



Speech to US fuel marketers

Speaker: **Bob Dudley**

Title: **group chief executive**

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Thank you for your welcome. I am very glad to be here. In fact, there is no more important place I could be today.

I wanted to take the opportunity to join you because I appreciate the challenges you have faced and the support you have given.

I want to start by making the apology you deserve from BP. We are truly sorry for the tragedy that occurred on April 20. We deeply regret the loss of 11 colleagues' lives and the impact on the Gulf Coast. And we are sorry for the impact on your businesses.

I'm here today to thank you for your support in representing BP over the past six months and to ask you to continue that support. I recognise that we need to earn your trust all over again and I want to give you some clear reasons to believe in BP's future.

Because for three million customers a day in 10,000 gas stations in 27 states, you are BP.

You have had to face a lot of anger over the last few months on our behalf. Some of you experienced protests at your sites and you managed those difficult situations very professionally.

In the Gulf region, sales were down year on year by up to 30% in some sites. Across the whole East of Rockies region we lost around 8% of sales this summer against last.

I appreciate what this has meant for you. Please do not think it has gone unnoticed. I appreciate it because while you were feeling the heat at the gas pumps it was also being felt by all of us in BP throughout America as we worked to kill the well and clean the beaches and marshes. It has been a very difficult time.

And for me, it has been very personal. I grew up in Hattiesburg, Mississippi. I spent summers with my family swimming and fishing in the Gulf.

These events have reconnected me to friends of my family from many years ago who are working in the region and on the coast. I wish I could have met them again in happier circumstances, but the personal connection has certainly further motivated me to make things right.

It has been very tough and to be candid with you I think we have come through this simply because of the quality of the people who work for us and with us – including you and all the members of this association.

On behalf of the board, the executive team and everyone in BP, thank you for what you have done.

And while we cannot relax our vigilance and our commitment, we are now seeing signs of improvement. No oil has flowed into the Gulf since mid-July. Along the coast, little oil is being washed up. Fishing grounds are reopening rapidly. Tourists are coming back.

Sales are recovering too. While they were 8% down in mid summer, by September we were only 4% behind last year and we continue to see improvements.



So we are moving in the right direction. I think that is not due to any single action performed at management level, actually I am sure of that. I think it's happening because of thousands of interactions every day in which people like yourselves – and our own employees – who represent BP to the world are doing the right thing and demonstrating that our underlying values as a responsible company remain strong.

We still face major challenges and uncertainties but we also have some abiding strengths and I'd like to set those out today as I think they give you the basis to believe in BP. I'll call them 'foundations for the future'. In my view there are five – our response to the tragedy; our ongoing relationships; our financial and operational strength; our willingness and readiness to learn and change; and our commitment to America.

BP's response

The first foundation for the future is the way we have responded to the tragedy. We were all shattered by this incident; but I am actually proud of the way our people and our partners have responded.

We believe this has been the largest and most extensive response ever undertaken by any company to any industrial accident. Within two days of the explosion, BP mobilized hundreds of people, a fleet of 30 vessels and thousands of feet of protective boom. With time, the scale of the activity grew until at its peak in July there were over 48,000 people deployed along with more than 7,000 vessels and over 15 million feet of boom which is equal to about 3,000 miles of boom.

We trained thousands of volunteers to cope with oil and injured wildlife. Rapid response teams scoured the beaches for oil that came ashore.

We are paying legitimate claims from individuals and businesses and have now paid out over one and a quarter billion dollars.

We've made significant investments to help local economies recover. We provided \$70 million to help the Gulf Coast states promote tourism, \$175 million in block grants to those same states. We've supported the seafood industry, which is so important to the region, particularly Louisiana. For our jobbers, we provided additional incentives and support through this year of around \$100m.

BP people have been on the ground in the Gulf, doing everything from training volunteers to answering telephones to heading out on the water with our partners to look for oil and injured wildlife.

We shared our message through media activities focused on "Making things right". And at a market level, we created a message of reassurance through communications which emphasised that retail outlets are locally owned, locally operated'.

In other words, we have not, and will not, stint on doing whatever is necessary to meet our commitment to restore the Gulf.

