



# Fourth-Quarter 2013 CONFERENCE CALL

**Ryan Lance, Chairman & CEO**  
**Jeff Sheets, EVP, Finance & CFO**  
**Matt Fox, EVP, Exploration & Production**

Jan. 30, 2014

## Cautionary Statement

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; 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.



# 2013 Highlights

## Operational

- Met production target for the year; achieved 179% organic RRR<sup>1</sup>
- Growth from major project startups and development programs
- Three deepwater successes in GOM

## Financial

- \$7.1 B adjusted earnings, \$5.70 adjusted EPS
- \$15.8 B CFO; \$6.5 B ending cash<sup>2</sup>
- Visible cash margin improvement

## Strategic

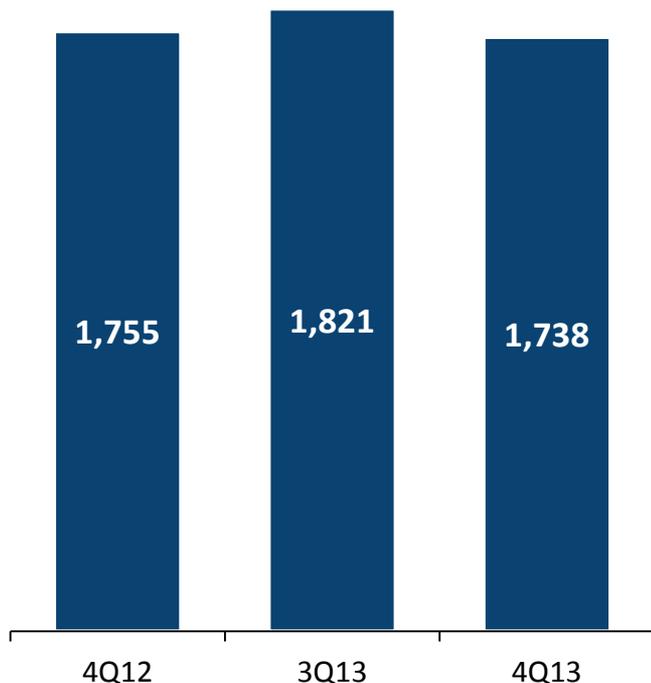
- Closed 2013 dispositions for proceeds of \$10.2 B
- Increased dividend by 4.5% in 3Q13
- Delivered strong total shareholder returns

<sup>1</sup>RRR represents reserve replacement ratio.

<sup>2</sup>Cash from continuing operations (CFO) was \$15.8 B; ending cash includes cash and cash equivalents of \$6.2 B and short-term investments of \$0.3 B.

# 4Q13 Performance – Adjusted Earnings

**Adjusted Earnings (\$MM)**



## Highlights

- Weaker liquids pricing environment in the quarter; stronger North American gas realizations
- Production volumes impacted by Libya curtailment and weather
- 4Q13 benefited from changes in tax estimates and FX-related tax impacts

## 4Q13 Adjusted Earnings (\$MM)

Alaska	\$555
Lower 48 & Latin America	\$203
Canada	\$67
Europe	\$330
Asia Pacific & Middle East	\$856
Other International	(\$32)
Corporate & Other	(\$241)
<b>Total</b>	<b>\$1,738</b>

**Adjusted EPS (\$)**

**\$1.43**

**\$1.47**

**\$1.40**

**Average Realized Price (\$/BOE)**

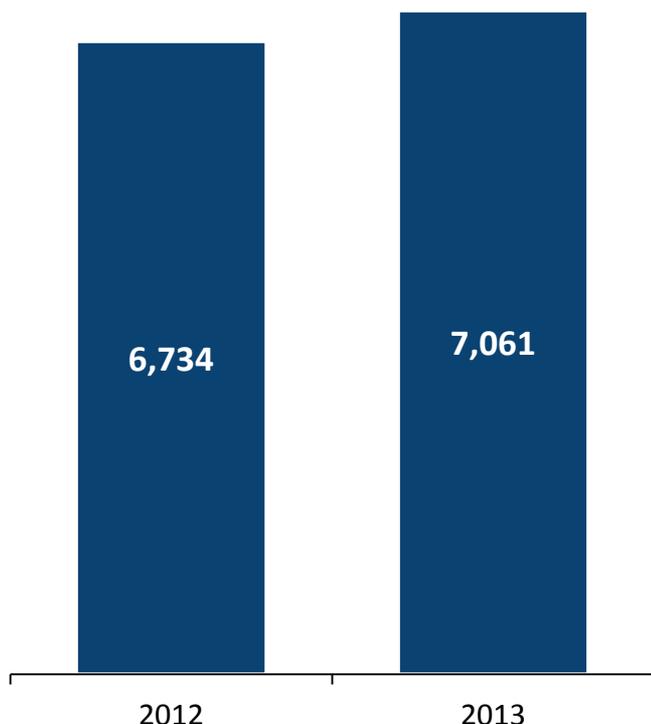
**\$67.45**

**\$69.68**

**\$65.41**

# 2013 Annual Performance – Adjusted Earnings

**Adjusted Earnings (\$MM)**



## Highlights

- FY13 adjusted earnings increased 5% vs. FY12
- Margins growing with portfolio shift
- Met production expectations for 2013; set for growth in 2014

## 2013 Adjusted Earnings (\$MM)

Alaska	\$2,177
Lower 48 & Latin America	\$784
Canada	\$162
Europe	\$1,223
Asia Pacific & Middle East	\$3,502
Other International	(\$6)
Corporate & Other	(\$781)
<b>Total</b>	<b>\$7,061</b>

