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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): December 12, 2005**

**ConocoPhillips**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**001-32395**

(Commission  
File Number)

**01-0562944**

(I.R.S. Employer  
Identification No.)

**600 North Dairy Ashford**

**Houston, Texas 77079**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(281) 293-1000**

**n/a**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 8.01. Other Events**

On December 12, 2005, ConocoPhillips and Burlington Resources Inc. (“Burlington Resources”) announced that they entered into an agreement for ConocoPhillips to acquire Burlington Resources. A copy of the joint press release of ConocoPhillips and Burlington Resources is filed as Exhibit 99.1 hereto and is incorporated herein by reference. On December 13, 2005, ConocoPhillips and Burlington Resources made an analyst presentation concerning the proposed acquisition. A copy of the analyst presentation is attached hereto as Exhibit 99.2 and incorporated herein by reference.

**CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING  
INFORMATION FOR THE PURPOSE OF “SAFE HARBOR” PROVISIONS OF THE  
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

Except for the historical and factual information contained herein, the matters set forth in this filing, including statements as to the expected benefits of the acquisition such as efficiencies, cost savings, market profile and financial strength, and the competitive ability and position of the combined company, and other statements identified by words such as “estimates,” “expects,” “projects,” “plans,” and similar expressions are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including required approvals by Burlington Resources shareholders and regulatory agencies, the possibility that the anticipated benefits from the acquisition cannot be fully realized, the possibility that costs or difficulties related to the integration of Burlington Resources operations into ConocoPhillips will be greater than expected, the impact of competition and other risk factors relating to our industry as detailed from time to time in each of ConocoPhillips’ and Burlington Resources’ reports filed with the SEC. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. 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.

ConocoPhillips will file a Form S-4, Burlington Resources will file a proxy statement and both companies will file other relevant documents concerning the proposed merger transaction with the Securities and Exchange Commission (SEC). **INVESTORS ARE URGED TO READ THE FORM S-4 AND PROXY STATEMENT WHEN THEY BECOME AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** You will be able to obtain the documents free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

ConocoPhillips, Burlington Resources and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies from Burlington Resources’ stockholders in connection with the merger. Information about the directors and executive officers of ConocoPhillips and their ownership of ConocoPhillips stock will be set forth in the proxy statement for ConocoPhillips’ 2006 Annual Shareholders Meeting. Information about the directors and executive officers of Burlington Resources and their ownership of Burlington Resources stock will be set forth in the proxy statement for Burlington Resources’ 2005 Annual Meeting of Stockholders. Investors may obtain additional information regarding the interests of such participants by reading the Form S-4 and proxy statement for the merger when they become available.

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## [Table of Contents](#)

Investors should read the Form S-4 and proxy statement carefully when they become available before making any voting or investment decisions.

### **Item 9.01 Financial Statements and Exhibits**

#### (c) Exhibits

- 99.1 — Joint Press Release, dated December 12, 2005
  - 99.2 — Joint Analyst Presentation, dated December 13, 2005
-

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CONOCOPHILLIPS**

/s/ Stephen F. Gates

*Stephen F. Gates*

Senior Vice President and General Counsel

December 13, 2005

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Joint Press Release, dated December 12, 2005
99.2	Joint Analyst Presentation, dated December 13, 2005



FOR IMMEDIATE RELEASE

**ConocoPhillips to Acquire Burlington Resources in \$35.6 Billion Transaction**  
**Burlington Resources' Gas Reserves and Production Provide Excellent Strategic  
Fit With ConocoPhillips' Global Energy Portfolio**  
**ConocoPhillips to Become a Leading Natural Gas Producer in North America**

Houston, Texas (December 12, 2005) – ConocoPhillips (NYSE: COP) and Burlington Resources Inc. (NYSE: BR) announced today they have signed a definitive agreement under which ConocoPhillips will acquire Burlington Resources in a transaction valued at \$35.6 billion. The transaction, upon approval by Burlington Resources shareholders, will provide ConocoPhillips with extensive, high quality natural gas exploration and production assets, primarily located in North America. The Burlington Resources portfolio provides a strong complement to ConocoPhillips' global portfolio of integrated exploration, production, refining and energy transportation operations, thereby positioning the combined company for future growth.

Under the terms of the agreement, Burlington Resources shareholders will receive in the merger \$46.50 in cash and 0.7214 shares of ConocoPhillips common stock for each Burlington Resources share they own. This represents a transaction value of \$92 per share, based on the closing price of ConocoPhillips shares on Friday, December 9, 2005, the last unaffected day of trading prior to this announcement. The transaction preserves ConocoPhillips' strong financial base, flexibility and cash flow, and enables the company to continue its aggressive capital investment program, including the funding of a substantial Exploration and Production and Refining program.

Burlington Resources is one of the world's leading independent exploration and production companies, and holds one of the industry's leading positions in North American natural gas reserves and production. At December 31, 2004, Burlington Resources had total reserves of 2,001 MMBOE (million barrels of oil equivalent). In addition, Burlington Resources has estimated 2005 production of approximately 475 MBOE/d (thousand barrels of oil equivalent per day), and access to significant conventional and unconventional resources.



Together, ConocoPhillips and Burlington Resources will have:

- § Pro-forma reserves of 10.5 BBOE as of December 31, 2004, excluding 0.3 BBOE associated with ConocoPhillips' Syncrude operations, of which 52 percent is in North America; and
- § Pro-forma 2005 production of 2.3 MMBOE/d, including LUKOIL and Syncrude, of which 50 percent is in North America.

Jim Mulva, Chairman and Chief Executive Officer of ConocoPhillips, said: "We are very pleased to have reached this agreement with Burlington Resources, and are excited about the opportunities it provides our respective companies and shareholders. With this transaction, ConocoPhillips will expand our portfolio of high quality, low-risk, long-lived gas reserves, and become a leading producer of natural gas in North America. The transaction also enhances ConocoPhillips production growth and North American gas supply position both in the near-term, through projects involving conventional and unconventional resources, and in the long-term through LNG (liquefied natural gas) and Arctic gas projects. In addition, the broader Burlington Resources portfolio is an excellent complement to our integrated oil and gas portfolio, and significantly increases our weighting in OECD (Organization for Economic Co-operation and Development) country assets. The transaction will not only provide Burlington Resources shareholders with a meaningful immediate premium to the value of their shares, but also enables them to continue to benefit as investors in the future growth of ConocoPhillips. We will continue to invest in our growth for the benefit of our current and future investors. Burlington Resources is an efficient, well-run exploration and production organization, and we look forward to an exciting future of growth together."

