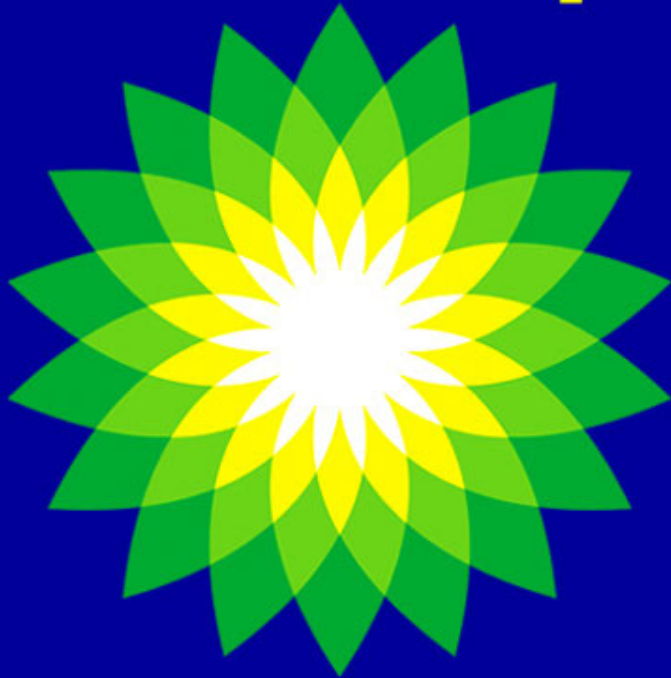


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presentation to the  
financial community

tuesday 10<sup>th</sup> february 2004



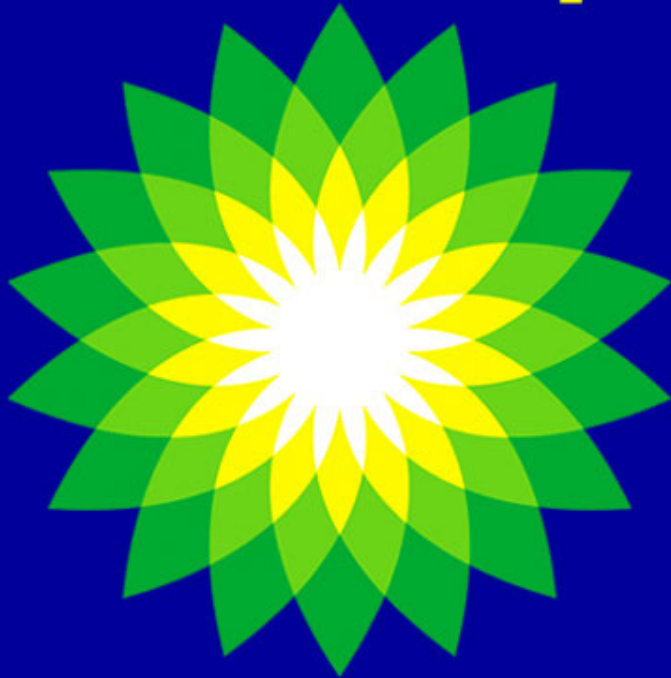
## Forward Looking Statements Cautionary Statement

This presentation and the associated slides and discussion contain forward looking statements particularly those regarding BP's asset portfolio and changes in it, capital expenditure, cash flow, costs, divestments, dividends, earnings, environmental remediation provisions, future performance, growth, gearing, investments, pension fund support, prices, production, production capacity, reserves, returns, share repurchases, timing of pending transactions and other trend projections. Forward looking statements by their nature involve risks and uncertainties and actual results may differ from those expressed in such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; and wars and acts of terrorism or sabotage.

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](http://www.bp.com)

February 2004

bp



John Browne  
group chief executive



# agenda



- 2003 in perspective
- current issues
- segment performance
- strategic implementation
- 4Q & 2003 results
- q&a



# 2003 in perspective



- maintaining momentum today
- building capability for the future
- record proforma result of \$12.4bn
- stronger oil and gas prices than expected
  - ▶ growing demand
  - ▶ OPEC discipline maintained
  - ▶ low inventories



