

BG Group



Strategy and H1 Results 2008



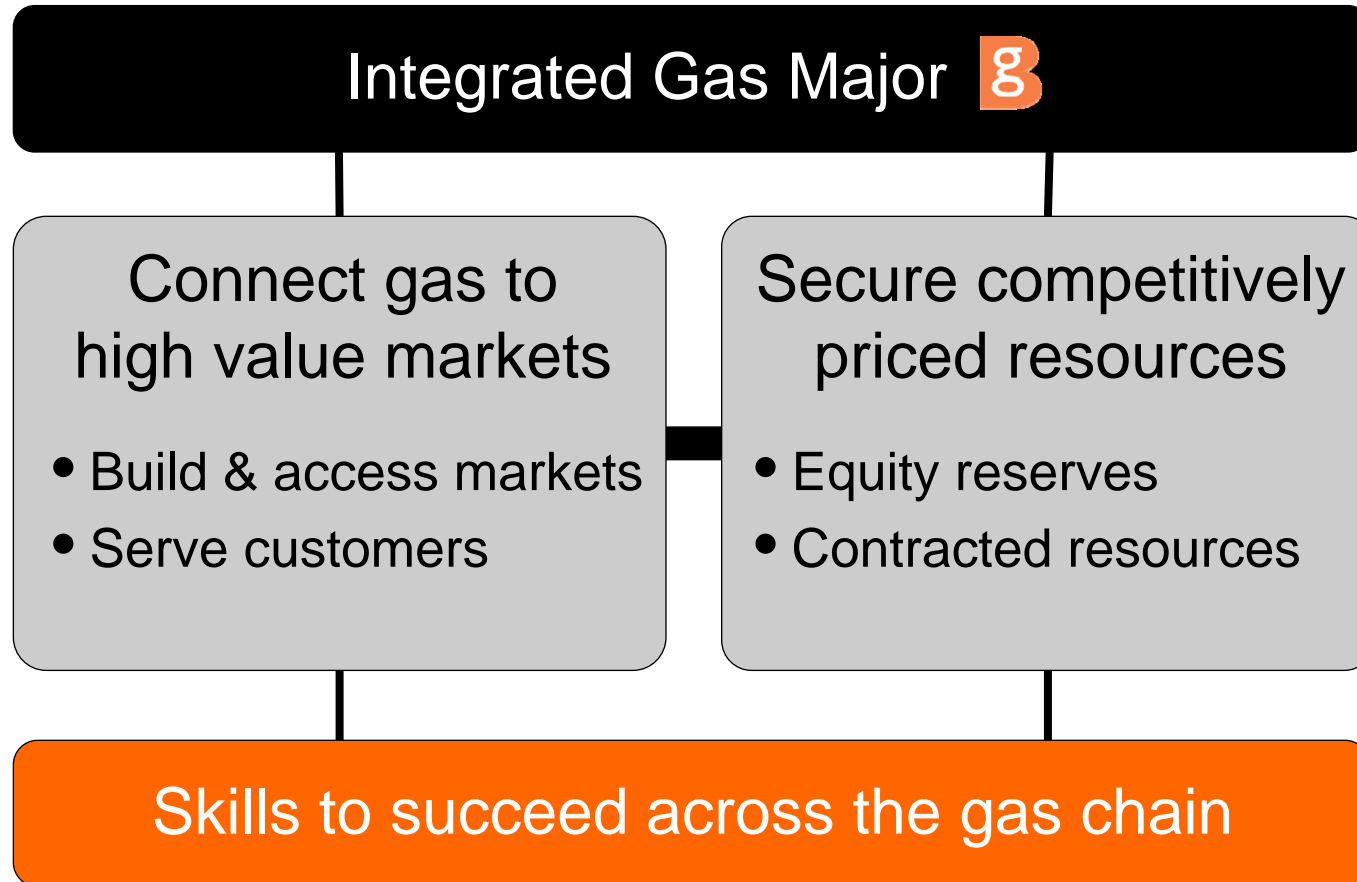
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- Strong first half results
- Progress made on growth programme
- Broad portfolio of long-term options
- Robust strategy delivering value to shareholders

The Integrated Gas Major Overview

- Strategy
- Business segments
- Portfolio for growth
- H1 2008 results



Strategy Business model



Resources



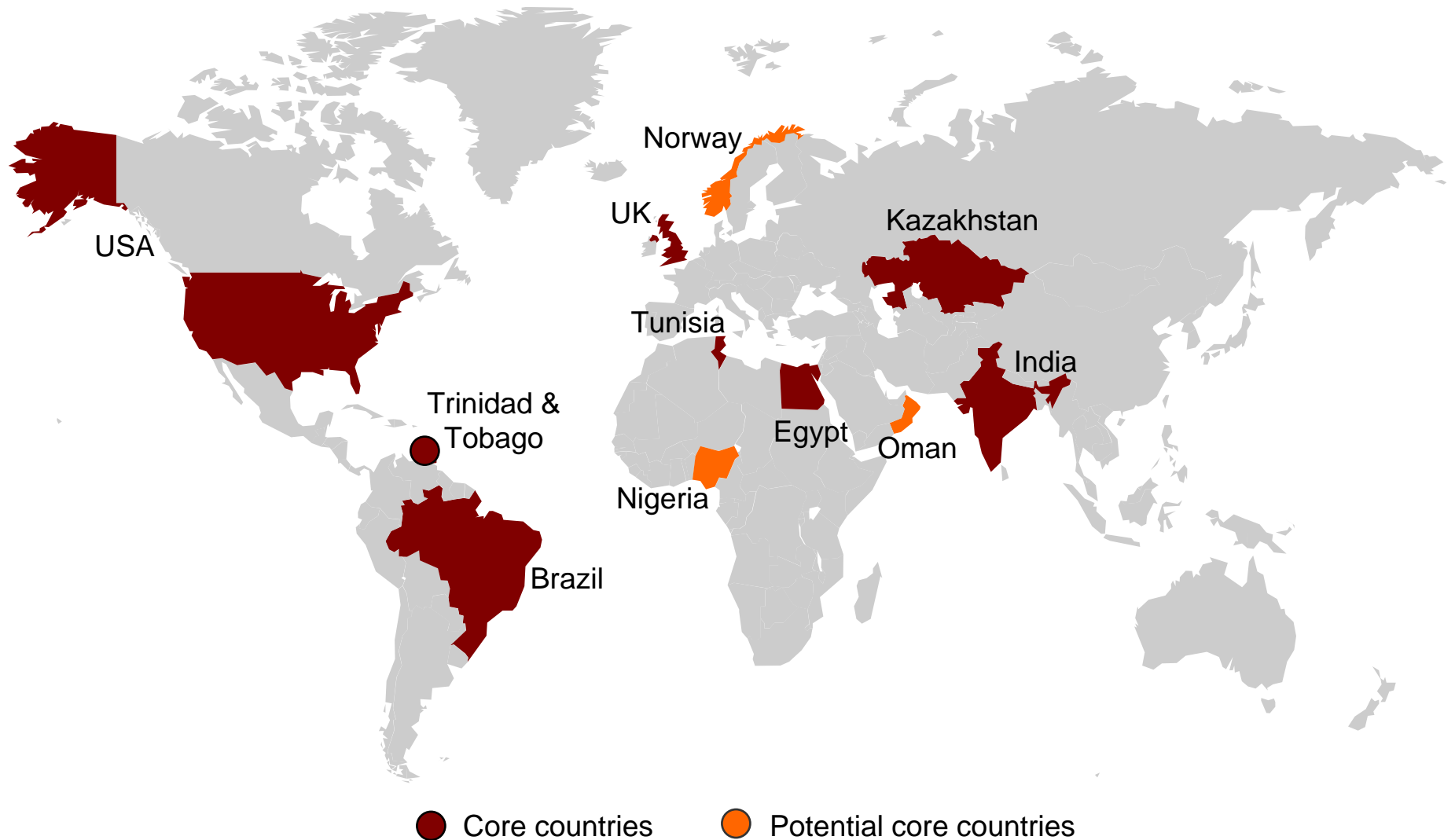
Enabling



Markets

Skills and opportunities across the gas chain

Key country portfolio



Focusing on developing material countries

Countries of current operation



Active in 27 countries

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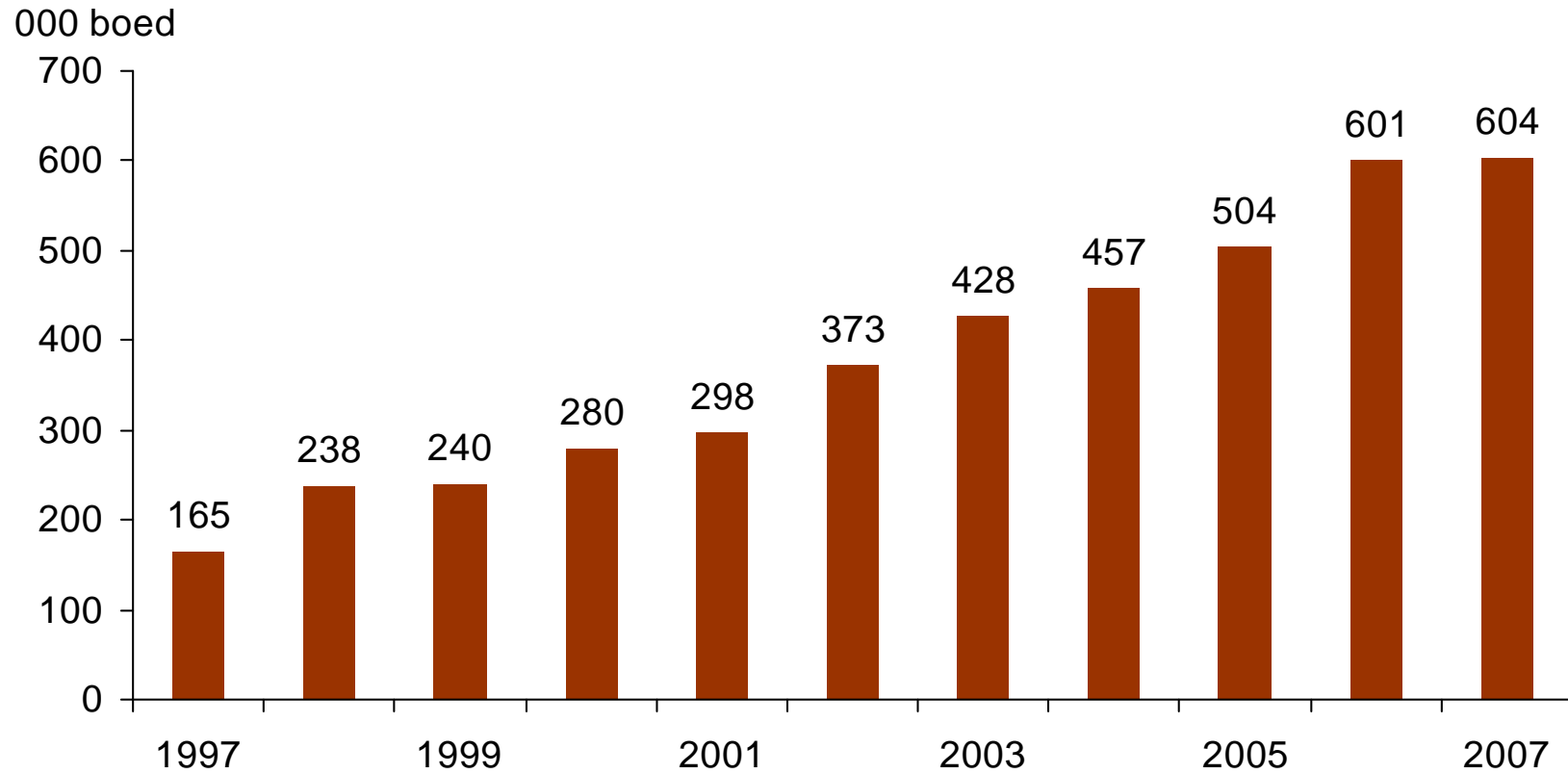


