

Repositioning FAQs

On April 30, 2012, ConocoPhillips completed the separation of its Downstream business through the distribution of Phillips 66 common stock to its stockholders. Further information about Phillips 66 is available from the Phillips 66 website at www.phillips66.com.

Q: Why did ConocoPhillips separate the Downstream business?

A: ConocoPhillips' Board of Directors and management believe separating the Downstream business will have the following benefits: it will enable each company to pursue a more focused strategy; it will enable the management of each company to concentrate that company's resources wholly on its particular market segments, customers and core businesses, with greater ability to anticipate and respond faster to changing markets and opportunities; it will allow each company to recruit and retain employees with expertise directly applicable to its needs; it will eliminate competition for capital between the two business lines; and it will provide investors in each company with a more targeted investment opportunity.

Q: How did ConocoPhillips accomplish the separation of Phillips 66?

A: The separation involves ConocoPhillips' distribution to its stockholders of all the shares of Phillips 66 common stock. Following the distribution, Phillips 66 is a publicly traded company independent from ConocoPhillips, and ConocoPhillips does not retain any ownership interest in the company.

Q: What did ConocoPhillips stockholders receive in the distribution?

A: ConocoPhillips distributed one share of Phillips 66 common stock for every two shares of ConocoPhillips common stock outstanding as of the record date. You paid no consideration, nor gave up any portion of your ConocoPhillips common stock, to receive shares of Phillips 66 common stock in the distribution.

Q: What was the record date for the distribution, and when will the distribution occur?

A: The record date is April 16, 2012, and ownership was determined as of 5:00 p.m., Eastern Time, on that date. When we refer to the "record date," we are referring to that time and date. ConocoPhillips distributed shares of Phillips 66 common stock on April 30, 2012, which we refer to as the distribution date.

Q: As a holder of shares of ConocoPhillips common stock as of the record date, what did I have to do to participate in the distribution?

A: Nothing. Stockholders of ConocoPhillips common stock on the record date were not required to pay any cash or deliver any other consideration, including any shares of ConocoPhillips common stock, for the shares of Phillips 66 common stock distributed to them. No stockholder approval of the distribution was required or sought.

Q: Why was no stockholder vote required to approve the separation and its material terms?

A: Delaware law did not require a shareholder vote to approve the separation because the separation did not constitute a transfer of all or substantially all of the assets of ConocoPhillips to Phillips 66.

Q: How were fractional shares treated in the separation?

A: ConocoPhillips has not distributed any fractional shares of Phillips 66 common stock to ConocoPhillips stockholders. Fractional shares of Phillips 66 common stock to which

ConocoPhillips stockholders of record would otherwise be entitled were aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of the sales will be distributed pro rata to each holder who would otherwise have been entitled to receive a fractional share in the distribution. Proceeds from these sales will generally result in a taxable gain or loss to those stockholders. Each stockholder entitled to receive cash proceeds from these shares should consult his, her or its own tax advisor as to such stockholder's particular circumstances.

Q: If I sold my shares of ConocoPhillips common stock before or on the distribution date, was I still entitled to receive Phillips 66 shares in the distribution with respect to the sold shares?

A: Beginning on the record date and continuing up to and including the distribution date, there were two markets in ConocoPhillips common stock: a "regular way" market and an "ex-distribution" market. Shares of ConocoPhillips common stock that traded on the regular way market traded with an entitlement to receive shares of Phillips 66 common stock to be distributed in the distribution. Shares that traded on the ex-distribution market traded without an entitlement to receive shares of Phillips 66 common stock to be distributed in the distribution, so that holders who sold shares ex-distribution were entitled to receive shares of Phillips 66 common stock even though they have sold their shares of ConocoPhillips common stock after the record date. Therefore, if you owned shares of ConocoPhillips common stock on the record date and sold those shares on the regular way market before the distribution date, you also sold the shares of Phillips 66 common stock that would have been distributed to you in the distribution. If you owned shares of ConocoPhillips common stock at 5:00 p.m. Eastern Time on the record date and sold these shares in the ex-distribution market on any date up to and including the distribution date, you still received the shares of Phillips 66 common stock that you would be entitled to receive in respect of your ownership of the shares of ConocoPhillips common stock that you sold. You are encouraged to consult with your financial advisor regarding the specific implications of selling your ConocoPhillips common stock prior to or on the distribution date.

Q: If I bought ConocoPhillips "regular way" traded shares after the record date of April 16th, will I receive the PSX distribution?

A: Yes, as long as you owned the ConocoPhillips "regular way" traded shares on the close of trading at 5:00 p.m. Eastern Time on April 30th, you received the PSX distribution.

Q: Will the distribution affect the number of shares of ConocoPhillips I currently hold?

A: No, the number of shares of ConocoPhillips common stock held by a stockholder was unchanged. The market value of each ConocoPhillips share, however, declined to reflect the impact of the distribution.

Q: What are the U.S. federal income tax consequences of the distribution of shares of Phillips 66 common stock to U.S. stockholders?

A: The distribution was conditioned upon, among other matters, ConocoPhillips' receipt of a private letter ruling from the U.S. Internal Revenue Service (IRS) in form and substance satisfactory to ConocoPhillips in its sole discretion, to the effect that the distribution, together with certain related transactions, will qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended, which we refer to as the "Code."

ConocoPhillips has received a private letter ruling from the IRS, and an opinion from counsel, to the effect that the distribution will so qualify. On the basis the distribution so qualifies, for U.S. federal income tax purposes, you will not recognize any gain or loss, and no amount will be included in your income, upon your receipt of shares of Phillips 66 common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares.