**Adjusted EPS (\$)**

**\$5.37**

**\$5.70**

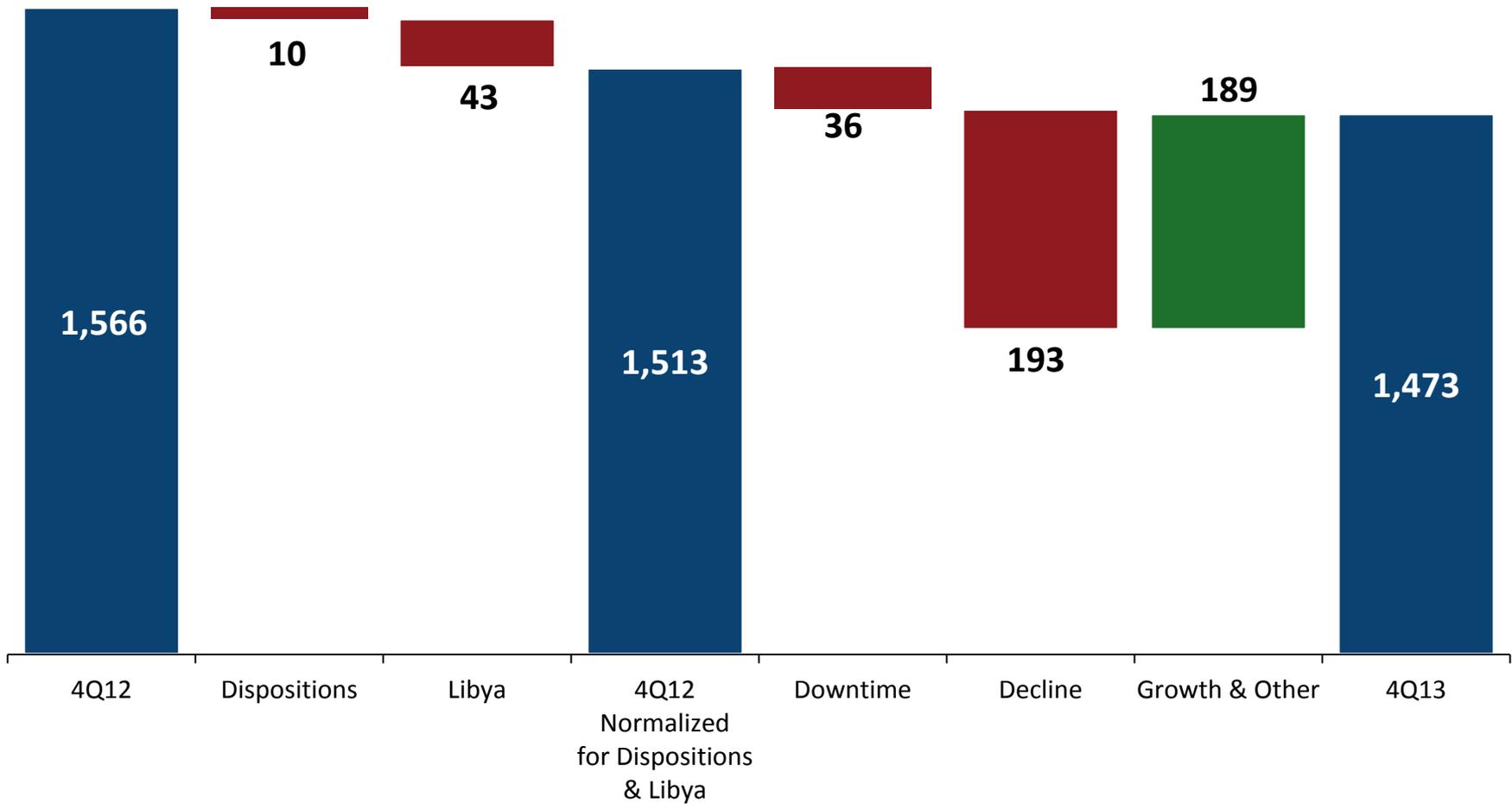
**Average Realized Price (\$/BOE)**

**\$67.68**

**\$67.62**

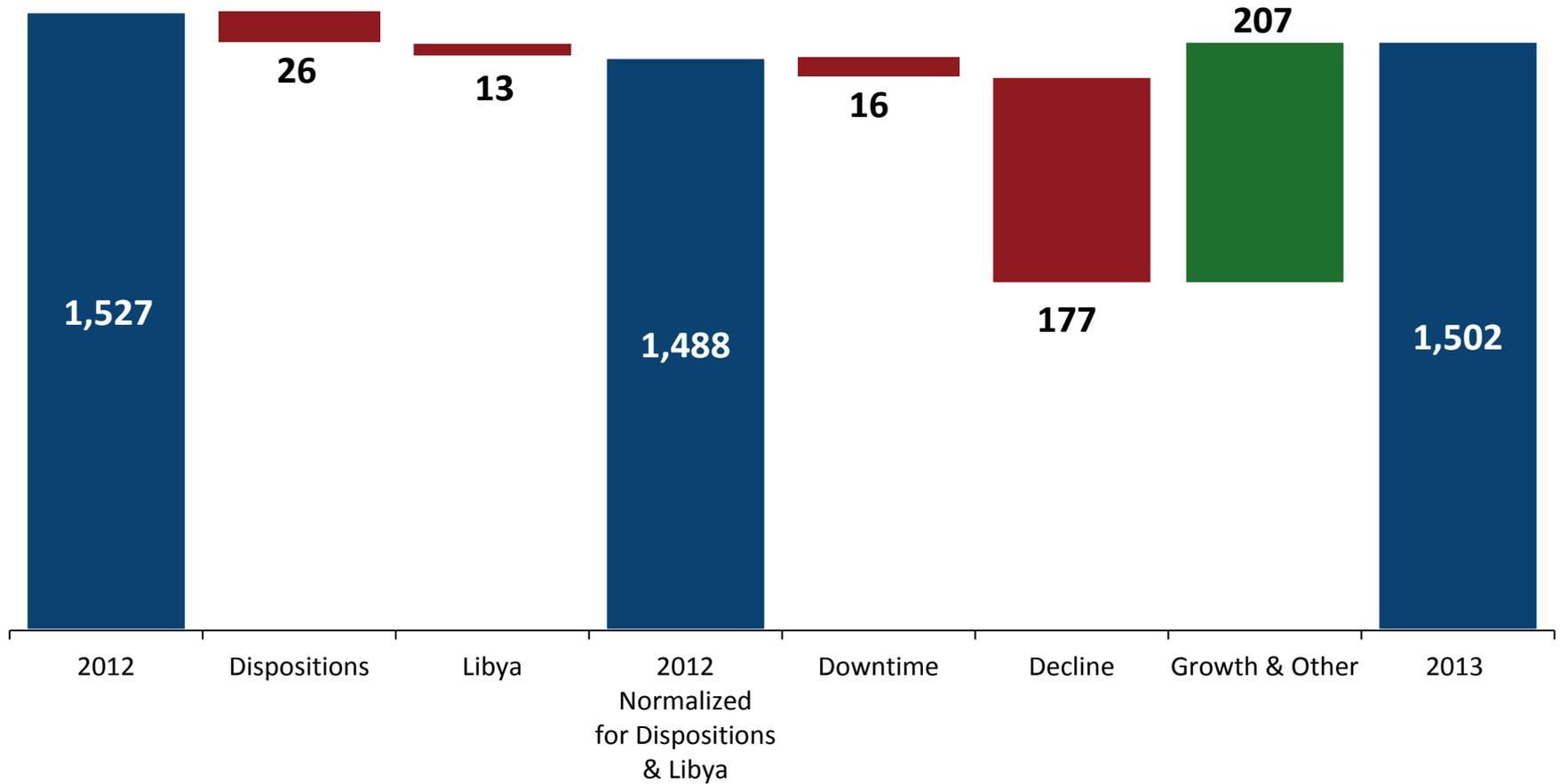
# 4Q13 Production From Continuing Operations

