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Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

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PRESENTATION

Paul Cheng - *Barclays Capital - Analyst*

Thank you, everyone, joining us. Our next presentation is ConocoPhillips. With great delight, we have Chairman and CEO, Jim Mulva, with us.

A lot going on -- that ConocoPhillips is at the brink of going into the next phase in their journey. And so Jim is going to tell us about all the insight that why it's so exciting and how he's going to unlock the potential value for the shareholder.

With that, Jim? Thank you.

Jim Mulva - *ConocoPhillips Company - Chairman & CEO*

Good morning. And, Paul, thank you for the introduction. I'm pleased that we have quite a number of people here attending our presentation here in New York; and I also welcome all those who are participating in a worldwide webcast.

The title of our presentation is Repositioning Unlocked Potential. My presentation essentially is directed pretty much exclusively to the announcement that we made a little more than a month ago on the spin transaction -- spinning out our downstream operations into a publicly traded company.

As you see on the bottom part of the slide, we have a Safe Harbor provision with respect to forward-looking statements and estimates, included in our presentation, which may or may not occur, given the business environment.

It was actually in the latter part of 2009, in response to the financial crisis and the business environment, access issues, ConocoPhillips -- we announced a change in our strategy emphasizing returns over just absolute growth, improving our balance sheet and aggressively increasing our distributions to our shareholders. And that has actually moved from the end of 2009 into this first slide, which is essentially a three-year repositioning program for ConocoPhillips to accomplish this. And that's 2010 through the end of 2012.

And in terms of our portfolio, it means sell the more mature assets at a good value, position the company more towards upstream and less refining in the portfolio. The emphasis always on enhancing our returns -- returns on capital employed -- and all the metrics with respect to metrics per share or metrics per barrel of oil, either produced or through our refining network.

The balance sheet less debt; less debt and more cash and liquidity; and be more aggressive with respect to distributions in the form of dividends and share repurchase. So I'll talk more about this.

So, how have we done so far, about halfway through this three-year time period? And it just shows the progress through the end of the second quarter. In terms of the portfolio, you can see that we sold our interest in LUKOIL and about \$8 billion of non-core -- we feel non-core -- E&P assets.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

And when we sold our E&P assets so far, we sell for about an average of \$20 a barrel oil equivalent. And through this time period, we are repricing our reserves. And as we reduce our presence towards the downstream, we've announced a little over a month ago the spinout of our downstream.

You can see the returns enhancement, in terms of what we're doing. This is part of the self-help program, and some improvement that comes also as a result of better commodity prices.

We are reducing our exposure through less capital investment towards natural gas in North America, and the canceled major projects is the Yanbu project in Abu Dhabi, or I should say the Abu Dhabi project, and then the grassroots refinery with Saudi Aramco in -- at Yanbu.

In terms of the balance sheet, we've reduced our debt; our debt ratio is around 25%. We carry more cash and a lot of liquidity.

You can see on distributions we've bought back about 9% of our shares. And through our analysis and valuation, we sell at \$20 a barrel and we buy our shares back through -- our oil through our share repurchase at about \$10 a barrel oil equivalent.

Even though the production is going down through asset dispositions because of our share repurchase program, actually our production per share is going up about 5% -- production per share in 2011.

Very aggressive on dividend distributions. In fact, from the time of the merger in 2002, we've been increasing our dividends a little over 14% on a compounded annual rate.

In terms of allocation of capital -- and this is for the two-year period of time, 2010 through 2011, so it's actual results, as you see the upper left-hand part of the slide -- actual results and then a First Call estimate for 2011.

And you can start on the left-hand side of the slide, you see our cash position and our cash from operations for two years, the asset sales and disposition of LUKOIL. Spend about \$12 billion a year in capital, pay our dividends, reduce our debt, and buying about \$15 billion worth of our shares. And finish the year 2011 with a little less than six months, with \$5 billion in cash.

I call your attention to the upper right-hand ticker box there, and it just shows that our cash flow from operations exceeds what we spend in capital and dividends by \$5 billion. So essentially our asset dispositions are funding our share repurchase program.

Now I'd like to go and take a look at -- well, what remains in this three-year period of time? So halfway through it, what remains to be accomplished over the next 18 months?

