ConocoPhillips

Mark Aebi
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315 Johnstone
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November 1, 2013

Mr. Michael A. Mintzer
Assistant Regional Counsel
New York/Caribbean Superfund Branch
Office of Regional Counsel
U.S. Environmental Protection Agency, Region II
290 Broadway, 17th Floor
New York, NY 10007-1866

RE: Newtown Creek Superfund Site, Kings County and Queens County, New York

Dear Mr. Mintzer:

I am writing on behalf of ConocoPhillips Company and in response to the Request for Information regarding Newtown Creek Superfund Site ("Site") received September 19, 2013.

On May 1, 2012, ConocoPhillips separated into two independent publically traded companies. The "upstream" (oil and gas exploration and production) entities, assets and liabilities remained with ConocoPhillips and the "downstream" (product refining, pipeline and marketing) entities, assets and liabilities were transferred to a newly created entity named Phillips 66. Any liabilities associated with the former Agrico assets were transferred to Phillips 66 and any future correspondence regarding those assets should be directed to Phillips 66. ConocoPhillips has provided the Request for Information to Phillips 66 and they will separately respond.

The request from EPA required that ConocoPhillips' response be accompanied by a declaration from a company representative. It is ConocoPhillips' position that neither Section 104 of CERCLA nor Section 3007 of RCRA contains requirements that the information and documentation submitted in response to this request include a declaration of the type you requested. ConocoPhillips Company has made a search of its records and conducted an investigation of its involvement with the Site. We are confident that the responses contained herein are accurate to the extent that information is currently available. As you will see in ConocoPhillips Company's

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attached response, the pre-separation upstream assets of ConocoPhillips Company have no contact or involvement with the subject Site.

Please direct any further communications regarding this Site to Stacey Carter, HS&E Legal Specialist, ConocoPhillips Company, ML 1020, 600 North Dairy Ashford, Houston TX 77079, Phone 281-293-1579.

Sincerely,

Mark A. Aebi
Manager, Risk Management and Remediation
ConocoPhillips Company

cc: Caroline Kwan, U.S. EPA
Stacey Carter, ConocoPhillips Company

CONOCOPHILLIPS COMPANY
RESPONSE TO SEPTEMBER 19, 2013 REQUEST FOR INFORMATION
Newtown Creek Superfund Site, Kings County and Queens County, New York

On May 1, 2012, ConocoPhillips separated into two independent publically traded companies. The "upstream" (oil and gas exploration and production) entities, assets and liabilities remained with ConocoPhillips and the "downstream" (product refining, pipeline and marketing) entities, assets and liabilities were transferred to a newly created entity named Phillips 66. ConocoPhillips has provided the Request for Information to Phillips 66 and they will also respond.

The responses set forth herein are based on the present knowledge, information and belief of ConocoPhillips Company. ConocoPhillips Company reserves the right to supplement these responses when and if appropriate. ConocoPhillips Company does not concede the relevancy of the response, nor does it accept or adopt as accurate any statements of implications that may be drawn from the requests themselves. ConocoPhillips Company also reserves all objections to the form or the requests.

These responses are not and should not be taken as an admission or waiver of any kind to the jurisdiction, statutory authority, or regulatory authority of the United States Environmental Protection Agency for this information request or any further investigation or action.

Section 1.0 Company Information.

1. Company Identification. Provide the following information with respect to the Company (see Definition 7).

   a. The full legal, corporate name and mailing address.

      ConocoPhillips Company
      600 North Dairy Ashford
      Houston, TX 77079

   b. The state and date of incorporation of the Company, the date of qualification to do business in the State of New York and the Company's agents for service of process in the state of incorporation and the State of New York.

      Incorporated - Delaware, June 13, 1917
      Qualified in New York - December 12, 1932

      Service of Process
      Corporation Service Company, Delaware
      United States Corporation Company, New York

   c. The identity of the Chief Executive Officer or other presiding officer of the Company.

Ryan Lance
ConocoPhillips Company
600 North Dairy Ashford
Houston, TX 77079
281-293-1000

d. Please identify each separate corporation named Conoco or Continental Oil that was affiliated with the Conoco Inc. company that merged into ConocoPhillips, and describe the relationship of each such entity to Conoco, the purpose for that entity and the relationship of that entity to ConocoPhillips.

ConocoPhillips Company specifically objects to the question on the ground that it seeks information that is irrelevant, overbroad, and unduly burdensome.

Subject to and without waiving any objections, ConocoPhillips Company is a wholly owned subsidiary of ConocoPhillips, a publically traded Delaware corporation. ConocoPhillips Company is the parent of most current subsidiaries of ConocoPhillips (see Exhibit A, the list of current subsidiaries of ConocoPhillips Company). There are numerous entities named Conoco or Continental Oil that were affiliated with Conoco Inc. that merged into ConocoPhillips. Providing information for each of these entities would be unduly burdensome.

ConocoPhillips was formed in 2002 with the merger of Conoco Inc. and Phillips Petroleum Company. Conoco Inc. operated as Continental Oil Company from 1929-1979, when it changed its name to Conoco Inc. In 1963, a newly formed subsidiary of Continental Oil Company called American Agricultural Chemical Company acquired assets of The American Agricultural Chemical Company, a Delaware corporation. At the time of this transfer, The American Agricultural Chemical Company changed its name to Fos-Kem Liquidation Corporation. See Exhibit B, Agreement between The American Agricultural Chemical Company and Continental Oil Company, and Exhibit C 1963 Fos-Kem letter to stockholders.

On December 31, 1965, American Agricultural Chemical Company merged into its parent, Continental Oil Company. In January 1966, Continental Oil Company began operating the former assets of American Agricultural Chemical Company through a newly formed division called Agrico Chemical Company, a Division of Continental Oil Company. See Exhibit D, January 3, 1966 letter.

In February of 1972, Continental Oil Company transferred its plant foods business including the assets of its Agrico Chemical Division to Agrico Chemical Company, a Delaware corporation. The Williams Companies, a Nevada corporation, guaranteed the performance of Agrico Chemical

Company under the Purchase Agreement. See Exhibit E, the February 1, 1972 Purchase Agreement between Continental Oil Company, Agrico Chemical Company and The Williams Companies.

On August of 1972 Agrico Chemical Company merged into Willchemco, Inc. and took the name Agrico Chemical Company. See Exhibit F, August 7, 1972 Certificate of Agreement of Merger from the State of Delaware.

e. Please identify the relationship between the Company and the Williams Company with respect to The American Agricultural Chemical Company.

Subject to and without waiving any objections, see response to Question No. 1d.

2. Relationship to The American Agricultural Chemical Company and Agrico Chemical Company and Other Related Entities.

a. Identify The American Agricultural Chemical Company and Agrico Chemical Company and the Company's relationship to each such entity. Provide a copy of all documents informing the response to this question.

ConocoPhillips Company specifically objects to the question on the ground that it seeks information that is irrelevant, overbroad, and unduly burdensome.

Subject to and without waiving any objections, see response to Question No. 1d.

b. Describe the 2002 merger of Conoco, Inc. and Phillips Petroleum Company and the provisions in the merger documents for addressing legacy liabilities of the constituent entities. Provide a copy of merger documents relating to such legacy liabilities. Provide a copy of all documents relating to liabilities associated with the former ownership or operation of The American Agricultural Chemical Company and Agrico Chemical Company.

Subject to and without waiving any objections, see response to Question No. 1d.

See attached Agreement and Plan of Merger Dated as of November 18, 2001 by and among Phillips Petroleum Company, CorvettePorsche Corp., Porsche Merger Corp., Corvette Merger Corp. and Conoco Inc., Exhibit G.

See attached April 26, 2012 Separation and Distribution Agreement and Indemnification and Release Agreement by and between ConocoPhillips and Phillips 66, Exhibits H and I.

c. Identify each site investigated, remediated or otherwise addressed under the jurisdiction of EPA or of any state or local environmental agency, including without limitation, the Agrico Chemical Company Superfund site in Pensacola, Florida where the Company (including its predecessor entities) was named as a responsible party where the Company (including its predecessor entities) performed or participated in the performance of any response activities. Please identify the site and the work done by the company and provide a copy of each notice letter or notice of violation.

ConocoPhillips Company specifically objects to the question on the ground that it seeks information that is irrelevant, overbroad, and unduly burdensome.

Subject to and without waiving any objections, on May 1, 2012, ConocoPhillips separated into two independent publically traded companies. The "upstream" (oil and gas exploration and production) entities, assets and liabilities remained with ConocoPhillips and the "downstream" (product refining, pipeline and marketing) entities, assets and liabilities were transferred to a newly created entity named Phillips 66. Any liabilities associated with the former Agrico assets were transferred to Phillips 66 and any future correspondence regarding those assets should be directed to Phillips 66. ConocoPhillips has provided the Request for Information to Phillips 66 and they will separately respond.

d. Describe the relationship between the Company and the Williams Company with respect to The American Agricultural Chemical Company and Agrico Chemical Company.

Subject to and without waiving any objections, see response to Question No. 1d.

e. Please identify any other entity not related to the Company who the Company believes may be responsible pursuant to CERCLA for contamination attributable to The American Agricultural Chemical Company/Agrico Chemical Company. Please describe the basis for such belief and provide any documentary information supporting the Company's belief.

Subject to and without waiving any objections, see response to Question No. 2c.

3. Future EPA Communications. If the addressee of this letter requests that future communications from EPA regarding the Site be sent to a particular individual or office, provide the name, address, telephone number, e-mail address and capacity of such individual or office.

Stephen Ellison
Senior Counsel
ConocoPhillips Company
600 North Dairy Ashford, ML1022
Houston, TX 77079
281-293-5547

Section 2.0 Ownership/Operator Information of the Facility and Newtown Creek

4. Ownership of the Facility:
   a. Identify the dates of acquisition, disposition and operation of the Facility by The American Agricultural Chemical Company and the identity and relationship, if any, between the transferor and transferee.

      Subject to and without waiving any objections, no responsive information or documents were located.

   b. Provide a copy of all deeds evidencing the acquisition or disposition of the Facility and of all leases relating to the operation of the Facility.

      Subject to and without waiving any objections, no responsive information or documents were located.

5. Operations at the Facility.
   a. Please identify the principal business operations conducted by The American Agricultural Chemical Company during the years 1900 through 1932.
   b. Please identify all business operations conducted at the Facility by The American Agricultural Chemical Company between the years 1900 and 1932.
   c. Please identify all products produced, manufactured, assembled or otherwise made available for sale at or from the Facility and identify the markets into which those products were sold or traded.
   d. Identify all products produced, manufactured, assembled or otherwise made available for sale by The American Agricultural Chemical Company at any of its plants between the years 1900 and 1932.

      Subject to and without waiving any objections, no responsive information or documents were located.

6. Facility Plan and Historic Maps, Drawings, Surveys and Photographs of the Facility.
   a. Facility Plan. Please provide a Facility Plan, if in the possession of the Company, showing, to the extent known:
      i. Buildings and improvements,
      ii. Bulkheads,
      iii. Ship loading and unloading and vehicle loading and unloading areas,
      iv. Sanitary and storm sewers,
      v. Below-ground infrastructure including tanks and pipes,

vi. Above-ground infrastructure including tanks, spill containment facilities and pipes,

vii. Over-water or in-water facilities (e.g., piers, docks, cranes), and

viii. Discharge facilities including pipes discharging to Newtown Creek or NYC sewers and other discharge features.

b. Historic Photos, Maps, Surveys, Etc. Please provide such other maps, drawings, surveys (including Sanbornmaps) and historic photographs (including aerial photos) in the Company's possession which provide information relevant to the layout, construction, processes, bulkheads, or vehicle activities (washing, servicing, fueling or storage), or other operations at the Facility.

Subject to and without waiving any objections, no responsive information or documents were located.

7. Current and Historic Depiction of the Facility.

a. Provide a copy of schematic drawings or plans, in the Company's possession, depicting the manufacturing processes and infrastructure employed in operations at the Facility.

b. Provide such other drawings, maps, photographs and surveys, including, for example, Sanborn maps of the Facility, in the Company's possession showing features of the Facility either before or during the time of the ownership or operation that would provide an understanding of the configuration of and operations at the Facility.

Subject to and without waiving any objections, no responsive information or documents were located.

8. Bank Erosion, Overland Transport and Overwater Activities at or From the Facility to Newtown Creek.

a. Description of Bulkheads and Bank Stabilization. Describe all bank stabilization systems at the Facility, including bulkheads, rip rap, vegetation or other systems, and the construction materials and mode of construction used. Identify on the Facility Plan the extent and type of shoreline stabilization at all areas of the Facility. State whether there has been or whether there is any ongoing bank erosion, and identify on the Facility Plan the location of shoreline erosion. Identify the Company's role and responsibility in building and maintaining the bulkheads and other shoreline stabilization systems. Describe the system, if any, for preventing materials upland of the bulkhead from releasing into Newtown Creek. State whether there are weep holes or gaps or openings in the bulkheads or shoreline stabilization systems and, if so, whether upland storm water, Facility materials or water from Newtown Creek passes through the bulkhead or shoreline stabilization system.

Subject to and without waiving any objections, no responsive information or documents were located.

b. Documents Relating to Bank Stabilization.

i. Provide a complete set of construction drawings and specifications relating to bulkheads and other bank stabilization systems.

ii. Identify all permits issued to the Company for bulkheads or other bank stabilization systems and provide a copy of all permits and permit applications.

iii. Provide a copy of all correspondence with regulatory authorities relating to bulkheads and bank stabilization, including, without limitation, notices of violation and their disposition.

iv. Provide a copy of all studies, reports or plans relating to the construction, repair or maintenance of bulkheads and other shoreline stabilization systems.

v. Provide a copy of all contracts, and invoices with third parties relating to repair or maintenance of bulkheads and other bank stabilization systems.

Subject to and without waiving any objections, no responsive information or documents were located.

9. Outfields into Newtown Creek. Identify and show on the Facility Plan all outfalls or discharge points from the Facility into Newtown Creek, including location of outfall, gallons per day and source of influent to Newtown Creek.

Subject to and without waiving any objections, no responsive information or documents were located.

10. Construction, Excavation and Land Filling Activities.

a. Describe all construction, excavation, and land fill activities undertaken by the Company at the Facility, including without limitation removal or installation of underground or above ground infrastructure.

Subject to and without waiving any objections, no responsive information or documents were located.

11. Facility, Storm Water Drainage.

a. Describe how storm water was managed and drained at the Facility and depict on the Facility Plan all drainage flow and drainage infrastructure including all receiving facilities for storm water. Separately explain and depict point source drainage through pipes or other conveyances as well as sheet flow or surface water runoff.

b. Provide a copy of all drainage studies, reports or plans for all periods during the Company's ownership, operation or occupancy of the Facility.

c. Identify on the Facility Plan elevations of the Facility relative to Newtown Creek. State whether elevations have changed during the period of the Company's ownership or operation of the Facility and describe all such changes.

Subject to and without waiving any objections, no responsive information or documents were located.

12. Facility Process Water Management. Identify all waste water streams, other than sanitary waste water from rest rooms that is generated at the Facility, and identify the activities generating such waste water. Describe how process waste water is managed at the Facility and depict on the Facility Plan all process and waste water treatment and disposal facilities. If waste water facilities have changed over the years of the Company's ownership or operations, describe infrastructure changes and the dates such changes were placed into use. Identify and provide a copy of all permits for management or drainage of process waste water. Provide a copy of all data from sampling discharges of waste water, including all data from sampling any process or business waste stream currently or formerly generated at the Facility. Provide a copy of all waste water management and drainage studies, reports or plans for all periods during the Company's ownership or occupancy of the Facility.

Subject to and without waiving any objections, no responsive information or documents were located.

13. Connections to New York City sewer system.
    a. State whether the Facility is or was connected to the New York City sewer during the Company's ownership or operation and the date that the Facility was first connected.
    b. Identify the waste streams (sanitary, storm water, process water), if any, connected to the New York City sewer.
    c. Identify all liquid waste streams not connected to the New York City server and describe disposal of such waste streams.
    d. State whether the Facility ever discharged any liquid wastes other than to the New York City sewer system and, if so, provide details on such discharges.
    e. State whether the Facility participated in the New York City pretreatment program, and whether the Company has ever been classified as a significant industrial user.
    f. Provide copies of all permits and permit applications for New York City Industrial Wastewater discharge permits,
    g. Provide copies of all notices of violations, correspondence, hearing transcripts and dispositions relating to the Company's use of the New York City sewer system.
    h. Provide copies of all surveys, reports or analyses delineating or characterizing the Company's liquid wastes.

    Subject to and without waiving any objections, no responsive information or documents were located.

14. Other Newtown Creek Properties. Please identify each Other Newtown Creek Property (see Definition number 9.b for "Other Newtown Creek Property"), if any, currently or formerly owned or operated by the Company (including any predecessor or affiliate (see Definition 8)), including:
    a. Nature of the Company's interest in each Other Newtown Creek Property.
    b. Corporate identity of the entity that holds or held such interest.
    c. Address, Borough, Block and Tax Lot Identification of each Other Newtown Creek Property,

d. The principal business and each other line of business conducted at each Other Newtown Creek Property.

e. All deeds evidencing the acquisition or disposition of the Facility and all leases relating to the operation of the Facility, and provide copies of such deeds and leases.

Subject to and without waiving any objections, no responsive information or documents were located.

15. Storage and Combustion of Coal. Did the operations at the Facility include the storage or combustion of coal during the time of ownership or operation by The American Agricultural Chemical Company? If your answer is yes, please respond to the following requests for information and identify the following for all periods of time related to the responses:

a. The purpose for which coal was present at the Facility.

b. The annual volume and type or types of coal (i.e. bituminous, anthracite, etc.) handled at the Facility.

c. The location and manner of coal storage at the Facility.

d. The coal storage, shipment and transfer locations on the Facility Plan.

Subject to and without waiving any objections, no responsive information or documents were located.

16. Bulk Storage Containers.

a. If the Facilities has or had bulk storage of petroleum or chemicals, please show the location of each storage tank on the Facility Plan and describe each tank by volume, construction materials, spill prevention and containment systems and whether it is located above- or below- ground. Identify the materials currently and historically stored in each tank, including the types of petroleum products and additives handled at any time during the operation of the Facilities, and identify the purpose and use of such stored materials at the Facility. Provide a copy of the material safety data sheet ("MSDS") for each such material.

b. Provide all documents related to permitting, inspection, maintenance, cathodic protection, product inventory levels, spills, cleaning, and closure of such tanks and correspondence between the Company and regulatory authorities concerning the storage tanks.

Subject to and without waiving any objections, no responsive information or documents were located.

17. Chemicals and Other Materials Used, Produced and Generated at the Facility. Identify the compounds and chemicals received, stored and used at the Facility and the purpose that the compounds and chemical were acquired.

a. For receipt of materials, please identify all such materials, being specific in identifying such each item including brand name of any chemical or, if generic, the identity and description of such material, the purpose for which it was received and the

process in which it was employed. Please provide copies of MSDSs for each such chemical. Identify the annual volume of receipt of such materials.

b. Identify all products produced at the Facility or shipped from the Facility and, if applicable, provide copies of MSDSs. Identify the approximate annual volume of production at the Facility by product line.

c. Describe in detail how and where the hazardous substances, hazardous wastes, and industrial wastes are or were generated at the Facility and how they were disposed. For each disposal location and method, state the nature and quantity or the material disposed on an annual basis.

Subject to and without waiving any objections, no responsive information or documents were located.

18. Oil/Water Separators. Identify all oil/water separators at the Facility during the ownership or operation of the Facility by The American Agricultural Chemical Company, including dates of installation, dates of replacement or major modification, purpose of installation and source of influent, and location of discharge. Provide a copy of each permit and permit application, influent and effluent sampling results and copies of all submissions to federal, state, city or county environmental agencies or public health agencies relating to oil/water separators.

Subject to and without waiving any objections, no responsive information or documents were located.

Section 3.0 Civil Litigation, Administrative Enforcement and Criminal Matters:

19. Civil Litigation, Administrative Enforcement and Criminal Matters:

a. Has the Company been a party to any litigation or involved in any other claim where an allegation by or against the Company included environmental contamination of Newtown Creek or contamination of the Facility or any other upland property within one thousand five hundred feet from Newtown Creek (whether or not such other property was owned or operated by the Company and whether the claim was based on the Company's alleged ownership, operation, transporter status, or arranger relationship to the Facility or some other basis)? If yes, identify such litigation or claim, briefly describe the allegation by or against the Company, the status of the litigation or claim, and provide a copy of the pleadings and any settlement agreement or court order.

ConocoPhillips Company specifically objects to the question on the ground that it seeks information that is overbroad, and unduly burdensome.

Subject to and without waiving any objections, ConocoPhillips has conducted a search of its records and has not discovered any documentation or information linking it or its pre-separation upstream assets to the Newtown Creek area.

ConocoPhillips received a Summons and Third-Party Complaint in the matter DMJ Associates, L.L.C. v Carl A. Capasso, et al filed in the United States District

Court, Eastern District of New York, CV 97 7285 (DLI) (RML). The property at issue in this matter is located at 37-30 through 37-32 Review Avenue, 37-98 Railroad Avenue and 38-20 Railroad Avenue/Newtown Creek, in Queens, New York. This matter was tendered to and accepted by Phillips 66 pursuant to the Separation and Distribution Agreement by and between ConocoPhillips and Phillips 66 dated April 26, 2012.

b. Without limitation, include in your response to subparagraph a., above, any claims involving owners, operators, transporters or generators involved with the Facility after the time that The American Agricultural Chemical Company owned and operated the Facility, including claims relating to the Estate of Carl Capasso or to a company identified as Quanta Resources.

Subject to and without waiving any objections, no responsive information or documents were located.

c. Has the Company been identified by EPA or by any New York State or New York City agency as a party responsible for environmental contamination at or from the Facility upland property within the Newtown Creek drainage basin whether or not such other property was owned or operated by the Company (whether the claim was based on the Company's alleged ownership, operation, transporter status, or arranger relationship to the facility or some other basis)? If yes, state the Company's understanding of the basis for such notice of responsibility and provide a copy of any correspondence, orders or agreements between the Company and the governmental agency.

Subject to and without waiving any objections, no responsive information or documents were located indicating such identification.

d. Has the Company or an employee, contractor or agent ever been accused of any criminal violation relating to illegal disposal or any other environmental matter in connection with any activity or operation at the Facility? If so, describe the disposition of such accusation and provide details on such accusation.

Subject to and without waiving any objections, no responsive information or documents were located indicating such a violation.

Section 4.0 Insurance and Indemnification

20. Insurance and Indemnification:

a. Provide a schedule of liability insurance policies that may provide coverage to the Company for environmental liability associated with Newtown Creek.

Subject to and without waiving any objections, no responsive information or documents were located.

b. Identify each entity that may have a duty to indemnify the Company for any potential, environmental liability in connection with Newtown Creek, identify the circumstances giving rise to the indemnity, and provide a copy of any document that reflects a requirement to so indemnify the Company.

Subject to and without waiving any objections, see response to 2c.

c. Identify each entity that the Company has agreed to indemnify for any potential environmental liability in connection with Newtown Creek. Provide a copy of any document that reflects a requirement to indemnify by the Company.

Subject to and without waiving any objections, no responsive information or documents were located indicating such an agreement.

21. Financial Information: Provide a copy of the Company's public financial statements for its most recent fiscal year.

See attached 2012 Form 10-K for ConocoPhillips Exhibit J.

EXHIBIT A

Subsidiaries
3072496 Nova Scotia Company
349910 Alberta Inc.
534404 Alberta Ltd.
Administradora General Delta Centro, S.A.
Alpine Pipeline Company
Alpine Transportation Company
Alvheim AS
Alyeska Pipeline Service Company (Delaware)
American Hunter Energy Inc.
Asamera Minerals (U.S.) Inc.
Asamera Resources LLC
Ashford Energy Capital S.A.
Australia Pacific LNG Pty. Limited
BR (Global) Holdings B.V.
BR Canada Services Inc.
Brass LNG Limited
Brazoria Interconnector Gas Pipeline LLC
Britannia Operator Limited
BROG GP LLC
BROG LP LLC
Bronco Pipeline Company
Burlington Resources (Chaillu) Limited
Burlington Resources (Irish Sea) Limited
Burlington Resources (Meboun) Limited
Burlington Resources (MPolo) Limited
Burlington Resources (Netherlands) B.V.
Burlington Resources (UK) Holdings Limited
Burlington Resources Algeria Holdings Limited
Burlington Resources Algeria Limited
Burlington Resources Andean Limited
Burlington Resources Angola Limited
Burlington Resources Canada (Hunter) Ltd.
Burlington Resources Capital I
Burlington Resources Capital II
Burlington Resources China Holdings Limited
Burlington Resources China LLC
Burlington Resources Ecuador Limited
Burlington Resources Egypt Holdings Limited
Burlington Resources Finance Company
Burlington Resources Financial Services Inc.
Burlington Resources Grantor Trust
Burlington Resources Inc.
Burlington Resources International Holdings LLC
Burlington Resources International Inc.
Burlington Resources Latin America Holding Co. Limited
Burlington Resources Offshore Inc.
Burlington Resources Oil & Gas Company LP
Burlington Resources Oriente Limited
Burlington Resources Peru Limited
Burlington Resources Trading LLC
C&L Processors Partnership
Canadian Hunter Resources
Cannery Hamilton Properties, LLC
Caspian Transportation Company B.V.
Cliffe Storage Limited

Conoco Colombia Ltd.
Conoco Development Services Inc.
Conoco Energy Holdings Ltd.
Conoco Energy Holdings Nigeria Ltd.
Conoco Energy Nigeria Limited
Conoco Exploration and Production Nigeria Limited
Conoco Funding Company
Conoco Global Energy Company
Conoco Holdings Ltd.
Conoco Limited
Conoco Northland Ltd.
Conoco Norway Properties Inc.
Conoco NW Natuna Exploration and Production Ltd.
Conoco NW Natuna Holding Ltd.
Conoco Offshore Pipe Line Company
Conoco Orinoco Inc.
Conoco Peru Ltd.
Conoco Petroleum Operations LLC
Conoco Resources Holding B.V.
Conoco Specialty Products Limited
Conoco Syria DEZ Gas Ltd.
Conoco Syria Ltd.
Conoco U.K. Properties Inc.
ConocoPhillips
ConocoPhillips (03-12) Pty Ltd
ConocoPhillips (03-13) Pty Ltd
ConocoPhillips (03-16) Pty Ltd
ConocoPhillips (03-19) Pty Ltd
ConocoPhillips (03-20) Pty Ltd
ConocoPhillips (03-21) Pty Ltd
ConocoPhillips (Amborip VI) Ltd.
ConocoPhillips (Arafura Basin) Pty Ltd
ConocoPhillips (Arafura Sea Block Indonesia) Ltd.
ConocoPhillips (Browse Basin) Pty Ltd
ConocoPhillips (BTC) Ltd.
ConocoPhillips (Canning Basin) Pty Ltd
ConocoPhillips (Emet) Pty Ltd
ConocoPhillips (Glen) Limited
ConocoPhillips (Grissik) Ltd.
ConocoPhillips (International) Pty Ltd
ConocoPhillips (Kuma) Ltd.
ConocoPhillips (Palangkaraya) Ltd.
ConocoPhillips (South Jambi) Ltd.
ConocoPhillips (Timor Sea) Pty Ltd
ConocoPhillips (U.K.) Alpha Limited
ConocoPhillips (U.K.) Beta Limited
ConocoPhillips (U.K.) Delta Limited
ConocoPhillips (U.K.) Eta Limited
ConocoPhillips (U.K.) Finance Limited
ConocoPhillips (U.K.) Lambda Limited
ConocoPhillips (U.K.) Limited
ConocoPhillips (U.K.) Sigma Limited
ConocoPhillips (U.K.) Theta Limited
ConocoPhillips (U.K.) Zeta Limited
ConocoPhillips (UK) Funding Limited

ConocoPhillips Abu Dhabi Ltd.
ConocoPhillips Africa New Ventures Ltd.
ConocoPhillips Alaska LNG Company
ConocoPhillips Alaska Natural Gas Corporation
ConocoPhillips Alaska Pipelines, Inc.
ConocoPhillips Alaska, Inc.
ConocoPhillips Algeria Ltd.
ConocoPhillips Angola 36 Ltd.
ConocoPhillips Angola 37 Ltd.
ConocoPhillips ANS Marketing Company
ConocoPhillips Arabia Inc.
ConocoPhillips Arctic Inc.
ConocoPhillips Asia Pacific New Ventures Ltd.
ConocoPhillips Asia Pacific Sdn. Bhd.
ConocoPhillips Asia Ventures Pte. Ltd.
ConocoPhillips Atlantic Margins Ltd.
ConocoPhillips Australia Exploration Pty Ltd
ConocoPhillips Australia Funding Company
ConocoPhillips Australia Gas Holdings Pty Ltd
ConocoPhillips Australia Holdings Pty Ltd
ConocoPhillips Australia Pacific LNG Pty Ltd
ConocoPhillips Australia Pty Ltd
ConocoPhillips Australia SH1 Pty Ltd
ConocoPhillips Australia SH3 Pty Ltd
ConocoPhillips Bangladesh Exploration 10/11 Ltd.
ConocoPhillips Bangladesh Exploration 7 Ltd.
ConocoPhillips Black Sea Ventures Ltd.
ConocoPhillips Bohai Limited
ConocoPhillips Brunei E&P Ltd.
ConocoPhillips Canada (BRC) Partnership
ConocoPhillips Canada (North) Limited
ConocoPhillips Canada Denali ULC
ConocoPhillips Canada Energy Partnership
ConocoPhillips Canada Funding Company I
ConocoPhillips Canada Funding Company II
ConocoPhillips Canada Marketing & Trading ULC
ConocoPhillips Canada Operations Ltd.
ConocoPhillips Canada Resources Corp.
ConocoPhillips China (DaZu) Ltd.
ConocoPhillips China Inc.
ConocoPhillips Colombia Ventures Ltd.
ConocoPhillips Communications Inc.
ConocoPhillips Company
ConocoPhillips CPP Funding LLC
ConocoPhillips Developments Limited
ConocoPhillips E&P Poland Sp. z o.o.
ConocoPhillips East Africa Ventures Ltd.
ConocoPhillips East Greenland Exploration Ltd.
ConocoPhillips East Siberia Ltd.
ConocoPhillips Energy Marketing Corp.
ConocoPhillips Enterprises Inc.
ConocoPhillips Expatriate Services Company
ConocoPhillips Exploracao e Producao de Petroleo e Gas Ltda.
ConocoPhillips Exploration Azerbaijan Ltd.
ConocoPhillips Exploration Kazakhstan Ltd.

ConocoPhillips Exploration Nigeria Ltd.
ConocoPhillips Exploration Turkmenistan Ltd.
ConocoPhillips Funding Ltd.
ConocoPhillips Global Funding S.a.r.l.
ConocoPhillips Global NVE Greenland Ltd.
ConocoPhillips Golden Pass Holdings LLC
ConocoPhillips Gulf of Paria B.V.
ConocoPhillips Guyana Ventures Ltd.
ConocoPhillips Hamaca B.V.
ConocoPhillips Holdings Limited
ConocoPhillips India Ltd.
ConocoPhillips Indonesia Baru Ltd.
ConocoPhillips Indonesia Exploration Ltd.
ConocoPhillips Indonesia Growth Ltd.
ConocoPhillips Indonesia Holding Ltd.
ConocoPhillips Indonesia Inc. Ltd.
ConocoPhillips Indonesia New Ventures Ltd.
ConocoPhillips Indonesia SE Barakan Ltd.
ConocoPhillips International Resources Pte. Ltd.
ConocoPhillips International Ventures Ltd.
ConocoPhillips International Well Response Company AS
ConocoPhillips Investments Limited
ConocoPhillips Investments Norge AS
ConocoPhillips Ivory Coast Ventures Ltd.
ConocoPhillips Japan Ltd.
ConocoPhillips JPDA Pty Ltd
ConocoPhillips Kalimantan Exploration Ltd.
ConocoPhillips Kara Sea Ventures Ltd.
ConocoPhillips Kazakhstan Inc.
ConocoPhillips Kazakhstan Ventures Ltd.
ConocoPhillips Kurdistan Ltd.
ConocoPhillips Kuwait Ltd.
ConocoPhillips Libya Waha Ltd.
ConocoPhillips Lithuania Ltd.
ConocoPhillips LNG, Ltd.
ConocoPhillips Maghreb Ltd.
ConocoPhillips Malaysia Ltd.
ConocoPhillips Malaysia New Ventures Ltd.
ConocoPhillips Marine Containment Holdings LLC
ConocoPhillips MENA Ltd.
ConocoPhillips Mexico Servicios, S.A. de C.V.
ConocoPhillips Mexico, S.A. de C.V.
ConocoPhillips Middle East Ltd.
ConocoPhillips Middle East New Ventures Ltd.
ConocoPhillips Mozambique Ventures Ltd.
ConocoPhillips Myanmar E&P Pte. Ltd.
ConocoPhillips N Block B.V.
ConocoPhillips Netherlands LNG B.V.
ConocoPhillips New Ventures Ltd.
ConocoPhillips NGL Marketing (Canada) ULC
ConocoPhillips Norge
ConocoPhillips North Caspian Ltd.
ConocoPhillips Northern Partnership
ConocoPhillips Norway Funding Ltd.
ConocoPhillips Oil (GB) Limited

ConocoPhillips Oil Trading Limited
ConocoPhillips Oman Ltd.
ConocoPhillips Paris Basin EURL
ConocoPhillips Pension Plan Trustees Limited
ConocoPhillips Peru B.V.
ConocoPhillips Petroleum Chemicals U.K. Limited
ConocoPhillips Petroleum Company U.K. Limited
ConocoPhillips Petroleum Holdings B.V.
ConocoPhillips Petroleum Holdings II B.V.
ConocoPhillips Petroleum Holdings S.a.r.l.
ConocoPhillips Petroleum Limited
ConocoPhillips Petrozuata B.V.
ConocoPhillips Pipeline Australia Pty Ltd
ConocoPhillips Poland B.V.
ConocoPhillips Qatar Funding Ltd.
ConocoPhillips Qatar Ltd.
ConocoPhillips Russia Inc.
ConocoPhillips Russia Ventures Ltd.
ConocoPhillips Sabah Gas Ltd.
ConocoPhillips Sabah Ltd.
ConocoPhillips Senegal B.V.
ConocoPhillips Shipping Norge Nr. 2 AS
ConocoPhillips Singapore Operations Pte. Limited
ConocoPhillips Skandinavia AS
ConocoPhillips South America Ventures Ltd.
ConocoPhillips South Asia New Ventures Ltd.
ConocoPhillips STL Pty Ltd.
ConocoPhillips Sumatra Ltd.
ConocoPhillips Supply and Trading Limited
ConocoPhillips Surmont Partnership
ConocoPhillips Timan-Pechora Inc.
ConocoPhillips Timor-Leste Pty Ltd
ConocoPhillips Transportation Alaska, Inc.
ConocoPhillips Treasury Limited
ConocoPhillips Trust I
ConocoPhillips Trust II
ConocoPhillips Turkmenistan LLC
ConocoPhillips WA Exploration Pty Ltd
ConocoPhillips WA-248 Pty Ltd
ConocoPhillips Warim Ltd.
ConocoPhillips Water Technology Ltd.
ConocoPhillips West Coast LNG LLC
ConocoPhillips West Siberia Ltd.
ConocoPhillips Western Canada Partnership
Continental Netherlands Oil Company B.V.
Continental Oil Company
Continental Oil Company (Nederland) B.V.
Continental Oil Company Inc.
Continental Oil Company Limited
COP Holdings Limited
Crestar Energy Holdings Ltd.
CSPL Holdings Limited
Cure Inc.
Darwin LNG Pty Ltd
Delaware Western Properties, Inc.

Denali Canada - The Alaska Gas Pipeline (West), Inc.
DGK Liquids Gathering LLC
Dubai Petroleum Company
DuPont E&P No. 1 BV
Eagle Sun Company Limited
Ecuador Pipeline Holdings Limited
Eemshaven LNG Terminal B.V.
Energy Technology Ventures, LLC
Etanor DA
Evangeline Gas Corp.
Evangeline Gas Pipeline Company, L.P.
F.P.S.O. Development Ltd.
FCCL Partnership
Felix Oil Company
Freeport LNG Development, L.P.
Freeport LNG-GP, Inc.
Gassled Pipelines
Gaviota Terminal Company
GCRL Energy LLC
Gemeinnutzige Wohnungsbaugesellschaft
Glacier Park Company
Glacier Park Liquidating Company
Glen Petroleum Limited
Golden Pass LNG Terminal LLC
Golden Pass Pipeline LLC
Gulf Alberta Pipe Line Company Limited
Gulf Canada Limited
Gulf Canada Properties Limited
Gulf Resources (Sakala Timur) Ltd.
Gymnastics Club, Inc.
Hamaca Holding LLC
Herbaly Petroleum Corp.
Inexco Oil and Gas Fund, Ltd., No. 70-1 Prime
Inexco Oil and Gas Fund, Ltd., No. 70-2 Prime
Inexco Oil and Gas Fund, Ltd., No. 70-3 Prime
Inexco Oil Company
International Energy Limited
International Petroleum Holdings LLC
International Petroleum Sales Inc.
Iowa Stores, L.L.C.
Kebabangan Petroleum Operating Company
Kenai LNG Corporation
Kenai Tankers LLC
Kuparuk Pipeline Company
Kuparuk Transportation Company
Lane Energy Poland Sp. z o.o.
Ledaflow Technologies DA
LL&E Erave Limited
LL&E Grantor Trust
LL&E International, Inc.
LL&E Mining, Inc.
LL&E Netherlands North Sea Ltd.
LL&E Netherlands Petroleum Company
LL&E Royalty Partnership
LL&E Royalty Trust
LL&E Venezuela, Ltd.
Lobo Inc.

Lobo Pipeline Company L.P.
Lost Creek Gathering Company, L.L.C.
Louisiana Bayou Furs, Inc.
Lubricantes 76 Mexico, S.A. de C.V.
Marine Well Containment Company LLC
Naryanmarneftegas Limited Liability Company
Norpipe Oil AS
Norpipe Petroleum UK Limited
Norsea Gas AS
Norsea Gas GmbH
Norsea Pipeline Limited
North Gillette Coal Company
Oil Casualty Insurance Ltd.
Oil Spill Response Limited
Oliktok Pipeline Company
P&S Project I
Pacesetter/MVHC, Inc.
Pan East Petroleum Corp.
Partrederiet Teekay Shipping Partners DA
Permian Basin Royalty Trust
Petroz Bentu LDC
Petroz Korinci Baru LDC
Phillips (Brass) Limited
Phillips Coal Company
Phillips Deepwater Exploration Nigeria Limited
Phillips Exploration Nigeria Limited
Phillips Gas Supply Corporation
Phillips International Investments, Inc.
Phillips Investment Company LLC
Phillips Mexico LNG, LLC
Phillips Morrison Resources Ltd.
Phillips Oil Company Australia
Phillips Oil Company Nigeria Ltd.
Phillips P.C. Resources Ltd.
Phillips Petroleum Arabia, Ltd.
Phillips Petroleum Argentina S.A.
Phillips Petroleum Canada Ltd.
Phillips Petroleum Company Venezuela Limited
Phillips Petroleum Company Western Hemisphere
Phillips Petroleum Do Brasil Ltda.
Phillips Petroleum International Corporation LLC
Phillips Petroleum International Investment Company LLC
Phillips Petroleum Middle East, Ltd.
Phillips Petroleum Resources, Ltd.
Phillips Pt. Arguello Production Company
Phillips Technology Services Company
Phillips-New Mexico Partners, L.P.
Phillips-San Juan Partners, L.P.
Polar Lights Company LLC
Polar Tankers Spill Response Company
Polar Tankers, Inc.
Prince William Sound Oil Spill Response Corporation
PT. ConocoPhillips Downstream Indonesia
Qatar Liquefied Gas Company Limited (3)
San Juan Basin Royalty Trust

Seminole Fertilizer Corporation
Sooner Insurance Company
Springtime Holdings Limited
Stampeder Exploration Ltd.
Statoil Metanol ANS
Stiftelsen Sintef
Sweeny Coker Investor Sub, LLC
Terminal de Gas Natural Licuado de Rosarito TGNLR, S. de R.L. de C.V.
Texas EF Gas Gathering LLC
The Baku-Tbilisi-Ceyhan Pipeline Company
The Louisiana Land and Exploration Company LLC
The Oil Shale Corporation
The Standard Shale Products Company
Tjeldbergodden Luftgassfabrikk DA
Tjeldbergodden Utvikling AS
Tosco Trading, Transportation and Supply, Inc.
Transasia Pipeline Company Pvt. Ltd.
URSA Oil Pipeline Company LLC
Vestprosess DA
Voyager (1986) Partnership
Voyager (1987) Partnership
Voyager (1987) Partnership II
WRB Refining LP

EXHIBIT B

3166

X

AGREEMENT

BETWEEN

THE AMERICAN AGRICULTURAL CHEMICAL COMPANY

AND

CONTINENTAL OIL COMPANY

Dated July 11, 1963

THIS AGREEMENT dated July 11, 1963, between THE AMERICAN AGRICULTURAL CHEMICAL COMPANY, a Delaware corporation (hereinafter called AAC), and CONTINENTAL OIL COMPANY, a Delaware corporation (hereinafter called Continental),

WITNESSETH:

Continental desires to have a wholly-owned subsidiary (hereinafter called Continental's Subsidiary) acquire all of AAC's assets, business and goodwill in exchange for shares of Continental's $2 Cumulative Convertible Preferred Stock without par value (hereinafter called Preferred Stock) and for the assumption by Continental's Subsidiary of all of AAC's liabilities and obligations, subject to the further provisions of this Agreement.

AAC desires that all of AAC's properties be exchanged solely for shares of Preferred Stock and for the assumption by Continental's Subsidiary of such liabilities and obligations of AAC as aforesaid, whereupon AAC will dissolve and completely liquidate and distribute to the holders of its Common Stock, *pro rata,* all its right, title and interest in and to the shares of Preferred Stock to be received by AAC as aforesaid, all as hereinafter more fully provided, and for the purpose of carrying out a tax-free reorganization within the meaning of the Internal Revenue Code of 1954.

NOW, THEREFORE, in consideration of the premises and the respective agreements hereinafter set forth, AAC and Continental hereby agree as follows:

1. Sale and Transfer of AAC's Assets and Certain Related Transactions.

(a) *Sale and Transfer of Assets.* Subject to the terms and conditions of this Agreement, AAC will sell, convey, transfer and deliver to Continental's Subsidiary, and Continental will cause Continental's Subsidiary to acquire and accept, at the Closing, all of AAC's then existing assets and business as a going concern including, without limitation, the issued and outstanding capital stock owned by AAC in its subsidiary corporations (such corporations being listed in Section 5(b) and hereinafter called the Subsidiaries), AAC's 50% stock interest in North Carolina Phosphate Corporation, and all of AAC's goodwill and its right to the use of its name, but excluding such portion of the funds in the account referred to in subsection (e) of this Section 1 as is expended in accordance with the provisions of said subsection.

(b) *Consideration for Such Sale and Transfer.* At the Closing, subject to the terms and conditions of this Agreement, and in full consideration of the aforesaid sale, conveyance, transfer and delivery,

(i) Continental will deliver to AAC a certificate or certificates for 2,100,000 shares of Preferred Stock to be authorized, such shares to have the powers, preferences and rights and the qualifications, limitations or restrictions set forth in Exhibit A hereto, and such delivery to be made by Continental in such authorized full share denominations, and registered in such name or names, as AAC shall request in writing; and

(ii) Continental's Subsidiary will deliver to AAC an undertaking whereby Continental's Subsidiary assumes and agrees to pay, perform and discharge all debts, liabilities, obligations, taxes and contracts of AAC of any kind, character or description, whether accrued, absolute, contingent or otherwise (and whether or not reflected or reserved against in AAC's balance sheets, books of account and records), all as the same shall exist at the Closing Date. The assumption by Continental's Subsidiary of the debts, liabilities and obligations of AAC shall expressly exclude the following: any tax imposed upon AAC by reason of the sale and transfer of its assets and business, or upon any stockholder of AAC by reason of his receipt of any shares of Preferred Stock pursuant to this Agreement; any of the liabilities or expenses of AAC in entering into and carrying out its obligations under, or its dissolution and liquidation contemplated by, this Agreement; and any obligations or liabilities incurred by AAC for actions taken by AAC subsequent to the Closing Date. The foregoing assumption by Continental's Subsidiary of the debts, liabilities and obligations of AAC is expressly for the benefit of AAC and its stockholders, directors, officers and employees, may be enforced by any of them, and shall survive the Closing Date. Continental agrees that unless it obtains from the holders of AAC's 3¾% Promissory Notes due 1964-71 a general release of AAC, its directors, officers or stockholders, from any and all liability with respect to the payment of and

due performance of the obligations under said Notes, Continental shall guarantee such payment and due performance by Continental's Subsidiary.

(c) *Instruments of Conveyance and Transfer, Etc.* AAC will deliver to Continental's Subsidiary at the Closing

(i) such deeds, bills of sale, endorsements, assignments, and other good and sufficient instruments of conveyance and transfer, in form satisfactory to Continental's counsel, Messrs. Dewey, Ballantine, Bushby, Palmer & Wood, as shall be effective to vest in Continental's Subsidiary all of AAC's title to and interest in the assets and business to be sold, conveyed, transferred and delivered hereunder, all as provided in this Agreement, and

(ii) all of AAC's contracts and commitments, books (except minute and stock books and any other records which AAC is, by law, required to retain in its possession), records and other data relating to its assets, business and operations, and, simultaneously with such delivery, will take such steps as may be requisite to put Continental's Subsidiary in actual possession and operating control of such assets and business and transfer to Continental's nominees any directors' qualifying shares of the Subsidiaries.

(d) *Further Assurances.* From time to time after the Closing and for a period of three years thereafter, at Continental's request and expense but without further consideration, AAC will

(i) execute and deliver such other instruments of conveyance and transfer and take such other action as Continental reasonably may require more effectively to vest in Continental's Subsidiary, and to put Continental's Subsidiary in possession of, any property to be sold hereunder, and,

(ii) in the case of contracts and rights which cannot be transferred effectively without the consent of third parties, use AAC's best efforts to assure to Continental's Subsidiary the benefits thereof.

(e) *AAC's Liquidation and Dissolution Expenses.* In order to provide for the payment of the liquidation and dissolution expenses of AAC and the expenses of AAC incurred in entering into and carrying out its obligations pursuant to this Agreement, on or prior to the Closing Date AAC will establish a special account in an amount not to exceed $1,000,000 with a commercial bank acceptable to Continental in New York City. The persons authorized to draw upon this account shall be agents designated by the Board of Directors of AAC; withdrawals shall be made, however, only for purposes and in amounts previously approved in writing by a representative of Continental designated for that purpose, who shall be a former executive officer of AAC. As promptly as practicable after the Closing Date, and from time to time thereafter, AAC shall ascertain, in its reasonable discretion, whether any amount in the account will not be required for the purpose of paying the expenses and payments described above. When and as AAC shall have made such determination, it shall promptly transfer and assign such amount not so required to Continental.

2. **Closing.** The closing of the transactions provided for in subsections (a), (b) and (c) of Section 1 (herein called the Closing) shall take place at the office of The Corporation Trust Company, 15 Exchange Place, Jersey City, New Jersey, at 10 A. M., on September 11, 1963, *provided* that either Continental or AAC, by written notice or notices to the other from time to time, shall be entitled to postpone the Closing to a date not later than 45 days after such date. If due to causes beyond the control of either Continental or AAC, the Closing is not consummated on such first mentioned date or within 45 days thereafter, this Agreement, unless mutually extended in writing authorized by the Boards of Directors or authorized committees of Continental and AAC, shall terminate without liability of any kind on the part of either Continental or AAC. The date of the Closing is referred to in this Agreement as the Closing Date.

3. **Approval by AAC's Stockholders; Liquidation and Dissolution of AAC.** AAC will duly convene a meeting of its stockholders, to be held prior to the Closing Date, for the purpose of voting upon the sale and transfer contemplated hereby and the change of name and liquidation and dissolution of AAC hereinafter provided for. At the Closing AAC will take such action as may be required to change its name to one which does not include the name "American Agricultural Chemical" or any variant thereof so that Continental's Subsidiary may adopt such name if it wishes to do so. Promptly after the Closing AAC will take such action as may be required to liquidate and distribute to its stockholders, *pro rata,* all its right, title and interest in and to the shares of Preferred Stock received by AAC under this Agreement upon

the surrender by such stockholders for cancellation of AAC's Common Stock, and to dissolve and terminate its corporate existence.

4. **Authorization of Continental's New Stock.** Continental hereby agrees that it will duly convene a meeting of its stockholders, to be held prior to the Closing Date, for the purpose of voting upon a proposal to amend Article FOURTH of its Certificate of Incorporation to read as set forth in Exhibit A.

5. **Representations and Warranties by AAC.** AAC hereby represents and warrants as follows:

(a) *AAC's Organization, Capitalization, Etc.* AAC is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has corporate power to carry on its business as it is now being conducted, and is duly qualified to do business and is in good standing in the States of Alabama, Arkansas, California, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia and Wisconsin. AAC's authorized capital stock consists of 2,500,000 shares of Common Stock without par value, of which 2,100,000 shares are validly issued and outstanding, fully paid and non-assessable. There are no existing options, calls or commitments of any character relating to AAC's authorized and unissued stock. The copies of AAC's Certificate of Incorporation and By-Laws which have been delivered to Continental are complete and correct. The consummation of the transactions contemplated by this Agreement will not result in any breach or violation of, or default under, any judgment, decree, mortgage, agreement, indenture or other instrument applicable to AAC or any of the Subsidiaries.

(b) *Subsidiaries' Organization, Capitalization, Etc.* AAC has three Subsidiaries and the following information with respect to them is correct:

Name	Jurisdiction of Incorporation	Authorized Shares of Capital Stock	Outstanding Shares of Capital Stock
The American Agricultural Chemical Company	Florida	250	25
The American Agricultural Chemical Company	New Jersey	4,000	4,000
Agricultural Chemicals Limited	Canada	2,500	2,500

In each case, the par value per share of stock is $100. All of the outstanding shares of stock of the Subsidiaries are validly issued, fully paid and non-assessable, and, except for directors' qualifying shares, are owned by AAC, free and clear of all liens, charges and encumbrances. Each of the Subsidiaries is a corporation duly organized and existing and in good standing under the laws of the jurisdiction of its incorporation and has corporate power to carry on its business as it is now being conducted. The Subsidiary incorporated in Florida conducts business in that State; the Subsidiary incorporated in New Jersey was formerly qualified to do business in Cuba but is now inactive; the Subsidiary incorporated in Canada is qualified to do business in the Provinces of Ontario and Quebec. There are no existing options, calls or commitments of any character relating to any of the Subsidiaries' authorized or issued stock. The copies of the Subsidiaries' charters and by-laws which have been delivered to Continental are complete and correct.

(c) *Authority.* The execution, delivery and performance of this Agreement by AAC, including, without limitation, the sale, conveyance, transfer, and delivery contemplated hereby, have been duly and effectively authorized and consented to by AAC's Board of Directors, subject to approval by the holders of two-thirds of the outstanding Common Stock of AAC.

(d) *Financial Statements and Other Data.* AAC has delivered to Continental copies of the following financial statements, all of which are true and complete in all material respects, have been prepared in accordance with generally accepted accounting principles consistently followed (except as stated in the explanatory notes attached to such statements and, in the case of interim statements, except for year-end adjustments) throughout the periods covered by such statements, and present fairly the consolidated financial position of AAC and the Subsidiaries as at the dates, or the consolidated results of their operations for the periods, covered by such financial statements:

(1) The financial statements included in AAC's Annual Reports to the Securities and Exchange Commission on Form 10-K for the fiscal years ended June 30, 1959, 1960, 1961 and 1962, all certified by Price Waterhouse & Co., independent accountants;

(2) A consolidated balance sheet of AAC and its Subsidiaries as at March 31, 1963 (hereinafter referred to as AAC's Consolidated March 31, 1963 Balance Sheet) and a consolidated statement of their income and retained earnings for the nine months then ended (each certified by AAC's Comptroller);

(3) A balance sheet of Agricultural Chemicals Limited as at June 30, 1962 (certified by Price Waterhouse & Co.) and as at March 31, 1963 (certified by said Subsidiary's Vice-President); and

(4) A statement of said Subsidiary's income and retained earnings for each of the fiscal years ended June 30, 1959, 1960, 1961 and 1962 (all certified by Price Waterhouse & Co.) and for the nine months ended March 31, 1963 (certified by said Subsidiary's Vice-President).

AAC has also delivered to Continental the following documents, the information contained in each of which is accurate and, in view of the purposes for which it was given, complete in all material respects as of the dates for which such information was given:

(5) AAC's Prospectus dated May 6, 1959 and all Forms 8-K and 10-K filed by AAC with the SEC since May 1, 1959; and

(6) AAC's annual reports to stockholders for the fiscal years ended June 30, 1959, 1960, 1961 and 1962.

AAC has exhibited to Continental complete and correct copies of the Federal income tax and state income tax and franchise tax returns relative to the operations of AAC and the Subsidiaries for each of the five calendar years ended December 31, 1961, together with complete and correct copies of all reports of Federal and state tax authorities relating to examinations of such returns.

(e) *Absence of Undisclosed Liabilities.* Except as and to the extent reflected or reserved against in AAC's Consolidated March 31, 1963 Balance Sheet and except for intercompany notes and accounts receivable or payable eliminated upon consolidation, neither AAC nor any of its Subsidiaries as of March 31, 1963 had any material liabilities or obligations (whether accrued, absolute, contingent or otherwise), including, without limitation, any uninsured liabilities resulting from failure to comply with any law applicable to AAC or any of the Subsidiaries or to the conduct of the business of one or more of them, and any tax liabilities due or to become due and whether (i) incurred in respect of or measured by AAC's or the Subsidiaries' income for any period prior to the close of business on March 31, 1963, or (ii) arising out of transactions entered into, or any state of facts existing, prior thereto.

(f) *Absence of Certain Changes or Events.* Since March 31, 1963, there has not been:

(1) any material and adverse change in AAC's or the Subsidiaries' financial condition, assets, liabilities or business (other than changes in the ordinary course of business and changes consented to by Continental in writing);

(2) any declaration, setting aside or payment of any dividend or other distribution in respect of AAC's Common Stock except the payment in June 1963 of a cash dividend of 25 cents per share and except as permitted by Section 8(d);

(3) any increase in the regular rate of compensation payable by AAC or the Subsidiaries to any of their officers or employees whose current annual salary rate is $15,000 or more, or any increase over the amount thereof paid for the fiscal year ended June 30, 1962 in any bonus, incentive compensation, service award or like benefit (hereinafter encompassed in the term bonus) authorized, granted or accrued to any such officers or employees; *provided* that this representation does not apply to or prohibit any such increase or payment (i) consented to by Continental or (ii) reflected in, or made pursuant to plans or agreements attached to, the list furnished pursuant to subsection (k)(7) of this Section 5, or (iii) an increase not exceeding $50,000 for all such officers and employees (over and above increases or payments covered

by (i) and (ii)) in the aggregate bonuses payable to them for the fiscal year ended June 30, 1963 over the aggregate bonuses paid to them for the fiscal year ended June 30, 1962;

(4) any pension, retirement or similar benefit arrangement made or agreed to by AAC or the Subsidiaries other than pursuant to AAC's Retirement Benefit Plan and Pension Plan; *provided* that this representation does not apply to or prohibit any arrangement consented to by Continental or reflected in the list furnished pursuant to subsection (k)(8) of this Section 5; or

(5) any significant labor trouble, or any other event or condition of any character (whether or not covered by insurance) which has materially and adversely affected or will so affect the properties or results of operations of AAC and the Subsidiaries as a whole.

(g) *Tax Matters.* The provisions made for taxes on AAC's Consolidated March 31, 1963 Balance Sheet are sufficient for the payment of all accrued unpaid federal, dominion, state, provincial, county and local taxes of AAC and the Subsidiaries, whether or not disputed. AAC's and the Subsidiaries' federal income and excess profits tax returns have been audited by the Federal Internal Revenue Service for all years to and including the calendar year ended December 31, 1958. The results of such audits are properly reflected in the financial statements referred to in Section 5(d), all deficiencies proposed as a result of such audits having been paid and settled. There are no agreements by AAC or any of the Subsidiaries for the extension of the time for the assessment of any material amounts of tax, and all federal, dominion, state, provincial, county and local taxes due and payable by AAC or the Subsidiaries on or before the date of this Agreement have been paid.

(h) *Accounts and Notes Receivable.* The accounts and notes receivable of AAC and the Subsidiaries shown on AAC's Consolidated March 31, 1963 Balance Sheet, or thereafter acquired by them, have been collected or are current and collectible at the aggregate recorded amounts thereof less applicable reserves computed in accordance with AAC's past practice (which reserves are adequate).

(i) *Inventories.* The inventories of AAC and the Subsidiaries shown on AAC's Consolidated March 31, 1963 Balance Sheet, or thereafter acquired by them, consist of items of a quality and quantity usable or salable in the normal course of the respective businesses of AAC and the Subsidiaries; the value of all items of obsolete materials and of materials of below standard quality has been written down to realizable market value or adequate reserves provided therefor; and the values at which such inventories are carried reflect the normal inventory valuation policy of AAC and the Subsidiaries of stating the inventories at average cost or market, whichever is lower.

(j) *Title to Properties; Absence of Liens and Encumbrances, Etc.* AAC and the Subsidiaries, together, have good and marketable title to all their properties and assets, real and personal (including those reflected in AAC's Consolidated March 31, 1963 Balance Sheet, except as since sold or otherwise disposed of in the ordinary course of business or as consented to by Continental in writing and except as located in Cuba), free and clear of all liens and encumbrances, except the lien of current taxes not yet due and payable, and except such imperfections of title, easements and encumbrances, if any, as are not substantial in character, amount or extent, and do not materially detract from the value, or interfere with the present use, of the properties subject thereto or affected thereby, or otherwise materially impair business operations. Except for any lease with respect to property located in Cuba, all leases pursuant to which AAC or any Subsidiary leases real or personal property are in good standing, valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing default, or any event which with notice or lapse of time or both would constitute a default and in respect of which AAC has not taken adequate steps to prevent a default from occurring. Neither AAC nor any Subsidiary has received notice of violation of any applicable zoning regulation, ordinance or other law, order, regulation or requirement relating to its operations or its owned or leased properties which has not been complied with.

(k) *Descriptions of Properties and Contracts and Personnel Data.* AAC has delivered to Continental accurate lists as of May 1, 1963 (except as otherwise specified in such lists) of the following:

(1) all real property owned or leased by AAC and the Subsidiaries, with maps identifying the principal facilities, buildings and structures located at any plant locations, and a description of all

phosphate properties owned or leased by AAC or any of the Subsidiaries (full existing geological data in respect of such phosphate properties having been made available to Continental by AAC);

(2) all major items of mining machinery and equipment owned or leased by AAC and the Subsidiaries;

(3) all material patents, patent applications, trademarks, trademark registrations and applications therefor, trade names, copyrights, and copyright registrations and applications therefor, presently owned, in whole or in part, by AAC or the Subsidiaries, all of which are in good standing, and any material patent, trademark or copyright licenses to which any one or more of them may be a party;

(4) by summary groupings, all automobiles, trucks, rolling stock or other conveyances owned by AAC or the Subsidiaries;

(5) all policies of insurance (including fidelity bonds covering officers and employees) in force with respect to AAC or the Subsidiaries and, without restricting the generality of the foregoing, those covering their respective properties, buildings, machinery, equipment, furniture, fixtures and operations;

(6) all agreements which in any case involve future payment by or to AAC and the Subsidiaries (i) of more than $100,000, or (ii) of more than $50,000 over a period which extends beyond December 31, 1963; and all incentive compensation, profit-sharing, retirement, pension or other "fringe benefit" plans or arrangements, with respect to all of which, except as indicated on the list, neither AAC nor the Subsidiaries are in default or know of any reason why any default in respect thereof will occur at any time hereafter;

(7) the names and current annual salary rates of all AAC's and the Subsidiaries' present officers and employees whose current annual regular salary rate is $15,000 or more, together with a summary of or copies of the plans establishing any bonuses paid or payable to such persons for the fiscal year ended June 30, 1962, and to the extent existing on the date of this Agreement, for the fiscal year ended June 30, 1963;

(8) the names and ages of all AAC's and the Subsidiaries' pensioned employees whose pensions are unfunded and their current annual or monthly unfunded pension rates; and

(9) the name of each bank in which AAC or any Subsidiary has an account or safe-deposit box and the names of all persons authorized to draw thereon or to have access thereto.

Complete and correct copies of the agreements, plans and arrangements referred to in the foregoing subdivision (6) have been delivered or made available to Continental. AAC and the Subsidiaries do not have outstanding any letters of credit or powers of attorney, except routine powers of attorney relating to representation before governmental agencies. AAC has delivered to Continental a memorandum dated April 8, 1963 containing an estimate of AAC's High Grade (minimum 73% Bone Phosphate of Lime or tricalcium phosphate) and Standard Grade (minimum 68% to and including 72.99% Bone Phosphate of Lime or tricalcium phosphate) minable phosphate reserves (measured in long tons of 2,240 lbs.) in Central Florida. For purposes of this Agreement the word "minable" shall mean recoverable from real property on an economic and competitive basis by the employment of conventional mining and separation methods now in general use in the phosphate mining area of Central Florida by AAC or other phosphate producing companies.

(l) *Litigation.* Except for suits, if any, of a character incident to the normal conduct of AAC's or the Subsidiaries' businesses and involving a potential recovery against AAC or the Subsidiaries of not more than $100,000 in the aggregate, suits involving liabilities adequately covered by insurance in force on the date of this Agreement, and suits described in the memorandum regarding litigation heretofore delivered to Continental by AAC, there is no litigation, proceeding or governmental investigation pending, or so far as known to the executive officers of AAC, in prospect or threatened, against or relating to AAC or any of the Subsidiaries, or their respective properties or businesses, or the transactions contemplated by this Agreement.

(m) *No Brokers.* All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by AAC or its counsel directly with Continental, without the intervention of any person as the result of any act of AAC (and, so far as known to AAC, without the intervention of any other person) in such manner as to give rise to any valid claim against either of the parties hereto for a brokerage commission, finder's fee or other like payment.

6. **Representations and Warranties by Continental.** Continental hereby represents and warrants as follows:

(a) *Continental's Organization.* Continental is a corporation duly organized, validly existing and in good standing under the laws of Delaware. The consummation of the transactions contemplated by this Agreement will not result in any breach or violation of, or default under, any judgment, decree, mortgage, agreement, indenture or other instrument applicable to Continental.

(b) *Continental's Capitalization.* Continental's authorized capital stock consists of 24,000,000 shares (par value $5 per share), of which, on March 31, 1963, 21,436,296 shares were validly issued and outstanding, 112,979 shares were held in Continental's treasury (including 93,895 shares held in the treasury of a subsidiary, of which 70,273 shares were reserved for issuance upon the exercise of certain stock options and upon conversion of debentures issued by such subsidiary), and 377,525 shares were reserved for issuance (i) under Continental options now outstanding or (ii) under Continental options which may hereafter be granted pursuant to its Restricted Stock Option Plan for Officers and Other Key Employees; since March 31, 1963 no shares of its capital stock have been issued or acquired by Continental, directly or indirectly, and no contracts or commitments made for their issuance or acquisition, except for the issuance of shares of capital stock pursuant to options now or heretofore outstanding and the grant of options pursuant to the aforesaid Plan.

(c) *Financial Statements and Other Data.* Continental has delivered to AAC copies of the following financial statements, all of which are true and complete in all material respects, have been prepared in accordance with generally accepted accounting principles consistently followed (except as stated in the explanatory notes attached to such statements and, in the case of interim statements, except for year-end adjustments) throughout the periods covered by such statements, and present fairly the consolidated financial position of Continental and its subsidiaries as at the dates, or the consolidated results of their operations for the periods, covered by such financial statements:

(1) The financial statements included in Continental's Annual Reports to the Securities and Exchange Commission on Form 10-K for the years ended December 31, 1959, 1960, 1961 and 1962, all certified by independent accountants; and

(2) Unaudited interim financial statements included in Continental's quarterly report to stockholders for the first quarter of 1963.

Continental has also delivered to AAC the following documents, the information contained in which is accurate and, in view of the purposes for which it was given, complete in all material respects as of the dates for which such information was given:

(3) Continental's Prospectus dated May 2, 1961; and

(4) Continental's annual reports to stockholders for the years 1959, 1960, 1961 and 1962.

(d) *Authority.* The execution, delivery and performance of this Agreement by Continental have been duly and effectively authorized and consented to by Continental's Board of Directors, subject to approval by Continental's stockholders as required by law.

(e) *Regarding Continental's Shares.* The shares of Preferred Stock to be issued or transferred to AAC, pursuant to this Agreement, for distribution to its stockholders as provided in Section 3, will, when so issued or transferred, have the powers, preferences and rights, and the qualifications, limitations or restrictions, set forth in Exhibit A, and be validly issued and outstanding, fully paid and non-assessable. The shares of Continental's Common Stock issuable upon conversions of shares of the Preferred Stock will, when so issued, be validly issued and outstanding, fully paid and non-assessable.

(f) *No Brokers.* All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Continental directly with AAC or its counsel, without the intervention of any person as the result of any act of Continental (and, so far as known to Continental, without the intervention of any other person) in such manner as to give rise to any valid claim against either of the parties hereto for a brokerage commission, finder's fee or other like payment.

(g) *Litigation.* Except for suits, if any, of a character incident to the normal conduct of the business of Continental and its subsidiaries and involving a potential recovery against Continental or its subsidiaries of

not more than $2,000,000 in the aggregate, suits involving liabilities adequately covered by insurance in force on the date of this Agreement, and suits described in the memorandum regarding litigation heretofore delivered to AAC by Continental, there is no litigation, proceeding or governmental investigation pending, or so far as known to the executive officers of Continental, in prospect or threatened, against or relating to Continental or any of its subsidiaries, or their respective properties or businesses, or the transactions contemplated by this Agreement.

7. **Access to and Information Concerning Properties and Records, Etc.** AAC will give to Continental and to Continental's accountants, engineers, counsel and other representatives full access, during normal business hours throughout the period prior to the Closing, to all of AAC's and the Subsidiaries' properties, books, contracts, commitments and records. AAC will furnish Continental during such period with all such information concerning AAC's and the Subsidiaries' affairs as Continental reasonably may request. AAC and Continental will cooperate in furnishing each other with all information necessary or appropriate for inclusion in the proxy statements to be used in connection with the meetings of stockholders referred to in Sections 3 and 4. Unless and until the Closing has been consummated Continental and its representatives will hold in strict confidence all data and information obtained in confidence from AAC and if the transactions herein provided for are not consummated as contemplated herein, Continental will return to AAC all such data as AAC may reasonably request. After the Closing, Continental and Continental's Subsidiary shall make available to AAC at any reasonable time during business hours for any proper purpose any books, records and other data delivered by AAC.

8. **Conduct of Business Pending the Closing.** AAC hereby agrees that, pending the Closing and except as otherwise permitted by this Agreement or as consented to by Continental in writing:

(a) AAC's and the Subsidiaries' businesses shall be conducted only in ordinary course, which (without limitation) shall include the maintenance in force of the insurance policies and fidelity bonds referred to in Section 5(k)(5) or policies or bonds providing substantially the same coverage.

(b) No change shall be made in the Certificate of Incorporation or Charter or By-Laws of AAC or any of the Subsidiaries, except that AAC may amend its By-Laws to change the date of its annual meeting of stockholders.

(c) No change shall be made in AAC's authorized and unissued stock, or in, or in the ownership by AAC of, the Subsidiaries' issued and outstanding capital stocks, nor shall any option or commitment be granted or made relating to AAC's or the Subsidiaries' authorized capital stocks or their issued capital stocks owned by AAC. In addition, no change shall be made in the ownership by AAC of shares of the capital stock of North Carolina Phosphate Corporation, nor shall any option or commitment be granted or made with respect thereto or any vote or consent given by AAC with respect to any change in the outstanding stock of said corporation.

(d) No dividend or other distribution or payment shall be made or paid in respect of AAC's Common Stock except the payment in September 1963 of a cash dividend not exceeding 25 cents per share, and, if the Closing is postponed beyond November 30, 1963, being the last day of the contemplated Preferred Stock quarter-yearly dividend period beginning September 1, 1963, or beyond the last day of any subsequent contemplated Preferred Stock quarter-yearly dividend period, AAC may declare and pay cash dividends not exceeding 25 cents per share for each such contemplated Preferred Stock quarter-yearly dividend period subsequent to September 1, 1963 and prior to the Closing.

(e) No increase shall be made in the regular rate of compensation payable by AAC or any of the Subsidiaries to any officer or employee if in any case after such increase the total annual salary rate payable by AAC and/or the Subsidiaries would exceed $15,000; no bonus in excess of the bonus paid to any such officer or employee for the fiscal year ended June 30, 1962 shall be paid by AAC or any of the Subsidiaries unless such increased bonus is permitted by the proviso in Section 5(f)(3); and no pension, retirement or similar benefits shall accrue or be paid to any officer or employee of AAC or the Subsidiaries except pursuant to the arrangements described in lists furnished pursuant to Section 5(k)(6) and (8).

(f) No borrowing shall be made by AAC or any of the Subsidiaries except short-term borrowing in the ordinary course of business for normal seasonal requirements.

(g) No change shall be made in the banking and safe deposit arrangements reflected in the list referred to in Section 5(k)(9) without prior written notice to Continental giving the details of such change.

(h) AAC will use its best efforts, consistent with conducting its business in accordance with its own business judgment, to preserve its business organization and that of each Subsidiary intact; to keep available to Continental the services of AAC's and each Subsidiary's present officers and employees; and to preserve for Continental the goodwill of AAC's and the Subsidiaries' suppliers, customers and others having business relations with any of them.

9. **Conditions Precedent to Continental's Obligations Hereunder.** All obligations of Continental under this Agreement are subject to the fulfillment (or waiver in writing by Continental), prior to or at the Closing, of each of the following conditions:

(a) Continental shall not have discovered any error, misstatement or omission in the representations and warranties made in Section 5 by AAC (i) which alone is, or in the aggregate are, materially adverse to Continental, (ii) of which Continental promptly gave notice to AAC upon discovery of the same and (iii) which has not been adequately remedied to the reasonable satisfaction of Continental so that Continental incurs no detriment therefrom.

(b) AAC's representations and warranties contained in this Agreement shall be deemed to have been made again at and as of the time of the Closing and, except as otherwise contemplated by this Agreement, shall then be true in all material respects; AAC shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Continental shall have been furnished with a certificate of appropriate officers of AAC, dated the Closing Date, certifying in such detail as Continental may request to the fulfillment of the foregoing conditions.

(c) The sale of all of the property and assets of AAC to Continental's Subsidiary in exchange for shares of Preferred Stock, the change of AAC's name and its dissolution, in accordance with the provisions of this Agreement, shall have been authorized and approved by the holders of not less than two-thirds of AAC's outstanding Common Stock.

(d) The proposal to authorize and issue 2,100,000 shares of Preferred Stock as contemplated hereby shall have been authorized and approved by the holders of not less than a majority of Continental's outstanding capital stock.

(e) Continental shall have received a signed copy of an opinion of Price Waterhouse & Co., dated the Closing Date and addressed to AAC, in form and substance satisfactory to Continental, to the effect that in their opinion the provision for income taxes made in the consolidated balance sheet of AAC and the Subsidiaries as at June 30, 1963 is adequate to provide for payment of all then accrued and unpaid federal and dominion income taxes of AAC and the Subsidiaries, whether or not disputed, for the fiscal year ended June 30, 1963 and for all fiscal years prior thereto.

(f) Continental shall have been furnished with an opinion, dated the Closing Date, of counsel for AAC, Messrs. Sullivan & Cromwell, to the effect that

(1) AAC is a corporation duly organized and existing and in good standing under the laws of Delaware and has corporate power to carry on its business as it is then being conducted;

(2) AAC's authorized capital stock consists of 2,500,000 shares of Common Stock without par value, of which 2,100,000 shares are issued and outstanding;

(3) the execution, delivery and performance of this Agreement by AAC have been duly authorized and approved by all requisite action of AAC's Board of Directors and stockholders, and this Agreement has been duly executed and delivered by AAC and constitutes a valid and binding obligation of AAC in accordance with its terms;

(4) all other actions and proceedings required by law or this Agreement to be taken by AAC, at or prior to the Closing, in connection with this Agreement and the transactions provided for herein, have been duly and validly taken; and

(5) except as may be specified by such counsel, they do not know of any litigation, proceeding or governmental investigation pending or in prospect or threatened against or relating to AAC or any of the Subsidiaries, its or their properties or businesses, or the transactions contemplated by this Agreement other than litigation of the type and in the amounts referred to in Section 5(l) hereof or in the memorandum referred to therein.

Such opinion shall also cover such other matters incident to the transactions herein contemplated as Continental and its counsel may reasonably request. In rendering their opinion, Messrs. Sullivan & Cromwell may rely on certificates of officers of AAC, opinions of other counsel and such other evidence as they may deem necessary or desirable. The provisions of the preceding sentence are applicable to all other opinions of counsel to be delivered hereunder.

(g) Continental shall have been furnished with an opinion, dated the Closing Date, of Messrs. Osler, Hoskins and Harcourt of Montreal, Canada, in form and substance satisfactory to Continental, to the effect that Agricultural Chemicals Limited is a corporation duly organized and existing and in good standing under the laws of Canada; that said Subsidiary has corporate power to carry on its business as then being conducted; that said Subsidiary is duly qualified to do business and is in good standing in the Provinces of Ontario and Quebec; that the capitalization and ownership of the shares of said Subsidiary are as set forth in Section 5(b); and that all of the outstanding shares of stock of said Subsidiary are validly issued, fully paid and non-assessable.

(h) Continental in the exercise of due diligence shall have been able to obtain, to the extent it deems it desirable to do so, legal opinions or other evidence in form and substance satisfactory to Continental, to the effect (i) that AAC and/or the Subsidiaries, at the time of the Closing, had good and marketable title to the real property reflected in AAC's Consolidated March 31, 1963 Balance Sheet, free and clear of all liens and encumbrances as stated in Section 5(j), subject only to the exceptions mentioned in Section 5(j), (ii) that except for any lease with respect to property located in Cuba, all leases pursuant to which AAC or any Subsidiary leases real property are in good standing, valid and effective in accordance with their respective terms and, to the best knowledge of counsel, there is no material existing default under any thereof, and (iii) that the instruments of conveyance and transfer executed and delivered by AAC at the Closing are valid in accordance with their terms and effectively vest in Continental's Subsidiary (A) good and marketable title, of the character stated in subdivision (i) above, to all the real property referred to in such subdivision which is not owned by a Subsidiary, and (B) all right, title and interest of AAC in and to all leases to which it or any Subsidiary is a party and AAC's other assets and its business and goodwill, as contemplated by this Agreement.

(i) Continental's Subsidiary, to the extent it deems it desirable and upon due application therefor, shall have received policies of title insurance (or commitments for such policies) in jurisdictions where such insurance is available in form satisfactory to Continental's counsel, Messrs. Dewey, Ballantine, Bushby, Palmer & Wood, insuring, in amounts deemed adequate by Continental, fee simple interests in the real properties reflected in AAC's Consolidated March 31, 1963 Balance Sheet, any exceptions or defects specified in such policies (and any exceptions, defects or violations relating to such properties or to the operations of AAC and the Subsidiaries, respectively, otherwise reported to such counsel) to be subject (if not of the nature specified in Section 5(j)) to the approval of such counsel.

(j) Continental shall have received an opinion, dated the Closing Date, of its counsel, Messrs. Dewey, Ballantine, Bushby, Palmer & Wood, (i) to the effect set forth in subdivision (3) of the foregoing paragraph (f), (ii) stating that the form of the instruments of conveyance and transfer referred to in Section 1(c) is in compliance with this Agreement, and (iii) to the effect that the shares of Preferred Stock to be issued and delivered to AAC as provided in Section 1(b)(i), and the shares of Continental's Common Stock issuable upon conversions of such shares of Preferred Stock, are not required to be registered under the Securities Act of 1933, as amended to the Closing Date.

(k) The shares of Preferred Stock to be delivered to AAC under this Agreement for distribution to its stockholders as provided in Section 3, and the shares of Continental's Common Stock issuable upon conversions of such shares of Preferred Stock, shall have been duly authorized for listing on the New York Stock

Exchange upon official notice of issuance, Continental hereby undertaking to take all appropriate action available to it to obtain such authorization. Further all Blue Sky findings and permits required to carry out the transactions contemplated hereunder shall have been made and received.

(l) A firm of independent geologists or an independent geologist selected by Continental shall have delivered to Continental a written report certifying that the geological data referred to in Section 5(k)(1) is substantially accurate and that, based upon AAC's method of prospecting, in areas designated as minable by AAC the amounts of AAC's High Grade (minimum 73% Bone Phosphate of Lime or tricalcium phosphate) and Standard Grade (minimum 68% to and including 72.99% Bone Phosphate of Lime or tricalcium phosphate) minable phosphate rock reserves in Central Florida are as of June 30, 1963 not less than 30,000,000 long tons and 110,000,000 long tons, respectively.

(m) AAC shall have obtained all necessary consents in writing, in form satisfactory to Continental, to AAC's assignment to Continental's Subsidiary of (i) any contracts or commitments of AAC which Continental may reasonably deem material to the operation of AAC's business, (ii) AAC's 50% stock interest in North Carolina Phosphate Corporation, and (iii) any contracts or commitments of AAC with respect to such stock interest.

(n) AAC shall have delivered to Continental appropriate certificates of good standing with respect to AAC from all jurisdictions in which AAC is qualified to do business and with respect to Agricultural Chemicals Limited from all provinces in which it is qualified to do business.

(o) The Securities and Exchange Commission and the New York Stock Exchange shall not object to Continental's treatment of the transactions contemplated by Section 1 as a pooling of interests for accounting purposes.

(p) No action or proceeding against Continental or the consummation of this Agreement shall have been instituted or any investigation undertaken that might eventuate in any such action or proceeding or order of any court entered on or before the Closing Date which, in the opinion of Messrs. Dewey, Ballantine, Bushby, Palmer & Wood, renders it impossible or inadvisable for Continental to consummate this Agreement.

(q) The written tax ruling or rulings referred to in Section 10(f) shall have been received.

(r) AAC's proxy statement for the meeting of its stockholders referred to in Section 3 shall not have disclosed any materially adverse change in the properties or results of operations of AAC and the Subsidiaries not disclosed in this Agreement or in the information furnished to Continental prior to the execution hereof and referred to herein.

10. **Conditions Precedent to the Obligations of AAC Hereunder.** All obligations of AAC under this Agreement are subject to the fulfillment (or, except for the conditions set forth in Section 10(f), waiver in writing by AAC), prior to or at the Closing, of each of the following conditions:

(a) AAC shall not have discovered any error, misstatement or omission in the representations and warranties made in Section 6 by Continental (i) which alone is, or in the aggregate are, materially adverse to AAC, (ii) of which AAC promptly gave notice to Continental upon discovery of the same and (iii) which has not been adequately remedied to the reasonable satisfaction of AAC so that AAC incurs no detriment therefrom.

(b) Continental's representations and warranties contained in this Agreement shall be deemed to have been made at and as of the time of the Closing and, except as otherwise contemplated by this Agreement, shall then be true in all material respects; Continental shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and AAC shall have been furnished with a certificate of one of Continental's Vice Presidents, dated the Closing Date, certifying in such detail as AAC may request to the fulfillment of the foregoing conditions.

(c) Continental shall have delivered to AAC an opinion, dated the Closing Date, of Continental's counsel, Messrs. Dewey, Ballantine, Bushby, Palmer & Wood, to the effect that

(1) both Continental and Continental's Subsidiary are corporations duly organized and existing and in good standing under the laws of Delaware;

(2) the execution, delivery and performance of this Agreement by Continental have been duly authorized and approved by all requisite action of Continental's Board of Directors, and this Agreement has been duly executed and delivered by Continental and constitutes a valid and binding obligation of Continental in accordance with its terms;

(3) the shares of Preferred Stock delivered to AAC under this Agreement for distribution to its stockholders as provided in Section 3, (i) have been duly authorized and validly issued, (ii) are fully paid and non-assessable, and (iii) have been duly authorized for listing on the New York Stock Exchange upon official notice of issuance;

(4) the shares of Continental's Common Stock issuable upon conversions of shares of Preferred Stock delivered to AAC (i) have been duly authorized, (ii) will be fully paid and non-assessable when so issued upon such conversions, (iii) have been duly reserved for issuance, and (iv) have been duly authorized for listing on the New York Stock Exchange upon official notice of issuance;

(5) the undertaking provided for in Section 1(b)(ii) and the guaranty referred to in Section 10(l), if such guaranty be delivered pursuant thereto, have been duly executed and delivered and are binding and effective in accordance with their terms; and

(6) the shares of Preferred Stock to be issued and delivered to AAC as provided in Section 1(b)(i), and the shares of Continental's Common Stock issuable upon conversions of such shares of Preferred Stock, are not required to be registered under the Securities Act of 1933, as amended to the Closing Date.

(d) Continental since the date of this Agreement shall not have granted any options on its capital stock except for the grant of options pursuant to its Restricted Stock Option Plan for Officers and Other Key Employees as now in effect.

(e) Continental since the date of this Agreement shall not have declared or paid or made any dividend or distribution on any shares of its capital stock which would be excessive in the light of Continental's past dividend policies.

(f) There shall have been received a written ruling or rulings of the Internal Revenue Service satisfactory to Messrs. Sullivan & Cromwell and Messrs. Dewey, Ballantine, Bushby, Palmer & Wood to the effect that for Federal income tax purposes (i) no gain or loss will be recognized to AAC upon consummation of the sale of its assets and business as provided in this Agreement, (ii) no gain or loss will be recognized to the holders of AAC's Common Stock upon distribution to them in liquidation, upon surrender of such stock, of shares of Preferred Stock, as contemplated hereby, (iii) the Preferred Stock is not classed as section 306 stock or, in the alternative, the disposition of the Preferred Stock will not be subject to the taxing provisions of section 306(a) of the Internal Revenue Code, and (iv) the assets acquired by Continental's Subsidiary will have a basis to it not less than the basis such assets had to AAC at the Closing Date; *provided* that if any such ruling shall contain any condition or provision as to any of the foregoing, such condition or provision shall have been met, and *provided further* that if a timely ruling to the effect provided in clause (iii) shall not have been received, AAC shall promptly request an opinion from Messrs. Sullivan & Cromwell to the effect that the Preferred Stock is not classed as section 306 stock, and AAC shall be obligated to consummate this Agreement unless it shall have failed to receive such opinion prior to or at the Closing. AAC shall promptly take all appropriate action available to it to obtain such ruling or rulings and, in furtherance thereof, to work in cooperation with Continental's counsel named above. Continental agrees, for the benefit of AAC, its officers, directors and stockholders, that Continental will not, before or after the Closing, take or permit any of its subsidiaries to take any action with respect to the shares of Preferred Stock distributed by AAC in accordance with this Agreement in respect of shares of AAC Common Stock held by Continental or any of its subsidiaries, which would be inconsistent with the representations made to the Internal Revenue Service as a basis for such ruling or rulings and which would make such ruling or rulings inapplicable, *provided* that Continental shall have no liability by reason of its foregoing agreement to any person against whom a liability is asserted on the basis that such ruling or rulings have been made inapplicable by reason of a breach by Continental of the foregoing agreement unless such person affords Continental the opportunity, at Continental's expense, to participate in all negotiations concerning, and to conduct and control litigation (which may at the option of Continental

be conducted in the Tax Court of the United States) in respect of, any such asserted liabilities and cooperates with Continental in the defense against such asserted liabilities.

(g) The sale of all of the property and assets of AAC to Continental's Subsidiary in exchange for shares of Preferred Stock, the change of AAC's name and its dissolution, in accordance with the provisions of this Agreement, shall have been authorized and approved by the holders of not less than two-thirds of AAC's outstanding Common Stock.

(h) The proposal to authorize and issue 2,100,000 shares of Preferred Stock as contemplated hereby shall have been authorized and approved by the holders of not less than a majority of Continental's outstanding capital stock.

(i) No action or proceeding against AAC or the consummation of this Agreement shall have been instituted or any investigation undertaken that might eventuate in any such action or proceeding or order of any court entered on or before the Closing Date which, in the opinion of Messrs. Sullivan & Cromwell, renders it impossible or inadvisable for AAC to consummate this Agreement.

(j) The shares of Preferred Stock to be delivered to AAC under this Agreement for distribution to its stockholders as provided in Section 3, and the shares of Continental's Common Stock issuable upon conversions of such shares of Preferred Stock, shall have been duly authorized for listing on the New York Stock Exchange upon official notice of issuance.

(k) There shall not have been since the date hereof any material adverse change in the financial condition or results of operations of Continental and its Subsidiaries, taken as a whole, and Continental and its Subsidiaries shall not have sustained any loss of or damages to any of their properties, whether or not insured, which alone is, or in the aggregate are, material to their business, taken as a whole.

(l) Continental shall have guaranteed the payment and due performance of the obligations of Continental's Subsidiary under AAC's 3¾% Promissory Notes due 1964-71 or, alternatively, shall have obtained from the holders thereof their general release of AAC, its directors, officers and stockholders from any and all liability with respect to such payment and performance.

11. **Employee Benefit Plans.** Continental presently intends, and agrees to cause Continental's Subsidiary, to continue in effect AAC's Retirement Benefit Plan and Employee Pension Plan as they exist on the date of this Agreement, subject to the provisions in such Plans for amendment or termination. If Continental or Continental's Subsidiary decides to terminate said Employee Pension Plan, the assets in the Trust Fund under said Pension Plan will be distributed as provided in said Pension Plan.

12. **Bulk Sales Law.** Continental hereby waives compliance by AAC with the provisions of the Bulk Sales Law of any State.

13. **Termination of Representations and Warranties and Certain Agreements.** The respective representations and warranties of AAC and Continental contained in Sections 5 and 6 (other than those of Continental set forth in Section 6(e)) and those provided for in the first clauses of Sections 9(b) and 10(b) shall expire with, and be terminated and extinguished by, the Closing under this Agreement on the Closing Date, and neither AAC nor Continental shall be under any liability whatsoever with respect to any such representation or warranty, it being intended that the sole remedy of either party for a breach of any such representation or warranty shall be to elect not to proceed with the Closing if such breach has resulted in a condition to such party's obligations hereunder not being satisfied. This Section shall have no effect upon any other obligation of Continental or AAC in this Agreement, whether to be performed before or after the Closing, *provided* that Continental's sole remedy for a breach of AAC's agreements in subsection (a) and the last sentence of subsection (c) of Section 8 shall be to elect not to proceed with the Closing.

14. **Notices, Etc.** All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed, first class postage prepaid,

(a) if to AAC, to Mr. C. M. Powell, President, The American Agricultural Chemical Company, 100 Church Street, New York, New York, or

(b) if to Continental, to Mr. L. F. McCollum, President, Continental Oil Company, Suite 4618, 30 Rockefeller Plaza, New York, New York.

15. **Amendments and Termination.** Continental and AAC, by mutual consent of their respective Boards of Directors or authorized committees or officers, may amend or modify this Agreement, in such manner as may be agreed upon, by a written instrument executed by AAC and Continental; *provided* that no such amendment or modification shall change the number of shares of Continental to be issued pursuant to this Agreement or the conditions to AAC's obligations set forth in Section 10(f), and *provided further* that no such amendment or modification shall change the provisions with respect to the transfer of AAC's assets to, and assumption of its liabilities by, Continental's Subsidiary, and the distribution to AAC's stockholders of shares of Continental's stock upon the surrender by the stockholders of AAC, for cancellation, of all of AAC's outstanding Common Stock, in any manner which would materially and adversely affect the rights of AAC's stockholders. Continental and AAC, by mutual consent of their Boards of Directors, may terminate this Agreement at any time prior to the Closing and, unless otherwise specifically provided in such consent, any such termination shall be without liability of any kind on the part of either Continental or AAC.

16. **General.** The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, *provided* that no stockholder of AAC shall have any liability as such hereunder to Continental, Continental's Subsidiary or any other person; nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies under or by reason of this Agreement. This Agreement shall be construed and enforced in accordance with the laws of New York.

In Witness Whereof, the undersigned parties hereto have duly executed this Agreement in Newark, New Jersey the date first above written.

The American Agricultural Chemical Company

By (C. M. Powell)
President

[Corporate Seal]

Attest:

Secretary

Continental Oil Company

By
President

[Corporate Seal]

Attest:

Secretary

STATE OF NEW JERSEY
COUNTY OF ESSEX } ss.:

On the 11th day of July, 1963, before me personally came C. M. POWELL, to me known, who, being by me duly sworn, did depose and say: That he resides at 616 Embree Crescent, Westfield, New Jersey; that he is the President of THE AMERICAN AGRICULTURAL CHEMICAL COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Frances M. Ryan
Notary Public

[NOTARIAL SEAL]

FRANCES M. RYAN
Notary Public of New Jersey
My commission expires Feb. 19, 1968

STATE OF NEW JERSEY
COUNTY OF ESSEX } ss.:

On the 11th day of July, 1963, before me personally came L. F. MCCOLLUM, to me known, who, being by me duly sworn, did depose and say: That he resides at 3620 Inverness Drive, Houston, Texas; that he is the President of CONTINENTAL OIL COMPANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Frances M. Ryan
Notary Public

[NOTARIAL SEAL]

FRANCES M. RYAN
Notary Public of New Jersey
My commission expires Feb. 19, 1968

EXHIBIT A

TEXT OF PROPOSED ARTICLE FOURTH OF THE CERTIFICATE OF INCORPORATION OF CONTINENTAL OIL COMPANY

FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 27,100,000, of which (i) 2,100,000 shares shall be $2 Cumulative Convertible Preferred Stock without par value, and (ii) 25,000,000 shares shall be Common Stock of the par value of $5 per share (consisting of the 24,000,000 shares of capital stock of the Corporation heretofore authorized plus 1,000,000 additional shares). Such shares may be issued by the Corporation from time to time for such consideration as may be fixed from time to time by the Board of Directors.

A statement of the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions, of such classes of capital stock are as follows:

$2 CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. *Dividends.* Out of the assets of the Corporation, which are by law available for the payment of dividends, the holders of the $2 Cumulative Convertible Preferred Stock (hereinafter referred to as "Preferred Stock") shall be entitled to receive, as and when declared by the Board of Directors, cash dividends at, but not exceeding, the rate of $2 per share per annum, payable quarterly in the months of March, June, September and December of each year accruing from the first day of the quarter-yearly dividend period in which the respective shares of Preferred Stock shall be issued (for this purpose the first day of such quarter-yearly dividend period shall be March 1, June 1, September 1 or December 1 as the case may be); provided, however, that the initial dividend paid after the date of original issuance of shares of the Preferred Stock shall be at one-half such dividend rate for the portion of the quarter-yearly dividend period prior to such date and at such dividend rate for the remainder of such period. The holders of the Preferred Stock shall be entitled to no other dividends. Dividends upon the Preferred Stock shall be cumulative quarterly, so that, if in respect of any past quarter-yearly dividend period or periods full dividends upon the outstanding Preferred Stock at the rate or rates fixed therefor shall not have been paid, the deficiency shall be declared and paid or set apart for payment before any dividends shall be declared and paid or set apart for payment upon the Common Stock, and before any assets which are by law available for the payment of dividends shall be paid or set apart for the purchase or redemption of any shares of Preferred Stock or for the purchase of any shares of Common Stock.

2. *Liquidation.* The Preferred Stock shall be preferred with respect to both earnings and assets of the Corporation. In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Preferred Stock shall be entitled to receive for each share thereof $60, together with accrued and unpaid dividends thereon, before any distribution of assets shall be made to the holders of the Common Stock. The holders of the Preferred Stock shall be entitled to no further participation in any such distribution, and the holders of the Common Stock shall be entitled (to the exclusion of the holders of the Preferred Stock) to share ratably in all assets of the Corporation remaining after payment to the holders of the Preferred Stock of the preferential amounts aforesaid. If, upon any such dissolution, liquidation or winding up of the Corporation, the assets distributable among the holders of the Preferred Stock shall be insufficient to permit the payment in full to such holders of the preferential amounts aforesaid, then the entire assets of the Corporation shall be distributed among the holders of the Preferred Stock then outstanding ratably in proportion to the full preferential amounts to which they shall be entitled respectively. Nothing herein contained, however, shall be deemed to prevent the redemption or purchase of Preferred Stock

in any manner permitted by paragraph 3 of this Article. Neither the merger nor consolidation of the Corporation into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Corporation, nor a sale, transfer or lease of all or any part of the assets of the Corporation, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this paragraph 2.

3. *Redemption.* The Corporation at its option, at any time, or from time to time, on or after the fifth anniversary of the date of original issuance of shares of the Preferred Stock (except as otherwise provided in paragraph 1 of this Article), may redeem the whole or any part of the Preferred Stock at a redemption price equal to the sum of (i) $60 per share and (ii) an amount equal to accrued and unpaid dividends thereon to the date fixed for redemption.

In the event the Corporation shall determine to redeem less than the entire issue of the Preferred Stock then outstanding, the Board of Directors shall determine the shares of Preferred Stock so to be redeemed by lot or pro rata or by any other means which the Board of Directors deems equitable; and the certificate of the Secretary of the Corporation, filed with the Transfer Agent or Agents for the Preferred Stock to be redeemed, of such determination by the Board of Directors shall be conclusive. Notice of any proposed redemption of Preferred Stock shall be given by the Corporation by mailing a copy of such notice at least 30 days prior to the date fixed for such redemption to the holders of record of the Preferred Stock to be redeemed, at their respective addresses appearing on the books of the Corporation. From and after the date fixed in such notice as the date of redemption (unless default be made by the Corporation in providing moneys for the payment of the redemption price) all dividends upon the Preferred Stock thereby called for redemption shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive payment of said redemption price) shall cease and determine; or, if the Corporation shall so elect, from and after the date (which date shall be the date of redemption or prior thereto) on which the Corporation shall deposit with a bank or trust company doing business in the Borough of Manhattan, The City of New York, State of New York, as Paying Agent, moneys sufficient in amount to pay at the office of such Paying Agent, on the redemption date, the said redemption price (provided the notice of redemption shall state the name and address of such Paying Agent and the intention of the Corporation to deposit said moneys on or before the date of redemption with such Paying Agent), all dividends on such Preferred Stock so called for redemption shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from said Paying Agent said redemption price, and the right, if any, to convert or exchange shares thereof for shares of the Common Stock) shall thereupon cease and determine, and by the deposit of said moneys with said Paying Agent said Preferred Stock so called for redemption shall be redeemed. Any moneys so deposited with said Paying Agent which shall remain unclaimed by the holders of shares of Preferred Stock so called for redemption at the end of five full calendar years after the redemption date shall be paid by said Paying Agent to the Corporation, and thereafter the holders of Preferred Stock called for redemption shall have no further interest in such moneys.

The redemption of Preferred Stock may also be effected by the purchase, from time to time, either at public or private sale, of the whole or any part of the Preferred Stock, but after the fifth anniversary of the date of original issuance of shares of the Preferred Stock at a price not greater than the redemption price.

Any shares of Preferred Stock so redeemed or purchased shall be permanently retired, shall no longer be deemed outstanding, and shall not under any circumstances be reissued and the Corporation may from time to time take such appropriate corporate action as may be necessary to reduce the authorized Preferred Stock accordingly.

4. *Conversion.* Any share or shares of Preferred Stock may be converted, at the option of the holder thereof, in the manner hereinafter provided, into full-paid and nonassessable shares of Common Stock of the Corporation; provided, however, that as to any share of Preferred Stock which shall have been called for redemption, the right of conversion shall terminate at the close of business on the date fixed for redemption.

a. Shares of Preferred Stock may be converted into full shares of Common Stock at the following rates applicable to the Common Stock for each one share of Preferred Stock surrendered for conversion, subject to adjustment as hereinafter provided:

Period During Which Conversion Occurs	Conversion Rate
Prior to January 1, 1969	0.73
Thereafter and prior to January 1, 1974	0.70
January 1, 1974 and thereafter	0.67

The term "Stated Conversion Rate" at any time shall mean the conversion rate in effect at such time as shown in the above table without adjustment.

(1) If and whenever after March 31, 1963 there shall occur or shall have occurred an issuance of any shares of Common Stock or of any Convertible Securities or Rights as referred to in the clause (2) next following, or any termination or change of conversion or option privileges as referred to in the clause (3) next following, or any combination of shares of Common Stock as referred to in clause (4) next following, or the payment of a dividend on, or the making of any other distribution in respect of, Common Stock other than in cash out of earned surplus or other than in Common Stock, Convertible Securities or Rights, as referred to in clause (6) next following, or any other event, which under the following provisions would result in adjustment of the conversion rate then in effect by one one-hundredth of a share or more, then successively upon each such event the conversion rate shall be adjusted in accordance with the following formula and with the provisions of this subparagraph and the following subparagraph b.:

$68.49 shall be multiplied by the number of shares of Common Stock outstanding after any such event and the resulting product shall be divided by the aggregate consideration received by the Corporation for the shares of Common Stock so outstanding minus the value of all dividends paid and other distributions made thereon since March 31, 1963 other than in cash out of earned surplus or other than in Common Stock, Convertible Securities or Rights. The resulting quotient shall be multiplied by the Stated Conversion Rate and the product, adjusted to the nearest one one-hundredth, shall thereafter be the conversion rate until further adjusted as herein provided (except that if by such computation the conversion rate would be decreased to less than the Basic Conversion Rate as defined in the following clause (4), the conversion rate shall nevertheless be the Basic Conversion Rate). For the purpose of such computation the Corporation shall be deemed to have received $68.49 for each share of Common Stock outstanding (including shares in the treasury of the Corporation or any of its subsidiaries and not more than 4,000 shares held for exchanges) on March 31, 1963. In case at any time a computation shall have been required to be made hereunder and thereafter a new Stated Conversion Rate goes into effect due to the passage of time as provided in the above table, a new computation shall be made as provided in this clause and the conversion rate shall be adjusted accordingly.

Any adjustment made in the case of the payment of dividends on, or the making of any other distribution in respect of, Common Stock (including, without limitation, dividends or distributions of Common Stock, Convertible Securities or Rights and those referred to in clause (6) next following), shall become effective retroactively to the record date for the determination of stockholders entitled to receive such dividends or other distributions with respect to conversions made subsequent thereto.

(2) In case at the time of such computation there shall be issued or be outstanding

(i) any securities of the Corporation convertible into Common Stock (herein called "Convertible Securities"), other than shares of the Preferred Stock, or

(ii) any options (other than options heretofore or hereafter granted to purchase shares of Common Stock of the Corporation that are intended to qualify as restricted stock options for the purposes of Section 421 of the Internal Revenue Code of 1954 or any substantially similar provision of the Internal Revenue Code in effect at the time such options are granted), warrants or rights to purchase, subscribe for or otherwise acquire from the Corporation shares of Common Stock or Convertible Securities (herein called "Rights"), with conversion or option privileges unexpired and unexercised,

then for the purpose of such computation there shall be deemed to have been issued and to be outstanding all shares of Common Stock issuable upon conversion of such Convertible Securities (other than the Preferred Stock) or upon exercise of such Rights, and the Corporation shall be deemed to have received consideration therefor equal to the consideration, if any, originally received by it upon the issue of such Convertible Securities (other than the Preferred Stock) or Rights, plus the minimum consideration, if any, which would be receivable by it upon their conversion or exercise.

(3) In case at any time any of the conversion or option privileges of any Convertible Securities or Rights referred to in the foregoing clause (2) shall terminate, whether by their terms or by reason of redemption or other retirement of such Convertible Securities or Rights, or otherwise, or shall otherwise change, a computation shall be made as provided in the foregoing clause (1) and the conversion rate shall be adjusted accordingly.

(4) In case at any time after March 31, 1963 shares of Common Stock outstanding shall be combined into a lesser number of shares, whether by reclassification, recapitalization, reduction of capital stock or otherwise, then the current conversion rate and the Basic Conversion Rate shall be proportionately decreased. The term "Basic Conversion Rate" shall mean, unless and until decreased pursuant to this clause (4), the Stated Conversion Rate, and after such decrease, the conversion rate resulting therefrom and from any subsequent decrease pursuant to this clause (4). Whenever the Basic Conversion Rate shall be decreased, at the same time the Basic Conversion Rate for the succeeding periods referred to in this subparagraph a. shall be correspondingly decreased so that the Basic Conversion Rate for each succeeding period bears the same proportion to the Stated Conversion Rate for such period as the then current Basic Conversion Rate bears to the then current Stated Conversion Rate.

(5) After March 31, 1963, in case of any reclassification or change (including a subdivision) of outstanding shares of Common Stock of the class issuable upon conversion of the shares of Preferred Stock, or in case of any consolidation or merger of the Corporation with or into another corporation, or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, the holder of each share of Preferred Stock then outstanding shall have the right thereafter, so long as his conversion right hereunder shall exist, to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance, by a holder of the number of shares of Common Stock (whether whole or fractional) of the Corporation into which such share of Preferred Stock might have been converted immediately prior to such reclassification, change, consolidation, merger, sale or conveyance, and shall have no other conversion rights under these provisions; and effective provision shall be made in the charter of the resulting or surviving corporation or otherwise, so that the provisions set forth herein for the protection of the conversion rights of the Preferred Stock shall thereafter be applicable, as nearly as reasonably may be, to any such other shares of stock and other securities and property deliverable upon conversion of the Preferred Stock remaining outstanding or other convertible preferred stock received by the holders in place thereof; and any such resulting or surviving corporation shall expressly assume the obligation to deliver, upon the exercise of the conversion privilege, such shares, securities or property as the holders of the Preferred Stock remaining outstanding, or other convertible preferred stock received by the holders in place thereof, shall be entitled to receive pursuant to the provisions hereof, and to make provisions for the protection of the conversion right as above provided. In case securities or property other

than Common Stock shall be issuable or deliverable upon conversion as aforesaid, then all reference in this paragraph 4 shall be deemed to apply, so far as appropriate and as nearly as may be, to such other securities or property.

(6) In case at any time the Corporation shall pay a dividend on, or make any other distribution in respect of the Common Stock other than in cash out of earned surplus or other than in Common Stock, Convertible Securities or Rights, a computation shall be made as provided in the foregoing clause (1) and the conversion rate shall be adjusted accordingly.

(7) If in any case a state of facts occurs wherein in the opinion of the Board of Directors the other provisions of this paragraph 4 are not strictly applicable or if strictly applicable would not fairly protect the conversion of the Preferred Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make an adustment in the application of such provisions, in accordance with such essential intent and principles, so as to protect such conversion rights as aforesaid.

b. For the purpose of each computation to be made as provided in the foregoing subparagraph a., the following provisions shall be applicable:

(1) In case of a consideration consisting in whole or in part of cash, the cash consideration shall be deemed to be the amount of cash constituting or included in such consideration, except as herein otherwise expressly provided.

(2) In case of a consideration in whole or in part other than cash, the amount of the consideration other than cash (including, without limitation, the value of any dividend on, or distribution in respect of, Common Stock other than in cash), shall be deemed to be the value of such consideration as determined by the Board of Directors of the Corporation, except as herein otherwise expressly provided.

(3) Any shares of Common Stock or Convertible Securities or Rights issued as a dividend on the Common Stock shall be deemed to have been issued for no consideration.

(4) In case of the issue of shares of Common Stock or Convertible Securities or Rights in payment or satisfaction of any dividend on any class of stock of the Corporation ranking prior to the Common Stock as to dividends, the amount of the consideration received by the Corporation therefor shall be deemed to be the amount of the obligation in respect of dividends that shall be discharged by the issuance thereof.

(5) In case the shares of Common Stock at any time outstanding shall be subdivided, by reclassification, recapitalization or otherwise, into a greater number of shares without the actual receipt by the Corporation of any consideration for the additional number of shares so issued, the number of such shares as so subdivided in excess of the number of shares of Common Stock outstanding prior to the subdivision thereof shall be deemed to be additional shares of Common Stock issued for no consideration.

(6) In case of the issue of shares of Common Stock upon the conversion of any Convertible Securities (including the Preferred Stock), the amount of the consideration received by the Corporation for such shares of Common Stock shall be deemed to be the consideration, if any, originally received by the Corporation upon the issue of such Convertible Securities (which in the case of any of the shares of Common Stock issued upon conversion of the Preferred Stock shall be deemed to be $68.49 per share), plus the consideration, if any, received by the Corporation upon such conversion.

(7) In case of the issue of shares of Common Stock upon the exercise of options heretofore or hereafter granted, provided such options were intended to qualify as restricted stock options for the purposes of

Section 421 of the Internal Revenue Code of 1954 or any substantially similar provision of the Internal Revenue Code in effect at the time such options were granted, the amount of the consideration received by the Corporation for such shares of Common Stock shall be deemed to be $68.49 per share.

(8) In case of the issue of shares of Common Stock or Convertible Securities upon the exercise of any Rights, the amount of the consideration received by the Corporation for such shares of Common Stock or Convertible Securities shall be deemed to be the consideration, if any, originally received by the Corporation upon the issue of such Rights plus the consideration, if any, received by the Corporation upon such exercise.

(9) The consideration received or deemed to be received by the Corporation for any Common Stock, Convertible Securities or Rights issued by it shall be the greater of (i) the amount of the consideration actually paid to the Corporation and (ii) the amount of the consideration paid therefor by the first purchasers thereof not acting as underwriters or dealers in connection with such issue, in either case without deduction of any expenses, commissions or underwriting discounts.

(10) The shares of Common Stock, Convertible Securities or Rights at any time outstanding shall include any then owned or held by or for the account of the Corporation but not retired or cancelled in any manner permitted by law. Any sale by the Corporation of Common Stock, Convertible Securities or Rights previously issued and acquired by the Corporation shall not be deemed an issue thereof and such sale, including any consideration received upon such sale by the Corporation, shall be disregarded in the computation.

(11) In case there shall be outstanding unexpired scrip for fractions of shares of Common Stock the fractional shares represented by such scrip shall be deemed to be outstanding.

c. Any conversion rate determined or adjusted as herein provided shall remain in effect until further adjusted as required herein. Upon each adjustment of the conversion rate or Basic Conversion Rate a written instrument signed by an officer of the Corporation setting forth such adjustment and the computation and a summary of the facts upon which it is based and the resolutions, if any, of the Board of Directors passed in connection therewith shall forthwith be filed with the Transfer Agent or Agents for the Preferred Stock and made available for inspection by the stockholders, and any adjustment so evidenced, made in good faith, shall be binding upon all stockholders and upon the Corporation. The Corporation shall cause the Transfer Agent or Agents for the Preferred Stock to mail to the holders of the Preferred Stock at the time of each quarterly dividend payment a statement setting forth the adjustments, if any, made in the conversion rate or Basic Conversion Rate and not theretofore reported to such holders and the reasons for such adjustments, provided, however, that if there has been more than one such adjustment, such statement need set forth only the cumulative adjustment. Upon any conversion, fractional shares shall not be issued but any fractions shall be adjusted in cash on the basis of the market price for shares of Common Stock at the close of business on the date of conversion unless the Board of Directors shall determine to adjust them by the issue of fractional scrip certificates or in some other manner. Upon any conversion, no adjustment shall be made for dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered. The Corporation shall pay all issue taxes, if any, incurred in respect of the issue of the Common Stock on conversion, provided, however, that the Corporation shall not be required to pay any transfer or other taxes incurred by reason of the issuance of such Common Stock in names other than those in which the Preferred Stock surrendered for conversion may stand.

d. Any conversion of Preferred Stock into shares of Common Stock shall be made by the surrender to the Corporation, at the office of any Transfer Agent for the Preferred Stock, of the certificate or certificates representing the share or shares of Preferred Stock to be converted (duly endorsed or assigned if so required by the Corporation), together with a written request for conversion.

e. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights,

if any, to receive notices and to vote, shall forthwith cease and determine except only the right of the holders thereof to receive a certificate or certificates for Common Stock in exchange therefor. Any shares of Preferred Stock so converted shall be permanently retired, shall no longer be deemed outstanding, and shall not under any circumstances be reissued and the Corporation may from time to time take such appropriate corporate action as may be necessary to reduce the authorized Preferred Stock accordingly. Shares of Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the day of the surrender for such conversion as provided in subparagraph d. above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time. As promptly as practicable on or after the conversion date, the Corporation shall issue and deliver a certificate or certificates for the shares of Common Stock issuable upon such conversion to the person or persons entitled to receive them.

f. A number of shares of the authorized Common Stock sufficient to provide for the conversion of the Preferred Stock outstanding upon the basis hereinbefore provided shall at all times be reserved for such conversion, subject to the provisions of clause (5) of subparagraph a. of this paragraph. If the Corporation shall propose to issue any securities or to make any change in its capital structure which would change the number of shares of Common Stock into which each share of the Preferred Stock shall be convertible as herein provided, the Corporation shall at the same time also make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved for conversion of the outstanding Preferred Stock on the new basis.

5. *Voting Rights.* Each holder of Preferred Stock shall be entitled to one vote for each share held and, except as otherwise herein or by law provided, the Preferred Stock and Common Stock of the Corporation (and any other capital stock of the Corporation at the time entitled thereto) shall vote together as one class, except that while holders of Preferred Stock, voting as a class, are entitled to elect two directors as hereinafter provided, they shall not be entitled to participate with the Common Stock (or any other capital stock as aforesaid) in the election of any other directors.

a. If and whenever dividends on the Preferred Stock shall be in arrears and such arrears shall aggregate an amount at least equal to six quarterly dividends upon such stock, then and in such event, the holders of the Preferred Stock, voting separately as a class, shall be entitled, at the next annual meeting of the stockholders or at a special meeting held in place thereof, or at a special meeting of the holders of the Preferred Stock called as hereinafter provided, to elect two directors. Whenever all arrears in dividends on the Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly period shall have been paid or declared and a sum sufficient for the payment thereof set aside, then the right of the holders of the Preferred Stock to elect such number of directors shall cease, but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in dividends.

b. At any time after such voting power shall have so vested in the Preferred Stock, the Secretary of the Corporation may, and upon the written request of the holders of record of 10% or more in amount of the Preferred Stock then outstanding, addressed to him at the principal office of the Corporation in the State of New York shall, call a special meeting of the holders of the Preferred Stock for the election of the directors to be elected by them as hereinafter provided, to be held within 30 days after such call and at the place and upon the notice provided by law and in the By-Laws for the holding of meetings of stockholders; provided, however, that the Secretary shall not be required to call such special meeting in the case of any such request received less than 90 days before the date fixed for any annual meeting of stockholders. If any such special meeting required to be called as above provided shall not be called by the Secretary within 30 days after receipt of any such request, then the holders of record of 10% or more in amount of the Preferred Stock then outstanding may designate in writing one of their number to call such meeting, and the person so designated may call such meeting to be held at the place and upon the notice above provided, and for that purpose shall have access to the stock ledger of the Corporation. The Corporation shall pay the reasonable

expenses of calling and holding any such special meeting. No such special meeting and no adjournment thereof shall be held on a date later than 30 days before the annual meeting of the stockholders or a special meeting held in place thereof next succeeding the time when the holders of the Preferred Stock become entitled to elect directors as above provided.

If any such special meeting shall be called as above provided and if the holders of at least a majority of the Preferred Stock then outstanding shall be present or represented by proxy at such meeting or any adjournment thereof, then, by vote of the holders of at least a majority of the Preferred Stock present or so represented at such meeting, the then authorized number of directors of the Corporation shall be increased by two, and at such meeting, the holders of the Preferred Stock shall be entitled to elect the additional directors so provided for, but any director so elected shall not hold office beyond the annual meeting of the stockholders or special meeting held in place thereof next succeeding the time when the holders of the Preferred Stock become entitled to elect directors as above provided. Whenever the holders of the Preferred Stock shall be divested of special voting power as above provided, the terms of office of all persons elected as directors by the holders of the Preferred Stock as a class shall forthwith terminate, and the authorized number of directors of the Corporation shall be reduced accordingly.

In case a class of preferred stock other than the Preferred Stock, ranking prior to or on a parity with the Preferred Stock as to dividends or in liquidation, shall be created and issued, nothing herein contained shall prevent any such other class from being given the right, in case dividends thereon or sinking fund requirements, if any, thereof shall be in arrears, to vote as part of the same class as and equally with the Preferred Stock and to have and exercise pari passu with the shares of Preferred Stock entitled to vote on any matters any and all the voting rights and powers hereinbefore set forth with respect to the Preferred Stock, provided, however, that in any such case any holder of stock of any class other than the Preferred Stock shall be entitled to not more than one vote for each $60 which such stock would be entitled to receive upon any involuntary liquidation, and provided, further, that nothing herein contained shall prevent the giving of additional voting power not inconsistent with that granted in this paragraph to any class of preferred stock other than the Preferred Stock.

c. So long as any shares of Preferred Stock are outstanding and unless the vote or consent of a greater number of shares of the Preferred Stock shall then be required by law, with respect to the actions referred to in clauses (1) and (2) below the consent of the holders of at least two-thirds, and with respect to the actions referred to in clauses (3) and (4) below the consent of the holders of at least a majority, of the Preferred Stock at the time outstanding, given in person or by proxy, either in writing or at a meeting at which the holders of the Preferred Stock shall vote separately as a class, shall be necessary for effecting or validating each of the following:

(1) The authorization, or any increase in the authorized amount, of any class of stock of the Corporation ranking prior to the Preferred Stock as to dividends or assets.

(2) The amendment, alteration or repeal of any of the provisions of the Certificate of Incorporation of the Corporation, or any certificate amendatory thereof or supplemental thereto, so as to affect adversely any of the powers, preferences and rights of the Preferred Stock.

(3) Any increase in the authorized amount of Preferred Stock.

(4) The authorization or any increase in the authorized amount, of any class of stock of the Corporation ranking on a parity with the Preferred Stock.

d. So long as any shares of Preferred Stock are outstanding and unless the vote or consent of a greater number of shares of Preferred Stock shall then be required by law, the consent of the holders of at least two-thirds of the shares of the Preferred Stock at the time outstanding, given in person or by proxy, either in writing or at a meeting at which the holders of the Preferred Stock shall vote separately as a class, shall be necessary for effecting or validating the merger or consolidation of the Corporation and any other corporation

unless the resulting or surviving corporation will have after such merger or consolidation no stock either authorized or outstanding (except such stock of the Corporation as may have been authorized or outstanding immediately preceding such merger or consolidation, or such stock of the resulting or surviving corporation as may be issued in exchange therefor) ranking as to dividends or assets prior to the Preferred Stock or the stock of the resulting or surviving corporation issued in exchange therefor; and if the resulting or surviving corporation will have after such merger or consolidation any stock either authorized or outstanding (except such stock of the Corporation as may have been authorized or outstanding immediately preceding such merger or consolidation, or such stock of the resulting or surviving corporation as may be issued in exchange therefor) ranking on a parity with the Preferred Stock or the stock of the resulting or surviving corporation issued in exchange therefor the consent of the holders of at least a majority of the shares of the Preferred Stock at the time outstanding, given as provided in this subparagraph d., shall be necessary for effecting or validating such merger or consolidation.

e. To the extent that the provisions of the first paragraph of Article EIGHTH hereof or the provisions of Article NINTH hereof are inconsistent with the provisions of this paragraph 5, the provisions of this paragraph 5 shall control.

6. *No Pre-emptive Right.* No holder of Preferred Stock of the Corporation shall have any pre-emptive right to subscribe for any stock of the Corporation.

COMMON STOCK

7. *Dividends.* After the requirements with respect to preferential dividends upon the Preferred Stock shall have been met, then and not otherwise, the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

8. *Voting Rights.* Each holder of Common Stock shall be entitled to one vote for each share held and, except as otherwise herein or by law provided, the Common Stock and the Preferred Stock (and any other capital stock of the Corporation at the time entitled thereto) shall vote together as a class.

9. *Regarding Pre-emptive Rights.* No holder of Common Stock of the Corporation shall have any pre-emptive right to subscribe for any stock of the Corporation upon any issue thereof for property or property rights or pursuant to any stock option or stock purchase plan for employees of the Corporation and/or its subsidiaries, provided such plan shall have been authorized or approved by the holders of a majority of the shares of stock of the Corporation outstanding at the time of such authorization or approval and entitled to vote.

EXHIBIT C

FOS-KEM LIQUIDATION CORPORATION

(FORMERLY NAMED THE AMERICAN AGRICULTURAL CHEMICAL COMPANY)

October 21, 1963

TO THE STOCKHOLDERS:

The transfer of all of the property and assets of the Company to a wholly-owned subsidiary of Continental Oil Company in accordance with the provisions of the Agreement, dated July 11, 1963, was authorized and approved by the stockholders of the Company on September 10, 1963 and was completed today. The Company's name has, as agreed, been changed to Fos-Kem Liquidation Corporation, and the subsidiary of Continental Oil Company to which the Company's assets have been transferred has adopted the name "American Agricultural Chemical Company."

In accordance with the Agreement, the Company received 2,100,000 shares of $2 Cumulative Convertible Preferred Stock of Continental Oil Company which are now available for immediate distribution to stockholders of the Company as of the close of business on October 18, 1963, or their assigns, upon surrender by such stockholders or assigns of certificates for Common Stock of the Company.

Arrangements have been made with The Bank of New York to act as Agent in connection with the surrender of shares of the Company and the distribution of shares of the Preferred Stock. As provided in the Agreement, stockholders will receive one share of $2 Cumulative Convertible Preferred Stock of Continental Oil Company for each share of Common Stock of the Company upon surrender of their Common Stock certificates to The Bank of New York with the enclosed Letter of Transmittal, properly completed. Complete instructions are set forth on the reverse side of the Letter of Transmittal, additional copies of which may be obtained from The Bank of New York. You are urged to surrender your Common Stock certificates as soon as possible so that you may promptly receive future dividends to which you will be entitled as holders of Preferred Stock of Continental Oil Company. An envelope addressed to The Bank of New York is enclosed for your convenience.

The first dividend payable in respect of the Preferred Stock will be paid in December 1963 and will be in the amount of $.3627 per share, computed in accordance with the terms of the Preferred Stock at the dividend rate of $1.00 per share per annum from September 1, 1963 through October 20, 1963 and at the rate of $2.00 per share per annum from October 21, 1963 (the date of the issuance of the Preferred Stock) through November 30, 1963. Subsequent dividends will, of course, be at the rate of $2.00 per share per annum for the entire dividend period.

Sincerely,

C. M. POWELL, *President.*

ALL INQUIRIES WITH RESPECT TO THE SURRENDER OF COMMON STOCK AND THE DISTRIBUTION OF THE NEW PREFERRED STOCK SHOULD BE ADDRESSED TO THE BANK OF NEW YORK, 48 WALL STREET, NEW YORK 15, NEW YORK.

Source: CE-1994-0007 EXEC Agrico Corporate Documents

EXHIBIT D

AGRICO Chemical Co.

Division of CONTINENTAL OIL COMPANY
100 Church Street, New York, N.Y. 10007

January 3, 1966

Gentlemen:

This is to notify you that American Agricultural Chemical Company (AAC), a wholly owned subsidiary of Continental Oil Company, was merged into its parent company effective December 31, 1965. Pursuant to said merger, Continental succeeded to all the assets of AAC and assumed all of AAC's liabilities and obligations. Henceforth, a newly formed division of Continental Oil Company, the Agrico Chemical Company, will carry on AAC's business.

According to our records, AAC has entered into business arrangements and contracts with you. Please alter your records to reflect this merger and substitute "Agrico Chemical Company, a Division of Continental Oil Company" in place of AAC in all such contracts, agreements, leases, licenses and other business matters involving you and AAC.

Very truly yours,

AGRICO CHEMICAL COMPANY, A DIVISION
OF CONTINENTAL OIL COMPANY

President

mr

Source: CE-1994-0007 EXEC Agrico Corporate Documents

EXHIBIT E

PURCHASE AGREEMENT

THIS AGREEMENT, executed as of February 1, 1972, among CONTINENTAL OIL COMPANY, a Delaware corporation (herein called "Conoco"), AGRICO CHEMICAL COMPANY, a Delaware corporation (herein called "Agrico"), and THE WILLIAMS COMPANIES, a Nevada corporation (herein called "TWC").