Bobby S. Shackouls, Chairman, President and Chief Executive Officer of Burlington Resources, said, "The combination of ConocoPhillips and Burlington Resources recognizes the substantial value we have created and acknowledges the success of our employees in building a great company with a strong asset base. Of equal importance, this transaction allows our shareholders, customers and employees to participate in the future growth of ConocoPhillips, a company that has the scale and scope to supply consumers from every facet of the oil and gas industry more efficiently."

Based on the closing market prices for the shares of both companies December 9, and their debt levels as of September 30, 2005, the combination of ConocoPhillips and Burlington Resources would have an enterprise value of \$135 billion (\$106 billion of equity; \$29 billion of net debt and preferred securities). Existing ConocoPhillips shareholders will own about 83 percent of ConocoPhillips following the transaction, and Burlington Resources shareholders will own approximately 17 percent.

ConocoPhillips will fund its acquisition of Burlington Resources through existing cash on hand, existing credit facilities, and new additional bank and bond debt. The company plans to use cash from operations in the years ahead to reduce its outstanding debt.

The transaction, based on 2006 First Call estimates, is expected to be accretive to near-term production growth and cash flow per share, and slightly dilutive to ConocoPhillips near-term earnings per share. ConocoPhillips expects to achieve synergies and pre-tax cost savings of approximately \$375 million annually after the operations of the two companies are fully integrated. These savings will result largely from reducing corporate expenses, optimizing the company's exploration portfolio, and reducing operating expenses.

Upon completion of the merger, Mr. Shackouls and Steven J. Shapiro, Executive Vice President, Finance and Corporate Development, will retire, and Randy L. Limbacher, currently Burlington Resources Executive Vice President and Chief Operating Officer, will become Executive Vice President responsible for North and South America, reporting to Mr. Mulva. William B. Berry, presently ConocoPhillips' Executive Vice President-Exploration and Production, will become Executive Vice President responsible for Europe, Asia, Africa and the Middle East, also reporting to Mr. Mulva. Mr. Shackouls and William E. Wade, currently an independent director of Burlington Resources, will join ConocoPhillips's Board of Directors. A transition team has been formed and will be led by Mr. Limbacher of Burlington Resources, and John E. Lowe, ConocoPhillips' Executive Vice President-Planning, Strategy and Corporate Affairs.

The acquisition is conditioned upon, among other things, the approval of Burlington Resources shareholders and customary regulatory approvals. The transaction is expected to be completed in the first half of 2006.

Goldman, Sachs & Co. and Citigroup Global Markets Inc. acted as financial advisors, and Wachtell, Lipton, Rosen & Katz acted as legal counsel to ConocoPhillips. Morgan Stanley and J.P. Morgan Securities Inc. acted as financial advisors, and Fried, Frank, Harris, Shriver & Jacobson LLP acted as legal counsel to Burlington Resources.

#### **ADDITIONAL INFORMATION**

**NOTE TO INVESTMENT COMMUNITY:** There will be an investment community presentation tomorrow, Tuesday, December 13 at 8:30 a.m. EST. A webcast of the presentation with slides will be available in a listen-only mode to individual investors, media and other interested parties on the Internet at [www.ConocoPhillips.com](http://www.ConocoPhillips.com) and [www.br-inc.com](http://www.br-inc.com).

**NOTE TO NEWS MEDIA:** There will be a telephonic Media Q&A at 10:30 am -11:00 a.m. EST. Those wishing to participate should dial 877-707-9631 (North America) or 785-832-0201 (International) approximately 5 minutes before the call.

Today's news release, along with other information about ConocoPhillips and Burlington Resources, is also available on the Internet at [www.ConocoPhillips.com](http://www.ConocoPhillips.com) and [www.br-inc.com](http://www.br-inc.com).

## **About Burlington Resources**

Burlington Resources ranks among the world's largest independent oil and gas companies, and holds one of the industry's leading positions in North American natural gas reserves and production. Headquartered in Houston, Texas, the company conducts exploration, production and development operations in the U.S., Canada, the United Kingdom, Africa, China and South America. For additional information see the Burlington Resources Web site at [www.br-inc.com](http://www.br-inc.com).

## **FORWARD-LOOKING STATEMENTS**

This press release may contain projections and other forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Any such projections or statements reflect the company's current views with respect to future events and financial performance. No assurances can be given, however, that these events will occur or that such projections will be achieved and actual results could differ materially from those projected. A discussion of important factors that could cause actual results to differ materially from those projected is included in the company's periodic reports filed with the Securities and Exchange Commission.

## **About ConocoPhillips**

ConocoPhillips is an integrated petroleum company with interests around the world. For more information, go to [www.conocophillips.com](http://www.conocophillips.com).

## **CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

Except for the historical and factual information contained herein, the matters set forth in this press release, including statements as to the expected benefits of the acquisition such as efficiencies, cost savings, market profile and financial strength, and the competitive ability and position of the combined company, and other statements identified by words such as "estimates," "expects," "projects," "plans," and similar expressions are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including required approvals by Burlington Resources shareholders and regulatory agencies, the possibility that the anticipated benefits from the acquisition cannot be fully realized, the possibility that costs or difficulties related to the integration of Burlington Resources operations into ConocoPhillips will be greater than expected, the impact of competition and other risk factors relating to our industry as detailed from time to time in each of ConocoPhillips' and Burlington Resources' reports filed with the SEC. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. 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.

#### ADDITIONAL INFORMATION

ConocoPhillips will file a Form S-4, Burlington Resources will file a proxy statement and both companies will file other relevant documents concerning the proposed merger transaction with the Securities and Exchange Commission (SEC). INVESTORS ARE URGED TO READ THE FORM S-4 AND PROXY STATEMENT WHEN THEY BECOME AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You will be able to obtain the documents free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

ConocoPhillips, Burlington Resources, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies from Burlington Resources' stockholders in connection with the merger. Information about the directors and executive officers of ConocoPhillips and their ownership of ConocoPhillips stock will be set forth in the proxy statement for ConocoPhillips' 2006 Annual Meeting of Stockholders. Information about the directors and executive officers of Burlington Resources and their ownership of Burlington Resources stock will be set forth in the proxy statement for Burlington Resources' 2006 Annual Meeting of Stockholders. Investors may obtain additional information regarding the interests of such participants by reading the Form S-4 and proxy statement for the merger when they become available.

Investors should read the Form S-4 and proxy statement carefully when they become available before making any voting or investment decisions.