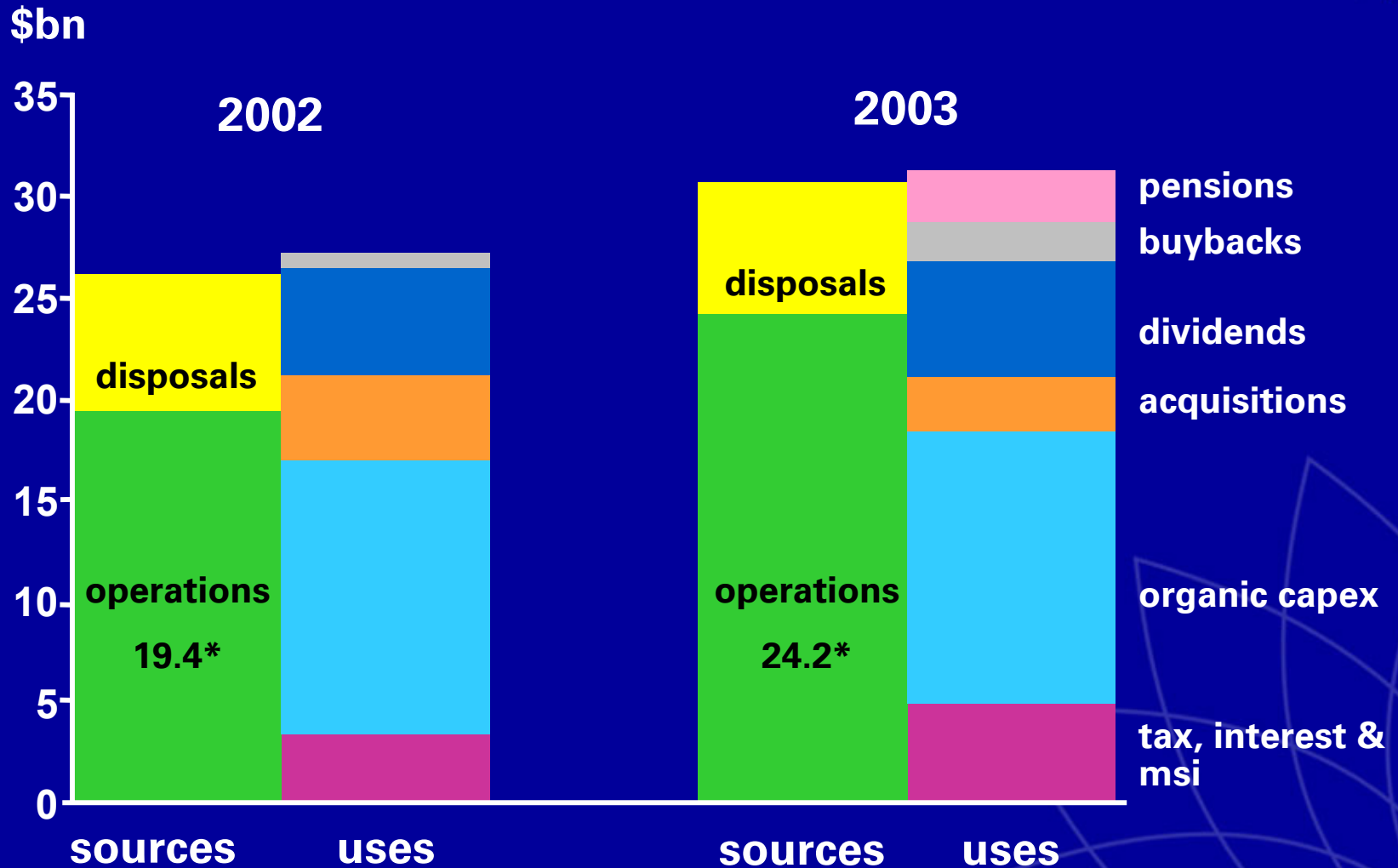
# highlights of 2003



- TNK-BP complete
- reserve replacement
  - ▶ 122% organic
  - ▶ 158% post acquisitions/divestments and including JV's/associates
- five new profit centres on track
- production of over 3.6mmboed
- LNG equity production up 42%
- Veba integration complete
- oil product sales growth
- leading gas marketer in US
- petrochemicals productivity



# sources and uses of cash



\*before discretionary pension contributions of \$0.1bn in 2002 and \$2.5bn in 2003

# reserves: performance & process



	<b>BP subsidiaries</b>		<b>including JV's and associates</b>	
	<b>2003</b>	<b>99-03</b>	<b>2003</b>	<b>99-03</b>
<b>reserve replacement</b>				
