

BP CAPITAL MARKETS PLC

Form 424B5

September 29, 2010

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Filed Pursuant to Rule 424(b)(5)

Registration Nos.: 333-157906 and

333-157906-01

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
3.125% Guaranteed Notes due 2015	\$2,000,000,000	\$142,600
Guarantees of 3.125% Guaranteed Notes due 2015		(2)
4.50% Guaranteed Notes due 2020	\$1,500,000,000	\$106,950
Guarantees of 4.50% Guaranteed Notes due 2020		(2)

(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.

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**Filed Pursuant to Rule 424(b)(5)
Registration Nos. 333-157906 and
333-157906-01**

Prospectus Supplement

(To prospectus dated March 13, 2009)

BP Capital Markets p.l.c.

\$2,000,000,000 3.125% Guaranteed Notes due 2015

\$1,500,000,000 4.50% Guaranteed Notes due 2020

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

BP p.l.c.

The 3.125% guaranteed notes due 2015 (the 2015 notes) will bear interest at the rate of 3.125% per year. The 4.50% guaranteed notes due 2020 (the 2020 notes and, together with the 2015 notes, the notes) will bear interest at the rate of 4.50% per year. BP Capital Markets p.l.c. will pay interest on the notes on each April 1 and October 1, commencing on April 1, 2011. The 2015 notes will mature on October 1, 2015. The 2020 notes will mature on October 1, 2020. If any payment is due in respect of the notes on a date that 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 deferred.

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 passed upon the adequacy or accuracy 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 S-3 and Risk Factors beginning on page 2 of the accompanying prospectus.

	Per 2015 Note	Total for 2015 Notes	Per 2020 Note	Total for 2020 Notes
Public Offering Price (1)	99.716%	\$ 1,994,320,000	99.451%	\$ 1,491,765,000
Underwriting Discount	0.35%	\$ 7,000,000	0.45%	\$ 6,750,000
Proceeds, before expenses, to BP Capital Markets p.l.c.	99.366%	\$ 1,987,320,000	99.001%	\$ 1,485,015,000

(1) Interest on the notes will accrue from October 1, 2010.

The underwriters expect to deliver the notes to purchasers in book-entry form only through the facilities of The Depository Trust Company and its direct and indirect participants (including Euroclear S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*) on or about October 1, 2010.

Joint Book-Running Managers

***Barclays Capital
HSBC***

***BNP PARIBAS
Mizuho Securities USA Inc.
Santander***

***Citi
Morgan Stanley
SOCIETE GENERALE***

***Goldman, Sachs & Co.
RBS***

Credit Suisse

***Co-Lead Managers
Standard Chartered Bank***

UBS Investment Bank

The date of this prospectus supplement is September 28, 2010

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The distribution of this prospectus supplement and prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This 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 the underwriters, to subscribe to or 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 such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See Underwriting below.

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RISK FACTORS

We urge you to consider carefully the risks described below. If any of these risks occur, our business, financial condition and results of operations could suffer and the trading price and liquidity of our securities could decline, which could adversely affect the ability of BP Capital U.K. and BP to generate cash flow sufficient to make principal and interest payments on the notes and the guarantee. Your investment in the notes involves a high degree of risk and you may not be repaid in full.

For purposes of these Risk Factors, the terms we, us, our and the group refer to BP and its subsidiaries.

Risks Relating to Our Business

You should read Risk Factors in our Annual Report on Form 20-F for the fiscal year ended December 31, 2009 and Principal Risks and Uncertainties in our Report on Form 6-K for the period ended June 30, 2010, each of which is incorporated by reference in the prospectus attached to this prospectus supplement, or similar sections in subsequent filings incorporated by reference in this prospectus, for information on risks relating to our business.

Risks Relating to the Notes

The notes are unsecured and unsubordinated and your right to receive payments on the notes may be adversely affected by prior ranking claims

The notes will be unsecured and unsubordinated. If BP Capital U.K. defaults on the notes or BP defaults on the guarantee, or in the event of any bankruptcy, liquidation or reorganization of BP Capital U.K. or BP, then, to the extent that BP Capital U.K. or BP has granted security over its assets in respect of any of its obligations, the secured assets will be applied to satisfy those obligations before satisfaction of any payment obligations of BP Capital U.K. or BP in respect of the notes or the guarantee. As of June 30, 2010, the group had \$1,155 million aggregate principal amount of secured finance debt outstanding. As of September 24, 2010, subsidiaries of BP had also entered into \$5,250 million aggregate principal amount of financing arrangements which benefit from credit support arrangements pursuant to which each of the BP subsidiaries has entered into crude oil sales contracts with a special purpose company which is not a member of the BP group, and that special purpose company has provided security to the lending banks through an assignment of its rights against the BP subsidiary under these oil sales contracts.

In addition, while the escrow account that BP has agreed with the US Government to create is building, BP's commitments in respect thereof will be assured by the setting aside of US assets with a total value at least equal to the portion of the escrow account that is not yet funded in cash. The terms of such security are still under discussion. There may only be limited assets available to make payments on the notes or the guarantee in the event of an acceleration of the notes or any bankruptcy, liquidation or reorganization of BP Capital U.K. or BP. If there is not enough collateral to satisfy all secured obligations, then any remaining amounts payable in respect of secured obligations would be shared equally with all unsubordinated unsecured obligations, including payment obligations in respect of the notes and the guarantee.

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BP Capital U.K. and BP can incur significantly more debt in the future, and your rights may be inferior to the rights of holders of that debt

BP Capital U.K. and BP may each incur substantial additional indebtedness in the future, some or all of which may be secured by assets of BP Capital U.K., BP and/or their respective subsidiaries. The terms of the notes will not limit the amount of indebtedness the group may incur. Any such incurrence of additional indebtedness could have significant effects on the future operations of BP Capital U.K. and BP because of the potentially significant cash requirements to service that debt, which could limit funds available for operations and

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future business opportunities and increase the vulnerability of BP Capital U.K. and BP to adverse general economic and industry conditions or lower oil and gas prices. Any such additional indebtedness would also generally exacerbate the other risks that holders of the notes now face.

In addition, the indenture governing the notes does not restrict BP Capital U.K. and BP from issuing debt securities in the future that provide holders with rights superior to the rights already granted, or that may be granted in the future, to holders of the notes. BP Capital U.K. and BP may also incur indebtedness in the future under different instruments. All of this additional indebtedness incurred in the future under the indenture governing the notes or otherwise may rank senior to the notes.

The indenture governing the notes also does not restrict BP Capital U.K. and BP from creating, assuming or allowing to exist any liens on assets of BP to secure any debt. Because the notes are unsecured, any secured creditor of BP Capital U.K. will have claims that are superior to your claims as holders of the notes to the extent of the value of the assets securing that other indebtedness, and any claims against BP under the guarantee of the notes will effectively rank junior to any secured debt of BP to the extent of the value of the assets securing the debt, as described above under . The notes are unsecured and unsubordinated and your right to receive payments on the notes may be adversely affected by prior ranking claims.

