BG GROUP

2013 Strategy Update

14 May 2013

Deepsea Metro I drill ship, Tanzania

Welcome

Andrew Gould
Chairman

BG GROUP

Methane Shirley Elisabeth LNG vessel

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Introduction

Chris Finlayson
Chief Executive

Cidade de Paraty, FPSO 3

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BG Group: strengths to build on

- Two highly distinctive capabilities
  - World class exploration & unique LNG model
- Excellent growth assets to develop
- Strong growth in demand for gas and LNG
- Big enough to explore frontiers; small enough to be commercially agile
- Talented people

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What we will do differently

- Focus on early stage origination, discovery & development
- Invest $1.6-1.8 bn in exploration per year
- More active portfolio management to accelerate value delivery
- Prioritise value over production
- Transparent milestones & greater asset disclosure
- Simple organisation & clear personal accountability

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Delivering shareholder value

- Strong growth in E&P and LNG volumes
- Proportion of production with cash margins > $50/boe to triple over next 5 years
- Earnings to grow faster than production
- Capital expenditure to fall to $8-$10bn pa from 2015
- Monetise via production or sale up to 50% of discovered resources in 10 years
- Positive free cash flow from 2015 & increasing return on capital employed
- Return cash to shareholders in medium term

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Agenda

- How we create value
- How we will deliver value
- What this strategy delivers

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How we create value

Dolphin production platform, Trinidad and Tobago

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Levers of value creation

How we create value → **How we will deliver value** → **What this strategy delivers**

- World-class exploration
- Unique LNG business

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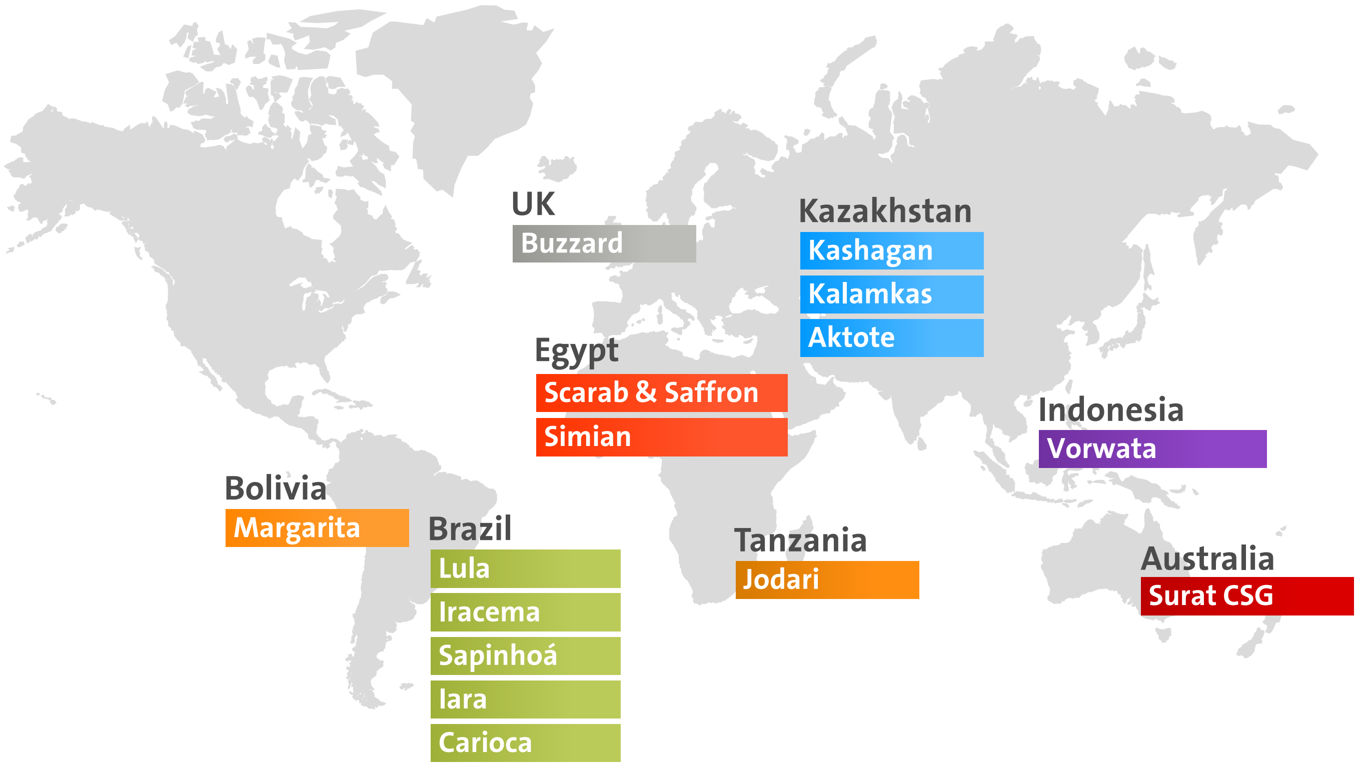
15 giant discoveries in 15 years



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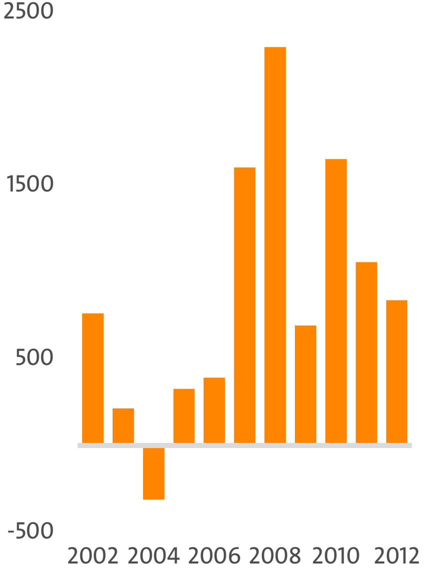
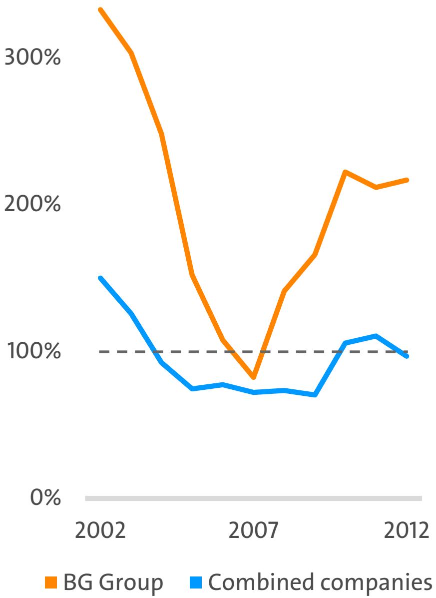
Giant fields > 500 mmboe

Proven industry leading explorer

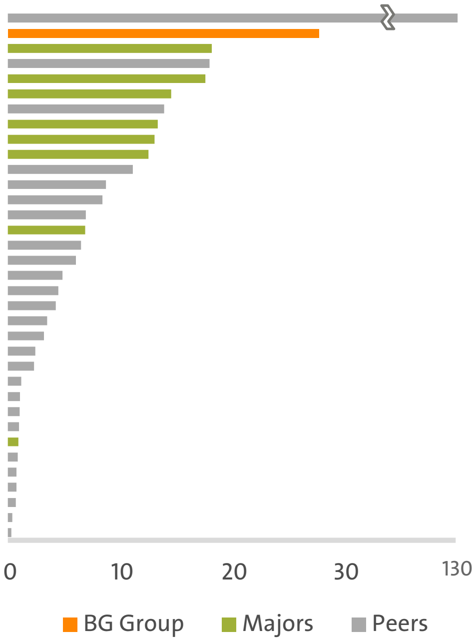
BG Group organic reserve and resource adds* (mmboe)



3 year reserve replacement**



Value creation*** 2002-11 ($bn)



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* Source: BG Group
** Source: Evaluate Energy, Peer Group includes Super Majors, US and European Integrated Majors
*** Source: Wood Mackenzie (2002-2011 excluding National Oil Companies, including Petrobras)

Basis of long-term success: exploration

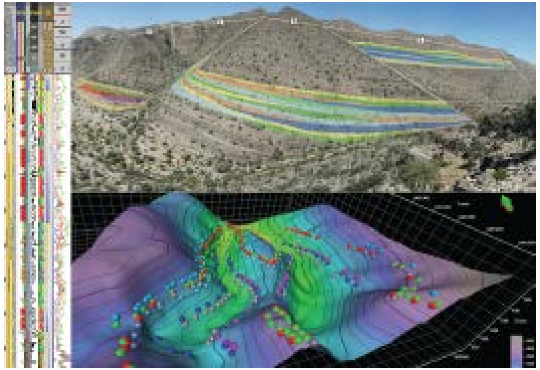
Simple lean exploration organisation

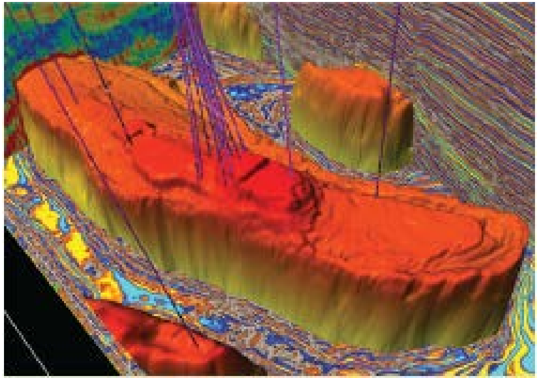
Entrepreneurial culture

Simple screening process

Single integrated portfolio

Wide geological technical skillset





Carbonates

- **Proven:** Brazil, Kazakhstan, Tunisia, India
- **New:** Kenya, Honduras

Tertiary Deltas

- **Proven:** Trinidad and Tobago, Egypt, Thailand
- **New:** Tanzania

HPHT

- **Proven:** UK, Kazakhstan
- **New:** China, Egypt, Norway

Unconventionals

- **Proven:** Australia (Surat), USA
- **New:** Australia (Bowen deep gas sands, Cooper shale)

