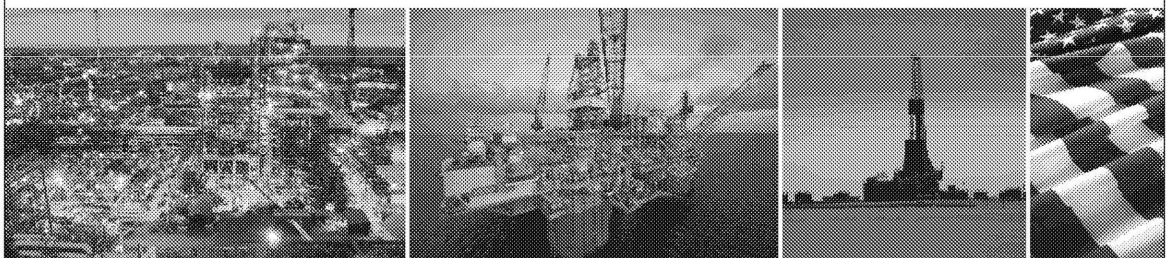
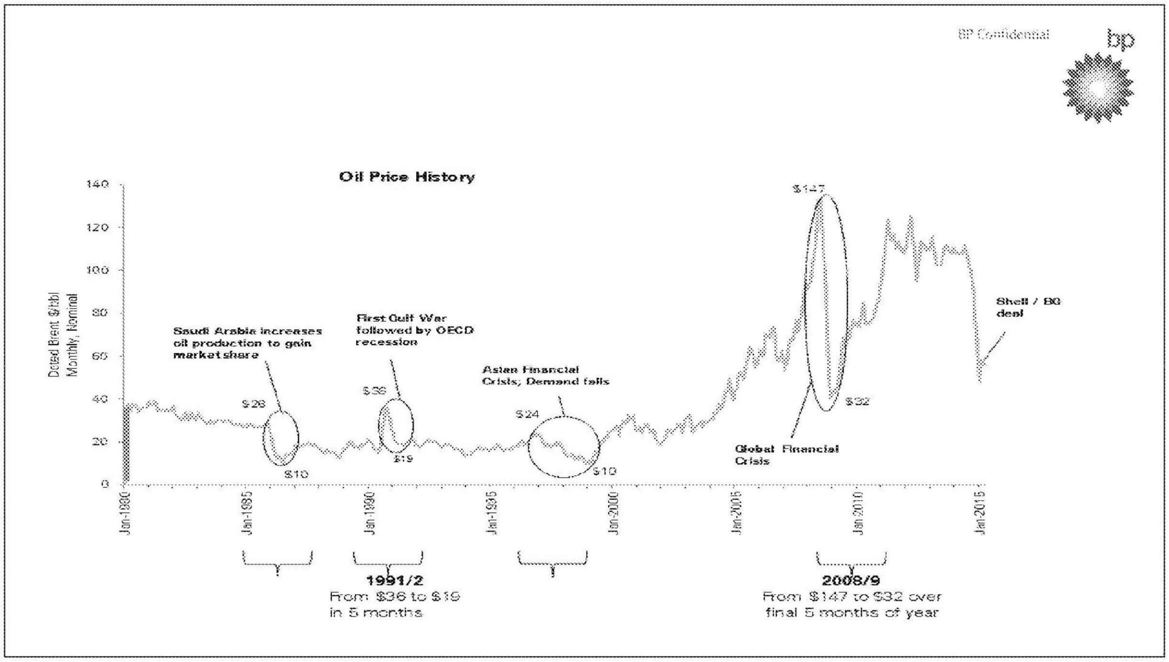
The Oil & Gas Industry –



