

<http://www.oblible.com>

424B5 1 d432762d424b5.htm PROSPECTUS SUPPLEMENT

[Table of Contents](#)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	M Aggreg
0.700% Guaranteed Notes due 2015	\$1,00
Guarantees of 0.700% Guaranteed Notes due 2015	
1.375% Guaranteed Notes due 2017	\$1,00
Guarantees of 1.375% Guaranteed Notes due 2017	
2.500% Guaranteed Notes due 2022	\$1,00
Guarantees of 2.500% Guaranteed Notes due 2022	

- (1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.
- (2) Pursuant to Rule 457(n), no separate fee is payable with respect to the guarantees.

<http://www.oblible.com>

[Table of Contents](#)

Prospectus Supplement

November 1, 2012

(To prospectus dated March 7, 2012)



BP Capital Markets p.l.c.

\$1,000,000,000 0.700% Guaranteed Notes due 2015

\$1,000,000,000 1.375% Guaranteed Notes due 2017

\$1,000,000,000 2.500% Guaranteed Notes due 2022

Payment of the principal of and interest on the notes is fully guaranteed by

BP p.l.c.

The 0.700% guaranteed notes due 2015 (the “2015 notes”) will bear interest at the rate of 0.700% per year. The 1.375% guaranteed notes due 2017 will bear interest at the rate of 1.375% per year. The 2.500% guaranteed notes due 2022 (the “2022 notes”) and, together with the 2015 notes and the 2017 notes, will bear interest at the rate of 2.500% per year. BP Capital Markets p.l.c. will pay interest on the notes on each May 6 and November 6, commencing on May 6, 2015 and November 6, 2015, respectively, and thereafter on each May 6 and November 6, commencing on May 6, 2016 and November 6, 2016, respectively, until the notes mature on November 6, 2015. The 2017 notes will mature on November 6, 2017. The 2022 notes will mature on November 6, 2022. If any payment date is not a business day, it will be made on the next following business day, provided that no interest will accrue on the payment so long as the payment is made on or before the next following business day.

Payment of the principal of and interest on the notes is fully guaranteed by BP p.l.c.

Application will be made to list the notes on the New York Stock Exchange.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or of this prospectus supplement or the related prospectus. Any representation to the contrary is a criminal offense.

Investment in these securities involves certain risks. See “[Risk Factors](#)” beginning on page 2 of the accompanying prospectus page 59 of BP’s 2011 Annual Report on Form 20-F.

	<u>Per 2015 Note</u>	<u>Total for 2015 Notes</u>	<u>Per 2017 Note</u>	<u>Total for 2017 Notes</u>
Public Offering Price(1)	99.893%	\$ 998,930,000	99.918%	\$ 999,180,000
Underwriting Discount	0.125%	\$ 1,250,000	0.170%	\$ 1,700,000
Proceeds, before expenses, to BP Capital Markets p.l.c.	99.768%	\$ 997,680,000	99.748%	\$ 997,480,000

(1) Interest on the notes will accrue from November 6, 2012.

The underwriters expect to deliver the notes to purchasers in book-entry form only through the facilities of The Depository Trust Company and its agents (including Euroclear S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme) on or about November 6, 2012.

Joint Book-Running Managers

Barclays

BNP PARIBAS

Citigroup

Goldman, Sachs & Co.

HSBC

[Table of Contents](#)

The distribution of this prospectus supplement and prospectus and the offering of the notes in certain jurisdictions may be restricted by law. The prospectus supplement and prospectus do not constitute an offer, or an invitation on BP Capital Markets p.l.c.'s ("BP Capital U.K.") or BP p.l.c.'s ("BP") behalf or on behalf of any other person, to sell or to purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which it is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See "Underwriting" below.

S-1

[Table of Contents](#)**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

In order to utilize the ‘Safe Harbor’ provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing this document. This document contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of BP and its objectives of BP with respect to these items. These statements may generally, but not always, be identified by the use of words such as ‘will’, ‘should’, ‘may’, ‘objective’, ‘is likely to’, ‘intends’, ‘believes’, ‘plans’, ‘we see’ or similar expressions.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including those identified in the discussions accompanying such forward-looking statements and other factors discussed elsewhere in this prospectus supplement. Factors set out in our Annual Report on Form 20-F for the fiscal year ended December 31, 2011 are important factors, although not exhaustive, that may cause actual results and developments to differ materially from the forward-looking statements.

[Table of Contents](#)**DESCRIPTION OF NOTES**

This section outlines the specific financial and legal terms of the notes that are more generally described under “Description of Debt” on page 20 of the accompanying prospectus. If anything described in this section is inconsistent with the terms described under “Description of Debt” in the accompanying prospectus, the terms described below shall prevail.

0.700% Guaranteed Notes due 2015 (the “2015 notes”)

- **Issuer:** BP Capital U.K.
- **Title:** 0.700% Guaranteed Notes due 2015.
- **Total principal amount being issued:** \$1,000,000,000.
- **Issuance date:** November 6, 2012.
- **Maturity date:** November 6, 2015.
- **Day count:** 30/360.
- **Day count convention:** Following Unadjusted.
- **Interest rate:** 0.700% per annum.
- **Date interest starts accruing:** November 6, 2012.
- **Interest payment dates:** Each May 6 and November 6.
- **First interest due date:** May 6, 2013.
- **Regular record dates for interest:** The 15th calendar day preceding each interest payment date, whether or not such day is a business day.
- **Further issuances:** BP Capital U.K. may, at its sole option, at any time and without the consent of the then existing note holders, issue additional 2015 notes in more transactions subsequent to the date of this prospectus supplement with terms (other than the issuance date, issue price and maturity date and the date interest starts accruing) identical to the 2015 notes issued hereby. These additional 2015 notes will be deemed to be 2015 notes issued hereby and will provide the holders of these additional 2015 notes the right to vote together with holders of the 2015 notes issued hereby. Any such additional notes will be issued with no more than *de minimis* original issue discount or be part of a “qualified reopening” of the 2015 notes.
- **Net proceeds:** The net proceeds, before expenses, will be \$997,680,000.

1.375% Guaranteed Notes due 2017 (the “2017 notes”)

- **Issuer:** BP Capital U.K.
- **Title:** 1.375% Guaranteed Notes due 2017.
- **Total principal amount being issued:** \$1,000,000,000.
- **Issuance date:** November 6, 2012.
- **Maturity date:** November 6, 2017.

- **Day count:** 30/360.
- **Day count convention:** Following Unadjusted.

S-3

Table of Contents

- **Interest rate:** 1.375% per annum.
- **Date interest starts accruing:** November 6, 2012.
- **Interest payment dates:** Each May 6 and November 6.
- **First interest due date:** May 6, 2013.
- **Regular record dates for interest:** The 15th calendar day preceding each interest payment date, whether or not such day is a business day.
- **Optional make-whole redemption:** BP Capital U.K. has the right to redeem the 2017 notes, in whole or in part, at any time and without the consent of the then existing note holders, at a price equal to the greater of (i) 100% of the principal amount of the 2017 notes to be redeemed and (ii) the sum of the present value of the payments of principal and interest on the 2017 notes to be redeemed (not including any portion of payments of interest accrued and unpaid to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the yield then in effect for the comparable treasury issue (expressed as a percentage) in each case accrued and unpaid interest to the date of redemption. For purposes of determining the optional make-whole redemption price, the yield then in effect for the comparable treasury issue (expressed as a percentage) are applicable. “Treasury rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield then in effect for the comparable treasury issue (expressed as a percentage) (on a day count basis) of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage) equal to the comparable treasury price for such redemption date. “Comparable treasury issue” means the U.S. Treasury security or securities then in effect for the comparable treasury issue, as determined by the quotation agent as having an actual or interpolated maturity comparable to the remaining term of the 2017 notes to be redeemed that would be in effect for the comparable treasury issue, as determined by the quotation agent and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity and term. “Comparable treasury price” means, with respect to any redemption date, the average of the reference treasury dealer quotations for the comparable treasury issue (expressed as a percentage) as determined by the quotation agent. “Quotation agent” means one of the reference treasury dealers appointed by BP Capital U.K. “Reference treasury dealer” means HSBC Securities (USA) Inc. and UBS Securities LLC or their affiliates, each of which is a primary U.S. government securities dealer (each a “primary treasury dealer”), and their respective successors, and two other primary treasury dealers selected by BP Capital U.K. If any of the foregoing shall cease to be a primary treasury dealer, BP Capital U.K. shall substitute therefor another primary treasury dealer. “Reference treasury dealer quotations” means with respect to each reference treasury dealer and any redemption date, the average, as determined by the quotation agent, of the reference treasury dealer quotations for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the quotation agent by the reference treasury dealer at 5:00 p.m. New York time on the third business day preceding such redemption date.
- **Further issuances:** BP Capital U.K. may, at its sole option, at any time and without the consent of the then existing note holders, issue additional 2017 notes in more transactions subsequent to the date of this prospectus supplement with terms (other than the issuance date, issue price and issue yield) identical to the 2017 notes issued hereby. These additional 2017 notes will be deemed to be 2017 notes issued hereby and will provide the holders of these additional 2017 notes the right to vote together with holders of the 2017 notes issued hereby. If such additional notes will be issued with no more than *de minimis* original issue discount or be part of a “qualified reopening” of the 2017 notes issued hereby, the terms of the 2017 notes issued hereby shall apply to such additional notes.
- **Net proceeds:** The net proceeds, before expenses, will be \$997,480,000.

2.500% Guaranteed Notes due 2022 (the “2022 notes”)

- **Issuer:** BP Capital U.K.
- **Title:** 2.500% Guaranteed Notes due 2022.

Table of Contents

- **Total principal amount being issued:** \$1,000,000,000.
- **Issuance date:** November 6, 2012.
- **Maturity date:** November 6, 2022.
- **Day count:** 30/360.
- **Day count convention:** Following Unadjusted.
- **Interest rate:** 2.500% per annum.
- **Date interest starts accruing:** November 6, 2012.
- **Interest payment dates:** Each May 6 and November 6.
- **First interest due date:** May 6, 2013.
- **Regular record dates for interest:** The 15th calendar day preceding each interest payment date, whether or not such day is a business day.
- **Optional make-whole redemption:** BP Capital U.K. has the right to redeem the 2022 notes, in whole or in part, at any time and from time to time at a price equal to the greater of (i) 100% of the principal amount of the 2022 notes to be redeemed and (ii) the sum of the present value of the scheduled payments of principal and interest on the 2022 notes to be redeemed (not including any portion of payments of interest accrued and unpaid to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the yield then in effect for the comparable treasury issue, in each case accrued and unpaid interest to the date of redemption. For purposes of determining the optional make-whole redemption price, the yields then in effect are applicable. “Treasury rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield then in effect (on a day count basis) of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date. “Comparable treasury issue” means the U.S. Treasury security or securities then in effect and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity. “Comparable treasury price” means, with respect to any redemption date, the average of the reference treasury dealer quotations then in effect. “Quotation agent” means one of the reference treasury dealers appointed by BP Capital U.K. “Reference treasury dealer” means HSBC Securities (USA) Inc. and UBS Securities LLC or their affiliates, each of which is a primary U.S. government securities dealer (each a “primary treasury dealer”), and their respective successors, and two other primary treasury dealers selected by BP Capital U.K. If any of the foregoing shall cease to be a primary treasury dealer, BP Capital U.K. shall substitute therefor another primary treasury dealer. “Reference treasury dealer quotations” means with respect to each reference treasury dealer and any redemption date, the average, as determined by the quotation agent, of the quotations for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the quotation agent by the reference treasury dealer at 5:00 p.m. New York time on the third business day preceding such redemption date.
- **Further issuances:** BP Capital U.K. may, at its sole option, at any time and without the consent of the then existing note holders, issue additional 2022 notes in more transactions subsequent to the date of this prospectus supplement with terms (other than the issuance date, issue price and yield) identical to the 2022 notes issued hereby. These additional 2022 notes will be deemed to be part of the 2022 notes issued hereby and will provide the holders of these additional 2022 notes the right to vote together with the holders of the 2022 notes issued hereby.

[Table of Contents](#)

holders of the 2022 notes issued hereby, provided that such additional notes will be issued with no more than *de minimis* original issue discount (“qualified reopening” for U.S. federal income tax purposes.

- **Net proceeds:** The net proceeds, before expenses, will be \$990,080,000.

The following terms apply to each of the notes:

- **Guarantee:** Payment of the principal of and interest on the notes is fully guaranteed by BP. For more information about the guarantee, see “Description of Debt Securities and Guarantees” beginning on page 20 of the accompanying prospectus.
- **Denomination:** The notes will be issued in denominations of \$1,000 and integral multiples of \$1,000.
- **Business day:** If any payment is due in respect of the notes on a day that is not a business day, it will be made on the next following business day. Interest will accrue on the payment so deferred. A “business day” for these purposes is any weekday on which banking or trust business in London are authorized generally or obligated by law, regulation or executive order to close.
- **Ranking:** The notes are unsecured and unsubordinated and will rank equally with all of BP Capital U.K.’s other unsecured and unsubordinated debt.
- **Payment of additional amounts:** Under current law, payments of interest on the 2015 notes, the 2017 notes or the 2022 notes, without withholding or deduction for or on account of U.K. income tax, and no additional amounts will therefore be payable, payments of interest on the 2015 notes or the 2022 notes, as the case may be, are listed on a “recognised stock exchange” within the meaning of Section 1005 of the Internal Revenue Code. The New York Stock Exchange is a “recognised stock exchange” at the date hereof.
- **Form of notes:** The notes will be issued as one or more global securities. You should read “Legal Ownership—Global Securities” in the accompanying prospectus for more information about global securities.
- **Name of depository:** The Depository Trust Company, commonly referred to as “DTC”.
- **Trading through DTC, Clearstream, Luxembourg and Euroclear:** Initial settlement for the notes will be made in immediate delivery. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC’s rules and will be settled in immediate delivery through the Same-Day Funds Settlement System. Secondary market trading between Clearstream Banking, société anonyme, in Luxembourg, and/or Euroclear Bank S.A./N.V. (“Euroclear”) participants will occur in the ordinary way in accordance with the applicable procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional Euroclear funds. For more information about global securities held by DTC through Clearstream, Luxembourg or Euroclear, you should read “Description of Debt Securities and Guarantees—Global Securities” beginning on page 30 of the accompanying prospectus.
- **Listing:** Application will be made to list the notes on the New York Stock Exchange though neither BP Capital U.K. nor BP Capital U.S. has obtained listing.
- **Redemption:** The notes are not redeemable, except as described under “Description of Debt Securities and Guarantees—Optional Redemption” in the accompanying prospectus and as described under “—1.375% Guaranteed Notes due 2017—Optional make-whole redemption” and “—1.375% Guaranteed Notes due 2022—Optional make-whole redemption”. The provisions for optional tax redemption described in the prospectus apply to the 2017 notes occurring after November 1, 2012. At maturity, the notes will be repaid at par.

[Table of Contents](#)

- **Sinking fund:** There is no sinking fund.
- **Trustee:** BP Capital U.K. will issue the notes under an indenture with The Bank of New York Mellon Trust Company, N.A. (a) as trustee, dated as of March 8, 2002, which is referred to on page 20 of the accompanying prospectus, as supplemented by a s of New York Mellon Trust Company, N.A., as trustee, to be entered into on November 6, 2012.
- **Use of proceeds:** The net proceeds from the sale of the notes will be used for general corporate purposes, including working the BP Group and the repayment of existing borrowings of BP and its subsidiaries.
- **Governing law and jurisdiction:** The indenture, the notes and the guarantee are governed by New York law. Any legal procee indenture, the notes or the guarantee may be instituted in any state or federal court in the Borough of Manhattan in New York C

BP Capital U.K.'s principal executive offices are located at Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP, England.