WITNESSETH:

WHEREAS, Conoco desires to sell, assign, convey, and lease to Agrico all of the assets comprising, primarily related to, or used in its plant foods business, including its Agrico Chemical Division, in the United States and Canada (except for certain assets specified herein); and

WHEREAS, Agrico desires to acquire such assets; and

WHEREAS, TWC, as an inducement to Conoco, agrees to guarantee the performance of this Agreement by Agrico.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, it is agreed by and between the parties as follows:

SECTION I

Sale and Purchase of Assets and Rights

A. Except as herein set forth, Conoco does hereby sell, transfer, convey, and assign to Agrico, and Agrico does hereby

purchase and acquire, effective as of 12:01 a.m. CST on February 1, 1972, all of Conoco's rights, title, and interest in and to all assets, properties, and rights comprising, primarily related to, or used in its plant foods business in the United States and Canada, including its Agrico Chemical Division, which assets, properties, and rights (all hereinafter collectively referred to as the "plant foods business") are generally, but not inclusively, described as follows:

1. Inventories of raw material, unfinished goods in process, finished or manufactured goods, merchandise for resale, spare parts, containers, maintenance materials, and operating supplies.

2. Automobiles, trucks, rolling stock, application equipment, and other mobile equipment.

3. Machinery, equipment, storage tanks, buildings, improvements, fixtures, and office furniture and fixtures.

4. Intangible properties comprising certain U.S. and foreign patent applications and patents and U.S. and foreign marks, together with the goodwill of that part of the business connected with and symbolized by such marks, and all other trade secrets, proprietary rights, inventions, research data and the like primarily related to or used by Conoco in its plant foods business, subject to,

and as more particularly set forth in, Section XII hereto.

5. Tracts of land and other interests in real estate, mineral interests, mineral properties and deposits, together with the improvements thereto as used in connection with, or primarily related to, Conoco's plant foods business, as specifically shown in Exhibit "A" attached hereto and made a part hereof.

6. Leases, subleases, licenses, and other interests in land (other than fee interests), together with all improvements and fixtures located thereon, as such are used in connection with, or primarily related to, Conoco's plant foods business.

7. All current and pertinent files, books, records, accounts, customer lists, computer programs and other business documents and information, or copies thereof, or portions thereof, used by Conoco in and necessary to the ownership and operation of Conoco's plant foods business, except those specifically excluded by mutual agreement of the parties.

8. It is specifically intended that the assets, properties, and rights sold, transferred, and assigned hereunder, include assets, properties, and rights of the plant foods business of Conoco, whether

or not presently used by or carried on the books of account of said business, if historically or functionally treated to be assets, properties and rights of said business.

9. All of the capital stock owned by Conoco in the following corporations:

Name	State of Incorporation
North Carolina Phosphate Company (50%)	New York
Cajun Sugar Cooperative, Inc. (60 sh. Class A Preferred)	Louisiana
Agricultural Chemicals Limited (100%)	Canada
Fishhawk Ranch, Inc. (100%)	Florida
The American Agricultural Chemical Company (100%)	New Jersey

B. Notwithstanding the preceding grants, the following assets, properties, and rights are specifically excepted from this Agreement and not to be conveyed hereunder: (i) cash, marketable securities, accounts and notes receivable (except cash, marketable securities, accounts and notes receivable of Agricultural Chemicals Limited for which Agrico shall compensate Conoco as provided in Section IV hereof), (ii) claims and litigation against other parties and any proceeds thereof, and (iii) its assets at Carteret, New Jersey.

Conoco shall reserve a leasehold interest for a primary term of ten (10) years, commencing at 12:01 a.m. EST on February 1, 1972, and as long thereafter as any of the hereinafter described minerals is produced hereunder, for the purpose of exploring for,

drilling for, extracting and producing oil, gas and other hydrocarbons, and copper and associated metallic minerals, in, on or under the fee and mineral fee properties conveyed to Agrico hereunder. Said lease or leases shall require achievement of actual production of minerals in paying quantities within the primary term. In addition to tracts on which production has actually been achieved, production shall be deemed to be achieved as to all additional tracts leased by Conoco hereunder in which Conoco has established an area of interest based on such actual production. As to such additional tracts, all rights of Conoco under the lease or leases thereto shall terminate at 12:00 p.m. January 31, 1987 for the tracts on which no actual production has by then been achieved. Leases for all other tracts shall expire with the primary term. Said leasehold interest shall subject to limitations: (i) such lease or leases shall be subordinated to Agrico's rights to extract minerals not covered by said lease or leases and the reclamation of the property after extraction; (ii) the operations under said lease or leases shall be conducted at all times in a manner not detrimental to the then existing or prospective use of the surface of any such property, including, but not limited to, restrictions on drilling on designated tracts, limitations on the number of separate drilling locations, preservation of esthetic values by camouflaging, burying or hiding permanently installed equipment, and relocation of gathering lines and pipelines, all

at lessee's expense. Agrico shall not be entitled to receive rents, royalties or bonuses under such lease or leases.

C. Conoco has furnished to Agrico lists representing the plant foods business to be acquired or assumed by Agrico hereunder:

1. All outstanding uninsured claims and litigation involving the plant foods business and more than $50,000, but including all injunction matters.

2. All agreements involving assumed obligations in excess of $2,000,000 and extending beyond February 1, 1972, and all agreements under the supervision of the Supply and Distribution Department of the Memphis office involving assumed obligations in excess of $250,000 and extending beyond February 1, 1972.

3. All fee properties, as of December 31, 1971.

4. All personal property, as of December 31, 1971.

5. All significant interests in real estate, including mineral interests, but not including leases involving annual rental of less than $10,000.

Conoco will, no later than March 1, 1972, furnish Agrico with new copies of Lists 3 and 4, updated to February 1, 1972, to replace the older copies of Lists 3 and 4. Conoco represents that these lists are correct as of February 1, 1972, in all respects material to the aggregate business or assets conveyed here-

under, except as they may have been affected by transactions in the ordinary course of business.

SECTION II

Purchase Price

A. The purchase price to be paid by Agrico to Conoco hereunder shall be the total sum of One Hundred Million Five Hundred Thousand Dollars U.S. ($100,500,000) (as adjusted as hereinafter provided), of which Ninety Nine Million Three Hundred Thousand Dollars U.S. ($99,300,000) shall be paid in cash and One Million Two Hundred Thousand Dollars U.S. ($1,200,000) represents liabilities assumed by Agrico for advance payments by customers against future product shipments as provided in Section V F herein. The purchase price is Sixty-Nine Million Six Hundred Thousand Dollars U.S. ($69,600,000) for fixed assets and Thirty Million Nine Hundred Thousand Dollars U.S. ($30,900,000) for inventories, being ninety percent (90%) of the estimated book inventory value as of February 1, 1972, valued in accordance with Conoco's customary practice in recording inventories.

B. Upon the execution of this Agreement on February 1, 1972, Agrico shall pay the entire cash portion of the purchase price to Conoco in good and immediately available funds by either (i) depositing said funds in the account of Continental Oil Company, Account 000-274-06 in First National City Bank, 399 Park Avenue, New York, New York, or (ii) handing to a designated Con-

oco representative a check or checks drawn in federal funds on the Federal Reserve Bank of New York and naming Continental Oil Company as payee.

SECTION III

Inventories

A. The estimated book value as of February 1, 1972 of inventories of raw materials, unfinished goods in process, finished or manufactured goods, merchandise for resale, spare parts, containers, maintenance materials and operating supplies (the "inventories") applicable to Conoco's plant foods business is Thirty-Four Million Three Hundred Thousand Dollars U.S. ($34,300,000). Conoco and Agrico shall jointly determine the actual cost value of such inventories as of February 1, 1972 in the following manner:

1. The costing policies, methods, and procedures shall be those customarily used by Conoco for financial purposes in closing its books for a calendar year.

2. Determination of the actual cost value of inventory as of February 1, 1972, shall take into account deficiencies due to obsolescence or economic, legal, technical or mechanical nonsuitability for intended use, and deficiencies or excesses in recognized, customary, or officially established specifications, chemical analyses, quality standards and the like.

Agrico will endeavor to minimize deficiencies and maximize excesses by reprocessing, sale, or other appropriate action, and any necessary cost or expense shall be reimbursed to Agrico by Conoco.

3. Determination of the actual cost value of inventories as of February 1, 1972 shall take into account overages and shortages established by physical count and reconciliation with the book inventories as of February 1, 1972. Physical inventories at fertilizer plants, product terminals, Pierce facilities and the Blytheville ammonia plant will be taken between January 1, 1972 and February 10, 1972, except for spare parts and supplies, and at Conoco-owned and operated field warehouses between January 1, 1972 and March 15, 1972. Inventories of spare parts and supplies and inventories at throughput warehouses will be taken and reconciled between January 1, 1972 and November 30, 1972. Any shortages or overages at throughput warehouses will be charged or credited to the operator of the facility in accordance with normal Conoco procedures. Any settlement of a throughput warehouse account involving an allowance of more than two percent (2%) of throughput volume must have the concurrence of a designated Conoco representative. Any shortage or overage that is

not charged or credited to the operator of the facility will be shared between Conoco and Agrico, based on the ratio of product movements (ins and outs) between February 1, 1972 and the date of the first Agrico audit and the date of the last prior Conoco audit and February 1, 1972.

4. Conoco and Agrico shall cooperate in determining the actual cost value of inventories as of February 1, 1972. Each company shall make available the required personnel at its own cost. Out-of-pocket costs paid to third parties shall be shared equally. Conoco shall have a right to have representatives present at the taking of each physical inventory and the determination of the value thereof.

B. Upon determination of the actual cost value of inventories as of February 1, 1972, the purchase price shall be adjusted upward or downward, as the case may be, by one hundred percent (100%) of the difference between the actual cost value and Thirty-Four Million Three Hundred Thousand Dollars U.S. ($34,300,000). Payment between Conoco and Agrico of that portion of the overall excess or deficiency in inventories attributable to the error in estimating book value as of February 1, 1972 shall take place on May 1, 1972. Payment of all other inventory excesses or deficiencies, as described in Section III A 2 and 3 herein, shall be on a monthly basis on the 20th day of the next

following month, with the final settlement not later than December 10, 1972.

SECTION IV

Collection of Receivables

A. Agrico shall act as Conoco's agent for the purpose of collecting the accounts receivable and the notes of Conoco's plant foods business as of February 1, 1972, excepting those accounts receivable and notes that have been turned over to an agency for collection and the accounts receivable and notes of Agricultural Chemicals Limited. Agrico shall receive a collection fee of five percent (5%) of the book value of such notes and receivables (including the notes and receivables of Agricultural Chemicals Limited) as of February 1. 1972, payable as hereinafter provided. Agrico shall use just as diligent efforts in collecting the notes and receivables of Conoco as it does in collecting Agrico's notes and receivables, provided, however, that Agrico will not be expected nor required to commence litigation for collection purposes. Should Agrico and Conoco mutually determine at any time that any note or receivable is incapable of collection without litigation or special collection procedures, then, upon written notice to Conoco by Agrico, Agrico's collection responsibilities under this paragraph as to such designated receivable shall cease. Upon thirty (30) days' written notice, Conoco shall have the right at any time to require Agrico to discontinue collection efforts with

respect to any note or receivable, but in any event, any note or receivable one year past due shall be returned to Conoco and Conoco shall take over the collection activity, but without abatement or reduction of the five percent (5%) collection fee. With respect to any notes or receivables for which the collection responsibility has been returned to Conoco, Agrico shall return all files concerning such notes or receivables to Conoco and cooperate with Conoco in providing any further information to assist Conoco in collecting the same.

B. It is understood that certain receivables are not collectible in cash. Such receivables include a net debit balance in product exchange accounts resulting from product delivered to and received from exchange partners. As of February 1, 1972, all outstanding product exchange accounts shall be netted out and the net monetary balance shall be paid to Conoco in the following manner:

(i) The exchange balances shall be valued for this purpose in accordance with the policies, methods, and procedures heretofore followed by Conoco.

(ii) Agrico shall pay Conoco for each ton of ammonia due from Vistron (as received) an amount per ton obtained by dividing said net debit exchange balance by the total tons of ammonia due from Vistron to Conoco as of February 1, 1972. Overages and shortages in exchange accounts as of February 1, 1972 shall be for Conoco's account.

C. Receivables also include an amount payable in potash by International Minerals & Chemicals Corporation ("IMC") under an "Agreement" dated September 28, 1971. Agrico will reimburse Conoco in cash for the value of potash received by Agrico from IMC at the prices stipulated in the agreement.

D. Conoco's accounting policies, methods and procedures for handling accounts receivable from marketers and distributors, the related profit accounts and receivable accounts from the customers of such marketers and distributors, have been fully disclosed to and discussed with Agrico. In handling and collecting the receivables to be collected by Agrico hereunder, Agrico agrees to follow the same policies, methods and procedures as were previously followed by Conoco, and in addition agrees to carry out the same policies, methods and procedures with respect to audits, approval of credit, the handling of product overages and shortages, and the liquidation of slow or uncollectible accounts as did Conoco in the past.

E. It has been Conoco's practice to levy a monthly service charge on customers for past due notes and receivables. To the extent permitted by law, Agrico shall continue this practice in liquidating Conoco's notes and receivables, and shall remit the proceeds to Conoco.

F. Since many customer receivables, as heretofore described, will contain amounts due both from sales made by Conoco and from sales made by Agrico, it is agreed that customer remit-

tance advices, if any, shall govern the portion of the account against which payment shall be applied. In the case of payments made generally on credit account without a transaction designation, such payments shall be applied to the outstanding charge or charges with the oldest past due date or dates in the account with respect to which such collection is made, or if the account is in a current condition, shall be applied to the outstanding charge or charges with the earliest due date or dates; i.e., on a first-in, first-out basis, except that no customer remittances shall be applied to specific account items in dispute until such dispute is resolved. Agrico specifically agrees that it will take no action whatsoever to influence customers to apply remittances to Agrico accounts in preference to Conoco accounts.

G. Funds collected by Agrico or reimbursements due from Agrico as provided in paragraphs A, B, C and D of this Section IV, or notes and receivables determined to be incapable of collection, shall be accumulated and remitted to Conoco monthly, less the five percent (5%) collection fee until Agrico has received payment in full of the collection fee specified in paragraph A of this Section IV. Remittances shall be made on the 20th day of the month next following the month in which receipts were made or reimbursements came due.

H. Conoco shall have the right to appoint a representative to observe and review the collection of receivables by Agrico hereunder. When the compromise settlement of a receivable

or note results in a reduction of the gross balance due on such receivable or note in excess of ten percent (10%) or One Thousand Dollars ($1,000), whichever is the lesser, such compromise settlement shall be made only upon written approval of such representative.

I. Agrico shall reimburse Conoco for the cash, marketable securities and accounts and notes receivable, less total liabilities of Agricultural Chemicals Limited as of February 1, 1972. For this purpose, amounts payable by Agricultural Chemicals Limited to its parent company shall not be considered liabilities. The reimbursement shall be made one sixth (1/6) each month, commencing March 1, 1972. Agrico shall be entitled to deduct from its reimbursements to Conoco any uncollectible accounts and any unrecorded liabilities as of February 1, 1972. Agricultural Chemicals Limited will retain ownership and title to its cash, marketable securities, and notes and accounts receivable, and will continue to be responsible for its liabilities as of February 1, 1972.

SECTION V

Contracts, Leases, and Obligations

A. From and after February 1, 1972, Agrico assumes and agrees to keep, observe, and perform all of the covenants, obligations, and duties, express or implied, imposed upon, assumed by, or agreed to by Conoco under all of the contracts, leases, sub-

leases, licenses, and other agreements ("Contracts") of Conoco specifically respecting the plant foods business being sold hereunder and the operation thereof. Conoco assigns to Agrico, as of February 1, 1972, all of its right, title, and interest in such Contracts which are assignable, and if consent is required for the assignment of any such Contracts, then Conoco and Agrico will use their best efforts to obtain such consent. If consent to assignment is not obtained with respect to any Contract, the parties will cooperate in every reasonable manner to effectuate the performance of any such Contract.

B. Conoco expressly assumes liability for all claims, demands and causes of action against Conoco accruing prior to February 1, 1972. Conoco acknowledges its responsibility for such liability and agrees to indemnify, defend, and hold Agrico and TWC harmless against any such claims, demands or causes of action, including the reimbursement of reasonable attorneys' fees and expenses to Agrico and TWC (provided, however, that Conoco will not be liable for loss of profit from or expenses incurred on or after February 1, 1972 resulting from injunctions or requested injunctions, exclusive of damages sought in connection therewith for which Conoco has assumed liability under this paragraph B, relating to any conditions which existed at February 1, 1972). Agrico shall assist Conoco in the handling and defense of such claims and actions.

C. The assignment of the Contracts, as herein provided, and the obtaining of consents to such assignments, shall be performed as promptly as practicable, and the parties shall cooperate in the obtaining of such consents in every reasonable manner.

D. Conoco is obligated under a contract with E. I. du Pont de Nemours & Company dated July 28, 1965 providing for the purchase by Conoco of ammonia produced by du Pont under which 39,082 tons of ammonia remained to be accepted by Conoco as of December 31, 1971. Conoco agrees to remain liable for the penalty for failure to complete its performance under said contract, up to Eight Hundred Eighty Thousand Dollars U.S. ($880,000), and Agrico agrees to use its best efforts, in a reasonable and prudent business-like manner, to purchase as much of such ammonia as practicable, thus mitigating or eliminating Conoco's liability.

E. Conoco is obligated under a contract with Hercules Incorporated dated May 28, 1965 providing for the delivery of ammonia by Conoco to Hercules and the tolling thereof by Hercules into nitrogen products of which 15,682 tons remained to be accepted by Conoco as of December 31, 1971. Conoco agrees to remain liable for the penalty for failure to complete its performance under said contract, up to One Hundred Sixty-Five Thousand Dollars U.S. ($165,000), and Agrico agrees to use its best efforts, in a reasonable and prudent business-like manner to complete the acceptance of the remainder of said products, thus mitigating or eliminating Conoco's liability.

F. Agrico specifically agrees to deliver at its expense product to fulfill the prepayment commitment under Conoco's customer prepayment program prior to February 1, 1972 for delivery after February 1, 1972.

SECTION VI

Warranties

A. Agrico represents and warrants that:

1. Agrico is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and is duly qualified to do business and is in good standing in every state in which the nature of the business conducted by it, and to be conducted by it under this Agreement, makes qualification necessary.

2. Agrico has full power, authority, and legal right to enter into this Agreement, to acquire the assets and rights to be transferred hereunder, to lease the properties to be leased hereunder, and to perform all of the obligations assumed by it in connection with this Agreement.

3. All necessary corporate action has been taken to authorize the execution and delivery of this Agreement by Agrico, and all necessary corporate action has been taken to authorize and empower the consummation of this Agreement by Agrico, performance of all of the terms

and conditions thereof, the acquisition of the assets and rights to be transferred hereunder, the lease of the properties to be leased hereunder, and the performance of all of the obligations assumed in connection with this Agreement.

4. To the best of its knowledge, Agrico is not subject to any restriction of any kind or character which would prevent the consummation of the transaction contemplated by this Agreement, and no action or proceeding has been instituted or threatened before a court or other governmental body or by any public authority to restrain or prohibit the acquisition by Agrico of the assets and rights hereunder.

5. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Agrico directly with Conoco in such manner as not to give rise to any valid claim against any of the parties hereto for a brokerage commission, finder's fee or other like payment.

B. Conoco represents and warrants that:

1. Continental Oil Company is a corporation duly organized, validly existing, and in good standing under the laws of Delaware, and is duly qualified to do business and is in good standing in all states of the United

States in which the plant foods business being sold and leased hereunder are located.

2. The consummation of the transaction contemplated by this Agreement will not result in any breach or violation of, or default under, any judgment, decree, mortgage, agreement, indenture, or other instrument applicable to Conoco, subject to obtaining of consents as provided in Section V A.

3. Conoco has full power, authority, and legal right to enter into and perform this Agreement, and the execution, delivery, and performance of this Agreement by Conoco, including the sales, transfer, leases and deliveries contemplated hereby, have been duly and effectively authorized by the Executive Committee or its Board of Directors.

4. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by Conoco directly with Agrico in such manner as not to give rise to any valid claim against any of the parties hereto for a brokerage commission, finder's fee or other like payment.

C. TWC represents and warrants that:

1. TWC is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada.

2. TWC has full power, authority, and legal right to enter into the guaranty agreement given by it in connection with this Agreement, and the execution and delivery having been duly and effectively authorized by its Board of Directors.

3. The consummation of the transaction contemplated by this Agreement will not result in any breach or violation of, or default under, any judgment, decree, mortgage, agreement, indenture, or other instrument applicable to TWC.

SECTION VII

Instruments Delivered on February 1, 1972

On February 1, 1972, at the time of payment of the purchase price.

Conoco will deliver to Agrico:

A. An omnibus Special Warranty Deed and Assignment for the property sold hereunder, signifying a warranty against acts by, through or under Conoco, but not otherwise.

B. General Assignment and License of Proprietary Rights as herein provided in Section XII.

C. General Conveyance, Bill of Sale and Assignment.

D. Stock certificates, and stock powers endorsed in blank, for the corporations transferred to Agrico hereunder, except North Carolina Phosphate Company.

E. Certified copy of the resolution of the Executive Committee of the Board of Directors of Conoco authorizing the sale and lease hereunder and the execution of all documents necessary to effect same.

F. Opinion of counsel of Conoco regarding Conoco's warranties under Section VI B, except paragraph 4 thereof.

Agrico will deliver to Conoco:

A. Payment of the purchase price as provided in Section II herein.

B. An opinion of counsel regarding Agrico's warranties under Section VI A, except paragraph 5 thereof.

C. Certified copy of the resolution of the Board of Directors of Agrico authorizing the purchase and lease hereunder and the execution of all documents necessary to effect same.

TWC will deliver to Conoco:

A. Guaranty Agreement.

B. Opinion of counsel of TWC regarding TWC's warranties under Section VI C.

C. Certified copy of the resolution of the Board of Directors of TWC authorizing execution of the Purchase Agreement and the Guaranty Agreement.

Conoco and Agrico shall execute:

A. A services letter agreement.

B. A partial sublease covering the Blytheville facilities.

C. A gas purchase option letter.

SECTION VIII

Expenses and Proration

A. Payment of excise, sales, use, transfer, document and like taxes and expenses applicable to the purchase of the assets and rights covered by this Agreement shall be mutually agreed upon by the parties hereto.

B. Ad valorem taxes, prepaid rentals, prepaid licenses, and similar items shall be prorated to February 1, 1972.

SECTION IX

Services Agreement

Both parties recognizing the need for continuity of certain services presently furnished to the plant foods business by Conoco, Conoco agrees to provide such services to Agrico on the basis, and for the periods, described in a certain letter agreement between Conoco and Agrico dated February 1, 1972.

SECTION X

Leases

A. The parties agree in principle that Conoco's Blytheville, Arkansas, ammonia production facility and associated railroad tank cars will be subleased effective February 1, 1972 by Conoco to Agrico on generally the same terms and conditions by

which Conoco leases said facilities from the City of Blytheville, including rental, as provided in the Sublease Agreement between Conoco and Agrico dated February 1, 1972.

B. The parties agree that Conoco's terminal facilities at Wilder, Kentucky, North Pekin, Illinois, and Blair, Nebraska, will be subleased or leased effective February 1, 1972 by Conoco to Agrico either (i) on substantially the same terms and conditions, including rental, as contained in the sublease under which Conoco presently leases such facilities, or (ii) by the alternate method of a direct lease from Conoco, as owner, to Agrico, as the parties may mutually agree.

SECTION XI

Employee Benefits and Procedures

A. Conoco shall continue to be responsible for liabilities and obligations relating to salaries and creditable service prior to the "New Employment Date", hereinafter defined, of the active or retired employees of the plant foods division (exclusive of the active or retired employees of Agricultural Chemicals Limited) under the following employee benefit plans:

(i) the "Thrift Plan for Employees of Continental Oil Company", herein called the "Conoco Thrift Plan";

(ii) the "Employee Pension Plan of Agrico Chemical Company, Division of Continental Oil Company (funded)", herein called the "Funded Plan";

(iii) the "Retirement Benefit Plan of Agrico Chemical Company, Division of Continental Oil Company (unfunded"), herein called the "Unfunded Plan"; and

(iv) the "Retirement Plan of Continental Oil Company", herein called the "Conoco Retirement Plan".

Conoco, subject to IRS approval, will amend the Conoco Thrift Plan, the Funded Plan, the Unfunded Plan, and the Conoco Retirement Plan (herein called the "Plans") where necessary or appropriate to permit the employees of the plant foods division who are employed by Agrico on the New Employment Date to remain members of the Plans while they are employed by Agrico, such continued membership to be for the sole purpose of determining the time when such members are entitled to vesting or retirement allowances, provided, however, that no further compensation or service past the New Employment Date shall count toward any such member's accrual of benefits under any of the Plans. Neither such members nor Conoco, with respect to such members, shall make any further contributions to the Thrift Plan subsequent to the New Employment Date, nor shall such members make any further contributions to The Conoco Retirement Plan subsequent to the New Employment Date.

The "New Employment Date" shall mean March 1, 1972, except that, with respect to any such member whose pay period does not end on such date, the "New Employment Date" as to such member shall mean the closest date before or after March 1, 1972 on which

such member's pay period does end. Conoco and Agrico recognize that the New Employment Date, therefore, may vary for different groups of employees depending on the timing of their pay periods.

In no event shall Conoco be responsible for any liabilities or obligations under the Unfunded Plan with respect to any active or retired employees of Agricultural Chemicals Limited (hereinafter sometimes referred to as "ACL").

B. Agrico shall cause its subsidiary, Agricultural Chemicals Limited, to assume and discharge all liabilities and obligations relating to any active or retired employees of Agricultural Chemicals Limited under:

(i) the "Employee Pension Plan of Agricultural Chemicals Limited--a Subsidiary of Continental Oil Company"; and

(ii) the Unfunded Plan.

Agrico will cause ACL to refrain from reducing the retirement plan benefits to which any such employee of ACL is or may become entitled in respect of his service and salary to February 1, 1972.

C. Agrico agrees that on or after the applicable New Employment Date, in the case of plant foods division employees, and on or after February 1, 1972 in the case of ACL employees, Conoco shall have no further responsibility for providing employee medical, hospitalization, disability, and life insurance coverage for such employees of the plant foods division employed by Agrico or for such employees of ACL. Claims of such employees, if any,

for conditions existing prior to the applicable New Employment Date or prior to February 1, 1972, as the case may be, shall be processed for payment under the terms of the specific Conoco or plant foods division policy relating to retired or terminated employees.

SECTION XII

Intangibles

A. Conoco hereby assigns, grants, and conveys to Agrico certain United States patents and applications (together with their foreign equivalents) and inventions, and the right to damages for past infringement thereof, relating exclusively to its plant foods business as set forth in Exhibit "B" attached hereto and made a part hereof, reserving, however, a royalty-free, non-exclusive, unlimited capacity license in Conoco for the benefit of Conoco, any affiliate or subsidiary thereof wherein Conoco controls, directly or indirectly, at least fifty percent (50%) of the voting stock, or their assignees, under such foreign equivalents, except Canadian, and reserving a royalty-free, non-exclusive, unlimited capacity license for the benefit of the Carteret, New Jersey, facilities retained by Conoco relating to corrosion inhibition of phosphoric acid, manufacture of phosphoric acid, upgrading of phosphorus and the manufacture of detergent builders.

B. Conoco hereby grants to Agrico a royalty-free, non-exclusive, unlimited capacity license under certain other United

States patents, patent applications (together with their foreign equivalents), and inventions, as set forth in Exhibit "B" attached hereto and made a part hereof.

All present foreign equivalents of U.S. patents and applications set forth in Exhibit "B" are set forth in Exhibit "C", attached hereto.

Each party agrees to inform the other party promptly upon the issuance of additional patents under which the other party is licensed hereunder.

Licensed rights hereunder may be assigned or sublicensed, in whole or in part, to the extent of a non-exclusive, royalty-free, fully paid license for unlimited capacity upon the sale of any manufacturing or producing facility, limited to use at or in such facility. However, the transfer of such facility to an affiliate or subsidiary of either party wherein said party controls, directly or indirectly, fifty percent (50%) of the voting stock therein shall not be considered a sale, but shall be considered the same party hereto.

Agrico agrees to compensate inventors of U.S. applications and inventions assigned hereunder according to the standard invention agreement existing as of February 1, 1972, between Conoco and the inventors. A copy of said standard agreement is marked Exhibit "D" and is attached hereto and made a part hereof.

C. Conoco conveys, transfers, and assigns to Agrico all marks used exclusively by Conoco in its plant foods business,

and the state, United States and foreign registration thereof, as shown in Exhibit "E" attached hereto and made a part hereof, together with the good will associated with said marks, except "AGRICO" used conjunctively with the Conoco triangle and crossbar, and Conoco will obtain the conveyance, transfer and assignment of such marks held in the name of any foreign subsidiary of Conoco.

Agrico shall have the right to use Conoco registered and common law marks not assigned hereunder and used on any of the assets sold hereunder until February 1, 1974; Agrico agrees not to purchase additional supplies displaying such marks or to display such marks in any manner other than as displayed by Conoco on January 31, 1972.

Conoco agrees not to use, itself or through any affiliate, "AGRICO" in any form anywhere in the world after February 1, 1972 except as set forth in the following paragraph.

Amalgamated Chemical Co., an Australian corporation, hereinafter "Amalgamated", is presently using the assigned marks in Australia and its marketing area, including, but not limited to, New Zealand, Japan, Brunei, Malaya, Saba, Sarawak, and Singapore. Conoco retains the right for the continued use of the assigned marks by Amalgamated in the territory presently appropriated by Amalgamated. Conoco will use its best efforts to cause Amalgamated to cease using such marks.

D. Conoco agrees to assign all its rights and obligations to Agrico, and Agrico agrees to assume all the rights and obliga-

tions under certain license agreements as set forth in Exhibit "F" attached hereto and made a part hereof.

E. Conoco agrees, subject to its customary restrictions and limitations, to license Agrico to use, royalty-free, the REACT computer program, and agrees to transfer to Agrico all existing program materials except hardware, currently used by Conoco in connection with the service of REACT for railroad cars transferred to Agrico by this Purchase Agreement.

F. Within a reasonable time after February 1, 1972 Conoco will transfer all applications and unfiled inventions (listed as ICR's on the Exhibit), to be assigned as set forth above to Agrico, and Agrico will assume responsibility and expense for prosecution of such applications. Upon request of Agrico, Conoco will execute specific assignment papers relating to these patent and trademark rights to be assigned hereunder. Conoco will cooperate with Agrico in obtaining United States and/or foreign patents and trademarks based on any such applications and inventions.

SECTION XIII

Supplemental Documents

As soon as practicable after February 1, 1972, Conoco shall deliver to Agrico for recording, as completed, the following duly executed supplemental instruments and documents:

1. Special Warranty Deeds for each State in recordable and proper form covering the real estate

held in fee by Conoco and conveyed hereby.

2. Mineral Deeds and/or Mineral Leases for each State in recordable and proper form.

3. Assignments of Leases and a listing of leases as to which formal assignment has not been accomplished.

4. Titles to motor vehicles, barge Conoco Big-N, railroad cars, and a listing of personal property for which title or license transfer is required but has not been accomplished.

5. Such other instruments of conveyance and transfer as Agrico may reasonably require more effectively to vest in Agrico any property sold hereunder, and to facilitate the effective recordation thereof by Agrico.

Agrico shall deliver to Conoco, as requested, such lease instruments, in recordable form, with customary terms and conditions, to document the reservation of mineral interests set forth in Section I B herein.

SECTION XIV

General

A. Agrico agrees to waive Conoco's compliance with the provisions of the Bulk Sales Articles of the Uniform Commercial Code of those states in which any of the assets or rights being transferred to Agrico hereunder are located, and under the Bulk Sales Law of Louisiana.

B. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

C. All representations, warranties, and agreements contained in this Agreement shall be deemed to survive the date of execution of this Agreement. Those contained in Sections I C and VI shall expire on May 1, 1972.

D. This Agreement, or any part hereof, shall not be assignable (by operation of law or otherwise) by either party without the prior written consents of the others, except to an affiliate or subsidiary corporation of such party. An "affiliate or subsidiary corporation" shall be only those of which a party hereto, or its parent, owns at least ninety percent (90%) of the outstanding stock. TWC's obligations under the guaranty agreement shall not be assignable in any event without the permission of Conoco, which shall not be withheld unreasonably.

E. If any term or provision of this Agreement or transaction pursuant hereto shall be held to be illegal or unenforceable, judicially or otherwise, then the same shall not affect the legality or enforceability of any other term or provision hereof, but shall at the option of the obligor, terminate such illegal or unenforceable term, provision, or transaction.

F. Neither party hereto shall be liable for failure to perform or for delay in performing any act or obligation of this Agreement (except the payment of money) if such failure or delay shall be caused by or result from an Act of God, fire, flood,

strikes, difference with workmen, accidents, the direct or indirect consequences of war (declared or undeclared), hostilities, national emergencies, embargoes, requirements or regulations of government, or any other cause or causes beyond the reasonable control of the parties hereto. Should a condition constituting an Act of God or force majeure be in effect and continue for as long as sixty (60) days, the party prevented from performing may terminate that portion of this Agreement which it is prevented from performing by giving the other party not less than thirty (30) days' notice of termination; provided, however, if such condition shall cease during such notice period, such notice shall be of no effect.

G. From and after February 1, 1972, Agrico shall have all the benefits and detriments attributable to the assets conveyed hereunder, including risk of loss, except as otherwise specifically provided herein. Agrico hereby agrees to indemnify and defend Conoco against all actions, claims and demands whatsoever arising out of any act or omission of Agrico after February 1, 1972.

H. As to rail cars covered by this Agreement (including Article X) sublease rentals from third parties and rental charges for cars in use by Conoco, together with mileage allowances, shall be prorated as of February 1, 1972.

I. Agrico shall allow Conoco to have free access to

historical records and documents as might be required for income tax or financial purposes.

J. Anything in this Agreement to the contrary notwithstanding, under no circumstances will any party be required to complete the sale and purchase of less than substantially all of the assets intended to be sold by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CONTINENTAL OIL COMPANY

ATTEST:

Secretary

By
President - Conoco Chemicals Division of Continental Oil Company

AGRICO CHEMICAL COMPANY

ATTEST:

Secretary

By
Chairman of the Board and Chief Executive Officer

THE WILLIAMS COMPANIES

ATTEST:

Secretary

By
Chairman of the Board and Chief Executive Officer

EXHIBIT A

REPORT NO. 31-2002 — REAL PROPERTIES DEPARTMENT CATALOGU

STATE-FLORIDA — DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	COUNTY NO	DEPT	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
500-000	HILLSBOR	57	253	PIERCE	FEE	RECREATION	IDLE/PLANS	41.00	1.00	00-30	11-
DESC-SEC. 36-29S-21E					RMKS-MINED-OUT,MOSTLY WATER, FUTURE USE RECREATION &/OR COMMERCIAL/S						
501-001	HILLSBOR	57	253	PIERCE	FEE	MINING	IDLE/PLANS	235.42	1.00	00-30	11-
DESC-SEC. 1-30S-21E					RMKS-MINED OUT,CLAY CUTS BETWEEN O/BURDEN SPOIL,POSS.CONVERSION TO P						
501-002	HILLSBOR	57	253	PIERCE	FEE	PASTURE	AS INTENDED	16.00	1.00	00-30	11-
DESC-SEC. 1-30S-21E					RMKS-IMPROVED PASTURE - LEASED						
502-001	HILLSBOR	57	253	PIERCE	FEE	RECREATION	AS INTENDED	130.00	1.00	00-30	11-
DESC-SEC. 12-30S-21E					RMKS-MINED OUT, LONG TERM LSE. TO FLORIDA FRESH WATER FISH & GAME C						
502-002	HILLSBOR	57	253	PIERCE	FEE	AGRICULTURAL	IDLE/PLANS	30.00	1.00	00-30	11-
DESC-SEC. 12-30S-21E					RMKS-MINED OUT,RECLAIMED, PLANTED IN COVER CROP, TO BE PLANTED TO						
503-000	HILLSBOR	57	253	PIERCE	FEE	RECREATION	AS INTENDED	40.00	1.00	00-30	11-
DESC-SEC. 31-29S-22E					RMKS-MINED OUT, UNRECLAIMED, WILL FRONT ON LARGE LAKE AND RECREATIO						
504-000	HILLSBOR	57	253	PIERCE	FEE	PASTURE	AS INTENDED	250.00	1.00	00-30	11-
DESC-SEC. 5-30S-22E					RMKS-ORIG.SETTLING POND,RECLAIMED, PLANTED TO IMPROVED PASTURE GRA						
505-001	HILLSBOR	57	253	PIERCE	FEE	PASTURE	IDLE/PLANS	200.00	1.00	00-30	11-
DESC-SEC. 6-30S-22E					RMKS-ORIG.SETTLING POND,RECLAIMED. AGRICULTURAL USAGE ONLY. APP						
505-002	HILLSBOR	57	253	PIERCE	FEE	AGRICULTURAL	AS INTENDED	72.00	1.00	00-30	11-
DESC-SEC. 6-30S-22E					RMKS-CITRUS ON RECLAIMED LAND.						
505-003	HILLSBOR	57	253	PIERCE	FEE	MINING	IDLE/PLANS	366.00	1.00	00-30	11-
DESC-SEC. 6-30S-22E					RMKS-MINED OUT,NOT RECLAIMED, APPROX. 90 ACRES OF REMINABLE TAILS US						
506-001	HILLSBOR	57	253	PIERCE	FEE	AGRICULTURAL	AS INTENDED	[illegible]			
DESC-SEC. 7-30S-22E					RMKS-CITRUS - 10.29 ACS. PLANTED 40.00 ACS TO BE PLANTED SPRING 19						
506-002	HILLSBOR	57	253	PIERCE	FEE	PASTURE	IDLE/PLANS	49.12	1.00	00-30	11-
DESC-SEC. 7-30S-22E					RMKS-MINED OUT, CLAY FILLED CUTS BETWEEN OVERBURDEN SPOIL, POSSIBLE						
506-003	HILLSBOR	57	253	PIERCE	FEE	RECREATION	AS INTENDED	30.00	1.00	00-30	11-
DESC-SEC. 7-30S-22E					RMKS-MINED OUT, LONG TERM LSE. TO FLORIDA FRESH WATER FISH & GAME C						
507-000	HILLSBOR	57	253	PIERCE	FEE	SALE-EXCH	SEE REMARKS	1.40	1.00	00-30	11-
DESC-SEC. 17-30S-22E					RMKS-SMALL TR. AAC INADVR.RETAINED OWN/S WHEN PROP.IN AREA WAS DISPO						
508-000	HILLSBOR	57	253	PIERCE	FEE	MINING	IDLE/PLANS	240.00	1.00	00-30	09-
DESC-15-30S-21E					RMKS-SECONDARY RD ROW, SCL ROW, TAMPA ELECTRIC ROW, RESERVES-COMMERC						
509-000	HILLSBOR	57	253	PIERCE	FEE	MINING	IDLE/PLANS	552.30	1.00	00-30	09-
DESC-22-30S-21E					RMKS-SECONDARY RD ROW, SCL ROW, TAMPA ELECTRIC ROW, RESERVES-COMMERC						
510-000	HILLSBOR	57	253	PIERCE	FEE	MINING	IDLE/PLANS	240.00	1.00	00-30	09-
DESC-23-30S-21E					RMKS-SECONDARY RD ROW. RESERVES-COMMERCIAL FOREST. CATTLE LSE.						

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
511-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	5.00	1.00	01-66	09-71
DESC-33-30S-21E			RMKS-CATTLE LEASE							
512-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	48.86	1.00	01-66	09-71
DESC-34-30S-21E			RMKS-CATTLE LEASE, SECONDARY ROAD ROW.							
513-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	232.00	1.00	05-68	09-71
DESC-4-31S-21E			RMKS-CATTLE LEASE							
514-001	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	35.00	1.00	05-68	09-71
DESC-5-31S-21E			RMKS-CATTLE LEASE							
514-002	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	6.00	1.00	05-68	09-71
DESC-A F TURNER SUB 7-18 5-31			RMKS-SEC 5-T31S-R21E. PLATED SUBDIVISION, COUNTY RD R/W							
514-003	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	92.00	1.00	06-69	09-71
DESC-5-31S-21E			RMKS-CATTLE LEASE, COUNTY RD ROW							
514-004	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	2.00	1.00	06-69	09-71
DESC-A F TURNER SUB 5-31S-21E			RMKS-PLATED SUBDIVISION, CATTLE LEASE, COUNTY RD ROW.							
515-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	160.00	1.00	06-69	09-71
DESC-19-30S-21E			RMKS-CATTLE LEASE, TAMPA ELECTRIC R/W							
516-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	320.00	1.00	06-69	09-71
DESC-20-30S-21E			RMKS-CATTLE LEASE, TAMPA ELECTRIC R/W							
517-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	480.00	1.00	06-69	09-71
DESC-21-30S-21E			RMKS-CATTLE LEASE, TAMPA ELECTRIC R/W							
518-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	426.50	1.00	06-69	09-71
DESC-25-30S-21E			RMKS-CATTLE LEASE. SCL RR R/W, COUNTY ROAD R/W.							
519-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	550.00	1.00	06-69	09-71
DESC-26-30S-21E			RMKS-CATTLE LEASE, COUNTY ROAD R/W							
520-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	320.00	1.00	06-69	09-71
DESC-30-30S-21E			RMKS-CATTLE LEASE							
521-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	262.00	1.00	06-69	09-71
DESC-31-30S-21E			RMKS-CATTLE LEASE, COUNTY ROAD R/W							
522-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	584.00	1.00	06-69	09-71
DESC-32-30S-21E			RMKS-CATTLE LEASE, COUNTY ROAD R/W							
523-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	444.00	1.00	06-69	09-71
DESC-33-30S-21E			RMKS-CATTLE LEASE, COUNTY ROAD R/W, SCL RR R/W.							
524-001	HILLS	57	253 PIERCE	FEE	MINING	IDLE/PLANS	300.00	1.00	00-30	02-70
DESC-11-30S-20E			RMKS-RD ROW, 1 AC LONG TERM LSE TO TECO, CATTLE LSE, RESERVE LAND COMM							

40600

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
524-002	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	60.00	1.00	11-70	09-7
DESC-NWSW,N/2SWSW 11-30S-20E			RMKS-							
525-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	560.00	1.00	00-30	09-7
DESC-12-30S-20E			RMKS-ROAD ROW, CATTLE LSE, RESERVE LAND, COMM FOREST & IMPROVED PASTUR							
526-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	350.00	1.00	00-30	09-7
DESC-13-30S-20E			RMKS-ROAD ROW, CATTLE LSE, RESERVE LD, COMM FOREST, & IMPROVED PASTURE							
527-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	240.00	1.00	00-30	09-7
DESC-14-30S-20E			RMKS-ROAD ROW, CATTLE LSE, RESERVE LD, COMM FOREST,							
528-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	418.50	1.00	00-30	09-7
DESC-SC-7-30S-21E			RMKS-3 RD ROW, 20 AC L, TERM LSE BLOOMDALE CIVIC CLUB, CATTLE LSE, RES							
529-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	70.00	1.00	00-30	09-7
DESC-S 12-31S-20E			RMKS-CATTLE LEASE							
530-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	638.78	1.00	00-30	09-7
DESC-13-31S-20E			RMKS-CATTLE LEASE							
531-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	617.75	1.00	00-30	09-7
DESC-14-31S-20E			RMKS-CATTLE LEASE, COUNTY RD R/W							
532-000	HILLSBOR	57	253 PIERCE	FEE	MINING	IDLE/PLANS	120.00	1.00	00-30	09-7
DESC- 8-31S-21E			RMKS-CATTLE LEASE							
533-001	HILLSBOR	57	253 PIERCE	FEE	MINING	IDL-NO PLANS	154.13	1.00	00-30	09-7
DESC-13-31S-21E			RMKS-MINED OUT, LSED TO MRC, INC FOR SCAVENGER OPER (IN PROGRESS). POS							
533-002	HILLSBOR	57	253 PIERCE	FEE	PLANT-SITE	AS INTENDED	4.00	1.00	00-30	09-7
DESC-13-31S-21E			RMKS-OLD BOYETTE WASHER SITE. LSED TO MRC, INC. FOR SCAVENGER OPERATI							
533-003	HILLSBOR	57	253 PIERCE	FEE	MINING	SEE REMARKS	320.00	1.00	00-30	09-7
DESC-13-31S-21E			RMKS-TO BE DEEDED TO AMERICAN CYANIMID 7-1-71 AS PART OF EXISTING AGRE							
534-001	HILLSBOR	57	253 PIERCE	FEE	MINING	IDL-NO PLANS	317.57	1.00	00-30	09-7
DESC-14-31S-21E			RMKS-MINED OUT, LSED TO MRC, INC. FOR SCAVENGER OPER NOW IN PROG. POSS							
534-002	HILLSBOR	57	253 PIERCE	FEE	PLANT-SITE	AS INTENDED	4.00	1.00	00-30	09-7
DESC-14-31S-21E			RMKS-OLD BOYETTE WASHER SITE. LSED TO MRC, INC. FOR SCAVENGER OPERATI							
535-001	HILLSBOR	57	253 PIERCE	FEE	PASTURE	AS INTENDED	278.60	1.00	00-30	09-7
DESC-SEC. 15-31S-21E			RMKS-MINED OUT. AREA HAS 4 LAKES-APPROX.100 ACS. COMPANY OWNED RR/RW							
535-002	HILLSBOR	57	253 PIERCE	FEE	UNKNOWN	SEE REMARKS	200.00	1.00	00-30	09-7
DESC-SEC. 15-31S-21E			RMKS-MINED OUT TO BE RECLAIMED DURING NEXT SEVERAL YEARS & CONVERTED							
535-003	HILLSBOR	57	253 PIERCE	FEE	UNKNOWN	SEE REMARKS	120.00	1.00	00-30	09-7
DESC-SEC. 15-31S-21E			RMKS-NON-USABLE COLLOIDAL CLAY SETTLING AREA.							

6664U

REPORT NO. 01-0002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
536-001	HILLSBOR	57 253	PIERCE	FEE	MINING	IDLE/PLANS	110.00	1.00	00-30	09-7
DESC-SEC. 16-31S-21E				RMKS-LIMITED CATTLE GRAZING, MOSTLY SWAMP, COMPANY OWNED RR/RW (TRA						
536-002	HILLSBOR	57 253	PIERCE	FEE	PASTURE	AS INTENDED	480.00	1.00	00-30	11-6
DESC-SEC. 16-31S-21E				RMKS-MINED 1966-68, WATER AREAS-COMMERCIAL FISH., POSSIBLE RESIDENTIA						
537-000	HILLSBOR	57 253	PIERCE	FEE	MINING	IDLE/PLANS	644.37	1.00	00-30	09-7
DESC-17-31S-21E				RMKS-CATTLE LEASE. CO OWNED RR R/W (TRACKAGE OWNED SCL).						
538-000	HILLSBOR	57 253	PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	00-30	09-7
DESC-18-31S-21E				RMKS-CATTLE LSE. SCL RR R/W & CO OWNED RR R/W (TRACKS OWNED SCL). CCL						
539-000	HILLSBOR	57 253	PIERCE	FEE	MINING	IDLE/PLANS	246.00	1.00	00-30	09-7
DESC-20-31S-21E				RMKS-TAMPA ELEC ROW. CATTLE LSE.						
540-000	HILLSBOR	57 253	PIERCE	FEE	PASTURE	AS INTENDED	320.00	1.00	00-30	09-7
DESC-21-31S-21E				RMKS-ABON FOR MINING, PLANTED IN SLASH PINE & ARGENTINE BERMUDA. CAT						
541-001	HILLSBOR	57 253	PIERCE	FEE	PASTURE	AS INTENDED	240.00	1.00	00-30	09-7
DESC-22-31S-21E				RMKS-ABON FOR MINING, PLANTED IN SLASH PINE & ARGENTINE BAHIA. LSED C						
541-002	HILLSBOR	57 253	PIERCE	FEE	MINING	AS INTENDED	80.00	1.00	00-30	09-7
DESC-22-31S-21E				RMKS-MINED OUT SETTLING AREA. LSED TO MRC, INC FOR SCAVENGER OPER. PC						
542-000	HILLSBOR	57 253	PIERCE	FEE	MINING	AS INTENDED	320.00	1.00	00-30	09-7
DESC-23-31S-21E				RMKS-MINED OUT SETTLING AREA. LSED TO MRC, INC FOR SCAVENGER OPER. PC						
543-001	HILLSBOR	57 253	PIERCE	FEE	MINING	AS INTENDED	80.00	1.00	00-30	09-7
DESC-24-31S-21E				RMKS-MINED OUT SETTLING AREA. LSED TO MRC, INC FOR SCAVENGER OPER. PC						
543-002	HILLSBOR	57 253	PIERCE	FEE	MINING	SEE REMARKS	200.00	1.00	00-30	09-7
DESC-24-31S-21E				RMKS-TO BE DEEDED TO AMER CYANIMID 7-1-71 AS PART OF EXISTING AGREEME						
544-000	HILLSBOR	57 253	PIERCE	FEE	MINING	SEE REMARKS	317.54	1.00	00-30	09-7
DESC-18-31S-22E				RMKS-TO BE DEEDED TO AMER CYANIMID 7-1-71 AS PART OF EXISTING AGREEME						
545-000	MANATEE	81 253	PIERCE	FEE	MINING	SEE REMARKS	139.00	1.00	01-66	02-7
DESC-SEC. 24-T33S-R22E				RMKS-CATTLE LEASE. STATE RD R/W. POSS. TRADE AREA. OUTST. 1/2 INT OIL						
546-000	MANATEE	81 253	PIERCE	FEE	MINING	SEE REMARKS	554.00	1.00	01-66	02-7
DESC-SEC. 25-T33S-R22E				RMKS-CATTLE LEASE. STATE RD R/W. POSS. TRADE AREA. OUTST. 1/2 INT OIL						
547-000	MANATEE	81 253	PIERCE	FEE	MINING	SEE REMARKS	600.00	1.00	01-66	04-7
DESC-SEC. 36-T33S-R22E				RMKS-CATTLE LEASE. STATE RD R/W. POSS. TRADE AREA. OUTST. 1/2 INT OIL						
548-000	POLK	105 253	PIERCE	FEE	MINING	IDLE/PLANS	53.77	1.00	00-30	02-7
DESC-23-30S-23E				RMKS-3 ST RD ROW, TAMPA ELEC R/W, ABON SCL RR R/W, POT INDUSTRIAL SIT						
549-000	POLK	105 253	PIERCE	FEE	MINING	IDLE/PLANS	243.20	1.00	00-30	02-7
DESC-24-30S-23E				RMKS-SCL RR R/W, 2 ST RD R/W, COMM FORESI-PLANTED PINES, CONTG TORES						

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REPORT NO. 01-2002 — REAL PROPERTIES DEPARTMENT CATALOG

STATE-FLORIDA — DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	U DA
550-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	563.45	1.00	00-30	02
DESC-25-30S-23E			RMKS-SCL RR R/W, ST RD R/W, AGRICO PLANT SITE, POT INDUSTRICAL SITE							
551-000	POLK	105	253 PIERCE	FEE	PLANT-SITE	AS INTENDED	29.00	1.00	00-30	02
DESC-26-30S-23E			RMKS-MINED OUT, WATER RECIRCULATION, SCL RR R/W.							
552-000	POLK	105	253 PIERCE	FEE	PLANT-SITE	AS INTENDED	260.00	1.00	00-30	02
DESC-35-30S-23E			RMKS-PLANT SITE, SCL RR R/W, STATE RD R/W.							
553-000	POLK	105	253 PIERCE	FEE	PLANT-SITE	AS INTENDED	499.00	1.00	00-30	02
DESC-36-30S-23E			RMKS-PLANT SITE, SCL RR R/W, PART MINED OUT-WTR RECIRUL, TAMPA ELEC							
554-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	633.50	1.00	00-30	02
DESC- 1-31S-23E			RMKS-RESERVE LAND, COMM FOREST W/PLANTED SLASH PINE, TAMPA ELEC R/W.							
555-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	83.67	1.00	00-30	02
DESC-SEC 2 T31S-R23E			RMKS-SCL RR R/W, ST RD R/W, TAMPA ELEC R/W, RESERVE LAND, COMM FORE							
556-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	149.00	1.00	00-30	02
DESC-12-31S-23E			RMKS-ST RD R/W, RESERVE LAND, COMM FOREST W/PLANTED SLASH PINE.							
557-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	140.00	1.00	00-30	02
DESC-22-30S-24E			RMKS-SCL RR R/W, RESERVE LAND.							
558-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	40.00	1.00	00-30	02
DESC-26-30S-24E			RMKS-RESERVE LAND							
559-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	133.00	1.00	00-30	02
DESC-SEC. 27-30S-24E			RMKS-SCL RR R/W, STATE RD R/W. RESERVE LAND.							
560-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	80.00	1.00	00-30	02
DESC-SEC. 28-30S-24E			RMKS-RESERVE LAND.							
561-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	174.00	1.00	00-30	02
DESC-SEC. 29-30S-24E			RMKS-ABANDONED SAND MINE. RESERVE LAND.							
562-000	POLK	105	253 PIERCE	FEE	MINING	SEE REMARKS	507.80	1.00	00-30	02
DESC-SEC. 30-30S-24E			RMKS-MINED OUT, POTENTIAL IND SITE, REMINEABLE TAILINGS, STATE RD R/							
563-000	POLK	105	253 PIERCE	FEE	MINING	SEE REMARKS	600.00	1.00	00-30	02
DESC-SEC 31-30S-24E			RMKS-COMPANY RR R/W, SOME MINED OUT, SOME RESERVE LAND W/PLANT SLASH							
564-000	POLK	105	253 PIERCE	FEE	FACILITY	AS INTENDED	12.00	1.00	00-30	02
DESC-SEC. 5-31S-24E			RMKS-COMPANY OWNED RR R/W.							
565-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	180.00	1.00	00-30	02
DESC-SEC. 6-31S-24E			RMKS-RESERVE LAND, COMMERCIAL FORREST W/PLANTED SLASH PINE.							
566-000	POLK	105	253 PIERCE	FEE	FACILITY	AS INTENDED	12.09	1.00	00-30	02
DESC-SEC.8-T31S-R24E			RMKS-COMPANY OWNED RR R/W.							

REPORT NO. C1-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
567-000	POLK	105	253 PIERCE	FEE	FACILITY	AS INTENDED	169.00	1.00	00-30	04-7
DESC-SEC. 17-T31S-R24E				RMKS-WASTE DISPOSAL AREA FOR S. PIERCE CHEMICAL WORKS						
568-000	POLK	105	253 PIERCE	FEE	FACILITY	AS INTENDED	640.00	1.00	00-30	04-7
DESC-S 20-T31S-R24E				RMKS-51 AC PLANT SITE (S.PIERCE CHEWKS). CO OWNED RR & R/W, CO PAVE						
569-000	POLK	105	253 PIERCE	FEE	SALE-EXCH	IDLE/PLANS	40.00	1.00	00-30	04-7
DESC-S 21-T31S-R24E				RMKS-PT OF HOOKERS PRAIRIE, LAST MINING THIS AREA 1960, NO PLANS FOR						
572-002	POLK	105	253 PIERCE	FEE	FACILITY	AS INTENDED	277.50	1.00	00-30	04-7
DESC-S 28-T31S-R24E				RMKS-WATER RECIRCULATION AREA FOR SOUTH PIERCE CHEMICAL WORKS						
573-000	POLK	105	253 PIERCE	FEE	FACILITY	AS INTENDED	638.00	1.00	00-30	04-7
DESC-S 29-T31S-R24E				RMKS-WATER RECIP FOR S.PIERCE WKS. CO OWN RR & R/W, CO PAVED RD & R/						
574-000	POLK	105	253 PIERCE	FEE	FACILITY	AS INTENDED	333.30	1.00	00-30	04-7
DESC-S 30-T31S-R24E				RMKS-CO OWN RR & R/W, CO PAVED RD & R/W, TAMPA ELEC R/W, WATER SU						
575-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	600.00	1.00	00-30	04-7
DESC-S 31-T31S-R24E				RMKS-MINED OUT, RESERVE WATER SUPPLY FOR S. PIERCE CHEM WKS, CO RR R/						
576-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	490.00	1.00	00-30	04-7
DESC-S 32-T31S-R24E				RMKS-SECONDARY RD & R/W, 140 AC RECLAIMED, BAL MINED OUT W/160 ACIN A						
577-000	POLK	105	253 PIERCE	FEE	SALE-EXCH	AS INTENDED	154.70	1.00	00-30	04-7
DESC-S 33-T31S-R24E				RMKS-SAME AS 569.						
578-000	POLK	105	253 PIERCE	FEE	SALE-EXCH	IDLE/PLANS	453.00	1.00	00-30	04-7
DESC-S 34-T31S-R24E				RMKS-SAME AS 569.						
579-001	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	200.00	1.00	00-30	04-7
DESC-[illegible]				RMKS-[illegible] SECONDARY PAVED RD & R/W.						
579-002	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	76.52	1.00	00-30	04-7
DESC-S 36-T31S-R23E				RMKS-ACTIVE MINING AREA, PALMETTO MINE.						
580-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	640.00	1.00	00-30	04-7
DESC-S 13-T27S-R24E				RMKS-ACTIVE MINING AREA-SADDLE CRK MINE						
581-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	640.00	1.00	00-30	04-7
DESC-S 24-T27S-R24E				RMKS-MINED OUT-SETTLING AREA EXPANSION						
582-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	390.00	1.00	00-30	04-7
DESC-S 25-T27S-R24E				RMKS-ACTIVE MINING AREA-SADDLE CRK MINE						
583-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	40.00	1.00	00-30	04-7
DESC-S 7-T27S-R25E				RMKS-SAME AS 582.						
584-001	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	530.00	1.00	00-30	04-7
DESC-S 19-T27S-R25E				RMKS-SAME AS 582.						

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REPORT NO. C1-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
584-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	10.00	1.00	00-30	04-
DESC-S 19-T27S-R25E				RMKS-SAME AS 582.						
585-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	00-30	04-
DESC-S 19-T27S-R25E				RMKS-SAME AS 582-ALSO 37 AC ORANGE GROVE IN EXCESS OF 70 YRS OF AGE						
586-000 POLK		105	253 PIERCE	FEE	MINING	SEE REMARKS	11.39	1.00	04-46	04-
DESC-S 20-T27S-R25E				RMKS-RR ROW.						
587-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	40.00	1.00	04-46	04-
DESC-S 30-T27S-R25E				RMKS-SAME AS 582.						
588-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	506.00	1.00	00-30	04-
DESC-S 1-T32S-R23E				RMKS-CATTLE LSE, SECONDARY ROAD R/W, SCL RR/ROW, 175 ACRES MINED OUT						
589-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	490.09	1.00	00-30	04-
DESC-S 2-T32S-R23E				RMKS-CATTLE LSE, RES LAND COMM FOREST.						
590-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	592.00	1.00	00-30	04-
DESC-S 3-T32S-R23E				RMKS-STATE RD ROW, CATTLE LSE, RES LAND, COMM FOREST.						
591-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	262.00	1.00	00-30	04-
DESC-S 4-T32S-R23E				RMKS-ST RD ROW, 2 SEC RDS ROW, GAS LINE ROW, 10 AC 5 YR IND LSE EXP						
592-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	347.00	1.00	00-30	04-
DESC-S 7-T32S-R23E				RMKS-ST RD ROW, CATTLE LSE, RES LAND-COMM FOREST.						
593-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	464.00	1.00	00-30	04-
DESC-S 8-T32S-R23E				RMKS-ST RD ROW, CATTLE LSE, RES LAND COMM FOREST.						
594-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	617.00	1.00	00-30	04-
DESC-S 9-T32S-R23E				RMKS-2 ST RD ROW, 2 RDD ROW, COUNTY GRADE ROW, CATTLE LSE, RES LAND-						
595-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	638.00	1.00	00-30	04-
DESC-S 10-T32S-R23E				RMKS-CATTLE LSE, RESEPVE LAND-COMM FOREST.						
596-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	641.00	1.00	00-30	04-
DESC-S 11-T32S-R23E				RMKS-CATTLE LSE, RESEPVE LAND-COMM FOREST.						
597-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	625.00	1.00	00-30	04-
DESC-S 12-T32S-R23E				RMKS-2ND RD ROW, SCL RR ROW, AGRICO RR ROW, CATTLE LSE, RES LAND-COM						
598-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	630.00	1.00	00-30	04-
DESC-S 13-T32S-R23E				RMKS-CATTLE LSE, 2ND RD ROW, SCL RR ROW, AGRICO RR ROW, COUNTY GRADE						
599-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	641.00	1.00	00-30	04-
DESC-S 14-T32S-R23E				RMKS-CATTLE LSE, RES LND-COMM FOREST.						
600-000 POLK		105	253 PIERCE	FEE	MINING	IDLE/PLANS	633.00	1.00	00-30	04-
DESC-S 15-T32S-R23E				RMKS-CATTLE LSE, CNTY GRADED RD, RES LAND-COMM FOREST.						

REPORT NO. G1-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
601-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	638.00	1.00	00-30	04-
DESC-S 16-T32S-R23E				RMKS-CATTLE LSE, CNTY GRADED RD, RES LAND-COMM FOREST.						
602-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	616.00	1.00	00-30	04-
DESC-S 17-T32S-R23E				RMKS-RES-COMM FOREST. 2 ST RD ROWS & REA EASE MENT. CATTLE LSE.						
603-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	627.00	1.00	00-30	06-
DESC-18-T32S-R23E				RMKS-RES-COMM FOREST. ST RD RR. CATTLE LSE						NT.
604-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	632.00	1.00	00-30	06-
DESC-19-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE. STATE ROAD RR. CATTLE LEASES.						
605-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	614.00	1.00	00-30	04-
DESC-S 20-T32S-R23E				RMKS-RES-COMM FOREST. ST RD ROW. CATTLE LSE.						
606-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	00-30	04-
DESC-S 21-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE.						
607-001 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	157.00	1.00	00-30	04-
DESC-S 22-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE.						
607-002 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	400.00	1.00	11-70	09-
DESC-S/2, S/2NW 22-32S-23E				RMKS-CATTLE LEASE						
607-003 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	35.00	1.00	03-71	09-
DESC-PT SWNE SEC 22-32S-23E				RMKS-ADDITIONAL ACQUISITION TO CONSOLIDATE RESERVES.						
608-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	600.00	1.00	00-30	04-
DESC-S 23-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE. CNTY GRADED RD & ROW.						
[illegible]	105	253	PIERCE	FEE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DESC-S [illegible]				RMKS-RES-COMM FOREST. CATTLE LSE. CNTY GRADED RD & ROW. 15 AC PROD [illegible]						
610-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	639.00	1.00	00-30	04-
DESC-S 25-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE.						
611-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	598.00	1.00	00-30	04-
DESC-S 26-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE.						
612-002 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	121.00	1.00	11-70	09-
DESC-S 3/4 E OF ROAD 30-32S-23E				RMKS-CATTLE LEASE						
613-002 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	453.00	1.00	11-70	09-
DESC-ALL E OF ROAD 31-32S-23E				RMKS-CATTLE LEASE						
614-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	480.00	1.00	00-30	04-
DESC-S 35-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE						
615-000 PCLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	600.00	1.00	00-30	04-
DESC-S 36-T32S-R23E				RMKS-RES-COMM FOREST. CATTLE LSE						

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	NO	DEPT	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
616-000	POLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	357.00	1.00	00-30	04-7
DESC-S 2-T32S-R24E				RMKS-RES-COMM FOREST. CATTLE LSE, CNTY GRADED ROAD & ROW.							
617-000	POLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	503.00	1.00	00-30	04-7
DESC-S 3-T32S-R24E				RMKS-RES-COMM FOREST. CATTLE LSE, CNTY GRADED ROAD & ROW.							
618-001	POLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	167.00	1.00	00-30	04-7
DESC-S 4-T32S-R24E				RMKS-RES-COMM FOREST.							
618-002	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	224.00	1.00	00-30	04-7
DESC-S 4-T32S-R24E				RMKS-MINED OUT, ACTIVE SETTLING AREA.							
619-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	640.00	1.00	00-30	04-7
DESC-S 5-T32S-R24E				RMKS-MINED OUT, ACTIVE SETTLING AREA.							
620-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	640.00	1.00	00-30	04-7
DESC-S 6-T32S-R24E				RMKS-MINED OUT, ACTIVE SETTLING AREA. CO OWNED RR, PAVED RD & ROW							
621-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	640.00	1.00	00-30	04-7
DESC-S 7-T32S-R24E				RMKS-ACTIVE MINING AREA. CO OWNED RR-PAVED RD & ROW.							
622-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	638.00	1.00	00-30	04-7
DESC-S 8-T32S-R24E				RMKS-ACTIVE MINING AREA-MOSTLY MINED OUT. 8 1/2 ACRE PLANT SITE.(PALM							
623-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	530.00	1.00	00-30	04-7
DESC-S 9-T32S-R24E				RMKS-ACTIVE MINING AREA, MOSTLY MINED OUT.							
624-000	POLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	613.00	1.00	00-30	04-7
DESC-S 10-T32S-R24E				RMKS-RES. CNTY GRADED RD & ROW. CATTLE LSE.							
625-000	POLK	105	253	PIERCE	FEE	MINING	IDLE/PLANS	480.00	1.00	00-30	[illegible]
[illegible]				RMKS-RES. CNTY GRADED RD & ROW. CATTLE LSE.							
626-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	639.00	1.00	00-30	04-7
DESC-S 15-T32S-R24E				RMKS-ACTIVE MINING AREA. CNTY GRADER & ROW.							
627-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	638.00	1.00	00-30	04-7
DESC-S 16-T32S-R24E				RMKS-MINED OUT-SETTLING AREA. 160 ACRES AVAILABLE FOR RECLAIM-TO BE R							
628-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	636.00	1.00	00-30	04-7
DESC-S 17-T32S-R24E				RMKS-MINED OUT-320 AC IN ACTIVE SETTLING AREA-316 AC RECLAIMABLE W/AP							
629-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	547.90	1.00	00-30	04-7
DESC-S 18-T32S-R24E				RMKS-ACTIVE MINING AREA. 60 AC WATER USED FOR CATFISH PROD.							
630-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	627.00	1.00	00-30	04-7
DESC-S 19-T32S-R24E				RMKS-SCL RR & ROW, 2ND PUD CNTY RD & ROW, GRADED CNTY RD & ROW, CO O							
631-000	POLK	105	253	PIERCE	FEE	MINING	AS INTENDED	637.00	1.00	00-30	04-7
DESC-S 20-T32S-R24E				RMKS-CNTY GRADED RD & ROW. 160 AC ACTIVE MINING AREA, BAL MINED OUT W							

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
632-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	598.00	1.00	00-30	04-70
DESC-S 21-T32S-R24E			RMKS-RESERVES.							
633-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	00-30	04-70
DESC-S 22-T32S-R24E			RMKS-RESERVES. CNTY RD GRADED RD & ROW							
634-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	337.40	1.00	00-30	04-70
DESC-S 23-T32S-R24E			RMKS-CATTLE LSE, CNTY GRADED RD & ROW. RESERVES-COMM FOREST.							
635-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	160.00	1.00	00-30	04-70
DESC-S 26-T32S-R24E			RMKS-CATTLE LSE, CNTY GRADED RD & ROW. RESERVES-COMM FOREST.							
636-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	00-30	04-70
DESC-S 27-T32S-R24E			RMKS-CATTLE LSE, CNTY GRADED RD & ROW. RESERVES-COMM FOREST.							
637-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	597.00	1.00	00-30	04-70
DESC-S 28-T32S-R24E			RMKS-ACTIVE MINING AREA. CNTY GRADED RD & ROW.							
638-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	638.00	1.00	00-30	04-70
DESC-S 29-T32S-R24E			RMKS-30 AC PLANT SITE (PAYNE CRK WASHER). 540 AC IN ORIG SETTLING AREA							
639-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	625.00	1.00	00-30	04-70
DESC-S 30-T32S-R24E			RMKS-MINED OUT-ACTIVE SETTLEING AREA. CNTY PAVED RD 3 ROW. SCL RR & RO							
639-001	POLK	105	253 PIERCE	FEE	PLANT-SITE	AS INTENDED	30.00	1.00	00-30	11-69
DESC-SEC. 29-32S-24E			RMKS-PAYNE CREEK WASHER.							
639-002	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	95.00	1.00	00-30	11-69
DESC-SEC. 29-32S-24E			RMKS-RESERVES - IMMEDIATE MINING AREA.							
639-003	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	510.00	1.00	00-30	11-69
DESC-SEC. 29-32S-24E			RMKS-ORIGINAL SETTLING AREA-ACTIVE.POSSIBLE RECLAMATION FOR AGRICULTUR							
640-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	626.00	1.00	00-30	04-70
DESC-S 31-T32S-R24E			RMKS-300 AC MINED OUT-ACTIVE SETTLE AREA. CNTY PAVED RD & ROW. SCL RR							
640-001	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	407.00	1.00	00-30	11-69
DESC-SEC. 30-32S-24E			RMKS-MINED OUT - ACTIVE SETTLING AREA.							
640-002	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	218.00	1.00	00-30	11-69
DESC-SEC. 30-32S-24E			RMKS-RESERVES - COMMERCIAL FOREST. SCL RR/RW, COUNTY R/RW, REA RW. CAT							
641-000	POLK	105	253 PIERCE	FEE	MINING	AS INTENDED	640.00	1.00	00-30	04-70
DESC-S 32-T32S-R24E			RMKS-375 AC MINED OUT-ACT SETTLE AREA-BAL ACTIVE MINE AREA.							
642-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	639.00	1.00	00-30	04-70
DESC-S 33-T32S-R24E			RMKS-RES-COMM FOREST.							
643-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	00-30	04-70
DESC-S 34-T32S-R24E			RMKS-RES-COMM FOREST. CATTLE LSE, CNTY GRADED RD & ROW.							

60641

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
644-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	70.00	1.00	00-30	04-
DESC-S 35-T32S-T24E			RMKS-RES-COMM FORREST, CNTY GRADED RD & ROW.							
645-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	110.00	1.00	11-70	09-
DESC-E/2SE,W3/4SENE 24-28S-24E			RMKS-CATTLE LEASE							
646-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	160.00	1.00	11-70	09-
DESC-EAST 1/4 25-28S-24E			RMKS-CATTLE LEASE							
647-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	40.00	1.00	11-70	09-
DESC-SESW 5-28S-25E			RMKS-CATTLE LEASE							
648-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	20.00	1.00	11-70	09-
DESC-E/2NENE 7-28S-25E			RMKS-CATTLE LEASE							
649-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS.	599.65	1.00	11-70	09-
DESC-ALL SEC 8-28S-25E LESS ROW			RMKS-CATTLE LEASE							
650-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	596.00	1.00	11-70	09-
DESC-ALL SEC 17-28S-25ELESS ROW			RMKS-CATTLE LEASE							
651-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	69.47	1.00	11-70	09-
DESC-ALL SEC 18-28S-25E			RMKS-CATTLE LEASE							
652-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	524.50	1.00	11-70	09-
DESC-ALL SEC 19-28S-25E			RMKS-CATTLE LEASE							
653-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	11-70	09-
DESC-ALL SEC 20-28S-25E			RMKS-CATTLE LEASE							
654-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	100.00	1.00	11-70	09-
DESC-PT NW, PT SW 21-28S-25E			RMKS-CATTLE LEASE							
655-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	55.00	1.00	11-70	09-
DESC-PT SW 28-28S-25E			RMKS-CATTLE LEASE, CITRUS LEASE							
656-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	11-70	09-
DESC-ALL SEC 29-28S-25E			RMKS-CATTLE LEASE							
657-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	640.00	1.00	11-70	09-
DESC-ALL SEC 30-28S-25E			RMKS-CATTLE LEASE							
658-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	520.00	1.00	11-70	09-
DESC-PT SEC 28-32S-23E			RMKS-CATTLE LEASE							
659-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	637.00	1.00	11-70	09-
DESC-ALL SEC 29-32S-23E			RMKS-CATTLE LEASE							
660-000	POLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	480.00	1.00	11-70	09-
DESC-N/2, SW 32-32S-23E			RMKS-CATTLE LEASE							

REPORT NO. CJ-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-FLORIDA DEPARTMENT-AGRICO-PIERCE OFFICE

PROPERTY NUMBER	COUNTY NAME	CEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	U DA
661-000	PCLK	105	253 PIERCE	FEE	MINING	IDLE/PLANS	320.00	1.00	11-70	09
DESC-N/2 33-32S-23E			RMKS-CATTLE LEASE							

STATE TOTALS

FEE	188-PROPERTY-COUNT	66,724.98-ACRES

DEPT TOTALS

FEE	188-PROPERTY-COUNT	66,724.98-ACRES

20249

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-ALABAMA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	
752-000	BALDWIN	3	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.78	1.00	06-63	1
DESC-CITY OF LOXLEY			RMKS-L&N RWY CO. SPUR 250'			WAREHOUSE SITE ON L&N RWY CO. S				
751-000	MARENGO	91	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	06-68	1
DESC-LOTS 25,31-34,FAUNDALE,ALA RMKS-WAREHOUSE SITE. ALL BLDGS.,POOLES,FIXTURES & EQPT. SOUTHERN R										
* 750-000	MARSHALL	95	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	12-64	1
DESC-NE COR S23, T9S, R4E RMKS-ALBERTVILLE,AL. SUBJ.TO TRANSMISSION LINE & R/W FOR HIGHWAY F										
STATE TOTALS										

FEE 3-PROPERTY-COUNT 3.78-ACRES

*THIS FACILITY UNDER CONTRACT TO SELL. PRESENTLY AWAITING ABSTRACT BEING BROUGHT UP TO DATE. SECULL CLOSE IN FEBRUARY, 1972.

ZJZJU

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-ARKANSAS DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	NO	DEPT	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
946-000	CROSS	37	256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.86	1.00	05-71	09-7
DESC-HICKORY RIDGE				RMKS-FERTILIZER BLEND PLANT ACQUIRED THROUGH EXCHANGE WITH PHILL-IPS							
754-000	MISS	93	256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	1,000.00	1.00	-65	12-6
DESC-AMOREL,ARKANSAS				RMKS-BLYTHEVILLE AMMONIA PLANT -EXCESS INDUSTRIAL LAND AVAILABLE.							
757-000	MISS	93	256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	2.00	1.00	10-49	12-6
*DESC-PT 27, YARBRO, ARKANSAS				RMKS-FRISCO RWY CO. YARBRO CHEMICAL PLANT							

STATE TOTALS

FEE 3-PROPERTY-COUNT 1,003.86-ACRES

*THIS TRACT OF LAND BEING SOLD. TRANSACTION SHOULD BE COMPLETED IN FEBRUARY, 1972.

60606

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-FLORIDA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	U DA
760-000	ESCAMBIA	33	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	25.00	1.00	06-12	12
DESC-PENSACOLA CITY			RMKS-PENSACOLA CHEMICAL PLANT ON LGN RR & I-10 HWY.							
759-000	MANATEE	81	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	09-19	12
DESC-PALMETTO CITY LOT.			RMKS-RR SERVES PLUS CITY STREETS. HARD SURFACES.ALL UTILITIES LSD T.							

STATE TOTALS

FEE 2-PROPERTY-COUNT 25.50-ACRES

60601

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-CONNECTICUT DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	D
758-000	HARTFORD	3	256 MEMPHIS	FEE	FACILITY	AS INTENDED	4.97	1.00	10-27	1
DESC-WATERBURY			RMKS-WAREHOUSE. EASEMENT. NEW HAVEN RR. SERVES THIS POINT							

STATE TOTALS

FEE 1-PROPERTY-COUNT 4.97-ACRES

60604

REPORT NO. 61-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-ILLINOIS DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
770-OCO	BROWN	9	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.41	1.00	12-64	12-
DESC-MT. STERLING, PT. SEC. 17			RMKS-UNDERTRACK UNLOADING DEVICE. DECLARED SURPLUS. WAREHOUSE.							
773-OCO	BUREAU	11	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.55	1.00	07-68	12-
DESC-SHEFFIELD, IL. PT. SEC. 19			RMKS-AMMONIA TANK - SITE ON CHICAGO RI & PAC. RR CO. SERVES.							PIPE
766-OCO	CARROLL	15	256 MEMPHIS	FEE	FACILITY	AS INTENDED	4.10	1.00	01-66	12-
DESC-LANARK ON HWY 72 AT SW COR			RMKS-IC RR. CO. SERVES. MUCH EQUIPMENT AT LOCATION.							
767-OCO	DE WITT	39	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	10-55	12-
DESC-FARMER CITY, 3 CITY LOTS			RMKS-SERVED BY PEORIA & EASTERN RR.							
768-OCO	MCHENRY	111	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~1.12~~ 2.50	1.00	02-62	12-
DESC-MARENGO CITY, PT. LOT 6			RMKS-EASEMENT FOR RR. & UTILITIES. WAREHOUSE							
764-OCO	MACOUPIN	117	256 MEMPHIS	FEE	SALE-EACH	AS INTENDED	1.00	1.00	06-63	12-
DESC-DORCHESTER-RURAL LOCATION			RMKS-SURPLUS - POSSIBLE WAREHOUSE SITE. RURAL LOCATION							
775-OCO	MASON	125	256 MEMPHIS	FEE	FACILITY	AS INTENDED	8.83	1.00	01-58	12-
DESC-HAVANA LOTS A5 & A8			RMKS-WAREHOUSE & SURPLUS LAND ON CBEI RR. R/W 10 FT. WIDE FOR							WAT
769-OCO	ST.CLAIR	163	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.21	1.00	03-64	12-
DESC-MASCONTAH, IL. PT. LOT 46			RMKS-TRIANGULAR LOT 354' ALONG ILL.RT.43,600' ALONG JEFFERSON,160' ALO							
777-OCO	ST CLAIR	163	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	~~5.25~~ 7.29	1.00	11-07	12-
DESC-E.ST.LOUIS, PT LOT 6			RMKS-EAST ST. LOUIS CHEMICAL PLANT. WABASH & ST. LOUIS NATIONAL. STO							
771-OCO	SANGAMON	167	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	07-65	12-
DESC-NEW BERLIN VILLAGE			RMKS-WAREHOUSE. 1 PLATTED 15 FT. WIDE ALLEY - NOT USED.							
772-OCO	TAZEWELL	179	256 MEMPHIS	SALE-LSEBACK	FACILITY	AS INTENDED	9.00	1.00	01-52	12-
DESC-PEKIN, IL. SEC 2			RMKS-PEKIN AMMONIA TERMINAL. PEAPIS & PEKIN UNION RR CO. SERVES							LAN
776-OCO	VERMILIN	183	256 MEMPHIS	FEE	FACILITY	AS INTENDED	14.00	1.00	10-57	12-
DESC-DANVILLE, NW COR S 30			RMKS-DONVILLE, ILL. CHEMICAL PLANT SERVED BY CCC & ST. LOUIS							RWY
774-OCO	WHITESID	195	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.69	1.00	03-66	12-
DESC-STERLING, PT SEC. 16			RMKS-AMMONIA TANK SITE							

METCALF, EDGAR COUNTY	FACILITY	3.87	1-
OMAHA, GALLATIN COUNTY	FACILITY	2.00	2-
FULTIN, WHITESDIE COUNTY	FACTORY	102.50	(61.5 A's 4-
			(40.0A's 12-
RIDOTT, SHTEPHENSON COUNTY	FACILITY	0.72	3-
TISKILIWA, BUREAU COUNTY	FACILITY	0.25	3-
DANVILLE, VERMILLION COUNTY	FACTORY	15.24	12-

40600

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-ILLINOIS DEPARTMENT-AGRICO-MEMPHIS OFF

STATE TOTALS

FEE	17-PROPERTY-COUNT	165.66-ACRES
SALE-LSEBACK	1-PROPERTY-COUNT	9.00-ACRES

40600

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-GEORGIA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
761-000	BACON	5 256	MEMPHIS	FEE	FACILITY	AS INTENDED	8.49	1.00	11-65	12-(
DESC-ALMA			RMKS-ACL RR CO. SERVES. COUNTY ROAD. WAREHOUSE.							
763-000	BULLOCH	31 256	MEMPHIS	FEE	FACILITY	AS INTENDED	3.03	1.00	12-65	12-(
DESC-STATESBORO			RMKS-CENTRAL OF GA. RR. CO. SERVES. WAREHOUSE							
762-000	EVANS	109 256	MEMPHIS	FEE	FACILITY	AS INTENDED	5.06	1.00	10-65	12-(
DESC-BELLVILLE			RMKS-S.A.L. RR. CO. SERVES. COUNTY ROAD. WAREHOUSE							
MINTER, LAURENS COUNTY					FACILITY		0.37		7-67	
NASHVILLE, BERRIEN COUNTY					FACILITY		3.00		8-65	

STATE TOTALS

FEE	5-PROPERTY-COUNT	19.95-ACRES

REPORT NO. C1-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-INDIANA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
785-OCO	BARTHOLO	5	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	02-65	02-7
DESC-HOPE, IND			RMKS-GRANTEE RES PERP 50' ESMT ON SO SIDE, CONOCO GRANTED ESMT TO STA							
783-OCO	CLINTON	23	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~2.57~~ 2.71	1.00	04-61	02-7
DESC-KIRKLIN CITY, IND			RMKS-MOMON RWY TRACK LSE 200' & UNLOADING PIT.							
778-OCO	FOUNTAIN	45	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.34	1.00	08-63	02-7
DESC-ATTICA, IND			RMKS-WAREHOUSE SITE ON WABASH RR DW CEI. ADJ PRPTY USED FOR ADD BLDG							
792-OCO	GRANT	53	256 MEMPHIS	FEE	FACILITY	AS INTENDED	6.76	1.00	01-65	02-7
DESC-SWEETSER, INDIANA			RMKS-SUB TO LIFE EST ANTONIO LOPEZ FOR .22 AC. IRREGULAR SHAPE-RR ON							
793-OCO	JACKSON	71	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	24.08	1.00	10-57	02-7
DESC-SEYMOUR, IND			RMKS-BCORR SIDING FACING US HWY 50 ON SO SIDE FOR 500'. FERTILIZER MI							
780-OCO	MADISON	95	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	02-66	02-7
DESC-ELWOOD, IND.			RMKS-ANHYDROUS AMMONIA TANK							
788-OCO	MARSHALL	99	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	04-66	02-7
DESC-PLYMOUTH, IND.			RMKS-NO RR MENTIONED.							
784-OCO	ORANGE	117	256 MEMPHIS	FEE	SALE-EXCH	AS INTENDED	1.00	1.00	10-66	02-7
DESC-LEIPSIC			RMKS-VACANT LAND, SURPLUS TO NEEDS & UNWANTED. SHOULD BE SOLD.							
787-OCO	PIKE	125	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.50	1.00	04-64	02-7
DESC-PETERSBURG, IND			RMKS-NY CENT TRACK INTO PRPTY ALONGSIDE WAREHOUSE.							
786-OCO	POSEY	129	256 MEMPHIS	FEE	FACILITY	AS INTENDED	23.00	1.00	02-65	02-7
DESC-MT VERNON, IND			RMKS-TERMINAL FOR AMMONIA STORAGE & DIST-ADJ HWY 69. STORAGE TNK, TRU							
791-OCO	POSEY	129	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.39	1.00	04-66	02-7
DESC-ST WENDELL, IND			RMKS-SUB TO ROW 20'WIDE TO POSEY CO. AC CNTY RD. FACES CYNTHIANA-ST							
782-OCO	RANDOLPH	135	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	05-64	02-7
DESC-HARRISVILLE, IND			RMKS-BETWEEN CCC&ST LOUIS RWY TRACK & MILL ST W/ 267' FRONTAGE ONEACH							
781-OCO	RUSH	139	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	12-65	02-7
DESC-GLENWOOD, IND			RMKS-.68 ACRES LEASED FR B&ORR @ 250 P/A. TRACK LSE FR B&ORR CO. @ 75							
789-OCO	RUSH	139	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.30	1.00	05-62	02-7
DESC-MILROY, IND			RMKS-20' ESMT FOR INGRESS & EGRESS ALONG W PRPTY LINE. PENN CENT SIDE							
790-OCO	SCOTT	143	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.30	1.00	01-65	02-7
DESC-SCOTTSBURG, IND			RMKS-NO RESTRICTIONS-NO SPECIALS.							
794-OCO	SPENCER	147	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~2.00~~ 1.75	1.00	05-67	02-7
DESC-ROCKPORT			RMKS-ESMT. INDIANA CITY WATER CO.-6 FT. WIDE. TRACK AGMT SOUTHERNRWY							
779-OCO	WELLS	179	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.68	1.00	10-65	02-7
DESC-BLUFFTON, IND			RMKS-RENT ADD LAND FRONTING ON MAPLE RD FR NICKEL PLATE CO. @ 240 P/A							

FRANKFORT, CLINTON COUNTY PROPOSED NH3 PIPELINE TERMINAL 28.03 2-69

STATE-INDIANA DEPARTMENT-AGRICO-MEMPHIS OFF

STATE TOTALS

FEE	18-PROPERTY-COUNT	103.03-ACRES

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-IOWA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
806-000	BUCHANAN	19	256 MEMPHIS	FEE	FACILITY	AS INTENDED	3.00	1.00	01-65	03-
DESC-DELWEIN, IOWA			RMKS-ROCK ISLAND RR SPUR SERVICE PROPERTY, 436'. SECTION LINE 33 & E.							
815-000	BUENA VI	21	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.91	1.00	06-65	03-
DESC-STORM LAKE, IOWA			RMKS-SIDETRACK OWNED BY AGRICO. CHIAGO, M& ST. PAUL RR.							
814-000	CEDAR	31	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.33	1.00	10-55	03-
DESC-STANWOOD, IOWA			RMKS-C&NW RR SERVICE, 50' TRACK LSD							
812-000	CLARKE	39	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.75	1.00	03-67	03-
DESC-OSCEOLA, IOWA			RMKS-ADJ. CB & Q RR TRACK. EASEMENT FOR ACCESS 20 FT. WIDE.							
811-000	CLAYTON	43	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.75	1.00	09-68	03-
DESC-MONONA, IOWA			RMKS-ADJ. C M & ST. PAUL RR CO. 10' WIDE EASEMENT, 4300 SQ. FT. 100'							
808-000	DALLAS	49	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	02-69	03-
DESC-ADEL, IOWA. NEAR HWY #6			RMKS-FERT. WAREHOUSE. EMMETSBURG, IOWA POWER & LIGHT CO.							
818-000	HUMBOLDT	91	256 MEMPHIS	FEE	FACILITY	AS INTENDED	56.00	1.00	08-54	03-
DESC-HUMBOLDT, IOWA			RMKS-SEC. N. OF C&NW RR RWY. STATE HWY 169 ON WESTBORDER. UNDER-TRAC							
807-000	KOSSUTH	109	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.24	1.00	05-67	03-
DESC-HWY 60 WESLEY, IOWA			RMKS-CHICAGO, MIL, & ST. PAUL RR SIDING 425'.							
809-000	KOSSUTH	109	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	02-68	03-
DESC-ALGONA, IOWA. BALLS ADD.			RMKS-TRACK LEAN IN SISM. C&NW RWY CO							
813-000	LYON	119	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.50	1.00	09-68	03-
DESC-ROCK RAPIDS, IOWA			RMKS-EAST 200' HAS 32' EASEMENT RUNNING N-S FOR PUBLIC RD.							
[illegible]	[illegible]	[illegible]	[illegible] MEMPHIS	[illegible]	FACILITY	AS INTENDED	2.40	[illegible]	[illegible]	[illegible]
DESC-ATALISSA, IOWA			RMKS-US HWY #6 AT FRONT. C. RI & PAC. RR AT REAR.							
817-000	POTTAWAT	155	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	01-69	03-
DESC-UNDERWOOD, IOWA			RMKS-NORTH 400' OF SECTION LYING BETWEEN WESTERLY R/W & CM & ST. PAUL							

GARNER, HANCOCK COUNTY	PROPOSED NH3 PIPELINE TERMINAL	19.67	4-69
SPENCER, CLAY COUNTY	" " " "	25.0	3-69
GIBBERTVILLE, BLACK HAWK COUNTY	FACILITY	2.00	1-67
LINDEN, DALLAS COUNTY	FACILITY	1.00	11-69

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-IOWA DEPARTMENT-AGRICO-MEMPHIS OFF

STATE TOTALS

FEE	16-PROPERTY-COUNT	120.05-ACRES

20200

REPORT NO. C1-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-KANSAS DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
849-000	JOHNSON	91	256 MEMPHIS	FEE	FACILITY	AS INTENDED	3.90	1.00	01-59	06-7
DESC-OLATHE, KANSAS			RMKS-S HWY 50, FRISCO RR ON EAST, UNION GAS SYSTEM RR.							

STATE TOTALS

FEE 1-PROPERTY-COUNT 3.90-ACRES

20201

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-KENTUCKY DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
796-000	BARREN	9	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.23	1.00	11-59	02-7
DESC-GLASGOW, KY			RMKS-WAREHOUSE ON RR SIDING-GLASGOW RR CO.							
804-000	CAMPBELL	37	256 MEMPHIS	SALE-LSEBACK	FACILITY	AS INTENDED	37.20	1.00	05-64	02-
DESC-WILDER, KENTUCKY			RMKS-WILDER TERMINAL FOR AMMONIA ON LICKING RIVER W/DOCK & P/L.							NE.
[illegible]	[illegible]	239	256 MEMPHIS	FEE	FACILITY	AS INTENDED	[illegible]	[illegible]	[illegible]	[illegible]
DESC-VERSAILLES, W. END OF N.ST RMKS-NOW LEASE ON TO R H CLEVELAND ON YEAR TO YEAR BASIS, L&N RR.SER										

STATE TOTALS

FEE 2-PROPERTY-COUNT 2.95-ACRES

SALE-LSEBACK 1-PROPERTY-COUNT 37.20-ACRES

20202

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-MAINE DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	NO	DEPT ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	U DA
797-000	AROOSTOK	3	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.20	1.00	11-65	02

DESC-FT. FAIRFIELD, MAINE RMKS-ALONGSIDE BANGOR & AROOSTOOK RR TO THE E R/W. 460' LENGTH.

STATE TOTALS

FEE 1-PROPERTY-COUNT 1.20-ARCES

20200

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-MARYLAND DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	NO	DEPT ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
							14.23 Bal			
798-000	BALTIMOR	5	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	16.00	1.00	01-12	02-

DESC-S. CLINTON ST. BALTIMORE RMKS-SERVED BY CANTON RR & PENN RR. DOCK ON PATAPSCO RIVER FOR DEEP

800-000	DORCHEST	19	256 MEMPHIS	FEE	FACILITY	AS INTENDED	3.03	1.00	00-00	02-

DESC-HURLOCK, MD. RMKS-EASEMENT 15' ACROSS DEL RR CO LAND TO SW SIDE CHARLES ST. PUBLI

799-000	QUEEN AN	35	256 MEMPHIS	FEE	FACILITY	AS INTENDED	5.48	1.00	10-67	02-

DESC-CENTERVILLE, MD. RMKS-100' TRACK USED FOR PENN CENT RR ON ANNUAL BASIS. CARRIES 1800

STATE TOTALS

FEE 3-PROPERTY-COUNT 25.31-ACRES

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-MASSACHUSETTS DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	NO	DEPT	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
801-000	HAMPSHIR	15	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.76	1.00	10-39	02-
DESC-HATFIELD, MASS				RMKS-BORDERS 80 FT ON ELM ST.							
802-000	MIDLESEX	17	256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	-	02-
DESC-MARLBORO				RMKS-NY NH & HART RR CO (NEW HAVEN) SIDETRACK & LSE AGMT W/ NEW HAVE							

STATE TOTALS

FEE 2-PROPERTY-COUNT 1.76-ACRES

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-MICHIGAN DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
836-OCO		256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.71	1.00	03-65	03-7
DESC-JEDDO, MICH. GRANT TWP.			RMKS-CEO RR CO. ON WEST LINE. JEDDO RD. ON SOUTH BORDER. TELEPHONE EA							
841-OCO	ALLEGAN	5 256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	38.00	1.00	12-64	03-7
DESC-MARTIN, MICH.			RMKS-W. SIDE PA RR RWY, E. SIDE OF HWY 169. EXCESS ACREAGE HERE IS SU							
848-OCO	ARENAC	11 256	MEMPHIS	FEE	FACILITY	AS INTENDED	3.00	1.00	11-64	03-7
DESC-STANDISH			RMKS-LYING E. OF M.C. RR CO. (NYC) & WEST OF HWY U.S. 23.							
821-OCO	BAY	17 256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	20.00 ~~[illegible]~~	1.00	06-56	03-7
DESC-BAY CITY, PT SEC 15			RMKS-NY CENTRAL RR SERVICE. SAGINAW RIVER ON NORTH SIDE.							
824-OCO	BAY	17 256	MEMPHIS	FEE	FACILITY	AS INTENDED	.87	1.00	10-63	03-7
DESC-AUBURN, MICH. BL #1			RMKS-LOTS 1-7 OF BLOCK #1, AS PLOTTED IN BAY COUNTY REG. OF DEEDS OFF							
831-OCO	BAY	17 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.38	1.00	01-64	03-7
DESC-ESSEXVILLE, PT. SEC. 5			RMKS-ON CASS AVENUE ROAD.							
838-OCO	BAY	17 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.38	1.00	11-64	03-7
DESC-LINWOOD, MICH.			RMKS-CONSUMER POWER CO EASEMENT ON E 75' OF LAND. ON LINWOOD ROAD IN							
822-OCO	CHARLEVO	29 256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	04-66	03-7
DESC-ALTO, MICHIGAN SEC 4			RMKS-CEO RR CO.SERVICE.							
828-OCO	EATON	45 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.76	1.00	02-65	03-7
DESC-CHARLOTTE, MICH. PT SEC 8			RMKS-ON PACKARD HWY. NEAR LAUNING ROAD.							
839-OCO	HILLSDAL	59 256	MEMPHIS	FEE	FACILITY	AS INTENDED	.96	1.00	04-64	03-7
DESC-LITCHFIELD TWP. PT SEC 10			RMKS-LOCATED W. SIDE ANDERSON ROAD. 33' ON E. IS GRANTED EASEMENTFOR							
825-OCO	HURON	63 256	MEMPHIS	FEE	FACILITY	AS INTENDED	6.56	1.00	05-58	03-7
DESC-BAD AXE, MICH. PT SEC 30			RMKS-CEO RR CO SERVICE. OWN SIDE TRACK. LOT 3 OF THOMPSON FARM.							
843-OCO	HURON	63 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.33	1.00	12-63	[illegible]
DESC-PIGGEON, MICH. PT. SEC. 11			RMKS-WEST AND ALONGSIDE GRAND TRUNK RR LINE.							
835-OCO	INGHAM	65 256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.29	1.00	03-65	03-7
DESC-INGHAM, PT. SEC. 2 (Dansville)			RMKS-ON HOWELL ROAD, NORTH LINE OF SEC. 2.							
837-OCO	IONIA	67 256	MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	04-64	03-7
DESC-LAKE ODESSA, PT. SEC. 34			RMKS-ADJACENT M50 HWY. LYING N. OF PERE MARQUETTE RR RWY.							
844-OCO	IONIA	67 256	MEMPHIS	FEE	FACILITY	AS INTENDED	16.00	1.00	05-61	03-7
DESC-PORTLAND, MICH.			RMKS-DETROIT, LANSING, & WESTERN RR. 3.2 ACRES FROM ORIGINAL 19. SURP							
834-OCO	LAPEER	87 256	MEMPHIS	FEE	FACILITY	AS INTENDED	10.00	1.00	01-61	03-7
DESC-IMLAY CITY, ATLICA TWP.			RMKS-CORNER LOCATION ON MICHIGAN HWY #21. SUBJECT TO M. H. DEPARTMENT							
826-OCO	LENAWEE	91 256	MEMPHIS	FEE A/K/A Blissfield	FACILITY	AS INTENDED	3.50	1.00	03-59	03-7
DESC-PALMYRA, MICH. PT SEC 26			RMKS-U.S. HWY 223. SUBJECT TO HWY EASEMENT ON N. 33. AMER. LA. PIPELI							

25000

60400

REPORT NO. C1-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-MICHIGAN DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
847-OCC	LENAWEE	91	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	03-63	03-
DESC-SENECA, MICH. HAYWOOD ADD. RMKS-WABASH RR SERVICE.										
845-OCC	MONROE	115	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.65	1.00	04-64	03-
DESC-SAMARIA, MICH. PT. SEC. 10 RMKS-LEASE 8400' LAND & 150' TRACK FROM ANN ARBOR RR CO. 15' EASEMEN										
820-OCC	SAGINAW	145	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	51.00	1.00	04-51	03-
DESC-BLUMFIELD TOWNSHIP PT S 15 RMKS-CHEMICAL FERT. PLANT. C&C RR SERVICE FROM NORTH BOUNDARY. FACES										
829-OCC	SAGINAW	145	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	04-64	03-
DESC-CHESANING, PT. SEC. 24 RMKS-SUBJECT TO NORTHERLY PORTION FOR USE OF M57 HWY. & EASTERLY 33										
833-OCC	SAGINAW	145	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.86	1.00	11-66	03-
DESC-FREELAND, PT. SEC. 21 RMKS-C&O RR CO SERVICE. SUBJECT TO HWY USE OF 33' ON N. LINE.										
944-OCC	SAGINAW	145	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	10-70	09-
DESC-REESE, RESIDENCE RMKS-REESE RESIDENCE LOCATED NEAR OUR FACTORY. RENTED FOR $105 PER										
945-OCC	SAGINAW	145	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~.50~~ 8.50	1.00	08-70	09-
DESC-REESE, RESIDENCE RMKS-REESE RESIDENCE LOCATED NEAR OUR FACTORY. RENTED FOR $85 PER										
840-OCC	SANILAC	151	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.29	1.00	01-64	03-
DESC-MARLETTE RMKS-C&O RR CO.SERVICE. NORTH SIDE OF WARNER ST. AT FENNER ST. CORNE										
846-OCC	SANILAC	151	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.46	1.00	08-58	03-
DESC-SANDUSKY RMKS-N SIDE OF C&O RR TRACK AT JACKSON ST. AGRICO HAS PRIVATE RR CRO										
830-OCC	SHIAWASE	155	256 MEMPHIS	FEE	FACILITY	AS INTENDED	4.00	1.00	12-64	03-
DESC-DURAND RMKS-ALONG GRAND TRUNK RAILWAY AT MONROE ROAD.										
849-OCC	SHIAWASE	155	256 MEMPHIS	FEE	FACILITY	AS INTENDED	3.00	1.00	11-50	03-
DESC-[illegible] RMKS-SOUTH OF AND ALONG THE R/W FOR RR. EASEMENT TO COM. POWER CO. F										
827-OCC	TUSCOLA	157	256 MEMPHIS	FEE	FACILITY	AS INTENDED	3.80	1.00	01-63	03-
DESC-CASS CITY, PT SEC. 33 RMKS-AT DOERR ROAD & GRAND TRUNK WESTERN RR.										
832-OCC	TUSCOLA	157	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	01-64	03-
DESC-FAIRGROVE, PT. SEC. 29 RMKS-CORNER GILFORD & HINSON ROADS. FAIRGROVE TWP. POWER CO. EASEMEN										
823-OCC	WASHTENA	161	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~3.00~~ 3.21	1.00	10-63	03-
DESC-ANN ARBOR, PITTSFIELD TWP. RMKS-NY CENTRAL RR CO SERVICE.										
KELEVA, MANISTEE COUNTY					FACILITY		0.50		11-70	

60607

REPORT NO. C1-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-MICHIGAN DEPARTMENT-AGRICO-MEMPHIS OFF

STATE TOTALS

FEE 32-PROPERTY-COUNT 197.01-ACRES

20200

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-MINNESOTA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
855-OCC	BLUE EAR	13 256	MEMPHIS	FEE	FACILITY	AS INTENDED	~~1.75~~ 1.00	1.00	10-61	06-
DESC-VERNON CENTER, MINN.			RMKS-200 TRK LSED FR C&NW RR.							
853-OCC	BROWN	15 256	MEMPHIS	FEE	FACILITY	AS INTENDED	64.00	1.00	03-59	06-
DESC-SEEPY EYE, MINN.			RMKS-C&NW RR & HWY 14. LARGE WAREHOUSE & SERVICE CENTER							
850-OCC	MARTIN	91 256	MEMPHIS	FEE	FACILITY	AS INTENDED	.78	1.00	03-65	06-
DESC-FAIRMONT, MINN			RMKS-CM&SP RR WEST SIDE. WHSE 48 X 100 FT							
851-OCC	MOWER	99 256	MEMPHIS	FEE	FACILITY	AS INTENDED	.09	1.00	12-65	06-
DESC-GRAND MEADOWS, MINN.			RMKS-CM&SP RR,94FT, 50FT TRK LSED							
856-OCC	NOBLES	105 256	MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	12-61	06-
DESC-WORTHINGTON, MINN.			RMKS-TRK AGMT CRI & PAC RR CO. 538FT TRK. 158FT ON CONCCO PRPTY.							
852-OCC	STEELE	147 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.25	1.00	12-66	06-
DESC-MERIDEN, MINN. PT SEC 17			RMKS-C&NW RR. DRAIN & HWY ESMNT ON S & E BORDER.							
854-OCC	WATONWAN	165 256	MEMPHIS	FEE	FACILITY	AS INTENDED	.26	1.00	09-65	06-
DESC-ST. JAMES, MINN. PL 48			RMKS-TRK LSE C&NW RR CO 150FT.							

STATE TOTALS

FEE 7-PROPERTY-COUNT 67.88-ACRES

20200

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-MISSISSIPPI DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
885-OCC	LEE	81 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.75	1.00	11-68	06-
DESC-PLANTERSVILLE, MISS.			RMKS-NONE SHOWN							
883-OCC	TUNICA	143 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.80	1.00	07-55	06-
DESC-TUNICA, MISS.			RMKS-LAND ACQ IN PLANT PUR COMP W/ BLDG & EQUIP. ICRR CO.							
884-OCC	WASHINGT	151 256	MEMPHIS	FEE	FACILITY	AS INTENDED	~~[illegible]~~ 1.21 1.00		07-55	06-
DESC-LELAND, MISS.			RMKS-NONE SHOWN							

FEE 3-PROPERTY-COUNT 4.76-ACRES

STATE-MISSOURI DEPARTMENT-AGRICC-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
859-001	AUDRAIN	7	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~.25~~ 0.20	1.00	09-65	09-7
DESC-LADDONIA,LOCUST & 1ST ST. RMKS-ADJACENT TO GM&ORR R/W, FRONTS ON NW/COR LOCUST & 1ST WITH RR S										
859-002	AUDRAIN	7	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~.25~~ 0.15	1.00	12-68	09-7
DESC-LADDONIA,W OF LOCUS ON 1ST RMKS-BEGINNING 130' WEST OF LOCUST EXTENDING WESTERLY 118'BETWEENIST										
857-000	BOONE	19	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~.17~~ 0.15	1.00	08-63	06-7
DESC-CENTRALIA, MO. LT 4, BL 15 RMKS-GM&O RR CO. LSE 50FT TRK. TRK UNLOADER. LSE LAND 7,750 SQ FT. ST										
858-000	GRUNDY	79	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.25	1.00	03-62	09-7
DESC-LABELLE,LOTS 4,5,6, BLK 9 RMKS-BETWEEN WOOD & SAUAGE STREETS FACING LINCOLN STREET										
860-000	LINCOLN	113	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.93	1.00	05-62	06-7
DESC-TROY, MO. LS SURVEY 305 RMKS-ST LOUIS & HANNIBAL RWY										
940-000	SHELBY	205	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	09-69	07-7
DESC-HUNNEWELL, MO. RMKS-200 FT BURLINGTON TRACK LSE. 100 X 420 FT BETWEER RR TRACK &CHES										

STATE TOTALS

FEE 6-PROPERTY-COUNT 2.68-ACRES

REPORT NO. C1-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-NEBRASKA DEPARTMENT-AGRICO-MEMPHIS CFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
870-000	PIERCE	139	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.47	1.00	05-67	06-
DESC-PIERCE, NEB.			RMKS-S21-26N-2W. CHICAGO & NW RR CO							
869-000	WASHINGT	177	256 MEMPHIS	SALE-LSEBACK	PLANT-SITE	AS INTENDED	22.85	1.00	04-68	06-
DESC-BLAIR, NEB.			RMKS-ESMT $50 PER YR SIGNBOARD, HWY 30. DOCK ON MISSOURI RIVER. GULF							
871-000	WAYNE	179	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.58	1.00	03-67	06-
DESC-WAYNE, NEB. RL 25			RMKS-12' WIDE ENGRESS ESMT WAYNE ELEC CO. CHICAGO & NW RR.							

BROKEN BOW, CUSTER COUNTY	FACILITY	0.50	2-68
MEADE, SAUNDERS COUNTY	FACILITY	0.50	1-69
CRETE, SALINE COUNTY	FACILITY	0.35	3-70

STATE TOTALS

FEE	5-PROPERTY-COUNT	4.40-ACRES
SALE-LSEBACK	1-PROPERTY-COUNT	22.85-ACRES

66616

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-NEW JERSEY DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	U DA
901-000 ATLANTIC	I	256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	00-00	06
DESC-HAMMONTON, N. J. RL. 45			RMKS- 7 11TH ST ON S SIDE.							
903-000 CUMBERLA	11	256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	03-65	06
DESC-ROSENHAYN			RMKS-QUIT CLAIM DEED TO 19,600 SQ FT FOR N SALEM RD. SERVED BY CEN							
902-000 HUNTERDO	19	256	MEMPHIS	FEE	FACILITY	AS INTENDED	7.32	1.00	05-68	06
DESC-JUTLAND			RMKS-LEHIGH VALLEY RR CO ON W. SIDE							
~~899-000 MIDDLESE~~	~~23~~	~~256~~	~~MEMPHIS~~	~~FEE~~	~~PLANT-SITE~~	~~AS INTENDED~~	~~62.00~~	~~1.00~~	~~06-00~~	~~06~~
~~DESC-CARTERET, N. J.~~			~~RMKS-NONE SHOWN~~							
900-000 MONMOUTH	25	256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.98	1.00	05-68	06
DESC-ALLENTOWN, N. J.			RMKS-N. SIDE SHREWSBRY RD							

STATE TOTALS

FEE 4-PROPERTY-COUNT 13.30-ACRES

20610

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-NEW YORK DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
915-OCO	ERIE	29 256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	15.50	1.00	01-11	06-7
DESC-BUFFALO N Y			RMKS-FERT. PLANT. ERIE LACKAWANNA RR.							
916-OCO	LIVINGST	51 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.33	1.00	10-66	06-7
DESC-GROVELAND PT LOT 49 TWS 8 RMKS-SMALL PARCEL LSED TO 1ST SOCIETY OF M.E. CHURCH.										
918-OCO	MADISON	53 256	MEMPHIS	FEE	FACILITY	AS INTENDED	12.03	1.00	12-68	06-7
DESC-ONEIDA N Y			RMKS-PENN-CENT RR. WAREHOUSE & BLENDER							
920-OCO	ONTARIO	69 256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.53	1.00	10-66	06-7
DESC-STANLY N Y SENACA TWS.			RMKS-LEHIGH VALLEY RR.							
921-OCO	STEUBEN	101 256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	03-67	06-7
DESC-WAYLAND N Y PT LOT 76 T 6 RMKS-RCT PLOT 400X219 FT. E 400FT FRONT ON ST HWY # 21. UNDERGROUND										
919-OCO	SUFFOLK	103 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.25	1.00	02-69	06-7
DESC-RIVERHEAD N Y -LONG ISLAND RMKS-WAREHOUSE & BLENDER. LI RR CO.										
917-OCO	WYOMING	121 256	MEMPHIS	FEE	FACILITY	AS INTENDED	4.47	1.00	04-65	06-7
DESC-HERMITAGE PT LOT 4 TWS 8 RMKS-NW CORNER OF DELHI ST HWY & WEATHERFIELD SP RD.										
NIVERVILKE, COLUMBIA COUNTY					FACILITY		0.39-		4-69	

STATE TOTALS

FEE 8-PROPERTY-COUNT 39.50-ACRES

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-NORTH CAROLINA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
908-000	BEAUFORT	13 256	MEMPHIS	FEE	FACILITY	AS INTENDED	3.03	1.00	05-65	06-
DESC-BELLHAVEN, N. C.			RMKS-NORFOLK-SO RR. 946 FT TRK OWNED BY CONOCO.							
937-000	BEAUFORT	13 256	MEMPHIS	FEE	MINING	IDLE/PLANS	12,014.69	.50	00-57	07-
DESC-NEAR AURORA, N.C.			RMKS-PHOSPHATE RES 50% CONOCO, 50% KENNECOTT(MANAGES SUR-PAYS TAXES)							
938-000	BEAUFORT	13 256	MEMPHIS	MINING-LSE	MINING	IDLE/PLANS	4,174.12	.50	00-60	07-
DESC-AURORA, S. PAMLICO RIVER			RMKS-PHOSPHATE RES 50% CONOCO, 50% KENNECOTT(OWNS SURFACE-PAYS TAXES							
910-000	BERTIE	15 256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	01-66	06-
DESC-LEWISTON - WOODVILLE TWS.			RMKS-NONE SHOWN							
909-000	GUILFORD	81 256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	41.00	1.00	11-15	06-
DESC-GREENSBORO - RANDOLPH AVE.			RMKS-PRPT BI-SECTED BY I-85. COMPLETE FERT PLANT. REG OFF. SO RRCO							
911-000	IREDELL	97 256	MEMPHIS	FEE	FACILITY	AS INTENDED	12.50	1.00	10-64	06-
DESC-MOORESVILLE - NO RAILRD.			RMKS-WHAREHOUSE & COTTON GIN. SERVICE CENTER.							
914-000	IREDELL	97 256	MEMPHIS	FEE	FACILITY	AS INTENDED	~~2.00~~ 1.075	1.00	04-54	06-
DESC-STATESVILLE ON HWY 90 W.			RMKS-ALEXANDER RR CO.-WAREHOUSE. PT LSED (10 YR) TO G&H SPREADER							
907-000	PITT	147 256	MEMPHIS	FEE	FACILITY	AS INTENDED	~~9.00~~ 7.90	1.00	12-64	06-
DESC-AYDEN, N.C. RURAL LOCATION			RMKS-CUR NCSH # 1725 & 1923. NO RR. COUNTRY STORE, TANKS, SHOPS & GA							
913-000	WASHINGT	187 256	MEMPHIS	FEE	FACILITY	AS INTENDED	~~9.00~~ 9.00	1.00	10-65	06-
DESC-PLYMOUTH- HWY 64E NS RR			RMKS-531 FT NORFOLK-SO RR TRACK.							
[illegible]	[illegible]	151 256	MEMPHIS	FEE	FACILITY	AS INTENDED	[illegible]	[illegible]	[illegible]	[illegible]
DESC-MT. OLIVE N. C.			RMKS-SCL RR CO. JOINT SIDE TRACK W/TENANT. ON OLD HWY 117 BTN MI. C							
WARSAW, DUPLIN COUNTY					FACILITY		1.14		11-69	

STATE TOTALS

FEE	10-PROPERTY-COUNT	12,096.01-ACRES
MINING-LSE	1-PROPERTY-COUNT	4,174.12-ACRES

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-OHIO DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	U DA
925-000	ALLEN	3	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	50.79	1.00	07-51	06-
DESC-CAIRO OHIO MONROE TWS. RMKS-FERT PLANT. B&O RR. CONOCO OWNS SIDE TRKS ON HWY 65.										
930-000	BROWN	15	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.40	1.00	11-63	06-
DESC-GEORGETOWN - LOTS 62 & 63 RMKS-LOC ON RACE ST.										
935-000	BUTLER	17	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.47	1.00	02-64	06-
DESC-SEVEN MILE OHIO WAYNE TWS. RMKS-PENN-CENT RR CO ADJ ON E SIDE. ESMNT 10FT WIDE.										
928-000	CUYAHOGA	35	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	66.60	1.00	10-00	06-
DESC-CLEVELAND OHIO RMKS-NUMEROUS. PLANT CONSIDERED SURPLUS-FOR SALE.										
926-000	FAIRFIEL	45	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.01	1.00	04-64	06-
DESC-CARROLL OHIO TWS 14 RMKS-C&O RR CO. WAREHOUSE. RR LSE CANCELED. SERVED BY TRUCK.										
939-000	FAYETTE	47	256 MEMPHIS	FEE	FACILITY	AS INTENDED	5.28	1.00	09-61	07-
DESC-RURAL SITE N OF CTY BOUND. RMKS-RESEARCH LAB-WASHINGTON COURT HOUSE. ACQ THRU AMER AG CHEM CO										
934-000	HENRY	69	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.40	1.00	03-66	06-
DESC-RIDGEVILLE OHIO RMKS-US HWY # 6										
931-000	HIGHLAND	71	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	10-65	06-
DESC-HILLSBORO 4 LOTS RMKS-N&W RR CO. 190FT TRK LSE @ $106.40 P.A.										
923-000	LORAIN	93	256 MEMPHIS	FEE	FACILITY	AS INTENDED	5.41	1.00	01-60	06-
DESC-WELLINGTON OHIO -ON HWY 58 RMKS-TRK LSE NICKLE PLATE RR CO-100FT. WAREHOUSE & BLENDER.										
932-000	MADISON	97	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	01-64	06-
DESC-[illegible] RMKS-S. SIDE WASHINGTON-LONDON RD.										
936-000	MERCER	107	256 MEMPHIS	FEE	FACILITY	AS INTENDED	4.36	1.00	11-65	06-
DESC-TAMA OHIO HOPEWELL TWS. RMKS-AVAILABLE FOR SALE. SURPLUS TO NEEDS OF AGRICO.										
927-000	PICKAWAY	129	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.75	1.00	04-60	06-
DESC-CIRCLEVILLE OHIO RMKS-PENN-CENT RR CO. ABTS SCIOTO & ALLEN STS.										
941-000	PICKAWAY	129	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	08-64	09-
DESC-ASHVILLE, PT NW 13-2-22 RMKS-LAND SERVED BY RR SPUR										
933-000	SENECA	147	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.18	1.00	01-65	06-
DESC-NEW RIEGO- BIG SPRING TWS. RMKS-TRIANGLE SHAPE; 50FT ON CNTY HWY 591. W. SIDE ALONG R/W OF PEN										
924-000	UNION	159	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.53	1.00	04-67	06-
DESC-ARNOLD, OHIO RMKS-PENN-CENT RR CO. INGRESS ESMT 35 FT WIDE N TO PROP FR RR ST.										
929-000	VAN WERT	161	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.17	1.00	10-62	06-
DESC-CONVOY - SEC 5 TWS 2S, RE RMKS-PENN-CENT RR CO. CONOCO CANNOT SELL TO ANY GRAIN & ELEV CO WI										
WASHINGTON COURT HOUSE, FAYETTE COUNTY					FACTORY		30.70		12-55	

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-OHIO DEPARTMENT-AGRICO-MEMPHIS OFF

STATE TOTALS

FEE	17-PROPERTY-COUNT	174.74-ACRES

60611

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-PENNSYLVANIA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
906-000	BRADFORD	15	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.60	1.00	03-66	06-70
DESC-MONROE BOROUGH, PA.			RMKS-ST LINE & SULLIVAN RR CO.							
905-000	ERIE	49	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~1.00~~ 1.50	1.00	11-58	06-70
DESC-MILL VILLAGE, PA.			RMKS-ERIE LACKAWANNA RR							
904-000	LEHIGH	77	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.99	1.00	03-68	06-70
DESC-MACUNGIE, VILLAGE TSEXLUTN			RMKS-READING RR, 731 FT SIDING, ELEC R/W LINE, ESMT TO HWY DEPT.							

STATE TOTALS

FEE 3-PROPERTY-COUNT 4.09-ACRES

60610

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-SOUTH CAROLINA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
868-000	CHARLEST	19	256 MEMPHIS	FEE	PLANT-SITE	AS INTENDED	~~[illegible]~~ 76.50	[illegible]	[illegible]	[illegible]
DESC-CHARLESTON, S.C.			RMKS-ADJ I-26, CHEM WORKS, COMPLETE PLANT							
867-000	CLARENDO	27	256 MEMPHIS	FEE	FACILITY	AS INTENDED	~~.69~~ 0.33	1.00	11-64	06-
DESC-SUMMERTON, S.C.			RMKS-BETWEEN TWO STS. 4800 SQ FT WHSE.							
866-000	EDGEFIEL	37	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	12-64	06-
DESC-JOHNSTON, S.C.			RMKS-SO RR CO. FERT WHSE.							
864-000	MARLBORO	69	256 MEMPHIS	FEE	FACILITY	AS INTENDED	13.63	1.00	05-65	06-
DESC-BENNETTSVILLE, S.C.			RMKS-WHSE ON ACL RR @ GIBSON-BENNETSVILLE HWY 79. 2 BLDG FOR FERT ST							
861-000	SPARTANB	83	256 MEMPHIS	FEE	FACILITY	AS INTENDED	2.10	1.00	00-14	06-
DESC-SPARTANBURG, S. C.			RMKS-WHSE & RWY SPUR, SO RWY CO. RESIDUAL LAND AFTER SALE OF MAJ PCP							
865-000	WILLIAMS	89	256 MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	10-64	06-
DESC-HEMINGWAY, S.C.			RMKS-RR SPUR. 100% DEST BY FIRE, FEB 1970							
ISLANDTOWN, COLLETON COUNTY					FACILITY		2.00		7-68	

STATE TOTALS

FEE 7-PROPERTY-COUNT 95.92-ACRES

60615

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOG

STATE-SOUTH DAKOTA DEPARTMENT-AGRICO-MEMPHIS CFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	U DA
868-000	TURNER	125	256 MEMPHIS	FEE	FACILITY	AS INTENDED	1.90 ~~1.25~~	1.00	10-69	06-
DESC-HURLEY, S.D.			REMKS-300 FT TRK LSED CENW RR.							
VERMILLION, CLAY COUNTY					FACILITY		0.40		9-66	

STATE TOTALS

FEE 2-PROPERTY 2.30-ACRES

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGUE

STATE-TENNESSEE DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	NO	DEPT	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DATE
895-000	DAVIDSON	37	256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	12.94	1.00	10-58	06-70
DESC-NASHVILLE, TENN.				RMKS-CENT TENN FERT PLANT. L&N RR CO.							
894-000	GIBSON	53	256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	06-65	06-70
DESC-MILAN, TENN.				RMKS-NONE GIVEN							
888-000	GREENE	59	256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.24	1.00	03-65	06-70
DESC-GREENEVILLE, TENN.				RMKS-SO RR CO. AUSTIN ST @ SE COR.							
889-000	JEFFERSO	89	256	MEMPHIS	FEE	FACILITY	AS INTENDED	~~.01~~ 0.12	1.00	10-53	06-70
DESC-JEFFERSON CITY, TENN.				RMKS-WHSE ON SO RR CO. MECHANIC ST							
892-000	KNOX	93	256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	11.19	1.00	10-58	06-70
DESC-KNOXVILLE, TENN.				RMKS-SO RR CO. COMPLETE FERT PLANT.							
896-000	LAKE	95	256	MEMPHIS	FEE	FACILITY	AS INTENDED	2.00	1.00	02-51	06-70
DESC-RIDGLEY, TENN.				RMKS-IC RR CO.							
886-000	MCMINN	107	256	MEMPHIS	FEE	FACILITY	AS INTENDED	3.34	1.00	00-00	06-70
DESC-ATHENS, TENN.				RMKS-SO RR CO SIDE TRK AGMT. LOADING DOCK LSED.							
897-000	MONROE	123	256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.67	1.00	12-62	06-70
DESC-SWEETWATER, TENN.				RMKS-SO RR CO. BLENDER & WHSE. HWY 11.							
898-000	OBION	131	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	10-53	06-(0
DESC-UNION CITY, TENN.				RMKS-GM&O RR CO.							
~~893-000~~	~~SHELBY~~	~~157~~	~~256~~	~~MEMPHIS~~	~~FEE~~	~~FACILITY~~	~~AS INTENDED~~	~~23.00~~	~~1.00~~	~~07-55~~	~~06-70~~
~~DESC-MEMPHIS, TENN.~~				~~RMKS-RAIL, WATER(MISS RV) & HWY ACCESS. ANHY AMMONIA TERM. CONSIDE~~							
942-001	SHELBY	157	256	MEMPHIS	FEE	FACILITY	IDL-NO PLANS	11.25	1.00	01-55	09-71
[illegible]				[illegible]							
942-002	SHELBY	157	256	MEMPHIS	FEE	FACILITY	AS INTENDED	12.65	1.00	02-65	09-71
DESC-MEMPHIS, PORT INDUS. SUB.				RMKS-NH3 TERMINAL, TANKS, DOCK, SPUR TRACKS, SCALES, OFFICE BLDG, WAREH							
943-000	SHELBY	157	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.50	1.00	06-63	09-71
DESC-MEMPHIS, 1222 RIVERSIDEBLVD				RMKS-FORMER OFFICE BLDG NOW LEASED TO CHICAGO BRIDGE & IRON AT $40,0							
887-000	SULLIVAN	163	256	MEMPHIS	FEE	FACILITY	AS INTENDED	3.10	1.00	10-58	06-70
DESC-BRISTOL, TENN.				RMKS-SO RR CO. SPUR TRK OWNED BY AGRICO. SECURITY FEED CO LSES.							
890-000	WASHINGT	179	256	MEMPHIS	FEE	PLANT-SITE	AS INTENDED	10.38	1.00	10-58	06-70
DESC-JOHNSON CITY, TENN.				RMKS-SO RR CO. STORAGE WHSE & BLENDER.							
891-000	WASHINGT	179	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.60	1.00	10-58	06-70
DESC-JOHNSON CITY, TENN.				RMKS-SO RR CO. DEPOT LSE, 600 P.A.							
JONESBORO, WASHINGTON COUNTY						FACILITY		0.32		10-58	
PARIS, HENRY COUNTY						FACILITY		0.47		8-55	

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-TENNESSEE DEPARTMENT-AGRICO-MEMPHIS OFF

STATE TOTALS

FEE 17-PROPERTY-COUNT 75.27-ACRES

*OF THE TOTAL ACREAGE IN THESE TWO (2) PLOTS, 17.20 ACRES IS UNDER A SALES CONTRACT TO CITY OF MEMPHIS FOR CASH.

