morning. I want to provide some context on the current environment, remind you of the BP Group frame within which we serve, before turning to the Upstream for the rest of the presentation, sharing how we are driving performance, growing free cash flow through 2020, and then close by taking you through what we feel is a genuinely exciting path to grow our business through to 2030 and beyond.

Let me start with some key messages that we will keep coming back to over the next few days.

First and foremost, Safety and Reliability remains job number one. It is the first fundamental step in improving business performance. We continue to drive year on year improvement in this area and we will continue to do so.

Second, we have, over the last 5 years, focused our Portfolio through $34bn of disposals. As Bob says, "we like it". We see our long history in many of the great basins in the world as a differentiator and believe in the strength of this incumbency. We are resilient and balanced, in terms of geography, hydrocarbon type, and geology. We don't believe in picking winners or losers and have the scale to allow us to maintain this balance. And rather than being encumbered by a traditional way of working, we have and will continue to use creative models to generate value. You saw that two weeks ago in Norway with the creation of Aker BP; in the separation of the L48 business; in the Paleogene partnership we formed with Chevron in the Gulf of Mexico, and in our Alaska partnership with Hillcorp.

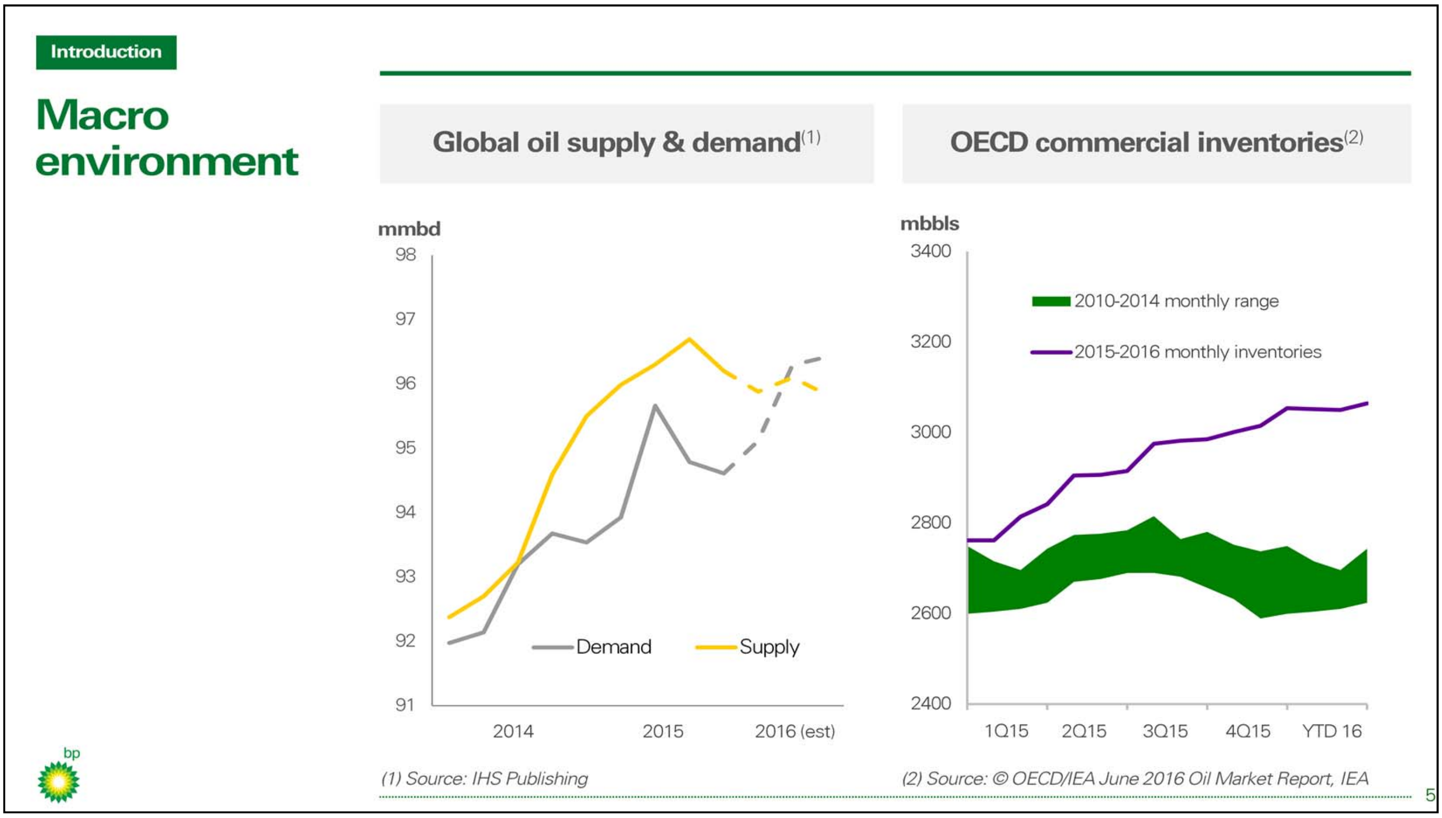
Third, we have a world class organisation. We are capable of taking on the world's great oil and gas challenges, from ultra-Deepwater projects in the Gulf of Mexico, to unconventional gas in the deserts of Oman, or continent-spanning infrastructure projects here in Azerbaijan. In 2011 we organised, through a functional model, to become competitive in every aspect of what we do. It is working.

Fourth, we are driving efficiency and productivity into the way we work. By the end of next year we will have reduced our organisation by 10,000 people, that is 1/3 smaller. We are also focused on every dollar we spend, cost and capital, and motivating our people to be rigorous in their choices only doing what truly creates value. By next year we expect to have taken $9bn of spend out versus 2014. All without compromising growth.

Fifth, and this is where it gets really exciting: we will grow through 2020. 800,000 boepd of expected new project production, which includes 500,000 boepd of new capacity planned to be on line by end of 2017. Our projects are high quality and deliver operating cash margins 35% better than today's portfolio. The result is a business that is expected to deliver $7- 8bn of pre-tax free cash flow at $50 real to the Group in 2020.

That growth is imminent and becoming more tangible each day. We can touch it, as you will tomorrow at the ATA yard.

And finally, sixth, our growth won't stop there. We have 45bn boe of resources. This provides us the capacity to grow value organically in the period 2020 to 2030, without the need for a big acquisition. We will stick with 'value over volume' and focus on returns to drive the quality of future investment.



So that hopefully sets the frame for what we want to talk with you about. And we look forward to your feedback and your questions. Before we get into that Upstream story in more detail, I'd like to step back a moment and look at the macro environment we're operating in, as well as the BP Group Context.

Let's start with the macro. Things are evolving here pretty much as we had expected. Looking first at oil, recent data on the left hand chart shows a strong increase in global demand and a flat to falling global supply. We expect this combination to drive the market closer into balance by the end of 2016, although the high levels of stocks on the right hand chart could still create an overhang for some time.

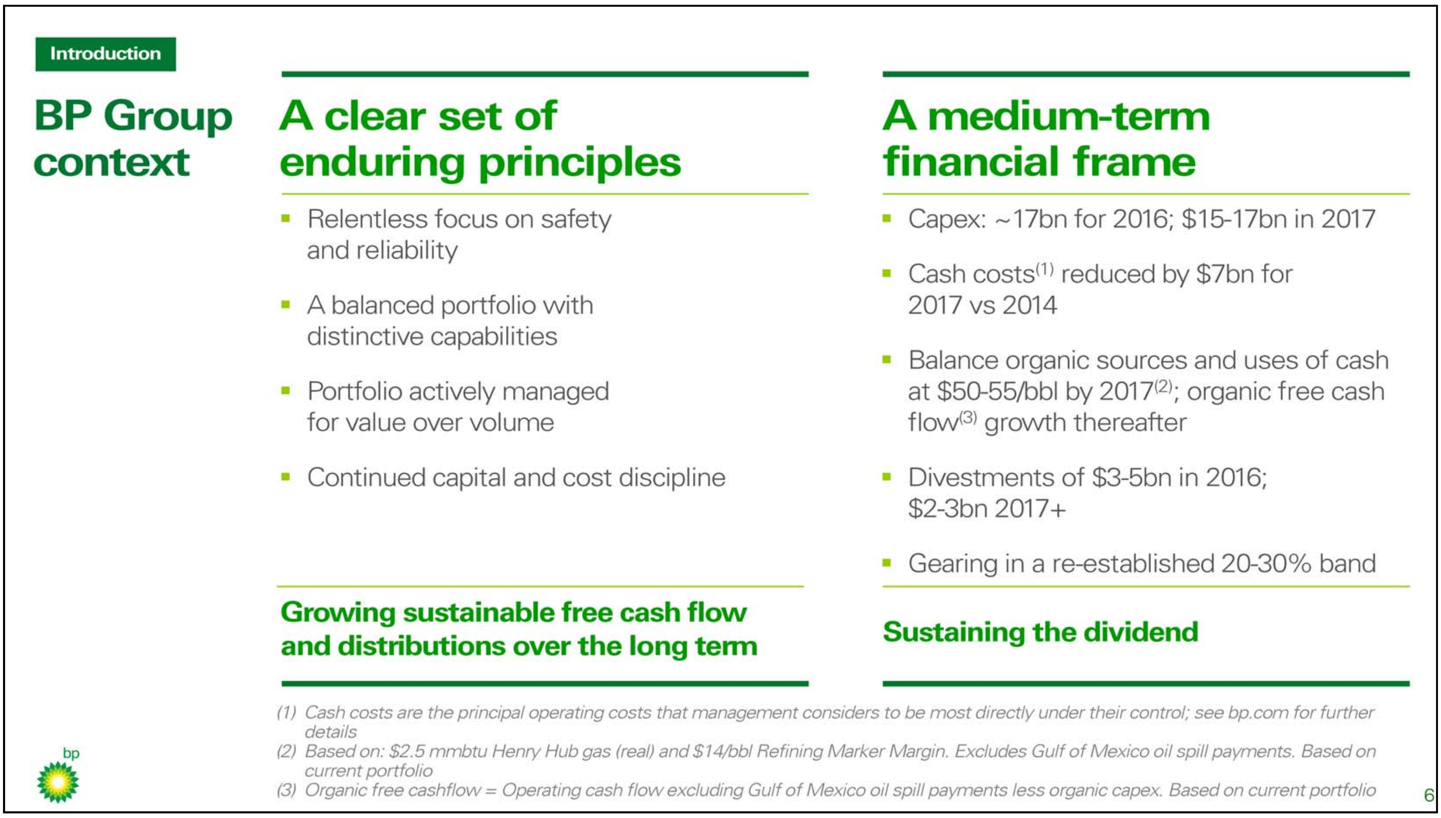
The wider market is anticipating this and has strengthened in recent weeks. We are however mindful that some of the recent slowing in supply growth has stemmed from supply disruptions, in Canada, Nigeria and Libya, which might unwind. It is also possible that the strong growth in Iranian production seen in recent months may continue, boosting aggregate supply. So while it is encouraging to see the price rise, we are not banking on it.

Meanwhile, outlook for gas markets in the near time is somewhat uncertain. North America seems to be firming, Asian demand growth is picking up, with Chinese consumption responding to domestic price reforms. And US production, which has been the power house of aggregate supply growth in recent years, is likely to fall this year as the impact of low gas and oil prices increasingly takes its toll on activity and investment.

Turning to the LNG markets, the sharp increase in global LNG supplies expected over the next few years is likely to weigh on prices in both Asia and Europe, with the Asian price premium remaining very compressed.

Looking beyond the next few years, the long term fundamentals for our industry remain sound. Even in some of the most ambitious scenarios, for example the IEA's '450 scenario' – oil and gas would still provide almost half 45% of the world's energy needs in 2040. And as ever, there are uncertainties. From a growing global consensus on climate change to the technological improvements being made in alternative energies, as well as the future approach of OPEC nations like Saudi Arabia.

In the Upstream we are working to be ready for this future, whatever it may look like. That includes improving our own environmental performance, embracing gas as a cleaner source of energy, and driving down the cost of supply, each and every day, aspiring to be the lowest cost producer in every basin we operate in.



So moving on to BP Group context, this slide is likely familiar to all of you, there are no changes. Our decisions are guided by a clear set of enduring principles that apply in any price environment, right across BP. Our ultimate aim is to grow sustainable free cash flow and distributions to shareholders over the long term. And our Group Medium term financial frame is clear.

