Message

From: Currie, Duncan [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=[redacted]]
Sent: 20/06/2016 14:24:21
To: Minge, John C [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=[redacted]
Subject: RE: Latest version of RWD remarks to D.C. Economic Club

Thanks so much, John. Incorporating these edits right now. Will be sure to copy you when I email the final to Geoff.

From: Minge, John C
Sent: Friday, June 17, 2016 2:54 PM
To: Currie, Duncan; Jefferiss, Paul H.; Morrell, Geoff; Sidoti, Elizabeth; Dale, Spencer; Finley, Mark J; Stout, Robert; Jaffer, Ilhaam; Guinn, Shanan; Lin, William W.
Subject: RE: Latest version of RWD remarks to D.C. Economic Club

Thanks Duncan and Team – I think this reads very well. The call for a carbon price in the speech is good and necessary given our Global position – but means the Q&A will be important as journalists may try to separate us from the US Majors in a bigger way than would be helpful. We have helpful words in the speech … "BP supports a stable, orderly transition to a lower-carbon future …", I'm wondering if we should do a little more to explain that … stable, orderly transition, one that doesn't create competitive disadvantages to business in one geography or another.

- I'm thinking – if the US goes overboard compared to other places in the world, it could greatly disadvantage the US business.
- Also, could we put some of the positive points up front regarding our industry in the US … e.g. US GHG emissions have gone down as production has gone up through the shale revolution (primarily through efficiency and shifting from coal to gas)

Thanks,
John

From: Currie, Duncan
Sent: Friday, June 17, 2016 10:16 AM
To: Jefferiss, Paul H.; Morrell, Geoff; Sidoti, Elizabeth; Minge, John C; Dale, Spencer; Finley, Mark J; Stout, Robert; Jaffer, Ilhaam; Guinn, Shanan; Lin, William W.
Subject: RE: Latest version of RWD remarks to D.C. Economic Club
Importance: High

Thanks so much, Paul. I've incorporated all your edits into the version attached and below.

After chatting with the folks at SJS this week, I also think we should delete the highlighted Brexit sentence.

I've added William, just to make sure he has the latest version.

Please let me know if anyone has further changes.

Thanks,

Duncan

RWD remarks to D.C. Economic Club

I. Introduction

Thank you, David. I'm honored to be here, and I appreciate the warm welcome. I understand that the best speech ever delivered in this forum was the one by former Boeing CEO Jim McNerney — who stood up, announced a $20 million-dollar donation to the Kennedy Center, and then promptly sat back down. With oil below $50, my speech will be a little bit different. But I'll follow Jim's lead in trying to keep it as brief as possible, so that we have plenty of time for the famous David Rubenstein interrogation treatment.

It's great to be back in Washington, D.C., where — for today, at least — things seem relatively quiet compared with the political scene over in London. Within the next 24 hours, we will know — or should know — whether the United Kingdom has voted to remain part of the European Union. ~~The result obviously will go a long way toward determining the future of Europe.~~

However the U.K. referendum turns out, the fact that it's even happening reflects the extraordinary changes — political, social and economic changes — taking place all around the world. We've certainly felt these changes in my industry.

II. The oil price challenge

Between June of 2014 and January of 2016, the price of oil dropped by more than 75 percent, and the global benchmark price has stayed below $55 a barrel since last July. The low price has rocked national economies, bankrupted dozens of companies and caused hundreds of thousands of people to lose their jobs.

To make things even more unpredictable, some of the world's biggest oil and gas producers are going through a period of transition or turmoil. For example, Mexico is opening up its energy sector to private investment, and Iran has rejoined global markets. Meanwhile, Saudi Arabia has a new oil minister, and the government has been studying plans to partially privatize its national oil company, Saudi Aramco.

In addition: Russia continues to face economic sanctions; Venezuela has fallen deeper into crisis; OPEC remains divided over production cuts; and the Middle East has experienced constant upheaval, including multiple civil wars.

In years past, such instability would certainly have caused oil prices to skyrocket. That hasn't happened this time. Why not? Well, most notably, the shale revolution — which began here in the U.S. — has dramatically increased global oil supplies and inventories. This has forced all energy companies to adapt.

At BP, we have a long history of adapting to sudden changes, and it's served us well in the current environment. We recognized early on that this was no ordinary price downturn, and we responded by reducing capital expenditures, operating costs and headcount. These were painful adjustments — especially the workforce reductions — but they were necessary to keep our business competitive at a much lower oil price.

In recent months, global supply and demand have moved toward a better balance, and we expect this trend to continue in the second half of the year. But we're not expecting the days of $100 oil to return anytime soon.

With that in mind, it's important that we keep doing everything we have been doing to maintain our discipline and improve our productivity.

[The changes we are making mean we are on course to balance our sources and uses of cash next year. And we're still investing for growth. We have a wave of high-margin new production coming through over the next four years — more than 800,000 new barrels from the projects starting up between last year and 2020 — and we have a great portfolio of highly competitive projects to choose from beyond that.]

III. <u>The climate challenge</u>

Beyond the oil price, companies like ours also face the challenge of preparing for a lower-carbon future.

BP is determined to be part of the climate solution. Nearly two decades ago, we publicly recognized the threat of greenhouse gas emissions and pledged to do something about it — and were widely acknowledged as the first major international oil company to do so. In the years since, we have funded independent research, piloted new technologies, built low-carbon businesses, and supported policies aimed at addressing the challenge. We currently have the largest operated renewables business of any major oil and gas company.