BP is a holding company, so its obligations as guarantor are structurally subordinated to liabilities of its subsidiaries

BP is organized as a holding company, and substantially all of its operations are carried out through subsidiaries. BP's ability to meet its financial obligations is dependent upon the availability of cash flows from its domestic and foreign subsidiaries and affiliated companies through dividends, intercompany advances and other payments. No member of the group (other than BP Capital U.K. and BP) has any obligation, contingent or otherwise, to pay any amounts due under the notes or to make funds available to BP Capital U.K. or BP to enable either of them to pay any amounts due under the notes or the guarantee. Moreover, BP's subsidiaries and affiliated companies are not required, and may not be able, to pay dividends to BP. Claims of the creditors of BP's subsidiaries have priority as to the assets of such subsidiaries over the claims of BP. Consequently, in the event of insolvency of BP, the claims of holders of the notes under the guarantee would be structurally subordinated to the prior claims of the creditors of subsidiaries of BP, including without limitation any claims against BP Exploration & Production arising under the Oil Pollution Act of 1990 in connection with the Gulf of Mexico oil spill incident or any other claims against BP's North American subsidiaries arising from the incident.

In addition, some of BP's subsidiaries are subject to laws and regulations or other limitations restricting the amount of dividends they may pay. For example, BP has agreed with the US Government to create a \$20 billion escrow account to be available to satisfy legitimate claims arising out of the Gulf of Mexico oil spill incident. To the extent that escrow account is funded by subsidiaries of BP, the assets of those entities will not be available for distribution to BP. Moreover, subsidiaries of BP incorporated under the laws of England and Wales may be restricted by law in their ability to declare dividends due to failure to meet requirements tied to net asset levels or distributable profits.

A ratings decline could adversely affect the value of the notes

Any of the rating agencies that rate the debt of BP Capital U.K. and BP has the ability to lower the ratings currently assigned to that debt as a result of its views about the group's current or future business, financial condition, results of operations or other matters. Any ratings decline could adversely affect the value of the notes.

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In addition, the credit ratings ascribed to the group and the notes are intended to reflect the ability of BP Capital U.K. and BP to meet their respective repayment obligations in respect of the notes and the guarantee, and may not reflect the potential impact of all risks related to the structure, the market, the group, the Gulf of Mexico oil spill incident and other factors on the value of the notes.

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A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

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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 the following cautionary statement. This document contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of BP and certain of the plans and 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", "expects", "is expected to", "aims", "should", "may", "objective", "is likely to", "intend", "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 will or may occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including the specific factors identified in the discussions accompanying such forward-looking statements and other factors discussed elsewhere in this prospectus supplement including under "Risk Factors" on pages S-4 to S-6, and under "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2009 and "Principal Risks and Uncertainties" in our Report on Form 6-K for the period ended June 30, 2010. In addition to factors set forth elsewhere in this report, those set out in our Annual Report on Form 20-F for the fiscal year ended December 31, 2009 and in our Report on Form 6-K for the period ended June 30, 2010 are important factors, although not exhaustive, that may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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DESCRIPTION OF NOTES

This section outlines the specific financial and legal terms of the notes that are more generally described under **Description of Debt Securities and Guarantees** beginning on page 12 of the accompanying prospectus. If anything described in this section is inconsistent with the terms described under **Description of Debt Securities and Guarantees** in the accompanying prospectus, the terms described below shall prevail.

3.125% Guaranteed Notes due 2015 (the 2015 notes)

Issuer: BP Capital Markets p.l.c.

Title: 3.125% Guaranteed Notes due 2015.

Total principal amount being issued: \$2,000,000,000.

Issuance date: October 1, 2010.

Maturity date: October 1, 2015.

Day count: 30/360.

Day count convention: Following Unadjusted.

Interest rate: 3.125% per annum.

Date interest starts accruing: October 1, 2010.

Interest payment dates: Each April 1 and October 1.

First interest due date: April 1, 2011.

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 one or more transactions subsequent to the date of this prospectus supplement with terms (other than the issuance date, issue price and, possibly, the first interest payment date and the date interest starts accruing) identical to the 2015 notes

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issued hereby. These additional 2015 notes will be deemed part of the same series as the 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, provided that such additional notes will be issued with no more than *de minimis* original issue discount or be part of a qualified reopening for U.S. federal income tax purposes.

Net proceeds: The net proceeds, before expenses, will be \$1,987,320,000.

4.50% Guaranteed Notes due 2020 (the 2020 notes)

Issuer: BP Capital Markets p.l.c.

Title: 4.50% Guaranteed Notes due 2020.

Total principal amount being issued: \$1,500,000,000.

Issuance date: October 1, 2010.

Maturity date: October 1, 2020.

Day count: 30/360.

Day count convention: Following Unadjusted.

Interest rate: 4.50% per annum.

Date interest starts accruing: October 1, 2010.

Interest payment dates: Each April 1 and October 1.

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First interest due date: April 1, 2011.

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 2020 notes, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the 2020 notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2020 notes to be redeemed (not including any portion of payments of interest accrued 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 treasury rate plus 35 basis points, plus in each case accrued and unpaid interest to the date of redemption. For purposes of determining the optional make-whole redemption price, the following definitions are applicable. Treasury rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (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 selected by the quotation agent as having an actual or interpolated maturity comparable to the remaining term of the 2020 notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes. Comparable treasury price means, with respect to any redemption date, the average of the reference treasury dealer quotations for such redemption date. Quotation agent means one of the reference treasury dealers appointed by BP Capital U.K. Reference treasury dealer means Citigroup Global Markets Inc. and RBS Securities Inc. or their affiliates which are primary U.S. government securities dealers, and their respective successors, and two other primary U.S. government securities dealers selected by BP Capital U.K., provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (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 bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the quotation agent by such 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 2020 notes in one or more transactions subsequent to the date of this prospectus supplement with terms (other than the issuance date, issue price and, possibly, the first interest payment date and the date interest starts accruing) identical to the 2020 notes issued hereby. These additional 2020 notes will be deemed part of the same series as the 2020 notes issued hereby and will provide the holders of these additional 2020 notes the right to vote together with holders of the 2020 notes issued hereby, provided that such additional 2020 notes will be issued with no more than *de minimis* original issue discount or be part of a qualified reopening for U.S. federal income tax purposes.

Net proceeds: The net proceeds, before expenses, will be \$1,485,015,000.

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, you should read Description of Debt Securities and Guarantees beginning on page 12 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, provided that no interest will accrue on the payment so

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deferred. A business day for these purposes is any weekday on which banking or trust institutions in neither New York nor 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 indebtedness.