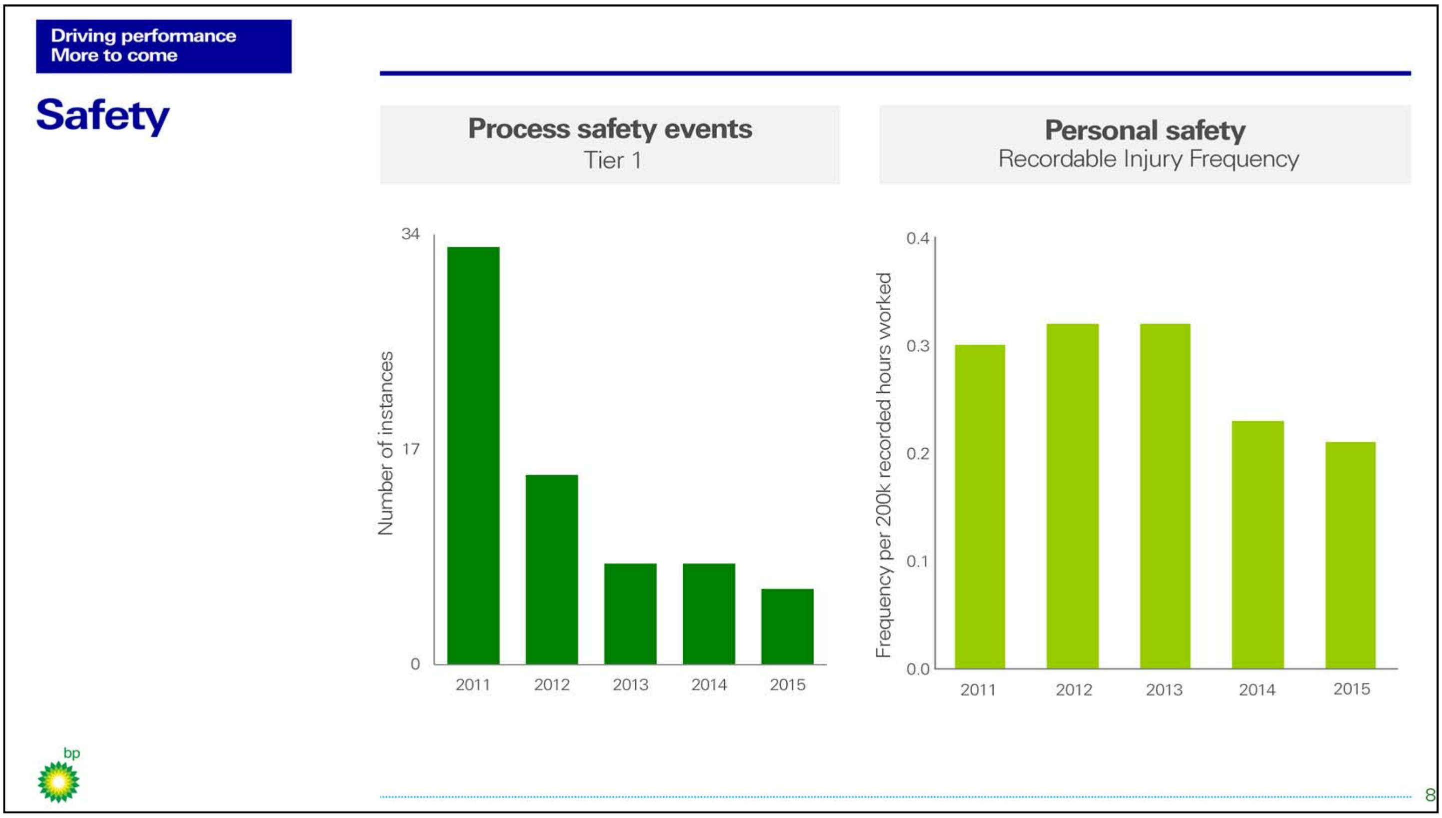
We expect capital expenditure for the Group of around $17bn this year, a roughly 30% decrease from peak spend levels in 2013. We have flexibility to reduce capex for the Group to between $15-17 billion per annum for 2017 in the event of continued low oil prices. Likewise, we plan to reduce our cash costs by $7bn for 2017 versus 2014.

We are steadily lowering the average Brent oil price at which we expect to balance organic sources and uses of cash, while retaining sufficient flexibility to make the right choices about our portfolio to sustain growth. As a Group we currently anticipate reaching this balance point in 2017 in the range of $50-55/bbl. This defines the basis of our on-going commitment to sustaining the dividend as the first priority within our financial framework. Divestments will provide additional flexibility to manage oil price volatility and capacity to meet Deepwater Horizon payments.

And this is all supported by a robust balance sheet where we have re-established gearing tolerance within a 20-30% band going forward. Everything we are doing in the Upstream is about underpinning this agenda.

Driving performance

Deepwater Gunashli, Azerbaijan

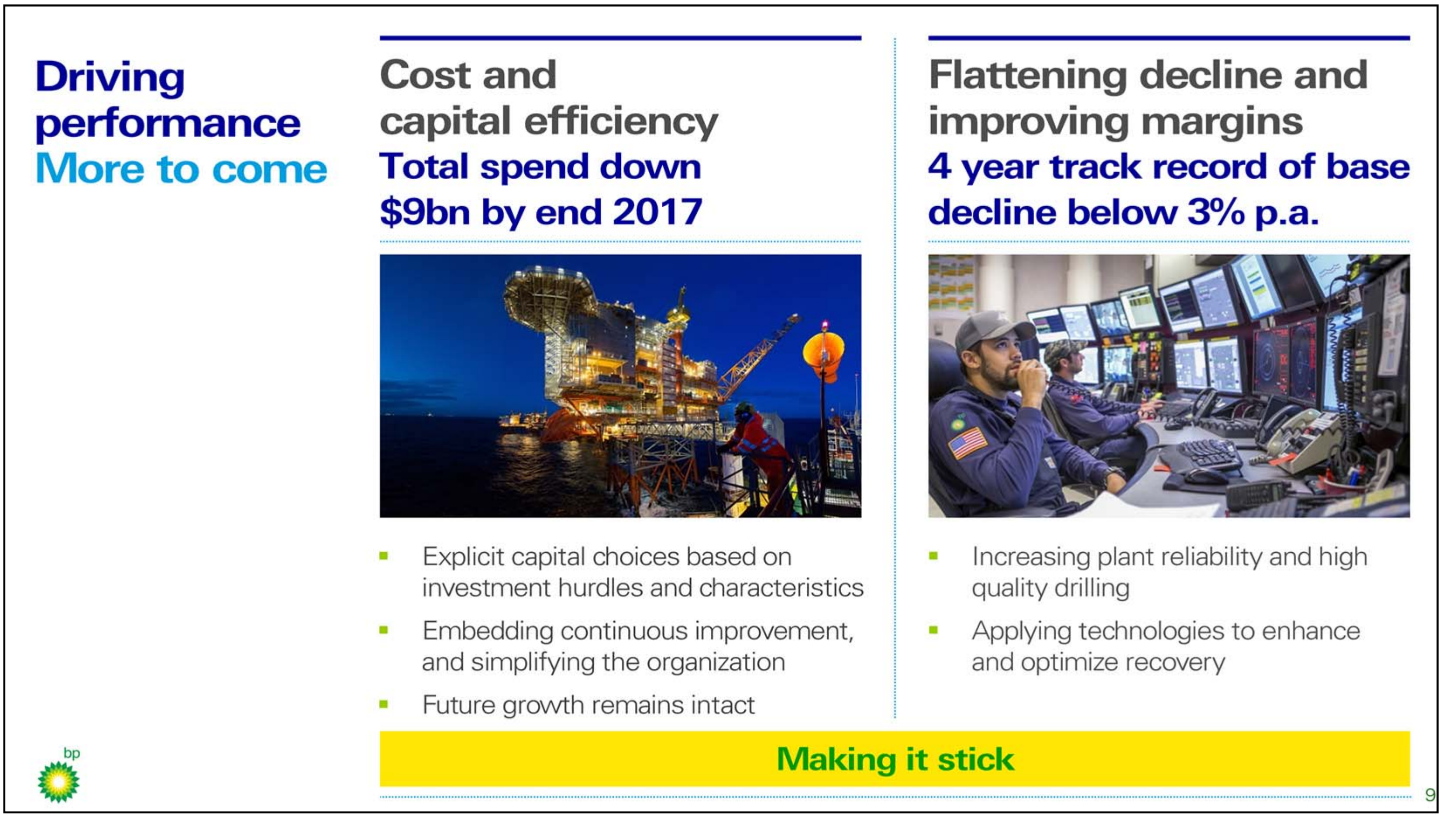


Turning now to the Upstream for the remainder of the presentation. As I said, safety is our first priority so I want to start there. We are very aware that now, more than ever, our continued commitment to keeping our people and assets safe is crucial. During times of uncertainty – as is happening in our industry - people can become distracted. So we're focusing really hard.

This slide shows the progress we've made over the past few years. In process safety, we have seen a continuous reduction in our Tier 1 events, continuing the overall downward trend. In addition, our Losses of Primary Containment, or LOPCs, which reflect even very small releases of any hazardous material, also saw a decrease in 2015.

In personal safety, our Recordable Injury Frequency rate is also showing continuous improvement, with today's levels being 50% lower than the American Petroleum Institute benchmark.

Whilst these results are encouraging, there is more to do. We can always do better. Good safety means fewer people get hurt, but it also means better reliability in our assets, which leads to a better bottom line.



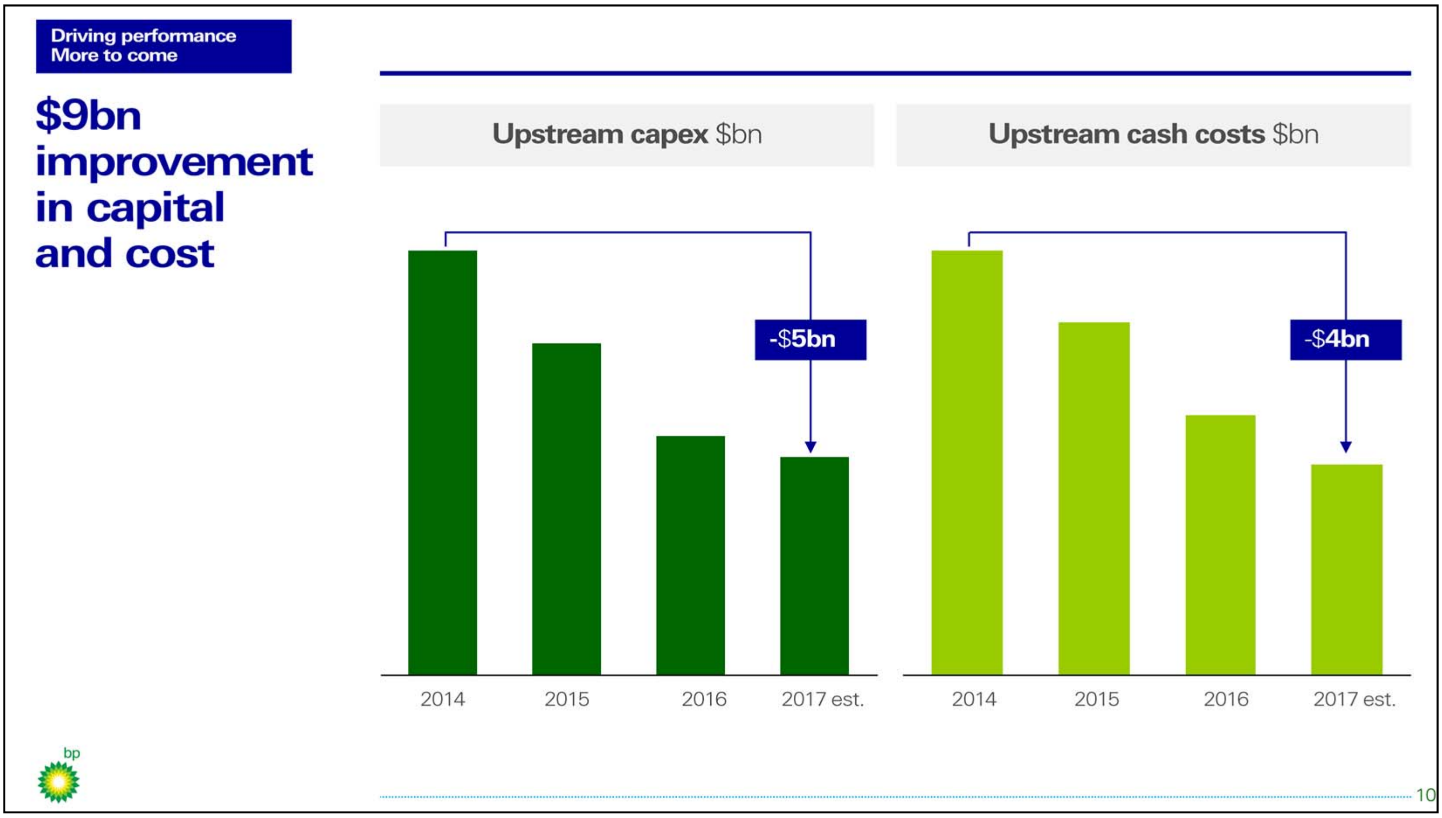
Looking now to business performance. Like all companies, we've been working hard to adjust to the current realities. In terms of cost and capital spend in the Upstream, we expect to take out $9bn between 2014 and 2017, without sacrificing growth. This isn't about spread sheets. Not all projects or wells offer the same investment quality, not all fiscal regimes are equal, and not all supply chains react the same way. Hurdle rates are causing us to make informed choices which have reduced our capital whilst maintaining our future growth.