**MBOED**



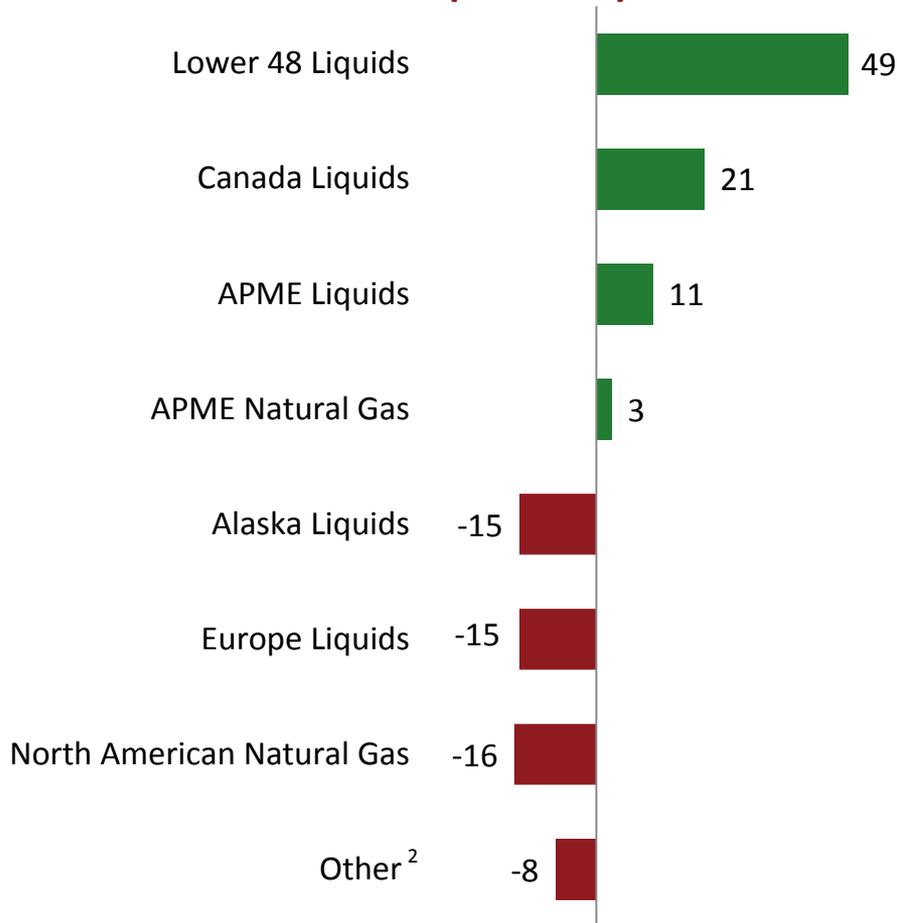
# 2013 Growth From Continuing Operations

**MBOED**



# Growth In Higher-Margin Production

## 2013 vs. 2012 Production <sup>1</sup> (MBOED)



Total: +30 MBOED

➤ Growth comes from areas with higher margins than the company average

➤ Significant growth in North American liquids

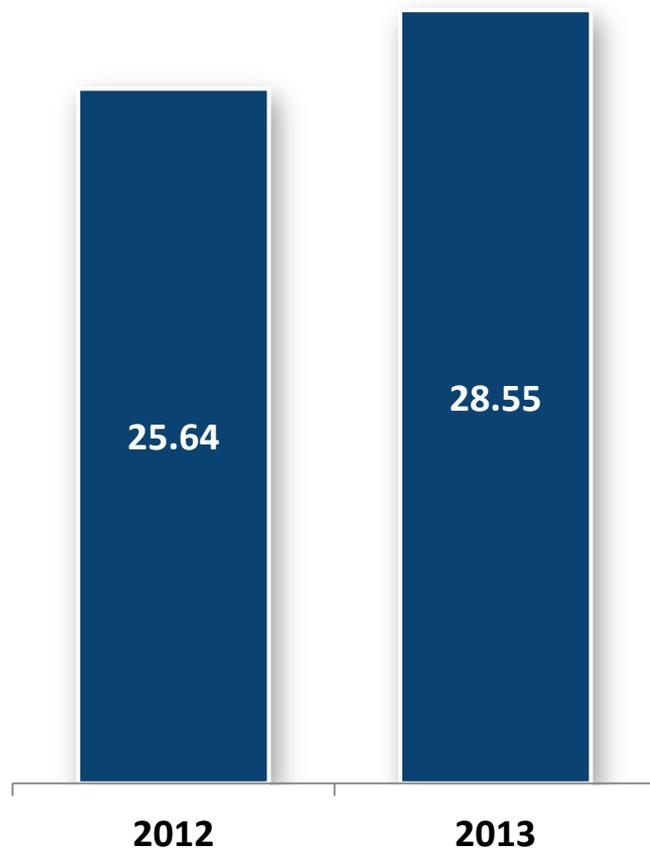
➤ Alaska and Europe liquids and North American natural gas impacted by normal field decline

<sup>1</sup> Continuing operations adjusted for dispositions, Libya and downtime.

<sup>2</sup> Includes Europe and Other International natural gas.

# 2013 Performance – Cash Margin Improvement

**Cash  
Margin  
(\$/BOE)**



**Price  
Normalized  
Cash Margin  
(\$/BOE) <sup>1</sup>**



**Average  
Realized Price  
(\$/BOE)**

**\$67.68**

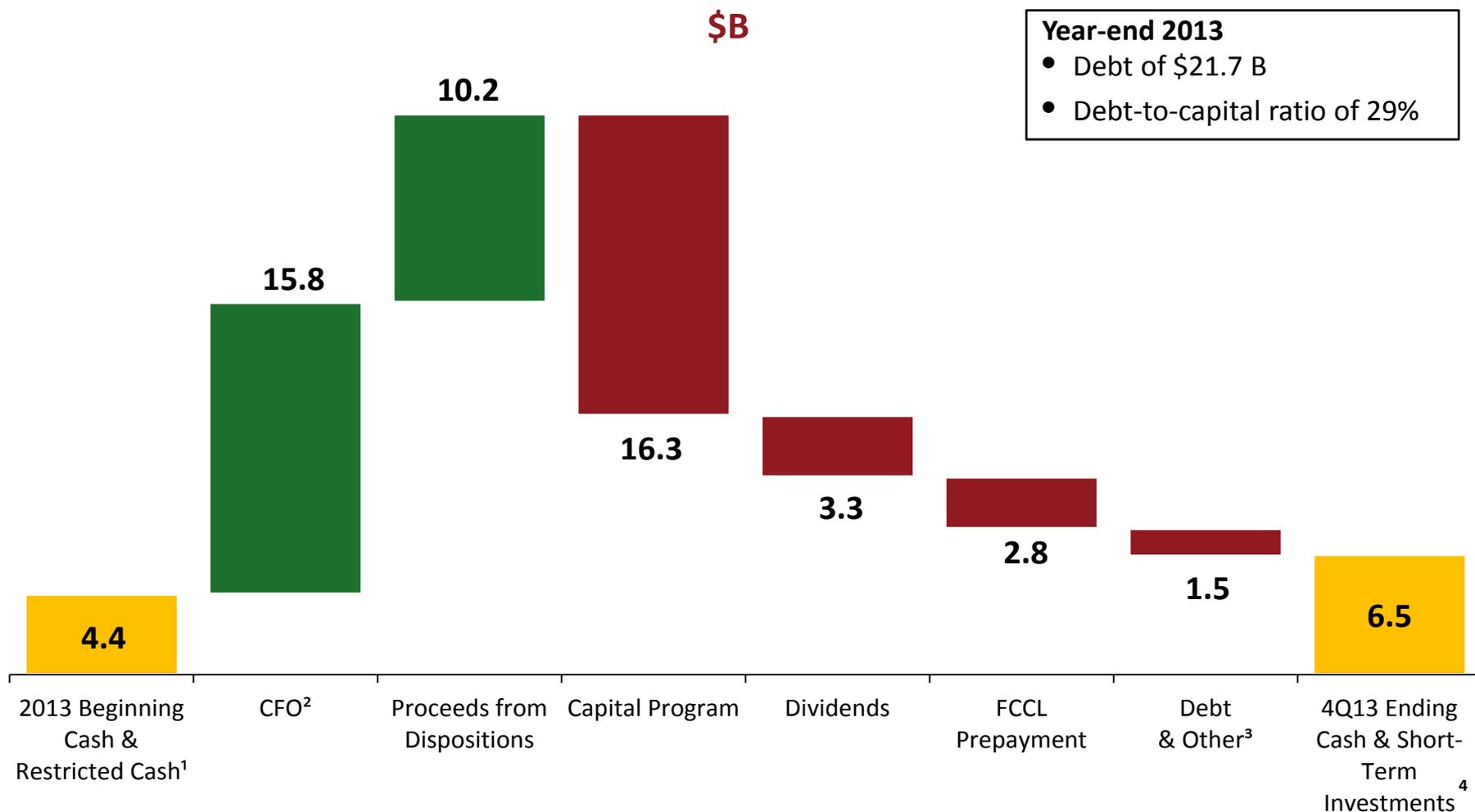
**\$67.62**

**Price Normalized Based On 2012  
WTI \$94 / Brent \$112 / HH \$2.79**

Operating segments only. Numbers have been adjusted for special items. A reconciliation is available in the appendix.