Well, in terms of the optimization of the portfolio, we will -- our asset sales in 2011 will approach about \$4 billion. But in 2012, we expect to sell between \$5 billion and \$10 billion of assets in 2012; replace our reserves and continue to rationalize our refining portfolio, especially the smaller, less sophisticated refineries.

In terms of returns enhancement, continuing the program of improving our return on capital employed, our cash return and capital investment, and all the margins expressed in terms of either per-share basis or per-barrel oil equivalent, continuing to reduce our presence and our investment on pure natural gas in North America.

The balance sheet -- I'm going to give you more information as a result of the spin transaction, that after we further reduce our debt, we don't see a need to make any further reductions in debt.

We like the discipline of annual increases in dividends, and we'll complete our \$11 billion share-repurchase program this year and expect to continue share repurchases in 2012. And I will give you more information a little bit later in the presentation.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

So, if we look at the allocation of capital for this three-year repositioning time period, we think we are pretty good allocators of capital. So if you look on the pie chart on the left-hand side of the slide, you see the cash from operations for this three-year period of time is \$56 billion; asset disposition between \$25 billion and \$30 billion. So if you look at the bottom of that left-hand slide, you can see availability of cash is between \$82 billion and \$87 billion. That's dependent upon our asset sales between \$5 billion and \$10 billion. So that's the cash availability.

And so if you look on the right-hand side of the slide, well, what do we use this cash for, for this time period? Well, capital spending and E&P of \$36 billion, R&M of \$4 billion, dividends of \$10 billion, share repurchases of \$20 billion, \$25 billion in debt reduction. So essentially the share repurchase program is funded through asset dispositions.

So, in terms of the execution of this plan, kind of summarize over this three-year period of time, on the left-hand side of the slide, you can see that we are selling \$20 billion, \$25 billion, including -- of assets -- including disposition of our ownership interest in LUKOIL.

Ex-LUKOIL, we are selling about 750 million barrels of oil equivalent, roughly around \$20 a barrel.

Repositioning the E&P for growth -- I already mentioned canceling participation in two major projects and executing the spin of the downstream.

So on the right-hand side of the slide, pretty significant increases on return on capital employed through our self-help program, our capital investment and some improvement in commodity prices. And you can see the cash margin increasing in our barrel per oil equivalent of production, to \$28 barrel of oil equivalent.

Improvement in the balance sheet, aggressive on distributions to our shareholders, and continuing -- we like the idea of increasing the dividend each year, and that applies to 2012 as well as share repurchase.

So, what are some of the key performance metrics during this three-year period of time? So you can kind of go from the top to the bottom. We're going to more than replace our reserves. You would expect as we sell \$20 billion -- \$25 billion of assets, that it has an impact on our production barrel equivalent, but we see a more valuable production on our year-end exit rate at the end of 2012. It's 1.5 million Boe, upon which you'll see later in the presentation, we're going to grow our production 3% to 4% a year. But, when you look on the metrics, because of our share repurchase, the actual production per share goes up through this time period; less refining capacity, improvement in our returns.

And through our annual share repurchase, you can see the amount that we have in mind during these time periods. The shares outstanding at the end of 2012, about 1.2 billion shares, continuing to increase the dividends, but after the spin, more moderate increases in dividends than we've had in 2010 and 2011.

So, when we look at having accomplished and doing this repositioning, then we finish that three-year period of time and we look at the next three years, which is positioning what we feel for growth of these two publicly traded, very competitive, large upstream and downstream companies.

So, if we look at the top part of this slide, is the new ConocoPhillips, which is essentially the pure-play E&P company. You can see it continues to be large in terms of production. 75% to 80% is going to be OECD-focused; capability to do any type of project, onshore and offshore, anywhere in the world; continuing to pursue our unconventional resource plays, particularly in North America; and differentiate it in terms of our approach to how we grow as well as our approach also to distributions to our shareholder.

Now, a lot more information in the presentation coming.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

On the downstream, we think it's a very unique downstream company -- scope and size. It's unique because from a downstream perspective -- it's integrated; it's integrated because of Refining, Midstream and Chemicals.