Unfortunately, the climate debate has become deeply polarized, with some of the loudest voices calling for a rapid abandonment of fossil fuels, and others rejecting mainstream climate science altogether. By contrast, BP favors an ambitious but realistic approach to solve the problem without sacrificing economic progress.

Our approach reflects two competing obligations facing governments, businesses and individuals around the world: We have to curb greenhouse gas emissions while also providing access to safe, reliable, affordable energy.

If we don't address the climate problem appropriately, we run the risk of experiencing dangerous increases in global temperatures. At the same time, if we try to reduce emissions from fossil fuels too precipitously, we run the risk of causing serious disruptions in the global economy — because carbon capture and storage is not yet ready to deploy at scale, and alternatives like renewables will not be capable of fully meeting the world's energy demand for decades to come.

In fact, BP's latest Energy Outlook projects that, under the most likely scenario, non-hydro renewables will account for just 9 percent global energy consumption in 2035. Moreover, even in its most ambitious lower-carbon scenario, the International Energy Agency still foresees oil and gas making up 45 percent of the energy mix in 2040.

For these reasons, BP supports a stable, orderly transition to a lower-carbon future, with natural gas helping us reduce emissions in the power sector while providing essential backup fuel for renewables. This obviously is good news for the U.S., given the impact of the shale revolution and the enormous increase in American gas production.

To incentivize greater energy efficiency, faster technological innovation and wider use of gas and renewables, BP has called for policymakers to establish an economy-wide price on carbon. Indeed, the shift to lower-carbon energy requires a framework that only governments can set.

The importance of a carbon price is the main lesson BP has learned from our own investments in carbon capture and storage and renewables. And it's why we believe carbon pricing is the linchpin of a successful global energy transition.

IV. <u>Deepwater Horizon and BP's safety progress</u>

So those are two dynamics that our entire industry is grappling with — the oil price downturn and the climate issue. As you know, BP has faced additional challenges here in the U.S., related to the tragic Deepwater Horizon accident in the Gulf of Mexico.

The accident rocked us to our core, and prompted us to make radical changes. BP immediately committed to help the Gulf region recover, and we've spent the past six years — and tens of billions of dollars — doing just that. We also committed to become a safer company, and since then we've adopted tougher standards, enhanced training, better oversight and new technology, while reinforcing that everyone has the power to stop a job if something doesn't seem right. We're proud of the progress we've made, but we also recognize that safety requires constant attention and continuous improvement.

V. <u>Conclusion: Our concerns with America's business environment</u>

Throughout all this, BP's commitment to America has never wavered. We remain the country's largest energy investor, with more than $90 billion dollars invested over the past 10 years — that's on top of the $56 billion in costs associated with Deepwater Horizon. BP has made these investments because of America's unique combination of abundant natural resources, highly skilled workers and a culture of innovation.

However, we also have noticed some disturbing trends — and we're not the only ones. All around the world, I meet with CEOs, government officials and others who raise concerns about the growing risk of doing business here.

We see three problems in particular. First, the U.S. has an increasingly tangled web of government regulations, many of which seem needlessly burdensome. Second, it has a tort system that allows for costly abuses — we at BP know this better than most. And third, the way the political system is going over here — the increasing inability to get things done — is making it harder for institutions and their leaders to think long-term and plan for the future, both of which are essential to solving the problems we face.

I say all this not only as an energy executive, but also as a concerned American who hopes that our next president — whoever that may be — will work with Congress to pursue sensible reforms and focus on long-term solutions.

I know that David will cover all these topics — along with many others — during our conversation. So with that, let me turn things back over to him. Thanks so much.

From: Jefferiss, Paul H.
Sent: Thursday, June 16, 2016 5:24 PM
To: Currie, Duncan; Morrell, Geoff; Sidoti, Elizabeth; Minge, John C; Dale, Spencer; Finley, Mark J; Stout, Robert; Jaffer, Ilhaam; Guinn, Shanan
Subject: RE: Latest version of RWD remarks to D.C. Economic Club

Duncan,

I do have a few comments, attached.

Happy to discuss.

Best wishes

Paul

From: Currie, Duncan
Sent: 15 June 2016 12:22
To: Morrell, Geoff; Sidoti, Elizabeth; Minge, John C; Dale, Spencer; Finley, Mark J; Jefferiss, Paul H.; Stout, Robert; Jaffer, Ilhaam; Guinn, Shanan
Subject: Latest version of RWD remarks to D.C. Economic Club
Importance: High

Just wanted to check in and see whether anyone had final edits to RWD's upcoming D.C. Economic Club speech. The speech is scheduled for next Thursday (June 23), so if you could send all changes by this Friday (June 17), that would be great. (We'll obviously monitor oil-price developments in the days leading up to the speech, and adjust the text accordingly.)

In the text below (and attached), I've highlighted in yellow all the areas where we've made updates since the last version. I've also highlighted in green a paragraph that we would suggest cutting (because it seems a bit too self-serving, and won't be of much interest to our audience). Look forward to hearing everyone's perspective.

Thanks!

-Duncan

RWD remarks to D.C. Economic Club

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If we ignore the climate problem, or simply hope that it resolves itself, we run the risk of experiencing dangerous increases in global temperatures. At the same time, if we try to replace fossil fuels too precipitously, we run the risk of causing massive disruptions in the global economy, because renewables will not be capable of meeting the world's energy demand for decades to come.

In fact, BP's latest Energy Outlook projects that, under the most likely scenario, renewables will account for just 9 percent global energy consumption in 2035. Moreover, even in its most ambitious lower-carbon scenario, the International Energy Agency still foresees oil and gas making up 45 percent of the energy mix in 2040.

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