

FINAL TRANSCRIPT

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COP - ConocoPhillips Shareholders Meeting

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CORPORATE PARTICIPANTS

Jim Mulva

ConocoPhillips - Chairman, CEO

Janet Langford Kelly

ConocoPhillips - SVP - Legal, General Counsel

CONFERENCE CALL PARTICIPANTS

Donna Meyer

Sisters of the Holy Names of Jesus and Mary - Representative

Reverend Stewart McCall

Board of Pensions of the Presbyterian Church USA - Representative

Brian Rice

CalSTRS - Investment Officer

Reverend Mark Edmiston-Lange

Unitarian Universalist Association of Congregations - Representative

Joseph Gonzales

Cummings Foundation - Representative

Dennis Stephano

ConocoPhillips - Stockholder

Shirley Johnson

Mossville - Resident

Akee Vincent

Mossville - Resident

Steven Heim

ESG Research - Director, Managing Director

Richard Green

ConocoPhillips - Stockholder

Steve Mason

Church of the Brethren Benefit Trust - Coordinator of Social Responsible Investing Activities

Charles Singer

PRESENTATION

Janet Langford Kelly - *ConocoPhillips - SVP - Legal, General Counsel*

Thank you. We also ask that you turn off all cell phones, pagers, and similar devices during the meeting this morning. No cameras or sound recording devices other than those used by ConocoPhillips personnel to record the proceedings are permitted. Thank you.

Jim Mulva - *ConocoPhillips - Chairman, CEO*

Good morning, ladies and gentlemen, I'm Jim Mulva, Chairman and CEO of ConocoPhillips and it's my pleasure to welcome you to the ConocoPhillips 2010 Annual Stockholder's Meeting. Now I will act as chairman of the meeting and I'll call the meeting to order. Today I'm going to begin the meeting with a presentation on the state of our business and then we will present all of the proposals.



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We have found the best way to insure we have plenty of time at the end for comments on any of the proposals as well as questions you may have for me is to save all comments and questions for the Q&A session after the proposals have been formally presented. Then after the Q&A period we'll take ballots from anyone in the audience who hasn't already voted by proxy and announce the results of the voting.

And so I'd like to begin with a presentation on the state of the business of our company and in this presentation I'll briefly review the results and the progress that we've made since our last shareholder's meeting and then turn to the business environment that we find ourselves operating in and then update you with respect to the strategies and plans that we have for our company going forward.

Now in all of our presentations we have -- before I go to this next slide, before all of our presentations we have a safe harbor provision with respect to any information on the slides for forecasts or estimates or comments that I will be making in the presentation.

So if we look at our company today, ConocoPhillips, it's a very large international integrated oil and gas company upstream and downstream, sizeable resource position. Hydrocarbon reserves, production and we're a very large refinery company with marketing operations.

You can see the scope of the company, its asset base is about \$150 billion. We have 30,000 dedicated, committed employees around the world and this company wouldn't be successful without what each and every one of our employees does each and every day.

The market value of our common stock is around \$85 billion and the pie chart that you see on the bottom right-hand side of the slide says that we have about two thirds of our portfolio in exploration and production, about a quarter in the refining marketing part of the business. Our 20% ownership of LUKOIL represents 7% of our portfolio, then everything else is a little bit less than 5%.

In terms of a global market conditions that we've experienced you can look back into the late summer of 2008 and unfortunately the world has gone through a very, very deep recession. But we do see recovery underway and you can see for the year 2010 we see improvement in the global GDP and you see the middle part -- upper part of that slide, we see growth a little bit stronger in the new less developed parts of the world, the emerging countries.

On the right hand side of the slide you can see that the proxy for the general equity market, the S&P 500 has improved as we've gone through the start of this recovery time period. The other thing is the financial markets have certainly improved from the fall of 2008. So their liquidity, the ability to borrow money at attractive rates has certainly been there. So the global economy is starting to grow and we would expect that this would be a slow recovery as we go through the next several years.

Now being an oil and gas company, what's important to us are commodity prices, so we just show what's taken place from 2009 to 2010 and the oil prices have been in the neighborhood of about \$75 to \$85 and that's pretty good with respect to our company and our financial performance.

Now the Henry Hub, slide -- part of this slide, is really a benchmark for natural gas prices. Natural gas prices have -- we got a great deal of supply versus demand so natural gas prices haven't really progressed in a robust way compared to oil prices. This has an impact on our financial returns.

Refining side of the business has also been under a great deal of pressure through this deep recession. As we've gone through the early part of 2010, the refining margins expressed in crack spreads as you see at the bottom left hand side of the slide have improved quite a bit. Whether this remains to continue as we go through 2010 and 2011, we expect some recovery but this is good to see because we're a quite large refinery.



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Now, in terms of -- refiner in our business. If we look at the demand for hydrocarbons, which is so important in our business, you look at the left hand side of the slide and you can look out over the next two decades and you can see as the world growth in population, expectations for standard of living, increases in the economy. We're going to need every source of energy, oil, gas, coal, nuclear, renewables.

Then you look the right hand side of the slide, a great deal of the growth is really going to come not from the OECD nations, but the new emerging developing nations. The bottom of the slide really tells the important story, go over the next several decades, 80% of the energy requirements to the world are going to come from fossil fuels which is oil, gas, and coal.

Now our company is a very large natural gas producer in the United States, Canada and all of North America. So the supply demand situation in natural gas is really important and it just shows if you go out over the next two decades you can see that the demand is going to increase in the neighborhood of about maybe 1.5% to 2% a year.

It's interesting if you look at this over the next two decades, the existing production shown in green that backs off pretty quickly so you've got to keep adding and bringing new sources of supply to meet the demand of the public. Conventional is required and one of the new promising things that have take place over the last several years is the emergence of shale gas and that's shown in the dark blue. So shale gas is going to be very important to providing the supplies that the world -- or the United States and the world needs.

We're still going to need tight gas, coal bed methane. We won't import too much L&G because we're west of North America in the lower 48 states with good gas resources. And still, you look out ten or 12 years from now we probably will need the gas coming from the northslope of Alaska.

So what is the consensus view of the forecast, the business environment that we see going forward? We see oil prices continuing to escalate with demand, growth of the world economy and population. So long-term we see oil prices of \$80 to \$100 a barrel. That's pretty good for our industry and our company because that's certainly a price structure that promotes our ability to convert our resources and make investments to replace our production, grow our production. And natural gas prices, we would expect the cost -- just the cost of producing natural gas long-term a better balance of supply and demand that we see natural gas prices in a neighborhood of \$6 to \$8 long-term per million BTU.

And then as the economy continues to recovery, we do see some consolidation, shutting down of the less sophisticated smaller refineries and a little bit better refining margins and crack spread. But we face pretty challenging political environment, not just our company but our industry and you look around the world, international oil companies like ConocoPhillips, a lot of competition from the national oil companies.

You see on that slide higher taxes. Essentially the tax regimes and the fiscal takes that we have around the world were put in place when oil prices were over \$140 a barrel. Even though we've gone through this deep recession, oil prices went all the way down to \$30 and \$40 a barrel, the tax regimes haven't changed and the result is we continue to operate with some pretty burdensome fiscal take situations. Climate change is going to have to be addressed always, especially with respect to when it's taken place in the incident in the Gulf of Mexico, there's going to be more rules and regulations and we always face geopolitical risk.

But if we look at our company, you look back 18 months, 24 months when this deep recession took place, our company, ConocoPhillips, we face some rather unique challenges given our business and our portfolio where we historically how we constructed and made ConocoPhillips over the last ten years through mergers, joint ventures, acquisitions, business development opportunities and an organic growth and for our company we have a great deal of exposure to natural gas in North America and to the refining side of the business. As you saw in the prior slide, there's a great deal of pressure, dollar pressure in terms of prices and margins.



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As we created ConocoPhillips over the last ten years we have more debt than the other large international oil and gas companies. And the result was that we went through this business environment and debt levels we found in the last 18 months, we've been accustomed to really outperforming with share price performance the industry over about eight, nine year period of time the last 18 months we've underperformed. So we've traded at a discount. So there's always going to continue to be a lot of competition for new resources so what we were faced with and looked at over this last 18 months or so is what -- how do we proactively respond to this business environment that we see that we could balance our growth but provide good return for our shareholders.

You see here it's a simplified slide of strategic options, I mean we could have had ten or 12 options that we could have put on this slide, but we distill it down to really three. So you go to the top one, emphasize absolute production growth. So you look at this business environment that we're operating under and we could have continued to spend, just kept spending \$15 billion, \$16 billion of capital spend and the result would be we would probably be doing marginal-- marginally attractive capital projects with the expectation that they would become better with higher commodity prices. We'd still have a lot of debt and probably couldn't be as aggressive in terms of raising dividends and considering share repurchase. We didn't think that basic strategy was really a proactive response to the business environment that we saw.

