

ConocoPhillips Provides Preliminary First-Quarter 2021 Operational and Financial Update; Reaffirms Full-Year 2021 Capital of \$5.5 Billion and Production of 1.5 Million Barrels of Oil Equivalent per Day; Provides Additional 2021 Guidance

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ConocoPhillips (NYSE: COP) today provided information regarding preliminary first-quarter 2021 operational and financial updates as well as certain full-year 2021 guidance items. The information discussed herein reflects the combined company following the close of the Concho transaction in January. Final first-quarter results will be reported on May 4.

First-Quarter Production

The company expects to report first-quarter 2021 production volumes of 1,470 to 1,490 thousand barrels of oil equivalent per day (MBOED). This estimate includes approximately 50 MBOED of unplanned weather impacts experienced throughout the Lower 48 as a result of Winter Storm Uri. Production in the Lower 48 was fully restored in March.

Preliminary production estimates by area and product for the first quarter of 2021 are shown below:

1Q 2021 Production Midpoint Estimate

	Total (MBOED)	Crude Oil (MBD)	NGL (MBD)	Bitumen (MBD)	Natural Gas (MMCFD)
Consolidated Operations					
Alaska	205	190	14	-	5
Lower 48	710	410	80	-	1,320
Canada	100	10	5	70	90
Norway	135	80	5	-	300
China	30	30	-	-	-
Indonesia	55	2	-	-	320
Malaysia	45	35	-	-	60
Equity Affiliates	200	15	5	-	1,080
Total Excluding Libya	1,470-1,490	772	109	70	3,175

Note: Libya production for 1Q 2021 is estimated to be 40 MBOED.

First-Quarter Realized Pricing and Commercial Activity

Total average realized prices are expected to be \$43 to \$45 per barrel of oil equivalent (BOE) for the first quarter of 2021. These estimates reflect prices received under existing contract terms as well as normal pricing variability due to timing and local differentials, but exclude the effects of commodity derivatives. Preliminary estimates of average realized prices by area and product for the first quarter of 2021 are shown below:

1Q 2021 Average Realized Price Midpoint Estimate

	Crude Oil (\$/BBL)	NGL (\$/BBL)	Bitumen (\$/BBL)	Natural Gas (\$/MCF)
Consolidated Operations				
Alaska	59	-	-	2.20
Lower 48	56	24	-	3.80
Canada	46	20	31	2.40
Norway	57	39	-	6.20
Libya	60	-	-	2.90
China	58	-	-	-
Indonesia	51	-	-	6.90
Malaysia	63	-	-	2.60
Equity Affiliates	60	49	-	2.80
Total	56 - 58	26 - 27	30 - 32	4.30 - 4.50

Note 1: The estimated total realized price represents the company's weighted average price for 1Q 2021.

Note 2: Existing contracts assumed as part of the Concho acquisition are based on 2 stream recognition.

In addition, the company expects to record before-tax earnings of approximately \$0.1 billion related to commercial performance in the first quarter.

Concho-Related Unusual Items

The company expects to report first-quarter transaction and restructuring related expenses associated with the Concho acquisition of approximately \$0.3 billion before tax, which will be treated as a special item when reporting non-GAAP adjusted earnings. Table 1 at the end of this news release provides additional information on projected first-quarter and full-year 2021 adjusted operating costs.

In addition, the company expects to incur losses of approximately \$0.3 billion before tax from commodity hedging positions. This includes losses of approximately \$0.1 billion before tax related to positions for which the company accelerated settlement into the first quarter that will be treated as a special item when reporting non-GAAP adjusted earnings. As of the end of the quarter, the company had settled all oil and gas hedging positions acquired from Concho.

Excluding working capital, the expected total impact to cash from operations from the transaction and restructuring expenses in combination with the hedging impacts is a reduction of approximately \$1.0 billion. This includes approximately \$0.8 billion related to settling all oil and gas positions acquired from Concho, of which approximately \$0.5 billion in net liability was recorded on the acquisition close date of Jan. 15.

