



  
**ConocoPhillips.**

**Citi Global Energy Conference – June 2012**

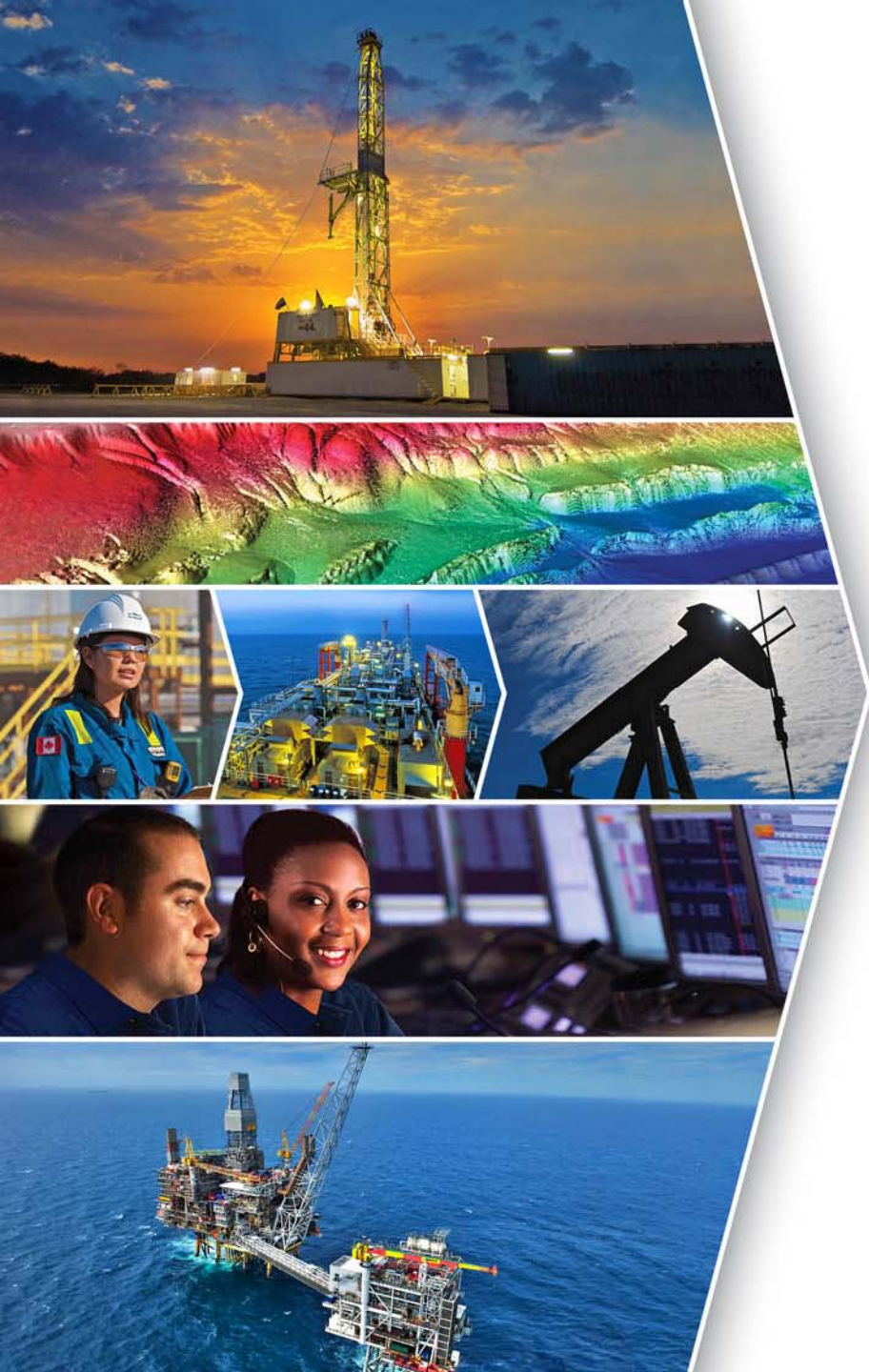
*Jeff Sheets – EVP, Finance and CFO*

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The following presentation includes forward-looking statements. These statements relate to future events, such as anticipated revenues, earnings, business strategies, competitive position or other aspects of our operations or operating results. Actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict such as oil and gas prices; refining and marketing margins; operational hazards and drilling risks; potential failure to achieve, and potential delays in achieving expected reserves or production levels from existing and future oil and gas development projects; unsuccessful exploratory activities; unexpected cost increases or technical difficulties in constructing, maintaining or modifying company facilities; international monetary conditions and exchange controls; potential liability for remedial actions under existing or future environmental regulations or from pending or future litigation; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; general domestic and international economic and political conditions, as well as changes in tax, environmental and other laws applicable to ConocoPhillips' business and other economic, business, competitive and/or regulatory factors affecting ConocoPhillips' business generally as set forth in ConocoPhillips' filings with the Securities and Exchange Commission (SEC).

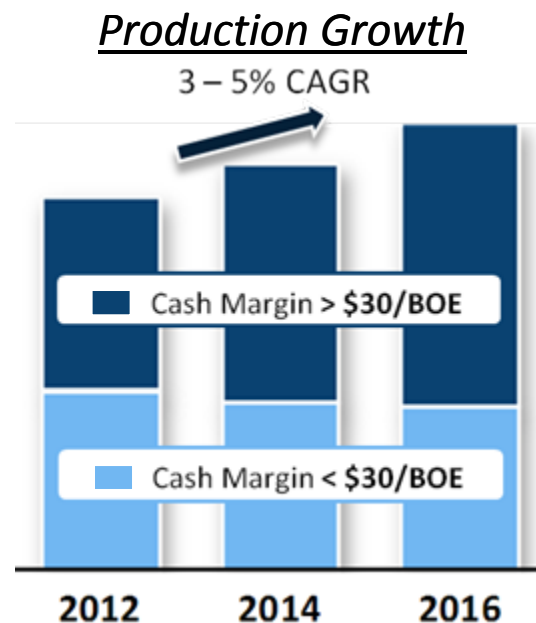
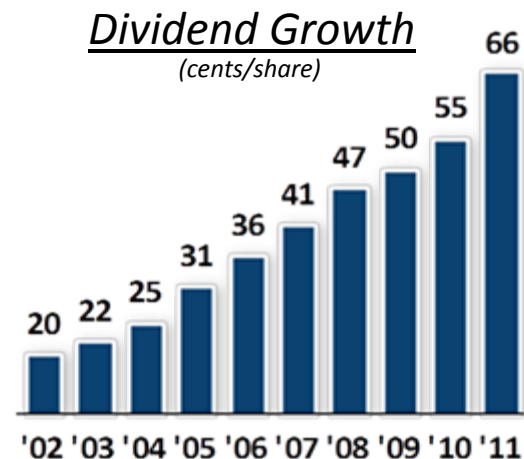
**Use of non-GAAP financial information** - This presentation includes non-GAAP financial measures, which are included to help facilitate comparison of company operating performance across periods and with peer companies. A reconciliation of these non-GAAP measures to the nearest corresponding GAAP measure is included in the appendix.

**Cautionary Note to U.S. Investors** – The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We use the term "resource" in this presentation that the SEC's guidelines prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the oil and gas disclosures in our Form 10-K and other reports and filings with the SEC. Copies are available from the SEC and from the ConocoPhillips website.



# Our Priorities

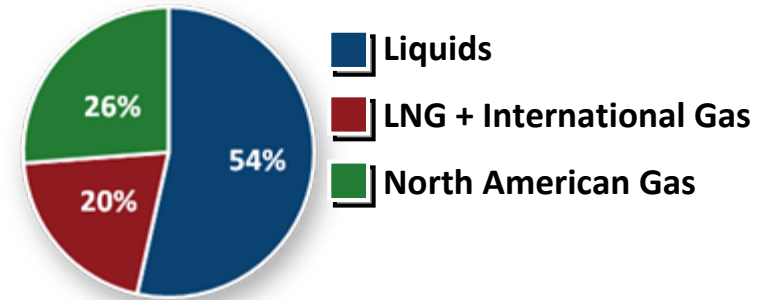
- Continue focus on safety and operations excellence
- Finish repositioning
- Invest with discipline
- Drive profitable organic growth
- Grow shareholder distributions
- Maintain strong balance sheet



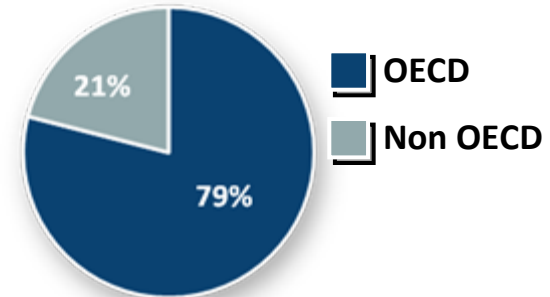
# ConocoPhillips Today

- ▶ Largest North American-based independent
- ▶ Lower-risk, diversified international positions
- ▶ “Majors” asset base with compelling growth
  - Legacy assets drive 5+ years of low-risk growth
  - Proved reserves and identified resources drive medium-term growth
  - Prospect inventory and technical capabilities drive longer-term growth
- ▶ Ability to execute and operate globally
- ▶ Financial capability to fund growth
- ▶ Commitment to shareholders

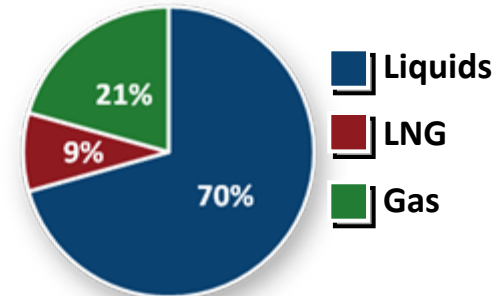
Production – 1.6 MMBOED (2011)



Proved Reserves – 8.4 BBOE (YE 2011)



Resources – 43 BBOE (YE 2011)



# Our Value Proposition

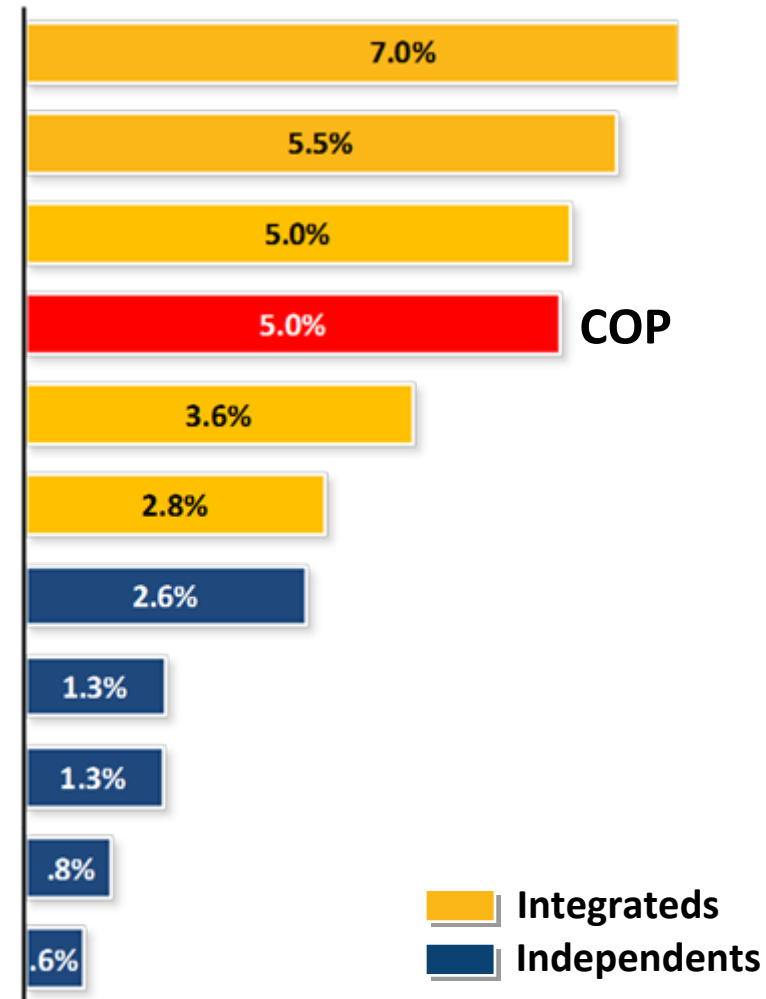
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- ▶ Sector-leading distributions
- ▶ 3 – 5% annual production growth
- ▶ 3 – 5% annual margins growth
- ▶ Ongoing priority to improve returns
- ▶ Relentless focus on safety and execution

# Disciplined Investment Approach

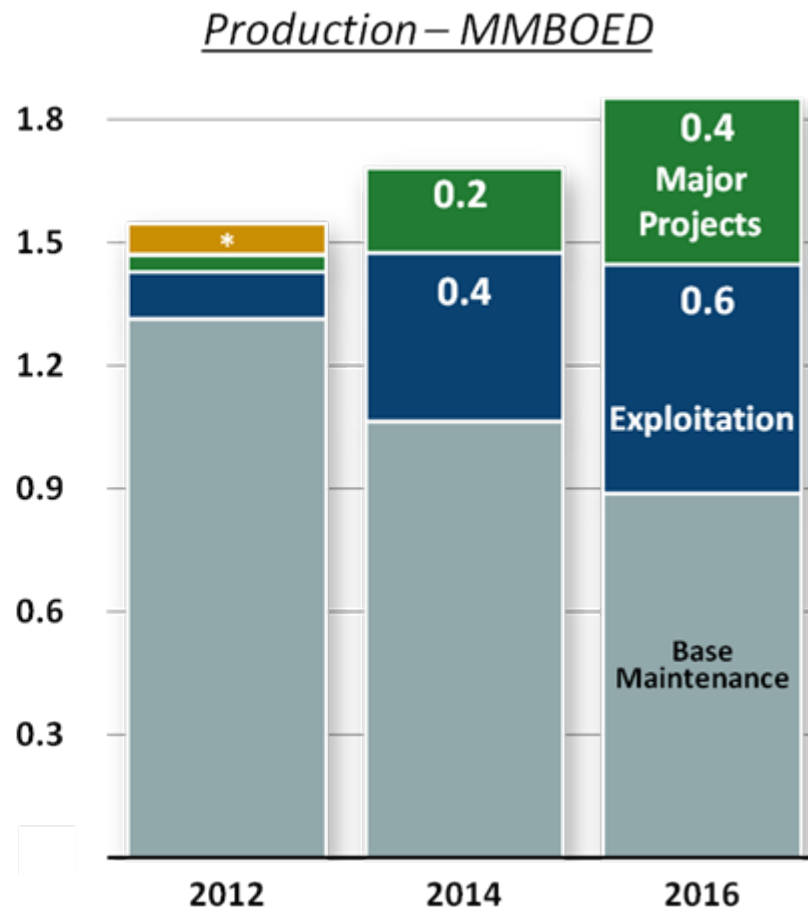
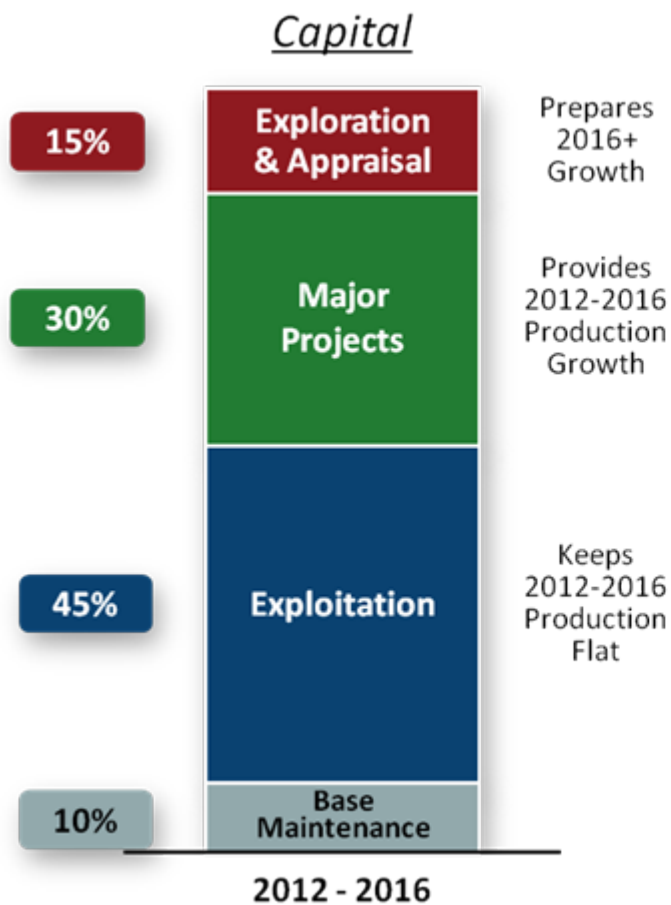
- ▶ Reinvest 75 – 80% of CFO for optimized growth and returns
  - Sustainable production growth
  - 100%+ organic reserve replacement
  - Build inventory of future investment options
- ▶ Return 20 – 25% of CFO to shareholders
  - Shareholder distributions enforce capital discipline
  - Predictable component of annual TSR
  - Targeting annual dividend growth
- ▶ Repurchase shares opportunistically
- ▶ Strong balance sheet a key differentiator
  - Allows consistent investment through price cycles
  - Maintain “A” credit rating and debt-to-capital <30%