[Table of Contents](#)**GENERAL INFORMATION****Documents Available**

BP files annual reports and other reports and information with the Securities and Exchange Commission (the "SEC"). Any document filed with the SEC is available for review and copying at the SEC's Public Reference Room at 100 F Street N.E., Washington, D.C. 20549. You may obtain more information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. BP's filings are also available to the public at the SEC's website at <http://www.sec.gov>.

The SEC allows BP to incorporate by reference in the prospectus supplement information contained in documents that BP files with the SEC. Information incorporated by reference is an important part of this prospectus supplement and the attached prospectus. BP incorporates by reference in this prospectus supplement documents and any future filings that it makes with the SEC under Sections 13(a), 13(c) and 15(d) of the Securities Exchange Act of 1934, as amended, in connection with offerings using this prospectus supplement and the attached prospectus:

- Annual Report of BP on Form 20-F for the fiscal year ended December 31, 2011 dated March 6, 2012.
- The Reports on Form 6-K filed with the SEC on the following dates, each of which indicates on its cover that it is incorporated by reference in this prospectus supplement: 2012, October 30, 2012 and November 1, 2012.

The information that BP files with the SEC, including future filings, automatically updates and supersedes information in documents filed with the SEC appearing in this prospectus supplement is qualified in its entirety by the information and financial statements, including the notes, contained in such filings incorporated by reference in this prospectus supplement.

The Annual Report on Form 20-F for the fiscal year ended December 31, 2011 of BP contains a summary description of BP's business operations and financial statements with a report by our independent registered public accounting firm. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS as adopted by the European Union. IFRS as adopted by the European Union differs in certain respects from IFRS as issued by the IASB; however, the differences have no impact on the group's consolidated financial statements.

You may request a copy of the filings referred to above, excluding the exhibits to such filings, at no cost, by writing or telephoning BP:

BP p.l.c.
1 St. James' Square
London SW1Y 4PD
United Kingdom
Tel. No.: +44 (0) 20 7496 4000

You should rely only on the information that BP Capital U.K. and BP incorporate by reference or provide in this prospectus supplement. Neither BP Capital U.K. nor BP have authorized anyone to provide you with different information. BP Capital U.K. is not making an offer of securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of the date on the front of those documents. Furthermore, each document incorporated by reference is current only as of the date of such document, and such documents shall not create any implication that there has been no change in the affairs of BP Capital U.K. or BP since the date thereof or that the information is current as of any time subsequent to its date.

[Table of Contents](#)

Notices

As long as the notes are issued in global form, notices to be given to holders of the notes will be given to DTC, in accordance with its time.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of a notice given to another holder.

Clearance Systems

The notes have been accepted for clearance through the DTC, Euroclear and Clearstream, Luxembourg systems. The 2015 notes have CUSIP 05565QCA4 and ISIN US05565QCA40. The 2017 notes have the following codes: CUSIP 05565QCC0 and ISIN US05565QCC06. The 2020 notes have CUSIP 05565QCB2 and ISIN US05565QCB23.

[Table of Contents](#)

RATIO OF EARNINGS TO FIXED CHARGES
(unaudited)

	Nine months ended	2011	2010
	September 30, 2012	14.5	14.5
For the BP Group in accordance with IFRS(1)	7.1	14.5	14.5

Fixed charges for all computations consist of interest (including capitalized interest) on all indebtedness, amortization of debt discount and expense representative of the interest factor.

- (1) Earnings consist of profit before taxation, after eliminating the BP Group's share of undistributed income of equity-accounted entities.
- (2) For the year ended December 31, 2010, earnings are inadequate to cover fixed charges. The deficiency for the year ended December 31, 2010 was \$1.1 billion.

[Table of Contents](#)**CAPITALIZATION AND INDEBTEDNESS**

The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of September 30, 2012 in a

Share capital

Capital shares (1)-(2)
 Paid-in surplus (3)
 Merger reserve (3)
 Own shares
 Available-for-sale investments
 Cash flow hedges
 Foreign currency translation reserve
 Treasury shares
 Share-based payment reserve
 Profit and loss account
 BP shareholders' equity

Finance debt (4)-(7)

Due within one year
 Due after more than one year
 Total finance debt

Total Capitalization (8)

- (1) Issued share capital as of September 30, 2012 comprised 19,053,994,550 ordinary shares, par value US\$0.25 per share, and 12,706,311 ordinary shares, par value £1 per share. This excludes 1,829,130,811 ordinary shares which have been bought back and held in treasury by BP. These shares are held in relation to the payment of dividends and voting at shareholders' meetings.
- (2) Capital shares represent the ordinary shares of BP which have been issued and are fully paid.
- (3) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.
- (4) Finance debt recorded in currencies other than US dollars has been translated into US dollars at the relevant exchange rates existing on September 30, 2012.
- (5) Obligations under finance leases are included within finance debt in the above table.
- (6) As of September 30, 2012, the parent company, BP p.l.c., had outstanding guarantees totaling US\$45,875 million, of which US\$45,844 million in respect of liabilities of subsidiary undertakings, including US\$45,104 million relating to borrowings by subsidiaries. Thus 92% of the guarantees are guaranteed by BP p.l.c.
- At September 30, 2012, US\$142 million of finance debt (US\$133 million at June 30, 2012, US\$128 million at September 30, 2011) was secured and no finance debt was secured in connection with deposits received relating to certain disposal transactions expected to complete in 2012, US\$3,530 million at September 30, 2011). In addition, in connection with US\$1,927 million of finance debt (US\$2,066 million at September 30, 2011), BP has entered into crude oil sales contracts in respect of oil produced from certain fields in offshore Angola and the lending banks. The remainder of finance debt was unsecured.
- (7) As of October 25, 2012, BP's outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above

- million.
- (8) Apart from the change in note (7) above, there has been no material change since September 30, 2012 in the consolidated capitalization

[Table of Contents](#)**UNITED STATES TAXATION**

This section describes the material United States federal income tax consequences of owning the notes we are offering. This section is titled “United States Taxation—Considerations—United States Taxation” in the accompanying prospectus. It applies to you only if you acquire notes in the offering at the offering price for capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns notes that are a hedge or that are hedged against interest rate or currency risks,
- a person that owns notes as part of a straddle or conversion transaction for tax purposes,
- a person that purchases or sells notes as part of a wash sale for tax purposes, or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

If you purchase notes at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. Consult your tax advisor regarding this possibility.

If a partnership holds the notes, the United States federal income tax treatment of a partner will generally depend on the status of the partnership. A partner in a partnership holding the notes should consult the partner’s tax advisor with regard to the United States federal income tax consequences of owning the notes.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations and published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

Please consult your own tax advisor concerning the consequences of owning these notes in your particular circumstances under the Internal Revenue Code and any other taxing jurisdiction (including states and localities).

United States Holders

This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of the notes.

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust’s administration and one or more United States persons exercise substantial decisions of the trust.

[Table of Contents](#)

If you are not a United States holder, this subsection does not apply to you and you should refer to “—United States Alien Holders” below.

Payments of Interest

You will be taxed on interest on your debt security as ordinary income at the time you receive the interest or when it accrues, depending on your tax purposes.

Purchase, Sale and Retirement of the Notes

Your tax basis in your debt security generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of the debt security as the difference between the amounts you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be included in your tax basis in your debt security). Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than one year.

Medicare Tax

For taxable years beginning after December 31, 2012, a United States holder that is an individual or estate, or a trust that does not fall within an exemption, exempt from such tax, will be subject to a 3.8% Medicare tax on the lesser of (1) the United States holder's “net investment income” for the taxable year and (2) 140% of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be \$250,000, depending on the individual's circumstances). A United States holder's net investment income will generally include its interest in the debt security on disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the Medicare tax to your income and gains in respect of your investment in the notes.

United States Alien Holders

If you are a United States alien holder (as defined in the accompanying prospectus), you generally will not be subject to United States withholding tax with respect to payments on your notes. Please see the discussion under “Tax Considerations—United States Taxation—United States Alien Holders” in the accompanying prospectus.

Information with Respect to Foreign Financial Assets

Owners of “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) are required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” include any financial accounts maintained by the owner, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by foreign issuers, (ii) financial instruments and contracts held for investment that have non-United States issuers or counterparties, and (iii) interests in foreign entities. You are urged to consult your tax advisors regarding the application of this legislation to their ownership of the notes.

[Table of Contents](#)**UNDERWRITING**

Each underwriter named below has severally agreed, subject to the terms and conditions of the Purchase Agreement with BP Capital U.K. and BP Capital U.S., to purchase the principal amount of notes set forth below opposite its name. The underwriters are committed to purchase the principal amount of notes they have agreed to purchase.

<u>Underwriter</u>	<u>Principal Amount of 2015 Notes</u>	<u>Principal Amount of 2017 Notes</u>	<u>P</u>
Barclays Capital Inc.	\$ 166,667,000	\$ 166,667,000	\$
BNP Paribas Securities Corp.	\$ 166,667,000	\$ 166,667,000	\$
Citigroup Global Markets Inc.	\$ 166,667,000	\$ 166,667,000	\$
Goldman, Sachs & Co.	\$ 166,667,000	\$ 166,667,000	\$
HSBC Securities (USA) Inc.	\$ 166,666,000	\$ 166,666,000	\$
UBS Securities LLC	\$ 166,666,000	\$ 166,666,000	\$
Total	\$ 1,000,000,000	\$ 1,000,000,000	\$

The notes are a new issue of securities with no established trading market. Application will be made to list the notes on the New York Stock Exchange. No assurance can be given that the notes will be listed on the New York Stock Exchange, and if so listed, the listing does not assure that a trading market will develop for the notes. BP Capital U.K. and BP have been advised by the underwriters that the underwriters intend to make a market in the notes but are not obligated to do so and are not making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

BP Capital U.K. and BP have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters propose to offer the notes initially at the offering price on the cover page of this prospectus supplement. The underwriters may offer the notes to certain dealers at a discount from the initial public offering price of up to 0.075% of the principal amount of the 2015 notes, up to 0.100% of the principal amount of the 2017 notes, and up to 0.150% of the principal amount of the 2022 notes. These securities dealers may resell any notes purchased from the underwriters to other dealers at a discount from the initial public offering price of up to 0.045% of the principal amount of the 2015 notes, up to 0.050% of the principal amount of the 2017 notes, and up to 0.075% of the principal amount of the 2022 notes. If the underwriters cannot sell all the notes at the initial offering price, they may change the offering price and the offering period. The offering of the notes by the underwriters is subject to receipt and acceptance of the notes and subject to each underwriter's right to reject any order in whole or in part.

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage services. In the course of their various businesses, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade securities and related derivative securities and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may also make or hold short positions in such securities and instruments. The underwriters and their respective affiliates may also make or hold short positions in such securities and instruments.

Table of Contents

In order to facilitate the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or support the price of the notes during a limited period after the issue date. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in the notes. In addition, to cover over-allotments or to stabilize the price of the notes, the underwriters may bid for, and purchase, notes in the open market. The underwriters may maintain the market price of the notes above independent market levels. The underwriters are not required to engage in these activities, and may discontinue them at any time.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), the issuer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (“Relevant Member State Implementation Date”), it has not made and will not make an offer of the notes which are the subject of the offering contemplated by the prospectus supplement to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Member State Implementation Date, make an offer of the notes to the public in that Relevant Member State:

- to legal entities which are qualified investors as defined in the Prospectus Directive;
- to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to the prior approval of the relevant underwriter or underwriters nominated by BP Capital U.K. for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require BP Capital U.K. or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State shall mean an offer of notes in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and the expression “implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Each underwriter has further represented and agreed that:

- it has complied and will comply with all the applicable provisions of the Financial Services and Markets Act 2000 (“FSMA”) in relation to the notes in, from or otherwise involving the United Kingdom; and
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which the FSMA does not apply to BP Capital U.K. or BP.

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the notes being offered or sold to the public.

Table of Contents

document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Act) and the underwriter has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, other than to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may it be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institution defined in the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), as defined in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not a corporation whose business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures or other securities of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or the beneficiaries’ rights and interest in that trust is acquired under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

This prospectus supplement is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) persons who are within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth persons who may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). No offer, invitation, or agreement to subscribe, purchase or otherwise acquire the notes will be engaged in only with, relevant persons. No person should act or rely on this document or any of its contents.

In any Relevant Member State this communication is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive or will be made otherwise in circumstances that do not require BP Capital U.K. to publish a prospectus pursuant to the Prospectus Directive.

This prospectus supplement has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of notes. Accordingly, no offer of notes will be made in any Relevant Member State unless and until a prospectus has been published in that Relevant Member State.

Table of Contents

or intending to make an offer in that Relevant Member State of notes that are the subject of the offering contemplated in the prospectus as supplement may only do so in circumstances in which no obligation arises for BP Capital U.K. or any of the underwriters to publish a prospectus in relation to such offer. Neither BP Capital U.K. nor any of the underwriters have authorized, nor do they authorize, the circumstances in which an obligation arises for BP Capital U.K. or any of the underwriters to publish a prospectus for such offer.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offers of notes under the prospectus supplement and the prospectus will be deemed to have represented, warranted and agreed to and with each underwriter and BP Capital U.K.

- it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive;
- in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the notes acquired have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the notes to it is not treated under the Prospectus Directive as having been made to such persons.

[Table of Contents](#)

BP CAPITAL MARKETS P.L.C.

GUARANTEED DEBT SECURITIES
Fully and unconditionally guaranteed by

BP p.l.c.

BP Capital Markets p.l.c. may use this prospectus to offer from time to time guaranteed debt securities.

We urge you to read this prospectus and the accompanying prospectus supplement carefully before you invest. We may sell these securities also to other purchasers or through agents. The names of the underwriters will be set forth in the accompanying prospectus supplement.

Investing in these securities involves certain risks. See “[Risk Factors](#)” beginning on page 2.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus Supplement

<http://www.sec.gov/Archives/edgar/data/31>

Prospectus dated March 7, 2012

[Table of Contents](#)

TABLE OF CONTENTS

[About this Prospectus](#)

[Risk Factors](#)

[Forward-Looking Statements](#)

[Where You Can Find More Information About Us](#)

[BP p.l.c.](#)

[Description of BP Capital Markets p.l.c.](#)

[Capitalization and Indebtedness of BP p.l.c.](#)

[Use of Proceeds](#)

[Legal Ownership](#)

[Description of Debt Securities and Guarantees](#)

[Clearance and Settlement](#)

[Tax Considerations](#)

[Plan of Distribution](#)

[Validity of Securities](#)

[Experts](#)

[Enforceability of Certain Civil Liabilities](#)

[Expenses](#)

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, utilizing Form S-3. The prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that contains more detailed information about the terms of those securities and their offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading “Where You Can Find More Information About Us”.

In this prospectus, the terms “we”, “our” and “us” refer to BP p.l.c. and BP Capital Markets p.l.c.; “BP” refers to BP p.l.c.; “BP Group” refers to BP p.l.c. and BP Capital Markets p.l.c.; and “BP Capital U.K.” refers to BP Capital Markets p.l.c.

[Table of Contents](#)**RISK FACTORS**

Investing in the securities offered using this prospectus involves risk. We urge you to consider carefully the risks described below, the documents incorporated by reference into this prospectus and any risk factors included in the prospectus supplement, before you decide to invest. The potential impact of their occurrence could be for our business, financial condition and results of operations to suffer (including through strategic priorities) and the trading price and liquidity of our securities to decline, in which case you may lose all or part of your investment.

Our system of risk management identifies and provides the response to risks of group significance through the establishment of standards. Failure of this system could lead to the occurrence, or re-occurrence, of any of the risks described below and a consequent material adverse effect on our competitive position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda.

The risks are categorized against the following areas: strategic; compliance and control; and safety and operational. In addition, risks for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident) and those related to the general macroeconomic environment.

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP.

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on our reputation and on our licence to operate including our ability to access new opportunities. There is also significant uncertainty regarding potential changes in the operating environment that may result from the Incident. These increase the risks to which the group is exposed and may cause our costs to increase and to continue for a significant period. Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US.

