

BP PLC
Form 424B5
November 05, 2013
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Filed Pursuant to Rule 424(b)(5)
Registration Statement Nos. 333-179953
and 333-179953-01

Prospectus Supplement

November 4, 2013

(To prospectus dated February 5, 2013)

BP Capital Markets p.l.c.

\$350,000,000 Floating Rate Guaranteed Notes due May 2015

\$500,000,000 Floating Rate Guaranteed Notes due November 2015

\$650,000,000 Floating Rate Guaranteed Notes due 2016

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

BP p.l.c.

The floating rate guaranteed notes due May 2015 (the May 2015 notes) will bear interest at a floating rate equal to the three-month U.S. dollar LIBOR rate plus 0.23%. The floating rate guaranteed notes due November 2015 (the November 2015 notes) will bear interest at a floating rate equal to the three-month U.S. dollar LIBOR rate plus 0.33%. The floating rate guaranteed notes due 2016 (the 2016 notes and, together with the May 2015 notes and the November 2015 notes, the notes) will bear interest at a floating rate equal to the three-month U.S. dollar LIBOR rate plus 0.42%. BP Capital Markets p.l.c. will pay interest on the May 2015 notes and on the 2016 notes on each February 7, May 7, August 7 and November 7 subject to the modified following day count convention. The first such payments in respect of the May 2015 notes and the 2016 notes will be made on February 7, 2014. BP Capital Markets p.l.c. will pay interest on the November 2015 notes on each February 6, May 6, August 6 and November 6 subject to the modified following day count convention. The first such payment in respect of the November 2015 notes will be made on February 6, 2014. The May 2015 notes will mature on May 7, 2015. The November 2015 notes will mature on November 6, 2015. The 2016 notes will mature on November 7, 2016.

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 2 of the accompanying prospectus, **Risk factors** beginning on page 38 of BP's 2012 Annual Report on Form 20-F and **Principal risks and uncertainties** beginning on page 42 of BP's Report on Form 6-K dated July 30, 2013 containing BP's second quarter 2013 results.

	Per May 2015 Note	Total for May 2015 Notes	Per November 2015 Note	Total for November 2015 Notes	Per 2016 Note	Total for 2016 Notes
Public Offering Price (1)	100.000%	\$ 350,000,000	100.000%	\$ 500,000,000	100.000%	\$ 650,000,000
Underwriting Discount	0.075%	\$ 262,500	0.100%	\$ 500,000	0.125%	\$ 812,500
Proceeds, before expenses, to BP Capital Markets p.l.c.	99.925%	\$ 349,737,500	99.900%	\$ 499,500,000	99.875%	\$ 649,187,500

(1) Interest on the notes will accrue from November 7, 2013.

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 November 7, 2013.

Joint Book-Running Managers

Morgan Stanley

RBS

UBS Investment Bank

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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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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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 , aim , should , may , objective , is likely to , intends , believes , plans , we see or similar expressions.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that 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 and including under Principal risks and uncertainties in BP s Report on Form 6-K dated July 30, 2013 containing BP s second quarter 2013 results (the Second Quarter Form 6-K) and under Risk factors in BP s Annual Report on Form 20-F for the fiscal year ended December 31, 2012. Factors set out in the Second Quarter Form 6-K and in BP s Annual Report on Form 20-F for the fiscal year ended December 31, 2012 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 21 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.

Floating Rate Guaranteed Notes due May 2015 (the May 2015 notes)

Issuer: BP Capital U.K.

Title: Floating Rate Guaranteed Notes due May 2015.

Total principal amount being issued: \$350,000,000.

Issuance date: November 7, 2013.

Maturity date: May 7, 2015.

Day count: Actual/360.

Day count convention: Modified following. If any interest payment date falls on a day that is not a business day, that interest payment date will be postponed to the next succeeding business day unless that business day is in the next succeeding calendar month, in which case the interest payment date will be the immediately preceding business day.

Interest rate: The interest rate for the first interest period will be the 3-month U.S. dollar London Interbank Offered Rate (U.S. dollar LIBOR), as determined on November 5, 2013, plus the May 2015 note spread (as described below). Thereafter, the interest rate for any interest period will be U.S. dollar LIBOR, as determined on the applicable interest determination date, plus the May 2015 note spread. The interest rate will be reset quarterly on each interest reset date.

Date interest starts accruing: November 7, 2013.

Interest payment dates: Each February 7, May 7, August 7 and November 7, subject to the day count convention.

First interest payment date: February 7, 2014.

May 2015 note spread: 0.23%.

Interest reset dates: The interest reset date for each interest period other than the first interest period will be the first day of such interest period, subject to the day count convention.

Interest periods: The period beginning on, and including an interest payment date and ending on, but not including, the following interest payment date; provided that the first interest period will begin on November 7, 2013, and will end on, but not include, the first interest payment date.

Interest determination date: The interest determination date relating to a particular interest reset date will be the second London business day preceding such interest reset date.

London business day: Any week day on which banking or trust institutions in London are not authorized generally or obligated by law, regulation or executive order to close.

Regular record dates for interest: The 15th calendar day preceding each interest payment date, whether or not such day is a business day.

Calculation Agent: The Bank of New York Mellon Trust Company, N.A.

Calculation of U.S. dollar LIBOR: The calculation agent will determine U.S. dollar LIBOR in accordance with the following provisions: With respect to any interest determination date, U.S. dollar

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LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the interest reset date that appears on the designated LIBOR page as of 11:00 a.m., London time, on that interest determination date. If no rate appears, U.S. dollar LIBOR, in respect of that interest determination date, will be determined as follows: the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected and identified by BP Capital U.K., to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the interest reset date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then U.S. dollar LIBOR on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then U.S. dollar LIBOR on the interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on the interest determination date by three major banks in The City of New York selected and identified by BP Capital U.K. for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; provided, however, that if the banks selected and identified by BP Capital U.K. are not providing quotations in the manner described by this sentence, U.S. dollar LIBOR determined as of that interest determination date will be U.S. dollar LIBOR in effect on that interest determination date. The designated LIBOR page is the Reuters screen LIBOR01 , or any successor service for the purpose of displaying the London interbank rates of major banks for U.S. dollars. The Reuters screen LIBOR01 is the display designated as the Reuters screen LIBOR01 , or such other page as may replace the Reuters screen LIBOR01 on that service or such other service or services as may be nominated by the British Bankers Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits. All calculations made by the calculation agent for the purposes of calculating the interest rates on the May 2015 notes shall be conclusive and binding on the holders of the May 2015 notes, BP, BP Capital U.K. and the trustee, absent manifest error.

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

Net proceeds: The net proceeds, before expenses, will be \$349,737,500.

Floating Rate Guaranteed Notes due November 2015 (the November 2015 notes)

Issuer: BP Capital U.K.

Title: Floating Rate Guaranteed Notes due November 2015.