<sup>1</sup> Price normalized using published sensitivities.

# 2013 Performance – Company Cash Flow



<sup>1</sup> Beginning cash and restricted cash include cash and cash equivalents of \$3.62 B and restricted cash of \$0.75 B.

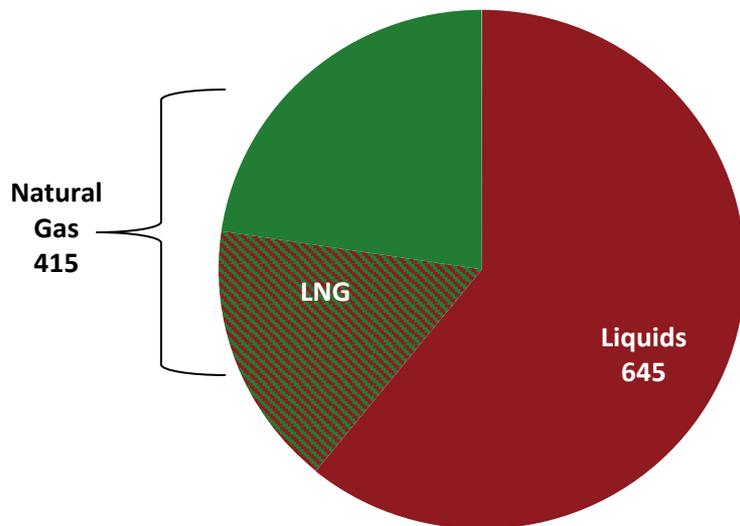
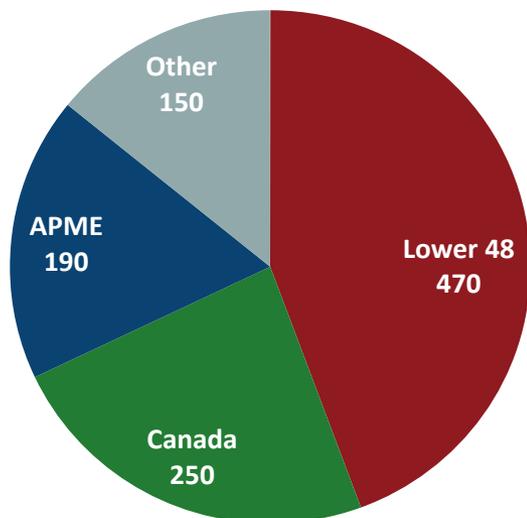
<sup>2</sup> The impact of working capital was \$0.0 B.

<sup>3</sup> Includes discontinued operations.

<sup>4</sup> Ending cash and short-term investments include cash and cash equivalents of \$6.2 B and short-term investments of \$0.3 B.

# 2013 Reserve Replacement

## Reserve Additions (MMBOE)<sup>1</sup>



- Year-end reserves of 8.9 BBOE
  - Organic reserve replacement ratio of 179%
  - Total reserve replacement ratio of 147%; asset sales reduced reserves by 188 MMBOE
- Organic reserve additions of approximately 1.1 BBOE, primarily from:
  - Eagle Ford and Bakken in the Lower 48
  - Oil sands and western Canada
  - APLNG
- Reserve additions approximately 75 percent from liquids-priced products
  - Approximately 60 percent from liquids
  - Approximately 15 percent from natural gas reserve additions tied to liquids-pricing through LNG

<sup>1</sup> Reserve additions are approximate numbers.

## Nabors 7ES at Kuparuk



## 4Q 2013 Highlights

- Applied for new LNG export license for Kenai plant
- Construction ramping up for CD5
- Projects progressing at Drill Site 2S and Greater Moose's Tooth 1

## Full-Year 2013 Highlights

- Successfully completed major turnarounds at Kuparuk and Prudhoe
- New rig added at Kuparuk
- Initiated additional development activity after passage of MAPA

## What to Watch in 2014

- Major turnaround expected at Prudhoe
- Ongoing development activity at Kuparuk
- Continuing major project activity on CD5, Drill Site 2S and Greater Moose's Tooth 1
- Drilling 2 exploration wells in the NPR-A
- Additional progress on AK LNG project

# Lower 48 and Latin America

## Bakken



## Full-Year 2013 Highlights

- ▶ Production up 7% year-over-year; 24% increase in crude oil
- ▶ Major growth in unconventional plays
- ▶ Continued to drill and test in Permian and Niobrara with encouraging results
- ▶ Deepwater GOM success at Coronado, Gila and Shenandoah

## 4Q 2013 Highlights

- ▶ Winter weather impacted production
- ▶ Achieved peak production rate of 141 MBOED in Eagle Ford; 43 MBOED in Bakken
- ▶ Discovery at Gila; ongoing appraisal at Tiber and Coronado; exploration drilling at Deep Nansen

## What to Watch in 2014

- ▶ Continuing growth in Eagle Ford and Bakken
- ▶ Increasing unconventional activity in Permian, Niobrara and Colombia
- ▶ Continuing exploration and appraisal in deepwater GOM

## Surmont



## 4Q 2013 Highlights

- ▶ Production at Christina Lake Phase E ramping up
- ▶ Increased development activity in western Canada
- ▶ Winter drilling program underway

## Full-Year 2013 Highlights

- ▶ Production up 1% year-over-year; 13% increase in liquids
- ▶ Strong performance at Christina Lake
- ▶ Construction over 60% complete at Surmont Phase 2
- ▶ Progress on drilling programs

## What to Watch in 2014

- ▶ Continuing development drilling and unconventional exploration activity in western Canada
- ▶ Foster Creek Phase F on track for first production in 3Q14
- ▶ Progressing Surmont Phase 2 project with first steam expected mid-2015

## Jasmine



## 4Q 2013 Highlights

- ▶ Winter weather impacted North Sea production
- ▶ Planned turnarounds completed at Clair
- ▶ Spud Lublewo LEP-1 well in Poland
- ▶ Ekofisk South and Jasmine first production

## Full-Year 2013 Highlights

- ▶ Completed major turnarounds at Greater Ekofisk, J-Area and Clair
- ▶ Continued progress on additional major projects
- ▶ Awarded 4 licenses in the Barents Sea

## What to Watch in 2014

- ▶ Ekofisk South, Jasmine and East Irish Sea ramp up
- ▶ Startup expected at Britannia Long-Term Compression in 3Q14; final preparations for Eldfisk II startup by early 2015
- ▶ Drilling in the Barents Sea and continuing to appraise in Poland

# Asia Pacific and Middle East

## APLNG at Curtis Island



## 4Q 2013 Highlights

- ▶ Planned turnaround completed at Qatargas 3
- ▶ Obtained operatorship and 100% WI in Palangkaraya PSC in Indonesia
- ▶ Qijiang Block seismic acquisition completed in China

