



## Definitions of Non-GAAP Terms and Measures

### 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).*

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 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](http://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 Operating Costs

Operating costs is defined by the Company as the sum of production and operating expenses and selling, general and administrative 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 and selling, general and administrative 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. Beginning in 2024, the Company will utilize a definition of adjusted operating costs that no longer includes exploration general and administrative expenses, geological and geophysical and lease rental and other expense. The Company believes that this revised definition will serve as a more useful tool for comparison against the performance and cost structures of peer companies and will be more easily understood by the investment community.

### 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 Loss

Adjusted corporate segment net loss 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.

### 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 WTI 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 defined as cash from operations net of capital expenditures and investments. The company believes free cash flow is useful to investors in understanding how existing cash from operations is utilized as a source for sustaining our current capital plan and future development growth. 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.

### Net Debt

Net debt includes total balance sheet debt less cash, cash equivalents 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 short-term investments across periods on a consistent basis.

### Return on Capital Employed

Return on capital employed (ROCE) is a measure of the profitability of the company's capital employed in its business operations compared with that of its peers. The company calculates ROCE as a ratio, the numerator of which is net income, and the denominator of which is average total equity plus average total debt. The net income is adjusted for after-tax interest expense, for the purposes of measuring efficiency of debt capital used in operations; net income is also adjusted for non-operational or special items impacts to allow for comparability in the long-term view across periods. The company believes ROCE is a good indicator of long-term company and management performance as it relates to capital efficiency, both absolute and relative to the company's primary peer group.

### Cash Adjusted Return on Capital Employed

Cash adjusted return on capital employed (ROCE) is a measure of the profitability of the company's capital employed in its business operations compared with that of its peers. The basis of cash adjusted ROCE utilizes ROCE as defined above and further adjusts for cash and cash equivalents, restricted cash, and short-term investments as well as the after-tax interest income generated by these capital sources, as the company may retain these sources for other strategic purposes and not fully employ such capital for use in operations. As such, cash adjusted ROCE is useful for comparability across periods that may be cyclically impacted by significant cash-related transactions.

### Reinvestment Rate

Defined as total capital expenditures divided by cash from operations (as defined in the Definitions of Non-GAAP Terms and Measures).



## Definitions of Other Commonly Used Terms and Measures

### **Average Annual Rate of Return (AARR)**

The average annual rate of return (AARR) is the nominal return that a decision or investment provides over a period of time expressed as a time-weighted annual percentage and is calculated using the cash flows resulting from such project or investment decision.

### **Distributions**

Distributions is defined as the total of the ordinary dividend, share repurchases and variable return of cash (VROC) Also referred to as return of capital.

### **Free Cash Flow Yield**

Free cash flow yield is a financial ratio calculated by dividing free cash flow (as defined in the Definitions of Non-GAAP Terms and Measures) with the company's ending period market capitalization and presenting on an annualized basis. The company believes free cash flow yield is useful to investors as a measure of the company's ability to generate free cash flow in comparison to its market capitalization and allows for comparisons across peer companies.

### **Liquidity**

Liquidity includes cash, cash equivalents, short-term investments and available borrowing capacity under the company's revolving credit facility. The company believes liquidity is useful to investors to provide insight into the company's ability to fund its business plans and debt obligations.

### **Leverage ratio**

Refers to net debt divided by cash from operations. Net debt and cash from operations are non-GAAP measures defined above.

### **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.

### **Returns of Capital**

Return of capital is defined as the total of the ordinary dividend, share repurchases and variable return of cash (VROC) Also referred to as distributions .

### **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.

### **Reserve Replacement**

Reserve replacement is defined by the Company as a ratio representing the change in proved reserves, net of production, divided by current year production. The Company believes that reserve replacement is useful to investors to help understand how changes in proved reserves, net of production, compare with the Company's current year production, inclusive of acquisitions and dispositions.

### **Organic Reserve Replacement**

Organic reserve replacement is defined by the Company as a ratio representing the change in proved reserves, net of production and excluding acquisitions and dispositions, divided by current year production. The Company believes that organic reserve replacement is useful to investors to help understand how changes in proved reserves, net of production, compare with the Company's current year production, exclusive of acquisitions and dispositions.

