

BP PLC  
Form F-3/A  
October 03, 2006  
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As filed with the Securities and Exchange Commission on October 3, 2006

Registration No. 333 110203

333 110203-02

333 110203-03

333 110203-04

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### PRE-EFFECTIVE AMENDMENT No. 4 TO FORM F-3

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

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**BP p.l.c.**

*(Exact name of Registrant as specified in its charter)*

ENGLAND and WALES  
*(State or other jurisdiction of  
Incorporation or organization)*

Not Applicable

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

1 St. James's Square

London SW1Y 4PD England

(011) 44-20-7496-4000

*(Address and telephone number of*

*Registrant's principal executive offices)*

**BP Capital Markets p.l.c.**

*(Exact name of Registrant as specified in its charter)*

ENGLAND and WALES  
*(State or other jurisdiction of  
Incorporation or organization)*

Not Applicable

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

Chertsey Road

Sunbury on Thames

Middlesex TW16 7BP England

(011) 44-19-3276-2000

*(Address and telephone number of*

*Registrant's principal executive offices)*

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**BP Canada Finance Company**

*(Exact name of Registrant as specified in its charter)*

NOVA SCOTIA

*(State or other jurisdiction of  
Incorporation or organization)*

Not Applicable

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

240 4th Avenue S.W.

Calgary, Alberta

Canada, T2P 4H4

(403) 233-1313

*(Address and telephone number of*

*Registrant's principal executive offices)*

**BP Capital Markets America Inc.**

*(Exact name of Registrant as specified in its charter)*

DELAWARE

*(State or other jurisdiction of  
Incorporation or organization)*

74-3028746

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

4101 Winfield Road

Warrenville, Illinois 60555

(630) 821-2222

*(Address and telephone number of*

*Registrant's principal executive offices)*

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Paula J. Clayton

Corporate Secretary

BP America Inc.

4101 Winfield Road

Warrenville, Illinois 60555

(630) 821-2222

*(Name, address and telephone number*

*of agent for service)*

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**Please send copies of all communications to:**

**Robert E. Buckholz, Jr., Esq.**

**Kathryn A. Campbell, Esq.**

**Sullivan & Cromwell LLP**

**125 Broad Street**

**New York, New York 10004**

**(212) 558-4000**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement as determined by market conditions.

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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(c) 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.

**Table of Contents****CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered(1)</b>	<b>Proposed Maximum Offering Price per Unit(2)(3)</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee(4)</b>
Guaranteed Debt Securities	\$9,475,000,000	100%	\$9,475,000,000	\$778,597.90
Guarantees of the Debt Securities(5)				

- (1) In U.S. dollars or their equivalent in foreign denominated currencies or composite currencies.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.
- (3) In no event will the aggregate initial public offering price of the securities issued under this Registration Statement exceed \$9,475,000,000 or if any Debt Securities are issued (i) at an original issue discount, such greater amount as shall result in aggregate net proceeds not in excess of \$9,475,000,000 to the Registrants or (ii) with a principal amount denominated in a foreign currency or composite currency, such amount as shall result in an aggregate initial offering price equivalent to a maximum of \$9,475,000,000.
- (4) In connection with the initial filing of this Registration Statement, a registration fee of \$739,992.30 was paid on October 31, 2003 in respect of \$9,147,000,000 of the \$9,475,000,000 of securities registered under this Registration Statement. A registration fee of \$38,605.60 was paid on September 8, 2005 in respect of the remaining \$328,000,000 of securities registered under this Registration Statement. A registration fee previously has been paid in respect of \$525,000,000 of unsold securities registered under related Registration Statements filed by the Registrants, as explained below.
- (5) Pursuant to Rule 457(n), no separate fee for the Guarantees is payable.

In accordance with Rule 429 under the Securities Act of 1933, this Registration Statement contains a combined prospectus that also relates to, and this Registration Statement constitutes Post-Effective Amendment No. 3 to, Registration Statements on Form F-3 (File Nos. 333-83180, 333-83180-01, 333-83180-02, 333-83180-03, 333-83180-04) previously filed by the Registrants on February 22, 2002, with respect to the remaining \$525,000,000 of unsold securities thereunder. Such Post-Effective Amendment shall hereafter become effective concurrently with the effectiveness of this Registration Statement in accordance with Section 8(c) of the Securities Act of 1933.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion. Dated October 3, 2006

**\$10,000,000,000**

**BP CAPITAL MARKETS AMERICA INC.**

**BP CAPITAL MARKETS P.L.C.**

**BP CANADA FINANCE COMPANY**

**GUARANTEED DEBT SECURITIES**

Fully and unconditionally guaranteed by

**BP p.l.c.**

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BP Capital Markets America Inc., BP Capital Markets p.l.c. and BP Canada Finance Company may use this prospectus to offer from time to time guaranteed debt securities.