Then you go to the one in the middle, significant restructuring and go completely the other way and say we're going to constrain capital spending to maybe \$8 billion or \$9 billion a year. Then we wouldn't be doing really attractive investment opportunities. We wouldn't be investing, servicing our asset base. If you don't service your asset base then you look at potentially selling some of the legacy assets in the Company and they would be taxed quite heavily. So none of that seems to make sense for creating value for the shareholders.

So we see the bottom one is a balanced approach, more balanced approach for -- in other words, with some more constraint on capital spending, do our best projects, the ones that have the best returns, defer some of them to a later date when we get more technology or more comfortable with what the returns can be.

We also look at less debt, more flexibility in our balance sheet. Emphasis on returns on the portfolio and investments that we make and also emphasis with respect to more distribution through our shareholders. More aggressive increases than annual increases in dividends and the potential for buying our shares back.

And also looking at the metrics per share, what cash flow per share, earnings per share, reserves per share, production per share and this is really what we came forward with which we felt was the best approach for creating on a sustainable basis long-term value for our shareholders.

That led to key initiatives that we've announced. We initially announced it in October of 2009 and most recently in March when we met with the financial community and analysts in New York and essentially this is a two year period of time and we're already well on our way into 2010 and essentially two parts. The portfolio, well we look at spending -- more discipline in our capital spend. Instead of spending \$15 billion a year, more like \$11 billion, possibly \$12 billion a year to do our best project.

We have asset base you saw in the first slide of \$150 billion of assets and over the last several years we haven't sold much in the way of our assets and it seems to make sense that some of our more mature older assets might have more value to someone else than to us and if we could sell them in a tax efficient way we could take those proceeds and redeploy them for new capital projects, increases in dividends, debt reduction or some share repurchase.

And LUKOIL, we own 20% of LUKOIL. We felt could we accomplish -- we felt we could accomplish the same objectives in Russia by owning half of LUKOIL, 10% instead of 20%. So these are the portfolio changes that we -- we'll be making and from a financial perspective we felt that less debt leads to a better share price and more financial flexibility increases in dividends and some share repurchase.

So how does this all really work, there's one slide here and just kind of shows how do we do all of these things at one time and let's start on the left hand side of the slide and you see the \$35 billion column in green. Now the financial community consensus



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view of what our company cash flow will be from our operations in 2010 is \$17.5 billion. So we multiply it by two to get the \$35 billion. That's for 2010 and 2011. Actually the analysts think that 2011 is going to be even stronger than 2010.

We go to the next set of green bars as we move from left to right. We sell \$10 billion in assets, half of our ownership interests in LUKOIL is worth \$5 billion. So you add those two green bars up and you got \$50 billion. Over the next -- 2010, 2011 we have \$50 billion, what are we going to do with that. Then you get to the blue. If we spend on the dark blue \$12 billion a year on our capital spending, that's \$24 billion in two years. Our annual dividends are \$3 billion a year. So for two years that's \$6 billion. So we fund our dividends, we fund our capital spending so you subtract the blue, \$30 billion from the \$50 billion in green in the middle, you've got \$20 billion of available cash.

We think it's important to reduce our debt from \$28 billion, \$29 billion into the low \$20 billion level, that gets our debt ratio from 30% starting to move closer to 20%. Take the \$5 billion that we will get from selling half of our LUKOIL interests and that will go towards buying our shares in the marketplace.

That still leaves us with \$7 billion to \$10 billion that we can put for opportunities to grow our capital spending program, increase dividends, share repurchase, all of these things. So we will continue to work this as we go through 2010 and 2011.

As I said debt and a stronger balance sheet. Well, with debt of \$29 billion and debt ratio at 30% we just felt for the reason I just went through that it would make sense for us to get our debt down and a much stronger balance sheet. That gets us in the stronger position that whatever the business environment might be we can respond to without changes to our capital spending program. Let's take advantage of opportunities and you can see that puts us more in line with the other international oil companies, particularly the European oil companies and we can accomplish this as we get through the latter part of this year into early next year.

So debt ratio gets down to 20%, we'll probably hold our debt right around the \$20 billion level. Debt ratio goes to 15% because we don't pay out all of our earnings in form of dividends so the equity grows and the debt ratio moves to 15%. Cost of our debt is very manageable, most of it's funded very long-term, fixed rate in the public markets and we pay about 5.5% pre tax for our debt.

In terms of dividends, well from the time of mergers we've had consecutive increases in dividends. We think this is a really good discipline for our company. We raised the dividend in the latter part of 2009 and with the initiatives we just went through, we thought it was very important to demonstrate to our shareholders and the financial community our commitment to the shareholders and the dividends and we raised the dividends 10% early this year. Yield 3.7% is a good yield but pretty much in the ballpark of the companies in our industry and we can afford it because the dividends represent less than 20% of our cash flow. So as I said, we like the discipline of increasing dividends on an annual basis.

In my presentation I'd be remiss if we didn't spend a few moments and talk about the incident in the Gulf of Mexico, the Deepwater Horizon incident. You can see on the map it shows the location of this incident, this very unfortunate situation, a tragic loss of life and obviously the impact to the environment.

For our company, ConocoPhillips, we don't have a real large presence in the offshore Gulf of Mexico. We get about 1% of our production from offshore in the Gulf of Mexico and most of our emphasis is shown in this dotted oval area and that's where we either have some production or we have exploration effort. Now we've made some good exploration successes here in the past year and we'd like to do appraisal drilling, but we recognize that given the situation and the significance of this incident it is more than likely going to lead to more regulations, rules and deferrals or delays with respect to our effort on exploration and appraising these exploration successes.

On the downstream, refining side of the business, you can see our two refineries in this geographic area of Lake Charles and Alliance shown by the red dots. Now we bring in crude oil for the Alliance refinery through loop, that's an offshore oil term though that we bring oil in for the refineries for Alliance. And so far we've had -- we've seen no disruption and we don't expect



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any disruption or impact with respect to running our refineries, this is important because we got to make sure that we're manufacturing a refined product that the public needs. On the other hand, we also have contingency efforts and all our programs that we would do if for some reason we couldn't get crude in the normal way to our refineries.

The other thing that's very important is our company, ConocoPhillips, we've been working very closely with the government, all the agencies, regulatory agencies, we've been working with the industry and we've certainly been working and helping and supporting BP in terms of everything that we can do, the availability of our technology, our people, our processes to help in whatever we can do with respect to this incident. And this certainly demonstrates, go to the next slide, the importance of safety and everything that we do in the Company and this slide merely shows that by -- just about all of our metrics we've continued to make progress, it's a continuous journey, made a lot of progress and through all of the years and essentially all the metrics, 2009 was the safest year in the history of the Company, but each day and every hour we have to continue this vigilance to what we do around the world by all 30,000 of our employees.

So it's so important for us to make sure that we maintain our assets, make sure we keep all the spending up, the maintenance of the assets, good training, good policies and approach because it's just so important with respect to good safe operations and if you don't have good safe operations you don't operate well and you don't have the good financial returns.

Environmental stewardship is the same way, it's just demonstrated by the incident in the Gulf of Mexico. We constantly work on our footprint, use of technology, how can we -- our processes and all in a way that we can minimize our impact, continuous improvement and good environmental stewardship.

And then a slide on basic strategy and plans for our company. Obviously right at the top of the list is operate very safely, focus on controllable costs, I mean where we are in a mature business. So we've got to have good cost constraint, but never, ever at the expense of not spending the money that's required for good safety performance, maintenance of our facilities and training.

Exploration production, this I'll spend just a moment on this on this slide, what we have in mind as we go over the next several years in our portfolio of our company, as you saw, exploration production is two thirds of our portfolio. We think over the next five to ten years it will be moving towards 85% of our portfolio.

As you saw in that first slide, we have 50 billion barrels of resources. Now we have in mind is taking 10 billion barrels of our resources we already have and converting it to proven reserves that will then be produced as oil and gas.

So on the average that's a billion barrels a year of conversion resource to reserve. Now put that in the context currently X LUKOIL ownership, we produce about 700 million barrels a year of oil and gas equivalent. So if we convert 1 billion of resource into reserves, on the average each year over the next ten years we're going to be more than replace our production and that's -- that's a tough challenge but we really feel that we can do this and we can do it at competitive finding and development costs so the extent that we do this and do this well, we're going to grow our reserves and grow our production and this will certainly really drive -- if we've done this well, this will really drive our share price. Refining and marketing what we have in mind is moving the portfolio from 25% of refining to 15% and we'll do that by way of some dispositions, joint ventures, many different approaches.

