CONOCOPHILLIPS
Form DEF 14A
March 31, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. ____)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

ConocoPhillips

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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x No fee required.

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1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

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3) Filing Party:

4) Date Filed:

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600 North Dairy Ashford

Houston, Texas 77079

NOTICE OF

2009

ANNUAL STOCKHOLDERS MEETING

MAY 13, 2009

and

PROXY STATEMENT

Wednesday

May 13, 2009

9:00 a.m. local time

Omni Houston Hotel at Westside

13210 Katy Freeway

Houston, Texas 77079

March 31, 2009

Dear ConocoPhillips Stockholder:

On behalf of your board of directors and management, you are cordially invited to attend the Annual Meeting of Stockholders to be held at the Omni Houston Hotel at Westside, 13210 Katy Freeway, Houston, Texas, on Wednesday, May 13, 2009, at 9:00 a.m.

It is important that your shares be represented at the meeting. This proxy statement, the accompanying proxy card and the Company s 2008 Annual Report to Stockholders are first being mailed and made available on the internet at *www.proxyvote.com* through the notice and access process to the Company s stockholders on or about March 31, 2009. Whether or not you plan to attend the meeting, please either submit your proxy using the Internet or telephone procedures provided on the notice and access card or, if you have elected to receive a copy of your proxy card in the mail, complete and return the enclosed proxy card in the accompanying envelope. Please note that submitting a proxy using any one of these methods will not prevent you from attending the meeting and voting in person. You will find information regarding the matters to be voted on at the meeting in the proxy statement.

In addition to the formal items of business to be brought before the meeting, there will be a report on ConocoPhillips operations during 2008 followed by a question and answer period. Your interest in ConocoPhillips is appreciated. We look forward to seeing you on May 13th.

Sincerely,

J. J. Mulva

Chairman of the Board and

Chief Executive Officer

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CONOCOPHILLIPS

600 North Dairy Ashford

Houston, Texas 77079

PROXY STATEMENT

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NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

Time	9:00 a.m. (CDT) on Wednesday, May 13, 2009
Place 13210 Katy Freeway Houston, Texas 77079	Omni Houston Hotel at Westside
Items of Business	To elect Directors (page 8); To ratify the appointment of Ernst & Young LLP as independent registered public accounting firm for the Company for 2009 (page 69); To approve the 2009 Omnibus Stock and Performance Incentive Plan (page 71); To consider and vote on six stockholder proposals (pages 78 through 91); and To transact other business properly coming before the meeting.
Who Can Vote	You can vote if you were a stockholder of record as of March 16, 2009.
Voting by Proxy	Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy: Over the Internet, By telephone, or

By mail.

For specific instructions, please refer to the section entitled *About the Annual Meeting* beginning on page 2 of this proxy statement and the voting instructions on the proxy card.

Date of Mailing	This notice and the proxy statement are first being mailed to stockholders on or about March 31, 2009.

By Order of the Board of Directors

Janet Langford Kelly

Corporate Secretary

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About the Annual Meeting

Who is soliciting my vote?

The Board of Directors of ConocoPhillips is soliciting your vote at the 2009 Annual Meeting of ConocoPhillips stockholders.

What am I voting on?

You are voting on:

- The re-election of our directors (*see page 8*);
- The ratification of the appointment of Ernst & Young LLP as ConocoPhillips independent registered public accounting firm for 2009 (*see page 69*);
- The approval of the 2009 Omnibus Stock and Performance Incentive Plan (*see page 71*);
- The consideration of six stockholder proposals (*see pages 78 through 91*); and
- Any other business properly coming before the meeting.

How does the Board recommend that I vote my shares?

The Board s recommendation can be found with the description of each item in this proxy statement. In summary, the Board recommends a vote:

- ***FOR the Board s proposal to elect nominated Directors;***
- ***FOR the Board s proposal to ratify the appointment of Ernst & Young LLP as ConocoPhillips independent registered public accounting firm for 2009;***
- ***FOR the approval of the 2009 Omnibus Stock and Performance Incentive Plan; and***

AGAINST each of the stockholder proposals.

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors.

Who is entitled to vote?

You may vote if you were the record owner of ConocoPhillips common stock as of the close of business on March 16, 2009. Each share of common stock is entitled to one vote. As of March 16, 2009, we had 1,522,265,134 shares of common stock outstanding and entitled to vote. There is no cumulative voting.

How many votes must be present to hold the meeting?

Your shares are counted as present at the Annual Meeting if you attend the meeting and vote in person or if you properly return a proxy by Internet, telephone or mail. In order for us to hold our meeting, holders of a majority of our outstanding shares of common stock as of March 16, 2009, must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting.

What is a broker non-vote?

If a broker does not have discretion to vote shares held in street name on a particular proposal and does not receive instructions from the beneficial owner on how to vote those shares, the broker may return the proxy card without voting on that proposal. This is known as a *broker non-vote*. Broker non-votes will have no effect on the vote for any matter properly introduced at the meeting.

How many votes are needed to approve each of the proposals?

All proposals submitted and each of the director nominees require the affirmative FOR vote of a majority of those shares present in person or represented by proxy at the meeting and entitled to vote on the proposal.

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How do I vote?

You can vote either *in person* at the meeting or *by proxy* without attending the meeting.

This proxy statement, the accompanying proxy card and the Company s 2008 Annual Report to Stockholders are being made available on the Internet at *www.proxyvote.com* through the notice and access process to the Company s stockholders.

To vote by proxy, you must do one of the following:

Vote over the *Internet* (instructions are on the proxy card);

Vote by *telephone* (instructions are on the proxy card); or

If you elected to receive a hard copy of your proxy materials, fill out the enclosed *proxy card*, date and sign it, and return it in the enclosed postage-paid envelope.

If you hold your ConocoPhillips stock in a brokerage account (that is, in street name), your ability to vote by telephone or over the Internet depends on your broker s voting process. Please follow the directions on your proxy card or voter instruction form carefully.

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy. If you plan to vote in person at the Annual Meeting and you hold your ConocoPhillips stock in street name, you must obtain a proxy from your broker and bring that proxy to the meeting.

How do I vote if I hold my stock through ConocoPhillips employee benefit plans?

If you hold your stock through ConocoPhillips employee benefit plans, you must either:

Vote over the *Internet* (instructions are on the notice and access form);

Vote by *telephone* (instructions are on the notice and access form); or

If you received a hard copy of your proxy materials, fill out the enclosed *voting instruction form*, date and sign it, and return it in the enclosed postage-paid envelope.

You will receive a separate voting instruction form for each employee benefit plan in which you have an interest. Please pay close attention to the deadline for returning your voting instruction form to the plan trustee. The voting deadline for each plan is set forth on the voting instruction form. Please note that different plans may have different deadlines.

Can I change my vote?

Yes. You can change or revoke your vote at any time before the polls close at the Annual Meeting. You can do this by:

- Voting again by telephone or over the Internet prior to 11:59 p.m. Eastern Daylight Time on May 12, 2009;
- Signing another proxy card with a later date and returning it to us prior to the meeting;
- Sending our Corporate Secretary a written document revoking your earlier proxy; or
- Voting again at the meeting.

Who counts the votes?

We have hired Broadridge Financial Solutions, Inc., to count the votes represented by proxies cast by ballot, telephone, and the Internet. Employees of Broadridge will act as Inspectors of Election.

Will my shares be voted if I don t provide my proxy and don t attend the Annual Meeting?

If you do not provide a proxy or vote your shares held in your name, your shares will not be voted.

If you hold your shares in street name, your broker may be able to vote your shares for certain routine matters even if you do not provide the broker with voting instructions. The election of directors and the ratification of Ernst & Young LLP as our independent registered public accounting firm for 2009 are considered routine matters.

If you do not give your broker instructions on how to vote your shares, for matters not considered routine, the broker may return the proxy card without voting on that proposal. This is a broker non-vote. Votes in connection with the approval of the 2009 Omnibus Stock and Performance Incentive Plan and the six stockholder proposals are not considered routine matters. The broker may not vote on these matters absent instructions from you. Without your instructions, a broker non-vote will occur.

As more fully described on your proxy card, if you hold your shares through certain of ConocoPhillips employee benefit plans and do not vote your shares, your shares (along with all other shares in the plan for which votes are not cast) may be voted pro rata by the trustee in accordance with the votes directed by other participants in the plan who elect to act as a fiduciary entitled to direct the trustee of the applicable plan on how to vote the shares.

How are votes counted?

For all proposals, you may vote FOR, AGAINST, or ABSTAIN. If you ABSTAIN, it has the same effect as a vote AGAINST.

What if I return my proxy but don t vote for some of the matters listed on my proxy card?

If you return a signed proxy card without indicating your vote, your shares will be voted FOR the director nominees listed on the card, FOR the ratification of Ernst & Young LLP as ConocoPhillips independent registered public accounting firm for 2009, FOR the approval of the 2009 Omnibus Stock and Performance Incentive Plan, and AGAINST each of the stockholder proposals.

Could other matters be decided at the Annual Meeting?

We are not aware of any other matters that will be considered at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons named in your proxies will vote in accordance with their best judgment.

Who can attend the meeting?

The Annual Meeting is open to all holders of ConocoPhillips common stock. Each stockholder is

permitted to bring one guest. No cameras, recording equipment, large bags, briefcases or packages will be permitted in the Annual Meeting, and security measures will be in effect in order to ensure the safety of attendees.

Do I need a ticket to attend the Annual Meeting?

Yes, you will need an admission ticket or proof of ownership of ConocoPhillips stock to enter the meeting. If your shares are registered in your name, you will find an admission ticket attached to the proxy card sent to you. If your shares are in the name of your broker or bank or you received your materials electronically, you will need to bring evidence of your stock ownership, such as your most recent brokerage statement. All stockholders will be required to present valid picture identification. IF YOU DO NOT HAVE VALID PICTURE IDENTIFICATION AND EITHER AN ADMISSION TICKET OR PROOF THAT YOU OWN CONOCOPHILLIPS STOCK, YOU MAY NOT BE ADMITTED INTO THE MEETING.

How can I access ConocoPhillips proxy materials and annual report electronically?

This proxy statement, the accompanying proxy card and the Company s Annual Report are being made available on the internet at *www.proxyvote.com* through the notice and access process to the Company s stockholders. Most stockholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail.

If you own ConocoPhillips stock in your name, you can choose this option and save us the cost of producing and mailing these documents by checking the box for electronic delivery on your proxy card, or by following the instructions provided when you vote by telephone or over the Internet. If you hold your ConocoPhillips stock through a bank, broker or other holder of record, please refer to the information provided by that entity for instructions on how to elect to view future proxy statements and annual reports over the Internet.

If you choose to view future proxy statements and annual reports over the Internet, you will receive a Notice of Internet Availability next year containing

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the Internet address to use to access our proxy statement and annual report. Your choice will remain in effect unless you change your election following the receipt of a Notice of Internet Availability. You do not have to elect Internet access each year. If you later change your mind and would like to receive paper copies of our proxy statements and annual reports, you

can request both by phone at (800) 579-1639, email at *sendmaterial@proxyvote.com* and through the internet at *www.proxyvote.com.* You will need your 12-digit control number located on your Notice of Internet Availability to request a package. You will also be provided with the opportunity to receive a copy of the proxy statement and annual report in future mailings.

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Board of Directors Information

What is the makeup of the Board of Directors and how often are the members elected?

Our Board of Directors currently has 13 members. Directors are elected at the Annual Meeting of Stockholders every year. Any director vacancies created between annual stockholder meetings (such as by a current director s death, resignation or removal for cause or an increase in the number of directors) may be filled by a majority vote of the remaining directors then in office. Any director appointed in this manner would hold office until the next election. If a vacancy resulted from an action of our stockholders, only our stockholders are entitled to elect a successor.

What if a nominee is unable or unwilling to serve?

That is not expected to occur. If it does and the Board does not elect to reduce the size of the Board, shares represented by proxies will be voted for a substitute nominated by the Board of Directors.

What if a director nominee does not receive a majority of votes cast?

If a nominee who is serving as a director is not elected at the annual meeting and no one else is elected in place of that director, then, under Delaware law, the director would continue to serve on the Board as a holdover director. However, under our By-Laws, the holdover director is required to tender his or her resignation to the Board. The Committee on Directors Affairs would then make a recommendation to the Board whether to accept or reject the tendered resignation, or whether some other action should be taken. The Board of Directors would then make a decision whether to accept the resignation taking into account the recommendation of the Committee on Directors Affairs. The Board is required to publicly disclose (by a press release, a filing with the SEC or other broadly disseminated means of communication) its decision regarding the resignation and the rationale behind the decision within 90 days from the date of the certification of the election results.

How are directors compensated?

Please see our discussion of director compensation beginning on page 57.

How often did the Board meet in 2008?

The Board of Directors met eight times in 2008. Each director attended at least 75 percent of the aggregate of:

the total number of meetings of the Board (held during the period for which she or he has been a director); and

the total number of full-committee meetings held by all committees of the board on which she or he served (during the periods that she or he served).

Do the Board committees have written charters?

Yes. The charters for our Audit and Finance Committee, Executive Committee, Compensation Committee, Committee on Directors Affairs and Public Policy Committee can be found on ConocoPhillips website at *www.conocophillips.com* under the *Governance* caption (accessed through the Investor Relations link). Stockholders may also request printed copies of our Board committee charters by following the instructions located under the caption *Available Information* on page 92.

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What are the Committees of the Board?

Committee	Members	Principal Functions	Number of Meetings in 2008
Audit and Finance	James E. Copeland, Jr.* Harald J. Norvik Victoria J. Tschinkel	Discusses with management, the independent auditors, and the internal auditors the integrity of our accounting policies, internal controls, corporate governance, financial statements, financial reporting practices and significant corporate risk exposures, and steps management has taken to monitor, control and report such exposures. Monitors the qualifications, independence and performance of our independent auditors and internal auditors. Monitors our overall direction and compliance with legal and regulatory requirements and corporate governance, including our Code of Business Ethics and Conduct. Maintains open and direct lines of communication with the Board and our management, internal auditors and independent auditors.	15
Executive	James J. Mulva* Richard H. Auchinleck James E. Copeland, Jr. Ruth R. Harkin William E. Wade, Jr.	Exercises the authority of the full Board between Board meetings on all matters other than (1) those matters expressly delegated to another committee of the Board, (2) the adoption, amendment or repeal of any of our By-Laws, and (3) matters which cannot be delegated to a committee under statute or our Certificate of Incorporation or By-Laws.	4
Compensation	William E. Wade, Jr.* Harold W. McGraw III Kathryn C. Turner	Oversees and administers our executive compensation policies, plans, programs and practices. Assists the Board in discharging its responsibilities relating to the fair and competitive compensation of our executives and other key employees. Annually reviews the performance (together with the Directors Affairs Committee) and sets the compensation of the CEO.	9
Directors Affairs	Richard H. Auchinleck* Richard L. Armitage Harold W. McGraw III Kathryn C. Turner	Selects and recommends director candidates to the Board to be submitted for election at the Annual Meeting and to fill any vacancies on the Board. Recommends committee assignments to the Board. Reviews and recommends to the Board compensation and benefits policies for our directors.	7

		Reviews and recommends to the Board appropriate corporate governance policies and procedures for our Company. Conducts an annual assessment of the qualifications and performance of the Board. Reviews and reports to the Board annually on the performance of management and succession planning for the CEO. Together with the Compensation Committee, annually reviews the performance of the CEO.	
Public Policy	Ruth R. Harkin* Kenneth M. Duberstein William K. Reilly Bobby S. Shackouls	Advises the Board on current and emerging domestic and international public policy issues. Assists the Board in the development and review of policies and budgets for charitable and political contributions.	7

* Committee Chairperson

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Election of Directors and Director Biographies

(Proposal 1 on the Proxy Card)

Who are this year s nominees?

All directors are standing for annual election this year to hold office until the 2010 Annual Meeting of Stockholders.

Richard L. Armitage, 63,

Director since March 2006

President, Armitage International LLC, since March 2005

U.S. Deputy Secretary of State from March 2001 to February 2005

President, Armitage Associates, a worldwide business and public policy firm, from 1993 to 2001

A variety of high ranking U.S. diplomatic positions from 1989 to 1993 including: Special Mediator for Water in the Middle East; Special Emissary to King Hussein of Jordan during the 1991 Gulf War; Ambassador, directing U.S. assistance to the newly independent states of the former Soviet Union

Assistant U.S. Secretary of Defense for International Security Affairs from 1983 to 1989

Member of the Board of:

ManTech International Corporation

Transcu, Ltd.

Richard H. Auchinleck, 57,

Director since August 2002

Director of Conoco Inc. from 2001 to 2002

President and Chief Executive Officer of Gulf Canada Resources Limited from February 1998 to June 2001

Chief Operating Officer of Gulf Canada from July 1997 to February 1998

Chief Executive Officer for Gulf Indonesia Resources Limited from September 1997 to February 1998

Member of the Board of:

Enbridge Commercial Trust

Telus Corporation

James E. Copeland, Jr., 64,

Director since February 2004

Chief Executive Officer of Deloitte & Touche from 1999 to 2003

Former Senior Fellow for Corporate Governance with the U.S. Chamber of Commerce

Former Global Scholar with the Robinson School of Business at Georgia State University

Member of the Board of:

Equifax Inc.

Time Warner Cable Inc.

Kenneth M. Duberstein, 64,

Director since August 2002

Director of Conoco Inc. from 2000 to 2002

Chairman and Chief Executive Officer of the Duberstein Group, a strategic planning and consulting company, since 1989

White House Chief of Staff (1988-1989) and Deputy Chief of Staff (1987) to President Ronald Reagan

Member of the Board of:

The Boeing Company

Mack-Cali Realty Corporation

The Travelers Companies, Inc.

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Ruth R. Harkin, 64,

Director since August 2002

Director of Conoco Inc. from 1998 to 2002

Senior Vice President, International Affairs and Government Relations of United Technologies Corporation (UTC) and Chair of United Technologies International, UTC s international representation arm, from June 1997 to February 2005

Former President and Chief Executive Officer of the Overseas Private Investment Corporation from 1993 to 1997

Member of State of Iowa Board of Regents

Member of the Board of:

AbitibiBowater Inc.