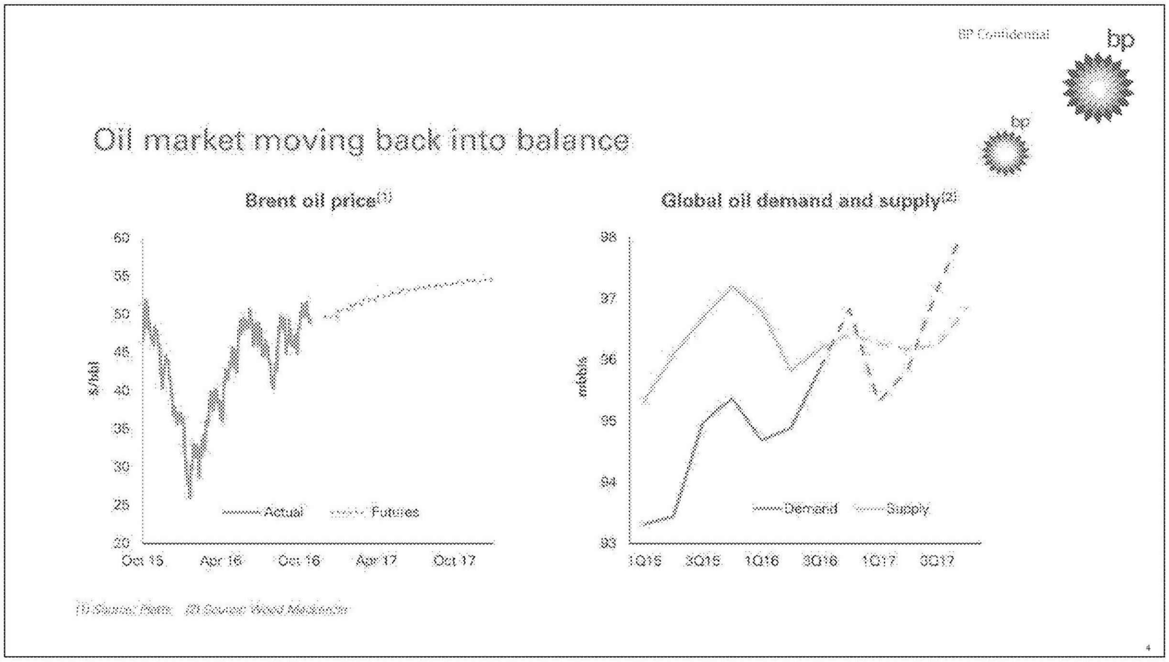
COVER NOTE __

What you will hear today…

- Today's presentation is to provide insight into the following:
  - High level overview of the current Environment
  - A view on BP's Global Strategy and Focus Areas
  - A summary of BP's Operations in the context of the US
  - The Importance of Alaska to BP
  - A perspective on operating in the new US Political Environment



Our projections show that energy demand is expected to rise by roughly 40% by 2035 – that's around 1.5% a year. This is based on current and expected trends in demand, supply , policy and technology.
We expect hydrocarbons will still provide 80% of the world's energy in 2035.
Even in the most dramatic projections of governments acting to cut carbon emissions, fossil fuels will remain the dominant source of global energy at least for the next few decades.
We anticipate that nearly all of the growth in demand - around 95% of it - will come from the emerging, non-OECD, economies.
Until recently a regular topic of debate was whether there would be enough energy resource to meet this demand. That debate we think is over. We have seen abundant resources opening up all around the world – notably shale, tight gas and oil, and heavy oil in North America, Asia, Russia and elsewhere.
Technology and innovation will continue to unlock this resource potential.
So the 'Purpose' is still relevant and we expect to still be in business into the future. Current low demand forecasts have not altered our long term outlook – only a replacement for oil and gas could do that – although we must remain vigilant, especially in producing in the most environmentally friendly way possible, as high carbon taxes could affect this demand.
BUT in terms of what the stock market sees…



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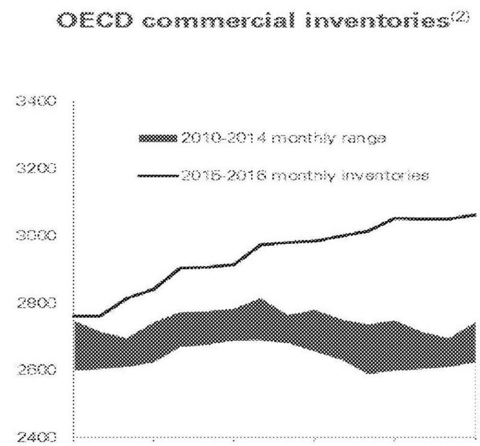
BUT in terms of what the stock market sees…

- Oil inventories are at record levels and will still take some time to reduce
- The expectation is that inventories to decline gradually next year, supported by continued demand growth and sustained weakness in non-OPEC supply



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BUT in terms of what the stock market sees...

