

Strategy and Q1 2010 results



Legal Notice

Certain statements included in this presentation contain forward-looking information concerning BG Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which BG Group operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within BG Group's control or can be predicted by BG Group. Although BG Group believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. A detailed analysis of the factors that may affect our business, financial performance or results of operations is set out in the "Risk Factors" included in BG Group plc's Annual Report and Accounts 2008. No part of these results and Strategy Presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in BG Group plc or any other entity, and must not be relied upon in any way in connection with any investment decision. BG Group undertakes no obligation to update or revise publicly any forward-looking statements.

Please note that this presentation represents only a summary of BG Group's Fourth Quarter and Full Year Results for the financial year ended 31 December 2009 and of its 2010 Strategy Presentation, each released on 5 February 2010. It does not contain sufficient information to enable as full an understanding as would be provided by the full versions of the BG Group Fourth Quarter and Full Year Results for 2009 and the transcripts of the speeches given by the Chief Executive Officer and Chief Financial Officer of BG Group that accompany this presentation. This presentation should therefore be read in conjunction with those additional documents available from BG Group's website, www.bg-group.com

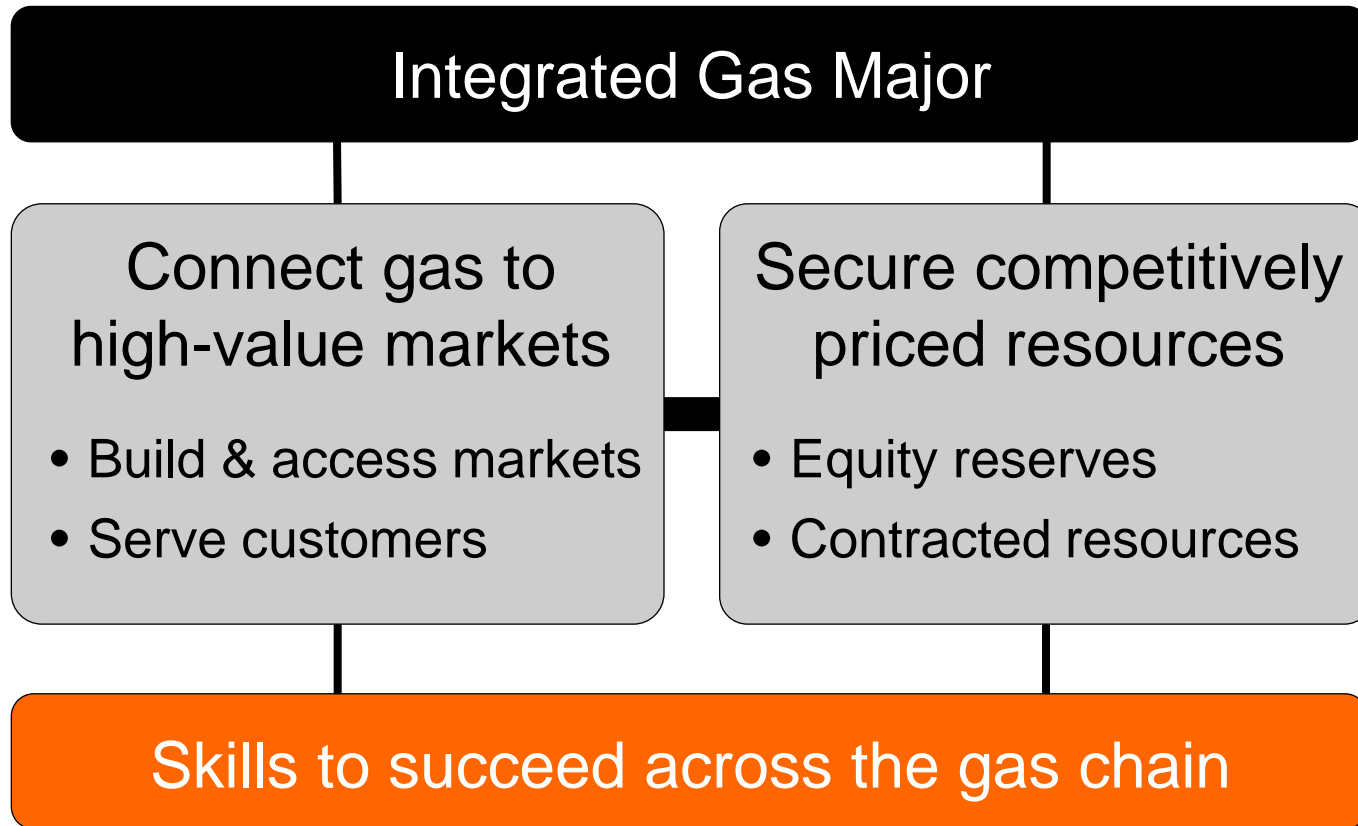
Key messages

- Entering a new decade of high growth
- Underpinned by strengthened & rebalanced portfolio
- Key projects significantly & rapidly de-risked
- Already own reserves & resources to meet growth ambitions
- Potential to extend track record of growth & value creation

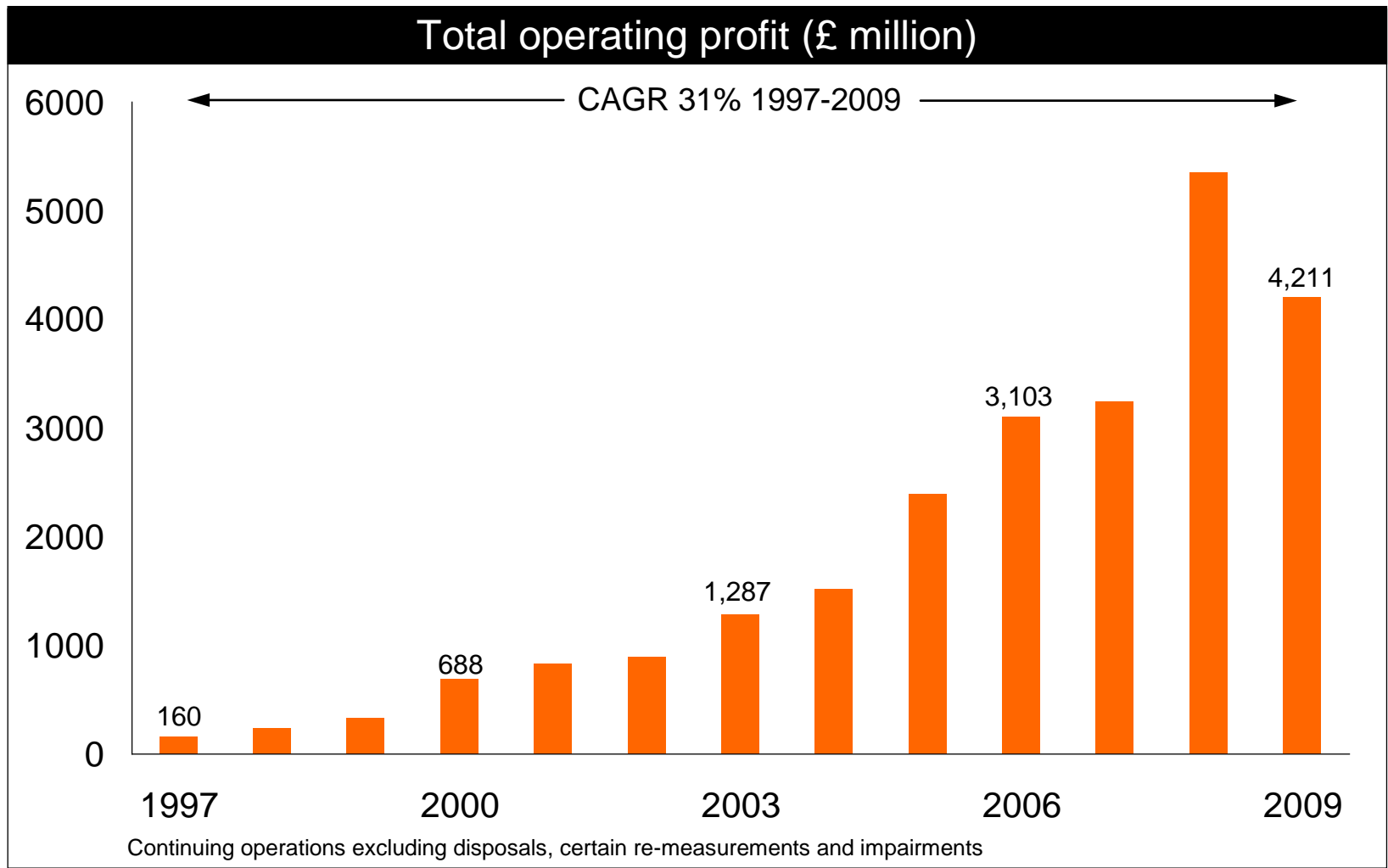
Key messages

- E&P: upper end 6-8% range to 2020, LNG: 20 mtpa for 2015
- Brazil: in production, > 400,000 boepd net by 2020
- Queensland Curtis LNG: 2010 sanction
- EXCO alliance: 100,000 boepd net by 2015
- LNG profit guidance: \$1.8-2.0 bn pa 2010-12
- Total reserves and resources: up 1.4 bn boe to 14.5 bn boe