We recognized a pre-tax charge of \$40.9 billion in 2010 and a pre-tax credit of \$3.7 billion in 2011 as a result of the Incident. The total amount of claims payable by BP in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be significantly higher. Furthermore, the amount of claims that become payable by BP, the amount of fines ultimately levied on BP (including any potential determination of negligence), the outcome of litigation, the amount and timing of payments under any settlements, and any costs arising from any longer-term environmental spill, will also impact upon the ultimate cost for BP. Although the provision recognized is the current best estimate of expenditures required to the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably. The risks associated with the Incident heighten the impact of the other risks to which the group is exposed as further described below.

The general macroeconomic outlook can affect BP's results given the nature of our business.

In the continuing uncertain financial and economic environment, certain risks may gain more prominence either individually or when taken together. The market is volatile, with average prices and margins influenced by changes in supply and demand. This is likely to exacerbate competition in all business areas and margins. At the same time, governments are facing greater pressure on public finances, which may increase their motivation to intervene in the oil and gas industry, including the risk of increased taxation, nationalization and expropriation. The global financial and economic situation may affect the parties with whom we do, or may do, business. In particular, ongoing instability in or a collapse of the eurozone could trigger a new wave of

[Table of Contents](#)

push the world back into recession, leading to lower demand and lower oil and gas prices. Any of these factors may affect our results of operations and prospects and liquidity and may result in a decline in the trading price and liquidity of our securities.

Capital markets are subject to volatility amid concerns over the European sovereign debt crisis and the slow-down of the global economy. Constraints in these markets, or if we are unable to access the markets, including due to our financial position or market sentiment as to our prospects, from our business operations may be under pressure, our ability to maintain our long-term investment programme may be impacted with a consequence that may impact shareholder returns, including dividends and share buybacks, or share price. Decreases in the funded levels of our pension plans may impact our requirements.

Strategic risks

Access and renewal – BP’s future hydrocarbon production depends on our ability to renew and reposition our portfolio. Increasing competition for opportunities, the effects of the Gulf of Mexico oil spill on our reputation and cash flows, and more stringent regulation could result in a global impact.

Successful execution of our group strategy depends on implementing activities to renew and reposition our portfolio. The challenges to renewal are growing due to increasing competition for access to opportunities globally among both national and international oil companies, and heightened regulatory requirements in certain countries where significant hydrocarbon basins are located. Lack of material positions in new markets could impact our future hydrocarbon production.

Moreover, the Gulf of Mexico oil spill has damaged BP’s reputation, which may have a long-term impact on the group’s ability to access opportunities and elsewhere. Adverse public, political and industry sentiment towards BP, and towards oil and gas drilling activities generally, could damage our relationships with counterparties, partners and host governments and could impair our access to new investment opportunities, exploration and production, and essential commercial arrangements with potential partners and host governments, particularly in the US. In addition, responding to the Incident has placed a significant burden on our cash flow over the next several years, which could also impede our ability to invest in new opportunities and access to opportunities.

More stringent regulation of the oil and gas industry generally, and of BP’s activities specifically, arising from the Incident, could increase our costs.

Prices and markets – BP’s financial performance is subject to the fluctuating prices of crude oil and gas as well as the volatile prices of oil and gas. This could impact the profitability of our refining and petrochemicals operations.

Oil, gas and product prices are subject to international supply and demand. Political developments and the outcome of meetings of OPEC can impact oil prices. Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources, which may not improve margin performance. In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a fall in oil prices or other indicators would lead to further reviews for impairment of the group’s oil and natural gas properties. Such reviews would result in a charge for impairment of oil and natural gas prices and could result in a charge for impairment that could have a significant effect on the group’s results of operations if there is a material or sustained change in oil, gas and product prices can impact the validity of the assumptions on which strategic decisions are based. If those assumptions derived from those decisions may no longer be appropriate. A prolonged period of low oil prices may impact our ability to maintain our long-term growth rate and may impact shareholder returns, including dividends.

[Table of Contents](#)

and share buybacks, or share price. Periods of global recession could impact the demand for our products, the prices at which they can be sold in the markets in which we operate.

Refining profitability can be volatile, with both periodic over-supply and supply tightness in various regional markets, coupled with fluctuations in the petrochemicals industry are also subject to fluctuations in supply and demand, with a consequent effect on prices and profitability.

Climate change and carbon pricing – climate change and carbon pricing policies could result in higher costs and reduction in future revenue opportunities.

Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes, increased operating costs, and revenue generation and strategic growth opportunities being impacted. Our commitment to the transition to a lower-carbon economy for our activities, and the level of participation in alternative energies carries reputational, economic and technology risks.

Socio-political – the diverse nature of our operations around the world exposes us to a wide range of political developments and consequences in our operating environment, regulatory environment and law.

We have operations, and are seeking new opportunities, in countries where political, economic and social transition is taking place. Some countries could experience in the future, political instability, changes to the regulatory environment, changes in taxation, expropriation or nationalization of property and insurrections. Any of these conditions occurring could disrupt or terminate our operations, causing our development activities to be curtailed and our production to decline, could limit our ability to pursue new opportunities and could cause us to incur additional costs. In particular, our operations in Egypt, Libya, Bolivia, Argentina and other countries could be adversely affected by heightened political and economic environment risks.

We set ourselves high standards of corporate citizenship and aspire to contribute to a better quality of life through the products and services we produce that we are not respecting or advancing the economic and social progress of the communities in which we operate, our reputation and share price could be impacted.

Competition – BP's group strategy depends upon continuous innovation in a highly competitive market.

The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, needs of commerce, industry and the home. Competition puts pressure on product prices, affects oil products marketing and requires continuous investment in R&D, costs and improving efficiency, while ensuring safety and operational risk is not compromised. The implementation of group strategy requires innovation and innovation including advances in exploration, production, refining, petrochemicals manufacturing technology and advances in technology. Our performance could be impeded if competitors developed or acquired intellectual property rights to technology that we required or if our innovation is not successful.

Investment efficiency – poor investment decisions could negatively impact our business.

Our organic growth is dependent on creating a portfolio of quality options and investing in the best options. Ineffective investment selection could result in lower value and higher capital expenditure.

Reserves replacement – inability to progress upstream resources in a timely manner could adversely affect our long-term replacement of our business.

Successful execution of our group strategy depends critically on sustaining long-term reserves replacement. If upstream resources are not produced in a timely manner, we will be unable to sustain long-term replacement of reserves.

Table of Contents

Liquidity, financial capacity and financial exposure – failure to operate within our financial framework could impact our ability to operate. Exchange rate fluctuations can impact our underlying costs and revenues.

The group seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity of assessed capital at risk for the purposes of positions taken in financial instruments. Failure to accurately forecast or maintain sufficient liquidity could impact our ability to operate and result in a financial loss. Commercial credit risk is measured and controlled to determine the group's ability to adequately cover our credit exposure could lead to financial loss. A credit crisis affecting banks and other sectors of the economy could impact the group's financial obligations to the group. It could also affect our ability to raise capital to fund growth and to meet our obligations. The change in the group's strategy in 2010 to make it more prudent may not be sufficient to avoid a substantial and unexpected cash call.

BP's clean-up costs and potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions taken together with the potential cost of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have the potential for a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and strategic agenda, particularly in the US. Furthermore, we recognized a pre-tax charge of \$40.9 billion in 2010 and a pre-tax credit of \$3.7 billion in 2011. These liabilities may continue to have a material adverse effect on the group's results of operations and financial condition. More stringent regulation from the Incident, and of BP's activities specifically, could increase this risk.

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies. Fluctuations in exchange rates and foreign exchange exposures, with a consequent impact on underlying costs and revenues.

Insurance – BP's insurance strategy means that the group could, from time to time, be exposed to material uninsured losses which could impact BP's financial condition and results of operations.

In the context of the limited capacity of the insurance market, many significant risks are retained by BP. The group generally restricts its purchases of insurance, where this is required for legal or contractual reasons. This means that the group could be exposed to material uninsured losses, which could have a material adverse effect on the group's financial condition and results of operations. In particular, these uninsured costs could arise at a time when BP is facing material costs arising from the Incident, which could put pressure on BP's liquidity and cash flows. For example, BP has borne and will continue to bear the entire burden of its share of any property damage, clean-up and third-party liability expenses arising out of the Gulf of Mexico oil spill.

Compliance and control risks

Regulatory – the oil industry in general, and in particular the US industry following the Gulf of Mexico oil spill, faces increased regulatory requirements which could impact our regulatory compliance and limit our access to new exploration properties.

After the Gulf of Mexico oil spill, it is likely that there will be more stringent regulation of oil and gas activities in the US and elsewhere, particularly in the areas of health and safety controls and oversight of drilling operations, as well as access to new drilling areas. Regulatory or legislative action may be taken that could be directed specifically towards BP. The US government imposed a moratorium on certain offshore drilling activities, which was subsequently lifted. Similar actions may be taken by governments elsewhere in the world. New regulations and legislation, as well as evolving practices, could

[Table of Contents](#)

increase the cost of compliance and may require changes to our drilling operations, exploration, development and decommissioning plans, and may also limit our ability to capitalize on our assets and limit our access to new exploration properties or operatorships, particularly in the deepwater Gulf of Mexico. In addition, and other amounts payable to governments or governmental agencies, or restrictions on availability of tax relief, could also be imposed as a result of new laws and regulations or other factors.

In addition, the oil industry is subject to regulation and intervention by governments throughout the world in such matters as the award of mineral rights, interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning (including restrictions on production) and, possibly, nationalization, expropriation, cancellation or non-renewal of contract rights. We buy, sell and trade in regulated commodity markets. Failure to respond to changes in trading regulations could result in regulatory action and damage to our reputation. In addition, the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operations may have a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or other factors, we may cease certain operations, or we could incur additional costs.

Ethical misconduct and non-compliance – ethical misconduct or breaches of applicable laws by our employees could be damaging to our reputation and share value.

Our code of conduct, which applies to all employees, defines our commitment to integrity, compliance with all applicable legal requirements and the behaviours and actions we expect of our businesses and people wherever we operate. Our renewed values, which were launched in 2011, are a guide to how our employees behave and do business. Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-corruption and other applicable laws could be damaging to our reputation and shareholder value. Multiple events of non-compliance could occur in our operations. For example, in our trading businesses, there is the risk that a determined individual could operate as a ‘rogue trader’, acting in breach of our code of conduct and in contravention of our renewed values in pursuit of personal objectives that could be to the detriment of BP and its shareholders.

Liabilities and provisions – BP’s potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions in relation to the oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated, and are expected to continue to have, a material adverse impact on the group’s business.

Under the Oil Pollution Act of 1990 (OPA 90), BP Exploration & Production Inc. is one of the parties financially responsible for the clean-up and compensation for certain economic damages as provided for in OPA 90, as well as certain natural resource damages associated with the spill and certain other damages. Trustees engaged in a joint assessment of such natural resource damages.

BP and certain of its subsidiaries have also been named as defendants in numerous lawsuits in the US arising out of the Incident, including claims for wrongful death, purported class actions for commercial or economic injury, actions for breach of contract, violations of statutes, property and securities law claims and various other claims.

BP is subject to a number of investigations related to the Incident by numerous federal and State agencies. The types of enforcement actions and remedies sought will depend on the discretion of the prosecutors and regulatory authorities and, in some circumstances, their assessment of the merits of the investigations. Such enforcement actions could include criminal proceedings against BP and/or employees of the group. In addition to fines and penalties, such actions could result in the suspension

Table of Contents

of operating licences and debarment from government contracts. Debarment of BP Exploration & Production Inc. would prevent it from bidding for contracts or other federal transactions, and from obtaining new orders or extensions to existing federal contracts, including federal procurement contracts. In the circumstances, debarment or suspension may also be sought against affiliated entities of BP Exploration & Production Inc. Although BP has recovered some costs of the spill that are recoverable from its partners and other parties responsible under OPA 90, and although settlements have been agreed during the litigation with the contractor, and the manufacturer of the blowout preventer at the Macondo well, further recoveries are not certain and so have not been recognized.

Any finding of gross negligence for purposes of penalties sought against the group under the Clean Water Act would also have a material adverse effect on our reputation, would affect our ability to recover costs relating to the Incident from other parties responsible under OPA 90 and could affect the group with respect to the Incident under enforcement actions outside the Clean Water Act context.

The Gulf of Mexico oil spill has damaged BP's reputation. This, combined with other past events in the US (including the 2005 explosion and 2006 pipeline leaks in Alaska), may lead to an increase in the number of citations and/or the level of fines imposed in relation to the Gulf of Mexico breaches of safety or environmental regulations.

Claims by individuals and businesses under OPA 90's claims process have been administered by the Gulf Coast Claims Facility (GCCF). The GCCF was appointed jointly by BP and the US Administration. The proposed economic loss settlement reached with the Plaintiffs' Steering Committee and individual and business plaintiffs in MDL 2179, provides for a transition from the GCCF. A court-supervised transitional claims process for the group will be in operation while the infrastructure for the new settlement claims process is put in place. During this transitional period, the processing of claims under the GCCF will continue, and new claimants may submit their claims.

The proposed settlement is subject to final written agreement and court approvals and payments under the proposed settlement, and any amount recovered by BP in respect of any other individual and business claims under OPA 90, could ultimately be higher than the amount for which we have recognized.

Changes in external factors could affect our results of operations and the adequacy of our provisions.

We remain exposed to changes in the external environment, such as new laws and regulations (whether imposed by international treaty or by national jurisdictions in which we operate), changes in tax or royalty regimes, price controls, government actions to cancel or renegotiate contracts, and other factors could reduce our profitability from operations in certain jurisdictions, limit our opportunities for new access, require us to divest or otherwise dispose of assets, and affect the adequacy of our provisions for pensions, tax, environmental and legal liabilities. Potential changes to pension or financial market regulation and other requirements of the group.

Reporting – failure to accurately report our data could lead to regulatory action, legal liability and reputational damage.

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in a timely manner could result in regulatory action, legal liability and damage to our reputation.

Safety and operational risks

The risks inherent in our operations include a number of hazards that, although many may have a low probability of occurrence, can have extremely serious consequences, such as the Gulf of Mexico oil spill.

[Table of Contents](#)

The occurrence of any such risks could have a consequent material adverse impact on the group's business, competitive position, cash flows, position, prospects, liquidity, shareholder returns and/or implementation of the group's strategic goals.

Process safety, personal safety and environmental risks – the nature of our operations exposes us to a wide range of significant health risks, the occurrence of which could result in regulatory action, legal liability and increased costs and damage to our reputation.

The nature of the group's operations exposes us to a wide range of significant health, safety, security and environmental risks. The scope of the geographic range, operational diversity and technical complexity of our activities. In addition, in many of our major projects and operations, shared with third parties, such as contractors, sub-contractors, joint venture partners and associates. See 'Joint ventures and other contractual relationships' below.

There are risks of technical integrity failure as well as risk of natural disasters and other adverse conditions in many of the areas in which we operate. There is a risk of loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents.

In addition, inability to provide safe environments for our workforce and the public could lead to injuries or loss of life and could result in damage to our reputation.

Our operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion or other incident are more likely than in other locations. These operations are subject to various environmental and safety laws, regulations and permits and the consequences of non-compliance with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions. Accordingly, inherent in our operations are risks by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, damage to our reputation or denial of our licence to operate.

To help address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the group conducts its activities and identify and remediate shortfalls, BP has introduced a group-wide operating management system (OMS). Work on the application of the OMS to all businesses continues and following the Gulf of Mexico oil spill an enhanced safety and operational risk (S&OR) function has been established. There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risk or provide that all operations will be in conformance with OMS at all times.

Security – hostile activities against our staff and activities could cause harm to people and disrupt our operations.

Security threats require continuous oversight and control. Acts of terrorism, piracy, sabotage, cyber-attacks and similar activities directed at our pipelines, transportation or computer systems could cause harm to people and could severely disrupt business and operations. Our business could be disrupted by civil strife and political unrest in areas where we operate.