- **Costs are falling** for all forms of energy and abundance will give consumers and policy makers new options
- World will require **all forms of energy** to meet needs of growing economy and to improve living standards
- Global temperature rise without more aggressive policy action is heading towards a **3° to 4° Celsius** range
- **Social stewardship** is becoming increasingly important, driven by policy, consumer preferences and urbanisation
- Trend towards **increasing electrification** will continue
- **Digital and technology revolutions** are affecting all areas of the energy industries
- **Populist backlash against globalization and elitists** is on the rise

BP Group Context

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A clear set of enduring principles

- Relentless focus on safety and reliability
- A balanced portfolio with distinctive capabilities
- Portfolio actively managed for value over volume
- Continued capital and cost discipline

Growing sustainable free cash flow and distributions over the long term

A medium-term financial frame

- Capex: ~17bn for 2016; $15-17bn in 2017
- Cash costs(1) reduced by $7bn for 2017 vs 2014
- Balance organic sources and uses of cash at $50-55/bbl by 2017(2); organic free cash flow(3) growth thereafter
- Divestments of $3-5bn in 2016; $2-3bn 2017+
- Gearing in a re-established 20-30% band

Sustaining the dividend

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.

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We will continue to focus on…

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

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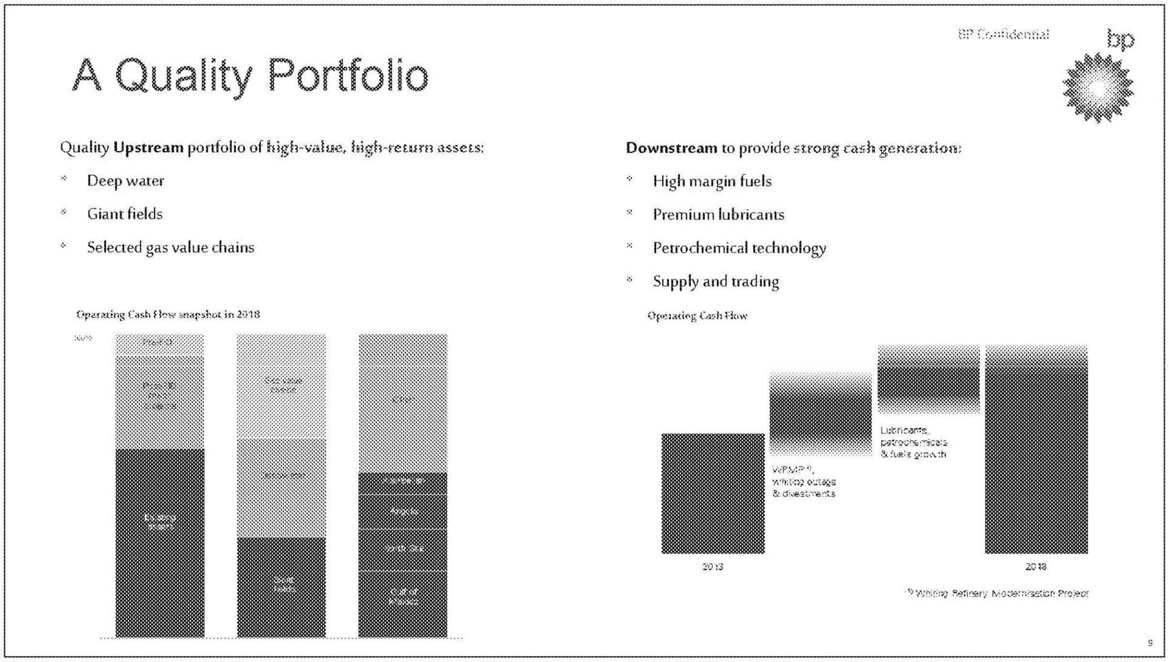
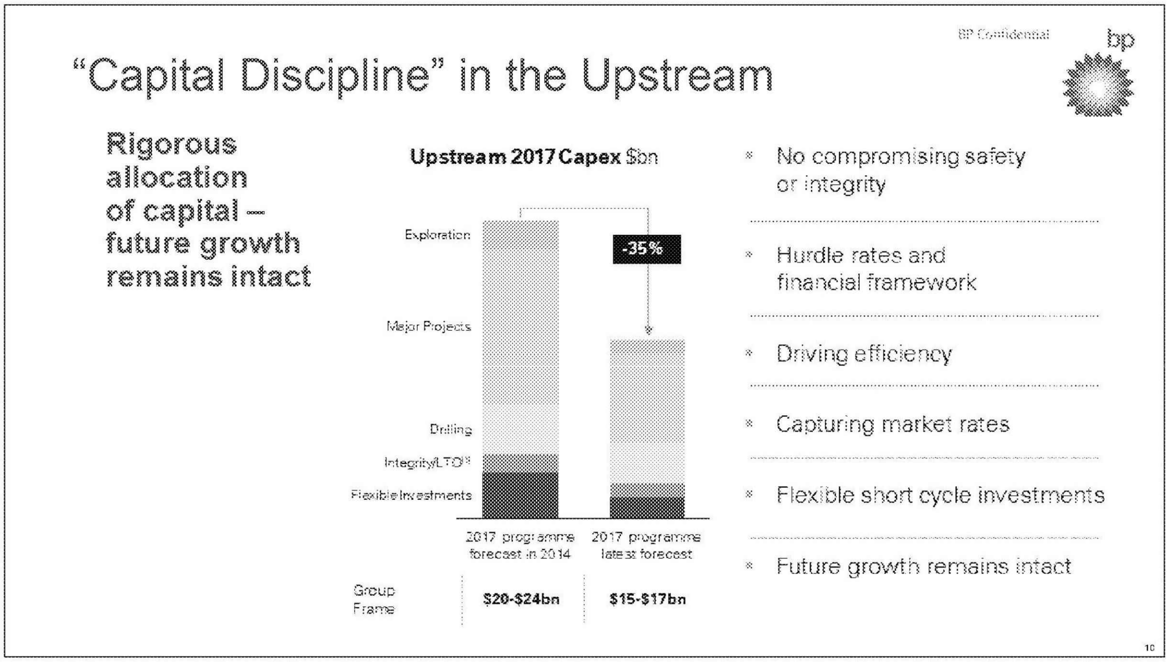