Our capital spending will be primarily towards maintenance and high return projects and the importance of discipline on our operating costs. Let's talk then a moment about shareholder return. Shareholder return is made up of share price appreciation and dividends. Now the left hand side of the slide, remember it was October of 2009 that we announced our proactive approach to how we were going to address the business environment that we were operating in. And we announced it in October, so over the last seven months you can see we've performed quite well with respect to our peer group, which is the large publicly traded international oil companies and you see the proxy for the S&P 500, the equity markets, shown in blue.

Now I'm going to move over from the left to the right. Over the calendar year of 2009 we underperformed our peer group. We're kind of in the middle of the large U.S. integrated oil companies, Exxon Mobil and Chevron. Equity market shown in blue was quite strong, European oils did very, very well.



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Now, I want to look at the five year calendar period of 2005 to 2009 we're more middle of the pack. You go to the far right, over a ten year period of time we really outperformed and did quite well. I think it's also interesting to show why did this happen? You see the bottom of that, over a ten year period of time many analysts look at this as the lost decade because the general equity market really didn't do anything for ten years. The oil companies did pretty well because you look back over that ten year period of time, we went through some pretty strong commodity oil prices, periods of time where we had strong natural gas prices, for several years we had pretty strong refinery margins. So obviously our whole approach is to -- and for every time period that we have, can't redo the past obviously but for every time period we have we want to be a leader in shareholder return.

So the last slide that I have in my presentation is what we announced, as I said, in October of 2009 -- not that we're changing strategy, but it's more the tactics and the aggressiveness by which we were going to respond to the business environment that we see. Taking decisive actions, very discrete actions and you can see again, it's separated by portfolio and financial. I'd pretty well comment on all of these. You can see on the portfolio side and the financial side, everything we do to address improving the returns on our portfolio and new investments.

A stronger balance sheet and the discipline of increasing distributions to our shareholders with annual increases in dividends and to the extent that we have cash after we funded our capital program, strong balance sheet, annual increase in dividends we can look at share repurchase. So that really concludes the overview presentation I wanted to make on the Company. We're quite pleased in the direction that we're going and we have great assets, great opportunities, and we feel even more opportunities will come our way. So now what I'd like to do is move on to the business part of the meeting and Janet, I think maybe you're going to pick up.

Janet Langford Kelly - ConocoPhillips - SVP - Legal, General Counsel

Our Inspector of Elections reports that more than a majority of the votes eligible to be cast at this meeting are present in person or by proxy. Therefore a quorum is present and the meeting may proceed. Jim? Back to you.

Jim Mulva - ConocoPhillips - Chairman, CEO

Thank you, Janet. Went through that quickly. Before we proceed it's my pleasure to introduce to you the members of the ConocoPhillips Board of Directors. Now all of them are here today except for Harald Norvik. Harald is unable to come from Europe. He started actually trying to get here I think Saturday or Sunday this past weekend but the volcanic eruptions in Iceland just made it not possible. He couldn't fly and leave from Norway.

So what I'd like to do is introduce each director. I'd like them to stand, face the audience, be recognized so in addition to myself members of our board are, as follows --

Richard L. Armitage. Rich is the president of Armitage International and former U.S. Deputy Secretary of State.

Richard H. Auchinleck. Dick is the retired President and Chief Executive Officer of Gulf Canada Resources Limited.

James E. Copeland. Jim is the retired Chief Executive Officer of Deloitte & Touche.

Kenneth M. Duberstein. Ken is the Chairman and Chief Executive Officer of the Duberstein Group and the former Chief of Staff to President Reagan.

Ruth R. Harkin. Ruth is a retired Senior Vice President International Affairs and Government Relations of the United Technologies Corporation.



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Harold W. McGraw III. Harry is a Chairman, President Chief Executive Officer of the McGraw-Hill companies.

Robert A. Niblock. New director for the company, Robert is the Chairman and Chief Executive Officer of Lowes Companies Incorporated.

As I said, Harald J. Norvik was unable to be with us today. He is a retired Chairman Partner of Econ Management AS and the retired Chairman President and Chief Executive Officer of Statoil.

William K. Reilly. Bill is the President Chief Executive Officer Aqua International Partners. He was the administrator of the Environmental Protection Agency under President George H. W. Bush.

Bobby S. Shackouls. Bobby is the former Chairman, President, Chief Executive Officer of Burlington Resources Incorporated.

Victoria J. Tschinkel. [Vicky] is the former Director of the Florida Nature Conservancy and the former Secretary of the Florida Department of Environmental Regulation.

Kathryn C. Turner. Kathryn is the Chairperson and Chief Executive Officer of Standard Technology Incorporated.

William E. Wade, Jr. Bill is a retired President of the Atlantic Richfield Company.

So please join me thanking all of our board members for their dedicated service to our company.

The meeting will now consider the 10 business items on the agenda. So we will present each of the business items one at a time and when a stockholder presenting the proposal or their representatives recognized, a meeting host will provide them with a microphone. So please state your name and verify that you're a stockholder, representative of a stockholder. If you are a representative, please state the name of the stockholder you represent.

So item number one is the election of directors and it's a proposal to elect 14 directors to serve a term of one year and the 14 nominees for election are, I'll go through this quickly, Richard L. Armitage, Richard H. Auchinleck, James E. Copeland Jr., Kenneth M. Duberstein, Ruth R. Harkin, Harold W. McGraw III, James J. Mulva, Robert A. Niblock, Harald J. Norvik, William K. Reilly, Bobby S. Shackouls, Victoria J. Tschinkel, Kathryn C. Turner, William E. Wade, Jr.

Now as indicated in the proxy statement, the Board of Directors recommends that the stockholders elect the 14 director nominees. Item two on the agenda is the proposal to ratify the appointment of Ernst and Young as the company's independent registered public accounting firm for 2010.

Now the audit and finance committee reappointed Ernst and Young to serve as our company's independent registered public accounting firm for 2010, but we seek your ratification of that appointment by the stockholders. So as indicated in the proxy statement representatives of Ernst and Young are here today and available to answer any questions you may have for them during the stockholder question and answer session.

Item three on the agenda is a proposal for the board to provide a report on the board risk management oversight and was submitted by the Sisters of the Holy Name of Jesus and Mary. There's an authorized representative here to represent the proposal and make a brief supporting statement and I believe Donna Meyer. Are you here Donna? Welcome.

Donna Meyer - *Sisters of the Holy Names of Jesus and Mary - Representative*

Thank you. Good morning.



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Jim Mulva - *ConocoPhillips - Chairman, CEO*

Morning.

Donna Meyer - *Sisters of the Holy Names of Jesus and Mary - Representative*

And all the members of the ConocoPhillips Board of Directors and shareholders. My name, as he said, is Donna Meyer and I am here on behalf of the Sisters of the Holy Names of Jesus and Mary, U.S. Ontario Province, the proponent of proposal number three on the proxy.

The resolution is cosponsored by the School Sisters of Notre Dame of St. Louis. The financial crisis and recent environmental and safety disasters at large companies are leading investors to inquire more deeply about how our portfolio companies are managing risks.

The array of risks involved at ConocoPhillips necessitates increased board and shareholder oversight. Our proposal requests that the Board of Directors issue a report by October 15, 2010 regarding risk management oversight, providing additional details beyond what has been provided in the annual report proxy statement and committee charters.

Regarding how the Board of Directors oversees risk management and whether risk management oversight should be delegated to a separate board committee. Please refer to page 20 of the proxy statement for a full text of this proposal. Although the management asserts in the opposition statement that the entire board is involved in relevant risk questions, the oversight of risk merits more transparency than is currently evident at the company.

We know from the ConocoPhillips SEC filings that our company faces an array of risks. One of the issues of greatest concern and this is a quote, our operations are inherently dangerous and require significant and continuous oversight. The scope and nature of our operations present a variety of operational hazards and risks that must be managed through continual oversight and control. These risks are present throughout the process of extraction, transportation, refinement and storage of the hydrocarbons we produce. Failure to manage these risks could result in injury or loss of life, environmental damage, loss of revenues and damage to our reputation. This is taken from the SEC 10K form filed April 15, 2009.

With the ongoing BP disaster off of the Gulf Coast, shareholders need to scrutinize our companies more closely than ever in their management of environmental hazards in particular with greater transparency and greater board accountability promised by this proposal, investors who gain the insight needed to understand the policies underlying management and board risk decisions. Principal among risk questions is how our company addresses environmental and safety risks to communities and to workers.

Last summer I was in Lake Charles Louisiana with 30 investor groups from the Interfaith Center on Corporate Responsibility. We had an opportunity to talk with residents in the nearby community of Mossville and learned that their community is dying. Each person we talked with had a family member or relative who died at a young age from cancer or who now suffers from chronic disease. Their suffering has been linked to industrial toxic pollution which comes from 14 industrial facilities in the area and ConocoPhillips Lake Charles refinery at Lakeland is one of them.