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

Issuance date: November 7, 2013.

Maturity date: November 6, 2015.

Day count: Actual/360.

Day count convention: Modified following. If any interest payment date falls on a day that is not a business day, that interest payment date will be postponed to the next succeeding business day unless

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that business day is in the next succeeding calendar month, in which case the interest payment date will be the immediately preceding business day.

Interest rate: The interest rate for the first interest period will be U.S. dollar LIBOR, as determined on November 5, 2013, plus the November 2015 note spread (as described below). Thereafter, the interest rate for any interest period will be U.S. dollar LIBOR, as determined on the applicable interest determination date, plus the November 2015 note spread. The interest rate will be reset quarterly on each interest reset date.

Date interest starts accruing: November 7, 2013.

Interest payment dates: Each February 6, May 6, August 6 and November 6, subject to the day count convention.

First interest payment date: February 6, 2014.

November 2015 note spread: 0.33%.

Interest reset dates: The interest reset date for each interest period other than the first interest period will be the first day of such interest period, subject to the day count convention.

Interest periods: The period beginning on, and including an interest payment date and ending on, but not including, the following interest payment date; provided that the first interest period will begin on November 7, 2013, and will end on, but not include, the first interest payment date.

Interest determination date: The interest determination date relating to a particular interest reset date will be the second London business day preceding such interest reset date.

London business day: Any week day on which banking or trust institutions in London are not authorized generally or obligated by law, regulation or executive order to close.

Regular record dates for interest: The 15th calendar day preceding each interest payment date, whether or not such day is a business day.

Calculation Agent: The Bank of New York Mellon Trust Company, N.A.

Calculation of U.S. dollar LIBOR: The calculation agent will determine U.S. dollar LIBOR in accordance with the following provisions: With respect to any interest determination date, U.S. dollar LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the interest reset date that appears on the designated LIBOR page as of 11:00 a.m., London time, on that interest determination date. If no rate appears, U.S. dollar LIBOR, in respect of that interest determination date, will be determined as follows: the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected and identified by BP Capital U.K., to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the interest reset date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then U.S. dollar LIBOR on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then U.S. dollar LIBOR on the interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on the interest determination date by three major banks in The City of New York selected and identified by BP Capital U.K. for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; provided, however, that if the banks selected and identified by BP Capital U.K. are not providing quotations in the manner described by this sentence, U.S. dollar LIBOR determined as of that interest determination date will be U.S. dollar LIBOR in effect on that interest determination date. The designated LIBOR page is the Reuters screen LIBOR01 , or any successor service for the purpose of displaying the London

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interbank rates of major banks for U.S. dollars. The Reuters screen LIBOR01 is the display designated as the Reuters screen LIBOR01, or such other page as may replace the Reuters screen LIBOR01 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits. All calculations made by the calculation agent for the purposes of calculating the interest rates on the November 2015 notes shall be conclusive and binding on the holders of the November 2015 notes, BP, BP Capital U.K. and the trustee, absent manifest error.

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

Net proceeds: The net proceeds, before expenses, will be \$499,500,000.

Floating Rate Guaranteed Notes due 2016 (the 2016 notes)

Issuer: BP Capital U.K.

Title: Floating Rate Guaranteed Notes due 2016.

Total principal amount being issued: \$650,000,000.

Issuance date: November 7, 2013.

Maturity date: November 7, 2016.

Day count: Actual/360.

Day count convention: Modified following. If any interest payment date falls on a day that is not a business day, that interest payment date will be postponed to the next succeeding business day unless that business day is in the next succeeding calendar month, in which case the interest payment date will be the immediately preceding business day.

Interest rate: The interest rate for the first interest period will be U.S. dollar LIBOR, as determined on November 5, 2013, plus the 2016 note spread (as described below). Thereafter, the interest rate for any interest period will be U.S. dollar LIBOR, as determined on the applicable interest determination date, plus the 2016 note spread. The interest rate will be reset quarterly on each interest reset date.

Date interest starts accruing: November 7, 2013.

Interest payment dates: Each February 7, May 7, August 7 and November 7, subject to the day count convention.

First interest payment date: February 7, 2014.

2016 note spread: 0.42%.

Interest reset dates: The interest reset date for each interest period other than the first interest period will be the first day of such interest period, subject to the day count convention.

Interest periods: The period beginning on, and including an interest payment date and ending on, but not including, the following interest payment date; provided that the first interest period will begin on November 7, 2013, and will end on, but not include, the first interest payment date.

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Interest determination date: The interest determination date relating to a particular interest reset date will be the second London business day preceding such interest reset date.

London business day: Any week day on which banking or trust institutions in London are not authorized generally or obligated by law, regulation or executive order to close.

Regular record dates for interest: The 15th calendar day preceding each interest payment date, whether or not such day is a business day.

Calculation Agent: The Bank of New York Mellon Trust Company, N.A.

Calculation of U.S. dollar LIBOR: The calculation agent will determine U.S. dollar LIBOR in accordance with the following provisions: With respect to any interest determination date, U.S. dollar LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the interest reset date that appears on the designated LIBOR page as of 11:00 a.m., London time, on that interest determination date. If no rate appears, U.S. dollar LIBOR, in respect of that interest determination date, will be determined as follows: the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected and identified by BP Capital U.K., to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the interest reset date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then U.S. dollar LIBOR on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then U.S. dollar LIBOR on the interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on the interest determination date by three major banks in The City of New York selected and identified by BP Capital U.K. for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; provided, however, that if the banks selected and identified by BP Capital U.K. are not providing quotations in the manner described by this sentence, U.S. dollar LIBOR determined as of that interest determination date will be U.S. dollar LIBOR in effect on that interest determination date. The designated LIBOR page is the Reuters screen LIBOR01 , or any successor service for the purpose of displaying the London interbank rates of major banks for U.S. dollars. The Reuters screen LIBOR01 is the display designated as the Reuters screen LIBOR01 , or such other page as may replace the Reuters screen LIBOR01 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits. All calculations made by the calculation agent for the purposes of calculating the interest rates on the 2016 notes shall be conclusive and binding on the holders of the 2016 notes, BP, BP Capital U.K. and the trustee, absent manifest error.

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 2016 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 2016 notes issued hereby. These additional

2016 notes will be deemed part of the same series as the 2016 notes issued hereby and will provide the holders of these additional 2016 notes the right to vote together with holders of the 2016 notes issued hereby, provided that such additional notes will be issued with no more than *de minimis* original issue discount or will be part of a qualified reopening for U.S. federal income tax purposes.

Net proceeds: The net proceeds, before expenses, will be \$649,187,500.

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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 21 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 interest payment date in respect of the notes falls on a day that is not a business day, that interest payment date will be postponed to the next succeeding business day unless that business day is in the next succeeding calendar month, in which case the interest payment date will be the immediately preceding business day. 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: Under current law, payments of interest on the May 2015 notes, on the November 2015 notes or on the 2016 notes, as the case may be, may be made without withholding or deduction for or on account of U.K. income tax, and no additional amounts will therefore be payable, provided that the May 2015 notes, the November 2015 notes or the 2016 notes, as the case may be, 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* at the date hereof.