Integrated Gas Major



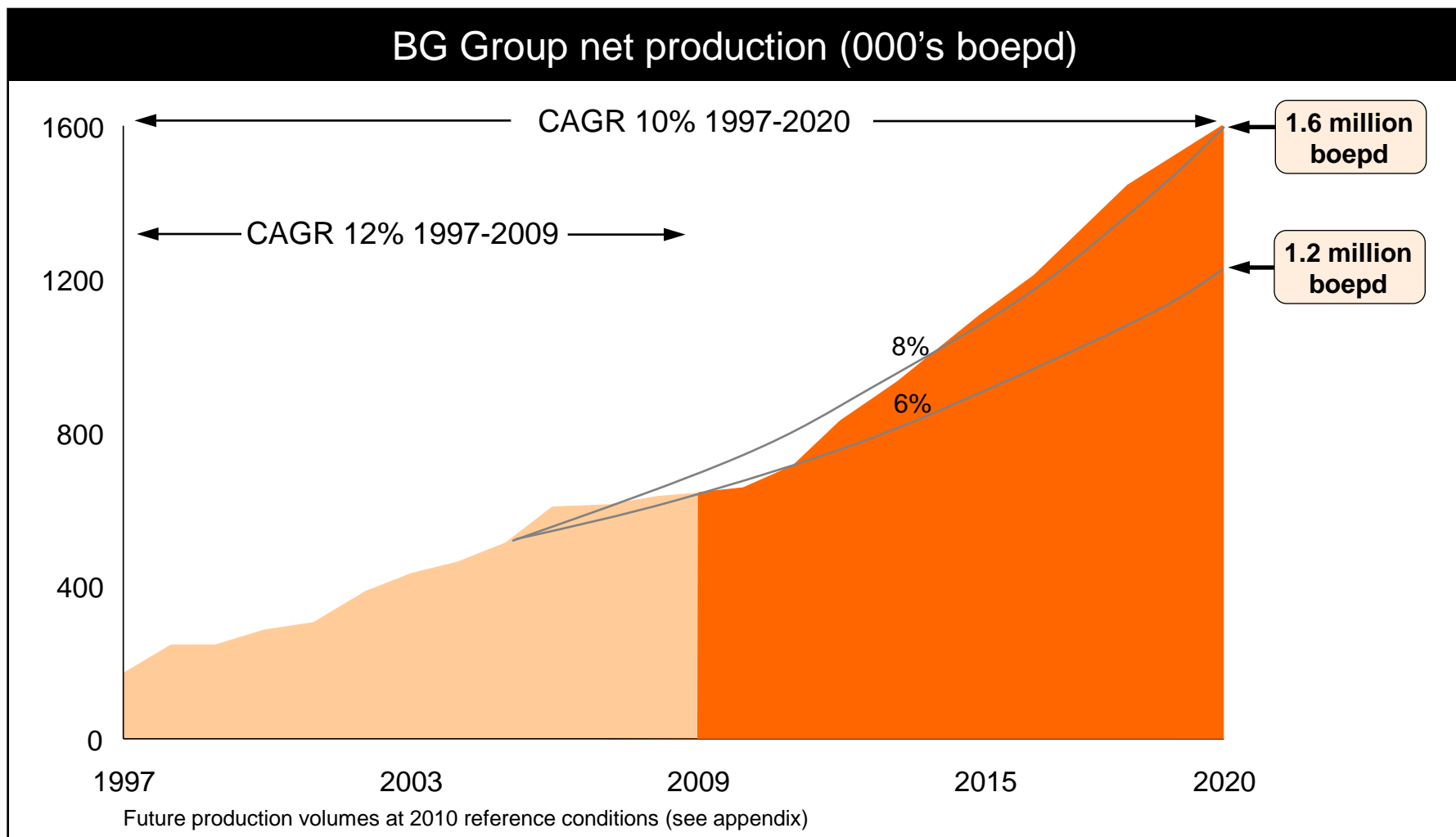
BG Group performance



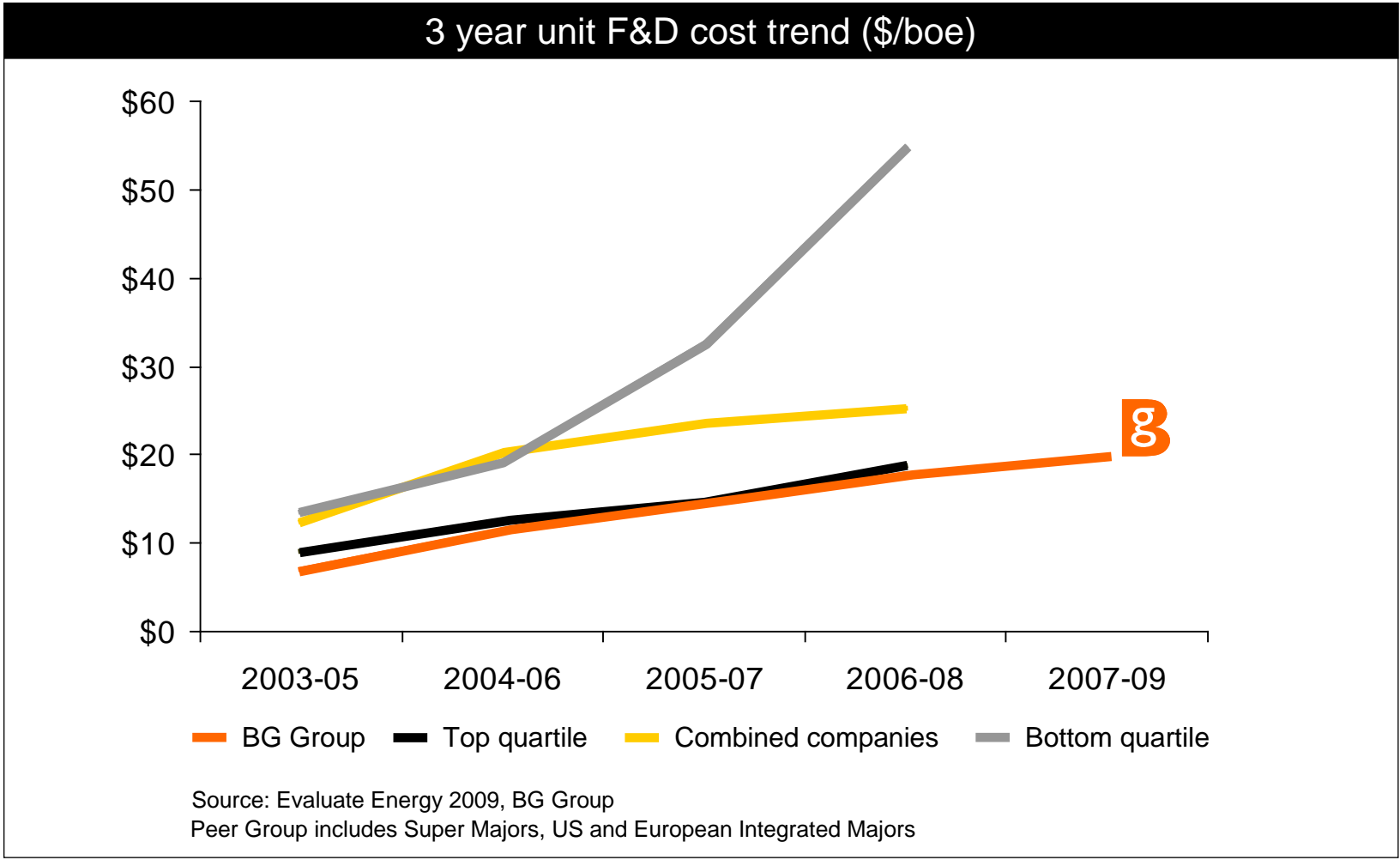
Portfolio development



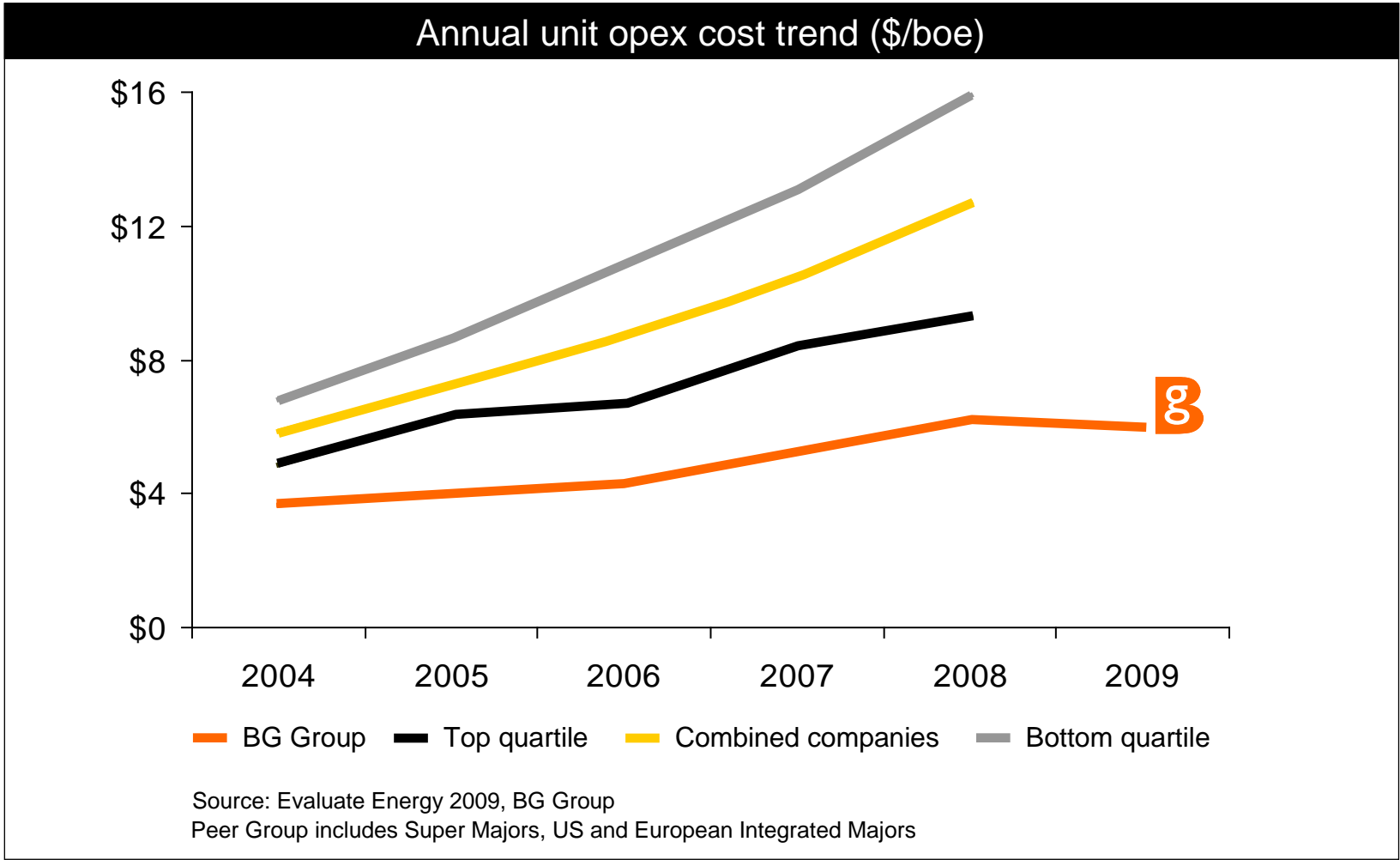
BG Group performance



E&P benchmarking









E&P benchmarking

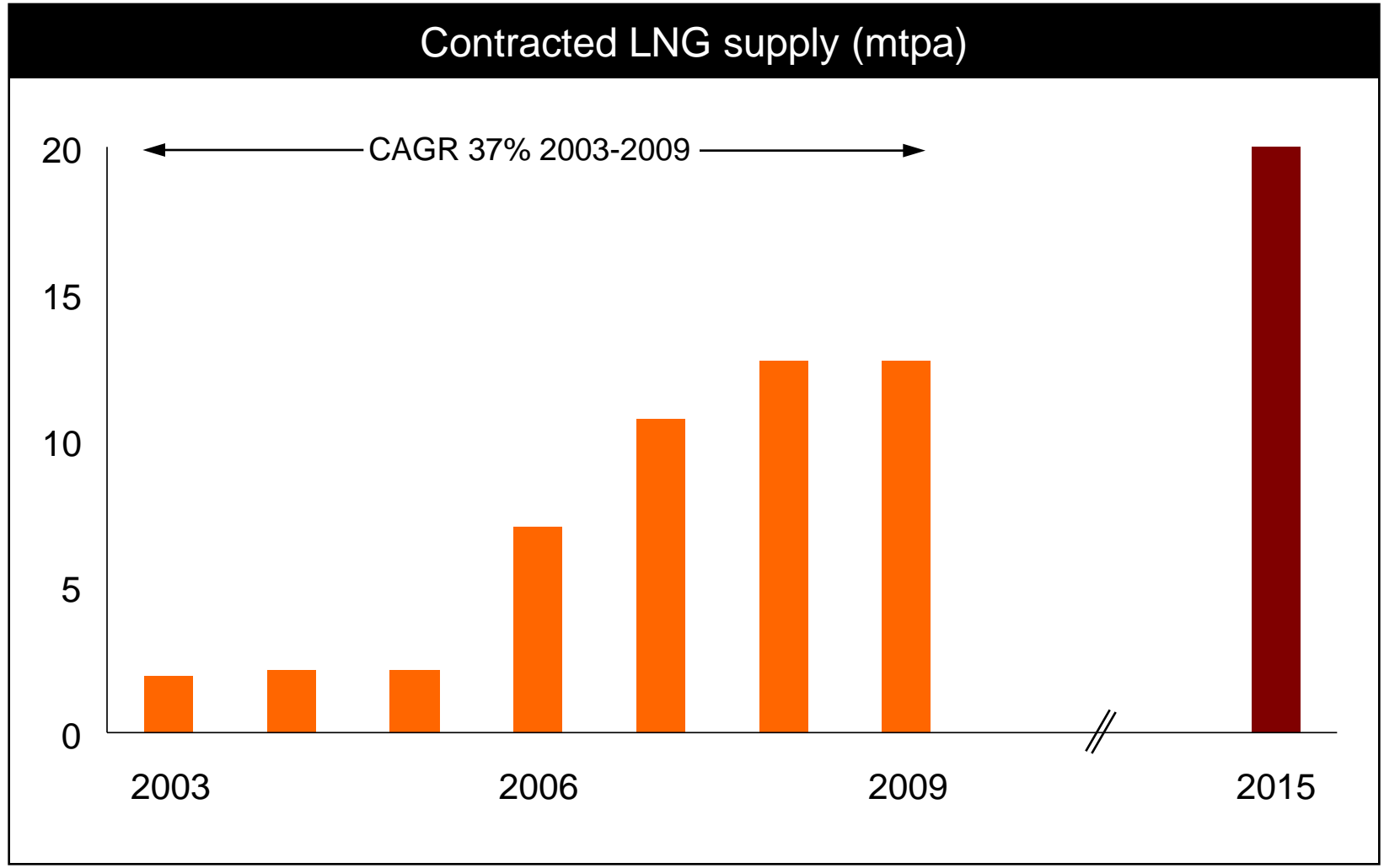


LNG: Portfolio



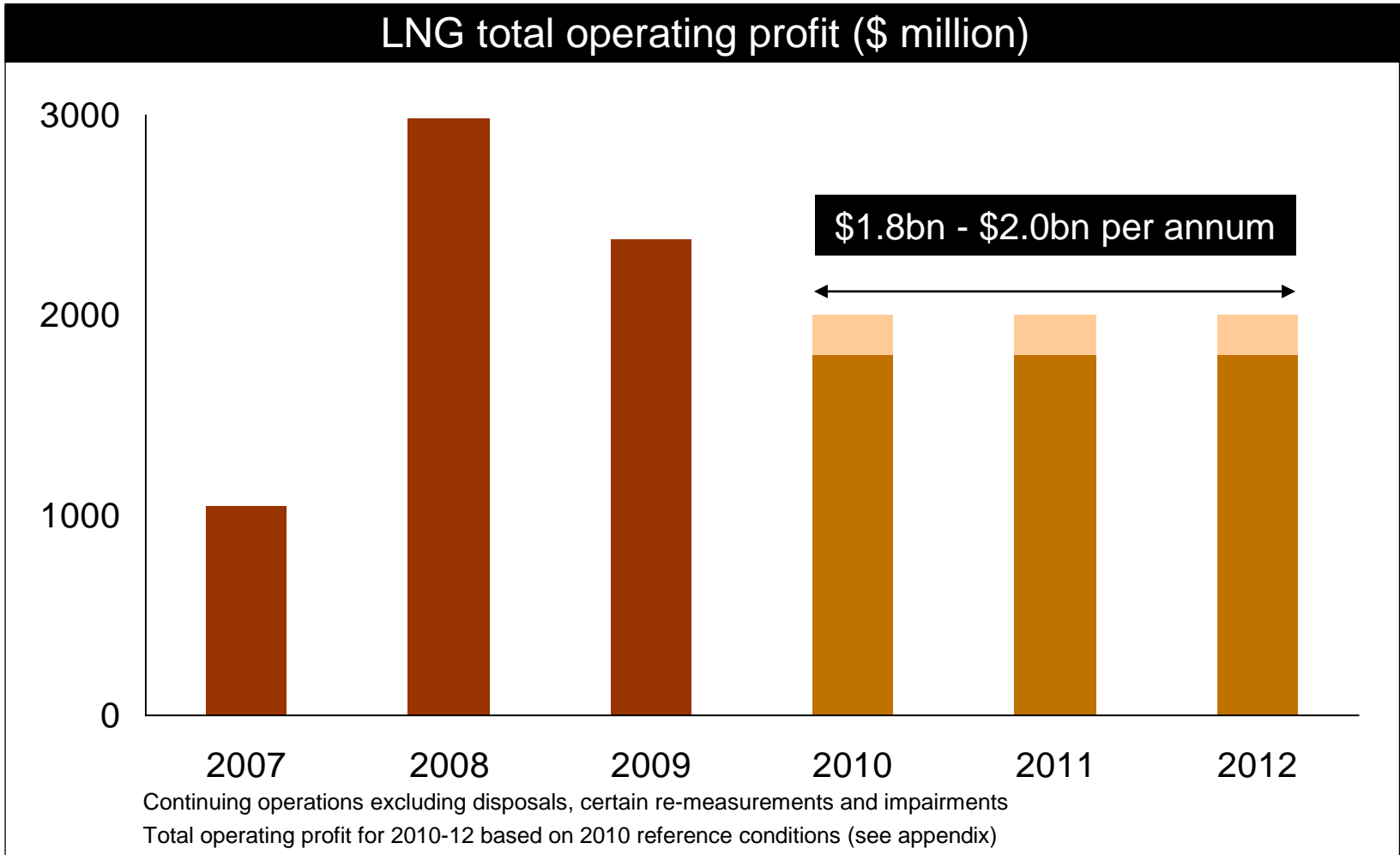
-  Current and future equity positions
-  Existing liquefaction
-  Future liquefaction
-  Existing import capacity
-  Future import capacity
-  Long term purchases (contracted)