Delivering value requires a quality portfolio of upstream assets, fed by our exploration and access activity.
Over 90% of our production and operating cash in 2018 is expected to come from our existing fields or major projects to which we have already committed and which are progressing well.
Over the medium term, we plan to optimise the delivery from our existing operations through continued improvements in operating efficiency especially in the North Sea and Gulf of Mexico.
We plan to also start up a number of high-quality projects in our existing operations which, when combined with the potential of our base resources, we anticipate being able to grow operating cash through to 2018.
Our four key regional positions of Angola, Gulf of Mexico, Azerbaijan and the North Sea continue to play an important role throughout this period and are set to generate around half of our operating cash in 2018.
From now to 2018, we maintain a balance aligned to our investment biases of giant fields, deepwater and gas value chains. Our portfolio continues to be biased towards liquids with selective investments in gas positions.



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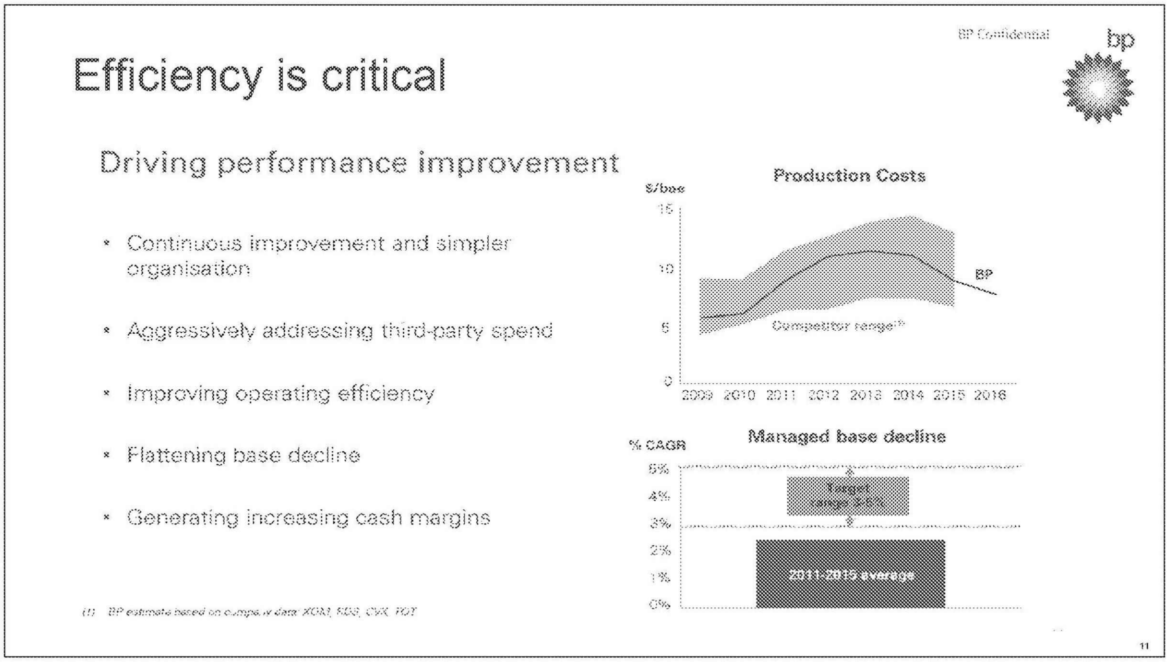