Form of notes: Each series of notes will be issued as one or more global securities. You should read *Legal Ownership Global Securities* beginning on page 19 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 31 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 28 of the accompanying prospectus. The provisions for optional tax redemption described in the prospectus will apply to changes in tax treatments occurring after November 4, 2013. 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 21 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 November 7, 2013.

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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.

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 BP incorporates by reference is an important part of this prospectus supplement and the attached prospectus. BP incorporates by reference in this prospectus supplement the following documents and any future filings that it makes with the SEC under Sections 13(a), 13(c) and 15(d) of the Securities Exchange Act of 1934, as amended, until the completion of 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, 2012 dated March 6, 2013.

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 30, 2013, May 6, 2013, July 30, 2013 containing BP's second quarter 2013 results, October 29, 2013 containing BP's third quarter 2013 results and October 29, 2013 containing pro forma financial information for the Rosneft transaction.

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 are incorporated by reference in this prospectus supplement.

The Annual Report on Form 20-F for the fiscal year ended December 31, 2012 of BP contains a summary description of BP's business and audited consolidated financial statements with a report by BP's 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

London SW1Y 4PD

United Kingdom

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

You should rely only on the information that BP Capital U.K. and BP incorporate by reference or provide in this prospectus supplement or the accompanying prospectus. Neither BP Capital U.K. nor BP have authorized anyone to provide you with different information. BP Capital U.K. is not making an offer of 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 the affairs of BP Capital U.K. or BP 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 May 2015 notes have the following codes: CUSIP 05565QCL0 and ISIN US05565QCL05. The November 2015 notes have the following codes: CUSIP 05565QCM8 and ISIN US05565QCM87. The 2016 notes have the following codes: CUSIP 05565QCN6 and ISIN US05565QCN60.

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The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of September 30, 2013 in accordance with IFRS:

	As of September 30, 2013 (US\$ millions)
Share capital	
Capital shares (1)-(2)	5,181
Paid-in surplus (3)	11,268
Merger reserve (3)	27,206
Own shares	(347)
Available-for-sale investments	
Cash flow hedges	(715)
Foreign currency translation reserve	3,735
Treasury shares	(20,443)
Share-based payment reserve	1,543
Profit and loss account	102,646
BP shareholders' equity	130,074
Finance debt (4)-(6)	
Due within one year	8,620
Due after more than one year	41,664
Total finance debt	50,284
Total Capitalization (7)	180,358

- (1) Issued share capital as of September 30, 2013 comprised 18,842,008,218 ordinary shares, par value US\$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,794,336,641 ordinary shares which have been bought back and are held in treasury by BP. These shares are not taken into consideration in relation to the payment of dividends and voting at shareholders' meetings.
- (2) Capital shares represent the ordinary and preference shares of BP which have been issued and are fully paid.
- (3) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.
- (4) Finance debt recorded in currencies other than US dollars has been translated into US dollars at the relevant exchange rates existing on September 30, 2013.
- (5) Obligations under finance leases are included within finance debt in the above table.
- (6) As of September 30, 2013, the parent company, BP p.l.c., had outstanding guarantees totalling \$47,762 million, of which \$47,732 million related to guarantees in respect of liabilities of subsidiary undertakings, including \$46,992 million relating to finance debt by subsidiaries. Thus 93% of the Group's finance debt had been guaranteed by BP p.l.c. At September 30, 2013, \$144 million of finance debt was secured by the pledging of

assets. The remainder of finance debt was unsecured.

- (7) There has been no material change since September 30, 2013 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. This section supplements the discussion under "Tax Considerations - United States Taxation" in the accompanying prospectus. 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 or currency risks,

a person that owns notes as part of a straddle or conversion transaction for tax purposes,

a person that purchases or sells notes as part of a wash sale for tax purposes, or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar. If you purchase notes at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. 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.

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

Payments of Interest

You will be taxed on interest on your 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 treated as interest payments), and your tax basis in your note. Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than one year.

Medicare Tax

For taxable years beginning after December 31, 2012, a United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the United States holder's net investment income for the relevant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A United States holder's net investment income generally includes its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the notes.

United States Alien Holders

If you are a United States alien holder (as defined in the accompanying prospectus), you generally will not be subject to United States 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.

Information with Respect to Foreign Financial Assets

Owners of specified foreign financial assets with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns.

Specified foreign financial assets may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the notes.

Table of Contents**UNDERWRITING**

Each underwriter named below has severally agreed, subject to the terms and conditions of the Purchase Agreement with BP Capital U.K. and BP, 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 May 2015 Notes	Principal Amount of November 2015 Notes	Principal Amount of 2016 Notes
Morgan Stanley & Co. LLC	\$ 116,666,000	\$ 166,666,000	\$ 216,666,000
RBS Securities Inc.	\$ 116,667,000	\$ 166,667,000	\$ 216,667,000
UBS Securities LLC	\$ 116,667,000	\$ 166,667,000	\$ 216,667,000
Total	\$ 350,000,000	\$ 500,000,000	\$ 650,000,000

Each series of notes is 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 0.045% of the principal amount of the May 2015 notes, up to 0.060% of the principal amount of the November 2015 notes and up to 0.075% of the principal amount of the 2016 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 0.023% of the principal amount of the May 2015 notes, 0.040% of the principal amount of the November 2015 notes and up to 0.050% of the principal amount of the 2016 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 of the notes and subject to each underwriter's right to reject any order in whole or in part.

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. From time to time certain of the underwriters engage in transactions with BP or its subsidiaries in the ordinary course of business. Certain of the underwriters have performed investment banking, commercial banking and advisory services for BP in the past and have received 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 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 affiliates. Certain of the

underwriters or their affiliates that have a lending relationship with BP routinely hedge their credit exposure to BP consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in BP's securities, including potentially the notes. Any such short positions could adversely affect future trading

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prices of the notes. 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 qualified investors as defined in the Prospectus Directive;

to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under 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 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, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Each underwriter has further represented and agreed that:

it has complied and will comply with all the applicable provisions of the Financial Services and Markets Act 2000 (FSMA) 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 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.

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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.

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

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus 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.

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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 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.

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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 February 5, 2013

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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.; "the group" and "BP Group" refer 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 consider carefully 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. The potential impact of the occurrence, or re-occurrence, of any of the risks described below could have a material adverse effect on BP Group's business, financial position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, and could cause the trading price and liquidity of our securities to decline, in which case you may lose all or part of your investment.

The risks are categorized against the following areas: strategic and commercial; compliance and control; and safety and operational. In addition, we have also set out one further risk for your attention those resulting from the 2010 Gulf of Mexico oil spill (the Incident).