- * exclusive right to supply only

BG Group performance



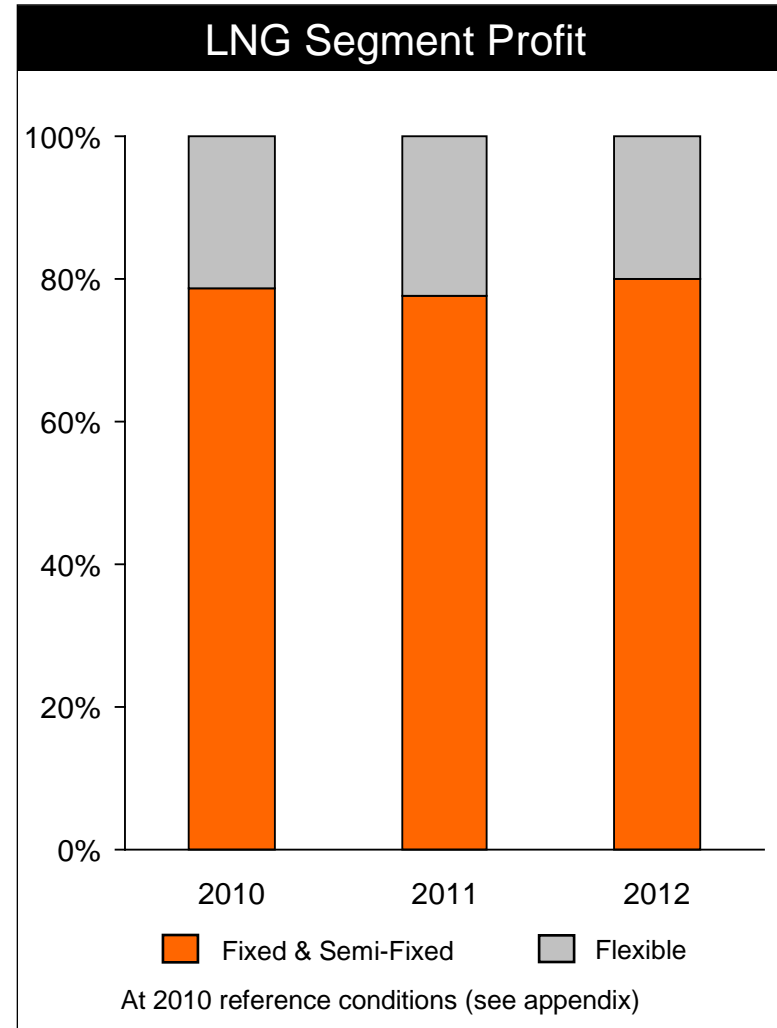
Goal of 20 mtpa by 2015

LNG



LNG segment profitability: Value secured

- Positioned to secure value
- Locked-in LNG sales
- Stable liquefaction profile
- Some flexibility retained



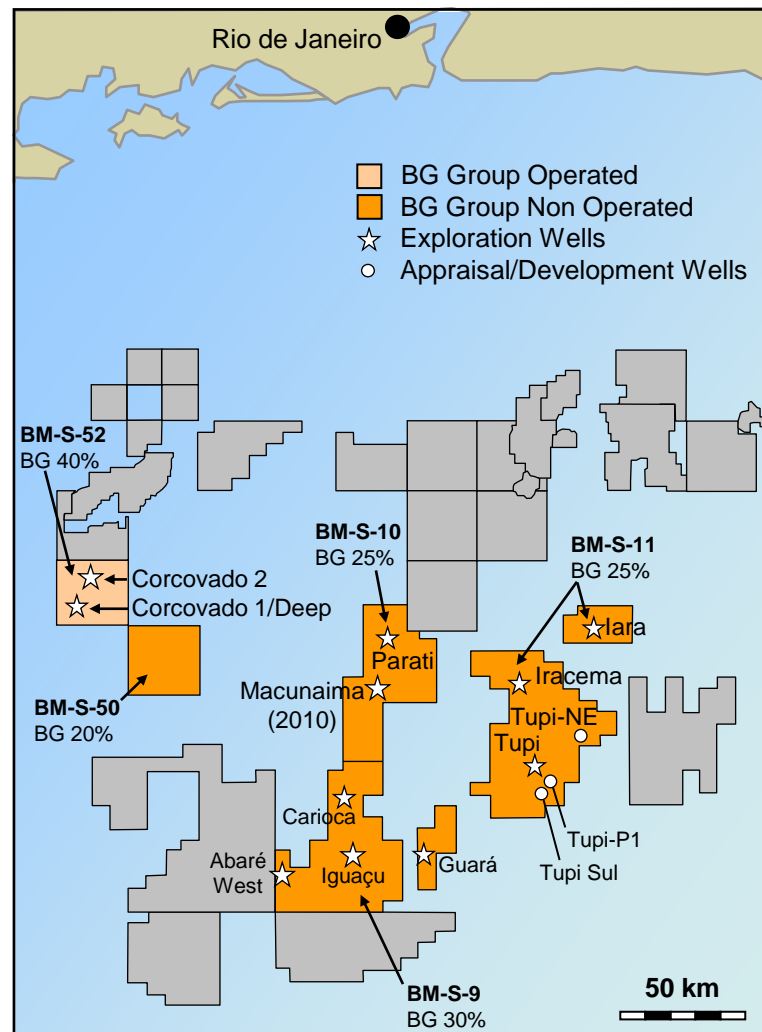
Global portfolio



Brazil: Santos Basin activity overview

- Seismic, wells, cores & DSTs
- EWT produced 3.5 mmboe gross in 2009
- BG Group net reserves / resources > 3bn boe
- Economic breakeven below \$40/bbl*

