DELIVERING SUBSTANTIAL RETURNS

Our strategic objective is to deliver substantial returns to shareholders. This objective is set within a context of achieving sustainable long-term growth and creating shared prosperity. We believe that it is important first and foremost for Tullow to be a successful and profitable company. This in turn will enable us to create further opportunities for both Tullow and our stakeholders.

10 year Tullow TSR compared with 10 year FTSE 100 TSR

MEASURING LONG-TERM PERFORMANCE

NON-FINANCIAL

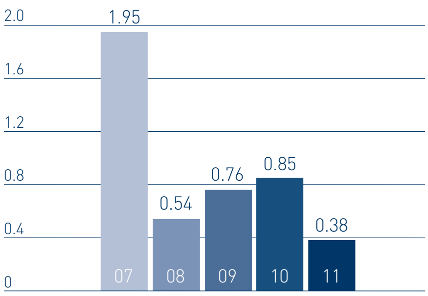
We track non-financial metrics across the business in areas such as the environment, health and safety, people, local content, stakeholder engagement and social enterprise investment.

Our people have been at the heart of our success as a business. At Group level we focus on tracking the safety and satisfaction of our employees.

« Linked to executive remuneration

Lost time injury frequency « rate (LTIFR)

0.38 LTIFR



One of our strategic priorities is to ensure that people, procedures and operations are safe. We use a range of performance measures to monitor our EHS performance including the recognised industry metric LTIFR to measure safety. Our aim is to consistently deliver top quartile industry performance.

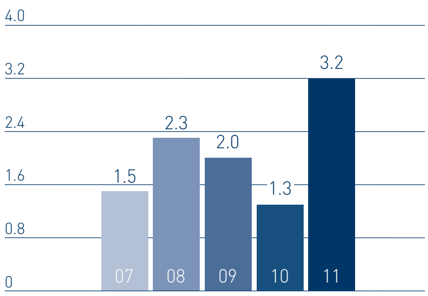
Measurement: We set annual targets for LTIFR which are agreed with the Board as part of overall EHS objectives. There are rigorous incident reporting procedures in place to monitor LTIFR. These include incident analysis, follow-up, remedial action and communication of learnings. EHS is part of monthly Board reporting.

Risk management: EHS is part of all operational activities and planning. This ensures that EHS risks and mitigation opportunities are identified early. EHS is the responsibility of the Tullow Chief Operating Officer, supported by an EHS strategy group and over 100 EHS professionals embedded in the business.

2011 performance: In 2011, LTIFR of 0.38 beat our stretch target of <0.5 LTIFR.

Staff turnover

3.2%



In 2011, our employee numbers grew 29% to 1,207 people. Our goal is to be the employer of choice in the industry so that we attract and retain the best people. Talent management and succession planning are very important for our future growth plans and delivery of our major projects.

Measurement: Staff turnover rates are measured on an ongoing basis. People who leave Tullow are debriefed so we can improve our overall people policies, as necessary. We conduct a biennial global employee and contractor survey and create action plans to resolve any issues arising. Maintaining our culture, succession planning and talent management are key focus areas for the Board.

Risk management: Our best way to avoid a people skills shortage or unexpected departures is to maintain a great working environment, to provide strong training and career development opportunities and to recognise and reward staff appropriately for their contribution.

2011 performance: Staff turnover in 2011 was 3.2%.

FINANCIAL

We measure a range of operational and financial metrics to help us in managing our performance and achieving our business plans.

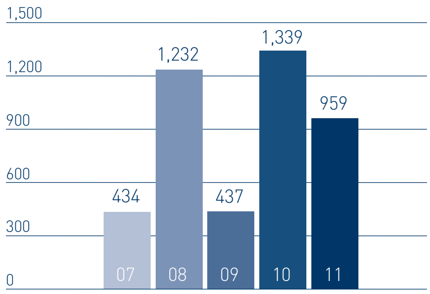
EXECUTIVE DIRECTOR REMUNERATION

The bonus element of Executive Director remuneration is linked to TSR, LTIFR, Working interest production, cash operating costs per boe, finding costs per boe and growth in resources. In addition, each year a range of finance and portfolio management, and regional operating objectives are set, which are aligned with the Group's business plan. Each element has a weighting and a performance target. In 2011, the Remuneration Committee awarded Executive Directors a bonus of 80% of the maximum annual bonus potential. Further information is set out on page 92 of this report.

Linked to executive remuneration

Reserves and resources replacement

959%



Tullow has an exploration-led growth strategy. Replacement of reserves and resources is a key measure of exploration success and is focused on continuing to grow the Group's production profile and portfolio management potential.

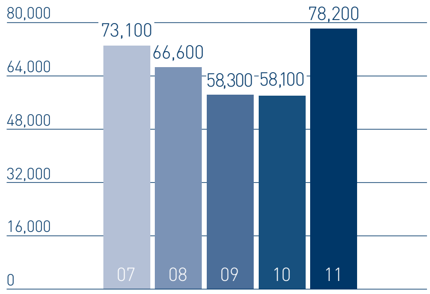
Measurement: Proven and probable Commercial reserves are based on a Group reserves report produced by an independent engineer. Reserves estimates for each field are reviewed by the independent engineer based on significant new data or a material change with a review of each field undertaken at least every two years.

