

## FY09 results E&P telecom Western Hemisphere call

### Andy Inglis

Many thanks and good morning, good afternoon and good evening to everyone on the line. We have everyone in the Western hemisphere – if I start in North, from Anchorage through Calgary, Houston, Bogota, Caracas, Buenos Aires, Port of Spain, Sunbury and Luanda – we literally I think have more than half of the business on the line and really appreciate you spending the time with me today. I think these sessions are hugely important. It is an opportunity for me to give you an update on where we are, but most importantly it is an opportunity to have a real conversation and really try and address some of the key issues that you are being asked by your teams and hopefully out of that we can create some real quality communication.

I am going to use some slides today and this is an improvement, hopefully, on prior quarterly conversations. This was as a result of feedback that you've given and what I would like you to do with the material is then to share it with your team, so the purpose of this really is about cascading the information and my expectation is that you will share it in the right way with your teams. Just to stick with the theme of feedback, [Melody] is going to send you all a form to fill out which will mark me in terms of how well I have done, but it is also a great opportunity for you to say how we can continue to improve these calls and therefore get the most out of them.

The agenda in the upstream does not change: it is safety and it's people performance, and today I am going to start with safety and then I am going to go to performance and talk through the lens of performance with the fourth quarter results. Then I am going to come back to people and that is actually the big focus of sector leadership: how do we leverage the capability in the organisation? I want to talk with you in particular around the intent of sector leadership, so you are confident about communicating with your teams as you see changes announced literally this week and in the coming few weeks.

So, if we go to the first slide, what I would like to talk about is our performance in 2009, through two lenses: through personal safety and process safety. The key metric we are looking at on personal safety is the bottom of the safety triangle, the recordable injury frequency, and I am pleased to say that 2009 versus 2008 we had a 12% improvement, the RIF rate going from 0.47 to 0.37. In a sense that is just a bunch of numbers. I think the most important thing out of this is, as a result of your efforts as leaders in the business and your teams, 101 less people were injured in 2009 than in 2008, and that is what this is about – a real cultural value within the upstream that safety is part and parcel of who we are.

We endeavour every day to make the working environment safe for everyone who works in it and the goal is that everyone returns back from the workplace in the same condition that they started. So we've still got room to improve and I think that is the request here. Great improvement in 2009 and we need to continue that improvement in 2010. I am confident, from all the conversations I've had with each of the SPUs it's absolutely on their agenda. This has become a core cultural value and one which we are going to continue to press on and we cannot be complacent. I do want to emphasise, as we have the conversation around sector leadership, nothing changes in terms of safety being our number one priority.

The other lens is process safety. The view graph shows the number of integrity management-related major incidents. The key input measure that we are focusing on in the same way as RIF is loss of primary containment, and we had an 8% improvement in LOPC in 2009 versus

2008, again significant improvement and the goal here is to continually improve. I had a great conversation yesterday with the SLT as we reviews our 2009 performance in this domain. Adrian Luckins from the North Sea who is heading up the HSE and engineering function there talked about the approach in the North Sea, and I think it is very interesting that they have gone back and looked at root causes and, actually, it's not about poor plan design; it is actually about rigorous adherence to operating procedures and strong control of work, in particular control of work in the reinstatement of planned turnarounds.

Of course all of this speaks to actually engaging the front line in building a culture where we do not have leaks and I think that is the place we need to get to – the same intolerance around leaks as we have around personal safety incidents. So a lot of learning here and I think we are getting a deeper and deeper understanding of how we improve our operating integrity and the focus on leaks is the absolute priority of process safety in 2010. So we look back and say thank you – it is a safer business and the goal now is to ensure that we create an even safer business in 2010. I know that is absolutely the intent of each and every one of you.

Turning to **performance** now, I want to start with the results. It was an interesting day in the market. From an upstream perspective I can say we delivered a number of 7.1 million which was a very strong result and significant growth quarter-on-quarter, versus the fourth quarter of 2008, and bang on the analysts' expectations but actually at one point the share price fell by 5% yesterday. If you were to summarise it in one issue it was a real concern about is there continuing momentum from BP and can we actually see future growth in the business, both in volume metrics and in an operational sense and cost sense from both divisions, actually; both the upstream and R&M.

If I look at R&M, the result was actually pretty good compared to competitors. They actually made a profit, whereas others have lost money I think uniformly across our competitors. The market had mis-forecast and you sort of put that to one side, but the real question was, in a very depressed refining and marketing sector, is there the ability to continue to improve our business. Great strides made in 2009, but is there an ability to continue to improve, and that is the story that Ian will be talking to in March, about further drive and further efficiency in R&M in response to a very tough market.

In E&P the issue was really around great production growth in 2009 and you can see from the slide, 4% delivery year-on-year by year end, and there was this issue of can it continue and do we have confidence that it can continue, and we were very clear with the market when we talked to them a year ago that we were going to grow between 1-2% index from 2008. We clearly over-achieved in 2009, which is great, thank you. Naturally, having over-achieved in 2009, there is a flattening period in 2010 and we were clear about that, so we did not create false expectations. There is nothing new in there. Then the question immediately comes back to the confidence to grow in 2011 and 2012, so I did go to great lengths to explain to the market that I am confident because the base has been performing and performing well. The liability has improved. We've driven efficiency into well work and into infill drilling – all the things that you've done to make the business better – so confidence in the base delivery.

Then I went through the strong list of projects that are going to start up in 2011; three in the Gulf of Mexico, a couple in the North Sea (Scarb and Valhalla); PSVM in Angola; Liberty in Alaska and Siret in Trinidad. Only a couple's going to start up in 2010 but eight large projects in 2011, so confident that the growth is there and confident in our ability to sustain that growth with a long list of projects that are going to FID in 2010 and 2011 – 12 major projects FID in 2010 is now in 2011, so the growth is there and I think the market is going to continuously test us, though, in 2010 that we don't decline too much. We talked about it being slightly down and there was a prior period that was a correction in 2009 and then there was the lack of a

hurricane season in 2009 which will benefit, but it does mean as we come to 2010 without the large number of start-ups that we need to focus on running the business well and running the base well.

So it is about going after what I would call our major project in 2010, which is the 400,000 barrels a day of losses that we have – you take 10% of those away and then you have the major project start-up, and it is about ensuring that we bring really high quality to our base management. We have driven efficiency in now and we need to ensure that we are leveraging that efficiency into high quality investments in the base. So, for all of you involved in both E&C, reservoir wells and operations (which is actually most of the people), a huge amount of focus now on really continuing the operational momentum we have to make sure that the base runs well. Then the challenge for the new central development organisation is to get after that long list of projects they are going to FID and ensure that they are on track. So it is an interesting day and I do think it does come back to the fundamentals about no matter how well you have done, there is always an expectation that you can do better and unfortunately that is the nature of business.