* BG Group estimate



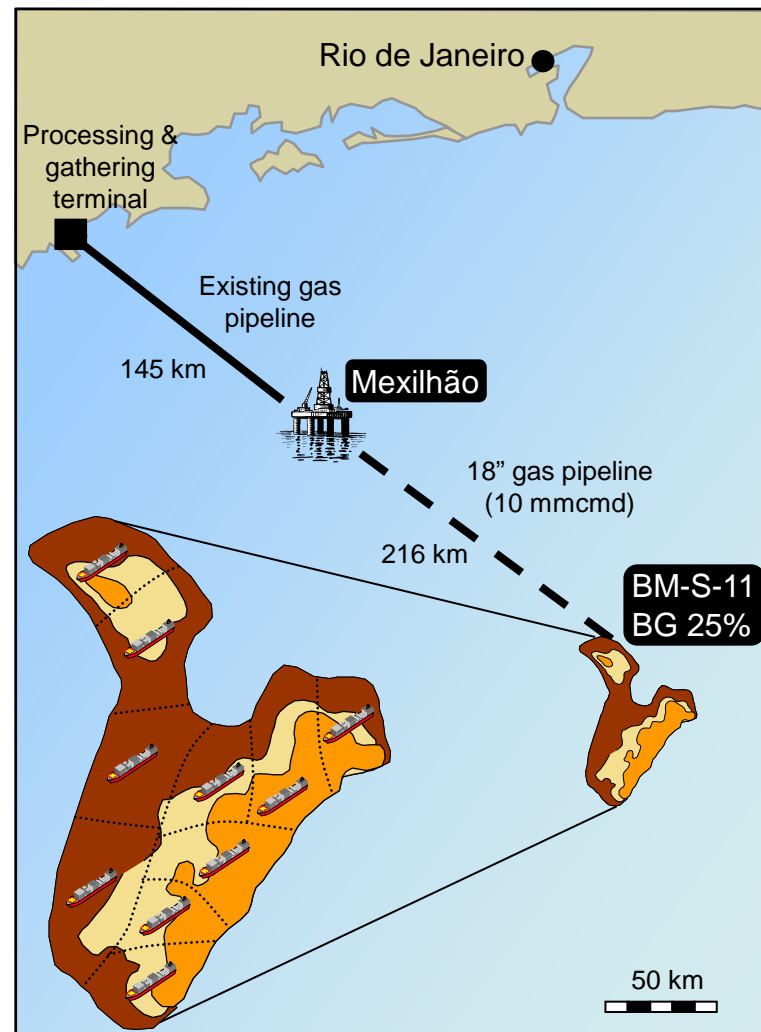
Brazil: Tupi-Iracema

- Gross reserves & resources
5-8 bn boe
- Iracema up to 50,000 bopd per well
- Tupi Sul EWT 20,000 bopd
 - Constrained by facilities
- Potential for higher recovery factors
 - Lower well count and lower capex
- Tupi: 100,000 bopd FPSO
 - 80% complete, first oil end 2010
- Tupi NE: 120,000 bopd FPSO
 - On stream 2013



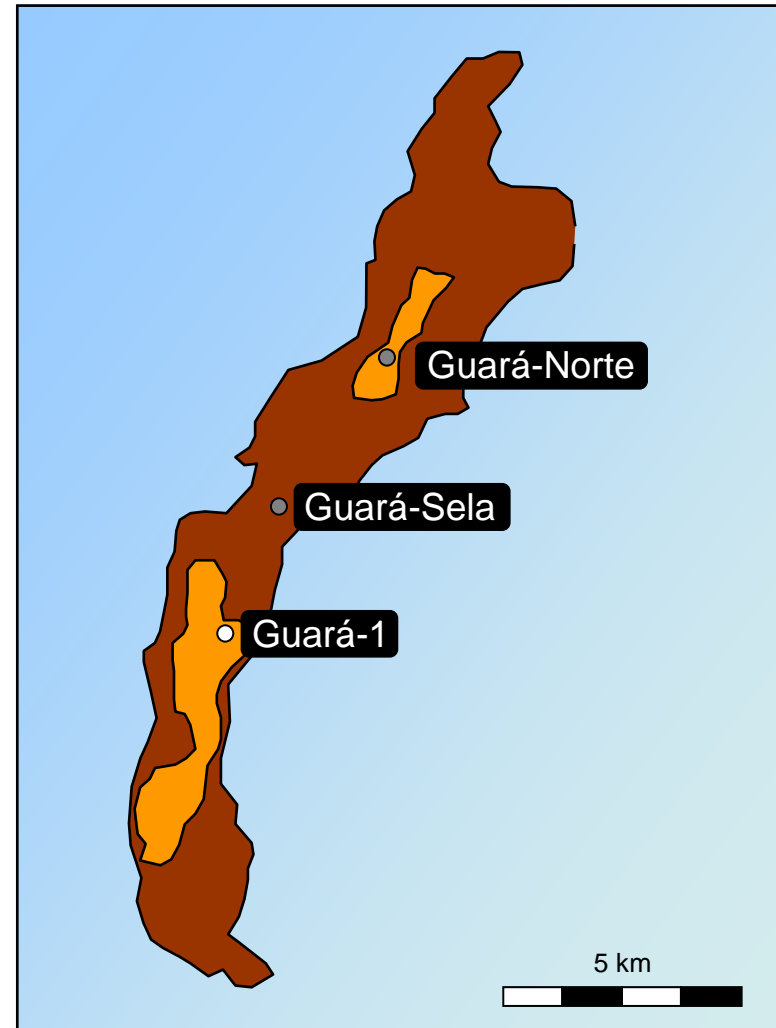
Brazil: Tupi-Iracema full field development

- Up to 10 FPSO modules
- 200-300 producer and injection wells
- Optimising drilling investment
- Material gas resources across the basin
- Large and developing gas market
 - BG Group Comgás interests
- Floating LNG
 - Parallel FEED studies in 2010



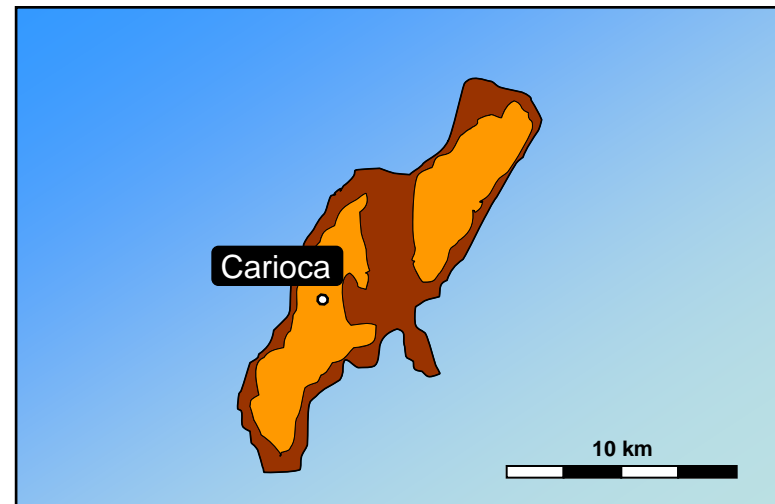
Brazil: Guará

- Outstanding potential
 - Up to 50,000 bopd per well
- Gross reserves/resources 1.1-2.0 bn boe
- EWT later in 2010
- 120,000 bopd FPSO: LOI signed
- First production early 2013



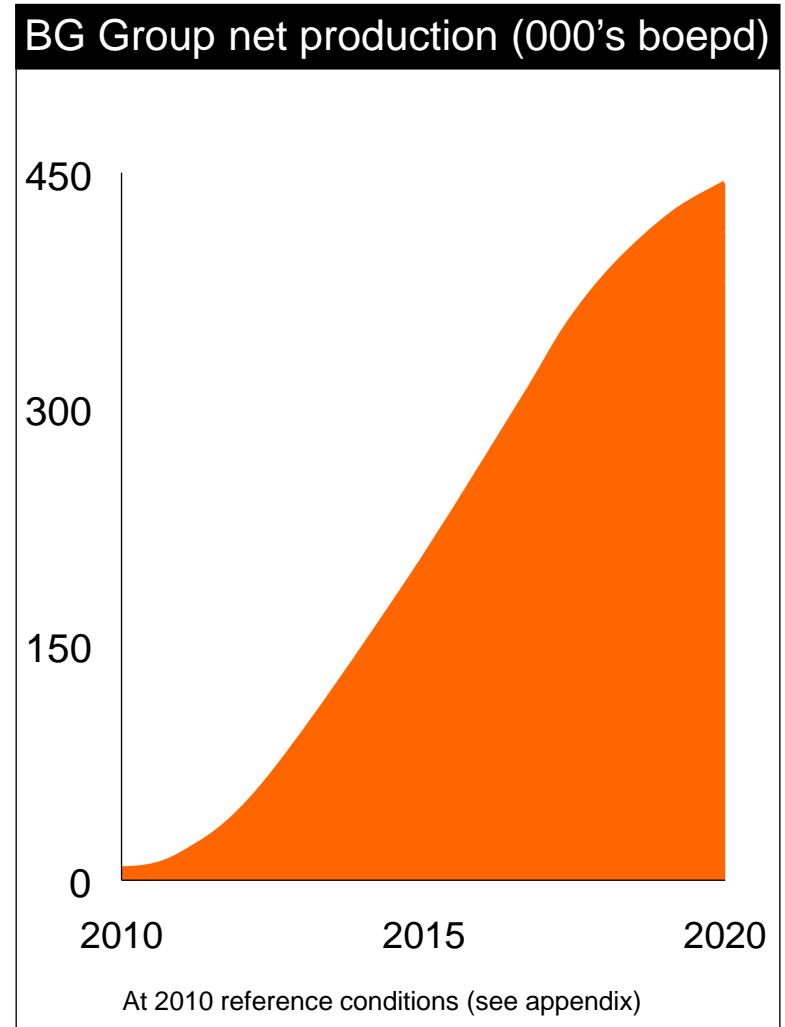
Brazil: Iara and Carioca

- Iara
 - Gross reserves & resources
3-4 bn boe
 - New well in 2010, DST in 2011
 - 3D seismic 2010 & 2011
 - EWT in 2013
- Carioca
 - Carioca NE appraisal Q3 2010
 - EWT 1st production Q4 2010



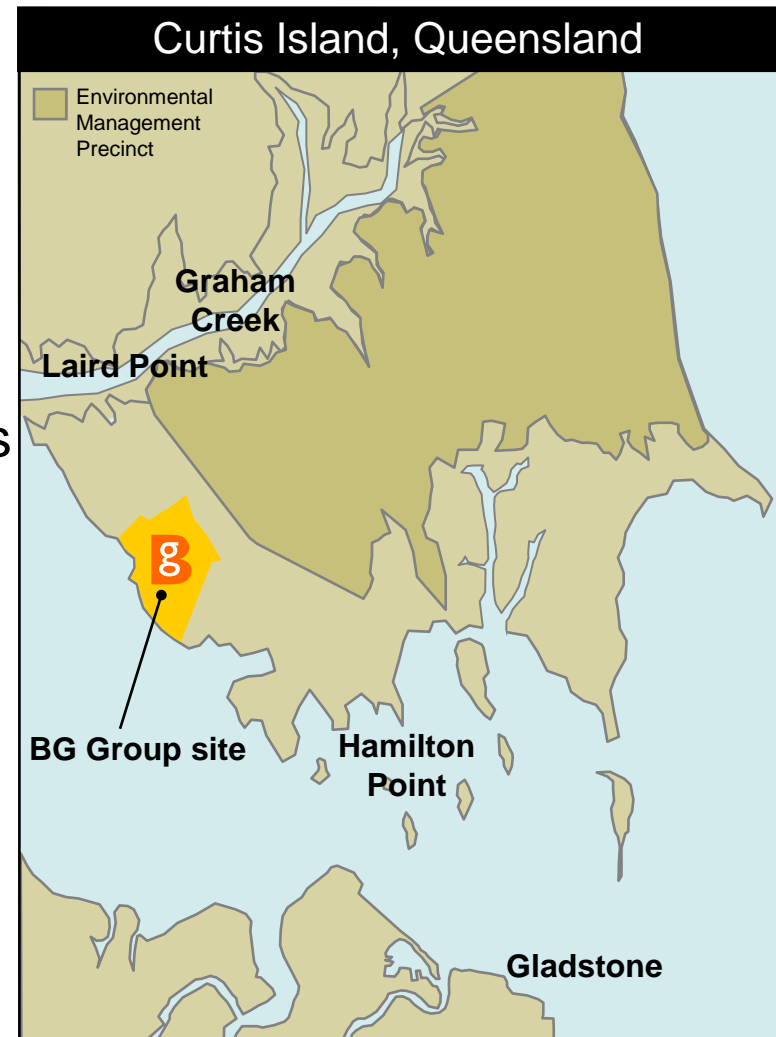
Brazil: Production

- Play rapidly de-risked
- Reserves base confidence
- Excellent productive reservoirs
- Production today
- Rising to > 400,000 boepd net by 2020