Payment of additional amounts: None payable under current law, provided that the notes are listed on a recognised stock exchange within the meaning of Section 1005 of the UK Income Tax Act 2007. The New York Stock Exchange is a recognised stock exchange as 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 beginning on page 10 of 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 immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Banking, société anonyme, in Luxembourg (Clearstream, Luxembourg), customers and/or Euroclear Bank S.A./N.V. (Euroclear) participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds. For more information about global securities held by DTC through Clearstream, Luxembourg or Euroclear, you should read Clearance and Settlement beginning on page 22 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 can guarantee such listing will be obtained.

Redemption: The notes are not redeemable, except as described under Description of Debt Securities and Guarantees Optional Tax Redemption on page 19 of the accompanying prospectus and as to the 2020 notes only, as described under 4.50% Guaranteed Notes due 2020 Optional make-whole redemption. The provisions for optional tax redemption described therein will apply to changes in tax treatments occurring after October 1, 2010. At maturity, the notes will be repaid at par.

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. (as successor to JPMorgan Chase Bank), as trustee, dated as of March 8, 2002, which is referred to on page 12 of the accompanying prospectus, as supplemented by a supplemental indenture with The Bank of New York Mellon Trust Company, N.A., as trustee, to be entered into on October 1, 2010.

Use of proceeds: The net proceeds from the sale of the notes will be used for general corporate purposes, including working capital for BP or other companies in 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 proceeding arising out of or based upon the indenture, the notes or the guarantee may be instituted in any state or federal court in the Borough of Manhattan in New York City, New York.

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

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GENERAL INFORMATION

Documents Available

BP files annual reports and other reports and information with the Securities and Exchange Commission (the "SEC"). Any document BP files with the SEC may be read and copied 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. The information that we incorporate by reference is an important part of this prospectus supplement and the attached prospectus. We incorporate by reference in this prospectus supplement the following documents and any future filings that we make with the SEC under Sections 13(a), 13(c) and 15(d) of the Securities Exchange Act of 1934, as amended, until we complete the offerings using this prospectus supplement and the attached prospectus:

Annual Report of BP on Form 20-F for the fiscal year ended December 31, 2009 dated March 5, 2010.

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: April 29, 2010; May 6, 2010; May 10, 2010; June 3, 2010; June 7, 2010; June 15, 2010; June 17, 2010; June 21, 2010; July 28, 2010; September 17, 2010 (two Reports on Form 6-K); September 24, 2010; and September 27, 2010 (two Reports on Form 6-K).

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

The Annual Report on Form 20-F for the fiscal year ended December 31, 2009 of BP contains a summary description of BP's business and audited consolidated 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 (EU). IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB; however, the differences have no impact on the group's consolidated financial statements for the years presented.

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 at the following address:

BP p.l.c.

1 St. James Square

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London SW1Y 4PD

United Kingdom

Tel. No.: +44 (0) 20 7496 4000

You should rely only on the information that we and BP incorporate by reference or provide in this prospectus supplement or the accompanying prospectus. Neither we nor BP have authorized anyone to provide you with different information. We are not making an offer of these debt 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 any date other than 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 the incorporation by reference of 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 therein is current as of any time subsequent to its date.

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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 applicable procedures from time to 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 any 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 the following codes: CUSIP 05565QBN7 and ISIN US05565QBN79. The 2020 notes have the following codes: CUSIP 05565QBP2 and ISIN US05565QBP28.

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	Six months ended June 30,		Year ended December 31			
	2010	2009	2008	2007	2006	2005
	Profit (loss) before taxation	(14,965)	25,124	34,283	31,611	35,142
Group's share of income in excess of dividends of equity-accounted entities	(761)	(898)	(93)	(1,359)		(710)
Capitalized interest, net of amortization	3	64	56	(183)	(341)	(193)
Profit (loss) as adjusted	(15,723)(a)	24,290	34,246	30,069	34,801	30,518
Fixed charges:						
Interest expense	277	718	1,157	1,110	718	559
Rental expense representative of interest	747	1,370	1,231	1,033	946	605
Capitalized interest	111	188	162	323	478	351
	1,135	2,276	2,550	2,466	2,142	1,515
Total adjusted earnings available for payment of fixed charges	(14,588)	26,566	36,796	32,535	36,943	32,033
Ratio of earnings to fixed charges		11.7	14.4	13.2	17.2	21.1
Deficiency	(15,723)(b)					

(a) Includes a pre-tax charge of \$32,192 million related to the Gulf of Mexico oil spill.

(b) Adjusted earnings are inadequate to cover fixed charges.

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The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of June 30, 2010 in accordance with IFRS:

	As of June 30, 2010 (US\$ millions)
Share capital	
Capital shares (1)-(3)	5,183
Paid-in surplus (4)	11,058
Merger reserve (4)	27,206
Own shares	(117)
Available-for-sale investments	339
Cash flow hedges	(323)
Foreign currency translation reserve	3,182
Treasury shares	(21,163)
Share-based payment reserve	1,468
Retained earnings	58,657
BP shareholders' equity	85,490
Finance debt (5)-(9)	
Due within one year	8,321
Due after more than one year	22,259
Total finance debt	30,850
Total Capitalization (10)	116,070

- (1) Issued share capital as of June 30, 2010 comprised 18,789,561,052 ordinary shares, par value US\$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,857,539,914 ordinary shares which have been bought back and held in treasury by BP and 112,803,287 ordinary shares which have been bought back for cancellation. These shares are not taken into consideration in relation to the payment of dividends and voting at shareholders' meetings.
- (2) Issued share capital as of September 21, 2010 comprised 18,791,540,565 ordinary shares, par value US\$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,855,575,701 ordinary shares which have been bought back and held in treasury by BP and 112,803,287 ordinary shares which have been bought back for cancellation. These shares are not taken into consideration in relation to the payment of dividends and voting at shareholders' meetings.
- (3) Capital shares represent the ordinary shares of BP which have been issued and are fully paid.
- (4) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.
- (5) Finance debt recorded in currencies other than US dollars has been translated into US dollars at the relevant exchange rates existing on June 30, 2010.
- (6) Obligations under finance leases are included within finance debt in the above table.
- (7) As of June 30, 2010, the parent company, BP p.l.c., had outstanding guarantees totaling US\$26,894 million, of which US\$26,861 million related to guarantees in respect of liabilities of its subsidiary undertakings, including US\$26,627 million relating to borrowings by subsidiaries. Thus 87% of the finance debt had been guaranteed by BP.

At June 30, 2010, of US\$30,580 million finance debt, US\$1,155 million was secured and the remainder was unsecured. On July 30, 2010, three subsidiaries of BP p.l.c. (together BP Angola) entered into a term loan facility in an amount of up to US\$3,000 million, of which US\$2,500 million had been issued as of September 24, 2010, backed by crude oil sales from BP Angola's interest in a number of its licences in offshore Angola. The facility for BP Angola is a five-year amortizing term loan maturing on June 30, 2015. As credit support for the transaction, BP

Angola has entered into crude oil sales contracts with a special

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purpose company which is not a member of the BP group in respect of oil from certain fields and that special purpose company has in turn, amongst other things, provided security to the lending banks through an assignment of its rights against BP Angola under these oil sales contracts.