Environmental negligence is a familiar story in communities around the US, the Mossville story is remarkable however because residents have tried in many respectful ways to seek environmental justice. Just recently I think you, Mr. Mulva, and your representatives of Conoco began to respond to the communities concerns and we looked forward to a more substantial engagement in the future.



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Because our company's operations presents substantial hazards to the communities in which it does business, this proposal asks in its supporting statement that the report include a discussion of oversight of pollution and climate risks and risks associated with changing markets and supplies for energy source resources.

It should describe how the board is insuring that management is taking sufficient action to reduce unnecessary risks and to mitigate risks. We all just heard you Mr. Mulva speak eloquently about safety and the environment and its importance to our company. We hope that the disclosure will demonstrate that our company is applying the precautionary principal when it comes to these risks to the environment and to the communities.

One version of that principal as stated in the real declaration is where there are threats of serious or irreversible damage, lack of full scientific information certainly shall not be used as a reason for postponing cost effective measures to prevent environmental degradation. Only through greater transparency and board accountability can we insure that the environmental risks to ConocoPhillips host communities are being managed under the common sense decision making guidance of the precautionary principal. Thank you very much and we ask you to please vote in favor of stockholder proposal number three.

Jim Mulva - ConocoPhillips - Chairman, CEO

Thank you. Well you've seen in the proxy statement the board's response to this proposal begins on page 21 and the board recommends that you vote against this proposal for the reasons outlined in the proxy statement. Item four on the agenda is a proposal for the board to set goals for reducing total greenhouse gas emissions and the company's products and operations submitted by the Board of Pensions of the Presbyterian Church USA. I believe there's a representative here to introduce this proposal and I think its Reverend [Stewart McCall]. Reverend are you -- morning.

Reverend Stewart McCall Morning.

Jim Mulva - ConocoPhillips - Chairman, CEO

Morning.

Reverend Stewart McCall - Board of Pensions of the Presbyterian Church USA - Representative

My name is indeed Stewart McCall and I'm a Presbyterian minister. I am here today representing the Presbyterian Church in the USA and through our Presbyterian Church USA Foundation, wholly owned subsidiary the New Covenant Trust Company, we own over 131,000 shares of Conoco stock. We have sponsored this proposal again out of our deep concern about climate change, an issue we have worked on since the 1980s.

This proposal essentially asks our company to adopt quantitative goals based upon current technology for reducing total greenhouse gas emissions from the company's products and operations and report to the shareholders by September 30, 2010 our plans to achieve such goals.

Such a report will omit proprietary information and be prepared at a reasonable cost. We believe our company's shareholders face significant financial and competitive risks if we are unprepared to meet existing and impending requirements to reduce greenhouse gas emissions from our operations and products.

Recently the SEC issued interpretive guidance on existing SEC disclosure requirements relating to climate change. The SEC noted that for -- and this is a quote, for some companies the regulatory, legislative and other developments could have a significant effect on operating and financial decisions.



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Companywide quantitative reduction goals for products and operations provide the clearest signal to investors that ConocoPhillips is prepared for lower carbon future. We believe setting goals is essential to assuring shareholders that our company can survive and thrive in the context of current and proposed regulations of greenhouse gases. Our experience is that setting goals helps a company make progress and provides investors with the tools to evaluate performance. On a more positive note, we appreciate that you have responded positively this year to our offer to discuss the issues raised in the resolution and we look forward to those conversations in the near future. Thank you.

Jim Mulva - ConocoPhillips - Chairman, CEO

Reverend McCall, thank you. Well for the reasons again outlined on page 23 of our proxy statement, the board's response -- or the board recommends that you vote against this proposal. Item number five on the agenda is a proposal for the board to provide a report on the impact of the company's oil sands drilling submitted by the California State Teachers Retirement System Investments. And I believe Mr. [Brian Rice] representative is here. Mr. Rice, good morning.

Brian Rice - CalSTRS - Investment Officer

Good morning. Thank you Mr. Chairman. My name is Brian Rice, I represent the California State Teacher's Retirement System or CalSTRS, a ConocoPhillips shareowner. CalSTRS is a retirement plan for California's public school educators, we invest on behalf of nearly 850,000 plan participants. Our investment portfolio is largely public equity, approximately 55% of our assets or \$75 billion are invested in global equity markets and we are largely indexed passively tracking the ups and downs of the global markets and therefore subject to the risks embedded in these markets.

As fiduciaries, we are responsible for managing and mitigating investment risk. One of the many risks we work to manage is climate risk. We actively engage portfolio companies such as ConocoPhillips to provide investors with greater clarity into how these companies are managing the various risks associated with climate change, physical, legal, regulatory, financial, reputational.

As shareowners of ConocoPhillips we are particularly concerned with the multiple environmental risks associated with oil sands operations. Concern over the possible damage to existing ecosystems, concern over potential long-term contamination of land and water supplies. Concern over possible damage done to those who depend on the viability of these ecosystems.

We believe that the degree of disclosure surrounding these risks that ConocoPhillips provides to shareholders needs to be improved. Therefore I do move this resolution calling for the company to prepare a report that discusses the environmental damage from expansion of its oil sands operations, thank you.

Jim Mulva - ConocoPhillips - Chairman, CEO

Thank you, Mr. Rice. For the reasons again outlined, it's on page 26 of the proxy statement, the board recommends that you vote against this proposal. So we're going to move on to item six on the agenda, it's a proposal for the board to adopt environmental policies to address environmental hazards in coastal Louisiana submitted by the Domestic and Foreign Missionary Society of the Episcopal Church and I believe again, Reverend Stewart McCall, you're going to handle this proposal as well.

Reverend Stewart McCall Mr. Chairman, I am indeed Stewart McCall, I'm not an Episcopalian as I identified with you but it's an ecumenical age. On behalf of the Domestic and Foreign Missionary Society of the Episcopalian Church and the church pension fund, both shareholders, I hereby move item six of stockholders proposal regarding Louisiana wetlands. The proposal asks that the Board of Directors adopt policies to address the environmental hazards of its oil and gas related activities in coastal Louisiana that will prevent future harm there while also aiding in the restoration of wetlands lost through past actions of the company.

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One can hardly read or watch the news right now without hearing about the looming damage to the coast of the Gulf of Mexico as a result of the British Petroleum accident. This is but the latest example of how oil and gas related activities have a major impact on Louisiana's fragile coastal environment and are directly linked to the wetland loss in coastal Louisiana. Studies have empirically demonstrated the direct and indirect effect of oil and gas exploration, recovery and processing are together responsible for 40% to 60% of documented wasteland loss. Wetlands matter because they provide vital storm protection. The wetlands also are a natural treasure with rich and important ecosystems. The loss of wetlands is a danger to people and animals so they must be protected and restored.

This resolution asked that the company address the potential for future harm to southern Louisiana wetlands while also aiding in the restoration of past damage. While the company's activities are as noted in its statements of opposition are laudable, we think they should go further. Fellow shareholders, if you believe that the comprehensive wetland restoration is an important ethical obligation of our company then please vote for this resolution. Thank you. And I won't speak again.

Jim Mulva - *ConocoPhillips - Chairman, CEO*

Reverend McCall thank you. You're always -- question and answer, you're certainly welcome to ask questions and speak again. The board recommends that you vote against this proposal and the supporting documentation on page 29 of the proxy statement.

Now we're going to move on to item number seven in the agenda is a proposal for the board to prepare a report on the financial risk of climate change submitted by the Needmor Fund and I believe Mr. Brian Rice, again, you're going to handle this one as well.

Brian Rice - *CalSTRS - Investment Officer*

Yes, thank you again Mr. Chairman. As was mentioned, I'm here today representing CalSTRS the nation's second largest public pension fund and a long time owner of ConocoPhillips stock. On this occasion I rise to move a resolution on behalf of the Needmor Fund requesting the report on the financial risks to the company resulting from climate change as well as actions the board and management are taking to protect shareholder value. We are appreciative of the positive responsiveness reflected in the rationale for a no vote on the resolution. That the board reviews all material risks and believes the company's filings describe all material risks related to climate change. That the company does do a significant amount of climate reporting and is integrating and understanding of emissions impacts into its long range planning and capital project evaluations and that the company's committed to full disclosure.

And while these are very good points, they help describe how ConocoPhillips is moving on financial risks related to climate change. As shareholders we feel that more needs to be told. In moving this resolution there does not seem to be a need to make the case that climate change is important to our planet, our company and its investors. The board understands this and is addressing it.