Product quality – failure to meet product quality standards could lead to harm to people and the environment and loss of customers.

Supplying customers with on-specification products is critical to maintaining our licence to operate and our reputation in the marketplace. Failure to do so throughout the value chain could lead to harm to people and the environment and loss of customers.

[Table of Contents](#)

Drilling and production – these activities require high levels of investment and are subject to natural hazards and other uncertainties. Environments heighten many of the drilling and production risks including those of integrity failures, which could lead to curtailment, operations, or inadequate returns from exploration expenditure.

Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to oil or natural gas field. Our exploration and production activities are often conducted in extremely challenging environments, which heighten risks and natural disasters discussed above. The cost of drilling, completing or operating wells is often uncertain. We may be required to curtail, or because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failure, conditions and compliance with governmental requirements. In addition, exploration expenditure may not yield adequate returns, for example discoveries that prove uneconomic to develop. The Gulf of Mexico oil spill illustrates the risks we face in our drilling and production activities.

Transportation – all modes of transportation of hydrocarbons involve inherent and significant risks.

All modes of transportation of hydrocarbons involve inherent risks. An explosion or fire or loss of containment of hydrocarbons or other hazardous transportation by road, rail, sea or pipeline. This is a significant risk due to the potential impact of a release on people and the environment and involved.

Major project delivery – our group plan depends upon successful delivery of major projects, and failure to deliver major projects successfully could affect financial performance.

Successful execution of our group plan depends critically on implementing the activities to deliver the major projects over the plan period. Production underpins production or production growth, including maintenance turnaround programmes, and/or a major programme designed to enhance safety affect our financial performance. Successful project delivery requires, among other things, adequate engineering and other capabilities and the development of staff is central to our plans. See 'People and capability – successful recruitment and development of staff is central to our plan

Digital infrastructure is an important part of maintaining our operations, and a breach of our digital security could result in serious damage, personal injury, damage to assets, harm to the environment, breaches of regulations, litigation, legal liabilities and reparation costs.

The reliability and security of our digital infrastructure are critical to maintaining the availability of our business applications, including the various business operations and the collection and processing of financial and operational data, as well as the confidentiality of certain third party digital security, either due to intentional actions or due to negligence, could cause serious damage to business operations and, in some circumstances, people, damage to assets, harm to the environment, breaches of regulations, litigation, legal liabilities and reparation costs.

Business continuity and disaster recovery – the group must be able to recover quickly and effectively from any disruption or incident, which could affect our business and operations.

Contingency plans are required to continue or recover operations following a disruption or incident. Inability to restore or replace critical capabilities within an agreed timeframe would prolong the impact of any disruption and could severely affect our business and operations.

[Table of Contents](#)

Crisis management – crisis management plans are essential to respond effectively to emergencies and to avoid a potentially severe disruption of operations.

Crisis management plans and capability are essential to deal with emergencies at every level of our operations. If we do not respond, or are not able to respond in an appropriate manner to either an external or internal crisis, our business and operations could be severely disrupted.

People and capability – successful recruitment and development of staff is central to our plans.

Successful recruitment of new staff, employee training, development and long-term renewal of skills, in particular technical capabilities such as engineering, are key to implementing our plans. Inability to develop human capacity and capability, both across the organization and in specific operating areas, could impact performance delivery.

In addition, significant management focus is required in responding to the Gulf of Mexico oil spill Incident. Although BP set up the Gulf of Mexico Oil Spill Response to manage the group's long-term response, key management and operating personnel will need to continue to devote substantial attention to responding to the associated consequences for the group. The group relies on recruiting and retaining high-quality employees to execute its strategic plans and operations. The Incident response has placed significant demands on our employees, and the reputational damage suffered by the group as a result of the Incident could impact on our performance and could affect employee recruitment and retention.

Treasury and trading activities – control of these activities depends on our ability to process, manage and monitor a large number of complex transactions and effectively could lead to business disruption, financial loss, regulatory intervention or damage to our reputation.

In the normal course of business, we are subject to operational risk around our treasury and trading activities. Control of these activities is highly complex and requires the process, manage and monitor a large number of complex transactions across many markets and currencies. Shortcomings or failures in our systems, internal control processes or people could lead to disruption of our business, financial loss, regulatory intervention or damage to our reputation.

Following the Gulf of Mexico oil spill, Moody's Investors Service, Standard and Poor's and Fitch Ratings downgraded the group's long-term credit ratings. Although the group's credit ratings have improved somewhat but are still lower than they were immediately before the Gulf of Mexico oil spill. The impact of the incident can have on the group's credit ratings, taken together with the reputational consequences of any such incident, the ratings and assessments by investors' concerns about the group's costs arising from any such incident, ongoing contingencies, liquidity, financial performance and volatility could increase the group's financing costs and limit the group's access to financing. The group's ability to engage in its trading activities could also be impacted and could increase the group's financial and business risk profile in such circumstances. Such counterparties could require that the group provide collateral or other security for its obligations, particularly if the group's credit ratings are downgraded. Certain counterparties for the group's non-trading businesses could also require collateral for certain of its contractual obligations, particularly if the group's credit ratings were downgraded below investment grade or were downgraded. The group's financial and business risk profile following a significant operational incident. In addition, BP may be unable to make a drawdown under its borrowing facilities in the event we are aware that there are pending or threatened legal, arbitration or administrative proceedings which, if successful, could reasonably be expected to have a material adverse effect on our ability to meet the payment obligations under any of these facilities. Credit rating agencies may require the company to review its funding arrangements with the BP pension trustees. Extended constraints on the group's ability to obtain financing could impact our operations.

[Table of Contents](#)

engage in its trading activities on acceptable terms (or at all) would put pressure on the group's liquidity. In addition, this could occur at a time when our operations would be constrained following a significant operational incident, and the group could be required to reduce planned capital expenditures and disposals in order to provide additional liquidity, as the group did following the Gulf of Mexico oil spill.

Joint ventures and other contractual arrangements – BP may not have full operational control and may have exposure to counterparties' operations and strategic objectives due to the nature of some of its business relationships.

Many of our major projects and operations are conducted through joint ventures or associates and through contracting and sub-contracting. These arrangements often involve complex risk allocation, decision-making processes and indemnification arrangements. In certain cases, we may have less control over our operations than we would have if BP had full operational control. Our partners may have economic or business interests or objectives that are inconsistent with or opposed to our interests, or veto rights to block certain key decisions or actions that BP believes are in its or the joint venture's or associate's best interests, or approve or disapprove of our operations. Additionally, our joint venture partners or associates or contractual counterparties are primarily responsible for the adequacy of the human and technical capabilities which they bring to bear on the joint project, and in the event these are found to be lacking, our joint venture partners or associates may have financial or other obligations to their counterparties or to the relevant project, potentially threatening the viability of such projects. Furthermore, incidents may occur in operations in which BP participates, whether as operator or otherwise, and where it is held that our sub-contractors or joint-venture partners are responsible for any aspects of the cost of responding to such incidents, the financial capacity of these third parties may prove inadequate to fully indemnify BP for its share of the joint venture or contractual arrangement. Should a key sub-contractor, such as a lessor of drilling rigs, be no longer able to make these payments, this could result in serious disruption to our operations. Where BP does not have operational control of a venture, BP may nonetheless still be pursued for its share of the cost of an incident.

[Table of Contents](#)**FORWARD-LOOKING STATEMENTS**

In order to utilize the 'Safe Harbor' provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing this prospectus, including documents incorporated by reference, and the related prospectus supplement may contain certain forward-looking financial condition, results of operations and businesses of BP and certain of the plans, objectives, assumptions, projections, expectations, in to these items. These statements may generally, but not always, be identified by the use of words such as 'will', 'expects', 'is expected to', 'likely to', 'intends', 'believes', 'plans', 'we see' or similar expressions. By their nature, forward-looking statements involve risk and uncertainty and depend on circumstances that will or may occur in the future and are outside the control of BP. Actual results may differ materially from those depending on a variety of factors, including the specific factors identified in the discussions accompanying such forward-looking statements; stream; future levels of industry product supply, demand and pricing; operational problems; general economic conditions; political stability of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; the success of competitors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; and other factors discussed elsewhere in this prospectus including under 'Risk Factors' above. Any forward-looking statements made by or on behalf of BP are based on the information available to BP as of the date they are made. BP does not undertake to update forward-looking statements to reflect any changes to its expectations or any changes in the facts which any such statement is based. Additional information, including information on factors which may affect BP's business, is contained in the prospectus supplement filed with the SEC.

[Table of Contents](#)**WHERE YOU CAN FIND MORE INFORMATION ABOUT US**

BP files annual reports and other reports and information with the SEC. You may read and copy any document BP files at the SEC's P.O. Box 33089, N.E., Washington, D.C. 20549. In addition, BP's SEC filings are available to the public at the SEC's website at <http://www.sec.gov>. For further information, call the SEC at 1-800-368-1025, extension SEC-0330 or log on to <http://www.sec.gov>.

BP's American Depositary Shares are listed on the New York Stock Exchange. BP's ordinary shares are admitted to trading on the London Stock Exchange and are listed in Germany. You can consult reports and other information about BP that it files pursuant to the rules of the London Stock Exchange and the other of these exchanges.

The SEC allows BP to "incorporate by reference" into this prospectus the information in documents filed with the SEC. This means that we incorporate information to you by referring you to those documents. Each document incorporated by reference is current only as of the date of such document. Updates to such documents shall not create any implication that there has been no change in our affairs since the date thereof or that the information contained in such documents is current as of any time subsequent to its date. The information incorporated by reference is considered to be a part of this prospectus; accordingly, we urge you to read the information incorporated by reference. BP updates the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information in such future filings and this prospectus is considered to be automatically updated and superseded. In other words, in the case of a conflict or inconsistency between the information in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that is most current.

BP incorporates by reference into this prospectus the documents listed below and any documents BP files with the SEC in the future under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including any future annual reports on Form 20-F, until the offering of securities is completed:

- Annual Report on Form 20-F for the year ended December 31, 2011 (File No. 001 06262), filed on March 6, 2012.
- Any reports on Form 6-K furnished to the SEC by BP pursuant to the Exchange Act that indicate on their cover page that they are incorporated by reference into this prospectus after the date of this prospectus and before the date that any offering of the securities by means of this prospectus is completed.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference in the filing, by writing or telephoning BP at the following address:

BP p.l.c.
1 St. James's Square
London SW1Y 4PD, United Kingdom
(011) 44-20-7496-4000

You should rely only on the information that we incorporate by reference or provide in this prospectus or the prospectus supplement. We may provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not rely on any information in this prospectus or the prospectus supplement is accurate as of any date other than the date on the front of those documents.

BP p.l.c.

BP p.l.c. was incorporated in 1909 in England and Wales. BP p.l.c. is a public limited company, incorporated under the Companies Act 2006, registered number 00102498.

[Table of Contents](#)

You can find a more detailed description of BP's business and recent transactions in BP's Annual Report on Form 20-F for the year ended December 31, 2011, which is incorporated by reference in this prospectus. The Form 20-F also presents an unaudited ratio of earnings to fixed charges for BP.

BP's principal executive offices are located on 1 St. James's Square, London SW1Y 4PD, United Kingdom. BP's telephone number is +44 (0)20 7001 2000.

DESCRIPTION OF BP CAPITAL MARKETS P.L.C.**Financial Statements**

We do not present separate financial statements of BP Capital Markets p.l.c. in this prospectus because management has determined that such financial statements are not necessary for investors. BP will fully and unconditionally guarantee the guaranteed debt securities issued by BP Capital Markets p.l.c. as to payment of principal and any other amounts due.

BP Capital Markets p.l.c.

BP Capital Markets p.l.c. ("BP Capital U.K.") is a wholly-owned indirect subsidiary of BP and was incorporated under the laws of England and Wales in 1976. BP Capital U.K. is a financing vehicle for the BP Group and issues debt securities and commercial paper on behalf of the BP Group. All proceeds of its borrowings to the BP Group.

[Table of Contents](#)**CAPITALIZATION AND INDEBTEDNESS OF BP P.L.C.**

The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of December 31, 2011 in a

Share Capital

Capital shares(1-2)
 Paid-in surplus(3)
 Merger reserve(3)
 Own shares
 Available-for-sale investments
 Cash flow hedges
 Foreign currency translation reserve
 Treasury Shares
 Share-based payment reserve
 Profit and loss account
 BP shareholders' equity

Finance debt(4-8)

Due within one year
 Due after more than one year
 Total finance debt

Total Capitalization(9)

- (1) Issued share capital as of December 31, 2011 comprised 18,975,902,659 ordinary shares, par value \$0.25 per share, and 12,706,252 share. This excludes 1,837,507,938 ordinary shares which have been bought back and held in treasury by BP. These shares are not taken into account for the payment of dividends and voting at shareholders' meetings.
- (2) Capital shares represent the ordinary shares of BP which have been issued and are fully paid.
- (3) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.
- (4) Finance debt recorded in currencies other than US dollars has been translated into US dollars at the relevant exchange rates existing on December 31, 2011.
- (5) Obligations under finance leases are included within finance debt in the above table.
- (6) As of December 31, 2011, the parent company, BP p.l.c., had outstanding guarantees totalling \$41,847 million, of which \$40,449 million were in connection with liabilities of subsidiary undertakings, including \$39,708 million relating to borrowings by subsidiaries. Thus 90% of the Group's finance debt is guaranteed by BP p.l.c.

At December 31, 2011, \$131 million of finance debt (\$790 million at December 31, 2010) was secured by the pledging of assets, and in connection with deposits received relating to certain disposal transactions expected to complete in subsequent periods (\$4,780 million at December 31, 2011). In connection with \$2,344 million of finance debt (\$4,588 million at December 31, 2010), BP has entered into crude oil sales contracts with certain fields in offshore Angola and Azerbaijan to provide security to the lending banks. The remainder of finance debt was unsecured.

- (7) As of December 31, 2011, companies in the BP Group had guaranteed US\$1,845 million of indebtedness of jointly controlled entities. Since December 31, 2010, there has been no material change since that date.

Table of Contents

- (8) As of March 1, 2012, BP's outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above prospectus, had increased by US\$3,750 million equivalent; and BP's finance debt due after more than one year had increased by US\$3,750 million equivalent.
- (9) Apart from the changes in note 8 above, there has been no material change since December 31, 2011 in the consolidated capitalization of BP.

[Table of Contents](#)

USE OF PROCEEDS

Unless otherwise indicated in an accompanying prospectus supplement, the net proceeds from the sale of securities will be used for general corporate purposes, which may include working capital for BP or other companies in the BP Group and the repayment of existing borrowings of BP and its subsidiaries.

LEGAL OWNERSHIP

Street Name and Other Indirect Holders

We generally will not recognize investors who hold securities in accounts at banks or brokers that are the legal holders of securities. If you hold securities in street name, we will recognize only the bank or broker or the financial institution the bank or broker uses to hold its securities, either because they agree to do so or because they are legally required. If you hold securities in street name, we urge you to check with your own institution to find out:

- how it handles securities payments and notices;
- whether it imposes fees or charges;
- how it would handle voting if it were ever required to vote;
- whether and how you can instruct it to send you securities registered in your own name so you can be a direct holder as described below;
- how it would pursue rights under the securities if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, under the securities are to the registered holders of securities. As noted above, we do not have obligations to you if you hold securities in street name or other indirect means, either because the securities are issued in the form of global securities as described below. For example, once we make a payment to a holder, we have no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer.

Global Securities

What is a Global Security?

A global security is a special type of indirectly held security, as described above on this page under “—Street Name and Other Indirect Holders.” If you hold securities in the form of global securities, the ultimate beneficial owners can only be indirect holders.