You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws, which may result in the distribution being taxable to you.

Q: How will I determine the tax basis I will have in my ConocoPhillips shares after the distribution and the Phillips 66 shares I receive in the distribution?

A: Generally, for U.S. federal income tax purposes, your aggregate basis in your shares of ConocoPhillips common stock and the shares of Phillips 66 common stock you receive in the distribution (including any fractional share for which cash is received) will equal the aggregate basis of ConocoPhillips common stock held by you immediately before the distribution. This aggregate basis should be allocated between your shares of ConocoPhillips common stock and the shares of Phillips 66 common stock you receive in the distribution (including any fractional share for which cash is received) in proportion to the relative fair market value of each immediately following the distribution.

As described in the [IRS Form 8937](#), for U.S. tax purposes, the allocation of tax basis between shares of COP common stock and PSX common stock is based on their relative fair market values (FMV) at the time of the distribution. There are many potential ways to determine the FMV of COP and PSX common stock. One approach may be to use the unadjusted averages of the high and low trading prices of COP and PSX common stock on the NYSE on the trading day after the distribution. Such averages were \$56.10 for COP and \$33.34 for PSX on May 1, 2012. If this method is used, the pre-distribution tax basis in COP shares would be allocated 77.09% to COP shares and 22.91% to PSX shares. See example below which assumes pre-distribution tax basis of \$60 per share in 100 shares of COP common stock:

	No. of Shares After Distribution	Avg. NYSE Trading Price on 5/1/12	Total FMV at 5/1/12	Percentage of Total FMV at 5/1/12	Allocated Tax Basis
COP Common Stock	100	\$56.10	\$5,610.00	77.09%	\$4,625.40 (77.09% of \$6,000)
PSX Common Stock	50	\$33.34	\$1,667.00	22.91%	\$1,374.60 (22.91% of \$6,000)
Total			\$7,277.00	100.00%	\$6,000.00

Q: Will I receive a stock certificate for Phillips 66 shares distributed as a result of the distribution?

A: No. Registered holders of ConocoPhillips common stock who were entitled to participate in the distribution will receive a book-entry account statement reflecting their ownership of Phillips 66 common stock. For additional information, registered stockholders in the United States, Canada or Puerto Rico should contact ConocoPhillips' transfer agent, Computershare Shareowner Services LLC, at 800-356-0066 or through its website at www.bnymellon.com. Stockholders from outside the United States, Canada and Puerto Rico may call 1-201-680-6578.

Q: What if I hold my shares through a broker, bank or other nominee?

A: ConocoPhillips stockholders who hold their shares through a broker, bank or other nominee will have their brokerage account credited with Phillips 66 common stock. For additional information, those stockholders should contact their broker or bank directly.

Q: What if I have stock certificates reflecting my shares of ConocoPhillips common stock? Should I send them to the transfer agent or to ConocoPhillips?

A: No, you should not send your stock certificates to the transfer agent or to ConocoPhillips. You should retain your ConocoPhillips stock certificates.

Q: Why is the separation of the two companies structured as a distribution of shares of Phillips 66?

A: ConocoPhillips believes a distribution of shares in Phillips 66 in a transaction that is generally tax-free for U.S. federal income tax purposes is the most tax-efficient way to separate the companies.

Q: Does Phillips 66 intend to pay cash dividends?

A: Yes. Phillips 66 intends to pay a cash dividend at an initial rate of \$0.20 per share per quarter, or \$0.80 per share per year, beginning in the third quarter of 2012. The declaration and amount of all future dividends, however, will be determined by Phillips 66 Board of Directors and will depend on their financial condition, earnings, capital requirements, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and any other factors that our Board of Directors believes are relevant.

Q: Will my shares of ConocoPhillips common stock continue to trade?

A: Yes. ConocoPhillips common stock will continue to be listed and trade on the NYSE under the ticker symbol "COP."

Q: Will the separation affect the trading price of my ConocoPhillips stock?

A: Yes. The trading price of shares of ConocoPhillips common stock immediately following the distribution is expected to be lower than immediately prior to the distribution because the trading price will no longer reflect the value of the Downstream business. We cannot provide you with any assurance regarding the price at which the ConocoPhillips shares will trade following the separation.

Q: What will the relationship between ConocoPhillips and Phillips 66 be following the separation?

A: After the separation, ConocoPhillips will not own any shares of Phillips 66 common stock, and each of ConocoPhillips and Phillips 66 will be independent, publicly traded companies with their own management teams and Boards of Directors. However, in connection with the separation, Phillips 66 will enter into a number of agreements with ConocoPhillips governing the separation and allocating responsibilities for obligations arising before and after the separation, including, among others, obligations relating to our employees, taxes and intellectual property.

Q: Who is the transfer agent for Phillips 66 common stock?

A: Computershare Shareowner Services LLC
480 Washington Boulevard
Jersey City, New Jersey 07310

Q: Who is the distribution agent for the distribution?

A: Computershare Shareowner Services LLC
480 Washington Boulevard
Jersey City, New Jersey 07310

Q: Whom can I contact for more information?

A: If you have questions relating to the mechanics of the distribution of Phillips 66 shares, you should contact the distribution agent:

Computershare Shareowner Services LLC
480 Washington Boulevard
Jersey City, New Jersey 07310
Telephone: 800-356-0066 or 1-201-680-6578 (outside the United States, Canada and Puerto Rico)