

Definitions



Non-GAAP Measures

Cash from operations (CFO) is calculated by removing the impact from operating working capital from cash provided by operating activities. The company believes that the non-GAAP measure cash from operations is useful to investors to help understand changes in cash provided by operating activities excluding the impact of working capital changes across periods on a consistent basis and with the performance 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. Additionally, when the company estimates CFO based on sensitivities, it assumes no operating working capital changes, and therefore CFO equals cash provided by operating activities.

Free cash flow is defined as cash from operations net of capital expenditures and investments. The company believes free cash flow is useful to investors in understanding how existing cash from operations is utilized as a source for sustaining our current capital plan and future development growth. Free cash flow is not a measure of cash available for discretionary expenditures since the company has certain non-discretionary obligations such as debt service that are not deducted from the measure.

Net debt includes total balance sheet debt less cash, cash equivalents and short-term investments. The company believes this non-GAAP measure is useful to investors as it provides a measure to compare debt less cash, cash equivalents and short-term investments across periods on a consistent basis.

Reinvestment rate defined as total capital expenditures divided by cash from operations. Cash from operations is a non-GAAP measure defined in this Appendix. The company believes reinvestment rate is useful to investors in understanding the execution of the company's disciplined and returns-focused capital allocation strategy.

Return on capital employed (ROCE) is a measure of the profitability of the company's capital employed in its business operations compared with that of its peers. The company calculates ROCE as a ratio, the numerator of which is net income, and the denominator of which is average total equity plus average total debt. The net income is adjusted for after-tax interest expense, for the purposes of measuring efficiency of debt capital used in operations; net income is also adjusted for non-operational or special items impacts to allow for comparability in the long-term view across periods. The company believes ROCE is a good indicator of long-term company and management performance as it relates to capital efficiency, both absolute and relative to the company's primary peer group.

Definitions



Other Terms

Cost of Supply is the WTI equivalent price that generates a 10% after-tax return on a point-forward and fully burdened basis. Fully burdened includes capital infrastructure, foreign exchange, price-related inflation, G&A and carbon tax (if currently assessed). If no carbon tax exists for the asset, carbon pricing aligned with internal energy scenarios are applied. All barrels of resource in the Cost of Supply calculation are discounted at 10%.

Distributions is defined as the total of the ordinary dividend, share repurchases and variable return of cash (VROC). Also referred to as return of capital.

Free cash flow breakeven is the WTI price at which cash from operations equals capital expenditures and investments. Also referred to as capital breakeven. Cash from operations is a non-GAAP measure defined in this Appendix.

Leverage ratio refers to net debt divided by cash from operations. Net debt and cash from operations are non-GAAP measures defined in this Appendix.

Optimized Cascade® Process is a ConocoPhillips proprietary licensed process for technology to liquefy natural gas. More information can be found at <http://lnglicensing.conocophillips.com/what-we-do/lng-technology/optimized-cascade-process>.

Reserve replacement is defined by the Company as a ratio representing the change in proved reserves, net of production, divided by current year production. The Company believes that reserve replacement is useful to investors to help understand how changes in proved reserves, net of production, compare with the Company's current year production, inclusive of acquisitions and dispositions.

Resources: The company estimates its total resources based on the Petroleum Resources Management System (PRMS), a system developed by industry that classifies recoverable hydrocarbons into commercial and sub-commercial to reflect their status at the time of reporting. Proved, probable and possible reserves are classified as commercial, while remaining resources are categorized as sub-commercial or contingent. The company's resource estimate includes volumes associated with both commercial and contingent categories. The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. 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.

Resource life is calculated as total resource under \$40 Cost of Supply divided by 2022 production.

Return of capital is defined as the total of the ordinary dividend, share repurchases and variable return of cash (VROC). Also referred to as distributions.