### **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.

### **Cost of Supply**

Cost of supply is the WTI equivalent price that generates a 10% after-tax return on a point-forward and fully burdened basis. Fully burdened includes capital infrastructure, foreign exchange, price-related inflation, G&A and carbon tax (if currently assessed). If no carbon tax exists for the asset, carbon pricing aligned with internal energy scenarios are applied. All barrels of resource in the cost of supply calculation are discounted at 10%.

### **Sustaining Price**

Sustaining price is the WTI price at which cash provided by operating activities covers sustaining capital and the ordinary dividend.

### **Total Shareholder Yield**

Total shareholder yield is calculated as the annual planned share repurchases and dividends divided by the company's ending period market capitalization.

### **Underlying Production**

Underlying production reflects the impact of closed acquisitions and dispositions (A&D). The company believes that underlying production is useful to investors to compare production and reflecting the impact of closed acquisitions and dispositions on a consistent go-forward basis across periods and with peer companies.

### **Underlying Production per-Share**

Production per-share is underlying production divided by ending share price plus ending shares outstanding. The company believes that production per-share is useful to investors as it provides a consistent view of production on an equity basis and allows for comparisons across peer companies.

### **Underlying Production per Debt-Adjusted Share**

Production per debt-adjusted share is calculated on an underlying production basis using ending period debt divided by ending share price plus ending shares outstanding. The company believes that production per debt-adjusted share is useful to investors as it provides a consistent view of production on a total equity basis by converting debt to equity and allows for comparisons across peer companies.



### Non-GAAP Reconciliations

#### Reconciliation of Earnings to Adjusted Earnings

\$ Millions, except as indicated

	For the Quarter Ended				For the Quarter Ended				For the Quarter Ended				For the Quarter Ended				For the Year Ended			
	3/31/2023				6/30/2023				9/30/2023				12/31/2023				12/31/2023			
	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)
<b>Consolidated</b>																				
<b>Earnings (loss)</b>			2,920	2.38			2,232	1.84			2,798	2.32			3,007	2.52			10,957	9.06
Adjustments:																				
(Gain) loss on asset sales <sup>1</sup>	-	-	-	-	-	-	-	-	(94)	(6)	(100)	(0.08)	-	-	-	-	(94)	(6)	(100)	(0.08)
Tax adjustments	-	-	-	-	-	-	-	-	-	(144)	(144)	(0.12)	-	(203)	(203)	(0.17)	-	(347)	(347)	(0.30)
(Gain) loss on CVE shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain) loss on debt extinguishment and exchange fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction and restructuring expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Gain) loss on FX derivative	-	-	-	-	-	-	-	-	59	(12)	47	0.04	73	(15)	58	0.05	132	(27)	105	0.09
Pending claims and settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exploration Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted earnings (loss)</b>			2,920	2.38			2,232	1.84			2,601	2.16			2,862	2.40			10,615	8.77

<sup>1</sup> Includes 3Q23 divestiture of Lower 48 equity method investment.

By segment after-tax	For the Quarter Ended				For the Year Ended
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023
<b>Alaska</b>					
<b>Earnings (loss)</b>	416	372	448	542	1,778
Adjustments:	-	-	-	-	-
<b>Adjusted earnings (loss)</b>	416	372	448	542	1,778
<b>Lower 48</b>					
<b>Earnings (loss)</b>	1,852	1,230	1,781	1,598	6,461
Adjustments:					
Net (gain)/loss on asset sales	-	-	(94)	-	(94)
Income tax	-	-	(6)	-	(6)
<b>Adjusted earnings (loss)</b>	1,852	1,230	1,681	1,598	6,361
<b>Canada</b>					
<b>Earnings (loss)</b>	6	32	186	178	402
Adjustments:	-	-	-	-	-
Income tax <sup>1</sup>	-	-	(92)	-	(92)
<b>Adjusted earnings (loss)</b>	6	32	94	178	310
<b>Europe, Middle East and North Africa</b>					
<b>Earnings (loss)</b>	365	264	253	307	1,189
Adjustments:	-	-	-	-	-
<b>Adjusted earnings (loss)</b>	365	264	253	307	1,189
<b>Asia Pacific</b>					
<b>Earnings (loss)</b>	522	387	465	587	1,961
Adjustments:					
Income tax <sup>2</sup>	-	-	(52)	(203)	(255)
<b>Adjusted earnings (loss)</b>	522	387	413	384	1,706
<b>Other International</b>					
<b>Earnings (loss)</b>	1	(4)	(2)	(8)	(13)
Adjustments:	-	-	-	-	-
<b>Adjusted earnings (loss)</b>	1	(4)	(2)	(8)	(13)
<b>Corporate and Other</b>					
<b>Earnings (loss)</b>	(242)	(49)	(333)	(197)	(821)
Adjustments:					
(Gain) loss on FX derivative	-	-	59	73	132
Income tax	-	-	(12)	(15)	(27)
<b>Adjusted earnings (loss)</b>	(242)	(49)	(286)	(139)	(716)