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

While significant charges have been recognized in the income statement since the Incident occurred in 2010, there is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the potential changes in applicable regulations and the operating environment that may result from the Incident, the impact of the Incident on BP Group's reputation and the resulting possible impact on its licence to operate including its ability to access new opportunities. The amount of claims that become payable by BP Group, the amount of fines ultimately levied on BP Group (including any potential determination of BP Group's negligence or gross negligence), the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs arising from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for BP Group. Although the provisions recognized represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure BP Group's obligations reliably and the total amounts paid by BP Group in relation to all obligations relating to the Incident are subject to significant uncertainty. These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause its costs to increase. Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US. The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below.

Strategic and commercial risks

Access and renewal BP Group's future hydrocarbon production depends on its ability to renew and reposition its portfolio. Increasing competition for access to investment opportunities, the effects of the Gulf of Mexico oil spill on BP Group's reputation and cash flows, and more stringent regulation could result in decreased access to opportunities globally.

Successful execution of BP Group's group strategy depends on implementing activities to renew and reposition its portfolio. The challenges to renewal of BP Group's upstream portfolio are growing due to increasing competition for access to opportunities globally among both national and international oil companies, and heightened political and economic risks in certain countries where significant hydrocarbon basins are located. Lack of material positions could impact BP Group's future hydrocarbon production.

Moreover, the Incident has damaged BP Group's reputation, which may have a long-term impact on the group's ability to access new opportunities, both in the US and elsewhere. Adverse public, political, regulatory and industry sentiment towards BP Group, and towards oil and gas drilling activities generally, could damage or

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impair BP Group's existing commercial relationships with counterparties, partners and host governments and could impair its access to new investment opportunities, exploration properties, operatorships or other essential commercial arrangements with potential partners and host governments, particularly in the US. In addition, responding to the Incident has placed, and will continue to place, a significant burden on BP Group's cash flow over the next several years, which could also impede its ability to invest in new opportunities and deliver long-term growth.

More stringent regulation of the oil and gas industry generally, and of BP Group's activities specifically, following the Incident, could increase this risk.

Prices and markets BP Group's financial performance is subject to the fluctuating prices of crude oil and gas, the volatile prices of refined products and the profitability of its refining and petrochemicals operations, as well as the general macroeconomic outlook.

Oil, gas and product prices and margins can be very volatile, and are subject to international supply and demand. Political developments (including conflict situations) 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 the 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 the group's results of operations in the period in which it occurs. Rapid material 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 from those decisions may no longer be appropriate. A prolonged period of low oil prices may impact BP Group's cash flow, profit and ability to maintain its long-term investment programme with a consequent effect on its growth rate, and may impact shareholder returns, including dividends and share buybacks, or share price. Refining profitability can be volatile, with both periodic over-supply and supply tightness in various regional markets, coupled with fluctuations in demand. Sectors of the petrochemicals industry are also subject to fluctuations in supply and demand, with a consequent effect on prices and profitability.

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. Governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry, including the risk of increased taxation, nationalization and expropriation. The global financial and economic situation may have a negative impact on third parties with whom BP Group does, or may do, business. In particular, ongoing instability in or a collapse of the eurozone could trigger a new wave of financial crises and push the world back into recession, leading to lower demand and lower oil and gas prices.

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

Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes, reduced profitability from changes in operating costs, and revenue generation and strategic growth opportunities being impacted. BP Group's commitment to the transition to a lower-carbon economy may create expectations for its activities, and the level of participation in alternative energies carries reputational, economic and technology risks.

Table of Contents**Socio-political the diverse nature of BP Group's operations around the world exposes BP Group to a wide range of political developments and consequent changes to the operating environment, regulatory environment and law.**

BP Group has operations, and is seeking new opportunities, in countries where political, economic and social transition is taking place. Some countries have experienced, or may experience in the future, political instability, changes to the regulatory environment, changes in taxation, 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 its development activities to be curtailed or terminated in these areas, or its production to decline, could limit its ability to pursue new opportunities and could cause BP Group to incur additional costs. In particular, BP Group's investments in the US, Russia, the Middle East region, North Africa, Bolivia, Argentina, Angola, Azerbaijan and other countries could be adversely affected by heightened political and economic environment risks.

BP Group sets for itself high standards of corporate citizenship and aspires to contribute to a better quality of life through the products and services it 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 or that BP Group has not satisfactorily addressed all relevant stakeholder concerns in respect of its operations, BP Group's reputation and shareholder value could be damaged and development opportunities may be precluded.

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

The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home. Competition puts pressure on the terms of access to new opportunities, license costs and product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency, while ensuring safety and operational risk is not compromised. 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 requires, if BP Group's innovation lagged the industry, or if BP Group fails to adequately protect its company brands and trademarks. BP Group's competitive position in comparison to its peers could be adversely affected if competitors offer superior terms for access rights or licenses, if BP Group fails to control its operating costs or manage its margins, or if BP Group fails to sustain, develop and operate efficiently a high quality portfolio of assets.

Joint ventures and other contractual arrangements BP Group may not have full operational control and may have exposure to counterparty credit risk and disruptions to its operations and strategic objectives due to the nature of some of its business relationships.

Many of BP Group's major projects and operations are conducted through joint ventures or associates and through contracting and sub-contracting arrangements. These arrangements often involve complex risk allocation, decision-making processes and indemnification arrangements. In certain cases, BP Group may have less control of such activities than it would have if BP Group had full operational control. BP Group's partners may have economic or business interests or objectives that are inconsistent with or opposed to, those of BP Group, and may exercise veto rights to block certain key decisions or actions that BP Group believes are in its or the joint venture's or associate's best interests, or approve such matters without its consent. Additionally, BP Group's joint venture partners or associates or contractual counterparties are primarily responsible for the adequacy of the human or technical competencies and capabilities which they bring to bear on the joint project, and in the event these are found to be lacking, BP Group's joint venture partners or associates may not be able to meet their financial or other obligations to their counterparties or to the relevant project, potentially threatening

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the viability of such projects. Furthermore, should accidents or incidents occur in operations in which BP Group participates, whether as operator or otherwise, and where it is held that BP Group's sub-contractors or joint-venture partners are legally liable to share any aspects of the cost of responding to such incidents, the financial capacity of these third parties may prove inadequate to fully indemnify BP Group against the costs it incurs on behalf of the joint venture or contractual arrangement. Should a key sub-contractor, such as a lessor of drilling rigs, be no longer able to make these assets available to BP Group, this could result in serious disruption to BP Group's operations. Where BP Group does not have operational control of a venture, BP Group may nonetheless still be pursued by regulators or claimants in the event of an incident.

Rosneft transaction BP Group's failure to complete the proposed transaction with Rosneft, or any future erosion of its relationship with Rosneft, could adversely impact its business, the level of its reserves and its reputation.