###

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## Creating a Leading North American Gas Supplier



*Jim Mulva*  
**Chairman & CEO**  
*ConocoPhillips*

*Bobby Shackouls*  
**Chairman & CEO**  
*Burlington Resources*

**December 13, 2005**

# Agenda

- **Introduction** Gary Russell
- **Transaction Overview & Strategic Rationale** Jim Mulva
- **Burlington Resources Overview** Bobby Shackouls
- **Portfolio Impact** Jim Mulva
- **Financial Impact** Jim Mulva

# CAUTIONARY STATEMENT

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

The following presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. You can identify our forward-looking statements by words such as "anticipates," "expects," "intends," "plans," "projects," "believes," "estimates," and similar expressions. Forward-looking statements relating to ConocoPhillips' operations are based on management's expectations, estimates and projections about ConocoPhillips and the petroleum industry in general on the date the presentations are given. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements.

Factors that could cause actual results or events to differ materially include, but are not limited to, the failure to receive required approvals by Burlington Resources shareholders and regulatory agencies, the possibility that the anticipated benefits from the acquisition cannot be fully realized, the possibility that costs or difficulties related to the integration of Burlington Resources' operations into ConocoPhillips will be greater than expected; crude oil and natural gas prices; refining and marketing margins; potential failure to achieve, and potential delays in achieving expected reserves or production levels from existing and future oil and gas development projects due to operating hazards, drilling risks, and the inherent uncertainties in interpreting engineering data relating to underground accumulations of oil and gas; unsuccessful exploratory drilling activities; lack of exploration success; potential disruption or unexpected technical difficulties in developing new products and manufacturing processes; potential failure of new products to achieve acceptance in the market; unexpected cost increases or technical difficulties in constructing or modifying company manufacturing or refining facilities; unexpected difficulties in manufacturing, transporting or refining synthetic crude oil; international monetary conditions and exchange controls; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation; general domestic and international economic and political conditions, as well as changes in tax and other laws applicable to ConocoPhillips' 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 ConocoPhillips' business generally as set forth in ConocoPhillips' filings with the Securities and Exchange Commission (SEC), including our Form 10-Q for the quarter ending September 30, 2005. Unless legally required, ConocoPhillips is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary Note to U.S. Investors – The U.S. Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation such as "oil/gas resources," "Syn crude," and/or "Society of Petroleum Engineers (SPE) proved reserves" that the SEC's guidelines strictly 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 for the year ended December 31, 2004.

This presentation includes certain non-GAAP financial measures, as indicated. Such non-GAAP measures are intended to supplement, not substitute for, comparable GAAP measures. Investors are urged to consider closely the GAAP reconciliation tables provided in the presentation Appendix.

## Transaction Overview

- **\$92 per BR share based on COP closing price on December 9, 2005**
- **For each BR share:**
  - \$46.50 cash
  - 0.7214 COP shares
- **Enterprise value: \$35.6B**
  - Including net debt
- **Principal conditions to closing**
  - BR shareholder approval – Q1 2006
  - Regulatory clearances – 1H 2006



# Securing Management Strengths

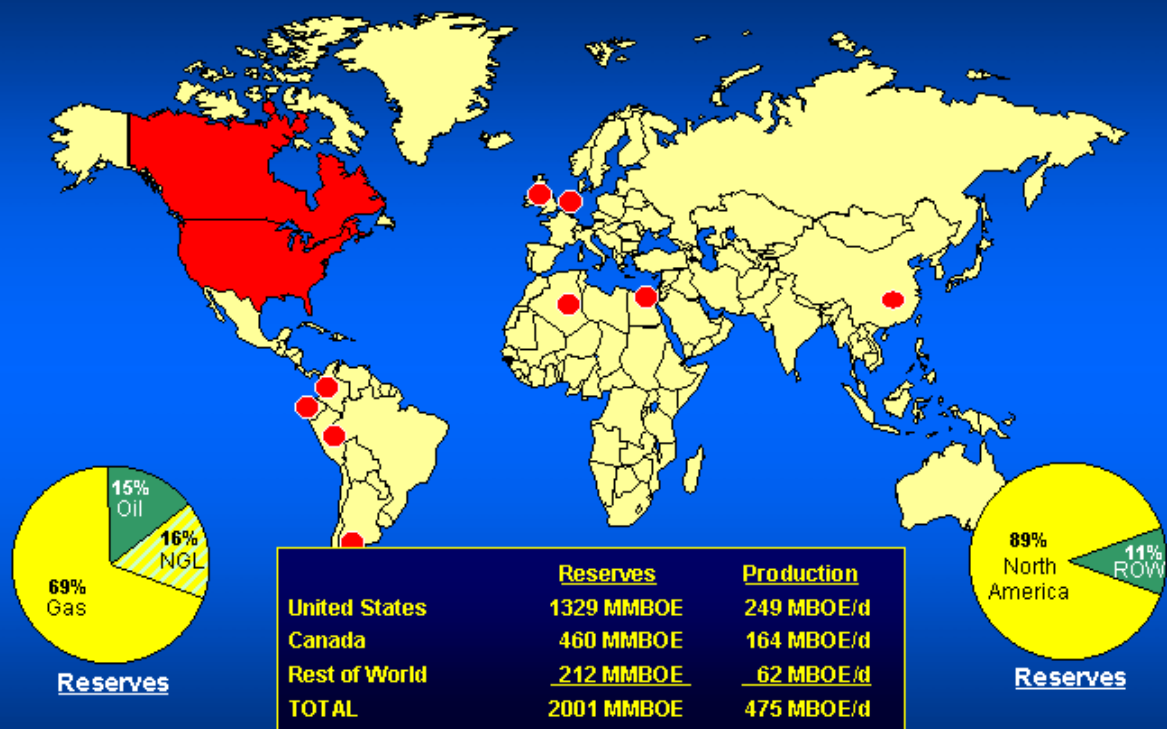
- **Two BR directors to join COP Board**
  - Bobby Shackouls
  - Bill Wade
- **Talent retention plan**
  - Randy Limbacher to become EVP
    - Responsible for North and South America E&P
  - Key technical / operational talent
- **Integration planning teams formed**

# Strategic Rationale

- **Creates leading North American gas position**
  - High-quality, long-lived, low-risk gas reserves
  - Significant unconventional resource plays
  - Enhances production growth / N.A. gas supply
    - Near-term conventional / unconventional
    - Long-term LNG and Arctic gas
- **Enhances business mix**
  - Increases E&P, OECD, and North American gas
- **Significant free cash flow**
- **Synergies of \$375 MM**
- **Access to technical capabilities**