## Full-Year 2013 Highlights

- ▶ Progress SNP and Gumusut toward startup
- ▶ Significant progress at APLNG reaching ~60% project completion
- ▶ Proteus-1 gas discovery in Browse Basin

## What to Watch in 2014

- ▶ SNP and Gumusut first oil expected 1H14; KBB on target for first gas in late 2014
- ▶ Progressing APLNG project with first LNG expected mid-2015
- ▶ Continuing appraisal offshore Australia
- ▶ Expect to begin drilling in Palangkaraya in late 2014

## Operational

- Continued ramp up of unconventional drilling programs
- Growth from major projects
- Exploration momentum continues

## Financial

- Ongoing margin improvement
- Focus on improving financial returns
- Committed to compelling dividend

## Strategic

- Focus on executing our current plan
- Positioning for long-term success
- Delivering on value proposition

  
**ConocoPhillips**

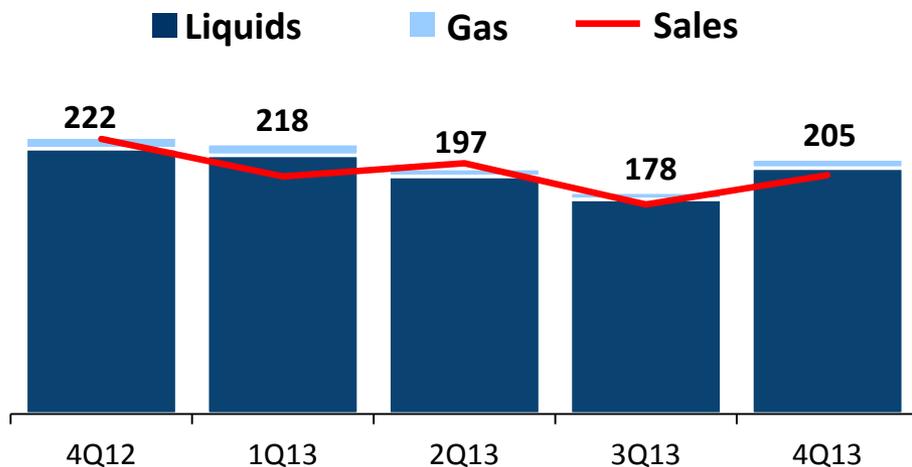


**Q&A**



# APPENDIX

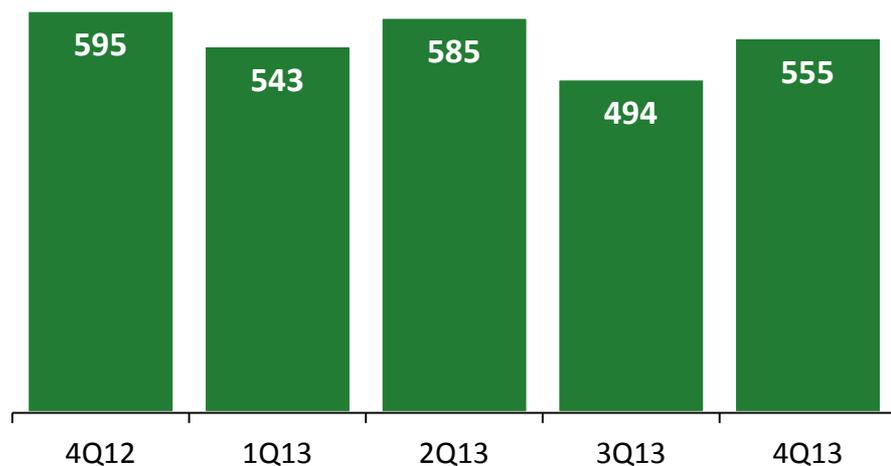
## Production (MBOED)



## Realized Prices

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Crude (\$/Bbl)	\$107	\$111	\$106	\$111	\$104

## Adjusted Earnings (\$MM)

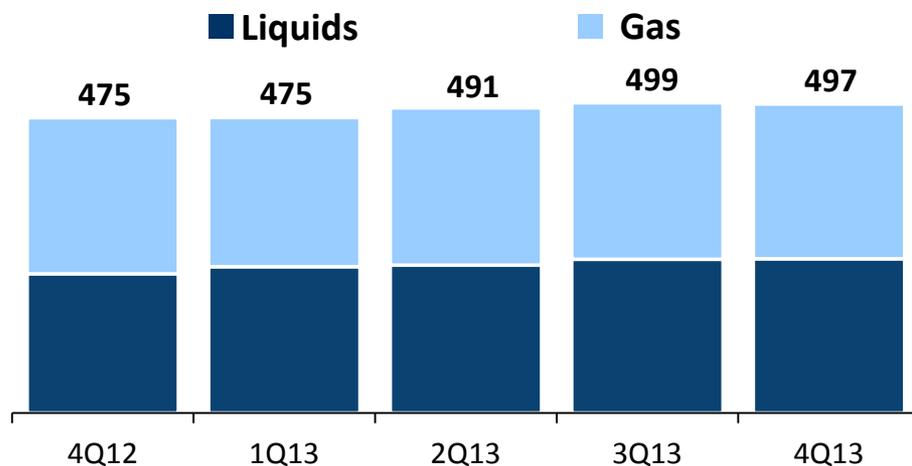


## Highlights

- ▶ Production benefit from completion of the summer turnaround and maintenance programs
- ▶ Annual decline mitigated to 6.6%
- ▶ Increasing investment as a result of More Alaska Production Act

# Lower 48 and Latin America

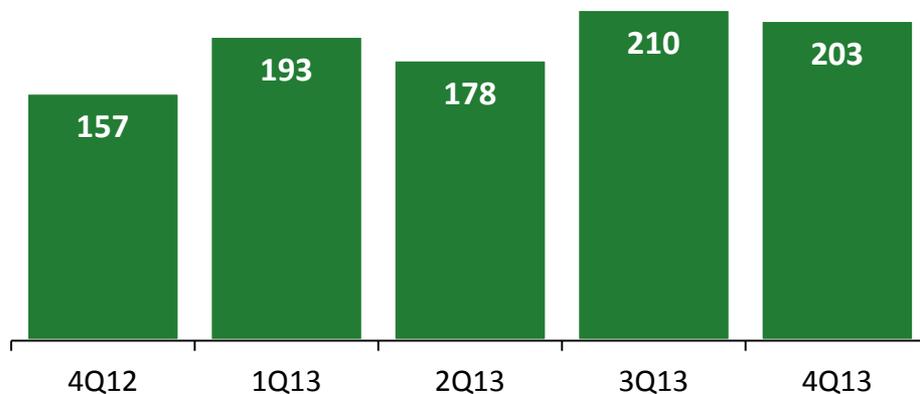
## Production (MBOED)



## Realized Prices

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Crude (\$/Bbl)	\$89	\$94	\$94	\$100	\$88
NGL (\$/Bbl)	\$31	\$30	\$29	\$33	\$34
Nat Gas (\$/Mcf)	\$3.24	\$3.19	\$3.85	\$3.39	\$3.55