Capital and cost productivity is about real, sustainable competitiveness, benchmarking ourselves continuously and striving to drive costs back to what they were when oil was last $40. Ultimately it's about continuous improvement, doing everything we do today better than the day before.

We are also running our operations more efficiently, innovating and applying technology, enhancing oil recovery and increasing the amount of drilling we do in the segment. The result is a 4 year track record of base decline less than 3%. Our average used to be 3-5%.

We have achieved a lot and are very proud of it, but we know we're not done. We are not yet at the level we were the last time the oil price was at today's levels, even accounting for inflation. We have opportunities that we are working on in real time to drive this level of performance further.

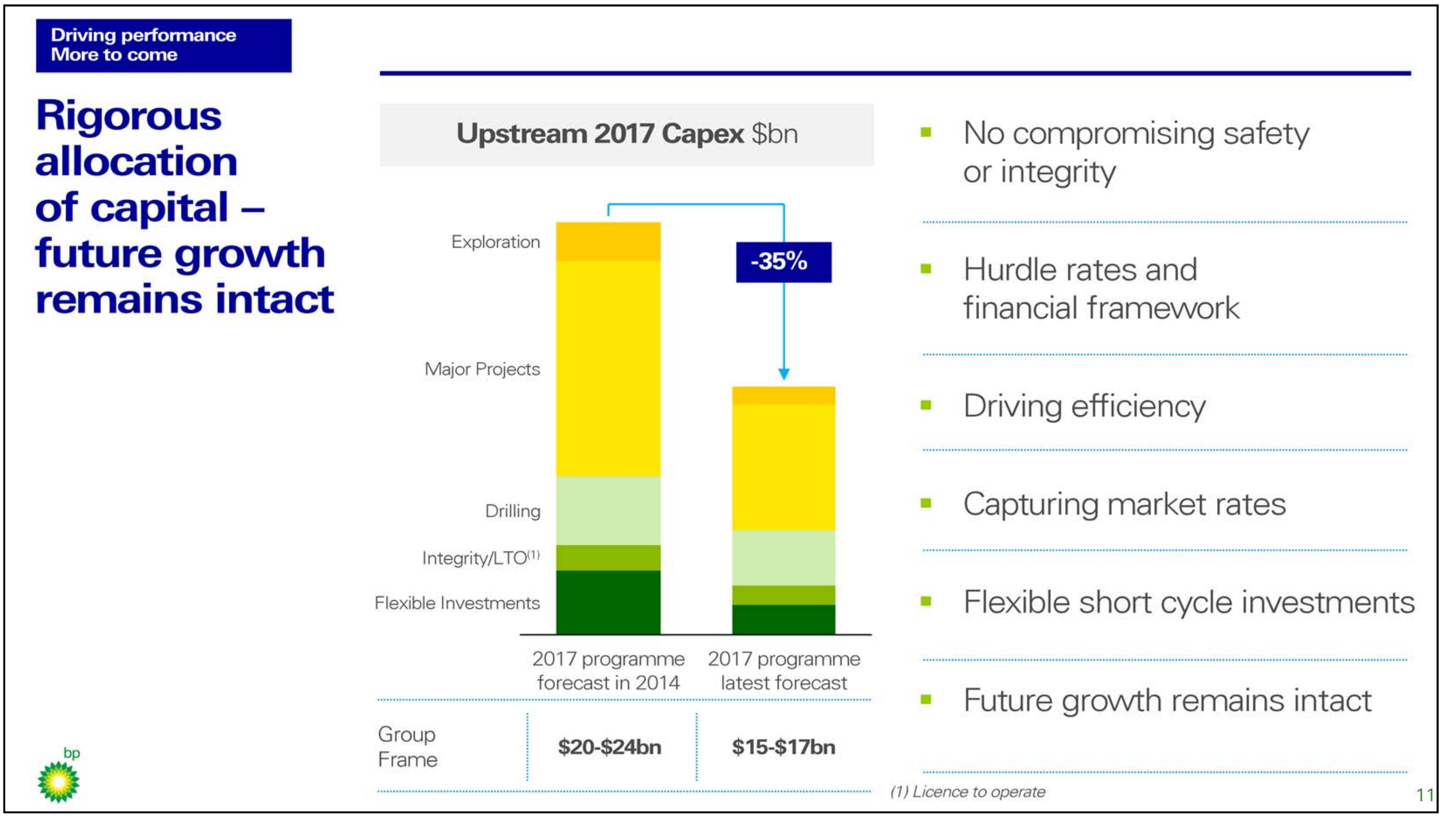
And we've got some great examples to take inspiration from. Dave Lawler will show you tomorrow how capital efficiency gains in the Lower 48 have created real value in that business. The key in all of this is to make the gains stick, regardless of the price of oil. We are determined to do that.



So let's look a little more closely at that $9bn reduction in capital and costs since 2014. On the capital side, using a $50 average real Brent price assumption, we currently estimate 2017 capex to be around $13-14bn which is $5bn or over 25% lower than 2014.

As I said, these reductions have been about making the right capital choices, and delivering our performance improvement agenda, making sure each dollar we spend is value adding, and that projects are the best they can be before we progress them. And I want to stress that we believe that this level of capital has not, and will not, hinder our growth plans.

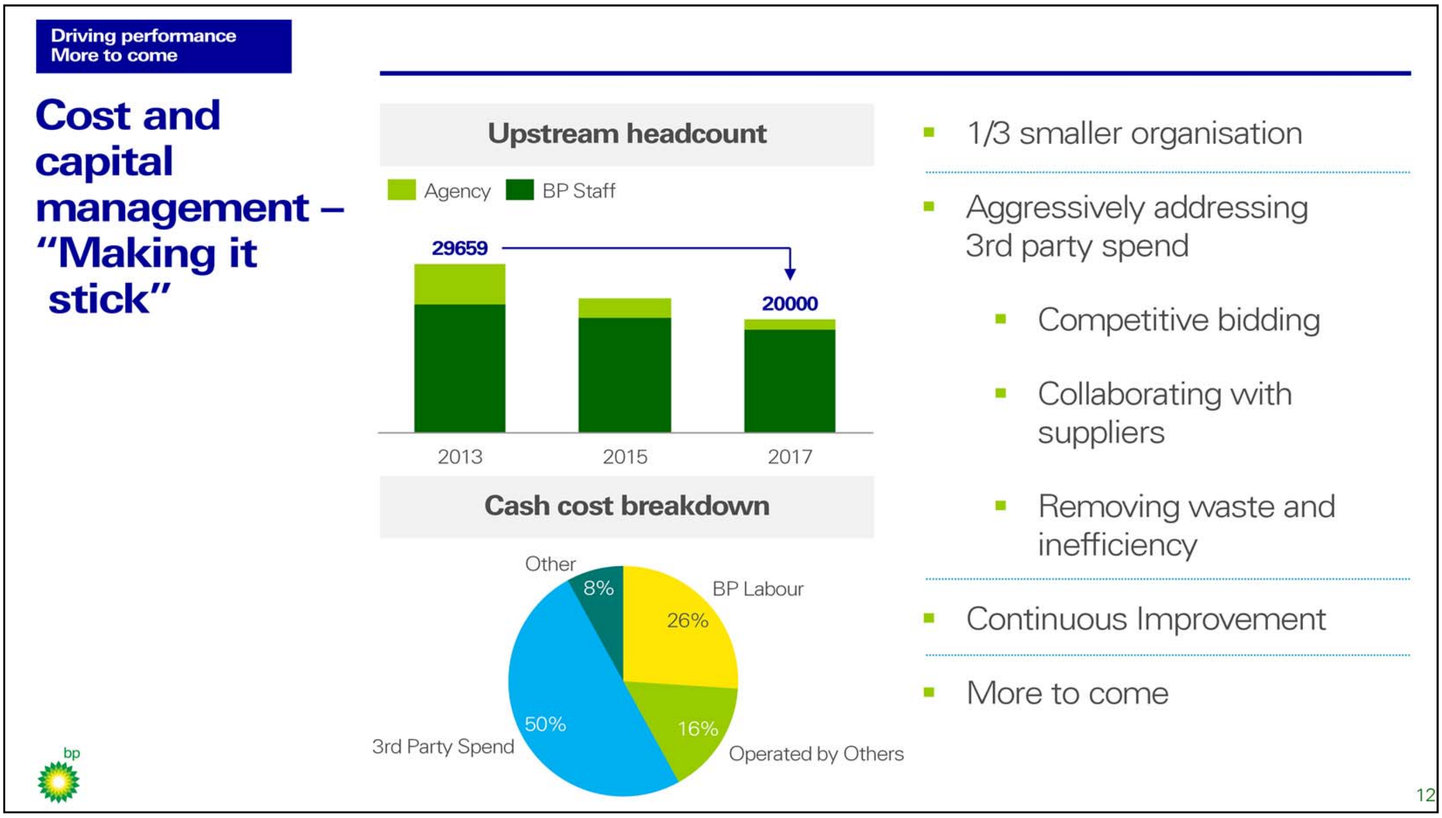
Turning to cash costs, we expect to see a $4bn reduction from the 2014 cost base, a 30% drop. This covers our share of the Group $7bn cash cost reduction target by end of 2017. I'm pleased to report that, at the end of the first quarter, we were slightly ahead of this plan for the year which is very encouraging. And it is also worth commenting that the majority of the cost benefit from our headcount reductions will not be fully realized until after the second half of this year, so there is more to come.



Let's look now at how we allocate our capital. We follow a strict process with established Internal Rate of Return hurdle rates. These are mid-teens on greenfield projects and greater than 20% on drilling, both at $60 average Brent price. We also test strip prices and $40 cases. We are analysing every single pre-FID project, optimising it, ensuring it fits the current environment and that its economics are robust in current price realities. All projects will be recycled until they meet the hurdles, and not just that, we will not stop until they are the best we can make them. We're seeing that in action today with the recycling of projects like Browse and Pike.

We are driving competitiveness in the supply chain in every basin we operate, capturing deflation in the market place. More importantly we are working with our suppliers to drive efficiency. These are the changes which will stick for the long term. We have pared back exploration and are focusing our efforts on adding barrels with short cycle time to underpin our incumbent positions, for example Kepler 3 in GOM and Baltim south in Egypt. We are making only selective new basin tests.

In the Lower 48, Iraq, and Alaska, where we have massive resources, we have reduced our spend whilst retaining the flexibility to scale up activity should prices strengthen or further capital efficiency breakthroughs be achieved. The barrels aren't going away. We are also adding new projects and activity. In Egypt, the recently sanctioned development of Atoll will help nearly triple production in that country by 2020. All of which means we are able to keep our future growth intact while driving down the break-even of our business.



On Costs, we are resetting the organisational footprint and will be a third smaller than 3 years ago when we achieve our goal of fewer than 20,000 people. We are eliminating unnecessary layers and streamlining the organisation. The key as in other areas is to make it last. We're working to do so through the discipline of our controlled organisation, which has been operating for the last 18 months. It has obviously been a difficult and uncertain period as we've had to let many good people go. But now there is a growing sense of energy in the organisation.