## Current Dividend Yield



# 2012 – 2016 Production Growth

- Disciplined allocation of ~\$15 B annual capex generates 3 – 5% CAGR with high margins and low risk

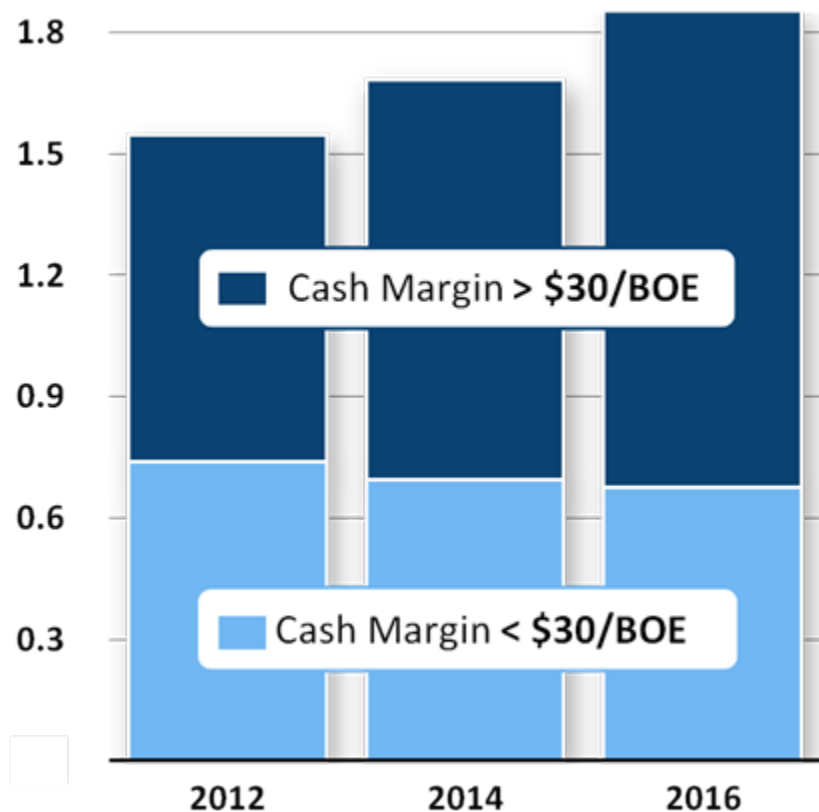


\* 2012 full-year impact of disposition candidates

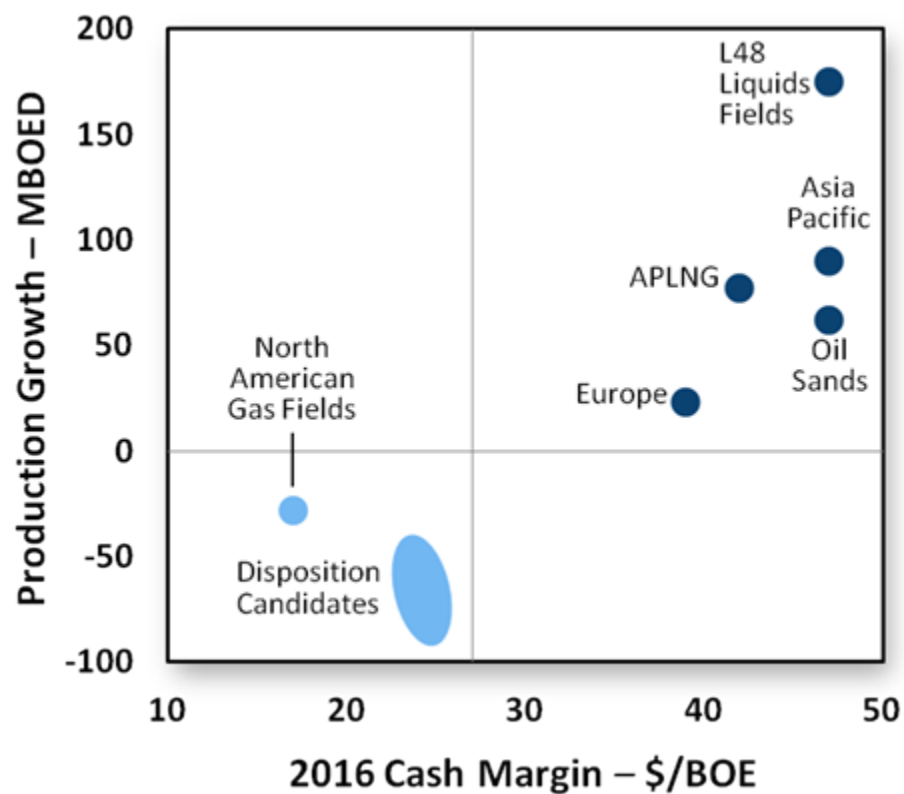
# 2012 – 2016 Margin Improvement

- Shift to high-margin production drives 3 – 5% cash margin CAGR

Production – MMBOED  
2012 Flat-Price Conditions

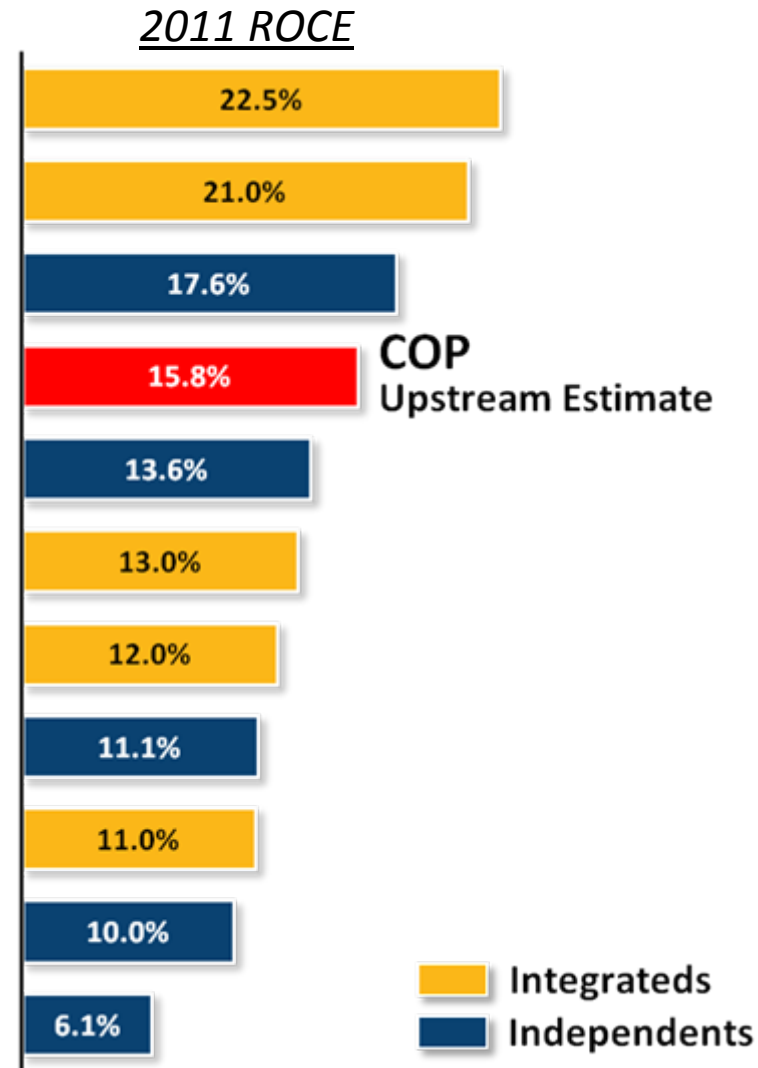


Production and Margin Growth  
2012 to 2016



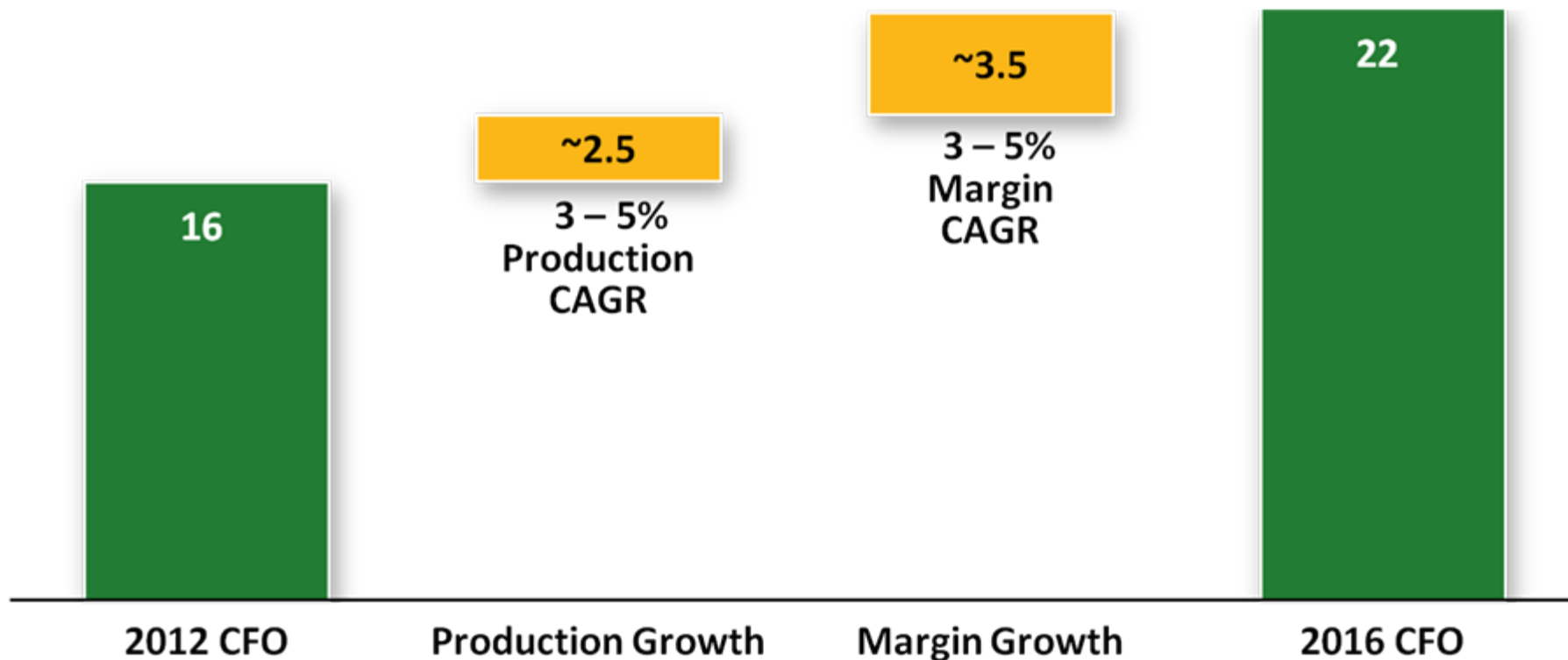
# Focus on Returns

- Goal to continue absolute improvements
- Close gap and maintain strong relative position
- Capital allocated to highest-return projects
- Diligence on cost structure and efficiency



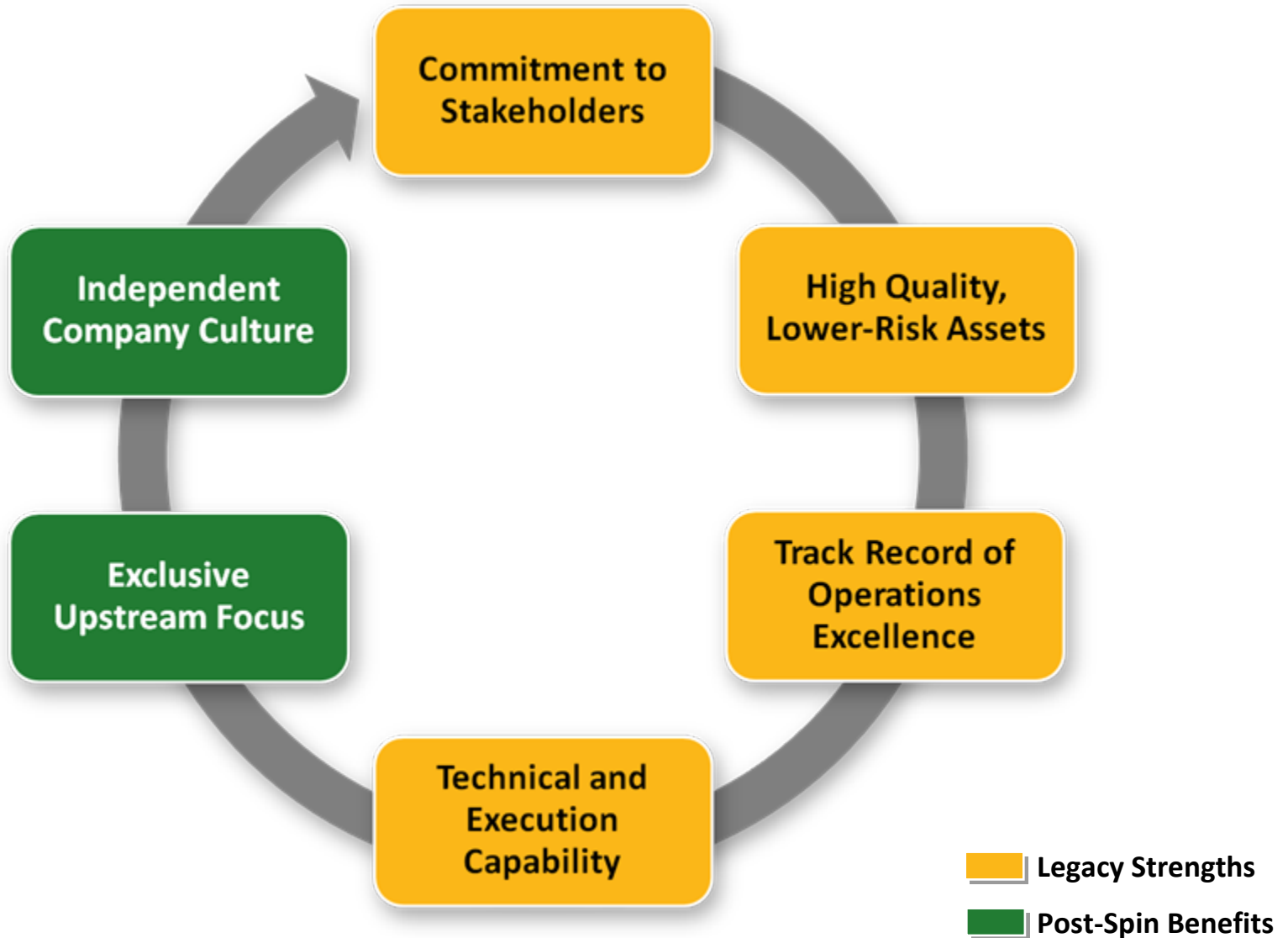
# Cash Flow Growth – \$ B

- ▶ ~\$15 B annual capex optimizes growth and returns
- ▶ \$3 – 4 B allocated to dividends
- ▶ Cash position and strong balance sheet provide significant financial flexibility