Harold W. McGraw III, 60,

Director since September 2005

Chairman, President and Chief Executive Officer of The McGraw-Hill Companies since 2000

President and Chief Executive Officer of The McGraw-Hill Companies 1998 to 2000

President and Chief Operating Officer of The McGraw-Hill Companies from 1993 to 1998

Member of the Board of:

The McGraw-Hill Companies

United Technologies Corporation

James J. Mulva, 62,

Director since August 2002

Chairman of the Board of ConocoPhillips since October 2004

Chief Executive Officer of ConocoPhillips since August 2002

President of ConocoPhillips from August 2002 through September 2008

Director of Phillips Petroleum Company from 1994 to 2002

Chairman of the Board of Directors and Chief Executive Officer of Phillips Petroleum Company from October 1999 to August 2002

Vice Chairman of the Board of Directors, President and Chief Executive Officer of Phillips Petroleum Company from June 1999 to October 1999

President and Chief Operating Officer of Phillips Petroleum Company from 1994 to June 1999

Member of the Board of:

General Electric Company

Harald J. Norvik, 62,

Director since July 2005

Strategic Advisor, Econ-Poyry

Chairman and Partner, Econ Management AS from June 2002 to 2008

Chairman, President & CEO of Statoil from January 1988 to October 1999

Chairman of the Board of Telenor ASA from May 2007 to present

Member of the Board of:

Petroleum Geo-Services ASA

William K. Reilly, 69,

Director since August 2002

Director of Conoco Inc. from 1998 to 2002

President and Chief Executive Officer of Aqua International Partners, an investment group which finances water improvements in developing countries, since June 1997

Senior Advisor, TPG Capital

Former Administrator of the U.S. Environmental Protection Agency from 1989 to 1993

Member of the Board of:

E. I. du Pont de Nemours and Company

Royal Caribbean Cruises Ltd.

Bobby S. Shackouls, 58,

Director since March 2006

Chairman of the Board of Burlington Resources Inc. from July 1997 through March 2006

President and Chief Executive Officer of Burlington Resources Inc. from December 1995 through March 2006

Member of the Board of:

The Kroger Co.

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Victoria J. Tschinkel, 61,

Director since August 2002

Director of Phillips Petroleum Company from 1993 to 2002

Director of Florida Nature Conservancy from 2003 to 2006

Senior Environmental Consultant to Landers & Parsons, a Tallahassee, Florida law firm, from 1987 to 2002

Secretary of the Florida Department of Environmental Regulation from 1981 to 1987

Chairwoman of 1000 Friends of Florida

Kathryn C. Turner, 61,

Director since August 2002

Director of Phillips Petroleum Company from 1995 to 2002

Chairperson and Chief Executive Officer of Standard Technology, Inc., a management technology solutions firm she founded in 1985

Member of the Board of:

Carpenter Technology Corporation

Schering-Plough Corporation

William E. Wade, Jr., 66,

Director since March 2006

Director of Burlington Resources Inc. from 2001 to 2006

President of Atlantic Richfield Company from 1998 to 1999

Executive Vice President of Atlantic Richfield Company from 1993 to 1998

A series of management positions with Atlantic Richfield Company from 1968 to 1993

Corporate Governance Matters and Communications with the Board

The Committee on Directors Affairs and our Board undertook a comprehensive review of the Company s governance structure in light of the Sarbanes-Oxley Act of 2002 and rules adopted by the SEC and the New York Stock Exchange (NYSE). The Board approved Corporate Governance Guidelines for the Company, which document many pre-existing policies and practices of the Company and also address issues responsive to the Sarbanes-Oxley Act and SEC and NYSE rules. The Corporate Governance Guidelines, posted on the Company s Internet site under the *Governance* caption and available in print upon request (see *Available Information* on page 92), address the following matters, among others: director qualifications, director responsibilities, board committees, director access to officers, employees and independent advisors, director compensation, Board performance evaluations, director orientation and continuing education, and CEO evaluation and succession planning. The Corporate Governance Guidelines also contain director independence standards, which are consistent with the standards set forth in the NYSE listing standards, to assist the Board in determining the independence of the Company s directors. The Board has determined that each director, except Mr. Mulva, meets the standards regarding independence set forth in the Corporate Governance Guidelines and is free of any material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). In making such determination regarding independence, the Board specifically considered the fact that many of our directors are directors, retired officers and stockholders of companies with which we conduct business. In addition, some of our directors serve as employees of, or consultants to, companies which do business with ConocoPhillips and its affiliates (as further described in *Related Party Transactions* on page 12). Finally, we recognize that some of our directors may purchase retail products (such as gasoline, fuel additives or lubricants) from the Company. In all cases, it was determined that the nature of the business conducted and the interest of the director by virtue of such position were immaterial both to the Company and to such director. Finally, the Board considered the Charitable Gift Program (further described in *Non-Employee Director Compensation* on page 57) and, in part because the right to such benefit vests after one year of service, concluded that such program does not impair the independence of our directors.

Our Corporate Governance Guidelines provide that non-employee directors will meet in executive session at each meeting. The Chairman of the Committee on Directors Affairs presides at these meetings. Mr. Auchinleck is Chairman of the Committee on Directors Affairs and is responsible for setting the agenda for executive sessions of non-management directors and presiding at such meetings.

The Board of Directors maintains a process for stockholders and interested parties to communicate with the Board. Stockholders and interested parties may write or call our Board of Directors by contacting our Corporate Secretary, Janet Langford Kelly, as provided below:

<u>Mailing Address</u>:

Corporate Secretary

ConocoPhillips

P.O. Box 4783

Houston, TX 77210-4783

<u>Phone Number</u>:

(281) 293-3075

Relevant communications are distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board has requested that certain items that are unrelated to the duties and responsibilities of the Board should be excluded, such as: business solicitations or advertisements; junk mail and mass mailings; new product suggestions; product complaints; product inquiries; resumes and other forms of job inquiries; spam; and surveys. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded. Any communication that is filtered out must be made available to any outside director upon request.

Recognizing that director attendance at the Company s Annual Meeting can provide the Company s stockholders with an opportunity to communicate with Board members about issues affecting the Company, the Company actively encourages its directors to attend the Annual Meeting of Stockholders. In 2008, all of the Company s directors attended the Annual Meeting with the exception of General Charles C. Krulak.

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Code of Business Ethics and Conduct

ConocoPhillips has adopted a worldwide Code of Business Ethics and Conduct for Directors and Employees designed to help directors and employees resolve ethical issues in an increasingly complex global business environment. Our Code of Business Ethics and Conduct applies to all directors and employees, including the Chief Executive Officer and the Chief Financial Officer. Our Code of Business Ethics and Conduct covers topics including, but not limited to, conflicts of interest, insider trading, competition and fair dealing, discrimination and harassment, confidentiality, payments to government personnel, anti-boycott laws, U.S. embargos and sanctions, compliance procedures and employee complaint procedures. Our Code of Business Ethics and Conduct is posted on our Internet site under the *Governance* caption. Stockholders may also request printed copies of our Code of Business Ethics and Conduct by following the instructions located under the caption *Available Information* on page 92.

Related Party Transactions

Our Code of Business Ethics and Conduct requires that all directors and executive officers promptly bring to the attention of the General Counsel and, in the case of directors, the Chairman of the Committee on Directors Affairs or, in the case of executive officers, the Chairman of the Audit and Finance Committee, any transaction or relationship that arises and of which she or he becomes aware that reasonably could be expected to constitute a related party transaction. Any such transactions are reviewed by the Company s management and the appropriate Board Committee to ensure that they do not constitute a conflict of interest and are reported appropriately. Additionally, the Committee on Directors Affairs conducts an annual review of related party transactions between each of our directors and the Company (and its subsidiaries) and makes recommendations to the Board regarding the continued independence of each board member. In 2008, there were no related party transactions in which the Company was a participant and in which any director or executive officer (or their immediate family members) had a direct or indirect material interest. The Committee on Directors Affairs

specifically considered the following relationships in making its independence determination:

Mr. McGraw is Chairman, President and Chief Executive Officer of The McGraw-Hill Companies. The McGraw-Hill Companies is a worldwide global information services provider in the financial services, education and business information markets through brands such as Standard & Poor s, McGraw-Hill Education, BusinessWeek and J.D. Power and Associates. The Committee on Directors Affairs considered both the amount and nature of the transactions conducted with The McGraw-Hill Companies, as well as Mr. McGraw s interest in such transactions and concluded he has no material direct or indirect interest in such transactions and that his independence has not been impaired by such ongoing relationships.

Mr. Copeland retired as Chief Executive Officer of Deloitte & Touche USA, and its parent company, Deloitte & Touche Tohmatsu in 2003. Since 2003, Mr. Copeland has been provided office space and administrative support from, and has provided consulting services to, Deloitte & Touche. Deloitte & Touche is a registered public accounting firm which has provided and continues to provide consulting services and tax advice to the Company. The Committee on Directors Affairs considered both the amount and nature of the transactions conducted with Deloitte & Touche, as well as Mr. Copeland s interest in such transactions and concluded he has no material direct or indirect interest in such transactions and that his independence has not been impaired by such ongoing relationships.

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Nominating Processes of the Committee on Directors Affairs

The Committee on Directors Affairs (the Committee) comprises four non-employee directors, all of whom are independent under NYSE listing standards and our Corporate Governance Guidelines. The Committee identifies, investigates and recommends director candidates to the Board with the goal of creating balance of knowledge, experience and diversity. Generally, the Committee identifies candidates through business and organizational contacts of the directors and management. The Committee seeks directors who possess the highest personal and professional ethics, integrity and values, and are committed to representing the long-term interests of the Company s stockholders. In addition to reviewing a candidate s background and accomplishments, the Committee reviews candidates for director nominees in the context of the current composition of the Board and the evolving needs of the Company s businesses. The Committee also considers the number of boards on which the candidate already serves. It is the Board s policy that at all times at least a substantial majority of its members meets the standards of independence promulgated by the NYSE and the SEC, and as set forth in the Company s Corporate Governance Guidelines. The Committee also seeks to ensure that the Board reflects a range of talents, ages, skills, diversity, and expertise, particularly in the areas of accounting and finance, management, domestic and international markets, leadership, and oil and gas related industries, sufficient to provide sound and prudent guidance with respect to the Company s operations and interests. The Board also requires that its members be able to dedicate the time and resources necessary to ensure the diligent performance of their duties on the Company s behalf, including attending Board and applicable committee meetings. Each director is required to retire at the next annual stockholders meeting of the Company following his or her 72nd birthday.

Our By-Laws permit stockholders to nominate directors for election at a stockholders meeting whether or not such nominee is submitted to and evaluated by the Committee on Directors Affairs. Stockholders who wish to submit nominees for election at an annual or special meeting of stockholders should follow the procedure described

on page 92. The Committee will consider director candidates recommended by stockholders. If a stockholder wishes to recommend a director for nomination by the Committee, he or she should follow the same procedures set forth above for nominations to be made directly by the stockholder. In addition, the stockholder should provide such other information as it may deem relevant to the Committee s evaluation. Candidates recommended by the Company s stockholders are evaluated on the same basis as candidates recommended by the Company s directors, CEO, other executive officers, third-party search firms or other sources.

Our By-Laws require directors to be elected by the majority of the votes cast with respect to such director in uncontested elections (i.e., the number of votes cast for a director must exceed the number of votes cast against that director). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. If a nominee who is serving as a director is not elected at the annual meeting and no one else is elected in place of that director, then, under Delaware law, the director would continue to serve on the Board as a holdover director. However, under our By-Laws, the holdover director is required to tender his or her resignation to the Board. The Committee on Directors Affairs would then make a recommendation to the Board whether to accept or reject the tendered resignation, or whether some other action should be taken. The Board of Directors would then make a decision whether to accept the resignation taking into account the recommendation of the Committee on Directors Affairs. The Board is required to publicly disclose (by a press release, a filing with the SEC or other broadly disseminated means of communication) its decision regarding the resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. The director who tenders his or her resignation will not participate in the Board s decision. If a nominee who was not already serving as a director is not elected at the annual meeting, under Delaware law that nominee would not become a director and would not serve on the Board as a holdover director. In 2009, all nominees for the election of directors are currently serving on the Board.

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Role of the Compensation Committee

Authority and Responsibilities

The Compensation Committee of the Board of Directors of ConocoPhillips is responsible for providing independent, objective oversight for ConocoPhillips executive compensation programs and determining the compensation of anyone who meets our definition of a Senior Officer. Currently, our internal guidelines define a Senior Officer as an employee who is a senior vice president or higher, an executive who reports directly to the CEO, or any other employee considered an officer under Section 16(b) of the Securities Exchange Act of 1934. All of the Named Executive Officers in the compensation tables that follow are Senior Officers. In addition, the Compensation Committee acts as plan administrator of the compensation programs and benefit plans for Senior Officers and as an avenue of appeal for current and former Senior Officers regarding disputes over compensation and benefits.

One of the Compensation Committee s responsibilities is to assist the Board in its oversight of the integrity of the Company s *Compensation Discussion and Analysis* found starting on page 16 of this Proxy Statement. That report summarizes certain of the Compensation Committee s activities during 2008 and 2009 concerning compensation earned during 2008.

A complete listing of the authority and responsibilities of the Compensation Committee is set forth in the written charter adopted by ConocoPhillips Board of Directors and last amended on October 1, 2008, which is available on our website *www.conocophillips.com* under the caption *Governance*.

Members

The Compensation Committee currently consists of three members. The members of the Compensation Committee and the member to be designated as Chair, like the members and Chairs of all of the Board s committees, are reviewed and recommended annually by the Committee on Directors Affairs to the full Board. The Board of Directors has final approval of the committee structure of the Board. The only pre-existing requirements for service on the Compensation Committee are that members of the Compensation Committee must meet the independence requirements for non-employee directors under the Securities Exchange Act of 1934,

for independent directors under the NYSE listing standards, and for outside directors under the Internal Revenue Code.

Meetings

The Compensation Committee has regularly scheduled meetings in association with each regular Board meeting and meets by teleconference between such meetings as necessary to properly discharge its duties. The Compensation Committee reserves time at each regularly scheduled meeting to review matters in executive session with no members of management or management representatives present except as specifically requested by the Compensation Committee. Additionally, the Committee meets jointly with the Committee on Directors Affairs at least annually to evaluate the performance of the CEO. In 2008, the Compensation Committee had eight regularly scheduled meetings, and one other meeting. More information regarding the Committee s activities at such meetings can be found in the *Compensation Discussion and Analysis* beginning on page 16.

Continuous Improvement

The Compensation Committee is committed to a process of continuous improvement in exercising its responsibilities. To that end, the Compensation Committee also:

- Receives ongoing training regarding best practices for executive compensation;
- Regularly reviews its responsibilities and governance practices in light of ongoing changes in the legal and regulatory arena and trends in corporate governance, in which review it is aided by the Company s management, compensation consultants, and, when deemed appropriate, independent legal counsel;
- Annually reviews its charter and proposes any desired changes to the Board of Directors;
- Annually conducts a self-assessment of its performance that evaluates the effectiveness of the Committee s actions and seeks ideas to improve its processes and oversight; and
- Regularly reviews and assesses whether the Company s executive compensation programs are having the desired effects.

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Compensation Committee Report

Review with Management. The Compensation Committee has reviewed and discussed with management the *Compensation Discussion and Analysis* presented in this proxy statement starting on page 16. Members of management with whom the Compensation Committee discussed the *Compensation Discussion and Analysis* included the Company s Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer, and Vice President, Human Resources.

Discussions with Independent Executive Compensation Consultant. The Compensation Committee has discussed with Towers Perrin, an independent executive compensation consulting firm, the executive compensation programs of the Company, as well as specific compensation decisions made by the Compensation Committee. Towers Perrin is retained directly by the Compensation Committee, independent of the management of the Company. The Compensation Committee has received written disclosures from Towers Perrin concerning other work performed for the Company by Towers Perrin, has discussed with Towers Perrin its independence from ConocoPhillips, and believes Towers Perrin to be independent of management.

Recommendation to the ConocoPhillips Board of Directors. Based on its review and discussions noted above, the Compensation Committee recommended to the Board of Directors that the *Compensation Discussion and Analysis* be included in ConocoPhillips proxy statement on Schedule 14A (and, by reference, included in ConocoPhillips Annual Report on Form 10-K for the year ended December 31, 2008).

THE CONOCOPHILLIPS COMPENSATION COMMITTEE

William E. Wade, Jr., *Chairman*

Harold W. McGraw III

Kathryn C. Turner

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Compensation Discussion and Analysis

Our discussion and analysis of our executive compensation programs is arranged in three parts:

- **Compensation Objectives and Process** (beginning on page 16) This section provides a summary of the goals of our compensation program for executives and the structure in place to align our program with those goals.
- **Compensation Program Elements** (beginning on page 21) This section provides an overview of the programs we have in place to compensate our executives and an analysis of the function of each program in achieving the goals and objectives discussed in the first section.
- **Compensation Analysis** (beginning on page 28) This section provides an analysis of compensation decisions for 2008 and how such information relates to the amounts reported in the Executive Compensation Tables.

Compensation Objectives and Process

Executive Compensation Goals, Philosophy, and Principles

Our Goals: Our goals are to attract, retain and motivate high-quality employees and maintain high standards of principled leadership so that we can responsibly deliver energy to the world and provide sustainable value for our stakeholders, now and in the future.

Our Philosophy: We believe that our ability to responsibly deliver energy and to provide sustainable value is driven by superior individual performance. We believe that a company must offer competitive compensation to attract and retain experienced, talented and motivated employees. Moreover, we believe employees in a leadership role within the organization are motivated to perform at their highest levels by making performance-based pay a significant portion of their compensation.

Our Principles: To achieve our goals, we implement our philosophy through the following guiding principles:

Establish target compensation levels competitive with those of other companies with whom we compete for executive talent;

Link pay to performance by making a substantial percentage of total executive compensation tied to performance measures that incentivize prudent risk-taking by our executives through annual incentive compensation and the granting of long-term incentive awards, including stock options and performance-based restricted stock or performance-based restricted stock units;

Allow executives to share in ConocoPhillips successes and failures by varying performance-based compensation from target levels based upon business performance;

Motivate individual performance by considering the specific accomplishments of individual executives and the demonstration of leadership principles and ConocoPhillips values in determining individual compensation;

Encourage talented individuals to stay with the company until retirement; and

Integrate all elements of compensation into a comprehensive package that aligns goals, efforts, and results throughout the organization.