Our intention is to put our joint venture in Chemicals and our joint venture into the Midstream into the downstream joint venture. Our Cenovus joint venture -- the intentions at Foster Creek and Christina Lake stay on E&P, and refineries' participation with Cenovus, Wood River and Borger go to the downstream.

You'll see it in a bit later -- you'll see the scope and size -- significant profitability and opportunity in net cash flow for distributions to the shareholder.

In terms of creating the two -- accomplishing the spin, we are creating two, large, leading energy companies, pure-play E&P and the downstream company. You can see the schematic at the bottom, but essentially what we have in mind is a dividend of shareholding interest in a downstream. This would be accomplished by way of a tax-free distributions to our shareholders.

We have in mind for every two shares that you own in ConocoPhillips you would receive 1 share in the downstream company. And when we create the downstream company, it will have new debt; we are not allocating debt from ConocoPhillips -- new debt of \$8 billion, of which \$2 billion will stay in the downstream company, \$6 billion will be upstream to ConocoPhillips. And that will subsequently be used primarily to reduce the debt of ConocoPhillips from \$24 billion down to \$18 billion. I'll have more about this in subsequent in the presentation. But you can see the schematic by which this is accomplished.

So when accomplished, and we have in mind the second quarter of next year, this is kind of a snapshot of after the spin is accomplished. Again, the downstream has the Refining and Marketing business; the Chemicals joint venture; the Midstream joint venture; as well as the refineries that we partner with, Cenovus, Wood River, and Borger.

Then we allocate the assets and liabilities. Actually it's not all that difficult to do, because it's very clear which assets and liabilities and accruals go for the upstream and downstream. So you can see, pro forma, what it looks like pre-spin, ConocoPhillips, and then you can see about, from asset basis, about two-thirds is upstream and a third downstream.

I've already mentioned the debt. We believe we will operate with cash of about \$2 billion in the downstream and \$6 billion upstream.

Balance sheets, mid \$20 billions for ConocoPhillips; a little bit less than 30% in the downstream, with time moving it towards 25%.

Dividend rate, continuing the dividend in ConocoPhillips. In fact, we like dividend increases each year. And we have in mind a \$0.80 dividend for the downstream company, so on a 2-for-1 split the equivalent is about a \$0.40 increase. And if you look at a [\$0.40] (company corrected after the call) increase on a rate and you hold your ownership interest both upstream and downstream, that's the equivalent of about 15% increase in dividends if you maintain your ownership in both the upstream and the downstream company.

So what I'd like to move now is to, well, what are the key planned deliverables for this time period, after the spin -- 2013 to 2015? We like the idea of looking at increments of about three years because it fits the repositioning plan, and instead of giving you numbers five and 10 years out, we think doing things in three years puts a lot of focus and execution and accomplishment.

The annual capital program for E&P, I will comment a little bit later, \$15 billion, \$2.5 billion in the downstream. You see the dividend growth; improving returns on capital employed; and the financial structure of the company is in the mid \$20 billions.

Absolute growth, after the year-end exit rate in E&P and 2012, is about 3% to 4% absolute growth in production, starting in 2013.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

And then I have a slide that's very interesting; it shows our cash margin on a flat price environment for E&P during the time period from 2012 to 2015, starts moving up about \$5.00 a barrel. And then as a result of our investments and some modest help in commodity prices, some share repurchase, we see 10% to 15% growth in cash flow per share.

So let's draw our attention now to the downstream company. It has about \$50 billion in assets. It's diversified and it's also integrated from the standpoint of Refining, Midstream and Chemicals.

We expect a strong BBB rating. And so if you look at 2010, this kind of pro forma just shows in the upper left-hand side of the slide where the cash from operations is coming from in the new downstream company and the capital spending.

Capital spending appears to be weighted more towards the refining side of the business. Essentially, the capital spending is self-funded within the joint ventures of the chemical company and the Midstream company.

If we take a look, this gives you kind of a picture with some statistics about the scope and size. These are very large -- we have very large, leading presence in the Refining and Marketing business, Chemicals and Midstream. Chemicals and Midstreams are leaders in their business. Chemicals, olefins and polyolefins, Midstream, we have always been a leader in terms of the gas, gas-to-liquids business.