We require that the securities included in the global security not be transferred to the name of any other direct holder unless the special conditions set forth in the prospectus supplement occur. The financial institution that acts as the sole direct holder of the global security is called the depositary. Any person wishing to own a security should open an account with a broker, bank or other financial institution that in turn has an account with the depositary. The prospectus supplement relating to the securities will indicate whether the series will be issued only in the form of global securities.

Table of Contents***Special Investor Considerations for Global Securities***

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of securities and instead deal only with the issuer of the global security.

If you are an investor in securities that are issued only in the form of global securities, you should be aware that:

- You cannot get securities registered in your own name.
- You cannot receive physical certificates for your interest in the securities.
- You will be a street name holder and must look to your own bank or broker for payments on the securities and protection of your interest as explained on page 17 under “—Street Name and Other Indirect Holders”.
- You may not be able to sell interests in the securities to some insurance companies and other institutions that are required by law to hold securities in physical certificates.
- The depositary's policies will govern payments, transfers, exchange and other matters relating to your interest in the global security. We and the trustee also do not supervise the depositary in any way.
- The depositary will require that interests in a global security be purchased or sold within its system using same-day funds. By contrast, sales in the market for corporate bonds and other securities is generally made in next-day funds. The difference could have some effect on securities trade, but we do not know what that effect will be.

Special Situations When the Global Security Will Be Terminated

In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates. In that event, that exchange, the choice of whether to hold securities directly or in street name will be up to the investor. Investors must consult their own broker or attorney about their interests in securities transferred to their own name so that they will be direct holders. The rights of street name investors and direct holders are previously described on page 17 under “—Street Name and Other Indirect Holders” and “—Direct Holders”.

The special situations for termination of a global security are:

- When the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary.
- When an event of default on the securities has occurred and has not been cured. Defaults on debt securities are discussed below under “—Debt Securities and Guarantees— Default and Related Matters—Events of Default”.

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular global security described in the prospectus supplement. When a global security terminates, the depositary, and not we or the trustee, is responsible for deciding the names of the direct holders.

In the remainder of this description “you” means direct holders and not street name or other indirect holders of securities. We urge investors to read the subsection on page 17 entitled “—Street Name and Other Indirect Holders”.

[Table of Contents](#)**DESCRIPTION OF DEBT SECURITIES AND GUARANTEES**

BP Capital U.K. may issue guaranteed debt securities using this prospectus. As required by U.S. federal law for all bonds and notes of the debt securities are governed by a document called the indenture. BP Capital U.K. has entered into an indenture governing its guaranteed debt securities of New York Mellon Trust Company, N.A. acts as trustee.

The trustee under the indenture has two main roles:

- first, it can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf. See “Description of the Debt Securities and Related Matters—Events of Default—Remedies If an Event of Default Occurs” on page 29 below; and
- second, the trustee performs administrative duties for us, such as sending you interest payments, transferring your debt securities to you, and sending you notices.

BP acts as the guarantor of the guaranteed debt securities issued under the indenture. The guarantees are described under “—Guarantees” on page 30 below.

The indenture and its associated documents contain the full legal text governing the matters described in this section. The indenture, the associated documents and the debt securities are governed by New York law. The indenture is an exhibit to our registration statement. See “Where You Can Find More Information About Us” on page 31 below for how to obtain a copy.

This section contains what we believe is a materially complete and accurate summary of the material provisions of the indenture, the debt securities and the guarantees. However, because it is a summary, it does not describe every aspect of the indenture, the debt securities or the guarantees. This summary is subject to the full text of the indenture, the debt securities and the guarantees by reference to all the provisions of the indenture, including some of the terms used in the indenture. We describe the meaning for only the most important terms by reference to some sections of the indenture. Whenever we refer to particular sections or defined terms of the indenture in this prospectus supplement, those sections or defined terms are incorporated by reference here or in the prospectus supplement. This summary also is subject to the full text of the indenture, the debt securities and the guarantees. For a more detailed description of the particular terms of your series described in the prospectus supplement.

BP Capital U.K. may issue as many distinct series of debt securities under its indenture as it wishes. This section summarizes all material terms that are common to all series, unless otherwise indicated in the prospectus supplement relating to a particular series.

We may issue the debt securities as original issue discount securities, which are debt securities that are offered and sold at a substantial discount to their face amount. (*Section 101*) Special U.S. federal income tax, accounting and other considerations may apply to original issue discount securities. For more information, see the prospectus supplement relating to any original issue discount securities that may be issued. The debt securities may also be issued as interest-bearing securities denominated in foreign currencies or currency units, as described in more detail in the prospectus supplement relating to any such debt securities.

In addition, the specific financial, legal and other terms particular to a series of debt securities are described in the prospectus supplement relating to the series. Those terms may vary from the terms described here. Accordingly, this summary also is subject to and qualified by reference to the prospectus supplement relating to the series described in the prospectus supplement.

The prospectus supplement relating to a series of debt securities will describe the following terms of the series:

- the title of the series of debt securities;

Table of Contents

- any limit on the aggregate principal amount of the series of debt securities or on the future offering of additional debt securities;
- any stock exchange on which we will list the series of debt securities;
- the date or dates on which we will pay the principal of the series of debt securities;
- the rate or rates, which may be fixed or variable, per annum at which the series of debt securities will bear interest, if any, and interest, if any, will accrue;
- the dates on which interest, if any, on the series of debt securities will be payable and the regular record dates for the interest;
- any mandatory or optional sinking funds or analogous provisions or provisions for redemption at the option of the holder;
- the date, if any, after which and the price or prices at which the series of debt securities may, in accordance with any optional provisions that are not described in this prospectus, be redeemed and the other detailed terms and provisions of those optional or mandatory provisions;
- the denominations in which the series of debt securities will be issuable if other than denominations of \$1,000 and any integral multiples thereof;
- the currency of payment of principal, premium, if any, and interest on the series of debt securities if other than the currency of the United States of America; and the manner of determining the equivalent amount in the currency of the United States of America;
- any index used to determine the amount of payment of principal of, premium, if any, and interest on the series of debt securities;
- the applicability of the provisions described on page 27 under “Special Situations—Defeasance and Discharge”;
- whether we will be required to pay additional amounts for withholding taxes or other governmental charges and, if applicable, for interest on such amounts in redemption for such a series;
- whether the series of debt securities will be issuable in whole or part in the form of a global security as described on pages 17 and 18 under “Global Securities”, and the depositary or its nominee with respect to the series of debt securities, and any special circumstances under which the securities are registered for transfer or exchange in the name of a person other than the depositary or its nominee; and
- any other special features of the series of debt securities.

Unless otherwise stated in the prospectus supplement, the debt securities will be issued only in fully registered form without interest coupons.

Guarantees

BP will fully and unconditionally guarantee the payment of the principal of, premium, if any, and interest on the guaranteed debt securities, including any amounts which may be payable under the guarantees, as described on page 26 under “Special Situations—Payment of Additional Amounts”. We will also guarantee the payment of such amounts when such amounts become due and payable, whether at the stated maturity of the debt securities, by declaration of acceleration, call

[Table of Contents](#)

Overview of Remainder of This Description

The remainder of this description summarizes:

- *Additional mechanics* relevant to the debt securities under normal circumstances, such as how you transfer ownership and
- Your rights under several *special situations*, such as if we merge with another company or if we want to change a term of the
- Your rights to receive *payment of additional amounts* due to changes in U.K. tax withholding or deduction requirements.
- Your rights if we *default* or experience other financial difficulties.
- Our relationship with the *trustee*.

Additional Mechanics

Exchange and Transfer

You may have your debt securities broken into more debt securities of smaller denominations or combined into fewer debt securities if the total principal amount is not changed. (*Section 305*) This is called an exchange.

You may exchange or transfer registered debt securities at the office of the trustee. The trustee acts as our agent for registering debt securities and transferring registered debt securities. We may change this appointment to another entity or perform the service ourselves. The entity performing the service is called the security registrar. It will also register transfers of the registered debt securities. (*Section 305*)

You will not be required to pay a service charge to transfer or exchange debt securities, but you may be required to pay for any tax or other charges with the exchange or transfer. The transfer or exchange of a registered debt security will only be made if the security registrar is satisfied with the transfer.

If we have designated additional transfer agents, they are named in the prospectus supplement. We may cancel the designation of any transfer agent or approve a change in the office through which any transfer agent acts. (*Section 1002*)

If the debt securities are redeemable and we redeem less than all of the debt securities of a particular series, we may block the transfer of debt securities for a specified period of time in order to freeze the list of holders to prepare the mailing. The period begins 15 days before the day we mail the redemption notice. We may also refuse to register transfers or exchanges of debt securities selected for redemption. However, we will continue to pay interest on the unredeemed portion of any security being partially redeemed. (*Section 305*)

Payment and Paying Agents

We will pay interest to you if you are a direct holder listed in the trustee's records at the close of business on a particular day in advance of the interest due date if you no longer own the security on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is stated in the prospectus supplement. (*Section 307*)

We will pay interest, principal and any other money due on the registered debt securities at the corporate trust office of the trustee in Chicago, Illinois, currently located at The Bank of New York Mellon Trust Company, N.A., 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602. You may pick up payments at or wired from that office. We may also choose to pay interest by mailing checks. Interest on global securities will be paid by transfer of same-day funds.

[Table of Contents](#)

Holders buying and selling debt securities must work out between them how to compensate for the fact that we will pay all the interest on the debt securities to the registered holder on the regular record date. The most common manner is to adjust the sales price of the debt securities to pro rate interest. This pro rated interest amount is called accrued interest.

We urge street name and other indirect holders to consult their banks or brokers for information on how they will receive payments.

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate paying agents. We may also choose to act as our own paying agent. We must notify you through the trustee of changes in the paying agents for the debt securities (Section 1002).

Notices

We and the trustee will send notices only to direct holders, using their addresses as listed in the trustee's records. (Section 106)

Regardless of who acts as paying agent, all money that we pay to a paying agent that remains unclaimed at the end of two years after the maturity date will be repaid to us. After that two-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else.

Special Situations

Mergers and Similar Events

We are generally permitted to consolidate or merge with another company or firm. We are also permitted to sell or lease substantially all of the assets of another corporation or other entity or to buy or lease substantially all of the assets of another corporation or other entity. No vote by holders of debt securities is required, unless as part of the transaction we make changes to the indenture requiring your approval, as described below on pages 27 and 28 under "Waiver". We may take these actions as part of a transaction involving outside third parties or as part of an internal corporate reorganization. The results may result in:

- a lower credit rating being assigned to the debt securities; or
- additional amounts becoming payable in respect of U.K. withholding tax, and the debt securities thus being subject to redemption at the option of the trustee on page 27 under "—Optional Tax Redemption".

We have no obligation under the indenture to seek to avoid these results, or any other legal or financial effects that are disadvantageous to us as a result of consolidation or sale or lease of assets that is permitted under the indenture. However, we may not take any of these actions unless all the following conditions are satisfied:

- Where BP Capital U.K. or BP, as applicable, merges out of existence or sells or leases substantially all of its assets, the other party to the transaction must be a corporation or other entity that issues debt securities or the guarantees. Such other entity must be organized under the laws of such BP entity's jurisdiction or a jurisdiction that we determine to be appropriate.
- The merger, sale or lease of assets or other transaction must not cause a default on the debt securities, and we must not already be in default. Under the no-default test, a default would include an event of default that has occurred and not been cured, as described below on page 27 under "—Events of Default—What is An Event of Default?" A default for this purpose would also include any event that would be an event of default if giving us default notice or our default having to exist for a specific period of time were disregarded.

[Table of Contents](#)

It is possible that the merger, sale or lease of assets or other transaction would cause some of our property to become subject to a more favorable legal mechanism giving lenders preferential rights in that property over other lenders or over our general creditors if we fail to pay them back.

It is possible that the U.S. Internal Revenue Service may deem a merger or other similar transaction to cause an exchange for U.S. federal tax securities for new securities by the holders of the debt securities. This could result in the recognition of taxable gain or loss for U.S. federal tax purposes or other adverse tax consequences.

Modification and Waiver

There are three types of changes we can make to the indenture and the debt securities.

Changes Requiring Your Approval

First, there are changes that cannot be made to your debt securities without your specific approval. We must obtain your specified approval for the following changes:

- change the stated maturity of the principal or interest on a debt security;
- reduce any amounts due on a debt security;
- reduce the amount of principal payable upon acceleration of the maturity of a debt security following a default;
- change the place or currency of payment on a debt security;
- impair your right to sue for payment;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with various provisions of the indenture, including provisions relating to defaults;
- modify any other aspect of the provisions dealing with modification and waiver of the indenture; and
- change the obligations of BP to pay any principal, premium or interest under the guarantees. (*Section 902*)

Changes Requiring a Majority Vote

The second type of change to the indenture and the debt securities is the kind that requires a vote in favor by holders of debt securities of a majority of the amount of the particular series affected. Most changes fall into this category, except for clarifying changes and other changes that would not affect the rights of the holders of debt securities in any material respect. The same vote would be required for us to obtain a waiver of all or part of the covenants described in this prospectus supplement. However, we cannot obtain a waiver of a payment default or any other aspect of the indenture or the debt securities listed in the first category, “Changes Requiring Your Approval” unless we obtain your individual consent to the waiver. (*Section 513*)

Changes Not Requiring Approval

The third type of change does not require any vote by holders of debt securities. This type is limited to clarifications and other changes that would not affect the rights of the holders of the debt securities in any material respect. (*Section 901*)

[Table of Contents](#)

Further Details Concerning Voting

When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

- For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the security were accelerated to that date because of a default.
- For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special procedure set forth in the prospectus supplement.
- For debt securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent as set forth in the prospectus supplement.
- Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust the principal amount of such securities for redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described below on page 27 under "Defeasance" (Section 101).
- We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding debt securities for any other action under the indenture. If we set a record date for a vote or other action to be taken by holders of a particular series of debt securities, it will be taken by persons who are holders of outstanding debt securities of that series on the record date and must be taken within 90 days following the record date or the period that we may specify (or as the trustee may specify, if it set the record date). We may shorten or lengthen (but not beyond 90 days) the period of time. (Sections 501, 502, 512, 513 and 902)

We urge street name and other indirect holders to consult their banks or brokers for information on how approval may be granted under the indenture or the debt securities or request a waiver.

Redemption and Repayment

Unless otherwise indicated in the prospectus supplement, your debt security will not be entitled to the benefit of any sinking fund—that is, we will not make regular payments on a regular basis into any separate custodial account to repay your debt securities. In addition, we will not be entitled to redeem your debt securities until the prospectus supplement specifies a redemption commencement date. You will not be entitled to require us to buy your debt security from you, and the prospectus supplement specifies one or more repayment dates.

If the prospectus supplement specifies a redemption commencement date or a repayment date, it will also specify one or more redemption prices. The redemption price may be expressed as a percentage of the principal amount of your debt security or by reference to one or more formulae used to determine the redemption price. The prospectus supplement specifies one or more redemption periods during which the redemption prices relating to a redemption of debt securities during those periods will apply.

If the prospectus supplement specifies a redemption commencement date, we may redeem your debt security at our option at any time after the redemption commencement date. If we redeem your debt security, we will do so at the specified redemption price, together with interest accrued to the redemption date. If different prices are specified for different periods, the price we pay will be the price that applies to the redemption period during which your debt security is redeemed.

If the prospectus supplement specifies a repayment date, your debt security will be repayable by us at your option on the specified repayment date at the specified repayment price(s), together with interest accrued to the repayment date.

[Table of Contents](#)

In the event that we exercise an option to redeem any debt security, we will give written notice of the principal amount of the debt security at least 45 days before the applicable redemption date and to the holder not less than 30 days nor more than 60 days before the applicable redemption date in the manner described above on page 23 under “Additional Mechanics—Notices”.

If a debt security represented by a global security is subject to repayment at the holder’s option, the depositary or its nominee, as the holder, may exercise the right to repayment. Any indirect holders who own beneficial interests in the global security and wish to exercise a repayment right should give instructions to their banks or brokers through which they hold their interests, requesting that they notify the depositary to exercise the repayment right. We have different deadlines for accepting instructions from our customers; we urge you to take care to act promptly enough to ensure that your request is received before the applicable deadline for exercise.