Business segments



Business segments E&P volumes

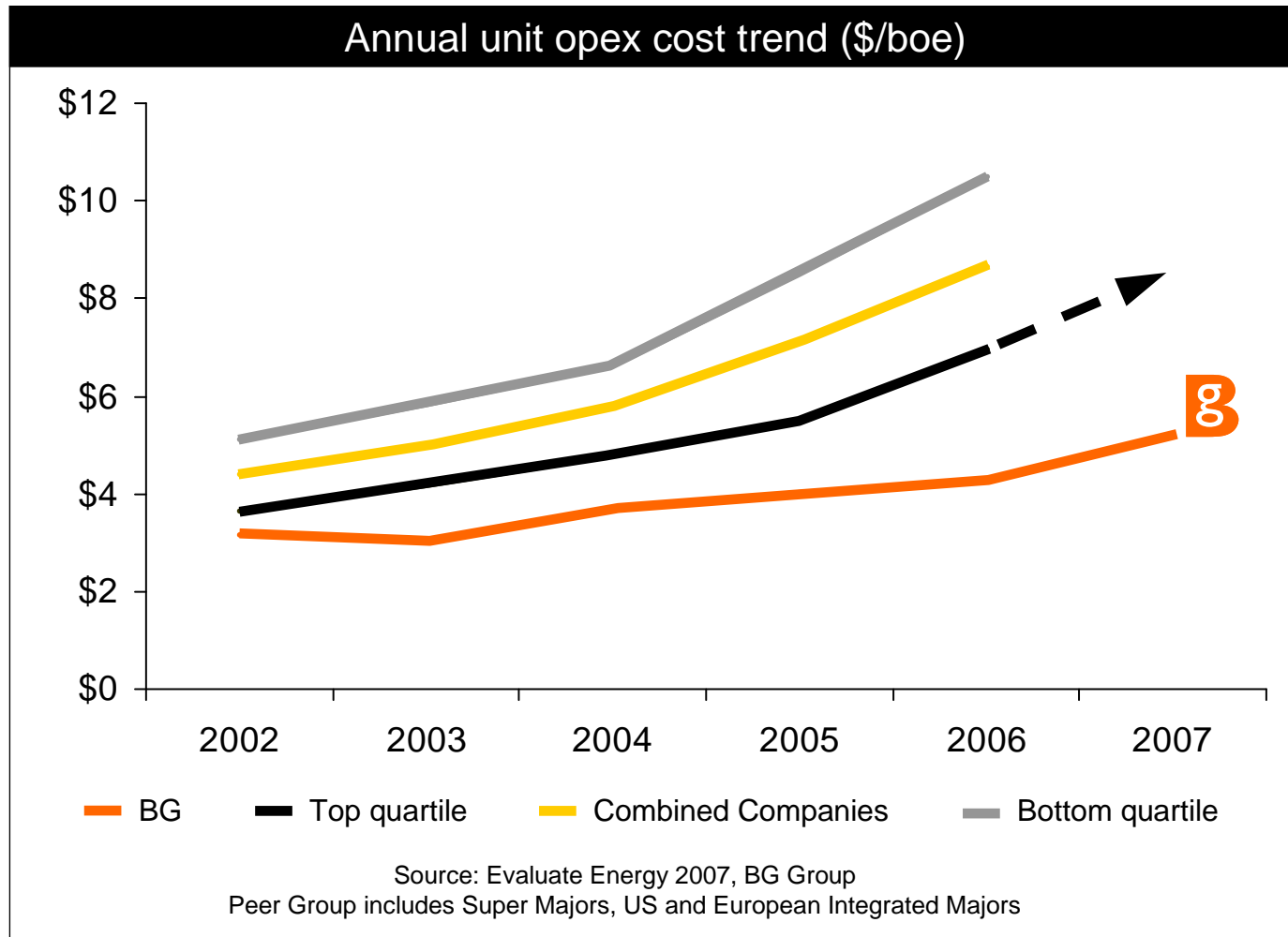
CAGR 14% 1997-2007



A decade of outstanding growth

Business segments

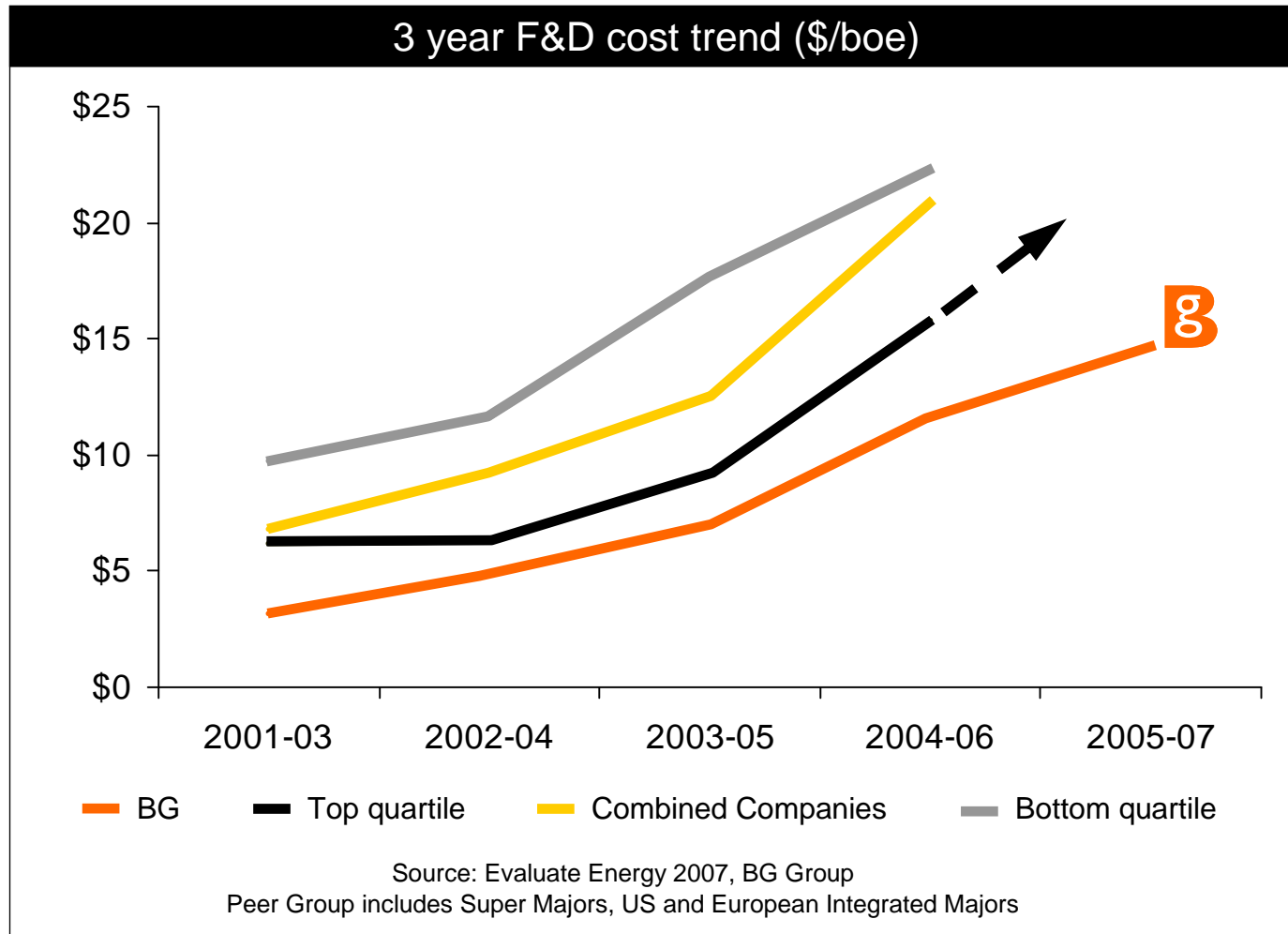
E&P benchmarking



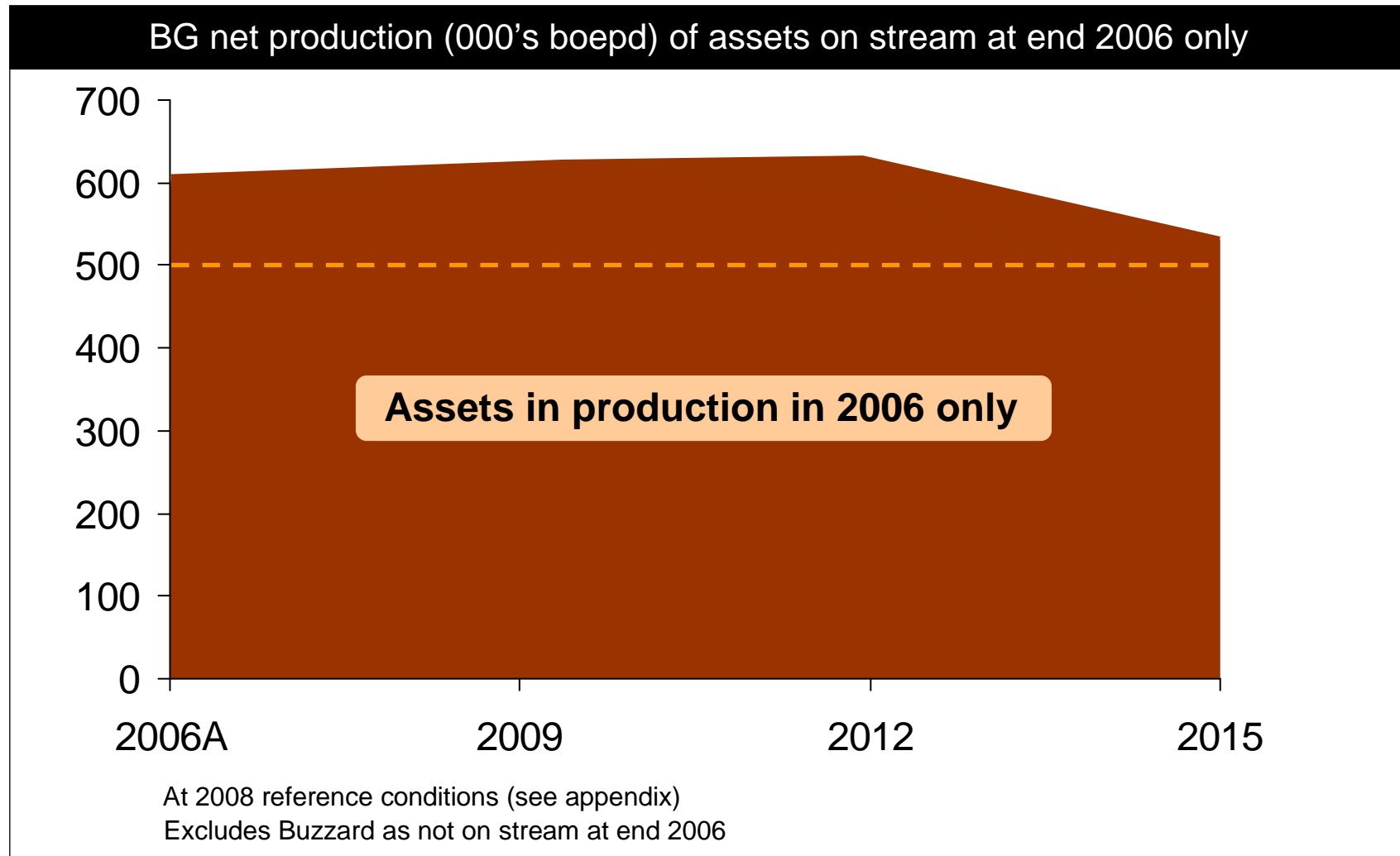
Top quartile unit opex performance

Business segments

E&P benchmarking



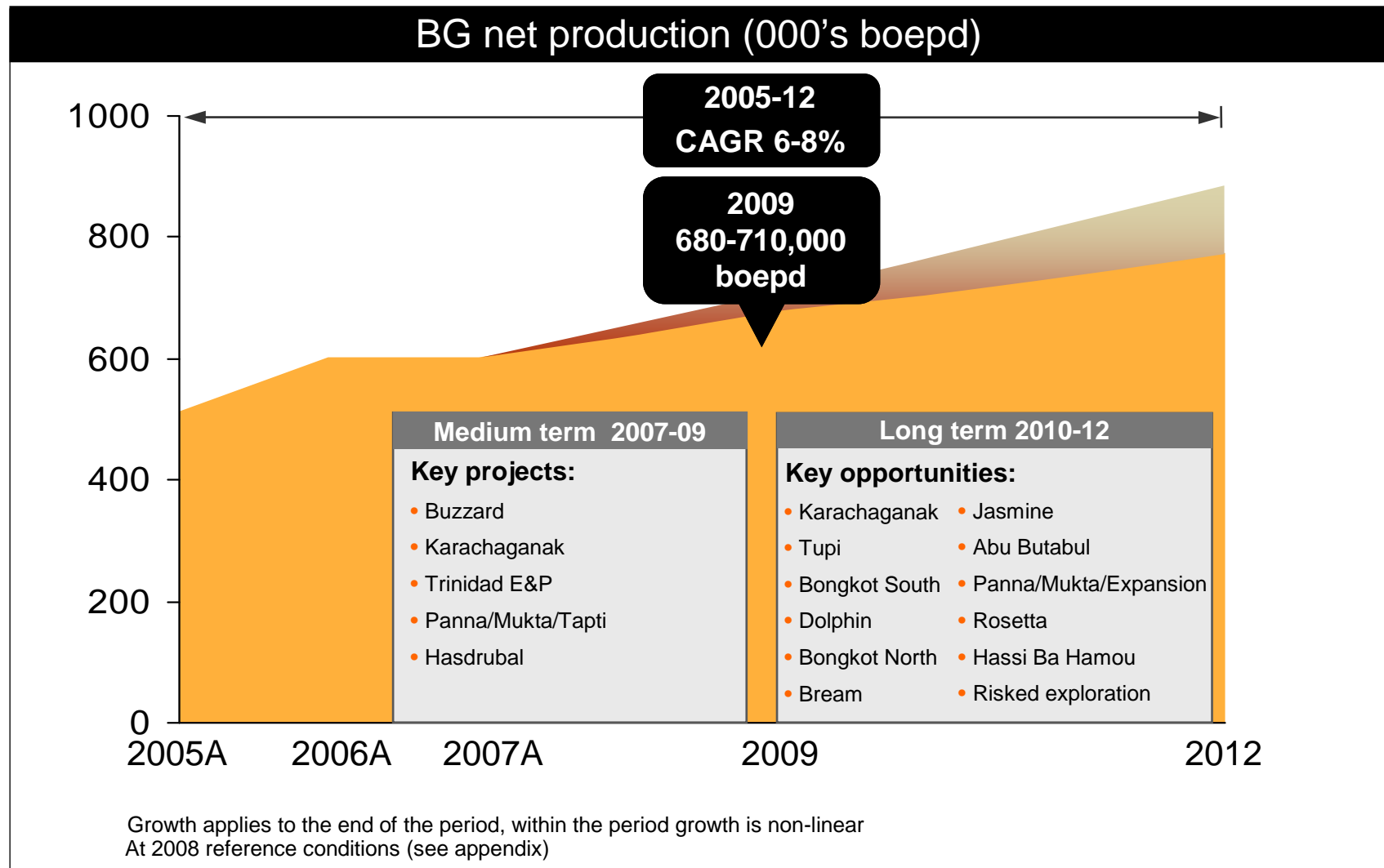
Top quartile unit F&D performance

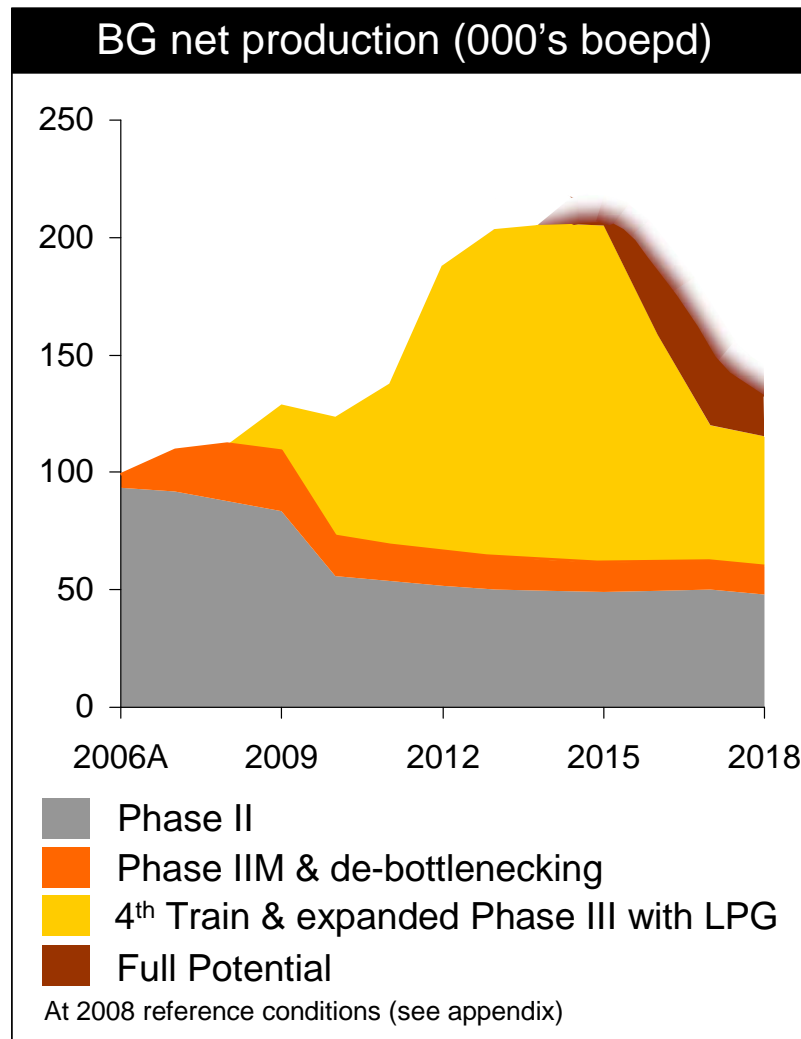


Existing E&P assets provide a strong base

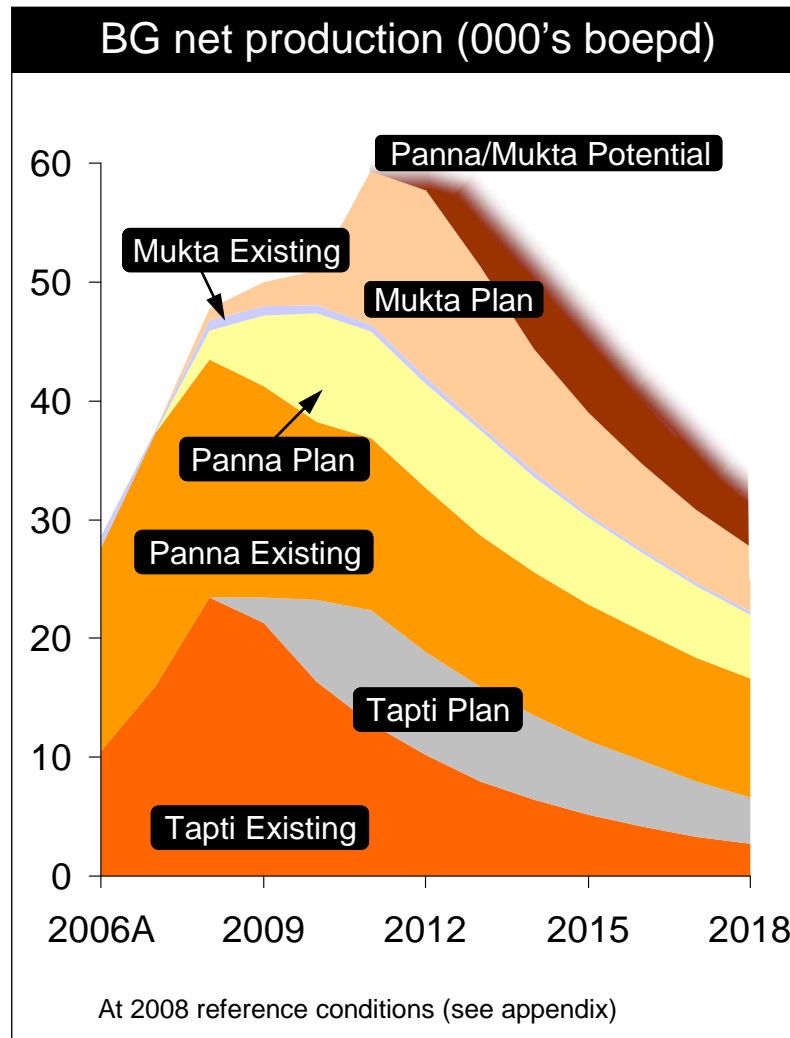
Business segments

