BP CANADA FINANCE CO
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The information in this preliminary prospectus is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. We are not using this prospectus supplement or the accompanying prospectus to offer to sell these securities or to solicit offers to buy these securities in any place where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated December 10, 2007

Prospectus Supplement

December , 2007

(To prospectus dated December 19, 2006)

$

BP Capital Markets p.l.c.

Floating Rate Guaranteed Extendible Notes

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

BP p.l.c.

The initial maturity date of the notes is January , 2009. Holders of notes will be entitled on the th calendar day of each March, June, September and December, beginning March , 2008, each such date, an election date, to extend the maturity of all or any portion of the principal amount of their notes. The notes will be extended to the date occurring 366 calendar days from and including the th calendar day of the next succeeding month following an election date in accordance with the procedures described herein. If a holder does not extend the maturity date of a note, that holder will receive a non-extendible substitute note for any note not so extended. The non-extendible substitute note will retain the then-current maturity date of the original note. In no event may the maturity of any note be extended beyond December , 2012, the final maturity date.

BP Capital Markets p.l.c. will pay interest on the notes on the th calendar day of each March, June, September and December, commencing March , 2008, subject to the day count convention, and the applicable maturity date, at a rate determined for each interest period by reference to three-month LIBOR, plus the applicable spread for that interest period. We describe how such rate is calculated under Description of Notes Interest herein.

If you do not elect to extend your notes, BP Capital Markets p.l.c. may redeem, in whole or in part, any non-extendible substitute notes which you receive at the contingent redemption price set forth herein. BP Capital Markets p.l.c. may also redeem the notes in whole at any time at 100% of the principal amount in the event of certain tax changes requiring the payment of additional amounts as described herein. BP Capital Markets p.l.c. will pay accrued and unpaid interest, if any, and any other amounts payable to the date of a redemption.

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 original notes on the New York Stock Exchange. It is currently intended that application will be made to list the non-extendible substitute notes on a stock exchange designated by the UK Inland Revenue as a recognized 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.

	Per Note	**Total**
Public Offering Price (1)	100%	$
Underwriting Discount	%	$
Proceeds, before expenses, to BP Capital Markets p.l.c.	%	$

(1) Interest on the notes will accrue from December , 2007.

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 anoyme) on or about December , 2007.

Joint Book-Running Managers

Goldman, Sachs & Co. **HSBC**

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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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GENER AL 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 financial information of BP contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the Companies Act). Statutory accounts for the three financial years ended December 31, 2006 for BP have been delivered to the Registrar of Companies in England and Wales. BP s auditors have made reports under Section 235 of the Companies Act on the last statutory accounts that were not qualified within the meaning of Section 262 of the Companies Act and did not contain a statement made under Section 237(2) or Section 238(3) of the Companies Act.

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 original notes have been accepted for clearance through the DTC, Euroclear and Clearstream, Luxembourg systems. The original notes have the following codes CUSIP ; Common Code ; and ISIN . Each non-extendible substitute note will have a separate CUSIP, Common Code, and ISIN.

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RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)

	Nine months ended September 30, 2007	Years ended December 31, 2006	2005	2004	2003	2002
For the BP Group in accordance with IFRS(1)	13.5	17.2	21.1	20.6	16.0	
For the BP Group adjusted to accord with US GAAP(2)		16.3	20.0	18.9	14.8	9.2

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) Earnings consist of the earnings available for payment of fixed charges as determined for BP Group, in accordance with IFRS, after taking account of adjustments to profit before taxation to accord with US GAAP.

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CAPITALIZATION AND INDEBTEDNESS

Capitalization and Indebtedness of BP Capital U.K.

The following table shows the unaudited capitalization and indebtedness of BP Capital U.K. as of September 30, 2007:

	As of September 30, 2007
	(US$ millions)
Share capital	
Authorized share capital (1)	202.39
Called up share capital (2)	202.39
Share premium account	253.76
Total share capital	456.15
Finance debt (3-8)	
Due within one year (7)	6,414.94
Due after more than one year	6,565.14
Total finance debt	12,980.08
Total Capitalization (9)	13,182.47

(1) Authorized share capital comprises 99,999,990 ordinary shares, par value £1 per share, and 10 cumulative preference shares, par value £1 per share.
(2) Issued and outstanding share capital as of September 30, 2007, comprised 99,999,990 ordinary shares, par value £1 per share.
(3) Finance debt recorded in currencies other than U.S. dollars has been translated into U.S. dollars at the relevant exchange rates existing on September 30, 2007.
(4) As of September 30, 2007 all of the finance debt of BP Capital U.K. had been guaranteed by BP.
(5) Total finance debt as of September 30, 2007 reported in the above table excluded borrowings from other BP Group companies.
(6) As of September 30, 2007, BP Capital U.K. has no material outstanding contingent liabilities or guarantees. All of BP Capital U.K. s debt is unsecured.
(7) As of December 3, 2007, BP Capital U.K. s outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above table, had increased by US$ 1,569 million equivalent.
(8) As of December 3, 2007, BP Capital U.K. s finance debt due after more than one year had increased by US$ 2,737 million equivalent.
(9) Other than as disclosed in Notes (7) and (8), there has been no material change since September 30, 2007 in the capitalization, indebtedness or contingent liabilities of BP Capital U.K.

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Capitalization and Indebtedness of BP p.l.c.

The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of September 30, 2007 in accordance with IFRS:

	As of September 30, 2007 (US$ millions)
Share capital	
Authorized share capital (1)	9,021
Capital shares (2)(3)(4)	5,261
Paid-in surplus (5)	10,375
Merger reserve (5)	27,206
Shares held by ESOP trusts	(117)
Available-for-sale investments	276
Cash flow hedges	143
Foreign currency translation reserve	6,043
Treasury shares	(22,125)
Share-based payment reserve	1,086
Retained earnings	62,393
BP shareholders equity	90,541
Finance debt (6-10)	
Due within one year	12,789
Due after more than one year	12,456
Total finance debt	25,245
Total Capitalization (11)	115,786

(1) Authorized share capital comprises 36 billion ordinary shares, par value US$0.25 per share, and 12,750,000 cumulative preference shares, par value £1 per share.

(2) Issued share capital as of September 30, 2007 comprised 19,019,578,864 ordinary shares, par value US$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,941,749,455 ordinary shares which have been bought back and held in treasury by BP, and which are not taken into consideration in relation to the payment of dividends and voting at shareholders meetings.

(3) Issued share capital as of December 3, 2007 comprised 18,949,621,662 ordinary shares, par value US$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,940,757,703 ordinary shares which have been bought back and held in treasury by BP, and which are not taken into consideration in relation to the payment of dividends and voting at shareholders meetings.

(4) Capital shares represent the common stock of BP which has been issued and is fully paid.

(5) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.

(6) Finance debt recorded in currencies other than U.S. dollars has been translated into U.S. dollars at the relevant exchange rates existing on September 30, 2007.

(7) Obligations under finance leases are included in the above table.

