NEW EXPECTATIONS

Jim Mulva, Chairman & CEO
Phillips Petroleum Company
Last Six Months

- September 11 incident
- Enron
- Recession
- Middle East situation

Business Environment

- Commodity price volatility
- Recovering economy
- OPEC developments
- Focus on quality of earnings
- Continuing consolidation
Phillips’ Operating Performance

- Operated well
  - OPEC-related production cutbacks
  - Margin-induced cutbacks in refining

- Falling oil and gas prices — improved outlook
  - OPEC’s decision to keep production steady
  - Declining inventories

- First quarter downstream margins among lowest in a decade

- Chemical margins at cyclical lows

Oil Prices

Source: Platts
Low Refining and Marketing Margins
4Q 2001 – 1Q 2002

![Bar chart showing refining and marketing margins from 4Q 2001 to 1Q 2002.](chart.png)

Source: Platts / company estimates

Phillips Objectives

- Position all business lines to compete and grow profitably
- Enhance integration
- Improve portfolio balance
- Grow E&P
- Increase shareholder value

- **Tosco Acquisition**
  - Announced Feb 01 — Closed Sep 01
- **ARCO Alaska Acquisition**
  - Announced Mar 00 — Closed Apr 00
- **Chevron Phillips Chemical JV**
  - Announced Feb 00 — Closed Jul 00
- **Duke Energy Field Services JV**
  - Announced Dec 99 — Closed Mar 00
- **Strategy Presented to Investors**
  - Sep 99

Integration of Past M&A Activities

- **DEFS**
  - Fully integrated
- **Alaska**
  - Fully integrated
- **CP Chem**
  - Fully integrated
- **Tosco**
  - Fully integrated late 2002

Timeline:
- March 2000
- April 2000
- July 2000
- September 2001
### Top Publicly Traded Petroleum Companies

#### January 1998 Market Capitalization (Billion Dollars)

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
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<tbody>
<tr>
<td>Royal Dutch/Shell</td>
<td>$188.7</td>
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<tr>
<td>Exxon</td>
<td>152.0</td>
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<tr>
<td>BP</td>
<td>75.0</td>
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<tr>
<td>Mobil</td>
<td>56.9</td>
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<tr>
<td>Chevron</td>
<td>50.3</td>
</tr>
<tr>
<td>ENI</td>
<td>45.6</td>
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<tr>
<td>Amoco</td>
<td>42.3</td>
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<tr>
<td>Elf</td>
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<tr>
<td>BHP</td>
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<tr>
<td>Texaco</td>
<td>28.7</td>
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<tr>
<td>TOTAL</td>
<td>27.0</td>
</tr>
<tr>
<td>ARCO</td>
<td>25.8</td>
</tr>
<tr>
<td>BG</td>
<td>18.8</td>
</tr>
<tr>
<td>Conoco (@ Oct 98)</td>
<td>15.5</td>
</tr>
<tr>
<td>Phillips</td>
<td>12.8</td>
</tr>
<tr>
<td>Repsol</td>
<td>12.8</td>
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#### March 2002 Market Capitalization (Billion Dollars)