<sup>1</sup> Includes a tax adjustment in 3Q 2023 related to closure of an audit.

<sup>2</sup> Includes a tax adjustment in 3Q 2023 related to Malaysia Deepwater tax incentive and a 4Q23 adjustment related to reversal of a tax reserve.

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 Quarter Ended				For the Quarter Ended				For the Quarter Ended				For the Year Ended			
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2022	6/30/2022	9/30/2022	12/31/2022
	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)
<b>Consolidated</b>																				
<b>Earnings (loss)</b>			5,759	4.39			5,145	3.96			4,527	3.55			3,249	2.61			18,680	14.57
Adjustments:																				
(Gain) loss on asset sales	(763)	154	(609)	(0.47)	(254)	57	(197)	(0.15)	70	(16)	54	0.04	(21)	5	(16)	(0.01)	(968)	200	(768)	(0.59)
Tax adjustments	-	(566)	(566)	(0.43)	-	58	58	0.04	-	-	-	-	-	(23)	(23)	(0.02)	-	(531)	(531)	(0.42)
(Gain) loss on CVE shares	(251)	-	(251)	(0.19)	-	-	-	-	-	-	-	-	-	-	-	-	(251)	-	(251)	(0.19)
(Gain) loss on debt extinguishment and exchange fees	(127)	65	(62)	(0.05)	83	(13)	70	0.05	-	-	-	-	-	-	-	-	(44)	52	8	-
Transaction and restructuring expenses	14	(4)	10	0.01	14	(4)	10	0.01	-	-	-	-	-	-	-	-	28	(8)	20	0.01
(Gain) loss on FX derivative	10	(2)	8	0.01	-	-	-	-	-	-	-	-	-	-	-	-	10	(2)	8	-
Pending claims and settlements	-	-	-	-	-	-	-	-	(20)	29	9	0.01	87	(21)	66	0.05	67	8	75	0.06
Exploration Expenses	-	-	-	-	-	-	-	-	-	-	-	-	129	(30)	99	0.08	129	(30)	99	0.08
<b>Adjusted earnings (loss)</b>			<b>4,289</b>	<b>3.27</b>			<b>5,086</b>	<b>3.91</b>			<b>4,590</b>	<b>3.60</b>			<b>3,375</b>	<b>2.71</b>			<b>17,340</b>	<b>13.52</b>