(8) As at September 30, 2007, the group had contingent indebtedness relating to outstanding guarantees totaling $2,074 million in respect of the borrowings of jointly controlled entities, associates and other third parties. Contingent liabilities as at December 31, 2006, including

guarantees, are described in note 47 to the financial statements in the Annual Report on Form 20-F 2006. As at September 30, 2007, BP does not expect the outcome of these contingent liabilities to have a material effect on the group s financial position or liquidity. As at September 30, 2007, the parent company, BP p.l.c., had outstanding guarantees totaling US$21,992 million in respect of borrowings by its subsidiary undertakings. Therefore 87% of the group s finance debt had been guaranteed by BP p.l.c. All of the group s finance debt is unsecured.

(9) As of December 3, 2007, BP s outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above table, had increased by US$ 1,573 million.

(10) As of December 3, 2007, BP s finance debt due after more than one year had increased by US$2,575 million equivalent.

(11) Apart from the changes in notes (3), (9) and (10) above, there has been no material change since September 30, 2007 in the consolidated capitalization, indebtedness or contingent liabilities for BP.

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DESC RIPTION 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 11 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.

Summary

Issuer: BP Capital Markets p.l.c.

Guarantee: Payment of the principal of and interest on the notes is guaranteed by BP. For more information about the guarantee, you should read Description of Debt Securities and Guarantees beginning on page 11 of the accompanying prospectus.

Title: Floating Rate Guaranteed Extendible Notes.

Total principal amount being issued: $

Denomination: The notes will be issued in denominations of $100,000 and integral multiples of $1,000.

Issuance date: December , 2007.

Initial maturity date: January , 2009, or if such is not a business day, the immediately preceding business day.

Final maturity date: December , 2012, or if such is not a business day, the immediately preceding business day.

Day count: Actual/360.

Day count convention: Modified following.

Interest rate: The interest rate in effect for the first interest period will be the 3-month U.S. dollar London interbank offered rate (LIBOR), as determined on December , 2007, plus %. Thereafter, the interest rate for any interest period will be LIBOR, as determined on the interest determination date, plus the applicable spread (as described below). The interest rate will be reset quarterly on each interest reset date.

Date interest starts accruing: December , 2007

Interest payment dates: The th calendar day of each March, June, September and December, commencing on March , 2008, subject to the day count convention, and the applicable maturity date.

Spread: The spread for each interest period shall be as follows:

For interest reset dates occurring	Spread
From the issuance date, to but excluding December , 2008	basis points
From December , 2008, to but excluding December , 2009	basis points
From December , 2009, to but excluding December , 2010	basis points
From December , 2010, to but excluding December , 2011	basis points
From December , 2011, to but excluding December , 2012	basis points

Interest reset dates: The th calendar day of each March, June, September and December, commencing on March , 2008, 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 December , 2007 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.

Extension option: A holder of the notes may elect to extend the initial maturity date or any later maturity of all such notes held by it or any portion thereof having a principal amount of $100,000 or any integral multiple of $1,000 in excess thereof during the extension notice period relating to each election date, so that the maturity thereof will be extended to the date occurring 366 calendar days from and including the th calendar day of the next succeeding month following such election date. However, if that 366th calendar day is not a business day, the maturity of those notes will be extended to the immediately preceding business day. If a holder of the notes elects to extend the maturity of only a portion of such notes, the principal amount of the notes not so extended must also have a principal amount of $100,000 or any integral multiple of $1,000. If a holder of the notes does not extend the maturity date of a note, that holder will receive a non-extendible substitute note for any note not so extended. The non-extendible substitute note will retain the then-current maturity date of the original note. In no event will the maturity date of the notes be extended beyond the final maturity date.

Extension notice period: The period from the fifth business day prior to each election date, until the close of business, New York City time, on the election date. If the election date is not a business day, the extension notice period will be extended until the close of business, New York City time, on the first business day following the election date. The depositary must receive any notice of election from its participants no later than 12:00 noon, New York City time, on the last business day in the extension notice period for any election date. Each election will be revocable during each day of the extension notice period until 12:00 noon, New York City time, on the last business day of the extension notice period relating to the applicable election date, at which time such notice will become irrevocable.

Election dates: Election dates will occur on the th calendar day of each March, June, September and December, commencing on March , 2008, through and including December , 2011.

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

Business day: 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 will rank equally with all of BP Capital U.K. s other unsecured and unsubordinated indebtedness.

Regular record dates for interest: One business day preceding each interest payment date.

Payment of additional amounts: None payable under current law.

Form of notes: The notes will be issued as one or more global securities. You should read Legal Ownership Global Securities beginning on page 9 of the accompanying prospectus for more information about global securities.

Name of depositary: The Depository Trust Company, commonly referred to as DTC.

Trading through DTC, Clearstream, Luxembourg and Euroclear: Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC s rules and will be settled in immediately available funds using DTC s Same-Day Funds Settlement System. Secondary market trading between Clearstream Banking, société anonyme, in Luxembourg (Clearstream, Luxembourg), customers and/or Euroclear Bank S.A./N.V.

(Euroclear) participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds. For more information about global securities held by DTC through Clearstream, Luxembourg or Euroclear, you should read Clearance and Settlement beginning on page 22 of the accompanying prospectus.

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Listing: Application will be made to list the original notes on the New York Stock Exchange although neither BP Capital UK nor BP can guarantee such listing will be obtained. It is currently intended that application will be made to list the non-extendible substitute notes on a stock exchange designated by the UK Inland Revenue as a recognized stock exchange although neither BP Capital UK nor BP can guarantee such application will be made or that such listing will be obtained.

Redemption: The notes are not redeemable, except:

Optional tax redemption: The notes may be redeemed as described under Description of Debt Securities and Guarantees Optional Tax Redemption on page 18 of the accompanying prospectus. The provisions for optional tax redemption described therein will apply to changes in tax treatments occurring after December , 2007.

Contingent redemption: If, with respect to any election date, a holder does not make an election to extend the maturity of all or a portion of the principal amount of such holder s notes, BP Capital U.K. may redeem, in whole or in part, the principal amount of any non-extendible substitute notes which such holder receives in minimum increments of $100,000 and any multiple of $1,000 in excess thereof, at the contingent redemption price of 100.20% of the principal amount together with any unpaid interest accrued thereon up to, but excluding, the applicable redemption date.

At the applicable 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 Trust Company, N.A. (as successor to JPMorgan Chase Bank), as trustee, dated as of March 8, 2002, which is referred to on page 11 of the accompanying prospectus, as supplemented by a supplemental indenture with The Bank of New York Trust Company, N.A., as trustee, to be entered into on December , 2007.

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 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 first interest accrual date) identical to the notes issued hereby. These additional notes will be deemed part of the same series as the notes offered hereby and will provide the holders of these additional notes the right to vote together with holders of the notes issued hereby.

Net proceeds: The net proceeds, before expenses, will be $.

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.

Maturity and Extension of Maturity

The initial maturity date for the notes is January , 2009, or if such day is not a business day, the immediately preceding business day, unless the maturity of all or any portion of the principal amount of the notes is extended in accordance with the procedures set forth below. In no event will the maturity of the notes be extended beyond the final maturity date of December , 2012, or if such day is not a business day, the immediately preceding business day.