Exploration strategy

Existing hubs

- Leverage our current positions
- Maximise use of existing infrastructure
- Build on knowledge of local geology
- Extend relationships with governments and key stakeholders

New basins

- Focus on finding new giant discoveries
- Employ Exploration's wide technical skillset
- Target low cost, early entry
- Leverage commercialisation skills to gain access

Delivering

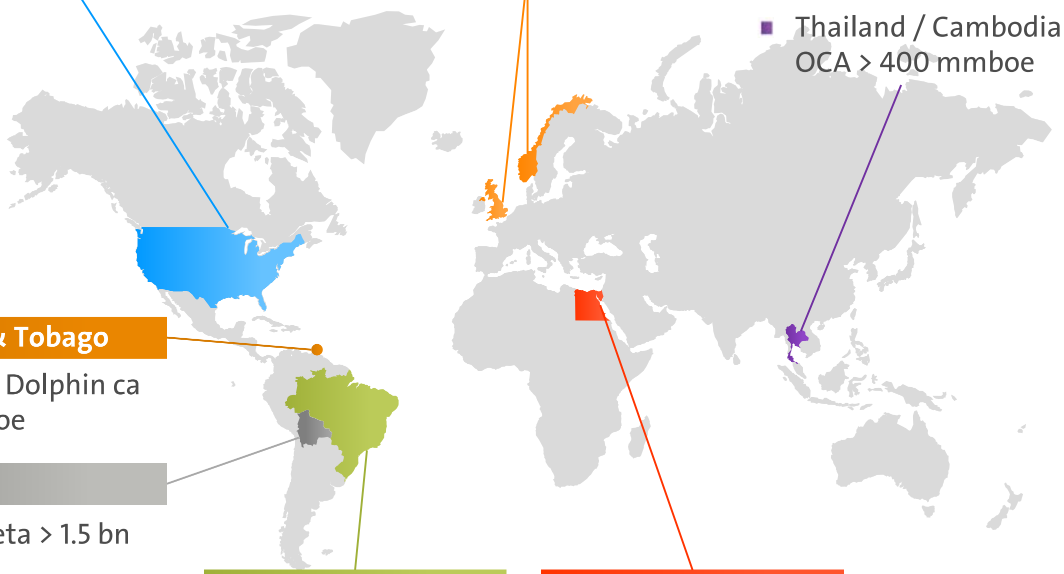
- 1 new material opportunity on average each year
- 0.5-1.0 bn boe pa risked resource addition

An extensive portfolio of existing hubs

US (Lower 48)
- E&A maintaining land position

North Sea (UK & Norway)
- HPHT play with > 1 bn boe

Thailand
- Tie-ins to Bongkot
- Deeper Oligocene
- Thailand / Cambodia OCA > 400 mmboe



Trinidad & Tobago
- Greater Dolphin ca 1.5 bn boe

Bolivia
- Huacareta > 1.5 bn boe

Brazil
- Iara appraisal

Egypt
- WDDM: Kala
- Oligocene ca 1 bn boe

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Resources quoted are net unrisked potential

Year of entry:

Exploring & appraising new basins

2008/09	2010	2011	2012	2013
Australia	**Tanzania**	**Kenya**	**Uruguay**	**Honduras**
• Drilled over 40 Bowen CSG wells • Drilled 4 Bowen deep gas sands wells • Entered Cooper Basin shale & TGS play • Added > 10 tcf discovered resource across assets • Potential > 15 tcf	• Acquired over 10000 sq km 3D seismic • Drilled 9 E&A wells with 100% success • Built resource base up to ca 10 tcf gross	• Acquired over 4500 sq km 3D + 2D seismic • First well early 2014 • Potential > 1 bn boe	• BG's largest operated 3D seismic: 13000 sq km • Phase 1: 9000 sq km 80% complete • First well in 2016 • Potential > 1 bn boe	• Operating contract signed • Gradiometry survey in 1st year of licence • 3D seismic in 2014 & 15 • Potential > 1 bn boe

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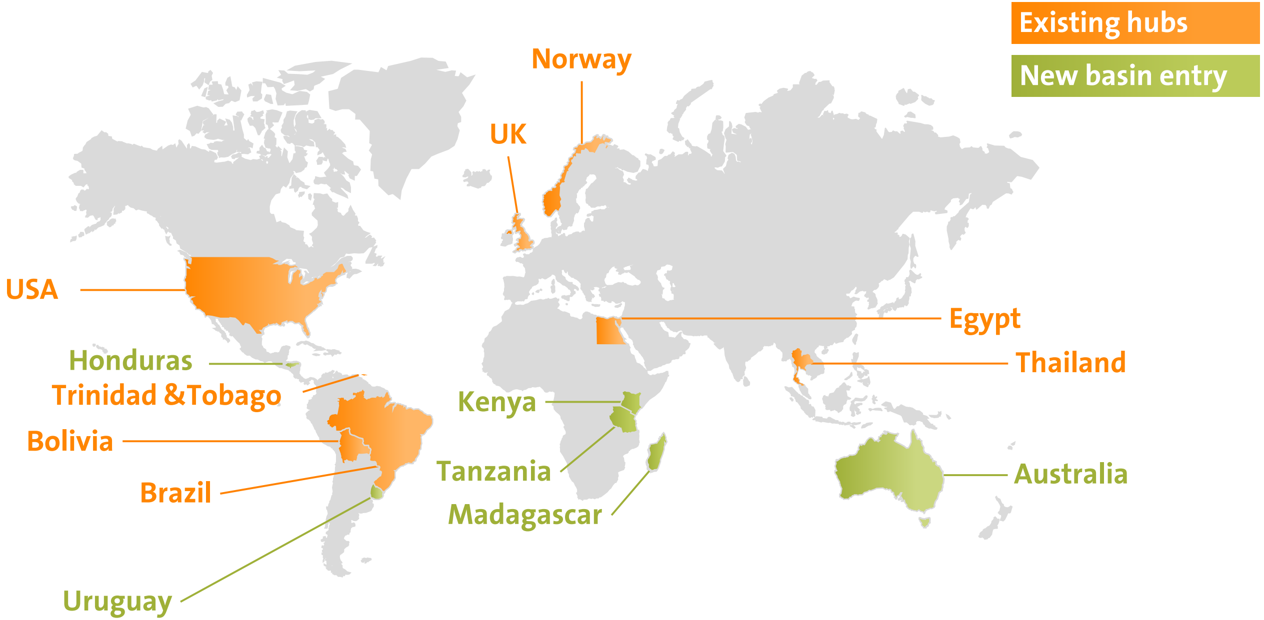
Potential resources quoted are net unrisked, except Tanzania

Exploration 2013-2015 activity



Exploration spend:
$1.6-1.8 bn pa

Drill 50-60 conventional E&A wells

10-15 high impact wells

Access 3 new basins

Potential for >100 unconventional wells

Top quartile finding cost

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BG Group's LNG business

QCLNG Terminal, Curtis Island, Australia

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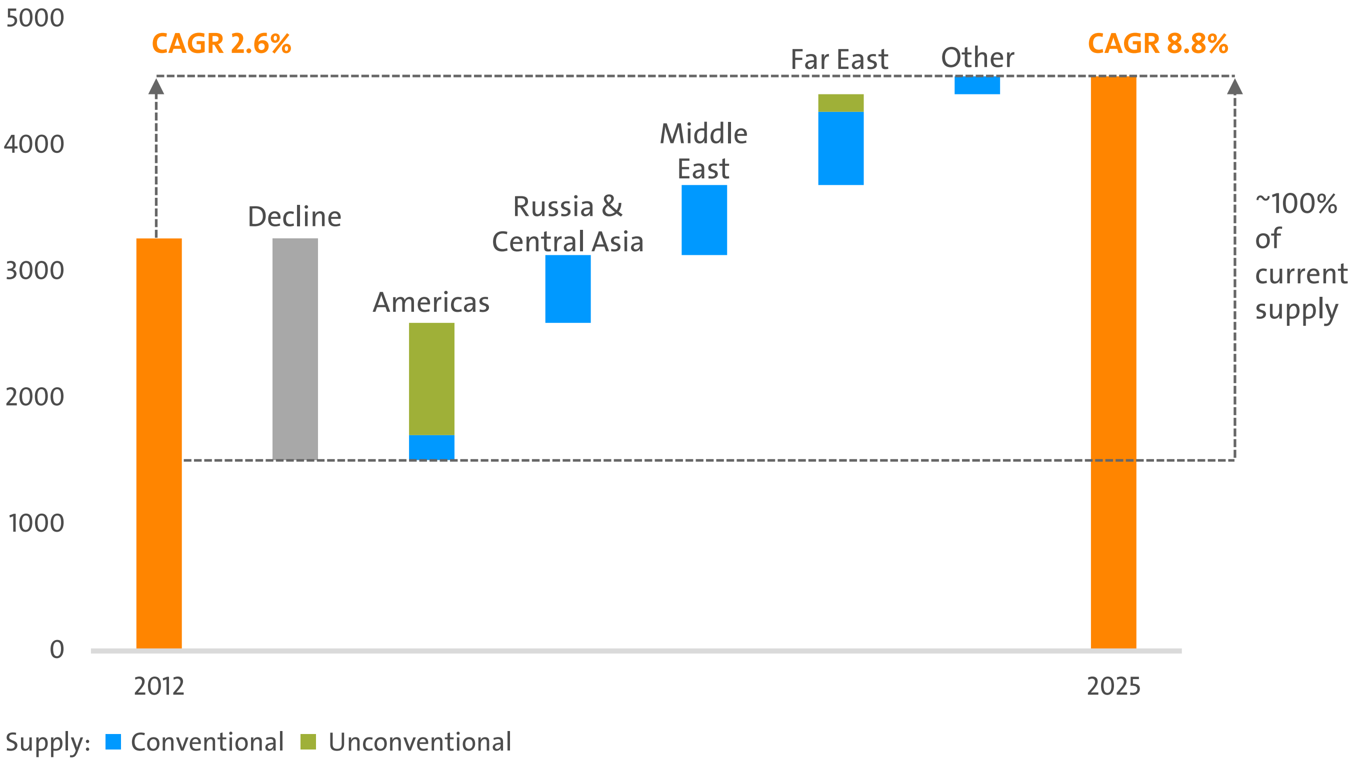
Strong demand for gas