The second issue that they were worried about was about **cost momentum**. I want to go to the next slide – it is a new slide that I don't think actually any of you have seen before, because I only made it yesterday, but what I wanted to do was illustrate actually what's going on in terms of our cost momentum versus our competitor set. This is a plot of net income per barrel and deviation from the historic trend and what it says is, therefore it is normalised for price and it is sort of saying this is what you'd expect at a certain oil and gas price; what net income should you be delivering? The grey is the competitor set and the black is the average competitor set, and the green is BP, and as you can see from the period of 2006-2007 we were bottom of the pack with the biggest deviation from history, and that was generally about too much cost in the business – too much overheads and too much cost in the business.

We then had in the period starting at the beginning of 2008 the impact of the forward agenda and you can see us getting back closer to the average of the competitor set. Everyone's curve came down in Q4 2008 as we had the impact of lower prices – prices dropping down \$40 and still having \$100 plus cost. What is interesting in the curve there is, because of the forward agenda, we started to respond faster, so what you can see for the first time in 2009 is that we move above the black line and that is because of the pace at which we were bringing through the cost savings.

I want to go to the far right-hand side of the chart which actually says what happened in Q4 and of the companies that have reported to date it actually shows that we're all about at the same point; we have all actually converged now. The message I want to leave you there is to say great performance on driving cost efficiency into the business. We did not stop maintaining our plan. We did not stop training people. We did not stop building a high-quality development offer. We did drive efficiency into the business, but the world does not stand still. The competitors have responded and you can see there, in terms of the way that we have coalesced to the same point in Q4 2009, all of which talks to the importance of what we are going to do next in terms of sector leadership. So, great job, but the world and the competitors don't stand still.

What we did do yesterday was reinforce the **quality of the portfolio** that we had built in the upstream, and this is a list of milestones and achievements that underpin that confidence in long-term growth. So the list of FIDs gives you confidence in terms of delivery of volume in the sort of 2012-2015 period. This is about things that are going to then secure growth in the second half of this decade and a really strong performance in 2009 in a new access with Iraq – the Sanga-Sanga coal bed methane and West Papua acreage in Indonesia; access into Jordan,

new country access, and new high-quality acreage in the Gulf of Mexico and Egypt; continued exploration and appraisal success – Tiber is a giant discovery and I am losing track in Angola, but it is I think 17, 18 or 19 discoveries in Block 31. Actually, an important appraisal addition in Mad Dog – we now have three giant fields in the Gulf of Mexico: Mad Dog Atlantis and Thunderhorse. Project start-ups: Tangu – 3 projects – Gulf of Mexico, [Sabanet] and Trinidad, and then the two projects in TNK and then actually a relatively short list of projects that achieved FID which brings you back to the importance now of the FIDs that will occur in 2010 and 2011.

The most important thing that I emphasised to investors yesterday was, remember, we replaced 250% replacement ratio for resource. That sustains long-term growth. Reserves replacement ratio of 129% - the 17<sup>th</sup> year we have done it and 129% is absolutely consistent with a 1-2% production growth, so we're filling the tank in at absolutely the right rate and the frustration of course we all have is that everyone looks at a quarterly production number but what they need to be looking at is the reserve replacement ratio, so very strong on there and in particular on the reserves I know that every one has contributed, who work in the reserves teams across all the SPU's, and this was across the board. Without TNK it would have been 100% and without the STC rule changes it would be over 100%, so it is generally strong performance everywhere.

If you turn to the **share price** and how are the shareholders feeling, they are feeling better; they did not have a great day yesterday, as you can see in terms of the relative performance, but we should be very proud of what it is we delivered in 2009 with over 40% gap that we opened up versus Exxon over a 12-month period and that really is stunning performance. The trick now of course is, having created that sort of differential, everyone's going to be looking to see, actually, is the momentum still there? Is it a time switch from BP back into Shell, or whatever, and that was the sentiment yesterday so we need to be confident about the story that we are telling for the future and clearly that has to be based on real sustainable actions.

That is where I want to go next and actually talk about sector leadership and why the need for change, and I think the events as we reported the fourth quarter absolutely underpinned the need to continue to ensure that we are competitive and it is great to see the progress we have made. I don't want to be in the pack. I don't want to have demonstrated that it was an okay performance. My goal is for BP to be the leading oil and gas company in our sector and to hold that premium position over a decade. We are just at the start of that journey, now, and what is very clear is that just doing what we are doing is not going to get us there. We have to continuously improve the business. I think this is a view graph which I am sure you have all seen, but it just makes the point that we've been very good at growing volume and yesterday was part of that story – very good at growing volume, but the thing that people worry about is, is that volume metric growth actually going to be represented in terms of high quality returns. You can see one company did it really well in the last decade, and that was Exxon.

You can see from the numbers here that their return on assets is much higher than ours. There was some commentary in the press yesterday around the fact that we're producing as much as Exxon in production terms today, but their market cap is 40% higher than ours and the reason it is, is that for every \$1 that goes in, they get \$1.40 out, and that is what the right-hand view graph shows quite graphically. In terms of this decade, 2010 onwards, it's game on now and how is it that we're going to actually close that gap and create the same financial outturn from our asset base that they have managed to do. The sector leadership agenda therefore is about two very simple concepts. The first is all about strengthening our portfolio so that we can create stronger returns from the assets that we invest in. It is about, firstly, better allocation of capital and human resources, and one of the key messages yesterday to the investors was that we do have quality through choice.

We are not constrained in terms of the material we are working on, but I believe through making better decisions about where we allocate our capital and then have better allocation of the human resources to unlock that asset base, we can drive quality through choice. That will be a significant factor in terms of closing that gap, in particular the front end – how we make the choices at the front end – the things we bring into the portfolio and choose to develop and actually making sure that we truly appraise the opportunity so that we make good capital decisions is absolutely part of that. One of the things that I think we have done poorly is that front-end appraisal, which is to truly understand the resource base and its characteristics before you start spending money on engineering and progression of a project. So the discipline at the front end is key and once you have created a better understanding of the resource, you can then create a better path to actually fully developing it. That is one of the reasons why the front end geologic appraisal is now going to be undertaken within the remit of the exploration team and the facts are pretty self-explanatory. We have not been great at drilling appraisal wells.

Wildcat has actually been better and simply, on the first point of exploration, throwing the discovery across to an appraisal team, having to recreate all that knowledge and recreate the fundamental understanding of the asset is a very poor way to execute the business. So bringing real rigour and coherence to that front end I think will allow us to better allocate capital and therefore the human resources, and the second big thing here is a much stronger linkage between technology and our portfolio. I just want to remind everybody that our role in IOC is to operate at the frontiers and do what others cannot do, because we have better technology and the capability to apply it. Tiber is an example of that – the deepest oil and gas well drilled in the industry and we did it because we had the technology to do it and the human capability to execute it. It opened up an important resource base for us, but we have got to get better at having the technology which is appropriate to our portfolio and we have clearly got a portfolio that has great deep-water prospectivity, but it's got to be about greater water depths; deeper wells; higher pressure and higher temperature.

