

ENERGY ANSWERS

Energy security and climate change are two of the greatest challenges facing modern society. Although usually discussed separately, ConocoPhillips believes these two issues are interrelated and that society cannot solve one without also solving the other. This summary explains how companies like ConocoPhillips, our government and each of us as individuals can take action to improve energy security and address climate change. We encourage you to share this information with anyone who is interested in having a conversation on energy.

A SECURE ENERGY FUTURE

To us, energy security means ensuring that society has enough reliable and affordable energy to meet its needs today and in the future. In the United States, demand for oil far exceeds domestic supply, with the nation importing nearly 60 percent of the oil it needs. A country so dependent on foreign supply is inevitably impacted by events in the world oil market, including shortages and supply disruptions, increasing demand in developing nations, and geopolitical risk.

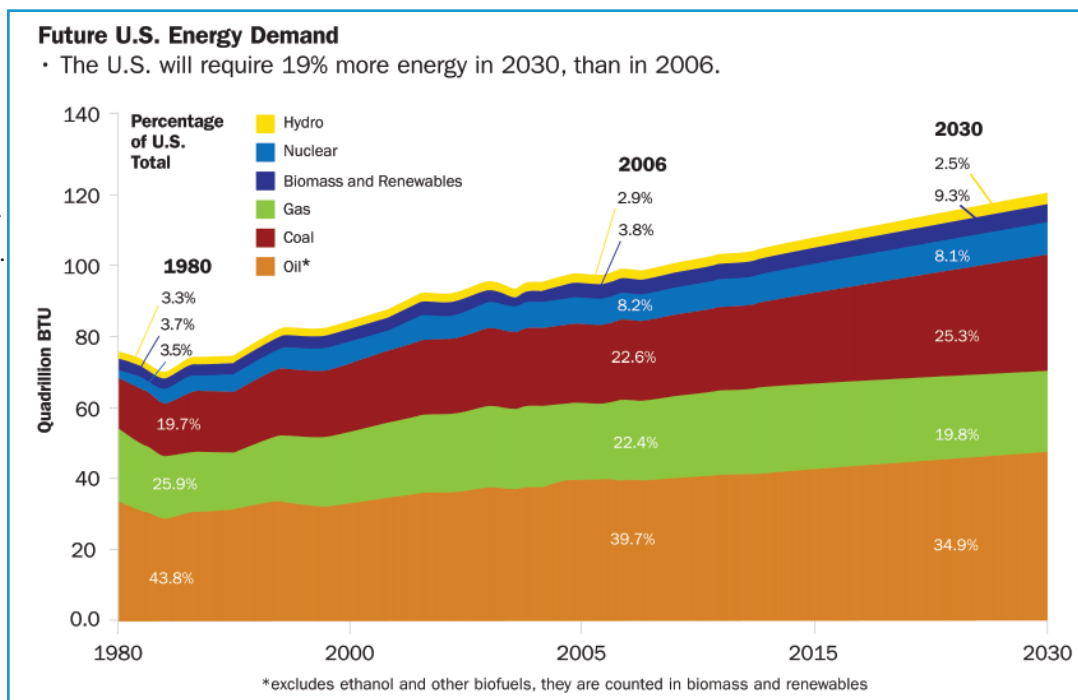
ConocoPhillips believes that the United States needs an integrated approach to secure its energy future, including:

- Diversifying our sources of energy.
- Encouraging greater innovation and investment in technology.
- Using energy wisely and efficiently.
- Practicing sound environmental stewardship.

Energy Diversity

Traditional energy sources, such as oil, natural gas and coal, remain the foundation of world energy supply. Use of renewable and nuclear energy will grow, but not fast enough to replace our enormous demand for fossil fuels.