On each election date, you may elect to extend the maturity of all or any portion of the principal amount of your notes so that the maturity of your notes will be extended to the date occurring 366 calendar days from and including the th calendar day of the next succeeding month following such election date. However, if that 366th calendar day is not a business day, the maturity of your notes will be extended to the immediately preceding business day. The election dates will be the th calendar day of each March, June, September and December from March , 2008 to December , 2011 inclusive, whether or not any such day is a business day. For example, a holder s election to extend the maturity of a note as of March , 2008 (the initial election date) will cause the maturity of that note to be extended from January , 2009 to April , 2009 (or the immediately preceding business day, if April , 2009 is not a business day). A holder s election to extend the maturity of a note as of December , 2011 (the last election date) will cause the maturity date of that note to be extended from October , 2012 to December , 2012, the final maturity date (or the immediately preceding business day, if December , 2012 is not a business day).

You may elect to extend the maturity of all of your notes or of any portion thereof having a principal amount of $100,000 or any integral multiple of $1,000 in excess thereof. To make your election effective on any election date, you must deliver a notice of election during the extension notice period for that election date. The extension notice period for each election date will begin on the fifth business day prior to the election date and end at the close of business, New York City time, on the election date; however, if that election date is not a business day, the extension notice period will be extended to the following business day. Your notice of election must be delivered to the trustee for the notes, through the normal clearing system channels described in more detail below and in the accompanying Prospectus, no later than the close of business, New York City time, on the last business day in the extension notice period. Upon delivery to the trustee of a notice of election to extend the maturity of the notes or any portion thereof during any extension notice period, that election will be revocable during each day of such extension notice period, until 12:00 noon, New York City time, on the last business day in the extension notice period relating to the applicable election date, at which time such notice will become irrevocable.

If on any election date you do not make a timely or proper election to extend the maturity of all or any portion of the principal amount of your notes, the principal amount of the notes for which you have not made such an election will become due and payable on the initial maturity date, or any later date to which the maturity of your notes has previously been extended. The principal amount of the notes for which such election is not exercised will be represented by a non-extendible substitute note issued as of such election date. The non-extendible substitute note so issued will have the same terms as the notes, except that it will not be extendible, will have a separate CUSIP number and will retain the then-current maturity date of the original note. Interest on a non-extendible substitute note shall accrue from and including the last interest payment date on the related original notes. The failure to elect to extend the maturity of all or any portion of the notes will be irrevocable and will be binding upon any subsequent holder of such notes.

The notes will be issued in registered global form and will remain on deposit with DTC. Therefore, you must exercise the option to extend the maturity of your notes through DTC. To ensure that DTC will receive timely notice of your election to extend the maturity of all or a portion of your notes, so that it can deliver notice of your election to the trustee prior to the close of business on the last business day in the extension notice period, you must instruct the direct or indirect participant through which you hold an interest in the notes to notify DTC of your election to extend the maturity of your notes in accordance with the then applicable operating procedures of DTC.

DTC must receive any notice of election from its participants no later than 12:00 noon (New York City time) on the last business day in the extension notice period for any election date. Different firms have different deadlines for accepting instructions from their customers. You should consult the direct or indirect participant through which you hold an interest in the notes to ascertain the deadline for ensuring that timely notice will be delivered to DTC. If you hold your interest in the notes through Euroclear or

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Clearstream Luxembourg, additional time may be needed to give your notice. If the election date is not a business day, notice of your election to extend the maturity date of your notes must be delivered to DTC by its participants no later than 12:00 noon (New York City time) on the business day following such election date.

None of BP Capital U.K., BP, the trustee or any agent of any of them will have any liability to the holder or any direct participant, indirect participant or beneficial owner (as defined below) for any delay in exercising the option to extend the maturity of the notes.

We make no recommendation as to whether a holder should extend the maturity of a note. Holders are urged to consult their own advisors as to the desirability of exercising the right to extend the maturity of the notes.

Interest

The notes will bear interest at LIBOR plus the spread, as described below. BP Capital U.K. will pay interest quarterly in arrears on the th calendar day of each March, June, September and December (each an interest payment date), beginning March , 2008, and on the applicable maturity date. If any interest payment date (other than an interest payment date falling on a redemption date or a maturity date) falls on a day that is not a business day, we will postpone the interest payment date 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. The final interest payment date for the notes, or any portion of the notes maturing prior to the final maturity date, will be the applicable maturity date, and interest for the final interest period will accrue from and including the interest payment date in the quarter immediately preceding such maturity date to but excluding the maturity date. Interest payable on an interest payment date that falls on a redemption date that is not a business day will be payable on the next succeeding business day and no interest will be accrued for the period that the interest payment is so deferred. Interest on the notes will be computed on the basis of a 360 day year for the actual number of days elapsed.

Interest on the notes will accrue from, and including, December , 2007, to, and excluding, the first interest payment date and then from, and including, the immediately preceding interest payment date to which interest has been paid or duly provided for to, but excluding, the next interest payment date or the applicable maturity date, as the case may be. We will refer to each of these periods as an interest period.

BP Capital U.K. will pay interest on the notes to the persons in whose names the notes are registered at the close of business one business day immediately preceding the interest payment date. However, BP Capital U.K. will pay interest on the applicable maturity date or a redemption date to the same persons to whom the principal will be payable.

The calculation agent appointed by us, initially The Bank of New York Trust Company, N.A., will calculate the interest rate on the notes. The calculation agent will reset the interest rate on each interest payment date, each of which we will refer to as an interest reset date.

The interest rate in effect for the period from December , 2007, to, but excluding, March , 2008, will be the 3-month U.S. dollar London interbank offered rate (LIBOR), as determined on December , 2007, plus %. Thereafter, the interest rate for each interest period will be equal to LIBOR, as determined below, plus the spread set forth in the Summary above. The second London business day preceding an interest reset date will be the interest determination date for that interest reset date. The interest rate in effect on each day that is not an interest reset date will be the interest rate determined as of the interest determination date pertaining to the immediately preceding interest reset date. The interest rate in effect on any day that is an interest reset date will be the interest rate determined as of the interest determination date pertaining to that interest reset date.

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The calculation agent will determine LIBOR in accordance with the following provisions:

With respect to any interest determination date, LIBOR will be the rate for deposits in United States 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, LIBOR, in respect to 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 by the calculation agent (after consultation with us), to provide the calculation agent with its offered quotation for deposits in United States 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 United States dollars in that market at that time. If at least two quotations are provided, then LIBOR on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then LIBOR on the interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in The City of New York, on the interest determination date by three major banks in The City of New York selected by the calculation agent (after consultation with us) for loans in United States dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; provided, however, that if the banks selected by the calculation agent are not providing quotations in the manner described by this sentence, LIBOR determined as of that interest determination date will be 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 denominated 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 notes shall be conclusive and binding on the holders of notes, BP, BP Capital U.K. and the trustee, absent manifest error.

The rate at which interest shall accrue for the interest period immediately prior to the maturity date of any note in respect of which the maturity is not extended on any election date shall be the one-month LIBOR rate plus the applicable spread for such interest period.

One-month LIBOR will be determined in a manner identical to three-month LIBOR (as described above), except that it will be determined on the basis of the offered rates for deposits in U.S. dollars having a one-month maturity instead of a three-month maturity.