E&P: Production



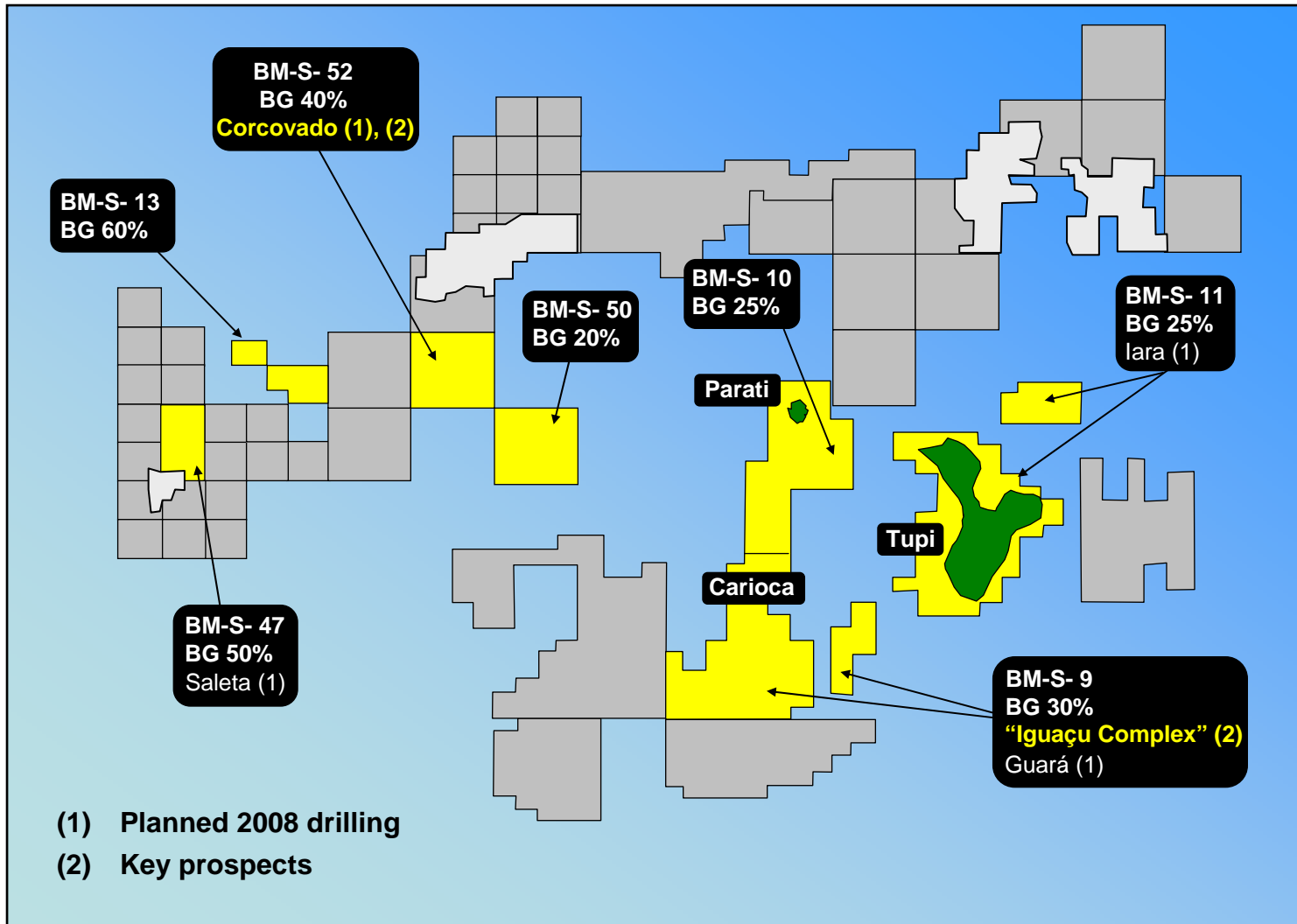


- Fourth stabilisation train
 - Tie in during 2008 shutdown
 - On schedule for 2009
- Phase III being progressed
 - Development concept agreed
 - Gas sales 16 bcma confirmed
 - Expanded to include LPG
 - FEED over 50% complete
 - Gross reserves 2.4 bn boe
 - Sanction 2008; on stream 2012
- Further potential in Karachaganak



- Panna (BG 30%)
 - Gross HIIP 1.7 bn boe
 - Added 2 WHP's and 15 wells
 - Started 2 WHP's, 9 wells, 21 infills
- Mukta (BG 30%)
 - Gross HIIP 900 mboe
 - New 3D seismic underway