# ***Burlington Resources Overview***

# BR – A Premier N.A. Gas Company



Note: Reserves are YE 2004 numbers, with NGLs converted to Gas, per BR convention  
 Production is FY 2005 (E), based on Q3 actuals

# San Juan

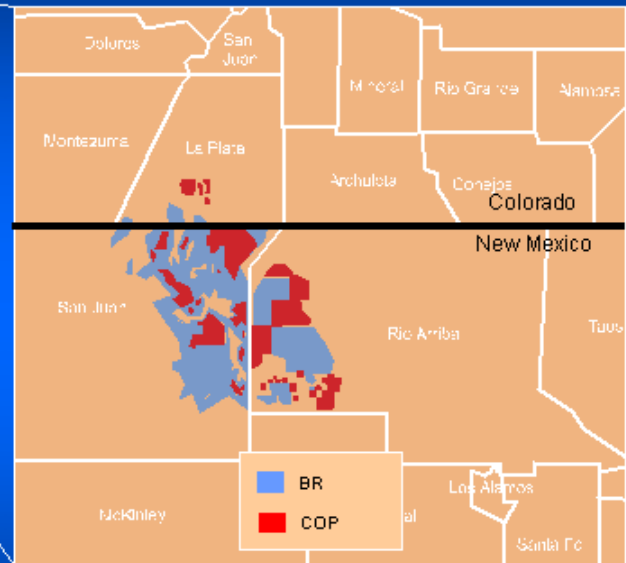
High quality, long-lived gas reserves



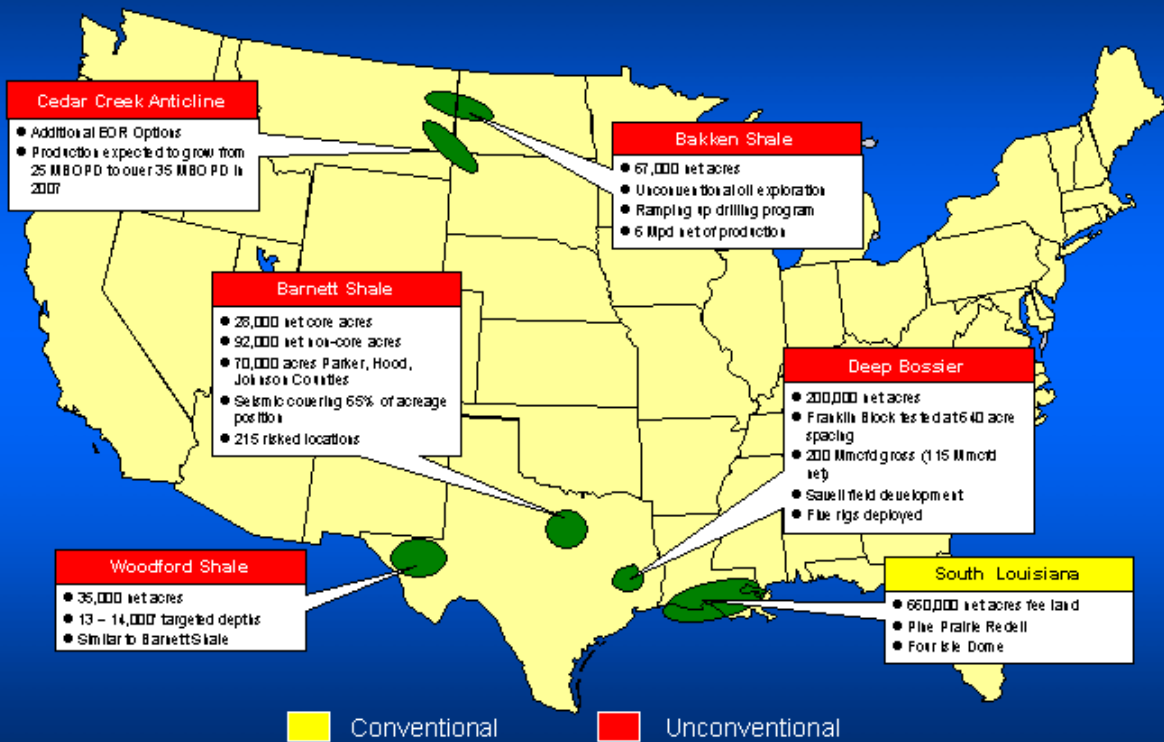
	BR	COP	Total
Reserves (TCFE)	5.1	2.4	7.5
Production (MMCFED)	744	564	1308
Acreage (M acres)	840	770	1610

- **Significant synergy potential**

- Production enhancement
- Operating and admin expenses
- Lower gathering & transportation costs
- Better utilization of COP 50% owned Blanco Gas Processing Plant