excl. acquisitions & divestments	122%	153%	109%	149%
incl. acquisitions & divestments	41%	140%	158%	169%

- reserves booked at or within one year of sanction
- central internal review process
  - ▶ in place for 15 years
  - ▶ changes >25 million barrels require authorisation by independent central BP team



# Russia



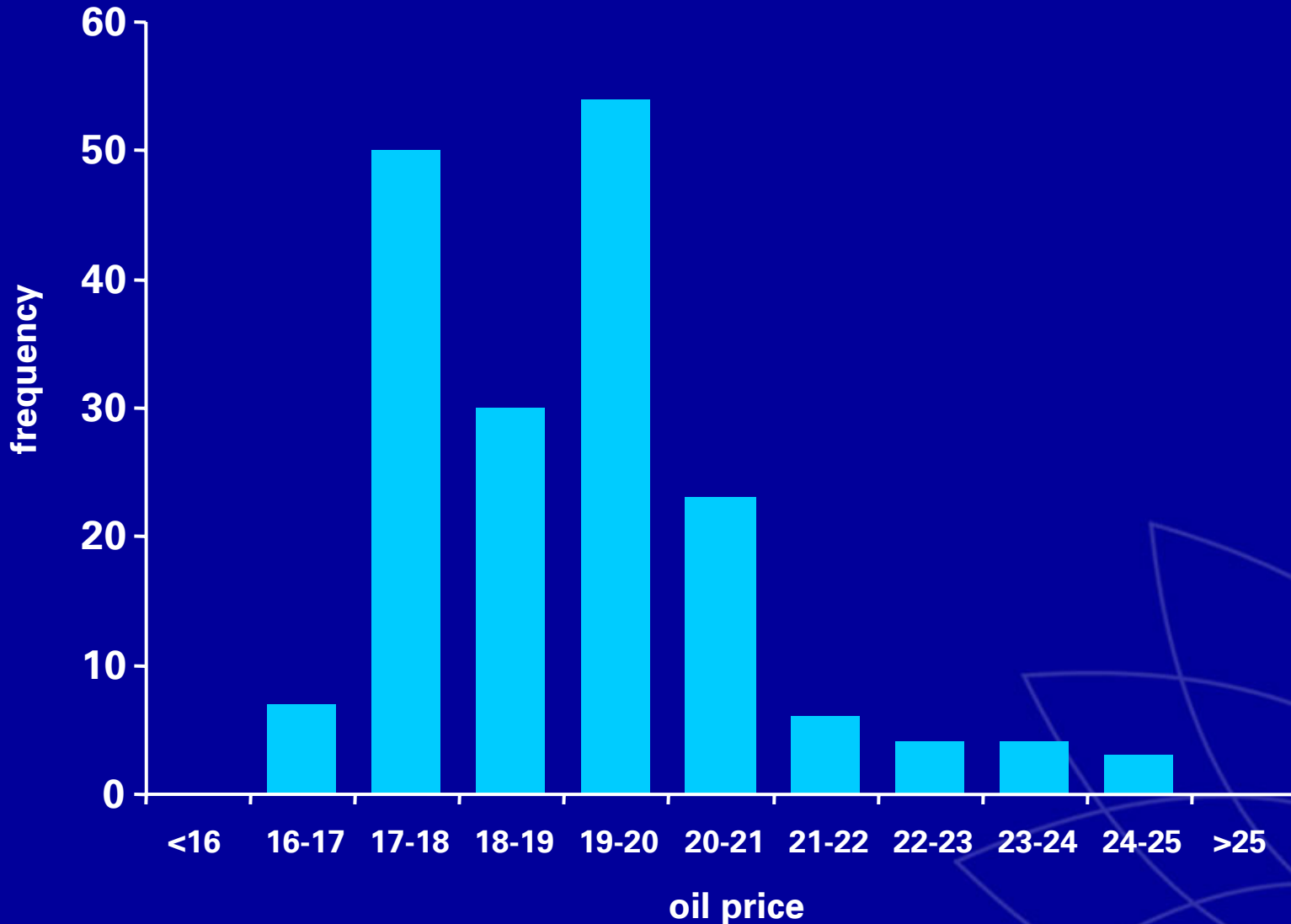
- long term strategy unchanged: short term plans improving
- around 4% of BP end 2003 capital employed (on UK GAAP basis)
- around 9% of BP end 2003 capital employed (including deferred share payments and Slavneft)
- around 18% of BP 4Q 2003 oil & gas production
- around 10% of BP end 2003 oil reserves\*
- production up 14% in 2003