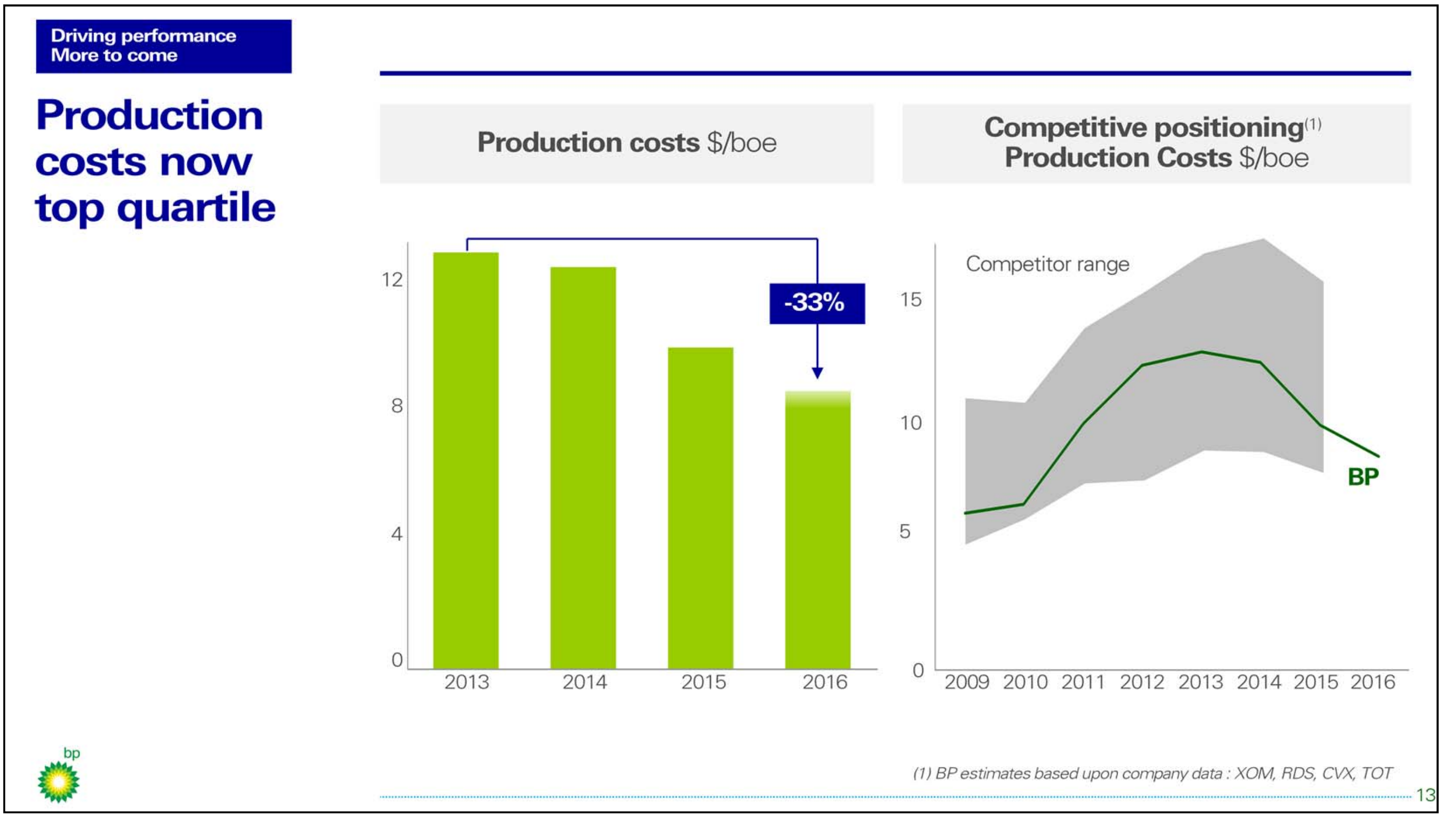
We have focused particularly on engaging our front line in continuous improvement and eliminating waste. And it's very motivational. One of my favourite stories comes from the Gulf of Mexico, where we now save $200m per annum in gross logistics costs thanks to reduced demand and increased efficiency, or in layman's terms, making people share. This work has now been taken further and the team have managed to reduce the number of offshore supply vessels from 27 to 8, and the number of helicopters from 10 to 4. All without compromising safety. And they're still not done, as they are now working to share vessels and other logistical assets with our partners in the Gulf of Mexico.

We have hundreds of projects like this one being developed across the Segment from the simplification of work processes, to improving 'wrench time'. Global Operations have completed 480 such projects alone. Murray and Gary will mention more detail on this in their breakout section. We are also aggressively addressing our 3rd party spend as it represents a significant portion of our capital spend and around 50% of our cost spend. Our approach in this area is three fold:

First, bid competitively– we have for example re-bid 55% of our well service contracts;

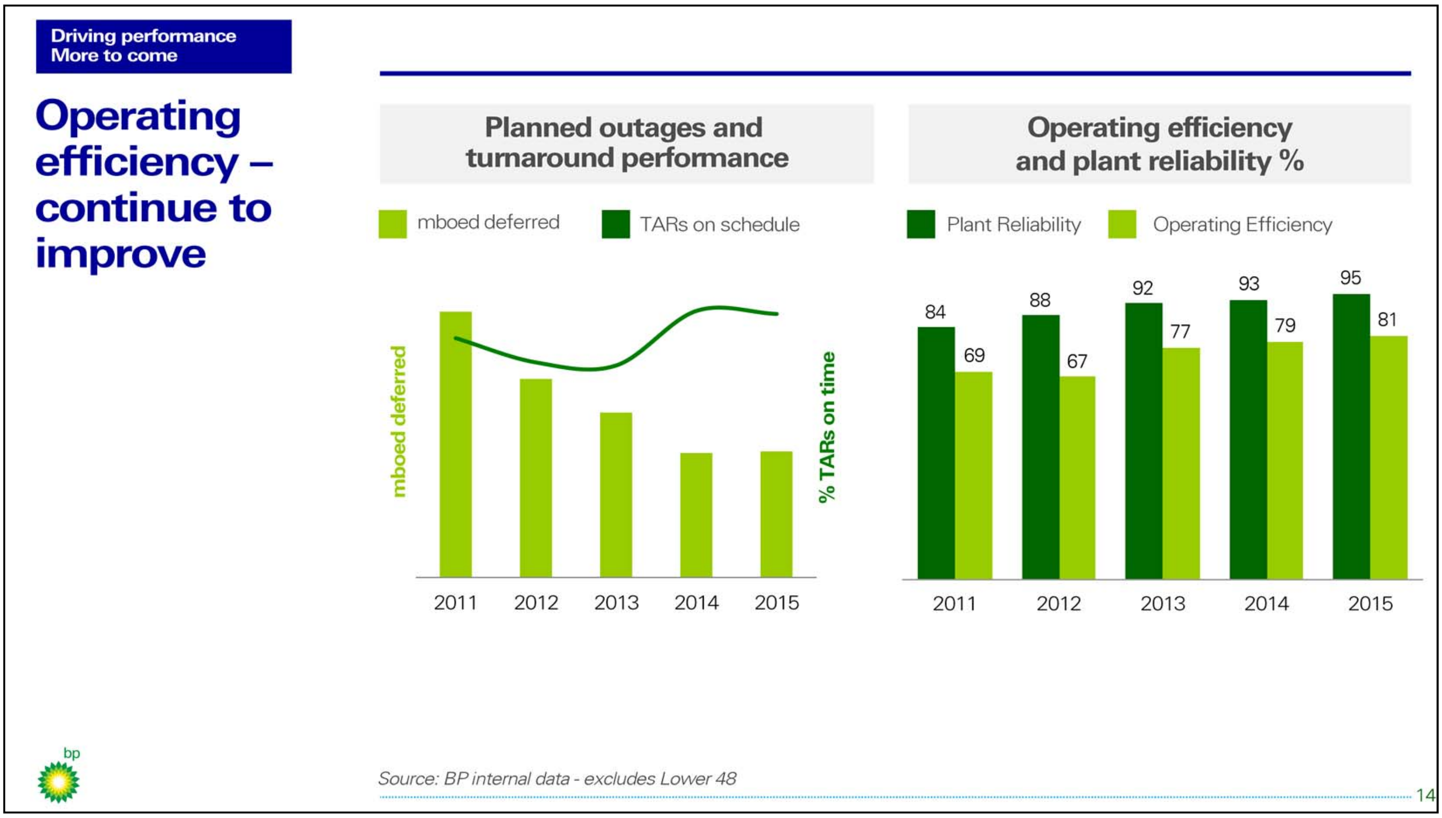
Second, collaborate with suppliers to improve how we do business – using industry led solutions rather than bespoke BP specifications;

Third, eliminate unnecessary waste, simplify our processes and control our existing inventory. A great example of this is in the North Sea where the Wells Manager successfully has challenged his team to drill a new well without ordering new major parts.



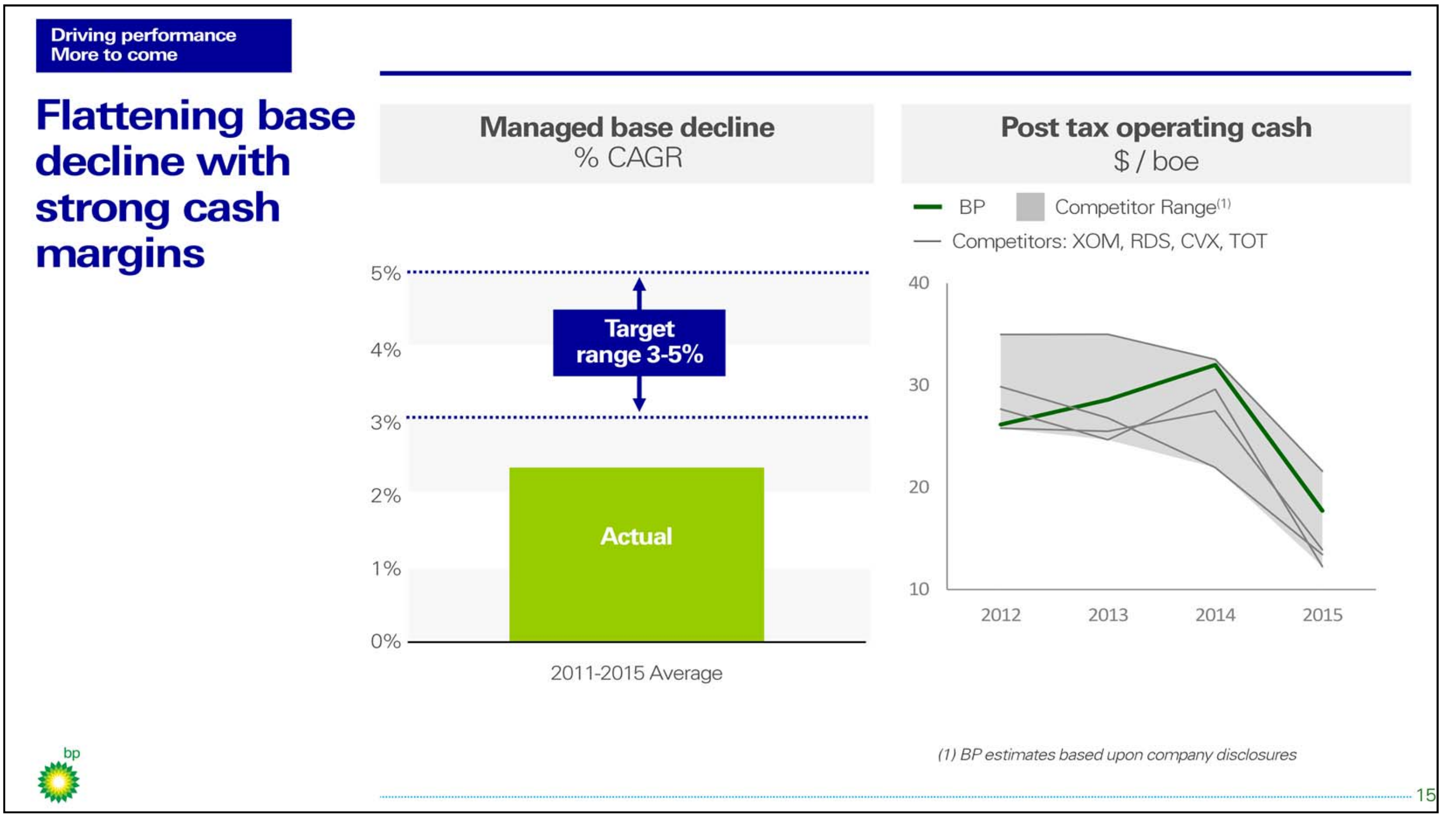
Across the segment we're already seeing the fruit of these early efforts. The results are clear. We are now in the top quartile on production costs, having reduced them by 33% since the peak in 2013. We estimate that 75% of these reductions are sustainable and the rest is market related, i.e. deflation.

An example is the North Sea. We started at $32.80/boe production cost in 2013. The basin as we all know was not viable at these levels. By 2017 we expect to be below $18/boe. That hopefully gives you a sense of the scale of the possibilities here when we talk about the fact that we're really just getting started.



Another area of focus as I've said is reliability, driving the systematic delivery of safer and more reliable operations. I am pleased to say we've made some tangible progress here too. Our planned outages have reduced by 50% since 2011. This is in part being delivered by turnaround execution which has improved remarkably, reducing the impact on production in year. Having completed turnarounds on 70% of our producing installations within the last 3 years, it also helps improve reliability going forward.