 - Re-drilling 3 wells in process
 - Evaluating further development
- Tapti (BG 30%)
 - Completion of mid-Tapti project
 - Further compression & satellites
 - Extends plateau

Brazil: 2008 drilling and key prospects



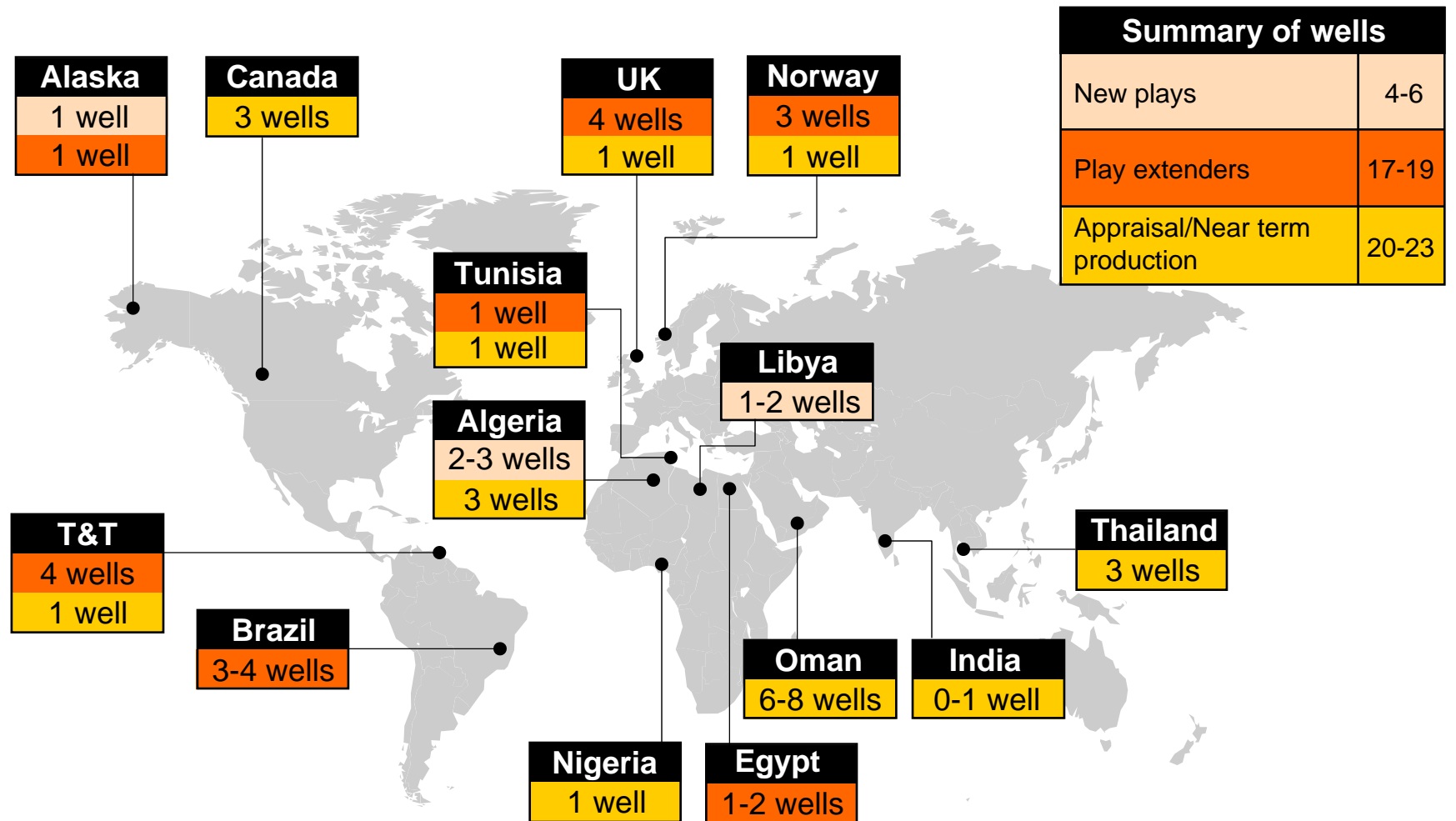
Good prospect inventory with two very significant prospects



- BG/QGC alliance
 - 20% of assets / 9.9% shares
 - Consideration £299m
 - Option for further 10% of assets
- High quality, low cost CSG* play
- Early stage of exploitation
- Over 7 tcf resource potential
- Domestic market growth
- Proposed 3-4 mtpa LNG plant

