UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF LOUISIANA

TROY WETZEL, EXTREME FISHING, LLC and a CLASS OF SIMILARLY SITUATED INDIVIDUALS AND ENTITIES,	*	CIVIL ACTION NO. 2:10cv01222
	*	SECTION "J"
Plaintiffs	*	DIVISION "5"
VERSUS	*	JUDGE BARBIER
TRANSOCEAN, LTD., et al.,	*	MAGISTRATE JUDGE CHASEZ
Defendants	*	
* *	*	

MOTION FOR PRELIMINARY INJUNCTION AND TEMPORARY RESTRAINING ORDER

NOW INTO COURT, through undersigned counsel, comes Plaintiff Ubaldo R. Cossio ("Plaintiff"), and moves this Court pursuant to Federal Rule of Civil Procedure 65 for a preliminary injunction and temporary restraining order enjoining Defendant BP PLC from dissipating assets, including issuing a dividend, which would impair its financial ability to satisfy its obligations under the Oil Pollution Act, 33 U.S.C. § 2702(b)(1)(B), to Plaintiff and those similarly situated. Alternatively, Plaintiff asks that this Court order Defendant BP PLC to show how it can pay its obligations to Gulf Coast residents affected by its oil spill and still pay billions of dollars to its shareholders. A brief memorandum in support follows.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on June 16, 2010, I filed the foregoing Motion for Temporary Restraining Order and Preliminary Injunction via CM/ECF with the Clerk of Court of the United States District Courthouse for the Eastern District of Louisiana, 500 Poydras Street, New Orleans, Louisiana, and also delivered a copy on Defendant BP PLC via hand delivery to Don K. Haycraft, local counsel.

UNITED STATES DISTRICT COURT

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	*	SECTION "J"
Plaintiffs	* *	DIVISION "5"
VERSUS	* *	JUDGE BARBIER
TRANSOCEAN, LTD., et al.,	* *	MAGISTRATE JUDGE CHASEZ
Defendants	* *	
* *	*	

MEMORANDUM OF LAW
IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER
AND PRELIMINARY INJUNCTION

MAY IT PLEASE THE COURT:

Plaintiff Ubaldo R. Cossio ("Plaintiff") respectfully submits this memorandum of law in support of the foregoing motion under Federal Rule of Civil Procedure 65 for a temporary restraining order and preliminary injunction enjoining Defendant BP PLC ("BP") from dissipating assets, including issuing a dividend, in a manner that would impair its financial ability to satisfy its obligations to Plaintiff, and all others similarly situated ("Plaintiffs"). In the alternative, Plaintiff seeks an accounting to establish that BP's proposed dividends will not impair its financial ability to satisfy its obligations to Plaintiffs.

INTRODUCTION

As of the filing of this motion, the estimates of the amount of oil spilling into the Gulf of Mexico continue to rise. With more oil comes more damage to the land, fisheries, economy, culture, and lifestyle of the entire Gulf region and, because BP is strictly liable for the spill and its cleanup, more and more liability for BP. Simply put, this motion seeks to stop BP from paying billions in dividends until it can show that it has adequate resources to clean up the wreckage caused by its spill.

On this day, Plaintiff filed a complaint in this Court against Defendant BP seeking a declaratory judgment that BP is liable to Plaintiffs for, among other things, "removal costs" under the Oil Pollution Act, 33 U.S.C. § 2702(b)(1)(B), incurred as a result of the oil spill caused by an explosion on the Deepwater Horizon oil rig on April 20, 2010.

Concurrently, Plaintiff filed a motion under Federal Rule of Civil Procedure 65 for a preliminary injunction and temporary restraining order enjoining Defendant BP from dissipating assets, including issuing a dividend, in a manner that would impair its financial ability to satisfy its obligations to Plaintiffs.

Plaintiff submits this memorandum of law in support of his motion. Below, Plaintiff briefly summarizes the facts underlying the motion, outlines the legal authority of this Court to grant Plaintiff's motion, and presents the reasons why Plaintiff's motion should be granted.

I. Facts underlying Plaintiff's motion

A. The explosion on the Deepwater Horizon

The actions that are the subject of the pending motion arise out of the oil spill caused by an explosion on the Deepwater Horizon oil rig.

The Deepwater Horizon was a floating oil rig that one or more of the Defendants operated approximately 50 miles southeast of Venice, Louisiana, in the Gulf of Mexico. At approximately 10:00 p.m. on April 20, 2010, while the Deepwater Horizon was performing drilling operations for crude oil off the coast of Louisiana at its Macondo Prospect, a well blew-out, resulting in a fiery explosion on the rig that killed eleven people, including five Louisianans. The rig subsequently capsized and sank to the water bottom, almost a mile below the surface. Shortly thereafter, due to a concurrent failure of the well's casing and its blow-out preventer, the well began to spew oil directly into the Gulf of Mexico.

A federal panel of scientists announced yesterday afternoon that for the past 55 days the well has discharged as much as 60,000 barrels (or 2.5 million gallons) of oil into the Gulf of Mexico each day.[1] In other words, "an amount equal to the Exxon Valdez spill could be gushing from the well about every four days."[2] The discharge is already the largest in U.S. history, and government officials predict that the well may continue to leak at the current rate at least through late summer.

B. The oil spill's growing impact on the Gulf of Mexico and its coastline

The growing oil plume already encompasses thousands of square miles of the Gulf of Mexico's waters. Since April, the National Oceanic and Atmospheric Administration has closed to fishing approximately 37 percent of the Gulf of Mexico's federal waters adjacent to Louisiana, Mississippi, Alabama, and Florida. Large portions of the state waters of Louisiana, Mississippi, and Alabama contiguous with these federal waters have also been closed.

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[1] Liz Robbins and Justin Gillis, "Panel Sharply Raises Estimate of Oil Spilling into the Gulf, THE NEW YORK TIMES, June 15, 2010, *available at* http://www.nytimes.com/2010/06/16/us/16spill.html?hp=&adxnnl=1&adxnnlx=1276639806-cXhG9bbLmLBw6YYKqYfBOg (last visited June 15, 2010) ("[This] continues a pattern in which every new estimate of the flow rate has been sharply higher than the one before."), *attached as* "Exhibit A."

[2] *Id.*

Oil first washed ashore on the Louisiana coastline on May 19, 2010.[3] Its damaging effects on the precious wetlands, bays, and estuaries of Louisiana's coastal zone were immediate and devastating. Heavy black sludge now smothers the fragile marshes that are the lifeline of Louisiana's coastal ecosystems and endangers, among other animal species, the brown pelican, Louisiana's state bird.

On June 1, 2010, oil reached barrier islands off the coasts of Mississippi and Alabama.[4] Those areas were not saved by the protective boom that BP deployed during the early weeks of the oil spill. Only parts of Dauphin Island, Alabama, for instance, had been lined with booms.[5]

Tar balls and "tar patties" have been washing up on Florida's beaches since June 4, 2010.[6] As of filing, the massive oil plume itself was inching closer to Florida's pristine "sugar sand" beaches.[7]

Just this past weekend, in Orange Beach, Alabama, a 500-yard-long stretch of viscous brown-black oil washed ashore.[8] According to *The Wall Street Journal*:

> It could get worse in July if more oil piles up. Authorities began posting advisories at beaches in recent days, cautioning visitors to stay out of the water because of the spill. A fishing ban has idled would-be anglers from casting lines off a 1,500-foot-long pier, which opened last summer after its predecessor was

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[3] "BP Oil Spill: Oil Hits Louisiana Wetlands, Causes Spike in Seafood Prices," ABC News, May 19, 2010, *available at* http://abcnews.go.com/WN/bp-spill-heavy-oil-hits-louisiana-coast-gov/story?id=10689715 (last visited June 15, 2010).

[4] "Oil hits Mississippi barrier island," CNN.com, June 1, 2010, *available at* http://www.cnn.com/2010/US/06/01/oil.spill.mississippi/index.html (last visited June 15, 2010).

[5] "Oil hits Alabama, Mississippi barrier islands," CNN.com, June 1, 2010, *available at* http://www.cnn.com/2010/US/06/01/oil.spill.alabama/index.html (last visited June 15, 2010).

[6] Mike Esterl,"Tar Balls Wash Ashore Florida," THE WALL STREET JOURNAL, June 4, 2010, *available at* http://online.wsj.com/article/SB10001424052748704764404575286453090948116.html?mod=WSJ_hpp_MIDDLENexttoWhatsNewsThird (last visited June 15, 2010).

[7] "Large plume of oil just off Fla. Coast," FoxTV10 News, *available at* http://www.fox10tv.com/dpp/news/gulf_oil_spill/Large-plume-of-oil-just-off-Fla-coast (last visited June 15, 2010).

[8] Mike Esterl, "Alabama Puts Its Best Face On," THE WALL STREET JOURNAL, June 4, 2010, *available at* http://online.wsj.com/article/SB10001424052748703433704575303064169769730.html?mod=WSJ_hpp_MIDDLTopStories (last visited June 15, 2010).

> destroyed by a hurricane. Perdido Pass, a local inlet, has been partly cordoned off to vessels as more boom is laid to try and keep oil out of the intracoastal waterway.[9]

C. The oil spill's impact on Plaintiffs

Plaintiff owns waterfront property in Grand Isle, Louisiana. As a direct result of the oil spill, a shiny oil sheen that washes in and out with the tidal waters relentlessly pollutes his property. The oil clings to the marsh grasses that border his property and to his boat, which he previously used to catch fish, shrimp, and crab. Not anymore.

The oil spill has deprived Plaintiff, and all similarly situated property owners, of the enjoyment of their property and also of resources that they must now commit to removing the oil from their beaches. Plaintiff seeks to represent a class of similarly situated property owners whose property has been physically damaged as a direct result of the oil spill and who are, therefore, entitled to "removal costs and damages" under the Oil Pollution Act, 33 U.S.C. § 2702(b)(1)(B).

D. BP's liability for the oil spill

The U.S. Coast Guard has identified BP as the "Responsible Party" pursuant to the Oil Pollution Act. *See* 33 U.S.C. § 2713. As such, BP is responsible for *all* of the costs of the removal of the oil, as well as for damages to various claimants for property damage and economic losses. *See* 33 U.S.C.A. § 2702.

BP's liability will be great. It is unknown exactly how many gallons of oil have spilled into the Gulf so far. Shortly after the explosion on April 20, 2010, BP reported that approximately 42,000 gallons (approximately 1,000 barrels) of oil were leaking into the Gulf

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[9] *Id.*

each day.[10] By mid-May 2010, the estimate was more than 200,000 gallons a day. This weekend, a federal panel of scientists estimated that between 20,000 and 40,000 barrels (or between 840,000 and 1,680,000 gallons) are flowing into the Gulf each day.[11] On the June 13, 2010, broadcast of CBS's "Face the Nation," Admiral Thad Allen stated that the "mid-30,000 range is what we're looking at."[12] These amounts alone are up to 40 times higher than BP's original estimates.

Yesterday afternoon, however, a federal panel of scientists announced that for the past 55 days the well has discharged between 35,000 and 60,000 barrels (or up to 2.5 million gallons) of oil into the Gulf of Mexico each day.[13] To put these numbers into perspective, at 60,000 barrels a day, the equivalent of the Exxon Valdez is spilling into the Gulf every four days. According to Secretary of the Interior Ken Salazar, "This estimate, which we will continue to refine as the scientific teams get new data and conduct new analyses, is the most comprehensive estimate so far of how much oil is flowing one mile below the ocean's surface."[14]

Goldman Sachs, using an inflation-adjusted extrapolation from the Exxon Valdez oil spill, believes the likely cost of this disaster to BP is $40,000 per barrel.[15] Even assuming that

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[10] Chris Kirkham and Bob Marshall, "Gulf oil slick may be burned off Wildlife areas in danger from spill," TIMES-PICAYUNE, April 28, 2010.

[11] Rebecca Mowbray, "Coast Guard tells BP: Too little, too slow," TIMES-PICAYUNE, June 15, 2010.

[12] Jackie Calmes, "Pressed by Obama, BP Weighs Options on Dividend," The New York Times, June 14, 2010, *available at* http://www.nytimes.com/2010/06/15/us/15spill.html?hp (last visited June 15, 2010) ("Although a containment cap has apparently reduced the amount of oil surging from the gulf floor, BP will face questions about last week's determination from government scientists that the volume of spilled oil has been as high as 40,000 barrels a day — many times higher than BP ever acknowledged. Admiral Allen said on CBS's 'Face the Nation' on Sunday that the 'mid-30,000 range is what we're looking at.'").

[13] Liz Robbins and Justin Gillis, "Panel Sharply Raises Estimate of Oil Spilling into the Gulf, THE NEW YORK TIMES, June 15, 2010, *available at* http://www.nytimes.com/2010/06/16/us/16spill.html?hp=&adxnnl=1&adxnnlx=1276639806-cXhG9bbLmLBw6YYKqYfBOg (last visited June 15, 2010) ("[This] continues a pattern in which every new estimate of the flow rate has been sharply higher than the one before."), *attached as* "Exhibit A."

[14] *Id.*

[15] Goldman Sachs, "Action" paper, "Removed from Pan-Europe Buy List BP plc (BP.L)," June 7, 2010, at 4:

GS Gulf of Mexico assumptions

the well is leaking only 47,500 barrels per day (which is the average of the federal scientists' current estimates), BP's exposure is approximately $104.5 billion, so far. Notably, BP itself has stated that its worst case scenario estimate is that 60,000 barrels have been flowing per day, which equates to potential liability of about $132 billion, so far.[16]

Despite multiple attempts, BP has been unsuccessful in stopping the oil leak. It now appears that the well will continue to leak oil into the Gulf until BP successfully drills relief wells, the completion of which BP's most optimistic estimates suggest will not occur until early August.[17] Assuming that the oil leak continues for the next 55 days (we are roughly 55 days in, so far), the aforementioned liability estimates double. At 47,500 barrels per day, BP's liability will be $209 billion, and at 60,000 barrels per day, it is $264 billion.

E. BP's assets may not cover its liabilities

In its quarterly report for the period ending March 31, 2010 (released on April 27, 2010), BP reported net assets of approximately $105 billion.[18] Of that amount, approximately $21 billion is composed of goodwill and other intangible assets, which leaves $84 billion worth of tangible net assets. Because BP's exposure to the oil spill is likely somewhere between $187 billion and $264 billion (assuming that the leak is stopped in early August, when BP predicts it

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> **Flow rate:** 15 kbpd for 50days (from a range of 12-19 kbpd) and 3 kbpd from June 5 (we estimate BP will be able to collect 12 kbpd from the riser cap).
>
> **Cost**: US$40,000 per barrel spilt, or US$10 bn per 250 kbls, which we calculate by inflating Exxon's US$3.8 bn costs relating to the Valdez spill in 1989 by 5% pa.

Attached as "Exhibit B."

[16] *See* StreetInsider.com, "Speculators Bet On BP (BP) Bankruptcy; Liabilities Could Reach $400 Billion," *available at* http://www.streetinsider.com/Insiders+Blog/Speculators+Bet+On+BP+(BP)+Bankruptcy%3B+Liabilities+Could+Reach+$400+Billion/5717097.html (last visited June 15, 2010).

[17] "Relief Wells Will Work, Experts Say, But Will Take Time, Trial, and Error," PBS.org, June 2, 2010, *available at* http://www.pbs.org/newshour/rundown/2010/06/relief-wells-will-work-experts-say-but-will-take-time-trial-and-error.html (last visited June 15, 2010).

[18] *See* BP's Group Results, First Quarter 2010, *available at* http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/B/bp_first_quarter_2010_results.pdf (last visited June 15, 2010), *attached as* "Exhibit C."

will finally tap the relief wells), and because BP only has tangible net assets of $84 billion, it appears that BP no longer has sufficient assets to cover its liabilities. In recognition of BP's mounting liabilities, yesterday Fitch Ratings slashed BP's credit rating six levels, to barely above junk status, which impairs its ability to raise funds from the capital markets to pay for the wreckage caused by its spill.[19] BP's debt is "approaching distressed levels."[20] Currently, credit investors are pricing-in a more than 39 percent chance that BP will default on its debt in the next five years.[21]

Nevertheless, on April 27, 2010, just one week after the explosion, BP announced that it would pay its shareholders $2.63 billion in dividends for the first quarter on June 21, 2010.[22] More recently BP announced that its board of directors is meeting this week to discuss whether to issue additional dividends for the second quarter in July 2010.[23]

This motion seeks to stop BP from paying dividends until it can show that it has sufficient funds to pay to clean up the wreckage caused by its oil spill in the Gulf.

II. This Court should exercise its equitable authority to grant Plaintiff's motion

A. Federal Rule of Civil Procedure 65

Rule 65(a) authorizes a federal district court to issue a preliminary injunction. To obtain a preliminary injunction, a plaintiff must ordinarily establish: (1) a substantial likelihood of

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[19] Steve Goldstein, "BP credit rating slashed by Fitch Ratings," MarketWatch.com, June 15, 2010, *available at* http://www.marketwatch.com/story/bp-credit-rating-slashed-six-notches-by-fitch-2010-06-15 (last visited June 15, 2010).

[20] John Detrixhe and Shannon D. Harrington, "BP Swaps Rise to Record at 39% Odds of Default: Credit Markets," Bloomberg Businessweek, June 16, 2010, *available at* http://www.businessweek.com/news/2010-06-16/bp-swaps-rise-to-record-at-39-odds-of-default-credit-markets.html (last visited June 16, 2010).