Global gas supply (bcma)



Source: BG Group interpretation of Wood Mackenzie data (Feb 2013)

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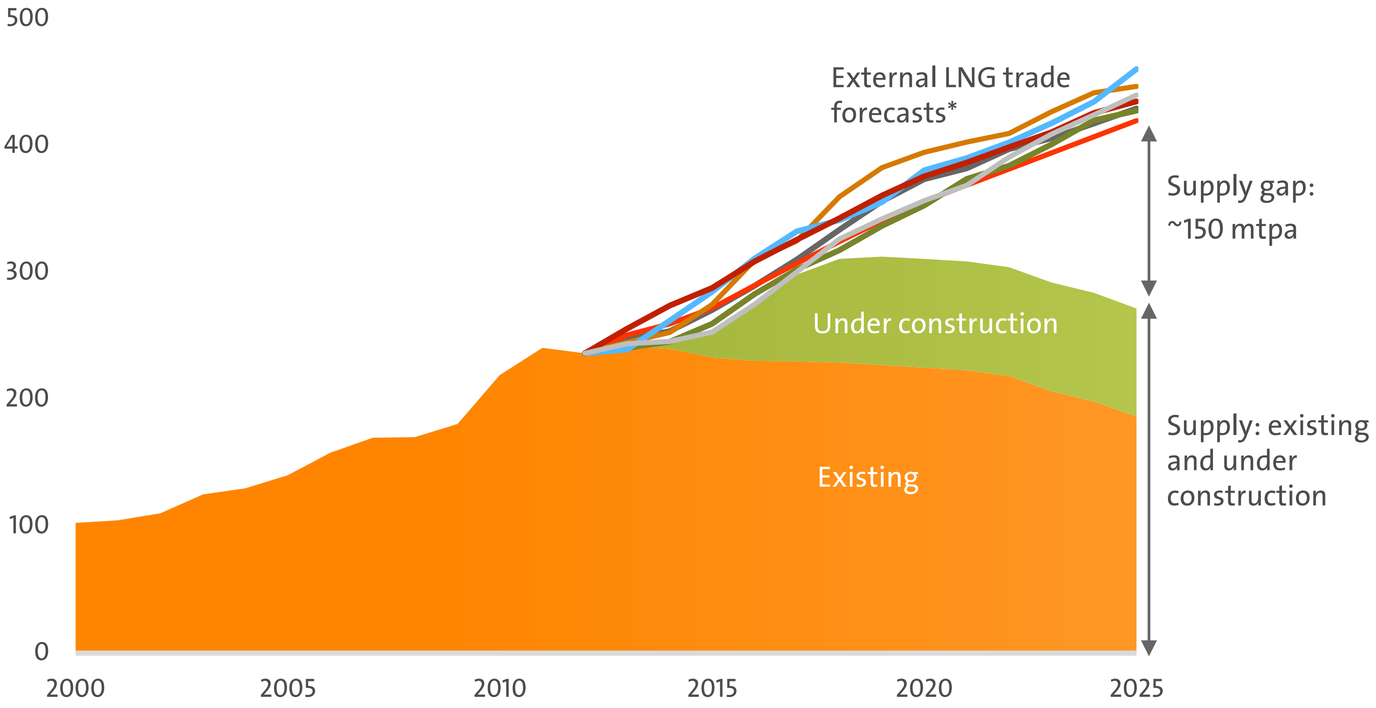
Emerging LNG supply gap

Global LNG supply (mtpa)



Sources Supply: BG Group interpretation of Wood Mackenzie data (2013 Q1)
* Trade: various research house views; Wood Mackenzie, PFC Energy, IHS CERA, Poten & Partners, PIRA, FACTS Global Energy, Gas Strategies

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BG has distinctive skills for gas & LNG

Highly differentiated gas markets

Market knowledge → Linking gas to markets → Resource development

Knowledge, skills and capability across whole gas chain

- Identify best opportunities
- Build strong relationships with governments and customers
- Develop commercially innovative solutions
- Unlock equity and 3rd-party resources to connect them to markets

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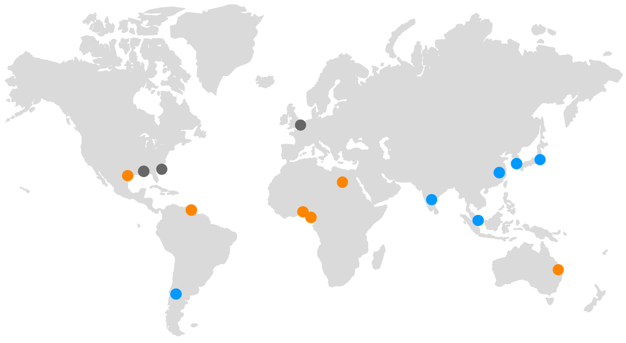
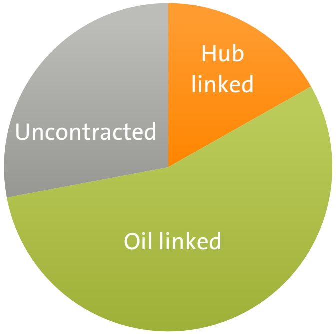
BG Group's LNG business

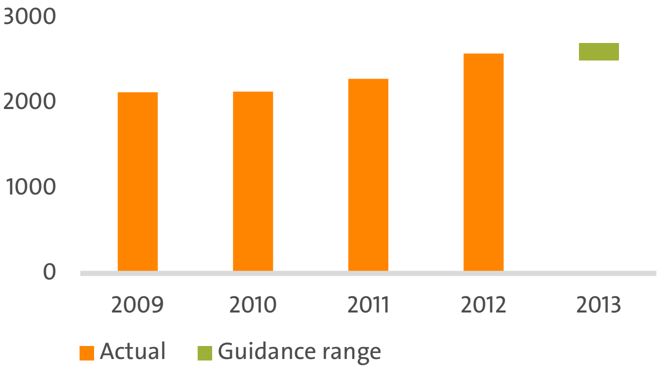
Global reach



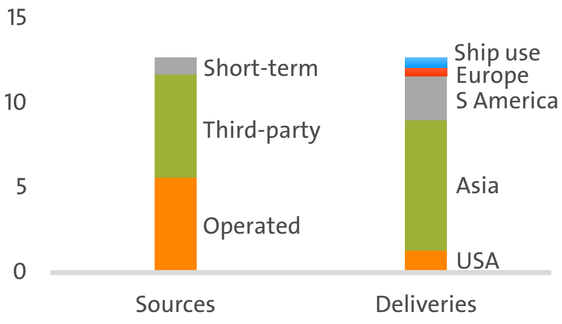
2017 Sales position



LNG Shipping & Marketing operating profit ($m)



2012 LNG sources & destinations (mtpa)



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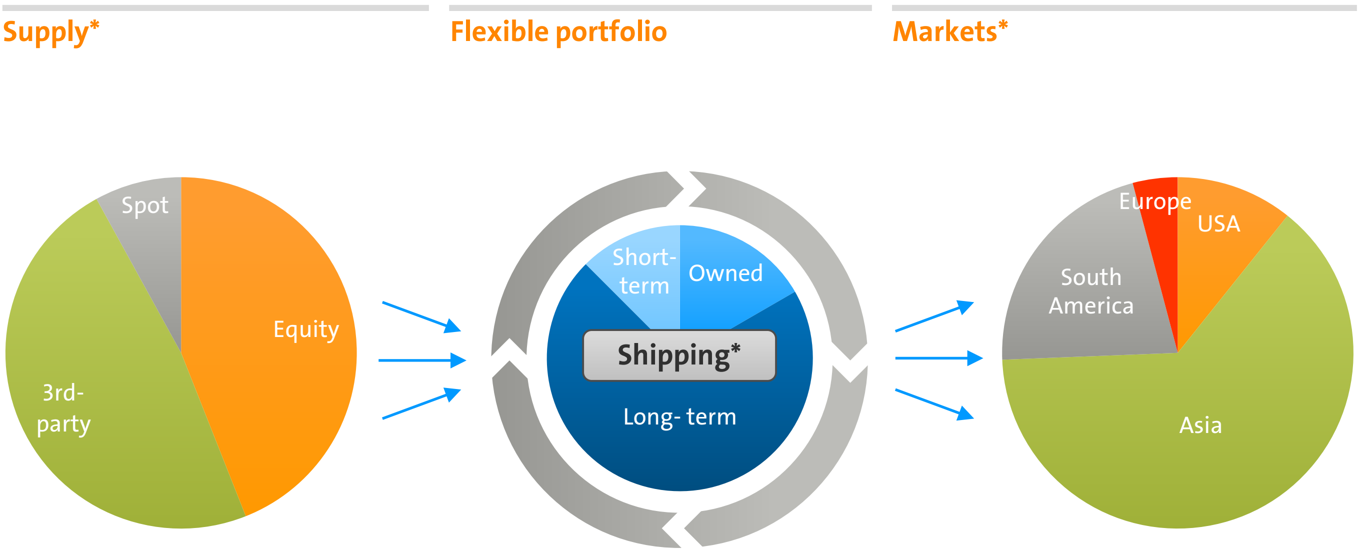
Flexible LNG portfolio



- Flexibility to supply markets from multiple sources
- Optimises margins for BG
- Underpinned by a fleet of 25* LNG ships
- Differentiates BG in LNG industry