By segment after-tax	For the Quarter Ended				For the Year Ended
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	
<b>Alaska</b>					
<b>Earnings (loss)</b>	584	687	580	501	2,352
Adjustments:					
Income tax <sup>1</sup>	(23)	-	-	(26)	(49)
<b>Adjusted earnings (loss)</b>	<b>561</b>	<b>687</b>	<b>580</b>	<b>475</b>	<b>2,303</b>
<b>Lower 48</b>					
<b>Earnings (loss)</b>	2,790	3,581	2,653	1,991	11,015
Adjustments:					
Transaction and restructuring expenses	14	14	-	-	28
Net (gain)/loss on asset sales	-	(101)	55	(21)	(67)
Income tax <sup>2</sup>	(30)	18	(13)	5	(20)
<b>Adjusted earnings (loss)</b>	<b>2,774</b>	<b>3,512</b>	<b>2,695</b>	<b>1,975</b>	<b>10,956</b>
<b>Canada</b>					
<b>Earnings (loss)</b>	291	316	119	(12)	714
Adjustments:					
Net (gain)/loss on asset sales	(229)	(153)	15	-	(367)
Exploration Expense	53	35	(3)	129	129
Income tax <sup>3</sup>	-	-	(3)	(47)	38
<b>Adjusted earnings (loss)</b>	<b>115</b>	<b>198</b>	<b>131</b>	<b>70</b>	<b>514</b>
<b>Europe, Middle East and North Africa</b>					
<b>Earnings (loss)</b>	412	385	922	525	2,244
Adjustments:					
Income tax <sup>4</sup>	-	58	-	-	58
<b>Adjusted earnings (loss)</b>	<b>412</b>	<b>443</b>	<b>922</b>	<b>525</b>	<b>2,302</b>
<b>Asia Pacific</b>					
<b>Earnings (loss)</b>	1,136	525	520	555	2,736
Adjustments:					
Net (gain)/loss on asset sales	(534)	-	-	-	(534)
Pending claims and settlements	-	-	(27)	-	(27)
Income tax	-	-	-	-	-
<b>Adjusted earnings (loss)</b>	<b>602</b>	<b>525</b>	<b>493</b>	<b>555</b>	<b>2,175</b>
<b>Other International</b>					
<b>Earnings (loss)</b>	-	-	(28)	(23)	(51)
Adjustments:					
Income tax <sup>5</sup>	-	-	29	20	49
<b>Adjusted earnings (loss)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(3)</b>	<b>(2)</b>
<b>Corporate and Other</b>					
<b>Earnings (loss)</b>	546	(349)	(239)	(288)	(330)
Adjustments:					
(Gain) loss on CVE shares	(251)	-	-	-	(251)
(Gain) loss on FX derivative	10	-	-	-	10
Pending claims and settlements	-	-	7	87	94
(Gain) loss on debt extinguishment and exchange fees	(127)	83	-	-	(44)
Income tax <sup>6</sup>	(353)	(13)	-	(21)	(387)
<b>Adjusted earnings (loss)</b>	<b>(175)</b>	<b>(279)</b>	<b>(232)</b>	<b>(222)</b>	<b>(908)</b>

<sup>1</sup> Includes a tax adjustment in Q1 2022 related to the closure of an audit, Q4 2022 deferred tax adjustment in Alaska.

<sup>2</sup> Includes a tax adjustment in Q1 2022 related to the closure of an audit.

<sup>3</sup> Includes Q1 2022 tax adjustment related to Indonesia disposition, Q1 2022 tax adjustments including closure of an audit, Q4 2022 deferred tax adjustment related to pending claims and settlements

<sup>4</sup> Includes a tax adjustment in 2Q 2022 related to Norway tax reform.

<sup>5</sup> Includes a tax adjustment in 3Q 2022 and 4Q 2022 related to pending claims and settlements

<sup>6</sup> Includes a tax adjustment in 4Q 2022 related to pending claims and settlements

