First half 2007 update

24 July 2007
Cautionary Statement

Forward Looking Statements Cautionary Statement
This presentation and the associated slides and discussion contain forward looking statements, particularly those regarding capital expenditure, annual charges, production and timing of major project, expected return of refining capacity and flexibility, share buybacks and other distributions to shareholders, divestments, future performance, gearing, and wind capacity. By their nature, forward-looking statements involve risks and uncertainties 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 on stream; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this presentation.

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.

Cautionary Note to US Investors - The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as “resources” and “non-proved reserves”, that the SEC’s guidelines strictly 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/A, SEC File No. 1-06262, available from us at 1 St James’s Square, London SW1Y 4PD. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

July 2007
Issues addressed

US
• Baker Panel report published: implementing recommendations

Russia
• Way forward agreed on Kovykta

Management
• Succession complete
• New team in place
• Clear priorities set
Strategic momentum maintained

**Exploration & Production** - asset base strong and growing:
- San Juan, Skarv and Southern North Sea projects sanctioned
- New access: Oman and Libya
- Exploration success: Angola, Gulf of Mexico and Egypt
- Strategic Alliance with Gazprom – MoU signed

**Refining & Marketing**
- European refining portfolio restructured
- Biofuels building momentum

**Alternative Energy**
- Solar / wind expansion
- Hydrogen Energy JV established
Financial results for 1H 2007

• Replacement cost profit
  - $10.4bn, down 8% vs. 1H06
  - Per share 54.2¢, down 3% vs. 1H06

• Post tax operating cash flow
  - $14.1bn, down 22% vs. 1H06

• Quarterly dividend per share
  - 10.825¢, up 10% vs. 2Q06
2007 guidance

• Production
  - 3.8 – 3.9 mmboed
    *assuming $60/bbl oil price and current portfolio*

• Organic capex
  - Around $18bn

• Deliver upstream projects
  - Atlantis by end 2007
  - Greater Plutonio by end 2007

• Texas City
  - Expected to be processing 400,000 bpd by end of 2007

*BP estimates*
Byron Grote
Chief Financial Officer
Trading environment

Liquids realization

$/bbl

2006 2007

1Q 2Q 3Q 4Q 1Q 2Q

0 10 20 30 40 50 60 70

$/mcf

1Q 2Q 3Q 4Q 1Q 2Q

0 2 4 6 8 10 12

Gas realization

Refining indicator margin

$/bbl

2006 2007

1Q 2Q 3Q 4Q 1Q 2Q

0 2 4 6 8 10 12

$/bbl

1Q 2Q 3Q 4Q 1Q 2Q

0 2 4 6 8 10 12

Change vs. 2006

2Q 1H

Average realizations

Liquids $/bbl 0% (2)%
Natural gas $/mcf 0% (7)%
Total hydrocarbon $/boe 1% (3)%

Refining indicator margin $/bbl 32% 38%
## Financial results

### Results for the second quarter

<table>
<thead>
<tr>
<th></th>
<th>$bn</th>
<th>%</th>
<th>% per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement cost profit</td>
<td>6.1</td>
<td>(1)</td>
<td>5</td>
</tr>
<tr>
<td>Profit including inventory gains/losses</td>
<td>7.4</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>6.1</td>
<td>(33)</td>
<td>(29)</td>
</tr>
</tbody>
</table>

### Results for 1H

<table>
<thead>
<tr>
<th></th>
<th>$bn</th>
<th>%</th>
<th>% per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement cost profit</td>
<td>10.4</td>
<td>(8)</td>
<td>(3)</td>
</tr>
<tr>
<td>Profit including inventory gains/losses</td>
<td>12.0</td>
<td>(7)</td>
<td>(1)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>14.1</td>
<td>(22)</td>
<td>(18)</td>
</tr>
</tbody>
</table>
Exploration & Production

- Lower volumes
- Sector specific inflation
- Greater integrity spend
- Higher DD&A
- Non-Operating Items (NOI)
  - Disposal gains
  - Embedded derivatives

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Underlying result $m</th>
<th>Non-operating items $m</th>
<th>Total result $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 06</td>
<td>7,347</td>
<td>479</td>
<td>7,826</td>
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<tr>
<td>NOI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2Q 07</td>
<td>6,494</td>
<td>399</td>
<td>6,893</td>
</tr>
</tbody>
</table>
Refining & Marketing

- Higher refining and marketing margins
- Lower refining availability
- Greater integrity spend
- Lower supply optimization
- Favourable fair value accounting effects
- Non-Operating Items (NOI)
  - Disposal gains

2Q 06 | NOI | Underlying | 2Q 07
---|---|---|---
2,320 | (464) | 1,973 | 1,856

Non-operating items $m | Total result $m
---|---
767 | 2,740
Gas, Power & Renewables

- Lower marketing & trading contribution
- Growing expenditure in Alternative Energy
- Favourable fair value accounting effect
- Non-Operating Items (NOI)
  - Embedded derivatives

<table>
<thead>
<tr>
<th></th>
<th>2Q 06</th>
<th>Underlying</th>
<th>2Q 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying result $m</td>
<td>347</td>
<td>226</td>
<td></td>
</tr>
<tr>
<td>Non-operating items $m</td>
<td>106</td>
<td>(36)</td>
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</tr>
<tr>
<td>Total result $m</td>
<td>453</td>
<td>190</td>
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</tbody>
</table>
Other Business & Corporate

- Expected annual charge of $900m ± $200m

<table>
<thead>
<tr>
<th>Year</th>
<th>NOI</th>
<th>Underlying</th>
<th>2Q 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 06</td>
<td>(0.25)</td>
<td>(0.20)</td>
<td>(0.15)</td>
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<tr>
<td>2Q 07</td>
<td>(0.10)</td>
<td>(0.05)</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Underlying result $m: (219) + 26 = (193)
Non-operating items $m: 7
Total result $m: (193) + 7 = (171)
Net debt ratio

Net debt ratio = net debt / (net debt + equity)
Shareholder distributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Full Year</th>
<th>1H 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td></td>
<td>(3)</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
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<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
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</tbody>
</table>

- **Buybacks**
- **Dividends**
- **Share issues**
Tony Hayward
Group Chief Executive
Our agenda

**Safety**
- Implement Baker Panel recommendations
- Implement Operating Management System

**People**
- Invest in capability
- Increase openness and transparency
- Restore pride & confidence

**Performance**
- Restore revenues
- Reduce complexity and increase efficiency
Strong foundations for the future

Strategic
- Robust and enduring

Financial framework
- Distribute all free cash flow to shareholders
- Target gearing range 20 – 30%

Strength of asset base
- 17.7 bn boe proved reserves\(^{(1)}\)
- 41.3 bn boe non-proved resources\(^{(1)}\)
  - 1% improvement in recovery factor adds 2 billion boe

\(^{(1)}\) At end 2006
Q&A

Tony Hayward
Group Chief Executive

Byron Grote
Chief Financial Officer

Andy Inglis
Chief Executive
Exploration & Production

Iain Conn
Chief Executive
Refining & Marketing

Vivienne Cox
Chief Executive
Gas, Power & Renewables

Fergus MacLeod
Head of Investor Relations