* 2012 data

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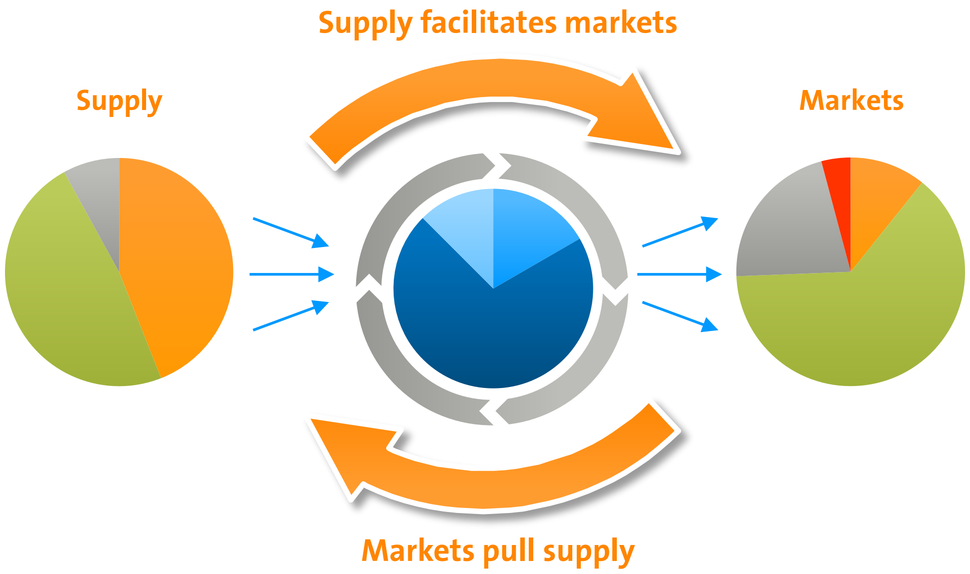
Using our flexibility to grow



- Pre-capture new markets
- Marketing advantage (de-risks project start-up for buyers)
- Allows BG to build market & supply in parallel
- Continuous opportunity replenishment

- Customer relationships give confidence to:
  - Invest in supply expansions
  - Commit to long-term purchase agreements
- Quickly capture market opportunities

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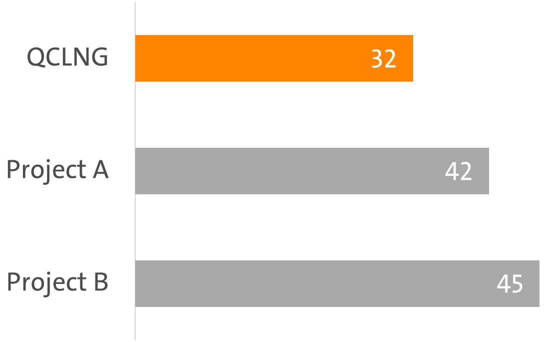
Flexible model in practice

QCLNG: Commercialising equity gas

- Identified large under-developed resource near growth markets
- LNG portfolio de-risked CSG-LNG for buyers
- 1st CSG based LNG sale
- Achieved sanction faster than the competition

Time to sanction (months)*



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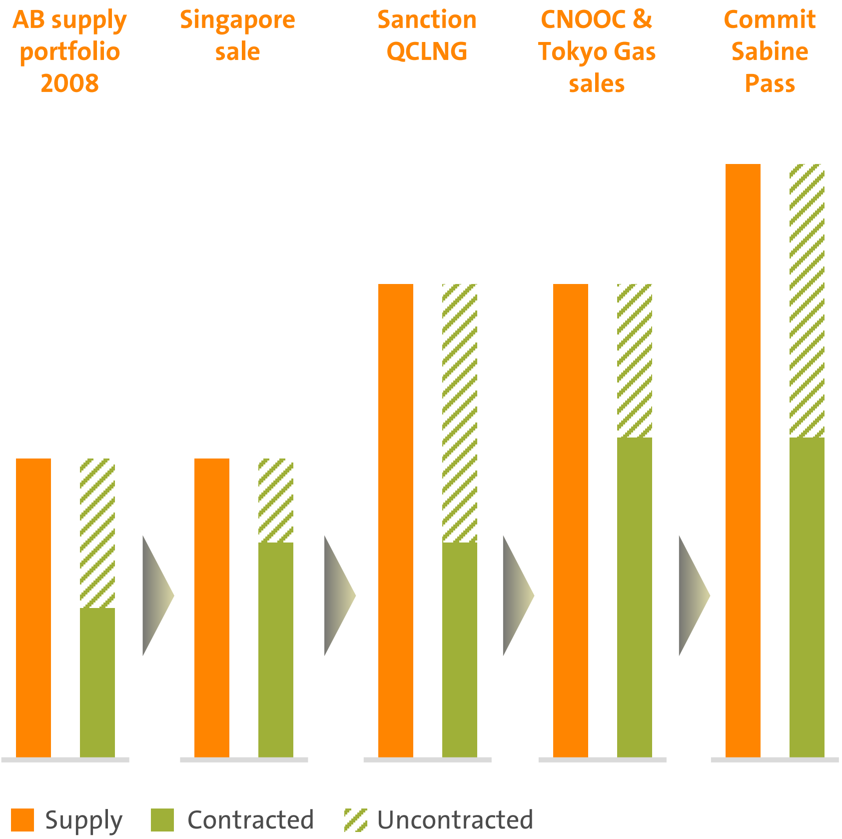
* Source: company press releases

Flexible model in practice



Sabine Pass: Commercialising 3rd-party gas

- Identified potential for US exports
- Signed first US export deal in 2011
- Early move led to best commercial terms

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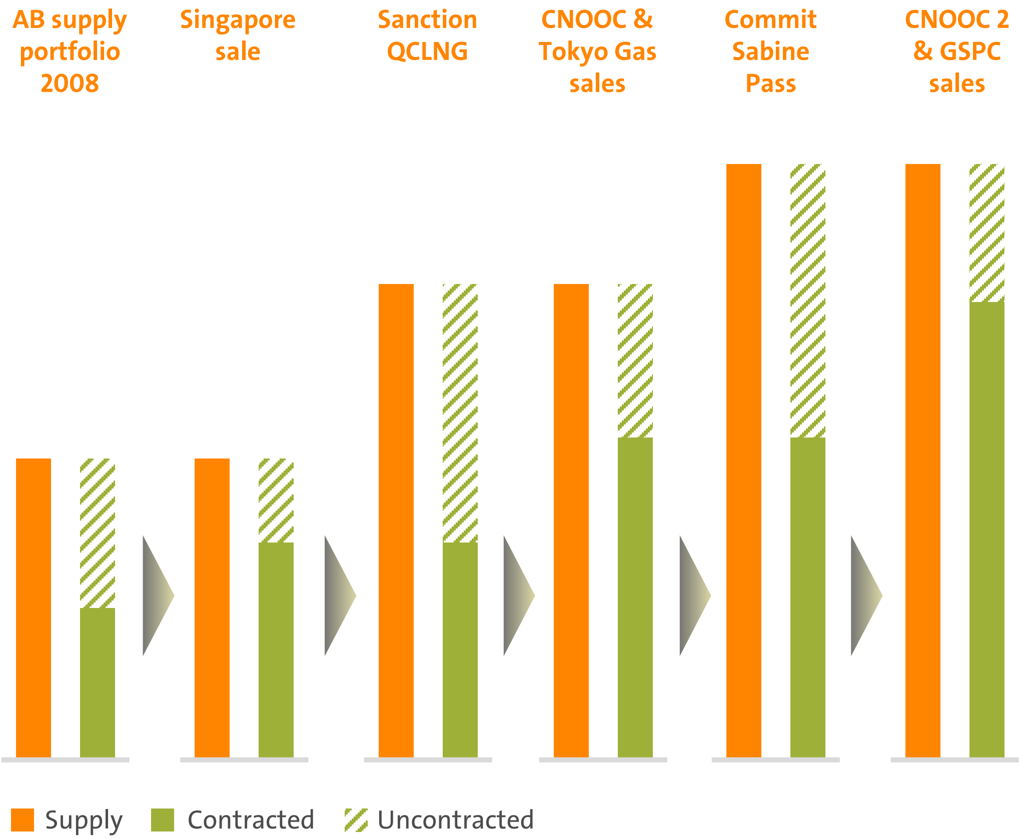
Strategy Update

How we create value

Flexible model in practice



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Multiple new LNG supply options

Prince Rupert: ~14 mtpa

- Attractive plant site
- No BG capital in pipeline
- In discussions with potential partners
- < 50% interest in project
- Sanction unlikely before 2016

Lake Charles: 15 mtpa

- No BG capital
- Majority BG offtake
- FEED contract awarded
- Complete FERC application: Dec 2013

Tanzania: ~ 10 mtpa

- BG operated blocks 1, 3 and 4
  - ~10 tcf gross resources
  - Major 2013 E&A programme
- Block 2: 10-13 tcf recoverable volume*
- Site selection study jointly with Block 2 partners
- Project sanction: 3-4 years

QCLNG: 4.25 mtpa

- Third train opportunity
- CNOOC option: up to 25%
- Material resource position
  - 29 tcf gross total resource
- 2-3 year E&A programme
  - Identify best options