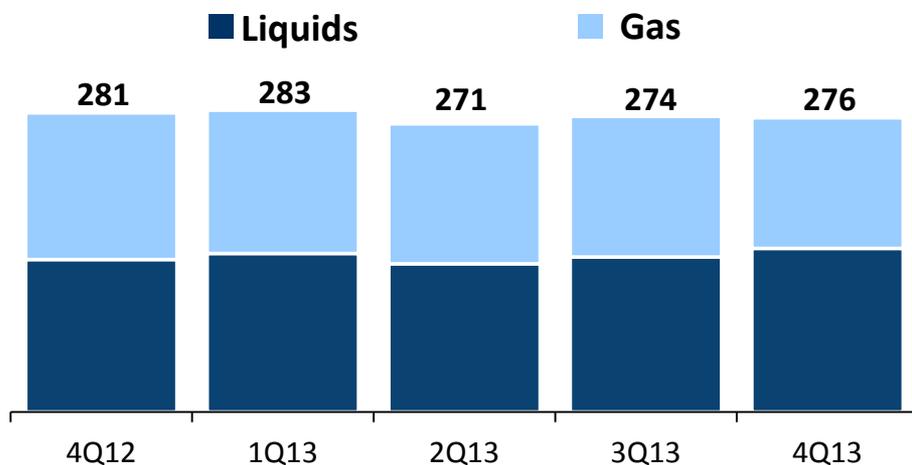
## Adjusted Earnings (\$MM)



## Highlights

- 17% increase in FY13 liquids production vs. FY12
  - 4Q13 negatively impacted by weather
- Lower crude realizations and wider differentials
  - 90% of WTI in 4Q13 vs. 101% in 4Q12
- Approximately \$50MM 4Q13 earnings benefit from changes in tax estimates

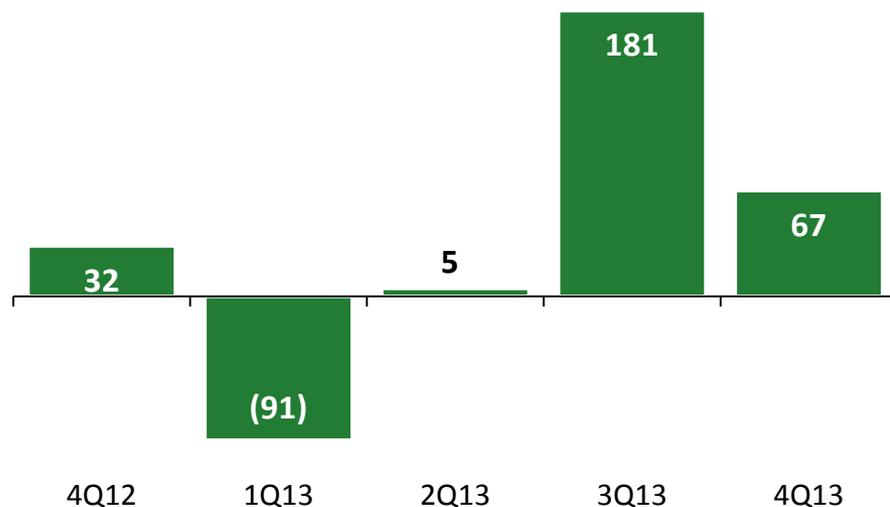
## Production (MBOED)



## Realized Prices

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Crude (\$/Bbl)	\$78	\$73	\$81	\$92	\$73
Bitumen (\$/Bbl)	\$48	\$39	\$56	\$76	\$44
Nat Gas (\$/Mcf)	\$2.92	\$2.89	\$3.28	\$2.42	\$3.09

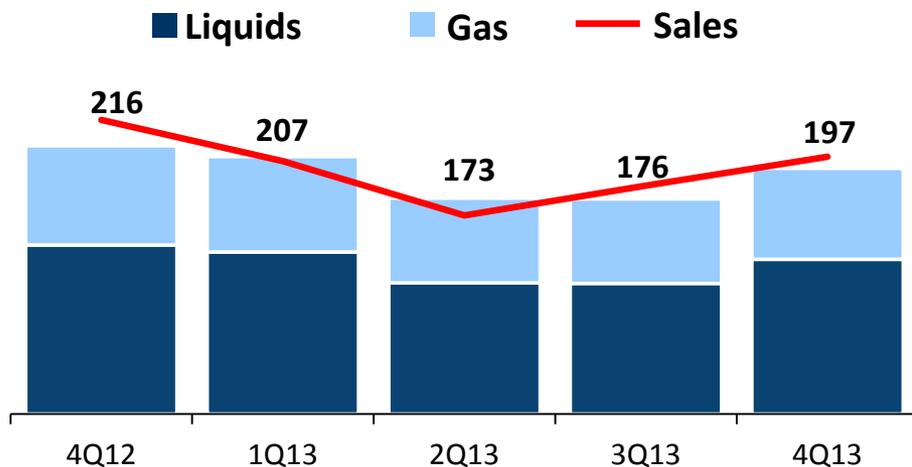
## Adjusted Earnings (\$MM)



## Highlights

- FY13 liquids production grew 13% vs. FY12
- Lower bitumen realizations and wider differentials in 4Q13
- 4Q13 earnings benefited approximately \$50MM from an FCCL IFRS depreciation adjustment

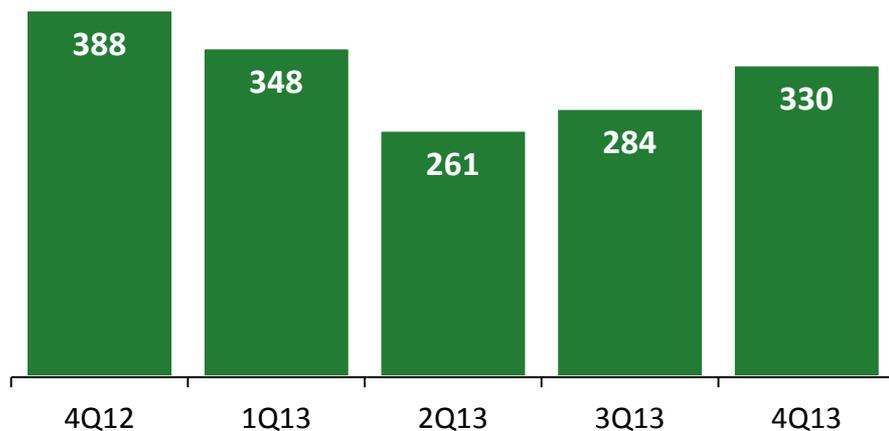
## Production (MBOED)



## Realized Prices

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Crude (\$/Bbl)	\$112	\$114	\$103	\$112	\$111
Nat Gas (\$/Mcf)	\$10.56	\$10.81	\$10.26	\$10.48	\$11.11

## Adjusted Earnings (\$MM)

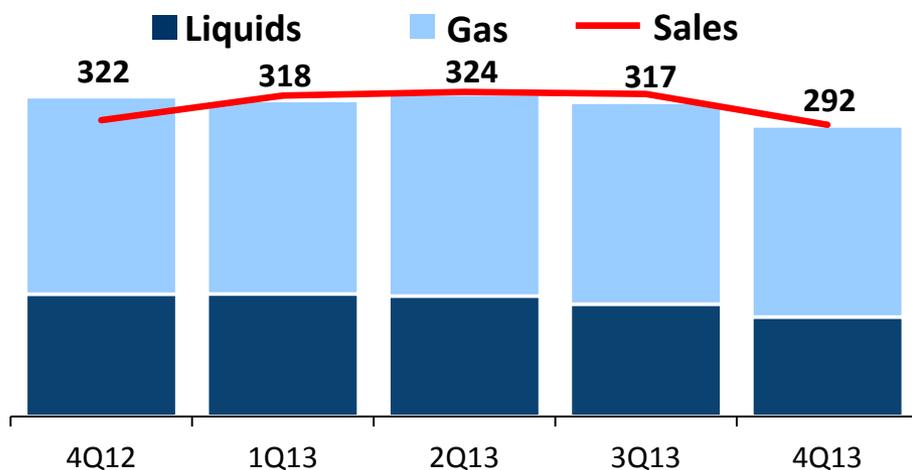


## Highlights

- Sequential growth reflects resumption of production from 3Q13 turnarounds
- Ekofisk South and Jasmine contributed 7 MBOED in 4Q13
- Weather negatively impacted 4Q13 production

# Asia Pacific and Middle East

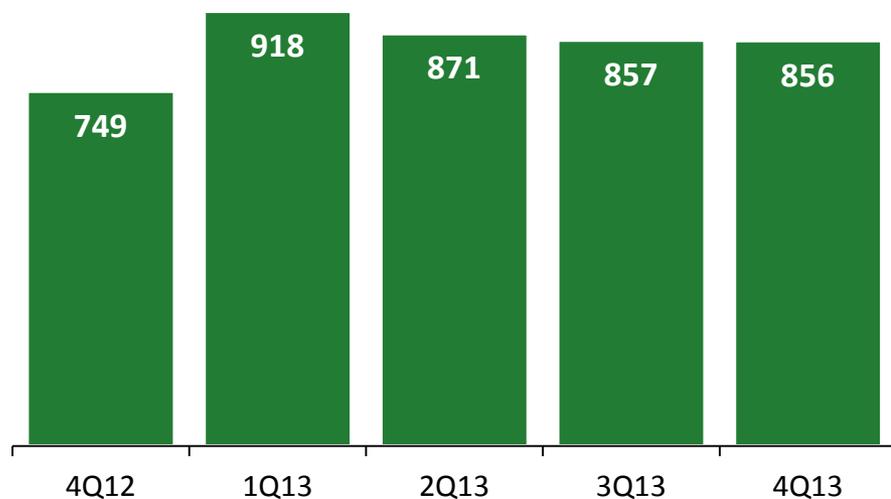
## Production (MBOED)



## Realized Prices<sup>1</sup>

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Crude (\$/Bbl)	\$103	\$109	\$98	\$105	\$106
Nat Gas (\$/Mcf)	\$10.15	\$11.20	\$10.62	\$10.81	\$9.83

## Adjusted Earnings (\$MM)



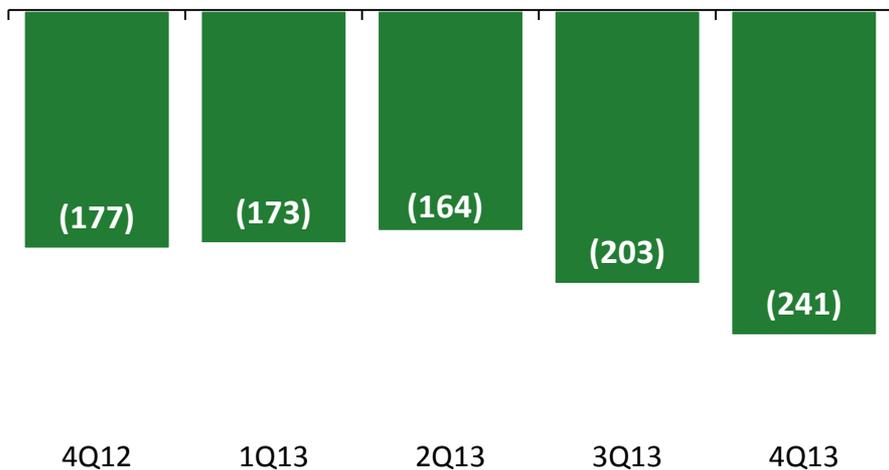
## Highlights

- 4Q13 turnaround at QG3 negatively impacted production
- 4Q13 earnings benefit approximately \$85MM from FX-related tax impacts and \$45MM from changes in tax estimates

<sup>1</sup> Realized prices are for consolidated operations only.

# Corporate and Other Guidance

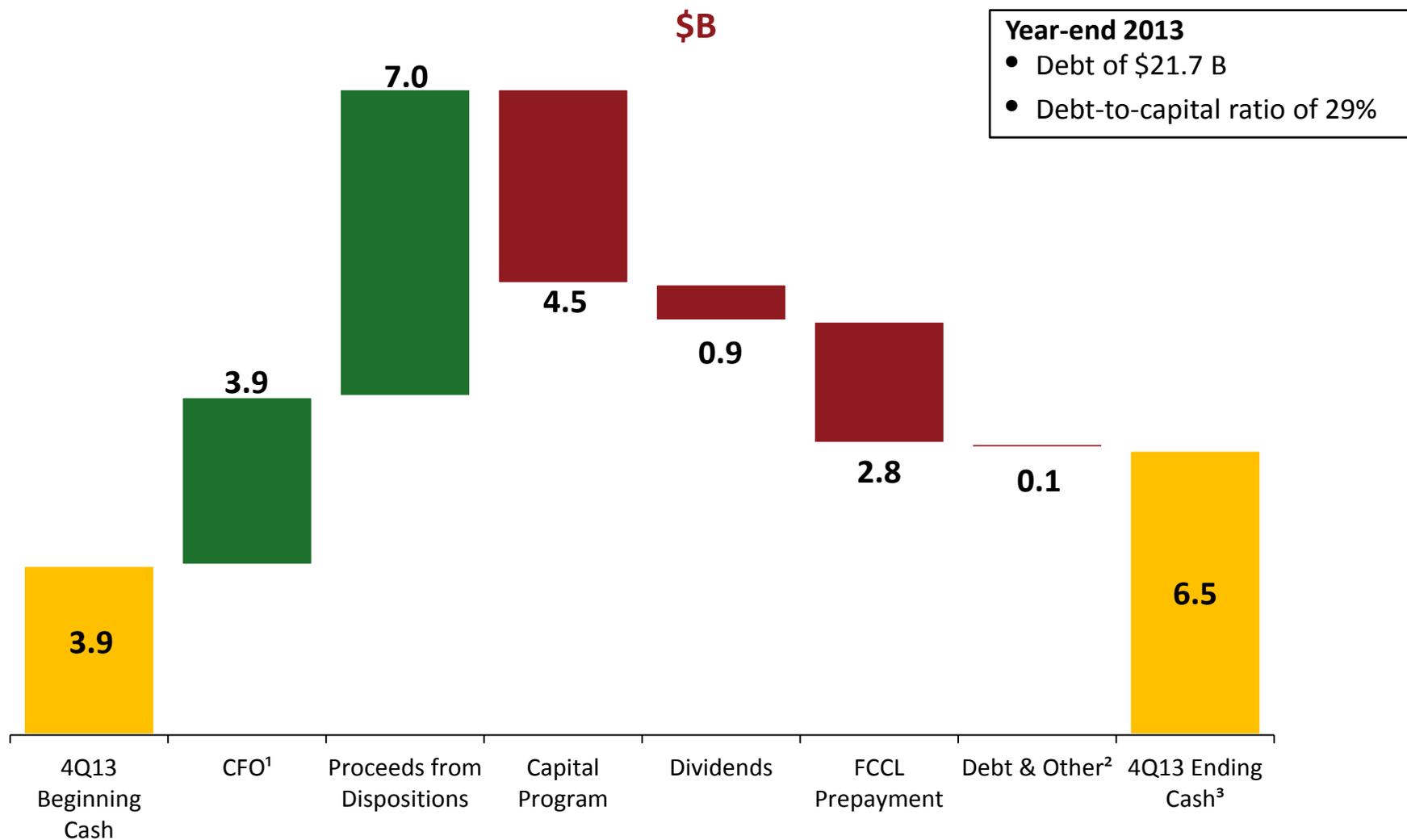
## Adjusted Earnings (\$MM)



## Highlights

- ▶ 2013 Corporate & Other expense of \$781MM
- ▶ Lower licensing revenue in 4Q13
- ▶ Lower capitalized interest in 4Q13
- ▶ Expect 2014 to be at 4Q13 run rate

# 4Q13 Performance – Company Cash Flow



<sup>1</sup> The impact of working capital was \$0.0 B.