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-VIRGINIA DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
873-000 AMELIA	7	256	MEMPHIS	FEE	FACILITY	AS INTENDED	5.00	1.00	10-64	06-
DESC-AMELIA - GILES DISTRICT			RMKS-JOINS HWY 360. SO RR CO.							
876-000 CULPEPPE	47	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.19	1.00	01-63	06-
DESC-CULPEPPER, VA.			RMKS-R/W AT&T CO, POLELINE. LOT & WHSE PUR AT SAME TIME. DOCK LSED T							
872-000 FAIRFAX	59	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.75	1.00	04-67	06-
DESC-ALEXANDRIA, VA.			RMKS-22' WIDE VECHILE ESMT TO WHEELER AVE. RF & P RR. WHSE.							
877-000 GREENSVI	81	256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.46	1.00	10-63	06-
DESC-EMPORIA, VA.			RMKS-WHSE. HWY 58. NFD RR CO.							
879-000 MECKLENB	117	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.32	1.00	12-55	06-
DESC-SOUTH HILL, VA.			RMKS-ATLANTIC & DANVILLE RR CO SIDE TRK-OWNED BY AGRICO							
875-000 MONTGOME	121	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.22	1.00	10-61	06-
DESC-CHRISTIANBURG, VA.			RMKS-WHSE. NEW RR CO. EGRESS PERMITTED ALONGSIDE BLDG TO ST.							
874-000 PITTSLVA	143	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.30	1.00	05-55	06-
DESC-CHATHAM, VA.			RMKS-WHSE. SO RR CO. LEASE PLATFORM $15 PER YR FR RR.							
947-000 SPOTSVAN	177	256	MEMPHIS	FEE	FACILITY	AS INTENDED	1.00	1.00	08-65	09-
DESC-FREDERICKSBURG			RMKS-2 TRACTS SOUTHWEST OF HAZEL RUN							
880-000 SUSSEX	183	256	MEMPHIS	FEE	FACILITY	AS INTENDED	6.70	1.00	10-65	06-
DESC-WAKEFIELD, VA. PLKS 1 & 2			RMKS-NEW RR CO.							
878-000 WARREN	187	256	MEMPHIS	FEE	FACILITY	AS INTENDED	.01	1.00	05-17	06-
DESC-FRONT ROYAL, VA. WATER ST.			RMKS-LSE WHSE NEXTDOOR. $32 PER MO. 50FT SO RR SIDING							

FEE 10-PROPERTY-COUNT 15.95-ACRES

60600

REPORT NO. 01-2002 REAL PROPERTIES DEPARTMENT CATALOGU

STATE-WISCONSIN DEPARTMENT-AGRICO-MEMPHIS OFF

PROPERTY NUMBER	COUNTY NAME	DEPT NO	ADMIN-OFFICE	TYPE	PROPERTY INTENDED-USE	STATUS	ACRES	INT	ACQ DATE	UP DAT
881-000 JEFFERSO	55	256	MEMPHIS	FEE	FACILITY	AS INTENDED	85.00	1.00	08-58	06-
DESC-JOHNSON CREEK, WISC.			RMKS-CENW RR. LARGE WHSE.							

STATE TOTALS

FEE	1-PROPERTY-COUNT	85.00-ACRES
DEPT TOTALS		·ACRES
FEE	208-PROPERTY-COUNT	14,362.23 ACRES
MINING-LSE	1-PROPERTY-COUNT	4,174.12-ACRES
SALE-LSEBACK	3-PROPERTY-COUNT	69.05-ACRES

EXHIBIT A

MINERAL INTERESTS

A. Conoco's interest in:

1. Plant Foods Lease No. 74 granted by Cummer Land Company, The Cummer Company, and Owens-Illinois, Inc. on November 14, 1967, covering 28.222 acres in St. Johns County, Florida, a memorandum of which is recorded in Official Records Book 156, Page 527, public records of St. Johns County, Florida.

2. Plant Foods Lease No. 77 granted by The Hudson Pulp and Paper Corporation on December 17, 1968, covering 5,670.71 acres in St. Johns County, Florida, a memorandum of which is recorded in Official Records Book 157, Page 1, public records of St. Johns County, Florida, as amended by instrument dated June 10, 1970 (in order to correct land description and acreage), which correction is also shown by ratification instrument dated December 9, 1970 recorded in Official Records Book 189, Page 84, public records of St. Johns County, Florida.

3. Plant Foods Fee No. 73, a mineral deed granted by Hale and Upchurch on November 17, 1967, covering 10,686.59 acres in St. Johns County, Florida, recorded in Official Records Book 149, Page 235, public records of St. Johns County, Florida.

4. Plant Foods Fee No. 75, a mineral deed granted by Hale and Upchurch on February 22, 1968, originally covering 5,104.75 gross acres in St. Johns County, Florida, recorded in Official Records Book 149, Page 239, public records of St. Johns County, Florida.

5. Plant Foods Fee No. 76, a mineral deed granted by Frank D. Upchurch, attorney for Trustees of South Down Development Company, dissolved on February 22, 1968, covering 441.28 acres in St. Johns County, Florida, recorded in Official Records Book 149, Page 246, public records of St. Johns County, Florida.

6. Plant Foods Fee No. 78, being various tax sale certificates originally covering 3,630.01 gross acres. Conoco's present interest is unknown since many of the certificates have been redeemed.

B. Conoco's undivided one-half interest in:

1. Plant Foods Fee No. 44, a fully participating 1/4 mineral interest in 718 gross acres located in Sections 17, 18, and 20, T1S-R17E and in Section 7, T2S-R17E, Columbia County, Florida.

2. Plant Foods Fee No. 45, a fully participating 1/4 mineral interest in 1,324 gross acres located in Sections 17, 19, 20, 29, and 30, T1S-R17E, Columbia County, Florida.

3. Plant Foods Fee No. 46, a fully participating 1/4 mineral interest in 40 gross acres located in Section 20, T1N-R16E, Hamilton County, Florida.

4. Plant Foods Fee No. 47, a fully participating 1/4 mineral interest in 4,831.03 gross acres located in Sections 6, 7, T1S-R17E; Sections 10, 20, 25, 26, 27, 28, 34, 35, 36, T1N-R16E; Sections 1, 2, 10, 11, 12, 13, 23, 27, 29, T1S-R16E, Hamilton County, Florida.

5. Plant Foods Fee No. 48, a fully participating 1/4 mineral interest in 1,120 acres located in Section 16, T2N-R15E; Section 26, T2N-R15E, Hamilton County, Florida.

6. Plant Foods Fee No. 49, a fully participating 1/4 mineral interest in 320 acres located in Section 28, T1S-R16E, Hamilton County, Florida.

7. Plant Foods Fee No. 50, a fully participating 1/4 mineral interest in 240 acres located in Sections 2, 11, T1S-R16E, Hamilton County, Florida.

8. Plant Foods Fee No. 51. a fully participating 1/4 mineral interest in 447.5 acres located in Sections 26, 27, 35, T1S-R16E, Hamilton County, Florida.

The foregoing interests are subject to Contract No. 13745-3, dated September 1, 1964, which is a limited production payment owned by Joseph E. Seagram & Sons, Inc. Also, the properties are subject to a joint operating agreement with Tenneco, being Contract No. 14436, dated September 1, 1964. Among other obligations, the joint operating agreement provides that the other party has the preferential right of purchase in the event one of the parties elects to sell its interest.

C. Conoco's undivided one-third interest in the following sulfur claims, permits and leases, insofar as Conoco has maintained any interest in such claims, permits and leases and subject to any preemptive rights owned by Atlantic Richfield:

Conoco Claim or Lease No.	State of Texas Lease No. or Lessor's Name	County	Gross Acres	Name of Claim
PM-52	M-60970	Culberson	641.00	Davis
PM-53	M-61292	Culberson	524.04	Monroe 17
PM-54	M-60913	Culberson	640.76	Red
PM-55	M-60763	Culberson	639.96	Elk
PM-56	M-60423	Culberson	320.40	Big Jim
PM-57	M-60956	Culberson	640.78	Chief
PM-58	M-60948	Culberson	723.12	Rocky
PM-59	M-61308	Culberson	723.92	Apache
PM-69	M-60951	Culberson	639.32	Bonebrake

Sulfur Leases

PL-80	A. C. Hope	Pecos	513.50	--
PL-81	Livingston Oil Co.	Pecos	--	--
PL-82	L. D. Reisner	Pecos	--	--

EXHIBIT B

INVENTIONS TO BE ASSIGNED TO PURCHASER

PATENTS

Patent No.	Issue Date	Title
2,967,615	01-10-61	Concentration of Phosphate Mineral
3,207,595	09-21-65	Prilled Mixed Fertilizers
2,967,617	01-10-61	Hydraulic Classifier
2,714,958	08-09-55	Product Discharge Means for Hydraulic Classifying Apparatus
2,784,841	03-12-57	Hydraulic Classification of Solids
2,799,559	07-16-57	Manufacture of Fluoboric Acid
2,799,556	07-16-57	Manufacture of Ammonium Fluoborate
2,738,255	03-13-56	Manufacture of Potassium Fluoborate
2,853,363	09-23-58	Manufacture of Potassium Silico Fluoride
2,899,056	08-11-59	Hydraulic Classification of Solids
2,708,517	05-17-55	Hydraulic Classification of Solids
3,032,194	05-01-62	Hydraulic Classification of Solids
3,068,070	12-11-62	Condensation of Phosphorus Vapor with Liquid Phosphorus
3,089,752	05-14-63	Preparation and Recovery of Ammonium Bifluoride
3,280,975	10-25-66	Discharge Control for Hydraulic Classification
3,425,837	02-04-69	Preparation of Animal Feed Phosphate
3,322,272	05-30-67	Flotation and Size Classification of Solids
3,414,376	12-3-68	Corrosion Inhibitor for Phosphoric Acid
3,511,604	05-12-70	Corrosion Inhibition during Phosphate Rock Acidulation
3,148,643	09-15-64	Soil Injection Apparatus
3,308,951	03-14-67	Secondary Hindered Settling Column for Hydrosizers

INVENTIONS TO BE ASSIGNED TO PURCHASER

PATENTS

Patent No.	Issue Date	Title
3,455,650	07-15-69	Production of Hydrogen Fluoride
3,362,809	01-09-68	Apparatus for Granulating Fertilizer
3,529,951	09-22-70	Method for Preparing Low Pressure Sulfur-Nitrogen Fertilizer Solutions
3,538,867	11-10-70	Fertilizing Method
3,600,153	08-17-71	NH_4NO_3-$KHSO_4$ Fertilizer Composition
3,619,161	11-09-71	Purification of Ammoniated Superphosphoric Acid Fertilizer Solutions
3,521,819	07-28-70	Valved Ejector
3,598,563	08-10-71	Particulate Fertilizer and Method
3,585,151	06-15-71	Corrosion Inhibited Phosphoric Acid Composition
3,580,826	05-25-71	Electrolytic Decoloring of Fertilizer Solutions
3,625,672	12-07-71	Method of Preparing Ammoniated Wet Process Superphosphoric Acid Base Solution
3,592,590	07-13-71	Fluosilicic Acid Purification
3,632,329	01-04-72	Reduction of Magnesium in Fertilizer Base Solutions
3,598,323	08-10-71	Pressure Accumulator
3,132,170	05-05-64	Chloroorgano Pyrophosphates
3,183,062	05-11-65	Method of Producing Phosphorus Pentasulfide
3,207,661	09-21-65	Bis-(Aziridinyl)-Phosphinothioic Esters as Chemical Sterilants for Insects and Mites
3,578,402	05-11-71	Method for Inhibiting the Foaming Tendencies of Phosphoric Acid
3,578,607	05-11-71	Corrosion Inhibited Phosphoric Acid Composition

INVENTIONS TO BE ASSIGNED TO PURCHASER

PATENTS

Patent No.	Issue Date	Title
3,212,849	10-19-65	Conversion of Ammonium Fluoride to Ammonium Bifluoride by Subatmospheric Evaporation of an Aqueous Solution of Ammonium Fluoride
3,033,653	05-08-62	Preparation of Carbon-Free Phosphorus
3,124,420	03-10-64	Manufacture of Pyrophosphoryl Chloride
3,059,992	10-23-62	Preparation of Thiophosphoryl Chloride
3,207,583	09-21-65	Preparation of Technical Grade Red Phosphorus
2,856,741	10-21-58	Methods and Apparatus for Handling Bags

APPLICATIONS PENDING

Appln No.	Filing Date	Title
117,767	02-22-71	Fertilizer Composition and Process (under final rejection)
839,083	07-03-69	Stabilized Liquid Fertilizer Composition (Allowed - fee paid)
21,907	03-23-70	Fertilizer Process and Apparatus (Appeal - needs refiling)
165,221	07-22-71	Method of Purifying Wet Process Phosphoric Acid (No official action)
148,259	05-20-71	An Improved Process for Producing Ammonium Phosphates and Polyphosphates (No official Action)
599,711 Interference No. 97,016	12-07-66	Roofing Granule and Method

INVENTIONS TO BE ASSIGNED TO PURCHASER

ICR's

ICR No.	ICR Execution Date	Title
3953	01-23-69	Aging of Amine Froth Products Prior to Reflotation
4233	12-11-69	Fluosilicic Acid Concentration Monitor and Controller
4252	01-12-70	Recovery of Fluorine Values from Phosphoric Acid Plant Gypsum
4310	03-06-70	Solubilizing Monopotassium Phosphate
4690	04-08-71	Removal of Magnesium Impurity from Wet Process Phosphoric Acid with Cryolite
4760	07-09-71	Decolorization of Wet Process Phosphoric Acid
4780	07-26-71	Manufacturing Urea-Formaldehyde in Spray Dryer
4788	07-30-71	Removal of Magnesium from Merchant Acid
4789	07-13-71	Recovery of Sludge from Wet Process Phos Acid
4856	11-02-71	Process to Manufacture Low Bulk Density Fertilizers
4876	12-03-71	Manufacturing High Conversion Am Polyphos under Reduced Pressure Conditions
4877	12-02-71	Fritted Wall Mixing Chamber for Am Polyphos Pipe Reactors
4878	12-02-71	Preparation of Base Solutions by the use of a Pipe Reactor with Super Phos Acid as a Feed
4691	04-22-71	Slow Release Fertilizer
4766	07-20-71	Plastic Light Reflector for Improving Plant Growth
4783	07-21-71	Removal of Suspended Carbon from Phosphoric Acid by Clay Treating

INVENTIONS FOR ROYALTY-FREE LICENSE TO PURCHASER

PATENTS

Patent No.	Issue Date	Title
3,513,639	05-26-70	Bag Filter Cleaning
3,493,337	02-03-70	Manufacture of Ammonium Thiosulfate and Ammonium Sulfate
3,359,037	12-19-67	Phosphate Slurry Mining Process
3,630,636	12-28-71	Blade Apparatus for High Shear Mixing
3,524,724	08-18-70	Method for Making Ammonium Thiosulfate and Ammonium Sulfate
3,559,663	02-02-71	Method for Controlling Sulfur Concentration in Ammonia
3,471,204	10-07-69	Preparation and Transportation of Slurries
3,359,312	12-19-67	N-(S-benzylthioethyl)phosphoramidothioic Dichloride
3,337,656	08-22-67	N-2-chloroalkyl)-phosphoramidothionates
3,286,001	11-15-66	Reaction Products of Organophosphorus Monohalides with Mercaptoalkylamines
3,328,494	06-27-67	O-(2-naphthyl)phosphorothionates
3,285,999	11-15-66	Thioamidophospholanes
3,286,002	11-15-66	Preparation of Organophosphorus S-benzylthioalkylamine Derivatives and their Debenzylation Products
3,628,912	12-21-71	Process for Inhibiting Hydrogen Permeation of Steel in Ammonia Service
3,288,555	11-29-66	Method of Inhibiting Corrosion

INVENTIONS FOR ROYALTY-FREE LICENSE TO PURCHASER

APPLICATIONS

Appln No.	Filing Date	Title
31,420	04-23-70	Low-Temperature Synthesis of Urea

ICR's

ICR No.	ICR Execution Date	Title
4705	05-07-71	Improved Slurry Mining of Phosphate Rock
4818	09-20-71	Induction Grinding Mill
4749	06-28-71	Phosphatic Clay Fire Retardant
4839	10-07-71	Loader for Top Loading Vessels
4855	11-01-71	Mixing Tube

Exhibit C

FOREIGN EQUIVALENTS TO U.S. PATENTS TO BE ASSIGNED TO PURCHASER

U.S. Patent No.	ICR No.	COUNTRY	Foreign Patent No.	Foreign Issue Date	Foreign Filing Date	Foreign Appln No.
3,207,595	15	Canada	719,118	3-1-66	12-5-63	890,569
3,183,062	14	Canada	745,953	11-8-66	10-2-62	859,285
3,033,653	20	Canada	673,239	10-29-63	--	--
3,059,992	35	Canada	643,339	6-19-62	7-29-60	804,284
3,322,272	84	Australia			5-18-65	58,966
		Brazil	84,010	8-21-70	6-8-65	170,244
		Canada	809,251	3-25-69	5-22-65	931,408
		Chile	20,554	8-27-66	7-6-65	632/65
		Israel	23,548	4-30-69	5-17-65	23,548
		Libya			6-22-65	155
		Mexico	79,119	3-7-67	6-9-65	83,018
		Spain	338,069	3-15-69	3-15-67	338,069
3,308,951	2723	Australia			2-13-67	17,597
		Brazil			2-16-67	187,819
		Canada	804,976	1-28-69	2-25-67	983,792
		Chile	22,031	2-9-68	4-7-67	332
		W. Germany	1,253,651	2-29-68	3-25-67	C41,879
		Israel	27,420	7-21-70	2-10-67	27,420
		Libya			7-26-67	220
		Spain	338,090	1-25-68	3-4-67	338,090
3,529,951	2856	Australia			9-16-69	060,912
		Canada			9-22-69	062,578
		New Zealand				
3,521,819	3575	Australia			11-28-68	46,942
		Canada	866,014	3-16-71	11-28-68	036,366

Exhibit C

FOREIGN EQUIVALENTS TO U.S. PATENTS
TO BE ASSIGNED TO PURCHASER

U.S. Patent No.	ICR No.	COUNTRY	Foreign Patent No.	Foreign Issue Date	Foreign Filing Date	Foreign Appln No.
3,632,329	3901	Belgium			--	--
		Great Britain			1-22-71	20,255
		Canada			12-10-70	100,334
		Denmark			1-8-71	66
		France			2-25-71	06,464
		W. Germany			3-12-71	112,012
		Holland			1-25-71	00,962
		Ireland			2-17-71	189
		Luxembourg			2-26-71	--
		Mexico			12-18-70	124,222
S. N. 21,907	3925	Belgium				
		Great Britain			3-23-71	25,045
		Canada			1-19-71	103,458
		Denmark			3-22-71	1,376
		France			2-19-71	5,821
		W. Germany	114,055		3-23-71	
		Holland	03,838	3-22-71		
		Luxembourg			2-2-71	
		Mexico			1-14-71	124,555

FOREIGN EQUIVALENTS OF U.S. PATENTS TO BE LICENSED TO PURCHASER

U.S. Patent No.	ICR No.	COUNTRY	Foreign Patent No.	Foreign Issue Date	Foreign Filing Date	Foreign Appln No.
3,524,724	3055	Canada	826,311	10-28-69	12-5-68	826,311
3,559,663	3055	Canada	873,785	6-22-71	10-11-67	873,785
3,493,337	2936	Australia			9-15-69	060,834
		Canada			9-11-69	061,725
		New Zealand			9-16-69	157,785
3,359,037	2979	Brazil			9-14-66	182,828
		Canada	842,[illegible]	10-14-69	8-9-66	967,455
		Colombia	16,[illegible]	10-6-67	9-2-66	99,440
		Peru	9,[illegible]	6-6-69	8-31-66	8,798
		Spain	330,[illegible]	2-4-67	8-23-66	43,588
		Portugal	46,[illegible]	12-15-67	8-29-66	46,307
		Saudia Arabia			9-2-66	CN
		Venezuela	19,[illegible]	1-23-70	8-30-66	1,358
Abandoned S.N. 365,269	83	Australia			4-22-65	57,861
		Brazil	84,[illegible]	8-21-70	5-6-65	169,462
		Canada	809,[illegible]	3-25-69	4-27-65	929,161
		Chile			5-25-65	495
		Israel	23,[illegible]	10-27-68	4-20-65	23,397
		Libya			5-4-65	151

7-01-6
REV. 6-1-69

INVENTION AGREEMENT

The parties to this Agreement, entered into as of _____, 19____, are:

CONTINENTAL OIL COMPANY, a Delaware corporation, hereinafter referred to as "Company";

and _____, now residing

in _____, hereinafter referred to as "Employee".

WHEREAS, Company desires to engage or retain Employee in its employ, and Employee desires to accept or continue such employment,

NOW, THEREFORE, in consideration of the terms, conditions and provisions herein set forth, the parties hereby agree as follows:

1. **Definitions.** The following terms have the following meanings for purposes of this Agreement:
   (a) "affiliate" — any corporation in which Company owns at least 25% of the outstanding voting stock.
   (b) "confidential information" — any information, knowledge or "know how" in, or pertaining to, any field of science, engineering or technology, which information, knowledge or "know how" is in the possession of Company, is treated by Company as confidential, and is not, at the time in question, lawfully in the public domain.
   (c) "conception" — any concept or idea which is believed to be new, useful or an improvement in, or pertaining to, any field of science, engineering or technology.
   (d) "invention" — any conception, invention or discovery of any new and useful process, machine, manufacture, or composition of matter, or any improvement thereof, which is or may be patentable in whole or in part.
   (e) "process" — any process, art or method; includes any new use of a known process, machine, manufacture, composition of matter, or material.

2. **Employment.**
   (a) Company engages Employee, or retains him in its employ, to devote his time, skill, labor and knowledge to the advancement of Company's business and interests.
   (b) While so employed, Employee shall diligently, faithfully, and to the best of his ability perform such duties as Company may assign to him. It is contemplated that among such duties Employee will be called upon to conduct, to assist in, review or supervise scientific, engineering or technical work and that such work may relate to conceptions and inventions and may involve disclosure to Employee of confidential information.
   (c) During the continuance of Employee's employment by Company, he shall be paid his present salary or such other salary or compensation as Company, in its discretion, deems appropriate.

3. **Acceptance of Employment.** Employee hereby accepts such employment, or continues the same, subject to the terms, conditions and provisions of this Agreement.

4. **Confidential Information.** Without prior written consent of Company:
   (a) Employee shall not disclose or use any confidential information (except in the performance of his duties for Company) during the period of his employment by Company or at any time thereafter.
   (b) Employee shall not, upon leaving the employ of Company, take with him any records, memoranda, drawings, pictures, models or other physical evidence of any confidential information.

5. **Disclosure of Conceptions and Inventions.** Employee shall disclose promptly, fully and in writing, to such person or persons as may be designated for the purpose by Company, all conceptions and inventions which Employee may make, alone or with others, during the period of his employment by Company. Company shall, with reasonable promptness, consider or have considered every conception and invention so disclosed by Employee.

6. **Assignment of Conceptions and Inventions.**
   (a) Employee hereby assigns to Company, or its nominee, his entire right, title and interest in and to all conceptions and inventions which he may make, alone or with others, during the period of his employment by Company.
   (b) Company may request, for purposes of recording or otherwise, a specific and unrestricted written assignment of any such conception or invention, and Employee shall promptly honor and comply with each such request.
   (c) Notwithstanding the foregoing, Company shall promptly release and reassign to Employee, upon his request in writing, his entire right, title and interest in and to any conception or invention which has been disclosed by Employee to Company and which, after consideration by Company, is determined by it not to relate to its business or to be otherwise of interest to Company.
   (d) The Chief Executive Officer of Company or any person or persons designated by him shall determine whether or not any such conception or invention should be so released and reassigned to Employee, and any such determination shall be final and binding upon Employee.

7. **Compensation for Inventions and Patents.**
   (a) If and when Company decides to file a patent application on any conception or invention made by Employee, alone or with others, Company shall pay to Employee the sum of $50; provided, however, that if such conception or invention was made by more than four persons, Company shall pay to Employee only his pro rata share of $200.
   (b) Promptly upon issuance to Company or its nominee of each United States Letters Patent in which Employee is named as an inventor or co-inventor and which is based on or relates to any conception or invention made by Employee, alone or with others, during the period of his employment by Company, Company shall pay to Employee the sum of $100; provided, however, that if others are named as co-inventors in such Letters Patent, Company shall pay to Employee only his pro rata share of $100.

8. Further Assurances. During the period of his employment by Company and at any time thereafter, Employee shall, upon request of Company, execute all documents (inclusive of, but not limited to, assignments) and perform all other acts which Company may from time to time deem necessary or advisable for the preparation or prosecution of any patent application, or the procurement or maintenance of any United States or foreign patent upon, or arising out of, any conception or invention made by Employee, alone or with others, during the period of his employment by Company.

9. Additional Compensation. If Employee shall, upon request of Company, render any service to Company pursuant to this Agreement after Employee's employment by Company has terminated, Company shall pay Employee, at the rate of $50 per day, for the time actually spent by him in rendering such service, and Company shall also reimburse him for any necessary and reasonable expense incurred by him in connection with the rendition of such service. Except as provided for in this Agreement or as may be provided for in any rules, regulations or policies of Company in effect at the time, Employee shall not be entitled to any additional compensation or reimbursement of expense in respect of any service he may render to Company during the period of his employment by Company.

10. Term of Agreement. This Agreement shall remain in full force and effect at all times hereafter unless and until it is superseded by an agreement of like import between the parties or unless and until this Agreement is formally terminated by, or with the consent of, Company.

11. Effect of Termination of Employment. Upon and after termination of Employee's employment by Company, Employee shall be under obligation to Company only insofar as is herein expressly provided; provided, however, that any temporary assignment of Employee to service with or for an affiliate shall not be deemed to be a termination of Employee's employment by Company.

12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Company's successors and assigns. It shall not be assignable by Employee, but it shall be binding upon and inure to the benefit of his heirs and legal representatives.

13. Merger of Understandings. This Agreement supersedes all prior agreements of like import between the parties and embodies the entire understanding between them respecting the subject matter hereof. There are no other agreements of any kind, written or oral, between the parties affecting such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

CONTINENTAL OIL COMPANY

By_____

_____

_____

Employee

TRADEMARKS REGISTERED IN U.S. PATENT OFFICE

SUBSIDIARY Agrico

Attorney [illegible]

MARK	CLASS	REGISTRATION NO.	DATE REGISTERED	AFFIDAVIT DUE	RENEWAL DATE	Notes
WHITE OAK	10	124,217	1-28-19		1-28-79	
YANKEE	10	861,241	12-3-68	12-3-74	12-3-88	
ZELL'S	10	108,965	3-14-16		3-14-76	
ZELL'S EXCELS & Symbol	10	416,237	9-4-45		9-4-85	

TRADEMARKS REGISTERED IN U.S. PATENT OFFICE

SUBSIDIARY Agrico

Attorney [illegible]

MARK	CLASS	REGISTRATION NO.	DATE REGISTERED	AFFIDAVIT DUE	RENEWAL DATE	Notes
POCOMOKE	10	136,157	10-26-20		10-26-80	
POCOMOKE & Triangle Design	10	144,450	7-5-21		7-5-81	
PROFESSOR LAWN & Design	10	884,431	1-20-70	1-20-76	1-20-90	
PROFESSOR LAWN & Design	10	884,432	1-20-70	1-20-76	1-20-90	
SEA FOWL and Symbol	10	117,730	7-31-17		7-31-77	
Seal Design of The American Agricultural Chemical Company	6	579,538	9-8-53		9-8-73	
SPRING	10	744,281	1-29-63		1-29-83	

TRADEMARKS REGISTERED IN U.S. PATENT OFFICE

SUBSIDIARY Agrico

Attorney RDS

MARK	CLASS	REGISTRATION NO.	DATE REGISTERED	AFFIDAVIT DUE	RENEWAL DATE	Notes
IMPERIAL	10	45,652	8-22-05		8-22-85	
JET-SPRED	23	768,162	4-14-64		4-14-84	
KEYSTONE CARBONATE OF AMMONIA LUMP and Symbol	6	349,501	8-31-37		8-31-77	
KEYSTONE Symbol	6	108,733	2-22-16		2-22-76	
PATAPSCO	10	95,345	2-10-14		2-10-74	
PHOS-FEED	6	411,362	1-16-45		1-16-85	
PHOS-GRO and Design	10	835,349	9-19-67	9-19-73	9-19-87	
PHOSPHODUST (Supplemental Register)	6	512,010	7-5-49		7-5-89	
PHOSPHODUST	6	904,121	12-15-70	12-15-76	12-15-90	
Plant w/Circular Arrow	100	893,452	6-23-70	6-23-76	6-23-90	

Exhibit E

TRADEMARKS REGISTERED IN U.S. PATENT OFFICE

SUBSIDIARY Agrico

Attorney RDH

MARK	CLASS	REGISTRATION NO.	DATE REGISTERED	AFFIDAVIT DUE	RENEWAL DATE	Notes
Design - New Leaf	10	827,080	4-11-67	4-11-73	4-11-87	
FANCIFUL FIGURE (Gayblade)	10	884,434	1-20-70	1-20-76	1-20-90	
FANCIFUL FIGURE (Gayblade)	10	884,435	1-20-70	1-20-76	1-20-90	
FANCIFUL FIGURE (Professor Lawn)	10	884,433	1-20-70	1-20-76	1-20-90	
FANCIFUL FIGURE (Professor Lawn)	10	868,895	5-6-69	5-6-75	5-6-89	
FARMSTEAD	10	885,278	2-3-70	2-3-76	2-3-90	
FERTILAY	38	712,174	3-7-61		3-7-81	
FISH BRAND & Symbol	10	345,502	4-27-37		4-27-77	
GOLD CUP		796,620	9-28-65		9-28-85	
HOMESTEAD	10	904,563	12-22-70	12-22-76	12-22-90	
HOMESTEAD and Symbol	10	727,374	2-13-62		2-13-82	

Exhibit E

TRADEMARKS REGISTERED IN U.S. PATENT OFFICE

SUBSIDIARY Agrico

Attorney [illegible]

MARK	CLASS	REGISTRATION NO.	DATE REGISTERED	AFFIDAVIT DUE	RENEWAL DATE	Notes
AGRI-SPRED	23	816,952	10-18-66	10-18-72	10-18-86	
AGRI-TONE	10	784,247	2-2-65		2-2-85	
AMACCO	10	164,855	2-27-23		2-27-83	
BIG N BRAND and Design	10	777,214	9-22-64		9-22-84	
BRUSHON	23	739,330	10-16-62		10-16-82	
COUNTRY CLUB	10	325,381	6-18-35		6-18-75	
Crabgrass Symbol	6	899,496	9-29-70	9-29-76	9-29-90	
CRITICAL PATHFINDER	38	896,934	8-18-70	8-19-76	8-18-90	

Exhibit E

TRADEMARKS REGISTERED IN U.S. PATENT OFFICE

SUBSIDIARY Agrico

Attorney

MARK	CLASS	REGISTRATION NO.	DATE REGISTERED	AFFIDAVIT DUE	RENEWAL DATE	Notes
AA	10	87,513	7-23-12		7-23-72*	
AA QUALITY	6	560,774	7-1-52		7-1-72*	
AA QUALITY and Seal	6	579,537	9-8-53		9-8-73	
ACME	10	149,816	12-27-21		12-27-81	
AGRI-BASE	10	821,011	12-27-66	12-27-72*	12-27-86	
AGRI-BASE	10	838,617	11-14-67	11-14-73	11-14-87	
AGRI-BIEN	10	821,012	12-27-66	12-27-72*	12-27-86	
AGRI-BLEND	10	821,013	12-27-66	12-27-72*	12-27-86	
AGRICARE	100	821,299	12-27-66	12-27-72*	12-27-86	
AGRICO	10	264,116	11-19-29		11-19-89	
AGRICO - Fertilizer for A Growing America (Seal Design)	10	727,870	2-27-62		2-27-82	
AGRI-FACTS	38	788,751	4-27-65		4-27-85	
AGRI-FLO	10	868,893	5-6-69	5-6-75	5-6-89	
AGRI-K	10	833,168	8-8-67	8-8-73	8-8-87	
AGRI-N	10	834,556	9-5-67	9-5-73	9-5-87	
AGRINITE	10	170,622	7-17-23		7-17-83	
AGRI-PHOS	6	679,453	6-2-59		6-2-79	
AGRI-PHOS	18	386,113	3-25-41		3-25-81	
agri-polyphos	10	871,582	6-24-69	6-24-75	6-24-89	

AMERICAN AGRICULTURAL CHEMICAL COMPANY - CANADA

MARK	CLASS	REFERRED TO	DATE FILED	APPLICATION NUMBER	DATE REGISTERED	REGISTRATION NUMBER	USE REQUIRED	RENEWAL DUE
AA		Ridout			2-7-33	56374	4-30-72	9-1-72
AA QUALITY (Seal)		Ridout			9-29-28	44845	5-28-78	9-29-78
AA QUALITY (Seal)		Ridout			1-16-33	56142	4-30-72	9-1-72
AA QUALITY		Ridout			2-27-33	NS739Reg.2	2-27-33	2-27-78
AGRICO		Ridout			10-12-34	NS3911Reg.12	6-12-79	10-12-79
AGRI-FLO		Ridout		217,083	12-19-69	166,941		
HOMESTEAD		Ridout			7-26-63	132068	3-26-78	7-26-78
ZELL'S		Ridout			3-31-33	265/56880		

Exhibit E

AMERICAN AGRICULATURE CHEMICAL COMPANY - STATE REGISTRATIONS - TRADEMARKS

TRADEMARK	FOR USE ON	REGISTRATION NUMBER	WHERE REGISTERED	DATE ISSUED	DATE OF EXPIRATION
AA	Chemical fertilizers and ingredients therefor	-	New Jersey	6-18-35	-
AA Quality (Seal)	Chemical fertilizers	-	New Jersey	6-18-35	-
Agrico	Commercial fertilizers	-	Florida (3)	10-5-36	3-24-78
Agrico	Commercial fertilizers	-	New Jersey	6-18-35	-
Agrinite	Fertilizers	-	New Jersey	6-18-35	-

FOREIGN MARKS
REGISTRATIONS AND APPLICATIONS

MARK	COUNTRY	NUMBER
AGRICO	Australia	A214,955
AGRICO	Australia	A214,954
AGRI-BASE	Australia	A209,057
AGRI-BLEND	Australia	A209,055
AGRINITE	Australia	A209,474
AGRI-VITA	Australia	A209,056
AGRI-PHOS	Australia	_____
BIG N BRAND & Dev.	Australia	A209,702
AGRICO	Brunei	BRU/4871
AGRICO	Brunei	BRU/4872
AMERICUS	Costa Rica	2275
AGRICO	Dominican Rep.	_____
AGRICO	France	758,988
AGRI-PHOS	France	758,989
A A	Japan	_____
AAC	Japan	_____
A A QUALITY	Japan	_____
A A QUALITY	Japan	_____
AGRICO	Malaya	M/53400
AGRICO	Malaya	M/53401
AGRICO	Netherlands	162,306
AGRICO	New Zealand	97508
AGRICO	New Zealand	97507

FOREIGN MARKS
REGISTRATIONS AND APPLICATIONS

EXHIBIT E (cont'd)

MARK	COUNTRY	NUMBER
AGRICO	Saba	13911
AGRICO	Saba	13912
AGRICO	Sarawak	9279
AGRICO	Sarawak	9278
AGRICO	Singapore	S/49108
AGRICO	Singapore	S/49109

CONTINENTAL OIL COMPANY - AGRICO
TRADEMARK APPLICATIONS FILED IN THE UNITED STATES

Mark	Product	Date Filed	Class	Serial Number
TCF	Fertilizer	9-17-69	10	338,134
WIN-ITE	Water Insoluble Nitrogen Compounds	7-27-70	10	366,323
GRASS FOOD & Design	Fertilizer for use on grass	6-9-71	10	394,321
AGRI-VITA	Granular Nitrogen-Containing and Phosphorus-Containing Fertilizer	7-13-71	10	397,226

Exhibit F

AGRICO or CONOCO as Licensor in Plant Foods Field

Licensee	Subject	Type License	Recommended Action
U. S. Government	Organic phosphorus-sulfur-nitrogen compounds	Royalty-free, non-exclusive	None
Corr-Oliver	Hydrosizer, except for phosphate rock	Exclusive	Assign to W.B.
A. F. Holden Company	Technology for manufacture of Mg	Royalty-free, non-exclusive	Assign to W.B.
Holloway Farm Supply Inc.	Patents and know-how for ammonium poly-phosphate manufacture	Requires overrun royalty, non-exclusive	Assign to W.B.
Minerals Recovery Corp.	Lease of Boyette Washer Plant - patents and know-how	Royalty-free, non-exclusive	Assign to W.B.
Frank M. Murphy and Assoc.	Install and sublicense hydrosizer for phosphate rock	Royalty share for installations	Assign to W.B.
Oak Ridge Sand Co.	Hydrosizer for processing sand on Agrico land	Non-exclusive, 2 /T. sand	Assign to W.B.; inactive
Stauffer Chemical	Condensation of phosphorus vapor	Non-exclusive, fully	Assign to W.B.
NEFCO	Consulting agreement to develop fertilizer injector	None	Assign to W.B.
Leiby, Lebanon, Penn.	Agrico Trademark	Non-exclusive, royalty free	Assign to W.B.

Exhibit F (Cont

AGRICO or CONOCO as Licensee r Plant Foods Field

Licensor	Subject	Type License	Recommended Action
I. W. Kellogg	Phosphorus from phosphate rock by fluidized bed	Royalty-free, non-exclusive and joint research	Assign to W.B.
Gordon F. Palm and Assoc.	Secrecy agreement re phosphate wast water	None	Assign to W.B.
ocbichem and Co.	Secrecy agreement re phosphate wast water	None	Assign to W.B.
	6 licenses re fertilizer patents	non-exclusive, royalty-free	Assign to W.B.
anto	Phosphoric acid composition for brightening metals	Non-exclusive,	Assign to W.B.
	Transfer of Pineapple Res. Inst. fertilizer injection patent	Exclusive	Assign to W.B.
IMC	GOLD CUP bags containing IMC or other marks	Non-exclusive, to expire when bags used	Assign to W.B.

egistered User in Canada
Agriculture Chemicals Ltd.
Marks:
AA, AA Quality (3 marks, 2 with design)
AGRICO, Homestead Zells

EXHIBIT F

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8-7-72

FILED
ELWILL M SHANAHAN
SECRETARY OF STATE
KANSAS

State of Delaware

F-5564
01700 ****20.00

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Office of Secretary of State.

I, Walton H. Simpson, *Secretary of State of the State of Delaware,*

do hereby certify that the Certificate of Agreement of Merger of the "AGRICO CHEMICAL COMPANY", merging with and into the "WILLCHEMCO, INC.", under the name of "AGRICO CHEMICAL COMPANY", was received and filed in this office the thirtieth day of June, A.D. 1972, at 10 o'clock A.M.

And I do hereby further certify that upon filing of the aforesaid Certificate of Agreement of Merger, the corporate existence of the "AGRICO CHEMICAL COMPANY", terminated.

And I do hereby further certify that the aforesaid Corporation is duly incorporated under the laws of the State of Delaware and is in good standing and has a legal corporate existence so far as the records of this office show and is duly authorized to transact business.

In Testimony Whereof, *I have hereunto set my hand* and official seal at Dover this twelfth day of July in the year of our Lord one thousand nine hundred and seventy-two.

KANSAS SECRETARY OF STATE
NON-CERTIFIED WEB COPY
10/30/2013 1:01:22 PM

Walton H Simpson

Secretary of State

R A Calwell

Ass't Secretary of State

FORM 122

EXHIBIT G

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

DATED AS OF NOVEMBER 18, 2001

BY AND AMONG

PHILLIPS PETROLEUM COMPANY,

CORVETTEPORSCHE CORP.,

PORSCHE MERGER CORP.,

CORVETTE MERGER CORP.

AND

CONOCO INC.

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Exhibit B	Form of By-Laws of New Parent
Exhibit C	Form of Certificate of Incorporation of Phillips Surviving Corporation
Exhibit D	Form of Certificate of Incorporation of Conoco Surviving Corporation
Exhibit E	Form of New Parent Rights Agreement
Exhibit F	Form of Affiliate Agreement

AGREEMENT AND PLAN OF MERGER, dated as of November 18, 2001 (this "Agreement"), by and among PHILLIPS PETROLEUM COMPANY, a Delaware corporation ("Phillips"), CORVETTEPORSCHE CORP., a Delaware corporation ("New Parent"), PORSCHE MERGER CORP., a Delaware corporation and direct wholly owned subsidiary of New Parent ("Merger Sub One"), CORVETTE MERGER CORP., a Delaware corporation and direct wholly owned subsidiary of New Parent ("Merger Sub Two"), and CONOCO INC., a Delaware corporation ("Conoco").

WITNESSETH:

WHEREAS, the Boards of Directors of Phillips, New Parent, Merger Sub One, Merger Sub Two and Conoco deem it advisable and in the best interests of their respective corporations and stockholders that Phillips and Conoco engage in a business combination in a merger of equals in order to advance the long-term strategic business interests of Phillips and Conoco;

WHEREAS, to effect such merger of equals, upon the terms and subject to the conditions set forth herein, (i) Merger Sub One will merge with and into Phillips with Phillips continuing as the surviving corporation (the "Phillips Merger") and (ii) Merger Sub Two will merge with and into Conoco with Conoco continuing as the surviving corporation (the "Conoco Merger" and together with the Phillips Merger, the "Mergers");

WHEREAS, upon consummation of the Mergers, (i) each of Phillips and Conoco will become a wholly owned subsidiary of New Parent, which has been formed by Phillips and Conoco solely for the purpose of the transactions contemplated by this Agreement and (ii) New Parent will change its name to ConocoPhillips; and

WHEREAS, for U.S. federal income tax purposes, it is intended that the Phillips Merger and the Conoco Merger shall each qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") and that the Mergers, taken together, shall qualify as an exchange described in Section 351 of the Code.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Acquisition Proposal" shall have the meaning set forth in Section 6.5(a)(i).

"Affiliate Agreement" shall have the meaning set forth in Section 6.12(a).

"Agreement" shall have the meaning set forth in the preamble.

"Antitrust Laws" means the HSR Act, the EC Merger Regulation, the Canadian Investment Regulations or other antitrust, competition or premerger notification, trade regulation law, regulation or order.

"beneficial ownership" or "beneficially own" shall have the meaning ascribed to such terms under Section 13(d) of the Exchange Act.

"Benefit Plan" means, with respect to any entity, any employee benefit plan, program, policy, practice, agreement, contract or other arrangement providing benefits to any current or former employee, officer or director of such entity or any of its affiliates or any beneficiary or dependent thereof that is sponsored or maintained by such entity or any of its affiliates or to which such entity or any of its affiliates contributes or is obligated to contribute, whether or not written, including any "employee welfare benefit plan" within the meaning of Section 3(1) of ERISA, any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (whether or not such plan is subject to ERISA), any employment or severance agreement, and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, change of control or fringe benefit plan, program or policy.

"Business Day" means any day on which banks are not required or authorized to close in the City of New York.

"Canadian Investment Regulations" means the Competition Act (Canada) and the Investment Canada Act of 1984 (Canada).

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and the rules and regulations promulgated thereunder.

"Certificates of Merger" shall have the meaning set forth in Section 2.3.

"Change in the Conoco Recommendation" shall have the meaning set forth in Section 6.1(b).

"Change in the Phillips Recommendation" shall have the meaning set forth in Section 6.1(c).

"Closing" shall have the meaning set forth in Section 2.5.

"Closing Date" shall have the meaning set forth in Section 2.5.

"Code" shall have the meaning set forth in the recitals.

"Confidentiality Agreement" shall have the meaning set forth in Section 6.3.

"Conoco" shall have the meaning set forth in the preamble.

"Conoco 2000 10-K" means Conoco's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as filed with the SEC.

"Conoco 10-Q" means Conoco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, as filed with the SEC.

"Conoco Benefit Plan" means a Benefit Plan maintained or contributed to by Conoco or any of its Subsidiaries, or to which Conoco or any of its Subsidiaries is required to contribute.

"Conoco Capital Stock" means the Conoco Common Stock together with the Conoco Preferred Stock.

"Conoco Certificate" shall have the meaning set forth in Section 3.2(b).

"Conoco Certificate of Merger" shall have the meaning set forth in Section 2.3.

"Conoco Common Stock" means common stock, par value $.01 per share, of Conoco.

"Conoco Disclosure Schedule" means the disclosure schedule delivered by Conoco to Phillips concurrently herewith.

"Conoco Merger" shall have the meaning set forth in the recitals.

"Conoco Merger Consideration" shall have the meaning set forth in Section 3.2(b).

"Conoco Necessary Consents" shall have the meaning set forth in Section 4.1(d).

"Conoco Preferred Stock" means the preferred stock, par value $.01, of Conoco.

"Conoco Recommendation" shall have the meaning set forth in Section 6.1(b).

"Conoco Right" means a preferred share purchase right issuable pursuant to the Conoco Rights Agreement.

"Conoco Rights Agreement" means the Rights Agreement, dated as of July 29, 1999, between Conoco and Equiserve Trust Company, N.A., as successor to First Chicago Trust Company of New York, as rights agent, as amended.

"Conoco SAR" shall have the meaning set forth in Section 3.4(a).

"Conoco SEC Documents" shall have the meaning set forth in Section 4.1(e).

"Conoco Stock-Based Award" shall have the meaning set forth in Section 3.4(b).

"Conoco Stock Option" shall have the meaning set forth in Section 3.4(a).

"Conoco Stock Plans" shall have the meaning set forth in Section 3.4(a).

"Conoco Stockholder Approval" shall have the meaning set forth in Section 4.1(c)(i).

"Conoco Stockholders Meeting" shall have the meaning set forth in Section 4.1(c)(i).

"Conoco Surviving Corporation" shall have the meaning set forth in Section 2.2(b).

"Conoco Termination Fee" means $550 million.

"Controlled Group Liability" means any and all liabilities (a) under Title IV of ERISA, other than for payment of premiums to the Pension Benefit Guaranty Corporation, (b) under Section 302 of ERISA, (c) under Sections 412 and 4971 of the Code, (d) for violation of the continuation coverage requirements of Section 601 *et seq.* of ERISA and Section 4980B of the Code or the group health requirements of Sections 9801 *et seq.* of the Code and Sections 701 *et seq.* of ERISA, and (e) under corresponding or similar provisions of foreign laws or regulations.

"Delaware Secretary" shall have the meaning set forth in Section 2.3.

"DGCL" means the General Corporation Law of the State of Delaware.

"DOJ" means the Antitrust Division of the U.S. Department of Justice.

"EC Merger Regulation" shall have the meaning set forth in Section 4.1(d).

"Effective Time" shall have the meaning set forth in Section 2.3.

"Environmental Claims" means, in respect of any person, (i) any and all administrative, regulatory or judicial actions, suits, orders, decrees, suits, demands, directives, claims, liens, investigations, proceedings or notices of noncompliance or violation by any person, alleging potential presence or Release of, or exposure to, any Hazardous Materials at any location, whether or not owned, operated, leased or managed by such person, (ii) circumstances forming the basis of any actual or alleged violation of, or liability under, any Environmental Law or (iii) any and all indemnification, cost recovery, compensation or injunctive relief resulting from the presence or Release of, or exposure to, any Hazardous Materials.

"Environmental Laws" means all applicable federal, state, local and foreign laws (including international conventions, protocols and treaties), common law, rules, regulations, orders, decrees, judgments, binding agreements or Environmental Permits issued, promulgated or

entered into, by or with any Governmental Entity, relating to pollution, Hazardous Materials, natural resources or the protection, investigation or restoration of the environment.

"Environmental Permits" means all permits, licenses, registrations and other governmental authorizations required under applicable Environmental Laws.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exchange Agent" shall have the meaning set forth in Section 3.6.

"Exchange Fund" shall have the meaning set forth in Section 3.6.

"Exchange Ratio" shall have the meaning set forth in Section 3.2(b).

"Expenses" means all out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its affiliates) incurred by a party hereto or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby, including the preparation, printing, filing and mailing of the Joint Proxy Statement/Prospectus and the Form S-4 and the solicitation of stockholder approvals and all other matters related to the transactions contemplated hereby and thereby.

"Form S-4" shall have the meaning set forth in Section 4.1(d)(iv).

"FTC" means the U.S. Federal Trade Commission.

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Entity" means any supranational, national, state, municipal or local government, foreign or domestic, any instrumentality, subdivision, court, administrative agency or commission or other authority thereof, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

"GIRL" means Gulf Indonesia Resources Limited, a corporation formed in Canada.

"Gulf" means Conoco Canada Resources Limited, a corporation formed in Canada.

"Hazardous Materials" means any petroleum or petroleum products, radioactive materials or wastes, asbestos, polychlorinated biphenyls and any chemical, material, substance or waste, in each case that is prohibited, limited or regulated pursuant to any Environmental Law.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"IRS" means the Internal Revenue Service.

"Joint Proxy Statement/Prospectus" shall have the meaning set forth in Section 4.1(d)(iv).

"knowledge" or "known" means, with respect to any entity, the knowledge of such entity's executive officers after reasonable inquiry.

"Liens" shall have the meaning set forth in Section 2.1(b).

"Material Adverse Effect" means, with respect to any entity, a material adverse effect on (a) the business, operations, results of operations or financial condition of such entity and its Subsidiaries taken as a whole or (b) the ability of such entity to timely consummate the transactions contemplated by this Agreement, except, in each case, for any such effect reasonably attributable to (i) general political and economic conditions (including prevailing interest rate and stock market levels) in the United States or the other countries in which such entity operates, (ii) the general state of the industries in which such entity operates or (iii) other than with respect to Sections 4.1(c)(ii), 4.1(d), 4.2(c)(ii), 4.2(d), 6.4(a) or 7.1(c), the negotiation, announcement, execution, delivery or consummation of the transactions contemplated by, or in compliance with, this Agreement.

"Merger Sub One" shall have the meaning set forth in the preamble.

"Merger Sub One Common Stock" shall have the meaning set forth in Section 2.1(b).

"Merger Sub Two" shall have the meaning set forth in the preamble.

"Merger Sub Two Common Stock" shall have the meaning set forth in Section 2.1(b).

"Mergers" shall have the meaning set forth in the recitals.

"New Parent" shall have the meaning set forth in the preamble.

"New Parent Common Stock" shall have the meaning set forth in Section 2.1(a).

"New Parent Rights Agreement" shall have the meaning set forth in Section 6.11(c).

"New Parent SAR" shall have the meaning set forth in Section 3.4(a).

"New Parent Stock Option" shall have the meaning set forth in Section 3.4(a).

"New Parent Stock-Based Award" shall have the meaning set forth in Section 3.4(b).

"New Plans" shall have the meaning set forth in Section 6.8(b).

"Newco Employees" shall have the meaning set forth in Section 6.8(a).

"NYSE" means the New York Stock Exchange, Inc.

"other party" means, with respect to Phillips, Conoco, and with respect to Conoco, Phillips.

"Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group (as defined in the Exchange Act).

"Phillips" shall have the meaning set forth in the preamble.

"Phillips 2000 10-K" means Phillips's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as filed with the SEC.

"Phillips 10-Q" means Phillips's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, as filed with the SEC.

"Phillips Benefit Plan" means a Benefit Plan maintained or contributed to by Phillips or a Subsidiary of Phillips, or to which Phillips or any Subsidiary of Phillips is required to contribute.

"Phillips Capital Stock" means the Phillips Common Stock together with the Phillips Preferred Stock.

"Phillips Certificate" shall have the meaning set forth in Section 3.7(b).

"Phillips Certificate of Merger" shall have the meaning set forth in Section 2.3.

"Phillips Common Stock" means common stock, par value $1.25 per share, of Phillips.

"Phillips Disclosure Schedule" means the disclosure schedule delivered by Phillips to Conoco concurrently herewith.

"Phillips Merger" shall have the meaning set forth in the recitals.

"Phillips Merger Consideration" shall have the meaning set forth in Section 3.1(b).

"Phillips Necessary Consents" shall have the meaning set forth in Section 4.2(d).

"Phillips Preferred Stock" means the preferred stock, par value $1.00 per share, of Phillips.

"Phillips Recommendation" shall have the meaning set forth in Section 6.1(c).

"Phillips Right" means a preferred share purchase right issuable pursuant to the Phillips Rights Agreement.

"Phillips Rights Agreement" means the Rights Agreement, dated as of August 1, 1999, between Phillips and ChaseMellon Shareholder Services, L.L.C., as rights agent.

"Phillips SAR" shall have the meaning set forth in Section 3.5(a).

"Phillips SEC Documents" shall have the meaning set forth in Section 4.2(e).

"Phillips Stock Option" shall have the meaning set forth in Section 3.5(a).

"Phillips Stock Plans" shall have the meaning set forth in Section 3.5(a).

"Phillips Stock-Based Award" shall have the meaning set forth in Section 3.5(b).

"Phillips Stockholder Approval" shall have the meaning set forth in Section 4.2(c)(i).

"Phillips Stockholders Meeting" shall have the meaning set forth in Section 4.2(c)(i).

"Phillips Surviving Corporation" shall have the meaning set forth in Section 2.2(a).

"Phillips Termination Fee" means $550 million dollars.

"Qualifying Amendment" means an amendment or supplement to the Joint Proxy Statement/Prospectus or Form S-4 (including by incorporation by reference) to the extent it contains (i) a Change in the Phillips Recommendation or a Change in the Conoco Recommendation (as the case may be), (ii) a statement of the reasons of the Board of Directors of Phillips or Conoco (as the case may be) for making such Change in the Phillips Recommendation or Change in the Conoco Recommendation (as the case may be) and (iii) additional information reasonably related to the foregoing.

"Regulatory Law" means the HSR Act, and all other U.S. federal and state and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate (a) mergers, acquisitions or other business combinations, (b) foreign investment, or (c) actions having the purpose or effect of monopolization or restraint of trade or lessening of competition.

"Release" means any actual or threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment.

"Required Approvals" shall have the meaning set forth in Section 6.4(a)(i).

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Significant Subsidiary" shall have the meaning ascribed to such term in Rule 1-02 of Regulation S-X of the SEC.

"Subsidiary" shall have the meaning ascribed to such term in Rule 1-02 of Regulation S-X of the SEC.

"Superior Proposal" means, with respect to Phillips or Conoco, as the case may be, a bona fide written proposal made by a Person other than a party hereto that is (a) for an Acquisition Proposal (except that references in the definition of "Acquisition Proposal" to "20%" shall be "50%") involving such party and (b) is on terms which its Board of Directors in good faith concludes (following receipt of the advice of its financial advisors and outside counsel), taking into account, among other things, all legal, financial, regulatory and other aspects of the proposal and the Person making the proposal, (i) would, if consummated, result in a transaction that is more favorable to its stockholders (in their capacities as stockholders), from a financial point of view, than the transactions contemplated by this Agreement and (ii) is reasonably capable of being completed.

"Tosco" means Tosco Corporation, a Nevada corporation and a wholly owned subsidiary of Phillips.

"Tosco Merger Agreement" shall have the meaning set forth in Section 6.8(a).

"Tax Return" means any return, report or similar statement (including any attached schedules) required to be filed with respect to any Tax, including any information return, claim for refund, amended return or declaration of estimated Tax.

"Taxes" means any and all U.S. federal, state or local, foreign or other taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any taxing authority, including taxes or other charges

on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth, and taxes or other charges in the nature of excise, withholding, *ad valorem* or value added.

"Termination Date" shall have the meaning set forth in Section 8.1(b).

"Voting Debt" means any bonds, debentures, notes or other indebtedness having the right to vote on any matters on which holders of capital stock of the same issuer may vote.

ARTICLE II

FORMATION OF NEW PARENT; THE MERGERS

2.1 Formation of New Parent; Merger Subs. (a) Phillips and Conoco have caused New Parent to be organized under the laws of the State of Delaware and each owns 50% of the capital stock of New Parent. The authorized capital stock of New Parent consists of 100 shares of common stock, par value $.01 per share (the "New Parent Common Stock"), of which one share has been issued to Phillips and one share has been issued to Conoco. Phillips and Conoco shall take, and shall cause New Parent to take, all requisite action to cause the certificate of incorporation of New Parent to be in the form of Exhibit A (the "New Parent Charter") and the by-laws of the New Parent to be in the form of Exhibit B (the "New Parent By-Laws"), in each case, at the Effective Time.

(b) Merger Subs. Phillips and Conoco have caused New Parent to organize, and New Parent has organized, Merger Sub One and Merger Sub Two under the laws of the State of Delaware. The authorized capital stock of Merger Sub One consists of 100 shares of common stock, par value $.01 per share (the "Merger Sub One Common Stock"), all of which are validly issued, fully paid and nonassessable, and are owned by New Parent free and clear of any liens, pledges, charges, encumbrances and security interests whatsoever ("Liens"). The authorized capital stock of Merger Sub Two consists of 100 shares of common stock, par value $.01 per share (the "Merger Sub Two Common Stock"), all of which are validly issued, fully paid and nonassessable, and are owned by New Parent free and clear of any Liens.

2.2 The Mergers. Upon the terms and subject to the conditions hereof, in accordance with the DGCL, at the Effective Time:

(a) The Phillips Merger. Merger Sub One shall merge with and into Phillips, with Phillips continuing as the surviving corporation in the Phillips Merger (the "Phillips Surviving Corporation") and the separate corporate existence of Merger Sub One shall cease. As a result of the Phillips Merger, Phillips will become a wholly owned subsidiary of New Parent.

(b) The Conoco Merger. Merger Sub Two shall merge with and into Conoco, with Conoco continuing as the surviving corporation in the Conoco Merger (the "Conoco Surviving Corporation") and the separate corporate existence of Merger Sub Two shall cease.

As a result of the Conoco Merger, Conoco will become a wholly owned subsidiary of New Parent.

2.3 Effective Time of the Mergers. As soon as practicable on the Closing Date, Phillips shall file with the Secretary of State of the State of Delaware (the "Delaware Secretary") a certificate of merger with respect to the Phillips Merger (the "Phillips Certificate of Merger") and Conoco shall file with the Delaware Secretary a certificate of merger with respect to the Conoco Merger (the "Conoco Certificate of Merger," together with the Phillips Certificate of Merger, the "Certificates of Merger"), which Certificates of Merger shall be in such form as is required by, and executed and acknowledged in accordance with, the DGCL. The Mergers shall become effective at such date and time as Phillips and Conoco shall agree and shall be specified in the Certificates of Merger; provided that (i) such date and time shall be after the time of filing of the Certificates of Merger and (ii) both Mergers shall become effective at the same date and time. As used in this Agreement, the term "Effective Time" shall mean the date and time when the Mergers become effective.

2.4 Effects of the Mergers. The Mergers shall have the effects set forth in the applicable provisions of the DGCL.

2.5 Closing. Upon the terms and subject to the conditions set forth in Article VII and the termination rights set forth in Article VIII, the closing of the transactions contemplated by this Agreement (the "Closing") will take place at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York, 10019 at 10:00 A.M. on the first Business Day following the satisfaction or waiver (subject to applicable law) of the conditions (excluding conditions that, by their nature, cannot be satisfied until the Closing Date) set forth in Article VII, unless this Agreement has been theretofore terminated pursuant to its terms or unless another place, time or date is agreed to in writing by Phillips and Conoco (the date of the Closing, the "Closing Date").

2.6 Certificates of Incorporation. (a) At the Effective Time, the certificate of incorporation of the Phillips Surviving Corporation shall be amended in its entirety to read as set forth in Exhibit C, until thereafter changed or amended as provided therein or by applicable law.

(b) At the Effective Time, the certificate of incorporation of the Conoco Surviving Corporation shall be amended in its entirety to read as set forth in Exhibit D, until thereafter changed or amended as provided therein or by applicable law

2.7 By-Laws. At the Effective Time, the by-laws of Merger Sub One shall be the by-laws of the Phillips Surviving Corporation and the by-laws of Merger Sub Two shall be the by-laws of the Conoco Surviving Corporation.

2.8 Directors and Officers. (a) The directors and officers of New Parent at the Effective Time shall be as Phillips and Conoco shall hereafter agree subject to the covenants and agreements set forth in Section 6.2.

(b) The directors of Merger Sub One immediately prior to the Effective Time shall be the directors of the Phillips Surviving Corporation and the officers of Phillips immediately prior to the Effective Time shall be the officers of the Phillips Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

(c) The directors of Merger Sub Two immediately prior to the Effective Time shall be the directors of the Conoco Surviving Corporation and the officers of Conoco immediately prior to the Effective Time shall be the officers of the Conoco Surviving Corporation, in each case, until their respective successors are duly elected and qualified.

(d) Phillips and Conoco shall cause such persons as shall be mutually agreed upon by Phillips and Conoco to be appointed directors of Merger Sub One and Merger Sub Two, respectively, effective as of immediately prior to the Effective Time.

2.9 Actions of Phillips and Conoco. Phillips and Conoco, as the holders of all the outstanding shares of New Parent Common Stock, have approved this Agreement and the transactions contemplated hereby and shall cause New Parent, as the sole stockholder of each of Merger Sub One and Merger Sub Two, to adopt this Agreement. Each of Phillips and Conoco shall take all actions necessary to cause New Parent, Merger Sub One and Merger Sub Two to take any actions necessary in order to consummate the Mergers and the other transactions contemplated hereby.

2.10 Actions of New Parent. New Parent shall honor, and shall cause the Phillips Surviving Corporation and the Conoco Surviving Corporation, as applicable, to honor, in accordance with their respective terms, the obligations under the employment agreements and severance plans and arrangements listed in the Phillips Disclosure Schedule and the Conoco Disclosure Schedule, as applicable, and under the Phillips Stock Plans and the Conoco Stock Plans, as applicable, for rights and benefits arising as a result of this Agreement and the transactions contemplated hereby.

ARTICLE III

CONVERSION OF SECURITIES

3.1 Effect on Capital Stock of Phillips and Merger Sub One. At the Effective Time, by virtue of the Phillips Merger and without any action on the part of Phillips, New Parent, Merger Sub One or any holder of any shares of Phillips Common Stock:

(a) All shares of Phillips Capital Stock that are held by Phillips as treasury stock or that are owned by New Parent, Phillips, Merger Sub One or Merger Sub Two

immediately prior to the Effective Time shall cease to be outstanding and shall be cancelled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor.

(b) Subject to Section 3.1(a), each outstanding share of Phillips Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive one fully paid and nonassessable share of New Parent Common Stock (the "Phillips Merger Consideration"). All shares of New Parent Common Stock issued pursuant to this Section 3.1(b) shall be duly authorized and validly issued and free of preemptive rights, with no personal liability attaching to the ownership thereof.

(c) All of the shares of Phillips Common Stock converted into the right to receive New Parent Common Stock pursuant to this Section 3.1 shall cease to be outstanding and shall be cancelled and retired and shall cease to exist and, as of the Effective Time, the holders of Phillips Common Stock shall be deemed to have received shares of New Parent Common Stock (without the requirement for the surrender of any certificate previously representing any such shares of Phillips Common Stock or issuance of new certificates representing New Parent Common Stock), with each certificate representing shares of Phillips Common Stock prior to the Effective Time being deemed to represent automatically an equivalent number of shares of New Parent Common Stock.

(d) Each share of Merger Sub One Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Phillips Surviving Corporation.

3.2 Effect on Capital Stock of Conoco and Merger Sub Two. At the Effective Time, by virtue of the Mergers and without any action on the part of Conoco, New Parent, Merger Sub Two or any holder of any shares of Conoco Common Stock:

(a) All shares of Conoco Capital Stock that are held by Conoco as treasury stock or that are owned by New Parent, Conoco, Merger Sub One or Merger Sub Two immediately prior to the Effective Time shall cease to be outstanding and shall be cancelled and retired and shall cease to exist.

(b) Subject to Sections 3.2(a) and 3.10, each outstanding share of Conoco Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive 0.4677 (the "Exchange Ratio") of a fully paid and nonassessable share of New Parent Common Stock (the "Conoco Merger Consideration"). All of such shares of New Parent Common Stock shall be duly authorized and validly issued and free of preemptive rights, with no personal liability attaching to the ownership thereof. All shares of Conoco Common Stock shall cease to be outstanding and shall be cancelled and retired and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any such shares of Conoco Common Stock (a "Conoco Certificate") shall thereafter cease to have any rights with respect to such shares of Conoco Common Stock, except the right to receive the Conoco Merger Consideration to be issued in consideration therefor, any cash in lieu of fractional shares of applicable New Parent Common Stock with respect thereto to be

issued in consideration therefor and any dividends or other distributions to which holders of Conoco Common Stock become entitled all in accordance with this Article III upon the surrender of such Conoco Certificate.

(c) If, between the date of this Agreement and the Effective Time, there is a reclassification, recapitalization, stock split, split-up, stock dividend, combination or exchange of shares with respect to, or rights issued in respect of, Conoco Common Stock or Phillips Common Stock, the Exchange Ratio shall be adjusted accordingly to provide to the holders of Conoco Common Stock and Phillips Common Stock the same economic effect as contemplated by this Agreement prior to such event.

(d) Each share of Merger Sub Two Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Conoco Surviving Corporation.

3.3 Effect on New Parent Common Stock. At the Effective Time, each share of the capital stock of New Parent issued and outstanding immediately prior to the Effective Time shall remain outstanding. Immediately following the Effective Time, shares of the capital stock of New Parent owned by the Phillips Surviving Corporation or the Conoco Surviving Corporation shall be cancelled by New Parent without payment therefor.

3.4 Conoco Stock Options and Other Equity-Based Awards. (a) Each option to purchase shares of Conoco Common Stock (a "Conoco Stock Option") and each stock appreciation right with respect to shares of Conoco Common Stock (a "Conoco SAR") granted under the employee and director stock plans of Conoco (the "Conoco Stock Plans"), whether vested or unvested, that is outstanding immediately prior to the Effective Time shall cease to represent respectively a right to acquire shares of Conoco Common Stock or a stock appreciation right with respect to shares of Conoco Common Stock and shall be converted, at the Effective Time, into respectively an option to purchase shares of New Parent Common Stock (a "New Parent Stock Option") and a stock appreciation right with respect to shares of New Parent Common Stock (a "New Parent SAR"), on the same terms and conditions as were applicable under such Conoco Stock Option or Conoco SAR (but taking into account any changes thereto, including the acceleration thereof, provided for in the Conoco Stock Plans, in any award agreement or in such Conoco Stock Option or Conoco SAR by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock Option or New Parent SAR shall be the number of shares of Conoco Common Stock subject to each such Conoco Stock Option or Conoco SAR multiplied by the Exchange Ratio, rounded, if necessary, to the nearest whole share of New Parent Common Stock, and such New Parent Stock Option or New Parent SAR shall have an exercise price (or base price) per share (rounded to the nearest one-hundredth of a cent) equal to the per share exercise price (or base price) specified in such Conoco Stock Option or Conoco SAR divided by the Exchange Ratio; provided, however, that, in the case of any Conoco Stock Option to which Section 421 of the Code as of the Effective Time (after taking into account the effect of any accelerated vesting thereof) applies by reason of its qualification under Section 422 of the Code, the exercise price, the number of shares of New Parent Common Stock subject to such option

and the terms and conditions of exercise of such option and any related SAR shall be determined in a manner consistent with the requirements of Section 424(a) of the Code.

(b) At the Effective Time, each right of any kind, contingent or accrued, to receive shares of Conoco Common Stock or benefits measured by the value of a number of shares of Conoco Common Stock, and each award of any kind consisting of shares of Conoco Common Stock, granted under the Conoco Stock Plans (including restricted stock, restricted stock units, deferred stock units and dividend equivalents), other than Conoco Stock Options or Conoco SARs (each, a "Conoco Stock-Based Award"), whether vested or unvested, which is outstanding immediately prior to the Effective Time shall cease to represent a right or award with respect to shares of Conoco Common Stock and shall be converted, at the Effective Time, into a right or award with respect to New Parent Common Stock (a "New Parent Stock-Based Award"), on the same terms and conditions as were applicable under the Conoco Stock-Based Awards (but taking into account any changes thereto, including the acceleration thereof, provided for in the Conoco Stock Plans, in any award agreement or in such Conoco Stock-Based Award by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock-Based Award shall be equal to the number of shares of Conoco Common Stock subject to the Conoco Stock-Based Award, multiplied by the Exchange Ratio, rounded if necessary to the nearest whole share of New Parent Common Stock. All dividend equivalents credited to the account of each holder of a Conoco Stock-Based Award as of the Effective Time shall remain credited to such holder's account immediately following the Effective Time, subject to adjustment in accordance with the foregoing.

(c) As soon as practicable after the Effective Time, New Parent shall deliver to the holders of Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards appropriate notices setting forth such holders' rights pursuant to the respective Conoco Stock Plans and agreements evidencing the grants of such Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards, and stating that such Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards and agreements have been assumed by New Parent and shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 3.4 after giving effect to the Mergers and the terms of the Conoco Stock Plans).

(d) Prior to the Effective Time, Conoco shall take all necessary action for the adjustment of Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards under this Section 3.4. New Parent shall reserve for issuance a number of shares of New Parent Common Stock at least equal to the number of shares of New Parent Common Stock that will be subject to New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards as a result of the actions contemplated by this Section 3.4. As soon as practicable following the Effective Time, New Parent shall file a registration statement on Form S-8 (or any successor form, or if Form S-8 is not available, other appropriate forms) with respect to the shares of New Parent Common Stock subject to such New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards and shall maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses

contained therein) for so long as such New Parent Stock Options, New Parent SARs or New Parent Stock-Based Awards remain outstanding.

3.5 Phillips Stock Options and Other Equity-Based Awards. (a) Each option to purchase shares of Phillips Common Stock (a "Phillips Stock Option") and each stock appreciation right with respect to shares of Phillips Common Stock (a "Phillips SAR") granted under the employee and director stock plans of Phillips (the "Phillips Stock Plans"), whether vested or unvested, that is outstanding immediately prior to the Effective Time shall cease to represent respectively a right to acquire shares of Phillips Common Stock and shall be converted, at the Effective Time, into a New Parent Stock Option and a New Parent SAR, on the same terms and conditions as were applicable under such Phillips Stock Option or Phillips SAR (but taking into account any changes thereto, including the acceleration thereof, provided for in the Phillips Stock Plans, in any award agreement or in such Phillips Stock Option or Phillips SAR by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock Option or New Parent SAR shall be equal to the number of shares of Phillips Common Stock subject to each such Phillips Stock Option or Phillips SAR and such New Parent Stock Option or New Parent SAR shall have an exercise price (or base price) per share equal to the per share exercise price (or base price) specified in such Phillips Stock Option or Phillips SAR.

(b) At the Effective Time, each right of any kind, contingent or accrued, to receive shares of Phillips Common Stock or benefits measured by the value of a number of shares of Phillips Common Stock, and each award of any kind consisting of shares of Phillips Common Stock, granted under the Phillips Stock Plans (including restricted stock, restricted stock units, deferred stock units and dividend equivalents), other than Phillips Stock Options or Phillips SARs (each, a "Phillips Stock-Based Award"), whether vested or unvested, which is outstanding immediately prior to the Effective Time shall cease to represent a right or award with respect to shares of Phillips Common Stock and shall be converted, at the Effective Time, into a New Parent Stock-Based Award, on the same terms and conditions as were applicable under the Phillips Stock-Based Awards (but taking into account any changes thereto, including the acceleration thereof, provided for in the Phillips Stock Plans, in any award agreement or in such Phillips Stock-Based Award by reason of this Agreement or the transactions contemplated hereby). The number of shares of New Parent Common Stock subject to each such New Parent Stock-Based Award shall be equal to the number of shares of Phillips Common Stock subject to the Phillips Stock-Based Award. All dividend equivalents credited to the account of each holder of a Phillips Stock-Based Award as of the Effective Time shall remain credited to such holder's account immediately following the Effective Time, subject to adjustment in accordance with the foregoing.

(c) As soon as practicable after the Effective Time, New Parent shall deliver to the holders of Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards appropriate notices setting forth such holders' rights pursuant to the respective Phillips Stock Plans and agreements evidencing the grants of such Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards and stating that such Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards and agreements have been assumed by New Parent and shall

continue in effect on the same terms and conditions (subject to the adjustments required by this Section 3.5 after giving effect to the Mergers and the terms of the Phillips Stock Plans).

(d) Prior to the Effective Time, Phillips shall take all necessary action for the adjustment of Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards under this Section 3.5. New Parent shall reserve for issuance a number of shares of New Parent Common Stock at least equal to the number of shares of New Parent Common Stock that will be subject to New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards as a result of the actions contemplated by this Section 3.5. As soon as practicable following the Effective Time, New Parent shall file a registration statement on Form S-8 (or any successor form, or if Form S-8 is not available, other appropriate forms) with respect to the shares of New Parent Common Stock subject to such New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards and shall maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such New Parent Stock Options, New Parent SARs and New Parent Stock-Based Awards remain outstanding.

3.6 Exchange Fund. Prior to the Effective Time, Phillips and New Parent shall appoint Mellon Investor Services LLC, or a commercial bank or trust company, or a subsidiary thereof, reasonably acceptable to Conoco, to act as exchange agent hereunder for the purpose of exchanging Conoco Certificates for the Conoco Merger Consideration (the "Exchange Agent"). At or prior to the Effective Time, New Parent shall deposit with the Exchange Agent, in trust for the benefit of holders of shares of Conoco Common Stock, certificates representing the shares of New Parent Common Stock issuable pursuant to Section 3.2 in exchange for outstanding shares of Conoco Common Stock. Following the Effective Time, New Parent agrees to make available to the Exchange Agent from time to time as needed, cash sufficient to pay any amounts required under Sections 3.8 and 3.10. Any cash and certificates representing New Parent Common Stock deposited with the Exchange Agent shall hereinafter be referred to as the "Exchange Fund."

3.7 Exchange Procedures. (a) Promptly after the Effective Time, New Parent shall cause the Exchange Agent to mail to each holder of a Conoco Certificate (i) a letter of transmittal that shall specify that delivery shall be effected, and risk of loss and title to the Conoco Certificates shall pass, only upon proper delivery of the Conoco Certificates to the Exchange Agent, and which letter shall be in customary form and have such other provisions as Phillips or Conoco may reasonably specify (such letter to be reasonably acceptable to Phillips and Conoco prior to the Effective Time) and (ii) instructions for effecting the surrender of such Conoco Certificates in exchange for the Conoco Merger Consideration, together with any dividends and other distributions with respect thereto and any cash in lieu of fractional shares of New Parent Common Stock. Upon surrender of a Conoco Certificate to the Exchange Agent together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Conoco Certificate shall be entitled to receive in exchange therefor (A) certificates representing shares of New Parent Common Stock representing, in the aggregate, the whole number of shares of New Parent Common Stock that such holder has the right to

receive pursuant to Section 3.2 (after taking into account all shares of Conoco Common Stock then held by such holder) and (B) a check in the amount equal to the cash that such holder has the right to receive pursuant to the provisions of this Article III, including cash in lieu of any fractional shares of New Parent Common Stock pursuant to Section 3.10 and dividends and other distributions pursuant to Section 3.8. Any uncertificated shares of Conoco Common Stock in book-entry form shall be deemed surrendered to the Exchange Agent at the Effective Time, and each holder thereof shall be entitled to receive (A) certificates representing shares of New Parent Common Stock representing, in the aggregate, the whole number of shares of New Parent Common Stock that such holder has the right to receive pursuant to Section 3.2 (after taking into account all shares of Conoco Common Stock then held by such holder) and (B) a check in the amount equal to the cash that such holder has the right to receive pursuant to the provisions of this Article III, including cash in lieu of any fractional shares of New Parent Common Stock pursuant to Section 3.10 and dividends and other distributions pursuant to Section 3.8. Until such time as a certificate representing New Parent Common Stock is issued to or at the direction of the holder of a surrendered Conoco Certificate, such New Parent Common Stock shall be deemed not outstanding and shall not be entitled to vote on any matter. No interest will be paid or will accrue on any cash payable pursuant to Section 3.8 or Section 3.10. In the event of a transfer of ownership of Conoco Common Stock that is not registered in the transfer records of Conoco, one or more shares of New Parent Common Stock evidencing, in the aggregate, the proper number of shares of New Parent Common Stock, a check in the proper amount of cash that such holder has the right to receive pursuant to the provisions of this Article III, including cash in lieu of any fractional shares of New Parent Common Stock pursuant to Section 3.10 and any dividends or other distributions to which such holder is entitled pursuant to Section 3.8, may be issued with respect to such Conoco Common Stock to such a transferee if the Conoco Certificate is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid.

(b) Each certificate representing shares of Phillips Common Stock prior to the Effective Time (a "Phillips Certificate") (and each uncertificated share of Phillips Common Stock in book-entry form, if any, prior to the Effective Time) shall be deemed to represent an equivalent number of shares of New Parent Common Stock without any action on the part of the holder thereof provided, however, that if an exchange of Phillips Certificates for new certificates is required by law or applicable rule or regulation, or is requested by any holder thereof, the parties will cause New Parent to arrange for such exchange on a one-share-for-one-share basis.

3.8 Distributions with Respect to Unexchanged Shares. No dividends or other distributions with a record date after the Effective Time shall be paid to the holder of any unsurrendered Conoco Certificate with respect to the shares of New Parent Common Stock that such holder would be entitled to receive upon surrender of such Conoco Certificate, and no cash payment in lieu of fractional shares of New Parent Common Stock shall be paid to any such holder pursuant to Section 3.10 until such holder shall surrender such Conoco Certificate in accordance with Section 3.7. Subject to the effect of applicable law, following surrender of any such Conoco Certificate, there shall be paid to the record holder thereof without interest, (a) promptly after the time of such surrender, the amount of any cash payable in lieu of fractional

shares of New Parent Common Stock to which such holder is entitled pursuant to Section 3.10 and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of New Parent Common Stock and (b) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time and a payment date subsequent to such surrender payable with respect to such shares of New Parent Common Stock.

3.9 No Further Ownership Rights in Conoco Common Stock or Phillips Common Stock. All shares of New Parent Common Stock issued and cash paid upon conversion of shares of Conoco Common Stock or Phillips Common Stock in accordance with the terms of this Article III (including any cash paid pursuant to Section 3.8 or 3.10) shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to the shares of Conoco Common Stock or Phillips Common Stock.

3.10 No Fractional Shares of New Parent Common Stock. No certificates or scrip or shares of New Parent Common Stock representing fractional shares of New Parent Common Stock or book-entry credit of the same shall be issued upon the surrender for exchange of Conoco Certificates, and such fractional share interests will not entitle the owner thereof to vote or to have any rights of a stockholder of New Parent or a holder of shares of New Parent Common Stock. For purposes of this Section 3.10, all fractional shares to which a single record holder would be entitled shall be aggregated and calculations shall be rounded to three decimal places. Notwithstanding any other provision of this Agreement, each holder of Conoco Certificates who would otherwise have been entitled to receive a fraction of a share of New Parent Common Stock (determined after taking into account all Conoco Certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to the product of (a) such fractional part of a share of New Parent Common Stock multiplied by (b) the closing price for a share of New Parent Common Stock as reported on the NYSE on the first trading day following the date on which the Effective Time occurs. As soon as practicable after the determination of the amount of cash to be paid to such former holders of Conoco Common Stock in lieu of any fractional interests, the Exchange Agent shall notify New Parent, and New Parent shall ensure that there is deposited with the Exchange Agent and shall cause the Exchange Agent to make available in accordance with this Agreement such amounts to such former holders of Conoco Common Stock.

3.11 Termination of Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the holders of Conoco Certificates one year after the Effective Time shall, at New Parent's request, be delivered to New Parent or otherwise on the instruction of New Parent, and any holders of Conoco Certificates who have not theretofore complied with this Article III shall after such delivery look only to New Parent for the Conoco Merger Consideration with respect to the shares of Conoco Common Stock formerly represented thereby to which such holders are entitled pursuant to Sections 3.2 and 3.7, any cash in lieu of fractional shares of New Parent Common Stock to which such holders are entitled pursuant to Section 3.10 and any dividends or distributions with respect to shares of New Parent Common Stock to which such holders are entitled pursuant to Section 3.8. Any such portion of the Exchange Fund remaining unclaimed by holders of shares of Conoco Common Stock immediately prior to such

time as such amounts would otherwise escheat to or become property of any Governmental Entity shall, to the extent permitted by law, become the property of New Parent free and clear of any claims or interest of any Person previously entitled thereto.

3.12 No Liability. None of Phillips, New Parent, Merger Sub One, Merger Sub Two, Conoco or the Exchange Agent shall be liable to any Person in respect of any Conoco Merger Consideration from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

3.13 Investment of the Exchange Fund. The Exchange Agent shall invest any cash included in the Exchange Fund as directed by New Parent, on a daily basis, provided that no such investment or loss thereon shall affect the amounts payable or the timing of the amounts payable to Conoco stockholders pursuant to Article II and the other provisions of this Article III. Any interest and other income resulting from such investments shall promptly be paid to New Parent.

3.14 Lost Certificates. If any Conoco Certificate or Phillips Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Conoco Certificate or Phillips Certificate to be lost, stolen or destroyed and, if required by New Parent, the posting by such Person of a bond in such reasonable amount as New Parent may direct as indemnity against any claim that may be made against it with respect to such Conoco Certificate or Phillips Certificate, the Exchange Agent will deliver in exchange for such lost, stolen or destroyed Conoco Certificate or Phillips Certificate, the Conoco Merger Consideration or Phillips Merger Consideration, as applicable, with respect to the shares of Conoco Common Stock or Phillips Common Stock formerly represented thereby, any cash in lieu of fractional shares of New Parent Common Stock, and unpaid dividends and distributions on shares of New Parent Common Stock deliverable in respect thereof, pursuant to this Agreement.

3.15 Withholding Rights. New Parent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld or paid over to or deposited with the relevant Governmental Entity by New Parent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made by New Parent.

3.16 Further Assurances. At and after the Effective Time, the officers and directors of New Parent, the Phillips Surviving Corporation or the Conoco Surviving Corporation, as applicable, shall be authorized to execute and deliver, in the name and on behalf of the Phillips Surviving Corporation, Merger Sub One or Phillips, or the Conoco Surviving Corporation, Merger Sub Two or Conoco, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Phillips Surviving Corporation, Merger Sub One or Phillips, or the Conoco Surviving Corporation, Merger Sub Two or Conoco, any other actions and things necessary to vest, perfect or confirm of record or otherwise in New Parent, the

Phillips Surviving Corporation or the Conoco Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets acquired or to be acquired by New Parent, the Phillips Surviving Corporation or the Conoco Surviving Corporation, as applicable, as a result of, or in connection with, the Mergers.

3.17 Stock Transfer Books. The stock transfer books of Phillips and Conoco shall be closed immediately upon the Effective Time, and there shall be no further registration of transfers of shares of Conoco Common Stock or Phillips Common Stock thereafter on the records of Conoco or Phillips. On or after the Effective Time, any Conoco Certificates or Phillips Certificates presented to the Exchange Agent, New Parent, the Phillips Surviving Corporation or the Conoco Surviving Corporation for any reason shall be converted into the right to receive the Conoco Merger Consideration or Phillips Merger Consideration, as applicable, with respect to the shares of Conoco Common Stock or Phillips Common Stock formerly represented thereby (including any cash in lieu of fractional shares of New Parent Common Stock to which the holders thereof are entitled pursuant to Section 3.10 and any dividends or other distributions to which the holders thereof are entitled pursuant to Section 3.8).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Conoco. Except as disclosed in the Conoco Disclosure Schedule or in the Conoco SEC Documents filed with the SEC prior to the date of this Agreement, Conoco hereby represents and warrants to Phillips as follows:

(a) Corporate Organization. (i) Conoco is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Conoco has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, have a Material Adverse Effect on Conoco. True and complete copies of the Restated Certificate of Incorporation and By-Laws of Conoco, as in effect as of the date of this Agreement, have previously been made available by Conoco to Phillips.

(ii) Each Subsidiary of Conoco (A) is duly organized and validly existing under the laws of its jurisdiction of organization, (B) is duly qualified to do business and in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (C) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted, in each case, except as would not have a Material Adverse Effect on Conoco.

(b) Capitalization. (i) The authorized capital stock of Conoco consists of (A) 4,600,000,000 shares of Conoco Common Stock, of which, as of November 15, 2001, 625,486,343 shares were issued and outstanding and 3,451,703 shares were held in treasury and (B) 250,000,000 shares of Conoco Preferred Stock, of which no shares are issued and outstanding. From November 16, 2001 to the date of this Agreement, no shares of Conoco Capital Stock have been issued except pursuant to the Conoco Stock Plans. All issued and outstanding shares of Conoco Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. As of the date of this Agreement, except pursuant to the terms of stock options and stock issued pursuant to Conoco Stock Plans and pursuant to the Conoco Rights, Conoco does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of Conoco Capital Stock or any other equity securities of Conoco or any securities of Conoco representing the right to purchase or otherwise receive any shares of Conoco Capital Stock. As of November 15, 2001, no shares of Conoco Capital Stock were reserved for issuance, except for 45,000,000 shares of Conoco Common Stock reserved for issuance upon the exercise of stock options pursuant to the Conoco Stock Plans and in respect of the employee and director savings, compensation and deferred compensation plans described in the Conoco 2000 10-K, and 1,000,000 shares of Series A Junior Participating Preferred Stock reserved for issuance in connection with the Conoco Rights Agreement. Conoco has no Voting Debt issued or outstanding. As of November 15, 2001, 43,195,351 shares of Conoco Common Stock are subject to Conoco Stock Options. Since November 16, 2001, except as permitted by this Agreement, (i) no Conoco Common Stock has been issued except in connection with the exercise of issued and outstanding Conoco Stock Options and (ii) no options, warrants, securities convertible into, or commitments with respect to the issuance of, shares of Conoco Common Stock have been issued, granted or made.

(ii) Except for immaterial amounts of directors' qualifying shares in foreign Subsidiaries of Conoco, as of the date hereof Conoco owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each Significant Subsidiary of Conoco, free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Significant Subsidiary of Conoco has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

(c) Authority; No Violation. (i) Conoco has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of Conoco. The Board of Directors of Conoco has directed that this Agreement be submitted to Conoco stockholders at a meeting of Conoco stockholders for the purpose of

adopting this Agreement (the "Conoco Stockholders Meeting"), and, except for the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of Conoco Common Stock (the "Conoco Stockholder Approval"), no other corporate proceedings on the part of Conoco are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Conoco and (assuming due authorization, execution and delivery by Phillips, New Parent, Merger Sub One and Merger Sub Two) constitutes a valid and binding obligation of Conoco, enforceable against Conoco in accordance with its terms.

(ii) Neither the execution and delivery of this Agreement by Conoco, nor the consummation by Conoco of the transactions contemplated hereby, nor compliance by Conoco with any of the terms or provisions hereof, will (A) violate any provision of the Restated Certificate of Incorporation or By-Laws of Conoco, or (B) assuming that the consents and approvals referred to in Section 4.1(d) are duly obtained, (I) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Conoco or any of its Subsidiaries or any of their respective properties or assets or (II) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event that, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, accelerate any right or benefit provided by, or result in the creation of any Lien upon any of the respective properties or assets of Conoco or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Conoco or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected, except (in the case of clause (B) above) for such violations, conflicts, breaches, losses, defaults, terminations, cancellations, accelerations or Liens that, either individually or in the aggregate, would not have a Material Adverse Effect on Conoco, the Conoco Surviving Corporation or New Parent.

(d) Consents and Approvals. Except for (i) the filing of a notification and report form under the HSR Act and the termination or expiration of the waiting period under the HSR Act, (ii) the filings under Council Regulation No. 4064/89 of the European Community, as amended (the "EC Merger Regulation"), (iii) the filings under the Canadian Investment Regulations, (iv) the filing with the SEC of a joint proxy statement/prospectus relating to the matters to be submitted to Phillips stockholders at the Phillips Stockholders Meeting and the matters to be submitted to Conoco stockholders at the Conoco Stockholders Meeting (such joint proxy statement/prospectus, and any amendments or supplements thereto, the "Joint Proxy Statement/Prospectus") and a registration statement on Form S-4 with respect to the issuance of New Parent Common Stock in the Mergers (such Form S-4, and any amendments or supplements thereto, the "Form S-4"), (v) the filing of the Certificates of Merger pursuant to the DGCL, (vi) any consents, authorizations, approvals, filings or exemptions in connection with compliance with the rules of the NYSE, (vii) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of New Parent Common Stock pursuant to this Agreement (the consents, approvals, filings and registration required under or in relation to clauses (ii) through (vii) above,

"Conoco Necessary Consents") and (viii) such other consents, approvals, filings and registrations the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect on Conoco, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (A) the execution and delivery by Conoco of this Agreement and (B) the consummation by Conoco of the transactions contemplated by this Agreement.

(e) Financial Reports and SEC Documents. The Conoco 2000 10-K and all other reports, registration statements, definitive proxy statements or information statements filed or to be filed by Conoco or any of its Subsidiaries subsequent to December 31, 1999 under the Securities Act or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act in the form filed, or to be filed, with the SEC (collectively, the "Conoco SEC Documents"), (i) complied or will comply in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and (ii) as of its filing date (except as amended or supplemented prior to the date of this Agreement), (A) did not or will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (B) each of the balance sheets contained in or incorporated by reference into any such Conoco SEC Document (including the related notes and schedules thereto) fairly presents or will fairly present the financial position of the entity or entities to which it relates as of its date, and each of the statements of income and changes in stockholders' equity and cash flows or equivalent statements in such Conoco SEC Documents (including any related notes and schedules thereto) fairly presents or will fairly present the results of operations, changes in stockholders' equity and changes in cash flows, as the case may be, of the entity or entities to which it relates for the periods to which it relates, in each case in accordance with GAAP consistently applied during the periods involved, except, in each case, as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements; provided that, with respect to Gulf or GIRL only, in no event shall any non-compliance as to form, untrue statements, omissions or failures of the balance sheets or financial statements to fairly present the financial position be deemed material unless such non-compliance, untrue statements, omissions or failures would, in the aggregate, be material with respect to Conoco and its Subsidiaries taken as a whole.

(f) Absence of Undisclosed Liabilities. Neither Conoco nor any of its Subsidiaries had at September 30, 2001, or has incurred since that date through the date hereof, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except (i) liabilities, obligations or contingencies that (A) are accrued or reserved against in the financial statements in the Conoco 10-Q or reflected in the notes thereto or (B) were incurred in the ordinary course of business, (ii) liabilities, obligations or contingencies that (A) would not reasonably be expected to have a Material Adverse Effect on Conoco, or (B) have been discharged or paid in full prior to the date hereof, and (iii) liabilities, obligations and contingencies that are of a nature not required to be reflected in the consolidated financial statements of Conoco and its Subsidiaries prepared in accordance with GAAP consistently applied.

(g) Absence of Certain Changes or Events. Since September 30, 2001, Conoco has conducted its business only in the ordinary course, and since such date there has not been:

(i) any event, change, effect or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Conoco;

(ii) prior to the date of this Agreement, any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Conoco Capital Stock or any repurchase for value by Conoco of any Conoco Capital Stock;

(iii) prior to the date of this Agreement, any split, combination or reclassification of any Conoco Capital Stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of Conoco Capital Stock;

(iv) prior to the date of this Agreement, (A) any granting by Conoco to any director or executive officer of Conoco of any increase in compensation, except in the ordinary course of business consistent with prior practice or as was required under employment agreements included in the Conoco SEC Documents, (B) any granting by Conoco to any such director or executive officer of any increase in severance or termination pay, except as was required under any employment, severance or termination agreements included in the Conoco SEC Documents, or (C) any entry by Conoco into, or any amendment of, any employment, severance or termination agreement with any such director or executive officer; or

(v) prior to the date of this Agreement, any change in financial accounting methods, principles or practices by Conoco or any of its Subsidiaries materially affecting the consolidated assets, liabilities or results of operations of Conoco, except insofar as may have been required by a change in GAAP.

(h) Legal Proceedings. There is no suit, action or proceeding or investigation pending or, to the knowledge of Conoco, threatened, against or affecting Conoco or any of its Subsidiaries or, to the knowledge of Conoco, any basis for any such suit, action, proceeding or investigation that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Conoco, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Conoco or its Subsidiaries having, or which would reasonably be expected to have, any such effect.

(i) Compliance with Applicable Law. Conoco and each of its Subsidiaries hold all licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to each, and have complied in all respects with and are not in default in any material respect under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Conoco or any of its Subsidiaries,

except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Conoco.

(j) Environmental Liability. Except for matters that individually or in the aggregate, would not have a Material Adverse Effect on Conoco, (i) Conoco and each of its Subsidiaries are and have been in compliance with all applicable Environmental Laws and have obtained or applied for all Environmental Permits necessary for their operations as currently conducted; (ii) there have been no Releases of any Hazardous Materials that could be reasonably likely to form the basis of any Environmental Claim against Conoco or any of its Subsidiaries; (iii) there are no Environmental Claims pending or, to the knowledge of Conoco, threatened against Conoco or any of its Subsidiaries; (iv) none of Conoco and its Subsidiaries is subject to any agreement, order, judgment, decree, letter or memorandum by or with any Governmental Entity or third party imposing any liability or obligation under any Environmental Law; and (v) none of Conoco and its Subsidiaries has retained or assumed, either contractually or by operation of law, any liability or obligation that could reasonably be expected to have formed the basis of any Environmental Claim against Conoco or any of its Subsidiaries.

(k) Employee Benefit Plans; Labor Matters. (i) There do not now exist, and to the knowledge of Conoco, there are no existing, circumstances that could reasonably be expected to result in, any Controlled Group Liability to Conoco or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Conoco. No Conoco Benefit Plan is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

(ii) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect on Conoco, (A) each of the Conoco Benefit Plans has been operated and administered in all material respects in accordance with applicable law and administrative rules and regulations of any Governmental Entity, including, but not limited to, ERISA and the Code, and (B) there are no pending or threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations that have been asserted or instituted, and, to the knowledge of Conoco, no set of circumstances exists that may reasonably give rise to a claim or lawsuit, against the Conoco Benefit Plans, any fiduciaries thereof with respect to their duties to the Conoco Benefit Plans or the assets of any of the trusts under any of the Conoco Benefit Plans that could reasonably be expected to result in any material liability of Conoco or any of its Subsidiaries to the Pension Benefit Guaranty Corporation, the U.S. Department of the Treasury, the U.S. Department of Labor, any Conoco Benefit Plan, any participant in a Conoco Benefit Plan, or any other party.

(iii) As of the date of this Agreement, neither Conoco nor any of its Subsidiaries is a party to any material collective bargaining or other labor union contract applicable to individuals employed by Conoco or any of its Subsidiaries, and no such collective bargaining agreement or other labor union contract is being negotiated by Conoco or any of its Subsidiaries. Except as would not reasonably be expected to have a Material Adverse Effect on Conoco, (A) there is no labor dispute, strike, slowdown or work stoppage against Conoco or any

of its Subsidiaries pending or, to the knowledge of Conoco, threatened against Conoco or any of its Subsidiaries and (B) no unfair labor practice or labor charge or complaint has occurred with respect to Conoco or any of its Subsidiaries.

(iv) Section 4.1(k)(iv) of the Conoco Disclosure Schedule sets forth an accurate and complete list of each Benefit Plan under which the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby could (either alone or in conjunction with any other event), result in, cause the accelerated vesting, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer or director of Conoco or any of its Subsidiaries, or could limit the right of Conoco or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Conoco Benefit Plan or related trust or any material employment agreement or related trust.

(l) Taxes. (i) Each of Conoco and its Subsidiaries has duly and timely filed all Tax Returns required to be filed by it, and all such Tax Returns are true, complete and accurate in all respects, except to the extent that any failure to have filed or any inaccuracies in such Tax Returns would not reasonably be expected to have a Material Adverse Effect on Conoco. Conoco and each of its Subsidiaries has paid all Taxes required to be paid by it, and has paid all Taxes that it was required to withhold from amounts owing to any employee, creditor or third party, except to the extent that any failure to pay such Taxes would not reasonably be expected to have a Material Adverse Effect on Conoco. There are no pending or, to the knowledge of Conoco, threatened audits, examinations, investigations, deficiencies, claims or other proceedings in respect of Taxes relating to Conoco or any of its Subsidiaries, except for those that would not reasonably be expected to have a Material Adverse Effect on Conoco. There are no Liens for Taxes upon the assets of Conoco or any of its Subsidiaries, other than Liens for current Taxes not yet due, Liens for Taxes that are being contested in good faith by appropriate proceedings, and Liens for Taxes that would not reasonably be expected to have a Material Adverse Effect on Conoco. Neither Conoco nor any of its Subsidiaries has requested any extension of time within which to file any Tax Returns in respect of any taxable year that have not since been filed, nor made any request for waivers of the time to assess any Taxes that are pending or outstanding, except where such request or waiver would not reasonably be expected to have a Material Adverse Effect on Conoco. The consolidated U.S. federal income Tax Returns of Conoco have been examined, or the statute of limitations has closed, with respect to all taxable years through and including 1995. Neither Conoco nor any of its Subsidiaries has any liability for Taxes of any Person (other than Conoco and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any comparable provision of U.S. state or local or foreign law), except as would not reasonably be expected to have a Material Adverse Effect on Conoco. Neither Conoco nor any of its Subsidiaries is a party to any agreement (with any Person other than Conoco and/or any of its Subsidiaries), other than the Tax Sharing Agreement, dated as of October 27, 1998, by and among E. I. du Pont de Nemours and Company and Conoco (a copy of which has been delivered to Phillips), relating to the allocation or sharing of Taxes, except as would not reasonably be expected to have a Material Adverse Effect on Conoco.

(ii) To Conoco's knowledge, Conoco has not constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section

355(a)(1)(A) of the Code in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (A) in the two years prior to the date of this Agreement (or will constitute such a corporation in the two years prior to the Closing Date) or (B) in a distribution that otherwise constitutes part of a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Mergers.

(m) Reorganization under the Code. As of the date of this Agreement, neither Conoco nor any of its Subsidiaries has taken any action or knows of any fact that is reasonably likely to prevent the Conoco Merger or the Phillips Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(n) Form S-4; Joint Proxy Statement/Prospectus. None of the information to be supplied by Conoco or its Subsidiaries in the Form S-4 or the Joint Proxy Statement/Prospectus will, at the time of the mailing of the Joint Proxy Statement/Prospectus and any amendments or supplements thereto, and at the time of each of the Phillips Stockholders Meeting and the Conoco Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Joint Proxy Statement/Prospectus will comply, as of its mailing date, as to form in all material respects with all applicable law, including the provisions of the Securities Act and the Exchange Act, except that no representation is made by Conoco with respect to information supplied by Phillips for inclusion therein.

(o) State Takeover Laws; Rights Plan. (i) The Board of Directors of Conoco has approved this Agreement and the transactions contemplated by this Agreement as required under any applicable state takeover laws so that any such state takeover laws will not apply to this Agreement or any of the transactions contemplated hereby.

(ii) Conoco has taken all action, if any, necessary or appropriate so that the entering into of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not result in the ability of any Person to exercise any Conoco Rights under the Conoco Rights Agreement or enable or require the Conoco Rights to separate from the shares of Conoco Common Stock to which they are attached or to be triggered or become exercisable. No "Distribution Date" or "Stock Acquisition Date" (as such terms are defined in the Conoco Rights Agreement) has occurred.

(p) Opinion of Financial Advisors. Conoco has received the opinions of Morgan Stanley & Co. Incorporated and Salomon Smith Barney Inc., dated the date hereof, to the effect that the Conoco Merger Consideration to be received by holders of Conoco Common Stock in the Conoco Merger is fair to such stockholders from a financial point of view.

(q) Board Approval. The Board of Directors of Conoco, at a meeting duly called and held, has by unanimous vote of those directors present (i) determined that this Agreement and the transactions contemplated hereby are advisable, fair to and in the best

interests of Conoco stockholders, (ii) approved this Agreement and (iii) recommended that this Agreement be adopted by the holders of Conoco Common Stock.

(r) Brokers' Fees. Neither Conoco nor any of its Subsidiaries nor any of their respective officers or directors has employed any broker or finder or incurred any liability for any brokers' fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement, excluding fees to be paid to Morgan Stanley & Co. Incorporated, Salomon Smith Barney Inc. and Credit Suisse First Boston Corporation.

(s) Ownership of Phillips Capital Stock. As of the date of this Agreement, Conoco does not beneficially own any shares of Phillips Capital Stock.

4.2 Representations and Warranties of Phillips. Except as disclosed in the Phillips Disclosure Schedule or in the Phillips SEC Documents filed with the SEC prior to the date of this Agreement, Phillips hereby represents and warrants to Conoco as follows:

(a) Corporate Organization. (i) Phillips is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Phillips has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, have a Material Adverse Effect on Phillips. True and complete copies of the Restated Certificate of Incorporation and By-Laws of Phillips, as in effect as of the date of this Agreement, have previously been made available by Phillips to Conoco.

(ii) Each Subsidiary of Phillips (A) is duly organized and validly existing under the laws of its jurisdiction of organization, (B) is duly qualified to do business and in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (C) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted, in each case, except as would not have a Material Adverse Effect on Phillips.

(b) Capitalization. (i) The authorized capital stock of Phillips consists of (A) 1,000,000,000 shares of Phillips Common Stock, of which, as of November 15, 2001, 408,879,521 shares were issued and outstanding and 21,560,222 shares were held in treasury and (B) 300,000,000 shares of Phillips Preferred Stock, of which no shares are issued and outstanding. From November 16, 2001 to the date of this Agreement, no shares of Phillips Capital Stock have been issued except pursuant to the Phillips Stock Plans. All issued and outstanding shares of Phillips Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. As of the date of this Agreement, except pursuant to the terms of stock options and stock issued pursuant to Phillips Stock Plans and pursuant to the Phillips Rights,

Phillips does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of Phillips Capital Stock or any other equity securities of Phillips or any securities of Phillips representing the right to purchase or otherwise receive any shares of Phillips Capital Stock. As of November 15, 2001, no shares of Phillips Capital Stock were reserved for issuance, except for 15,671,607 shares of Phillips Common Stock reserved for issuance upon the exercise of stock options pursuant to the Phillips Stock Plans and in respect of the employee and director savings, compensation and deferred compensation plans described in the Phillips 2000 10-K and 5,000,000 shares of Series B Junior Participating Preferred Stock reserved for issuance in connection with the Phillips Rights Agreement. Phillips has no Voting Debt issued or outstanding. As of November 15, 2001, 15,671,607 shares of Phillips Common Stock are subject to Phillips Stock Options. Since November 16, 2001, except as permitted by this Agreement, (i) no Phillips Common Stock has been issued except in connection with the exercise of issued and outstanding Phillips Stock Options and (ii) no options, warrants, securities convertible into, or commitments made with respect to the issuance of, shares of Phillips Common Stock have been issued, granted or made.

(ii) Except for immaterial amounts of directors' qualifying shares in foreign Subsidiaries of Phillips, Phillips as of the date hereof owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each Significant Subsidiary of Phillips, free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Significant Subsidiary of Phillips has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

(c) Authority; No Violation. (i) Phillips has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of Phillips. The Board of Directors of Phillips has directed that this Agreement be submitted to Phillips's stockholders at a meeting of Phillips stockholders for the purpose of adopting this Agreement (the "Phillips Stockholders Meeting") and, except for the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of Phillips Common Stock (the "Phillips Stockholder Approval"), no other corporate proceedings on the part of Phillips are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Phillips and (assuming due authorization, execution and delivery by Conoco, New Parent, Merger Sub One and Merger Sub Two) constitutes a valid and binding obligation of Phillips, enforceable against Phillips in accordance with its terms.

(ii) Neither the execution and delivery of this Agreement by Phillips nor the consummation by Phillips of the transactions contemplated hereby, nor compliance by Phillips with any of the terms or provisions hereof, will (A) violate any provision of the Restated Certificate of Incorporation or By-Laws of Phillips, or (B) assuming that the consents and approvals referred to in Section 4.2(d) are duly obtained, (I) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Phillips or any of its Subsidiaries or any of their respective properties or assets or (II) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event that, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, accelerate any right or benefit provided by, or result in the creation of any Lien upon any of the respective properties or assets of Phillips or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Phillips or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected, except (in the case of clause (B) above) for such violations, conflicts, breaches, losses, defaults, terminations, cancellations, accelerations or Liens that, either individually or in the aggregate, would not have a Material Adverse Effect on Phillips, the Phillips Surviving Corporation or New Parent.

(d) Consents and Approvals. Except for (i) the filing of a notification and report form under the HSR Act and the termination or expiration of the waiting period under the HSR Act, (ii) the filings under the EC Merger Regulation, (iii) the filings under the Canadian Investment Regulations, (iv) the filing with the SEC of the Joint Proxy Statement/Prospectus and the Form S-4, (v) the filing of the Certificates of Merger pursuant to the DGCL, (vi) any consents, authorizations, approvals, filings or exemptions in connection with compliance with the rules of the NYSE, (vii) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of New Parent Common Stock pursuant to this Agreement (the consents, approvals, filings and registration required under or in relation to clauses (ii) through (vii) above, "Phillips Necessary Consents") and (viii) such other consents, approvals, filings and registrations the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect on Phillips, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (A) the execution and delivery by Phillips of this Agreement and (B) the consummation by Phillips of the transactions contemplated by this Agreement.

(e) Financial Reports and SEC Documents. The Phillips 2000 10-K and all other reports, registration statements, definitive proxy statements or information statements filed or to be filed by Phillips or any of its Subsidiaries subsequent to December 31, 1999 under the Securities Act or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, in the form filed, or to be filed, with the SEC (collectively, the "Phillips SEC Documents") (i) complied or will comply in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and (ii) as of its filing date (except as amended or supplemented prior to the date of this Agreement), (A) did not or will not contain

any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (B) each of the balance sheets contained in or incorporated by reference into any such Phillips SEC Document (including the related notes and schedules thereto) fairly presents or will fairly present the financial position of the entity or entities to which it relates as of its date, and each of the statements of income and changes in stockholders' equity and cash flows or equivalent statements in such Phillips SEC Documents (including any related notes and schedules thereto) fairly presents or will fairly present the results of operations, changes in stockholders' equity and changes in cash flows, as the case may be, of the entity or entities to which it relates for the periods to which it relates, in each case in accordance with GAAP consistently applied during the periods involved, except, in each case, as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements; provided that, with respect to Tosco only, in no event shall any non-compliance as to form, untrue statements, omissions or failures of the balance sheets or financial statements to fairly present the financial position be deemed material unless such non-compliance, untrue statements, omissions or failures would, in the aggregate, be material with respect to Phillips and its Subsidiaries taken as a whole.

(f) Absence of Undisclosed Liabilities. Neither Phillips nor any of its Subsidiaries had at September 30, 2001, or has incurred since that date through the date hereof, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except (i) liabilities, obligations or contingencies that (A) are accrued or reserved against in the financial statements in the Phillips 10-Q or reflected in the notes thereto or (B) were incurred in the ordinary course of business, (ii) liabilities, obligations or contingencies that (A) would not reasonably be expected to have a Material Adverse Effect on Phillips, or (B) have been discharged or paid in full prior to the date hereof, and (iii) liabilities, obligations and contingencies that are of a nature not required to be reflected in the consolidated financial statements of Phillips and its Subsidiaries prepared in accordance with GAAP consistently applied.

(g) Absence of Certain Changes or Events. Since September 30, 2001, Phillips has conducted its business only in the ordinary course, and since such date there has not been:

(i) any event, change, effect or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on Phillips;

(ii) prior to the date of this Agreement, any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Phillips Capital Stock or any repurchase for value by Phillips of any Phillips Capital Stock;

(iii) prior to the date of this Agreement, any split, combination or reclassification of any Phillips Capital Stock or any issuance or the authorization of any issuance

of any other securities in respect of, in lieu of or in substitution for shares of Phillips Capital Stock;

(iv) prior to the date of this Agreement, (A) any granting by Phillips to any director or executive officer of Phillips of any increase in compensation, except in the ordinary course of business consistent with prior practice or as was required under employment agreements included in the Phillips SEC Documents, (B) any granting by Phillips to any such director or executive officer of any increase in severance or termination pay, except as was required under any employment, severance or termination agreements included in the Phillips SEC Documents, or (C) any entry by Phillips into, or any amendment of, any employment, severance or termination agreement with any such director or executive officer; or

(v) prior to the date of this Agreement, any change in financial accounting methods, principles or practices by Phillips or any of its Subsidiaries materially affecting the consolidated assets, liabilities or results of operations of Phillips, except insofar as may have been required by a change in GAAP.

(h) Legal Proceedings. There is no suit, action or proceeding or investigation pending or, to the knowledge of Phillips, threatened, against or affecting Phillips or any of its Subsidiaries or, to the knowledge of Phillips, any basis for any such suit, action, proceeding or investigation that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Phillips, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against Phillips or its Subsidiaries having, or which would reasonably be expected to have, any such effect.

(i) Compliance with Applicable Law. Phillips and each of its Subsidiaries hold all licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to each, and have complied in all respects with and are not in default in any material respect under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Phillips or any of its Subsidiaries, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Phillips.

(j) Environmental Liability. Except for matters that individually or in the aggregate, would not have a Material Adverse Effect on Phillips, (i) Phillips and each of its Subsidiaries are and have been in compliance with all applicable Environmental Laws and have obtained or applied for all Environmental Permits necessary for their operations as currently conducted; (ii) there have been no Releases of any Hazardous Materials that could be reasonably likely to form the basis of any Environmental Claim against Phillips or any of its Subsidiaries; (iii) there are no Environmental Claims pending or, to the knowledge of Phillips, threatened against Phillips or any of its Subsidiaries; (iv) none of Phillips and its Subsidiaries is subject to any agreement, order, judgment, decree, letter or memorandum by or with any Governmental Entity or third party imposing any liability or obligation under any Environmental Law; and (v) none of Phillips and its Subsidiaries has retained or assumed, either contractually or by operation

of law, any liability or obligation that could reasonably be expected to have formed the basis of any Environmental Claim against Phillips or any of its Subsidiaries.

(k) Employee Benefit Plans; Labor Matters. (i) There do not now exist, and to the knowledge of Phillips, there are no existing circumstances that could reasonably be expected to result in, any Controlled Group Liability to Phillips or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Phillips. No Phillips Benefit Plan is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

(ii) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect on Phillips, (A) each of the Phillips Benefit Plans has been operated and administered in all material respects in accordance with applicable law and administrative rules and regulations of any Governmental Entity, including, but not limited to, ERISA and the Code, and (B) there are no pending or threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations that have been asserted or instituted, and, to the knowledge of Phillips, no set of circumstances exists that may reasonably give rise to a claim or lawsuit, against the Phillips Benefit Plans, any fiduciaries thereof with respect to their duties to the Phillips Benefit Plans or the assets of any of the trusts under any of the Phillips Benefit Plans that could reasonably be expected to result in any material liability of Phillips or any of its Subsidiaries to the Pension Benefit Guaranty Corporation, the U.S. Department of the Treasury, the U.S. Department of Labor, any Phillips Benefit Plan, any participant in a Phillips Benefit Plan, or any other party.

(iii) As of the date of this Agreement, neither Phillips nor any of its Subsidiaries is a party to any material collective bargaining or other labor union contract applicable to individuals employed by Phillips or any of its Subsidiaries, and no such collective bargaining agreement or other labor union contract is being negotiated by Phillips or any of its Subsidiaries. Except as would not reasonably be expected to have a Material Adverse Effect on Phillips, (A) there is no labor dispute, strike, slowdown or work stoppage against Phillips or any of its Subsidiaries pending or, to the knowledge of Phillips, threatened against Phillips or any of its Subsidiaries and (B) no unfair labor practice or labor charge or complaint has occurred with respect to Phillips or any of its Subsidiaries.

(iv) Section 4.2(k)(iv) of the Phillips Disclosure Schedule sets forth an accurate and complete list of each Benefit Plan under which the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby could (either alone or in conjunction with any other event), result in, cause the accelerated vesting, funding or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer or director of Phillips or any of its Subsidiaries, or could limit the right of Phillips or any of its Subsidiaries to amend, merge, terminate or receive a reversion of assets from any Phillips Benefit Plan or related trust or any material employment agreement or related trust.

(l) Taxes. (i) Each of Phillips and its Subsidiaries has duly and timely filed all Tax Returns required to be filed by it, and all such Tax Returns are true, complete and

accurate in all respects, except to the extent that any failure to have filed or any inaccuracies in such Tax Returns would not reasonably be expected to have a Material Adverse Effect on Phillips. Phillips and each of its Subsidiaries has paid all Taxes required to be paid by it, and has paid all Taxes that it was required to withhold from amounts owing to any employee, creditor or third party, except to the extent that any failure to pay such Taxes would not reasonably be expected to have a Material Adverse Effect on Phillips. There are no pending or, to the knowledge of Phillips, threatened audits, examinations, investigations, deficiencies, claims or other proceedings in respect of Taxes relating to Phillips or any of its Subsidiaries, except for those that would not reasonably be expected to have a Material Adverse Effect on Phillips. There are no Liens for Taxes upon the assets of Phillips or any of its Subsidiaries, other than Liens for current Taxes not yet due, Liens for Taxes that are being contested in good faith by appropriate proceedings, and Liens for Taxes that would not reasonably be expected to have a Material Adverse Effect on Phillips. Neither Phillips nor any of its Subsidiaries has requested any extension of time within which to file any Tax Returns in respect of any taxable year that have not since been filed, nor made any request for waivers of the time to assess any Taxes that are pending or outstanding, except where such request or waiver would not reasonably be expected to have a Material Adverse Effect on Phillips. The consolidated U.S. federal income Tax Returns of Phillips have been examined, or the statute of limitations has closed, with respect to all taxable years through and including 1995. Neither Phillips nor any of its Subsidiaries has any liability for Taxes of any Person (other than Phillips and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any comparable provision of U.S. state or local or foreign law), except as would not reasonably be expected to have a Material Adverse Effect on Phillips. Neither Phillips nor any of its Subsidiaries is a party to any agreement (with any Person other than Phillips and/or any of its Subsidiaries) relating to the allocation or sharing of Taxes, except as would not reasonably be expected to have a Material Adverse Effect on Phillips.

(ii) Phillips has not constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (A) in the two years prior to the date of this Agreement (or will constitute such a corporation in the two years prior to the Closing Date) or (B) in a distribution that otherwise constitutes part of a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Mergers.

(iii) To Phillips's knowledge, Conoco has not constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (A) in the two years prior to the date of this Agreement (or will constitute such a corporation in the two years prior to the Closing Date) or (B) in a distribution that otherwise constitutes a "plan" or "series of related transactions" within the meaning of Section 355(e) of the Code in conjunction with the Mergers.

(m) Reorganization under the Code. As of the date of this Agreement, neither Phillips nor any of its Subsidiaries has taken any action or knows of any fact that is reasonably likely to prevent the Conoco Merger or the Phillips Merger from qualifying as a "reorganization"

within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(n) Form S-4; Joint Proxy Statement/Prospectus. None of the information to be supplied by Phillips or its Subsidiaries in the Form S-4 or the Joint Proxy Statement/Prospectus will, at the time of the mailing of the Joint Proxy Statement/Prospectus and any amendments or supplements thereto, and at the time of each of the Phillips Stockholders Meeting and the Conoco Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Joint Proxy Statement/Prospectus will comply, as of its mailing date, as to form in all material respects with all applicable law, including the provisions of the Securities Act and the Exchange Act, except that no representation is made by Phillips with respect to information supplied by Conoco for inclusion therein.

(o) State Takeover Laws; Rights Plan. (i) The Board of Directors of Phillips has approved this Agreement and the transactions contemplated by this Agreement as required under any applicable state takeover laws so that any such state takeover laws will not apply to this Agreement or any of the transactions contemplated hereby.

(ii) Phillips has taken all action, if any, necessary or appropriate so that the entering into of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not result in the ability of any Person to exercise any Phillips Rights under the Phillips Rights Agreement or enable or require the Phillips Rights to separate from the shares of Phillips Common Stock to which they are attached or to be triggered or become exercisable. No "Distribution Date" or "Shares Acquisition Date" (as such terms are defined in the Phillips Rights Agreement) has occurred.

(p) Opinion of Financial Advisors. Phillips has received the opinions of Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Merrill Lynch & Co., dated the date hereof, to the effect that the Phillips Merger Consideration relative to the Exchange Ratio pursuant to this Agreement is fair from a financial point of view to holders of Phillips Common Stock.

(q) Board Approval. The Board of Directors of Phillips, at a meeting duly called and held, has by unanimous vote of those directors present (i) determined that this Agreement and the transactions contemplated hereby are advisable, fair to and in the best interests of Phillips stockholders, (ii) approved this Agreement and (iii) recommended that this Agreement be adopted by the holders of Phillips Common Stock.

(r) Brokers' Fees. Neither Phillips nor any of its Subsidiaries nor any of their respective officers or directors has employed any broker or finder or incurred any liability for any brokers' fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement, excluding fees to be paid to Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Merrill Lynch & Co.

(s) Ownership of Conoco Capital Stock. As of the date of this Agreement, Phillips does not beneficially own any shares of Conoco Capital Stock.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS

5.1 Covenants of Conoco. During the period from the date of this Agreement and continuing until the Effective Time, Conoco agrees as to itself and its Subsidiaries that (except (i) as expressly contemplated or permitted by this Agreement or disclosed in the Conoco Disclosure Schedule, (ii) subject to Section 5.1(a)(iii), for transactions by GIRL and (iii) for transactions between and among Conoco and its wholly owned Subsidiaries):

(a) Ordinary Course. (i) Conoco and its Subsidiaries shall carry on their respective businesses in the usual, regular and ordinary course in all material respects, in substantially the same manner as heretofore conducted, and shall use their reasonable best efforts to keep available the services of their respective present officers and key employees, preserve intact their present lines of business, maintain their rights and franchises and preserve their relationships with customers, suppliers and others having business dealings with them to the end that their ongoing businesses shall not be impaired in any material respect at the Effective Time.

(ii) Conoco shall not, and shall not permit any of its Subsidiaries to, (A) enter into any new material line of business or (B) incur or commit to any capital expenditures or any obligations or liabilities in connection therewith other than capital expenditures and obligations or liabilities in connection therewith incurred or committed to in the ordinary course of business or contemplated by the 2001 capital budget of Conoco and previously disclosed to Phillips or by future capital budgets of Conoco approved by the Board of Directors of Conoco consistent with past practice.

(iii) Notwithstanding anything to the contrary in this Section 5.1, subject to the fiduciary duties of Conoco or its officers serving as directors of GIRL, Conoco shall cause GIRL to carry on its business in the usual, regular and ordinary course in all material respects, in substantially the same manner as heretofore conducted, and shall cause GIRL to use its reasonable best efforts to keep available the services of its present officers and key employees, preserve intact its present lines of business, maintain its rights and franchises and preserve its relationships with customers, suppliers and others having business dealings with it to the end that its ongoing businesses shall not be impaired in any material respect at the Effective Time.

(b) Dividends; Changes in Share Capital. Conoco shall not, and shall not permit any of its Subsidiaries to, and shall not propose to, (i) declare or pay any dividends on or make other distributions in respect of any of its capital stock, except (A) the declaration and payment of regular quarterly cash dividends not in excess of $0.19 per share of Conoco Common Stock with usual record and payment dates for such dividends in accordance with past dividend practice and (B) the declaration and payment of regular dividends from a Subsidiary of Conoco

to Conoco or to another Subsidiary of Conoco in accordance with past dividend practice, (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock, except for any such transaction by a wholly owned Subsidiary of Conoco that remains a wholly owned Subsidiary after consummation of such transaction, or (iii) repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock, except for the purchase from time to time by Conoco of Conoco Common Stock (and the associated Conoco Rights) in connection with the Conoco Benefit Plans in the ordinary course of business.