* Based on public announcement by Statoil

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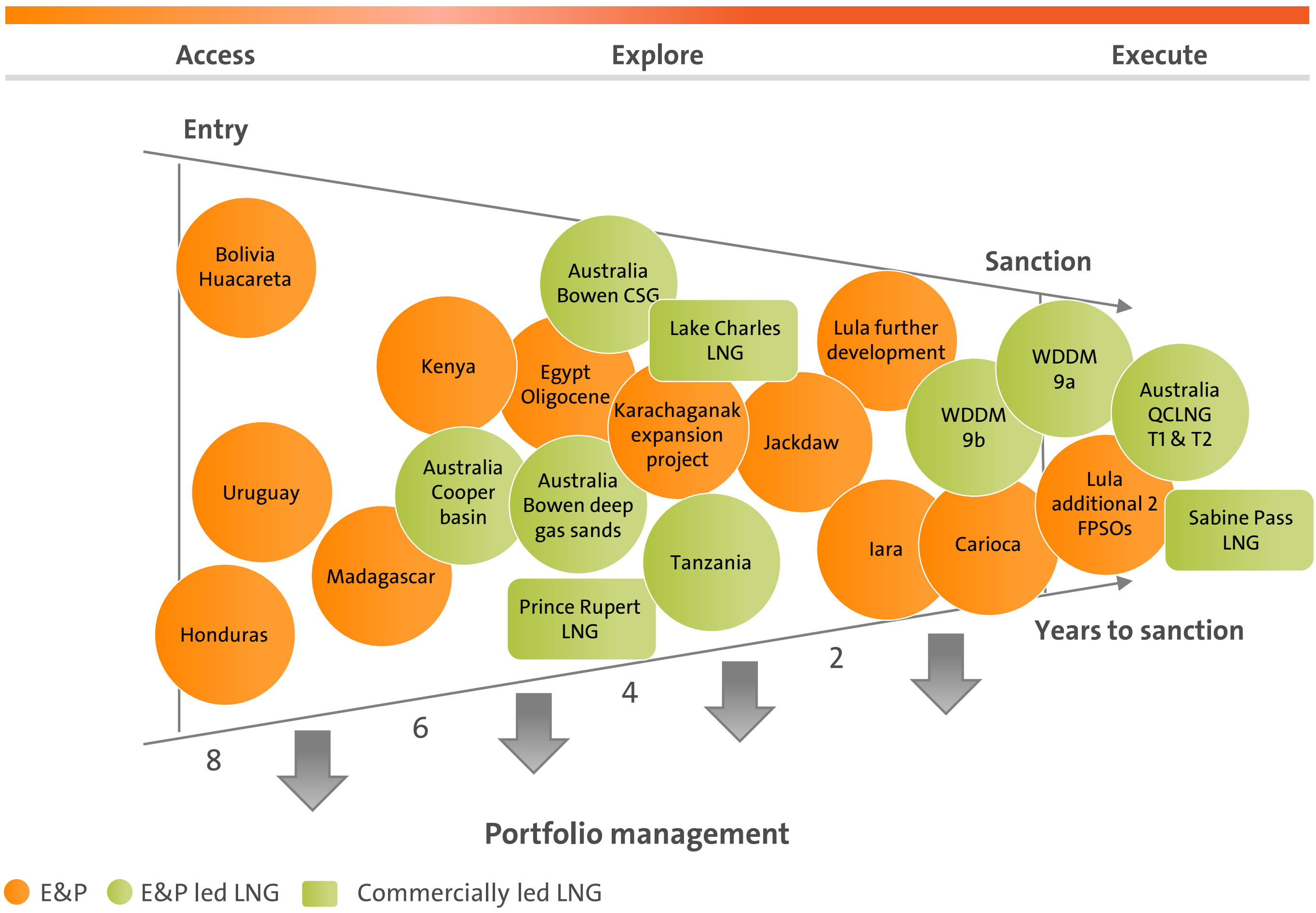
Strong pipeline of future projects



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How we will deliver value

Miskar production platform, Tunisia

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Levers of value creation

How we create value

How we will deliver value

What this strategy delivers

- Active portfolio management
- Capability in projects & operations
- Lean & agile organisation

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Active portfolio management to monetise value

Our goal

- Realise value from E&P and LNG assets
- Balanced portfolio of 10-15 high quality assets
- Accelerate growth

Track record

- Exited non-core T&D and power businesses
- Release $8 bn capital by end 2013
- Signed deal with CNOOC, deepened strategic partnership

Focused portfolio of 10-15 high quality assets

Growth assets	Optimisation opportunities	Mature assets
eg Brazil & QCLNG	Producing assets with high return prospects	Strong cash flow
	eg Trinidad & Tobago	eg Buzzard

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Disciplined capital allocation

- Disciplined capital allocation is key to successful portfolio management
- Rich opportunity set
- More projects than investment capacity
- Investment decisions to maximise capital efficiency
  - Maximise NPV per $ of investment
  - Which projects to participate in, and
  - What equity level to invest
- Delivers greatest value from capital investment

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How we will deliver value

Value creation across the asset life-cycle

New project opportunities	Development	Production / LNG sales
Preferred entry point: early stage	Manage risk and capital allocation	Capture attractive opportunities
Maintain high levels of control	Bring in strategic partners	Retain assets with strong cashflow
Successful E&A: hold, farm-down or divest	**Hold, reduce equity or divest**	**Invest, hold or divest**

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Accelerating resource monetisation

Discovered resources

- Deliver value to shareholders quicker
- Accelerate monetisation of existing resources
  - Strong production growth: ~25% of discovered resources
  - Active portfolio management: increase closer to 50%
- Resource additions
  - Primarily through drill-bit
  - Balance with rate of resource monetisation
- Higher investment in exploration & business development
- Prioritising value over production

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Project execution & operations: key to value delivery

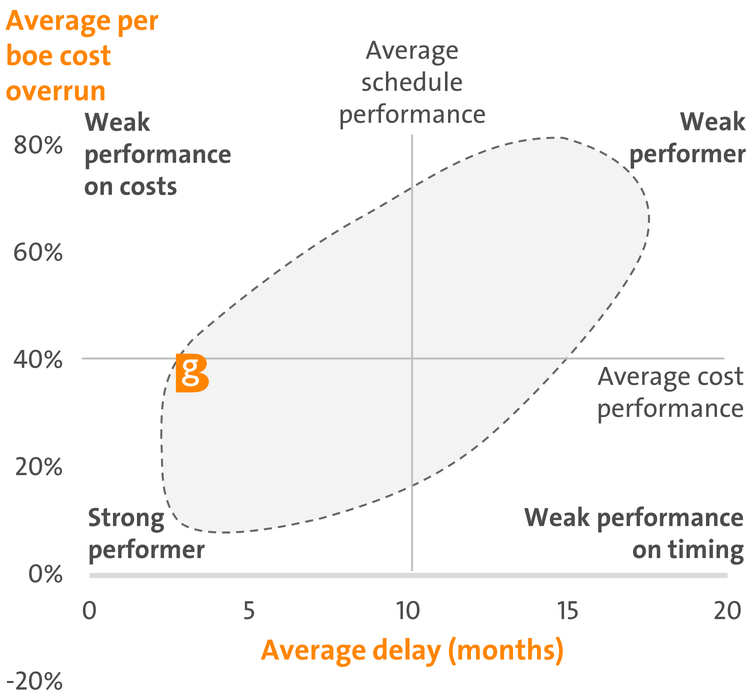
Deliver value from opportunities & ensure reliable production

Capability spans across project types & size

Influence with partners

Attractive partner for governments & key stakeholders

Large capital projects benchmarking study*



Benchmarking

- Strong schedule performance
- Cost performance comparable with peers – needs improvement

Three initiatives to improve performance

- Increased emphasis on development planning
- Centralised Global Capital Projects organisation
- Strategic alliances with service companies

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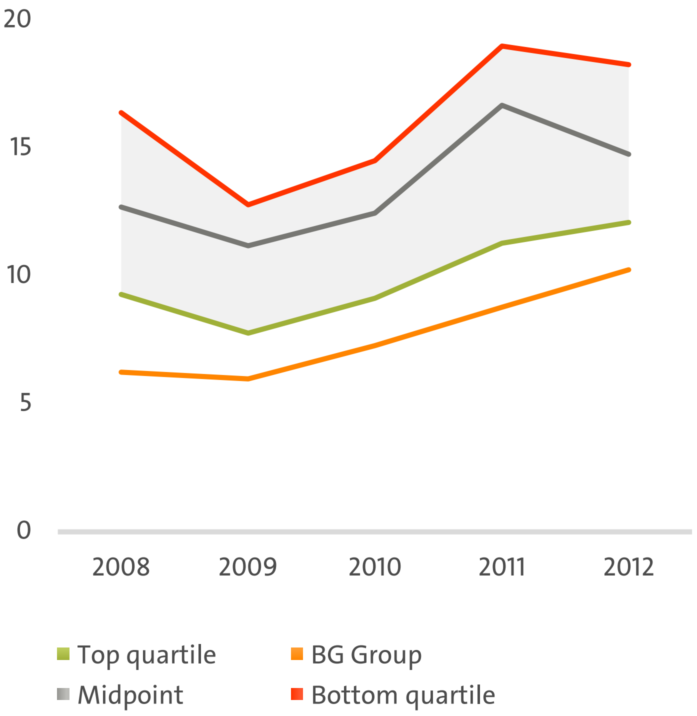
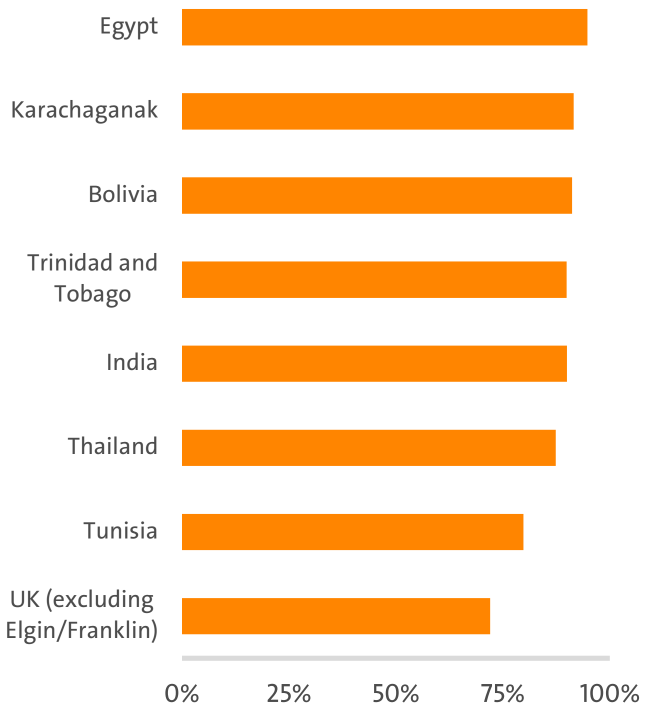
* Study completed by Wood Mackenzie using capital costs and timeline data from Wood Mackenzie's Pathfinder Research Product (included in study - projects that came on stream or received FID from 2003 to 2012, project capex of over $1 bn, performance based on operated projects only)

