



# **Rail Logistics Challenges**

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# Cautionary Statement

## CAUTIONARY STATEMENT FOR THE PURPOSES OF THE “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The following presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify our forward-looking statements by the words “expects,” “anticipates,” “intends,” “plans,” “projects,” “believes,” “estimates,” and similar expressions.

For risks related to these forward-looking statements, please review our SEC filings, including our Form 10-Q for the period ending September 30, 2005.

Cautionary Note to U.S. Investors – The U. S. Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. In this presentation, E&P production includes Syncrude that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the oil and gas disclosures in our Form 10-K for the year ended December 31, 2004.

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

# About ConocoPhillips...

- Integrate oil and natural gas company
- Texas based (Houston)
- 38,000 employees
- Financials:
  - \$183 billion in annual revenues (2005)
  - \$13.5 billion net income
- Sixth largest company in United States (revenue)
- Fifth largest oil company in world (3<sup>rd</sup> in US)
- Second largest U.S. refiner, Fourth largest in world



# Rail in the ConocoPhillips Supply Chain

- \$110 million in North American freight rail spend, almost exclusively carload shipments
- **Rail logistics involve supporting a continuous manufacturing model**
- Products shipped are generally lower value, low margin products that are byproducts of our refining process
  - ◆ Petroleum coke
  - ◆ Asphalts
  - ◆ Residual fuels
  - ◆ LPGs
- Private car shipper
  - 6,100 cars (mostly leased)
  - Very few shipments in railroad equipment



# U.S. Expansion and Upgrade



**\$4 – \$5 B Investment Program  
(2006 – 2011)**

## Investment Drivers:

- Advantaged crude growth
- Growing clean products
- Enhancing E&P integration (Canadian crude)
- Increasing capacity

***Growth investment at 9 of 12 domestic refineries***

# Rail Logistics

## Refinery Products by Rail

Butanes



Catalyst



Petroleum  
Coke

Asphalts



Sulfur

Propane/NGLs

*Rail supports a critical part of the ConocoPhillips value chain*

# Rail Challenges



- Service must be **predictable** , especially on the local level.
- **Capacity must expand** with companies they serve.
- Both sides must re-examine their business relationship and **think of possibilities** to meet new logistics challenges

## *Solutions are possible:*

- Montana Rail Link “pipeline” shipments
- NITL/AAR working teams

***We deliver.***

 **ConocoPhillips**  
Truck & Rail