

ConocoPhillips (NYSE: COP) today announced an update to its first-quarter 2017 earnings. The update is the result of a subsequent filing and information from the operator of Shenandoah, disclosing its decision to impair the carrying value of Shenandoah in the Gulf of Mexico. As a result of this disclosure, ConocoPhillips does not believe Shenandoah is making sufficient progress and has recorded additional pre-tax dry hole expense of \$242 million in the first quarter. The company has also recorded a pre-tax expense of \$51 million for leasehold impairment, which has been recorded as a special item. Following this impairment, the company has no remaining material exposure related to its previously announced exit from deepwater exploration.

Revised first-quarter 2017 earnings were \$0.6 billion, or \$0.47 per share, compared with a first-quarter 2016 loss of \$1.5 billion, or (\$1.18) per share. Excluding special items, first-quarter 2017 adjusted earnings were a loss of \$0.2 billion, or (\$0.14) per share, compared with a first-quarter 2016 adjusted loss of \$1.2 billion, or (\$0.95) per share. Special items for the current quarter were primarily driven by a financial tax accounting benefit related to the previously announced Canadian disposition, partially offset by non-cash impairments in Alaska and the Gulf of Mexico.

The company is also revising full-year guidance for dry hole expense to \$400 million, which results in adjusted dry hole and leasehold impairment expense of \$450 million. The company's updated first-quarter supplemental information is available at www.conocophillips.com/investor.

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About ConocoPhillips

ConocoPhillips is the world's largest independent E&P company based on production and proved reserves. Headquartered in Houston, Texas, ConocoPhillips had operations and activities in 17 countries, \$88 billion of total assets, and approximately 13,100 employees as of March 31, 2017. Production excluding Libya averaged 1,584 MBOED for the three months ended March 31, 2017, and proved reserves were 6.4 billion BOE as of Dec. 31, 2016. For more information, go to www.conocophillips.com.

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

This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words. However, the absence of these words does not mean that the statements are not forward-looking. Where, in any forward-looking statement, the company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that such expectation or belief will result or be achieved. The actual results of operations can and will be affected by a variety of risks and other matters including, but not limited to our ability to changes in commodity prices; changes in expected levels of oil and gas reserves or production; operating hazards, drilling risks, unsuccessful exploratory activities; difficulties in developing new products and manufacturing processes; unexpected cost increases; international monetary conditions; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; and general domestic and international economic and political conditions; as well as changes in tax, environmental and other laws applicable to our business. Other factors that could cause actual results to differ materially from those described in the forward-looking statements include other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission. Unless legally required, ConocoPhillips undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Information ‐ To supplement the presentation of the Company's financial results prepared in accordance with U.S. generally accepted accounting principles (GAAP), this news release and the accompanying supplemental financial information contain certain financial measures that are not prepared in accordance with GAAP, including adjusted earnings (calculated on a consolidated and on a segment-level basis), adjusted earnings per share, dry hole and leasehold impairment expense, and adjusted dry hole and leasehold impairment expense.

The Company believes that the non-GAAP measures adjusted earnings (both on an aggregate and a per share basis), dry hole and leasehold impairment expense, and adjusted dry hole and leasehold impairment expense are useful to investors to help facilitate comparisons of the Company's operating performance and controllable costs associated with the Company's core business operations across periods on a consistent basis and with the performance and cost structures of peer companies in a manner that, when viewed in combination with the Company's results prepared in accordance with GAAP, provides a more complete understanding of the factors and trends affecting the Company's business and performance. The Company further believes that the non-GAAP measures dry hole and leasehold impairment expense and adjusted dry hole and leasehold impairment expense, provide a more indicative measure of the Company's underlying,

controllable costs of operations by excluding other items that do not directly relate to the Company's core business operations. The Company's Board of Directors and management also use these non-GAAP measures to analyze the Company's operating performance across periods when overseeing and managing the Company's business.

Each of the non-GAAP measures included in this news release and the accompanying supplemental financial information has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of the Company's results calculated in accordance with GAAP. In addition, because not all companies use identical calculations, the Company's presentation of non-GAAP measures in this news release and the accompanying supplemental financial information may not be comparable to similarly titled measures disclosed by other companies, including companies in our industry. The Company may also change the calculation of any of the non-GAAP measures included in this news release and the accompanying supplemental financial information from time to time in light of its then existing operations to include other adjustments that may impact its operations.

Reconciliations of each non-GAAP measure presented in this news release to the most directly comparable financial measure calculated in accordance with GAAP are included below.

References in the release to earnings refer to net income/(loss) attributable to ConocoPhillips.

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Reconciliation of earnings to adjusted earnings

\$ Millions, Except as Indicated

	1Q17				1Q16			
	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)	Pre-tax	Income tax	After-tax	Per share of common stock (dollars)
Earnings			\$ 586	0.47			(1,469)	(1.18)
Adjustments:								
Impairments	225	(82)	143	0.12	385	(153)	232	0.18
Pension settlement expense	60	(17)	43	0.03	83	(25)	58	0.05
Restructuring	27	(8)	19	0.02	-	-	-	-
Tax adjustment related to Canadian disposition	-	(996)	(996)	(0.80)	-	-	-	-
Rig termination	43	(15)	28	0.02	-	-	-	-
Adjusted earnings / (loss)			\$ (177)	(0.14)			(1,179)	(0.95)

The income tax effects of the special items are primarily calculated based on the statutory rate of the jurisdiction in which the discrete item resides.

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Reconciliation of dry hole and leasehold impairment

\$ Millions, Except as Indicated

	1Q17	FY 2017 Guidance
Dry holes	343	400
Leasehold impairment	63	100
Dry hole and leasehold impairment	406	500
Adjustment to exclude special items		
Less impairments	(51)	(51)
Adjusted dry hole and leasehold impairment	355	~450

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