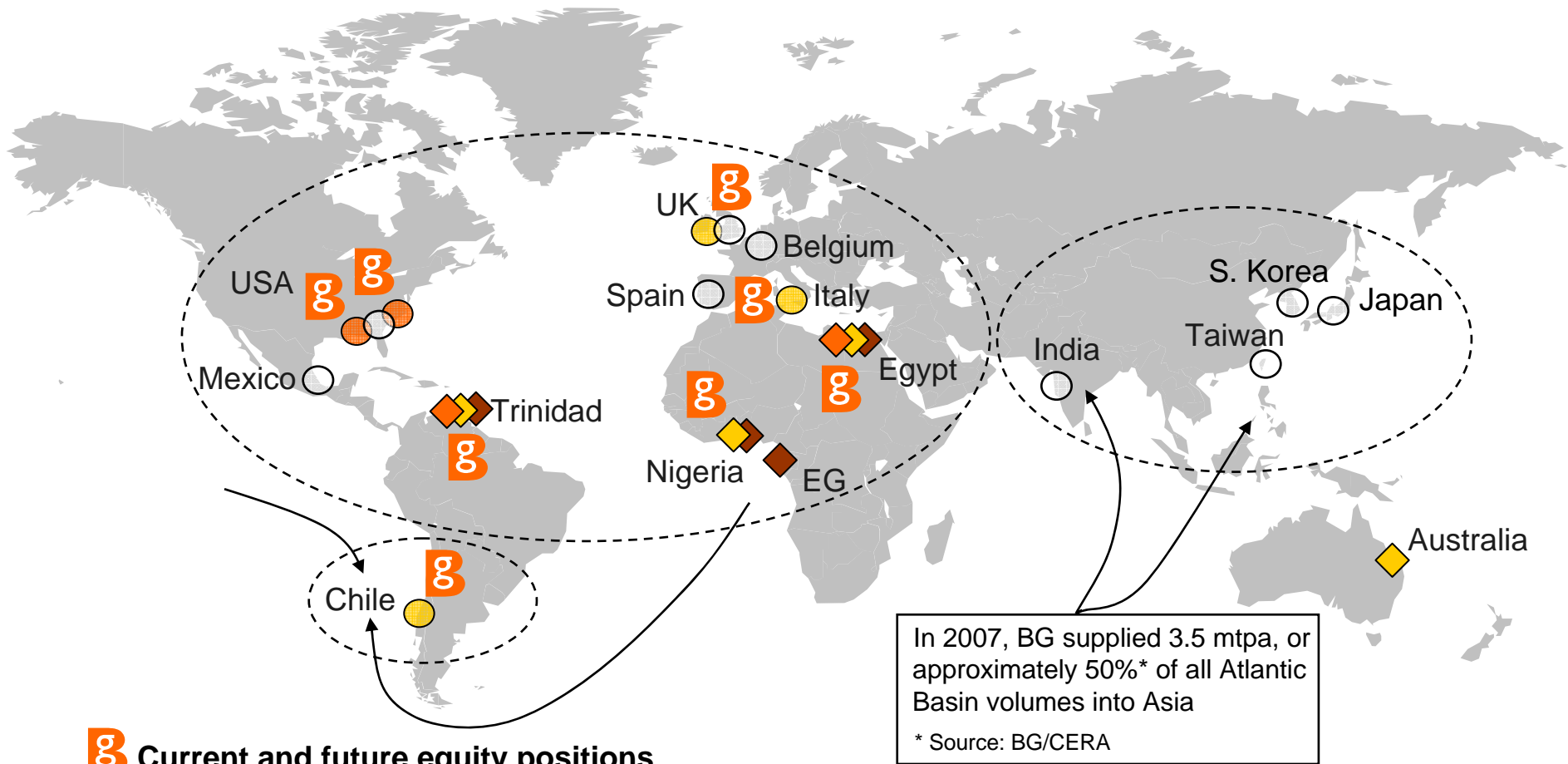
* CSG = Coal Seam Gas

E&P: 2008 E&A preview









Over 40 E&A wells planned to complete in 2008

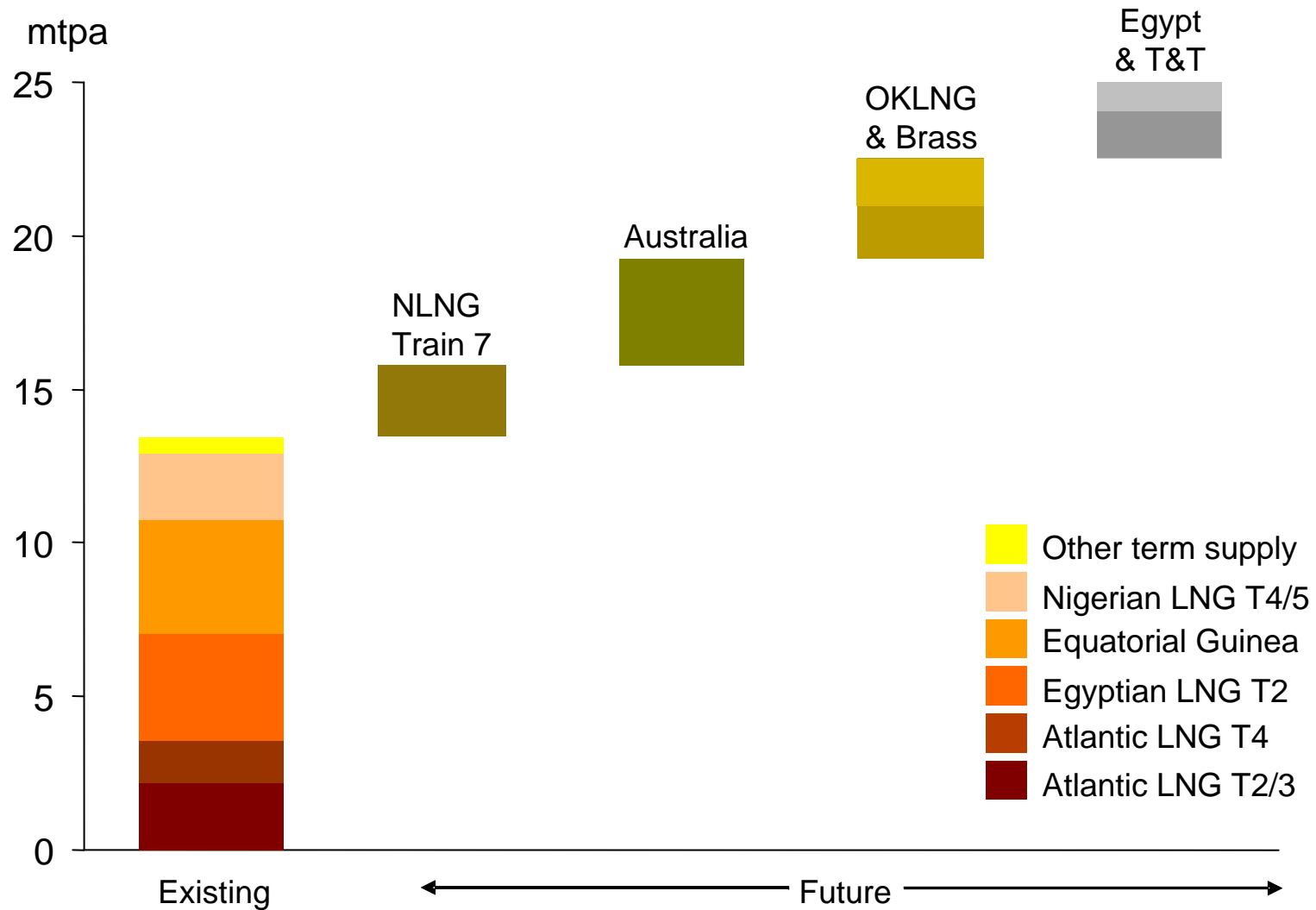
Global LNG & US: Markets



 **Current and future equity positions**

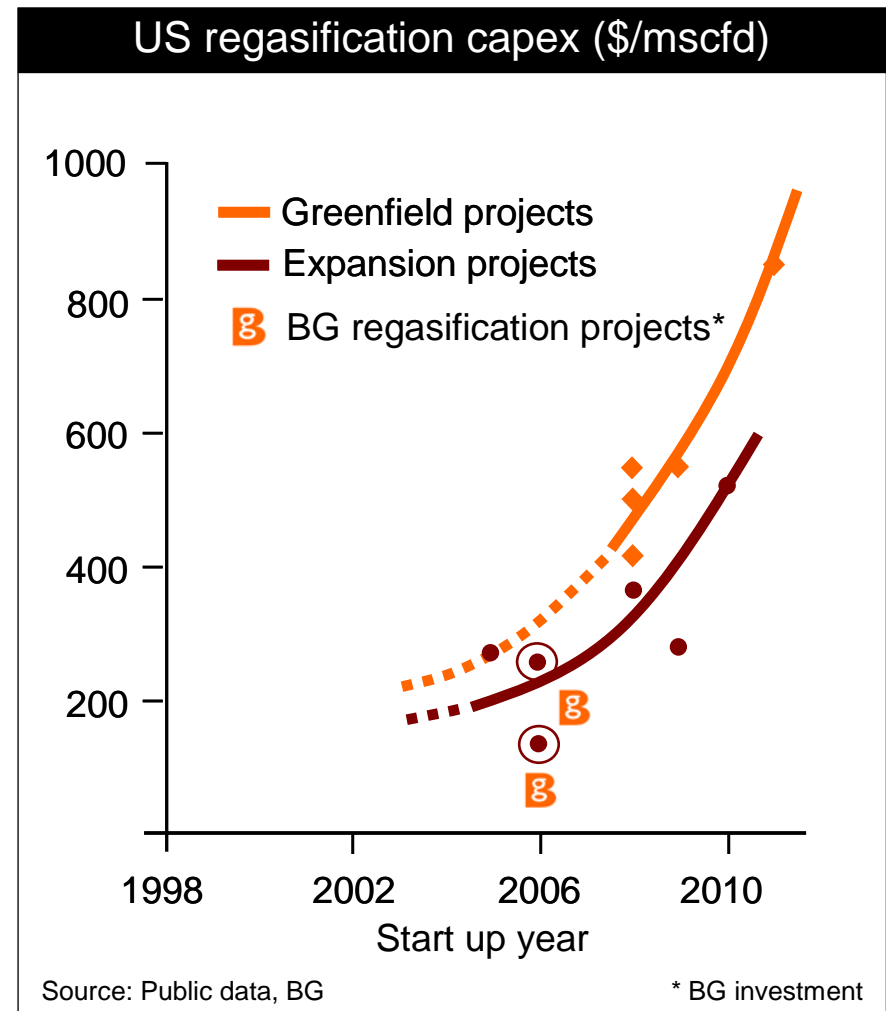
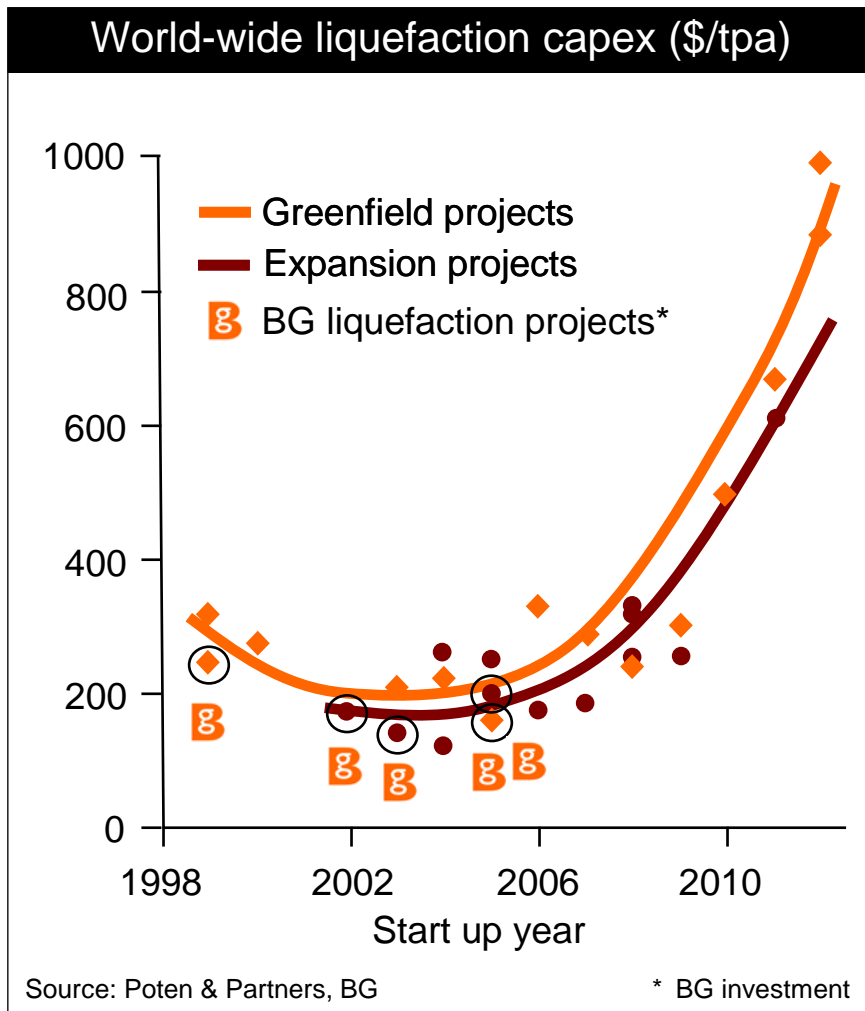
-  Existing import capacity
-  Future import capacity
-  Existing liquefaction
-  Future liquefaction
-  Markets supplied in 2007
-  Long-term purchases (contracted)