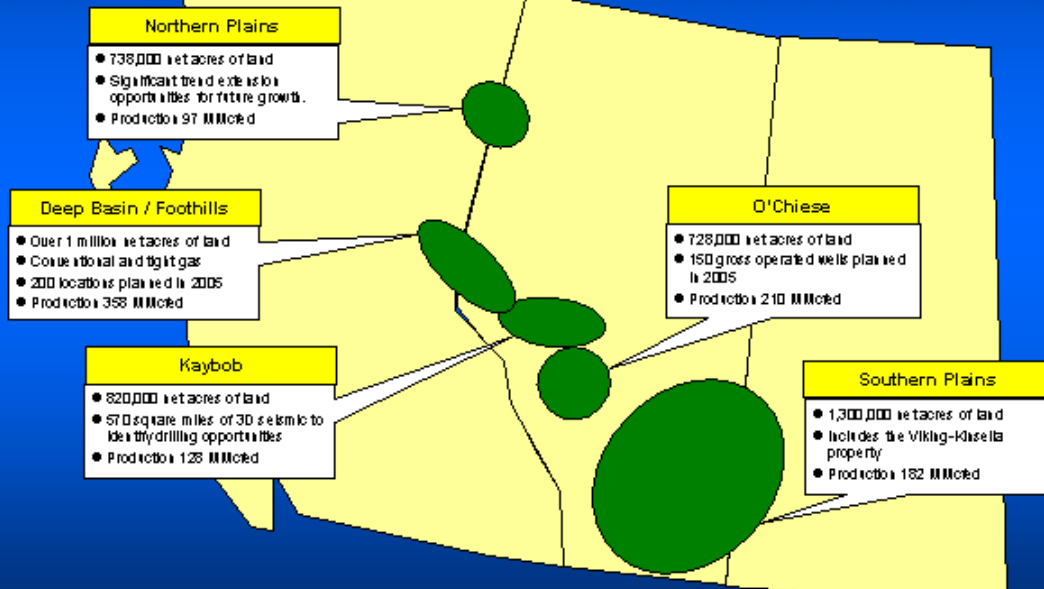


# BR - High Impact Resource Plays



# Western Canada

## Strong Conventional Gas Position



# *Portfolio Impact*



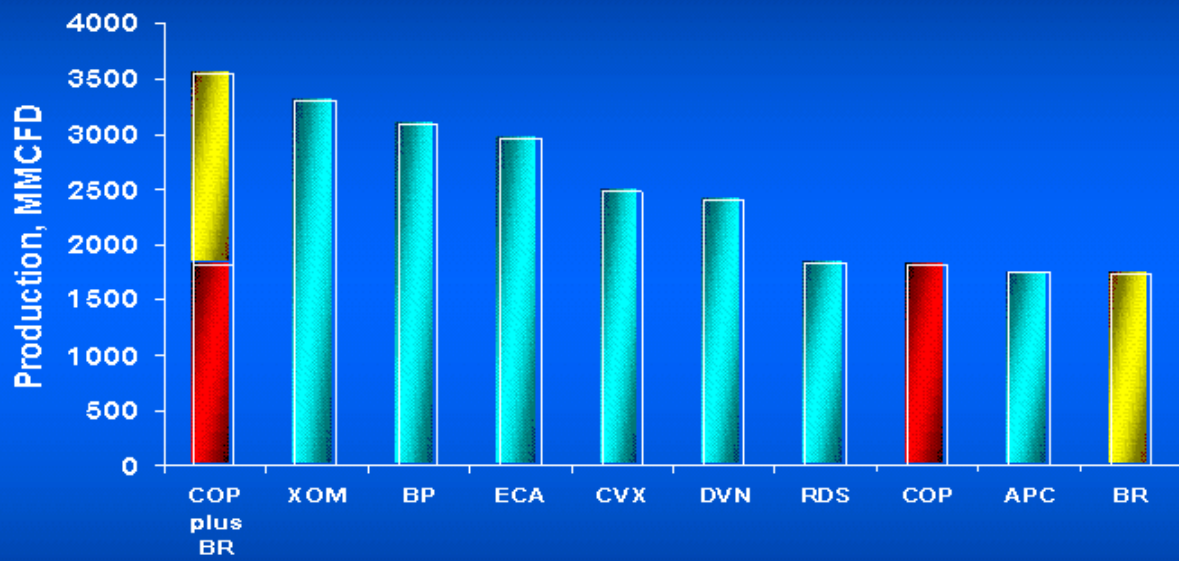
## **Compelling Transaction for BR Shareholders**

- **Expanded position in global energy**
- **Attractive premium / cash component**
- **Ongoing value by joining a major global integrated energy company**
- **Creates better long-term growth options**
- **Leveraging technical strengths to broader portfolio**