[21] *Id.*

[22] *See* BP's Financial Calendar, *available at* http://www.bp.com/extendedsectiongenericarticle.do?category Id=137&contentId=7038569 (last visited June 15, 2010), *attached as* "Exhibit D."

[23] *See* Bloomberg.com, "BP's Board to Meet June 14 to Discuss Possible Dividend Cut," *available at* http://www.bloomberg.com/apps/news?pid=conewsstory&tkr=BP%2F%3ALN&sid=acV.VWKEIHpw (last visited June 15, 2010).

success on the merits; (2) a substantial threat of irreparable injury if the injunction is not granted; (3) the threatened injury to the plaintiff outweighs the threatened injury to the defendant; and (4) granting the preliminary injunction does not disserve the public interest. *DS Waters of America, Inc. v. Princess Abita Water, L.L.C.*, 539 F. Supp. 2d 853, 858 (E.D. La. 2008) (Barbier, J.).

Rule 65(b) additionally authorizes a temporary restraining order where facts indicate "that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition."

B. Authority to enjoin disposition of assets in action that seeks equitable relief

In conjunction with the procedures outlined in Federal Rule of Civil Procedure 65, this Court should exercise its authority to enjoin a disposition of assets in an action that seeks equitable relief.

While a court cannot issue a preliminary injunction or temporary restraining order that prohibits a party from disposing assets pending adjudication of a claim for *money damages*, *Grupo Mexicano de Desarrollo S.A. v. Alliance Bond Fund, Inc.*, 527 U.S. 308 (1999), a court may issue such an order in an action that seeks *equitable relief*. Post-*Grupo-Mexicano*, the Courts of Appeals have held that federal district courts' continue to possess the authority to enjoin a disposition of assets in support of a claim for equitable relief. *See, e.g.*, *Kennedy Bldg. Assocs. v. CBS Corp.*, 476 F.3d 530, 535 (8th Cir. 2007) ("Here, the underlying relief sought is equitable, rather than legal, so our case involves the use of equity in support of equity, rather than equity in support of a legal remedy."); *SEC v. ETS Payphones, Inc.*, 408 F.3d 727, 734 (11th Cir. 2005) ("*Grupo Mexicano* does not control the outcome of this case, because the SEC seeks equitable relief (disgorgement), not just money damages."); *In re Focus Media Inc.*, 387 F.3d 1077, 1085 (9th Cir. 2004) ("*Grupo Mexicano* . . . exempts from its proscription . . . cases in which equitable relief is sought."); *CSC Holdings, Inc. v. Redisi*, 309 F.3d 988, 996 (7th Cir. 2002) ("[T]he [C]ourt specifically noted that a restraint on assets was still proper if a suit sought equitable relief."); *United States ex rel Rahman v. Oncology Assocs., P.C.*, 198 F.3d 489, 496-97 (4th Cir. 1999) (holding that *Deckert* [*v. Independence Shares Corp.*, 311 U.S. 282 (1940)] still authorizes a district court to preliminarily freeze assets in a case involving equitable claims).

The Fifth Circuit embraces this view. *See Animale Group Inc. v. Sunny's Perfume Inc.*, 256 Fed. App'x 707, 709 (2007) ("The issue before us, then, is whether *Grupo Mexicano* governs equitable as well as legal actions. Other circuits have determined that the case is limited to actions at law. We agree."). As shown below, Plaintiffs' claims sound in equity; therefore, this Court may enjoin BP's dissipation of assets in aid of Plaintiffs' claims.

C. Plaintiff seeks equitable relief

Plaintiff asserts that BP is liable to Plaintiffs for, among other things, "removal costs and damages" under the Oil Pollution Act, 33 U.S.C. § 2702(b)(1)(B).

Judge Sim Lake of the United States District Court for the Southern District of Texas recently held that the award of such "removal costs and damages" is an equitable remedy. *U.S. v. Viking Resources, Inc.*, 607 F. Supp. 2d 808, 829 (S.D. Tex. 2009) ("The court concludes that the recovery of removal costs under OPA constitutes an equitable remedy."). Citing case law addressing similar claims under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Judge Lake observed that "removal costs and damages" are "essentially a form of restitution, which is an equitable remedy." *Viking Resources, Inc.*, 607 F. Supp. 2d at 829 (citing, e.g., *United States v. Ne. Pharm. & Chem. Co.*, 810 F.2d 726, 749 (8th Cir. 1986) (recovery of response costs under CERCLA is an equitable remedy)). *See also Apex Oil Co., Inc. v. United States*, 208 F. Supp. 2d 642, 653 (E.D. La. 2002) ("Courts recognize that

CERCLA actions for recovery of response costs and RCRA actions for recovery of abatement costs are actions for equitable relief (equitable claims for restitution/reimbursement of funds expended to respond to health and environmental danger posed by hazardous substances).").

Accordingly, Plaintiffs' claims for relief under the Oil Pollution Act constitute an equitable remedy. This Court, therefore, has the authority to enjoin BP from dissipating assets, including issuing a dividend, in a manner that would impair its financial ability to satisfy its obligations to Plaintiffs.

III. Plaintiff's motion should be granted

Plaintiff establishes: (1) a substantial likelihood of success on the merits; (2) a substantial threat of irreparable injury if the injunction is not granted; (3) the threatened injury to Plaintiffs outweighs the threatened injury to BP; and (4) granting Plaintiff's motion serves the public interest. Additionally, Plaintiff also establishes that "immediate and irreparable injury, loss, or damage will result" to Plaintiffs before BP can be heard in opposition.

A. A substantial likelihood of success on the merits

As shown below, Plaintiff demonstrates a substantial likelihood of success on both the merits of the underlying claim — that Plaintiffs are entitled to "removal costs and damages" — and the merits of this motion — that injunctive relief is necessary in the face of the real risk that BP will be unable to compensate Plaintiffs.

1. BP is strictly liable to Plaintiffs for "removal costs and damages"

The Oil Pollution Act holds BP strictly liable for the costs of its oil spill. The Act states, at 33 U.S.C. § 2702:

> [E]ach responsible party for a vessel or a facility from which oil is discharged, or which poses the substantial threat of a discharge of oil, into or upon the navigable waters or adjoining shorelines or the exclusive economic zone is

liable for the removal costs and damages specified in subsection (b) of this section that result from such incident.

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(b) Covered removal costs and damages

(1) Removal costs

The removal costs referred to in subsection (a) are —

***

(B) any removal costs incurred by any person for acts taken by the person which are consistent with the National Contingency Plan.

Here, BP has been declared a responsible party, as defined by the Oil Pollution Act, 33 U.S.C. § 2701(32)(C), and Plaintiffs are property owners whose property has been damaged by oil. The Oil Pollution Act's strict liability scheme demonstrates that Plaintiffs are likely to succeed in their claims against BP, the responsible party. *See also Rice v. Harken Exploration Co.*, 250 F.3d 264, 266 (5th Cir. 2001) ("The OPA imposes strict liability on parties responsible for the discharge of oil: '[E]ach responsible party for . . . a facility from which oil is discharged, or which poses the substantial threat of a discharge of oil, into or upon the navigable waters or adjoining shorelines . . . is liable for the removal costs and damages specified in subsection (b) that result from such incident.'").

2. BP will be unable to compensate Plaintiffs

BP's stock price has been cut roughly in half since the date of the catastrophe. As each day passes, BP loses more and more goodwill, and its ability to generate additional funds to cover its exposure for the oil spill becomes more difficult. The risk that BP will be unable to pay all costs arising from the oil spill is real,[24] as current calculations suggest that BP's liability will exceed its assets.

[24] See, for instance, commentary by legal scholars posted last week on "Room For Debate," a blog hosted by The New York Times and available as of June 15, 2010, at http://roomfordebate.blogs.nytimes.com/2010/06/10/can-the-u-s-punish-bps-shareholders/ :

a. BP's liability exceeds the value of its assets

BP is liable for the immediate costs of the containment, the long-term costs of clean-up under the Oil Pollution Act, various damages under state laws, economic damages under the Oil

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From Lynn A. Stout, Paul Hastings professor of corporate and securities law at U.C.L.A. and an expert on corporate governance:

> [T]he disaster unfolding in the Gulf of Mexico is also one of the largest — and still ongoing — environmental disasters in the world. Experts fear that the oil may eventually spread not only throughout the Gulf, but across the Florida Keys and up the Atlantic coast. Meanwhile, BP has stated publicly that whatever the legal limits on its liability, it will pay all "legitimate" claims for damages resulting from the spill. These public statements themselves offer a legal basis for BP's liability.
>
> Is it really entirely out of the question that, should the spill end up permanently destroying one of the most productive and fragile ecosystems on the planet, BP might eventually find its assets insufficient to cover the bill?

From Nils Pratley, financial editor of the *Guardian* in Britain:

> BP's attempt to cling to its dividend is not smart. Oil is still belching from the seabed. While that is so, nobody can estimate confidently the size of the final bill, even to the nearest $10 billion. So don't send out a message that you've assessed the likely costs and concluded that a $10 billion-a-year payment to shareholders is affordable.
>
> A suspension of dividends would be an expression of good intent toward an understandably skeptical U.S. audience.
>
> Things may yet turn out that way — and we should certainly hope so because a bankrupt BP would serve nobody's interests — but it's too early to judge.

From William K. Black, an associate professor of economics and law at the University of Missouri–Kansas City, and a former top federal financial regulator:

> The fundamental truth of litigation is that it does little good to eventually win a legal claim for damages or restitution if you cannot collect on the claim. If the corporation puts assets out of the reach of the U.S., the citizens will lose.
>
> Dividends not only put money out of the reach of the U.S., but also reward the people most responsible for causing the damage. BP's officers and employees, in their capacity as shareholders, are the most obvious example of this, but shareholders are also responsible as owners of the corporation. The deal shareholders make when they invest is that if the corporation cannot pay its debts to creditors the shareholders get nothing.

From Tom Baker, a professor at the University of Pennsylvania Law School:

> When there aren't enough lifeboats on a sinking ship, who gets left behind? The passengers in first class? Probably not. More likely, it's the working stiffs booked in steerage, along with the maids and porters.
>
> BP can, and should, pay governments, the fishing industry and the owners of coastal properties for their losses.
>
> What if the owner happens to be on board? He got the ship cheap, because the builder skimped on lifeboats. Does he go down with the ship, as his just reward?
>
> Not when it's the good ship BP, taking on water as it spews oil across the Gulf. BP wants to let the owners — the shareholders — board the lifeboats first, by paying them a dividend.

Pollution Act, and environmental fines under the Clean Water Act. If BP is found to have acted with gross negligence, its liability will escalate.

Furthermore, a major risk to both containment and clean-up is hurricane activity, which the National Oceanic and Atmospheric Association forecasts as "active to extremely active" this hurricane season.

BP itself has stated that its worst case scenario estimate is that 60,000 barrels have been flowing per day, which equates to potential liability of about $132 billion, so far. *See infra* Part I.D. Assuming that the oil leak continues for the next 55 days (we are roughly 55 days in, so far), BP's liability doubles to $264 billion.

BP's potential liability far exceeds its assets. In its quarterly report for the period ending March 31, 2010 (released on April 27, 2010), BP reported net assets of approximately $105 billion. Of that amount, approximately $21 billion is composed of goodwill and other intangible assets. Thus BP has only $84 billion worth of tangible net assets.

Furthermore, in recognition of BP's mounting liabilities, just yesterday Fitch Ratings slashed BP's credit rating six levels, to barely above junk status. Now, as a practical matter, BP will have more difficulty raising funds from the capital markets to pay for the wreckage caused by its spill.[25] BP's debt is currently "approaching distressed levels."[26]

b. BP's proposed dividend is unlawful under British law

Furthermore, from a net assets perspective (assets minus liabilities), BP may already be insolvent and its proposed dividend therefore may be unlawful.

[25] Steve Goldstein, "BP credit rating slashed by Fitch Ratings," MarketWatch.com, June 15, 2010, *available at* http://www.marketwatch.com/story/bp-credit-rating-slashed-six-notches-by-fitch-2010-06-15 (last visited June 15, 2010).

[26] John Detrixhe and Shannon D. Harrington, "BP Swaps Rise to Record at 39% Odds of Default: Credit Markets," Bloomberg Businessweek, June 16, 2010, *available at* http://www.businessweek.com/news/2010-06-16/bp-swaps-rise-to-record-at-39-odds-of-default-credit-markets.html (last visited June 16, 2010).

Because BP is a British corporation, the law of Britain will determine whether its dividends are legal.[27] Under British corporate law, a corporation may not make a distribution to shareholders if that distribution would render the corporation insolvent (*i.e.*, if its liabilities exceed its assets). *See* Companies Act 2006, § 831 ("(1) A public company may only make a distribution — (a) if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves, and (b) if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate. (2) For this purpose a company's 'net assets' means the aggregate of the company's assets less the aggregate of its liabilities."). This standard is akin to the standards in many American jurisdictions, which forbid a company from paying dividends if the dividend would render the company insolvent. *See, e.g.*, CAL. CORP. CODE § 500 ("[A dividend may be issued if] immediately after giving effect thereto: (1) The sum of the assets of the corporation (exclusive of goodwill, capitalized research and development expenses and deferred charges) would be at least equal to 1 ¼ times its liabilities (not including deferred taxes, deferred income and other deferred credits); and (2) The current assets of the corporation would be at least equal to its current liabilities . . . .").

These facts make BP's proposed dividends especially troubling and render this motion urgent. A case from the Pennsylvania Supreme Court is instructive. In *City of Philadelphia v. Philadelphia Transportation Co.*, that court upheld a preliminary injunction that was issued to restrain payment of a dividend by a corporation to its shareholders. 126 A.2d 132 (Pa. 1956).

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[27] "The operation and effect of a dividend declaration by a board of directors is determined and controlled exclusively by the law of the state of incorporation." 11 FLETCHER CYC. CORP. § 5334. *See also Atherton v. F.D.I.C.*, 519 U.S. 213, 224 (1997) ("States normally look to the State of a business' incorporation for the law that provides the relevant corporate governance general standard of care.") (citing RESTATEMENT (SECOND) CONFLICT OF LAWS § 309 (1971)); *Hollis v. Hill*, 232 F.3d 460, 464-65 (5th Cir. 2000) ("Texas, like most other states, follows the 'internal affairs doctrine.' That is, the internal affairs of the foreign corporation, 'including but not limited to the rights, powers, and duties of its board of directors and shareholders and matters relating to its shares,' are governed by the laws of the jurisdiction of incorporation.").

Reading the plaintiff's allegations regarding the defendant's insolvency together with Pennsylvania's corporations statute, the court stated:

> It is illegal to declare and pay dividends from other than a surplus consisting of an excess in the value of the assets over the aggregate of the liabilities and the issued capital stock. The object of this prohibition is to afford a margin of protection for creditors in view of the limited liability of the shareholders, and also to protect the interest of the shareholders themselves by preserving the capital so that the purposes for which the corporation was formed may be carried out.

Id. at 133 (citation omitted). In holding for the plaintiffs, the court reasoned that equity demanded that the plaintiffs' rights required the protection of a preliminary injunction:

> Pending the determination of [defendant's solvency] the issuance of a preliminary injunction was entirely proper, and indeed practically necessary in order to preserve the rights of the City in case the issue should finally be decided in its favor, because it would otherwise have suffered irreparable harm had the dividend actually been paid meanwhile to the Company's 24,000 stockholders scattered throughout the country. . . .

Id. at 133-134.

The same analysis applies here. Pending a determination of BP's solvency, a preliminary injunction is necessary and proper to preserve the rights of Plaintiffs, and indeed all others negatively affected by the oil spill.

B. A substantial threat of irreparable injury

Assuming that 47,500 barrels of oil are leaking into the Gulf of Mexico each day, and assuming that oil continues to leak at that rate until early August, BP's liability as a direct result of the oil spill is approximately $209 billion. Assuming that 60,000 barrels of oil are leaking each day, BP's liability is approximately $264 billion.

As of March 31, 2010, BP reported tangible net assets of only $84 billion. Accordingly, BP does not currently have adequate resources to cover its liabilities stemming from the oil spill.

Therefore, if Plaintiff's requested preliminary injunction is not granted and BP pays billions of dollars to its shareholders, Plaintiff and others similarly situated will suffer irreparable injury when BP is unable to satisfy its obligations under the Oil Pollution Act and Louisiana law. Allowing BP to issue billions of dollars of dividends to its shareholders (or dissipating its assets in any way) risks serious, irreparable injury to Plaintiff and those similarly situated. *See, e.g., Productos Carnic, S.A. v. Central American Beef and Seafood Trading Co.*, 621 F.2d 683, 686 (5th Cir. 1980) ("By showing that [defendant] intended to frustrate any judgment on the merits, the Judge was entitled to conclude that [defendant] undoubtedly had shown potential irreparable injury."); *U.S. ex rel. Taxpayers Against Fraud v. Link Flight Simulation Corp.*, 722 F. Supp. 1248, 1255 (D. Md. 1989) (finding probability that defendant may not have assets sufficient to satisfy eventual judgment satisfies irreparable injury requirement and finding that temporary restraining order, which enjoined defendant from dissipating itself, was proper); *Deckert v. Independence Shares Corp.*, 311 U.S. 282, 290 (1940) (finding that injunction was proper where defendant was "insolvent and its assets in danger of dissipation or depletion"); *Teradyne, Inc. v. Mostek Corp.*, 797 F.2d 43, 53 (1st Cir. 1986) (holding that "when the district court finds that the defendant may be insolvent before a final judgment is entered," the probability of irreparable harm element can be satisfied); *Foltz v. U.S. News & World Report*, 760 F.2d 1300, 1309 (D.C. Cir. 1985) (noting that a preliminary injunction enjoining distribution of cash from an employee profit-sharing plan, designed to freeze the status quo prior to a determination of liability and the extent of any damages, is not improper).