There also does not seem to be a need to make the case that climate change will have a real financial impact on our company and on us as investors. The board has actually agreed to integrate climate risk into its climate action plan. Again, a commendable action. In fact the resolution sponsors are surprised that the board didn't simply urge a vote for this resolution since it doesn't seem that you have any disagreement with this direction or the need for full disclosure of material financial risk associated with climate change. We believe that ever increasingly investors are calling on companies to carefully address the many ways in which climate change is a challenge to their company.

One of the most immediate challenges concerns a potential price on carbon emissions. The establishment of such a price will have a huge impact on energy company finances and while existing company disclosure does cover a list of specific questions about how climate change can or will affect us and it is a very helpful checklist. At present, ConocoPhillips provides very little



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hard financial data about how climate change will impact the bottom line. As disclosure evolves, we urge the inclusion of hard concrete data. Voting for this resolution is not a criticism of our company, it is a message urging our company to provide hard numbers showing how the risk we face hits the bottom line. Thank you.

Jim Mulva - *ConocoPhillips - Chairman, CEO*

Mr. Rice, thank you again. The board's response to the proposal is on page 32 of the proxy statement and we recommend that you vote against the proposal. I'm going to move on to item number eight on the agenda. It's a proposal for the board to adopt goals and prepare a report on the reduction of toxic pollution emissions submitted by the Northwest Women's Religious Investment Trust and I believe Miss Donna Meyer, you're going to handle that one as well.

Donna Meyer - *Sisters of the Holy Names of Jesus and Mary - Representative*

Good morning again. I'm trying to keep up with my colleague here. My name is Donna Meyer and I'm here this time on behalf of the Northwest Women Religious Investment Trust. The proponent of proposal number eight on the proxy. The resolution is cosponsored by the sisters of St. Francis of Philadelphia and the Vermont Community Foundation.

The resolution asks that the Board of Directors of our company adopt stringent goals to reduce significantly the emission of toxic release inventory or TRI chemical from our company's refineries and to report annually by September 15th its progress on implementing these goals as well as a comprehensive description of the quantities of toxic chemicals reportable to the U.S. environmental protection agency under the TRI that were emitted at those facilities during the prior calendar year.

Please see page 36 of the proxy statement for a full text of this proposal. Although ConocoPhillips has reduced its toxic air emissions from 6.56 million to 6.39 million pounds, it now ranks 11th up from 13th place on the 2010 toxic 100 list of worst corporate air polluters.

ConocoPhillips, the nation's second largest oil refiner owns 15 refineries operating in five states -- in nine states, I'm sorry. Five of ConocoPhillips's refineries accounted for over 84% of our company's toxic air score. Of all its U.S. refinery competitors, only Exxon Mobil which ranks second on the list, has a worse toxic score than ConocoPhillips.

For the first time, the 2010 Toxic 100 Air Polluters List includes information on disproportionate risk burden from the industrial air toxics for minorities and low income communities. This makes it possible to compare corporations and facilities in terms of their environmental justice performance as well as the overall pollution. For example, the data revealed that minorities bear 52.8% of the air toxic risk from facilities owned by ConocoPhillips, while minorities make up only 32% of the U.S. population.

ConocoPhillips is now implementing two consent decrees which require it to spend over 600 million on pollution control technologies, however concerns persist about pollution control at our company's refineries. In 2008 five states sought over \$1.5 million in fines and penalties for air pollution violations at ConocoPhillips refineries. Our company's plan to increase its processing capabilities for handling lower quality crude's from Canadian tar sands suffered a setback last June when the EPA refused permission to expand the Roxana, Illinois refinery because air pollution from the refinery's flares was not sufficiently controlled. That decision is being appealed.

It has been said that statistics, like all of those quoted above are people with tears washed off. the people living near our facilities like the residents of Mossville, Louisiana located near our companies Lake Charles refinery have experienced firsthand the effects of toxic chemicals, their human right to healthy safe environment is an important reason why ConocoPhillips should adopt stringent goals to reduce toxic pollution. To fulfill its commitment to provide energy in an environmentally and socially responsible manner. We call on ConocoPhillips to work with the people of Mossville in coordination with other Lake Charles corporate neighbors and public officials to address the community's concerns about impacts on their health, environment and water quality. Thank you very much. We ask you to vote in favor of stockholder proposal number eight.

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Jim Mulva - ConocoPhillips - Chairman, CEO

Miss Meyer, thank you again for your statement. The board's response to proposals starts on page 35 in your proxy statement. Probably quite familiar with it, you've already read it, the board recommends that you vote for the reasons outlined against this proposal.

If I move on to item number nine. It is a proposal for the company to amend its equal employment opportunity policy submitted by the Unitarian Universalist Association of Congregations. I believe Reverend Mark Edmiston-Lange is here.

Reverend Mark Edmiston-Lange - Unitarian Universalist Association of Congregations - Representative

Yes.

Jim Mulva - ConocoPhillips - Chairman, CEO

Reverend, good morning.

Reverend Mark Edmiston-Lange - Unitarian Universalist Association of Congregations - Representative

Mr. Chairman, members of the board, fellow shareholders, thank you for this opportunity to speak with you this morning. I am the Reverend Mark Edmiston-Lange, co-minister of Emerson Unitarian Universalist Church here in Houston and a member congregation of the Unitarian Universalist's Association, the shareowner that I represent today. I hereby move our proposal, item number nine on our proxy card which requested the company amend its written equal employment opportunity policy to explicitly prohibit discrimination based on gender identity and expression.

The motivations for making this proposal are twofold, first the urgency to protect people from discrimination based on their gender identity or expression springs directly from our faith as a religious community. Unitarian Universalism calls for us to insist upon the inherent worth and dignity of absolutely every person. Second, we believe that adding such protection to the company's Equal Employment Opportunity policy is also good business decision that will add to shareholder value.

Conoco has been a leader in workplace protection against discrimination both in its policies and in its practices, but with regard to protection for people based on gender identity or expression, we are falling behind best practice. Today 41% of the Fortune 500 and 69 of the Fortune 100 include these protections in the EEO policies. Why is this particular category so important? It is because these folks are particularly misunderstood.

For many this is a group that it's okay to hate. Numerous studies have shown that transgendered people face disproportionate amounts of discrimination in all areas of life, particularly in employment and healthcare. Equal treatment in the workplace is a right, not a privilege. No one should face discrimination based on sexual orientation or gender identity. We applaud our company for its longstanding policies and practices protecting employees from discrimination based on sexual orientation. Today we are asking that the company take a leadership position by adding protection for gender identity and expression.

Large companies should set the standard for equality and pave the way for the rest of corporate America to step up and revise their policy to protect all employees equally. Discrimination based on gender identity is no more defensible than bias based on race, gender or religious belief and it is especially important for the giants of American business and industry to set an example that embraces respect for all people. We believe that having a comprehensive non discrimination policy boosts employee morale, improves a company ability to attract a broader pool of well qualified applicants. In an increasingly complex global marketplace the ability to draw on a wide range of view points, background skills and experiences its critical to a company's success.

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Twelve states, plus 119 cities and counties and many of which our company has operations have laws in place prohibiting discrimination on the basis of gender identity or expression. A clear and consistent policy would enhance operational efficiency. We believe that an explicit inclusive policy would also decrease exposure to lawsuits by providing internal grievance procedures.

We also note the Risk Metrics Group, the largest proxy voting advisory firm in the nation, currently recommends that its clients support shareholder proposals asking companies to amend their non discrimination policies to include both sexual orientation and gender identity expression protections. This recommendation demonstrates the broad support for such policies that exists in the investment community.

In addition to the benefits of diversity to the bottom line, it's also the right thing to do. The vast majority of Americans agree that people should be evaluated based on their skills and work performance, not by their sexual orientation or gender identity, yet nearly 40% of the LGBT community report harassment and fear in the workplace, the place where they spend nearly half of their lives. We hope that the Conoco board and top management will acknowledge the need for equality among all working citizens. Thank you.

Jim Mulva - ConocoPhillips - Chairman, CEO

Reverend, thank you for your statement. The board's response begins on page 38 of the proxy statement and the board recommends that you vote against this proposal. Then the last item that we have on the agenda is item 10, proposal for the board to provide a report in the company's policies and procedures for political contributions. Including company expenditures for political contributions submitted by the Nathan Cummings Foundation and I believe Mr. [Joseph Gonzales] -- good morning. You're going to make -- present the proposal.

Joseph Gonzales - Cummings Foundation - Representative

Yes, thank you very much. My name is Joseph Gonzales and I'm here on behalf of the Nathan Cummings Foundation to move item 10, which seeks a report on ConocoPhillips payment to trade associations and other tax exempt entities. For some time now ConocoPhillips has provided its investors and other interested stakeholders with significant disclosure relating to its policies and procedures governing political spending and its contributions to political candidates and certain other types of political entities. The Nathan Cummings Foundation would like to thank ConocoPhillips for this disclosure.