In terms of Refining and Marketing transportation, if you look at ConocoPhillips today, we have around 30,000 employees, so about half our employees relate to the upstream part of the company; and about half the employees relate to the downstream part of the company. And then you can look at the -- a little bit later at some of these slides in terms of scope and size of the downstream company.

Now, we also think it's pretty unique in terms of the portfolio that's being created in a downstream company. And so on the left-hand side of the slide, we just give you pro forma results for the downstream company and it just shows how, as a result of some response and improvement in the economy as well as self-help, we just show that for 2011 -- and this is First Call or analyst expectations for this business -- our company in the downstream would be earning a little bit more than \$3 billion in 2011.

You can see the improvement in terms of return on capital employed. And then on the basis of 650 million shares outstanding, you can see the earnings per share.

If you look at the right-hand side of the slide, you see very strong cash flow, and the cash return on capital employed starts to move above the high mid teens and strong cash flow per share.

I would point out that when you see the blue bar, the cash from operations, capital spending, capital spending is -- really reflects the capital spending in Refining and Marketing, because the capital spending in the joint ventures of Midstream and the chemical company is self-funding. So that capital as shown here is really only for the downstream, for the Refining and Marketing part of the company.

In terms of the three-year growth plan for the downstream company -- and this -- for 2013 to 2015, what we see in mind -- have in mind is for this downstream company, is continuing to rationalize the portfolio in the refining side of the business. So with time you're going to see more emphasis in the portfolio and switching more to Midstream and Chemicals in the other space of downstream than it is on the Refining side.

Returns continue the emphasis on -- relentless emphasis on returns on capital employed and doing the best -- only the best project.

Balance sheet -- we said a BBB rating, a lot of financial capacity. We start off maybe at 29% debt ratio, but with a few years would be down toward the mid 20s.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

Distributions -- we are thinking about annual growth in dividends of 5%. You'll see here in a moment a lot of net cash flow that's available for share repurchase after funding the capital program and raising the dividend.

So the capital allocation for the downstream company, we are thinking capital spending about \$2 billion, \$2.5 billion annually. We need sustaining capital in the refining side of the business of about \$1 billion, and then we've got some smaller, high-return projects, about \$250 million a year. That gives us opportunity to spend up to \$1 billion in addition to that. Again, the joint ventures in Midstream and Chemicals are essentially self-funded, so that the capital that they are spending is not included in the \$2 billion and \$2.5 billion.

No reduction in debt, because when we raised the new debt, as I said, we are not allocating debt from ConocoPhillips. New debt is raised in the downstream company. And what we have in mind publicly traded or raised debt, probably in the neighborhood fixed rate, 5.5% or maybe a bit less.

In terms of distributions, you can see what I've already said, 5% plus net cash flow that's available after capital program. Raising the dividends goes towards share repurchase.

In terms of balanced use of cash from operation on the left-hand side of the slide, if you look at the top of it, it shows that based on the average -- and that is the cash from operations for 2009 through the first half of 2011 -- and then assumes a dividend rate -- that is a pro forma of \$0.80 per share and 650 million shares outstanding, you can see pretty aggressive in terms of distributions to the shareholder in the form of dividends. That's unique for our downstream company against the new peer group.

In terms of the right-hand side of the slide, the capital spending as a percent of cash flow is pretty similar to the peer group, but, again, it's unique because the capital spending in the Midstream and the Chemical joint venture is self-funded and it's not reflected. The cash flow here from those -- from the joint ventures is really the distributions of dividends back to the Downstream company.

In terms of capital allocation and through this three-year period of time, for the downstream and again in the upper left-hand side of the slide, you can see the margin environment we are using for 2011. If we use the forward curve for margin, it would be even higher than this.

So it is just based on 2011 margin. We start with \$2 billion in cash. You see the cash from operations, capital spending; so there's a lot of cash on this margin environment that's available for either more spending in the capital program, or distributions, higher dividends to our shareholders.

If we look at earnings and cash flow potential, on the left-hand side of the slide, what we've done is again it's based on 2011 margin environment. And so you can see for 2012 and then the average of 2013 to 2015, downstream company earns between \$3 billion and approaching \$4 billion a year. And you can see the segments of where that income is coming from.