Australia: Overview

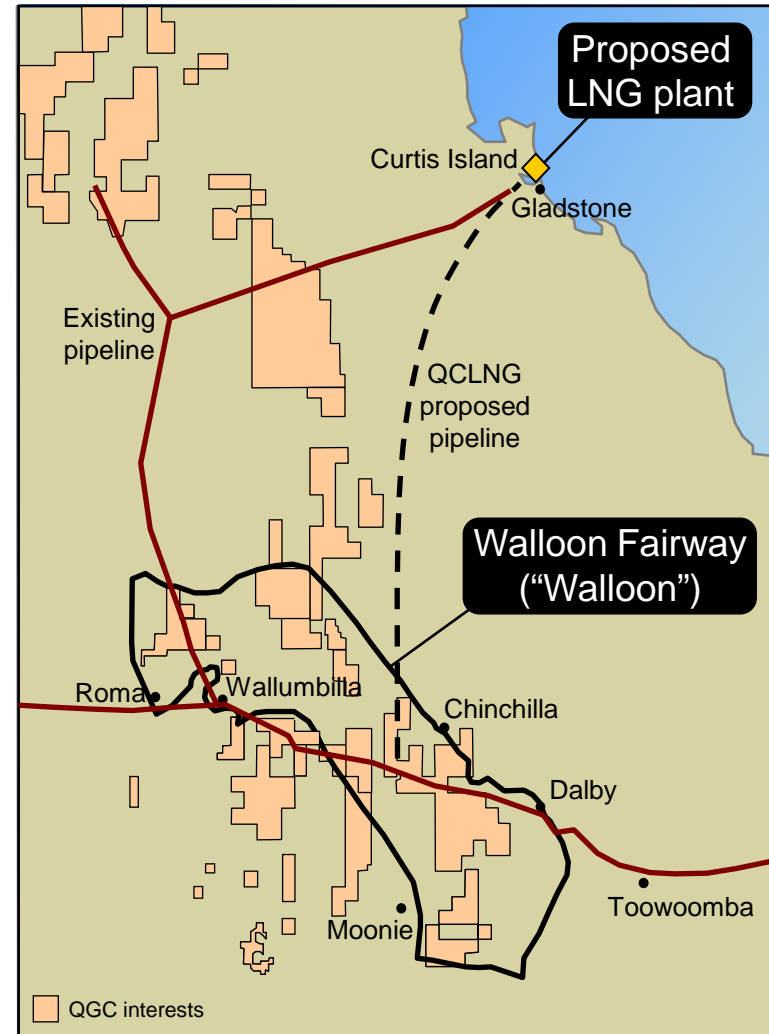
- Attractive investment setting
- QCLNG two-train plant
 - Capacity increased to 8.5 mtpa
 - First LNG 2014
 - Space for future expansion
- Up to 9.5 mtpa LNG agreements
 - Chile, China, Japan, Singapore



Australia: QGC upstream

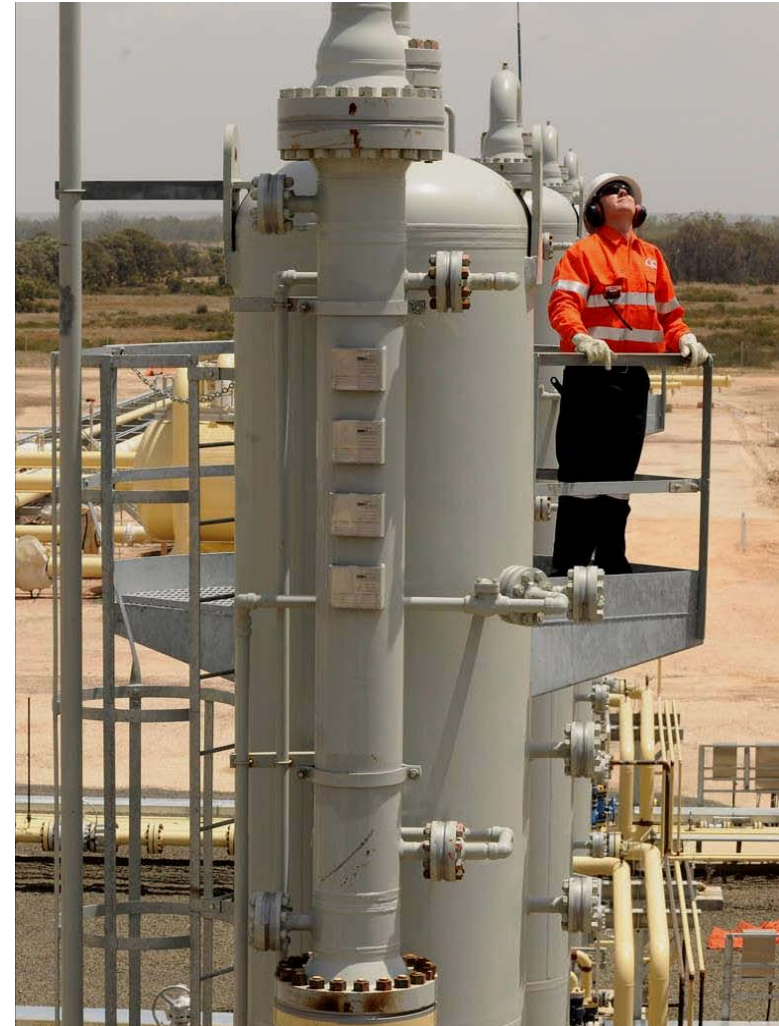
- QCLNG fed by low cost CSG resources
- 120,000 sq kms of licences
- BG discovered reserve/resource 17.3 tcf*
- Surat Basin 12.6 tcf* to supply QCLNG
- Further 1.2 tcf* in Surat Basin supplies domestic

* BG Group net reserves and resources are as at end 2009, pre CNOOC farm-out (5%)

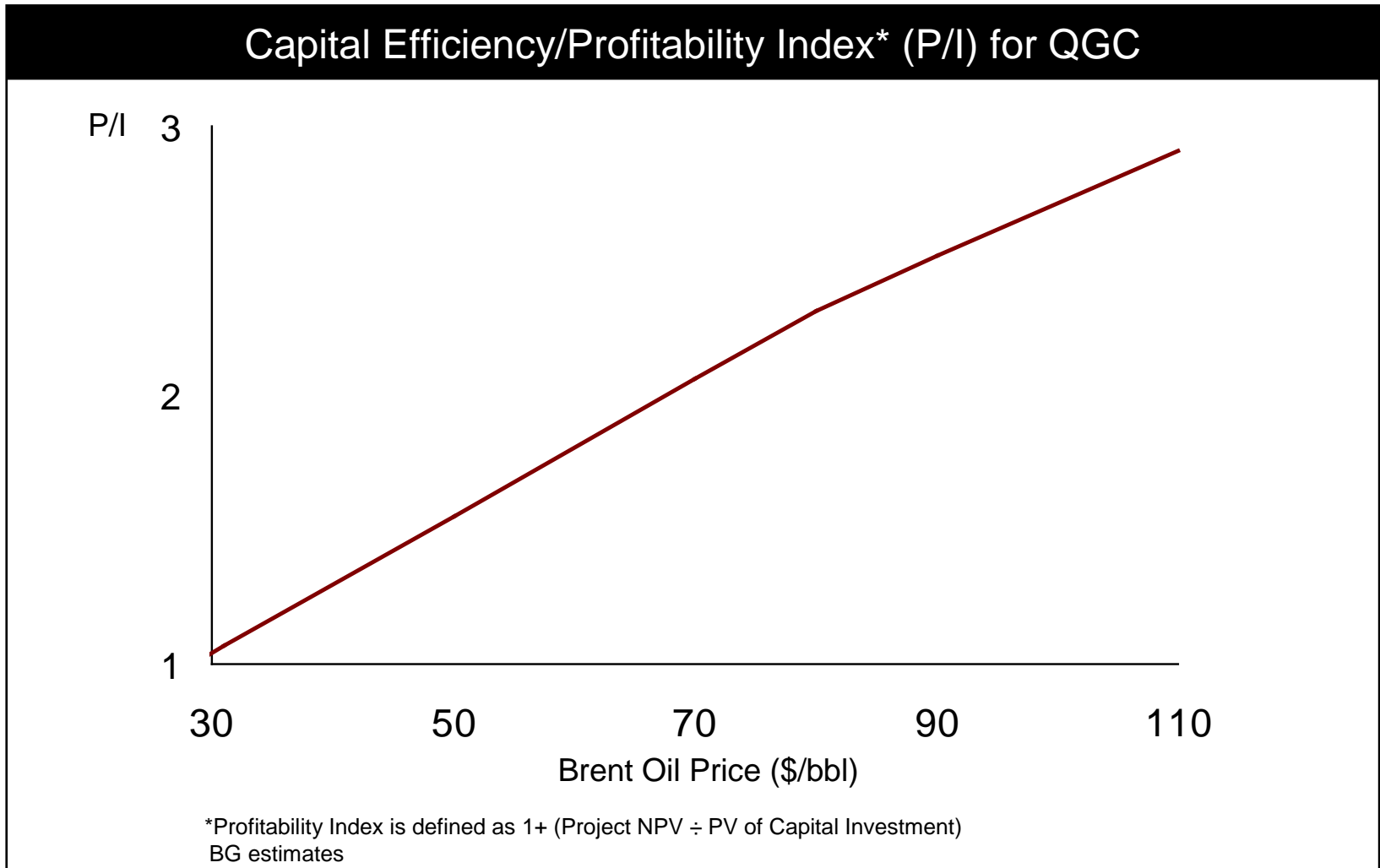


Australia: QGC progress

- Upstream
 - 1800 wells by end 2014
 - 300 wells drilled already
 - > 6000 wells over life of two-trains
- 340 km trunk-line
 - Land access agreements
 - Tenders for supply & construction
- Plant EPC contract with Bechtel
 - At low end of “current” unit cost
- Upstream FEED continues
 - Competitive with E&P developments
- Approvals expected 2010