Contingent Redemption

If, with respect to any election date, a holder does not make an election to extend the maturity of all or a portion of the principal amount of such holder s notes, BP Capital U.K. may redeem, in whole or in part, the principal amount of any non-extendible substitute notes which such holder receives in minimum increments of $100,000 and any multiple of $1,000 in excess thereof, at the contingent redemption price of 100.20% of the principal amount together with any unpaid interest accrued thereon up to, but excluding, the applicable redemption date.

In the event that we exercise an option to redeem any notes, we will give written notice of the principal amount of such notes to be redeemed to the holder not less than 30 days or more than 60 days before the applicable redemption date. We will give the notice in the manner described on page 14 under Additional Mechanics Notices in the accompanying prospectus.

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UNITED STATES TAXATION

Supplemental Discussion of Federal Income Tax Consequences

The following section supplements the discussion of U.S. federal income taxation in the accompanying prospectus.

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 regulated investment company;
- a common trust fund;
- a person that owns notes as a hedge or that is hedged against interest rate or currency risks;
- a person that owns notes as part of a straddle or conversion transaction for tax purposes;
- or a United States holder whose functional currency for tax purposes is not the U.S. dollar.

If a partnership holds the notes, the United States 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 its tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the notes, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

United States Holders

This section applies to you only if you are a United States holder that purchases your notes in the original issuance and holds your notes as a capital asset for tax purposes. You are a United States holder if you are a beneficial owner of notes 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.

There are no regulations, rulings or other authorities directly addressing the federal income tax treatment of debt instruments with terms that are substantially similar to the notes, and therefore, the federal income tax treatment of the notes is uncertain. Pursuant to Treasury regulations governing modifications to the terms of debt instruments (the Modification Regulations), the exercise of an option by a holder of a debt instrument to defer any scheduled payment of principal is a taxable event if, based on all the facts and circumstances, such deferral is considered material under the Modification Regulations.

The Modification Regulations do not specifically address the unique features of the notes (including their economic equivalence to a five-year debt instrument containing put options). However, under the Treasury regulations governing original issue discount on debt instruments (the OID Regulations), for purposes of determining the yield and maturity of a debt instrument that provides the holder with an unconditional option or options, exercisable on one or more dates during the term of the debt instrument, that, if exercised, require payments to be made on the debt instrument under an alternative payment schedule or schedules (e.g., an option to extend the maturity of the debt instrument), a holder is deemed to exercise or not exercise an option or combination of options in a manner that maximizes the yield on the debt instrument.

Since the spread will increase over the term of the notes, under these rules, as of the issue date, it is assumed that original holders of the notes would elect to extend the maturity of all of the principal amount of the notes.

Under the treatment described above, the notes would be treated as having been issued with *de minimis* original issue discount. Therefore, the notes would not, under such treatment, constitute discount notes. See United States Taxation in the accompanying offering circular.

Although it is unclear how the OID Regulations apply in conjunction with the Modification Regulations, we believe that, under and consistent with the treatment described above, the maturity date of the notes for purposes of the Modification Regulations should similarly be the final maturity date, and thus an election to extend the maturity of all or any portion of the principal amount of the notes in accordance with the procedures described above should either not be treated as a deferral of any scheduled payments under the notes or not be treated as a significant modification for purposes of the Modification Regulations. Accordingly, we believe that, under and consistent with the treatment described above, the exercise of such election should not be treated as a taxable event for U.S. federal income tax purposes.

You should note that no assurance can be given that the Internal Revenue Service (IRS) will accept, or that the courts will uphold, the characterization and the tax treatment of the notes described above. If the IRS were successful in asserting that an election to extend the maturity of all or any portion of the principal amount of the notes is a taxable event for U.S. federal income tax purposes and you make an election to extend the maturity of the notes, you would be required to recognize any gain inherent in the notes on the applicable election date. The market value of the notes is impossible to predict and therefore there can be no assurance that you will not realize a taxable gain if you make an election and the election is treated as a taxable event. You should consult your tax advisor regarding the U.S. federal income tax consequences of an election to extend the maturity of the notes.

If you do not elect to extend the maturity date of your notes as of any election date, although the matter is not free from doubt, it is possible that you would be treated as having disposed of your notes in a taxable transaction in return for the non-extendible substitute notes if the differences between the terms of your notes and the non-extendible substitute notes as of the applicable election date are economically significant . Except as otherwise noted, the discussion below assumes that you will be so treated and that such differences will be economically significant . If the differences between the terms of your notes and the non-extendible substitute notes as of the applicable election date are not economically significant , you will not be treated as having disposed of your notes in a taxable exchange. It is unclear how your non-extendible substitute notes should be treated in this case. It is possible that you will be subject to tax with respect to your non-extendible substitute notes in the same manner as described above with respect to your notes. It is also possible that you will be subject to rules governing short-term debt instruments. Please see the discussion under United States Taxation United States Holders Original Issue Discount Short-Term Debt securities in the accompanying prospectus for a description of such rules.

If you do not elect to extend the maturity date of your notes as of any election date and your failure to do so is treated as a taxable event, you will recognize gain or loss in an amount equal to the difference between your tax basis in the notes for which the election is not made and the issue price of the non-extendible substitute notes.

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The issue price of the non-extendible substitute notes will be determined in the following manner. If the non-extendible substitute notes are treated as publicly traded under the OID Regulations, then the issue price for the non-extendible substitute notes will be equal to the fair market value of the substitute notes as of the applicable election date. If the non-extendible substitute notes are not treated as publicly traded under the OID Regulations but the notes are treated as publicly traded under the OID Regulations, then the issue price for the non-extendible substitute notes will be equal to the fair market value of the notes as of the applicable election date. If the notes and the non-extendible substitute notes are both not treated as publicly traded under the OID Regulations, then the issue price of the non-extendible substitute notes will be equal to the principal amount of the non-extendible substitute notes. The non-extendible substitute notes you receive in connection with such non-election should be subject to rules governing short-term debt instruments. Please see the discussion under United States Taxation United States Holders Original Issue Discount Short-Term Debt securities in the accompanying prospectus for a description of such rules.

Payments of Interest

Interest on the notes should be taxable to you as ordinary interest income at the time it is accrued or is received in accordance with the your method of accounting for tax purposes.

Sale, Exchange, Redemption or Retirement of the notes

Upon the sale, exchange, redemption or retirement of your notes, you will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, or retirement and your adjusted tax basis in the notes. For these purposes, the amount realized does not include any amount attributable to accrued interest on the notes. Amounts attributable to accrued interest are treated as interest as described under Payments of Interest above. Your adjusted tax basis in the notes generally will equal the cost of the notes to such person. If an election to extend were treated as a taxable event as described above, you would have a tax basis in the notes equal to the fair market value of the notes at the time of the election.

In general, gain or loss realized on the sale, exchange or redemption of your notes will be capital gain or loss. Prospective investors should consult their tax advisors regarding the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates) and capital losses (the deductibility of which is subject to limitations).

United States Alien Holders

You are a United States alien holder if you are the beneficial owner of notes and are, for United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation;

or an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from the notes.

If you are a United States alien holder, please see the discussion under United States Taxation United States Alien Holders (BP Capital U.K. and BP Canada) in the accompanying prospectus for a description of the United States federal income tax consequences of owning the notes.