# Strengthens N.A. Gas Position



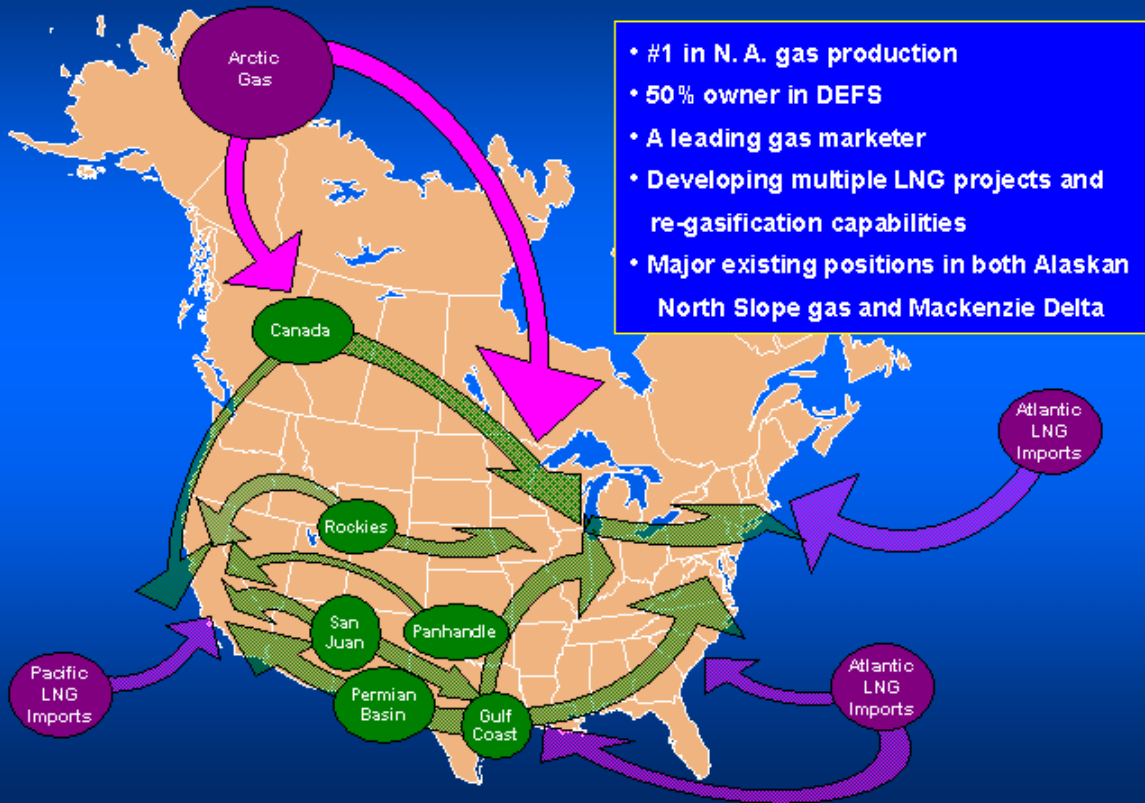
# North American Gas Production



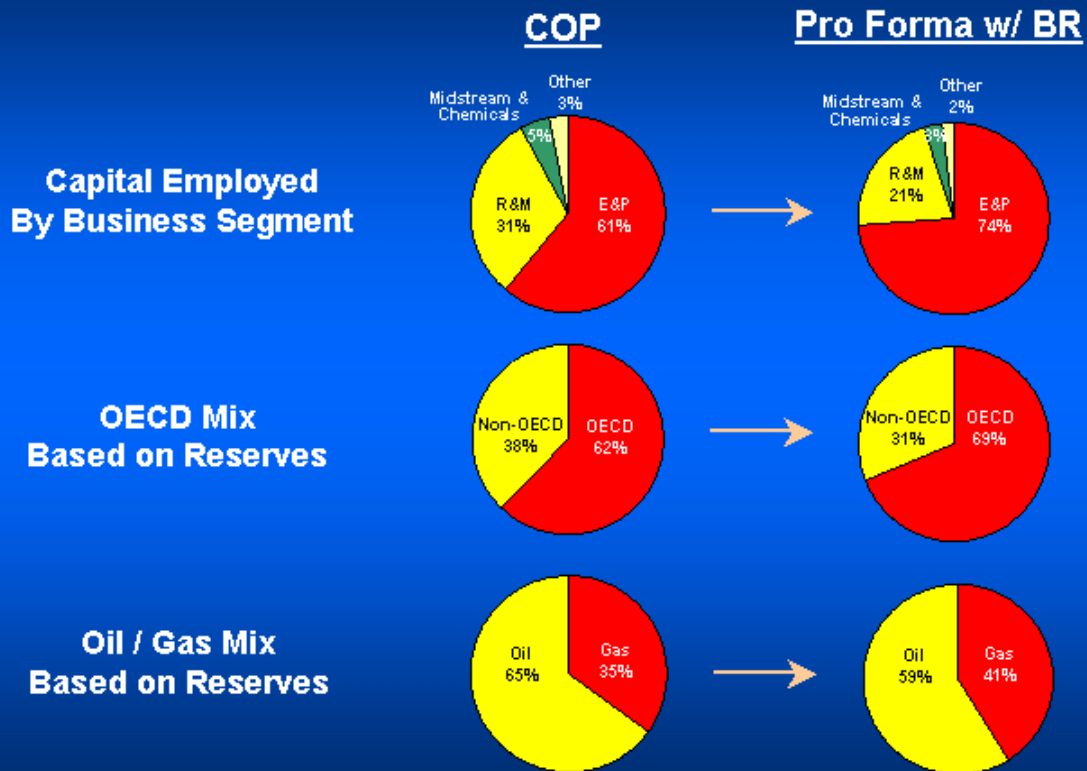
Note: Production figures are based on YE 2004 Filings  
COP volumes do not include fuel gas production.  
CVX pro forma for UCL

# Major U.S. Gas Supplier

Delivering gas to the U.S. from various supply sources

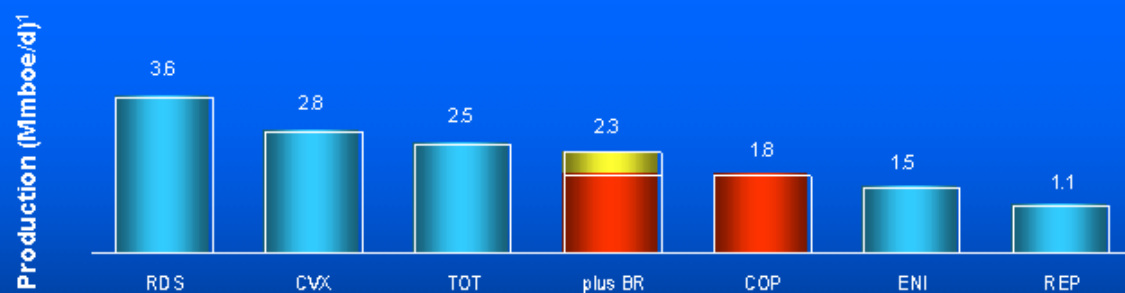
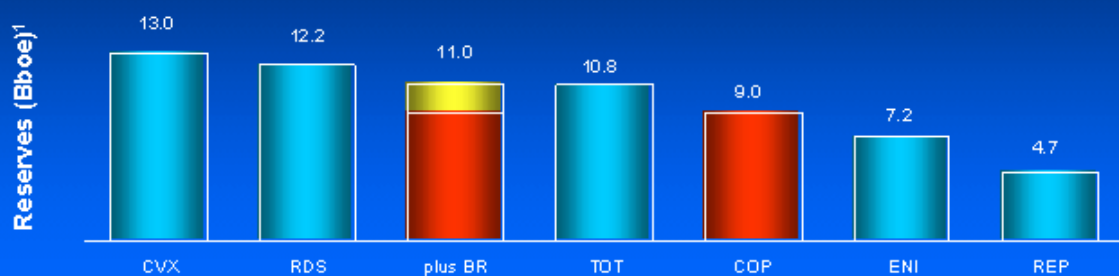


# Enhanced Business Mix



Note: Capital Employed is estimated YE 2005, with LUK (at 10% equity) allocated 70% E&P, 30% R&M.  
Reserves are YE 2004.

# Pro Forma Operating Impact



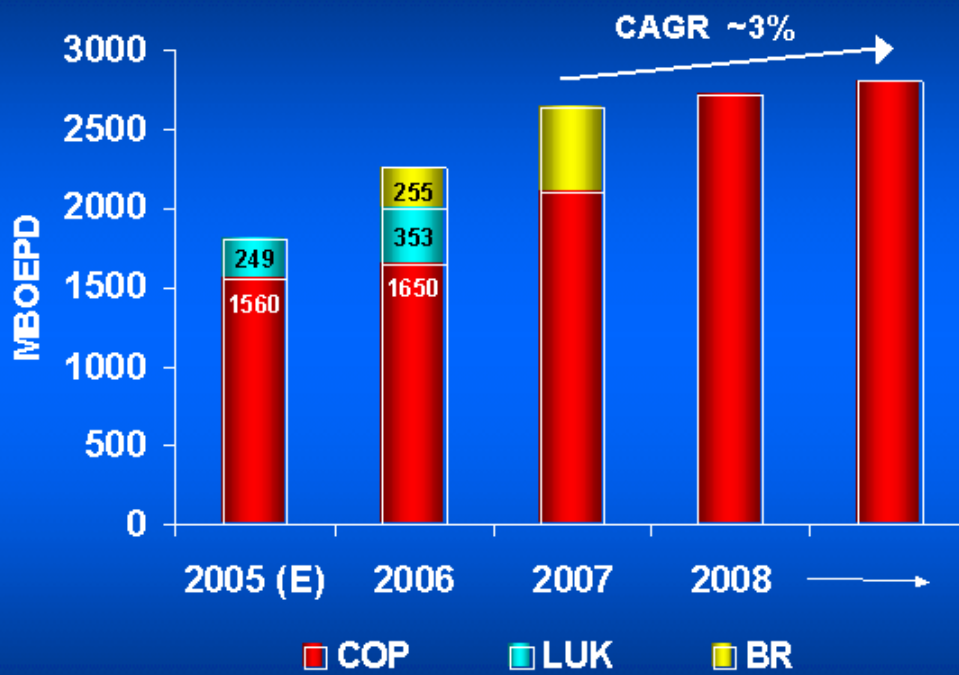
Reserves are YE 2004 actual, excludes Syncrude for COP.