\* including JV's and associates

# oil prices: the last 20 years



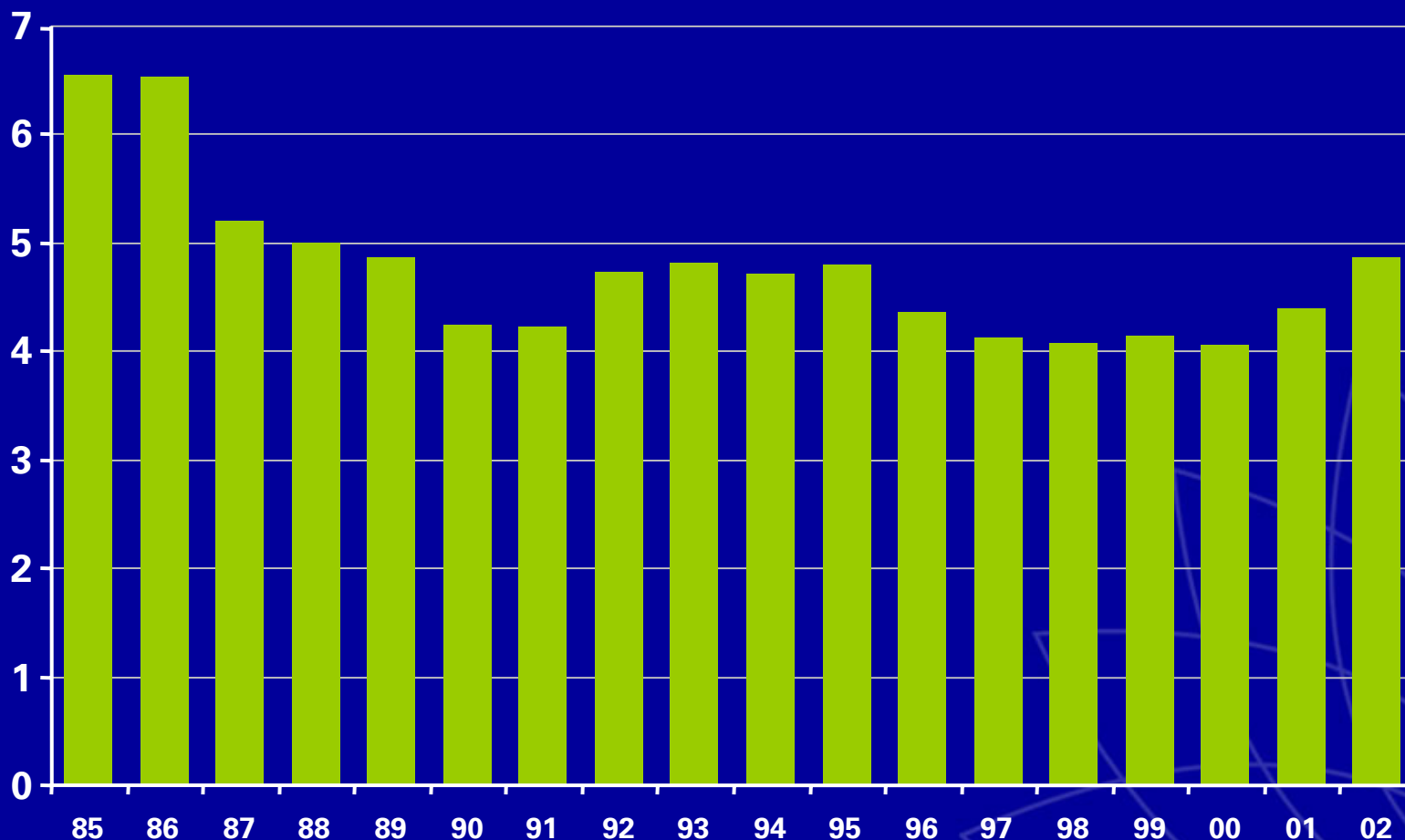
**Brent 60 month moving average oil prices 1984-2003**