The Compensation Committee

As discussed under *Role of the Compensation Committee* on page 14, the Compensation Committee (the Committee) is charged with all compensation actions related to our Senior Officers, including all of our Named Executive Officers.

A complete listing of the authority and responsibilities of the Committee is set forth in its Charter, which can be found on our website at *www.conocophillips.com* under the caption *Governance*.

The Committee s charter permits the Committee to delegate authority to subcommittees or other committees of the Board. In 2008, the Committee made no delegations of its authority over compensation matters relating to our Named Executive Officers.

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External Advisors

The Compensation Committee is specifically authorized in its charter to retain external legal, accounting or other advisors and consultants at the Company s expense. Since 2004, the Committee has retained Towers Perrin as its independent executive compensation consultant. The Committee has adopted specific guidelines for outside compensation consultants retained to advise the Committee. The guidelines require (and Towers Perrin provides an annual attestation regarding compliance with such guidelines) that work done for the Company at management s request be approved in advance by the Committee, require a review of the advisability of independent consultant rotation after a period of five years, and prohibit the Company from employing any individual who worked on the Company s account for a period of one year after leaving the employ of the independent consultant. The Committee strongly discourages proposals to retain the independent consultants for any work other than advising the Committee and does not approve any work proposed by management for the Company that it believes would compromise the independence of the consultants. The Committee previously approved a request to continue purchasing multi-company non-executive compensation surveys in the ordinary course of business at a nominal cost. In the view of the Committee, this does not compromise the independence of Towers Perrin as a consultant to the Committee, and the Committee concurred with management s assessment that Towers Perrin was better suited to provide the requested services than alternative providers. No other work proposals for Towers Perrin were submitted by management in 2008.

Towers Perrin attends most regularly scheduled meetings of the Compensation Committee, as well as preparatory meetings with the Committee Chairman. Among other tasks assigned by the Committee, Towers Perrin typically:

- Prepares an annual presentation on the competitiveness of compensation to be paid to our CEO;
- Reviews the Committee s proposed compensation decisions affecting our Named Executive Officers;
- Reviews presentations on executive compensation and benefits to be delivered to the Committee; and
- Advises the Committee of their opinions and conclusions regarding the presentations and issues before the Committee.

The Committee seeks advice from Towers Perrin regarding whether the executive compensation programs, and the targets set under the programs for Named Executive Officers, are within the range of typical practice for the Company s primary peers and that the total compensation actually paid to Named Executive Officers falls within the criteria established by the Committee. Towers Perrin also undertakes such other special projects as are assigned by the Committee. Additionally, Towers Perrin may attend executive sessions of the Committee as requested by the Committee.

Executive Support

The CEO and the Company s Vice President, Human Resources (VPHR) work with internal resources and the Company s compensation consultant, Mercer Human Resource Consulting (Mercer), to design programs, implement Committee decisions, and recommend amendments to existing, or the adoption of new, compensation and benefits programs and plans applicable to Senior Officers (Senior Officer is defined in *Role of the Compensation Committee* on page 13) as well as to prepare necessary briefing materials for the Committee s review as part of its decision-making process.

The Committee annually reviews the Company s compensation structure and programs; retirement, benefit and severance plans; and management succession plans. The Committee meets with the Committee on Directors Affairs each year to review the role of the CEO in the Company s performance, his role in advancing the strategic objectives of the Company, and other factors relating to his individual performance during the year, as well as to establish performance objectives and compensation targets for the coming year.

The annual compensation process concludes at the Committee s February meeting (the date of which is set at least a year in advance), when it evaluates the Company s performance against criteria set for just-concluded performance periods, and determines the associated Corporate performance payout components, determines awards earned by Senior

Officers under the Company s short-term and long-term incentive programs for the concluded performance periods, and sets target compensation for Senior Officers for the upcoming year.

Before the Committee makes the foregoing determinations, the CEO provides his recommendations to the Compensation Committee on compensation actions for all Senior Officers, other than himself. The CEO and the Compensation Committee also discuss the CEO s assessment of the performance of our Senior Officers and any other factors that the CEO believes the Compensation Committee should consider. The Compensation Committee reviews benchmarking data for similarly situated executives at other large, publicly-held energy companies (as well as large publicly-held non-energy companies, for staff executives) compiled by Mercer and reviewed by Towers Perrin.

With respect to our CEO, the Compensation Committee, with the input of Towers Perrin and Mercer, reviews and decides upon salary adjustments, incentive program payouts for the most recently concluded one- and three-year performance periods and any awards under the stock option program. Likewise, the Compensation Committee also sets compensation targets for the upcoming one- and three-year performance periods based upon benchmarking studies for other CEOs within our primary peer group for benchmarking purposes.

Compensation Program Design

Our compensation programs for executives take into account marketplace compensation for executive talent; internal equity with our employees; past practices of the Company; corporate, business unit and individual results; and the talents, skills and experience that each individual executive brings to ConocoPhillips.

The Compensation Committee begins by establishing target levels of total compensation for our Senior Officers for a given year. The targets take into account and reflect the considerations discussed in more detail below, including the use of peer benchmarking, internal pay equity and salary grade structure. Once an overall target compensation level is established, the Committee considers the weighting of each of our primary compensatory programs (Base Salary, Variable Cash Incentive Program, Stock

Option Program and Performance Share Program) within the intended total target compensation.

Generally, our programs are designed to increase the proportion of performance-based or at-risk pay as a percentage of total compensation as an executive s responsibilities increase. This is based upon the belief that our senior executives have more opportunity to affect the performance of the Company and that the executives performance will be enhanced by ensuring that a larger portion of their potential compensation is tied to the performance of the Company.

Salary Grade Structure

Each year, management, with the assistance of outside compensation consultants, undertakes a thorough examination of the scope and complexity of jobs throughout ConocoPhillips and a study of competitive compensation practices for such jobs. As a result of this work, management develops a compensation scale under which different positions are designated specific grades. Each grade has an associated base salary (minimum, midpoint, and maximum) and a target, which is expressed as a percentage of salary, for our annual bonus program. Eligible grades may also have an associated restricted stock unit and option target, also expressed as a percentage of salary. For our executives, the base salary midpoint increases at each increasing grade, but at a lesser rate than increases in target incentive compensation percentages. The result is an increased percentage of at risk compensation as the executive s grade is increased. Modifications to our salary grade structure to reflect marketplace trends are reviewed annually and, with respect to our Senior Officers, approved by the Compensation Committee. The Compensation Committee also approves any salary grade changes for our Senior Officers, including our Named Executive Officers.

Benchmarking

In setting target compensation, we, with assistance from Mercer, refer to multiple relevant compensation surveys that include but are not limited to large energy companies. We then compare that information to the base salary ranges and incentive compensation targets by salary grade to determine any necessary changes so that the cumulative target, which includes base salary and all incentive compensation, for each salary grade is broadly at the 50^{th} percentile for similar positions as indicated by the survey data.

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An individual analysis is then conducted for our Named Executive Officers in which we seek to obtain compensation data for our primary peer group, as well as other relevant groups, such as companies within the Fortune 50 Index, for benchmarking purposes specific to the position. For example, we focus on large, publicly-held energy companies as the proper primary peer group for benchmarking purposes in determining targets for our CEO, while we often include broader measures, such as other publicly-held energy companies for our operating executives, as well as other large publicly-held non-energy companies for staff executives. The conclusions are reviewed and independently confirmed by the Compensation Committee s independent compensation consultant, Towers Perrin. The Compensation Committee uses the results of these surveys as a factor in setting compensation structure and targets relating to our Named Executive Officers.

The Compensation Committee s use of primary peer groups in the context of our compensation programs generally falls into two broad categories: setting compensation targets and measuring Company performance.

- Setting Compensation Targets

As discussed above, before setting individual compensation targets under each of our primary compensation programs, the Compensation Committee establishes target levels of total compensation for our Senior Officers each year. This includes a review of targets for ongoing performance periods. Once total compensation targets are established, the Committee sets targets for future performance periods within each program. In setting total compensation targets and targets within each individual program the Compensation Committee uses the following primary peer group for benchmarking purposes Exxon Mobil Corporation, Royal Dutch Shell plc, BP p.l.c., and Chevron Corporation.

The Committee also utilizes a secondary group of peer companies for benchmarking the compensation of our Named Executive Officers Valero Energy Corporation, Marathon Oil Corporation, Occidental Petroleum Corporation, and, for staff executives, other large publicly-held non-energy companies.

We utilize the primary peer group in setting compensation targets because these companies are broadly reflective of the industry in which we compete for business opportunities, as well as executive talent, and because they provide a good indicator of the current range of compensation for executives.

- Measuring Performance

In assessing our actual performance for a given performance period under our performance-based programs, we use ExxonMobil, Royal Dutch Shell, BP, Total S.A., and Chevron as our primary peer group for performance measurement because we believe our performance is best measured against the largest publicly-held, international, integrated oil and gas companies against which we compete in our business operations.

Developing Performance Measures

We have attempted to develop performance metrics that assess the performance of the Company relative to its primary peer group rather than absolute performance. This is based on the belief that absolute performance can be affected positively or negatively by industry-wide factors over which our executives have no control, such as prices for crude oil and natural gas. We have also attempted to isolate the underlying performance necessary to enable achievement of those goals considering our unique circumstances within the industry. We have selected multiple metrics, as described below, because we believe no one metric is sufficient to capture the performance we are seeking to drive, and any metric in isolation is unlikely to promote the well-rounded executive performance necessary to enable us to achieve long-term success. We recognize, however, that no metric or set of metrics can reliably measure actual performance in light of unanticipated opportunities and challenges. We reassess the performance metrics periodically to respond to these changing circumstances.

Internal Pay Equity

We believe our salary grade structure provides a framework for an equitable compensation ratio between executives, with higher targets for jobs at salary grades having greater duties and responsibilities. Taken as a whole, our compensation

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program is designed so that the individual target level rises as salary grade level increases, with the portion of performance-based compensation rising as a percentage of total targeted compensation. One result of this structure is that actual total compensation of an executive as a multiple of the total compensation of his or her subordinates is designed to increase in periods of above-target performance and decrease in times of below-target performance.

Alignment of Interests

We place a premium on aligning the interests of executives with those of our stockholders. Our Stock Ownership Guidelines require executives to own stock and/or have an interest in restricted stock units valued at a multiple of base salary, ranging from 1.8 times salary, for lower-level executives, to 6 times salary, for the CEO. The multiple of equity held by each of our Named Executive Officers exceeds our established guidelines for their positions. Employees have five years from the date they become subject to the Guidelines to comply with the Guidelines.

We have historically required our executives to hold restricted stock units received under the Performance Share Program, and in predecessor programs, until death, disability, retirement, layoff, or severance after a change in control. The units are generally forfeited if an executive voluntarily leaves the Company s employ when not retirement eligible. We are informed by both Mercer and Towers Perrin that this is a highly unusual feature. We have employed the holding period to align our executives interests with those of our stockholders for the duration of their career with the Company and to encourage executives to stay with the Company. A result is that our Named Executive Officers do not vest in a substantial part of their compensation for the duration of their employment by the Company. Thus, amounts shown under *Stock Awards* in the *Outstanding Equity Awards at Fiscal Year End* table beginning on page 43 reflect accumulated restricted stock and restricted stock units over a longer period and, therefore, are higher than they would be for a comparably compensated executive at another company whose performance incentives vested after a period of a few years, which we are advised is more typical. In light of this fact, the Compensation Committee considered our programs and determined, for performance periods beginning in 2009, restrictions on restricted stock unit awards will lapse

five years from the anniversary of the grant date although Senior Officers may elect to defer the lapsing of such restrictions. The Compensation Committee believes this change will ensure our executives maintain their focus on long-term performance, while also allowing the Company s programs to be more competitive with those of our peers.

Statutory and Regulatory Considerations

In designing our compensatory programs, we consider and take into account the various tax, accounting and disclosure rules associated with various forms of compensation. The Compensation Committee also reviews and considers the deductibility of executive compensation under section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than $1 million that is paid to certain individuals. The Company generally will be entitled to take tax deductions relating to compensation that is performance-based or that will not be paid until the executive leaves the Company, which may include cash incentives, stock options, restricted stock, restricted stock units and other performance-based awards. The Compensation Committee seeks to preserve tax deductions for executive compensation to the extent consistent with the Committee s determination of compensation arrangements necessary and appropriate to foster achievement of our business goals. However, the Compensation Committee has also awarded compensation that might not be fully tax deductible when it believes such grants are nonetheless in the best interests of our stockholders.

The Company designs its compensation programs to be in compliance with the American Jobs Creation Act of 2004. A detailed discussion of the Company s nonqualified deferred compensation arrangements is provided on page 49 under the heading *Nonqualified Deferred Compensation.*

Compensation Policies

ConocoPhillips is a global, integrated energy company with operations and employees worldwide and, as such, we must respond to local conditions, practices, and laws in our compensation programs. Therefore, no compensation arrangements are applicable to all of our salaried employees. However,

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since our Named Executive Officers are each United States-based salaried employees, we do not discuss benefit programs that are generally applicable to all United States-based salaried employees.

The Compensation Committee carefully considers aspects of shorter-term performance that will drive the long-term sustainable performance we seek, as well as the best measures of that performance. Where appropriate, performance criteria have been established relative to the performance of other energy companies rather than on an absolute basis. Although the Committee sets performance measures for performance-based programs, compensation under those programs is not mandated by attainment of specified performance levels. Rather, employees are informed of the performance measures that will be used to evaluate their performance for a given period, such as relative annual total stockholder return, but are also informed that no given performance under those measures will entitle them to any guaranteed resulting payments under these programs. The Compensation Committee gives great weight to the Company s performance on these measures relative to our primary peer group for performance measurement. However, the Compensation Committee also retains discretion to consider other factors as the Committee seeks to determine the Company s or business unit s relative performance within the industry and the contribution of the individual to that performance.

Option Pricing

When the Committee grants options to its Named Executive Officers, the Company uses an average of the high and low stock prices on the date of grant (or the preceding business day, if the markets are closed on the date of grant) to determine the exercise price of the options. Grants of options are generally made at the Compensation Committee s February meeting (the date of which is determined at least a year in advance) or, in the case of new hires, on the date of commencement of employment or the date of Compensation Committee approval, whichever is later.

Employment Agreements

Our Named Executive Officers each serve without an employment agreement. All compensation for these officers is set by the Committee as described above. However, as part of the transition of John Lowe to

his new duties in October 2008, the Company and Mr. Lowe executed a letter setting forth their mutual understanding. Mr. Lowe continues in an at will employment relationship, but as a temporary, part-time employee from February 1, 2009 onward. The other aspects of the letter are described more fully under the heading *Executive Severance and Changes in Control* beginning on page 51.

Compensation Program Elements

Our executive compensation program has four primary components which are intended, collectively, to compensate and create incentives for our executives with respect to past, current and future performance. These four primary components are:

- Base Salary;

Variable Cash Incentive Program;

Stock Option Program; and

Performance Share Program.

In addition to these primary components, the Company also provides its executives with retirement, severance, health and other personal benefits as described below.

Base Salary

Base salary is a major component of the compensation for all of our salaried employees, although it becomes a smaller component of total targeted compensation as an employee rises through the ConocoPhillips salary grade structure. Base salary is important, especially at lower salary grades, to give an individual financial stability for personal planning purposes. There are also motivational and reward aspects to base salary, as base salary can be increased or decreased from target to account for considerations such as individual performance and time in position.

Performance-Based Pay Measures and Criteria

Performance Measures We use corporate, business unit and individual performance criteria in determining individual payouts.

- Corporate Performance Criteria At the beginning of each performance period, the Compensation Committee establishes, in consultation with management, performance criteria for the Company. At the conclusion of a performance period, the Compensation Committee makes a subjective evaluation of the performance of the Company against the pre-established criteria for such program. We utilize multiple measures of performance under our programs to ensure that no single aspect of performance is driven in isolation. We have employed the following measures of overall Company performance under our performance-based programs:

- Relative Total Stockholder Return Total stockholder return represents the percentage change in a company s common stock price from the beginning of a period of time to the end of the stated period, and assumes common stock dividends paid during the stated period are reinvested into that common stock. We use a total stockholder return measure because it is the most tangible measure of the value we have provided to our stockholders during the relevant program period. We recognize that total stockholder return is not a perfect measure. It can be affected by factors beyond management s control and by market conditions not related to the intrinsic performance of the Company. Stockholder return over the short-term can also fail to fully reflect the value of longer-term projects. We seek to mitigate the influence of industry-wide or market-wide conditions on stock price by using total stockholder return relative to our primary peer group.

- Relative Adjusted Return on Capital Employed Our businesses are capital intensive, requiring large investments, in most cases over a number of years, before tangible financial returns are achieved. Therefore, we believe that a good indicator of long-term Company and management performance, both absolute and relative to our primary peer group, is the measure known as return on capital employed (ROCE). Relative return on capital employed is a measure of the profitability of our capital employed in our integrated business compared with that of our peers.
  We calculate ROCE as a ratio, the numerator of which is net income plus after-tax interest expense and minority interests, and the denominator of which is average common stockholders equity plus total debt and minority interests. The use of ROCE as a comparative measure is complicated by the fact that two different accounting methods were used for business combinations prior to June 2001. Accounting for a combination on the purchase method generally resulted in a much higher amount of capital employed after the combination than did the pooling-of-interests method. While we were required to utilize the purchase method for all of our significant business combinations, several members of our primary peer group for performance measurement utilized the pooling-of-interests method for their significant combinations. Historically, in comparing our ROCE to our primary peer group for performance measurement, where necessary so that these amounts would be comparable, we adjusted the capital employed to reflect our estimate of significant business combinations using the pooling method of accounting, as well as for certain non-core earnings impacts. In 2007, the Compensation Committee approved a change in the way Adjusted ROCE is calculated under our performance-based programs. As a result, in measuring performance for 2007 and future years we no longer adjust our capital employed to reflect our estimate of pooling for significant business combinations. However, we do adjust the capital employed of our primary peer group for performance measurement to reflect our estimate of significant business combinations using the purchase method of accounting. We continue to adjust the Company and peers for certain non-core earnings impacts. For performance periods beginning in 2008 and before 2005, our programs considered our *improvement* on Adjusted ROCE relative to our primary peer group for performance measurement. For performance periods beginning in 2005 through 2007, our programs considered our

absolute Adjusted ROCE relative to our primary peer group for performance measurement during the program performance period.