CVX pro forma for UCL.

COP includes the additional 4.8% LUK equity purchased through Q3 2005.

18 Production is 2004 average except for COP and BR (both 2005 (E)).

# Pro Forma Production Profile



Note: Production is company estimates.  
2006 includes 6 months of BR production.  
Lukoil average equity is assumed at 13% in 2005, 18% in 2006, & 20% thereafter  
COP includes equity affiliates and Syncrude.

# Synergy Estimate

\$375 MM Pre-Tax



■ Exploration      ■ Corporate G&A  
■ Regional G&A    ■ Operating

- Corporate G&A redundancies
- Consolidation of regional E&P offices
- Exploration portfolio optimization
- Operating expense reductions
- Revenue enhancements



# Financial Summary

- Accretive to CFPS
- Slightly dilutive to 2006 EPS (First Call estimates)
- Slightly accretive to 2006 EPS (Strip Pricing)
- Dilutive to GAAP ROCE / Accretive to Adjusted ROCE
- Lowers E&P unit production cost
- Excess cash flow quickly reduces incremental debt

# Accretion / Dilution

## EPS

	<u>2006</u>	<u>2007</u>
First Call	-2.1%	-3.9%
Strip <sup>1</sup>	3.5%	2.2%

## CFPS

	<u>2006</u>	<u>2007</u>
First Call	6.2%	4.1%
Strip <sup>1</sup>	10.6%	8.6%

<sup>1</sup> FC consensus earnings adjusted for strip pricing

# Discretionary Cash Flow

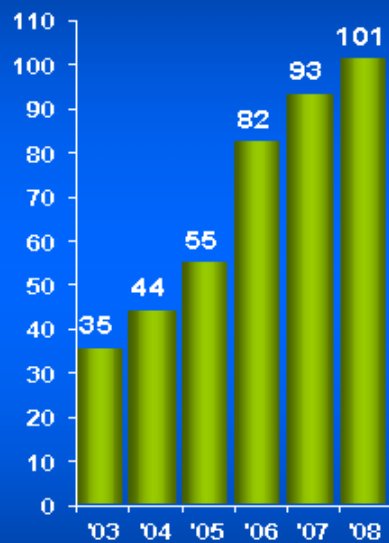
## First Call Prices

<u>\$ Billion</u>	<u>2006</u>	<u>2007</u>
Net Income	14.9	13.6
Cash Flow from Operations	23.1	22.8
Capital Expenditures & other	(17.2)	(15.4)
Net Cash Flow	5.9	7.4

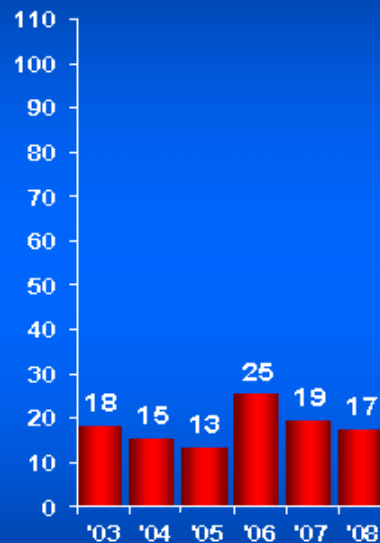
Note: Capital expenditures and other includes LUK, share purchases, and loans to affiliates.  
Capital expenditures are from company sources

# Debt Ratio Impact

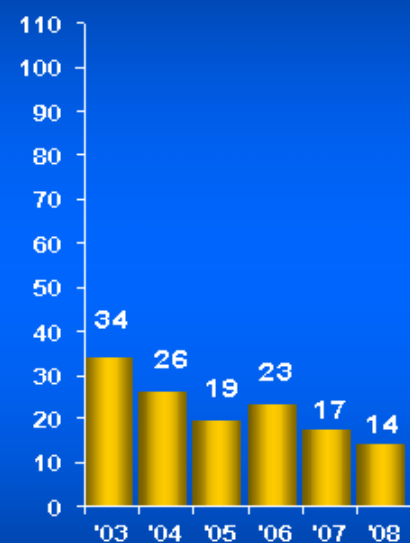
## First Call Prices



**Equity \$B**



**Balance sheet  
debt \$B**



**Debt to capital  
ratio %**

Based on 2006 & 2007 First Call Prices  
Equity includes minority interest.  
All excess cash flow applied to pay down debt.  
Assumes initial net debt @ closing of \$29B

# Discretionary Cash Flow

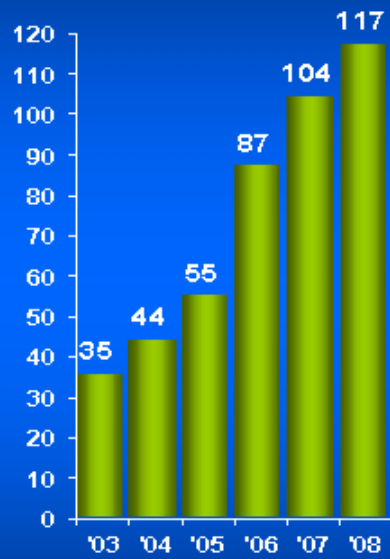
## NYMEX Strip Prices

<u>\$ Billion</u>	<u>2006</u>	<u>2007</u>
Net Income	20.2	19.2
Cash Flow from Operations	28.8	28.6
Capital Expenditures & other	(17.2)	(15.4)
Net Cash Flow	11.6	13.2

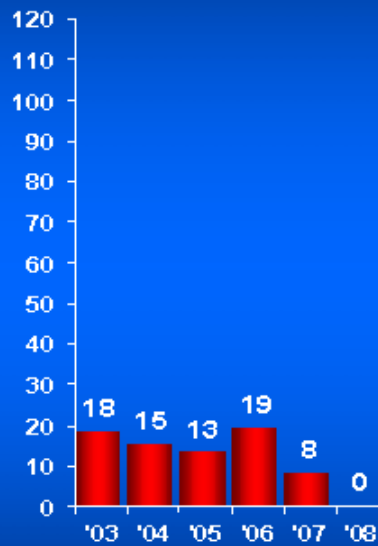
Note: Capital expenditures and other includes LUK, share purchases, and loans to affiliates.  
Capital expenditures are from company sources

