



Rating: Buy
 S&P 500: 1393
 Intraday

ConocoPhillips Timely Investment Choice

<i>Symbol</i>	COP	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$mm)</i>	44,200
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	13
<i>Price (US\$/sh)</i>	83.04	<i>Natural Gas and Oil Production/Ebitda (%)</i>	75
<i>Pricing Date</i>	4/24/08	<i>Adjusted Reserves/Production NTM</i>	10.7
<i>Shares (mm)</i>	1582	<i>EV/Ebitda</i>	4.0
<i>Market Capitalization (US\$mm)</i>	131,400	<i>PV/Ebitda</i>	5.5
<i>Debt (US\$mm)</i>	46,000	<i>Undeveloped Reserves (%)</i>	33
<i>Enterprise Value (EV) (US\$mm)</i>	177,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	40.70
<i>Present Value (PV) (US\$mm)</i>	242,000	<i>Present Value Proven Reserves(US\$/boe)</i>	17.40
<i>Net Present Value (US\$/share)</i>	124	<i>Present Value Proven Reserves(US\$/mcfe)</i>	2.90
<i>Debt/Present Value</i>	0.19	<i>Earnings Next Twelve Months (US\$/sh)</i>	13.73
<i>McDep Ratio - EV/PV</i>	0.73	<i>Price/Earnings Next Twelve Months</i>	6
<i>Dividend Yield (%/year)</i>	2.3	<i>Indicated Annual Dividend (US\$/sh)</i>	1.88
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of COP since 2002 see www.mcdep.com/2cocp.htm			

Summary and Recommendation

Buy-recommended **ConocoPhillips (COP)** offers unlevered appreciation potential of 37% to estimated net present value (NPV) of \$124 a share. First quarter results released today matched our expectations from three months ago for production, cash flow and earnings with higher oil price boosting production profits while reducing refining profits. Projected volumes along with current futures prices promise a continuing high level of unlevered cash flow (Ebitda) (see table [Next Twelve Months Operating and Financial Estimates](#)). NPV is supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table [Functional Cash Flow and Present Value](#)). Latest oil and gas reserves are concentrated some 61% in North America and Europe, presumed to be politically safer, and 25% in the promising Russia and Caspian areas. (see table [Production and Reserves, 2007](#)). While COP stock is in an uptrend with the current quote above the 200 day average, it lags behind the stocks of independent oil and gas producers. Pressure on downstream margins may be part of the reason on a short-term basis, but eventually the full impact of higher crude oil price gets passed along. As a result, we believe it is timely for investors to build new positions in COP or boost existing positions. We carry the stock at a double unlevered weight of 6.4% in the illustrative McDep Energy Portfolio of 27 buy recommendations.