- Relative Adjusted Income per Barrel of Oil Equivalent (BOE) An important measure of operating efficiency and management performance is a comparison of the income earned by the Company per barrel of oil produced by our Exploration & Production business segment, or E&P, and per barrel of petroleum products sold by our Refining & Marketing business segment, or R&M. This measure allows us to compare our operating efficiency in producing and refining/marketing products against that of our primary peer group. The measure is calculated by dividing adjusted income attributable to our E&P and R&M segments by the number of barrels produced or petroleum products sold, respectively. A weighted average of these two segment-level metrics is then calculated, and compared against that of our peers. As with our calculation of Adjusted ROCE, we adjust both our own income and that of our peers to reflect certain non-core earnings impacts. We added this metric for performance periods beginning in 2007.

- Relative Adjusted Cash Contribution per BOE Like ROCE, another important measure of operating efficiency and management performance is a comparison of the Company s cash contributions per barrel of oil produced by our E&P segment, and per barrel of petroleum products sold by our R&M segment. This measure is another way to compare our operating efficiency in producing and refining/marketing products against that of our primary peer group. The measure is calculated by dividing the adjusted income from operations plus the depreciation, depletion and amortization (or DD&A) attributable to our E&P and R&M segments by the number of barrels produced or petroleum products sold, respectively. A weighted average of these two segment-level metrics is then calculated, and compared against that of our peers. As with our calculation of Adjusted ROCE, we adjust both our own income and that of our peers to reflect certain non-core earnings impacts. We added this metric for performance periods beginning in 2008.

- Health, Safety and Environmental Performance We seek to be a good employer, a good community member and a good steward of the environmental resources we manage. Therefore, we have historically incorporated metrics of health, safety and environmental performance in our annual incentive bonus program.

- Implementation of Strategic Plan This measure is a subjective analysis of the Company s progress in implementing its strategic plan over a given performance period. We added this metric for performance periods beginning in 2007.

- Business Unit Performance Criteria There are approximately 100 discrete award units within the Company designed to measure performance and to reward employees according to business outcomes relevant to the award group. Although most employees participate in a single award unit designated for the operational or functional group to which such employee is assigned, a Senior Officer can participate in a blend of the results of more than one of these award units depending on the scope and breadth of his or her responsibilities over the performance period. Moreover, because our CEO is responsible for overall Company performance, his award is based solely on individual and overall Company performance.

At the beginning of each performance period, management establishes award units and the performance criteria for each award unit. Performance criteria are goals consistent with the Company s operating plan and include quantitative and qualitative metrics specific to each business unit, such as income from continuing operations (adjusted to neutralize the impact of changes in commodity prices, which may be either favorable or unfavorable), control of costs, value added indices, and various milestones set by management. At the conclusion of a performance period, management makes a subjective determination of the unit s performance for the year, which determination includes a subjective evaluation of performance versus the pre-established criteria for such award unit. The Compensation Committee approves or adjusts the recommendation from management regarding the performance of each award unit.

- Individual Performance Criteria Individual adjustments for Senior Officers, including our Named Executive Officers, are approved by the Compensation Committee, based on the recommendation of the CEO (other than for himself). The CEO s individual adjustment is determined by the Compensation Committee taking into account the prior review of his performance conducted jointly by the Compensation Committee and the Committee on Directors Affairs.

- Tax-Based Program Criteria Our annual incentive program is also designed to conform to the requirements of section 162(m) of the Internal Revenue Code, which allows for deductible compensation in excess of $1 million if certain criteria, including the attainment of pre-established performance criteria, are met.

Performance-Based Pay Programs

Annual Incentive (Bonus) The Variable Cash Incentive Program (VCIP) is a broadly-available annual incentive program for our employees throughout the world, and it is our primary vehicle for recognizing Company, business unit, and individual performance for the past year. We believe that having an at risk element for all of our employees gives them a financial stake in the achievement of our business objectives on an annual basis and therefore motivates them to use their best efforts to ensure the achievement of those objectives. We believe that one year is a valuable measurement period that should be included in a compensation program because we measure and report our business accomplishments annually, as do our primary peers and other public companies, and our valuation is derived, in part, from comparisons of such annual results with the results of our primary peers and relative to prior annual periods. We also believe that one year is a time period over which all employees

who participate in the program can have the opportunity to establish and achieve their specified goals. The award is weighted equally for corporate and business unit performance for named executive officers other than the CEO, and solely on corporate performance for the CEO.

Long-Term Incentives Our primary long-term incentive compensation programs for executives are the Stock Option and Stock Appreciation Rights Program (Stock Option Program) and the Performance Share Program (PSP) which, along with VCIP, are each programs under our stockholder approved 2004 Omnibus Stock and Performance Incentive Plan (2004 Omnibus Plan). These programs evaluate and reward performance over longer periods than our annual incentive programs. The Stock Option Program provides annual grants of stock options to our executives, the amount of which is based on their salary, their salary grade level, and their performance during the preceding year. The PSP measures performance over three-year periods and, since the settlement of the award is made in restricted stock units that have an extended vesting period, has the effect of encouraging executives to stay with the Company and of aligning the long-term interests of the executive with those of the stockholders.

The combination of the Stock Option Program, the PSP, and the extended holding periods associated with the restricted stock units received under the PSP combine to provide a comprehensive package of medium- and long-term compensation incentives for our executives that align their interests with those of our long-term stockholders. Such extended holding periods also enable the Company to more readily withdraw awards should circumstances arise that merit such action. To date, no Named Executive Officers have been subject to reductions or withdrawals of prior grants or payouts of restricted stock, restricted stock units or stock option awards. Circumstances meriting such withdrawal are determined at the discretion of the Compensation Committee, but could potentially include a material restatement or change in reported financial results for past periods for reasons other than the adoption of new accounting standards, or indicators of malfeasance by an executive, although there have been no such instances at ConocoPhillips.

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As discussed in *Benchmarking-Setting Compensation Targets* on page 19, targets under our long-term incentive programs are based on a guideline value for restricted stock units and stock options as a percent of salary established for each salary grade level of management. Targets generally provide approximately 50 percent of the long-term incentive award in the form of stock options and 50 percent in the form of restricted stock units awarded under the PSP.

- Stock Option Program The Stock Option Program is designed to maximize medium- and long-term stockholder value. It is the practice under this program to set option exercise prices at not less than 100 percent of the fair market value of the Company s stock at the time of the grant. For this purpose, the Company uses an average of the high and low stock prices on the date of grant (or the preceding business day, if the markets are closed on the date of grant). Grants are generally made at the Compensation Committee s February meeting (the date of which is determined at least a year in advance) or, in the case of new hires, on the date of commencement of employment or the date of Compensation Committee approval, whichever is later. Although the Committee retains discretion to adjust stock option awards up or down by up to 30 percent from the specified target, the Committee did not elect to exercise such discretion with respect to the Stock Option Awards granted in February 2008. Since the value of an option is derived solely from an increase in the Company s stock price, the value of a stockholder s investment in the Company must appreciate before an option holder receives any financial benefit from the option. We understand that stock options have been criticized for giving executives incentives to increase the price of the stock in the short term to the detriment of the long term. We believe these incentives are countered by the one-third annual vesting schedule for stock options combined with the impact of the PSP s requirement to hold restricted stock units for an extended period of time. Likewise, our Stock Option Program provides a valuable completely at-risk complement to the PSP.

- Performance Share Program (PSP) The PSP rewards executives based on their individual performance and the performance of the Company over a three-year period. Each year the Committee establishes a three-year performance period over which it compares the performance of the Company with that of its primary peer group for performance measurement under pre-established criteria for such period. Thus, in any given year, performance is being measured for purposes of three overlapping performance periods. Use of a multi-year performance period helps to focus management on longer-term results, but it can also provide compensation that may seem anomalous if compared only to performance in the current year (which may be better or worse relative to the multi-year period).

A guideline value determines the PSP targets for each PSP participant and is expressed in a number of restricted stock units, set at the beginning of the performance period. The guideline value takes into account a discount due to the estimated foregone dividend payments during the performance period for the targeted award (prior to issuance of the actual award).

Each executive s individual award is subject to a performance adjustment at the end of the performance period. Although the Compensation Committee maintains final discretion to adjust compensation in accordance with any unique circumstances that may arise, and has done so in the past, program guidelines generally result in an award range between 0 to 200 percent of target. Final awards are based on the Committee s subjective evaluation of the Company s performance relative to the established metrics noted above and of each executive s individual performance and long-term potential, considering input from the CEO for each participant other than himself. Targets for participants whose salary grades are changed during a performance period are prorated for the period of time such participant remained in each relevant salary grade.

- Other Possible Awards ConocoPhillips may make awards outside the Stock Option Program or the PSP (off-cycle awards). Off-cycle awards are awards granted outside the context of our regular compensation programs (these awards are also commonly referred to as ad hoc or special purpose awards). Currently, off-cycle awards are granted to certain incoming executive personnel, typically on the first day of employment, (1) to induce an executive to join the Company (occasionally replacing compensation that will be lost to the executive because of termination from the prior employer); (2) to induce an executive of an acquired company to remain with the Company long enough for the executive to be evaluated in the ConocoPhillips environment; and/or (3) to provide a pro-rata equity award to an executive joining the Company during an ongoing performance period under a plan for which he or she is ineligible because he or she joined the Company during the middle of the performance period. In the past, off-cycle awards have also been used as rewards for successful projects and, in such cases, the Compensation Committee has proposed a shorter period for restrictions on transfer associated with restricted stock units issued under the Performance Share Program which the Committee believes is consistent with the purpose of the award. While it retains discretion to do so, the Compensation Committee has indicated to our management that it does not expect to make off-cycle awards in connection with specific projects in the future. No off-cycle awards were made to any of our Named Executive Officers in 2008. Pursuant to the Compensation Committee s charter, any off-cycle awards to Senior Officers must be approved by the Compensation Committee.

Broadly-Available Plans

Our Named Executive Officers participate in the same basic benefits package as our other U.S. salaried employees. This includes a basic benefits package consisting of retirement, medical, dental, vision, life insurance and accident insurance plans, as well as flexible spending arrangements for health care and dependent care expenses.

Other Compensation and Personal Benefits

In addition to our four primary compensation program elements, we provide our Named Executive Officers a limited number of additional benefits. These are designed primarily to minimize the amount of time they devote to administrative matters other than Company business, promote a healthy work/life balance, provide opportunities for developing business relationships, and put a human face on our social responsibility programs. However, with respect to our executive life insurance coverage and

our defined contribution and defined benefit plans, our primary goal is to provide a competitive package of compensation and benefits. All such programs are approved by the Compensation Committee.

- Financial Planning Historically, we reimbursed our Named Executive Officers for their costs associated with financial planning up to certain limits. We did this to facilitate tax preparation and the creation of a sound personal investment strategy for our executives. This benefit was discontinued effective at the end of 2008.

- Comprehensive Security Program Our Board of Directors has adopted a comprehensive security program for our executives in recognition that our executives face personal safety risks in their roles as representatives of a global, integrated energy company. Under this program, our Manager of Global Security monitors changing developments in risk and threat analysis and security systems and services and recommends to management appropriate security measures. Other than in the case of a serious and immediate risk of harm, changes to the program are approved by our Board of Directors. In the Summary Compensation Table in the All Other Compensation column, we have reflected certain costs associated with this program, such as personal use of Company aircraft, the use of Company automobiles, and home security expenses. Although the Company does not believe that these services are compensatory in nature, we believe we are required to classify them as personal benefits in this proxy statement.

- Personal Entertainment We purchase tickets to various cultural, charitable, civic, entertainment and sporting events for business development and relationship-building purposes, as well as to maintain our involvement in communities in which the Company operates. Occasionally, our employees, including our executives, make personal use of tickets that would not otherwise be used for business purposes. We believe these tickets offer an opportunity to significantly increase morale at a very low or no incremental cost to the Company.

- Tax Gross-Ups Certain of the personal benefits received by our executives are deemed to be taxable income to the individual by the Internal

Revenue Service. When we believe that such income is incurred for purposes more properly characterized as Company business than personal benefit, we provide further payments to the executive to reimburse the cost of the inclusion of such item in the executive s taxable income. Most often, these tax gross-up payments are provided for travel by a family member or other personal guest of an executive to attend a meeting or function in furtherance of Company business, such as Board meetings, Company-sponsored events, and industry and association meetings where spouses or other guests are invited or expected to attend.

- Matching Gift Program Each of our executives is eligible for our charitable matching gift program. This program provides a dollar-for-dollar match of a gift of cash or securities, up to a maximum of $15,000 per executive (or $7,500 for retired executives) during any one calendar year. We provide this program to support personal charitable giving by our executives because we believe such support encourages executive involvement in community activities which furthers our mission of being a good community citizen and because we believe our Company image is enhanced by the personal involvement of our executives in charitable activities.

- Executive Life Insurance We maintain life insurance policies and/or death benefits for all of our U.S. based salaried employees (at no cost to the employee) with a face value approximately equal to their annual salaries. For our executives, we maintain an additional life insurance policy and/or death benefits (at no cost to the executive) with a value equal to their annual salary. These two programs combine to provide an executive with life insurance equal to two times annual salary at no cost to the executive (other than imputed income for tax purposes, which we do not gross up). In addition to these two plans, we also provide our executives the option of purchasing group variable universal life insurance in an amount up to eight times their annual salary. We believe this is a benefit valued by our executives that can be provided at no cost to the Company.

- Defined Contribution Plans We maintain the following nonqualified defined contribution plans for our executives. These plans allow deferred amounts to grow tax-free until distributed, and also allow the Company to utilize the money for the duration of the deferral period for general corporate purposes.

  - *Voluntary Deferred Compensation Plans* The purpose of our voluntary nonqualified deferred compensation plans is to allow executives to defer a portion of their salary and bonus. By making such deferrals, the executive defers paying taxes on such amounts until the year in which distributions are made from the plans. While in these plans, the executives are allowed to direct the investment of deferred amounts held on their behalf.

  - *Make-Up Plans* The purpose of our nonqualified defined contribution make-up plans is to provide benefits that an executive would not otherwise be entitled to receive due to limitations imposed by the Internal Revenue Code.

- Defined Benefit Plans We also maintain nonqualified defined benefit plans for our executives. The primary purpose of these plans is to provide benefits that an executive would not otherwise be entitled to receive due to limitations imposed by the Internal Revenue Code.

Severance Plans and Changes in Control

We maintain plans to address severance of our executives in certain circumstances as described under the heading *Executive Severance and Changes in Control* beginning on page 51. The structure and use of these plans is competitive within the industry and is intended to aid the Company in attracting and retaining executives.

The Executive Severance Plan was approved by the Compensation Committee and provides benefits to executives in salary grades corresponding to vice president (or equivalent) and higher in the event that the Company discharges the executive without cause. This plan was adopted to provide the Company with flexibility to make personnel changes at the executive level when executives impacted by such changes would not be entitled to the layoff benefits provided in the broad-based severance plan for employees. We believe this plan aids us in recruiting executives externally when necessary as it provides new hires a

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measure of protection, and it enables us to avoid negotiating individual severance arrangements with newly hired executives or departing executives. We also believe this plan reduces the likelihood and extent of litigation from executive severance.

The Compensation Committee also approved a Change in Control Severance Plan to provide similar benefits in the event of a discharge of covered executives after a change in control of the Company. The Change in Control Severance Plan provides benefits to executives in salary grades corresponding to vice president (or equivalent) and higher in the event that the Company discharges the executive without cause following a change in control. In our view, the severance level provided under the plan is appropriate as it is the current standard for senior executives in many U.S. industries. The Change in Control Severance Plan also incorporates a provision to deal with the impact of the federal excise tax on excess parachute payments. The so-called golden parachute tax rules subject excess parachute payments to a dual penalty: the imposition of a 20 percent excise tax upon the recipient and non-deductibility of such payments by the paying corporation. While the excise tax is seemingly evenhanded, the excise tax can discriminate against long-serving employees in favor of new hires, against individuals who do not exercise stock options in favor of those who do and against those who elect to defer compensation in favor of those who do not. For these reasons, we believe that the provision of the excise tax gross-up in the Change in Control Severance Plan is appropriate.

Compensation Analysis

In determining performance-based compensation awards for our Named Executive Officers for performance periods concluding in 2008, the Compensation Committee began by considering overall Company performance, including the following accomplishments and operating conditions:

- Mixed financial performance against the Company s peers;
- Strong operational performance in each of the E&P, R&M, Commercial segments;
- Continued improvement in all HSE metrics;
- The ongoing worldwide financial crisis and the resulting significant drop in commodity prices; and
- The advancement of the Company s strategic initiatives and key projects.

The Committee then considered any adjustments to the awards under our three performance-based compensation programs (VCIP, Stock Option Program and PSP) in accordance with their terms and pre-established criteria, while retaining the discretion to adjust awards based solely on the Committee s determination of appropriate payouts.

As a result, the Committee made the following award decisions under the Company s performance-based compensation programs.

2008 VCIP Awards

In determining award payouts under VCIP for 2008, the Compensation Committee considered the following performance criteria:

- Company Performance for 2008 In 2008, our VCIP program used both quantitative and qualitative performance measures relating to the Company as a whole, including:

  Ranking 6th in annual total stockholder return compared with our primary peer group for performance measurement (ExxonMobil, Royal Dutch Shell, BP, Total, and Chevron); and

  Ranking 4th in annual adjusted return on capital employed compared with the same primary peer group for performance measurement noted above.

  Ranking 3rd in adjusted income per BOE compared with the same primary peer group for performance measurement noted above.

  Ranking 2nd in adjusted cash contribution per BOE compared with the same primary peer group for performance measurement noted above.

  The Compensation Committee also reviewed our health, safety and environmental performance.

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Based on such review, the Committee determined that the Company s performance under these measures in 2008 merited payment of 70% of the targeted amount.

