

Supplementary Information: - to accompany 14 Jun 2017 Downstream investor presentation

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

Measures

Capital expenditure

Capital expenditure is the summation of expenditure on property, plant and equipment, intangible and other assets, acquisitions (net of cash acquired), investment in joint ventures and investment in associates as stated in the condensed group cash flow statement.

Cash cost to gross margin ratio

Cash cost to gross margin ratio is the ratio of cash costs divided by underlying gross margin. Underlying gross margin is gross margin excluding gross margin identified as non-operating items and fair value accounting effects. A lower ratio indicates a stronger financial performance.

Cash costs

Cash costs are a subset of production and manufacturing expenses plus distribution and administration expenses and excludes costs that are classified as non-operating items. They represent the substantial majority of the remaining expenses in these line items but exclude certain costs that are variable, primarily with volumes (such as freight costs).

Downstream free cash flow

Downstream free cash flow is defined as underlying RC profit before interest and tax adjusted to add back depreciation, depletion and amortization (DD&A), less organic capital expenditure.

Downstream pre-tax free cash flow	2016 \$bn
Underlying RC profit before interest and tax	5.6
DD&A	2.0
Organic capex	(2.1)
Pre-tax free cash flow	5.5

Earnings

Earnings is defined as underlying replacement cost (RC) profit before interest and tax.

Earnings	Fuels marketing		Lubricants	
	2014 \$bn	2016 \$bn	2014 \$bn	2016 \$bn
RC profit before interest and tax	1.6	2.1	1.4	1.4
Non-operating items and fair value accounting effects	0.2	0.0	(0.1)	0.1
Earnings	1.8	2.1	1.3	1.5
Forex adjustment to 2016 environment	(0.3)	0.0	(0.2)	0.0
Earnings adjusted to 2016 FX environment	1.5	2.1	1.1	1.5

Earnings	Petrochemicals	
	2014 \$bn	2016 \$bn
RC profit before interest and tax	(0.5)	0.4
Non-operating items and fair value accounting effects	0.5	(0.0)
Earnings	0.0	0.4

Gearing

See Net debt and net debt ratio definition.

Gross margin

Gross margin is defined as the sum of sales revenue, cost of goods sold and other income.

Group free cash flow

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

Inorganic capital expenditure

Inorganic capital expenditure comprises consideration in business combinations and certain other significant investments made by the group.

Net cash margin per barrel

Net cash margin is defined by Solomon Associates as the net margin achieved after subtracting cash operating expenses and adding any refinery revenue from other sources. Net cash margin is expressed in US dollars per barrel of net refinery input.

Net debt and net debt ratio

Net debt is calculated as gross finance debt, as shown in the balance sheet, plus the fair value of associated derivative financial instruments that are used to hedge foreign currency exchange and interest rate risks relating to finance debt, for which hedge accounting is applied, less cash and cash equivalents. The net debt ratio is defined as the ratio of net debt to the total of net debt plus shareholders' equity. All components of equity are included in the denominator of the calculation.

Net income per barrel

Net income per barrel is calculated by taking underlying RC profit before interest and tax, deducting tax at an assumed 28% effective tax rate on underlying RC profit and then dividing this notional post-tax underlying RC profit by the Downstream segment's total refining capacity.

Non-energy cash costs

Non-energy cash costs are defined as refining cash operating costs less energy costs after normalising for turnaround, divided by Equivalent Distillation Capacity® as defined by Solomon Associates.

Operating capital employed

Operating capital employed is defined as the total of fixed assets (including Goodwill), total operating working capital, divestment debtors / creditors, capex creditors and long term provisions.

Operating cash margins

Operating cash margin is operating cash flow divided by the applicable number of barrels of oil equivalent produced.

Organic capital expenditure

Organic capital expenditure comprises capital expenditure less inorganic capital expenditure.

Organic free cash flow

Organic free cash flow is operating cash flow less organic capital expenditure as included in the group cash flow statement. 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.

Petrochemicals cash cost per tonne

Petrochemicals cash cost per tonne is calculated by taking petrochemicals total cash costs divided by petrochemicals production volumes.

Petrochemicals reduction in cash breakeven

The reduction in variable cost margin required to cover cash fixed costs net of licensing income, including sustainable reductions in variable costs.

Pre-tax returns

Pre-tax returns is the ratio of underlying RC profit before interest and tax to Downstream's average operating capital employed, including goodwill, for the period.

Downstream pre-tax returns

Pre-tax returns	2014	2015	2016
Numerator for pre-tax returns			
RC profit before interest and tax (\$bn)	3.7	7.1	5.2
Non-operating items and fair value accounting effects (\$bn)	0.7	0.4	0.5
Underlying RC profit before interest and tax (\$bn)	4.4	7.5	5.6
Denominator for pre-tax returns			
Average operating capital employed for Downstream (\$bn)	51.5	43.0	38.2
Downstream pre-tax returns	8.6%	17.6%	14.7%
Refining Marker Margin (\$/bbl)	14.4	17.0	11.8
Adjustment to \$14/bbl RMM (ROT of \$1/bbl = \$500m)	(0.2)	(1.5)	1.1
Underlying RC profit before interest and tax at \$14/bbl RMM environment (\$bn)	4.3	6.1	6.7
Downstream pre-tax returns at \$14/bbl RMM environment	8.3%	14.1%	17.6%

Fuels marketing pre-tax returns

Pre-tax returns	2016
Numerator for pre-tax returns	
Underlying RCP before interest and tax - Fuels Marketing (\$bn)	2.1
Denominator for pre-tax returns	
Average operating capital employed - Fuels Marketing (\$bn)	6.5
Fuels marketing pre-tax returns	33%

Refining availability

Refining availability represents Solomon Associates' operational availability, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualized time lost due to turnaround activity and all planned mechanical, process and regulatory downtime.

Refining margin marker

The average of regional indicator margins weighted for BP's crude refining capacity in each region. Each regional marker margin is based on product yields and a marker crude oil deemed appropriate for the region. The regional indicator margins may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate.

Return on sales

Return on Sales is the ratio of underlying replacement cost (RC) profit before interest and tax divided by sales and other operating revenues.

Underlying earnings growth

Downstream underlying earnings growth is defined as the change in underlying RC profit before interest and tax, after adjusting for the impact of refining environment, foreign exchange, turnaround and portfolio impacts.

Unit margin

Unit margin is defined as gross margin divided by volumes.