On July 30, 2010, BP received a cash deposit in an amount of US\$3,500 million from Apache Corporation (Apache) as an advance against the consideration payable by Apache in connection with the agreement by BP to sell certain upstream assets in Canada and Egypt to Apache, among other asset disposals to Apache announced by BP on July 20, 2010. Pending completion of the transactions, the US\$3,500 million deposit received by BP is treated as finance debt due within one year.

On August 5, 2010, BP received a cash deposit in an amount of US\$1,250 million from a consortium of Ecopetrol, Colombia's national oil company (51%), and Talisman of Canada (49%), as an advance against the US\$1,900 million consideration payable by the consortium for 100 percent of the shares in BP Exploration Company (Colombia) Limited (BPXC), the wholly-owned BP subsidiary company that holds BP's oil and gas exploration, production and transportation interests in Colombia, as announced by BP on August 3, 2010. Pending completion of the transaction, which is expected by the end of the year, the US\$1,250 million cash deposit is treated as finance debt due within one year.

On August 13, 2010, a subsidiary of BP p.l.c., BP Exploration (Caspian Sea) Limited (BP Caspian), entered into a term loan facility in an amount of up to US\$2,250 million, of which US\$2,000 million had been issued as of September 24, 2010, backed by crude oil sales from BP Caspian's interest in the Azeri-Chirag-Deepwater Gunashli (ACG) field, offshore Azerbaijan. The facility for BP Caspian is a five-year amortizing term loan maturing on August 13, 2015. As credit support for the transaction, BP Caspian has entered into a crude oil sales contract with a special purpose company which is not a member of the BP group in respect of oil from the ACG field and that special purpose company has in turn, amongst other things, provided security to the lending banks through an assignment of its rights against BP Caspian under that oil sales contract.

- (8) As of December 31, 2009, BP had guaranteed US\$919 million of indebtedness of jointly controlled entities, associates and other third parties and there has been no material change since that date. BP had, as of June 30, 2010, no material outstanding contingent indebtedness and there have been no material changes since that date.
- (9) As of September 21, 2010, BP's outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above table, had decreased by US\$934 million; and BP's finance debt due after more than one year, apart from changes noted in note (7), had decreased by US\$760 million equivalent.
- (10) Apart from the changes in notes (2), (7) and (9) above, and except as disclosed under "Liquidity and Capital resources" on pages 6 and 7 of the Form 6-K of BP filed on July 28, 2010, there has been no material change since June 30, 2010 in the consolidated capitalization and indebtedness of BP.

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UNITED STATES TAXATION

This section describes the material United States federal income tax consequences of owning the notes we are offering. It applies to you only if you acquire notes in the offering at the offering price and you hold your notes as 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 risks,

a person that owns notes as part of a straddle or conversion transaction 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. You should 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 partner and the tax treatment 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 treatment of an investment in the notes.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, 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 the laws of 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 a note and you are:

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 are authorized to control all 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** below.

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Payments of Interest

You will be taxed on interest on your note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Purchase, Sale and Retirement of the Notes

Your tax basis in your note generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your note equal to the difference between the amounts you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be taxed as such), and your tax basis in your note. Capital gain of a noncorporate United States holder that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period of greater than one year.

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 federal income tax, including 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.

Backup Withholding and Information Reporting

Please see the discussion under "Tax Considerations—United States Taxation—Backup Withholding and Information Reporting" in the accompanying prospectus for a description of the applicability of the backup withholding and information reporting rules to payments made on your 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, dated the date of this prospectus supplement, to purchase the principal amount of notes set forth below opposite its name. The underwriters are committed to purchase all of the notes if any notes are purchased.

Underwriter	Principal Amount of 2015 Notes	Principal Amount of 2020 Notes
Barclays Capital Inc.	\$ 109,600,000	\$ 82,200,000
BNP Paribas Securities Corp.	\$ 219,200,000	\$ 164,400,000
Citigroup Global Markets Inc.	\$ 219,200,000	\$ 164,400,000
Goldman, Sachs & Co.	\$ 54,800,000	\$ 41,100,000
HSBC Securities (USA) Inc.	\$ 219,200,000	\$ 164,400,000
Mizuho Securities USA Inc.	\$ 219,200,000	\$ 164,400,000
Morgan Stanley & Co. Incorporated	\$ 54,800,000	\$ 41,100,000
RBS Securities Inc.	\$ 219,200,000	\$ 164,400,000
Santander Investment Securities Inc.	\$ 164,200,000	\$ 123,150,000
SG Americas Securities, LLC	\$ 219,200,000	\$ 164,400,000
Credit Suisse Securities (USA) LLC	\$ 54,800,000	\$ 41,100,000
Standard Chartered Bank	\$ 219,200,000	\$ 164,400,000
UBS Securities LLC	\$ 27,400,000	\$ 20,550,000
Total	\$ 2,000,000,000	\$ 1,500,000,000

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, although 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 for the notes will develop. 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 may discontinue market 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, as amended.

The underwriters propose to offer the notes initially at the offering price on the cover page of this prospectus supplement. The underwriters may sell notes to securities dealers at a discount from the initial public offering price of up to 0.200% of the principal amount of the 2015 notes and 0.300% of the principal amount of the 2020 notes. These securities dealers may resell any notes purchased from the underwriters to other brokers or dealers at a discount from the initial public offering price of up to 0.125% of the principal amount of the 2015 notes and 0.200% of the principal amount of the 2020 notes. If the underwriters cannot sell all the notes at the initial offering price, they may change the offering price and the other selling terms. The offering of the notes by the underwriters is subject to receipt and acceptance 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 securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. From time to time the underwriters engage in transactions with BP or its subsidiaries in the ordinary course of business. The underwriters have performed investment banking, commercial banking and advisory services for BP in the past and have received

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customary fees and expenses for these services, and may do so again in the future. For example, in the ordinary course of their various businesses, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related

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derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may also involve securities and/or instruments of BP or its subsidiaries. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In order to facilitate the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or support the price of such notes, as the case may be, for 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 for their own account. 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. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities 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), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant 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 as supplemented by this prospectus supplement to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent 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 referred to above shall require BP Capital U.K. or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement 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 means the communication 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 the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has further represented and agreed that:

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it has complied and will comply with all the applicable provisions of the Financial Services and Markets Act 2000 (FSMA) with respect to anything done by it 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

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Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of 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 document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes 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 is directed at, or the contents of 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 notes which are or are intended 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.

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or 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 the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified 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 an accredited investor) the sole 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; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes 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), and in accordance with the conditions, specified in Section 275 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) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) high net worth entities, and other persons to whom it 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). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not 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 has been 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 an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of notes. Accordingly any person making 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 supplemented by this prospectus supplement may only do so in circumstances

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in which no obligation arises for BP Capital U.K. or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither BP Capital U.K. nor any of the underwriters have authorized, nor do they authorize, the making of any offer of notes in 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 contemplated in this prospectus supplement and the prospectus will be deemed to have represented, warranted and agreed to and with each underwriter and BP Capital U.K. that:

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; and

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, (i) the notes acquired by it in the offer 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 offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Standard Chartered Bank will not effect any offers or sales of any notes in the United States unless it is through one or more U.S. registered broker-dealers as permitted by the regulations of FINRA.

