

Supplementary Information

The information below has been provided to enhance understanding of the terminology and performance measures that have been used in the accompanying presentations.

Group measures

The following non-GAAP measures or associated adjustments are defined in Glossary on pages 28-30 of our third-quarter 2016 results announcement:

- Adjusted effective tax rate.
- Replacement cost (RC) profit or loss for the group.
- Underlying RC profit or loss.
- Inventory holding gains and losses.
- Non-operating items.
- Fair value accounting effects.
- Net debt and net debt ratio.
- Capital expenditure on an accruals basis.
- Inorganic capital expenditure on an accruals basis.
- Organic capital expenditure on an accruals basis.

Cash costs or controllable cash costs are a subset of production and manufacturing expenses plus distribution and administration expenses. They represent the substantial majority of the expenses in these line items but exclude certain costs that are variable, primarily with volumes (such as freight costs). They are the principal operating and overhead costs that management considers to be most directly under their control although they include certain foreign exchange and commodity price effects.

Free cash flow is equal to operating cash flow less net cash used in investing activities, as presented in the group cash flow statement.

Operating cash flow

The terms 'operating cash' and 'operating cash flow' are defined as 'net cash provided by (used in) operating activities' as stated in the group cash flow statement. When used in the context of a segment rather than the group, the terms refer to the segment's share thereof.

Organic free cash flow

Organic free cash flow is operating cash flow less organic capital expenditure. Organic free cash flow excludes any pre-tax impacts from the Gulf of Mexico oil spill.

Organic free cash flow per share

Organic free cash flow per share is organic free cash flow divided by the estimated number of shares in issue as at the end of 2017.

Organic Sources and Uses of cash

Organic sources (or inflows) represents operating cash flow excluding any pre-tax impacts from the Gulf of Mexico oil spill. Organic uses (or outflows) of cash are organic capex and cash dividend as stated in the group cash flow statement.

Organic cash balance/imbalance

Organic cash balance/imbalance is the difference between the organic sources of cash and the organic uses of cash.

Underlying effective tax rate

The underlying effective tax rate (ETR) is calculated by dividing taxation on an underlying RC basis by underlying RC profit or loss before tax. Taxation on an underlying RC basis is taxation on a RC basis for the period adjusted for taxation on non-operating items and fair value accounting effects. Information on underlying RC profit or loss is provided below.

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	%
Effective tax rate (ETR) on profit or loss	94	19	35	59	-19	
Adjusted for inventory holding gains or losses	-42	-7	2	-8	3	
ETR on replacement cost (RC) profit or loss	52	12	37	51	-16	
Adjusted for non-operating items and fair value accounting effects	-13	-32	-19	-30	-7	
Underlying ETR	39	-20	18	21	-23	
Adjusted for the impact of the reduction in the rate of the UK North Sea supplementary charge	-	-	-	-	60	
Adjusted ETR	39	-20	18	21	37	

Underlying operating cash flow

Underlying operating cash flow is net cash provided by operating activities excluding pre-tax amounts related to the Gulf of Mexico oil spill.

	\$million	
	2016	
	Q3	3Q YTD
Net cash provided by operating activities	2,508	8,263
Add back: Pre-tax amounts related to the Gulf of Mexico oil spill	2,326	5,062
Underlying operating cash flow	4,834	13,325

Upstream measures

Plant reliability

Plant reliability is calculated taking 100% less the ratio of total unplanned plant deferrals divided by installed production capacity. Unplanned plant deferrals are associated with the topside plant and where applicable the subsea equipment (excluding wells and reservoir). Unplanned plant deferrals include breakdowns and weather.

Downstream measures

Cost efficiencies

Cost efficiency is measured as the difference in cash costs between defined time periods, adjusted for inflation and changes in foreign exchange translation, energy prices, portfolio, costs in direct support of growth activities and relative turnaround activity.