We have a portfolio that has great unconventional gas resources and how do we truly leverage that globally. We have a resource that is about getting the most out of some of the great oil reservoirs of the world, moving recovery rates through EOR, better infill drilling and all of that is core to our portfolio. Technology is not a bi-product. It is not something you invest in because one needs a technology agenda. It is actually core to the future and if we are truly going to become the world's best oil and gas company, we need to have the technology that will drive the most out of our portfolio. The second big idea is to sustainably drive efficiency. Two big thoughts there: one is about a centralised development organisation to deliver our major projects and it is clear we have not been the best at major project delivery. The numbers are fairly clear on this. If you look over the last five years, our operated projects were some 20% over the not-to-exceed limit that we set in the FMs. If you just close that gap, that would be about half of the returns gap to Exxon. The opportunity is huge and I've debated this very hard with myself, with my team, with a lot of you around what's the best way to get after this opportunity. I genuinely believe now this is not about more process. We could have created a stronger and stronger central functional organisation; the problem with that is you just end up with more assurance, the SPUs get better at fighting back and both groups grow at that point, the SPU grows, the central function grows and all you get is better execution of process; I don't think you get a better business outcome. Actually pulling the line and function together within CDO is the leverage here.

Again, the evidence is compelling. We have so many sub-sea tiebacks we're going to do now in the North Sea, in Angola, I just reviewed one today in Egypt, Gulf of Mexico. If you try to execute each of those individually within the region, within the SPU, we haven't got the resources to go around. We don't have the human capability, we end up designing four

different approaches, we go to the market in a fragmented way and we lose a huge amount of efficiency, and we introduce risk. That's not a [form that'll invalidate] a company. I believe there's a huge amount of opportunity here and I was passionate about it six months ago, I'm even more passionate that this is the right way to go.

The second big access to performance is through truly bringing the line and function together within the SPU. This is really about a big shift from saying that you create performance in the upstream from having 200 assets that are optimised to actually saying performance comes through the real execution of what underpins and oil and gas company, which is great exploration, great reservoir management, great drilling, great operations, great finance, HR; it's having the functional underpinnings to truly drive performance. Every SPU was designed differently, every asset was designed differently, we didn't have big leaders in place who truly knew the opportunity set, who truly knew what good was about.

All of you will get fed up of me talking about this, but I had my moment when we actually centralised the drilling organisation in the North Sea. People who have known me for some time will have known when I was an SPUL or a Business Unit Leader; there was no way I would have gone to this centralised function. I generally believed in an integrated team and the power of that model. It was great when we were a million-and-a-half barrel a day company; now we're 4 million barrels a day, we're not leveraging it sufficiently and each SPU has a scale now to drive real quality into their performance. We saw it in the North Sea when we centralised drilling, and [Morty] and the team there have moved, it'll be a debate whether they were third or fourth quartile, but I think genuinely they can say they're in first quartile now. It's a big saving, \$200 million from there. The opportunity set here is huge and it excites me that we can now from the segment perspective drive the drilling agenda, not by having a functional organisation just trying to force stuff in, but it's Barbara Yilmaz sitting around the table with the drilling directors in every SPU, they're deciding what actually occurs; it's not being done to them, they decide, because they're knowledgeable. Those are the big thoughts behind it.

I just want to finish with one last slide and then go to Q&A, which is about we're going to go through a period over the next few weeks about boxes and wires, names in slots and a lot of it's going to be focused on the structure of the organisation. I just want to drag you back a bit from there and remind you about what are the things we should be talking to our staff about as we go through this transformation? There are five things on here that I keep coming back to ask I town hall and debate this with the organisation and I want to spend a couple of minutes going through these, because I do think they are the core of what it is we're trying to communicate.

The first is this notion about clear accountability in a simplifying structure will replace lots of process. What do I mean? What I mean is that if you look at the organisation within an SPU now, VP of Ops, VP of Drilling, they're individuals that truly know what good is about, they have real accountability for delivering their operational or their disciplinary, and it's no different between the technical disciplines as it is with Head of HR, Head of Finance, Head of PSCM, but I deeply believe that this organisation will be more affective by having those areas headed up by someone who's truly competent and deeply capable in that domain area than having a lot of process to check on people.

Why did we get to process overload in the upstream; because to be honest I think we had some Generalists trying to lead assets that didn't actually have the depth of knowledge and the capability to truly know what good was about, to drive performance and/or mitigate risk; and all that does is create a lot of process. If you don't trust that the Lead is truly competent then what do you do? You end up checking and that drives assurance, that drives a lot of process. We struggle to strip process out of the SPUs and I think the way we're going to do this is by

actually trusting the people who are in charge, trusting the people that have the accountability in their areas because they're deeply competent and capable. That to me is one of the most important things that we're going to be saying to the organisation is that this is about holding people accountable, but being confident in holding them accountable, because they're deeply skilled. Hence this core point about people in sector leadership; it is about leveraging the capability that we have in the Company and truly saying to people, "I trust you, because I know that you're deeply capable and actually, you can make the best decision". You don't need a bunch of people coming in and checking you.

Again, anecdotally, I wondered around the company last year; one of the big issues around assurance was the people that are coming to check aren't actually more competent than the people that are doing the work; who's checking who here? You don't need it; you need people who feel the accountability and therefore I think through real felt accountability we're going to get better performance.

The second point is hugely important and is a thing which is subtle, but it's really, really important about how we plan. We've evolved from an asset world; we've evolved in the BP world. When I was a Business Unit Leader, 40 assets and we all would have our own autonomy and we were fiefdoms and we created our own business plans, business plans were then added up. The Company's got bigger, so we do business planning at the asset level, we do business planning at the SPU level and then we do business planning at the segment level. The problem is we're just adding up three sets of business plans and usually what happens is you have the assets, produce a business plan, it's added up at the SPU level, the SPUs, production is low, costs are high, recycle, a new set of business plans come in, I do the same at the segment level. Eventually through that process we get a set of business plans that are in place, we've done it a bit earlier, but usually what happens is the business plans are there in January and February and then you at the front line are left to figure out what activity set do I actually pursue to deliver the business outcome. By June we've figured out actually the business outcome isn't one that we can actually do, because we haven't got an activity set to deliver it. It's a caricature, but what it says is that the essence of world class operations is high quality activity planning, so at the business level, at the asset level what we need are high quality activity plans and the Area Ops Manager is the person that's going to own those activity plans.

A big, big new idea in this transformation is that we get high quality activity plans and those activity plans drive efficient execution. They're driven off OMS, it's about understanding the priorities, it's about building activity plans that close those gaps and continuously improving. Business plans occur at the SPU level and that's about ensuring that the activity plans actually do convert into a high quality business in a financial set so that none of that changes. At the segment level what I need to be doing is worrying about a strategic plan, which is ultimately about the quality of the resources, the 10, the 20-year picture, and that's what Andy Hopwood's doing now as part of the SET, so getting the right planning at the right level with world-class experts that are doing it. I think we do have an issue today where we don't have the depth, the skill around activity planning in all of our businesses. You can't run a manufacturing business without high quality activity planning.