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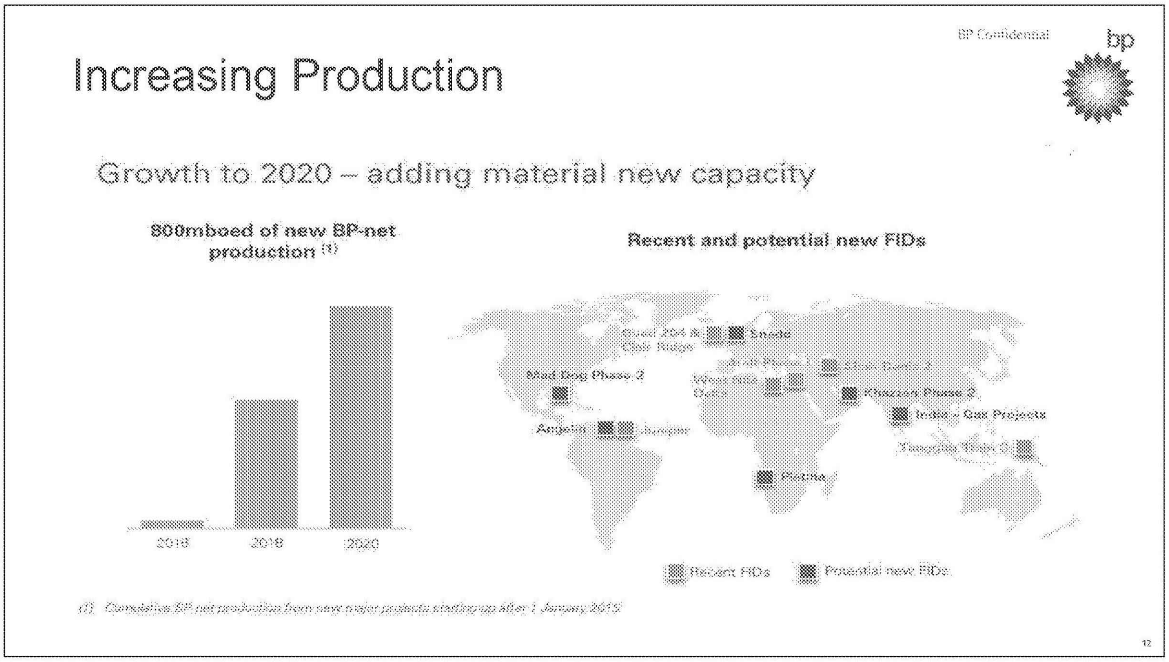