- Business Unit Performance in 2008 In determining award unit performance, the Committee used quantitative and qualitative performance measures relating to separate business units, including, but not limited to:

  Quantitative metrics specific to each business unit, such as income from continuing operations (adjusted to neutralize the impact of changes in commodity prices, which may be either favorable or unfavorable), control of costs, value added indices, and various milestones set by management;

  Health, safety and environmental performance within each business unit;

  Success in developing and implementing strategic plans;

  Contribution to the growth and success of ConocoPhillips;

  Leadership in the industry and community; and

  Social and ethical responsibility.

Mr. Carrig participated in a mix of the staff and operational award units over which he had responsibility weighted to reflect his time of service within such units. Mr. Gallogly participated in all award units within the E&P segment and R&M segment, weighted to reflect his time of service within such business segments. Messrs. Cornelius and Berney participated in staff award units over which they have, or had, responsibility. Mr. Lowe participated in all award units within the E&P segment. The Committee determined that the performance of the applicable award units, when combined with the corporate performance factors, merited base awards of between 89% and 95% of target for each of our named executive officers, other than Mr. Mulva. As noted under *Business Unit Performance Criteria* beginning on page 23,

because Mr. Mulva, as CEO, is responsible for overall Company performance, his award is based on overall Company performance.

- Individual Performance Adjustments Finally, the Committee considered individual adjustments for each Named Executive Officer s 2008 VCIP award based upon a subjective review of the individual s impact on the Company s financial and operational success during the year. The Committee considered the totality of the executive s performance and long-term potential in deciding the individual adjustments. Based on the foregoing and in the sole discretion and judgment of the Compensation Committee, the Committee approved, at its February 2009 meeting, individual performance adjustments of between 10% and 20% for each of our named executive officers, other than Mr. Mulva. The individual adjustments for these officers reflect the Committee s recognition of these individuals contributions to the strong operational performance in 2008 of their respective staff and operating units. The Committee made no individual adjustments to Mr. Mulva s award.

Stock Option Awards

Although the Committee retains discretion to adjust stock option awards up or down by up to 30 percent from the specified target, the Committee did not elect to exercise such discretion with respect to the Stock Option Awards granted in February 2008.

PSP Awards (2006-2008 Performance Period)

In February 2006, the Compensation Committee established the fourth performance period under the PSP, for the three-year period beginning January 1, 2006, and ending December 31, 2008 (PSP IV). In determining awards under the PSP for this period, the Committee considered quantitative and qualitative performance measures relating to the Company as a whole, including:

Ranking 4th in relative total stockholder return compared with our primary peer group for performance measurement (ExxonMobil, Chevron, Royal Dutch Shell, BP, and Total);

Ranking 2nd in relative adjusted return on capital employed compared with the same primary peer group for performance measurement; and

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Each executive s individual performance and long-term potential.

Based on such review, the Committee determined that the Company s performance under the stated criteria during the three-year performance period merited payment of 110% of the targeted amount. With respect to individual adjustments, similar to the 2008 VCIP program, the Committee considered PSP individual adjustments for each Named Executive Officer in recognition of the individual s personal leadership and contribution to the Company s financial and operational success over the three-year performance period. Based on the foregoing and in the sole discretion and judgment of the Compensation Committee, the Committee approved individual performance adjustments of between 10% and 15% for each of our named executive officers, other than Mr. Mulva. The Committee made no individual adjustments to Mr. Mulva s award.

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Supplement to Summary Compensation Table

The Executive Compensation Tables beginning on page 35, together with the accompanying narrative disclosures and notes, provide information concerning the total compensation of our Named Executive Officers. However, further explanation is necessary to transparently show how the programs, processes and decisions described within this *Compensation Discussion and Analysis* are reflected in the Executive Compensation Tables. As we discussed in *Compensation Objectives & Process Compensation Program Design* beginning on page 18, the Compensation Committee sets targets under each of our four primary compensation programs for our Named Executive Officers. Following the close of the relevant performance periods, Company, business unit and individual performance are considered and actual awards are adjusted as appropriate in light of such performance.

The amounts considered by the Committee for annual or program-specific awards both in setting targets and making awards are not necessarily reflected in the amounts shown under the Stock Awards and Option Awards columns of the Summary Compensation Table on page 35. This difference occurs primarily because the Stock Awards and Option Awards columns in the Summary Compensation Table do not reflect solely the values of awards made for a particular year, while the amounts considered by the Committee reflect solely the values of awards made for a particular year or program.

The Summary Compensation Table columns include the Financial Accounting Standards Board Statement No. 123(R), Share-Based Payment (FAS 123(R)) expense recognized by the Company in the year for all outstanding stock and option awards, which, because of the current hold-until-retirement feature of our restricted stock/restricted stock unit programs, can be a substantial amount. Because we currently require our executives to hold restricted stock and restricted stock unit awards for an extended holding period (until retirement for program periods commencing prior to 2009 or, for program periods ending after 2010, the earlier of retirement and at least five years following completion of the program period), any appreciation or depreciation in our stock

price during a given year results in the Company recognizing the value of such appreciation or depreciation with respect to certain previously-earned awards in its financial statements, and therefore, in the Summary Compensation Table. The Compensation Committee does not consider the effect of stock price appreciation or depreciation on prior performance-vested awards in making target or award decisions. The Compensation Committee recognizes that the extended holding periods may result in larger amounts being reflected in the Summary Compensation Table than would be the case for awards that fully-vested at the conclusion of the performance period. In the case of such awards, a change in stock price would have no effect on values reported in the Summary Compensation Table. However, the Committee believes our programs best align the interests of executives with those of our stockholders over the long-term.

Other factors we are required to take into account in determining the FAS 123(R) value that is reported in the Summary Compensation Table do not necessarily affect Compensation Committee decisions. The Committee does not consider the age or proximity to retirement of an individual executive in making target or award decisions. However, FAS 123(R) requires that an executive s age and proximity to retirement eligibility be considered in determining the financial statement impact of his or her stock based awards. As a result, for FAS 123(R) and Summary Compensation Table purposes, an individual who is retirement-eligible will, generally speaking, have a larger amount recognized as compensation expense for the same award than will an executive who is not retirement-eligible.

Finally, changes in accounting rules or interpretation of the application of those rules to our programs may affect the FAS 123(R) value of all or some outstanding awards in the year in which the change in rule or interpretation occurs, resulting in an increase or decrease in the amount reported in the Stock Awards and/or Options Awards columns of the Summary Compensation Table. However, in making target and award decisions, the Committee considers the value of the awards then being considered under then-prevailing rules and interpretations, and does not consider changes in the value of previously-granted awards resulting from rule or interpretation changes.

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The Supplement to the Summary Compensation Table below reconciles the targeted and awarded amounts considered by our Compensation Committee under each of our compensation programs for each Named Executive Officer (other than Mr. Lowe, who announced, in 2008, he was transitioning to a part-time role) with the amount that is required to be reported for 2008 in the Summary Compensation Table on page 35. Targets for equity awards are expressed in dollar amounts (using the assumptions identified in the notes to the table).

SUPPLEMENT TO SUMMARY COMPENSATION TABLE

	J.J. Mulva		**J.A. Carrig**		**J.L Gallogly**		**S.L. Cornelius**		**R.C. Berney**	
	Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Salary	$ 1,500,000	$ 1,500,000	$ 967,333	$ 967,333	$ 938,458	$ 938,458	$ 599,667	$ 599,667	$ 445,333	$ 445,333
VCIP Feb 2009	2,025,000	1,417,500	969,752	1,054,944	910,305	991,322	497,723	514,522	289,467	332,308
Stock Options 2008	5,737,500	5,738,304	1,747,150	1,748,208	1,799,025	1,800,480	856,800	857,648	358,700	360,096
PSP IV Feb 2009(1)	4,937,500	4,548,864	1,617,679	1,713,946	1,553,997	1,646,423	712,122	721,700	318,737	323,019
Total Compensation Awarded in 2008	14,200,000	13,204,668	5,301,914	5,484,431	5,201,785	5,376,683	2,666,312	2,693,537	1,412,237	1,460,756
Items attributable to FAS 123(R):										
-Mark to market, amortization and true-ups on prior awards	N/A	9,519,033	N/A	2,511,309	N/A	1,722,538	N/A	2,612,004	N/A	1,043,958
-Accruals on future awards	N/A	1,544,265	N/A	1,189,877	N/A	494,962	N/A	235,781	N/A	98,711
-Amount to be recognized in other periods on PSP IV	N/A	(5,211,709)	N/A	(1,740,494)	N/A	(1,855,044)	N/A	(721,700)	N/A	(323,019)
-Amortization of prior year option awards	N/A	43,690	N/A	11,656	N/A		N/A	427,327	N/A	209,391
-Amount to be recognized in future years on stock option award	N/A		N/A		N/A		N/A	(380,669)	N/A	(224,199)

Other items:										
Change in pension value	N/A	9,776,065	N/A	3,644,373	N/A	2,842,903	N/A	774,791	N/A	487,264
All other compensation	N/A	515,975	N/A	142,803	N/A	174,646	N/A	104,968	N/A	75,000
Amount per Summary Compensation Table	N/A	29,391,987	N/A	11,243,955	N/A	8,756,688	N/A	5,746,039	N/A	2,827,862

(1) As described in our Compensation Discussion and Analysis, our PSP is based on a three-year performance cycle. As such, the target amounts shown above related to the three-year performance period ending December 31, 2008 (PSP IV) reflect the initial targeted compensation that was established in February 2006 for the 2006-2008 performance period, including adjustments for promotions that occurred during the period. As also described in our Compensation Discussion and Analysis, the Performance Share Program converts targeted compensation to share units based on the Company s stock price at the beginning of the performance period, including an adjustment for foregone dividends. Without giving effect to share price depreciation throughout the three-year performance period, the *Actual* amount reported above for PSP IV would have been $5,431,250 for Mr. Mulva, $2,046,364 for Mr. Carrig, $1,965,806 for Mr. Gallogly, $861,668 for Mr. Cornelius, and $385,672 for Mr. Berney. The difference between these amounts and the amounts shown in the Actual column above is attributable to stock price depreciation of 11 percent during the 2006-2008 performance period.

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SUPPLEMENTAL TABLE 2009 TARGET COMPENSATION

In addition to determining the 2008 compensation payouts, the Compensation Committee established the targets for 2009 compensation for our Named Executive Officers (other than Mr. Lowe, who announced, in 2008, he was transitioning to a part-time role) under our four primary compensation programs.

As discussed under *Performance-Based Pay Programs* beginning on page 24, with the exception of salary, the targeted amounts shown below are performance-based and, therefore, actual amounts received under such programs, if any, may differ from the targets shown below.

Name	Salary	2009 VCIP Target Value	2009 Stock Option Award Target Value	PSP VII (2009-2011) Target Value	Total 2009 Target Compensation
J.J. Mulva	$ 1,500,000	$ 2,025,000	$ 5,737,500	$ 5,737,500	$ 15,000,000
J.A. Carrig	1,145,000	1,259,500	3,549,500	3,549,500	9,503,500
J.L. Gallogly	1,017,500	986,975	2,111,313	2,111,313	6,227,101
S.L. Cornelius	678,000	562,740	1,067,850	1,067,850	3,376,440
R.C. Berney	450,000	292,500	382,500	382,500	1,507,500

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Stock Performance Graph

This graph shows ConocoPhillips cumulative total stockholder return over the five-year period from December 31, 2003, to December 31, 2008. The graph also shows the cumulative total returns for the same five-year period of the S&P 500 Index and our performance peer group of companies consisting of BP, Chevron, ExxonMobil, Royal Dutch Shell, and Total. The comparison assumes $100 was invested on December 31, 2003, in ConocoPhillips stock, in the S&P 500 Index and in ConocoPhillips peer group and assumes that all of the dividends were reinvested.

Five-Year Cumulative Total Stockholder Return

Five Years Ended December 31, 2008

		December 31				
	Initial	**2004**	**2005**	**2006**	**2007**	**2008**
ConocoPhillips	$ 100	$ 136	$ 185	$ 234	$ 294	$ 177
Peer Group(1)	100	123	138	172	210	161
S&P 500	100	111	116	135	142	90

(1) Performance Peer Group consists of BP, Chevron, ExxonMobil, Royal Dutch Shell, and Total.

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Executive Compensation Tables

The following tables and accompanying narrative disclosures and footnotes provide information concerning total compensation paid to the Chief Executive Officer, the Chief Financial Officer, and certain other officers of ConocoPhillips (the Named Executive Officers). Please also see our discussion of the relationship between the *Compensation Discussion and Analysis* to these tables under *Compensation Analysis* beginning on page 28. The data presented in the tables that follow include amounts paid to the Named Executive Officers by ConocoPhillips or any of its subsidiaries in 2008. Information about stock and stock-based awards has been adjusted in the tables below to reflect the 2-for-1 split of the Company s common stock that was effective on June 1, 2005.

SUMMARY COMPENSATION TABLE

As discussed in the Compensation Discussion and Analysis section of this proxy statement, ConocoPhillips provides its executives with a number of compensation and benefit arrangements. The Summary Compensation Table below reflects amounts earned with respect to 2008 under those arrangements. We have excluded arrangements that are generally available to our U.S.-based salaried employees, such as our medical, dental, disability, and flexible spending account arrangements, since all of our Named Executive Officers are U.S.-based salaried employees. Salary and other compensation for these officers are set by the Compensation Committee of the Board of Directors, as described in the Compensation Discussion and Analysis. Based on the salary and total compensation amounts for Named Executive Officers for 2008 shown in the table below, salary accounted for approximately 8.3 percent of the total compensation of the Named Executive Officers, and incentive compensation programs (stock awards, option awards, and non-equity incentive plan compensation) accounted for approximately 60.4 percent of the total compensation for Named Executive Officers. For the CEO alone in 2008, salary accounted for approximately 5.1 percent of the total compensation, and incentive compensation programs accounted for approximately 59.9 percent of the total compensation. These numbers reflect the emphasis placed by the Company on performance-based pay, as discussed in the Compensation Discussion and Analysis section of this proxy statement.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)(7)	Total ($)
J.J. Mulva	2008	$ 1,500,000	$	$ 10,400,453	$ 5,781,994	$ 1,417,500	$ 9,776,065	$ 515,975	$ 29,391,987
Chairman and CEO	2007	1,500,000		37,949,152	5,542,175	3,442,500	1,727,552	387,647	50,549,026
	2006	1,500,000		26,396,778	6,340,259	3,383,775	5,449,910	373,302	43,444,024
J.A. Carrig	2008	967,333		3,674,638	1,759,864	1,054,944	3,644,373	142,803	11,243,955
President and COO	2007	817,500		11,224,184	1,632,457	1,186,291	1,424,708	131,239	16,416,379
	2006	695,000		6,238,265	1,698,868	1,017,967	1,931,140	101,195	11,682,435
J.L. Gallogly(8)	2008	938,458		2,008,879	1,800,480	991,322	2,842,903	174,646	8,756,688
Executive Vice	2007	858,666		3,261,590	2,301,421	1,237,698	1,046,381	135,002	8,840,758
President, Exploration and Production	2006	612,747		1,867,784	532,879	882,037	103,786	170,455	4,169,688
J.E. Lowe	2008	817,367		1,503,315	1,065,926	817,424	1,241,031	141,742	5,586,805
Assistant to CEO	2007	660,400		2,634,613	670,000	888,638	705,492	119,749	5,678,892
	2006	583,500		(2,050,163)	570,356	856,221	787,016	79,329	826,259
S.L. Cornelius	2008	599,667		2,847,785	904,306	514,522	774,791	104,968	5,746,039
Senior Vice President, Finance,	2007	515,000		1,584,780	466,048	596,607	1,088,376	84,684	4,335,495
and CFO	2006	451,000		(688,065)	357,501	472,648	813,930	64,881	1,471,895
R.C. Berney	2008	445,333		1,142,669	345,288	332,308	487,264	75,000	2,827,862

Vice President and Controller	2007	418,001	1,419,738	232,786	406,464	287,879	60,399	2,825,267
	2006	394,170	(496,702)	199,850	399,688	517,896	54,634	1,069,536

(1) Includes any amounts that were voluntarily deferred to the Company s Key Employee Deferred Compensation Plan.

(2) Because our primary bonus arrangement for salaried employees (the Variable Cash Incentive Program or VCIP) has mandatory performance measures that must be achieved before there is any payout to Named Executive Officers, amounts paid under VCIP are shown in the Non-Equity Incentive Plan Compensation column of the table, rather than the bonus column. In proxy statements relating to annual meetings prior to 2007, these amounts were shown in the bonus column. See Note (5) below for a discussion of VCIP awards shown in the table above.

(3) Amounts shown in the Stock Awards column represent the dollar amount recognized for financial statement reporting purposes for the fiscal years ended December 31, 2008, December 31, 2007, and December 31, 2006, as applicable, as determined under FAS 123(R). FAS 123(R) may require us to include amounts attributable to awards approved both in and prior to the applicable year. See the Share-Based Compensation Plans section of Note 20 in the Notes to Consolidated Financial Statements in the Company s 2008 Annual Report on Form 10-K for a discussion of the relevant assumptions used in this determination.

The amounts shown for stock awards are from our Performance Share Program (PSP), from long-term incentive programs of predecessor companies and from off-cycle awards. These may include awards that were originally set as target awards as early as 1998 and may extend to actual awards that are expected to be finalized as late as 2011. No new awards were made by the Company in 2008, 2007, or 2006 under long-term incentive programs of predecessor companies, but in accordance with FAS 123(R), values under these programs are taken into account for long periods of time after the actual approval of an award. The amounts shown for awards from PSP relate to performance periods that began in the years presented or earlier. Performance periods under PSP generally cover a three-year period and, as a new performance period has begun each year since the program commenced in 2003, there are three overlapping performance periods ongoing at any time. Amounts during 2006 may include reversals of prior year expense associated with the implementation of FAS 123(R).

In February 2006, the Compensation Committee determined performance and approved final payout with regard to the performance period that began in 2003 and ended in 2005. In December 2006, the Compensation Committee approved the commencement of a performance period covering 2007 through 2009. In February 2007, the Compensation Committee determined performance and approved final payout with regard to the performance period that began in 2004 and ended in 2006. In December 2007, the Compensation Committee approved the commencement of a performance period covering 2008 through 2010. In February 2008, the Compensation Committee determined performance and approved final payout with regard to the performance period that began in 2005 and ended in 2007. In February 2009, the Compensation Committee approved the commencement of a performance period covering 2009 through 2011 and determined performance and approved final payout with regard to the performance period that began in 2006 and ended in 2008.