Risk management: The Group manages replacement risk by focusing on finding high value oil in material quantities in core areas and geological plays and by maximising reservoir performance in producing fields, through operational and technical excellence.

2011 performance: The Group achieved 959% organic reserves and resources replacement in 2011 and has total reserves and resources of 1,742.8 mmboe. Post completion of the farm-down in Uganda, total reserves and resources are expected to be 1,139.0 mmboe.

Working interest production

78,200 BOEPD



Tullow sets working interest production targets as part of the Group's annual budget process. We aim to grow our production profile to fund substantially an annual high-impact E&A programme, which is central to our successful exploration-led growth strategy.

Measurement: Daily and weekly production are monitored from all key producing assets. Production is reported weekly to Senior Management and on a monthly basis to the Board. Regular production forecasts are prepared during the year to measure progress against annual targets.

Risk management: Strong production planning and monitoring mitigates unplanned interruptions. When issues arise, such as with the design of well completions in the new Jubilee field in Ghana, we take a prudent approach to ensure that we determine the right solution for the medium to long term and implement this to protect the reserves and resources of this asset.

2011 performance: The Group's baseline production target for 2011 was 87,800 boepd; the stretch target was 92,190 boepd. 2011 actual production was below both targets.

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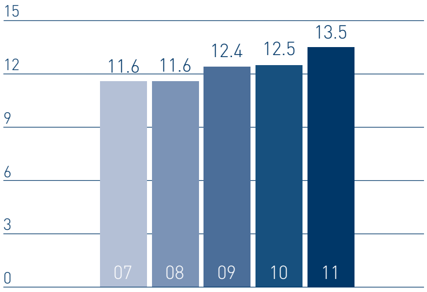
Cash operating costs per boe

$13.5 PER BOE



Cash operating costs per barrel of oil equivalent (boe) are a function of industry costs, inflation, Tullow's fixed cost base and production output.

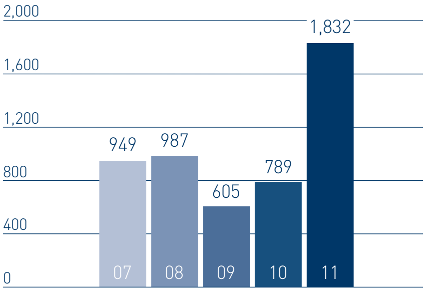
Measurement: Cash operating costs are reported monthly on an asset basis and are monitored closely to ensure that they are maintained within preset annual targets.

Risk management: A comprehensive annual budgeting process covering all expenditure is undertaken and approved by the Board. Monthly reporting highlights any variances and corrective action is taken to mitigate the potential effects of cost increases.

2011 performance: In 2011, we set a baseline target of $12.8 per boe and a stretch target of $12.2 per boe. Cash operating costs for 2011 were $13.5 per boe. The higher cash operating cost per boe was due to lower than expected production rates.

Operating cash flow before working capital

$1,832 MILLION



Tullow has a large requirement for capital to fund major project development and a very active exploration and appraisal programme. Our goal is to ensure that operating cash flow funds a significant proportion of annual capital expenditure. In 2011, capital expenditure was $1.4 billion, 90% of which was invested in Africa. Capital expenditure is forecast to be $2 billion in 2012, split approximately 50% E&A : 50% Development & Operations (D&O).

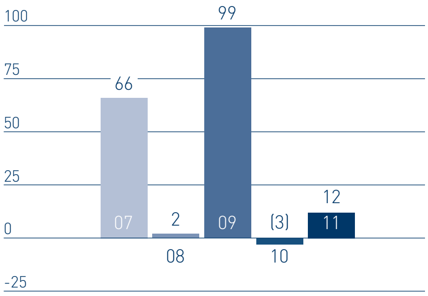
Measurement: Operating cash flow before working capital is reported monthly with regular forecasting for longer periods to support long-range planning and investment decisions.

Risk management: Strong financial and operating management, disciplined monitoring and reporting, long-range cash flow forecasting and strong banking and equity relationships assist the Group in managing liquidity. Annual and project budgets require Board approval.

2011 performance: Production sales volumes increased 41% to 66,800 boepd and realised oil price was 38% higher in 2011. Combined, these are the primary drivers of a 132% increase in operating cash flow before working capital.

Total shareholder return

12%



Our strategy is focused on building sustainable long-term value growth and our objectives are to deliver substantial returns to shareholders as well as fulfil our commitments to make a positive and lasting contribution where we operate.

Measurement: TSR (share price movement and dividend payments) is reported monthly and at year-end to the Board. TSR is measured against an industry peer group, which is regularly reviewed, and the performance of the FTSE 100.

Risk management: Tullow has a consistent and clear exploration-led growth strategy. Strategic plans are reviewed annually with the Board as part of three-year business planning and the Executive team is responsible for its execution. Running our business well, delivering in line with business plans, being open and transparent and maintaining strong capital market relationships underpin delivery of TSR.

2011 performance: The performance of the FTSE 100 in 2011 was impacted by a series of financial and political events and delivered negative TSR of 2%. Despite the delays in the completion of the Ugandan farm-down and the slower than expected ramp-up in production in Ghana, Tullow's TSR was 12% in 2011. This represents a top quartile performance versus the comparator group.