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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 to or through underwriters, and 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 passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated March 13, 2009

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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 a shelf registration process. This 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 will contain specific information about the terms of those securities and their offering. The prospectus supplement may also add, update or change information contained in this prospectus. We urge you to 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 and its subsidiaries; and "BP Capital U.K." refers to BP Capital Markets p.l.c.

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RISK FACTORS

Investing in the securities offered using this prospectus involves risk. We urge you to carefully review the risks described below, together with the risks described in the documents incorporated by reference into this prospectus and any risk factors included in the prospectus supplement, before you decide to buy our securities. If any of these risks actually occur, our business, financial condition and results of operations could suffer, and the trading price and liquidity of the securities offered using this prospectus could decline, in which case you may lose all or part of your investment.

Risks Relating to BP Group's Business

In the current global financial crisis and uncertain economic environment, certain risks may gain more prominence either individually or when taken together. Oil and gas prices and margins are likely to remain lower than in recent times due to reduced demand; the impact of this situation will also depend on the degree to which producers reduce production. At the same time, governments will be facing greater pressure on public finances leading to the risk of increased taxation. These factors may also lead to intensified competition for market share and available margin, with consequential potential adverse effects on volumes. The financial and economic situation may have a negative impact on third parties with whom BP Group does, or may do, business. Any of these factors may affect BP Group's results of operations, financial condition and liquidity.

If there is an extended period of constraint in the capital markets, with debt markets in particular experiencing lack of liquidity, at a time when cash flows from BP Group's business operations may be under pressure, this may impact BP Group's ability to maintain our long-term investment programme with a consequent effect on BP Group's growth rate and may impact shareholder returns, including dividends and share buybacks, or share price. Decreases in the funded levels of BP Group's pension plans may also increase its pension funding requirements.

BP Group's system of risk management provides the response to risks of group significance through the establishment of standards and other controls. Inability to identify, assess and respond to risks through this and other controls could lead to an inability to capture opportunities, threats materializing, inefficiency and non-compliance with laws and regulations.

The risks are categorized against the following areas: strategic; compliance and control; and operational.

Strategic Risks

Access and renewal: Successful execution of BP Group's plan depends critically on implementing activities to renew and reposition BP Group's portfolio. The challenges to renewal of BP Group's upstream portfolio are growing due to increasing competition for access to opportunities globally. Lack of material positions in new markets and/or inability to complete disposals could result in an inability to grow or even maintain BP Group's production.

Prices and markets: Oil, gas and product prices are subject to international supply and demand. Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices. Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources. As a result, increased oil prices 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 prolonged period of low prices or other indicators would lead to further reviews for impairment of BP Group's oil and natural gas properties. Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on BP Group's results of operations in the period in which it occurs. Rapid material and/or sustained change in oil, gas and product prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived

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from those decisions may no longer be appropriate. A prolonged period of low oil prices may impact BP Group's ability to maintain its long-term investment programme with a consequent effect on BP Group's growth rate and may impact shareholder returns, including dividends and share buybacks, or share price.

Periods of global recession could impact the demand for BP Group's products, the prices at which they can be sold and affect the viability of the markets in which BP Group operates.

Refining profitability can be volatile, with both periodic oversupply and supply tightness in various regional markets. Sectors of the chemicals industry are also subject to fluctuations in supply and demand within the petrochemicals market, with consequent effect on prices and profitability.

Climate change and carbon pricing: Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, reduced profitability from changes in operating costs and revenue generation and strategic growth opportunities being impacted.

Socio-political: BP Group has operations in countries where political, economic and social transition is taking place. Some countries have experienced political instability, changes to the regulatory environment, expropriation or nationalization of property, civil strife, strikes, acts of war and insurrections. Any of these conditions occurring could disrupt or terminate BP Group's operations, causing BP Group's development activities to be curtailed or terminated in these areas or BP Group's production to decline and could cause us to incur additional costs. In particular, BP Group's investments in Russia could be adversely affected by heightened political and economic environment risks.

BP Group sets itself high standards of corporate citizenship and aspires to contribute to a better quality of life through the products and services BP Group provides. If it is perceived that BP Group is not respecting or advancing the economic and social progress of the communities in which BP Group operates, its reputation and shareholder value could be damaged.

Competition: The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home. Competition puts pressure on product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency. The implementation of group strategy requires continued technological advances and innovation including advances in exploration, production, refining, petrochemicals manufacturing technology and advances in technology related to energy usage. BP Group's performance could be impeded if competitors developed or acquired intellectual property rights to technology that BP Group required or if BP Group's innovation lagged the industry.

Investment efficiency: BP Group's organic growth is dependent on creating a portfolio of quality options and investing in the best options. Ineffective investment selection could lead to loss of value and higher capital expenditure.

Reserves replacement: Successful execution of BP Group's strategy depends critically on sustaining long-term reserves replacement. If upstream resources are not progressed to proved reserves in a timely and efficient manner, BP Group will be unable to sustain long-term replacement of reserves.

Liquidity, financial capacity and financial exposure: BP Group has established a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity and to constrain the level of assessed capital at risk for the purposes of positions taken in financial instruments. Failure to operate within BP Group's financial framework could lead to BP Group becoming financially distressed leading to a loss of shareholder value. Commercial credit risk is measured and controlled to determine BP Group's total credit risk. Inability to determine adequately BP Group's credit exposure could lead to financial loss. A credit crisis

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affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to BP Group. It could also affect BP Group's ability to raise capital to fund growth.

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 can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs and revenues.

Compliance and control risks

Regulatory: The oil industry is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental and health and safety protection controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalization, expropriation, cancellation or non-renewal of contract rights. BP Group buys, sells and trades oil and gas products in certain regulated commodity markets. The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that 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, BP Group could be required to curtail or cease certain operations, or BP Group could incur additional costs.

Ethical misconduct and non-compliance: BP Group's code of conduct, which applies to all employees, defines BP Group's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions BP Group expects of its businesses and people wherever BP Group operates. Incidents of ethical misconduct or non-compliance with applicable laws and regulations could be damaging to BP Group's reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of BP Group's operations.

Liabilities and provisions: Changes in the external environment, such as new laws and regulations, market volatility or other factors, could affect the adequacy of BP Group's provisions for pensions, tax, environmental and legal liabilities.

Reporting: External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to BP Group's reputation.

Operational risks

Process safety: Inherent in BP Group's operations are hazards that require continual oversight and control. There are risks of technical integrity failure and loss of containment of hydrocarbons and other hazardous material at operating sites or pipelines. Failure to manage these risks could result in injury or loss of life, environmental damage, or loss of production and could result in regulatory action, legal liability and damage to our reputation.