(c) Issuance of Securities. Conoco shall not, and shall not permit any of its Subsidiaries to, issue, deliver, sell, pledge or dispose of, or authorize or propose the issuance, delivery, sale, pledge or disposition of, any shares of its capital stock of any class, any Voting Debt or any securities convertible into or exercisable for, or any rights, warrants, calls or options to acquire, any such shares or Voting Debt, or enter into any commitment, arrangement, undertaking or agreement with respect to any of the foregoing, other than (i) the issuance of Conoco Common Stock (and the associated Conoco Rights) upon the exercise of Conoco Stock Options or Conoco SARs or the settlement of Conoco Stock-Based Awards, in each case in accordance with their present terms or pursuant to Conoco Stock Options, Conoco SARs or Conoco Stock-Based Awards granted in accordance with Section 5.1(c) of the Conoco Disclosure Schedule, (ii) issuances, sales or deliveries by a wholly owned Subsidiary of Conoco of capital stock to such Subsidiary's parent or another wholly owned Subsidiary of Conoco, (iii) pursuant to acquisitions and investments as disclosed in Section 5.1(e) or 5.1(g) of the Conoco Disclosure Schedule or the financings therefor, (iv) issuances or deliveries in accordance with the Conoco Rights Agreement, (v) sales or dispositions of capital stock of a Subsidiary of Conoco in connection with a disposition permitted pursuant to Section 5.1(f), (vi) issuances or deliveries of capital stock of Subsidiaries of Conoco in the ordinary course of business in connection with joint venture agreements existing as of the date hereof or (vii) issuances of Conoco Stock Options to the extent required pursuant to reload options that are outstanding on the date hereof.

(d) Governing Documents. Except to the extent required to comply with its obligations hereunder or with applicable law, Conoco shall not amend or propose to so amend its Restated Certificate of Incorporation or By-Laws.

(e) No Acquisitions. Other than acquisitions in the ordinary course of business that do not present a material risk of making it materially more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law, Conoco shall not, and shall not permit any of its Subsidiaries to, acquire or agree to acquire by merger or consolidation, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets (excluding the acquisition of assets used in the operations of the business of Conoco and its Subsidiaries in the ordinary course, which assets do not constitute a business unit, division or all or substantially all of the assets of the transferor).

(f) No Dispositions. Other than dispositions referred to in the Conoco SEC Documents filed prior to the date of this Agreement, Conoco shall not, and shall not permit any of its Subsidiaries to, sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of, any of its assets (including capital stock of Subsidiaries of Conoco), other than in the ordinary course of business and dispositions in the aggregate amount of up to $700 million per year in fair market value.

(g) Investments; Indebtedness. Conoco shall not, and shall not permit any of its Subsidiaries to (i) make any loans, advances or capital contributions to, or investments in, any other Person, other than (A) loans or investments by Conoco or a Subsidiary of Conoco to or in Conoco or any Subsidiary of Conoco, (B) in the ordinary course of business (provided that none of such transactions referred to in this clause (B) presents a material risk of making it more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law) and (C) any capital contributions to or other obligations in respect of any joint ventures of Conoco or any of its Subsidiaries pursuant to an agreement in existence on or prior to the date of this Agreement, or (ii) except in the ordinary course, incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of Conoco or any of its Subsidiaries, guarantee any debt securities of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of another Person (other than any wholly owned Subsidiary) or enter into any arrangement having the economic effect of any of the foregoing, other than refinancings of pre-existing indebtedness.

(h) Tax-Free Qualification. Conoco shall use its reasonable best efforts to, and to cause each of its Subsidiaries to, (i) cause the Conoco Merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code and the Mergers, taken together, to qualify as an exchange described in Section 351 of the Code and (ii) obtain the opinions of counsel referred to in Sections 7.2(c) and 7.3(c), including the execution of the officers' certificates referred to therein. Conoco shall use its reasonable best efforts not to, and shall use its reasonable best efforts not to permit any of its Subsidiaries to, take any action (including any action otherwise permitted by this Section 5.1) that would prevent or impede the Conoco Merger or the Phillips Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(i) Compensation. Except as required by applicable law or by the terms of any collective bargaining agreement or other binding agreement currently in effect, Conoco and its Significant Subsidiaries shall not: (A) increase the amount of compensation of, or pay any severance to, any director or officer of Conoco or any Significant Subsidiary of Conoco, except in the ordinary course of business consistent with past practice; or (B) adopt or amend or make any commitment to adopt or amend any Benefit Plan or fund or make any contribution to any Conoco Benefit Plan or any related trust or other funding vehicles, except for amendments in the ordinary course of business consistent with past practice and regularly scheduled contributions to trusts funding qualified plans.

(j) Financial Accounting Methods. Except as disclosed in Conoco SEC Documents filed prior to the date of this Agreement, or as required by a Governmental Entity, Conoco shall not change in any material respect its methods of financial accounting in effect at September 30, 2001, except as required by changes in GAAP as concurred in by Conoco's independent public accountants.

(k) Standstill. Conoco shall not, and shall not permit any of its Subsidiaries to, waive the benefits of, or commit or agree to modify in any manner, any standstill or similar covenant or agreement for the benefit of Conoco or any Subsidiary.

(l) Certain Actions. Conoco and its Subsidiaries shall not take any action or omit to take any action for the purpose of preventing, delaying or impeding the consummation of the Mergers or the other transactions contemplated by this Agreement.

5.2 Covenants of Phillips. During the period from the date of this Agreement and continuing until the Effective Time, Phillips agrees as to itself and its Subsidiaries that (except (i) as expressly contemplated or permitted by this Agreement or disclosed in the Phillips Disclosure Schedule and (ii) for transactions between and among Phillips and its wholly owned Subsidiaries):

(a) Ordinary Course. (i) Phillips and its Subsidiaries shall carry on their respective businesses in the usual, regular and ordinary course in all material respects, in substantially the same manner as heretofore conducted, and shall use their reasonable best efforts to keep available the services of their respective present officers and key employees, preserve intact their present lines of business, maintain their rights and franchises and preserve their relationships with customers, suppliers and others having business dealings with them to the end that their ongoing businesses shall not be impaired in any material respect at the Effective Time.

(ii) Phillips shall not, and shall not permit any of its Subsidiaries to, (A) enter into any new material line of business or (B) incur or commit to any capital expenditures or any obligations or liabilities in connection therewith other than capital expenditures and obligations or liabilities in connection therewith incurred or committed to in the ordinary course of business or contemplated by the 2001 capital budget of Phillips and previously disclosed to Conoco or by future capital budgets of Phillips approved by the Board of Directors of Phillips consistent with past practice.

(b) Dividends; Changes in Share Capital. Phillips shall not, and shall not permit any of its Subsidiaries to, and shall not propose to, (i) declare or pay any dividends on or make other distributions in respect of any of its capital stock, except (A) the declaration and payment of regular quarterly cash dividends not in excess of $0.36 per share of Phillips Common Stock with usual record and payment dates for such dividends in accordance with past dividend practice and (B) the declaration and payment of regular dividends from a Subsidiary of Phillips to Phillips or to another Subsidiary of Phillips in accordance with past dividend practice, (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock,

except for any such transaction by a wholly owned Subsidiary of Phillips that remains a wholly owned Subsidiary after consummation of such transaction or (iii) repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock, except for the purchase from time to time by Phillips of Phillips Common Stock (and the associated Phillips Rights) in connection with the Phillips Benefit Plans in the ordinary course of business.

(c) Issuance of Securities. Phillips shall not, and shall not permit any of its Subsidiaries to, issue, deliver, sell, pledge or dispose of, or authorize or propose the issuance, delivery, sale, pledge or disposition of, any shares of its capital stock of any class, any Voting Debt or any securities convertible into or exercisable for, or any rights, warrants, calls or options to acquire, any such shares or Voting Debt, or enter into any commitment, arrangement, undertaking or agreement with respect to any of the foregoing, other than (i) the issuance of Phillips Common Stock (and the associated Phillips Rights) upon the exercise of Phillips Stock Options or Phillips SARs, or the settlement of Phillips Stock-Based Awards, in each case in accordance with their present terms or pursuant to Phillips Stock Options, Phillips SARs or Phillips Stock-Based Awards granted in accordance with Section 5.2(c) of the Phillips Disclosure Schedule, (ii) issuances, sales or deliveries by a wholly owned Subsidiary of Phillips of capital stock to such Subsidiary's parent or another wholly owned Subsidiary of Phillips, (iii) pursuant to acquisitions and investments as disclosed in Section 5.2(e) or 5.2(g) of the Phillips Disclosure Schedule or the financings therefor, (iv) issuances or deliveries in accordance with the Phillips Rights Agreement, (v) sales or dispositions of capital stock of a Subsidiary of Conoco in connection with a disposition permitted pursuant to Section 5.2(f), (vi) issuances of capital stock of Subsidiaries of Phillips in the ordinary course of business in connection with joint venture agreements existing as of the date hereof or (vii) issuances of Phillips Stock Options to the extent required pursuant to reload options that are outstanding on the date hereof.

(d) Governing Documents. Except to the extent required to comply with its obligations hereunder or with applicable law, Phillips shall not amend or propose to so amend its Restated Certificate of Incorporation or By-Laws.

(e) No Acquisitions. Other than acquisitions in the ordinary course of business that do not present a material risk of making it materially more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law, Phillips shall not, and shall not permit any of its Subsidiaries to, acquire or agree to acquire by merger or consolidation, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets (excluding the acquisition of assets used in the operations of the business of Phillips and its Subsidiaries in the ordinary course, which assets do not constitute a business unit, division or all or substantially all of the assets of the transferor).

(f) No Dispositions. Other than dispositions referred to in the Phillips SEC Documents filed prior to the date of this Agreement, Phillips shall not, and shall not permit any of its Subsidiaries to, sell, lease or otherwise dispose of, or agree to sell, lease or otherwise

dispose of, any of its assets (including capital stock of Subsidiaries of Phillips), other than in the ordinary course of business and dispositions in the aggregate amount of up to $1,000 million per year in fair market value.

(g) Investments; Indebtedness. Phillips shall not, and shall not permit any of its Subsidiaries to (i) make any loans, advances or capital contributions to, or investments in, any other Person, other than (A) loans or investments by Phillips or a Subsidiary of Phillips to or in Phillips or any Subsidiary of Phillips, (B) in the ordinary course of business (provided that none of such transactions referred to in this clause (B) presents a material risk of making it more difficult to obtain any approval or authorization required in connection with the Mergers under Regulatory Law) and (C) any capital contributions to or other obligations in respect of any joint ventures of Conoco or any of its Subsidiaries pursuant to an agreement in existence on or prior to the date of this Agreement, or (ii) except in the ordinary course, incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of Phillips or any of its Subsidiaries, guarantee any debt securities of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of another Person (other than any wholly owned Subsidiary) or enter into any arrangement having the economic effect of any of the foregoing, other than refinancings of pre-existing indebtedness.

(h) Tax-Free Qualification. Phillips shall use its reasonable best efforts to, and to cause each of its Subsidiaries to, (i) cause the Phillips Merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code and the Mergers, taken together, to qualify as an exchange described in Section 351 of the Code and (ii) obtain the opinions of counsel referred to in Sections 7.2(c) and 7.3(c), including the execution of the officers' certificates referred to therein. Phillips shall use its reasonable best efforts not to, and shall use its reasonable best efforts not to permit any of its Subsidiaries to, take any action (including any action otherwise permitted by this Section 5.2) that would prevent or impede the Conoco Merger or the Phillips Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code or the Mergers, taken together, from qualifying as an exchange described in Section 351 of the Code.

(i) Compensation. Except as required by applicable law or by the terms of any collective bargaining agreement or other binding agreement currently in effect, Phillips and its Significant Subsidiaries shall not: (A) increase the amount of compensation of, or pay any severance to, any director or officer of Phillips or any Significant Subsidiary of Phillips, except in the ordinary course of business consistent with past practice; or (B) adopt or amend or make any commitment to adopt or amend any Benefit Plan or fund or make any contribution to any Phillips Benefit Plan or any related trust or other funding vehicles, except for amendments in the ordinary course of business consistent with past practice and regularly scheduled contributions to trusts funding qualified plans.

(j) Financial Accounting Methods. Except as disclosed in Phillips SEC Documents filed prior to the date of this Agreement, or as required by a Governmental Entity, Phillips shall not change in any material respect its methods of financial accounting in effect at

September 30, 2001, except as required by changes in GAAP as concurred in by Phillips's independent public accountants.

(k) Standstill. Phillips shall not, and shall not permit any of its Subsidiaries to, waive the benefits of, or commit or agree to modify in any manner, any standstill or similar covenant or agreement for the benefit of Phillips or any Subsidiary.

(l) Certain Actions. Phillips and its Subsidiaries shall not take any action or omit to take any action for the purpose of preventing, delaying or impeding the consummation of the Mergers or the other transactions contemplated by this Agreement.

5.3 Governmental Filings. Phillips and Conoco shall (a) confer on a reasonable basis with each other and (b) report to each other (to the extent permitted by applicable law or regulation or any applicable confidentiality agreement) on operational matters. Phillips and Conoco shall file all reports required to be filed by each of them with the SEC (and all other Governmental Entities) between the date of this Agreement and the Effective Time and shall, if requested by the other party and (to the extent permitted by applicable law or regulation or any applicable confidentiality agreement) deliver to the other party copies of all such reports, announcements and publications promptly upon request.

5.4 Control of Other Party's Business. Nothing contained in this Agreement shall give Conoco, directly or indirectly, the right to control or direct Phillips's operations or give Phillips, directly or indirectly, the right to control or direct Conoco's operations prior to the Effective Time. Prior to the Effective Time, each of Phillips and Conoco shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its respective operations.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 Preparation of Proxy Statement; Stockholders Meetings. (a) As promptly as reasonably practicable following the date hereof, Phillips and Conoco shall cooperate in preparing and each shall cause to be filed with the SEC mutually acceptable proxy materials that shall constitute the Joint Proxy Statement/Prospectus and Phillips and Conoco shall prepare, and New Parent shall file with the SEC, the Form S-4. The Joint Proxy Statement/Prospectus will be included as a prospectus in and will constitute a part of the Form S-4 as New Parent's prospectus. Each of Phillips, Conoco and New Parent shall use reasonable best efforts to have the Joint Proxy Statement/Prospectus cleared by the SEC and the Form S-4 declared effective by the SEC and to keep the Form S-4 effective as long as is necessary to consummate the Mergers and the transactions contemplated hereby. Each of Phillips, Conoco and New Parent shall, as promptly as practicable after receipt thereof, provide the other parties with copies of any written comments, and advise each other of any oral comments, with respect to the Joint Proxy Statement/Prospectus or Form S-4 received from the SEC. Phillips, Conoco and New Parent shall cooperate and provide the other parties with a reasonable opportunity to review and

comment on any amendment or supplement to the Joint Proxy Statement/Prospectus and the Form S-4 prior to filing such with the SEC, and each will provide each other parties with a copy of all such filings made with the SEC. Notwithstanding any other provision herein to the contrary, no amendment or supplement (including by incorporation by reference) to the Joint Proxy Statement/Prospectus or the Form S-4 shall be made without the approval of both Phillips and Conoco, which approval shall not be unreasonably withheld or delayed; provided that, with respect to documents filed by a party hereto that are incorporated by reference in the Form S-4 or Joint Proxy Statement/Prospectus, this right of approval shall apply only with respect to information relating to the other party or its business, financial condition or results of operations; and provided, further, that Phillips, in connection with a Change in the Phillips Recommendation, and Conoco, in connection with a Change in the Conoco Recommendation, may amend or supplement the Joint Proxy Statement/Prospectus or Form S-4 (including by incorporation by reference) pursuant to a Qualifying Amendment to effect such a Change, and in such event, this right of approval shall apply only with respect to information relating to the other party or its business, financial condition or results of operations, and shall be subject to the right of each party to have its Board of Directors' deliberations and conclusions to be accurately described. Phillips will use reasonable best efforts to cause the Joint Proxy Statement/Prospectus to be mailed to Phillips stockholders, and Conoco will use reasonable best efforts to cause the Joint Proxy Statement/Prospectus to be mailed to Conoco stockholders, in each case, as promptly as practicable after the Form S-4 is declared effective under the Securities Act. Each of Phillips, Conoco and New Parent will advise the other parties, promptly after it receives notice thereof, of the time when the Form S-4 has become effective, the issuance of any stop order, the suspension of the qualification of the New Parent Common Stock issuable in connection with the Mergers for offering or sale in any jurisdiction, or any request by the SEC for amendment of the Joint Proxy Statement/Prospectus or the Form S-4. If, at any time prior to the Effective Time, any information relating to Phillips or Conoco, or any of their respective affiliates, officers or directors, is discovered by Phillips or Conoco and such information should be set forth in an amendment or supplement to any of the Form S-4 or the Joint Proxy Statement/Prospectus so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party hereto discovering such information shall promptly notify the other parties and, to the extent required by law, rules or regulations, an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and disseminated to the stockholders of Phillips and Conoco.

(b) Conoco shall duly take all lawful action to call, give notice of, convene and hold the Conoco Stockholders Meeting as soon as practicable on a date determined in accordance with the mutual agreement of Phillips and Conoco for the purpose of obtaining the Conoco Stockholder Approval and, subject to Section 6.5 and Section 8.5, shall take all lawful action to solicit the Conoco Stockholder Approval. The Board of Directors of Conoco shall recommend the adoption of the plan of merger contained in this Agreement by the Conoco stockholders to the effect as set forth in Section 4.1(q) (the "Conoco Recommendation"), and shall not, unless Phillips makes a Change in the Phillips Recommendation, (i) withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Phillips the Conoco Recommendation or (ii) take any action or make any statement in connection with the

Conoco Stockholders Meeting inconsistent with the Conoco Recommendation (collectively, a "Change in the Conoco Recommendation"); provided, however, that Conoco and the Board of Directors of Conoco may take any action permitted under Section 6.5, 8.1(i) or 8.5. Notwithstanding any Change in the Conoco Recommendation pursuant to Section 6.5, this Agreement shall be submitted to the Conoco stockholders at the Conoco Stockholders Meeting for the purpose of obtaining the Conoco Stockholder Approval, and nothing contained herein shall be deemed to relieve Conoco of such obligation.

(c) Phillips shall duly take all lawful action to call, give notice of, convene and hold the Phillips Stockholders Meeting as soon as practicable on a date determined in accordance with the mutual agreement of Phillips and Conoco for the purpose of obtaining the Phillips Stockholder Approval and, subject to Section 6.5 and Section 8.5, shall take all lawful action to solicit the Phillips Stockholder Approval. The Board of Directors of Phillips shall recommend the adoption of the plan of merger contained in this Agreement by the Phillips stockholders to the effect as set forth in Section 4.2(q) (the "Phillips Recommendation"), and shall not, unless Conoco makes a Change in the Conoco Recommendation, (i) withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Conoco the Phillips Recommendation or (ii) take any action or make any statement in connection with the Phillips Stockholders Meeting inconsistent with the Phillips Recommendation (collectively, a "Change in the Phillips Recommendation"); provided, however, that Phillips and the Board of Directors of Phillips may take any action permitted under Section 6.5, 8.1(i) or 8.5. Notwithstanding any Change in the Phillips Recommendation pursuant to Section 6.5, this Agreement shall be submitted to the Phillips stockholders at the Phillips Stockholders Meeting for the purpose of obtaining the Phillips Stockholder Approval, and nothing contained herein shall be deemed to relieve Phillips of such obligation.

6.2 Governance Matters; Headquarters; Company Name. (a) Phillips and Conoco shall take, and shall cause New Parent to take, all requisite action to, effective as of the Effective Time, (i) expand the New Parent Board of Directors such that it consists of 16 members, (ii) cause the New Parent Board of Directors to consist of eight current Phillips directors nominated by Phillips and eight current Conoco directors nominated by Conoco, (iii) cause each committee of the New Parent Board of Directors to consist of an equal number of directors nominated by Conoco and Phillips and (iv) cause Archie Dunham to be appointed Chairman of the New Parent Board, subject to the terms of his employment agreement entered into pursuant to Section 6.2(c). Immediately following the Effective Time, James J. Mulva shall become Chief Executive Officer of New Parent, and, subject to the terms of his employment agreement entered into pursuant to Section 6.2(c), James J. Mulva shall become the Chairman of the Board following the retirement of Archie Dunham.

(b) The New Parent Board of Directors shall be divided into three classes, Class I, Class II and Class III. Two directors nominated by Conoco and three directors nominated by Phillips shall comprise Class I and shall hold office until the first annual meeting of the New Parent Board following the Closing Date. Three directors nominated by Conoco and two directors nominated by Phillips shall comprise Class II and shall hold office until the second annual meeting of the New Parent Board following the Closing Date. Three directors nominated

by Conoco (one of whom shall be Archie Dunham) and three directors nominated by Phillips (one of whom shall be James J. Mulva) shall comprise Class III and shall hold office until the third annual meeting of the New Parent Board following the Closing Date.

(c) Concurrently with entering into this Agreement, Phillips and Conoco shall cause New Parent to enter into employment agreements, effective as of the Effective Time, with the executives of Phillips and Conoco in the forms mutually satisfactory to both parties. All other officers of New Parent shall be elected by the Board of Directors of New Parent.

(d) As soon as reasonably practicable following the Effective Time, the executive headquarters for Phillips and New Parent shall be moved to the Houston, Texas area.

(e) Immediately upon consummation of the Mergers, New Parent shall change its name to ConocoPhillips.

6.3 Access to Information. Upon reasonable notice, each of Phillips and Conoco shall (and shall cause its Subsidiaries to) afford to the officers, employees, accountants, counsel, financial advisors and other representatives of the other party reasonable access during normal business hours, during the period prior to the Effective Time, to all its properties, books, contracts, commitments, records, officers and employees and, during such period, each of Phillips and Conoco shall (and shall cause its Subsidiaries to) furnish promptly to the other party (a) a copy of each report, schedule, registration statement and other document filed, published, announced or received by it during such period pursuant to the requirements of U.S. federal or state securities laws or the HSR Act, as applicable (other than documents that such party hereto is not permitted to disclose under applicable law), and (b) all other information concerning it and its business, properties and personnel as such other party may reasonably request; provided, however, that any party hereto may restrict the foregoing access to the extent that (i) any law, treaty, rule or regulation of any Governmental Entity applicable to such party or any contract requires such party or its Subsidiaries to restrict or prohibit access to any such properties or information, (ii) counsel for such party advises that such information should not be disclosed in order to ensure compliance with the Antitrust Laws, (iii) the information is subject to the attorney-client privilege, work product doctrine or any other applicable privilege concerning pending or legal proceedings or government investigations, or (iv) the information is subject to confidentiality obligations to a third party. The parties hereto shall hold any information obtained pursuant to this Section 6.3 in confidence in accordance with, and shall otherwise be subject to, the provisions of the confidentiality agreement dated November 6, 2001, between Phillips and Conoco (the "Confidentiality Agreement"), which Confidentiality Agreement shall continue in full force and effect. Any investigation by either Phillips or Conoco shall not affect the representations and warranties of the other party.

6.4 Reasonable Best Efforts. (a) Subject to the terms and conditions of this Agreement, each party hereto will use its reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, all things necessary, proper or advisable under this Agreement and applicable laws and regulations to consummate the Mergers and the other transactions contemplated by this Agreement as soon as practicable after the date hereof,

including (i) preparing and filing as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings, ruling requests, and other documents and to obtain as promptly as practicable all Conoco Necessary Consents or Phillips Necessary Consents, as appropriate, and all other consents, waivers, licenses, orders, registrations, approvals, permits, rulings, authorizations and clearances necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Mergers or any of the other transactions contemplated by this Agreement (collectively, the "Required Approvals") and (ii) taking all reasonable steps as may be necessary to obtain all such Necessary Consents and the Required Approvals. In furtherance and not in limitation of the foregoing, each of Phillips and Conoco agrees (i) to make, as promptly as practicable, (A) an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby, (B) appropriate filings with the European Commission, if required, in accordance with applicable Regulatory Laws, and (C) all other necessary filings with other Governmental Entities relating to the Mergers, and, to supply as promptly as practicable any additional information or documentation that may be requested pursuant to such laws or by such Governmental Entities and to use reasonable best efforts to cause the expiration or termination of the applicable waiting periods under the HSR Act and the receipt of Required Approvals under such other laws or from such authorities as soon as practicable and (ii) not to extend any waiting period under the HSR Act or enter into any agreement with the FTC or the DOJ not to consummate the transactions contemplated by this Agreement, except with the prior written consent of the other parties hereto (which shall not be unreasonably withheld or delayed). Notwithstanding anything to the contrary in this Agreement, neither Phillips nor Conoco nor any of their respective Subsidiaries shall be required to hold separate (including by trust or otherwise) or to divest any of their respective businesses or assets, or to take or agree to take any action or agree to any limitation, in any such case, that could reasonably be expected to have a Material Adverse Effect on New Parent after giving effect to the Mergers or to substantially impair the benefits to Phillips and Conoco expected, as of the date hereof, to be realized from consummation of the Mergers, and neither Phillips or Conoco shall be required to agree to or effect any divestiture, hold separate any business or take any other action that is not conditional on the consummation of the Mergers.

(b) Each of Phillips and Conoco shall, in connection with the efforts referenced in Section 6.4(a) to obtain all Required Approvals, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, (ii) subject to applicable law, permit the other party to review in advance any proposed written communication between it and any Governmental Entity, (iii) promptly inform each other of (and, at the other party's reasonable request, supply to such other party) any communication (or other correspondence or memoranda) received by such party from, or given by such party to, the DOJ, the FTC or any other Governmental Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iv) consult with each other in advance to the extent practicable of any meeting or conference with the DOJ, the FTC or any other Governmental Entity or, in connection with any proceeding by a private party, with any other Person, and to the extent permitted by the DOJ, the FTC or such other applicable

Governmental Entity or other Person, and to the extent (i) such party has not been advised by its counsel that such information should not be disclosed in order to ensure compliance with the Antitrust Laws and (ii) the relevant document or information is not subject to the attorney-client privilege, work product doctrine or any other applicable privilege concerning pending or legal proceedings or government investigations, give the other party the opportunity to attend and participate in such meetings and conferences.

(c) In furtherance and not in limitation of the covenants of the parties contained in Sections 6.4(a) and 6.4(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Regulatory Law, or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered, promulgated or enforced by a Governmental Entity that would make the Mergers or the other transactions contemplated hereby illegal or would otherwise prohibit or materially impair or delay the consummation of the Mergers or the other transactions contemplated hereby, each of Phillips and Conoco shall cooperate in all respects with each other and use its respective reasonable best efforts, including, subject to Section 6.4(a), selling, holding separate or otherwise disposing of or conducting their business in a specified manner, or agreeing to sell, hold separate or otherwise dispose of or conduct their business in a specified manner or permitting the sale, holding separate or other disposition of, any assets of Phillips, Conoco or their respective Subsidiaries or the conducting of their business in a specified manner, to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Mergers or the other transactions contemplated by this Agreement and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable so as to permit consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 6.4 shall limit either Phillips's or Conoco's right to terminate this Agreement pursuant to Section 8.1(b), 8.1(c), 8.1(i) or 8.5 so long as such party hereto has up to then complied with its obligations under this Section 6.4.

(d) Each party hereto and its respective Board of Directors shall, if any state takeover statute or similar statute becomes applicable to this Agreement, the Mergers or any other transactions contemplated hereby, take all action reasonably necessary to ensure that the Mergers and the other transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby and otherwise to minimize the effect of such statute or regulation on this Agreement, the Mergers and the other transactions contemplated hereby.

6.5 Acquisition Proposals. (a) Each of Phillips and Conoco agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall use its reasonable best efforts to cause its and such Subsidiaries' employees, agents and representatives (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries) not to, directly or indirectly, (i) initiate, solicit,

encourage or knowingly facilitate any inquiries or the making of any proposal or offer with respect to, or a transaction to effect, a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving it, or any purchase or sale of 20% or more of the consolidated assets (including stock of its Subsidiaries) of it and its Subsidiaries, taken as a whole, or any purchase or sale of, or tender or exchange offer for, its equity securities that, if consummated, would result in any Person (or the stockholders of such Person) beneficially owning securities representing 20% or more of its total voting power (or of the surviving parent entity in such transaction) (any such proposal, offer or transaction (other than a proposal or offer made by the other party or an affiliate thereof), an "Acquisition Proposal"), (ii) have any discussion with or provide any confidential information or data to any Person relating to an Acquisition Proposal, or engage in any negotiations concerning an Acquisition Proposal, or knowingly facilitate any effort or attempt to make or implement an Acquisition Proposal, (iii) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal or (iv) approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement or propose publicly or agree to do any of the foregoing related to any Acquisition Proposal.

(b) Notwithstanding anything in this Agreement to the contrary, each of Phillips and Conoco (and its respective Board of Directors) shall be permitted to (i) comply with applicable law (including Rule 14d-9 and Rule 14e-2 promulgated under the Exchange Act), (ii) effect a Change in the Phillips Recommendation or a Change in the Conoco Recommendation, as the case may be, or (iii) engage in discussions or negotiations with, or provide any information to, any Person in response to an unsolicited bona fide written Acquisition Proposal by any such Person, if and only to the extent that, in any such case referred to in clause (ii) or (iii) above, (A) in the case of Phillips, the vote at the Phillips Stockholders Meeting on the adoption of this Agreement shall not have been taken, or in the case of Conoco, the vote at the Conoco Stockholders Meeting on the adoption of this Agreement shall not have been taken, (B) (I) in the case of clause (ii) above, it has received an unsolicited bona fide written Acquisition Proposal from a third party and its Board of Directors concludes in good faith that such Acquisition Proposal constitutes a Superior Proposal and (II) in the case of clause (iii) above, its Board of Directors concludes in good faith that there is a reasonable likelihood that such Acquisition Proposal would lead to a Superior Proposal, (C) its Board of Directors, after consultation with outside counsel, determines in good faith that there is a reasonable probability that the failure to take such action would be inconsistent with its fiduciary duties under applicable law, (D) prior to providing any information or data to any Person in connection with an Acquisition Proposal by any such Person, its Board of Directors receives from such Person an executed confidentiality agreement having provisions that are at least as restrictive as the Confidentiality Agreement, and (E) prior to providing any information or data to any Person or entering into discussions or negotiations with any Person, it notifies the other party promptly of such inquiries, proposals or offers received by, any such information requested from, or any such discussions or negotiations sought to be initiated or continued with, any of its representatives indicating, in connection with such notice, the name of such Person and the material terms and conditions of any inquiries, proposals or offers. Each of Phillips and Conoco agrees that it will promptly keep the other party reasonably informed of the status and terms of any inquiries,

proposals or offers and the status and terms of any discussions or negotiations, including the identity of the Person making such inquiry, proposal or offer. Each of Phillips and Conoco agrees that it will, and will cause its officers, directors and representatives to, immediately cease and cause to be terminated any activities, discussions or negotiations existing as of the date of this Agreement with any Person (other than the parties hereto) conducted heretofore with respect to any Acquisition Proposal. Each of Phillips and Conoco agrees that it will use reasonable best efforts to promptly inform its directors, officers, key employees, agents and representatives of the obligations undertaken in this Section 6.5. Nothing in this Section 6.5 shall (x) permit Phillips or Conoco to terminate this Agreement (except as specifically provided in Article VIII) or (y) affect or limit any other obligation of Phillips or Conoco under this Agreement (including the provisions of Sections 6.1(b) and 6.1(c)). Except as required by law or its certificate of incorporation or by-laws, neither Phillips nor Conoco shall submit any Acquisition Proposal other than the Mergers and the transactions contemplated by this Agreement to a vote of its stockholders.

6.6 Fees and Expenses. Subject to Section 8.2, whether or not the Mergers are consummated, all Expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party hereto incurring such Expenses, except (i) Expenses incurred in connection with the filing, printing and mailing of the Joint Proxy Statement/Prospectus and Form S-4 and (ii) Expenses incurred in connection with any consultants that Phillips and Conoco shall have agreed to retain to assist in obtaining the approvals and clearances under the Antitrust Laws, which, in each case, shall be shared equally by Phillips and Conoco. The parties hereto shall cooperate with each other in preparing, executing and filing any Tax Returns.

6.7 Directors' and Officers' Indemnification and Insurance. (a) Following the Effective Time, New Parent and the Conoco Surviving Corporation shall (i) jointly and severally indemnify and hold harmless, and provide advancement of expenses to, all past and present directors, officers and employees of Conoco and its Subsidiaries (in all of their capacities) (A) to the same extent such individuals are indemnified or have the right to advancement of expenses as of the date of this Agreement by Conoco pursuant to the Restated Certificate of Incorporation and By-Laws of Conoco and indemnification agreements, if any, in existence on the date hereof with, or for the benefit of, any directors, officers and employees of Conoco and its Subsidiaries and (B) without limitation to subclause (A) above, to the fullest extent permitted by law, in each case for acts or omissions occurring at or prior to the Effective Time (including for acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby), (ii) include and cause to be maintained in effect in the Certificate of Incorporation and By-Laws of the Conoco Surviving Corporation (or any successor to the Conoco Surviving Corporation) for a period of six years after the Effective Time, provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses that are, in the aggregate, no less advantageous to the intended beneficiaries than the corresponding provisions contained in the current Restated Certificate of Incorporation and By-Laws of Conoco and (iii) cause to be maintained for a period of six years after the Effective Time the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained

by Conoco (provided that New Parent (or any successor thereto) may substitute therefor one or more policies of at least the same coverage and amounts containing terms and conditions that are, in the aggregate, no less advantageous to the insured) with respect to claims arising from facts or events that occurred on or before the Effective Time; provided, however, that in no event shall the Conoco Surviving Corporation be required to expend in any one year an amount in excess of 200% of the annual premiums currently paid by Conoco for such insurance; and, provided further that if the annual premiums of such insurance coverage exceed such amount, the Conoco Surviving Corporation shall obtain a policy with the greatest coverage available for a cost not exceeding such amount. Notwithstanding any foregoing provision to the contrary, the treatment of past and present directors, officers, and employees of Conoco and its Subsidiaries with respect to elimination of liability, indemnification, advancement of expenses and liability insurance under this Section 6.7(a) shall be, in the aggregate, no less advantageous to the intended beneficiaries thereof than the corresponding treatment of the past and present directors, officers and employees of Phillips and its Subsidiaries under Section 6.7(b).

(b) Following the Effective Time, New Parent and the Phillips Surviving Corporation shall (i) jointly and severally indemnify and hold harmless, and provide advancement of expenses to, all past and present directors, officers and employees of Phillips and its Subsidiaries (in all of their capacities) (A) to the same extent such individuals are indemnified or have the right to advancement of expenses as of the date of this Agreement by Phillips pursuant to the Restated Certificate of Incorporation and By-Laws of Phillips and indemnification agreements, if any, in existence on the date hereof with, or for the benefit of, any directors, officers and employees of Phillips and its Subsidiaries and (B) without limitation to subclause (A) above, to the fullest extent permitted by law, in each case for acts or omissions occurring at or prior to the Effective Time (including for acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby), (ii) include and cause to be maintained in effect in the Certificate of Incorporation and By-Laws of the Phillips Surviving Corporation (or any successor to the Phillips Surviving Corporation) for a period of six years after the Effective Time, provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses that are, in the aggregate, no less advantageous to the intended beneficiaries than the corresponding provisions contained in the current Restated Certificate of Incorporation and By-Laws of Phillips and (iii) cause to be maintained for a period of six years after the Effective Time the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by Phillips (provided that New Parent (or any successor thereto) may substitute therefor one or more policies of at least the same coverage and amounts containing terms and conditions that are, in the aggregate, no less advantageous to the insured) with respect to claims arising from facts or events that occurred on or before the Effective Time; provided, however, that in no event shall the Phillips Surviving Corporation be required to expend in any one year an amount in excess of 200% of the annual premiums currently paid by Phillips for such insurance; and, provided further that if the annual premiums of such insurance coverage exceed such amount, the Phillips Surviving Corporation shall obtain a policy with the greatest coverage available for a cost not exceeding such amount. Notwithstanding any foregoing provision to the contrary, the treatment of past and present directors, officers, and employees of Phillips and its Subsidiaries with respect to elimination of

liability, indemnification, advancement of expenses and liability insurance under this Section 6.7(b) shall be, in the aggregate, no less advantageous to the intended beneficiaries thereof than the corresponding treatment of the past and present directors, officers and employees of Conoco and its Subsidiaries under Section 6.7(a).

(c) The obligations of New Parent, the Conoco Surviving Corporation and the Phillips Surviving Corporation under this Section 6.7 shall not be terminated or modified in such a manner as to adversely affect any indemnitee to whom this Section 6.7 applies without the consent of such affected indemnitee (it being expressly agreed that the indemnitees to whom this Section 6.7 applies shall be third-party beneficiaries of this Section 6.7).

6.8 Employee Benefits. (a) From and after the Effective Time, the Conoco Benefit Plans and the Phillips Benefit Plans in effect as of the date of this Agreement and at the Effective Time shall remain in effect with respect to employees and former employees of Conoco or Phillips and their Subsidiaries (the "Newco Employees"), respectively, covered by such plans at the Effective Time, until such time as New Parent shall otherwise determine, subject to applicable laws and the terms of such plans. Prior to the Closing Date, Phillips and Conoco shall cooperate in reviewing, evaluating and analyzing the Conoco Benefit Plans and the Phillips Benefit Plans with a view towards developing appropriate new Benefit Plans for Newco Employees. It is the intention of Phillips and Conoco, to the extent permitted by applicable laws, to develop new Benefit Plans, as soon as reasonably practicable after the Effective Time, which, among other things, (i) treat similarly situated employees on a substantially equivalent basis, taking into account all relevant factors, including duties, geographic location, tenure, qualifications and abilities and (ii) do not discriminate between Newco Employees who were covered by Conoco Benefit Plans, on the one hand, and those covered by Phillips Benefit Plans on the other, at the Effective Time. It is the current intention of Phillips and Conoco that, for one year following the Effective Time, New Parent shall provide employee benefits under Benefit Plans to Newco Employees that are substantially comparable in the aggregate to those provided to such persons pursuant to the Benefit Plans of Conoco or Phillips (or their Subsidiaries), respectively, in effect on the date hereof and at the Effective Time; provided, that the foregoing shall not be interpreted to prevent the harmonization of benefits provided to Tosco Employees (as that term is defined in the Agreement and Plan of Merger, dated as of February 4, 2001, among Phillips, Ping Acquisition Corp. and Tosco Corporation (the "Tosco Merger Agreement") with the benefits provided to other Phillips employees as and when permitted by Section 6.8 of the Tosco Merger Agreement. Nothing herein shall prohibit any changes to the Conoco Benefit Plans or the Phillips Benefit Plans that may be (i) required by applicable laws (including any applicable qualification requirements of Section 401(a) of the Code), (ii) necessary as a technical matter to reflect the transactions contemplated hereby or (iii) required for New Parent to provide for or permit investment in its securities. Nothing in this Section 6.8 shall be interpreted as preventing New Parent from amending, modifying or terminating any Conoco Benefit Plan or Phillips Benefit Plan or other contract, arrangement, commitment or understanding, in accordance with its terms and applicable laws.

(b) With respect to any Benefit Plans in which any Newco Employees who are employees of Conoco or Phillips (or their Subsidiaries) prior to the Effective Time first

become eligible to participate on or after the Effective Time, and in which such Newco Employees did not participate prior to the Effective Time (the "New Plans"), New Parent shall: (A) waive all pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Newco Employees and their eligible dependents under any New Plans in which such employees may be eligible to participate after the Effective Time, except to the extent such pre-existing conditions, exclusions or waiting periods would apply under the analogous Conoco Benefit Plan or Phillips Benefit Plan, as the case may be; (B) provide each Newco Employee and their eligible dependents with credit for any co-payments and deductibles paid prior to the Effective Time under a Conoco Benefit Plan or Phillips Benefit Plan (to the same extent that such credit was given under the analogous Benefit Plan prior to the Effective Time) in satisfying any applicable deductible or out-of-pocket requirements under any New Plans in which such employees may be eligible to participate after the Effective Time; and (C) recognize all service of the Newco Employees with Phillips and Conoco, and their respective affiliates, for all purposes (including, purposes of eligibility to participate, vesting credit, entitlement to benefits, and, except with respect to defined benefit pension plans, benefit accrual) in any New Plan in which such employees may be eligible to participate after the Effective Time, to the extent such service is taken into account under the applicable New Plan; provided that the foregoing shall not apply to the extent it would result in duplication of benefits.

(c) The provisions in any Phillips Benefit Plan or Conoco Benefit Plan providing for the issuance, transfer or grant of any capital stock of Phillips or Conoco (including any stock-based compensation awards) shall be amended, effective as of the Effective Time, to provide for, respectively, the issuance, transfer or grant of capital stock of New Parent, and each of Phillips and Conoco shall ensure that, following the Effective Time, no holder of a Phillips Stock Option, Phillips SAR or Phillips Stock-Based Award and no holder of a Conoco Stock Option, Conoco SAR or Conoco Stock-Based Award, or any participant in any Phillips Stock Plan or Conoco Stock Plan or any other Phillips Benefit Plan or Conoco Benefit Plan shall have any right thereunder to acquire any capital stock (including any stock-based compensation awards) of Phillips or Conoco. Without limitation of the generality of the foregoing, New Parent shall adopt and assume each of the Phillips Stock Plans and the Conoco Stock Plans effective as of the Effective Time.

(d) Phillips shall take all steps necessary to amend the trust established under the Grantor Trust Agreement, dated as of June 1, 1998, between Phillips and Wachovia Bank, N.A. so that neither the execution of this Agreement nor the consummation of any of the transactions contemplated hereby will be considered a "Change of Control" as defined in such trust agreement.

(e) Conoco shall take all steps necessary to amend the trust established under the Rabbi Trust Agreement, dated December 17, 1999, between Conoco and U.S. Trust Company, National Association so that neither the execution of this Agreement nor the consummation of any of the transactions contemplated hereby will be considered a "Change of Control" as defined in such trust agreement.

6.9 Public Announcements. Phillips and Conoco shall, unless otherwise required by applicable law or by obligations pursuant to any listing agreement with or rules of any securities exchange, consult with the other party before issuing, and provide the other party the opportunity to review and comment upon, any press release or, to the extent practical, otherwise making any public statement with respect to this Agreement or the transactions contemplated hereby. In addition to the foregoing, except as required by applicable law and to the extent disclosed in or consistent with the Joint Proxy Statement/Prospectus in accordance with the provisions of Section 6.1, neither Phillips nor Conoco shall issue any press release or otherwise make any public statement or disclosure concerning the other party or the other party's business, financial condition or results of operations without the consent of the other party, which consent shall not be unreasonably withheld or delayed.

6.10 Listing of Shares of New Parent Common Stock. New Parent shall use its reasonable best efforts to cause the shares of New Parent Common Stock to be issued in the Mergers and the shares of New Parent Common Stock to be reserved for issuance upon exercise of the Conoco Stock Options, Conoco Converted Options, Phillips Stock Options or Phillips Converted Options to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing Date.

6.11 Rights Agreements. (a) The Board of Directors of Phillips shall take all action to the extent necessary (including amending the Phillips Rights Agreement) in order to render the Phillips Rights inapplicable to the Mergers and the other transactions contemplated by this Agreement. Except in connection with the foregoing sentence and to effect its obligations under this Agreement, the Board of Directors of Phillips shall not, without the prior written consent of Conoco, (i) amend the Phillips Rights Agreement or (ii) take any action with respect to, or make any determination under, the Phillips Rights Agreement, including a redemption of the Phillips Rights, in each case in order to facilitate any Acquisition Proposal with respect to Phillips.

(b) The Board of Directors of Conoco shall take all action to the extent necessary (including amending the Conoco Rights Agreement) in order to render the Conoco Rights inapplicable to the Mergers and the other transactions contemplated by this Agreement. Except in connection with the foregoing sentence, the Board of Directors of Conoco shall not, without the prior written consent of Phillips, (i) amend the Conoco Rights Agreement or (ii) take any action with respect to, or make any determination under, the Conoco Rights Agreement, including a redemption of the Conoco Rights, in each case in order to facilitate any Acquisition Proposal with respect to Conoco.

(c) Prior to the Effective Time, New Parent shall adopt a stockholder rights plan, in substantially the form set forth in Exhibit E (the "New Parent Rights Agreement") with a Record Date (as defined in the New Parent Rights Agreement) prior to the Effective Time.

6.12 Affiliates. (a) Promptly following the date of mailing of Joint Proxy Statement/Prospectus, Conoco shall deliver to Phillips a letter identifying all Persons who, in the judgment of Conoco, may be deemed at the time this Agreement is submitted for Conoco

Stockholders Approval, "affiliates" of Conoco for purposes of Rule 145 under the Securities Act and applicable SEC rules and regulations, and such list shall be updated as necessary to reflect changes from the date thereof. Conoco shall use reasonable best efforts to cause each Person identified on such list to deliver to New Parent not later than ten days prior to the Effective Time, a written agreement substantially in the form attached as Exhibit F hereto (an "Affiliate Agreement").

(b) Promptly following the date of mailing of Joint Proxy Statement/Prospectus, Phillips shall deliver to Conoco a letter identifying all Persons who, in the judgment of Phillips, may be deemed at the time this Agreement is submitted for Phillips Stockholders Approval, "affiliates" of Phillips for purposes of Rule 145 under the Securities Act and applicable SEC rules and regulations, and such list shall be updated as necessary to reflect changes from the date thereof. Phillips shall use reasonable best efforts to cause each Person identified on such list to deliver to New Parent not later than ten days prior to the Effective Time, an Affiliate Agreement.

6.13 Section 16 Matters. Prior to the Effective Time, Phillips and Conoco shall take all such steps as may be required to cause any dispositions of Conoco Common Stock or Phillips Common Stock (including derivative securities with respect to Conoco Common Stock or Phillips Common Stock) or acquisitions of New Parent Common Stock (including derivative securities with respect to New Parent Common Stock) resulting from the transactions contemplated by Article II or Article III by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Phillips and Conoco or will become subject to such reporting requirements with respect to New Parent, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

6.14 Dividends. After the date of this Agreement, each of Phillips and Conoco shall coordinate with the other the declaration of any dividends in respect of Phillips Common Stock and Conoco Common Stock and the record dates and payment dates relating thereto, it being the intention of the parties hereto that holders of Conoco Common Stock or Phillips Common Stock shall not receive two dividends, or fail to receive one dividend, for any quarter, including the quarter in which the Effective Time occurs, with respect to their shares of Conoco Common Stock and/or shares of Phillips Common Stock and any shares of New Parent Common Stock any such holder receives in exchange therefor in the Mergers.

ARTICLE VII

CONDITIONS PRECEDENT

7.1 Conditions to Each Party's Obligation to Effect the Mergers. The obligations of each of Phillips and Conoco to effect the Mergers are subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Stockholder Approval. (i) Conoco shall have obtained the Conoco Stockholder Approval and (ii) Phillips shall have obtained the Phillips Stockholder Approval.

(b) No Injunctions or Restraints; Illegality. No law shall have been adopted or promulgated, and no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other Governmental Entity of competent jurisdiction shall be in effect, having the effect of making the Mergers illegal or otherwise prohibiting consummation of the Mergers.

(c) HSR Act; Other Approvals. (i) The waiting period (and any extension thereof) applicable to the Mergers under the HSR Act shall have been terminated or shall have expired, (ii) all approvals in connection with the EC Merger Regulation and the Canadian Investment Regulations (other than approvals under the Canadian Investment Regulations which by their terms cannot be satisfied until after the Closing) shall have been obtained and (iii) all other approvals required under the Antitrust Laws shall have been obtained, except where the failure to obtain such other approvals would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on New Parent after giving effect to the Mergers.

(d) NYSE Listing. The shares of New Parent Common Stock to be issued in the Mergers and such other shares of New Parent Common Stock to be reserved for issuance in connection with the Mergers shall have been approved for listing on the NYSE, subject to official notice of issuance.

(e) Effectiveness of the Form S-4. The Form S-4 shall have been declared effective by the SEC under the Securities Act and no stop order suspending the effectiveness of the Form S-4 shall have been issued by the SEC and no proceedings for that purpose shall have been initiated or threatened by the SEC.

7.2 Additional Conditions to Obligations of Phillips. The obligations of Phillips to effect the Mergers are subject to the satisfaction, or waiver by Phillips, on or prior to the Closing Date, of the following additional conditions:

(a) Representations and Warranties. Each of the representations and warranties of Conoco set forth in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct and those material representations and warranties not so qualified shall be true and correct in all material respects, as of the Closing Date as though made on and as of the Closing Date (except to the extent that such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date); and Phillips shall have received a certificate of an executive officer of Conoco to such effect.

(b) Performance of Obligations of Conoco. Conoco shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or Material Adverse Effect and shall have performed or complied in all material respects with all other material agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified; and Phillips shall have received a certificate of an executive officer of Conoco to such effect.

(c) Tax Opinion. Phillips shall have received from Wachtell, Lipton, Rosen & Katz, counsel to Phillips, a written opinion dated the Closing Date to the effect that for U.S. federal income tax purposes the Phillips Merger will constitute a "reorganization" within the meaning of Section 368(a) of the Code and/or the Mergers, taken together, will constitute an exchange described in Section 351 of the Code. In rendering such opinion, counsel to Phillips shall be entitled to rely upon customary assumptions and representations reasonably satisfactory to such counsel, including representations set forth in certificates of officers of Phillips and Conoco.

7.3 Additional Conditions to Obligations of Conoco. The obligations of Conoco to effect the Mergers are subject to the satisfaction, or waiver by Conoco, on or prior to the Closing Date, of the following additional conditions:

(a) Representations and Warranties. Each of the representations and warranties of Phillips set forth in this Agreement that are qualified as to materiality or Material Adverse Effect shall be true and correct and those material representations and warranties not so qualified shall be true and correct in all material respects, as of the Closing Date as though made on and as of the Closing Date (except to the extent that such representations and warranties speak as of another date, in which case such representations and warranties shall be true and correct as of such other date); and Conoco shall have received a certificate of an executive officer of Phillips to such effect.

(b) Performance of Obligations of Phillips. Phillips shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality or Material Adverse Effect and shall have performed or complied in all material respects with all other material agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified; and Conoco shall have received a certificate of an executive officer of Phillips to such effect.

(c) Tax Opinion. Conoco shall have received from Cravath, Swaine & Moore, counsel to Conoco, a written opinion dated the Closing Date to the effect that for U.S. federal income tax purposes the Conoco Merger will constitute a "reorganization" within the meaning of Section 368(a) of the Code and/or the Mergers, taken together, will constitute an exchange described in Section 351 of the Code. In rendering such opinion, counsel to Conoco shall be entitled to rely upon customary assumptions and representations reasonably satisfactory to such counsel, including representations set forth in certificates of officers of Phillips and Conoco.

ARTICLE VIII

TERMINATION AND AMENDMENT

8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time and, except as specifically provided below, whether before or after the Phillips Stockholders Meeting or the Conoco Stockholders Meeting:

(a) by mutual written consent of Phillips and Conoco;

(b) by either Phillips or Conoco, if the Effective Time shall not have occurred on or before the date 18 months from the date of this Agreement (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement (including such party's obligations set forth in Section 6.4) has been the primary cause of, or resulted in, the failure of the Effective Time to occur on or before the Termination Date;

(c) by either Phillips or Conoco, if any Governmental Entity (i) shall have issued an order, decree or ruling or taken any other action (which the parties hereto shall have used their reasonable best efforts to resist, resolve or lift, as applicable, in accordance with Section 6.4) permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final and nonappealable or (ii) shall have failed to issue an order, decree or ruling or to take any other action that is necessary to fulfill the conditions set forth in Sections 7.1(c), 7.1(d) or 7.1(e), as applicable, and such denial of a request to issue such order, decree, ruling or the failure to take such other action shall have become final and nonappealable (which order, decree, ruling or other action the parties hereto shall have used their reasonable best efforts to obtain, in accordance with Section 6.4); provided, however, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any party hereto whose failure to comply with Section 6.4 has been the primary cause of, or resulted in, such action or inaction;

(d) by either Phillips or Conoco, if either the Phillips Stockholder Approval or the Conoco Stockholder Approval has not been obtained by reason of the failure to obtain the required vote at the Phillips Stockholders Meeting or the Conoco Stockholders Meeting, as applicable;

(e) by Phillips, if Conoco shall have (i) failed to make the Conoco Recommendation or effected a Change in the Conoco Recommendation, whether or not permitted by the terms hereof, or (ii) materially breached its obligations under this Agreement by reason of a failure to call the Conoco Stockholders Meeting in accordance with Section 6.1;

(f) by Conoco, if Phillips shall have (i) failed to make the Phillips Recommendation or effected a Change in the Phillips Recommendation, whether or not permitted by the terms hereof, or (ii) materially breached its obligations under this Agreement by reason of a failure to call the Phillips Stockholders Meeting in accordance with Section 6.1;

(g) by Phillips, if Conoco shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, such that the conditions set forth in Sections 7.2(a) or 7.2(b) are not capable of being satisfied on or before the Termination Date;

(h) by Conoco, if Phillips shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, such that the conditions set forth in Section 7.3(a) or 7.3(b) are not capable of being satisfied on or before the Termination Date; or

(i) by Phillips or Conoco, prior to receipt of Phillips Stockholder Approval or Conoco Stockholder Approval, as appropriate, in accordance with Section 8.5; provided, however, that it shall have complied with all provisions thereof, including the notice provisions.

8.2 Effect of Termination. (a) In the event of termination of this Agreement by either Conoco or Phillips as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of any party hereto or their respective officers or directors, except with respect to Section 4.1(r), Section 4.2(r), the second sentence of Section 6.3, Section 6.6, this Section 8.2 and Article IX, which provisions shall survive such termination; provided that, notwithstanding anything to the contrary contained in this Agreement, neither Phillips nor Conoco shall be relieved or released from any liabilities or damages arising out of its willful and material breach of this Agreement.

(b) If (i) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Conoco Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Conoco Stockholders Meeting on the adoption of this Agreement being taken or (II) Phillips terminates this Agreement pursuant to Section 8.1(g), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Conoco shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Conoco and such Acquisition Proposal shall not have been publicly withdrawn more than 30 days prior to the termination of this Agreement and (C) within twelve months of such termination Conoco or any of its Subsidiaries enters into any definitive agreement with respect to, or consummates, any Acquisition Proposal, (ii) Phillips shall terminate this Agreement pursuant to Section 8.1(e), (iii) Conoco shall terminate this Agreement pursuant to Section 8.1(i) or (iv) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Conoco Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Conoco Stockholders Meeting on the adoption of this Agreement being taken or (II) Phillips terminates this Agreement pursuant to Section 8.1(g), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Conoco shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Conoco and (C) within twelve months of the termination of this Agreement, Conoco or any of its Subsidiaries enters into a definitive agreement with respect to, or consummates, an Acquisition Proposal with the Person (or an affiliate thereof) that publicly announced or otherwise communicated the Acquisition Proposal referred to in clause (B), then

Conoco shall promptly, but in no event later than one Business Day after the date of such termination (or in the case of clause (i) or (iv) above, if later, the date Conoco or its Subsidiary enters into such agreement with respect to, or consummates, such Acquisition Proposal), pay Phillips an amount equal to the Conoco Termination Fee, by wire transfer of immediately available funds.

(c) If (i) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Phillips Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Phillips Stockholders Meeting on the adoption of this Agreement being taken or (II) Conoco terminates this Agreement pursuant to Section 8.1(h), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Phillips shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Phillips and such Acquisition Proposal shall not have been publicly withdrawn more than 30 days prior to the termination of this Agreement and (C) within twelve months of such termination Phillips or any of its Subsidiaries enters into any definitive agreement with respect to, or consummates, any Acquisition Proposal, (ii) Conoco shall terminate this Agreement pursuant to Section 8.1(f), (iii) Phillips shall terminate this Agreement pursuant to Section 8.1(i) or (iv) (A) (I) either Conoco or Phillips terminates this Agreement pursuant to Section 8.1(d) (provided that the basis for such termination is the failure to obtain the Phillips Stockholder Approval) or pursuant to Section 8.1(b) without the vote at the Phillips Stockholders Meeting on the adoption of this Agreement being taken or (II) Conoco terminates this Agreement pursuant to Section 8.1(h), (B) at any time after the date of this Agreement an Acquisition Proposal with respect to Phillips shall have been publicly announced or otherwise communicated to the senior management, Board of Directors or stockholders of Phillips and (C) within twelve months of the termination of this Agreement, Phillips or any of its Subsidiaries enters into a definitive agreement with respect to, or consummates, an Acquisition Proposal with the Person (or an affiliate thereof) that publicly announced or otherwise communicated the Acquisition Proposal referred to in clause (B), then Phillips shall promptly, but in no event later than one Business Day after the date of such termination (or in the case of clause (i) or (iv) above, if later, the date Phillips or its Subsidiary enters into such agreement with respect to, or consummates, such Acquisition Proposal), pay Conoco an amount equal to the Phillips Termination Fee, by wire transfer of immediately available funds.

(d) The parties hereto acknowledge that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, neither Phillips or Conoco would enter into this Agreement; accordingly, if any party fails promptly to pay any amount due pursuant to this Section 8.2, and, in order to obtain such payment, the other party commences a suit that results in a judgment against such party for the fee set forth in this Section 8.2, such party shall pay to the other party its costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount of the fee at the prime rate of Citibank, N.A. in effect on the date such payment was required to be made, notwithstanding the provisions of Section 6.6. The parties hereto agree that any remedy or amount payable pursuant to this Section 8.2 shall not preclude any other remedy or amount payable hereunder, and shall not be an exclusive remedy,

for any willful and material breach of any representation, warranty, covenant or agreement contained in this Agreement.

8.3 Amendment. This Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after the Phillips Stockholder Approval or the Conoco Stockholder Approval, but, after any such approval, no amendment shall be made which by law or in accordance with the rules of any relevant stock exchange requires further approval by such stockholders without such further approval. This Agreement may not be amended, except by an instrument in writing signed on behalf of each of the parties hereto.

8.4 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Boards of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party hereto. The failure of any party hereto to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

8.5 Procedure for Termination. Each of Conoco or Phillips may terminate this Agreement pursuant to Section 8.1(i) only if (i) the Conoco Board or Phillips Board, as appropriate, has received a Superior Proposal, (ii) in light of such Superior Proposal a majority of the disinterested directors of Conoco or Phillips, as appropriate, has determined in good faith, after consultation with outside counsel, that it is necessary for it to withdraw or modify its approval or recommendation of this Agreement or the Mergers in order to comply with its fiduciary duty under applicable law, (iii) Conoco or Phillips, as appropriate, has notified the other party in writing of the determinations described in clause (ii) above, (iv) at least five business days following receipt by the other party of the notice referred to in clause (iii) above, and taking into account any revised proposal made by Conoco or Phillips, as appropriate, since receipt of the notice referred to in clause (iii) above, such Superior Proposal remains a Superior Proposal and a majority of the disinterested directors of Conoco or Phillips, as appropriate, has again made the determinations referred to in clause (ii) above, (v) Conoco or Phillips, as appropriate, is in compliance with Section 6.5 and (vi) Conoco or Phillips, as appropriate, is not at such time entitled to terminate this Agreement pursuant to Section 8.1(h) or (g), as appropriate.

ARTICLE IX

GENERAL PROVISIONS

9.1 Non-Survival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and other agreements in this Agreement or in any instrument delivered pursuant to this Agreement, including any rights arising out of any breach

of such representations, warranties, covenants, agreements and other provisions, shall survive the Effective Time, except for those covenants, agreements and other provisions contained herein that by their terms apply or are to be performed in whole or in part after the Effective Time and this Article IX.

9.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given when received. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(i) if to Phillips:

Phillips Petroleum Company
Phillips Building
Fourth and Keeler
Bartlesville, Oklahoma 74004

Attention: General Counsel

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019

Attention: Andrew R. Brownstein, Esq.

(ii) if to Conoco to:

Conoco Inc.
600 North Dairy Ashford Road
Houston, Texas 77079

Attention: General Counsel

with a copy to:

Cravath, Swaine & Moore
825 Eighth Avenue
New York, NY 10019

Attention: Richard Hall, Esq.

9.3 Interpretation. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings

contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". In addition, each Section of this Agreement is qualified by the matters set forth in the related Section of the Phillips Disclosure Schedule and the Conoco Disclosure Schedule, as the case may be, and by such matters set forth any place else in this Agreement or in the Phillips Disclosure Schedule or the Conoco Disclosure Schedule the applicability of such qualification to the Section of this Agreement is reasonably apparent.

9.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties hereto need not sign the same counterpart.

9.5 Entire Agreement; No Third Party Beneficiaries. (a) This Agreement, the Confidentiality Agreement and the Exhibits and disclosure schedules and the other agreements and instruments of the parties hereto delivered in connection herewith constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof.

(b) This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, other than Section 6.7 (which is intended to be for the benefit of the Persons covered thereby) and Sections 3.4 and 3.5 (which are intended to be for the benefit of the holders of Conoco Stock Options, Conoco SARs and Conoco Stock-Based Awards and Phillips Stock Options, Phillips SARs and Phillips Stock-Based Awards).

9.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware (without giving effect to choice of law principles thereof).

9.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

9.8 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other parties hereto,

and any attempt to make any such assignment without such consent shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

9.9 Submission to Jurisdiction; Waivers. Each of Phillips and Conoco irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by the other party hereto or its successors or assigns may be brought and determined in the Chancery or other Courts of the State of Delaware, and each of Phillips and Conoco hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts and to accept service of process in any manner permitted by such courts. Each of Phillips and Conoco hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), (c) to the fullest extent permitted by applicable law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts and (d) any right to a trial by jury.

9.10 Enforcement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties hereto shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, Phillips Petroleum Company, CorvettePorsche Corp., Porsche Merger Corp., Corvette Merger Corp. and Conoco Inc. have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

PHILLIPS PETROLEUM COMPANY

By: _____
Name:
Title:

CORVETTEPORSCHE CORP.

By: _____
Name:
Title:

PORSCHE MERGER CORP.

By: _____
Name:
Title:

CORVETTE MERGER CORP.

By: _____
Name:
Title:

CONOCO INC.

By: _____
Name:
Title:

EXHIBIT H

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

CONOCOPHILLIPS

AND

PHILLIPS 66

DATED AS OF APRIL 26, 2012

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SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, made and entered into effective as of April 26, 2012 (this "Agreement"), is by and between ConocoPhillips, a Delaware corporation ("ConocoPhillips"), and Phillips 66, a Delaware corporation and wholly owned subsidiary of ConocoPhillips ("Phillips 66"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

RECITALS

WHEREAS, the board of directors of ConocoPhillips (the "ConocoPhillips Board") has determined that it is in the best interests of ConocoPhillips and its stockholders to create a new publicly traded company that shall operate the Phillips 66 Business;

WHEREAS, Phillips 66 has been incorporated for this purpose and has not engaged in activities except in preparation for its corporate reorganization (including activities with respect to the Phillips 66 Financing Arrangements) and the distribution of its stock;

WHEREAS, in furtherance of the foregoing, the ConocoPhillips Board has determined that it is appropriate and desirable for ConocoPhillips and its applicable Subsidiaries to transfer the Phillips 66 Assets to Phillips 66 and certain entities designated by Phillips 66 that will be Subsidiaries of Phillips 66 as of the Distribution Date (any such entities, the "Phillips 66 Designees"), and for Phillips 66 and the Phillips 66 Designees to assume the Phillips 66 Liabilities, in each case as more fully described in this Agreement and the Ancillary Agreements (the "Separation");

WHEREAS, ConocoPhillips currently intends that, on the Distribution Date, ConocoPhillips shall distribute to holders of shares of ConocoPhillips Common Stock, through a spin-off, all of the outstanding shares of Phillips 66 Common Stock, as more fully described in this Agreement and the Ancillary Agreements (the "Distribution");

WHEREAS, for U.S. federal income tax purposes, the Contribution and the Distribution, if effected, taken together, are intended to qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code;

WHEREAS, this Agreement is intended to be, and is hereby adopted as, a "plan of reorganization" within the meaning of Treas. Reg. 1.368-2(g); and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of ConocoPhillips, Phillips 66 and their respective Subsidiaries, following the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings:

"Accounts Receivable Securitization" means a financing arrangement entered into prior to the Distribution by Phillips 66 Company, and approved by ConocoPhillips, involving the transfer or sale of accounts receivable of Phillips 66 Company or any member of the Phillips 66 Group.

"Action" means any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" means, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. For the avoidance of doubt, after the Distribution, the members of the ConocoPhillips Group and the members of the Phillips 66 Group shall not be deemed to be under common control for purposes hereof due solely to the fact that ConocoPhillips and Phillips 66 have common shareholders.

"Agent" means the distribution agent to be appointed by ConocoPhillips to distribute to the stockholders of ConocoPhillips all of the outstanding shares of Phillips 66 Common Stock pursuant to the Distribution.

"Agreement" shall have the meaning set forth in the Preamble.

"Ancillary Agreements" means the Employee Matters Agreement, the Indemnification and Release Agreement, the Intellectual Property Assignment and License Agreement, the Transition Services Agreement, the Tax Sharing Agreement and the Transfer Documents.

"Approvals or Notifications" means any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any third Person, including any Governmental Authority.

"Assets" means, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third Persons or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case, whether or not recorded

or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(a) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape, electronic or any other form;

(b) all apparatus, computers and other electronic data processing and communications equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;

(c) all inventories of materials, parts, raw materials, components, supplies, works-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(e) (i) all interests in any capital stock or other equity interests of any Subsidiary, Affiliate or any other Person, (ii) all bonds, notes, debentures or other securities issued by any Subsidiary, Affiliate or any other Person, (iii) all loans, advances or other extensions of credit or capital contributions to any Subsidiary, Affiliate or any other Person, and (iv) all other investments in securities of any Person;

(f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services and other contracts, agreements or commitments;

(g) all letters of credit;

(h) all written (including in electronic form) or oral technical information, data, specifications, research and development information, engineering drawings and specifications, operating and maintenance manuals, and materials and analyses prepared by consultants and other third Persons;

(i) all Intellectual Property and Technology;

(j) all Software;

(k) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product data and literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(l) all prepaid expenses, trade accounts and other accounts and notes receivable;

(m) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(n) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;

(o) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(p) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"Bridge Loan Facility" means the bridge loan facility pursuant to the bridge loan facility agreement entered into prior to the Distribution by Phillips 66, as borrower, the bank named therein as administrative agent, and the lending banks named therein, on such terms and conditions as agreed to by Phillips 66 and the other parties to the bridge loan facility agreement and approved by ConocoPhillips.

"Chemicals Business" means the chemicals segment of ConocoPhillips as described in ConocoPhillips' Annual Report on Form 10-K for the period ended December 31, 2011, which business manufactures and markets petrochemicals and plastics.

"Code" means the Internal Revenue Code of 1986, as amended.

"ConocoPhillips" shall have the meaning set forth in the Preamble.

"ConocoPhillips Accounts" shall have the meaning set forth in Section 2.10(a).

"ConocoPhillips Board" shall have the meaning set forth in the Recitals.

"ConocoPhillips Business" means (a) the businesses and operations that comprise or are primarily related to the Exploration and Production Business and Emerging Businesses, and (b) (i) the businesses and operations identified on Schedule 1.1A, and (ii) except as otherwise expressly provided herein, any other terminated, divested or discontinued businesses or operations that, at the time of termination, divestiture or discontinuation, primarily related to the businesses and operations described in the foregoing clause (a) as existing at the time of termination, divestiture or discontinuation.

"ConocoPhillips Common Stock" means the common stock, par value $0.01 per share, of ConocoPhillips.

"ConocoPhillips Company" means ConocoPhillips Company, a Delaware corporation and a wholly owned subsidiary of ConocoPhillips.

"ConocoPhillips Group" means ConocoPhillips, each Subsidiary of ConocoPhillips immediately after the Distribution Date, and each Affiliate of ConocoPhillips

immediately after the Distribution Date (in each case other than any member of the Phillips 66 Group).

"ConocoPhillips Guarantees" shall have the meaning set forth in Section 5.3.

"ConocoPhillips Intellectual Property" means (a) the ConocoPhillips Name and ConocoPhillips Marks, and (b) all other Intellectual Property that, as of the Distribution Date, is owned or licensed by any member of either Group, other than the Phillips 66 Intellectual Property.

"ConocoPhillips Name and ConocoPhillips Marks" means the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of ConocoPhillips or any of its Affiliates using or containing "ConocoPhillips" (in block letters or otherwise), "ConocoPhillips" either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

"ConocoPhillips Software" means all Software that, as of the Distribution Date, is owned or licensed by any member of either Group, other than the Phillips 66 Group Software.

"ConocoPhillips Technology" means all Technology that, as of the Distribution Date, is owned or licensed by any member of either Group, other than the Phillips 66 Technology.

"ConocoPhillips Transfer Documents" shall have the meaning set forth in Section 2.1(b).

"Contribution" means the contribution by ConocoPhillips to Phillips 66 of all the outstanding stock of Phillips 66 Company and any Phillips 66 Assets held directly by ConocoPhillips in exchange for (a) the assumption by Phillips 66 of any Phillips 66 Liabilities from ConocoPhillips, and (b) a number of shares of Phillips 66 Common Stock equal to the Required Share Number.

"Dispute" shall have the meaning set forth in the Indemnification and Release Agreement.

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date" means the date and time determined in accordance with Section 3.3(a) at which the Distribution occurs.

"Distribution Ratio" means one half (0.5) of one (1) share of Phillips 66 Common Stock distributed in the Distribution in respect of one share of ConocoPhillips Common Stock.

"Emerging Businesses" means that portion of the emerging business segment of ConocoPhillips described in ConocoPhillips' Annual Report on Form 10-K for the period ended

December 31, 2011, that primarily relates to the Exploration and Production Business, including any business identified on Schedule 1.1B (which are being retained by ConocoPhillips).

"Employee Matters Agreement" means the Employee Matters Agreement, dated as of the date hereof, between ConocoPhillips and Phillips 66.

"Environmental Law" means any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

"Environmental Liabilities" means all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance, including with any product take back requirements, or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Excluded Assets" shall have the meaning set forth in Section 2.2(b).

"Excluded Contracts" shall have the meaning set forth in the definition of Phillips 66 Contracts.

"Excluded Liabilities" shall have the meaning set forth in Section 2.3(b).

"Existing Phillips 66 Group Patents" shall have the meaning set forth in the Intellectual Property Assignment and License Agreement.

"Exploration and Production Business" means the exploration and production segment of ConocoPhillips described in ConocoPhillips' Annual Report on Form 10-K for the period ended December 31, 2011, which business explores for, produces, transports and markets crude oil, bitumen, natural gas, liquefied natural gas and natural gas liquids.

"Form 10" shall have the meaning set forth in Section 3.3(a)(vi).

"Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

"Governmental Authority" means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory,

administrative or other similar functions of, or pertaining to, government and any executive official thereof.

"Group" means either the Phillips 66 Group or the ConocoPhillips Group, as the context requires.

"Hazardous Materials" means any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

"Indemnification and Release Agreement" means the Indemnification and Release Agreement, dated as of the date hereof, between ConocoPhillips and Phillips 66.

"Information Statement" shall have the meaning set forth in Section 3.3(a)(vi).

"Intellectual Property" means all of the following whether arising under the Laws of the United States or of any other foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, and (f) intellectual property rights arising from or in respect of any Technology.

"Intellectual Property Assignment and License Agreement" means the Intellectual Property Assignment and License Agreement, dated as of the date hereof, between ConocoPhillips and Phillips 66.

"Internal Contribution" means the contribution by ConocoPhillips Company to Phillips 66 Company of any Phillips 66 Assets held directly by ConocoPhillips Company in exchange for (a) the assumption by Phillips 66 Company of any Phillips 66 Liabilities from ConocoPhillips Company, and (b) shares of common stock, par value $0.01 per share, of Phillips 66 Company.

"Internal Distribution" means the distribution, on the Internal Distribution Date, by ConocoPhillips Company to ConocoPhillips of all of the outstanding shares of common stock, par value $0.01 per share, of Phillips 66 Company.

"Internal Distribution Date" means the date on which the Internal Distribution shall be effected, such date to be determined by, or under the authority of, the ConocoPhillips Board in its sole and absolute discretion.

"Law" means any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" means any and all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, reimbursement obligations in respect of letters of credit, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Losses" means actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

"Midstream Business" means the midstream segment of ConocoPhillips as described in ConocoPhillips' Annual Report on Form 10-K for the period ended December 31, 2011, which business purchases, gathers, processes, transports and markets natural gas and fractionates and markets natural gas liquids.

"NYSE" means the New York Stock Exchange.

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Phillips 66" shall have the meaning set forth in the Preamble.

"Phillips 66 Accounts" shall have the meaning set forth in Section 2.10(a).

"Phillips 66 Assets" shall have the meaning set forth in Section 2.2(a).

"Phillips 66 Balance Sheet" means the audited combined balance sheet of the Phillips 66 Group, including the notes thereto, as of December 31, 2011.

"Phillips 66 Business" means (a) the business and operations that comprise or are primarily related to the Refining and Marketing Business, Chemicals Business, Midstream Business and Technology Business, and (b) the Phillips 66 Discontinued Businesses; but in each case, excluding the businesses and operations primarily related to the Excluded Assets. For avoidance of doubt, the term "Phillips 66 Business" shall include the businesses and operations identified on Schedule 1.1C.

"Phillips 66 Certificate of Incorporation" shall have the meaning set forth in Section 3.2(d).

"Phillips 66 Common Stock" means the common stock, par value $0.01 per share, of Phillips 66.

"Phillips 66 Company" means Phillips 66 Company, a Delaware corporation and a wholly owned subsidiary of ConocoPhillips Company.

"Phillips 66 Contracts" means the following contracts and agreements to which ConocoPhillips or any of its Affiliates is a party or by which it or any of its Affiliates or any of their respective Assets is bound, whether or not in writing, in each case immediately prior to the Distribution Date, except for any such contract or agreement that is contemplated to be retained by ConocoPhillips or any member of the ConocoPhillips Group pursuant to any provision of this Agreement or any Ancillary Agreement, including those listed on Schedule 1.1D (each, an "Excluded Contract"):

(a) (i) any customer, distribution, supply or vendor contracts or agreements listed on Schedule 1.1E and (ii) any other customer, distribution, supply or vendor contracts that relate primarily to the Phillips 66 Business;

(b) (i) any joint venture or license agreement listed on Schedule 1.1E and (ii) any other joint venture or license agreement that relates primarily to the Phillips 66 Business;

(c) (i) any guarantee, indemnity, representation or warranty listed on Schedule 1.1E and (ii) any guarantee, indemnity, representation or warranty of any member of the Phillips 66 Group or the ConocoPhillips Group in respect of any other Phillips 66 Contract, any Phillips 66 Liability or the Phillips 66 Business;

(d) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with any Phillips 66 Employee or consultants of the Phillips 66 Group;

(e) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to Phillips 66 or any member of the Phillips 66 Group; and

(f) any other contract, agreement, arrangement, commitment or understanding listed on Schedule 1.1E and any other contract, agreement, commitment or understanding, whether or not in writing, that relates primarily to the Phillips 66 Business.

"Phillips 66 Designees" shall have the meaning set forth in the Recitals.

"Phillips 66 Discontinued Businesses" means (a) the businesses and operations of ConocoPhillips, its current or former Subsidiaries, and any of their predecessors in interest, identified on Schedule 1.1F, (b) the terminated, divested or discontinued businesses and operations consisting of the manufacture, transport, marketing and distribution of petrochemical products by ConocoPhillips, its current and former Subsidiaries, and any of their predecessors in interest, including synthetic fibers, synthetic rubber, specialty chemicals, carbon black, vinyl chloride and butadiene ethylene, (c) the terminated, divested or discontinued businesses and operations consisting of the manufacture, transport, marketing and distribution of fertilizer products by ConocoPhillips, its current and former Subsidiaries, and any of their predecessors in interest, including any Agrico or Phillips fertilizer or fertilizer operations, and (d) except as otherwise expressly provided in this Agreement, any other terminated, divested or discontinued businesses or operations of ConocoPhillips, its current and former Subsidiaries, and any of their predecessors in interest, that, at the time of termination, divestiture or discontinuation, primarily related to businesses, operations and assets described in clause (a) of the definition of "Phillips 66 Business" as existing at the time of termination, divestiture or discontinuation.

"Phillips 66 Employee" means any individual who, immediately prior to the Distribution, is either actively employed primarily by, or then on an approved leave of absence from, any Person that will be a member of the Phillips 66 Group immediately after the Distribution.

"Phillips 66 Financing Arrangements" means the Rule 144A / Capital Markets Securities, the Term Loan Facility, the Bridge Loan Facility, the Accounts Receivable Securitization, and the Revolving Credit Facility.

"Phillips 66 Group" means Phillips 66, each Subsidiary of Phillips 66 immediately after the Distribution Date, and each Affiliate of Phillips 66 immediately after the Distribution Date.

"Phillips 66 Group Proprietary Information" shall have the meaning set forth in the Intellectual Property Assignment and License Agreement.

"Phillips 66 Group Software" shall have the meaning set forth in the Intellectual Property Assignment and License Agreement.

"Phillips 66 Intellectual Property" means (a) the patents, patent applications, statutory invention registrations, registered trademarks, registered service marks, registered Internet domain names and copyright registrations (collectively, "Registrable IP") set forth on Schedule 1.1G, (b) all Registrable IP that is owned or licensed exclusively by any member of the Phillips 66 Group at or prior to the Distribution Date, excluding any such Registrable IP that has been assigned by any member of the Phillips 66 Group to any member of the ConocoPhillips

Group prior to the Distribution Date, and (c) all Intellectual Property, other than Registrable IP, that is owned or licensed by any member of the ConocoPhillips Group or Phillips 66 Group and that is used or held for use primarily in the Phillips 66 Business as of the Distribution Date.

"Phillips 66 Liabilities" shall have the meaning set forth in Section 2.3(a).

"Phillips 66 Technology" means all Technology owned or licensed by any member of the ConocoPhillips Group or Phillips 66 Group and that is primarily used or held for use in the Phillips 66 Business as of the Distribution Date.

"Phillips 66 Transfer Documents" shall have the meaning set forth in Section 2.4(b).

"Prime Rate" means the rate which JPMorgan Chase Bank (or any successor thereto or other major money center commercial bank agreed to by the parties hereto) announces from time to time as its prime lending rate, as in effect from time to time.

"Record Date" means the close of business on the date to be determined by the ConocoPhillips Board as the record date for determining stockholders of ConocoPhillips entitled to receive shares of Phillips 66 Common Stock in the Distribution.

"Refining and Marketing Business" means the refining and marketing segment of ConocoPhillips as described in ConocoPhillips' Annual Report on Form 10-K for the period ended December 31, 2011, which business purchases, refines, markets and transports crude oil and petroleum products, and also includes power generation activities primarily related thereto.

"Registrable IP" shall have the meaning set forth in the definition of Phillips 66 Intellectual Property.

"Release" means any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including ambient air, surface water, groundwater and surface or subsurface strata).

"Required Share Number" means the number of shares of Phillips 66 Common Stock necessary to effect the Distribution less the number of shares of Phillips 66 Common Stock outstanding immediately prior to the Contribution.

"Restructuring Steps Memorandum" means the memorandum attached as Annex A hereto setting forth the restructuring steps to be taken prior to the Distribution Date and the sequence thereof.

"Revolving Credit Facility" means a revolving credit facility pursuant to a revolving credit facility agreement entered into prior to the Distribution by Phillips 66, as borrower, the bank named therein as administrative agent, and the lending banks named therein, on such terms and conditions as agreed to by Phillips 66 and the other parties to the revolving credit facility agreement and approved by ConocoPhillips.

"Rule 144A / Capital Markets Securities" means securities sold prior to the Distribution by Phillips 66, and approved by ConocoPhillips, in reliance on Rule 144A promulgated under the Securities Act.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Separation" shall have the meaning set forth in the Recitals.

"Shared Contract" shall have the meaning set forth in Section 2.9(a).

"Software" means any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (d) documentation, including user manuals and other training documentation, relating to any of the foregoing.

"Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Person, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax Return" shall have the meaning set forth in the Tax Sharing Agreement.

"Tax Sharing Agreement" means the Tax Sharing Agreement, dated as of the date hereof, between ConocoPhillips, ConocoPhillips Company, Phillips 66 and Phillips 66 Company.

"Taxes" shall have the meaning set forth in the Tax Sharing Agreement.

"Technology" means all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or non-public information and other similar

materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein.

"Technology Business" means that portion of the emerging business segment of ConocoPhillips as described in ConocoPhillips' Annual Report on Form 10-K for the period ended December 31, 2011, that primarily relates to the Refining and Marketing Business, Chemicals Business or Midstream Business, including the research and development of advanced hydrocarbon processes, energy efficiency technologies, new petroleum-based products, renewable fuels and carbon capture and conversion technologies, and that is not a business identified by company codes on Schedule 1.1B.

"Term Loan Facility" means the term loan facility pursuant to the term loan agreement entered into prior to the Distribution by Phillips 66, as borrower, the bank named therein as administrative agent, and the lending banks named therein, on such terms and conditions as agreed to by Phillips 66 and the other parties to the term loan agreement and approved by ConocoPhillips.

"Third-Party Claim" shall have the meaning set forth in the Indemnification and Release Agreement.

"Transfer Documents" shall have the meaning set forth in Section 2.4(b).

"Transferred Entities" shall have the meaning set forth in Section 2.2(a)(ii).

"Transition Services Agreement" means the Transition Services Agreement, dated as of the date hereof, between ConocoPhillips and Phillips 66.

"Unreleased Excluded Liability" shall have the meaning set forth in Section 2.7(b).

"Unreleased Phillips 66 Liability" shall have the meaning set forth in Section 2.6(b).

ARTICLE II
THE SEPARATION

2.1. Transfer of Assets and Assumption of Liabilities.

(a) Unless otherwise provided in this Agreement or in any Ancillary Agreement, on or prior to the Distribution Date in accordance with the Restructuring Steps Memorandum and to the extent not previously effected prior to the date hereof pursuant to the steps of the Restructuring Steps Memorandum:

(i) ConocoPhillips shall, and shall cause its applicable Subsidiaries to, assign, transfer, convey and deliver to Phillips 66, or the applicable Phillips 66 Designees, and Phillips 66 or such Phillips 66 Designees shall accept from ConocoPhillips and its applicable Subsidiaries, all of ConocoPhillips' and such Subsidiaries' respective direct or indirect right, title and interest in and to all of the

Phillips 66 Assets (it being understood that if any Phillips 66 Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such Phillips 66 Asset may be assigned, transferred, conveyed and delivered as a result of the transfer of all or substantially all of the equity interests in such Transferred Entity);

(ii) Phillips 66 and the applicable Phillips 66 Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all the Phillips 66 Liabilities in accordance with their respective terms. Phillips 66 and such Phillips 66 Designees shall be responsible for all Phillips 66 Liabilities, regardless of when or where such Phillips 66 Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Distribution Date, regardless of where or against whom such Phillips 66 Liabilities are asserted or determined (including any Phillips 66 Liabilities arising out of claims made by the respective directors, officers, employees, agents, stockholders, Subsidiaries or Affiliates of either Group against any member of either Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or any other cause by any member of either Group, or any of their respective directors, officers, employees or agents;

(iii) ConocoPhillips shall cause its applicable Subsidiaries to assign, transfer, convey and deliver to certain of its other Subsidiaries, which shall accept, such applicable Subsidiaries' respective right, title and interest in and to any Excluded Assets specified by ConocoPhillips to be so assigned, transferred, conveyed and delivered; and

(iv) ConocoPhillips and certain of its Subsidiaries shall accept and assume from certain of its other Subsidiaries and agree faithfully to perform, discharge and fulfill certain Excluded Liabilities of such other Subsidiaries, and ConocoPhillips and its applicable Subsidiaries shall be responsible for all Excluded Liabilities, regardless of when or where such Excluded Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Distribution Date, regardless of where or against whom such Excluded Liabilities are asserted or determined (including any such Excluded Liabilities arising out of claims made by the respective directors, officers, employees, agents, stockholders, Subsidiaries or Affiliates of either Group against any member of either Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or any cause by any member of either Group, or any of their respective directors, officers, employees or agents.

(b) In furtherance of the assignment, transfer, conveyance and delivery of the Phillips 66 Assets and the assumption of the Phillips 66 Liabilities in accordance with Sections 2.1(a)(i) and 2.1(a)(ii), on, before and/or as of the date that such Phillips 66 Assets are assigned, transferred, conveyed or delivered or such Phillips 66 Liabilities are assumed (i) ConocoPhillips shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of ConocoPhillips' and its Subsidiaries' (other than Phillips 66 and its Subsidiaries) right, title and interest in and to the Phillips 66 Assets to Phillips 66 and the

Phillips 66 Designees, and (ii) Phillips 66 shall execute and deliver, and shall cause the Phillips 66 Designees to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Phillips 66 Liabilities by Phillips 66 and the Phillips 66 Designees. All of the foregoing documents contemplated by this Section 2.1(b) shall be referred to collectively herein as the "ConocoPhillips Transfer Documents."

(c) To the extent any Phillips 66 Asset is not transferred or assigned to, or any Phillips 66 Liability is not assumed by, a member of the Phillips 66 Group at the Distribution Date or is owned or held by a member of the ConocoPhillips Group after the Distribution Date, from and after the Distribution Date, any such Phillips 66 Asset or Phillips 66 Liability shall be held by such member of the ConocoPhillips Group for the use and benefit of the member of the Phillips 66 Group entitled thereto (at the expense of the member of the Phillips 66 Group entitled thereto) in accordance with Section 2.5(c), and, subject to Section 2.5(b):

(i) ConocoPhillips shall, and shall cause its applicable Subsidiaries to, as soon as reasonably practicable, assign, transfer, convey and deliver to Phillip 66 or certain of its Subsidiaries designated by Phillips 66, and Phillips 66 or such Subsidiaries shall accept from ConocoPhillips and its applicable Subsidiaries, all of ConocoPhillips' and such Subsidiaries' respective right, title and interest in and to such Phillips 66 Assets; and

(ii) Phillips 66 and certain of its Subsidiaries designated by Phillips 66 shall, as soon as reasonably practicable, accept, assume and agree faithfully to perform, discharge and fulfill all such Phillips 66 Liabilities in accordance with their respective terms.

(d) Phillips 66 hereby waives compliance by each and every member of the ConocoPhillips Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Phillips 66 Assets to any member of the Phillips 66 Group.

(e) ConocoPhillips hereby waives compliance by each and every member of the Phillips 66 Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Excluded Assets to any member of the ConocoPhillips Group.

(f) Following the Distribution Date, ConocoPhillips or Phillips 66, as applicable, shall pay or cause to be paid to the other an adjustment amount based on closing date working capital in accordance with Schedule 2.1(f).

2.2. Phillips 66 Assets.

(a) For purposes of this Agreement, "Phillips 66 Assets" means (without duplication):

(i) all Assets that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to Phillips 66 or any other member of the Phillips 66 Group, including the Assets listed on Schedule 2.2(a)(i);

(ii) (A) all Phillips 66 Contracts, (B) all issued and outstanding equity interests held by ConocoPhillips or its Subsidiaries in the wholly owned Subsidiaries and Affiliates of ConocoPhillips that have been or shall be contributed to, or otherwise transferred, conveyed, or assigned to, the Phillips 66 Group or entities that shall be members of the Phillips 66 Group as of the Distribution Date, as listed on Schedule 2.2(a)(ii)(B) (such Subsidiaries and entities, the "Transferred Entities"), and (C) the shares of capital stock or other equity interests held by ConocoPhillips or its Subsidiaries in certain entities (other than the Transferred Entities) that have been or shall be contributed to, or otherwise transferred, conveyed, or assigned to, the Phillips 66 Group as listed on Schedule 2.2(a)(ii)(C);

(iii) all Assets reflected as assets of Phillips 66 or its Subsidiaries on the Phillips 66 Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Phillips 66 Balance Sheet and subject to any adjustment amount based on closing date working capital in accordance with Schedule 2.1(f);

(iv) all Phillips 66 Intellectual Property, Phillips 66 Group Software, Phillips 66 Group Proprietary Information, Existing Phillips 66 Group Patents and Phillips 66 Technology, pursuant to the Intellectual Property Assignment and License Agreement; and

(v) any and all Assets owned and used or held for use immediately prior to the Distribution Date by ConocoPhillips or any of its Subsidiaries primarily in the Phillips 66 Business.

Notwithstanding the foregoing, the Phillips 66 Assets shall not, in any event, include the Excluded Assets referred to in Section 2.2(b). All rights of the Phillips 66 Group in respect of ConocoPhillips insurance policies are set forth in the Indemnification and Release Agreement and shall not otherwise be included in the Phillips 66 Assets.

(b) For the purposes of this Agreement, "Excluded Assets" means (without duplication):

(i) the Assets listed on Schedule 2.2(b)(i) and any and all other Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets to be retained by ConocoPhillips or any other member of the ConocoPhillips Group;

(ii) any cash or cash equivalents withdrawn from Phillips 66 Accounts in accordance with Section 2.10(e);

(iii) the ConocoPhillips Intellectual Property, ConocoPhillips Software and the ConocoPhillips Technology;

(iv) any Shared Contracts (other than Phillips 66 Assets arising under any Shared Contracts); and

(v) any and all Assets of any members of the ConocoPhillips Group that are not Phillips 66 Assets pursuant to Section 2.2(a).

2.3. Phillips 66 Liabilities.

(a) For the purposes of this Agreement, "Phillips 66 Liabilities" means (without duplication):

(i) all Liabilities, including any Environmental Liabilities, relating to, arising out of or resulting from:

(A) the operation or ownership of the Phillips 66 Business, as conducted at any time prior to, on or after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Person (whether or not such act or failure to act is or was within such Person's authority));

(B) the operation or ownership of any other business conducted by any member of the Phillips 66 Group, any entity that shall be a member of the Phillips 66 Group as of the Distribution Date or their predecessors in interest at any time prior to, on or after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Person (whether or not such act or failure to act is or was within such Person's authority)); or

(C) any Phillips 66 Assets, including any Phillips 66 Contracts, Shared Contracts (to the extent related to the Phillips 66 Business) and any real property and leasehold interests;

in any such case, whether arising before, on or after the Distribution Date;

(ii) the Liabilities listed on Schedule 2.3(a)(ii) and any and all other Liabilities that are expressly provided by this Agreement or any Ancillary Agreement as Liabilities to be assumed by Phillips 66 or any member of the Phillips 66 Group, and all agreements, obligations and Liabilities of any member of the Phillips 66 Group under this Agreement or any of the Ancillary Agreements;

(iii) all Liabilities relating to, arising out of or resulting from the Phillips 66 Financing Arrangements;

(iv) all Liabilities reflected as liabilities or obligations of Phillips 66 or its Subsidiaries on the Phillips 66 Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Phillips 66 Balance Sheet;

(v) all Liabilities arising out of claims made by the respective directors, officers, stockholders, employees, agents, Subsidiaries or Affiliates of either Group against any member of either Group to the extent relating to, arising out of or resulting from the Phillips 66 Business or the other businesses, operations, activities or Liabilities referred to in clauses (i) through (iv) above, inclusive; and

(vi) without limitation of clauses (i) through (v) of this Section 2.3(a) above, all Liabilities of the ConocoPhillips Group relating to the period prior to or on the Distribution Date that are not primarily related to the ConocoPhillips Business, including all Liabilities relating to Phillips 66 Discontinued Businesses and those Liabilities listed on Schedule 2.3(a)(vi).

Notwithstanding the foregoing, the Phillips 66 Liabilities shall not include the Excluded Liabilities referred to in Section 2.3(b).

(b) For the purposes of this Agreement, "Excluded Liabilities" means (without duplication):

(i) the Liabilities listed on Schedule 2.3(b)(i) and any and all other Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement as Liabilities to be retained or assumed by ConocoPhillips or any other member of the ConocoPhillips Group, and all agreements and obligations of any member of the ConocoPhillips Group under this Agreement or any of the Ancillary Agreements;

(ii) any and all Liabilities of a member of the ConocoPhillips Group to the extent relating to, arising out of or resulting from any Excluded Assets (other than Liabilities arising under any Shared Contracts to the extent such Liabilities relate to the Phillips 66 Business); and

(iii) all Liabilities arising out of claims made by the respective directors, officers, stockholders, employees, agents, Subsidiaries or Affiliates of either Group against any member of either Group to the extent relating to, arising out of or resulting from the ConocoPhillips Business or the other businesses, operations, activities or Liabilities referred to in clauses (i) and (ii) above.

2.4. Transfer of Excluded Assets; Assumption of Excluded Liabilities.

(a) To the extent any Excluded Asset is transferred or assigned to, or any Excluded Liability is assumed by, a member of the Phillips 66 Group at the Distribution Date or is owned or held by a member of the Phillips 66 Group after the Distribution Date, from and after the Distribution Date, any such Excluded Asset or Excluded Liability shall be held by such member of the Phillips 66 Group for the use and benefit of the member of the ConocoPhillips Group entitled thereto (at the expense of the member of the ConocoPhillips Group entitled thereto) in accordance with Section2.5 (d) and:

(i) Phillips 66 shall, and shall cause its applicable Subsidiaries to, as soon as reasonably practicable, assign, transfer, convey and deliver to ConocoPhillips or certain of its Subsidiaries designated by ConocoPhillips, and ConocoPhillips or such

Subsidiaries shall accept from Phillips 66 and its applicable Subsidiaries, all of Phillips 66's and such Subsidiaries' respective right, title and interest in and to such Excluded Assets; and

(ii) ConocoPhillips and certain of its Subsidiaries designated by ConocoPhillips shall, as soon as reasonably practicable, accept, assume and agree faithfully to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms.

(b) In furtherance of the assignment, transfer, conveyance and delivery of Excluded Assets and the assumption of Excluded Liabilities set forth in Sections 2.4(a)(i) and 2.4(a)(ii), and without any additional consideration therefor: (i) Phillips 66 shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Phillips 66's and its Subsidiaries' right, title and interest in and to the Excluded Assets to ConocoPhillips and its Subsidiaries, and (ii) ConocoPhillips shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Excluded Liabilities. All of the foregoing documents contemplated by this Section 2.4(b) and by Sections 2.1(a)(iii) and 2.1(a)(iv) shall be referred to collectively herein as the "Phillips 66 Transfer Documents" and, together with the ConocoPhillips Transfer Documents, the "Transfer Documents."

2.5. Approvals and Notifications.

(a) To the extent that the transfer or assignment of any Phillips 66 Asset, the assumption of any Phillips 66 Liability, the Separation or the Distribution requires any Approvals or Notifications, the parties will endeavor to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between ConocoPhillips and Phillips 66, neither ConocoPhillips nor Phillips 66 shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) If and to the extent that the valid, complete and perfected transfer or assignment to the Phillips 66 Group of any Phillips 66 Assets or assumption by the Phillips 66 Group of any Phillips 66 Liabilities would be a violation of applicable Law, or require any Approvals or Notifications in connection with the Separation or the Distribution that have not been obtained or made by the Distribution Date, then, unless the parties hereto shall otherwise mutually determine, the transfer or assignment to the Phillips 66 Group of such Phillips 66 Assets or the assumption by the Phillips 66 Group of such Phillips 66 Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any

such Phillips 66 Assets or Phillips 66 Liabilities shall continue to constitute Phillips 66 Assets and Phillips 66 Liabilities for all other purposes of this Agreement.

(c) If any transfer or assignment of any Phillips 66 Asset or any assumption of any Phillips 66 Liability intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Distribution Date, whether as a result of the provisions of Section 2.5(b) or for any other reason, then, insofar as reasonably possible, the member of the ConocoPhillips Group retaining such Phillips 66 Asset or such Phillips 66 Liability, as the case may be, shall thereafter hold such Phillips 66 Asset or Phillips 66 Liability, as the case may be, for the use and benefit of the member of the Phillips 66 Group entitled thereto (at the expense of the member of the Phillips 66 Group entitled thereto). In addition, the member of the ConocoPhillips Group retaining such Phillips 66 Asset or such Phillips 66 Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Phillips 66 Asset or Phillips 66 Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the Phillips 66 Group to whom such Phillips 66 Asset is to be transferred or assigned, or which will assume such Phillips 66 Liability, as the case may be, in order to place such member of the Phillips 66 Group in a substantially similar position as if such Phillips 66 Asset or Phillips 66 Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Phillips 66 Asset or Phillips 66 Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Phillips 66 Asset or Phillips 66 Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Distribution Date (or, in the case of any such Phillips 66 Assets or Phillips 66 Liabilities intended to be transferred, assigned or assumed hereunder, as the case may be, by Phillips 66 Company pursuant to the Internal Contribution on or prior to the Internal Distribution Date, from and after the Internal Distribution Date) to the Phillips 66 Group.

(d) If any transfer or assignment of any Excluded Asset or any assumption of any Excluded Liability not intended to be transferred, assigned or assumed hereunder, as the case may be, is consummated on or prior to the Distribution Date (as described in Section 2.4(a)), then, insofar as reasonably possible, the member of the Phillips 66 Group holding or owning such Excluded Asset or such Excluded Liability, as the case may be, shall thereafter hold such Excluded Asset or Excluded Liability, as the case may be, for the use and benefit of the member of the ConocoPhillips Group entitled thereto (at the expense of the member of the ConocoPhillips Group entitled thereto). In addition, the member of the Phillips 66 Group retaining such Excluded Asset or such Excluded Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Excluded Asset or Excluded Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the ConocoPhillips Group to whom such Excluded Asset is to be transferred or assigned, or which will assume such Excluded Liability, as the case may be, in order to place such member of the ConocoPhillips Group in a substantially similar position as if such Excluded Asset or Excluded Liability had not been so transferred, assigned or assumed and so that all the benefits and burdens relating to such Excluded Asset or Excluded Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Excluded Asset or Excluded Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Distribution

Date (or, in the case of any such Excluded Assets or Excluded Liabilities that were transferred, assigned or assumed hereunder, as the case may be, by ConocoPhillips Company in connection with the Internal Contribution on or prior to the Internal Distribution Date, from and after the Internal Distribution Date) to the ConocoPhillips Group.

(e) If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Phillips 66 Asset or the deferral of assumption of any Phillips 66 Liability pursuant to Section 2.5(b), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Phillips 66 Asset or the assumption of any Phillips 66 Liability have been removed, the transfer or assignment of the applicable Phillips 66 Asset or the assumption of the applicable Phillips 66 Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(f) Except as otherwise agreed between ConocoPhillips and Phillips 66, (i) any member of the ConocoPhillips Group retaining a Phillips 66 Asset or Phillips 66 Liability (whether as a result of the provisions of Section 2.5(b) or for any other reason), and (ii) any member of the Phillips 66 Group holding or owning an Excluded Asset or Excluded Liability due to a transfer or assignment to, or assumption by, such member of the Phillips 66 Group (as described in Section 2.4(a)), shall not be obligated, in order to effect the transfer of such Asset or Liability to the Group member entitled thereto, to expend any money unless the necessary funds are advanced (or otherwise made available) by the Group member entitled thereto, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Group member entitled to such Asset or Liability.

2.6. Novation of Phillips 66 Liabilities.

(a) Each of ConocoPhillips and Phillips 66, at the request of the other, shall endeavor, if reasonably practicable, to obtain, or to cause to be obtained, if reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Phillips 66 Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Phillips 66 Group, so that, in any such case, the members of the Phillips 66 Group will be solely responsible for the Phillips 66 Liabilities; provided, however, that neither ConocoPhillips nor Phillips 66 shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(b) If ConocoPhillips or Phillips 66 is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the ConocoPhillips Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Phillips 66 Liability"), Phillips 66 shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the ConocoPhillips Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the ConocoPhillips Group that constitute Unreleased Phillips 66 Liabilities from and after the Distribution Date and (ii) use its

commercially reasonable efforts to effect such payment, performance, or discharge prior to any demand for such payment, performance, or discharge is permitted to be made by the obligee thereunder on any member of the ConocoPhillips Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Phillips 66 Liabilities shall otherwise become assignable or able to be novated, ConocoPhillips shall promptly assign, or cause to be assigned, and Phillips 66 or the applicable Phillips 66 Group member shall assume, such Unreleased Phillips 66 Liabilities without exchange of further consideration.

2.7. Novation of Excluded Liabilities.

(a) Each of ConocoPhillips and Phillips 66, at the request of the other, shall endeavor, if reasonably practicable, to obtain, or to cause to be obtained, if reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Excluded Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the ConocoPhillips Group, so that, in any such case, the members of the ConocoPhillips Group will be solely responsible for such Excluded Liabilities; provided, however, that neither ConocoPhillips nor Phillips 66 shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(b) If ConocoPhillips or Phillips 66 is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Phillips 66 Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Excluded Liability"), ConocoPhillips shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Phillips 66 Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Phillips 66 Group that constitute Unreleased Excluded Liabilities from and after the Distribution Date and (ii) use its commercially reasonable efforts to effect such payment, performance, or discharge prior to any demand for such payment, performance, or discharge is permitted to be made by the obligee thereunder on any member of the Phillips 66 Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Excluded Liabilities shall otherwise become assignable or able to be novated, Phillips 66 shall promptly assign, or cause to be assigned, and ConocoPhillips or the applicable ConocoPhillips Group member shall assume, such Unreleased Excluded Liabilities without exchange of further consideration.

2.8. Termination of Agreements.

(a) Except as set forth in Section 2.8(b), in furtherance of the releases and other provisions of the Indemnification and Release Agreement, Phillips 66 and each member of the Phillips 66 Group, on the one hand, and ConocoPhillips and each member of the ConocoPhillips Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Phillips 66 and/or any member of the Phillips 66 Group and/or any entity that shall be a member

of the Phillips 66 Group as of the Distribution Date, on the one hand, and ConocoPhillips and/or any member of the ConocoPhillips Group (other than entities that shall be members of the Phillips 66 Group as of the Distribution Date), on the other hand, effective as of the Distribution Date. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Distribution Date. Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.8(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the parties hereto or any of the members of their respective Groups); (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.8(b)(ii); (iii) any agreements, arrangements, commitments or understandings to which any Person other than the parties hereto and the members of their respective Groups is a party (it being understood that to the extent that the rights and obligations of the parties and the members of their respective Groups under any such agreements, arrangements, commitments or understandings constitute Phillips 66 Assets or Phillips 66 Liabilities, they shall be assigned pursuant to Section 2.1); (iv) any intercompany accounts payable or accounts receivable accrued as of the Distribution Date that are reflected in the books and records of the parties or otherwise documented in writing in accordance with past practices; (v) any agreements, arrangements, commitments or understandings to which any member of the ConocoPhillips Group or Phillips 66 Group, other than a wholly owned Subsidiary of ConocoPhillips or Phillips 66, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); (vi) any Shared Contracts; and (vii) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement expressly contemplates will survive the Distribution Date.

2.9. Treatment of Shared Contracts.

(a) Without limiting the generality of the obligations set forth in Section 2.1, unless the parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.9 are expressly conveyed to the applicable party pursuant to an Ancillary Agreement, (i) any contract, agreement, arrangement, commitment or understanding that is listed on Schedule 2.9(a) shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Distribution Date, so that each party or the members of its respective Group shall, as of the Distribution Date, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses, in each case, in accordance with the allocation of benefits and burdens set forth on Schedule 2.9(a), and (ii) (A) any contract, agreement, arrangement, commitment or understanding that is an Excluded Asset or Excluded Liability but, prior to the Distribution Date, inured in part to the benefit or burden of any member of the Phillips 66 Group (other than any such contract, agreement, arrangement, commitment or understanding covering substantially the same services or arrangements that are covered by a contract, agreement, arrangement, commitment or understanding entered into by a member of the Phillips 66 Group in connection with the Separation), and (B) any contract, agreement,

arrangement, commitment or understanding that is a Phillips 66 Asset or a Phillips 66 Liability but, prior to the Distribution Date, inured in part to the benefit or burden of any member of the ConocoPhillips Group (other than any such contract, agreement, arrangement, commitment or understanding covering substantially the same services or arrangements that are covered by a contract, agreement, arrangement, commitment or understanding entered into by a member of the ConocoPhillips Group in connection with the Separation), shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Distribution Date, so that each party or the members of its respective Group shall, as of the Distribution Date, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses (any contract, agreement, arrangement, commitment or understanding referred to in clause (i) or (ii) above, a "Shared Contract"); provided, however, that, in the case of each of clause (i) and (ii), (1) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (2) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, then the parties shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions (including by providing prompt notice to the other party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the Phillips 66 Group or the ConocoPhillips Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the Phillips 66 Business or the businesses retained by ConocoPhillips, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to (or amended to allow) a member of the applicable Group pursuant to this Section 2.9, and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.9.

(b) Each of ConocoPhillips and Phillips 66 shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as Assets owned by, and/or Liabilities of, as applicable, such party, or its subsidiaries, as applicable, not later than the Distribution Date, and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.9 shall require any member of any Group to make any material payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any material obligation or grant any material concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.9.

2.10. Bank Accounts; Cash Balances.

(a) ConocoPhillips and Phillips 66 each agrees to take, or cause the respective members of their respective Groups to take, at the Distribution Date (or such earlier time as ConocoPhillips and Phillips 66 may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by Phillips 66 or any other member of the Phillips 66 Group (collectively, the "Phillips 66 Accounts") so that such Phillips 66 Accounts, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any bank or brokerage account owned by ConocoPhillips or any other member of the ConocoPhillips Group (collectively, the "ConocoPhillips Accounts"), are de-linked from the ConocoPhillips Accounts.

(b) ConocoPhillips and Phillips 66 each agrees to take, or cause the respective members of their respective Groups to take, at the Distribution Date (or such earlier time as ConocoPhillips and Phillips 66 may agree), all actions necessary to amend all agreements governing the ConocoPhillips Accounts so that such ConocoPhillips Accounts, if currently linked to a Phillips 66 Account, are de-linked from the Phillips 66 Accounts.

(c) It is intended that, following consummation of the actions contemplated by Sections 2.10(a) and 2.10(b), there will be in place a centralized cash management process pursuant to which the Phillips 66 Accounts will be managed centrally and funds collected will be transferred into one or more centralized accounts maintained by Phillips 66.

(d) It is intended that, following consummation of the actions contemplated by Sections 2.10(a) and 2.10(b), there will continue to be in place a centralized cash management process pursuant to which the ConocoPhillips Accounts will be managed centrally and funds collected will be transferred into one or more centralized accounts maintained by ConocoPhillips.

(e) With respect to any outstanding payments initiated by ConocoPhillips, Phillips 66, or any of their respective Subsidiaries prior to the Separation, such outstanding payments shall be honored following the Separation by the Person or Group owning the account from which the payment was initiated.

(f) As between ConocoPhillips and Phillips 66 (and the members of their respective Groups) all payments made and reimbursements received after the Separation by either party (or member of its Group) that relate to a business, Asset or Liability of the other party (or member of its Group), shall be held by such party for the use and benefit of the party entitled thereto (at the expense of the party entitled thereto). Each party shall maintain an accounting of any such payments and reimbursements, and the parties shall have a monthly reconciliation, whereby all such payments made and reimbursements received by each party are calculated and the net amount owed to ConocoPhillips or Phillips 66 shall be paid over with right of set-off. If at any time the net amount owed to either party exceeds $10,000,000, an interim payment of such net amount owed shall be made to the party entitled thereto within three (3) business days of such amount exceeding $10,000,000. Notwithstanding the foregoing, neither ConocoPhillips nor Phillips 66 shall act as collection agent for the other party, nor shall either

party act as surety or endorser with respect to non-sufficient funds checks, or funds to be returned in a bankruptcy or fraudulent conveyance action.

2.11. Other Ancillary Agreements. Effective as of the date hereof, each of ConocoPhillips and Phillips 66 will execute and deliver all Ancillary Agreements to which it is a party (other than the Transfer Documents, which will be executed on or prior to the Distribution Date).

2.12. Disclaimer of Representations and Warranties. EACH OF CONOCOPHILLIPS (ON BEHALF OF ITSELF AND EACH MEMBER OF THE CONOCOPHILLIPS GROUP) AND PHILLIPS 66 (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PHILLIPS 66 GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SET-OFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, EXCEPT AS OTHERWISE AGREED BY CONOCOPHILLIPS, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.13. Phillips 66 Financing Arrangements. Prior to the Distribution Date, Phillips 66 shall enter into the Phillips 66 Financing Arrangements, on such terms and conditions as agreed by ConocoPhillips (including the amount that shall be borrowed pursuant to the Financing Arrangements and the interest rates for such borrowings). ConocoPhillips and Phillips 66 shall participate in the preparation of all materials and presentations as may be reasonably necessary to secure funding pursuant to the Phillips 66 Financing Arrangements, including rating agency presentations necessary to obtain the requisite ratings needed to secure the financing under any of the Phillips 66 Financing Arrangements. The parties agree that Phillips 66, and not ConocoPhillips, shall be ultimately responsible for all costs and expenses incurred by, and for

reimbursement of such costs and expenses to, any member of the ConocoPhillips Group or Phillips 66 Group associated with the Phillips 66 Financing Arrangements.

2.14. Financial Information Certifications. ConocoPhillips' disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to Phillips 66 as its Subsidiary. In order to enable the principal executive officer and principal financial officer of Phillips 66 to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002, ConocoPhillips, within thirty-five (35) days of the end of any fiscal quarter during which Phillips 66 remains its Subsidiary, shall provide Phillips 66 with one or more certifications with respect to such disclosure controls and procedures, its internal control over financial reporting and the effectiveness thereof. Such certification(s) shall be provided by ConocoPhillips (and not by any officer or employee in their individual capacity).

ARTICLE III
THE DISTRIBUTION

3.1. The Distribution.

(a) ConocoPhillips intends to consummate the Distribution in the first half of 2012. ConocoPhillips will, in its sole and absolute discretion, determine the Distribution Date and all terms of the Distribution, including, without limitation, the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, ConocoPhillips may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution. For the avoidance of doubt, nothing in the foregoing shall in any way limit ConocoPhillips' right to terminate this Agreement or the Distribution as set forth in Article VI or alter the consequences of any such termination from those specified in such Article.

(b) Phillips 66 shall cooperate with ConocoPhillips to accomplish the Distribution and shall, at ConocoPhillips' direction, promptly take any and all actions necessary or desirable to effect the Distribution, including, without limitation, the registration under the Securities Act and the Exchange Act of Phillips 66 Common Stock on an appropriate registration form or forms to be designated by ConocoPhillips. ConocoPhillips shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for ConocoPhillips. Phillips 66 and ConocoPhillips, as the case may be, will provide to the Agent all share certificates and any information required in order to complete the Distribution.

3.2. Actions Prior to the Distribution.

(a) ConocoPhillips and Phillips 66 shall prepare and mail, prior to the Distribution Date, to the holders of ConocoPhillips Common Stock, such information concerning Phillips 66, its business, operations and management, the Distribution and such other matters as ConocoPhillips shall reasonably determine and as may be required by Law. ConocoPhillips and

Phillips 66 will prepare, and Phillips 66 will, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters which ConocoPhillips determines are necessary or desirable to effectuate the Distribution, and ConocoPhillips and Phillips 66 shall each use its commercially reasonable efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable.

(b) ConocoPhillips and Phillips 66 shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(c) Phillips 66 shall prepare and file, and shall use its commercially reasonable efforts to have approved, an application for the listing of the Phillips 66 Common Stock to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

(d) ConocoPhillips and Phillips 66 shall take all necessary action that may be required to provide for the adoption by Phillips 66 of the Amended and Restated Certificate of Incorporation of Phillips 66 (the "Phillips 66 Certificate of Incorporation") and the Amended and Restated Bylaws of Phillips 66, each in such form as may be reasonably determined by ConocoPhillips and Phillips 66, and Phillips 66 will file the Phillips 66 Certificate of Incorporation with the Secretary of State of the State of Delaware.

(e) ConocoPhillips and Phillips 66 shall take all actions as may be necessary to approve the stock-based employee benefit plans of Phillips 66 (and the grants of adjusted awards over ConocoPhillips stock by ConocoPhillips and of awards over Phillips 66 stock by Phillips 66) in order to satisfy the requirement of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of the NYSE.

3.3. Conditions to Distribution.

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver by ConocoPhillips in its sole and absolute discretion, of the conditions set forth in this Section 3.3(a). Any determination by ConocoPhillips regarding the satisfaction or waiver of any of such conditions will be conclusive.

(i) The Separation shall have been completed in accordance with the Restructuring Steps Memorandum.

(ii) ConocoPhillips will have received a private letter ruling from the U.S. Internal Revenue Service substantially to the effect that, among other things, the Contribution and the Distribution, if effected, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code.

(iii) All Governmental Approvals necessary to consummate the Distribution shall have been obtained and be in full force and effect.

(iv) The actions and filings necessary or appropriate under applicable securities laws in connection with the Distribution will have been taken or made, and,

where applicable, have become effective or been accepted by the applicable Governmental Authority.

(v) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Distribution or any of the related transactions shall be in effect, and no other event outside the control of ConocoPhillips shall have occurred or failed to occur that prevents the consummation of the Distribution or any of the related transactions.

(vi) A Registration Statement on Form 10 registering the Phillips 66 Common Stock (the "Form 10") shall be effective under the Exchange Act, with no stop order in effect with respect thereto, and the Information Statement included therein (the "Information Statement") shall have been mailed to ConocoPhillips' stockholders as of the Record Date.

(vii) The Phillips 66 Common Stock to be distributed to the ConocoPhillips stockholders in the Distribution shall have been accepted for listing on the NYSE, subject to official notice of distribution.

(viii) Each of the Ancillary Agreements shall have been duly executed and delivered by the parties thereto.

(ix) No events or developments shall have occurred or exist that, in the judgment of the ConocoPhillips Board, in its sole and absolute discretion, make it inadvisable to effect the Distribution or the other transactions contemplated hereby, or would result in the Distribution or the other transactions contemplated hereby not being in the best interest of ConocoPhillips or its stockholders.

(b) The foregoing conditions are for the sole benefit of ConocoPhillips and shall not give rise to or create any duty on the part of ConocoPhillips or the ConocoPhillips Board to waive or not waive such conditions or in any way limit ConocoPhillips' right to terminate this Agreement as set forth in Article VI or alter the consequences of any such termination from those specified in such Article. Any determination made by the ConocoPhillips Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.3 shall be conclusive.

3.4. Certain Stockholder Matters.

(a) Subject to Section 3.3, on or prior to the Distribution Date, ConocoPhillips will deliver to the Agent for the benefit of holders of record of ConocoPhillips Common Stock on the Record Date all of the outstanding shares of Phillips 66 Common Stock (including, if such shares are represented by one or more stock certificates, such stock certificates, endorsed by ConocoPhillips in blank), and shall cause the transfer agent for the shares of ConocoPhillips Common Stock to instruct the Agent to distribute on the Distribution Date the appropriate number of such shares of Phillips 66 Common Stock to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. Phillips 66 will not issue paper stock certificates. The Distribution shall be effective at 11:59 p.m. Eastern Time on the Distribution Date or at such other time as ConocoPhillips may determine.

(b) Subject to Sections 3.3 and 3.4(c), each holder of ConocoPhillips Common Stock on the Record Date will be entitled to receive in the Distribution a number of whole shares of Phillips 66 Common Stock equal to the number of shares of ConocoPhillips Common Stock held by such holder on the Record Date multiplied by the Distribution Ratio.

(c) No fractional shares will be distributed or credited to book-entry accounts in connection with the Distribution. As soon as practicable after the Distribution Date, ConocoPhillips shall direct the Agent to determine the number of whole shares and fractional shares of Phillips 66 Common Stock allocable to each holder of record or beneficial owner of ConocoPhillips Common Stock as of the Record Date, to aggregate all such fractional shares and to sell the whole shares obtained thereby in open market transactions (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such holder or for the benefit of each such beneficial owner, in lieu of any fractional share, such holder's or owner's ratable share of the proceeds of such sale, after deducting any taxes required to be withheld and after deducting an amount equal to all brokerage charges, commissions and transfer taxes attributed to such sale. Neither ConocoPhillips nor Phillips 66 will be required to guarantee any minimum sale price for the fractional shares of Phillips 66 Common Stock. Neither ConocoPhillips nor Phillips 66 will be required to pay any interest on the proceeds from the sale of fractional shares.

(d) Until the Phillips 66 Common Stock is duly transferred in accordance with this Section 3.4 and applicable Law, from and after the effective time of the Distribution, Phillips 66 will regard the Persons entitled to receive such Phillips 66 Common Stock as record holders of Phillips 66 Common Stock in accordance with the terms of the Distribution without requiring any action on the part of such Persons. Phillips 66 agrees that, subject to any transfers of such stock, from and after the effective time of the Distribution (i) each such holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the shares of Phillips 66 Common Stock then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the shares of Phillips 66 Common Stock then held by such holder.

ARTICLE IV
DISPUTE RESOLUTION

4.1. General Provisions. Any Dispute shall be resolved in accordance with the procedures set forth in Article IV of the Indemnification and Release Agreement, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified in the applicable Ancillary Agreement or in Article IV of the Indemnification and Release Agreement.

ARTICLE V
FURTHER ASSURANCES AND ADDITIONAL COVENANTS

5.1. Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use its commercially reasonable efforts, prior to, on

and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements, to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each party hereto shall cooperate with the other parties, and without any further consideration, but at the expense of the requesting party, to execute and deliver, or use its commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any third-party consents or Governmental Approvals), and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Phillips 66 Assets and the assignment and assumption of the Phillips 66 Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each party will, at the reasonable request, cost and expense of any other party, take such other actions as may be reasonably necessary to vest in such other party good and marketable title, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Distribution Date, ConocoPhillips and Phillips 66 in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions which are reasonably necessary or desirable to be taken by ConocoPhillips Company, Phillips 66 Company or any other Subsidiary of ConocoPhillips, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) ConocoPhillips and Phillips 66, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of Phillips 66 or any member of the Phillips 66 Group, on the one hand, or of ConocoPhillips or any member of the ConocoPhillips Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement or the Ancillary Agreements, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

(e) Prior to the first anniversary of the Distribution Date, if one or more of the parties identifies any commercial or other service that is needed to assure a smooth and orderly transition of the businesses in connection with the consummation of the transactions

contemplated hereby, and that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the parties will cooperate in determining whether there is a mutually acceptable basis on which the other party will provide such service; provided, that if such service is to extend beyond the first anniversary of the Distribution Date, the terms and conditions upon which the services are to be provided beyond the first anniversary of the Distribution Date shall be market and arm's-length terms and conditions.

5.2. Performance. ConocoPhillips will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the ConocoPhillips Group. Phillips 66 will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Phillips 66 Group. Each party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Section 5.2 to all of the other members of its Group, and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

5.3. ConocoPhillips Guarantees. Phillips 66 acknowledges that in the course of conduct of the Phillips 66 Business, ConocoPhillips and members of the ConocoPhillips Group may have entered into various arrangements in which guarantees, bonds, letters of credit or similar arrangements were issued or arranged by ConocoPhillips or members of the ConocoPhillips Group to support or facilitate the Phillips 66 Business. Any such arrangements entered into by ConocoPhillips and its Affiliates are, to the extent related to the Phillips 66 Business, hereinafter referred to as the "ConocoPhillips Guarantees." Except as otherwise agreed by ConocoPhillips and Phillips 66, Phillips 66 agrees that it will use its commercially reasonable efforts to obtain or provide replacement guarantees, bonds, letters of credit or similar arrangements, which will be in effect at the Distribution Date, and obtain the release of ConocoPhillips and members of the ConocoPhillips Group from any ConocoPhillips Guarantees in accordance with Section 2.9 of the Indemnification and Release Agreement.

5.4. Third-Party Agreements. Phillips 66 agrees that it will use its commercially reasonable efforts to obtain or provide replacement agreements with third parties for agreements between such third parties and ConocoPhillips or any member of the ConocoPhillips Group that are Phillips 66 Contracts and cannot be assigned to Phillips 66.

5.5. Tax Matters. Notwithstanding anything to the contrary in this Agreement or any Ancillary Agreement, in the case of any conflict between this Agreement or any Ancillary Agreement (other than the Tax Sharing Agreement) and the Tax Sharing Agreement in relation to any matters addressed by the Tax Sharing Agreement, the Tax Sharing Agreement shall prevail.

5.6. Indemnification Matters. Notwithstanding anything to the contrary in this Agreement or any Ancillary Agreement, in the case of any conflict between this Agreement or any Ancillary Agreement (other than the Indemnification and Release Agreement) and the Indemnification and Release Agreement in relation to any matters addressed by the

Indemnification and Release Agreement, the Indemnification and Release Agreement shall prevail; provided, however, that in relation to any matters concerning Taxes, the Tax Sharing Agreement shall prevail over the Indemnification and Release Agreement, and in relation to any matters governed by the Employee Matters Agreement, the Employee Matters Agreement shall prevail over the Indemnification and Release Agreement.