# Unlocking Our Potential

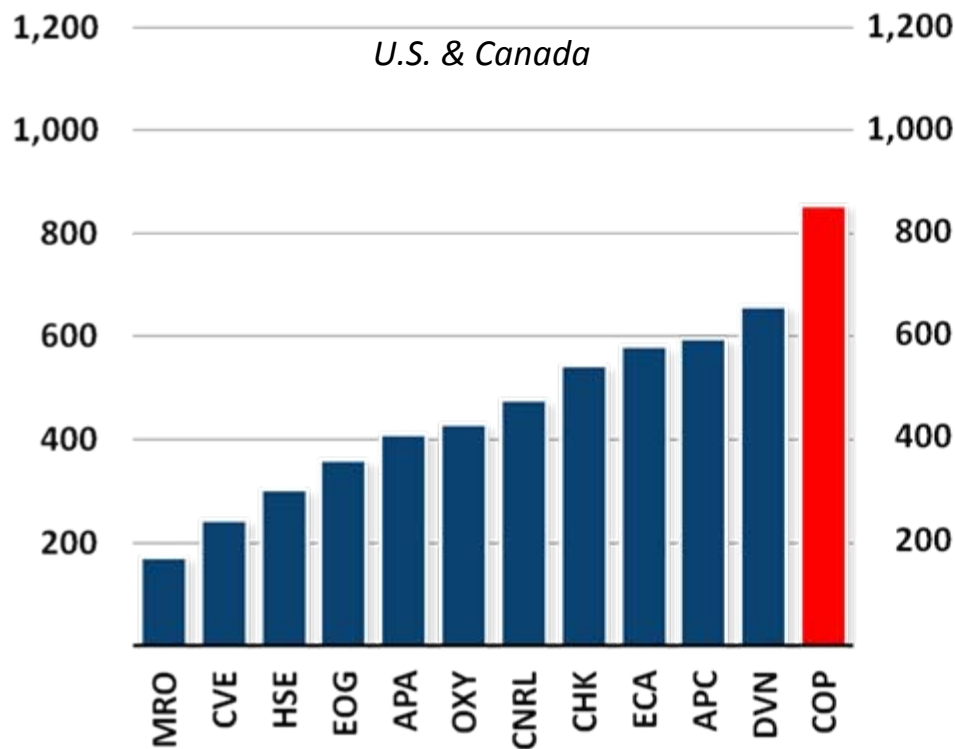
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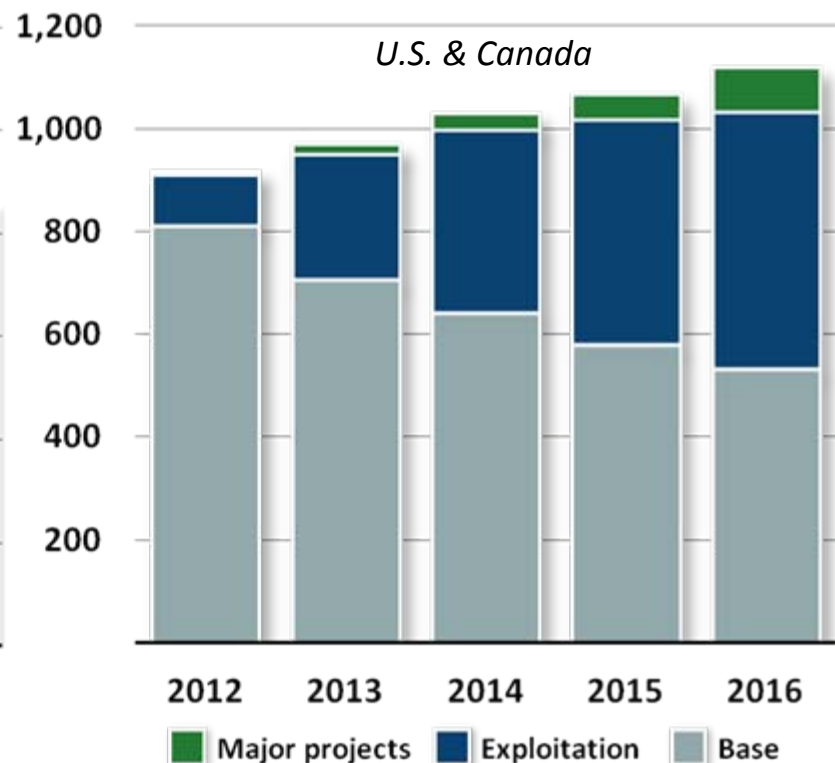
# Impactful North American Position

- ▶ Largest independent producer in North America
- ▶ 3 – 5% production CAGR projected from high-return programs
- ▶ Technical strengths in arctic, unconventional, heavy oil

2011 Production – MBOED



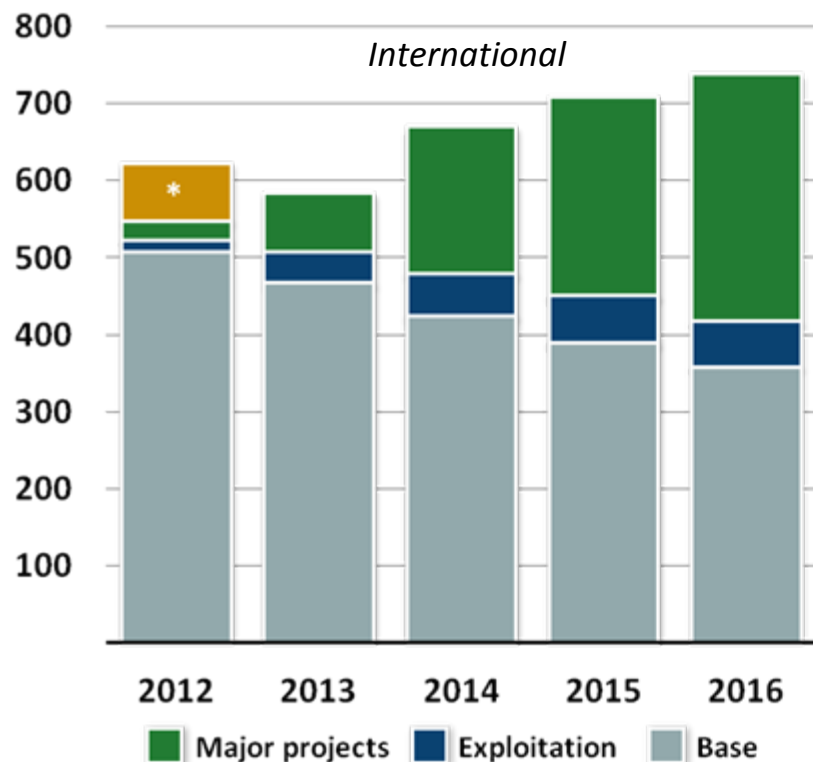
2012 – 2016 Production – MBOED



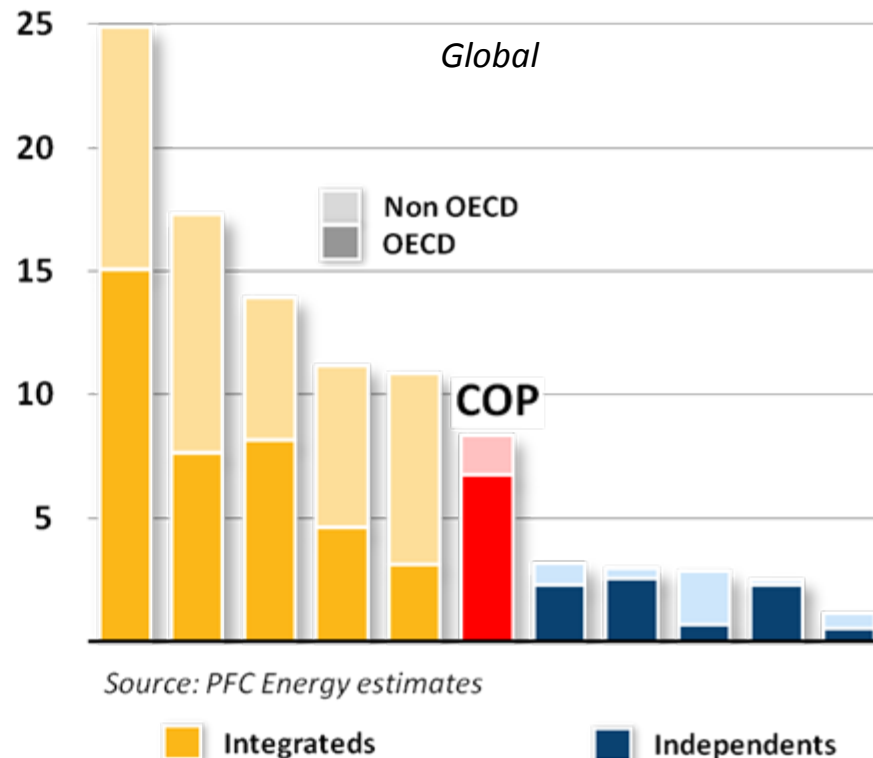
# Lower-Risk International Position

- Majority of production in long-lived assets in OECD countries
- 4 – 6% production CAGR expected from high-return major projects
- Technical capabilities in conventional, deepwater, LNG, unconventional

