



**BP CAPITAL MARKETS p.l.c.**

*(Incorporated as a public limited company in England and Wales under the Companies Act 1948 with registered number 1290444)*

**US\$20,000,000,000**

**Debt Issuance Programme**

**Unconditionally and irrevocably guaranteed by**

**BP p.l.c.**

*(Incorporated in England under the Companies (Consolidation) Act 1908 with registered number 102498)*

This Supplementary Prospectus (the “**Supplement**”) to the Prospectus dated 6 August 2010 (the “**Prospectus**”) which comprises a base prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and is prepared in connection with the US\$20,000,000,000 Debt Issuance Programme (the “**Programme**”) established by BP Capital Markets p.l.c. (the “**Issuer**”) and guaranteed by BP p.l.c. (the “**Guarantor**”). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement updates and supplements the information contained in the sections of the Prospectus titled “Risk Factors” and “BP p.l.c.”, respectively.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and all documents which are incorporated therein by reference.

The Prospectus and this Supplement can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html).

To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Prospectus, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

Investors should be aware of their rights arising pursuant to Section 87Q(4) of the FSMA.

**Amendments to “Risk Factors”**

The section of the Prospectus titled “**Risk Factors — Factors which are material for the purpose of assessing the market risks associated with Notes issued under the**

**Programme — Risks related to Notes generally**” on pages 24 to 25 of the Prospectus shall be amended by:

- (i) deleting the paragraph titled “**Guarantee**”; and
- (ii) by inserting the following new paragraphs at the end of this section:

***“The Notes are unsecured and Noteholders’ right to receive payments on the Notes may be adversely affected by prior ranking claims***

The Notes will be unsecured. If the Issuer defaults on the Notes or the Guarantor defaults on the Guarantee, or in the event of any bankruptcy, liquidation or reorganisation of the Issuer or the Guarantor, then, to the extent that the Issuer or the Guarantor has granted security over its assets in respect of any of its obligations, the secured assets will be applied to satisfy those obligations before satisfaction of any payment obligations of the Issuer or the Guarantor in respect of the Notes or the Guarantee. As of 30 June 2010, the BP Group had US\$1,155 million aggregate principal amount of secured finance debt outstanding. As of 24 September 2010, subsidiaries of BP had also entered into US\$5,250 million aggregate principal amount of financing arrangements which benefit from credit support arrangements pursuant to which each of the BP subsidiaries has entered into crude oil sales contracts with a special purpose company which is not a member of the BP Group, and that special purpose company has provided security to the lending banks through an assignment of its rights against the BP subsidiary under these oil sales contracts. In addition, while the escrow account that BP has agreed with the US Government to create is building, BP’s commitments in respect thereof will be assured by the setting aside of US assets with a total value at least equal to the portion of the escrow account that is not yet funded in cash. There may only be limited assets available to make payments on the Notes or the Guarantee in the event of an acceleration of the Notes or any bankruptcy, liquidation or reorganisation of the Issuer or the Guarantor. If there is not enough collateral to satisfy all secured obligations, then any remaining amounts payable in respect of secured obligations would share equally with all unsubordinated unsecured obligations, including payment obligations in respect of the Notes and the Guarantee.

***The Issuer and the Guarantor can incur significantly more debt in the future, and Noteholders’ rights may be inferior to the rights of holders of that debt***

The Issuer and the Guarantor may each incur substantial additional indebtedness in the future, some or all of which may be secured by assets of the Issuer, the Guarantor and/or their respective subsidiaries. The terms of the Notes will not limit the amount of indebtedness the BP Group may incur. Any such incurrence of additional indebtedness could have significant effects on the future operations of the Issuer and the Guarantor because of the potentially significant cash requirements to service that debt, which could limit funds available for operations and future business opportunities and increase the vulnerability of the Issuer and the Guarantor to adverse general economic and industry conditions or lower oil and gas prices. Any such additional indebtedness would also generally exacerbate the other risks that holders of the Notes now face.

In addition, the Terms and Conditions of the Notes do not restrict the Issuer and the Guarantor from issuing debt securities in the future that provide holders with rights superior to the rights already granted, or that may be granted in the future, to holders of the Notes. The Issuer and the Guarantor may also incur indebtedness in the future under different instruments. All of this additional indebtedness incurred in the future may rank senior to the Notes.