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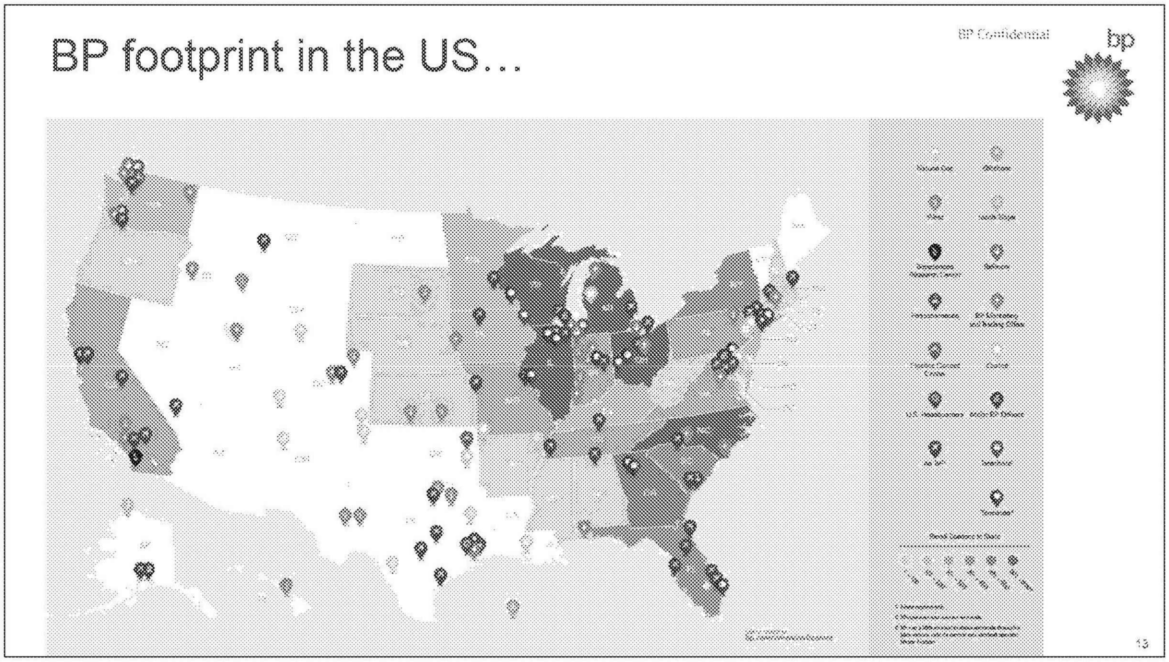

BP has larger footprint in the US than in any other country with $106bn (39%) of its assets, 643mbd (31%) of its production, and $5bn/yr (30%) of its capital. We employ 14,000 and add'l 145,000 workforce via the supply chain

Upstream:
643mboe/d production (GOM - 250mbd; L48 - 284mbd; Alaska - 109mbd)
4 operated and 3 non-operated offshore assets in GOM
1 giant field and 2 non-operated assets in the North Slope; holding 29% interest in a massive LNG project est. to come online in 2025
7.5bn bbl resource base managed by L48 via >9,800 operated and 13,200 non-operated wells

Downstream:
3 refineries with a processing capacity of 824,000 boe/d (Whiting – 430mbd; Cherry Point - 234mbd; Toledo - 160mbd)
2 petrochemical plants with 3.1 million tons of chemical production capacity (Cooper River – largest producer of PTA, with capacity to produce 1.4 million tons of chemicals/year; Texas City Chemicals – with a capacity to produce 1.5 million tons of chemicals/year)
Retail: 13.5 billion gallons of fuel delivered in the US in 2015.
Lubricants: Castrol business accounts for 23 out of every 100 gallons of consumer motor oil purchased in US stroes.
Air BP: sells more than 7.5 billion gallons of aviation fuel each year.
USPL: manages 4,000 miles of pipeline, 1.3 mmbd crude oil, liquid gas, or refined product; and has 64 above-ground storage tanks with 4.8mmbd capacity

Trading: No. 1 marketer of natural gas in North America, on average 1.2 million transactions a year, serving 3,500 customers throughout the country.

BP Wind:
Globally largest operated renewables business of any major oil and gas company;
Directly operates 14 wind farms in 8 states – with gross generating capacity of 2,285 megawatts (enough to power all homes in Philadelphia)

BP Shipping: 1,100 voyages to/from the US in 2015, moving more than 46 million tons of cargo.

Impact of BP Operations in the US

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- Any business activity performed by BP across the globe is conducted by one of our Business Units in the US.
- Over the past 10 years, BP has invested more than $90 billion in the U.S. – more than any other energy company.
- BP is a leading producer of oil and gas and produces enough energy annually to light nearly the entire country for a year. In the US, BP produces a little over 600 thousand barrels of oil equivalent per day, about 30% of BP Group's upstream production excluding Russia.
- BP's three US operated refineries account for 744 thousand barrels of oil per day crude distillation capacity, or about 40% of BP Group's. This includes the Cherry Point refinery at 234 mbd here in Washington State.
- Employing about 14,000 people across the country, BP supports more than 130,000 additional jobs through all of its business activities in the US.