I've showed you how our process safety performance has improved over the last 3 years, and during the same time the integrity of our assets has significantly improved as well. BP-operated plant reliability has increased from 84% in 2011 to 95%, a massive source of value and one of the greatest demonstrations of the power of our Functional model. And we are not done. Going forward we will also focus on improving overall operating efficiency by optimizing the whole production process from well to export. We anticipate the improvement trajectory seen over the last few years to continue into the mid to high 80's, from 81% in 2015. To give you a sense of the value at stake here, for every 1% improvement in operating efficiency we add over $125m (at $50 real) to our bottom line, in pre-tax earnings. So again, there's more to come here.

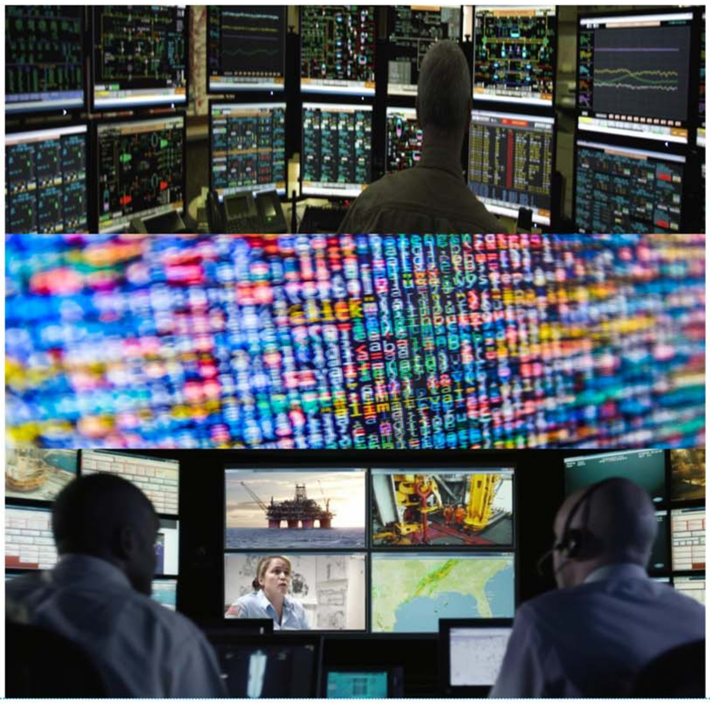


Our cost and operating efficiency comes together on this slide. On the left hand side, we have flattened base decline to less than 3% on average over the last 4 years, beating the guidance previously given. Ian and Mick Stump will be giving you more detail on how we've achieved this in his breakout session later. For planning purposes, we continue to maintain our future decline in the 3-5% range on average. On the right hand side, you can see how through these various lenses of performance we have created real resilience. We have continued to deliver among the best Operating Cashflow / boe among our peers at both the high prices experienced in 2014 and the current low price environment.

Driving performance
More to come

Modernising the Upstream

- Continuous improvement and manufacturing ethos
- Instilling a margin-business mentality
- Learn from other industries and the downstream
- "Digitise the Upstream" and use of big data



So we have already delivered real performance improvements. At the same time, we are determined to do more. We are driving continuous improvement, focusing on our margins, and instilling a manufacturing ethos across the segment. We don't always have all the answers, so we're benchmarking against other industries as well as the downstream to learn best practices. It's a small example, but it gives you a sense of our approach. We're in the process of co-locating our Upstream and Downstream Executive offices onto the same floor in our London headquarters. We think this will foster a much higher level of knowledge sharing and enhance our ability to recreate the margin mentality that's so prevalent in that business.

We also want to embrace innovation and modernise the way we do business, adopting digitisation and the use of big data which we believe can drive a real step change in performance and efficiency. A great example of this digitisation in action is a project we are running in the North Sea, with our partner from Silicon Valley. Through the ability to store and process huge volumes of data it has allowed immediate access to 100's of thousands of legacy documents which can be searched for and retrieved in seconds, as well as reducing well screening time from "months to minutes", thanks to a searchable database of 10,000+ wells that can process a query in seconds. All of this has led to a significant reduction in cycle time and enables our people to focus on real value added work and not administration. That hopefully gives you just a sense of the enormous possibility that embracing digital innovation can bring. And of course, our people love it.

Growing our business to 2020

Deepwater Gunashli, Azerbaijan

Growing our business to 2020

Material new capacity being added through high quality major projects

- 800 mboed production added by 2020[1]
- 500 mboed new capacity in place by 2017 - on average 70% complete

- Average cash margins 35% above existing Upstream portfolio
- Future FIDs with a step change in quality
  - Around 8-10 potential FIDs by the end of 2017

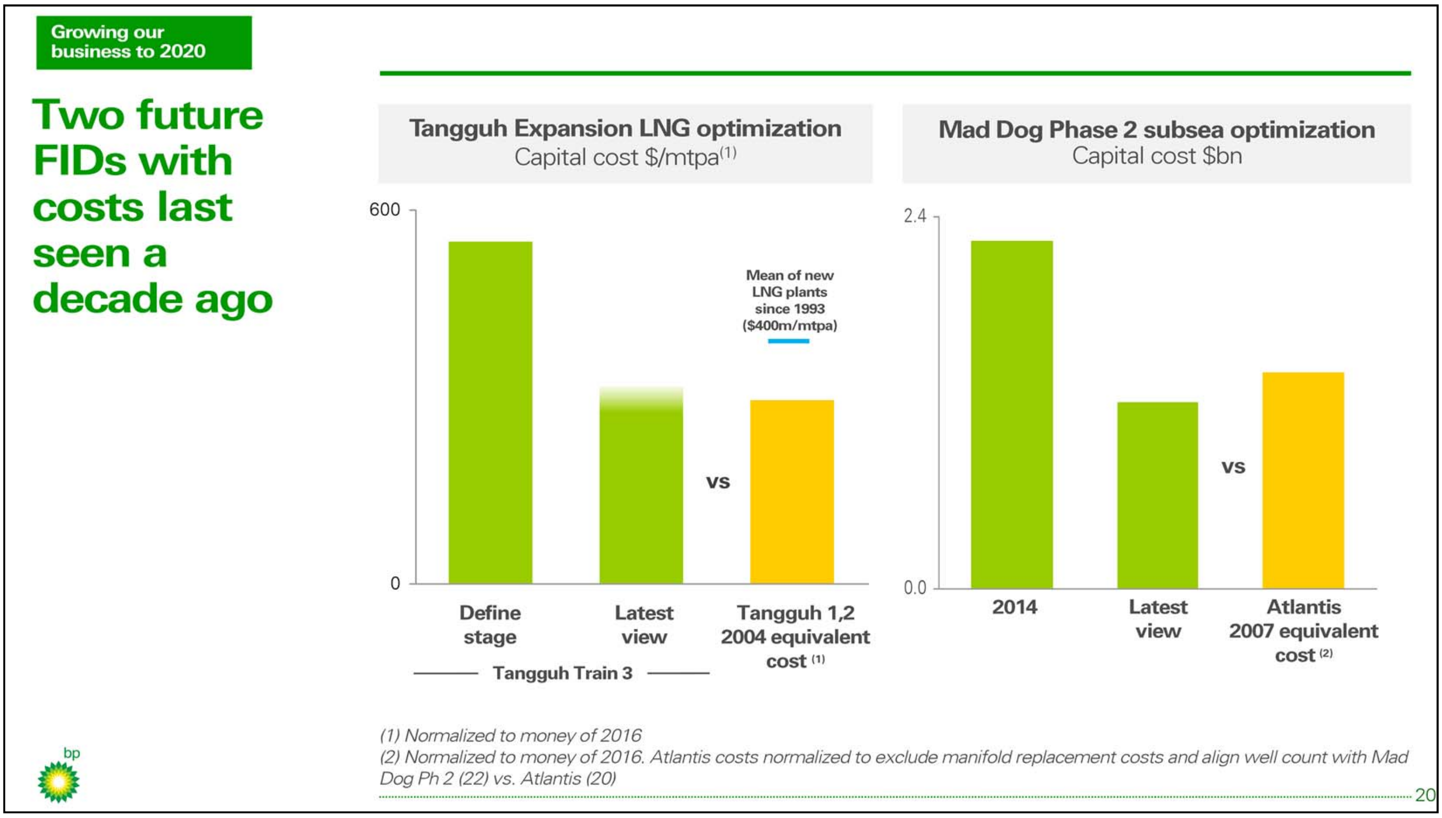
(1) Compared with 2015 base

bp

So turning now to the second element of our story, our major projects and the growth to 2020. We expect to bring on line 800mboed of new production by 2020. We have maintained that production target for new major projects despite rebasing our capital frame by over 25% across our plan period. This production includes 500 mboed of new capacity that will be in place by 2017, just 18 months away. It is real, it is on track, and it is fast approaching. And you'll see it for yourself tomorrow on the site visit. We are on average 70% complete and ahead of schedule and budget.

Our new projects are high quality and deliver operating cash margins 35% better than today's portfolio baseline. New FIDs are maturing, and we expect to sanction 8 -10 new projects by end 2017 or early 2018. We continue to optimize these FIDs, rigorously testing their cost and margin against historical and competitor benchmarks. And I reiterate, we will only proceed when we are ready.

Around 85% of this 800 mboed is related to projects that have passed through the final investment decision and are complete or well under construction. You will be able to hear more on the current status and milestones from James Dupree and Dave O' Connor during their breakout session. The remaining 15% of the 800 mboed is expected to move to the construction phase by 2017 or early 2018. We have several projects that we could FID in the next 18 months or so, including: Tangguh Train 3, Mad Dog Phase 2, Atoll Phase 1, Oman Khazzan Train 3, Angelin, India Gas Projects, Snadd in Norway, Trinidad Compression, and Platina in Angola Block 18. To be clear, we do not have to sanction all these projects to meet our 800mboed target, which means that we can and will exercise quality through choice and continue to optimise those that do not get sanctioned. Let's talk a bit more about that.

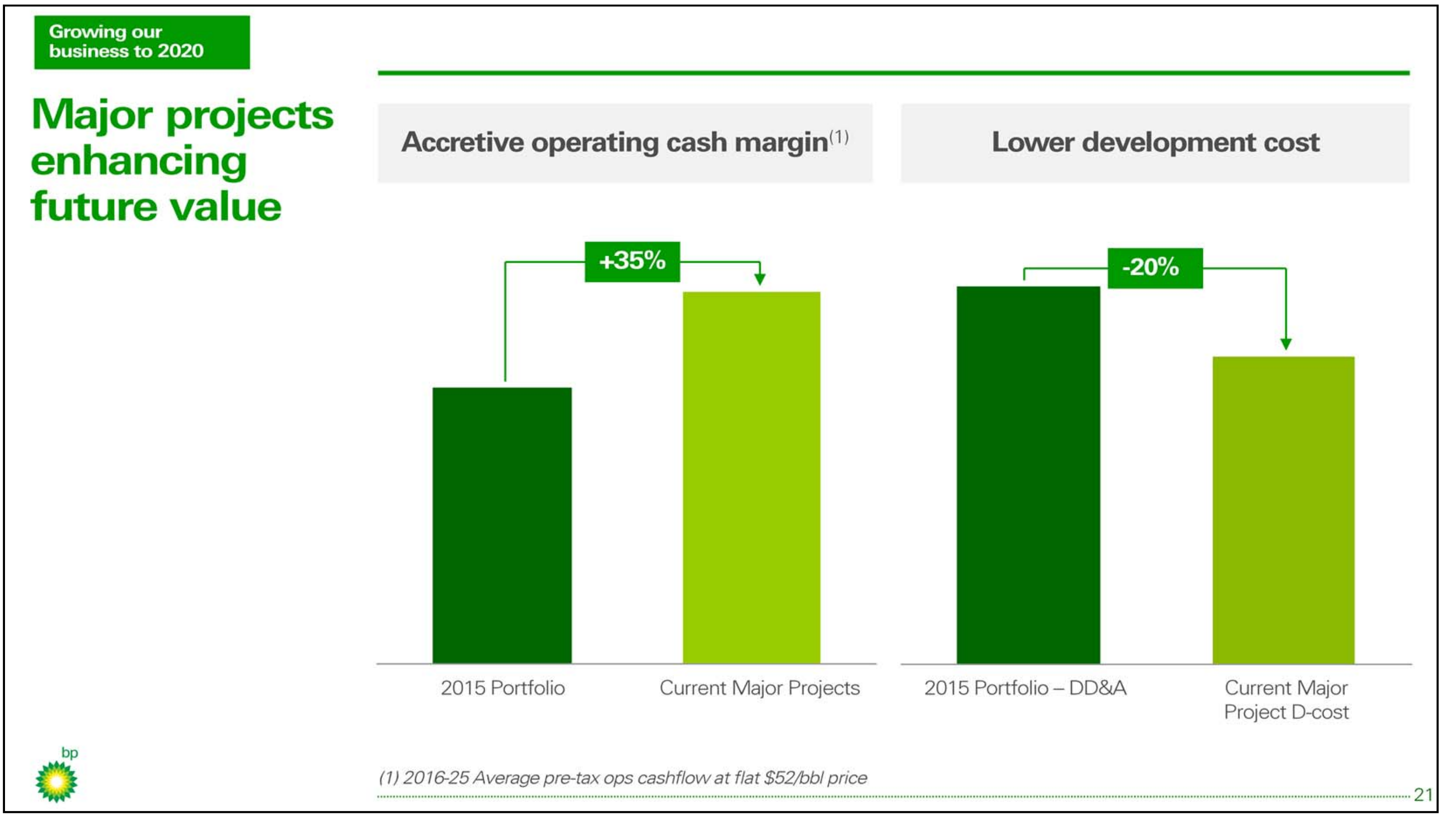


Over the last two years we have shared with you our drive to optimize projects before they are sanctioned. We were early in recognizing the value leakage that occurred across the industry over the last decade and the need to address this at the Front End. The importance of this has been brought into sharp focus by the current price environment, and underlined the need to ensure our investments, from major projects to individual wells, are robust throughout the cycle. So I want to talk you through two examples of future projects, Tangguh Expansion and Mad Dog Phase 2. In each of these we have worked to rebase material parts of those projects back to cost levels last seen a decade or more ago.