The cash from operations you can see -- pretty strong cash from operations. So the cash return on capital employed starts to move up towards around 20%, and what we've assumed in preparing these slides is that any net cash flow that's available after funding the capital program and raising the dividends and maintaining \$2 billion in cash, is allocated to share repurchase -- is how we continue to improve with respect to our cash flow per share.

In terms of investment opportunities, you can see only the very best projects in refining, and then it's a very aggressive program in the joint ventures.

We have the ability of making strategic acquisitions, but we have in mind more hundreds of millions of dollars, maybe \$1 billion in strategic acquisitions; nothing specifically in mind but have the capability of doing this. And this area, we do all the alternatives, power and renewables.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

So the execution of the plan is optimizing, rationalizing and refining. And the portfolio shifts for less refining with time, enhancing the returns in the portfolio. A lot of financial flexibility with the balance sheet, and distributions to our shareholders.

In terms of opportunity for value creation, it's a pretty important slide. You see the blue bar, and on top of the blue bar it says, what's the enterprise value implied by current share price?

If you go to the footnote on the bottom left-hand side of the slide, it says the enterprise value at ConocoPhillips, \$105 billion. So we allocate that -- \$25 billion to downstream and \$80 billion to upstream, on the basis of capital employed in the company today.

So the implied value of this downstream company is \$25 billion. And then what we've done is we've taken a weighted average for our peer group, of refined -- pure refiners, chemical companies and Midstream companies. And if we move our implied enterprise value from \$25 billion to \$35 billion, just to get to the middle of the peer group, we have the opportunity of creating \$10 billion in value for our shareholders.

Now let's take a look at the new ConocoPhillips, a pure-play E&P company. A sizable resource reserve position; production exit rate in 2012 of 1.5 million barrels of oil equivalent a day; and you look at that implied enterprise value of \$80 billion, our dividend yield is greater than 5%.

Continue to grow our resource, our reserves, our metrics. We've no change in strategy in that regard.

Our pie chart in the upper right-hand side shows about 75% or maybe up to 80% is OECD. We spend \$15 billion a year to grow and develop and maintain our E&P company, and you can see how that capital is allocated. I'll spend a little bit more time on that in the subsequent slide.

Here shows essentially the pro forma or the adjusted earnings for the pure-play E&P company; the left-hand side of the slide, you can see that earning about \$9 billion this year, and that's First Call estimates. Mid teens returns, earnings per share of a little over \$6.00. This is the pure-play E&P.

Right-hand side of the slide, you can see more than enough cash flow to fund the capital program; and then when we have our dividends as well, I'll show in the subsequent slide.

So cash returns are starting to approach 25% to 30%, and you see the improvement in cash flow per share.

The three-year growth program for E&P, as I said, after the exit rate of 1.5 million Boe at the end of 2012, 3% to 4% growth; replace our reserves; continue to support and grow our exploration position.

Returns enhancement, no change. We see maintaining strong A credit rating, a lot of debt capacity. Increase in our dividend, say 5% each year. And to the extent that we have cash available after funding the capital program and increasing the dividends and share repurchase.

So in terms of capital allocation, as I said, \$5 billion to \$10 billion additional asset sales, after \$4 billion this year, in 2012; and you can see the areas of where we have in mind that those asset dispositions will come.

A \$15 billion a year capital program; essentially that's \$1.5 billion in maintaining our assets around the world.

And then \$13.5 billion -- if you look at 1.5 million Boe at day and growing 3% to 4% a year, you needed about 130% reserve replacement. And then if you assumed \$20 finding and development costs, you get to \$15 billion.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

No reduction in debt, after we reduce the debt with the proceeds coming from the downstream spin. Then, be aggressive in terms of shareholder distribution.

We see that share repurchases come when Brent prices are greater than about \$100 a barrel.

In terms of cash from operations, again this is historic from 2009, first half of this year; we've been aggressive in terms of dividends. We think that's unique to our company. And then right-hand side of the slide, in terms of our capital, right in line with respect to the peer group of pure independents as well as the large IOC's.