Backup Withholding and Information Reporting

Please see the discussion under United States Taxation Backup Withholding and Information Reporting (BP Capital U.K. and BP Canada) in the accompanying prospectus for a description of the applicability of the backup withholding and information reporting rules to payments made on your notes.

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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 December , 2007, 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 Notes
Goldman, Sachs & Co.	$
HSBC Securities (USA) Inc.	$
Total	$

The notes are a new issue of securities with no established trading market. Application will be made to list the original 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 original notes will develop. It is currently intended that application will be made to list the non-extendible substitute notes on a stock exchange designated by the UK Inland Revenue as a recognized stock exchange, although no assurance can be given that such an application will be made or that the notes will be listed on a stock exchange designated by the UK Inland Revenue as a recognized stock exchange, and if so listed, the listing does not assure that a trading market for the non-extendible substitute 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 Goldman, Sachs & Co. and HSBC Securities (USA) Inc. against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters propose to offer the notes initially at the offering price on the cover page of this prospectus supplement. The underwriters may sell notes to securities dealers at a discount from the initial public offering price of up to % of the principal amount of the 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 % of the principal amount of the 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.

From time to time the underwriters engage in transactions with BP or its subsidiaries in the ordinary course of business. The underwriters have performed investment banking, commercial banking and advisory services for BP in the past and have received customary fees and expenses for these services and may do so in the future.

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

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Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State:

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

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

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by BP Capital Markets p.l.c. for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to above shall require BP Capital Markets p.l.c. or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has further represented and agreed that:

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;

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 Markets p.l.c. or BP p.l.c.;

the notes have not been and will not be registered under the Securities and Exchange Law of Japan, as amended (the SEL) and that the notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person, except under circumstances which will result in the compliance with the SEL and any other applicable laws and regulations promulgated by the relevant Japanese governmental and regulatory authorities in effect at the relevant time. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan; and with respect to any other jurisdiction outside the United States it has not offered or sold and will not offer or sell any of the notes in any jurisdiction, except under circumstances that resulted or will result in compliance with the applicable rules and regulations of such jurisdiction.

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

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any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus 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.

This document 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 Markets p.l.c. to publish a prospectus pursuant to the Prospectus Directive.

This prospectus supplement has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes that are the subject of the offering contemplated in the prospectus as supplemented by this prospectus supplement may only do so in circumstances in which no obligation arises for BP Capital Markets p.l.c. 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 Markets p.l.c. 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 Markets p.l.c. 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 Markets p.l.c. 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.

It is expected that delivery of the notes will be made, against payment of the notes, on or about December , 2007, which will be the fifth business day following the date of pricing of the notes. Under Rule 15c6-1 under the

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Securities Exchange Act of 1934, purchases or sales of securities in the secondary market generally are required to settle within three business days (T+3), unless the parties to any such transaction expressly agree otherwise. Accordingly, purchasers of the notes, who wish to trade the notes on the date of this prospectus supplement or the next succeeding business day, will be required, because the notes initially will settle within five business days (T+5), to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade on the date of this prospectus supplement or the next succeeding business day should consult their own legal advisors.

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$10,000,000,000

BP CAPITAL MARKETS AMERICA INC.

BP CAPITAL MARKETS P.L.C.

BP CANADA FINANCE COMPANY

GUARANTEED DEBT SECURITIES

Fully and unconditionally guaranteed by

BP p.l.c.

BP Capital Markets America Inc., BP Capital Markets p.l.c. and BP Canada Finance Company 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 December 19, 2006

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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. Under this shelf process, we may sell the securities described in this prospectus in one or more offerings up to a total dollar amount of $10,000,000,000. 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., BP Capital Markets America Inc., BP Capital Markets p.l.c. and BP Canada Finance Company; BP refers to BP p.l.c.; the BP Group refers to BP and its subsidiaries; and BP Debt Issuers refers to BP Capital Markets America Inc., BP Capital Markets p.l.c. and BP Canada Finance Company, collectively, each a BP Debt Issuer . Each of the BP Debt Issuers may be the issuer in an offering of debt securities guaranteed by BP.

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RISK FACTORS

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

BP Group-level risks have been identified and classified in three categories: delivery, inherent and enduring.

Delivery risks

Delivery risks are those specific to implementing activities contained in our group plan. Successful execution of this plan depends critically on implementing the set of activities described. Hence, our delivery risks are those factors that would result in our failure to deliver these activities economically.

The most significant risks include:

Upstream renewal*:* Inability to renew the portfolio and sustain long-term reserves replacement. The challenge is growing due to increasing competition for access to opportunities globally.

Major project delivery: Poor delivery of any major project that underpins production growth and/or a major programme designed to enhance shareholder value.

Portfolio repositioning: Inability to complete planned disposals and/or lack of material positions in new markets (and hence the inability to capture above-average market growth).

Inherent risks

There are a number of risks that arise as a result of the business climate, which are not directly controllable.

Competition risk: The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home. Competition puts pressure on product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency.

Price risk: Oil, gas and product prices are subject to international supply and demand. Political developments (especially in the Middle East) and the outcome of meetings of OPEC can particularly affect world supply and oil prices. In addition to the adverse effect on revenues, margins and profitability from any future fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to a review for impairment of the BP Group s oil and natural gas properties. This review would reflect management s view of long-term oil and natural gas prices. Such a review could result in a charge for impairment that could have a significant effect on the BP Group s results of operations in the period in which it occurs.

Regulatory risk: The oil industry is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalization, expropriation, cancellation or non-renewal of contract rights. 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, we could be required to curtail or cease certain operations, causing our production to decrease, or we could incur additional costs.

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Developing country risk: We have operations in developing countries where political, economic and social transition is taking place. Some countries have experienced political instability, expropriation or nationalization of property, civil strife, strikes, acts of war and insurrections. Any of these conditions occurring could disrupt or terminate our operations, causing our development activities to be curtailed or terminated in these areas or our production to decline and could cause us to incur additional costs.

Currency risk: Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies. Fluctuations in exchange rates can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs.

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

Enduring risks

We set ourselves high standards of corporate citizenship and aspire to contribute to a better quality of life through the products and services we provide. This may create risks to our reputation if it is perceived that our actions are not aligned to these standards and aspirations.

Social responsibility risk: Risk could arise if it is perceived that we are not respecting or advancing the economic and social progress of the communities in which we operate.

Environmental risk: We seek to conduct our activities in such a manner that there is no or minimal damage to the environment. Risk could arise if we do not apply our resources to overcome the perceived trade-off between global access to energy and the protection or improvement of the natural environment.

Compliance risk: Incidents of non-compliance with applicable laws and regulation or ethical misconduct could be damaging to our reputation and shareholder value. Inherent in our operations are hazards that require continual oversight and control.

If operational risks materialized, loss of life, damage to the environment or loss of production could result.

Drilling and production risk: Exploration and production require high levels of investment, have particular economic risks and opportunities and may often involve innovative technologies. They are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. The cost of drilling, completing or operating wells is often uncertain. We 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.

Technical integrity risk: There is a risk of loss of containment of hydrocarbons and other hazardous material at operating sites, pipelines or during transportation by road, rail or sea.

Security risk: Acts of terrorism that threaten our plants and offices, pipelines, transportation or computer systems would severely disrupt business and operations.