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

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

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**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.**

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**Prospectus dated                      , 2006**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this shelf process, we may sell the securities described in this prospectus in one or more offerings up to a total dollar amount of \$10,000,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of those securities and their offering. The prospectus supplement may also add, update or change information contained in this prospectus. We urge you to read both this prospectus and any prospectus supplement together with the additional information described under the heading Where You Can Find More Information About Us.

In this prospectus, the terms we, our and us refer to BP p.l.c., BP Capital Markets America Inc., BP Capital Markets p.l.c. and BP Canada Finance Company; BP refers to BP p.l.c.; the BP Group refers to BP and its subsidiaries; and BP Debt Issuers refers to BP Capital Markets America Inc., BP Capital Markets p.l.c. and BP Canada Finance Company, collectively, each a BP Debt Issuer. Each of the BP Debt Issuers may be the issuer in an offering of debt securities guaranteed by BP.





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**RISK FACTORS**

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

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

**Delivery risks**

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

The most significant risks include:

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

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

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

**Inherent risks**

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

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

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

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

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

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

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

### **Enduring risks**

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

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

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

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

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

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

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

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

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**FORWARD-LOOKING STATEMENTS**

In order to utilize the "Safe Harbor" provisions of the United States Private Securities Litigation Reform Act of 1995, BP is providing the following cautionary statement. This prospectus, including documents incorporated by reference, and the related prospectus supplement may contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of BP and certain of the plans, objectives, assumptions, projections, expectations, intentions or beliefs of BP with respect to these items. These statements may generally, but not always, be identified by the use of words such as "anticipates", "should", "expects", "estimates", "believes", "is expected to", "may", "is likely", "intends", "plans", "we see", or similar expressions. In particular, forward-looking statements include:

the statements with regard to management aims and objectives, future capital expenditure, future hydrocarbon production volume, date or period(s) in which production is scheduled or expected to come on stream or a project or action is scheduled or expected to be completed, capacity of planned plants or facilities and impact of health, safety and environmental regulations or future regulatory actions,

the statements with regard to the plans of the BP Group, cash flows, opportunities for material acquisitions, the cost of future remediation programmes, liquidity and costs for providing pension and other postretirement benefits,

the statements with respect to future cash flows, future levels of capital expenditure and divestments, working capital, the renewal of borrowing facilities, shareholder distributions and share buybacks and expected payments under contractual and commercial commitments, and

the statements with regard to global and certain regional economies, oil and gas prices and realizations, expectations for supply and demand, refining and marketing margins.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of BP. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including:

the specific factors identified in the discussions accompanying such forward-looking statements;

the timing of bringing new fields on stream;

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 including inflationary pressure;

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 and third party suppliers to facilities and services;

natural disasters and adverse weather conditions;

changes in public expectations and other changes to business conditions;

wars and acts of terrorism or sabotage; and

other factors discussed elsewhere in this prospectus including under **Risk Factors** above.

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**WHERE YOU CAN FIND MORE INFORMATION ABOUT US**

BP files annual reports and other reports and information with the SEC. You may read and copy any document BP files at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. In addition, BP's SEC filings are available to the public at the SEC's web site at <http://www.sec.gov>. For further information, call the SEC at 1-800-SEC-0330 or log on to <http://www.sec.gov>.

BP's American Depositary Shares are listed on the New York, Chicago, NYSE Arca and Toronto stock exchanges. BP's ordinary shares are admitted to trading on the London Stock Exchange plc and listed in France, Germany, Japan and Switzerland. You can consult reports and other information about BP that it filed pursuant to the rules of the London Stock Exchange and the New York Stock Exchange at these exchanges.

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

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

Annual Report on Form 20-F/A for the year ended December 31, 2005 (File No. 001 06262), filed on July 5, 2006.

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

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

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 (i) after the date of this pre-effective Amendment No. 4 to Form F-3 and prior to the effectiveness of the registration statement and (ii) after the date of this prospectus and before the date that any offering of the securities by means of this prospectus is terminated.

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

principles as US GAAP in this prospectus.



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

BP p.l.c.  
1 St. James's Square  
London SW1Y 4PD, England  
  
(011) 44-20-7496-4000

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

## **BP p.l.c.**

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

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

## **DESCRIPTION OF BP DEBT ISSUERS**

### **Financial Statements and Issuer Identity**

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

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

the anticipated use of proceeds;

related funding requirements of BP and its consolidated subsidiaries; and

relevant tax considerations.