Proven operational capability

Annual unit opex ($/boe)*

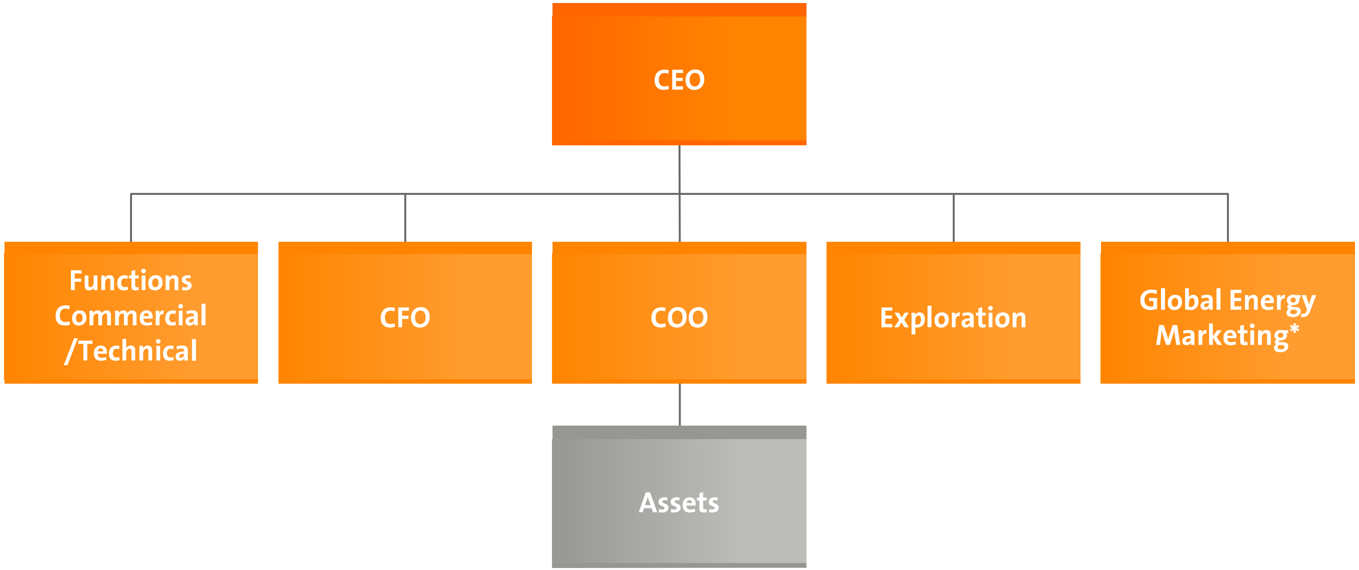


Production efficiency (2009-12)



* Source: Evaluate Energy, Peer Group includes Super Majors, US and European Integrated Majors

Lean & agile organisation



- Simplifying our organisation
- Removed level of regional organisation
- Global Energy Marketing to report to CEO*

- Created new slimmer operating organisation
- Continuous cost improvement
- Strong accountability

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* From January 1, 2014

What we expect this strategy to deliver

Karachaganak processing complex, Kazakhstan

Levers of value creation

How we create value

How we will deliver value

What this strategy delivers

High quality portfolio

Value creating growth

Attractive shareholder returns

What this strategy delivers

Increased portfolio outlook & disclosure

Base assets & growth projects	How portfolio will evolve	Group level guidance
Outlook for production	Cash margins/boe as % of total production	12 month ahead production and LNG operating profit
Investment levels	Average Group capex	Capex two years ahead
Key milestones	2015: E&P & LNG volume range	No Group guidance beyond 2015

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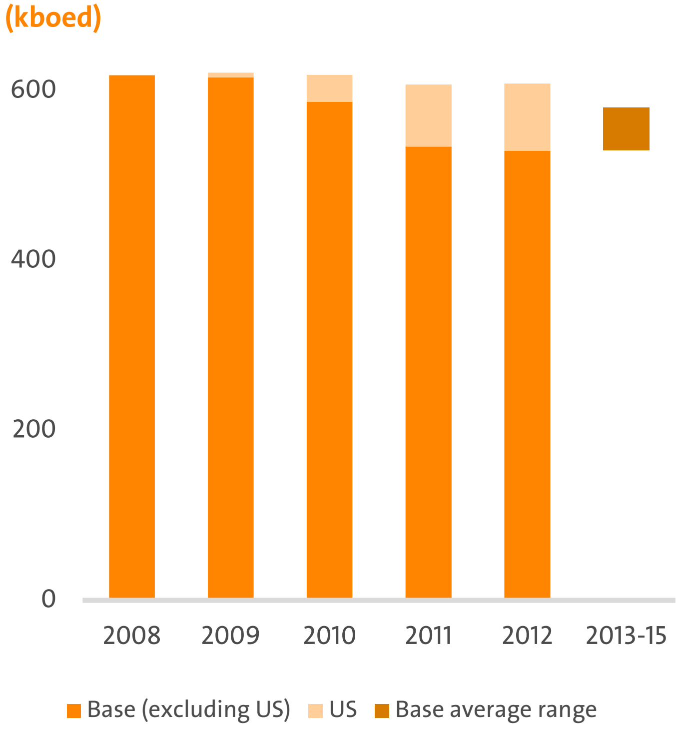
Base E&P assets*



2008-12 performance

- 1.1 bn boe produced
- $20 bn operating profit; funding growth

2013 production lower than 2012

- Lower rig count in US & reservoir decline in Egypt

2013-15

- Attractive investment opportunities
- Average capex $2-3 bn pa
- Low unit lifting costs; $6-7/boe
- Average production: 530-580 kboed
  - Consistent with 2013 Group production guidance

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* Bolivia, Egypt, India, Kazakhstan, Norway, Thailand, Trinidad, Tunisia, UK & USA
Future volumes at reference conditions (see Appendix)

Base assets production milestones

Onstream dates

2013	2014	2015
East Everest expansion ✓	Knarr	WDDM Phase 9b
Elgin Franklin re-start ✓	WDDM Phase 9a	Jackdaw sanction
Bongkot North Phase 3K	Starfish	
Itau Phase 2		
Jasmine		
Margarita Phase 2		

On track

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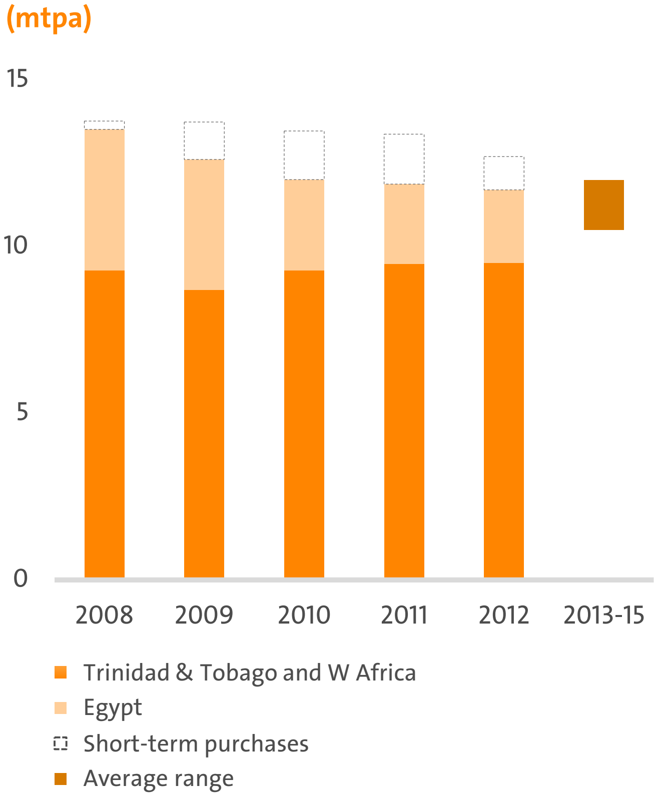
Existing LNG sources



Future volumes at reference conditions (see Appendix)

2008-12 performance

- 67 million tonnes lifted
- $12 bn operating profit

2013-15

- Trinidad & Tobago and W Africa
  - 9.2 mtpa contracted offtake
- Egypt offtake dependent on reservoir performance & future investment
- Total average long-term LNG offtake:
  - 10.5-12 mtpa
- Short-term cargoes dependent on prevailing market conditions

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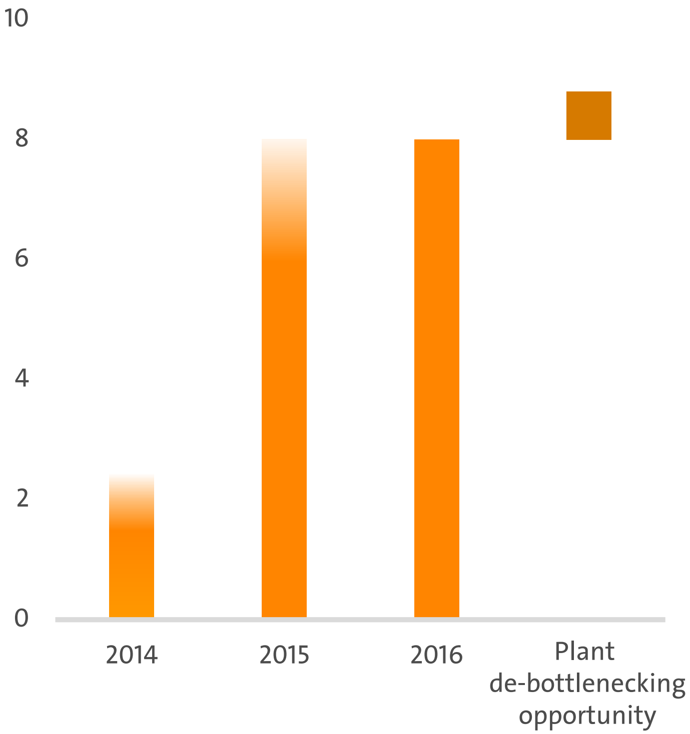
QCLNG: strongly cash positive from 2015

LNG production (mtpa)



* BG Group equity: 74%
Future volumes at reference conditions (see Appendix)

Initial development well advanced

250 kboed gross production on plateau

- LNG and domestic supply
- Mainly QGC* production
- 3rd-party gas secured to maximise value

Low cost opportunity to de-bottleneck LNG plant

- 5-10% capacity increase

Strongly cash positive from 2015

- High margin production
- Operating cash on plateau: BG net $3.5-4 bn pa
- Margins captured in Upstream segment

