

ConocoPhillips Pension Plan

Summary Funding Statement as at 31 March 2019

This statement is intended to give members important information about the funding position of the ConocoPhillips Pension Plan (the 'Plan')

We last wrote to you regarding the funding position of the Plan in October last year, where we provided details of the actuarial valuation as at 31 March 2018 and explained the change that occurred on 28 September 2019 when ConocoPhillips (U.K.) Holdings Limited ("Holdings") replaced ConocoPhillips (U.K.) Limited ("CPUKL") as the Plan's sponsoring employer. References below to "the Company" mean CPUKL up to that date and Holdings from that date.

Since then, the outbreak of the COVID-19 pandemic has had a significant impact on all our lives. From a funding perspective, the Plan remains well placed due to:

- The £260 million cash injection received from the Company last September when the UK upstream assets were sold.
- The earlier de-risking of the Plan with a substantial move from equities into assets with more stable returns, such as government gilts.
- The Parental Guarantee and formal funding commitment which permits access to funds from the ConocoPhillips parent company in the US, which remains on a secure financial footing.

Adverse market conditions, experienced as a result of the pandemic, have had an impact on the Plan's funding but the reduction has fallen within the range of expected outcomes. An indicative funding level as at 31 March 2020 is outlined in our covering letter. We are also pleased to confirm that the Plan currently remains on track to achieve its long-term funding target of having sufficient funding available for a buy-out in ten years' time. (i.e. for payment of Plan benefits to be secured through an insurance company if, for example, the Trustee satisfied itself at that time that this better served the interest of the Plan's members and beneficiaries as an alternative to continued reliance on financial support from the Company).

In the short term, the Trustee, in cooperation with the Company and ConocoPhillips as its US parent, has expanded its monitoring of their respective financial positions to ensure that support for the Plan remains robust.

Each year the Plan produces a Summary Funding Statement for distribution to its members. This Summary Funding Statement provides information about the results of the interim funding assessment as at 31 March 2019.

Legal requirements demand that the Trustee tells you about the Plan's funding position in a particular way. This statement seeks to comply with these requirements whilst still presenting the information in a helpful and understandable format.

Measuring the Plan's financial security

Except for contributions payable by members, responsibility to contribute to the Plan rests with the Plan's sponsoring employer (the "Company"). The contributions are invested by the Trustee and are held in a communal fund. The money built up in the Plan through the contributions and investments (the Plan's "assets") is used to provide members' benefits. The estimated cost of providing the benefits that you and other members have earned to date is known as the value of the Plan's "liabilities".

To check the Plan's financial security the Trustee compares the value of the Plan's liabilities with its assets. If the value of the Plan's assets is less than the value of the Plan's liabilities, it is said to have a "shortfall". If the value of the Plan's assets is more than the value of the Plan's liabilities, there is said to be a "surplus". The Trustee carries out an in-depth look at the Plan's finances once every three years. This is done by means of an actuarial valuation prepared by a qualified, independent professional, known as an actuary. In other years, an approximate review is carried out (an 'interim assessment').

How has the Plan's funding position changed since 31 March 2018?

The results of the interim assessment determined on a Technical Provisions basis i.e. Plan assets as compared to the Plan's liabilities, as at 31 March 2019 are shown below, together with the results of the actuarial valuation as at 31 March 2018.

	2019	2018
The Plan's liabilities were valued at:	£2,157m	£2,041m
The Plan's assets were valued at:	£1,994m	£1,884m
This means that there was a shortfall of:	£163m	£157m
Funding level	92%	92%

The Plan's estimated funding level of 92% as at 31 March 2019 was broadly unchanged from the funding level at 31 March 2018. Higher than assumed investment returns on the Plan assets over this period and the deficit contributions paid by the Company had a positive effect on the funding level, but this was broadly offset by changes in the financial assumptions used in the calculation of the Technical Provisions (reflecting changes in investment market conditions and in particular the fall in bond yields over the year).

Company contributions

The Trustee reviews the contributions payable by the Company at each formal valuation. In order to address the shortfall identified at the 2018 valuation, the Trustee established a 'recovery plan' intended to repair this shortfall by the end of December 2021. Under this recovery plan the Company was required to pay 'deficit contributions' in line with the table below:

Year	Contribution £m
2018 (last 9 months)	25.1
2019 (first 9 months)	25.1
2019 (last 3 months)	40
2020	60
2021	8

The above contributions were in addition to payments of 46.8% of pensionable earnings in respect of future pensionable service. The Company also agreed to continue to pay all the costs of administering and operating the Plan and of managing its assets.

