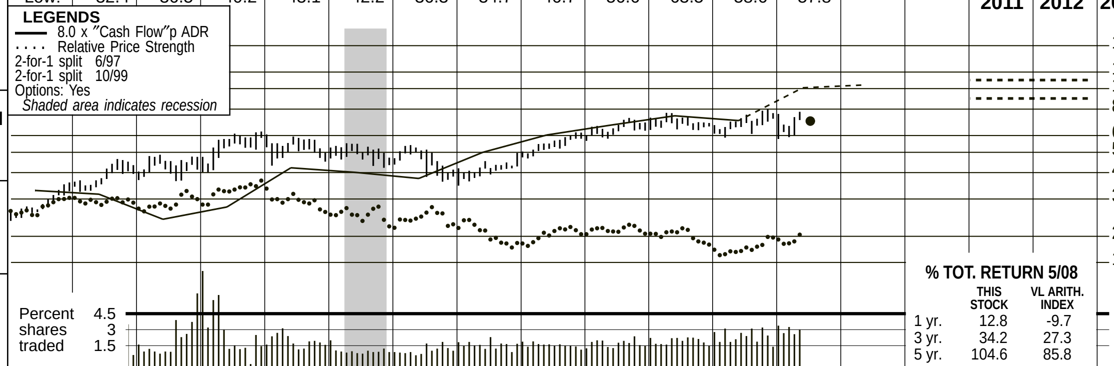
# BP p.l.c. (ADR) NYSE-BP

| RECENT PRICE | P/E RATIO | | RELATIVE P/E RATIO | DIV'D YLD | |
|---|---|---|---|---|---|
| 70.20 | 7.8 | (Trailing: 11.4) (Median: 14.0) | 0.48 | 4.7% | VALUE LINE |

**TIMELINESS** 2 Raised 5/9/08
**SAFETY** 1 Raised 3/28/97
**TECHNICAL** 3 Raised 5/23/08
**BETA** .95 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 46.5 | 48.7 | 62.6 | 60.6 | 55.2 | 54.0 | 49.6 | 62.1 | 72.7 | 76.9 | 79.8 | 77.7 |
| Low: | 32.4 | 36.5 | 40.2 | 43.1 | 42.2 | 36.3 | 34.7 | 46.7 | 56.6 | 63.5 | 58.6 | 57.8 |




**2011-13 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 110 | (+55%) | *16%* |
| Low | 90 | (+30%) | *11%* |

**Insider Decisions**

NOT REPORTED

**U.S. Institutional Decisions**

| | 3Q2007 | 4Q2007 | 1Q2008 |
|---|---|---|---|
| to Buy | 323 | 378 | 346 |
| to Sell | 499 | 512 | 576 |
| Hld's(000) | 380756 | 394225 | 391461 |

**% TOT. RETURN 5/08**

| | THIS STOCK | VL ARITH. INDEX |
|---|---|---|
| 1 yr. | 12.8 | -9.7 |
| 3 yr. | 34.2 | 27.3 |
| 5 yr. | 104.6 | 85.8 |