The Terms and Conditions of the Notes also do not restrict the Issuer and the Guarantor from creating, assuming or allowing to exist any liens on assets of BP to secure any debt. Because the Notes are unsecured, any secured creditor of the

Issuer will have claims that are superior to Noteholders' claims to the extent of the value of the assets securing that other indebtedness, and any claims against BP under the Guarantee will effectively rank junior to any secured debt of BP to the extent of the value of the assets securing the debt, as described above under "The Notes are unsecured and Noteholders' right to receive payments on the Notes may be adversely affected by prior ranking claims".

***BP is a holding company, so its obligations as Guarantor are structurally subordinated to liabilities of its subsidiaries***

BP is organised as a holding company, and substantially all of its operations are carried out through subsidiaries. BP's ability to meet its financial obligations is dependent upon the availability of cash flows from its domestic and foreign subsidiaries and affiliated companies through dividends, intercompany advances and other payments. No member of the BP Group (other than the Issuer and BP) has any obligation, contingent or otherwise, to pay any amounts due under the Notes or to make funds available to the Issuer or BP to enable either of them to pay any amounts due under the Notes or the Guarantee. Moreover, BP's subsidiaries and affiliated companies are not required, and may not be able, to pay dividends to BP. Claims of the creditors of BP's subsidiaries have priority as to the assets of such subsidiaries over the claims of BP. Consequently, in the event of insolvency of BP, the claims of Noteholders under the Guarantee would be structurally subordinated to the prior claims of the creditors of subsidiaries of BP, including without limitation any claims against BP Exploration & Production Inc. arising under OPA 90 in connection with the Gulf of Mexico oil spill incident or any other claims against BP's North American subsidiaries arising from the incident.

In addition, some of BP's subsidiaries are subject to laws and regulations or other limitations restricting the amount of dividends they may pay. For example, BP has agreed with the US Government to create a US\$20 billion escrow account to be available to satisfy legitimate claims arising out of the Gulf of Mexico oil spill incident. To the extent that escrow account is funded by subsidiaries of BP, the assets of those entities will not be available for distribution to BP. Moreover, subsidiaries of BP incorporated under the laws of England and Wales may be restricted by law in their ability to declare dividends due to failure to meet requirements tied to net asset levels or distributable profits.

***A ratings decline could adversely affect the value of the Notes***

Any of the rating agencies that rate the debt of the Issuer and the Guarantor has the ability to lower the ratings currently assigned to that debt as a result of its views about the BP Group's current or future business, financial condition, results of operations or other matters. Any ratings decline could adversely affect the value of the Notes.

In addition, the credit ratings ascribed to the BP Group and the Notes are intended to reflect the ability of the Issuer and the Guarantor to meet their respective repayment obligations in respect of the Notes and the Guarantee, and may not reflect the potential impact of all risks related to the structure, the market, the BP Group, the Incident and other factors on the value of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating."

### **Amendments to “BP p.l.c.”**

- (i) The section of the Prospectus titled **“BP p.l.c. — Recent Developments — Gulf of Mexico oil spill”** on pages 61 to 63 of the Prospectus shall be amended by inserting the following new paragraphs at the end of this section:

#### ***“Gulf of Mexico Oil Spill Update***

On 19 September 2010 BP provided the following update on developments in the response to the MC252 oil well incident in the Gulf of Mexico:

“BP today confirmed that well kill operations on the MC252 well in the Gulf of Mexico are now complete, with both the casing and annulus of the well sealed by cement.

The MC252 well has been shut-in since July 15 and cementing operations in August, following the static kill, provided an effective cement plug in the well’s casing. The relief well drilled by the DDIII drilling rig intercepted the annulus of the MC252 well on September 15, followed by pumping of cement into the annulus on September 17. BP, the federal government scientific team and the National Incident Commander have now concluded that these operations have also successfully sealed the annulus of the MC252 well.

‘This is a significant milestone in the response to the Deepwater Horizon tragedy and is the final step in a complex and unprecedented subsea operation – finally confirming that this well no longer presents a threat to the Gulf of Mexico,’ said Tony Hayward, BP group chief executive. ‘However, there is still more to be done. BP’s commitment to complete our work and restore the damage done to the Gulf of Mexico, the Gulf coast and the livelihoods of the people across the region remains unchanged.’

BP will now proceed to complete the abandonment of the MC252 well, which includes removing portions of the casing and setting cement plugs. A similar plugging and abandonment of both relief wells will occur as well.

BP will also now begin the process of dismantling and recovering containment equipment and decontaminating vessels that were in position at the wellsite.

#### **Surface Spill Response**

Approximately 25,200 personnel, more than 2,600 vessels and dozens of aircraft remain engaged in the response effort.