The second big point is about points of optimisation. We're not trying to optimise across 200 assets, because otherwise we just turn up the aggregation of 200 independents; that's not a 4 million barrel a day company, so we need to be clear that there's a point of optimisation at the SPU, it has a business plan which makes sense, it is strategic and then we optimise at the segment level in terms of where we allocate capital and allocate people. That's core to what it is that the extended Leadership Teams will do in each of the areas of Operations, Drilling, Resource, etcetera.



It brings me on to my third point, which is about bringing the line and function together in the extended leadership teams. This is actually about learning faster. We've seen the improvement that can come from drilling by getting the Wells Directors together. I'm looking forward to the same improvement occurring by getting the VP of Ops together, the VP of Resources together, the Heads of Finance, Heads of HR. This is about bringing it into they control the agenda, they learn and you're not forcing stuff into the organisation through lots of centrally driven process. We've got the key processes in place, Drilling, they have been on the best; Operations has OMS; we have all of the Reserve and Resource reporting processes that we need. What we need to do is connect the leadership to the delivery of those agendas. We don't need more process; we need people actually finding opportunity and acting upon the opportunity.

Fourth one is a big point for the organisation, which is about within a functional domain area there's a real opportunity to grow our own talent. In an asset base when you fragment it all you may be one Drilling person by yourself within an asset, very hard actually to grow your capability, very hard to place a challenger in that role because there's no support structure around it, so now we're saying there is the ability, there is a functional home you can grow within there, and actually what we're saying is we deeply value your expertise. This is about connecting the growth in our human capability to real development plans, ten-year development plans, the learning centre. You've seen lots of stuff over the last few weeks about the importance of that agenda and that's core to Sectoral Leadership. We're going to become the best, because we have the best capability. We think it's important and we're going to invest in this development, invest from an organisational perspective in terms of a structure, but invest in all of the support, the bricks and mortar of the learning centre, a high quality curriculum that supports that development offer and actually saying we expect people ten years in to be very good at something and truly able to act independently and professionally.

The last point is this point about greater efficiency. Nothing changes; there's no free pass. Every year we have to demonstrate to our shareholders that we're doing things more efficiently. That's what the competition's going to be doing, so we have to ensure that we are organised in a way where we can capture that efficiency. The CDO is clearly the big new idea in that, but it's no different from the way we're pursuing our supply chain approach. Category Management is about saying there is a way that we do it in the upstream and we can bring real efficiency to there, do a standardised approach, a common approach to the market, leveraging our scale in terms of how we procure. Those are areas where we can actually use our inherent advantage of our portfolio and drive efficiency beyond where smaller companies are. If there's one view graph I'd like you to debate afterwards when you're in your groups is this one, because are the big ideas behind what it is we're doing and I truly believe that they support our agenda of Sector Leadership. We can do better with the portfolio; if we've got a good portfolio, we can do better with the portfolio. We can certainly create a better connection of technology to that portfolio and truly become the best at operating at the frontier. Then we have to ensure that we have the capability to execute that technology and we can demonstrate that we're learning faster and are more efficient. That's the competitive zone that we're in.

At the core of it, I want to come back to it, the core of it is it's about having people that have better skill, better capability, more highly motivated; that's actually what this change is about. If we can get the right people in the right roles to do that, I believe we will continue to see the business improve.

I've gone over my allotted time. I'll get poor marks from [Elodie] on that. What I'd like to do now is throw it open to questions. You have to work with me now on the fact that this can't be a free for all, that there are too many people on the line, so what I am going to do is go to



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locations. I think the locations have to hit \*1. This is always a punt on the first occasion, but let me go to Bob [Fryer] in Sunbury in Sunbury. Bob, are you on the line?

**Operator**

Please press \*1, Mr [Fryer], I'll open your line for you.

Q&A session

**Bob Fryer** Andy, can you hear me okay?

I can yes, very good.

**Andy Inglis**

**Bob Fryer** Andy, just a question that surfaced about at we draw up our efficiency in this functional organisation and about the number of interfaces that get created, what's your view with respect to the business impact that it comes from as we increase the number of interfaces as part of this new functional organisation?

**Andy Inglis**

It's a good cautionary comment, but we are creating new interfaces and I think the challenge for us is how do we manage those interfaces well? The first thing is to say in an operational sense, the Area Ops Manager will be critical and their role is actually executed by having a good activity plan in place, so they're clear about the competing work faces that there are in an asset area and from that they can actually ensure there's appropriate prioritisation and therefore efficiency of execution. That's an area where we know it exists today, we probably don't plan activity well and I think this is going to bring a renewed focus to it, but for it to work effectively we need to put a lot of emphasis now onto that role, onto the AOM role, and I think we're going to have to build some muscle when it comes to activity planning. In a discipline sense I think it is one of the areas where we may be weak in terms of capability, and that's something I know that Gordon and the team are looking at. That's one thing about in a process sense how you make sure that you've brought the pieces together and you have someone, an individual, an SPA, accountable for the interface.

The second thing that I would say is that at the big points of interface, when big issues come up between Drilling and Ops, do I put a rig on or do I do a turnaround or whatever? I expect the VPs around the SPU table to be the ones to sort that out. My notion there, Bob, is to say if you put big people in the roles and you hold them accountable, they'll fix it, and they don't need a lot of process to do it; they're actually there to manage it and make the right calls and I think it's very important that they do. This is about acting decisively and doing it, but I believe you create real clarity there by holding people accountable and saying it's your decision.

The piece that we need to remember in this is we may have created some new interfaces, but if we really do drive through holding people accountable, people that are deeply competent to make the decisions, you get rid of a lot of other assurance and that for me is this thing with you need to hold me accountable for is have we done that through the model? I genuinely can't believe of a better way to get rid of excess

process from the upstream. We're not going to do it by trying to unplug the wires of process, because it just continues.

I do worry that we ended up in a culture where it was a good decision, because I have 40 people, and I was talking about this in a room last week in Houston, but the problem with asking 40 people is you have 40 people who gave a view, but were they truly accountable, who was really accountable in making that decision. Of course, having 40 people to consult just creates a huge amount of complexity and a huge amount of interfaces, so how do you get rid of all that stuff by being clear about who is the decision-maker and therefore who is accountable? If you have a decision-maker that's truly competent, you can get rid of process. Hopefully out of this we're getting rid of interfaces that were created by a sense of over-assurance and a sense of if I ask enough people I'll get to the right answer, so that's part of the interfaces that we need to now shut down; introduce some new ones, we need to be clear about driving high quality decisions into them and is there a process to support it through high quality planning; that's the goal.