Kurt H. Wulff, CFA



ConocoPhillips									
Next Twelve Months Operating and Financial Estimates									
									Next Twelve Months
	Q1 3/31/07	Q4 12/31/07	Year 2007	Q1 3/31/08	Q2E 6/30/08	Q3E 9/30/08	Q4E 12/31/08	Year 2008E	3/31/09
Volume									
Natural Gas (mmcf)									
U.S. (or North America)	3,464	3,276	3,398	3,164	3,164	3,164	3,164	3,164	3,164
Overseas (or Int'l)	1,858	1,705	1,688	1,736	1,681	1,512	1,705	1,658	1,658
Total	5,322	4,981	5,087	4,900	4,845	4,676	4,869	4,822	4,822
Days	90	92	365	91	91	92	92	366	365
Oil (mbd)	1,586	1,431	1,478	1,436	1,436	1,436	1,436	1,436	1,436
Total gas & oil (bcf)	1,335	1,248	5,094	1,230	1,225	1,223	1,241	4,918	4,905
Total gas & oil (mbd)	2,473	2,261	2,326	2,253	2,244	2,215	2,248	2,240	2,240
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.81	6.97	6.87	8.02	10.40	11.07	11.47	10.24	11.21
U.S. (or North America)	6.19	5.97	5.99	7.63	9.89	10.54	10.92	9.75	10.67
Overseas (or Int'l)	6.65	7.98	6.79	8.76	8.76	8.76	8.76	8.76	8.76
Total	6.35	6.66	6.26	8.03	9.50	9.96	10.16	9.41	10.01
Oil (\$/bbl)									
WTI Cushing	58.08	90.67	72.28	97.94	115.46	115.06	113.29	110.44	113.91
Worldwide	53.38	78.84	64.58	87.34	102.96	102.60	101.03	98.50	100.27
Total gas & oil (\$/mcf)	7.98	10.76	9.12	12.19	14.40	14.59	14.43	13.90	14.42
NY Harbor 3-2-1 (\$/bbl)	11.68	8.19	14.37	7.57	12.65	13.26	10.15	10.91	12.06
Revenue (\$mm)									
Natural Gas									
U.S. (or North America)	1,930	1,800	7,436	2,197	2,849	3,067	3,178	11,290	12,318
Overseas (or Int'l)	1,112	1,252	4,181	1,384	1,340	1,218	1,374	5,316	5,301
Total	3,042	3,052	11,616	3,581	4,189	4,285	4,552	16,606	17,619
Oil	7,619	10,380	34,844	11,414	13,455	13,555	13,348	51,771	53,116
Other	32,206	40,866	148,035	41,558	41,558	41,558	41,558	166,231	166,231
Total	42,867	54,298	194,495	56,552	59,201	59,398	59,457	234,608	236,966
Expense (\$mm)									
Ebitda (\$mm)									
Exploration and Production	5,105	7,094	23,821	7,630	8,292	8,385	8,413	32,720	33,246
Other	2,187	2,494	11,620	1,472	4,221	2,719	2,494	10,905	10,905
Total Ebitda	7,292	9,588	35,441	9,102	12,514	11,104	10,907	43,625	44,151
Exploration	262	268	1,007	309	309	309	309	1,236	1,177
Deprec., Deplet., & Amort.	2,024	2,206	8,379	2,209	2,209	2,209	2,209	8,836	8,727
Other non cash	-	157	345					-	-
Ebit	5,006	6,957	25,710	6,584	9,996	8,586	8,389	33,553	34,247
Interest	307	236	1,253	207	207	207	207	828	828
Ebt	4,699	6,721	24,457	6,377	9,789	8,379	8,182	32,725	33,419
Income Tax	1,645	2,352	8,560	2,232	3,426	2,932	2,864	11,454	11,697
Net Income (\$mm)									
Exploration and Production	2,192	3,257	10,656	3,597					
Other	1,194	1,383	6,614	721					
Unallocated	(332)	(271)	(1,373)	(173)					
Total	3,054	4,369	15,897	4,145	6,363	5,446	5,318	21,271	21,722
Shares (millions)									
Per share (\$)	1.83	2.71	9.67	2.62	4.02	3.44	3.36	13.45	13.73
Ebitda Margin (E&P)	48%	53%	51%	51%	47%	47%	47%	48%	47%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