Global LNG & US: Supply



Building on material long-term base supply

Global LNG & US: Costs

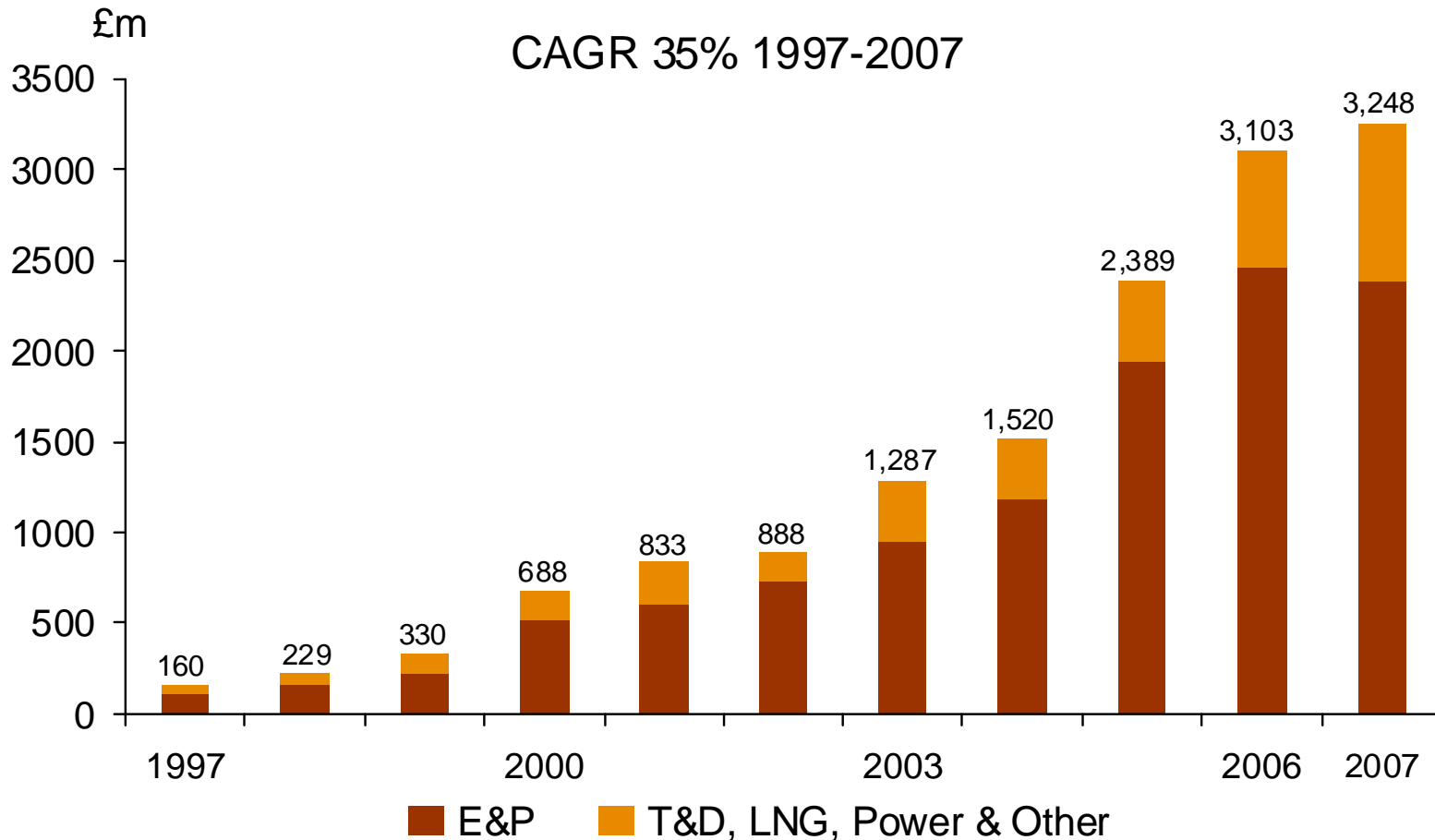


- Strong competitive position
 - Large, long-life supply base
 - Low cost structure
 - Flexible portfolio, serving global markets
 - Integrated US portfolio
- Market-led strategy
- Capturing value globally

- High growth markets, India and Brazil
- Regulatory regimes focused on development
- Sustained volume growth
- Long-term growth businesses

- Power drives growth in gas demand
- Existing portfolio of modern, contracted gas plants
- Added US power plants in attractive north east region
- Integrated into BG Group's US gas business

Total operating profit



Continuing operations excluding disposals, certain re-measurements and impairments
 Results prior to 2003 stated under UK GAAP; post 2003 stated under IFRS. 2003, 2004 & 2005 restated for IFRIC 4.
 Total operating profit includes BG's share of pre-tax operating results from joint ventures and associates.

The Integrated Gas Major Summary

- High-performing E&P business
- LNG flexibility delivering value
- T&D focused on high-growth markets
- Power selective development

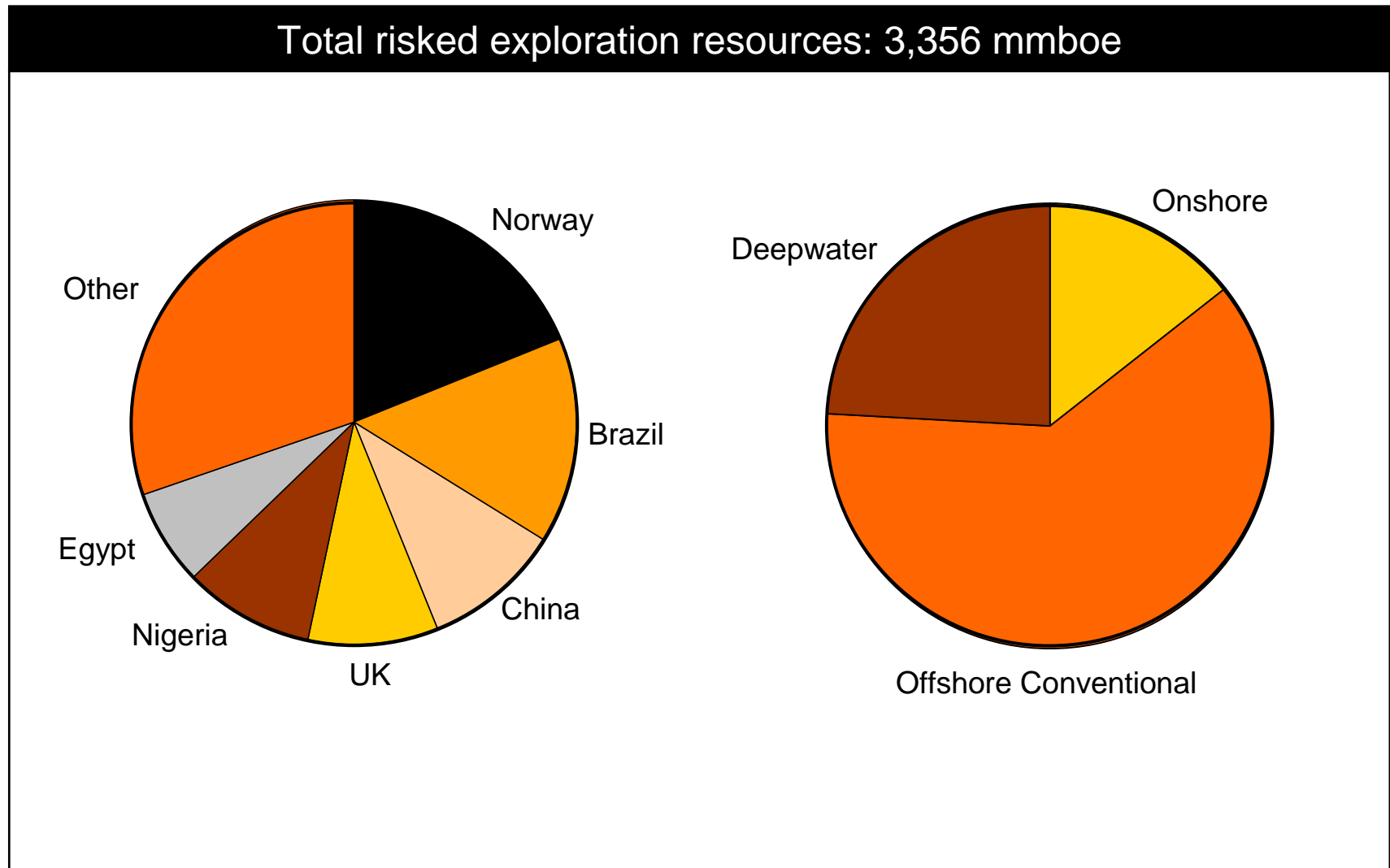
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Portfolio for growth