# oil majors: finding & development costs



nominal \$/boe  
major companies\*: consolidated F&D costs  
5yr moving average



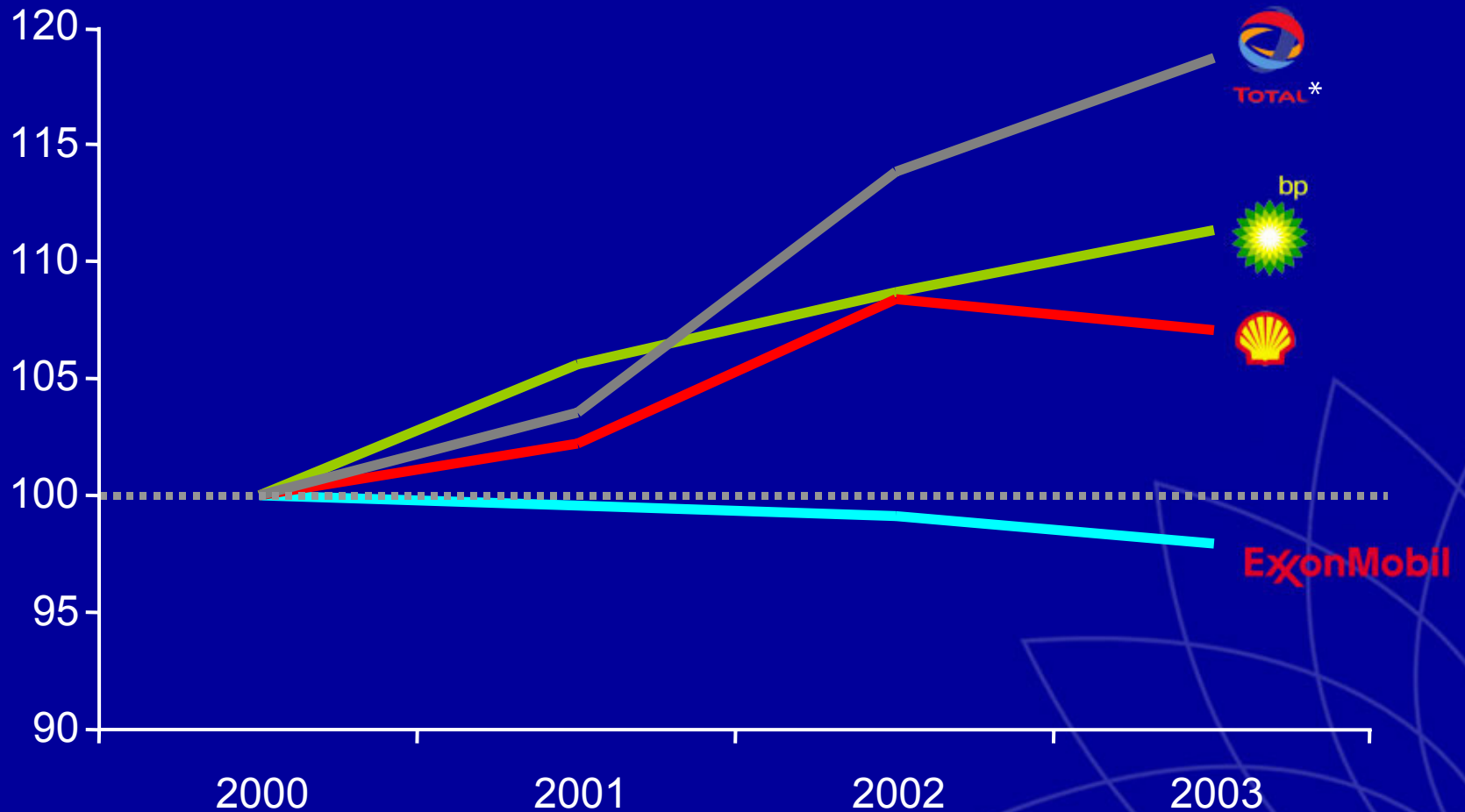
\*data set includes BP, ExxonMobil, Shell, ChevronTexaco, ConocoPhillips

# production growth



boe production  
year 2000=100

## boe production growth



\*TOTAL: 9 months 2003

# exploration and production



- expected 2004 production capacity of over 4mmbaed
- in line with previous guidance after adjusting for portfolio changes; expected outcome at lower end of range
- capital expenditure 2003-04 below previously expected range
- 2003 lifting costs on track



# customer facing businesses

- gas, power & renewables
  - ▶ equity gas to LNG plants up 42% year on year
  - ▶ capacity rights for supply into the UK
  - ▶ progressed North America LNG regas
- refining & marketing
  - ▶ improved cost efficiency
  - ▶ like-for-like volume growth
  - ▶ refining availability remains high
- petrochemicals
  - ▶ industry margins weak
  - ▶ continued action on costs
  - ▶ portfolio being adjusted



# patterns of investment



\$billions	2002 actual	Feb. 2003 estimate	2003 actual	2004 estimate
<b>capital expenditure</b>	<b>13.3</b>	<b>14.0 - 14.5</b>	<b>14.0</b>	<b>13.5</b>
exploration and production	9.3	9.8 - 10.2	9.7	9.0
gas, power and renewables	0.3	0.4 - 0.5	0.3	0.6
refining and marketing	2.7	2.7 - 3.0	3.0	2.8
petrochemicals	0.8	0.7 - 0.9	0.8	0.9
other business and corporate	0.2	0.3 - 0.4	0.2	0.2
<b>acquisitions</b>	<b>5.8</b>		<b>6.0</b>	<b>1.4*</b>
<b>divestments</b>	<b>(6.8)</b>	<b>(3.0 - 6.0)</b>	<b>(6.4)</b>	<b>(3.0 - 4.0)</b>

\*2004 year to date = Slavneft

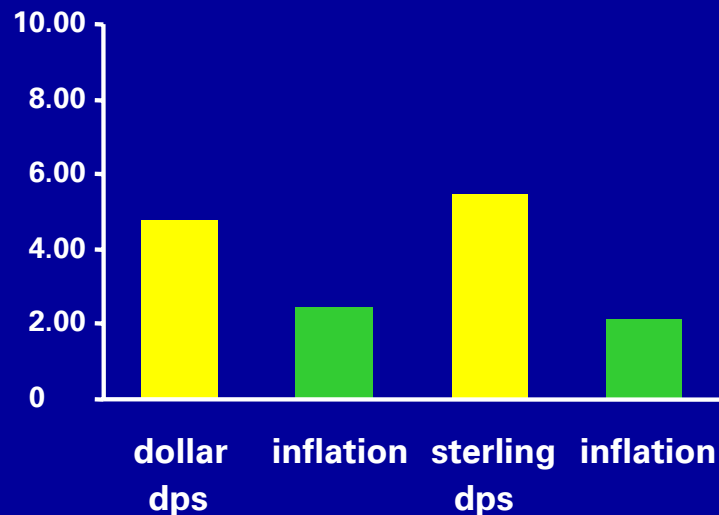
# dividends



	5 year	20 year
dollar dps	5%	7%
inflation	2%	3%

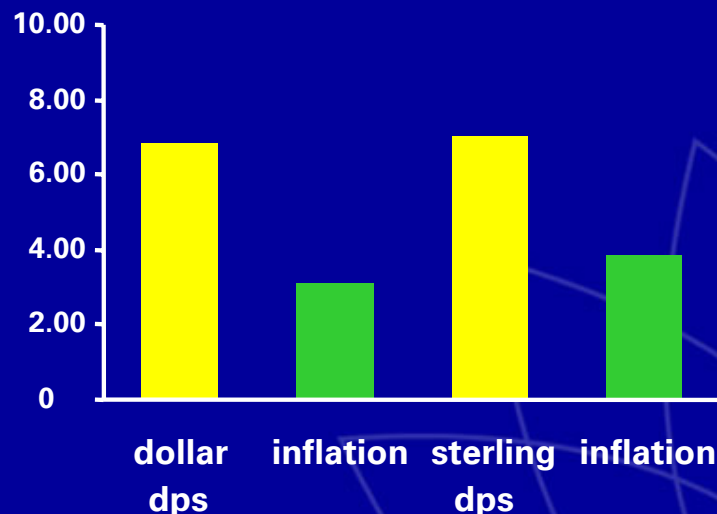
	5 year	20 year
sterling dps	5%	7%
inflation	2%	4%

