

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 27-29 of our fourth-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 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.

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 capital expenditure and cash dividend as included 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.

Adjusted effective tax rate (ETR)

The adjusted ETR is calculated by dividing taxation on an underlying RC basis excluding the impact of reduction in the rate of the UK North Sea supplementary charge (in the third quarter 2016) 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.

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	%
Effective tax rate (ETR) on profit or loss	19	35	59	-19	12	
Adjusted for inventory holding gains or losses	-7	2	-8	3	-650	
ETR on replacement cost (RC) profit or loss	12	37	51	-16	-638	
Adjusted for non-operating items and fair value accounting effects	-32	-19	-30	-7	648	
Underlying ETR	-20	18	21	-23	10	
Adjusted for the impact of the reduction in the rate of the UK North Sea supplementary charge	-	-	-	60	-	
Adjusted ETR	-20	18	21	37	10	

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	
	Q4	2016 4Q YTD
Net cash provided by operating activities	2,428	10,691
Add back: Pre-tax amounts related to the Gulf of Mexico oil spill	2,043	7,105
Underlying operating cash flow	4,471	17,796

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.