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
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<tbody>
<tr>
<td>ExxonMobil</td>
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<tr>
<td>BP</td>
<td>196.3</td>
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<tr>
<td>Royal Dutch/Shell</td>
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<tr>
<td>Total Fina Elf</td>
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<tr>
<td>ChevronTexaco</td>
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<tr>
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<tr>
<td>ConocoPhillips</td>
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<tr>
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<td>BG</td>
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<tr>
<td>Repsol</td>
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</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
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</thead>
<tbody>
<tr>
<td>Norsk Hydro</td>
<td>12.8</td>
</tr>
<tr>
<td>Enron</td>
<td>11.7</td>
</tr>
<tr>
<td>Marathon</td>
<td>9.7</td>
</tr>
<tr>
<td>Occidental</td>
<td>9.7</td>
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<tr>
<td>Unocal</td>
<td>9.6</td>
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<tr>
<td>Petrofina</td>
<td>8.6</td>
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<tr>
<td>Burlington</td>
<td>7.9</td>
</tr>
<tr>
<td>PetroCanada</td>
<td>7.0</td>
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<tr>
<td>Coastal</td>
<td>6.6</td>
</tr>
<tr>
<td>UPR</td>
<td>6.2</td>
</tr>
<tr>
<td>PanCanadian</td>
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<tr>
<td>Suncor</td>
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<td>Amerada Hess</td>
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<td>Talisman</td>
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<tr>
<td>Enterprise</td>
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<table>
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<tr>
<th>Company</th>
<th>Market Capitalization</th>
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<tr>
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<tr>
<td>Anadarko</td>
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<td>Vastar</td>
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<tr>
<td>Gulf Canada</td>
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<tr>
<td>Renaissance</td>
<td>3.4</td>
</tr>
<tr>
<td>Enron O&amp;G</td>
<td>3.3</td>
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<tr>
<td>Apache</td>
<td>3.2</td>
</tr>
<tr>
<td>AEC</td>
<td>3.1</td>
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<tr>
<td>Cdn Oxy</td>
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<td>Norcen</td>
<td>3.1</td>
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<tr>
<td>Cdn Natural</td>
<td>3.0</td>
</tr>
<tr>
<td>Pioneer</td>
<td>2.9</td>
</tr>
<tr>
<td>Oryx</td>
<td>2.7</td>
</tr>
<tr>
<td>Noble</td>
<td>2.0</td>
</tr>
<tr>
<td>UTP</td>
<td>1.8</td>
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</tbody>
</table>
Phillips Transformation to ConocoPhillips

ConocoPhillips Merger
Announced Nov 01 — Exp. Close 2nd Half 02

Tosco Acquisition
Announced Feb 01 — Closed Sep 01

ARCO Alaska Acquisition
Announced Mar 00 — Closed Apr 00

Chevron Phillips Chemical JV
Announced Feb 00 — Closed Jul 00

Duke Energy Field Services JV
Announced Dec 99 — Closed Mar 00

Strategy Presented to Investors
Sep 99

A New Integrated Major

- Complementary portfolio of legacy E&P assets
- Global presence in refining and marketing
- Strong management team
- Combination of two technology leaders
- Essential capabilities
  - Skilled work force
  - Relationships
  - Financial strength
Management Team

Jim Mulva
President & CEO

- Rob McKee
  Exec. Vice President
  Upstream
- Jim Nokes
  Exec. Vice President
  Downstream
- John Carrig
  Exec. Vice President
  CFO
- John Lowe
  Exec. Vice President
  Planning / Strategy
- Phil Frederickson
  Exec. Vice President
  Commercial
- Rick Harrington
  Senior Vice President
  General Counsel
- Gene Batchelder
  Senior Vice President
  CIO
- Tom Knudson
  Senior Vice President
  Government & Communications
- Joseph High
  Vice President
  Human Resources
- Bob Ridge
  Vice President
  Safety, Health & Environment

Key Milestones

- Announcement
  November 2001
- SEC / FTC filing
  December 2001
- Shareholder proxy mailing
  February 2002
- Shareholder approvals
  March 2002
- CEO direct reports
  March 2002
- Second level reports
  April 2002
- Remaining managerial reports
  June 2002
- Regulatory approvals
  2nd half 2002
- Expected closing
  2nd half 2002
Shareholder Value Creation

- Smooth integration / capture synergies
- Operating excellence
- Execution of growth strategy
- Capital and financial discipline
- Leverage technology / people / relationships
- Accountability

Improve ROCE

ConocoPhillips E&P Portfolio

North America
- Reserves: 4.4 BBOE
- Production: 861 MBOED

North Sea
- Reserves: 1.9 BBOE
- Production: 510 MBOED

Venezuela
- Reserves: 1.4 BBOE
- Production: 56 MBOED

Asia
- Reserves: 0.7 BBOE
- Production: 71 MBOED

Year end 2001 pro forma company estimates
ConocoPhillips Reserves

Year end 2001 Pro Forma company estimates except RD, TOT and Eni (year end 2000).
* Includes proven Canadian Syncrude reserves of 280 MMBOE.