The other thing that I'm determined to do is truly get to the point where we've removed a lot of the assurance, because we have the right people in the right roles with the right capabilities to decide.

Let me move on. I was going to suggest what you think, but let's move on. Let's try to go to Houston and see if Barbara Yilmaz is on the line. You've got to hit \*1, Barbara.

Barbara Yilmaz's line is now open

**Operator**

**Barbara Yilmaz**

I'm sitting with a group of 40 or 50 of the finest from Drilling & Completion and having a good conversation this morning. Mike [Zangi] is going to ask a question on behalf of the group.

**Mike**

Hello Andy. A discussion on strength of the transformation is just fantastic and it fits perfectly into one of the key topics we're going to discuss this week which is, how we leverage the standard model and how we manage the change as effectively we can to ensure both in your delivery and, more importantly, building long-term fundamental change. We'd appreciate your thoughts and really your expectation of the D&C leadership. How we manage and how we lead though this change in 2010?

**Andy Inglis**

Yes, it's a great question Mike. The fear that everyone has, which I share with you or which is core. We're taking on a big change at a time when we're doing okay. Are the wheels going to fall off? We've earned the right and we have real momentum to embark on this. We shouldn't shy away from the challenge. I'd offer two comments that are important to me. That is that any transformation like this we're not going to get it perfect. Coming back to intent is important and actually being tough on ourselves in terms of applying it in the way was it intended so we don't get sloppy around the edges but also knowing

that 80:20 is probably okay. There are some things that we're going to have to come back to; 6 months then a year and then reflect whether we got it right.

I think acting at speed, begin decisive, being clear with people about where they stand; get through the period of uncertainty quicker and actually having people that feel as though they understand the direction we're doing in and feel clear about, therefore, being bold about how they tackle the new world. I do think there's something about pace, there's something about clarity of intent and we need to ensure that our organisations feel confident and don't lose the confidence that we built in '09. Our job is to a) act decisively; b) communicate with real clarity. I think that's most important.

The second is a really big practical thing which is to day where are the big risks? I know you guys do it in D&C, so I don't need to tell you how to do it. You look down the big wells and have to turn up in 2010. You look at the big completions. You look at the big rig start-ups. It's not a long list so if you look at 2010 you would actually say, "If a wheel is going to come off, it's going to be in this area." In a very practical way, have we got the right level of assurance around it? Actually that's not about a lot of process of checking as I've described but it's; have we got the right person; have they got the right team around them; are they clear about their intent.

I think, as you look at your world of drilling with the wells' director sitting around the table. I'd actually say you'd got a pretty good understanding of that. Or I'd encourage you to do is not lose that very pragmatic approach because that's what's going to build through 2010 because we're handling the most complex things. No difference in reservoirs, no difference in ops, no difference in finance; every area can look at its big risks and ensure that they aren't being left behind. As we think about the management of chance process that's the thing that, I wanted it a very pragmatic way to be handled well.

There is one other point I'd make is, it is about cultural change here. It is about chipping the dial on what's valued and what's important. As we deal with the pragmatic aspects I talked about. The organisational structural change and naming of people; the management of the big risks. How do we ensure that we also communicate what was on my last slide which is, this is the things that we're trying to do. I do think, as leaders, you got to do both number 1 and number 2 but the sustaining aspect is to keep coming back to number 3 and reminding people.

On that one, I think, when I'm 6 months we're going to be dissatisfied. A year in we're going to come back to it and say, "There's more that we can do on the cultural reinforcement." But we're going to start in a very pragmatic way which is get the structure right, put really capable people in the right roles and make sure they know what the attendant risks are in the near term. Then you keep reinforcing it with just to become the world class oil and gas company that's actually the best at what it does in each of its domain areas, and we have the technology

and people that can underpin. We just keep coming back to that.

In the spirit of you helping me, what other ideas you think? What other ideas do you have? Is there anything else that I can do to actually help here?

**Mike**

Andy one of things we're thinking about is our continued relationship and engagement enrolment of the other functions as move forward in this change. Ensuring that we don't build silos and that we reach out and pro-actively engage on building a better way to work.

**Andy Inglis**

Yes, I think that's a good...and, again, Mike if I interpret a little bit what you said, I think is that each of the areas of the business are in slightly different places. There's some stuff that you've done in Drilling which, I think, is probably maybe further ahead than maybe where our Ops is. There's some stuff that Ops have done that you can learn from.

To your point about not building silos is a big thing actually. How do we learn together but. I do think, as I close out this question, it is about being pragmatic. We're going through 2010 and through transformation by not forgetting that we're running the business. There are real things to get done and you all got mini performance contracts and let's get after it. If we get after it quickly, I think, we'll minimise transition.

Alright, very good let me go to the North and see if John Minge is on the line.

**John Minge**

Hi Andy.

**Andy Inglis**

Yes, hi.

**John Minge**

[Dave Zeibo] would like to ask a question.

**Andy Inglis**

Right.

**Dave Zeibo**

Hi Andy, [Dave Zeibo] here in Alaska.

**Andy Inglis**

Hi Dave.

**Dave Zeibo**

Andy, Alaska's got a tremendous resource base, as you know. Recently we've had trouble pulling resources through to reserves probably due to insufficient focus. The new organisation looks like the exactly the right answer for Alaska where we can get focus on the resources and then that will bring line of sight in terms of what kind of technology is required from the rest of the functions Drilling, Projects et cetera. Clearly an opportunity for a step-change in Alaska's portfolio being able to contribute to sector leadership. Is that kind of an opportunity possible in the rest of the SPU's and is that one of the big levers actually in delivering sector leadership.

**Andy Inglis**

Yes, I think you're unusually gifted, I think, in Alaska where the non-proven resource is built up and, as you say, we need to better describe it, create plans, unlock it and technology will play a big part in it. I think you're dead on the point about...you look at the non-proven resource that we have in the firm. It's grown now to over 40 years of

production. How do we pull that resource through in the most efficient way? Hard to do that when you get segmented down to small areas so you're trying to build effective plans. I do believe by looking at Alaska, as the business problem, that the challenge is how do you hold a [flat] of 200,000 barrels a day.

One would say there is the resource base to do it but we've never been...I don't think we've never been. I think we haven't built the plans that will probably enable there to a conscious and actually quite challenging debate about the best way to do it. In the North Sea, same question which is you look at the resource base that we have in the North Sea it's actually very strong.

The challenge now for Bernard and the team is to deliver a business plan that holds that business [flat] at 300,000 barrels a day. The decline is over. This business will be flat or will grow but you have to take an holistic view of the resource base in the north sea to be able to do it. You don't get there by adding up individual asset plans because what happens when you do that of course is, and as Bernard knows he's trying to do 5 projects all in the same year and the optimisation of that is very difficult to do.