- Oil, natural gas and coal supply 85 percent of U.S. energy supply today, and experts estimate they still will represent 80 percent or more of total supply in 2030.
- These traditional energy sources are relatively abundant, provided that energy companies are allowed access to the sources.
- They are cheaper – even at today’s prices – than many alternative forms of energy.
- ConocoPhillips will invest about \$15 billion in 2008 (excluding the Origin Energy transaction) to develop and supply energy to consumers, which is more than last year’s earnings of approximately \$12 billion.



Source: API, "The Truth About Oil and Gasoline: An API Primer," Sept. 19, 2008.

Other sources of fossil fuels, such as oil sands, oil shale and natural gas hydrates, also must be developed in a way that is safe, economical and environmentally responsible.

- Globally, these sources are estimated to provide nearly 7 trillion barrels of potentially recoverable oil – three times the supply of traditional energy sources and enough to meet the world’s needs for a century or longer.
- More than half – in the form of heavy oil, oil sands and oil shale – is in the United States and Canada.

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- ConocoPhillips is expanding production from the Canadian oil sands through intensive research to improve output and reduce the environmental and carbon footprint. This research also is aiding in evaluating the feasibility of producing oil shale in the U.S. Rocky Mountains. We also are researching ways to produce from the world's vast deposits of gas hydrates, which is natural gas trapped in ice on the ocean floor and in arctic regions.

Society also needs greater contributions from alternative energy sources, including those that are renewable, such as wind, solar, geothermal and biomass.

- ConocoPhillips blends ethanol made from corn into more than half of its domestic gasoline.
- We also are researching ways to produce biofuels, such as cellulosic biofuel, from nonfood sources, like switch grass, wood chips and algae. These would offer less environmental and economic impact than food-based sources.
- We already produce renewable diesel fuel from byproduct animal fats recovered in food processing and from vegetable oil.
- We also are using our carbon expertise to develop better materials for use in lithium ion batteries to make electric cars more practical.

Innovation

To achieve energy security, greater efforts must be dedicated to energy research and development.

- The United States should increase public funding of alternative energy research and development, encourage private investment by granting incentives, and enhance its academic research capabilities.
- ConocoPhillips has a long history of innovation. In 2008, we will invest \$400 million on technology research and development, including research on alternative fuels.
- In addition to supporting research in our own company, we also are collaborating with a number of other entities to advance the development of renewable energy, including Archer Daniels Midland Co., Iowa State University, and the Colorado Center for Biorefining and Biofuels.

Energy Efficiency

We all have a responsibility to use energy wisely. In fact, reducing consumption is the fastest and least expensive response to today's energy prices.

- Conservation is key. If we each saved a half-mile per gallon by driving more conservatively, we would reduce U.S. oil demand by 6 million barrels a month.
- At home, adjust the thermostat. Check door and window seals and insulation. Choose appliances with the ENERGY STAR® designation.
- Government could further encourage efficiency through public education and enactment of rising efficiency standards throughout the economy.
- ConocoPhillips is focused on reducing its own energy use, particularly in refineries. We intend to improve their efficiency by 10 percent by 2012. Some facilities already have achieved ENERGY STAR® certification.

Environmental Responsibility

All energy development activities must meet strict environmental standards.

- As a society, we must invest in ever cleaner forms of energy while protecting land, air and water quality.
- ConocoPhillips strives to minimize the impact of its operations. For example, we recently completed a comprehensive \$2 billion program at our U.S. refineries to lower the sulfur content of our gasoline and diesel fuel.

CLIMATE CHANGE

Climate change and energy security issues are linked and must be addressed together.

- The United States should enact a mandatory regulatory framework for carbon emissions that would enable the country to begin making the huge investments in technology needed to reduce the carbon intensity of energy supplies.
- The energy industry must play a crucial role in confronting the climate change challenge. We have the best understanding of the energy supply chain and the skills and expertise needed to help make potential solutions a reality.
- ConocoPhillips is working to slow, stop and reverse the growth of our own emissions of greenhouse gases, as well as actively researching carbon capture and storage through a number of projects globally.

For more in-depth information on these issues and more, go to www.conocophillips.com/energyanswers.