As noted in the October 2019 Pensions Report, the ConocoPhillips group agreed to sell its UK upstream business, including the Company and the Trustee agreed mitigation for this transaction in order to agree to the Company being replaced by ConocoPhillips (U.K.) Holdings Limited as the Plan's sponsoring employer. A payment of £260 million was made to the Plan on 18 September 2019 including an acceleration of the deficit contributions set out above that were due on or after 1 October 2019. The Technical Provisions deficit detailed above was eliminated at the point this payment was made. A revised Schedule of Contributions was put in place on 30 September 2019 under which the

payments in respect of future pensionable service referred to above ceased but further contributions are payable of £14 million in each of 2020 and 2021 and £8 million in 2022.

The importance of the Company's support

The purpose of the Plan is for there to be enough money available to pay pensions now and in the future, but this depends on the Company continuing in business and continuing to contribute to the Plan. Where continuation of the Plan is assumed, the actuarial valuation is described as being on "an ongoing basis". This is the basis on which the 2018 valuation referred to above was conducted.

However, if there was concern about the Company's future ability to pay further contributions, the Trustee might move to an investment policy that more closely matched the Plan's liabilities, possibly buying out the benefits with annuity policies. This would increase the expected cost of providing the benefits significantly. The financial position on this basis is known as the solvency position. At 31 March 2018, the Plan's actuary estimated that the assets of the Plan would cover about 79% of the liabilities on a solvency basis. The funding position on this basis has not been estimated since 31 March 2018 but, taking account of the payment of £260 million referred to above, the solvency funding level at the end of April 2020 is expected to be higher than 79%.

This information is included in this statement for information only. It does not mean that the Company is thinking of winding up the Plan.

Payments to the Company

The regulations require confirmation, or otherwise, of any payments made to the Company during the period since the last Summary Funding Statement. The Trustee confirms that there have been no such payments.

Modifications imposed by the Regulator

The regulations also require the Trustee to report whether the Pensions Regulator has modified the Plan in respect of future accrual of benefits, given directions in relation to the Plan's Technical Provisions or imposed a schedule of contributions. The Trustee confirms that the Regulator has taken no such action in respect of the Plan.

Sources of further information

If you have any questions relating to the information provided within this statement, or would like more information, please contact Nicola Ozolins, Pensions Manager, via e-mail Nicola.Ozolins@conocophillips.com.

The Trustee will be sending you a Summary Funding Statement, like this one, each year.

As mentioned at the covering letter, we would like to issue Plan updates such as this to you electronically in the future. We would be grateful therefore if you could provide the necessary details of your e-mail address(es) and ensure that they remain up to date. However, if you do require a hard copy and if you change address you should provide written confirmation to the Trustee of your new details. Active members may update their address details via HR Express; Deferred and Pensioner members should either e-mail ConocoPhillippensions@capita.co.uk, or write to: ConocoPhillips UK Pension Administration Team, Capita Employee Benefits, PO Box 555, Stead House, Darlington, DL1 9YT.

Important: please note that where address changes are notified to Capita via e-mail they may only be accepted where they are accompanied by a scanned copy of your handwritten signature.

Formal documents which provide further information about the Plan are also available to Active members via the UK Pensions SharePoint site. Copies are available to all other members upon request from a member of the Administration Team at Capita.

The Statement of Investment Principles

This explains how the Trustee invests the money paid into the Plan.

The Statement of Funding Principles

This explains the principles and objectives used for funding the Plan.

The Recovery Plan

This explains how the shortfall of the assets compared with the liabilities ("Technical Provisions") is expected to be met over the recovery period.

The Schedule of Contributions

This shows how much money is being paid into the Plan by the Company and the contributing members and includes a certificate from the actuary showing that it is expected to be sufficient to meet the objectives set out in the Statement of Funding Principles.

The formal Actuarial Valuation Reports

These are the reports on the latest completed formal valuation of the Plan and subsequent interim assessments obtained by the Trustee. For the Plan the relevant document is the valuation report as at 31 March 2018. This report contains further details of the actuary's check of the Plan's funding position as at the effective date of the report, including details of the assumptions made.

The Plan's Annual Report and Accounts

This shows the Plan's income and expenditure over the year and other accounting information.

The ConocoPhillips Pension Plan Information Booklet

This is the members' handbook for the Plan. You should have been given a copy when you joined the Plan, but the Trustee can provide another copy.