Flexible LNG market & spot trading

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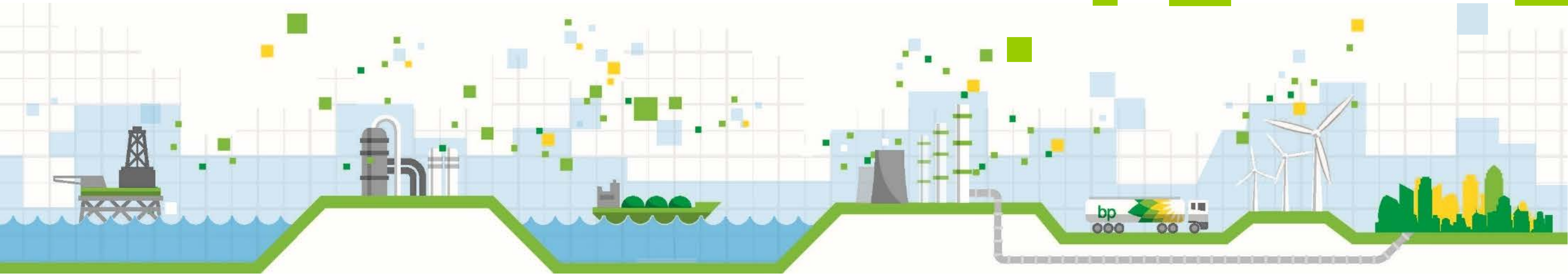

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LNG market flexibility is increasing

- Rapid increase in traded volume and flexibility
  - ~30% of LNG traded short term/spot in 2016
  - Increasing numbers of buyers and sellers, new entrant trading companies
  - Growing prominence of portfolio players, expansion of flexible US supply
  - Emerging Atlantic Basin supply length
  - Expiry of existing long term contracts, Asian buyer demand uncertainty
  - Regulatory focus on destination clauses
- Increased flexibility is being reflected in pricing
  - More variety in contract price indexation, e.g. Henry Hub and NBP/TTF as well as oil
  - Greater spot price transparency through Platts/RIM price reporting
  - Growing JKM liquidity
- Potential barriers to increased flexibility
  - Asia Pacific supply short and requirement for security of supply
  - Project financing requirements for new projects
  - Limited commercial storage available

BP’s role in promoting increased market flexibility

- BP is very active in the traded LNG market
  - ~140 cargoes traded in 2016 (on top of >8 Mt share of project sales), >200 cargoes to be traded in 2017
  - Sizeable proportion of traded volume bought from 3rd parties
  - Sold to almost 40 different counterparties in 2016

- BP has been a pioneer in the development of a more flexible LNG market
  - Trading around Trinidad, Egypt supply positions more than a decade ago
  - Henry Hub and NBP linked term sales to Asian buyers
  - Technical/commercial innovation, e.g. ship-to-ship transfers, supporting project start-up

- BP will continue to offer flexible supply from a growing portfolio
  - Possible additional equity volume from existing projects in Trinidad and Australia
  - US Freeport volume from 2019 and Coral (Mozambique) volume from 2022
  - JV marketed volume, e.g. Mauritania & Senegal and Tangguh