See the table below for a summary of the estimated financial statement impacts associated with the items

mentioned above.

Estimated 1Q 2021 Impacts from Concho Unusual Items - \$ Billion

	Earnings Impact (Before Tax)	Cash from Operations ex WC
Transaction & Restructuring Expenses*	(0.3)	(0.3)
Settlement of Q1 2021 Hedges	(0.2)	(0.2)
Accelerated Settlement of Concho Hedging Program**	(0.1)	(0.6)
Total	~(0.6)	~(1.0)

* To be treated as a special item when reporting non-GAAP adjusted earnings.

** To be treated as a special item when reporting non-GAAP adjusted earnings; cash from operations reflects the impacts of settling oil and gas hedging positions acquired from Concho, inclusive of approximately \$0.5 billion net liability at Jan 15.

First-Quarter and Full-Year Guidance

In addition to the updates above, the company is providing the following guidance estimates for first-quarter and full-year 2021:

	1Q 2021	Full-Year 2021
Adjusted Operating Costs	\$1,495 - 1,565 million	\$6.2 billion
DD&A	\$1,840 - 1,910 million	\$7.4 billion
Adjusted Corporate Segment Net Loss	\$225 - 275 million	\$1.0 billion
Capital Expenditures	\$1,210 - 1,290 million	\$5.5 billion
Production Excluding Libya	1.47 - 1.49 MMBOED	1.5 MMBOED

All updates and estimates provided were calculated using actual results for January and February along with forecasts for the remaining periods. ConocoPhillips will announce first-quarter 2021 operational and financial results on May 4 and host a conference call on that date at 12:00 p.m. Eastern time.

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About ConocoPhillips

Headquartered in Houston, Texas, ConocoPhillips had operations and activities in 15 countries, \$63 billion of total assets, and approximately 9,700 employees at Dec. 31, 2020. Production excluding Libya averaged 1,118 MBOED for 2020, and proved reserves were 4.5 BBOE as of Dec. 31, 2020. 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 as defined under the federal securities laws. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. Words and phrases such as "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 other

similar words can be used to identify forward-looking statements. 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 be reasonable at the time such forward-looking statement is made. However, these statements are not guarantees of future performance and involve certain risks, uncertainties and other factors beyond our control. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in the forward-looking statements. Factors that could cause actual results or events to differ materially from what is presented include any adjustments to our results of operations recognized as part of our regular process for producing and reviewing our financial statements for completed periods; the impact of public health crises, including pandemics (such as COVID-19) and epidemics and any related company or government policies or actions; global and regional changes in the demand, supply, prices, differentials or other market conditions affecting oil and gas, including changes resulting from a public health crisis or from the imposition or lifting of crude oil production quotas or other actions that might be imposed by OPEC and other producing countries and the resulting company or third-party actions in response to such changes; changes in commodity prices, including a prolonged decline in these prices relative to historical or future expected levels; changes in expected levels of oil and gas reserves or production; potential failures or delays in achieving expected reserve or production levels from existing and future oil and gas developments, including due to operating hazards, drilling risks or unsuccessful exploratory activities; unexpected cost increases or technical difficulties in constructing, maintaining or modifying company facilities; legislative and regulatory initiatives addressing global climate change or other environmental concerns; investment in and development of competing or alternative energy sources; disruptions or interruptions impacting the transportation for our oil and gas production; international monetary conditions and exchange rate fluctuations; changes in international trade relationships, including the imposition of trade restrictions or tariffs on any materials or products (such as aluminum and steel) used in the operation of our business; our ability to collect payments when due under our settlement agreement with PDVSA; our ability to collect payments from the government of Venezuela as ordered by the ICSID; our ability to liquidate the common stock issued to us by [Cenovus Energy Inc.](#) at prices we deem acceptable, or at all; our ability to complete our announced or any future dispositions or acquisitions on time, if at all; the possibility that regulatory approvals for our announced or any future dispositions or acquisitions will not be received on a timely basis, if at all, or that such approvals may require modification to the terms of the transactions or our remaining business; business disruptions during or following our announced or any future dispositions or acquisitions, including the diversion of management time and attention; the ability to deploy net proceeds from our announced or any future dispositions in the manner and timeframe we anticipate, if at all; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation, including litigation related to our transaction with [Concho Resources Inc.](#) (Concho); the impact of competition and consolidation in the oil and gas industry; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; general domestic and international economic and political conditions; the ability to successfully integrate the operations of Concho with our operations and achieve the anticipated benefits from the transaction; unanticipated difficulties or expenditures relating to the Concho transaction; changes in fiscal regime or tax, environmental and other laws applicable to our business; and disruptions resulting from extraordinary weather events, civil unrest, war, terrorism or a cyber attack; and 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 expressly disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary Note to U.S. Investors - The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We may use the term "resource" in this news release that the SEC's guidelines prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the oil and gas disclosures in our Form 10-K and other reports and filings with the SEC. Copies are available from the SEC and from the ConocoPhillips website.

