



ConocoPhillips is committed to making a significant contribution to social and economic development in the communities in which we operate.

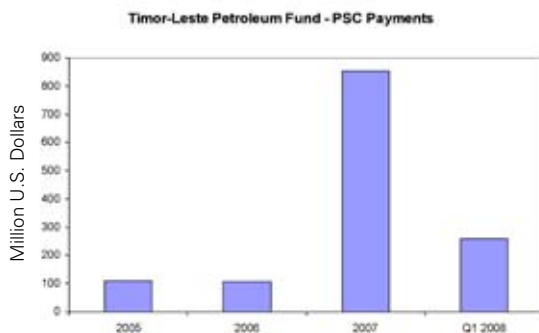
According to the Combined Sources Budget for 2008 (Table 2.6) the Petroleum sector presently contributes more than 98% of general government revenue through Production Sharing Contract (PSC) and taxation payments. As the only producing petroleum project Bayu-Undan has contributed most of the taxes paid into the Petroleum Fund.

ConocoPhillips, as operator of the Bayu-Undan project, has worked with Government, NGO's and other stakeholders to develop opportunities for participation of Timor-Leste nationals and businesses in the project. In particular, ConocoPhillips has established training and employment programs and Dili based operational facilities that significantly contribute to capacity building, employment and expenditure on Timor-Leste based goods and services.

ConocoPhillips has also established a downtown Dili office and has an active Corporate Social Responsibility (CSR) program that further supports the financial and social development of Timor-Leste.

### PSC Payments

The Bayu-Undan project provides a significant source of revenue to the Government of Timor-Leste in the form of PSC payments. The graph below provides details of total PSC payments made into the Timor-Leste Petroleum Fund which exceeded US\$1.3 billion as at March 2008.

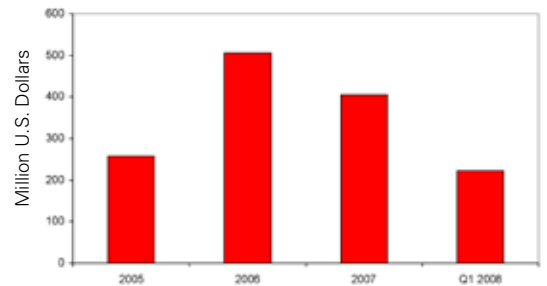


- Notes:
1. Includes PSC payments from both Bayu-Undan and the EKN oilfield (which ceased production in July 2007);
  2. The 2005 year includes the initial transfer of PSC payments made from 1999 to 2005 upon establishment of the Petroleum Fund.

Source: Petroleum Fund: Quarterly and Annual Reports

### Taxes

Timor-Leste Petroleum Fund - Tax Payments



Notes:

1. 2005 year includes an initial transfer balance of \$125 million from consolidated revenue.
2. The 2005 total of \$258 million is substantially less than the actual petroleum taxes paid from 1999 to 2005.

Source: Petroleum Fund: Quarterly and Annual Reports

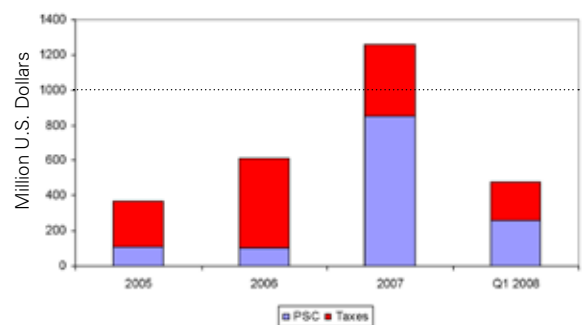
In addition to the PSC Payments, ConocoPhillips and our Joint Venturers (JVs) have paid taxes to the Government of Timor-Leste including Income Tax, Value Added Tax, Withholding Tax and Additional Profits Tax. Bayu-Undan tax payments commenced in 2002 during the project construction phase (two years prior to production startup).

The inscription at the entrance to the Internal Revenue Service in Washington D.C reads "*Taxes are what we pay for a civilized society.*"

This ideology forms the basic economic cornerstone of many developed/developing nations, and implies a source of funding for creating and maintaining the essential/critical services of a country (including schools, hospitals, national infrastructure etc).

These PSC and tax contributions provide the cornerstone for tangible and sustainable benefits to all the people of Timor-Leste.

Timor-Leste Petroleum Fund - Total PSC and Tax Payments



Expenditure

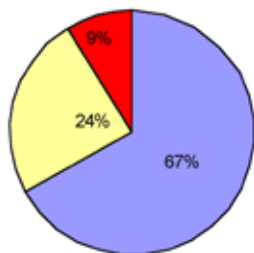


## Additional Timor-Leste Expenditure

From the commissioning phase of the Bayu-Undan project in 2002 and in addition to PSC payments and taxes, the Bayu-Undan participants, have made significant contributions to Timor-Leste beyond the statutory financial obligations.

This "Additional Timor-Leste Expenditure" totals around US\$13,000,000 on Timor-Leste based goods and services, training and employment of Timor-Leste nationals and CSR projects.

US\$ 13,000,000  
Additional Timor-Leste Expenditure



■ Transit & Heliport ■ Training & Employment ■ Office & CSR

## Training and Employment

ConocoPhillips' priority focus continues to be capacity building through training and employment. At present there are approximately 90 Timor-Leste nationals training and/or employed on the project in various onshore and offshore positions. To date, in excess of US\$3,100,000 has been directed towards the training and employment of Timor-Leste nationals.

## Transit and Heliport Facility

Since the construction phase of the Bayu-Undan project, we have mobilized our employees and contractors to the offshore facilities via helicopter from a "temporary" transit and heliport facility located at the Nicolau Lobato International Airport. The aim is to build, construct and operate a permanent more sophisticated facility, on leased premises at the airport.

This temporary operation has injected close to US\$9,000,000 directly into the Timor-Leste economy through employment and expenditure on Timor-Leste based goods and services such as accommodation, maintenance services, consumables etc (excluding US\$4,000,000 of aviation fuel supplied by Timor-Leste based vendors).

The continuation of our heliport operation is an important component of our overall participation in Timor-Leste's development. However, our plans to construct a permanent heliport adjacent to our current operation have been put on hold pending certain Government planning reviews.

ConocoPhillips has allocated considerable time, resources and expertise to this project to reach contractual alignment and to ensure that the design and construction will showcase the opportunities within Timor-Leste for infrastructure development. The facility will provide a significant number of jobs during the construction phase, ensure long-term secure employment for our operational employees and also stand at the gateway to Timor-Leste as a clear indication of a stable environment for foreign investment.

ConocoPhillips continues to pursue the development of this permanent facility and the benefits this would bring Timor-Leste.

## Office and Corporate Social Responsibility (CSR)

ConocoPhillips downtown office currently employs 10 local staff, and is focused on capacity building, CSR initiatives and the development of onshore operational projects such as the heliport. Since the inception of the office in late 2006, ConocoPhillips has contributed in excess of US\$1,200,000 on Timor-Leste based goods and services (utilities, maintenance services, supplies etc) and CSR projects such as those described in the "Community" section of this brochure.