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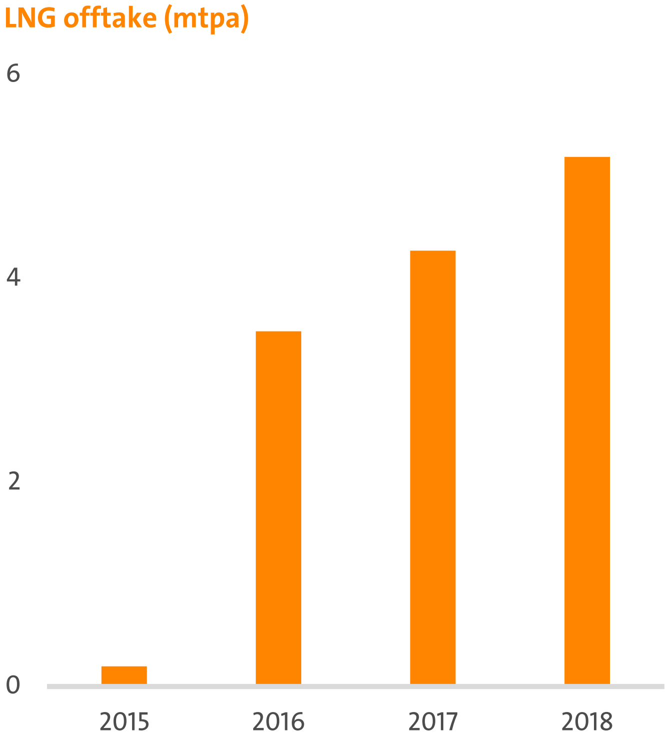
Sabine Pass: first LNG in 2015



- Only permitted & sanctioned US LNG export project
- Expected first LNG end 2015
- 5.5 mtpa offtake
  - Train 1: 3.5 mtpa (115% HH + $2.25)
  - Trains 2, 3 & 4: 2.0 mtpa (115% HH + $3.00)
- No BG Group capital in plant

$/mmbtu	Europe	Asia	South America
Shipping cost	$1.50	$3.00	$1.75
DES cost*	$9.70	$11.20	$10.00

* At Bloomberg HH consensus price (April 15, 2013), $4.91/mmbtu in 2016

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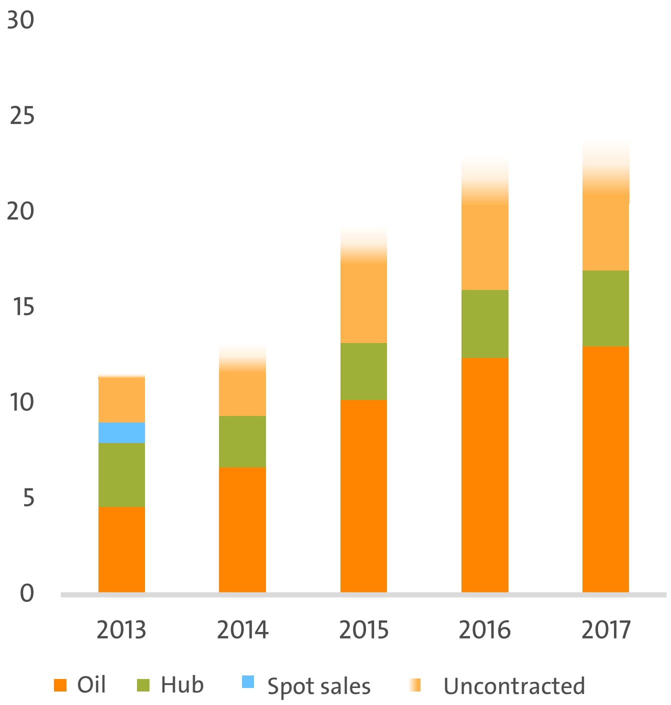
LNG sales: growing oil exposure

BG Group total LNG sales* (mtpa)



- Robust portfolio of high value sales contracts
- Strong position in oil indexed contracts
  - High value Asian markets
- Maintain exposure to HH/oil margin
- Uncontracted volumes to maintain strategic flexibility

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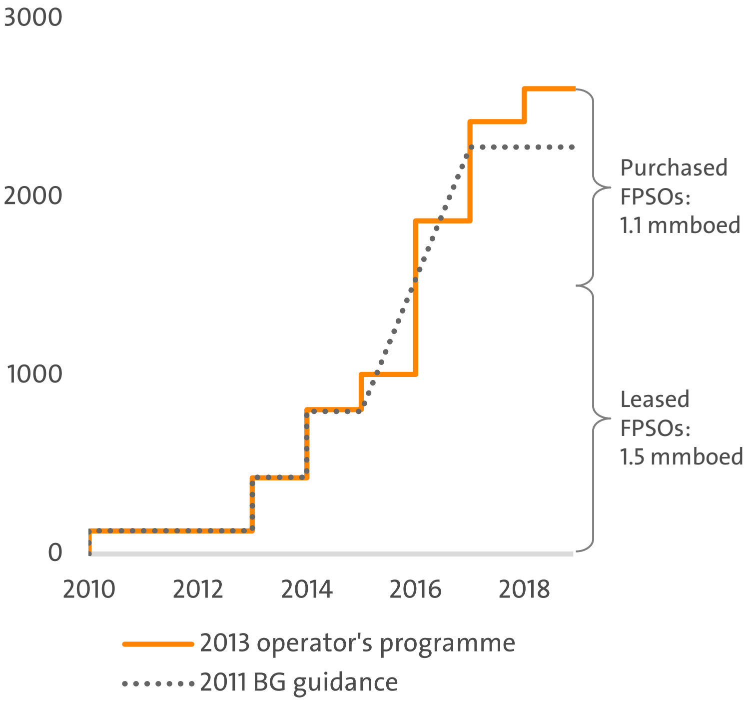
* Includes existing long term supplies QCLNG T1 & T2 and Sabine Pass
Future volumes at reference conditions (see Appendix)

Brazil current development programme

15 FPSO programme (BM-S-9 & 11) Schedule & gross capacity (kboed)



4 additional leased FPSOs

- 2 substitute purchased FPSOs (to be released)
- 2 additional Lula FPSOs

Operator's 15 FPSO programme

- On schedule and budget
- 2.6 mmboed gross capacity
- 500 kboed BG net production by 2020

Low unit cost development

- Excellent reservoir characteristics
- High capital efficiencies
- 2013-18 capex ~$3 bn pa

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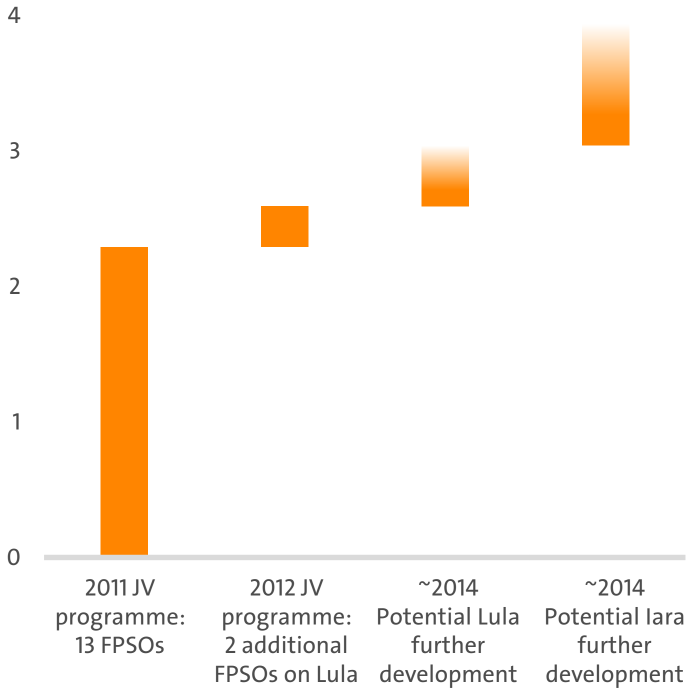
Lula and Iara development plan growth

FPSO capacity (mmboed) (BM-S-9 & 11)



Lula: potential further development

- Studies on-going for additional FPSOs
- Northern & southern wells and EWT data in 2013/14

Iara: potential further development

- 2 FPSOs in current programme
- Major 2013/14 appraisal activity

Full development (BM-S-9&11)

- BG net production > 600* kboed from full FPSO programme at current equity levels
- Further development phases on all fields after FPSO deployment
  - Accelerate production
  - Increase recovery

* BG Group view, not the Operator or relevant Consortium view

Strategy Update

What this strategy delivers

Growth milestones

	2013	2014	2015	2016	2017	2018
Current programme						
Brazil						
Cumulative FPSOs onstream	3	5	6	11	14	15
QCLNG						
Train 1 (4.25 mtpa)		LNG Sales				
Train 2 (4.25 mtpa)			LNG Sales			
Sabine Pass (5.5 mtpa)			LNG Sales			
Future growth options						
Iara	Appraisal					
Lula	Further FPSOs decision					
Prince Rupert LNG (~14 mtpa)	Plant & pipeline pre-FEED & FEED					
L Charles LNG (15 mtpa)	Permitting					
Tanzania LNG (~10 mtpa)	Further E&A					
QCLNG Train 3 (4.25 mtpa)	Further E&A					

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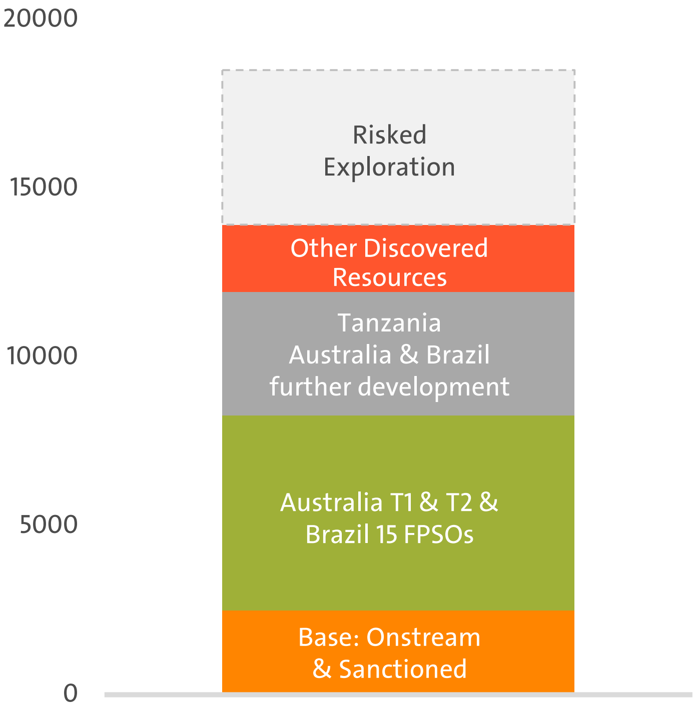
Strategy Update