| 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | © VALUE LINE, INC. | 11-13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1.51 | 1.48 | 1.53 | 1.56 | 1.71 | 1.64 | 1.67 | 1.62 | 1.50 | 1.45 | 1.61 | 1.78 | 1.92 | 1.72 | 1.96 | 1.98 | *1.95* | *1.95* | Translation Rate (£/$) A | *1.95* |
| 27.80 | 28.85 | 27.62 | 30.70 | 40.61 | 37.11 | 21.16 | 25.74 | 39.43 | 46.60 | 47.92 | 63.08 | 79.46 | 72.46 | 81.77 | 90.16 | *115.20* | *119.35* | Revenues per ADR | *135.00* |
| 1.85 | 2.21 | 2.88 | 3.40 | 4.12 | 3.96 | 3.01 | 3.44 | 5.28 | 5.02 | 4.69 | 6.25 | 7.55 | 8.40 | 9.30 | 8.84 | *12.60* | *13.05* | "Cash Flow" per ADR | *14.40* |
| .53 | .59 | 1.08 | 1.72 | 2.18 | 2.44 | 1.39 | 1.92 | 3.49 | 3.34 | 2.16 | 3.24 | 4.14 | 5.48 | 6.30 | 5.41 | *9.00* | *9.25* | Earnings per ADR B | *10.00* |
| .63 | .48 | .52 | .83 | 1.08 | 1.32 | 1.45 | 1.31 | 1.35 | 1.43 | 1.57 | 1.53 | 1.66 | 2.09 | 2.30 | 2.54 | *3.28* | *3.45* | Gross Div'ds Decl'd ADR C■ | *4.00* |
| 2.90 | 2.36 | 2.01 | 2.43 | 3.11 | 3.16 | 2.61 | 1.99 | 2.67 | 3.29 | 3.28 | 3.43 | 3.69 | 3.57 | 4.65 | 5.65 | *6.40* | *6.75* | Cap'l Spending per ADR | *7.00* |
| 6.83 | 7.24 | 8.23 | 9.08 | 10.58 | 10.77 | 12.95 | 13.32 | 17.48 | 16.67 | 17.96 | 21.63 | 23.71 | 24.82 | 26.60 | 29.71 | *34.55* | *39.25* | Book Value per ADR | *50.75* |
| 1806.2 | 1817.0 | 1834.2 | 1858.3 | 1883.4 | 1920.8 | 3227.7 | 3247.0 | 3755.0 | 3738.7 | 3729.8 | 3687.1 | 3587.7 | 3442.8 | 3251.7 | 3154.0 | *3125.0* | *3100.0* | Common ADRs Outst'g D | *3000.0* |
| 24.5 | 23.7 | 16.8 | 12.7 | 13.1 | 15.9 | 30.8 | 27.8 | 15.1 | 14.9 | 21.2 | 12.8 | 13.1 | 11.8 | 10.9 | 12.6 | *Bold figures are* | | Avg Ann'l P/E Ratio | *10.0* |
| 1.49 | 1.40 | 1.10 | .85 | .82 | .92 | 1.60 | 1.58 | .98 | .76 | 1.16 | .73 | .69 | .63 | .59 | .66 | *Value Line* | | Relative P/E Ratio | *.65* |
| 4.9% | 3.5% | 2.9% | 3.8% | 3.8% | 3.4% | 3.4% | 2.5% | 2.6% | 2.9% | 3.4% | 3.7% | 3.1% | 3.2% | 3.3% | 3.7% | *estimates* | | Avg Ann'l Div'd Yield | *4.0%* |

**CAPITAL STRUCTURE as of 3/31/08**
**Total Debt** $29.9 bill. **Due in 5 Yrs** unavailable
**LT Debt** $13.8 bill. **LT Interest** $750 mill.
(12% of Cap'l)
**Uncapitalized Leases:** Annual rentals $3.8 bill.
**Pension Assets 12/07:** $42.8 bill.
**Obligation** $43.1 bill.
**Pfd Stock** Negligible