No volumes of oily liquid have been recovered from the surface of the Gulf of Mexico since July 21 and the last controlled burn operation occurred on July 20. BP, as part of Unified Command, continues to conduct overflights and other reconnaissance to search for oil on the surface. At peak, approximately 3.5 million feet of containment boom was deployed in response to the oil spill. Currently 670,000 feet of containment boom remains deployed.

#### **Additional information**

On August 23 processing of claims from individuals and businesses related to the Deepwater Horizon incident transferred to the Gulf Coast Claims Facility (“GCCF”). To date, over 68,000 claims have been submitted to the GCCF, with over 19,000 claims totaling over \$240 million being paid, including a \$34.5 million fund for real estate brokers and agents. Prior to the transfer to the GCCF, BP had made 127,000 claims payments, totalling approximately \$399 million.

The cost of the response to September 17 amounts to approximately \$9.5 billion, including the cost of the spill response, containment, relief well drilling, static kill and cementing, grants to the Gulf states, claims paid and federal costs. On June 16, BP announced an agreed package of measures, including the creation of a \$20 billion escrow account to satisfy certain obligations arising from the oil and gas spill.”

On 1 October 2010 BP announced that it had pledged certain Gulf of Mexico assets as collateral for the US\$20 billion Deepwater Horizon Oil Spill Trust which was set up to pay legitimate claims arising from the MC252 incident.

The pledged collateral consists of an overriding royalty interest in oil and gas production of BP’s Thunder Horse, Atlantis, Mad Dog, Great White and Mars, Ursa and Na Kika oil and gas assets in the Gulf of Mexico.

BP also announced that over 86,000 claimants had submitted claims to the GCCF, with over 44,000 claims totalling over US\$806 million being paid, including a US\$34.5 million fund for real estate brokers and agents.

In addition, BP announced that the cost of the response to 29 September 2010 had amounted to approximately US\$11.2 billion, including the cost of the spill response, containment, relief well drilling, static kill and cementing, grants to the Gulf states, claims paid and federal costs.

#### *Deepwater Horizon Accident Investigation Report*

On 8 September 2010, BP released a report of an internal investigation team on the causes of the 20 April 2010 explosions and fire on the semi-submersible rig Deepwater Horizon and the resulting oil spill (the “Bly Report”) based on a four-month investigation led by Mark Bly, BP’s Head of Safety and Operations and conducted independently by a team of over 50 technical and other specialists drawn from inside BP and externally.”

- (ii) The section of the Prospectus titled “**BP p.l.c. — Recent Developments — Other recent developments — Exploration and Production segment**” on pages 63 to 64 of the Prospectus shall be amended by inserting the following new paragraphs at the end of this section:

“On 30 July 2010, three subsidiaries of BP p.l.c. (together “BP Angola”) entered into a term loan facility in an amount of up to US\$3,000 million backed by crude oil sales from BP Angola’s interest in a number of its licences in offshore Angola. The facility for BP Angola is a five year amortising term loan maturing on 30 June 2015. As credit support for the transaction, BP Angola has entered into crude oil sales contracts with a special purpose company which is not a member of the BP Group in respect of oil from certain fields and that special purpose company has in turn, amongst other things, provided security to the lending banks through an assignment of its rights against BP Angola under these oil sales contracts.

On 13 August 2010, a subsidiary of BP p.l.c., BP Exploration (Caspian Sea) Limited (“BP Caspian”) entered into a term loan facility in an amount of up to US\$2,250 million backed by crude oil sales from BP Caspian’s interest in the ACG development, offshore Azerbaijan. The facility for BP Caspian is a five year amortising term loan maturing on 13 August 2015. As credit support for the transaction, BP Caspian has entered into a crude oil sales contract with a special purpose company which is not a member of the BP Group in respect of oil from the ACG development and that special purpose company has in turn, amongst other things, provided security to the lending banks through an assignment of its rights against BP Caspian under that oil sales contract.

On 16 August 2010 BP announced the completion of its purchase from Devon Energy of an additional interest in the ACG field. Devon Energy's 5.63 percent stake in the ACG development will be split between BP (3.29 per cent.) and the following parties which have exercised preferential rights in relation to the transaction: Chevron (0.99 per cent.), Inpex (0.96 per cent.) and Itochu (0.38 per cent.).