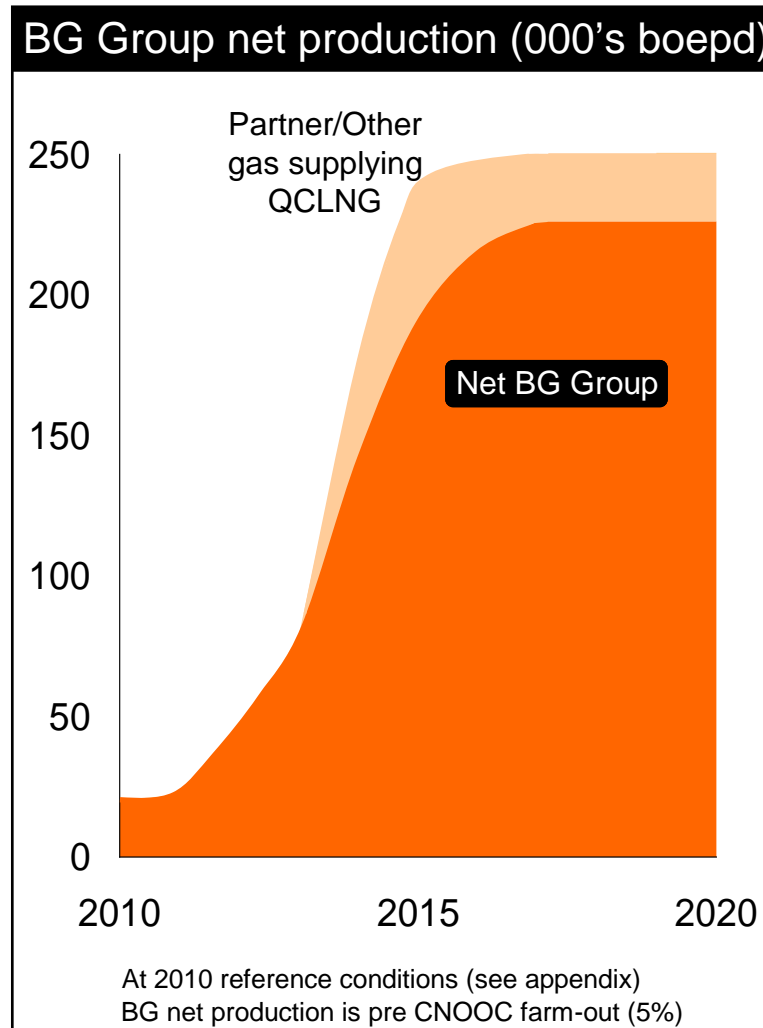


Australia: QGC economics information



Australia: Production

- Net plateau production of 225 kboepd*
 - Domestic production ca 28 kboepd
- Material upside:
 - Further Surat Basin potential
 - Resources in Bowen Basin
 - Potential QCLNG expansion

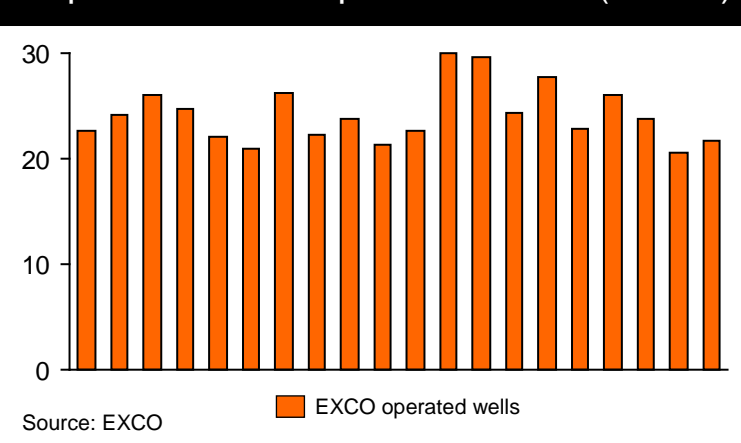


* BG Group net production is pre CNOOC farm-out (5%)

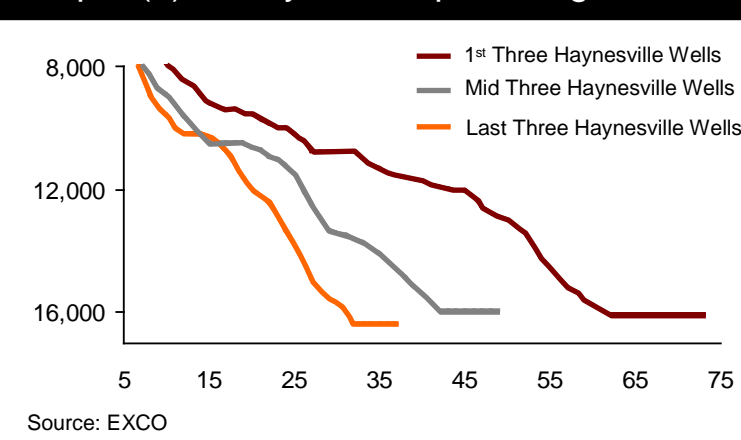
US E&P: BG Group-EXCO alliance

- Shale gas set to transform US supply
 - High quality assets
 - Competitive cost
 - Skilled & aligned partner
- Midstream interests
 - Access to markets
 - Complements BG US marketing
- Excellent IP* rates (20-30 mmcf/d)
- Operating 16 rigs in 2010
- Drilling times halved
- Further improvement potential

Top 20 wells initial production rate (mmcf/d)

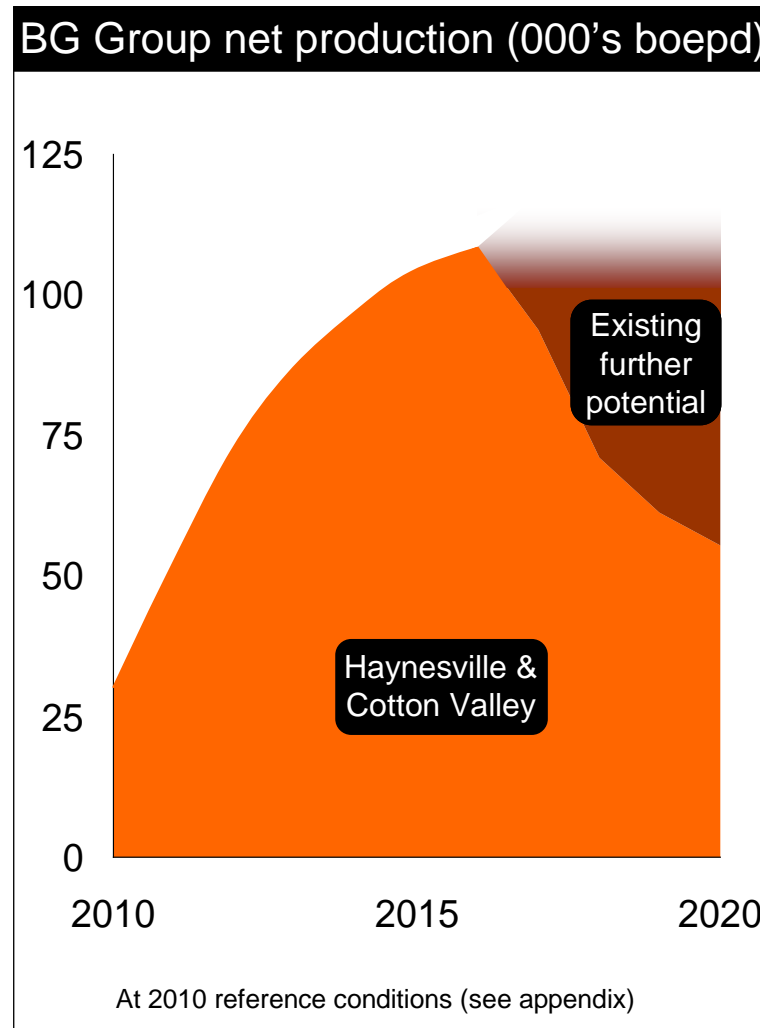


Depth (ft) vs days from spud to rig release



US E&P: BG Group-EXCO alliance growth

- Net BG Group reserves & resources over 7 tcf*
 - Acquisition cost below \$0.4/mcf
- Existing further potential
 - Bossier shale
 - Horizontal wells in Cotton Valley
- Net production > 100,000** boepd by 2015

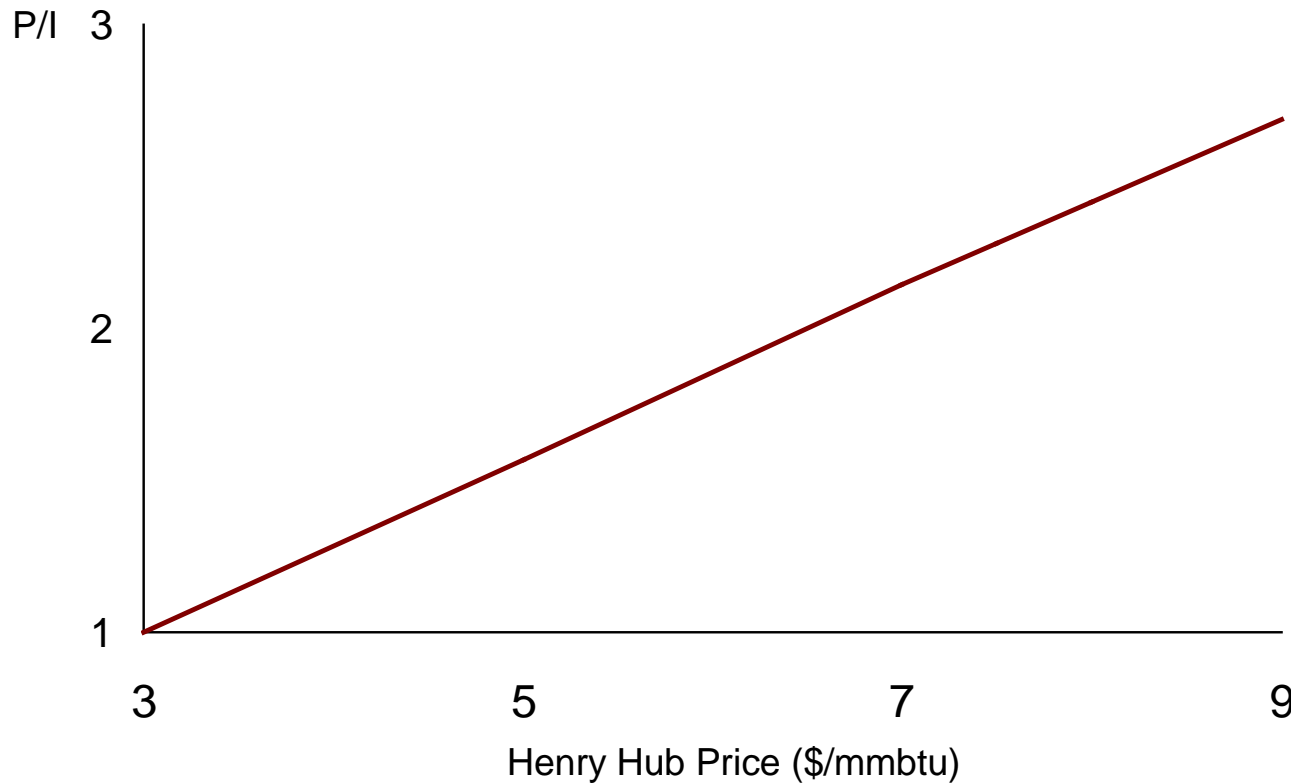


* Includes Common Resources & Marcellus JV

** Excludes Common Resources & Marcellus JV

US E&P: BG Group-EXCO alliance economics

Capital Efficiency/Profitability Index* (P/I) for BG-EXCO alliance



*Profitability Index is defined as $1 + (\text{Project NPV} \div \text{PV of Capital Investment})$
BG estimates