Use of Non-GAAP Financial Information - To supplement the presentation of the company's preliminary first quarter 2021 operational and financial update this news release may contain or describe certain financial measures that are not prepared in accordance with GAAP, including adjusted earnings, adjusted operating costs, adjusted corporate segment net loss and cash from operations (CFO).

The company believes that the non-GAAP measures adjusted earnings, adjusted operating costs and adjusted corporate segment net loss are useful to investors to help facilitate comparisons of the company's operating performance associated with the company's core business operations across periods on a consistent basis and with the performance and cost structures of peer companies by excluding special items that do not directly relate to the company's core business operations, or are of an unusual and non-recurring nature. The company further believes that the non-GAAP measure CFO is useful to investors to help understand changes in cash provided by operating activities excluding the timing effects associated with

operating working capital changes across periods on a consistent basis and with the performance of peer companies. Adjusted earnings is defined as net income (loss) attributable to ConocoPhillips adjusted for the impact of special items that do not directly relate to the company's core business operations, or are of an unusual and non-recurring nature. Operating costs is defined by the company as the sum of production and operating expenses, selling, general and administrative expenses, exploration general and administrative expenses, geological and geophysical, lease rentals and other exploration expenses. Adjusted operating costs is defined as the company's operating costs further adjusted to exclude expenses that do not directly relate to the company's core business operations and are included as adjustments to arrive at adjusted earnings to the extent those adjustments impact operating costs. Adjusted corporate segment net loss is defined as corporate and other segment earnings adjusted for special items. CFO is defined as cash provided by operating activities, excluding the impact of changes in operating working capital. The company believes that the above-mentioned non-GAAP measures, 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'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 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 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 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 in the release.

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Table 1: Reconciliation of production and operating expenses to adjusted operating costs

\$ millions, except as indicated

	1Q21 Guidance	2021 FY Guidance
Production and operating expenses	~1,410	~5,625
Adjustments:		
Selling, general and administrative (G&A) expenses	~295	~600
Exploration G&A, G&G and lease rentals	~90	~300
Operating costs	~1,795	~6,525
Adjustments to exclude special items:		
Transaction and restructuring expenses	~(265)	~(325)
Adjusted operating costs	~1,530	~6,200

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Table 2: Reconciliation of adjusted corporate segment net expense

\$ millions, except as indicated

	1Q21 Guidance	2021 FY Guidance
Corporate and Other earnings	~(100)	~(860)
Adjustments to exclude special items:		
Less unrealized loss (gain) on CVE share	~(285)	~(285)
Less unrealized loss (gain) on FX derivative	~5	~5
Less transaction and restructuring expenses*	~75	~90
Less deferred tax adjustment	~75	~75
Less tax on special items	~(20)	~(25)
Adjusted corporate segment net expense	~(250)	~(1,000)

*Represents the estimated amount of transaction and restructuring expenses to be recorded in the Corporate segment. This amount is included in the transaction and restructuring expense figures of \$265 million for 1Q21 and \$325 million for 2021 FY included in the total company Table 1 above.

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