On 13 September 2010, BP announced that its acquisition of an interest in block 42/05 in the South China Sea's Pearl River Mouth Basin has been approved by the Chinese Government. BP has acquired a 40.82 per cent. interest in the block from Devon Energy China, Ltd. The block covers an area of 6,939 square kilometres. Chevron acquired the remaining 59.18 per cent. and will be the operator during the exploration phase under the amendment agreements to a production sharing contract with China National Offshore Oil Corporation ("CNOOC"). CNOOC Limited, a listed arm of CNOOC, has the right to back-in to a level of 51 per cent. during the development phase of the production sharing contract."

- (iii) The section of the Prospectus titled "**BP p.l.c. — Recent Developments — Other recent developments — Refining and Marketing segment**" on page 65 of the Prospectus shall be amended by inserting the following new paragraphs at the end of this section:

"On 1 September 2010 BP announced that it has agreed to sell its interests in ethylene and polyethylene production in Malaysia to Petronas. The agreement concerns BP's 15 per cent. interest in Ethylene Malaysia Sdn Bhd ("EMSB") and 60 per cent. interest in Polyethylene Malaysia Sdn Bhd ("PEMSB"), both of which are operated by Petronas, and are located at Kertih, on the east coast of Malaysia. This announcement does not affect BP's other businesses in Malaysia. Under the terms of the agreement, Petronas will, at closing, pay US\$363 million in cash to BP, inclusive of a balance sheet adjustment of US\$13 million and the repayment of a shareholder loan of US\$53 million. Subject to certain conditions, both parties anticipate completing the transaction by the end of 2010. Additionally, BP will also receive an EMSB pre-closing dividend payment amounting to US\$48 million, subject to EMSB Board approval."

- (iv) The section of the Prospectus titled "**BP p.l.c. — Recent Developments — Other recent developments — Other businesses and corporate**" on page 65 of the Prospectus shall be amended by inserting the following new paragraphs at the end of this section:

"On 9 August 2010 BP announced that it has established a trust and made a US\$3 billion initial deposit of the previously announced \$US20 billion escrow account to pay legitimate claims arising from the Deepwater Horizon incident and the resulting oil and gas spill. An additional US\$2 billion deposit will be made in the fourth quarter of 2010. Thereafter, US\$1.25 billion will be deposited per quarter until a total of US\$20 billion has been deposited.

On 23 August 2010 BP announced that it has transitioned its individual and business claims program to the Gulf Coast Claims Facility and that it had made payments of nearly US\$400 million during the 16 weeks it managed claims related to the oil spill in the Gulf of Mexico."

- (v) The section of the Prospectus titled "**BP p.l.c. — Legal Proceedings**" on pages 65 to 70 of the Prospectus shall be deleted in its entirety and replaced by the following paragraphs:

**"Proceedings and investigations relating to the Gulf of Mexico oil spill**

BP p.l.c., BP Exploration & Production Inc. ("BP E&P") and various other BP entities (collectively referred to as "BP" in this section) are among the companies named as defendants in more than 400 private civil lawsuits resulting from the 20 April 2010 explosions and fire on the semi-submersible rig Deepwater Horizon and resulting oil spill (the "Incident") and further actions are likely to be brought. BP E&P is lease operator of Mississippi Canyon, Block 252 in the Gulf of Mexico, where the Deepwater Horizon was deployed at the time of the Incident, and holds a 65% working interest. The other working interest owners are Anadarko Petroleum Company and MOEX Offshore 2007 LLP. The Deepwater Horizon, which was operated by Transocean Holdings LLC, sank on 22 April 2010. The pending lawsuits and/or claims arising from the Incident have been brought in US federal and state courts. Plaintiffs include individuals, corporations and governmental entities and many of the lawsuits purport to be class actions. The lawsuits assert, among others, claims for personal injury in connection with the Incident itself and the response to it, and wrongful death, commercial or economic injury, breach of contract and violations of statutes. The lawsuits seek various remedies including compensation to injured workers and families of deceased workers, recovery for commercial losses and property damage, claims for environmental damage, remediation costs, injunctive relief, treble damages and punitive damages. Purported classes of claimants include residents of the states of Louisiana, Mississippi, Alabama, Florida, Texas, Tennessee, Kentucky, Georgia and South Carolina, property owners and rental agents, fishermen and persons dependent on the fishing industry, charter boat owners and deck hands, marina owners, shipping interests, restaurant owners and others who are property and/or business owners alleged to have suffered economic loss. Shareholder derivative lawsuits have also been filed in US federal and state courts against various current and former officers and directors of BP alleging, among other things, breach of fiduciary duty, gross mismanagement, abuse of control and waste of corporate assets. Purported class action lawsuits have also been filed in US federal courts against BP entities and various current and former officers and directors alleging securities fraud claims and violations of the Employee Retirement Income Security Act. In addition, BP has been named in several lawsuits alleging claims under the Racketeer-Influenced and Corrupt Organizations Act ("RICO"). In August 2010, many of the lawsuits pending in federal court were consolidated by the Federal Judicial Panel on Multidistrict Litigation into two multi-district litigation proceedings, one in federal court in Houston for the securities and related cases and another in federal court in New Orleans for the remaining cases. By late September, most of the Deepwater Horizon-related cases will be pending before these courts.