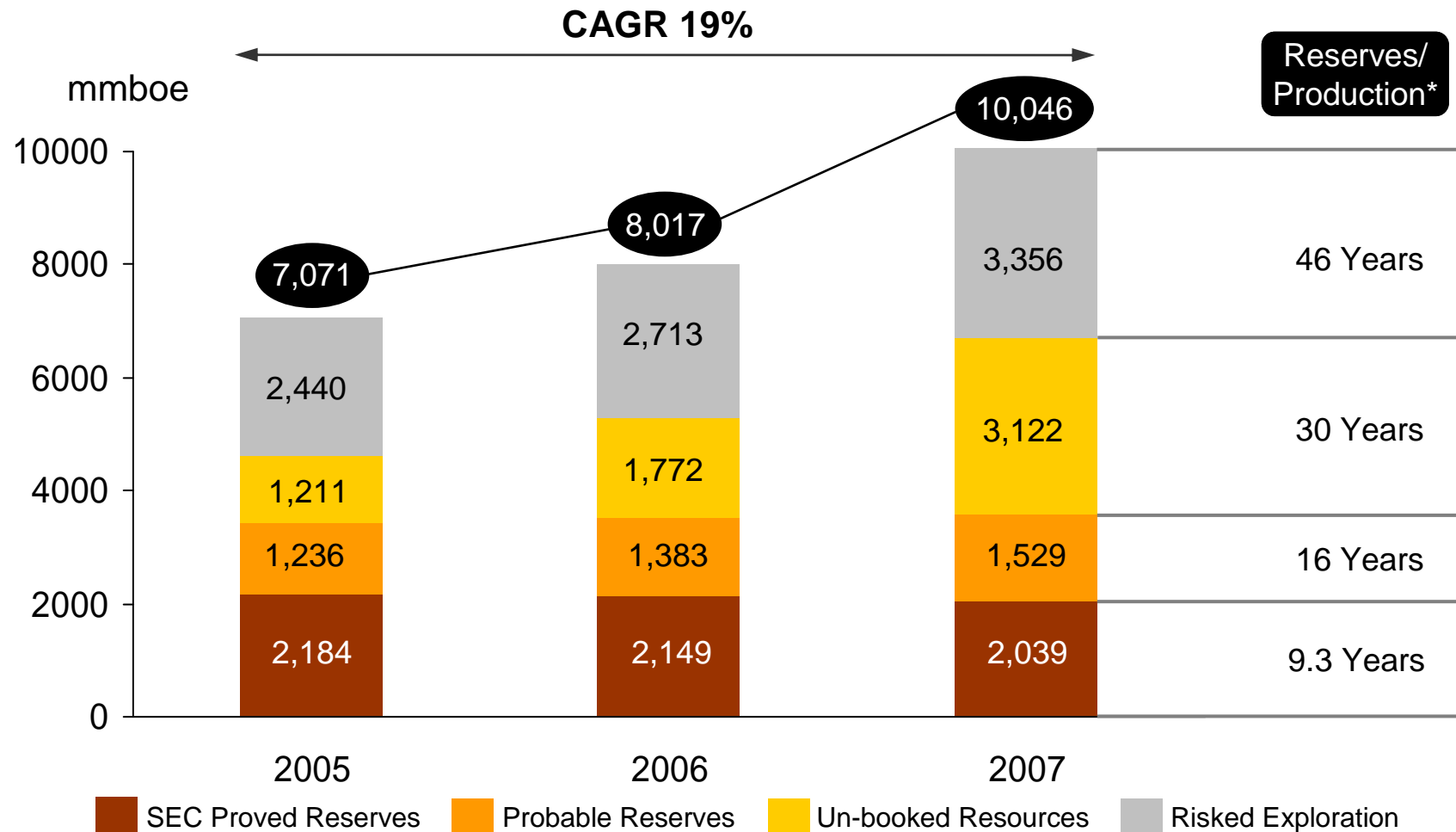


E&P: Prospect inventory



Well balanced inventory, around 75% of resources are operated

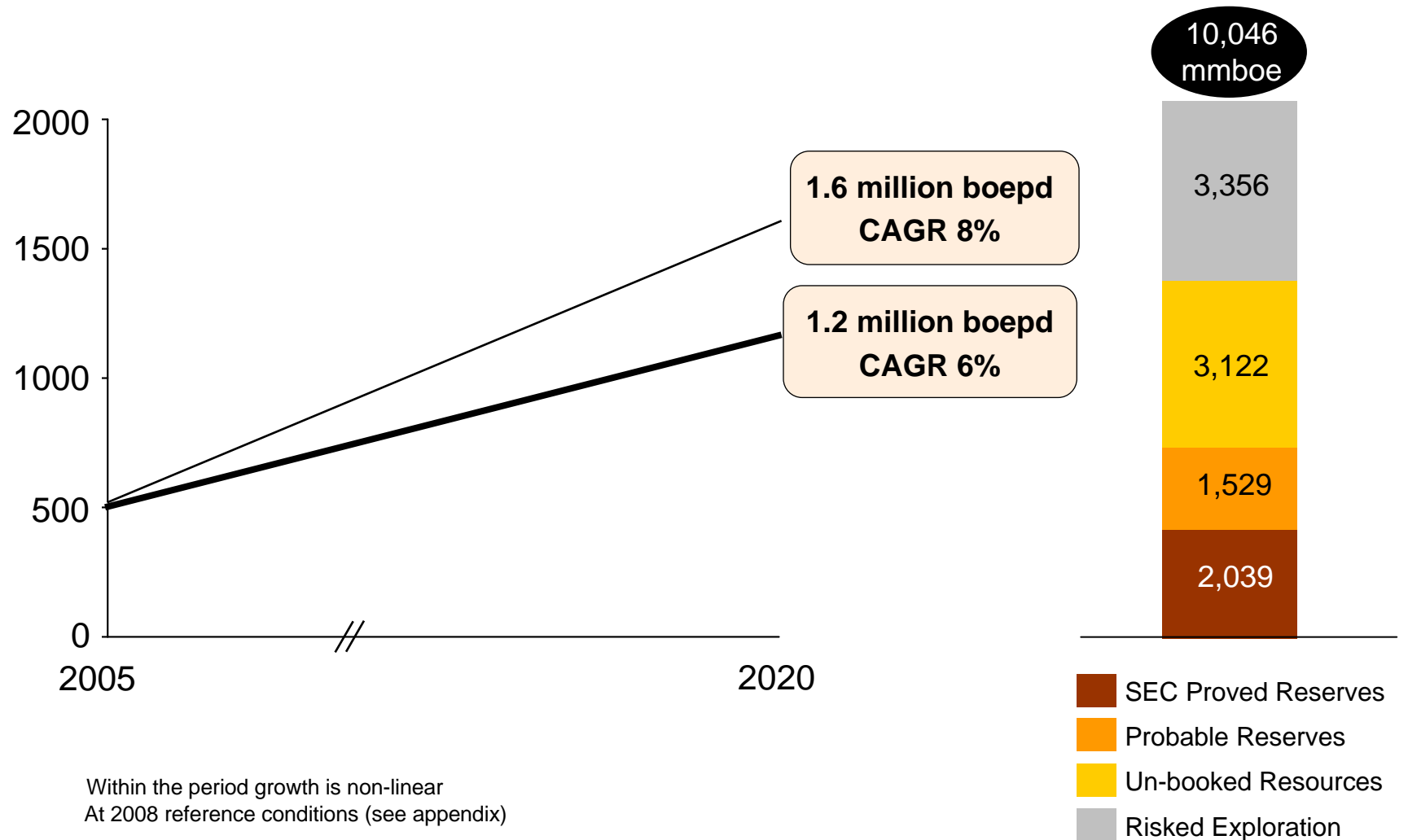
E&P: Reserves and resources



Reserves/Resources as at year end

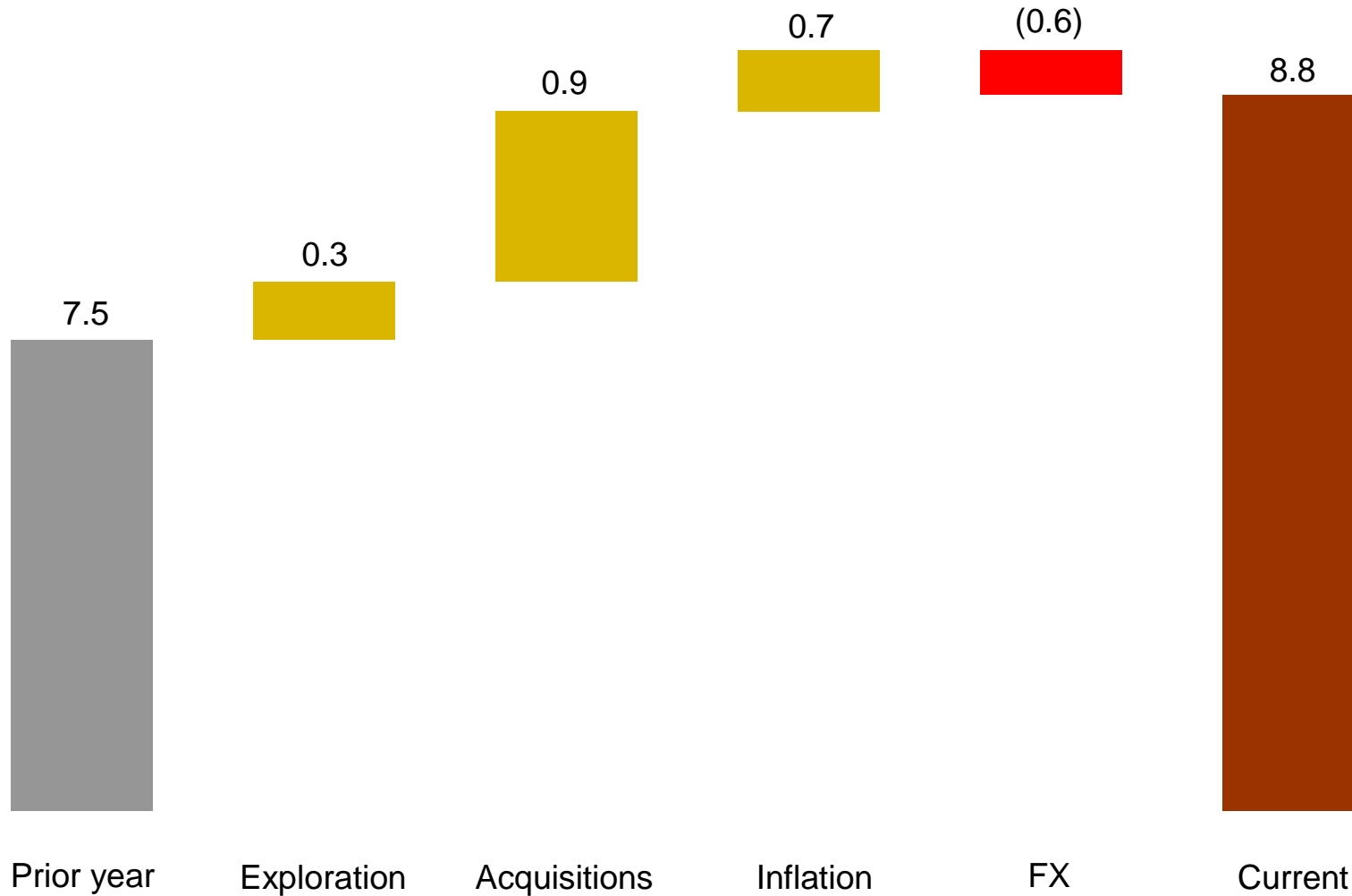
*Based on 2007 production of 220.3 mmboe and cumulative reserves/resources