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 Quarter Ended				For the Quarter Ended				For the Year Ended			
	Pre-tax	3/31/2021 Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	6/30/2021 Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	9/30/2021 Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	12/31/2021 Income tax	After-tax	Per share of common stock (dollars)
<b>Consolidated</b>																
<b>Earnings (loss)</b>			<b>982</b>	<b>0.75</b>			<b>2,091</b>	<b>1.55</b>			<b>2,379</b>	<b>1.78</b>			<b>2,627</b>	<b>1.98</b>
Adjustments:																<b>6.07</b>
(Gain) loss on CVE shares	(308)	-	(308)	(0.24)	(418)	-	(418)	(0.30)	(17)	-	(17)	(0.01)	(297)	-	(297)	(0.22)
(Gain) loss on asset sales	(200)	6	(194)	(0.15)	(68)	16	(52)	(0.04)	47	(19)	28	0.02	(126)	29	(97)	(0.07)
Transaction and restructuring expenses	291	(48)	243	0.19	23	(5)	18	0.01	52	(25)	27	0.02	69	(16)	53	0.04
Net realized loss on accelerated settlement of Concho hedging program	132	(31)	101	0.08	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax adjustments	-	75	75	0.06	-	-	-	-	-	-	-	-	-	(35)	(35)	(0.03)
Unrealized (gain) loss on FX derivative	4	(1)	3	-	8	(2)	6	-	-	-	-	-	(21)	4	(17)	(0.01)
Impairments	-	-	-	-	-	-	-	-	(89)	21	(68)	(0.06)	773	(20)	753	0.56
Pension settlement expense	-	-	-	-	42	(9)	33	0.02	28	(5)	23	0.02	29	(6)	23	0.02
Pending claims and settlements	-	-	-	-	48	(10)	38	0.03	-	-	-	-	-	-	-	-
<b>Adjusted earnings (loss)</b>			<b>902</b>	<b>0.69</b>			<b>1,716</b>	<b>1.27</b>			<b>2,372</b>	<b>1.77</b>			<b>3,010</b>	<b>2.27</b>
															<b>8,000</b>	<b>6.01</b>

**By segment after-tax****Alaska**

Earnings (loss)	159	371	405	451	1,386
Adjustments:					
Transaction and restructuring expenses	26	2	1	4	33
Income tax	(6)	-	-	(7)	(13)
Adjusted earnings (loss)	179	373	406	448	1,406

**Lower 48**

<b>Earnings (loss)</b>	<b>468</b>	<b>1,175</b>	<b>1,631</b>	<b>1,658</b>	<b>4,932</b>
Adjustments:					
Transaction and restructuring expenses	175	13	15	57	260
Net loss on accelerated settlement of Concho hedging program	132	-	-	-	132
Impairments	-	-	(89)	85	(4)
Income tax	(71)	(3)	18	(33)	(89)
<b>Adjusted earnings (loss)</b>	<b>704</b>	<b>1,185</b>	<b>1,575</b>	<b>1,767</b>	<b>5,231</b>

**Canada**

<b>Earnings (loss)</b>	<b>10</b>	<b>102</b>	<b>155</b>	<b>191</b>	<b>458</b>
Adjustments:					
Transaction and restructuring expenses	3	-	-	-	3
Net (gain)/loss on asset sales	-	(68)	(100)	(126)	(294)
Income tax	-	16	23	29	68
<b>Adjusted earnings (loss)</b>	<b>13</b>	<b>50</b>	<b>78</b>	<b>94</b>	<b>235</b>

**Europe, Middle East and North Africa**

<b>Earnings (loss)</b>	<b>153</b>	<b>207</b>	<b>241</b>	<b>566</b>	<b>1,167</b>
Adjustments:					
Transaction and restructuring expenses	1	-	24	-	25
Income tax	(1)	-	(19)	-	(20)
<b>Adjusted earnings (loss)</b>	<b>153</b>	<b>207</b>	<b>246</b>	<b>566</b>	<b>1,172</b>

**Asia Pacific**

<b>Earnings (loss)</b>	<b>317</b>	<b>175</b>	<b>257</b>	<b>(296)</b>	<b>453</b>
Adjustments:					
Net (gain)/loss on asset sales	(200)	-	-	-	(200)
Impairments	-	-	-	688	688
Transaction and restructuring expenses	1	-	-	-	1
Income tax	-	-	-	-	-
<b>Adjusted earnings (loss)</b>	<b>118</b>	<b>175</b>	<b>257</b>	<b>392</b>	<b>942</b>

**Other International**

<b>Earnings (loss)</b>	<b>(4)</b>	<b>(5)</b>	<b>(97)</b>	<b>(1)</b>	<b>(107)</b>
Adjustments:					
Net (gain)/loss on asset sales	-	-	147	-	147
Transaction and restructuring expenses	-	-	-	4	4
Income tax	-	-	(42)	(1)	(43)
<b>Adjusted earnings (loss)</b>	<b>(4)</b>	<b>(5)</b>	<b>8</b>	<b>2</b>	<b>1</b>