I do think you're on the point about bringing a focus to the resource base and a real connection to what's possible through technology will crate a much stronger pull through of that resource. Actually it gives me a lot of confidence about what we're saying to the market in terms of growth. That's what I'm expecting and I think about you and I in our carers in Alexander. We've had that approach and it was probably, in a sense from a resource perspective, the business was the most healthy. In that sense it's a little bit back to the future in that regard.

Alright very good, thanks for that question Dave, let me just try Aberdeen now and see if Bernard's on the line with his team. He's got about 100 folks sitting with him in Aberdeen

**Bernard Looney**

Can you hear us Andy?

**Andy Inglis**

I can yes, very good.

**Bernard Looney**

[Darryl Unclear] is going to ask a question.

**Andy Inglis**

Hi, [Darryl].

**Darryl**

Hi Andy, this question probably plays into the portfolio side of sector leadership. Interesting in your talks you talked about the competition not standing still. ExxonMobil recently announced the purchase of XTO. Can you comment on your view of the significance of that purchase? If it affects our position in North America and what, if any actions we might consider to counter a move like that?

**Andy Inglis**

Have to be careful of what I say now, so I'll be appropriately polite but anyway. It's nice to see Exxon playing catch-up this is actually what I'd

actually say, [Darryl]. Being slightly less cryptic what was interesting, I think, is that their share price went down about 5% on the day and why?

I think actually for the first time the market said interesting? This company is being phenomenally disciplined, it's had the best return on assets of any of the majors; phenomenal conversion of cash in and cash out. They believed that the machine could continue to run with that. I think with the XTO acquisition, this is actually the admission that they don't have the resource base to it. They have to go out and buy it. They go out and buy it at a premium and that's what happened on the day in terms of the share price. It went down because it was dilutive not from an earnings perspective. XTO had hedged the gas price forward but from a returns perspective it was dilutive.

I think it was a very interesting counterpoint to the strategy we're pursuing which is to say, "We know that we've actually got a strong portfolio. Don't need to go out and buy anything. "They bought 41 Ts of gas. When you look at our North American gas portfolio, we got something that's actually pretty much the same. I think Ken would probably argue, is better and we don't have to go out and pay a whacking premium to create it.

Our issue is not portfolio. I think that's Exxon's issue today. They're going to have to dilute their returns to replicate and to stay in their portfolio. We don't, so we have a different issue now, as it were, from them. Our response should be different and it's good news. I think what we'll be saying, and what we said yesterday to the market, is actually we're not the best at everything unlike the company in Dallas. We know that we can improve in Drilling; we know we can improve in Projects; we know that we can improve in Operations; we know we can improve our resource management. There's plenty of juice left in our system.

There are some things that, I'm sure, we'll look at where we believe we can strength the portfolio inorganically but we're not going out and having to do that because the portfolio is weak. Our issue now is to get a really high level of efficiency and that's the game that's going to be one now. There was a bit of jocular stuff in the press yesterday about actually we produce more oil and gas in our production in '09 was larger than theirs. I think theirs was larger in the Fourth Quarter and actually with the XTO acquisition they probably have re-secured the number 1 position. If I was cynical I'd say, "That's why they went out and bought XTO."

The game now is not scale and I don't mind who actually has the bigger production. What's actually going to drive our share price is the quality of what we get out of our assets which is about making the right choices in terms of what we're put into the portfolio and develop; how we leverage our technology and then sustainably drive efficiency. We can do that in a way which, I believe Exxon can't today and move forward. There's more juice for us going forward than there is for them.

Transcript of (event here) (04/02/2010) (Andy Inglis)

You look at the XTO thing and it's an interesting point in history, I think, actually for Exxon and we should see it as an important signal. Actually an opportunity for us given the strength of our portfolio.

Alright very good, let me just keep moving. Let me go to Mr. [Mark Buzack] in Houston, [Mark Buzack].

**Mark Busack**

Yes. Hi Andy, [Steve Fell] is going to ask a question from our room.

**Andy Inglis**

Great, hi Steve.

**Steve**

Hi Andy. The question I got was something related again to the market and its reaction. When you spoke at the beginning of this call about the reaction of the market to our results and initially with that our price was down about 5%. I'm just curious, so just on a personal level. Was it a surprise to you and your colleagues that reaction? Then the second part of that is, so is there any intention to do anything about that with the analysts as far as, perhaps, education or information? Is there anything you see we could do as leaders to help you giving over the BP message...the BP story?

**Andy Inglis**

The first thing, I was [as surprised to know]. We've clearly done phenomenally well, so at some point there's always going to be this point about switching. In essence that's what it was. It was day trading and volatility. What I would say is, that we're probably 5% down. I think I haven't seen the screen as I walked up but if we finish today 3% then they would have actually moved up another percent today. Maybe it's like a couple of percent. It's so fascinating the amount of volatility that you're getting in a very short period of time and who knows where it goes tomorrow when Shell report.

Actually I think the most important message, we should take from all of this, is not to worry about it actually on a daily basis because it doesn't actually mean anything. Actually, what happened yesterday was that there was clearly some day trading in the stock and I'm sure some people made a lot of money in that and then the fundamentals came back in. The fundamentals around actually there isn't any real news hear. Actually we believe the story in terms of the resource base. There is a very strong portfolio and we've got a team that are determined to get after it.

When we talked to the market in March, the strategy presentation, that's actually what we'll be talking about. I think the important thing for me, is that the conversation always comes back to the fundamentals and it comes back therefore to the quality of what it is you are doing. The big piece of it, of course, then there is the confidence that they see in the company. The confidence that they see in all of us around, is this an agenda that this team are up for and are excited about executing.

If I thought I could predict the market accurately I probably wouldn't be working here and I'd be working out there actually day trading. I'm slightly dismissive of the events of the day but I'm not dismissive of actually the real fundamentals do shine through. It's the fundamentals



around the clarity of the strategy, the clarity of what it is that you're communicating and then, of course, if there was a message in yesterday, of course, is "You're only as good as the last thing you did." We have stunning results in 3Q; we had very good results in 4Q they just weren't quite...in the upstream they were dead on the market.

In essence, if there was this desire for it to be even better than a very strong result and that point you know that you're in the wrong conversation but you're only as good as the last thing you did. That's why we're going after the Sectoral Leadership agenda because we know people aren't going to stand still and we need to be out there actually chasing an agenda which is unrelenting.

I enjoy that, actually. I enjoy the fact that, in essence, there is a real challenge there about how good can we be. Then that's really the question is "How good can we be?" and "Do we believe that we can actually deliver it?"

Alright very good, let me just move...let's try Kent Wells. Kent, are you there?

**Kent Wells**

Andy, can you hear me?

**Andy Inglis**

I can.

**Kent Wells**

Well, I'm sitting here in a room about 30 or 40 people all with smiles on their face based on...proud of what was accomplished last year and what you're telling us today. I think some of them were part of the day traders yesterday that [audio] 5% down.

**Andy Inglis**

I want their names and numbers. I hope they were buying actually.