Personal safety: Inability to provide safe environments for BP Group's workforce and the public could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to BP Group's reputation.

Environmental: If BP Group does not apply its resources to overcome the perceived trade-off between global access to energy and the protection or improvement of the natural environment, BP Group could fail to live up to its aspirations of no or minimal damage to the environment and contributing to human progress.

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Security: Security threats require continuous oversight and control. Acts of terrorism against its plants and offices, pipelines, transportation or computer systems could severely disrupt business and operations and could cause harm to people.

Product quality: Supplying customers with on-specification products is critical to maintaining its licence to operate and BP Group's reputation in the marketplace. Failure to meet product quality standards throughout the value chain could lead to harm to people and the environment and loss of customers.

Drilling and production: Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. The cost of drilling, completing or operating wells is often uncertain. BP Group may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements.

Transportation: All modes of transportation of hydrocarbons contain inherent risks. A loss of containment of hydrocarbons and other hazardous material could occur during transportation by road, rail, sea or pipeline. This is a significant risk due to the potential impact of a release on the environment and people and given the high volumes involved.

Major project delivery: Successful execution of BP Group's plan depends critically on implementing the activities to deliver the major projects over the plan period. Poor delivery of any major project that underpins production growth and/or a major programme designed to enhance shareholder value could adversely affect BP Group's financial performance.

Digital infrastructure: The reliability and security of BP Group's digital infrastructure are critical to maintaining BP Group's business applications availability. A breach of BP Group's digital security could cause serious damage to business operations and, in some circumstances, could result in injury to people, damage to assets, harm to the environment and breaches of regulations.

Business continuity and disaster recovery: Contingency plans are required to continue or recover operations following a disruption or incident. Inability to restore or replace critical capacity to an agreed level within an agreed timeframe would prolong the impact of any disruption and could severely affect business and operations.

Crisis management: Crisis management plans and capability are essential to deal with emergencies at every level of BP Group's operations. If BP Group does not respond or is perceived not to respond in an appropriate manner to either an external or internal crisis, BP Group's business and operations could be severely disrupted.

People and capability: Employee training and development and successful recruitment of new staff, in particular petroleum engineers and scientists, are key to implementing BP Group's plans. Inability to develop the human capacity and capability across the organization could jeopardize performance delivery.

Treasury and trading activities: In the normal course of business, BP Group is subject to operational risk around BP Group's treasury and trading activities. Control of these activities is highly dependent on BP Group's ability to process, manage and monitor a large number of complex transactions across many markets and currencies. Shortcomings or failures in BP Group's systems, risk management methodology, internal control processes or people could lead to disruption of BP Group's business, financial loss, regulatory intervention or damage to BP Group's reputation.

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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 the following cautionary statement. This prospectus, including documents incorporated by reference, and the related prospectus supplement may contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of BP and certain of the plans and 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, expects, is expected to, aims, should, may, objective, is likely to, intends, believes, plans, we see or similar expressions. Forward-looking statements involve risk and uncertainty because they relate to events 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 expressed in such statements, depending on a variety of factors, including the specific factors identified in the discussions accompanying such forward-looking statements; the timing of bringing new fields on stream; future levels of industry product supply, demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this prospectus including under Risk Factors above. Any forward-looking statements made by or on BP's behalf speak only 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 events, conditions or circumstances on which any such statement is based. Additional information, including information on factors which may affect BP's business, is contained in BP's Annual Report on Form 20-F filed with the SEC.

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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 Public Reference Room at 100 F Street, 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-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 listed in France and Germany. You can consult reports and other information about BP that it files pursuant to the rules of the London Stock Exchange and the New York Stock Exchange at these exchanges.

The SEC allows BP to incorporate by reference into this prospectus the information in documents filed with the SEC. This means that BP can disclose important information to you by referring you to those documents. Each document incorporated by reference is current only as of the date of such document, and the incorporation by reference of 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 therein 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 it with the same care. When BP updates the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information incorporated by reference in this prospectus is considered to be automatically updated and superseded. In other words, in the case of a conflict or inconsistency between information contained in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later.

BP incorporates by reference into this prospectus the documents listed below and any documents BP files with the SEC in the future under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), including any future annual reports on Form 20-F, until the offerings made under this prospectus are completed:

Annual Report on Form 20-F for the year ended December 31, 2008 (File No. 001 06262), filed on March 4, 2009.

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 in this prospectus after the date of this prospectus and before the date that any offering of the securities by means of this prospectus is terminated.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to 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 have not authorized anyone to 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 assume that the 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 (Consolidation) Act 1908 with registered number 00102498.

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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, 2008, 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 (011) 44-20-7496-4000.

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 they would not be material to investors. BP will fully and unconditionally guarantee the guaranteed debt securities issued by BP Capital Markets p.l.c. as to payment of principal, premium, if any, interest 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 on December 14, 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. BP Capital U.K. will lend substantially all proceeds of its borrowings to the BP Group.

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The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of December 31, 2008 in accordance with IFRS:

	As of December 31, 2008 (US\$ million)
Share Capital	
Authorized share capital (1)	\$ 9,021
Capital shares (2-4)	5,176
Paid-in surplus (5)	10,835
Merger reserve (5)	27,206
Own shares	(326)
Available-for-sale investments	63
Cash flow hedges	(866)
Foreign currency translation reserve	2,353
Treasury Shares	(21,513)
Share-based payment reserve	1,295
Retained earnings	67,080
BP shareholders' equity	91,303
Finance debt (6-9)	
Due within one year	15,740
Due after more than one year	17,464
Total finance debt	33,204
Total Capitalization (10)	\$ 124,507

- (1) Authorized share capital comprises 36 billion ordinary shares, par value US\$0.25 per share, and 12,750,000 cumulative preference shares, par value £1 per share.
- (2) Issued share capital as of December 31, 2008 comprised 18,730,307,315 ordinary shares, par value US\$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,888,151,157 ordinary shares which have been bought back and held in treasury by BP, and which are not taken into consideration in relation to the payment of dividends and voting at shareholders' meetings.
- (3) Issued share capital as of March 4, 2009 comprised 18,734,552,755 ordinary shares, par value US\$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,885,206,361 ordinary shares which have been bought back and held in treasury by BP, and which are not taken into consideration in relation to the payment of dividends and voting at shareholders' meetings.
- (4) Capital shares represent the common stock of BP which has been issued and is fully paid.
- (5) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.
- (6) Finance debt recorded in currencies other than U.S. dollars has been translated into U.S. dollars at the relevant exchange rates existing on December 31, 2008.
- (7) Obligations under finance leases are included in the above table.
- (8) As of December 31, 2008, the parent company, BP p.l.c., had outstanding guarantees totaling US\$30,063 million, of which US\$30,008 million related to guarantees in respect of borrowings by its subsidiary undertakings. Thus 90% of the finance debt had been guaranteed by BP. BP has no material outstanding contingent liabilities. All of BP's debt is unsecured.
- (9) As of March 10, 2009, BP's outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above table, had increased by US\$307 million equivalent; and BP's finance debt due after more than one year had increased by US\$2,081 million equivalent.