We continue to believe however that ConocoPhillips is lacking a central component of disclosure, information on payments to trade associations and other tax exempt entities is not disclosed and information pertaining to the company's trade association spending continues to be unavailable to shareholders. In recommending that shareholders vote against this proposal, ConocoPhillips argues that the company's primary purpose in joining trade associations is not political. Instead the company suggests that it joins trade associations for the business, technical and standard setting expertise such organizations provide. Whether company's pay dues to associations for political influence or for industry expertise is irrelevant.

In both instances associations use membership payments for political spending. Companies need to be aware of how their membership payments are being used. They also need to insure that their shareholders can access this information so that they can assess for themselves any possible risks stemming from their company's payments to trade associations. The recent Supreme Court decision in Citizens United, which cleared the way for virtually unlimited political spending is expected to accelerate political activity by trade associations and nonprofit advocacy groups and results in the channeling of increased corporate funds through such groups. It is now more critical than ever that companies hold their trade associations accountable by tracking and disclosing the portion of their membership payments that is used for political spending.

A number of leading companies are already doing so. They include Aetna, American Electric Power and Hewlett Packard. We urge ConocoPhillips to follow suit. We continue to believe that the additional disclosure can help to protect long-term shareholder value. Risk Metrics agrees with us. The company which issues recommendations on shareholder proposals based in part on

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their impact on long-term shareholder value has recommended that investors vote in favor of this proposal. In doing so Risk Metrics stated that ConocoPhillips shareholders could benefit from more comprehensive disclosure regarding the company's policies related to membership in trade associations. Such information could help shareholders better assess the risks and benefits associated with ConocoPhillips public policy activities without significant costs, burden or strategic risks for the company.

I'd like to thank you once again for the steps you have taken to address shareholder concerns. At the same time, I would request that ConocoPhillips board rethink its opposition to this element of the request of disclosure and bring the company into line with current best practices in this area. Thank you very much.

Jim Mulva - ConocoPhillips - Chairman, CEO

Mr. Gonzales, thank you.

Well, the board's response to this proposal starts on page 40 of the proxy statement and the board recommends that you vote against this proposal.

We will now take general questions and comments from stockholders. If you have a question or comment you may approach the microphone nearest to you and a host will be available to assist you. Please note if any stockholder has not delivered his or her proxy you may cast your vote by ballot at this meeting. And you will -- if you've already submitted a valid proxy, your votes will be cast as indicated on your proxy card. If you do not -- you don't have to vote by ballot unless you wish to change your prior proxy vote. So if you need a ballot please stand and raise your hand, a meeting host will provide you with a ballot.

At the end of the question and answer period we will collect the ballots. So let's go to the question and answers.

Morning.

QUESTIONS AND ANSWERS

Dennis Stephano - ConocoPhillips - Stockholder

Morning Jim. [Dennis Stephano], I'm a stockholder and I'm an employee, work at the Trainer Refinery, Pennsylvania. I've been there for a little over 30 years. I enjoy coming to the meetings. You've got your hands full today. I'm also a member of the Conoco Counsel. As you know most of the refineries are organized, steel workers, operating engineers, teamsters and we have the opportunity to get together and meet and discuss issues at the refineries and compare notes and things like that. And thanks for the opportunity.

Conoco Counsel meeting we represent most of the organized Conoco refineries across the United States. There's local union officers are standing with me today from various plants.

My intent today was to -- today's meeting was to discuss certain health and safety issues at the Trainer Pennsylvania refinery. I can tell you the Trainer issues have been discussed with levels of management in Trainer on numerous occasions. Our counsel had been in Lake Charles for the last three days conducting meetings. After three days of meetings the council meeting issues I wanted to discuss today are common at all the Conoco refineries across the United States, it's not just Trainer.

Again, we've had -- all our locations have had discussions with every level of management, human resources, operations, maintenance and of course health and safety, managers, supervisors, superintendents. Why the need to come to a stockholder's meeting to seek action and answers? Because of budgets. Money. The lack of funding in our refineries. Every Conoco employee has been told we need to do more with less. It's not in the budget. We can't fix it. We have to wait. Budgets have been cut.



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On a personal level, I am up to my eyeballs, I am fed up with hearing we don't have the money. We all are fed up with its not in the budget, we can't do it. We can't continue to operate our refineries safely and reliably without fixing, repairing, replacing the various pieces of equipment at our plant's infrastructure.

Similar problems again across the refineries, fire water systems. Trainer has a serious fire water problem that is not reliable. We've had numerous, numerous leaks at the Trainer refinery and I'm told after meeting with the rest of the Conoco groups, a number of the other refineries have similar problems with their fire water systems. Asbestos removal, plain and simple we want it removed. 2007 Park City requests when we had a health and safety conference for all the Conoco refineries, all the health and safety committees, sister from California asked of Jim Galogly at the time who addressed the groups and when Conoco presents these meetings it's in the text of we want to be a leader in health and safety issues. We want you to be a leader in removing asbestos from our refineries. You don't do enough of it, you don't do it quick enough, we all wanted it out yesterday. It has to be stepped up. The removal of asbestos has to be stepped up. It can't be covered up, it can't be sealed again because it's friable and we're talking to you about it, we're not talking to OSHA about it. We're talking to Jim Mulva.

Platformer [regen] section is literally rotting away at the Trainer refinery. We've done walkarounds, we've looked at it, every manager in the facility has seen it and we're not fixing the problem.

Pipe racks rusting away. Cooling towers need to be replaced, need to be fixed. This is an ongoing problem.

Fixed roof tanks roped off. You're not allowed to go on certain fixed roof tanks at certain refineries and gauge them because they're paper thin, they have holes in them.

I was told a 10,000 gallon diesel tank fell over, no reason why and that seemed rather funny to me but that's a serious concern because you don't hear things like that. Serious issues.

Hydrocarbons and clean water source systems. There are some locations that have that problem. We had a problem in Trainer a few years ago. Streets shut down, emergency response people, the entire system along Post road in Trainer had to be replaced because it didn't have the proper equipment. Didn't have the proper drainage, didn't have the proper seals. This is a problem at some other refineries.

HF acid unit. We have hydrofluoric acid in Trainer, it's not nice stuff but we work with it rather safely. We understand the problems. Its common practice to use clamps on process lines so the process isn't shut down, so it can continue to run. A lot of clamps were removed last year.

We had a mini shut down in Trainer because the 2010 shut down has been pushed back to 2011. Trainer is not the only refinery that has done this. There's other refinery turn arounds that have been pushed back, budget constraints.

When you delay turn arounds, you put us in danger. This type of management cannot continue, Jim. This is a small list. And again, I want to emphasize this is not just Trainer, this is all the refineries across the United States.

Can we assume you are not aware of the deteriorating conditions of our refineries? I don't know what else to assume and that's a lousy word to use but that's all we can do is assume. The budget cuts must stop. Buying back stock, I don't understand everything you said here, but the one slide I understood 50 billion, 35 billion, 10 billion, 5 billion, 5 to 7 billion. There's a lot of things you can do with that. Some of those billions have to go in our refinery. Our refineries, excuse me, refineries plural. Those billions have got to be spent. Some of that has to be spent in the United States for infrastructure and for fixing the problems.

We cannot continue. We can't continue with this, it's not in the budget. It can't say any plainer or clearer than that, Jim. I don't want to go to OSHA, nobody wants to go to OSHA, we want to talk to you. We've talked about this with plant managers, again operations managers, health and safety managers, we have serious problems in the refineries. I could stand here and say look at what happened in Tesoro look what happened here, I can go back to 1989 in Pasadena, Phillips Chemical Plant, Pasadena



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Texas. What happened after that? PSM regulations. Very good for us, very good for us for a reason because people were getting killed. We don't want people getting killed. You need to spend some of billions of dollars in our refineries. That's what we want you to do. I would really like to come back here in a year and say thanks. Thanks for your time.

Jim Mulva - ConocoPhillips - Chairman, CEO

Okay, well how do I respond to this?

Well, I very much appreciate your standing up, courage and stating I know passionately how you feel about this along with other fellow colleagues, employees to stand up and present this. Obviously I don't like hearing what you said and take this quite seriously. We really believe that we are maintaining, take care of our facilities. But as I said, I take very seriously what you said.

I'd like to also go before -- commenting a bit more on this so to say thank you. I mean it's an opportunity, our safety performance. As I said, I don't like hearing what you stood up and presented, but our safety performance has really been very, very good and I just want to again say thank you to yourselves and not only everyone in the refining side of the business but upstream side throughout the company.

