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.

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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).