We urge street name and other indirect holders to contact their banks or brokers for information about how to exercise a repayment right.

We or our affiliates may purchase debt securities from investors who are willing to sell from time to time, either in the open market or in private transactions at negotiated prices. Debt securities that we or they purchase may, in our discretion, be held, resold or canceled.

Payment of Additional Amounts

The government of any jurisdiction where BP or BP Capital U.K. is incorporated may require BP or BP Capital U.K. to withhold or deduct from principal or interest on a debt security or any amounts to be paid under the guarantees for or on account of taxes or any other governmental charge. If, without withholding or deduction of this type, BP or BP Capital U.K., as the case may be, may be required to pay you an additional amount so that the total amount specified in the debt security to which you are entitled. However, in order for you to be entitled to receive the additional amount, you must pay the amount that requires the withholding or deduction.

BP or BP Capital U.K., as the case may be, will *not* have to pay additional amounts under any of the following circumstances:

- The U.S. government or any political subdivision of the U.S. government is the entity that is imposing the tax or governmental charge.
- The tax or governmental charge is imposed due to the presentation of a debt security, if presentation is required, for payment of principal or interest on a debt security became due or after the payment was provided for.
- The tax or governmental charge is on account of an estate, inheritance, gift, sale, transfer, personal property or similar tax or other charge.
- The tax or governmental charge is for a tax or governmental charge that is payable in a manner that does not involve withholding or deduction.
- The tax or governmental charge is imposed or withheld because the holder or beneficial owner failed:
 - to provide information about the nationality, residence or identity of the holder or beneficial owner, or
 - to make a declaration or satisfy any information requirements,
 that the statutes, treaties, regulations or administrative practices of the taxing jurisdiction require as a precondition to the imposition of the tax or governmental charge.
- The withholding or deduction is imposed pursuant to the European Union Directive approved on June 3, 2003, regarding taxation of interest income among member states of the European Union with respect to, interest income, or any law implementing such directive.

Table of Contents

- The withholding or deduction is imposed on a holder or beneficial owner who could have avoided such withholding or deduction by paying through another paying agent.
- The holder is a fiduciary or partnership or an entity that is not the sole beneficial owner of the payment of the principal of, or a partner in, an entity, and the laws of the jurisdiction require the payment to be included in the income of a beneficiary or settlor for tax purposes with respect to such partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder of such securities.

These provisions will also apply to any taxes or governmental charges imposed by any jurisdiction in which a successor to BP is organized. The prospectus supplement relating to the debt securities may describe additional circumstances in which BP would not be required to pay additional amounts. (*Section 1108*)

Optional Tax Redemption

We may also have the option to redeem the debt securities of a given series if, as a result of any change in United Kingdom tax treatment, we are required to pay additional amounts as described in the previous subsection under “—Payment of Additional Amounts”. This option applies only to debt securities with a United Kingdom tax treatment that occur on or after the date specified in the prospectus supplement for the applicable series of debt securities. The amount of such additional amounts, other than original issue discount debt securities, will be equal to the principal amount of the debt securities being redeemed plus any interest on such securities for original issue discount debt securities will be specified in the prospectus supplement for such securities. (*Section 1108*)

Event Risk Provisions

The debt securities do not contain event risk provisions designed to require BP or BP Capital U.K. to redeem or repurchase the debt securities or take other actions in response to highly leveraged transactions, changes in credit ratings or similar occurrences.

Defeasance and Discharge

The following discussion of full defeasance and discharge will be applicable to your series of debt securities only if we choose to do so. If we do so choose, we will state that in the prospectus supplement. (*Section 403*)

We can legally release ourselves from any payment or other obligations on the debt securities, except for various obligations described in the prospectus supplement, by taking the following actions, put in place the following arrangements for you to be repaid:

- We must deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money market instruments, government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities. In addition, on the date of such deposit, we must not be in default. For purposes of this no-default test, a default would include any event of default that has not been cured, as described below under “Default and Related Matters—Events of Default—What is An Event of Default”, and also include any event that would be an event of default if the requirements for giving us default notice or our default having to do with such event were disregarded.
- We must deliver to the trustee a legal opinion of our counsel confirming that under current U.S. federal income tax law we may be able to cause you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities. If the debt securities being discharged, we must deliver along with this opinion a private letter ruling from U.S. Internal Revenue Service or a ruling from the U.S. Internal Revenue Service pertaining to a comparable form of transaction to that effect published by the U.S. Internal Revenue Service to the same effect.

Table of Contents

- If the debt securities are listed on the New York Stock Exchange, we must deliver to the trustee a legal opinion of our counsel and discharge will not cause the debt securities to be delisted.

However, even if we take these actions, a number of our obligations relating to the debt securities will remain. These include the following:

- to register the transfer and exchange of debt securities;
- to replace mutilated, destroyed, lost or stolen debt securities;
- to maintain paying agencies; and
- to hold money for payment in trust.

Default and Related Matters

Ranking

The debt securities are not secured by any of our property or assets. Accordingly, your ownership of debt securities means you are on par with all other debt securities. Our debt securities are not subordinated to any of our other debt obligations and therefore they rank equally with all our other unsecured and unsubordinated debt securities.

Events of Default

You will have special rights if an event of default occurs and is not cured, as described later in this subsection.

What Is an Event of Default? The term “event of default” means, with respect to a debt security, any of the following:

- We do not pay the principal or any premium on the debt security at maturity.
- We do not pay interest on the debt security within 30 days of its due date.
- We do not deposit any sinking fund payment for the debt security on its due date.
- We remain in breach of a covenant or any other term of the applicable indenture for 90 days after we receive a notice of default unless a cure notice must be sent by either the trustee or holders of 25% of the principal amount of debt securities of the affected series.
- We file for bankruptcy or certain other events in bankruptcy, insolvency or reorganization occur.
- Any other event of default described in the prospectus supplement occurs. (*Section 501*)

Remedies If an Event of Default Occurs. If an event of default has occurred and has not been cured, the trustee or the holders of 25% of the principal amount of debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable and acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of debt securities of the affected series if:

- all amounts due (as interest, principal and otherwise) are paid or deposited with the trustee; and
- all events of default, other than the non-payment of the principal of the debt securities which have become due solely by such declaration, are cured or waived. (*Section 502*)

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture.

holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. (*Section 603*) If reasonable

[Table of Contents](#)

provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other duties (Section 512)

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or provide for the debt securities, the following must occur:

- You must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action to remedy the default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.
- The trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity. (Section 508)

We urge street name and other indirect holders to consult their banks or brokers for information on how to give notice or direct the trustee and to make or cancel a declaration of acceleration.

We will furnish to the trustee every year a written statement of certain of our officers certifying that, to their knowledge, we are in compliance with the debt securities, or else specifying any default. (Section 1008)

Regarding the Trustee

BP and several of its subsidiaries maintain banking relations with the trustee group of companies in the ordinary course of their business.

The Bank of New York Mellon Trust Company, N.A. acts as trustee under other indentures under which BP acts as guarantor.

If an event of default occurs, or an event occurs that would be an event of default if the requirements for giving us default notice or our period of time were disregarded, the trustee may in certain circumstances prescribed by the Trust Indenture Act of 1939 be considered to have resigned as trustee of the debt securities or the applicable indenture. In that case, the trustee may be required to resign as trustee under the applicable indenture and a successor trustee.

[Table of Contents](#)**CLEARANCE AND SETTLEMENT**

Securities we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we operate are operated by The Depository Trust Company (“DTC”) in the United States, Clearstream Banking, société anonyme, in Luxembourg (“Clearstream”) and Bank S.A./N.V. in Brussels, Belgium (“Euroclear”). These systems have established electronic securities and payment transfer, processing, and clearing links with themselves and others, either directly or through custodians and depositaries. These links allow securities to be issued, held and transferred without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across markets. Where payments for securities we issue in global form will be made in U.S. dollars, these procedures can be used for cross-market transfers and settlements settled on a delivery against payment basis.

Cross-market transfers of securities that are not in global form may be cleared and settled in accordance with other procedures that may be in place in these systems for these securities. Investors in securities that are issued outside of the United States, its territories and possessions must initially hold their securities through Clearstream, Luxembourg or the clearance system that is described in the applicable prospectus supplement.

The policies of DTC, Clearstream, Luxembourg and Euroclear will govern payments, transfers, exchange and other matters relating to securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

Neither we nor the trustee have any responsibility for any aspect of the actions of DTC, Clearstream, Luxembourg or Euroclear or any other clearing system. Neither we nor the trustee have any responsibility for any aspect of the records kept by DTC, Clearstream, Luxembourg or Euroclear or any other clearing system. Neither we nor the trustee supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

DTC, Clearstream, Luxembourg and Euroclear and their participants perform these clearance and settlement functions under agreements entered into with their customers. You should be aware that they are not obligated to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream, Luxembourg and Euroclear currently in effect. Those systems could change their rules and procedures at any time.

The Clearing Systems***DTC***

DTC has advised us as follows:

- DTC is:
 - a limited purpose trust company organized under the laws of the State of New York;
 - a “banking organization” within the meaning of the New York Banking Law;
 - a member of the Federal Reserve System;
 - a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and

Table of Contents

- a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.
- DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions and to facilitate electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certificates.
- Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include clearing corporations partially owned by some of these participants or their representatives.
- Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that have relationships with clearing corporations.
- The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream, Luxembourg

Clearstream, Luxembourg has advised us as follows:

- Clearstream, Luxembourg is a duly licensed bank organized as a société anonyme incorporated under the laws of Luxembourg and supervised by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier).
- Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions and to facilitate electronic book-entry changes to the accounts of its customers. This eliminates the need for physical movement of certificates.
- Clearstream, Luxembourg provides other services to its participants, including safekeeping, administration, clearance and settlement of securities and lending and borrowing of securities. It interfaces with the domestic markets in over 30 countries through established relationships.
- Clearstream, Luxembourg’s customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and professional financial intermediaries. Its U.S. customers are limited to securities brokers and dealers and banks.
- Indirect access to the Clearstream, Luxembourg system is also available to others that clear through Clearstream, Luxembourg through relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear

Euroclear has advised us as follows:

- Euroclear is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Financial Services and Markets Authority (Autorité Fédérale des Services et Marchés Financiers) and the National Bank of Belgium (Banque Nationale de Belgique).
- Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions among them and to facilitate electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates.
- Euroclear provides other services to its customers, including credit custody, lending and borrowing of securities and tri-party netting with the domestic markets of several other countries.
- Euroclear customers include banks, including central banks, securities brokers and dealers, trust companies and clearing corporations and professional financial intermediaries.

[Table of Contents](#)

- Indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have relationships with Euroclear.
- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities.

Other Clearing Systems

We may choose any other clearing system for a particular series of securities. The clearance and settlement procedures for the clearing system are described in the applicable prospectus supplement.

Primary Distribution

The distribution of the securities will be cleared through one or more of the clearing systems that we have described above or any other clearing system described in the applicable prospectus supplement. Payment for securities will be made on a delivery versus payment or free delivery basis. These payment procedures are described in the applicable prospectus supplement.

Clearance and settlement procedures may vary from one series of securities to another according to the currency that is chosen for the securities. Customary clearance and settlement procedures are described below.

We will submit applications to the relevant system or systems for the securities to be accepted for clearance. The clearance numbers for the clearing system will be specified in the prospectus supplement.

Clearance and Settlement Procedures—DTC

DTC participants that hold securities through DTC on behalf of investors will follow the settlement practices applicable to United States government securities, DTC's Same-Day Funds Settlement System, or such other procedures as are applicable for other securities.

Securities will be credited to the securities custody accounts of these DTC participants against payment in same-day funds, for payment on the settlement date. For payments in a currency other than U.S. dollars, securities will be credited free of payment on the settlement date.

Clearance and Settlement Procedures—Euroclear and Clearstream, Luxembourg

We understand that investors that hold their securities through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures for conventional Eurobonds in registered form for debt securities, or such other procedures as are applicable for other securities.

Securities will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

Secondary Market Trading

Trading between DTC Participants

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System for debt securities, or such other procedures as are applicable for other securities.

[Table of Contents](#)

If payment is made in U.S. dollars, settlement will be in same-day funds. If payment is made in a currency other than U.S. dollars, settlement will be in the same currency. If payment is made other than in U.S. dollars, separate payment arrangements outside of the DTC system must be made between the DTC participant and the issuer.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

We understand that secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary course of business and operating procedures of Euroclear and Clearstream, Luxembourg. Secondary market trading will be settled using procedures applicable to the registered form for debt securities, or such other procedures as are applicable for other securities.

Trading between a DTC Seller and a Euroclear or Clearstream, Luxembourg Purchaser

A purchaser of securities that are held in the account of a DTC participant must send instructions to Euroclear or Clearstream, Luxembourg, to effect settlement. The instructions will provide for the transfer of the securities from the selling DTC participant's account to the account of the purchaser or Euroclear or Clearstream, Luxembourg participant. Euroclear or Clearstream, Luxembourg, as the case may be, will then instruct the common depository for Euroclear or Clearstream, Luxembourg to receive the securities either against payment or free of payment.

The interests in the securities will be credited to the respective clearing system. The clearing system will then credit the account of the purchaser or Euroclear or Clearstream, Luxembourg participant. Credit for the securities will appear on the next day, European time. Cash debit will be back-valued to, and the interest on the securities will be valued as of, the settlement date, which would be the preceding day, when settlement occurs in New York. If the trade fails and settlement is not completed on the intended date, the Luxembourg cash debit will be valued as of the actual settlement date instead.

Euroclear participants or Clearstream, Luxembourg participants will need the funds necessary to process same-day funds settlement. Participants may use preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream, Luxembourg. In an alternative approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the securities are credited to their accounts.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can choose not to preposition funds. That credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants may incur overdraft charges for one business day (assuming they cleared the overdraft as soon as the securities were credited to their accounts). However, interest will not accrue from the value date. Therefore, in many cases, the investment income on securities that is earned during that one business day period may be offset by the amount of the overdraft charges. This result will, however, depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants will use their usual procedures to deliver securities to Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. A cross-market transaction will settle no differently than a trade between two DTC participants.

[Table of Contents](#)**Special Timing Considerations**

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Luxembourg and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream, Luxembourg on a day as in the United States. U.S. investors who wish to transfer their interests in the securities, or to receive or make a payment or delivery of securities, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream

[Table of Contents](#)**TAX CONSIDERATIONS****United States Taxation**

This section describes the material United States federal income tax consequences of owning the debt securities described in this prospectus. If you acquire debt securities in the offering or offerings contemplated by this prospectus and you hold your debt securities as capital assets for tax purposes, you should consult with Sullivan & Cromwell LLP, our U.S. counsel. This section does not apply to you if you are a member of a class of holders subject to special rules.

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns debt securities that are a hedge or that are hedged against interest rate or currency risks,
- a person that owns debt securities as part of a straddle or conversion transaction for tax purposes,
- a person that purchases or sells debt securities as part of a wash sale for tax purposes, or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with debt securities that are due to mature 30 years or less from the date on which they are issued. The United States federal income tax consequences of owning debt securities that are due to mature more than 30 years from their date of issue will be discussed in an applicable prospectus supplement. This section discusses the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations under the Code, published in the Federal Register and currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the debt securities, the United States federal income tax treatment of a partner will generally depend on the status of the partnership. A partner in a partnership holding the debt securities should consult its tax advisor with regard to the United States federal income tax consequences of the debt securities.

Please consult your own tax advisor concerning the consequences of owning these debt securities in your particular circumstances and any other taxing jurisdiction.

United States Holders

This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of the debt securities.