Production – MBOED



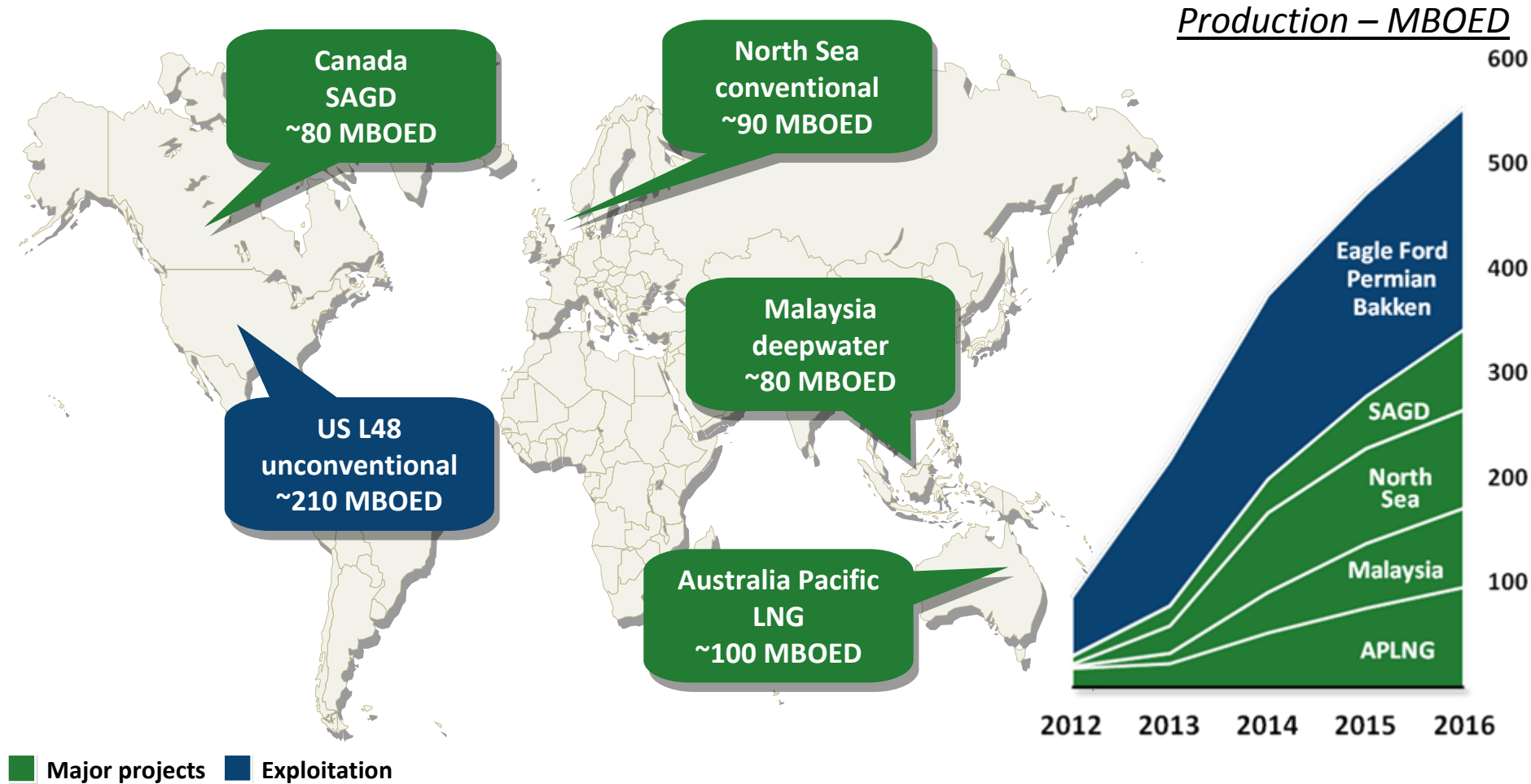
YE 2011 Proved Reserves – BBOE



Source: PFC Energy estimates

# Compelling Near-Term Growth Projects

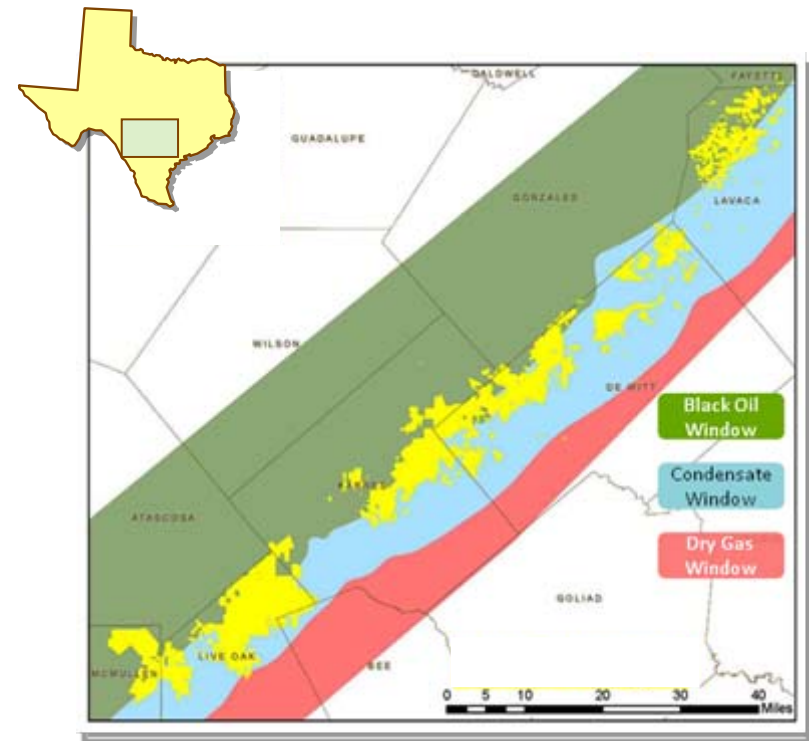
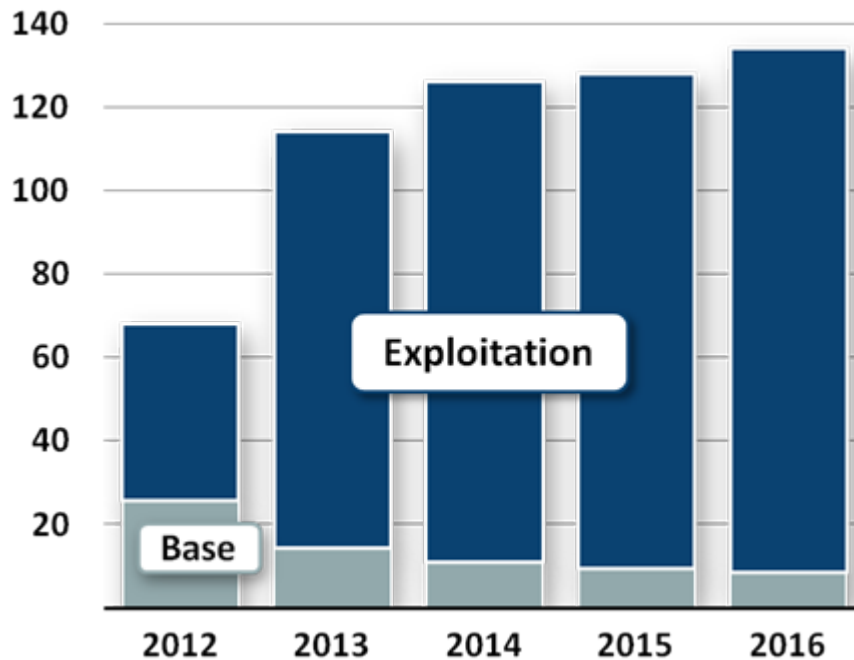
- Five high-margin projects will account for 550+ MBOED by 2016
- Lower-risk geographies and geologies; diversified plays



# Eagle Ford – Best Position in Best Play

- 228 M net acres in liquids-rich play (77% liquids) with 1.8 BBOE resources
- 2012 program: over 180 wells with 16 rigs; \$2.3 B investment; 50%+ return <sup>1</sup>
- Average cash margin: \$48/BOE<sup>2</sup>; average F&D: \$14/BOE
- Wells lead industry performance with \$37/BBL breakeven WTI<sup>3</sup>

*Production – MBOED*



 COP Acreage

<sup>1</sup> Project returns use internal forecast numbers. Price assumptions vary depending on project startup.

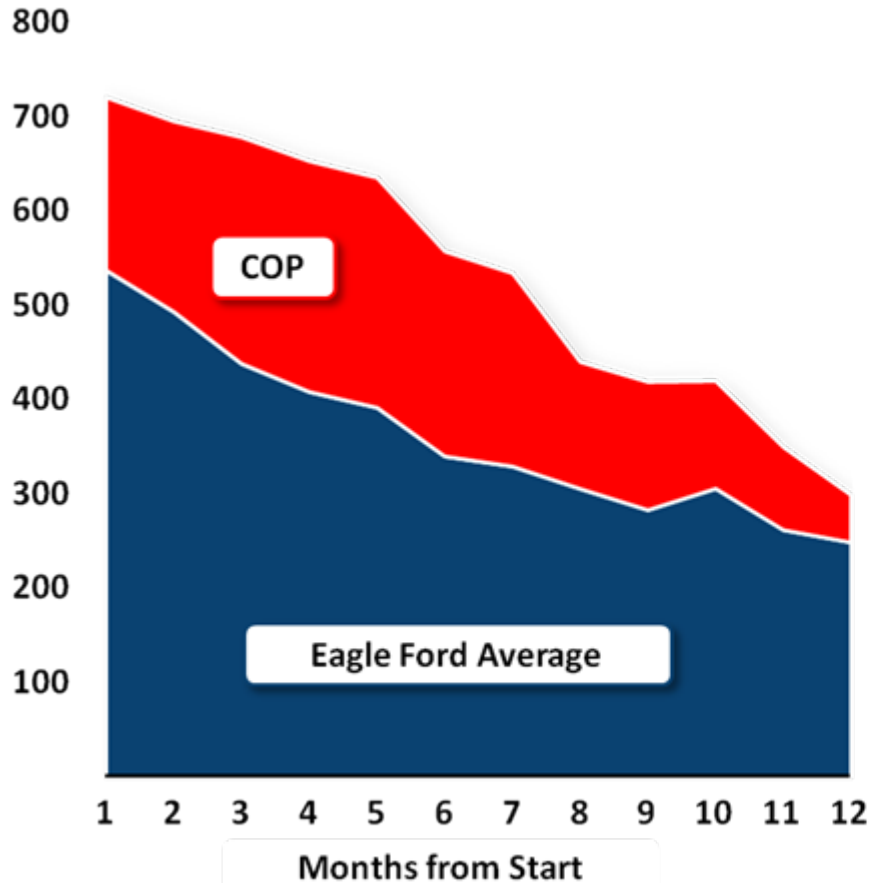
<sup>2</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf)

<sup>3</sup> Source: ITG IR (Ross Smith Energy Group), September 2011

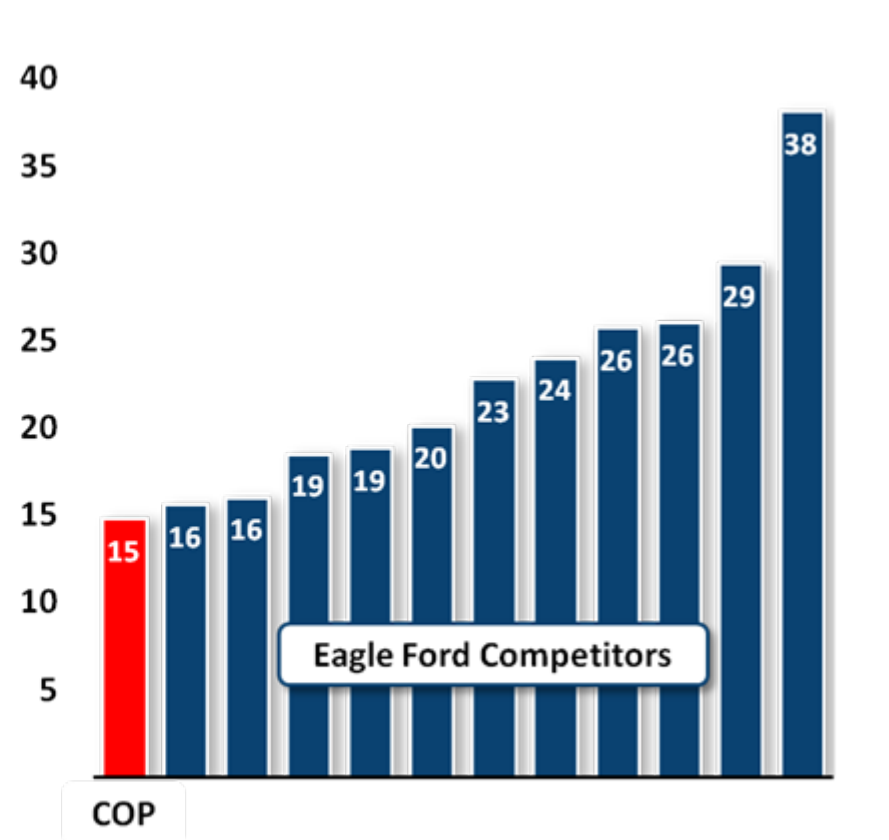
# Eagle Ford Excellence

- Best-in-play results driven by acreage quality, drilling and completion performance

Average Eagle Ford Well – BOED



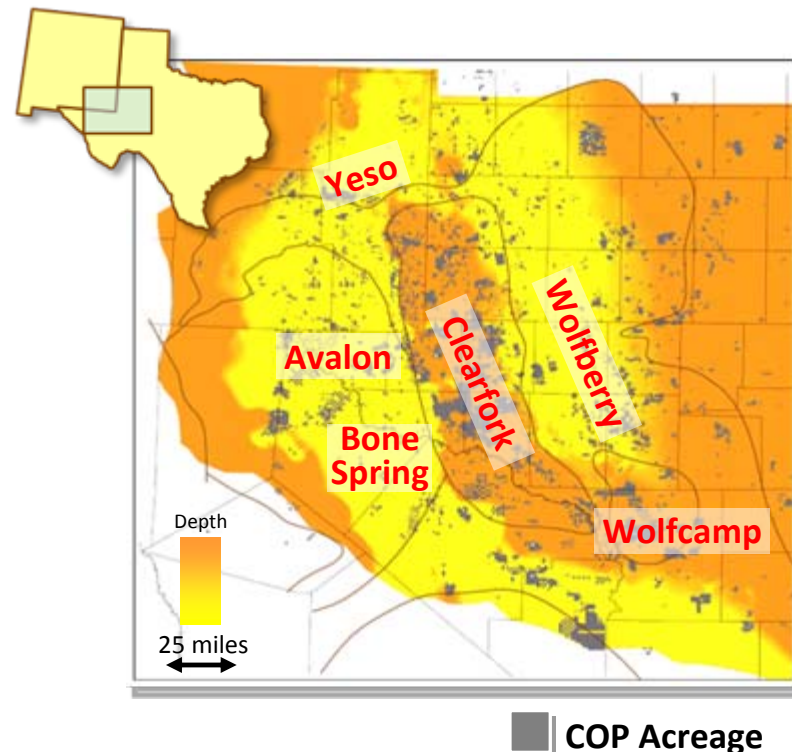
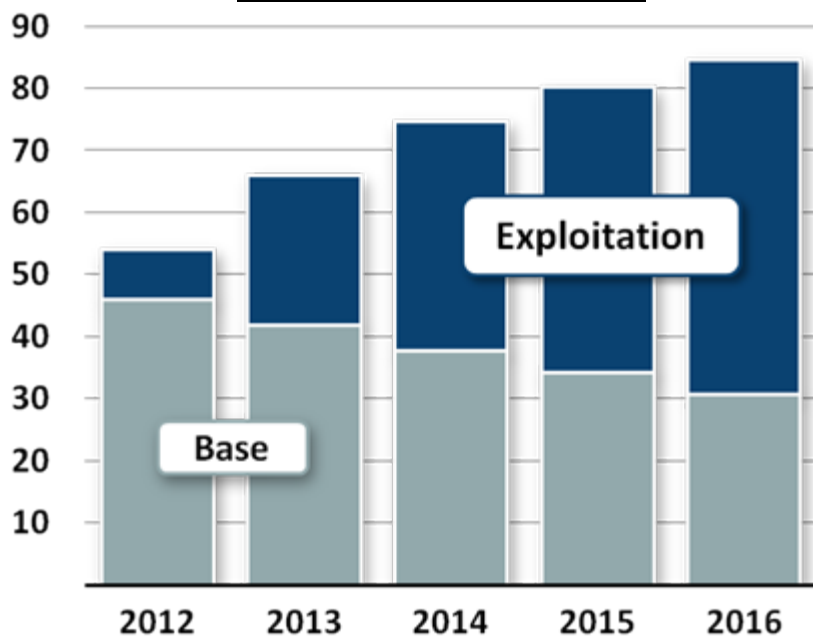
Spud to Rig Release – Days per 10,000 Feet



# Permian – Emerging Liquids Growth

- 1.1 MM net acres in liquids-rich play (60% liquids) with 1.1 BBOE resources
- 2012 program: over 300 wells; \$0.6 B investment; 40%+ return<sup>1</sup>
- Average cash margin: \$38/BOE<sup>2</sup>; average F&D: \$16/BOE
- Exposure in every play; over 7,000 gross identified well locations
- Promising early results in Avalon and Wolfcamp plays

*Production – MBOED*

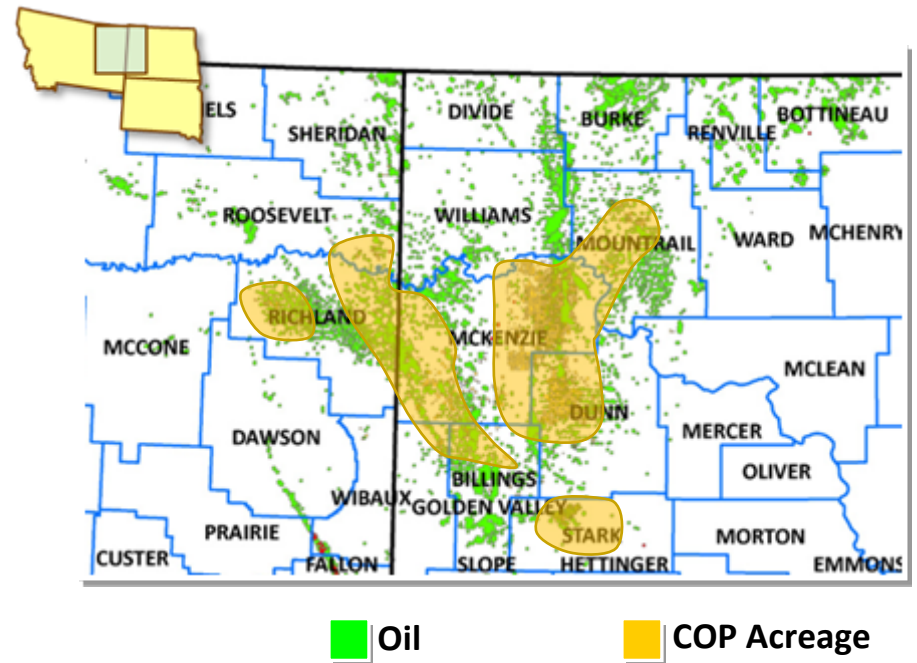
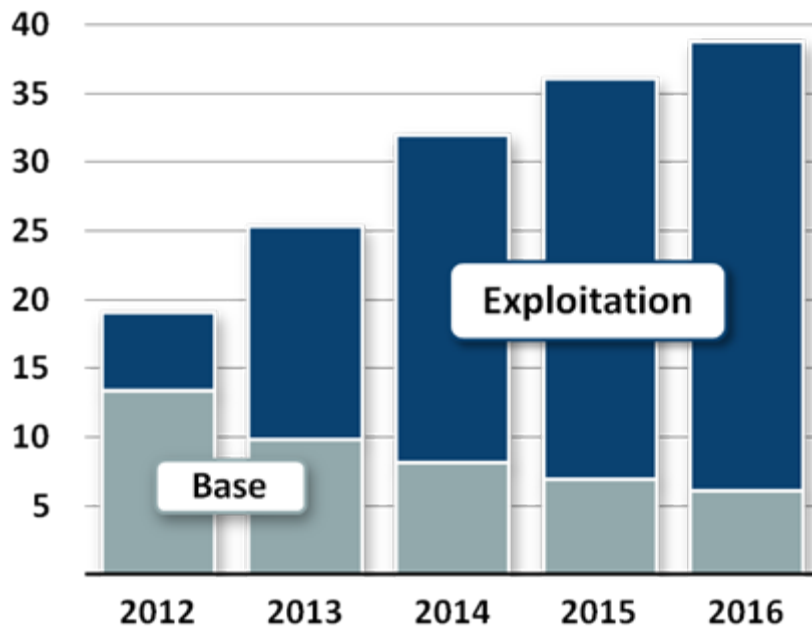