But much remains to be done. The capping of the well has led to speculation that BP is now preparing to pack up and go home. That's not on our agenda. We have said that we will make this right over the long term, and we will. And we continue to work in the region to meet our responsibilities.

We know that environmental and economic restoration means more than just cleaning up the oil and handling immediate concerns. People across the Gulf Coast region want to know the long-term impact of the oil spill, and want to know that we will address that impact.

So we have committed \$500 million to create a broad, independent research program to be known as the Gulf of Mexico Research Initiative (GRI). Working with the Gulf of Mexico Alliance, the GRI will



fund independent research to investigate the impacts of the oil, dispersed oil, and dispersant on the ecosystems of the Gulf of Mexico and affected coastal states. This will help ensure that lessons learned from this incident can be applied anywhere necessary in the future.

And BP has pledged to donate net revenue from oil recovered from the spill to the US National Fish and Wildlife Foundation, whose mission is to preserve and restore America's native wildlife species and habitats. In addition, we have created a \$100 million fund to support rig workers that have been displaced by the drilling moratorium, and we have committed more than \$50 million to support behavioral health programs in the region to help people affected by the spill and its aftermath.

Like all large companies, BP can often seem like a big, impersonal organisation. But it is made up of people, many thousands of them in the US and many throughout the Gulf Coast region. They get up every morning and believe they are making a positive difference by providing the energy people need to drive to work, get their kids to school, cook the family meals and live a decent life.

They are deeply saddened by what has happened, but they aren't paralyzed by it. They are determined to meet our commitments and to help earn trust in our company, because this is their home too, and because they believe their company should live up to its responsibilities.

BP's relationships

A second foundation for the future is our relationships. We are still part of the American community, as we have been for over a century. In all these activities we have been working closely with others. The Coast Guard has been an indispensable partner from the night of the disaster. We have worked closely with the Departments of Interior, Energy and Homeland Security as well as myriad federal, state and local agencies and the White House itself.

The scientists from NOAA, the EPA, the Fish and Wildlife Service, as well as the state and local scientific agencies, have also been of boundless assistance. Governors and state and the local officials have worked tirelessly with us on the response.

All of these people have of course been saddened by what happened. But they have not completely lost faith in BP. Our relationships have survived and we have a base on which to rebuild. The scale of our response, much of it going beyond the demands of legal compliance, has not gone unnoticed. Make no mistake, we have a long way to go to earn back trust – but the journey has at least started.

BP's financial strength

A third foundation for the future is BP's underlying strength. BP is financially healthy, and up to the task of meeting its future commitments. We have announced the sale of up to \$30 billion in assets over the next 18 months, selected on the basis that they are worth more to other companies than to BP. That will make us somewhat smaller and wiser, but a more focused higher quality, company. We have cut back on capital spending. We have secured additional credit lines. And following the spill, we decided not to pay further dividends in 2010.

These measures will enable us to meet our commitments in respect of the spill response – commitments we have estimated at over \$30 billion. Our operations around the world - from Alaska to Australia and Angola to Azerbaijan – are proceeding satisfactorily. Our underlying operational and financial performance is sound.

BP's learning

A fourth foundation for the future is the fact that we are learning the lessons of the Deepwater Horizon tragedy.



We have mounted a major inquiry under our head of safety and operational integrity, a man named Mark Bly, with external as well as internal experts on the team. That inquiry found that no single factor caused the tragedy. Rather, a sequence of failures involving a number of different parties led to the explosion and fire. The report makes 26 recommendations relating specifically to deepwater drilling, which BP has accepted and on which we will be acting.

However our response to the incident needs to go beyond deepwater drilling. There are lessons for us relating to the way we operate, the way we organise our company and the way we manage risk. Many of our businesses have excellent safety records but there is always more that can be done to provide more layers of protection and resilience.

So looking to those wider questions, we have announced that we will create a new safety division with authority to oversee and audit the company's operations around the world. It will have its own expert staff, independent from the project teams, and will be fully empowered to intervene in all aspects of BP's technical activities. That new function will be headed by Mark Bly, report directly to me and the role will be elevated to the senior-most leadership team.