C. The injury to Plaintiffs outweighs any injury to BP

The injury that Plaintiffs will suffer if the risk that BP cannot satisfy its obligations arising out the oil spill is *far greater* than the injury that BP will suffer if it is enjoined from dissipating its assets, including by issuing a dividend.

The oil spill's impact on the Louisiana coastline is already devastating. And, more recently, as the oil spill has begun to inundate the beaches of Mississippi, Alabama, and Florida, the zone of devastation has grown. Heavy oil smothers the fragile grasses that are the lifeline of the precious wetlands, bays, and estuaries that dot the Gulf Coast. Tar balls make beaches toxic and unusable. And, according to conservative estimates, the oil spill will continue to flow into the Gulf at least through the late summer, increasing both the reach and the impact of environmental devastation.

The risk that BP, the responsible party, cannot pay all removal costs and damages associated with the oil spill is too great a risk to take lightly, and one that indisputably outweighs whatever injury BP might suffer if this Court grants Plaintiff's motion.

D. Plaintiff's motion serves the public interest

As already stated, the oil spill's devastating impact on the coastlines of Louisiana, Mississippi, Alabama, and Florida is obvious. The oil spill is already the largest in history, and government officials predict that the well may continue to leak at the current rate through late summer. The impact of the oil spill on the Gulf Coast will continue to grow, as will BP's liability for removal costs and damages.

All property owners who are entitled to removal costs and damages — and, by extension, the public which benefits from removal measures — stand to benefit from an injunction which prohibits BP from dissipating its assets. An order enjoining the issuance of billions of dollars of dividends, for instance, would guarantee at least that the funds ear-marked for the dividends would be available to compensate *all* individuals, businesses, municipalities, state governments, and federal entities that have been, and will continue to be, injured by the oil spill.

E. Immediate and irreparable injury, loss, or damage will result

Plaintiff's motion is urgent. BP's board will soon announce whether BP will issue a second quarter dividend to its investors. The proposed dividend represents a sum of money that could instead be used to compensate *countless* parties that BP's oil spill has, and will continue to, injure. But if BP's board declares and pays a dividend, that sum will be scattered among BP's shareholders.

IV. The requirement of security should be waived

Ordinarily, a party that moves for a preliminary injunction or temporary restraining order must give security in an amount that the court considers proper. Fed. R. Civ. P. 65(c) ("The court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained."). That amount is solely within the court's discretion. *Corrigan Dispatch Co. v. Casa Guzman, S. A.*, 569 F.2d 300, 303 (5th Cir. 1978); *Rudney v. International Offshore Services, L.L.C.*, 07-3908, 2007 WL 2900230, at *5 (E.D. La. Oct. 1, 2007). The Fifth Circuit has observed that the district court "may elect to require no security at all." *Kaepa, Inc. v. Achilles Corp.*, 76 F.3d 624, 628 (5th Cir. 1996) ("In holding that the amount of security required pursuant to Rule 65(c) 'is a matter for the discretion of the trial court,' we have ruled that the court 'may elect to require no security at all.'") (citing *Corrigan Dispatch Company*, 569 F.2d 300).

Courts routinely waive security for plaintiffs in cases "where requiring security would effectively deny access to judicial review." *California ex rel. Van De Kamp v. Tahoe Regional Planning Agency*, 766 F.2d 1319, 1325-26 (9th Cir. 1985) ("The court has discretion to dispense with the security requirement, or to request mere nominal security, where requiring security would effectively deny access to judicial review."); *Miller v. Carlson*, 768 F. Supp. 1331, 1340 (N.D. Cal. 1991) (noting that a bond under rule 65(c) "is not required where plaintiffs are indigent or where considerations of public policy make waiver of a bond appropriate"); *Elliott v. Kiesewetter*, 98 F.3d 47, 60 (3d Cir. 1996) ("Where the balance of these equities [of the potential hardships that each party would suffer as a result of a preliminary injunction] weighs overwhelmingly in favor of the party seeking the injunction, a district court has the discretion to waive the Rule 65(c) bond requirement.").

Plaintiff submits that here the requirement of security would effectively deny Plaintiffs access to judicial review of this critical issue. Plaintiff does not have the means to post security in this case, and, given the indisputable public interest the requested injunction would serve, Plaintiff submits the balance of equities weighs overwhelmingly in Plaintiff's favor. Plaintiff therefore requests that the Court waive the requirement of security under the circumstances.

CONCLUSION

For the foregoing reasons, Plaintiff submits that his motion is warranted and urgent. Plaintiff requests that this Court exercise its authority to enjoin BP from dissipating assets, including issuing a dividend, which would impair its financial ability to satisfy its obligations to Plaintiffs.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on June 16, 2010, I filed the foregoing Memorandum of Law in Support of Plaintiff's Motion for Temporary Restraining Order and Preliminary Injunction via CM/ECF with the Clerk of Court of the United States District Courthouse for the Eastern District of Louisiana, 500 Poydras Street, New Orleans, Louisiana, and also delivered a copy on Defendant BP PLC via hand delivery to Don K. Haycraft, local counsel.

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF LOUISIANA

TROY WETZEL, EXTREME FISHING, LLC and a CLASS OF SIMILARLY SITUATED INDIVIDUALS AND ENTITIES,	* * * *	CIVIL ACTION NO. 2:10cv01222 SECTION "J"
Plaintiffs	* *	DIVISION "5"
VERSUS	* *	JUDGE BARBIER
TRANSOCEAN, LTD., et al.,	* *	MAGISTRATE JUDGE CHASEZ
Defendants	* *	
* *	*	

DECLARATION OF JOSEPH C. PEIFFER

JOSEPH C. PEIFFER, under penalty of perjury, declares as follows:

1. I am a partner of the firm Fishman Haygood Phelps Walmsley Willis & Swanson, L.L.P., attorneys for Plaintiff Ubaldo R. Cossio.

2. I submit this Declaration in support of Plaintiff's Memorandum of Law in Support of Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction and to transmit to the Court true and correct copies of the following documents:

Exhibit A	Liz Robbins and Justin Gillis, "Panel Sharply Raises Estimate of Oil Spilling into the Gulf, THE NEW YORK TIMES, June 15, 2010.
Exhibit B	Goldman Sachs, "Action" paper, "Removed from Pan-Europe Buy List BP plc (BP.L)," June 7, 2010.
Exhibit C	BP's Group Results, First Quarter 2010 (printed June 15, 2010).
Exhibit D	BP's Financial Calendar (printed June 15, 2010).

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New Orleans, Louisiana
June 16, 2010

Joseph C. Peiffer

Exhibit A

June 15, 2010

Panel Sharply Raises Estimate of Oil Spilling Into the Gulf

By JUSTIN GILLIS

As President Obama prepared to use a prime-time address from the Oval Office to discuss the oil spill crisis, a government panel raised its estimate of the flow rate from BP's damaged well yet again on Tuesday, declaring that as much as 60,000 barrels a day could be gushing into the Gulf of Mexico.

That is roughly 2.5 million gallons of oil a day, and it means an amount equal to the Exxon Valdez spill could be gushing from the well about every four days.

The flow was already categorized as the largest offshore oil spill in the nation's history, but the new figures sharply increase previous estimates. Scientists on Tuesday estimated that the flow rate ranged from 35,000 to 60,000 barrels a day — up from the rate they issued only last week, of 25,000 to 30,000 barrels a day. It continues a pattern in which every new estimate of the flow rate has been dramatically higher than the one before.

The current range is far above the figure of 5,000 barrels a day that the government and BP clung to for weeks after the spill started following the April 20 explosion of the Deepwater Horizon oil rig. That estimate was made by the National Oceanic and Atmospheric Administration using methods not recommended for large oil spills, and it came under attack from professors and advocacy groups who said the spill had to be larger. Time has proven those critics right.

The latest estimate reflects a possible increase in the flow rate that occurred after BP cut an underwater pipe called a riser on June 3 to install a new device to capture part of the oil. It is

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based on new information, including high-resolution video made after the riser cut, and on pressure readings taken by a device that was inserted this week into the equipment at the sea floor. Energy Secretary Steven Chu, a Nobel Prize-winning scientist, was personally involved in using those pressure readings to help make the latest calculation.

“This estimate brings together several scientific methodologies and the latest information from the sea floor, and represents a significant step forward in our effort to put a number on the oil that is escaping from BP’s well,” Mr. Chu said in a statement. “As we continue to collect additional data and refine these estimates, it is important to realize that the numbers can change.”

The numbers came on a day when BP’s ill-fated relief efforts to stop the damaged well hit yet another snag, underscoring once again the fragility of the containment effort: lightning struck the vessel that had been collecting the oil from the well, suspending operations for nearly five hours from 9:30 a.m. Central time until 2:15 p.m.

The new numbers and the small fire set the stage for Mr. Obama’s prime-time speech from the Oval Office on Tuesday night, when he was expected to press BP on its cleanup and claims payment plans. Mr. Obama wrapped up a two-day trip to the Gulf coast with an appearance at the Naval Air Station in Pensacola, Fla., on Tuesday morning.

“Yes, this is an unprecedented environmental disaster, it’s the worst in our nation’s history,” Mr. Obama told an audience of sailors, marines and civilians at the base. “But we’re going to continue to meet it with an unprecedented federal response and recovery effort. This is an assault on our shores and we’re going to fight back with everything we’ve got.”

Mr. Obama added: “My administration is going to do whatever it takes, for as long as it takes to deal with the disaster.”

BP said in a statement that the fire, which started after lightning struck the derrick — the familiar-looking tower used to lift the piping — was quickly extinguished, and there were no injuries. But as a precaution, the containment operation was shut down for about five hours.

The containment cap is still the most successful method BP has had in collecting some of the oil that has been leaking from the undersea well, and it has only been partly effective. A series of attempts by BP to cap or plug the well before June 3 failed.

Phone calls to BP requesting comment on the lightning strike and containment shutdown were not immediately returned on Tuesday afternoon.

The new calculation of the flow of oil, if it holds up, suggests that BP's latest plans for capturing oil will be adequate, if only barely.

BP had only able to collect about 15,000 barrels a day at its peak with the containment cap, but the company has outlined plans to deploy new equipment so that it can capture a minimum of 40,000 barrels a day by the end of June, and a minimum of 60,000 barrels a day by mid-July.

If the new range of flow estimates proves correct, and if BP is ultimately found guilty of gross negligence in actions it took that led to the Deepwater Horizon disaster, that would mean the company could be assessed fines of up to $258 million a day. Those fines could come on top of payments for cleanup costs and economic damage to Gulf Coast businesses.

Fearful that the spill could ultimately cost BP tens of billions of dollars, investors have driven the company's market valuation down by 48 percent since the spill began, erasing $91 billion of shareholder value. BP shares rose more than 2 percent during regular trading on Tuesday, but then gave up all that gain and more in after-hours trading, following release of the new flow estimates.

In a separate development, BP started to make good Tuesday on a three-week-old promise, declaring that it would release $25 million to a group of universities to pay for research into the effects of the oil spill. The is the first installment of $500 million that the company has pledged for a research effort lasting a decade.

Louisiana State University will get $5 million of the initial money. An additional $10 million will go to the Florida Institute of Oceanography, a consortium of 20 institutions with marine science interests in that state, including the 11 state universities. And a final $10 million will go to the Northern Gulf Initiative, a consortium led by Mississippi State University that includes four other institutions scattered across the Gulf Coast states.

In signing up for the BP money, the institutions were careful to negotiate academic freedom for themselves in deciding what lines of research to pursue.

“Clearly, our scientists need to be able to work independently,” said Vickie Chachere, a spokeswoman for the University of South Florida in St. Petersburg, which heads the Florida consortium. “BP is going to be completely hands-off on this. There will be no strings attached.”

BP pledged that more money would be coming beyond the $25 million. It appointed an expert panel that will make recommendations on which institutions will receive those funds, with Rita Colwell, one of the most respected names in American science, as chairwoman. Ms. Colwell, an environmental microbiologist who holds a degree in oceanography, formerly headed the National Science Foundation and is now a distinguished professor at the Johns Hopkins University.

“It is vitally important that research start immediately into the oil and dispersant’s impact, and that the findings are shared fully and openly,” BP’s chief executive, Tony Hayward, said in a statement announcing the research money. “We support the independence of these institutions and projects, and hope that the funding will have a significant positive effect on scientists’ understanding of the impact of the spill.”

Jad Mouawad and Liz Robbins contributed reporting.

This article has been revised to reflect the following correction:

Correction: June 15, 2010

An earlier version of this article misstated the minimum daily fine BP could be assessed if found guilty of gross negligence.

Exhibit B

June 7, 2010

Goldman Sachs

ACTION

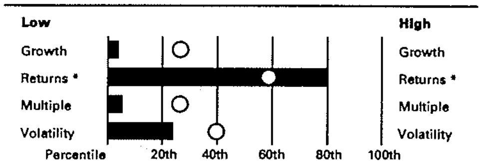
Removed from Pan-Europe Buy List
BP plc (BP.L)

Incorporating potential GoM damages; down to Neutral

What happened

BP's attempt to fit a cap on the top half of the blow-out preventer known as the lower marine riser package (LMRP) has been successful; currently it is collecting c.11 kbls/d of a total spill of 12-19 kbls/d and BP expects it to collect the vast majority of the spill once an additional containment system is in place. However, after incorporating potential costs to BP, we believe the shares no longer provide materially more potential upside than the median for the sector. We downgrade BP to Neutral from Buy. Since adding BP to the Buy list on December 17, 2009 its shares are down 13.8%, versus the FTSE World Europe's 8.5% fall (on 12 months -2.6% and +9.6%).

Investment Profile



■ BP plc (BP.L)

○ Europe Oil & Gas Peer Group Average

* Returns = Return on Capital

For a complete description of the investment profile measures please refer to the disclosure section of this document.

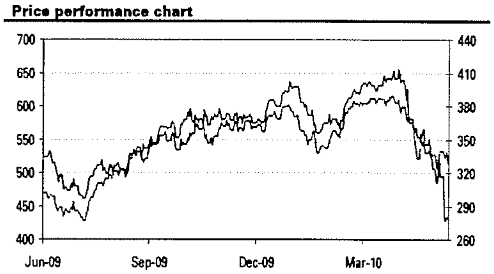
Current view

Since the announcement of the spill on April 22, BP's underperformance relative to its peers implies that the market assumes US$32 bn of pre-tax damages from the GoM spill. Extrapolating the costs incurred by Exxon following the Valdez spill, and making adjustments to reflect the spill affecting a more highly inhabited and economically relevant area, this implies the market assumes a total spill of c.800 kbls. We reduce our price target to incorporate our mid-range estimate of potential costs to BP, and to reflect the reputational damage likely to result (we reflect this through a 10% EV/DACF discount vs. its peers). Our new 12-month price target of 600p implies 38% potential upside (12-month price target of US$52 from US$69 for the ADS), close to the median of the sector. We revise our estimates, assuming BP suspends its dividend for two quarters, and that US$4 bn of damages is paid in both 2010 and 2011. We therefore downgrade the shares (and ADS) to Neutral from Buy. Our preferred stocks remain RDShell (1,740p) and Statoil (Nkr133), both Conviction Buys, reflecting on our estimates superior growth and more attractive valuation.

Our 12-month, EV/DACF-based price targets (600p from 770p for the shares; US$52 for the ADS)) include an assumed US$23 bn post-tax liability to BP. Key risks to our price targets include a failure in the relief well, a deeper cut to the dividend and materially lower oil prices.

Key data				Current
Price (p)				433.35
12 month price target (p)				600
Upside/(downside) (%)				38
BP Price ($)				37.16
BP 12 month price target ($)				52.00
Market cap (£ mn)				82,059.1
Enterprise value ($ mn)				178,901.8
	12/09	12/10E	12/11E	12/12E
EPS ($) New	**0.77**	**1.20**	**1.53**	**1.53**
EPS ($) Old	0.77	1.26	1.69	1.52
BP EPS ($) New	**4.62**	**7.18**	**9.17**	**9.20**
BP EPS ($) Old	4.62	7.57	9.51	9.12
P/E (X)	10.6	5.3	4.1	4.1
BP P/E (X)	10.6	5.2	4.1	4.0
EV/DACF (X)	5.9	4.9	3.9	3.6
Dividend yield (%)	6.9	3.8	6.3	6.3
CROCI (%)	11.8	12.8	14.2	13.7

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	(28.6)	(25.9)	(17.2)
Rel. to FTSE World Europe (GBP)	(19.0)	(17.4)	(24.5)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 6/04/2010 close.