**Kent Wells**

Yes, they're absolutely buying.

**Andy Inglis**

Good

**Kent Wells**

I had a number of great questions submitted, a lot about sector leadership and how we're doing to the competition. I thought Bruce [Abule] had a good one. Bruce, do you want to ask your question?

**Bruce**

Similar to the question in the North Sea there in Aberdeen, what part of the transformation was modelled after Exxon, the current leader and what part was modelled to exceed Exxon?

**Andy Inglis**

In a true sense of...it's important here that we don't get caught up, I think, in this constant, let's say, comparison to Exxon. What I will say is this. I do believe they're a very efficient company. What I want to do is create some of the leverage and scale that they enjoy and ensure that we do behave like a 4 million barrel a day company which is the way that they behave.

We actually produce the same amount. We actually produce more operated production than they do, so one can argue we're actually bigger in the way we appear in the market; and therefore leveraging our scale in a disciplined way in the way that they do it, I think is if you like

the intent of what we've copied. Now to be very, very clear, that is where it stops. There are some things here that I don't want everyone to understand in terms of 'where I am headed'. I deeply believe in the SPU model. I believe in the SPU model because it is about being relevant in the communities and being relevant to the customers that you serve. It is no different in your world in North America Gas that you need to be relevant in the communities locally; you need to be something that is valued by the United States in terms of producing a clean, secure fuel for the future. And that creates a mutuality with governments and with stakeholders. It is the same in Alaska, it is the same in Trinidad, it is the same in the North Sea, wherever.

So the notion of being relevant locally and building mutuality and building capability that reflects those stakeholders is absolutely key, and nothing changes in that regard. That is very, very different from the way that Exxon work today.

I think that creates real distinction for us. The world is not going to get a friendlier place to operate in as a big oil company, you don't, it is going to be challenging. People can choose who they have develop their resources, whether it is the regulators with license to operate; which may be a North American way of choosing, or it may be the way that the governments of the world choose to invite certain people to hold licenses. So being relevant and creating mutual advantage is absolutely core to who we are and that is very distinctive.

The second thing that I believe in deeply is about, we improve the business day-to-day and we improve the business day-to-day because of all of the ingenuity that your folks bring to the office, bring to the workplace. I want to be rigorous about expectations. I want to be rigorous about the core processes. But I actually want to get to the place where we can be rigorous about how we appear externally, rigorous about the way we contract, rigorous about applying systems, but actually constantly seek to improve the way in which we work.

I would contrast that, and I am being a bit unfair now to Exxon, but they have a manual, they pull it off the shelf, 'this is the way you do it, and woe betide if you don follow it'. I want to us to take beyond the best of the drumming process, but what beyond the best does it allows you to improve that well and seek to deliver that well at the tech limit, by doing something slightly different and slightly improves the delivery of that well every single time you drill one. That is not about having random behaviour. It is about saying that we have a core process and we apply it and there is rigour and discipline to applying it. But it is engaging everyone in the organisation, in the delivery, and hence the notion of 'you know best, rather than we know best', actually driving that. OMS is no different. OMS set the expectation, we're clear on activity plans that will be executed, and the execution of those activity plans drives continuous improvement.

So those are the two big things that I do want to be clear about; which is yes I want to behave as a 4 million barrel a day company, and I think there are ways in which we can be efficient in the way that we do that.

And a degree of centralisation particularly in projects and a functional SPU organisation enables that to occur. I do think though that core to the way that BP is going to behave as a 4 million barrel a day company is being relevant to the stakeholders and communities where it operates and it is going to be a culture of continuous improvement; which is 'you know best, rather than we know best'.

What do you think? Does that capture, you think where we are today and the difference, that I think we're making between what's best about our culture and Exxon's? Does that resonate with your team?

**Speaker**

I see lots of nodding heads here, Andy.

**Andy Inglis**

You're all being shy, not like you lot. But I do think, lets come back, and I think that is...it is hard to do it over the phone and really have the question. It is important that we don't lose the essence of the company. I think we have a phenomenally skilled workforce. The issue is about how we apply it effectively and efficiently. We're not going to turn into a police state; that is not the intent of where we're going. I will regard that as a failed experiment, you can't ask questions over the phone.

**Robert Riley**

Let me go to Mr Riley in the Port of Spain. Robert are you there?

Thank you. Yes Andy we are here with a room full of people. You know the room. A question with a little bit of a preamble. At this point of the year change and cost targets look very challenging and then you can look forward into the year. The world is starting to turn around and recover; there is a little airborne flow on the oil prices. So you could see a different wind, an inflationary environment. Therefore, in a sense of got to dig a bit deeper in an inflationary environment to achieve the same rate that we did last year or better, in terms of removing costs out of the business.

One of the things that we have been talking recently is this area of better managing the process this time around, so it doesn't all just come back to us and this idea of 'category management'. Can you just share with us your own personal vision and sense of the role that this will play in the way in which we actually receive this inflationary environment this time around?

**Andy Inglis**

I think you're characterisation Robert is absolutely dead-on. We spend about \$15 billion of capital over the segment, about \$10 billion of cash costs; \$25 billion. You look at the rigour with which we spend that money today and in some areas of the world the rigour is pretty low. What do I mean by rigour?

I mean the basics of having a strategy in place which is what is the best way to approach this market. Do we aggregate? How do we segment? What types of suppliers? How do we approach the market? The deep understanding of the best way to create value. Then there is something about putting good contracts in place that are robust and clear, where the challenging mechanism is clear.

In essence, if you order a green widget, you pay for a green widget and

the amount is known, just the basics of getting that in place. Then there is the discipline of actually sticking to the contracts we have in place. I don't want to embarrass Ken, but in North America Gas probably less than 50% of spend was actually on the basis of contracts that were in place, as opposed 'I want one of those and we'll agree the price afterwards', to put in its most simplest. So all of those are things about saying that in the world of supply chain we're going to become the very best. When we talk to the analysts in March, I will use a view graph which sort of says 'actually today, we're not there'. We go out and benchmark and then Dave Connor's team has done a great job in saying this is where we are today and this is where we can get to. I do think the conversation is really...we sort of woke up to a low price world in the beginning of '09 and said 'yes, time to grab some deflation'. We did that and that is fine, but that is not a sustaining agenda.

The sustaining agenda is now about how do you get real quality and value from the supply chain in a rigorous, systemic way. You have got to go out and up our game in how we manage that. The good news is we have got lots of room to travel. Like with any process of improvement, it is going to be challenging. We have real room to travel and I am confident with Dave's team that we will actually get there, I genuinely am.

So it is about value from the supply chain. It is about efficiency; which is for every Dollar spent, we execute the activity better, Days per 10K, NPT, reliability, turn around schedules; that is all about efficiency. Then I do think there is still a big, big thing about the right activity. Every single person on this line, morning, noon, night, whatever time zone you're, could say there is something I am doing today which is not adding value. I am doing it because, but it is not adding value. We're not doing it in the right way. So getting the right activity set is also a big driver.