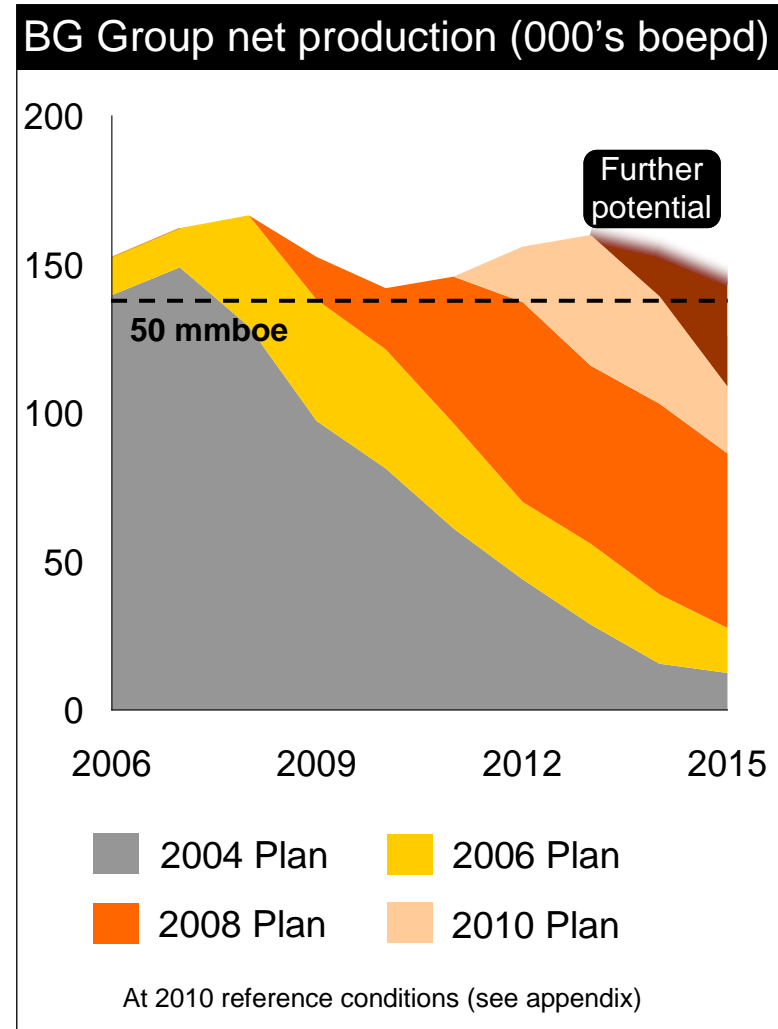
Kazakhstan: Karachaganak

- Total investment almost \$10 bn
- Fourth train due on stream 2011
 - Total of 10.3 mtpa export specification oil
- Only 7% of HIIP produced to date
- Phase III multi-stage approach:
 - Partners aligned
 - Cost, economic improvement
 - Government discussions



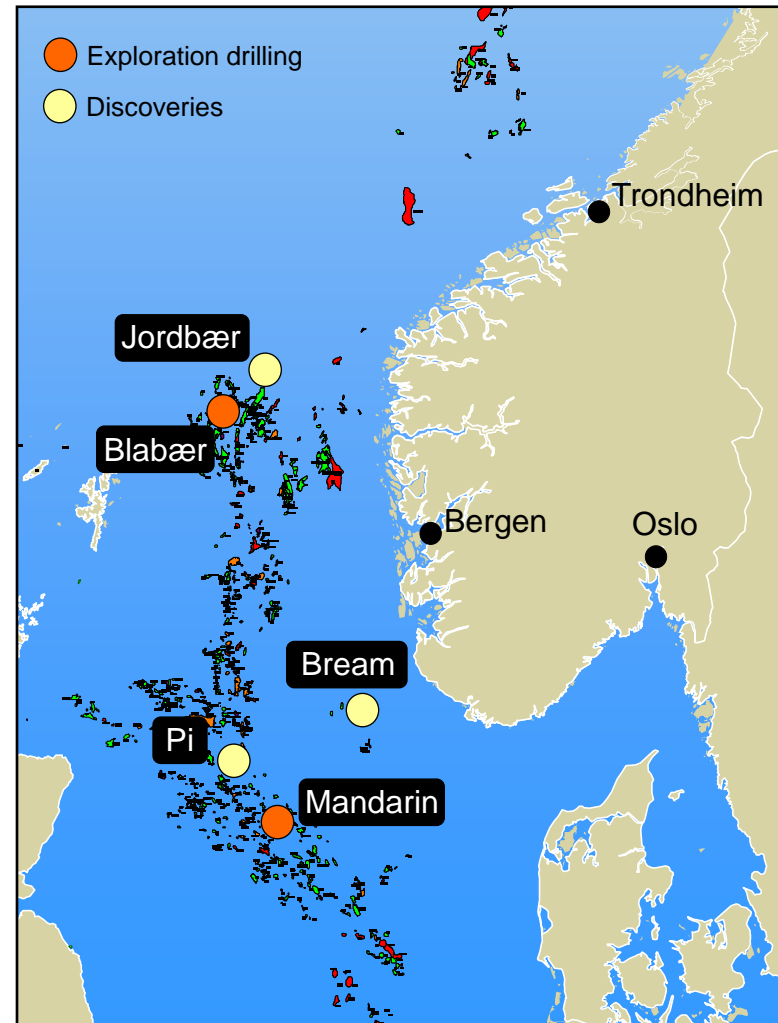
UK

- Everest & Lomond operatorship
- Consolidated UK upstream in Aberdeen
- Net production 56 mmboe in 2009
- Jasmine on stream 2012
- Jackdaw:
 - First production: 2015 provisional target
 - Appraisal well 2010
- Maintain UK production > 50 mmboe pa



Norway

- Progressing discoveries
 - Pi, Bream & Jordbær
- Jordbær
 - New play concept
 - Well currently drilling on Blabær
 - Further analogous prospects
- Mandarin currently drilling (BG Group 96%)



E&P: E&A progress

Drilling 2009

- Completed 28 conventional wells, 17 successes
- Key successes
 - Tupi-Iracema (Brazil)
 - Guar test (Brazil)
 - Abu Butabul (Oman)
 - Australia CSG
- Completed ca 200 unconventional wells

New Licences 2009

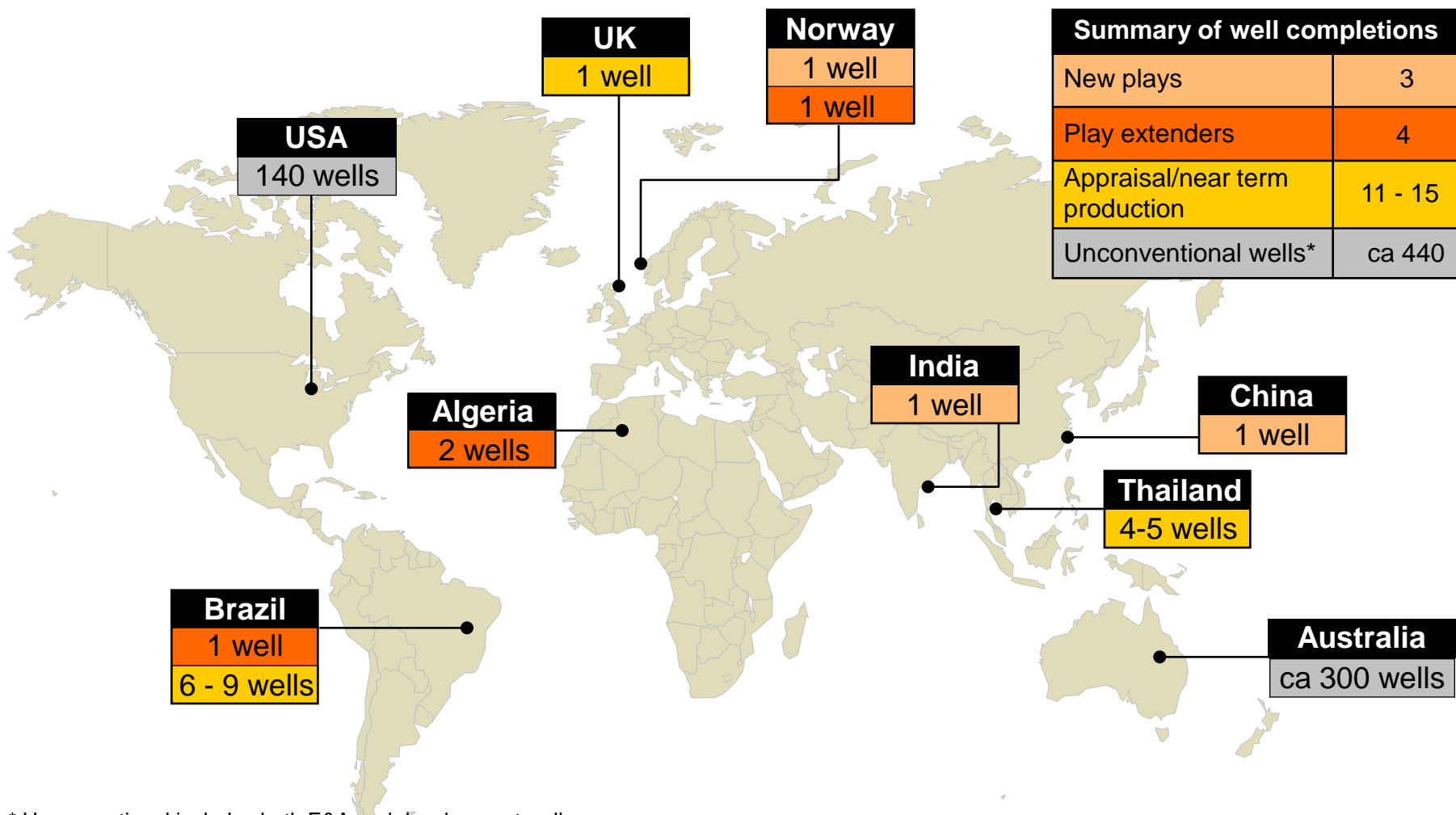
- 116,000 sq kms gross acreage
 - Australia, US, Egypt, Norway, China, Trinidad, Algeria, Nigeria