<sup>2</sup> Includes discontinued operations.

<sup>3</sup> Ending cash and short-term investments include cash and cash equivalents of \$6.2 B and short-term investments of \$0.3 B.

# Non-GAAP Reconciliations

## Reconciliation of Earnings to Adjusted Earnings (\$ Millions)

	2012		2013		
	4Q	FY	3Q	4Q	FY
<b>Consolidated</b>					
<b>Earnings</b>	<b>1,426</b>	<b>8,428</b>	<b>2,480</b>	<b>2,487</b>	<b>9,156</b>
Adjustments:					
Impairments	351	901	-	269	269
Net (gain)/loss on asset sales	-	(1,532)	(749)	-	(1,075)
Bohai Bay incidents	-	89	-	-	-
Tax loss carryforward realization	(236)	(236)	-	-	(1)
International tax law changes	-	167	-	-	-
Deferred tax adjustment	-	(72)	-	-	-
FCCL IFRS depreciation adjustment	-	-	-	(33)	(33)
Separation costs	4	84	-	-	-
Pension settlement expense	5	87	31	10	41
Pending claims and settlements	(196)	(235)	116	-	(118)
Premium on early debt retirement	-	68	-	-	-
Discontinued operations - Phillips 66	16	(1,232)	-	-	-
Discontinued operations - Other	385	217	(57)	(995)	(1,178)
<b>Adjusted earnings</b>	<b>1,755</b>	<b>6,734</b>	<b>1,821</b>	<b>1,738</b>	<b>7,061</b>
<b>Earnings per share of common stock</b>	<b>1.16</b>	<b>6.72</b>	<b>2.00</b>	<b>2.00</b>	<b>7.38</b>
<b>Adjusted earnings per share of common stock</b>	<b>1.43</b>	<b>5.37</b>	<b>1.47</b>	<b>1.40</b>	<b>5.70</b>

# Non-GAAP Reconciliations

## Reconciliation of Earnings to Adjusted Earnings (\$ Millions)

	2012	2013	
	4Q	3Q	4Q
<b>Alaska</b>			
Earnings	570	494	555
Adjustments:			
Pending claims and settlements	25	-	-
<b>Adjusted earnings</b>	<b>595</b>	<b>494</b>	<b>555</b>
<b>Lower 48 and Latin America</b>			
Earnings	473	498	203
Adjustments:			
Impairments	121	-	-
Net (gain)/loss on asset sales	-	(288)	-
Tax loss carryforward realization	(236)	-	-
Pending claims and settlements	(201)	-	-
<b>Adjusted earnings</b>	<b>157</b>	<b>210</b>	<b>203</b>
<b>Canada</b>			
Earnings (loss)	(10)	642	(62)
Adjustments:			
Impairments	42	-	162
Net (gain)/loss on asset sales	-	(461)	-
FCCL IFRS depreciation adjustment	-	-	(33)
<b>Adjusted earnings (loss)</b>	<b>32</b>	<b>181</b>	<b>67</b>
<b>Europe</b>			
Earnings	308	284	223
Adjustments:			
Impairments	80	-	107
<b>Adjusted earnings</b>	<b>388</b>	<b>284</b>	<b>330</b>

## Reconciliation of Earnings to Adjusted Earnings (\$ Millions)

	2012	2013	
	4Q	3Q	4Q
<b>Asia Pacific and Middle East</b>			
Earnings	749	741	856
Adjustments:			
Pending claims and settlements	-	116	-
<b>Adjusted earnings</b>	<b>749</b>	<b>857</b>	<b>856</b>
<b>Other International</b>			
Earnings (loss)	(97)	(2)	(32)
Adjustments:			
Impairments	108	-	-
<b>Adjusted earnings (loss)</b>	<b>11</b>	<b>(2)</b>	<b>(32)</b>
<b>Corporate and Other</b>			
Earnings (loss)	(166)	(234)	(251)
Adjustments:			
Separation costs	4	-	-
Pension settlement expense	5	31	10
Pending claims and settlements	(20)	-	-
<b>Adjusted earnings (loss)</b>	<b>(177)</b>	<b>(203)</b>	<b>(241)</b>

# Non-GAAP Reconciliations

## Cash Margin per BOE Operating Segments

	2012	2013
	FY	FY
<b>\$ Millions, except per BOE amounts</b>		
Net Income Attributable to ConocoPhillips	8,428	9,156
Adjustment to exclude special items	(1,694)	(2,095)
<b>Adjusted Earnings</b>	<b>6,734</b>	<b>7,061</b>
Exclude adjusted earnings for Corporate and Other	813	781
Depreciation, depletion & amortization	6,494	7,338
Impairments <sup>1</sup>	(23)	27
Dry holes and leasehold impairment <sup>1</sup>	310	443
<b>Cash Margin</b>	<b>14,328</b>	<b>15,650</b>
<b>Production from Continuing Operations (MBOED)</b>	<b>1,527</b>	<b>1,502</b>
<b>Cash Margin \$ / BOE</b>	<b>25.64</b>	<b>28.55</b>

## Price Normalized Cash Margin per BOE <sup>2</sup> Operating Segments

	2012	2013
	FY	FY
<b>Cash Margin</b>	<b>14,328</b>	<b>15,650</b>
Price adjustment (using published sensitivities)	-	(305)
<b>Price Normalized Cash Margin</b>	<b>14,328</b>	<b>15,345</b>
<b>Production from Continuing Operations (MBOED)</b>	<b>1,527</b>	<b>1,502</b>
<b>Price Normalized Cash Margin \$ / BOE</b>	<b>25.64</b>	<b>27.99</b>

## Annualized Net Income Sensitivities

- ▶ **Crude**
  - Brent/ANS: \$75-85 MM change for \$1/BBL change
  - WTI: \$30-40 MM change for \$1/BBL change
  - WCS: \$20-25 MM change for \$1/BBL change
- ▶ **North American NGL**
  - Representative blend: \$10-15 MM change for \$1/BBL change
- ▶ **Natural Gas**
  - HH: \$115-125 MM change for \$0.25/MCF change
  - International gas: \$10-15 MM change for \$0.25/MCF change

<sup>1</sup> Impairments and dry holes and leasehold impairment represent items that were not included as special items.

<sup>2</sup> The price normalized cash margin represents cash margin adjusted for the impact of changes in commodity prices using full-year 2012 as the base price. This measure relies on certain assumptions regarding the impact of commodity price changes on earnings. The estimated annualized earnings sensitivities are based on the sensitivities published in our 2013 Analyst Meeting.