**Common Stock** 18,877,537,000 shs. equivalent to 3,146,256,000 ADRs

**MARKET CAP: $221 billion (Large Cap)**

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | | 11-13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 68304 | 83566 | 148062 | 174218 | 178721 | 232571 | 285059 | 249465 | 265906 | 284365 | *360000* | *370000* | Revenues ($mill) | *405000* |
| 15.0% | 16.0% | 16.1% | 13.2% | 10.7% | 10.7% | 11.5% | 13.4% | 13.7% | 12.6% | *14.5%* | *14.5%* | Operating Margin | *14.0%* |
| 5255.0 | 4965.0 | 7276.0 | 6273.0 | 9099.0 | 10940 | 11160 | 8771.0 | 9128.0 | 10579 | *11125* | *11750* | Depreciation ($mill) | *13000* |
| 4468.0 | 6204.0 | 12555 | 12512 | 8395.0 | 12089 | 15913 | 20141 | 21115 | 17287 | *28250* | *29300* | Net Profit ($mill) | *30150* |
| 24.2% | 26.7% | 26.5% | 28.3% | 35.5% | 32.8% | 32.4% | 30.8% | 35.4% | 33.0% | *36.5%* | *36.5%* | Income Tax Rate | *36.5%* |
| 6.5% | 7.4% | 8.5% | 7.2% | 4.7% | 5.2% | 5.6% | 8.1% | 7.9% | 6.1% | *7.8%* | *7.9%* | Net Profit Margin | *7.4%* |
| d940.0 | 202.0 | 2972.0 | d1506 | d1235 | 3881.0 | d2948 | 3793.0 | d1091 | 2971.0 | *5500* | *4500* | Working Cap'l ($mill) | *4000* |
| 10918 | 9644.0 | 14772 | 12327 | 11922 | 12869 | 12907 | 10230 | 11086 | 15651 | *16500* | *17500* | Long-Term Debt ($mill) | *20000* |
| 41786 | 43281 | 65666 | 62322 | 66999 | 79764 | 85092 | 85462 | 86517 | 93690 | *107950* | *121725* | Shr. Equity ($mill) | *152250* |
| 9.3% | 12.7% | 16.3% | 17.4% | 11.3% | 13.5% | 16.6% | 21.3% | 22.0% | 16.2% | *23.0%* | *21.0%* | Return on Total Cap'l | *18.0%* |
| 10.7% | 14.3% | 19.1% | 20.1% | 12.5% | 15.2% | 18.7% | 23.6% | 24.4% | 18.5% | *26.0%* | *24.0%* | Return on Shr. Equity | *20.0%* |
| 4.9% | 4.8% | 12.4% | 12.3% | 4.6% | 8.0% | 11.6% | 14.0% | 15.2% | 9.6% | *16.5%* | *15.0%* | Retained to Com Eq | *12.0%* |
| 54% | 67% | 35% | 39% | 63% | 47% | 38% | 41% | 38% | 48% | *36%* | *37%* | All Div'ds to Net Prof | *40%* |

| CURRENT POSITION ($MILL.) | 2006 | 2007 | 3/31/08 |
|---|---|---|---|
| Cash Assets | 2590 | 3562 | 4820 |
| Receivables | 38692 | 38020 | 43698 |
| Inventory (FIFO) | 18915 | 26554 | 26885 |
| Other | 14064 | 12066 | 13113 |
| Current Assets | 74261 | 80202 | 88516 |
| Accts Payable | 42236 | 43152 | 47546 |
| Debt Due | 12924 | 15394 | 16051 |
| Other | 20192 | 18685 | 19346 |
| Current Liab. | 75352 | 77231 | 82943 |

| ANNUAL RATES of change (per ADR) | Past 10 Yrs. | Past 5 Yrs. | Est'd '05-'07 to '11-'13 |
|---|---|---|---|
| Sales | 8.5% | 13.0% | *9.0%* |
| "Cash Flow" | 8.5% | 12.0% | *8.5%* |
| Earnings | 10.5% | 14.0% | *9.5%* |
| Dividends | 8.0% | 9.5% | *9.5%* |
| Book Value | 10.5% | 9.5% | *11.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2005 | 54743 | 60704 | 69310 | 64708 | 249465 |
| 2006 | 63288 | 72132 | 68540 | 61946 | 265906 |
| 2007 | 61307 | 71872 | 71334 | 79852 | 284365 |
| 2008 | 87745 | *89500* | *90500* | *92255* | *360000* |
| 2009 | *90000* | *92000* | *93000* | *95000* | *370000* |

| Cal-endar | EARNINGS PER ADR B Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2005 | 1.54 | 1.40 | 1.26 | 1.28 | 5.48 |
| 2006 | 1.54 | 1.82 | 1.73 | 1.21 | 6.30 |
| 2007 | 1.35 | 1.90 | 1.22 | .94 | 5.41 |
| 2008 | 2.09 | *2.25* | *2.30* | *2.36* | *9.00* |
| 2009 | *2.20* | *2.30* | *2.35* | *2.40* | *9.25* |

| Cal-endar | QUARTERLY DIVIDENDS PAID C■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2004 | .405 | .405 | .426 | .426 | 1.66 |
| 2005 | .51 | .51 | .535 | .535 | 2.09 |
| 2006 | .56 | .56 | .59 | .59 | 2.30 |
| 2007 | .62 | .62 | .65 | .65 | 2.54 |
| 2008 | .8115 | .8115 | | | |