INVESTMENT LIST MEMBERSHIP
Neutral

Coverage View: Attractive
United Kingdom
Oil

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BP plc: Summary Financials

Profit model ($ mn)	12/09	12/10E	12/11E	12/12E
Operating profit by division				
Exploration & production	21,616.0	37,237.8	47,355.4	44,200.8
Gas and power	0.0	0.0	0.0	0.0
Refining & marketing	3,607.0	3,803.8	4,136.9	4,198.1
Chemicals	0.0	0.0	0.0	0.0
Other & corporate	(2,550.0)	(5,200.0)	(5,200.0)	(3,200.0)
EBIT	**22,673.0**	**35,841.6**	**46,292.4**	**45,198.9**
Net interest income/(expense)	(1,302.0)	(1,065.2)	(1,092.7)	(520.1)
Associates	0.0	0.0	0.0	0.0
Profit/(loss) on disposals	0.0	0.0	0.0	0.0
Others (recurring)	2,623.0	0.0	0.0	0.0
Pretax profits	**23,994.0**	**34,776.3**	**45,199.7**	**44,678.8**
Income tax	(6,613.0)	(11,775.0)	(15,819.9)	(15,190.8)
Tax rate (%)	27.6	33.9	35.0	34.0
Minorities	(181.0)	(347.8)	(452.0)	(446.8)
Preferred dividends	0.0	0.0	0.0	0.0
Net income (pre-exceptionals)	**14,577.0**	**22,653.6**	**28,927.8**	**29,041.2**
Other non-recurring items post tax	(622.0)	(49.0)	0.0	0.0
Net income	**13,955.0**	**22,604.6**	**28,927.8**	**29,041.2**
EPS (underlying) ($)	**0.77**	**1.20**	**1.53**	**1.53**
EPS (basic, reported) ($)	0.74	1.19	1.53	1.53
Weighted shares outstanding (mn)	18,936.0	18,936.0	18,936.0	18,936.0
Common dividends declared	10,604.2	4,544.6	7,574.4	7,574.4
DPS ($)	0.56	0.24	0.40	0.40
Dividend payout ratio (%)	72.7	20.1	26.2	26.1
Dividend cover (X)	1.4	5.0	3.8	3.8

Growth (%)	12/09	12/10E	12/11E	12/12E
DACF growth	11.2	14.0	18.5	0.8
EBIT growth	(47.0)	58.1	29.2	(2.4)
Net income growth	(45.5)	62.0	28.0	0.4
EPS growth	(44.8)	55.4	27.7	0.4
DPS growth	1.7	(57.1)	66.7	0.0

Cash flow statement ($ mn)	12/09	12/10E	12/11E	12/12E
Net income	14,577.0	22,653.6	28,927.8	29,041.2
D&A add-back (incl. ESO)	12,106.0	12,432.7	12,722.8	13,263.6
Minority interest add-back	181.0	347.8	452.0	446.8
Net (inc)/dec working capital	(4,969.0)	(2,564.1)	(2,592.7)	648.2
Exploration expense	1,116.0	1,069.0	1,272.0	1,405.0
Other operating cash flow	4,448.0	541.3	641.6	762.8
Cash flow from operations	**26,343.0**	**33,411.3**	**40,151.5**	**44,162.6**
Capital expenditures	(20,309.0)	(20,260.0)	(21,940.0)	(23,520.0)
Acquisitions	0.0	(8,891.0)	0.0	0.0
Divestitures	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Cash flow from investing	**(20,309.0)**	**(29,151.0)**	**(21,940.0)**	**(23,520.0)**
Dividends paid (common & pref)	(10,899.0)	(4,944.6)	(7,974.4)	(7,974.4)
Inc/(dec) in debt	1,423.0	684.4	0.0	0.0
Other financing cash flows	0.0	0.0	0.0	0.0
Cash flow from financing	**(9,476.0)**	**(4,260.3)**	**(7,974.4)**	**(7,974.4)**
Total cash flow	**(480.0)**	**(49.0)**	**10,237.1**	**12,668.2**
Capex/D&A (%)	167.8	163.0	172.4	177.3
Reinvestment rate (%)	64.9	56.3	51.3	54.1
Cash flow cover of dividends (X)	3.0	7.9	5.6	5.7
Free cash flow cover of dividends (X)	0.5	2.7	2.3	2.7

Balance sheet ($ mn)	12/09	12/10E	12/11E	12/12E
Cash & equivalents	8,339.0	8,339.0	18,576.1	31,244.3
Accounts receivable	29,531.0	42,757.9	52,259.7	49,884.3
Inventory	22,605.0	31,216.7	38,153.7	36,419.5
Other current assets	7,178.0	10,393.0	12,702.6	12,125.2
Total current assets	**67,653.0**	**92,706.6**	**121,692.1**	**129,673.2**
Net PP&E	108,275.0	123,924.3	131,869.5	140,720.9
Net intangibles	20,168.0	20,168.0	20,168.0	20,168.0
Total investments	37,966.0	38,493.7	39,124.1	39,766.3
Other long-term assets	0.0	0.0	0.0	0.0
Total assets	**234,062.0**	**275,292.6**	**312,853.7**	**330,328.4**
Accounts payable	35,204.0	50,971.9	62,298.9	59,467.2
Short-term debt	9,109.0	9,451.2	9,451.2	9,451.2
Other current liabilities	15,007.0	21,728.6	26,557.2	25,350.1
Total current liabilities	**59,320.0**	**82,151.7**	**98,307.4**	**94,268.4**
Long-term debt	25,518.0	25,860.2	25,860.2	25,860.2
Other long-term liabilities	47,111.0	70,111.0	70,111.0	70,111.0
Total long-term liabilities	**72,629.0**	**95,971.2**	**95,971.2**	**95,971.2**
Total liabilities	**131,949.0**	**178,122.9**	**194,278.5**	**190,239.6**
Preferred shares	**0.0**	**0.0**	**0.0**	**0.0**
Total common equity	**101,613.0**	**96,322.0**	**117,275.4**	**138,342.2**
Minority interest	**500.0**	**847.8**	**1,299.8**	**1,746.5**
Total liabilities & equity	**234,062.0**	**275,292.6**	**312,853.7**	**330,328.4**
Capitalised leases	0.0	0.0	0.0	0.0
Capital employed	**136,740.0**	**132,481.1**	**153,886.5**	**175,400.2**
Adj for unfunded pensions & GW	(11,548.0)	11,452.0	11,452.0	11,452.0
Adj capital employed	**125,192.0**	**143,933.1**	**165,338.5**	**186,852.2**
Gross cash invested	**275,663.7**	**297,726.7**	**313,900.1**	**328,847.1**

Ratios	12/09	12/10E	12/11E	12/12E
CROCI (%)	11.8	12.8	14.2	13.7
CROCI/WACC (X)	1.3	1.6	1.7	1.6
ROIC (%)	23.6	32.9	38.5	30.1
ROIC/WACC (X)	2.6	4.1	4.6	3.5
ROA (%)	6.3	8.9	9.8	9.0
WACC (%)	8.9	8.1	8.3	8.7
Net debt/equity (%)	25.7	27.8	14.1	2.9
EBITDA interest cover (X)	26.7	45.3	54.0	112.4

Valuation	12/09	12/10E	12/11E	12/12E
EV/DACF (X)	5.9	4.9	3.9	3.6
EV/EBITDAR (X)	5.4	3.7	2.9	2.7
EV/EBITDA (X)	5.4	3.7	2.9	2.7
EV/EBIT (X)	8.3	5.0	3.7	3.5
P/E (X)	10.6	5.3	4.1	4.1
Dividend yield (%)	6.9	3.8	6.3	6.3
FCF yield(%)	3.3	10.4	14.6	17.0
EV/adj. capital employed (X)	1.6	1.3	1.2	1.0
Price/book (X)	1.8	1.2	1.0	0.9
EV/GCI (X)	0.7	0.6	0.5	0.5

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

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We believe the market fairly reflects a mid-range Gulf of Mexico spill impact, but huge uncertainty remains

The ultimate cost to BP from the Gulf of Mexico spill is impossible to know with certainty at present, given uncertainties over the total size of the spill, its impact on the local economy and longer-term impacts on BP's competitive position in the GoM and beyond. We have therefore run sensitivity analyses to evaluate the potential impact of these variables. Additionally, we analyse BP's ability to pay such damages and potential risk to its dividend, which we assume will not be paid for the next two quarters and will resume at US$10c per quarter from 4Q. In our view, the market appears to be pricing in a spill in the region of 800 kbls (vs. a spill of 720 kbls currently, assuming a 15 kbpd flow rate and 48 days), extrapolating from the costs of the Exxon Valdez spill and adjusting for inflation and the greater impact of this spill (in a more populated and more economically relevant area).

Gulf of Mexico spill key figures

Flow rate: News to date from the National Incident Command Flow Rate Technical Group is that oil from the well is flowing at 12-19 kbpd. Taking the mid-point of 15 kbpd and 48 days since the incident implies 720 kbls of oil spilled so far (unadjusted for evaporation). The true flow rate is not precisely known at this point, and this is the best estimate of the Command Group. The attempt to install a cap on the top half of the blow out preventer known as the lower marine riser package (LMRP) has been successful and is currently collecting c.11 kbls/d. BP expects to collect the vast majority of the spill once an additional containment system is in place, limiting the damage of the spill until a relief well hopefully provides a final solution at the beginning of August.

Cost: The ultimate cost to BP is impossible to know currently. The 1989 Exxon Valdez spill of 250 kbls cost Exxon US$3.8 bn. We estimate that a spill of similar size in the GoM could today cost c.US$10 bn, allowing for inflation and the greater impact of this spill (a more highly populated and more economically relevant area). However, this estimate is subject to great uncertainty, as there is no useful recent comparison for a spill of this size in such a populated area. We currently assume conservatively that BP (as an operator) bears 100% of the clean-up and legal costs, despite owning only 65% of the license. However, this is another key area of uncertainty; we do not know yet the exact reasons for the failures that led to the spill and which company might be responsible for it.

Duration: The final solution to the spill is likely to be a successful relief well. The first relief well was spudded on May 2, and BP expects to take three months completing it. The well is currently at a depth of 12,956ft with a target of 18,000ft. A second relief well is currently being drilled and is at a depth of 8,576ft. The approach of the hurricane season in the US could add some risk to the drilling of these wells.

Sensitivity analysis suggests market assumes a spill of 800 kbls

A scenario analysis of different flow rates and different spill durations suggests the market is assuming a spill of c.800 kbls (using our estimate of total costs of US$40k/bl spilled). In our sensitivity analysis we conservatively assume BP bears 100% of the liabilities of the spill, and make no adjustment for oil collected or evaporated on the surface (which could be up to 50% of the volumes we believe).

Exhibit 1: Scenario analysis of size of spill and potential pre-tax costs

Spill (kbls)		Duration (days)										
		50	60	70	80	90	100	110	120	130	140	150
Flow rate (kbpd)	0	750	750	750	750	750	750	750	750	750	750	750
	3	750	780	810	840	870	900	930	960	990	1020	1050
	6	750	810	870	930	990	1050	1110	1170	1230	1290	1350
	9	750	840	930	1020	1110	1200	1290	1380	1470	1560	1650

Cost pre-tax(US$bn)		Duration (days)										
		50	60	70	80	90	100	110	120	130	140	150
Flow rate (kbpd)	0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	3	30.0	31.2	32.4	33.6	34.8	36.0	37.2	38.4	39.6	40.8	42.0
	6	30.0	32.4	34.8	37.2	39.6	42.0	44.4	46.8	49.2	51.6	54.0
	9	30.0	33.6	37.2	40.8	44.4	48.0	51.6	55.2	58.8	62.4	66.0

Source: Goldman Sachs Research estimates.

Reflecting updated assumptions in our price target

We update our price target methodology to more accurately reflect the potential impact of the Gulf of Mexico spill. Our key assumptions are highlighted below; we now incorporate our best estimate of the market's assumption for the possible liability BP will face in our 12-month price target: US$36 bn pre-tax. This is not a view on the possible final cost of the spill, or where liability might ultimately lay. We also try to reflect the longer-term impact of the spill on BP's competitive position, in the GoM and beyond, from reputational damage (we do this by incorporating a 10% EV/DACF discount in our target price).

GS Gulf of Mexico assumptions

Flow rate: 15 kbpd for 50days (from a range of 12-19 kbpd) and 3 kbpd from June 5 (we estimate BP will be able to collect 12 kbpd from the riser cap).

Cost: US$40,000 per barrel spilt, or US$10 bn per 250 kbls, which we calculate by inflating Exxon's US$3.8 bn costs relating to the Valdez spill in 1989 by 5% pa. To be conservative, we apply this cost to the total number of barrels spilt, and do not adjust for those barrels that have been dispersed or evaporated, which could be as much as 50% of the total volume. We also attribute 100% of this cost to BP, as the operator of the license, although it owns only a 65% stake in the block.

Duration of the spill: We assume that the LMRP cap will collect a total of 12 kbls/d from a total spill of 15 kbls/d until the first relief well halts the oil flow 100 days after the initial spill. This implies a spill of 800 kbls and a liability of US$36 bn (US$23 bn post-tax).

Finally, we believe it is appropriate to apply a 10% sector discount (from in line previously) to our target multiple for BP to reflect the risk to BP's future business opportunities, the dividend, and the negative news flow and lawsuits the company may face as a result of the spill. Our new 12-month target price of 600p (US$52 for the ADR) is derived from a 50:50 weighting of 2011E/2013E EV/DACF multiples-based valuations, including the potential liability from the spill and a 10% EV/DACF discount to the sector.

BP valuation in line with the sector median, downgrade to Neutral

BP's valuation is not unattractive on a stand-alone basis. Even if we were to assume our worst-case scenario of US$66 bn in liabilities, the stock would trade on an EV/DACF of 5.5x in 2010E and 4.5x in 2011E. On our current estimates, this would be a 12%-14% premium to the sector (which trades on EV/DACFs of 4.9x and 3.9x respectively), implying there is still some downside risk in the near term should the relief well take longer to drill and the LMRP cap become less efficient. On our base case, BP trades at a 2% premium to the sector average; we therefore downgrade to Neutral, within an Attractive coverage view.

Exhibit 2: BP EV/DACF multiple under different scenarios assuming costs from Exhibit 1

EV/DACF (2010)

Flow rate (kbpd)	Duration (days): 50	60	70	80	90	100	110	120	130	140	150
0	4.87	4.87	4.87	4.87	4.87	4.87	4.87	4.87	4.87	4.87	4.87
3	4.87	4.89	4.91	4.93	4.95	4.97	4.99	5.01	5.03	5.06	5.08
6	4.87	4.91	4.95	4.99	5.03	5.08	5.12	5.16	5.20	5.24	5.28
9	4.87	4.93	4.99	5.06	5.12	5.18	5.24	5.30	5.37	5.43	5.49

EV/DACF (2011)

Flow rate (kbpd)	Duration (days): 50	60	70	80	90	100	110	120	130	140	150
0	3.94	3.94	3.94	3.94	3.94	3.94	3.94	3.94	3.94	3.94	3.94
3	3.94	3.96	3.98	4.00	4.01	4.03	4.05	4.07	4.09	4.10	4.12
6	3.94	3.98	4.01	4.05	4.09	4.12	4.16	4.19	4.23	4.27	4.30
9	3.94	4.00	4.05	4.10	4.16	4.21	4.27	4.32	4.37	4.43	4.48

BP Premium/discount to sector

EV/DACF (2010)

Flow rate (kbpd)	Duration (days): 50	60	70	80	90	100	110	120	130	140	150
0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3	0%	0%	1%	1%	1%	2%	2%	3%	3%	4%	4%
6	0%	1%	1%	2%	3%	4%	5%	6%	7%	7%	8%
9	0%	1%	2%	4%	5%	6%	7%	9%	10%	11%	12%

EV/DACF (2011)

Flow rate (kbpd)	Duration (days): 50	60	70	80	90	100	110	120	130	140	150
0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
3	0%	1%	1%	1%	2%	2%	3%	3%	4%	4%	5%
6	0%	1%	2%	3%	4%	5%	6%	6%	7%	8%	9%
9	0%	1%	3%	4%	6%	7%	8%	10%	11%	12%	14%

Source: Goldman Sachs Research estimates.

Analysis: BP's ability to pay for the spill and its longer-term impact

As previously discussed, we estimate the GoM spill might cost BP c.US$33 bn on a post-tax basis. This might represent total clean-up and legal costs and might not fully materialize for a decade. Exhibit 3 shows our estimates of BP's balance sheet headroom to pay for damages by end-2011, at different oil prices and gearing ratios, assuming it continues to pay its dividend of US$10.6 bn pa. Our analysis implies that at a US$80/bl oil price, assuming maximum gearing of 40%, BP would have balance sheet headroom to meet US$11 bn of post-tax damages. On this basis, payment of greater damages might require a dividend cut / holiday or a rights issue. Consequently, we assume BP will take a holiday on the dividend payment in 2Q and 3Q, while uncertainties over damages are likely to very high, and will resume payments in 4Q at a reduced quarterly rate of US$10c.

Exhibit 3: BP has US$11 bn of b/s headroom for damages at US$80/bl and assuming 40% leverage by end-2011
BP's balance sheet headroom for possible GoM damages, at various oil prices and gearing levels at end-2011

Net debt/Equity (end 2011E)		Oil price (2010/2011)					
	US$ bn	60	70	80	90	100	110
	20%	-29.3	-21.2	-13.0	-4.9	3.2	11.4
	25%	-24.0	-15.5	-7.0	1.4	9.9	18.4
	30%	-18.7	-9.9	-1.0	7.8	16.6	25.4
	35%	-13.4	-4.2	5.0	14.1	23.3	32.5
	40%	-8.1	1.4	11.0	20.5	30.0	39.5

Source: Goldman Sachs Research estimates.