Now the other thing I would say is yes, obviously we're going to seriously take a look at the comments you made. As you outlined to colleagues from your group to be with you. I think we today -- we have quite a few of our refinery managers here, don't know exactly all of them but I'll just ask if they would stand up for a moment because I think they may -- different refinery managers. So if you'd all just take a look around, there's an opportunity that I would just ask after this meeting that your group, the refining managers get together and start talking. I know a refinery leadership from Willie Chiang and Larry Ziembra are here as well. And as I said, I really don't like what I heard and we'll get to the bottom of this. If we're not taking care of our facilities money is not an issue. We'll see to it that we take care of our facilities.

So that's really what I'd like to say.

Other question?

Morning.

Shirley Johnson - Mossville - Resident

Thank you, Mr. Mulva. I think you know me, my name is [Shirley Johnson], I'm from Mossville, Louisiana. As this is my third visit in this capacity.

First, I want to thank you Mr. Mulva for coming to Mossville and listening to our plight of our community. We've had many meetings with the Lake Charles refinery manager, but we still have no plan of action. We have provided information of how towns can be relocated. We need a wellness health clinic. We need water systems for each household. This information was given to the refinery manager. We have only had processes of delay, delay, delay.

(Inaudible). It has been said pictures can express 1,000 words and of course I'm trying to stay within my two minute period. This is the water that came from a kitchen faucet in Mossville, Louisiana this year. This is the way the water comes frequently from the faucet. And if that isn't enough. This is the actual water. We are victims of chemical e-coli.

My question is this. What is the plan of action? Thank you.



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Jim Mulva - ConocoPhillips - Chairman, CEO

Thank you. Well, I've been as you know to Mossville and I know that [Willie Tempton] our refinery manger works with yourself and your group of Mossville. Also works with the citizen's advisory panel and the community around our refinery.

We recognize also that some time ago there've been two different governmental studies on dioxin and the results of those governmental studies were that there was no health matters that would be injurious to the people living in Mossville.

We also recognize that I think the -- your action group has been working with U.S. government and with other agencies conducting new inquiries, new studies and that's going to take place and we would certainly work and help and support those study efforts.

In terms of the information and what you just presented here at our shareholders meeting, we take very seriously. We want to work well with the community. I think we are. And I know that our refinery manager Willie Tempton and the citizen's advisory panel is working on this as well. So the plan forward really is to continue doing that but also, I think your advocacy group has worked with different governmental agencies who have taken looking at some further reviews for the study work and I think we need to let that process as well go through its normal course and as I said, we're going to work and help and support those efforts as well. That really would be the plan forward and that's really the response that I would say that's appropriate at this point in time for what we're doing in Lake Charles area and working with the Mossville community.

Another question.

Morning.

Akee Vincent - Mossville - Resident

Good morning. I'm also from Mossville. My name is [Akee Vincent] and we've met before also. We got a lot of empty promises. We got none of those billions that you all talking about you got in your pockets now. We are the victims of your refineries right here in Mossville. You don't take care of your workers so I'm sure that stockholders can see that you wouldn't care nothing about the community because you don't care about your workers and we're being dumped on constantly every day. What you're doing is similar to what's going on out in the Gulf right now, but only you're doing it every day around the clock 365 days a year and you need to fix it because you broke it.

Jim Mulva - ConocoPhillips - Chairman, CEO

Okay, thank you.

Another question?

Morning.

Steven Heim - ESG Research - Director, Managing Director

Morning, my name is Steven Heim and I'm a Managing Director and Director of ESG Research and Advocacy or Boston Common Asset Management. I am speaking on behalf of the Miller Christianson Family Trust shareowner in ConocoPhillips.

Mr. Chairman, since 2006 Boston Common Asset Management and the Church of the Brethren Benefit Trust have helped lead a group of institutional shareowners that have raised concerns about ConocoPhillips's operations that impact indigenous peoples in Ecuador and Peru and in the Navajo nation of the southwestern U.S. We have urged our company to protect its

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reputation future abilities to operate in indigenous communities by adopting a transparent and accountable corporate wide policy of operating only in areas where the company has secured the free prior informed consent effective in indigenous peoples. This prompted us to file shareholder proposals in 2006, 2007, and in 2008 requesting this action.

In 2008 over one dozen shareowners filed a proposal including some New York City public employee pension funds. Last March 2009, as an act of good faith we withdrew our proposals for the 2009 proxy statement. Last summer ConocoPhillips published its new sustainable development report and detailed its relations with indigenous peoples. We commend our company for stating in its report as follows. For this project we have publicly pledged to all indigenous inhabitants in Peru to obtain complete understanding and agreement to our activities with all communities prior to conducting any and all operations. This is significant.

We encourage our company to be transparent and accountable in its engagement policies and process with all stake holders. We are pleased to report that last September ConocoPhillips staff had met with several shareowners that are members of the Interfaith Center on Corporate Responsibility in New York City.

In November, we collectively affirmed the program of our dialogue with our company by not filing new proposals for the 2010 proxy statement and since then we've had two additional meetings with staff.

As you know, the future growth of extracted companies such as ConocoPhillips depends on their ability to access responsibly new reserves of oil and gas or other natural resources. Therefore my question, Mr. Chairman, will our company pledge to continue to respect the rights of indigenous peoples and to do everything it can to protect the forests, rivers and ecosystems that sustain them in the Peruvian Amazon or other environmentally sensitive regions where ConocoPhillips operates. Thank you.

Jim Mulva - ConocoPhillips - Chairman, CEO

Thank you. Absolutely. We will conduct our operations everything we do in a way that respects the rights of indigenous people and we feel that we do that, we'll continue to do that and we think we - when we conduct our operations in the case of this instance we do it in a way -- some areas we've actually withdrawn, we don't see the opportunities for investment and we've - we think we -- the opportunity back to the authorities, but when we do, we do conduct operations or seismic or exploration, we do it in a way that we feel we don't compromise in any way the principals of the local community, we want to work with the local community. So all the objectives and the guidelines that you outlined, we adhere to and we agree with. The implementation can be subject to how well we actually do that. But our basic approach is that we'll conduct our operation in a way that commensurate with the people in the communities where we operate and we'll continue to do so.

And in many of the cases, if we don't see the opportunity to do business why we withdraw and we go elsewhere. And we're always ready and willing to meet and talk, our people are. So it's the extent that you feel it needs more communication, let us know or our people know and we'll certainly be -- make ourselves available to do so.

Other questions?

Unidentified Audience Member

Yes, sir. As a shareholder and not a trader. I am concerned about the repurchasing of shares. It would appear to me as an investor and as a shareholder that it would be better to use that money to increase the dividend to pay special dividends as Microsoft has and to reduce debt rather than to buy shares back. Thank you very much.



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Jim Mulva - ConocoPhillips - Chairman, CEO

Well, you make a good point. I mean we -- we essentially are trying to do all of these things simultaneously at the same time and we think by selling some of our more mature assets we can reduce our debt to the point where we think it's an optimal capital structure. You don't want to have too much debt but not too little debt and the cost of that's pretty manageable.

In terms of our shareholders, I can tell you from the smallest shareholder to the largest shareholders in the company, some of our shareholders say don't do any repurchase of shares, we just want dividends. Other shareholders say we'll I'm not interested in dividends, I really want share repurchase. The argument is made in some cases, pay dividends and not share repurchase because that way the shareholder gets the money to make the decisions where to invest. So we really feel that the best approach, not that just because we hear is from both ways we'll do a little bit of both. We really do think that annual increase in dividends versus a special dividend is the best approach for us because that gives us the capability and the opportunity of doing this year after year.

In terms of share repurchases, it's really a flywheel to the extent that we have more cash flow and we've already funded the capital program, done the best projects. We got a good strong balance sheet and we're raising the dividend every year, then we look at repurchase of our shares.

If over a period of time there's periods of time, maybe decades or so that you guy shares in and then there's periods of time when you have an opportunity to make an investment that you put shares out. But the important point is we like the discipline in a mature business of about 40%. We've been historically last several years, 20, 25% of our cash flow goes back to the shareholder in form of dividends and share repurchase and we think in a more mature business and the business environment that we see we should be raising the total shareholder distribution to 40%. And so that's what we will be doing. Annual increases in dividends and the extent that we have additional cash, we'll be looking at share repurchase.

What we're really doing is most important is all of our actions, each and every action in a discrete way is done to increase of share price in return for the shareholder not just in the short term but the medium and long-term on a sustained basis. You make a good point, but I know that other shareholders could make a little bit different points from the one you said. But we understand and we think about this -- just the things that you bring up.

Another question?

Richard Green - ConocoPhillips - Stockholder

My name's [Richard Green], stockholder. I wanted to ask a question. Are we planning on being partners in the Alaska, Canada gas pipeline?