**Corporate and Other**

<b>Earnings (loss)</b>	<b>(121)</b>	<b>66</b>	<b>(213)</b>	<b>58</b>	<b>(210)</b>
Adjustments:					
(Gain) loss on CVE shares	(308)	(418)	(17)	(297)	(1,040)
Unrealized (gain) loss on FX derivative	4	8	-	(21)	(9)
Pending claims and settlements	-	48	-	48	99
Pension settlement expense	-	42	28	29	109
Transaction and restructuring expenses	85	8	12	4	16
Income tax <sup>1</sup>	79	(23)	(8)	(32)	(987)
<b>Adjusted earnings (loss)</b>	<b>(261)</b>	<b>(269)</b>	<b>(198)</b>	<b>(259)</b>	

<sup>1</sup> Includes deferred tax adjustment related to foreign tax credits in 1Q 2021 and Q4 2021 tax adjustment related to Indonesia disposition.

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.



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## Non-GAAP Reconciliations

### Reconciliation of Net Cash Provided by Operating Activities to Cash from Operations and Free Cash Flow

\$ Millions, Except as Indicated

	For the Quarter Ended				For the Year Ended	For the Quarter Ended				For the Year Ended
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023
Net Cash Provided by Operating Activities	5,068	7,914	8,740	6,592	28,314	5,403	3,854	5,445	5,263	19,965
Adjustments:										
Net operating working capital changes	(1,957)	80	1,504	139	(234)	(283)	(845)	(23)	(231)	(1,382)
<b>Cash from operations</b>	<b>7,025</b>	<b>7,834</b>	<b>7,236</b>	<b>6,453</b>	<b>28,548</b>	<b>5,686</b>	<b>4,699</b>	<b>5,468</b>	<b>5,494</b>	<b>21,347</b>
Capital expenditures and investments	(3,161)	(1,968)	(2,497)	(2,533)	(10,159)	(2,897)	(2,923)	(2,545)	(2,883)	(11,248)
<b>Free Cash Flow</b>	<b>3,864</b>	<b>5,866</b>	<b>4,739</b>	<b>3,920</b>	<b>18,389</b>	<b>2,789</b>	<b>1,776</b>	<b>2,923</b>	<b>2,611</b>	<b>10,099</b>



## Reconciliation of reported production to pro forma underlying production

MBOED, except as indicated

	For the Quarter Ended				For the Year Ended	For the Quarter Ended				For the Year Ended
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023
<b>Total Reported ConocoPhillips Production</b>	<b>1,747</b>	<b>1,692</b>	<b>1,754</b>	<b>1,758</b>	<b>1,738</b>	<b>1,792</b>	<b>1,805</b>	<b>1,806</b>	<b>1,902</b>	<b>1,826</b>
Closed Dispositions <sup>1</sup>	(56)	(12)	(12)	(4)	(21)	(2)	(2)	-	-	(1)
Closed Acquisitions <sup>2</sup>	90	73	84	75	80	69	66	64	2	50
<b>Total Pro Forma Underlying Production</b>	<b>1,781</b>	<b>1,753</b>	<b>1,826</b>	<b>1,829</b>	<b>1,797</b>	<b>1,859</b>	<b>1,869</b>	<b>1,870</b>	<b>1,904</b>	<b>1,875</b>
<b>Estimated Uplift from 2 to 3 stream conversion<sup>3</sup></b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Includes production related to the 2022 Indonesia disposition and various Lower 48 dispositions.<sup>2</sup> Includes production related to the acquisition of an additional 50% interest in Surmont, an additional 10% shareholding interest in APLNG, an additional 4% shareholding interest in Libya and a Lower 48 bolt-on acquisition.<sup>3</sup> Estimated production impacts from the conversion of Concho two-stream contracted volumes to a three-stream (crude oil, natural gas and natural gas liquids) reporting basis, which are not included in Total Production and Total Underlying Production.