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons make the substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to “—United States Alien Holders” on pages

[Table of Contents](#)

Payments of Interest

Except as described below in the case of interest on a discount debt security that is not qualified stated interest, each as defined below under “Original Issue Discount—General”, you will be taxed on any interest on your debt security, whether payable in U.S. dollars or a foreign currency, including interest on debt securities denominated in or determined by reference to, a foreign currency, as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting.

Interest paid on, and original issue discount (as described below on pages 36-42 under “Original Issue Discount”), if any, accrued with respect to any additional amounts paid with respect to withholding tax on the debt securities, including withholding tax on payments of such additional amounts, if any, from sources outside the United States, and will, depending on your circumstances, be either “passive” or “general” income for purposes of computing tax liability to a United States holder.

Cash Basis Taxpayers. If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes and the debt security is denominated in, or determined by reference to, a foreign currency, you must recognize income equal to the U.S. dollar value of the interest payment on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

Accrual Basis Taxpayers. If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income accrued with respect to an interest payment denominated in, or determined by reference to, a foreign currency by using one of two methods. Under the first method, you will recognize income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the part of the period within the taxable year. Under the second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead recognize income accrued in U.S. dollars at the exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it will apply to all debt instruments that you subsequently acquire. You may not revoke this election without the approval of the Internal Revenue Service.

When you actually receive an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of the debt security, denominated in, or determined by reference to, a foreign currency for which you accrued an amount of income, you will recognize ordinary income or loss equal to the difference between the exchange rate that you used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether the payment is in U.S. dollars.

Original Issue Discount

General. If you own a debt security, other than a short-term debt security with a term of one year or less, it will be treated as a discount debt security with original issue discount if the amount by which the debt security’s stated redemption price at maturity exceeds its issue price is more than a de minimis amount. The issue price will be the first price at which a substantial amount of debt securities included in the issue of which the debt security is a part is sold to the public by brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A debt security’s stated redemption price at maturity is the total of all payments provided by the debt security that are

[Table of Contents](#)

not payments of qualified stated interest. Generally, an interest payment on a debt security is qualified stated interest if it is one of a series of payments on the debt security that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, or if it is a payment of principal amount of the debt security. There are special rules for variable rate debt securities that are discussed on pages 39-41 under “—Variable Rate Debt Securities.”

In general, your debt security is not a discount debt security if the amount by which its stated redemption price at maturity exceeds its issue price is less than the amount of $\frac{1}{4}$ of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. Your debt security is a discount debt security if the amount of the excess is less than the de minimis amount. If your debt security has de minimis original issue discount, you must include the de minimis amount in income as stated principal payments are made on the debt security, unless you make the election described below on page 39 under “—Election to Exclude De Minimis Original Issue Discount”. You can determine the includible amount with respect to each such payment by multiplying the total amount of your debt security's original issue discount by a fraction equal to:

- the amount of the principal payment made; divided by:
- the stated principal amount of the debt security.

Generally, if your discount debt security matures more than one year from its date of issue, you must include original issue discount, or OID, in income as cash attributable to that income. The amount of OID that you must include in income is calculated using a constant-yield method, and generally results in equal amounts of OID in income over the life of your debt security. More specifically, you can calculate the amount of OID that you must include in income by allocating the total amount of OID with respect to your discount debt security for each day during the taxable year or portion of the taxable year that you hold your discount debt security to a daily portion by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. You may select any accrual period with respect to your discount debt security and you may vary the length of each accrual period over the term of your discount debt security. However, each accrual period must be no longer than one year, and each scheduled payment of interest or principal on the discount debt security must occur on either the first or final day of an accrual period.

You can determine the amount of OID allocable to an accrual period by:

- multiplying your discount debt security's adjusted issue price at the beginning of the accrual period by your debt security's yield to maturity at the beginning of the accrual period;
- subtracting from this figure the sum of the payments of qualified stated interest on your debt security allocable to the accrual period.

You must determine the discount debt security's yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the time value of money over the accrual period. Further, you determine your discount debt security's adjusted issue price at the beginning of any accrual period by:

- adding your discount debt security's issue price and any accrued OID for each prior accrual period, and then
- subtracting any payments previously made on your discount debt security that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on your discount debt security contains more than one accrual period, then you must include the amount of OID allocable to an accrual period, you must allocate the amount of qualified stated interest payable at the end of the interval, including any accrued interest, on the first day of the accrual period immediately following the interval, pro rata to each accrual period.

[Table of Contents](#)

accrual period in the interval based on their relative lengths. In addition, you must increase the adjusted issue price at the beginning of each accrual period by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. The amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are longer than the initial short accrual period.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of your debt security, other than any payment of qualified stated interest, and
- your debt security's adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. If you purchase your debt security for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on your debt security after the purchase date but is greater than the amount of your debt security's adjusted issue price, as determined above on page 37, the excess is acquisition premium. If you do not make the election described below on page 39 under "—Election to Treat All Interest as Original Issue Discount," you must reduce the daily portions of OID by a fraction equal to:

- the excess of your adjusted basis in the debt security immediately after purchase over the adjusted issue price of the debt security, and
- the excess of the sum of all amounts payable, other than qualified stated interest, on the debt security after the purchase date over the adjusted issue price.

Pre-Issuance Accrued Interest. An election may be made to decrease the issue price of your debt security by the amount of pre-issuance accrued interest.

- a portion of the initial purchase price of your debt security is attributable to pre-issuance accrued interest,
- the first stated interest payment on your debt security is to be made within one year of your debt security's issue date, and
- the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest in computing the OID on your debt security.

Debt Securities Subject to Contingencies Including Optional Redemption. Your debt security is subject to a contingency if it provides for a single payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether the contingency is a payment of interest or of principal. In such a case, you must determine the yield and maturity of your debt security by assuming that the payment schedule most likely to occur is:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date, and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, you must determine the yield and maturity of your debt security in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the applicable prospectus supplement.

Table of Contents

Notwithstanding the general rules for determining yield and maturity, if your debt security is subject to contingencies, and either you or we hold options that, if exercised, would require payments to be made on the debt security under an alternative payment schedule or schedules, then:

- in the case of an option or options that we may exercise, we will be deemed to exercise or not exercise an option or combination of options that minimizes the yield on your debt security, and
- in the case of an option or options that you may exercise, you will be deemed to exercise or not exercise an option or combination of options that maximizes the yield on your debt security.

If both you and we hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised on your debt security for the purposes of those calculations by using any date on which your debt security may be redeemed or repurchased as the date payable on the date that you chose in accordance with the terms of your debt security as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the terms of your debt security that a portion of your debt security is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID on the maturity of your debt security by treating your debt security as having been retired and reissued on the date of the change in circumstances for purposes of your debt security's adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. You may elect to include in gross income all interest that accrues on your debt security by the method described above under “—General”, with the modifications described below. For purposes of this election, interest will include stated interest, original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium, described below. If you purchased a debt security at a Premium,” or acquisition premium.

If you make this election for your debt security, then, when you apply the constant-yield method:

- the issue price of your debt security will equal your cost,
- the issue date of your debt security will be the date you acquired it, and
- no payments on your debt security will be treated as payments of qualified stated interest.

Generally, this election will apply only to the debt security for which you make it; however, if the debt security has amortizable bond premium, you may make an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt securities that are excluded from gross income, that you hold as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If you make an election for a market discount debt security, you will be treated as having made the election discussed below on page 42 under “—Market Discount.” If you make an election to apply the constant-yield method to all interest on a debt security or the deemed elections with respect to amortizable bond premium or market discount, you must obtain the consent of the Internal Revenue Service.

Variable Rate Debt Securities. Your debt security will be a variable rate debt security if:

- your debt security's issue price does not exceed the total noncontingent principal payments by more than the lesser of:
 - .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity;

Table of Contents

- 15 percent of the total noncontingent principal payments; and
- your debt security provides for stated interest, compounded or paid at least annually, only at:
 - one or more qualified floating rates,
 - a single fixed rate and one or more qualified floating rates,
 - a single objective rate, or
 - a single fixed rate and a single objective rate that is a qualified inverse floating rate.

Your debt security will have a variable rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed money denominated in the same currency as your debt security is denominated; or
- the rate is equal to such a rate multiplied by either:
 - a fixed multiple that is greater than 0.65 but not more than 1.35 or
 - a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate; and
- the value of the rate on any date during the term of your debt security is set no earlier than three months prior to the first day on which interest is payable and no later than one year following that first day.

If your debt security provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date and have approximately the same values throughout the term of the debt security, the qualified floating rates together constitute a single qualified floating rate.

Your debt security will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, and other restrictions) unless such restrictions are fixed throughout the term of the debt security or are not reasonably expected to significantly affect the value of the rate.

Your debt security will have a variable rate that is a single objective rate if:

- the rate is not a qualified floating rate,
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of the issuer or a related party, and
- the value of the rate on any date during the term of your debt security is set no earlier than three months prior to the first day on which interest is payable and no later than one year following that first day.

Your debt security will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of your debt security's term will be either significantly less than or significantly greater than the average value of the rate during the final half of your debt security's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed money.

Table of Contents

Your debt security will also have a single qualified floating rate or an objective rate if interest on your debt security is stated at a fixed rate or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the debt security that do not differ by more than 1/8% or
- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if your variable rate debt security provides for stated interest at a single qualified floating rate or objective rate, or one of the above, for an initial period, all stated interest on your debt security is qualified stated interest. In this case, the amount of OID, if any, is determined by the fixed rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other rate, reflects the yield reasonably expected for your debt security.

If your variable rate debt security does not provide for stated interest at a single qualified floating rate or a single objective rate and a fixed rate payable at a fixed rate other than a single fixed rate for an initial period, you generally must determine the interest and OID accruals on your debt security by:

- determining a fixed rate substitute for each variable rate provided under your variable rate debt security,
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and
- adjusting for actual variable rates during the applicable accrual period.

When you determine the fixed rate substitute for each variable rate provided under the variable rate debt security, you generally will use the fixed rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on your debt security.

If your variable rate debt security provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate or interest at a single fixed rate other than at a single fixed rate for an initial period, you generally must determine interest and OID accruals by the method described in the previous paragraph. However, your variable rate debt security will be treated, for purposes of the first three steps of the determination, as if it provided a qualified floating rate or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate or qualified inverse floating rate must be determined such that the fair market value of your variable rate debt security as of the issue date approximates the fair market value of an otherwise identical debt security with the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Short-Term Debt Securities. In general, if you are an individual or other cash basis United States holder of a short-term debt security as specially defined below for the purposes of this paragraph, for United States federal income tax purposes unless you elect to do so (although you may be required to include any stated interest in income as you receive it). If you are an accrual basis taxpayer, a taxpayer in a special class, including a trust, investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, you will be required to accrue interest on securities on either a straight-line basis or under the constant-yield method, based on daily compounding. If you are not required and do not elect to do so, currently, any gain you realize on the sale or retirement of your short-term debt security will be ordinary income to the extent of the accrued OID. If you are required to accrue interest on a straight-line basis unless you make an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, if you are not required to accrue interest on a straight-line basis unless you make an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, if you are not required to accrue interest on a straight-line basis unless you make an election to accrue the OID under the constant-yield method, through the date of sale or retirement.

[Table of Contents](#)

not elect to accrue OID on your short-term debt securities, you will be required to defer deductions for interest on borrowings allocable to you in an amount not exceeding the deferred income until the deferred income is realized.

When you determine the amount of OID subject to these rules, you must include all interest payments on your short-term debt security, plus the amount of OID on your short-term debt security's stated redemption price at maturity.

Foreign Currency Discount Debt Securities. If your discount debt security is denominated in, or determined by reference to, a foreign currency, you must accrue OID for any accrual period on your discount debt security in the foreign currency and then translate the amount of OID into U.S. dollars in the same manner as an accrual basis United States holder, as described on page 36 under “—United States Holders—Payments of Interest”. You may recognize a deduction for the amount you receive attributable to OID in connection with a payment of interest or the sale or retirement of your debt security.

Market Discount

You will be treated as if you purchased your debt security, other than a short-term debt security, at a market discount, and your debt security is a market discount debt security if:

- you purchase your debt security for less than its issue price as determined above on pages 36-38 under “Original Issue Discount”;
- the difference between the debt security's stated redemption price at maturity or, in the case of a discount debt security, the debt security's issue price and the price you paid for your debt security is equal to or greater than $\frac{1}{4}$ of 1 percent of your debt security's stated redemption price at maturity or, in the case of a discount debt security, its issue price, respectively, multiplied by the number of complete years to the debt security's maturity. To determine the revised issue price of a discount debt security, you generally add any OID that has accrued on your debt security to its issue price.

If your debt security's stated redemption price at maturity or, in the case of a discount debt security, its revised issue price, exceeds the debt security's issue price by less than $\frac{1}{4}$ of 1 percent multiplied by the number of complete years to the debt security's maturity, the excess constitutes de minimis market discount and the rules below are not applicable to you.

You must treat any gain you recognize on the maturity or disposition of your market discount debt security as ordinary income to the extent of the market discount on your debt security. Alternatively, you may elect to include market discount in income currently over the life of your debt security. If you make this election, it will apply only to market discount debt securities with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not make this election for market discount debt securities acquired before the first day of the first taxable year to which the election applies. For more information, see Section 171 of the Internal Revenue Service. If you own a market discount debt security and do not make this election, you will generally be required to deduct market discount on borrowings allocable to your debt security in an amount not exceeding the accrued market discount on your debt security until the maturity or disposition of your debt security.

You will accrue market discount on your market discount debt security on a straight-line basis unless you elect to accrue market discount currently. If you make this election, it will apply only to the debt security with respect to which it is made and you may not revoke it.

Debt Securities Purchased at a Premium.

If you purchase your debt security for an amount in excess of its principal amount, you may elect to treat the excess as amortizable bond premium. If you make this election, you will reduce the amount required to be

[Table of Contents](#)

included in your income each year with respect to interest on your debt security by the amount of amortizable bond premium allocable to that yield to maturity. If your debt security is denominated in, or determined by reference to, a foreign currency, you will compute your amortizable bond premium in the foreign currency and your amortizable bond premium will reduce your interest income in units of the foreign currency. Gain or loss recognized that is attributable to exchange rates between the time your amortized bond premium offsets interest income and the time of the acquisition of your debt security is generally excluded from your income if you make an election to amortize bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excluded from your income, held at the beginning of the first taxable year to which the election applies or that you thereafter acquire, and you may not revoke it without the consent of the Service. See also “Original Issue Discount—Election to Treat All Interest as Original Issue Discount.”

Purchase, Sale and Retirement of the Debt Securities.

Your tax basis in your debt security will generally be the U.S. dollar cost, as defined below, of your debt security, adjusted by:

- adding any OID or market discount previously included in income with respect to your debt security, and then
- subtracting any payments on your debt security that are not qualified stated interest payments and any amortizable bond premium previously included in income with respect to your debt security.

If you purchase your debt security with foreign currency, the U.S. dollar cost of your debt security will generally be the U.S. dollar value of the purchase price of the debt security. However, if you are a cash basis taxpayer, or an accrual basis taxpayer if you so elect, and your debt security is traded on an established securities market, the applicable Treasury regulations, the U.S. dollar cost of your debt security will be the U.S. dollar value of the purchase price on the settlement date of the purchase.

You will generally recognize gain or loss on the sale or retirement of your debt security equal to the difference between the amount you realize on the sale or retirement and your tax basis in your debt security. If your debt security is sold or retired for an amount in foreign currency, the amount you realize will be the U.S. dollar value of the amount realized on the date the debt security is disposed of or retired, except that in the case of a debt security that is traded on an established securities market, the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, will determine the amount realized based on the U.S. dollar value of the amount realized on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your debt security, except to the extent:

- described above under “—Original Issue Discount—Short-Term Debt Securities” or “—Market Discount”,
- attributable to accrued but unpaid interest,
- the rules governing contingent payment obligations apply, or
- attributable to changes in exchange rates as described below.

Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than one year.