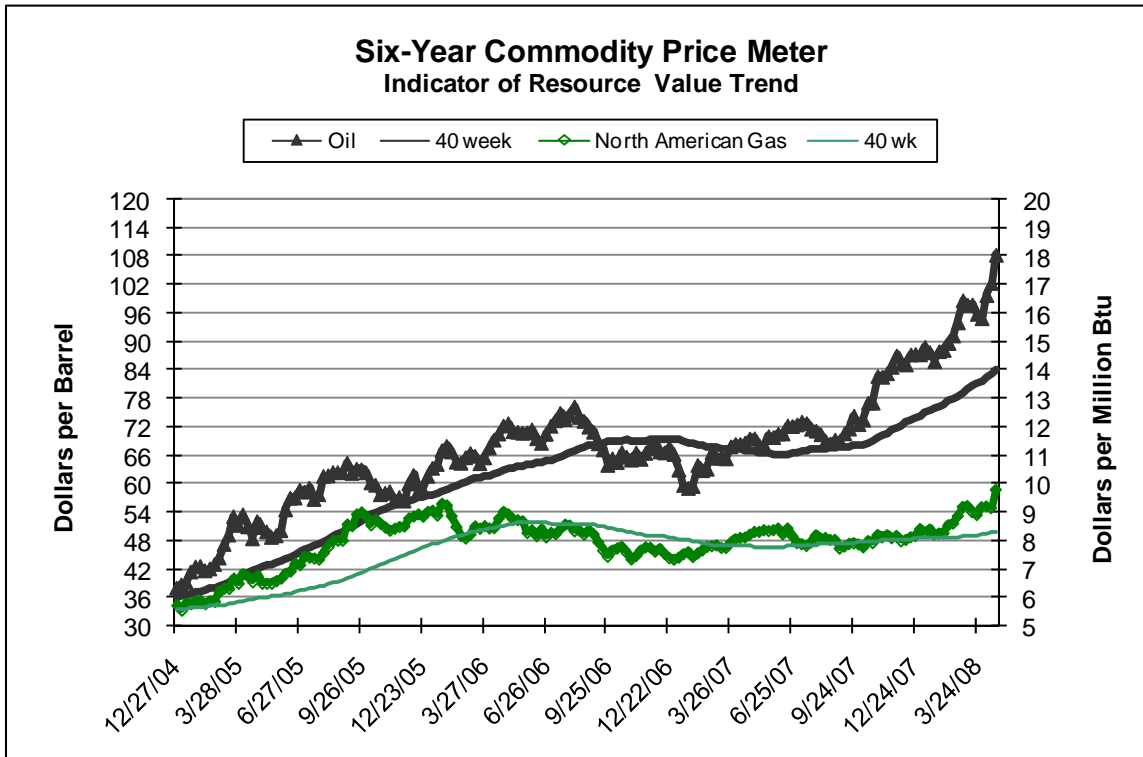
McDep LLC
Independent Stock Idea

April 24, 2008



ConocoPhillips					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	5,790	10.1	6.2	36,000	15%
Rest of World Natural Gas	2,490	9.2	6.8	17,000	7%
Oil	24,960	11.2	5.4	135,000	56%
Downstream	10,910		4.9	54,000	22%
	44,150	10.7	5.5	242,000	100%
Debt (US\$mm)					46,000
Net Present Value (US\$mm)					196,000
Shares (mm)					1,582
Net Present Value - Standard Estimate (US\$/sh)					124
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					135

ConocoPhillips								
Production and Reserves, 2007								
								<i>NTM</i>
				<i>12/31/2007 Proven Reserves</i>			<i>Weighted</i>	<i>Adjusted</i>
		<i>2007 Production</i>	<i>Developed</i>	<i>Undeveloped</i>	<i>Weighted</i>	<i>Life Index</i>	<i>R/P</i>	
		<i>(daily)</i>	<i>(annual)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(years)</i>	<i>(years)</i>
North American Natural Gas								
Alaska		110	113	1,188	31	1,204	10.7	
Lower 48		2,182	835	7,074	1,704	7,926	9.5	
Canada		1,106	404	2,326	510	2,581	6.4	
	Total	3,398	1,352	10,589	2,244	11,711	8.7	10.1
Rest of World Natural Gas								
Europe		909	369	1,957	365	2,140	5.8	
Asia Pacific		579	224	2,695	373	2,882	12.9	
Other		202	62	319	511	575	9.3	
	Total	1,690	655	4,972	1,249	5,597	8.5	9.2
Oil								
Alaska		280	102	1,374	97	1,422	13.9	
Lower 48		181	58	711	171	796	13.7	
Canada		46	16	109	86	152	9.5	
Europe		224	81	373	276	511	6.3	
Asia Pacific		99	39	185	162	266	6.8	
Middle East and Africa		95	29	311	155	389	13.4	
Russia and Caspian		459	189	1,302	1,692	2,148	11.4	
Venezuela		42	4	34	-	34	8.6	
Syncrude		23	8	67	188	161	20.1	
	Total	1,449	526	4,467	2,828	5,881	11.2	11.2
Total Oil Equivalent		2,297	861	7,060	3,410	8,765	10.2	10.7
Weighted Life Index counts undeveloped reserves at half stated value and is computed on latest calendar year volume.								
NTM Adjusted R/P also counts undeveloped reserves at half and is computed on next twelve months production.								
Reported reserves scaled to daily production as reported quarterly, e.g. reported Alaska natural gas reserves reduced by 64% in presentation above.								



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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