

BP CAPITAL MARKETS PLC

Form F-3ASR

March 13, 2009

Table of Contents

As filed with the Securities and Exchange Commission on March 13, 2009

Registration No. 333-

333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BP p.l.c.

(Exact name of registrant as specified in its charter)

BP Capital Markets p.l.c.

(Exact name of registrant as specified in its charter)

Edgar Filing: BP CAPITAL MARKETS PLC - Form F-3ASR

ENGLAND and WALES

ENGLAND and WALES

(State or other jurisdiction of incorporation or organization)

(State or other jurisdiction of incorporation or organization)

Not Applicable

Not Applicable

(I.R.S. Employer Identification No.)

(I.R.S. Employer Identification No.)

1 St. James s Square

Chertsey Road

London SW1Y 4PD United Kingdom

Middlesex TW16 7BP United Kingdom

(011) 44-20-7496-4000

(011) 44-19-3276-2000

(Address and telephone number of Registrant s executive offices)

(Address and telephone number of Registrant s executive offices)

Suzanne R. Sawada

Vice-President

BP America Inc.

4101 Winfield Road

Warrenville, Illinois 60555

(630) 821-2419

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Rupert M. Bondy

Robert E. Buckholz, Jr., Esq.

Group General Counsel

Kathryn A. Campbell, Esq.

BP p.l.c.

Sullivan & Cromwell LLP

1 St. James s Square

125 Broad Street

London SW1Y 4PD, England

New York, New York 10004

(011) 44 20-7496 4452

(212) 558-4000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of the Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered/ Proposed Maximum Offering Price Per Security/ Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Guaranteed Debt Securities	(1)(2)	(1)(2)
Guarantees of Debt Securities (3)		

- (1) An indeterminate aggregate principal amount of the securities is being registered to be issued from time to time, in one or more currencies. Payment of all of the registration fee is being deferred in accordance with Rules 456(b) and 457(r).
- (2) An unspecified aggregate initial offering price of securities of each identified class is being registered as may from time to time be offered at unspecified prices.
- (3) Pursuant to Rule 457(n) under the Securities Act, no separate fee for the Guarantees is payable.

Table of Contents

BP CAPITAL MARKETS P.L.C.

GUARANTEED DEBT SECURITIES

Fully and unconditionally guaranteed by

BP p.l.c.

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

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

Investing in these securities involves certain risks. See Risk Factors beginning on page 2.

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

Prospectus dated March 13, 2009

Table of Contents

TABLE OF CONTENTS

	Page
<u>About this Prospectus</u>	1
<u>Risk Factors</u>	2
<u>Forward-Looking Statements</u>	6
<u>Where You Can Find More Information About Us</u>	7
<u>BP p.l.c.</u>	7
<u>Description of BP Capital Markets p.l.c.</u>	8
<u>Capitalization and Indebtedness of BP p.l.c.</u>	9
<u>Use of Proceeds</u>	10
<u>Legal Ownership</u>	10
<u>Description of Debt Securities and Guarantees</u>	12
<u>Clearance and Settlement</u>	22
<u>Tax Considerations</u>	27
<u>Plan of Distribution</u>	42
<u>Validity of Securities</u>	44
<u>Experts</u>	44
<u>Enforceability of Certain Civil Liabilities</u>	44
<u>Expenses</u>	45

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of those securities and their offering. The prospectus supplement may also add, update or change information contained in this prospectus. We urge you to read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information About Us".

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

Table of Contents

RISK FACTORS

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

Risks Relating to BP Group's Business

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

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

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

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

Strategic Risks

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

Prices and markets: Oil, gas and product prices are subject to international supply and demand. Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices. Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources. As a result, increased oil prices may not improve margin performance. In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to further reviews for impairment of BP Group's oil and natural gas properties. Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on BP Group's results of operations in the period in which it occurs. Rapid material and/or sustained change in oil, gas and product prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived

Table of Contents

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

Compliance and control risks

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

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

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

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

Operational risks

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

Table of Contents

FORWARD-LOOKING STATEMENTS

In order to utilize the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing the following cautionary statement. This prospectus, including documents incorporated by reference, and the related prospectus supplement may contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of BP and certain of the plans and objectives of BP with respect to these items. These statements may generally, but not always, be identified by the use of words such as will, expects, is expected to, aims, should, may, objective, is likely to, intends, believes, plans, we see or similar expressions. Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including the specific factors identified in the discussions accompanying such forward-looking statements; the timing of bringing new fields on stream; future levels of industry product supply, demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this prospectus including under Risk Factors above. Any forward-looking statements made by or on BP's behalf speak only as of the date they are made. BP does not undertake to update forward-looking statements to reflect any changes to its expectations or any changes in events, conditions or circumstances on which any such statement is based. Additional information, including information on factors which may affect BP's business, is contained in BP's Annual Report on Form 20-F filed with the SEC.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

BP files annual reports and other reports and information with the SEC. You may read and copy any document BP files at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. In addition, BP's SEC filings are available to the public at the SEC's website at <http://www.sec.gov>. For further information, call the SEC at 1-800-SEC-0330 or log on to <http://www.sec.gov>.

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

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

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

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

Any reports on Form 6-K furnished to the SEC by BP pursuant to the Exchange Act that indicate on their cover page that they are incorporated by reference in this prospectus after the date of this prospectus and before the date that any offering of the securities by means of this prospectus is terminated.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning BP at the following address:

BP p.l.c.

1 St. James's Square

London SW1Y 4PD, United Kingdom

(011) 44-20-7496-4000

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

BP p.l.c.

BP p.l.c. was incorporated in 1909 in England and Wales. BP p.l.c. is a public limited company, incorporated under the Companies (Consolidation) Act 1908 with registered number 00102498.