On 22 November 2012, BP Group announced that it had signed definitive and binding agreements in respect of the sale of BP Group's 50% interest in TNK-BP to Rosneft and BP Group's investment in Rosneft (the Rosneft transaction). Completion of the Rosneft transaction is subject to certain customary closing conditions, including governmental, regulatory and anti-trust approvals. Failure by BP Group to complete the Rosneft transaction as contemplated due to the failure to receive required approvals or otherwise could negatively impact its reputation and result in a loss of stakeholder confidence in BP Group's ability to meet its identified strategic objectives in Russia. In addition, to the extent BP Group fails to maintain a good commercial relationship with Rosneft in the future, or to the extent that as a minority shareholder in Rosneft BP Group is unable in the future to exercise influence over its investment in Rosneft or other growth opportunities in Russia, BP Group's business and strategic objectives in Russia and its ability to recognize its share of Rosneft's reserves as contemplated may be adversely impacted.

Investment efficiency poor investment decisions could negatively impact BP Group's business.

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

Reserves progression inability to progress upstream resources in a timely manner could adversely affect BP Group's long-term replacement of reserves and negatively impact its business.

Successful execution of BP Group's group strategy depends critically on sustaining long-term reserves replacement. If upstream resources are not progressed in a timely and efficient manner due to commercial, technical or regulatory reasons or otherwise, BP Group will be unable to sustain long-term replacement of reserves.

Major project delivery BP Group's group plan depends upon successful delivery of major projects, and failure to deliver major projects successfully could adversely affect its financial performance.

Successful execution of BP Group's group 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 or production growth and/or any other major programme designed to enhance shareholder value, including maintenance turnaround programmes, could adversely affect its financial performance. Successful project delivery requires, among other things, adequate engineering and other capabilities and therefore successful recruitment and development of staff is central to BP Group's plans. See *Strategic and commercial risks People and capability* below.

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

The reliability and security of BP Group's digital infrastructure are critical to maintaining the availability of its business applications, including the reliable operation of technology in its various business operations and the collection and processing of financial and operational data, as well as the confidentiality of certain third-party information. A breach of its digital security, either due to intentional actions or due to negligence, could cause serious damage to business operations and, in some circumstances, could result in the loss of data or sensitive information, injury to people, damage to assets, harm to the environment, reputational damage, breaches of regulations, litigation, legal liabilities and reparation costs.

Business continuity and disaster recovery the group must be able to recover quickly and effectively from any disruption or incident, as failure to do so could adversely affect BP Group's business and operations.

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 BP Group's business and operations.

Crisis management crisis management plans are essential to respond effectively to emergencies and to avoid a potentially severe disruption in BP Group's business and operations.

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, its business and operations could be severely disrupted.

People and capability successful recruitment, development and utilization of staff is central to BP Group's plans.

Successful recruitment of new staff, employee training, development and continuing enhancement of skills, in particular technical capabilities such as petroleum engineers and scientists, are key to implementing BP Group's plans. Inability to develop human capacity and capability, both across the organization and in specific operating locations, could jeopardize performance delivery. The group relies on recruiting and retaining high-quality employees to execute its strategic plans and to operate its business. The reputational damage suffered by the group as a result of the Incident and any consequent adverse impact on its business could affect employee recruitment and retention.

In addition, significant Board and management focus continues to be required in responding to matters related to the Incident. Although BP Group set up the Gulf Coast Restoration Organization to manage the group's long-term response, other key management personnel will need to continue to devote substantial attention to addressing the associated consequences for the group, which may negatively impact BP Group's staff's capability to address and respond to other operational matters affecting the group but unrelated to the Incident.

Liquidity, financial capacity and financial exposure failure to operate within its financial framework could impact BP Group's ability to operate and result in financial loss. Exchange rate fluctuations can impact BP Group's underlying costs and revenues.

The group seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity. This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments. Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs (including a failure to understand and respond to potential liabilities) could impact

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BP Group's ability to operate and result in a financial loss. Commercial credit risk is measured and controlled to determine the group's total credit risk. Inability to determine adequately BP Group's credit exposure could lead to financial loss. A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the group. It could also affect BP Group's ability to raise capital to fund growth, to maintain BP Group's long-term investment programme and to meet BP Group's obligations, 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. The group's financial framework may not be sufficient to respond to a substantial and unexpected cash call or funding request, and external events may materially impact the effectiveness of the group's financial framework. In addition, operational challenges could impact the availability of the group's assets, which could adversely affect the group's operating cash flows.

BP Group's potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and could continue to have, a material adverse impact on the group's financial performance and liquidity. Further potential liabilities may continue to have a material adverse effect on the group's results of operations and financial condition. More stringent regulation of the oil and gas industry arising from the Incident, and of BP Group's activities specifically, could increase this risk.

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies. In addition, a high proportion of BP Group's major project development costs are denominated in local currencies, which may be subject to volatile fluctuations against the US dollar. Fluctuations in exchange rates can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs and revenues. See *Strategic and commercial risks – Prices and markets* above.

Insurance BP Group's insurance strategy means that the group could, from time to time, be exposed to material uninsured losses which could have a material adverse effect on BP Group's financial condition and results of operations.

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

Compliance and control risks

BP Group's settlement with the US Department of Justice and the SEC in respect of federal criminal charges and US securities law violations related to the Gulf of Mexico oil spill may expose BP Group to further penalties, liabilities and private litigation, and may impact its operations and adversely affect its ability to quickly and efficiently access US capital markets.

On 15 November 2012, BP Group reached an agreement with the U.S. federal government to resolve all criminal and securities claims arising out of the Incident and comprising settlements with the U.S. Department of Justice (DoJ) and the SEC. On 29 January 2013, the US District Court for the Eastern District of Louisiana accepted BP Group's pleas regarding the federal criminal charges, and sentenced BP Group in accordance with the criminal plea agreement. BP Group pleaded guilty to 11 felony counts of Misconduct or Neglect of Ships Officers relating to the loss of 11 lives; one misdemeanor count under the Clean Water Act; one misdemeanor

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count under the Migratory Bird Treaty Act; and one felony count of obstruction of Congress. Pursuant to that sentence, BP Group will pay \$4 billion, including \$1.256 billion in criminal fines, in installments over a period of five years. The court also ordered, as previously agreed with the US government, that BP Group serve a term of five years probation. Pursuant to the terms of the plea agreement, the court also ordered certain equitable relief, including additional actions, enforceable by the court, to further enhance the safety of drilling operations in the Gulf of Mexico. In addition, BP Group will undertake several initiatives with academia and regulators to develop new technologies related to deepwater drilling safety. The resolution also provides for the appointment of two monitors, both with terms of four years. A process safety monitor will review, evaluate, and provide recommendations for the improvement of BP Group's process safety and risk management procedures concerning deep water drilling in the Gulf of Mexico. An ethics monitor will review and provide recommendations for the improvement of BP Group's code of conduct and its implementation and enforcement. BP Group has also agreed to hire an independent third-party auditor who will review and report to the probation officer, the DoJ, and BP Group regarding BP Group's implementation of key terms of the proposed settlement, including procedures and systems related to safety and environmental management, operational oversight, and oil spill response training and drills. Under the plea agreement, BP Group has also agreed to co-operate in ongoing criminal actions and investigations, including prosecutions of four former employees who have been separately charged.