Under the OPA 90, BP E&P has been designated as one of the "responsible parties" for the oil spill resulting from the Incident. Accordingly, BP E&P is one of the parties financially responsible for the clean-up of the spill and for economic damages as provided by OPA 90. In addition, pursuant to OPA 90, the U.S. Coast Guard has requested reimbursement from BP and the other responsible parties for its costs of responding to the Incident, and BP has paid all amounts so billed as at 24 September 2010. Continuing requests for cost reimbursement are expected from the U.S. Coast Guard and other governmental authorities. In addition, BP is participating with federal and state trustees in a cooperative assessment of potential natural resource damages associated with the spill. Under OPA 90, BP E&P is one of the parties financially responsible for paying the reasonable assessment costs incurred by these Trustees as well as any natural resource damages that result from the Incident.

BP E&P has committed to establish a US\$20 billion escrow account over the next three and a half years. BP E&P has contributed an initial payment of US\$3 billion in August 2010 and will contribute US\$2 billion in the fourth quarter of 2010. These contributions will be supplemented by additional payments of US\$1.25 billion per quarter until a total of US\$20 billion has been paid into the escrow. While the escrow account is building, BP E&P's commitments will be assured by the setting aside of US assets sufficient at any time to secure the difference between the amount deposited as of that date and US\$20 billion. The establishment of this account does not represent a cap on BP's liabilities, and BP does not admit to a liability of this amount.

The escrow account will pay claims adjudicated by the GCCF, final judgments in litigation and litigation settlements, state and local response costs, and natural resource damages and related costs. Payments from the escrow account will be made as costs are finally determined or claims are adjudicated whether by the GCCF or BP. There will be a sunset on the escrow account, and funds, if any, remaining once the claims process has been completed will revert to BP E&P.

BP is subject to a number of investigations related to the Incident by numerous agencies of the US Government. On 27 April 2010, the U.S. Coast Guard and the Minerals Management Service (renamed the Bureau of Ocean Energy Management, Regulation and Enforcement in June 2010) convened a joint investigation of the Incident by establishing a Marine Board of Investigation aimed at determining the causes of the Incident and recommending safety improvements. BP was designated as one of several "Parties in Interest" in the investigation. On 21 May 2010, President Obama signed an executive order establishing a bipartisan National Commission to examine and, within six months of the date of the Commission's first meeting, report on the causes of the Incident and recommend options for guarding against and mitigating the impact of oil spills associated with offshore drilling. Also, the US Department of the Interior requested the US National Academy of Engineering/National Research Council to report on causes of the incident and potential future measures to prevent similar incidents. The US Coast Guard has initiated an "Incident Specific Preparedness Review" to examine the effectiveness of the response and recovery operations relating to the spill. Additionally, BP representatives have appeared before multiple committees of the US Congress that are conducting inquiries into the Incident. BP has been providing documents and written information in response to requests by these committees and will continue to do so. See "Risk Factors — Factors that may affect the ability of the relevant Issuer or the Guarantor to fulfil its obligations under Notes issued by the relevant Issuer under the Programme — Risk factors that apply to the business of the BP Group — The Gulf of Mexico oil spill — Risk of increased regulation" above.

On 1 June 2010, the US Department of Justice ("DoJ") announced that it is conducting an investigation into the Incident, and it is possible it will seek to charge BP with violations of US civil or criminal laws. Other federal agencies, such as the US Environmental Protection Agency ("EPA"), are expected to seek penalties under the Clean Water Act and other statutes. Citizens groups have also filed either lawsuits or notices of intent to file lawsuits seeking civil penalties and injunctive relief under the Clean Water Act and other environmental statutes. Other US federal agencies, including the US Chemical Safety and Hazard Investigation Board ("CSB"), may or have commenced investigations and proceedings relating to the Incident. The Securities and Exchange Commission and DoJ are investigating securities matters arising in relation to the Incident.