The Tangguh Expansion project in Indonesia will be one of the cornerstones of our Asia Pacific business. The measure we are looking at here is $/mtpa. The original LNG trains were among the lowest cost LNG projects of the last 20 years and we can now see our way to building Train 3 for the same cost, on an inflation normalized basis, that we built Tangguh trains 1 or 2 for in 2004. This will be well below the vast majority of competing projects. In fact we believe it will likely be one of the lowest cost upcoming expansions in the LNG sector, a reflection of our deep local knowledge coupled with the expertise of our Global Concept Development team.

On Mad Dog, as you have heard before, we have driven down capital costs. We are still working on this and are currently rebidding key contracts to ensure we can fully leverage the current contractor environment. The example shown covers the optimization of the subsea equipment for the 22 wells. You can see what it was just 2 years ago, what similar equipment on Atlantis was built for ten years ago, and where we are now. That's a huge saving. And every element of the project is going through this degree of rigorous challenge. Some people say that deepwater is finished. Well, as you can see from this, we have a very different view. Based on our current calculations Mad Dog will break even around the $40 per barrel mark.

And there are plenty more examples. James and Dave will talk in the breakout to others where we have taken an optimized plan into execution in the last 12 months, such as West Nile Delta and Thunder Horse South Expansion. I want to underline that this is not just about leveraging the deflating contractor market, but more fundamentally about how we look at projects using industry led solutions, standardisation, and always driving for value over volume. James and Dave O'Connor will show you how this is translating into us continuing to achieve top quartile performance in a range of independently benchmarked project metrics.

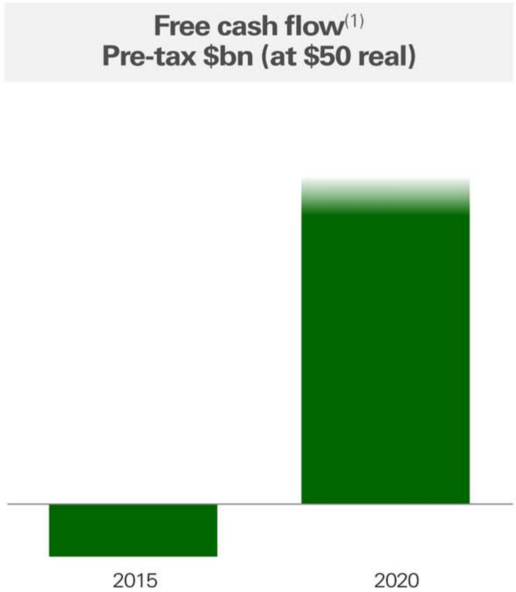


Turning now to look at cash margins and costs, you can see on the slide on the left that our Major Projects pipeline are accretive to our operating cash margins, delivering on average around 35% better margins than base assets today at a flat oil price environment. On the right, you can see that these projects also carry with them a development cost which is around 20% lower on average than the existing portfolio. The margins are calculated at flat prices and while a number of our key major projects are protected on the price downside through our contracts, the majority are also leveraged to price upside. It's another example of how these projects, delivered in an optimal way, will further enhance future value.

Growing our business to 2020

$7-8bn of pre-tax free cash flow in 2020 ($50)

- 3-5% base decline
- 800mboed of project production
- Declining unit production cost
- Organic capital at $13-14bn
- $7-8bn pre-tax free cash flow



(1) Free cash flow proxy= Underlying RCOP+DD&A+EWO-Capex. Based upon today's portfolio. BP estimate

22

So what does all this mean for our Financials? Using the proxy definition on this chart, we expect to continuously grow organic free cash, delivering $7-8bn of free cash pretax to the Group in 2020. The $50 assumption, very similar to today's price, demonstrates the robustness of the plan. We will deliver this through three key areas

Firstly, Production growth, and this isn't about targeting a specific number. We are going to rigorously pursue value over volume, driving base decline down to the mid to lower end of the 3-5% range, and delivering the expected 800,000 boed of new project production. Secondly, we will grow our operating cashflow margins. They are already $3-$5 better than most of our peers today and we expect this to improve further as projects come on-stream with an average 35% cash margin uplift. We are also going to continue to drive down our production costs, which today are also top quartile. And thirdly, we have a strong capital discipline framework. We expect our organic spend to remain broadly flat in a $13-14bn range out to 2020 in a $50-world. We do not see a need for material growth in capital spend in order to meet our future growth aspirations.

The future

Deepwater Gunashli, Azerbaijan

The Future

Capacity to grow value, organically, returns focused

- 45bn boe of resources in 12 key regions
- Balanced portfolio, mitigates concentration risk and improves resilience
- Growth coming from four key themes;

1. Growth in and around our existing fields
2. Extending licenses and contracts to exploit incumbent capability
3. Portfolio turnover – opportunistic deepening, divest for value
4. Focused access and exploration

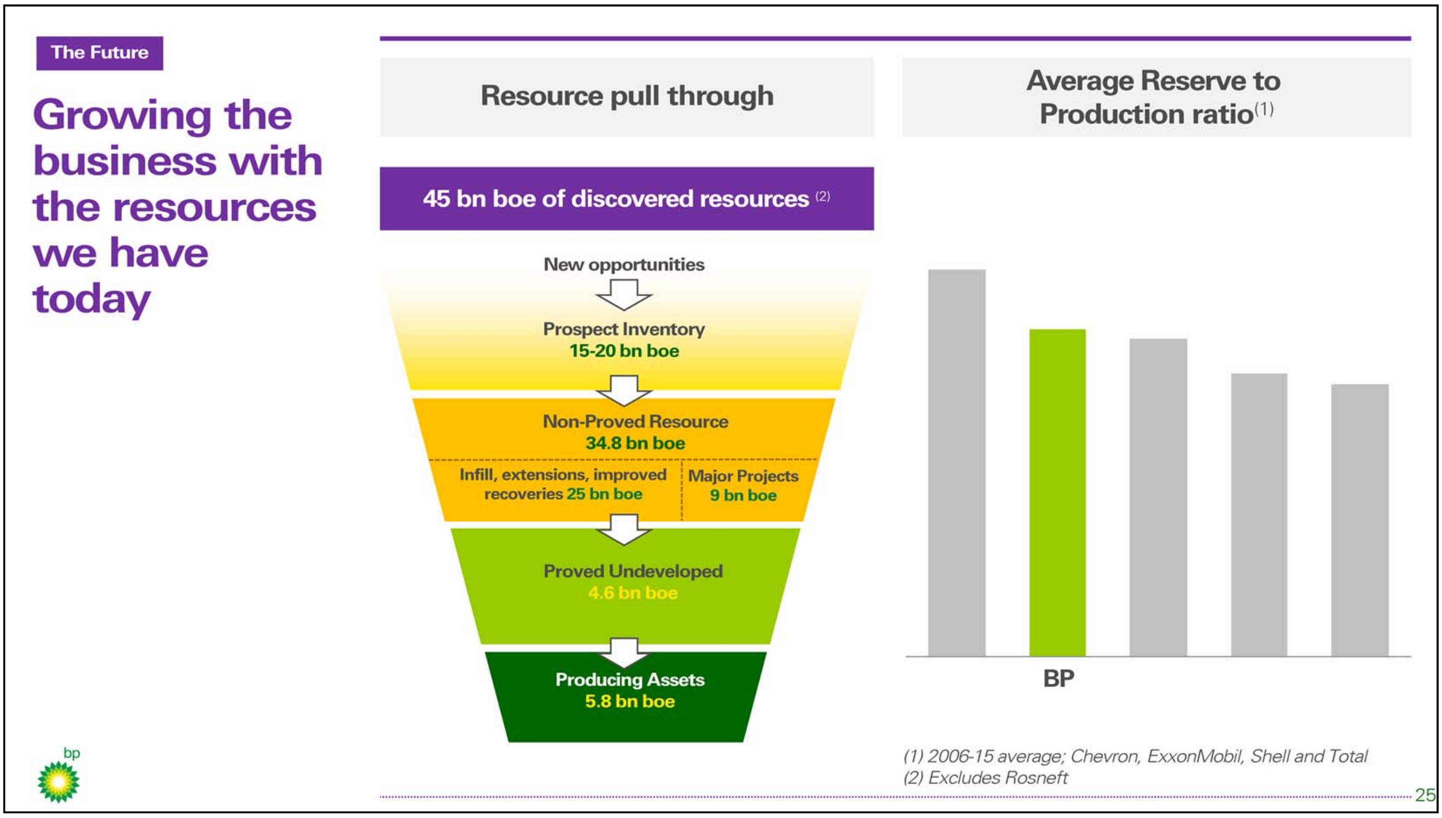
bp

24

Looking beyond 2020, we know longer-term growth potential is on your minds. Some say BP doesn't have growth capacity and that we need a large acquisition. That is not our view and our job over the next few days is to show you why. We have reviewed this in great detail using our Area Development Plans that we developed for each asset over the past few years and we see real growth capacity in the decade post 2020. This is underpinned by our existing 45 bn boe, which is concentrated around 12 key incumbent regions.

Our future investment will continue to be balanced and we are working to maintain a focused and resilient portfolio. That means targeting a mix of deepwater, conventional oil, gas and unconventionals and a geographical, geopolitical and fiscal exposure that in aggregate is robust across the cycle. We believe this diversifies risk and improves our resilience to a broad range of outcomes. Our capital discipline will allow us to progress only those resources that are value adding to our portfolio. Today, our next wave of production beyond 2020 is on average very competitive versus our existing base. And we expect this to continue to improve as we get further along with our performance improvement agenda. This post 2020 growth will come from four key themes:

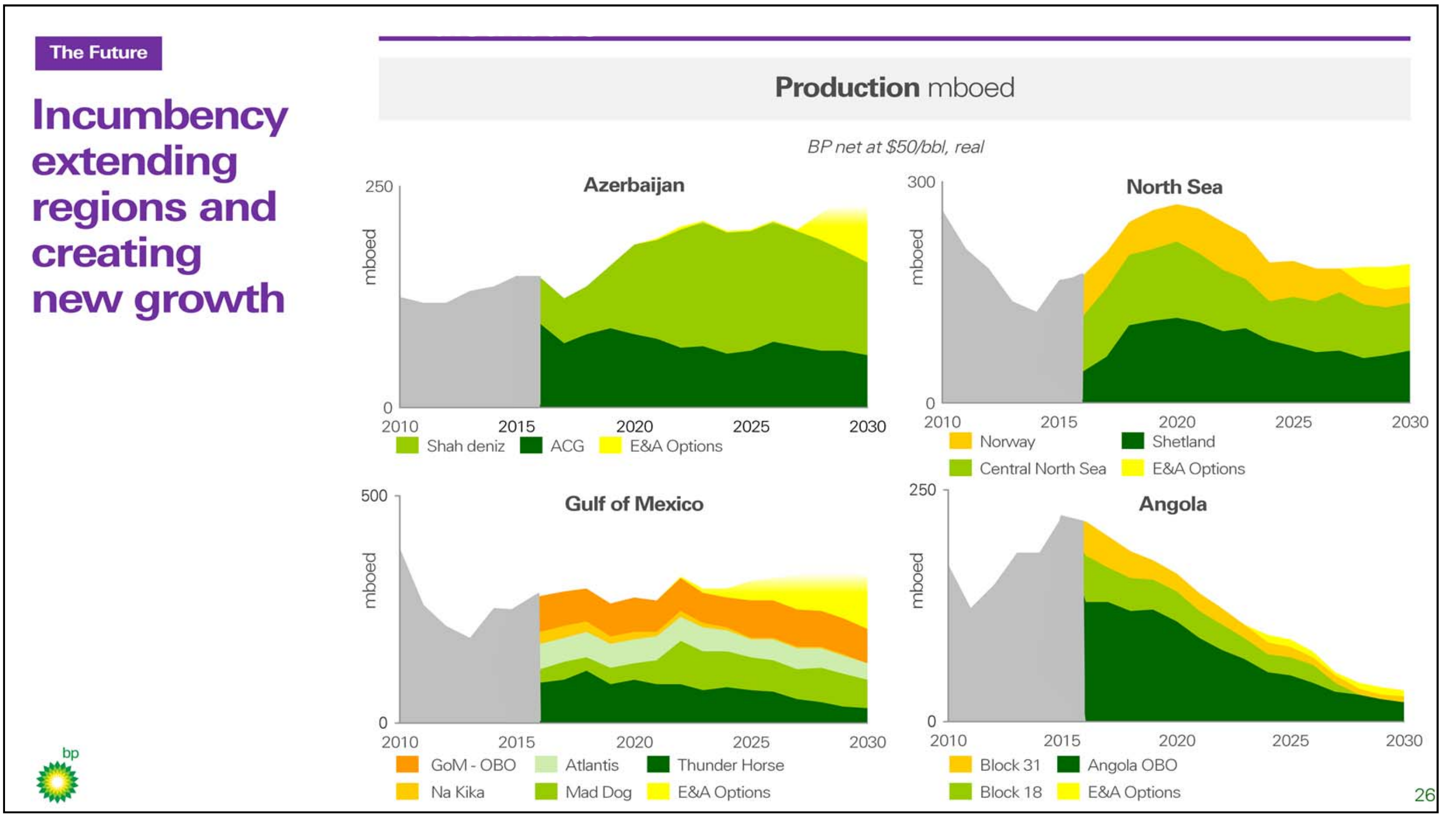
First, growth in and around our existing fields through a continuation of infill drilling programs, next phases of existing major projects, and new major projects that we will FID. Second, extension of licenses and contracts that we are working on to fully exploit our existing positions in some of the world's best basins. Third, portfolio turnover by either divesting for increased value and focus, or deepening our interests where we see an opportunity for greater value. And fourth, we will also continue to explore, but in a more focused fashion. Let's look at some of these themes a little more closely.



Starting with growth around our existing fields. We have a strong pool of incumbent positions with options to continue to grow for decades. This is important. We can grow in the basins we've been in for years, where we know the rocks and we know the players. Our resource hopper is material, 45bnboe excluding Rosneft. We have over 50 years of discovered resource. It is also young, with around 20% of the equivalent oil in place in our portfolio progressed today. And it is in fields that we know well with 70% of the 35bn boe of non-proved resources in existing producing field areas.

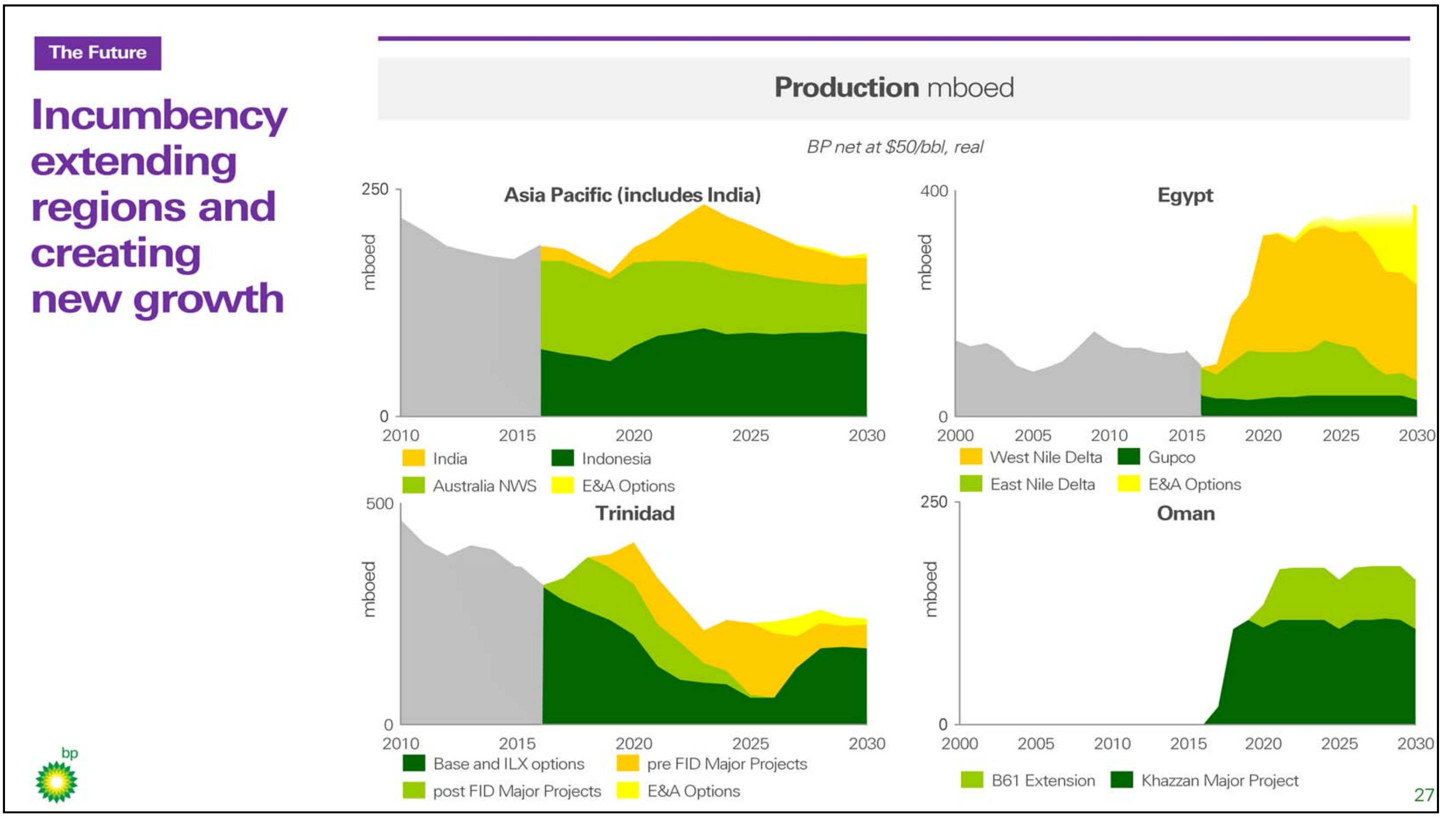
Our average Reserve to Production ratio (R/P) is around 13 years and it has been at that approximate level for the last decade, on average the second highest among our peer group (excluding Rosneft in Russia) over this timeframe. This reflects our strong resource progression track record. Let me expand on the importance of incumbency.

The majority of our expected production to 2030 will come from resources that we have today. Let me try to break this down: of the 45bn boe, we have around 6bn boe currently producing. We have a further 4bn boe that are sanctioned, proved and undeveloped. For moderate growth and to maintain our R/P, we need to progress a further 15bn boe. We have line of sight to 7bn boe in and around our existing fields, and we only need to progress a further 8bn boe between now and 2030 to continue our growth momentum. In the scenario we present today, 4bn boe of that 8bn comes from the 28bn boe in non-proved, and 4bn boe comes from Exploration, where we have 15-20bn boe of Prospect Inventory. It is just one scenario, the mix will change as the work progresses. The sheer size of the pool we have available means we have the ability and the optionality to progress only the best resources – those that offer the most value. This is ultimately what drives our confidence.

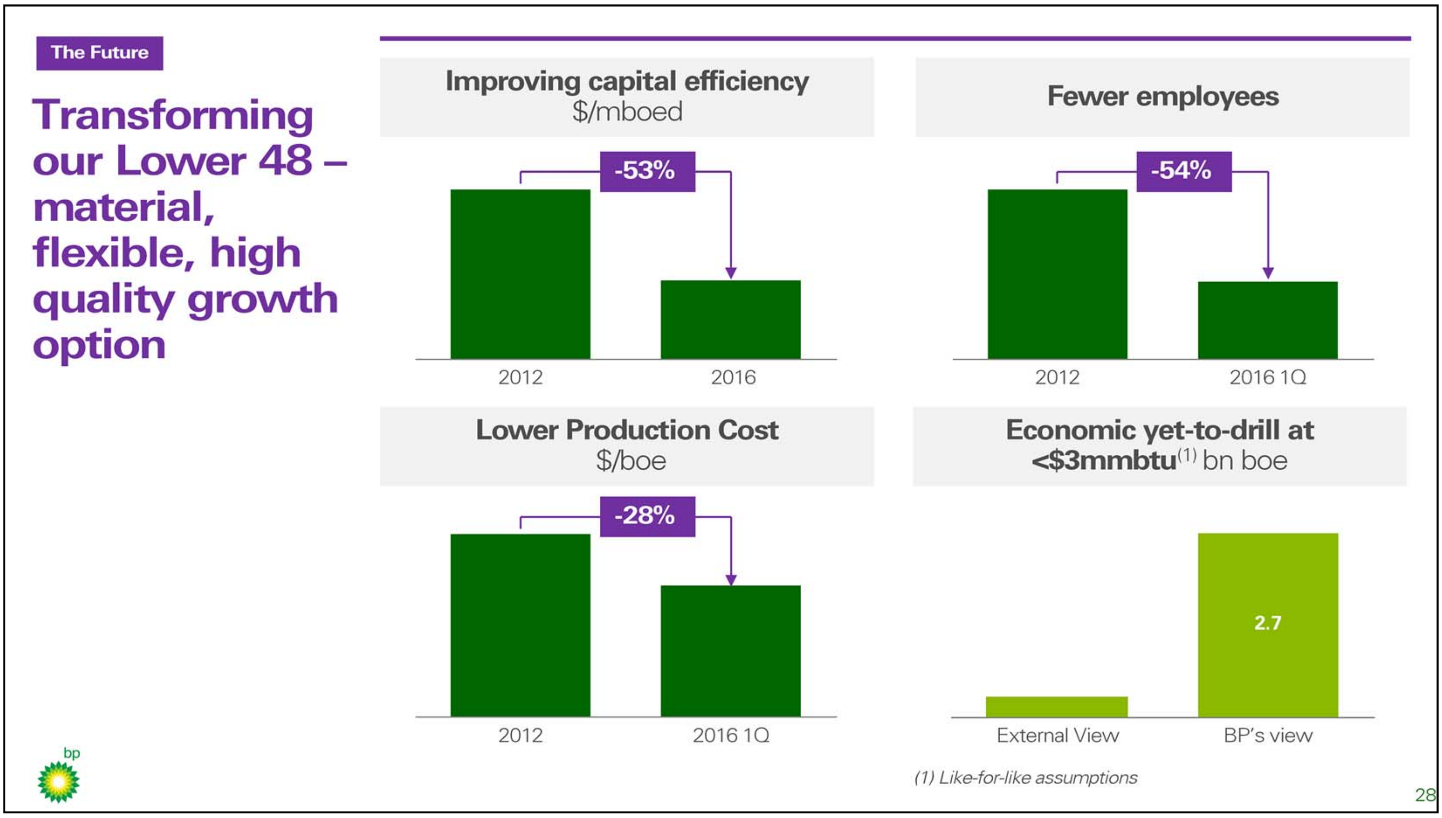


To further illustrate the importance of incumbency to our future growth, let's look at 9 Regions, each in relative stages of maturity. What we show is just one scenario, there will be multiple routes to growth in value. Long term relationships are fundamental to our success.

This first slide shows what we traditionally call our key regions. You can see how incumbency drives longevity by continuing to build on our existing positions. But we also show Angola, where our current plans do not rely on commercial success to progress our bn boe resource equivalent currently on the books. That is not to say there are none, but that there is work to be done to make them accretive to our current plan. It also shows you that our capacity to grow is real and does not rely on heroic assumptions.