Awards under PSP are made in restricted stock or restricted stock units that will generally be forfeited if the employee is terminated prior to age 65 (other than for death or following disability or after a change in control). In the event of termination due to layoff or early retirement after age 55 with five years of service, a value for the forfeited restricted stock or restricted stock units will generally be credited to a deferred compensation account for the employee for awards made prior to 2005; for later awards, restrictions lapse in the event of termination due to layoff or early retirement after age 55 with five years of service, unless the employee has elected to defer receipt of the stock until a later time.

We set forth the cost to the Company under FAS 123(R), using the modified prospective transition method required by the Securities Exchange Commission for purposes of this disclosure. Thus, if a Named Executive Officer has attained the early retirement age of 55 with five years of service before July of the year in which final payouts are made, amounts shown reflect a ratable portion of the FAS 123(R) value for a targeted award under PSP. If a Named Executive Officer is not projected to attain age 55 with five years of service before July of the year in which such awards are made, no expense is recognized when a target is established. In this circumstance, expense is recognized only with a final award, and that cost is amortized over the period remaining until the Named Executive Officer will attain age 55 with five years of service.

(4) Amounts represent the FAS 123(R) valuation for the years ended December 31, 2008, December 31, 2007, and December 31, 2006 and, thus, may include amounts attributable to awards approved in and prior to the applicable year. All such options were awarded under the Company s Stock Option (and Stock Appreciation Rights) Program. Options awarded to Named Executive Officers under that program generally vest in three equal annual installments beginning with the first anniversary from the date of grant and expire ten years after the date of grant. However, in the event that a Named Executive Officer has attained the early retirement age of 55 with five years of service, the value of the options granted is taken in the year of grant or over the number of months until the executive attains age 55 with five years of service. Therefore, the amounts shown for Messrs. Mulva, Carrig, and Gallogly include the full grant value of the options granted in 2008. The amounts include approximately one-third of the value of options granted in 2006, one-third of the value of options granted in 2007, and one-third of the value of options granted in 2008 for Messrs. Lowe and Berney. For Mr. Cornelius, the amounts include approximately one-third of the value of the options granted in 2006, two-fifths of the value of the options granted in 2007, and five-ninths of the value of the options granted in 2008 (due to his age being within three years of age 55). See the Share-Based Compensation Plans section of Note 20 in the Company s 2008 Annual

Report on Form 10-K for a discussion of the relevant assumptions used in this determination.

Option awards are made in February of each year at a regularly-scheduled meeting of the Compensation Committee. Occasionally, option awards may be made at other times, such as upon the commencement of employment of an individual. In determining the number

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of shares to be subject to these option grants, the Compensation Committee used a Black-Scholes-Merton-based methodology to value the options. In February 2009, the Compensation Committee determined option awards for that year, which become exercisable on the anniversary date of the grant in years 2010, 2011, and 2012, so some of the value will be shown in subsequent proxy statements. In February 2008, the Compensation Committee determined option awards for that year, which become exercisable on the anniversary date of the grant in years 2009, 2010, and 2011, so some of the value will be shown in subsequent proxy statements. In February 2007, the Compensation Committee determined option awards for that year, which will vest on the anniversary date of the grant in years 2008, 2009, and 2010, so some of the value will be shown in subsequent proxy statements and in February 2006, the Compensation Committee determined option awards for that year, which will become exercisable on the anniversary date of the grant in years 2007, 2008, and 2009, so some of the value will be shown in subsequent proxy statements. With respect to Mr. Gallogly, amounts in 2006 also reflect the award made in connection with the commencement of his employment.

(5) Includes amounts paid under VCIP, our primary non-equity incentive arrangement and includes amounts that were voluntarily deferred to the Company s Key Employee Deferred Compensation Plan. For the 2008 program year, payments were made in February 2009, for the 2007 program year, payments were made in February 2008 and for the 2006 program year payments were made in February 2007. See also Note (2) above.

With regard to Named Executive Officers, the Compensation Committee sets two tiers of performance criteria. First, performance criteria under VCIP apply to all eligible employees, including the Named Executive Officers. The Compensation Committee assessed individual performance of Senior Officers, including all of the Named Executive Officers, at its February 2009 meeting for the 2008 program year, at its February 2008 meeting for the 2007 program year, and at its February 2007 meeting for the 2006 program year. Under VCIP, the amounts of individual awards are discretionary, but are expected, except in extraordinary cases, to range from zero to 200 percent of the target amount for the award year, based on the Compensation Committee s assessment of total Company and business unit performance, with an award for individual performance available of up to an additional 50 percent. At its February 2009 meeting, the Compensation Committee approved the individual awards for Senior Officers, including the Named Executive Officers, for the 2008 program year. At its February 2008 meeting, the Compensation Committee approved the individual awards for Senior Officers, including the Named Executive Officers, for the 2007 program year. At its February 2007 meeting, the Compensation Committee approved the individual awards for Senior Officers, including the Named Executive Officers, for the 2006 program year. Individual awards for other employees were approved by the CEO effective at the same time.

In addition, in order for a Named Executive Officer to receive any award under VCIP a second set of threshold criteria must be met. This tier of performance measure and methodology is designed to meet requirements for deductibility of this item of compensation under section 162(m) of the Internal Revenue Code. Pursuant to this tier, a maximum payment for the performance period under VCIP is set, but it is subject to downward adjustment through the application of the generally applicable methodology for VCIP awards discussed in the prior paragraph, so it effectively establishes a ceiling for VCIP payments to each Named Executive Officer. Performance criteria for the 2008 program year required that the Company meet one of the following measures as a threshold to an award being made to any Named Executive Officer: (1) Top two-thirds of specified companies in improvement in return on capital employed (adjusted to purchase accounting); (2) Top two-thirds of specified companies in total stockholder return; (3) Top two-thirds of specified companies in income per barrel-of-oil-equivalent; or (4) Cash from operations (normalized to assumptions made in our budgeting process as to price for oil equivalents and excluding non-cash working capital) of at least $14.875 billion. In addition to ConocoPhillips, the specified companies for this purpose were BP, Chevron, ExxonMobil, Royal Dutch Shell, and Total. At its February 2009 meeting, the Compensation Committee determined that this threshold had been achieved. Performance criteria for the 2007 program year required that the Company meet one of the following measures as a threshold to an award being made to any Named Executive Officer: (1) Top two-thirds of specified companies in return on capital employed (adjusted to pooling accounting); (2) Top two-thirds of specified companies in total stockholder return; (3) Top two-thirds of specified companies in income per barrel-of-oil-equivalent; or (4) Cash from operations (normalized to assumptions made in our budgeting process as to price for oil equivalents and excluding non-cash working capital) of at least $14.5 billion. In addition to ConocoPhillips, the specified companies for this purpose were BP, Chevron, ExxonMobil, Royal Dutch Shell, and Total. At its February 2008 meeting, the Compensation Committee determined that this threshold had been achieved. Performance criteria for the 2006 program year required that the Company meet one of the following measures as a threshold to an award being made to any Named Executive Officer: (1) Top two-thirds of specified companies in return on capital employed (adjusted to pooling accounting); (2) Top two-thirds of specified companies in total stockholder return; or (3) Cash from operations (normalized to assumptions made in our budgeting process as to price for oil equivalents and excluding non-cash working capital) of at least $9 billion. In addition to ConocoPhillips, the specified companies for this purpose were BP, Chevron, ExxonMobil, Royal Dutch Shell, and Total. At its February 2007 meeting, the Compensation Committee determined that this threshold had been achieved.

(6) Amounts shown in the Change in Pension Value and the Nonqualified Deferred Compensation Earnings column represent the actuarial increase in the present value of the Named Executive Officer s benefits under all pension plans maintained by the Company determined using interest rate and mortality rate assumptions consistent with those used in the Company s financial statements. Interest rate assumption changes have a significant impact on the pension values with periods of lower interest rates having the effect of increasing the actuarial values reported.

(7) As discussed in the Compensation Discussion and Analysis section of this proxy statement, ConocoPhillips provides its executives with a number of compensation and benefit arrangements. The table below reflects amounts earned under those arrangements. We have excluded arrangements that are generally available to our U.S.-based salaried employees, such as our medical, dental, disability, and flexible spending account arrangements, since all of our Named Executive Officers are U.S.-based salaried employees. All Other Compensation includes the following amounts, which were determined using actual cost paid by the Company unless otherwise noted:

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		Personal Use of Company Aircraft[(a)]	Automobile Provided by Company[(b)]	Home Security[(c)]	Financial Planning[(d)]	Club Dues[(e)]	Executive Group Life Insurance Premiums[(f)]
J.J. Mulva	2008	$ 54,802	$ 25,409	$ 230	$ 20,000	$	$ 11,880
	2007	35,309	22,740	10,498	20,000		11,880
	2006	41,154	23,257	1,315	20,000		11,190
J.A. Carrig	2008						4,898
	2007						4,219
	2006						1,902
J.L. Gallogly	2008			599	1,454		4,803
	2007			6,652	2,600		4,431
	2006			5,782	2,250		1,691
J.E. Lowe	2008				10,000		1,471
	2007				10,000		1,169
	2006				5,000		1,050
S.L Cornelius	2008				10,000		1,633
	2007				10,000	1,306	1,405
	2006				10,000		1,245
R.C. Berney	2008				10,000		1,229
	2007				10,000		1,154
	2006				8,335		1,088

		Tax Reimbursement Gross-Up[(g)]	Relocation[(h)]	Director Charitable Gift Program[(i)]	Matching Gift Program[(j)]	Matching Contributions Under the Tax-Qualified Savings Plans[(k)]	Company Contributions to Nonqualified Defined Contribution Plans[(l)]
J.J. Mulva	2008	$ 27,163	$	$ 113,537	$ 18,500	$ 22,576	$ 221,878
	2007	8,427		43,628	18,000	22,668	194,497
	2006	11,623		48,342	18,500	20,698	177,223
J.A. Carrig	2008				2,500	22,576	112,829
	2007				24,500	22,668	79,852
	2006				15,000	20,693	63,600
J.L. Gallogly	2008	9,168			21,000	22,576	115,046
	2007	2,943			5,000	22,668	90,708
	2006	1,387	133,607			20,829	4,909
J.E. Lowe	2008	585			14,500	22,576	92,610
	2007	733			27,500	22,668	57,679
	2006	1,374			3,600	20,693	47,612
S.L Cornelius	2008	1,252			13,300	22,576	56,207
	2007				10,864	22,668	38,441
	2006	749			2,130	20,693	30,064
R.C. Berney	2008	6,022			2,000	22,221	33,528
	2007					22,846	26,399
	2006	761			1,000	20,908	22,542

(a) The Comprehensive Security Program of the Company requires that Mr. Mulva fly on Company aircraft, unless a determination is made by the Manager of Global Security that other arrangements are an acceptable risk. Numbers above represent the approximate incremental cost to ConocoPhillips for personal use of the aircraft, including travel for any family member or guest. Approximate incremental cost has been determined by calculating the variable costs for each aircraft during the year, dividing that amount by the total number of miles flown by that aircraft, and multiplying the result by the miles flown for personal use in 2008, 2007, and 2006. Included in incremental costs reported is $24,202 in 2008, $20,551 in 2007, and $17,782 in 2006 associated with flights to the Company hangar or other locations without passengers, commonly referred to as deadhead flights. Effective June 22, 2007, the Company and Mr. Mulva entered into an agreement, the Time Share Agreement, with regard to certain of the Company s aircraft, pursuant to which Mr. Mulva agreed to reimburse the Company for his personal use of the aircraft, subject to certain limitations required by the Federal Aviation Administration. The amounts shown for incremental costs related to the personal use of an aircraft by Mr. Mulva reflect the net incremental costs to the Company after giving effect to any reimbursements received under the Time Share Agreement.

(b) The value shown in the table represents the approximate incremental cost to the Company of providing and maintaining an automobile, excluding Company security personnel. Approximate incremental cost was calculated using actual expenses incurred during the year. Other executives and employees of the Company may also be required to use Company-provided transportation and security personnel, especially when traveling or living outside of the United States, in accordance with risk assessments made by the Company s Manager of Global Security.

(c) The use of a home security system is required as part of ConocoPhillips Comprehensive Security Program for certain executives and employees, including the Named Executive Officers noted above based on risk assessments made by the Company s Manager of Global Security. Amounts shown represent the approximate incremental cost to ConocoPhillips for the installation and maintenance of the home security system with features required by the Company in excess of the cost of a standard system typical for homes in the neighborhoods where the Named Executive Officers homes are located. The Named Executive Officer pays the cost of the standard system himself.

(d) Historically, the Company had an Executive Financial Planning Program under which financial and tax planning expenses incurred by eligible executives were reimbursed by the Company up to $20,000 for the CEO and up to $10,000 for other Named Executive Officers. This personal benefit was discontinued effective at the end of 2008.

(e) Historically, the Company had provided a nominal amount for membership in a social club to certain executives for use in conducting Company business. The amount shown here is for annual dues since it is possible for the executive to use the club for personal use. No other amounts for personal use were reimbursed or paid by the Company, although the Company did pay or reimburse any amounts for business use of the club, such as entertaining customers. This personal benefit was discontinued effective at the end of 2007.

(f) The amounts shown are for premiums paid by the Company for executive group life insurance provided by the Company, with a value equal to the employee s annual salary. In addition, certain employees of the Company, including the Named Executive Officers, are eligible to purchase group variable universal life insurance policies for which the employee pays all costs, so that there is no incremental cost to the Company.

(g) The amounts shown are for payments by the Company relating to certain taxes incurred by the employee. These primarily occur when the Company requests family members or other guests to accompany the employee to Company functions and, as a result, the employee is deemed to make a personal use of Company assets (for example, when a spouse accompanies an employee on a Company aircraft). The Company believes that such travel is appropriately characterized as a business expense and, therefore, in such circumstances, if the employee is imputed income in accordance with the applicable tax laws, the Company will generally reimburse the employee for any increased tax costs.

(h) Mr. Gallogly became an employee of the Company on April 1, 2006. The Company reimbursed Mr. Gallogly for certain of his relocation costs.

(i) Mr. Mulva is a member of the Board of Directors and as such was entitled to participate in the Director Charitable Gift Program. This program allowed eligible directors to designate charities and tax-exempt educational institutions to receive a donation from the Company of up to $1 million upon his or her death. Directors were vested in the program after one year of service on the Board, and Mr. Mulva was thus eligible. In 2008, as part of its regular review of the compensation of directors, the Committee on Directors Affairs decided to discontinue the Director Charitable Gift Program for current directors and future director appointees. With respect to current directors, the Company made payments equal to the net present value of the outstanding awards to charities designated by such directors in 2008. Amounts above reflect the cost to the company of the 2008 payments, less any costs reported in previous periods with respect to the Director Charitable Gift Program.

(j) The Company maintains a Matching Gift Program under which certain gifts by employees to qualified educational or charitable institutions are matched. For executives, the program matches up to $15,000 with regard to each program year. Administration of the program can cause more than $15,000 to be paid in a single fiscal year of the Company, due to processing claims from more than one program year in that single fiscal year. The amounts shown are for the actual payments by the Company during the year.

(k) Under the terms of its tax-qualified defined contribution plans, the Company makes matching contributions and allocations to the accounts of its eligible employees, including the Named Executive Officers.

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(l) Under the terms of its nonqualified defined contribution plans, the Company makes contributions to the accounts of its eligible employees, including the Named Executive Officers. See the narrative, table, and notes to the Nonqualified Deferred Compensation table for further information.

(8) Mr. Gallogly became an employee of ConocoPhillips on April 1, 2006. Prior to joining ConocoPhillips, Mr. Gallogly was President and Chief Executive Officer for Chevron Phillips Chemical Company LLC. ConocoPhillips owns a 50 percent interest in Chevron Phillips Chemical Company LLC. None of the compensation or benefits earned by Mr. Gallogly as an employee of Chevron Phillips Chemical Company LLC is included in the Table.

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GRANTS OF PLAN-BASED AWARDS TABLE

The Grants of Plan-Based Awards Table is used to show participation by the Named Executive Officers in the incentive compensation arrangements described below.

The columns under the heading Estimated Future Payouts Under Non-Equity Incentive Plan Awards show information regarding the ConocoPhillips Variable Cash Incentive Program (VCIP), a performance-based bonus program that sets a target level and minimum and maximum cash payouts for each one-year performance cycle. These targets are set as a percentage of salary which varies by salary grade level. Minimum possible payouts are set at zero, as the Compensation Committee retains the authority to reduce any award from the target to zero. Maximum possible payouts are set at $10 million for each of the Named Executive Officers, under a limitation of the program designed to comply with section 162(m) of the Internal Revenue Code. This maximum was set at the December 2007 meeting of the Compensation Committee, at which it also approved separate performance criteria for any VCIP payment to the Named Executive Officers with regard to the 2008 program year. In practice, that limit has never been reached in the history of the program, due to the Compensation Committee exercising its discretion to reduce any award from the maximum payout level. Within the parameters of the program, a second (lower) maximum possible payout related to corporate and business unit performance is set at 200 percent of the target level, with a further possible adjustment of up to 50 percent of the target level for individual performance. This applies to all participants in VCIP, including the Named Executive Officers, although since the Compensation Committee has ultimate authority to grant awards, it is permitted to grant awards higher than the maximum set in the program. The maximum possible payouts set forth in the Table are shown at 250 percent of target. The amounts shown in the Table are those applicable to the 2008 program year using a minimum of zero and a maximum of 250 percent of VCIP target for each participant and do not represent actual payouts for that program year. Actual payouts for the 2008 program year were made in February 2009 and are shown in the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column.