The Attorney General for the State of Alabama has filed a lawsuit seeking damages for alleged economic and environmental harms, including natural resource damages, as a result of the Incident. It is possible that the State Attorneys General of Louisiana, Mississippi, Florida, Texas or other states and/or local governments, such as coastal municipalities also may initiate investigations and bring civil or criminal actions seeking damages, penalties and fines for violating state or local statutes. As at 24 September 2010, the Louisiana Department of Environmental Quality has issued an administrative order seeking injunctive relief and environmental civil penalties under state law, and several local governments in Louisiana have filed suits under State wildlife statutes seeking penalties for damage to wildlife as a result of the spill.

On 15 September 2010, three Mexican States bordering the Gulf of Mexico (Veracruz, Quintana Roo, and Tamaulipas) filed lawsuits in the federal court in Texas against several BP entities. These lawsuits allege that the Deepwater Horizon oil spill harmed their tourism, fishing, and commercial shipping industries (resulting in, among other things, diminished tax revenue), damaged natural resources and the



environment, and caused the states to incur expenses in preparing a response to the oil spill.

BP's potential liabilities resulting from pending and future claims, lawsuits and enforcement actions relating to the Incident, together with the potential cost of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had and are expected to have a material adverse impact on the BP Group's business, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US. Furthermore, BP has taken a charge of US\$32.2 billion in the second quarter of 2010, and these potential liabilities may continue to have a material adverse effect on the BP Group's results and financial condition.

### ***Other legal proceedings***

#### ***US trading investigations***

BP America Inc. ("BP America") continues to be subject to oversight by an independent monitor, who has authority to investigate and report alleged violations of the US Commodity Exchange Act or US Commodity Futures Trading Commission ("CFTC") regulations and to recommend corrective action. The appointment of the independent monitor was a condition of the deferred prosecution agreement ("DPA") entered into with the DoJ on 25 October 2007 relating to allegations that BP America manipulated the price of February 2004 TET physical propane and attempted to manipulate the price of TET propane in April 2003 and the companion consent order with the CFTC, entered the same day, resolving all criminal and civil enforcement matters pending at that time concerning propane trading by BP Products North America Inc. ("BP Products"). The DPA requires BP America's and certain of its affiliates' continued co-operation with the US Government's investigation and prosecution of the trades in question, as well as other trading matters that may arise. The DPA has a term of three years but can be extended by two additional one-year periods, and contemplates dismissal of all charges at the end of the term following the DoJ's determination that BP America has complied with the terms of the DPA. Investigations into BP's trading activities continue to be conducted from time to time.

Private complaints, including class actions, were also filed against BP Products and its affiliates alleging propane price manipulation. The complaints contained allegations similar to those in the CFTC action as well as of violations of federal and state antitrust and unfair competition laws and state consumer protection statutes and unjust enrichment. The complaints sought actual and punitive damages and injunctive relief. Settlement in both groups of the class actions (the direct and indirect purchasers) has received final court approval. Two independent lawsuits from class members who opted out of the direct purchaser settlement are still pending. In addition, actions, purportedly on behalf of a state, alleging manipulation of propane and other energy commodity prices and seeking a variety of remedies have been filed against BP Products and other BP subsidiaries.

#### ***Texas City refinery***

On 23 March 2005, an explosion and fire occurred in the isomerization unit of BP Products' Texas City refinery as the unit was coming out of planned maintenance. Fifteen workers died in the incident and many others were injured. BP Products has resolved all civil injury claims arising from the March 2005 incident.

In March 2007, the US Chemical Safety and Hazard Investigation Board ("CSB") issued a report on the incident. The report contained recommendations to the Texas City refinery and to the Board of Directors of BP. In May 2007, BP responded to the CSB's recommendations. BP and the CSB will continue to discuss BP's responses with the objective of the CSB's agreeing to close out its recommendations.

On 25 October 2007, the DoJ announced that it had entered into a criminal plea agreement with BP Products related to the March 2005 explosion and fire. On 4 February 2008, BP Products pleaded guilty, pursuant to the plea agreement, to one felony violation of the risk management planning regulations promulgated under the US Clean Air Act ("CAA") and on 12 March 2009, the court accepted the plea agreement. In connection with the plea agreement, BP Products paid a US\$50 million criminal fine and was sentenced to three years' probation. Compliance with a 2005 US Occupational Safety and Health Administration ("OSHA") settlement agreement ("2005 Agreement") and a 2006 agreed order entered into by BP Products with the Texas Commission on Environmental Quality ("TCEQ") are conditions of probation.