Also on 15 November 2012, BP Group reached a settlement with the SEC to resolve the SEC's Deepwater Horizon-related claims against the company under Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 and the associated rules. Under the SEC settlement, BP Group has agreed to a civil penalty of \$525 million, payable in three installments over a period of three years, and has consented to the entry of an injunction prohibiting it from violating certain U.S. securities laws and regulations. The SEC settlement was approved by the U.S. District Court for the Eastern District of Louisiana on 10 December 2012.

On 28 November 2012, the U.S. Environmental Protection Agency (EPA) notified BP Group that it had temporarily suspended BP p.l.c., BP Exploration & Production Inc. (BPXP) and a number of other BP Group subsidiaries from participating in new federal contracts. As a result of the temporary suspension, the BP Group entities listed in the EPA notice are ineligible to receive any U.S. government contracts either through the award of a new contract, or the extension of the term or renewal of an expiring contract. The suspension does not affect existing contracts the company has with the U.S. government, including those relating to current and ongoing drilling and production operations in the Gulf of Mexico.

The charges to which BPXP pleaded guilty included one misdemeanor count under the Clean Water Act which, by operation of law following the court's acceptance of BP Group's plea, triggers a statutory debarment, also referred to as mandatory debarment, of the BPXP facility where the Clean Water Act violation occurred.

On 1 February 2013, EPA issued a notice that BPXP was mandatorily debarred at its Houston headquarters. Mandatory debarment prevents a company from entering into new contracts or new leases with the US government that would be performed at the facility where the Clean Water Act violation occurred. A mandatory debarment does not affect any existing contracts or leases a company has with the U.S. government and will remain in place until such time as the debarment is lifted through an agreement with the EPA.

With respect to the entities named in the temporary suspension, the temporary suspension may be maintained or the EPA may elect to issue a notice of proposed discretionary debarment to some or all of the named entities. Like suspension, a discretionary debarment would preclude BP Group entities listed in the notice from receiving new federal fuel contracts, as well as new oil and gas leases, although existing contracts and leases may continue. Discretionary debarment typically lasts three to five years and may be imposed for a longer period, unless it is resolved through an administrative agreement.

While BP Group's discussions with the EPA have been taking place in parallel to the court proceedings on the criminal plea, the company's work toward reaching an administrative agreement with the EPA is a separate process, and it may take some time to resolve issues relating to such an agreement. BP Group's mandatory

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debarment applies following sentencing and is not an indication of any change in the status of discussions with the EPA. The process for resolving both mandatory and discretionary debarment is essentially the same as for resolving the temporary suspension. BP Group continues to work with the EPA in preparing an administrative agreement that will resolve suspension and debarment issues.

The DoJ criminal and SEC settlements impose significant compliance and remedial obligations on BP Group and its directors, officers and employees. Failure to comply with the terms of these settlements could result in further enforcement action by the DoJ and the SEC, expose BP Group to severe penalties, financial or otherwise and subject BP Group to further private litigation, each of which could impact its operations and have a material adverse effect on the group's business. Prolonged suspension or debarment from entering new federal contracts, or further suspension or debarment proceedings against BP Group and/or its subsidiaries as a result of violations of the terms of the DoJ or SEC settlements or otherwise, could have a material adverse impact on the group's operations in the US.

As a result of the SEC settlement, as of the filing with the SEC of certain registration statements on Form S-8 to be filed on or around the date hereof, and for a period of three years thereafter, BP Group will no longer be qualified as a well known seasoned issuer (WKSI) as defined in Rule 405 of the Securities Act of 1933, as amended (Securities Act), and therefore will not be able to take advantage of the benefits available to a WKSI, including engaging in delayed or continuous offerings of securities using an automatic shelf registration statement. In addition, as of the settlement date and for a period of five years thereafter, BP Group is no longer able to utilize certain registration exemptions provided by the Securities Act in connection with certain securities offerings. In addition, BP Group may be denied certain trading authorizations under the rules of the US Commodities Futures Trading Commission, which may prevent BP Group in the future from entering certain routine swap transactions for an indefinite period of time.

Regulatory BP Group, and the oil industry in general, faces increased regulation in the US and elsewhere that could increase the cost of regulatory compliance and limit BP Group's access to new exploration properties.

Due to the Gulf of Mexico oil spill and any remedial provisions contained in or resulting from the DoJ and SEC settlements, it is likely that there will be more stringent regulation of BP Group's oil and gas activities in the US and elsewhere, particularly relating to environmental, health and safety controls and oversight of drilling operations, as well as access to new drilling areas. Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards BP Group. New regulations and legislation, the terms of BP Group's settlements with US government authorities and future settlements or litigation outcomes related to the Incident, and/or evolving practices could increase the cost of compliance and may require changes to BP Group's drilling operations, exploration, development and decommissioning plans, and could impact BP Group's ability to capitalize on its assets and limit its access to new exploration properties or operatorships, particularly in the deepwater Gulf of Mexico. In addition, increases in taxes, royalties and other amounts payable to governments or governmental agencies, or restrictions on availability of tax relief, could also be imposed as a response to the Incident.

In addition, the oil industry in general 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, health and safety 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. Failure to respond to changes in trading regulations could result in regulatory action and damage to BP Group's reputation. 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 it could incur additional costs.

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Ethical misconduct and non-compliance ethical misconduct or breaches of applicable laws by BP Group s employees could be damaging to its reputation and shareholder value.

BP Group s code of conduct, which applies to all employees, defines its commitment to integrity, compliance with all applicable legal requirements, diversity, high ethical standards and the behaviours and actions BP Group expects of its businesses and people wherever BP Group operates. BP Group s values are intended to guide the way it and its employees behave and do business. Under the terms of the DoJ settlement (described above), an ethics monitor will review and provide recommendations for the improvement of BP Group s code of conduct and its implementation and enforcement. Incidents of ethical misconduct, non-compliance with the recommendations of the ethics monitor or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to BP Group s reputation and shareholder value and could subject it to further regulatory action or penalties under the terms of the DoJ settlement. Multiple events of non-compliance could call into question the integrity of BP Group s operations. For example, in its trading businesses, there is the risk that a determined individual could operate as a rogue trader , acting outside BP Group s delegations, controls or code of conduct and in contravention of its renewed values in pursuit of personal objectives that could be to the detriment of BP Group and its shareholders.

For further information on the risks involved in BP Group s trading activities, see *Compliance and control risks Treasury and trading activities* below.