The columns under the heading Estimated Future Payouts Under Equity Incentive Plan Awards show information regarding the ConocoPhillips Performance Share Program (PSP), a performance-based program that sets a target level and minimum and maximum restricted stock unit payouts at the conclusion of the three-year performance period. The Compensation Committee, at its annual compensation review and approval meeting in February, approves targets for each of the Senior Officers of the Company, including each of the Named Executive Officers. These targets are set as a percentage of salary, which varies by salary grade level. Minimum possible payouts are set at zero, as the Compensation Committee retains the authority to reduce any award from the target to zero. Within the parameters of the program, the maximum possible payout is set at 200 percent of the target level. This applies to all participants in PSP, including the Named Executive Officers, although since the Compensation Committee has ultimate authority to grant awards, it may grant awards higher than the maximum set in the program. The maximum possible payouts set forth in the Table for Named Executive Officers are shown at 200 percent of target. The amounts shown in the Table are those set for 2008 compensation tied to the 2008 through 2010 program period under PSP (PSP VI) and do not represent actual payouts for that program year. Actual payouts of restricted stock or restricted stock units, if any, for PSP VI are not expected to be made until February 2011, after the close of the three-year performance period.

The All Other Stock Awards column reflects any off-cycle stock awards or any other stock awards outside of PSP. There were no such awards to our Named Executive Officers approved in 2008.

The All Other Option Awards column reflects option awards granted in 2008 to our Named Executive Officers. Option awards are generally granted under our Stock Option (and Stock Appreciation Rights) Program (SOP), although off-cycle option awards or other option awards outside of SOP are possible under the 2004 Omnibus Plan. In 2008, there were no option awards to Named Executive Officers other than those made under SOP. Targets for option awards under SOP are set as a percentage of salary, which varies by salary grade level. The option awards shown were granted on the same day that the target was approved. For the 2008 program year under SOP, targets were set and awards granted at the regularly scheduled February 2008 meeting of the Compensation Committee.

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Name	Grant Date[1]	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[2] Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards[3] Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)[4]	Exercise or Base Price of Option Awards Average Price ($Sh)[5]	Exercise or Base Price of Option Awards Closing Price ($Sh)[6]	Grant Date Fair Value of Stock and Option Awards[7]
J.J. Mulva	2/14/2008	$	$2,025,000	$5,062,500						$	$	$
	2/14/2008					68,716	137,432					5,454,676
	2/14/2008								296,400	79.38	78.96	5,738,304
J.A. Carrig	2/14/2008		969,752	2,424,380								
	2/14/2008					20,925	41,850					1,661,027
	2/14/2008								90,300	79.38	78.96	1,748,208
	10/1/2008					3,234	6,468					227,657
	10/1/2008					12,933	25,866					910,419
	10/1/2008					16,189	32,378					1,139,625
J.L. Gallogly	2/14/2008		910,305	2,275,763								
	2/14/2008					21,546	43,092					1,710,321
	2/14/2008								93,000	79.38	78.96	1,800,480
J.E. Lowe	2/14/2008		792,846	1,982,115								
	2/14/2008					18,743	37,486					1,487,819
	2/14/2008								80,900	79.38	78.96	1,566,224
S.L. Cornelius	2/14/2008		497,723	1,244,308								
	2/14/2008					10,261	20,522					814,518
	2/14/2008								44,300	79.38	78.96	857,648
R.C. Berney	2/14/2008		289,467	723,668								
	2/14/2008					4,296	8,592					341,016
	2/14/2008								18,600	79.38	78.96	360,096

(1) The grant date shown is the date on which the Compensation Committee approved the target awards under the compensation programs discussed in the narrative above and reflected in the table, except, with regard to the October 1, 2008, awards shown for Mr. Carrig. Under the terms of the Performance Share Program, an adjustment in the target and maximum awards under three ongoing performance periods automatically occurred on the effective date of his promotion, which promotion was effective October 1, 2008, and was approved in advance by the Compensation Committee.

(2) Threshold and maximum are based on the program provisions under VCIP. Actual awards earned can range from zero to 200 percent of the target awards for corporate and business unit performance, with a further possible adjustment of up to 50 percent of the target awards for individual performance. The Compensation Committee retains the authority to make awards under the program at its discretion, including the discretion to make awards greater than the maximum payout.

(3) Threshold and maximum are based on the program provisions under PSP. Actual awards earned can range from zero to 200 percent of the target awards. The Compensation Committee retains the authority to make awards under the program at its discretion, including the discretion to make awards greater than the maximum payout. Mr. Carrig was promoted effective October 1, 2008, resulting, under the terms of the Performance Share Program, in an adjustment in the target and maximum awards under three ongoing performance periods. This adjustment is shown as separate awards on that date.

(4) These amounts represent stock options granted during 2008.

(5) The exercise price is the average of the high and low prices of ConocoPhillips common stock, as reported on the NYSE, on the date of the grant (or on the last preceding date for which there was a reported sale, in the absence of any reported sales on the grant date); therefore, on the grant date, the option has no immediately realizable value and any potential payout reflects an increase in share price after the grant date. The Company s stockholder-approved 2004 Omnibus Stock and Performance Incentive Plan provides for the use of such an average price in setting the exercise price on options, unless the Compensation Committee directs otherwise.

(6) The closing price is the closing price of ConocoPhillips common stock, as reported on the NYSE, on the date of the grant.

(7) For equity incentive plan awards, these amounts represent the grant date fair value at target level under PSP as determined pursuant to FAS 123(R). For option awards, these amounts represent the grant date fair value of the option awards using a Black-Scholes-Merton-based methodology to value the options in accordance with FAS 123(R). Actual value realized upon option exercise depends on market prices at the time of exercise. For other stock awards, these amounts represent the grant date fair value of the restricted stock or restricted stock unit awards determined pursuant to FAS 123(R). See the Share-Based Compensation Plans section of Note 20 in the Company s 2008 Annual Report on Form 10-K, for a discussion of the relevant assumptions used in this determination. Under the terms of the Performance Share Program, Mr. Carrig received incremental targeted awards on the three ongoing performance periods due to a change in salary grade.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

	Option Awards[1]					Stock Awards[7]			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable[2]**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
J.J. Mulva	136,204			$ 26.330	7/26/2009		$		$
	3,796			26.330	7/26/2009				
	233,600			23.440	10/11/2009				
	335,600			31.140	10/9/2010				
	478,000			27.385	10/8/2011				
	1,500,000			25.655	11/17/2011				
	1,500,000			32.065	11/17/2011				
	12,738			23.550	10/22/2012				
	413,062			23.550	10/22/2012				
	606,000			24.370	2/10/2013				
	745,200			32.810	2/8/2014				
	392,800			47.830	2/4/2015				
	179,200	89,600(3)		59.075	2/10/2016				
	92,166	184,334(4)		66.370	2/8/2017				
		296,400(5)		79.380	2/14/2018				
						2,761,655	143,053,729	141,443	7,326,747
J.A. Carrig	10,200			27.385	10/8/2011				
	49,662			23.550	10/22/2012				
	122,200			24.370	2/10/2013				
	126,200			32.810	2/8/2014				
	104,600			47.830	2/4/2015				
	52,332	26,168(3)		59.075	2/10/2016				
	26,933	53,867(4)		66.370	2/8/2017				
		90,300(5)		79.380	2/14/2018				
						422,144	21,867,059	71,289	3,692,770
J.L. Gallogly	700			26.565	9/13/2009				
	2,100			26.565	9/13/2009				
	3,472			23.440	10/11/2009				
	1,800			31.470	9/26/2010				
	42,132	21,068(6)		64.770	4/4/2016				
	31,666	63,334(4)		66.370	2/8/2017				
		93,000(5)		79.380	2/14/2018				
						85,183	4,412,479	46,516	2,409,529
J.E. Lowe	70,200			47.830	2/4/2015				
	33,932	16,968(3)		59.075	2/10/2016				
	18,200	36,400(4)		66.370	2/8/2017				
		80,900(5)		79.380	2/14/2018				
						287,443	14,889,547	39,862	2,064,852

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

(Continued)

	Option Awards[1]					Stock Awards[7]			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable[2]**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
S.L. Cornelius	45,000			$ 32.810	2/8/2014		$		$
	47,600			47.830	2/4/2015				
	21,666	10,834(3)		59.075	2/10/2016				
	11,933	23,867(4)		66.370	2/8/2017				
		44,300(5)		79.380	2/14/2018				
						113,133	5,860,289	22,165	1,148,147
R.C. Berney	29,400			24.370	2/10/2013				
	33,600			32.810	2/8/2014				
	25,400			47.830	2/4/2015				
	11,600	5,800(3)		59.075	2/10/2016				
	6,333	12,667(4)		66.370	2/8/2017				
		18,600(5)		79.380	2/14/2018				
						110,632	5,730,738	9,279	480,652

(1) All options shown in the table have a maximum term for exercise of ten years from the grant date. Under certain circumstances, the terms for exercise may be shorter, and in certain circumstances, the options may be forfeited and cancelled. All awards shown in the table have associated restrictions upon transferability.

(2) The options shown in this column vested and became exercisable in 2008 or prior years (although under certain termination circumstances, the options may still be forfeited). Following the merger of Conoco and Phillips, options become exercisable in one-third increments on the first, second, and third anniversaries of the grant date.

(3) Represents the final one-third vesting of the February 10, 2006 grant, which became exercisable on February 10, 2009.

(4) Represents the final two-thirds vesting of the February 8, 2007 grant, half of which became exercisable on February 8, 2009, and the other half will become exercisable on February 8, 2010.

(5) Represents the February 14, 2008 grant, one-third of which became exercisable on February 14, 2009, one-third of which will become exercisable on February 14, 2010, and the final third will become exercisable on February 14, 2011.

(6) Represents the final one-third of a stock option award granted upon employment which will become exercisable on April 4, 2009.

(7) No stock awards were made to the Named Executive Officers in 2008 except as a long-term incentive award under the Company s Performance Share Program (shown in the columns labeled Stock Awards) or pursuant to elections made by a Named Executive Officer to receive cash compensation in the form of restricted stock units. Amounts above include PSP awards for the three-year performance period ending December 31, 2008 (PSP IV), as follows: Mr. Mulva, 100,041 shares; Mr. Carrig, 37,694 shares; Mr. Gallogly, 36,209 shares; Mr. Lowe, 27,868 shares; Mr. Cornelius, 15,872 shares; and Mr. Berney, 7,104 shares. Stock awards shown in the columns entitled Number of Shares or Units of Stock That Have Not Vested (#) and Market Value of Shares or Units of Stock That Have Not Vested ($) continue to have restrictions upon transferability. Under PSP, stock awards are made in the form of restricted stock units or restricted stock, the former having been used in the most recent awards. The terms and conditions of both are substantially the same, requiring restriction on transferability until separation from service from the Company. Forfeiture is expected to occur if the separation is not the result of death, disability, layoff, retirement after the executive has reached the age of 55 with five years of service, or after a change of control, although the Compensation Committee has the authority to waive forfeiture. Restricted stock awards have voting rights and pay dividends. Restricted stock unit awards have no voting rights and pay dividend equivalents. Dividend equivalents, if any, on restricted stock units held are paid in cash or credited to each officer s account in the form of additional stock units. Neither pays dividends or dividend equivalents at preferential rates. Restricted stock held by the Named Executive Officers prior to November 17, 2001 was converted to restricted stock units prior to the completion of the merger, with the original restrictions still in place. In addition to stock awards actually granted, the Table reflects potential stock awards to Named Executive Officers under ongoing performance periods for PSP, for the performance periods from 2007 through 2009 and 2008 through 2010. These are shown at target levels in the columns entitled Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) and Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($). There is no assurance that these awards will be granted at, below, or above target after the end of the relevant performance periods, as the determination of whether

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to make an actual grant and the amount of any actual grant for Named Executive Officers is within the discretion of the Compensation Committee. Until an actual grant is made, these target awards have no voting rights and pay no dividends or dividend equivalents. Stock awards shown reflect closing price at the end of 2008 ($51.80 as of December 31, 2008).

Amounts presented in Number of Shares or Units of Stock That Have Not Vested (#) and Market Value of Shares or Units of Stock That Have Not Vested ($) represent restricted stock and restricted stock unit awards granted with respect to prior periods. The plans and programs under which such grants were made provide that awards made in the form of restricted stock and restricted stock units be held in such form until the recipient retires. If such awards immediately vested upon completion of the relevant performance period, as we are informed by our compensation consultant is more typical for restricted stock programs, the amounts reflected in this column would be zero.

OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized Upon Vesting ($)
J.J. Mulva	149,000	$ 7,003,380		$
J.A. Carrig	102,800	6,468,604		
J.L. Gallogly				
J.E. Lowe	97,800	5,025,952		
S.L. Cornelius				
R.C. Berney	71,800	4,475,249		

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PENSION BENEFITS

ConocoPhillips maintains several defined benefit plans for its eligible employees. With regard to U.S.-based salaried employees, the primary defined benefit plan that is qualified under the Internal Revenue Code is the ConocoPhillips Retirement Plan (CPRP).

The CPRP is a non-contributory plan that is funded through a trust. The CPRP consists of six titles, each one corresponding to a different pension formula and having numerous other differences in terms and conditions. Employees are eligible for current participation in only one title, and eligibility is based on heritage company and time of hire. Of the Named Executive Officers, Messrs. Mulva, Carrig, Gallogly, Berney, and Lowe, (having been employees of Phillips) are eligible for, and vested in, benefits under Title I of the CPRP, while Mr. Cornelius (having been an employee of Conoco) is eligible for, and vested in, benefits under Title IV. Both Titles I and IV provide a final average earnings type of pension benefit for eligible employees payable at normal or early retirement from the Company. Under both Titles I and IV, normal retirement occurs upon termination on or after age 65. Under Title I, early retirement can occur at age 55 with five years of service (or if laid off after age 50 with five years of service), while under Title IV, early retirement can occur at age 50 with 10 years of service. Under Title I, early retirement benefits are reduced by five percent per year for each year before age 60 that benefits are paid, but for benefits that commence at age 60 through age 65, the benefit is unreduced. Under Title IV, early retirement benefits are reduced by five percent per year for each year before age 57 and four percent per year between ages 57 and 60. Messrs. Mulva, Carrig, Gallogly, and Cornelius were eligible for early retirement at the end of 2008. Messrs. Berney and Lowe were not eligible for early retirement at the end of 2008. Employees become vested in the benefits after five years of service, and all of the Named Executive Officers are vested in their benefits. Titles I and IV allow the employee to elect the form of benefit payment from among several annuity types and a single sum payment option, but all of the options are actuarially equivalent. The election for form of benefit is made at retirement.

For both Title I and Title IV, the benefit formula applicable to our eligible Named Executive Officers is the same. Retirement benefits are calculated as the product of 1.6 percent times years of credited service multiplied by the final annual average eligible compensation. For Title I, final annual eligible average compensation is calculated using the three highest consecutive years in the last ten years before retirement. For Title IV, final annual eligible average compensation is calculated using the higher of the highest consecutive 36 months of compensation or the highest non-consecutive three years of compensation. In both cases, such benefits are reduced by the product of 1.5 percent of the annual primary Social Security benefit multiplied by years of credited service. The formula below provides an illustration as to how the retirement benefits are calculated. For purposes of the formula, pension compensation denotes the final annual eligible average compensation described above.

$$\left[\ 1.6\% \times \begin{matrix}\text{Pension}\\\text{Compensation}\end{matrix} \times \begin{matrix}\text{Years of Credited}\\\text{Service}\end{matrix}\ \right] \quad \left[\ 1.5\% \times \begin{matrix}\text{Annual}\\\text{Primary SS}\\\text{Benefit}\end{matrix} \times \begin{matrix}\text{Years of}\\\text{Credited}\\\text{Service}\end{matrix}\ \right]$$

Eligible pension compensation generally includes salary and bonus (shown in the Summary Compensation Table under the column titled Non-Equity Incentive Plan Compensation), and years of credited service generally include only actual years of service. However, under Title I, in the event that an eligible employee receives layoff benefits from the Company, eligible pension compensation includes the annualized salary for the year of layoff, rather than actual salary, and years of credited service are increased by any period for which layoff benefits are calculated. Furthermore, certain foreign service as an employee of Phillips is counted as time and a quarter when determining the service element in the benefit formula under Title I.

Eligible pension compensation under Titles I and IV is limited in accordance with the Internal Revenue Code. In 2008, that limit was $230,000. The Internal Revenue Code also limits the annual benefit (expressed as an annuity) available under Titles I and IV. In 2008, that limit was $185,000 (reduced actuarially for ages below 62).

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In addition, the Company maintains several nonqualified pension plans. These are funded through the general assets of the Company, although the Company also maintains trusts of the type generally known as rabbi trusts that may be used to pay benefits under the nonqualified pension plans. The plan available to the Named Executive Officers is the ConocoPhillips Key Employee Supplemental Retirement Plan (KESRP). This plan is designed to replace benefits that would otherwise not be received due to limitations contained in the Internal Revenue Code that apply to qualified plans. The two such limitations that most frequently impact the benefits to employees are the limit on compensation that can be taken into account in determining benefit accruals and the maximum annual pension benefit. In 2008, the former limit was set at $230,000, while the latter was set at $185,000. The KESRP determines a benefit without regard to such limits, and then reduces that benefit by the amount of benefit payable from the related qualified plan, the CPRP. Thus, in operation the combined benefits payable from the related plans for the eligible employee equals the benefit that would have been paid if there had been no limitations imposed by the Internal Revenue Code. Benefits under KESRP are generally paid in a single sum the later of age 55 or six months after retirement. When payments do not begin until after retirement, interest at then current six-month T-bill rates will, under most circumstances, be credited on the delayed benefits. Distribution may also be made upon a determination of disability.

Certain foreign service as an employee of Phillips is counted as time and a quarter when determining the service element in the benefit formula under KESRP. Also under KESRP, certain incentive payments approved by the Phillips Board of Directors in 2000, are considered as pension compensation. Otherwise, the benefit formulas under KESRP take into account only actual service with the employer and compensation arising from salary and bonuses (including bonuses that are performance-based and are included in the Summary Compensation Table as Non-Equity Incentive Plan Compensation for that reason). The footnotes below provide further detail on extra credited service and compensation.

Except where otherwise noted, assumptions used in calculating the present value of accumulated benefits in the Table are found in Note 20 in the Notes to Consolidated Financial Statements in the Company s 2008 Annual Report on Form 10-K.