Capital allocation for the three-year period of time, again on the upper left-hand side of the slide, based on forward curve pricing of about two weeks ago -- this is the average of Brent and Henry Hub for this three years of 2013 to '15. We start on the left-hand side of the slide with \$10 billion in cash. You see the cash from operations.

Asset sales, 2013 to '15, more modest because we've essentially repositioned the company and completed our large-asset dispositions.

Capital spending, \$15 billion a year, the dividends -- so we have available cash of \$13 billion. And so you can see the ticker box in the upper right-hand side of the slide -- the cash flow certainly supports the capital program and the dividends, and essentially even more cash available for capital spending and/or share repurchase.

In terms of -- based on forward-curve pricing what can you expect from the pure-play E&P company, left-hand side of the slide, around 13% return on capital employed, earnings of about \$8 billion, \$9 billion. And you can see the improvement in earnings per share comes from self-help; just maybe a modest, a little bit of increase in commodity prices; and to the extent we have cash, we buy -- shares are bought in, helps on earnings per share.

Cash from operations in 2012, you can see the cash is less than capital in dividends. That's why we have asset dispositions that help fund 2012, and then going forward 2013 to 2015, our cash flow balances with respect to \$15 billion in spending and increases in our dividends. You can see how the returns improve in earnings and cash flow per share.

We did a -- it's a pretty important slide -- we did a stress test, and we assume, well, what happens if we don't have the forward curve in terms of commodity price expectations? And in the upper right-hand side of this slide, you can see what we premise for 2013 to '15. Brent, around \$80 down to \$75; WTI at \$70; and Henry Hub just barely gets to \$5.00 per Mcf in 2015.

So then you go and you look at our capital allocation, and you see balance sheet cash starting in the end of 2012 is \$10 billion, cash from operations, \$10 billion less in this pricing environment, \$55 billion down to \$45 billion. And then our capital spending, instead of \$15 billion a year, we go to \$42 billion -- \$1 billion less a year. And the reason for that is we feel we can fund our growth program, no change in the growth program of the company. But we assume with this pricing environment that we can accomplish it with lower finding and development costs by about \$1 billion a year.

So, what you can take from this stress test, is you can see in the ticker box on the right-hand side of the slide, we don't alter our growth program and there's no question about our A credit rating, and the dividend is not at risk.

In terms of our projects for growth -- in terms of our growth, this is our pipeline of projects. These are all sanctioned projects, and this is where the growth comes from. So, subsequent to 2012 we go up 3% to 4% a year. And we enhance the production per share by share repurchase.

And you look at these projects, they are essentially more focused towards liquids or LNG projects where the pricing is tied to liquids.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

If we look -- so this is a really important slide, because it's how we are going to improve our realizations, our cash realizations, for our production. So look on the upper left-hand side of the slide and you can see flat price environment -- I stress, flat price environment. Then you see that blue part, the horizontal part that goes across.

In 2012, we believe our cash realizations for our production, \$28 a barrel. As a result of how we invest and reposition the portfolio and how we run the company and execute our plans, cash margin goes up \$5.00 a barrel, to \$33 a barrel oil equivalent. That's in a flat price environment.

Then if you look at the bars in each of the years, the green represents what percent of the portfolio as we go through the years -- and you can see, by the way, production going up 3% to 4% a year -- is greater than \$30 a barrel? So we go from 41% to 56%, and of course the realizations of less than \$30 a barrel becomes less. So this drives a lot of value, even in a flat price environment, for our E&P business.

So you can see the bullet points on the right-hand side of the slide, the growth in production. We're shifting to a higher-margin production.

And you can also see a sub point there -- we start moving from 25% or 26% of our portfolio today in North America natural gas, to 22%, and you can see the improvement of \$5.00 a barrel oil equivalent and flat price environment cash margins.

And then, to some extent this drives -- it does -- it certainly drives our cash flow per share. And this goes toward the realization of how we create value. So we start with our cash flow per share in 2012, on the left-hand side of the slide, of \$12.50 a share. So how do we increase this cash flow per share?

Well, production growth of 3% to 4% a year. And then we got margin growth that we showed that \$5.00 a barrel as we through this time period. We have margin growth with some increase in the forward curve, and then some share repurchase.

So we see a significant opportunity in a rather short period of time to dramatically increase our cash flow per share.