Table of Contents

You can find a more detailed description of BP's business and recent transactions in BP's Annual Report on Form 20-F for the year ended December 31, 2008, which is incorporated by reference in this prospectus. The Form 20-F also presents an unaudited ratio of earnings to fixed charges for BP.

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

DESCRIPTION OF BP CAPITAL MARKETS P.L.C.

Financial Statements

We do not present separate financial statements of BP Capital Markets p.l.c. in this prospectus because management has determined that they would not be material to investors. BP will fully and unconditionally guarantee the guaranteed debt securities issued by BP Capital Markets p.l.c. as to payment of principal, premium, if any, interest and any other amounts due.

BP Capital Markets p.l.c.

BP Capital Markets p.l.c. (BP Capital U.K.) is a wholly-owned indirect subsidiary of BP and was incorporated under the laws of England and Wales on December 14, 1976. BP Capital U.K. is a financing vehicle for the BP Group and issues debt securities and commercial paper on behalf of the BP Group. BP Capital U.K. will lend substantially all proceeds of its borrowings to the BP Group.

Table of Contents**CAPITALIZATION AND INDEBTEDNESS OF BP P.L.C.**

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

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

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

Edgar Filing: BP CAPITAL MARKETS PLC - Form F-3ASR

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

Table of Contents

USE OF PROCEEDS

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

LEGAL OWNERSHIP

Street Name and Other Indirect Holders

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

how it handles securities payments and notices;

whether it imposes fees or charges;

how it would handle voting if it were ever required to vote;

whether and how you can instruct it to send you securities registered in your own name so you can be a direct holder as described below; and

how it would pursue rights under the securities if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

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

Global Securities

What is a Global Security?

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

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

Table of Contents

Special Investor Considerations for Global Securities

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

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

You cannot get securities registered in your own name.

You cannot receive physical certificates for your interest in the securities.

You will be a street name holder and must look to your own bank or broker for payments on the securities and protection of your legal rights relating to the securities, as explained on page 10 under [Street Name and Other Indirect Holders](#).

You may not be able to sell interests in the securities to some insurance companies and other institutions that are required by law to own their securities in the form of physical certificates.

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

The depository will require that interests in a global security be purchased or sold within its system using same-day funds. By contrast, payment for purchases and sales in the market for corporate bonds and other securities is generally made in next-day funds. The difference could have some effect on how interests in global securities trade, but we do not know what that effect will be.

Special Situations When the Global Security Will Be Terminated

In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing securities. After that exchange, the choice of whether to hold securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in securities transferred to their own name so that they will be direct holders. The rights of street name investors and direct holders in the securities have been previously described on page 10 under [Street Name and Other Indirect Holders](#) and [Direct Holders](#).

The special situations for termination of a global security are:

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

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

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

Table of Contents

DESCRIPTION OF DEBT SECURITIES AND GUARANTEES

BP Capital U.K. may issue guaranteed debt securities using this prospectus. As required by U.S. federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called the indenture. BP Capital U.K. has entered into an indenture with The Bank of New York Mellon Trust Company, N.A.

The trustee under the indenture has two main roles:

first, it can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described under **Default and Related Matters** **Events of Default** **Remedies If an Event of Default Occurs** on page 21 below; and

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

BP acts as the guarantor of the guaranteed debt securities issued under the indenture. The guarantees are described under **Guarantees** on page 13 below.

The indenture and its associated documents contain the full legal text governing the matters described in this section. The indenture, the debt securities and the guarantees are governed by New York law. The indenture is an exhibit to our registration statement. See **Where You Can Find More Information About Us** on page 7 for information on how to obtain a copy.

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

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

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

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

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

the title of the series of debt securities;

Table of Contents

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

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

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

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

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

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

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

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

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

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

the applicability of the provisions described on page 19 under **Special Situations** **Defeasance and Discharge** ;

whether we will be required to pay additional amounts for withholding taxes or other governmental charges and, if applicable, a related right to an optional tax redemption for such a series;

whether the series of debt securities will be issuable in whole or part in the form of a global security as described on pages 10-11 under **Legal Ownership** **Global Securities** , and the depository or its nominee with respect to the series of debt securities, and any special circumstances under which the global security may be registered for transfer or exchange in the name of a person other than the depository or its nominee; and

any other special features of the series of debt securities.

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

Guarantees

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

Overview of Remainder of This Description

The remainder of this description summarizes:

Additional mechanics relevant to the debt securities under normal circumstances, such as how you transfer ownership and where we make payments.

Table of Contents

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

Your rights to receive *payment of additional amounts* due to changes in U.K. tax withholding or deduction requirements.

Your rights if we *default* or experience other financial difficulties.

Our relationship with the *trustee*.

Additional Mechanics

Exchange and Transfer

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

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

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

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

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

Payment and Paying Agents

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

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

Table of Contents

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

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

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

Notices

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

Regardless of who acts as paying agent, all money that we pay to a paying agent that remains unclaimed at the end of two years after the amount is due to direct holders will be repaid to us. After that two-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else. (*Section 1006*)

Special Situations

Mergers and Similar Events

We are generally permitted to consolidate or merge with another company or firm. We are also permitted to sell or lease substantially all of our assets to another corporation or other entity or to buy or lease substantially all of the assets of another corporation or other entity. No vote by holders of debt securities approving any of these actions is required, unless as part of the transaction we make changes to the indenture requiring your approval, as described below on pages 16 under **Modification and Waiver**. We may take these actions as part of a transaction involving outside third parties or as part of an internal corporate reorganization. We may take these actions even if they result in:

a lower credit rating being assigned to the debt securities; or

additional amounts becoming payable in respect of U.K. withholding tax, and the debt securities thus being subject to redemption at our option, as described below on page 19 under **Optional Tax Redemption**.

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

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