27% of BP's global production is in the US; 14% in the GoM

Beyond the cost of the spill and the potential pressure this could place on the dividend, we believe the spill will cause reputational damage, impacting BP's ability to do business and compete as an operator in the GoM, in the US and globally. Exhibit 4 shows BP relies on the US for almost a third of its global production, suggesting BP's development is tied to the US. As such, we believe the company will need to carefully manage reputational risk in the US.

Exhibit 4: BP's production is materially exposed to the Gulf of Mexico
BP production by region (kboepd)

Hydrocarbon production profile (kboepd)	**2008**	**2009**	**2010E**	**2011E**	**2012E**	**2013E**
UK	300	271	248	225	205	188
Europe	47	43	33	32	34	40
US ex GoM	608	574	553	558	560	540
Gulf of Mexico	**289**	**477**	494	**506**	**502**	**487**
Rest of Americas	515	507	500	494	488	483
Asia Pacific	134	154	189	198	195	192
Africa	348	382	346	290	285	304
Row	464	444	442	481	519	533
Associates	1105	1115	1127	1148	1168	1190
Total	**3810**	**3967**	**3933**	**3932**	**3955**	**3955**
GoM as % of total	16%	14%	14%	14%	14%	14%
US as % of total	24%	26%	27%	27%	27%	26%

Source: Company data, Goldman Sachs Research estimates.

Fixed assets and reserve analysis reinforces our view that circa one third of BP's business is in the US

35% of BP's fixed assets are in the US, 37% of its cash flow and 31% of its total reserves. This is the key reason for our belief that BP will find it difficult to strongly resist clean-up costs and other legal claims in the country.

Exhibit 5: 35% of BP's fixed assets are in the US
Regional split of BP's fixed assets

US$ mn	Net capatilized costs	as a % group fixed assets
Europe	12392	11%
US	38102	35%
Canada	1805	2%
South America	3707	3%
Africa	14361	13%
Asia	6835	6%
Australasia	2895	3%
Total upstream	80097	
Total group fixed assets	108275	

Source: Company data.

Exhibit 6: 31% of BP's reserves are in the US
Regional split of BP's reserves

2009 reserves (mmboe)	Oil	Gas	Total	as a % of total
UK	694	379	1073	*6%*
Europe	267	74	341	*2%*
USA	3073	2536	5609	*31%*
Africa	885	454	1303	*7%*
Australasia	115	1054	1169	*6%*
Asia	999	320	821	*5%*
South America	917	2139	1867	*10%*
Russia	3549	370	3919	*22%*
Rest of NA	12	195	207	*1%*
Total	10511	7522	18033	

Source: Company data.

Exhibit 7: 37% of BP's cashflow is generated in the US
Regional split of BP's post-tax cashflows (US$ mn)

Cashflow by region (US$mn)	2010E	2011E	as % of total 2010E	as % of total 2011E
UK	3865	4095	10%	9%
Europe	2235	2392	6%	5%
USA	13451	16788	35%	37%
Africa	5665	5673	15%	12%
Australasia	3304	3942	8%	9%
Asia	3976	5199	10%	11%
Rest of Americas	3770	4558	10%	10%
Russia	2638	3152	7%	7%

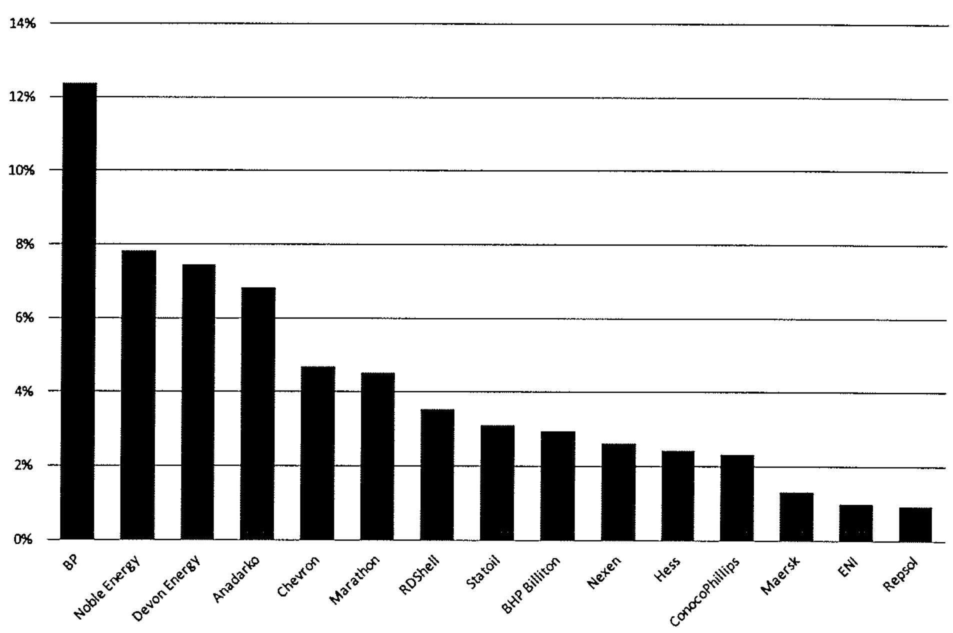
Source: Goldman Sachs Research estimates.

BP: materially exposed to large new assets in the GoM

Exhibit 8 shows that BP is the most exposed company globally to major new assets in the GoM, with 12% of its market cap in the NPV of its Top 280 GoM fields, vs. less than 4% for all the other European oil companies. In our view, this is another reason to believe that BP will be more affected than other stocks by development delays in the Gulf.

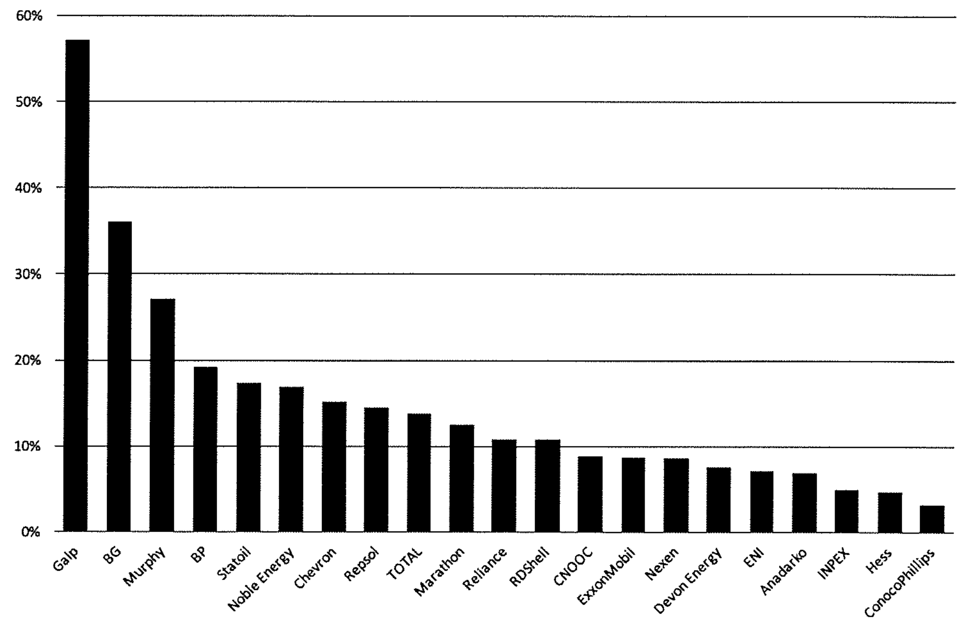
Exhibit 9 shows deepwater exposure. However, we do not believe that other deepwater basins will face similar delays/regulator scrutiny as the GoM.

Exhibit 8: Of the majors, BP has the largest Top 280 exposure to Gulf of Mexico by value
Top 280 GoM assets NPV as a % of EV



Source: Goldman Sachs Research estimates.

Exhibit 9: Galp has the largest Top 280 exposure to deepwater by value
Top 280 deepwater (>750m) assets NPV as a % of EV

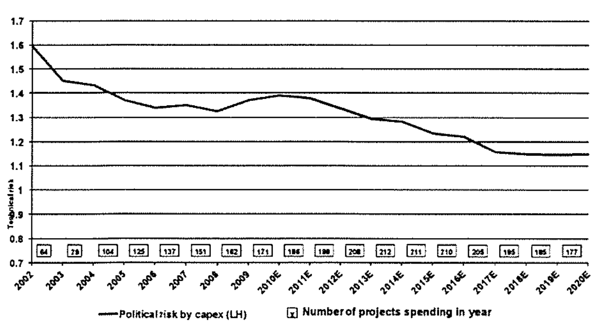


Source: Goldman Sachs Research estimates.

New Top 280 non-OPEC supply has higher technical risk

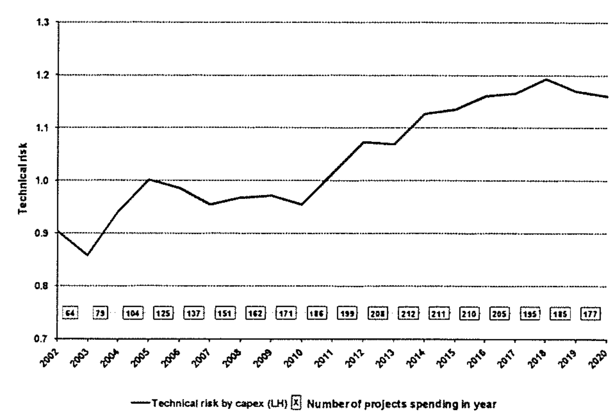
Our Top 280 investment profile increasingly shows a focus on areas with lower political risk (Exhibit 10) at the expense of higher technical risk. The GoM accident shows that the industry might be overstretching itself in its ability to manage this kind of risk, and supports our view that future non-OPEC supply is likely to be disappointing, supporting a bullish oil price view and our view that the E&P stocks with exposure to simpler developments are currently undervalued.

Exhibit 10: Industry is shying away from political risk...
Political risk of the Top 280 projects weighted by capex



Source: Company data, Goldman Sachs Research estimates.

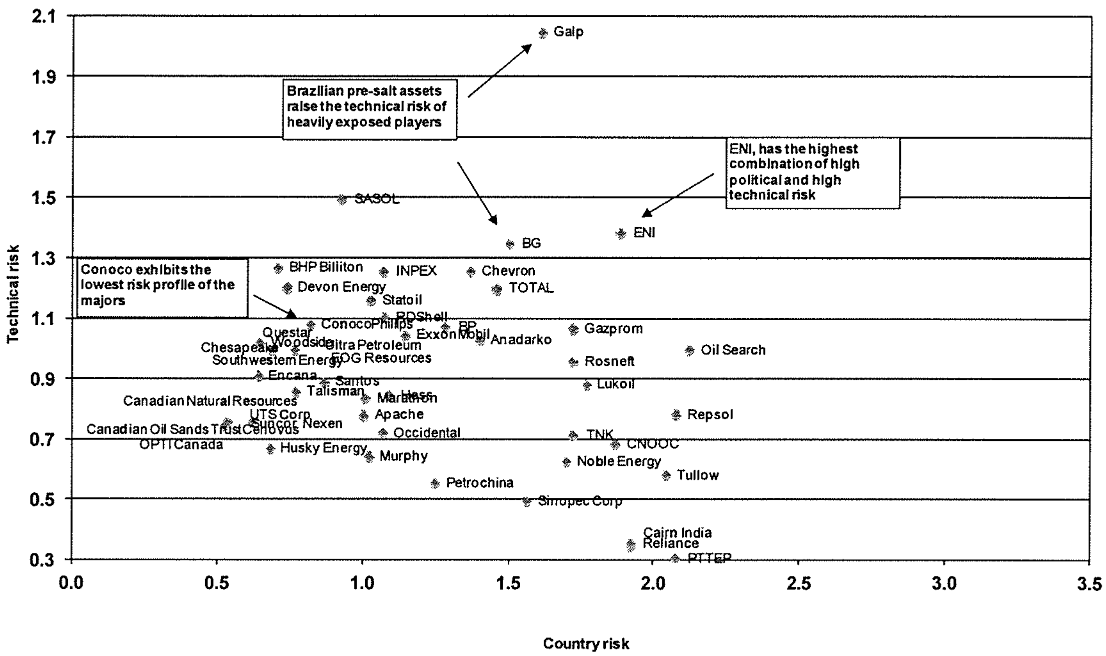
Exhibit 11: ...at the expense of rising technical challenge
Technical risk of the Top 280 projects weighted by capex



Source: Company data, Goldman Sachs Research estimates.

Brazilian pre-salt players such as Galp and BG have the highest technical risk from our Top 280 portfolio. Within the majors Conoco exhibits the lowest risk profile.

Exhibit 12: Technical versus political risk by country (excluding fields at plateau)



Source: Goldman Sachs Research estimates, World Bank Index.

Key risks

Key risks to our view and price targets include:

- a failure in the relief well;
- a deeper cut to the dividend;
- materially lower oil prices.

Share price performance of BP versus peer group

Exhibit 13: Share price performance versus peer group
Prices as of close on June 4, 2010

Company	Ticker	Primary analyst	Price currency	Price as of Jun 4, 2010	Price performance since Dec 17, 2009	3 month price performance	6 month price performance	12 month price performance
Europe Oil & Gas Peer Group								
BP plc	BP.L	Michele della Vigna, CFA	p	494.80	-13.8%	-14.5%	-15.2%	-2.6%
BG Group	BG.L	Michele della Vigna, CFA	p	1061	-2.3%	-7.3%	-5.8%	-1.7%
CEPSA	CEP.MC	Henry Morris	€	18	-17.8%	-11.4%	-16.6%	-35.5%
ENI	ENI.MI	Michele della Vigna, CFA	€	15.20	-11.3%	-8.3%	-7.9%	-10.9%
ERG	ERG.MI	Henry Morris	€	9.78	3.5%	5.8%	2.2%	-8.2%
Galp	GALP.LS	Henry Morris	€	12.00	0.6%	-3.3%	0.3%	7.8%
Hellenic Petroleum	HEPr.AT	Henry Morris	€	5.90	-28.6%	-28.3%	-24.5%	-16.9%
MOL	MOLB.BU	Henry Morris	HUF	18350.00	16.2%	3.1%	14.8%	47.3%
Motor Oil Hellas	MORr.AT	Henry Morris	€	7.40	-29.5%	-20.3%	-29.6%	-18.5%
Neste Oil	NES1V.HE	Henry Morris	€	12	6.1%	16.7%	5.4%	12.5%
OMV	OMVV.VI	Michele della Vigna, CFA	€	25.94	-9.6%	-4.6%	-7.9%	-9.5%
Petroplus Holdings	PPHN.VX	Henry Morris	SFr	16.74	-6.3%	3.1%	-13.0%	-13.9%
PKN	PKNA.WA	Henry Morris	PLN	38.50	22.2%	17.6%	23.8%	32.8%
Repsol YPF	REP.MC	Michele della Vigna, CFA	€	16.58	-11.5%	-0.4%	-9.4%	4.7%
Royal Dutch Shell plc (A ADR)	RDSa	Michele della Vigna, CFA	$	52.40	-9.9%	-4.3%	-13.7%	-0.5%
Royal Dutch Shell plc (A)	RDSa.AS	Michele della Vigna, CFA	€	21.19	4.3%	5.9%	7.1%	11.5%
Royal Dutch Shell plc (B ADR)	RDSb	Michele della Vigna, CFA	$	50.64	-9.8%	-3.8%	-13.9%	-5.9%
Royal Dutch Shell plc (B)	RDSb.L	Michele della Vigna, CFA	p	1751.50	1.3%	2.0%	-1.0%	5.4%
Saras	SRS.MI	Henry Morris	€	1.65	-18.7%	-2.0%	-18.8%	-20.9%
Statoil	STL.OL	Michele della Vigna, CFA	Nkr	128	-10.4%	-3.5%	-8.0%	-3.3%
TOTAL SA	TOTF.PA	Michele della Vigna, CFA	€	37.73	-12.9%	-7.9%	-8.4%	-7.4%
Tupras	TUPRS.IS	Henry Morris	YTL	28.75	0.0%	2.7%	10.6%	49.7%
FTSE World Europe (GBP)				329.06	-8.5%	-11.8%	-10.3%	9.6%

Note: Prices as of most recent available close, which could vary from the price date indicated above
This table shows movement in absolute share price and not total shareholder return. Results presented should not and cannot be viewed as an indicator of future performance.

Source: Factset, Quantum database.