Now, execution of the plan for ConocoPhillips, a pure-play E&P company in terms of portfolio, grow absolute production. We have the identified, discrete projects to replace our reserves over the next five years. And then continue to -- our spend in improving and developing our exploration portfolio. Always working hard to improve our returns, and particularly our cash returns on our production.

From the balance sheet, when we are at \$18 billion of debt, we see a strong A credit rating, no need to further reduce the debt. A lot of debt capacity, and debt ratios will stay in the neighborhood of about 25%.

We like the discipline of increasing our dividends. And in the marketplace that we see, we like the discipline of increasing our -- modest dividend increases even in 2012 for the pure-play ConocoPhillips company.

And to the extent that we fund our \$15 billion capital program and raise our dividends, and we have cash remaining, then it would be allocated towards share repurchase.

Now, like we did in the downstream company, we look at the implied enterprise value at our current share price. Remember, the enterprise value when we prepared this slide for downstream was \$25 billion for downstream. It's \$80 billion for E&P, for ConocoPhillips, going forward.

And at \$80 -- and then we look at the peer group and you can see the peer group down at the bottom -- and we say if, through execution of our program from 2013 to 2015, we execute that program just as we've outlined, we believe that we can move our enterprise value to the middle of the peer group, and that allows us to create \$10 billion enterprise value for the shareholder.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

So the opportunity for value creation is pretty significant, in the E&P company as it is in the downstream company.

So, what's our schedule? Well, we announced the spin and we have in mind that we will announce the CEOs and the management team of the upstream and the downstream company, in the fourth quarter.

And then we will be making our -- filing -- our filing requests with the IRS. And we do this so that when we do the spin, we get the ruling request that it's tax-free to our shareholders. And creating the new company, the downstream company, we file a Form 10 with the SEC. This will be done in the fourth quarter.

And then we update our filings the first quarter of next year with new financial information at the end of the year. And in the second quarter, we expect to get IRS approval. Then ConocoPhillips Board would take formal action to approve the spin transaction. And then say 30 days later, in the second quarter, sometime in the second quarter, expected closing by which then we have the pure-play ConocoPhillips E&P company, and the new downstream publicly traded company.

So, the final slide that I have is, why invest in ConocoPhillips today, as well as in the future? And on the left-hand side of the slide, you see the new ConocoPhillips, the E&P company. I think it's very important, the top of the slide says -- shows, we can do any project upstream, downstream, I mean offshore and onshore, around the world. We have the scope, talent, capability, technology to do this.

Our strong balance sheet -- and what we also think is very unique about our pure-play E&P company, is that we balance growth of absolute production with a pretty aggressive form of distributions. That's unique to -- irrespective of whatever size your company, pure independents or the larger IOC's.

In terms of the downstream, we are creating a scope and size that's really an integrated downstream, not just pure refining. It's got the joint ventures, Midstream and chemicals. Strong financial position. And what we also think is going to be unique about the downstream company like the upstream, is a focus on pretty significant distributions to the shareholders. As we've demonstrated, we didn't know exactly, but we see a big prize, a big opportunity, to create value for our shareholders -- a significant value to our shareholders -- by just executing the plan over the next number of years, and moving the valuation to the middle of the peer groups, billions of dollars. And this comes both as a shareholder of both ConocoPhillips as well as the new downstream company.

So, I know I've taken essentially all of my time to go through all of the slides, but we really wanted to share with you a great deal of information, background, rationale, and how we're going to accomplish the spin. We're very excited about what we are creating in terms of the new ConocoPhillips, new downstream company. Very focused growth programs in terms of how we actually grow the business as well as create value and be quite aggressive in terms of shareholder distributions.

So I know I've taken most of my time here, but we have a breakout session that we can take your questions and observations. And I think you have the presentation that I've made here today.

Paul Cheng - Barclays Capital - Analyst

Thank you, James. It was an excellent presentation.

We will directly move to the breakout session for Q&A. It's on the Riverside room. It's just I think down the hall. Thank you.

Jim Mulva - ConocoPhillips Company - Chairman & CEO

Thank you.



Sep. 07. 2011 / 12:25PM, COP - ConocoPhillips at Barclays CEO Energy Power Conference

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