<sup>1</sup> Project returns use internal forecast numbers. Price assumptions vary depending on project startup.  
<sup>2</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf)

# Bakken – Legacy Oil in Heart of Trend

- 207 M net lease / 419 M net mineral acres in oil play with 0.4 BBOE resources<sup>1</sup>
- 2012 program: over 120 wells; \$0.5 B investment; 25%+ return<sup>2</sup>
- Average cash margin: \$53/BOE<sup>3</sup>; average F&D: \$24/BOE
- Managed pace based on access to service and infrastructure
- Drilling inventory of 1,300 gross proved and probable locations

*Production – MBOED*



<sup>1</sup> Net risked resources assigned to ~40% of acreage

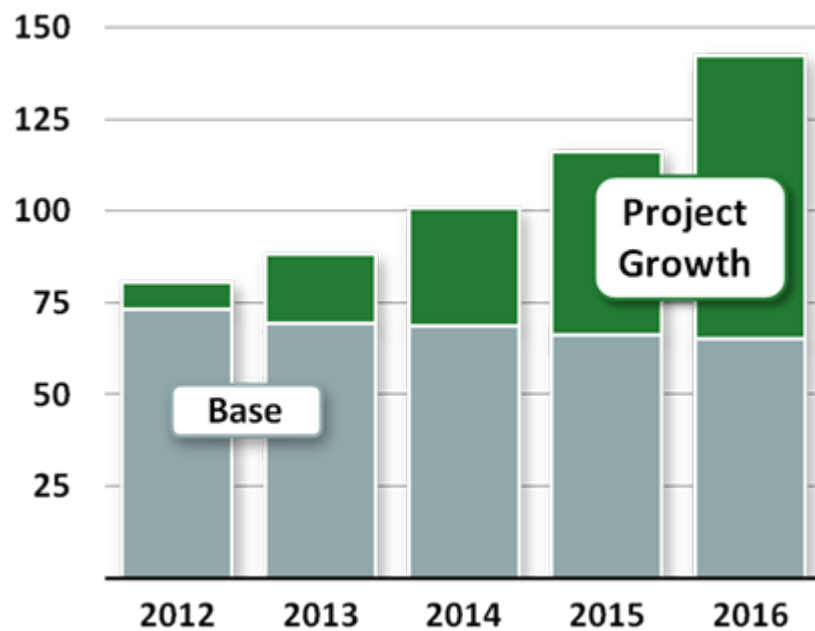
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<sup>3</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf)

# Canada SAGD – World-Class Assets

- 2012 program: \$2.3 B investment; average project returns<sup>1</sup> of 13%+
- Average cash margin: \$44/BOE<sup>2</sup>; average F&D: \$11/BOE
- Repeatable manufacturing improves capital efficiency and time to first oil
- Opportunity to unlock additional 8.6 BBOE resources with technology

Production – MBOED



Surmont 1 Central Processing Facility



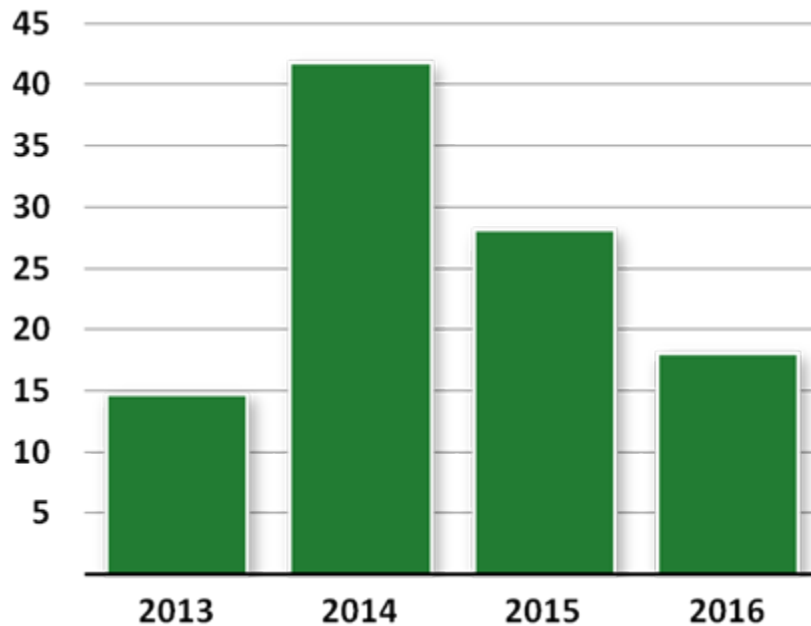
<sup>1</sup> Project returns use internal forecast numbers. Price assumptions vary depending on project startup.

<sup>2</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf), FX at parity

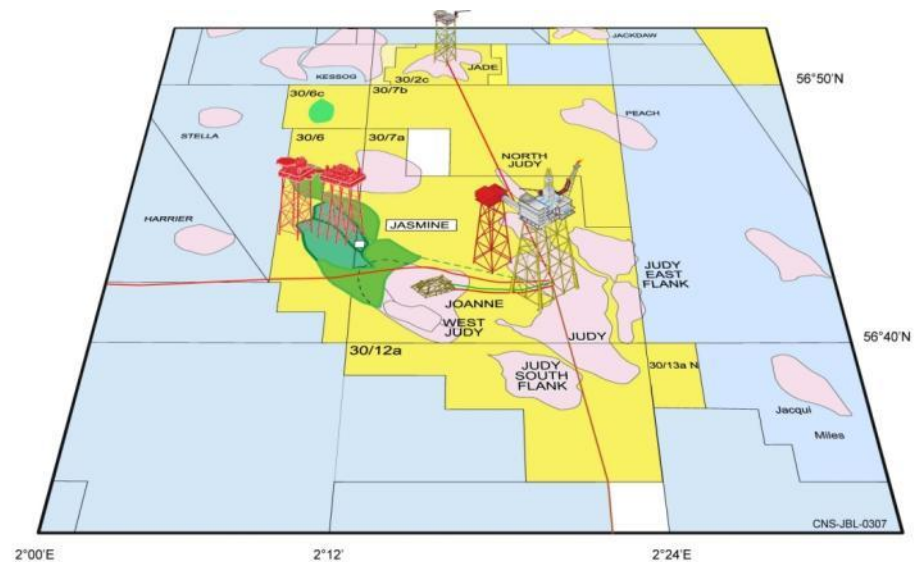
# Jasmine – Phase 1

- 2 of 8 production wells drilled; subsurface results exceed expectations
- 2012 program: \$0.4 B investment; project returns<sup>1</sup> of 23%+
- Average cash margin: \$40/BOE<sup>2</sup>; project F&D: \$22/BOE
- Additional near-field potential

Production – MBOED



Central North Sea Assets (illustrative)



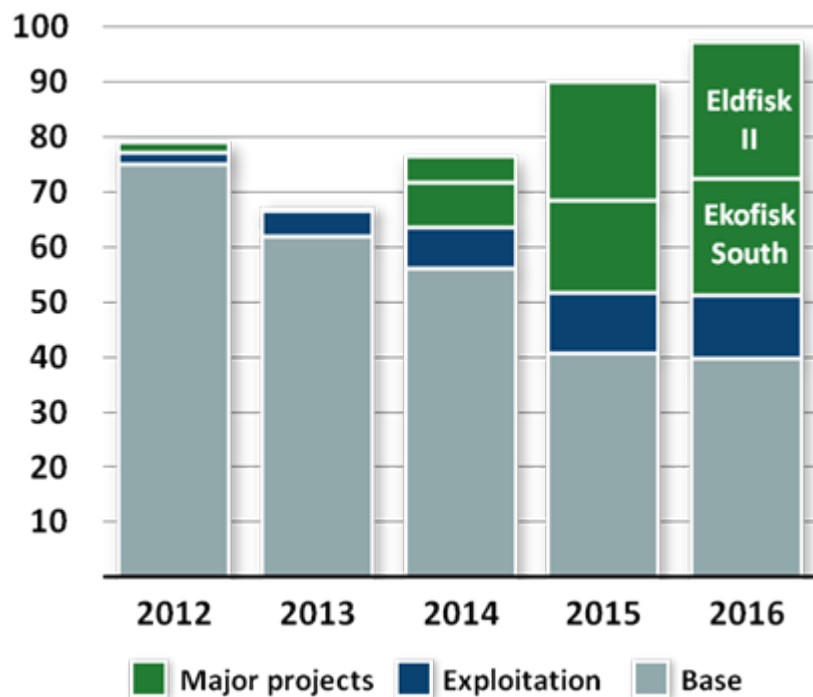
<sup>1</sup> Project returns use internal forecast numbers. Price assumptions vary depending on project startup.

<sup>2</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf)

# Greater Ekofisk Area – New Opportunity

- First Eldfisk II well completed Q1 2012; Ekofisk South progress on target
- 2012 program: \$1.0 B investment; project returns<sup>1</sup> of 22%
- Average cash margin: \$42/BOE<sup>2</sup>; projects F&D: \$24 – 27/BOE
- Future opportunities include Tor Redevelopment and Tommeliten Alpha

Production – MBOED



Ekofisk Field Installations



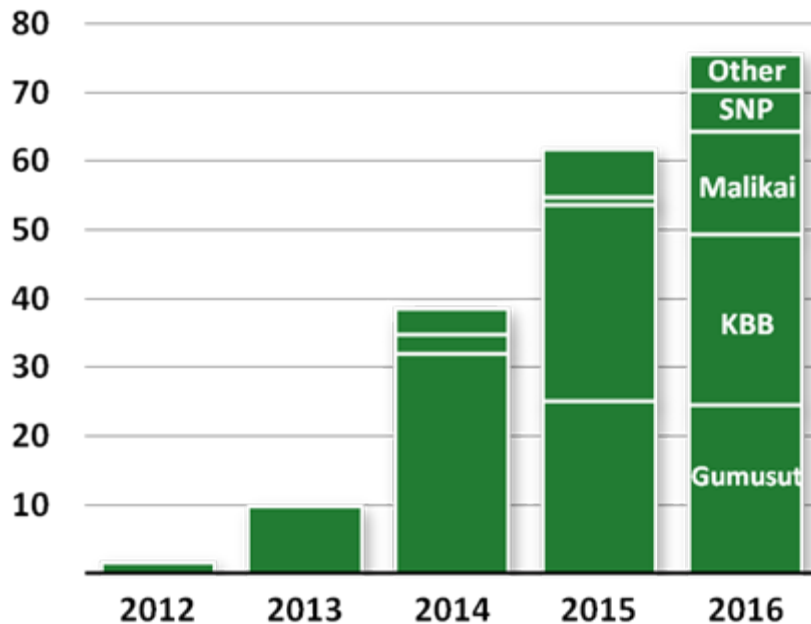
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<sup>2</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf)

# Malaysia Projects – Deepwater Growth

- Includes 3 sanctioned projects, with 4<sup>th</sup> sanction expected mid-2012
- 2012 program: \$0.5 B investment; project returns<sup>1</sup> of 17 – 20%
- Average cash margin: \$56/BOE<sup>2</sup>; projects F&D: \$17/BOE
- Appraisal and development planning underway on 4 additional discoveries

Production – MBOED



Malaysia Assets



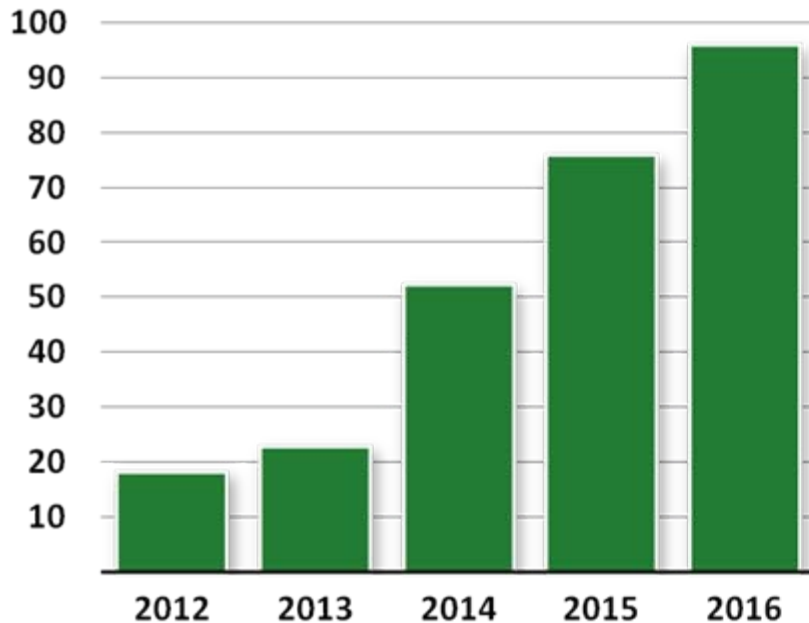
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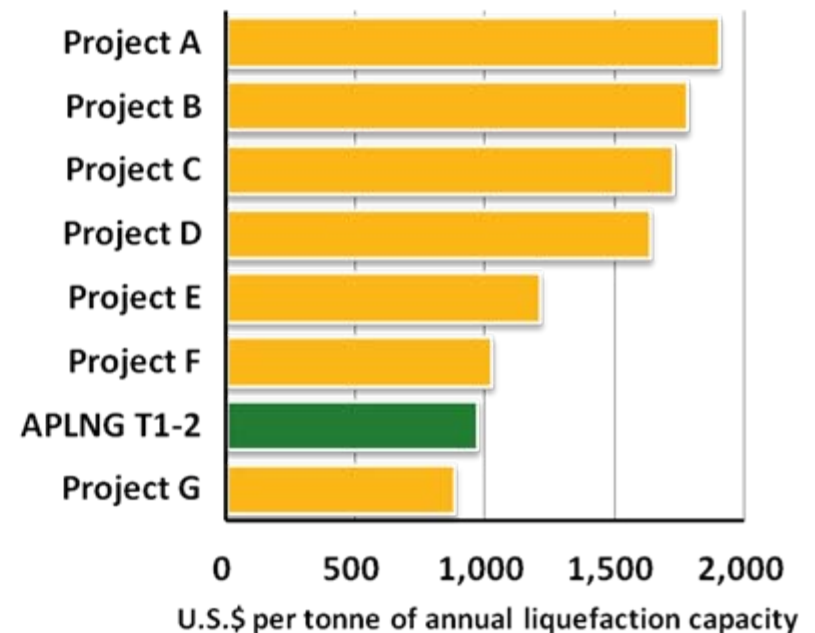
# Australia Pacific LNG – Project Update

- Completed marketing for first two 4.5 MTPA LNG trains
- On schedule with first cargo targeted for June 2015
- 2012 program: \$2.0 B investment; full-cycle project returns<sup>1</sup> of 8 – 10%
- Average cash margin: \$36/BOE<sup>2</sup>; project F&D: \$23/BOE

Production – MBOED



Capital Cost of Australian LNG Projects<sup>2</sup>



<sup>1</sup> Project returns use internal forecast numbers. Price assumptions vary depending on project startup.