## Non-GAAP Reconciliations

As of February 8, 2024

ConocoPhillips

### Reconciliation of adjusted corporate segment net loss

\$ Millions, Except as Indicated

	2023 FY	2024 FY Guidance
<b>Corporate and Other earnings</b>	(821)	(1,000)-(1,100)
Adjustments to exclude special items		
(Gain) loss on FX derivative	132	-
Income tax on special items	(27)	-
<b>Adjusted corporate segment net loss</b>	<b>(716)</b>	<b>(1,000)-(1,100)</b>





## Adjusted Effective Income Tax Rates

	For the Quarter Ended				For the Year Ended	For the Quarter Ended				For the Year Ended
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023
Alaska	30.0%	30.1%	27.6%	27.1%	28.9%	26.7%	27.0%	26.1%	26.4%	26.5%
Lower 48	22.1%	19.6%	25.1%	22.1%	22.1%	22.1%	22.2%	22.3%	20.4%	21.8%
Canada	24.4%	25.1%	24.5%	24.0%	24.6%	21.9%	26.6%	24.5%	29.5%	27.6%
Europe, Middle East and North Africa	76.8%	71.1%	64.7%	70.3%	70.1%	70.6%	73.1%	71.7%	73.0%	72.1%
Asia Pacific	22.4%	17.7%	17.7%	13.6%	18.1%	10.3%	14.1%	19.1%	16.7%	14.8%
Other International	-137.8%	43.0%	16.8%	500.9%	168.2%	0.0%	0.0%	756.2%	18.8%	-0.2%
Corporate and Other	38.1%	3.4%	21.9%	14.8%	19.6%	-11.3%	75.9%	-23.1%	43.5%	20.2%
<b>Consolidated</b>	<b>36.8%</b>	<b>32.2%</b>	<b>38.7%</b>	<b>37.8%</b>	<b>36.2%</b>	<b>36.0%</b>	<b>33.6%</b>	<b>36.0%</b>	<b>34.0%</b>	<b>35.0%</b>

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

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**L48 Reported Production - Detail Breakdown**

MBOED, except as indicated

	For the Quarter Ended				For the Year Ended	For the Quarter Ended				For the Year Ended
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023
Permian	640	634	668	671	653	694	709	722	750	719
Eagle Ford	208	233	224	214	220	227	235	232	211	226
Bakken	97	91	96	96	95	98	104	111	110	106
Other	22	19	25	16	21	17	15	18	15	16
<b>Lower 48 Total Production (As Reported)</b>	<b>967</b>	<b>977</b>	<b>1,013</b>	<b>997</b>	<b>989</b>	<b>1,036</b>	<b>1,063</b>	<b>1,083</b>	<b>1,086</b>	<b>1,067</b>



## 2023 Reserves Replacement

MMBOE, except as indicated

End of 2022	6,599
End of 2023	6,758
Change in reserves	159
Production <sup>1</sup>	678
Change in reserves excluding production <sup>1</sup>	837
<b>2023 preliminary total reserve replacement ratio</b>	<b>123%</b>
Production <sup>1</sup>	678
Purchases <sup>2</sup>	(213)
Sales <sup>2</sup>	29
Changes in reserves excluding production <sup>1</sup> , purchases <sup>2</sup> and sales <sup>2</sup>	653
<b>2023 preliminary organic reserve replacement ratio</b>	<b>96%</b>
Production <sup>1</sup>	678
Purchases <sup>2</sup>	(213)
Sales <sup>2</sup>	29
Market Factors <sup>3</sup>	173
Changes in reserves excluding production <sup>1</sup> , purchases <sup>2</sup> , sales <sup>2</sup> and market factors <sup>3</sup>	826
<b>2023 preliminary organic reserve replacement ratio, excluding market factors</b>	<b>122%</b>

<sup>1</sup> Production includes fuel gas

<sup>2</sup> Purchases refers to acquisitions and sales refers to dispositions

<sup>3</sup> Market factors represent revisions to proved reserves attributable to changes in price, calculated as the difference between year end reserves determined using current and prior year historical 12-month pricing (as defined by SEC guidelines)

## Three-Year Reserves Replacement

MMBOE, except as indicated

End of 2020	4,459
End of 2023	6,758
Change in reserves	2,299
Production <sup>1</sup>	1,924
Change in reserves excluding production <sup>1</sup>	4,223
<b>Three-Year preliminary total reserve replacement ratio</b>	<b>219%</b>
Production <sup>1</sup>	1,924
Purchases <sup>2</sup>	(1,525)
Sales <sup>2</sup>	232
Changes in reserves excluding production <sup>1</sup> , purchases <sup>2</sup> and sales <sup>2</sup>	2,930
<b>Three-Year preliminary organic reserve replacement ratio</b>	<b>152%</b>