5.7. Employee Matters. Notwithstanding anything to the contrary in this Agreement or any Ancillary Agreement, in the case of any conflict between this Agreement or any Ancillary Agreement (other than the Employee Matters Agreement) and the Employee Matters Agreement in relation to any matters addressed by the Employee Matters Agreement, the Employee Matters Agreement shall prevail; provided, however, that in relation to any matters concerning Taxes, the Tax Sharing Agreement shall prevail over the Employee Matters Agreement.

ARTICLE VI
TERMINATION

6.1. Termination. This Agreement and any Ancillary Agreement may be terminated and the terms and conditions of the Distribution may be amended, modified or abandoned at any time prior to the Distribution Date by and in the sole and absolute discretion of the ConocoPhillips Board without the approval of any Person, including Phillips 66, in which case no party will have any liability of any kind to any other party by reason of this Agreement. After the Distribution, this Agreement may not be terminated except by an agreement in writing signed by each of the parties to this Agreement.

ARTICLE VII
MISCELLANEOUS

7.1. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

(b) This Agreement and the Ancillary Agreements contain the entire agreement between the parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties other than those set forth or referred to herein or therein.

(c) ConocoPhillips represents on behalf of itself and each other member of the ConocoPhillips Group, and Phillips 66 represents on behalf of itself and each other member of the Phillips 66 Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each party hereto acknowledges that it and each other party hereto may execute certain of the Ancillary Agreements by facsimile, stamp or mechanical signature. Each party hereto expressly adopts and confirms each such facsimile, stamp or mechanical signature made in its respective name as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such party to the same extent as if it were signed manually and agrees that at the reasonable request of any other party hereto at any time it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

(e) Notwithstanding any provision of this Agreement or any Ancillary Agreement, neither ConocoPhillips nor Phillips 66 shall be required to take or omit to take any act that would violate its fiduciary duties to any minority stockholders of any non-wholly owned Subsidiary of ConocoPhillips or Phillips 66, as the case may be (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned).

7.2. Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of laws principles of the State of Delaware as of the date of this Agreement, including all matters of validity, construction, effect, enforceability, performance and remedies.

7.3. Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the parties hereto and thereto, respectively, and their respective successors and permitted assigns; provided, however, that no party hereto or thereto may assign its respective rights or delegate its respective obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other parties hereto or thereto.

7.4. Third-Party Beneficiaries. Except for the indemnification rights under this Agreement or any Ancillary Agreement of any ConocoPhillips Indemnitee or Phillips 66 Indemnitee (as those capitalized terms are defined in the Indemnification and Release Agreement) in their respective capacities as such, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the parties and are not intended to confer upon any Person except the parties any rights or remedies hereunder or thereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

7.5. Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent, applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service), or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.5):

If to ConocoPhillips, to:

ConocoPhillips
600 North Dairy Ashford Street
Houston, Texas 77079
Attention: General Counsel

If to Phillips 66, to:

Phillips 66
600 North Dairy Ashford Street
Houston, Texas 77079
Attention: General Counsel

Any party may, by notice to the other party, change the address and contact person to which any such notices are to be given.

7.6. Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

7.7. Force Majeure. No party shall be deemed in default of this Agreement or any Ancillary Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement or any Ancillary Agreement, other than a delay or failure to make a payment, results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

7.8. Publicity. Prior to the Distribution, each of Phillips 66 and ConocoPhillips shall consult with each other prior to issuing any press releases or otherwise making public statements

7.8. Publicity. Prior to the Distribution, each of Phillips 66 and ConocoPhillips shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to the Separation, the Distribution or any of the other transactions contemplated hereby and prior to making any filings with any Governmental Authority with respect thereto.

7.9. Expenses. Except as expressly set forth in this Agreement (including Sections 2.13 and 5.1(b)) or in any Ancillary Agreement, all fees, costs and expenses incurred in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, and with the consummation of the transactions contemplated hereby and thereby, will be borne by the party incurring such fees, costs or expenses.

7.10. Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 5%.

7.11. Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

7.12. Survival of Covenants. Except as expressly set forth in any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and liability for the breach of any obligations contained herein or therein, shall survive the Separation and the Distribution and shall remain in full force and effect.

7.13. Waivers of Default. Waiver by any party of any default by the other party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of such party. No failure or delay by any party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

7.14. Specific Performance. Subject to the provisions of Article IV, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the party or parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the parties to this Agreement.

7.15. Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

7.16. Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires; (b) the terms "hereof," "herein," "herewith" and words of similar import, and the terms "Agreement" and "Ancillary Agreement" shall, unless otherwise stated, be construed to refer to this Agreement or the applicable Ancillary Agreement as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement or such Ancillary Agreement; (c) Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) the word "including" and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) means "including, without limitation"; (e) the word "or" shall not be exclusive; and (f) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to the date first stated in the preamble to this Agreement, regardless of any amendment or restatement hereof.

7.17. Relationship of the Parties. It is expressly agreed that, from and after the Distribution Date and for purposes of this Agreement and the Ancillary Agreements, (a) no member of the Phillips 66 Group shall be deemed to be an Affiliate of any member of the ConocoPhillips Group and (b) no member of the ConocoPhillips Group shall be deemed to be an Affiliate of any member of the Phillips 66 Group.

7.18. Limitations of Liability. **NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER PHILLIPS 66 OR ITS AFFILIATES, ON THE ONE HAND, NOR CONOCOPHILLIPS OR ITS AFFILIATES, ON THE OTHER HAND, SHALL BE LIABLE UNDER THIS AGREEMENT TO THE OTHER FOR ANY SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER ARISING IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY (OTHER THAN ANY SUCH LIABILITY WITH RESPECT TO A THIRD-PARTY CLAIM).**

IN WITNESS WHEREOF, the parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives.

CONOCOPHILLIPS

By: Ryan M. Lance

Name: Ryan M. Lance
Title: Chairman, President and Chief Executive Officer

PHILLIPS 66

By: G C Garland

Name: Greg C. Garland
Title: Chairman, President and Chief Executive Officer

EXHIBIT I

INDEMNIFICATION AND RELEASE AGREEMENT

BY AND BETWEEN

CONOCOPHILLIPS

AND

PHILLIPS 66

DATED AS OF APRIL 26, 2012

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INDEMNIFICATION AND RELEASE AGREEMENT

This INDEMNIFICATION AND RELEASE AGREEMENT, made and entered into effective as of April 26, 2012 (this "Agreement"), is by and between ConocoPhillips, a Delaware corporation ("ConocoPhillips"), and Phillips 66, a Delaware corporation and wholly owned subsidiary of ConocoPhillips ("Phillips 66"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I or in the Separation and Distribution Agreement dated as of 26, 2012 (as amended, modified or supplemented from time to time in accordance with its terms, the "Separation and Distribution Agreement").

RECITALS

WHEREAS, the board of directors of ConocoPhillips (the "ConocoPhillips Board") has determined that it is in the best interests of ConocoPhillips and its stockholders to create a new publicly traded company that shall operate the Phillips 66 Business;

WHEREAS, ConocoPhillips and Phillips 66 have entered into the Separation and Distribution Agreement in connection with the separation of the Phillips 66 Business from ConocoPhillips (the "Separation") and the distribution of Phillips 66 Common Stock to stockholders of ConocoPhillips (the "Distribution"); and

WHEREAS, the Separation and Distribution Agreement also provides for the execution and delivery of certain other agreements, including this Agreement, in order to facilitate and provide for the separation of Phillips 66 and its Subsidiaries from ConocoPhillips.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

The following capitalized terms used in this Agreement shall have the meanings set forth below:

"AAA" shall have the meaning set forth in Section 4.3.

"AAA Commercial Arbitration Rules" shall have the meaning set forth in Section 4.4(a).

"Accounts Receivable Securitization" means a financing arrangement entered into prior to the Distribution by Phillips 66 Company, and approved by ConocoPhillips, involving the transfer or sale of accounts receivable of Phillips 66 Company or any member of the Phillips 66 Group.

"Action" means any demand, action, claim, dispute, suit, countersuit, arbitration, settlement, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil,

legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" means, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. For the avoidance of doubt, after the Distribution, the members of the ConocoPhillips Group and the members of the Phillips 66 Group shall not be deemed to be under common control for purposes hereof due solely to the fact that ConocoPhillips and Phillips 66 have common shareholders.

"Agreement" shall have the meaning set forth in the Preamble.

"Ancillary Agreements" means the Employee Matters Agreement, this Agreement, the Intellectual Property Assignment and License Agreement, the Transition Services Agreement, the Tax Sharing Agreement and the Transfer Documents.

"Applicable Toxic Tort Claim" shall mean an Action alleging pollution, contamination, an illness, injury, death or medical condition resulting from or arising out of the presence of or exposure to asbestos, benzene, vinyl chloride, butadiene, or ethylene dichloride, except such Actions (a) alleging exposure to Flosal (which shall continue to be tendered by ConocoPhillips to Chevron Phillips Chemical Company LLC, a Delaware limited liability company), (b) alleging exposure to Benzene in Norway, or (c) relating to or associated with Polar Tankers, Inc. and its predecessors.

"Assets" means, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third Persons or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(a) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape, electronic or any other form;

(b) all apparatus, computers and other electronic data processing and communications equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;

(c) all inventories of materials, parts, raw materials, components, supplies, works-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(e) (i) all interests in any capital stock or other equity interests of any Subsidiary, Affiliate or any other Person, (ii) all bonds, notes, debentures or other securities issued by any Subsidiary, Affiliate or any other Person, (iii) all loans, advances or other extensions of credit or capital contributions to any Subsidiary, Affiliate or any other Person, and (iv) all other investments in securities of any Person;

(f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services and other contracts, agreements or commitments;

(g) all letters of credit;

(h) all written (including in electronic form) or oral technical information, data, specifications, research and development information, engineering drawings and specifications, operating and maintenance manuals, and materials and analyses prepared by consultants and other third Persons;

(i) all Intellectual Property and Technology;

(j) all Software;

(k) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product data and literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(l) all prepaid expenses, trade accounts and other accounts and notes receivable;

(m) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(n) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;

(o) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(p) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"Assumed Actions" means (a) those Actions which are listed in Schedule 1; and (b) those Actions that are primarily related to the Phillips 66 Business.

"Bridge Loan Facility" means the bridge loan facility pursuant to the bridge loan facility agreement entered into prior to the Distribution by Phillips 66, as borrower, the bank named therein as administrative agent, and the lending banks named therein, on such terms and conditions as agreed to by Phillips 66 and the other parties to the bridge loan facility agreement and approved by ConocoPhillips.

"ConocoPhillips" shall have the meaning set forth in the Preamble.

"ConocoPhillips Board" shall have the meaning set forth in the Recitals.

"ConocoPhillips Company" means ConocoPhillips Company, a Delaware corporation and a wholly owned subsidiary of ConocoPhillips.

"ConocoPhillips Group" means ConocoPhillips, each Subsidiary of ConocoPhillips immediately after the Distribution Date and each Affiliate of ConocoPhillips immediately after the Distribution Date (in each case other than any member of the Phillips 66 Group).

"ConocoPhillips Indemnitees" shall have the meaning set forth in Section 2.2.

"ConocoPhillips Intellectual Property" means (a) the ConocoPhillips Name and ConocoPhillips Marks and (b) all other Intellectual Property that, as of the Distribution Date, is owned or licensed by any member of either Group, other than the Phillips 66 Intellectual Property.

"ConocoPhillips Name and ConocoPhillips Marks" means the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of ConocoPhillips or any of its Affiliates using or containing "ConocoPhillips" (in block letters or otherwise), "ConocoPhillips" either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

"Contribution" means the contribution by ConocoPhillips to Phillips 66 of all the outstanding stock of Phillips 66 Company and any Phillips 66 Assets held directly by ConocoPhillips in exchange for (a) the assumption by Phillips 66 of any Phillips 66 Liabilities from ConocoPhillips, and (b) a number of shares of Phillips 66 Common Stock equal to the Required Share Number.

"Corporate Action" means any Action, whether filed before, on or after the Distribution Date, to the extent it asserts violations of any federal, state, local, foreign or international securities Law, securities class action or shareholder derivative claim.

"Credit Rating" means on any date, the rating that has been most recently announced by any Rating Agency for any class of senior, unsecured, non-convertible publicly held long-term debt of a Person.

"Dispute" shall have the meaning set forth in Section 4.1(a).

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date" means the date and time determined in accordance with Section 3.3(a) of the Separation and Distribution Agreement at which the Distribution occurs.

"Employee Matters Agreement" means the Employee Matters Agreement, dated as of the date hereof, between ConocoPhillips and Phillips 66.

"Environmental Law" means any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

"Environmental Liabilities" means all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance, including with any product take back requirements, or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Form 10" shall have the meaning set forth in the Separation and Distribution Agreement.

"Governmental Authority" means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

"Group" means either the Phillips 66 Group or the ConocoPhillips Group, as the context requires.

"Hazardous Materials" means any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could

cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

"Indemnifying Party" shall have the meaning set forth in Section 2.4(a).

"Indemnitee" shall have the meaning set forth in Section 2.4(a).

"Indemnity Payment" shall have the meaning set forth in Section 2.4(a).

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, memos, and other technical, financial, employee or business information or data.

"Information Statement" shall have the meaning set forth in the Separation and Distribution Agreement.

"Initial Notice" shall have the meaning set forth in Section 4.2.

"Insurance Proceeds" means those monies:

(a) received by an insured from an insurance carrier; or

(b) paid by an insurance carrier on behalf of the insured;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof; provided, however, with respect to a captive insurance arrangement, Insurance Proceeds shall only include net amounts received by the captive insurer in respect of any captive reinsurance arrangement.

"Intellectual Property" means all of the following whether arising under the Laws of the United States or of any other foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, in each case, other

than Software, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, in each case, other than Software, and (f) intellectual property rights arising from or in respect of any Technology.

"Intellectual Property Assignment and License Agreement" means the Intellectual Property Assignment and License Agreement, dated as of the date hereof, between ConocoPhillips and Phillips 66.

"Investment Grade" shall mean a rating of at least (a) BBB- by Standard & Poor's Financial Services LLC, (b) Baa3 by Moody's Investors Service, Inc., or (c) BBB- by Fitch, Inc.

"Law" means any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"LHO" shall have the meaning set forth in Section 2.5(i).

"Liabilities" means any and all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, reimbursement obligations in respect of letters of credit, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Losses" means actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

"Medicare Reporting Obligations" shall have the meaning set forth in Section 2.6(g).

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Phillips 66" shall have the meaning set forth in the Preamble.

"Phillips 66 Common Stock" means the common stock, par value $0.01 per share, of Phillips 66.

"Phillips 66 Company" means Phillips 66 Company, a Delaware corporation and a wholly owned subsidiary of ConocoPhillips Company.

"Phillips 66 Financing Arrangements" means the Rule 144A / Capital Markets Securities, the Term Loan Facility, the Bridge Loan Facility, the Accounts Receivable Securitization, and the Revolving Credit Facility.

"Phillips 66 Group" means Phillips 66, each Subsidiary of Phillips 66 immediately after the Distribution Date, and each Affiliate of Phillips 66 immediately after the Distribution Date.

"Phillips 66 Indemnitees" shall have the meaning set forth in Section 2.3.

"Rating Agency" means Moody's Investors Service, Inc., Standard & Poor's, a division of The McGraw-Hill Companies, Inc., Fitch, Inc. or any nationally recognized statistical rating organizations registered with the Securities and Exchange Commission.

"Release" means any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including, ambient air, surface water, groundwater and surface or subsurface strata).

"Representatives" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"Required Share Number" means the number of shares of Phillips 66 Common Stock necessary to effect the Distribution less the number of shares of Phillips 66 Common Stock outstanding immediately prior to the Contribution.

"Response" shall have the meaning set forth in Section 4.2.

"Revolving Credit Facility" means a revolving credit facility pursuant to a revolving credit facility agreement entered into prior to the Distribution by Phillips 66, as borrower, the bank named therein as administrative agent, and the lending banks named therein, on such terms and conditions as agreed to by Phillips 66 and the other parties to the revolving credit facility agreement and approved by ConocoPhillips.

"Rule 144A / Capital Markets Securities" means securities sold prior to the Distribution by Phillips 66, and approved by ConocoPhillips, in reliance on Rule 144A promulgated under the Securities Act.

"Securities Act" means the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Separation" shall have the meaning set forth in the Recitals.

"Separation and Distribution Agreement" has the meaning set forth in the Preamble.

"Software" means any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (d) documentation, including user manuals and other training documentation, relating to any of the foregoing.

"Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Person, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax Benefit" shall have the meaning set forth in the Tax Sharing Agreement.

"Tax Sharing Agreement" means the Tax Sharing Agreement, dated as of the date hereof, between ConocoPhillips, ConocoPhillips Company, Phillips 66 and Phillips 66 Company.

"Taxes" shall have the meaning set forth in the Tax Sharing Agreement.

"Technology" means all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or non-public information and other similar materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein, in each case, other than Software.

"Term Loan Facility" means the term loan facility pursuant to the term loan agreement entered into prior to the Distribution by Phillips 66, as borrower, the bank named therein as administrative agent, and the lending banks named therein, on such terms and conditions as agreed to by Phillips 66 and the other parties to the term loan agreement and approved by ConocoPhillips.

"Third Party" shall have the meaning set forth in Section 2.5(a).

"Third-Party Claim" shall have the meaning set forth in Section 2.5(a).

"Transfer Documents" shall have the meaning set forth in the Separation and Distribution Agreement.

"Transition Services Agreement" means the Transition Services Agreement, dated as of the date hereof, between ConocoPhillips and Phillips 66.

ARTICLE II
MUTUAL RELEASES; INDEMNIFICATION

2.1. Release of Pre-Distribution Claims.

(a) Except as provided in Section 2.1(c), effective as of the Distribution Date, Phillips 66 does hereby, for itself and each other member of the Phillips 66 Group, their respective Affiliates (other than any member of the ConocoPhillips Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been directors, officers, agents or employees of any member of the Phillips 66 Group (in each case, in their respective capacities as such), remise, release and forever discharge ConocoPhillips and the members of the ConocoPhillips Group, their respective Affiliates (other than any member of the Phillips 66 Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been stockholders, directors, officers, agents or employees of any member of the ConocoPhillips Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(b) Except as provided in Section 2.1(c), effective as of the Distribution Date, ConocoPhillips does hereby, for itself and each other member of the ConocoPhillips Group, their respective Affiliates (other than any member of the Phillips 66 Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been directors, officers, agents or employees of any member of the ConocoPhillips Group (in each case, in their respective capacities as such), remise, release and forever discharge Phillips 66, the respective members of the Phillips 66 Group, their respective Affiliates (other than any member of the ConocoPhillips Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been stockholders, directors, officers, agents or employees of any member of the Phillips 66 Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur

or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(c) Nothing contained in Section 2.1(a) or (b) shall impair any right of any Person to enforce this Agreement, the Separation and Distribution Agreement, any other Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.8(b) of the Separation and Distribution Agreement or the applicable Schedules thereto as not to terminate as of the Distribution Date, in each case in accordance with its terms. Nothing contained in Section 2.1(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the ConocoPhillips Group or the Phillips 66 Group that is specified in Section 2.8(b) of the Separation and Distribution Agreement or the applicable Schedules thereto as not to terminate as of the Distribution Date, or any other Liability specified in such Section 2.8(b) as not to terminate as of the Distribution Date;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Distribution Date;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of the other Group;

(v) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article II and Article III and, if applicable, the appropriate provisions of the Separation and Distribution Agreement and the other Ancillary Agreements; or

(vi) any Liability the release of which would result in the release of any third Person other than a Person released pursuant to this Section 2.1.

In addition, nothing contained in Section 2.1(a) shall release ConocoPhillips from honoring its existing obligations to indemnify any director, officer or employee of a member of the Phillips 66 Group who was a director, officer or employee of a member of the ConocoPhillips Group on or prior to the Distribution Date, to the extent such director, officer or employee becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to then existing obligations; it being understood that, if the underlying obligation giving rise to such Action is a Phillips 66 Liability, Phillips 66 shall indemnify ConocoPhillips for such Liability (including ConocoPhillips' costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article II.

(d) Phillips 66 covenants that it will not make, and will not permit any member of the Phillips 66 Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against ConocoPhillips or any member of the ConocoPhillips Group, or any other Person released pursuant to Section 2.1(a), with respect to any Liabilities released pursuant to Section 2.1(a). ConocoPhillips covenants that it will not make, and will not permit any member of the ConocoPhillips Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Phillips 66 or any member of the Phillips 66 Group, or any other Person released pursuant to Section 2.1(b), with respect to any Liabilities released pursuant to Section 2.1(b).

(e) It is the intent of each of ConocoPhillips and Phillips 66, by virtue of the provisions of this Section 2.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among Phillips 66 or any member of the Phillips 66 Group, on the one hand, and ConocoPhillips or any member of the ConocoPhillips Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Section 2.1(c). At any time, at the request of any other party to this Agreement, each party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

(f) Any breach of the provisions of this Section 2.1 by either ConocoPhillips or Phillips 66 shall entitle the other party to recover reasonable fees and expenses of counsel in connection with such breach or any action resulting from such breach.

2.2. Indemnification by Phillips 66. Subject to Section 2.4, Phillips 66 shall, and shall cause the other members of the Phillips 66 Group to, indemnify, defend and hold harmless ConocoPhillips, each member of the ConocoPhillips Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "ConocoPhillips Indemnitees"), from and against any and all Liabilities of the ConocoPhillips Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of Phillips 66 or any other member of the Phillips 66 Group or any other Person to pay, perform or otherwise promptly discharge any Phillips 66 Liabilities or Phillips 66 Contracts in accordance with its respective terms, whether prior to or after the Distribution Date or the date hereof;

(b) the Phillips 66 Business, any Phillips 66 Liabilities or any Phillips 66 Contracts;

(c) the Assumed Actions;

(d) any Corporate Action or Action relating primarily to the Phillips 66 Business from which Phillips 66 is unable to cause a ConocoPhillips Group party to be removed pursuant to Section 2.6(d);

(e) any use by any member of the ConocoPhillips Group allowed by the Intellectual Property Assignment and License Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement after the Distribution Date of the Phillips 66 Intellectual Property owned by, or licensed by a Third Party to, a member of the Phillips 66 Group;

(f) any failure by Phillips 66 or a member of the Phillips 66 Group to use commercially reasonable efforts to obtain the waivers of subrogation contemplated by Section 2.4(d);

(g) any breach by Phillips 66 or any member of the Phillips 66 Group of this Agreement, the Separation and Distribution Agreement or any of the other Ancillary Agreements;

(h) any guarantee, indemnification obligation, letter of credit reimbursement obligations, surety, bond or other credit support agreement, arrangement, commitment or understanding for the benefit of Phillips 66 or its Subsidiaries by ConocoPhillips or any of its Subsidiaries (other than Phillips 66 or its Subsidiaries) that survives following the Distribution Date; and

(i) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in any of the Form 10 (including in any amendments or supplements thereto), the Information Statement (as amended or supplemented if Phillips 66 will have furnished any amendments or supplements thereto) or any offering memorandum or other marketing materials prepared in connection with the Phillips 66 Financing Arrangements, other than any such statement or omission in the Form 10, Information Statement or offering memorandum or other marketing materials based on information furnished by ConocoPhillips solely in respect of the ConocoPhillips Group.

2.3. Indemnification by ConocoPhillips. Subject to Section 2.4, ConocoPhillips shall, and shall cause the other members of the ConocoPhillips Group to, indemnify, defend and hold harmless Phillips 66, each member of the Phillips 66 Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Phillips 66 Indemnitees"), from and against any and all Liabilities of the Phillips 66 Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of ConocoPhillips or any other member of the ConocoPhillips Group or any other Person to pay, perform or otherwise promptly discharge any Excluded Liabilities, whether prior to or after the Distribution Date or the date hereof;

(b) the ConocoPhillips Business or any Excluded Contracts;

(c) the Excluded Liabilities;

(d) any Corporate Action or Action relating primarily to the ConocoPhillips Business from which ConocoPhillips is unable to cause a Phillips 66 Group party to be removed pursuant to Section 2.6(d);

(e) any use by any member of the Phillips 66 Group allowed by the Intellectual Property Assignment and License Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement after the Distribution Date of the ConocoPhillips Intellectual Property owned by, or licensed by a Third Party to, a member of the ConocoPhillips Group;

(f) any failure by ConocoPhillips or a member of the ConocoPhillips Group to use commercially reasonable efforts to obtain the waivers of subrogation contemplated by Section 2.4(d);

(g) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in any of the Form 10 (including in any amendments or supplements thereto), the Information Statement (as amended or supplemented if Phillips 66 will have furnished any amendments or supplements thereto) or any offering memorandum or other marketing materials prepared in connection with the Phillips 66 Financing Arrangements, only to the extent based on information furnished by ConocoPhillips solely in respect of the ConocoPhillips Group; and

(h) any breach by ConocoPhillips or any member of the ConocoPhillips Group of this Agreement, the Separation and Distribution Agreement or any of the other Ancillary Agreements.

2.4. Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The parties intend that any Liability subject to indemnification or reimbursement pursuant to this Article II or Article III will be net of Insurance Proceeds that actually reduce the amount of the Liability. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "windfall" (*i.e.*, a benefit

they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof.

(c) The parties intend that any indemnification or reimbursement payment in respect of a Liability pursuant to this Article II or Article III shall be (i) reduced to take into account the amount of any Tax Benefit to the indemnified or reimbursed Person resulting from the Liability so indemnified or reimbursed and (ii) increased so that the amount of such payment, reduced by the amount of all Income Taxes (as defined in the Tax Sharing Agreement) payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Person receiving such payment would otherwise be entitled to receive pursuant to this Agreement. For purposes of this Section 2.4(c), the amount of any Tax Benefit and any Income Taxes shall be calculated on the basis that the indemnified or reimbursed Person is subject to the highest marginal regular statutory income Tax rate, has sufficient taxable income to permit the realization or receipt of any relevant Tax Benefit at the earliest possible time and is not subject to the alternative minimum tax.

(d) Each of ConocoPhillips and Phillips 66 shall, and shall cause the members of its Group to, when appropriate, use commercially reasonable efforts to obtain waivers of subrogation for each of the insurance policies identified on Schedule 3.1(c). Each of ConocoPhillips and Phillips 66 hereby waives, for itself and each member of its Group, its rights to recover against the other party in subrogation or as subrogee for a third Person.

(e) For all claims as to which indemnification is provided under Section 2.2 or Section 2.3 other than Third-Party Claims (as to which Section 2.5 shall apply), the reasonable fees and expenses of counsel to the Indemnitee for the enforcement of the indemnity obligations shall be borne by the Indemnifying Party.

2.5. Procedures for Indemnification of Third-Party Claims.

(a) If an Indemnitee shall receive written notice from a Person (including any Governmental Authority) who is not a member of the ConocoPhillips Group or the Phillips 66 Group (a "Third Party") of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 2.2 or 2.3, or any other Section of this Agreement or any other Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof within fourteen (14) days of such written notice. Any such notice shall describe the Third-Party Claim in reasonable detail and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 2.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party shall demonstrate that it was materially prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 2.5(a).

(b) An Indemnifying Party may elect to defend (and, unless the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such

Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third-Party Claim. Within thirty (30) days after the receipt of notice from an Indemnitee in accordance with Section 2.5(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third-Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third-Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee except as set forth in the next sentence.

(c) In the event that the Indemnifying Party has elected to assume the defense of the Third-Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be the expense of such Indemnitees, but shall be reimbursed by the Indemnifying Party.

In the event that the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice, then the Indemnitee must consent to any settlement or compromise.

(d) Notwithstanding an election by an Indemnifying Party to defend a Third-Party Claim pursuant to Section 2.5(b), the Indemnitee may, upon notice to the Indemnifying Party, elect to take over the defense of such Third-Party Claim if (i) in its exercise of reasonable business judgment, the Indemnitee determines that the Indemnifying Party is not defending such Third-Party Claim competently or in good faith, (ii) the Credit Rating of the Indemnifying Party is or falls below Investment Grade as determined by at least two Rating Agencies, (iii) the Indemnitee determines in its exercise of reasonable business judgment that there exists a compelling business reason for such Indemnitee to defend such Third-Party Claim (other than as contemplated by the foregoing clause (i)), (iv) the Indemnifying Party makes a general assignment for the benefit of creditors, has filed against it or files a petition in bankruptcy or insolvency or is declared bankrupt or insolvent or declares that it is bankrupt or insolvent, or (v) there occurs a change of control of the Indemnifying Party.

(e) If an Indemnifying Party elects not to assume responsibility for defending a Third-Party Claim, or fails to notify an Indemnitee of its election as provided in Section 2.5(b), or if an Indemnitee takes over the defense of a Third-Party Claim as provided in Section 2.5(d)(i), the Indemnifying Party shall bear the costs and expenses of the Indemnitee incurred in defending such Third-Party Claim. If the Indemnitee takes over the defense of a Third-Party Claim as provided in Section 2.5(d)(ii)-(v), the Indemnifying Party shall bear all of the Indemnitee's reasonable costs and expenses incurred in defending such Third-Party Claim.

(f) If, pursuant to Section 2.5(d) or for any other reason, the Indemnifying Party is not defending a Third-Party Claim for which indemnification is provided under this Agreement, the Indemnifying Party shall have the right, at its own expense, to monitor reasonably the defense of such Third-Party Claim; provided, that such monitoring activity shall not interfere in any material respect with the conduct of such defense.

(g) If an Indemnifying Party has failed to assume the defense of the Third-Party Claim in accordance with the terms of this Agreement or an Indemnitee takes over the defense of a Third-Party Claim as provided in Section 2.5(d)(i), an Indemnitee may settle or compromise the Third-Party Claim without the consent of the Indemnifying Party. If an Indemnitee takes over the defense of a Third-Party Claim as provided in Section 2.5(d)(ii)-(v), such Indemnitee may not settle or compromise any Third-Party Claim without the consent of the Indemnifying Party, such consent not to be unreasonably withheld or delayed.

(h) In the case of a Third-Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third-Party Claim without the consent of the Indemnitee if the effect thereof is to permit any injunction, declaratory judgment or other non-monetary relief to be entered, directly or indirectly against any Indemnitee. For the avoidance of doubt, the consent of any Indemnitee pursuant to this Section 2.5(h) shall be required only with respect to non-monetary relief.

(i) Phillips 66 shall prepare and circulate a legal hold order ("LHO") covering relevant categories of documents as promptly as practical following receipt of any notice pursuant to Section 2.5(a) and shall promptly notify ConocoPhillips after such LHO has been circulated. ConocoPhillips shall prepare and circulate a LHO covering documents in the possession, custody or control of the ConocoPhillips Group with respect to any Action so notified to Phillips 66.

(j) The provisions of this Section 2.5 (other than this Section 2.5(j)) and the provisions of Section 2.6 shall not apply to Taxes (Taxes being governed by the Tax Sharing Agreement).

(k) All Assumed Actions have been tendered by ConocoPhillips to Phillips 66 and are deemed to be formally accepted by Phillips 66 upon the execution of this Agreement.

(l) An Indemnifying Party shall provide the Indemnitee with a monthly written report identifying any Third Party Claims which such Indemnifying Party has elected to defend pursuant to Section 2.5(b) or, in the case of Phillips 66, which are identified on Schedule 1.1. In addition, the Indemnifying Party shall establish a procedure reasonably acceptable to the Indemnitee to automatically send electronic notice from the Indemnifying Party to the Indemnitee through the litigation management system or any successor system when any such Third Party Claim is closed, regardless of whether such Third Party Claim was decided by settlement, verdict, dismissal or was otherwise disposed of.

2.6. Additional Matters.

(a) Indemnification payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification under this Article II shall be paid by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. THE INDEMNITY AGREEMENTS CONTAINED IN THIS ARTICLE II SHALL REMAIN

OPERATIVE AND IN FULL FORCE AND EFFECT, REGARDLESS OF (I) ANY INVESTIGATION MADE BY OR ON BEHALF OF ANY INDEMNITEE, (II) THE KNOWLEDGE BY THE INDEMNITEE OF LIABILITIES FOR WHICH IT MIGHT BE ENTITLED TO INDEMNIFICATION HEREUNDER AND (III) ANY TERMINATION OF THIS AGREEMENT.

(b) Any claim on account of a Liability that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the other Ancillary Agreements.

(c) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In the event of an Action for which indemnification is sought pursuant to Section 2.2 or 2.3 and in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the parties shall use commercially reasonable efforts to substitute the Indemnifying Party for the named defendant.

(e) In the event that Phillips 66 or ConocoPhillips shall establish a risk accrual in an amount of at least $25 million with respect to any Third-Party Claim for which such party has indemnified the other party pursuant to Section 2.2 or 2.3, as applicable, it shall notify the other party of the existence and amount of such risk accrual (*i.e.*, when the accrual is recorded in the financial statements as an accrual for a potential liability), subject to the parties entering into an appropriate agreement with respect to the confidentiality and/or privilege thereof.

(f) Any Applicable Toxic Tort Claim for which, at the time notice is required under Section 2.5(a), ConocoPhillips cannot reasonably determine whether such Applicable Toxic Tort Claim primarily relates to the Phillips 66 Business shall be presumed to fall within Phillips 66's indemnification obligation in Section 2.2(d). If pursuant to Section 2.5(a) an Applicable Toxic Tort Claim is notified to Phillips 66, and thereafter it is determined that Section 2.2 does not provide any indemnification therefor, ConocoPhillips shall pay to Phillips 66 $5,000 to cover Phillips 66's direct and indirect expenses promptly following the re-tender of such Applicable Toxic Tort Claim to ConocoPhillips and its acceptance thereof.

(g) Phillips 66 shall provide ConocoPhillips or a Third Party designated by ConocoPhillips with all information necessary for the members of the ConocoPhillips Group to comply with their obligations under Section 111 of the Medicare, Medicaid and SCHIP Extension Act (or any successor thereto) ("Medicare Reporting Obligations") with respect to the settlement or other disposition of any Action by or on behalf of any member of the Phillips 66 Group. If Phillips 66 fails to do so promptly and/or provides materially incorrect information, then Phillips 66 shall indemnify ConocoPhillips pursuant to Section 2.2 for any fines, penalties and/or costs arising from any such Phillips 66 failure or action. Phillips 66 shall bear all costs associated with satisfying such Medicare Reporting Obligations (including but not limited to settlements or releases of personal injury claims from a Medicare beneficiary on behalf of ConocoPhillips), including ConocoPhillips' costs if ConocoPhillips elects to effect reporting, or reasonable third-party costs if ConocoPhillips outsources such reporting. ConocoPhillips agrees that it shall not use a Third Party for such purpose unless such Third Party indemnifies both ConocoPhillips and Phillips 66 on commercially reasonable terms for any wrongful reporting. Phillips 66 shall provide ConocoPhillips with a monthly written report identifying all Actions that are subject to Medicare Reporting Obligations on the part of any member of the ConocoPhillips Group and that have been settled or otherwise disposed of by or on behalf of any member of the Phillips 66 Group. In addition, Phillips 66 shall establish a procedure reasonably acceptable to ConocoPhillips to automatically send electronic notice from Phillips 66 to ConocoPhillips through the litigation management system or any successor system when any such Action is closed, regardless of whether such Action was decided by settlement, verdict, dismissal or was otherwise disposed of.

2.7. Remedies Cumulative. The remedies provided in this Article II shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

2.8. Survival of Indemnities. The rights and obligations of each of ConocoPhillips and Phillips 66 and their respective Indemnitees under this Article II shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities.

2.9. Guarantees, Letters of Credit and other Obligations. In furtherance of, and not in limitation of, the obligations set forth in Section 2.6 hereof and Section 5.3 of the Separation and Distribution Agreement:

(a) On or prior to the Distribution Date or as soon as practicable thereafter, Phillips 66 shall (with the reasonable cooperation of the applicable member(s) of the ConocoPhillips Group) use its commercially reasonable efforts to have any member(s) of the ConocoPhillips Group removed as guarantor of or obligor for any Phillips 66 Liability to the extent that they relate to Phillips 66 Liabilities, including in respect of those guarantees, letters of credit and other obligations set forth on Schedule 2.9(a).

(b) On or prior to the Distribution Date, to the extent required to obtain a release from a guarantee, letter of credit or other obligation of any member of the ConocoPhillips Group, Phillips 66 shall execute a substitute document in the form of any such existing guarantee or letter of credit, as applicable, or such other form as is agreed to by the relevant parties to such guarantee agreement, letter of credit or other obligation, except to the extent that such existing

guarantee contains representations, covenants or other terms or provisions either (i) with which Phillips 66 would be reasonably unable to comply or (ii) which would be reasonably expected to be breached.

(c) If the parties are unable to obtain, or to cause to be obtained, any such required removal as set forth in clauses (a) and (b) of this Section 2.9, (i) Phillips 66 shall, and shall cause the other members of the Phillips 66 Group to, indemnify, defend and hold harmless each of the ConocoPhillips Indemnitees for any Liability arising from or relating to such guarantee, letter of credit or other obligation, as applicable, and shall, as agent or subcontractor for the applicable ConocoPhillips Group guarantor or obligor, pay, perform and discharge fully all of the obligations or other Liabilities of such guarantor or obligor thereunder, and (ii) Phillips 66 shall not, and shall cause the other members of the Phillips 66 Group not to, agree to renew or extend the term of, increase any obligations under, or transfer to a third Person, any loan, guarantee, , letter of credit, lease, contract or other obligation for which a member of the ConocoPhillips Group is or may be liable unless all obligations of the members of the ConocoPhillips Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to ConocoPhillips in its sole and absolute discretion.

2.10. No Impact on Third Parties. For the avoidance of doubt, except as expressly set forth in this Agreement, the indemnifications provided for in this Article II are made only for purposes of allocating responsibility for Liabilities between the ConocoPhillips Group, on the one hand, and the Phillips 66 Group, on the other hand, and are not intended to, and shall not, affect any obligations to, or give rise to any rights of, any third parties.

2.11. No Cross-Claims or Third-Party Claims. Each of Phillips 66 and ConocoPhillips agrees that it shall not, and shall not permit the members of its respective Group to, in connection with any Third-Party Claim, assert as a counterclaim or third-party claim against any member of the ConocoPhillips Group or Phillips 66 Group, respectively, any claim (whether sounding in contract, tort or otherwise) that arises out of or relates to this Agreement, any breach or alleged breach hereof, the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby on or prior to the date hereof), or the construction, interpretation, enforceability or validity hereof, which in each such case shall be asserted only as contemplated by Article IV.

2.12. Severability. If any indemnification provided for in this Article II is determined by a Delaware federal or state court to be invalid, void or unenforceable, the liability shall be apportioned between the Indemnitee and the Indemnifying Party as determined in a separate proceeding in accordance with Article IV.

2.13. Change of Control. In the event that any third Person or "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) acquires, including by way of merger, consolidation or other business combination, fifty percent (50%) or more of the assets or voting equity of either ConocoPhillips or Phillips 66, ConocoPhillips or Phillips 66, as applicable, shall take all necessary action so that such third Person or group shall become a guarantor of the obligations of ConocoPhillips or Phillips 66, as applicable, under this Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements.

ARTICLE III
INSURANCE MATTERS

3.1. Insurance Matters.

(a) ConocoPhillips and Phillips 66 agree to cooperate in good faith to arrange insurance coverage for Phillips 66 to be effective no later than the Distribution Date. In no event shall ConocoPhillips, any other member of the ConocoPhillips Group or any ConocoPhillips Indemnitee have liability or obligation whatsoever to any member of the Phillips 66 Group in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Phillips 66 Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

(b) From and after the Distribution Date, other than as provided in Section 3.1(c), neither Phillips 66 nor any member of the Phillips 66 Group shall have any rights to or under any of ConocoPhillips' or its Affiliates' insurance policies. At the Distribution Date, Phillips 66 shall have in effect all insurance programs required to comply with Phillips 66's contractual obligations and such other insurance policies as reasonably necessary, and, following the Distribution Date, Phillips 66 shall maintain such insurance programs and policies with insurers which comply with the minimum financial credit rating standards set by the major global insurance brokers.

(c) From and after the Distribution Date, except with respect to the insurance matters identified on Schedule 3.1(c), whose treatment shall be as set forth on such Schedule, with respect to any losses, damages and liabilities incurred by any member of the Phillips 66 Group prior to or in respect of the period prior to the Distribution Date, ConocoPhillips will provide Phillips 66 with access to, and Phillips 66 may, upon 10 days' prior written notice to ConocoPhillips, make claims under, ConocoPhillips' third-party insurance policies in place at the time of the Distribution and ConocoPhillips' historical policies of insurance, but solely to the extent that such policies provided coverage for the Phillips 66 Group prior to the Distribution; provided, that such access to, and the right to make claims under such insurance policies, shall be subject to the terms and conditions of such insurance policies, including any limits on coverage or scope, any deductibles and other fees and expenses, and shall be subject to the following additional conditions:

(i) Phillips 66 shall provide ConocoPhillips with a written report sixty (60) days prior to any such third-party insurance policy's renewal date, as advised by ConocoPhillips, identifying any claims made by Phillips 66 for which notice has previously been provided to insurers of ConocoPhillips;

(ii) Phillips 66 and its Affiliates shall indemnify, hold harmless and reimburse ConocoPhillips and its Affiliates for any deductibles, self-insured retention, fees and expenses incurred by ConocoPhillips or its Affiliates to the extent resulting from any such access to, or any claims made by Phillips 66 or any of its Affiliates under, any insurance provided pursuant to this Section 3.1(c), including any indemnity payments,

settlements, judgments, legal fees and allocated claims expenses and claim handling fees, whether such claims are made by Phillips 66, its employees or third Persons; and

(iii) Phillips 66 shall exclusively bear (and neither ConocoPhillips nor its Affiliates shall have any obligation to repay or reimburse Phillips 66 or its Affiliates for) and shall be liable for all uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by Phillips 66 or any of its Affiliates under the policies as provided for in this Section 3.1(c).

In the event that an insurance policy aggregate is exhausted, or believed likely to be exhausted, due to noticed claims, the Phillips 66 Group, on the one hand, and the ConocoPhillips Group, on the other hand, shall be responsible for their *pro rata* portion of the reinstatement premium, based upon the losses of such Group submitted to ConocoPhillips' insurance carrier(s) (including any submissions prior to the Distribution Date). To the extent that the ConocoPhillips Group or the Phillips 66 Group is allocated more than its *pro rata* portion of such premium due to the timing of losses submitted to ConocoPhillips' insurance carrier(s), the other party shall promptly pay the first party an amount so that each Group has been properly allocated its *pro rata* portion of the reinstatement premium. ConocoPhillips and Phillips 66 can mutually agree not to reinstate the policy aggregate and each Group then will bear all of its own future costs.

In the event that any member of the ConocoPhillips Group incurs any losses, damages or liability incurred prior to the Distribution Date under Phillips 66's third-party insurance policies, the same process pursuant to this Section 3.1(c) shall apply, substituting "ConocoPhillips" for "Phillips 66" and "Phillips 66" for "ConocoPhillips."

(d) All payments and reimbursements by Phillips 66 pursuant to this Section 3.1 will be made within fifteen (15) days after Phillips 66's receipt of an invoice therefor from ConocoPhillips. If ConocoPhillips incurs costs to enforce Phillips 66's obligations herein, Phillips 66 agrees to indemnify ConocoPhillips for such enforcement costs, including attorneys' fees.

(e) All payments and reimbursements by ConocoPhillips pursuant to this Section 3.1 will be made within fifteen (15) days after ConocoPhillips' receipt of an invoice therefor from Phillips 66. If Phillips 66 incurs costs to enforce ConocoPhillips' obligations herein, ConocoPhillips agrees to indemnify Phillips 66 for such enforcement costs, including attorneys' fees.

(f) ConocoPhillips shall retain the exclusive right to control its insurance policies and programs, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its insurance policies and programs and to amend, modify or waive any rights under any such insurance policies and programs, notwithstanding whether any such policies or programs apply to any Phillips 66 Liabilities and/or claims Phillips 66 has made or could make in the future, and no member of the Phillips 66 Group shall, without the prior written consent of ConocoPhillips, erode, exhaust, settle, release, commute, buy-back or otherwise resolve disputes with ConocoPhillips' insurers with respect to any of ConocoPhillips' insurance policies and programs, or amend, modify or waive any rights under any such insurance policies and programs. Phillips 66 shall cooperate with ConocoPhillips

and share such information at Phillips 66's cost as is reasonably necessary in order to permit ConocoPhillips to manage and conduct its insurance matters as it deems appropriate. Neither ConocoPhillips nor any of its Affiliates shall have any obligation to secure extended reporting for any claims under any of ConocoPhillips' or its Affiliates' liability policies for any acts or omissions by any member of the Phillips 66 Group incurred prior to the Distribution Date.

(g) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the ConocoPhillips Group in respect of any insurance policy or any other contract or policy of insurance.

(h) Phillips 66 does hereby, for itself and each other member of the Phillips 66 Group, agree that no member of the ConocoPhillips Group shall have any Liability whatsoever as a result of the insurance policies and practices of ConocoPhillips and its Affiliates as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, or the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(i) The parties acknowledge that to the extent there are losses or premium adjustments under the parties' tripartite insurance agreements, such losses or adjustments will be governed by such tripartite insurance agreements.

ARTICLE IV
DISPUTE RESOLUTION

4.1. General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, the Separation and Distribution Agreement or the other Ancillary Agreements (except as otherwise set forth in any such Ancillary Agreements), including the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article IV, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified in the applicable Ancillary Agreement or in this Article IV.

(b) Commencing with a request contemplated by Section 4.2, all communications between the parties or their representatives in connection with the attempted resolution of any Dispute shall be deemed to have been delivered in furtherance of a Dispute settlement and shall be exempt from discovery and production, and shall not be admissible into evidence for any reason (whether as an admission or otherwise), in any arbitral or other proceeding for the resolution of any Dispute.

(c) THE PARTIES EXPRESSLY WAIVE AND FOREGO ANY RIGHT TO TRIAL BY JURY.

(d) Governing Law. This Agreement and, unless expressly provided therein, the Separation and Distribution Agreement and each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and

thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise, and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

(e) The specific procedures set forth in this Article IV, including the time limits referenced herein, may be modified by agreement of both of the parties in writing.

(f) All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Article IV are pending. The parties will take any necessary or appropriate action required to effectuate such tolling.

4.2. Consideration by Senior Executives. If a Dispute is not resolved in the normal course of business at the operational level, the parties shall attempt in good faith to resolve the Dispute by negotiation between executives who hold, at a minimum, the office of Senior Vice President and/or General Counsel. Either party may initiate the executive negotiation process by providing a written notice to the other (the "Initial Notice"). Within fifteen (15) days after delivery of the Initial Notice, the receiving party shall submit to the other a written response (the "Response"). The Initial Notice and the Response shall include (a) a statement of the Dispute and of each party's position and (b) the name and title of the executive who will represent that party and of any other person who will accompany the executive. The parties agree that such executives shall have full and complete authority to resolve any Disputes submitted pursuant to this Section 4.2. Such executives will meet in person or by teleconference or video conference within thirty (30) days of the date of the Initial Notice to seek a resolution of the Dispute. In the event that the executives are unable to agree to a format for such meeting, the meeting shall be convened by teleconference.

4.3. Mediation. If a Dispute is not resolved by negotiation or a meeting between executives is not held as provided in Section 4.2 within thirty (30) days from the delivery of the Initial Notice, then either party may submit the Dispute for resolution by mediation pursuant to the American Arbitration Association (the "AAA") Mediation Procedures as then in effect. Unless otherwise agreed to in writing, the parties shall (a) conduct the mediation in Houston, Texas, and (b) select a mutually agreeable mediator from the AAA Panel of Mediators in the selected location. If the parties are unable to agree upon a mediator, the parties agree that AAA shall select a mediator from its panels consistent with its mediation rules. The parties shall agree to a mutually convenient date and time to conduct the mediation; provided that the mediation must occur within thirty (30) days of the request unless a later date is agreed to by the parties in writing. Each party shall bear its own fees, costs and expenses and an equal share of the expenses of the mediation. Each party shall designate a business executive to have full and complete authority to resolve the Dispute and to represent its interests in the mediation, and each party may, in its sole and absolute discretion, include any number of other Representatives in the mediation process. At the commencement of the mediation, either party may request to submit a written mediation statement to the mediator.

4.4. Arbitration.

(a) In the event any Dispute is not finally resolved pursuant to Section 4.2 within sixty (60) days from the delivery of the Initial Notice (if mediation is not requested pursuant to Section 4.3), or mediation pursuant to Section 4.3 within sixty (60) days of selection of a mediator, then such Dispute may be submitted to be finally resolved by binding arbitration pursuant to the AAA Commercial Arbitration Rules as then in effect (the "AAA Commercial Arbitration Rules").

(b) Without waiving its rights to any remedy under this Agreement and without first complying with the provisions of Sections 4.2 and 4.3, either party may seek any interim or provisional relief that is necessary to protect the rights or property of that party either (i) before any Delaware federal or state court, (ii) before a special arbitrator, as provided for under the AAA Commercial Arbitration Rules, or (iii) before the arbitral tribunal established hereunder.

(c) Unless otherwise agreed by the parties in writing, any Dispute to be decided in arbitration hereunder will be decided (i) before a sole arbitrator if the amount in dispute, inclusive of all claims and counterclaims, totals less than $3 million; or (ii) by an arbitral tribunal of three (3) arbitrators if (A) the amount in dispute, inclusive of all claims and counterclaims, is equal to or greater than $3 million, or (B) either party elects in writing to have such dispute decided by three (3) arbitrators when one of the parties believes, in its sole judgment, the issue could have significant precedential value; however, the party who makes that request shall solely bear the increased costs and expenses associated with a panel of three (3) arbitrators (*i.e.*, the additional costs and expenses associated with the two (2) additional arbitrators).

(d) The panel of three (3) arbitrators will be chosen as follows: (i) upon the written demand of either party and within fifteen (15) days from the date of such demand, each party will name an arbitrator; and (ii) the two (2) party-appointed arbitrators will thereafter, within thirty (30) days from the date on which the second of the two (2) arbitrators was named, name a third, independent arbitrator who will act as chairperson of the arbitral tribunal. In the event that either party fails to name an arbitrator within fifteen (15) days from the date of a written demand to do so, then upon written application by either party, that arbitrator will be appointed pursuant to the AAA Commercial Arbitration Rules. In the event that the two (2) party-appointed arbitrators fail to appoint the third, independent arbitrator within thirty (30) days from the date on which the second of the two (2) arbitrators was named, then upon written application by either party, the third, independent arbitrator will be appointed pursuant to AAA Commercial Arbitration Rules. If the arbitration will be before a sole independent arbitrator, then the sole independent arbitrator will be appointed by agreement of the parties within fifteen (15) days upon written demand of either party. If the parties cannot agree to a sole independent arbitrator, then upon written application by either party, the sole independent arbitrator will be appointed pursuant to AAA Commercial Arbitration Rules.

(e) The place of arbitration shall be Houston, Texas. Along with the arbitrator(s) appointed, the parties will agree to a mutually convenient location, date and time to conduct the arbitration, but in no event will the final hearing(s) be scheduled less than nine (9)

months from submission of the Dispute to arbitration unless the parties agree otherwise in writing.

(f) The arbitral tribunal will have the right to award, on an interim basis, or include in the final award, any relief which it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and attorneys' fees and costs; provided that the arbitral tribunal will not award any relief not specifically requested by the parties and, in any event, will not award special damages. Upon constitution of the arbitral tribunal following any grant of interim relief by a special arbitrator or court pursuant to Section 4.4(b), the tribunal may affirm or disaffirm that relief, and the parties will seek modification or rescission of the order entered by the special arbitrator or court as necessary to accord with the tribunal's decision.

(g) The parties agree to be bound by the provisions of Rule 13 of the Federal Rules of Civil Procedure with respect to compulsory counterclaims (as the same may be amended from time to time); provided that any such compulsory counterclaim shall be filed within thirty (30) days of the filing of the original claim.

(h) So long as either party has a timely claim to assert, the agreement to arbitrate Disputes set forth in this Section 4.4 will continue in full force and effect subsequent to, and notwithstanding the completion, expiration or termination of, this Agreement.

(i) A party obtaining an order of interim injunctive relief may enter judgment upon such award in any Delaware federal or state court. The final award in an arbitration pursuant to this Article IV shall be conclusive and binding upon the parties, and a party obtaining a final award may enter judgment upon such award in any court of competent jurisdiction.

(j) It is the intent of the parties that the agreement to arbitrate Disputes set forth in this Section 4.4 shall be interpreted and applied broadly such that all reasonable doubts as to arbitrability of a Dispute shall be decided in favor of arbitration.

(k) The parties agree that any Dispute submitted to mediation and/or arbitration shall be governed by, and construed and interpreted in accordance with, Delaware Law, as provided in Section 4.1(d) and, except as otherwise provided in this Article IV or mutually agreed to in writing by the parties, the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.*, shall govern any arbitration between the parties pursuant to this Section 4.4.

(l) Subject to Section 4.4(c)(ii)(B), each party shall bear its own fees, costs and expenses and shall bear an equal share of the costs and expenses of the arbitration, including the fees, costs and expenses of the three (3) arbitrators; provided that the arbitral tribunal may award the prevailing party its reasonable fees and expenses (including attorneys' fees), including with respect to any Disputes relating to the parties' rights and obligations with respect to indemnification under this Agreement.

(m) Notwithstanding anything in this Article IV to the contrary, any disputes relating to the interpretation of Article II or requesting injunctive relief or specific performance shall be conducted according to the fast-track arbitration procedures of the AAA then in effect.

ARTICLE V
EXCHANGE OF INFORMATION; CONFIDENTIALITY

5.1. Agreement for Exchange of Information.

(a) Subject to Section 5.8 and any other applicable confidentiality obligations, each of ConocoPhillips and Phillips 66, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Distribution Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities or tax Laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, in each case other than claims or allegations that one party to this Agreement has against the other, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement or any other Ancillary Agreement; provided, however, that, in the event that any party determines that any such provision of Information could be commercially detrimental, violate any Law or agreement, or waive any privilege otherwise available under applicable Law, including the attorney-client privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

5.2. Ownership of Information. Any Information owned by one Group that is provided to a requesting party pursuant to Section 5.1 or Section 5.7 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

5.3. Compensation for Providing Information. The party requesting Information agrees to reimburse the other party for the reasonable costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party. Except as may be otherwise specifically provided elsewhere in this Agreement or in any other agreement between the parties, such costs shall be computed in accordance with the providing party's standard methodology and procedures.

5.4. Record Retention. To facilitate the possible exchange of Information pursuant to this Article V and other provisions of this Agreement after the Distribution Date, the parties agree to use their reasonable best efforts to retain all Information in their respective possession or control on the Distribution Date in accordance with the policies of ConocoPhillips as in effect on the Distribution Date or such other policies as may be adopted by ConocoPhillips after the Distribution Date (provided, in the case of Phillips 66, that ConocoPhillips notifies Phillips 66 of any such change). No party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other party may have the right to obtain pursuant to this Agreement prior to the end of the retention period set forth in such policies without first notifying the other party of the proposed destruction and giving the other party the opportunity to take possession of such information prior to such destruction; provided, however, that in the case of any Information

relating to Taxes, employee benefits or Environmental Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding the foregoing, Section 9 of the Tax Sharing Agreement shall govern the retention of Tax Records (as defined in the Tax Sharing Agreement).

5.5. Limitations of Liability. No party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed after reasonable best efforts by such party to comply with the provisions of Section 5.4.

5.6. Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article V are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in the Separation and Distribution Agreement or any Ancillary Agreement.

5.7. Production of Witnesses; Records; Cooperation.

(a) After the Distribution Date, except in the case of an adversarial Action by one party against another party, each party hereto shall use its commercially reasonable efforts to make available to the other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 5.7, each of the parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect any Intellectual Property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the parties to provide witnesses pursuant to this Section 5.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 5.7(a)).

(f) In connection with any matter contemplated by this Section 5.7, the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of any Group.

5.8. Confidentiality.

(a) Subject to Section 5.9, until the five (5)-year anniversary of the Distribution Date, each of ConocoPhillips and Phillips 66, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to ConocoPhillips' confidential and proprietary information pursuant to policies in effect as of the Distribution Date, all Information concerning each such other Group that is either in its possession (including Information in its possession prior to the Distribution Date) or furnished by any such other Group or its respective Representatives at any time pursuant to this Agreement, the Separation and Distribution Agreement, any other Ancillary Agreement or otherwise, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Information has been (i) in the public domain through no fault of such party or any member of such Group or any of their respective Representatives, (ii) later lawfully acquired from other sources by such party (or any member of such party's Group) which sources are not themselves bound by a confidentiality obligation, or (iii) independently generated without reference to any proprietary or confidential Information of the other party.

(b) Each party agrees not to release or disclose, or permit to be released or disclosed, any such Information to any other Person, except its Representatives who need to know such Information (who shall be advised of their obligations hereunder with respect to such Information), except in compliance with Section 5.9. Without limiting the foregoing, when any Information is no longer needed for the purposes contemplated by this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement, each party will promptly after request of the other party either return to the other party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

5.9. Protective Arrangements. In the event that any party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable Law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of any other party (or any member of any other party's Group) that is subject to the confidentiality provisions hereof, such party shall notify the other party prior to disclosing or providing such Information and shall cooperate at the expense of the requesting party in seeking any reasonable protective arrangements requested by such other party. Subject to the foregoing, the Person that received such request may thereafter disclose or provide Information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority.

ARTICLE VI
FURTHER ASSURANCES

6.1. Attorney-Client Privilege. Phillips 66 agrees that, in the event of any Dispute or other litigation, dispute, controversy or claim between ConocoPhillips or a member of the ConocoPhillips Group, on the one hand, and Phillips 66 or a member of the Phillips 66 Group, on the other hand, Phillips 66 will not, and will cause the members of its Group not to, seek any waiver of attorney-client privilege with respect to any communications relating to advice given prior to the Distribution Date by counsel to ConocoPhillips or any Person that was a subsidiary of ConocoPhillips prior to the Distribution Date, regardless of any argument that such advice may have affected the interests of both parties. Moreover, Phillips 66 will, and will cause the members of its Group to, honor any such attorney-client privilege between ConocoPhillips and the members of its Group and its or their counsel, and will not assert that ConocoPhillips or a member of its Group has waived, relinquished or otherwise lost such privilege. For the avoidance of doubt, in the event of any litigation, dispute, controversy or claim between ConocoPhillips or a member of its Group, on the one hand, and a Third Party other than a member of the Phillips 66 Group, on the other hand, ConocoPhillips shall retain the right to assert attorney-client privilege with respect to any communications relating to advice given prior to the Distribution Date by counsel to ConocoPhillips or any Person that was a subsidiary of ConocoPhillips prior to the Distribution Date.

6.2. Interpretation. Nothing contained herein shall be interpreted or construed against the drafter(s) of these agreements. Both parties had full and fair opportunity to contribute.

6.3. No Attorney Testimony. No in-house attorney or outside attorney may be called to testify about or present evidence covering the interpretation or meaning of this Agreement in any dispute between the parties.

ARTICLE VII
MISCELLANEOUS

7.1. Entire Agreement. This Agreement, together with the documents referenced herein (including the Separation and Distribution Agreement and any other Ancillary Agreement), constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof. In the case of any

conflict between this Agreement and the Separation and Distribution Agreement or any other Ancillary Agreement (other than the Tax Sharing Agreement and the Employee Matters Agreement) in relation to any matters addressed by this Agreement, this Agreement shall prevail. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement, in the case of any conflict between this Agreement and the Tax Sharing Agreement in relation to matters addressed by the Tax Sharing Agreement, the Tax Sharing Agreement shall prevail. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement, in the case of any conflict between this Agreement and the Employee Matters Agreement in relation to matters addressed by the Employee Matters Agreement, the Employee Matters Agreement shall prevail.

7.2. Assignability. This Agreement shall be binding upon and inure to the benefit of the parties hereto and thereto, respectively, and their respective successors and permitted assigns; provided, however, that no party hereto or thereto may assign its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other parties hereto or thereto.

7.3. Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any ConocoPhillips Indemnitee or Phillips 66 Indemnitee in their respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the parties and are not intended to confer upon any Person except the parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

7.4. Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.4):

If to ConocoPhillips, to:

ConocoPhillips
600 North Dairy Ashford Street
Houston, Texas 77079
Attention: General Counsel

If to Phillips 66 to:

Phillips 66
600 North Dairy Ashford Street
Houston, Texas 77079
Attention: General Counsel

Any party may, by notice to the other party, change the address and contact person to which any such notices are to be given.

7.5. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a Delaware state or federal court to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

7.6. Force Majeure. No party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement, other than a delay or failure to make a payment, results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

7.7. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

7.8. Survival of Covenants. The covenants, representations and warranties contained in this Agreement, and liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

7.9. Waivers of Default. Waiver by any party of any default by the other party of any provision of this Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

7.10. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

7.11. Limitations of Liability. **NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER PHILLIPS 66 OR ITS AFFILIATES, ON THE ONE HAND, NOR CONOCOPHILLIPS OR ITS AFFILIATES, ON THE OTHER HAND, SHALL BE LIABLE UNDER THIS AGREEMENT TO THE OTHER FOR ANY SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY, REMOTE,**

SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER ARISING IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY (OTHER THAN ANY SUCH LIABILITY WITH RESPECT TO A THIRD-PARTY CLAIM).

7.12. Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use its commercially reasonable efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements, to consummate and make effective the transactions contemplated by this Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each party hereto shall cooperate with the other parties, and without any further consideration, but at the expense of the requesting party, to execute and deliver, or use its commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any third-party consents or Governmental Approvals), and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements and the transfers of the Phillips 66 Assets and the assignment and assumption of the Phillips 66 Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each party will, at the reasonable request, cost and expense of any other party, take such other actions as may be reasonably necessary to vest in such other party good and marketable title, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Distribution Date, ConocoPhillips and Phillips 66 in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions which are reasonably necessary or desirable to be taken by ConocoPhillips Company, Phillips 66 Company or any other Subsidiary of ConocoPhillips, as the case may be, to effectuate the transactions contemplated by this Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements.

IN WITNESS WHEREOF, the parties have caused this Indemnification and Release Agreement to be executed by their duly authorized representatives.

CONOCOPHILLIPS

By: Ryan M. Lance

Name: Ryan M. Lance
Title: Chairman, President and Chief Executive Officer

PHILLIPS 66

By: GC Garland

Name: Greg C. Garland
Title: Chairman, President and Chief Executive Officer

EXHIBIT J

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2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2012**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: **001-32395**

ConocoPhillips

(Exact name of registrant as specified in its charter)

Delaware	**01-0562944**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

600 North Dairy Ashford
Houston, TX 77079
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **281-293-1000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 Par Value	New York Stock Exchange
6.65% Debentures due July 15, 2018	New York Stock Exchange
7% Debentures due 2029	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

[x] Yes [ ] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

[ ] Yes [x] No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [x] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

[x] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [x] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).[ ] Yes [x] No

The aggregate market value of common stock held by non-affiliates of the registrant on June 30, 2012, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on that date of $55.88, was $67.9 billion. The registrant, solely for the purpose of this required presentation, had deemed its Board of Directors to be an affiliate and deducted their stockholdings of 66,914 shares in determining the aggregate market value.

The registrant had 1,220,992,874 shares of common stock outstanding at January 31, 2013.

Documents incorporated by reference:

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 14, 2013 (Part III)

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PART I

Unless otherwise indicated, “the company,” “we,” “our,” “us” and “ConocoPhillips” are used in this report to refer to the businesses of ConocoPhillips and its consolidated subsidiaries. Items 1 and 2—Business and Properties, contain forward-looking statements including, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions that are made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “estimate,” “believe,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar expressions identify forward-looking statements. The company does not undertake to update, revise or correct any forward-looking information unless required to do so under the federal securities laws. Readers are cautioned that such forward-looking statements should be read in conjunction with the company’s disclosures under the heading “CAUTIONARY STATEMENT FOR THE PURPOSES OF THE ‘SAFE HARBOR’ PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995,” beginning on page 67.

Items 1 and 2. BUSINESS AND PROPERTIES

CORPORATE STRUCTURE

ConocoPhillips is the world’s largest independent exploration and production (E&P) company, based on proved reserves and production of liquids and natural gas. ConocoPhillips was incorporated in the state of Delaware on November 16, 2001, in connection with, and in anticipation of, the merger between Conoco Inc. and Phillips Petroleum Company. The merger between Conoco and Phillips was consummated on August 30, 2002.

On April 30, 2012, we completed the separation of our downstream businesses into an independent, publicly traded company, Phillips 66. Our refining, marketing and transportation businesses, most of our Midstream segment, our Chemicals segment, as well as our power generation and certain technology operations included in our Emerging Businesses segment (collectively, our “Downstream business”), were transferred to Phillips 66. As a part of our strategic asset disposition program, in the fourth quarter of 2012, we agreed to sell our interest in the North Caspian Sea Production Sharing Agreement (Kashagan) and our Nigerian and Algerian businesses. Results of operations related to Phillips 66, Kashagan, Nigeria and Algeria have been classified as discontinued operations in all periods presented in this Annual Report on Form 10-K. For additional information, see Note 2—Discontinued Operations, in the Notes to Consolidated Financial Statements.

Headquartered in Houston, Texas, we have operations and activities in 30 countries. Our key focus areas include safely operating producing assets, executing major developments and exploring for new resources in promising areas. Our portfolio primarily includes legacy assets in North America, Europe, Asia and Australia; growing North American shale and oil sands businesses; several major international developments; and a global exploration program.

At December 31, 2012, ConocoPhillips employed approximately 16,900 people worldwide.

SEGMENT AND GEOGRAPHIC INFORMATION

For operating segment and geographic information, see Note 25—Segment Disclosures and Related Information, in the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

We explore for, produce, transport and market crude oil, bitumen, natural gas, liquefied natural gas (LNG) and natural gas liquids on a worldwide basis. At December 31, 2012, our continuing operations were producing in

the United States, Norway, the United Kingdom, Canada, Australia, offshore Timor-Leste in the Timor Sea, Indonesia, China, Malaysia, Qatar, Libya and Russia.

Our operating segments were realigned upon the separation of Phillips 66, and as a result, all prior periods presented have been restated. We manage our operations through six operating segments, which are defined by geographic region: Alaska, Lower 48 and Latin America, Canada, Europe, Asia Pacific and Middle East, and Other International.

The information listed below appears in the “Oil and Gas Operations” disclosures following the Notes to Consolidated Financial Statements and is incorporated herein by reference:

- Proved worldwide crude oil, natural gas liquids, natural gas and bitumen reserves.
- Net production of crude oil, natural gas liquids, natural gas and bitumen.
- Average sales prices of crude oil, natural gas liquids, natural gas and bitumen.
- Average production costs per barrel of oil equivalent (BOE).
- Net wells completed, wells in progress and productive wells.
- Developed and undeveloped acreage.

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The following table is a summary of the proved reserves information included in the "Oil and Gas Operations" disclosures following the Notes to Consolidated Financial Statements. Approximately 80 percent of our proved reserves are located in politically stable countries that belong to the Organization for Economic Cooperation and Development. Natural gas reserves are converted to BOE based on a 6:1 ratio: six thousand cubic feet of natural gas converts to one BOE. See Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of factors that will enhance the understanding of the table below.

	Millions of Barrels of Oil Equivalent		
Net Proved Reserves at December 31	**2012**	2011	2010
Crude oil			
Consolidated operations	**2,684**	2,617	2,496
Equity affiliates	**95**	124	177
Total Crude Oil	**2,779**	2,741	2,673
Natural gas liquids			
Consolidated operations	**646**	670	665
Equity affiliates	**48**	51	54
Total Natural Gas Liquids	**694**	721	719
Natural gas			
Consolidated operations	**2,726**	2,933	3,039
Equity affiliates	**543**	553	580
Total Natural Gas	**3,269**	3,486	3,619
Bitumen			
Consolidated operations	**506**	530	455
Equity affiliates	**1,394**	909	844
Total Bitumen	**1,900**	1,439	1,299
Total consolidated operations	**6,562**	6,750	6,655
Total equity affiliates	**2,080**	1,637	1,655
Total company	**8,642**	8,387	8,310

In 2012, worldwide production, including our share of equity affiliates, was 1,578 thousand barrels of oil equivalent per day (MBOED), a 3 percent decrease from 2011 production of 1,619 MBOED. Production from continuing operations for 2012 averaged 1,527 MBOED, compared with 1,561 MBOED in 2011. Average production from continuing operations decreased 2 percent in 2012, primarily as a result of normal field decline, the impact from asset dispositions and higher planned and unplanned downtime. These decreases were largely offset by additional production from major developments, mainly from shale plays in the Lower 48 and ramp-up of new phases at FCCL, the resumption of production in Libya following a period of civil unrest in 2011, and increased drilling programs in the Lower 48.

Our worldwide annual average crude oil sales price from continuing operations remained relatively flat in 2012, from $105.52 per barrel in 2011 to $105.72 per barrel in 2012, while worldwide average annual natural gas liquids prices from continuing operations decreased 17 percent, from $55.73 per barrel in 2011 to $46.36 per barrel in 2012. Our average annual worldwide natural gas sales price from continuing operations decreased 6 percent, from $5.80 per thousand cubic feet in 2011 to $5.48 per thousand cubic feet in 2012. Average annual bitumen prices decreased 14 percent, from $62.56 per barrel in 2011 to $53.91 per barrel in 2012.

ALASKA

The Alaska segment primarily explores for, produces, transports and markets crude oil, natural gas liquids, natural gas and LNG. In 2012, Alaska operations contributed 24 percent of our worldwide liquids production and 1 percent of our natural gas production.

			2012		
	Interest	Operator	Liquids MBD[1]	Natural Gas MMCFD[2]	Total MBOED
Average Daily Net Production					
Greater Prudhoe Area	36.1%	BP	104	5	105
Greater Kuparuk Area	52.2-55.4	ConocoPhillips	54	-	54
Western North Slope	78	ConocoPhillips	46	1	46
Cook Inlet Area	33.3-100	ConocoPhillips	-	49	8
Total Alaska			204	55	213

(1) Thousands of barrels per day.
(2) Millions of cubic feet per day.

Greater Prudhoe Area

The Greater Prudhoe Area includes the Prudhoe Bay Field and five satellite fields, as well as the Greater Point McIntyre Area fields. Prudhoe Bay, the largest oil field on Alaska's North Slope, is the site of a large waterflood and enhanced oil recovery operation, as well as a gas processing plant which processes natural gas for reinjection into the reservoir. Prudhoe Bay's satellites are Aurora, Borealis, Polaris, Midnight Sun and Orion, while the Point McIntyre, Niakuk, Raven and Lisburne fields are part of the Greater Point McIntyre Area.

Greater Kuparuk Area

We operate the Greater Kuparuk Area, which is made up of the Kuparuk Field and four satellite fields: Tarn, Tabasco, Meltwater and West Sak. Kuparuk is located 40 miles west of Prudhoe Bay on Alaska's North Slope. Field installations include three central production facilities that separate oil, natural gas and water, as well as a separate seawater treatment plant. The natural gas is either used for fuel or compressed for reinjection.

Western North Slope

On the Western North Slope, we operate the Colville River Unit, which includes the Alpine Field and three satellite fields: Nanuq, Fiord and Qannik. Alpine is located 34 miles west of Kuparuk. In October 2012, Alpine West CD5, a satellite field located west of Alpine in the National Petroleum Reserve—Alaska (NPRA), was sanctioned. Initial production is anticipated in late 2015, with net peak production estimated at 10 MBOED in 2016.

Cook Inlet Area

We operate the North Cook Inlet Unit, the Beluga River Unit, and the Kenai LNG Plant in the Cook Inlet Area. We have a 100 percent interest in the North Cook Inlet Unit and the Kenai LNG Plant, while we own 33.3 percent of the Beluga River Unit. Our share of production is sold to local utilities and is also used to supply feedstock and fuel to the Kenai LNG Plant.

The Kenai LNG Plant had historically supplied LNG to utility companies in Japan. Although we idled the plant in October 2012, we maintain the capability to operate it and are evaluating options for future use. The LNG export license will expire in March 2013.

Point Thomson

We own a 5 percent interest in the Point Thomson Field, which is located approximately 60 miles east of Prudhoe Bay. An initial production system is anticipated to be online by 2016, which is estimated to send 400 net BOED of condensate through the Trans-Alaska Pipeline System (TAPS).

North Slope Natural Gas

In March 2012, we, along with Exxon Mobil Corporation, BP p.l.c. and TransCanada Corporation, announced we are working together on a plan aimed at commercializing North Slope natural gas resources through large-scale LNG exports from south-central Alaska. Planning and assessment is ongoing.

Exploration

In the February 2008 Outer Continental Shelf (OCS) Lease Sale 193, we successfully bid and were awarded 10-year-primary-term leases on 98 blocks in the Chukchi Sea. We plan to drill an exploration well on our Devil's Paw prospect in 2014, subject to the outcome of pending litigation challenging Lease Sale 193 and the receipt of required regulatory permits.

Shark Tooth #1, an appraisal step-out well from the southwestern area of the Kuparuk Field, was spud in January 2012, and is being evaluated for further development potential. During 2013, we plan to drill one exploration well, Cassin, on the North Slope.

Transportation

We transport the petroleum liquids produced on the North Slope to south-central Alaska through an 800-mile pipeline that is part of TAPS. We have a 28.3 percent ownership interest in TAPS, and we also have ownership interests in the Alpine, Kuparuk and Oliktok Pipelines on the North Slope.

Our wholly owned subsidiary, Polar Tankers, Inc., manages the marine transportation of our North Slope production, using five company-owned double-hulled tankers in addition to chartering third-party vessels as necessary.

LOWER 48 AND LATIN AMERICA

Lower 48

The Lower 48 and Latin America segment primarily consists of operations located in the U.S. Lower 48 states. We hold 15.5 million net onshore and offshore acres in the Lower 48. In 2012, Lower 48 and Latin America contributed 25 percent of our worldwide liquids production and 37 percent of our natural gas production.

			2012		
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Total MBOED
Average Daily Net Production					
Eagle Ford	Various %	Various	56	85	70
Bakken	Various	Various	22	17	25
Barnett	Various	Various	6	49	14
Permian	Various	Various	33	111	51
San Juan	Various	Various	49	750	174
Lobo	Various	ConocoPhillips	5	112	24
Anadarko Basin	Various	Various	6	124	27
Wind River	Various	Various	-	78	13
Bossier	Various	Various	-	43	7
Other onshore	Various	Various	18	111	37
Gulf of Mexico	Various	Various	13	13	15
Total U.S. Lower 48			208	1,493	457

Onshore

We hold 13.8 million net acres of onshore conventional and unconventional acreage in the Lower 48. Our unconventional holdings total 2.5 million net acres and include approximately 626,000 net acres in the Bakken; 227,000 net acres in the Eagle Ford; 194,000 net acres in Permian; 130,000 net acres in Niobrara; 900,000 net acres in the San Juan Basin; and nearly 430,000 net acres in other unconventional exploration plays. The majority of this acreage is either held by production or owned by the Company.

The majority of our 2012 onshore production originated from the San Juan Basin, Permian Basin, Eagle Ford, Bakken, Barnett, the Lobo Trend, Anadarko Basin and Bossier Trend. We also have operations in the Wind River Basin, East Texas, Rockies and northern and southern Louisiana. Onshore activities in 2012 were centered mostly on continued optimization and development of existing and emerging assets, with particular focus on areas with higher liquids production.

- *Shale Plays*
  Exploration and development continued in our shale positions in the Eagle Ford, Bakken and Barnett. In the Eagle Ford, we drilled 211 exploration and development wells and connected 170 wells in 2012, achieving net peak production of over 100 MBOED in December 2012. In 2013, we plan to drill approximately 140 wells and connect approximately 200 wells. With continued investments, we expect long-term average production from the Eagle Ford will be approximately 140 MBOED by 2016.

- *San Juan*
  The San Juan Basin, located in northwestern New Mexico and southwestern Colorado, includes significant conventional gas production, which yields approximately 35 percent natural gas liquids, as well as the majority of our U.S. coalbed methane (CBM) production. We hold approximately 1.3 million acres of oil and gas leases by production in San Juan, where we continue to pursue

conventional development opportunities. This includes approximately 900,000 net acres of lease rights, where we are advancing the assessment of the Mancos shale play.

In January 2013, we entered into an agreement to sell the majority of our properties in the Cedar Creek Anticline, comprising approximately 86,000 net acres in southwestern North Dakota and eastern Montana. The transaction is expected to close in the first quarter of 2013.

Gulf of Mexico

At year-end 2012, our portfolio of producing properties in the Gulf of Mexico primarily consisted of one operated field and three fields operated by co-venturers, including:

- 75 percent operator interest in the Magnolia Field in Garden Banks Blocks 783 and 784.
- 16 percent nonoperator interest in the unitized Ursa Field located in the Mississippi Canyon Area.
- 16 percent nonoperator interest in the Princess Field, a northern, subsalt extension of the Ursa Field.
- 12.4 percent nonoperator interest in the unitized K2 Field, comprised of seven blocks in the Green Canyon Area.

Exploration

- *Conventional Exploration*

  In the deepwater Gulf of Mexico, we held 1.7 million acres at December 31, 2012. In November 2012, we were the successful high bidder on 62 blocks in OCS Western Lease Sale 229, the majority of which have been awarded to date. We anticipate the remaining blocks will be awarded in the first quarter of 2013, which would increase our Gulf of Mexico position to 2.0 million net acres. In 2013, drilling continued on the partner-operated Coronado wildcat well and the Shenandoah appraisal well, both of which were spud in 2012. During the first half of 2013, drilling is expected to commence on the partner-operated Ardennes wildcat well, the Tiber appraisal well and a ConocoPhillips-operated wildcat well in the Miocene/Pliocene Thorn prospect. We also plan to participate in two-to-three additional non-operated wildcat wells in 2013.

  In support of our intentions to grow our Gulf of Mexico exploration program, we secured access to an ultra deepwater drillship in 2012, which will provide rig availability for our operated drilling program beginning in 2014.

- *Unconventional Exploration*

  In 2012, we actively pursued the appraisal of our existing unconventional resource plays, including the Eagle Ford in South Texas, the Bakken in the Williston Basin, the Barnett in the Fort Worth Basin, the Niobrara play in the Denver-Julesburg Basin, the Avalon and Wolfcamp in the Permian Basin, and the Mancos in the San Juan Basin. During 2012, we acquired approximately 340,000 net additional acres in various resource plays across the Lower 48, which included the Avalon, Wolfcamp, Niobrara, and various exploration plays, further expanding our significant acreage position in Lower 48 shale plays to approximately 2.5 million net acres.

  During 2012, we drilled a total of 20 unconventional test wells in the Avalon, Wolfcamp, Niobrara, Bakken Little Missouri, Lewis and Mancos plays. Drilling is expected to continue in 2013.

Transportation

Our 25 percent interest in the Rockies Express Pipeline (REX) was transferred to Phillips 66 as part of the separation. We retained the capacity rights and obligations to REX.

Facilities

Freeport LNG Terminal

We have a long-term agreement with Freeport LNG Development, L.P. to use 0.9 billion cubic feet per day of regasification capacity at Freeport's 1.5-billion-cubic-feet-per-day LNG receiving terminal in Quintana, Texas.

Market conditions currently favor the flow of LNG to European and Asian markets; therefore, our near- to mid-term utilization of the Freeport Terminal is expected to be limited to LNG storage and reload activities. We are responsible for monthly process-or-pay payments to Freeport irrespective of whether we utilize the terminal for regasification. The financial impact of these capacity underutilization payments is not expected to be material to our future earnings or cash flows.

Golden Pass LNG Terminal

We have a 12.4 percent ownership interest in the Golden Pass LNG Terminal and affiliated Golden Pass Pipeline. It is located adjacent to the Sabine-Neches Industrial Ship Channel northwest of Sabine Pass, Texas. The terminal became commercially operational in May 2011. We hold terminal and pipeline capacity for the receipt, storage and regasification of the LNG purchased from Qatargas 3 and the transportation of regasified LNG to interconnect with major interstate natural gas pipelines. Market conditions currently favor the flow of LNG to European and Asian markets; therefore, our near-to-mid-term utilization of the terminal is expected to be limited.

Phoenix Park Gas Processors Limited

We own a 39 percent interest in Phoenix Park Gas Processors Limited, which processes natural gas in Trinidad and markets natural gas liquids in the Caribbean, Central America and the U.S. Gulf Coast. Facilities include a 2-billion-cubic-feet-per-day gas processing plant and a 70,000 barrel-per-day natural gas liquids fractionator.

Other

- San Juan Gas Plant – We operate and own a 50 percent interest in the San Juan Gas Plant, a 550 million cubic-feet-per-day capacity natural gas processing plant in Bloomfield, New Mexico.
- Lost Cabin Gas Plant – We operate and own a 46 percent interest in the Lost Cabin Gas Plant, a 313 million cubic-feet-per-day capacity natural gas processing facility in Lysite, Wyoming.
- Wingate Fractionator – We operate and own the Wingate Fractionator, a 25,000 barrel-per-day capacity natural gas liquids fractionation plant located in Gallup, New Mexico.

Venezuela

In 2007, we announced we had been unable to reach agreement with respect to our migration to an *empresa mixta* structure mandated by the Venezuelan government's Nationalization Decree. As a result, Venezuela's national oil company, Petróleos de Venezuela S.A. (PDVSA), or its affiliates, directly assumed control over ConocoPhillips' interests in the Petrozuata and Hamaca heavy oil ventures and the offshore Corocoro development project. In response to this expropriation, we filed a request for international arbitration on November 2, 2007, with the World Bank's International Centre for Settlement of Investment Disputes (ICSID). An arbitration hearing was held before an ICSID tribunal during the summer of 2010, and we anticipate an interim decision on key legal and factual issues in 2013. In a separate commercial arbitration from the Company's ICSID claim discussed above, an International Chamber of Commerce (ICC) tribunal issued a decision in favor of the Company in September 2012, finding PDVSA owed $67 million for pre-expropriation breaches of the Petrozuata project agreements. In November 2012, based on the ICC tribunal ruling, PDVSA paid ConocoPhillips $68 million, including post-judgment interest, which resulted in a $61 million after-tax earnings increase. The Company also recognized additional income of $173 million after-tax associated with the reversal of a related contingent liability accrual.

Ecuador

In 2008, Burlington Resources, Inc., a wholly owned subsidiary of ConocoPhillips, initiated arbitration before ICSID against The Republic of Ecuador, as a result of the newly enacted Windfall Profits Tax Law and government-mandated renegotiation of our production sharing contracts. Despite a restraining order issued by ICSID, Ecuador confiscated the crude oil production of Burlington and its co-venturer and sold the illegally seized crude oil. In 2009, Ecuador took over operations in Blocks 7 and 21, fully expropriating our assets. In June 2010, the ICSID tribunal concluded it has jurisdiction to hear the expropriation claim. On April 24, 2012, Ecuador filed a supplemental counterclaim asserting environmental damages, which we believe are not material. The ICSID tribunal issued a decision on liability on December 14, 2012, in favor of Burlington,

finding that Ecuador's seizure of Blocks 7 and 21 was an unlawful expropriation in violation of the Ecuador-U.S. Bilateral Investment Treaty. An additional arbitration phase will take place to determine the damages owed to ConocoPhillips for Ecuador's actions.

Peru

Exploration

We own a 45 percent operating interest in Blocks 123 and 129, covering nearly 1.6 million net acres. In October 2012, we announced our decision not to pursue further exploration activities in Blocks 123 and 129. This decision to withdraw is part of our strategic plan to optimize our portfolio of assets.

CANADA

Our Canadian operations mainly consist of natural gas fields in western Canada and oil sands developments in the Athabasca Region of northeastern Alberta. In 2012, Canada operations contributed 15 percent of our worldwide liquids production and 21 percent of our natural gas production.

			2012			
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Bitumen MBD	Total MBOED
Average Daily Net Production						
Western Canada	Various %	Various	37	857	-	180
Surmont	50.0	ConocoPhillips	-	-	12	12
Foster Creek	50.0	Cenovus	-	-	51	51
Christina Lake	50.0	Cenovus	-	-	30	30
Total Canada			37	857	93	273

Western Canada

Our operations in western Canada are primarily comprised of three core development areas: Deep Basin, Kaybob and O'Chiese, which extend from central Alberta to northeastern British Columbia. We operate or have ownership interests in approximately 80 natural gas processing plants in the region, and, as of December 31, 2012, held leasehold rights in 5.9 million net acres in western Canada.

Oil Sands

We hold approximately 1.1 million net acres of land in the Athabasca Region of northeastern Alberta. Our bitumen resources in Canada are produced via an enhanced thermal oil recovery method called steam-assisted gravity drainage (SAGD), whereby steam is injected into the reservoir, effectively liquefying the heavy bitumen, which is recovered and pumped to the surface for further processing.

- Surmont

  The Surmont oil sands leases are located approximately 35 miles south of Fort McMurray, Alberta. Surmont is a 50/50 joint venture with Total S.A. Surmont Phase 2 construction began in 2010, with production startup targeted for 2015. Following startup, Surmont's gross production capacity is estimated to be 150 MBOED, with net peak production of 65 MBOED anticipated by 2018.

- FCCL

  We have a 50/50 heavy oil business venture with Cenovus Energy Inc., FCCL Partnership, a Canadian upstream general partnership. FCCL's assets, operated by Cenovus, include the Foster Creek, Christina Lake and Narrows Lake SAGD bitumen developments.

  Construction continued in 2012 on both the Foster Creek and Christina Lake properties. At Christina Lake, Phase D was completed and production came on stream in the third quarter of 2012. Phase D

added 40 MBOED of gross production capacity, bringing total gross production capacity to 98 MBOED. Phase E is expected to be completed in 2013, with first production targeted for the second half of 2013, which will add another 40 MBOED of gross production capacity. Phase F was sanctioned in the fourth quarter of 2012, with production startup anticipated in 2016, which will add an additional 50 MBOED of gross production capacity.

At Foster Creek, construction progressed on Phases F, G and H, which are estimated to be completed in 2014, 2015 and 2016, respectively. These phases will add approximately 125 MBOED of gross production capacity. FCCL anticipates submitting an application for regulatory approval for an additional expansion, Phase J, in 2013.

Narrows Lake is a new oil sands development within the FCCL Partnership. In May 2012, FCCL received approval from the Alberta government to proceed with Narrows Lake. Narrows Lake Phase A was sanctioned in the fourth quarter of 2012, and initial production is anticipated in 2017.

Parsons Lake/Mackenzie Gas Project

We were involved with three other energy companies, as members of the Mackenzie Gas Project, on the development of the Mackenzie Valley Pipeline and gathering system, which was proposed to transport onshore gas production from the Mackenzie Delta in northern Canada to established markets in North America. We have a 75 percent interest in the Parsons Lake natural gas field, one of the primary fields in the Mackenzie Delta, which would anchor the pipeline development. Due to a continued decline in market conditions and lack of acceptable commercial terms, the project was suspended indefinitely in the first quarter of 2012. As a result, we recorded a $520 million after-tax impairment in 2012 for the carrying value of capitalized development costs and associated undeveloped leasehold costs.

Amauligak

We have a 53.8 percent operating interest in Amauligak, which lies approximately 31 miles offshore in shallow water in the Beaufort Sea. A range of development options are being evaluated.

Exploration

We hold exploration acreage in four areas of Canada: offshore eastern Canada, onshore western Canada, the Mackenzie Delta/Beaufort Sea Region and the Arctic Islands.

- *Unconventional Exploration*

  During 2012, we drilled unconventional test wells in the Duvernay and Montney plays. In 2013, exploration activities will continue in Duvernay, the Canol Shale in the Northwest Territories, Muskwa in the Horn River Basin and the Montney play. We also plan to continue delineating potential development opportunities in the oil sands.

EUROPE

The Europe segment consists of operations principally located in the Norwegian and U.K. sectors of the North Sea, as well as exploration activities in Poland and Greenland. In 2012, operations in Europe contributed 17 percent of our worldwide liquids production and 13 percent of natural gas production.

Norway

			2012		
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Total MBOED
Average Daily Net Production					
Greater Ekofisk Area	35.1 %	ConocoPhillips	66	52	75
Alvheim	20	Marathon	14	14	16
Heidrun	24	Statoil	11	10	13
Other	Various	Various	17	84	31
Total Norway			108	160	135

The Greater Ekofisk Area, located approximately 200 miles offshore Stavanger, Norway in the North Sea, is comprised of four producing fields: Ekofisk, Eldfisk, Embla and Tor. Crude oil is exported to Teesside, England, and the natural gas is exported to Emden, Germany. The Ekofisk South and Eldfisk II developments continue, with production expected in the fourth quarters of 2013 and 2014, respectively.

The Alvheim development consists of a floating production, storage and offloading (FPSO) vessel and subsea installations. Produced crude oil is exported via shuttle tankers, and natural gas is transported to the United Kingdom via a pipeline to the Beryl-Sage system.

The Heidrun Field is located in the Norwegian Sea. Produced crude oil is transported to Mongstad in Norway and Tetney in the United Kingdom by double-hulled shuttle tankers. Part of the natural gas is transported and sold to buyers in Europe, while the remainder is used as feedstock in a methanol plant in Norway, in which we own an 18.3 percent interest.

We also have varying ownership interests in five other producing fields in the Norway sector of the North Sea and in the Norwegian Sea.

In the second quarter of 2012, we sold our Norway and U.K. interests in the Statfjord Field and associated satellites.

Exploration

During 2012, we completed the evaluation of available acreage for the 22nd Licensing Round and submitted an application in December.

Transportation

We own a 35.1 percent interest in the Norpipe Oil Pipeline System, a 220-mile pipeline which carries crude oil from Ekofisk to a crude oil stabilization and natural gas liquids processing facility in Teesside, England. In addition, we own a 1.9 percent interest in Norwegian Continental Shelf Gas Transportation (Gassled), which owns most of the Norwegian gas transportation infrastructure.

United Kingdom

	Interest	Operator	2012 Liquids MBD	2012 Natural Gas MMCFD	2012 Total MBOED
Average Daily Net Production					
Britannia	58.7 %	Britannia Operator Ltd.	4	117	24
Britannia Satellites	75.0-83.5	ConocoPhillips	13	23	17
J-Area	32.5-36.5	ConocoPhillips	8	59	18
Southern North Sea	Various	Various	-	98	16
East Irish Sea	100	HRL	-	56	9
Other	Various	Various	9	3	9
Total United Kingdom			34	356	93

In addition to our interest in the Britannia natural gas and condensate field, we own 50 percent of Britannia Operator Limited, the operator of the field. Condensate is delivered through the Forties Pipeline to an oil stabilization and processing plant near the Grangemouth Refinery in Scotland, while natural gas is transported through Britannia's line to St. Fergus, Scotland. The Britannia satellite fields, Callanish and Brodgar, produce via subsea manifolds and pipelines linked to the Britannia platform.

J-Area is comprised of the Judy/Joanne, Jade and Jasmine fields, located in the U.K. Central North Sea. Development of the Jasmine Field continued during 2012, and we anticipate first production in the fourth quarter of 2013. Jasmine is estimated to achieve average net peak production of 37 MBOED in 2014.

We have various ownership interests in 18 producing gas fields in the Rotliegendes and Carboniferous areas of the Southern North Sea. Our interests in the East Irish Sea include the Millom, Dalton and Calder fields, which are operated on our behalf by a third party.

We own a 24 percent interest in the Clair Field, located in the Atlantic Margin. The development of Clair Ridge received government approval in October 2011, and initial production is estimated to occur in 2016.

We sold our interest in the Alba Field in the second quarter of 2012.

Exploration

We were awarded three licenses during 2012, one in the East Irish Sea and two in the Central Graben, North Sea. We approved the Greater Clair exploration and appraisal program in 2012 and plan to commence drilling in 2013.

Transportation

We have a 10 percent interest in the Interconnector Pipeline, which links the United Kingdom and Belgium and facilitates the marketing throughout Europe of natural gas produced in the United Kingdom. In January 2013, we entered into an agreement to sell our equity interest. The sale is expected to close in the first quarter of 2013.

We operate the Teesside oil and Theddlethorpe gas terminals in which we have 29.3 percent and 50 percent ownership interests, respectively. We also have a 100 percent ownership interest in the Rivers Gas Terminal, operated by a third party, in the United Kingdom.

Poland

Exploration

We are participating in a shale gas venture in Poland. In the third quarter of 2012, we exercised our option to acquire a 70 percent interest in Lane Energy Poland and assumed operatorship for three western Baltic Basin concessions. Four wells have been drilled on these concessions, with further well tests and drilling planned for 2013. A 3-D seismic survey is also planned for the first quarter of 2013.

Greenland

Exploration

During 2012, we successfully completed a 2-D seismic survey in Block 7011/11 of the Qamut license in West Greenland and recovered stratigraphic cores which will guide the interpretation of this new data. In addition, we have completed the evaluation of available acreage in East Greenland.

ASIA PACIFIC AND MIDDLE EAST

The Asia Pacific and Middle East segment has exploration and production operations in China, Indonesia, Malaysia, Australia and the Timor Sea; producing operations in Qatar; and exploration activities in Bangladesh and Brunei. In 2012, operations in the Asia Pacific and Middle East segment contributed 13 percent of our worldwide liquids production and 28 percent of natural gas production.

Australia and Timor Sea

			2012		
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Total MBOED
Average Daily Net Production					
Australia Pacific LNG	37.5 %	Origin Energy	-	118	20
Bayu-Undan	56.9	ConocoPhillips	27	195	59
Athena/Perseus	50	ExxonMobil	-	35	6
Total Australia and Timor Sea			27	348	85

Australia Pacific LNG

Australia Pacific LNG Pty Ltd (APLNG), our joint venture with Origin Energy and China Petrochemical Corporation (Sinopec), is focused on producing CBM from the Bowen and Surat basins in Queensland, Australia. Origin operates APLNG's production and pipeline system, and we will operate the LNG facility. Natural gas is currently sold to domestic customers, while progress continues on the development of an LNG processing and export sales business. Once established, this will enhance our LNG position and serve as an additional LNG hub supplying Asia Pacific markets. Two initial 4.5-million-tonnes-per-year LNG trains have been sanctioned, with approximately 9,000 net wells ultimately envisioned to supply both the domestic gas market and the LNG development. The additional wells will be supported by expanded gas gathering systems, centralized gas processing and compression stations, and water treatment facilities, in addition to a new export pipeline from the gas fields to the LNG facilities.

During 2011, three significant milestones were achieved. First, the development received environmental approval from the Australian federal government. Second, definitive agreements were signed with Sinopec for the supply of up to 4.3 million tonnes of LNG per year for 20 years. The agreements also specified terms under which Sinopec subscribed for a 15 percent equity interest in APLNG, with both our ownership interest and Origin Energy's ownership interest diluting from 50 percent to 42.5 percent. The Subscription Agreement was completed in August 2011. Third, a binding Heads of Agreement was signed with Japan-based Kansai Electric Power Co. Inc., for the sale of approximately 1 million tonnes of LNG per year for 20 years.

In January 2012, APLNG and Sinopec signed an amendment to their existing LNG sales agreement for the sale and purchase of an additional 3.3 million tonnes of LNG per year through 2035. This agreement, in combination with the Kansai Electric agreement, finalized the marketing of the second train. In July 2012, we sanctioned the development of the second 4.5-million-tonnes-per-year LNG production train. Start-up of the second train is expected to occur in the fourth quarter of 2015, with resulting LNG exports commencing shortly thereafter sold under the binding sales agreements to Sinopec and Kansai Electric. Upon sanctioning of the second train in July and in conjunction with the LNG sales agreement, Sinopec subscribed to additional shares in APLNG, which increased its equity interest from 15 percent to 25 percent. As a result, on July 12, 2012, both our ownership interest and Origin Energy's ownership interest diluted from 42.5 percent to 37.5 percent.

APLNG executed project financing agreements for an $8.5 billion project finance facility during the third quarter of 2012 and began drawing on the financing in October 2012. Our reduced ownership interest, coupled with Sinopec's $2.1 billion injection into APLNG associated with the dilution and APLNG's successful placement of the $8.5 billion of project financing, will lower our future capital requirements to fund the project. We are evaluating opportunities to further reduce our ownership interest in APLNG. In connection with the execution of the project financing, we provided a completion guarantee for our pro-rata share of the project finance facility, which will be released upon meeting certain completion milestones.

For additional information, see Note 3—Variable Interest Entities (VIEs), Note 6—Investments, Loans and Long-Term Receivables, and Note 13—Guarantees, in the Notes to Consolidated Financial Statements.

Bayu-Undan

The Bayu-Undan gas condensate field is located in the Timor Sea Joint Petroleum Development Area between Timor-Leste and Australia. We also operate and own a 56.9 percent interest in the associated Darwin LNG Facility, located at Wickham Point, Darwin. Produced natural gas is used to supply the Darwin LNG Plant. In 2012, we sold 148 billion gross cubic feet of LNG to utility customers in Japan.

During the first half of 2013, the Bayu-Undan Phase 3 Development will focus on procuring long-lead items and securing contracts for a semi-submersible drilling rig. Final Investment Decision is expected in mid-2013 and will be followed by further detailed engineering and procurement activities. Drilling is anticipated to commence in the second quarter of 2014.

ConocoPhillips served a Notice of Arbitration on the Timor-Leste Minister of Finance in October 2012 for outstanding disputes related to a series of tax assessments. Between 2010 and 2012, ConocoPhillips has paid, under protest, tax assessments totaling approximately $227 million, which are primarily recorded in the "Investments and long-term receivables" line on our December 31, 2012, consolidated balance sheet. The arbitration will be conducted in Singapore under the United Nations Commission on International Trade Laws (UNCITRAL) arbitration rules, pursuant to the terms of the Tax Stability Agreement with the Timor-Leste Government. The arbitration process is currently underway. Future impacts on our business are not known at this time.

Athena/Perseus

The Athena production license (WA-17-L) is located offshore Western Australia and contains part of the Perseus Field which straddles the boundary with WA-1-L, an adjoining license area. Natural gas is produced from these licenses.

Greater Sunrise

We have a 30 percent interest in the Greater Sunrise gas and condensate field located in the Timor Sea. Although the Sunrise Joint Venture and the governments of Australia and Timor-Leste are aligned with the objective to develop the Greater Sunrise Field, key challenges must be resolved before significant funding commitments can be made. These include gaining agreement between both governments and the joint venture on a development concept.

Exploration

- *Conventional Exploration*
  We operate three permits located in the Browse Basin, offshore northwest Australia. We own a 60 percent interest in two of the permits, WA-315-P and WA-398-P, and a 10 percent interest in WA-314-P. Phase I of the 2009/2010 drilling campaign resulted in discoveries in WA-315-P and WA-398-P. Phase II of the drilling campaign, expected to consist of a five-to-eight well program, commenced in 2012. The first well, Boreas-1, discovered hydrocarbons and was completed, plugged and abandoned in 2012. The second well, Zephyros-1, is currently being drilled and is expected to reach targeted depth in the first quarter of 2013.

  In the Bonaparte Basin, offshore northern Australia, we operate and own interests in three permits, NT/RL5, NT/P69 and NT/P61. In 2012, we farmed-down our interest from 60 percent to 37.5 percent. A three-well appraisal program is expected to commence in 2014.

- *Unconventional Exploration*
  In September 2011, we executed a farm-in agreement to acquire a 75 percent working interest in four exploration permits: EP-443, EP-450, EP-451 and EP-456, which cover approximately 11 million gross acres in the Canning Basin of Western Australia. In 2012, our 75 percent interest in the permits was approved, and Phase I of a three-well drilling program commenced in the third quarter of 2012 with the drilling of the first well, Nicolay-1. The second well, Gibb-Maitland-1, was spud in December 2012. Upon completion of the Phase I drilling program, we will have the right to assume operatorship of the exploration permits.

Indonesia

			2012		
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Total MBOED
Average Daily Net Production					
South Natuna Sea Block B	40.0 %	ConocoPhillips	12	115	31
South Sumatra	45.0-54.0	ConocoPhillips	2	322	56
Total Indonesia			14	437	87

We operate four production sharing contracts (PSCs) in Indonesia: the offshore South Natuna Sea Block B and three onshore PSCs, the Corridor Block and South Jambi “B”, both located in South Sumatra, and Warim in Papua. Our producing assets are primarily concentrated in two core areas: South Natuna Sea and onshore South Sumatra.

South Natuna Sea Block B
The offshore South Natuna Sea Block B PSC has 2 producing oil fields and 16 natural gas fields in various stages of development. Natural gas production is sold under international sales agreements to Malaysia and Singapore.

South Sumatra
The Corridor PSC consists of six oil fields and six natural gas fields in various stages of development. Natural gas is supplied from the Grissik and Suban gas processing plants to the Duri steamflood in central Sumatra and to markets in Singapore, Batam and West Java. The South Jambi “B” PSC includes three gas fields in various stages of development.

Exploration
We own and operate an 80 percent interest in the Warim onshore exploration PSC in Papua. During 2012, we relinquished the Kuma and Arafura Sea offshore exploration PSCs.

Transportation
We are a 35 percent owner of a consortium company that has a 40 percent ownership in PT Transportasi Gas Indonesia, which owns and operates the Grissik to Duri and Grissik to Singapore natural gas pipelines.

China

			2012		
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Total MBOED
Average Daily Net Production					
Peng Lai	49.0 %	ConocoPhillips	30	3	31
Panyu	24.5	CNOOC	9	-	9
Total China			39	3	40

The Peng Lai 19-3, 19-9 and 25-6 fields are located in Bohai Bay Block 11/05. Production from the Phase I development of the PL 19-3 Field began in 2002. The Phase II development includes six drilling and production platforms and an FPSO vessel used to accommodate production from all the fields.

In January 2012, we and the China National Offshore Oil Corp. (CNOOC) announced an agreement with China's Ministry of Agriculture to resolve fishery-related issues in connection with two separate seepage incidents which occurred near the Peng Lai 19-3 Platforms B and C in 2011. Under this agreement, approximately $160 million was paid as compensation to settle private claims of potentially affected fishermen in relevant Bohai Bay communities, and public claims for alleged fishery damage. The agreement fulfills the objectives of the compensation fund we announced in September 2011. As part of this agreement, we have also designated approximately $16 million of our previously announced environmental fund to be used to improve fishery resources and for related projects.

In April 2012, we and CNOOC announced an agreement with China's State Oceanic Administration (SOA) related to claims for possible impacts of the Peng Lai 19-3 seepage incidents on the Bohai Bay marine environment. Under this agreement, approximately $173 million will be paid to resolve claims, and approximately $18 million will be paid to support environmental initiatives focused on improving marine environment protection in Bohai Bay. Of the total $191 million, $86 million was paid in 2012.

We hold a 49 percent ownership interest in the Peng Lai fields.

The SOA required implementation of preventative measures to avoid recurrence of the incidents, in addition to the filing of an updated environmental impact assessment (EIA) and overall development plan (ODP) for approval. A revised ODP was submitted to China's National Development and Reform Commission in November 2011, and a revised EIA was submitted to the SOA in February 2012. The EIA was approved in October 2012, and the ODP was approved in December 2012. In February 2013, we received notification from the SOA, which granted approval for a step-by-step resumption of normal production operations at the Peng Lai 19-3 Field in Bohai Bay.

The Panyu development, located in the South China Sea, is comprised of three oil fields: Panyu 4-2, Panyu 5-1 and Panyu 11-6. During 2012, a production platform was added to each of the Panyu 4-2 and Panyu 5-1 fields. Production from the new platforms began in September 2012.

Exploration

- Unconventional Exploration
  In 2012, we entered into an agreement with Sinopec Southern Exploration Company to execute a joint study over the Qijiang Shale Gas Block, located in the Sichuan Basin. The Qijiang Shale Gas Block covers an area of 3,917 square kilometers. The study, which will be carried out over two years and includes seismic and drilling obligations, will be an important step in evaluating the potential for shale gas exploration in the area.

Malaysia

			2012		
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Total MBOED
Average Daily Net Production					
Gumusut	33.0 %	Shell	1	-	1
Total Malaysia			1	-	1

We own interests in four deepwater PSCs located off the eastern Malaysian state of Sabah: Block G, Block J, the Kebabangan (KBB) Cluster and SB-311. We have a 35 percent interest in Block G; 40 percent in Block J; 30 percent in KBB; and 40 percent in SB-311. First production from Gumusut, located in Block J, occurred in the fourth quarter of 2012. Production from a permanent, semi-submersible floating production and storage vessel is expected in late 2013, with estimated net annual peak production of 32 MBOED anticipated in 2014. The development of the KBB gas field commenced in 2011, with first production anticipated in late 2014. Estimated net annual peak production from KBB of 29 MBOED is expected in 2015. Development of the Siakap North-Petai oil field began in 2012, and first production is expected in late 2013. The Malikai oil field, sanctioned in the fourth quarter of 2012, is the fourth field under development. First production is anticipated in early 2017.

Exploration
In December 2012, we were formally awarded operatorship of exploration block SB-311, offshore Sabah. A two-well drilling program is planned for this block, and we expect to complete seismic reprocessing and acquisition in 2013.

Vietnam
We sold our Vietnam business in the first quarter of 2012. Net production averaged 3 MBOED in 2012.

Bangladesh
Exploration
In 2009, we were formally awarded two deepwater blocks in the Bay of Bengal, offshore Bangladesh. We received government approval of the PSC terms in June 2011 and hold 100 percent interests in Blocks 10 and 11. In 2012, we performed 2-D seismic activities and are currently evaluating the results.

Brunei
Exploration
We have a 6.25 percent working interest in Block CA-2. Two exploration wells were expensed as dry holes in 2011. Exploration activities continued during 2012, and we plan to drill a third well in 2013.

Qatar

	Interest	Operator	2012 Liquids MBD	2012 Natural Gas MMCFD	2012 Total MBOED
Average Daily Net Production					
Qatargas 3	30.0 %	Qatargas Operating Co.	23	367	84
Total Qatar			23	367	84

Qatargas 3 (QG3) is an integrated development jointly owned by Qatar Petroleum (68.5 percent), ConocoPhillips (30 percent) and Mitsui & Co., Ltd. (1.5 percent). QG3 is comprised of upstream natural gas production facilities to produce approximately 1.4 billion gross cubic feet per day of natural gas from Qatar's North Field over a 25 year life. It also includes a 7.8-million-gross-tonnes-per-year LNG facility, from which LNG is shipped in leased LNG carriers destined for sale globally. First gas production was achieved in October 2010, and we achieved peak production during 2011.

QG3 executed the development of the onshore and offshore assets as a single integrated development with Qatargas 4 (QG4), a joint venture between Qatar Petroleum and Royal Dutch Shell plc. This included the joint development of offshore facilities situated in a common offshore block in the North Field, as well as the construction of two identical LNG process trains and associated gas treating facilities for both the QG3 and QG4 joint ventures. Production from the LNG trains and associated facilities are combined and shared.

OTHER INTERNATIONAL

The Other International segment includes exploration and producing operations in Libya and Russia, as well as exploration activities in Angola and the Caspian Sea. In 2012, we agreed to sell our Nigerian and Algerian businesses and our interest in the Republic of Kazakhstan's North Caspian Sea Production Sharing Agreement (Kashagan). As such, results of these operations have been reclassified to discontinued operations for all periods presented. During 2012, operations in Other International contributed 6 percent of our worldwide liquids production.

Libya

	Interest	Operator	2012 Liquids MBD	2012 Natural Gas MMCFD	2012 Total MBOED
Average Daily Net Production					
Waha Concession	16.3 %	Waha Oil Co.	40	18	43
Total Libya			40	18	43

The Waha Concession consists of multiple concessions and encompasses nearly 13 million gross acres in the Sirte Basin. Our production operations in Libya and related oil exports were temporarily suspended in 2011 during Libya's period of civil unrest. Production restarted in late 2011 and reached 49 MBOED in November 2012.

Exploration

We participated in an exploration appraisal program within the Waha Concession in 2012 and are currently evaluating results. We drilled three appraisal wells during 2012 and completed one exploration well in early 2013.

Russia

	Interest	Operator	2012 Liquids MBD	2012 Natural Gas MMCFD	2012 Total MBOED
Average Daily Net Production					
Naryanmarneftegaz (NMNG)	30.0 %	OOO NMNG	8	-	8
Polar Lights	50.0	Polar Lights Co.	5	-	5
Total Russia			13	-	13

NMNG
We sold our interest in NMNG in the third quarter of 2012.

Polar Lights
Polar Lights Company is an entity which has developed several fields in the Timan-Pechora Basin in northern Russia.

Angola
Exploration
Effective January 1, 2012, we entered into two PSCs with Angola's national oil company. We have a 30 percent operating interest in Blocks 36 and 37, both of which are located in Angola's subsalt play trend. In 2012, we acquired 3-D seismic data for both ultra-deepwater blocks and are currently evaluating the data. The first wildcat well is expected to be spud in 2014.

Kazakhstan
Transportation
The Baku-Tbilisi-Ceyhan (BTC) Pipeline transports crude oil from the Caspian Region through Azerbaijan, Georgia and Turkey for tanker loadings at the port of Ceyhan. We have a 2.5 percent interest in BTC.

Exploration
We disposed of our interest in the N Block, located offshore Kazakhstan, in January 2013.

Discontinued Operations

Nigeria

	Interest	Operator	2012 Liquids MBD	2012 Natural Gas MMCFD	2012 Total MBOED
Average Daily Net Production*					
OMLs 60, 61, 62, 63	20.0 %	Eni	16	149	40
Total Nigeria			16	149	40

**Reclassified to discontinued operations.*

We have an interest in four onshore Oil Mining Leases (OMLs). Natural gas is sourced from our proved reserves in the OMLs and provides fuel for a 480-megawatt gas-fired power plant in Kwale, Nigeria. We have a 20 percent interest in this power plant, which supplies electricity to Nigeria's national electricity supplier. In 2012, the plant consumed 12 million net cubic feet per day of natural gas.

We have a 17 percent equity interest in Brass LNG Limited, which plans to construct an LNG facility in the Niger Delta.

In December 2012, we entered into an agreement to sell our entire Nigerian business. The transaction is expected to close by mid-2013.

Algeria

			2012		
	Interest	Operator	Liquids MBD	Natural Gas MMCFD	Total MBOED
Average Daily Net Production*					
Menzel Lejmat North	65.0 %	ConocoPhillips	8	-	8
Ourhoud	3.7	L'Organization Ourhoud	3	-	3
Total Algeria			11	-	11

**Reclassified to discontinued operations.*

Our activities in Algeria are centered around the following fields in Block 405a: the Menzel Lejmat North Fields (MLN), the Ourhoud Field and the EMK Field. Crude oil production from MLN and Ourhoud is transported to northern Algerian ports where it is sold. The development of the EMK Field, in which we own a 16.9 percent interest, was sanctioned in 2009. Startup is anticipated in mid-2013.

In December 2012, we entered into an agreement to sell our entire Algerian business. The transaction is expected to close by mid-2013.

Kazakhstan

In the Caspian Sea, we have an 8.4 percent interest in Kashagan. In November 2012, we announced our intention to sell our entire interest in Kashagan. The transaction is expected to close by mid-2013, subject to customary governmental approvals.

LUKOIL INVESTMENT

This segment represents our former investment in the ordinary shares of OAO LUKOIL, an international, integrated oil and gas company headquartered in Russia. We sold our remaining interest in LUKOIL in the first quarter of 2011.

OTHER

Marketing Activities

Our Commercial organization manages our worldwide commodity portfolio, which mainly includes natural gas, crude oil, bitumen, natural gas liquids and LNG. Marketing activities are performed through offices in the United States, Canada, Europe and Asia. In marketing our production, we attempt to minimize flow disruptions, maximize realized prices and manage credit-risk exposure. Commodity sales are generally made at prevailing market prices at the time of sale. We also purchase third-party volumes to better position the Company to fully utilize transportation and storage capacity and satisfy customer demand.

Natural Gas

Our natural gas production, along with third-party purchased gas, is marketed in the United States, Canada, Europe and Asia. Our natural gas is sold to a diverse client portfolio which includes local distribution companies; gas and power utilities; large industrials; independent, integrated or state-owned oil and gas companies; as well as marketing companies. To reduce our market exposure and credit risk, we also transport natural gas via firm and interruptible transportation agreements to major market hubs.

Crude Oil, Bitumen and Natural Gas Liquids

Our crude oil, bitumen and natural gas liquids revenues are derived from production in the United States, Canada, Australia, Asia, Africa, China and Europe. These commodities are primarily sold under contracts with prices based on market indices, adjusted for location, quality and transportation.

Spill Containment

Marine Well Containment Company

We are a founding member of the Marine Well Containment Company (MWCC), a non-profit organization formed in 2010 which provides well containment equipment and technology in the deepwater U.S. Gulf of Mexico. In 2011, MWCC launched an interim containment system designed to improve containment response capabilities in the event of an underwater well control incident. In 2012, MWCC and the U.S. Bureau of Safety and Environmental Enforcement announced the successful demonstration of the industry's ability to respond to a deepwater well control incident in the U.S. Gulf of Mexico. MWCC is advancing this capability and is currently developing an expanded containment system with significantly increased capacity. The expanded containment system is expected to be available in 2013.

Subsea Well Response Project

In 2011, we, along with eight leading oil and gas companies, launched the Subsea Well Response Project (SWRP), an initiative designed to enhance the industry's capability to respond to international subsea well control incidents. In 2012, SWRP, a non-profit organization based in Stavanger, Norway, partnered with Oil Spill Response Limited, a non-profit organization in the United Kingdom, in order to develop integrated intervention systems which are more widely available to the industry. This complements the work being undertaken in the United States by MWCC and also in the United Kingdom by the Oil Spill Prevention and Response Advisory Group (OSPRAG), enhancing our global well response capabilities. We are also a participant in OSPRAG.

LNG Technology

Our Optimized Cascade® LNG liquefaction technology business continues to grow with the demand for new LNG plants. The technology has been applied in 10 LNG trains around the world, with 10 more under construction.

RESERVES

We have not filed any information with any other federal authority or agency with respect to our estimated total proved reserves at December 31, 2012. No difference exists between our estimated total proved reserves for year-end 2011 and year-end 2010, which are shown in this filing, and estimates of these reserves shown in a filing with another federal agency in 2012.

DELIVERY COMMITMENTS

We sell crude oil and natural gas from our producing operations under a variety of contractual arrangements, some of which specify the delivery of a fixed and determinable quantity. Our Commercial organization also enters into natural gas sales contracts where the source of the natural gas used to fulfill the contract can be the spot market or a combination of our reserves and the spot market. Worldwide, we are contractually committed to deliver approximately 4 trillion cubic feet of natural gas, including approximately 600 billion cubic feet related to the noncontrolling interests of consolidated subsidiaries, and 80 million barrels of crude oil in the future. These contracts have various expiration dates through the year 2028. We expect to fulfill the majority of these delivery commitments with proved developed reserves. In addition, we anticipate using proved undeveloped reserves and spot market purchases to fulfill these remaining commitments. See the disclosure on "Proved Undeveloped Reserves" in the "Oil and Gas Operations" section following the Notes to Consolidated Financial Statements, for information on the development of proved undeveloped reserves.

COMPETITION

We compete with private, public and state-owned companies in all facets of the E&P business. Some of our competitors are larger and have greater resources. Each of our segments is highly competitive, with no single competitor, or small group of competitors, dominating.

We compete with numerous other companies in the industry, including state-owned companies, to locate and obtain new sources of supply and to produce oil, bitumen, natural gas liquids and natural gas in an efficient, cost-effective manner. Based on publicly available year-end 2011 reserves statistics, we had the seventh-largest total of worldwide proved reserves of nongovernment-controlled companies. We deliver our production into the worldwide commodity markets. Principal methods of competing include geological, geophysical and engineering research and technology; experience and expertise; economic analysis in connection with portfolio management; and efficiently operating oil and gas producing properties.

GENERAL

At the end of 2012, we held a total of 784 active patents in 54 countries worldwide, including 319 active U.S. patents. During 2012, we received 15 patents in the United States and 47 foreign patents. Our products and processes generated licensing revenues of $124 million in 2012. The overall profitability of any business segment is not dependent on any single patent, trademark, license, franchise or concession.

Company-sponsored research and development activities charged against earnings were $221 million, $193 million and $172 million in 2012, 2011 and 2010, respectively.

Our Health, Safety and Environment (HSE) organization provides tools and support to our business units and staff groups to help them ensure consistent health, safety and environmental excellence. In support of the goal of zero incidents, we have implemented an HSE Excellence process, which enables business units to measure their performance and compliance with our HSE Management System requirements, identify gaps, and develop improvement plans. Assessments are conducted annually to capture progress and set new targets. We are also committed to continuously improving process safety and preventing releases of hazardous materials.

The environmental information contained in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 58 through 62 under the captions "Environmental" and "Climate Change" is incorporated herein by reference. It includes information on expensed and capitalized environmental costs for 2012 and those expected for 2013 and 2014.

Website Access to SEC Reports

Our Internet website address is *www.conocophillips.com*. Information contained on our Internet website is not part of this report on Form 10-K.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on our website, free of charge, as soon as reasonably practicable after such reports are filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC). Alternatively, you may access these reports at the SEC's website at *www.sec.gov*.

Item 1A. RISK FACTORS

You should carefully consider the following risk factors in addition to the other information included in this Annual Report on Form 10-K. Each of these risk factors could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common stock.

Our operating results, our future rate of growth and the carrying value of our assets are exposed to the effects of changing commodity prices.

Our revenues, operating results and future rate of growth are highly dependent on the prices we receive for our crude oil, bitumen, natural gas, natural gas liquids and LNG. The factors influencing these prices are beyond our control. Lower crude oil, bitumen, natural gas, natural gas liquids and LNG prices may have a material adverse effect on our revenues, operating income and cash flows and may reduce the amount of these commodities we can produce economically.

Unless we successfully add to our existing proved reserves, our future crude oil, bitumen, natural gas and natural gas liquids production will decline, resulting in an adverse impact to our business.

The rate of production from upstream fields generally declines as reserves are depleted. Except to the extent that we conduct successful exploration and development activities, or, through engineering studies, identify additional or secondary recovery reserves, our proved reserves will decline materially as we produce crude oil, bitumen, natural gas and natural gas liquids. Accordingly, to the extent we are unsuccessful in replacing the crude oil, bitumen, natural gas and natural gas liquids we produce with good prospects for future production, our business will experience reduced cash flows and results of operations.

Any material change in the factors and assumptions underlying our estimates of crude oil, bitumen, natural gas and natural gas liquids reserves could impair the quantity and value of those reserves.

Our proved reserve information included in this annual report has been derived from engineering estimates prepared or reviewed by our personnel. Any significant future price changes could have a material effect on the quantity and present value of our proved reserves. Future reserve revisions could also result from changes in, among other things, governmental regulation. Reserve estimation is a process that involves estimating volumes to be recovered from underground accumulations of crude oil, bitumen, natural gas and natural gas liquids that cannot be directly measured. As a result, different petroleum engineers, each using industry-accepted geologic and engineering practices and scientific methods, may produce different estimates of reserves and future net cash flows based on the same available data. Any material changes in the factors and assumptions underlying our estimates of these items could result in a material negative impact to the volume of reserves reported.

We expect to continue to incur substantial capital expenditures and operating costs as a result of our compliance with existing and future environmental laws and regulations. Likewise, future environmental laws and regulations may impact or limit our current business plans and reduce demand for our products.

Our businesses are subject to numerous laws and regulations relating to the protection of the environment. These laws and regulations continue to increase in both number and complexity and affect our operations with respect to, among other things:

- The discharge of pollutants into the environment.
- Emissions into the atmosphere (such as nitrogen oxides, sulfur dioxide and mercury emissions, and greenhouse gas emissions as they are, or may become, regulated).
- The handling, use, storage, transportation, disposal and cleanup of hazardous materials and hazardous and nonhazardous wastes.

- The dismantlement, abandonment and restoration of our properties and facilities at the end of their useful lives.
- Exploration and production activities in certain areas, such as offshore environments, arctic fields, oil sands reservoirs and shale gas plays.

We have incurred and will continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of these laws and regulations. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of our products and services, our business, financial condition, results of operations and cash flows in future periods could be materially adversely affected.

Although our business operations are designed and operated to accommodate expected climatic conditions, to the extent there are significant changes in the Earth's climate, such as more severe or frequent weather conditions in the markets we serve or the areas where our assets reside, we could incur increased expenses, our operations could be materially impacted, and demand for our products could fall.

In addition, in response to the Deepwater Horizon incident, the United States, as well as other countries where we do business, may make changes to their laws or regulations governing offshore operations that could have a material adverse effect on our business.

Domestic and worldwide political and economic developments could damage our operations and materially reduce our profitability and cash flows.