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FORWARD-LOOKING STATEMENTS

In order to utilize the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing the following cautionary statement. This prospectus, including documents incorporated by reference, and the related prospectus supplement may contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of BP and certain of the plans, 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 anticipates , should , expects , estimates , believes , is expected to , may , is likel intends , plans , we see , or similar expressions. In particular, forward-looking statements include:

- the statements with regard to management aims and objectives, future capital expenditure, future hydrocarbon production volume, date or period(s) in which production is scheduled or expected to come on stream or a project or action is scheduled or expected to be completed, capacity of planned plants or facilities and impact of health, safety and environmental regulations or future regulatory actions,
- the statements with regard to the plans of the BP Group, cash flows, opportunities for material acquisitions, the cost of future remediation programmes, liquidity and costs for providing pension and other postretirement benefits,
- the statements with respect to future cash flows, future levels of capital expenditure and divestments, working capital, the renewal of borrowing facilities, shareholder distributions and share buybacks and expected payments under contractual and commercial commitments, and
- the statements with regard to global and certain regional economies, oil and gas prices and realizations, expectations for supply and demand, refining and marketing margins.

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. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including:

- the specific factors identified in the discussions accompanying such forward-looking statements;
- the timing of bringing new fields on stream;
- OPEC policy decisions
- future levels of industry product supply, demand and pricing;
- operational problems;
- general economic conditions, including inflationary pressure, 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;

successful partnering;

the actions of competitors and third party suppliers to facilities and services;

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.

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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., Room 1580, Washington, D.C. 20549. In addition, BP s SEC filings are available to the public at the SEC s web site 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, Chicago, NYSE Arca and Toronto stock exchanges. BP s ordinary shares are admitted to trading on the London Stock Exchange plc and listed in France, Germany, Japan and Switzerland. You can consult reports and other information about BP that it filed 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/A for the year ended December 31, 2005 (File No. 001 06262), filed on July 5, 2006.

Report on Form 6-K for the three months ended March 31, 2006, filed on August 17, 2006.

Report on Form 6-K for the three months and six months ended June 30, 2006, filed on September 11, 2006.

Report on Form 6-K/A for the three months and nine months ended September 30, 2006, filed on December 13, 2006.

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.

The Annual Report on Form 20-F/A for the year ended December 31, 2005 of BP contains a summary description of BP s business and audited consolidated financial statements with a report by our independent registered public accounting firm. These financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU). We refer to these accounting principles as IFRS in this prospectus. The consolidated financial statements for the periods presented would be no different had BP applied IFRS as issued by the International Accounting Standards Board. References to IFRS hereafter should be construed to IFRS as adopted by the EU. The Annual Report on Form 20-F/A for the year ended December 31, 2005 of BP presents the effects of the differences on our consolidated financial statements between IFRS and generally accepted accounting principles applicable in the United States. We refer to the latter accounting principles as US GAAP in this prospectus.

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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, England

(011) 44-20-7496-4000

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

BP p.l.c.

The British Petroleum Company p.l.c., incorporated in 1909 in England and Wales, was merged on December 31, 1998 with Amoco Corporation, which was incorporated in Indiana, U.S.A, in 1889. The British Petroleum Company p.l.c. was renamed BP Amoco p.l.c. following this merger. On April 14, 2000, BP acquired the Atlantic Richfield Company and on July 7, 2000, BP completed its successful tender offer for Burmah Castrol plc of England. On May 1, 2001 the name of the company was changed to BP p.l.c. BP p.l.c. is a public limited company, incorporated under the Companies (Consolidation) Act 1908 with registered number 00102498.

BP s principal executive offices are located on 1 St. James s Square, London SW1Y 4PD, England. BP s telephone number is (011) 44-20-7496-4000.

DESCRIPTION OF BP DEBT ISSUERS

Financial Statements and Issuer Identity

We do not present separate financial statements of the BP Debt Issuers 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 the BP Debt Issuers as to payment of principal, premium, if any, interest and any other amounts due.

BP will determine the identity of an issuer relating to a particular series of debt securities in light of considerations related to the funding needs of BP and its consolidated subsidiaries. These include:

the anticipated use of proceeds;

related funding requirements of BP and its consolidated subsidiaries; and

relevant tax considerations.

BP Capital Markets America Inc.

BP Capital Markets America Inc. (BP Capital America) is a wholly-owned indirect subsidiary of BP and was incorporated under the laws of Delaware on February 15, 2002. BP Capital America is a financing vehicle for the BP Group and issues debt securities on behalf of the BP Group. BP Capital America will lend substantially all proceeds of its borrowings to the BP Group.

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.

BP Canada Finance Company

BP Canada Finance Company (BP Canada) is a wholly-owned indirect subsidiary of BP and was incorporated under the laws of Nova Scotia on February 18, 2002. BP Canada is a financing vehicle for the BP Group and issues debt securities on behalf of the BP Group. BP Canada will lend substantially all proceeds of its borrowings to the BP Group.

RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)

	September 30,	Years ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**	**2001**
For the BP Group in accordance with IFRS(1)	21.7	21.1	20.6	16.0		
For the BP Group adjusted to accord with US GAAP(2)	20.7	20.0	18.9	14.8	9.2	6.5

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) Earnings consist of the earnings available for payment of fixed charges as determined for BP Group, in accordance with IFRS, after taking account of adjustments to profit before taxation to accord with US GAAP.

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CAPITALIZATION AND INDEBTEDNESS OF BP p.l.c.

The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of September 30, 2006 in accordance with IFRS:

	As of September 30, 2006 (US$ million)
Share Capital	
Authorized share capital (1)	$ 9,023
Capital shares (2-4)	4,975
Paid-in surplus (5)	9,802
Merger reserve (5)	27,200
Other reserves	6
Shares held by ESOP trusts	(173)
Available-for-sale investments	319
Cash flow hedges	27
Foreign currency translation reserve	3,858
Treasury Shares	(21,709)
Retained earnings	59,973
BP shareholders equity	84,278
Finance debt (6-9)	
Due within one year	9,561
Due after more than one year	10,412
Total finance debt	19,973
Total Capitalization (10)	$ 104,251

(1) Authorized share capital comprises 36 billion ordinary shares, par value US$0.25 per share, and 12,750,000 cumulative preference shares, par value £1 per share.

(2) Issued share capital as of September 30, 2006 comprised 19,815,830,450 ordinary shares, par value US$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,947,931,905 ordinary shares which have been bought back and held in treasury by BP, and which are not taken into consideration in relation to the payment of dividends and voting at shareholders meetings.

(3) Issued share capital as of December 11, 2006 comprised 19,518,308,371 ordinary shares, par value US$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,947,014,561 ordinary shares which have been bought back and held in treasury by BP, and which are not taken into consideration in relation to the payment of dividends and voting at shareholders meetings.

(4) Capital shares represent the common stock of BP which has been issued and is fully paid.

(5) Paid-in surplus and merger reserve represent additional paid-in capital of BP which cannot normally be returned to shareholders.

(6) Finance debt recorded in currencies other than U.S. dollars has been translated into U.S. dollars at the relevant exchange rates existing on September 30, 2006.

(7) Obligations under finance leases are included in the above table.