CAGR %



5 year average

CAGR %



20 year average



# distributions

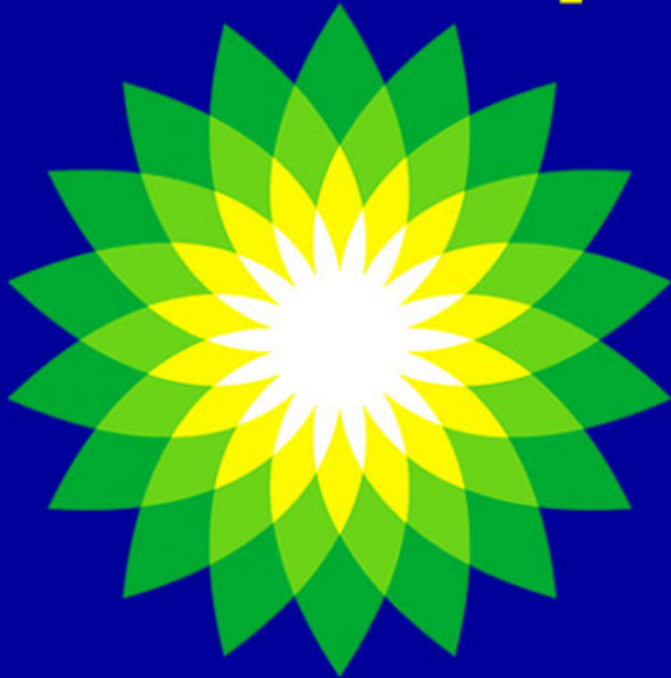


a balanced framework

- dividend policy - building on track record
- stock buybacks
  - ▶ \$6bn since 2000
  - ▶ continuing in 2004



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Byron Grote  
chief financial officer



# trading environment



4Q 02	3Q 03	4Q 03		full year	
				2003	2002
average realisations					
24.78	26.79	<b>27.30</b>	liquids \$/bbl	<b>27.25</b>	22.69
2.87	3.08	<b>3.18</b>	natural gas \$/mcf	<b>3.39</b>	2.46
21.03	22.58	<b>23.15</b>	total hydrocarbons \$/boe	<b>23.69</b>	18.88

## indicator margins

2.76	4.59	<b>3.14</b>	refining \$/bbl	<b>3.88</b>	2.11
108	109	<b>114*</b>	petrochemicals \$/te	<b>113*</b>	104

\*provisional

# financial results

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- results for the fourth quarter

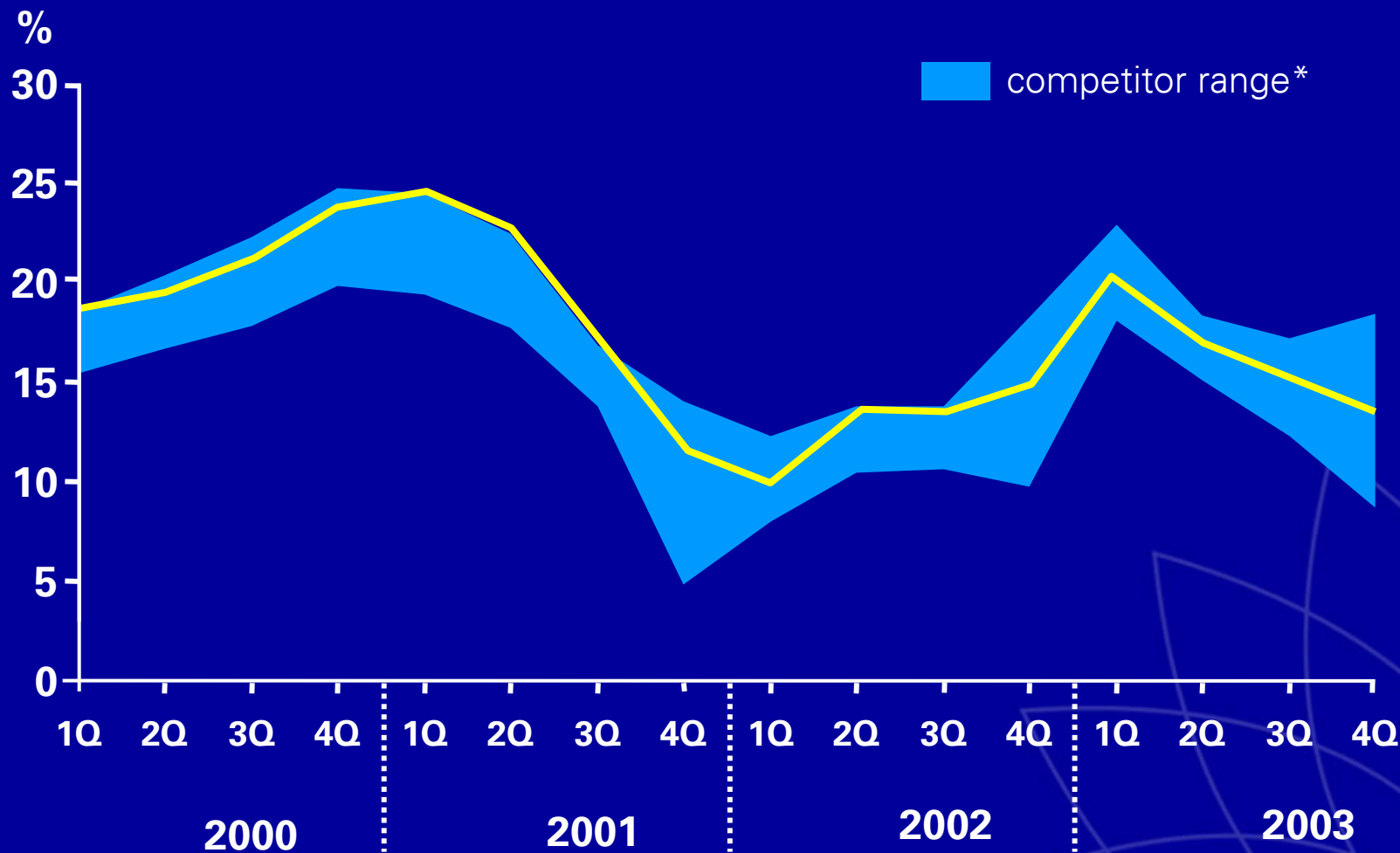
		<b>% change vs. 4Q 02</b>
▶ proforma	\$2.7bn	1
▶ replacement cost	\$1.8bn	7
▶ historical cost	\$2.0bn	203
▶ net cash from operating activity*	\$3.5bn	(44)
▶ dividend	6.75¢/share	8
▶ ROACE (proforma)	13.4%	