Reg AC

I, Michele della Vigna, CFA, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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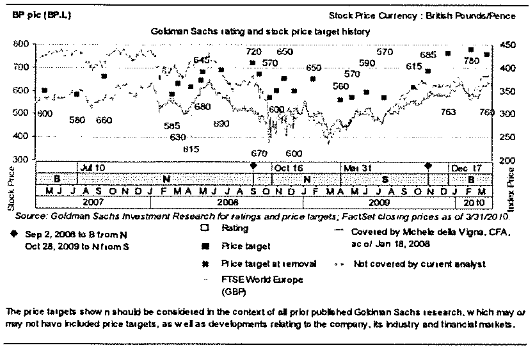
Price target and rating history chart(s)



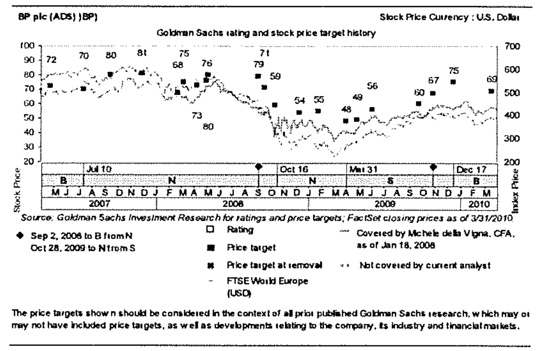


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Exhibit C

BP p.l.c.
Group results
First quarter 2010

bp

London 27 April 2010

FOR IMMEDIATE RELEASE

	First quarter 2010	Fourth quarter 2009	First quarter 2009	First quarter 2010 vs 2009
$ million				
Profit for the period(a)	**6,079**	4,295	2,562	
Inventory holding (gains) losses, net of tax	**(481)**	(848)	(175)	
Replacement cost profit	**5,598**	3,447	2,387	135%
– per ordinary share (cents)	**29.82**	18.38	12.75	134%
– per ADS (dollars)	**1.79**	1.10	0.77	

- BP's first-quarter replacement cost profit was $5,598 million, compared with $2,387 million a year ago, an increase of 135%.
- Non-operating items and fair value accounting effects for the first quarter had a net $49 million unfavourable impact compared with a net $194 million unfavourable impact in the first quarter of 2009.
- Finance costs and net finance income or expense relating to pensions and other post-retirement benefits were $228 million for the first quarter, compared with $368 million for the same period last year.
- The effective tax rate on replacement cost profit for the first quarter was 34%, compared with 37.5% a year ago.
- Net cash provided by operating activities for the first quarter was $7.7 billion, compared with $5.6 billion a year ago.
- Net debt at the end of the first quarter was $25.2 billion. The ratio of net debt to net debt plus equity was 19% compared with 23% a year ago.
- Cash costs(b) for the first quarter were slightly lower than a year ago despite adverse foreign exchange and fuel cost effects.
- Total capital expenditure, including acquisitions and asset exchanges, for the first quarter was $4.7 billion. Organic capital expenditure(c) in the first quarter was $3.8 billion. Disposal proceeds were $0.1 billion for the first quarter. For 2010 as a whole, we continue to expect organic capital expenditure of around $20 billion and disposal proceeds of $2-3 billion.
- The quarterly dividend, to be paid on 21 June 2010, is 14 cents per share ($0.84 per ADS), the same as a year ago. The corresponding amount in sterling will be announced on 8 June 2010. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the scrip dividend programme are available at www.bp.com/scrip.

(a) Profit attributable to BP shareholders.
(b) Cash costs are a subset of production and manufacturing expenses plus distribution and administration expenses. They represent the substantial majority of the expenses in these line items but exclude associated non-operating items and certain costs that are variable, primarily with volumes (such as freight costs). They are the principal operating and overhead costs that management considers to be most directly under their control although they include certain foreign exchange and commodity price effects.
(c) Organic capital expenditure excludes acquisitions and asset exchanges and the accounting for our transaction with Value Creation Inc. (see page 13).

The commentaries above and following are based on replacement cost profit and should be read in conjunction with the cautionary statement on page 8.

EXHIBIT
tabbies
C

Analysis of replacement cost profit before interest and tax and reconciliation to profit for the period

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Exploration and Production	**8,292**	8,505	4,320
Refining and Marketing	**729**	(1,943)	1,090
Other businesses and corporate	**(328)**	(392)	(761)
Consolidation adjustment	**208**	(492)	(405)
RC profit before interest and tax[a]	**8,901**	5,678	4,244
Finance costs and net finance income or expense relating to pensions and other post-retirement benefits	**(228)**	(302)	(368)
Taxation on a replacement cost basis	**(2,966)**	(1,846)	(1,454)
Minority interest	**(109)**	(83)	(35)
Replacement cost profit attributable to BP shareholders	**5,598**	3,447	2,387
Inventory holding gains (losses)	**705**	1,256	254
Taxation (charge) credit on inventory holding gains and losses	**(224)**	(408)	(79)
Profit for the period attributable to BP shareholders	**6,079**	4,295	2,562

[a] Replacement cost profit reflects the replacement cost of supplies. For further information see page 14.

Total of non-operating items and fair value accounting effects[a][b]

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Exploration and Production	**104**	1,422	469
Refining and Marketing	**(60)**	(1,958)	(459)
Other businesses and corporate	**(118)**	(65)	(321)
	(74)	(601)	(311)
Taxation credit (charge)[c]	**25**	(336)	117
	(49)	(937)	(194)

[a] An analysis of non-operating items by type is provided on page 15 and an analysis by region is shown on pages 5, 7 and 8.
[b] Information on fair value accounting effects is non-GAAP. For further details, see page 16.
[c] Tax is calculated using the quarter's effective tax rate on replacement cost profit, except in the case of a goodwill impairment in Refining and Marketing in the fourth quarter of 2009 where no tax credit was calculated because this item is not tax deductible.

Per share amounts

	First quarter 2010	Fourth quarter 2009	First quarter 2009
Per ordinary share (cents)[(a)]			
Profit for the period	**32.39**	22.90	13.69
RC profit for the period	**29.82**	18.38	12.75
Per ADS (dollars)[(a)]			
Profit for the period	**1.94**	1.37	0.82
RC profit for the period	**1.79**	1.10	0.77

(a) See Note 4 on page 20 for details of the calculation of earnings per share.

Net debt ratio – net debt: net debt + equity

	First quarter 2010	Fourth quarter 2009	First quarter 2009
$ million			
Gross debt	**32,153**	34,627	34,698
Less: fair value asset (liability) of hedges related to finance debt	**152**	127	(323)
	32,001	34,500	35,021
Cash and cash equivalents	**6,841**	8,339	8,360
Net debt	**25,160**	26,161	26,661
Equity	**104,978**	102,113	91,179
Net debt ratio	**19%**	20%	23%

Net debt and net debt ratio are non-GAAP measures. Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to finance debt, for which hedge accounting is claimed. The derivatives are reported on the balance sheet within the headings 'Derivative financial instruments'. We believe that net debt and net debt ratio provide useful information to investors. Net debt enables investors to see the economic effect of gross debt, related hedges and cash and cash equivalents in total. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

Dividends

Dividends Payable

BP today announced a dividend of 14 cents per ordinary share to be paid in June. The corresponding amount in sterling will be announced on 8 June 2010, and calculated from the average of the market exchange rates for the four dealing days commencing on 2 June 2010. Holders of American Depositary Shares (ADSs) will receive $0.84 per ADS. The dividend is payable on 21 June 2010 to shareholders and ADS holders on the register on 7 May 2010. A scrip dividend alternative is available, allowing shareholders to elect to receive their dividend in the form of new ordinary shares and ADS holders in the form of new ADSs. Details of the scrip dividend programme including the first quarter interim dividend and timetable are available at www.bp.com/scrip.

Dividends Paid	First quarter 2010	Fourth quarter 2009	First quarter 2009
Dividends paid per ordinary share			
cents	**14.000**	14.000	14.000
pence	**8.679**	8.512	9.818
Dividends paid per ADS (cents)	**84.00**	84.00	84.00

Exploration and Production

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Profit before interest and tax[(a)]	**8,316**	8,664	4,286
Inventory holding (gains) losses	**(24)**	(159)	34
Replacement cost profit before interest and tax	**8,292**	8,505	4,320
By region			
US	**2,762**	2,517	1,143
Non-US	**5,530**	5,988	3,177
	8,292	8,505	4,320

(a) Includes profit after interest and tax of equity-accounted entities.

The replacement cost profit before interest and tax for the first quarter was $8,292 million, an increase of 92% compared with the first quarter of 2009. This increase was primarily due to higher realizations and higher earnings from equity-accounted entities (mainly TNK-BP), partly offset by a lower contribution from the gas marketing and trading business, higher production taxes and higher depreciation. After adjusting for restructuring costs, unit production costs were 3% lower than a year ago.

The net non-operating gain of $41 million in the first quarter primarily relates to fair value gains on embedded derivatives, partly offset by restructuring costs. The corresponding quarter in 2009 included a net non–operating gain of $311 million. Additionally, in the first quarter, fair value accounting effects had a favourable impact of $63 million compared with a favourable impact of $158 million a year ago.

Production for the quarter was 4,010mboe/d, broadly flat with the first quarter of 2009 reflecting continued strong operational performance. After adjusting for entitlement impacts in our production-sharing agreements (PSAs) production was 1% higher. As previously indicated, we expect production in 2010 to be slightly lower than in 2009. The actual outcome will depend on a number of factors including the oil price and its impact on PSAs and OPEC quota restrictions. In the second quarter, we expect a normal seasonal turnaround effect of around 100mboe/d. These turnaround activities are planned for some of our higher-margin areas including the North Sea and the Gulf of Mexico, where activity is currently under way at Thunder Horse. This will impact costs and margins as well as volumes.

Two major projects started up during the first quarter. In the ultra-deepwater Gulf of Mexico, first oil was achieved from the Great White field (BP 33.3%). In Canada, the Noel major project commenced exporting and selling gas.

During the quarter, we announced that BP will pay Devon Energy $7.0 billion for assets in Brazil, Azerbaijan and the US deepwater Gulf of Mexico. These include ten exploration blocks in Brazil; a major portfolio of deepwater exploration acreage and prospects in the US Gulf of Mexico; and an interest in the ACG development in the Caspian Sea. Completion of certain of these transfers is subject to regulatory approvals and other third-party consents. In addition, BP will sell to Devon Energy a 50% stake in our Kirby oil sands interests in Alberta, Canada, for $500 million. The parties have agreed to form a 50:50 joint venture, operated by Devon, to pursue the development of Kirby. Devon will commit to fund an additional $150 million of capital costs on BP's behalf.

Also during the quarter, BP and Value Creation Inc. (VCI) of Calgary agreed to form a partnership to explore and develop the Terre de Grace oil sands acreage, in the Athabasca region of Alberta, Canada, using in-situ techniques. BP will hold a 75% interest and VCI a 25% interest in a newly formed partnership. BP has agreed to pay $900 million for the interest with $500 million paid in cash at closing.

Furthermore, on behalf of our partners, BP announced the first major contracts to support the expansion of production from the Rumaila field in southern Iraq (BP has a 38% working interest).

After the end of the quarter, BP agreed with Total to acquire its 15.7% interest in Valhall and its 25% interest in Hod, both fields located in the southern part of the Norwegian continental shelf, for the sum of $991 million to be paid in cash. The agreement will deepen BP's position as operator by giving BP a 43.8% interest in Valhall and 50% in Hod, subject to third-party consents and government approval. The deal has an effective date of 1 January 2010.

On 20 April 2010, the semi-submersible drilling rig Deepwater Horizon owned and operated by Transocean Limited caught fire in the US Gulf of Mexico and subsequently sank. The rig was drilling an exploration well on a BP deepwater lease. BP is committed to doing everything in its power to contain the environmental consequences of the incident.

Exploration and Production

	First quarter 2010	Fourth quarter 2009	First quarter 2009
$ million			
Non-operating items			
US	**(62)**	21	71
Non-US	**103**	955	240
	41	976	311
Fair value accounting effects(a)			
US	**81**	218	208
Non-US	**(18)**	228	(50)
	63	446	158
Exploration expense			
US	**69**	149	44
Non-US	**51**	123	75
	120	272	119
Production (net of royalties)(b)			
Liquids (mb/d) (net of royalties)(c)			
US	**665**	687	643
Europe	**215**	219	212
Russia	**849**	852	822
Rest of World	**798**	819	827
	2,527	2,577	2,504
Natural gas (mmcf/d) (net of royalties)			
US	**2,221**	2,313	2,335
Europe	**599**	583	838
Russia	**673**	654	642
Rest of World	**5,107**	5,018	4,952
	8,600	8,568	8,767
Total hydrocarbons (mboe/d)(d)			
US	**1,048**	1,086	1,046
Europe	**318**	320	357
Russia	**965**	965	933
Rest of World	**1,679**	1,683	1,680
	4,010	4,054	4,016
Average realizations(e)			
Total liquids ($/bbl)	**71.86**	68.02	41.26
Natural gas ($/mcf)	**4.26**	3.68	3.63
Total hydrocarbons ($/boe)	**49.16**	45.83	31.40

(a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on page 16.

(b) Includes BP's share of production of equity-accounted entities.

(c) Crude oil and natural gas liquids.

(d) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

(e) Based on sales of consolidated subsidiaries only – this excludes equity-accounted entities.

Because of rounding, some totals may not agree exactly with the sum of their component parts.

Refining and Marketing

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Profit (loss) before interest and tax[(a)]	**1,408**	(869)	1,417
Inventory holding (gains) losses	**(679)**	(1,074)	(327)
Replacement cost profit (loss) before interest and tax	**729**	(1,943)	1,090
By region			
US	**(63)**	(2,331)	308
Non-US	**792**	388	782
	729	(1,943)	1,090

(a) Includes profit after interest and tax of equity-accounted entities.

The replacement cost profit before interest and tax for the first quarter was $729 million, compared with $1,090 million for the same period last year.

The first quarter's result included a net non-operating charge of $70 million compared with a net charge of $350 million a year ago. Fair value accounting effects had a favourable impact of $10 million in the first quarter compared with an unfavourable impact of $109 million in the first quarter of 2009.

Compared with a year ago, the result reflected a significantly weaker supply and trading contribution in contrast to the particularly strong contribution in the first quarter of last year. The result was also impacted by a weaker refining environment, with the indicator margin at around half the level of the same period in 2009, and marketing margins for some products compressed by rising crude prices. These factors were partially offset by operational improvements and further cost efficiencies in the fuels value chains, and continued strong performance in the international businesses. In addition, BP's actual refining margins fell by less than the indicator would suggest as a result of BP's highly upgraded refining portfolio.

In the fuels value chains, Solomon refining availability was up by three percentage points year on year to 95.3%, the highest level since 2004. Refining throughput increased by over 8% compared with the same quarter last year and by over 5% compared with the previous quarter, principally driven by increased throughputs in our US refineries.

In the international businesses, our petrochemicals business had a particularly strong quarter with production volumes up almost 40% compared with the same period last year and 12% on the previous quarter.

In February, BP announced that it had received an offer from Delek Europe B.V. for the retail fuels and convenience business and selected fuels terminals in France. As a result, BP has agreed a period of exclusivity with Delek Europe B.V. to negotiate the terms for the sale and to allow consultation with the relevant works councils. Any transaction will be subject to regulatory approval and is expected to include a BP brand licence agreement.

In March, BP announced that in sub-Saharan Africa it intends to sell its marketing businesses in Namibia, Malawi, Tanzania, Zambia and Botswana and focus its fuel marketing activities on South Africa and Mozambique.

There has been some improvement in refining margins in the early part of the second quarter although we expect opportunities for further improvement to be limited. BP's refinery turnaround activities are expected to be higher in the second quarter than in the first. Continued low market volatility would limit the supply and trading contribution in the quarter. In the international businesses, we expect the current petrochemicals margins to come under some pressure as new capacity comes onstream.

Refining and Marketing

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Non-operating items			
US	**(3)**	(1,697)	(134)
Non-US	**(67)**	(149)	(216)
	(70)	(1,846)	(350)
Fair value accounting effects(a)			
US	**16**	(9)	65
Non-US	**(6)**	(103)	(174)
	10	(112)	(109)
Refinery throughputs (mb/d)			
US	**1,366**	1,289	1,164
Europe	**780**	722	783
Rest of World	**282**	292	299
Total throughput	**2,428**	2,303	2,246
Refining availability (%)(b)	**95.3**	94.4	92.3
Sales volumes (mb/d)(c)			
Marketing sales by region			
US	**1,418**	1,426	1,402
Europe	**1,428**	1,507	1,529
Rest of World	**629**	651	617
Total marketing sales	**3,475**	3,584	3,548
Trading/supply sales	**2,622**	2,390	2,312
Total refined product sales	**6,097**	5,974	5,860
Global Indicator Refining Margin (GIM) ($/bbl)(d)			
US Gulf Coast	**3.50**	1.75	6.69
US Midwest	**1.86**	1.22	7.03
US West Coast	**3.32**	1.68	9.96
North West Europe	**4.29**	2.69	4.67
Mediterranean	**3.11**	0.79	3.56
Singapore	**0.97**	(1.47)	2.51
BP Average GIM	**3.08**	1.49	6.20
Chemicals production (kte)			
US	**940**	841	713
Europe	**981**	828	788
Rest of World	**1,887**	1,727	1,244
Total production	**3,808**	3,396	2,745

(a) These effects represent the favourable (unfavourable) impact relative to management's measure of performance. Further information on fair value accounting effects is provided on page 16.

(b) Refining availability represents Solomon Associates' operational availability, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualized time lost due to turnaround activity and all planned mechanical, process and regulatory maintenance downtime.

(c) Does not include volumes relating to crude oil.

(d) The Global Indicator Refining Margin (GIM) is the average of regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The regional indicator margins may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate.

Other businesses and corporate

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Profit (loss) before interest and tax[(a)]	**(326)**	(369)	(800)
Inventory holding (gains) losses	**(2)**	(23)	39
Replacement cost profit (loss) before interest and tax	**(328)**	(392)	(761)
By region			
US	**(231)**	(141)	(279)
Non-US	**(97)**	(251)	(482)
	(328)	(392)	(761)
Results include			
Non-operating items			
US	**(106)**	14	(116)
Non-US	**(12)**	(79)	(205)
	(118)	(65)	(321)

(a) Includes profit after interest and tax of equity-accounted entities.

Other businesses and corporate comprises the Alternative Energy business, Shipping, the group's aluminium asset, Treasury (which includes interest income on the group's cash and cash equivalents), and corporate activities worldwide.