What this strategy delivers

Assets & projects to monetise resources

Total reserves and resources* (mmboe)



* Year end 2012

- Strong discovered resource base of 14 bn boe
- Current programme produces 8 bn boe**
- Defined future projects produces 4 bn boe**
- Assets & defined projects monetise about 90% of current discovered resource base

** Full life

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Strong financial outlook: current programme*

2015 volumes at current equity levels:

- Group E&P production: 775-825 kboed
- Total LNG offtake: 17-20 mtpa

Financial outlook

- Cash margins of > $50/boe to triple to over two-thirds of total production
- High margins in Brazil & Australia
- Earnings to grow faster than production

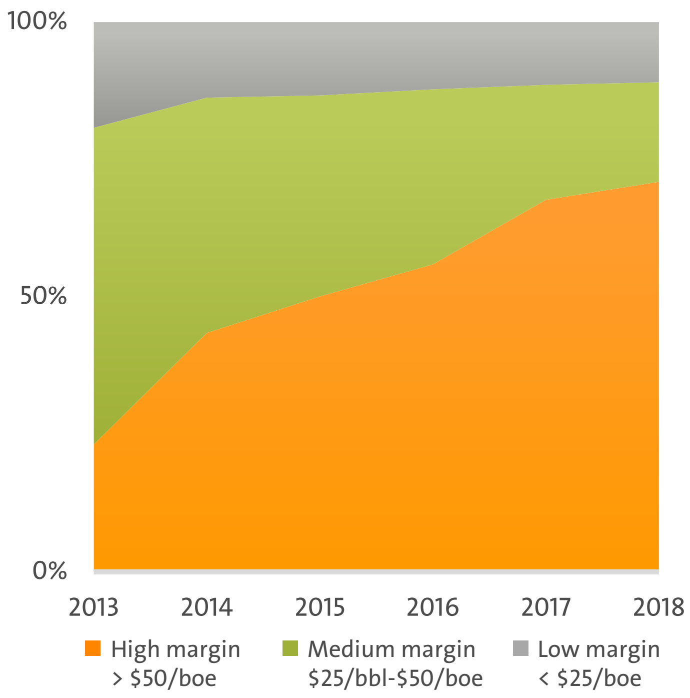
Lower capex

- 2013-14: ~$12 bn pa
- 2015-16: $8-10 bn pa

Increasing return on capital employed

- Higher % of capital in production

% of production by EBITDA**/boe



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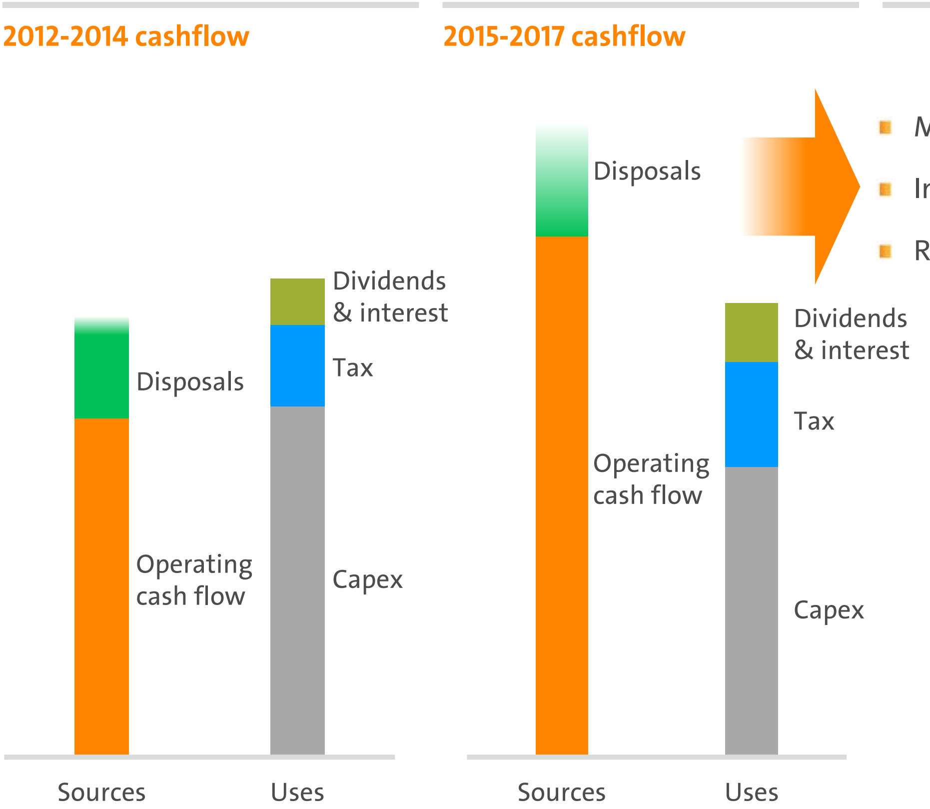
* Includes Base assets, Brazil 15 FPSO programme, QCLNG T1/T2 and Sabine Pass.
** Current programme: Includes both Upstream & equity LNG marketing margins
At 2013 reference conditions (see Appendix)

What this strategy delivers

Strong cashflow: current programme*



- Maintain strong balance sheet
- Invest in further growth
- Return cash to shareholders

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* Includes Base assets, Brazil 15 FPSO programme, QCLNG T1/T2 and Sabine Pass
At 2013 reference conditions (see Appendix)

Capital and funding priorities

Cash from operations and portfolio rationalisation

Safe & reliable operations	Maintain strong balance sheet	Grow dividends
Grow exploration investment	Long-term mid single A rating	Return cash to shareholders
Fund projects with high capital efficiency		

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Conclusions

Dragon LNG import terminal, UK

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High growth E&P & LNG company

Our Strategy

- World class exploration & unique LNG business
- Actively manage our portfolio to reinvest in growth
- Prioritise value over production
- Focused portfolio of 10-15 high quality assets
- Focus on areas where we have competitive advantage
- Lean & agile organisation

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What we expect this strategy to deliver

- Strong growth in E&P and LNG volumes
- Proportion of production with cash margins > $50/boe to triple over next 5 years
- Earnings to grow faster than production
- Capital expenditure to fall to $8-$10bn pa from 2015
- Monetise via production or sale up to 50% of discovered resources in 10 years
- Positive free cash flow from 2015 & increasing return on capital employed
- Return cash to shareholders in medium term

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2013 Strategy Update

14 May 2013

Deepsea Metro I drill ship, Tanzania

Key assumptions

Reference Conditions

- Brent Oil price (real 2013 $): $100/bbl
- US Henry Hub (all values real 2013 $): 2013: $3.50/mmbtu; 2014: $4.00/mmbtu; 2015 onwards: $4.25/mmbtu
- US/UK exchange rates of $1.6:£1
- US/AUD exchange rates of $1:$A1
- US/BRL exchange rates of $1:BRL1.90
- Prepared under International Financial Reporting Standards
- All production includes fuel gas

Principal Risks

- Major recession, significant political upheaval or terrorist attacks in the major markets in which we operate
- Failure to ensure the safe and secure operation of our assets worldwide
- Operational performance including shut-down, asset integrity, natural hazards, reservoir and well performance
- Implementation risk, being the challenges associated with delivering capital intensive projects on time and on budget
- Commodity risk, being the risk of significant fluctuation in oil and/or gas prices from those assumed
- Foreign exchange risk, exchange rates maybe being significantly different to those assumed
- Interest rate, liquidity and credit risk
- Technical, environmental, commercial, economic, legal, litigation, regulatory, political and country risk
- Risks associated with successful discoveries, estimation, appraisal and development of reserves

For a detailed discussion of these and other risk factors, please refer to the Principal risks and uncertainties included in BG Group's Annual Report and Accounts .

Actual performance could differ materially from that shown. Accordingly, no assurances can be given that such performance will be achieved.

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Glossary

£	British pound
$	United States dollar
$A	Australian dollar
<	Less than
>	Greater than
~	Approximately
AB	Atlantic Basin
AUD	Australian dollar
bbl	Barrel of oil
bcma	Billion cubic meters per annum
bn	Billion
boe	Barrel of oil equivalent
BRL	Brazilian Real
ca	circa
CAGR	Compound annual growth rate
Capex	Capital expenditure
CNOOC	China National Offshore Oil Corporation
CSG	Coal seam gas
DES	Delivered ex-ship
E&A	Exploration and appraisal
E&P	Exploration and production
EBITDA	Earnings before interest, taxes, depreciation and amortisation
eg	for example
EWT	Extended well test
FEED	Front end engineering design
FERC	Federal Energy Regulatory Commission
FID	Final investment decision
FPSO	Floating production storage and offloading unit
GSPC	Gujarat State Petroleum Corporation Ltd
HH	Henry Hub
HPHT	High pressure high temperature
JV	Joint venture
kboed	Thousand barrels of oil equivalent per day
L Charles	Lake Charles
LNG	Liquefied natural gas
m	Million
mmboe	Million barrels of oil equivalent
mmboed	Million barrels of oil equivalent per day

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Glossary

mmbtu	Million British thermal units
mtpa	Million tonnes per annum
NPV	Net present value
OCA	Overlapping Claims Area
Opex	Operating expenditure
pa	per annum
QCLNG	Queensland Curtis LNG
QGC	QGC Pty Limited
S America	South America
sq km	Square kilometres
T&D	Transmission & Distribution
T1	Train 1
T2	Train 2
tcf	Trillion cubic feet
TGS	Tight gas sands
UK	United Kingdom
US or USA	United States of America
W Africa	Western Africa
WDDM	West Delta Deep Marine

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