US assets fit in BP's strategic priorities…

BP Strategic Priorities

- Shift to gas and low cost oil in the upstream
- Market led growth in the downstream
- Venturing and low carbon across multiple fronts
- Modernizing the whole firm to drive engagement and productivity

US assets

- Growth of competitive L48; Shape AKLNG; 20bn+ bbl resource near the 4 GOM hubs
- Midstream and retail growth in Fuels NA
- 14 wind farms; IST environmental products; US based venturing team
- Transformation projects across upstream, downstream, IST

Our Business in Alaska

BP presence in Alaska since 1959

Operating area

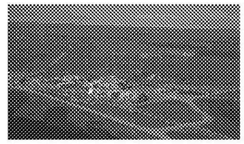
- 250 miles north of the Arctic Circle
- 1,200 sq. miles (size of Rhode Island)
- Winter temperatures average -30°F

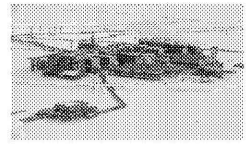
Greater Prudhoe Bay facilities

- Started up in 1977
- 11 major facilities
- 1,200 production/injection wells
  - 66% of wells in Upstream (excl. L48)

Approx. Year on Year Spend

- Capital Budget: $0.6 b
- Operating Budget: $1.2 b





Pipelines

- 1,300 miles of pipelines, 20% (excl. L48)

Production (Gross)

- 8.7 bscf gas per day (1.5 mboed)
- 1.0 million barrels water per day
- 280,700 barrels oil per day (operated)

People

- ~1,700 BP staff (>70%% residents of Alaska)
- 700 field technicians, 50% unionized
- 4,000 contractors

The Future of LNG in AK: How real is it?

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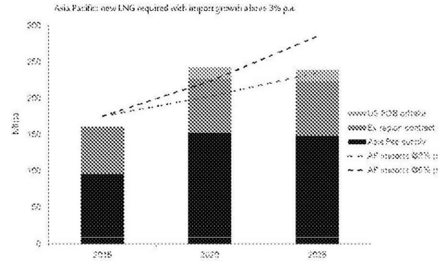
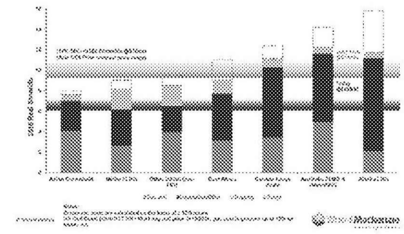
- Asia Pacific is likely to need new LNG supply after 2020
- **Question**: Where will the new supply come from for the Asian Markets and how can Alaska LNG compete?
- The overall market is being shaped by USGC LNG and will define the marginal cost of supply for the industry going forward.
- **Currently** AK LNG does not compete on a cost of supply basis, as per WoodMackenzie study August 2016
- With non-technical changes, AK LNG can deliver a top-quartile cost of supply
  - Tolling model / Financing levers
  - Role of State as owner, not operator
- Alaska gas remains BP's largest undeveloped resource opportunity, globally





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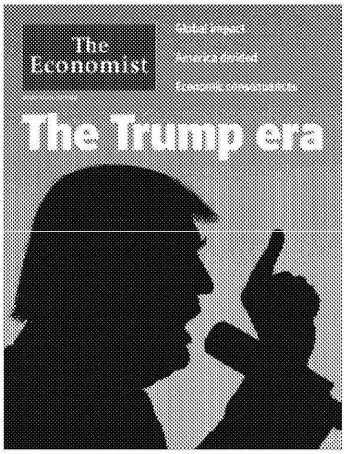
The Future of LNG in AK: How real is it?

- **Key messages** to take away:
  - The Asian LNG market looks well supplied through 2020 but is likely to need **new project volume by 2025**.
  - The LNG market structure is **changing rapidly** as a result of the emerging supply and unique characteristics of US Gulf Coast LNG
  - Alaska LNG has **options to deliver a competitive cost of supply** (through non-technical levers – Commercial Structure / Financial / Ownership model changes).
  - BP is well positioned and looking to grow its LNG business and remains **committed to a State-led AK LNG project**.

US election results



President

- ✓ Donald Trump becomes 45th President of the United States on January 20, 2017

Senate

- ✓ Republicans will retain a voting majority with at least 51 of 100 seats in the Senate
- ✓ 60 votes are needed to pass most bills

House

- ✓ Republicans retain voting majority, with at least 239 of 435 seats

States

- ✓ 25 states have Republican governors and GOP controlled legislation. Only 6 states are controlled by Democrats

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