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Name	Plan Name	Number of Years Credited Service (#)[1]	Present Value of Accumulated Benefit ($)[2]	Payments During Last Fiscal Year ($)
J.J. Mulva	Title I - ConocoPhillips Retirement Plan	37	$ 1,844,536	$
	ConocoPhillips Key Employee Supplemental Retirement Plan		68,241,447	
J.A. Carrig	Title I - ConocoPhillips Retirement Plan	31	1,181,418	
	ConocoPhillips Key Employee Supplemental Retirement Plan		16,281,951	
J.L. Gallogly	Title I - ConocoPhillips Retirement Plan	25	880,277	
	ConocoPhillips Key Employee Supplemental Retirement Plan		4,735,252	
J.E. Lowe	Title I - ConocoPhillips Retirement Plan	28	653,652	
	ConocoPhillips Key Employee Supplemental Retirement Plan		7,840,155	
S.L. Cornelius	Title IV - ConocoPhillips Retirement Plan	28	814,805	
	ConocoPhillips Key Employee Supplemental Retirement Plan		3,798,444	

R.C. Berney	Title I - ConocoPhillips Retirement Plan	28	816,844
	ConocoPhillips Key Employee Supplemental Retirement Plan		2,579,725

(1) Includes additional credited service for Messrs. Mulva, Carrig, Gallogly, and Lowe of 18.25, 7.5, 8.75, and 5.25 months, respectively, related to foreign assignments. Please see Note (2) for credited amounts related to such service.

(2) In determining the present value of the accumulated benefit for each Named Executive Officer, the eligible pension compensation used to calculate the amounts above as of December 31, 2008, for each Named Executive Officer is: Mr. Mulva, $23,308,579; Mr. Carrig, $9,106,019; Mr. Gallogly, $4,817,074; Mr. Lowe, $7,976,964; Mr. Cornelius, $1,118,831; and Mr. Berney, $2,610,430. In determining the present value of the accumulated benefit for Messrs. Mulva, Carrig, and Lowe, this takes into account as an element of pension compensation the value of an off-cycle award of restricted stock and of an off-cycle performance incentive award both approved by the Phillips Compensation Committee in 2000, but with regard to which the performance conditions were met in 2005. The value of the two off-cycle awards included as part of pension compensation for 2005 was $6,278,301 for Mr. Mulva and $3,139,151 for Messrs. Carrig and Lowe. With regard to the additional credited service for foreign service as noted above, the following amounts were included in the accumulated benefit shown in the pension table above: Mr. Mulva, $2,874,057; Mr. Carrig, $350,309; Mr. Gallogly, $208,682; and Mr. Lowe, $133,837.

NONQUALIFIED DEFERRED COMPENSATION

ConocoPhillips maintains several nonqualified deferred compensation plans for its eligible employees. Those available to the Named Executive Officers are briefly described below.

The Key Employee Deferred Compensation Plan of ConocoPhillips (KEDCP) is a nonqualified deferral plan that permits certain key employees to voluntarily reduce salary and request deferral of VCIP, or other similar bonus program payments, that would otherwise be received in the subsequent year. KEDCP permits eligible employees to defer compensation of up 100 percent of VCIP and up to 50 percent of salary. All of the Named Executive Officers are eligible to participate in KEDCP.

Under KEDCP, for amounts deferred and vested after December 31, 2004, the default distribution option in KEDCP is to receive a lump sum to be paid at least six months after separation from service. Participants may elect to defer payments from one to five years after separation, and to receive annual, semi-annual or quarterly payments for a period of up to 15 years. For elections that set a date certain for payment, the distribution will begin in the calendar quarter following the date requested and will be paid out on the distribution schedule elected by the participant.

For amounts deferred prior to January 1, 2005, a one-time revision of the 10 annual installment payments schedule is allowed from 365 days to no later than 90 days prior to retirement at age 55 or above or within 30 days after being notified of layoff in the calendar year in which the employee is age 50 or above. Participants may receive distributions in one to 15 annual installments, two to 30 semi-annual installments or four to 60 quarterly installments.

The Defined Contribution Make-Up Plan of ConocoPhillips (DCMP) is a nonqualified restoration plan under which the Company makes employer contributions and stock allocations that cannot be made in the qualified ConocoPhillips Savings Plan (CPSP) a defined contribution plan of the type often referred to as a 401(k) plan due to certain voluntary reductions of salary under KEDCP or due to limitations imposed by the Internal Revenue Code. For 2008, the Internal Revenue Code limited the amount of compensation that could be taken into account in determining a benefit under the CPSP to $230,000. Employees make no contributions to DCMP.

Under DCMP, amounts vested after December 31, 2004, will be distributed as a lump sum six months after separation from service, or, at a participant s election, in one to 15 annual payments, no earlier than one year after separation from service. For amounts vested prior to January 1, 2005, participants may, from 365 days to no later than 90 days prior to termination or within 30 days of being notified of layoff, indicate a preference to defer the value into their account under the KEDCP.

Each participant directs investments of the individual accounts set up for that participant under both KEDCP and DCMP. Participants may make changes in the investments as often as daily. All ConocoPhillips defined contribution nonqualified deferred compensation plans allow investment of deferred amounts in a broad range of mutual funds or other market-based investments, including ConocoPhillips stock. As market-based investments, none of these provide above-market return. Since each executive participating in each plan chooses the investment vehicle or vehicles and may change his or her allocations from time to time (as often as daily), the return on the investment will depend on how well the underlying investment fund performed during the time the executive chose it as an investment vehicle. The aggregate performance of such investment is reflected in the Nonqualified Deferred Compensation Table under the column Aggregate Earnings in Last Fiscal Year.

Benefits due under each of the plans discussed above are paid from the general assets of the Company, although the Company also maintains trusts of the type generally known as rabbi trusts that may be used to pay benefits under the plans. The trusts and the funds held in them are assets of ConocoPhillips. In the event of bankruptcy, participants would be unsecured general creditors.

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Name	Applicable Plan(1)	Beginning Balance	Executive Contributions in Last FY ($)(2)	Registrant Contributions in Last FY ($)(3)	Aggregate Earnings in Last FY ($)(4)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)(5)
J.J. Mulva	Defined Contribution Make-Up Plan of ConocoPhillips	$ 4,139,283	$	$ 221,878	$ (1,730,699)	$	$2,630,462
	Key Employee Deferred Compensation Plan of ConocoPhillips	41,471,741			(15,786,633)		25,685,108
J.A. Carrig	Defined Contribution Make-Up Plan of ConocoPhillips	784,447		112,829	(355,119)		542,157
	Key Employee Deferred Compensation Plan of ConocoPhillips	8,843,923	738,245		(3,090,529)		6,491,639
J.L. Gallogly	Defined Contribution Make-Up Plan of ConocoPhillips	524,184		115,046	(246,855)		392,375
	Key Employee Deferred Compensation Plan of ConocoPhillips	2,136,715			59,259		2,195,974
J.E. Lowe	Defined Contribution Make-Up Plan of ConocoPhillips	375,410		92,610	(2,839)		465,181
	Key Employee Deferred Compensation Plan of ConocoPhillips	1,072,587			48,799		1,121,386
S.L. Cornelius	Defined Contribution Make-Up Plan of ConocoPhillips	201,473		56,207	(108,352)		149,328
	Key Employee Deferred Compensation Plan of ConocoPhillips	54,586			(20,179)		34,407
R.C. Berney	Defined Contribution Make-Up Plan of ConocoPhillips	256,204		33,528	(112,022)		177,710
	Key Employee Deferred Compensation Plan of ConocoPhillips	962,070			(286,622)		675,448

(1) Our primary defined contribution deferred compensation programs for executives (KEDCP and DCMP) make a variety of investments available to participants. As of December 31, 2008, there were a total of 96 investment options, of which 44 were the same as those available in the Company s primary tax-qualified defined contribution plan for employees (its 401(k) plan, the ConocoPhillips Savings Plan) and 52 of which were other various mutual fund options approved by an administrator designated by the relevant plan.

(2) Reflects $145,100 in salary deferred in 2008 (included in the Salary column of the Summary Compensation Table for 2008), $593,145 in VCIP deferral in 2008 (included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for 2007).

(3) Reflects contributions by the Company under the DCMP in 2008 (included in the All Other Compensation column of the Summary Compensation Table).

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(4) None of these earnings are included in the Summary Compensation Table for 2008.

(5) Reflects contributions by our Named Executive Officers, contributions by the Company, and earnings on balances prior to 2008; plus contributions by our Named Executive Officers, contributions by the Company, and earnings for 2008 (shown in the appropriate columns of this table, with amounts that are included in the Summary Compensation Table for 2008 shown in Footnotes (2), (3) and (4) above).

Executive Severance and Changes in Control

Each of our Named Executive Officers serves without an employment agreement, although, as described more fully below, in connection with his transition to part-time employment, Mr. Lowe and the Company executed a letter dated October 1, 2008, setting forth their mutual understanding regarding his transition to a temporary, part-time role with the Company. Salary and other compensation for these officers is set by the Compensation Committee, as described in the *Compensation Discussion and Analysis* beginning on page 16 of this proxy statement. These officers may participate in the employee benefit plans and programs of the Company for which they are eligible, in accordance with their terms. The amounts earned by the Named Executive Officers for 2008 appear in the various Executive Compensation Tables beginning on page 35 of this proxy statement.

Each of our Named Executive Officers is expected to receive amounts earned during his term of employment unless he voluntarily resigns prior to becoming retirement-eligible or is terminated for cause. Such amounts include:

- VCIP earned during the fiscal year;
- Grants pursuant to the PSP for the most-recently completed performance period and ongoing performance periods in which the executive participated for at least one year;
- Previously granted restricted stock and restricted stock units;
- Vested stock option grants under the Stock Option Program;
- Amounts contributed and vested under our defined contribution plans; and
- Amounts accrued and vested under our pension plans.

While normal retirement age under our benefit plans is 65, early retirement provisions allow benefits at earlier ages if vesting requirements are met, as discussed in the sections of this proxy statement entitled *Pension Benefits* and *Nonqualified Deferred Compensation*. For our compensation programs (VCIP, SOP, and PSP), early retirement is generally defined to be termination at or after the age of 55 with five years of service.

Messrs. Mulva, Carrig and Gallogly have each met the early retirement criteria under both our benefit plans and our compensation programs. Mr. Cornelius has met the early retirement criteria under the title of the pension plan for which he is eligible, but has not met the early retirement criteria for our compensation programs. Therefore, as of December 31, 2008, any voluntary resignations of Messrs. Mulva, Carrig and Gallogly would have been treated as retirements. Since Messrs. Mulva, Carrig and Gallogly are eligible for early retirement under these programs, they would be able to resign and retain all awards earned under the PSP and earlier programs. As a result, Messrs. Mulva, Carrig and Gallogly s awards under such programs are not included in the incremental amounts reflected in the tables below. Furthermore, any voluntary resignation of Mr. Cornelius as of December 31, 2008, would have been treated as a retirement for purposes of his pension benefits, but not under our compensation programs, and this is reflected in the tables below. Messrs. Lowe and Berney have not yet met either the criteria under our benefit plans or our compensation programs as of December 31, 2008.

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As part of his transition to new duties, Mr. Lowe and the Company executed a letter dated October 1, 2008, describing their mutual understanding. Under the letter, Mr. Lowe continues as an at-will employee, although as a part-time and temporary employee. He agrees during his employment and for two years after his separation from service not to compete with the Company or its affiliates, or solicit the employees or agents of the Company or divulge, at any time, the confidential information of the Company, without the written approval of the CEO. Mr. Lowe remains eligible for further awards under the PSP only through performance periods ending before 2009. Terms and conditions of existing awards continue in effect and were not altered by the letter, except that in the event of a termination without cause by the Company, restricted stock and restricted stock unit awards already granted would vest, their restrictions would lapse, and unrestricted stock would be distributed in accordance with their term and conditions and Mr. Lowe s prior elections. Pursuant to the letter, effective January 1, 2009, Mr. Lowe was no longer eligible for the Executive Severance Plan, the Change in Control Severance Plan, the Deferred Compensation Plan, Executive Financial Planning, the Matching Gift Program, the Tuition Reimbursement Program, vacation pay, or executive level services under the Comprehensive Security Program. Benefits accrued under the Key Employee Supplemental Retirement Plan will be discontinued at the earlier of Mr. Lowe s termination or October 12, 2012.

In addition, specific severance arrangements for executive officers, including the Named Executive Officers, are provided under two severance plans of ConocoPhillips, one being the ConocoPhillips Executive Severance Plan, available to a limited number of senior executives; and the other being the ConocoPhillips Key Employee Change in Control Severance Plan, also available to a limited number of senior executives, but only upon a change in control. These arrangements are described below. Executives are not entitled to participate in both plans as a result of a single event, that is, executives receiving benefits under the ConocoPhillips Key Employee Change in Control Severance Plan would not be entitled to benefits potentially payable under the ConocoPhillips Executive Severance Plan relating to the event giving rise to benefits under the ConocoPhillips Key Employee Change in Control Severance Plan.

ConocoPhillips Executive Severance Plan

The ConocoPhillips Executive Severance Plan (CPESP) covers executives in salary grades generally corresponding to vice president and higher. The CPESP provides that if the Company terminates the employment of a participant in the plan other than for cause, as defined in the plan, upon executing a general release of liability and, if requested by the Company, an agreement not to compete with the Company, the participant will be entitled to:

A lump-sum cash payment equal to one-and-a-half or two times the sum of the employee s base salary and current target VCIP;

A lump-sum cash payment equal to the present value of the increase in retirement benefits that would result from the crediting of an additional one-and-a-half or two years to the employee s number of years of age and service under the applicable retirement plan;

A lump-sum cash payment equal to the Company cost of certain welfare benefits for an additional one-and-a-half or two years;

Continuation in eligibility for a pro rata portion of the annual VCIP for which the employee is eligible in the year of termination; and

Treatment as a layoff under the various compensation and equity programs of the Company generally, layoff treatment will allow executives to retain awards previously made and continue their eligibility under ongoing Company programs, thus, actual program grants as restricted stock or restricted stock units would vest and the executive would remain eligible for awards attributable to ongoing performance periods under the PSP in which they had participated for at least one year.

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The CPESP may be amended or terminated by the Company at any time. Amounts payable under the plan will be offset by any payments or benefits that are payable to the severed employee under any other plan, policy, or program of ConocoPhillips relating to severance, and amounts may also be reduced in the event of willful and bad faith conduct demonstrably injurious to the Company, monetarily or otherwise.

ConocoPhillips Key Employee Change in Control Severance Plan

The ConocoPhillips Key Employee Change in Control Severance Plan (CICSP) covers executives in salary grades generally corresponding to vice president and higher. The CICSP provides that if the employment of a participant in the plan is terminated by the Company within two years of a change in control of ConocoPhillips, other than for cause, or by the participant for good reason, as such terms are defined in the plan, upon executing a general release of liability, the participant will be entitled to:

- A lump-sum cash payment equal to two or three times the sum of the employee s base salary and the higher of current target VCIP or previous two years average VCIP;
- A lump-sum cash payment equal to the present value of the increase in retirement benefits that would result from the crediting of an additional two or three years to the employee s number of years of age and service under the applicable retirement plan;
- A lump-sum cash payment equal to the Company cost of certain welfare benefits for an additional two or three years;
- Continuation in eligibility for a pro rata portion of the annual VCIP for which the employee is eligible in the year of termination; and
- If necessary, a gross-up payment sufficient to compensate the participant for the amount of any excise tax imposed on payments made under the plan or otherwise pursuant to section 4999 of the Internal Revenue Code and for any taxes imposed on this additional payment, although if the applicable payments are not more than 110 percent of the safe harbor amount under section 280G of the Internal Revenue Code, the payments are cut back to the safe harbor amount rather than a gross-up payment being made.

Upon a change in control, the participant becomes eligible for vesting in all equity awards and lapsing of any restrictions, with continued ability to exercise stock options for their remaining terms. After a change in control, the CICSP may not be amended or terminated if such amendment would be adverse to the interests of any eligible employee, without the employee s written consent. Amounts payable under the plan will be offset by any payments or benefits that are payable to the severed employee under any other plan, policy, or program of ConocoPhillips relating to severance, and amounts may also be reduced in the event of willful and bad faith conduct demonstrably injurious to the Company, monetarily or otherwise.

Quantification of Severance Payments

The tables below reflect the amount of incremental compensation payable in excess of the items listed above to each of our Named Executive Officers in the event of termination of such executive s employment other than as a result of voluntary resignation. The amount of compensation payable to each Named Executive Officer upon involuntary not-for-cause termination, for-cause termination, termination following a change-in-control (CIC) (either involuntarily without cause or for good reason) and in the event of the death or disability of the executive is shown below. The amounts shown assume that such termination was effective as of December 31, 2008, and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of such executive s separation from the Company.

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The following tables reflect additional incremental amounts to which each of our Named Executive Officers, other than Mr. Lowe, would be entitled if their employment were terminated due to the events described above.

Executive Benefits and Payments Upon Termination	Involuntary Not-for-Cause Termination (Not CIC)	For-Cause Termination	Involuntary or Good Reason Termination (CIC)	Death	Disability
J.J. Mulva					
Base Salary	$ 3,000,000	$	$ 4,500,000	$	$
Short-term Incentive	4,050,000		10,239,413		
Variable Cash Incentive Program		(2,025,000)			
2006 2008 (performance period)					
2007 2009 (performance period)		(2,511,506)			
2008 2010 (performance period)		(1,186,496)			
Restricted Stock/Units from prior performance		(1,958,040)			
Stock Options/SARs:					
Unvested and Accelerated					
Incremental Pension	3,820,421		5,733,342		
Post-employment Health & Welfare	42,651		67,002		
Life Insurance				3,000,000	
280G Tax Gross-up			6,934,493		
	10,913,072	(7,681,042)	27,474,250	3,000,000	

Executive Benefits and Payments Upon Termination	Involuntary Not-for-Cause Termination (Not CIC)	For-Cause Termination	Involuntary or Good Reason Termination (CIC)	Death	Disability
J.A. Carrig					
Base Salary	$ 2,290,000	$	$ 3,435,000	$	$
Short-term Incentive	2,519,000		3,778,500		
Variable Cash Incentive Program		(1,259,500)			
2006 2008 (performance period)					
2007 2009 (performance period)					