***BP Capital Markets America Inc.***

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

***BP Capital Markets p.l.c.***

BP Capital Markets p.l.c. ( BP Capital U.K. ) is a wholly-owned indirect subsidiary of BP and was incorporated under the laws of England and Wales on December 14, 1976. BP Capital U.K. is a financing vehicle

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for the BP Group and issues debt securities and commercial paper on behalf of the BP Group. BP Capital U.K. will lend substantially all proceeds of its borrowings to the BP Group.

***BP Canada Finance Company***

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

**RATIO OF EARNINGS TO FIXED CHARGES**

**(Unaudited)**

	<b>June 30,</b>	<b>Years ended December 31,</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
For the BP Group in accordance with IFRS(1)	22.2	21.1	20.6	16.0		
For the BP Group adjusted to accord with US GAAP(2)	20.9	20.0	18.9	14.8	9.2	6.5

Fixed charges for all three 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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The following table shows the unaudited consolidated capitalization and indebtedness of the BP Group as of June 30, 2006 in accordance with IFRS:

	<b>As of June 30, 2006</b>
	<b>(US\$ million)</b>
<b>Share capital</b>	
Authorized share capital(1)	9,023
Capital shares(2-4)	5,019
Paid-in surplus(5)	8,480
Merger reserve(5)	27,199
Other reserves	7
Shares held by ESOP trusts	(228)
Available-for-sale investments	188
Cash flow hedges	48
Foreign currency translation reserve	3,434
Treasury shares	(18,852)
Retained earnings	56,291
<b>BP shareholders' equity</b>	<b>81,586</b>
<b>Finance debt(6-9)</b>	
Due within one year	9,648
Due after more than one year	9,638
<b>Total finance debt</b>	<b>19,286</b>
<b>Total Capitalization(10)</b>	<b>100,872</b>

- (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 June 30, 2006 comprised 19,993,613,205 ordinary shares, par value US\$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,701,637,750 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 September 26, 2006 comprised 19,845,331,360 ordinary shares, par value US\$0.25 per share, and 12,706,252 preference shares, par value £1 per share. This excludes 1,948,078,081 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.

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- (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 June 30, 2006.
- (7) Obligations under finance leases are included in the above table.
- (8) As of June 30, 2006, BP had outstanding guarantees totaling US\$16,064 million, of which US\$16,040 million related to guarantees in respect of borrowings by its subsidiary undertakings. Thus 83% of the finance debt had been guaranteed by BP. BP has no material outstanding contingent liabilities. All of BP's debt is unsecured.

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- (9) As of September 26, 2006, BP's outstanding U.S. and Euro commercial paper, reported under finance debt due within one year in the above table, had increased by US\$161 million equivalent; and BP's finance debt due after more than one year had decreased by US\$312 million equivalent.
- (10) Apart from the changes in notes 3 and 9 above, there has been no material change since June 30, 2006 in the consolidated capitalization, indebtedness or contingent liabilities for BP.

**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.

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

### ***Special Investor Considerations for Global Securities***

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

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

You cannot get securities registered in your own name.

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

You will be a street name holder and must look to your own bank or broker for payments on the securities and protection of your legal rights relating to the securities, as explained on page 9 under [Street Name and Other Indirect Holders](#).

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

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

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

### ***Special Situations When the Global Security Will Be Terminated***

In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing securities. After that exchange, the choice of whether to hold securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in securities transferred to their own name so that they will be direct holders. The rights of street name investors and direct holders in the securities have been previously described on page 9 under [Street Name and Other Indirect Holders](#) and [Direct Holders](#).



The special situations for termination of a global security are:

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

When an event of default on the securities has occurred and has not been cured. Defaults on debt securities are discussed below on pages 20-21 under Description of Debt Securities and Guarantees Default and Related Matters Events of Default .

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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 9 entitled Street Name and Other Indirect Holders .*

## **DESCRIPTION OF DEBT SECURITIES AND GUARANTEES**

Each of the BP Debt Issuers may issue guaranteed debt securities using this prospectus. As required by U.S. federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called the indenture. Each of the BP Debt Issuers has entered or will enter into an indenture with JPMorgan Chase Bank, N.A.

The trustee under each of the indentures has two main roles:

first, it can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described under Default and Related Matters Events of Default Remedies If an Event of Default Occurs on pages 20-21 below; and

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

BP acts as the guarantor of the guaranteed debt securities issued under the BP Debt Issuers' indentures. The guarantees are described under Guarantees on page 13 below.

The indentures and their associated documents contain the full legal text governing the matters described in this section. The indentures, the debt securities and the guarantees are governed by New York law. The indentures are exhibits to our registration statement. See Where You Can Find More Information About Us on pages 5-6 for information on how to obtain a copy.

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