Actions of the U.S., state, local and foreign governments, through tax and other legislation, executive order and commercial restrictions, could reduce our operating profitability both in the United States and abroad. In certain locations, governments have imposed or proposed restrictions on our operations; special taxes or tax assessments; and payment transparency regulations that could require us to disclose competitively sensitive information or might cause us to violate non-disclosure laws of other countries. The U.S. government can also prevent or restrict us from doing business in foreign countries. These restrictions and those of foreign governments have in the past limited our ability to operate in, or gain access to, opportunities in various countries. Actions by host governments have affected operations significantly in the past, such as the expropriation of our oil assets by the Venezuelan government, and may continue to do so in the future.

Local political and economic factors in international markets could have a material adverse effect on us. Approximately 56 percent of our hydrocarbon production from continuing operations was derived from production outside the United States in 2012, and 57 percent of our proved reserves, as of December 31, 2012, was located outside the United States. We are subject to risks associated with operations in international markets, including changes in foreign governmental policies relating to crude oil, natural gas liquids, bitumen, natural gas or LNG pricing and taxation, other political, economic or diplomatic developments, changing political conditions and international monetary fluctuations.

Changes in governmental regulations may impose price controls and limitations on production of crude oil, natural gas, bitumen, and natural gas liquids.

Our operations are subject to extensive governmental regulations. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of crude oil, natural gas, bitumen and natural gas liquids wells below actual production capacity. Because legal requirements are frequently changed and subject to interpretation, we cannot predict the effect of these requirements.

Our investments in joint ventures decrease our ability to manage risk.

We conduct many of our operations through joint ventures in which we may share control with our joint venture participants. There is a risk our joint venture participants may at any time have economic, business or legal interests or goals that are inconsistent with those of the joint venture or us, or our joint venture participants may be unable to meet their economic or other obligations and we may be required to fulfill those obligations alone. Failure by us, or an entity in which we have a joint venture interest, to adequately manage the risks associated with any acquisitions or joint ventures could have a material adverse effect on the financial condition or results of operations of our joint ventures and, in turn, our business and operations.

We do not insure against all potential losses; therefore, we could be harmed by unexpected liabilities and increased costs.

We maintain insurance against many, but not all, potential losses or liabilities arising from operating risks. As such, our insurance coverage may not be sufficient to fully cover us against potential losses arising from such risks. Uninsured losses and liabilities arising from operating risks could reduce the funds available to us for capital, exploration and investment spending and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our operations present hazards and risks that require significant and continuous oversight.

The scope and nature of our operations present a variety of significant hazards and risks, including operational hazards and risks such as explosions, fires, pipeline interruptions, pipeline ruptures, crude oil spills, severe weather, geological events, labor disputes, or cyber attacks. Our operations are also subject to the additional hazards of pollution, releases of toxic gas and other environmental hazards and risks. All such hazards could result in loss of human life, significant property and equipment damage, environmental pollution, impairment of operations, substantial losses to us and damage to our reputation.

Our technologies, systems and networks may be subject to cybersecurity breaches. Although we have experienced occasional, actual or attempted breaches of our cybersecurity, none of these breaches has had a material effect on our business, operations or reputation. If our systems for protecting against cybersecurity risks prove to be insufficient, we could be adversely affected by having our business systems compromised, our proprietary information altered, lost or stolen, or our business operations disrupted.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 3. LEGAL PROCEEDINGS

The following is a description of reportable legal proceedings, including those involving governmental authorities under federal, state and local laws regulating the discharge of materials into the environment for this reporting period. The following proceedings include those matters that arose during the fourth quarter of 2012, as well as matters previously reported in our 2011 Form 10-K and our first-, second- and third-quarter 2012 Form 10-Qs that were not resolved prior to the fourth quarter of 2012. Material developments to the previously reported matters have been included in the descriptions below. While it is not possible to accurately predict the final outcome of these pending proceedings, if any one or more of such proceedings was decided adversely to ConocoPhillips, we expect there would be no material effect on our consolidated financial position. Nevertheless, such proceedings are reported pursuant to SEC regulations.

New Matters

The New Mexico Environment Department has issued four Notices of Violation (NOVs) to ConocoPhillips alleging a total of twenty individual violations for failure to comply with air emission recordkeeping, reporting and testing requirements at various natural gas compression operations in northwestern New Mexico. These violations are alleged to have occurred between 2006 and 2012. The agency is seeking a penalty of over $100,000. We have submitted responses to all four of the NOVs and will work with the agency to resolve these matters.

Matters Previously Reported – ConocoPhillips

The North Dakota Department of Health has requested all the operators in the Bakken Pool area, including ConocoPhillips, enter into an Administrative Consent Agreement to resolve alleged historic violations of the state's air emission regulations. The state is proposing a penalty of $2,000 per well drilled in the Bakken Pool which would result in total penalty to the company of over $100,000. ConocoPhillips is working with the state to resolve this matter.

Matters Previously Reported – Phillips 66

On April 30, 2012, the separation of our Downstream business was completed, creating two independent energy companies: ConocoPhillips and Phillips 66. In connection with the separation, we entered into an Indemnification and Release Agreement, which provides for cross-indemnities between Phillips 66 and us and established procedures for handling claims subject to indemnification and related matters, such as legal proceedings. We have included matters where we remain a party to a proceeding relating to Phillips 66, in accordance with SEC regulations. We do not expect any of those matters to result in a net claim against us.

On September 19, 2012, the Bay Area Air Quality Management District (District) issued a $213,500 demand to settle fourteen NOVs issued in 2009 and 2010 with respect to alleged violations of regulatory and/or permit requirements at the Phillips 66 Rodeo Refinery. Phillips 66 is working with the District to resolve this matter.

On October 15, 2012, the District issued a $313,000 demand to settle thirteen NOVs issued in 2010 and 2011 with respect to alleged violations of regulatory and/or permit requirements at the Phillips 66 Rodeo Refinery. Phillips 66 is working with the District to resolve this matter.

On March 7, 2012, the District issued a $302,500 demand to settle five NOVs issued between 2008 and 2010 to the Phillips 66 Rodeo Refinery. The NOVs allege non-compliance with the District rules and/or facility permit conditions. Phillips 66 is working with the District to resolve this matter.

In May 2012, the Illinois Attorney General's office filed and served a Complaint against ConocoPhillips with respect to operations at the Phillips 66 Wood River Refinery alleging violations of the Illinois groundwater standards and a third-party's hazardous waste permit. The Complaint seeks as relief remediation of area

groundwater, compliance with the hazardous waste permit, enhanced pipeline and tank integrity measures, additional spill reporting, and yet-to-be specified amounts for fines and penalties. Phillips 66 is working with the Illinois Environmental Protection Agency and Attorney General's office to resolve these allegations.

In December 2011, ConocoPhillips was notified by the U.S. Environmental Protection Agency (EPA) of alleged violations related to the use of Renewable Identification Numbers (RINs). Phillips 66 was one of several companies who entered Administrative Settlement Agreements (ASAs) with the EPA to settle allegations it had used invalid RINs for its 2010 and 2011 fuel program compliance. Under this Agreement, Phillips 66 will pay a maximum of $350,000 in penalties for the use of invalid RINs. Payments are made upon demand from the EPA. To date, $250,000 has been paid and it is anticipated the EPA will demand the final $100,000 in 2013.

On November 28, 2011, the Phillips 66 Borger Refinery received a Notice of Enforcement from the Texas Commission on Environmental Quality (TCEQ) for alleged emissions events that occurred during inclement weather in January and February 2011. The TCEQ is seeking a penalty of $120,000. Phillips 66 is working with TCEQ to resolve this matter.

In October 2011, ConocoPhillips was notified by the Attorney General of the State of California it was conducting an investigation into possible violations of the regulations relating to the operation of underground storage tanks at gas stations in California. On January 3, 2013, we were served with a lawsuit filed by the California Attorney General that alleges such violations. Philips 66 is contesting these allegations.

In October 2007, we received a Complaint from the EPA alleging violations of the Clean Water Act related to a 2006 oil spill at the Phillips 66 Bayway Refinery and proposing a penalty of $156,000. Phillips 66 is working with the EPA and the U.S. Coast Guard to resolve this matter.

On May 19, 2010, the Phillips 66 Lake Charles Louisiana Refinery received a Consolidated Compliance Order and Notice of Potential Penalty from the Louisiana Department of Environmental Quality (LDEQ) alleging various violations of applicable air emission regulations, as well as certain provisions of the consent decree in Civil Action No. H-01-4430. Phillips 66 is working with the LDEQ to resolve this matter.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Position Held	Age*
Ellen R. DeSanctis	Vice President, Investor Relations and Communications	56
Sheila Feldman	Vice President, Human Resources	58
Matt J. Fox	Executive Vice President, Exploration and Production	52
Alan J. Hirshberg	Executive Vice President, Technology and Projects	51
Janet L. Kelly	Senior Vice President, Legal, General Counsel and Corporate Secretary	55
Ryan M. Lance	Chairman of the Board of Directors and Chief Executive Officer	50
Glenda M. Schwarz	Vice President and Controller	47
Jeff W. Sheets	Executive Vice President, Finance and Chief Financial Officer	55
Don E. Wallette, Jr.	Executive Vice President, Commercial, Business Development and Corporate Planning	54

**On February 15, 2013.*

There are no family relationships among any of the officers named above. Each officer of the Company is elected by the Board of Directors at its first meeting after the Annual Meeting of Stockholders and thereafter as appropriate. Each officer of the Company holds office from the date of election until the first meeting of the directors held after the next Annual Meeting of Stockholders or until a successor is elected. The date of the next annual meeting is May 14, 2013. Set forth below is information about the executive officers.

Ellen R. DeSanctis was appointed Vice President, Investor Relations and Communications in May 2012. She was previously employed by Petrohawk Energy Corp. and served as Senior Vice President, Corporate Communications since 2010. Prior to that she was employed by Rosetta Resources Inc. and served as Executive Vice President of Strategy and Development from 2008 to 2010.

Sheila Feldman was appointed Vice President, Human Resources in May 2012. She was previously employed by Arch Coal, Inc. and served as Vice President, Human Resources since 2003.

Matt J. Fox was appointed Executive Vice President, Exploration and Production in May 2012. Prior to that, he was employed by Nexen, Inc. and served as Executive Vice President, International since 2010. He was previously employed by ConocoPhillips and served as President, ConocoPhillips Canada from 2009 to 2010 and Senior Vice President, Oil Sands and Canadian Arctic from 2007 to 2009.

Alan J. Hirshberg was appointed Executive Vice President, Technology and Projects in May 2012. Prior to that, he served as Senior Vice President, Planning and Strategy since 2010. He was previously employed by Exxon Mobil Corporation and served as Vice President, Worldwide Deepwater and Africa Projects since 2009; Vice President, Worldwide Deepwater Projects from 2008 to 2009; and Vice President, Established Areas Projects from 2006 to 2008.

Janet L. Kelly was appointed Senior Vice President, Legal, General Counsel and Corporate Secretary in 2007.

Ryan M. Lance was appointed Chairman of the Board of Directors and Chief Executive Officer in May 2012, having previously served as Senior Vice President, Exploration and Production—International since May 2009. Prior to that, he served as President, Exploration and Production—Asia, Africa, Middle East and Russia/Caspian since April 2009; and President, Exploration and Production— Europe, Asia, Africa and the Middle East from 2007 to 2009.

Glenda M. Schwarz was appointed Vice President and Controller in 2009. She previously served as General Auditor and Chief Ethics Officer from 2008 to 2009.

Jeff W. Sheets was appointed Executive Vice President, Finance and Chief Financial Officer in May 2012. Prior to that, he served as Senior Vice President, Finance and Chief Financial Officer since 2010 and Senior Vice President, Planning and Strategy since 2008.

Don E. Wallette, Jr. was appointed Executive Vice President, Commercial, Business Development and Corporate Planning in May 2012. Prior to that, he served as President, Asia Pacific since 2010 and President, Russia/Caspian from 2006 to 2010.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Quarterly Common Stock Prices and Cash Dividends Per Share

ConocoPhillips' common stock is traded on the New York Stock Exchange, under the symbol "COP."

	Stock Price		
	High	Low	Dividends
2012			
First	**$ 78.29**	**68.00**	**0.66**
Second	**77.31**	**50.62**	**0.66**
Third	**58.90**	**52.84**	**0.66**
Fourth	**59.65**	**53.95**	**0.66**
2011			
First	$ 81.80	66.50	0.66
Second	81.75	70.08	0.66
Third	80.13	60.40	0.66
Fourth	73.90	58.65	0.66
Closing Stock Price at December 31, 2012			$ 57.99
Closing Stock Price at January 31, 2013			$ 58.00
Number of Stockholders of Record at January 31, 2013*			56,511

**In determining the number of stockholders, we consider clearing agencies and security position listings as one stockholder for each agency listing.*

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased*	Average Price Paid Per Share	Shares Purchased as Part of Publicly Announced Plans or Programs**	Millions of Dollars Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1-31, 2012	5,165	$ 57.39	-	$ 4,901
November 1-30, 2012	-	-	-	4,901
December 1-31, 2012	7,359	57.67	-	4,901
Total	12,524	$ 57.56	-	

**Includes the repurchase of common stock from company employees in connection with the Company's broad-based employee incentive plans.*

***On December 2, 2011, we announced a share repurchase program to repurchase up to $10 billion of common stock over the next two years. Acquisitions for the share repurchase program are made at management's discretion, at prevailing prices, subject to market conditions and other factors. Repurchases may be increased, decreased or discontinued at any time without prior notice. Shares of stock repurchased under the plan are held as treasury shares.*

Item 6. SELECTED FINANCIAL DATA

	Millions of Dollars Except Per Share Amounts				
	2012	2011	2010	2009	2008
Sales and other operating revenues	**$ 57,967**	64,196	56,215	47,879	87,468
Income (loss) from continuing operations	**7,481**	7,188	10,305	3,737	(19,483)
Per common share					
Basic	**5.95**	5.18	6.93	2.46	(12.83)
Diluted	**5.91**	5.14	6.88	2.44	(12.83)
Net income (loss)	**8,498**	12,502	11,417	4,492	(16,279)
Net income (loss) attributable to ConocoPhillips	**8,428**	12,436	11,358	4,414	(16,349)
Per common share					
Basic	**6.77**	9.04	7.68	2.96	(10.73)
Diluted	**6.72**	8.97	7.62	2.94	(10.73)
Total assets	**117,144**	153,230	156,314	152,138	142,865
Long-term debt	**20,770**	21,610	22,656	26,925	27,085
Joint venture acquisition obligation—long-term	**2,810**	3,582	4,314	5,009	5,669
Cash dividends declared per common share	**2.64**	2.64	2.15	1.91	1.88

Many factors can impact the comparability of this information, such as:

- Net income (loss) and Net income (loss) attributable to ConocoPhillips for all periods presented includes income from discontinued operations as a result of the separation of the Downstream business and our intention to sell our interest in Kashagan and our Nigerian and Algerian businesses. Income from discontinued operations for these operations was $1,017 million in 2012, $5,314 million in 2011, $1,112 million in 2010, $755 million in 2009 and $3,204 million in 2008. For additional information, see Note 2—Discontinued Operations, in the Notes to Consolidated Financial Statements.

- The financial data for 2010 includes the impact of $5,563 million before-tax ($4,463 million after-tax) related to gains from asset dispositions and LUKOIL share sales.

- The financial data for 2008 includes the impact of impairments related to goodwill and to our LUKOIL investment that together amount to $32,939 million before- and after-tax.

See Management's Discussion and Analysis of Financial Condition and Results of Operations and the Notes to Consolidated Financial Statements for a discussion of factors that will enhance an understanding of this data.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

February 19, 2013

Management's Discussion and Analysis is the Company's analysis of its financial performance and of significant trends that may affect future performance. It should be read in conjunction with the financial statements and notes, and supplemental oil and gas disclosures included elsewhere in this report. It contains forward-looking statements including, without limitation, statements relating to the Company's plans, strategies, objectives, expectations and intentions that are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The words "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and similar expressions identify forward-looking statements. The Company does not undertake to update, revise or correct any of the forward-looking information unless required to do so under the federal securities laws. Readers are cautioned that such forward-looking statements should be read in conjunction with the Company's disclosures under the heading: "CAUTIONARY STATEMENT FOR THE PURPOSES OF THE 'SAFE HARBOR' PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995," beginning on page 67.

Due to the separation of the downstream businesses and our intention to sell our interest in the North Caspian Sea Production Sharing Agreement (Kashagan) and our Nigerian and Algerian businesses in 2012, which are reported as discontinued operations, income (loss) from continuing operations is more representative of ConocoPhillips as an independent exploration and production company. The terms "earnings" and "loss" as used in Management's Discussion and Analysis refer to income (loss) from continuing operations.

BUSINESS ENVIRONMENT AND EXECUTIVE OVERVIEW

ConocoPhillips is the world's largest independent exploration and production (E&P) company, based on proved reserves and production of liquids and natural gas. Headquartered in Houston, Texas, we have operations and activities in 30 countries. At December 31, 2012, we had approximately 16,900 employees worldwide and total assets of $117 billion. Our stock is listed on the New York Stock Exchange under the symbol "COP."

Discontinued Operations

On April 30, 2012, we completed the separation of our downstream businesses into an independent, publicly traded company, Phillips 66. Our refining, marketing and transportation businesses, most of our Midstream segment, our Chemicals segment, as well as our power generation and certain technology operations included in our Emerging Businesses segment (collectively, our "Downstream business"), were transferred to Phillips 66. As a part of our strategic asset disposition program, in the fourth quarter of 2012, we agreed to sell our interest in Kashagan and our Nigerian and Algerian businesses. Results of operations related to Phillips 66, Kashagan, Nigeria and Algeria have been classified as discontinued operations in all periods presented in this Annual Report on Form 10-K. For additional information, see Note 2—Discontinued Operations, in the Notes to Consolidated Financial Statements.

Overview

As an independent E&P company, we are solely focused on our core business of exploring for, developing and producing crude oil and natural gas globally. Our portfolio primarily includes legacy assets in North America, Europe, Asia and Australia; growing North American shale and oil sands businesses; several major international developments; and a global exploration program. Our value proposition to our shareholders is to deliver

production and cash margin growth, competitive returns on capital, and a compelling dividend, while keeping our fundamental commitment to safety, operating excellence and environmental stewardship. We expect to achieve our value proposition through portfolio optimization, investments in high-margin developments, applying technical capability and maintaining financial flexibility.

In our first year as an independent E&P company, we achieved production of 1.58 million barrels of oil equivalent per day (BOED), including production from discontinued operations of .05 million BOED; advanced our growth and drilling programs; paid dividends on our common stock of $3.3 billion for the full year; and repurchased 80 million shares of our common stock at a total cost of $5.1 billion. In 2012, we also announced plans to raise $8–$10 billion of proceeds from asset dispositions by the end of 2013. As part of this program, we have generated $2.1 billion in proceeds from asset dispositions through December 31, 2012. We have also announced asset sales, expected to close by mid-2013, which will generate approximately $9.6 billion in additional proceeds. In the near-term, we will fund a portion of our capital program with these proceeds. Over the next five years, our investment in high-margin developments should position us to deliver 3–5 percent annual production volume and margin growth, enabling us to fund our capital program organically.

Our total capital program is expected to be $15.8 billion in 2013, compared to $15.7 billion in 2012. Excluding Kashagan, Nigeria and Algeria, which are reported as discontinued operations, our 2013 capital program is expected to be $15.5 billion, compared to $14.9 billion in 2012. Our investments will be directed predominantly toward high-quality developments already underway in the United States, Canada, the United Kingdom and Norwegian North Sea, Malaysia and Australia, as well as exploration opportunities which will build our inventory for the future.

Key Operating and Financial Highlights

Significant highlights during 2012 included the following:

- Completed the separation of our Downstream business on April 30, 2012, creating two independent energy companies, ConocoPhillips and Phillips 66.
- Achieved annual production of 1.58 million BOED, including production from discontinued operations of .05 million BOED, and generated earnings of $7.5 billion.
- Achieved annual organic reserve replacement of 156 percent and year-end proved reserves of 8.6 billion barrels of oil equivalent.
- Repurchased 80 million ConocoPhillips shares, representing 6 percent of our outstanding shares.
- Paid quarterly dividends of 66 cents per share, consistent with pre-separation dividends.
- Exceeded 100,000 BOED production milestone in the Eagle Ford; continued Bakken activity ramp up.
- Exceeded 100,000 BOED average production in the Canadian Oil sands in the fourth quarter of 2012.
- Progressed FCCL expansion with sanction of Christina Lake Phase F and Narrows Lake Phase A.
- Achieved first oil from the Gumusut Field in Malaysia.
- Increased deepwater Gulf of Mexico position to 1.7 million acres; continued appraisal drilling. Expect to increase acreage position to 2.0 million acres in the first quarter of 2013.
- Increased Niobrara acreage position to approximately 130,000 acres; continued drilling and testing of unconventional shale plays.
- Progressed the Australia Pacific LNG Project with sanction of the second train in early July 2012; secured $8.5 billion project finance facility.
- Advanced the disposition program with the announcement of agreements to sell Kashagan, Algeria and Nigeria, generating approximately $8.5 billion in expected proceeds.

Business Environment

In recent years, the business environment for the energy industry has experienced many challenges which have influenced our operations and profitability, largely due to factors beyond our control, such as the recent financial crisis, geopolitical events or fears thereof, environmental laws, tax regulations, governmental policies, and weather-related disruptions. These factors generally influence the supply and demand of crude oil and natural gas. The most significant factor impacting our profitability and related reinvestment of our

operating cash flows into our business is commodity prices. The prices for commodity products are supply- and demand-based and can be very volatile; therefore, to navigate through the volatility, our strategy is to maintain a core portfolio of low-risk, high-return development programs associated with legacy assets, coupled with a portfolio of development opportunities which offer high-margin growth, such as unconventional plays, deepwater and arctic drilling, and liquefied natural gas (LNG).

Operating and Financial Priorities

Important factors we must continue to manage well in order to be successful include:

- Operating safely, consistently and in an environmentally sound manner. Safety is our first priority, and we are committed to protecting the health and safety of everyone who has a role in our operations and the communities in which we operate. We strive to conduct our business with respect and care for both the local and global environment and systematically manage risk to drive sustainable business growth.

  There has been heightened public focus on the safety of the oil and gas industry as a result of the 2010 Deepwater Horizon incident in the Gulf of Mexico. Safety and environmental stewardship, including the operating integrity of our assets, remain our highest priorities. In 2010, we formed a non-profit organization, the Marine Well Containment Company LLC (MWCC), with Exxon Mobil Corporation, Chevron Corporation and Royal Dutch Shell plc, to develop a new oil spill containment system and improve industry spill response in the U.S. Gulf of Mexico. To complement this work internationally, in 2011, we and several leading oil and gas companies established the Subsea Well Response Project in Norway, and we participated in the Oil Spill Prevention and Response Advisory Group in the United Kingdom.

- Adding to our proved reserve base. We primarily add to our proved reserve base in three ways:

  - Successful exploration, exploitation and development of new and existing fields.
  - Application of new technologies and processes to improve recovery from existing fields.
  - Acquisition of existing fields.

  Through a combination of the methods listed above, we have been successful in the past in maintaining or adding to our production and proved reserve base, and we anticipate being able to do so in the future. In the five years ended December 31, 2012, our organic reserve replacement was 108 percent, excluding LUKOIL and the impact of sales and purchases.

  Access to additional resources has become increasingly difficult as direct investment is prohibited in some nations, while fiscal and other terms in other countries can make projects uneconomic or unattractive. In addition, political instability, competition from national oil companies, and lack of access to high-potential areas due to environmental or other regulation may negatively impact our ability to increase our reserve base. As such, the timing and level at which we add to our reserve base may, or may not, allow us to replace our production over subsequent years.

- Disciplined investment approach. We participate in a capital-intensive industry. As a result, we must often invest significant capital dollars to explore for new oil and gas fields, develop newly discovered fields, maintain existing fields, or construct pipelines and LNG facilities. We use a disciplined approach to select the appropriate projects which will provide the most attractive investment opportunities, with a continued focus on higher-margin liquids plays and limited investment in North American conventional natural gas. As investments bring more liquids production online, we expect a corresponding shift in our production mix. However, there are often long lead times from the time we make an investment to the time the investment is operational and begins generating financial returns.

Our $15.8 billion capital program includes contributions to FCCL of $0.8 billion. Our capital expenditures and investment budget for 2013, excluding FCCL, is $15.0 billion, compared to actual capital expenditures and investments in 2012 of $15.0 billion. Excluding discontinued operations for Kashagan, Nigeria and Algeria, we estimate 2013 capital expenditures and investments will be $14.7 billion, compared to $14.2 billion in 2012. Approximately 10 percent of the 2013 capital budget is expected to be directed toward maintenance of our legacy base portfolio; 40 percent is expected to be allocated to exploitation programs in our legacy asset base, which is intended to offset natural decline from these assets; 35 percent is expected to be spent on sanctioned major developments, such as Eldfisk II, Jasmine and APLNG; and 15 percent is planned for our worldwide exploration and appraisal program, which will target both conventional and unconventional plays.

- Portfolio optimization. We continue to optimize our asset portfolio by focusing on assets which offer the highest returns and growth potential, while selling nonstrategic holdings. In 2012, we announced plans to sell an additional $8–$10 billion of noncore assets through the end of 2013. During 2012, we sold our Vietnam business, the Statfjord and Alba fields in the North Sea, our investment in Naryanmarneftegaz (NMNG) in Russia, and we further diluted our interest in APLNG from 42.5 percent to 37.5 percent. We recently announced our intention to sell our 8.4 percent interest in Kashagan, our Algerian and Nigerian businesses, and certain properties in the Cedar Creek Anticline, located in North Dakota and Montana. Cedar Creek Anticline is expected to close in the first quarter of 2013, and the remaining transactions are expected to close by mid-2013, subject to customary governmental approvals. Additionally, in January 2013, we sold our 24.5 percent interest in the N Block, located offshore Kazakhstan.

  In 2011, we sold certain noncore assets in the Lower 48 and western Canada, and we completed the divestiture of our entire interest in LUKOIL.

- Controlling costs and expenses. Since we cannot control the prices of the commodity products we sell, controlling operating and overhead costs, within the context of our commitment to safety and environmental stewardship, is a high priority. We monitor these costs using various methodologies that are reported to senior management monthly, on both an absolute-dollar basis and a per-unit basis. Because managing operating and overhead costs is critical to maintaining competitive positions in our industry, cost control is a component of our variable compensation programs. Operating and overhead costs increased 8 percent in 2012 compared with 2011, primarily as a result of major turnaround expenses in Australia, higher operating expenses in the Lower 48 associated with improved production as a result of increased drilling programs, the settlement of environmental claims and other costs related to Bohai Bay, China, and costs associated with the separation of Phillips 66.

- Developing and retaining a talented work force. We strive to attract, train, develop and retain individuals with the knowledge and skills to implement our business strategy and who support our values and ethics. Throughout the company, we focus on the continued learning, development and technical training of our employees. Professional new hires participate in structured development programs designed to accelerate their technical and functional skills.

Other significant factors that can affect our profitability include:

- Commodity prices. Our earnings generally correlate with industry price levels for crude oil and natural gas. These are commodity products, the prices of which are subject to factors external to our company and over which we have no control. The following table depicts the average benchmark prices for West Texas Intermediate (WTI) crude oil, Dated Brent crude oil and U.S. Henry Hub natural gas:

	Dollars Per Unit		
	2012	2011	2010
Market Indicators			
WTI (per barrel)	**$ 94.16**	95.05	79.39
Dated Brent (per barrel)	**111.58**	111.27	79.47
U.S. Henry Hub first of month (per million British thermal units)	**2.79**	4.04	4.39

Global oil prices remained relatively flat in 2012, compared to 2011. In 2012, global oil demand grew at approximately the same pace as in 2011, at about 0.9 percent or 800 thousand barrels per day, as the pace of economic expansion moderated due to intentional slowing in China, coupled with fiscal uncertainties in the European Union and the United States. Global oil production rose due to an increase in the Organization of Petroleum Exporting Countries (OPEC) and North American production. WTI continued to trade at a discount to Brent throughout 2011 and 2012, mainly due to high inventory levels and excess crude supply in the U.S. Midcontinent market, largely as a result of limited pipeline capacity.

Henry Hub natural gas prices decreased 31 percent in 2012, compared with 2011. U.S. natural gas prices were depressed in 2012, mainly due to high inventory levels, a warmer-than-normal winter and sustained production from shale plays. We expect these factors will continue to moderate natural gas prices in the near- to mid-term. The expansion in shale production has also helped boost supplies of natural gas liquids, resulting in downward pressure on natural gas liquids prices in the United States. As a result, our domestic realized natural gas liquids price declined 30 percent in 2012 compared with 2011. Our realized bitumen price declined 14 percent in 2012. We expect bitumen prices to remain weak in the near-term, until additional heavy refining capacity comes on-line.

In recent years, the use of hydraulic fracturing in shale natural gas formations has led to increased industry actual and forecasted natural gas production in the United States. Although providing short- and long-term significant growth opportunities for our company, the increased abundance of natural gas due to development of shale plays could also have adverse financial implications to us, including: an extended period of low natural gas and natural gas liquids prices; production curtailments on properties that produce primarily natural gas; continued delay of plans to develop Alaska North Slope natural gas fields; and underutilization of LNG regasification facilities. Should one or more of these events occur, our revenues would be reduced and additional impairments might be possible.

- Impairments. As mentioned above, we participate in capital-intensive industries. At times, our properties, plants and equipment and investments become impaired when, for example, our reserve estimates are revised downward, commodity prices decline significantly for long periods of time, or a decision to dispose of an asset leads to a write-down to its fair value. We may also invest large amounts of money in exploration which, if exploratory drilling proves unsuccessful, could lead to a material impairment of leasehold values. Before-tax impairments in 2012 totaled $1.2 billion and primarily resulted from the impairments of the Mackenzie Gas Project and associated leaseholds in Canada; Cedar Creek Anticline in the Lower 48; various properties in Europe, which have ceased production or are nearing the end of their useful lives; and the N Block in the Caspian Sea. Before-tax impairments in 2011 totaled $0.8 billion and primarily resulted from the impairments of our equity

investment in NMNG and certain Canadian natural gas properties. For additional information, see Note 9—Impairments, in the Notes to Consolidated Financial Statements.

- Effective tax rate. Our operations are located in countries with different tax rates and fiscal structures. Accordingly, even in a stable commodity price and fiscal/regulatory environment, our overall effective tax rate can vary significantly between periods based on the "mix" of pretax earnings within our global operations.

- Fiscal and regulatory environment. Our operations can be affected by changing economic, regulatory and political environments in the various countries in which we operate, including the United States. Civil unrest or strained relationships with governments may impact our operations or investments. These changing environments have generally negatively impacted our results of operations, and further changes to government fiscal take could have a negative impact on future operations. Our production operations in Libya and related oil exports were temporarily suspended in 2011 during Libya's period of civil unrest. Our assets in Venezuela and Ecuador were expropriated in 2007 and 2009, respectively. In Canada, the Alberta provincial government changed the royalty structure in 2009 to tie a component of the new rate to prevailing prices. Our management carefully considers these events when evaluating projects or determining the level of activity in such countries.

Outlook

Total production for the first quarter of 2013 is expected to be 1.58 million to 1.6 million BOED, including production from discontinued operations of approximately 40,000 BOED. Full-year 2013 production from continuing operations is expected to be 1.475 million to 1.525 million BOED,which is consistent with 2012 production from continuing operations adjusted for dispositions.

Segment Analysis

We manage our operations through six operating segments, which are defined by geographic region: Alaska, Lower 48 and Latin America, Canada, Europe, Asia Pacific and Middle East, and Other International.

The LUKOIL Investment segment represents our prior investment in the ordinary shares of OAO LUKOIL, which was sold in the first quarter of 2011.

Corporate and Other represents costs not directly associated with an operating segment, such as most interest expense, corporate overhead, costs related to the separation of Phillips 66 and certain technology activities, as well as licensing revenues received.

Our key performance indicators, shown in the statistical tables provided at the beginning of the operating segment sections that follow, reflect results from our continuing operations, including commodity prices and production.

RESULTS OF OPERATIONS

Consolidated Results

A summary of the company's income (loss) from continuing operations by business segment follows:

Years Ended December 31	Millions of Dollars		
	2012	2011	2010
Alaska	**$ 2,276**	1,984	1,727
Lower 48 and Latin America	**1,029**	1,288	1,029
Canada	**(684)**	91	2,902
Europe	**1,498**	1,830	1,703
Asia Pacific and Middle East	**3,996**	3,093	2,153
Other International	**359**	(377)	(417)
LUKOIL Investment	**-**	239	2,513
Corporate and Other	**(993)**	(960)	(1,305)
Income from continuing operations	**$ 7,481**	7,188	10,305

2012 vs. 2011

Earnings for ConocoPhillips increased 4 percent in 2012. The increase was mainly due to:

- Higher gains from asset sales. In 2012, gains from asset dispositions were $1,567 million after-tax, compared with gains in 2011 from asset dispositions and LUKOIL share sales of $141 million after-tax.
- Higher LNG and crude oil prices.
- Lower production taxes, mainly as a result of lower volumes.
- The benefit from the realization of a tax loss carryforward of $236 million.
- The favorable resolution of pending claims and settlements of $235 million after-tax.

These items were partially offset by:

- Lower volumes, largely due to dispositions and reduced production in China.
- Lower natural gas, natural gas liquids and bitumen prices.
- Higher operating and selling, general and administrative (SG&A) expenses, which included pension settlement expenses of $87 million after-tax and separation costs of $84 million after-tax.
- Higher impairments. Non-cash impairments in 2012 totaled $900 million after-tax, compared with impairments in 2011 of $698 million after-tax.

2011 vs. 2010

Earnings for ConocoPhillips decreased 30 percent in 2011. The decrease was mainly due to:

- Lower gains from asset sales. In 2011, gains from asset dispositions and LUKOIL share sales were $141 million after-tax, compared with gains in 2010 of $4,463 million after-tax.
- The absence of equity earnings from LUKOIL due to the divestiture of our interest.
- Lower production volumes.

These items were partially offset by:

- Higher commodity prices. Commodity price benefits were partly offset by increased production taxes.
- Lower depreciation, depletion and amortization (DD&A) expenses, mainly as a result of lower volumes.

Income Statement Analysis

2012 vs. 2011

Sales and other operating revenues decreased 10 percent in 2012, mainly due to lower natural gas and natural gas liquids prices, partly offset by higher LNG prices.

Equity in earnings of affiliates increased 54 percent in 2012. The increase primarily resulted from:

- Improved earnings from Qatar Liquefied Gas Company Limited (3) (QG3), mainly due to higher LNG prices, partly offset by lower volumes.
- Lower impairments from NMNG. In 2011, equity earnings included a $395 million impairment of our equity investment.

Gain on dispositions increased $1,287 million in 2012. Gains in 2012 primarily resulted from the disposition of our Vietnam business, our equity investment in NMNG, the Statfjord and Alba fields in the North Sea and our interest in Block 39 in Peru, partly offset by the loss on further dilution of our equity interest in APLNG from 42.5 percent to 37.5 percent. Gains in 2011 mainly consisted of the divestiture of our remaining LUKOIL shares and the disposition of certain properties located in the Lower 48 and Canada, partially offset by the loss on the initial dilution of our equity interest in APLNG from 50 percent to 42.5 percent. For additional information, see Note 5—Assets Held for Sale or Sold and Note 6—Investments, Loans and Long-Term Receivables, in the Notes to Consolidated Financial Statements.

Other income increased 78 percent in 2012, mostly as a result of the favorable resolution of the Petróleos de Venezuela S.A. (PDVSA) International Chamber of Commerce (ICC) arbitration. For additional information, see Note 14—Contingencies and Commitments, in the Notes to Consolidated Financial Statements.

Purchased commodities decreased 15 percent in 2012, largely as a result of lower U.S. natural gas prices, partly offset by higher purchased volumes.

Production and operating expenses increased 6 percent in 2012, mostly due to major turnaround expenses at our Bayu-Undan Field and Darwin LNG facility and higher operating expenses in the Lower 48.

SG&A expenses increased 28 percent in 2012, primarily due to pension settlement expense and costs associated with the separation of Phillips 66.

Exploration expenses increased 45 percent in 2012, mostly due to the impairment of undeveloped leasehold costs associated with the Mackenzie Gas Project as a result of its indefinite suspension in the first quarter of 2012.

Impairments increased 112 percent in 2012. Impairments in 2012 included the $213 million impairment of capitalized development costs associated with the Mackenzie Gas Project in the first quarter of 2012, the $192 million property impairment related to the disposition of Cedar Creek Anticline, as well as increases in the asset retirement obligation for various properties mostly located in the United Kingdom, which have ceased production or are nearing the end of their useful lives. Impairments in 2011 consisted of various North American natural gas properties. For additional information, see Note 9—Impairments, in the Notes to Consolidated Financial Statements.

Taxes other than income taxes decreased 11 percent in 2012, mostly due to lower production taxes as a result of lower crude oil production volumes.

Interest and debt expense decreased 26 percent in 2012, primarily due to higher capitalized interest on projects and lower interest expense due to lower average debt levels.

See Note 20—Income Taxes, in the Notes to Consolidated Financial Statements, for information regarding our provision for income taxes and effective tax rate.

2011 vs. 2010

Sales and other operating revenues increased 14 percent in 2011, mainly due to significantly higher prices for crude oil and higher LNG prices and volumes. Lower crude oil and natural gas volumes partly offset this increase.

Equity in earnings of affiliates decreased 10 percent in 2011. The decrease primarily resulted from the absence of equity earnings from LUKOIL due to the divestiture of our interest. This decrease was partially offset by:

- Earnings from QG3, primarily due to sales of LNG following production startup, which occurred in October 2010.
- Lower impairments from NMNG. In 2011, equity earnings included a $395 million impairment of our equity investment, and 2010 equity earnings included a $645 million impairment.
- Improved earnings from FCCL Partnership, mostly due to higher commodity prices and volumes.

Gain on dispositions decreased 93 percent in 2011. Gains in 2011 primarily resulted from the disposition of certain assets located in the Lower 48 and Canada, as well as the divestiture of our remaining LUKOIL shares. These gains were partially offset by the loss on dilution of our equity interest in APLNG from 50 percent to 42.5 percent. Gains in 2010 primarily reflected the $2,878 million gain realized from the sale of our interest in Syncrude, the $1,749 million gain on the divestiture of a portion of our LUKOIL shares, and gains on the disposition of certain assets located in the Lower 48 and Canada.

Purchased commodities increased 20 percent in 2011, mainly due to higher natural gas prices in Europe.

DD&A decreased 15 percent in 2011. The decrease was mostly associated with lower production volumes and lower unit-of-production rates related to reserve bookings in 2011.

Impairments increased $240 million in 2011, mostly due to the impairment of various North American natural gas properties in 2011.

Taxes other than income taxes increased 43 percent in 2011, mostly due to higher production taxes in Alaska as a result of higher crude oil prices.

Interest and debt expense decreased 18 percent in 2011, primarily due to lower average debt levels.

See Note 20—Income Taxes, in the Notes to Consolidated Financial Statements, for information regarding our provision for income taxes and effective tax rate.

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Summary Operating Statistics

	2012	2011	2010
Average Net Production[1]			
Crude oil (MBD)[2]	**595**	622	733
Natural gas liquids (MBD)	**156**	145	147
Synthetic oil (MBD)	**-**	-	12
Bitumen (MBD)	**93**	67	59
Natural gas (MMCFD)[3]	**4,096**	4,359	4,465
Total Production (MBOED)[4]	**1,527**	1,561	1,695

	Dollars Per Unit		
Average Sales Prices			
Crude oil (per barrel)	**$ 105.72**	105.52	77.74
Natural gas liquids (per barrel)	**46.36**	55.73	46.00
Synthetic oil (per barrel)	**-**	-	77.56
Bitumen (per barrel)	**53.91**	62.56	53.06
Natural gas (per thousand cubic feet)	**5.48**	5.80	5.05

	Millions of Dollars		
Worldwide Exploration Expenses			
General and administrative; geological and geophysical; and lease rentals	**$ 626**	569	649
Leasehold impairment	**719**	159	241
Dry holes	**155**	310	235
	$ 1,500	1,038	1,125

Excludes discontinued operations.
(1)Excludes amounts related to LUKOIL.
(2)Thousands of barrels per day.
(3)Millions of cubic feet per day. Represents quantities available for sale and excludes gas equivalent of natural gas liquids included above.
(4)Thousands of barrels of oil equivalent per day.

We explore for, produce, transport and market crude oil, bitumen, natural gas, LNG and natural gas liquids on a worldwide basis. At December 31, 2012, our continuing operations were producing in the United States, Norway, the United Kingdom, Canada, Australia, offshore Timor-Leste in the Timor Sea, Indonesia, China, Malaysia, Qatar, Libya and Russia.

In 2012, average production from continuing operations decreased 2 percent compared with 2011, primarily as a result of normal field decline, the impact from asset dispositions and higher planned and unplanned downtime. These decreases were largely offset by additional production from major developments, mainly from shale plays in the Lower 48 and ramp-up of new phases at FCCL, the resumption of production in Libya following a period of civil unrest in 2011, and increased drilling programs in the Lower 48.

In 2011, average production decreased 8 percent compared with 2010, mostly as a result of suspended operations in Libya and Bohai Bay, China, asset dispositions and higher unplanned downtime. Normal field decline was largely offset by new production.

Alaska

	2012	2011	2010
Income from Continuing Operations (millions of dollars)	**$ 2,276**	1,984	1,727
Average Net Production			
Crude oil (MBD)	**188**	200	215
Natural gas liquids (MBD)	**16**	15	15
Natural gas (MMCFD)	**55**	61	82
Total Production (MBOED)	**213**	225	244
Average Sales Prices			
Crude oil (per barrel)	**$ 109.62**	105.95	78.65
Natural gas (per thousand cubic feet)	**4.22**	4.56	4.62

The Alaska segment primarily explores for, produces, transports and markets crude oil, natural gas liquids, natural gas and LNG. In 2012, Alaska contributed 24 percent of our worldwide liquids production and 1 percent of our natural gas production.

2012 vs. 2011

Our Alaska operations reported earnings of $2,276 million in 2012, a 15 percent increase compared with earnings of $1,984 million in 2011. The increase in earnings was primarily due to higher crude oil prices, lower production taxes as a result of lower crude oil production volumes, the absence of the $54 million after-tax write-off of our investment associated with the cancellation of the Denali gas pipeline project in 2011, and lower DD&A. These increases were partly offset by lower crude oil sales volumes and higher operating expenses.

Production averaged 213 MBOED in 2012, a decrease of 5 percent compared with 2011. This decrease was mainly due to normal field decline, partially offset by lower unplanned downtime.

2011 vs. 2010

Alaska earnings were $1,984 million in 2011, a 15 percent increase compared with earnings of $1,727 million in 2010. Earnings in 2011 benefitted from significantly higher crude oil prices, partially offset by higher production taxes, lower volumes, higher operating expenses, and the $54 million after-tax write-off of the Denali gas pipeline project.

Production averaged 225 MBOED in 2011, a decrease of 8 percent compared with 2010. This decrease was mainly due to normal field decline, somewhat offset by increased drilling activity.

Lower 48 and Latin America

		2012	2011	2010
Income from Continuing Operations (millions of dollars)	$	**1,029**	1,288	1,029
Average Net Production				
Crude oil (MBD)		**123**	94	85
Natural gas liquids (MBD)		**85**	74	75
Natural gas (MMCFD)		**1,493**	1,556	1,695
Total Production (MBOED)		**457**	428	442
Average Sales Prices				
Crude oil (per barrel)	$	**91.67**	92.79	73.52
Natural gas liquids (per barrel)		**35.45**	50.55	39.92
Natural gas (per thousand cubic feet)		**2.67**	3.99	4.25

During 2012, Lower 48 and Latin America contributed 25 percent of our worldwide liquids production and 37 percent of our natural gas production. The Lower 48 and Latin America segment primarily consists of operations located in the U.S. Lower 48 states.

2012 vs. 2011

Lower 48 and Latin America operations reported earnings of $1,029 million in 2012, a 20 percent decrease compared with 2011. The decrease in earnings was primarily the result of substantially lower natural gas and natural gas liquids prices; higher DD&A, mostly due to higher crude oil and natural gas liquids production; lower gains from asset dispositions; higher operating expenses and higher impairments. These decreases were partially offset by higher crude oil and natural gas liquids volumes. Earnings in 2012 also benefitted from the realization of a tax loss carryforward of $236 million, and the favorable resolution of the PDVSA ICC arbitration.

In November 2012, based on an ICC arbitration tribunal ruling, PDVSA paid ConocoPhillips $68 million for pre-expropriation breaches of the Petrozuata project agreements, which resulted in a $61 million after-tax earnings increase. The Company also recognized additional income of $173 million after-tax associated with the reversal of a related contingent liability accrual. These amounts included interest of $33 million after-tax, which has been reflected in the Corporate and Other segment. For additional information, see Note 14—Contingencies and Commitments, in the Notes to Consolidated Financial Statements.

Average production in the Lower 48 increased 7 percent in 2012, while average liquids production increased 24 percent over the same period. New production, primarily from the Eagle Ford, Bakken and Permian areas, and improved drilling and well performance more than offset normal field decline. In addition, higher unplanned downtime during 2012 partly offset the increase in production.

2011 vs. 2010

Lower 48 and Latin America earnings were $1,288 million in 2011, a 25 percent increase compared with 2010. The increase in 2011 earnings was mainly due to higher crude oil and natural gas liquids prices and lower DD&A. These increases were partly offset by lower gains from asset sales, lower natural gas prices, higher dry hole expenses and impairments.

Production averaged 428 MBOED in 2011, a 3 percent decrease compared with 2010. The decrease in 2011 was mainly due to asset dispositions. Normal field decline was offset by new production, mainly from the Eagle Ford, Bakken, Permian and Barnett areas, and improved drilling and well performance.

Canada

		2012	2011	2010
Income (Loss) from Continuing Operations (millions of dollars)	$	**(684)**	91	2,902
Average Net Production				
Crude oil (MBD)		**13**	12	15
Natural gas liquids (MBD)		**24**	26	23
Synthetic oil (MBD)		**-**	-	12
Bitumen (MBD)				
Consolidated operations		**12**	10	10
Equity affiliates		**81**	57	49
Total bitumen		**93**	67	59
Natural gas (MMCFD)		**857**	928	984
Total Production (MBOED)		**273**	260	273
Average Sales Prices				
Crude oil (per barrel)	$	**78.26**	86.04	67.99
Natural gas liquids (per barrel)		**48.64**	56.84	47.68
Synthetic oil (per barrel)		**-**	-	77.56
Bitumen (dollars per barrel)				
Consolidated operations		**57.58**	55.16	51.10
Equity affiliates		**53.39**	63.93	53.43
Total bitumen		**53.91**	62.56	53.06
Natural gas (per thousand cubic feet)		**2.13**	3.46	3.74

Our Canadian operations are mainly comprised of natural gas fields in western Canada and oil sands developments in the Athabasca Region of northeastern Alberta. In 2012, Canada contributed 15 percent of our worldwide liquids production and 21 percent of our natural gas production.

2012 vs. 2011

Canada operations reported a loss of $684 million in 2012, a reduction of $775 million compared with earnings of $91 million in 2011. The decrease in earnings was largely due to significantly lower natural gas prices, lower bitumen prices and higher impairments, mainly as a result of the $520 million after-tax impairment of the Mackenzie Gas Project and associated leaseholds in 2012. These decreases were partially offset by significantly higher bitumen volumes from FCCL and lower DD&A from our western Canadian gas assets, primarily due to asset dispositions and curtailments. Equity earnings from FCCL were also impacted by higher operating and DD&A expenses, mostly as a result of higher production volumes.

Average production in Canada increased 5 percent in 2012, while average liquids production increased 24 percent over the same period. Normal field decline and the impact from asset dispositions were more than offset by new production from Christina Lake Phases C and D and improved well performance from Foster Creek, both in FCCL.

2011 vs. 2010

Canada earnings were $91 million in 2011, a reduction of $2,811 million compared with 2010. This decrease was primarily due to lower gains from asset dispositions. Earnings in 2010 included the $2,679 million after-tax gain realized from the sale of our 9.03 percent interest in the Syncrude oil sands mining operation. Lower volumes, mostly as a result of asset dispositions, impairments on various natural gas properties and lower

natural gas prices also contributed to the decrease in 2011 earnings. These decreases were somewhat offset by higher bitumen, natural gas liquids and crude oil prices, lower DD&A and lower dry hole expenses.

Production averaged 260 MBOED in 2011, a 5 percent decrease compared with 2010. The decrease was mainly due to asset dispositions and normal field decline, partly offset by new production from FCCL.

Europe

		2012	2011	2010
Income from Continuing Operations (millions of dollars)	**$**	**1,498**	1,830	1,703
Average Net Production				
Crude oil (MBD)		**135**	164	196
Natural gas liquids (MBD)		**7**	11	15
Natural gas (MMCFD)		**516**	626	815
Total Production (MBOED)		**228**	279	347
Average Sales Prices				
Crude oil (dollars per barrel)	**$**	**113.08**	111.82	79.74
Natural gas liquids (per barrel)		**61.53**	59.19	46.75
Natural gas (per thousand cubic feet)		**9.76**	9.26	6.94

The Europe segment consists of operations principally located in the Norwegian and U.K. sectors of the North Sea, as well as exploration activities in Poland and Greenland. In 2012, our Europe operations contributed 17 percent of our worldwide liquids production and 13 percent of our natural gas production.

2012 vs. 2011

Europe operations reported earnings of $1,498 million in 2012, an 18 percent decrease compared with 2011. The reduction in earnings was mainly due to lower volumes and higher impairments. Earnings for 2012 were also impacted by additional income tax expense due to legislation enacted in the United Kingdom in 2012, which restricted corporate tax relief on decommissioning costs. The additional tax expense resulted from the revaluation of deferred tax balances. These decreases to earnings were partly offset by a $287 million after-tax gain on sale of our interests in the Statfjord and Alba fields and lower DD&A. Additionally, earnings in 2011 included a $316 million increase in U.K. corporate income tax expense due to legislation enacted in 2011. This additional tax expense consisted of $106 million for the revaluation of deferred tax liabilities and $210 million to reflect the higher tax rates from the effective date of the legislation, March 24, 2011, through December 31, 2011.

Production averaged 228 MBOED in 2012, an 18 percent decrease compared with 2011. The decrease was mostly due to normal field decline, dispositions and higher unplanned downtime in the United Kingdom.

2011 vs. 2010

Earnings for our Europe operations were $1,830 million in 2011, a 7 percent increase compared with earnings of $1,703 million in 2010. Earnings benefitted from significantly higher prices and lower DD&A, partly offset by lower volumes and the $316 million increase in U.K. corporate income tax expense. Earnings in 2010 also benefitted from a $58 million insurance settlement.

Production averaged 279 MBOED in 2011, a 20 percent decrease compared with 2010. The decrease mainly resulted from normal field decline, unplanned downtime and dispositions, somewhat offset by new production from Britannia and J-Block.

Asia Pacific and Middle East

	2012	2011	2010
Income from Continuing Operations (millions of dollars)	**$ 3,996**	3,093	2,153
Average Net Production			
Crude oil (MBD)			
Consolidated operations	**68**	99	122
Equity affiliates	**15**	16	2
Total crude oil	**83**	115	124
Natural gas liquids (MBD)			
Consolidated operations	**16**	12	18
Equity affiliates	**8**	7	1
Total natural gas liquids	**24**	19	19
Natural gas (MMCFD)			
Consolidated operations	**672**	695	712
Equity affiliates	**485**	492	169
Total natural gas	**1,157**	1,187	881
Total Production (MBOED)	**300**	332	290
Average Sales Prices			
Crude oil (dollars per barrel)			
Consolidated operations	**$108.20**	109.84	77.69
Equity affiliates	**108.07**	106.96	89.24
Total crude oil	**108.18**	109.46	77.89
Natural gas liquids (dollars per barrel)			
Consolidated operations	**79.26**	72.87	60.57
Equity affiliates	**77.30**	70.62	65.16
Total natural gas liquids	**78.64**	71.98	60.73
Natural gas (dollars per thousand cubic feet)			
Consolidated operations	**10.63**	9.82	7.39
Equity affiliates	**8.54**	5.93	1.91
Total natural gas	**9.75**	8.21	6.35

The Asia Pacific and Middle East segment has producing operations in China, Indonesia, Malaysia, Australia, the Timor Sea and Qatar, as well as exploration activities in Bangladesh and Brunei. During 2012, Asia Pacific and Middle East contributed 13 percent of our worldwide liquids production and 28 percent of our natural gas production.

2012 vs. 2011

Asia Pacific and Middle East operations reported earnings of $3,996 million in 2012, a 29 percent increase compared with 2011 earnings of $3,093 million. Earnings in 2012 primarily benefitted from higher gains from asset dispositions, significantly higher LNG prices, higher equity earnings due to lower DD&A and operating expenses from QG3, and lower Bohai Bay expenses incurred in 2012. Amounts realized from dispositions in

2012 consisted of a $931 million after-tax gain on sale of our Vietnam business and a $133 million after-tax loss recognized on the further dilution of our equity interest in APLNG from 42.5 percent to 37.5 percent. In 2011, we recognized a $279 million after-tax loss on the initial dilution of our interest in APLNG from 50 percent to 42.5 percent. The increase in 2012 earnings was partly offset by lower crude oil volumes, mainly as a result of the Bohai Bay seepage incidents and the Vietnam disposition, lower LNG volumes and higher production taxes.

Average production decreased 10 percent in 2012. The decrease was largely due to the disposition of our Vietnam business, normal field decline, planned maintenance at our Bayu-Undan Field and Darwin LNG Facility in 2012, as well as lower production in China.

2011 vs. 2010

Asia Pacific and Middle East earnings increased 44 percent in 2011, compared with 2010 earnings. The increase was mainly due to higher prices, higher volumes, mostly as a result of a full year of LNG sales from QG3, and lower DD&A. These increases to earnings were partly offset by higher production taxes, higher operating expenses and the $279 million loss on dilution of our equity interest in APLNG from 50 percent to 42.5 percent.

Production averaged 332 MBOED in 2011, a 14 percent increase compared with 2010. The increase was largely due to the ramp-up of production from QG3, partly offset by higher unplanned downtime, mainly in China, and normal field decline.

Timor-Leste Arbitration

ConocoPhillips served a Notice of Arbitration on the Timor-Leste Minister of Finance in October 2012 for outstanding disputes related to a series of tax assessments. Between 2010 and 2012, ConocoPhillips has paid, under protest, tax assessments totaling approximately $227 million, which are primarily recorded in the “Investments and long-term receivables” line on our December 31, 2012, consolidated balance sheet. The arbitration will be conducted in Singapore under the United Nations Commission on International Trade Laws (UNCITRAL) arbitration rules, pursuant to the terms of the Tax Stability Agreement with the Timor-Leste Government. The arbitration process is currently underway. Future impacts on our business are not known at this time.

Other International

	2012	2011	2010
Income (Loss) from Continuing Operations (millions of dollars)*	**$ 359**	(377)	(417)
Average Net Production*			
Crude oil (MBD)			
Consolidated operations	**40**	8	46
Equity affiliates	**13**	29	52
Total crude oil	**53**	37	98
Natural gas (MMCFD)	**18**	1	8
Total Production (MBOED)	**56**	37	99
Average Sales Prices*			
Crude oil (dollars per barrel)			
Consolidated operations	**$110.75**	98.30	79.22
Equity affiliates	**96.50**	101.62	74.33
Total crude oil	**107.56**	101.14	76.57
Natural gas (dollars per thousand cubic feet)	**5.55**	0.09	0.09

** Prior periods have been restated to exclude discontinued operations.*

The Other International segment includes producing operations in Libya and Russia, as well as exploration activities in Angola and the Caspian Sea. During 2012, Other International contributed 6 percent of our worldwide liquids production.

2012 vs. 2011

Other International operations reported earnings of $359 million in 2012, a $736 million increase compared with 2011. Earnings in 2012 primarily benefitted from the $443 million after-tax gain on disposition of our interest in NMNG, the absence of a $395 million after-tax impairment of our investment in NMNG in 2011, and higher earnings from Libya, as a result of the resumption of production following a period of civil unrest in 2011. These increases were partially offset by a $108 million after-tax impairment associated with the N Block in the Caspian Sea.

Production averaged 56 MBOED in 2012, a 51 percent increase compared with 2011 production. The increase was mainly due to the resumption of production in Libya, partly offset by field decline in Russia and the disposition of our interest in NMNG.

2011 vs. 2010

Other International reported a loss of $377 million in 2011, compared with a loss of $417 million in 2010. The improvement in 2011 was primarily the result of higher crude oil prices, higher equity earnings due to lower DD&A from NMNG and lower impairments. In 2011, we recorded a $395 million impairment of our equity investment in NMNG, compared with a $645 million impairment to NMNG recorded in 2010. These improvements in 2011 were partly offset by considerably lower volumes, mainly from Libya and Russia, as well as the absence of a deferred tax benefit recognized in 2010.

Production averaged 37 MBOED in 2011, a 63 percent decrease compared with 2010 production. The decrease was mostly due to suspended operations in Libya following a period of civil unrest in 2011, and field decline in Russia.

Asset Dispositions

We recently announced our intention to sell our 8.4 percent interest in Kashagan and our Algerian and Nigerian businesses. The transactions are expected to close by mid-2013, subject to customary governmental approvals. In January 2013, we sold our 24.5 percent interest in the N Block, located offshore Kazakhstan.

LUKOIL Investment

	Millions of Dollars		
	2012	2011	2010
Income from Continuing Operations	**$ -**	239	2,513

This segment represents our former investment in the ordinary shares of OAO LUKOIL, an international, integrated oil and gas company headquartered in Russia. We sold our remaining interest in LUKOIL in the first quarter of 2011.

2011 vs. 2010

Earnings in 2011 primarily represented the realized gain on remaining share sales. Earnings in 2010 primarily reflected earnings from the equity investment in LUKOIL we held at the time, in addition to gains on the partial sale of our LUKOIL investment.

Corporate and Other

	Millions of Dollars		
	2012	2011	2010
Income (Loss) from Continuing Operations			
Net interest	**$ (648)**	(710)	(995)
Corporate general and administrative expenses	**(313)**	(190)	(209)
Technology	**(4)**	15	(23)
Separation costs	**(84)**	(25)	-
Other	**56**	(50)	(78)
	$ (993)	(960)	(1,305)

2012 vs. 2011

Net interest consists of interest and financing expense, net of interest income and capitalized interest, as well as premiums incurred on the early retirement of debt. Net interest decreased 9 percent in 2012, mostly due to higher capitalized interest, lower interest expense due to lower average debt levels, higher interest income and the $33 million after-tax interest benefit from the favorable resolution of the PDVSA arbitration. These improvements were partly offset by a $68 million after-tax premium on early debt retirement.

Corporate general and administrative expenses increased 65 percent in 2012, mainly due to $87 million of after-tax pension settlement expense and higher costs related to compensation and benefit plans.

Technology includes our investment in new technologies or businesses, as well as licensing revenues received. Activities are focused on heavy oil and oil sands; unconventional reservoirs; subsurface technology; liquefied natural gas; and arctic, deepwater and sustainability technology. Technology reported a loss of $4 million in 2012, compared to earnings of $15 million in 2011, primarily as a result of lower licensing revenues.

Separation costs consist of expenses related to the separation of our Downstream business into a stand-alone, publicly traded company, Phillips 66. Separation costs increased $59 million in 2012 and mainly included costs related to compensation and benefit plans.

The category “Other” includes certain foreign currency transaction gains and losses, environmental costs associated with sites no longer in operation, and other costs not directly associated with an operating segment. The improvement in “Other” in 2012 was largely due to various tax-related adjustments, including a $39 million after-tax settlement. These improvements were partially offset by higher environmental expenses and foreign currency transaction losses.

2011 vs. 2010

Net interest decreased 29 percent in 2011, mostly due to lower interest expense, as a result of lower average debt levels. In addition, the absence of a $114 million after-tax premium on early debt retirement and the absence of $24 million of after-tax interest expense associated with a tax settlement, both of which occurred in 2010, contributed to the decrease.

Corporate general and administrative expenses decreased 9 percent in 2011, mainly due to lower costs related to compensation and benefit plans, partly offset by higher advertising expenses.

Technology had earnings of $15 million in 2011, as a result of higher licensing revenues, partially offset by higher project expenses.

Separation costs in 2011 primarily included legal, accounting and information systems costs.

Changes in the “Other” category primarily resulted from lower environmental costs and gains from foreign currency transactions, partially offset by a $20 million after-tax property impairment.

CAPITAL RESOURCES AND LIQUIDITY

Financial Indicators

	Millions of Dollars Except as Indicated		
	2012	2011	2010
Net cash provided by continuing operating activities	**$ 13,458**	13,953	14,013
Net cash provided by discontinued operations	**464**	5,693	3,032
Short-term debt	**955**	1,013	936
Total debt	**21,725**	22,623	23,592
Total equity	**48,427**	65,749	69,124
Percent of total debt to capital*	**31 %**	26	25
Percent of floating-rate debt to total debt**	**9 %**	10	10

** Capital includes total debt and total equity.*
*** Includes effect of interest rate swaps.*

To meet our short- and long-term liquidity requirements, we look to a variety of funding sources. Cash generated from continuing operating activities is the primary source of funding. In addition, during 2012, we received $2,132 million in proceeds from asset sales and $1,996 million for the issuance of debt. During 2012, the primary uses of our available cash were $14,172 million to support our ongoing capital expenditures and investments; $5,098 million to repurchase common stock; $3,278 million to pay dividends on our common stock; and $2,565 million to repay debt. During 2012, cash and cash equivalents decreased by $2,162 million to $3,618 million.

In addition to cash flows from continuing operating activities and proceeds from asset sales, we rely on our commercial paper and credit facility programs and our shelf registration statement to support our short- and long-term liquidity requirements. We believe our current cash balance and cash generated by operations, together with access to external sources of funds as described below in the “Significant Sources of Capital” section, will be sufficient to meet our funding requirements in the near and long term, including our capital program, dividend payments, required debt payments and the funding requirements to FCCL.

Separation of Phillips 66
On April 30, 2012, the separation of our Downstream business was completed, creating two independent energy companies: ConocoPhillips and Phillips 66. Our refining, marketing and transportation businesses, most of our Midstream segment, our Chemicals segment, as well as our power generation and certain technology operations included in our Emerging Businesses segment, were transferred to Phillips 66. After the close of the New York Stock Exchange on April 30, 2012, the shareholders of record as of 5:00 p.m. Eastern time on April 16, 2012 (the Record Date), received one share of Phillips 66 common stock for every two ConocoPhillips common shares held as of the Record Date.

In connection with the separation, Phillips 66 distributed approximately $7.8 billion to us in a special cash distribution. These funds will be used solely to pay dividends, repurchase common stock, repay debt, or a combination of the foregoing, within twelve months following the distribution. At December 31, 2012, the unused amount of the special cash distribution was $748 million and is designated as “Restricted cash” on our consolidated balance sheet.

Significant Sources of Capital

Operating Activities
During 2012, cash provided by continuing operating activities was $13,458 million, a 4 percent decrease from 2011. During 2011, cash provided by continuing operations was $13,953 million compared with $14,013 million in 2010.

While the stability of our cash flows from operating activities benefits from geographic diversity, our short- and long-term operating cash flows are highly dependent upon prices for crude oil, bitumen, natural gas, LNG and natural gas liquids. Prices and margins in our industry are typically volatile, and are driven by market conditions over which we have no control. Absent other mitigating factors, as these prices and margins fluctuate, we would expect a corresponding change in our operating cash flows.

The level of our production volumes also impacts our cash flows. These production levels are impacted by such factors as acquisitions and dispositions of fields, field production decline rates, new technologies, operating efficiency, weather conditions, the addition of proved reserves through exploratory success, and their timely and cost-effective development. While we actively manage these factors, production levels can cause variability in cash flows, although generally this variability has not been as significant as that caused by commodity prices.

Our 2012 production from continuing operations averaged 1.527 million BOED. Future production is subject to numerous uncertainties, including, among others, the volatile crude oil and natural gas price environment, which may impact investment decisions; the effects of price changes on production sharing and variable-royalty contracts; timing of startups and major turnarounds; and weather-related disruptions. Our production from continuing operations in 2013 is expected to be 1.475 million to 1.525 million BOED.

To maintain or grow our production volumes, we must continue to add to our proved reserve base. Our total reserve replacement in 2012 was 142 percent. Excluding the impact of sales and purchases, the organic reserve replacement was 156 percent of 2012 production. Over the five-year period ended December 31, 2012, our reserve replacement was 48 percent (including 65 percent from consolidated operations) reflecting the disposition of our interest in LUKOIL and the impact of our asset disposition program. Excluding these items and purchases, our five-year organic reserve replacement was 108 percent. The total reserve replacement amount above is based on the sum of our net additions (revisions, improved recovery, purchases, extensions and discoveries, and sales) divided by our production, as shown in our reserve table disclosures. For additional information about our proved reserves, including both developed and undeveloped reserves, see the “Oil and Gas Operations” section of this report.

We are pursuing developments we anticipate will allow us to add to our reserve base. However, access to additional resources has become increasingly difficult as direct investment is prohibited in some nations, while fiscal and other terms in other countries can make development uneconomic or unattractive. In addition, political instability, competition from national oil companies, and lack of access to high-potential areas due to environmental or other regulation may negatively impact our ability to increase our reserve base. As such, the timing and level at which we add to our reserve base may, or may not, allow us to replace our production over subsequent years.

As discussed in the “Critical Accounting Estimates” section, engineering estimates of proved reserves are imprecise; therefore, each year reserves may be revised upward or downward due to the impact of changes in commodity prices or as more technical data becomes available on reservoirs. In 2012, 2011 and 2010, revisions increased reserves. It is not possible to reliably predict how revisions will impact reserve quantities in the future.

Asset Sales

Proceeds from asset sales in 2012 were $2,132 million, primarily from the sale of our Vietnam business, the sale of our equity interest in NMNG and the sale of our interest in the Statfjord and Alba fields in the North Sea. This compares with proceeds of $2,192 million in 2011, which mainly included the sale of our remaining interest in LUKOIL and certain properties located in the Lower 48. We have announced additional asset sales of $9.6 billion which are expected to close by mid-2013. We continue to evaluate opportunities to further optimize the portfolio.

Commercial Paper and Credit Facilities

In May 2012, we decreased our total revolving credit facilities from $8.0 billion to $7.5 billion by terminating all commitments under the $500 million credit facility, which was due to expire in July 2012. At

December 31, 2012, we had a revolving credit facility totaling $7.5 billion expiring in August 2016. Our revolving credit facility may be used as direct bank borrowings, as support for issuances of letters of credit totaling up to $750 million, or as support for our commercial paper programs. The revolving credit facility is broadly syndicated among financial institutions and does not contain any material adverse change provisions or any covenants requiring maintenance of specified financial ratios or ratings. The facility agreement contains a cross-default provision relating to the failure to pay principal or interest on other debt obligations of $200 million or more by ConocoPhillips, or by any of its consolidated subsidiaries.

Credit facility borrowings may bear interest at a margin above rates offered by certain designated banks in the London interbank market or at a margin above the overnight federal funds rate or prime rates offered by certain designated banks in the United States. The agreement calls for commitment fees on available, but unused, amounts. The agreement also contains early termination rights if our current directors or their approved successors cease to be a majority of the Board of Directors.

Our primary funding source for short-term working capital needs is the ConocoPhillips $6.35 billion commercial paper program. Commercial paper maturities are generally limited to 90 days. We also have the ConocoPhillips Qatar Funding Ltd. $1.15 billion commercial paper program, which is used to fund commitments relating to QG3. At December 31, 2012 and 2011, we had no direct borrowings under the revolving credit facilities, with no letters of credit issued at December 31, 2012, and $40 million at December 31, 2011. In addition, under the ConocoPhillips Qatar Funding Ltd. commercial paper program, $1,055 million of commercial paper was outstanding at December 31, 2012, compared with $1,128 million at December 31, 2011. Since we had $1,055 million of commercial paper outstanding and had issued no letters of credit, we had access to $6.4 billion in borrowing capacity under our revolving credit facilities at December 31, 2012.

Our senior long-term debt is rated “A1” by Moody’s Investors Service and “A” by both Standard and Poor’s Rating Service and Fitch. We do not have any ratings triggers on any of our corporate debt that would cause an automatic default, and thereby impact our access to liquidity, in the event of a downgrade of our credit rating. If our credit rating were to deteriorate to a level prohibiting us from accessing the commercial paper market, we would still be able to access funds under our $7.5 billion revolving credit facility.

Certain of our project-related contracts and derivative instruments contain provisions that require us to post collateral. Cash is the primary source for providing collateral; however, many permit us to post letters of credit. At December 31, 2012, we had performance obligations secured by letters of credit of $852 million (issued as direct bank letters of credit) related to various purchase commitments for materials, supplies, commercial activities and services incident to the ordinary conduct of business.

Shelf Registration

We have a universal shelf registration statement on file with the U.S. Securities and Exchange Commission under which we, as a well-known seasoned issuer, have the ability to issue and sell an indeterminate amount of various types of debt and equity securities.

Off-Balance Sheet Arrangements

As part of our normal ongoing business operations and consistent with normal industry practice, we enter into numerous agreements with other parties to pursue business opportunities, which share costs and apportion risks among the parties as governed by the agreements.

For information about guarantees, see Note 13—Guarantees, in the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

Capital Requirements

For information about our capital expenditures and investments, see the “Capital Spending” section.

Our debt balance at December 31, 2012, was $21.7 billion, a decrease of $0.9 billion during 2012. During 2012, we repaid notes totaling $2.4 billion. We incurred a before-tax loss on redemption of $79 million, consisting of make-whole premiums and unamortized issuance costs. In December 2012, we issued $2.0 billion of new low-interest notes.

We are obligated to contribute $7.5 billion, plus interest, over a 10-year period that began in 2007, to FCCL. Quarterly principal and interest payments of $237 million began in the second quarter of 2007 and will continue until the balance is paid. Of the principal obligation amount, approximately $772 million was short-term and was included in the “Accounts payable—related parties” line on our December 31, 2012, consolidated balance sheet. The principal portion of these payments, which totaled $733 million in 2012, is included in the “Other” line in the financing activities section of our consolidated statement of cash flows. Interest accrues at a fixed annual rate of 5.3 percent on the unpaid principal balance. Fifty percent of the quarterly interest payment is reflected as a capital contribution and is included in the “Capital expenditures and investments” line on our consolidated statement of cash flows.

In February, 2013, we announced a dividend of 66 cents per share. The dividend will be paid March 1, 2013, to stockholders of record at the close of business on February 19, 2013.

Since our share repurchase programs began in 2010, share repurchases totaled 300 million shares at a cost of $20.1 billion through December 31, 2012. Although we have no current plans for further share repurchases, we may do so opportunistically, contingent upon commodity prices and proceeds from asset dispositions.

Contractual Obligations

The following table summarizes our aggregate contractual fixed and variable obligations of our continuing operations as of December 31, 2012:

	Millions of Dollars				
	Payments Due by Period				
	Total	Up to 1 Year	Years 2-3	Years 4-5	After 5 Years
Debt obligations (a)	$ 21,709	955	1,952	3,274	15,528
Capital lease obligations	16	-	-	-	16
Total debt	21,725	955	1,952	3,274	15,544
Interest on debt and other obligations	16,355	1,247	2,216	1,964	10,928
Operating lease obligations	2,151	477	960	424	290
Purchase obligations (b)	26,465	12,149	4,370	2,242	7,704
Joint venture acquisition obligation (c)	3,582	772	1,672	1,138	-
Other long-term liabilities					
Pension and postretirement benefit contributions (d)	2,579	484	1,045	1,050	-
Asset retirement obligations*	9,033	387	521	413	7,712
Accrued environmental costs	364	38	65	48	213
Unrecognized tax benefits (e)	116	116	(e)	(e)	(e)
Total	$ 82,370	16,625	12,801	10,553	42,391
**Excludes amounts related to discontinued operations:*	*$ 131*	-	-	-	*131*

(a) Includes $429 million of net unamortized premiums and discounts. See Note 11—Debt, in the Notes to Consolidated Financial Statements, for additional information.

(b) Represents any agreement to purchase goods or services that is enforceable and legally binding and that specifies all significant terms. Does not include purchase commitments for jointly owned fields and facilities where we are not the operator.

The majority of the purchase obligations are market-based contracts related to our commodity business. Product purchase commitments with third parties totaled $12,602 million.

Purchase obligations of $9,629 million are related to agreements to access and utilize the capacity of third-party equipment and facilities, including pipelines and LNG and product terminals, to transport, process, treat and store commodities. The remainder is primarily our net share of purchase commitments for materials and services for jointly owned fields and facilities where we are the operator.

(c) Represents the remaining amount of contributions, excluding interest, due over a five-year period to the FCCL upstream joint venture with Cenovus.

(d) Represents contributions to qualified and nonqualified pension and postretirement benefit plans for the years 2013 through 2017. For additional information related to expected benefit payments subsequent to 2017, see Note 19—Employee Benefit Plans, in the Notes to Consolidated Financial Statements.

(e) Excludes unrecognized tax benefits of $756 million because the ultimate disposition and timing of any payments to be made with regard to such amounts are not reasonably estimable. Although unrecognized tax benefits are not a contractual obligation, they are presented in this table because they represent potential demands on our liquidity.

Capital Spending

Capital Program	Millions of Dollars		
	2012	2011	2010
Alaska	**$ 828**	774	729
Lower 48 and Latin America	**5,251**	3,882	1,790
Canada	**2,184**	1,761	1,356
Europe	**2,860**	2,222	1,190
Asia Pacific and Middle East	**2,430**	2,325	2,157
Other International	**415**	8	127
LUKOIL Investment	**-**	-	-
Corporate and Other	**204**	242	186
Capital expenditures and investments from continuing operations	**14,172**	11,214	7,535
Discontinued operations in Kashagan, Nigeria and Algeria	**817**	1,038	1,071
Joint venture acquisition obligation (principal)—Canada	**733**	695	659
Capital Program	**$ 15,722**	12,947	9,265

Our capital expenditures and investments from continuing operations for the three-year period ended December 31, 2012, totaled $32.9 billion. The expenditures over this period supported key exploration and developments, primarily:

- Oil, natural gas liquids and natural gas developments in the Lower 48, including Texas, New Mexico, North Dakota, Oklahoma, Montana, Colorado, Wyoming and offshore in the Gulf of Mexico.
- Further development of coalbed methane (CBM) associated with the APLNG joint venture in Australia.
- Oil sands and ongoing natural gas developments in Canada.
- Alaska activities related to development in the Greater Kuparuk Area, the Greater Prudhoe Area, the Western North Slope and the Cook Inlet Area and initial development of the Point Thomson Unit.
- Development drilling and new facilities in the Norway sector of the North Sea, including the Greater Ekofisk Area, Alvheim, Visund and Statfjord, and Heidrun in the Norwegian Sea.
- The Bohai Bay development in China.
- In the U.K. sector of the North Sea, the development of the Jasmine discovery in the J-Area, the development of Clair Ridge and development drilling in the southern and central North Sea.
- The North Belut Field, as well as other developments in offshore Block B and onshore South Sumatra in Indonesia.
- QG3, an integrated development which produces and liquefies natural gas from Qatar's North Field.
- The Gumusut-Kakap development offshore Sabah, Malaysia.
- Exploration activities in Australia's Browse Basin, North American shale plays, Canadian oil sands developments, deepwater Gulf of Mexico, Alaska, the U.K. and Norway sectors of the North Sea, Kazakhstan and Indonesia.
- Leasehold acquisitions in Angola.

2013 CAPITAL PROGRAM

Our 2013 capital program of $15.8 billion is comprised of $15.0 billion for the capital expenditures and investments budget and $0.8 billion for principal contributions to fund our portion of the FCCL business venture. Of the $15.0 billion for the capital expenditures and investments budget, $0.3 billion relates to our discontinued operations in Kashagan, Nigeria and Algeria and $14.7 billion relates to continuing operations. Included in the 2013 capital expenditures and investments budget is $0.6 billion in capitalized interest.

Our 2013 capital expenditures and investments budget for continuing operations of $14.7 billion is 4 percent higher than actual expenditures in 2012.

We are directing approximately 60 percent of our 2013 capital expenditures and investments budget for continuing operations to North America. These funds are expected to be directed toward:

- In Alaska, further development of opportunities in Prudhoe Bay, Kuparuk and Alpine fields, and initial development of Point Thomson Field.
- In Lower 48, development of liquids-rich areas, such as the Eagle Ford trend, and the Williston and Permian basins.
- Exploration and appraisal activities in the Eagle Ford shale formation, and Avalon, Wolfcamp and Niobrara areas in Lower 48.
- Appraisal of deepwater Gulf of Mexico discoveries, wildcat wells and acreage additions.
- Liquids opportunities in the western Canada basins and Canadian oil sands.
- Exploration and appraisal activities in Canadian shale plays and oil sands.

We are directing approximately 40 percent of our 2013 capital expenditures and investments budget for continuing operations to Europe, Asia Pacific and other international businesses. These funds are expected to be directed toward:

- Further development of CBM associated with the APLNG joint venture in Australia.
- Elsewhere in the Asia Pacific and Middle East segment, continued development of Bohai Bay in China, new fields offshore Malaysia, and offshore Block B and onshore South Sumatra in Indonesia.
- In the North Sea, the Greater Ekofisk Area, development of the Jasmine discovery in the J-Block Area, development of Clair Ridge and the Britannia Long Term Compression Project.
- Onshore developments in Libya.
- Exploration and appraisal activities in Australia's offshore Browse Basin and onshore Canning Basin, deepwater Angola, offshore Indonesia and Malaysia, and the North Sea.

For information on proved undeveloped reserves and the associated costs to develop these reserves, see the "Oil and Gas Operations" section.

Contingencies

A number of lawsuits involving a variety of claims have been made against ConocoPhillips that arise in the ordinary course of business. We also may be required to remove or mitigate the effects on the environment of the placement, storage, disposal or release of certain chemical, mineral and petroleum substances at various active and inactive sites. We regularly assess the need for accounting recognition or disclosure of these contingencies. In the case of all known contingencies (other than those related to income taxes), we accrue a liability when the loss is probable and the amount is reasonably estimable. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. We do not reduce these liabilities for potential insurance or third-party recoveries. If applicable, we accrue receivables for probable insurance or other third-party recoveries. In the case of income-tax-related contingencies, we use a cumulative probability-weighted loss accrual in cases where sustaining a tax position is less than certain.

Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures will exceed current accruals by an amount that would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures. Estimates particularly sensitive to future changes include contingent liabilities recorded for environmental remediation, tax and legal matters. Estimated future environmental remediation costs are subject to change due to such factors as the uncertain magnitude of cleanup costs, the unknown time and extent of such remedial actions that may be required, and the determination of our liability in proportion to that of other responsible parties. Estimated future costs related to tax and legal matters are subject to change as events evolve and as additional information becomes available during the administrative and litigation processes. For information on other contingencies, see Note 14 —Contingencies and Commitments, in the Notes to Consolidated Financial Statements.

Legal and Tax Matters

Our legal organization applies its knowledge, experience and professional judgment to the specific characteristics of our cases, employing a litigation management process to manage and monitor the legal proceedings against us. Our process facilitates the early evaluation and quantification of potential exposures in individual cases. This process also enables us to track those cases that have been scheduled for trial and/or mediation. Based on professional judgment and experience in using these litigation management tools and available information about current developments in all our cases, our legal organization regularly assesses the adequacy of current accruals and determines if adjustment of existing accruals, or establishment of new accruals, are required. See Note 20—Income Taxes, in the Notes to Consolidated Financial Statements, for additional information about income-tax-related contingencies.

Environmental

We are subject to the same numerous international, federal, state and local environmental laws and regulations as other companies in our industry. The most significant of these environmental laws and regulations include, among others, the:

- U.S. Federal Clean Air Act, which governs air emissions.
- U.S. Federal Clean Water Act, which governs discharges to water bodies.
- European Union Regulation for Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).
- U.S. Federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), which imposes liability on generators, transporters and arrangers of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur.
- U.S. Federal Resource Conservation and Recovery Act (RCRA), which governs the treatment, storage and disposal of solid waste.
- U.S. Federal Oil Pollution Act of 1990 (OPA90), under which owners and operators of onshore facilities and pipelines, lessees or permittees of an area in which an offshore facility is located, and owners and operators of vessels are liable for removal costs and damages that result from a discharge of oil into navigable waters of the United States.
- U.S. Federal Emergency Planning and Community Right-to-Know Act (EPCRA), which requires facilities to report toxic chemical inventories with local emergency planning committees and response departments.
- U.S. Federal Safe Drinking Water Act, which governs the disposal of wastewater in underground injection wells.
- U.S. Department of the Interior regulations, which relate to offshore oil and gas operations in U.S. waters and impose liability for the cost of pollution cleanup resulting from operations, as well as potential liability for pollution damages.
- European Union Trading Directive resulting in European Emissions Trading Scheme.

These laws and their implementing regulations set limits on emissions and, in the case of discharges to water, establish water quality limits. They also, in most cases, require permits in association with new or modified operations. These permits can require an applicant to collect substantial information in connection with the application process, which can be expensive and time consuming. In addition, there can be delays associated with notice and comment periods and the agency's processing of the application. Many of the delays associated with the permitting process are beyond the control of the applicant.

Many states and foreign countries where we operate also have, or are developing, similar environmental laws and regulations governing these same types of activities. While similar, in some cases these regulations may impose additional, or more stringent, requirements that can add to the cost and difficulty of marketing or transporting products across state and international borders.

The ultimate financial impact arising from environmental laws and regulations is neither clearly known nor easily determinable as new standards, such as air emission standards, water quality standards and stricter fuel regulations, continue to evolve. However, environmental laws and regulations, including those that may arise to address concerns about global climate change, are expected to continue to have an increasing impact on our operations in the United States and in other countries in which we operate. Notable areas of potential impacts include air emission compliance and remediation obligations in the United States.

An example is the use of hydraulic fracturing, an essential completion technique that facilitates production of oil and natural gas that is otherwise trapped in lower permeability rock formations. A range of local, state, federal or national laws and regulations currently govern hydraulic fracturing operations. Although hydraulic fracturing has been conducted for many decades, a number of new laws, regulations and permitting requirements are under consideration by the U.S. Environmental Protection Agency (EPA), the U.S. Department of the Interior, and others which could result in increased costs, operating restrictions, operational delays and/or limit the ability to develop oil and natural gas resources. Governmental restrictions on hydraulic fracturing could impact the overall profitability or viability of certain of our oil and natural gas investments. We have adopted operating principles that incorporate established industry standards designed to meet or exceed government requirements. Our practices continually evolve as technology improves and regulations change.

We also are subject to certain laws and regulations relating to environmental remediation obligations associated with current and past operations. Such laws and regulations include CERCLA and RCRA and their state equivalents. Longer-term expenditures are subject to considerable uncertainty and may fluctuate significantly.

We occasionally receive requests for information or notices of potential liability from the EPA and state environmental agencies alleging that we are a potentially responsible party under CERCLA or an equivalent state statute. On occasion, we also have been made a party to cost recovery litigation by those agencies or by private parties. These requests, notices and lawsuits assert potential liability for remediation costs at various sites that typically are not owned by us, but allegedly contain wastes attributable to our past operations. As of December 31, 2011, we reported we had been notified of potential liability under CERCLA and comparable state laws at 74 sites around the United States. At December 31, 2012, we had closed 2 sites and transferred 61 sites to Phillips 66, bringing the number to 11 unresolved sites with potential liability.

For most Superfund sites, our potential liability will be significantly less than the total site remediation costs because the percentage of waste attributable to us, versus that attributable to all other potentially responsible parties, is relatively low. Although liability of those potentially responsible is generally joint and several for federal sites and frequently so for state sites, other potentially responsible parties at sites where we are a party typically have had the financial strength to meet their obligations, and where they have not, or where potentially responsible parties could not be located, our share of liability has not increased materially. Many of the sites at which we are potentially responsible are still under investigation by the EPA or the state agencies concerned. Prior to actual cleanup, those potentially responsible normally assess site conditions, apportion responsibility and determine the appropriate remediation. In some instances, we may have no liability or attain a settlement of liability. Actual cleanup costs generally occur after the parties obtain EPA or equivalent state

agency approval. There are relatively few sites where we are a major participant, and given the timing and amounts of anticipated expenditures, neither the cost of remediation at those sites nor such costs at all CERCLA sites, in the aggregate, is expected to have a material adverse effect on our competitive or financial condition.

Expensed environmental costs were $575 million in 2012 and are expected to be about $478 million per year in 2013 and 2014. Capitalized environmental costs were $297 million in 2012 and are expected to be about $459 million per year in 2013 and 2014.

Accrued liabilities for remediation activities are not reduced for potential recoveries from insurers or other third parties and are not discounted (except those assumed in a purchase business combination, which we do record on a discounted basis).

Many of these liabilities result from CERCLA, RCRA and similar state laws that require us to undertake certain investigative and remedial activities at sites where we conduct, or once conducted, operations or at sites where ConocoPhillips-generated waste was disposed. The accrual also includes a number of sites we identified that may require environmental remediation, but which are not currently the subject of CERCLA, RCRA or state enforcement activities. If applicable, we accrue receivables for probable insurance or other third-party recoveries. In the future, we may incur significant costs under both CERCLA and RCRA.

Remediation activities vary substantially in duration and cost from site to site, depending on the mix of unique site characteristics, evolving remediation technologies, diverse regulatory agencies and enforcement policies, and the presence or absence of potentially liable third parties. Therefore, it is difficult to develop reasonable estimates of future site remediation costs.

At December 31, 2012, our balance sheet included total accrued environmental costs of $364 million, and we expect to incur a substantial amount of these expenditures within the next 30 years. At December 31, 2011, accrued environmental costs were $922 million, of which $542 million related to the Downstream business.

Notwithstanding any of the foregoing, and as with other companies engaged in similar businesses, environmental costs and liabilities are inherent concerns in our operations and products, and there can be no assurance that material costs and liabilities will not be incurred. However, we currently do not expect any material adverse effect upon our results of operations or financial position as a result of compliance with current environmental laws and regulations.

Climate Change

There has been a broad range of proposed or promulgated state, national and international laws focusing on greenhouse gas (GHG) reduction. These proposed or promulgated laws apply or could apply in countries where we have interests or may have interests in the future. Laws in this field continue to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, such laws, if enacted, could have a material impact on our results of operations and financial condition. Examples of legislation or precursors for possible regulation that do or could affect our operations include:

- European Emissions Trading Scheme (ETS), the program through which many of the European Union (EU) member states are implementing the Kyoto Protocol. Our cost of compliance with the EU ETS in 2012 was approximately $10 million (pre-tax equity share).
- A regulation issued by the Alberta government in 2007 under the Climate Change and Emissions Act. The regulation requires any existing facility with emissions equal to or greater than 100,000 metric tons of carbon dioxide or equivalent per year to reduce the net emissions intensity beginning July 1, 2007 by 12 percent. New facilities must reduce 2 percent per year until they reach the maximum target of 12 percent. We also incur a carbon tax for emissions from fossil fuel combustion in our British Columbia operations. The total cost of compliance with these Canadian regulations in 2012 was approximately $7 million.

- The U.S. Supreme Court decision in Massachusetts v. EPA, 549 U.S. 497, 127 S.Ct. 1438 (2007), confirming that the EPA has the authority to regulate carbon dioxide as an "air pollutant" under the Federal Clean Air Act.
- The EPA's announcement on March 29, 2010 (published as "Interpretation of Regulations that Determine Pollutants Covered by Clean Air Act Permitting Programs," 75 Fed. Reg. 17004 (April 2, 2010)), and the EPA's and U.S. Department of Transportation's joint promulgation of a Final Rule on April 1, 2010, that triggers regulation of GHGs under the Clean Air Act, may trigger more climate-based claims for damages, and may result in longer agency review time for development projects.
- Carbon taxes in certain jurisdictions. Our cost of compliance with Norwegian carbon tax legislation in 2012 was approximately $20 million (equity share pre-tax). In October 2012 the Norwegian government announced a doubling of the carbon tax for oil and gas production in 2013. Cap and trade programs in certain jurisdictions, including the Australian Clean Energy Legislation which took effect from July 2012. Our annual cost of compliance with the Australian Clean Energy Legislation during the initial fixed price phase is approximately $10 million (equity share pre-tax).

In the United States, some additional form of regulation may be forthcoming in the future at the federal and state levels with respect to GHG emissions. Such regulation could take any of several forms that may result in the creation of additional costs in the form of taxes, the restriction of output, investments of capital to maintain compliance with laws and regulations, or required acquisition or trading of emission allowances. We are working to continuously improve operational and energy efficiency through resource and energy conservation throughout our operations.

Compliance with changes in laws and regulations that create a GHG emission trading scheme or GHG reduction policies could significantly increase our costs, reduce demand for fossil energy derived products, impact the cost and availability of capital and increase our exposure to litigation. Such laws and regulations could also increase demand for less carbon intensive energy sources, including natural gas. The ultimate impact on our financial performance, either positive or negative, will depend on a number of factors, including but not limited to:

- Whether and to what extent legislation is enacted.
- The nature of the legislation (such as a cap and trade system or a tax on emissions).
- The price placed on GHG emissions (either by the market or through a tax).
- The GHG reductions required.
- The price and availability of offsets.
- The amount and allocation of allowances.
- Technological and scientific developments leading to new products or services.
- Any potential significant physical effects of climate change (such as increased severe weather events, changes in sea levels and changes in temperature).
- Whether, and the extent to which, increased compliance costs are ultimately reflected in the prices of our products and services.

The Company has responded by putting in place a corporate Climate Change Action Plan, together with individual business unit climate change management plans in order to undertake actions in four major areas:

- Equipping the Company for a low emission world, for example by integrating GHG forecasting and reporting into company procedures; utilizing GHG pricing in planning economics; developing systems to handle GHG market transactions.
- Reducing GHG emissions—In 2011 the Company reduced GHG emissions by 600,000 tonnes by carrying out a range of programs across a number of business units.
- Evaluating business opportunities such as the creation of offsets and allowances; carbon capture and storage; the use of low carbon energy and the development of low carbon technologies.
- Engaging externally—The Company is a sponsor of MIT's Joint Program on the Science and Policy of Global Change; constructively engages in the development of climate change legislation and regulation; and discloses our progress and performance through the Carbon Disclosure Project and the Dow Jones Sustainability Index.

The Company uses an estimated market cost of GHG emissions in the range of $8 to $46 per tonne depending on the timing and country or region to evaluate future opportunities.

Other

We have deferred tax assets related to certain accrued liabilities, loss carryforwards and credit carryforwards. Valuation allowances have been established to reduce these deferred tax assets to an amount that will, more likely than not, be realized. Based on our historical taxable income, our expectations for the future, and available tax-planning strategies, management expects the net deferred tax assets will be realized as offsets to reversing deferred tax liabilities and as reductions in future taxable income.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to select appropriate accounting policies and to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. See Note 1—Accounting Policies, in the Notes to Consolidated Financial Statements, for descriptions of our major accounting policies. Certain of these accounting policies involve judgments and uncertainties to such an extent there is a reasonable likelihood materially different amounts would have been reported under different conditions, or if different assumptions had been used. These critical accounting estimates are discussed with the Audit and Finance Committee of the Board of Directors at least annually. We believe the following discussions of critical accounting estimates, along with the discussions of contingencies and of deferred tax asset valuation allowances in this report, address all important accounting areas where the nature of accounting estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change.

Oil and Gas Accounting

Accounting for oil and gas exploratory activity is subject to special accounting rules unique to the oil and gas industry. The acquisition of geological and geophysical seismic information, prior to the discovery of proved reserves, is expensed as incurred, similar to accounting for research and development costs. However, leasehold acquisition costs and exploratory well costs are capitalized on the balance sheet pending determination of whether proved oil and gas reserves have been discovered on the prospect.

Property Acquisition Costs

For individually significant leaseholds, management periodically assesses for impairment based on exploration and drilling efforts to date. For leasehold acquisition costs that individually are relatively small, management exercises judgment and determines a percentage probability that the prospect ultimately will fail to find proved oil and gas reserves and pools that leasehold information with others in the geographic area. For prospects in areas that have had limited, or no, previous exploratory drilling, the percentage probability of ultimate failure is normally judged to be quite high. This judgmental percentage is multiplied by the leasehold acquisition cost, and that product is divided by the contractual period of the leasehold to determine a periodic leasehold impairment charge that is reported in exploration expense.

This judgmental probability percentage is reassessed and adjusted throughout the contractual period of the leasehold based on favorable or unfavorable exploratory activity on the leasehold or on adjacent leaseholds, and leasehold impairment amortization expense is adjusted prospectively. At year-end 2012, the book value of the pools of property acquisition costs that individually are relatively small and thus subject to the above-described periodic leasehold impairment calculation was $1,915 million and the accumulated impairment reserve was $517 million. The weighted-average judgmental percentage probability of ultimate failure was approximately 46 percent, and the weighted-average amortization period was approximately four years. If that judgmental percentage were to be raised by 5 percent across all calculations, pretax leasehold impairment expense in 2013 would increase by approximately $30 million. At year-end 2012, the remaining $6,576 million of gross capitalized unproved property costs consisted of individually significant leaseholds, mineral rights held in perpetuity by title ownership, exploratory wells currently being drilled, suspended exploratory wells, and capitalized interest. Management periodically assesses individually significant leaseholds for impairment based on the results of exploration and drilling efforts and the outlook for commercialization. Of this amount, approximately $3 billion is concentrated in 10 major development areas. These major assets are not expected to move to proved properties in 2013.

Exploratory Costs

For exploratory wells, drilling costs are temporarily capitalized, or “suspended,” on the balance sheet, pending a determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort to justify completion of the find as a producing well.

If exploratory wells encounter potentially economic quantities of oil and gas, the well costs remain capitalized on the balance sheet as long as sufficient progress assessing the reserves and the economic and operating viability of the project is being made. The accounting notion of "sufficient progress" is a judgmental area, but the accounting rules do prohibit continued capitalization of suspended well costs on the mere chance that future market conditions will improve or new technologies will be found that would make the development economically profitable. Often, the ability to move into the development phase and record proved reserves is dependent on obtaining permits and government or co-venturer approvals, the timing of which is ultimately beyond our control. Exploratory well costs remain suspended as long as we are actively pursuing such approvals and permits, and believe they will be obtained. Once all required approvals and permits have been obtained, the projects are moved into the development phase, and the oil and gas reserves are designated as proved reserves. For complex exploratory discoveries, it is not unusual to have exploratory wells remain suspended on the balance sheet for several years while we perform additional appraisal drilling and seismic work on the potential oil and gas field or while we seek government or co-venturer approval of development plans or seek environmental permitting. Once a determination is made the well did not encounter potentially economic oil and gas quantities, the well costs are expensed as a dry hole and reported in exploration expense.

Management reviews suspended well balances quarterly, continuously monitors the results of the additional appraisal drilling and seismic work, and expenses the suspended well costs as a dry hole when it determines the potential field does not warrant further investment in the near term. Criteria utilized in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected development costs, ability to apply existing technology to produce the reserves, fiscal terms, regulations or contract negotiations, and our required return on investment.

At year-end 2012, total suspended well costs were $1,038 million, compared with $1,037 million at year-end 2011. For additional information on suspended wells, including an aging analysis, see Note 7—Suspended Wells, in the Notes to Consolidated Financial Statements.

Proved Reserves

Engineering estimates of the quantities of proved reserves are inherently imprecise and represent only approximate amounts because of the judgments involved in developing such information. Reserve estimates are based on geological and engineering assessments of in-place hydrocarbon volumes, the production plan, historical extraction recovery and processing yield factors, installed plant operating capacity and approved operating limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons.

Despite the inherent imprecision in these engineering estimates, accounting rules require disclosure of "proved" reserve estimates due to the importance of these estimates to better understand the perceived value and future cash flows of a company's operations. There are several authoritative guidelines regarding the engineering criteria that must be met before estimated reserves can be designated as "proved." Our reservoir engineering organization has policies and procedures in place consistent with these authoritative guidelines. We have trained and experienced internal engineering personnel who estimate our proved reserves held by consolidated companies, as well as our share of equity affiliates.

Proved reserve estimates are adjusted annually in the fourth quarter and during the year if significant changes occur, and take into account recent production and subsurface information about each field. Also, as required by current authoritative guidelines, the estimated future date when a field will be permanently shut down for economic reasons is based on 12-month average prices and year-end costs. This estimated date when production will end affects the amount of estimated reserves. Therefore, as prices and cost levels change from year to year, the estimate of proved reserves also changes.

Our proved reserves include estimated quantities related to production sharing contracts, which are reported under the "economic interest" method and are subject to fluctuations in commodity prices; recoverable operating expenses; and capital costs. If costs remain stable, reserve quantities attributable to recovery of costs will change inversely to changes in commodity prices. For example, if prices increase, then our applicable reserve quantities would decline. The estimation of proved developed reserves also is important to the income

statement because the proved developed reserve estimate for a field serves as the denominator in the unit-of-production calculation of the DD&A of the capitalized costs for that asset. At year-end 2012, the net book value of productive properties, plants and equipment (PP&E) subject to a unit-of-production calculation was approximately $55 billion and the DD&A recorded on these assets in 2012 was approximately $6.4 billion. The estimated proved developed reserves for our consolidated operations were 5.1 billion BOE at the end of 2011 and 4.9 billion BOE at the end of 2012. If the estimates of proved reserves used in the unit-of-production calculations had been lower by 5 percent across all calculations, pretax DD&A in 2012 would have increased by an estimated $336 million.

Impairments

Long-lived assets used in operations are assessed for impairment whenever changes in facts and circumstances indicate a possible significant deterioration in future cash flows expected to be generated by an asset group and annually in the fourth quarter following updates to corporate planning assumptions. If there is an indication the carrying amount of an asset may not be recovered, the asset is monitored by management through an established process where changes to significant assumptions such as prices, volumes and future development plans are reviewed. If, upon review, the sum of the undiscounted pretax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value. Individual assets are grouped for impairment purposes based on a judgmental assessment of the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets—generally on a field-by-field basis for exploration and production assets. Because there usually is a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, or based on a multiple of operating cash flow validated with historical market transactions of similar assets where possible. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of future production volumes, commodity prices, operating costs and capital decisions, considering all available information at the date of review. See Note 9—Impairments, in the Notes to Consolidated Financial Statements, for additional information.

Investments in nonconsolidated entities accounted for under the equity method are reviewed for impairment when there is evidence of a loss in value and annually following updates to corporate planning assumptions. Such evidence of a loss in value might include our inability to recover the carrying amount, the lack of sustained earnings capacity which would justify the current investment amount, or a current fair value less than the investment's carrying amount. When it is determined such a loss in value is other than temporary, an impairment charge is recognized for the difference between the investment's carrying value and its estimated fair value. When determining whether a decline in value is other than temporary, management considers factors such as the length of time and extent of the decline, the investee's financial condition and near-term prospects, and our ability and intention to retain our investment for a period that will be sufficient to allow for any anticipated recovery in the market value of the investment. When quoted market prices are not available, the fair value is usually based on the present value of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, plus market analysis of comparable assets owned by the investee, if appropriate. Differing assumptions could affect the timing and the amount of an impairment of an investment in any period.

Asset Retirement Obligations and Environmental Costs

Under various contracts, permits and regulations, we have material legal obligations to remove tangible equipment and restore the land or seabed at the end of operations at operational sites. Our largest asset removal obligations involve plugging and abandonment of wells, removal and disposal of offshore oil and gas platforms around the world, as well as oil and gas production facilities and pipelines in Alaska. The fair values of obligations for dismantling and removing these facilities are accrued into PP&E at the time of installation of the asset based on estimated discounted costs. Estimating the future asset removal costs necessary for this accounting calculation is difficult. Most of these removal obligations are many years, or decades, in the future and the contracts and regulations often have vague descriptions of what removal practices and criteria must be met when the removal event actually occurs. Asset removal technologies and costs, regulatory and other

compliance considerations, expenditure timing, and other inputs into valuation of the obligation, including discount and inflation rates, are also subject to change.

Normally, changes in asset removal obligations are reflected in the income statement as increases or decreases to DD&A over the remaining life of the assets. However, for assets at or nearing the end of their operations, as well as previously sold assets for which we retained the asset removal obligation, an increase in the asset removal obligation can result in an immediate charge to earnings, because any increase in PP&E due to the increased obligation would immediately be subject to impairment, due to the low fair value of these properties.

In addition to asset removal obligations, under the above or similar contracts, permits and regulations, we have certain environmental-related projects. These are primarily related to remediation activities required by Canada and various states within the United States at exploration and production sites. Future environmental remediation costs are difficult to estimate because they are subject to change due to such factors as the uncertain magnitude of cleanup costs, the unknown time and extent of such remedial actions that may be required, and the determination of our liability in proportion to that of other responsible parties.

Projected Benefit Obligations

Determination of the projected benefit obligations for our defined benefit pension and postretirement plans are important to the recorded amounts for such obligations on the balance sheet and to the amount of benefit expense in the income statement. The actuarial determination of projected benefit obligations and company contribution requirements involves judgment about uncertain future events, including estimated retirement dates, salary levels at retirement, mortality rates, lump-sum election rates, rates of return on plan assets, future health care cost-trend rates, and rates of utilization of health care services by retirees. Due to the specialized nature of these calculations, we engage outside actuarial firms to assist in the determination of these projected benefit obligations and company contribution requirements. For Employee Retirement Income Security Act-qualified pension plans, the actuary exercises fiduciary care on behalf of plan participants in the determination of the judgmental assumptions used in determining required company contributions into the plan. Due to differing objectives and requirements between financial accounting rules and the pension plan funding regulations promulgated by governmental agencies, the actuarial methods and assumptions for the two purposes differ in certain important respects. Ultimately, we will be required to fund all promised benefits under pension and postretirement benefit plans not funded by plan assets or investment returns, but the judgmental assumptions used in the actuarial calculations significantly affect periodic financial statements and funding patterns over time. Benefit expense is particularly sensitive to the discount rate and return on plan assets assumptions. A 1 percent decrease in the discount rate assumption would increase annual benefit expense by $130 million, while a 1 percent decrease in the return on plan assets assumption would increase annual benefit expense by $50 million. In determining the discount rate, we use yields on high-quality fixed income investments matched to the estimated benefit cash flows of our plans. We are also exposed to the possibility that lump sum retirement benefits taken from pension plans during the year could exceed the total of service and interest components of annual pension expense and trigger accelerated recognition of a portion of unrecognized net actuarial losses and gains. These benefit payments are based on decisions by plan participants and are therefore difficult to predict.

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

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify our forward-looking statements by the words "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and similar expressions.

We based the forward-looking statements on our current expectations, estimates and projections about ourselves and the industries in which we operate in general. We caution you these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- Fluctuations in crude oil, bitumen, natural gas, LNG and natural gas liquids prices.
- Potential failures or delays in achieving expected reserve or production levels from existing and future oil and gas developments due to operating hazards, drilling risks and the inherent uncertainties in predicting reserves and reservoir performance.
- Unsuccessful exploratory drilling activities or the inability to obtain access to exploratory acreage.
- Unexpected changes in costs or technical requirements for constructing, modifying or operating exploration and production facilities.
- Lack of, or disruptions in, adequate and reliable transportation for our crude oil, natural gas, natural gas liquids, bitumen and LNG.
- Inability to timely obtain or maintain permits, including those necessary for drilling and/or development, construction of LNG terminals or regasification facilities; comply with government regulations; or make capital expenditures required to maintain compliance.
- Failure to complete definitive agreements and feasibility studies for, and to timely complete construction of, announced and future exploration and production and LNG development.
- Potential disruption or interruption of our operations due to accidents, extraordinary weather events, civil unrest, political events, terrorism or cyber attacks.
- International monetary conditions and exchange controls.
- Substantial investment or reduced demand for products as a result of existing or future environmental rules and regulations.
- Liability for remedial actions, including removal and reclamation obligations, under environmental regulations.
- Liability resulting from litigation.
- General domestic and international economic and political developments, including armed hostilities; expropriation of assets; changes in governmental policies relating to crude oil, bitumen, natural gas, LNG or natural gas liquids pricing, regulation or taxation; other political, economic or diplomatic developments; and international monetary fluctuations.
- Changes in tax and other laws, regulations (including alternative energy mandates), or royalty rules applicable to our business.
- Limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets.
- Delays in, or our inability to implement, our asset disposition plan.
- Inability to obtain economical financing for development, construction or modification of facilities and general corporate purposes.
- The operation and financing of our joint ventures.
- The factors generally described in Item 1A—Risk Factors in this report.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Instrument Market Risk

We and certain of our subsidiaries hold and issue derivative contracts and financial instruments that expose our cash flows or earnings to changes in commodity prices, foreign currency exchange rates or interest rates. We may use financial and commodity-based derivative contracts to manage the risks produced by changes in the prices of natural gas, crude oil and related products; fluctuations in interest rates and foreign currency exchange rates; or to capture market opportunities.

Our use of derivative instruments is governed by an "Authority Limitations" document approved by our Board of Directors that prohibits the use of highly leveraged derivatives or derivative instruments without sufficient liquidity for comparable valuations. The Authority Limitations document also establishes the Value at Risk (VaR) limits for the company, and compliance with these limits is monitored daily. The Chief Financial Officer monitors risks resulting from foreign currency exchange rates and interest rates and reports to the Chief Executive Officer. The Executive Vice President of Commercial, Business Development and Corporate Planning monitors commodity price risk and also reports to the Chief Executive Officer. The Commercial organization manages our commercial marketing, optimizes our commodity flows and positions, and monitors risks.

Commodity Price Risk

Our Commercial organization uses futures, forwards, swaps and options in various markets to accomplish the following objectives:

- Meet customer needs. Consistent with our policy to generally remain exposed to market prices, we use swap contracts to convert fixed-price sales contracts, which are often requested by natural gas consumers, to floating market prices.
- Enable us to use the market knowledge gained from these activities to capture market opportunities such as moving physical commodities to more profitable locations and storing commodities to capture seasonal or time premiums. We may use derivatives to optimize these activities.

We use a VaR model to estimate the loss in fair value that could potentially result on a single day from the effect of adverse changes in market conditions on the derivative financial instruments and derivative commodity instruments we hold or issue, including commodity purchases and sales contracts recorded on the balance sheet at December 31, 2012, as derivative instruments. Using Monte Carlo simulation, a 95 percent confidence level and a one-day holding period, the VaR for those instruments issued or held for trading purposes at December 31, 2012 and 2011, was immaterial to our consolidated cash flows and net income attributable to ConocoPhillips. The VaR for instruments held for purposes other than trading at December 31, 2012 and 2011, was also immaterial to our cash flows and net income attributable to ConocoPhillips.

Interest Rate Risk

The following table provides information about our financial instruments that are sensitive to changes in U.S. interest rates. The debt portion of the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. Weighted-average variable rates are based on effective rates at the reporting date. The carrying amount of our floating-rate debt approximates its fair value. The fair value of the fixed-rate financial instruments is estimated based on quoted market prices. The joint venture acquisition obligation portion of the table presents principal cash flows of the fixed-rate 5.3 percent joint venture acquisition obligation owed to FCCL Partnership. The fair value of the obligation is estimated based on the net present value of the future cash flows, discounted at year-end 2012 and 2011 effective yield rates of 0.7 percent and 1.24 percent, respectively, based on yields of U.S. Treasury securities of a similar average duration adjusted for ConocoPhillips' average credit risk spread and the amortizing nature of the obligation principal.

	Millions of Dollars Except as Indicated					
	Debt				Joint Venture Acquisition Obligation	
Expected Maturity Date	Fixed Rate Maturity	Average Interest Rate	Floating Rate Maturity	Average Interest Rate	Fixed Rate Maturity	Average Interest Rate
Year-End 2012						
2013	**$ 850**	**5.75 %**	**$ 91**	**0.25 %**	**$ 772**	**5.30%**
2014	**400**	**4.75**	**-**	**-**	**814**	**5.30**
2015	**1,500**	**4.60**	**-**	**-**	**858**	**5.30**
2016	**1,273**	**5.52**	**964**	**0.25**	**904**	**5.30**
2017	**1,001**	**1.06**	**-**	**-**	**234**	**5.30**
Remaining years	**14,918**	**6.25**	**283**	**0.19**	**-**	**5.30**
Total	**$ 19,942**		**$ 1,338**		**$ 3,582**	
Fair value	**$ 25,011**		**$ 1,338**		**$ 3,968**	
Year-End 2011						
2012	$ 918	4.80 %	$ 3	0.38 %	$ 732	5.30%
2013	1,262	5.33	-	-	772	5.30
2014	1,511	4.77	-	-	814	5.30
2015	1,513	4.62	15	2.01	858	5.30
2016	1,287	5.54	1,128	0.51	904	5.30
Remaining years	14,008	6.52	498	0.38	234	5.30
Total	$ 20,499		$ 1,644		$ 4,314	
Fair value	$ 25,421		$ 1,644		$ 4,820	

Foreign Currency Exchange Risk

We have foreign currency exchange rate risk resulting from international operations. We do not comprehensively hedge the exposure to currency exchange rate changes although we may choose to selectively hedge certain foreign currency exchange rate exposures, such as firm commitments for capital projects or local currency tax payments, dividends and cash returns from net investments in foreign affiliates to be remitted within the coming year.

At December 31, 2012 and 2011, we held foreign currency exchange forwards hedging cross-border commercial activity and foreign currency exchange swaps for purposes of mitigating our cash related exposures. Although these forwards and swaps hedge exposures to fluctuations in exchange rates, we elected not to utilize hedge accounting. As a result, the change in the fair value of these foreign currency exchange derivatives is recorded directly in earnings. Since the gain or loss on the swaps is offset by the gain or loss from remeasuring the related cash balances, and since our aggregate position in the forwards was not material, there would be no material impact to our income from an adverse hypothetical 10 percent change in the December 31, 2012, or 2011, exchange rates. The notional and fair market values of these positions at December 31, 2012 and 2011, were as follows:

Foreign Currency Exchange Derivatives		In Millions			
		Notional*		Fair Market Value**	
		2012	2011	**2012**	2011
Sell U.S. dollar, buy euro	USD	-	219	**$** -	(8)
Sell U.S. dollar, buy British pound	USD	**2,573**	790	**31**	-
Sell U.S. dollar, buy Canadian dollar	USD	-	648	-	-
Sell U.S. dollar, buy Norwegian krone	USD	-	292	-	(7)
Buy U.S. dollar, sell euro	USD	**7**	-	-	-
Buy U.S. dollar, sell Norwegian krone	USD	**90**	-	-	-
Buy U.S. dollar, sell Canadian dollar	USD	**43**	-	**(2)**	-
Buy euro, sell Norwegian krone	EUR	-	3	-	-
Buy euro, sell British pound	EUR	**96**	-	-	-
Sell euro, buy British pound	EUR	-	64	-	5

**Denominated in U.S. dollars (USD) and euro (EUR).*
***Denominated in U.S. dollars.*

For additional information about our use of derivative instruments, see Note 16—Financial Instruments and Derivative Contracts, in the Notes to Consolidated Financial Statements.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONOCOPHILLIPS

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Report of Management

Management prepared, and is responsible for, the consolidated financial statements and the other information appearing in this annual report. The consolidated financial statements present fairly the company's financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States. In preparing its consolidated financial statements, the company includes amounts that are based on estimates and judgments management believes are reasonable under the circumstances. The company's financial statements have been audited by Ernst & Young LLP, an independent registered public accounting firm appointed by the Audit and Finance Committee of the Board of Directors and ratified by stockholders. Management has made available to Ernst & Young LLP all of the company's financial records and related data, as well as the minutes of stockholders' and directors' meetings.

Assessment of Internal Control Over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal control over financial reporting. ConocoPhillips' internal control system was designed to provide reasonable assurance to the company's management and directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2012. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework*. Based on our assessment, we believe the company's internal control over financial reporting was effective as of December 31, 2012.

Ernst & Young LLP has issued an audit report on the company's internal control over financial reporting as of December 31, 2012, and their report is included herein.

/s/ Ryan M. Lance

Ryan M. Lance
Chairman and
Chief Executive Officer

/s/ Jeff W. Sheets

Jeff W. Sheets
Executive Vice President, Finance
and Chief Financial Officer

February 19, 2013

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

The Board of Directors and Stockholders
ConocoPhillips

We have audited the accompanying consolidated balance sheets of ConocoPhillips as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the related condensed consolidating financial information listed in the Index at Item 8 and financial statement schedule listed in Item 15(a). These financial statements, condensed consolidating financial information, and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, condensed consolidating financial information, and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ConocoPhillips at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related condensed consolidating financial information and financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), ConocoPhillips' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
February 19, 2013

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Stockholders
ConocoPhillips

We have audited ConocoPhillips' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). ConocoPhillips' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included under the heading "Assessment of Internal Control Over Financial Reporting" in the accompanying "Report of Management." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, ConocoPhillips maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2012 consolidated financial statements of ConocoPhillips and our report dated February 19, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
February 19, 2013

Consolidated Income Statement **ConocoPhillips**

Years Ended December 31	Millions of Dollars		
	2012	2011	2010
Revenues and Other Income			
Sales and other operating revenues	**$ 57,967**	64,196	56,215
Equity in earnings of affiliates	**1,911**	1,239	1,376
Gain on dispositions	**1,657**	370	5,563
Other income	**469**	264	181
Total Revenues and Other Income	**62,004**	66,069	63,335
Costs and Expenses			
Purchased commodities	**25,232**	29,797	24,854
Production and operating expenses	**6,793**	6,426	6,227
Selling, general and administrative expenses	**1,106**	865	809
Exploration expenses	**1,500**	1,038	1,125
Depreciation, depletion and amortization	**6,580**	6,827	8,004
Impairments	**680**	321	81
Taxes other than income taxes	**3,546**	3,999	2,788
Accretion on discounted liabilities	**394**	422	409
Interest and debt expense	**709**	954	1,167
Foreign currency transaction (gains) losses	**41**	24	(4)
Total Costs and Expenses	**46,581**	50,673	45,460
Income from continuing operations before income taxes	**15,423**	15,396	17,875
Provision for income taxes	**7,942**	8,208	7,570
Income From Continuing Operations	**7,481**	7,188	10,305
Income from discontinued operations*	**1,017**	5,314	1,112
Net income	**8,498**	12,502	11,417
Less: net income attributable to noncontrolling interests	**(70)**	(66)	(59)
Net Income Attributable to ConocoPhillips	**$ 8,428**	12,436	11,358
Amounts Attributable to ConocoPhillips Common Shareholders:			
Income from continuing operations	**$ 7,413**	7,127	10,251
Income from discontinued operations	**1,015**	5,309	1,107
Net Income	**$ 8,428**	12,436	11,358
Net Income Attributable to ConocoPhillips Per Share of Common Stock *(dollars)*			
Basic			
Continuing operations	**$ 5.95**	5.18	6.93
Discontinued operations	**0.82**	3.86	0.75
Net Income Attributable to ConocoPhillips Per Share of Common Stock	**$ 6.77**	9.04	7.68
Diluted			
Continuing operations	**$ 5.91**	5.14	6.88
Discontinued operations	**0.81**	3.83	0.74
Net Income Attributable to ConocoPhillips Per Share of Common Stock	**$ 6.72**	8.97	7.62
Dividends Paid Per Share of Common Stock *(dollars)*	**$ 2.64**	2.64	2.15
Average Common Shares Outstanding *(in thousands)*			
Basic	**1,243,799**	1,375,035	1,479,330
Diluted	**1,253,093**	1,387,100	1,491,067
**Net of provision for income taxes on discontinued operations of:*	*$ 745*	*2,291*	*763*

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income **ConocoPhillips**

Years Ended December 31	Millions of Dollars		
	2012	2011	2010
Net Income	**$ 8,498**	12,502	11,417
Other comprehensive income			
Defined benefit plans			
Prior service cost (credit) arising during the period	**2**	19	(13)
Reclassification adjustment for amortization of prior service cost (credit) included in net income	**(5)**	2	15
Net change	**(3)**	21	2
Net actuarial loss arising during the period	**(704)**	(1,185)	(9)
Reclassification adjustment for amortization of net actuarial losses included in net income	**430**	226	215
Net change	**(274)**	(959)	206
Nonsponsored plans*	**8**	(50)	5
Income taxes on defined benefit plans	**132**	375	(67)
Defined benefit plans, net of tax	**(137)**	(613)	146
Unrealized holding gain on securities**	**-**	8	631
Reclassification adjustment for gain included in net income	**-**	(255)	(384)
Income taxes on unrealized holding gain on securities	**-**	89	(89)
Unrealized gain (loss) on securities, net of tax	**-**	(158)	158
Foreign currency translation adjustments	**929**	(387)	1,417
Reclassification adjustment for gain included in net income	**(155)**	(516)	-
Income taxes on foreign currency translation adjustments	**(16)**	(14)	(13)
Foreign currency translation adjustments, net of tax	**758**	(917)	1,404
Hedging activities	**6**	1	-
Income taxes on hedging activities	**-**	-	-
Hedging activities, net of tax	**6**	1	-
Other Comprehensive Income (Loss), Net of Tax	**627**	(1,687)	1,708
Comprehensive Income	**9,125**	10,815	13,125
Less: comprehensive income attributable to noncontrolling interests	**(70)**	(66)	(59)
Comprehensive Income Attributable to ConocoPhillips	**$ 9,055**	10,749	13,066

**Plans for which ConocoPhillips is not the primary obligor—primarily those administered by equity affiliates.*
***Available-for-sale securities of LUKOIL.*
See Notes to Consolidated Financial Statements.

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Consolidated Balance Sheet		ConocoPhillips
At December 31	Millions of Dollars	
	2012	2011
Assets		
Cash and cash equivalents	**$ 3,618**	5,780
Short-term investments*	**-**	581
Restricted cash	**748**	-
Accounts and notes receivable (net of allowance of $10 million in 2012 and $30 million in 2011)	**8,929**	14,648
Accounts and notes receivable—related parties	**253**	1,878
Inventories	**965**	4,631
Prepaid expenses and other current assets	**9,476**	2,700
Total Current Assets	**23,989**	30,218
Investments and long-term receivables	**23,489**	32,108
Loans and advances—related parties	**1,517**	1,675
Net properties, plants and equipment (net of accumulated depreciation, depletion and amortization of $58,916 million in 2012 and $65,029 million in 2011)	**67,263**	84,180
Goodwill	**-**	3,332
Intangibles	**4**	745
Other assets	**882**	972
Total Assets	**$ 117,144**	153,230
Liabilities		
Accounts payable	**$ 9,154**	17,973
Accounts payable—related parties	**859**	1,680
Short-term debt	**955**	1,013
Accrued income and other taxes	**3,366**	4,220
Employee benefit obligations	**742**	1,111
Other accruals	**2,367**	2,071
Total Current Liabilities	**17,443**	28,068
Long-term debt	**20,770**	21,610
Asset retirement obligations and accrued environmental costs	**8,947**	9,329
Joint venture acquisition obligation—related party	**2,810**	3,582
Deferred income taxes	**13,185**	18,040
Employee benefit obligations	**3,346**	4,068
Other liabilities and deferred credits	**2,216**	2,784
Total Liabilities	**68,717**	87,481
Equity		
Common stock (2,500,000,000 shares authorized at $.01 par value)		
Issued (2012—1,762,247,949 shares; 2011—1,749,550,587)		
Par value	**18**	17
Capital in excess of par	**45,324**	44,725
Treasury stock (at cost: 2012—542,230,673; 2011—463,880,628)	**(36,780)**	(31,787)
Accumulated other comprehensive income	**4,087**	3,246
Unearned employee compensation	**-**	(11)
Retained earnings	**35,338**	49,049
Total Common Stockholders' Equity	**47,987**	65,239
Noncontrolling interests	**440**	510
Total Equity	**48,427**	65,749
Total Liabilities and Equity	**$ 117,144**	153,230
**Includes marketable securities of:*	***$ -***	*232*

See Notes to Consolidated Financial Statements.