# Debt Ratio Impact

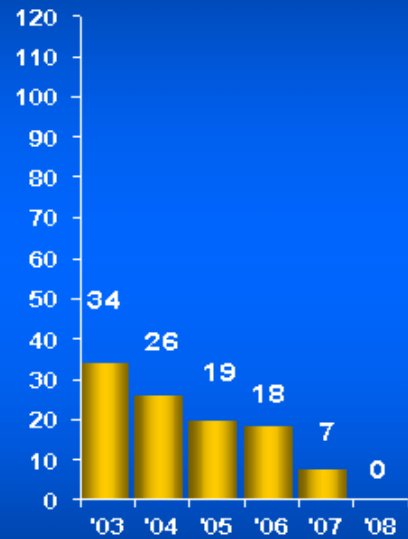
## NYMEX Strip Prices



**Equity \$B**



**Balance sheet debt \$B**



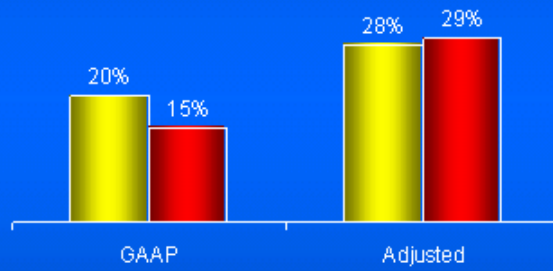
**Debt to capital ratio %**

Based on 2006 & 2007 NYMEX Strip prices  
Equity includes minority interest.  
All excess cash flow applied to pay down debt.  
Assumes initial net debt @ dosing of \$29B

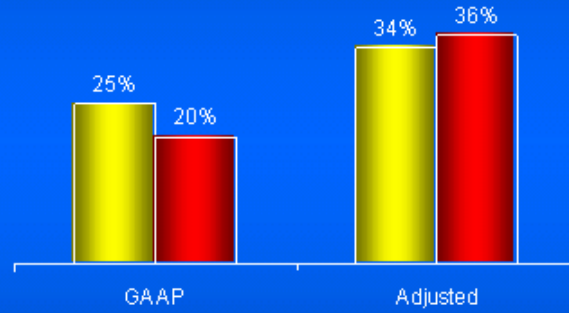
# 2006 ROCE

## GAAP / Adjusted

### First Call Estimates



### Strip<sup>1</sup>



■ COP ■ Pro Forma

# Compelling Strategic Opportunity

- High quality, long-lived, low-risk reserves
- Enhances production growth and lowers unit operating cost
- Secures access to significant unconventional resource plays
- Rebalances portfolio towards E&P with significant OECD / North American gas
- Long-term financial strength enhanced

***Improved competitiveness → Shareholder value creation***



# *Appendix*

# Financial Analysis - Premises

- \$92 / BR share
- 2006 to 2007 First Call estimates
- Number of fully diluted shares, MM
  - COP – 1406
  - BR – 381.1
- First Call Prices
  - 2006 – Oil – \$57.50 ; Gas - \$8.52 ; Crack - \$8.50
  - 2007 – Oil - \$53.32 ; Gas – \$7.68; Crack - \$8.25
- Strip Prices
  - 2006 – Oil – \$61.78 ; Gas - \$11.83 ; Crack - \$11.29
  - 2007 – Oil - \$62.68 ; Gas – \$10.66; Crack - \$9.86
- Proforma includes:
  - Incremental DD&A from purchase accounting write-up
  - Goodwill of \$19B (True - \$11.2B; Deferred tax - \$8.1 )
  - Incremental debt
  - Synergies of \$375 MM pre-tax
  - COP's Wilhelmshaven refinery acquisition

# Accretion/Dilution Reconciliation

## First Call Pricing

### EPS

COP's estimated earnings	13,245
BR's First Call earnings	2,980
After Tax Incremental DD&A	(390)
After Tax Interest Expense	(633)
After Tax Synergy	248
Adjusted earnings	15,449
EPS before	9.23
EPS after	9.04
EPS accretion (\$/share)	(0.19)
EPS accretion (percent)	-2.1%

COP FD shares 11/30/05 – 1435 million  
Additional shares issued – 274.8 million

Stepped-up PP&E - \$26.7 billion

Resultant Goodwill:

\$11.1 billion True

\$8.2 billion Deferred Taxes

Goodwill based on early April, 2005

JS Herolds Appraisal Report.

Will ultimately be based on third party appraisal.

### CFPS

COP's estimated CFO	18,956
BR's First Call CFO	5,415
After Tax Interest Expense	(633)
After Tax Synergy	248
Adjusted CFO	23,986
CFPS before	13.21
CFPS after	14.03
CFPS accretion (\$/share)	0.82
CFPS accretion (percent)	6.2%

Cash portion to be funded with cash on hand and incremental debt.

# Accretion/Dilution Reconciliation

## Strip Pricing Sensitivity

### December 9 Prices – Close of Markets

FC Oil Price	\$/bbl	\$ 57.50	\$ 53.32	\$ 48.37
FC Gas Price	\$/mcf	\$ 8.52	\$ 7.68	\$ 7.00
Consensus Crack Spread	\$/bbl	\$ 8.50	\$ 8.25	\$ 7.50
Strip Oil	\$/bbl	\$ 61.78	\$ 62.68	\$ 61.39
Strip Gas	\$/mcf	\$ 11.83	\$ 10.66	\$ 8.82
Strip Crack Spread	\$/bbl	\$ 11.29	\$ 9.86	\$ 9.00
Strip vs. First Call Oil	\$/bbl	\$ 4.28	\$ 9.36	\$ 13.02
Strip vs. First Call Gas	\$/mcf	\$ 3.31	\$ 2.98	\$ 1.82
Strip vs. First Call Crack	\$/bbl	\$ 2.79	\$ 1.61	\$ 1.50

### COP and BR Published Sensitivities

		Revenue	Earnings	EPS
BR Gas Price Sensitivity	per \$.10/mcf	\$ 70	\$ 46	\$ 0.12
BR Oil Price Sensitivity	per \$1/bbl	\$ 34	\$ 22	\$ 0.06
COP Gas Price Sensitivity	per \$.10/mcf		\$ 40	\$ 0.03
COP Oil Price Sensitivity	per \$1/bbl		\$ 180	\$ 0.13
COP 3-2-1 Crack Sensitivity	per \$1/bbl		\$ 540	\$ 0.39