As of February 8, 2024

## Non-GAAP Reconciliations

### Reconciliation of Production and Operating Expenses to Adjusted Operating Costs

\$ Millions, Except as Indicated

	For the Quarter Ended				For the Year Ended	For the Quarter Ended				For the Year Ended	2024 Full Year Guidance
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	12/31/2023	
Production and operating expenses	1,581	1,741	1,799	1,885	7,006	1,779	1,886	1,995	2,033	7,693	8,300-8,400
Selling, general and administrative (G&A) expenses	187	96	148	192	623	159	205	169	172	705	600-700
Operating costs	1,768	1,837	1,947	2,077	7,629	1,938	2,091	2,164	2,205	8,398	8,900-9,100
Adjustments to exclude special items:											
Pending claims and settlements	-	-	-	102	102	-	-	-	-	-	-
Transaction and restructuring expenses	14	14	-	-	28	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-	-	-
Operating costs special items	14	14	-	102	130	-	-	-	-	-	-
<b>Adjusted operating costs</b>	<b>1,754</b>	<b>1,823</b>	<b>1,947</b>	<b>1,975</b>	<b>7,499</b>	<b>1,938</b>	<b>2,091</b>	<b>2,164</b>	<b>2,205</b>	<b>8,398</b>	<b>8,900-9,100</b>

\*Beginning in 2024, this measure has been updated to no longer includes Exploration G&A, G&G and lease rentals in the calculation of Operating Costs. The company believes this revised definition will serve as a more useful tool for comparison against the performance and cost structures of peer companies and will be more easily understood by the investment community. Accordingly, we have presented Adjusted Operating Costs on that basis for each of the historical periods identified in this table.



As of February 8, 2024

# Non-GAAP Reconciliations

## Reconciliation of Return on capital employed (ROCE) and Cash Adjusted ROCE

\$ Millions, Except as Indicated

	ROCE					Cash Adjusted ROCE				
	2022 FY	Trailing 12 Month 1Q23	Trailing 12 Month 2Q23	Trailing 12 Month 3Q23	2023 FY	2022 FY	Trailing 12 Month 1Q23	Trailing 12 Month 2Q23	Trailing 12 Month 3Q23	2023 FY
<b>Numerator</b>										
Net Income Attributable to ConocoPhillips	18,680	15,841	12,928	11,199	10,957	18,680	15,841	12,928	11,199	10,957
Adjustment to exclude special items	(1,340)	130	189	(71)	(342)	(1,340)	130	189	(71)	(342)
After-tax interest expense	641	618	593	594	616	641	618	593	594	616
After-tax interest income	-	-	-	-	-	(152)	(222)	(275)	(314)	(324)
ROCE Earnings	17,981	16,589	13,710	11,722	11,231	17,829	16,367	13,435	11,408	10,907
<b>Denominator</b>										
Average total equity <sup>1</sup>	48,801	48,946	48,433	47,932	47,925	48,801	48,946	48,433	47,932	47,925
Average total debt <sup>2</sup>	17,742	17,060	16,724	16,921	17,470	17,742	17,060	16,724	16,921	17,470
Average total cash <sup>3</sup>	-	-	-	-	-	(8,589)	(9,170)	(9,209)	(8,899)	(8,444)
Average capital employed	66,543	66,006	65,157	64,853	65,395	57,953	56,836	55,948	55,954	56,951
ROCE (percent)	27%	25%	21%	18%	17%	31%	29%	24%	20%	19%

<sup>1</sup> Average total equity is the average of beginning total equity and ending total equity by quarter.

<sup>2</sup> Average total debt is the average of beginning long-term debt and short-term debt and ending long-term debt and short-term debt by quarter.

<sup>3</sup> Average total cash is the average of beginning cash, cash equivalents, restricted cash and short-term investments and ending cash, cash equivalents, restricted cash and short-term investments by quarter.