Liabilities and provisions BP Group s potential liabilities resulting from pending and future claims, lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and are expected to continue to have, a material adverse impact on the group s business.

Under the Oil Pollution Act of 1990 (OPA 90), BP Exploration & Production Inc. and BP Corporation North America are among the parties financially responsible for the clean-up of the Gulf of Mexico oil spill and for certain economic damages as provided for in OPA 90, as well as certain natural resource damages associated with the spill and certain costs determined by federal and state trustees engaged in a joint assessment of such natural resource damages.

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

BP Group is subject to a number of investigations related to the Incident by numerous federal and State agencies. The types of enforcement action pursued and the nature of the remedies sought will depend on the discretion of the prosecutors and regulatory authorities and, in some circumstances, their assessment of BP Group s culpability, if any, following their investigations. Under the Clean Water Act, any finding of gross negligence for purposes of penalties sought against BP Group would result in significantly higher fines and penalties than the amounts for which BP Group has provided and would also have a material adverse impact on the group s reputation, would affect its ability to recover costs relating to the Incident from other parties responsible under OPA 90 and could affect the fines and penalties payable by BP Group with respect to the Incident under enforcement actions outside the Clean Water Act context.

On 3 March 2012, BP Group reached an agreement (comprising two separate settlement agreements) with the Plaintiffs Steering Committee (PSC) in the Multi-District Litigation pending in New Orleans (MDL 2179) to resolve the substantial majority of legitimate private economic and property damages claims and medical benefits claims stemming from the Incident. The settlement agreement in respect of economic and property damages claims was approved by the Court on 21 December 2012, and the settlement agreement in respect of medical

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benefits claims was approved on 11 January 2013. BP Group estimated that the PSC settlement would cost approximately \$7.8 billion, including administration costs, plaintiffs' attorneys' fees and expenses. During the third quarter of 2012, BP Group increased its estimate of the cost of claims administration by \$280 million and during the fourth quarter BP Group increased its estimate of the cost of the PSC settlement by a further \$400 million. As at 31 December 2012, the total estimated cost for items covered by the PSC settlement is \$8.5 billion. The PSC settlement is uncapped except for economic loss claims related to the Gulf seafood industry, and management continues to re-evaluate the assumptions underlying its analysis on a quarterly basis. The cost of the PSC settlement is expected to be paid from the \$20-billion Deepwater Horizon Oil Spill Trust fund (Trust).

As previously disclosed, significant uncertainties exist in relation to the amount of claims that are to be paid and will become payable through the claims process. There is uncertainty in relation to the amounts that ultimately will be paid in relation to current claims, and the number, type and amounts payable for claims not yet reported. In addition, there is further uncertainty in relation to interpretations of the claims administrator regarding the protocols under the settlement agreement and judicial interpretation of these protocols, and the outcomes of any further litigation through potential opt-outs from the settlement. While BP Group has determined its current best estimate of the cost of the settlement with the PSC, it is possible that the actual cost could be higher than this estimate due to the uncertainties noted above.

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

Reporting failure to accurately report BP Group's data could lead to regulatory action, legal liability and reputational damage.

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

As of the date of the SEC settlement, 10 December 2012, and for a period of three years thereafter, BP Group is unable to rely on the safe harbor provisions regarding forward-looking statements provided by the regulations issued under the Securities Act, and the Securities Exchange Act of 1934, as amended. BP Group's inability to rely on these safe harbor provisions may expose it to future litigation and liabilities in connection with forward-looking statements in its public disclosures.

Changes in external factors could affect BP Group's results of operations and the adequacy of its provisions.

BP Group remains exposed to changes in the external environment, such as new laws and regulations (whether imposed by international treaty or by national or local governments in the jurisdictions in which BP Group operates), changes in tax or royalty regimes, price controls, government actions to cancel or renegotiate contracts, market volatility or other factors. Such factors could reduce BP Group's profitability from operations in certain jurisdictions, limit its opportunities for new access, require it to divest or write-down certain assets or affect the adequacy of its provisions for pensions, tax, environmental and legal liabilities. Potential changes to pension or financial market regulation could also impact funding requirements of the group.

Treasury and trading activities control of these activities depends on BP Group's ability to process, manage and monitor a large number of transactions. Failure to do this effectively could lead to business disruption, financial loss, regulatory intervention or damage to BP Group's reputation.

In the normal course of business, BP Group is subject to operational risk around its treasury and trading activities. Control of these activities is highly dependent on BP Group's ability to process, manage and monitor a

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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 its business, financial loss, regulatory intervention or damage to its reputation.

Following the Gulf of Mexico oil spill, Moody's Investors Service, Standard and Poor's and Fitch Ratings downgraded the group's long-term credit ratings. Since that time, the group's credit ratings have improved somewhat but are still lower than they were immediately before the Gulf of Mexico oil spill. The impact that a significant operational incident can have on the group's credit ratings, taken together with the reputational consequences of any such incident, the ratings and assessments published by analysts and investors' concerns about the group's costs arising from any such incident, ongoing contingencies, liquidity, financial performance and volatile credit spreads, could increase the group's financing costs and limit the group's access to financing. The group's ability to engage in its trading activities could also be impacted due to counterparty concerns about the group's financial and business risk profile in such circumstances. Such counterparties could require that the group provide collateral or other forms of financial security for its obligations, particularly if the group's credit ratings are downgraded. Certain counterparties for the group's non-trading businesses could also require that the group provide collateral for certain of its contractual obligations, particularly if the group's credit ratings were downgraded below investment grade or where a counterparty had concerns about the group's financial and business risk profile following a significant operational incident. In addition, BP Group may be unable to make a drawdown under certain of its committed borrowing facilities in the event that it is aware that there are pending or threatened legal, arbitration or administrative proceedings which, if determined adversely, might reasonably be expected to have a material adverse effect on BP Group's ability to meet the payment obligations under any of these facilities. Credit rating downgrades could trigger a requirement for the company to review its funding arrangements with the BP Group pension trustees. Extended constraints on the group's ability to obtain financing and to engage in its trading activities on acceptable terms (or at all) would put pressure on BP Group's liquidity. In addition, this could occur at a time when cash flows from its business operations would be constrained following a significant operational incident, and the group could be required to reduce planned capital expenditures and/or increase asset disposals in order to provide additional liquidity, as the group did following the Gulf of Mexico oil spill.

Safety and operational risks

The risks inherent in BP Group's operations include a number of hazards that, although many may have a low probability of occurrence, can have extremely serious consequences if they do occur, such as the Gulf of Mexico oil spill. The occurrence of any such risks could have a consequent material adverse impact on the group's business, competitive position, cash flows, results of operations, financial position, prospects, liquidity, shareholder returns and/or implementation of the group's strategic goals.

Process safety, personal safety and environmental risks the nature of BP Group's operations exposes it to a wide range of significant health, safety, security and environmental risks, the occurrence of which could result in regulatory action, legal liability and increased costs and damage to BP Group's reputation.