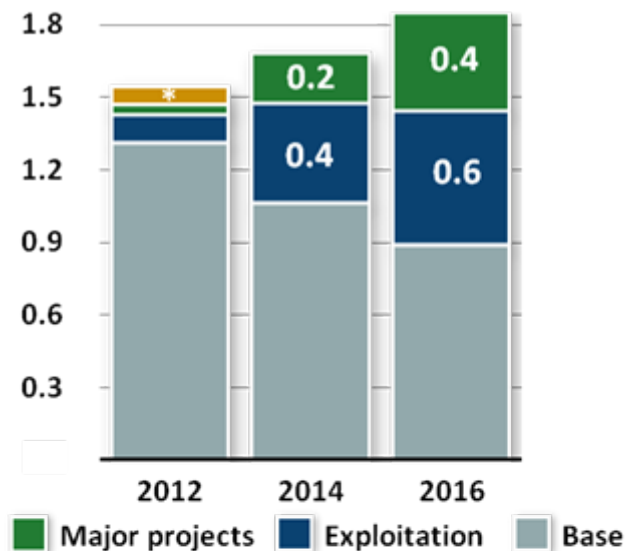
<sup>2</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf)

<sup>3</sup> Source: PFC Energy estimates; projects under construction

# 2012 – 2016 Growth Summary

- Compelling growth post-repositioning
- Executing visible growth projects
  - High-return, lower-risk opportunities
  - Shift to liquids
  - Margins expand from \$27/BOE to \$32/BOE
- Organic reserves replacement >100%
  - Average F&D of \$20/BOE
  - Resources already captured

Production – MMBOED



2012 – 2016 Reserve Additions

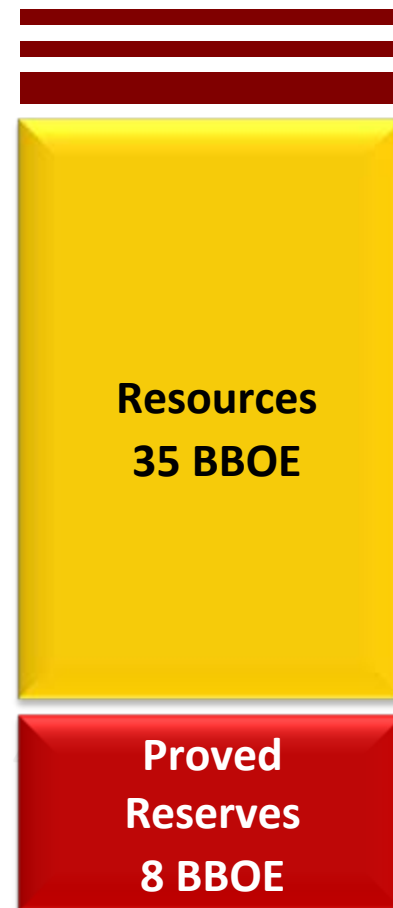


# 2016+ Growth From Captured Resources



**Expect to convert 8-10 BBOE to proved reserves over next 10 years**

**Exploration & BD**



# Exploration-Driven Long-Term Growth

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## Unconventional exploration

- North America: added 600,000 net acres in liquids-rich plays in 2011 (including Niobrara and Wolfcamp)
- North America: pilot programs in 7 plays
- Australia: early entry into Canning Basin
- Poland: progressing pilot program

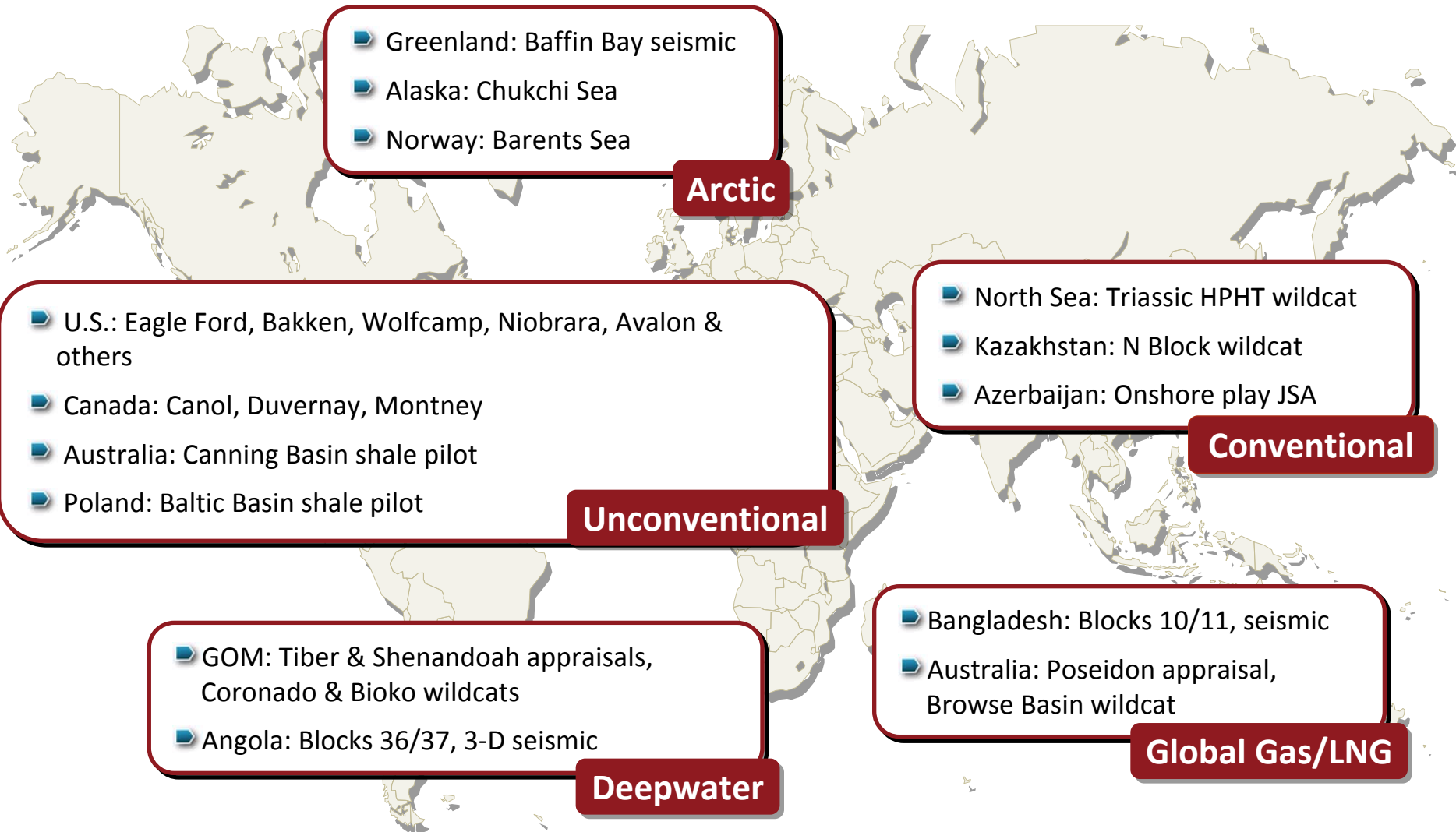
## Conventional / deepwater exploration

- Angola: PSCs signed for deepwater Blocks 36/37
- Gulf of Mexico: awarded 74 blocks in the Paleogene Play
- Bangladesh: acquired first seismic over Blocks 10/11
- U.K.: Clair SW discovery exceeded expectations
- Norway: awarded key Barents Sea blocks in 21<sup>st</sup> license round



# 2012 Exploration and Appraisal Activity

- Diverse portfolio of conventional and liquids-rich unconventional



# Our Value Proposition

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- ▶ Sector-leading distributions
- ▶ 3 – 5% annual production growth
- ▶ 3 – 5% annual margins growth
- ▶ Ongoing priority to improve returns
- ▶ Relentless focus on safety and execution

Unique combination of growth, returns and yield



  
**ConocoPhillips.**

Q&A

# Additional Technical Slides

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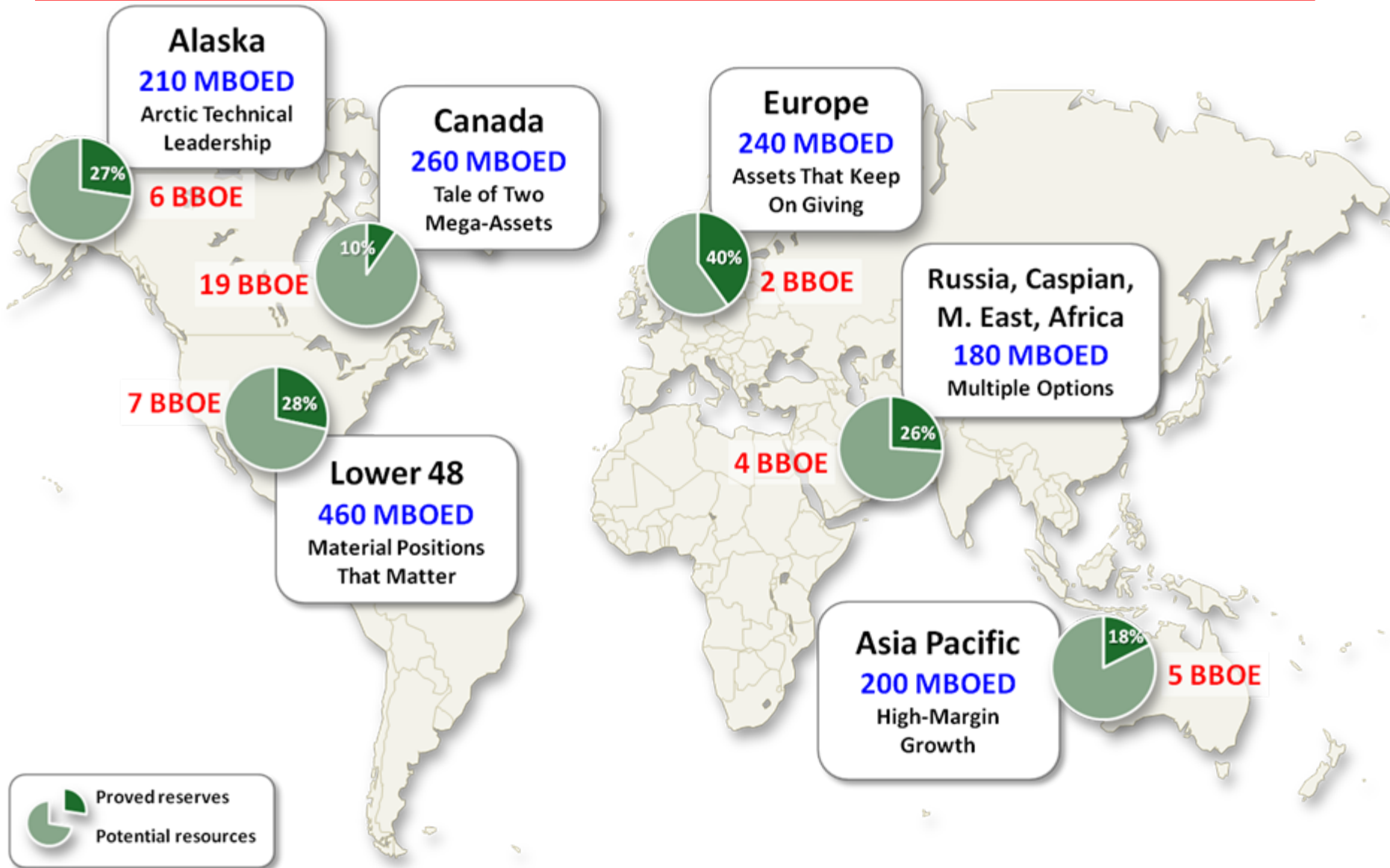
## ▢ Regions overview:

- Lower 48
- Canada
- Alaska
- Europe
- Asia Pacific
- Russia, Caspian, Africa, Middle East

## ▢ Exploration focus:

- North American shale plays
- International shale plays
- Deepwater GOM and Angola
- Conventional North Sea and Caspian
- Arctic Europe and Alaska
- LNG Asia Pacific

# High-Quality, Lower-Risk Upstream Portfolio

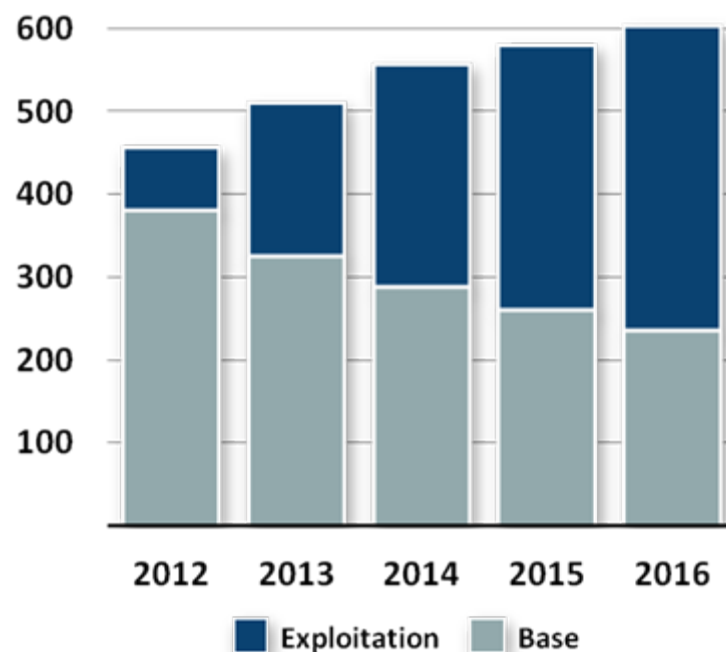


## Lower 48

### Widely recognized leader in onshore shale revolution and expanding footprint in deepwater GOM

- Early mover in new unconventional plays
- Directing capital to high-margin assets: Eagle Ford, Permian, Bakken, Wolfcamp, Avalon and Niobrara
- Minimal capital for dry gas assets, emphasize liquids opportunities within gas assets
- Increase liquids mix from 44% in 2012 to 50%+ in 2016
- Increase cash margins from \$27/BOE in 2012 to \$33/BOE<sup>1</sup> in 2016
- Impact exploration and appraisal deepwater GOM focus: 8 wells planned in 2012 - 2013