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Consolidated Statement of Cash Flows **ConocoPhillips**

Years Ended December 31	Millions of Dollars		
	2012	2011	2010
Cash Flows From Operating Activities			
Net income	**$ 8,498**	12,502	11,417
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, depletion and amortization	**6,580**	6,827	8,004
Impairments	**680**	321	81
Dry hole costs and leasehold impairments	**874**	469	476
Accretion on discounted liabilities	**394**	422	409
Deferred taxes	**1,397**	340	(973)
Undistributed equity earnings	**(596)**	(131)	(357)
Gain on dispositions	**(1,657)**	(370)	(5,563)
Income from discontinued operations	**(1,017)**	(5,314)	(1,112)
Other	**(456)**	(403)	(371)
Working capital adjustments			
Decrease (increase) in accounts and notes receivable	**(1,866)**	(938)	324
Decrease (increase) in inventories	**210**	(81)	(43)
Decrease (increase) in prepaid expenses and other current assets	**513**	(300)	150
Increase (decrease) in accounts payable	**1,103**	1,297	(18)
Increase (decrease) in taxes and other accruals	**(1,199)**	(688)	1,589
Net cash provided by continuing operating activities	**13,458**	13,953	14,013
Net cash provided by discontinued operations	**464**	5,693	3,032
Net Cash Provided by Operating Activities	**13,922**	19,646	17,045
Cash Flows From Investing Activities			
Capital expenditures and investments	**(14,172)**	(11,214)	(7,535)
Proceeds from asset dispositions	**2,132**	2,192	14,710
Net sales (purchases) of short-term investments	**597**	400	(982)
Long-term advances/loans—related parties	**-**	-	(118)
Collection of advances/loans—related parties	**114**	98	95
Other	**821**	50	218
Net cash provided by (used in) continuing investing activities	**(10,508)**	(8,474)	6,388
Net cash provided by (used in) discontinued operations	**(1,119)**	1,459	(1,723)
Net Cash Provided by (Used in) Investing Activities	**(11,627)**	(7,015)	4,665
Cash Flows From Financing Activities			
Issuance of debt	**1,996**	-	118
Repayment of debt	**(2,565)**	(934)	(5,294)
Special cash distribution from Phillips 66	**7,818**	-	-
Change in restricted cash	**(748)**	-	-
Issuance of company common stock	**138**	96	133
Repurchase of company common stock	**(5,098)**	(11,123)	(3,866)
Dividends paid	**(3,278)**	(3,632)	(3,175)
Other	**(725)**	(684)	(706)
Net cash used in continuing financing activities	**(2,462)**	(16,277)	(12,790)
Net cash used in discontinued operations	**(2,019)**	(28)	(29)
Net Cash Used in Financing Activities	**(4,481)**	(16,305)	(12,819)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**24**	-	21
Net Change in Cash and Cash Equivalents	**(2,162)**	(3,674)	8,912
Cash and cash equivalents at beginning of period	**5,780**	9,454	542
Cash and Cash Equivalents at End of Period	**$ 3,618**	5,780	9,454

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

ConocoPhillips

	Millions of Dollars								
	Attributable to ConocoPhillips								
	Common Stock								
	Par Value	Capital in Excess of Par	Treasury Stock	Grantor Trusts	Accum. Other Comprehensive Income (Loss)	Unearned Employee Compensation	Retained Earnings	Non-Controlling Interests	Total
December 31, 2009	$ 17	43,681	(16,211)	(667)	3,225	(76)	32,069	590	62,628
Net income							11,358	59	11,417
Other comprehensive income					1,708				1,708
Dividends paid							(3,175)		(3,175)
Repurchase of company common stock			(3,866)						(3,866)
Distributions to noncontrolling interests and other								(102)	(102)
Distributed under benefit plans		451		34					485
Recognition of unearned compensation						29			29
December 31, 2010	$ 17	44,132	(20,077)	(633)	4,933	(47)	40,252	547	69,124
Net income							12,436	66	12,502
Other comprehensive loss					(1,687)				(1,687)
Dividends paid							(3,632)		(3,632)
Repurchase of company common stock			(11,133)	10					(11,123)
Distributions to noncontrolling interests and other								(103)	(103)
Distributed under benefit plans		593	33	13					639
Recognition of unearned compensation						36			36
Transfer to Treasury Stock			(610)	610					-
Other							(7)		(7)
December 31, 2011	$ 17	44,725	(31,787)	-	3,246	(11)	49,049	510	65,749
Net income							**8,428**	**70**	**8,498**
Other comprehensive income					**627**				**627**
Dividends paid							**(3,278)**		**(3,278)**
Repurchase of company common stock			**(5,098)**						**(5,098)**
Distributions to noncontrolling interests and other								**(109)**	**(109)**
Distributed under benefit plans	**1**	**599**	**105**						**705**
Recognition of unearned compensation						**11**			**11**
Separation of Downstream business					**214**		**(18,880)**	**(31)**	**(18,697)**
Other							**19**		**19**
December 31, 2012	**$ 18**	**45,324**	**(36,780)**	**-**	**4,087**	**-**	**35,338**	**440**	**48,427**

See Notes to Consolidated Financial Statements.

Note 1—Accounting Policies

- **Consolidation Principles and Investments**—Our consolidated financial statements include the accounts of majority-owned, controlled subsidiaries and variable interest entities where we are the primary beneficiary. The equity method is used to account for investments in affiliates in which we have the ability to exert significant influence over the affiliates' operating and financial policies. When we do not have the ability to exert significant influence, the investment is either classified as available-for-sale if fair value is readily determinable, or the cost method is used if fair value is not readily determinable. Undivided interests in oil and gas joint ventures, pipelines, natural gas plants and terminals are consolidated on a proportionate basis. Other securities and investments are generally carried at cost.

  As a result of our separation of Phillips 66 on April 30, 2012, the results of operations for our former refining, marketing and transportation businesses; most of our former Midstream segment; our former Chemicals segment; and our power generation and certain technology operations included in our former Emerging Businesses segment (collectively, our "Downstream business"), have been classified as discontinued operations for all periods presented. In addition, the results of operations for our interest in the North Caspian Sea Production Sharing Agreement (Kashagan) and our Algerian and Nigerian businesses have been classified as discontinued operations for all periods presented. See Note 2—Discontinued Operations, for additional information. We have also realigned our reporting segments following the separation of Phillips 66 and have reflected those changes for all periods presented. We manage our operations through six operating segments, defined by geographic region: Alaska, Lower 48 and Latin America, Canada, Europe, Asia Pacific and Middle East, and Other International. For additional information, see Note 25—Segment Disclosures and Related Information. Unless indicated otherwise, the information in the Notes to the Consolidated Financial Statements relates to our continuing operations.

- **Foreign Currency Translation**—Adjustments resulting from the process of translating foreign functional currency financial statements into U.S. dollars are included in accumulated other comprehensive income in common stockholders' equity. Foreign currency transaction gains and losses are included in current earnings. Most of our foreign operations use their local currency as the functional currency.

- **Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Actual results could differ from these estimates.

- **Revenue Recognition**—Revenues associated with sales of crude oil, bitumen, natural gas, liquefied natural gas (LNG), natural gas liquids and other items are recognized when title passes to the customer, which is when the risk of ownership passes to the purchaser and physical delivery of goods occurs, either immediately or within a fixed delivery schedule that is reasonable and customary in the industry.

  Revenues associated with producing properties in which we have an interest with other producers are recognized based on the actual volumes we sold during the period. Any differences between volumes sold and entitlement volumes, based on our net working interest, which are deemed to be nonrecoverable through remaining production, are recognized as accounts receivable or accounts payable, as appropriate. Cumulative differences between volumes sold and entitlement volumes are generally not significant.

  Revenues associated with transactions commonly called buy/sell contracts, in which the purchase and sale of inventory with the same counterparty are entered into "in contemplation" of one another, are combined and reported net (i.e., on the same income statement line).

- **Shipping and Handling Costs**—We include shipping and handling costs in production and operating expenses for production activities. Transportation costs related to marketing activities are recorded in purchased commodities. Freight costs billed to customers were recorded as a component of revenue.

- **Cash Equivalents**—Cash equivalents are highly liquid, short-term investments that are readily convertible to known amounts of cash and have original maturities of 90 days or less from their date of purchase. They are carried at cost plus accrued interest, which approximates fair value.

- **Short-Term Investments**—Investments in bank time deposits and marketable securities (commercial paper and government obligations) with original maturities of greater than 90 days but less than one year are classified as short-term investments. See Note 15—Derivative and Financial Instruments, for additional information on these held-to-maturity financial instruments.

- **Inventories**—We have several valuation methods for our various types of inventories and consistently use the following methods for each type of inventory. Commodity-related inventories are valued at the lower of cost or market in the aggregate, primarily on the last-in, first-out (LIFO) basis. Any necessary lower-of-cost-or-market write-downs at year end are recorded as permanent adjustments to the LIFO cost basis. LIFO is used to better match current inventory costs with current revenues and to meet tax-conformity requirements. Costs include both direct and indirect expenditures incurred in bringing an item or product to its existing condition and location, but not unusual/nonrecurring costs or research and development costs. Materials, supplies and other miscellaneous inventories, such as tubular goods and well equipment, are valued using various methods, including the weighted-average-cost method, and the first-in, first-out (FIFO) method, consistent with industry practice.

- **Fair Value Measurements**—We categorize assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or our assumptions about pricing by market participants.

- **Derivative Instruments**—Derivative instruments are recorded on the balance sheet at fair value. If the right of offset exists and certain other criteria are met, derivative assets and liabilities with the same counterparty are netted on the balance sheet and the collateral payable or receivable is netted against derivative assets and derivative liabilities, respectively.

  Recognition and classification of the gain or loss that results from recording and adjusting a derivative to fair value depends on the purpose for issuing or holding the derivative. Gains and losses from derivatives not accounted for as hedges are recognized immediately in earnings. For derivative instruments that are designated and qualify as a fair value hedge, the gains or losses from adjusting the derivative to its fair value will be immediately recognized in earnings and, to the extent the hedge is effective, offset the concurrent recognition of changes in the fair value of the hedged item. Gains or losses from derivative instruments that are designated and qualify as a cash flow hedge or hedge of a net investment in a foreign entity are recognized in other comprehensive income and appear on the balance sheet in accumulated other comprehensive income until the hedged transaction is recognized in earnings; however, to the extent the change in the value of the derivative exceeds the change in the anticipated cash flows of the hedged transaction, the excess gains or losses will be recognized immediately in earnings.

- **Oil and Gas Exploration and Development**—Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting.

  Property Acquisition Costs—Oil and gas leasehold acquisition costs are capitalized and included in the balance sheet caption properties, plants and equipment (PP&E). Leasehold impairment is recognized based on exploratory experience and management's judgment. Upon achievement of all conditions necessary for reserves to be classified as proved, the associated leasehold costs are reclassified to proved properties.

  Exploratory Costs—Geological and geophysical costs and the costs of carrying and retaining undeveloped properties are expensed as incurred. Exploratory well costs are capitalized, or "suspended," on the balance sheet pending further evaluation of whether economically recoverable reserves have been found. If economically recoverable reserves are not found, exploratory well costs are expensed as dry holes. If exploratory wells encounter potentially economic quantities of oil and gas, the well costs remain capitalized on the balance sheet as long as sufficient progress assessing the reserves and the economic and operating viability of the project is being made. For complex exploratory discoveries, it is not unusual to have exploratory wells remain suspended on the balance sheet for several years while we perform additional appraisal drilling and seismic work on the potential oil and gas field or while we seek government or co-venturer approval of development plans or seek environmental permitting. Once all required approvals and permits have been obtained, the projects are moved into the development phase, and the oil and gas resources are designated as proved reserves.

  Management reviews suspended well balances quarterly, continuously monitors the results of the additional appraisal drilling and seismic work, and expenses the suspended well costs as dry holes when it judges the potential field does not warrant further investment in the near term. See Note 7—Suspended Wells, for additional information on suspended wells.

  Development Costs—Costs incurred to drill and equip development wells, including unsuccessful development wells, are capitalized.

  Depletion and Amortization—Leasehold costs of producing properties are depleted using the unit-of-production method based on estimated proved oil and gas reserves. Amortization of intangible development costs is based on the unit-of-production method using estimated proved developed oil and gas reserves.

- **Capitalized Interest**—Interest from external borrowings is capitalized on major projects with an expected construction period of one year or longer. Capitalized interest is added to the cost of the underlying asset and is amortized over the useful lives of the assets in the same manner as the underlying assets.

- **Intangible Assets Other Than Goodwill**—Intangible assets that have finite useful lives are amortized by the straight-line method over their useful lives. Intangible assets that have indefinite useful lives are not amortized but are tested at least annually for impairment. Each reporting period, we evaluate the remaining useful lives of intangible assets not being amortized to determine whether events and circumstances continue to support indefinite useful lives. These indefinite lived intangibles are considered impaired if the fair value of the intangible asset is lower than net book value. The fair value of intangible assets is determined based on quoted market prices in active markets, if available. If quoted market prices are not available, fair value of intangible assets is determined based upon the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, or upon estimated replacement cost, if expected future cash flows from the intangible asset are not determinable.

- **Goodwill**—Goodwill resulting from a business combination is not amortized but is tested at least annually for impairment. If the fair value of a reporting unit is less than the recorded book value of the reporting unit's assets (including goodwill), less liabilities, then a hypothetical purchase price allocation is performed on the reporting unit's assets and liabilities using the fair value of the reporting unit as the purchase price in the calculation. If the amount of goodwill resulting from this hypothetical purchase price allocation is less than the recorded amount of goodwill, the recorded goodwill is written down to the new amount. At December 31, 2011, the Company's remaining goodwill resided in its discontinued Downstream business and had been evaluated for impairment on a worldwide basis.

- **Depreciation and Amortization**—Depreciation and amortization of PP&E on producing hydrocarbon properties and certain pipeline assets (those which are expected to have a declining utilization pattern), are determined by the unit-of-production method. Depreciation and amortization of all other PP&E are determined by either the individual-unit-straight-line method or the group-straight-line method (for those individual units that are highly integrated with other units).

- **Impairment of Properties, Plants and Equipment**—PP&E used in operations are assessed for impairment whenever changes in facts and circumstances indicate a possible significant deterioration in the future cash flows expected to be generated by an asset group and annually in the fourth quarter following updates to corporate planning assumptions. If there is an indication the carrying amount of an asset may not be recovered, the asset is monitored by management through an established process where changes to significant assumptions such as prices, volumes and future development plans are reviewed. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value through additional amortization or depreciation provisions and reported as impairments in the periods in which the determination of the impairment is made. Individual assets are grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets—generally on a field-by-field basis for exploration and production assets. Because there usually is a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants or based on a multiple of operating cash flow validated with historical market transactions of similar assets where possible. Long-lived assets committed by management for disposal within one year are accounted for at the lower of amortized cost or fair value, less cost to sell, with fair value determined using a binding negotiated price, if available, or present value of expected future cash flows as previously described.

  The expected future cash flows used for impairment reviews and related fair value calculations are based on estimated future production volumes, prices and costs, considering all available evidence at the date of review. The impairment review includes cash flows from proved developed and undeveloped reserves, including any development expenditures necessary to achieve that production. Additionally, when probable reserves exist, an appropriate risk-adjusted amount of these reserves may be included in the impairment calculation.

- **Impairment of Investments in Nonconsolidated Entities**—Investments in nonconsolidated entities are assessed for impairment whenever changes in the facts and circumstances indicate a loss in value has occurred and annually following updates to corporate planning assumptions. When such a condition is judgmentally determined to be other than temporary, the carrying value of the investment is written down to fair value. The fair value of the impaired investment is based on quoted market prices, if available, or upon the present value of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, plus market analysis of comparable assets owned by the investee, if appropriate.

- **Maintenance and Repairs**—Costs of maintenance and repairs, which are not significant improvements, are expensed when incurred.

- **Property Dispositions**—When complete units of depreciable property are sold, the asset cost and related accumulated depreciation are eliminated, with any gain or loss reflected in the "Gain on dispositions" line of our consolidated income statement. When less than complete units of depreciable property are disposed of or retired, the difference between asset cost and salvage value is charged or credited to accumulated depreciation.

- **Asset Retirement Obligations and Environmental Costs**—The fair value of legal obligations to retire and remove long-lived assets are recorded in the period in which the obligation is incurred (typically when the asset is installed at the production location). When the liability is initially recorded, we capitalize this cost by increasing the carrying amount of the related PP&E. If, in subsequent periods, our estimate of this liability changes, we will record an adjustment to both the liability and PP&E. Over time the liability is increased for the change in its present value, and the capitalized cost in PP&E is depreciated over the useful life of the related asset. For additional information, see Note 10—Asset Retirement Obligations and Accrued Environmental Costs, for additional information.

  Environmental expenditures are expensed or capitalized, depending upon their future economic benefit. Expenditures relating to an existing condition caused by past operations, and those having no future economic benefit, are expensed. Liabilities for environmental expenditures are recorded on an undiscounted basis (unless acquired in a purchase business combination) when environmental assessments or cleanups are probable and the costs can be reasonably estimated. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is probable and estimable.

- **Guarantees**—The fair value of a guarantee is determined and recorded as a liability at the time the guarantee is given. The initial liability is subsequently reduced as we are released from exposure under the guarantee. We amortize the guarantee liability over the relevant time period, if one exists, based on the facts and circumstances surrounding each type of guarantee. In cases where the guarantee term is indefinite, we reverse the liability when we have information indicating the liability is essentially relieved or amortize it over an appropriate time period as the fair value of our guarantee exposure declines over time. We amortize the guarantee liability to the related income statement line item based on the nature of the guarantee. When it becomes probable that we will have to perform on a guarantee, we accrue a separate liability if it is reasonably estimable, based on the facts and circumstances at that time. We reverse the fair value liability only when there is no further exposure under the guarantee.

- **Stock-Based Compensation**—We recognize stock-based compensation expense over the shorter of the service period (i.e., the stated period of time required to earn the award) or the period beginning at the start of the service period and ending when an employee first becomes eligible for retirement. We have elected to recognize expense on a straight-line basis over the service period for the entire award, whether the award was granted with ratable or cliff vesting.

- **Income Taxes**—Deferred income taxes are computed using the liability method and are provided on all temporary differences between the financial reporting basis and the tax basis of our assets and liabilities, except for deferred taxes on income considered to be permanently reinvested in certain foreign subsidiaries and foreign corporate joint ventures. Allowable tax credits are applied currently as reductions of the provision for income taxes. Interest related to unrecognized tax benefits is reflected in interest and debt expense, and penalties related to unrecognized tax benefits are reflected in production and operating expenses.

- **Taxes Collected from Customers and Remitted to Governmental Authorities**—Sales and value-added taxes are recorded net in taxes other than income taxes.

- **Net Income Per Share of Common Stock**—Basic net income per share of common stock is calculated based upon the daily weighted-average number of common shares outstanding during the year, including unallocated shares held by the stock savings feature of the ConocoPhillips Savings Plan. Also, this calculation includes fully vested stock and unit awards that have not yet been issued as common stock,

along with an adjustment to net income for dividend equivalents paid on unvested unit awards that are considered participating securities. Diluted net income per share of common stock includes unvested stock, unit or option awards granted under our compensation plans and vested but unexercised stock options, but only to the extent these instruments dilute net income per share, primarily under the treasury-stock method. Treasury stock and shares held by grantor trusts are excluded from the daily weighted-average number of common shares outstanding in both calculations. The earnings per share impact of the participating securities is immaterial.

Note 2—Discontinued Operations

Separation of Downstream Business

On April 30, 2012, the separation of our Downstream business was completed, creating two independent energy companies: ConocoPhillips and Phillips 66. After the close of the New York Stock Exchange on April 30, 2012, the shareholders of record as of 5:00 p.m. Eastern time on April 16, 2012 (the Record Date), received one share of Phillips 66 common stock for every two ConocoPhillips common shares held as of the Record Date.

In connection with the separation, Phillips 66 distributed approximately $7.8 billion to us in a special cash distribution, primarily using the proceeds from the $5.8 billion in Senior Notes issued by Phillips 66 in March 2012, as well as a portion of the approximately $3.6 billion in cash transferred to Phillips 66 at separation, comprised of funds received from the $2.0 billion term loan entered into by Phillips 66 immediately prior to the separation, and approximately $1.6 billion of cash held by Phillips 66 subsidiaries. Pursuant to the private letter ruling from the Internal Revenue Service, the principal funds from the special cash distribution will be used solely to pay dividends, repurchase common stock, repay debt, or a combination of the foregoing, within twelve months following the distribution. At December 31, 2012, the remaining balance of the cash distribution was $748 million and was included in the “Restricted cash” line on our consolidated balance sheet.

In order to effect the separation and govern our relationship with Phillips 66 after the separation, we entered into a Separation and Distribution Agreement, an Indemnification and Release Agreement, an Intellectual Property Assignment and License Agreement, a Tax Sharing Agreement, an Employee Matters Agreement and a Transition Services Agreement. The Separation and Distribution Agreement governs the separation of the Downstream business, the transfer of assets and other matters related to our relationship with Phillips 66. The Indemnification and Release Agreement provides for cross-indemnities between Phillips 66 and us and established procedures for handling claims subject to indemnification and related matters. The Intellectual Property Assignment and License Agreement governs the allocation of intellectual property rights and assets between Phillips 66 and us.

The Tax Sharing Agreement governs the respective rights, responsibilities and obligations of Phillips 66 and ConocoPhillips with respect to taxes, tax attributes, tax returns, tax proceedings and certain other tax matters. In addition, the Tax Sharing Agreement imposed certain restrictions on Phillips 66 and its subsidiaries (including restrictions on share issuances, business combinations, sales of assets and similar transactions) that are designed to preserve the tax-free status of the distribution and certain related transactions. The Tax Sharing Agreement sets forth the obligations of Phillips 66 and us as to the filing of tax returns, the administration of tax proceedings and assistance and cooperation on tax matters.

The Employee Matters Agreement governs the compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of Phillips 66 and ConocoPhillips, and generally allocates liabilities and responsibilities relating to employee compensation, benefit plans and programs. The Employee Matters Agreement provides that employees of Phillips 66 will no longer participate in benefit plans sponsored or maintained by ConocoPhillips. In addition, the Employee Matters Agreement provides that each of the parties will be responsible for their respective current employees and compensation plans for such current employees, and we will be responsible for liabilities relating to former employees who left prior to the separation (other than in certain instances where a plan or program was sponsored by a company that became part of the Phillips 66 group of companies at the separation). The Employee Matters

Agreement sets forth the general principles relating to employee matters and also addresses any special circumstances during the transition period. The Employee Matters Agreement also provides that (i) the distribution does not constitute a change in control under existing plans, programs, agreements or arrangements, and (ii) the distribution and the assignment, transfer or continuation of the employment of employees with another entity will not constitute a severance event under the applicable plans, programs, agreements or arrangements.

The Transition Services Agreement sets forth the terms on which we will provide Phillips 66, and Phillips 66 will provide to us, certain services or functions Phillips 66 and ConocoPhillips historically have shared. Transition services include administrative, payroll, human resources, data processing, environmental health and safety, financial audit support, financial transaction support, and other support services, information technology systems and various other corporate services. The agreement provides for the provision of specified transition services, generally for a period of up to 12 months, with a possible extension of 6 months (an aggregate of 18 months), on a cost or a cost-plus basis.

The following table presents the carrying value of the major categories of assets and liabilities of Phillips 66, reflected on our consolidated balance sheet at December 31, 2011:

	Millions of Dollars
Assets	
Accounts and notes receivable	$ 8,353
Accounts and notes receivable—related parties	1,671
Inventories	3,403
Prepaid expenses and other current assets	443
Total current assets of discontinued operations	13,870
Investments and long-term receivables	10,304
Loans and advances—related parties	1
Net properties, plants and equipment	15,047
Goodwill	3,332
Intangibles	732
Other assets	121
Total assets of discontinued operations	$ 43,407
Liabilities	
Accounts payable	$ 10,007
Accounts payable—related parties	785
Short-term debt	30
Accrued income and other taxes	967
Employee benefit obligations	76
Other accruals	411
Total current liabilities of discontinued operations	12,276
Long-term debt	361
Asset retirement obligations and accrued environmental costs	787
Deferred income taxes	5,533
Employee benefit obligations	1,057
Other liabilities and deferred credits	417
Total liabilities of discontinued operations	$ 20,431

Sales and other operating revenues and income from discontinued operations related to Phillips 66 were as follows:

	Millions of Dollars		
	2012	2011	2010
Sales and other operating revenues from discontinued operations	**$ 62,109**	196,068	146,542
Income from discontinued operations before-tax	**$ 1,768**	6,776	1,438
Income tax expense	**534**	1,729	470
Income from discontinued operations	**$ 1,234**	5,047	968

Income from discontinued operations after-tax includes transaction, information systems and other costs incurred to effect the separation of $70 million and $17 million for the years ended December 31, 2012 and 2011. No separation costs were incurred in 2010.

Prior to the separation, commodity sales to Phillips 66 were $4,973 million for the year ended December 31, 2012; $15,822 million for the year ended December 31, 2011; and $13,412 million for the year ended December 31, 2010. Commodity purchases from Phillips 66 prior to the separation were $166 million for the year ended December 31, 2012; $516 million for the year ended December 31, 2011; and $479 million for the year ended December 31, 2010. Prior to May 1, 2012, commodity sales and related costs were eliminated in consolidation between ConocoPhillips and Phillips 66. Beginning May 1, 2012, these revenues and costs represent third-party transactions with Phillips 66. Although we expect certain transactions related to the sale and purchase of crude oil, natural gas and products to continue in the future with Phillips 66, the expected continuing cash flows are not considered significant; thus, the operations and cash flows of our former Downstream business are considered to be eliminated from our ongoing operations.

Other Discontinued Operations

As part of our ongoing strategic asset disposition program, we agreed to sell our interest in the North Caspian Sea Production Sharing Agreement (Kashagan) and our Algerian and Nigerian businesses (collectively, the “Disposition Group”). The Disposition Group is part of the Other International operating segment.

On November 26, 2012, we notified government authorities in Kazakhstan and co-ventures of our intent to sell the Company’s 8.4 percent interest in Kashagan to ONGC Videsh Limited. Expected proceeds are approximately $5 billion, which represents the purchase price plus expected working capital and customary adjustments at closing. The transaction is expected to close by mid-2013. We recorded a pre-tax impairment of $606 million in the fourth quarter of 2012 to reduce the carrying value to fair value, less costs to sell. As of December 31, 2012, the carrying value of the net assets related to our interest in Kashagan after the impairment adjustment was $5 billion.

On December 18, 2012, we entered into an agreement with Pertamina to sell our wholly owned subsidiary, ConocoPhillips Algeria Ltd., for a total of $1.75 billion plus customary adjustments. The transaction is anticipated to close by mid-2013. We received a deposit of $175 million in December 2012, which is included in the “Other accruals” line on our consolidated balance sheet and in the “Other” line of cash flows from investing activities on our consolidated statement of cash flows. The deposit is refundable in the event our co-venturer exercises its preemptive rights, which have been waived, or government approval is not received. As of December 31, 2012, the net carrying value of our Algerian assets was $669 million.

On December 20, 2012, we entered into agreements with affiliates of Oando PLC to sell our Nigerian business unit for a total of $1.79 billion plus customary adjustments. The transaction is anticipated to close by mid-2013, following appropriate consultations with stakeholders. We received a deposit of $435 million in December 2012, which is included in the “Other accruals” line on our consolidated balance sheet and in the “Other” line of cash flows from investing activities on our consolidated statement of cash flows. The deposit

is only refundable in the event of default by us. As of December 31, 2012, the net carrying value of our Nigerian assets was $323 million.

At December 31, 2012, we classified $29 million of loans and advances to related parties in the "Accounts and notes receivable—related parties" line and $6,905 million of noncurrent assets in the "Prepaid expenses and other current assets" line of our consolidated balance sheet. In addition, we classified $759 million of noncurrent liabilities in the "Accrued income and other taxes" line and $131 million of asset retirement obligations in the "Other accruals" line of our consolidated balance sheet. The carrying amounts of the major classes of assets and liabilities associated with the Disposition Group at December 31 were as follows:

	Millions of Dollars	
	2012	2011
Assets		
Accounts and notes receivable	**$ 268**	255
Accounts and notes receivable—related parties	**1**	4
Inventories	**44**	48
Prepaid expenses and other current assets	**220**	279
Total current assets of discontinued operations	**533**	586
Investments and long-term receivables	**272**	261
Loans and advances—related parties	**29**	13
Net properties, plants and equipment	**6,629**	6,657
Other assets	**4**	9
Total assets of discontinued operations	**$ 7,467**	7,526
Liabilities		
Accounts payable	**$ 471**	644
Accrued income and other taxes	**125**	185
Employee benefit obligations	**-**	1
Total current liabilities of discontinued operations	**596**	830
Asset retirement obligations and accrued environmental costs	**131**	138
Deferred income taxes	**759**	989
Total liabilities of discontinued operations	**$ 1,486**	1,957

Sales and other operating revenues and income from discontinued operations related to the Disposition Group during 2012, 2011 and 2010 were as follows:

	Millions of Dollars		
	2012	2011	2010
Sales and other operating revenues from discontinued operations	**$ 1,369**	1,560	1,081
Income (loss) from discontinued operations before-tax	**$ (6)**	829	437
Income tax expense	**211**	562	293
Income (loss) from discontinued operations	**$ (217)**	267	144

Note 3—Variable Interest Entities (VIEs)

We hold variable interests in VIEs that have not been consolidated because we are not considered the primary beneficiary. Information on our significant VIEs follows:

Freeport LNG Development, L.P. (Freeport LNG)
We have an agreement with Freeport LNG to participate in a liquefied natural gas (LNG) receiving terminal in Quintana, Texas. We have no ownership in Freeport LNG; however, we own a 50 percent interest in Freeport LNG GP, Inc. (Freeport GP), which serves as the general partner managing the venture. We entered into a credit agreement with Freeport LNG, whereby we agreed to provide loan financing for the construction of the terminal. We also entered into a long-term agreement with Freeport LNG to use 0.9 billion cubic feet per day of regasification capacity. The terminal became operational in June 2008, and we began making payments under the terminal use agreement. Freeport LNG began making loan repayments in September 2008, and the loan balance outstanding was $565 million at December 31, 2012. Freeport LNG is a VIE because Freeport GP holds no equity in Freeport LNG, and the limited partners of Freeport LNG do not have any substantive decision making ability. Since we do not have the unilateral power to direct the key activities which most significantly impact its economic performance, we are not the primary beneficiary of Freeport LNG. These key activities primarily involve or relate to operating and maintaining the terminal. We also performed an analysis of the expected losses and determined we are not the primary beneficiary. This expected loss analysis took into account that the credit support arrangement requires Freeport LNG to maintain sufficient commercial insurance to mitigate any loan losses. The loan to Freeport LNG is accounted for as a financial asset, and our investment in Freeport GP is accounted for as an equity investment.

Australia Pacific LNG (APLNG)
APLNG is considered a VIE, as it has entered into certain contractual arrangements that provide it with additional forms of subordinated financial support. We are not the primary beneficiary of APLNG because we share with Origin Energy and China Petrochemical Corporation (Sinopec) the power to direct the key activities of APLNG that most significantly impact its economic performance, which involve activities related to the production and commercialization of coalbed methane, as well as LNG processing and export marketing. As a result, we do not consolidate APLNG, and it is accounted for as an equity method investment.

As of December 31, 2012, we have not provided, nor do we expect to provide in the future, any financial support to APLNG other than amounts previously contractually required. In addition, unless we elect otherwise, we have no requirement to provide liquidity or purchase the assets of APLNG. See Note 6—Investments, Loans and Long-Term Receivables, and Note 13—Guarantees, for additional information.

Note 4—Inventories

Inventories at December 31 were:

	Millions of Dollars	
	2012	2011
Crude oil and petroleum products	**$ 244**	3,633
Materials, supplies and other	**721**	998
	$ 965	4,631

Inventories valued on the LIFO basis totaled $147 million and $3,387 million at December 31, 2012 and 2011, respectively. The estimated excess of current replacement cost over LIFO cost of inventories amounted to approximately $200 million and $8,400 million at December 31, 2012 and 2011, respectively. In 2012, a liquidation of LIFO inventory values increased net income from continuing operations by $32 million.

A significant portion of our inventories at December 31, 2011, was related to our Downstream business. See Note 2—Discontinued Operations, for additional information.

Note 5—Assets Held for Sale or Sold

Assets Held for Sale

Our interest in Kashagan and the Algerian and Nigerian business units were considered held for sale as of December 31, 2012. These assets are classified as discontinued operations. See Note 2—Discontinued Operations.

In January 2013, we entered into an agreement to sell the majority of our properties in the Cedar Creek Anticline (CCA) to Denbury Resources for $1.05 billion plus customary adjustments. The transaction is expected to close in the first quarter of 2013. CCA is included in our Lower 48 and Latin America segment. At December 31, 2012, the asset was considered held for sale. In December 2012, we recorded a pre-tax impairment of $192 million to reduce the carrying value to fair value. We also reclassified $1.08 billion of related noncurrent assets, primarily PP&E, to “Prepaid expenses and other current assets” and $426 million of noncurrent liabilities, comprised of deferred tax liabilities and asset retirement obligations (ARO), to “Accrued income and other taxes” and “Other accruals”.

Assets Sold

All gains are reported before-tax and are included in the “Gain on dispositions” line on the consolidated income statement.

2012

In March 2012, we sold our Vietnam business for $1,095 million, including customary working capital adjustments, and recognized a gain of $931 million. At the time of the disposition, the net carrying value of the business, which was included in the Asia Pacific and Middle East segment, was approximately $164 million, which included $352 million of PP&E, $69 million of ARO and $145 million of deferred income taxes.

In April 2012, we sold our interest in the Statfjord Field and associated satellites, all of which are located in the North Sea, for $228 million and recognized a gain of $429 million. At the time of disposition, the carrying value of our interest, which was included in the Europe segment, was negative $201 million, which included $205 million of PP&E and $445 million of ARO.

In May 2012, we sold our interest in the North Sea Alba Field for $220 million, and recognized a gain of $155 million. At the time of disposition, the carrying value of our interest, which was included in the Europe segment, was $65 million, which included $160 million of PP&E and $86 million of ARO.

In August 2012, we sold our 30 percent interest in Naryanmarneftegaz (NMNG) and certain related assets for $450 million, and recognized a gain of $206 million. At the time of the disposition, the carrying value of our equity investment in NMNG, which was included in the Other International segment, was $244 million.

2011

In the first quarter of 2011, we sold the remainder of our interest in LUKOIL for cash proceeds of $1,243 million, and recognized a gain of $360 million.

2010

During 2010, we sold a portion of our interest in LUKOIL, consisting of 151 million shares, for $8,345 million, and recognized a gain of $1,749 million. The cost basis for the shares, which were classified as available-for-sale, was average cost.

In June 2010, we sold our 9.03 percent interest in the Syncrude Canada Ltd. joint venture for $4.6 billion, and recognized a gain of $2.9 billion. At the time of disposition, Syncrude had a net carrying value of $1.75 billion, which included $1.97 billion of PP&E.

Note 6—Investments, Loans and Long-Term Receivables

Components of investments, loans and long-term receivables at December 31 were:

	Millions of Dollars	
	2012	2011
Equity investments	**$ 22,431**	30,985
Loans and advances—related parties	**1,517**	1,675
Long-term receivables	**609**	559
Other investments	**449**	564
	$ 25,006	33,783

Equity Investments

Affiliated companies in which we had a significant equity investment at December 31, 2012, included:

- Australia Pacific LNG Pty Ltd (APLNG)—37.5 percent owned joint venture with Origin Energy (37.5 percent) and China Petrochemical Corporation (Sinopec) (25 percent)—to develop coalbed methane production from the Bowen and Surat basins in Queensland, Australia, as well as process and export LNG.
- FCCL Partnership—50 percent owned business venture with Cenovus Energy Inc.—produces bitumen in the Athabasca oil sands in northeastern Alberta and sells the bitumen blend.
- Qatar Liquefied Gas Company Limited 3 (QG3)—30 percent owned joint venture with affiliates of Qatar Petroleum (68.5 percent) and Mitsui & Co., Ltd. (1.5 percent)—produces and liquefies natural gas from Qatar's North Field.

Prior to the separation of the Downstream business, we also had significant equity investments in the following affiliated companies:

- WRB Refining LP—50 percent owned business venture with Cenovus—owns the Wood River and Borger refineries, which process crude oil into refined products.
- DCP Midstream, LLC—50 percent owned joint venture with Spectra Energy—owns and operates gas plants, gathering systems, storage facilities and fractionation plants.
- Chevron Phillips Chemical Company LLC—50 percent owned joint venture with Chevron Corporation—manufactures and markets petrochemicals and plastics.

We no longer hold significant equity investments in these affiliated companies as a result of the separation of the Downstream business. See Note 2 —Discontinued Operations, for additional information.

Summarized 100 percent earnings information for equity method investments in affiliated companies, combined, was as follows (information includes LUKOIL until loss of significant influence as well as equity investments disposed of in connection with the separation of the Downstream business until the date of the separation):

	Millions of Dollars		
	2012	2011	2010
Revenues	**$ 17,903**	77,263	105,589
Income before income taxes	**5,986**	11,958	11,250
Net income	**5,767**	11,089	9,495

Summarized 100 percent balance sheet information for equity method investments in affiliated companies, combined, was as follows (information includes equity investments disposed of in connection with the separation of the Downstream business until the date of the separation):

	Millions of Dollars	
	2012	2011
Current assets	**$ 11,510**	21,530
Noncurrent assets	**46,743**	76,300
Current liabilities	**3,721**	9,708
Noncurrent liabilities	**9,698**	22,993

Our share of income taxes incurred directly by the equity companies is reported in equity in earnings of affiliates, and as such is not included in income taxes in our consolidated financial statements.

At December 31, 2012, retained earnings included $803 million related to the undistributed earnings of affiliated companies. Dividends received from affiliates were $1,351 million, $3,670 million and $2,282 million in 2012, 2011 and 2010, respectively.

APLNG

In 2008, we closed on a transaction with Origin Energy, an integrated Australian energy company, to further enhance our long-term Australasian natural gas business. APLNG is focused on coalbed methane production from the Bowen and Surat basins in Queensland, Australia, and LNG processing and export sales. This transaction gives us access to coalbed methane resources in Australia and enhances our LNG position with the expected creation of an additional LNG hub targeting the Asia Pacific markets. Origin is the operator of APLNG's production and pipeline system, while we will operate the LNG facility.

In April 2011, APLNG and Sinopec signed definitive agreements for APLNG to supply up to 4.3 million tonnes of LNG per year for 20 years. The agreements also specified terms under which Sinopec subscribed for a 15 percent equity interest in APLNG, with both our ownership interest and Origin Energy's ownership interest diluting to 42.5 percent. The Subscription Agreement was completed in August 2011, and we recorded a loss on disposition of $279 million before- and after-tax from the dilution. The book value of our investment in APLNG was reduced by $795 million, and we reduced the currency translation adjustment associated with our investment by $516 million.

In January 2012, APLNG and Sinopec signed an amendment to their existing LNG sales agreement for the sale and purchase of an additional 3.3 million tonnes of LNG per year through 2035. This agreement, in combination with the execution of an LNG sale and purchase agreement with The Kansai Electric Power Co. Inc., in June 2012 for approximately 1.0 million tonnes of LNG per year through 2035, finalized the marketing of the second train.

In July 2012, the APLNG co-venturers sanctioned the development of a second 4.5-million-tonnes-per-year LNG production train. Upon sanctioning of the second train in July and in conjunction with the LNG sales agreement, Sinopec subscribed to additional shares in APLNG, which increased its equity interest from 15 percent to 25 percent. As a result, on July 12, 2012, both our ownership interest and Origin's ownership interest diluted from 42.5 percent to 37.5 percent. We recorded a before- and after-tax loss of $133 million from the dilution in the third quarter of 2012. The book value of our investment in APLNG was reduced by $453 million, and we reduced the foreign currency translation adjustment associated with our investment by $320 million.

In addition, APLNG executed project financing agreements for an $8.5 billion project finance facility during the third quarter of 2012. The $8.5 billion project finance facility is composed of financing agreements executed by APLNG with the Export-Import Bank of the United States for approximately $2.9 billion, the Export-Import Bank of China for approximately $2.7 billion, and a syndicate of Australian and international commercial banks for approximately $2.9 billion. In connection with the execution of the project financing, we provided a completion guarantee for our pro-rata share of the project finance facility which will be released upon meeting certain completion milestones. See Note 13—Guarantees, for additional information.

APLNG is considered a VIE, as it has entered into certain contractual arrangements that provide it with additional forms of subordinated financial support. See Note 3—Variable Interest Entities (VIEs) for additional information.

At December 31, 2012, the book value of our equity method investment in APLNG was $10,394 million, which includes $2,568 million of cumulative translation effects due to a strengthening Australian dollar relative to the U.S. dollar. The historical cost basis of our 37.5 percent share of net assets on the books of APLNG under U.S. generally accepted accounting principles was $3,961 million, resulting in a basis difference of $6,433 million on our books. The amortizable portion of the basis difference, $4,686 million associated with PP&E, has been allocated on a relative fair value basis to individual exploration and production license areas owned by APLNG, most of which are not currently in production. Any future additional payments are expected to be allocated in a similar manner. Each exploration license area will periodically be reviewed for any indicators of potential impairment, which, if required, would result in acceleration of basis difference amortization. As the joint venture begins producing natural gas from each license, we amortize the basis difference allocated to that license using the unit-of-production method. Included in net income attributable to ConocoPhillips for 2012, 2011 and 2010 was after-tax expense of $19 million, $17 million and $5 million, respectively, representing the amortization of this basis difference on currently producing licenses.

FCCL

FCCL Partnership, a Canadian upstream 50/50 general partnership with Cenovus Energy Inc., produces bitumen in the Athabasca oil sands in northeastern Alberta and sells the bitumen blend. We account for our investment in FCCL under the equity method of accounting, with the operating results of our investment in FCCL converted to reflect the use of the successful efforts method of accounting for oil and gas exploration and development activities.

At December 31, 2012, the book value of our investment in FCCL was $9,972 million. FCCL's operating assets consist of the Foster Creek and Christina Lake steam-assisted gravity drainage bitumen projects, both located in the eastern flank of the Athabasca oil sands in northeastern Alberta. Cenovus is the operator and managing partner of FCCL. We are obligated to contribute $7.5 billion, plus accrued interest, to FCCL over a 10-year period that began in 2007. For additional information on this obligation, see Note 12—Joint Venture Acquisition Obligation.

QG3

QG3 is a joint venture that owns an integrated large-scale LNG project located in Qatar. We provided project financing, with a current outstanding balance of $1,092 million as described below under "Loans and Long-term Receivables." At December 31, 2012, the book value of our equity method investment in QG3 excluding the project financing was $984 million. We have terminal and pipeline use agreements with Golden Pass LNG

Terminal and affiliated Golden Pass Pipeline near Sabine Pass, Texas, in which we have a 12.4 percent interest, intended to provide us with terminal and pipeline capacity for the receipt, storage and regasification of LNG purchased from QG3. However, currently the LNG from QG3 is being sold to markets outside of the United States.

Loans and Long-term Receivables

As part of our normal ongoing business operations and consistent with industry practice, we enter into numerous agreements with other parties to pursue business opportunities. Included in such activity are loans and long-term receivables to certain affiliated and non-affiliated companies. Loans are recorded when cash is transferred or seller financing is provided to the affiliated or non-affiliated company pursuant to a loan agreement. The loan balance will increase as interest is earned on the outstanding loan balance and will decrease as interest and principal payments are received. Interest is earned at the loan agreement's stated interest rate. Loans and long-term receivables are assessed for impairment when events indicate the loan balance may not be fully recovered.

At December 31, 2012, significant loans to affiliated companies include the following:

- $565 million in loan financing to Freeport LNG Development, L.P. for the construction of an LNG receiving terminal that became operational in June 2008. Freeport began making repayments in 2008 and is required to continue making repayments through full repayment of the loan in 2026. Repayment by Freeport is supported by "process-or-pay" capacity service payments made by us to Freeport under our terminal use agreement.

- $1,092 million in project financing to QG3. We own a 30 percent interest in QG3, for which we use the equity method of accounting. The other participants in the project are affiliates of Qatar Petroleum and Mitsui. QG3 secured project financing of $4.0 billion in December 2005, consisting of $1.3 billion of loans from export credit agencies (ECA), $1.5 billion from commercial banks, and $1.2 billion from ConocoPhillips. The ConocoPhillips loan facilities have substantially the same terms as the ECA and commercial bank facilities. On December 15, 2011, QG3 achieved financial completion and all project loan facilities became nonrecourse to the project participants. Semi-annual repayments began in January 2011 and will extend through July 2022.

The long-term portion of these loans are included in the "Loans and advances—related parties" line on our consolidated balance sheet, while the short-term portion is in "Accounts and notes receivable—related parties."

Note 7—Suspended Wells

The following table reflects the net changes in suspended exploratory well costs during 2012, 2011, and 2010:

	Millions of Dollars		
	2012	2011	2010
Beginning balance at January 1	**$ 1,037**	1,013	908
Additions pending the determination of proved reserves	**185**	96	216
Reclassifications to proved properties	**(144)**	(72)	(106)
Sales of suspended well investment	**(18)**	-	(4)
Charged to dry hole expense	**(22)**	-	(1)
Ending balance at December 31	**$ 1,038 ***	1,037	1,013

**Includes$190 million of assets held for sale—$133 million in Kazakhstan and $57 million in Nigeria.*

The following table provides an aging of suspended well balances at December 31, 2012, 2011 and 2010:

	Millions of Dollars		
	2012	2011	2010
Exploratory well costs capitalized for a period of one year or less	**$ 186**	115	220
Exploratory well costs capitalized for a period greater than one year	**852**	922	793
Ending balance	**$ 1,038 ***	1,037	1,013
Number of projects with exploratory well costs capitalized for a period greater than one year	**35**	40	40

**Includes$190 million of assets held for sale—$133 million in Kazakhstan and $57 million in Nigeria.*

The following table provides a further aging of those exploratory well costs that have been capitalized for more than one year since the completion of drilling as of December 31, 2012:

	Millions of Dollars			
		Suspended Since		
	Total	2009-2011	2006-2008	2001-2005
Aktote—Kazakhstan(2)(3)	$ 19	-	-	19
Alpine Satellite—Alaska(2)	23	-	-	23
Browse Basin—Australia(1)	216	216	-	-
Caldita/Barossa—Australia(1)	78	-	44	34
Clair SW—UK(1)	14	14	-	-
Fiord West—Alaska (2)	16	-	16	-
Kairan—Kazakhstan(2)(3)	27	-	14	13
Kalamkas—Kazakhstan(2)(3)	14	5	5	4
Kashagan II—Kazakhstan(2)(3)	45	9	26	10
Muskwa—Canada(1)	56	56	-	-
NPR-A—Alaska(2)	17	17	-	-
Pisagan—Malaysia(2)	10	-	-	10
Saleski—Canada(1)	18	-	18	-
Shenandoah—Lower 48(1)	43	43	-	-
Sunrise 3—Australia(2)	13	-	13	-
Surmont 3 and beyond—Canada(1)	45	21	22	2
Thornbury—Canada(1)	21	-	21	-
Tiber—Lower 48(1)	40	40	-	-
Titan—Norway(2)	12	12	-	-
Ubah—Malaysia(2)	36	11	25	-
Uge—Nigeria(2)(3)	30	-	16	14
Other of $10 million or less each(1)(2)	59	17	40	2
Total	$ 852	461	260	131

(1)Additional appraisal wells planned.
(2)Appraisal drilling complete; costs being incurred to assess development.
(3)Assets held for sale as of December 31, 2012.

Note 8—Goodwill and Intangibles

Goodwill
Changes in the carrying amount of goodwill, all associated with the Downstream business, were as follows:

	Millions of Dollars	
	2012	2011
Goodwill balance as of January 1	**$ 3,332**	3,633
Goodwill allocated to assets held for sale or sold	**-**	(273)
Tax and other adjustments	**(2)**	(28)
Separation of Downstream business	**(3,330)**	-
Goodwill balance as of December 31	**$ -**	3,332

Intangible Assets
At year-end 2012, our intangible asset balance was $4 million, compared with $745 million at year-end 2011. Intangible assets of $730 million related to our Downstream business and were transferred to Phillips 66 upon the separation.

Note 9—Impairments

During 2012, 2011 and 2010, we recognized the following before-tax impairment charges:

	Millions of Dollars		
	2012	2011	2010
Alaska	**$ 3**	2	6
Lower 48 and Latin America	**192**	71	19
Canada	**262**	253	13
Europe	**211**	(37)	43
Asia Pacific and Middle East	**4**	-	-
Corporate	**8**	32	-
	$ 680	321	81

2012
In 2012, we recorded a $192 million property impairment in the Lower 48 and Latin America segment related to the planned disposition of Cedar Creek Anticline, located in southwestern North Dakota and eastern Montana.

The Canada segment included a $213 million property impairment for the carrying value of capitalized project development costs associated with our Mackenzie Gas Project. Advancement of the project was suspended indefinitely in the first quarter of 2012 due to a continued decline in market conditions and the lack of acceptable commercial terms. We also recorded a $481 million impairment for the undeveloped leasehold costs associated with the project, which was included in the “Exploration expenses” line on our consolidated income statement. Additionally, we recorded impairments on various producing and non-producing properties.

In Europe, we recorded impairments of $211 million, mainly related to ARO revisions for properties which have ceased production or are nearing the end of their useful lives.

2011

During 2011, we recorded property impairments of $289 million, primarily in our Lower 48 and Latin America and Canada segments, largely as a result of lower natural gas price assumptions and reduced volume forecasts.

2010

During 2010, we recorded various property impairments of $81 million, primarily in our Europe and Lower 48 and Latin America segments.

Note 10—Asset Retirement Obligations and Accrued Environmental Costs

Asset retirement obligations and accrued environmental costs at December 31 were:

	Millions of Dollars	
	2012	2011
Asset retirement obligations	**$ 9,164**	8,920
Accrued environmental costs	**364**	922
Total asset retirement obligations and accrued environmental costs	**9,528**	9,842
Asset retirement obligations and accrued environmental costs due within one year*	**(581)**	(513)
Long-term asset retirement obligations and accrued environmental costs	**$ 8,947**	9,329

* *Classified as a current liability on the balance sheet under "Other accruals" and includes $158 million of liabilities associated with assets held for sale at December 31, 2012.*

Asset Retirement Obligations

We record the fair value of a liability for an asset retirement obligation when it is incurred (typically when the asset is installed at the production location). When the liability is initially recorded, we capitalize the associated asset retirement cost by increasing the carrying amount of the related PP&E. If, in subsequent periods, our estimate of this liability changes, we will record an adjustment to both the liability and PP&E. Over time, the liability increases for the change in its present value, while the capitalized cost depreciates over the useful life of the related asset.

We have numerous asset removal obligations that we are required to perform under law or contract once an asset is permanently taken out of service. Most of these obligations are not expected to be paid until several years, or decades, in the future and will be funded from general company resources at the time of removal. Our largest individual obligations involve plugging and abandonment of wells and removal and disposal of offshore oil and gas platforms around the world, as well as oil and gas production facilities and pipelines in Alaska.

During 2012 and 2011, our overall asset retirement obligation changed as follows:

	Millions of Dollars	
	2012	2011
Balance at January 1	**$ 8,920**	8,776
Accretion of discount	**412**	435
New obligations	**315**	153
Changes in estimates of existing obligations	**543**	29
Spending on existing obligations	**(319)**	(327)
Property dispositions	**(607)**	(60)
Foreign currency translation	**281**	(86)
Separation of Downstream business	**(381)**	-
Balance at December 31	**$ 9,164**	8,920

Accrued Environmental Costs

Total accrued environmental costs at December 31, 2012 and 2011, were $364 million and $922 million, respectively. A significant portion of our environmental contingencies at December 31, 2011, related to our Downstream business. See Note 2—Discontinued Operations, for additional information. The remaining 2012 decrease in total accrued environmental costs is due to payments and settlements during the year exceeding new accruals, accrual adjustments and accretion.

We had accrued environmental costs of $279 million and $571 million at December 31, 2012 and 2011, respectively, related to remediation activities required by Canada and various states within the U.S. at operated sites. We had also accrued in Corporate and Other $70 million and $274 million of environmental costs associated with nonoperator sites at December 31, 2012 and 2011, respectively. In addition, $15 million and $77 million were included at both December 31, 2012 and 2011, respectively, where the company has been named a potentially responsible party under the Federal Comprehensive Environmental Response, Compensation and Liability Act, or similar state laws. Accrued environmental liabilities are expected to be paid over periods extending up to 30 years.

Because a large portion of the accrued environmental costs were acquired in various business combinations, they are discounted obligations. Expected expenditures for acquired environmental obligations are discounted using a weighted-average 5 percent discount factor, resulting in an accrued balance for acquired environmental liabilities of $142 million at December 31, 2012. The expected future undiscounted payments related to the portion of the accrued environmental costs that have been discounted are: $20 million in 2013, $16 million in 2014, $14 million in 2015, $8 million in 2016, $7 million in 2017, and $98 million for all future years after 2017.

Note 11—Debt

Long-term debt at December 31 was:

	Millions of Dollars	
	2012	2011
9.125% Debentures due 2021	**$ 150**	150
8.20% Debentures due 2025	**150**	150
8.125% Notes due 2030	**600**	600
7.9% Debentures due 2047	**100**	100
7.8% Debentures due 2027	**300**	300
7.68% Notes due 2012	**-**	7
7.65% Debentures due 2023	**88**	88
7.625% Debentures due 2013	**100**	100
7.40% Notes due 2031	**500**	500
7.375% Debentures due 2029	**92**	92
7.25% Notes due 2031	**500**	500
7.20% Notes due 2031	**575**	575
7% Debentures due 2029	**200**	200
6.95% Notes due 2029	**1,549**	1,549
6.875% Debentures due 2026	**67**	67
6.65% Debentures due 2018	**297**	297
6.50% Notes due 2039	**2,250**	2,250
6.50% Notes due 2039	**500**	500
6.00% Notes due 2020	**1,000**	1,000
5.951% Notes due 2037	**645**	645
5.95% Notes due 2036	**500**	500
5.90% Notes due 2032	**505**	505
5.90% Notes due 2038	**600**	600
5.75% Notes due 2019	**2,250**	2,250
5.625% Notes due 2016	**1,250**	1,250
5.50% Notes due 2013	**750**	750
5.20% Notes due 2018	**500**	500
4.75% Notes due 2012	**-**	897
4.75% Notes due 2014	**400**	1,500
4.60% Notes due 2015	**1,500**	1,500
4.40% Notes due 2013	**-**	400
2.4% Notes due 2022	**1,000**	-
1.05% Notes due 2017	**1,000**	-
Commercial paper at 0.15% – 0.252% at year-end 2012 and 0.34% – 0.341% at year-end 2011	**1,055**	1,128
Industrial Development Bonds due 2012 through 2038 at 0.04% – 0.11% at year-end 2012 and 0.08% – 5.75% at year-end 2011	**18**	252
Guarantee of savings plan bank loan payable due 2015 at 2.29% at year-end 2011	**-**	15
Note payable to Merey Sweeny, L.P. due 2020 at 7% (related party)	**-**	133
Marine Terminal Revenue Refunding Bonds due 2031 at 0.08% – 0.2% at year-end 2012 and 0.08% – 0.15% at year-end 2011	**265**	265
Other	**24**	28
Debt at face value	**21,280**	22,143
Capitalized leases	**16**	31
Net unamortized premiums and discounts	**429**	449
Total debt	**21,725**	22,623
Short-term debt	**(955)**	(1,013)
Long-term debt	**$ 20,770**	21,610

Maturities of long-term borrowings, inclusive of net unamortized premiums and discounts, in 2013 through 2017 are: $955 million, $414 million, $1,538 million, $2,254 million and $1,020 million, respectively. At December 31, 2012, we classified $964 million of short-term debt as long-term debt, based on our ability and intent to refinance the obligation on a long-term basis under our revolving credit facilities.

During 2012, the following new debt instruments were issued:

- The $1,000 million 1.05% Notes due 2017.
- The $1,000 million 2.40% Notes due 2022.

During 2012, the following debt instruments were repaid:

- The $400 million 4.40% Notes due 2013, repaid before maturity.
- $1,100 million of the $1,500 million 4.75% Notes due 2014, repaid before maturity.
- The $897 million of 4.75% Notes due 2012, repaid at maturity.

We incurred a before-tax loss on redemption of $79 million related to the two debt instruments we repaid before maturity, consisting of a make-whole premium and unamortized issuance costs.

In May 2012, we decreased our total revolving credit facilities from $8.0 billion to $7.5 billion by terminating all commitments under the $500 million credit facility which was due to expire in July 2012. Our revolving credit facility may be used as direct bank borrowings, as support for issuances of letters of credit totaling up to $750 million, or as support for our commercial paper programs. The revolving credit facility is broadly syndicated among financial institutions and does not contain any material adverse change provisions or any covenants requiring maintenance of specified financial ratios or ratings. The facility agreement contains a cross-default provision relating to the failure to pay principal or interest on other debt obligations of $200 million or more by ConocoPhillips, or by any of its consolidated subsidiaries.

Credit facility borrowings may bear interest at a margin above rates offered by certain designated banks in the London interbank market or at a margin above the overnight federal funds rate or prime rates offered by certain designated banks in the United States. The agreements call for commitment fees on available, but unused, amounts. The agreements also contain early termination rights if our current directors or their approved successors cease to be a majority of the Board of Directors.

We have two commercial paper programs: the ConocoPhillips $6.35 billion program, primarily a funding source for short-term working capital needs, and the ConocoPhillips Qatar Funding Ltd. $1.15 billion commercial paper program, which is used to fund commitments relating to the QG3 Project. Commercial paper maturities are generally limited to 90 days. At both December 31, 2012 and 2011, we had no direct outstanding borrowings under the revolving credit facilities, with no letters of credit as of December 31, 2012, and $40 million as of December 31, 2011. In addition, under the ConocoPhillips Qatar Funding Ltd. commercial paper program, there was $1,055 million of commercial paper outstanding at December 31, 2012, compared with $1,128 million at December 31, 2011. Since we had $1,055 million of commercial paper outstanding and had issued no letters of credit, we had access to $6.4 billion in borrowing capacity under our revolving credit facilities at December 31, 2012.

Note 12—Joint Venture Acquisition Obligation

We are obligated to contribute $7.5 billion, plus interest, over a 10-year period that began in 2007, to FCCL. Quarterly principal and interest payments of $237 million began in the second quarter of 2007, and will continue until the balance is paid. Of the principal obligation amount, $772 million was short-term and was included in the “Accounts payable—related parties” line on our December 31, 2012 consolidated balance sheet. The principal portion of these payments, which totaled $733 million in 2012, is included in the “Other” line in the financing activities section of our consolidated statement of cash flows. Interest accrues at a fixed

annual rate of 5.3 percent on the unpaid principal balance. Fifty percent of the quarterly interest payment is reflected as a capital contribution and is included in the “Capital expenditures and investments” line on our consolidated statement of cash flows.

Note 13—Guarantees

At December 31, 2012, we were liable for certain contingent obligations under various contractual arrangements as described below. We recognize a liability at inception for the fair value of our obligation as a guarantor for newly issued or modified guarantees. Unless the carrying amount of the liability is noted below, we have not recognized a liability either because the guarantees were issued prior to December 31, 2002, or because the fair value of the obligation is immaterial. In addition, unless otherwise stated, we are not currently performing with any significance under the guarantee and expect future performance to be either immaterial or have only a remote chance of occurrence.

APLNG Guarantees

At December 31, 2012, we have outstanding multiple guarantees in connection with our 37.5 percent ownership interest in APLNG. The following is a description of the guarantees with values calculated utilizing December 2012 exchange rates:

- We have guaranteed APLNG’s performance with regard to a construction contract executed in connection with APLNG’s issuance of the Train 1 and Train 2 Notices to Proceed. We estimate the remaining term of this guarantee is 4 years. Our maximum potential amount of future payments related to this guarantee is approximately $180 million and would become payable if APLNG cancels the applicable construction contract and does not perform with respect to the amounts owed to the contractor.

- We have issued a construction completion guarantee related to the third-party project financing secured by APLNG. Our maximum potential amount of future payments under the guarantee is estimated to be $3.2 billion, which could be payable if the full debt financing capacity is utilized and completion of the project is not achieved. Our guarantee of the project financing will be released upon meeting certain completion milestones, which we estimate would occur beginning in 2016. Our maximum exposure at December 31, 2012, is $860 million based upon our pro-rata share of the facility used at that date. At December 31, 2012, the carrying value of this guarantee is approximately $114 million.

- In conjunction with our original purchase of an ownership interest in APLNG from Origin Energy in October 2008, we agreed to guarantee an existing obligation of APLNG to deliver natural gas under several sales agreements with remaining terms of 4 to 19 years. Our maximum potential amount of future payments, or cost of volume delivery, under these guarantees is estimated to be $1.0 billion ($2.4 billion in the event of intentional or reckless breach) and would become payable if APLNG fails to meet its obligations under these agreements and the obligations cannot otherwise be mitigated. Future payments are considered unlikely, as the payments, or cost of volume delivery, would only be triggered if APLNG does not have enough natural gas to meet these sales commitments and if the co-venturers do not make necessary equity contributions into APLNG.

- We have guaranteed the performance of APLNG with regard to certain other contracts executed in connection with the project’s continued development. The guarantees have remaining terms of up to 33 years or the life of the venture. Our maximum potential amount of future payments related to these guarantees is approximately $150 million and would become payable if APLNG does not perform.

Guarantees of Joint Venture Debt

At December 31, 2012, we had guarantees outstanding for our portion of joint venture debt obligations, which have remaining terms of up to 23 years. The maximum potential amount of future payments under the guarantees is approximately $60 million. Payment would be required if a joint venture defaults on its debt obligations.

Other Guarantees

We have other guarantees with maximum future potential payment amounts totaling approximately $270 million, which consist primarily of guarantees of the residual value of leased corporate aircraft, guarantees to fund the short-term cash liquidity deficit of two joint ventures and a guarantee of minimum charter revenue for an LNG vessel. These guarantees have remaining terms of up to 11 years or life of the venture.

Indemnifications

Over the years, we have entered into various agreements to sell ownership interests in certain corporations, joint ventures and assets that gave rise to qualifying indemnifications. Agreements associated with these sales include indemnifications for taxes, environmental liabilities, permits and licenses, employee claims, real estate indemnity against tenant defaults, and litigation. The terms of these indemnifications vary greatly. The majority of these indemnifications are related to environmental issues, the term is generally indefinite and the maximum amount of future payments is generally unlimited. The carrying amount recorded for these indemnifications at December 31, 2012, was approximately $70 million. We amortize the indemnification liability over the relevant time period, if one exists, based on the facts and circumstances surrounding each type of indemnity. In cases where the indemnification term is indefinite, we will reverse the liability when we have information the liability is essentially relieved or amortize the liability over an appropriate time period as the fair value of our indemnification exposure declines. Although it is reasonably possible future payments may exceed amounts recorded, due to the nature of the indemnifications, it is not possible to make a reasonable estimate of the maximum potential amount of future payments. Included in the recorded carrying amount were approximately $50 million of environmental accruals for known contamination that are included in the “Asset retirement obligations and accrued environmental costs” line on our consolidated balance sheet. For additional information about environmental liabilities, see Note 14—Contingencies and Commitments.

In connection with the separation of the Downstream business, the Company entered into an Indemnification and Release Agreement with Phillips 66. See Note 2—Discontinued Operations, for additional information. This agreement provides for cross-indemnities between Phillips 66 and ConocoPhillips and established procedures for handling claims subject to indemnification and related matters. We evaluated the impact of the indemnifications given and the Phillips 66 indemnifications received as of the separation date and concluded those fair values were immaterial.

Note 14—Contingencies and Commitments

A number of lawsuits involving a variety of claims have been made against ConocoPhillips that arise in the ordinary course of business. We also may be required to remove or mitigate the effects on the environment of the placement, storage, disposal or release of certain chemical, mineral and petroleum substances at various active and inactive sites. We regularly assess the need for accounting recognition or disclosure of these contingencies. In the case of all known contingencies (other than those related to income taxes), we accrue a liability when the loss is probable and the amount is reasonably estimable. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. We do not reduce these liabilities for potential insurance or third-party recoveries. If applicable, we accrue receivables for probable insurance or other third-party recoveries. In the case of income tax-related contingencies, we use a cumulative probability-weighted loss accrual in cases where sustaining a tax position is less than certain. See Note 20—Income Taxes, for additional information about income tax-related contingencies.

Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures will exceed current accruals by an amount that would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures. Estimates particularly sensitive to future changes include contingent liabilities recorded for environmental remediation, tax and legal matters. Estimated future environmental remediation costs are subject to change due to such factors as the uncertain magnitude of cleanup costs, the unknown time and extent of such remedial actions that may be required, and the determination of our liability in proportion to that of other responsible parties. Estimated future costs related to tax and legal matters are subject to change as events evolve and as additional information becomes available during the administrative and litigation processes.

Environmental

We are subject to international, federal, state and local environmental laws and regulations. When we prepare our consolidated financial statements, we record accruals for environmental liabilities based on management's best estimates, using all information that is available at the time. We measure estimates and base liabilities on currently available facts, existing technology, and presently enacted laws and regulations, taking into account stakeholder and business considerations. When measuring environmental liabilities, we also consider our prior experience in remediation of contaminated sites, other companies' cleanup experience, and data released by the U.S. Environmental Protection Agency (EPA) or other organizations. We consider unasserted claims in our determination of environmental liabilities, and we accrue them in the period they are both probable and reasonably estimable.

Although liability of those potentially responsible for environmental remediation costs is generally joint and several for federal sites and frequently so for state sites, we are usually only one of many companies cited at a particular site. Due to the joint and several liabilities, we could be responsible for all cleanup costs related to any site at which we have been designated as a potentially responsible party. We have been successful to date in sharing cleanup costs with other financially sound companies. Many of the sites at which we are potentially responsible are still under investigation by the EPA or the state agencies concerned. Prior to actual cleanup, those potentially responsible normally assess the site conditions, apportion responsibility and determine the appropriate remediation. In some instances, we may have no liability or may attain a settlement of liability. Where it appears that other potentially responsible parties may be financially unable to bear their proportional share, we consider this inability in estimating our potential liability, and we adjust our accruals accordingly. As a result of various acquisitions in the past, we assumed certain environmental obligations. Some of these environmental obligations are mitigated by indemnifications made by others for our benefit, and some of the indemnifications are subject to dollar limits and time limits.

We are currently participating in environmental assessments and cleanups at numerous federal Superfund and comparable state sites. After an assessment of environmental exposures for cleanup and other costs, we make accruals on an undiscounted basis (except those acquired in a purchase business combination, which we record on a discounted basis) for planned investigation and remediation activities for sites where it is probable future costs will be incurred and these costs can be reasonably estimated. We have not reduced these accruals for possible insurance recoveries. In the future, we may be involved in additional environmental assessments, cleanups and proceedings. See Note 10—Asset Retirement Obligations and Accrued Environmental Costs, for a summary of our accrued environmental liabilities.

Legal Proceedings

Our legal organization applies its knowledge, experience and professional judgment to the specific characteristics of our cases, employing a litigation management process to manage and monitor the legal proceedings against us. Our process facilitates the early evaluation and quantification of potential exposures in individual cases. This process also enables us to track those cases that have been scheduled for trial and/or mediation. Based on professional judgment and experience in using these litigation management tools and available information about current developments in all our cases, our legal organization regularly assesses the adequacy of current accruals and determines if adjustment of existing accruals, or establishment of new accruals, is required.

Other Contingencies

We have contingent liabilities resulting from throughput agreements with pipeline and processing companies not associated with financing arrangements. Under these agreements, we may be required to provide any such company with additional funds through advances and penalties for fees related to throughput capacity not utilized. In addition, at December 31, 2012, we had performance obligations secured by letters of credit of $852 million (issued as direct bank letters of credit) related to various purchase commitments for materials, supplies, commercial activities and services incident to the ordinary conduct of business.

In 2007, we announced we had been unable to reach agreement with respect to our migration to an *empresa mixta* structure mandated by the Venezuelan government's Nationalization Decree. As a result, Venezuela's national oil company, Petróleos de Venezuela S.A. (PDVSA), or its affiliates, directly assumed control over ConocoPhillips' interests in the Petrozuata and Hamaca heavy oil ventures and the offshore Corocoro development project. In response to this expropriation, we filed a request for international arbitration on November 2, 2007, with the World Bank's International Centre for Settlement of Investment Disputes (ICSID). An arbitration hearing was held before an ICSID tribunal during the summer of 2010, and we anticipate an interim decision on key legal and factual issues in 2013. In a separate commercial arbitration from the Company's ICSID claim discussed above, an International Chamber of Commerce (ICC) tribunal issued a decision in favor of the Company in September 2012, finding PDVSA owed $67 million for pre-expropriation breaches of the Petrozuata project agreements. In November 2012, based on the ICC tribunal ruling, PDVSA paid ConocoPhillips $68 million, including post-judgment interest, which resulted in a $61 million after-tax earnings increase. The Company also recognized additional income of $173 million after-tax, associated with the reversal of a related contingent liability accrual, which is recorded in the "Other income" line on our consolidated income statement.

In 2008, Burlington Resources, Inc., a wholly owned subsidiary of ConocoPhillips, initiated arbitration before ICSID against The Republic of Ecuador, as a result of the newly enacted Windfall Profits Tax Law and government-mandated renegotiation of our production sharing contracts. Despite a restraining order issued by ICSID, Ecuador confiscated the crude oil production of Burlington and its co-venturer and sold the illegally seized crude oil. In 2009, Ecuador took over operations in Blocks 7 and 21, fully expropriating our assets. In June 2010, the ICSID tribunal concluded it has jurisdiction to hear the expropriation claim. On April 24, 2012, Ecuador filed a supplemental counterclaim asserting environmental damages, which we believe are not material. The ICSID tribunal issued a decision on liability on December 14, 2012, in favor of Burlington, finding that Ecuador's seizure of Blocks 7 and 21 was an unlawful expropriation in violation of the Ecuador-U.S. Bilateral Investment Treaty. An additional arbitration phase will take place to determine the damages owed to ConocoPhillips for Ecuador's actions.

ConocoPhillips served a Notice of Arbitration on the Timor-Leste Minister of Finance in October 2012 for outstanding disputes related to a series of tax assessments. Between 2010 and 2012, ConocoPhillips has paid, under protest, tax assessments totaling approximately $227 million, which are primarily recorded in the "Investments and long-term receivables" line on our December 31, 2012, consolidated balance sheet. The arbitration will be conducted in Singapore under the United Nations Commission on International Trade Laws (UNCITRAL) arbitration rules, pursuant to the terms of the Tax Stability Agreement with the Timor-Leste Government. The arbitration process is currently underway. Future impacts on our business are not known at this time.

Long-Term Throughput Agreements and Take-or-Pay Agreements

We have certain throughput agreements and take-or-pay agreements in support of financing arrangements. The agreements typically provide for natural gas or crude oil transportation to be used in the ordinary course of the Company's business. The aggregate amounts of estimated payments under these various agreements are: 2013—$137 million; 2014—$136 million; 2015—$127 million; 2016—$28 million; 2017—$28 million; and 2018 and after—$158 million. Total payments under the agreements were $130 million in 2012, $429 million in 2011 and $216 million in 2010.

Note 15—Derivative and Financial Instruments

We use futures, forwards, swaps and options in various markets to meet our customer needs and capture market opportunities. Our commodity business primarily consists of natural gas, crude oil, bitumen, LNG and natural gas liquids. Under our current business model, we are not required to register as a Swap Dealer or Major Swap Participant.

Our derivative instruments are held at fair value on our consolidated balance sheet. Where these balances have the right of setoff, they are presented net. Related cash flows are recorded as operating activities on the consolidated statement of cash flows. On the consolidated income statement, realized and unrealized gains and losses are recognized either on a gross basis if directly related to our physical business or a net basis if held for trading. Gains and losses related to contracts that meet and are designated with the normal purchase normal sale exception are recognized upon settlement. We generally apply this exception to eligible crude contracts. We do not use hedge accounting for our commodity derivatives.

The following table presents the gross fair values of our commodity derivatives, excluding collateral, and the line items where they appear on our consolidated balance sheet:

	Millions of Dollars	
	2012	2011
Assets		
Prepaid expenses and other current assets	**$ 1,538**	4,433
Other assets	**105**	415
Liabilities		
Other accruals	**1,509**	4,350
Other liabilities and deferred credits	**99**	374

The gains (losses) incurred from commodity derivatives, and the line items where they appear on our consolidated income statement were:

	Millions of Dollars		
	2012	2011	2010
Sales and other operating revenues	**$ (291)**	907	(964)
Other income	**(1)**	(9)	(5)
Purchased commodities	**214**	(729)	915

The table below summarizes our material net exposures resulting from outstanding commodity derivative contracts.

	Open Position Long/(Short)	
	2012	2011
Commodity		
Crude oil, refined products and natural gas liquids (millions of barrels)	-	(13)
Natural gas and power (billions of cubic feet equivalent)		
Fixed price	**(48)**	(57)
Basis	**125**	(25)

Foreign Currency Exchange Derivatives

We have foreign currency exchange rate risk resulting from international operations. Our foreign currency exchange derivative activity primarily consists of transactions designed to mitigate our cash-related and

foreign currency exchange rate exposures, such as firm commitments for capital programs or local currency tax payments, dividends, and cash returns from net investments in foreign affiliates. We do not elect hedge accounting on our foreign currency exchange derivatives.

The following table presents the gross fair values of our foreign currency exchange derivatives, excluding collateral, and the line items where they appear on our consolidated balance sheet:

	Millions of Dollars	
	2012	2011
Assets		
Prepaid expenses and other current assets	**$ 32**	12
Other assets	**-**	1
Liabilities		
Other accruals	**2**	23
Other liabilities and deferred credits	**1**	-

The (gains) losses from foreign currency exchange derivatives incurred, and the line items where they appear on our consolidated income statement were:

	Millions of Dollars		
	2012	2011	2010
Foreign currency transaction (gains) losses	**$ (138)**	(9)	115

We had the following net notional position of outstanding foreign currency exchange derivatives:

	In Millions Notional Currency		
		2012	2011
Foreign Currency Exchange Derivatives			
Sell U.S. dollar, buy other currencies*	USD	**2,573**	1,949
Sell euro, buy other currencies**	EUR	**-**	61
Buy U.S. dollar, sell other currencies***	USD	**140**	-
Buy euro, sell British pound	EUR	**96**	-

**Primarilyeuro, Canadian dollar, Norwegian krone and British pound.*
***Primarily Norwegian krone and British pound.*
****Primarily Canadian dollar, euro and Norwegian krone.*

Financial Instruments

We invest excess cash in financial instruments with maturities based on our cash forecasts for the various currency pools we manage. The maturities of these investments may from time to time extend beyond 90 days. The types of financial instruments include:

- Time deposits: Interest bearing deposits placed with approved financial institutions.
- Commercial paper: Unsecured promissory notes issued by a corporation, commercial bank, or government agency purchased at a discount, maturing at par.

These financial instruments appear in the “Cash and cash equivalents” line of our consolidated balance sheet if the maturities at the time we made the investments were 90 days or less; otherwise, these held-to-maturity investments are included in the “Short-term investments” line. At December 31, we held the following financial instruments:

	Millions of Dollars			
	Carrying Amount			
	Cash and Cash Equivalents		Short-Term Investments	
	2012	2011	**2012**	2011
Cash	**$ 829**	1,169	-	-
Time Deposits				
Remaining maturities from 1 to 90 days	**2,789**	4,318	-	349
Commercial Paper				
Remaining maturities from 1 to 90 days	-	293	-	232
	$ 3,618	5,780	-	581

In conjunction with the separation of our Downstream business, we received a special cash distribution from Phillips 66 of $7,818 million. See Note 2 —Discontinued Operations, for additional information. At December 31, 2012, the unused amount of the special cash distribution was $748 million and is designated as “Restricted cash” on our consolidated balance sheet. At December 31, 2012, the funds in the restricted cash account were invested in money market funds with maturities within 90 days from December 31, 2012.

Credit Risk

Financial instruments potentially exposed to concentrations of credit risk consist primarily of cash equivalents, over-the-counter (OTC) derivative contracts and trade receivables. Our cash equivalents and short-term investments are placed in high-quality commercial paper, money market funds, government debt securities and time deposits with major international banks and financial institutions.

The credit risk from our OTC derivative contracts, such as forwards and swaps, derives from the counterparty to the transaction. Individual counterparty exposure is managed within predetermined credit limits and includes the use of cash-call margins when appropriate, thereby reducing the risk of significant nonperformance. We also use futures, swaps and option contracts that have a negligible credit risk because these trades are cleared with an exchange clearinghouse and subject to mandatory margin requirements until settled; however, we are exposed to the credit risk of those exchange brokers for receivables arising from daily margin cash calls, as well as for cash deposited to meet initial margin requirements.

Our trade receivables result primarily from our petroleum operations and reflect a broad national and international customer base, which limits our exposure to concentrations of credit risk. The majority of these receivables have payment terms of 30 days or less, and we continually monitor this exposure and the creditworthiness of the counterparties. We do not generally require collateral to limit the exposure to loss; however, we will sometimes use letters of credit, prepayments, and master netting arrangements to mitigate credit risk with counterparties that both buy from and sell to us, as these agreements permit the amounts owed by us or owed to others to be offset against amounts due us.

Certain of our derivative instruments contain provisions that require us to post collateral if the derivative exposure exceeds a threshold amount. We have contracts with fixed threshold amounts and other contracts with variable threshold amounts that are contingent on our credit rating. The variable threshold amounts typically decline for lower credit ratings, while both the variable and fixed threshold amounts typically revert to zero if we fall below investment grade. Cash is the primary collateral in all contracts; however, many also permit us to post letters of credit as collateral, such as transactions administered through the New York Mercantile Exchange or IntercontinentalExchange.

The aggregate fair value of all derivative instruments with such credit risk-related contingent features that were in a liability position on December 31, 2012, was $130 million, for which no collateral was posted. If our credit rating were lowered one level from its “A” rating (per Standard and Poor’s) on December 31, 2012, we

would be required to post no additional collateral to our counterparties. If we were downgraded below investment grade, we would be required to post $130 million of additional collateral, either with cash or letters of credit.

Note 16—Fair Value Measurement

We carry a portion of our assets and liabilities at fair value that are measured at a reporting date using an exit price (i.e., the price that would be received to sell an asset or paid to transfer a liability) and disclosed according to the quality of valuation inputs under the following hierarchy:

- Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are directly or indirectly observable.
- Level 3: Unobservable inputs that are significant to the fair value of assets or liabilities.

The classification of an asset or liability is based on the lowest level of input significant to its fair value. Those that are initially classified as Level 3 are subsequently reported as Level 2 when the fair value derived from unobservable inputs is inconsequential to the overall fair value, or if corroborated market data becomes available. Assets and liabilities that are initially reported as Level 2 are subsequently reported as Level 3 if corroborated market data is no longer available. Transfers occur at the end of the reporting period. There were no material transfers in or out of Level 1.

Recurring Fair Value Measurement

Financial assets and liabilities reported at fair value on a recurring basis primarily include commodity derivatives and certain investments to support nonqualified deferred compensation plans. The deferred compensation investments are measured at fair value using unadjusted prices available from national securities exchanges; therefore, these assets are categorized as Level 1 in the fair value hierarchy. Level 1 derivative assets and liabilities primarily represent exchange-traded futures and options that are valued using unadjusted prices available from the underlying exchange. Level 2 derivative assets and liabilities primarily represent OTC swaps, options and forward purchase and sale contracts that are valued using adjusted exchange prices, prices provided by brokers or pricing service companies that are all corroborated by market data. Level 3 derivative assets and liabilities consist of OTC swaps, options and forward purchase and sale contracts that are long term in nature and where a significant portion of fair value is calculated from underlying market data that is not readily available. The derived value uses industry standard methodologies that may consider the historical relationships among various commodities, modeled market prices, time value, volatility factors and other relevant economic measures. The use of these inputs results in management’s best estimate of fair value. Level 3 activity was not material.

The following table summarizes the fair value hierarchy for gross financial assets and liabilities (i.e., unadjusted where the right of setoff exists for commodity derivatives accounted for at fair value on a recurring basis):

	Millions of Dollars							
	December 31, 2012				December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets								
Deferred compensation investments	**$ 305**	**-**	**-**	**305**	336	-	-	336
Commodity derivatives	**1,052**	**567**	**18**	**1,637**	2,807	1,947	72	4,826
Total assets	**$ 1,357**	**567**	**18**	**1,942**	3,143	1,947	72	5,162
Liabilities								
Commodity derivatives	**$ 1,031**	**567**	**4**	**1,602**	2,970	1,722	10	4,702
Total liabilities	**$ 1,031**	**567**	**4**	**1,602**	2,970	1,722	10	4,702

Non-Recurring Fair Value Measurement

The following table summarizes the fair value hierarchy by major category for assets accounted for at fair value on a non-recurring basis:

	Millions of Dollars			
		Fair Value Measurements Using		
	Fair Value*	Level 1 Inputs	Level 3 Inputs	Before-Tax Loss
Year ended December 31, 2012				
Net PP&E (held for sale)	**$ 6,116**	**6,116**	**-**	**798**
Net PP&E (held for use)	**95**	**-**	**95**	**134**
Year ended December 31, 2011				
Net PP&E (held for use) **	$ 162	-	162	265
Equity method investments ***	274	-	274	399
Cost method investments	2	2	-	8

**Represents the fair value at the time of the impairment.*
***Before-tax loss includes $1 million related to discontinued operations.*
****Before-tax loss includes $4 million related to discontinued operations.*

2012

Net PP&E held for sale was written down to fair value, less costs to sell. The fair value of each asset was determined by its binding negotiated selling price.

Net PP&E held for use is comprised of various producing properties impaired to their individual fair values. The fair values were determined by the use of internal discounted cash flow models using estimates of future production, prices from futures exchanges and pricing service companies, costs and a discount rate believed to be consistent with those used by principal market participants.

2011

During 2011, net PP&E held for use with a carrying amount of $427 million was written down to a fair value of $162 million, resulting in a before-tax loss of $265 million. The fair values were determined by the use of internal discounted cash flow models using estimates of future production, prices, costs and a discount rate believed to be consistent with those used by principal market participants and cash flow multiples for similar assets and alternative use.

Also during 2011, certain equity method investments were determined to have fair values below their carrying amount, and the impairments were considered to be other than temporary. This primarily included an investment associated with our Other International segment with a book value of $651 million, which was written down to its fair value of $256 million, resulting in a charge of $395 million before-tax. This was included in the "Equity in earnings of affiliates" line of our consolidated income statement. The fair value was determined by the application of an internal discounted cash flow model using estimates of future production, prices, costs and a discount rate believed to be consistent with those used by principal market participants. In addition, the fair value was determined by the comparison of market data for certain similar undeveloped properties.

Reported Fair Values of Financial Instruments

We used the following methods and assumptions to estimate the fair value of financial instruments:

- Cash and cash equivalents, restricted cash and short-term investments: The carrying amount reported on the balance sheet approximates fair value.
- Accounts and notes receivable (including long-term and related parties): The carrying amount reported on the balance sheet approximates fair value. The valuation technique and methods used to estimate the fair value of the current portion of fixed-rate related party loans is consistent with Loans and advances—related parties.
- Loans and advances—related parties: The carrying amount of floating-rate loans approximates fair value. The fair value of fixed-rate loan activity is measured using market observable data and is categorized as Level 2 in the fair value hierarchy. See Note 6—Investments, Loans and Long-Term Receivables, for additional information.
- Accounts payable (including related parties) and floating-rate debt: The carrying amount of accounts payable and floating-rate debt reported on the balance sheet approximates fair value. The valuation technique and methods used to estimate the fair value of the current portion of the joint venture acquisition obligation is consistent with the methodology below.
- Fixed-rate debt: The estimated fair value of fixed-rate debt is measured using prices available from a pricing service that is corroborated by market data; therefore, these liabilities are categorized as Level 2 in the fair value hierarchy.
- Joint venture acquisition obligation—related party: Fair value is estimated based on the net present value of the future cash flows as a Level 2 fair value, discounted at December 31, 2012, and December 31, 2011, effective yield rates of 0.7 percent and 1.24 percent, respectively, based on yields of U.S. Treasury securities of similar average duration adjusted for our average credit risk spread and the amortizing nature of the obligation principal. See Note 12—Joint Venture Acquisition Obligation, for additional information.

The following table summarizes the net fair value of financial instruments (i.e., adjusted where the right of setoff exists for commodity derivatives):

	Millions of Dollars			
	Carrying Amount		Fair Value	
	2012	2011	**2012**	2011
Financial assets				
Deferred compensation investments	**$ 305**	336	**305**	336
Commodity derivatives	**221**	814	**221**	814
Total loans and advances—related parties	**1,697**	1,793	**1,916**	1,994
Financial liabilities				
Total debt, excluding capital leases	**21,709**	22,592	**26,349**	27,065
Total joint venture acquisition obligation	**3,582**	4,314	**3,968**	4,820
Commodity derivatives	**199**	446	**199**	446

At December 31, 2012, commodity derivative assets and liabilities appear net of $29 million of obligations to return cash collateral and $16 million of rights to reclaim cash collateral, respectively. At December 31, 2011, commodity derivative assets and liabilities appear net of no obligations to return cash collateral and $244 million of rights to reclaim cash collateral.

Note 17—Equity

Common Stock

The changes in our shares of common stock, as categorized in the equity section of the balance sheet, were:

	Shares		
	2012	2011	2010
Issued			
Beginning of year	**1,749,550,587**	1,740,529,279	1,733,345,558
Distributed under benefit plans	**12,697,362**	9,021,308	7,183,721
End of year	**1,762,247,949**	1,749,550,587	1,740,529,279
Held in Treasury			
Beginning of year	**463,880,628**	272,873,537	208,346,815
Repurchase of common stock	**79,904,400**	155,453,382	64,526,722
Distributed under benefit plans	**(1,554,355)**	(475,696)	-
Transfer from grantor trust	-	36,029,405	-
End of year	**542,230,673**	463,880,628	272,873,537
Held in Grantor Trusts			
Beginning of year	-	36,890,375	38,742,261
Repurchase of common stock	-	(157,470)	-
Distributed under benefit plans	-	(703,500)	(1,776,873)
Transfer to treasury stock	-	(36,029,405)	-
Other	-	-	(75,013)
End of year	-	-	36,890,375

Preferred Stock

We have authorized 500 million shares of preferred stock, par value $.01 per share, none of which was issued or outstanding at December 31, 2012 or 2011.

Noncontrolling Interests

At December 31, 2012 and 2011, we had outstanding $440 million and $510 million, respectively, of equity in less-than-wholly owned consolidated subsidiaries held by noncontrolling interest owners. At December 31, 2012, the entire amount was related to Darwin LNG, an operating joint venture we control, located in Australia's Northern Territory. At December 31, 2011, $482 million was related to Darwin LNG and $28 million was related to discontinued operations.

Note 18—Non-Mineral Leases

The company leases ocean transport vessels, tugboats, barges, corporate aircraft, drilling equipment, computers, office buildings and other facilities and equipment. Certain leases include escalation clauses for adjusting rental payments to reflect changes in price indices, as well as renewal options and/or options to purchase the leased property for the fair market value at the end of the lease term. There are no significant restrictions imposed on us by the leasing agreements with regard to dividends, asset dispositions or borrowing ability. Leased assets under capital leases were not significant in any period presented.

At December 31, 2012, future minimum rental payments due under noncancelable leases were:

	Millions of Dollars
2013	$ 477
2014	580
2015	380
2016	314
2017	110
Remaining years	290
Total	2,151
Less income from subleases	24
Net minimum operating lease payments	$ 2,127

Operating lease rental expense for the years ended December 31 was:

	Millions of Dollars		
	2012	2011	2010
Total rentals*	**$ 282**	304	267
Less sublease rentals	**(15)**	(14)	(14)
	$ 267	290	253

**Includes $3 million, $29 million and $16 million of contingent rentals in 2012, 2011 and 2010, respectively. Contingent rentals primarily are related to drilling equipment and are based on usage or volume of product sold.*

Note 19—Employee Benefit Plans

Pension and Postretirement Plans

In connection with the separation of the Downstream business, ConocoPhillips entered into an Employee Matters Agreement with Phillips 66, see Note 2 —Discontinued Operations, which provides that employees of Phillips 66 no longer participate in benefit plans sponsored or maintained by ConocoPhillips as of the separation date. Upon separation, the ConocoPhillips pension and postretirement plans transferred assets and obligations to the Phillips 66 plans resulting in a net decrease in sponsored pension and postretirement plan obligations of $1,127 million. Additionally, as a result of the transfer of unrecognized losses to Phillips 66, deferred income taxes and other comprehensive income decreased $335 million and $570 million, respectively.

An analysis of the projected benefit obligations for our pension plans and accumulated benefit obligations for our postretirement health and life insurance plans follows:

	Millions of Dollars					
	Pension Benefits				Other Benefits	
	2012		2011		**2012**	2011
	U.S.	**Int'l.**	U.S.	Int'l.		
Change in Benefit Obligation						
Benefit obligation at January 1	**$ 6,175**	**3,484**	5,539	3,206	**926**	862
Service cost	**170**	**91**	225	98	**6**	10
Interest cost	**186**	**152**	247	178	**33**	42
Plan participant contributions	**-**	**7**	-	5	**23**	23
Government subsidy	**-**	**-**	-	-	**-**	4
Separation of Downstream business	**(2,464)**	**(653)**	-	-	**(199)**	-
Plan amendments	**-**	**-**	-	(53)	**-**	35
Actuarial loss	**735**	**297**	642	195	**47**	20
Benefits paid	**(577)**	**(113)**	(478)	(116)	**(72)**	(68)
Foreign currency exchange rate change	**-**	**173**	-	(29)	**1**	(2)
Benefit obligation at December 31*	**$ 4,225**	**3,438**	6,175	3,484	**765**	926
**Accumulated benefit obligation portion of above at December 31:*	***$ 3,710***	***2,972***	*5,363*	*2,939*		
Change in Fair Value of Plan Assets						
Fair value of plan assets at January 1	**$ 4,149**	**2,722**	3,890	2,581	**-**	-
Actual return on plan assets	**509**	**267**	64	53	**-**	-
Company contributions	**363**	**204**	673	226	**49**	41
Plan participant contributions	**-**	**7**	-	5	**23**	23
Government subsidy	**-**	**-**	-	-	**-**	4
Separation of Downstream business	**(1,712)**	**(479)**	-	-	**-**	-
Benefits paid	**(577)**	**(113)**	(478)	(116)	**(72)**	(68)
Foreign currency exchange rate change	**-**	**152**	-	(27)	**-**	-
Fair value of plan assets at December 31	**$ 2,732**	**2,760**	4,149	2,722	**-**	-
Funded Status	**$ (1,493)**	**(678)**	(2,026)	(762)	**(765)**	(926)

	Millions of Dollars					
	Pension Benefits				Other Benefits	
	2012		2011		**2012**	2011
	U.S.	**Int'l.**	U.S.	Int'l.		
Amounts Recognized in the Consolidated Balance Sheet at December 31						
Noncurrent assets	**$ -**	**94**	-	94	-	-
Current liabilities	**(21)**	**(8)**	(118)	(5)	**(54)**	(62)
Noncurrent liabilities	**(1,472)**	**(764)**	(1,908)	(851)	**(711)**	(864)
Total recognized	**$ (1,493)**	**(678)**	(2,026)	(762)	**(765)**	(926)
Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31						
Discount rate	**3.55 %**	**4.50**	4.30	4.90	**3.55**	4.40
Rate of compensation increase	**4.75**	**4.45**	4.25	4.30	-	-
Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31						
Discount rate	**4.00 %**	**4.95**	4.65	5.40	**4.25**	5.00
Expected return on plan assets	**7.00**	**6.10**	7.00	6.40	-	-
Rate of compensation increase	**4.50**	**4.50**	4.00	4.10	-	-

For both U.S. and international pensions, the overall expected long-term rate of return is developed from the expected future return of each asset class, weighted by the expected allocation of pension assets to that asset class. We rely on a variety of independent market forecasts in developing the expected rate of return for each class of assets.

Included in accumulated other comprehensive income at December 31 were the following before-tax amounts that had not been recognized in net periodic benefit cost:

	Millions of Dollars					
	Pension Benefits				Other Benefits	
	2012		2011		**2012**	2011
	U.S.	**Int'l.**	U.S.	Int'l.		
Unrecognized net actuarial loss (gain)	**$ 1,509**	**758**	2,240	705	**29**	(26)
Unrecognized prior service cost (credit)	**28**	**(60)**	52	(78)	**(12)**	(13)

	Millions of Dollars					
	Pension Benefits				Other Benefits	
	2012		2011		**2012**	2011
	U.S.	**Int'l.**	U.S.	Int'l.		
Sources of Change in Other Comprehensive Income						
Net loss arising during the period	**$ (450)**	**(206)**	(858)	(307)	**(48)**	(20)
Separation of Downstream business	**810**	**94**	-	-	**(7)**	-
Amortization of (gain) loss included in income*	**371**	**59**	185	46	**-**	(5)
Net change during the period	**$ 731**	**(53)**	(673)	(261)	**(55)**	(25)
Prior service (cost) credit arising during the period	**$ -**	**2**	-	53	**-**	(34)
Separation of Downstream business	**17**	**(12)**	-	-	**3**	-
Amortization of prior service cost (credit) included in income	**7**	**(8)**	9	-	**(4)**	(7)
Net change during the period	**$ 24**	**(18)**	9	53	**(1)**	(41)

** Includes settlement losses recognized during the period.*

Amounts included in accumulated other comprehensive income at December 31, 2012, that are expected to be amortized into net periodic postretirement cost during 2013 are provided below:

	Millions of Dollars		
	Pension Benefits		Other Benefits
	U.S.	**Int'l.**	
Unrecognized net actuarial loss	**$ 151**	**76**	**3**
Unrecognized prior service cost (credit)	**6**	**(8)**	**(4)**

For our tax-qualified pension plans with projected benefit obligations in excess of plan assets, the projected benefit obligation, the accumulated benefit obligation, and the fair value of plan assets were $6,278 million, $5,602 million, and $4,537 million, respectively, at December 31, 2012, and $8,481 million, $7,377 million, and $6,098 million, respectively, at December 31, 2011.

For our unfunded nonqualified key employee supplemental pension plans, the projected benefit obligation and the accumulated benefit obligation were $525 million and $382 million, respectively, at December 31, 2012, and were $499 million and $374 million, respectively, at December 31, 2011.

The components of net periodic benefit cost of all defined benefit plans are presented in the following table:

	Millions of Dollars								
	Pension Benefits						Other Benefits		
	2012		2011		2010		**2012**	2011	2010
	U.S.	**Int'l.**	U.S.	Int'l.	U.S.	Int'l.			
Components of Net Periodic Benefit Cost									
Service cost	**$ 170**	**91**	225	98	229	90	**6**	10	11
Interest cost	**186**	**152**	247	178	260	169	**33**	42	46
Expected return on plan assets	**(223)**	**(158)**	(280)	(175)	(224)	(147)	**-**	-	-
Amortization of prior service cost (credit)	**7**	**(8)**	9	-	10	2	**(4)**	(7)	3
Recognized net actuarial loss (gain)	**191**	**59**	165	46	167	55	**-**	(5)	(7)
Net periodic benefit cost	**$ 331**	**136**	366	147	442	169	**35**	40	53

In addition to the above, we recognized pension settlement losses of $181 million (including $24 million in discontinued operations) in 2012 and $21 million in 2011. None was recognized in 2010. In 2012, lump-sum benefit payments from the U.S. qualified pension plan exceeded the sum of service and interest costs for that plan and led to an increase in settlement losses.

In determining net pension and other postretirement benefit costs, we amortize prior service costs on a straight-line basis over the average remaining service period of employees expected to receive benefits under the plan. For net actuarial gains and losses, we amortize 10 percent of the unamortized balance each year.

We have multiple nonpension postretirement benefit plans for health and life insurance. The health care plans are contributory and subject to various cost sharing features, with participant and company contributions adjusted annually; the life insurance plans are noncontributory. The measurement of the accumulated postretirement benefit obligation assumes a health care cost trend rate of 7.5 percent in 2012 that declines to 5 percent by 2023. A one-percentage-point change in the assumed health care cost trend rate would be immaterial to ConocoPhillips.

Plan Assets—We follow a policy of broadly diversifying pension plan assets across asset classes, investment managers, and individual holdings. As a result, our plan assets have no significant concentrations of credit risk. Asset classes that are considered appropriate include U.S. equities, non-U.S. equities, U.S. fixed income, non-U.S. fixed income, real estate and private equity investments. Plan fiduciaries may consider and add other asset classes to the investment program from time to time. The target allocations for plan assets are 59 percent equity securities, 37 percent debt securities and 4 percent real estate. Generally, the plan investments are publicly traded, therefore minimizing liquidity risk in the portfolio.

The following is a description of the valuation methodologies used for the pension plan assets. There have been no changes in the methodologies used at December 31, 2012 and 2011.

- Fair values of equity securities and government debt securities categorized in Level 1 are primarily based on quoted market prices.
- Fair values of corporate debt securities, agency and mortgage-backed securities and government debt securities categorized in Level 2 are estimated using recently executed transactions and quoted market prices. If there have been no market transactions in a particular fixed income security, its fair value is calculated by pricing models that benchmark the security against other securities with actual market prices. When observable quoted market prices are not available, fair value is based on

pricing models that use something other than actual market prices (e.g., observable inputs such as benchmark yields, reported trades and issuer spreads for similar securities), and these securities are categorized in Level 3 of the fair value hierarchy.

- Fair values of investments in common/collective trusts are determined by the issuer of each fund based on the fair value of the underlying assets.
- Fair values of mutual funds are based on quoted market prices, which represent the net asset value of shares held.
- Cash is valued at cost, which approximates fair value. Fair values of international cash equivalents categorized in Level 2 are valued using observable yield curves, discounting and interest rates. U.S. cash balances held in the form of short-term fund units that are redeemable at the measurement date are categorized as Level 2.
- Fair values of exchange-traded derivatives classified in Level 1 are based on quoted market prices. For other derivatives classified in Level 2, the values are generally calculated from pricing models with market input parameters from third-party sources.
- Private equity funds are valued at net asset value as determined by the issuer based on the fair value of the underlying assets.
- Fair values of insurance contracts are valued at the present value of the future benefit payments owed by the insurance company to the plans' participants.
- Fair values of real estate investments are valued using real estate valuation techniques and other methods that include reference to third-party sources and sales comparables where available.
- A portion of U.S. pension plan assets is held as a participating interest in an insurance annuity contract, which is calculated as the market value of investments held under this contract, less the accumulated benefit obligation covered by the contract. The participating interest is classified as Level 3 in the fair value hierarchy, as the fair value is determined via a combination of quoted market prices, recently executed transactions, and an actuarial present value computation for contract obligations. At December 31, 2012, the participating interest in the annuity contract was valued at $133 million and consisted of $358 million in debt securities, less $225 million for the accumulated benefit obligation covered by the contract. At December 31, 2011, the participating interest in the annuity contract was valued at $144 million and consisted of $391 million in debt securities, less $247 million for the accumulated benefit obligation covered by the contract. The net change from 2011 to 2012 is due to a decrease in the fair value of the underlying investments of $33 million and a decrease in the present value of the contract obligation of $22 million. The participating interest is not available for meeting general pension benefit obligations in the near term. No future company contributions are required and no new benefits are being accrued under this insurance annuity contract.

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The fair values of our pension plan assets at December 31, by asset class were as follows:

	Millions of Dollars							
	U.S.				International			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2012								
Equity Securities								
U.S.	**$ 875**	-	-	**875**	**443**	-	-	**443**
International	**587**	-	-	**587**	**381**	-	-	**381**
Common/collective trusts	-	**472**	-	**472**	-	**195**	-	**195**
Mutual funds	-	-	-	-	**319**	-	-	**319**
Debt Securities								
Government	**146**	**54**	-	**200**	**496**	-	-	**496**
Corporate	-	**306**	**2**	**308**	-	**155**	**1**	**156**
Agency and mortgage-backed securities	-	**59**	-	**59**	-	**29**	-	**29**
Common/collective trusts	-	-	-	-	-	**314**	-	**314**
Mutual funds	-	-	-	-	**155**	-	-	**155**
Cash and cash equivalents	-	**94**	-	**94**	**22**	**18**	-	**40**
Private equity funds	-	-	**4**	**4**	-	-	**18**	**18**
Derivatives	-	**1**	-	**1**	**10**	**13**	-	**23**
Real estate	-	-	-	-	-	-	**183**	**183**
Total*	**$ 1,608**	**986**	**6**	**2,600**	**1,826**	**724**	**202**	**2,752**

** Excludes the participating interest in the insurance annuity contract with a net asset value of $133 million and net receivables related to security transactions of $7 million.*

2011								
Equity Securities								
U.S.	$1,251	-	-	1,251	413	-	-	413
International	803	-	-	803	413	-	-	413
Common/collective trusts	-	634	-	634	-	234	-	234
Mutual funds	-	-	-	-	246	-	-	246
Debt Securities								
Government	311	81	-	392	532	-	-	532
Corporate	-	551	3	554	-	122	1	123
Agency and mortgage-backed securities	-	105	-	105	-	43	-	43
Common/collective trusts	-	-	-	-	-	346	-	346
Mutual funds	-	-	-	-	130	-	-	130
Cash and cash equivalents	-	249	-	249	32	26	-	58
Private equity funds	-	-	4	4	-	-	13	13
Derivatives	-	-	-	-	-	11	-	11
Insurance contracts	-	-	-	-	-	-	15	15
Real estate	-	-	-	-	-	-	139	139
Total*	$2,365	1,620	7	3,992	1,766	782	168	2,716

**Excludes the participating interest in the insurance annuity contract with a net asset value of $144 million and net receivables related to security transactions of $19 million.*

Level 3 activity was not material.

Our funding policy for U.S. plans is to contribute at least the minimum required by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986, as amended. Contributions to foreign plans are dependent upon local laws and tax regulations. In 2013, we expect to contribute approximately $275

million to our domestic qualified and nonqualified pension and postretirement benefit plans and $210 million to our international qualified and nonqualified pension and postretirement benefit plans.

The following benefit payments, which are exclusive of amounts to be paid from the insurance annuity contract and which reflect expected future service, as appropriate, are expected to be paid:

	Millions of Dollars		
	Pension Benefits		Other Benefits
	U.S.	Int'l.	
2013	$ 375	118	62
2014	370	126	63
2015	366	137	63
2016	370	141	63
2017	399	146	63
2018-2022	2,067	897	291

Defined Contribution Plans

Most U.S. employees are eligible to participate in the ConocoPhillips Savings Plan (CPSP). Employees can deposit up to 75 percent of their eligible pay up to the statutory limit ($17,000 in 2012) in the thrift feature of the CPSP to a choice of approximately 38 investment funds. Through 2012, ConocoPhillips matched contribution deposits, up to 1.25 percent of eligible pay. Company contributions charged to expense related to continuing and discontinued operations for the CPSP and predecessor plans, excluding the stock savings feature (discussed below), were $16 million in 2012, $25 million in 2011, and $24 million in 2010.

The stock savings feature of the CPSP is a leveraged employee stock ownership plan. Through 2012, employees could elect to participate in the stock savings feature by contributing 1 percent of eligible pay and receiving an allocation of shares of common stock proportionate to the amount of contribution.

In 1990, the Long-Term Stock Savings Plan of Phillips Petroleum Company (now the stock savings feature of the CPSP) borrowed funds that were used to purchase previously unissued shares of company common stock. Since the Company guarantees the CPSP's borrowings, the unpaid balance is reported as a liability of the Company and unearned compensation is shown as a reduction of common stockholders' equity. Dividends on all shares are charged against retained earnings. The debt is serviced by the CPSP from company contributions and dividends received on certain shares of common stock held by the plan, including all unallocated shares. The shares held by the stock savings feature of the CPSP are released for allocation to participant accounts based on debt service payments on CPSP borrowings. In 2012, the final debt service payment was made and all remaining unallocated shares were released for allocation to participant accounts.

We recognize interest expense as incurred and compensation expense based on the fair value of the stock contributed or on the cost of the unallocated shares released, using the shares-allocated method. We recognized total CPSP expense related to continuing and discontinued operations to the stock savings feature of $104 million, $77 million and $92 million in 2012, 2011 and 2010, respectively, all of which was compensation expense. In 2012 and 2011, we made cash contributions to the CPSP of $5 million and $4 million, respectively. No cash contributions were made in 2010. In 2011 and 2010, we contributed 660,755 shares and 1,776,873 shares, respectively, of company common stock from the Compensation and Benefits Trust. The shares had a fair value of $84 million and $103 million, respectively. In 2012 and 2011, we contributed 1,554,355 and 475,696 shares, respectively, of company common stock from treasury stock. Dividends used to service debt were $10 million, $45 million and $41 million in 2012, 2011 and 2010, respectively. These dividends reduced the amount of compensation expense recognized each period. Interest incurred on the CPSP debt in 2012, 2011 and 2010 was $0.1 million, $1 million and $2 million, respectively.

The total CPSP stock savings feature shares as of December 31 were:

	2012	2011
Unallocated shares	-	811,963
Allocated shares	**11,246,660**	19,315,372
Total shares	**11,246,660**	20,127,335

The fair value of unallocated shares at December 31, 2011 was $59 million.

Starting in 2013, employees who participate in the CPSP and contribute 1 percent of their eligible pay will receive a 9 percent company cash match. CPSP will no longer have a stock savings feature.

We have several defined contribution plans for our international employees, each with its own terms and eligibility depending on location. Total compensation expense related to continuing and discontinued operations recognized for these international plans was approximately $56 million in 2012 and 2011 and $52 million in 2010.

Share-Based Compensation Plans
The 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips (the Plan) was approved by shareholders in May 2011. Over its 10-year life, the Plan allows the issuance of up to 100 million shares of our common stock for compensation to our employees and directors; however, as of the effective date of the Plan, (i) any shares of common stock available for future awards under the prior plans and (ii) any shares of common stock represented by awards granted under the prior plans that are forfeited, expire or are canceled without delivery of shares of common stock or which result in the forfeiture of shares of common stock back to the company shall be available for awards under the Plan, and no new awards shall be granted under the prior plans. Of the 100 million shares available for issuance under the Plan, no more than 40 million shares of common stock are available for incentive stock options, and no more than 40 million shares are available for awards in stock.

Our share-based compensation programs generally provide accelerated vesting (i.e., a waiver of the remaining period of service required to earn an award) for awards held by employees at the time of their retirement. We recognize share-based compensation expense over the shorter of the service period (i.e., the stated period of time required to earn the award); or the period beginning at the start of the service period and ending when an employee first becomes eligible for retirement, but not less than six months, as this is the minimum period of time required for an award to not be subject to forfeiture. Some of our share-based awards vest ratably (i.e., portions of the award vest at different times) while some of our awards cliff vest (i.e., all of the award vests at the same time). We recognize expense on a straight-line basis over the service period for the entire award, whether the award was granted with ratable or cliff vesting.

Separation-Related Adjustments—In connection with the separation of the Downstream business on April 30, 2012, ConocoPhillips entered into an Employee Matters Agreement with Phillips 66, see Note 2— Discontinued Operations, which provides that employees of Phillips 66 no longer participate in benefit plans sponsored or maintained by ConocoPhillips. Pursuant to the Employee Matters Agreement, we made certain adjustments, using volumetric weighted-average prices for the 4-day period immediately prior to and immediately following the separation, to the exercise price and number of our share-based compensation awards, with the intention of preserving the intrinsic value of the awards immediately prior to the separation. These adjustments are summarized as follows and are reflected in the activity tables below:

- Outstanding options to purchase common shares of ConocoPhillips stock that were exercisable prior to the separation were adjusted so that the holders of the options would then hold one option to purchase common shares of Phillips 66 stock for every two adjusted stock options to purchase common shares of ConocoPhillips stock following the separation.

- Nonexercisable stock options and restricted stock units were converted to those of the entity where the employee holding them is working immediately post-separation. Therefore, nonexercisable stock options to purchase common shares of ConocoPhillips stock and ConocoPhillips restricted stock units held by an employee who separated with the Downstream business were surrendered as a result of the separation.

- In addition, former employee holders and a specified group of holders of stock options and restricted stock units who retired or terminated employment upon or shortly after the separation received both adjusted ConocoPhillips awards and Philips 66 awards.

- ConocoPhillips restricted stock and performance share units awarded for completed performance periods under the Performance Share Program, as well as vested restricted stock units held by current or former directors, were adjusted to provide holders one restricted share or restricted stock unit of Phillips 66 stock for every two restricted shares or restricted stock units of ConocoPhillips stock.

The separation-related adjustments did not have a material impact on either compensation expense or the potentially dilutive securities to be considered in the calculation of diluted earnings per share of common stock.

Compensation Expense—Total share-based compensation expense recognized in income related to continuing and discontinued operations and the associated tax benefit for the years ended December 31 were as follows:

	Millions of Dollars		
	2012	2011	2010
Compensation cost	**$ 321**	246	211
Tax benefit	**118**	86	78

Stock Options—Stock options granted under the provisions of the Plan and prior plans permit purchase of our common stock at exercise prices equivalent to the average market price of the stock on the date the options were granted. The options have terms of 10 years and generally vest ratably, with one-third of the options awarded vesting and becoming exercisable on each anniversary date following the date of grant. Options awarded to certain employees already eligible for retirement vest within 6 months of the grant date, but those options do not become exercisable until the end of the normal vesting period.

The following summarizes our stock option activity for the year ended December 31, 2012:

	Options	Weighted-Average Exercise Price	Weighted-Average Grant-Date Fair Value	Millions of Dollars Aggregate Intrinsic Value
Outstanding at December 31, 2011	24,372,051	$ 45.73		
Granted	**2,335,600**	**71.87**	**$ 15.69**	
Exercised	**(9,735,269)**	**25.34**		**$ 469**
Forfeited	**(462,862)**	**55.76**		
Expired or canceled	**(32,048)**	**65.65**		
Options surrendered, as a result of the separation	**(1,045,820)**	**68.01**		
Options granted in conversion, as a result of the separation	**865,353**	**45.92**		
Outstanding at December 31, 2012	**16,297,005**	**$ 43.67**		
Vested at December 31, 2012	**14,348,278**	**$ 42.58**		**$ 219**
Exercisable at December 31, 2012	**12,725,857**	**$ 41.90**		**$ 204**

The weighted-average remaining contractual term of vested options and exercisable options at December 31, 2012, was 4.92 years and 4.52 years, respectively. The weighted-average grant date fair value of stock option awards granted during 2011 and 2010 was $16.70 and $11.70, respectively. The aggregate intrinsic value of options exercised during 2011 and 2010 was $416 million and $183 million, respectively.

During 2012, we received $294 million in cash and realized a tax benefit related to continuing and discontinued operations of $153 million from the exercise of options. At December 31, 2012, the remaining unrecognized compensation expense from unvested options was $9 million, which will be recognized over a weighted-average period of 1.66 years, the longest period being 2.11 years.

The fair market values of the options granted over the past three years were measured on the date of grant using the Black-Scholes option-pricing model. During 2012, all stock option grants occurred prior to the separation of the Downstream business. The weighted-average assumptions used were as follows:

	2012	2011	2010
Assumptions used			
Risk-free interest rate	**1.62 %**	3.10	3.23
Dividend yield	**4.00 %**	4.00	4.00
Volatility factor	**33.30 %**	33.40	33.80
Expected life (years)	**7.42**	6.87	6.65

The ranges in the assumptions used were as follows:

	2012		2011		2010	
	High	**Low**	High	Low	High	Low
Ranges used						
Risk-free interest rate	**1.62 %**	**1.62**	3.10	3.10	3.23	3.23
Dividend yield	**4.00**	**4.00**	4.00	4.00	4.00	4.00
Volatility factor	**33.30**	**33.30**	33.40	33.40	33.80	33.80

Expected volatility above was based on historical volatility of the company's stock using ConocoPhillips end-of-week closing stock prices over a period commensurate with the expected life of the options granted. We periodically calculate the average period of time lapsed between grant dates and exercise dates of past grants to estimate the expected life of new option grants. Due to the separation of our Downstream business, our calculation of expected volatility for grants of options in 2013 will be based on a three-year average historical stock price volatility of a group of peer companies.

Stock Unit Program—Generally, restricted stock units are granted annually under the provisions of the Plan and vest ratably, with one-third of the units vesting in 36 months, one-third vesting in 48 months, and the final third vesting 60 months from the date of grant. Beginning with restricted stock units granted in 2013, the general vesting schedule will accelerate with units vesting 36 months from the date of grant. In addition, beginning in 2012, restricted stock units are granted under the Plan for a variable long-term incentive program, with one-third of units vesting in 12 months, one-third vesting in 24 months, and the final one-third vesting 36 months from the date of grant. Restricted stock units are also granted ad hoc to attract or retain key personnel, and the terms and conditions under which these restricted stock units vest vary by award. Upon vesting, the units are settled by issuing one share of ConocoPhillips common stock per unit. Units awarded to certain employees already eligible for retirement vest six months from the grant date, but those units are not issued as shares until the end of the normal vesting period. Until issued as stock, most recipients of the units receive a quarterly cash payment of a dividend equivalent that is charged to retained earnings. The grant date fair value of these units is deemed equal to the average ConocoPhillips stock price on the date of grant. The grant date fair market value of units that do not receive a dividend equivalent while unvested is deemed equal to the average ConocoPhillips stock price on the grant date, less the net present value of the dividends that will not be received.

The following summarizes our stock unit activity for the year ended December 31, 2012:

	Stock Units	Weighted-Average Grant-Date Fair Value	Millions of Dollars Total Fair Value
Outstanding at December 31, 2011	8,728,958	$ 55.41	
Granted	**5,911,369**	**60.62**	
Forfeited	**(319,691)**	**52.70**	
Issued	**(2,755,134)**		**$ 187**
Awards surrendered, as a result of the separation	**(2,368,520)**	**59.56**	
Awards granted in conversion, as a result of the separation	**2,280,140**	**45.00**	
Outstanding at December 31, 2012	**11,477,122**	**$ 46.58**	
Not Vested at December 31, 2012	**8,659,344**	**$ 47.63**	

At December 31, 2012, the remaining unrecognized compensation cost from the unvested units was $279 million, which will be recognized over a weighted-average period of 2.54 years, the longest period being 7.34 years. The weighted-average grant date fair value of stock unit awards granted during 2011 and 2010 was $67.54 and $46.38, respectively. The total fair value of stock units issued during 2011 and 2010 was $109 million and $79 million, respectively.

Performance Share Program—Under the Plan, we also annually grant to senior management restricted performance share units (PSUs) that do not vest until either (i) with respect to awards for performance periods beginning before 2009, the employee becomes eligible for retirement by reaching age 55 with five years of service or (ii) with respect to awards for performance periods beginning in 2009, five years after the grant date of the award (although recipients can elect to defer the lapsing of restrictions until retirement after reaching age 55 with five years of service), so we recognize compensation expense for these awards beginning on the date of grant and ending on the date the PSUs are scheduled to vest. Since these awards are authorized three years prior to the grant date, for employees eligible for such retirement by or shortly after the grant date, we recognize compensation expense over the period beginning on the date of authorization and ending on the date of grant. These PSUs are settled by issuing one share of ConocoPhillips common stock per unit. Until issued

as stock, recipients of the PSUs receive a quarterly cash payment of a dividend equivalent that is charged to retained earnings. In its current form, the first grant of PSUs under this program was in 2006.

During 2012, performance share awards previously authorized but not yet granted prior to the separation with our Downstream business were granted and a pro-rata number of performance share stock units were awarded to the employee participants.

The following summarizes our Performance Share Program activity for the year ended December 31, 2012:

	Stock Units	Weighted-Average Grant-Date Fair Value	Millions of Dollars Total Fair Value
Outstanding at December 31, 2011	3,517,761	$ 64.35	
Granted	**2,812,828**	**74.16**	
Forfeited	**(4,893)**	**63.18**	
Issued	**(1,141,412)**		**$ 71**
Outstanding at December 31, 2012	**5,184,284**	**$ 51.54**	
Not Vested at December 31, 2012	**1,628,706**	**$ 52.79**	

At December 31, 2012, the remaining unrecognized compensation cost from unvested performance share awards was $45 million, which includes $11 million related to unvested performance share awards tied to Phillips 66 stock held by ConocoPhillips employees, which will be recognized over a weighted-average period of 3.83 years, the longest period being 8.19 years. The weighted-average grant date fair value of performance share units granted during 2011 and 2010 was $70.57 and $48.39, respectively. The total fair value of performance share units issued during 2011 and 2010 was $37 million and $12 million, respectively.

Other—In addition to the above active programs, we have outstanding shares of restricted stock and restricted stock units that were either issued to replace awards held by employees of companies we acquired or issued as part of a compensation program that has been discontinued. Generally, the recipients of the restricted shares or units receive a quarterly dividend or dividend equivalent.

The following summarizes the aggregate activity of these restricted shares and units for the year ended December 31, 2012:

	Stock Units	Weighted-Average Grant-Date Fair Value	Millions of Dollars Total Fair Value
Outstanding at December 31, 2011	2,587,915	$ 33.49	
Granted	**86,701**	**63.54**	
Forfeited	**(205,701)**	**24.20**	
Issued	**(1,336,359)**		**$ 73**
Outstanding at December 31, 2012	**1,132,556**	**$ 27.34**	
Not Vested at December 31, 2012	**-**		

At December 31, 2012, all outstanding restricted stock and restricted stock units were fully vested and there was no remaining compensation cost to be recorded. The weighted-average grant date fair value of restricted shares and units granted during 2011 and 2010 was $70.25 and $53.33, respectively. The total fair value of restricted shares and units issued during 2011 and 2010 was $10 million and $9 million, respectively.

Note 20—Income Tax

Income taxes charged to income from continuing operations were:

	Millions of Dollars		
	2012	2011	2010
Income Taxes			
Federal			
Current	**$ 63**	1,066	1,231
Deferred	**624**	285	148
Foreign			
Current	**6,255**	6,400	7,050
Deferred	**744**	48	(1,120)
State and local			
Current	**231**	308	255
Deferred	**25**	101	6
	$ 7,942	8,208	7,570

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Major components of deferred tax liabilities and assets at December 31 were:

	Millions of Dollars	
	2012	2011
Deferred Tax Liabilities		
PP&E and intangibles	**$ 18,826**	21,159
Investment in joint ventures	**872**	2,943
Inventory	**76**	-
Partnership income deferral	**343**	363
Other	**793**	703
Total deferred tax liabilities	**20,910**	25,168
Deferred Tax Assets		
Benefit plan accruals	**1,760**	2,063
Asset retirement obligations and accrued environmental costs	**3,954**	4,254
Inventory	**-**	43
Deferred state income tax	**77**	299
Other financial accruals and deferrals	**544**	618
Loss and credit carryforwards	**2,062**	1,608
Other	**398**	692
Total deferred tax assets	**8,795**	9,577
Less valuation allowance	**(1,345)**	(1,487)
Net deferred tax assets	**7,450**	8,090
Net deferred tax liabilities	**$ 13,460**	17,078

Current assets, long-term assets, current liabilities and long-term liabilities included deferred taxes of $461 million, $222 million, $958 million and $13,185 million, respectively, at December 31, 2012, and $788 million, $183 million, $9 million and $18,040 million, respectively, at December 31, 2011. The reduction in net deferred tax liabilities from 2011 to 2012 was primarily due to the separation of our Downstream business. See Note 2—Discontinued Operations for more information.

We have loss and credit carryovers in multiple taxing jurisdictions. These attributes generally expire between 2013 and 2032 with some carryovers having indefinite carryforward periods.

Valuation allowances have been established to reduce deferred tax assets to an amount that will, more likely than not, be realized. During 2012, valuation allowances decreased a total of $142 million. This reflects decreases of $516 million primarily related to the separation of our Downstream business, asset relinquishment and utilization of loss carryforwards, partially offset by increases of $374 million, primarily related to U.S. foreign tax credit and foreign and state loss carryforwards. Based on our historical taxable income, expectations for the future, and available tax-planning strategies, management expects remaining net deferred tax assets will be realized as offsets to reversing deferred tax liabilities and as offsets to the tax consequences of future taxable income.

At December 31, 2012 and 2011, income considered to be permanently reinvested in certain foreign subsidiaries and foreign corporate joint ventures totaled approximately $2,286 million and $4,227 million, respectively. Deferred income taxes have not been provided on this income, as we do not plan to initiate any action that would require the payment of income taxes. It is not practicable to estimate the amount of additional tax that might be payable on this foreign income if distributed.

The following table shows a reconciliation of the beginning and ending unrecognized tax benefits for 2012, 2011 and 2010:

	Millions of Dollars		
	2012	2011	2010
Balance at January 1	**$ 1,071**	1,125	1,208
Additions based on tax positions related to the current year	**98**	46	63
Additions for tax positions of prior years	**48**	145	344
Reductions for tax positions of prior years	**(206)**	(35)	(199)
Settlements	**(108)**	(206)	(215)
Lapse of statute	**(31)**	(4)	(76)
Balance at December 31	**$ 872**	1,071	1,125

Included in the balance of unrecognized tax benefits for 2012, 2011 and 2010 were $650 million, $815 million and $914 million, respectively, which, if recognized, would impact our effective tax rate.

At December 31, 2012, 2011 and 2010, accrued liabilities for interest and penalties totaled $129 million, $141 million and $171 million, respectively, net of accrued income taxes. Interest and penalties resulted in a benefit to earnings in 2012 of $9 million, a charge to earnings in 2011 of $10 million, and a benefit to earnings in 2010 of $2 million.