Seismic 2009



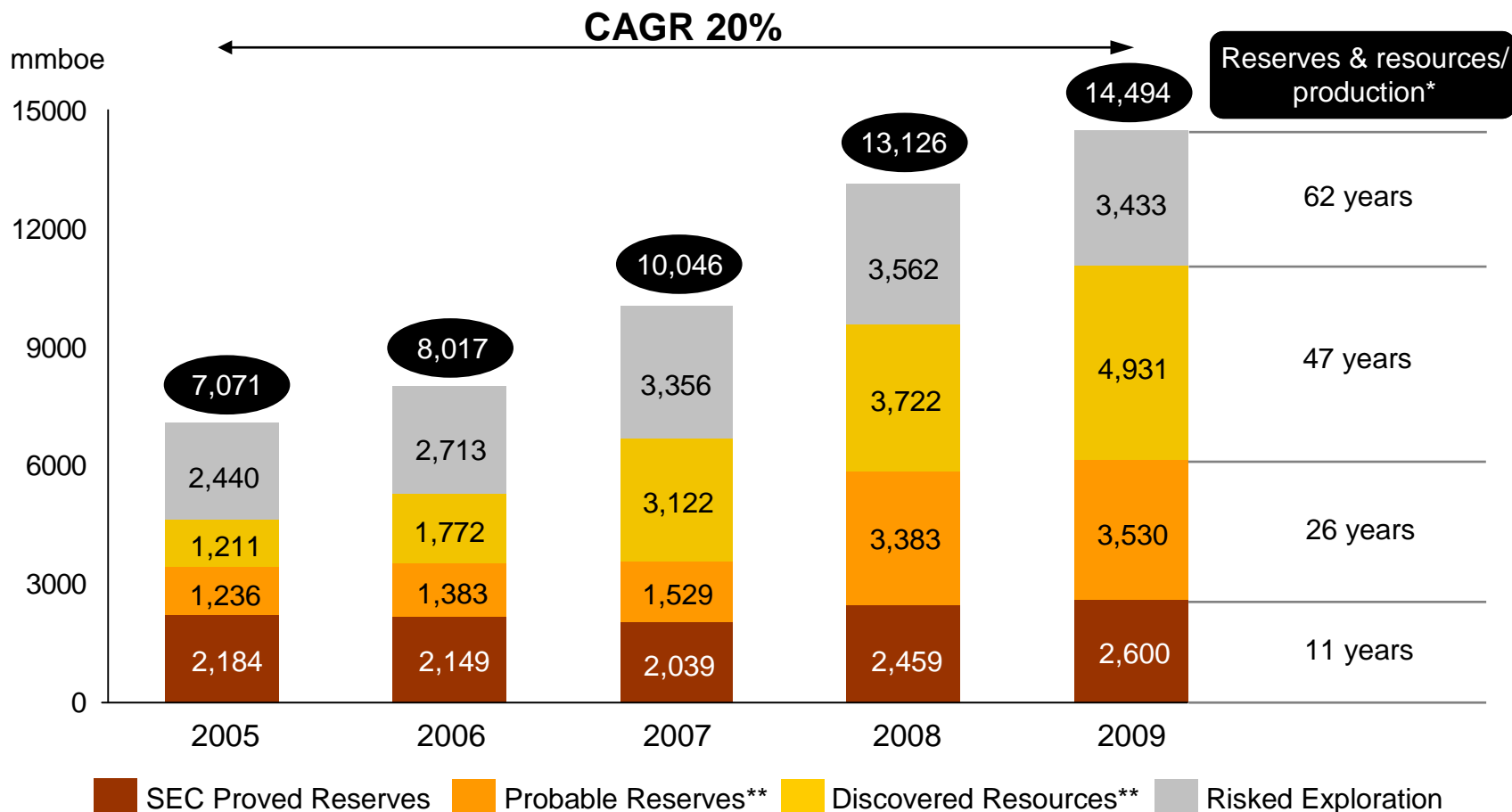
- 3D: 9,500 sq kms
- 2D: 1,300 line kms

E&P: 2010 E&A preview



* Unconventional includes both E&A and development wells

E&P: Reserves and resources

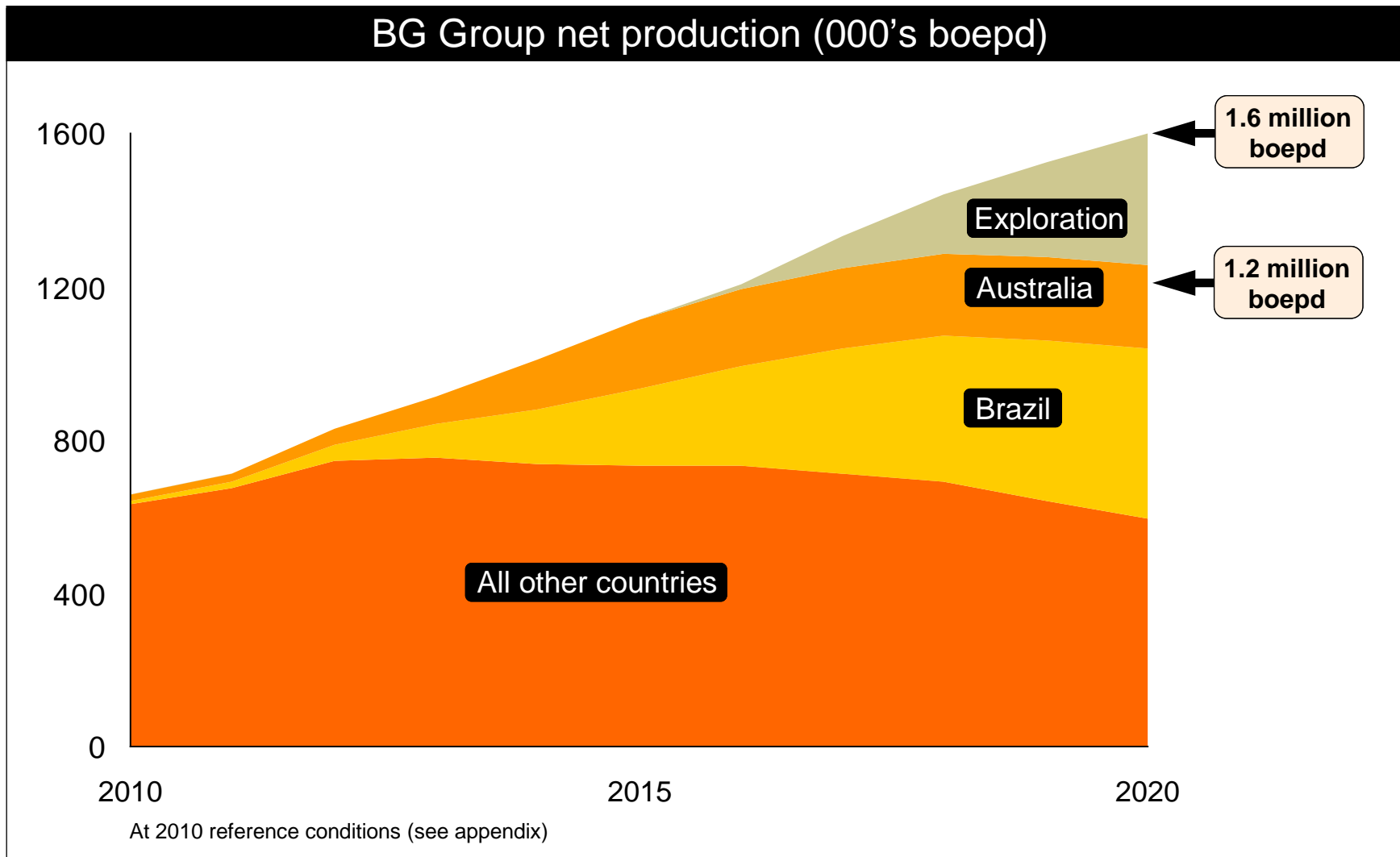


Reserves/Resources as at year end

* Based on 2009 production of 234.9 mmboe and cumulative reserves/resources

** Adopted SEC definition for Probable reserves in 2009; Discovered resources called Unbooked resources until 2009

E&P: Production



Key messages

- Entering a new decade of high growth
- Underpinned by strengthened & rebalanced portfolio
- Key projects significantly & rapidly de-risked
- Already own reserves & resources to meet growth ambitions
- Potential to extend track record of growth & value creation

Key messages

- E&P: upper end 6-8% range to 2020, LNG: 20 mtpa for 2015
- Brazil: in production, > 400,000 boepd net by 2020
- Queensland Curtis LNG: 2010 sanction
- EXCO alliance: 100,000 boepd net by 2015
- LNG profit guidance: \$1.8-2.0 bn pa 2010-12
- Total reserves and resources: up 1.4 bn boe to 14.5 bn boe

Q1 2010 results



Q1 2010 results

- Delivered good results
- Earnings per share of 33.2 cents, up 13%
- Excellent progress with key growth projects
- Expanded net US resource to more than 7 tcf
- Further strengthening of the portfolio

Q1 2010 results

	Q1 2010 \$ million	Q1 2009 \$ million	% yoy
Total operating profit	1 995	1 824	+9%
Earnings	1 120	988	+13%
EPS	33.2c	29.4c	+13%
Cash generated by operations	2 508	1 992	+26%

Q1 2010 total operating profit

	Q1 2010 \$ million	Q1 2009 \$ million	% yoy
E&P	1 192	834	+43%
LNG	633	827	-23%
T&D	125	115	+9%
Power	55	35	+57%
Other activities	(10)	13	-
Group total	1 995	1 824	+9%

Q1 2010 total operating profit – E&P

	Q1 2010	Q1 2009	% yoy
Volume (mmboe)	61.3	57.9	+6%
Total operating profit (pre-exploration charge) (\$m)	1 296	1 086	+19%
Exploration charge (\$m)	(104)	(252)	-59%
Total operating profit (\$m)	1 192	834	+43%

Q1 2010 total operating profit - LNG

	Q1 2010 \$ million	Q1 2009 \$ million	% yoy
Shipping & marketing	585	775	-25%
Liquefaction	83	88	-6%
Business development & other	(35)	(36)	-3%
Total operating profit	633	827	-23%

Q1 2010 total operating profit – T&D / Power

	Q1 2010 \$ million	Q1 2009 \$ million	% yoy
Comgás	100	100	-
Other	25	15	+67%
T&D total operating profit	125	115	+9%
Power total operating profit	55	35	+57%

Q1 2010 results

	Q1 2010
Cash generated by operations	2 508
Capex	1 901
Net debt	4 483
Gearing	16%



Capital investment / capital structure and dividend

- 2010-2012
 - \$8 bn per year average
 - \$7.7 bn in 2010 (including \$0.2 bn for Common Resources)
 - Brazil and Australia focus
- Strongly funded
- Gearing 16%
- Dividend growth in line with long-term underlying earnings

Conclusions

- Delivered good results
- Earnings per share of 33.2 cents, up 13%
- Excellent progress with key growth projects
- Expanded net US resource to more than 7 tcf
- Further strengthening of the portfolio

Appendix



Key assumptions – reference conditions

- Brent Oil price US \$70/bbl
- US Henry Hub \$7/mmbtu
- US/UK exchange rates of \$1.7:£1
- US/AUD exchange rates of \$1: \$A1.35
- Prepared under International Financial Reporting Standards
- All production includes fuel gas

Key assumptions – 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 worldwide
 - 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 rates being significantly different to that assumed
 - Technical, commercial, economic, legal, regulatory and country risk
 - Interest rate, liquidity and credit risk
 - Risks associated with successful discoveries, appraisal and development of reserves
-
- 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 2009.
 - Actual performance could differ materially from that shown. Accordingly, no assurances can be given that such performance will be achieved.

Definitions

Δ	Increase or (decrease)	IP	Initial Production
\$	United States dollar	kboepd	Thousand barrels of oil equivalent per day
£	UK pounds sterling	km	Kilometres
000's	Thousands	LNG	Liquefied Natural Gas
2D	Two dimensional seismic	LOI	Letter of Intent
3D	Three dimensional seismic	LPG	Liquid Petroleum Gas
bbbl	Barrel of oil	m	Million
billion or bn	One thousand million	mcf	Thousand cubic feet
boe	Barrels of oil equivalent	mcf/d	Thousand cubic feet per day
boepd	Barrels of oil equivalent per day	MGL	Mahanagar Gas Limited
bopd	Barrels of oil per day	mmboe	Million barrels of oil equivalent
ca	circa	mmbtu	Million British thermal units
CAGR	Compound Annual Growth Rate	mmcmd	Million cubic metres per day
Capex	Capital expenditure	mmscfd	Million standard cubic feet per day
CNOOC	China National Offshore Oil Corp	Mtpa	Million tonnes per annum
CSG	Coal Seam Gas	NCMA	North Coast Marine Area
DST	Drill Stem Test	NPV	Net Present Value
E&A	Exploration and Appraisal	Opex	Operating expenditure
E&P	Exploration and Production	pa	Per annum
ECMA	East Coast Marine Area	PV	Present Value
EG	Equatorial Guinea	QCLNG	Queensland Curtis LNG
EPC	Engineering Procurement Construction	QGC	Queensland Gas Company Ltd
EPS	Earnings per share	RDA	Reservoir Data Acquisition
EWT	Extended Well Test	RRR	Reserves Replacement Ratio
F&D	Finding and Development costs	SEC	US Securities and Exchange Commission
FEED	Front End Engineering and Design	sq km	Square kilometres
FPSO	Floating Production Storage and Offloading	T&D	Transmission and Distribution
ft	Feet	tcf	Trillion cubic feet
FX	Foreign Exchange	WDDM	West Delta Deep Marine
GGCL	Gujarat Gas Company Limited	WHP	Well Head Platform
HIIP	Hydrocarbons initially in place	YOY	Year on Year