Added over 2 bn boe in 2007



Portfolio for growth

Capital investment 2007-2009 (£ billion)



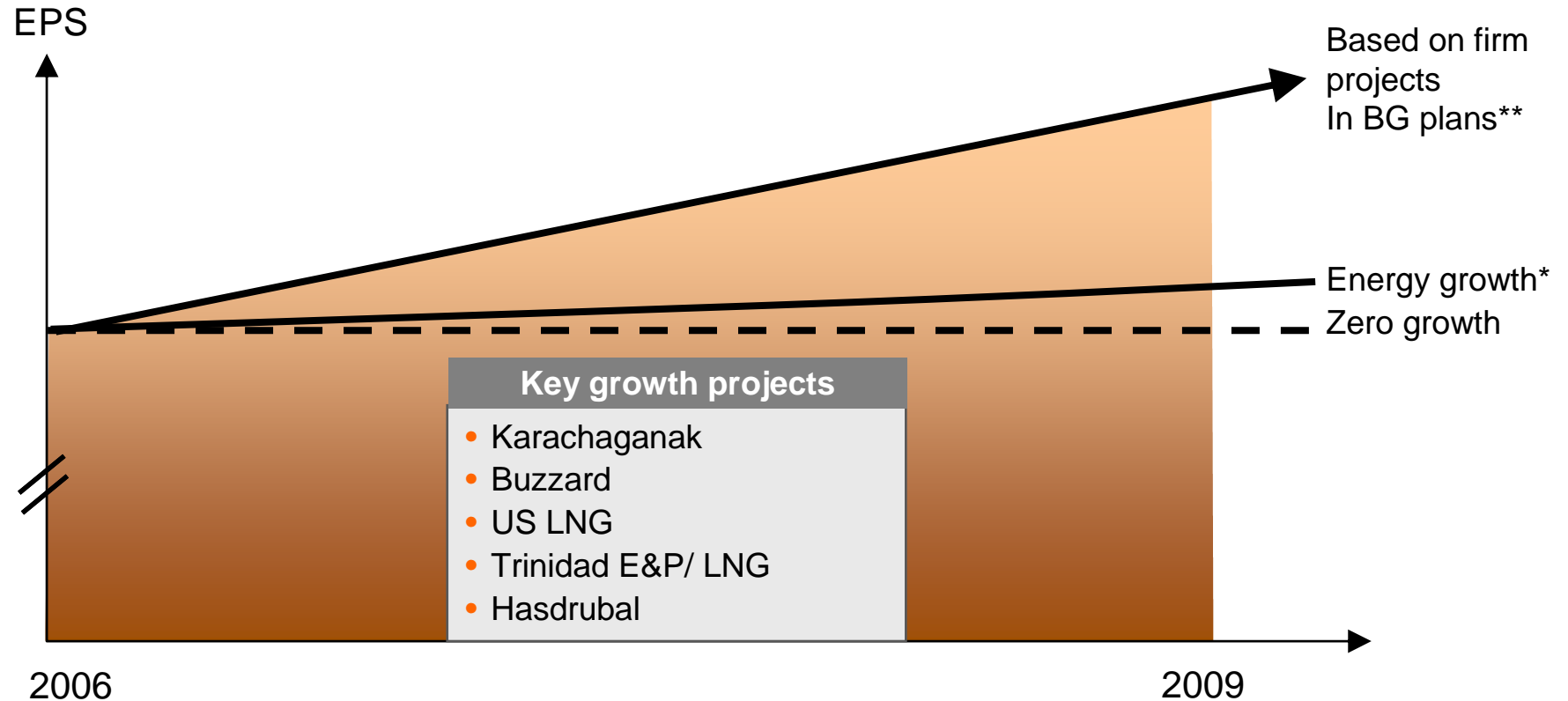
Maintaining capital discipline

Capital structure and dividend

- Capital investment for 2008 – 2009 £6.3 bn
- Substantial growth in investment opportunities
- Dividend re-based: +30%

Portfolio for growth

Framework for growth



Schematic representation only

Growth applies to the end of the period, within the period growth is non-linear

* World total energy consumption 2003-2030. Source: EIA 2006

** At \$55 Brent conditions, \$7.25 Henry Hub

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H1 2008 results



Financial performance
H1 2008

- Underlying total operating profit up 26%
- Good performance in E&P
- Excellent LNG performance

Financial performance

H1 2008

	H1 2008 £ million	H1 2007 £ million	% yoy
Total operating profit	2 833	1 570	+80%
Earnings	1 596	857	+86%
EPS	47.7p	25.2p	+89%
Operating cash flow	3 154	1 915	+65%

Results excluding disposals, certain re-measurements and impairments

Total operating profit includes pre-tax operating results of joint ventures and associates

Earnings are after prior period taxation

Strong results

H1 2008 operating profit

	H1 2008 £ million	H1 2007 £ million	% yoy
E & P	1 918	1 191	+61%
LNG	762	209	+265%
T & D	86	120	-28%
Power	78	69	+13%
Other activities	(11)	(19)	-42%
Group total	<u>2 833</u>	<u>1 570</u>	+80%

Results excluding disposals, certain re-measurements and impairments

Total operating profit includes pre-tax operating results of joint ventures and associates

Higher commodity prices & volume growth in E&P and LNG

	H1 2008	H1 2007
Volume (mmboe)	115.4	111.9
Exploration charge (£m)	191	128
Operating profit (£m)	1 918	1 191

Results excluding disposals, certain re-measurements and impairments

Total operating profit includes pre-tax operating results of joint ventures and associates

H1 operating profit - LNG

	H1 2008 £ million	H1 2007 £ million
Shipping and marketing	728	188
Liquefaction	63	57
Business dev't and other	(29)	(36)
Operating profit	762	209

Results excluding disposals, certain re-measurements and impairments

Total operating profit includes pre-tax operating results of joint ventures and associates

2008 total operating profit guidance of £1.3bn for S&M

H1 operating profit – T&D

	H1 2008 £ million	H1 2007 £ million
Comgas	61	98
Other	25	22
Operating profit	<u>86</u>	<u>120</u>

Results excluding disposals, certain re-measurements and impairments

Total operating profit includes pre-tax operating results of joint ventures and associates

H1 operating profit – Power

	H1 2008 £ million	H1 2007 £ million
Subsidiaries	33	28
JVs and associates	45	41
Operating profit	<u>78</u>	<u>69</u>

Results excluding disposals, certain re-measurements and impairments

Financial performance

H1 2008

Operating cashflow	£3 154 m (up 65%)
Capex	£1 281 m
Capex (including acquisitions)	£1 597 m
Net funds	£629 m

- Strong first half results
- Progress made on growth programme
- Broad portfolio of long-term options
- Robust strategy delivering value to shareholders

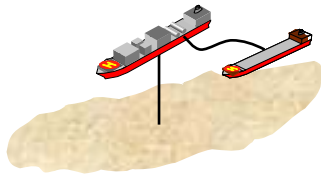
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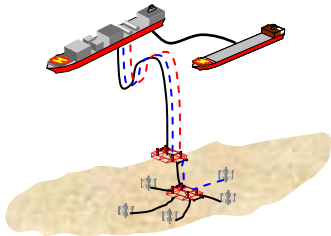
Appendix



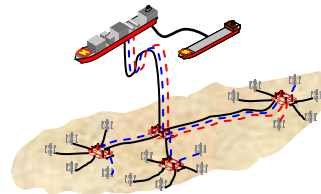
Brazil: Tupi notional development sequence



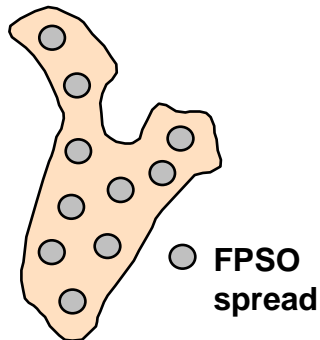
EWT to assess long term deliverability & producibility
e.g. 1 or 2 wells initially, then further use for appraisal
Gross production up to 20,000 bopd; Date 2009+



Production pilot to assess water & gas injection performance
e.g. 3 Producers, 1 gas injector & 1 water injector
Gross production 50-100,000 bopd and gas utilisation; Date 2011+



Initial development module utilising large scale FPSO
e.g. 10+ wells & gas export infrastructure
Gross production 100-200,000 bopd and 100-200 mmscfd of gas; Date 2013+



Full field development using multiple FPSO's 5-10 modules
e.g. 10+ wells per FPSO & gas export infrastructure
Gross production 500-1,000,000 bopd and 500-1,000 mmscfd of gas; Date 2015+

Appendix

Key assumptions

REFERENCE CONDITIONS

- Brent Oil price US \$55/bbl
- US Henry Hub \$7.25/mmBtu
- US/UK exchange rates of \$2:£1
- Prepared under International Financial Reporting Standards
- All production includes fuel gas

PRINCIPAL RISKS

- Major recession or significant political upheaval in the major markets in which we operate
- Failure to ensure the safe operation of our assets world-wide
- Implementation risk, being the challenges associated with delivering capital intensive projects on time and on budget, including the need to retain and motivate staff
- Commodity risk, being the risk of significant fluctuation in oil and/or gas prices from those assumed
- Foreign exchange risk, in particular the US\$:UK£ exchange rate being significantly different to that assumed
- Technical, commercial, economic, regulatory and country risk

For a detailed discussion of these and other risk factors, please refer to the Risk Factors included in BG Group's Annual Report and Accounts 2007.

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