You must treat any portion of the gain or loss that you recognize on the sale or retirement of a debt security as ordinary income or loss if the gain or loss is attributable to exchange rates. However, you take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

Table of Contents

Medicare Tax

For taxable years beginning after December 31, 2012, a United States holder that is an individual or estate, or a trust that does not fall exempt from such tax, will be subject to a 3.8% Medicare tax on the lesser of (1) the United States holder's "net investment income" for the year of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be \$250,000, depending on the individual's circumstances). A United States holder's net investment income will generally include its interest in the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the Medicare tax to your income and gains in respect of your investment in the notes.

Exchange of Amounts in Other Than U.S. Dollars

If you receive foreign currency as interest on your debt security or on the sale or retirement of your debt security, your tax basis in the dollar value when the interest is received or at the time of the sale or retirement. If you purchase foreign currency, you generally will have a tax basis in the dollar value of the foreign currency on the date of your purchase. If you sell or dispose of a foreign currency, including if you use it to purchase debt securities, any gain or loss recognized generally will be ordinary income or loss.

Indexed Debt Securities

The applicable prospectus supplement will discuss any special United States federal income tax rules with respect to debt securities that are indexed by reference to any index and other debt securities that are subject to the rules governing contingent payment obligations which are not subject to the rules governing indexed debt securities.

United States Alien Holders

This subsection describes the tax consequences to a United States alien holder of debt securities. You are a United States alien holder if you are a United States alien holder of a debt security and are, for United States federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation, or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from the debt security.

If you are a United States holder, this subsection does not apply to you.

Payments of Interest

Subject to the discussion of backup withholding below, payments of principal, premium, if any, and interest, including OID, on a debt security are subject to United States federal income tax, including withholding tax, whether or not you are engaged in a trade or business in the United States, unless:

- you are an insurance company carrying on a U.S. insurance business to which interest is attributable, within the meaning of the

[Table of Contents](#)

- you have an office or other fixed place of business in the United States to which the interest is attributable and you derive the interest from banking, financing or similar business within the United States.

Purchase, Sale or Retirement of Debt Securities

You generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or retirement of a debt security unless:

- the gain is effectively connected with your conduct of a trade or business in the United States; or
- you are an individual, you are present in the United States for 183 or more days during the taxable year in which the gain is realized, and no other exceptions exist.

For purposes of U.S. federal estate tax, the debt securities will be treated as situated outside the United States and will not be included in your gross estate if you are neither a citizen nor a resident of the United States at the time of death.

Treasury Regulations Requiring Disclosure of Reportable Transactions

Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds. Under these regulations, if the debt securities are denominated in a foreign currency, a United States holder (or a United States alien holder that holds the securities through a U.S. trade or business) that recognizes a loss with respect to the debt securities that is characterized as an ordinary loss due to change in value (under the rules discussed above) would be required to report the loss on Internal Revenue Service Form 8886 (Reportable Transaction Statement) set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other debt securities, the threshold is higher. We urge you to consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquisition or disposition of debt securities.

Information with Respect to Foreign Financial Assets

Owners of “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) are required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” include any financial accounts maintained in a foreign country, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by a foreign issuer, (ii) financial instruments and contracts held for investment that have non-United States issuers or counterparties, and (iii) interests in foreign entities. We urge you to consult with your tax advisors regarding the application of this legislation to their ownership of the notes.

Backup Withholding and Information Reporting

United States Holders

If you are a noncorporate United States holder, information reporting requirements, on Internal Revenue Service Form 1099, generally apply to interest and interest on a debt security within the United States, including payments made by wire transfer from outside the United States to an account in the United States, and the payment of the proceeds from the sale of a debt security effected at a United States office of a broker.

Additionally, backup withholding will apply to such payments if you are a noncorporate United States holder that:

- fails to provide an accurate taxpayer identification number,

[Table of Contents](#)

- is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your tax return;
- in certain circumstances, fails to comply with applicable certification requirements.

United States Alien Holders

If you are a United States alien holder, you are generally exempt from backup withholding and information reporting requirements with respect to:

- payments of principal and interest made to you outside the United States by BP Capital Markets p.l.c. and,
- other payments of principal and interest, and the payment of the proceeds from the sale of a debt security effected at a United States office of a broker, if the income associated with such payments is otherwise exempt from United States federal income tax, and:
 - the payor or broker does not have actual knowledge or reason to know that you are a United States person and you have provided to the payor or broker:
 - an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalty of perjury, that you are a non-United States person, or
 - other documentation upon which it may rely to treat the payments as made to a non-United States person in accordance with applicable U.S. Treasury regulations, or
 - you otherwise establish an exemption.

In general, payment of the proceeds from the sale of debt securities effected at a foreign office of a broker will not be subject to information reporting and backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements (with respect to debt securities effected at a United States office of a broker) are met or you otherwise establish an exemption.

In addition, payment of the proceeds from the sale of debt securities effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- you are a United States person,
- you are a controlled foreign corporation for United States tax purposes,
- you are a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business, or
- you are a foreign partnership, if at any time during its tax year:
 - one or more of its partners are “U.S. persons”, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the interest in the partnership, or
 - such foreign partnership is engaged in the conduct of a United States trade or business,

[Table of Contents](#)

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements (in respect of the debt securities effected at a United States office of a broker) are met or you otherwise establish an exemption. Backup withholding will apply if you do not report and the broker has actual knowledge that you are a United States person.

United Kingdom Taxation

The following is a summary of the material U.K. withholding tax consequences at the date hereof in relation to the payment of principal and interest in respect of the debt securities issued by BP Capital U.K. (the “**Issuer**”) and also contains a summary of the material U.K. tax consequences of the debt securities. Except where the context otherwise requires, the comments relate only to the position of persons who are absolute beneficial owners of the debt securities and do not deal with the position of certain classes of holders such as dealers. This section is the opinion of Sullivan & Cromwell LLP. We urge prospective investors to consult their professional advisers as to their tax positions.

1. Interest Payments

(A) While the debt securities continue to be listed on a recognized stock exchange as defined in Section 1005 of the Income Tax Act 2007 (with respect to the New York Stock Exchanges), payments of interest may be made without withholding or deduction for or on account of U.K. income tax.

(B) Interest on the debt securities may also be paid without withholding or deduction on account of U.K. tax where interest on the debt securities is paid to a person who reasonably believes (and any person by or through whom interest on the debt securities is paid reasonably believes) is the beneficial owner of the debt securities. For U.K. corporation tax as regards, the payment of interest at the time the payment is made, provided that the HM Revenue & Customs has not given a notice to that effect on any grounds to believe that it is likely that the beneficial owner is not within the charge to U.K. corporation tax in respect of such payment of interest.

(C) In all cases not falling within paragraphs (A) or (B) above, subject to relief under an applicable double taxation treaty, interest on the debt securities is deductible from the deduction of U.K. income tax at the basic rate (currently 20%) except in the case of interest (“short interest”) on the debt securities with a maturity of less than 18 months from the date of issue (and where the borrowing under such debt securities at no time forms part of a borrowing which is intended to have a total term of less than 18 months). Interest can be paid without deduction or withholding on account of U.K. tax.

(D) Payments on the debt securities that, although not expressed to be interest, fall to be treated as interest for U.K. tax purposes, and are not subject to the withholding tax rules described above. A premium payable on a redemption of a debt security may fall to be treated as interest other than short interest. When the debt securities are issued at a discount or redeemable at a premium, U.K. withholding tax will not apply to the payment of such discount or premium which constitute interest other than short interest for U.K. tax purposes (other than discount treated as interest solely by virtue of Section 381 Income Tax Act 2005).

(E) Payments, or parts thereof, constituting income in respect of the debt securities have a U.K. source and accordingly may be chargeable to U.K. tax. Such payments may be paid without withholding or deduction. However, income in respect of the debt securities with a U.K. source received by a holder of the debt securities is subject to withholding on account of U.K. tax will not generally be liable to U.K. tax by direct assessment unless that securities holder (i) is resident in the United Kingdom for tax purposes, or (ii) carries on a trade, profession or vocation in the United Kingdom through a U.K. branch, agency or permanent establishment in the United Kingdom to which the debt securities are attributable. There are certain exemptions for income received by certain categories of agent (such as directors and managers).

Table of Contents

(B) Holders of the debt securities who are domiciled in the United Kingdom may be liable to inheritance tax in respect of their holding

6. Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty or stamp duty reserve tax will generally be payable by a holder of the debt securities on the redemption of the debt securities.

No liability for U.K. stamp duty or stamp duty reserve tax will arise on a transfer of, or an agreement to transfer, the debt securities, or the receipt facility or a clearance service unless such securities carry:

- a right of conversion into shares or other securities or to the acquisition of shares or other securities (except where those other securities are loan capital that is exempt from stamp duty);
- a right to interest, the amount of which is or was determined to any extent by reference to the results of, or of any part of, a business;
- a right to interest, the amount of which exceeds a reasonable commercial return on the nominal amount of the capital; or
- a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what would be payable on a similar nominal amount of capital) under the terms of issue of loan capital listed on the Official List of the London Stock Exchange.

Where there is a charge to U.K. stamp duty or stamp duty reserve tax, the rate of charge is normally 0.5%, although the charge on issue into the receipt facility or a clearance service is normally 1.5%.

7. European Union Directive on the Taxation of Savings Income

Under European Council Directive 2003/48/EC on the taxation of savings income, Member States of the European Union are required to provide details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in another Member State. During a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding tax. The ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain non-EU countries and territories have agreed to adopt similar measures.

Please consult your own tax advisor concerning the consequences of owning these debt securities in your particular circumstances in any other taxing jurisdiction.

[Table of Contents](#)**PLAN OF DISTRIBUTION**

We may sell the securities offered by this prospectus:

- through underwriters;
- through dealers;
- through agents; or
- directly to purchasers.

The prospectus supplement relating to any offering will identify or describe:

- any underwriter, dealers or agents;
- their compensation;
- the net proceeds to us;
- the purchase price of the securities;
- the initial public offering price of the securities; and
- any exchange on which the securities will be listed.

Underwriters

If we use underwriters in the sale, they will acquire securities for their own account and may resell the securities from time to time in negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Unless we otherwise state in the prospectus supplement, the conditions to the underwriters' obligation to purchase securities apply, and the underwriters will be obligated to purchase all of the securities we offer. We will not purchase any of such securities. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers or underwriters will be disclosed in the prospectus supplement.

Dealers

If we use dealers in the sale, unless we otherwise indicate in the prospectus supplement, we will sell securities to the dealers as principal. The dealers may then resell the securities to the public at varying prices that the dealers may determine at the time of resale.

Agents and Direct Sales

We may sell securities directly or through agents that we designate. The prospectus supplement will name any agent involved in the sale and the commissions we will pay to that agent. Unless we indicate otherwise in the prospectus supplement, any agent is acting on a best efforts basis.

Institutional Investors

If we indicate in the prospectus supplement, we will authorize underwriters, dealers or agents to solicit offers from various institutional investors. In this case, payment and delivery will be made on a future date that the prospectus supplement specifies. The underwriters, dealers or agents may not accept an offer from an institutional investor in excess of the amount that the institutional investor can purchase. They may also impose limitations on the portion of the aggregate amount of the securities that we offer that institutional investors include:

- commercial and savings banks;
- insurance companies;

Table of Contents

- pension funds;
- investment companies;
- educational and charitable institutions; and
- other similar institutions as we may approve.

The obligations of any of these purchasers pursuant to delayed delivery and payment arrangements will not be subject to any condition. An institution's purchase of the particular securities cannot at the time of delivery be prohibited under the laws of any jurisdiction that governs

- the validity of the arrangements; or
- the performance by us or the institutional investor.

Indemnification

Agreements that we have entered into with underwriters, dealers or agents may entitle them to indemnification by us against various liabilities under the Securities Act of 1933. The agreements may also entitle them to contribution for payments which they may be required to make. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

Market Making

In the event that we do not list securities of any series on a U.S. national securities exchange, various broker-dealers may make a market in such securities, and we may have an obligation to do so, and may discontinue any market making at any time without notice. Consequently, it may be the case that no broker-dealer will make a market in any series or that the liquidity of the trading market for the securities will be limited.

VALIDITY OF SECURITIES

In connection with particular offerings of the debt securities in the future, the validity of the debt securities and guarantees may be passed up to us by the issuer, Cromwell LLP as to certain matters of New York law, and for any underwriters by Cleary Gottlieb Steen & Hamilton LLP or any other law firm. The validity of the debt securities and guarantees may be passed upon for us by the issuer, Cromwell LLP as to certain matters of New York law. The validity of the debt securities and guarantees may be passed upon for us by the issuer, Cromwell LLP as to certain matters of English law.

EXPERTS

The group financial statements of BP appearing in BP's Annual Report on Form 20-F for the year ended December 31, 2011 and the energy services financial reporting as of December 31, 2011, have been audited by Ernst & Young LLP, independent registered public accounting firm, and are included therein and incorporated herein by reference. Such group financial statements have been incorporated herein by reference in reliance on the authority of such firm as experts in accounting and auditing.

[Table of Contents](#)**ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES**

BP and BP Capital U.K. are public limited companies incorporated under the laws of England and Wales. Many of our directors and named in this document, reside outside the United States, principally in the United Kingdom. In addition, although we have substantial assets our assets and the assets of our directors and officers is located outside of the United States. As a result, U.S. investors may find it difficult in provisions of the U.S. federal securities laws:

- to effect service within the United States upon us or our directors and officers located outside the United States;
- to enforce in U.S. courts or outside the United States judgments obtained against us or those persons in the U.S. courts;
- to enforce in U.S. courts judgments obtained against us or those persons in courts in jurisdictions outside the United States; and
- to enforce against us or those persons in the United Kingdom, whether in original actions or in actions for the enforcement of judgments or liabilities based solely upon the U.S. federal securities laws.

EXPENSES

The following are the estimated expenses to be incurred in connection with the issuance and distribution of the debt securities registered in the Registration Statement:

Securities and Exchange Commission registration fee	\$
Printing and engraving expenses	\$
Legal fees and expenses	\$
Accounting fees and expenses	\$
Rating agency fees	\$
Trustees' fees and expenses	\$
Total	<u>\$ 2</u>

- (1) The Registrants are registering an indeterminate amount of securities under the Registration Statement and in accordance with Rules 433 and 434, deferring payment of any additional registration fee until the time the securities are sold under the Registration Statement pursuant to a

[Table of Contents](#)

No person has been authorized to give any information or to make any representations other than those contained in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement or the accompanying prospectus nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of BP Capital Markets p.l.c. or BP p.l.c. since the date hereof or that the information contained herein, or incorporated by reference herein or therein, is correct as of any time subsequent to the date of such information.

TABLE OF CONTENTS
Prospectus Supplement

	<u>PAGE</u>
Cautionary Statement Regarding Forward Looking Statements	S-2
Description of Notes	S-3
General Information	S-8
Ratio of Earnings to Fixed Charges	S-10
Capitalization and Indebtedness.	S-11
United States Taxation	S-12
Underwriting	S-14
Prospectus	
About This Prospectus	1
Risk Factors	2
Forward-Looking Statements	12
Where You Can Find More Information About Us	13
BP p.l.c.	13
Description of BP Capital Markets p.l.c.	14
Capitalization and Indebtedness of BP p.l.c.	15
Use of Proceeds	17
Legal Ownership	17
Description of Debt Securities and Guarantees	20
Clearance and Settlement	30
Tax Considerations	35
Plan of Distribution	50

BP Capital Ma**\$1,000,000,000 0.700% Guar****\$1,000,000,000 1.375% Guar****\$1,000,000,000 2.500% Guar**

Payment of the principal of and interest
by

BP p.l.

Prospectus Sup

November 1, 2

Validity of Securities	52
Experts	52
Enforceability of Certain Civil Liabilities	52
Expenses	53

Barclay
BNP PAR
Citigrou
Goldman, Sac
HSBC
UBS Investme