Jim Mulva - ConocoPhillips - Chairman, CEO

Well, we have two competing alternatives, one is the gas pipeline that's in open season, which is a combination of TransCanada and Exxon Mobil and we'll look at that to see whether we want to participate in that project. And then we have our own gas pipeline project that we're working together with on BP and we expect that's going to go to open season to see who wants to participate. I suspect that there will be a fair degree of conditions on whoever participates in these open seasons in terms of we don't know what the commercial terms of a financial certainty is. The rules and regulations from the state of Alaska.

So we look at the opportunities of doing this but then on the other hand, it's going to be more than likely a conditioned response and participation by all producers and users of the pipeline, irrespective if it's the one with Exxon Mobil TransCanada or the one with ourselves and BP.

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Richard Green - ConocoPhillips - Stockholder

Is that - one more question. Is Denali Oil and Gas a partner in this thing also?

Jim Mulva - ConocoPhillips - Chairman, CEO

Is who is?

Richard Green - ConocoPhillips - Stockholder

Denali Oil and Gas.

Jim Mulva - ConocoPhillips - Chairman, CEO

No. it's just a name that we've given to our pipeline effort. That company -- I don't the company but they're not a -- if it is a separate company they're not a part of our Denali pipeline project that is really a formation of ConocoPhillips and BP to do a gas pipeline project from the north slope of Alaska.

Richard Green - ConocoPhillips - Stockholder

So the two partners -- main partners in our project.

Jim Mulva - ConocoPhillips - Chairman, CEO

Thank you. Another question?

Steve Mason - Church of the Brethren Benefit Trust - Coordinator of Social Responsible Investing Activities

Good morning, Mr. Mulva. I'm Steve Mason.

Jim Mulva - ConocoPhillips - Chairman, CEO

Morning.

Steve Mason - Church of the Brethren Benefit Trust - Coordinator of Social Responsible Investing Activities

And I'm the Coordinator of Socially Responsible Investing Activities for Church of the Brethren Benefit Trust. BBT is a shareowner.

I represent a group of shareowners that affirms the importance of our company making a strong and clear corporate commitment to free prior and informed consent among indigenous peoples -- or with indigenous peoples wherever ConocoPhillips conducts its business.

The shareowner -- the shareowner group appreciates the company's willingness to meet on this important issue during the past year and its commitment to continued meetings going forward.



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We affirm the company's progress in this area, specifically last year's sustainable development report stated the company's commitment to free, prior and informed consent in its Peruvian operations. The report also made nuanced reference to several internationally recognized codes of conduct regarding the rights of indigenous peoples. Shareowners continue to encourage ConocoPhillips to voluntarily incorporate the 1989 international labor organization indigenous and tribal people's convention and the 2007 United Nations declaration on the rights of indigenous peoples into the company's human rights position.

The industry is beginning to understand the importance of free, prior and informed consent principals when relating to indigenous peoples. In the past year Repsol YPF one of our company's business partners in the Peruvian Amazon announced its new policy for the relations with indigenous communities and in it a commitment to the ILL169 and the United Nations declaration. The just released Foley Hoag study commissioned by Talisman Energy entitled implementing a corporate free prior and informed consent policy benefits and challenges reports that quote there are compelling reasons for companies to consider adopting a policy that incorporates [F pic] principals, end quote.

World Resource Institutes independent assessment of this study indicates that Talisman has the potential to gain first mover advantage in this space and that these efforts will enhance Talisman's competitive advantage as a leader among energy companies.

And now my question. What is preventing ConocoPhillips from establishing a policy at the corporate level fully embracing the principals of free, prior and informed consent for indigenous peoples globally as it has done in Peru and given the company's desire to be seen as an industry leader in sustainability, why would ConocoPhillips risk giving up the advantage of being a first mover in this space?

Jim Mulva - ConocoPhillips - Chairman, CEO

Well good point. We feel that what we are doing not just in Peru but around the world is essentially our approach and our policies that we conduct our operations are supportive of those principals. So the new codes that you outlined in different groups our parts we'll take a look at them and as you say, why not be a first mover? We'll look at that. We believe that those principles that you've outlined of this organization we already have them and conduct our business that way, whether we should participate, as you say be a first mover, take advantage first mover, we'll take a look at and we'll respond back and communicate with you.

Another question.

Charles Singer

Good morning Mr. Chairman, fellow shareholders.

Jim Mulva - ConocoPhillips - Chairman, CEO

Morning.

Charles Singer

My name is Charles Singer. Perhaps through oversight on my part, I did not see the reserve replacement ratio or the return on capital employed in the annual report. I was wondering if you might be able to provide those figures in the future.

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Jim Mulva - ConocoPhillips - Chairman, CEO

Well, I'm sure they were in the annual report. In terms of reserve replacement, I'm going a little bit from memory here, but I think we had something in the neighborhood of about 130% overall reserve replacement last year from all sources. If you look at it organically it was a bit more than 100%. And the finding and development costs were quite attractive, in mid teens or low teens in terms of the fighting development costs.

Return on capital employed in the company was not as competitive with the peer group and it's primarily a result not because of our oil operations but the lower natural gas prices and the depressed refining downstream part of the portfolio. But one of our -- my colleagues will give you that information if you just standby at the end of the meeting, we'll give it more specifically to you.

Charles Singer

That's fine. Thank you very much.

Jim Mulva - ConocoPhillips - Chairman, CEO

Thanks. Next question?

Okay, apparently there's no more further questions. Very much appreciate your input, your questions, the thoughts, as I said earlier there's some parts I don't particularly like to hear but we take this all very seriously and we will thoroughly review and research all the comments and questions that have come forth in this annual meeting.

If you have further thoughts or questions, comments at the conclusion of the meeting, please come to the front of the room and we have the whole management leadership team here that's certainly available to talk with you and discuss whatever you'd like to talk about.

So now I'd like to do is take a vote on all the proposals properly presented before the meeting. So I declare that the polls are now open. If you have not completed your ballots please do so at this time. The meeting host will now collect ballots so please pass any ballots to the aisle so they may be collected.

Seldom have a lot of voting done at the meeting. It's usually done ahead of time through votes and proxy votes. I think we've collected a few.

Okay, it looks like we've collected the last of the ballots. So I declare that the polls are closed.

The inspectors of election have filed certifications of the preliminary results of the voting. So Janet, would you please read the results?

Janet Langford Kelly - ConocoPhillips - SVP - Legal, General Counsel

Mr. Chairman, the preliminary results based on the voting of shares represented by valid proxies on file and tabulated at the meeting this morning show that each of the 14 nominees for election have been reelected as directors to serve a one year term, expiring at next year's annual meeting. Each director nominee received at least 92% of the votes present in today's meeting.

The appointment of Ernst and Young as the independent registered public accounting firm for ConocoPhillips for 2010 has been ratified, having received a favorable vote of more than 92% of the votes present at today's meeting.



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The stockholder proposal for the board to provide a report on board risk management oversight has not passed with more than 95% of the votes present in today's meeting abstaining or cast against the proposal.

The stockholder proposal for the board to set goals for reducing total greenhouse gas emissions from the company's products and operations has not passed with more than 78% of the votes present at today's meeting abstaining or cast against the proposal.

The stockholder proposal for the board to provide a report on the company's oil sands drilling has not passed with more than 77% of the votes present at today's meeting abstaining or cast against the proposal.

The stockholder proposal for the board to adopt environmental policies to address environmental hazards in coastal Louisiana has not passed with more than 94% of the votes present at today's meeting abstaining or cast against the proposal.

The stockholder proposal for the board to prepare a report on the financial risks of climate change has not passed with more than 93% of the votes present at today's meeting abstaining or cast against the proposal.

The stockholder proposal for the board to adopt goals and prepare a report on the reduction of toxic pollution has not passed with more than 94% of the votes present at today's meeting abstaining or cast against the proposal.

The stockholder proposal to have the company amend its equal employment opportunity policy to prohibit discrimination based on sexual orientation and gender identity or expression has not passed with more than 74% of the votes present at today's meeting abstaining or cast against the proposal.

The stockholder proposal for the board to provide a report on the company's policies and procedures for political contributions, including company expenditures for political contributions has not passed with more than 77% of the votes present at today's meeting abstaining or cast against the proposal.

Mr. Chairman, that concludes the report of the preliminary voting. Details of the preliminary results will be available to all stockholders in our filings with the SEC within four business days. Stockholders may also obtain the results by calling or writing the office of the corporate secretary.

Jim Mulva - ConocoPhillips - Chairman, CEO

Okay, Janet. Thank you. That completes the business that we have scheduled for today and concluding our meeting again, I very much appreciate your attendance coming to our annual meeting. As I said just a few moments ago, our management, leadership team, our Board of Directors are up here at the front. So if you have some further questions or observations you'd like to pass along we will be here. So the meeting -- thank you again, the meeting is concluded.

Editor

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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