The Texas Office of Attorney General, on behalf of the TCEQ, has filed a petition against BP Products asserting certain air emissions and reporting violations at the Texas City refinery from 2005 to 2009, including in relation to the March 2005 explosion and fire. BP is contesting the petition in a pending civil proceeding. TCEQ has notified the DoJ of its belief that certain of the alleged violations may violate the 25 October 2007 plea agreement.

On 9 August 2010, the Texas Attorney General filed a second petition against BP Products asserting emissions violations relating to a 6 April 2010 compressor fire and subsequent flaring event at the Texas City Refinery's Ultracracker unit. This emissions event is also the subject of a number of civil suits by many area workers and residents alleging personal injury and seeking substantial damages.

In September 2009, BP Products filed a petition to clarify specific required actions and deadlines under the 2005 Agreement with OSHA. That agreement resolved citations issued in connection with the March 2005 Texas City refinery explosion. OSHA denied BP Products' petition.

In October 2009 OSHA issued citations to the Texas City Refinery seeking a total of US\$87.4 million in civil penalties for alleged violations of the 2005 Agreement and alleged process safety management violations. BP Products contested these citations. These matters were subsequently transferred for review to the Occupational Safety and Health ("OSH") Review Commission.

A settlement agreement between BP Products and OSHA in August 2010 resolved the petition filed by BP Products in September 2009 and the alleged violations of the 2005 Agreement. BP Products has agreed to a penalty of US\$50.6 million in that matter and to perform certain abatement actions. That agreement is expected to become a final order of the Review Commission in September 2010.

Certain persons qualifying under the US Crime Victims Rights Act as victims in relation to the Texas City plea agreement have requested that the federal court revoke BP Products' probation based on alleged violations of the Court's conditions of probation. The alleged violations of probation relate to the alleged failure to comply with the 2005 Agreement.

The OSHA process safety management citations issued in October 2009 were not resolved by the August 2010 settlement agreement. The proposed penalties in that matter are US\$30.7 million. That matter remains before the OSH Review Commission. These citations do not allege violations of the 2005 Agreement.

A shareholder derivative action was filed against several current and former BP officers and directors based on alleged violations of the CAA and OSHA regulations at the Texas City refinery subsequent to the March 2005 explosion and fire.

#### *Prudhoe Bay*

On 29 November 2007, BP Exploration (Alaska) Inc. ("BPXA") entered into a criminal plea agreement with the DoJ relating to leaks of crude oil in March and August 2006.

BPXA's guilty plea, to a misdemeanour violation of the US Water Pollution Control Act, included a term of three years' probation. BPXA is eligible to petition the court for termination of the probation term if it meets certain benchmarks relating to replacement of the transit lines, upgrades to its leak detection system and improvements to its integrity management programme. On 12 May 2008, a BP p.l.c. shareholder filed a consolidated complaint alleging violations of federal securities law on behalf of a putative class of BP p.l.c. shareholders against BP p.l.c., BPXA, BP America, and four officers of the companies, based on alleged misrepresentations concerning the integrity of the Prudhoe Bay pipeline before its shutdown on 6 August 2006. On 8 February 2010, the Ninth Circuit Court of Appeals accepted BP's appeal from a decision of the lower court granting in part and denying in part BP's motion to dismiss the lawsuit.

On 31 March 2009, the DoJ filed a complaint against BPXA seeking civil penalties and injunctive relief relating to the 2006 oil releases. The complaint alleges that BPXA violated various federal environmental and pipeline safety statutes and associated regulations in connection with the two releases and its maintenance and operation of North Slope pipelines. The State of Alaska also filed a complaint on 31 March 2009 against BPXA seeking civil penalties and damages relating to these events. The complaint alleges that the two releases and BPXA's corrosion management practices violated various statutory, contractual and common law duties to the State, resulting in penalty liability, damages for lost royalties and taxes, and liability for punitive damages.

