

ConocoPhillips Earnings & Estimated Cash Flow (\$ Million)

2016 Cash Flow Estimate¹	Alaska	Lower 48
Reported Adjusted Earnings	233	(1,893)
Add: Income Taxes	<u>(17)</u>	<u>(1,063)</u>
Pre-tax Adjusted Earnings	216	(2,956)
Add: Depletion & Depreciation	<u>867</u>	<u>4,209</u>
Estimated Cash Flow Before Investing	1,083	1,253
Less: Capital Expenditures	(883)	(1,262)
Estimated Pre-tax Cash Flow	200	(9)

- Cash flow estimate based on pre-tax adjusted earnings to remove unusual & noncash items
- Non-cash items include income taxes and depletion
 - Current income tax is non-cash due to overall company loss position
 - Depletion is the expensing of prior capital expenditures over units of production based on total reserves; high depreciation expense in L48 based on historical capital spend
- Key Metrics
 - Realized oil price / bbl: Alaska \$31.68, L48 \$37.49
 - Production cost / bbl: Alaska \$16.12, L48 \$11.06

¹ Adjusted earnings, estimated cash flow before investing and estimated pre-tax cash flow are non-GAAP financial measures and used to help facilitate comparisons of segment operating performance. Estimated cash flow before investing and estimated pre-tax cash flow are based on publicly available data and provide a proxy of pre-tax cash flow.