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- (10) Apart from the changes in notes 3 and 9 above, there has been no material change since December 31, 2008 in the consolidated capitalization, indebtedness or contingent liabilities for BP.

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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. These 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. When we refer to the holders of securities, we mean only the actual legal and (if applicable) record holder of those securities. Holding securities in accounts at banks or brokers is called holding in street name. 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. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the securities, either because they agree to do so in their customer agreements 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; and

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 run only to persons who are registered as holders of securities. As noted above, we do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold securities in that manner or because the securities are issued in the form of global securities as described below. For example, once we make payment to the registered 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 but does not do so.

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 we choose to issue 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 circumstances described below 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 must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. The prospectus supplement relating to an offering of a series of securities will indicate whether the series will be issued only in the form of global securities.

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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 and of the depository, 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 depository that holds 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 legal rights relating to the securities, as explained on page 10 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 own their securities in the form of physical certificates.

The depository's policies will govern payments, transfers, exchange and other matters relating to your interest in the global security. We and the trustee have no responsibility for any aspect of the depository's actions (other than actions undertaken pursuant to our instructions) or for its records of ownership interests in the global security. We and the trustee also do not supervise the depository in any way.

The depository will require that interests in a global security be purchased or sold within its system using same-day funds. By contrast, payment for purchases and sales in the market for corporate bonds and other securities is generally made in next-day funds. The difference could have some effect on how interests in global 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 representing securities. After 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 bank or brokers to find out how to have 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 in the securities have been previously described on page 10 under [Street Name and Other Indirect Holders](#) and [Direct Holders](#).

The special situations for termination of a global security are:

When the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository.

When an event of default on the securities has occurred and has not been cured. Defaults on debt securities are discussed below on pages 20-21 under [Description of Debt Securities and Guarantees](#), [Default and Related Matters](#), and [Events of Default](#). The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of securities covered by the prospectus supplement. When a global security terminates, the depository, and not we or the trustee, is responsible for deciding the names of the institutions that will be the initial direct holders.

In the remainder of this description you means direct holders and not street name or other indirect holders of securities. We urge indirect holders to read the subsection on page 10 entitled Street Name and Other Indirect Holders .

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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 companies that are publicly offered, the debt securities are governed by a document called the indenture. BP Capital U.K. has entered into an indenture with The Bank of New York Mellon Trust Company, N.A.

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, described under **Default and Related Matters** **Events of Default** **Remedies If an Event of Default Occurs** on page 21 below; and

second, the trustee performs administrative duties for us, such as sending you interest payments, transferring your debt securities to a new buyer if you sell 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 13 below.

The indenture and its associated documents contain the full legal text governing the matters described in this section. The indenture, the debt securities and the guarantees 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 7 for information on 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 and qualified in its entirety 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 more important terms. We also include references in parentheses to some sections of the indenture. Whenever we refer to particular sections or defined terms of the indenture in this prospectus or in the prospectus supplement, those sections or defined terms are incorporated by reference here or in the prospectus supplement. This summary also is subject to and qualified by reference to the description of the particular terms of your series described in the prospectus supplement.

BP Capital U.K. may each issue as many distinct series of debt securities under its indenture as it wishes. This section summarizes all material terms of the debt securities 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 stated principal amount. (*Section 101*) Special U.S. federal income tax, accounting and other considerations may apply to original issue discount securities. These considerations will be described in the prospectus supplement relating to any original issue discount securities that may be issued. The debt securities may also be issued as indexed securities or 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 and the pricing agreement 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 description of the terms of 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;

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any limit on the aggregate principal amount of the series of debt securities or on the future offering of additional debt securities beyond any such limit;

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 the date or dates from which that 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 payment dates;

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 or mandatory redemption provisions that are not described in this prospectus, be redeemed and the other detailed terms and provisions of those optional or mandatory redemption provisions, if any;

the denominations in which the series of debt securities will be issuable if other than denominations of \$1,000 and any integral multiple of \$1,000;

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 19 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, a related right to an optional tax 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 10-11 under **Legal Ownership** **Global Securities** , and the depository or its nominee with respect to the series of debt securities, and any special circumstances under which the global security may be registered for transfer or exchange in the name of a person other than the depository 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 certain additional amounts which may be payable under the guarantees, as described on page 18 under **Special Situations Payment of Additional Amounts** . BP guarantees the payment of such amounts when such amounts become due and payable, whether at the stated maturity of the debt securities, by declaration or acceleration, call for redemption or otherwise.

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 where we make payments.

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Your rights under several *special situations*, such as if we merge with another company or if we want to change a term of the debt securities.

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 of larger denominations, as long as 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 in the names of holders and transferring registered debt securities. We may change this appointment to another entity or perform the service ourselves. The entity performing the role of maintaining the list of registered holders 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 governmental charge associated 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 your proof of ownership.

If we have designated additional transfer agents, they are named in the prospectus supplement. We may cancel the designation of any particular transfer agent. We may also 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 or exchange of debt securities during 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 notice of redemption and ends on the day of that mailing. We may also refuse to register transfers or exchanges of debt securities selected for redemption. However, we will continue to permit transfers and exchanges of 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 each due date for interest, even 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 called the regular record date and 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. That office is currently located at The Bank of New York Mellon Trust Company, N.A., 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602. You must make arrangements to have your payments picked up at or wired from that office. We may also choose to pay interest by mailing checks. Interest on global securities will be paid to the holder thereof by wire transfer of same-day funds.

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Holders buying and selling debt securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is 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 fairly between buyer and seller. 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 trust office. These offices are called 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 any particular series of 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 amount is due to direct holders 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. (Section 1006)

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 our assets to 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 approving any of these actions is required, unless as part of the transaction we make changes to the indenture requiring your approval, as described below on pages 16 under **Modification and Waiver**. We may take these actions as part of a transaction involving outside third parties or as part of an internal corporate reorganization. We may take these actions even if they 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 our option, as described below on page 19 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 you, in connection with a merger, 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 met:

Where BP Capital U.K. or BP, as applicable, merges out of existence or sells or leases substantially all of its assets, the other entity must assume its obligations on the debt securities or the guarantees. Such other entity must be organized under the laws of such BP entity's jurisdiction or a political subdivision thereof.

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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. For purposes of this no-default test, a default would include an

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event of default that has occurred and not been cured, as described below on page 20 under **Default and Related Matters** **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 the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

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 mortgage, security interest, lien or other 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 income tax purposes of debt 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 income tax purposes and possible other adverse tax consequences.