#### *Exxon Valdez*

Approximately 200 lawsuits were filed in state and federal courts in Alaska seeking compensatory and punitive damages arising out of the Exxon Valdez oil spill in Prince William Sound in March 1989. Most of those suits named Exxon (now ExxonMobil), Alyeska Pipeline Service Company ("Alyeska"), which operates the oil terminal at Valdez, and the other oil companies that own Alyeska. Alyeska initially responded to the spill until the response was taken over by Exxon. BP owns a 46.9% interest (reduced during 2001 from 50% by a sale of 3.1% to Phillips) in Alyeska through a subsidiary of BP America and briefly indirectly owned a further 20% interest in Alyeska following BP's combination with Atlantic Richfield. Alyeska and its owners have settled all the claims against them under these lawsuits. Exxon has indicated that it may file a claim for contribution against Alyeska for a portion of the costs and damages that it has incurred. If any claims are asserted by Exxon that affect Alyeska and its owners, BP will defend the claims vigorously.

#### *Atlantic Richfield*

Since 1987, Atlantic Richfield, a subsidiary of BP, has been named as a co-defendant in numerous lawsuits brought in the US alleging injury to persons and property caused by lead pigment in paint. The majority of the lawsuits have been abandoned or dismissed against Atlantic Richfield. Atlantic Richfield is named in these lawsuits as alleged successor to International Smelting and Refining and another company that manufactured lead pigment during the period 1920-1946. Plaintiffs include individuals and governmental entities. Several of the lawsuits purport to be class actions. The lawsuits seek various remedies including compensation to lead-poisoned children, cost to find and remove lead paint from buildings, medical monitoring and screening programmes, public warning and education of lead hazards, reimbursement of government healthcare costs and special education for lead-poisoned citizens and punitive damages. No lawsuit against Atlantic Richfield has been settled nor has Atlantic Richfield been subject to a final adverse judgement in any proceeding. The amounts claimed and, if such suits were successful, the costs of implementing the remedies sought in the various cases could be substantial. While it is not possible to predict the outcome of these legal actions, Atlantic Richfield believes that it has valid defences. It intends to defend such actions vigorously and believes that the incurrence of liability is remote. Consequently, BP believes that the

impact of these lawsuits on the BP Group's results, financial position or liquidity will not be material.

#### *Toledo*

On 8 March 2010, OSHA issued citations to BP's Toledo refinery alleging 42 wilful violations of the Process Safety Management Standard, with penalties of US\$2,940,000, as well as 23 other non-wilful violations. These citations resulted from an inspection of the Toledo refinery which began in September 2009 and which was conducted pursuant to OSHA's Petroleum Refinery Process Safety Management National Emphasis Program. BP Products has contested the citations, and the matter is currently before the OSH Review Commission.

#### *Atlantis subsea systems*

BP is the operator and 56% interest owner of the Atlantis unit in production in the Gulf of Mexico. In April 2009, Kenneth Abbott, as relator, filed a US False Claims Act lawsuit against BP, alleging that BP violated federal regulations, and made false statements in connection with its compliance with those regulations, by failing to have necessary documentation for the Atlantis subsea and other systems. That complaint was unsealed in May 2010 and served on BP in June 2010. In September 2010, Kenneth Abbott and Food & Water Watch filed an amended complaint in the False Claims Act lawsuit seeking an injunction shutting down the Atlantis platform.

#### *US refineries*

BP Products's US refineries are subject to a 2001 consent decree with the EPA that resolved alleged violations of the CAA, and implementation of the decree's requirements continues. A 2009 amendment to the decree resolves remaining alleged air violations at the Texas City refinery through the payment of a US\$12 million civil fine, a US\$6 million supplemental environmental project and enhanced CAA compliance measures estimated to cost approximately US\$150 million. The fine has been paid, and BP Products is implementing the other provisions.

The EPA and BP Products are in negotiations to resolve allegations of civil violations of the risk management planning regulations promulgated under the CAA.

Various environmental groups and the EPA have challenged certain aspects of the operating permit issued by the Indiana Department of Environmental Management ("IDEM") for upgrades to the Whiting refinery. In response to these challenges, the IDEM has reviewed the permits and responded formally to the EPA. The EPA, either through the IDEM or directly, can cause the permit to be modified, reissued, terminated, or revoked. BP is in discussions with the EPA and the IDEM over these issues.

BP is also in settlement negotiations to resolve alleged CAA violations at the Whiting, Toledo, Carson and Cherry Point refineries."

- (vi) The section of the Prospectus titled "**BP p.l.c. - Directors**" on pages 70 to 72 of the Prospectus shall be amended by:
- (1) replacing the title under the heading "Position" of R W Dudley with "Group Chief Executive (with effect from 1 October 2010)"; and
  - (2) adding the following footnote against the name A G Inglis:  
  
"\* On 29 September 2010, BP announced that Mr Inglis would step down as a director of BP on 31 October 2010."