**BUSINESS:** BP p.l.c. is one of the world's largest integrated oil companies. Daily 2007 production (including equity interests): crude oil & liquids, 2,414,000 barrels; natural gas, 8.1 billion cubic feet; refinery runs, 2.4 mill. bbls. 2007 refining margin: $9.94/barrel; refining availability: 82.9%. Acquired Amoco, 1998; Arco, 2000; Burmah Castrol, 2000. Proved reserves (incl. equity int.) as of 12/31/06: 9.8 bill. barrels of oil; 45.9 tcf of natural gas. Estimated pretax present value of reserves: $139 bill. Has 96,200 employees. Fixed assets: 69% oil and gas; 26% refining; 5% other. Chairman: Peter Sutherland. Chief Executive: A. Hayward. Inc.: England and Wales. Addr.: 1 St. James Square, London SW1Y 4PD, England. U.S. Tel.: 212-451-8034. Internet: www.bp.com.

**BP has put most of its recent problems behind it.** Difficulties at one of the two refineries that had been experiencing significant downtime have been cleared up. Operating rates at the other have risen notably, too, and are expected to be up to full speed in the months ahead. The pickup in profits early in 2008 is partly attributable to the improved performance in this area. Rising oil prices have also helped, of course.

**Rising oil prices may slow production growth, but the net effect is positive.** BP has 60 major oil and gas development projects under way, with the brightest possibilities for extra volume from the Gulf of Mexico, Angola, Azerbaijan, and Indonesia. Nine ventures are due on stream in 2008. Budgeted at a $60 a barrel oil price, completion of these ventures might lift production by 10% by 2012. But the many production-sharing contracts in force mean that BP maxes out sooner on the revenues it is allowed to earn as oil prices rise. That suggests a more flattish tone for the production profile, if the spike in crude quotations holds. Even so, rising oil prices are bullish for profits, despite their dampening effect on volume.

**BP is working to secure resources.** A planned joint venture with Husky Energy would get it into the Canadian oil sands. BP has agreed to give up a half-share in its Ohio refinery — which would be upgraded to handle more heavy oil — for a 50% stake of the large Sunrise field in Alberta. Cost estimates for the undertaking are now being confirmed. BP could break ground in 2010 if all goes as planned.

**Meantime, Russian production has leveled off.** BP did well to get into that resource-rich nation when its competitors were unable to, and has profited accordingly. But disputes with the company's partners have cast a cloud over operations lately. It's not clear when BP will realize more growth in Russia. State-controlled Gazprom may eventually move in on the partnership and gain the upper hand.

**This top-quality issue is timely and offers good risk-adjusted 3- to 5-year total return potential.** Without question, though, oil prices will need to remain high for BP to achieve the earnings and dividend progress we envision.

*Robert Mitkowski, Jr.* *June 13, 2008*

(A) At yearend.
(B) Based on U.S. GAAP. Excludes nonrecurring items: '92, (80¢); '93, (15¢); '96, (6¢); '97, (31¢); '98, (37¢); '99, (51¢); '00, (69¢); '01, ($1.05); '02, 8¢; '03, 28¢; '04, 32¢; '05, 5¢; '06, 37¢. Next earnings report due July 29.
(C) Dividends historically paid in mid-March, June, Sep., and Dec. ■Dividend reinvestment plan available. Gross dividends (before withholding tax) until 2003. Dividends now free of British withholding by tax treaty.
(D) In mill., adj. for splits. 1 ADR = 6 shares.

| | |
|---|---|
| Company's Financial Strength | A++ |
| Stock's Price Stability | 90 |
| Price Growth Persistence | 70 |
| Earnings Predictability | 65 |