The replacement cost loss before interest and tax for the first quarter was $328 million, compared with a loss of $761 million a year ago. The net non-operating charge for the first quarter was $118 million, compared with a net charge of $321 million a year ago. In addition, there were favourable foreign exchange effects and lower costs, and improved margins in Alternative Energy.

In Alternative Energy, our solar business achieved sales of 54MW in the first quarter. In March, BP Solar announced the closure of manufacturing at its Frederick facility, in Maryland, US, as it moves its manufacturing to lower-cost locations. BP Solar will maintain its US presence in sales and marketing, research and technology, project development, and key business support activities.

In our US wind business, construction has commenced at the 125MW Goshen North wind farm (BP 50%) in Bonneville County, Idaho. BP's net wind generation capacity[(b)] at the end of the first quarter was 711MW (1,237MW gross), compared with 678MW (1,113MW gross) at the end of the same period a year ago.

(b) Net wind capacity is the sum of the rated capacities of the assets/turbines that have entered into commercial operation, including BP's share of equity-accounted entities. The gross data is the equivalent capacity on a gross-JV basis, which includes 100% of the capacity of equity-accounted entities where BP has partial ownership.

Group income statement

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Sales and other operating revenues (Note 2)	**73,071**	70,981	47,296
Earnings from jointly controlled entities – after interest and tax	**403**	350	220
Earnings from associates – after interest and tax	**763**	696	285
Interest and other income	**142**	241	203
Gains on sale of businesses and fixed assets	**38**	1,368	81
Total revenues and other income	**74,417**	73,636	48,085
Purchases	**51,641**	50,201	30,777
Production and manufacturing expenses (Note 3)	**5,740**	6,040	5,894
Production and similar taxes (Note 3)	**1,276**	1,084	674
Depreciation, depletion and amortization	**2,996**	3,200	2,823
Impairment and losses on sale of businesses and fixed assets	**164**	1,823	137
Exploration expense	**120**	272	119
Distribution and administration expenses	**3,020**	3,979	3,349
Fair value (gain) loss on embedded derivatives	**(146)**	103	(186)
Profit before interest and taxation	**9,606**	6,934	4,498
Finance costs	**238**	252	318
Net finance (income) expense relating to pensions and other post-retirement benefits	**(10)**	50	50
Profit before taxation	**9,378**	6,632	4,130
Taxation	**3,190**	2,254	1,533
Profit for the period	**6,188**	4,378	2,597
Attributable to			
BP shareholders	**6,079**	4,295	2,562
Minority interest	**109**	83	35
	6,188	4,378	2,597
Earnings per share – cents (Note 4)			
Profit for the period attributable to BP shareholders			
Basic	**32.39**	22.90	13.69
Diluted	**31.99**	22.64	13.54

Group statement of comprehensive income

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Profit for the period	**6,188**	4,378	2,597
Currency translation differences	**(526)**	(63)	(1,011)
Exchange (gains) losses on translation of foreign operations transferred to gain or loss on sales of businesses and fixed assets	**–**	(73)	–
Actuarial gain (loss) relating to pensions and other post-retirement benefits	**–**	(682)	–
Available-for-sale investments marked to market	**(93)**	168	74
Available-for-sale investments – recycled to the income statement	**–**	–	2
Cash flow hedges marked to market	**(162)**	39	(211)
Cash flow hedges – recycled to the income statement	**(94)**	(122)	239
Cash flow hedges – recycled to the balance sheet	**13**	4	71
Taxation	**(119)**	214	(82)
Other comprehensive income	**(981)**	(515)	(918)
Total comprehensive income	**5,207**	3,863	1,679
Attributable to			
BP shareholders	**5,105**	3,834	1,668
Minority interest	**102**	29	11
	5,207	3,863	1,679

Group statement of changes in equity

$ million	BP shareholders' equity	Minority interest	Total equity
At 31 December 2009	101,613	500	102,113
Total comprehensive income	5,105	102	5,207
Dividends	(2,626)	(3)	(2,629)
Share-based payments (net of tax)	(13)	–	(13)
Transactions involving minority interests	–	300	300
At 31 March 2010	**104,079**	**899**	**104,978**

$ million	BP shareholders' equity	Minority interest	Total equity
At 31 December 2008	91,303	806	92,109
Total comprehensive income	1,668	11	1,679
Dividends	(2,619)	(111)	(2,730)
Share-based payments (net of tax)	121	–	121
At 31 March 2009	**90,473**	**706**	**91,179**

Group balance sheet

$ million	31 March 2010	31 December 2009
Non-current assets		
Property, plant and equipment	**108,232**	108,275
Goodwill	**8,409**	8,620
Intangible assets	**12,675**	11,548
Investments in jointly controlled entities	**15,484**	15,296
Investments in associates	**13,396**	12,963
Other investments	**1,459**	1,567
Fixed assets	**159,655**	158,269
Loans	**982**	1,039
Other receivables	**2,216**	1,729
Derivative financial instruments	**4,770**	3,965
Prepayments	**1,359**	1,407
Deferred tax assets	**464**	516
Defined benefit pension plan surpluses	**1,494**	1,390
	170,940	168,315
Current assets		
Loans	**236**	249
Inventories	**23,221**	22,605
Trade and other receivables	**31,159**	29,531
Derivative financial instruments	**5,355**	4,967
Prepayments	**2,647**	1,753
Current tax receivable	**238**	209
Cash and cash equivalents	**6,841**	8,339
	69,697	67,653
Total assets	**240,637**	235,968
Current liabilities		
Trade and other payables	**38,146**	35,204
Derivative financial instruments	**5,530**	4,681
Accruals	**5,482**	6,202
Finance debt	**8,356**	9,109
Current tax payable	**2,624**	2,464
Provisions	**1,646**	1,660
	61,784	59,320
Non-current liabilities		
Other payables	**3,206**	3,198
Derivative financial instruments	**3,899**	3,474
Accruals	**656**	703
Finance debt	**23,797**	25,518
Deferred tax liabilities	**20,156**	18,662
Provisions	**12,752**	12,970
Defined benefit pension plan and other post-retirement benefit plan deficits	**9,409**	10,010
	73,875	74,535
Total liabilities	**135,659**	133,855
Net assets	**104,978**	102,113
Equity		
BP shareholders' equity	**104,079**	101,613
Minority interest	**899**	500
	104,978	102,113

Condensed group cash flow statement

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Operating activities			
Profit before taxation	**9,378**	6,632	4,130
Adjustments to reconcile profit before taxation to net cash provided by operating activities			
Depreciation, depletion and amortization and exploration expenditure written off	**3,017**	3,319	2,849
Impairment and (gain) loss on sale of businesses and fixed assets	**126**	455	56
Earnings from equity-accounted entities, less dividends received	**(669)**	282	(252)
Net charge for interest and other finance expense, less net interest paid	**46**	8	89
Share-based payments	**(146)**	128	86
Net operating charge for pensions and other post-retirement benefits, less contributions and benefit payments for unfunded plans	**(490)**	(606)	26
Net charge for provisions, less payments	**(48)**	454	281
Movements in inventories and other current and non-current assets and liabilities[a]	**(1,940)**	(2,420)	32
Income taxes paid	**(1,581)**	(964)	(1,725)
Net cash provided by operating activities	**7,693**	7,288	5,572
Investing activities			
Capital expenditure	**(4,289)**	(5,647)	(4,817)
Acquisitions, net of cash acquired	–	9	–
Investment in jointly controlled entities	**(82)**	(237)	(103)
Investment in associates	**(6)**	(5)	(47)
Proceeds from disposal of fixed assets	**108**	538	311
Proceeds from disposal of businesses, net of cash disposed	**–**	531	–
Proceeds from loan repayments	**56**	238	117
Other	**–**	–	47
Net cash used in investing activities	**(4,213)**	(4,573)	(4,492)
Financing activities			
Net issue of shares	**128**	82	35
Proceeds from long-term financing	**342**	140	4,619
Repayments of long-term financing	**(2,495)**	(1,237)	(2,580)
Net decrease in short-term debt	**(247)**	(557)	(182)
Dividends paid – BP shareholders	**(2,626)**	(2,623)	(2,619)
– Minority interest	**(3)**	(92)	(111)
Net cash used in financing activities	**(4,901)**	(4,287)	(838)
Currency translation differences relating to cash and cash equivalents	**(77)**	28	(79)
Increase (decrease) in cash and cash equivalents	**(1,498)**	(1,544)	163
Cash and cash equivalents at beginning of period	**8,339**	9,883	8,197
Cash and cash equivalents at end of period	**6,841**	8,339	8,360

(a) Includes			
Inventory holding (gains) losses	**(705)**	(1,256)	(254)
Fair value (gain) loss on embedded derivatives	**(146)**	103	(186)

Inventory holding gains and losses and fair value gains and losses on embedded derivatives are also included within profit before taxation.

Capital expenditure and acquisitions

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
By business			
Exploration and Production			
US	**1,133**	1,682	1,670
Non-US[a]	**2,815**	2,431	2,035
	3,948	4,113	3,705
Refining and Marketing			
US	**528**	912	567
Non-US	**144**	652	226
	672	1,564	793
Other businesses and corporate			
US	**28**	149	56
Non-US	**39**	87	41
	67	236	97
	4,687	5,913	4,595
By geographical area			
US	**1,689**	2,743	2,293
Non-US[a]	**2,998**	3,170	2,302
	4,687	5,913	4,595
Included above:			
Acquisitions and asset exchanges	–	27	–

[a] First quarter 2010 included capital expenditure of $900 million in Exploration and Production relating to the formation of a partnership with Value Creation Inc. to develop the Terre de Grace oil sands acreage in the Athabasca region of Alberta, Canada.

Exchange rates

	First quarter 2010	Fourth quarter 2009	First quarter 2009
US dollar/sterling average rate for the period	**1.56**	1.63	1.43
US dollar/sterling period-end rate	**1.51**	1.60	1.42
US dollar/euro average rate for the period	**1.38**	1.48	1.30
US dollar/euro period-end rate	**1.34**	1.43	1.32

Analysis of replacement cost profit before interest and tax and reconciliation to profit before taxation[a]

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
By business			
Exploration and Production			
US	**2,762**	2,517	1,143
Non-US	**5,530**	5,988	3,177
	8,292	8,505	4,320
Refining and Marketing			
US	**(63)**	(2,331)	308
Non-US	**792**	388	782
	729	(1,943)	1,090
Other businesses and corporate			
US	**(231)**	(141)	(279)
Non-US	**(97)**	(251)	(482)
	(328)	(392)	(761)
	8,693	6,170	4,649
Consolidation adjustment	**208**	(492)	(405)
Replacement cost profit before interest and tax[b]	**8,901**	5,678	4,244
Inventory holding gains (losses)[c]			
Exploration and Production	**24**	159	(34)
Refining and Marketing	**679**	1,074	327
Other businesses and corporate	**2**	23	(39)
Profit before interest and tax	**9,606**	6,934	4,498
Finance costs	**238**	252	318
Net finance (income) expense relating to pensions and other post-retirement benefits	**(10)**	50	50
Profit before taxation	**9,378**	6,632	4,130
Replacement cost profit (loss) before interest and tax			
By geographical area			
US	**2,590**	(294)	854
Non-US	**6,311**	5,972	3,390
	8,901	5,678	4,244

[a] IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purposes of performance assessment and resource allocation. For BP, this measure of profit or loss is replacement cost profit before interest and tax. In addition, a reconciliation is required between the total of the operating segments' measures of profit or loss and the group profit or loss before taxation.

[b] Replacement cost profit reflects the replacement cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses and their associated tax effect. Replacement cost profit for the group is not a recognized GAAP measure.

[c] Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies acquired during the period and the cost of sales calculated on the first-in first-out (FIFO) method after adjusting for any changes in provisions where the net realizable value of the inventory is lower than its cost. Under the FIFO method, which we use for IFRS reporting, the cost of inventory charged to the income statement is based on its historic cost of purchase, or manufacture, rather than its replacement cost. In volatile energy markets, this can have a significant distorting effect on reported income. The amounts disclosed represent the difference between the charge (to the income statement) for inventory on a FIFO basis (after adjusting for any related movements in net realizable value provisions) and the charge that would have arisen if an average cost of supplies was used for the period. For this purpose, the average cost of supplies during the period is principally calculated on a monthly basis by dividing the total cost of inventory acquired in the period by the number of barrels acquired. The amounts disclosed are not separately reflected in the financial statements as a gain or loss. No adjustment is made in respect of the cost of inventories held as part of a trading position and certain other temporary inventory positions.

Management believes this information is useful to illustrate to investors the fact that crude oil and product prices can vary significantly from period to period and that the impact on our reported result under IFRS can be significant. Inventory holding gains and losses vary from period to period due principally to changes in oil prices as well as changes to underlying inventory levels. In order for investors to understand the operating performance of the group excluding the impact of oil price changes on the replacement of inventories, and to make comparisons of operating performance between reporting periods, BP's management believes it is helpful to disclose this information.

Non-operating items[a]

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Exploration and Production			
Impairment and gain (loss) on sale of businesses and fixed assets	**(13)**	1,070	73
Environmental and other provisions	**–**	–	–
Restructuring, integration and rationalization costs	**(104)**	(4)	(1)
Fair value gain (loss) on embedded derivatives	**146**	(103)	243
Other	**12**	13	(4)
	41	976	311
Refining and Marketing			
Impairment and gain (loss) on sale of businesses and fixed assets[b]	**(45)**	(1,518)	(21)
Environmental and other provisions	**–**	(29)	–
Restructuring, integration and rationalization costs	**12**	(492)	(263)
Fair value gain (loss) on embedded derivatives	**–**	–	(57)
Other	**(37)**	193	(9)
	(70)	(1,846)	(350)
Other businesses and corporate			
Impairment and gain (loss) on sale of businesses and fixed assets	**(68)**	(7)	(108)
Environmental and other provisions	**–**	16	(75)
Restructuring, integration and rationalization costs	**(38)**	(47)	(71)
Fair value gain (loss) on embedded derivatives	**–**	–	–
Other	**(12)**	(27)	(67)
	(118)	(65)	(321)
Total before taxation	**(147)**	(935)	(360)
Taxation credit (charge)[c]	**50**	(221)	135
Total after taxation for period	**(97)**	(1,156)	(225)

(a) An analysis of non-operating items by region is shown on pages 5, 7 and 8.

(b) Fourth quarter 2009 includes $1,579 million in relation to the impairment of goodwill allocated to the US West Coast fuels value chain.

(c) Tax is calculated using the quarter's effective tax rate on replacement cost profit, except in the case of a goodwill impairment in Refining and Marketing in the fourth quarter of 2009 where no tax credit was calculated because this item is not tax deductible.

Non-operating items are charges and credits arising in consolidated entities that BP discloses separately because it considers such disclosures to be meaningful and relevant to investors. These disclosures are provided in order to enable investors better to understand and evaluate the group's financial performance.

Non-GAAP information on fair value accounting effects

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Favourable (unfavourable) impact relative to management's measure of performance			
Exploration and Production	**63**	446	158
Refining and Marketing	**10**	(112)	(109)
	73	334	49
Taxation charge[a]	**(25)**	(115)	(18)
	48	219	31

[a] Tax is calculated using the quarter's effective tax rate on replacement cost profit.

BP uses derivative instruments to manage the economic exposure relating to inventories above normal operating requirements of crude oil, natural gas and petroleum products as well as certain contracts to supply physical volumes at future dates. Under IFRS, these inventories and contracts are recorded at historic cost and on an accruals basis respectively. The related derivative instruments, however, are required to be recorded at fair value with gains and losses recognized in income because hedge accounting is either not permitted or not followed, principally due to the impracticality of effectiveness testing requirements. Therefore, measurement differences in relation to recognition of gains and losses occur. Gains and losses on these inventories and contracts are not recognized until the commodity is sold in a subsequent accounting period. Gains and losses on the related derivative commodity contracts are recognized in the income statement from the time the derivative commodity contract is entered into on a fair value basis using forward prices consistent with the contract maturity.

IFRS requires that inventory held for trading be recorded at its fair value using period end spot prices whereas any related derivative commodity instruments are required to be recorded at values based on forward prices consistent with the contract maturity. Depending on market conditions, these forward prices can be either higher or lower than spot prices resulting in measurement differences.

BP enters into contracts for pipelines and storage capacity that, under IFRS, are recorded on an accruals basis. These contracts are risk-managed using a variety of derivative instruments which are fair valued under IFRS. This results in measurement differences in relation to recognition of gains and losses.

The way that BP manages the economic exposures described above, and measures performance internally, differs from the way these activities are measured under IFRS. BP calculates this difference for consolidated entities by comparing the IFRS result with management's internal measure of performance, under which the inventory and the supply and capacity contracts in question are valued based on fair value using relevant forward prices prevailing at the end of the period. We believe that disclosing management's estimate of this difference provides useful information for investors because it enables investors to see the economic effect of these activities as a whole. The impacts of fair value accounting effects, relative to management's internal measure of performance, are shown in the table above. A reconciliation to GAAP information is set out below.