(8) As of September 30, 2006, the parent company, BP p.l.c., had outstanding guarantees totaling US$16,555 million, of which US$16,531 million related to guarantees in respect of borrowings by its subsidiary undertakings. Thus 83% of the finance debt had been guaranteed by BP. BP has no material outstanding contingent liabilities. All of BP s debt is unsecured.

(9) As of December 11, 2006, BP s outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above table, had increased by US$1,956 million equivalent; and BP s finance debt due after more than one year had increased by US$310 million equivalent.

(10) Apart from the changes in notes 3 and 9 above, there has been no material change since September 30, 2006 in the consolidated capitalization, indebtedness or contingent liabilities for BP.

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USE OF PROCEEDS

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

LEGAL OWNERSHIP

Street Name and Other Indirect Holders

We generally will not recognize investors who hold securities in accounts at banks or brokers that are the legal holders of securities. When we refer to the holders of securities, we mean only the actual legal and (if applicable) record holder of those securities. Holding securities in accounts at banks or brokers is called holding in street name. If you hold securities in street name, we will recognize only the bank or broker or the financial institution the bank or broker uses to hold its securities. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the securities, either because they agree to do so in their customer agreements or because they are legally required. If you hold securities in street name, we urge you to check with your own institution to find out:

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

Direct Holders

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

Global Securities

What is a Global Security?

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

We require that the securities included in the global security not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that acts as the sole direct holder of the global security is called the depositary. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. The prospectus supplement relating to an offering of a series of securities will indicate whether the series will be issued only in the form of global securities.

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Special Investor Considerations for Global Securities

As an indirect holder, an investor s rights relating to a global security will be governed by the account rules of the investor s financial institution and of the depositary, 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 depositary 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 9 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 depositary 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 depositary 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 depositary in any way.
- The depositary will require that interests in a global security be purchased or sold within its system using same-day funds. By contrast, 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 9 under Street Name and Other Indirect Holders and Direct Holders .

The special situations for termination of a global security are:

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

When an event of default on the securities has occurred and has not been cured. Defaults on debt securities are discussed below on pages 20-21 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 depositary, 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 9 entitled Street Name and Other Indirect Holders .

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DESCRIPTION OF DEBT SECURITIES AND GUARANTEES

Each of the BP Debt Issuers 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. Each of the BP Debt Issuers has entered or will enter into an indenture with The Bank of New York Trust Company, N.A.

The trustee under each of the indentures 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 pages 20-21 below; and

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

BP acts as the guarantor of the guaranteed debt securities issued under the BP Debt Issuers indentures. The guarantees are described under Guarantees on page 12 below.

The indentures and their associated documents contain the full legal text governing the matters described in this section. The indentures, the debt securities and the guarantees are governed by New York law. The indentures are exhibits to our registration statement. See Where You Can Find More Information About Us on pages 5-6 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 indentures, which are substantially identical to each other, the debt securities and the guarantees. However, because it is a summary, it does not describe every aspect of the indentures, the debt securities or the guarantees. This summary is subject to and qualified in its entirety by reference to all the provisions of the indentures, including some of the terms used in the indentures. We describe the meaning for only the more important terms. We also include references in parentheses to some sections of the indentures. Whenever we refer to particular sections or defined terms of the indentures 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.

The BP Debt Issuers may each issue as many distinct series of debt securities under its respective 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.

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

which of the BP Debt Issuers is the issuer of the debt securities;

the title of the series of debt securities;

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

any stock exchange on which we will list the series of debt securities;

the date or dates on which we will pay the principal of the series of debt securities;

the rate or rates, which may be fixed or variable, per annum at which the series of debt securities will bear interest, if any, and the date or dates from which that interest, if any, will accrue;

the dates on which interest, if any, on the series of debt securities will be payable and the regular record dates for the interest payment dates;

any mandatory or optional sinking funds or analogous provisions or provisions for redemption at the option of the holder;

the date, if any, after which and the price or prices at which the series of debt securities may, in accordance with any optional or mandatory redemption provisions that are not described in this prospectus, be redeemed and the other detailed terms and provisions of those optional or mandatory redemption provisions, if any;

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

the currency of payment of principal, premium, if any, and interest on the series of debt securities if other than the currency of the United States of America and the manner of determining the equivalent amount in the currency of the United States of America;

any index used to determine the amount of payment of principal of, premium, if any, and interest on the series of debt securities;

the applicability of the provisions described on page 19 under 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 9-10 under Legal Ownership Global Securities , and the depositary 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 depositary or its nominee; and

any other special features of the series of debt securities.

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

Guarantees

BP will fully and unconditionally guarantee the payment of the principal of, premium, if any, and interest on the guaranteed debt securities, including certain additional amounts which may be payable under the guarantees, as described on pages 17-18 under Payment of Additional Amounts . BP guarantees the payment of such amounts when such amounts become due and payable, whether at the stated maturity of the debt securities, by declaration or acceleration, call for redemption or otherwise.

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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.
- 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. and Canadian 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 Trust

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Company, N.A., 227 W. Monroe, 26th Floor, Chicago, Illinois 60606. 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.

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 15-16 under Modification and Waiver . We may take these actions as part of a transaction involving outside third parties or as part of an internal corporate reorganization. We may take these actions even if they result in:

- a lower credit rating being assigned to the debt securities; or additional amounts becoming payable in respect of U.K. or Canadian withholding tax, and the debt securities thus being subject to redemption at our option, as described below on page 18 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 a BP Debt Issuer or BP, as applicable, merges out of existence or sells or leases substantially all of its assets, the other entity must assume its obligations on the debt securities or the guarantees. Such other entity must be organized under the laws of such BP entity s jurisdiction or a political subdivision thereof.

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The merger, sale or lease of assets or other transaction must not cause a default on the debt securities, and we must not already be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below on page 20 under Default and Related Matters Events of Default What is An Event of Default? A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

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

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

Modification and Waiver

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

Changes Requiring Your Approval

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

- change the stated maturity of the principal or interest on a debt security;
- reduce any amounts due on a debt security;
- reduce the amount of principal payable upon acceleration of the maturity of a debt security following a default;
- change the place or currency of payment on a debt security;
- impair your right to sue for payment;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indentures;

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

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

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

Changes Requiring a Majority Vote

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

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Changes Not Requiring Approval

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

Further Details Concerning Voting

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

For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default.

For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that security described in the prospectus supplement.

For debt securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent as of the date of original issuance.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for you money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described below on page 19 under Defeasance and Discharge . (*Section 101*)

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding debt securities that are entitled to vote or take other action under the indenture. If we set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding debt securities of that series on the record date and must be taken within 90 days following the record date or another period that we may specify (or as the trustee may specify, if it set the record date). We may shorten or lengthen (but not beyond 90 days) this period from time to time. *(Sections 501, 502, 512, 513 and 902)*

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

Redemption and Repayment

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

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

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

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

In the event that we exercise an option to redeem any debt security, we will give written notice of the principal amount of the debt security to be redeemed to the trustee at least 45 days before the applicable redemption date and to the holder not less than 30 days nor more than 60 days before the applicable redemption date. We will give the notice in the manner described above on page 14 under Additional Mechanics Notices .