- results for the year

		<b>% change vs. 2002</b>
▶ proforma	\$12.4bn	42
▶ replacement cost	\$9.5bn	103
▶ historical cost	\$10.3bn	50
▶ net cash from operating activity*	\$21.7bn	12
▶ dividend	26¢/share	8
▶ ROACE (proforma)	16.0%	

\*after discretionary pension contributions of \$1.6bn in 4Q and \$2.5bn for the year

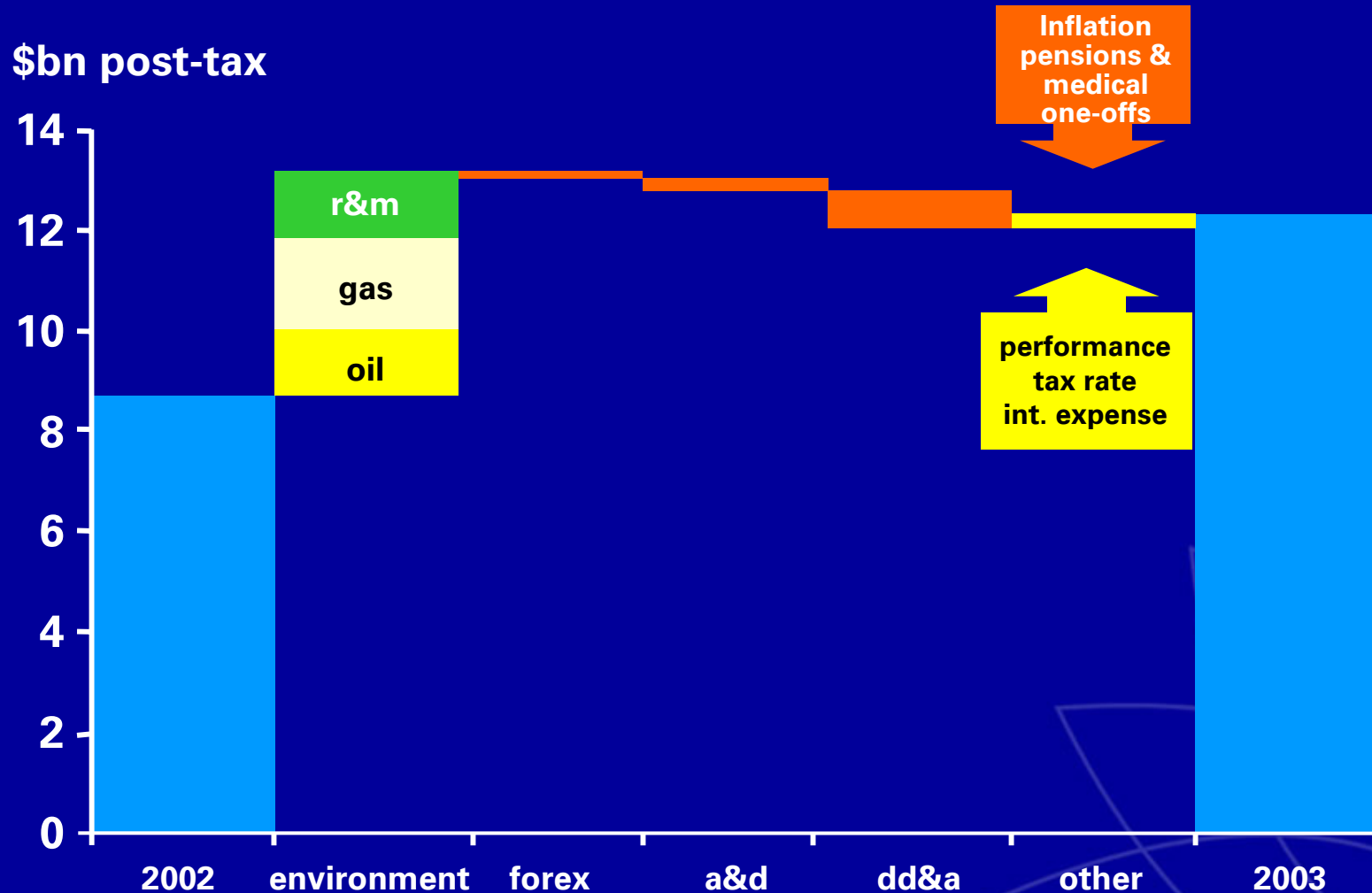
# return on average capital employed



\*BP, ExxonMobil, Shell, ChevronTexaco, Total

ROACE = (proforma result + after tax finance interest + MSI) / proforma ACE

# 2003 vs 2002 result proforma basis\*

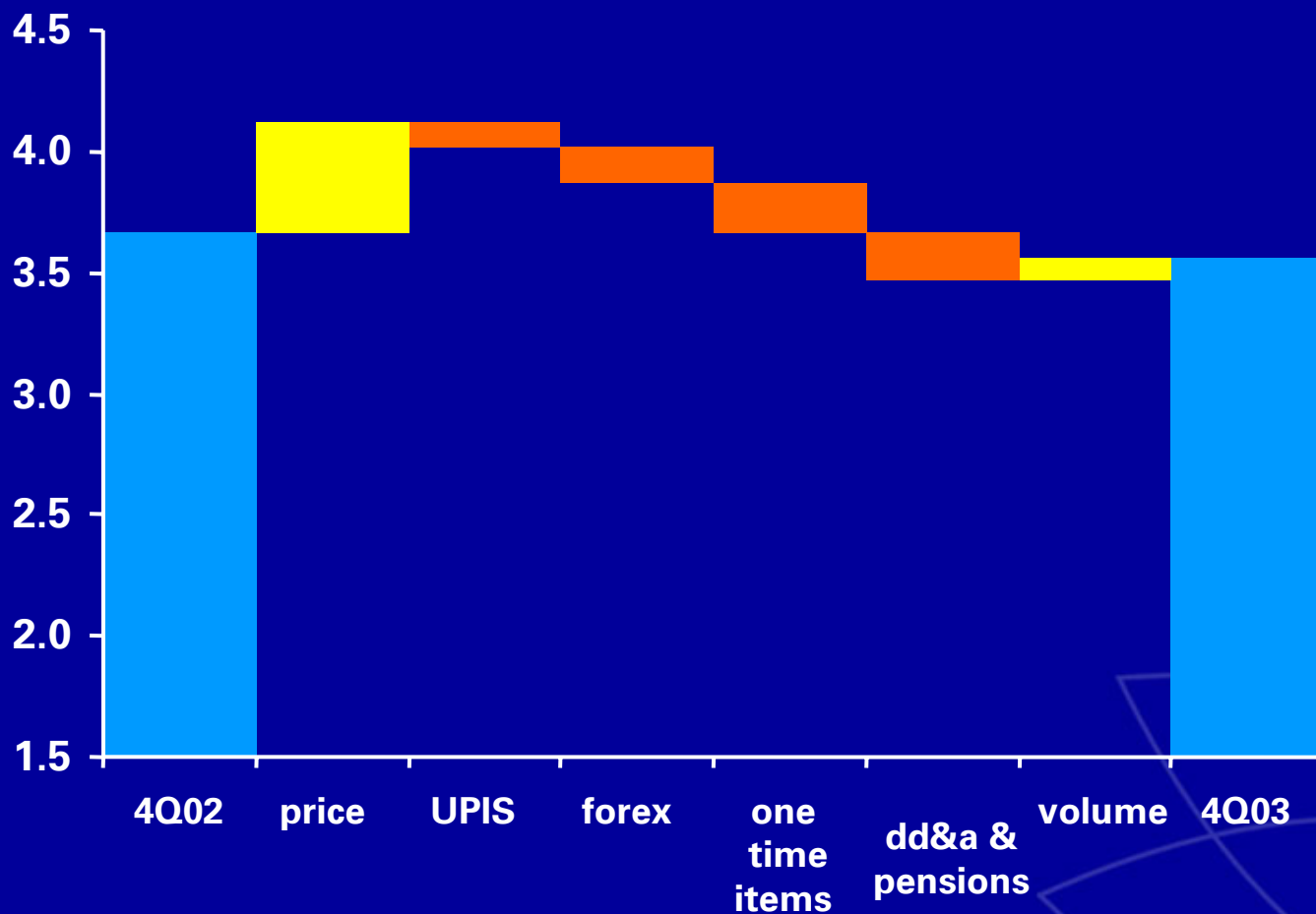


\*a reconciliation to the nearest equivalent UK GAAP numbers is available on [www.bp.com](http://www.bp.com)

# 4Q03 vs 4Q02 e&p result proforma basis\*



\$bn pre-tax



\*a reconciliation to the nearest equivalent UK GAAP numbers is available on [www.bp.com](http://www.bp.com)