We are also going to re-structure our upstream segment from a single business into three functional divisions – Exploration, Development and Production. This will foster the long-term development of specialist expertise and reinforce and re-invigorate accountability for risk management. In addition we are carrying out a detailed and wide-ranging review of how we manage third-party contractors.

We're also conducting a fundamental review of how we incentivize and reward performance, with the aim of encouraging excellence in safety and risk management. I am a great believer that you get the behaviours that you incentivize.

To make it clear that this is our absolute priority, in the current quarter we have made performance in safety, compliance and operational risk management the sole criterion for performance reward across our operating businesses.

So we're acting in the areas where we need to act.

BP's commitment to the US

The fifth foundation I want to mention is our commitment to the US. People have been asking whether the US will turn its back on BP or we will turn our back on the US.

I have already indicated that I believe our relationships with the US government, states and the American people can survive this crisis. We intend to be very co-operative and transparent with regulators and others and I do not believe we will lose our license to operate here.

And for our part, I can promise you that I did not become chief executive of BP in order to walk away from my home country. BP will not be quitting America.

There is too much at stake, both for BP and the US. The US has major energy needs and BP is a vital contributor to fulfilling them.

BP's heritage companies such as Amoco, ARCO and Sohio can trace their roots back many decades, in some cases to the 1860s and 70s. Today as BP, we are the leading producer of oil and natural gas in the United States. We currently employ around 23,000 people directly in this country and we support around 200,000 further jobs. We have 75,000 retirees. They live in all 50 states. We have ½ million individual shareholders. We have over \$55 billion in operating capital employed, including five refineries, and we sell more than 15 billion gallons of gasoline here every year.



In addition to our offshore operations, we are opening up new supplies of unconventional gas. We are becoming a leading wind energy player and we have a long established solar business. BP is one of the largest blenders of biofuels in the nation and we are leading in developing the next generation of biofuels.

We are part of America's fabric and that is how we intend to stay. I think the very idea that BP could 'leave' presumes that BP is somehow an outsider in the US. As far as I am concerned, our headquarters may be in London but my roots are in Mississippi and Illinois, and on my watch this company will stay in America, grow in America and build ever-stronger relationships in America.

BP's brand

I want to conclude with the way we present ourselves to customers. People have asked whether we will be sticking with the BP brand in the US or perhaps returning to using the Amoco brand instead.

We don't plan any changes – and let me tell you why. A brand, represented by a logo, is a company's personality and its promise. It triggers in people's minds every impression they have of a company, good or bad, accumulated over time. It's their perceptions – rather than what we say – that add to or detract from brand value.

When people look at a BP logo on a gas station today they probably associate it with the accident and the spill. But our actions can help inform perceptions.

And I would hope that people are starting to think about the magnitude and intensity of our response to that spill and the way we are doing as much as we can to restore livelihoods, look after the environment and rebuild relationships.

I would hope they would also see a company that has suffered a terrible accident but has the humility and courage to learn from that incident and prevent such a thing happening again. I'd hope they would also see a company that is determined to do the right thing by the people of the Gulf region and across the United States.

I prefer to look our customers in the eye and say to them 'We're sorry about what happened, but we're not running away and we're going to make it right'.

Now I appreciate that it's not me, but you, that has to look the customer in the eye day by day. And it's asking a huge amount for you to stick with BP and to stick up for BP. But I urge you to keep faith with us. I promise we will do everything in our power to earn back the public's trust and if you stand by us I believe you will see sentiment changing over time – as indeed it has already started to do.

I am quietly confident that over the longer term if we continue to act with responsibility and humility – as well as delivering quality products – we will not only recover – but recover in a way that earns back people's trust. Our company and our brand will emerge as strong if not stronger than before.

That is my vision and I ask you to share it. Like you, I have been with this company many years. Like many of you, I started with Amoco and then I moved into BP. That means that I know BP and its people pretty well. And I know that we have the right people to come through this tragedy as a wiser and stronger company. And when I talk about having the right people, I am looking at all of you. We know you have a choice and it's up to us to earn your trust and your confidence.

So I want to end by thanking you once again for your support and asking you to stick with us. We need your expertise and your experience. Join us on the journey to help us win back public support and make BP the great company it should be.

Thank you.

