

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 32-34 of our second-quarter 2017 results announcement:

- Adjusted effective tax rate.
- Inorganic capital expenditure.
- Net debt and net debt ratio (gearing).
- Non-operating items.
- Operating cash flow.
- Organic capital expenditure.
- Underlying RC profit or loss.
- Upstream operating efficiency.
- Upstream unit production costs.

Cash cost

Non-GAAP measure. 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 underlying earnings growth

Improvement in underlying replacement cost profit before interest and tax, adjusted for refining environment, foreign exchange, turnaround and portfolio impacts.

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

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 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 BP 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 the 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.

	%				
	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Effective tax rate (ETR) on profit or loss	59	(19)	12	29	83
Adjusted for inventory holding gains or losses	(8)	3	(650)	-	(20)
ETR on replacement cost (RC) profit or loss	51	(16)	(638)	29	63
Adjusted for non-operating items and fair value accounting effects	(30)	(7)	648	4	(3)
Underlying ETR	21	(23)	10	33	60
Adjusted for the impact of the reduction in the rate of the UK North Sea supplementary charge	-	60	-	-	-
Adjusted ETR	21	37	10	33	60

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		
	Q2 2016	Q1 2017	Q2 2017
Net cash provided by operating activities	3,883	2,114	4,890
Add back: Pre-tax amounts related to the Gulf of Mexico oil spill	(1,398)	(2,294)	(2,025)
Underlying operating cash flow	5,281	4,408	6,915