# TNK-BP



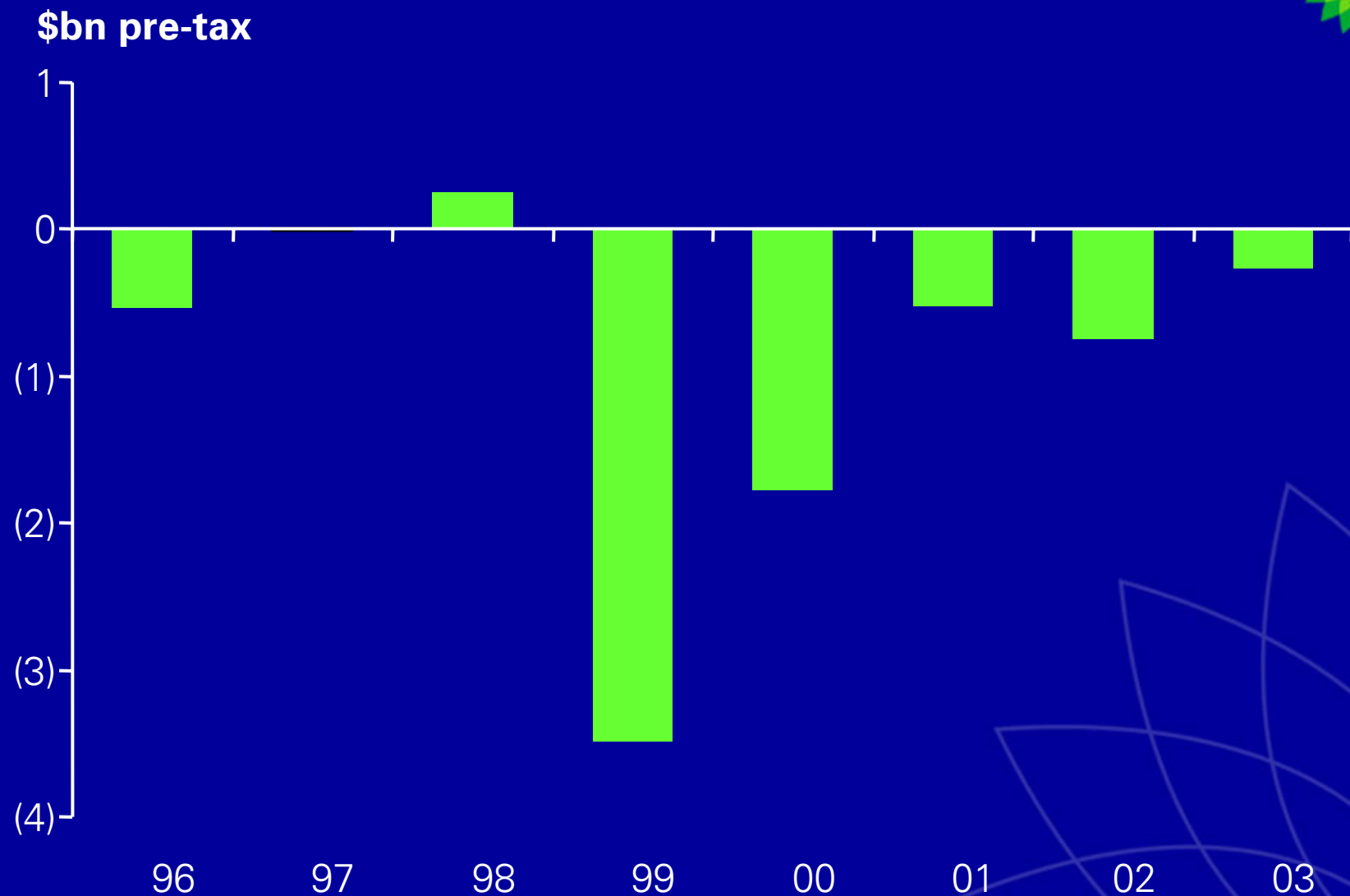
\$m impact on BP 2003 results

	<b>3Q 33 days</b>	<b>3Q - 92 day equivalent</b>	<b>4Q</b>
BP share of TNK-BP net income	114	318	278
deferred shares consideration accretion	(9)	(25)	(25)
impact on BP net income	105	293	253
production (mboed)	249	695	720

- \$297m dividend received in 4Q
- Slavneft purchase completed January 16<sup>th</sup> for \$1.35bn net



# special and exceptional items



# accounting and policy changes



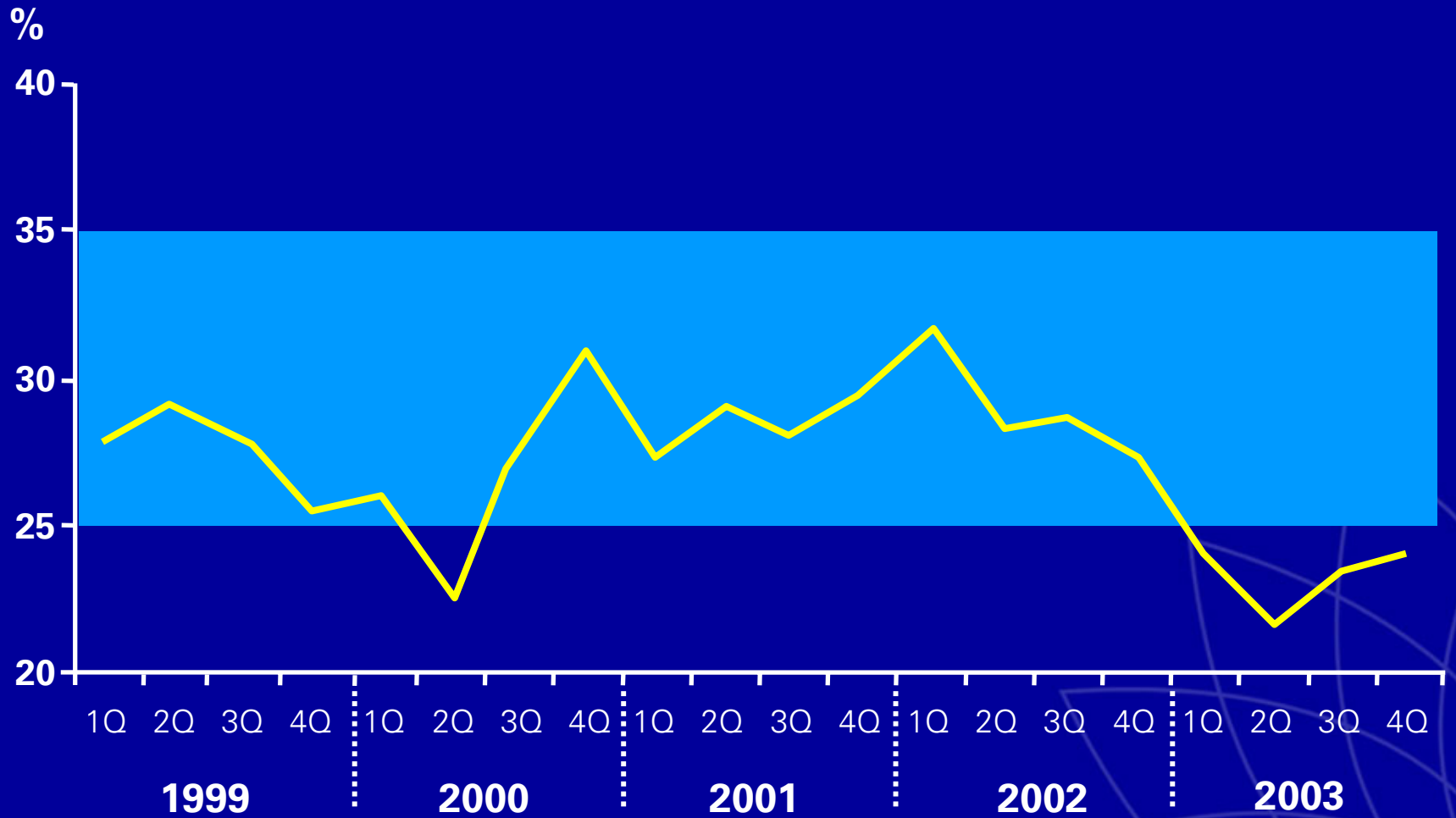
2004:

- ▶ specials & exceptionals
- ▶ FRS17 accounting for pensions
- ▶ ESOP share accounting

2005:

- ▶ IFRS (international financial reporting standards)
- 
- BP focus remains on cash flow and actual performance

# gearing



proforma gearing = net debt/(net debt + equity - acquisition adjustment)

# q&a session



John Browne

*group chief executive*

Byron Grote

*chief financial officer*

Fergus MacLeod

*investor relations*