Modification and Waiver

There are three types of changes we can make to the indentures 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 in order to:

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 indentures;

reduce the percentage of holders of debt securities whose consent is needed to waive compliance with various provisions of the indentures or to waive various defaults;

modify any other aspect of the provisions dealing with modification and waiver of the indentures; 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 indentures and the debt securities is the kind that requires a vote in favor by holders of debt securities owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and other changes that would not adversely affect holders of the debt securities in any material respect. The same vote would be required for us to obtain a

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waiver of all or part of the covenants described in this summary or a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the indentures or the debt securities listed in the first category described above under **Changes Requiring Your Approval** unless we obtain your individual consent to the waiver. (*Section 513*)

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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 adversely affect holders of the debt securities in any material respect. *(Section 901)*

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 maturity of the debt securities 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 rule for that security described 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 of the date of original issuance.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for you money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described below on page 19 under *Defeasance and Discharge*. *(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 that are entitled to vote or take 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, that vote or action may be taken only 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 another 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) this period from time to 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 or denied if we seek to change 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 deposit money 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 security before its stated maturity unless the prospectus supplement specifies a redemption commencement date. You will not be entitled to require us to buy your debt security from you, before its stated maturity, unless the related 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 or repayment prices, which 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(s). It may also specify one or more redemption periods during which the redemption prices relating to a redemption of debt securities during those periods will apply.

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If the prospectus supplement specifies a redemption commencement date, we may redeem your debt security at our option at any time on or after that date. If we redeem your debt security, we will do so at the

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specified redemption price, together with interest accrued to the redemption date. If different prices are specified for different redemption 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(s) at the specified repayment price(s), together with interest accrued to the repayment date.

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 to be redeemed to the trustee 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. We will give the notice in the manner described above on page 15 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, will be the only person that can exercise the right to repayment. Any indirect holders who own beneficial interests in the global security and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers through which they hold their interests, requesting that they notify the depositary to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers; we urge you to take care to act promptly enough to ensure that your request is given effect by the depositary 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 in a timely manner.

We or our affiliates may purchase debt securities from investors who are willing to sell from time to time, either in the open market at prevailing prices 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 amounts from payments on the 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 charges. If the jurisdiction requires a 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 net amount you receive will be the 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 not be resident in the jurisdiction 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 on a date more than 30 days after the 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 governmental charge.

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The tax or governmental charge is for a tax or governmental charge that is payable in a manner that does not involve withholdings.

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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 exemption from all or part of such tax or governmental charge.

The withholding or deduction is imposed pursuant to the European Union Directive approved on June 3, 2003, regarding taxation of, and information exchange among member states of the European Union with respect to, interest income, or any law implementing such directive.

The withholding or deduction is imposed on a holder or beneficial owner who could have avoided such withholding or deduction by presenting its debt securities to 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 any interest on, any security, 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 fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder of such security.

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 1010*)

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, BP or BP Capital U.K. would be required to pay additional amounts as described in the previous subsection under Payment of Additional Amounts. This option applies only in the case of changes in United Kingdom tax treatment that occur on or after the date specified in the prospectus supplement for the applicable series of debt securities. The redemption price for the debt securities, other than original issue discount debt securities, will be equal to the principal amount of the debt securities being redeemed plus accrued interest. The redemption price 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 the debt securities, reset the interest rate 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 have them apply to that series. 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 below, if we, in addition to other actions, put in place the following arrangements for you to be repaid:

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We must deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will

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generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates. 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 an event of default that has occurred and not been cured, as described below under **Default and Related Matters** **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 the requirements for giving us default notice or our default having to exist for a specific period of time 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 make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves. In the case of debt securities being discharged, we must deliver along with this opinion a private letter ruling from U.S. Internal Revenue Service to this effect or a revenue ruling pertaining to a comparable form of transaction to that effect published by the U.S. Internal Revenue Service to the same effect.

If the debt securities are listed on the New York Stock Exchange, we must deliver to the trustee a legal opinion of our counsel confirming that the deposit, defeasance 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 obligations:

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 one of our unsecured creditors. The debt securities are not subordinated to any of our other debt obligations and therefore they rank equally with all our other unsecured and unsubordinated indebtedness.

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.

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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 stating we are in breach. The 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*)

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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% in principal amount of the 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. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the 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 of acceleration, have been 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 at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. *(Section 603)* If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the indenture. *(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 protect your interests relating to 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 because of 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 and offer of indemnity. *(Section 507)*

We urge street name and other indirect holders to consult their banks or brokers for information on how to give notice or direction to or make a request of 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 indenture and 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.

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 default having to exist for a specific period of time were disregarded, the trustee may be considered to have a conflicting interest with respect to the debt securities or the applicable indenture for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the applicable indenture and we would be required to appoint a successor trustee.

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CLEARANCE AND SETTLEMENT

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

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. 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 the securities will be cleared and 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 established among the clearing systems for these securities. Investors in securities that are issued outside of the United States, its territories and possessions must initially hold their interests through Euroclear, 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 the investor's interest in securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

We have no responsibility for any aspect of the actions of DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We also do not 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 they have made with one another or 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 as they are 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 Uniform Commercial Code; and

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- 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 between participants through 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 certain other organizations. DTC is 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 participants.

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 is subject to regulation 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 among them. It does so through 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 internationally traded securities and lending and borrowing of securities. It interfaces with the domestic markets in over 30 countries through established depository and custodial relationships.

Clearstream, Luxembourg's customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include 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 customers or that have custodial 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 Banking and Finance Commission (Commission Bancaire et Financière) 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. It does so through simultaneous 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 collateral management. It interfaces 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 may include certain other professional financial intermediaries.

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Indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have relationships with Euroclear customers.

All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.

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 we choose will be 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 that is specified in the applicable prospectus supplement. Payment for securities will be made on a delivery versus payment or free delivery basis. These payment procedures will be more fully 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 specific series of 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 that are applicable to each clearance 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 corporate debt obligations in 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 payments in U.S. dollars, 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 that are applicable to 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, for value on 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 will be settled using 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.

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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 free of payment. If payment is made other than in U.S. dollars, separate payment arrangements outside of the DTC system must be made between the DTC participants involved.

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 way following the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg. Secondary market trading will be settled using procedures applicable to conventional Eurobonds in 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 at least one business day prior to settlement. The instructions will provide for the transfer of the securities from the selling DTC participant's account to the account of the purchasing Euroclear or Clearstream, Luxembourg participant. Euroclear or Clearstream, Luxembourg, as the case may be, will then instruct the common depository for Euroclear and 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 participant, following its usual procedures. 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 accrue from, the value 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 Euroclear or Clearstream, 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. The most direct means of doing this is to preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the securities are credited to their accounts one business day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can choose not to preposition funds and will instead allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing securities would incur overdraft charges for one business day (assuming they cleared the overdraft as soon as the securities were credited to their accounts). However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities that is earned during that one business day period may substantially reduce or offset 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 the depository on behalf of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. For the DTC participants, then, a cross-market transaction will settle no differently than a trade between two DTC participants.

Special Timing Considerations

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

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In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream, Luxembourg and Euroclear on the same business 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 the securities, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream, Luxembourg or Euroclear is used.

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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. It applies to you only 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. It is the opinion of 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, such as: