



Definitions

Use of Non-GAAP Financial Information

ConocoPhillips' financial information includes information prepared in conformity with generally accepted accounting principles (GAAP) as well as non-GAAP information. It is management's intent to provide non-GAAP financial information to enhance understanding of our consolidated financial information as prepared in accordance with GAAP. This non-GAAP information should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies.

Adjusted Earnings and Adjusted Earnings Per Share

References to earnings refer to net income (loss) attributable to ConocoPhillips.

Adjusted Earnings and Adjusted Earnings Per Share (EPS) are non-GAAP financial measures that management believes are useful to investors in evaluating our operating results and understanding our operating trends. Adjusted Earnings is calculated by removing the impact of non-operational results and special items. Adjusted EPS is a measure of the company's diluted net earnings per share excluding special items. Special items are included in our Supplemental Disclosures which are reported with our quarterly Earnings Release. For detailed supplemental information, go to www.conocophillips.com/investor/earnings.

Finding and Development (F&D) Costs

Finding and development costs per barrel of oil equivalent (BOE) represent property acquisition, exploration, and development costs incurred per BOE of proved reserves added during the year. The company, industry analysts, and investors use such metrics to measure a company's ability to establish a long-term trend of adding reserves at a reasonable cost.

Adjusted Finding and Development (F&D) Costs

Finding and development costs per barrel of oil equivalent (BOE) represent property acquisition, exploration, and development costs incurred per BOE of proved reserves added during the year, excluding market factors primarily related to price. The company, industry analysts, and investors use such metrics to measure a company's ability to establish a long-term trend of adding reserves at a reasonable cost excluding the impact of price-related reserve revisions.

Adjusted Operating Costs

Operating costs is defined by the Company as the sum of production and operation expenses, selling, general and administrative expenses, and exploration general and administrative expenses, geological and geophysical and lease rental and other expenses. Adjusted operating costs is defined as the Company's operating costs further adjusted to exclude expenses that are included as adjustments to adjusted earnings to the extent those adjustments impact production and operating expenses, selling, general and administrative expenses, and exploration general and administrative expenses, geological and geophysical and lease rental and other expenses. This is a non-GAAP financial measure that management believes is useful to investors to help facilitate comparisons of the Company's controllable cost performance associated with the Company's core business operations across periods on a consistent basis and with the performance and cost structures of peer companies in a manner that, when viewed in combination with the Company's results prepared in accordance with GAAP, provides a more complete understanding of the factors and trends affecting the Company's business and performance. The Company further believes that the non-GAAP measure adjusted operating costs provides a more indicative measure of the Company's underlying, controllable costs of operations by excluding other items that do not directly relate to the Company's core business operations.

Adjusted Dry Hole and Leasehold Impairment

Adjusted dry hole and leasehold impairment represent dry hole cost and leasehold impairment expense excluding special items. This is a non-GAAP financial measure that management believes is useful to investors to help facilitate comparisons of the Company's performance associated with the Company's core business operations across periods on a consistent basis and with the performance and cost structures of peer companies in a manner that, when viewed in combination with the Company's results prepared in accordance with GAAP, provides a more complete understanding of the factors and trends affecting the Company's business and performance.

Adjusted Corporate Segment Net Expense

Adjusted corporate segment net expense represent corporate and other earnings excluding special items. This is a non-GAAP financial measure that management believes is useful to investors to help facilitate comparisons of the Company's operating performance associated with the Company's core business operations across periods on a consistent basis and with the performance and cost structures of peer companies in a manner that, when viewed in combination with the Company's results prepared in accordance with GAAP, provides a more complete understanding of the factors and trends affecting the Company's business and performance.

Organic Reserve Additions

Organic reserve additions comprise net proved reserve additions resulting from extension and discoveries, improved recovery and revisions, and exclude the impact of purchases and sales. The Company believes that the non-GAAP measure organic reserve additions is useful to investors to help understand changes in underlying reserves excluding dispositions, when viewed in combination with the Company's results prepared in accordance with GAAP, provides a more complete understanding of the factors and trends affecting the Company's business and performance.

Replacement from Additions

Replacement from additions is defined by the Company as a ratio representing the change in reserves excluding production, sales and market factors divided by production. The Company believes that the non-GAAP measure replacement from additions is useful to investors to help understand how additions to the Company's reserves from all sources other than changes in market factors, such as price, and dispositions compare with the Company's production. The Company believes replacement from additions, when viewed in combination with the Company's results prepared in accordance with GAAP, provides a more complete understanding of the factors and trends affecting the Company's business and performance.

Resources

The company estimates its total resources based on the Petroleum Resources Management System (PRMS), a system developed by industry that classifies recoverable hydrocarbons into commercial and sub-commercial to reflect their status at the time of reporting. Proved, probable and possible reserves are classified as commercial, while remaining resources are categorized as sub-commercial or contingent. The company's resource estimate includes volumes associated with both commercial and contingent categories. The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. 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.

Cash from Operations (CFO)

Cash from operations (CFO) is calculated by removing the impact from operating working capital from cash provided by operating activities. The company believes that the non-GAAP measure cash from operations is useful to investors to help understand changes in cash provided by operating activities excluding the impact of working capital changes across periods on a consistent basis and with the performance of peer companies in a manner that, when viewed in combination with the Company's results prepared in accordance with GAAP, provides a more complete understanding of the factors and trends affecting the Company's business and performance. Additionally, when the company estimates CFO based on sensitivities, it assumes no operating working capital changes, and therefore CFO equals cash provided by operating activities.

Cash Flow Neutrality

Cash flow neutrality is achieved when cash provided by operating activities covers capital expenditures and investments, working capital changes associated with investing activities, and dividends paid. The company believes this non-GAAP measure is useful to investors as it provides a measure to compare cash provided by operating activities after deduction of capital expenditures and investments, working capital changes associated with investing activities, and dividends paid across periods on a consistent basis.

Breakeven price

Breakeven price is the Brent price at which cash provided by operating activities equals the capital expenditures and investments required to maintain flat production, working capital changes associated with investing activities and dividends paid. The company believes this non-GAAP measure is useful to investors as it provides a measure to compare cash provided by operating activities after deduction of capital expenditures and investments, working capital changes associated with investing activities, and dividends paid across periods on a consistent basis.

Free Cash Flow

Free cash flow is cash provided by operating activities excluding operating working capital in excess of capital expenditures and investments. Free cash flow is not a measure of cash available for discretionary expenditures since the company has certain non-discretionary obligations such as debt service that are not deducted from the measure. The company believes this non-GAAP measure is useful to investors as it provides a measure to compare cash provided by operating activities after deduction of capital expenditures and investments, and working capital changes associated with investing activities across periods on a consistent basis.

Net Debt

Net debt includes total debt less cash, cash equivalents and restricted cash and short-term investments. The company believes this non-GAAP measure is useful to investors as it provides a measure to compare debt less cash, cash equivalents and restricted cash and short-term investments across periods on a consistent basis.

Return on Capital Employed

ConocoPhillips believes Return on Capital Employed (ROCE) is a good indicator of long-term company and management performance, both absolute and relative to ConocoPhillips' primary peer group. ROCE is a measure of the profitability of ConocoPhillips' capital employed in its business compared with that of its peers. ConocoPhillips calculates ROCE as a ratio, the numerator of which is net income plus after-tax interest expense, and the denominator of which is average total equity plus total debt. The net income is adjusted for non-operational or special items impacts.

Cash Return on Capital Employed

ConocoPhillips believes Cash Return on Capital Employed (CROCE) is a good indicator of long-term company and management performance, both absolute and relative to ConocoPhillips' primary peer group. CROCE is a measure of the profitability of ConocoPhillips' capital employed in its business compared with that of its peers. ConocoPhillips calculates CROCE as a ratio, the numerator of which is net income plus after-tax interest expense and depreciation, depletion and amortization, and the denominator of which is average of total equity plus total debt. The net income is adjusted for non-operational or special items impacts.



Non-GAAP Reconciliations

Reconciliation of Earnings to Adjusted Earnings

\$ Millions, except as indicated

	3/31/2018				For the Quarter Ended 6/30/2018				9/30/2018			
	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)
Consolidated												
Earnings (loss)			888	0.75			1,640	1.39			1,861	1.59
Adjustments:												
Premiums on early debt retirement	206	(13)	193	0.16	2	-	2	-	-	-	-	-
Unrealized (gain) loss on CVE equity	116	1	117	0.10	(387)	43	(344)	(0.29)	76	(16)	60	0.05
Pending claims and settlements	(135)	65	(70)	(0.06)	-	-	-	-	(286)	7	(279)	(0.24)
Impairments	10	(2)	8	0.01	(53)	21	(32)	(0.03)	43	(10)	33	0.03
Net (gain) loss on asset sales	-	-	-	-	(50)	14	(36)	(0.03)	(101)	25	(76)	(0.06)
Pension settlement expense	-	-	-	-	147	(26)	121	0.10	14	(3)	11	0.01
Recognition of deferred licensing revenue ¹	-	-	-	-	(60)	-	(60)	(0.05)	(44)	-	(44)	(0.04)
Restructuring	-	-	-	-	-	-	-	-	37	(8)	29	0.02
Adjusted earnings (loss)			1,136	0.96			1,291	1.09			1,595	1.36

By segment after-tax

	For the Quarter Ended		
	3/31/2018	6/30/2018	9/30/2018
Alaska			
Earnings (loss)	524	418	427
Adjustments:			
Pending claims and settlements	(101)	-	-
Income tax	22	-	-
Adjusted earnings (loss)	445	418	427
Lower 48			
Earnings (loss)	308	410	513
Adjustments:			
Impairments	10	-	43
Pending claims and settlements	-	-	41
Net (gain) loss on asset sales	-	-	(56)
Restructuring	-	-	20
Income tax	(2)	-	(11)
Adjusted earnings (loss)	316	410	550
Canada			
Earnings (loss)	(65)	33	34
Adjustments:			
Net (gain)/loss on asset sales	-	(50)	(45)
Income tax	-	14	13
Adjusted earnings (loss)	(65)	(3)	2
Europe and North Africa			
Earnings (loss)	245	290	241
Adjustments:			
Impairments	-	(53)	-
Income tax	-	21	-
Adjusted earnings (loss)	245	258	241
Asia Pacific and Middle East			
Earnings (loss)	461	466	577
Adjustments:			
Adjusted earnings (loss)	461	466	577
Other International			
Earnings (loss)	(44)	(5)	316
Adjustments:			
Pending claims and settlements	-	-	(345)
Income tax ²	34	-	20
Adjusted earnings (loss)	(10)	(5)	(9)
Corporate and Other			
Earnings (loss)	(541)	28	(247)
Adjustments:			
Pending claims and settlements	(34)	-	18
Premiums on early debt retirement	206	2	-
Unrealized (gain) loss on CVE equity	116	(387)	76
Pension settlement expense	-	147	14
Recognition of deferred licensing revenue ¹	-	(60)	(44)
Restructuring	-	-	17
Income tax	(3)	17	(27)
Adjusted earnings (loss)	(256)	(253)	(193)

¹ Pursuant to adoption of ASC Topic 606 in 2018.

² Includes pending claims and settlements in 1Q18 in Nigeria.

The income tax effects of the special items are calculated primarily based on the statutory rate of the jurisdiction in which the discrete item resides.



Non-GAAP Reconciliations

Reconciliation of Earnings to Adjusted Earnings

\$ Millions, except as indicated

	For the Quarter Ended																For the Year Ended				
	3/31/2017				6/30/2017				9/30/2017				12/31/2017				12/31/2017				
	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	
Consolidated																					
Earnings (loss)			586	0.47			(3,440)	(2.78)			420	0.34			1,579	1.32			(855)	(0.70)	
Adjustments:																					
Impairments	225	(82)	143	0.12	6,284	(1,398)	4,886	3.95	2	(1)	1	0.00	89	(26)	63	0.05	6,600	(1,507)	5,093	4.17	
Restructuring	27	(8)	19	0.02	14	(6)	8	0.01	3	(1)	2	0.00	(1)	-	(1)	0.00	43	(15)	28	0.02	
Pension settlement expense	60	(17)	43	0.03	36	(11)	25	0.02	20	(6)	14	0.01	14	(4)	10	0.01	130	(38)	92	0.08	
Rig termination	43	(15)	28	0.02	-	-	-	-	-	-	-	0.00	-	-	-	-	-	43	(15)	28	0.02
Net gain on asset sales	-	(996)	(996)	(0.80)	(1,855)	477	(1,378)	(1.12)	(231)	78	(153)	(0.12)	-	-	-	-	(2,086)	(441)	(2,527)	(2.07)	
Pending claims and settlements	-	-	-	-	(2)	(69)	(71)	(0.06)	9	(21)	(12)	(0.01)	(337)	-	(337)	(0.28)	(330)	(90)	(420)	(0.34)	
Premiums on early debt retirement	-	-	-	-	234	(49)	185	0.15	51	(114)	40	0.03	17	(4)	13	0.01	302	(64)	238	0.19	
Nova Scotia deepwater exploration exit	-	-	-	-	-	-	-	-	-	(114)	(114)	(0.09)	-	-	-	-	-	(114)	(114)	(0.09)	
Deferred tax adjustment	-	-	-	-	-	(37)	(37)	(0.03)	-	-	-	-	-	65	65	0.05	-	28	28	0.02	
U.S. Tax Reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(852)	(852)	(0.71)	-	(852)	(852)	(0.70)	
Adjusted earnings (loss)			(177)	(0.14)			178	0.14			198	0.16			540	0.45			739	0.60	
By segment after-tax																					
Alaska																					
Earnings (loss)		3/31/2017		6/30/2017		9/30/2017		12/31/2017													
		(11)		199		103		1,175													
Adjustments:																					
Impairments		174		-		-		-						174		-		-		-	
Income tax ¹		(64)		(32)		-		(892)						(988)		-		-		-	
Adjusted earnings (loss)		99		167		103		283						652							
Lower 48																					
Earnings (loss)		(362)		(2,536)		(97)		624													
Adjustments:																					
Impairments		51		3,882		2		122						4,057		-		-		-	
Net (gain)/loss on asset sales		-		-		50		3						50		17		-		-	
Restructuring		-		15		-		(1)						-		-		-		-	
Income tax ²		(18)		(1,433)		(15)		(731)						(2,197)		-		-		-	
Adjusted earnings (loss)		(229)		(72)		(57)		14						(444)							
Canada																					
Earnings (loss)		948		1,379		280		(43)													
Adjustments:																					
Net (gain)/loss on asset sales		-		(1,855)		(281)		-						(2,136)		-		-		-	
Impairments		-		18		-		-						18		-		-		-	
Restructuring		27		(1)		-		-						26		-		-		-	
Income tax ³		(1,004)		472		(23)		5						(550)		-		-		-	
Adjusted earnings (loss)		(29)		13		(24)		(38)						(78)							
Europe and North Africa																					
Earnings (loss)		171		123		85		174													
Adjustments:																					
Impairments		-		-		-		(33)						(33)		-		-		-	
Income tax ⁴		-		(41)		-		21						(20)		-		-		-	
Adjusted earnings (loss)		171		82		85		162						500							
Asia Pacific and Middle East																					
Earnings (loss)		236		(2,172)		396		442													
Adjustments:																					
Impairments		-		2,384		-		-						2,384		-		-		-	
Income tax ⁵		-		-		(83)		(74)						(157)		-		-		-	
Adjusted earnings (loss)		236		212		313		368						1,129							
Other International																					
Earnings (loss)		(48)		(9)		(20)		244													
Adjustments:																					
Pending claims and settlements		-		-		-		(320)						(320)		-		-		-	
Rig termination		43		-		-		-						43		-		-		-	
Income tax ⁶		(15)		-		-		45						30		-		-		-	
Adjusted earnings (loss)		(20)		(9)		(20)		(31)						(80)							
Corporate and Other																					
Earnings (loss)		(348)		(424)		(327)		(1,037)													
Adjustments:																					
Pension settlement expense		60		36		20		14						130		-		-		-	
Pending claims and settlements		-		(2)		9		(17)						(10)		-		-		-	
Premiums on early debt retirement		-		234		51		17						302		-		-		-	
Income tax ⁷		(17)		(59)		45		805						774		-		-		-	
Adjusted earnings (loss)		(305)		(215)		(202)		(218)						(940)							

¹ Includes deferred tax adjustment in 2Q16 and 2Q17 in Lower 48 and Alaska; pending claims and settlements in 2Q17 in Alaska; and 4Q17 U.S. Tax Reform.

² Includes tax adjustment related to Canadian disposition in 1Q17; tax benefit related to our prior decision to exit Nova Scotia deepwater exploration in 3Q17; and 4Q17 U.S. Tax Reform.

³ Includes international tax law change for 3Q16; pending claims and settlements in 2Q17; 4Q17 deferred tax adjustment in U.K.; and 4Q17 U.S. Tax Reform.

⁴ Includes Malaysia deferred tax recognition in 4Q16; pending claims and settlements in 3Q17; and 4Q17 U.S. Tax Reform.

⁵ Includes 4Q17 U.S. Tax Reform.

⁶ Includes pending claims and settlements in 3Q17 and 4Q17 U.S. Tax Reform.

The income tax effects of the special items are calculated primarily based on the statutory rate of the jurisdiction in which the discrete item resides.



Non-GAAP Reconciliations

Reconciliation of Earnings to Adjusted Earnings

\$ Millions, except as indicated

	3/31/2016				6/30/2016				9/30/2016				12/31/2016				12/31/2016				
	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	
Consolidated																					
Earnings (loss)			(1,469)	(1.18)			(1,071)	(0.86)			(1,040)	(0.84)			(35)	(0.03)			(3,615)	(2.91)	
Adjustments:																					
Net gain on asset sales	-	-	-	-	(56)	20	(36)	(0.03)	(37)	5	(32)	(0.02)	(146)	8	(138)	(0.11)	(239)	33	(206)	(0.16)	
Impairments	385	(153)	232	0.18	246	(87)	159	0.13	57	(15)	42	0.04	(122)	70	(52)	(0.04)	566	(185)	381	0.31	
APLNG tax functional currency change	-	-	-	-	-	-	-	-	174	-	174	0.14	-	-	-	-	174	-	174	0.14	
Pending claims and settlements	-	-	-	-	-	-	-	-	(13)	5	(8)	(0.01)	-	-	-	-	(13)	5	(8)	(0.01)	
Restructuring	-	-	-	-	-	-	-	-	145	(49)	96	0.08	13	(5)	8	0.01	158	(54)	104	0.08	
Pension settlement expense	83	(25)	58	0.05	45	(14)	31	0.02	23	(7)	16	0.01	52	(15)	37	0.03	203	(61)	142	0.11	
Malaysia deferred tax recognition	-	-	-	-	-	-	-	-	-	-	-	-	-	(47)	(47)	(0.04)	-	(47)	(47)	(0.04)	
Minnesota iron ore reversionary interest	-	-	-	-	-	-	-	-	-	-	-	-	(92)	1	(91)	(0.08)	(92)	1	(91)	(0.07)	
Rig Termination	-	-	-	-	-	-	-	-	134	(47)	87	0.07	-	-	-	-	134	(47)	87	0.07	
International tax law changes	-	-	-	-	-	-	-	-	-	(161)	(161)	(0.13)	-	-	-	-	-	(161)	(161)	(0.13)	
Deferred tax adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjusted earnings (loss)			(1,179)	(0.95)		(68)	(985)	(0.79)			(826)	(0.66)			(318)	(0.26)			(3,308)	(2.66)	

By Segment	For the Quarter Ended				For the Year Ended
	3/31/2016	6/30/2016	9/30/2016	12/31/2016	
Alaska					
Earnings (loss)	(2)	147	59	115	319
Adjustments:					
Net (gain)/loss on asset sales	-	(56)	-	-	(56)
Restructuring	-	-	10	2	12
Income tax*	-	(37)	(4)	(1)	(42)
Adjusted earnings (loss)	(2)	54	65	116	233
Lower 48					
Earnings (loss)	(820)	(771)	(491)	(175)	(2,257)
Adjustments:					
Impairments	266	246	-	69	581
Pending claims and settlements	-	-	(33)	-	(33)
Rig termination	-	-	134	-	134
Restructuring	-	-	35	4	39
Minnesota iron ore reversionary interest	-	-	-	(92)	(92)
Income tax*	(94)	(98)	(48)	(25)	(265)
Adjusted earnings (loss)	(648)	(623)	(403)	(219)	(1,893)
Canada					
Earnings (loss)	(294)	(175)	(314)	(152)	(935)
Adjustments:					
Net (gain)/loss on asset sales	-	-	(37)	-	(37)
Impairments	-	-	57	70	127
Restructuring	-	-	28	-	28
Income tax	-	-	(18)	(19)	(37)
Adjusted earnings (loss)	(294)	(175)	(284)	(101)	(854)
Europe and North Africa					
Earnings (loss)	(51)	20	163	262	394
Adjustments:					
Impairments	119	-	-	(311)	(192)
Restructuring	-	-	2	1	3
Income tax**	(59)	-	(162)	130	(91)
Adjusted earnings (loss)	9	20	3	82	114
Asia Pacific and Middle East					
Earnings (loss)	(5)	72	(87)	229	209
Adjustments:					
APLNG tax functional currency change	-	-	174	-	174
Income tax***	-	-	-	(47)	(47)
Adjusted earnings (loss)	(5)	72	87	182	336
Other International					
Earnings (loss)	(24)	(29)	(47)	84	(16)
Adjustments:					
Net (gain)/loss on asset sales	-	-	-	(146)	(146)
Income tax	-	-	-	8	8
Adjusted earnings (loss)	(24)	(29)	(47)	(54)	(154)
Corporate and Other					
Earnings (loss)	(273)	(335)	(323)	(398)	(1,329)
Adjustments:					
Pending claims and settlements	-	-	20	-	20
Restructuring	-	-	70	6	76
Pension settlement expense	83	45	23	52	203
Impairments	-	-	-	50	50
Income tax	(25)	(14)	(37)	(34)	(110)
Adjusted earnings (loss)	(215)	(304)	(247)	(324)	(1,090)

*Includes deferred tax adjustment in 2Q16.

**Includes international tax law change in 3Q16.

***Includes Malaysia deferred tax recognition in 4Q16.

The income tax effects of the special items are calculated primarily based on the statutory rate of the jurisdiction in which the discrete item resides.



Non-GAAP Reconciliations

Reconciliation of Production and Operating Expenses to Adjusted Operating Costs

\$ Millions, Except as Indicated

	For the Year Ended	For the Quarter Ended				For the Year Ended	For the Quarter Ended			2018 Full Year Guidance
	12/31/2016*	3/31/2017*	6/30/2017*	9/30/2017*	12/31/2017*	12/31/2017*	3/31/2018	6/30/2018	9/30/2018	
Production and operating expenses	5,643	1,291	1,325	1,222	1,324	5,162	1,171	1,313	1,367	5,050
Adjustments:										
Selling, general and administrative (G&A) expenses	473	97	95	110	125	427	99	118	119	350
Exploration G&A, G&G and lease rentals	728	144	75	66	83	368	75	53	75	300
Operating Costs	6,844	1,532	1,495	1,398	1,532	5,957	1,345	1,484	1,561	5,700
Adjustments to exclude special items:										
Pending claims and settlements	43	-	-	-	-	-	-	-	41	-
Restructuring	158	27	14	3	(1)	43	-	-	34	-
Rig termination	134	43	-	-	-	43	-	-	-	-
Impairments	47	-	-	-	-	-	-	-	-	-
Operating costs special items	382	70	14	3	(1)	86	-	-	75	-
Adjusted operating costs	6,462	1,462	1,481	1,395	1,533	5,871	1,345	1,484	1,486	~5,700

*Restated to conform to the current presentation in accordance with ASU 2017-07.

As of September 30, 2018



Non-GAAP Reconciliations

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

\$ Millions, Except as Indicated

	For the Quarter Ended		
	3/31/2018	6/30/2018	9/30/2018
Net Cash Provided by Operating Activities	2,399	3,342	3,410
Adjustments:			
Net operating working capital changes	(86)	177	(51)
Cash from operations	2,485	3,165	3,461
Capital expenditures and investments	(1,535)	(1,999)	(1,599)
Free Cash Flow	950	1,166	1,862



As of June 30, 2017

Non-GAAP Reconciliations

Reconciliation of Production and Operating Expenses to Adjusted Operating Costs

\$ Millions, Except as Indicated

	2017 Canadian Disposition Pro Forma ¹	2017 San Juan Basin Disposition Pro Forma ¹	2017 Post-Transactions Pro Forma ¹	Expected Disposition Impacts ²
Production and operating expenses	350	300	4,550	300
Adjustments:				
Selling, general and administrative (G&A) expenses	-	-	550	-
Exploration G&A, G&G and lease rentals	-	-	350	-
Operating Costs	350	300	5,450	300
Adjustments to exclude special items:				
Freeport termination agreement charge	-	-	-	-
Pending claims and settlements	-	-	-	-
Restructuring	-	-	-	-
Pension settlement expense	-	-	150	-
Rig termination	-	-	-	-
Impairments	-	-	-	-
Other costs	-	-	-	-
Operating costs special items	-	-	150	-
Adjusted operating costs	350	300	5,300	300

¹ Post-Transaction Pro Forma figures are presented on a pro forma basis as if the Canadian and San Juan Basin transactions were completed on Jan. 1, 2017. Canadian transaction closing estimated in 2Q17; San Juan Basin transaction closing estimated in 3Q17. Only includes the Canada and San Juan dispositions.

² Expected disposition impacts include impacts from the Canadian, San Juan, Barnett, and Panhandle transactions from the time of closing through the end of the year. Canadian transaction closed on May 17, 2017; San Juan, Barnett, and Panhandle closing estimated in 3Q17.

Non-GAAP Reconciliations

ConocoPhillips

Reconciliation of dry hole and leasehold impairment

\$ Millions, Except as Indicated

	As of September 30, 2018		As of June 30, 2017
	2018 YTD	FY 2018 Guidance	2017 Post- Transactions Pro Forma ¹
Dry holes	28	150	400
Leasehold impairment	36	50	100
Dry hole and leasehold impairment	64	200	500
Adjustment to exclude special items			
Less impairments	-	-	(51)
Adjusted dry hole and leasehold impairment	64	~200	~450

¹ Includes announced dispositions for the Canadian, San Juan, Barnett and Panhandle transactions as if they were completed on Jan. 1, 2017.

Non-GAAP Reconciliations

ConocoPhillips

Reconciliation of adjusted corporate segment net expense

\$ Millions, Except as Indicated

	As of September 30, 2018		As of June 30, 2017	
	2018 YTD	FY 2018 Guidance	2017 Post-Transactions Pro Forma ¹	2017 Expected Disposition Impacts ²
Corporate and Other earnings	(760)	(1,150)	(1,250)	(200)
Adjustments to exclude special items				
Less pension settlement expense	161	60	60	-
Less premiums on early debt retirement	208	225	225	-
Less restructuring	17			
Less pending claims and settlements	(16)	-	-	-
Less unrealized gain on CVE equity	(195)	-	-	-
Less deferred licensing revenue	(104)	(100)	-	-
Less tax on special items	(13)	(35)	(35)	-
Adjusted corporate segment net expense	(702)	~(1,000)	~(1,000)	(200)

¹ Includes announced dispositions for the Canadian, San Juan, Barnett and Panhandle transactions as if they were completed on Jan. 1, 2017. Canadian transaction closing occurred on May 17, 2017; San Juan, Barnett, and Panhandle closing estimated in 3Q17.

² Expected disposition impacts include impacts from the Canadian, San Juan, Barnett, and Panhandle transactions from the time of closing through the end of the year. Canadian transaction closed on May 17, 2017; San Juan, Barnett, and Panhandle closing estimated in 3Q17.

As of September 30, 2018



Adjusted Effective Income Tax Rates

	For the Year	For the Quarter Ended				For the Year	For the Quarter Ended		
	Ended 12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017	Ended 12/31/2017	3/31/2018	6/30/2018	9/30/2018
Alaska	-7.7%	44.9%	22.3%	35.3%	28.8%	31.5%	19.5%	21.4%	20.1%
Lower 48	36.0%	35.5%	37.9%	39.2%	28.3%	36.6%	22.5%	21.7%	22.3%
Canada	28.8%	50.9%	-83.2%	34.7%	31.0%	46.0%	38.4%	-1.5%	61.1%
Europe and North Africa	28.3%	67.8%	70.4%	72.0%	71.7%	70.3%	68.3%	68.1%	70.3%
Asia Pacific and Middle East	47.4%	36.6%	31.9%	27.2%	26.0%	29.9%	27.6%	23.5%	27.8%
Other International	23.6%	20.4%	14.2%	-27.3%	16.9%	9.9%	0.7%	-102.3%	17.2%
Corporate and Other	22.2%	21.1%	39.2%	22.7%	30.4%	28.5%	13.8%	5.8%	11.3%
Consolidated	29.9%	232.5%	45.2%	57.7%	49.5%	61.6%	41.8%	41.2%	39.2%

The income tax effects of the special items are calculated based on the statutory rate of the jurisdiction in which the discrete item resides.

As of February 1, 2018

Non-GAAP Reconciliations

Preliminary Year-End Reserves Reconciliation

MMBOE, except as indicated

End of 2016	6,424
End of 2017	5,038
Change in reserves	(1,386)
Production ¹	518
Change in reserves excluding production ¹	(868)
Total reserve replacement ratio	-168%
Sales	(1,904)
Changes in reserves excluding production ¹ and sales	1,036
Organic reserve replacement ratio	200%
Market factors	431
Changes in reserves excluding production ¹ , sales and market factors	605
Adjusted replacement ratio	117%

¹ Production includes fuel gas and Libya



Abbreviations

Commonly Used Abbreviations

2-D: Two Dimensional
3-D: Three Dimensional
CFO: Cash from Operations
E&P: Exploration and Production
Earnings: Net Income (Loss) Attributable to ConocoPhillips
DD&A: Depreciation, Depletion and Amortization
GAAP: Generally Accepted Accounting Principles
HSE: Health, Safety and Environment
JCC: Japan Crude Cocktail
LNG: Liquefied Natural Gas
NGL: Natural Gas Liquids
OECD: Organisation for Economic Co-operation and Development
PSC: Production Sharing Contract
ROCE: Return on Capital Employed
SAGD: Steam-Assisted Gravity Drainage
SEC: Securities and Exchange Commission
TRR: Total Recordable Rate
TSR: Total Shareholder Return

Units of Measure

BBL: Barrels
BBBL: Billions of Barrels
BBOE: Billions of Barrels of Oil Equivalent
BCF: Billion Cubic Feet
BCFD: Billions of Cubic Feet per Day
BOE: Barrels of Oil Equivalent
BOED: Barrels of Oil Equivalent per Day
M: Thousand
MBD: Thousands of Barrels per Day
MBOED: Thousands of Barrels of Oil Equivalent per Day
MCFD: Thousands of Cubic Feet per Day
MM: Million
MMBBL: Millions of Barrels
MMBD: Millions of Barrels per Day
MMBOE: Millions of Barrels of Oil Equivalent
MMBOED: Millions of Barrels of Oil Equivalent per Day
MMCFD: Millions of Cubic Feet per Day
MTPA: Millions of Tonnes per Annum
TCF: Trillion Cubic Feet

Metric Conversions

6,000 Cubic Feet of Gas = 1 Barrel of Oil Equivalent
100,000 British Thermal Units = 1 Therm
1 Cubic Foot of Natural Gas = 1,000 British Thermal Units
1 Ton of Crude Oil = 7.3 Barrels of Crude Oil
1 Billion Cubic Meters of Gas = 35.3 Billion Cubic Feet of Gas
1 Petajoule (PJ) of Gas = 1.116 Billion Cubic Feet of Gas
1 Million Tonnes of LNG = 52.3 Billion Cubic Feet of LNG