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CORPORATE PARTICIPANTS

Ryan M. Lance *ConocoPhillips - Chairman & CEO*

CONFERENCE CALL PARTICIPANTS

Paul Cheng *Barclays Bank PLC, Research Division - MD & Senior Analyst*

PRESENTATION

Ryan M. Lance *- ConocoPhillips - Chairman & CEO*

Yes, boring is good in a volatile oil market, right? Thank you, Paul. I appreciate the opportunity to be here today and speak at the conference. Certainly, summer is kind of over. But I'm not quite sure, 93 degree heat out there, and humidity, and New York is pretty warm this year, so.

But today, we're going to talk a little bit about ConocoPhillips, and certainly, what I believe is a unique strategy and a value proposition that we've laid out to the Street, not just for the E&P business, but really for investors looking for a way to smartly own energy through the cycles. So I'm going to take you through our, what we believe is a differential and a world-class portfolio and highlighting and how it really is an integral part of our ability to deliver on this plan.

Unfortunately, the lawyers are always present, so keep in mind that I will be making forward-looking statements and actual results could differ for -- look at our SEC filings for information on the risks and uncertainties on our future performance.

So let's get started now. For those of you that follow the company, follow our story, this slide is probably pretty familiar to you by now. It's our value proposition on a page. It describes our disciplined returns-focused strategy that we believe can and will create value through the inevitable oil price cycles that this business goes through. On the left-hand side of the chart, it starts with a commitment to maintain our financial strength, grow our distributions and pursue cash flow expansion on a disciplined per share basis.

Now we know this is a cyclical business, so we're not going to chase the business cycles and absolute growth, especially in periods of higher prices. Now we believe these principles plus the cash flow priorities listed in the middle of this page are smart for this business and they all deliver superior returns to shareholders.

Now many E&P companies are trying this playbook, but not everyone can do it. And the reason they can't do it is on the right-hand side of this chart, and those are what we believe are unique characteristics that are necessary to execute and win in a value proposition like ours.

Now we expect together that these principles, these priorities and these characteristics position us to deliver value across a very wide range of prices. That was the basis for the strategy that we launched in 2016. And we believe, we've positioned ourselves to be the energy company that can deliver consistent, predictable performance through all the cycles. And that's how we're going to attract long-term investors back to ConocoPhillips, and we hope, to the sector in general.

So let me talk a little bit about the price cycles and how we think about them here at ConocoPhillips. The key to being successful in a cyclical business is to not chase the cycles. And it's imperative to offer investors resilience to the low prices, while offering full exposure to the upside. That's the essence of why we believe we're advantaged as a company.

Now on the far left, you see our priorities. They're consistent regardless of price. When if prices drop, we believe we can sustain our production and our dividend based on our low capital intensity and our low sustaining price as a company. Our investments then would be directed to the lowest cost-of-supply projects in an effort to generate cash flow even in the down cycle. If necessary, we could also take advantage of a very strong balance sheet.

The key is to level load our programs and retain capacity to execute through the cycles. We're also unique that our investors participate in the upside and higher prices. Our portfolio is oil weighted and our assets are predominantly positioned in tax and royalty regimes, but we don't cap the upside on prices. We're also unhedged and we can increase our distributions or our CapEx to create value in the up cycle, while maintaining our discipline. But not every company can do this or match this capability. And our key is to delivering this through cycle performance are our low sustaining price and our unique diverse global portfolio.

Let me take a few moments just to describe that to you. A [fly by] that portfolio is so distinctive and compared to our other E&P competitors. We entered 2018 as the largest independent E&P Company based on production and reserves. About 1.2 million barrels a day of production heavily weighted to liquids and liquids priced gas like LNG, 85% of our production is linked to Brent pricing and makes that trade close to Brent and we trade on those markets very close to Brent-like and as crude from the North Slope down to the West Coast of the U.S. or LLS pricing in the upper Texas Gulf Coast.

We have a focused $6 billion capital program that is allocated to a mix of low cost of supply investment opportunities across the entire portfolio. Our portfolio is depicted on the right-hand side of this slide. You can see our cost of supply curve, which illustrates the 15 billion barrels of resources with the cost of supply less than $50 a barrel, that's WTI by asset type.

Now cost of supply is the WTI price equivalent required to give an after-tax 10% rate of return fully loaded with all investments. As you can see, our average cost of supply is less than $35 a barrel with ample, compelling investments even at prices below $35 a barrel. This 15 billion barrel of $50 and below cost of supply represents over 30 years of investments at our current production levels. As noted by the different colors in the chart, these investment options and different types of asset classes.

Now I'll take a few minutes and walk you through each one of these asset types to explain their purpose, their strategic purpose within the portfolio. Let me start with our unconventional resource. As of last November, we had 8 billion barrels of resource with the cost of supply less than $35 a barrel. Now these short cycle projects are primarily in the Big 3 plays of the Eagle Ford, the Bakken and the Delaware Basin. This last November, we've added additional acreage in the Montney and in the Lower 48 Austin Chalk. So we expect to be adding to the already extensive less than $50-barrel cost of supply resource base in the near future as we appraise those assets. We expect to further improve as we rapidly progress through the learning curve of these new assets, leveraging the knowledge and the technology from our more mature unconventional plays.

Now within the portfolio, we're level loading our investments in a growing and high margin production -- high margin production to deliver per share cash flow expansion regardless of the price. On our recent second quarter call we talked about how we continue to see really strong performance from our Big 3. Not only are they performing well operationally, but they are a significant driver behind the accelerating cash flow expansion, given the strong cash margins that we generate from these assets.

Now let me move to the conventional assets, because they also play an important role in delivering on our strategic goals. This is part of the portfolio that I think we've been making a big push to try to help people understand a little bit more and appreciate the assets in this side of the portfolio. With about 4 billion barrels of conventional resource as of last November with an average of less than $30 a barrel cost of supply. This portion of the portfolio has a lower decline rate than the unconventionals, includes investments in places like Malaysia, China, Indonesia, the U.K., Norway and Alaska.

Not included in this 4 billion barrels is additional resource from the recently announced Alaska bolt-on acquisitions at Kuparuk and the Western North Slope. These 2 transactions will add 400 million barrels of resource in Alaska for a great value. Nor does it include the announced discovered resource and the exploration success that we've had on the North Slope, but will add 500 to 1.1 billion barrels of additional resource on the Western North Slope and we still have significant acreage we've yet to explore there. Recently, if you read in the news, IHS designated Alaska a new super-basin, and we certainly have a leading significant position and upside in that province.

So we see a lot of upside in our conventional portfolio, well above the 4 billion barrels of resource that we've identified here. Now over time, we're focused on the base of these assets and we've been improving our cost of supply across all the segments and assets. There are assets that were largely profitable during the recent downturn and contribute significant free cash flow today.

In addition, these assets respond well to the applications of new technologies and approaches. These are the big fields and they get even bigger and better with time. By the end of 2018, we expect to see our first production from GMT1 in Alaska, Aasta Hansteen in Norway, Bohai Phase 2 in China and Clair Ridge in the West Shetland section of the U.K. North Sea. And they're all coming from this deep and rich portfolio.

The low decline, low sustaining capital of these conventional assets also helps offset the unconventional decline. And that's as well as our final asset class, LNG and oil sands. These are the low-to-no-decline assets and the role they have in our strategy is to lower the capital intensity of the overall asset base. On the oil sands side, our 2016 dispositions at Foster Creek Christina Lake have allowed us to high-grade down to our operated Surmont asset, but we continue to advance ways to improve netbacks and lower the cost of supply.

On the LNG side, APLNG began distributing from the joint venture in the first half of this year, and we're progressing our Darwin LNG backfill candidate Barossa to replace the production supply to Bayu-Undan. In addition to existing QG3, Qatargas 3 partnership in Qatar, we're currently engaged in discussions regarding participation in the planned North Field expansion. Process is well underway and we hope to be a part of that world-class project.

So running at the asset classes, we believe our LNG and our oil sands portfolio is optimized to deliver cash in the interim term and long term with a very low sustaining price. So there is significant future resource potential as well.

Now that's a quick kind of world tour of our asset class, and that together these three classes comprise of what we believe is an unrivaled E&P portfolio, that along with our discipline has allowed us to deliver on our strategic goals and our value proposition over the past several quarters. A pure play portfolio might struggle to do this because of the higher capital intensity, the lack of diversification. That's why we believe our portfolio has an advantage.

So I've outlined our value proposition and strategy. I've explained the portfolio characteristics that we think differentiate ConocoPhillips. Now let me pull all that together in terms of our value drivers. On the left are the drivers of value, and on the right are our achievements in 2018. We've taken steps to strengthen our portfolio through focused dispositions and have made key strategic bolt-on acquisitions in North American unconventionals as well as announced acquisitions in Alaska. We continue to deliver strong performance from our unconventionals and provided detailed updates on two of those important assets, Eagle Ford and our unconventional assets in Alaska.

Free cash flow is the name of the game. And we're generating free cash flow throughout the year and we're seeing our underlying cash flow strengthen as we grow our focused high-margin portfolio and achieve better realizations for our Brent exposure and reduced interest expense. We successfully reduced our debt to $15 billion, roughly 18 months ahead of schedule and expect to exit the year with one of the lowest debt to CFO ratios in the sector. And this is critical to being a true cycle winner.

In February, we increased the quarterly dividend by 7.5%. We doubled our plan 2018 share buybacks to $3 billion and increased the program size and authorization with the board to $15 billion. I think this is a clear signal from management and our board that capital returns are our priority.

We expect to deliver about 20% production growth per debt adjusted share. This year, our focus on that DASH metric is absolute. We're not focused on absolute growth. It's delivered and it's happening today. It focuses us to balance our priorities and we know it has a strong correlation to total shareholder return in this business. And finally, ESG clearly remains a top priority for the company. It's a core part of our culture and we believe is vital to sustainably delivering on our plan.

So let me wrap up by summarizing why I believe ConocoPhillips remains a high-quality investment with room to run. We're committed to delivering strong cash flows at any price environment and a cash flow yield that is currently very competitive in the E&P space and even across the broader S&P 500 market. We're focused on disciplined production growth per debt adjusted share, which in turn is delivering improvement and returns. We transformed our portfolio to offer several unique characteristics. We have low sustaining price. Our unique low cost of supply 15 billion barrel portfolio and our flexible capital investment program and our disciplined cost structure, all of which underpin a very strong balance sheet, and we're just getting started. And we believe there is a bright future ahead certainly, as we execute on this strategy and value proposition.

So let me end there, Paul, and happy to take any questions that you might have.

QUESTIONS AND ANSWERS

Paul Cheng - *Barclays Bank PLC, Research Division - MD & Senior Analyst*

Thank you, Ryan. So we would take a number of questions here before we go for the breakout session. Any questions? There is a question upfront.

Unidentified Analyst

Yes. I was wondering if you could comment on your expectations for future divestitures. Whether you have assets lined up yet for 2019, 2020? And what specifically, if you are able to comment, what kind of assets you might be looking at?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Yes. So we've been through a very significant divestiture program as I outlined over the last 3 to 4 years. I'd say, if you're expecting our company to have multibillion-dollar divestment programs going forward, that's probably not probably the place that we're in today. We're always trying to clean-up the portfolio. We're always trying to do some of the bottom end. If the assets aren't competing on a cost of supply basis for capital allocation going forward, we'll look to move those assets out of the portfolio. But I'd say our heavy lifting has been done, but we're constantly making sure the portfolio is as strong and as competitive as it can be, and most importantly, that the investments that we're making in the assets will compete for capital. If you don't, we need to be doing something different with the assets.

We're always constantly looking for opportunities to add to the portfolio. You saw us this year do some asset work in Alaska, and we're always out there trying to add new unconventional acreage to the portfolio. So that's just a constant theme in our game. I think people ask me, what about the big large acquisitions, $5 billion and $10 billion? It's just really tough to compete in our portfolio. They need to be substituted in the portfolio and when we look at cost of supply basis, we look at that all in. We look at acquisition cost, facility, expiration, regional, every company over it and it's really hard to compete for capital when you also have to add in a large degree of acquisition cost. But we're constantly looking -- look for those opportunities, in an up cycle like we're experiencing now they're tough, that we believe in cycles, we know they're coming. I don't know when the next down cycle is coming, how deep, but we'll be prepared when it does come.

Unidentified Analyst

In fact, to just follow-up, I was just going to ask if you could kind of delineate what was it about Surmont or some of the other Canadian assets that you're going to keep those versus the ones that you decided to sell off?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

So they're interesting; we believe in a global diverse portfolio. And we believe we don't know exactly which geography or geology is going to be in favor at the any given time of the differentials. We want to maintain some exposure to the oil sands, because in certain scenarios, if environmental regulations get tough in Lower 48, and you can't go frac or you get bottlenecks in production in certain areas, now those oil sands assets can be quite attractive in a portfolio. They have low-to-no decline over a very long period of time. They lower the capital intensity of the company setting some exposure to that is not bad. We felt like we were overexposed after the spin of the company. We didn't have the downstream assets any longer to have that light to heavy edge. So we knew we want to lighten up in the oil sands, but we didn't want to get rid of it completely. Technology, we're lowering the cost of supply in those assets, so we still have some exposure. But you need to have a top quartile asset like that if you're going to keep it, and we believe Surmont is one of those top quartile. You measured on SOR, you measured on all the different metrics and you'll see that it's one of the top quartile SAGD oil sand development in all of Canada. So we want to keep some exposure to it, but we definitely need to lighten up the exposure that we have in the company.

Unidentified Analyst

Could you comment on how your recent settlement with PDVSA might factor into your capital allocation plans?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Well, I'll count the money when it shows up in the bank. So it's really not having any impact on our capital allocation plans. It's -- we had a positive settlement. We have two more arbitrations coming, and 1 probably later this year. So we reached that we felt was a settlement that work for both us and for PDVSA, and obviously, we expect to get paid. If you don't get paid, we can go attach to the assets again, which we will do, if we don't get paid.

Paul Cheng - *Barclays Bank PLC, Research Division - MD & Senior Analyst*

Maybe I can ask a question. Ryan, some of the industry observer looking at the amount of oil over the next couple of years need to be export from U.S. start questioning whether the Gulf Coast has even sufficient export capabilities. Don't know where you and Conoco stand in this debate? And if you do think that there's a risk of not sufficient export capacity? Is there anything Conoco is doing there to help to ensure that, that's not going to happen?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Yes. I think, it's a myriad. We do have to be concerned about in the sort of the short to medium term. Certainly, the bottleneck or the problem that's occurring today in the Permian without the infrastructure and the capacity to move all the oil that is going out the Permian Basin that's going to get fixed on the next couple of years. There'll be plenty of capacity. I think there is some concern that, that bottleneck just moves to the Gulf Coast, and our ability, this is light sweet crude, some of the refiners can take it, that we've virtually saturated that market, and I think it's a discounted a lot. They're taking, they're running their refineries, but it does sub-optimize the refineries. So we do need to export that.

I think there is some building concern out there that export capacity might be restricted for a period of time. We also believe investment will come pretty quick and it will fix itself in the next couple of years. What are we doing? We just want to make sure we've secured capacity on the Corpus Christi side of the Gulf Coast and we have capacity on the other side of the Gulf Coast as well to give us options to move some of our volumes to the market. So we're watching that pretty closely. We don't want the differentials to start moving in the upper Texas Gulf Coast or some of that region and just get that bottleneck moved up to that area. A lot of effort to dredge the Gulf Coast with VLCCs in there, some companies have already attest to that, if we can do that, that's kind of a game changer in terms of moving the volume we need to move out of the Gulf Coast. But it's certainly an issue on the horizon that we're watching closely, and I would say, semi-concerned about today.

Paul Cheng - *Barclays Bank PLC, Research Division - MD & Senior Analyst*

Will you be even going into a direct investment into export capacity to ensure that you will not get trapped or that the pricing is going to get very unsatisfied?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

We haven't today. We have capacity across docks. We've got deal with some of the companies to move our crude today across the dock and export. We've been active in the export market. We were the first company to export when the ban got lifted. We move some Eagle Ford barrels quickly, but I just believe that the investments will come and will get fixed. There may be a bottleneck for 1 year or 1.5 year, but eventually the bottlenecks will get fixed. Investments will flow if there is that kind of differential to support it. And I question whether or not it will compete for capital in our portfolio. And you have to believe that investments will come and that's what we've seen, that's what's happening in the Permian today. Yes, there has been a period of the year or two where things will get bottleneck back up, companies will have to deal with that. But when you're looking at these opportunities over a 15, 20-year time frame, those bottlenecks in our business don't last that long. Investments will flow, midstream investments will flow, people will take advantage of it and -- now we'll make sure we're diverse and we're in different commercial areas so we can maximize our netback and that's what we're concerned about, making sure we maximize the netback to our fields.

Paul Cheng - *Barclays Bank PLC, Research Division - MD & Senior Analyst*

Any questions? There is a question up front.

Unidentified Analyst

I know it's a small asset for you, but I'm really interested in what you're doing in Australia. I appreciate the Darwin LNG conventional and you have also the coal gas going to the East. And I just wonder with prices having come down recently and I guess to back a little bit recently. But if you look at the long-term supply-demand balance in LNG that would seem may be a fairly high cost area, and is it something that you would really want to hold on to? And how would you be able to compete with some of the big projects like Gorgon and Wheatstone and all those projects?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Yes, I think the capital required to keep that project going drilling wells will support the feed gas that goes through Curtis Island to support the two trains. We're in a very favorable position with our resource position on the upstream side. So we're the largest resource owner in the upstream and it's very cheap gas to keep supplying into the LNG plant. So we look at it on a competitive sort of landscape throughout all the LNG for today's prices and going forward. It's very well competitively positioned in terms of breakeven and all that even against the big major projects in Australia. The way we look long-term at the LNG, Australia is favorably positioned to get to Asia and the demand in Asia is going to just continue to grow. So we're pretty bullish on long-term LNG prices as long as you get to breakevens now and being able to do even at APLNG. And then as Bayu Undan, which is our field that supports the Darwin facility starts to go on decline and the PSC comes out in the next decade, we're preparing another field to come in and be the supply into Bayu Undan, and that's a great Brownfield, because the plant is already built. So all we have to build is the offshore platform and pipeline to feed the plant, which will be a very competitive take to capture some of that LNG market as well.

Unidentified Analyst

(technical difficulty)

movements out in Western Canada to get gas from there into the Asia market.

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Yes, I mean, certainly we're not actively participating in an LNG play on the West Coast of Canada to certainly support them. Maybe we can do to alleviate the gas pressure in Alaska, there's ton -- in Canada, there is a ton of resource up there that can not only feed the local market, can be imported into the U.S., compete against Marcellus and the Chicago region, but if we can get it to the West Coast and exported, that's good too. There is plenty of gas to do that. We're not participating on the liquefaction side on the West Coast.

Paul Cheng - *Barclays Bank PLC, Research Division - MD & Senior Analyst*

Any other questions? Ryan, just curious that some of the industry observer even during this conference that voiced some concern about the productivity improvement maybe coming to an end as some of the basin, whether it's in Eagle Ford, in Bakken or even in Permian like the Wolfcamp, you see more and more of the child well being produced and the productivity has come down. And the concern is that the expectation of a, say, awareness or unlimited production growth in even the Permian maybe is a little bit too optimistic. I mean, you have operation in many different basins, so just want to see that what you have seen? Do you think that observation or that concern have any valid point?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Well, I think there's a couple of ways to answer the question. I think if we add them all up and look at the total macro, and take the Eagle Ford, Bakken, in Niobrara, you think Delaware Basin, they've got as a whole industry sees sort of a flattening on the productivity curve, but you have to dig down into that a little bit to understand. There's prices of Eagle Ford, for instance, we're testing Vintage 4, Vintage 5 completions in the Eagle Ford and the productivity continues to improve.

Now if you look at the Eagle Ford as a whole, you would say take all the production coming from that sub-basin today, you will see productivity rolling over as people drill up their positions 3, 4, 5 years ago, went down to 20-acre spacings, and really over capitalizing, over exploiting the resource. They grew really fast, but they probably didn't take advantage of full the EUR that's available to you in the basin. Bakken, I think is still -- our positioning in the Bakken, we're still learning. We're still applying some new technology. We see some new opportunities, but it's probably starting to flatten a little bit in the basin as a whole. And of course, Permian, the Delaware Basin is still growing. I mean, we would have thought this bottleneck that we're seeing out of the Permian Basin, our projections that would have come probably later in 2019. So we were surprised a little bit that it came in 2018 and it did that because rigs came on faster and the productivity was a lot higher than even people were anticipating it to start. So it's a mixed bag. It's hard to make -- it's easy to make a whole generalization across all the unconventionals in North America because you do see some flattening of the productivity a little bit, but that -- you've got to look at the individual company's assets, where they're at in their life cycle and what they're doing to say does that apply directly to that particular company as well.

Paul Cheng - *Barclays Bank PLC, Research Division - MD & Senior Analyst*

Thank you. I think there is a question up front.

Unidentified Analyst

Yes. I was wondering if you would also care to comment on the recent initiatives in Colorado to increase the setbacks? And what if anything that might due to the economics of your acreage position there in terms of being able to develop your properties at a reasonable profit?

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Yes. So it is -- surpassed 97 or 96, I forgot the number. Yes, certainly industry has mobilized and tried to do it. Then we defeated it two years ago. It was brought forward again 2 years ago. It came forward this time in a different form and fashion, so it doesn't automatically go impact the constitution or law in Colorado. If it passes the vote, it has to go to legislature. Interesting thing mostly everybody in the legislature said they're opposed to, including the current governor as well as the two candidates running for governor have come out opposed to this proposition. So I think industry will mobilize, I think, we feel a little bit comforted that we need to beat it, we need to beat it in the polls as it comes down. We're mobilized around that and everybody is pretty aligned to go do that. We take a little bit of comfort in fact that, it has to then go through the legislature even it makes through the ballot. So that seems like a pretty tough climb uphill. But if it were to pass, yes, I think some of the estimates, 70%, 75% of the resource would get eliminated with that kind of 2,500-foot setback is real, and would impact us -- it impacts us to a lesser degree given where we're at, but we would have some impact in our location as well. But we have various industries mobilized to defeat it.

Paul Cheng - *Barclays Bank PLC, Research Division - MD & Senior Analyst*

Is there any last-minute question before we move to the breakout session?

With that, we will move to the breakout session, it's Liberty 1 & 2. Thank you.

Ryan M. Lance - *ConocoPhillips - Chairman & CEO*

Thank you, Paul.

Editor

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