If a debt security represented by a global security is subject to repayment at the holder s option, the depositary or its nominee, as the holder, will be the only person that can exercise the right to repayment. Any indirect holders who own beneficial interests in the global security and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers through which they hold their interests, requesting that they notify the depositary to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers; we urge you to take care to act promptly enough to ensure that your request is given effect by the depositary before the applicable deadline for exercise.

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

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

Payment of Additional Amounts

The government of any jurisdiction where BP or BP Capital U.K. or BP Canada is incorporated may require BP, BP Capital U.K. or BP Canada to withhold or deduct amounts from payments on the principal or interest on a debt security or any amounts to be paid under the guarantees for or on account of taxes or any other governmental charges. If the jurisdiction requires a withholding or deduction of this type, BP, BP Capital U.K. or BP Canada, as the case may be, may be required to pay you an additional amount so that the net amount you receive will be the amount specified in the debt security to which you are entitled. However, in order for you to be entitled to receive the additional amount, you must not be resident in the jurisdiction that requires the withholding or deduction.

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

The U.S. government or any political subdivision of the U.S. government is the entity that is imposing the tax or governmental charge.

The tax or governmental charge is imposed due to the presentation of a debt security, if presentation is required, for payment on a date more than 30 days after the security became due or after the payment was provided for.

The tax or governmental charge is on account of an estate, inheritance, gift, sale, transfer, personal property or similar tax or other governmental charge.

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

The tax or governmental charge is imposed or withheld because the holder or beneficial owner failed:

to provide information about the nationality, residence or identity of the holder or beneficial owner, or

to make a declaration or satisfy any information requirements,

that the statutes, treaties, regulations or administrative practices of the taxing jurisdiction require as a precondition to exemption from all or part of such tax or governmental charge.

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

The withholding or deduction is imposed on a holder or beneficial owner who could have avoided such withholding or deduction by presenting its debt securities to another paying agent.

The holder is a fiduciary or partnership or an entity that is not the sole beneficial owner of the payment of the principal of, or any interest on, any security, and the laws of the jurisdiction require the payment to be included in the income of a beneficiary or settlor for tax purposes with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder of such security.

In addition, BP Canada will ***not*** have to pay additional amounts under either of the following circumstances:

The debt security is presented for payment by, or by a third party on behalf of, a holder in respect of whom such taxes or duties are required to be withheld or deducted by reason of the holder being a person with whom BP Canada or BP are not dealing at arm s length (within the meaning of the Income Tax Act (Canada)).

The debt security is presented for payment by, or by a third party on behalf of, a holder in respect of whom such taxes or duties would not have been imposed but for the failure of the holder to comply with any requirement under relevant income tax treaties or Canadian statutes and regulations (or any administrative practice in Canada) to claim or establish entitlement to exemption from or reduction of such taxes or duties.

These provisions will also apply to any taxes or governmental charges imposed by any jurisdiction in which a successor to BP is organized. The prospectus supplement relating to the debt securities may describe additional circumstances in which BP would not be required to pay additional amounts. *(Section 1010)*

Optional Tax Redemption

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

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Event Risk Provisions

The debt securities do not contain event risk provisions designed to require BP or the BP Debt Issuers to redeem the debt securities, reset the interest rate or take other actions in response to highly leveraged transactions, changes in credit ratings or similar occurrences.

Defeasance and Discharge

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

We can legally release ourselves from any payment or other obligations on the debt securities, except for various obligations described below, if we, in addition to other actions, put in place the following arrangements for you to be repaid:

- We must deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates. In addition, on the date of such deposit, we must not be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under Default and Related Matters Events of Default What is An Event of Default? A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

- We must deliver to the trustee a legal opinion of our counsel confirming that under current U.S. federal income tax law we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves. In the case of debt securities being discharged, we must deliver along with this opinion a private letter ruling from U.S. Internal Revenue Service to this effect or a revenue ruling pertaining to a comparable form of transaction to that effect published by the U.S. Internal Revenue Service to the same effect.

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

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

- to register the transfer and exchange of debt securities;

- to replace mutilated, destroyed, lost or stolen debt securities;

- to maintain paying agencies; and

to hold money for payment in trust.

Default and Related Matters

Ranking

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

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Events of Default

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

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

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

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

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

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. *(Section 603)* If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the indenture. *(Section 512)*

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

- You must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action.
- The trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity. *(Section 507)*

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

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

Regarding the Trustee

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

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

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CLEARANCE AND SETTLEMENT

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

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

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

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

We have no responsibility for any aspect of the actions of DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

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

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

The Clearing Systems

DTC

DTC has advised us as follows:

DTC is:

- a limited purpose trust company organized under the laws of the State of New York;
- a member of the Federal Reserve System;
- a clearing corporation within the meaning of the Uniform Commercial Code; and
- a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.

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DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certificates.

Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives.

Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that have relationships with participants.

The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream, Luxembourg

Clearstream, Luxembourg has advised us as follows:

Clearstream, Luxembourg is a duly licensed bank organized as a société anonyme incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier).

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through electronic book-entry changes to the accounts of its customers. This eliminates the need for physical movement of certificates.

Clearstream, Luxembourg provides other services to its participants, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities. It interfaces with the domestic markets in over 30 countries through established depositary and custodial relationships.

Clearstream, Luxembourg s customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include professional financial intermediaries. Its U.S. customers are limited to securities brokers and dealers and banks.

Indirect access to the Clearstream, Luxembourg system is also available to others that clear through Clearstream, Luxembourg customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear

Euroclear has advised us as follows:

Euroclear is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking and Finance Commission (Commission Bancaire et Financière) and the National Bank of Belgium (Banque Nationale de Belgique).

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates.

Euroclear provides other services to its customers, including credit custody, lending and borrowing of securities and tri-party collateral management. It interfaces with the domestic markets of several other countries.

Euroclear customers include banks, including central banks, securities brokers and dealers, trust companies and clearing corporations and may include certain other professional financial intermediaries.

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

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

Other Clearing Systems

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

Primary Distribution

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

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

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

Clearance and Settlement Procedures DTC

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

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

Clearance and Settlement Procedures Euroclear and Clearstream, Luxembourg

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

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

Secondary Market Trading

Trading between DTC Participants

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

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

Trading between Euroclear and/or Clearstream, Luxembourg Participants

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

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

A purchaser of securities that are held in the account of a DTC participant must send instructions to Euroclear or Clearstream, Luxembourg at least one business day prior to settlement. The instructions will provide for the transfer of the securities from the selling DTC participant s account to the account of the purchasing Euroclear or Clearstream, Luxembourg participant. Euroclear or Clearstream, Luxembourg, as the case may be, will then instruct the common depositary for Euroclear and Clearstream, Luxembourg to receive the securities either against payment or free of payment.

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

Euroclear participants or Clearstream, Luxembourg participants will need the funds necessary to process same-day funds settlement. The most direct means of doing this is to preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the securities are credited to their accounts one business day later.

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

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

DTC participants.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the securities through Clearstream, Luxembourg and Euroclear on days when those

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systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

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

TAX CONSIDERATIONS

United States Taxation

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

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

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

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 its tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

Please consult your own tax advisor concerning the consequences of owning these debt securities in your particular circumstances under the Code