We and our subsidiaries file tax returns in the U.S. federal jurisdiction and in many foreign and state jurisdictions. Audits in major jurisdictions are generally complete as follows: United Kingdom (2009), Canada (2005), United States (2008) and Norway (2011). Issues in dispute for audited years and audits for subsequent years are ongoing and in various stages of completion in the many jurisdictions in which we operate around the world. As a consequence, the balance in unrecognized tax benefits can be expected to fluctuate from period to period. It is reasonably possible such changes could be significant when compared with our total unrecognized tax benefits, but the amount of change is not estimable.

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The amounts of U.S. and foreign income from continuing income before income taxes, with a reconciliation of tax at the federal statutory rate with the provision for income taxes, were:

	Millions of Dollars			Percent of Pretax Income		
	2012	2011	2010	**2012**	2011	2010
Income before income taxes from continuing operations						
United States	**$ 4,070**	4,762	3,872	**26.4%**	30.9	21.7
Foreign	**11,353**	10,634	14,003	**73.6**	69.1	78.3
	$ 15,423	15,396	17,875	**100.0%**	100.0	100.0
Federal statutory income tax	**$ 5,398**	5,389	6,256	**35.0%**	35.0	35.0
Foreign taxes in excess of federal statutory rate	**2,878**	2,658	1,238	**18.6**	17.3	6.9
Capital loss benefit	**(461)**	-	-	**(3.0)**	-	-
Federal manufacturing deduction	**(52)**	(73)	(75)	**(0.3)**	(0.5)	(0.4)
State income tax	**166**	266	170	**1.1**	1.7	0.9
Other	**13**	(32)	(19)	**0.1**	(0.2)	(0.1)
	$ 7,942	8,208	7,570	**51.5%**	53.3	42.3

The change in the effective tax rate from 2011 to 2012 was primarily due to the effect of the Company's asset disposition program, partially offset by higher income in high tax jurisdictions in 2012. The change in the effective tax rate from 2010 to 2011 was primarily due to tax benefits associated with asset dispositions occurring in 2010.

In the United Kingdom, legislation was enacted on July 17, 2012, restricting corporate tax relief on decommissioning costs to 50 percent, retroactively effective from March 21, 2012. Our 2012 earnings were reduced by $192 million due to remeasurement of deferred tax balances as of the effective date.

In the United Kingdom, legislation was enacted on July 19, 2011, which increased the supplementary corporate tax rate applicable to U.K. Upstream activity from 20 to 32 percent, retroactively effective from March 24, 2011. This resulted in the overall U.K. corporate rate increasing from 50 percent to 62 percent. The enactment resulted in increased U.K. corporate income tax expense of $316 million in 2011. This is comprised of $106 million due to remeasurement of U.K. deferred tax liabilities, and $210 million to reflect the new rate from March 24, 2011, through December 31, 2011.

Statutory tax rate changes did not have a significant impact on our income tax expense in 2010.

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Note 21—Accumulated Other Comprehensive Income

Accumulated other comprehensive income in the equity section of the balance sheet included:

	Millions of Dollars				
	Defined Benefit Plans	Net Unrealized Gain on Securities	Foreign Currency Translation	Hedging	Accumulated Other Comprehensive Income (Loss)
December 31, 2009	$ (1,504)	-	4,736	(7)	3,225
Other comprehensive income	146	158	1,404	-	1,708
December 31, 2010	(1,358)	158	6,140	(7)	4,933
Other comprehensive income (loss)	(613)	(158)	(917)	1	(1,687)
December 31, 2011	(1,971)	-	5,223	(6)	3,246
Other comprehensive income (loss)	**(137)**	-	**758**	**6**	**627**
Separation of Downstream business	**683**	-	**(469)**	-	**214**
December 31, 2012	**$ (1,425)**	-	**5,512**	-	**4,087**

Note 22—Cash Flow Information

Amounts included in continuing operations for the years ended December 31 were:

	Millions of Dollars		
	2012	2011	2010
Noncash Investing and Financing Activities			
Increase in PP&E related to an increase in asset retirement obligations	**$ 1,010***	182	808
Cash Payments			
Interest	**$ 724**	919	1,120
Income taxes	**8,568**	10,285	8,262
Net Sales (Purchases) of Short-Term Investments			
Short-term investments purchased	**$ (497)**	(6,744)	(982)
Short-term investments sold	**1,094**	7,144	-
	$ 597	400	(982)

**Includes$152 million primarily related to U.K. tax law changes on the deductibility of decommissioning costs.*

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Note 23—Other Financial Information

Amounts included in continuing operations for the years ended December 31 were:

	Millions of Dollars Except Per Share Amounts		
	2012	2011	2010
Interest and Debt Expense			
Incurred			
Debt	**$ 1,170**	1,230	1,401
Other	**154**	212	237
	1,324	1,442	1,638
Capitalized	**(615)**	(488)	(471)
Expensed	**$ 709**	954	1,167
Other Income			
Interest income	**$ 163**	170	135
Other, net	**306**	94	46
	$ 469	264	181
Research and Development Expenditures—expensed	**$ 221**	193	172
Shipping and Handling Costs*	**$ 1,338**	1,394	1,369

**Amounts included in production and operating expenses.*

Foreign Currency Transaction (Gains) Losses—after-tax			
Alaska	**$ -**	-	-
Lower 48 and Latin America	**-**	-	1
Canada	**5**	(3)	10
Europe	**21**	7	20
Asia Pacific and Middle East	**29**	(23)	(96)
Other International	**1**	3	4
LUKOIL Investment	**-**	(1)	15
Corporate and Other	**2**	(16)	7
	$ 58	(33)	(39)

	Millions of Dollars	
	2012	2011
Properties, Plants and Equipment		
Proved properties	**$ 111,458***	111,044
Unproved properties	**8,257***	7,846
Discontinued operations—Downstream business	**-**	23,566
Other	**6,464**	6,753
Gross properties, plants and equipment	**126,179**	149,209
Accumulated depreciation	**(58,916)**	(65,029)
Net properties, plants and equipment	**$ 67,263**	84,180

**Excludesassets held for sale reclassified to prepaid expenses and other current assets, including proved properties of $11,075 million and unproved properties of $234 million.*

Note 24—Related Party Transactions

We consider our equity method investments to be related parties. Significant transactions with related parties were:

	Millions of Dollars		
	2012	2011	2010
Operating revenues and other income	**$ 59**	49	18
Gains on dispositions*	**-**	-	1,149
Purchases	**261**	327	656
Operating expenses and selling, general and administrative expenses	**183**	233	238
Net interest expense**	**38**	61	75

* *During 2010, we sold a portion of our LUKOIL shares under a stock purchase and option agreement with a wholly owned subsidiary of LUKOIL, resulting in a before-tax gain of $1,149 million. Beginning in the fourth quarter of 2010, transactions with LUKOIL and its subsidiaries were no longer considered related party transactions. See Note 5—Assets Held for Sale or Sold, for additional information.*

** *We paid interest to, or received interest from, various affiliates, including FCCL Partnership. See Note 6—Investments, Loans and Long-Term Receivables, for additional information on loans to affiliated companies.*

Note 25—Segment Disclosures and Related Information

We explore for, produce, transport and market crude oil, bitumen, natural gas, LNG and natural gas liquids on a worldwide basis. We manage our operations through six operating segments, which are defined by geographic region: Alaska, Lower 48 and Latin America, Canada, Europe, Asia Pacific and Middle East, and Other International.

On April 30, 2012, our Downstream business was separated into a stand-alone, publicly traded corporation, Phillips 66. In 2012, we also agreed to sell our Nigerian and Algerian businesses and our interest in Kashagan. As such, results for these operations have been reported as discontinued operations in all periods presented. Commodity sales to Phillips 66, which were previously eliminated in consolidation prior to the separation, are now reported as third-party sales. For additional information, see Note 2—Discontinued Operations.

Our LUKOIL Investment represents our prior investment in the ordinary shares of OAO LUKOIL, an international, integrated oil and gas company headquartered in Russia. We completed the divestiture of our entire interest in LUKOIL in the first quarter of 2011.

Corporate and Other represents costs not directly associated with an operating segment, such as most interest expense, corporate overhead, ongoing costs associated with the separation and certain technology activities, net of licensing revenues. Corporate assets include all cash and cash equivalents, short-term investments and restricted cash.

We evaluate performance and allocate resources based on net income attributable to ConocoPhillips. Segment accounting policies are the same as those in Note 1—Accounting Policies. Intersegment sales are at prices that approximate market.

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Analysis of Results by Operating Segment

	Millions of Dollars		
	2012	2011	2010
Sales and Other Operating Revenues			
Alaska	**$ 9,502**	9,533	7,462
Lower 48 and Latin America	**19,600**	23,507	21,980
Intersegment eliminations	**(230)**	(283)	(180)
Lower 48 and Latin America	**19,370**	23,224	21,800
Canada	**5,028**	6,270	6,147
Intersegment eliminations	**(475)**	(944)	(797)
Canada	**4,553**	5,326	5,350
Europe	**14,709**	17,119	12,819
Intersegment eliminations	**(72)**	(50)	(17)
Europe	**14,637**	17,069	12,802
Asia Pacific and Middle East	**7,705**	8,665	7,161
Intersegment eliminations	**(41)**	(1)	(1)
Asia Pacific and Middle East	**7,664**	8,664	7,160
Other International	**2,088**	221	1,543
LUKOIL Investment	**-**	-	-
Corporate and Other	**153**	159	98
Consolidated sales and other operating revenues	**$ 57,967**	64,196	56,215
Depreciation, Depletion, Amortization and Impairments			
Alaska	**$ 520**	578	626
Lower 48 and Latin America	**2,796**	2,228	2,286
Canada	**1,600**	1,758	1,680
Europe	**1,203**	1,405	2,049
Asia Pacific and Middle East	**1,002**	1,063	1,329
Other International	**45**	8	44
LUKOIL Investment	**-**	-	-
Corporate and Other	**94**	108	71
Consolidated depreciation, depletion, amortization and impairments	**$ 7,260**	7,148	8,085

	Millions of Dollars		
	2012	2011	2010
Equity in Earnings of Affiliates			
Alaska	$ **10**	(77)	8
Lower 48 and Latin America	**86**	99	80
Canada	**726**	677	505
Europe	**29**	46	41
Asia Pacific and Middle East	**1,057**	819	(17)
Other International	**6**	(324)	(532)
LUKOIL Investment	**-**	-	1,295
Corporate and Other	**(3)**	(1)	(4)
Consolidated equity in earnings of affiliates	$ **1,911**	1,239	1,376
Income Taxes			
Alaska	$ **1,266**	1,171	1,017
Lower 48 and Latin America	**133**	741	595
Canada	**(252)**	(45)	215
Europe	**4,012**	4,459	3,118
Asia Pacific and Middle East	**1,578**	1,887	1,340
Other International	**1,485**	162	1,170
LUKOIL Investment	**-**	123	505
Corporate and Other	**(280)**	(290)	(390)
Consolidated income taxes	$ **7,942**	8,208	7,570
Net Income Attributable to ConocoPhillips			
Alaska	$ **2,276**	1,984	1,727
Lower 48 and Latin America	**1,029**	1,288	1,029
Canada	**(684)**	91	2,902
Europe	**1,498**	1,830	1,703
Asia Pacific and Middle East	**3,928**	3,032	2,099
Other International	**359**	(377)	(418)
LUKOIL Investment	**-**	239	2,513
Corporate and Other	**(993)**	(960)	(1,304)
Discontinued operations	**1,015**	5,309	1,107
Consolidated net income attributable to ConocoPhillips	$ **8,428**	12,436	11,358
Investments In and Advances To Affiliates			
Alaska	$ **56**	58	143
Lower 48 and Latin America	**1,133**	1,168	1,190
Canada	**9,973**	9,045	8,675
Europe	**242**	195	211
Asia Pacific and Middle East	**12,468**	11,571	11,335
Other International	**61**	339	813
LUKOIL Investment	**-**	-	-
Corporate and Other	**15**	9	-
Discontinued operations	**-**	10,275	9,868
Consolidated investments in and advances to affiliates	$ **23,948**	32,660	32,235

	Millions of Dollars		
	2012	2011	2010
Total Assets			
Alaska	$ **10,950**	10,723	10,832
Lower 48 and Latin America	**28,895**	25,872	24,213
Canada	**22,308**	20,847	21,168
Europe	**15,562**	12,452	11,335
Asia Pacific and Middle East	**23,721**	22,374	21,853
Other International	**1,418**	1,542	2,050
LUKOIL Investment	**-**	-	1,129
Corporate and Other	**6,823**	8,485	11,974
Discontinued operations	**7,467**	50,935	51,760
Consolidated total assets	$ **117,144**	153,230	156,314
Capital Expenditures and Investments			
Alaska	$ **828**	774	729
Lower 48 and Latin America	**5,251**	3,882	1,790
Canada	**2,184**	1,761	1,356
Europe	**2,860**	2,222	1,190
Asia Pacific and Middle East	**2,430**	2,325	2,157
Other International	**415**	8	127
LUKOIL Investment	**-**	-	-
Corporate and Other	**204**	242	186
Consolidated capital expenditures and investments	$ **14,172**	11,214	7,535
Interest Income and Expense			
Interest income			
Corporate	$ **96**	94	54
Lower 48 and Latin America	**47**	51	54
Asia Pacific and Middle East	**11**	7	8
Other International	**9**	18	19
Interest and debt expense			
Corporate	$ **606**	832	1,027
Canada	**103**	122	140
Sales and Other Operating Revenues by Product			
Crude oil	$ **26,302**	24,237	20,840
Natural gas	**25,163**	29,915	28,550
Natural gas liquids	**2,416**	3,101	2,817
Other*	**4,086**	6,943	4,008
Consolidated sales and other operating revenues by product	$ **57,967**	64,196	56,215

** Includes LNG and bitumen.*

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Geographic Information

	Millions of Dollars					
	Sales and Other Operating Revenues*			Long-Lived Assets**		
	2012	2011	2010	**2012**	2011	2010
United States	**$ 28,901**	32,790	29,305	**35,443**	33,750	32,246
Australia***	**3,371**	3,458	2,789	**13,483**	12,572	12,461
Canada	**4,553**	5,326	5,350	**21,304**	20,083	20,439
China	**1,499**	2,154	1,870	**2,408**	2,449	2,656
Indonesia	**2,198**	2,076	1,696	**1,662**	1,726	1,745
Norway	**5,059**	5,755	4,692	**7,288**	5,918	5,664
United Kingdom	**9,578**	11,314	8,110	**4,480**	3,257	2,975
Other foreign countries	**2,808**	1,323	2,403	**5,143**	5,107	5,231
Discontinued operations	**-**	-	-	**-**	31,978	31,372
Worldwide consolidated	**$ 57,967**	64,196	56,215	**91,211**	116,840	114,789

**Salesand other operating revenues are attributable to countries based on the location of the operations generating the revenues.*
***Definedas net PP&E plus investments in and advances to affiliated companies.*
****Includesamounts related to the joint petroleum development area with shared ownership held by Australia and Timor-Leste.*

Oil and Gas Operations (Unaudited)

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 932, "Extractive Activities—Oil and Gas," and regulations of the U.S. Securities and Exchange Commission (SEC), we are making certain supplemental disclosures about our oil and gas exploration and production operations.

These disclosures include information about our consolidated oil and gas activities and our proportionate share of our equity affiliates' oil and gas activities, covering both those in our operating segments, as well as in our LUKOIL Investment segment. As a result, for periods prior to 2011, amounts reported as equity affiliates in Oil and Gas Operations may differ from those shown in the individual segment disclosures reported elsewhere in this report.

Our proved reserves include estimated quantities related to production sharing contracts (PSCs), which are reported under the "economic interest" method and are subject to fluctuations in commodity prices; recoverable operating expenses; and capital costs. If costs remain stable, reserve quantities attributable to recovery of costs will change inversely to changes in commodity prices. For example, if prices increase, then our applicable reserve quantities would decline. At December 31, 2012, approximately 9 percent of our total proved reserves were under PSCs, primarily in our Asia Pacific/Middle East geographic reporting area.

Our disclosures by geographic area include the United States, Canada, Europe (primarily Norway and the United Kingdom), Russia, Asia Pacific/Middle East, Africa and Other Areas. Other Areas primarily consists of the Caspian Region.

In the following disclosures, the synthetic oil classification included our past Syncrude mining operations, and the bitumen classification includes our Surmont operations and the FCCL Partnership. In June 2010, we sold our interest in the Syncrude Canada Ltd. joint venture; accordingly, as of December 31, 2010, we no longer held synthetic oil reserves.

On July 28, 2010, we announced our intention to sell our entire interest in LUKOIL over a period of time through the end of 2011. As a result of this sell down of our interest, at the end of the third quarter of 2010 we ceased using equity-method accounting for our investment in LUKOIL. Accordingly, the supplemental oil and gas disclosures reflect activity for LUKOIL through June 30, 2010, which, on a lag basis, results in three quarters of activity being included in the year 2010 (the fourth quarter of 2009 and the first two quarters of 2010). Since the proved reserves tables are not on a lag basis, they reflect activity for the first three quarters of 2010, at which point LUKOIL's reserves were removed from our reserve quantities.

During the fourth quarter of 2012, we agreed to sell our interest in Kashagan, and the Algeria and Nigeria businesses, with closing on all three transactions expected by mid-2013. These businesses were considered held for sale at December 31, 2012, and have been reported as discontinued operations. Accordingly, the Results of Operations, Average Sales Prices and Net Production tables included within the supplemental oil and gas disclosures reflect the associated earnings and production as discontinued operations.

In January 2013, we entered into an agreement to sell the majority of our properties in the Cedar Creek Anticline, with closing expected in the first quarter of 2013. At December 31, 2012, the asset was considered held for sale.

The proved reserves associated with all these assets held for sale at December 31, 2012, totaled 364 million barrels of oil equivalent (BOE) and are reflected in the following reserves tables.

Reserves Governance

The recording and reporting of proved reserves are governed by criteria established by regulations of the SEC and FASB. Proved reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. Proved reserves are further classified as either developed or undeveloped. Proved developed reserves are proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well, and through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well. Proved undeveloped reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

We have a companywide, comprehensive, SEC-compliant internal policy that governs the determination and reporting of proved reserves. This policy is applied by the geologists and reservoir engineers in our Exploration and Production (E&P) business units around the world. As part of our internal control process, each business unit's reserve processes and controls are reviewed annually by an internal team which is headed by the Company's Manager of Reserves Compliance and Reporting. This team, composed of internal reservoir engineers, geologists, finance personnel and a senior representative from DeGolyer and MacNaughton (D&M), reviews the business units' reserves for adherence to SEC guidelines and company policy through on-site visits and review of documentation. In addition to providing independent reviews, this internal team also ensures reserves are calculated using consistent and appropriate standards and procedures. This team is independent of business unit line management and is responsible for reporting its findings to senior management and our internal audit group. The team is responsible for communicating our reserves policy and procedures and is available for internal peer reviews and consultation on major projects or technical issues throughout the year. All of our proved reserves held by consolidated companies and our share of equity affiliates have been estimated by ConocoPhillips.

During 2012, our processes and controls used to assess over 90 percent of proved reserves as of December 31, 2012, were reviewed by D&M, a third-party petroleum engineering consulting firm. The purpose of their review was to assess whether the adequacy and effectiveness of our internal processes and controls used to determine estimates of proved reserves are in accordance with SEC regulations. In such review, ConocoPhillips' technical staff presented D&M with an overview of the reserves data, as well as the methods and assumptions used in estimating reserves. The data presented included pertinent seismic information, geologic maps, well logs, production tests, material balance calculations, reservoir simulation models, well performance data, operating procedures and relevant economic criteria. Management's intent in retaining D&M to review its processes and controls was to provide objective third-party input on these processes and controls. D&M's opinion was that the general processes and controls employed by ConocoPhillips in estimating its December 31, 2012, proved reserves for the properties reviewed are in accordance with the SEC reserves definitions. D&M's report is included as Exhibit 99 of this Annual Report on Form 10-K.

The technical person primarily responsible for overseeing the processes and internal controls used in the preparation of the company's reserve estimates is the Manager of Reserves Compliance and Reporting. This individual is a petroleum engineer with a bachelor's degree in civil engineering. He is a member of the Society of Petroleum Engineers (SPE) with over 30 years of oil and gas industry experience, including drilling and production engineering assignments in several field locations. He has held positions of increasing responsibility in reservoir engineering, reserves reporting and compliance, and business management.

Engineering estimates of the quantities of proved reserves are inherently imprecise. See the "Critical Accounting Estimates" section of Management's Discussion and Analysis of Financial Condition and Results of Operations for additional discussion of the sensitivities surrounding these estimates.

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Proved Reserves

Years Ended December 31	Crude Oil									
	Millions of Barrels									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed and Undeveloped										
Consolidated operations										
End of 2009	1,104	253	1,357	29	469	-	289	267	108	2,519
Revisions	60	14	74	3	26	-	10	2	-	115
Improved recovery	51	2	53	-	-	-	1	-	-	54
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	17	27	44	1	14	-	7	10	-	76
Production	(79)	(30)	(109)	(5)	(72)	-	(44)	(27)	-	(257)
Sales	-	(5)	(5)	(6)	-	-	-	-	-	(11)
End of 2010	1,153	261	1,414	22	437	-	263	252	108	2,496
Revisions	69	18	87	4	(5)	-	(6)	4	-	84
Improved recovery	14	3	17	1	49	-	13	-	-	80
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	21	56	77	2	99	-	8	-	-	186
Production	(73)	(34)	(107)	(4)	(60)	-	(36)	(13)	-	(220)
Sales	-	(8)	(8)	(1)	-	-	-	-	-	(9)
End of 2011	1,184	296	1,480	24	520	-	242	243	108	2,617
Revisions	(2)	11	9	2	28	-	13	2	-	54
Improved recovery	12	4	16	-	-	-	-	-	-	16
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	22	183	205	3	3	-	32	7	-	250
Production	(68)	(47)	(115)	(5)	(49)	-	(25)	(23)	-	(217)
Sales	-	-	-	-	(15)	-	(21)	-	-	(36)
End of 2012	1,148	447	1,595	24	487	-	241	229	108	2,684
Equity affiliates										
End of 2009	-	-	-	-	-	1,586	68	-	-	1,654
Revisions	-	-	-	-	-	6	35	-	-	41
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	(114)	(1)	-	-	(115)
Sales	-	-	-	-	-	(1,403)	-	-	-	(1,403)
End of 2010	-	-	-	-	-	75	102	-	-	177
Revisions	-	-	-	-	-	(37)	-	-	-	(37)
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	(11)	(5)	-	-	(16)
Sales	-	-	-	-	-	-	-	-	-	-
End of 2011	-	-	-	-	-	27	97	-	-	124
Revisions	-	-	-	-	-	1	-	-	-	1
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	(5)	(6)	-	-	(11)
Sales	-	-	-	-	-	(19)	-	-	-	(19)
End of 2012	-	-	-	-	-	4	91	-	-	95
Total company										
End of 2009	1,104	253	1,357	29	469	1,586	357	267	108	4,173
End of 2010	1,153	261	1,414	22	437	75	365	252	108	2,673
End of 2011	1,184	296	1,480	24	520	27	339	243	108	2,741
End of 2012	1,148	447	1,595	24	487	4	332	229	108	2,779

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Years Ended December 31	Crude Oil									
	Millions of Barrels									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed										
Consolidated operations										
End of 2009	1,015	226	1,241	28	287	-	180	246	-	1,982
End of 2010	1,024	223	1,247	21	270	-	181	235	-	1,954
End of 2011	1,056	234	1,290	22	296	-	156	232	-	1,996
End of 2012	1,017	271	1,288	23	267	-	136	217	-	1,931
Equity affiliates										
End of 2009	-	-	-	-	-	1,199	-	-	-	1,199
End of 2010	-	-	-	-	-	73	102	-	-	175
End of 2011	-	-	-	-	-	27	97	-	-	124
End of 2012	-	-	-	-	-	4	91	-	-	95
Undeveloped										
Consolidated operations										
End of 2009	89	27	116	1	182	-	109	21	108	537
End of 2010	129	38	167	1	167	-	82	17	108	542
End of 2011	128	62	190	2	224	-	86	11	108	621
End of 2012	131	176	307	1	220	-	105	12	108	753
Equity affiliates										
End of 2009	-	-	-	-	-	387	68	-	-	455
End of 2010	-	-	-	-	-	2	-	-	-	2
End of 2011	-	-	-	-	-	-	-	-	-	-
End of 2012	-	-	-	-	-	-	-	-	-	-

Notable changes in proved crude oil reserves in the three years ended December 31, 2012, included:

- *Extensions and discoveries*: In 2012, extensions and discoveries in Lower 48 were primarily due to continued drilling success in Eagle Ford and Bakken. In 2011, extensions and discoveries in Europe were primarily due to the sanctioning of the Ekofisk South and Clair Ridge developments in the North Sea.

- *Sales*: In 2010, for our equity affiliates in Russia, sales were primarily due to the disposition of our interest in LUKOIL.

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Years Ended December 31	Natural Gas Liquids									
	Millions of Barrels									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed and Undeveloped										
Consolidated operations										
End of 2009	116	432	548	52	32	-	43	-	-	675
Revisions	21	(6)	15	12	2	-	(3)	19	-	45
Improved recovery	-	-	-	-	-	-	4	-	-	4
Purchases	-	1	1	-	-	-	-	-	-	1
Extensions and discoveries	-	3	3	3	4	-	-	-	-	10
Production	(5)	(25)	(30)	(9)	(6)	-	(7)	(1)	-	(53)
Sales	-	(17)	(17)	-	-	-	-	-	-	(17)
End of 2010	132	388	520	58	32	-	37	18	-	665
Revisions	1	27	28	6	2	-	(1)	1	-	36
Improved recovery	-	-	-	-	2	-	-	-	-	2
Purchases	-	1	1	-	-	-	-	-	-	1
Extensions and discoveries	-	12	12	2	3	-	-	-	-	17
Production	(6)	(26)	(32)	(9)	(4)	-	(5)	(1)	-	(51)
Sales	-	-	-	-	-	-	-	-	-	-
End of 2011	127	402	529	57	35	-	31	18	-	670
Revisions	1	(10)	(9)	1	(2)	-	(3)	-	-	(13)
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	1	1	-	-	-	-	-	-	1
Extensions and discoveries	-	40	40	3	-	-	-	-	-	43
Production	(6)	(30)	(36)	(9)	(2)	-	(6)	(1)	-	(54)
Sales	-	-	-	-	(1)	-	-	-	-	(1)
End of 2012	122	403	525	52	30	-	22	17	-	646
Equity affiliates										
End of 2009	-	-	-	-	-	18	38	-	-	56
Revisions	-	-	-	-	-	-	16	-	-	16
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	(18)	-	-	-	(18)
End of 2010	-	-	-	-	-	-	54	-	-	54
Revisions	-	-	-	-	-	-	-	-	-	-
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	(3)	-	-	(3)
Sales	-	-	-	-	-	-	-	-	-	-
End of 2011	-	-	-	-	-	-	51	-	-	51
Revisions	-	-	-	-	-	-	-	-	-	-
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	(3)	-	-	(3)
Sales	-	-	-	-	-	-	-	-	-	-
End of 2012	-	-	-	-	-	-	48	-	-	48
Total company										
End of 2009	116	432	548	52	32	18	81	-	-	731
End of 2010	132	388	520	58	32	-	91	18	-	719
End of 2011	127	402	529	57	35	-	82	18	-	721
End of 2012	122	403	525	52	30	-	70	17	-	694

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Years Ended December 31	Natural Gas Liquids									
	Millions of Barrels									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed										
Consolidated operations										
End of 2009	115	332	447	49	25	-	41	-	-	562
End of 2010	131	311	442	54	20	-	37	16	-	569
End of 2011	126	330	456	52	21	-	31	16	-	576
End of 2012	121	335	456	49	17	-	22	15	-	559
Equity affiliates										
End of 2009	-	-	-	-	-	14	-	-	-	14
End of 2010	-	-	-	-	-	-	54	-	-	54
End of 2011	-	-	-	-	-	-	51	-	-	51
End of 2012	-	-	-	-	-	-	48	-	-	48
Undeveloped										
Consolidated operations										
End of 2009	1	100	101	3	7	-	2	-	-	113
End of 2010	1	77	78	4	12	-	-	2	-	96
End of 2011	1	72	73	5	14	-	-	2	-	94
End of 2012	1	68	69	3	13	-	-	2	-	87
Equity affiliates										
End of 2009	-	-	-	-	-	4	38	-	-	42
End of 2010	-	-	-	-	-	-	-	-	-	-
End of 2011	-	-	-	-	-	-	-	-	-	-
End of 2012	-	-	-	-	-	-	-	-	-	-

Notable changes in proved natural gas liquids reserves in the three years ended December 31, 2012, included:

- *Extensions and discoveries*: In 2012, extensions and discoveries in Lower 48 were primarily due to continued drilling success in Eagle Ford, Barnett and Bakken.

- *Sales*: In 2010, for our equity affiliates in Russia, sales were primarily due to the disposition of our interest in LUKOIL.

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Years Ended December 31	Natural Gas									
	Billions of Cubic Feet									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed and Undeveloped										
Consolidated operations										
End of 2009	2,780	7,962	10,742	2,296	2,009	-	2,912	950	56	18,965
Revisions	155	365	520	309	86	-	(39)	36	-	912
Improved recovery	24	1	25	-	-	-	-	-	-	25
Purchases	-	9	9	-	-	-	-	-	-	9
Extensions and discoveries	4	122	126	84	89	-	24	-	-	323
Production	(101)	(663)	(764)	(358)	(323)	-	(289)	(60)	-	(1,794)
Sales	-	(179)	(179)	(26)	-	-	-	-	-	(205)
End of 2010	2,862	7,617	10,479	2,305	1,861	-	2,608	926	56	18,235
Revisions	186	15	201	134	70	-	(8)	9	-	406
Improved recovery	1	5	6	-	53	-	-	-	-	59
Purchases	-	7	7	1	-	-	-	-	-	8
Extensions and discoveries	3	171	174	78	158	-	192	-	-	602
Production	(92)	(616)	(708)	(338)	(246)	-	(277)	(63)	-	(1,632)
Sales	-	(11)	(11)	(67)	-	-	-	-	-	(78)
End of 2011	2,960	7,188	10,148	2,113	1,896	-	2,515	872	56	17,600
Revisions	(24)	(459)	(483)	(111)	96	-	113	109	2	(274)
Improved recovery	20	7	27	-	-	-	-	-	-	27
Purchases	-	9	9	2	-	-	-	-	-	11
Extensions and discoveries	4	447	451	75	36	-	14	2	-	578
Production	(90)	(595)	(685)	(313)	(208)	-	(263)	(70)	-	(1,539)
Sales	-	-	-	(2)	(14)	-	(31)	-	-	(47)
End of 2012	2,870	6,597	9,467	1,764	1,806	-	2,348	913	58	16,356
Equity affiliates										
End of 2009	-	-	-	-	-	2,705	2,577	-	-	5,282
Revisions	-	-	-	-	-	19	683	-	-	702
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	269	-	-	269
Production	-	-	-	-	-	(91)	(65)	-	-	(156)
Sales	-	-	-	-	-	(2,616)	-	-	-	(2,616)
End of 2010	-	-	-	-	-	17	3,464	-	-	3,481
Revisions	-	-	-	-	-	(11)	(76)	-	-	(87)
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	259	-	-	259
Production	-	-	-	-	-	(2)	(184)	-	-	(186)
Sales	-	-	-	-	-	-	(151)	-	-	(151)
End of 2011	-	-	-	-	-	4	3,312	-	-	3,316
Revisions	-	-	-	-	-	-	(75)	-	-	(75)
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	330	-	-	330
Production	-	-	-	-	-	(1)	(182)	-	-	(183)
Sales	-	-	-	-	-	(3)	(127)	-	-	(130)
End of 2012	-	-	-	-	-	-	3,258	-	-	3,258
Total company										
End of 2009	2,780	7,962	10,742	2,296	2,009	2,705	5,489	950	56	24,247
End of 2010	2,862	7,617	10,479	2,305	1,861	17	6,072	926	56	21,716
End of 2011	2,960	7,188	10,148	2,113	1,896	4	5,827	872	56	20,916
End of 2012	2,870	6,597	9,467	1,764	1,806	-	5,606	913	58	19,614

Years Ended December 31	Natural Gas									
	Billions of Cubic Feet									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed										
Consolidated operations										
End of 2009	2,744	6,633	9,377	2,173	1,772	-	2,537	889	-	16,748
End of 2010	2,785	6,399	9,184	2,134	1,529	-	2,136	865	-	15,848
End of 2011	2,907	6,194	9,101	1,932	1,439	-	1,932	738	-	15,142
End of 2012	2,805	5,737	8,542	1,684	1,290	-	1,696	846	-	14,058
Equity affiliates										
End of 2009	-	-	-	-	-	1,506	307	-	-	1,813
End of 2010	-	-	-	-	-	17	3,114	-	-	3,131
End of 2011	-	-	-	-	-	4	2,943	-	-	2,947
End of 2012	-	-	-	-	-	-	2,723	-	-	2,723
Undeveloped										
Consolidated operations										
End of 2009	36	1,329	1,365	123	237	-	375	61	56	2,217
End of 2010	77	1,218	1,295	171	332	-	472	61	56	2,387
End of 2011	53	994	1,047	181	457	-	583	134	56	2,458
End of 2012	65	860	925	80	516	-	652	67	58	2,298
Equity affiliates										
End of 2009	-	-	-	-	-	1,199	2,270	-	-	3,469
End of 2010	-	-	-	-	-	-	350	-	-	350
End of 2011	-	-	-	-	-	-	369	-	-	369
End of 2012	-	-	-	-	-	-	535	-	-	535

Natural gas production in the reserves table may differ from gas production (delivered for sale) in our statistics disclosure, primarily because the quantities above include gas consumed at the lease.

Natural gas reserves are computed at 14.65 pounds per square inch absolute and 60 degrees Fahrenheit.

Notable changes in proved natural gas reserves in the three years ended December 31, 2012, included:

- *Revisions*: In 2012, revisions in Lower 48 were primarily due to lower prices in 2012, versus 2011. In 2012, revisions in Canada were primarily due to lower prices in 2012, versus 2011, as well as improved well performance. In our consolidated operations in Asia Pacific/Middle East, revisions in 2012 were primarily due to development activities in various fields. Revisions in Africa in 2012 were primarily due the execution of a gas sales agreement. In 2010, revisions in Alaska, Lower 48 and Canada were primarily due to higher prices in 2010, versus 2009, as well as improved well performance.

- *Extensions and discoveries*: In 2012, 2011 and 2010, extensions and discoveries in Lower 48 were primarily due to continued drilling success in various fields. In 2012 and 2011, for our equity affiliate operations in Asia Pacific/Middle East, extensions and discoveries were primarily due to APLNG's ongoing development drilling onshore Australia. In 2010, extensions and discoveries in Canada were primarily due to continued drilling success in various fields.

- *Sales*: In 2012, for our equity affiliates in Asia Pacific/Middle East, sales were primarily due to the dilution of our interest in APLNG. In 2010, for our equity affiliates in Russia, sales were primarily due to the disposition of our interest in LUKOIL.

Years Ended December 31	Other Products	
	Millions of Barrels	
	Synthetic Oil	**Bitumen**
	Canada	Canada
Developed and Undeveloped		
Consolidated operations		
End of 2009	248	417
Revisions	-	42
Improved recovery	-	-
Purchases	-	-
Extensions and discoveries	-	-
Production	(4)	(4)
Sales	(244)	-
End of 2010	-	455
Revisions	-	(1)
Improved recovery	-	-
Purchases	-	-
Extensions and discoveries	-	79
Production	-	(3)
Sales	-	-
End of 2011	-	530
Revisions	-	(20)
Improved recovery	-	-
Purchases	-	-
Extensions and discoveries	-	-
Production	-	(4)
Sales	-	-
End of 2012	-	506
Equity affiliates		
End of 2009	-	716
Revisions	-	13
Improved recovery	-	-
Purchases	-	-
Extensions and discoveries	-	133
Production	-	(18)
Sales	-	-
End of 2010	-	844
Revisions	-	(101)
Improved recovery	-	-
Purchases	-	-
Extensions and discoveries	-	187
Production	-	(21)
Sales	-	-
End of 2011	-	909
Revisions	-	207
Improved recovery	-	-
Purchases	-	-
Extensions and discoveries	-	307
Production	-	(29)
Sales	-	-
End of 2012	-	1,394
Total company		
End of 2009	248	1,133
End of 2010	-	1,299
End of 2011	-	1,439
End of 2012	-	1,900

Years Ended December 31	Other Products	
	Millions of Barrels	
	Synthetic Oil	Bitumen
	Canada	Canada
Developed		
Consolidated operations		
End of 2009	248	24
End of 2010	-	34
End of 2011	-	29
End of 2012	-	25
Equity affiliates		
End of 2009	-	116
End of 2010	-	142
End of 2011	-	131
End of 2012	-	170
Undeveloped		
Consolidated operations		
End of 2009	-	393
End of 2010	-	421
End of 2011	-	501
End of 2012	-	481
Equity affiliates		
End of 2009	-	600
End of 2010	-	702
End of 2011	-	778
End of 2012	-	1,224

Notable changes in proved synthetic oil and bitumen reserves in the three years ended December 31, 2012, included:

- *Revisions*: In 2012, for our bitumen equity operations, revisions were primarily due to well performance and denser well spacing at Foster Creek and Christina Lake. In 2011, for our bitumen equity operations, revisions were primarily due to new subsurface interpretations, as well as the effects of higher prices on sliding scale royalty provisions.

- *Extensions and discoveries*: In 2012, for our bitumen equity operations, extensions and discoveries were primarily related to the sanctioning of Christina Lake Phase F and Narrows Lake Phase A. In 2011, for our consolidated operations, extensions and discoveries were related to continued development of Surmont. In 2011 and 2010, for our equity affiliate operations, extensions and discoveries mainly reflect the continued development of FCCL.

- *Sales:* In 2010, for synthetic oil consolidated operations, sales reflect the disposition of our interest in Syncrude.

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Years Ended December 31	Total Proved Reserves									
	Millions of Barrels of Oil Equivalent									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed and Undeveloped										
Consolidated operations										
End of 2009	1,684	2,012	3,696	1,129	836	-	817	425	117	7,020
Revisions	107	68	175	109	42	-	1	27	-	354
Improved recovery	55	2	57	-	-	-	5	-	-	62
Purchases	-	2	2	-	-	-	-	-	-	2
Extensions and discoveries	17	51	68	18	33	-	11	10	-	140
Production	(101)	(165)	(266)	(82)	(132)	-	(99)	(38)	-	(617)
Sales	-	(52)	(52)	(254)	-	-	-	-	-	(306)
End of 2010	1,762	1,918	3,680	920	779	-	735	424	117	6,655
Revisions	101	48	149	31	8	-	(9)	7	-	186
Improved recovery	14	4	18	1	60	-	13	-	-	92
Purchases	-	2	2	-	-	-	-	-	-	2
Extensions and discoveries	21	97	118	97	128	-	40	-	-	383
Production	(94)	(163)	(257)	(73)	(105)	-	(86)	(25)	-	(546)
Sales	-	(10)	(10)	(12)	-	-	-	-	-	(22)
End of 2011	1,804	1,896	3,700	964	870	-	693	406	117	6,750
Revisions	(5)	(75)	(80)	(36)	42	-	29	20	-	(25)
Improved recovery	16	5	21	-	-	-	-	-	-	21
Purchases	-	3	3	-	-	-	-	-	-	3
Extensions and discoveries	22	297	319	19	10	-	34	7	-	389
Production	(89)	(176)	(265)	(71)	(86)	-	(74)	(35)	-	(531)
Sales	-	-	-	-	(18)	-	(27)	-	-	(45)
End of 2012	1,748	1,950	3,698	876	818	-	655	398	117	6,562
Equity affiliates										
End of 2009	-	-	-	716	-	2,055	535	-	-	3,306
Revisions	-	-	-	13	-	9	165	-	-	187
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	133	-	-	45	-	-	178
Production	-	-	-	(18)	-	(129)	(12)	-	-	(159)
Sales	-	-	-	-	-	(1,857)*	-	-	-	(1,857)
End of 2010	-	-	-	844	-	78	733	-	-	1,655
Revisions	-	-	-	(101)	-	(39)	(12)	-	-	(152)
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	187	-	-	43	-	-	230
Production	-	-	-	(21)	-	(11)	(39)	-	-	(71)
Sales	-	-	-	-	-	-	(25)	-	-	(25)
End of 2011	-	-	-	909	-	28	700	-	-	1,637
Revisions	-	-	-	207	-	1	(13)	-	-	195
Improved recovery	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	307	-	-	55	-	-	362
Production	-	-	-	(29)	-	(5)	(39)	-	-	(73)
Sales	-	-	-	-	-	(20)	(21)	-	-	(41)
End of 2012	-	-	-	1,394	-	4	682	-	-	2,080
Total company										
End of 2009	1,684	2,012	3,696	1,845	836	2,055	1,352	425	117	10,326
End of 2010	1,762	1,918	3,680	1,764	779	78	1,468	424	117	8,310
End of 2011	1,804	1,896	3,700	1,873	870	28	1,393	406	117	8,387
End of 2012	1,748	1,950	3,698	2,270	818	4	1,337	398	117	8,642

**Includes594 million BOE due to the cessation of equity accounting.*

Years Ended December 31	Total Proved Reserves									
	Millions of Barrels of Oil Equivalent									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
Developed										
Consolidated operations										
End of 2009	1,588	1,663	3,251	711	608	-	644	394	-	5,608
End of 2010	1,619	1,601	3,220	465	545	-	574	396	-	5,200
End of 2011	1,666	1,597	3,263	425	556	-	510	371	-	5,125
End of 2012	1,606	1,562	3,168	377	499	-	441	373	-	4,858
Equity affiliates										
End of 2009	-	-	-	116	-	1,464	51	-	-	1,631
End of 2010	-	-	-	142	-	76	675	-	-	893
End of 2011	-	-	-	131	-	28	638	-	-	797
End of 2012	-	-	-	170	-	4	593	-	-	767
Undeveloped										
Consolidated operations										
End of 2009	96	349	445	418	228	-	173	31	117	1,412
End of 2010	143	317	460	455	234	-	161	28	117	1,455
End of 2011	138	299	437	539	314	-	183	35	117	1,625
End of 2012	142	388	530	499	319	-	214	25	117	1,704
Equity affiliates										
End of 2009	-	-	-	600	-	591	484	-	-	1,675
End of 2010	-	-	-	702	-	2	58	-	-	762
End of 2011	-	-	-	778	-	-	62	-	-	840
End of 2012	-	-	-	1,224	-	-	89	-	-	1,313

Natural gas reserves are converted to BOE based on a 6:1 ratio: six thousand cubic feet of natural gas converts to one BOE.

Proved Undeveloped Reserves

We had 3,017 million BOE of proved undeveloped reserves at year-end 2012, compared with 2,465 million BOE at year-end 2011. We converted 247 million BOE of undeveloped reserves to developed during 2012 as we achieved startup of major development projects. In addition, we added 799 million BOE of undeveloped reserves in 2012 mainly through extensions and discoveries from ongoing development progress and exploration success, as well as through revisions. As a result, at December 31, 2012, our proved undeveloped reserves represented 35 percent of total proved reserves, compared with 29 percent at December 31, 2011. Costs incurred for the year ended December 31, 2012, relating to the development of proved undeveloped reserves were $7.7 billion.

Approximately 70 percent of our proved undeveloped reserves at year-end 2012 were associated with seven major development areas. Five of the major development areas are currently producing and are expected to have proved undeveloped reserves convert to developed over time as development activities continue and/or production facilities are expanded or upgraded, and include:

- FCCL oil sands—Foster Creek and Christina Lake in Canada.
- The Surmont oil sands project in Canada.
- The Ekofisk Field in the North Sea.
- The Eagle Ford area in the Lower 48.

The remaining major projects include the Kashagan Field in Kazakhstan and Narrows Lake in our FCCL oil sands in Canada. In November, we announced our intention to sell our interest in Kashagan, and the transaction is expected to close by mid-2013. Narrows Lake was sanctioned for development in 2012.

At the end of 2012, we did not have any material amounts of proved undeveloped reserves in individual fields or countries that have remained undeveloped for five years or more. However, our largest concentrations of proved undeveloped reserves at year-end 2012 are located in the Athabasca oil sands in Canada, consisting of the FCCL and Surmont steam-assisted gravity drainage (SAGD) projects. The majority of our remaining proved undeveloped reserves in this area were recorded beginning in 2007, and we expect a material portion of these reserves will remain undeveloped for more than five years.

Our SAGD projects are large, multi-year projects with steady, long-term production at consistent levels. The associated reserves are expected to be developed over many years as additional well pairs are drilled across the extensive resource base to maintain throughput at the central processing facilities.

Results of Operations

The Company's results of operations from oil and gas activities for the years 2012, 2011 and 2010 are shown in the following tables. Additional information about selected line items within the results of operations tables is shown below:

- Other revenues include gains and losses from asset sales, certain amounts resulting from the purchase and sale of hydrocarbons, and other miscellaneous income.
- Taxes other than income taxes include production, property and other non-income taxes.
- Depreciation of support equipment is reclassified as applicable.
- Transportation costs include costs to transport our produced hydrocarbons to their points of sale, as well as processing fees paid to process natural gas to natural gas liquids. The profit element of transportation operations in which we have an ownership interest is deemed to be outside oil and gas producing activities. The net income of the transportation operations is included in other earnings.
- Other related expenses include foreign currency transaction gains and losses and other miscellaneous expenses.
- Other earnings include non-oil and gas activities, such as pipeline and marine operations, liquefied natural gas operations, and crude oil and gas marketing activities.

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Results of Operations

Year Ended December 31, 2012	Millions of Dollars										
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Disc Ops	Total
Consolidated operations											
Sales	$ 8,306	6,386	14,692	1,722	7,630	-	4,802	1,739	-	1,124	31,709
Transfers	38	309	347	-	-	-	867	-	-	-	1,214
Other revenues	(1)	70	69	107	568	-	930	258	27	1	1,960
Total revenues	8,343	6,765	15,108	1,829	8,198	-	6,599	1,997	27	1,125	34,883
Production costs excluding taxes	1,108	1,460	2,568	788	978	-	754	56	-	240	5,384
Taxes other than income taxes	2,477	513	2,990	65	24	1	321	2	5	21	3,429
Exploration expenses	34	343	377	633	102	1	70	55	210	20	1,468
Depreciation, depletion and amortization	421	2,561	2,982	1,335	958	1	883	44	-	181	6,384
Impairments	-	192	192	162	211	-	4	-	-	606	1,175
Transportation costs	680	368	1,048	113	233	-	113	3	-	22	1,532
Other related expenses	133	136	269	79	(14)	18	107	8	6	58	531
Accretion	55	66	121	57	186	-	21	-	-	8	393
	3,435	1,126	4,561	(1,403)	5,520	(21)	4,326	1,829	(194)	(31)	14,587
Provision for income taxes	1,229	209	1,438	(391)	3,980	6	1,514	1,728	(23)	183	8,435
Results of operations	2,206	917	3,123	(1,012)	1,540	(27)	2,812	101	(171)	(214)	6,152
Other earnings	67	(175)	(108)	(209)	9	8	253	-	76	10	39
Net income (loss) attributable to ConocoPhillips	$ 2,273	742	3,015	(1,221)	1,549	(19)	3,065	101	(95)	(204)	6,191
Equity affiliates											
Sales	$ -	-	-	1,566	-	443	930	-	-	-	2,939
Transfers	-	-	-	-	-	-	1,387	-	-	-	1,387
Other revenues	-	-	-	16	-	206	(117)	-	201	-	306
Total revenues	-	-	-	1,582	-	649	2,200	-	201	-	4,632
Production costs excluding taxes	-	-	-	470	-	45	135	-	-	-	650
Taxes other than income taxes	-	-	-	9	-	293	1,153	-	-	-	1,455
Exploration expenses	-	-	-	36	2	4	1	-	-	-	43
Depreciation, depletion and amortization	-	-	-	325	-	15	109	-	-	-	449
Impairments	-	-	-	-	-	-	-	-	-	-	-
Transportation costs	-	-	-	-	-	74	21	-	-	-	95
Other related expenses	-	-	-	11	-	1	16	-	-	-	28
Accretion	-	-	-	6	-	1	4	-	-	-	11
	-	-	-	725	(2)	216	761	-	201	-	1,901
Provision for income taxes	-	-	-	181	-	(233)	(29)	-	-	-	(81)
Results of operations	-	-	-	544	(2)	449	790	-	201	-	1,982
Other earnings	-	-	-	-	-	1	100	-	-	-	101
Net income (loss) attributable to ConocoPhillips	$ -	-	-	544	(2)	450	890	-	201	-	2,083

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Year Ended December 31, 2011	Millions of Dollars										
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East*	Africa	Other Areas	Disc Ops	Total
Consolidated operations											
Sales**	$ 8,143	6,396	14,539	2,299	9,087	-	6,024	185	-	1,355	33,489
Transfers**	45	400	445	-	-	-	809	-	-	-	1,254
Other revenues	(46)	303	257	138	(16)	-	15	21	16	9	440
Total revenues	8,142	7,099	15,241	2,437	9,071	-	6,848	206	16	1,364	35,183
Production costs excluding taxes	1,023	1,286	2,309	781	956	-	742	41	-	225	5,054
Taxes other than income taxes	2,721	520	3,241	65	4	1	543	2	-	21	3,877
Exploration expenses	36	368	404	177	201	-	192	36	40	29	1,079
Depreciation, depletion and amortization	468	2,113	2,581	1,504	1,407	1	940	8	-	180	6,621
Impairments	2	71	73	253	(38)	-	-	-	-	-	288
Transportation costs	609	432	1,041	128	273	-	120	4	-	23	1,589
Other related expenses	48	105	153	59	43	26	74	-	7	54	416
Accretion	59	58	117	50	203	-	23	-	-	3	396
	3,176	2,146	5,322	(580)	6,022	(28)	4,214	115	(31)	829	15,863
Provision for income taxes	1,167	755	1,922	(194)	4,355	3	1,844	160	(6)	545	8,629
Results of operations	2,009	1,391	3,400	(386)	1,667	(31)	2,370	(45)	(25)	284	7,234
Other earnings	(46)	(217)	(263)	(37)	189	16	201	14	101	(17)	204
Net income (loss) attributable to ConocoPhillips	$1,963	1,174	3,137	(423)	1,856	(15)	2,571	(31)	76	267	7,438
Equity affiliates											
Sales	$ -	-	-	1,295	-	1,107	956	-	-	-	3,358
Transfers	-	-	-	-	-	-	900	-	-	-	900
Other revenues	-	-	-	6	-	-	(273)	-	-	-	(267)
Total revenues	-	-	-	1,301	-	1,107	1,583	-	-	-	3,991
Production costs excluding taxes	-	-	-	367	-	72	108	-	-	-	547
Taxes other than income taxes	-	-	-	5	-	750	881	-	-	-	1,636
Exploration expenses	-	-	-	36	-	1	2	-	-	-	39
Depreciation, depletion and amortization	-	-	-	209	-	52	112	-	-	-	373
Impairments	-	-	-	-	-	395	-	-	-	-	395
Transportation costs	-	-	-	-	-	139	15	-	-	-	154
Other related expenses	-	-	-	3	-	-	(4)	-	-	-	(1)
Accretion	-	-	-	4	-	1	3	-	-	-	8
	-	-	-	677	-	(303)	466	-	-	-	840
Provision for income taxes	-	-	-	159	-	18	32	-	-	-	209
Results of operations	-	-	-	518	-	(321)	434	-	-	-	631
Other earnings	-	-	-	-	-	238	99	-	-	-	337
Net income (loss) attributable to ConocoPhillips	$ -	-	-	518	-	(83)	533	-	-	-	968

* *Certain amounts have been restated to reflect revised natural gas prices, reclassify amounts previously considered non-oil and gas producing activities and reclassify amounts between consolidated and equity affiliates .*

** *Commodity sales to Phillips 66, reported as transfers prior to the separation, are now reported as third-party sales.*

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Year Ended December 31, 2010	Millions of Dollars										
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Disc Ops	Total
Consolidated operations											
Sales*	$6,270	5,685	11,955	2,625	8,245	-	5,090	1,286	-	907	30,108
Transfers*	68	304	372	-	-	-	638	-	-	-	1,010
Other revenues	-	559	559	3,216	142	-	55	167	18	5	4,162
Total revenues	6,338	6,548	12,886	5,841	8,387	-	5,783	1,453	18	912	35,280
Production costs excluding taxes	849	1,230	2,079	873	1,004	-	538	57	-	239	4,790
Taxes other than income taxes	1,570	498	2,068	74	6	1	355	3	1	15	2,523
Exploration expenses	37	292	329	295	146	2	260	19	81	30	1,162
Depreciation, depletion and amortization	529	2,231	2,760	1,666	1,972	2	1,206	44	-	158	7,808
Impairments	4	19	23	13	43	-	-	-	-	-	79
Transportation costs	528	424	952	134	281	-	119	4	-	19	1,509
Other related expenses	(38)	138	100	31	3	21	(60)	27	3	48	173
Accretion	58	55	113	50	192	-	24	-	-	4	383
	2,801	1,661	4,462	2,705	4,740	(26)	3,341	1,299	(67)	399	16,853
Provision for income taxes	1,014	555	1,569	108	3,066	(23)	1,361	1,177	(10)	263	7,511
Results of operations	1,787	1,106	2,893	2,597	1,674	(3)	1,980	122	(57)	136	9,342
Other earnings	(75)	(136)	(211)	(56)	51	31	215	(9)	89	8	118
Net income (loss) attributable to ConocoPhillips	$1,712	970	2,682	2,541	1,725	28	2,195	113	32	144	9,460
Equity affiliates											
Sales	$ -	-	-	955	-	5,189	249	-	-	-	6,393
Transfers	-	-	-	-	-	1,876	-	-	-	-	1,876
Other revenues	-	-	-	7	-	1,219	10	-	-	-	1,236
Total revenues	-	-	-	962	-	8,284	259	-	-	-	9,505
Production costs excluding taxes	-	-	-	265	-	544	59	-	-	-	868
Taxes other than income taxes	-	-	-	4	-	3,463	42	-	-	-	3,509
Exploration expenses	-	-	-	-	-	61	(2)	-	-	-	59
Depreciation, depletion and amortization	-	-	-	190	-	568	55	-	-	-	813
Impairments	-	-	-	-	-	645	-	-	-	-	645
Transportation costs	-	-	-	-	-	784	25	-	-	-	809
Other related expenses	-	-	-	(3)	-	-	44	-	-	-	41
Accretion	-	-	-	2	-	7	2	-	-	-	11
	-	-	-	504	-	2,212	34	-	-	-	2,750
Provision for income taxes	-	-	-	128	-	647	(25)	-	-	-	750
Results of operations	-	-	-	376	-	1,565	59	-	-	-	2,000
Other earnings	-	-	-	-	-	405	(86)	-	-	-	319
Net income (loss) attributable to ConocoPhillips	$ -	-	-	376	-	1,970	(27)	-	-	-	2,319

* *Commodity sales to Phillips 66, reported as transfers prior to the separation, are now reported as third-party sales.*

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Statistics

Net Production	2012	2011	2010
	Thousands of Barrels Daily		
Crude Oil			
Consolidated operations			
Alaska	**188**	200	215
Lower 48	**123**	94	85
United States	**311**	294	300
Canada	**13**	12	15
Europe	**135**	164	196
Asia Pacific/Middle East	**68**	99	122
Africa	**40**	8	46
Total consolidated operations	**567**	577	679
Equity affiliates			
Russia	**13**	29	336
Asia Pacific/Middle East	**15**	16	2
Total equity affiliates	**28**	45	338
Total continuing operations	**595**	622	1,017
Discontinued operations	**23**	28	30
Total company	**618**	650	1,047
Natural Gas Liquids			
Consolidated operations			
Alaska	**16**	15	15
Lower 48	**85**	74	75
United States	**101**	89	90
Canada	**24**	26	23
Europe	**7**	11	15
Asia Pacific/Middle East	**16**	12	18
Total consolidated operations	**148**	138	146
Equity affiliates—Asia Pacific/Middle East	**8**	7	1
Total continuing operations	**156**	145	147
Discontinued operations	**4**	4	3
Total company	**160**	149	150
Synthetic Oil			
Consolidated operations—Canada	**-**	-	12
Bitumen			
Consolidated operations—Canada	**12**	10	10
Equity affiliates—Canada	**81**	57	49
Total company	**93**	67	59
Natural Gas	Millions of Cubic Feet Daily		
Consolidated operations			
Alaska	**55**	61	82
Lower 48	**1,493**	1,556	1,695
United States	**1,548**	1,617	1,777
Canada	**857**	928	984
Europe	**516**	626	815
Asia Pacific/Middle East	**672**	695	712
Africa	**18**	1	8
Total consolidated operations	**3,611**	3,867	4,296
Equity affiliates			
Russia	**-**	-	254
Asia Pacific/Middle East	**485**	492	169
Total equity affiliates	**485**	492	423
Total continuing operations	**4,096**	4,359	4,719
Discontinued operations	**149**	157	141
Total company	**4,245**	4,516	4,860

Average Sales Prices		2012	2011	2010
Crude Oil Per Barrel				
Consolidated operations				
Alaska	$	**109.62**	105.95	78.65
Lower 48		**91.67**	92.79	73.52
United States		**102.90**	101.89	77.19
Canada		**78.26**	86.04	67.99
Europe		**113.08**	111.82	79.74
Asia Pacific/Middle East		**108.20**	109.84	77.69
Africa		**110.75**	98.30	79.22
Total international		**109.64**	109.76	78.57
Total consolidated operations		**105.86**	105.68	77.96
Equity affiliates				
Russia		**96.50**	101.62	56.65
Asia Pacific/Middle East		**108.07**	106.96	89.24
Total equity affiliates		**102.80**	103.42	56.86
Total continuing operations		**105.72**	105.52	70.94
Discontinued operations		**112.90**	113.43	80.15
Natural Gas Liquids Per Barrel				
Consolidated operations				
Lower 48	$	**35.45**	50.55	39.92
United States		**35.45**	50.55	39.92
Canada		**48.64**	56.84	47.68
Europe		**61.53**	59.19	46.75
Asia Pacific/Middle East		**79.26**	72.87	60.57
Total international		**61.01**	61.27	51.43
Total consolidated operations		**44.62**	54.79	45.91
Equity affiliates—Asia Pacific/Middle East		**77.30**	70.62	65.16
Total continuing operations		**46.36**	55.73	46.00
Discontinued operations		**13.30**	13.63	11.26
Synthetic Oil Per Barrel				
Consolidated operations—Canada	$	**-**	-	77.56
Bitumen Per Barrel				
Consolidated operations—Canada	$	**57.58**	55.16	51.10
Equity affiliates—Canada		**53.39**	63.93	53.43
Natural Gas Per Thousand Cubic Feet				
Consolidated operations				
Alaska	$	**4.22**	4.56	4.62
Lower 48		**2.67**	3.99	4.25
United States		**2.72**	4.01	4.27
Canada		**2.13**	3.46	3.74
Europe		**9.76**	9.26	6.94
Asia Pacific/Middle East		**10.63**	9.82	7.39
Africa		**5.55**	0.09	0.09
Total international		**6.84**	7.04	5.80
Total consolidated operations		**5.07**	5.78	5.17
Equity affiliates				
Russia		**-**	-	1.18
Asia Pacific/Middle East*		**8.54**	5.93	1.91
Total equity affiliates		**8.54**	5.93	1.47
Total continuing operations		**5.48**	5.80	4.84
Discontinued operations		**2.57**	2.25	1.86

* *Prior periods have been restated to reflect revised equity affiliates natural gas prices.*

	2012	2011	2010
Average Production Costs Per Barrel of Oil Equivalent*			
Consolidated operations			
Alaska	$ **14.20**	12.45	9.55
Lower 48	**8.73**	8.24	7.62
United States	**10.47**	9.70	8.30
Canada	**11.22**	10.56	10.68
Europe	**11.72**	9.38	7.93
Asia Pacific/Middle East	**10.46**	8.96	5.70
Africa	**3.56**	13.75	3.30
Total international	**10.67**	9.63	7.72
Total consolidated continuing operations	**10.57**	9.66	7.98
Equity affiliates			
Canada	**15.85**	17.64	14.82
Russia	**9.48**	6.80	3.94
Asia Pacific/Middle East	**3.59**	2.82	5.19
Total equity affiliates	**9.02**	7.85	5.19
Discontinued operations	**12.90**	10.60	11.59
Average Production Costs Per Barrel—Bitumen			
Consolidated operations—Canada	$ **27.09**	27.12	19.45
Equity affiliates—Canada	**15.85**	17.64	14.82
Taxes Other Than Income Taxes Per Barrel of Oil Equivalent			
Consolidated operations			
Alaska	$ **31.75**	33.11	17.65
Lower 48	**3.07**	3.33	3.08
United States	**12.19**	13.61	8.26
Canada	**0.93**	0.88	0.91
Europe	**0.29**	0.04	0.05
Asia Pacific/Middle East	**4.45**	6.56	3.76
Africa	**0.13**	0.67	0.17
Total international	**1.73**	2.35	1.37
Total consolidated continuing operations	**7.00**	7.71	4.40
Equity affiliates			
Canada	**0.30**	0.24	0.22
Russia	**61.75**	70.85	25.08
Asia Pacific/Middle East**	**30.63**	22.99	3.69
Total equity affiliates	**20.20**	23.47	20.97
Discontinued operations	**1.13**	0.99	0.73
Depreciation, Depletion and Amortization Per Barrel of Oil Equivalent			
Consolidated operations			
Alaska	$ **5.40**	5.69	5.95
Lower 48	**15.32**	13.55	13.81
United States	**12.16**	10.84	11.02
Canada	**19.01**	20.33	20.38
Europe	**11.47**	13.80	15.58
Asia Pacific/Middle East	**12.25**	11.35	12.77
Africa	**2.80**	2.68	2.55
Total international	**13.33**	14.75	15.28
Total consolidated continuing operations	**12.74**	12.89	13.41
Equity affiliates			
Canada	**10.96**	10.05	10.62
Russia	**3.16**	4.91	4.11
Asia Pacific/Middle East**	**2.90**	2.92	4.83
Total equity affiliates	**6.23**	5.35	4.86
Discontinued operations	**9.73**	8.48	7.66

* *Includes bitumen.*
** *Certain amounts have been restated to reflect revised Results of Operations.*

Development and Exploration Activities

The following two tables summarize our net interest in productive and dry exploratory and development wells in the years ended December 31, 2012, 2011 and 2010. A “development well” is a well drilled within the proved area of a crude oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive. An “exploratory well” is a well drilled to find and produce crude oil or natural gas in an unknown field or a new reservoir within a proven field. Excluded from the exploratory well count are stratigraphic-type exploratory wells, primarily relating to oil sands delineation wells located in Canada and coalbed methane test wells located in Asia Pacific/Middle East.

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Net Wells Completed[1]	Productive			Dry		
	2012	2011	2010	**2012**	2011	2010
Exploratory[2][3]						
Consolidated operations						
Alaska	*	-	-	-	-	-
Lower 48	**92**	98	23	**2**	5	1
United States	**92**	98	23	**2**	5	1
Canada	**5**	8	15	-	3	7
Europe	*	1	1	*	*	*
Asia Pacific/Middle East	*	1	3	-	1	1
Africa	*	*	1	-	*	*
Other areas	*	-	-	*	-	-
Total consolidated operations	**97**	108	43	**2**	9	9
Equity affiliates						
Russia	-	-	-	*	-	-
Asia Pacific/Middle East	-	*	-	-	-	-
Total equity affiliates	-	-	-	-	-	-
Includes extension wells of:	*82*	*98*	*23*	*-*	*3*	*1*

	Productive			Dry		
	2012	2011	2010	**2012**	2011	2010
Development						
Consolidated operations						
Alaska	**21**	26	28	-	-	*
Lower 48	**377**	350	269	*	4	2
United States	**398**	376	297	-	4	2
Canada	**119**	146	186	**3**	1	12
Europe	**4**	4	6	-	-	-
Asia Pacific/Middle East	**11**	30	59	-	-	*
Africa	**4**	5	9	-	-	-
Total consolidated operations	**536**	561	557	**3**	5	14
Equity affiliates						
Canada	**30**	20	35	-	-	-
Russia	**1**	3	2	-	-	-
Asia Pacific/Middle East	**13**	9	25	-	1	-
Total equity affiliates	**44**	32	62	-	1	-

(1) Restated to conform to current year presentation.
(2) Excludes net stratigraphic-type exploratory wells of 213, 210 and 191 for the years ended December 31, 2012, 2011 and 2010, respectively.
(3) Includes wells drilled in areas near or offsetting current production, or in areas where well density or production history have not achieved statistical certainty of results, primarily located in the Lower 48.
** Our total proportionate interest was less than one.*

The table below represents the status of our wells drilling at December 31, 2012, and includes wells in the process of drilling or in active completion.

Wells at December 31, 2012

	In Progress		Productive*			
			Oil		Gas	
	Gross	Net	Gross	Net	Gross	Net
Consolidated operations						
Alaska	6	3	1,741	769	37	22
Lower 48	327	191	9,613	4,563	24,833	15,523
United States	333	194	11,354	5,332	24,870	15,545
Canada	82	46	1,647	967	12,731	7,462
Europe	19	5	485	89	275	113
Asia Pacific/Middle East	34	15	353	155	112	52
Africa	52	8	1,169	205	62	12
Other areas	35	3	-	-	-	-
Total consolidated operations	555	271	15,008	6,748	38,050	23,184
Equity affiliates						
Canada	9	5	282	141	-	-
Russia	-	-	29	14	-	-
Asia Pacific/Middle East	770	153	-	-	617	137
Total equity affiliates	779	158	311	155	617	137

* *Includes 415 gross and 204 net multiple completion wells.*

Acreage at December 31, 2012

	Thousands of Acres			
	Developed		Undeveloped	
	Gross	Net	Gross	Net
Consolidated operations				
Alaska	655	332	1,403	1,204
Lower 48	7,091	5,165	11,362	9,683
United States	7,746	5,497	12,765	10,887
Canada	6,615	4,313	6,327	4,379
Europe	824	243	2,045	831
Asia Pacific/Middle East	4,096	1,771	27,463	17,753
Africa	528	132	17,254	3,474
Other areas	-	-	9,225	3,607
Total consolidated operations	19,809	11,956	75,079	40,931
Equity affiliates				
Canada	38	15	653	278
Europe	-	-	506	355
Russia	16	8	619	309
Asia Pacific/Middle East	1,129	222	7,681	2,348
Total equity affiliates	1,183	245	9,459	3,290

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Costs Incurred

Year Ended December 31	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
	Millions of Dollars									
2012										
Consolidated operations										
Unproved property acquisition	$ 2	562	564	14	2	-	-	333	-	913
Proved property acquisition	-	33	33	3	-	-	-	-	-	36
	2	595	597	17	2	-	-	333	-	949
Exploration	104	1,272	1,376	218	91	1	248	94	141	2,169
Development	644	3,917	4,561	2,062	3,515	-	1,113	208	585	12,044
	$ 750	5,784	6,534	2,297	3,608	1	1,361	635	726	15,162
Equity affiliates										
Unproved property acquisition	$ -	-	-	12	-	-	-	-	-	12
Proved property acquisition	-	-	-	-	-	-	-	-	-	-
	-	-	-	12	-	-	-	-	-	12
Exploration	-	-	-	77	11	-	52	-	-	140
Development	-	-	-	1,332	-	13	1,163	-	-	2,508
	$ -	-	-	1,421	11	13	1,215	-	-	2,660
2011										
Consolidated operations										
Unproved property acquisition	$ 1	577	578	145	-	-	-	-	-	723
Proved property acquisition	-	10	10	-	-	-	36	-	-	46
	1	587	588	145	-	-	36	-	-	769
Exploration*	84	1,330	1,414	269	201	1	226	63	88	2,262
Development*	499	2,334	2,833	1,347	2,123	-	949	263	726	8,241
	$ 584	4,251	4,835	1,761	2,324	1	1,211	326	814	11,272
Equity affiliates										
Unproved property	$ -	-	-	-	-	-	484	-	-	484
Proved property acquisition	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	484	-	-	484
Exploration	-	-	-	64	-	1	100	-	-	165
Development**	-	-	-	911	-	43	478	-	-	1,432
	$ -	-	-	975	-	44	1,062	-	-	2,081

* *Amounts in Lower 48 were reclassified between "Exploration" and "Development." Total costs were unchanged.*

** *Asia Pacific/Middle East equity affiliates "Development" costs were restated to reflect amounts considered to be non-oil and gas producing activities.*

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Year Ended December 31	Millions of Dollars									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
2010										
Consolidated operations										
Unproved property acquisition	$ (26)	286	260	113	9	-	-	-	-	382
Proved property acquisition	-	100	100	1	-	-	-	-	-	101
	(26)	386	360	114	9	-	-	-	-	483
Exploration	119	487	606	269	144	3	356	45	143	1,566
Development	588	1,439	2,027	927	1,351	-	858	375	729	6,267
	$ 681	2,312	2,993	1,310	1,504	3	1,214	420	872	8,316
Equity affiliates										
Unproved property acquisition	$ -	-	-	81	-	15	379	-	-	475
Proved property acquisition	-	-	-	-	-	173	-	-	-	173
	-	-	-	81	-	188	379	-	-	648
Exploration	-	-	-	-	-	92	123	-	-	215
Development	-	-	-	621	-	751	403	-	-	1,775
	$ -	-	-	702	-	1,031	905	-	-	2,638

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Capitalized Costs

At December 31	Millions of Dollars									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
2012										
Consolidated operations										
Proved property	$ 13,470	40,019	53,489	22,069	25,426	8	12,248	4,060	5,233	122,533
Unproved property	1,543	2,840	4,383	2,071	284	-	1,022	511	220	8,491
	15,013	42,859	57,872	24,140	25,710	8	13,270	4,571	5,453	131,024
Accumulated depreciation, depletion and amortization	6,676	18,186	24,862	12,807	14,317	7	5,460	1,787	669	59,909
	$ 8,337	24,673	33,010	11,333	11,393	1	7,810	2,784	4,784	71,115
Equity affiliates										
Proved property	$ -	-	-	7,498	-	212	4,067	-	-	11,777
Unproved property	-	-	-	1,450	53	-	6,212	-	-	7,715
	-	-	-	8,948	53	212	10,279	-	-	19,492
Accumulated depreciation, depletion and amortization	-	-	-	1,046	-	183	277	-	-	1,506
	$ -	-	-	7,902	53	29	10,002	-	-	17,986
2011										
Consolidated operations										
Proved property	$ 12,770	34,939	47,709	19,578	22,948	8	12,284	3,867	4,650	111,044
Unproved property	1,528	2,574	4,102	1,986	289	1	1,026	174	268	7,846
	14,298	37,513	51,811	21,564	23,237	9	13,310	4,041	4,918	118,890
Accumulated depreciation, depletion and amortization	6,237	15,464	21,701	10,599	14,451	7	5,626	1,559	12	53,955
	$ 8,061	22,049	30,110	10,965	8,786	2	7,684	2,482	4,906	64,935
Equity affiliates										
Proved property*	$ -	-	-	5,774	-	1,966	2,720	-	-	10,460
Unproved property*	-	-	-	1,657	-	146	7,223	-	-	9,026
	-	-	-	7,431	-	2,112	9,943	-	-	19,486
Accumulated depreciation, depletion and amortization	-	-	-	764	-	1,902	184	-	-	2,850
	$ -	-	-	6,667	-	210	9,759	-	-	16,636

* *Asia Pacific/Middle East equity affiliates "Proved property" was restated to reflect amounts considered to be non-oil and gas producing activities and to reclassify certain costs between "Proved property" and "Unproved property."*

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserve Quantities

In accordance with SEC and FASB requirements, amounts were computed using 12-month average prices and end-of-year costs (adjusted only for existing contractual changes), appropriate statutory tax rates and a prescribed 10 percent discount factor. Twelve-month average prices are calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. For all years, continuation of year-end economic conditions was assumed. The calculations were based on estimates of proved reserves, which are revised over time as new data becomes available. Probable or possible reserves, which may become proved in the future, were not considered. The calculations also require assumptions as to the timing of future production of proved reserves, and the timing and amount of future development costs, including dismantlement, and future production costs, including taxes other than income taxes.

While due care was taken in its preparation, we do not represent that this data is the fair value of our oil and gas properties, or a fair estimate of the present value of cash flows to be obtained from their development and production.

Discounted Future Net Cash Flows

	Millions of Dollars									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East	Africa	Other Areas	Total
2012										
Consolidated operations										
Future cash inflows	$141,668	71,556	213,224	36,612	73,379	-	49,234	32,009	12,012	416,470
Less:										
Future production and transportation costs	82,663	28,447	111,110	20,995	16,180	-	15,202	4,342	3,653	171,482
Future development costs	12,683	10,604	23,287	12,564	15,273	-	3,851	944	1,158	57,077
Future income tax provisions	16,370	10,840	27,210	1,078	28,187	-	10,424	22,595	1,331	90,825
Future net cash flows	29,952	21,665	51,617	1,975	13,739	-	19,757	4,128	5,870	97,086
10 percent annual discount	16,511	9,461	25,972	1,170	4,936	-	6,393	1,442	3,711	43,624
Discounted future net cash flows	$ 13,441	12,204	25,645	805	8,803	-	13,364	2,686	2,159	53,462
Equity affiliates										
Future cash inflows	$ -	-	-	72,587	-	323	47,394	-	-	120,304
Less:										
Future production and transportation costs	-	-	-	23,967	-	245	23,689	-	-	47,901
Future development costs	-	-	-	9,291	-	10	1,221	-	-	10,522
Future income tax provisions	-	-	-	10,055	-	3	4,335	-	-	14,393
Future net cash flows	-	-	-	29,274	-	65	18,149	-	-	47,488
10 percent annual discount	-	-	-	18,352	-	9	8,677	-	-	27,038
Discounted future net cash flows	$ -	-	-	10,922	-	56	9,472	-	-	20,450
Total company										
Discounted future net cash flows	$ 13,441	12,204	25,645	11,727	8,803	56	22,836	2,686	2,159	73,912

	Millions of Dollars									
	Alaska*	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East**	Africa	Other Areas	Total
2011										
Consolidated operations										
Future cash inflows	$143,652	73,807	217,459	40,581	78,250	-	49,936	33,017	11,891	431,134
Less:										
Future production and transportation costs	82,773	32,766	115,539	19,148	17,166	-	14,380	4,113	3,768	174,114
Future development costs	11,385	7,519	18,904	13,393	16,986	-	3,051	885	2,080	55,299
Future income tax provisions	16,845	11,771	28,616	2,060	29,853	-	11,967	23,825	990	97,311
Future net cash flows	32,649	21,751	54,400	5,980	14,245	-	20,538	4,194	5,053	104,410
10 percent annual discount	18,074	9,643	27,717	4,025	5,372	-	6,649	1,522	3,712	48,997
Discounted future net cash flows	$ 14,575	12,108	26,683	1,955	8,873	-	13,889	2,672	1,341	55,413
Equity affiliates										
Future cash inflows	$ -	-	-	53,618	-	2,786	35,439	-	-	91,843
Less:										
Future production and transportation costs	-	-	-	16,405	-	2,765	16,814	-	-	35,984
Future development costs	-	-	-	7,163	-	36	905	-	-	8,104
Future income tax provisions	-	-	-	7,574	-	3	3,705	-	-	11,282
Future net cash flows	-	-	-	22,476	-	(18)	14,015	-	-	36,473
10 percent annual discount	-	-	-	14,662	-	(39)	7,217	-	-	21,840
Discounted future net cash flows	$ -	-	-	7,814	-	21	6,798	-	-	14,633
Total company										
Discounted future net cash flows	$ 14,575	12,108	26,683	9,769	8,873	21	20,687	2,672	1,341	70,046

* *Restated to reflect revised production and income tax amounts.*

** *Equity affiliates were restated to reclassify amounts between "Future cash inflows" and "Future production and transportation costs." "Discounted future net cash flows" remains unchanged.*

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	Millions of Dollars									
	Alaska	Lower 48	Total U.S.	Canada	Europe	Russia	Asia Pacific/ Middle East*	Africa	Other Areas	Total
2010										
Consolidated operations										
Future cash inflows	$102,743	68,949	171,692	38,083	49,270	-	37,673	24,487	8,466	329,671
Less:										
Future production and transportation costs	57,899	29,749	87,648	16,753	12,899	-	10,480	4,142	3,007	134,929
Future development costs	8,792	7,752	16,544	11,161	10,295	-	2,226	1,133	3,050	44,409
Future income tax provisions	13,383	10,953	24,336	2,416	16,765	-	9,211	16,217	384	69,329
Future net cash flows	22,669	20,495	43,164	7,753	9,311	-	15,756	2,995	2,025	81,004
10 percent annual discount	10,723	10,046	20,769	3,890	2,597	-	4,889	1,025	2,368	35,538
Discounted future net cash flows	$ 11,946	10,449	22,395	3,863	6,714	-	10,867	1,970	(343)	45,466
Equity affiliates										
Future cash inflows	$ -	-	-	47,169	-	5,610	24,225	-	-	77,004
Less:										
Future production and transportation costs	-	-	-	16,492	-	4,809	12,416	-	-	33,717
Future development costs	-	-	-	4,684	-	85	295	-	-	5,064
Future income tax provisions	-	-	-	6,649	-	(80)	2,082	-	-	8,651
Future net cash flows	-	-	-	19,344	-	796	9,432	-	-	29,572
10 percent annual discount	-	-	-	13,453	-	293	4,732	-	-	18,478
Discounted future net cash flows	$ -	-	-	5,891	-	503	4,700	-	-	11,094
Total company										
Discounted future net cash flows	$ 11,946	10,449	22,395	9,754	6,714	503	15,567	1,970	(343)	56,560

* *Equity affiliates were restated to reclassify amounts between "Future cash inflows" and "Future production and transportation costs." "Discounted future net cash flows" remains unchanged.*

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Sources of Change in Discounted Future Net Cash Flows

	Millions of Dollars								
	Consolidated Operations			Equity Affiliates			Total Company		
	2012	2011*	2010	**2012**	2011**	2010	**2012**	2011	2010
Discounted future net cash flows at the beginning of the year	**$ 55,413**	45,466	30,393	**14,633**	11,094	11,881	**70,046**	56,560	42,274
Changes during the year									
Revenues less production and transportation costs for the year	**(22,578)**	(24,223)	(22,296)	**(2,126)**	(1,921)	(3,083)	**(24,704)**	(26,144)	(25,379)
Net change in prices and production and transportation costs	**(5,684)**	33,878	39,532	**912**	4,644	3,478	**(4,772)**	38,522	43,010
Extensions, discoveries and improved recovery, less estimated future costs	**11,192**	8,555	4,517	**1,963**	832	297	**13,155**	9,387	4,814
Development costs for the year	**10,944**	8,428	5,617	**2,438**	1,488	1,758	**13,382**	9,916	7,375
Changes in estimated future development costs	**(9,832)**	(8,374)	(2,917)	**(1,731)**	(1,508)	(129)	**(11,563)**	(9,882)	(3,046)
Purchases of reserves in place, less estimated future costs	**16**	19	19	**-**	-	-	**16**	19	19
Sales of reserves in place, less estimated future costs	**(913)**	(390)	(3,729)	**(139)**	(234)	(5,405)	**(1,052)**	(624)	(9,134)
Revisions of previous quantity estimates	**2,047**	(1,606)	3,062	**3,952**	491	372	**5,999**	(1,115)	3,434
Accretion of discount	**10,072**	7,710	5,000	**1,788**	1,284	1,404	**11,860**	8,994	6,404
Net change in income taxes	**2,785**	(14,050)	(13,732)	**(1,240)**	(1,537)	521	**1,545**	(15,587)	(13,211)
Total changes	**(1,951)**	9,947	15,073	**5,817**	3,539	(787)	**3,866**	13,486	14,286
Discounted future net cash flows at year end	**$ 53,462**	55,413	45,466	**20,450**	14,633	11,094	**73,912**	70,046	56,560

* *Restated to reflect revised production and income tax amounts.*

** *Certain amounts in Asia Pacific/Middle East equity affiliates have been restated to reflect revised natural gas prices and to reclassify amounts previously considered non-oil and gas producing activities.*

- The net change in prices and production and transportation costs is the beginning-of-year reserve-production forecast multiplied by the net annual change in the per-unit sales price and production and transportation cost, discounted at 10 percent.
- Purchases and sales of reserves in place, along with extensions, discoveries and improved recovery, are calculated using production forecasts of the applicable reserve quantities for the year multiplied by the 12-month average sales prices, less future estimated costs, discounted at 10 percent.
- The accretion of discount is 10 percent of the prior year's discounted future cash inflows, less future production, transportation and development costs.
- The net change in income taxes is the annual change in the discounted future income tax provisions.

Selected Quarterly Financial Data (Unaudited)

	Millions of Dollars				Per Share of Common Stock	
					Net Income Attributable to ConocoPhillips	
	Sales and Other Operating Revenues*	Income From Continuing Operations Before Income Taxes*	Net Income	Net Income Attributable to ConocoPhillips	Basic	Diluted
2012						
First	**$ 14,593**	**4,265**	**2,955**	**2,937**	**2.29**	**2.27**
Second	**13,664**	**3,945**	**2,289**	**2,267**	**1.82**	**1.80**
Third	**14,141**	**3,591**	**1,813**	**1,798**	**1.47**	**1.46**
Fourth	**15,569**	**3,622**	**1,441**	**1,426**	**1.16**	**1.16**
2011						
First	$ 15,398	4,551	3,042	3,028	2.11	2.09
Second	16,735	4,256	3,419	3,402	2.43	2.41
Third	16,108	3,401	2,631	2,616	1.93	1.91
Fourth	15,955	3,188	3,410	3,390	2.58	2.56

**Prior periods have been restated as a result of discontinued operations.*

Supplementary Information—Condensed Consolidating Financial Information

We have various cross guarantees among ConocoPhillips, ConocoPhillips Company, ConocoPhillips Australia Funding Company, ConocoPhillips Canada Funding Company I, and ConocoPhillips Canada Funding Company II, with respect to publicly held debt securities. ConocoPhillips Company is 100 percent owned by ConocoPhillips. ConocoPhillips Australia Funding Company, ConocoPhillips Canada Funding Company I and ConocoPhillips Canada Funding Company II are indirect, 100 percent owned subsidiaries of ConocoPhillips Company. ConocoPhillips and ConocoPhillips Company have fully and unconditionally guaranteed the payment obligations of ConocoPhillips Australia Funding Company, ConocoPhillips Canada Funding Company I, and ConocoPhillips Canada Funding Company II, with respect to their publicly held debt securities. Similarly, ConocoPhillips has fully and unconditionally guaranteed the payment obligations of ConocoPhillips Company with respect to its publicly held debt securities. In addition, ConocoPhillips Company has fully and unconditionally guaranteed the payment obligations of ConocoPhillips with respect to its publicly held debt securities. All guarantees are joint and several. The following condensed consolidating financial information presents the results of operations, financial position and cash flows for:

- ConocoPhillips, ConocoPhillips Company, ConocoPhillips Australia Funding Company, ConocoPhillips Canada Funding Company I, and ConocoPhillips Canada Funding Company II (in each case, reflecting investments in subsidiaries utilizing the equity method of accounting).
- All other nonguarantor subsidiaries of ConocoPhillips.
- The consolidating adjustments necessary to present ConocoPhillips' results on a consolidated basis.

In February 2009, we filed a universal shelf registration statement with the SEC under which ConocoPhillips, as a well-known seasoned issuer, has the ability to issue and sell an indeterminate amount of various types of debt and equity securities, with certain debt securities guaranteed by ConocoPhillips Company. Also as part of that registration statement, ConocoPhillips Trust I and ConocoPhillips Trust II have the ability to issue and sell preferred trust securities, guaranteed by ConocoPhillips. ConocoPhillips Trust I and ConocoPhillips Trust II have not issued any trust-preferred securities under this registration statement, and thus have no assets or liabilities. Accordingly, columns for these two trusts are not included in the condensed consolidating financial information.

This condensed consolidating financial information should be read in conjunction with the accompanying consolidated financial statements and notes.

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	Millions of Dollars							
	Year Ended December 31, 2012							
Income Statement	ConocoPhillips	ConocoPhillips Company	ConocoPhillips Australia Funding Company	ConocoPhillips Canada Funding Company I	ConocoPhillips Canada Funding Company II	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Revenues and Other Income								
Sales and other operating revenues	$ -	17,768	-	-	-	40,199	-	57,967
Equity in earnings of affiliates	8,858	10,126	-	-	-	1,890	(18,963)	1,911
Gain on dispositions	-	2	-	-	-	1,655	-	1,657
Other income (loss)	(76)	177	-	-	-	368	-	469
Intercompany revenues	61	1,013	46	90	34	4,526	(5,770)	-
Total Revenues and Other Income	8,843	29,086	46	90	34	48,638	(24,733)	62,004
Costs and Expenses								
Purchased commodities	-	15,680	-	-	-	13,000	(3,448)	25,232
Production and operating expenses	-	1,304	-	-	-	5,512	(23)	6,793
Selling, general and administrative expenses	12	845	-	-	-	259	(10)	1,106
Exploration expenses	-	402	-	-	-	1,098	-	1,500
Depreciation, depletion and amortization	-	807	-	-	-	5,773	-	6,580
Impairments	-	8	-	-	-	672	-	680
Taxes other than income taxes	-	264	-	-	-	3,282	-	3,546
Accretion on discounted liabilities	-	53	-	-	-	341	-	394
Interest and debt expense	2,218	316	42	77	32	313	(2,289)	709
Foreign currency transaction (gains) losses	(19)	19	-	13	22	6	-	41
Total Costs and Expenses	2,211	19,698	42	90	54	30,256	(5,770)	46,581
Income (loss) from continuing operations before income taxes	6,632	9,388	4	-	(20)	18,382	(18,963)	15,423
Provision for income taxes	(779)	530	1	8	(2)	8,184	-	7,942
Income (Loss) From Continuing Operations	7,411	8,858	3	(8)	(18)	10,198	(18,963)	7,481
Income from discontinued operations	1,017	1,017	-	-	-	777	(1,794)	1,017
Net income (loss)	8,428	9,875	3	(8)	(18)	10,975	(20,757)	8,498
Less: net income attributable to noncontrolling interests	-	-	-	-	-	(70)	-	(70)
Net Income (Loss) Attributable to ConocoPhillips	$ 8,428	9,875	3	(8)	(18)	10,905	(20,757)	8,428
Comprehensive Income (Loss) Attributable to ConocoPhillips	$ 9,055	10,502	3	27	(4)	11,140	(21,668)	9,055
Income Statement	Year Ended December 31, 2011							
Revenues and Other Income								
Sales and other operating revenues	$ -	20,606	-	-	-	43,590	-	64,196
Equity in earnings of affiliates	8,164	8,245	-	-	-	1,293	(16,463)	1,239
Gain on dispositions	-	261	-	-	-	109	-	370
Other income	-	98	-	-	-	166	-	264
Intercompany revenues	4	1,346	46	91	35	2,683	(4,205)	-
Total Revenues and Other Income	8,168	30,556	46	91	35	47,841	(20,668)	66,069
Costs and Expenses								
Purchased commodities	-	17,944	-	-	-	14,287	(2,434)	29,797
Production and operating expenses	-	1,126	-	-	-	5,363	(63)	6,426
Selling, general and administrative expenses	13	607	-	-	-	254	(9)	865
Exploration expenses	-	333	-	-	-	705	-	1,038
Depreciation, depletion and amortization	-	867	-	-	-	5,960	-	6,827
Impairments	-	38	-	-	-	283	-	321
Taxes other than income taxes	-	292	-	-	-	3,707	-	3,999
Accretion on discounted liabilities	-	48	-	-	-	374	-	422
Interest and debt expense	1,594	448	42	77	32	460	(1,699)	954
Foreign currency transaction (gains) losses	-	(16)	-	(10)	(35)	85	-	24
Total Costs and Expenses	1,607	21,687	42	67	(3)	31,478	(4,205)	50,673
Income from continuing operations before income taxes	6,561	8,869	4	24	38	16,363	(16,463)	15,396
Provision for income taxes	(561)	705	1	(1)	12	8,052	-	8,208
Income From Continuing Operations	7,122	8,164	3	25	26	8,311	(16,463)	7,188
Income from discontinued operations	5,314	5,314	-	-	-	4,868	(10,182)	5,314
Net income	12,436	13,478	3	25	26	13,179	(26,645)	12,502
Less: net income attributable to noncontrolling interests	-	-	-	-	-	(66)	-	(66)
Net Income Attributable to ConocoPhillips	$ 12,436	13,478	3	25	26	13,113	(26,645)	12,436
Comprehensive Income (Loss) Attributable to ConocoPhillips	$ 10,749	11,791	3	(6)	14	11,901	(23,703)	10,749

	Millions of Dollars							
	Year Ended December 31, 2010							
Income Statement	ConocoPhillips	ConocoPhillips Company	ConocoPhillips Australia Funding Company	ConocoPhillips Canada Funding Company I	ConocoPhillips Canada Funding Company II	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Revenues and Other Income								
Sales and other operating revenues	$ -	21,531	-	-	-	34,684	-	56,215
Equity in earnings of affiliates	10,865	11,237	-	-	-	1,286	(22,012)	1,376
Gain on dispositions	-	370	-	-	-	5,193	-	5,563
Other income (loss)	1	191	-	-	(28)	17	-	181
Intercompany revenues	5	661	46	86	66	3,886	(4,750)	-
Total Revenues and Other Income	10,871	33,990	46	86	38	45,066	(26,762)	63,335
Costs and Expenses								
Purchased commodities	-	18,587	-	-	-	9,843	(3,576)	24,854
Production and operating expenses	-	1,328	-	-	-	4,923	(24)	6,227
Selling, general and administrative expenses	12	602	-	-	-	222	(27)	809
Exploration expenses	-	247	-	-	-	878	-	1,125
Depreciation, depletion and amortization	-	978	-	-	-	7,026	-	8,004
Impairments	-	-	-	-	-	81	-	81
Taxes other than income taxes	-	293	-	-	-	2,495	-	2,788
Accretion on discounted liabilities	-	41	-	-	-	368	-	409
Interest and debt expense	946	503	42	77	45	677	(1,123)	1,167
Foreign currency transaction (gains) losses	-	23	-	47	50	(124)	-	(4)
Total Costs and Expenses	958	22,602	42	124	95	26,389	(4,750)	45,460
Income (loss) from continuing operations before income taxes	9,913	11,388	4	(38)	(57)	18,677	(22,012)	17,875
Provision for income taxes	(333)	523	1	7	(6)	7,378	-	7,570
Income (Loss) From Continuing Operations	10,246	10,865	3	(45)	(51)	11,299	(22,012)	10,305
Income from discontinued operations	1,112	1,112	-	-	-	1,348	(2,460)	1,112
Net income (loss)	11,358	11,977	3	(45)	(51)	12,647	(24,472)	11,417
Less: net income attributable to noncontrolling interests	-	-	-	-	-	(59)	-	(59)
Net Income (Loss) Attributable to ConocoPhillips	$ 11,358	11,977	3	(45)	(51)	12,588	(24,472)	11,358
Comprehensive Income (Loss) Attributable to ConocoPhillips	$ 13,066	13,685	3	24	(19)	14,279	(27,972)	13,066

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	Millions of Dollars							
	At December 31, 2012							
Balance Sheet	ConocoPhillips	ConocoPhillips Company	ConocoPhillips Australia Funding Company	ConocoPhillips Canada Funding Company I	ConocoPhillips Canada Funding Company II	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Assets								
Cash and cash equivalents	$ 2	12	6	50	2	3,546	-	3,618
Restricted cash	748	-	-	-	-	-	-	748
Accounts and notes receivable	64	6,247	-	-	-	7,958	(5,087)	9,182
Inventories	-	57	-	-	-	908	-	965
Prepaid expenses and other current assets	19	847	-	1	-	8,609	-	9,476
Total Current Assets	833	7,163	6	51	2	21,021	(5,087)	23,989
Investments, loans and long-term receivables*	80,910	114,314	759	1,455	578	44,739	(217,749)	25,006
Net properties, plants and equipment	-	8,771	-	-	-	58,492	-	67,263
Intangibles	-	-	-	-	-	4	-	4
Other assets	55	216	-	2	3	606	-	882
Total Assets	$ 81,798	130,464	765	1,508	583	124,862	(222,836)	117,144
Liabilities and Stockholders' Equity								
Accounts payable	$ -	9,067	-	4	1	6,028	(5,087)	10,013
Short-term debt	(5)	4	750	-	-	206	-	955
Accrued income and other taxes	-	104	-	3	-	3,259	-	3,366
Employee benefit obligations	-	485	-	-	-	257	-	742
Other accruals	209	636	9	15	4	1,494	-	2,367
Total Current Liabilities	204	10,296	759	22	5	11,244	(5,087)	17,443
Long-term debt	9,453	5,215	-	1,250	499	4,353	-	20,770
Asset retirement obligations and accrued environmental costs	-	1,250	-	-	-	7,697	-	8,947
Joint venture acquisition obligation	-	-	-	-	-	2,810	-	2,810
Deferred income taxes	15	598	-	16	7	12,549	-	13,185
Employee benefit obligations	-	2,464	-	-	-	882	-	3,346
Other liabilities and deferred credits*	30,938	19,916	-	117	50	21,174	(69,979)	2,216
Total Liabilities	40,610	39,739	759	1,405	561	60,709	(75,066)	68,717
Retained earnings	28,815	24,041	4	(78)	(73)	30,778	(48,149)	35,338
Other common stockholders' equity	12,373	66,684	2	181	95	32,935	(99,621)	12,649
Noncontrolling interests	-	-	-	-	-	440	-	440
Total Liabilities and Stockholders' Equity	$ 81,798	130,464	765	1,508	583	124,862	(222,836)	117,144
Balance Sheet	At December 31, 2011							
Assets								
Cash and cash equivalents	$ -	2,028	1	37	1	3,713	-	5,780
Short-term investments	-	-	-	-	-	581	-	581
Accounts and notes receivable	60	9,186	-	-	-	20,898	(13,618)	16,526
Inventories	-	2,239	-	-	-	2,392	-	4,631
Prepaid expenses and other current assets	22	1,090	-	1	-	1,587	-	2,700
Total Current Assets	82	14,543	1	38	1	29,171	(13,618)	30,218
Investments, loans and long-term receivables*	96,284	135,618	760	1,417	565	59,651	(260,512)	33,783
Net properties, plants and equipment	-	19,595	-	-	-	64,585	-	84,180
Goodwill	-	3,332	-	-	-	-	-	3,332
Intangibles	-	722	-	-	-	23	-	745
Other assets	64	301	-	2	3	602	-	972
Total Assets	$ 96,430	174,111	761	1,457	569	154,032	(274,130)	153,230
Liabilities and Stockholders' Equity								
Accounts payable	$ 10	18,747	-	1	1	14,512	(13,618)	19,653
Short-term debt	892	27	-	-	-	94	-	1,013
Accrued income and other taxes	-	315	-	2	-	3,903	-	4,220
Employee benefit obligations	-	835	-	-	-	276	-	1,111
Other accruals	244	634	9	14	6	1,164	-	2,071
Total Current Liabilities	1,146	20,558	9	17	7	19,949	(13,618)	28,068
Long-term debt	10,951	3,599	749	1,250	498	4,563	-	21,610
Asset retirement obligations and accrued environmental costs	-	1,766	-	-	-	7,563	-	9,329
Joint venture acquisition obligation	-	-	-	-	-	3,582	-	3,582
Deferred income taxes	(5)	3,982	-	11	9	14,043	-	18,040
Employee benefit obligations	-	3,092	-	-	-	976	-	4,068
Other liabilities and deferred credits*	25,959	40,479	-	104	29	20,047	(83,834)	2,784
Total Liabilities	38,051	73,476	758	1,382	543	70,723	(97,452)	87,481
Retained earnings	42,550	34,921	1	(70)	(55)	29,821	(58,119)	49,049
Other common stockholders' equity	15,829	65,714	2	145	81	52,978	(118,559)	16,190
Noncontrolling interests	-	-	-	-	-	510	-	510
Total Liabilities and Stockholders' Equity	$ 96,430	174,111	761	1,457	569	154,032	(274,130)	153,230

** Includes intercompany loans.*

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Statement of Cash Flows	Millions of Dollars							
	Year Ended December 31, 2012							
	ConocoPhillips	ConocoPhillips Company	ConocoPhillips Australia Funding Company	ConocoPhillips Canada Funding Company I	ConocoPhillips Canada Funding Company II	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash Flows From Operating Activities								
Net cash provided by continuing operating activities	$ 3,947	14,992	5	13	1	7,750	(13,250)	13,458
Net cash provided by (used in) discontinued operations	-	479	-	-	-	(15)	-	464
Net Cash Provided by Operating Activities	3,947	15,471	5	13	1	7,735	(13,250)	13,922
Cash Flows From Investing Activities								
Capital expenditures and investments	(317)	(5,994)	-	-	-	(12,433)	4,572	(14,172)
Proceeds from asset dispositions	14	937	-	-	-	2,126	(945)	2,132
Net purchases of short-term investments	-	-	-	-	-	597	-	597
Long-term advances/loans—related parties	-	(85)	-	-	-	(2,920)	3,005	-
Collection of advances/loans—related parties	-	150	-	-	-	5,884	(5,920)	114
Other	-	442	-	-	-	379	-	821
Net cash used in continuing investing activities	(303)	(4,550)	-	-	-	(6,367)	712	(10,508)
Net cash provided by (used in) discontinued operations	-	(232)	-	-	-	7,213	(8,100)	(1,119)
Net Cash Provided by (Used in) Investing Activities	(303)	(4,782)	-	-	-	846	(7,388)	(11,627)
Cash Flows From Financing Activities								
Issuance of debt	-	5,033	-	-	-	69	(3,106)	1,996
Repayment of debt	(2,474)	(14,033)	-	-	-	(179)	14,121	(2,565)
Special cash distribution from Phillips 66	7,818	-	-	-	-	-	-	7,818
Change in restricted cash	(748)	-	-	-	-	-	-	(748)
Issuance of company common stock	138	-	-	-	-	-	-	138
Repurchase of company common stock	(5,098)	-	-	-	-	-	-	(5,098)
Dividends paid on common stock	(3,278)	-	-	-	-	(7,909)	7,909	(3,278)
Other	-	118	-	-	-	(1,771)	928	(725)
Net cash used in continuing financing activities	(3,642)	(8,882)	-	-	-	(9,790)	19,852	(2,462)
Net cash provided by (used in) discontinued operations	-	(3,786)	-	-	-	981	786	(2,019)
Net Cash Used in Financing Activities	(3,642)	(12,668)	-	-	-	(8,809)	20,638	(4,481)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	(37)	-	-	-	61	-	24
Net Change in Cash and Cash Equivalents	2	(2,016)	5	13	1	(167)	-	(2,162)
Cash and cash equivalents at beginning of period	-	2,028	1	37	1	3,713	-	5,780
Cash and Cash Equivalents at End of Period	$ 2	12	6	50	2	3,546	-	3,618

Statement of Cash Flows	Year Ended December 31, 2011							
Cash Flows From Operating Activities								
Net cash provided by (used in) continuing operating activities	$ 14,669	(1,805)	1	12	(7)	4,427	(3,344)	13,953
Net cash provided by (used in) discontinued operations	-	(2,359)	-	-	-	8,052	-	5,693
Net Cash Provided by (Used in) Operating Activities	14,669	(4,164)	1	12	(7)	12,479	(3,344)	19,646
Cash Flows From Investing Activities								
Capital expenditures and investments	-	(1,504)	-	-	-	(9,710)	-	(11,214)
Proceeds from asset dispositions	-	318	-	-	-	1,874	-	2,192
Net purchases of short-term investments	-	-	-	-	-	400	-	400
Long-term advances/loans—related parties	-	(916)	-	(4)	-	(4,553)	5,473	-
Collection of advances/loans—related parties	-	993	-	-	-	8,340	(9,235)	98
Other	-	6	-	-	-	44	-	50
Net cash used in continuing investing activities	-	(1,103)	-	(4)	-	(3,605)	(3,762)	(8,474)
Net cash provided by (used in) discontinued operations	-	2,376	-	-	-	(9,117)	8,200	1,459
Net Cash Provided by (Used in) Investing Activities	-	1,273	-	(4)	-	(12,722)	4,438	(7,015)
Cash Flows From Financing Activities								
Issuance of debt	-	12,758	-	-	4	827	(13,589)	-
Repayment of debt	-	(8,657)	-	-	-	(1,426)	9,149	(934)
Issuance of company common stock	96	-	-	-	-	-	-	96
Repurchase of company common stock	(11,123)	-	-	-	-	-	-	(11,123)
Dividends paid on common stock	(3,633)	-	-	-	-	(3,051)	3,052	(3,632)
Other	(9)	119	-	-	-	(794)	-	(684)
Net cash provided by (used in) continuing financing activities	(14,669)	4,220	-	-	4	(4,444)	(1,388)	(16,277)
Net cash used in discontinued operations	-	(18)	-	-	-	(304)	294	(28)
Net Cash Provided by (Used in) Financing Activities	(14,669)	4,202	-	-	4	(4,748)	(1,094)	(16,305)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	(1)	-	-	-	1	-	-
Net Change in Cash and Cash Equivalents	-	1,310	1	8	(3)	(4,990)	-	(3,674)
Cash and cash equivalents at beginning of period	-	718	-	29	4	8,703	-	9,454
Cash and Cash Equivalents at End of Period	$ -	2,028	1	37	1	3,713	-	5,780

Table of Contents

Statement of Cash Flows	Millions of Dollars							
	Year Ended December 31, 2010							
	ConocoPhillips	ConocoPhillips Company	ConocoPhillips Australia Funding Company	ConocoPhillips Canada Funding Company I	ConocoPhillips Canada Funding Company II	All Other Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash Flows From Operating Activities								
Net cash provided by (used in) continuing operating activities	$ 7,901	1,962	-	11	(3)	6,655	(2,513)	14,013
Net cash provided by discontinued operations	-	349	-	-	-	2,683	-	3,032
Net Cash Provided by (Used in) Operating Activities	7,901	2,311	-	11	(3)	9,338	(2,513)	17,045
Cash Flows From Investing Activities								
Capital expenditures and investments	-	(1,120)	-	-	-	(6,738)	323	(7,535)
Proceeds from asset dispositions	-	789	-	-	-	14,020	(99)	14,710
Net sales of short-term investments	-	-	-	-	-	(982)	-	(982)
Long-term advances/loans—related parties	-	(135)	-	-	-	(2,284)	2,301	(118)
Collection of advances/loans—related parties	-	87	-	-	384	1,379	(1,755)	95
Other	-	28	-	-	-	190	-	218
Net cash provided by (used in) continuing investing activities	-	(351)	-	-	384	5,585	770	6,388
Net cash used in discontinued operations	-	(931)	-	-	-	(792)	-	(1,723)
Net Cash Provided by (Used in) Investing Activities	-	(1,282)	-	-	384	4,793	770	4,665
Cash Flows From Financing Activities								
Issuance of debt	-	2,159	-	-	-	260	(2,301)	118
Repayment of debt	(990)	(2,642)	-	-	(378)	(3,039)	1,755	(5,294)
Issuance of company common stock	133	-	-	-	-	-	-	133
Repurchase of company common stock	(3,866)	-	-	-	-	-	-	(3,866)
Dividends paid	(3,175)	-	-	-	-	(2,666)	2,666	(3,175)
Other	(3)	52	-	-	-	(782)	27	(706)
Net cash used in continuing financing activities	(7,901)	(431)	-	-	(378)	(6,227)	2,147	(12,790)
Net cash provided by (used in) discontinued operations	-	(18)	-	-	-	240	(251)	(29)
Net Cash Used in Financing Activities	(7,901)	(449)	-	-	(378)	(5,987)	1,896	(12,819)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	16	-	-	-	5	-	21
Net Change in Cash and Cash Equivalents	-	596	-	11	3	8,149	153	8,912
Cash and cash equivalents at beginning of period	-	122	-	18	1	554	(153)	542
Cash and Cash Equivalents at End of Period	$ -	718	-	29	4	8,703	-	9,454

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports we file or submit under the Securities Exchange Act of 1934, as amended (the Act), is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. As of December 31, 2012, with the participation of our management, our Chairman and Chief Executive Officer (principal executive officer) and our Executive Vice President, Finance and Chief Financial Officer (principal financial officer) carried out an evaluation, pursuant to Rule 13a-15(b) of the Act, of ConocoPhillips' disclosure controls and procedures (as defined in Rule 13a-15(e) of the Act). Based upon that evaluation, our Chairman and Chief Executive Officer and our Executive Vice President, Finance and Chief Financial Officer concluded that our disclosure controls and procedures were operating effectively as of December 31, 2012.

There have been no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) of the Act, in the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

This report is included in Item 8 on page 72 and is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

This report is included in Item 8 on page 74 and is incorporated herein by reference.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our executive officers appears in Part I of this report on pages 28 and 29.

Code of Business Ethics and Conduct for Directors and Employees

We have a Code of Business Ethics and Conduct for Directors and Employees (Code of Ethics), including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. We have posted a copy of our Code of Ethics on the "Corporate Governance" section of our Internet Web site at *www.conocophillips.com* (within the Investor Relations>Governance section). Any waivers of the Code of Ethics must be approved, in advance, by our full Board of Directors. Any amendments to, or waivers from, the Code of Ethics that apply to our executive officers and directors will be posted on the "Corporate Governance" section of our Internet Web site.

All other information required by Item 10 of Part III will be included in our Proxy Statement relating to our 2013 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A on or before April 30, 2013, and is incorporated herein by reference.*

Item 11. EXECUTIVE COMPENSATION

Information required by Item 11 of Part III will be included in our Proxy Statement relating to our 2013 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A on or before April 30, 2013, and is incorporated herein by reference.*

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by Item 12 of Part III will be included in our Proxy Statement relating to our 2013 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A on or before April 30, 2013, and is incorporated herein by reference.*

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by Item 13 of Part III will be included in our Proxy Statement relating to our 2013 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A on or before April 30, 2013, and is incorporated herein by reference.*

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by Item 14 of Part III will be included in our Proxy Statement relating to our 2013 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A on or before April 30, 2013, and is incorporated herein by reference.*

**Except for information or data specifically incorporated herein by reference under Items 10 through 14, other information and data appearing in our 2013 Proxy Statement are not deemed to be a part of this Annual Report on Form 10-K or deemed to be filed with the Commission as a part of this report.*

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements and Supplementary Data

The financial statements and supplementary information listed in the Index to Financial Statements, which appears on page 71, are filed as part of this annual report.

2. Financial Statement Schedules

Schedule II—Valuation and Qualifying Accounts, appears below. All other schedules are omitted because they are not required, not significant, not applicable or the information is shown in another schedule, the financial statements or the notes to consolidated financial statements.

3. Exhibits

The exhibits listed in the Index to Exhibits, which appears on pages 161 through 166 are filed as part of this annual report.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS (Consolidated)

ConocoPhillips

	Millions of Dollars				
Description	Balance at January 1	Charged to Expense	Other(a)	Deductions	Balance at December 31
2012					
Deducted from asset accounts:					
Allowance for doubtful accounts and notes receivable	**$ 30**	**(4)**	**(13)**	**(3)(b)**	**10**
Deferred tax asset valuation allowance	**1,487**	**369**	**(447)**	**(64)**	**1,345**
Included in other liabilities:					
Restructuring accruals	**48**	**9**	**(5)**	**(35)(c)**	**17**
2011					
Deducted from asset accounts:					
Allowance for doubtful accounts and notes receivable	$ 32	2	—	(4)(b)	30
Deferred tax asset valuation allowance	1,400	174	(31)	(56)	1,487
Included in other liabilities:					
Restructuring accruals	105	25	(1)	(81)(c)	48
2010					
Deducted from asset accounts:					
Allowance for doubtful accounts and notes receivable	$ 76	(31)	(1)	(12)(b)	32
Deferred tax asset valuation allowance	1,540	414	(12)	(542)	1,400
Included in other liabilities:					
Restructuring accruals	73	78	1	(47)(c)	105

(a)Represents acquisitions/dispositions/revisions and the effect of translating foreign financial statements.
(b)Amounts charged off less recoveries of amounts previously charged off.
(c)Benefit payments.

CONOCOPHILLIPS

INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Separation and Distribution Agreement Between ConocoPhillips and Phillips 66, dated April 26, 2012 (incorporated by reference to Exhibit 2.1 to the Current Report of ConocoPhillips on Form 8-K filed on May 1, 2012; File No. 001-32395).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarterly period ended June 30, 2008; File No. 001-32395).
3.2	Certificate of Designations of Series A Junior Participating Preferred Stock of ConocoPhillips (incorporated by reference to Exhibit 3.2 to the Current Report of ConocoPhillips on Form 8-K filed on August 30, 2002; File No. 000-49987).
3.3	Amended and Restated By-Laws of ConocoPhillips, as amended and restated as of February 10, 2012 (incorporated by reference to Exhibit 3.1 to the Current Report of ConocoPhillips on Form 8-K filed on February 16, 2012; File No. 001-32395).
	ConocoPhillips and its subsidiaries are parties to several debt instruments under which the total amount of securities authorized does not exceed 10 percent of the total assets of ConocoPhillips and its subsidiaries on a consolidated basis. Pursuant to paragraph 4(iii)(A) of Item 601(b) of Regulation S-K, ConocoPhillips agrees to furnish a copy of such instruments to the SEC upon request.
10.1	1986 Stock Plan of Phillips Petroleum Company (incorporated by reference to Exhibit 10.11 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.2	1990 Stock Plan of Phillips Petroleum Company (incorporated by reference to Exhibit 10.12 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.3	Annual Incentive Compensation Plan of Phillips Petroleum Company (incorporated by reference to Exhibit 10.13 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.4	Incentive Compensation Plan of Phillips Petroleum Company (incorporated by reference to Exhibit 10(g) to the Annual Report of ConocoPhillips Company on Form 10-K for the year ended December 31, 1999; File No. 1-720).
10.5	Amendment and Restatement of ConocoPhillips Supplemental Executive Retirement Plan, dated April 19, 2012 (incorporated by reference to Exhibit 10.14 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).

Exhibit Number	Description
10.6	Non-Employee Director Retirement Plan of Phillips Petroleum Company (incorporated by reference to Exhibit 10.18 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.7	Omnibus Securities Plan of Phillips Petroleum Company (incorporated by reference to Exhibit 10.19 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.8	Key Employee Missed Credited Service Retirement Plan of ConocoPhillips (incorporated by reference to Exhibit 10.10 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2005; File No. 001-32395).
10.9	Phillips Petroleum Company Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.22 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.10	Amendment and Restatement of ConocoPhillips Key Employee Supplemental Retirement Plan, dated April 19, 2012 (incorporated by reference to Exhibit 10.13 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.11.1	Amendment and Restatement of Defined Contribution Make-Up Plan of ConocoPhillips—Title I, dated April 19, 2012 (incorporated by reference to Exhibit 10.11.1 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.11.2	Amendment and Restatement of Defined Contribution Make-Up Plan of ConocoPhillips—Title II, dated April 19, 2012 (incorporated by reference to Exhibit 10.11.2 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.11.3	First Amendment to the Defined Contribution Make-Up Plan of ConocoPhillips—Title II, dated October 11, 2012 (incorporated by reference to Exhibit 10.2 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended September 30, 2012; File No. 001-32395).
10.12	2002 Omnibus Securities Plan of Phillips Petroleum Company (incorporated by reference to Exhibit 10.26 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.13	Amendment and Restatement of 1998 Stock and Performance Incentive Plan of ConocoPhillips (incorporated by reference to Exhibit 10.27 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.14	Amendment and Restatement of 1998 Key Employee Stock Performance Plan of ConocoPhillips (incorporated by reference to Exhibit 10.28 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.15	Deferred Compensation Plan for Non-Employee Directors of ConocoPhillips (incorporated by reference to Exhibit 10.17 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2005; File No. 001-32395).
10.16	ConocoPhillips Form Indemnity Agreement with Directors (incorporated by reference to Exhibit 10.34 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).

Exhibit Number	Description
10.17.1	Rabbi Trust Agreement dated December 17, 1999 (incorporated by reference to Exhibit 10.11 of the Annual Report of ConocoPhillips Holding Company on Form 10-K for the year ended December 31, 1999; File No. 001-14521).
10.17.2	Amendment to Rabbi Trust Agreement dated February 25, 2002 (incorporated by reference to Exhibit 10.39.1 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2002; File No. 000-49987).
10.18.1	ConocoPhillips Directors' Charitable Gift Program (incorporated by reference to Exhibit 10.40 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2003; File No. 000-49987).
10.18.2	First and Second Amendments to the ConocoPhillips Directors' Charitable Gift Program (incorporated by reference to Exhibit 10 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarterly period ended June 30, 2008; File No. 001-32395).
10.19	ConocoPhillips Matching Gift Plan for Directors and Executives (incorporated by reference to Exhibit 10.41 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2003; File No. 000-49987).
10.20.1	Amendment and Restatement of Key Employee Deferred Compensation Plan of ConocoPhillips—Title I, dated April 19, 2012 (incorporated by reference to Exhibit 10.12.1 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.20.2	Amendment and Restatement of Key Employee Deferred Compensation Plan of ConocoPhillips—Title II, dated April 19, 2012 (incorporated by reference to Exhibit 10.12.2 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.20.3	First Amendment to the Key Employee Deferred Compensation Plan of ConocoPhillips—Title II (incorporated by reference to Exhibit 10.20.3 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2010; File No. 001-32395).
10.20.4	Second Amendment to the Key Employee Deferred Compensation Plan of ConocoPhillips—Title II (incorporated by reference to Exhibit 10.20.4 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2010; File No. 001-32395).
10.21	Amendment and Restatement of ConocoPhillips Key Employee Change in Control Severance Plan, dated October 11, 2012 (incorporated by reference to Exhibit 10.1 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended September 30, 2012; File No. 001-32395).
10.22	ConocoPhillips Executive Severance Plan (incorporated by reference to Exhibit 10.23 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2008; File No. 001-32395).
10.23.1	2004 Omnibus Stock and Performance Incentive Plan of ConocoPhillips (incorporated by reference to Appendix C of ConocoPhillips' Proxy Statement on Schedule 14A relating to the 2004 Annual Meeting of Shareholders; File No. 000-49987).
10.23.2	Form of Stock Option Award Agreement under the Stock Option and Stock Appreciation Rights Program under the 2004 Omnibus Stock and Performance Incentive Plan of ConocoPhillips (incorporated by reference to Exhibit 10.26 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2008; File No. 001-32395).

Exhibit Number	Description
10.23.3	Form of Performance Share Unit Award Agreement under the Performance Share Program under the 2004 Omnibus Stock and Performance Incentive Plan of ConocoPhillips (incorporated by reference to Exhibit 10.27 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2008; File No. 001-32395).
10.24	Omnibus Amendments to certain ConocoPhillips employee benefit plans, adopted December 7, 2007 (incorporated by reference to Exhibit 10.30 to the Annual Report of ConocoPhillips on Form 10-K for the year ended December 31, 2007; File No. 001-32395).
10.25	2009 Omnibus Stock and Performance Incentive Plan of ConocoPhillips (incorporated by reference to Appendix A of ConocoPhillips' Proxy Statement on Schedule 14A relating to the 2009 Annual Meeting of Shareholders; File No. 001-32395).
10.26.1	2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips (incorporated by reference to Appendix A of ConocoPhillips' Proxy Statement on Schedule 14A relating to the 2011 Annual Meeting of Shareholders; File No. 001-32395).
10.26.2	Form of Stock Option Award Agreement under the Stock Option and Stock Appreciation Rights Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, effective February 9, 2012 (incorporated by reference to Exhibit 10 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended March 31, 2012; File No. 001-32395).
10.26.3	Form of Restricted Stock Units Agreement under the Restricted Stock Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, effective April 4, 2012 (incorporated by reference to Exhibit 10.6 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.26.4	Form of Restricted Stock Award Agreement under the Restricted Stock Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, effective May 8, 2012 (incorporated by reference to Exhibit 10.7 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.26.5*	Form of Restricted Stock Award Agreement under the Restricted Stock Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, dated September 18, 2012.
10.26.6*	Form of Performance Share Unit Agreement under the Restricted Stock Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, dated February 5, 2013.
10.26.7*	Form of Performance Share Unit Agreement—Canada under the Restricted Stock Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, dated February 5, 2013.
10.26.8*	Form of Restricted Stock Award Agreement under the Restricted Stock Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, dated February 5, 2013.
10.26.9*	Form of Stock Option Award Agreement under the Stock Option and Stock Appreciation Rights Program under the 2011 Omnibus Stock and Performance Incentive Plan of ConocoPhillips, dated February 5, 2013.
10.27	Amendment and Restatement of Annex to Nonqualified Deferred Compensation Arrangements of ConocoPhillips, dated April 19, 2012 (incorporated by reference to Exhibit 10.8 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).

Exhibit Number	Description
10.28	Amendment, Change of Sponsorship, and Restatement of Certain Nonqualified Deferred Compensation Plans of ConocoPhillips, dated April 19, 2012 (incorporated by reference to Exhibit 10.10 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.29	Amendment and Restatement of the Burlington Resources Inc. Management Supplemental Benefits Plan, dated April 19, 2012 (incorporated by reference to Exhibit 10.9 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended June 30, 2012; File No. 001-32395).
10.30	Indemnification and Release Agreement between ConocoPhillips and Phillips 66, dated April 26, 2012 (incorporated by reference to Exhibit 10.1 to the Current Report of ConocoPhillips on Form 8-K filed on May 1, 2012; File No. 001-32395).
10.31	Intellectual Property Assignment and License Agreement between ConocoPhillips and Phillips 66, dated April 26, 2012 (incorporated by reference to Exhibit 10.2 to the Current Report of ConocoPhillips on Form 8-K filed on May 1, 2012; File No. 001-32395).
10.32	Tax Sharing Agreement between ConocoPhillips and Phillips 66, dated April 26, 2012 (incorporated by reference to Exhibit 10.3 to the Current Report of ConocoPhillips on Form 8-K filed on May 1, 2012; File No. 001-32395).
10.33	Employee Matters Agreement between ConocoPhillips and Phillips 66, dated April 12, 2012 (incorporated by reference to Exhibit 10.4 to the Current Report of ConocoPhillips on Form 8-K filed on May 1, 2012; File No. 001-32395).
10.34	Transition Services Agreement between ConocoPhillips and Phillips 66, dated April 26, 2012 (incorporated by reference to Exhibit 10.5 to the Current Report of ConocoPhillips on Form 8-K filed on May 1, 2012; File No. 001-32395).
10.35	ConocoPhillips Clawback Policy dated October 3, 2012 (incorporated by reference to Exhibit 10.3 to the Quarterly Report of ConocoPhillips on Form 10-Q for the quarter ended September 30, 2012; File No. 001-32395).
12*	Computation of Ratio of Earnings to Fixed Charges.
21*	List of Subsidiaries of ConocoPhillips.
23.1*	Consent of Ernst & Young LLP.
23.2*	Consent of DeGolyer and MacNaughton.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32*	Certifications pursuant to 18 U.S.C. Section 1350.
99*	Report of DeGolyer and MacNaughton.

Exhibit Number	Description
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Schema Document.
101.CAL*	XBRL Calculation Linkbase Document.
101.DEF*	XBRL Definition Linkbase Document.
101.LAB*	XBRL Labels Linkbase Document.
101.PRE*	XBRL Presentation Linkbase Document.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONOCOPHILLIPS

February 19, 2013

/s/ Ryan M. Lance
Ryan M. Lance
Chairman of the Board of Directors
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed, as of February 19, 2013, on behalf of the registrant by the following officers in the capacity indicated and by a majority of directors.

Signature	Title
/s/ Ryan M. Lance Ryan M. Lance	Chairman of the Board of Directors and Chief Executive Officer (Principal executive officer)
/s/ Jeff W. Sheets Jeff W. Sheets	Executive Vice President, Finance and Chief Financial Officer (Principal financial officer)
/s/ Glenda M. Schwarz Glenda M. Schwarz	Vice President and Controller (Principal accounting officer)

/s/ Richard L. Armitage Richard L. Armitage	Director
/s/ Richard H. Auchinleck Richard H. Auchinleck	Director
/s/ James E. Copeland, Jr. James E. Copeland, Jr.	Director
/s/ Jody L. Freeman Jody L. Freeman	Director
/s/ Mohd H. Marican Mohd H. Marican	Director
/s/ Robert A. Niblock Robert A. Niblock	Director
/s/ Harald J. Norvik Harald J. Norvik	Director
/s/ William K. Reilly William K. Reilly	Director
/s/ William E. Wade, Jr. William E. Wade, Jr.	Director