Reconciliation of non-GAAP information

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
Exploration and Production			
Replacement cost profit before interest and tax adjusted for fair value accounting effects	**8,229**	8,059	4,162
Impact of fair value accounting effects	**63**	446	158
Replacement cost profit before interest and tax	**8,292**	8,505	4,320
Refining and Marketing			
Replacement cost profit (loss) before interest and tax adjusted for fair value accounting effects	**719**	(1,831)	1,199
Impact of fair value accounting effects	**10**	(112)	(109)
Replacement cost profit (loss) before interest and tax	**729**	(1,943)	1,090

Realizations and marker prices

	First quarter 2010	Fourth quarter 2009	First quarter 2009
Average realizations(a)			
Liquids ($/bbl)(b)			
US	**69.77**	66.15	39.47
Europe	**75.71**	71.68	47.59
Rest of World	**72.94**	68.95	40.89
BP Average	**71.86**	68.02	41.26
Natural gas ($/mcf)			
US	**4.84**	3.69	3.38
Europe	**4.91**	4.96	5.56
Rest of World	**3.90**	3.51	3.41
BP Average	**4.26**	3.68	3.63
Total hydrocarbons ($/boe)			
US	**54.54**	49.72	31.83
Europe	**60.39**	58.18	41.36
Rest of World	**42.20**	39.59	28.35
BP Average	**49.16**	45.83	31.40
Average oil marker prices ($/bbl)			
Brent	**76.36**	74.53	44.46
West Texas Intermediate	**78.84**	75.97	43.20
Alaska North Slope	**79.14**	75.74	45.40
Mars	**75.85**	73.68	43.83
Urals (NWE– cif)	**75.31**	74.21	43.65
Russian domestic oil	**35.52**	35.83	19.52
Average natural gas marker prices			
Henry Hub gas price ($/mmBtu)(c)	**5.30**	4.16	4.91
UK Gas – National Balancing Point (p/therm)	**35.65**	27.75	46.80

(a) Based on sales of consolidated subsidiaries only – this excludes equity-accounted entities.
(b) Crude oil and natural gas liquids.
(c) Henry Hub First of Month Index.

1. Basis of preparation

The interim financial information included in this report has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The results for the interim periods are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal recurring nature. This report should be read in conjunction with the consolidated financial statements and related notes for the year ended 31 December 2009 included in *BP Annual Report and Accounts 2009* and in *BP Annual Report on Form 20-F 2009*.

BP prepares its consolidated financial statements included within its Annual Report and Accounts on the basis of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU) and in accordance with the provisions of the UK Companies Act 2006. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the group's consolidated financial statements for the periods presented. The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the Annual Report and Accounts and the Annual Report on Form 20-F for 2010, which do not differ significantly from those used in the *BP Annual Report and Accounts 2009* or in *BP Annual Report on Form 20-F 2009*.

BP has adopted the revised version of IFRS 3 'Business Combinations', with effect from 1 January 2010. The revised standard still requires the purchase method of accounting to be applied to business combinations but introduces some changes to the accounting treatment. Assets and liabilities arising from business combinations that occurred before 1 January 2010 were not required to be restated and thus there was no effect on the group's reported income or net assets on adoption.

In addition, BP has adopted the amended version of IAS 27, 'Consolidated and Separate Financial Statements', also with effect from 1 January 2010. This requires the effects of all transactions with minority interests to be recorded in equity if there is no change in control. When control is lost, any remaining interest in the entity is remeasured to fair value and a gain or loss recognized in profit or loss. There was no effect on the group's reported income or net assets on adoption.

Notes

2. Sales and other operating revenues

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
By business			
Exploration and Production	**18,080**	17,564	12,343
Refining and Marketing	**64,286**	62,602	40,573
Other businesses and corporate	**790**	895	584
	83,156	81,061	53,500
Less: sales between businesses			
Exploration and Production	**9,746**	9,611	5,800
Refining and Marketing	**135**	281	111
Other businesses and corporate	**204**	188	293
	10,085	10,080	6,204
Third party sales and other operating revenues			
Exploration and Production	**8,334**	7,953	6,543
Refining and Marketing	**64,151**	62,321	40,462
Other businesses and corporate	**586**	707	291
Total third party sales and other operating revenues	**73,071**	70,981	47,296
By geographical area			
US	**26,108**	24,389	17,580
Non-US	**54,009**	52,691	33,586
	80,117	77,080	51,166
Less: sales between areas	**7,046**	6,099	3,870
	73,071	70,981	47,296

3. Production and similar taxes

$ million	First quarter 2010	Fourth quarter 2009	First quarter 2009
US	**313**	271	79
Non-US	**963**	813	595
	1,276	1,084	674

Comparative figures have been restated to include amounts previously reported as production and manufacturing expenses amounting to $213 million for the first quarter 2009, which we believe are more appropriately classified as production taxes. There was no effect on the group profit for the period or the group balance sheet.

4. Earnings per share and shares in issue

Basic earnings per ordinary share (EpS) amounts are calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The calculation of EpS is performed separately for each discrete quarterly period, and for the year-to-date period. As a result, the sum of the discrete quarterly EpS amounts in any particular year-to-date period may not be equal to the EpS amount for the year-to-date period.

For the diluted EpS calculation the weighted average number of shares outstanding during the period is adjusted for the number of shares that are potentially issuable in connection with employee share-based payment plans using the treasury stock method.

	First quarter 2010	Fourth quarter 2009	First quarter 2009
$ million			
Results for the period			
Profit for the period attributable to BP shareholders	**6,079**	4,295	2,562
Less: preference dividend	**–**	1	–
Profit attributable to BP ordinary shareholders	**6,079**	4,294	2,562
Inventory holding (gains) losses, net of tax	**(481)**	(848)	(175)
RC profit attributable to BP ordinary shareholders	**5,598**	3,446	2,387
Basic weighted average number of shares outstanding (thousand)(a)	**18,769,888**	18,748,026	18,720,354
ADS equivalent (thousand)(a)	**3,128,315**	3,124,671	3,120,059
Weighted average number of shares outstanding used to calculate diluted earnings per share (thousand)(a)	**19,004,740**	18,970,187	18,920,515
ADS equivalent (thousand)(a)	**3,167,457**	3,161,698	3,153,419
Shares in issue at period-end (thousand)(a)	**18,784,361**	18,755,378	18,724,785
ADS equivalent (thousand)(a)	**3,130,727**	3,125,896	3,120,798

(a) Excludes treasury shares and the shares held by the Employee Share Ownership Plans and includes certain shares that will be issuable in the future under employee share plans.

Notes

5. Analysis of changes in net debt

	First quarter 2010	Fourth quarter 2009	First quarter 2009
$ million			
Opening balance			
Finance debt	**34,627**	36,555	33,204
Less: Cash and cash equivalents	**8,339**	9,883	8,197
Less: FV asset (liability) of hedges related to finance debt	**127**	370	(34)
Opening net debt	**26,161**	26,302	25,041
Closing balance			
Finance debt	**32,153**	34,627	34,698
Less: Cash and cash equivalents	**6,841**	8,339	8,360
Less: FV asset (liability) of hedges related to finance debt	**152**	127	(323)
Closing net debt	**25,160**	26,161	26,661
Decrease (increase) in net debt	**1,001**	141	(1,620)
Movement in cash and cash equivalents (excluding exchange adjustments)	**(1,421)**	(1,572)	242
Net cash outflow (inflow) from financing (excluding share capital)	**2,400**	1,654	(1,857)
Other movements	**7**	14	7
Movement in net debt before exchange effects	**986**	96	(1,608)
Exchange adjustments	**15**	45	(12)
Decrease (increase) in net debt	**1,001**	141	(1,620)

6. TNK-BP operational and financial information

	First quarter 2010	Fourth quarter 2009	First quarter 2009
Production (Net of royalties) (BP share)			
Crude oil (mb/d)	**849**	852	822
Natural gas (mmcf/d)	**673**	654	642
Total hydrocarbons (mboe/d)[a]	**965**	965	933
$ million			
Income statement (BP share)			
Profit (loss) before interest and tax	**788**	805	419
Finance costs	**(38)**	(45)	(68)
Taxation	**(168)**	(181)	(185)
Minority interest	**(39)**	(43)	(32)
Net income	**543**	536	134
Cash flow			
Dividends received	**256**	936	–

Balance sheet	31 March 2010	31 December 2009
Investments in associates	**9,428**	9,141

[a] Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

Notes

7. Inventory valuation

A provision of $46 million was held at 31 December 2009 to write inventories down to their net realizable value. The net movement in the provision during the first quarter 2010 was a decrease of $22 million (fourth quarter 2009 was a decrease of $423 million and first quarter 2009 was a decrease of $1,163 million).

8. Second-quarter results

BP's second-quarter results will be announced on 27 July 2010.

9. Statutory accounts

The financial information shown in this publication, which was approved by the board of directors on 26 April 2010, is unaudited and does not constitute statutory financial statements. *BP Annual Report and Accounts 2009* has been filed with the Registrar of Companies in England and Wales; the report of the auditors on those accounts was unqualified and did not contain a statement under section 498(2) or section 498(3) of the UK Companies Act 2006.

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Exhibit D

Financial calendar

Important Note: Further to shareholder approval at the BP Annual General Meeting on April 15, 2010, BP is introducing a Scrip Dividend Programme ('the Programme'). The key dates for dividends under the Programme shown below differ from those previously published. For more details about the Programme please follow the link below.

▸ Scrip

Forthcoming events

All future dates are indicative and subject to change.

Outlook users can add a reminder in their calendar by clicking the outlook icon followed by 'Open' and then 'Save and close'.

Date	Type	Event	Add to Outlook
01 Jun 2010	Election date	First Quarter scrip election cut-off date	
21 Jun 2010	Dividend	First Quarter dividend paid	
27 Jul 2010	Results/dividend	Second Quarter results and dividend announcement	
04 Aug 2010	Ex-dividend	Second Quarter ex-dividend	
06 Aug 2010	Record date	Second Quarter record date	
31 Aug 2010	Election date	Second Quarter scrip election cut-off date	
20 Sep 2010	Dividend	Second Quarter dividend paid	
26 Oct 2010	Results/dividend	Third Quarter results and dividend announcement	
03 Nov 2010	Ex-dividend	Third Quarter ex-dividend	
05 Nov 2010	Record date	Third Quarter record date	
29 Nov 2010	Election date	Third Quarter scrip election cut-off date	
17 Dec 2010	Dividend	Third Quarter dividend paid	

* DTC in the US closed for Veterans Day holiday

Previous events

Date	Type	Event
07 May 2010	Record date	First Quarter record date
05 May 2010	Ex-dividend	First Quarter ex-dividend
27 Apr 2010	Results/dividend	First Quarter results and dividend announcement
08 Mar 2010	Dividend	Fourth Quarter dividend paid
02 Mar 2010	Event	Strategy presentation
19 Feb 2010	Record date	Fourth Quarter record date
17 Feb 2010	Ex-dividend	Fourth Quarter ex-dividend
02 Feb 2010	Results/dividend	Fourth Quarter results and dividend announcement
01 Feb 2010	Preference Shares	8% and 9% preference shares dividend paid
08 Jan 2010	Preference Shares	8% and 9% preference shares record date
06 Jan 2010	Preference Shares	8% and 9% preference shares ex-dividend
7 Dec 2009	Dividend	Third Quarter dividend paid
13 Nov 2009	Record date	Third Quarter record date
11 Nov 2009	Ex-dividend	Third Quarter ex-dividend
10 Nov 2009	Ex-dividend (NYSE*)	Third Quarter ex-dividend
27 Oct 2009	Results/dividend	Third Quarter results and dividend announcement
08 Sep 2009	Dividend	Second Quarter dividend paid
14 Aug 2009	Record date	Second Quarter record date
12 Aug 2009	Ex-dividend	Second Quarter ex-dividend
31 Jul 2009	Preference Shares	8% and 9% Preference Share dividend paid
28 Jul 2009	Results/dividend	Second Quarter results and dividend announcement
08 Jun 2009	Dividend	First Quarter dividend paid
15 May 2009	Record date	First Quarter record date
13 May 2009	Ex-dividend	First Quarter ex-dividend
28 Apr 2009	Results/dividend	First Quarter results and dividend announcement
16 Apr 2009	Event	Annual General Meeting
09 Mar 2009	Dividend	Fourth Quarter dividend paid
03 Mar 2009	Event	Strategy presentation
20 Feb 2009	Record date	Fourth Quarter record date
18 Feb 2009	Ex-dividend	Fourth Quarter ex-dividend
03 Feb 2009	Results/dividend	Fourth Quarter and Full Year 2008 Results
02 Feb 2009	Preference Shares	8% and 9% Preference Share dividend paid
09 Jan 2009	Preference shares	8% and 9% Preference Shares record date
07 Jan 2009	Preference shares	8% and 9% Preference Shares ex-dividend
08 Dec 2008	Dividend	Third Quarter dividend paid
14 Nov 2008	Record date	Third Quarter record date
12 Nov 2008	Ex-dividend	Third Quarter ex-dividend
28 Oct 2008	Results/Dividend	Third Quarter results and dividend announcement

Related links

▸ Trading conditions update
Details of our current trading conditions updated weekly

▸ Quarterly F&OI
Download the quarterly supplement of our F&OI

▸ Quarterly results
BP's quarterly results, webcasts and supporting information

▸ BP's Strategy update 2010
Watch the on-demand webcast

Email news and alerts

Get the latest BP press releases and investor news

▸ Register for news by email

EXHIBIT
tabbies
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08 Sep 2008	Dividend	Second Quarter dividend paid
15 Aug 2008	Record date	Second Quarter record date
13 Aug 2008	Ex-dividend	Second Quarter ex-dividend
29 Jul 2008	Results/dividend	Second Quarter results and dividend announcement
9 Jun 2008	Dividend	First Quarter dividend paid
16 May 2008	Record date	First Quarter record date
14 May 2008	Ex-dividend	First Quarter ex-dividend
29 Apr 2008	Results/dividend	First Quarter results and dividend announcement
17 Apr 2008	Event	Annual General Meeting
10 Mar 2008	Dividend	Fourth Quarter dividend paid
04 Mar 2008	Report	Annual Report and Accounts
27 Feb 2008	Presentation	Strategy Presentation
22 Feb 2008	Record date	Fourth Quarter record date
20 Feb 2008	Ex-dividend	Fourth Quarter ex-dividend
05 Feb 2008	Results/dividend	Fourth Quarter results and dividend announcement
03 Dec 2007	Dividend	Third Quarter dividend paid
09 Nov 2007	Record date	Third Quarter record date
07 Nov 2007	Ex-dividend	Third Quarter ex-dividend
23 Oct 2007	Results/dividend	Third Quarter results and dividend announcement
04 Sep 2007	Dividend	Second Quarter dividend paid
10 Aug 2007	Record date	Second Quarter record date
08 Aug 2007	Ex-dividend	Second Quarter ex-dividend
24 Jul 2007	Results/dividend	Second Quarter results and dividend announcement
04 Jun 2007	Dividend	First Quarter dividend paid
09 May 2007	Ex-dividend	First Quarter ex-dividend
11 May 2007	Record date	First Quarter record date
24 Apr 2007	Results/dividend	First Quarter results and dividend announcement
12 Apr 2007	Event	Annual General Meeting
12 Mar 2007	Dividend	Fourth Quarter dividend paid
23 Feb 2007	Record date	Fourth Quarter record date
21 Feb 2007	Ex-dividend	Fourth Quarter ex-dividend
06 Feb 2007	Results/dividend	Fourth Quarter and full year 2006 results
09 Jan 2007	Press release	Trading update
04 Dec 2006	Dividend	Third Quarter dividend paid
10 Nov 2006	Record date	Third Quarter record date
08 Nov 2006	Ex-dividend	Third Quarter ex-dividend
24 Oct 2006	Results/dividend	Third Quarter results and dividend announcement
04 Oct 2006	Press release	Trading update
05 Sep 2006	Dividend	Second Quarter dividend paid
11 Aug 2006	Record date	Second Quarter record date
09 Aug 2006	Ex-dividend	Second Quarter ex-dividend
25 Jul 2006	Results/dividend	Second Quarter results and dividend announcement
03 Jul 2006	Press release	Trading update
05 June 2006	Dividend	First Quarter dividend paid
12 May 2006	Record date	First Quarter record date
10 May 2006	Ex-dividend	First Quarter ex-dividend
25 Apr 2006	Results/dividend	First Quarter results and dividend announcement
05 Apr 2006	Press release	Trading update
13 Mar 2006	Dividend	Fourth Quarter dividend paid
24 Feb 2006	Record date	Fourth Quarter record date
22 Feb 2006	Ex-dividend	Fourth Quarter ex-dividend
07 Feb 2006	Results/dividend	Fourth Quarter and Full Year 2005 Results and Strategy Presentation
11 Jan 2006	Press release	Trading update

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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF LOUISIANA

TROY WETZEL, EXTREME FISHING, LLC and a CLASS OF SIMILARLY SITUATED INDIVIDUALS AND ENTITIES,	* * * *	CIVIL ACTION NO. 2:10cv01222 SECTION "J"
Plaintiffs	* *	DIVISION "5"
VERSUS	* *	JUDGE BARBIER
TRANSOCEAN, LTD., et al.,	* *	MAGISTRATE JUDGE CHASEZ
Defendants	* *	
* *	*	

NOTICE OF HEARING

Please take notice that the undersigned counsel will bring Plaintiff's Motion for Preliminary Injunction and Temporary Restraining Order for hearing before Honorable Carl Barbier on the ________ day of June, 2010, at ________, or as soon thereafter as counsel can be heard.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on June 16, 2010, I filed the foregoing Motion for Temporary Restraining Order and Preliminary Injunction via CM/ECF with the Clerk of Court of the United States District Courthouse for the Eastern District of Louisiana, 500 Poydras Street, New Orleans, Louisiana, and also delivered a copy on Defendant BP PLC via hand delivery to Don K. Haycraft, local counsel.

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