In response to the preamble, I do think we have to think...it is broader than deflation now. Because actually we're right, where the oil price is today, I am not sure there is a huge amount of deflation, but we are not an effective procurer of goods and services yet. We're not number one. I think the company in Dallas is. I think Chevron are very good. I think Total are good and Shell isn't bad. You can sort of get my sense of where we sit in the hierarchy. But that is okay Robert. Again I am humble. I am okay saying 'look it was never a thing we talked about'. If I am honest. You've been around the SLT table a long time, when have we really talked about this in the same way as we talked about things which we are good at; exploration, reservoir management and so on. It is about saying this is a core skill. You can't spend \$25 billion, 70% operated and not be good at this.

I appreciate you feel it is daunting, but this is a big, big opportunity for us. Okay?

**Robert Riley**

That is great Andy and I can see from the smiles around the room that you have struck the right chord.

**Andy Inglis** Well thanks, good; I won't ask you a question then. I know not to ask Trinidad a question because I will be here all day.

Let me just lastly go to Mr Cavanaugh who I think is in the Learning Centre. Ian are you around?

**Ian Cavanaugh** Hi Andy we're over in the Learning Centre with some of the sub-surface and Wales team, and Don Schultz and his team and Ian [Faxby] has a question for you.

**Ian** Hi Andy. The question I've got is given the portfolio that you have talked about this morning and living on the edge of the frontier and the fact that the portfolio is going to get more difficult and not easier. Can you talk a bit more about how we're going to proactively ensure that our technology focus and the development of our staff reflects that future portfolio rather than just be reactive?

**Andy Inglis** You're absolutely right. Do I have a fully coherent answer for you today? No.

So one of the things we're actually doing; one of Andy [Hopward's] tasks is truly to build a capability strategy with Simon Drysdale which actually looks ten years out and says this is the portfolio, these are the skills we need and actually starting to create the training programs that actually support that. It is getting out of I think a sort of reactive response on building capability onto on which is truly looking ten years out. The first that, and I am pushing the guys on is lets get a view of our skills and it isn't complicated. In a sense I have given you a bit of a preview of it. There is obviously a lot to do in deepwater, deeper horizons, higher pressures, temperatures, everything that goes with that. There is certainly something about a gas portfolio and there is something about big reservoirs, big oil reservoirs and so on.

But there is something where we can get much clearer about a forward looking view of the skill set. That in itself is academic. The big thing that we then need to do is take that and put it into the training offer. That is the bit that the TVPs and Don are working on now, is how to revitalise our curriculum so that it is truly teaching the skills of today and for tomorrow. If you're starting with a challenger today and we're building a ten year roadmap, in ten years time what skills that does person actually need versus skills that are here today. I think that is the sense you're going to get now is, I think we've done a good job at getting coherence now. We're creating coherence through the ten year roadmap, but then I want to start pushing on that ten year roadmap to make it slightly more proactive and truly and try and create the skills base for the future. That is the next journey.

You're actually dead on the point and it would be silly of me to say we've got it all cracked, because we certainly haven't. but I do think for the first time now we've got the mechanisms to do it, we've got the right focus on the portfolio, we've created where you are today in the Learning Centre a world class facility that can be the core and custodian of building the curricula and then we have actually got the ability, this is not about [uses], this is about them transmitting it literally around the

world where it can be shared by all.

The thing that I am passionate about on our learning offer is, we will be teaching the BP way with the BP experts, so people that are truly world class at it. You don't subcontract this out. You actually have the BP way, being taught by the BP experts. Again the physicality of the Learning Centre actually enables us to do this.

Look, I think you've asked a really good question, it is a really tough question. My sense of the question is that you would say today we aren't doing it. I can genuinely give you real assurance that as we start to build the quality and depth of our training offer, it has to have a forward-looking view of it. But maybe your views, anything, some advice, push on, on that.

**Ian**

From my perspective I think we are moving in the right direction. There is more coherence around the offer that is being created. We're involved with Don Schultz and his organisation in creating courses. I am currently sitting in the Learning Centre for the first time in my life and that is quite reassuring too to see that we've actually got something that feels suitable for a company of our scale. So I certainly think we're moving in the right direction.

**Andy Inglis**

But you should be genuinely challenging I think. You've asked the right question and this is the fun of this. The whole tone of everything that we have talked about today and I want to bring it to a close now as we've sort of run the 90 minutes is about a great job in '09. Thank you and we should look at it as being a really special year. It is a year that was delivered not by a big bang event. It was about everyone in the organisation contributing and making a difference, across all the disciplines. I know that is true because I have been out, I have talked to people and it is great doing a townhall with a long list of continuous improvement actions that have made a difference. It is that sense of collective endeavour which has made a difference. So, great, thank you.

You then look at 2010 and actually say it is going to be a tough year. It is a tough year because we need to deliver and we've talked about the importance of not taking our eye off the ball. But equally while we have talked about the importance of the transformation that we're undertaking and actually ensuring that it does deliver sustainable change through culture.

Then actually what we've talked about at the end of this notion of this is a very special portfolio. I don't believe we have a problem and access to resource. We need to make wise choices about where we invest and drive quality through choice, and we need to have this unrelenting drive to make the business more efficient.

It is challenging. Robert was kind in his words, but it is challenging. It is challenging to do the day-in day-out, but that is the nature of the competitive game we're in. But if we can do that through real clarity of organisational structure, real clarity of accountability and then actually truly, truly leverage the capability we have; right people in the right

roles, deeply competent in capability, I believe we can make a significant change. That is the exciting thing, and all that gets back to is being very, very good at what we do. The goal is to become the sector leader because we are very good at finding, developing, producing oil and gas and that is ultimately how we're measured.

We joked about the results yesterday but that was [unclear] essence of the conversation, is we do we have confidence that you can continue to drive momentum into that agenda.

Alright, good look I am going to leave it there. I hope the slides are helpful. I am sure you will give me feedback on that, whether this format works. I know it is difficult on Qs&As but it is a good way to have the conversation. You have got to be patient and let everyone in. I am sure I haven't covered a tenth of the questions that you wanted. I am trying to see as many of you as I can as I travel in smaller groups. But do use the material with your teams and have the conversation, and to be clear as we debate sector leadership. People will listen to me and that is fine and they will come and they will listen and that is great and they will ask questions. They really want to know what you think. They want to know what the team leader thinks, and they want to test with you are we on the right track. The confidence with which you can communicate is going to be hugely important as we manage through the next six months and the next year. I do want to set a high expectation of you in terms of communication.

Very good. I have got to go. I am five minutes over, so I will get some black marks for that. Many, many thanks and appreciate the time. You have given up an hour and a half of your time to be with me today and appreciate that, I appreciate the quality of the questions. I have a huge amount of confidence in this team. Thanks a lot. Goodbye.