The nature of BP Group's operations exposes it to a wide range of significant health, safety, security and environmental risks. The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of BP Group's activities. In addition, in many of BP Group's major projects and operations, risk allocation and management is shared with third parties, such as contractors, sub-contractors, joint venture partners and associates. See *Strategic and commercial risks – Joint ventures and other contractual arrangements* above.

There are risks of technical integrity failure as well as risk of natural disasters and other adverse conditions in many of the areas in which BP Group operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents.

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In addition, inability to provide safe environments for BP Group's workforce and the public while at BP Group's facilities or premises could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to BP Group's reputation.

BP Group's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. These operations are subject to various environmental and safety laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions. Accordingly, inherent in BP Group's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs, damage to BP Group's reputation or denial of its licence to operate.

BP Group's group-wide operating management system (OMS) intends to address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the group can analyse the performance of its activities and identify and remediate shortfalls. There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risk or provide the correct mitigations, or that all operations will be in conformance with OMS at all times.

Security hostile activities against BP Group's staff and activities could cause harm to people and disrupt BP Group's operations.

Security threats require continuous oversight and control. Acts of terrorism, piracy, sabotage, cyber-attacks and similar activities directed against BP Group's operations and offices, pipelines, transportation or computer systems could cause harm to people and could severely disrupt business and operations. BP Group's business activities could also be severely disrupted by, among other things, conflict, civil strife or political unrest in areas where it operates.

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

Supplying customers with on-specification products is critical to maintaining BP Group's licence to operate and its 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 these activities require high levels of investment and are subject to natural hazards and other uncertainties. Activities in challenging environments heighten many of the drilling and production risks including those of integrity failures, which could lead to curtailment, delay or cancellation of drilling operations, or inadequate returns from exploration expenditure.

Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. BP Group's exploration and production activities are often conducted in extremely challenging environments, which heighten the risks of technical integrity failure and natural disasters discussed above. 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. In addition, exploration expenditure may not yield adequate returns, for example in the case of unproductive wells or discoveries that prove uneconomic to develop. The Gulf of Mexico oil spill illustrates the risks BP Group faces in its drilling and production activities.

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

All modes of transportation of hydrocarbons involve inherent risks. An explosion or fire or loss of containment of hydrocarbons or other hazardous 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 people and the environment and given the high volumes potentially involved.

FORWARD-LOOKING STATEMENTS

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, objectives, assumptions, projections, expectations, intentions or beliefs 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, 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; 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 for the fiscal year ended December 31, 2011 and in the Report on Form 6-K filed with the SEC on July 31, 2012.

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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 are also listed in Germany. You can consult reports and other information about BP that it files pursuant to the rules of the London Stock Exchange and the 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, 2011 (File No. 001 06262), filed on March 6, 2012.

The Reports on Form 6-K filed with the SEC on the following dates: May 1, 2012, July 31, 2012, October 30, 2012 and February 5, 2013 (two Reports on Form 6-K).

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.

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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.

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

BP's principal executive offices are located on 1 St. James's Square, London SW1Y 4PD, United Kingdom. BP's telephone number is (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.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES****(unaudited)**

		Years ended December 31,			
	2012	2011	2010 (2)	2009	2008
For the BP Group in accordance with IFRS(1)	6.5	14.5		11.7	14.4

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

- (1) Earnings consist of profit before taxation, after eliminating the BP Group's share of undistributed income of equity-accounted entities, plus fixed charges.
- (2) For the year ended December 31, 2010, earnings are inadequate to cover fixed charges. The deficiency for the year ended December 31, 2010 is \$6,347 million.

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The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of December 31, 2012 in accordance with IFRS:

	As of December 31, 2012 (US\$ million)
Share Capital	
Capital shares (1-2)	5,261
Paid-in surplus (3)	11,046
Merger reserve (3)	27,206
Own shares	(280)
Available-for-sale investments	685
Cash flow hedges	1,090
Foreign currency translation reserve	5,087
Treasury Shares	(20,774)
Share-based payment reserve	1,608
Profit and loss account	87,485
BP shareholders' equity	118,414
Finance debt (4-6)	
Due within one year	10,030
Due after more than one year	38,767
Total finance debt	48,797
Total Capitalization (7)	\$ 167,211

- (1) Issued share capital as of December 31, 2012 comprised 19,135,751,315 ordinary shares, par value \$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,823,408,002 ordinary shares which have been bought back and held in treasury by BP. These shares are not taken into consideration in relation to the payment of dividends and voting at shareholders' meetings.
- (2) Capital shares represent the ordinary shares of BP which have been issued and are fully paid.
- (3) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.
- (4) Finance debt recorded in currencies other than US dollars has been translated into US dollars at the relevant exchange rates existing on December 31, 2012.
- (5) Obligations under finance leases are included within finance debt in the above table.
- (6) As of December 31, 2012, the parent company, BP p.l.c., had outstanding guarantees totalling \$47,042 million, of which \$47,012 million related to guarantees in respect of liabilities of subsidiary undertakings, including \$46,271 million relating to borrowings by subsidiaries. Thus 95% of BP Group's finance debt had been guaranteed by BP p.l.c.

At December 31, 2012, \$142 million of finance debt (\$131 million at December 31, 2011) was secured by the pledging of assets, and no finance debt was secured in connection with deposits received relating to disposal transactions expected to complete in subsequent periods (nil at December 31, 2011). The remainder of finance debt was unsecured.

- (7) There has been no material change since December 31, 2012 in the consolidated capitalization and indebtedness of BP Group.

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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 depository. 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 depository. 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 19 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 19 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 29-30 under **Description of Debt Securities and Guarantees**, **Default and Related Matters**, **Events of Default**. The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular 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 19 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 governing its guaranteed debt securities, under which The Bank of New York Mellon Trust Company, N.A. acts as trustee.

The trustee under the indenture has two main roles:

first, it can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described under [Default and Related Matters](#) [Events of Default](#) [Remedies If an Event of Default Occurs](#) on page 29 below; and

second, the trustee performs administrative duties for us, such as sending you interest payments, transferring your debt securities to 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 22 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 15 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 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 28 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 19-20 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 27 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 of 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 25-26 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 28 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.

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 event of default that has occurred and not been cured, as described below on page 29 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.

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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 indenture and the debt securities.

Changes Requiring Your Approval

First, there are changes that cannot be made to your debt securities without your specific approval. We must obtain your specified approval 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 indenture;

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

modify any other aspect of the provisions dealing with modification and waiver of the indenture; and

change the obligations of BP to pay any principal, premium or interest under the guarantees. (*Section 902*)

Changes Requiring a Majority Vote

The second type of change to the indenture and the debt securities is the kind that requires a vote in favor by holders of debt securities 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 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 indenture 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*)

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*)

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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 h