Production – MBOED



\$5.4 B annual average capital

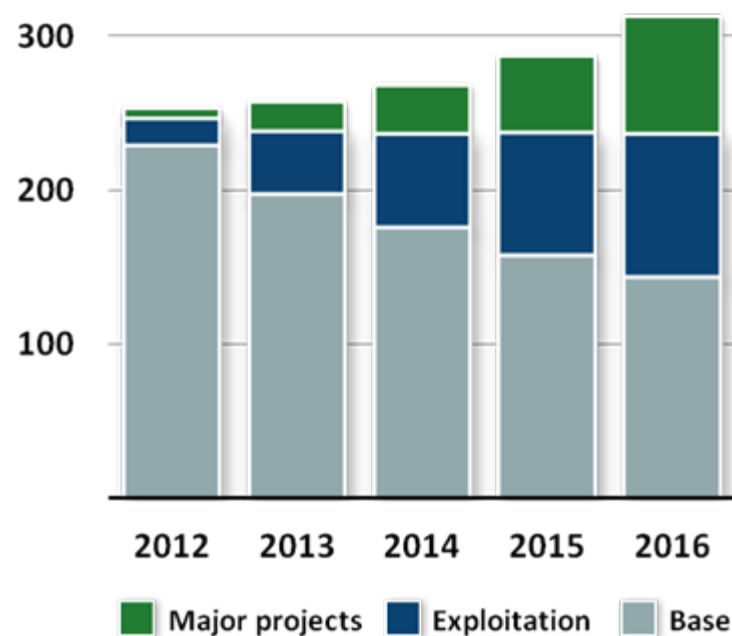
<sup>1</sup> All periods reflect the 2012 price outlook as of March 26 (Brent \$120/bbl, WTI \$107/bbl, Henry Hub \$2.6/mcf)

# Canada

## Premier position in SAGD and large western Canada portfolio with liquids-rich potential

- Portfolio of low-F&D SAGD projects in Foster Creek, Christina Lake and Surmont
- Directing capital to liquids-rich plays including Montney and Duvernay
- Minimal capital for dry gas assets
- Increase liquids mix from 46% in 2012 to 60% in 2016
- Increase cash margins from \$25/BOE in 2012 to \$35/BOE<sup>1</sup> in 2016
- Evaluating opportunities to accelerate Thornbury, Clyden and Saleski
- Progressing the Amauligak arctic project

Production – MBOED

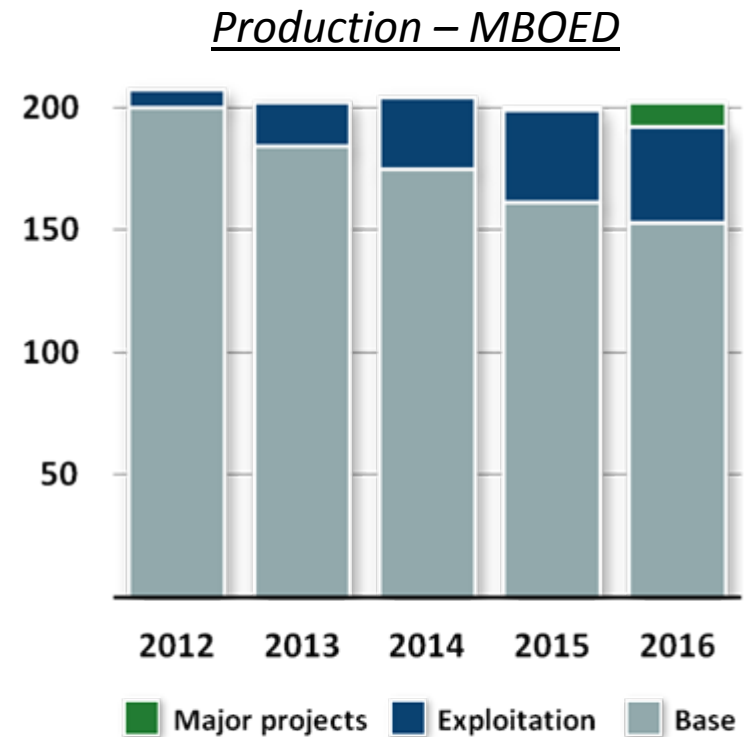


\$2.7 B annual average capital

# Alaska

## Leading oil producer in resource-rich North Slope and recognized leader in arctic technology

- Focus on further developing core assets: Prudhoe, Kuparuk and Alpine
- Significant additional investment opportunities in 2012 - 2021 depend on meaningful tax reform
- Evaluating potential of North Slope heavy oil
- Pursue North Slope gas monetization
- Explore Chukchi Sea; target drilling in 2014

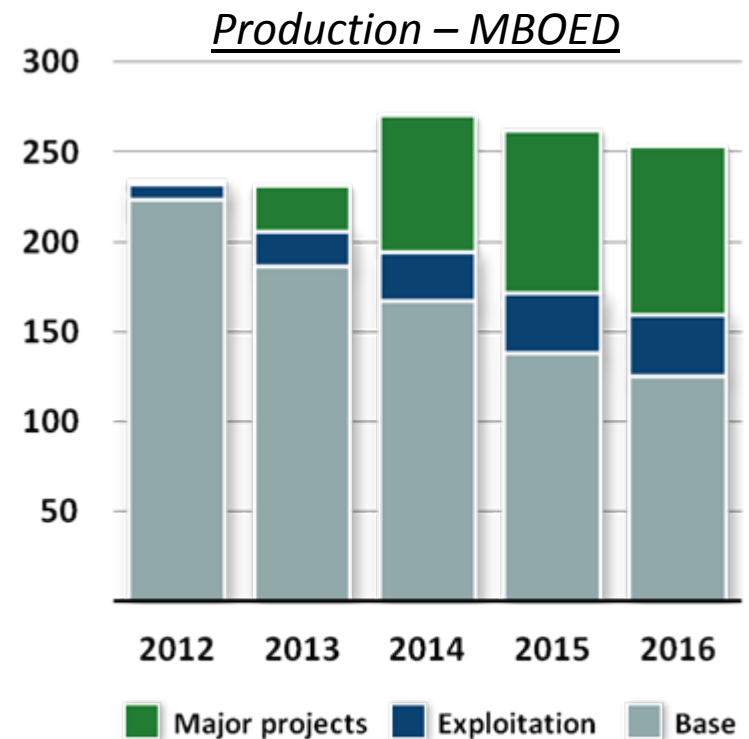


\$1.2 B annual average capital

# Europe

## 40 years experience in high-margin North Sea; 40 more years to go

- Focus on further developing core assets: Greater Ekofisk, J Block, Clair, Britannia, Alvheim and Heidrun
- Execute on near-term, high-return projects: Jasmine, Ekofisk South, Eldfisk II and Clair Ridge
- Advance balanced exploration program
  - Conventional: U.K. North Sea, Lacewing prospect; spud in Q3 2012
  - Arctic: Norwegian Barents Sea, captured acreage on trend with Skrugard discovery; drill in 2013+
  - Unconventional Poland: exercised call option for 70% operated WI in 500 M acre position in Western Baltic Basin

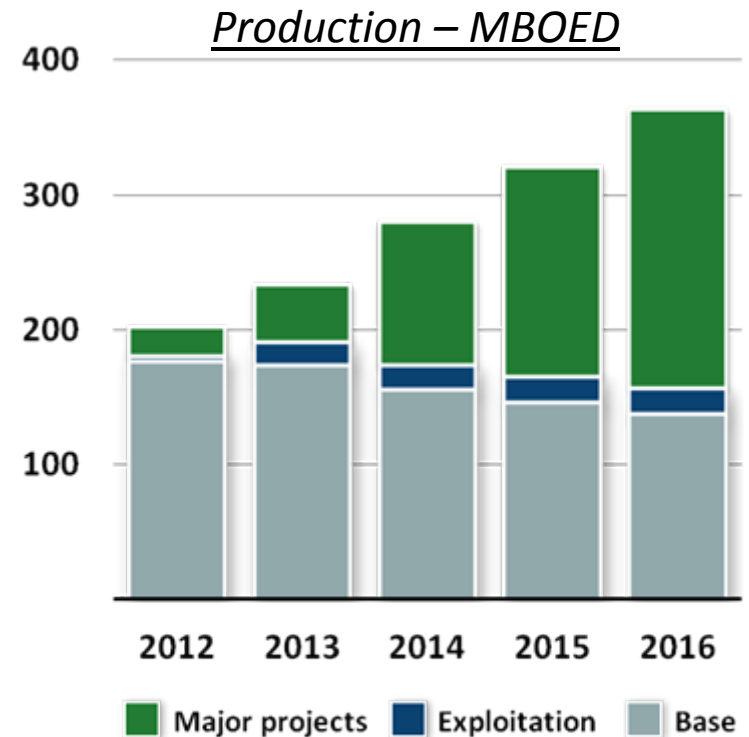


\$2.7 B annual average capital

# Asia Pacific

## Emerging positions in high-value growth markets with renewed focus on exploration

- Focus on further developing assets in China, Indonesia and Australia
- Execute on growth from APLNG and Malaysia
- Explore and appraise Australian Browse Basin
  - Poseidon: 5+ appraisal wells planned for 2012; spud Proteus wildcat in Q3 2012
- Explore Australia unconventional position
  - Option to earn 75% operated WI in 11 MM acres, frontier shale play in Western Australia; 3 wells planned in 2012
- Explore Bangladesh Blocks 10/11
  - 1.4 MM acres in PSC area; completed seismic in early 2012



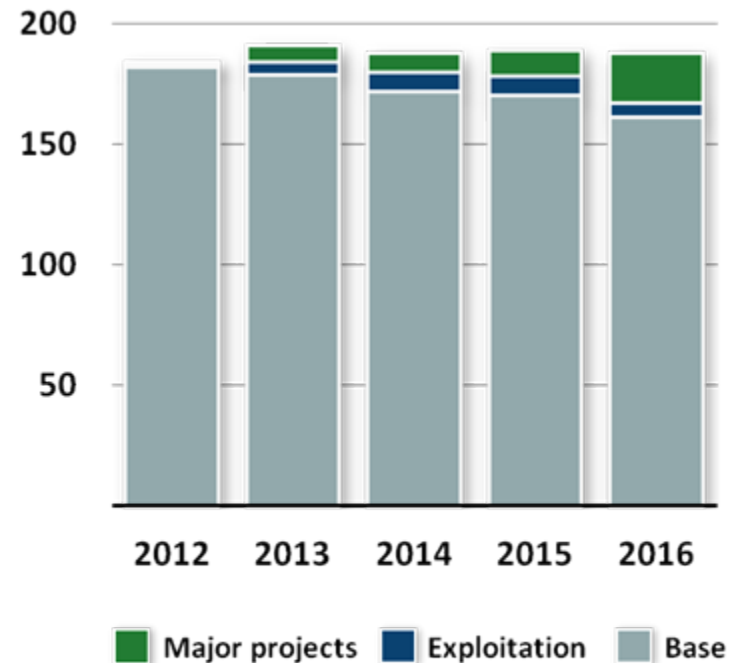
\$2.9 B annual average capital

# Russia/Caspian/Africa/Middle East

## Stable base with exploration options

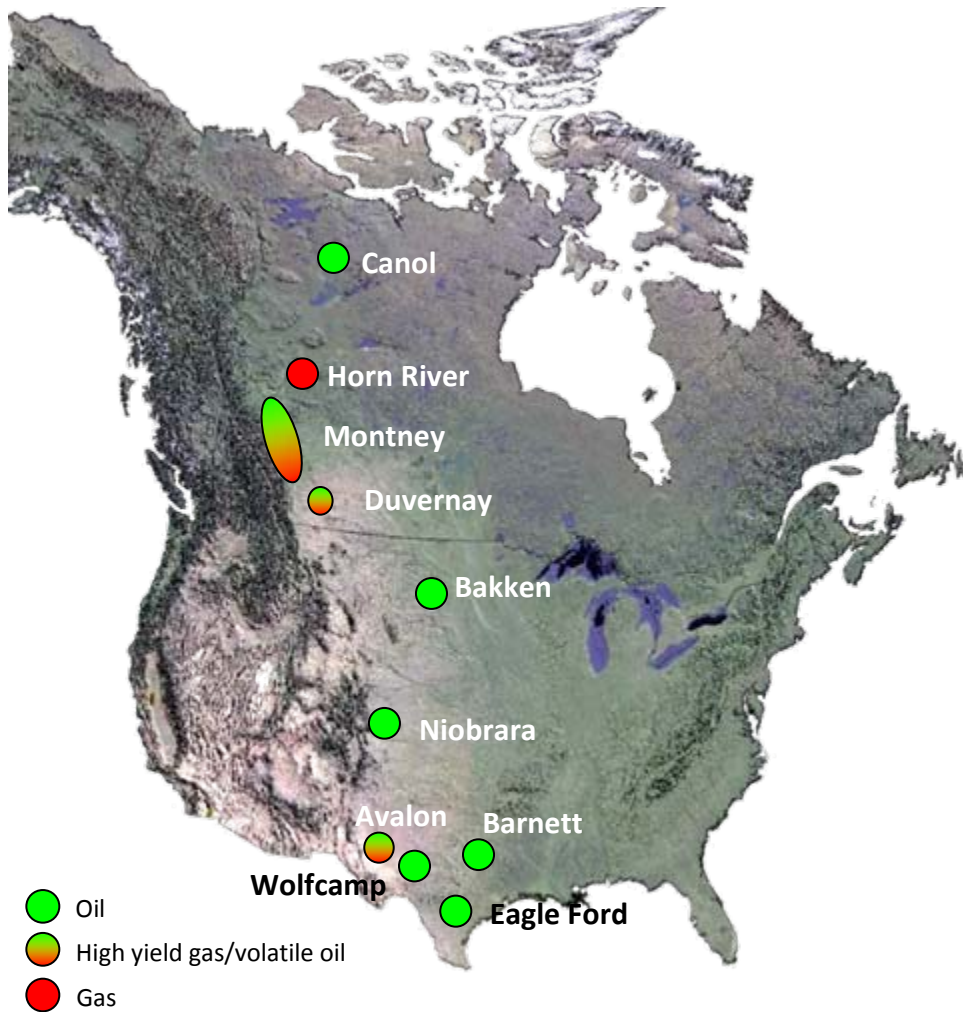
- Efficient operations of all current assets
- Explore in Angola Blocks 36/37
  - 30% operated WI, adjacent to recent Cameia discovery, 3-D seismic commenced; drill in 2013+
- Appraisal of Rak More Discovery
- Pursuing opportunities in Azerbaijan and Turkmenistan
  - Signed JSA to explore onshore Azerbaijan