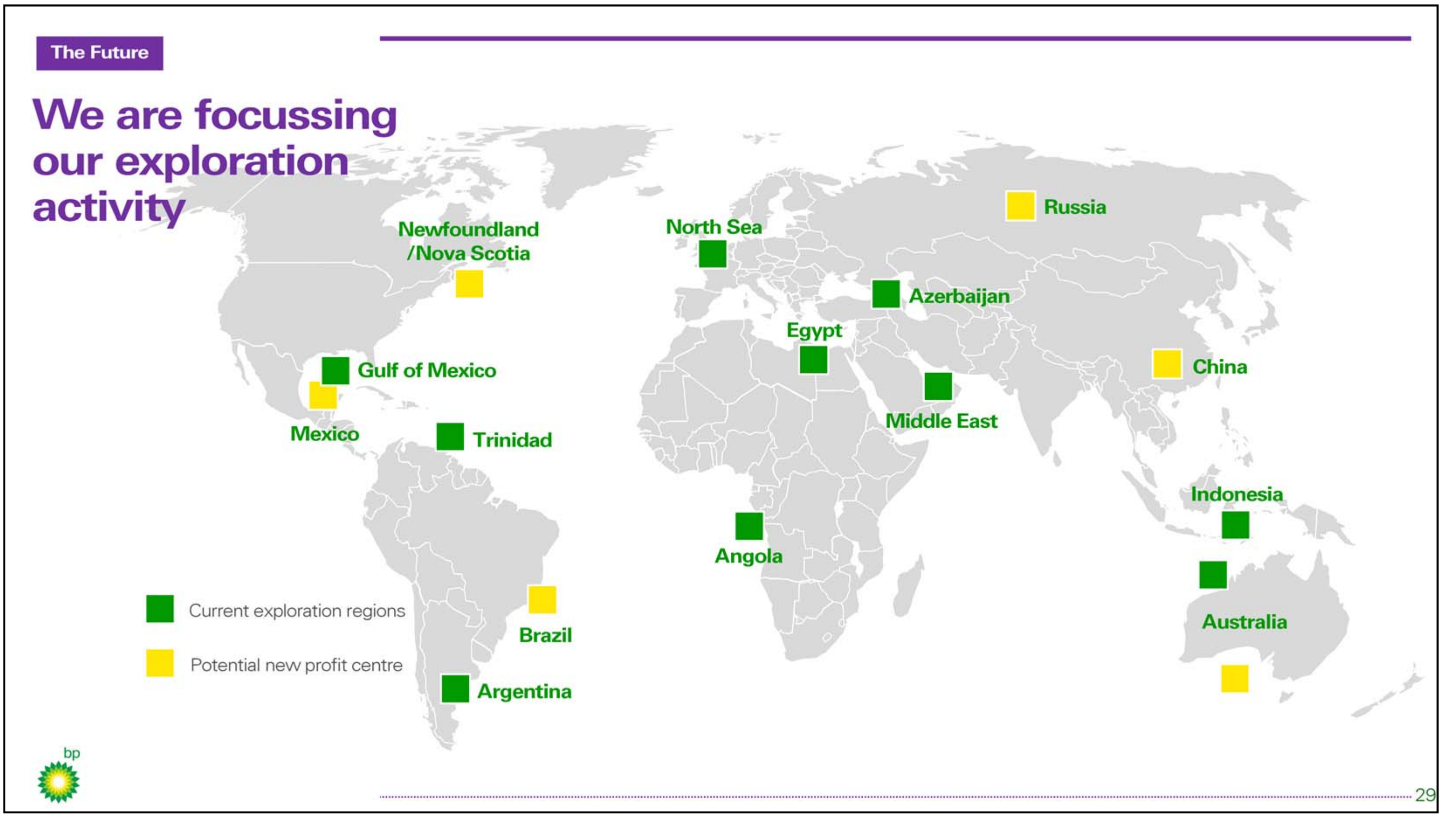
Moving to our predominantly gas and condensate Regions. You can see the emergence of new anchor regions for us in Oman and Egypt, the importance of Asia-Pacific, and that while we continue to explore near our existing assets and evaluate regional opportunities in Trinidad, our plans are not reliant on significant success. In their break out session, Andy and Howard will talk you through the potential beyond this in more detail.



The last region I want to talk to you about is our US onshore business, the Lower 48 as we call it. It is a region where we have a long, established position, stretching back over 100 years. Since 2012 we have undergone a journey of transformation in our Lower 48 business, in order to become a truly competitive business in a unique operating environment. This transformation was accelerated in 2014 with the separation of the business and installation of a new management team.

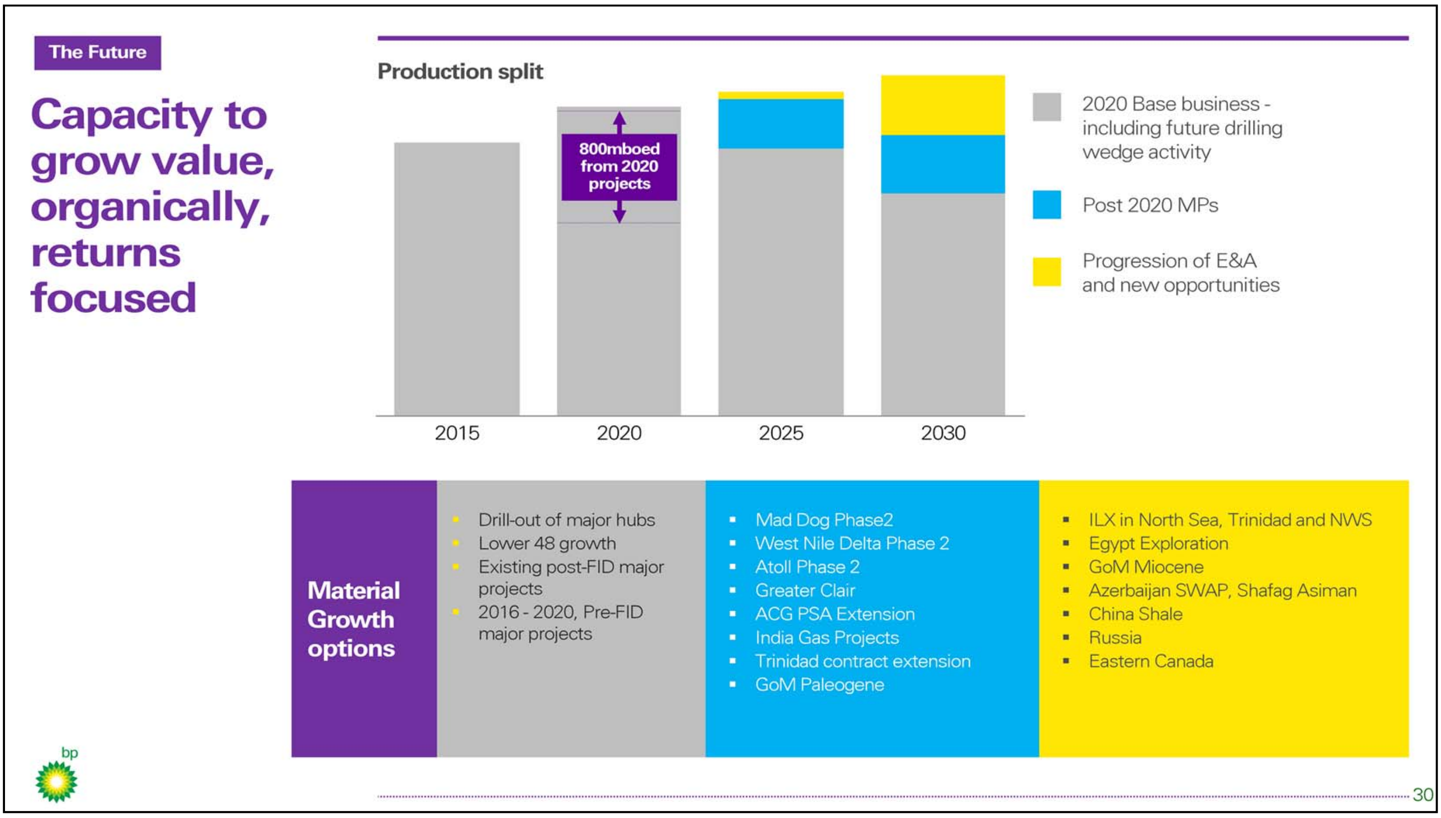
Here's an overview of some of the work that's been done and the fantastic results we've seen so far. We restructured the organisation into asset-focussed business units to drive greater levels of accountability. We are bringing new ideas and concepts to existing reservoirs, drilling in basins we've been absent from for several years. We are embracing data analytics and digitisation. Capital efficiency has improved by 53%. Production costs are down 28%. And we have 54% fewer employees. As a result our portfolio has been transformed. Our internal view is that this leads us to 2.7bnboe (around 40% of our resource) yet to drill which is economic at less than $3HH and $55WTI. We will discuss why these valuations are reflected differently in external consultant analysis in the break-out session. This transformation has created a material, flexible and high quality option for growth within the Upstream.

It is hugely encouraging and we believe there is much more to come. Dave Lawler will tomorrow take you through the journey he has been leading the business on in more detail.



Turning now to exploration, we will continue to use exploration and access to optimise our resource base and provide us with more choices and optionality. The key is to do it in a more focussed way. Our exploration objectives are simple: contribute to sustaining or growing our existing production regions, and selectively look for opportunities to build a new material production region.

We've simplified and streamlined our exploration organisation and brought it closer to the developments and projects organisation. This will help ensure we have a programme that will be focussed on value, on the wells and resources that have the highest chance of being developed. In the current environment, we will spend a material part of our exploration budget on lower risk, shorter cycle time Infrastructure Led eXploration (or ILX) opportunities around our incumbent positions. We will also continue to do frontier exploration but it will be very focussed and in areas we believe have the potential to deliver a BP-scale new production region. So as you can see, exploration continues to be a key part of our renewal strategy.



So, we have enough flexible and quality resource options to underpin material growth through 2030 via discovered resources, exploration opportunities and further optimization work. With this slide I want to take you forward 15 years to show you why I have confidence when I say we have the capacity to grow. Our plan is modest. We showed you that with Angola and Trinidad. Our base decline is in the 3-5% range, and our capex does not have to materially expand. We will explore but we don’t rely on major exploration success. Even if today’s price environment were to continue through to 2030 we wouldn’t need to relax our hurdles in order to maintain growth. And if the price environment strengthens it will allow us to invest and grow even more, depending as always on the Group Financial Frame and the quality of the options. The real flexibility and optionality open to us means we are able to focus today on very tangible, high value options, many of which are listed here on the slide. I would highlight just three.

The recent appraisal program shows real options in the Greater Clair area. At West Nile Delta we have only sanctioned the first 5 tcf, we are now looking towards the next phase. And the exploration options right here in the Caspian offer real potential.

Closing

Upstream key messages

1. **Safety and Reliability** – committed to improving year on year
2. **Portfolio** - balanced, focused, resilient, creative models
3. **Capability** – world class people, functional model driving competitiveness
4. **Efficiency** – cost and capital down $9bn, top quartile production cost - more to come
5. **Growth** - imminent, value over volume, $7-8bn free cash flow[(1)] in 2020
6. **Future** - 45bn boe, capacity to grow organically, returns focused

bp

(1) Free cash flow proxy = Underlying RCOP+DD&A+EWO-Capex, pre-tax at $50/bbl brent

So let me finish where I started. First and foremost, Safety and Reliability remains job number one. Second, we like our portfolio. It's focussed, resilient and balanced, and we are developing creative ways to generate more value from it. Third, we have a world class organisation capable of taking on the world's great oil and gas challenges.Fourth, we are driving efficiency and productivity and we are very focused on every dollar we spend, cost and capital, and motivating our people to be rigorous in their choices. Fifth, we will grow through 2020. 800,000 boepd of new project production, which includes 500,000 boepd of new capacity planned to be on line by end of 2017. Our new projects are high quality and deliver operating cash margins, 35% better than today's portfolio. The result is a business that is expected to deliver $7- 8bn of pre-tax free cash flow to the Group at $50 real in 2020. That growth is imminent. And finally, sixth, our growth won't stop there. We have the capacity to grow value organically in the period 2020 to 2030, without the need for a big acquisition.

There's a reason we feel so confident about this future. And that starts, for me, with our people. They are technically brilliant, deeply committed, resilient, having been through a lot, and working so hard to get this right. We are very proud of them and we believe in them. We also believe in our business model, our functional organisational model value created through our long term relationships and in our portfolio; which gives us the flexibility, optionality and resources to deliver real tangible growth for decades to come. Best of all it's already happening and we're looking forward to sharing some of that first hand with you over the next couple of days.