ConocoPhillips Production

Year end 2001 Pro Forma company estimates except RD, TOT and Eni (year end 2000).
* Pro Forma – based on projected 2002 production.
Upstream Organization

Rob McKee
Executive Vice President

Alaska  Canada  U.S. Lower 48 & Latin America  Europe, Russia & Caspian

Middle East & Africa  Asia  Exploration  Business Development

Upstream Strategy

- Smooth integration
- Capture synergies
- Operate safely and consistently
- Reduce unit operating costs
- Execute organic growth
- Optimize use of technology
- Grow to 65 percent of portfolio

Drilling in Bohai Bay, China
Diversified Legacy Positions

Investments over $1 Billion

Refining and Marketing

United States
14 Refineries – 2,227 MBPD
17,000 Branded outlets

International
6 Refineries – 441 MBPD
2,960 outlets in 15 countries
Refining Capacity

United States (MBPD)

- COC/P: 1,040
- XOM: 1,540
- VLO: 1,580
- RD: 1,690
- BP: 1,690
- CVX: 2,227

Worldwide (MBPD)

- XOM: 4,230
- RD: 2,850
- CVX: 2,790
- BP: 2,668
- COC/P: 2,540
- TOT: 5,580

2001 Pro Forma company estimates

Downstream Organization

Jim Nokes
Executive Vice President

- Refining
- Wholesale Marketing
- Retail Marketing
- Transportation
- International Europe/Asia
- Specialty Businesses
- Business Development
- Technology
**Downstream Strategy**

- Smooth integration
- Capture synergies
- Achieve operating excellence
- Improve ROCE
- Rationalize assets
- Leverage technology

**Commercial**

- Supply chain optimization
- Opportunistic trading around assets
- Global coordination in supply/product groups
- Commodity risk management
- Financial integration with business units
Commercial Organization

Phil Frederickson
Executive Vice President

Supply/Trading Americas
Supply/Trading Europe
Supply/Trading Far East
Natural Gas/Power North America
Natural Gas Liquids
Commercial Integration & Finance
Commodity Risk Management

Integration - JV’s

DEFS - 30%
- Achieved $70 MM in synergies
- Remain top NGL producer
- Participate in consolidation
- Improve ROCE

CPChem – 50%
- Achieved $200MM in synergies
- Capture additional synergies
- Maintain capital discipline
- Upside potential
Petrochemicals at Cyclical Lows

Global Average Integrated Olefins & Polyolefins Profitability

$ EBIT / Ton

Source: CMAI

Managing the Transition

- 2002 base line
- Synergies of more than $750 MM
- Merger-related items in 2002
- 2003 operating plan
  - Incorporates synergies
  - Lower per unit costs
  - Production growth
  - Execute major projects
- Emphasis on key metrics / accountability / demonstrate capture of synergies
Financial Strategy

- Credit rating
  - Initially: strong A
  - Longer term: AA
- Target 30% debt / capital
- Financial discipline
  - Investment opportunities
  - Debt reduction
  - Competitive dividend
  - Share repurchases

Capital Employed

<table>
<thead>
<tr>
<th></th>
<th>Phillips* $23 Billion</th>
<th>Pro Forma* ConocoPhillips $50 Billion</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>40%</td>
<td>57%</td>
<td>65%</td>
</tr>
<tr>
<td>RM&amp;T</td>
<td>6%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>3%</td>
<td>37%</td>
<td>29%</td>
</tr>
<tr>
<td>Other</td>
<td>51%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

* As of September 30, 2001 / ConocoPhillips Pro Forma includes step-up.
2001 Purchase to Pooling ROCE

2001 Pro Forma company estimates

2001 ROCE Peer Comparison

Peer information based on Phillips’ estimates
Managing the Debt

Pro Forma ConocoPhillips Debt ($B)

Based on First Call estimates for Conoco and Phillips as of March 2002. Excludes potential one-time merger related charges.

Financial Accounting Integrity

- Full and transparent disclosure
- Clarity of reported results
- No self-dealing or exotic financing
- Management and Board oversight with proven control systems in place
Summary

- Strong integrated businesses and assets
- Core areas and legacy growth prospects
- Diversified growth portfolio
- Return enhancement / synergies
- Financial strength
- Focus on shareholder value

Entry into top tier of international energy companies


The presentation at this meeting contained forward-looking statements about the impact of the proposed transaction on Phillips’ assets and operations. Where, in any forward-looking statement, the company expressed an expectation or belief as to future results, such expectation or belief was expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the statement of expectation or belief will result or be achieved. The actual results may be affected by a variety of risks which could cause the stated expectation or belief to differ materially.

The important risk factors, but not necessarily all such factors that may cause expectations or results to differ, are set forth in Phillips’ reports on file with the U.S. Securities Exchange Commission.