Production – MBOED



\$0.4 B annual average capital

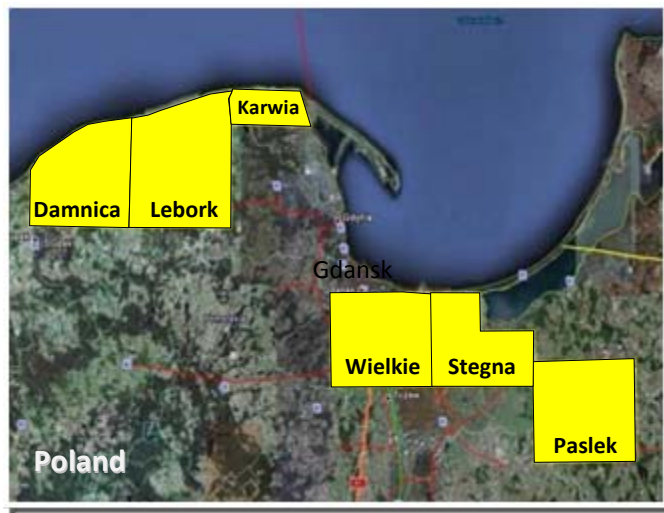
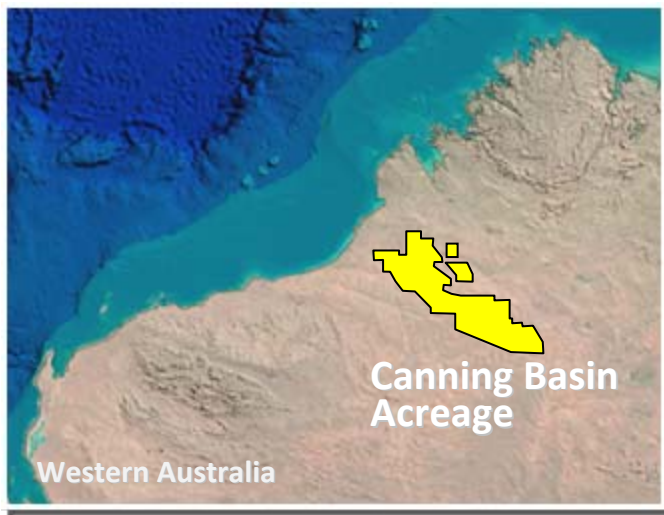
# North American Shale Plays



► Accessing and testing many high-quality, high-value, liquids-rich plays

- Added 600,000 net acres in North America in 2011
- Material working interest in liquids-rich opportunities
- Niobrara, Wolfcamp, Avalon, Canol, Duvernay and others
- 7 shale pilots in 2012
- Additional seismic and appraisal drilling in others

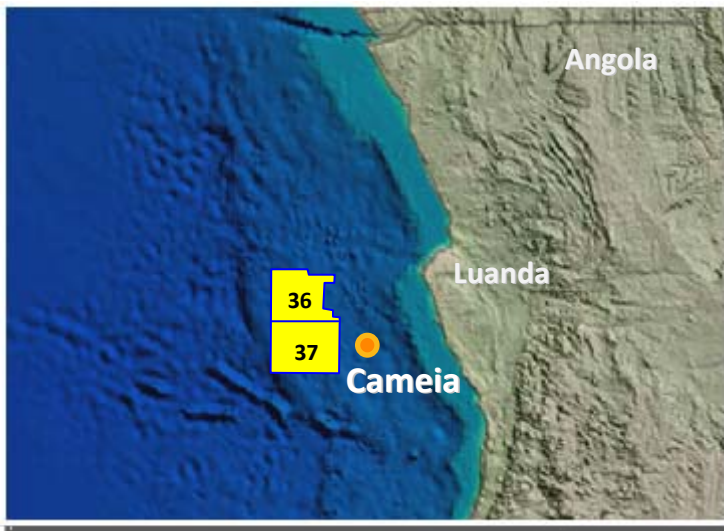
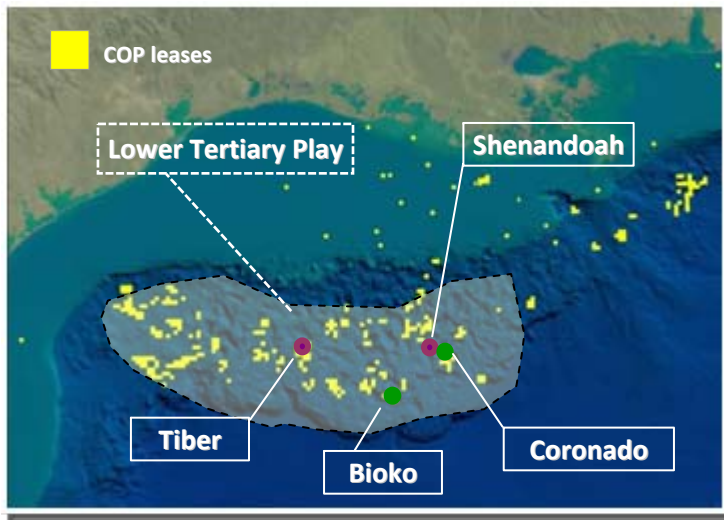
# International Shale Plays



## International shale plays offer low-cost entry for large acreage positions

- Australia
  - Frontier shale play with significant liquids potential
  - Farm-in to New Standard Energy assets (option for 75% WI in 11 MM acres)
  - First phase of program including 3 vertical wells commencing in mid-2012
- Poland
  - Exercised call option for 70% operated WI in 500 M acre position in Western Baltic Basin
  - Call option on remaining 572 M acre position
  - 2 horizontal well tests in 2011
  - Continuing pilot program in 2012
- Other international plays
  - Pursuing other promising shale opportunities

# Deepwater GOM and Angola

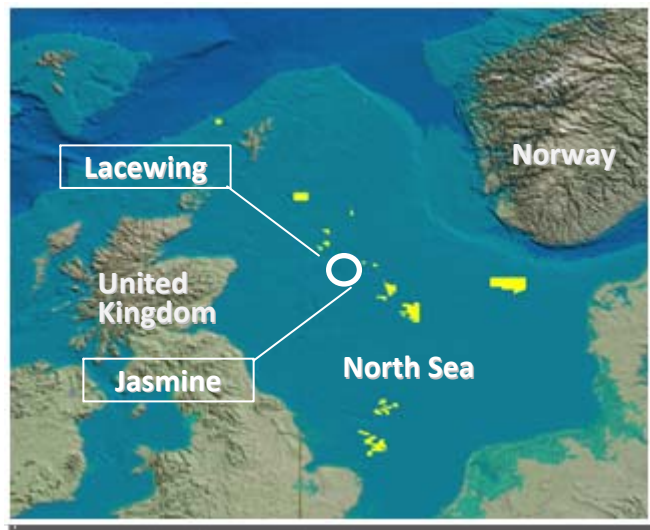


## Portfolio with exploration, appraisal, and new leasing opportunities

- Deepwater Gulf of Mexico
  - 2011/2012 leasing
    - Lease Sale 218, won top block in sale and 75% of blocks sought
    - Central sale in summer 2012
  - 2012 exploration & appraisal drilling
    - 2 wildcats
    - Tiber and Shenandoah appraisals
- Angola Blocks 36/37
  - 2.6 MM net acres
  - 30% WI and operator
  - Recent discoveries confirm exploration potential
  - Commenced seismic in 2012
  - Drilling in 2013+

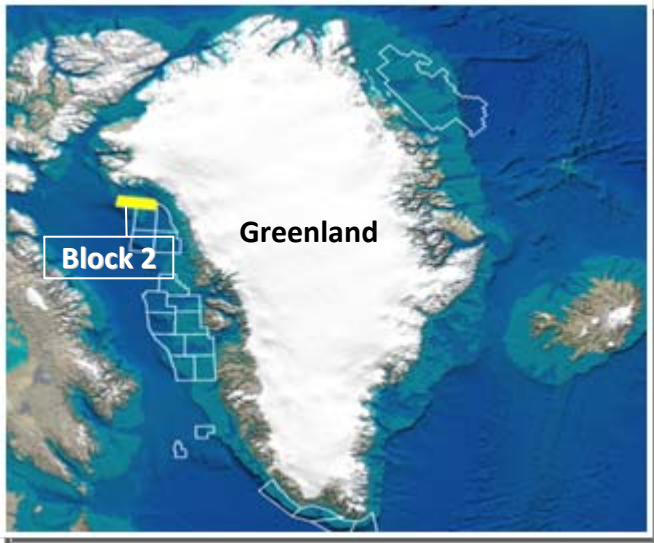
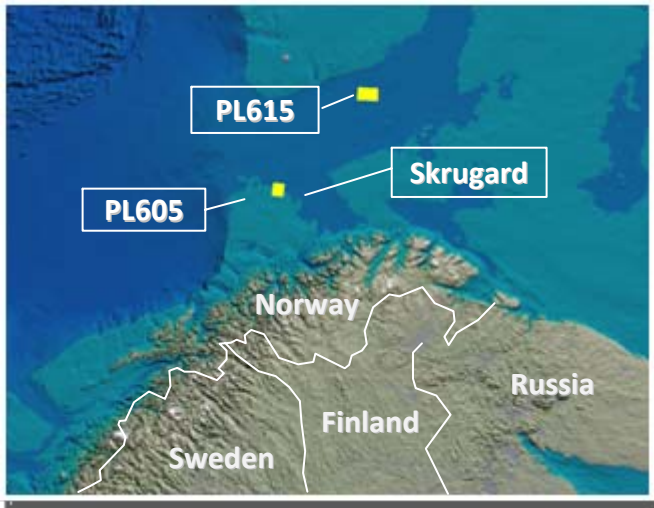
# Conventional North Sea and Caspian

## ➤ Rigorous portfolio high-grading for the best conventional opportunities



- North Sea – Lacewing
  - Blocks 23/21, 23/22a&b
  - 37% operated WI
  - Analogous to recent Jasmine discovery
  - Late 2012 spud
- Caspian Exploration & Appraisal
  - Kazakhstan N Block
    - Rak More seismic and appraisal
  - Onshore Azerbaijan
    - Signed JSA with work program
    - 2013 seismic
  - Pursuing other opportunities in Turkmenistan and Azerbaijan

# Arctic Europe and Alaska

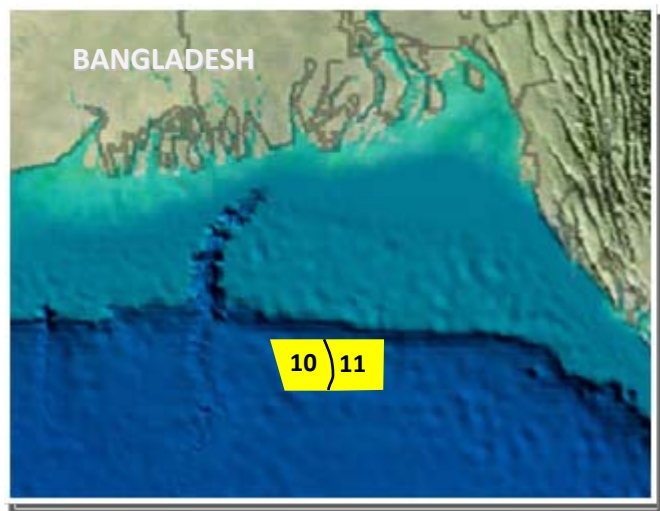
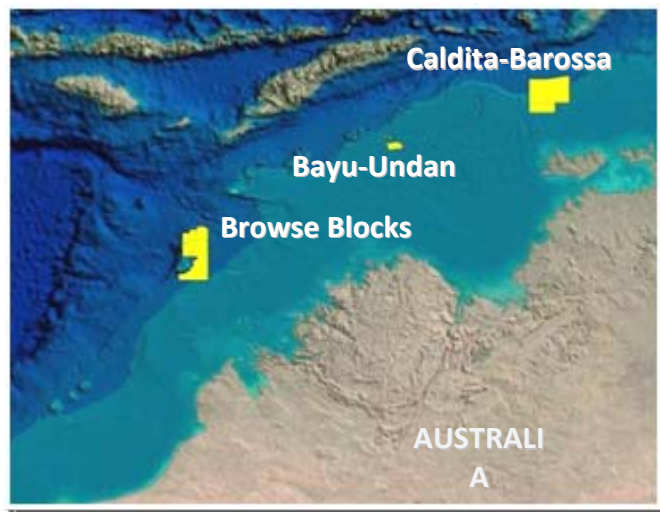


## ► Diverse portfolio avoiding most technically challenging ice conditions

- Barents Sea
  - 151 M net acres
  - PL605 50% operated WI, PL615 25% WI
  - 2011 proprietary high-quality 3-D seismic
  - 2013+ first well
- Greenland
  - Baffin Bay Block 2
    - 1.4 MM net acres
    - 61.25% operated WI
    - 2012 seismic
- Chukchi
  - 2014 well

# LNG Asia Pacific

## ➤ Exploring internationally for high-value gas opportunities



- Browse Basin Blocks WA-315 & 398-P
  - 869 M net acres
  - 60% operated WI in both
  - 2009 Poseidon discovery
  - 2012 5+ wells exploration & appraisal program
- Bangladesh Blocks 10 and 11
  - 1.4 MM net acres
  - 100% operated WI
  - PSC signed Q2 2011
  - Completed seismic Q1 2012

# Abbreviations and Glossary

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- ▶ **3-D:** three dimensional
- ▶ **B:** billion
- ▶ **Base Production:** production from existing infrastructure
- ▶ **BBOE:** billions of barrels oil equivalent
- ▶ **BOE:** barrels of oil equivalent
- ▶ **CAGR:** compound annual growth rate
- ▶ **CFO:** cash from operations
- ▶ **Exploitation:** drilling activity
- ▶ **F&D:** finding and development
- ▶ **GAAP:** generally accepted accounting principles
- ▶ **GOM:** Gulf of Mexico
- ▶ **HPHT:** high pressure, high temperature
- ▶ **JSA:** joint study agreement
- ▶ **LNG:** liquefied natural gas
- ▶ **M:** thousand
- ▶ **MM:** million
- ▶ **MBOED:** thousand of barrels of oil equivalent per day
- ▶ **MMBOED:** millions of barrels of oil equivalent per day
- ▶ **MMBOE:** millions of barrels of oil equivalent
- ▶ **MTPA:** millions of tonnes per annum
- ▶ **OECD:** organization for economic co-operation and development
- ▶ **PSC:** production sharing contract
- ▶ **SAGD:** steam-assisted gravity drainage
- ▶ **TSR:** total shareholder return
- ▶ **WI:** working interest
- ▶ **WTI:** West Texas Intermediate

# COP Non GAAP Reconciliation

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## Return on Capital Employed (ROCE)

\$ Millions except as indicated

	2011
<b>Upstream estimated ROCE earnings</b>	<b>\$ 9,174</b>
E&P segment special items	(1,047)
Non-E&P segment ROCE earnings	255
<b>E&amp;P segment GAAP ROCE earnings</b>	<b>8,382</b>
Less: E&P segment after-tax interest expense	79
E&P segment net income	<b>\$ 8,303</b>
<b>Upstream estimated average capital employed</b>	<b>\$ 57,949</b>
Non-E&P estimated average capital employed	1,062
<b>E&amp;P segment GAAP average capital employed</b>	<b>\$ 59,011</b>
Upstream ROCE ( <i>percent</i> )	15.8%
E&P segment GAAP ROCE ( <i>percent</i> )	14.2%

# COP Non GAAP Reconciliation

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## Return on Capital Employed (ROCE)

\$ Millions except as indicated

	2010	2011
<b><i>Numerator:</i></b>		
E&P segment net income	\$ 9,251	\$ 8,303
After-tax interest expense	91	79
<b>E&amp;P segment GAAP ROCE earnings</b>	<b>9,342</b>	<b>8,382</b>
Less: E&P segment special items	2,444	(1,047)
<b>E&amp;P segment adjusted ROCE earnings</b>	<b>\$ 6,898</b>	<b>\$ 9,429</b>
<b><i>Denominator:</i></b>		
<b>E&amp;P segment GAAP average capital employed</b>	<b>\$58,511</b>	<b>\$59,011</b>
ROCE ( <i>percent</i> )	11.8%	16.0%
GAAP ROCE ( <i>percent</i> )	16.0%	14.2%